



November
2009

Overview

- Business Strategy
- Market Opportunity
- Portfolio Status
- Financials
- Operational Outlook
- Capital Management
- Summary

Business Strategy

- To develop and operate villages that provide affordable accommodation for people over the age of 55.
- Create secure, long term annuity income streams for shareholders from village operations.
- Maintain an appropriate balance between business growth and gearing.
- Generate sufficient profits to have the capacity to pay shareholder distributions within 3 years.*

* Subject to banking covenants that may be in place at the time

Business Strategy

- Price homes to enable recovery of all cash costs of the development including:
 - Land
 - Village infrastructure
 - House construction
 - Indirect costs including administration and interest
- Lifestyle Communities retains land ownership and leases sites to residents

Market Opportunity



Market Opportunity

Key Market Drivers

1. ***Changing demographics*** – The number of people over the age of 65 will double by 2021 and then double again by 2051.*
2. ***Changing sociographics*** - 50% of people over the age of 65 have less than \$300,000 in equity.**
3. ***Changing perceptions*** – Current penetration rate is 4% of people over the age of 65 wanting to live in a village compared to the United States and the UK where it is closer to 12%.

* ABS projected population growth for those aged 65 +

** Melbourne Institute Working Paper No. 12/04 July 2004

Portfolio Status



Portfolio Status (15th November 2009)

Villages		Estimated On Completion Value	Current status	Sites available for development
Brookfield		\$19.2M	85% sold	230
Warragul		\$17M	33% Sold	183
Tarneit		\$12.2M	40% Sold	137
Yet to Commence				
Shepparton		\$28.2M	Dev. Approval	320
Cranbourne *		\$21.1M	Planning	219
TOTAL SITES				1,085

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

Brookfield



May 2007



November 2009



Tarneit

June 2008



November 2009



Warragul



June 2008



August 2008



AGM, November 2009 |

Cranbourne, November 2009



Financials



Financials

- NPBT of \$1.03M for FY2009 (after \$3M write off for Lynbrook).
- Net debt reduced from a peak of over \$36M in Dec 2008 to \$22.7M at 30 June 2009
- Second half unit settlements income of \$8.3M compared with \$4.7M for the first half
- Full year site rental income of \$1,196k compared with \$762k for the previous financial year

Operational Outlook



Operational Outlook

- Demand for affordable retirement solutions remains strong with sales currently outperforming traditional retirement villages
- Three villages now generating development and operational revenue
- Currently holding 70 deposits across the 3 villages.
- Strategy is to commence a new project every 12 to 18 months
- Annuity income streams building at the rate of approximately \$1m per annum
- Previous guidance for FY2010 was net profit before tax in the range of \$5.8 million to \$7.4 million; we now expect net profit before tax to be at the high end of the range

Operational Outlook

Unit settlement forecast *

Village	FY10				FY11				FY12				FY13			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
Brookfield	[Redacted]								[Redacted]							
Tarneit	[Redacted]								[Redacted]							
Warragul	[Redacted]								[Redacted]							
Cranbourne	[Redacted]								[Redacted]							
Shepparton	[Redacted]								[Redacted]							
Total Settlements	27	27	27	27	27	27	23	24	24	24	24	24	24	29	24	24
Cumulative Units Under Management	213	240	267	294	321	348	371	395	419	443	467	491	515	544	568	592

* Based on current estimate of selling approximately 100 homes per annum and subject to planning and development approvals

Capital Management...

Debt

Description	
Total borrowings	\$24m
Facility Limit	\$30m
Gross Assets	\$49.4m
Debt to gross asset ratio	48%
Target debt to gross asset ratio	35%

Summary

- **Market opportunity**
 - Strong growth with the ageing population in Australia
 - Affordability is key driver for housing demand in the future
 - The majority of retirees don't have \$300k+ to spend on housing
 - Current economic conditions has increased interest in affordable housing alternatives
- **Lifestyle Communities**
 - Services the affordable, age qualified housing market
 - Three villages under construction with one site ready to commence and another in planning
 - Sustainable, long-term annuity income stream
 - Business performing well with robust and proven business and financial model

