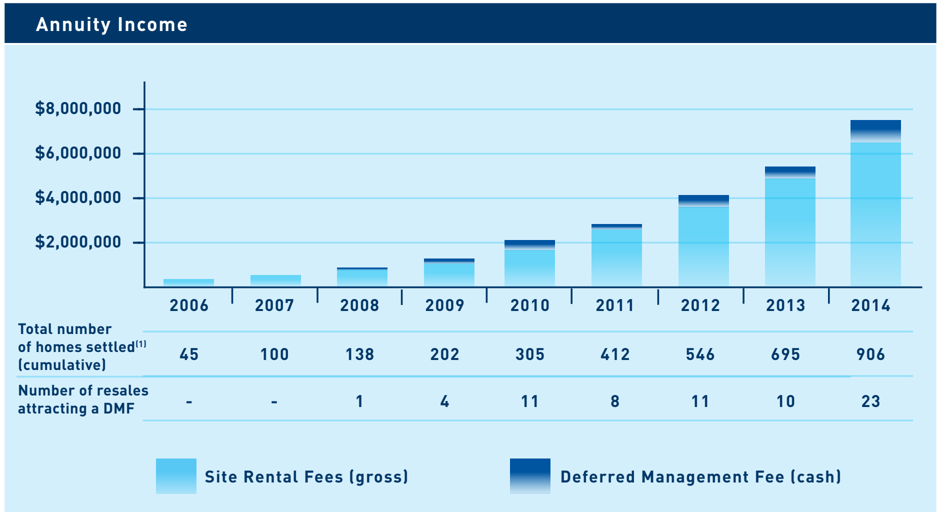
Results Presentation
Year ended 30 June 2014

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
- 1,779 sites either under development or management
- Residents own their home and lease the land upon which their home is located

9 years of growing annuity income streams



Financial Position

	FY2014 ($ million)	FY2013 ($ million)
Total Assets	$160.2	$139.5
Equity	$95.0	$82.6
Total borrowings	($35.6)	($33.9)
Net debt	($28.8)	($17.7)
Net debt to equity ratio	23%	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

Community	Homes	Settled[1]
Melton	228	100%
Tarneit	136	99%
Warragul	182	92%
Cranbourne	217	80%
Shepparton	221	27%
Chelsea Heights	186	52%
Hastings	141	32%
Wollert	154	-
Geelong	164	-
Rosebud	150	-
	1,779	51%

(1) As at 30 June 2014

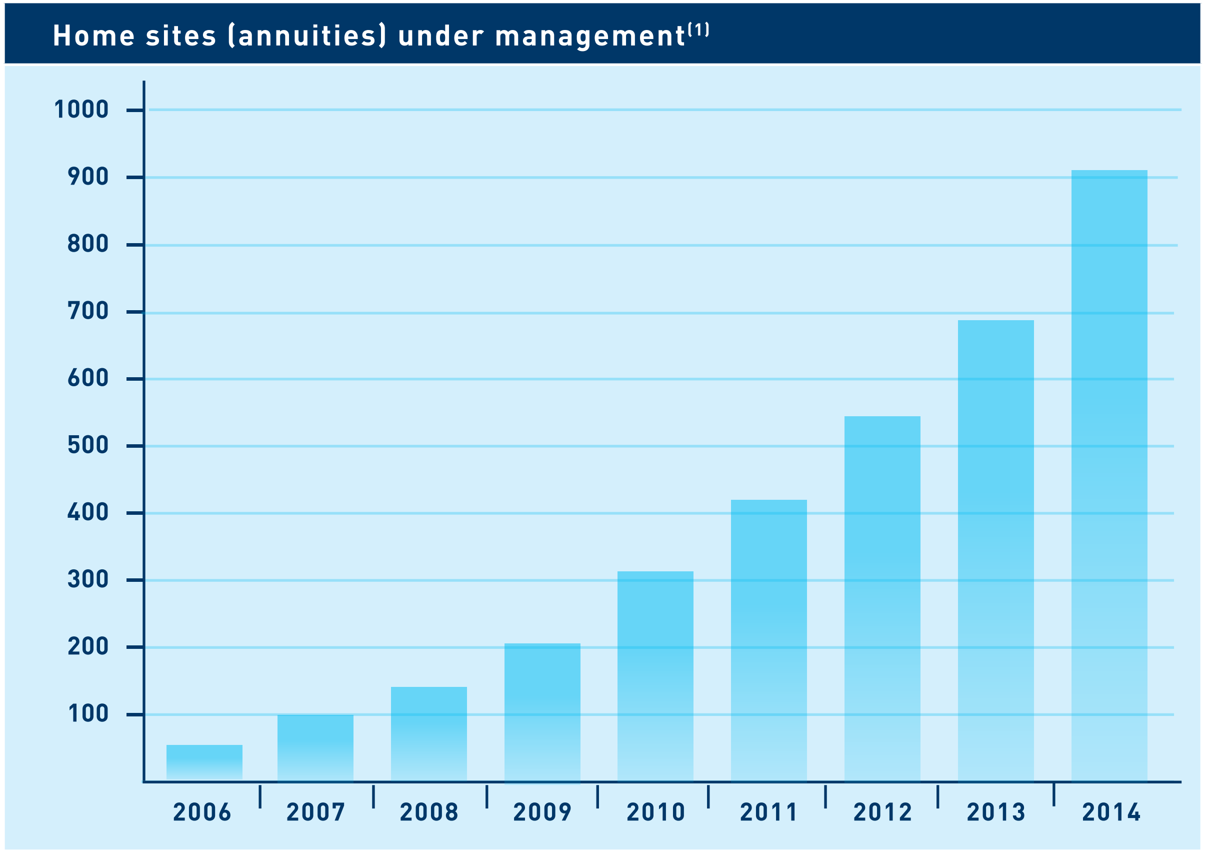
Three additional sites acquired during the last 12 months

CONTENTS

This document should be read with the Disclaimer on page 43

Lifestyle Communities delivered strong growth during FY2014

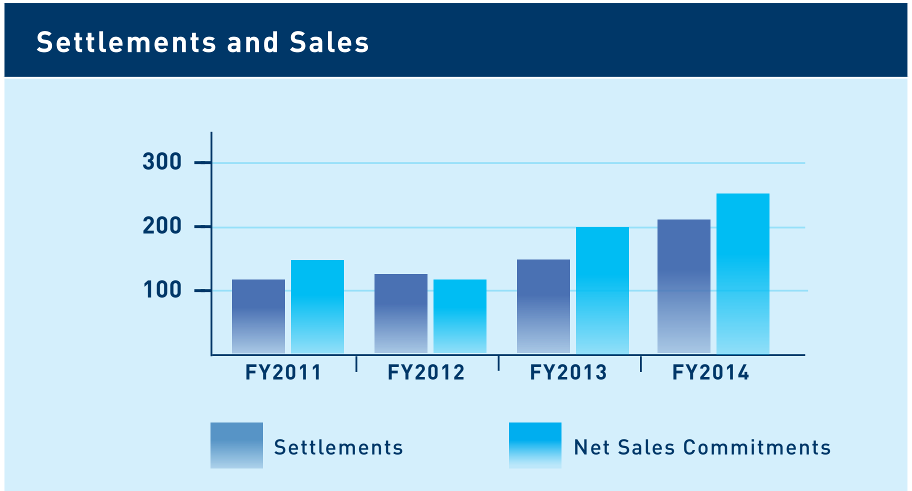
- Another strong year of settlements (211) and sales (267)[1]
- 906 occupied home sites[1]
- Over 1,300 homeowners[1]
- Portfolio of 1,779 home sites[1] [2]
- 23 resale settlements during the year
- Settled two new sites at Wollert and Geelong and an expansion site at Chelsea Heights
- Subsequent to year end contracted land at Rosebud located on Melbourne's Mornington Peninsula[3]

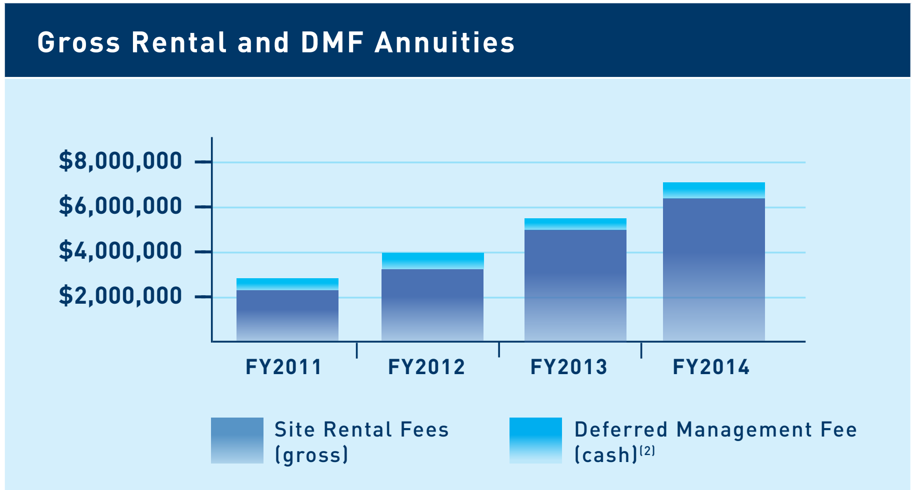


A proven business model structured for sustainable growth

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

1.2 KEY METRICS

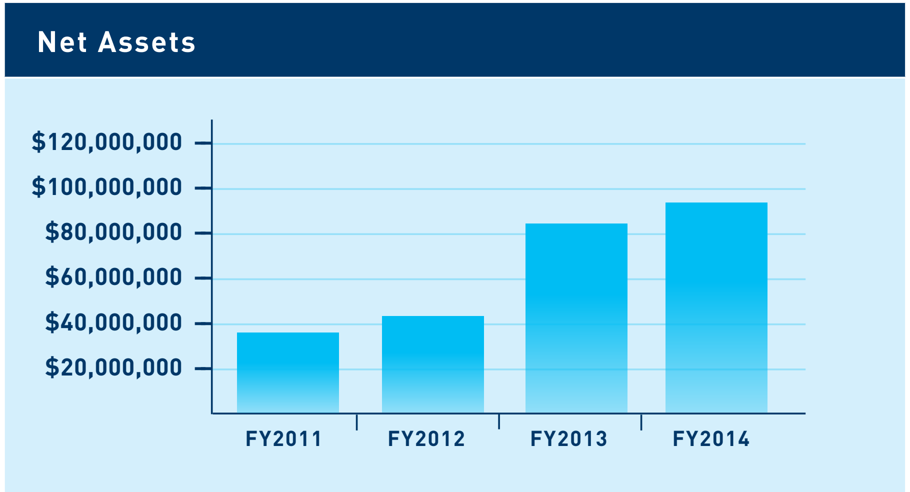




- Another strong year of settlements and sales
  - 211 home settlements in FY2014 compared to 149 in FY2013[1]
  - 267 net sales commitments in FY2014 compared to 190 in FY2013[1]
- Achieved 23 resale settlements in FY2014 compared to 10 in FY2013
- Annual rental income $6.5 million
- 23 resales provided DMF of $0.9 million[2]

Continued growth in annuity income as portfolio builds and matures

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



- Net assets $95.0 million (at 30 June 2014) up from $82.6 million (at 30 June 2013)
- Gearing (net debt to net debt plus equity) at 23.3% (as at 30 June 2014) up from 17.7% (at 30 June 2013). This is within our target of around 25% or lower

Robust balance sheet with capacity to grow portfolio

Lifestyle Communities' portfolio continues to grow

Communities	Total home sites in communities	Home sites sold & occupied	Home sites sold & awaiting settlement	Home sites occupied and awaiting settlement	
				#	%
Existing Communities – Mature					
Melton	228	228	-	228	100%
Tarneit	136	135	1	136	100%
Warragul	182	168	13	181	99%
Existing Communities – Selling and Settling					
Cranbourne[1]	217	173	24	197	91%
Shepparton	221	60	28	88	40%
Chelsea Heights[1]	104	97	5	102	98%
Hastings	141	45	65	110	78%
Chelsea Heights Expansion	82	-	71[5]	71	87%
Wollert	154	-	20[5]	20	13%
New Communities - Awaiting Commencement					
Geelong[2]	164	-	-	-	-
Rosebud[2]	150	-	-	-	-
Total Home Sites[3]	**1,779**	**906[4]**	**227[6]**	**1,133**	**64%**

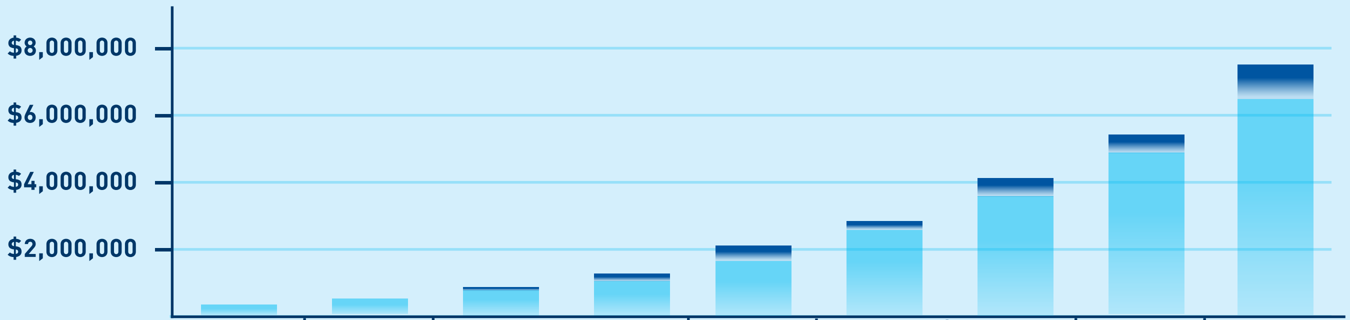
Notes: (1) Represents 100% of the development of which Lifestyle Communities will share 50%
(2) Commencement of construction subject to planning approval and/or final contracts
(3) Lifestyle Communities will have an economic interest in 1,578 home sites
(4) Currently collecting annuity income (rent and DMF income) on these sites
(5) First settlements expected in second half of FY2015
(6) Represents sites in the sales bank awaiting settlement as at 30 June 2014

Section 2

FINANCIAL & OPERATIONAL RESULTS

Nine Years of Growing Annuity Income Streams

Annuity Income



	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total number of homes settled[1] (cumulative)	45	100	138	202	305	412	546	695	906
Number of resales attracting a DMF	-	-	1	4	11	8	11	10	23

There are two components to the annuity stream:

1. Site Rental Fee

- Approximately $165.00 per week per home
- Indexed at greater of CPI or 3.5% p.a.
- Annual rental income at 30 June 2014 was $6.5 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
- Includes selling and administration fees
- In established communities, approximately 10% of homes are estimated to re-sell in any given year as the age profile of residents matures
- 23 resales provided DMF income of $0.9 million in FY2014[2]

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

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

Referrals provided 25% of total sales

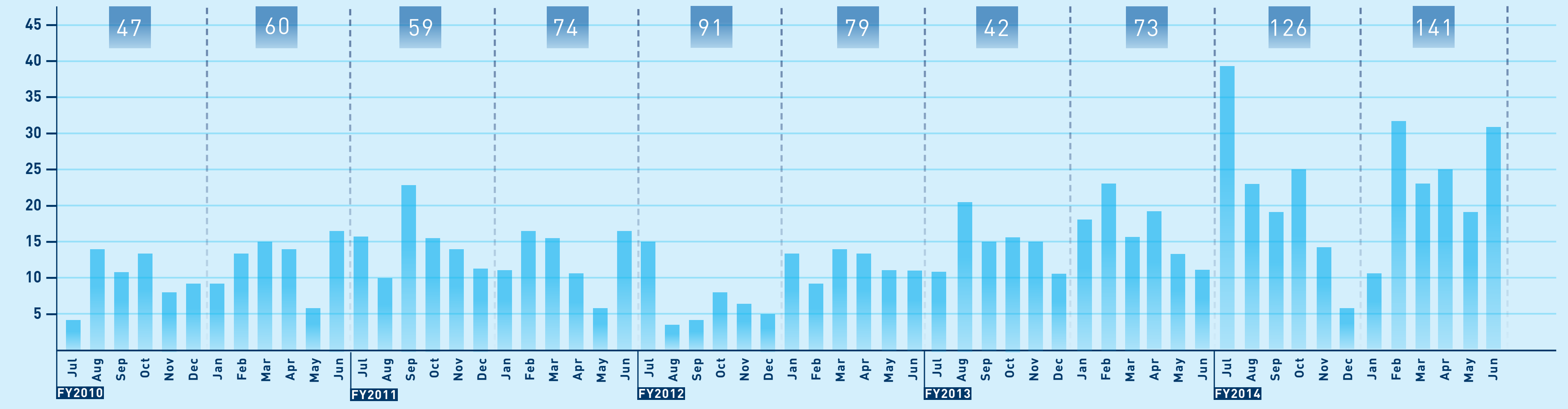
Sales Commitments

- 267 new home sales in FY2014[1].
- Hastings and Chelsea Heights sales exceeding expectations.
- Warragul and Shepparton sales tracking to expectation.
- Cranbourne slightly below expectation as project comes to an end; still achieving 3 sales per month.
- Sales commenced at Wollert during the year.
- Current committed sales bank as of 30 June 2014 is 227; this compares to a sales bank of 171 as at 30 June 2013.

Settlements

- 211 settlements in FY2014.[1]
- 65 settlements at Chelsea Heights, 45 at Hastings, 38 at Cranbourne, 32 at Warragul, 28 at Shepparton and 3 at Tarneit.
- First settlements at Hastings occurred in September 2013.
- Expecting first settlement at Chelsea Heights expansion and Wollert in second-half of FY2015.

Monthly customer commitments - July 2009 to June 2014



Note: (1) Lifestyle Communities has an economic interest in 207 new home sales and 159 settlements after allowing for non-controlling interests

2.3 PROFIT & LOSS

Profit & Loss highlights	FY2013 ($'000)	FY2014 ($'000)	% Movement
Home settlement revenue	36,552	54,812	↑ 50%
Rental revenue	4,892	6,549	↑ 34%
Deferred management fee[(1)]	381	910	↑ 139%
Total revenue	**43,459**	**63,718**	↑ **47%**
Cost of sales	(28,298)	(41,057)	
Home settlement margin	23%	25%	↑ 2%
Gross profit	**15,161**	**22,660**	↑ **49%**
Fair value adjustments	9,825	12,254	↑ 25%
Development expenses	(3,450)	(3,263)	↓ 5%
Community management expenses	(2,128)	(3,462)	↑ 63%
Corporate overheads	(3,500)	(3,801)	↑ 9%
Finance costs	(2,077)	(2,228)	↑ 7%
Net profit before tax	**12,864**	**21,074**	↑ **64%**
Net profit after tax			
Members of the parent	**6,965**	**12,278**	↑ **76%**
Non-controlling interests	2,471	3,852	↑ 56%
Total net profit after tax	**9,436**	**16,130**	↑ **71%**

- Net profit attributable to shareholders up 76% to $12.3 million
- Home settlement revenue up $18.3 million to $54.8 million; average realisation uplift of 6% to $286k (GST inclusive)
- Cash deferred management fees up by 139% to $0.9 million (inclusive of selling and administration fees)
- Development expenses in FY2013 included $0.65 million investment in marketing, expenses in FY2014 are at normalised levels based on number of active developments
- Community management expenses increased due to homeowners now residing at Lifestyle Hastings and a full year of operations at Lifestyle Chelsea Heights. This is in addition to normal growth within mature communities

Profit growth in line with increased settlements

Note: (1) Inclusive of selling and administration fees

2.4 BALANCE SHEET

Balance sheet highlights	FY2013 ($'000)	FY2014 ($'000)	% Movement
Cash and cash equivalents	16,144	2,757	
Other financial assets	-	1,000	
Inventories	21,274	22,516	
Total current assets	38,978	29,854	↓ 23%
Trade and other receivables	8,344	11,676	
Inventories	14,251	11,569	
Other financial assets	2,000	5,000	
Investment properties	74,974	99,626	
Total non-current assets	100,547	130,300	↑ 30%
Total assets	**139,524**	**160,154**	↑ **15%**
Trade and other payables	9,565	11,075	
Interest-bearing loans and borrowings	5,692	5,100	
Total current liabilities	15,552	17,573	↑ 13%
Interest-bearing loans and borrowings	28,182	30,534	
Deferred tax liabilities	12,939	16,786	
Total non-current liabilities	41,337	47,581	↑ 15%
Total liabilities	**56,889**	**65,155**	↑ **15%**
Net assets	**82,635**	**94,999**	↑ **15%**

- $16.8 million deployed for land settlements at Chelsea Heights, Wollert and Geelong
- $4 million placed on term deposit representing liquidity buffer
- Gearing (net debt to net debt plus equity) was 23.3% at year end within our target range of around 25% or lower
- Total project bank facilities of $26.2 million of which $11.1 million were drawn at year end

Balance sheet remains strong with gearing below 25%

2.5 CASH FLOW

Cash flow highlights	FY2013 ($'000)	FY2014 ($'000)
Receipts from customers	46,462	69,097
Payments to suppliers and employees^	(43,169)	(56,850)
Net interest payments	(3,355)	(2,788)
Cash flows from operations	**(42)**	**9,459**
Project capital expenditure (civil and facilities infrastructure)	11,315	9,395
Cash flow from operations (excluding project capital expenditure)	**11,273**	**18,854**
Payment for term-deposit	-	(4,000)
Purchase of investment properties	(76)	(16,754)
Cash flows from investing activities	**(478)**	**(21,347)**
Net movement in borrowings	(21,161)	1,221
Dividend paid	(782)	-
Entitlement offer and placement	35,300	-
Distribution paid to non-controlling interests	-	(2,708)
Cash flows from financing activities	**13,334**	**(1,500)**
Net cash flows	**12,814**	**(13,387)**
Opening cash	3,330	16,144
Closing cash (excluding funds on deposit)	**16,144**	**2,757**
Liquidity buffer funds on deposit	-	4,000
Adjusted closing cash	**16,144**	**6,757**

- Adjusted cash flows from operations (excluding project capital expenditure) up by 67% to $18.9 million
- $16.8 million deployed for land settlements at Chelsea Heights, Wollert and Geelong
- $4 million placed on term deposit representing liquidity buffer, when added to cash there is $6.8 million at year end

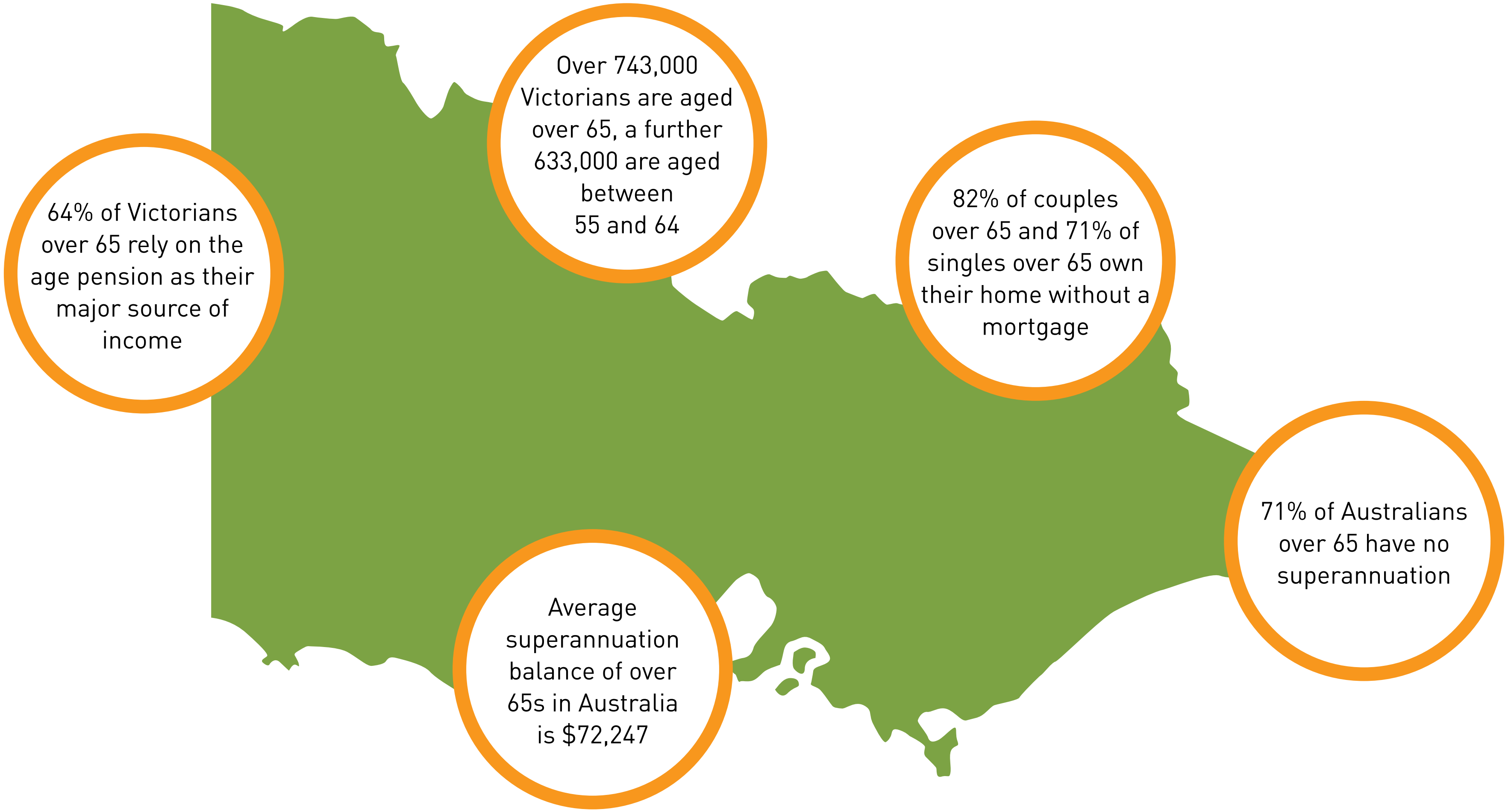
^ Due to Lifestyle Communities accounting policies and legal structure, payments to suppliers and employees includes all gross costs of infrastructure construction (i.e. civil works, clubhouse and other facilities). Under some other structures these costs may be classified as investing cash flows. Therefore 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 3 for a detailed break-down of development and management cash flows per community for FY2014 and FY2013.

Section 3

MARKET

Lifestyle Communities operates in an under-serviced sector of the over 55's housing market with a focus in Victoria



The affordable housing market for over 55's in Victoria continues to grow

Source: ABS 2009-10 / 2011-12

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

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 double between 2005 and 2021, and then double again by 2051
- Within a generation, 1/3 of Australians are going to be aged over 55 and close to 1/4 will be over 65
- Between 2001 and 2011 Victoria's over 55 population grew by 30%, compared to a total population increase of 15%

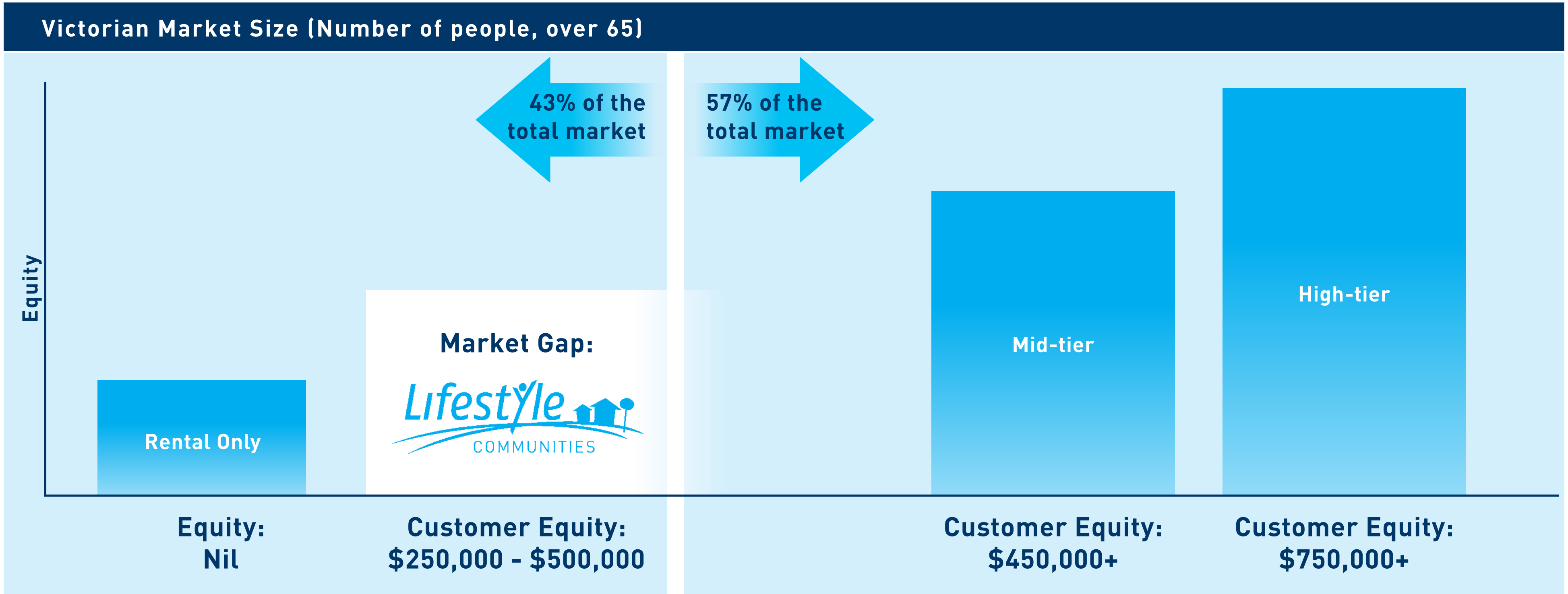
Ageing in place

- Due to cost pressures, shortages of beds and government policies, ageing in place is a theme that will become more prevalent over the coming years
- This is anticipated to result in additional government initiatives to assist people stay in their primary residence for longer

The Lifestyle Communities offer addresses these key market themes

Source: ABS 2010-2012

Lifestyle Communities' affordable housing solution targets the largest segment of the market



The market opportunity is under serviced

Source: ABS 2011-12

Straddling two segments but focusing on the ageing baby boomer

War Generation (1925-1945)

- Aged 69-89
- Negative trigger buyers
- Characterised by:
  - Conservative
  - Frugal
  - 'Bear the burden'
  - Experienced in hardship

Key Message

Health and security

Key Channels

Traditional media

Marketing Transition

Messaging & Channels

Baby Boomer Generation (1946-1964)

- Ageing into the retirement space
- Positive trigger buyers
- Characterised by wanting to:
  - Maintain control
  - Free up equity to enjoy
  - Want to own their home
- Greater expectations

Key Message

Downsize to a bigger life

Key Channels

Digital & below-the-line

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

Socio/Economic Profile

- Majority on pension/benefit
- Located outer urban Melbourne
- Low levels of superannuation
- Accept pension will be part of life
- 66% couples, 28% single women, 6% single men homeowners

Buyer Behaviour

- Transparency & Openness
- Detail
- Trusted information sources
- Straight talking
- No pressure
- Demonstrate value for money

Triggers

- Security - Financial
- Safety - Personal
- Fear of being unable
- Maintenance (time and cost)
- Health/physical state

Roadblocks

- Getting rid of stuff
- The cost of a bad decision
- Fear of losing independence
- Retirement Village stigma
- Magnitude of decision

Drivers

- Independence
- Maintaining control
- Social interaction

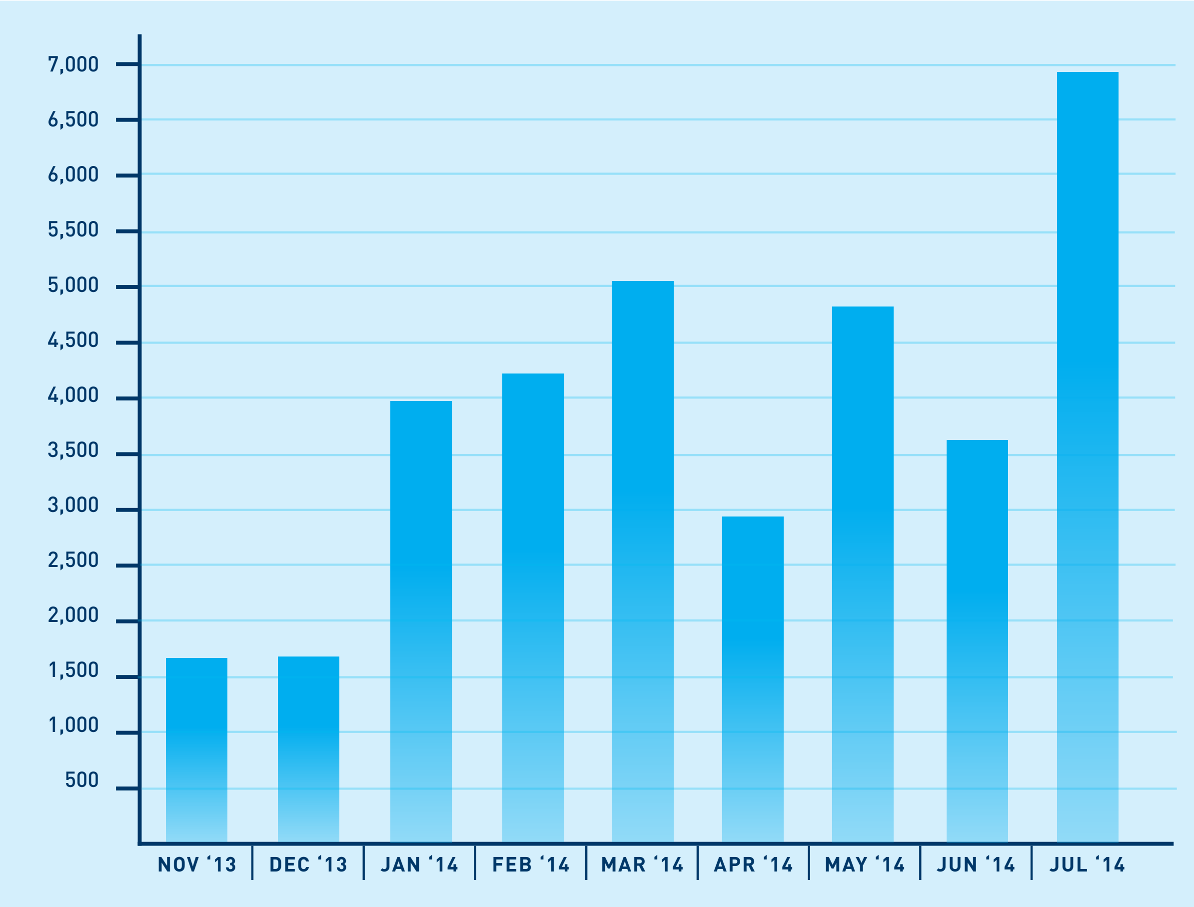
Influences

- Global & local economy
- The housing market and affordability
- Children, family and friends
- Brand credibility

Average entry age is decreasing as product appealing to a younger customer

Digital marketing providing increased traction as our customer becomes more computer literate

Website Unique Visitors: 1 November 2013 - 30 July 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
- Of our sampled homeowners, 77% use the internet daily, 80% use social media and 60% are multi-device users

Opportunity for more cost effective and targeted marketing

Section 4

BUSINESS MODEL

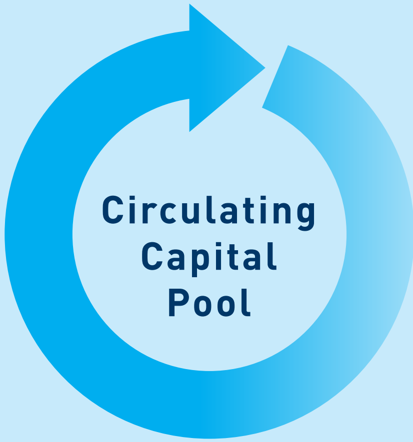
Lifestyle Communities will continue rolling out affordable housing for the over 55's

- Focused strategy to dominate the niche of affordable housing to the over 55's market
- Lifestyle Communities' brand is now clearly differentiated in the consumer's mind against traditional retirement communities
- Funded and resourced to roll-out a new community every 12-18 months subject to identification of appropriate sites
- Presently focused in Melbourne's growth corridors as well as key Victorian regional centres

Lifestyle Communities will continue to grow its portfolio of affordable communities

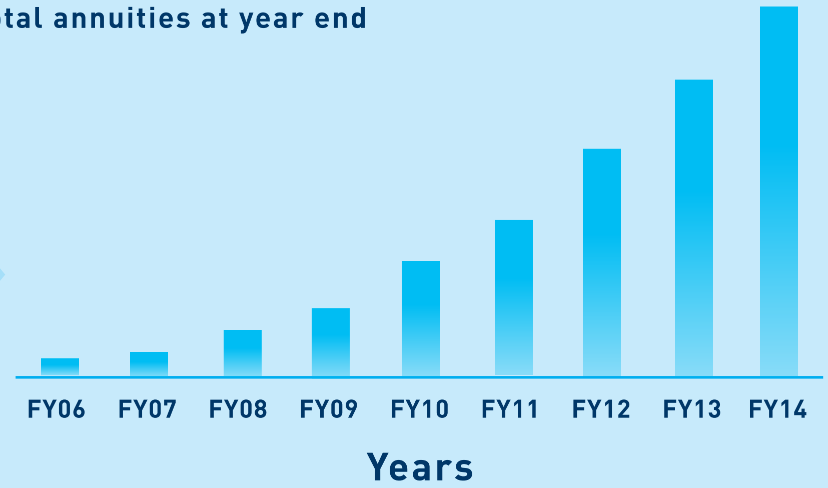
Lifestyle Communities has a low risk sustainable business model

Development Business



Lifestyle Communities aims to recover 100% of its cash development costs from home sales

Community Management Business



Note: Not to scale

As at 30 June 2014			
Total home sites in portfolio[(1)(2)]	1,779	**Total occupied home sites**[(2)]	906

The growing level of free cash flow from the community management business provides the basis for future dividends

Note: (1) Settled, under development or subject to planning
(2) Represents gross numbers not adjusted for joint venture interests

4.2 BUSINESS MODEL (CONT.)

Lifestyle Communities develops and manages affordable land lease communities delivering long term annuities from home site fees and resales

	Moving in	Living	Moving out
Customer Needs are satisfied by …	Move into a new, affordable, low maintenance home in a land lease community. Homeowner owns their house and has a 90 year lease over the land	Release of equity on downsizing and payment of affordable weekly rental with the benefit for pensioners of being subsidised by Government rental assistance	Net proceeds of home sale re-leased to homeowner to fund the next stage of life. DMF capped at 20% of the resale price
Our Business Model which provides …	Develop and sell new homes: • Relative to area median • Off the plan sales - no stamp duty • 100% cash development costs recovered	Land ownership: • Generates long-term (90 years) annuity income streams with a 3.5% or CPI increase. • Covered under Part 4A of the Residential Tenancies Act	On resale: • Assist vendor with sale to max-imise value • Crystallise DMF, capped at 20% of resale value
Attractive Shareholder Returns	• Cash generated by sale of home covers full cost of development • No erosion of capital pool • Capital redeployed in new community roll outs	• Growing rental income base with each new settlement • Rental increases linked to CPI or 3.5% • Strict cost management across business operations	• DMF income on resale of homes adds to community management cashflows

Circulating capital for pipeline of development projects

Lifestyle Communities has a differentiated business model that produces long-term growing CPI indexed annuity streams for its investors

Features	Benefits
Lifestyle Communities is the developer, sales agent and manager of its affordable communities	Lifestyle Communities control all touch points with its customers which translates into high levels of service delivery and brand recognition
Lifestyle Communities operates a "Land Lease" model whereby homeowners purchase their home but not the underlying land. Lifestyle Communities retains long-term ownership of the land	Assists in achieving affordability by reducing the purchase cost and enabling homeowners to access Federal Government Rental Assistance
Homeowners enter a 90 year lease agreement with Lifestyle Communities	Lifestyle Communities is the beneficiary of long term CPI linked income stream as well as a share of the resale proceeds when homeowners sell their home
Communities are regulated under the Residential Tenancies Act (VIC) 2011	Reduces operating costs through exemptions on land tax, stamp duty and ability to access land that is not necessarily Residential Zone 1
Focus on greenfield opportunities	A greenfield development reduces sales risk assuming the site location is well positioned. Returns are maximised as all capital is able to be recycled and therefore providing annuity returns from a 'nil' capital base

Lifestyle Communities has two components to its business

Community roll-out

Attributes

- Circulating pool of capital
- Used to fund development of communities
- Aim to recover 100% of cash costs (land, civils, housing, marketing, overhead allocation, interest from home sales)

Community management

Attributes

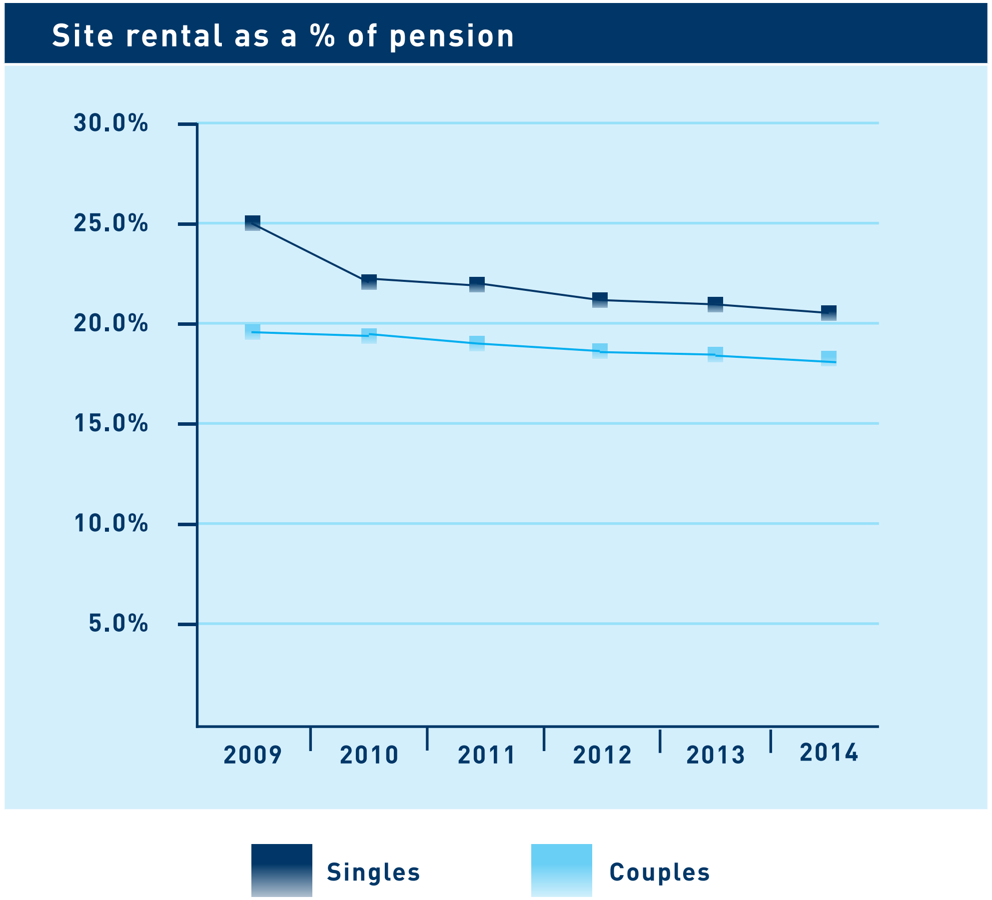
- Growing pool of annuities (homes settled)
- Large proportion of annuity stream is low volatility land lease income
- Exposure to house prices through Deferred Management Fee

Value drivers

Community roll-out		Community management
Sale and settlement of new homes	→	Growth in annuity income
Acquisition of premium sites	→	Increased DMF returns
Out-performance against budgeted cost	→	Disciplined cost control

Ensures preservation of capital and free cash flow for future dividends

Rent as a percentage of the pension remains affordable



- Lifestyle Communities' homeowners who receive the age pension are paying approximately:
  - 18.1% of their pension as rental (for couples) after rental assistance, reduced from 19.8% six years ago.
  - 20.8% of their pension as rental (for singles) after rental assistance, reduced from 25.3% six years ago.

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

Source: Australian Government Centrelink Website, March 2014

The company ensures diligent risk management at each stage of the development cycle

Financial	Site Selection	Community Roll Out	Sales	Community Management
• Strong balance sheet • Low gearing • Liquidity	• Long-term experience in the market • Detailed land strategy and due diligence on target sites	• Level of pre-sales determines stage commencement • Stage-by-stage construction	• Control customer touch points by targeted marketing and transparency • Diversification through multiple site exposures	• Rigorous staff selection • Very transparent sales and contract process • Maintain community to a high quality • Operational cost control

Disciplined approach to each stage mitigates risk

Section 5

OUTLOOK

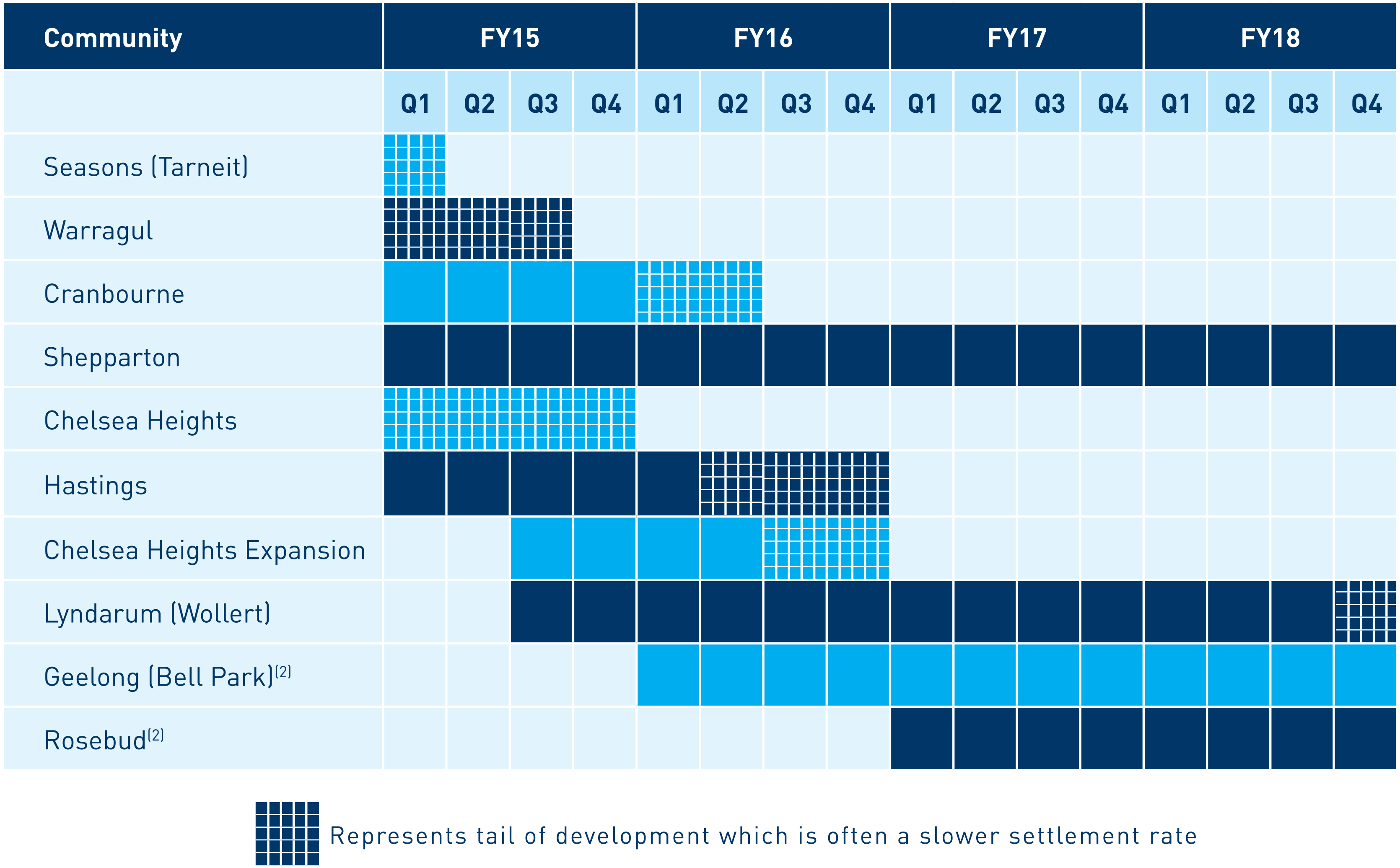
Lifestyle Communities capitalises on the solid base established for growth

- Emerging baby boomer driving increased customer interest
- Company's portfolio (settled, under development and subject to planning) now at 1,779[1] following recent acquisition of Rosebud site
- Subject to the performance of the business in FY2015 forecast to pay a dividend in respect of FY2015
- Expect settlements in FY2015 to be approximately the same as for FY2014
- Anticipate an increase in net profit after tax attributable shareholders in FY2015 compared to FY2014 due to:
  - lower percentage of settlements attributable to JV's
  - increased net rental income
  - expected increase in resale settlements
- Profit expected to be biased to 2HFY2015 due to first settlements from Chelsea Heights expansion and Wollert

Lifestyle Communities' model targeted to the emerging baby boomer

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

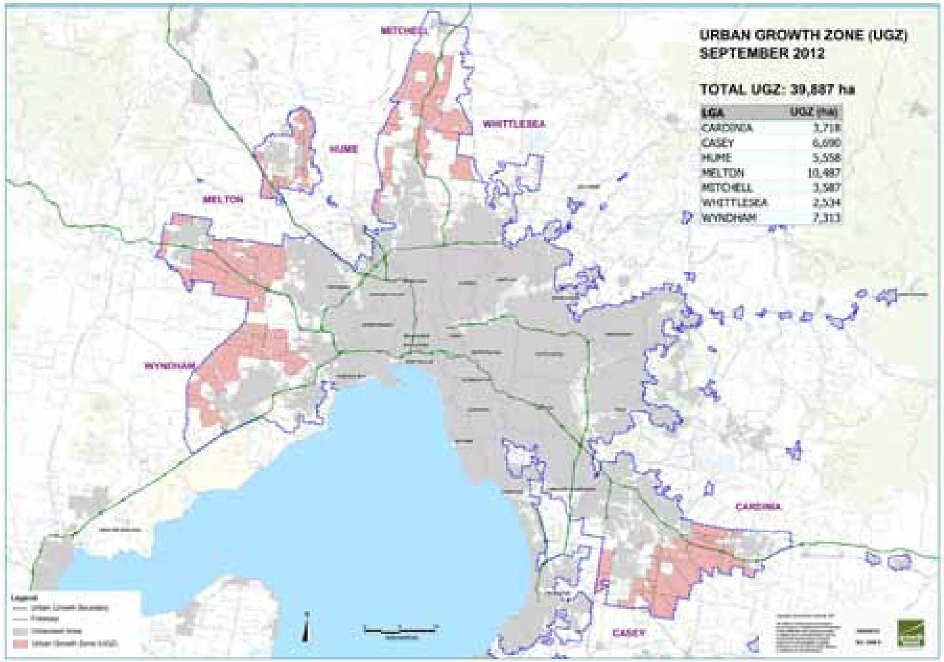
Currently 1,779 homes in the portfolio[1]



Notes: (1) Settled, under development or subject to planning; gross numbers not adjusted for joint venture interests
(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

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

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

As a general principle, the Directors of Lifestyle Communities intend to pay dividends out of post tax, operating cash flow generated from community management.

Considerations in determining the level of free cash flow from which to pay dividends will include:

- Operating cash flow generated from community management
- The projected tax liability of Lifestyle Communities Limited
- The level of corporate overheads attributable to the roll out of communities (currently 50%)
- 50% of development fees derived from joint ventures (matching the 50% of corporate overheads incurred)
- The level of interest to be funded from free cash flow
- Additional capital needs of the development pool

No dividend has been declared in respect of FY2014.

Subject to the performance of the business in FY2015 forecast to pay dividend in respect of FY2015.

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

- FY2014 delivered another strong result for net sales commitments (267) and home settlements (211)[1]
- Annuity income from homeowner rentals grew by $1.6 million to $6.5 million as a result of having 906 settled homes
- Net profit attributable to shareholders up 76% to $12.3 million
- Funded and resourced to roll-out a community every 12-18 months subject to identification of appropriate sites
- Growth in net profit after tax attributable to shareholders expected to continue in FY2015

A proven business that is structured for sustainable growth

Note: (1) Represents gross numbers not adjusted for joint venture interests
(2) Settled, under development or subject to planning

Appendix

A.1 SALES AND SETTLEMENTS

	New home settlements		New homes - net sales commitments		Resale homes settlements		Resale homes - net sales commitments	
	FY2014	FY2013	FY2014	FY2013	FY2014	FY2013	FY2014	FY2013
Brookfield	-	2	-	1	12	5	16	5
Tarneit	3	6	1	-	4	2	4	3
Warragul	32	27	26	26	2	3	(1)	6
Cranbourne	38	55	34	48	4	-	3	2
Shepparton	28	27	27	28	1	-	1	-
Chelsea Heights	65	32	18	60	-	-	-	-
Hastings	45	-	74	23	-	-	-	-
Chelsea Heights (expansion)	-	-	67	4	-	-	-	-
Wollert	-	-	20	-	-	-	-	-
Geelong	-	-	-	-	-	-	-	-
Rosebud	-	-	-	-	-	-	-	-
Total	**211**	**149**	**267**	**190**	**23**	**10**	**23**	**16**

A.2.1 INVESTMENT PROPERTY ANALYSIS

Community Valuation Summary						
	30 June 2014			Investment properties per financials 30 June 2014		
	Total homes	Homes occupied	Investment properties at cost[1] ($m)	At fair value ($m)	+ DMF asset[2] ($m)	Total fair value ($m)
Mature Communities						
Brookfield	228	228	6.85	20.39	4.22	24.61
Tarneit	136	135	3.68	11.66	2.47	14.13
Warragul	182	168	2.53	16.54	2.39	18.92
Communities under development						
Cranbourne^	217	173	3.87	11.48	1.00	12.48
Shepparton	221	60	3.59	7.94	0.32	8.26
Chelsea Heights^	104	97	3.54	9.31	0.19	9.49
Hastings	141	45	7.36	6.16	0.40	6.60
Chelsea Heights expansion	82	-	2.65	2.50	-	2.50
Wollert	154	-	7.13	6.70	-	6.70
Geelong	164	-	6.95	6.95	-	6.95
Total	**1,629**	**906**	**48.71**	**99.63**	**11.03**	**110.66**

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) Deferred Management Fee asset sits separate from investment properties in the balance sheet but forms part of the total investment property carrying value

	Community Valuation Metrics (on-completion)					
		Rental Metrics		DMF metrics (extracts from valuations)		
	Last valuation date	Rental cap. rate (from valuation)	Net rental per home (management assessment)	DMF discount rate	DMF terminal cap. rate	Average sale value (GST excl.)
Mature Communities						
Brookfield	Mar-14	8.5%	5,970	13%	10%	218,188
Tarneit	Mar-14	8.5%	5,545	13%	10%	243,690
Warragul	Apr-14	8.5%	6,381	13%	10%	235,715
Communities under development						
Cranbourne^	Jan-14	8.5%	6,300	13.5%	10%	277,123
Shepparton	Apr-14	9.0%	6,389	14%	10%	192,466
Chelsea Heights^	Apr-14	8.75%	6,255	14%	10.5%	276,409
Hastings	Apr-14	8.75%	5,885	14%	10.5%	251,235

^ 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.3.1 CASH FLOW ANALYSIS - FY2014

Supplementary Cash Flow Analysis for FY2014	Melton	Tarneit	Warragul	Cranbourne (50% JV)	Shepparton	Chelsea Heights (50% JV)	Hastings	Wollert	Geelong	Total
Total Number of Homes	228	136	182	217	221	186	141	154	164	1,629
Settled FY2013	-	3	32	38	28	65	45	-	-	211
Remaining homes and lots available to settle	-	1	14	44	161	89	96	154	164	723
Capital Cash Flows ($million)										
Land	–	–	–	–	–	(2.65)	-	(7.13)	(6.95)	(16.73)
Development Expenditure (development and sales)	-	(0.11)	(0.58)	(0.68)	(2.24)	(1.02)	(6.18)	(0.32)	(0.12)	(11.24)
Home Construction	-	(0.04)	(2.82)	(2.77)	(5.65)	(3.35)	(9.38)	-	-	(24.01)
Home Settlements	-	0.73	7.53	5.28	5.46	9.23	12.02	-	-	40.25
Net Development Cash Flows	**-**	**0.58**	**4.13**	**1.83**	**(2.43)**	**2.22**	**(3.54)**	**(7.46)**	**(7.06)**	**(11.73)**
Annuity Cash Flows ($million)										
Site Rentals (incl. Management Fees)	1.84	1.11	1.27	1.25	0.39	0.57	0.10	-	-	6.55
Deferred Management Fees Received[1]	0.32	0.16	0.08	0.14	0.03	0.01	-	-	-	0.74
Community Operating Costs	(0.61)	(0.50)	(0.41)	(0.47)	(0.35)	(0.23)	(0.17)	-	-	(2.75)
Net result from utilities	0.00	(0.01)	(0.02)	(0.02)	(0.04)	(0.03)	(0.03)	-	-	(0.16)
Share to non-controlling interests[2]	-	-	-	(0.30)	-	(0.10)	-	-	-	(0.39)
Net Annuity Cash Flows	**1.55**	**0.76**	**0.91**	**0.60**	**0.04**	**0.22**	**(0.10)**	**-**	**-**	**3.99**
Head Office Costs										(3.62)
Net Operating Cash Flows										**(11.36)**
Reconciliation to statutory cash flows										
Less – Interest										(2.79)
Add – Land (investing cash flow)										16.73
Less – Movement in inventory, creditors and JV fees										0.18
Add - Non-controlling interests in cash flows										6.69
Statutory Cash Flows from Operations ($million)										**9.46**

Notes: * LIC's economic interest is 159 units 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 interest

A.3.2 CASH FLOW ANALYSIS - FY2013

Supplementary Cash Flow Analysis for FY2013	Melton	Tarneit	Warragul	Cranbourne (50% JV)	Shepparton	Chelsea Heights (50% JV)	Hastings	Total
Total Number of Homes	228	136	182	217	221	105	141	1,230
Settled FY2013	2	6	27	55	27	32	–	149*
Remaining homes and lots available to settle	-	4	46	82	189	73	141	535
Capital Cash Flows ($million)								
Land	–	–	–	–	–	-	-	-
Development Expenditure (development and sales)	(0.22)	(0.25)	(0.76)	(0.67)	(3.13)	(2.94)	(3.03)	(11.00)
Home Construction	(0.08)	(0.06)	(1.29)	(2.84)	(3.74)	(3.00)	(0.18)	(11.19)
Home Settlements	0.38	1.36	5.99	7.46	4.90	4.50	-	24.59
Net Development Cash Flows	**0.08**	**1.05**	**3.93**	**3.95**	**(1.96)**	**(1.44)**	**(3.21)**	**2.40**
Annuity Cash Flows ($million)								
Site Rentals (incl. Management Fees)	1.76	1.06	1.02	0.90	0.14	–	–	4.88
Deferred Management Fees Received	0.22	-	0.14	0.02	–	–	–	0.38
Community Operating Costs[2]	(0.59)	(0.40)	(0.29)	(0.43)	(0.23)	(0.09)	–	(2.03)
Net result from utilities[3]	(0.13)	(0.01)	(0.06)	(0.03)	(0.05)	-	-	(0.28)
Share to non-controlling interests[4]	-	-	-	(0.14)	-	0.05	-	(0.09)
Net Annuity Cash Flows	**1.26**	**0.65**	**0.81**	**0.32**	**(0.14)**	**(0.04)**	**–**	**2.86**
Head Office Costs								(3.12)
Net Operating Cash Flows								**2.14**
Reconciliation to statutory cash flows								
Less – Interest								(3.34)
Add – Land (investing cash flow)								-
Less – Movement in inventory and creditors and JV fees								(1.37)
Add - Non-controlling interests in cash flows								2.53
Statutory Cash Flows from Operations ($million)								**(0.04)**

Notes: * LIC's economic interest is 106 units after allowing for Joint Venture interests
(1) The Capital Pool allocated to developments materially reflects inventory and undeveloped land
(2) Included refurbishment works at Brookfield clubhouse of $0.08 million
(3) Includes one-off water costs of $0.17 million during the period
(4) Lifestyle Communities record 100% rental income and pay out 50% (after management fees) to non-controlling interests

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