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*Making a difference*

# Goldman Sachs Small and Mid-Cap Conference

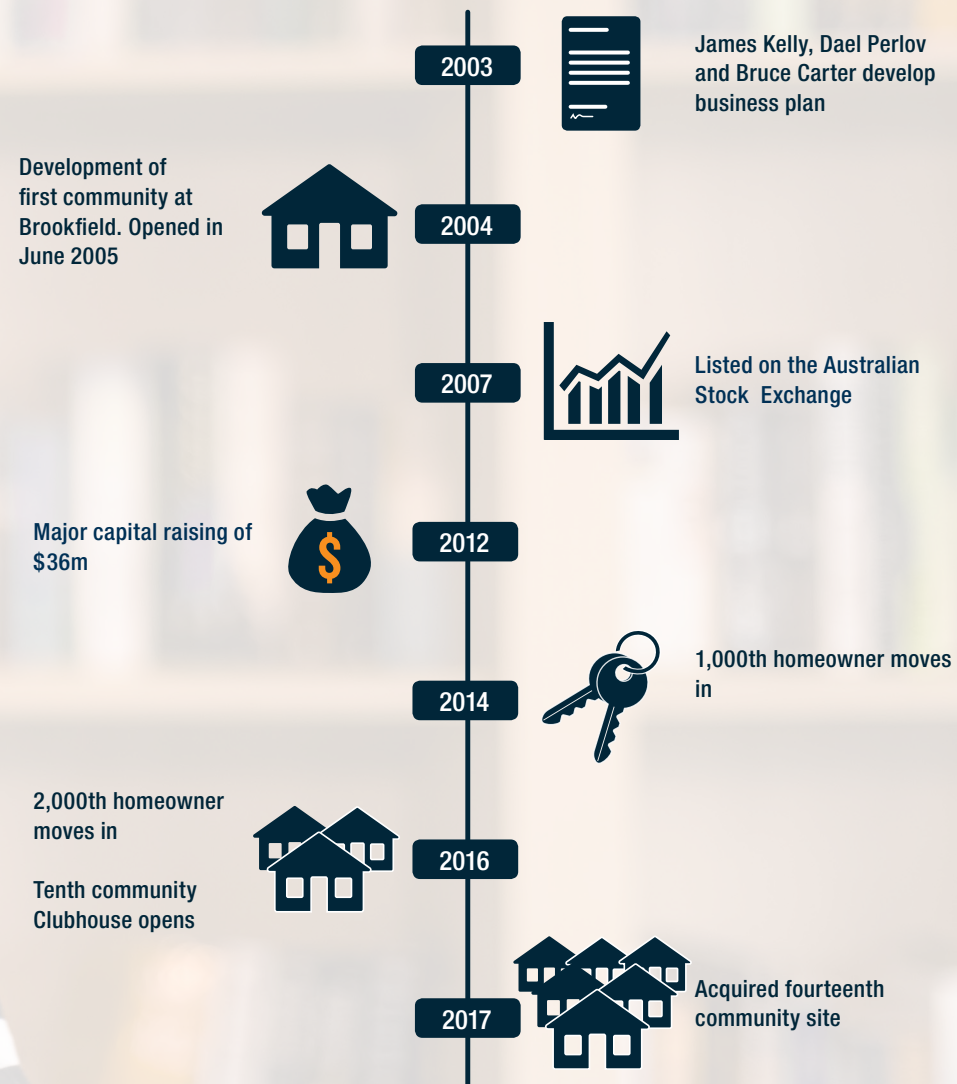
27th April 2017







## Our story







## *Our model*

Lifestyle Communities builds and manages land lease communities for working, semi-retired and retired people aged over 50.

To exceed customer expectations, we:

- Price homes at 75-80% of the local median house price
- Offer a 90-year land lease
- Set rent at an affordable and sustainable level (under 25% of the weekly Age Pension payment), balancing the needs of homeowners with returns for shareholders
- Provide high-quality community facilities to promote social interaction and wellbeing
- Provide onsite community management

# *Making a difference*

## 14 years of results

- Over 2,250 homeowners
- 94% of homeowners would recommend us to friends and family<sup>(1)</sup>
- More than one in three new home sales are from referrals
- Higher demand for new communities
- Wait lists to purchase at completed communities
- Average price growth of 8% on resales over the last 12 months

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



“ There’s more to life than working, getting stressed and doing housework –  
**Best decision we’ve ever made.** ”

Helen & Ted



“ 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.** ”

Natalie & Stuart

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# Financial model

A win-win for homeowners and shareholders

## CREATING COMMUNITIES

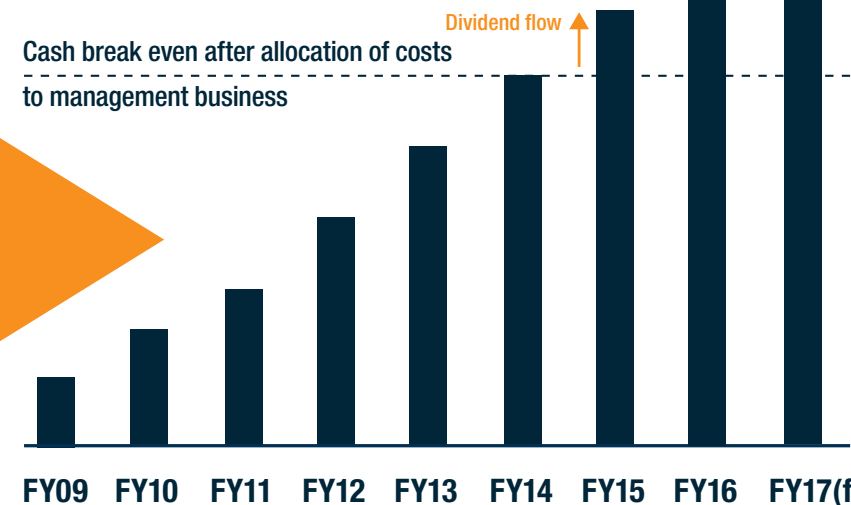


Completed communities building a long term sustainable income stream

- 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



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

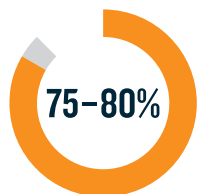
As at 31 March 2017 the gross rental annualised at \$14.0 million per annum

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# 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.

**SOLD**



**AFFORDABLE LIVING**

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



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



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

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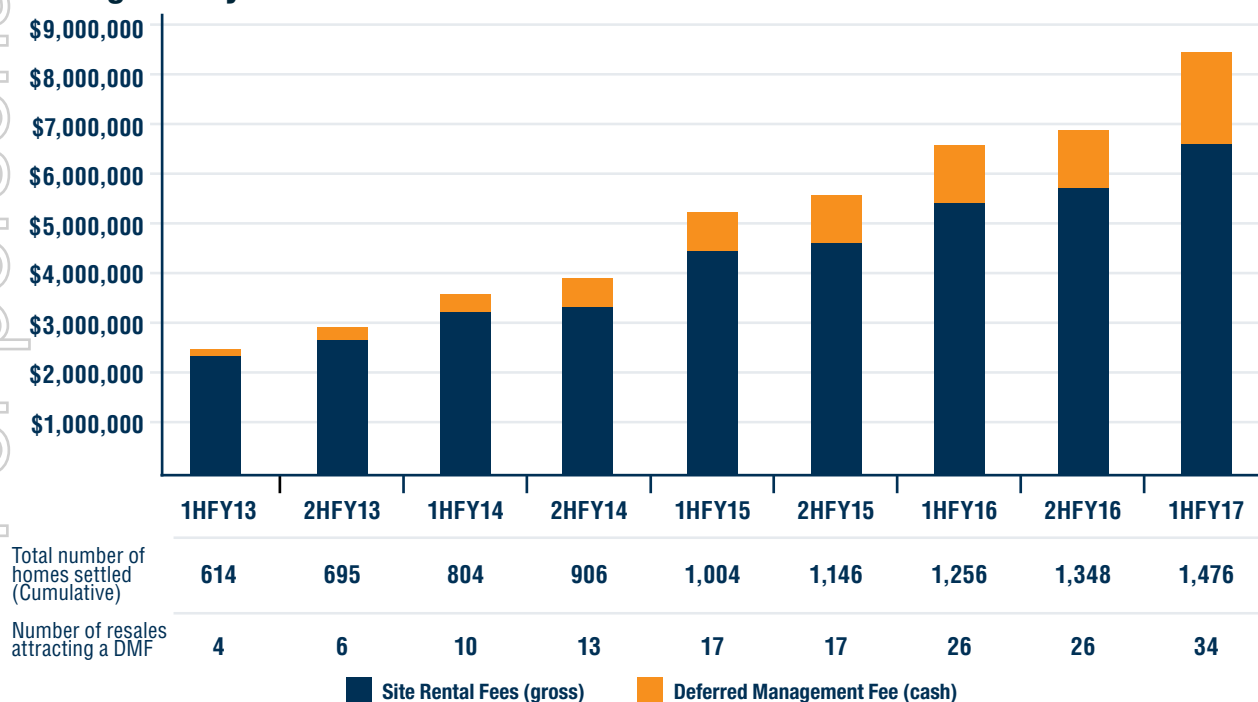
# Financial overview

## Growing annuity income streams

### Financial Summary

	31-Dec-16	31-Dec-15
Net profit after tax attributable to shareholders	\$12.0 million	\$8.9 million
Dividends (interim)	1.5 cents per share	1.0 cent per share
	31-Dec-16	30-Jun-16
Total assets	\$232.2 million	\$222.5 million
Equity	\$141.9 million	\$131.3 million
Net debt	\$55.1 million	\$45.2 million
Net debt to equity ratio	28.0%	25.6%

### Growing annuity income streams





# Portfolio overview

14 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	69%
Lyndarum at Wollert	154	54%
Geelong	164	42%
Officer	151	66%
Berwick Waters	216	-
Bittern <sup>(1)</sup>	209	-
Ocean Grove <sup>(1)</sup>	192	-
Armstrong Creek <sup>(1)</sup>	190	-
	2,634 <sup>(2)</sup>	58%

Correct as at 31 March 2017

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



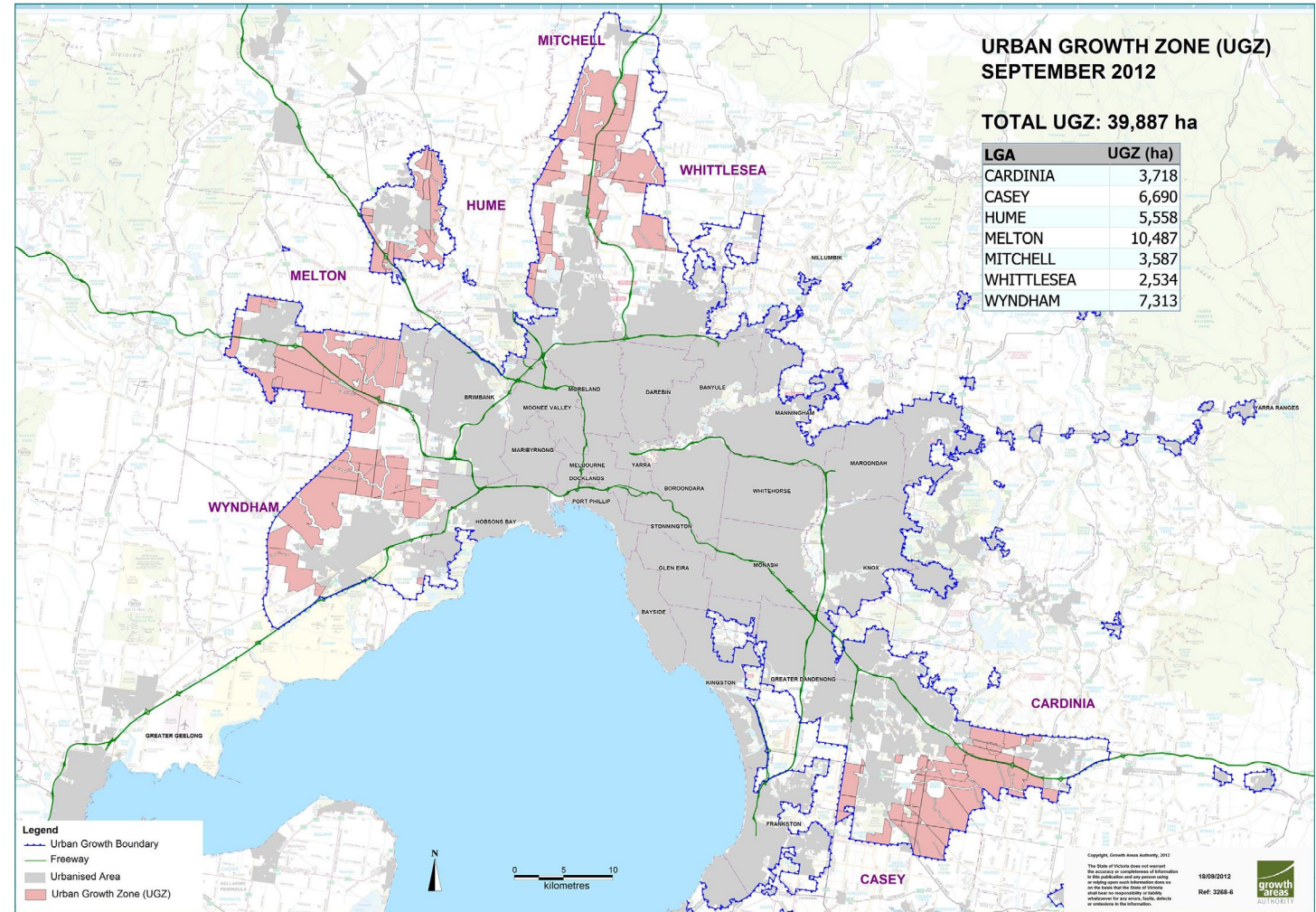
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# Acquisition strategy

## 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

### Melbourne's Growth Corridors



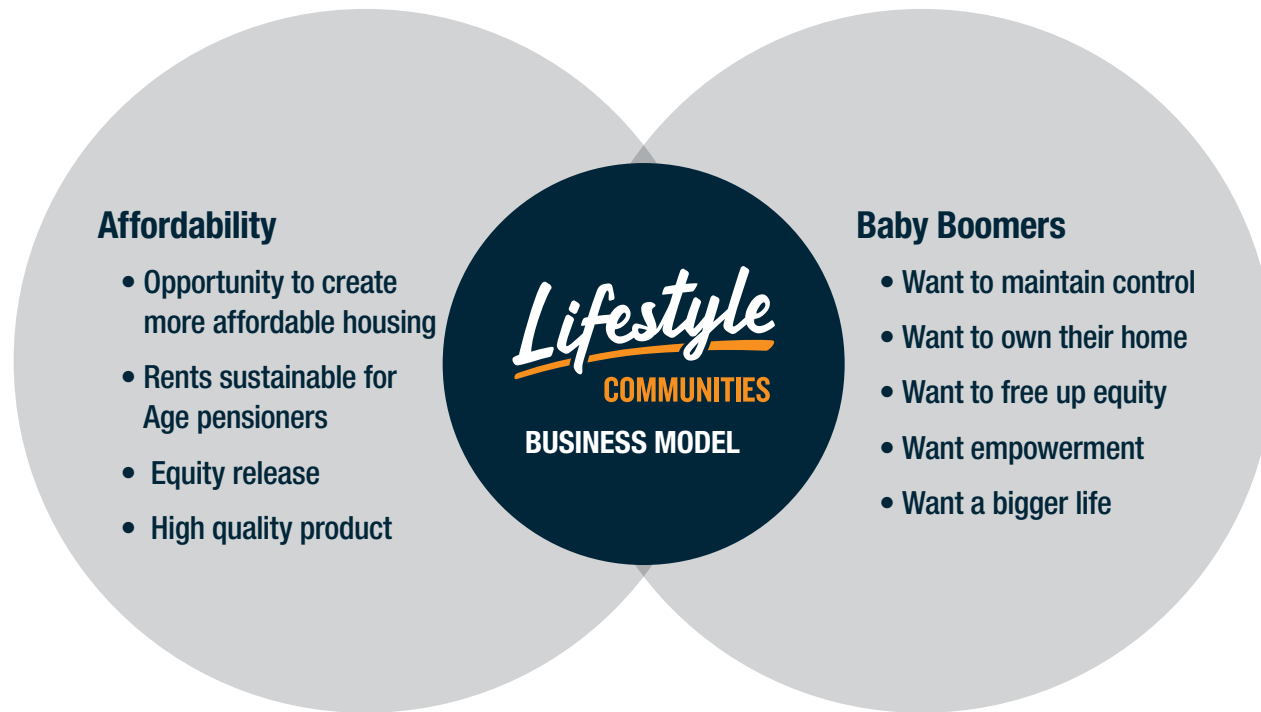
**Plan to acquire at least one new site every 12 months**

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# Key themes

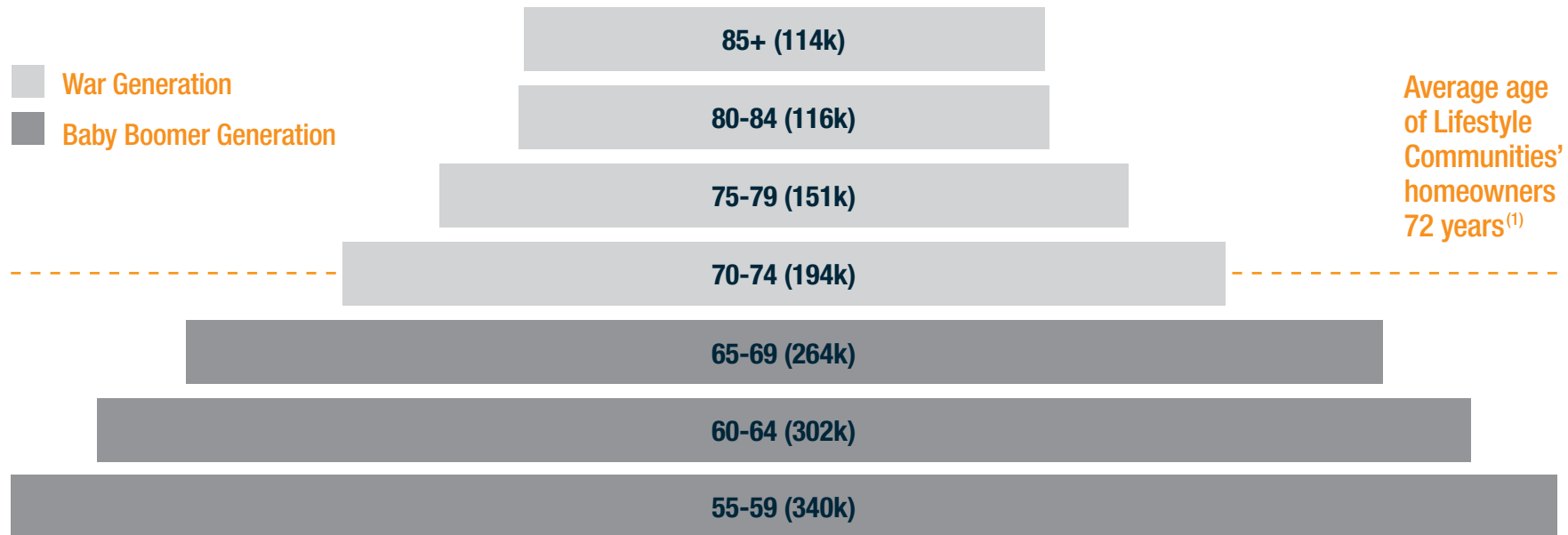
Two key emerging trends come together to create the Lifestyle Communities business model



Current housing solutions don't suit the emerging Baby Boomer 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

We're ready for the wave - Lifestyle Communities already meets Baby Boomer housing and lifestyle needs

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

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# Lifestyle Wellness program

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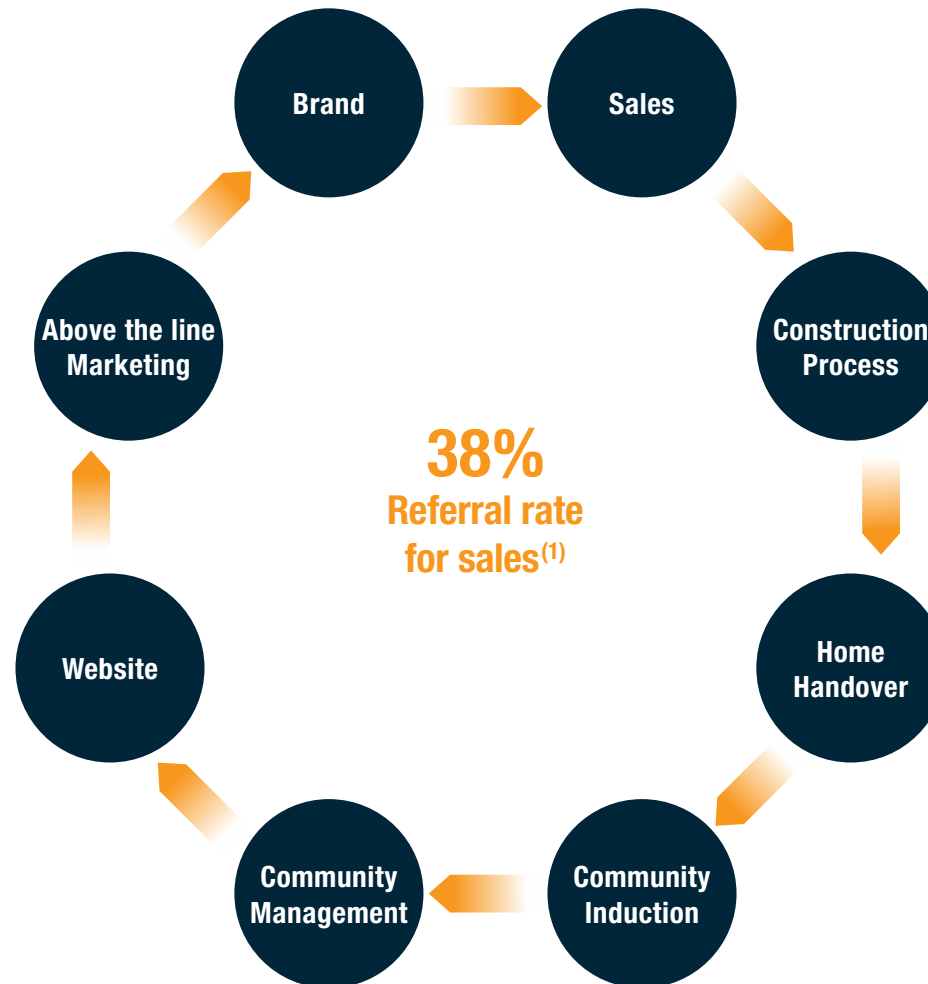
- In 2017, we employed a Wellness Coordinator
- Provides practical support for holistic homeowner health and wellbeing
- Monthly community seminars and fitness programs targeted to age group
- Induction programs to help homeowners use and enjoy equipment and facilities

# Customer touchpoints

Every touchpoint drives customer referral

Increased referral rate set as an organisational goal

- Implemented a focused strategy to lift the number of homeowner referrals for new sales
- Developed an action plan for each of the 32 touchpoints
- Aiming to surprise and delight at every touchpoint



**1,000 MORE  
REASONS TO  
RECOMMEND  
LIFESTYLE  
COMMUNITIES!**

Notes: <sup>(1)</sup>For FY2017 YTD settlements

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# 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**

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# *Lifestyle Officer*

Each community better than the last

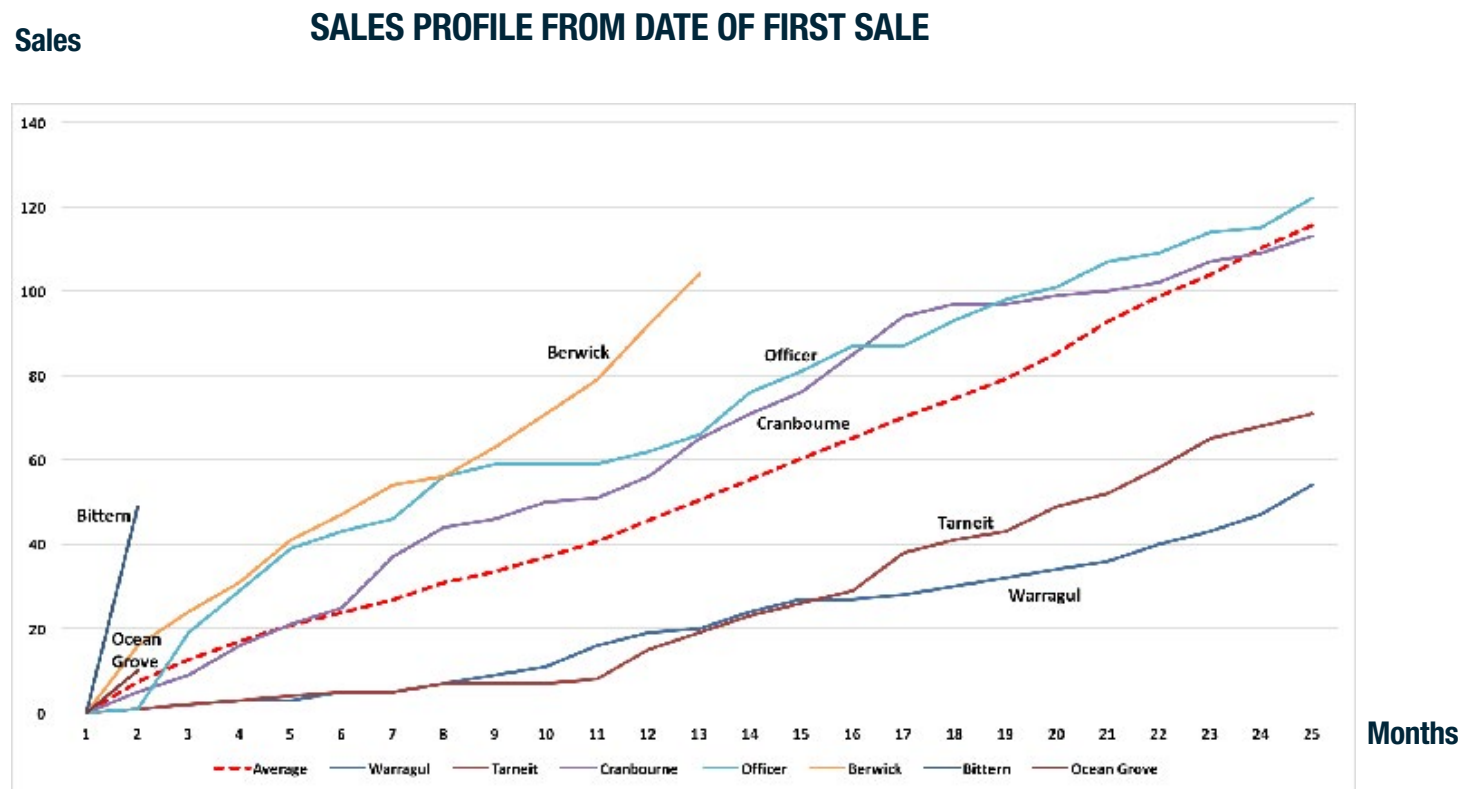
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# Sales rates

The 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 to enable a quicker recycling of capital
- Evolution in the sales launch of communities has provided improved pre-sale rates at Officer, Berwick Waters, Bittern and Ocean Grove
- Officer achieved 66 sales in the first year from launch compared to an average across all projects of 50 sales, 138 sales have been achieved in total to 31 March 2017
- Berwick Waters launched on 7 April 2016 and achieved 104 pre-sales to 31 March 2017 compared to an average in the first 12 months of 50
- Both Bittern and Ocean Grove were launched in March 2017 with Bittern achieving 49 pre-sales and Ocean Grove achieving 10 pre-sales to 31 March 2017



The higher the sales rate,  
the faster we recycle capital

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# New communities

## Lifestyle Berwick Waters:

- Civil works commenced in September 2016
- First homes targeted to be completed in May/June 2017
- 104 homes are already pre-sold up until 31 March 2017

## Lifestyle Bittern:

- Planning to commence construction in the first quarter of the 2018 financial year
- Launched for sale in March 2017
- 49 pre-sales achieved up until 31st March 2017

## Lifestyle Ocean Grove:

- Planning to commence construction in the second quarter of the 2018 financial year
- Launched for sale in March 2017
- 10 pre-sales achieved up until 31st March 2017



# Settlement goals - new sales

Better sales rates along with new projects are increasing settlements

	FY2017 YTD settlements (31 March 2017)	FY2017 settlement range	FY2018 settlement range
<b>TOTAL</b>	<b>202</b>	<b>250-270</b>	<b>260-290</b>
Shepparton	36	45-55	40-55
Lyndarum	37	60-70	35-45
Geelong	33	40-50	40-50
Officer	73	90-100	20-30
Berwick Waters	-	5-15	80-100
Bittern <sup>(1)(2)</sup>	-	-	10-30
Ocean Grove <sup>(1)(2)</sup>	-	-	10-20
Resales	51		

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 Bittern and Ocean Grove; planning approval for Bittern and Ocean Grove; and market conditions.

Notes: <sup>(1)</sup> Settlement goals dependent on construction commencement date  
<sup>(2)</sup> Subject to planning approval





# Summary

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

- Emerging Baby Boomer market driving increased interest
- More than one in three 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**



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DOWNSIZE TO A BIGGER LIFE

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