



A Business for Purpose

Results Presentation

Year ended 30 June 2017

16th August 2017



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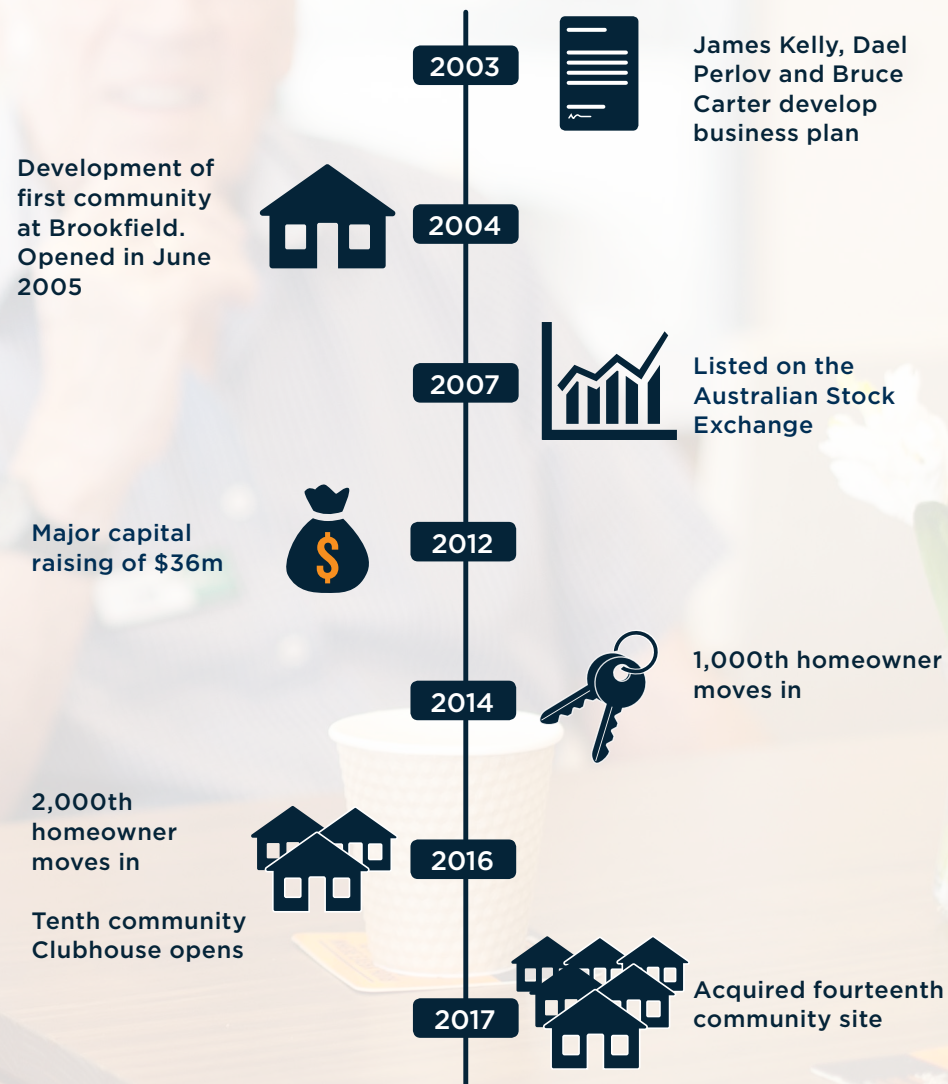
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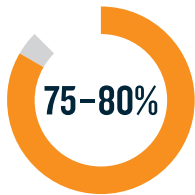
OUR STORY



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.



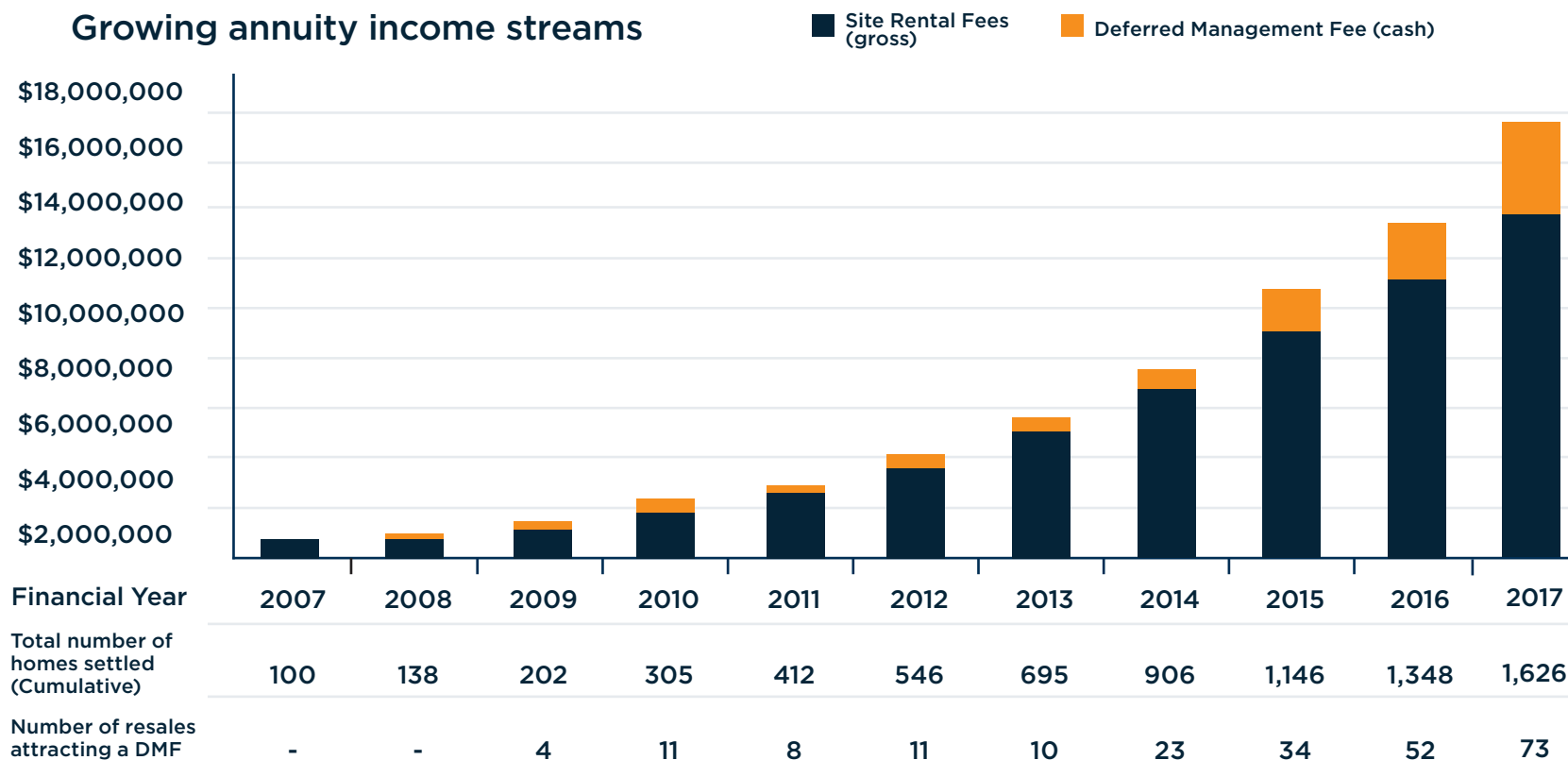
On average, release of approximately \$129,000 equity upon sale of old home.

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



OVERVIEW

FY2017 Highlights

Business Snapshot

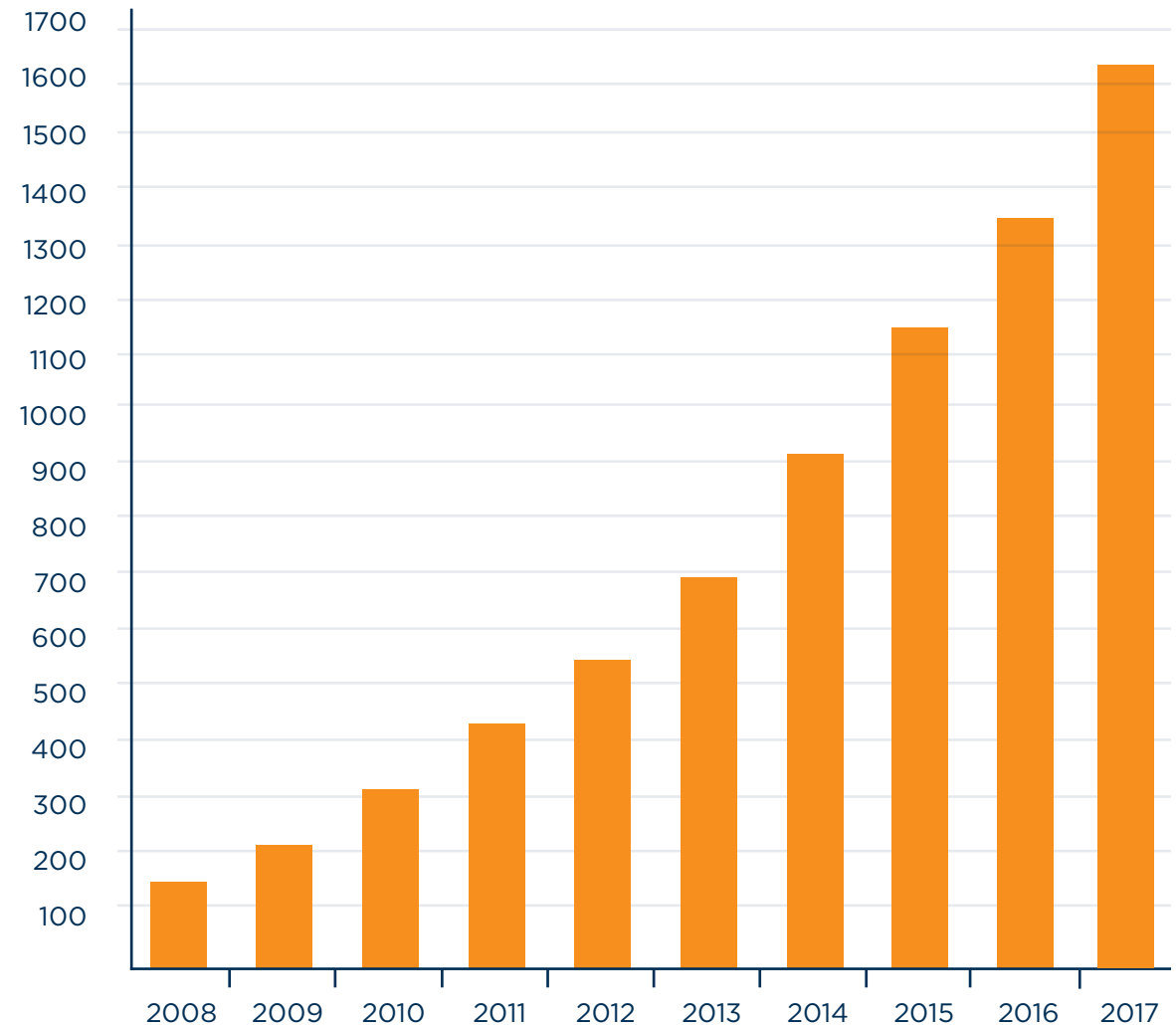
- Record year of settlements (278) and sales (406)
- 1,626⁽¹⁾ occupied home sites
- 2,418 homeowners
- Portfolio of 2,667⁽²⁾ homes and home sites
- 73 resale settlements during the year
- Contracted land at Armstrong Creek⁽³⁾ in Geelong
- Profit after tax attributable to shareholders increased to \$27.7 million compared to \$19.3 million in the prior year
- Dividend of 3.5 cents per share fully franked (1.5 cent per share interim paid and 2.0 cents per share final declared)

A proven business model structured for sustainable growth

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 FY2017

Home sites (annuities) under management⁽¹⁾



OVERVIEW

Portfolio snapshot
30 June 2017

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	
				#	%
Existing Communities – Sold out					
Brookfield at Melton	228	228	-	228	100%
Seasons at Tarneit	136	136	-	136	100%
Warragul	182	182	-	182	100%
Casey Fields at Cranbourne ⁽¹⁾	217	217	-	217	100%
Chelsea Heights ⁽¹⁾	186	186	-	186	100%
Hastings	141	141	-	141	100%
Existing Communities – Under construction					
Shepparton	301	199	29	228	76%
Lyndarum at Wollert	154	114	36	150	97%
Geelong	164	86	37	123	75%
Officer	151	125	21	146	97%
Berwick Waters	216	12	124	136	63%
New Communities – Awaiting commencement					
Bittern	209	-	74	74	35%
Ocean Grove	193	-	24	24	12%
Armstrong Creek ⁽²⁾	189	-	-	-	-
Total Home Sites ⁽³⁾	2,667	1,626	345	1,971	74%

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 2,466 home sites

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%
Officer	151	83%
Lyndarum at Wollert	154	74%
Shepparton	301	66%
Geelong	164	52%
Berwick Waters	216	6%
Bittern	209	-
Ocean Grove	193	-
Armstrong Creek ⁽¹⁾	189	-
	2,667⁽²⁾	61%

Correct as at 30 June 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





Section 2

Financial & Operational
results



Financial results

There are two components to the annuity stream:

1. Site Rental Fee

- Approximately \$173 per single and \$200 per couple per week per home
- Indexed at greater of CPI or 3.5% p.a.
- Gross rental income for FY2017 was \$13.8 million

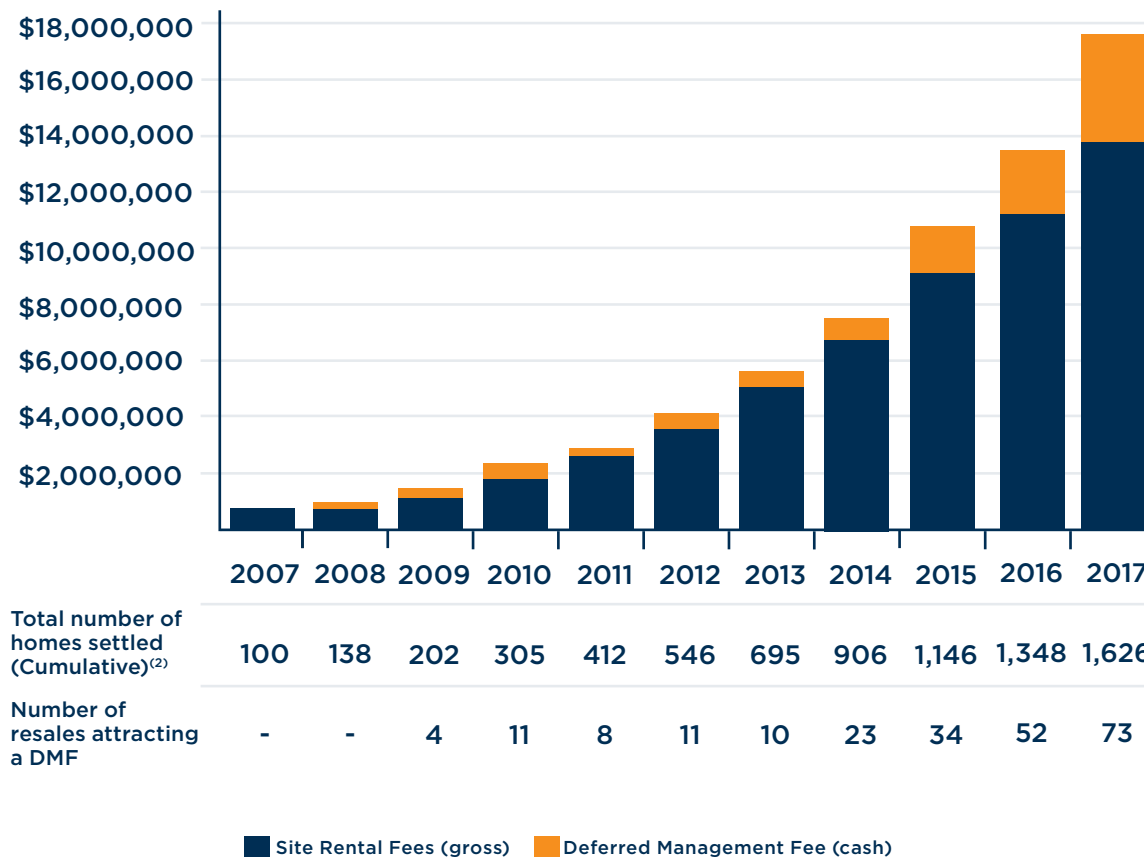
2. Deferred Management Fee

- 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 five years of ownership
- In established communities, approximately 10% - 12% of homes are estimated to re-sell in any given year as the age profile of residents matures
- 73 resales provided DMF income of \$4.1 million in FY2017⁽¹⁾

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

12 Years of Growing Annuity Income Streams

Annuity Income



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

Sales and settlements

Sales Commitments

- Shepparton and Geelong continued to perform well achieving 37 and 44 sales respectively
- Lyndarum sales accelerated during the year with 69 sales being achieved and only four homes remaining
- Officer has five homes remaining after selling 53 homes for the year
- Berwick Waters continued to sell at a fast rate achieving 105 sales for the year. There have been 136 homes sold since the project was launched in April 2016
- Bittern has achieved 74 sales since the project was launched in early March 2017
- Ocean Grove has achieved 24 sales since the project was launched in late March 2017

Settlements

- 278 settlements in FY2017
- 50 settlements at Shepparton, 68 at Lyndarum, 50 at Geelong, 98 at Officer and 12 at Berwick Waters



Referrals provided 51% of 406 net sales and 38% of 278 settlements

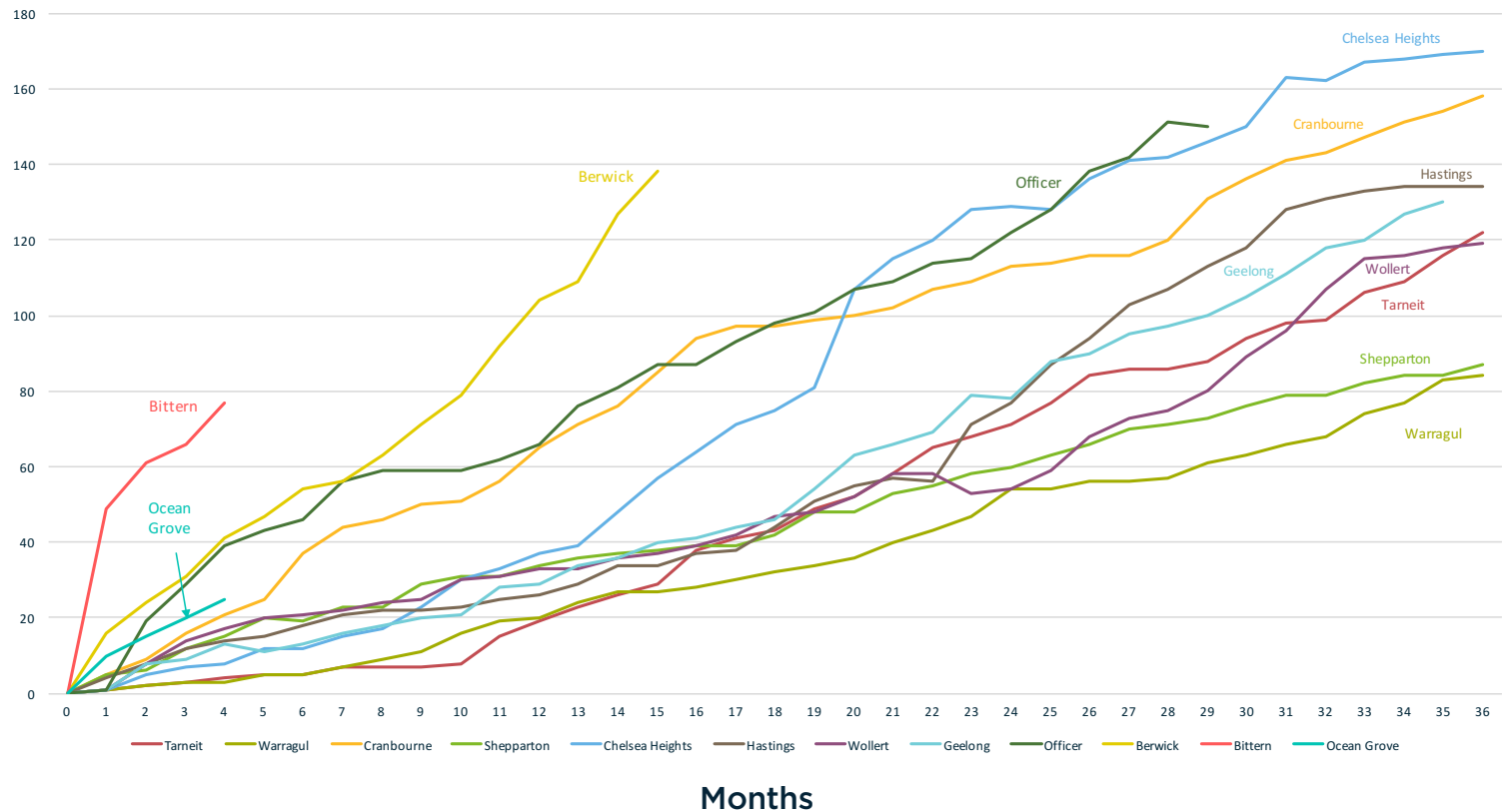
2.3

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 136 sales to 30 June 2017
- Both Bittern and Ocean Grove were launched in March 2017 with Bittern achieving 74 pre-sales and Ocean Grove achieving 24 pre-sales to 30 June 2017

Sales

Sales profile from date of first sale



The higher the sales rate, the faster capital is recycled

2.4

Profit and loss

- Net profit attributable to shareholders up 44% to \$27.7 million (on an underlying basis up 48% to \$25.0 million after adjusting for favourable investment property valuations)
- Gross profit from home settlements increased to \$15.6 million due to a 46% increase in settlements revenue partially offset by lower margins
- Rental income up by 24% to \$13.8 million and cash deferred management fees up by 64% to \$4.1 million (inclusive of \$0.7 million selling and administration fees)
- Management rental expenses increased by 19% predominantly due to more homes under management
- Management DMF expenses increased due to an increase in sales and marketing activity
- Development expenses increased by 21% mainly due to increased sales staff wage costs and marketing support
- Corporate overheads increased due to increased staff resources to provide additional organisational capabilities for medium term growth and share scheme expenses

Profit loss highlights	FY2016 (\$'000)	FY2017 (\$'000)	% Movement	
Home settlement revenue	54,877	79,942	▲	46%
Cost of sales	(43,080)	(64,360)	▲	49%
Gross profit	11,797	15,582	▲	32%
Home settlement margin	21.5%	19.5%		
Management & Other Revenue				
Rental	11,075	13,752	▲	24%
Deferred management fee	2,509	4,112	▲	64%
Total management and other revenue	15,274	20,468	▲	34%
Fair value adjustments	18,925	26,664	▲	41%
Development expenses	(4,176)	(5,039)	▲	21%
Management rental expenses	(5,280)	(6,265)	▲	19%
Management DMF expenses	(540)	(1,231)	▲	128%
Corporate overheads	(4,872)	(5,775)	▲	19%
Finance costs	(843)	(1,182)	▲	40%
Net profit before tax	28,553	40,333	▲	41%
Net profit after tax	20,616	27,697	▲	34%
Profit is attributable to:				
Non-controlling interests	1,347	2	▼	100%
Members of the parent	19,269	27,695	▲	44%

Another solid year of profitability

Balance sheet

- Gearing (net debt to net debt plus equity) was 21.8% at year end
- Total bank facility of \$80.0 million of which \$47.0 million was utilised at year end
- Trade and other payables includes \$19.3 million payable upon settlement of land at Bittern and Ocean Grove expected in 2HFY2018

Balance sheet remains strong

Balance sheet highlights	FY2016 (\$'000)	FY2017 (\$'000)	% Movement
Cash and cash on deposit	3,352	3,653	
Inventories	49,746	44,933	
Investment properties	163,677	211,294	
Total assets	222,472	266,117	▲ 20%
Bank overdraft	2,558	12	
Trade and other payables	14,365	26,844	
Current tax payable	361	574	
Interest-bearing loans and borrowings	46,000	47,000	
Deferred tax liabilities	27,321	35,472	
Total liabilities	91,167	110,593	▲ 21%
Net assets	131,305	155,524	▲ 18%
Gearing ⁽¹⁾	25.6%	21.8%	

Balance sheet has capacity to enable the acquisition of at least one site every 12 months

Notes: (1) Calculated as a ratio of net debt to net debt plus equity
(net debt includes cash, cash on deposit and bank overdraft)

2.6

Cash flow

- Cash flows from operations increased to \$17.6 million, adjusted cash flows from operations (excluding project capital expenditure) increased to \$32.9 million
- Receipts from customers increased by \$31.3 million to \$107.8 million due to increased home settlements and management revenue. Payments to suppliers and employees were consistent with prior year
- Purchase of investment properties included the settlement of Berwick Waters and the deposit for Armstrong Creek

A year of project harvest and strong operational cashflows

Cash Flow highlights	FY2016 (\$'000)	FY2017 (\$'000)
Receipts from customers	76,455	107,773
Payments to suppliers and employees ⁽¹⁾	(84,948)	(84,067)
Income taxes paid	(3,753)	(4,271)
Net interest payments	(1,941)	(1,790)
Cash flows from operations	(14,196)	17,645
Project capital expenditure (civil and facilities infrastructure) ⁽¹⁾	23,746	15,233
Cash flow from operations (excluding project capital expenditure)	9,550	32,878
Purchase of PP&E	(1,044)	(769)
Proceeds/(payment) from/for term-deposit	5,000	-
Purchase of investment properties	(1,155)	(11,998)
Cash flows from investing activities	2,801	12,767
Net movement in borrowings	(9,399)	1,000
Proceeds from exercise of options	795	96
Distributions paid to non-controlling interests	(3,409)	-
Dividends paid	(2,595)	(3,127)
Cash flows from financing activities	4,190	(2,031)
Net cash flows	(7,206)	2,847
Cash at the beginning of the year	7,999	794
Cash at the end of the year	794	3,641

Notes: (1) Due to Lifestyle Communities' accounting policies and legal structure, payments to suppliers and employees includes all gross costs of infrastructure construction (i.e. civil works, clubhouse and other facilities). Under some other structures these costs may be classified as investing cash flows. Therefore cash flows from operations will be negatively impacted when Lifestyle Communities is in the cash intensive development phase of a community. To assist with further understanding of cash flows, please refer to Appendix 4 for a detailed break-down of development and management cash flows per community for FY2017 and FY2016.



Section 3

Outlook



3.1

Outlook

- Emerging baby boomer driving increased customer interest
- Approximately 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 in FY2018 to increase

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



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

3.2

Settlement goals - new sales

	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	45-55	20-40
Officer	98	20-30	-
Berwick Waters	12	80-100	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 construction commencement dates for sites not yet commenced at Bittern and Ocean Grove and market conditions.

Settlements growing with increased sales rates and new projects

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

3.3

Likely settlement program

Currently 2,667 homes in the portfolio⁽¹⁾

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⁾																



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

Dividend policy

As a general principle, the Board of Lifestyle Communities intends to pay dividends out of post tax, operating cashflow generated from community management including:

- Operating cash flow generated from community management (net rental and DMF)
- Apportionment of corporate overheads attributable to management of the communities (currently 50%)
- Interest on average pre-development debt
- Tax attributed to the above

Dividend

- A final fully franked dividend of 2.0 cents per share was declared in respect of FY2017. The dividend has a record date of 8 September 2017 and a payment date of 6 October 2018

Surplus franking credits

- As at 30 June 2017 the franking account balance was \$7.9 million (after allowing for the FY2017 final dividend)

The growing level of free cash flow from the annuities provides the basis for increasing dividends over time



Lifestyle Communities intends to pay dividends out of operating cash flow from the community management business



Section 4

Market



Key market drivers

Affordability

- More than 27% of total households (aged 65+) have net worth between \$250,000 and \$500,000
- 72% of people (over 65) retire on the pension. 64% of people (over 65) in Victoria rely on the pension as their main source of income
- Of the 82% of couples over 65 who own their home, superannuation represents less than 17% of their net worth

The ageing population

- The number of people aged over 65 is projected to more than double between 2015 and 2055.
- Between 2001 and 2011 Victoria's over 55 population grew by 30%, compared to a total population increase of 15%

Residential Land Lease Communities

- 2.1% of older Australians live in Residential Land Lease Communities compared to 4.5% in traditional retirement villages
- Average age of residents in Residential Land Lease Communities is 67 years compared to 81 years in traditional retirement villages.

Source: ABS 2010-2012, 2015 Intergenerational Report, Housing Decisions of Older Australians-Productivity Commission Research Paper (2015)

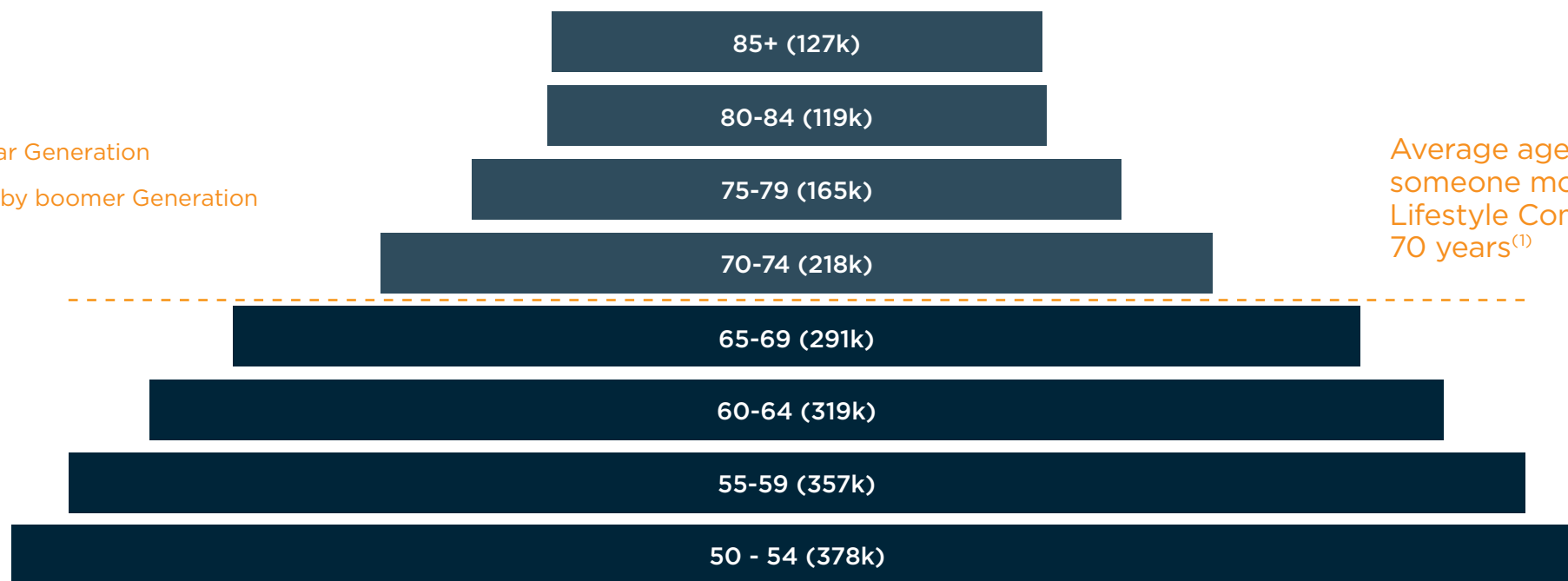
The Lifestyle Communities offer addresses these key market themes



Demographic changes are driving an increase in the size of the potential market

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



Average age of someone moving into a Lifestyle Communities' 70 years⁽¹⁾

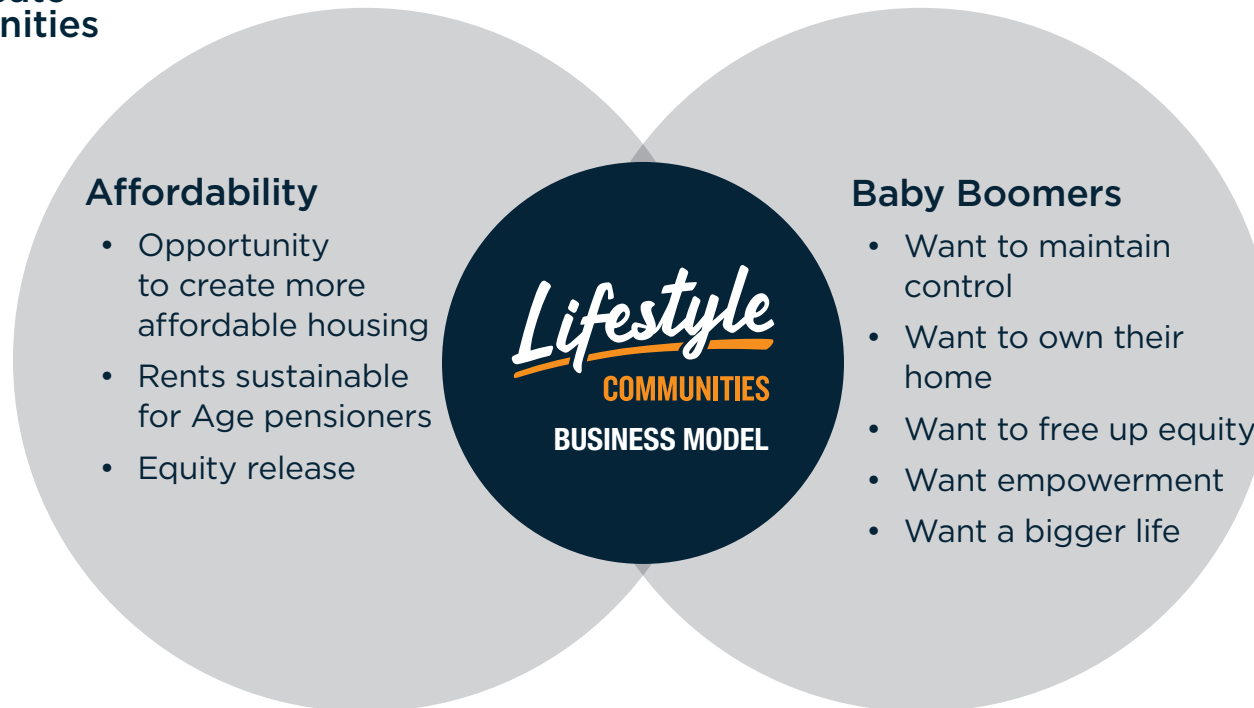
Lifestyle Communities is well positioned to meet the needs of the baby boomer age wave

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

4.3

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



Section 5

Product & Marketing



5.1

Community Designs

You never get a second chance at a first impression

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

Evolving every part of the product

5.2

Lifestyle Officer

We are continually improving our offer



5.3

Customer touchpoints

Every touchpoint drives customer referral

- 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
- Original target of 50% referrals now exceeded



Notes: (1) For FY2017 sales



Referral rate of 50% set as an organisational goal and achieved

5.4

Lifestyle Wellness program



- A Wellness Coordinator was employed in FY2017
- 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

Engaging with homeowners to create strong communities

Marketing campaigns driving enquiry

WHERE LIFE IS FULL OF Possibilities

WINNER
JDA
National Award
for Excellence
2017

Buying a new home at Lifestyle Communities gives you the opportunity to get so much more out of life.

Whether it's making the most of the five-star resort facilities, pursuing a healthier lifestyle, learning new things or taking that holiday you've always wanted to go on, the opportunities are endless. Enjoy living in a safe and secure community with like-minded neighbours you can rely on.

With 13 communities located across Victoria.

New homes now available from \$191,860 - \$429,640.

*Price correct as at 10 July 2017

COMMUNITIES

Award Winning Over 50's Resort Living

Visit our website to find a Lifestyle Community near you lifestylecommunities.com.au

Call 1300 50 55 60

I'M READY FOR A New Chapter IN MY LIFE

Enjoy a new sense of freedom where time is your own and the opportunity to meet new people is easy and relaxed at Lifestyle Communities.

Downsize to a brand new, low-maintenance home and live life with more money in the bank. You can start a new life chapter full of real possibilities, like taking that dream holiday, learning a new hobby or simply doing more of what you love.

Not a retirement village, Lifestyle Communities is a secure, independent living community offering affordable, 5-star resort living for working, semi-retired and retired people over 50.

With 13 communities located across Victoria.

New homes now available from \$191,860 - \$429,640.

LOCK-UP & LEAVE With No Worries

Embark on a whole new adventure, and with more in the bank, by downsizing to a brand new, low-maintenance home at Lifestyle Communities.

By unlocking home equity, you can go on a new life journey full of possibilities, like hitting the road for a winter caravan trip, taking an overseas dream holiday, or simply doing more of what you love closer to home.

And with greater peace of mind knowing the on-site Community Managers will keep an eye on things when you're away.

Not a retirement village, Lifestyle Communities is a secure, independent living community offering affordable, 5-star resort living for working, semi-retired and retired people over 50. With 13 communities located across Victoria.

**NO STAMP DUTY
NO BODY CORPORATE
NO CROWN RATES**

New homes now available from \$191,860 - \$429,640

*Price correct as at 10 July 2017

Lifestyle COMMUNITIES

Award Winning Over 50's Resort Living

Visit our website to find a Lifestyle Community near you lifestylecommunities.com.au

Call 1300 50 55 60

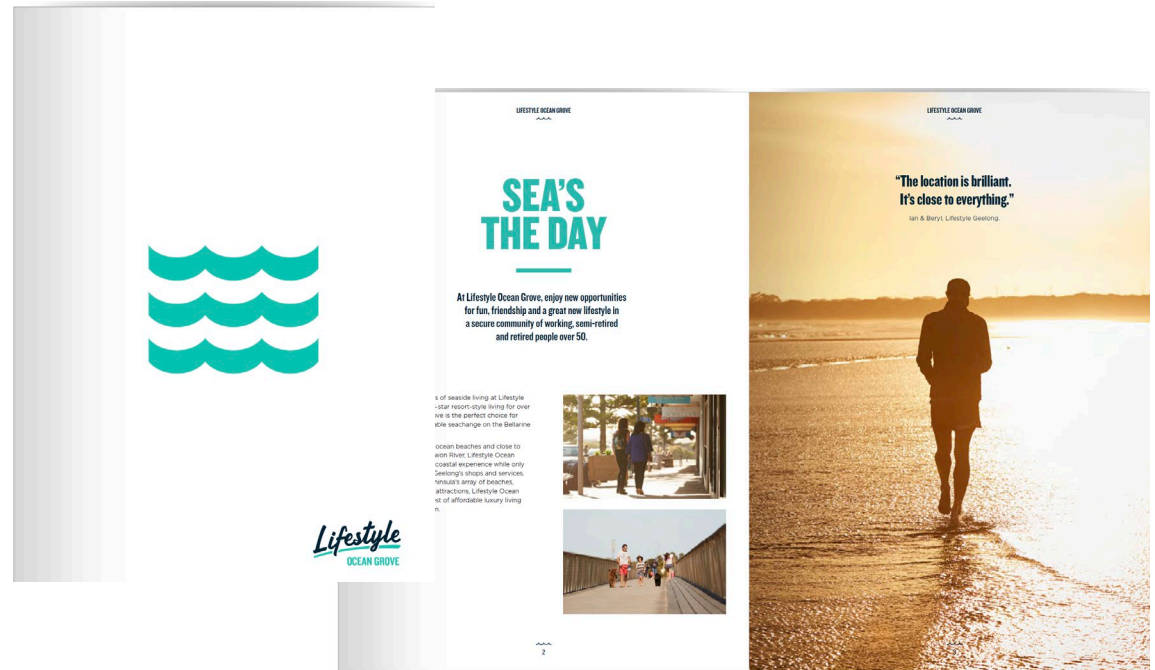
Herald Sun, Senior Magazine & RACV Magazine advertising

5.6

Successful Bittern & Ocean Grove launches

Strong pre-sales on communities

- Successful launches of both Bittern and Ocean Grove in March 2017 have resulted in 74 pre-sales at Bittern and 24 pre-sales at Ocean Grove
- Upgrading and focusing collateral on the baby boomer
- Better targeting local catchments to get early traction
- Strong referral rates driving early sales particularly at Bittern where the Lifestyle Communities brand is well known





Section 6

Business Model



Business strategy

- Focused strategy to dominate the niche of affordable housing to the over 50s market building on the key themes of the ageing population, affordability and the baby boomer
- Drive sales and recycle capital faster allowing for development of a new community at least every 12 months subject to identification of appropriate sites
- Focus in Victoria to capitalise on growing population and the continued lack of supply of affordable housing

Lifestyle Communities will remain focused on rolling out affordable housing for the over 50s



Lifestyle Communities will continue to grow its portfolio of affordable communities

6.2

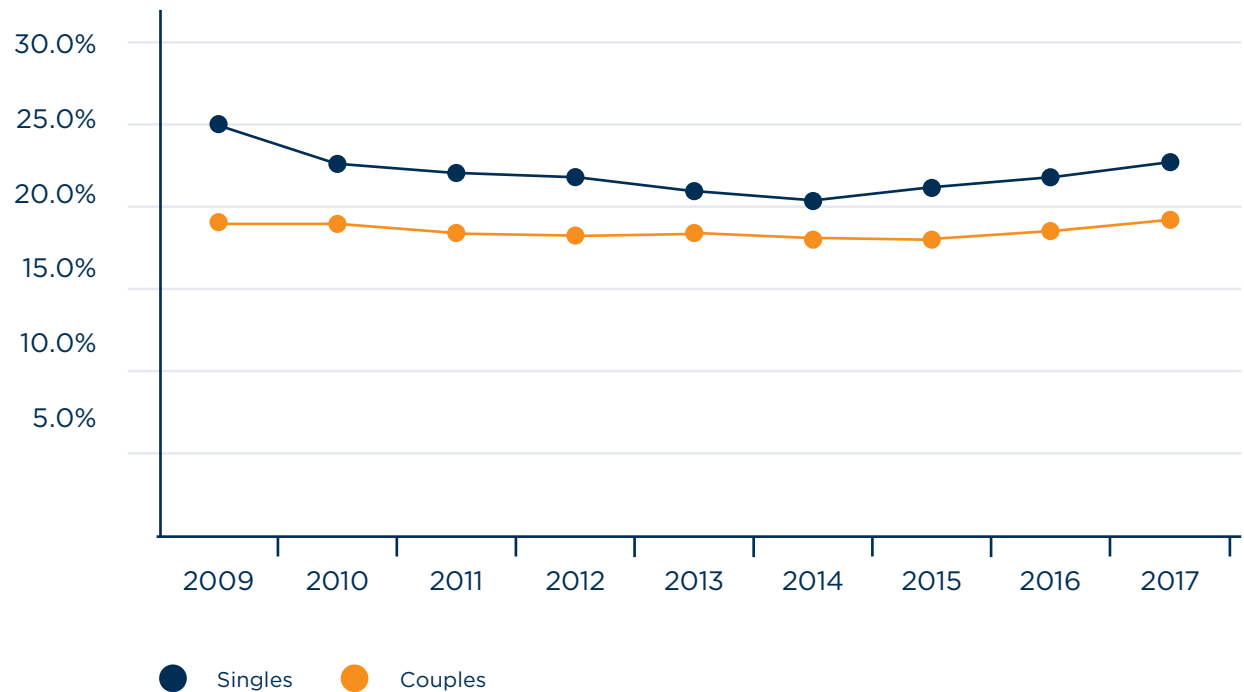
Affordability

Attributes

- Lifestyle Communities' homeowners who receive the age pension and rent assistance are paying approximately:
 - 19.6% of their pension as rental (for couples) net of rental assistance (19.8% seven years ago)
 - 22.8% of their pension as rental (for singles) net of rental assistance (25.3% seven years ago)
- Compares favourably with industry and government benchmarks

The Lifestyle Communities model creates a long-term sustainable financial solution for homeowners

Site rental as a % of pension



Rent as a percentage of the pension remains affordable and sustainable

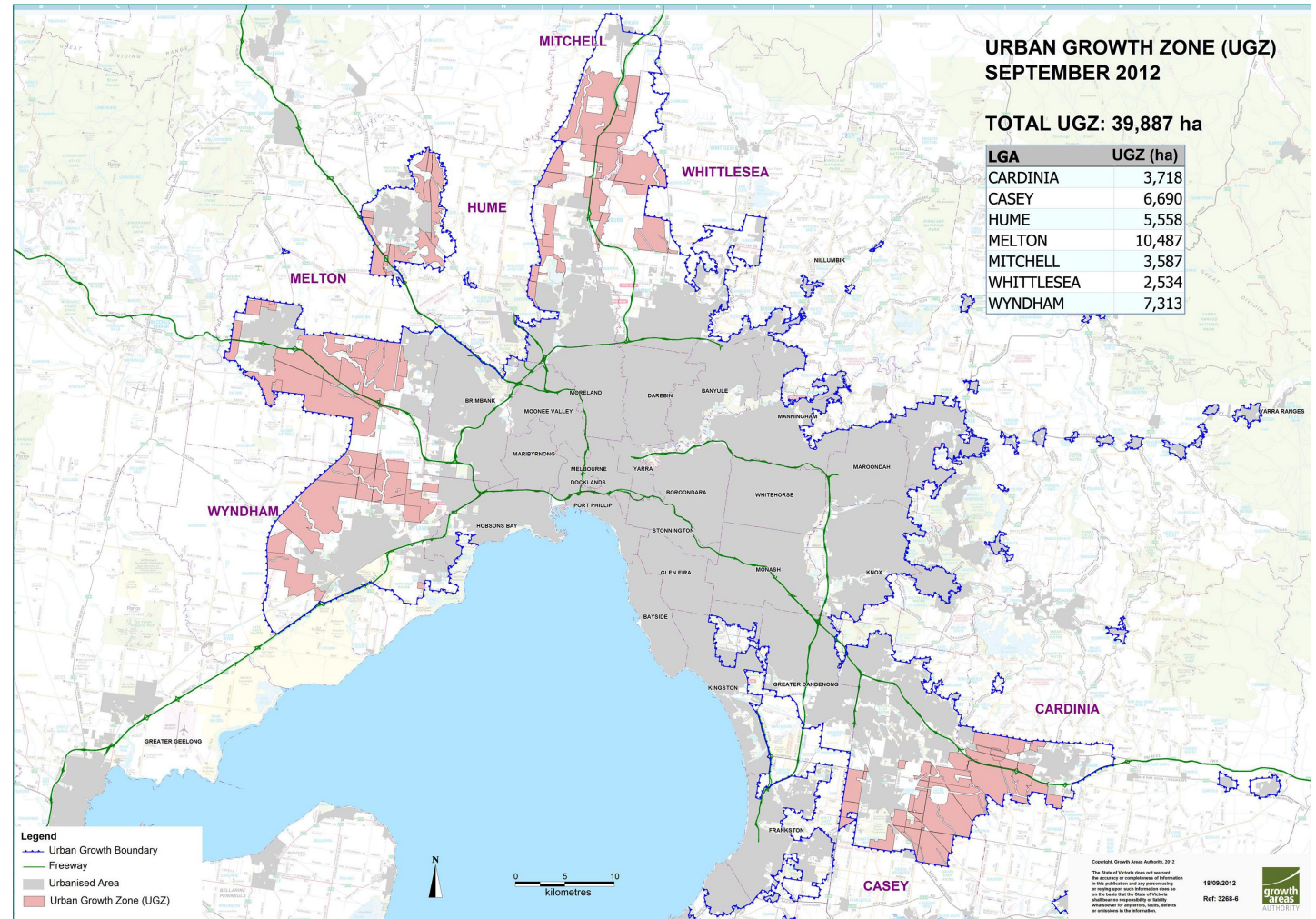
Source: Australian Government Centrelink Website, March 2017

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



6.4

Recent land acquisitions

Lifestyle Berwick Waters

- First homeowners moved in May 2017
- 136 homes sold to 30 June 2017 since project launch in April 2016

Lifestyle Bittern

- Planning to commence construction in the first quarter of the 2018 financial year
- 74 pre-sales achieved up until 30 June 2017
- Strong interest from the immediate catchment

Lifestyle Ocean Grove

- Planning to commence construction in the second quarter of the 2018 financial year
- 24 pre-sales achieved up until 30 June 2017
- Significant enquiry on database awaiting commencement of construction

Lifestyle Armstrong Creek

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





Section 7

Summary



Summary

- FY2017 delivered a record year of home settlements (278) and sales (406)
- The recently announced Armstrong Creek acquisition, and Shepparton expansion has increased the total portfolio to 2,667 homes⁽¹⁾
- Annuity income from homeowner rentals grew by \$2.7 million to \$13.8 million as a result of having 1,626 settled homes
- Net profit attributable to shareholders up 44% to \$27.7 million
- Total dividends for FY2017 of 3.5 cents per share fully franked (up from 2.5 cents per share in FY2016)
- Funded and resourced to roll-out a community at least every 12 months subject to identification of appropriate sites

**A proven business
that is structured
for sustainable growth**

Notes: (1) Settled, under development or subject to planning





Appendix



Sales and settlements

	New Home Settlements		New homes - net sales commitments		Resale homes settlements		Resale homes - net sales commitments	
	FY2017	FY2016	FY2017	FY2016	FY2017	FY2016	FY2017	FY2016
Brookfield	-	-	-	-	12	23	14	17
Seasons	-	-	-	-	3	5	1	7
Warragul	-	2	-	-	16	9	15	11
Casey Fields ⁽¹⁾	-	2	-	-	12	5	14	8
Shepparton	50	51	37	49	5	1	4	1
Chelsea Heights ⁽¹⁾	-	27	-	-	12	5	11	6
Hastings	-	14	-	-	13	4	14	5
Lyndarum	68	43	69	39	-	-	-	-
Geelong	50	36	44	51	-	-	-	-
Officer	98	27	53	51	-	-	-	-
Berwick Waters	12	-	105	31	-	-	-	-
Bittern	-	-	74	-	-	-	-	-
Ocean Grove	-	-	24	-	-	-	-	-
Armstrong Creek	-	-	-	-	-	-	-	-
Total	278	202	406	221	73	52	73	55

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

Deferred management fees

	Brookfield	Seasons	Warragul	Casey Fields	Shepparton	Chelsea Heights	Hastings	Total
Historical resales⁽¹⁾	99	19	44	26	7	19	17	231
Average tenure (years)	5.45	4.8	3.82	2.99	2.55	2.42	2.25	4.22
Average price growth p.a.	3.8%	2.3%	3.0%	5.5%	3.9%	17.4%	12.7%	4.9%
Average purchase price (move in)	192,096	225,967	236,721	286,734	215,165	324,139	283,962	232,763
Average sales price (move out)	231,465	250,868	264,262	333,635	236,714	460,999	365,184	280,561
Average DMF ⁽²⁾	35,838	43,041	41,391	44,514	29,617	51,804	38,983	39,800
Average DMF rate	15.7%	17.1%	15.7%	13.1%	13.1%	11.2%	10.5%	14.6%
FY2016 resales⁽¹⁾	23	5	9	5	1	5	4	52
Average tenure (years)	7.26	5.37	3.77	2.56	2.63	2.42	1.91	5.06
Average price growth p.a.	2.0%	2.1%	2.7%	4.6%	0.6%	11.5%	9.8%	3.0%
Average purchase price (move in)	200,425	221,460	245,297	316,520	165,600	320,134	285,221	238,740
Average sales price (move out)	229,217	247,000	270,056	354,100	168,000	409,000	338,375	274,510
Average DMF ⁽²⁾	36,256	47,200	43,713	42,848	33,600	42,280	30,595	39,326
Average DMF rate	16.0%	19.2%	16.4%	12.0%	20.0%	10.4%	9.0%	15.0%
Total DMF received ⁽²⁾	833,890	236,000	393,420	214,240	33,600	21,140	122,380	2,044,930
FY2017 resales⁽¹⁾	12	3	16	12	5	12	13	73
Average tenure (years)	7.32	6.10	4.16	3.68	2.66	2.63	2.32	4.00
Average price growth p.a.	3.8%	3.2%	3.7%	7.1%	4.7%	20.2%	13.9%	7.5%
Average purchase price (move in)	208,097	228,552	237,256	288,985	220,528	323,937	282,509	261,902
Average sales price (move out)	267,500	273,333	274,000	364,333	248,200	496,167	373,462	340,219
Average DMF ⁽²⁾	40,453	54,667	46,405	56,030	30,776	59,340	41,962	340,219
Average DMF rate	15.1%	20.0%	17.0%	15.3%	12.8%	12.0%	11.1%	14.4%
Total DMF received ⁽²⁾	480,930	164,000	742,480	672,630	153,880	712,080	545,500	3,471,230

Notes: (1) Includes resales attracting DMF in FY2017 there were eight resales and in FY2016 there were 14 resales that didn't attract a DMF (due to the Company's Smart Buy Guarantee whereby no DMF is payable within first 12 months)

(2) Excludes selling and administration fees

A.3.1

Investment property analysis

Community Valuation Summary				
30 June 2017				Investment properties per financials 30 June 2017
	Total Homes	Homes Occupied	Investment properties at cost ⁽¹⁾ (\$m)	At fair value (\$m)
Mature Communities				
Brookfield	228	228	6.76	26.83
Seasons	136	136	3.68	15.37
Warragul	182	182	2.53	22.78
Casey Fields [^]	217	217	3.37	17.30
Chelsea Heights [^]	186	186	6.19	13.99
Hastings	141	141	7.36	15.50
Communities under development				
Shepparton	301	199	3.16	22.80
Lyndarum	154	144	7.13	14.30
Geelong	164	86	6.95	13.44
Officer	151	125	5.49	14.77
Berwick Waters	216	12	12.14	12.36
Bittern	209	-	7.42	8.30
Ocean Grove	193	-	13.36	12.60
Armstrong Creek ⁽²⁾	189	-	1.00	1.00
Total	2,667	1,626	86.55	211.29

Notes: ^ Represents LIC's share in the on-completion assets

(1) Cost includes land value, land holding costs and for Brookfield, Tarneit and Warragul civils retained by LIC under home purchase agreements entered into prior to 1 January 2009

(2) Armstrong Creek contracts is conditional as at 30 June 2017 and therefore only the deposit is reflected in the balance sheet

A.3.2

Investment property analysis

Community Valuation Summary (On Completion)						
	Rental Metrics			DMF metrics (extracts from valuations)		
	Last valuation date	Rental cap. rate ⁽¹⁾	Net rental per home (from valuation adjusted ⁽²⁾)	DMF discount rate	DMF terminal cap. rate	Average sale value (GST incl.)
Existing Communities - sold out						
Brookfield	Apr-16	7.75%	6,401	13.0%	10%	235,022
Seasons	Apr-16	7.75%	5,623	13.0%	10%	264,941
Warragul	Apr-16	7.75%	6,582	13.0%	10%	267,381
Casey Fields^	Apr-16	7.75%	6,788	13.0%	10%	310,958
Chelsea Heights^	Apr-16	7.75%	6,221	13.75%	N/A	366,000
Hastings	Jun-17	7.75%	5,881	13.75%	N/A	301,099
Existing Communities - selling and settling						
Shepparton	Jun-17	7.75%	6,798	14.25%	N/A	223,173
Lyndarum	Apr-16	7.75%	6,125	13.75%	N/A	323,000
Geelong	Apr-16	7.75%	6,840	13.0%	10%	303,696
Officer	Jun-17	7.75%	6,122	13.75%	N/A	331,225
Berwick Waters	Jun-17	7.75%	6,779	13.5%	10%	365,907
Bittern	Jun-17	7.75%	N/A	13.5%	10%	358,173
Ocean Grove	Jun-17	7.75%	N/A	13.5%	10%	367,632

Notes: (1) As per independent valuations for communities valued in Jun-17 and as per directors valuation for other communities

(2) Weekly rental income adjusted to reflect inflation at Hastings, Shepparton and Officer (communities not valued this year)

^ Represents 100% of the development of which LIC will share 50%

Valuer's Rental calculation methodology: capitalisation rate on annual rental income

Valuer's DMF calculation methodology: NPV of 20 year cash flows with terminal value at year 21 or NPV of 40 year cash flows with no terminal value

A.4.1

Cashflow analysis FY2017

Supplementary Cash Flow Analysis for FY2017	Brookfield	Seasons	Warragul	Casey Fields ⁽³⁾	Shepparton	Chelsea Heights ⁽³⁾	Hastings	Lyndarum	Geelong	Officer	Berwick Waters	Bittern	Ocean Grove	Armstrong Creek	Total
Total Number of Homes	228	136	182	217	301	186	141	154	164	151	216	209	193	189	2,667
Settled FY2017	-	-	-	-	50	-	-	68	50	98	12	-	-	-	278
Remaining homes available to settle	-	-	-	-	102	-	-	40	78	26	204	209	193	189	1,041
Development Cash Flows (\$million)															
Land	-	-	-	-	-	-	-	-	-	-	(11.00)	-	-	(1.00)	(12.00)
Development Expenditure (development and sales)	-	-	-	(0.02)	(3.88)	(0.00)	(0.05)	(1.48)	(2.64)	(3.08)	(7.43)	(0.60)	(0.45)	(0.01)	(19.65)
Home Construction	-	-	-	-	(9.27)	(0.83)	(0.64)	(7.98)	(8.61)	(9.30)	(0.02)	-	-	-	(41.46)
Home Settlements	-	-	-	-	10.72	4.16	3.82	12.78	9.87	8.03	-	-	-	-	79.71
Net Development Cash Flows	-	-	-	(0.02)	0.56	(0.00)	(0.07)	9.09	3.94	14.44	(19.23)	(0.63)	(0.46)	(1.01)	6.59
Annuity Cash Flows (\$million)															
Site Rentals (incl. Management Fees)	2.08	1.26	1.73	2.05	1.67	1.74	1.35	0.66	0.54	0.66	-	-	-	-	13.75
DMF Received (net) ⁽¹⁾	0.46	0.10	0.67	0.71	0.18	0.80	0.56	0.01	0.01	0.01	-	-	-	-	3.51
Community Operating Costs	(0.68)	(0.53)	(0.60)	(0.54)	(0.66)	(0.53)	(0.46)	(0.39)	(0.36)	(0.33)	(0.09)	-	-	-	(5.19)
Net result from utilities	0.00	0.02	0.03	0.03	(0.02)	0.05	(0.01)	(0.04)	(0.02)	(0.03)	(0.01)	-	-	-	-
Share to non-controlling interests ⁽²⁾	-	-	-	(0.94)	-	(0.77)	-	-	-	-	-	-	-	-	(1.71)
Net Annuity Cash Flows	1.86	0.86	1.83	1.31	1.17	1.29	1.44	0.24	0.17	0.31	(0.11)	-	-	-	10.36
Head Office Costs															(5.35)
Employee Shares															(0.71)
Net Operating Cash Flows															10.90
Reconciliation to statutory cash flows															
Less – Interest															(1.79)
Less – Income taxes paid															(4.27)
Add – Land (investing cash flow)															12.00
Less – Movement in inventory and creditors															0.83
Add – Non-controlling interests															(0.02)
Statutory Cash Flows from Operations (\$million)															17.64

Notes: (1) Deferred management fees received are inclusive of selling and administration fees as well as wages and marketing costs

(2) Lifestyle Communities record 100% rental income and pay out 50% (after management fees) to non-controlling interests

(3) 50% of development cash flows for joint venture are reflected above

A.4.2

Cashflow analysis FY2016

Supplementary Cash Flow Analysis for FY2016	Brookfield	Seasons	Warragul	Casey Fields ⁽³⁾	Shepparton	Chelsea Heights ⁽³⁾	Hastings	Lyndarum	Geelong	Officer	Berwick Waters	Bittern	Ocean Grove	Total
Total Number of Homes	228	136	182	217	268	186	141	154	164	151	220	208	190	2,445
Settled FY2016*	-	-	2	2	51	27	14	43	36	27	-	-	-	202
Remaining homes available to settle	-	-	-	-	119	-	-	108	128	124	220	208	190	1,097
Development Cash Flows (\$million)														
Land	-	-	-	-	-	-	-	-	-	-	-	(0.27)	(1.26)	(1.53)
Development Expenditure (development and sales)	-	-	-	(0.03)	(3.02)	(0.51)	(0.33)	(6.54)	(5.73)	(10.03)	(0.76)	(0.01)	-	(26.96)
Home Construction	-	-	(0.02)	-	(9.27)	(0.83)	(0.64)	(7.98)	(8.61)	(9.30)	(0.02)	-	-	(36.67)
Home Settlements	-	-	0.41	0.33	10.72	4.16	3.82	12.78	9.87	8.03	-	-	-	50.12
Net Development Cash Flows	-	-	0.39	0.30	(1.57)	2.81	2.85	(1.74)	(4.47)	(11.30)	(0.78)	(0.28)	(1.26)	(15.04)
Annuity Cash Flows (\$million)														
Site Rentals (incl. Management Fees)	2.00	1.21	1.63	1.93	1.13	1.63	1.24	0.20	0.10	-	-	-	-	11.07
Deferred Management Fees Received (net) ⁽¹⁾	0.82	0.21	0.37	0.27	0.04	0.27	0.19	-	-	-	-	-	-	2.17
Community Operating Costs	(0.60)	(0.51)	(0.54)	(0.51)	(0.55)	(0.43)	(0.39)	(0.27)	(0.25)	(0.08)	-	-	-	(4.13)
Net result from utilities	(0.06)	(0.01)	-	(0.03)	(0.03)	0.02	(0.03)	(0.07)	(0.05)	(0.01)	-	-	-	(0.27)
Share to non-controlling interests ⁽²⁾	-	-	-	(0.62)	-	(0.54)	-	-	-	-	-	-	-	(1.16)
Net Annuity Cash Flows	2.16	0.90	1.45	1.04	0.59	0.95	1.01	(0.14)	(0.20)	(0.08)	-	-	-	7.68
Head Office Costs														(4.58)
Net Operating Cash Flows														(11.94)
Reconciliation to statutory cash flows														
Less - Interest														(1.94)
Less - Income taxes paid														(3.75)
Add - Land (investing cash flow)														1.53
Less - Movement in inventory and creditors														(1.20)
Add - Non-controlling interests														3.11
Statutory Cash Flows from Operations (\$million)														(14.20)

Notes: * LIC's economic interest is 188 homes after allowing for Joint Venture interests

(1) Deferred management fees received are inclusive of selling and administration fees as well as wages and marketing costs

(2) Lifestyle Communities record 100% rental income and pay out 50% (after management fees) to non-controlling interests

(3) 50% of development cash flows for joint venture are reflected above

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