



## **Investor Day Presentation**

**21 May 2014**



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- **Lifestyle Communities Overview**
- **Lifestyle Hastings**
- **Operational Overview**
  - **Sales**
  - **Finance**
  - **Marketing**
  - **Construction**
  - **Community Management**
- **Future Growth**

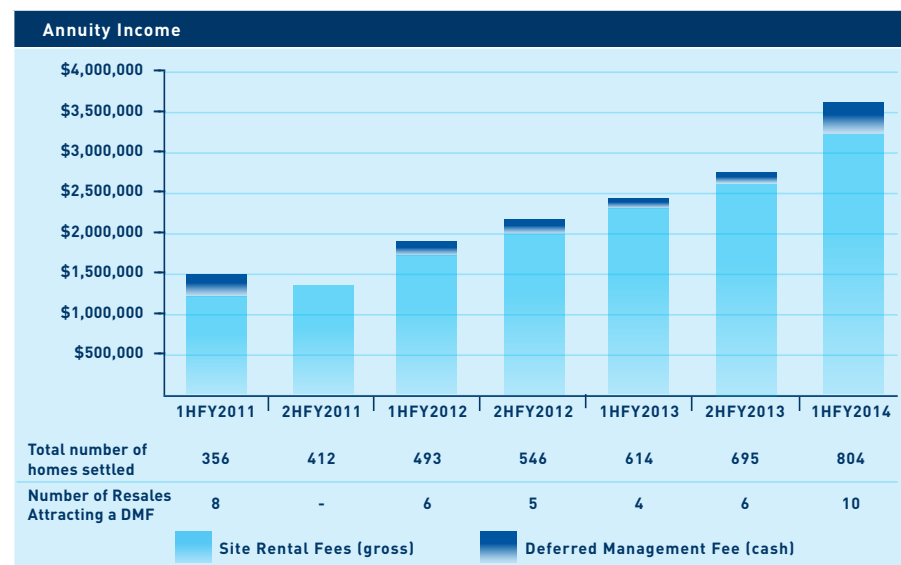




## Business Snapshot

- Founded in 2003
- Develop and manage land lease communities which generate long-term sustainable revenue streams
- Focused on affordable housing for the over 55s market
- 1,628 sites either under development or management
- Residents own their home and lease the land upon which their home is located

## 8 years of growing annuity income streams



## Financial Position

	FY2013 (\$ million)	1HFY2014 (\$ million)
Total Assets	\$139.5	\$149.5
Equity	\$82.6	\$91.2
Total borrowings	(\$33.9)	(\$25.2)
Net debt	(\$17.7)	(\$20.2)
Net debt to equity ratio	18%	18%

## Board of Directors



Tim Poole  
**Chairman**  
Non-executive, independent



James Kelly  
**Managing Director**  
Founder



Bruce Carter  
**Executive Director**  
Founder



Philippa Kelly  
**Non-executive Director**  
Independent



Jim Craig  
**Non-executive Director**  
Independent

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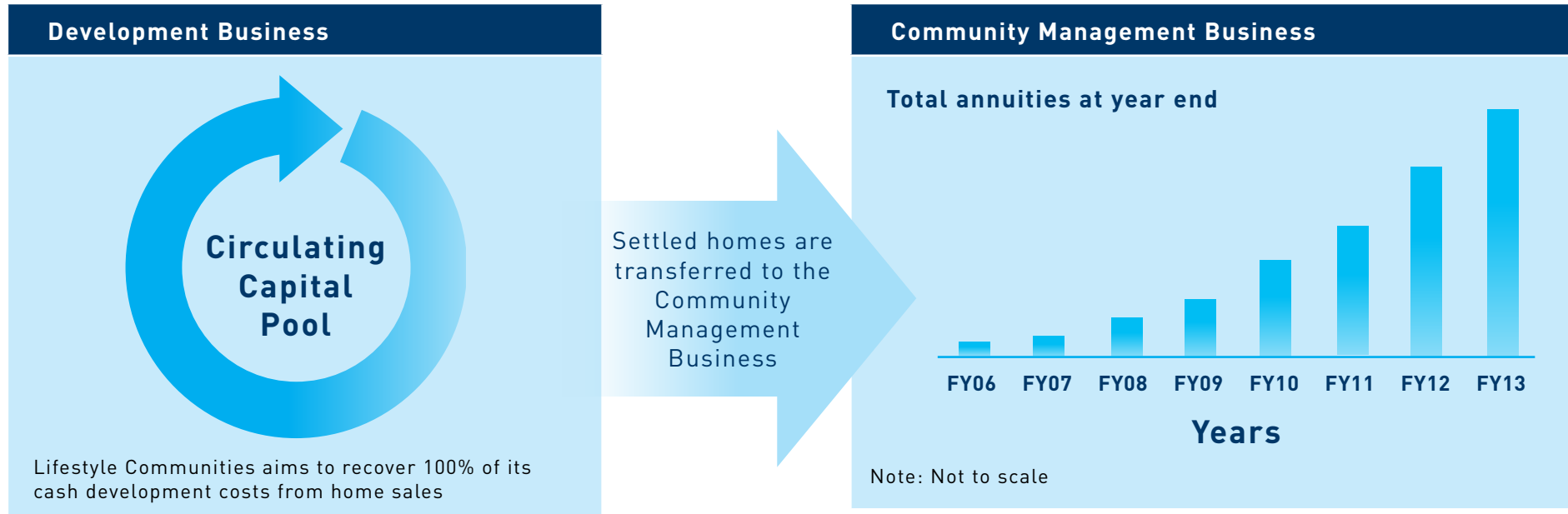


**Continued opportunities in metro Melbourne and regional Victoria**



## Lifestyle Communities has a low risk sustainable business model

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As at 20 May 2014			
Total home sites in portfolio <sup>(1)</sup>	1,628	Total occupied home sites	882

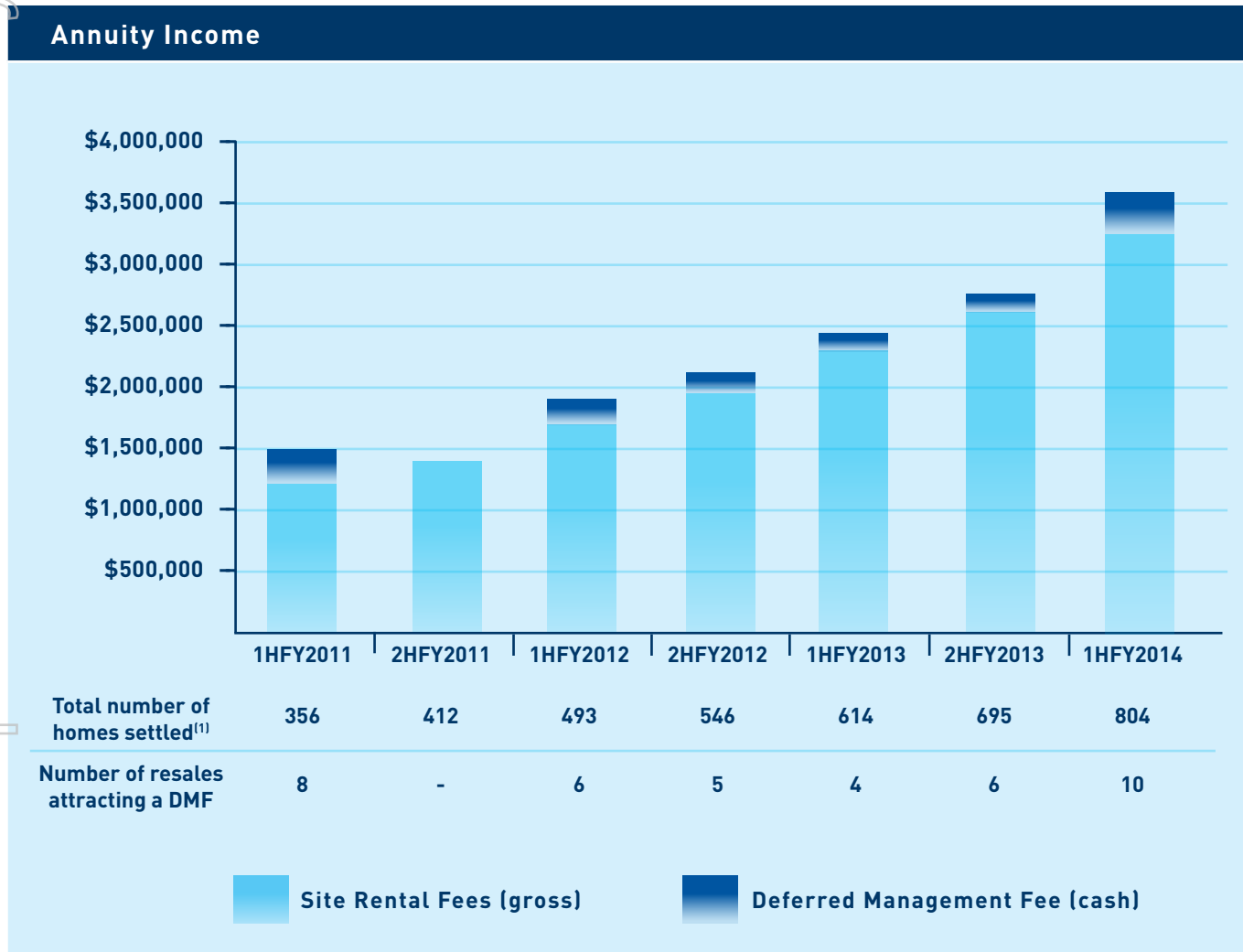
**The growing level of free cash flow from the annuities provides the basis for dividends over time**

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



## Over Eight Years of Growing Annuity Income Streams

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- 109<sup>(1)</sup> annuities added to the Community Management Business during the first half, with a further 101<sup>(2)</sup> expected for the second half of FY2014
- Ten existing home sales attracting DMF settled during the first half with another 13 confirmed for the second half of FY2014. As at 20 May there are 19 existing homes available for resale
- \$3.2 million (gross) received from site rental fees during the first half of FY2014. Forecasting \$6.5 million for the full-year

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

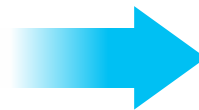
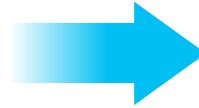
(2) Expected settlements for 2HFY2014 are settled or have confirmed settlement dates. Numbers are subject to change





Over the past 11 years Lifestyle Communities has continued to evolve the business to meeting the emerging customer base

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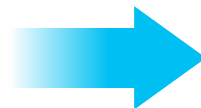


House designs have been simplified with improved finishes



## Clubhouse designs have progressively modernised

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**Urban design has focused on connectivity and landscaping**

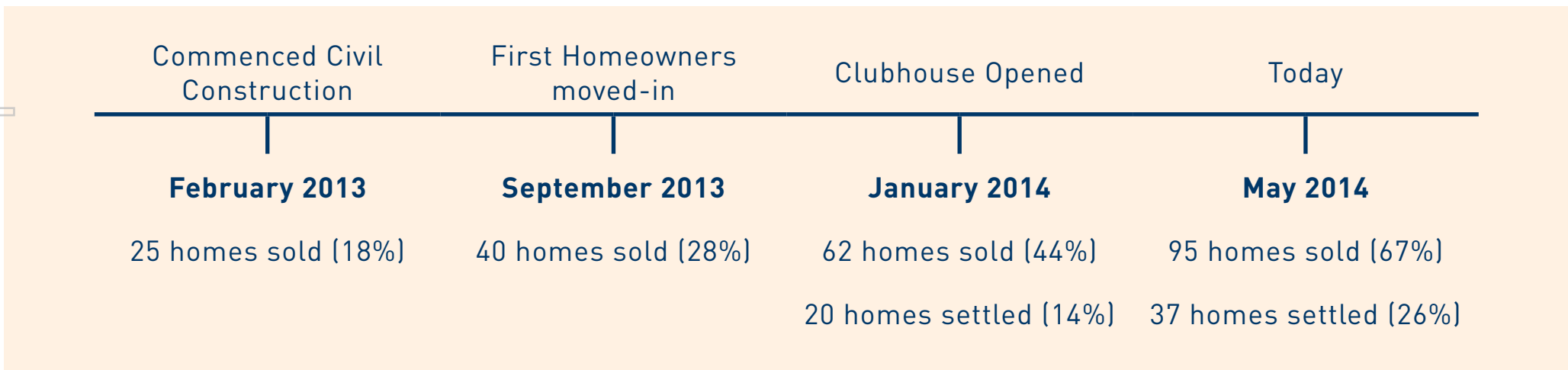




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- Community now over 67% sold and expected to be 33% settled by 30 June 2014
- Average home sale price: \$293,209 (GST incl.)
- Sales have come from:
  - 50% Hastings and surrounds
  - 50% Mornington Peninsula and beyond

→ Building a bigger life





## Lifestyle Communities operates a flat management structure



**Including executives Lifestyle Communities has 44 employees**

**Graham Elliss**  
**Sales Manager**



## Team

- Dedicated sales consultant at each community selling new homes
- Sales assistant to support sales consultant at newer communities
- Dedicated resource for resale homes

## Initiatives

- Culture of sales team 'holding hands' with customer throughout the sales process
- Over 25% of sales comes from referrals as a result of our supported customer referral process
- Ability to alter urban plan to fit customer demand for different home types
- House pricing set at a discount of approximately 75%-80% of the primary catchments' median house price



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	New homes - net sales commitments					Resale homes - net sales commitments		
	1H FY2014	2H FY2014 to date <sup>(1)</sup>	Total FY2014 to date	Total FY2013	% sold	FY2014 YTD <sup>(1)</sup>	FY2013	Homes for sale <sup>(1)</sup>
Brookfield	-	-	-	1	100%	17	8	11
Tarneit	-	-	-	-	100%	4	5	3
Warragul	17	8	25	26	99%	1	7	3
Cranbourne	18	13	31	48	89%	8	3	2
Shepparton	16	5	21	28	37%	-	-	-
Chelsea Heights	14	4	18	60	98%	-	-	-
Hastings	25	34	59	23	67%	-	-	-
Chelsea Heights (expansion)	36	18	54	4	71%	-	-	-
Wollert	-	16	16	-	10%	-	-	-
Geelong	-	-	-	-	-	-	-	-
<b>Total</b>	<b>126</b>	<b>98</b>	<b>224</b>	<b>190</b>	<b>67%</b>	<b>30</b>	<b>23</b>	<b>19</b>

- Total new home sales 224 for FY2014 YTD<sup>(1)</sup> compared to 190 FY2013
- Hastings 67% sold, clubhouse opened in January 2014
- Chelsea Heights expansion 71% sold
- Encouraging pre-sales for Wollert, commenced marketing in February 2014
- Improved resales, particularly at Brookfield where 17 resale sales achieved FY2014 YTD<sup>(1)</sup>

Note: (1) Current as of 20 May 2014

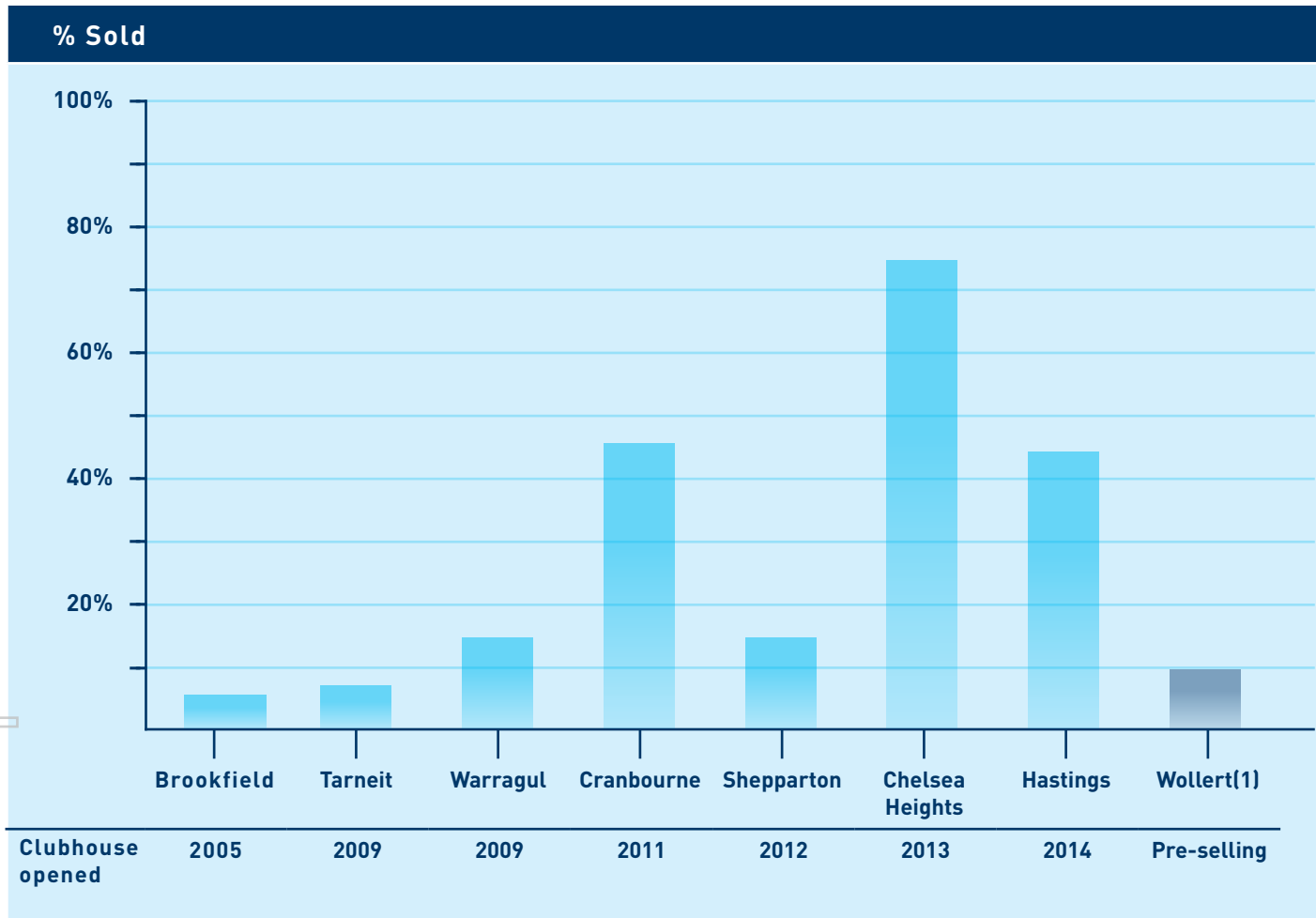
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## Pre-sale of homes prior to opening of clubhouse

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- Limited pre-sales of homes in first three communities
- Brand awareness and scale has improved pre-sales
- Pre-sales now provide a level of comfort against market risk
- Generally see a spike in sales post the opening of the clubhouse

Note: (1) Wollert has pre-sold 10% as of 20 May 2014. Clubhouse is not scheduled to open until Q3 of FY2015.

**Geoff Hollis**  
**CFO**



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	New home settlements							Resale settlements	
	1HFY 2014 <sup>(1)</sup>	2HFY 2014 <sup>(1)</sup>	Total FY14 <sup>(1)</sup>	Total FY13	Total settled 30-Jun-14	Total homes in portfolio	% settled <sup>(1)</sup>	FY2014 <sup>(1)</sup>	FY2013
Brookfield	-	-	-	2	228	228	100%	12	5
Tarneit	3	-	3	6	135	136	99%	4	2
Warragul	12	20	32	27	168	182	92%	2	3
Cranbourne	18	19	37	55	172	217	79%	5	-
Shepparton	16	11	27	27	59	221	27%	-	-
Chelsea Heights	41	24	65	32	97	104	93%	-	-
Hastings	19	27	46	-	46	141	33%	-	-
Chelsea Heights (expansion)	-	-	-	-	-	82	-	-	-
Wollert	-	-	-	-	-	155	-	-	-
Geelong	-	-	-	-	-	162	-	-	-
<b>Total</b>	<b>109</b>	<b>101</b>	<b>210</b>	<b>149</b>	<b>905</b>	<b>1,628</b>	<b>55%</b>	<b>23</b>	<b>10</b>

- On target to achieve settlement guidance of 200+ homes for FY2014 with 210 homes already settled or expected to settle prior to 30 June 2014
- Warragul now over 90% settled
- First homeowner moved into Hastings in September 2013
- Improved settlement of resale homes

Note: (1) These columns represent homes that have settled or have confirmed settlement dates prior to 30 June 2014. Numbers are subject to change. Current as of 20 May 2014.



## Current finance facilities - Development Debt

	Total facilities <sup>(1)</sup> \$ millions	Estimated Draw 30 June 2014 <sup>(2)</sup> \$ millions
Shepparton	6.0	6.0
Hastings	5.5	5.3
Chelsea Heights (ex- pansion)	7.5	0.8
Wollert	7.2	0.3
	<b>26.2</b>	<b>12.4</b>
Core debt	25.0	25.0
<b>Total debt</b>	<b>FY2014<sup>(1)</sup></b>	<b>37.4</b>

- Gearing<sup>(3)</sup> is anticipated to be between 20-25% at 30 June 2014. This is an increase from 30 June 2013 (17.9%) due to less cash on hand as funds have been deployed post the December 2012 capital raising
- Anticipated debt at 30 June 2014 (\$37 million) is consistent with 30 June 2013 (\$35 million)
- Core debt expected to be refinanced in FY2016 at a materially lower interest cost
- Potential to increase core debt as the number of completed sites increases, this will facilitate additional growth with gearing expected to remain below 25%

Note: (1) Documentation received from WBC, subject to acceptance by LIC

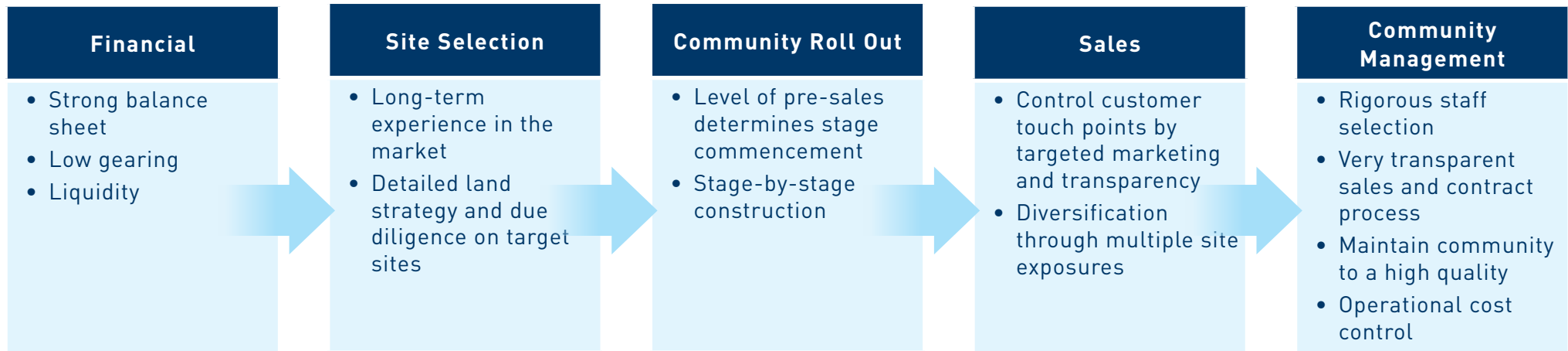
(2) Based on forecast development cash flows and settlements, subject to change prior to 30 June 2014

(3) Calculated as a ratio of net debt to net debt plus equity



## There is diligent risk management at each stage of the development cycle

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**Disciplined approach to each stage mitigates risk**



# **Katrina Steel**

## **Marketing Manager**



## Key Strategies

- Create a unique brand that differentiates the Lifestyle Communities proposition from traditional retirement villages
- Deliver the volume of enquiry necessary to meet short-term sales targets and build the long term sales pipeline
- Improve return on investment from advertising spend





## Straddling two segments but focusing on the aging baby boomer

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<b>War Generation (1925-1945)</b>
<ul style="list-style-type: none"><li>• Aged 69-89</li><li>• Negative trigger buyers</li><li>• Characterised by:<ul style="list-style-type: none"><li>- Conservative</li><li>- Frugal</li><li>- 'Bear the burden'</li><li>- Experienced in hardship</li></ul></li></ul>
<b>Key Message</b>
Health and security
<b>Key Channels</b>
Traditional media

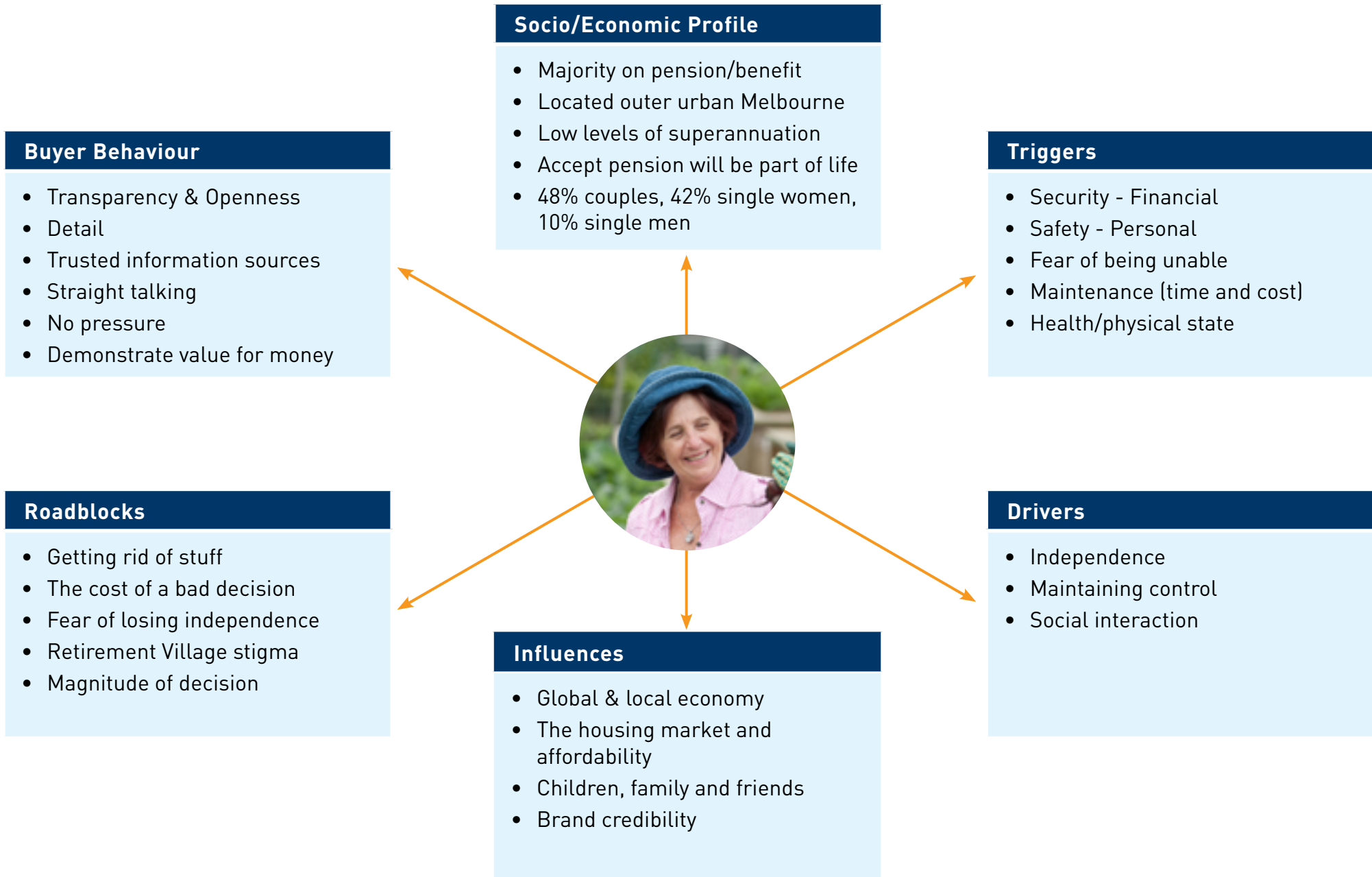


<b>Baby Boomer Generation (1946-1964)</b>
<ul style="list-style-type: none"><li>• Ageing into the retirement space</li><li>• Positive trigger buyers</li><li>• Characterised by wanting to:<ul style="list-style-type: none"><li>- Maintain control</li><li>- Free up equity to enjoy</li><li>- Want to own their home</li></ul></li><li>• Greater expectations</li></ul>
<b>Key Message</b>
Downsize to a bigger life
<b>Key Channels</b>
Digital & below-the-line

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

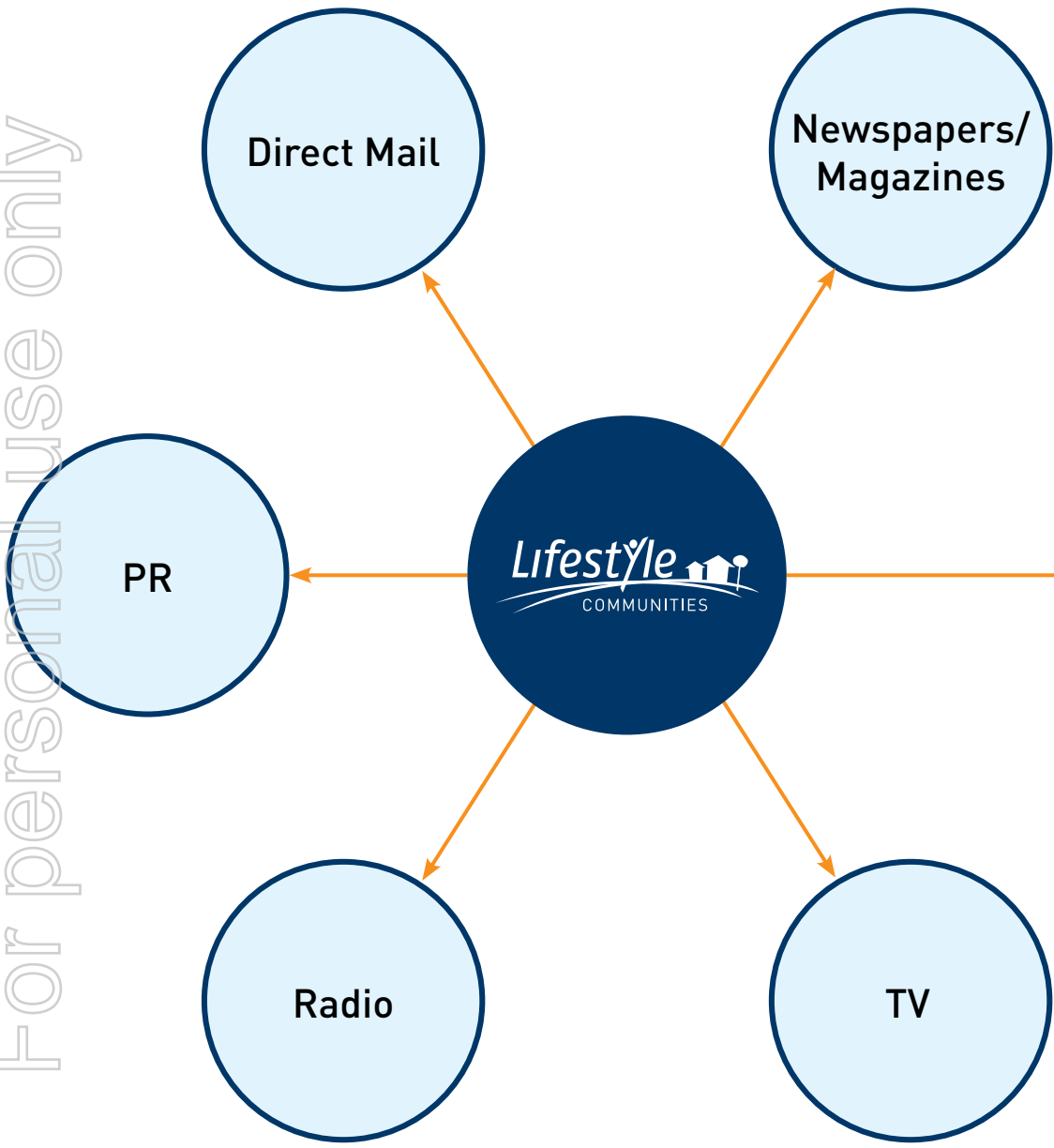


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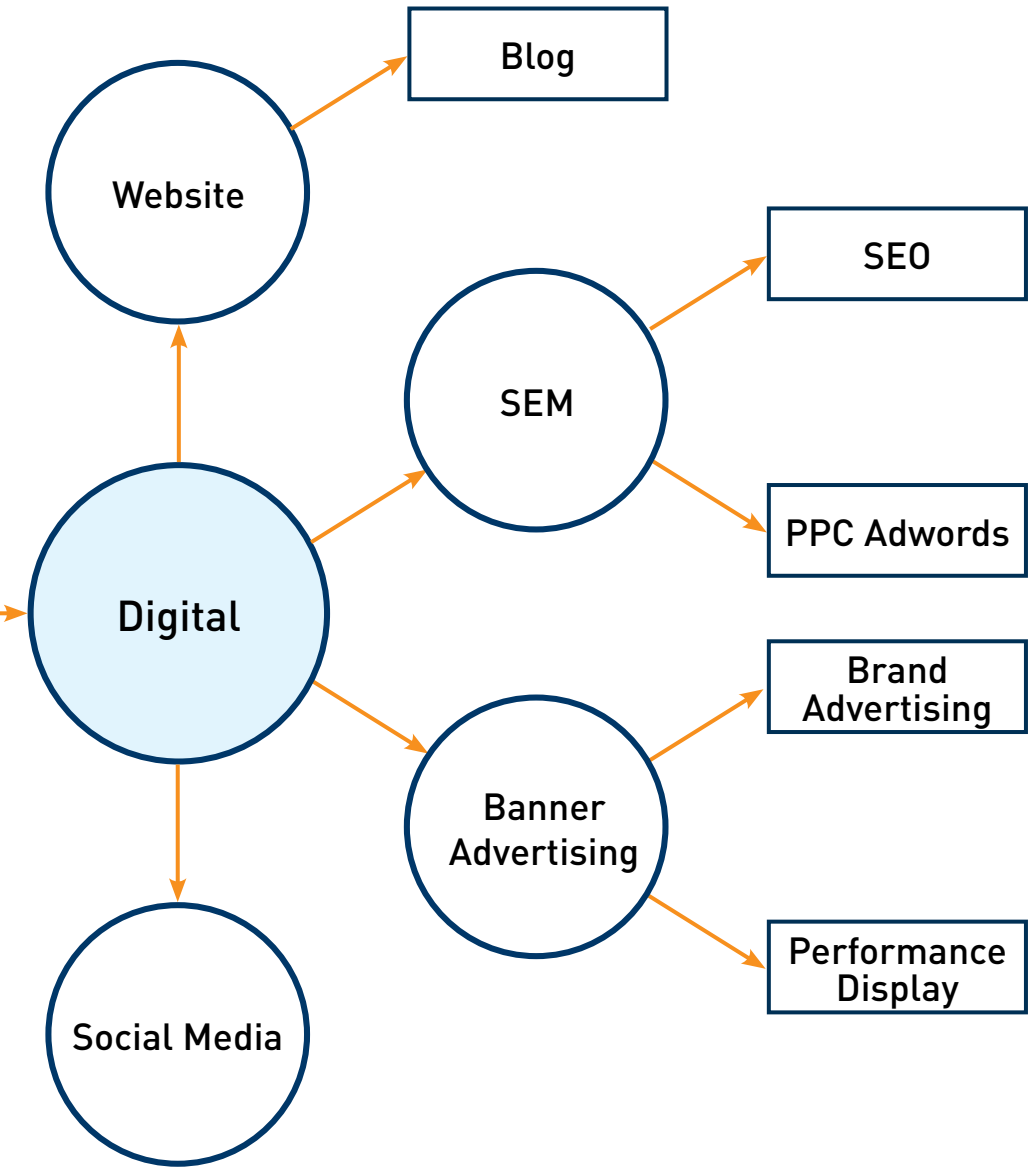




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TRADITIONAL APPROACH



DIGITAL STRATEGIES





## Website

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Call 1300 50 55 60

Send us an enquiry



- THE LIFESTYLE
- HOME DESIGNS
- LOCATIONS
- FAQS
- OUR STORY
- CONTACT US
- INVESTOR INFORMATION

TURN GOOD TIMES INTO  
*great times*



The Lifestyle



Home designs



Find a community





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## SEM & SEO initiatives

Google retirement villages hastings

Web Maps Images News Videos More Search tools

About 41,100 results (0.16 seconds)

**Peninsula Grange - Retirement homes in Mornington**  
 Ad [www.australianunityrl.com/Peninsula](http://www.australianunityrl.com/Peninsula)  
 Friendly community. Contact us now.

**Retirement Village Hastings**  
 Ad [www.sunrisesupportedliving.com.au/](http://www.sunrisesupportedliving.com.au/)  
 Retire In Style At Mornington Peninsula. Enquire Today Dont Wait!

**Hastings Over 55s Living - LifestyleCommunities.com.au**  
 Ad [www.lifestylecommunities.com.au/](http://www.lifestylecommunities.com.au/)  
 Over 55s Independent Communities. Find Your Dream Lifestyle Here!

**Hastings Retirement Village | Lifestyle Village | Peninsula ...**  
[www.peninsulaparklands.com.au/](http://www.peninsulaparklands.com.au/)  
 Peninsula Parklands in Hastings, Victoria, is not just a retirement village, it's a lifestyle village where you will feel right at home.  
 Existing Homes - Your New Home - Fees and Charges - Frequently Asked Questions

**Lifestyle Village in Hastings, Victoria | Lifestyle Communities**  
[www.lifestylecommunities.com.au/locations/hastings](http://www.lifestylecommunities.com.au/locations/hastings)  
 Experience resort living for over 55's at a Lifestyle Village in Hastings, Victoria. Relax in the superb natural surroundings and enjoy 5-star facilities.

**Lifestyle Hastings - It's Your Life**  
[www.itsyourlife.com.au/village\\_details.asp?VillageID=872](http://www.itsyourlife.com.au/village_details.asp?VillageID=872)  
 Find and review information about Lifestyle Hastings in Hastings, Mornington Peninsula Council, VIC and other retirement villages and homes in Australia and ...

PAID SEM

ORGANIC SEO

## Brand Advertising

Sign in or Sign up Yahoo! Mail

TV News Finance Sport Lifestyle Entertainment Travel Cars Jobs Real Estate More

**YAHOO! LIFESTYLE**

Search [ ] Search Web

**Better Homes and Gardens**

Watch your life grow ... **Lifestyle COMMUNITIES**

Home TV & Video Recipes Renovation & Decorating DIY How To Craft Paint Gardening Pets Be Healthy Home beautiful

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Give Mum a gift that really lasts

Home Gardening

Gardening ideas and advice on planting and growing plants and flowers, plus clever landscaping ideas and outdoor tips to help you create an amazing garden.

Displaying 1 - 21 of 819

Video Article Gallery Recipe How to

Bill Granger's top veggie garden tips Using blue in your garden The top 10 herbs you need in your garden

Wellsource International Flower Show 2014 How to grow lavender How to strike and replant lavender

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**Graham Ross Picks**

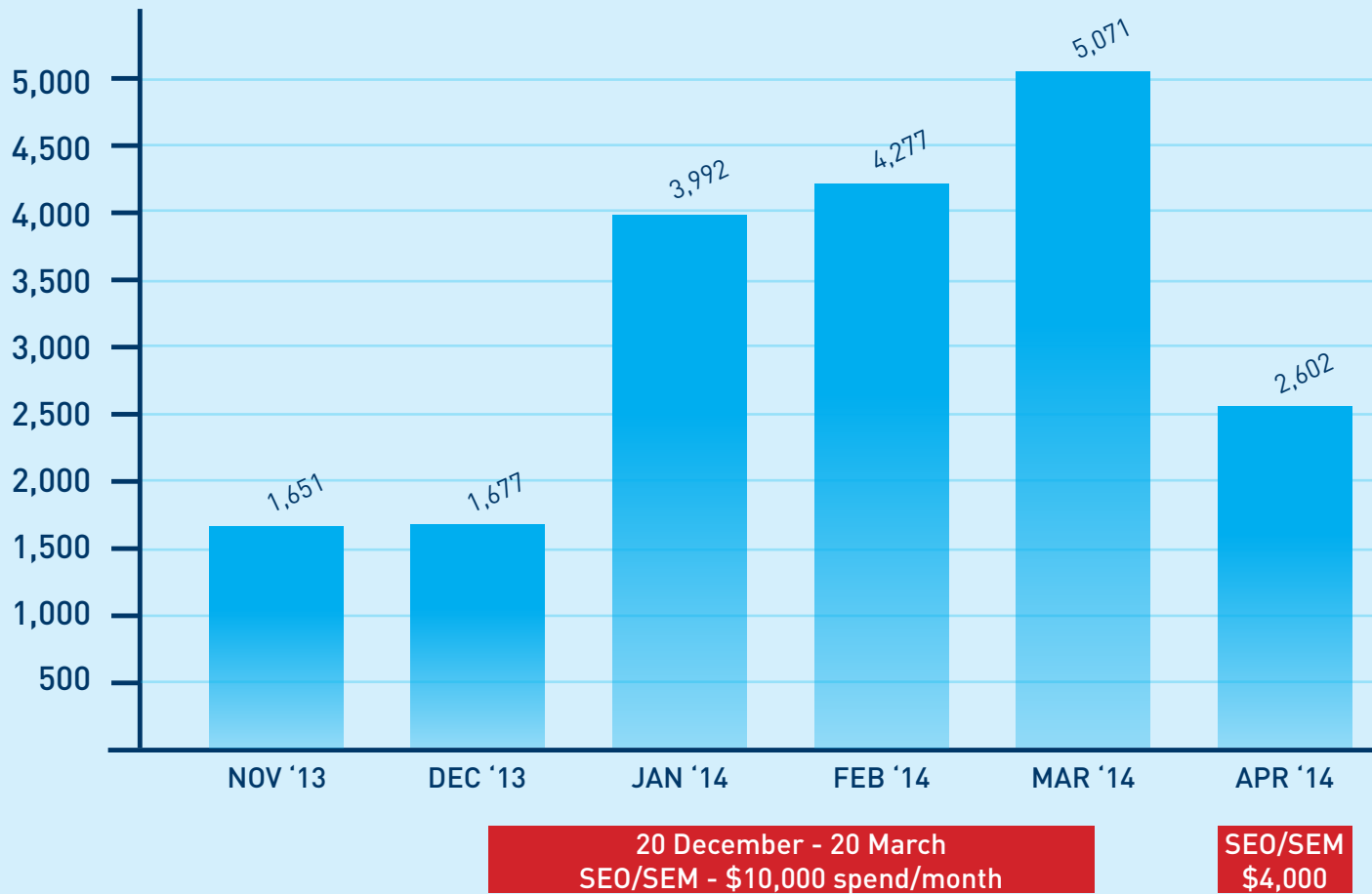
Bill Granger's top veggie garden tips Peninsular Bill Granger is peninsular about Using blue in your garden A blue garden offers the perfect look ...

Most Popular



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## Website Unique Visitors: 1 November 2013 - 30 April 2014



- Website at centre of all marketing activities
- Purchase cycles have halved in last 5 years - 67% of sales secured in under 2 weeks
- Measurable through:
  - Unique visits
  - Visit duration
  - Cost/unique visitor
  - Enquiries
  - Cost/enquiry

**Michael Imbesi**  
**Construction Manager**





## Team

- Full time project manager for each community development
- All trades are outsourced

## Approach

- Focused on compressing the timeframe between commencement of construction and the first homeowner moving in
- Focused on mitigating development risk:
  - Develop communities in stages of 30 to 50 homes
  - Ensure customers and project managers have a high level of interaction
  - Ensure strong communication between project managers and sales team and accordingly ensure home construction rate is in sync with sales rate
  - High level of quality control, maintenance checks, etc.
  - OH&S program on all sites



- Typical home size: 80m<sup>2</sup>-120m<sup>2</sup>
- 10 different designs
- Built on site
- Strategic partnership with Todd Devine Homes
- 65-75 days build time



## URBAN LAYOUT



Ensuring that the homes work together by varying setbacks and facades

## ENTRY & GATE



To 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

## HOUSE DESIGNS



Evolving as our homeowner becomes younger and looking for different things

**Never get a second chance at a first impression!**

**Sam Cohen**  
**Operations Manager**





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## Team

- On-site dedicated managers, generally a couple who live on site

## Approach

- Ability to help seed the culture of each community
- Operational management team involved in key touch points with homeowners:
  - Pre-move-in luncheons and community events
  - Detailed contract reads
  - Access to Operations Manager and Managing Director





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- Management style aimed at giving homeowners a sense of control - “golf course” style
- Community Managers have a “hands off” approach allowing residents to have a say in the rules and policies
- Social activities funded and driven by the homeowners
- Management focus on maintaining facilities and landscaping and ensuring high level of presentation
- Management team highly accessible to answer questions and deal with issues

A Typical Week for a ‘Lifestyler’		
Monday	10:30am	Morning Tea
	7:00pm	Homeowners General Meeting
Tuesday	9:30am	Walking Group
	2:00pm	Bowls
	7:00pm	Movie Night
Wednesday	9:00am	Bus Trip
	11:00am	Zumba
	2:00pm	Craft
	7:00pm	Cards
	7:30pm	Pool & Darts
Thursday	2:00pm	Inter-community Bowls
Friday	5:00pm	Happy Hour



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Monthly	Quarterly
Homeowner committee meetings	Managing Director and all homeowners meetings in new communities
1/2 Yearly	Annually
Managing Director and all homeowners meetings in established communities	Homeowner committee AGM's



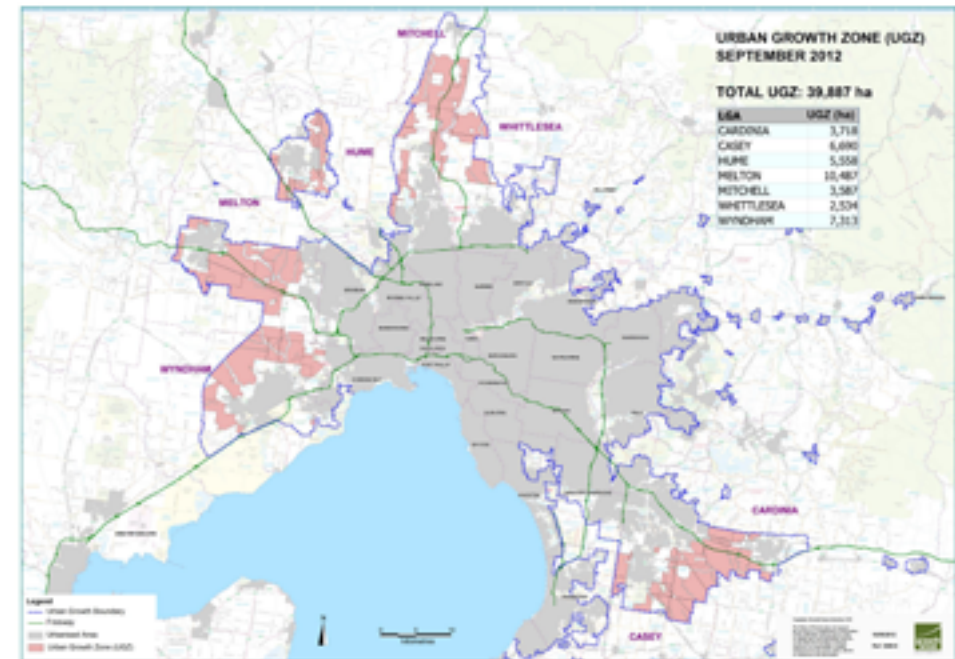
**Creating an empowered culture within the community**

**James Kelly**  
**Managing Director**



## Lifestyle Communities continually performs detailed due diligence on Victoria's growth corridors

- Focusing on opportunities in Victoria to capitalise on the lack of supply of affordable housing, forecast population growth and brand equity
- Target sites in Melbourne's key growth corridors and major regional centres which are assessed against the following criteria:
  - Demographics of immediate catchment including number of over 55s
  - The forecast rate of population growth in the area
  - Proposed house prices within the community relative to the local median house price
  - Competition and alternative affordable housing solutions
- Undertake assessment of multiple sites within each growth corridor to ensure the most suitable location
- Securing sites in a premium location results in optimum sales rate with achievable realisations



**A rigorous acquisition strategy de-risks community roll-outs**

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- 210<sup>(1)</sup> homes either settled or expected to settle for FY2014
- Market rewarding our branding positively with increased sales
  - 224 net sales commitments (FY2014 YTD) compared with 190 for FY2013
- Looking at further acquisitions in line with our recycled capital plan
- Continued focus on risk mitigation through each stage of the development and management of the communities



Note: (1) Represents homes that have settled or have confirmed settlement dates prior to 30 June 2014. Numbers are subject to change



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