Lifestyle COMMUNITIES

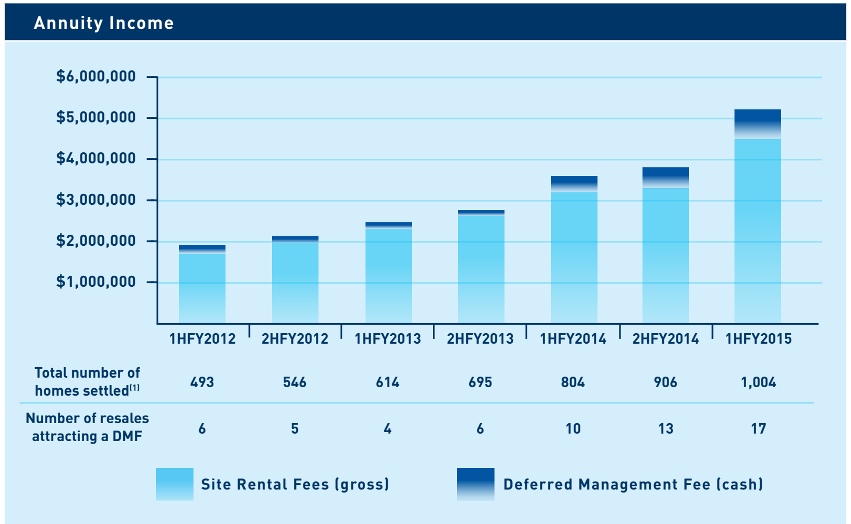
Results Presentation
Half-year ended 31 December 2014

18 February 2015

Business Snapshot

- Founded in 2003
- Develop and manage land lease communities which generate long-term sustainable revenue streams
- Focused on affordable pre-retirement housing for the over 55s market
- Pipeline of 1,929 sites either under development or management

9 years of growing annuity income streams



Financial Position

	FY2014 ($ million)	1HFY2015 ($ million)
Total Assets	$158.9	$171.6
Equity	$95.0	$102.7
Total borrowings	($35.6)	($38.6)
Net debt	($28.8)	($27.4)
Net debt to equity ratio	23%	21%

Board of Directors

Tim Poole
Chairman
Non-executive, independent

James Kelly
Managing Director
Founder

Bruce Carter
Executive Director
Founder

Jim Craig
Non-executive Director
Independent

Philippa Kelly
Non-executive Director
Independent

Community	Homes	Settled
Melton	228	100%
Tarneit	136	100%
Warragul	182	97%
Cranbourne	217	92%
Shepparton	221	33%
Chelsea Heights	186	55%
Hastings	141	60%
Wollert	154	-
Geelong	164	-
Rosebud[(1)]	150	-
Officer[(1)]	150	-
	1,929	52%

Correct as at 31 December 2014

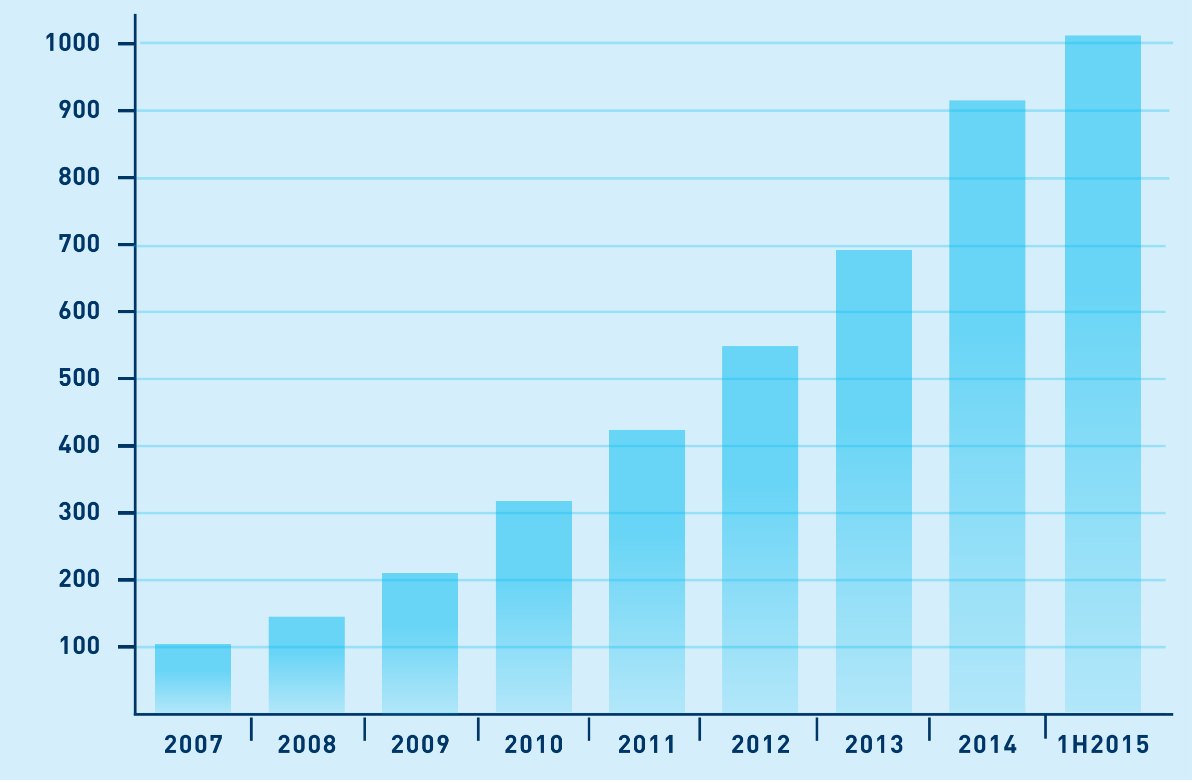
Three additional sites acquired during the last 12 months

Note: (1) Commencement of construction subject to final contract becoming unconditional (Rosebud) and planning approval (Rosebud and Officer)

Lifestyle Communities had another positive result during the first-half of FY2015

- Solid half-year of settlements (98) and sales (105)[1]
- 1,004 occupied home sites[1]
- Portfolio of 1,929 home sites[1][2]
- Contracted land at Rosebud[3] and Officer
- Re-financed the $25 million loan note facility resulting in materially lower finance costs for 2HFY2015 and beyond
- Underlying profit after tax attributable to shareholders increased by 11% to $7.2 million[4] compared to the prior half-year
- Net annuity cash flows increased by 52% to $3.2 million for the half

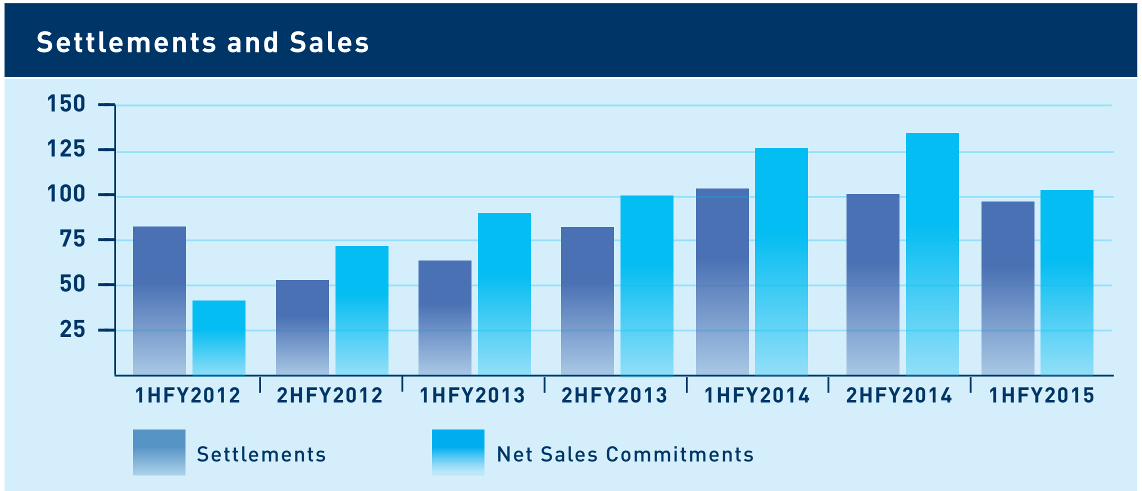
Home sites under management[1]

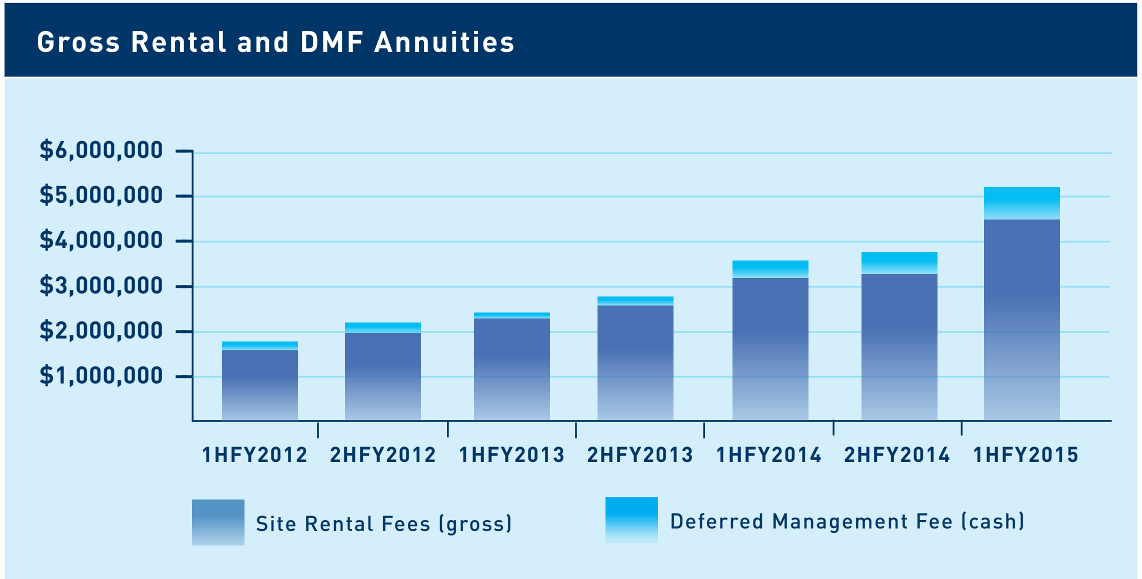


A proven business model that is structured for sustainable growth

Notes: (1) Represents gross numbers not adjusted for joint venture interests
(2) Settled, under development or subject to planning
(3) The settlement of the Rosebud land is subject to planning approval
(4) Statutory profit after tax attributable to shareholders was $5.5 million. This has been adjusted by adding back the after-tax one-off accelerated finance costs due to the re-financing of $1.7 million to arrive at $7.2 million

KEY METRICS - SALES, SETTLEMENTS & ANNUITIES



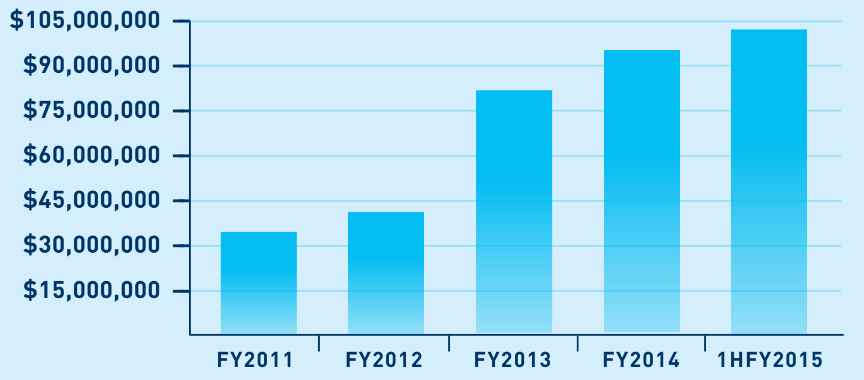


- Another strong half-year of settlements and sales
  - 98 home settlements in 1HFY2015[1] compared to 109 in 1HFY2014[1]; remain on track for on or around 230 settlements for the full-year
  - 105 net sales commitments in 1HFY2015 compared to 126 in 1HFY2014[1]; Cranbourne, Chelsea Heights and Hastings essentially fully sold
- 1,004 homes now completed and under management[1]
- 1,929 total homes in the portfolio[2]
- Achieved 17 DMF settlements in 1HFY2015 compared to ten in 1HFY2014

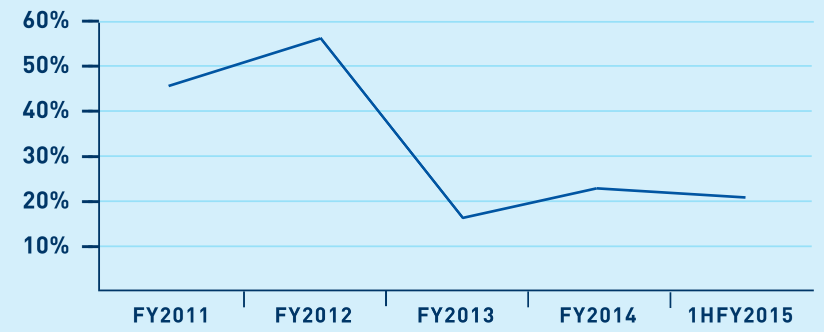
Continued growth in ongoing annuities as portfolio builds

Notes: (1) Represents gross numbers not adjusted for joint venture interests
(2) Settled, under development or subject to planning

Net Assets



Gearing



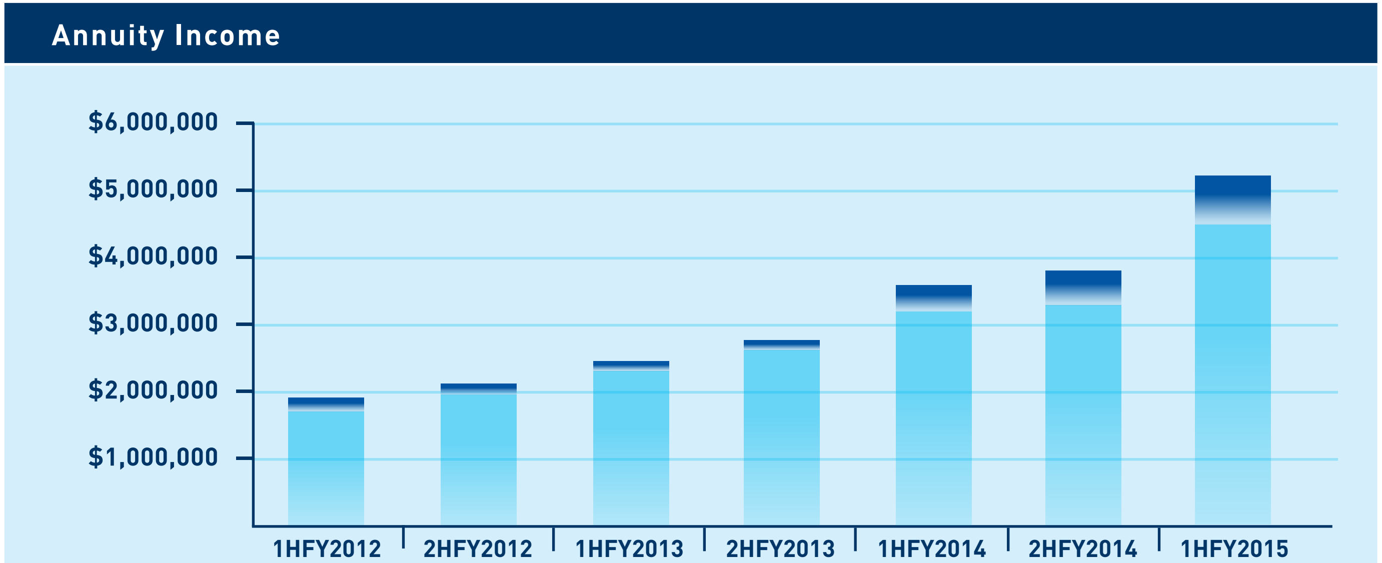
- Net assets $102.7 million (at 31 December 2014) up from $95.0 million (at 30 June 2014)
- Gearing at 21.1% (net debt to net debt plus equity) within 25% target
- Return on average capital employed of 18.3%[1]
- Refinanced long-term $25 million loan note facility in December 2014 (refer page 14 for further details)

Robust balance sheet with capacity to grow portfolio

Note: (1) Calculated as a ratio of EBIT divided by equity plus debt (annualised)

Our product keeps evolving in appeal

Over Nine Years of Growing Annuity Income Streams



	1HFY2012	2HFY2012	1HFY2013	2HFY2013	1HFY2014	2HFY2014	1HFY2015
Total number of homes settled[1]	493	546	614	695	804	906	1,004
Number of resales attracting a DMF	6	5	4	6	10	13	17

Site Rental Fees (gross)   Deferred Management Fee (cash)

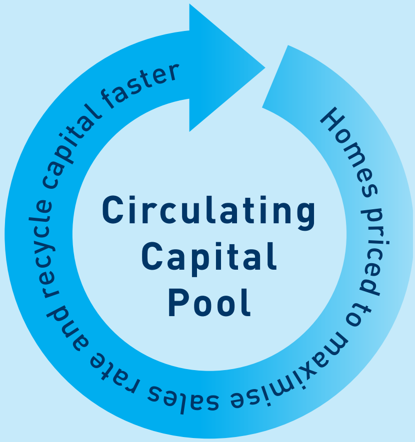
- 98[1] annuities added to the community management business during the half-year
- 17 existing home sales attracting DMF settled during the half-year with 30 existing homes available for resale as at the end of the half
- $5.3 million (gross) received from site rental and deferred management fees during the half-year compared to $3.6 million in the corresponding period last year

Annuity income will continue to increase through new home settlements, inflation and resales of existing homes

Note: (1) Represents gross numbers not adjusted for joint venture interests

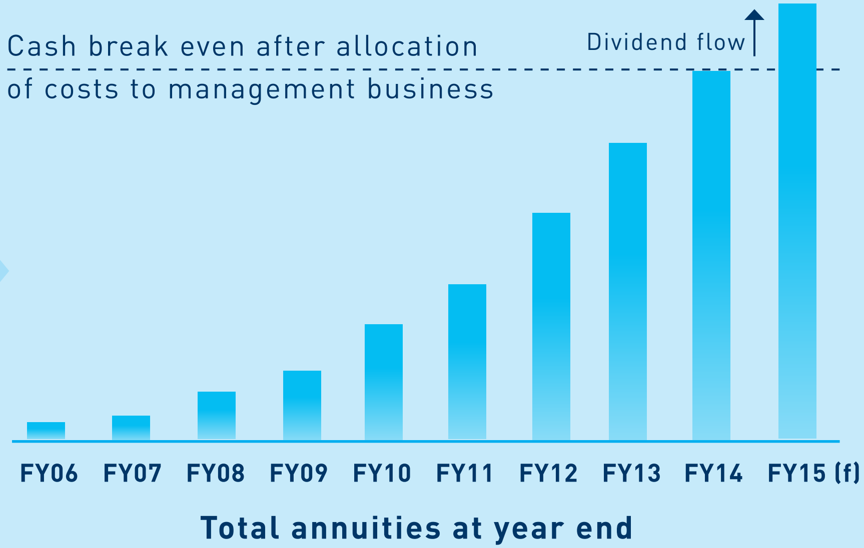
Lifestyle Communities has a low risk sustainable business model that does not require further equity from the market

Development Business



Lifestyle Communities aims to recover 100% of its cash development costs from home sales

Community Management Business



Note: Not to scale and not indicative of performance

As at 31 December 2014			
Total home sites in portfolio[(1)(2)]	1,929	**Total occupied home sites**[(2)]	1,004

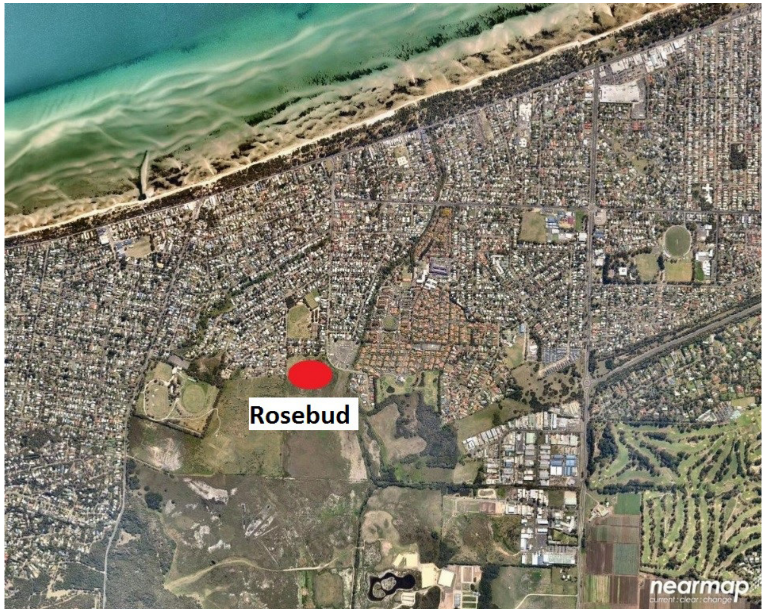
Free cash flow from the community management business on track to deliver a dividend in respect of FY2015

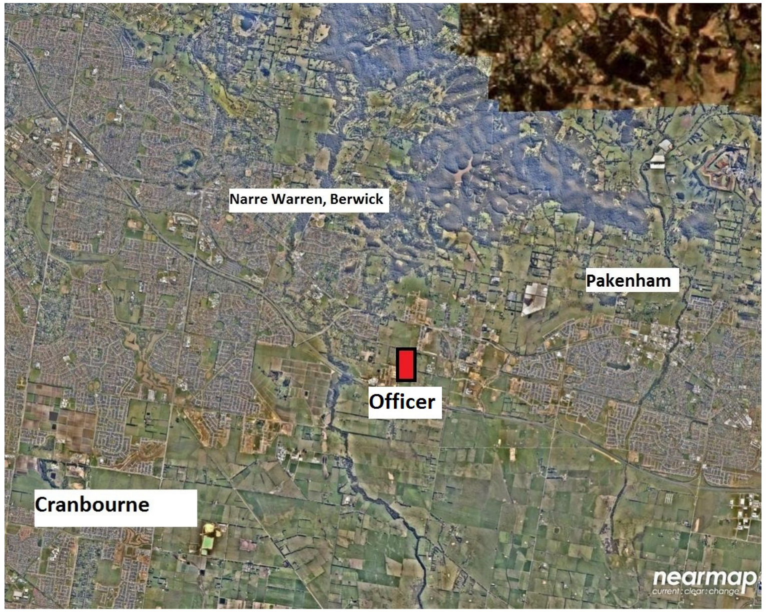
Note: (1) Settled, under development or subject to planning
(2) Represents gross numbers not adjusted for joint venture interests

In the first-half of FY2015 we have secured:

1. A new site located in Rosebud, on Melbourne's Mornington Peninsula. This site has added 150 homes to the pipeline. The settlement of the land is subject to planning. A planning permit application has been lodged.

2. A new site located in Officer between Berwick and Pakenham in the south-eastern suburbs of Melbourne. This site has added 150 homes to the pipeline. Settlement of land is contracted to occur in October 2015 and construction is planned to commence in 1HFY2016.





We are continuing to assess a number of new sites.

SALES AND SETTLEMENTS - 1HFY2015

	New home settlements		New homes - net sales commitments		Resale homes settlements		Resale homes - net sales commitments	
	1HFY 2015	1HFY 2014	1HFY 2015	1HFY 2014	1HFY 2015	1HFY 2014	1HFY 2015	1HFY 2014
Brookfield	-	-	-	-	8	5	9	5
Tarneit	1	3	-	-	3	2	4	3
Warragul	9	12	1	17	4	1	5	-
Cranbourne[1]	27	18	17	18	2	2	2	3
Shepparton	15	16	25	16	-	-	-	-
Chelsea Heights[1]	6	41	11	50	-	-	1	-
Hastings	40	19	30	25	-	-	-	-
Wollert	-	-	9	-	-	-	-	-
Geelong	-	-	12	-	-	-	-	-
Rosebud	-	-	-	-	-	-	-	-
Officer	-	-	-	-	-	-	-	-
Total	**98**	**109**	**105**	**126**	**17**	**10**	**20**	**11**

- Continue to expect on or around 230 new home settlements for FY2015 assuming market conditions do not change
- Settlements in second half of FY2015 supported by Chelsea Heights expansion
- Continued strong sales and settlements at Hastings
- Improved sales at Shepparton mirroring the improvement in the local economy and a successful targeted marketing campaign
- Consistent sales and improved settlements at Cranbourne
- Resales have continued to increase, largely due to an increased strategic focus within the business coupled with the maturing age profile at established communities
- Good initial enquiry at Wollert and Geelong

Note: (1) Represents gross numbers not adjusted for joint venture interests

Lifestyle Communities' portfolio continues to grow

Communities	Total home sites in communities	Home sites sold & occupied	Home sites sold & awaiting settlement	Homes occupied or sold and awaiting settlement	
				#	%
Existing Communities – Sold out					
Melton	228	228	-	228	100%
Tarneit	136	136	-	136	100%
Warragul	182	177	5	182	100%
Cranbourne[1]	217	200	14	214	99%
Chelsea Heights[1]	186	103	81	184	99%
Hastings	141	85	55	140	99%
Existing Communities – Selling and Settling					
Shepparton	221	75	38	113	51%
Wollert	154	-	29	29	19%
Geelong	164	-	12	12	7%
New Communities - Awaiting Commencement					
Rosebud[2]	150	-	-	-	-
Officer[2]	150	-	-	-	-
Total Home Sites[3]	**1,929**	**1,004[4]**	**234[5]**	**1,238**	**64%**

Notes: (1) Represents 100% of the development of which Lifestyle Communities will share 50%
(2) Commencement of construction subject to planning approval and/or final contracts
(3) Lifestyle Communities will have an economic interest in 1,727 home sites
(4) Currently collecting annuity income (rent and DMF income) on these sites
(5) Represents sites in the sales bank awaiting settlement as at 31 December 2014

Referrals provided 33% of settled homes in the first-half

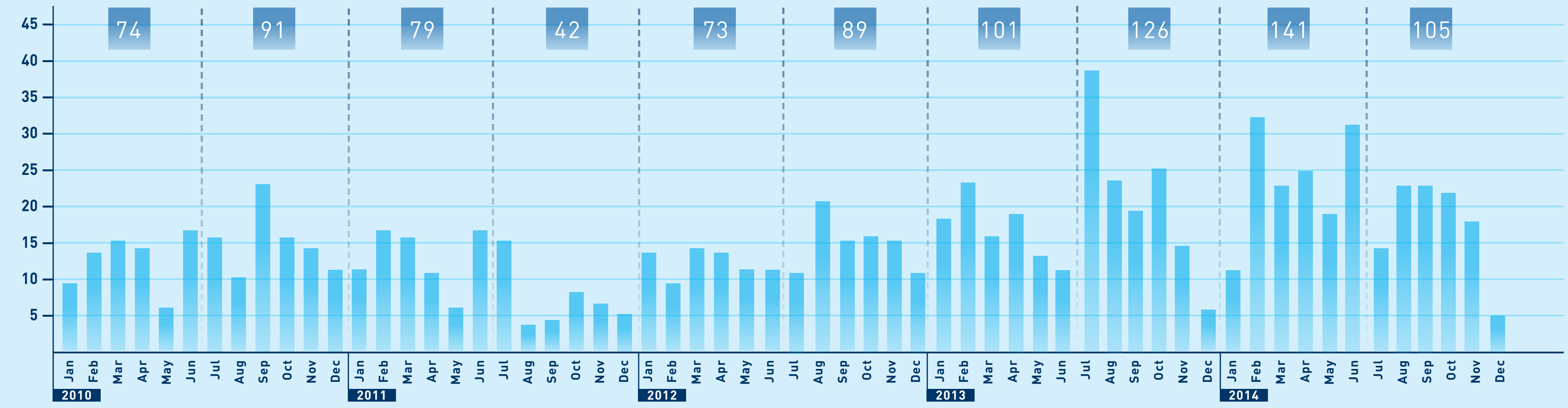
Sales Commitments

- 105 new home sales in 1HFY2015[1]
- Current committed sales bank as of 31 December 2014 is 234; this compares to a sales bank of 227 as at 30 June 2014

Settlements

- 98 settlements in 1HFY2015[1]
- First settlements at Chelsea Heights expansion occurred in December 2014
- Large sales bank at Chelsea Heights and Hastings is expected to contribute to a strong second-half of settlements

Monthly customer commitments - since January 2010 to December 2014



Note: (1) Lifestyle Communities has an economic interest in 91 new home sales and 82 settlements after allowing for non-controlling interests

LONG-TERM DEBT RE-FINANCE

Re-finance of core debt facility

- Negotiated to repay the $25 million loan-note facility early
- New facility:

  Bank: Westpac

  Amount: $27,055,000

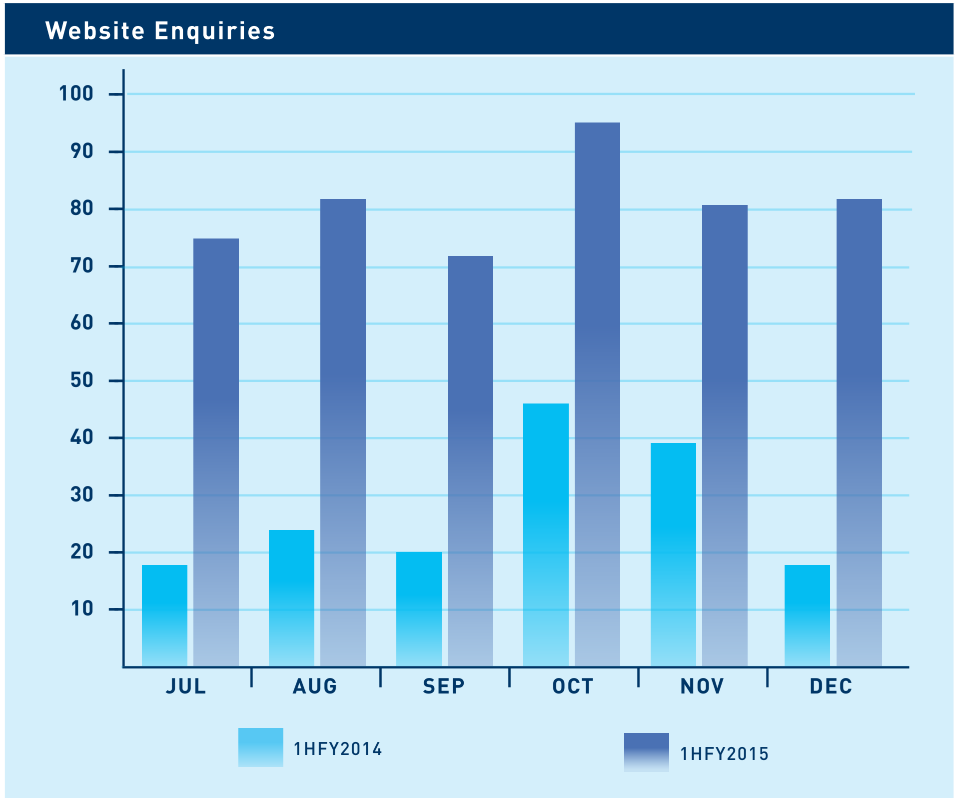
  Term: Three years

  Rate: < 4.5%

  Light ICR and LVR covenants tied to the Brookfield, Tarneit and Warragul communities
- Benefits to Lifestyle Communities include:
  - Lower interest costs after amortising break-fee
  - Continued conservative covenant and security structure
- Incurred a break-fee of $2.05 million representing discounted interest due to early repayment prior to the May 2016 contracted repayment option

The new facility with Westpac provides competitive funding and a platform to continue to evolve the company's debt structure

- Continued investment in market research to understand buyer behaviour of 'affordability' sub-segment of baby boomer cohort
- Ongoing analysis of homeowner satisfaction through annual Homeowners' Sentiment Survey. Customer insights drive improvement in our service platform, community engagement strategies and design development. Highlights of 2013/2014 survey include:
  - 93% recommendation rate
  - 77% rated life at a Lifestyle Communities as "happy and fulfilling" and 20% stated "life is OK but I just need a bit more time to adjust"
  - 86% rated sales consultant performance excellent or very good
- Investment in technology that will provide more market driven data and enhance our marketing capabilities over the long-term lead pipeline
- Marketing channel strategy evolving to incorporate more digital capabilities:
  - Social (800+ likes on Facebook and high engagement)
  - Website (6,000+ average monthly website visitors)
  - Integration with CRM platform (web to lead and drip communication program)



Website enquiries in 1HFY2015 exceeded 1HFY2014 enquiries by 195%

PROFIT & LOSS

Profit & Loss highlights	1HFY2014 ($'000)	1HFY2015 ($'000)	% Movement
Home settlement revenue	28,266	25,549	↓ 10%
Rental and utilities revenue	3,246	4,482	↑ 38%
Deferred management fee	383	789	↑ 106%
Total revenue	**32,728**	**31,773**	↓ **3%**
Cost of sales	(21,033)	(19,140)	↓ 9%
Home settlement margin	26%	25%	↓ 1%
Gross profit	**12,821**	**12,633**	↓ **1%**
Fair value adjustment	5,988	6,347	↑ 6%
Development expenses	(1,745)	(1,671)	↓ 4%
Community management expenses	(1,461)	(2,100)	↑ 44%
Corporate overheads	(1,828)	(1,936)	↑ 6%
Finance costs	(879)	(1,141)	↑ 30%
Underlying net profit before tax	**11,273**	**11,510**	↑ **2%**
Underlying net profit after tax			
Members of the parent	**6,483**	**7,213**	↑ **11%**
Non-controlling interests	2,007	1,112	↓ 45%
Total underlying net profit after tax	**8,490**	**8,325**	↑ **2%**
Less post tax accelerated finance costs (re-finance)	-	(1,695)	
Statutory net profit after tax			
Members of the parent	**6,483**	**5,518**	↓ **15%**
Non-controlling interests	2,007	1,112	↓ 45%
Total statutory net profit after tax	**8,490**	**6,629**	↓ **22%**

- Underlying net profit attributable to shareholders up 11% for the half-year to $7.2 million compared to $6.5 million in the prior half-year
- FY2015 expected to be skewed towards the second-half with 98 settlements achieved in first-half and anticipating on or around 230 for the full-year
- FY2014 was skewed towards the first-half with 109 out of a total of 211 homes settling in the first-half
- Statutory net profit attributable to shareholders of $5.5 million has been adjusted for one-off finance costs incurred as part of the debt re-financing. The after tax costs incurred were $1.7 million ($2.4 million pre-tax)
- Rental revenue up by $1.0 million due to having over 200 additional homes compared to last half-year
- Deferred management fees received increased by $406k to $789k (inclusive of fees) after achieving 17 resales in the half-year compared to ten in the prior half-year
- Development expenses fell slightly, mainly due to higher marketing expenses in the prior half-year due to the timing of marketing programs
- Community management expenses increased due to an increase in operations at Lifestyle Chelsea Heights and Lifestyle Hastings in addition to the increase in total homes under management

BALANCE SHEET

Balance sheet highlights	30 JUN 14 ($'000)	31 DEC 14 ($'000)	% Movement
Cash and cash on deposit	6,756	11,172	
Inventories	34,085	33,367	
Investment properties	110,652	122,564	
Total assets	**158,866**	**171,570**	**↑ 8%**
Trade and other payables	9,786	10,603	
Current tax payable	1,097	670	
Interest-bearing loans and borrowings	35,634	38,573	
Deferred tax liabilities	16,786	18,630	
Total liabilities	**63,866**	**68,898**	**↑ 8%**
Net assets	**94,999**	**102,672**	**↑ 8%**

- Investment properties includes the new site at Officer that is contracted to settle in October 2015. A liability has been recorded to reflect the settlement amount owing for $4.7 million
- Gearing (net debt to net debt plus equity) was 21.1% at half-year end within our target range of around 25% or lower
- Total project bank facilities of $20.7 million of which $11.5 million is drawn at half-year end in addition to the $27.05 million debt which is fully drawn

Balance sheet remains strong

CASH FLOW

Cash flow highlights	1HFY2014 ($'000)	1HFY2015 ($'000)
Receipts from customers	35,206	34,213
Payments to suppliers and employees^	(34,406)	(26,529)
Income taxes paid	-	(1,043)
Net interest payments	(1,269)	(3,452)
Cash flows relating to operations	**(469)**	**3,189**
Project capital expenditure (civil and facilities infrastructure)	5,617	5,309
Cash flow from operations (excluding project capital expenditure)	**5,148**	**8,498**
Purchase of investment properties	(1,641)	(895)
Cash flows relating to investing activities	**(1,965)**	**(1,302)**
Net movement in borrowings	(8,706)	(2,433)
Proceeds from exercise of options	-	1,000
Distributions paid to non-controlling interests	-	(2,905)
Cash flows relating to financing activities	**(8,718)**	**528**
Net cash flows	**(11,151)**	**2,415**
Cash as at the beginning of the half-year	16,144	2,757
Cash as at the end of the half-year	**4,993**	**5,172**
Add cash on term deposit	4,000	6,000
Total cash at the end of the half-year	**8,993**	**11,172**

- Adjusted cash flows from operations (excluding project capital expenditure) up to $8.5 million from $5.1 million
- Net interest payments include a one-off break-fee of $2.05 million paid in respect of the early termination of the $25 million loan note facility (refer page 14)
- Income tax was paid in respect of FY2014 reflecting increased profitability (excluding fair value adjustments) and utilisation of tax losses

^ Due to Lifestyle Communities accounting policies and legal structure, payments to suppliers and employees includes all gross costs of infrastructure construction (i.e. civil works, clubhouse and other facilities). If structured alternatively these costs would form part of investing cash flows. Therefore cash flows from operations will be negatively impacted when Lifestyle Communities is in the cash intensive development phase of a community

To assist with further understanding of cash flows, please refer to Page 23 for a detailed break-down of development and management cash flows per community for 1HFY2015

Housing Market	• The continued strength of the Melbourne housing market has improved consumer confidence and their ability to sell existing homes
Land Access	• Focused on acquiring land in key growth corridors of Melbourne. We have been successful in acquiring sites located in Rosebud and Officer during the half-year and are actively looking for the next site
Demand	• Sales for first-half of FY2015 were 105[1] home sales. Demand has remained strong, particularly pleasing was an increase at Shepparton where 25 sales were achieved compared to 16 in the prior corresponding half-year
Settlements	• Settlements for first-half FY2015 were 98[1]. Assuming market conditions do not change materially, the company expects settlements to be on or around 230 for FY2015 compared to 211 for FY2014

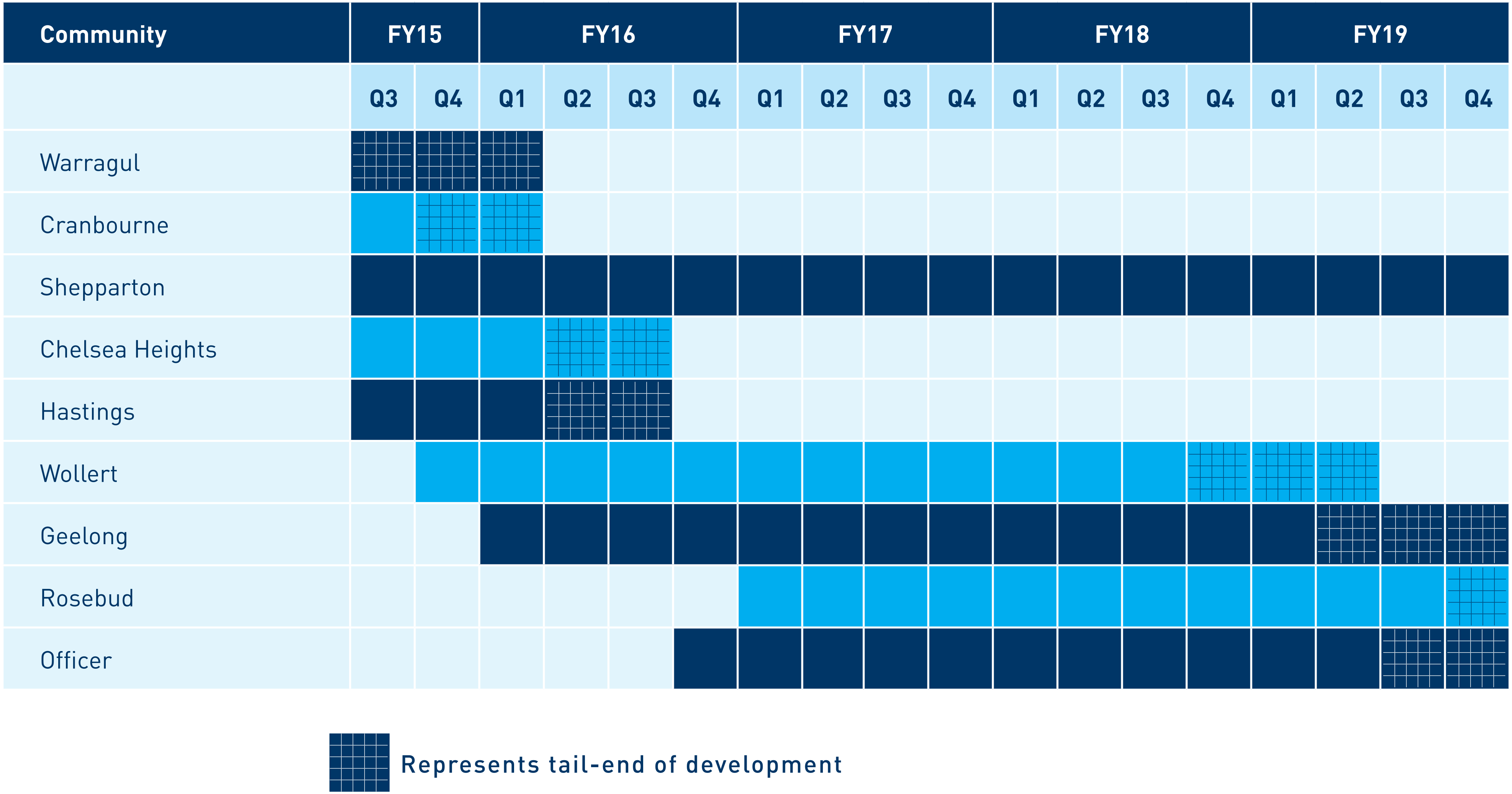
Note: (1) Represents gross numbers not adjusted for joint venture interests

OUTLOOK FY2014

- Market sentiment in Victoria remains positive and the Lifestyle Communities brand continues to appeal to the emerging baby boomer generation
- Assuming market conditions do not change materially we expect new home settlements for FY2015 to be on or around 230[1] compared with 211[1] for FY2014
- Settlements are expected to be strong in 2HFY2015 as the large sales pipelines at Chelsea Heights and Hastings are settled through
- The company is in a transition phase in relation to sales as Warragul, Cranbourne, Chelsea Heights and Hastings are essentially all sold out. Sales for 2HFY2015 will stem mainly from Shepparton, Wollert, Geelong and Officer (which will be launched in March 2015)
- Subject to the continual performance of the business in 2HFY2015 the company forecasts to pay a dividend in respect of FY2015

Note: (1) Represents gross numbers not adjusted for joint venture interests

Currently 1,929 homes in the portfolio[1]



Notes: (1) Settled, under development or subject to planning; gross numbers not adjusted for joint venture interests
The above timescale reflects current estimates of the settlement period for the existing developments. Settlement rates are a function of market conditions

CASH FLOW ANALYSIS - 1HFY2015

Supplementary Cash Flow Analysis for 1HFY2015	Melton	Tarneit	Warragul	Cranbourne[3]	Shepparton	Chelsea Heights[3]	Hastings	Wollert	Geelong	Rosebud	Officer	Total
Total Number of Homes	228	136	182	217	221	186	141	154	164	150	150	1,929
Settled 1HFY2015*	-	1	9	27	15	6	40	-	-	-	-	98
Remaining homes and lots available to settle	-	-	5	17	146	83	56	154	164	150	150	925
Capital Cash Flows ($million)												
Land	-	-	-	-	-	-	-	-	-	(0.38)	(0.52)	(0.90)
Development Expenditure (development and sales)	-	(0.02)	(0.08)	(0.40)	(0.59)	(2.01)	(0.55)	(2.12)	(0.95)	-	-	(6.72)
Home Construction	-	(0.01)	(0.03)	(0.74)	(2.16)	(1.12)	(5.52)	(0.07)	-	-	-	(9.64)
Home Settlements	-	0.24	2.08	3.79	2.96	0.94	10.79	-	-	-	-	20.80
Net Development Cash Flows	**-**	**0.21**	**1.97**	**2.66**	**0.20**	**2.19**	**4.72**	**(2.19)**	**(0.95)**	**(0.38)**	**(0.52)**	**3.54**
Annuity Cash Flows ($million)												
Site Rentals (incl. Management Fees)	1.03	0.63	0.83	0.89	0.32	0.46	0.31	-	-	-	-	4.48
Deferred Management Fees Received	0.28	0.11	0.18	0.09	-	-	-	-	-	-	-	0.67
Community Operating Costs	(0.29)	(0.21)	(0.31)	(0.23)	(0.21)	(0.16)	(0.14)	(0.01)	(0.02)	-	-	(1.58)
Net result from utilities	0.01	0.01	0.01	0.02	0.00	0.03	(0.01)	-	-	-	-	0.07
Share to non-controlling interests[2]	-	-	-	(0.28)	-	(0.12)	-	-	-	-	-	(0.41)
Net Annuity Cash Flows	**1.04**	**0.53**	**0.72**	**0.48**	**0.11**	**0.22**	**0.17**	**(0.01)**	**(0.02)**	**-**	**-**	**3.24**
Head Office Costs												(2.01)
Net Operating Cash Flows												**4.77**
Reconciliation to statutory cash flows												
Less – Interest												(3.45)
Less - Income taxes paid												(1.04)
Add – Land (investing cash flow)												0.90
Add - Movement in inventory, creditors and JV fees owing												1.55
Add - Non-controlling interests in cash flows												0.47
Statutory Cash Flows from Operations ($million)												**3.19**

Notes: * LIC's economic interest is 82 homes after allowing for Joint Venture interests

(1) Deferred management fees received are inclusive of selling and administration fees as well as wages and marketing costs

(2) Lifestyle Communities record 100% rental income and pay out 50% (after management fees) to non-controlling interests

(3) These are 50% owned JV developments, 50% cashflows are represented

SUMMARY

- The first-half of FY2015 delivered another solid result for net sales commitments (105) and home settlements (98)[1]
- Homes under management are now 1,004 and this resulted in growing community annuity income (net of expenses) to \$3.2 million compared to \$2.1 million in the prior half-year
- The recently announced Officer acquisition, along with the Rosebud acquisition has increased the total portfolio to 1,929[2]
- Funded and resourced to roll-out a community every 12 months subject to identification of appropriate sites
- Year-on-year growth of net profit after tax attributable to shareholders expected to continue in FY2015; commencement of dividends also expected

Note: (1) Represents gross numbers not adjusted for joint venture interests
(2) Settled, under development or subject to planning

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