



Annual General Meeting

19 November 2015

AGENDA

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

This document should be read with the Disclaimer at the end of the document

SECTION 1

INTRODUCTION FROM CHAIRMAN - TIM POOLE



COMMUNITY LOCATIONS

13 communities in planning, development or under management

Community	Homes	Settled
Melton	228	100%
Tarneit	136	100%
Warragul	182	99%
Cranbourne	217	100%
Shepparton	268 ⁽²⁾	43%
Chelsea Heights	186	100%
Hastings	141	97%
Wollert	154	11%
Geelong	164	5%
Rosebud ⁽¹⁾	150	-
Officer	151	-
Berwick Waters	225	-
Bittern ⁽¹⁾	208 ⁽³⁾	-
	2,410⁽¹⁾	51%

Correct as at 31 October 2015

- Notes:
- (1) Commencement of construction subject to planning approval the contract becoming unconditional
 - (2) Shepparton community to be expanded by 47 homes utilising already owned vacant land
 - (3) Bittern community to be expanded by 48 homes after negotiating additional purchase of two hectares
 - (4) Represents gross numbers not adjusted for joint venture interests at Cranbourne and Chelsea Heights



Focus remains in Victoria

Victoria provides:

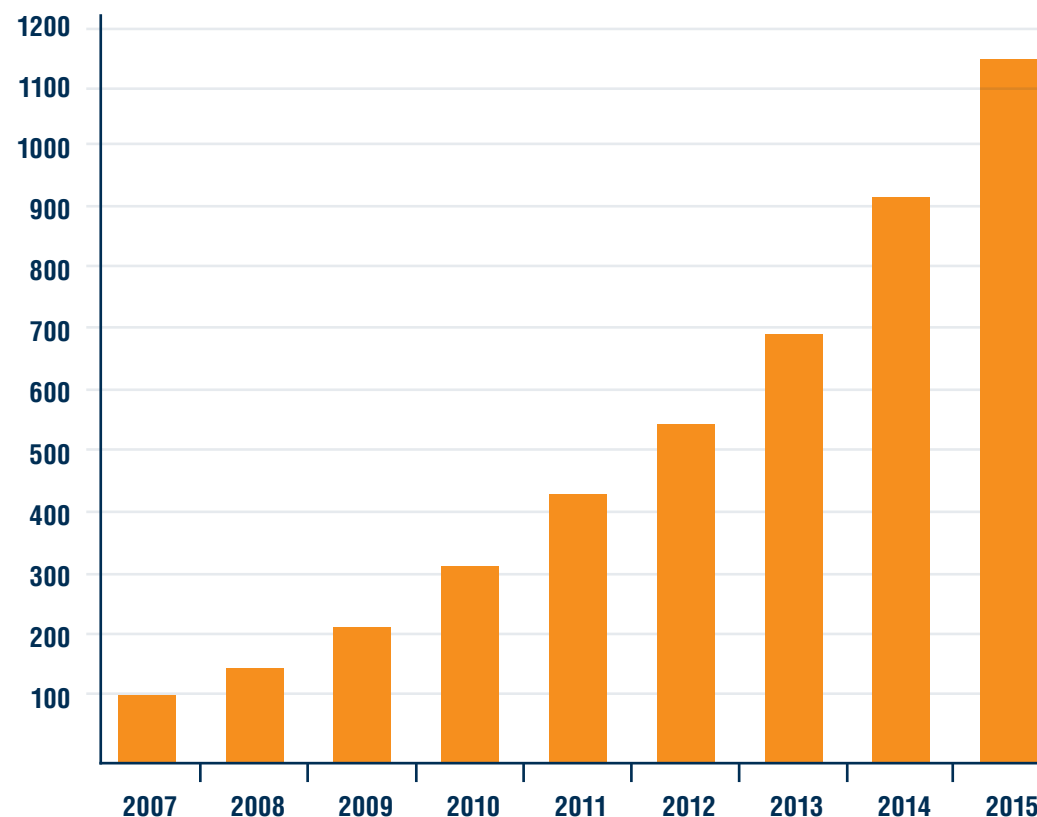
- Favourable planning legislation
- Better access to zoned, flat land for development
- Lowest saturation of land lease communities of any state
- Balanced state legislation for the management of communities

A proven business model structured for sustainable growth

Business Snapshot

- Another strong year of settlements (240) and sales (211)⁽¹⁾
- 1,146 occupied home sites as at year end (1,225 occupied home sites as at 31 October 2015)⁽¹⁾
- Over 1,700 homeowners as at year end (1,830 homeowners as at 31 October 2015)⁽¹⁾
- Portfolio of 2,410 home sites as at 31 October 2015^{(1) (2)}
- 34 resale settlements during the year
- Contracted land at Officer, Berwick Waters in the south-east of Melbourne, Rosebud⁽³⁾ and Bittern⁽³⁾ 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

Home sites (annuities) under management⁽¹⁾



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

Lifestyle Communities had another positive result during FY2015

FINANCIAL RESULTS

10 Years of Growing Annuity Income Streams

There are two components to the annuity stream:

1. Site Rental Fee

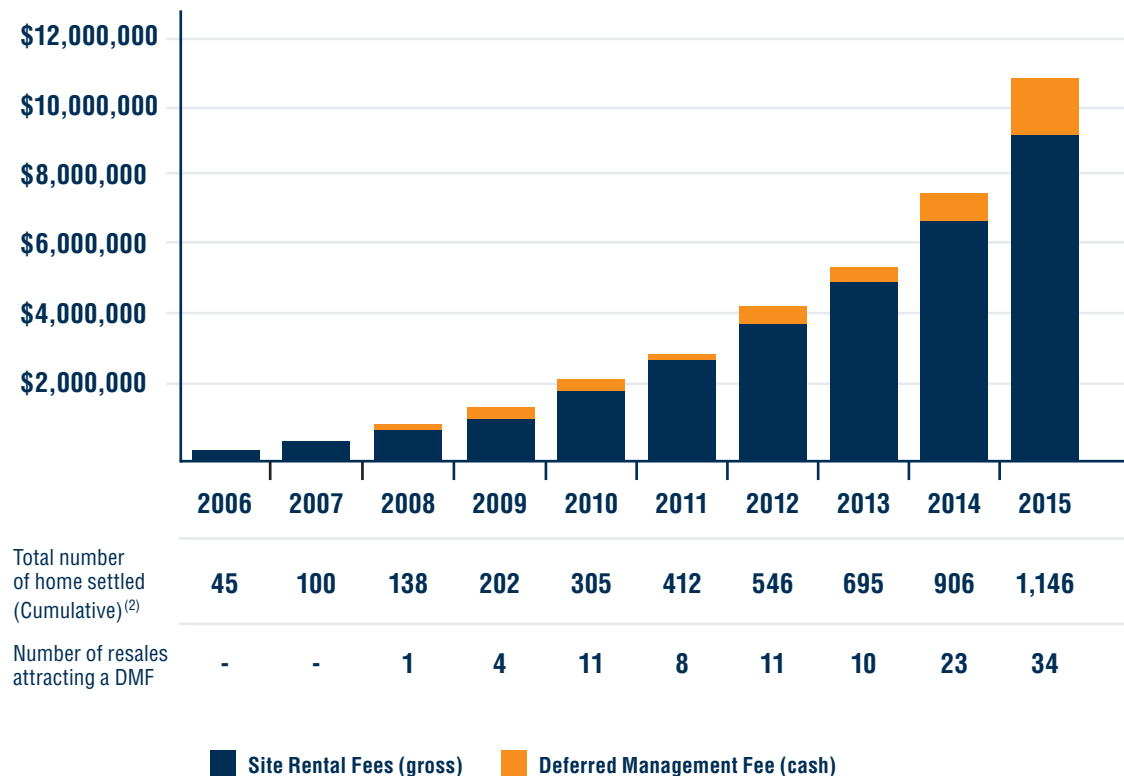
- Approximately \$171.00 per week per home
- Indexed at greater of CPI or 3.5% p.a.
- Gross rental income for FY2015 was \$9.2 million

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
- 34 resales provided DMF income of \$1.5 million in FY2015⁽¹⁾

Notes: (1) Inclusive of selling and administration fees
 (2) Represents gross numbers not adjusted for joint venture interests at Cranbourne and Chelsea Heights

Annuity Income



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

PROFIT & LOSS

Profit growth in line with increased settlements

- Net profit attributable to shareholders up 36% to \$16.7 million
- Home settlement revenue up \$11.5 million to \$66.3 million; average realisation uplift of 6% to \$303k (GST inclusive)
- Cash deferred management fees up by 75% to \$1.6 million (inclusive of selling and administration fees)
- Community management expenses increased due to homeowners now residing at Lifestyle Lyndarum at Wollert, the expansion at Lifestyle Chelsea Heights and a full year of operations at Lifestyle Hastings. This is in addition to normal growth within mature communities
- Finance costs include \$2.4 million for break-fee and accelerated finance costs in relation to the \$25 million loan note re-finance completed in December 2014

Profit loss highlights	FY2014 (\$'000)	FY2015 (\$'000)	% Movement
Home settlement revenue	54,812	66,344	▲21%
Rental	6,549	9,160	▲40%
Deferred management fee	910	1,597	▲75%
Total revenue	63,718	78,790	▲24%
Cost of sales	(41,057)	(47,512)	▲16%
Home settlement margin	25%	28%	▲3%
Gross profit	22,660	31,278	▲38%
Fair value adjustments	12,254	15,051	▲23%
Development expenses	(3,263)	(3,690)	▲13%
Community management expenses	(3,462)	(4,414)	▲28%
Corporate overheads	(3,801)	(3,959)	▲4%
Finance costs	(2,228)	(1,606)	▼28%
Accelerated finance costs due to re-financing	-	(2,421)	▲-%
Net profit before tax	21,074	29,098	▲38%
Net profit after tax			
Members of the parent	12,278	16,653	▲36%
Non-controlling interests	3,852	5,222	▲36%
Total underlying net profit after tax	16,130	21,875	▲36%

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

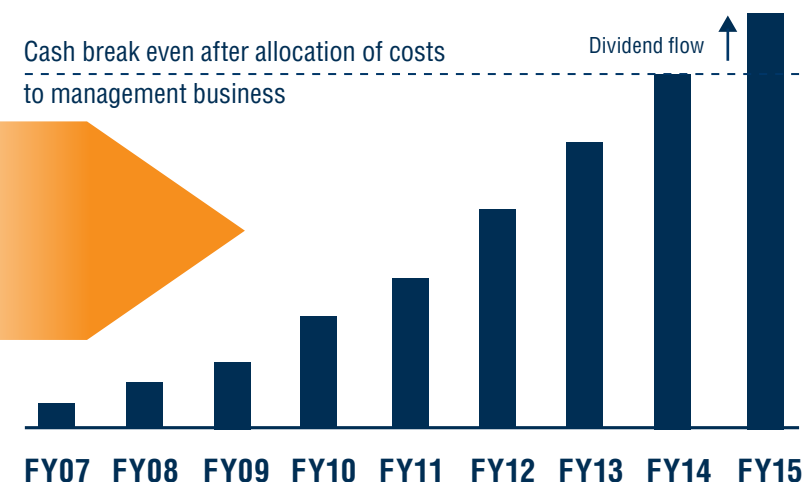
Development Business



Settled homes are transferred to the Community Management Business

Community Management Business

Total annuities at year end



Note: Not to scale

As at 31 October 2015



Total home sites in portfolio^{(1) (2)}

2,410



Total Occupied home sites⁽²⁾

1,225

As at 31 October 2015 the gross rental annualised at \$10.8 million per annum

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

STRATEGY

- Build on the key themes of the ageing population, affordability and the emerging baby boomer
- Maintain a strong balance sheet and liquidity buffer without requiring further equity
- Pay dividends from after tax operating cash flow generated from community management business
- Focus in Victoria to capitalise on growing population and the continued lack of supply of affordable housing
- Drive sales to recycle capital faster allowing for development of a new community at least every 12 months



SECTION 2

PRESENTATION FROM MANAGING DIRECTOR - JAMES KELLY



MARKET ENVIRONMENT

Housing Market	<ul style="list-style-type: none">• The continued strength of the Melbourne housing market has seen positive consumer confidence and an ability to sell their existing homes.
Land Access	<ul style="list-style-type: none">• Focused on acquiring land in the key growth corridors in Melbourne. We have been successful in acquiring sites located in Rosebud, Officer, Berwick Waters and Bittern in FY2015 and subsequent to year end and are actively looking for the next site.
Demand	<ul style="list-style-type: none">• Sales for 2015 were 211⁽¹⁾ home sales which was in line with expectations. Sales from July to October 2015 remain in line with expectations. Pre-sales at Officer has exceeded expectations with 59 (of 151 homes) sold up to 31 October 2015.
Settlements	<ul style="list-style-type: none">• Settlements for FY2015 were 240⁽¹⁾. This was ahead of expectations due to the pull-forward of settlements from FY2016 at Chelsea Heights and Hastings.
Project Updates	<ul style="list-style-type: none">• Shepparton - sales have continued to exceed expectations with 54 sales achieved in FY2015 and a further 17 sales achieved in FY2016 YTD to October.• Berwick Waters - planning approval has been received for this community and construction is anticipated to commence in the last quarter of FY2016.• Rosebud - Settlement of this site is subject to planning approval and an outcome should be known during the second half of FY2016.

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

PORTFOLIO EXPANSION

Expansion of Shepparton community and additional land at Bittern

Total home sites in the portfolio has increased by 95 homes to 2,410 homes as a result of the expansion

1. Shepparton site expansion

- Due to the continued strong sales achieved at Shepparton the Company has approved the expansion of the community and will develop a further 47 homes on existing Company-owned land. This will take total homes in Shepparton to 268 homes, with 159 (or 59%) already sold. Additional community facilities (including a pool) will be provided to residents as part of the expansion.

2. Bittern site expansion

- Lifestyle Communities was able to negotiate the purchase of an additional two hectares of land which will add approximately 48 homes taking the community to approximately 208 homes. Settlement of the original land is scheduled for September 2016 and the additional land is scheduled to settle in approximately December 2017. The community is subject to planning approval although the Company does not believe this is a material risk for this site.



LAND ACQUISITION

In FY2015 and subsequent to year-end 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 acquisition of Rosebud is subject to planning approval. This is the only site in our portfolio where the planning issues have been more challenging. We remain hopeful that a planning permit will be received.

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. A planning permit has been received for this site. Settlement of land occurred in June 2015 and construction has commenced.

3. A new site located in Australand's Berwick Waters estate in Clyde North in the south-eastern suburbs of Melbourne. This site has added 225 homes to the pipeline. A planning permit has now been received and settlement of land is contracted to occur in April 2016. Construction is planned to commence soon after.

4. A new site in Bittern, on Melbourne's Mornington Peninsula. This site has added 208 homes to the pipeline. The settlement of the land is subject to planning although the Company does not believe this is a material risk for this site. This site is in close proximity to Lifestyle Hastings which sold out during FY2015. Settlement of the land is staged to occur in September 2016 (the original land) and approximately December 2017 (the additional two hectares). Construction is planned to commence soon after September 2016.



We are continuing to assess a number of new sites

SALES AND SETTLEMENTS JULY - OCT 2015

- On target to achieve on or around 110⁽¹⁾ new home settlements for 1HFY2016
- As previously advised settlements for FY16 are likely to be lower than FY2015 due to the timing of community developments
- Sales meeting expectations on our current sites at Shepparton, Wollert, Geelong and Officer
- Resales have continued to increase, however as at 31 October 2015 there are only 10 homes available for sale
- At several fully sold communities we are seeing a significant increase in waiting lists

	New home settlements	New homes - net sales commitments	Resale homes settlements	Resale homes - net sales commitments
	JUL 15 - OCT 15	JUL 15 - OCT 15	JUL 15 - OCT 15	JUL 15 - OCT 15
Brookfield	-	-	12	10
Tarneit	-	-	3	3
Warragul	1	-	2	1
Cranbourne ⁽¹⁾	2	-	1	2
Shepparton	17	17	-	-
Chelsea Heights ⁽¹⁾	27	-	1	1
Hastings	10	-	1	-
Wollert	14	16	-	-
Geelong	9	12	-	-
Officer	-	17	-	-
Rosebud	-	-	-	-
Berwick Waters	-	-	-	-
Bittern	-	-	-	-
Total	80	62	20	17

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

OVERVIEW PORTFOLIO SNAPSHOT 31 OCT 2015

Lifestyle Communities' portfolio continues to sell through and grow

Communities	Total home sites in communities	Home sites sold & occupied	Home sites sold & awaiting settlement	Home sites occupied or sold and awaiting settlement	
				#	%
Existing Communities – Sold out					
Melton	228	228	-	228	100%
Tarneit	136	136	-	136	100%
Warragul	182	181	1	182	100%
Cranbourne ⁽¹⁾	217	217	-	217	100%
Chelsea Heights ⁽¹⁾	186	186	-	186	100%
Hastings	141	137	4	141	100%
Existing Communities – Under construction					
Shepparton	268	115	44	159	59%
Wollert	154	17	41	58	38%
Geelong	164	9	31	40	24%
Officer	151	-	59	59	39%
New Communities – Awaiting commencement					
Rosebud ⁽²⁾	150	-	-	-	-
Berwick Waters	225	-	-	-	-
Bittern ⁽²⁾	208	-	-	-	-
Total Home Sites⁽³⁾	2,410	1,226⁽⁴⁾	180⁽⁵⁾	1,406	58%

- Notes:
- (1) Represents 100% of the development of which Lifestyle Communities will share 50%
 - (2) Commencement of construction subject to planning approval and contract becoming unconditional
 - (3) Lifestyle Communities will have an economic interest in 2,208 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 October 2015

LIKELY SETTLEMENT PROGRAMME

Currently 2,410 homes in the portfolio⁽¹⁾

Community	FY16				FY17				FY18				FY19				FY20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Warragul	█	█	█																	
Cranbourne	█	█	█																	
Chelsea Heights	█	█	█																	
Hastings	█	█	█																	
Shepparton	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Wollert	█	█	█	█	█	█	█	█	█	█	█	█								
Geelong	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█				
Rosebud ⁽²⁾									█	█	█	█	█	█	█	█	█	█	█	█
Officer					█	█	█	█	█	█	█	█	█	█	█	█				
Berwick Waters									█	█	█	█	█	█	█	█	█	█	█	█
Bittern ⁽²⁾									█	█	█	█	█	█	█	█	█	█	█	█

Represents tail of development which is often a slower settlement rate

Notes: (1) Settled, under development or subject to planning; gross numbers not adjusted for joint venture interests at Cranbourne and Chelsea Heights
 (2) 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

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
- As previously advised 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



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
40,169,289	687,452	7,423	161,801

ITEM 4

Re-election of Mr Jim Craig, retiring by rotation

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

FOR	AGAINST	ABSTENTION	PROXY'S DISCRETION
54,581,554	227,520	7,423	280,368

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