



**UBS**  
**Australasia Conference**

16-17 November 2015

# OVERVIEW LIFESTYLE COMMUNITIES

- Founded in 2003 and listed in 2007
- Develop and manage land lease communities which generate long-term sustainable revenue streams
- Business focus on greenfield development not brownfield regeneration
- 1,146 homes under management as at 30 June 2015 (generating rental income in excess of \$10 million per annum (annualised as at June 2015))
- Further 1,169<sup>(1)</sup> homes for development in the pipeline



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

# ANNUITY STREAMS

## 10 Years of Growing Annuity Income Streams

- 240<sup>(1)</sup> annuities added to the community management business during FY2015
- 34 existing home sales attracting DMF settled during FY2015
- \$10.8 million (gross) received from site rental and deferred management fees during FY2015 compared to \$7.5 million in FY2014

There are two components to the annuity stream:

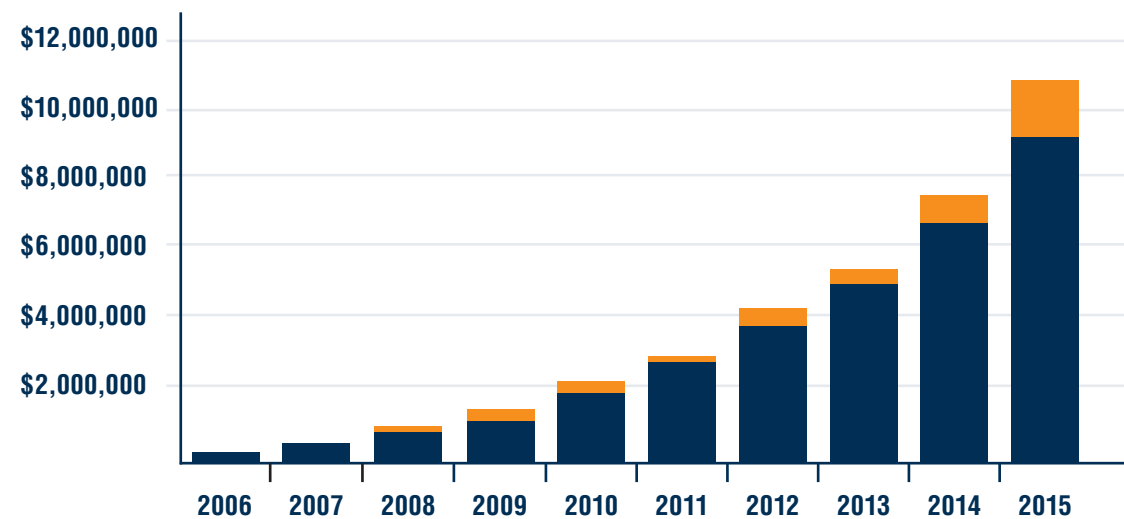
### 1. Site Rental Fee

- Approximately \$187 for a couple and \$162 for a single per week per home
- Indexed at greater of CPI or 3.5% p.a.

### 2. Deferred Management Fee

- Calculated as a scaled percentage of the re-sale price
- Scaling is a function of tenure and is capped at 20% of the re-sale price after 5 years of ownership
- Revenue includes selling and administration fees
- In established communities, approximately 10% - 12% of homes are estimated to re-sell in any given year as the age profile of residents matures

## Annuity Income



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total number of home settled (Cumulative) <sup>(2)</sup>	45	100	138	202	305	412	546	695	906	1,146
Number of resales attracting a DMF	-	-	1	4	11	8	11	10	23	34

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

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

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

## COMMUNITY LOCATIONS

### 13 communities in planning, development or under management

Community	Homes	Settled
Melton	228	100%
Tarneit	136	100%
Warragul	182	99%
Cranbourne	217	99%
Shepparton	221	44%
Chelsea Heights	186	87%
Hastings	141	89%
Wollert	154	1%
Geelong	164	-
Rosebud <sup>(1)</sup>	150	-
Officer	151	-
Berwick Waters <sup>(1)</sup>	225	-
Bittern <sup>(1)(2)</sup>	160	-
	<b>2,315</b>	<b>50%</b>

Correct as at 30 June 2015



### Focus remains in Victoria

#### Victoria provides:

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

Notes: (1) Commencement of construction subject to planning approval the contract becoming unconditional  
 (2) Bittern contract executed on 14 August 2015

# LYNDARUM COMMUNITY

Our product keeps evolving  
to meet the needs of the  
emerging baby boomer



# BUSINESS MODEL

Lifestyle Communities has a sustainable business model

The growing level of free cash flow from the community management business provides the basis for future dividends

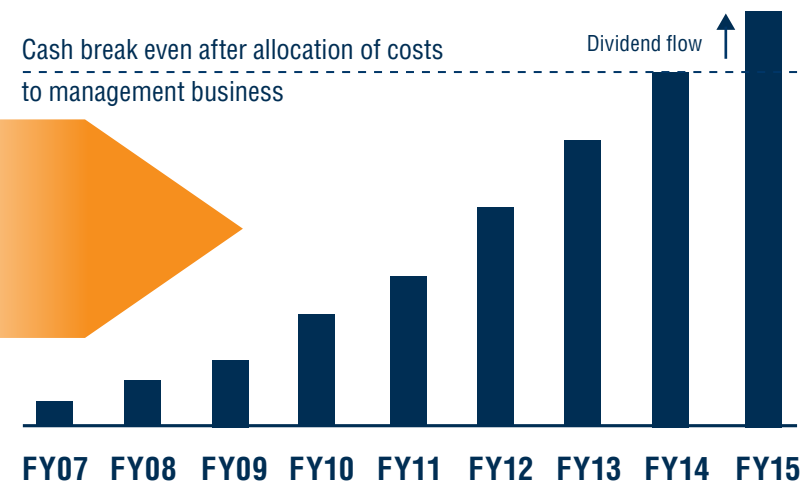
## Development Business



Settled homes are transferred to the Community Management Business

## Community Management Business

Total annuities at year end



Note: Not to scale

As at 30 June 2015

 Total home sites in portfolio <sup>(1) (2)</sup>  
**2,315**

 Total Occupied home sites <sup>(2)</sup>  
**1,146**

As at 30 June 2015 the gross rental annualised at \$10 million per annum

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

## KEY RISKS

The company ensures diligent risk management at each stage of the development cycle



Disciplined approach to each stage mitigates risk

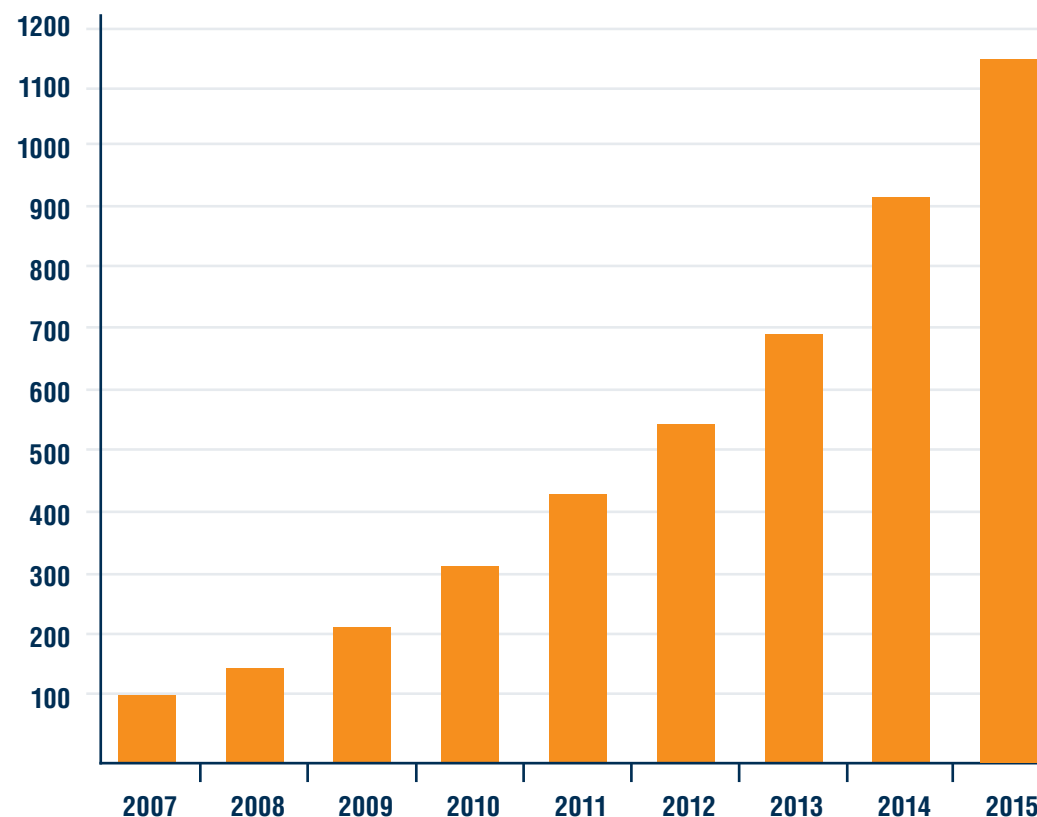
# OVERVIEW FY2015 SNAPSHOT

## A proven business model structured for sustainable growth

### Business Snapshot

- Another strong year of settlements (240) and sales (211)<sup>(1)</sup>
- 1,146 occupied home sites<sup>(1)</sup>
- Over 1,700 homeowners<sup>(1)</sup>
- Portfolio of 2,315 home sites<sup>(1) (2)</sup>
- 34 resale settlements during the year
- Contracted land at Officer, Berwick Waters<sup>(3)</sup> in the south-east of Melbourne and Rosebud<sup>(3)</sup> and Bittern<sup>(3)</sup> on the Mornington Peninsula
- Profit after tax attributable to shareholders increased by 36% to \$16.7 million compared to the prior year
- Dividend of 1.5 cents per share fully franked
- In September 2015 announced a five year, \$80 million debt facility with Westpac Bank

### Home sites (annuities) under management<sup>(1)</sup>



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

**Lifestyle Communities  
had another positive result  
during FY2015**



# MARKET STRATEGY

Straddling two segments but focusing on the ageing baby boomer

Lifestyle Communities' business model is well placed to capitalise on this emerging customer



## War Generation (1925-1945)

- Aged 70+
- Negative trigger buyers
- Characterised by:
  - Conservative
  - Frugal
  - 'Bear the burden'
  - Experienced in hardship

### Key Message

Health & Security

### Key Channels

Traditional media



## Baby Boomer Generation (1946-1964)

- Aged 51-69
- Ageing into the retirement space
- Positive trigger buyers
- Characterised by wanting to:
  - Maintain Control
  - Free up equity to enjoy
  - Want to own their home
- Greater expectations

### Key Message

Downsize to a bigger life

### Key Channels

Digital & below-the-line

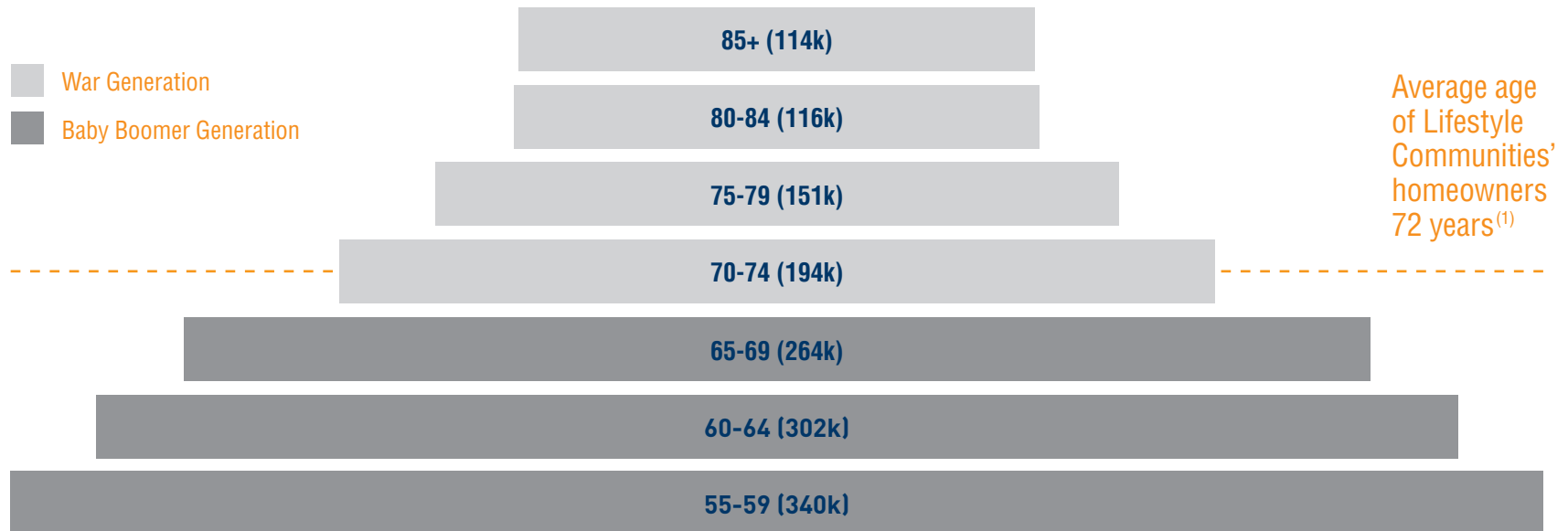
MARKETING TRANSITION

MESSAGING CHANNELS

## 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

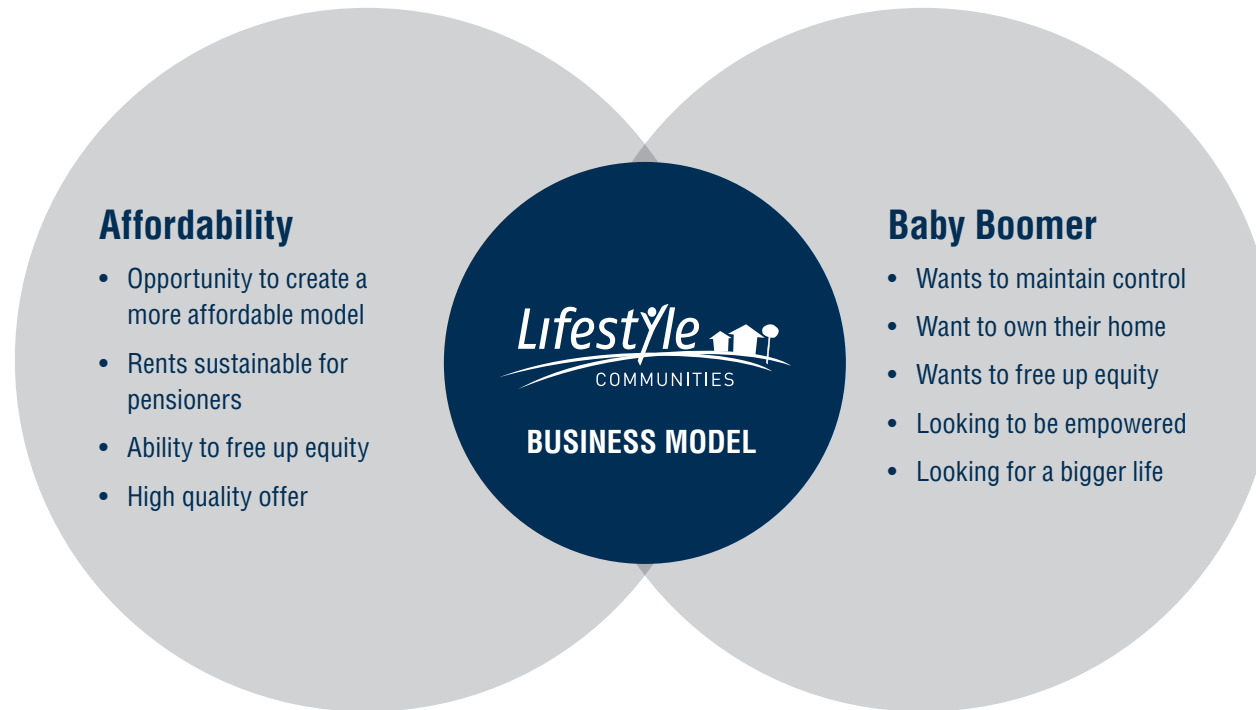


Source: ABS 2014 Catalogue 3235.0

Notes: (1) As at 30 June 2015

## THE EMERGING MARKET GAP

The two key emerging trends come together to create the Lifestyle business model



Current housing solutions are not satisfying the new emerging customer

# MARKETING

**Lifestyle Communities' marketing targets the emerging baby boomer**

**Digital marketing is driving future growth with 50% of leads coming from our website**

**FACEBOOK FRIENDS?  
I HAVE 300 REAL ONES.**

**EASY LOW MAINTENANCE  
HOMES FROM \$169,000  
YOUR NEW COMMUNITY  
COMING SOON TO OFFICER**

Get connected into the most exciting new community in Officer. Because at Lifestyle Officer you're not just buying a new home, you're buying into a vibrant new lifestyle. One that comes with free garden maintenance, a heated swimming pool, bowling green, gym and new private Clubhouse.

Not to mention the peace of mind that comes with living in a secure and welcoming community of like-minded people over 55. And with no body corporate fees, rates or stamp duty to pay, it makes good financial sense too.

*So what's stopping you?*

**Lifestyle OFFICER**  
Downsize to a Bigger Life

**OFFICER DISPLAY SUITE COMING SOON**  
114 RIX ROAD, OFFICER OPEN 7 DAYS 11AM - 6PM  
REGISTER TODAY 1300 50 55 60 lifestylecommunities.com.au

**PRESS**

**THE UPSIDE  
TO  
DOWN SIZING  
YOU CAN INVITE  
YOUR FRIENDS  
TO POOL  
PARTIES!**

**YOUR NEW COMMUNITY COMING SOON TO OFFICER  
LOW MAINTENANCE HOMES FROM \$169,000**

There are plenty of other benefits to downsizing at Lifestyle Officer besides free property maintenance. With new homes starting at just \$169,000 the profit from selling your family residence can give you the kind of financial freedom you've been waiting for. You also gain access to heated swimming pool, bowling green, fully equipped gym and even a private clubhouse. Not to mention the luxury you'll have from having no body corporate fees, rates or stamp duty to pay. Plus, you'll be buying into a warm and welcoming community of like minded people over 55. So what's stopping you?

Register Today 1300 50 55 60  
lifestylecommunities.com.au

**Lifestyle OFFICER**  
Downsize to a Bigger Life

**OFFICER DISPLAY SUITE COMING SOON**  
114 RIX ROAD, OFFICER OPEN 7 DAYS 11AM - 6PM

**PRESS**

Lifestyle Communities added 3 new photos to the album: Construction at Lifestyle Geelong.  
July 5 at 3:41pm

Like · Comment · Share

Sue Hazelwood, Laurena Alchin, Susanne Sexton and 59 others like this.

**Joan Tolliday** Everyone who moves in to a Lifestyle community will be SO happy - trust me!  
👍 5 · June 15 at 2:15am

**Les Ronda Johnson** I'm with you Joan, I have been here at Hasting Lifestyle now for over 18 months and love every minute of it, so much do here.  
👍 3 · June 18 at 3:32pm

**Lyn Andruszko** Love living at Chelsea Heights!!  
👍 2 · June 18 at 4:36pm

**Joan Tolliday** Well I have been at Lifestyle Lyndarum for one whole week now.....my cup of happiness continues to run over.....My smile is so broad that people look at me rather strangely at times. I happily tell them the reason why, - because life is great at Lifestyle Lyndarum. Have a wonderful weekend all you Lifestylers.....  
👍 4 · June 18 at 10:43pm

**Colleen Nielson** Getting closer, can't wait to move in!!  
👍 2 · July 6 at 11:55am

**Adele Echter** 🙄  
July 6 at 2:12pm

**Reilly McCreath** People are cottoning-on as to how good a Lifestyle Community really is!  
👍 2 · July 6 at 4:59pm

**Les Ronda Johnson** No other place like Lifestyle Communities, mine is Hastings. Love it love it  
👍 1 · July 6 at 7:03pm

**Catherine O'Hagan** The best place to live. Love Lifestyle Hastings.  
👍 1 · July 7 at 2:43am

**FACEBOOK**



## OUTLOOK

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

- Emerging baby boomer driving increased customer interest
- Approximately one in three sales are coming from customer referrals
- Settlements in FY2016 are likely to be lower than FY2015 due to the timing of community developments
- Profit after tax attributable to shareholders in FY2016 will be largely similar to FY2015 - the reduction due to lower settlements will be approximately offset by increased contributions from rental and deferred management fees and a reduction in profit attributable to non-controlling interests
- It is expected that current communities in development combined with the recent site acquisitions will have a positive impact on settlements beyond FY2016
- Dividend in FY2016 will be higher - and the Company expects to pay an interim and final dividend

### Lifestyle Communities' model is driven by affordability, the ageing population and the emerging baby boomer



## IMPORTANT NOTICE AND DISCLAIMER

- This Presentation contains general background information about Lifestyle Communities Limited (LIC) and its activities current at 16 November 2015 unless otherwise stated.

It is information in a summary form and does not purport to be complete. It should be read in conjunction with LIC's 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 LIC's management as well as assumptions made by and information currently available to LIC's 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 LIC's 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.



## **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)