



A Business for Purpose

UBS Australasia Conference 2017

13 November 2017





OUR STORY

Development of first community at Brookfield. Opened in June 2005



2003



James Kelly, Dael Perlov and Bruce Carter develop business plan

2004

2007



Listed on the Australian Stock Exchange

Major capital raising of \$36m



2012

2,000th homeowner moves in



2014



1,000th homeowner moves in

Tenth community Clubhouse opens

2016



Acquired fifteenth community site

First of the baby boomers turn 70



2017



A BUSINESS FOR PURPOSE

- An affordable housing option to the 50% of Australians who have less than \$500,000 in total equity
- An affordable and sustainable financial model where homeowners can prosper
- A respectful but engaging service strategy
- High quality resort style facilities that exceed expectations

**A business allowing people to
downsize to a bigger life**

FINANCIAL MODEL

A win-win for homeowners and shareholders

CREATING COMMUNITIES



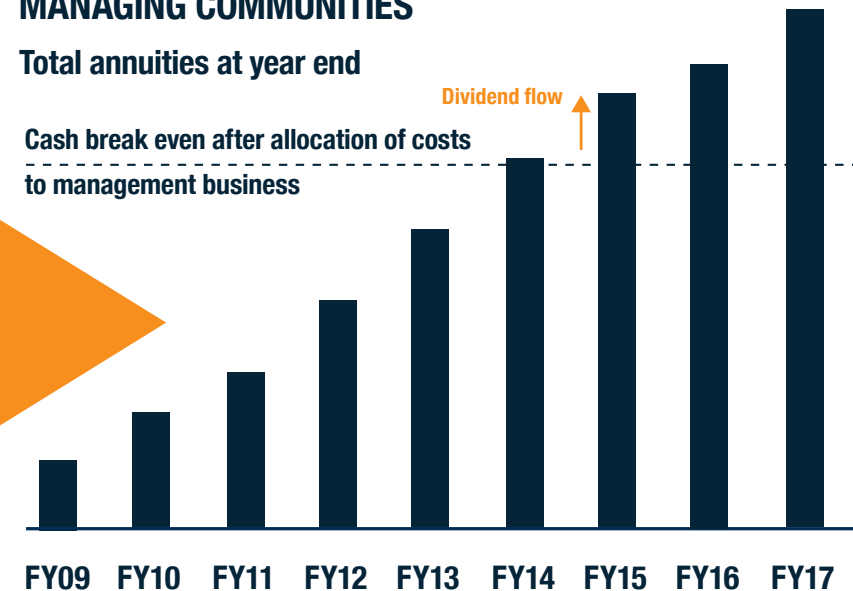
- Organic growth through recycling capital not raising capital
- Pricing homes at 75-80% of local median house price
 - ✓ Increases sales rates
 - ✓ Helps mitigate property cycle risk
- Gearing set at a level to mitigate financial risk

MANAGING COMMUNITIES

Total annuities at year end

Cash break even after allocation of costs to management business

Dividend flow



FY09 FY10 FY11 FY12 FY13 FY14 FY15 FY16 FY17

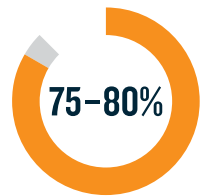
Note: Not to scale

As at 31 October 2017 the gross rental annualised at \$16.0 million per annum

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.

90 YEAR LEASE

A 90 year lease provides security of tenure.



AFFORDABLE LIVING

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



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



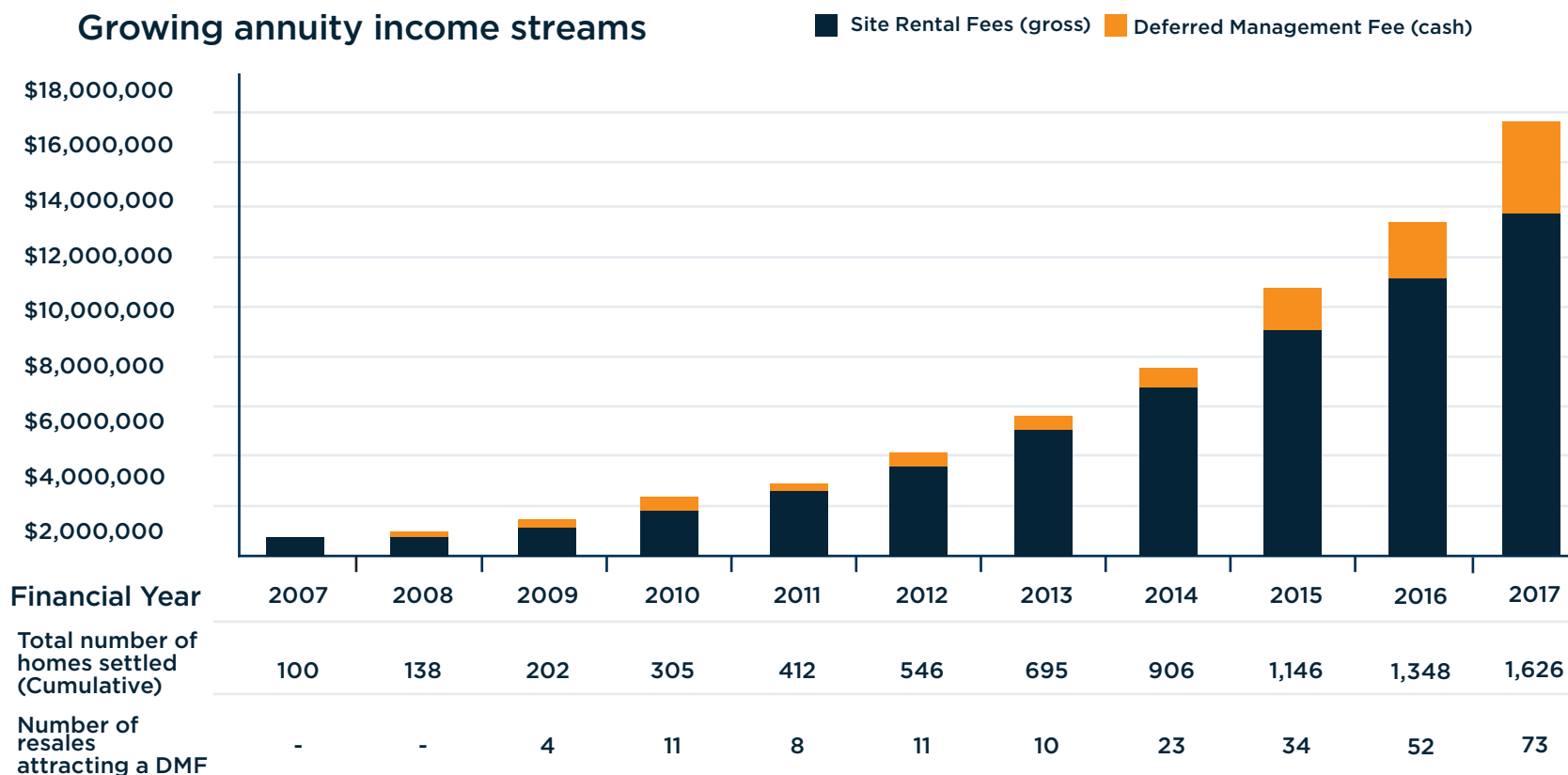
On average, release of approximately \$129,000 equity upon sale of old home.

OVERVIEW

Business snapshot

Financial Summary	FY2017 (\$ Million)	FY2016 (\$ Million)
Net profit after tax attributable to shareholders	\$27.7	\$19.3
Underlying net profit after tax attributable to shareholders	\$25.0	\$16.9
Total assets	\$266.1	\$222.5
Equity	\$155.5	\$131.3
Dividends (interim and final)	3.5 cents per share	2.5 cents per share
Net debt	\$43.4	\$45.2
Net debt to equity ratio	21.8%	25.6%

Growing annuity income streams



PORTFOLIO OVERVIEW

15 communities in planning, development or under management

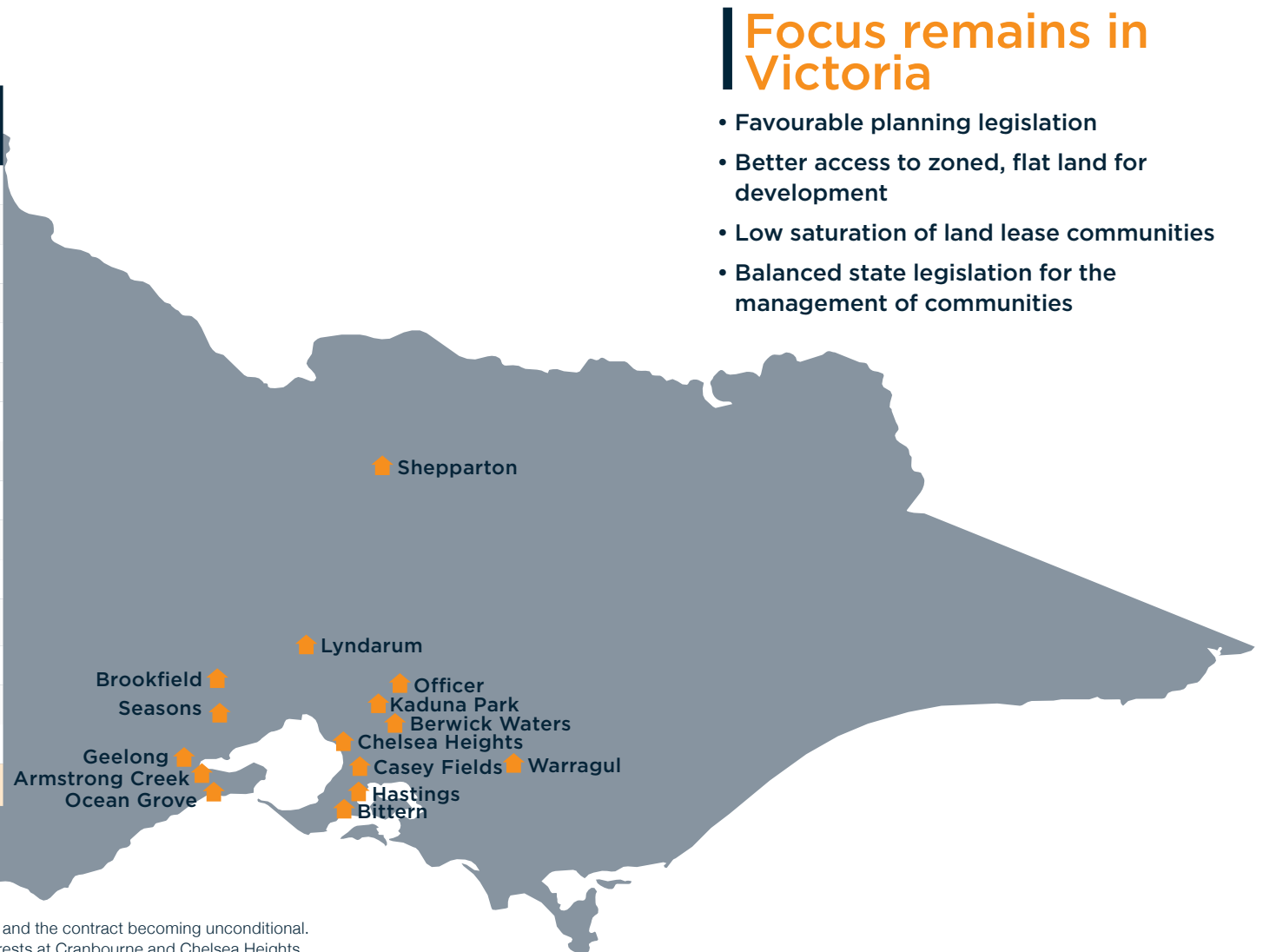
Community	Homes	Settled
Brookfield at Melton	228	100%
Seasons at Tarneit	136	100%
Casey Fields at Cranbourne	217	100%
Chelsea Heights	186	100%
Warragul	182	100%
Hastings	141	100%
Officer	151	94%
Lyndarum at Wollert	154	93%
Shepparton	301	70%
Geelong	164	60%
Berwick Waters	216	19%
Bittern	209	-
Ocean Grove	193	-
Armstrong Creek ⁽¹⁾	189	-
Kaduna Park ⁽¹⁾	160	-
	2,827⁽²⁾	61%

Correct as at 31 October 2017

Notes: (1) Commencement of construction subject to planning approval and the contract becoming unconditional.
 (2) 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

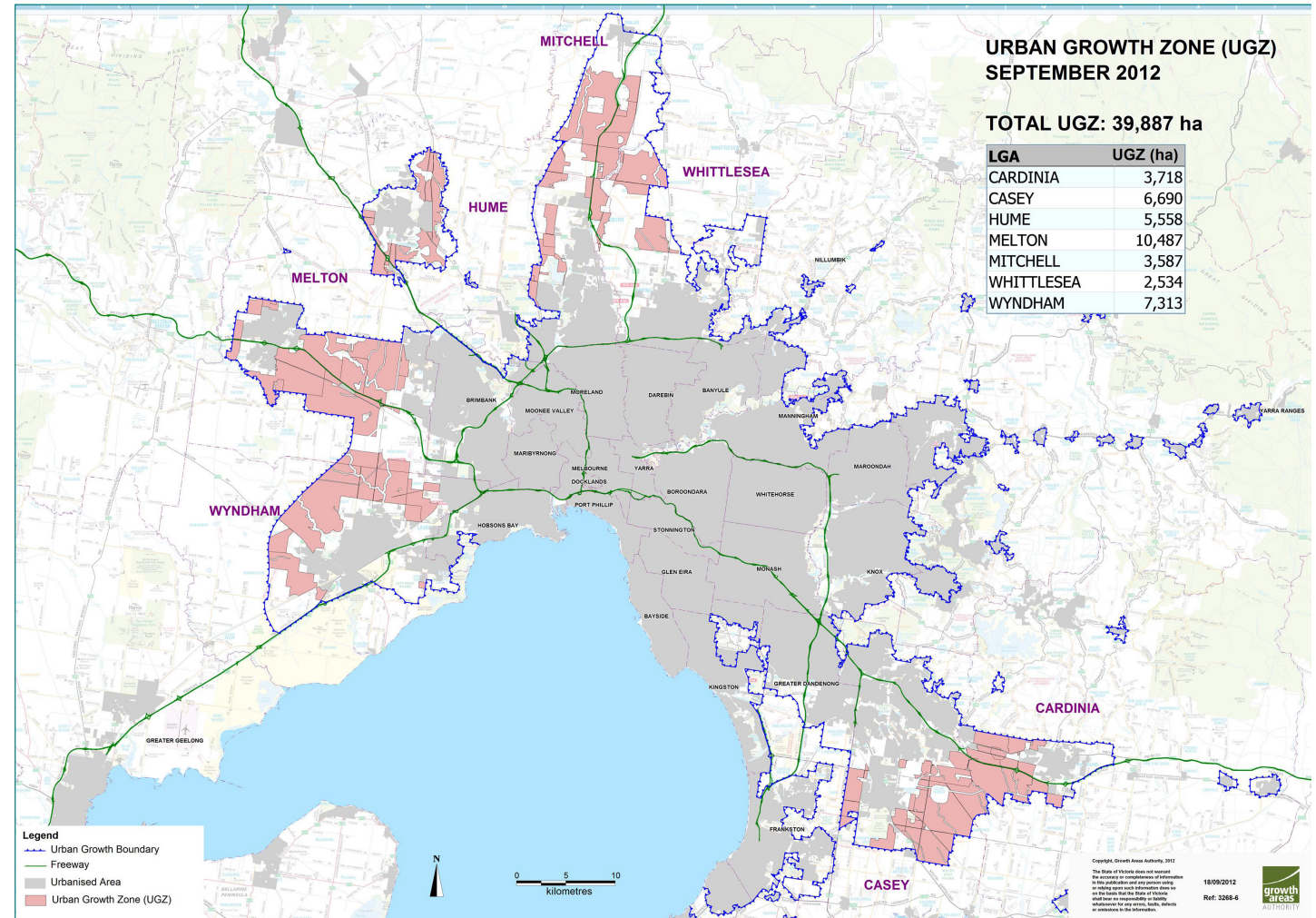


ACQUISITION STRATEGY

Focused on Melbourne and Geelong's growth corridors

- Targeting zoned land in Melbourne and Geelong's growth corridors
- Increasing opportunities to buy superlots from land developers
- Melbourne has the strategic benefit of flat topography which increases site choice
- Multiple communities can be built in each growth corridor

Plan to acquire at least one new site every 12 months



Melbourne's Growth Corridors

RECENT LAND ACQUISITIONS

Lifestyle Berwick Waters

- First homeowners moved in May 2017
- 172 homes sold to 31 October 2017 since project launch in April 2016

Lifestyle Bittern

- Commenced construction
- 104 pre-sales achieved up until 31 October 2017
- Strong interest from the immediate catchment

Lifestyle Ocean Grove

- Commenced construction
- 46 pre-sales achieved up until 31 October 2017
- Significant enquiry on database awaiting commencement of construction

Lifestyle Armstrong Creek

- Planning permit submitted
- Sales launch in last quarter of FY2018

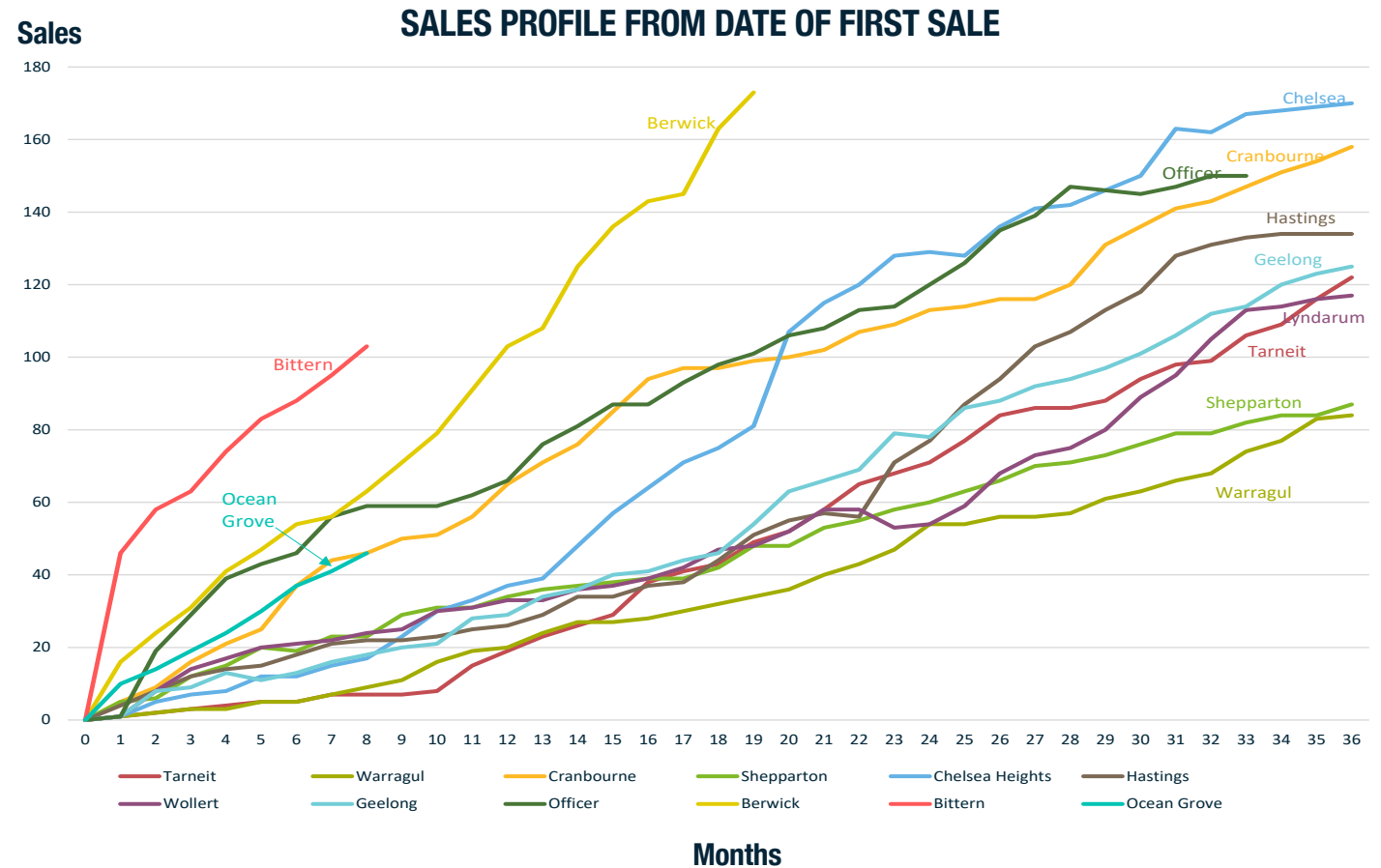
Lifestyle Kaduna Park

- Contract signed 23 August 2017



SALES RATES

- Lifestyle Communities' focus has shifted to improve pre-sales. This reduces risk by supporting a more aggressive construction program to enable faster capital recycling
- Evolution in the sales launch process has provided improved early sales at Berwick Waters, Bittern and Ocean Grove
- Berwick Waters launched in April 2016 and has achieved 172 sales to 31 October 2017
- Both Bittern and Ocean Grove were launched in March 2017 with Bittern achieving 104 pre-sales and Ocean Grove achieving 46 pre-sales to 31 October 2017



**The higher the sales rate,
the faster capital is recycled**

MARKET OVERVIEW

Key Themes

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

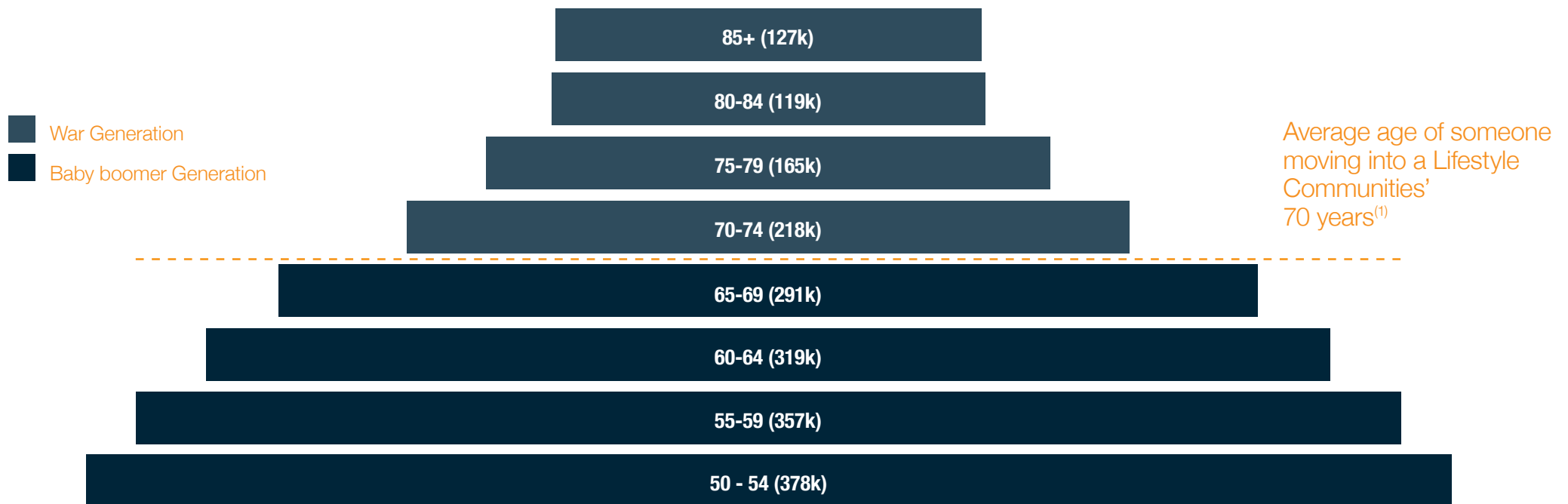


Current housing solutions don't suit the baby boomer customer

MARKET OVERVIEW

Victorian population growth

As at 30 June 2016 there were over 629,000 Victorians aged over 70 and over 1,345,000 aged between 50 and 69

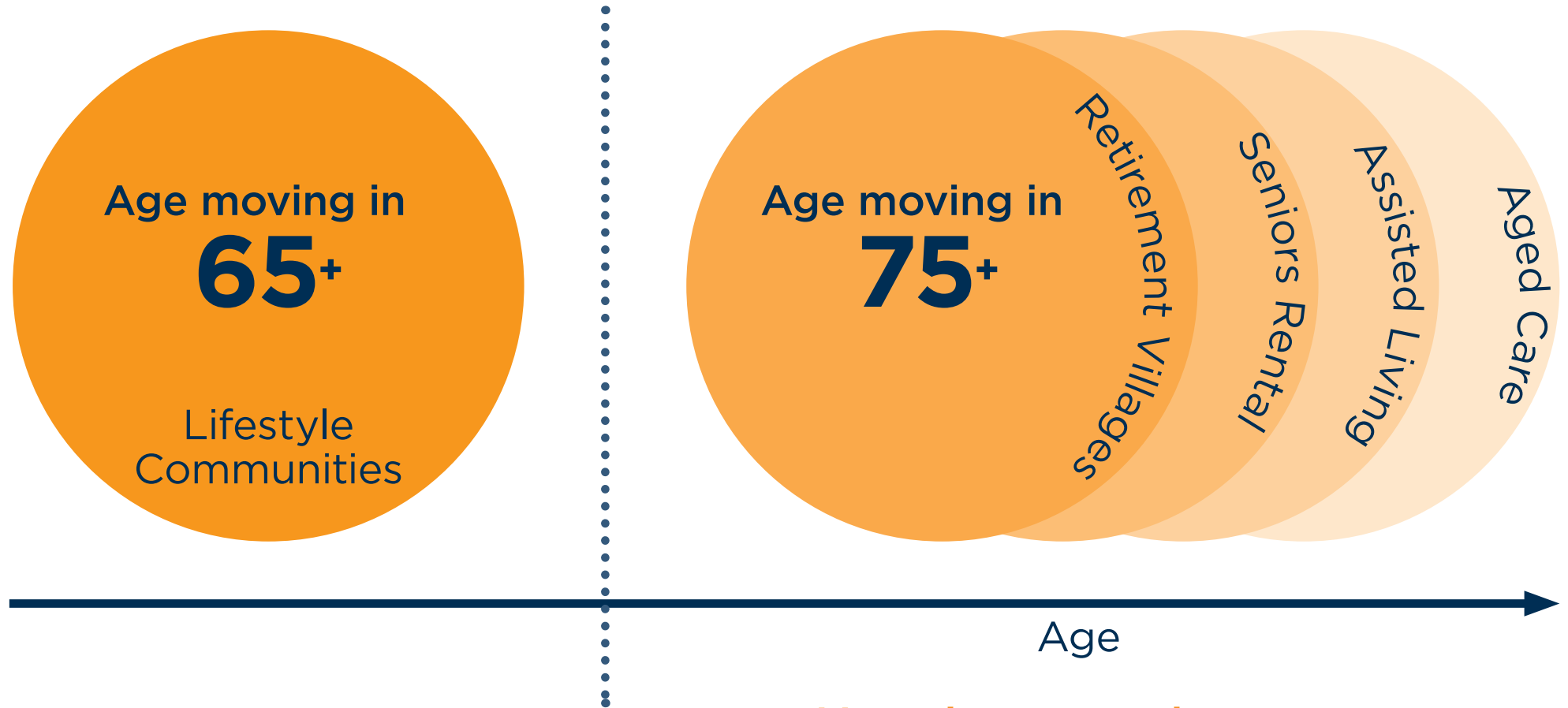


Lifestyle Communities is well positioned to meet the needs of the baby boomer age wave

Source: Census of Population and Housing 2016
Notes: (1) As at 30 June 2017

SEGMENT DIFFERENTIATION

Market starting to differentiate between Lifestyle Communities and retirement & others



Move-in age getting younger and increasing market size

COMMUNITY DESIGNS

Evolving every part of the product

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

Home Designs



Evolving to meet baby boomer needs

You never get a second chance at a first impression

LIFESTYLE OFFICER

We are continually improving our offer



SETTLEMENT GOALS - NEW SALES

Settlements growing with increased sales rates and new projects

	FY2017 settlements (actual)	FY2018 settlement range	FY2019 settlement range
TOTAL	278	260-290	300-340
Shepparton	50	40-50	35-50
Lyndarum	68	30-40	-
Geelong	50	40-50	20-40
Officer	98	20-30	-
Berwick Waters	12	90-110	90-110
Bittern ⁽¹⁾	-	15-30	80-100
Ocean Grove ⁽¹⁾	-	-	50-70
Armstrong Creek	-	-	-

The settlement ranges above constitute a forecast for FY2018 and a projection for FY2019 which is indicative only. They are dependent on the timing of construction commencement at Bittern and Ocean Grove and the market conditions.

Notes: (1) Settlement goals dependent on construction commencement date

LIKELY SETTLEMENT PROGRAM

Currently 2,827⁽¹⁾ homes in the portfolio

Community	FY18				FY19				FY20				FY21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Shepparton																
Wollert																
Geelong																
Officer																
Berwick Waters																
Bittern																
Ocean Grove																
Armstrong Creek ⁽¹⁾																
Kaduna Park ⁽¹⁾																



Represents tail of development which is often a slower settlement rate

Notes: (1) Subject to planning approval

The above timescale reflects current estimates of the settlement period for the existing developments. Settlement rates are a function of market conditions

SUMMARY

Lifestyle Communities continues to capitalise on the solid base established for future growth

- Emerging baby boomer driving increased customer interest
- More than one in two of sales are coming from customer referrals
- Settlements in FY2018 expected to be in the range of 260 to 290 settlements
- Underlying NPAT and dividends expected to increase in FY2018

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



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A photograph of a residential community. In the center, a large, leafy tree stands on a grassy area. To the left and right are single-story houses with white railings on their porches. In the foreground, a paved path runs across the scene. A man in a blue striped shirt and white shorts is walking a small dog on a leash. A young child in a red shirt and black shorts is walking alongside them. The sun is shining through the leaves of the tree, creating a bright spot in the sky and casting long shadows on the path.

Lifestyle

COMMUNITIES

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