



*Making a difference.*

# Annual General Meeting

29th November 2016







# *Agenda*

1. Introduction from Chairman
2. Presentation from Managing Director
3. Formal Business





## *Section 1*

# Introduction from Chairman Tim Poole





## *Section 2*

# Presentation from Managing Director **James Kelly**





# The Lifestyle Story

Development of first community at Brookfield in Melton. Opened June 2005



2003



Lifestyle commenced with James, Dael & Bruce developing a business plan

2004

2007



Company listed on Stock Exchange

Major Capital Raising of \$36m



2012

2014



1,000th homeowner moves into Lifestyle Hastings

Co-founder Dael Perlov passed away from Cancer - aged 45



2014

2016



2,000th homeowner moves into Lifestyle Geelong. Opened our 10th Community Clubhouse





# *Lifestyle Communities*

- Builds affordable highly desirable master planned communities;
- Provides facilities that exceed the expectations of our target customer by:
  - Selling houses at 75-80% of the median house price
  - Minimising ongoing maintenance
  - Designed to promote community engagement
  - Setting a sustainable rental at less than 25% of the Pension, balancing the needs of homeowners with returns for shareholders

**Lifestyle**  
COMMUNITIES





# *Why do we create Lifestyle Communities?*

- To enable over 50's to downsize and enrich their lives
- To provide financial freedom for our homeowners
- To give homeowners a choice – to mix/participate to the extent that's right for them
- To change the mindset of what over 50's can offer
- To provide a secure and predictable return to our shareholders

**Lifestyle**  
COMMUNITIES



# *Making A Difference*

**13 years later - how do we know if we are achieving this?**

- Over 2,100 homeowners call a Lifestyle Community home
- 94% of homeowners would recommend us to friends and family<sup>(1)</sup>
- Approximately one in three new home sales come from referrals
- Pre-sales on new communities are increasing
- We have wait lists on all existing communities

Notes: <sup>(1)</sup>2016 Lifestyle Communities homeowner survey







“ **it’s changed our lives.** ”

We’ve never been happier in our entire life, ever! Ever, ever, ever! **Julie & Rod**



“ We wanted to downsize, there’s more to life than working, getting stressed and doing housework – **best decision we’ve ever made.** ”

**Natalie & Stuart**



“ We have made so many friends here; we have **a new lease on life.** ”

**Tom & Sue**

“ It’s like coming home to a resort. You just couldn’t wish for better. It’s just like **a new chance at life.** ”

**Helen & Ted**

**Lifestyle**  
COMMUNITIES



# Financial Model

Creates a win-win for homeowners and shareholders

## CREATING COMMUNITIES

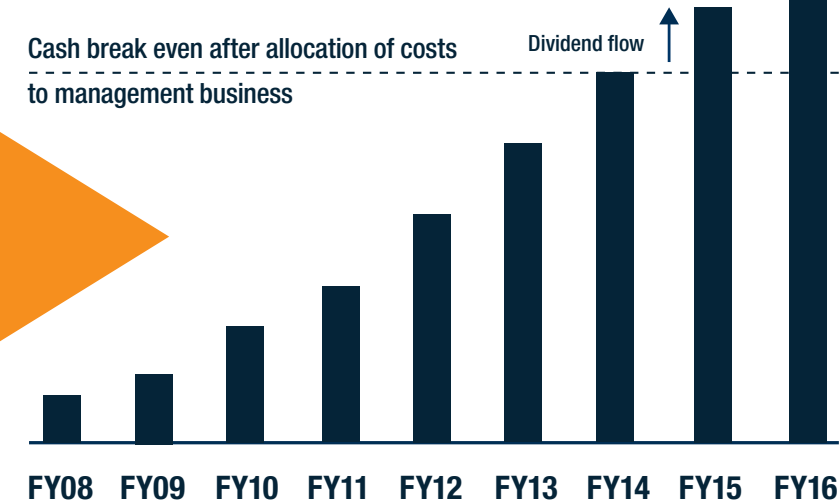


- Organic growth through recycling capital not raising capital
- Pricing homes at 80% of average surrounding home values which:
  - ✓ Increases sales rates
  - ✓ Helps mitigate property cycle risk
- Conservatively geared to mitigate financial risk

Completed communities building a long term sustainable income stream

## MANAGING COMMUNITIES

Total annuities at year end



Note: Not to scale

- Rentals increase at CPI or 3.5% whichever is the greater
- DMF of 20% after 5 years on the resale price of the home

**As at 31 October 2016 the gross rental annualised at \$13.2 million per annum**

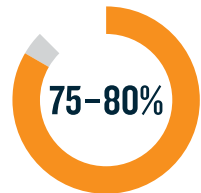
**Lifestyle**  
COMMUNITIES



# Community Overview

## How does the Lifestyle Communities model of living work?

Homeowners at Lifestyle Communities own their own home and lease the land upon which their homes are located, via a weekly site fee.



Homes typically priced at 75-80% of the median house price.



Homeowners at Lifestyle Communities are fully protected by the Residential Tenancies Act.



On average, release of \$110,000 sale of your old home

# 90 YEAR LEASE

A 90 year lease provides security of tenure.



**AFFORDABLE LIVING**

The weekly site fee is approx. 20% of the aged pension after receipt of the Commonwealth Rental Assistance.



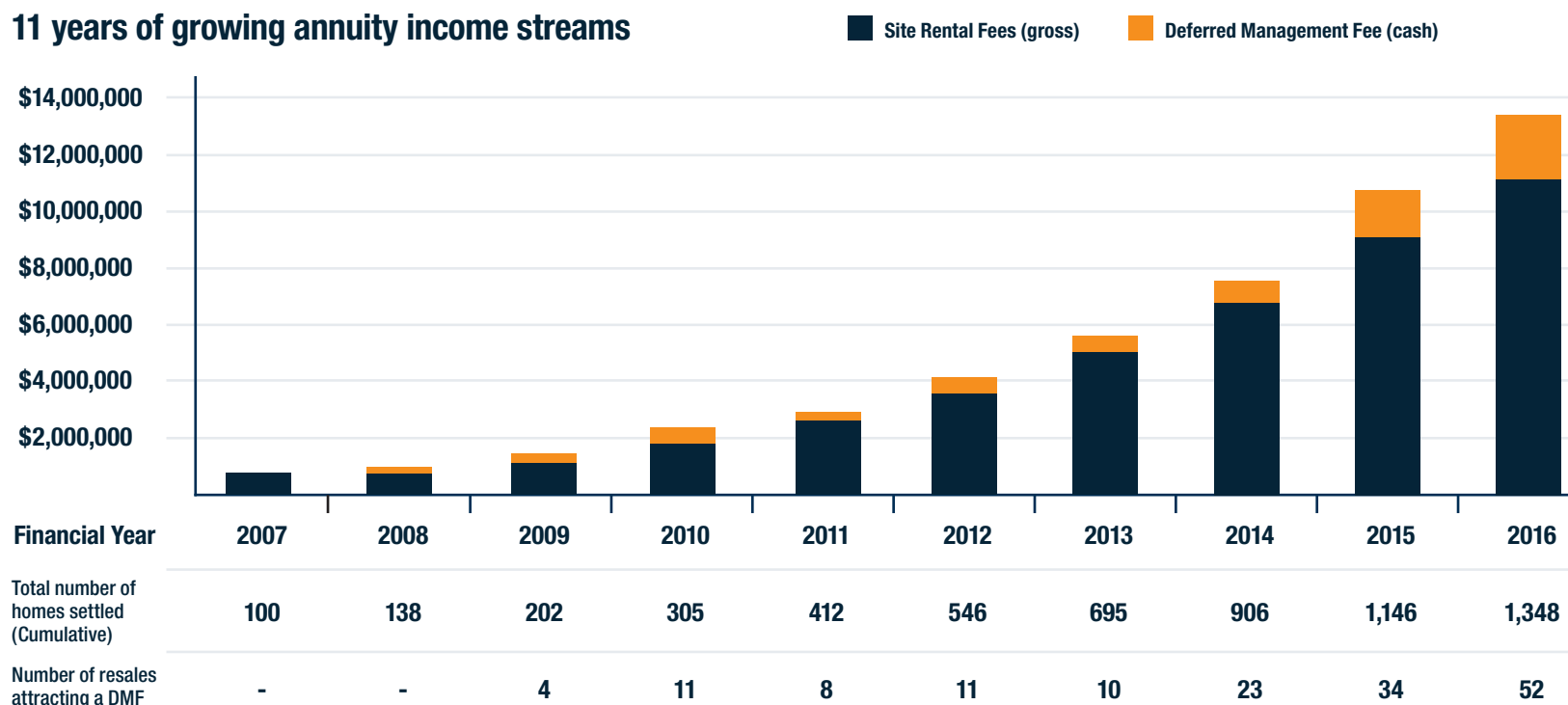


# Financial Overview

## Growing annuity income streams

Financial Summary	FY2016 (\$ Million)	FY2015 (\$ Million)
Net profit after tax attributable to shareholders	\$19.3	\$16.7
Underlying net profit after tax attributable to shareholders	\$16.9	\$16.7
Total assets	\$222.5	\$179.6
Equity	\$131.3	\$113.8
Dividends (interim and final)	2.5 cents per share	1.5 cents per share
Net debt	\$45.2	\$23.6
Net debt to equity ratio	25.6%	17.2%

## 11 years of growing annuity income streams





# Portfolio Overview

13 communities in planning, development or under management

Community	Homes	Settled
Brookfield at Melton	228	100%
Seasons at Tarneit	136	100%
Casey Fields at Cranbourne	217	100%
Chelsea Heights	186	100%
Warragul	182	100%
Hastings	141	100%
Shepparton	268	62%
Lyndarum at Wollert	154	41%
Geelong	164	31%
Officer	151	46%
Berwick Waters	220	-
Bittern <sup>(1)</sup>	208	-
Ocean Grove <sup>(1)</sup>	190	-
	<b>2,445<sup>(2)</sup></b>	<b>59%</b>

Correct as at 31 October 2016

Notes: <sup>(1)</sup> Commencement of construction subject to planning approval and the contract becoming unconditional.

<sup>(2)</sup> Represents gross numbers not adjusted for joint venture interests at Cranbourne and Chelsea Heights.



## Focus remains in Victoria

- Favourable planning legislation
- Better access to zoned, flat land for development
- Low saturation of land lease communities
- Balanced state legislation for the management of communities

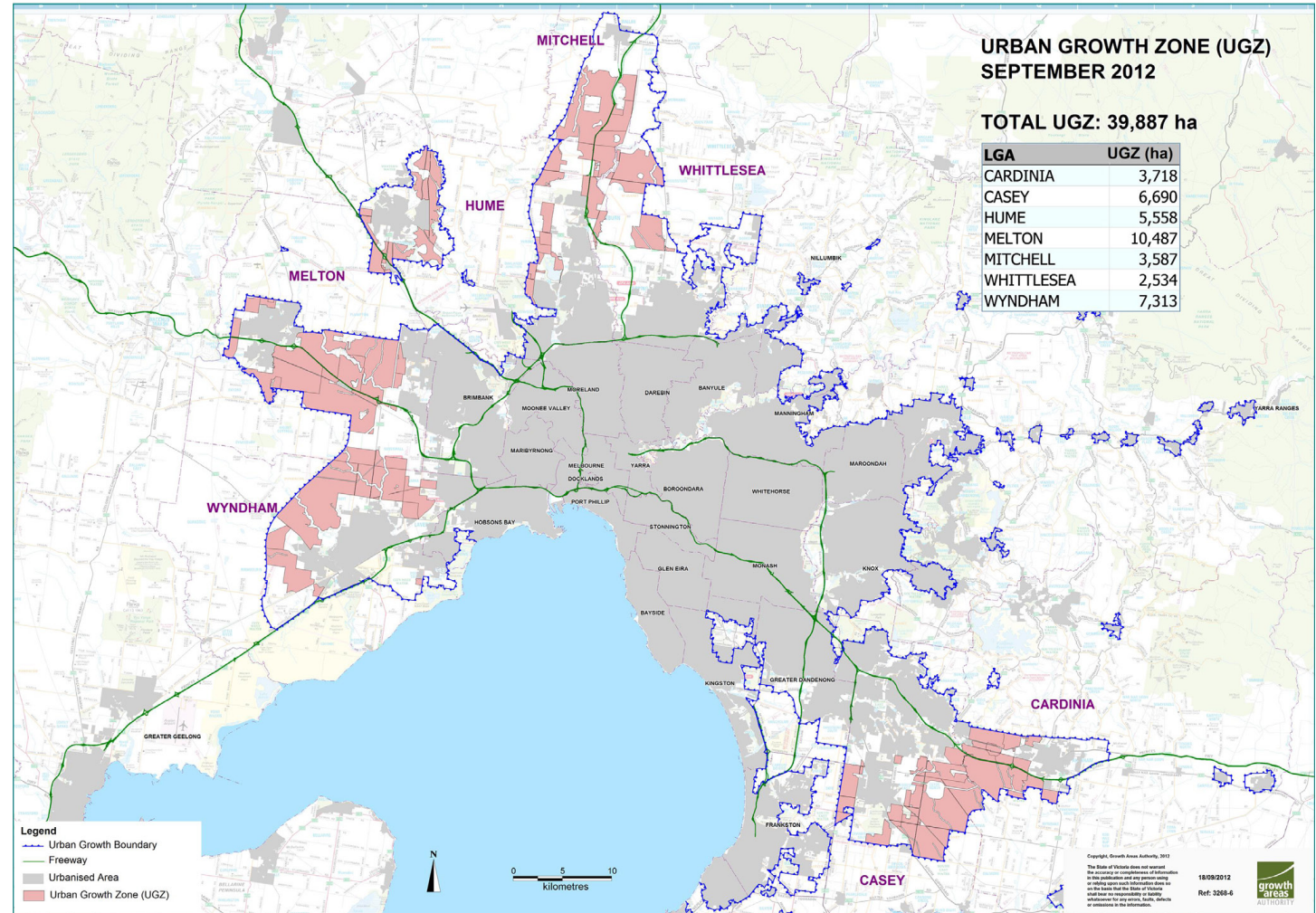


# Acquisition Strategy

## Focused on Melbourne and Geelong's growth corridors

- Looking for zoned land in Melbourne and Geelong's growth corridors
- Increasing opportunities to buy superlots from land developers
- Melbourne has strategic benefits of flat topography increasing site choice
- Multiple communities can be built in each growth corridor

### Melbourne's Growth Corridors



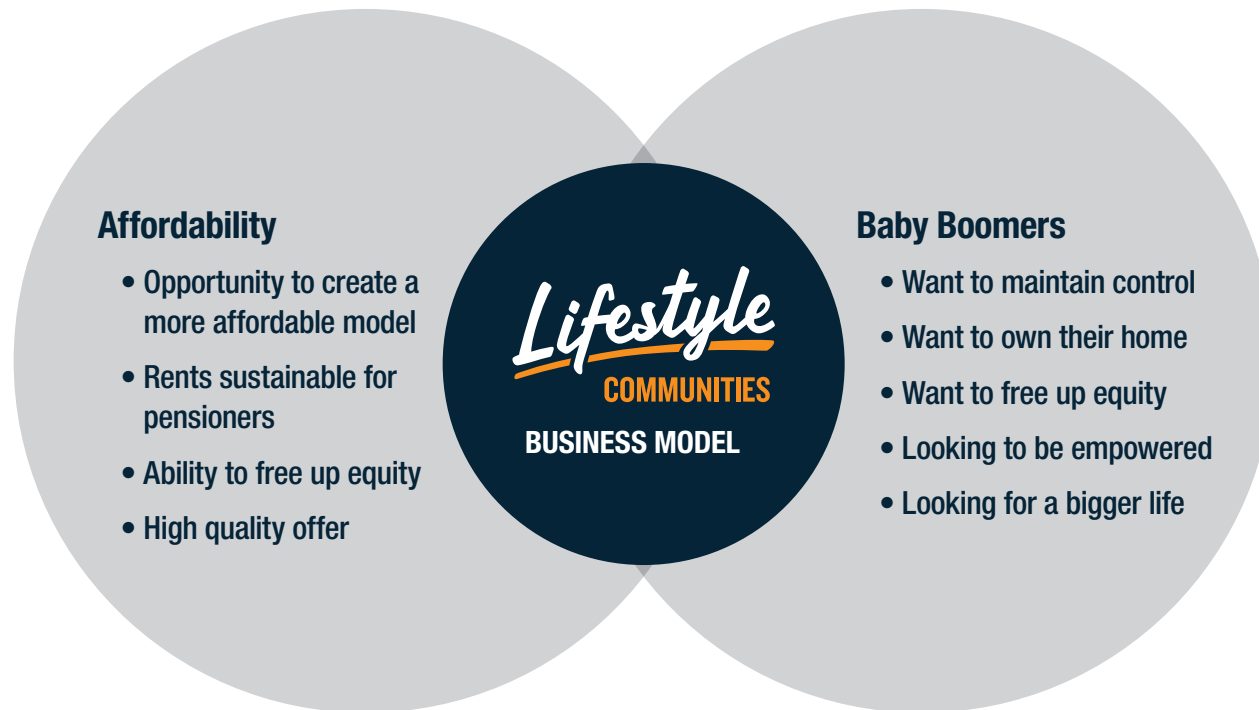
Looking to acquire at least one new site every 12 months





# Key Thematics

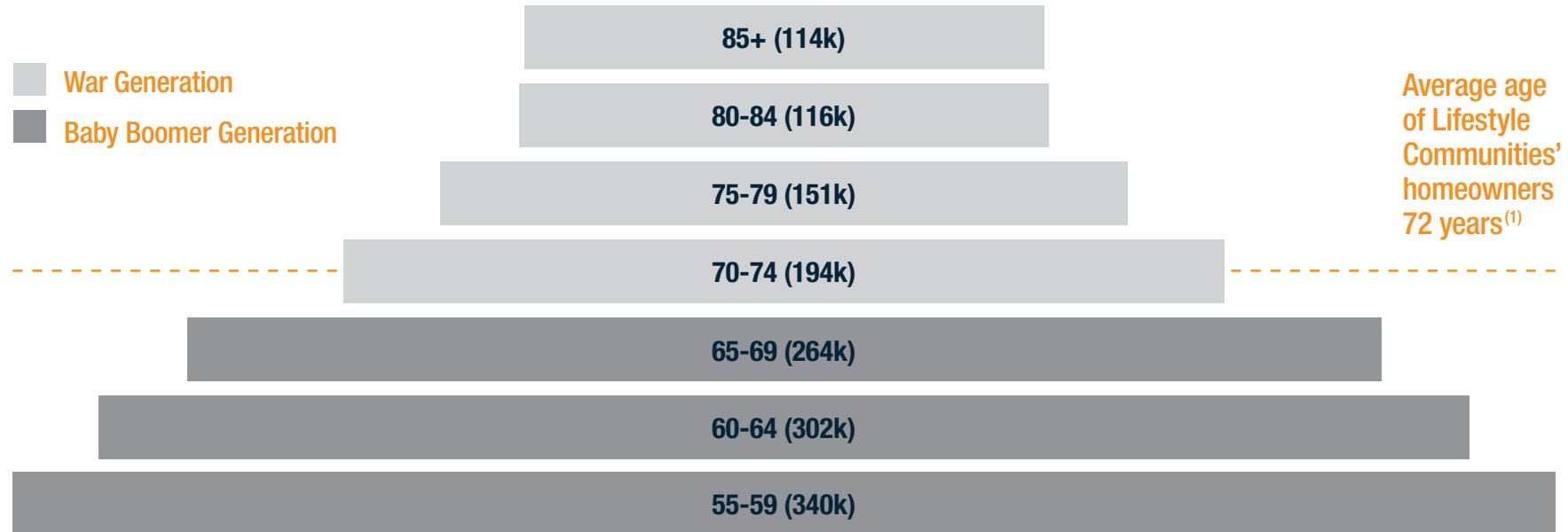
Two key emerging trends come together to create the Lifestyle business model



Current housing solutions are not satisfying the new emerging customer

# Market Overview

## Victorian Population Growth



As at 30 June 2013 there were over 574,000 Victorians aged over 70 and over 906,000 aged between 55 and 69

Lifestyle Communities is well positioned to meet the needs of the baby boomer age wave

Source: ABS 2014 Catalogue 3235.0  
Notes: <sup>(1)</sup>As at 30 June 2016

**Lifestyle**  
COMMUNITIES



# Customer Touchpoint's

Every touchpoint drives customer referral

Set organisational goal to increase referral rate

- Implemented a focused strategy to try and lift the number of homeowner referrals for new sales
- Have developed an action plan for each of the 32 touchpoints we have with our homeowners
- Want to ensure that we surprise and delight the homeowner at every touchpoint



Notes: <sup>(1)</sup>For FY2016 settlements

*Lifestyle*  
COMMUNITIES

# Community Designs

Every facet of our product has evolved

## Urban Layout



Ensure that the homes work together by varying setbacks and facades

## Entry



Create a sense of arrival and security

## Landscaping



Significant investment in landscaping to add colour and texture

## Clubhouse



Ongoing evolution with design becoming more contemporary

## House Designs



Evolving to meet the needs of the baby boomer

Never get a second chance of a first impression

**Lifestyle**  
COMMUNITIES



# Lifestyle Officer

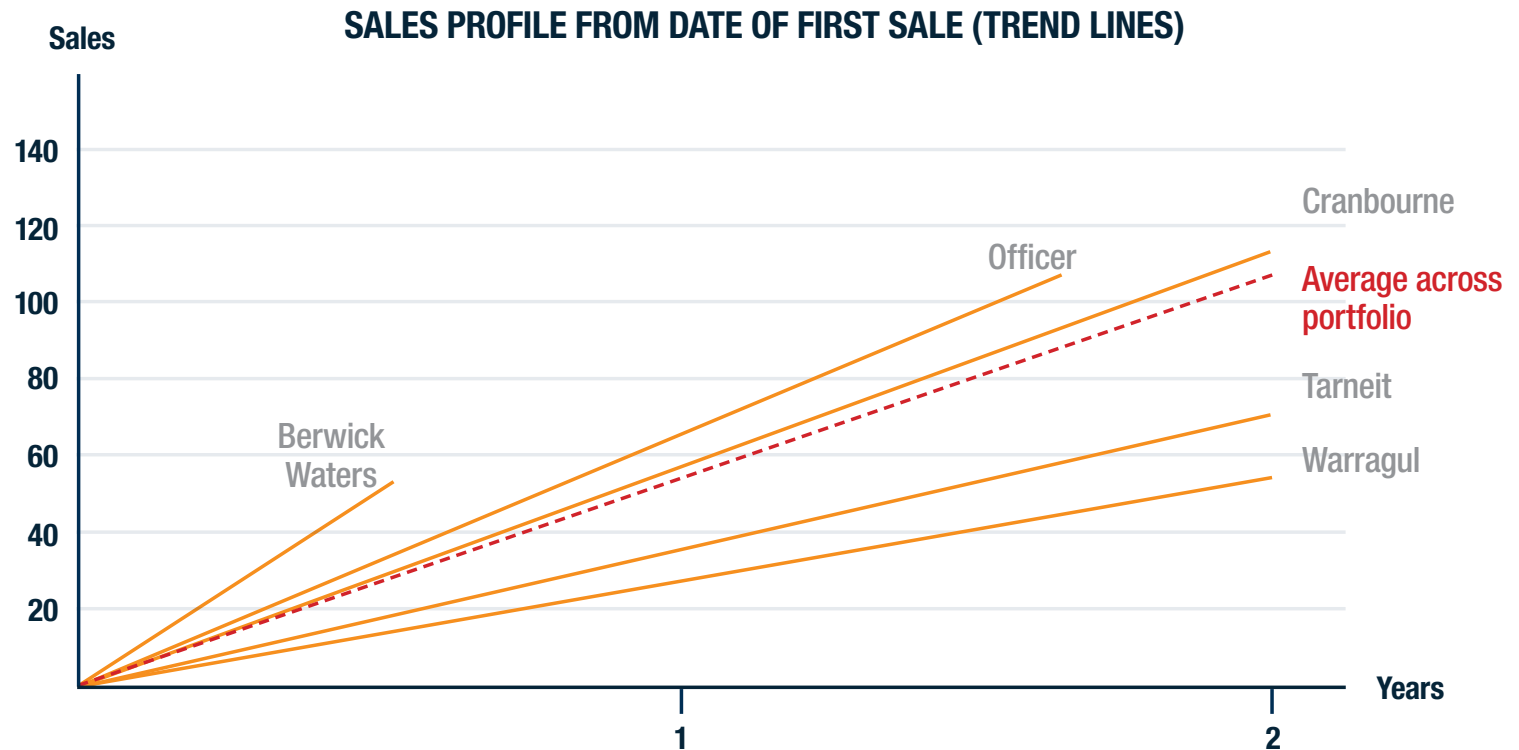
Each community is better than the last as we keep evolving



# Sales Rates

“Proof is in the pudding” increasing the sales rate

- Lifestyle Communities’ focus has shifted to improve pre-sales. This reduces risk by supporting a more aggressive construction program which enables a quicker recycling of capital
- Evolution in the sales launch of communities has provided improved pre-sale rates at Officer and Berwick Waters
- Officer achieved 66 sales in the first year from launch compared to an average across all projects of 40 sales, 109 sales have been achieved in total to 31 October 2016
- Berwick Waters launched on 7 April 2016 and achieved 55 pre-sales to 31 October 2016



**The higher the sales rate,  
the faster we recycle capital**





# Latest Community

## Lifestyle Berwick Waters: A promising start

- Civil works commenced in September 2016
- First homes targeted to be completed in May/June 2017
- 55 homes are already pre-sold up until 31 October 2016
- 47% of sales came from homeowner referrals



# Settlement Goals - New Sales

Settlements growing with increased sales rates and new projects

	FY2016 settlements (actual)	FY2017 settlement range	FY2018 settlement range
<b>TOTAL</b>	<b>202</b>	<b>250-270</b>	<b>260-290</b>
<i>Warragul</i>	1	-	-
<i>Casey Fields<sup>(1)</sup></i>	2	-	-
<i>Shepparton</i>	51	40-55	40-55
<i>Chelsea Heights<sup>(1)</sup></i>	27	-	-
<i>Hastings</i>	14	-	-
<i>Lyndarum</i>	43	50-60	45-55
<i>Geelong</i>	36	40-50	45-55
<i>Officer</i>	27	85-100	20-30
<i>Berwick Waters<sup>(2)</sup></i>	-	10-25	60-80
<i>Bittern<sup>(2)(3)</sup></i>	-	-	20-40

The settlement ranges above constitute a forecast for FY2017 and a projection for FY2018 which is indicative only. They are dependent on construction commencement dates for sites not yet commenced at Berwick Waters and Bittern, planning approval for Bittern and market conditions.

Notes: <sup>(1)</sup>Gross numbers not adjusted for joint venture interests

<sup>(2)</sup>Settlement goals dependent on construction commencement date

<sup>(3)</sup>Subject to planning approval





# Sales and Settlements

## July - October 2016

- On target to achieve on or around 125-130 new home settlements for 1HFY2017
- As previously advised settlements for FY2017 are expected to be in the range of 250-270 settlements
- Resales have continued to increase, we are on target to achieve on or around 35 resales for 1HFY2017

	New home settlements	New homes - net sales commitments	Resale homes settlements	Resale homes - net sales commitments
	JUL 16 - OCT 16	JUL 16 - OCT 16	JUL 16 - OCT 16	JUL 16 - OCT 16
Brookfield	-	-	5	5
Tarneit	-	-	2	1
Warragul	-	-	4	9
Cranbourne <sup>(1)</sup>	-	-	8	6
Shepparton	18	12	2	2
Chelsea Heights <sup>(1)</sup>	-	-	1	5
Hastings	-	-	4	4
Wollert	17	35	-	-
Geelong	15	14	-	-
Officer	42	16	-	-
Berwick Waters	-	24	-	-
Bittern	-	-	-	-
Ocean Grove	-	-	-	-
<b>Total</b>	<b>92</b>	<b>101</b>	<b>26</b>	<b>32</b>

Note: (1) Represents gross numbers not adjusted for joint venture interests at Cranbourne and Chelsea Heights

# Portfolio Snapshot

31 October 2016

Lifestyle Communities' portfolio continues to grow

Communities	Total home sites in communities	Home sites sold & occupied	Home sites sold & awaiting settlement	Home sites occupied or sold and awaiting settlement	
				#	%
<b>Existing Communities – Sold out</b>					
Brookfield at Melton	228	228	-	228	100%
Seasons at Tarneit	136	136	-	136	100%
Warragul	182	182	-	182	100%
Casey Fields at Cranbourne <sup>(1)</sup>	217	217	-	217	100%
Chelsea Heights <sup>(1)</sup>	186	186	-	186	100%
Hastings	141	141	-	141	100%
<b>Existing Communities – Under construction</b>					
Shepparton	268	167	36	203	76%
Lyndarum at Wollert	154	63	53	116	75%
Geelong	164	51	42	93	57%
Officer	151	69	40	109	72%
Berwick Waters	220	-	55	55	25%
<b>New Communities – Awaiting commencement</b>					
Bittern <sup>(2)</sup>	208	-	-	-	-
Ocean Grove <sup>(2)</sup>	190	-	-	-	-
<b>Total Home Sites<sup>(3)</sup></b>	<b>2,445</b>	<b>1,440<sup>(4)</sup></b>	<b>226<sup>(5)</sup></b>	<b>1,666</b>	<b>68%</b>







# Summary

## Lifestyle Communities capitalises on the solid base established for future growth

- Emerging baby boomer driving increased customer interest
- Approximately one in three of sales are coming from customer referrals
- Settlements in FY2017 expected to be in the range of 250 to 270 settlements
- The increase in settlements, coupled with an expected increased contribution from community management, is expected to result in a material increase in profit in FY2017
- Expect that dividends in FY2017 will be higher than FY2016

**Lifestyle Communities' model is driven by affordability, the aging population and the emerging baby boomer**





## *Section 3*

# Formal Business



# Item 3

## Approval of the Lifestyle Communities Limited Remuneration Report

The instructions given to validly appointed proxies in respect of the resolution were as follows:

FOR	AGAINST	ABSTENTION	PROXY'S DISCRETION
49,221,673	85,589	80,159	113,573

# Item 4

## Re-election of Ms Philippa Kelly, retiring by rotation

The instructions given to validly appointed proxies  
in respect of the resolution were as follows:

FOR	AGAINST	ABSTENTION	PROXY'S DISCRETION
68,751,628	9,262	18	120,547



# Item 5

## Re-election of Mr Bruce Carter, retiring by rotation

The instructions given to validly appointed proxies  
in respect of the resolution were as follows

FOR	AGAINST	ABSTENTION	PROXY'S DISCRETION
68,752,665	8,225	18	120,547

## Important notice and disclaimer

- This Presentation contains general background information about Lifestyle Communities Limited (LIC) and its activities current at 29 November 2016 unless otherwise stated.
- It is information in a summary form and does not purport to be complete. It should be read in conjunction with LICs other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at [www.asx.com.au](http://www.asx.com.au).
- This Presentation has been prepared by LIC on the information available. To the maximum extent permitted by law, no representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions in this presentation and LIC, its directors, officers, employees, agents and advisers disclaim all liability and responsibility (including for negligence) for any direct or indirect loss or damage which may be suffered by any recipient through use or reliance on anything contained in or omitted from this presentation.
- Past performance information given in this Presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.
- This Presentation contains certain “forward-looking statements” and prospective financial information. These forward looking statements and information are based on the beliefs of LICs management as well as assumptions made by and information currently available to LICs management, and speak only as of the date of this presentation. All statements other than statements of historical facts included in this presentation, including without limitation, statements regarding LICs forecasts, business strategy, synergies, plans and objectives, are forward-looking statements. In addition, when used in this presentation, the words “forecast”, “estimate”, “expect”, “anticipated” and similar expressions are intended to identify forward looking statements. Such statements are subject to significant assumptions, risks and uncertainties, many of which are outside the control of LIC and are not reliably predictable, which could cause actual results to differ materially, in terms of quantum and timing, from those described herein. Readers are cautioned not to place undue reliance on forward-looking statements and LIC assumes no obligation to update such information.
- The information in this Presentation remains subject to change without notice.
- In receiving this Presentation, you agree to the foregoing restrictions and limitations.
- This Presentation is not for distribution or release in the United States or to, or for the account or benefit of, US persons.





# Lifestyle

**COMMUNITIES**

**DOWNSIZE TO A BIGGER LIFE**

LIFESTYLE COMMUNITIES LIMITED

Level 2, 25 Ross Street  
South Melbourne VIC 3205  
Ph: (03) 9682 2249

[www.lifestylecommunities.com.au](http://www.lifestylecommunities.com.au)