Lifestyle Communities

Lifestyle Communities Limited

ABN: 11 078 675 153

Annual Report

For the Year Ended 30 June 2020

Lifestyle Communities:
Our Story and Purpose

When we bought our first site in 2003, there was a determination from our founders to create something that was different; to build communities that created a fulfilling lifestyle and a newfound sense of purpose for its homeowners. That motivation has driven significant growth from the humble beginnings of our inception to the creation of 22 communities (and growing) across Victoria.

It was in 2003 at Melbourne café Giorgio's that James Kelly, Dael Perlov and Bruce Carter sowed the first seed of the business - to create affordable and sustainable communities for the over 50s market. Their motivation to build homes that encompassed interactive and engaging urban design, coupled with exceptional resort-style facilities, was foreign to the existing retirement housing market. The landscape at the time was expensive with sub-standard amenities, and in nearly every instance, the homeowner was secondary to the purpose of the community.

Armed with extensive research and a passion to create something truly revolutionary, Lifestyle Communities was born with a purpose to be socially, morally and ethically responsible in creating affordable, homeowner-centric communities for retiring Australians.

The first Lifestyle Communities site was purchased in Brookfield (Melton) in 2004 with the intention to build 229 homes. A home designer was appointed, and the business adopted a design and service philosophy that still serves the business to this day: "You never get a second chance to make a first impression".

In 2006 we acquired more land in Shepparton and from there, three more sites were acquired across Victoria. The community-focused business model resonated strongly across the market to the extent that the business floated on the Australian Stock Exchange in 2007 (ASX: LIC). Lifestyle Communities' first shareholder remains on the register today with investors attracted to not only the ethical operating model, but the balanced returns resulting from our 90-year land lease model.

Over the next 13 years, the portfolio increased to 22 communities as operations continued to be refined in line with the needs of the homeowners. In 2017, we were awarded the 2017 Urban Development Institute of Australia (UDIA) award for Best Affordable Development in Australia; the first Victorian developer or operator to ever receive this national accolade.

From the beginning, Lifestyle Communities has been a business for purpose. At the heart of this is our values-based culture, developed to inspire our people to innovate and create memorable customer experiences. This unique alignment of culture, together with a vision to create extraordinary and affordable communities, allows Lifestyle Communities to empower possibilities for older Australians to live a bigger life.

Our Culture

Led from the top, our culture is shaped by the team living and breathing these behavioural traits, allowing us to deliver an amazing place to work and provide a wonderful experience to our homeowners.

Lifestyle COMMUNITIES

From an idea conceived over coffee in 2003, Lifestyle Communities now boasts over 15 active communities with 7 in various stages of development. The unique heritage and outstanding record of achievement are driven by the strong values culture established almost 20 years ago, standing the test of time and resonating to this day. Ever mindful of the adage “A customer may forget what you told them, but they will never forget how you made them feel”, we are committed to making our growing portfolio of over 3,600 homeowners feel included, empowered, respected, engaged and valued. Their story is integral to the continued success and growth of Lifestyle Communities today.

Contents

For the year ended 30 June 2020

The accompanying notes form part of these financial statements.

Chairman and Managing Director's Review

For the 2020 Financial Year

Dear fellow shareholders,

We are pleased to present to you the Lifestyle Communities Annual Report for the year ended 30 June 2020 and to set out the progress we have made towards meeting our objective of being the leading provider of high quality affordable accommodation for people over 50 in Victoria.

The 2020 financial year has been a difficult one for the company. A slower first half influenced by planning delays and road access issues outside our control meant less new home settlements than anticipated. Strong momentum between November and February recovered some lost ground but was unfortunately brought to a halt with the onset of the Covid-19 global health pandemic. For the 2020 financial year the Company achieved 253 new home settlements, below the target range of 270 to 310, which is the first time the target has been missed.

Covid-19 has been particularly challenging for our homeowners and our team, many of whom are in the higher risk demographic. Our facilities were rapidly locked down in March, slowly re-opened in May and June, only to be locked down again in early July. Our team adapted and adjusted to the rapidly changing environment and continue to plan for and respond to the impacts of the pandemic across all operations of the business into FY21.

Pleasingly, our team has managed to adapt quickly to the changing circumstances, and we continued trading throughout the year. Construction progressed, with our development team adopting Covid-safe practices at all construction sites and preparing contingency plans which have been implemented as further lockdown measures were introduced. Our sales and marketing teams focused on online platforms, digital media, and virtual sales appointments to retain momentum and the easing of restrictions in June led to an increase in enquiry back to pre-Covid levels, which gives us confidence that demand for our product remains.

We would like to acknowledge the work of our suppliers and business partners who similarly adapted quickly.

Our community management teams ensured that our communities complied with the Covid safe directives and initiated a number of health and well-being initiatives for homeowners in their homes.

The health and safety of our team and our homeowners remains our top priority as we move forward into FY21. We are committed to take an informed approach that is sensible, balanced, and kind, having regard to the expert medical advice of Australian authorities.

Lifestyle Communities provided 2,537 settled homes within our communities by year end. Over the year we increased our total portfolio of completed homes, homes under development, and homes yet to be developed to 4494, with the acquisition of four additional sites located at St Leonards, Pakenham, Clyde North, and Clyde.

We continued our focus on capital management to ensure the Company remains in a strong financial position. We extended our existing funding agreements with The Commonwealth Bank of Australia, National Australia Bank and HSBC Bank Australia to increase the debt facility by $50 million to a total of $275 million. This additional liquidity sees us well capitalised to trade through the current economic environment as well as look for any future land acquisition opportunities that may arise.

Our land acquisition plan remains focused in Victoria where we continue to build on our brand and referral network. We have the capacity to secure two new sites per year with the possibility of an additional site over and above this as we continue to investigate opportunities in Melbourne's key growth corridors.

Our development activity is currently focused on our newest communities at Mount Duneed, Plumpton, Wollert, Kaduna Park, and St Leonards and gives us the ability to contribute between 900 and 1,100 homes to our portfolio over the next 3 years but may be impacted by the ongoing uncertainty and restrictions in relation to the Covid-19 pandemic on the Victorian property market. We are looking forward to welcoming our final homeowners at Shepparton and Ocean Grove, both of which are now fully sold out, and planning activities continue at St Leonards, Tyabb, Pakenham, Clyde North, and Clyde. Our latest project at St Leonards launched for sale in August 2020 and construction has now commenced.

Acting prudently to take into account the financial impact of the pandemic, while recognising the increasing and sustainable rental annuity stream, the Company declared a final dividend of 2.5 cents per share, bringing the full year dividend to 5.5 cents per share, in line with the full year dividend for FY19. Due to legislation introduced by the Victorian Government during the Covid-19 pandemic, the Company was not able to apply a rental increase on 1 July 2020. The next increase is due on 1 July 2021.

As part of Board renewal, long serving Non-Executive Director and Chair, Tim Poole retired in August 2019. We want to acknowledge and thank Tim for his outstanding leadership of the Board and significant contribution to the Company's strategic growth during his tenure. In appointing a new member to the Board with the requisite skills and experience to continue to drive the Company's strategy, we were pleased to welcome Mark Blackburn. Mark has extensive audit, risk and finance experience and has been appointed Chair of the Audit Committee.

We are pleased to announce the Lifestyle Communities foundation donated over $114,000 this year to cancer-based charities. The foundation is funded through allocating $50 for every home that we have under management and is directed towards matching what communities raise in supporting cancer-based charities.

Our management team has performed superbly throughout the year, especially over the past six months, and we thank each and every member of the team for their commitment and dedication to our values and in working collectively to execute on the Company's mission.

Finally, on behalf of the Board, we would like to thank all our homeowners, our talented team, and our shareholders for great support during the 2020 financial year.

James Kelly
Managing Director
12 August 2020

Philippa Kelly
Chair
12 August 2020

The accompanying notes form part of these financial statements

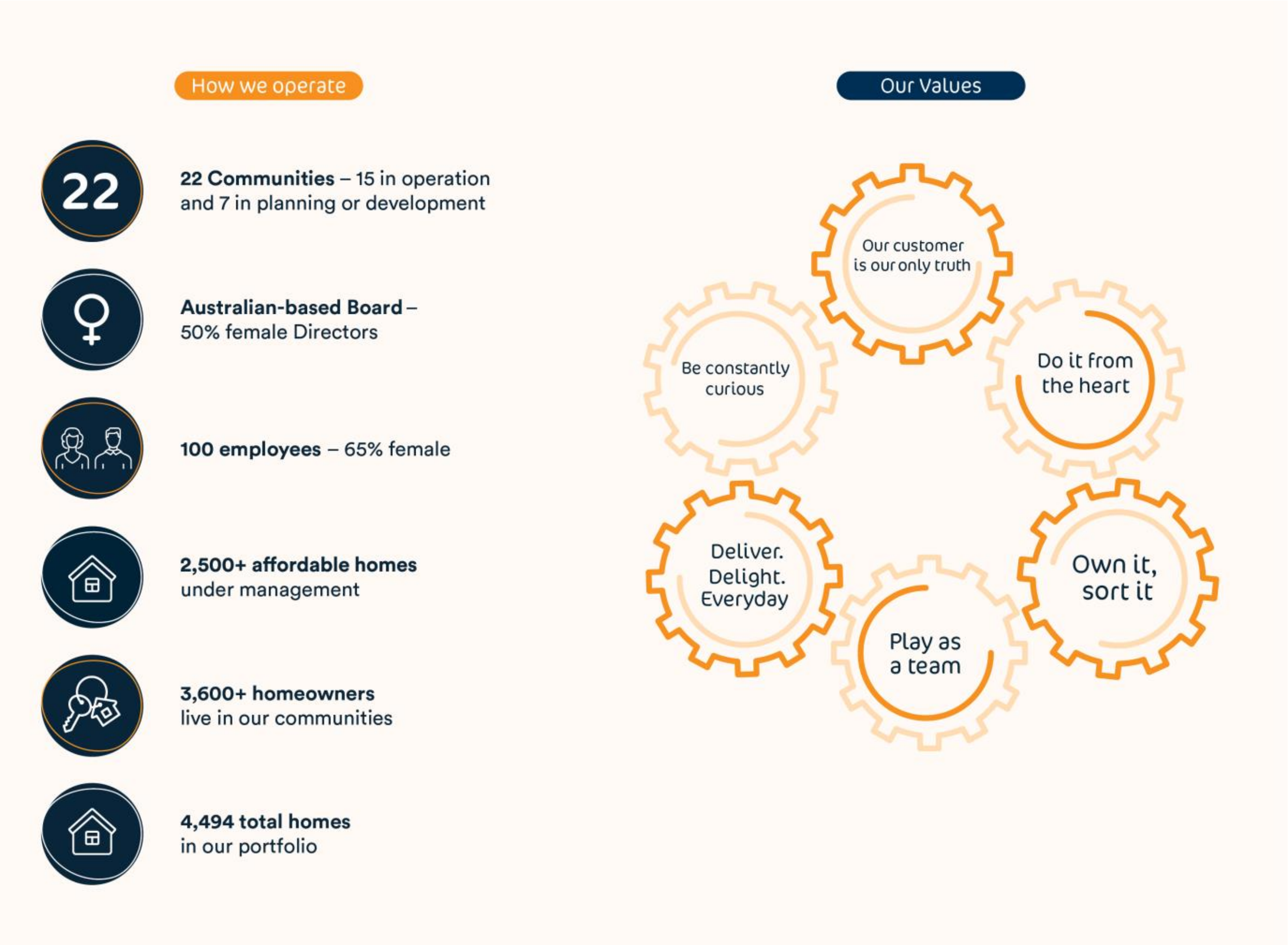
"I want those brighter days ahead to be the brightest I've ever had!"

Directors' Report

For the year ended 30 June 2020

Our Business

Lifestyle Communities builds, owns, and operates land lease communities which provide affordable housing options to Australians over 50. Developed as an affordable housing solution for Australia's ageing population, Lifestyle Communities' land lease model allows working, semi-retired, and retired people over 50, to downsize from their family home to free up equity in retirement, whilst enjoying resort style living including pools, gyms, clubhouse, cinema, lawn bowls, tennis and much more.



The Directors are pleased to present their report together with the financial report of the consolidated entity consisting of Lifestyle Communities Limited and the entities it controlled (the Group), for the year ended 30 June 2020 and the auditor's report thereon. There were no significant changes in the nature of the Group's principal activities during the financial year.

Directors' Report

For the year ended 30 June 2020

Our Board and Governance

The Board is accountable to securityholders and responsible for demonstrating leadership and oversight so that the operations of Lifestyle Communities are managed effectively. The Board has responsibility to:

- Uphold and support the culture and values of Lifestyle Communities.
- Positively contribute to the performance of the Company, including the creation of shareholder value; and
- Increase the confidence of all stakeholders including homeowners, security holders, employees, suppliers, and the broader community

Information on Directors

The names, qualifications, experience and special responsibilities of each person who has been a director during the year and to the date of this report are:

Philippa Kelly, Non-Executive Director (LLB, F Fin, FAICD)

Philippa has been a Director of Lifestyle Communities Limited since September 2013 and was appointed Chair in August 2019.

Philippa is also a member of the Audit Committee (Chair until August 2109), and Remuneration Committee

Philippa has more than 20 years' experience in senior operational and leadership roles within the property sector. She was formerly Chief Operating Officer of the Juilliard Group, one of Melbourne's largest private property owners. Previously she was Head of Institutional Funds Management of Centro Properties Group (now Vicinity Centres).

Philippa has a background in law and investment banking, specialising in IPOs and mergers and acquisitions. She has extensive experience across governance and risk management, property and finance.

Philippa is currently a Non-executive director of oOh!media and Hub Australia. Philippa is a Deputy Chancellor of Deakin University and Chair of its Finance and Business Committee.

James Kelly, Managing Director (BBldg)

James was appointed Managing Director in September 2007 and is one of the founders of Lifestyle Communities Limited.

With over 40 years' experience in property development and construction, James brings to Lifestyle Communities a wealth of knowledge and experience in the property industry. Prior to establishing Lifestyle Communities, James held several senior management roles in property and related sectors, including CEO of Dennis Family Corporation and roles at Coles Myer and Lend Lease Corporation. James is the founding Chair of the Residential Land Lease Alliance, the peak body for the land lease industry. He is also on the Board of the Caravan Industry Association of Australia. James has not held any directorships in any other listed entities during the past three years.

Directors' Report

For the year ended 30 June 2020

The Honourable Nicola Roxon, Non-Executive Director (BA/LLB (Hons), GAICD)

The Honourable Nicola Roxon was appointed to the Board of Lifestyle Communities Limited as a Non Executive Director on 1 September 2017. Ms Roxon is also Chair of the Remuneration Committee.

Ms Roxon's current roles are Independent Chair of HESTA, and a Director of Dexus, Utilities Trust of Australia and Health Justice Australia.

Her previous non-executive roles include Chair of Bupa, Cancer Council Australia, the Accounting Professional and Ethical Standards Board and an Adjunct Professor at the Sir Zelman Cowen Centre at Victoria University.

Ms Roxon has more than 20 years' experience with a background in the public sector and significant expertise in highly regulated consumer industries and the not for profit sector. Ms Roxon has deep industry knowledge of the health, government and professional services sector. In 15 years in politics she held many relevant positions including Federal Attorney General and Federal Minister for Health and Ageing. She worked previously as an Industrial lawyer and advocate at Maurice Blackburn and the National Union of Workers.

Georgina Williams, Non-Executive Director (BCom, BA, GAICD)

Georgie is a professional director and serves on a number of boards.

As well as Sunsuper she is currently a director on ASX listed Reece Ltd and Lifestyle Communities Ltd. On both Reece and Lifestyle Georgie also serves as a member of the Audit committees.

Further, Georgie is currently on the Board of Directors for UN Women Australia.

Georgie has over 25 years experience in Banking and Superannuation including roles as Chief Executive Officer, Food and Wine Victoria; Group Executive Engagement, Advocacy and Brand at Australian Super; and Head of Brand and Marketing at the Bank of Melbourne. She has also held a number of executive positions at NAB over many years in both Australia and the United Kingdom, which included roles in the commercial banking, wealth, strategy and marketing departments.

She was recognised as one of Australia's Top 50 CMO's in 2016 by CMO Magazine. She currently serves as a judge on the Top 50 CMO panel 2019 determining Australia's top marketers.

She is a member of AICD and a graduate of the AICD director's course. Georgie was appointed as a Director of Sunsuper in July 2018.

Mark Blackburn, Non-Executive Director (Dip of Bus (Acc) GAICD)

Mark was appointed to the Board of Lifestyle Communities Limited as a Non – Executive Director on 1 December 2019. Mark is also Chair of the Audit Committee.

Mark is currently Group CFO and Company Secretary of McMillan Shakespeare with over 23 years' experience as a CFO in both listed and unlisted companies in the financial services, manufacturing, and mining services sectors. He was previously CFO at iSelect, a comparison website and online insurance broker, and prior to that was CFO at IOOF, a listed funds management business. In particular, he has experience in financial management and advice, management of financial risks, management of key strategic projects, acquisitions and establishing joint ventures.

David Blight, Non-Executive Director (BAppSc)

David Blight was appointed to the Board of Lifestyle Communities Limited as a Non-Executive Director on 15 June 2018.

David has more than 35 years of experience in property investment, development and management in Australia and globally. He is currently the Co-founder and CEO of ARA Australia, the Australian business of Singapore based ARA Asset Management Limited.

David's previous roles include Vice Chairman of ING Real Estate and Global Chairman and CEO of ING Real Estate Investment Management based in The Netherlands. He has also held senior executive positions with Armstrong Jones, Mirvac Group and APN Property Group.

David is also a Non-Executive Director of the ASX listed Japara Healthcare Limited and various private companies.

Tim Poole, Non-Executive Chair (BCom)

Tim was appointed as a Non-Executive Director of Lifestyle Communities Limited on 22 November 2007 and was appointed Chair on 31 December 2012. Tim resigned on the 14th August 2019.

Directors' Report

For the year ended 30 June 2020

Company Secretaries

Mark Licciardo, (B Bus(Acc), GradDip CSP, FGIA, GAICD)

Mark is the founder and Managing Director of Mertons Corporate Services Pty Ltd (Mertons) which provides company secretarial and corporate governance consulting services to ASX listed and unlisted public and private companies. As a former company secretary of ASX 50 companies, Transurban Group and Australian Foundation Investment Company Limited, his expertise includes working with boards of directors in the areas of corporate governance, administration and company secretarial matters.

He is also the former Chairman of the Governance Institute of Australia Victoria division, Academy of Design (LCI Melbourne) and Melbourne Fringe Festival and is a current non-executive director of a number of public and private companies. Mr Licciardo is currently a director of Frontier Digital Ventures Limited and Mobilicom Limited, ASX listed entities. He was recently a Director of iCar Asia Limited.

Darren Rowland (B Bus (Acc), CA)

Darren was appointed as Company Secretary on 9 July 2018. Darren joined the Lifestyle Communities team as Chief Financial Officer in May 2018 and has previously held a number of senior finance and commercial roles with Toll Holdings Limited predominantly in the resources and marine logistics industries. Prior to joining Toll, Darren gained valuable experience in commercial and finance roles based in Dublin and London.

Kate Goland, (CPA, GIA (Cert))

Kate is an employee of Mertons Corporate Services and was appointed as Company Secretary on 26 March 2018. Kate resigned on the 6th of March 2020 to commence maternity leave.

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Director's interests

Director	Fully Paid Ordinary Shares	Options over Ordinary Shares
James Kelly	10,577,001	-
Philippa Kelly	75,000	-
The Honourable Nicola Roxon	5,000	-
Georgina Williams	8,000	-
David Blight	5,000	-
Mark Blackburn (appointed 1 December 2019)	2,400	-
Tim Poole (resigned 14 August 2019)	1,224,607	-

Directors' Report

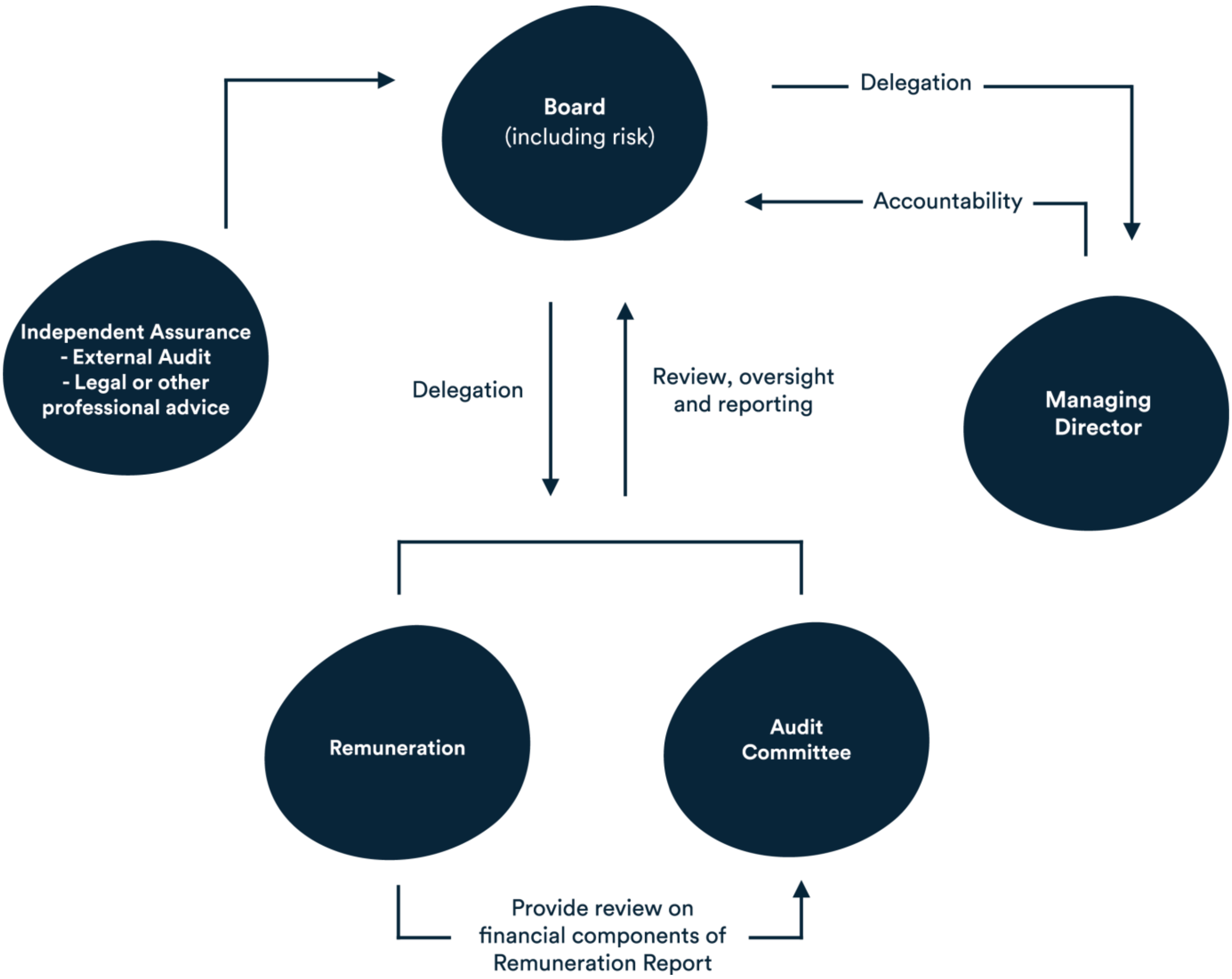
For the year ended 30 June 2020

Our Approach to Corporate Governance & Risk

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Lifestyle Communities Limited support and have adhered to the ASX principles of corporate governance. The Company's Corporate Governance Statement is published on its website at LifestyleCommunities.com.au.

Corporate Governance Framework

The roles, responsibilities and accountabilities of the Board and Board Committees are summarised below:



Copies of the Board and Board Committee charters are available on the company's website at LifestyleCommunities.com.au.

Directors' Report

For the year ended 30 June 2020

Meetings of Directors

The number of meetings of Directors (including meetings of committees of Directors) held during the time the Director held office or was a member of the committee during the financial year and the number of meetings attended by each of the Directors are:

	Directors' Meetings		Audit Committee		Remuneration Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Philippa Kelly	16	16	5	5	5	5
James Kelly	16	15	-	-	-	-
The Honourable Nicola Roxon	16	15	-	-	5	5
Georgina Williams	16	16	5	5	-	-
David Blight	16	16	-	-	4	4
Mark Blackburn (appointed 1 December 2019)	10	10	3	3	-	-
Tim Poole (resigned 14 August 2019)	2	2	2	2	1	1

Our Approach to Risk

At Lifestyle Communities, we recognise we have a duty of care to our homeowners, employees, agents, investors, and the wider community to ensure all risks in our communities and business are appropriately managed. At the forefront of our approach is our culture. As a 'Business for Purpose' we are focused on exceeding expectations and maintaining a level of professional and personal conduct that delights our customers, teammates, investors and the broader community. Lifestyle Communities recognises that making business decisions which involve calculated risks, and managing these risks within sensible tolerances, is fundamental to creating long-term value for security holders and meeting commitments to Lifestyle Communities' homeowners, employees, business partners, consultants and the communities in which it does business. Lifestyle Communities conducts risk assessments at critical decision points during the investment and operational phases of our business to identify, manage and monitor risks in meeting target returns. We will take commercial risks where we have the capability to manage those risks and we recognise the importance of building and fostering a risk aware culture, such that every individual takes responsibility for risks and controls in their area of authority.

Lifestyle Communities' risk management framework consists of multiple layers:

1. **Our Culture** - All Employees are responsible for managing risk through identification, assessment, and treatment of risks. This includes the implementation, active management and compliance with appropriate processes, procedures, checklists and other controls.
2. **Our Leadership Team** - Responsible for developing the risk management framework and for adapting it to changes in the business and the external environment in which the Group operates (including physical and regulatory changes which might impact our social and environmental performance). Members of the Leadership Team are jointly responsible for building risk management capabilities throughout the business through actively engaging with Employees in risk management processes and supporting training initiative.
3. **Internal Controls & Reporting** - The Group's internal control processes are in place to ensure that information is reported to the Leadership Team, and the Board of Directors of the Company ("Board") if appropriate, on a regular basis
4. **The Board and Board Committees** – The Board oversees risk management issues in respect of the Group. The Board will provide overall oversight on our risk management framework in respect of the matters set out in their respective charters.
5. **External Audit** – Our external auditor provides regular and independent assessment on the effectiveness of financial controls and processes in connection with the preparation of Lifestyle Communities' financial statements, governance disclosures and environmental and social performance reporting. External Audit also provides an opinion on the accuracy, validity and reliability of disclosed data and information.

Directors' Report

For the year ended 30 June 2020

The Company's key risk categories include:

Covid-19 –there are high levels of uncertainty regarding the duration and impact of the Covid-19 global health pandemic on the Victorian property market and its associated impact on the Company's settlements and resales. There remains ongoing risk to our homeowners, team members, suppliers, and our supply chain. There also remains risk of shut down of our facilities, development sites and broader parts of the economy. The Company has a pandemic management plan in place and will continue to monitor the situation closely.

Site selection – if the Company makes a poor site acquisition it may not generate adequate financial returns on the investment and the objective of recovering 100% of the development costs may not be met. The Company attempts to mitigate this risk by maintaining a comprehensive land acquisition strategy and by carrying out detailed due diligence on potential new sites. The Company also uses the significant experience it has gained from acquiring 22 sites and developing most of these during the past 17 years.

Sales and settlements – the Company is exposed to the rate of sales of new and existing homes, the sales price of new homes (and to a lesser extent the sales price of existing homes) and to the timing of settlements of new homes (revenue is only recorded when a sale of a home is settled). The Company's experience to date is that sales rates and realisations are closely related to the difference between the median house price in the area and the home price in the Lifestyle Community. This is a critical determiner in the site selection process and the acquisition case.

Community Development – the Company is exposed to various risks inherent in developing greenfield projects. Effective management of the construction program is important to ensure; high quality product is delivered; cash flow is managed efficiently and returns are maximised. The Company mitigates this risk by implementing a robust project governance framework, using a panel of trusted suppliers, and taking a stage by stage approach to construction based on a required level of presales.

Financing risk – there is a risk the Company will not achieve its growth strategy due to insufficient capital or the inability to obtain new debt facilities. The Company may also experience refinancing risk if its debt facility is cancelled in a short period of time. The Company mitigates these risks by: maintaining a Statement of Financial Position with a reasonably low level of gearing; ensuring it complies with all debt covenants and reporting obligations; ensuring sufficient remaining term for debt facilities. The Company tightly manages the commencement and rate of development of new communities.

Community management – it is important our communities are well managed and homeowners have a high level of satisfaction and safety. A well-managed community will: provide a safe living environment for homeowners; generate new sales from homeowner referrals; add to the Lifestyle Communities brand; assist in facilitating resales of existing homes; and improve the profitability of the community management business. The Company mitigates community management risk by maintaining a transparent sales and contract process, undertaking careful selection of community management teams, maintaining community facilities to a high standard, ensuring regular community activities and events, and maintaining the common areas and gardens to a high standard.

Regulatory Compliance and Governance – the Company seeks to avoid reputational and compliance incidents by implementing a strong operating and control environment and seeking professional advice in relation to the management of its legal compliance and tax affairs. The Company's operations, business, and financial model are specifically impacted by how the provisions of the Residential Tenancies Act 1997 (Vic), the Social Security Act 1991 (Commonwealth) and a number of other legislative schemes are currently interpreted and administered by the relevant regulatory authorities. Changes to the current administrative practice or specific legislative amendments, could have an adverse impact on the operating and financial performance of the Company. The Company takes an active role in engaging with, and providing submissions to, the relevant regulatory bodies through its membership and participation in the Victorian Caravan Parks Association and the Residential Land Lease Alliance.

Cyber Risk – The Company recognises the increasing risk of cyber attacks as more and more systems and processes are moved online and into the cloud. During the year, the Company engaged KPMG to undertake a cyber health check, considering local and international information security standards, and KPMG's insights into industry recognised practices of cyber security risk management, governance, technology and people processes. In addition, KPMG undertook intrusion testing of the Company's systems, emulating an external cyber attacker's activities with the objective of gaining insight into, and assisting to remove, any potential vulnerabilities in the Company's systems. The Company will continue to undertake cyber risk mitigation activities and system improvements on a rolling basis.

Proceedings against the Company

The Directors are not aware of any current or threatened Court proceedings of a material nature in which the Company is directly or indirectly concerned which are likely to have a material adverse effect on the business or financial position of the Company.

Environmental issues

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Directors' Report

For the year ended 30 June 2020

Non-audit services

The Company's auditor, PricewaterhouseCoopers was appointed on the 18th November 2019. During FY20, the company spent an additional $114,225 with PricewaterhouseCoopers. $75,779 of this was spent on advice in relation to the Company's tax affairs and equity incentive scheme, both projects were commenced before PricewaterhouseCoopers were appointed as auditor. The remaining $38,446 related to the Company's job keeper application and other taxation advice. The Directors are satisfied that the provision of these non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature, scope and timing of these non-audit services means that auditor independence was not compromised.

Indemnification and insurance of directors and officers

During the financial year the Company paid premiums in respect of a Directors' and Officers' insurance policy.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses insurance contracts as such disclosure is prohibited under the terms of the contract.

Board Effectiveness

Lifestyle Communities is committed to having a Board whose members have the capacity to act independently of management, and have the collective skills and diversity of experience necessary to optimise the long-term financial performance of Lifestyle Communities so as to deliver long-term sustainable profitable returns to shareholders.

Board Composition

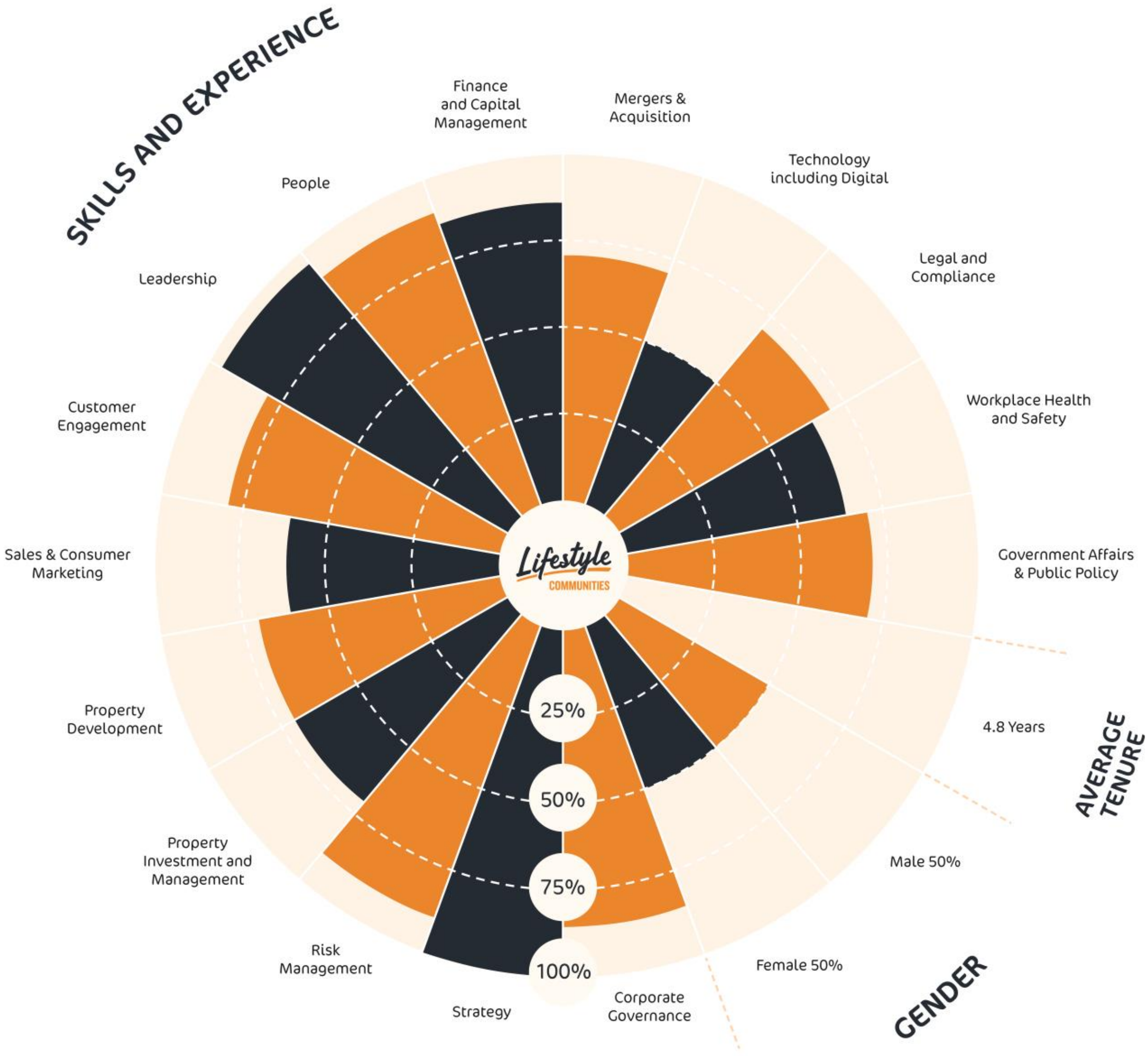
The Board currently comprises one Executive Director and five Non-Executive Directors. The membership of the Board is reviewed periodically having regard to the ongoing and evolving needs of Lifestyle Communities. The Board considers a number of factors when filling vacancies including qualifications, skills and experience, independence, tenure and diversity.

Directors' Report

For the year ended 30 June 2020

Board Skills Matrix

The Board has identified a range of core skills and experience that will assist the Board collectively to fulfil its oversight role effectively. The Board believes that it has the right experience and skills currently to oversee the high standard of corporate governance, integrity and accountability required of a professional and ethical organisation as shown in the diagram below:



Directors' Report

For the year ended 30 June 2020

Operating and Financial Review

Overview

The Company continued to successfully develop and manage its portfolio of affordable lifestyle communities during the 2020 financial year. Profit after tax attributable to shareholders was $42.8 million (2019: $55.1 million).

Financial and Operating Highlights					
		FY20	FY19	Change	Change %
Key financial data					
Revenue	A$ millions	127.3	144.2	(16.9)	(11.7)
Earnings before interest and tax	A$ millions	62.5	81.1	(18.6)	(22.9)
Net profit before tax	A$ millions	61.1	79.7	(18.6)	(23.3)
Net profit after tax	A$ millions	42.8	55.1	(12.3)	(22.3)
Operating cash flow	A$ millions	5.7	5.8	(0.1)	(1.7)
Community cash flow[1]	A$ millions	16.2	12.5	3.7	29.6
Gearing[2]	%	30.6	27.1	3.5	12.9
Earnings per share	A$ cents	41.0	52.7	(11.7)	(22.2)
Total dividend per share	A$ cents	5.5	5.5	-	-
Homes settled	No. of homes	253	337	(84)	(25)
Homes sold[3]	No. of homes	280	209	71	34
Average realised sales price new homes (GST incl)	A$'000	410	401	9	2
Total number of homes (gross)	No. of homes	2,537	2,284	253	11
Total number of homes (after NCI)[4]	No. of homes	2,336	2,083	253	12
Total number of homeowners	No. of homes	3,681	3,346	335	10
Average age of homeowners	Years	73	73	-	-
Number of resales settled[5]	No. of homes	80	53	27	51
Average realised sales price resales (GST incl)[6]	A$'000	391	395	(4)	(1)

1. Community cash flow comprises cash flows received from homeowner rentals and deferred management fees less community operating costs and the net surplus/deficit from providing utilities.
2. Calculated as a ratio of net debt to net debt plus equity.
3. Net sales represent deposits on new homes less cancellations.
4. Gross number of homes adjusted for share of communities owned by non-controlling interests (NCI).
5. Includes resales attracting a deferred management fee, there were a further 22 resales settled in FY2020 (FY2019: 18 resales) that did not attract a deferred management fee as the outgoing homeowners sold their home within 12 months of initial settlement in accordance with the Company's Smart Buy Guarantee.
6. Average realised sales price of resales attracting a deferred management fee.
7. Included in the table above are several non IFRS measures including earnings before interest and tax, community cash flow, gearing, return on average capital employed and key operational data. These figures have not been subject to audit but have been provided to give a better understanding of the performance of the Company during the 2020 financial year.

Directors' Report

For the year ended 30 June 2020

Fair Value Adjustments

At Lifestyle Communities our homeowners purchase a proportionate share of the clubhouse, pool, recreational facilities, and all associated infrastructure when they purchase their home. This helps us build a sense of community, shared ownership, and pride in where our homeowners live. Due to this operating model, the cost of this infrastructure is capitalised to inventory during development and then classified as costs of goods sold upon settlement. The initial addition to the Lifestyle Communities Balance Sheet is the cost of the underlying land and this is classified as an investment property.

The Company's Investment Property Valuation Policy requires that each asset in the portfolio must be externally valued at least every two years by an independent external valuer who are considered industry specialists in valuing these types of investment properties. The independent valuer can only value an investment property on three consecutive occasions.

For FY20, eight of fifteen operating communities have been externally valued by independent valuers Colliers, JLL and M3. For the remaining communities, the Directors have estimated the fair value internally utilising inputs from the independent valuations.

The fair value adjustment typically comprises three components:

1. The value uplift created when a customer settles on their home and acquires their share of the infrastructure, which in turn delivers an ongoing annuity stream in the form of the land rental and deferred management fee.
2. The uplift created as a result of the contractual rent increase applied to settled homes each year.
3. Changes in fair market values due to changes in valuation assumptions used by independent valuers. These typically include external market factors outside of Lifestyle Communities's control such as rent capitalisation rates, external market price growth assumptions and other available market data.

In FY20, the Company recorded a fair value increase of $38.9 million pre-tax and $27.4 million post tax. The breakdown of the fair value for FY20 into the components above is as follows:

	FY20 $'million	FY19 $'million
Uplift in value arising from settled homes during the year (253 new home settlements FY19: 337)	**22.6**	**33.1**
The uplift created as a result of the contractual rent increase	-	11.5
Other movements as a result of changes to valuation assumptions used by independent valuers	16.3	11.1
Total Fair Value Adjustment	**38.9**	**55.7**

Note: The uplift typically created as a result of the rental increase was nil this year. This reflects the embargo on rent increases legislated by the Victorian State Government during the Covid 19 pandemic. The next rent increase is currently due on 1 July 2021.

More information on the valuation of the Company's investment properties is contained in Note 3.1 of the financial statements.

Dividends

A fully franked dividend of 3.0 cents per share was paid on 8 October 2019 (representing the 2019 final dividend). A fully franked dividend of 3.0 cents per share was paid on 3 April 2020 (representing the 2020 interim dividend).

Since the end of the financial year the Directors have resolved to pay a fully franked dividend of 2.5 cents per ordinary share (representing the 2020 final dividend).

Directors' Report

For the year ended 30 June 2020

Our Response to Covid-19

Like all businesses, Lifestyle Communities was impacted by Covid-19 from early March 2020. Our philosophy is to focus on the health and wellbeing of our team, our homeowners, and our communities as a priority. We are committed to taking an informed approach that is sensible, balanced and kind, having regard to the expert medical advice of Australian authorities. The business undertook several measures to adapt to the constantly evolving global health pandemic:

- **Our Operating Communities** – Covid-19 is particularly challenging for our homeowners, many of whom are in the higher risk demographic. Safety and security of our homeowners remains our highest priority and in response we acted swiftly to implement appropriate safety protocols. Community facilities were progressively closed in accordance with the advice of Government Authorities. Our Community management teams remained onsite to assist our homeowners during the lockdown. Our Wellness program quickly established an online Wellness presence to assist our homeowners to remain active and engaged, with a range of online activities aimed at reducing loneliness during isolation. All our communities are operating Covid-safe practices including temperature checking all visitors, contractors and carers that attend our Communities.
- **Our Development Sites** – All development sites adapted very quickly to Covid-safe operating practices and construction continued throughout the period. In addition to maintaining construction progress, our development team have prepared contingency plans which were enacted when stage 4 lockdowns were introduced in July.
- **Our Sales and Marketing** – Our team quickly pivoted to virtual sales techniques including the “zoom room” for virtual appointments and consultations. Onsite inspections and display suite tours continued via one on one appointments with social distancing and Covid-safe practices in place until stage 4 lockdowns were introduced in July. We are currently operating a completely virtual sales process. We maintained our marketing spend taking advantage of improved pricing to increase our presence and build brand awareness. Local area marketing and events were scaled back in favour of increased spending on digital marketing and database engagement.
- **Our Support Office** – Office based staff have transitioned to working from home and will remain there for the foreseeable future until Government advice is updated. We have created a virtual office to encourage continued cross-functional engagement with both work related and social activities ongoing to nurture and adapt our culture.
- **Our Funding & Balance Sheet** – Project Bulletproof was introduced to stress test the business and plan for a range of scenarios that might impact the business going forward. The project sought to assess all areas of the business and understand what levers were available and build plans to ensure the stability of the business. An outcome of Project Bulletproof was a decision to refinance and extend the Company’s debt facilities, increasing the headroom by $50 million and extending the tenor such that the next refinancing event is in March 2024.
- **Job Keeper Program** – The Company’s revenue reduced by more than 30% in March 2020 compared to March 2019 and as such the Company qualified for the Federal Government’s Job Keeper program. The grant was used to ensure all our team were retained and given meaningful work to do. Several “spring cleaning” projects were undertaken across the business to utilise the skills of team members who had additional capacity due to a decline in volume in their regular job.
- **Our Land Acquisition Strategy** – The Company remained active in the land acquisition market during the period, acquiring two new sites and securing the future pipeline. The additional headroom from our recent refinancing will allow the Company to continue to pursue acquisition opportunities that meet our investment criteria.

Directors' Report

For the year ended 30 June 2020

Update on communities

Community	New homes				Resales						
	Settled FY20	Settled FY19	Net sales FY20	Net sales FY19	Settled FY20	Settled FY19	Net sales FY20	Net sales FY19	Homes sold not settled	Total homes settled	Total homes in portfolio
Brookfield	-	-	-	-	**14**	11	**19**	10	-	**228**	**228**
Seasons	-	-	-	-	**3**	3	**4**	1	-	**136**	**136**
Warragul	-	-	-	-	**10**	9	**7**	10	-	**182**	**182**
Casey Fields	-	-	-	-	**10**	11	**10**	9	-	**217**	**217**
Shepparton	**20**	25	**12**	20	**7**	2	**5**	6	**8**	**292**	**300**
Chelsea Heights	-	-	-	-	**11**	9	**8**	10	-	**186**	**186**
Hastings	-	-	-	-	**7**	5	**7**	6	-	**141**	**141**
Lyndarum	-	-	-	-	**5**	7	**5**	2	-	**154**	**154**
Geelong	**1**	20	-	4	**5**	5	**3**	5	-	**164**	**164**
Officer	-	-	-	-	**7**	7	**6**	5	-	**151**	**151**
Berwick Waters	**7**	72	**4**	3	**9**	2	**9**	1	-	**216**	**216**
Bittern	**32**	152	**6**	17	**11**	-	**12**	1	-	**209**	**209**
Ocean Grove	**117**	68	**60**	59	**3**	-	**4**	-	**26**	**185**	**220**
Mount Duneed	**57**	-	**71**	41	-	-	-	-	**55**	**57**	**191**
Kaduna Park	**19**	-	**48**	47	-	-	-	-	**71**	**19**	**169**
Wollert North	-	-	**41**	18	-	-	-	-	**59**	-	**246**
Plumpton	-	-	**38**	-	-	-	-	-	**38**	-	**266**
Tyabb	-	-	-	-	-	-	-	-	-	-	**240**
St Leonards	-	-	-	-	-	-	-	-	-	-	**199**
Clyde North											**274**
Pakenham East	-	-	-	-	-	-	-	-	-	-	**175**
Clyde	-	-	-	-	-	-	-	-	-	-	**230**
Total	253	337	280	209	102	71	99	66	257	2,537	4,494

An update on each of the communities in planning or development at 30 June 2020 is as follows:

- Lifestyle Shepparton is fully sold and will settle in FY21.
- Construction of the community facilities at Ocean Grove is fully complete. There were 35 homes left to be sold and these are expected to be settled in the first half of FY21.
- Lifestyle Mount Duneed launched for sale in August 2018 and first settlements occurred in December 2019. The construction of the clubhouse and community facilities is well progressed and is due for completion in September 2020.
- Construction commenced at Lifestyle Kaduna Park in July 2019 and first homeowners were settled in May 2020. Construction of the clubhouse and community facilities is well progressed and is due for completion in February 2021.
- Lifestyle Wollert commenced construction in October 2019. The terrain at Wollert is very rocky and as such the civil program at this site required 3 months longer than what is typical for a Lifestyle Community. Construction is progressing well, and first homeowners are expected in November 2020.
- The land for the Lifestyle Community in Plumpton settled in September 2019. Construction commenced in February 2020 and first frames are due in October 2020.
- The contracts for the acquisition of land for the Lifestyle Community in Tyabb were executed in March 2019. The contracts are conditional on obtaining a planning permit. The initial permit application was rejected by council and the Company has lodged an appeal with VCAT which will be heard in December 2020.
- Lifestyle St Leonards was acquired in November 2019. The planning permit has been received and sales were launched to the public in August 2020. Construction commenced in August 2020 and first homeowners are expected in Q1 of FY22.
- The land for the future Lifestyle Community in Pakenham was acquired in February 2020. The contract is subject to planning approval and is expected to deliver first customer homes settlements in FY23.
- The land for the future community in Clyde North was acquired in May 2020 with settlement expected to occur in mid-2021. The planning permit application is in progress and construction will commence once the permit has been received.
- The land for the future community at Clyde was acquired in June 2020 on 3-year settlement terms.

Directors' Report

For the year ended 30 June 2020

Sustainability

The Company was created with a clear focus to be socially, morally, and ethically responsible. Commitment to these principles allows it to constantly evolve the product design, innovate, and embrace new technologies whilst staying true to its mission to enable working, semi-retired and retired people over 50 to live an independent life at affordable price.

Our product and operating model have been designed to address inequality in housing options for Australia's ageing population. For those members of society with limited superannuation and savings, creating a high quality, yet affordable housing option allows our homeowners to free up some of the equity in their home and help fund a comfortable standard of living in retirement. In FY20, Lifestyle homeowners freed up an average of $220,000 by downsizing into a Lifestyle Community. This has the added benefit of freeing up established housing stock in Melbourne's outer suburbs which is typically purchased by first home buyers. Lifestyle Communities now has over 3,500 homeowners occupying 2,537 homes and a pipeline to develop at least another 1,950+ homes over the next 3 – 5 years.

Our communities include:

- Recycled water systems and stormwater water catchment for water reuse
- Solar installations generating an increasing proportion of our electricity needs reducing overall non-renewable energy consumption
- Recent communities include all-electric housing enabling maximum use of solar power.
- Smart home packages available with energy monitoring systems
- Community designs will facilitate 'off the grid' in future as energy storage options become more economic
- Shared vehicles provided for carpooling and group transport
- All electric town car and electric car charging stations at all communities
- Shared gardens and veggie/fruit pods

Our development sites seek to minimise their impact on the environment by implementing:

- Waste management measures to ensure we are reducing the amount of waste that goes to landfill
- Recycling of building waste including steel, foam, timber, and cardboard
- Designated wash out bays and eco mesh installed to stormwater drains to keep contaminates out of the water system
- Use of FSC certified timber in all construction

The Lifestyle Communities Foundation

In 2014, one of the founding directors of Lifestyle Communities, Dael Perlov, passed away from pancreatic cancer at the age of 46. In 2015, we set up the Lifestyle Communities Foundation in his memory. The Foundation supports fundraising activities across all communities, focused on raising funds for cancer-based charities. Lifestyle Communities contributes $50 for each occupied home in our communities each year and matches dollar for dollar funds raised by our homeowners for cancer-based charities.

Across our communities, major events such as The Biggest Morning Tea, World's Greatest Shave, Movember, have been hosted with amazing results. Equally individuals have raised funds by taking part in external events such as Relay for Life, Good Friday Appeal, The Mother's Day Classic, and the Starlight Children's Foundation. Some communities have a particular relationship with oncology divisions in their local hospital, such as Barwon Health (Geelong), Peninsula Health (Hastings and Bittern), Peter Mac (Lyndarum) and many more.

In 2020, the Lifestyle Foundation donated a total of $114,200 to cancer-based charities.

Directors' Report

For the year ended 30 June 2020

Our Approach to Tax

Lifestyle Communities manages its tax affairs in a transparent, equitable and commercially responsible manner, whilst having full regard to all relevant tax laws, regulations and tax governance processes.

The key principles adopted by Lifestyle Communities' are summarised as follows:

- Maintain compliance with all relevant tax laws, regulations and tax governance processes, to demonstrate good corporate citizenship
- A low tax risk appetite that ensures Lifestyle Communities remains a sustainable business and a reputable and attractive investment proposition
- A commitment to engage and maintain relationships with tax authorities that are open, transparent and co-operative
- An operating and trading business based in Australia, with no strategic intentions of engaging in any tax planning involving the use of offshore entities or low-tax jurisdictions.

Tax Contribution Summary

In addition to providing affordable housing solutions to Australia's ageing population, Lifestyle Communities contributes to the Australian economy, through various taxes levied at federal, state and local government level. In FY20 these totalled more than $13.9 million and were either borne by Lifestyle Communities as a cost of our business or collected and remitted as part of our broader contribution to the Australian Taxation System. Detailed below are the taxes paid and / or collected and remitted for the 2020 financial year:

- Income Tax - $5.5 million
- Net GST - $0.4 million
- PAYG Withholding - $2.8 million
- State Taxes (including Payroll Tax, Land Tax, Stamp Duty, and Growth Area Infrastructure Contribution) - $3.5 million
- Fringe Benefits Tax - $0.1 million
- Local council rates and levies - $1.6 million

Executive Confirmations

The Managing Director and the Chief Financial Officer have provided a written statement to the Board that:

1. In accordance with the Corporations Act 2001 ("the Act") section 295A, we, the undersigned, declare that to the best of our knowledge and belief, and in each of our opinions:
   (a) the financial records of the consolidated entity for the financial year have been properly maintained in accordance with section 286 of the Act;
   (b) the financial statements and associated notes of the consolidated entity for the financials year comply with the accounting standards as required by section 296 of the Act;
   (c) the financial statements and associated notes for the financial year give a true and fair view of the financial position of the consolidated entity as at 30 June 2020 and of its performance for the period as required by section 297 of the Act;
   (d) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
   (e) any other matters that are prescribed by the regulation for the purposes of this declaration in relation to the financial statements and the associated notes of the consolidated entity for the financial year are also satisfied.

2. Also, in accordance with ASX Corporate Governance Council Best Practice Recommendations 4.2 and 7.2, with regard to the system of risk management and internal compliance and control of the consolidated entity for the year, to the best of our knowledge and belief, and in each of our opinions:
   i. the statements given in paragraph (1) above are founded on a sound system of risk management and internal compliance and control which, in all material respects, implements the policies adopted by the Board of Directors of the Company;
   ii. the risk management and internal compliance and control systems of the consolidated entity are operating effectively, in all material respects; and
   iii. subsequent to 30 June 2020, no changes or other matters have arisen that would have a material effect on the operation of the risk management and internal compliance and control system of the consolidated entity.

Directors' Report

For the year ended 30 June 2020

Events after reporting date

In response to the ongoing Covid-19 pandemic, the Victorian Government introduced stage 4 lockdowns in July 2020. The Group operates within a permitted industry and continues to trade but has adapted its operations to comply with the stage 4 restrictions.

The Group had no other matters or circumstances since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Outlook for FY21 and Beyond

The Company has a focused strategy to service the niche of providing high quality affordable housing to the over 50's market and is currently funded and resourced to acquire at least two new sites per year subject to identification of appropriate sites. The Company continues to focus on Melbourne's growth corridors as well as key Victorian regional centres and is currently considering a range of opportunities but will remain disciplined in its assessment of these opportunities.

The Company enters FY21 with 257 new homes sold and awaiting settlement. 229 of these homes will be completed and available for settlement in FY21 in addition to any sales achieved during the year. The construction program is progressing well, and we are looking forward to closing out settlements at Shepparton and Ocean Grove as well as welcoming new homeowners at Mount Duneed, Kaduna Park, Wollert and Plumpton over the next 12 months. With the current pipeline of projects, the business has the ability to deliver 900 to 1,100 settlements over the next three years but may be impacted by the ongoing uncertainty and restrictions in relation to the Covid-19 pandemic on the Victorian property market.

The Company's balance sheet and debt position is robust. The company has access to over $130 million in cash and undrawn facilities and its next refinancing is not due until March 2024. Operating cash flow is underpinned by the ongoing rental annuities from its 2,537 homes under management.

94%
FULL TIME

6%
PART TIME

50%
GENDER SPLIT FOR NON-EXECUTIVE DIRECTORS

37.5%
FEMALES IN SENIOR MANAGEMENT POSITIONS

EMPLOYEE ENGAGEMENT
SCORE OF 8.9 OUT OF 10

WE RETAINED
34 OUT 37
TEAM MEMBERS WHO WERE HIRED FOR FY20

71.4%
FEMALES IN EMERGING LEADERSHIP ROLES

Remuneration Report

Remuneration Report (audited)

For the year ended 30 June 2020

Dear Shareholders,

On behalf of the Board, we are pleased to present Lifestyle Communities' Remuneration Report for the 2020 financial year.

As for all businesses, especially in Victoria, the impact of Covid-19 has changed the way we do business. Other sections of this report provide more detail about the business as a whole, with this section dealing with the impact on remuneration. The business has taken a cautious approach largely freezing fixed remuneration and temporarily delaying some planned increases following external reviews. In respect of the incentive scheme, no awards will be made.

Investors may recall that the employee incentive scheme was introduced in 2017 to better align the interests of staff and senior management with the objectives of the business. The single measure that best unifies employees and benefits shareholders is an annual new home settlement target. For the 2020 financial year the target range was set at 270 to 310 new home settlements. Unfortunately, due to the onset of the Covid 19 global health pandemic the team fell just short, achieving 253 new home settlements. Although this was a strong result in the circumstances, no awards will be made under the equity incentive scheme for FY20 and all options previously issued in relation to FY20 have lapsed.

The Remuneration Committee reviews the operation of this scheme annually to ensure that shareholder value is being driven from the single new home settlement target and the quantum of shares issued to employees. For the 2021 financial year, given the market circumstances, the number of share options available to senior executives and employees has been reduced by 20% compared to 2020. The Board believes this achieves the right balance of incentivising staff and driving returns for shareholders.

Throughout the volatile external environment expected in this financial year the Remuneration Committee will actively monitor the market, our talent competitors, and the needs of the business to ensure remuneration remains fair, appropriate and competitive.

The following report sets out further detail on the Company's approach to remuneration.

Yours sincerely

The Honourable Nicola Roxon

Non-Executive Director, Chair of the Remuneration Committee

12 August 2020

Remuneration Report (audited)

For the year ended 30 June 2020

1. Introduction

1.1 About this report

The Remuneration Report forms part of the Directors' Report. It outlines the overall remuneration strategy, framework and practices adopted by Lifestyle Communities Limited (the Company) and has been prepared in accordance with Section 300A of the *Corporations Act 2001* and its regulations. This entire remuneration report is designated as audited.

1.2 Overview of contents

Section	Contents
1	Introduction
2	Remuneration Committee
3	Details of key management personnel
4	Our People & Culture Strategy
5	Capability and Performance
6	Non-Executive Directors' Remuneration
7	Structure of Executive Directors and Leadership Team Remuneration
8	Remuneration Details for FY20
9	Remuneration Details
10	Shares & Options Held by Key Management Personnel
11	Remuneration report voting at Annual General Meetings

2. Remuneration Committee

2.1 Role of the Remuneration Committee

The Remuneration Committee's role is to make recommendations to the Board on:

- the Company's remuneration framework;
- formulation and operation of employee incentive plans;
- remuneration levels of executive Directors and other key management personnel; and
- the level of non-executive Director fees.

The objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company.

Remuneration Report (audited)

For the year ended 30 June 2020

3. Details of Key Management Personnel

Directors	Position	Commencement date
Philippa Kelly	Chair of the Board (appointed 14 August 2019) Non-Executive Director Member Audit Committee Member Remuneration Committee	18 September 2013
The Honourable Nicola Roxon	Non-Executive Director Chair Remuneration Committee	1 September 2017
Georgina Williams	Non-Executive Director Member Audit Committee	1 September 2017
David Blight	Non-Executive Director Member Remuneration Committee	15 June 2018
Mark Blackburn	Non-Executive Director Chair Audit Committee	1 December 2019
Executive director	**Position**	**Commencement date**
James Kelly	Managing Director	Founder, 2003
Other executives	**Position**	**Commencement date**
Darren Rowland	Chief Financial Officer and Company Secretary	21 May 2019
Chris Paranthoiene	Head of Acquisitions and Development	13 March 2007
Simon Goninon	Head of Community Operations	30 March 2020
Yvonne Slater	Head of Development Delivery	8 January 2018
Richard Parker	Head of Sales	11 January 2016

Remuneration Report (audited)

For the year ended 30 June 2020

3.1 Changes to Key Management Personnel

Chair of Board, Non-Executive Director

Tim Poole

Tim Poole retired as Non-Executive Chairman on 14 August 2019. Tim has been a Non-Executive Director of the Company since November 2007 and Chairman since December 2012

Philippa Kelly

Philippa Kelly succeeds Tim Poole as the current Chair of Lifestyle Communities. Philippa joined the Board in September 2013 and, for many years, has been the Chair of the Company's Audit Committee.

Mark Blackburn, Chair of the Audit Committee, Non-Executive Director

Mark Blackburn was appointed as an independent Non-Executive Director effective from 1 December 2019. Mark was subsequently appointed as the Chair of the Audit Committee with his expertise in audit, risk and finance.

The Honourable Nicola Roxon, Chair of the Remuneration Committee, Non-Executive Director

The Honourable Nicola Roxon was appointed as the Chair of the Remuneration Committee on 14 August 2019 after 2 years as a Non-Executive Director on our Board.

Head of Operations, now Head of Community Operations

Sam Cohen

Sam Cohen resigned from Lifestyle Communities effective 27 March 2020. Sam was a key driver in the growth and evolution of our customer experience strategy in our Communities. Sam commenced with Lifestyle Communities 3 October 2011.

Simon Goninon

Simon joined Lifestyle Communities 30 March 2020 in our key leadership position Head of Community Operations. Simon brings broad operational leadership with a focus on exceptional customer service outcomes and facilities management.

Remuneration Report (audited)

For the year ended 30 June 2020

4. Our People & Culture Strategy

Lifestyle Communities has built a strong customer centric culture throughout the business. This has been achieved through a clearly defined set of customer centric values that we recruit to and also measure our team by. The 4 pillars of this strategy are:

Our Recruitment Strategy

To find, attract and imbed market leading senior talent who align directly with our business values and objectives delivering on priorities aligned to our business strategy.
Our recruitment strategy ensure talent have the required skills and experience, align with our values and behaviours and intrinsically align with a business for purpose allowing our homeowners to live a bigger life. We will never compromise on this strategy.

Our People Strategy

Our thoughtful investment in nurturing our people directly results in our team delivering impactful and meaningful experiences to our homeowners.

We are focused on attracting, engaging, nurturing, growing, retaining and rewarding our team.

We create an environment where individuals feel valued for their contribution to business outcomes.

Our Remuneration Strategy

Our complete remuneration process keeps us competitive in the market, retaining leading talent and rewarding and recognising the performance and behaviours of our team and individual performance towards the overall achievement of company targets and sustainable value for stakeholders.

Performance and Team Performance Measures

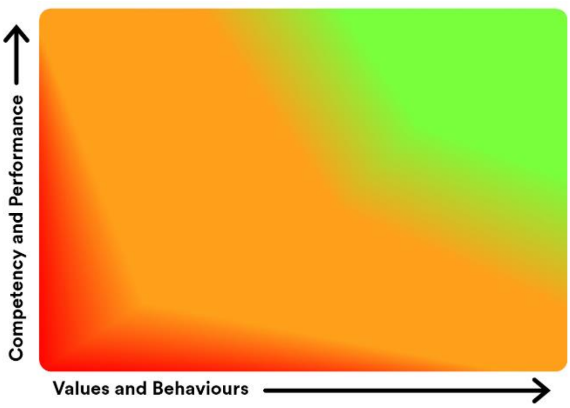
In addition to our individual performance measures through our ROADMPA process, we closely and continually monitor our customer referral rate, our team engagement survey results and our recruitment and retention outcomes.

Each of these areas provide a complete snapshot of the achievement of our People and Culture Strategy.

5. Capability and Performance

Senior Management are assessed not only on their performance against key tasks and deliverables, but also through their leadership, values, and behaviours. This assessment is driven by our internal ROADMAP. Our team are equally measured on their competency and performance and their values and behaviours. Their overall result in the annual appraisal is returned on the following performance matrix. A result in the red would require immediate performance or behaviour intervention and a clear action plan. A result in the orange indicates moderate performance overall or a team member taking on new learning objectives. A result in the green indicates a team member who is delivering outcomes to the highest standards consistently and delivers further value.

The ROADMAP process ensures that performance concerns are identified, addressed, and rectified appropriately to ensure optimum capability of all team members driven and managed by our Senior Leadership team.



Remuneration Report (audited)

For the year ended 30 June 2020

6. Non-Executive Directors' remuneration

6.1 Fixed Fees

All Non-Executive Directors are paid fixed fees for their services to the Company. The level of fees is set to enable the Company to attract and retain Directors of high calibre, whilst incurring a cost that is reasonable having regard to the size and complexity of the Company.

The aggregate amount of fees paid to Non-Executive Directors is within the overall amount approved by shareholders in a general meeting. The last determination was made at the Annual General Meeting held in November 2007 at which shareholders approved an aggregate amount of $1,000,000 per annum. Current fees remain well within this limit.

Fees payable to the Chair are currently set at $125,000 per annum (including superannuation). Fees paid to the other Non-Executive Directors are $80,000 per annum plus an additional $5,000 per annum for each committee Chair.

6.2 Review of Non-Executive Director's fees

The Remuneration Committee regularly reviews the level of fees paid to Non-Executive Directors and the Managing Director. While the Board notes that these salaries are low in the market, the salary of the Managing Director and the Non-Executive Directors remained unchanged in 2020 in light of the COVID-19 circumstances. Any implementation of market-based adjustments will be reconsidered at a later date.

6.3 Non-Executive Directors' Share Holding Policy

Lifestyle Communities introduced a new policy in FY20 which requires that all Non-Executive Directors hold a minimum shareholding in Lifestyle Communities equivalent to 100% of their annual base fee.

Non-Executive Directors are required to acquire their target shareholding independently. The shareholding does not comprise part of the remuneration package.

Non-Executive Directors have five years in which to purchase their shareholding requirement. The five-year period will commence from the later of the date the policy is adopted, or the Non-Executive Director takes up their position. Once the equivalent of a Non-Executive Director's annual base fee has been acquired in shares, the Non-Executive Director does not need to adjust shareholdings when there is an adjustment of the share price. On reappointment to the Lifestyle Communities board, each Non-Executive Director must reassess their shareholding and top up to the new base fee by the expiration of the original 5-year term. The shareholdings of Directors are set out in section 10.

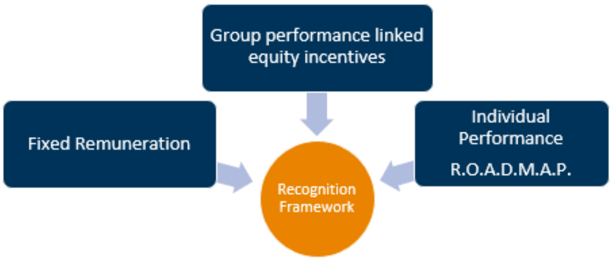
Remuneration Report (audited)

For the year ended 30 June 2020

7. Structure of Executive Directors and Leadership Team Remuneration

7.1 Framework

The Company's executive remuneration framework consists of the following elements:



In determining executive remuneration, the Board aims to ensure that remuneration practices are:

- Competitive and reasonable, enabling the Company to attract and retain key talent;
- Aligned to the Company's strategic and business objectives and the creation of shareholder value; and
- Transparent and acceptable to shareholders.

7.2 Relationship between Remuneration and Group Performance

Fixed remuneration

Fixed remuneration for senior management is benchmarked against market data for comparable roles. A formal benchmarking exercise is undertaken every second year, or sooner where there is a material role change. In addition to external benchmarking, senior management remuneration is reviewed annually using the performance ROADMAP process and increases are determined according to the individual's performance and displayed values and behaviours.

Fixed remuneration is structured to ensure that high quality talent is attracted and retained, and is suitably motivated to meet the Group's strategic, cultural, and business objectives.

Equity Incentive Scheme

All employees are entitled to participate in the Equity Incentive Scheme (EIS), which is triggered on the attainment of a single Group performance goal - New Home Settlements. Details of the EIS structure and how it is awarded are set out in more detail in Section 7.3 below.

The Board and Remuneration Committee consider a range of factors in setting the annual target range for the EIS. This includes the Company's budget for new home settlements and analyst forecasts.

When the EIS was introduced in FY17, there was significant debate and consideration by the Board and Remuneration Committee when determining appropriate performance conditions for the scheme. Ultimately, the annual number of New Home Settlements was chosen as the sole performance metric because it is the main driver of earnings growth and the creation of shareholder value under the Lifestyle Communities business model. It is also simple, easy to measure, and it is one that all employees can play a role in achieving.

Remuneration Report (audited)

For the year ended 30 June 2020

The role each team plays in delivering new home settlements is described in the following table:

Department	Total staff	Impact on settlements
Acquisitions	1	The acquisitions executive is incentivised by the ability to influence the future settlement pipeline.
Marketing	8	Although the marketing team have long term strategies for growing enquiries they have a short term ability to directly impact enquiries leading to sales and settlements.
Development and delivery	13	The development team is responsible for ensuring efficiency within the construction program to meet settlements based on sales demand. Whilst also having a direct impact on short term settlements they are increasingly responsible for driving customer referral as they are highly customer focused.
Sales	27	The sales team directly influence conversion of enquiries to sales and then move those sales through to settlement. The sales team is also a key part of increasing customer referral. The customer experience team are now part of the wider sales team ensuring conversion of new enquiries to appointment with Sales consultants.
Community Operations	41	The community operations team is responsible for the seamless experience of our homeowners at move in date and work closely with the sales and construction teams. By providing a high level of customer service the operations team promote referral and therefore future sales and settlements.
Finance	7	The finance team are responsible for ensuring there is appropriate financial information provided to the relevant executives to effectively execute on their roles and the finance team ensures there is sufficient funding in place for future acquisitions and for delivering the construction program.
People & Capabilities	3	The people & capability team support the teams in performing at the highest level to ensure achievement of settlement targets and customer experience standards.

The Board and Remuneration Committee regularly consider a range of factors in setting the target settlement range for the equity incentive scheme. For FY21, the decision was made to retain the New Home Settlements metric as the sole condition as this measure continues to be effective in driving performance outcomes.

Remuneration Report (audited)

For the year ended 30 June 2020

The following table shows profits, and dividends for the last five years for the Company, as well as the share prices at the end of the respective financial years.

Performance measure	FY20 000's	FY19 000's	FY18 000's	FY17 000's	FY16 000's
Statutory profit after tax	42.8	55.1	52.7	27.7	20.6
Dividends declared & paid (fully franked) (cents)	5.5	5.5	4.5	3.5	2.5
Closing share price (30 June)	9.5	6.6	5.9	4.1	2.9
Share price increase / (decrease)	43.9%	11.9%	43.9%	41.4%	19.3%
Employee share scheme expense	262	888	468	287	63
New home settlements	253	337	321	278	202

Alternate or additional performance conditions will continue to be considered for future EIS schemes.

7.3 Structure of the Equity Incentive Scheme

Each year, the Board determine a target range for New Home Settlements and the amount of equity that will be made available to Key Management Personnel, the Leadership Team, Senior Management, and other team members for the upcoming financial year. During the first half of FY20, a review of the equity incentive scheme was undertaken, including the legal structure and employee outcomes, and it was determined to substitute the direct shares issued under the previous scheme with conditional rights to receive ordinary shares ("options") in FY20 and future years.

The number of options that vest under a particular year's scheme depends on whether the lower, mid-point or upper New Home Settlement target is reached in that financial year. If the lower target is not reached, then all options granted under the scheme are forfeited.

To be eligible to fully participate in the incentive scheme, team members must have been employed by the Company on 1 July of the target year and remain employed up until the options vest. Options are typically issued in the first quarter of each financial year to existing team members, any team members commencing employment with the Company after 1 July of the target year are entitled to a pro-rata incentive.

The options allocated to Key Management Personnel, the leadership team, and other senior management are subject to a staggered vesting program that seeks to provide short to mid-term Group performance incentives. The use of deferred equity provides further alignment between the interests of senior management and shareholders by supporting the maintenance of share value.

Options allocated to Key Management Personnel and the leadership team have the following service (or escrow) conditions:

- 25% of options have a one-year service condition and will vest following completion of the audit and confirmation by the Board;
- 25% have a two-year service and ongoing performance requirement; and
- 50% have three-year service and ongoing performance requirements.

Options allocated to senior management personnel have the following service (or escrow) conditions:

- 50% of options have a one-year service requirement and will vest following completion of the audit and confirmation by the Board; and
- 50% have a two-year service and ongoing performance requirement.

The allocation relating to all other team members requires them to be employed by the Company at the time of vesting, after the completion of the audit and confirmation by the Board. The Board may apply discretion to adjust EIS outcomes. The Board can apply clawback on vested and unvested options or forfeit these awards.

The employees have not received any benefit from this change, the substitution was simply to align the FY19 issuance which had not yet vested with the future direction of the scheme

Remuneration Report (audited)

For the year ended 30 June 2020

For accounting purposes, the fair value has been determined at the grant date for employees employed prior to 1 July and at commencement date of employees that joined the Company during the year. The expense will be recognised over the vesting periods noted above.

The operation of the equity incentive scheme is administered by an independent third party, Link Market Services. The employee share trust related to the FY17 and FY18 equity incentive schemes continues to be administered by Smartequity Pty Ltd.

8. Remuneration Details for FY20

Managing Director

The total remuneration for the Managing Director (inclusive of superannuation) is $600,000 and includes a $20,000 car allowance as compensation for the high level of travel required between the Company's communities. The Managing Director does not participate in any short term or long-term incentive plans.

In 2020 the salary of the Managing Director remained unchanged in light of the current crisis. While the Board notes that this salary is low in the market, the salary of the Managing Director remained unchanged in 2020 in light of the COVID-19 circumstances. Any implementation of a market-based adjustment will be reconsidered at a later date.

There were no significant changes to the Managing Director's service agreement during FY20.

Significant conditions

Under the terms of the agreement, the contract may be terminated by either party giving three months written notice. The Company may terminate the contract at any time without notice if serious misconduct has occurred. The Managing Director has a three-month restrictive period post termination.

Senior Management

Fixed remuneration for senior management is reviewed annually in the performance ROADMAP process or on change of role responsibilities. Fixed remuneration is benchmarked against market data for comparable roles and a formal benchmarking exercise every second year or sooner, in line with material role changes.

The employment agreements for the senior management appointments were refreshed during the 2020 financial year.

Significant conditions

Under the terms of all agreements, the contracts may be terminated by either party giving three months written notice. The Company may terminate the contracts at any time without notice if serious misconduct has occurred.

Equity Incentive Scheme

In relation to the 2020 financial year, 253 new home settlements were achieved meaning that the lower settlement target was not achieved. All options issued in relation to FY20 have now been forfeited.

Refer to section 10 for details of shares and options held by Key Management Personnel.

Remuneration Report (audited)

For the year ended 30 June 2020

The following options were issued to Key Management Personnel in relation to the FY20 equity incentive scheme. The performance range for FY20 was 270 – 310 new home settlements. 253 new home settlements were achieved during FY20 and therefore the low end of the range was not met, and the options have been forfeited.

Name	Options Granted 000's	Value at Grant Date $000's	Total Vested 000's	Total Forfeited 000's	Vested %
Darren Rowland	20	136	-	20	0
Chris Paranthoiene	20	136	-	20	0
Sam Cohen (resigned 27 March 2020)	20	136	-	20	0
Yvonne Slater	20	136	-	20	0
Richard Parker	20	136	-	20	0
	100	680	-	100	0

At the beginning of FY20, a review of the equity incentive scheme was undertaken, including the legal structure and employee outcomes, and it was determined to substitute the direct shares issued under the previous scheme with conditional rights to receive ordinary shares ("options") in future. This substitution was applied to the FY19 entitlements that had not yet vested. The employees have not received any benefit from this change, the substitution was simply to align the FY19 issuance which had not yet vested with the future direction of the scheme.

Name	Options Granted 000's	Value at Grant Date $000's	Total Vested 000's $	Total Forfeited 000's $	Vested %
Darren Rowland	15	87	8	-	50.0
Chris Paranthoiene	15	87	8	-	50.0
Sam Cohen (resigned 27 March 2020)	15	87	4	11	25.0
Yvonne Slater	15	87	8	-	50.0
Richard Parker	15	87	8	-	50.0
	75	435	36	11	48.0

Remuneration Report (audited)

For the year ended 30 June 2020

9. Remuneration details of Key Management Personnel

The following table of benefits and payment details, in respect to the financial year, the components of remuneration for each member of the key management personnel of the Group.

	Fixed remuneration			Variable Remuneration			
2020	Salary & fees 000's $	Annual & Long Service Leave 000's $	Super 000's $	Deferred Shares 000's $	Options 000's $	Total 000's $	Performance Related %
Directors							
James Kelly	575	44	25	n/a	n/a	644	n/a
Philippa Kelly	111	-	11	n/a	n/a	122	n/a
David Blight	77	-	4	n/a	n/a	81	n/a
Nicola Roxon	77	-	7	n/a	n/a	84	n/a
Georgina Williams	73	-	7	n/a	n/a	80	n/a
Mark Blackburn (appointed 1st December 2019)	45	-	4	n/a	n/a	49	n/a
Tim Poole (resigned 14th August 2019)	19	-	2	n/a	n/a	21	n/a
	977	44	60	n/a	n/a	1,081	n/a
Management							
Darren Rowland	345	9	25	2	30	411	7.8
Chris Paranthoiene	325	9	25	9	30	398	9.8
Sam Cohen (resigned 27th March 2020)	180	38	11	(26)	(46)	157	(45.9)
Yvonne Slater	248	22	22	2	30	324	9.9
Richard Parker	293	18	25	9	30	375	10.4
Simon Goninon (appointed 30th March 2020)	40	4	4	-	-	48	-
	1,431	100	112	(4)	74	1,713	4.1
	2,408	144	172	(4)	74	2,794	2.5

Richard Parker's remuneration was increased in FY20 following a market-based review during FY19. Annual Leave and Long Service leave represents movements in leave provisions.

Remuneration Report (audited)

For the year ended 30 June 2020

	Fixed remuneration			Variable remuneration			
2019	Salary $ fees 000's $	Annual & Long Service Leave 000's $	Super 000's $	Deferred Shares 000's $	Options 000's $	Total 000's $	Performance Related %
Directors							
James Kelly	575	11	25	n/a	n/a	611	n/a
Philippa Kelly	78	-	7	n/a	n/a	85	n/a
David Blight	73	-	7	n/a	n/a	80	n/a
Nicola Roxon	73	-	7	n/a	n/a	80	n/a
Georgina Williams	73	-	7	n/a	n/a	80	n/a
Tim Poole (resigned 14th August 2019)	114	-	11	n/a	n/a	125	n/a
	986	11	64	n/a	n/a	1,061	n/a
Management							
Darren Rowland	325	9	26	5	43	408	11.8
Chris Paranthoiene	325	20	25	26	43	439	15.7
Sam Cohen (resigned 27th March 2020)	195	16	16	26	43	296	23.3
Yvonne Slater	221	13	19	5	43	301	15.9
Richard Parker	203	7	17	26	43	296	23.3
	1,269	**65**	**103**	**88**	**215**	**1,740**	17.4
	2,255	**76**	**167**	**88**	**215**	**2,801**	10.8

Annual Leave and Long Service leave represents movements in leave provisions.

Remuneration Report (audited)

For the year ended 30 June 2020

10. Shares and Options held by Key Management Personnel

10.1 Shareholdings of Directors and key management personnel

30 June 2020	Shares held at the beginning of the year 000's	Purchased on Market 000's	Deferred Shares Vested 000's	Sold 000's	Shares held at the end of the year 000's
Directors					
James Kelly	12,046	31	-	(1,500)	10,577
Philippa Kelly	65	10	-	-	75
David Blight	-	5	-	-	5
Nicola Roxon	-	5	-	-	5
Georgina Williams	2	6	-	-	8
Mark Blackburn	-	2	-	-	2
Tim Poole (resigned 14 August 2019)	1,225	-	-	-	1,225
Management					
Darren Rowland	1	-	1	-	2
Chris Paranthoiene	181	-	10	(75)	116
Sam Cohen (resigned 27th March 2020)	85	-	-	-	85
Yvonne Slater	1	-	1	-	2
Richard Parker	27	-	10	(27)	10

Remuneration Report (audited)

For the year ended 30 June 2020

10.2 Options held by Key Management Personnel

	Balance at 1 July 2019	Granted as Compensation	Vested		Exercised	Forfeited / Lapsed		Balance at 30 June 2020	
			No.	%		No.	%	Vested & Exercisable	Unvested
Darren Rowland	-	35,000	7,500	21.4%	-	20,000	57.1%	7,500	7,500
Chris Paranthoiene	-	35,000	7,500	21.4%	-	20,000	57.1%	7,500	7,500
Sam Cohen (resigned 27th March 2020)	-	35,000	3,750	10.7%	-	31,250	89.3%	3,750	-
Yvonne Slater	-	35,000	7,500	21.4%	-	20,000	57.1%	7,500	7,500
Richard Parker	-	35,000	7,500	21.4%	-	20,000	57.1%	7,500	7,500
Total	-	175,000	33,750	19.3%	-	111,250	63.6%	33,750	30,000

11. Remuneration report voting at Annual General Meetings

Lifestyle Communities Limited received more than 99.86% of votes in support of its remuneration report at the 2019 Annual General Meeting.

Lifestyle Communities Limited and Controlled Entities
ABN: 11 078 675 153

Director's Report

For the year ended 30 June 2020

Signed in accordance with a resolution of the Board of Directors:

Philippa Kelly
Chair

James Kelly
Managing Director

Auditor's Independence Declaration

As lead auditor for the audit of Lifestyle Communities Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Lifestyle Communities Limited and the entities it controlled during the period.

Andrew Cronin
Partner
PricewaterhouseCoopers

Melbourne
12 August 2020

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2020

	Note	2020 000's $	2019 restated 000's $
Development revenue			
Home settlement revenue		**96,105**	119,270
Cost of sales		**(75,238)**	(89,716)
Gross profit from home settlements		**20,867**	29,554
Management and other revenue			
Rental revenue		**22,964**	18,904
Deferred management fees	2.1(a)	**5,165**	3,531
Utilities revenue		**2,698**	2,517
Finance revenue		**346**	20
Job Keeper		**858**	-
Total management and other revenue		**32,031**	**24,972**
Fair value adjustments	2.2	**38,943**	55,732
Less expenses			
Development expenses (sales and marketing)		**(6,456)**	(6,212)
Management rental expenses		**(9,720)**	(7,548)
Deferred management fee expenses		**(2,179)**	(1,953)
Utilities expenses		**(2,905)**	(2,955)
Corporate overheads		**(9,694)**	(9,844)
Other expenses	1.1(c)	**1,590**	(673)
Finance costs	2.1(b)	**(1,347)**	(1,422)
Profit before income tax		**61,130**	79,651
Income tax expense	2.4	**(18,312)**	(24,588)
Profit from continuing operations		**42,818**	55,063
Earnings per share for profit attributable to the ordinary equity holders of the parent entity:			
Basic earnings per share (cents)		**41.03**	52.79
Diluted earnings per share (cents)		**40.98**	52.79

Prior year comparatives have been restated, please refer to note 1.1 for additional information.

Consolidated Statement of Financial Position

As at 30 June 2020

	Note	2020 000's $	2019 restated 000's $
ASSETS			
Current assets			
Cash and cash equivalents	4.3	**16,381**	4,982
Trade and other receivables	2.6	**1,094**	605
Inventories	3.3	**45,109**	37,098
Other current assets	2.7	**563**	737
Total current assets		**63,147**	43,422
Non-current assets			
Inventories	3.3	**28,822**	13,882
Other non-current assets	2.7	**1,237**	1,088
Property, plant and equipment	3.4	**9,112**	7,642
Investment properties	3.1	**493,602**	399,750
Right-of-use assets		**733**	-
Total non-current assets		**533,506**	422,362
TOTAL ASSETS		596,653	465,784
LIABILITIES			
Current liabilities			
Trade and other payables	2.8	**33,588**	36,919
Lease liabilities		**168**	-
Current tax liabilities	2.4	**244**	974
Provisions	5.2	**1,073**	3,697
Total current liabilities		**35,073**	41,590
Non-current liabilities			
Trade and other payables	2.8	**41,629**	-
Interest-bearing loans and borrowings	4.4	**145,000**	100,000
Lease liabilities		**616**	-
Provisions		**163**	132
Deferred tax liabilities	2.4	**82,799**	69,371
Total non-current liabilities		**270,207**	169,503
TOTAL LIABILITIES		305,280	211,093
NET ASSETS		291,373	254,691
EQUITY			
Contributed equity	4.5	**63,784**	63,641
Reserves	4.6	**2,188**	2,196
Retained earnings	4.6	**225,401**	188,854
TOTAL EQUITY		291,373	254,691

The above statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2020

2020

	Note	Contributed equity 000's $	Reserves 000's $	Retained earnings 000's $	Total equity 000's $
Balance at 1 July 2019		**63,641**	**2,196**	**188,854**	**254,691**
Profit for the year		-	-	**42,818**	**42,818**
Total comprehensive income for the year		-	-	**42,818**	**42,818**
Transactions with owners in their capacity as owners					
Vesting of treasury shares		**143**	**(270)**	-	**(127)**
Employee share scheme expense		-	**262**	-	**262**
Dividends paid or provided for	4.7	-	-	**(6,271)**	**(6,271)**
Balance at 30 June 2020		**63,784**	**2,188**	**225,401**	**291,373**

2019

	Note	Contributed equity 000's $	Reserves 000's $	Retained earnings 000's $	Total equity 000's $
Balance at 1 July 2018		63,808	1,728	139,018	204,554
Profit for the year		-	-	55,063	55,063
Total comprehensive income for the year		-	-	55,063	55,063
Transactions with owners in their capacity as owners					
Treasury shares purchased		(548)	-	-	(548)
Vesting of treasury shares		381	(420)	-	(39)
Employee share scheme expense		-	888	-	888
Dividends paid or provided for	4.7	-	-	(5,227)	(5,227)
Balance at 30 June 2019		63,641	2,196	188,854	254,691

The above statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2020

	Note	2020 000's $	2019 000's $
Cash flow from operating activities			
Receipts from customers (inclusive of GST)		**138,783**	153,682
Payments to suppliers and employees (inclusive of GST)		**(123,387)**	(137,587)
Job keeper received		**521**	-
Income tax paid		**(5,619)**	(7,029)
Interest received		**109**	123
Interest paid		**(4,708)**	(3,405)
Net cash provided by/(used in) operating activities	2.5	**5,699**	5,784
Cash flow from investing activities			
Purchase of property, plant and equipment		**(2,613)**	(2,761)
Purchase of investment properties		**(30,156)**	(60,616)
Net cash provided by/(used in) investing activities		(32,769)	(63,377)
Cash flow from financing activities			
Principal elements of lease payments		**(260)**	-
Purchase of treasury shares		-	(783)
Proceeds from external borrowings		**45,000**	60,000
Dividends paid		**(6,271)**	(5,227)
Net cash provided by/(used in) financing activities		**38,469**	53,990
Net increase/(decrease) in cash and cash equivalents held		**11,399**	(3,603)
Cash and cash equivalents at the beginning of the financial year		**4,982**	8,585
Cash and cash equivalents at end of financial year		**16,381**	4,982

The above statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the year ended 30 June 2020

1 How we have prepared this report

1.1 Basis of Preparation

This financial report is a general purpose financial report, that has been prepared in accordance with Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers Lifestyle Communities Limited and controlled entities as a consolidated entity. Lifestyle Communities Limited is a company limited by shares, incorporated and domiciled in Australia. Lifestyle Communities Limited is a for-profit entity for the purpose of preparing the Financial Statements.

The financial report was authorised for issue by the directors as at the date of the director's report.

Significant accounting policies adopted in the preparation of these financial statements are consistent with prior reporting periods unless noted below:

(a) Leases

The Group has adopted AASB 16 and has recognised lease liabilities in relation to leases which has previously been classified as 'operating leases' under the principals of AASB117 Leases, details are disclosed in note 7.5 below

(b) Employee Share Scheme

As noted in the Company's remuneration report, Lifestyle employees are eligible to participate in the equity incentive scheme (EIS). At the beginning of FY20, a review of the equity incentive scheme was undertaken, including the legal structure and employee outcomes, and it was determined to substitute the direct shares issued under the previous scheme with conditional rights to receive ordinary shares ("options") in future. This substitution was applied to the FY19 entitlements that had not yet vested. The employees have not received any benefit from this change, the substitution was simply to align the FY19 issuance which had not yet vested with the future direction of the scheme.

(c) Other expenses

Other expenses in the profit and loss in FY20 include the GST provision release of $1.6 million. The GST audit being conducted by the Australian Taxation Office (ATO), covering the period June 2014 to May 2018, was resolved during the period. In the prior year other expenses included costs of refinancing $0.5 million and costs associated with the office relocation $0.2 million.

Reclassifications

(d) Joint Operations Accounting

Joint operations arrangements with Chelsea Heights and Casey Fields are captured under AASB 11 and the revenue and expenses are reported based on the Group's share. Prior year comparatives have been restated to account for the Company's share of revenue and expenses.

(e) Provisions

The provision for GST held in respect of the Australian Taxation Office GST audit on land has been reclassified from trade and other payables to current provisions in the prior year.

(f) Inventories

Accrued project expenses previously included in the inventory balance has been reclassified to trade and other payable in the prior year.

(g) Management rental expenses

Operations, regional management and wellness staff costs have been reclassified from corporate overheads to management rental expenses in the prior year.

Compliance with IFRS

The financial report complies with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

The financial report has been prepared under the historical cost convention, as modified by revaluation to fair value for certain classes of assets as described in the accounting policies.

Notes to the Financial Statements

For the year ended 30 June 2020

Rounding of amounts

The parent entity and the consolidated entity have applied the relief available under ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191 and accordingly, the amounts in the Consolidated Financial Statements and in the Directors' Report have been rounded to the nearest thousand dollars or in certain cases, to the nearest dollar.

1.2 Principles of consolidation

The consolidated Financial Statements are those of the consolidated entity, comprising the Financial Statements of the parent entity and of all entities which the parent entity controls. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Financial Statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist.

All inter-company balances and transactions, including any unrealised profits and losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is established and are de-recognised from the date that control ceases.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as non-controlling interests.

Non-controlling interests in the results of subsidiaries are shown separately in the Consolidated Statement of Profit or loss and other Comprehensive Income and Consolidated Statement of Financial Position respectively.

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

1.3 Significant accounting estimates and judgements

The preparation of the Financial Statements requires management to make estimates and assumptions that affect the reported amounts in the Financial Statements. Management continually evaluates its estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its estimates on historical experience and on other various factors it believes to be reasonable under the circumstances.

The estimates and assumptions based on future events have a significant inherent risk, and where future events are not anticipated there could be a material impact on the carrying amounts of the assets and liabilities in future periods, as discussed below.

(a) Significant accounting judgments

(i) Income tax

Deferred tax assets and liabilities are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

(b) Significant accounting estimates and assumptions

(i) Valuation of investment properties

The Group values investment properties at fair value. Fair value is determined by a combination of the discounted annuity streams associated with the completed and settled home units and the fair value of the undeveloped land. Inputs for the fair value of investment properties are derived from independent and Directors' valuations.

(ii) Share based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Refer to Note 5.3 for further detail. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

1.4 Joint operations

Under AASB 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. Details of the joint operation are set out in note 6.2.

Notes to the Financial Statements

For the year ended 30 June 2020

2 How we have performed this year

2.1 Profit from continuing operations

Profit from continuing operations before income tax has been determined after the following specific revenues and expenses:

Revenues

The Group has five main revenue streams including Home Settlement Revenue, Rental Revenue, Deferred Management Fee revenue, Utilities Revenue and Interest revenue. The Group met the eligibility criteria for the Federal Government's Job Keeper income in FY20 and recognised income over the period. The Group are not required to fulfil any further conditions.

(i) Home settlement revenue

The Group develops and sells homes including a share of the community infrastructure. Revenue from home settlement is recognised at a point in time with each home purchase agreement treated as a single performance obligation to transfer control of the home and community infrastructure to the homeowner. Revenue is recognised for the amount specified in the home purchase agreement upon receipt of final settlement. The owner has legal title, physical control of the asset, exposure to the majority of the risk and rewards of ownership and the Group does not hold any option or obligation to repurchase on exit. Deposits received in advance from customers are recognised as a contract liability until the performance obligation has been met.

(ii) Rental revenue

Rental revenue is derived under the Site Lease Agreement granting the homeowners a right to use the Land for their property. The rent is calculated on a weekly basis per tenant as per the contract. Rental revenue is recognised as it is earned. Rental revenue meets the definition of a lease arrangement and falls outside the scope of AASB 15 and is therefore accounted for in accordance with AASB 16 Leases.

(iii) Deferred management fee

The deferred management fee is a contribution to the management and maintenance of the community. The deferred management fee is considered highly susceptible to factors outside the Group's influence until realised, including the timing and the amount of consideration received, which is based on a percentage of the resale value and at the home owners discretion. These factors result in a high degree of variability in expected consideration, and as such revenue from deferred management fee is recognised at a point in time upon the resale settlement of the home when the vendor transfers control of the home and community infrastructure to the incoming homeowner. Revenue for deferred management fees are recognised under AASB 15.

For all contracts entered into prior to 1 January 2009, the fee payable is 15% on the resale value of the unit and after a period of occupation of a year and one day.

For all contracts entered into post 1 January 2009, the fee payable is up to 20% (the fee accumulates by 4% per year over 5 years up to 20%) on the resale value of the unit.

The Company offers a Smart Buy Guarantee whereby no deferred management fee is payable by homeowners that leave for any reason in the first 12 months. 6.2% of homeowners that settled in FY20 used the Smart Buy Guarantee compared with 4.4% in FY19.

(iv) Utilities revenue

Utilities revenue is billed to homeowners monthly and recorded as revenue in the respective month.

(v) Interest revenue

Interest income is recognised in the income statement as it accrues, using the effective interest method.

(a) Deferred management fee

	2020 000's $	2019 000's $
Deferred management fees received	**4,110**	2,770
Selling and administration fees	**1,055**	761
Total	**5,165**	3,531

Notes to the Financial Statements

For the year ended 30 June 2020

Expenses

(b) Finance costs expensed

Borrowing costs are expensed as incurred, except for borrowing costs incurred as part of the cost of the construction of a qualifying asset which are capitalised until the asset is ready for its intended use or sale. Establishment fees are amortised over the life of the facility.

	2020 000's $	2019 000's $
Interest on secured loans	**1,122**	1,169
Amortisation of establishment fees	**225**	253
	1,347	1,422

(c) Finance costs capitalised

Finance costs expensed excludes interest capitalised as part of inventory:

	2020 000's $	2019 000's $
Interest on secured loans	**3,156**	2,237

Interest on development debt has been capitalised at the prevailing facility interest rate and is expensed through cost of sales as a pro-rata amount per home settled.

(d) Depreciation, amortisation and impairment

See note 3.4 for the depreciation accounting policy.

Assets with an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136 Impairment of Assets. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired.

An impairment loss is recognised where the carrying amount of the asset or cash generating unit exceeds its recoverable amount. The recoverable amount of an asset cash generating unit is defined as the higher of its fair value less costs of disposal and value in use.

	Note	2020 000's $	2019 000's $
Depreciation	3.4	**999**	704

2.2 Fair Value Adjustments

	2020 000's $	2019 000's $
Fair value adjustments - Investment Properties	**38,943**	55,732

(a) Fair value adjustments - Investment Properties

Fair value adjustment results from valuing communities at their fair value at balance date. This income represents incremental adjustments to the fair value of investment properties upon settlement of units and reflects the discounted value of future rental and deferred management fee revenues net of expenses as well as the fair value of undeveloped land.

Notes to the Financial Statements

For the year ended 30 June 2020

2.3 Earning per share

The following reflects the income and weighted average number of shares used in the basic and diluted earnings per share computations:

(a) Earnings used in calculating earnings per share

	2020 000's $	2019 000's $
Net profit	**42,818**	55,063

(b) Weighted average number of shares

	2020 000's $	2019 000's $
Ordinary shares	**104,545**	**104,545**
Treasury shares	**(196)**	(230)
Weighted average number of ordinary shares for basic earnings per share	**104,349**	104,315
Effect of dilution:		
Options	**131**	-
Weighted average number of ordinary shares adjusted for dilution	**104,480**	104,315

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these Financial Statements.

2.4 Income Tax Expense

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax balances

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. No deferred tax asset or liability is recognised in relation to temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only when it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation

The parent entity and its wholly owned subsidiaries have implemented tax consolidation and have formed an income tax-consolidated Group from 18 March 2011. This means that: each entity recognises their own current and deferred tax amounts in respect of the transactions, events and balances of the entity; and the parent entity assumes the current tax liabilities and deferred tax assets arising in respect of tax losses, arising in the subsidiary, and recognises a contribution to (or distribution from) the subsidiaries. The tax consolidated Group also has a tax sharing agreement in place to limit the liability of subsidiaries in the tax-consolidated Group, arising under the joint and several liability provisions of the tax consolidation system, in the event of default by the parent entity to meet its payment obligations.

Notes to the Financial Statements

For the year ended 30 June 2020

(a) The major components of tax expense (income) comprise:

	2020 000's $	2019 000's $
Current tax	**5,453**	6,871
Deferred income tax	**12,931**	17,482
(over)/under provision in respect of prior years	**(72)**	235
	18,312	24,588

(b) Deferred income tax expense included in income tax expense comprises

	2020 000's $	2019 000's $
Decrease / (increase) in deferred tax assets	**858**	424
Increase in deferred tax liabilities	**12,073**	17,059
	12,931	17,483

(c) Reconciliation of income tax to accounting profit:

	2020 000's $	2019 000's $
Accounting profit before tax	**61,130**	79,651
Tax	**30.00%**	30.00%
	18,339	23,895
Add / (less):		
Tax effect of:		
- share options expensed during year	**78**	267
- Entertainment	**25**	-
- Capital loss adjustments	**(58)**	-
- Over provision for income tax in prior year	**(72)**	-
- Other	**-**	426
Income tax expense	**18,312**	24,588

(d) Current tax payable

Current tax relates to the following:

	2020 000's $	2019 000's $
Opening balance	**974**	1,132
Income tax payable	**5,453**	6,871
Tax payments	**(5,619)**	(7,029)
Over provision in prior years	**(564)**	-
Current tax liabilities	**244**	974

Notes to the Financial Statements

For the year ended 30 June 2020

(e) Deferred tax

Deferred tax relates to the following:

	2020 000's $	2019 000's $
Deferred tax assets		
The balance comprises		
Capital raising costs	**6**	12
Lease liability	**235**	-
Tax losses	**92**	274
Provision for employee entitlements	**371**	306
Accruals & business expenses	**547**	1,455
Credited to equity - purchase of treasury shares	**65**	340
	1,316	2,387
Deferred tax liabilities		
Interest capitalised	**1,189**	835
Investment property fair value adjustments	**82,605**	70,923
Accrued income not assessable	**102**	-
Right of use asset	**219**	-
	84,115	71,758
Net deferred tax liability	**82,799**	69,371

(f) Deferred tax assets not brought to account

Capital tax losses	**267**	324

Notes to the Financial Statements

For the year ended 30 June 2020

2.5 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

	2020 000's $	2019 000's $
Operating profit after income tax	**42,818**	55,063
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
-depreciation	**999**	704
-amortisation	**434**	253
-share based payments	**262**	888
-Fair value adjustment	**(38,943)**	(55,732)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	**(488)**	(378)
- (increase)/decrease in other assets	**(200)**	(1,009)
- (increase)/decrease in inventories	**(22,951)**	(9,220)
- increase/(decrease) in trade and other payables	**13,663**	(2,297)
- increase/(decrease) in provisions	**(2,593)**	188
- increase/(decrease) in current tax	**(730)**	(158)
- increase/(decrease) in deferred tax	**13,428**	17,482
Net cash flow from operating activities	**5,699**	5,784

2.6 Trade and other receivables

	Note	2020 000's $	2019 000's $
Other receivables		**1,094**	605

(a) Fair value and credit risk

Due to the short-term nature of other receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of receivables.

2.7 Other assets

	2020 000's $	2019 000's $
Security deposits	**404**	787
Other assets	**1,154**	959
Prepayments	**242**	79
Total	**1,800**	1,825

Notes to the Financial Statements

For the year ended 30 June 2020

(a) Fair value and credit risk

Due to the short-term nature of other current assets, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of other current assets.

2.8 Trade and other payables

	Note	2020 000's $	2019 000's $
Trade payables	(a)	**2,523**	1,486
Customer deposits	(b)	**656**	638
GST payable	(c)	**616**	403
Other payables and accruals	(c)	**13,011**	4,942
Contracted land-current	(e)	**16,782**	29,323
Contracted land-non-current	(e)	**41,629**	-
Deferred revenue	(f)	-	127
Total		75,217	36,919

(a) Trade payables

Trade payables are non-interest bearing and are normally settled on 7 to 30-day terms. Due to the short-term nature of trade payables, their carrying amount is assumed to approximate their fair value.

(b) Customer deposits

These represent deposits received from customers that are recognised as revenue upon home settlement.

(c) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Where applicable receivables and payables in the Statement of Financial Position are shown inclusive of GST. Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(d) Other payables

Other payables are non-traded payables, are non-interest bearing and have an average term of 30 days.

(e) Contracted land

Includes amounts payable on four parcels of land for contracts entered into prior to the reporting date (including stamp duty). Two of the four contracts, totalling $16.8 million are expected to settle in the 2021 financial year. The balance will settle progressively over the subsequent two years.

(f) Deferred revenue

These represent cash received upon the payment of rental and home settlement invoices that relates to a future financial period and will be recognised as income within the next financial year.

2.9 Segment Information

Operating segments are reported based on internal reporting provided to the Managing Director who is the Group's chief operating decision maker.

The consolidated entity operates within one operating segment, being the property development and management industry. As a result, disclosures in the Consolidated Financial Statements and notes are representative of this segment.

Notes to the Financial Statements

For the year ended 30 June 2020

3 Our business assets

3.1 Investment properties

The Company's investment properties comprise of both the capitalisation of the rental revenue and deferred management fee annuity stream together with the fair value of the undeveloped land. The undeveloped land is converted to a capitalised annuity stream upon settlement of each home.

At 30 June 2020, the fair value has been determined by a combination of the discounted annuity streams associated with completed home units and the fair value of the undeveloped land. The gain arising from the change in the fair value of investment properties has been recognised in the profit or loss.

(a) Reconciliation of carrying amounts at the beginning and end of the period

	2020 000's $	2019 000's $
Opening balance	**399,750**	303,573
Additions (contracted land and capitalised costs)	**54,915**	40,445
Net unrealised gain from fair value adjustments	**38,937**	55,732
Closing balance	**493,602**	399,750

The Company's Investment Property Valuation Policy requires that each asset in the portfolio must be externally valued at least every two years by an independent external valuer who are considered industry specialists in valuing these types of investment properties. The independent valuer can only value an investment property on three consecutive occasions.

For FY20, eight of fifteen operating communities have been externally valued by independent valuers Colliers, JLL and M3. For the remaining communities, the Directors have estimated the fair value internally utilising inputs from the independent valuations.

Fair Value Measurement, Valuation Techniques, and Inputs

The fair value represents the amount at which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the date of the valuation, in accordance with Australian Accounting Standards. In determining fair value, the expected net cash flows applicable to each property have been discounted to their present value using a market determined, risk adjusted, discount rate applicable to the respective asset.

The expected net cash flows applicable to each property comprise of rental revenue and deferred management fee.

Rental revenue is valued using the rent capitalisation approach

Rental capitalisation rates are derived from a combination of independent and Directors' valuations. The rates were taken directly from independent valuations for the eight communities independently valued in the current year. In the remaining communities (independently valued in the prior year) the directors have adjusted the rental capitalisation rates to reflect the most common rate adopted by the three independent valuers for the eight properties that were valued in the current year. Weekly rental rates were taken directly from the valuations for the eight communities independently valued in the current year using contract weekly rates.

In relation to the remaining communities (independently valued in the prior year) the Directors have not adjusted the rental rate adopted in the prior year. This reflects the embargo on rent increases legislated by the Victorian State Government during the Covid-19 pandemic. The next rent increase is currently due on 1 July 2021 assuming there is no further intervention by the Government.

Deferred management fee revenue is valued using the discounted cash flow approach

Inputs, including discount rates, deferred management fee annuity value, and management expense rates are derived from independent valuations.

All rental income and deferred management fee income disclosed in the Statement of Profit or Loss was generated from investment properties. All management expense relates to investment properties that generated rental income.

Investment properties, other than those owned as part of a joint operations, are subject to a first charge, forming in part the security of the Group's loans as disclosed in Note 4.4 (d).

The investment properties are at various stages of completion and are subject to further development until fully completed.

Notes to the Financial Statements

For the year ended 30 June 2020

The following table shows the valuation assumptions used in measuring the fair value of the investment properties.

	FY20	FY19	Impact on fair value as at 30 June 2020
Weekly rentals ($)	191.68 - 202.98	196.44 - 202.92	Decrease
Anticipated % expenses (as a percentage of rental income)	30.7% - 41.0%	28.0% - 42.2%	Decrease
Rental capitalisation rate (%)	6.25 - 6.5%	7.0%	Increase
Rental values per unit ($)	95,773 -121,615	84,730 - 108,341	Decrease
Deferred management fee discount rates (%)	13.00% - 14.25%	13.00% - 13.25%	Decrease
Deferred management fee values per unit ($)	31,229 - 82,742	31,229 - 89,247	Decrease
Valuation of undeveloped land (per hectare) ($'million)	0.19 - 2.20	0.19 - 2.20	Nil

Capitalisation rate

Capitalisation rate refers to the rate at which the annual free cash flow from weekly rental, net of costs, is capitalised to ascertain its present value at a given date. The weekly rental is contracted under the Site Lease Agreement. The capitalisation rate reflects the nature, location and tenancy profile of the property together with current market evidence and sale of comparable properties.

Generally, a change in the assumption made for the adopted capitalisation rate is accompanied by a directionally opposite change in the investment property value. The adopted capitalisation rate forms part of the income capitalisation approach.

Capitalisation approach

When calculating the income capitalisation approach, the weekly rent has a strong interrelationship with the adopted capitalisation rate given the methodology involves assessing the total weekly income receivable from the property and capitalising this in perpetuity to derive a capital value. The below summary shows the impact on valuation of movement in the various key inputs:

- Increase in weekly rent = Increase in valuation
- Decrease in weekly rent = Decrease in valuation
- Increase (softening) of the capitalisation rate = Decrease in valuation
- Decrease (tightening) of the capitalisation rate = Increase in valuation

In theory, it is possible for the effects of movements in these key inputs to add to or offset each other depending on which way the assumptions move.

Deferred Management Fee Discount rate

The discount rate is determined using a number of risk-based assumptions to reflect the risk profile of deferred management fee income stream.

Discounted cash flow approach

The discounted cash flow approach involves formulating a projection of the net cash flow from deferred management fees over a specified time horizon and discounting this cash flow at the end of the projection period at an appropriate rate. The present value of this discounted cash flow represents the fair value of the property.

In assessing the value of the discounted cash flow, a forecast model projects the likely cash flows to be derived from the deferred management fees less expenses using probability factors on the homeowners length of time in the community and also the property market growth rates.

When assessing a discounted cash flow valuation, the adopted discount rate has a strong interrelationship in deriving a fair value given the discount rate will determine the rate in which the deferred management fee is discounted to the present value.

Current year adjustments and impact of Covid

There are high levels of uncertainty regarding the duration and impact of the Covid 19 global health pandemic on the Victorian property market. There remains ongoing risk to our homeowners, team members, suppliers, and our supply chain. There also remains risk of periodic shut down of our facilities, development sites, and broader parts of the economy. The Group has a pandemic management plan in place and will continue to monitor the situation closely. Our philosophy is to focus on the health and wellbeing of our team, our homeowners, and our communities

Notes to the Financial Statements

For the year ended 30 June 2020

Current year adjustments and impact of Covid (continued)

as a priority. We are committed to take an informed approach that is sensible, balanced and kind, having regard to the expert medical advice of Australian Authorities. Each of the independent valuers have included disclosures in their reports noting the high level of uncertainty in relation to the impacts of Covid-19 and the limited market-based information available at the time of issuing their reports. All have noted the response of governments, businesses and individuals is fluid and the impacts of future events may significantly change expectations for the market and the land lease sector. As such, valuers have recommended that reliant parties keep the valuations under frequent review.

3.2 Fair value measurements

(a) Fair value hierarchy

Assets and liabilities measured and recognised at fair value have been determined by the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities

Level 2: Input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Inputs for the asset or liability that are not based on observable market data

	Level 1 000's $	Level 2 000's $	Level 3 000's $	Total 000's $
30-Jun-20				
Recurring Fair Value Measurements				
Investment properties	-	-	**493,602**	**493,602**
Total assets measured at fair value	-	-	493,602	493,602
30-Jun-19				
Recurring Fair Value Measurements				
Investment properties	-	-	399,750	399,750
Total assets measured at fair value	-	-	399,750	399,750

(b) Valuation techniques and inputs used in level 3 fair value measurements

(i) Investment properties

Investment properties have been classified as level 3 as it is an internally generated calculation that contains some non-observable market inputs. The company does not adjust some of the major inputs obtained from the independent valuations such as discount rates, the deferred management fee annuity values, and the management expense rates.

(c) Significant unobservable inputs used in level 3 fair value measurements

(i) Investment properties

Rental capitalisation rates - rates were taken directly from the valuations for the eight communities independently valued in the current year. In relation to the remaining seven operating communities (independently value in the prior year) the Directors have adjusted the rental capitalisation rates to reflect the most common position adopted by the independent valuers.

Deferred management fee annuity - the valuation for this component is taken directly from independent valuations for the eight properties independently valued in the current year. In relation to the remaining seven operating communities, Directors have reviewed the assumptions applied by independent valuers in the current year and have also reviewed transactions in the current year to assess any material variations from the prior year. No transaction-based evidence indicated any material change and as such the valuations from the prior year were maintained.

Rental annuity - for all communities the Directors have maintained the weekly rental rates adopted in prior year. This reflects the embargo on rent increases legislated by the Victorian State Government during the Covid-19 pandemic. The next rent increase is currently due on 1 July 2021 assuming there is no further intervention by the Government.

Notes to the Financial Statements

For the year ended 30 June 2020

Undeveloped land is measured at fair value, which is reflective of the most recent purchase price paid. Land is accrued upon an unconditional contract, refer to Note 2.8.

Below is a summary of the significant unobservable inputs utilised across the portfolio, including the inputs obtained from the independent valuations:

(d) Valuation processes used for level 3 fair value measurements

(i) Investment properties

The Company obtains independent valuations of each community at least every two years, refer to Note 3.1.

(e) Sensitivity analysis for recurring level 3 fair value measurements

(i) Investment properties

The impact of changes to the inputs that affect the valuation of investment properties is assessed below.

Rental income

Rent is contractually fixed to increase by the greater of CPI or 3.5% annually. The Victorian State Government legislated an embargo on rental increases during the Covid-19 pandemic. This meant the rental increase due to be implemented on 1 July 2020 could not proceed. The next rent increase is currently due on 1 July 2021 assuming there is no further intervention by the Government.

	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	2020	2019	2020	2019
	$	$	$	$
Rental expense rate				
+2%	**(5,524)**	(4,466)	**(5,524)**	(4,466)
-2%	**5,524**	4,466	**5,524**	4,466
Rental capitalisation rate				
+0.50%	**(12,783)**	(9,937)	**(12,783)**	(9,937)
-0.50%	**14,929**	11,466	**14,929**	11,466
Deferred management fee per unit				
+5%	**4,319**	4,107	**4,319**	4,107
-5%	**(4,319)**	(4,107)	**(4,319)**	(4,107)
Land prices (undeveloped land)				
+10%	**8,635**	5,786	**8,635**	5,786
-10%	**(8,635)**	(5,786)	**(8,635)**	(5,786)
Rent revenue				
+3.5%	**6,650**	-	**6,650**	-
-3.5%	**(6,650)**	-	**(6,650)**	-

Notes to the Financial Statements

For the year ended 30 June 2020

3.3 Inventories

Inventories are measured at the lower of cost and net realisable value. Inventories include housing units built but not sold as well as capitalised civils and infrastructure, wages and holding costs. Inventories are classified as either current or non-current assets pursuant to the timing of their anticipated sale.

	2020 000's $	2019 000's $
Current		
Housing	**27,321**	21,470
Civils & infrastructure	**17,788**	15,628
	45,109	37,098
Non-current		
Housing	**2,756**	4,650
Civils & Infrastructure	**26,066**	9,232
	28,822	13,882
Total	**73,931**	50,980

(a) Inventory expense

Inventories recognised as an expense for the year ended 30 June 2020 totalled $75.2 million for the Group (2019: $89.7 million). The expense has been included in the cost of sales line item.

3.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

	2020	2019
Buildings	**40 years**	40 years
Plant and equipment	**4 to 25 years**	4 to 25 years
Computer equipment	**2 to 3 years**	2 to 3 years
Motor vehicles	**4 to 7 years**	4 to 7 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Notes to the Financial Statements

For the year ended 30 June 2020

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Buildings 000's $	Plant and Equipment 000's $	Motor Vehicles 000's $	Computer Equipment 000's $	Total 000's $
Year ended 30 June 2020					
Balance at the beginning of the year	3,078	3,076	864	624	7,642
Additions	811	782	689	331	2,613
Disposals	(144)	-	-	-	(144)
Depreciation	(94)	(506)	(163)	(236)	(999)
Balance at the end of the year	3,651	3,352	1,390	719	9,112
At 30 June 2020 Cost	4,082	4,857	1,950	1,230	12,119
Accumulated depreciation	(431)	(1,505)	(560)	(511)	(3,007)
Net Carrying Amount	3,651	3,352	1,390	719	9,112

	Buildings 000's $	Plant and Equipment 000's $	Motor Vehicles 000's $	Computer Equipment 000's $	Total 000's $
Year ended 30 June 2019					
Balance at the beginning of the year	2,421	2,085	729	342	5,577
Additions	736	1,568	232	456	2,992
Disposals	-	(223)	-	-	(223)
Depreciation	(79)	(354)	(97)	(174)	(704)
Balance at the end of the year	3,078	3,076	864	624	7,642
At 30 June 2019 Cost	3,474	4,250	1,339	1,056	10,119
Accumulated depreciation	(396)	(1,174)	(475)	(432)	(2,477)
Net Carrying Amount	3,078	3,076	864	624	7,642

4 How we fund the business and manage risks

4.1 Capital Management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity by assessing the cost of equity (share issue), cost of debt (borrowings) or a combination of both.

4.2 Financial Risk Management Objectives and Policies

The Group’s principal financial instruments comprise, bank loans, cash, trade and other receivables and trade payables.

Notes to the Financial Statements

For the year ended 30 June 2020

(i) Classification

The consolidated entity classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (through profit and loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses with be recorded in the profit or loss.

(ii) **Recognition and derecognition**

The regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) **Measurement**

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at FVPL are expensed in profit and loss.

Non-derivative financial instruments

Non-derivative financial instruments consist of trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are initially recognised at fair value, plus directly attributable transactions costs (if any). After initial recognition, non-derivative financial instruments are measured as described below.

Loans and receivables

Loans and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

Interest bearing loans and borrowings

Interest bearing loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Financial liabilities

Financial liabilities include trade payables, other creditors and loans from third parties.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

The Group manages its exposure to key financial risk, including interest rate risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, market risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include market forecasts for interest rates. Liquidity risk is monitored through the development of future rolling cash flow forecasts. These procedures are sufficient to identify when mitigating action might be required. The Board reviews and agrees policies for managing each of these risks as summarised as follows:

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations. The level of debt is disclosed in Note 4.4.

Notes to the Financial Statements

For the year ended 30 June 2020

Long-term debt obligations

As at balance date, the Group had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk (being the bank bill business rate):

	2020 000's $	2019 000's $
Financial assets		
Cash and cash equivalents	**16,381**	4,982
Financial liabilities		
Secured loans - bank finance	**145,000**	100,000
Net exposure	**(128,619)**	(95,018)

If interest rates had moved and been effective for the period, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	2020 000's 0	2019 000's $	2020 000's $	2019 000's $
Consolidated				
+1% (100 basis points)	**(1,050)**	(575)	**(1,050)**	(575)
-1% (100 basis points)	**1,050**	575	**1,050**	575

When determining the parameters for a possible change in interest rate risk, management has taken into consideration the current economic environment at balance sheet date and historical movements.

A proportion of the impact on post tax profit is deferred due to the capitalisation of interest to inventory which is recognised when units are sold.

Market risk

At balance date, the Group has no financial instruments exposed to material market risks other than interest rate risk.

Credit risk

There are no significant concentrations of credit risk within the Group.

Credit risk arises from the financial assets for the Group, which comprise cash and cash equivalents, and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date has been assessed as minimal as the financial assets have been assessed as having a high likelihood of being received.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of a bank facility. The Group ensures that there is sufficient liquidity within the bank facility by maintaining internal credit requirements that are more conservative than the financier.

The Group's debt as at balance date is outlined at Note 4.4.

The table below represents the undiscounted contractual settlement terms for financial instruments and management expectation for settlement of undiscounted maturities.

Notes to the Financial Statements

For the year ended 30 June 2020

The remaining contractual maturities of the Group's financial liabilities are:

	2020 000's $	2019 000's $
6 months or less[1]	**31,086**	37,406
1-2 years[2]	**45,682**	-
2-5 years[3]	**149,762**	100,000
	226,529	137,406

(1) This amount is represented by the following financial liabilities:

- $0.6 million relates to customer deposits which typically convert to settlement within six months or less (2019: $0.6 million).
- $12.3 million relates to trade and other payables, refer to Note 2.8 for further detail (2019: $7.3 million).
- $16.8 million relates to amounts payable on two parcels of land for contracts entered into prior to the reporting date (including stamp duty) expected to settle within six months of the reporting date.
- $1.4 million relates to expected interest on the secured loan

(2) $41.6 million relates to amounts payable on two parcels of land for contracts entered into prior to the reporting date (including stamp duty) expected to settle within 1 - 2 years of the reporting date. $4.1 million relates to expected interest on the secured loan.

(3) $4.8 million relates to expected interest on the secured loan.

The Group has met all required covenants since the arrangements commenced and therefore expects that all current arrangements will continue until the sooner of repayment or expiry

4.3 Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, bank overdrafts and short-term deposits with an original maturity of three months or less held at call with financial institutions.

	2020 000's $	2019 000's $
Cash and cash equivalents	**16,381**	4,982

4.4 Interest-bearing loans and borrowings

	2020 000's $	2019 000's $
Secured loans - bank finance	**145,000**	100,000

(a) Secured loans - bank finance maturity

On 29 June 2020, the Company extended its contracts with The Commonwealth Bank of Australia, National Australia Bank and HSBC Bank Australia to secure an additional $50 million of senior debt facilities and extend the tenor of the original $60 million tranche. The total facility now comprises $275 million of senior debt facilities under a common terms deed. The new facilities comprise a $165 million tranche with a maturity of March 2024 and a $110 million tranche with a maturity of June 2025. As at reporting date the company has drawn $145 million of the $275 million facility. See note (d) below for further details of the borrowing facility.

(b) Fair values

Unless disclosed below, the carrying amount of the Group's current and non-current borrowings approximate their fair value.

(c) Terms and conditions

The Group has met all required covenants since the arrangements commenced and therefore expects that all current arrangements will continue until the sooner of repayment or expiry.

Notes to the Financial Statements

For the year ended 30 June 2020

(d) Assets pledged as security

The $275 million facility is secured by the following:

General Security Deeds between The Commonwealth Bank of Australia, National Australia Bank, HSBC Bank Australia and:

- Lifestyle Communities Limited
- Lifestyle Investments 1 Pty Ltd
- Lifestyle Management 1 Pty Ltd
- Lifestyle Developments 1 Pty Ltd
- Lifestyle Investments 2 Pty Ltd
- Lifestyle Management 2 Pty Ltd
- Lifestyle Developments 2 Pty Ltd
- Lifestyle Communities Investments Cranbourne Pty Ltd
- Brookfield Village Management Pty Ltd; and
- Brookfield Village Development Pty Ltd.

Mortgage granted by Lifestyle Investments 1 Pty Ltd over the properties at Melton (Brookfield), Tarneit (Seasons) and Warragul.

Mortgage granted by Lifestyle Investments 2 Pty Ltd over the properties at Shepparton, Hastings, Wollert (Lyndarum), Geelong, Officer, Berwick Waters, Bittern, Ocean Grove, Mount Duneed, Kaduna Park, Wollert North and Plumpton.

(e) Defaults and breaches

During the current or prior year there have been no defaults or breaches of any banking covenants as set out in the Business Finance Agreements with The Commonwealth Bank of Australia, National Australia Bank and HSBC Bank Australia.

4.5 Contributed equity

	2020 000's $	2019 000's $
104,545,131 Ordinary shares (2019: 104,545,131)	**64,523**	64,523
196,063 Treasury shares (2019: 230,401)	**(739)**	(882)
Total	**63,784**	63,641

(i) Reconciliation of Ordinary shares

	2020		2019	
	Number	000'$	Number	000'$
Opening balance	**104,545,131**	**64,523**	104,545,131	64,523

(ii) Reconciliation of Treasury shares

	2020		2019	
	Number	$	Number	$
Opening balance	**230,401**	**(882)**	237,231	(715)
Purchase of treasury shares	-	-	150,000	(548)
Vesting of employee shares	**(34,338)**	**143**	(156,830)	381
Closing balance	**196,063**	**(739)**	230,401	(882)

Notes to the Financial Statements

For the year ended 30 June 2020

(a) Ordinary shares

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Treasury shares represent shares purchased by an Employee Share Trust that have not been issued to employees at balance date pursuant to the Equity Incentive Scheme.

4.6 Retained earnings and reserves

(a) Movements in retained earnings were as follows

	2020 000's $	2019 000's $
Opening balance	**188,854**	139,018
Profit for the year	**42,818**	55,063
Dividends paid	**(6,271)**	(5,227)
	225,401	188,854

(b) Reserves

	2020 000's $	2019 000's $
Opening balance	**2,196**	1,728
Share based payments expense	**262**	888
Vesting of employee shares	**(270)**	(420)
Closing balance	**2,188**	2,196

4.7 Dividends

(a) Dividends

	2020 000's $	2019 000's $
Dividends paid 6.0 cents per share (2019: 5.0 cents per share) fully franked	**6,271**	5,227

	2020 000's $	2019 000's $
Dividends declared after balance date and not recognised		
Since balance date the directors have approved a dividend of 2.5 cents per share (2019: 3.0 cents per share) fully franked at 30%	**2,614**	3,136

(b) Franking account balance

	2020 000's $	2019 000's $
Franking account balance	**21,712**	17,543

Notes to the Financial Statements

For the year ended 30 June 2020

(b) Franking account balance

Balance of franking account on a tax paid basis at balance date adjusted for franking credits arising from payment of current tax payable and franking debits arising from the payment of dividends declared at balance date.

Franked dividends declared or paid during the year were franked at the tax rate of 30%.

(c) Dividend considerations

As a general principle, the Directors of Lifestyle Communities intend to declare dividends out of post-tax, operating cash flow generated from community management. In FY20 community management cash flows delivered a sufficient surplus to declare and pay an interim fully franked dividend of 3.0 cents per share ($3.1 million) and declare a final fully franked dividend of 2.5 cents per share ($2.6 million).

Considerations in determining the level of free cash flow from which to pay dividends include: operating cash flow generated from community management; the projected tax liability of Lifestyle Communities Limited; the level of corporate overheads attributable to community roll out; the level of interest to be funded from free cash flow; and additional capital needs of the development business.

Special consideration was given this year to the impact of Covid-19 on the Group's ability to declare a dividend. Whilst there is ongoing uncertainty regarding the Victorian property market and the impact of future sales and settlement, the Group's annuity income stream from rent income and deferred management fees, which are the primary contributor to the dividend, remained robust. However, Directors acknowledge the impact of the Victorian Government's embargo on rent increases and as such have resolved to declare a full year dividend equivalent to the full year dividend from the prior year.

The Group is not subject to externally imposed capital requirements.

5 How we remunerate our employees and auditors

5.1 Employee benefits expense

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled wholly within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Long-term employee benefit obligations

The provision for employee benefits in respect of long service leave and annual leave which are not expected to be settled wholly within twelve months of reporting date, are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Employee benefit obligations are presented as current liabilities in the Statement of Financial Position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is *expected to occur.*

(iii) Retirement benefit obligations

Defined contribution superannuation plan

The consolidated entity makes contributions to defined contribution superannuation plans in respect of employee services rendered during the year. These superannuation contributions are recognised as an expense in the same period when the employee services are received.

(iv) Share based payments

The consolidated entity operates an equity incentive scheme (EIS). The Equity Incentive Scheme is explained in section 7 of the Remuneration Report and additional information is contained in Note 5.3 below.

Notes to the Financial Statements

For the year ended 30 June 2020

Employee costs expensed in the profit and loss	2020 000's $	2019 000's $
Wages and salaries	**9,814**	8,594
Defined contribution superannuation expense	**770**	618
Share based payments expense	**262**	888
Movement in employee provisions	**215**	188
Total	**11,061**	10,288

5.2 Employee provisions

	2020 000's $	2019 000's $
Current		
Annual leave	**599**	516
Long service leave	**474**	373
Non-current		
Long service leave	**163**	132

5.3 Share-based payments

(a) Recognised share-based payment expenses

	2020 000's $	2019 000's $
Expenses arising pursuant to the EIS	**262**	888

(b) Equity Incentive Scheme, 'EIS'

The Equity Incentive Scheme is explained in section 7 of the Remuneration Report.

(c) Shares granted pursuant to the EIS

The following table outlines shares granted pursuant to the EIS:

	Senior management		Other staff		Total	
	Number of shares 2020 '000	Number of shares 2019 '000	Number of shares 2020 '000	Number of shares 2019 '000	Number of shares 2020 '000	Number of shares 2019 '000
Outstanding at the beginning of the year	**136**	130	**72**	90	208	220
Granted during the year	-	101	-	72	-	173
Vested during the year	**(25)**	(80)	-	(90)	(25)	(170)
Forfeited during the year	**(111)**	(15)	**(72)**	-	(183)	(15)
Outstanding at the reporting date	-	136	-	72	-	208

Notes to the Financial Statements

For the year ended 30 June 2020

(d) Options granted pursuant to the EIS

	Average Exercise Price per Option	Total '000	FY19 EIS '000	FY20 EIS '000
As at 1 July 2019				
Issued during the year	**Nil**	**408**	149	259
Exercised during the year	**Nil**	**(18)**	(18)	-
Forfeited/Lapsed during the year	**Nil**	**(259)**	-	(259)
As at 30 June 2020	**Nil**	**131**	131	-
Vested and exercisable at 30 June 2020	Nil	94	94	-

(e) Average share price at measurement date under the EIS

The following table illustrates the number (No.) and weighted average share price at measurement date (WASP) of, and movements in, EIS shares during the year:

	Number of shares 2020 000's	2020 $	Number of shares 2019 000's	2019 $
Outstanding at the beginning of the year	**208**	**5.09**	220	3.13
Granted during the year	-	-	173	5.78
Vested during the year	**(25)**	**5.09**	(170)	3.13
Forfeited during the year	**(183)**	**5.09**	(15)	4.06
Outstanding at the reporting date	-	-	208	5.09

5.4 Key Management Personnel Remuneration

Key management personnel remuneration included within employee expenses for the year is shown below:

	2020 000's $	2019 000's $
Short-term employee benefits	**2,476**	2,331
Post-employment benefits	**172**	167
Share-based payments	**70**	303
	2,718	2,801

Notes to the Financial Statements

For the year ended 30 June 2020

5.5 Auditors remuneration

	2020 000's $	2019 000's $
Amounts received or due and receivable for current auditors:		
An audit or review of the financial report of the entity and any other entity in the consolidated Group.	**142**	123
Other services in relation to the entity and any other entity in the consolidated Group – tax related services.	**114**	250
	256	373

The auditor of Lifestyle Communities Limited is PricewaterhouseCoopers who were appointed on the 18th November 2019. The prior year comparatives relate to our previous auditors Pitcher Partners.

6 How we structure the business

6.1 Related party disclosures

(a) Ultimate parent

Lifestyle Communities Limited is the ultimate Australian parent entity.

(b) Subsidiaries

The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

		2020	2019	2020	2019
		%	%	$	$
Lifestyle Investments 1 Pty ltd	Australia	**100**	100	**8,751,551**	8,751,551
Lifestyle Developments 1 Pty Ltd	Australia	**100**	100	-	-
Lifestyle Management 1 Pty Ltd	Australia	**100**	100	-	-
Brookfield Management Trust (Trustee:	Australia	**100**	100	-	-
Brookfield Village Management Pty Ltd)					
Brookfield Development Trust (Trustee: Brookfield Village Development Pty Ltd)	Australia	**100**	100	-	-
Lifestyle Communities Investments					
Cranbourne Pty Ltd	Australia	**100**	100	-	-
Lifestyle Investments 2 Pty Ltd	Australia	**100**	100	**2**	2
Lifestyle Developments 2 Pty Ltd	Australia	**100**	100	**2**	2
Lifestyle Management 2 Pty Ltd	Australia	**100**	100	**2**	2
Lifestyle Chelsea Heights Pty Ltd	Australia	**50**	50	-	-
				8,751,557	8,751,557

(c) Loans from related parties

There are no loans from related parties.

(d) Transactions with related parties

There were no transactions with related parties in the current or prior years.

Notes to the Financial Statements

For the year ended 30 June 2020

6.2 Joint Operations

The Group has a 50% interest in the joint arrangements at Chelsea Heights and Casey Fields together with BGDU Pty Ltd. and Tradewynd Pty Ltd respectively to develop and manage the communities.

The principal place of business of the joint operation is in Victoria, Australia.

The agreements related to the joint arrangements require unanimous consent from all parties for all relevant activities. The two partners have direct rights to the assets of the partnership and are jointly and severally liable for the liabilities incurred by the partnership. This entity is therefore classified as a joint operation and the Group recognises its direct right to the jointly held assets, liabilities, revenues and expenses".

6.3 Deed of Cross-Guarantee

Pursuant to ASIC Corporations (Wholly-owned Companies) *Instrument 2016/785* dated 17 December 2016, the wholly-owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports, and Directors' reports as they are part of a Closed Group as defined by the *Corporations Act 2001:*

- Lifestyle Communities Limited
- Lifestyle Investments 2 Pty Ltd
- Lifestyle Developments 2 Pty Ltd
- Lifestyle Management 2 Pty Ltd
- Lifestyle Communities Investments Cranbourne Pty Ltd
- Lifestyle Investments 1 Pty Ltd
- Lifestyle Management 1 Pty Ltd
- Lifestyle Developments 1 Pty Ltd
- Brookfield Village Management Pty Ltd
- Brookfield Village Development Pty Ltd

Pursuant to the abovementioned legislative instrument, the Company and each of the subsidiaries entered into a Deed of Cross Guarantee on the 19th of June 2015 or have been added as parties to the Deed of Cross Guarantee by way of an Assumption Deed dated the 4th of June 2019. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the *Corporations Act 2001.* If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The Consolidated Statement of Profit and Loss and Other Comprehensive Income and Consolidated Statement of Financial Position for the Closed Group are the same as the financial statements for Lifestyle Communities Limited and its controlled entities.

Notes to the Financial Statements

For the year ended 30 June 2020

6.4 Parent entity

Required disclosures relating to Lifestyle Communities Limited as a parent entity:

Consolidated Statement of Financial Position

Assets	2020 000's $	2019 000's $
Current assets		
Current assets	**185,509**	138,479
Total Assets	**187,875**	140,143
Liabilities		
Current liabilities	**(5,314)**	(2,504)
Total Liabilities	**111,404**	69,221
Equity		
Issued capital	**62,658**	62,515
Reserves	**2,188**	2,196
Retained earnings	**11,625**	6,211
Total Equity	**76,471**	70,922
Consolidated Statement of Profit or Loss and Other Comprehensive Income		
Net profit/(loss)		
Profit for the year	**12,225**	8,038
Other comprehensive income	**(539)**	-
Total comprehensive income	**11,686**	8,038

7 Information not recognised in the financial statements

7.1 Lessor Commitments

Operating lease commitments receivable

The Group has entered into commercial property leases with its residents in relation to its investment property portfolio, consisting of the Group's land. The residential site leases provide for future lease commitments receivable as disclosed below.

These non-cancellable leases have remaining terms of between 80 and 90 years and are transferable. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases as at balance date were as follows:

	2020 000's $	2019 000's $
- no later than 1 year	**26,620**	23,692
- between 1 year and 5 years	**103,271**	94,767
- greater than 5 years	**2,095,038**	1,919,881
Total minimum lease payments	**2,224,929**	**2,038,339**

Minimum lease payments were determined by measuring the current year's rentals and measuring this over the standard 90-year lease agreement.

Notes to the Financial Statements

For the year ended 30 June 2020

7.2 Commitments

Commitments for future development costs not recognised in the financial statements at balance date are $272 million. These commitments include future construction costs committed for Kaduna Park, Mount Duneed, Plumpton, Wollert and St Leonards. The Group also has a commitment of $26.4 million for the acquisition of two parcels of land subject to conditional contracts.

7.3 Contingencies

The GST audit being conducted by the Australian Taxation Office (ATO), covering the period June 2014 to May 2018, was resolved during the period. The ATO accepted the Company's positions that:

(1) The Company is entitled to a proportionate claim for input tax credits on land acquisitions; and

(2) The Company is entitled to 100% of the input tax credits on its community infrastructure expenditure.

All provisions in relation to the GST audit have now been reversed.

7.4 Events Occurring After the Reporting Date

The consolidated financial report was authorised for issue on 12 August 2020 by the Board of Directors.

In response to the ongoing Covid-19 pandemic, the Victorian Government introduced stage 4 lockdowns in July 2020. The Group operates within a permitted industry and continues to trade but has adapted its operations to comply with the stage 4 restrictions.

The Group had no other matters or circumstances since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

7.5 Change in Accounting Policy

The Group as a lessee

Leases - Adoption of AASB 16

The Group has adopted AASB 16 retrospectively from 1 July 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019.

Impact of adoption of AASB 16

The Group did not need to make any adjustment to the accounting for assets held as lessor under operating leases as a result of the adoption of AASB 16. The impact of adopting AASB 16 is described below:

The Group as a lessee

The Group has one lease for the support office at 9-17 Raglan Street South Melbourne for an initial term of 5 years and an initial annual rent of $0.3 million. The lease commenced on the 1 February 2019.

Under AASB 117, the Group assessed whether leases were operating or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the Group or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the condensed consolidated statement of financial position (except for short-term leases and leases of low value assets).

Adjustments recognised on adoption of AASB 16

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 2.84%.

Notes to the Financial Statements

For the year ended 30 June 2020

Financial statement impact of adoption of AASB 16

The Group has recognised right-of-use assets of $0.9 million and lease liabilities of $0.9 million at 1 July 2019, for leases previously classified as operating leases.

	2019 000's
Operating lease commitments at 30 June 2019 financial statements	1,012
Discounted using the incremental borrowing rate at 1 July 2019	942
Lease liabilities recognised at 1 July 2019	942

Of which are:	
Current lease liabilities	266
Non-current lease liabilities	716
	942

The associated right-of-use assets for property leases were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The change in accounting policy affected the following items in the balance sheets on 1st July 2019:

- right-of-use assets - increase by $0.9 million
- lease liabilities - increase by $0.9 million
- Nil impact on retained earnings on 1 July
- Nil impact on deferred taxes on 1 July

Practical expedients applied

In applying AASB16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases
- reliance on previous assessments on whether leases are onerous

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying AASB 117 and Interpretation 4 Determining whether an Arrangement contains a Lease.

The Group's leasing activities and how these are accounted for

The Group leases its office and the rental period is for 5 years with an extension option thereafter. The lease agreement does not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2019 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit and loss on a straight-line basis over the period of the lease.

From 1 July 2019, leases are recognised as a right-of-use asset and corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Notes to the Financial Statements

For the year ended 30 June 2020

The Group's leasing activities and how these are accounted for (continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments less any lease incentives receivable
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising the option

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain as asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

The Directors' Declaration

The directors of the Company declare that:

1. the consolidated financial statements and notes for the year ended 30 June 2020 are in accordance with the *Corporations Act 2001* and:
    a. comply with Accounting Standards, which, as stated in basis of preparation Note 1.1 to the consolidated financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
    b. give a true and fair view of the financial position and performance of the consolidated Group;

2. the Chief Executive Officer and Chief Finance Officer have given the declarations required by Section 295A that:
    a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
    b. the consolidated financial statements and notes for the financial year comply with the Accounting Standards; and
    c. the consolidated financial statements and notes for the financial year give a true and fair view.

3. in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Company has entered into a deed of cross guarantee under which the Company and its subsidiaries guarantee the debts of each other, refer to Note 6.3.

At the date of this declaration, there are reasonable grounds to believe that the companies which are party to this deed of cross guarantee will be able to meet any obligations or liabilities to which they are, or may become subject to, by virtue of the deed.

This declaration is made in accordance with a resolution of the Board of Directors.

Signed in accordance with a resolution of the Board of Directors:

Philippa Kelly Chair	James Kelly Managing Director

Melbourne, 12 August 2020

Independent auditor's report

To the members of Lifestyle Communities Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Lifestyle Communities Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2020
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

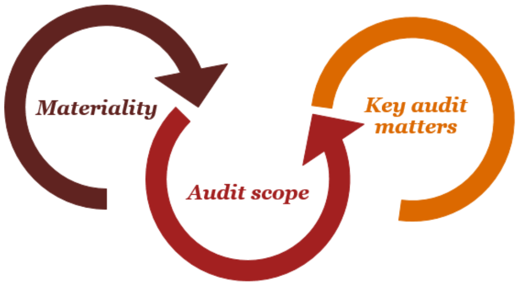
Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality	*Audit scope*	*Key audit matters*
• For the purpose of our audit we used overall Group materiality of $3.05 million, which represents approximately 5% of the Group's profit before tax. • We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. • We chose Group profit before tax because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. • We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.	• Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. • The Group develops and manages affordable land lease communities in Victoria, Australia. The accounting processes are structured around a group finance function at its corporate head office in Melbourne.	• Amongst other relevant topics, we communicated the following key audit matter to the Audit Committee: – Fair valuation of investment properties • This is further described in the *Key audit matters* section of our report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	***How our audit addressed the key audit matter***
Fair valuation of investment properties *(Refer to note 3.1) [$493.6m]* The fair value of investment properties comprises the fair value of undeveloped land and the discounted income streams consisting of rental income and deferred management fees from completed home units. The fair valuation of investment property is inherently subjective and impacted by, among other factors, prevailing market conditions, the individual nature and condition of each property, its location and the expected future income for each property. The following key assumptions are used in the valuation of investment properties, amongst others: • capitalisation rate • discount rate • operating and capital expenditure • deferred management fee values per unit. The Group's valuation policy requires all properties to be valued by external valuation experts at least once every two years. In the period between external valuations, the Directors' perform internal valuations. We considered this a key audit matter because of the: • financial significance of the investment property balance in the Consolidated Statement of Financial Position and of the impact of changes in the fair value of investment properties on the Group's profit or loss. • sensitivity of valuations to key input assumptions, specifically capitalisation and discount rates and deferred management fee values per unit. This is further exacerbated by	We developed an understanding of the relevant internal controls associated with the Group's approach to fair valuation of investment properties. We performed the following procedures, amongst others: • Evaluated the Group's compliance with its policy on performing external valuations of properties at least once in every two years and rotation of valuation firms. • Agreed the fair values of properties to the external valuations and assessed the competency, capability and objectivity of the relevant valuers. • Performed tests over certain input data used in the valuations. These tests included, amongst others: - For a sample of contracts with residents across the portfolio, comparing the rental income used in the valuation to underlying contracts. - For a sample, comparing data for operating and capital expenditure and resident data used in the valuations to observable historic data maintained by the Group. • Together with PwC real estate valuation experts, conducted interviews with the external valuation experts to develop an understanding of the approach and methodology applied to the valuation and the risk factors considered applicable to the Group. These risk factors included the disclosures in the external valuations regarding uncertainties caused by COVID-19 and the valuers' response thereto.

COVID-19, that resulted in the external valuations obtained by the Group noting the high level of uncertainty in relation to the impacts of COVID-19 and the limited market-based information available at the time of issuing their reports (refer Note 3.1).

- Together with input from PwC real estate valuation experts, we assessed the reasonableness of key assumptions used in the valuations by reference to available market evidence, where relevant.
- Evaluated the adequacy of related disclosures made in Note 3.1 in light of the requirements of Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 22 to 36 of the directors' report for the year ended 30 June 2020.

In our opinion, the remuneration report of Lifestyle Communities Limited for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

Andrew Cronin
Partner

Melbourne
12 August 2020

ASX Additional Information

Additional information required by the Australian Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 10 August 2020.

(a) Distribution of equity securities

(i) Ordinary share capital

104,545,131 fully paid ordinary shares are held by 2,717 individual shareholders

(b) Substantial shareholders

The number of substantial shareholders and their associates are set out below:

Fully paid ordinary shareholders	Number	Percentage	Current at (last notification date)
James Kelly	**10,577,001**	10.12	10 September 2019
Brahman Capital Management Pty Ltd	**8,063,943**	7.93	17 June 2020
Australian Super	**7,744,147**	7.41	15 August 2019
Cooper Investors Pty Ltd	**5,323,466**	5.09	30 July 2020
BT Investment Management Limited	**5,299,706**	5.07	14 March 2018

Voting rights
All ordinary shares carry one vote per share without restriction.

(c) The number of shareholders by range of units and unmarketable parcel holders

There were - holders of less than a marketable parcel of ordinary shares.

Holding	Total holders	Units	% of issued capital
1 - 1,000	**1,277**	452,427	0.4
1,001 - 5,000	**917**	2,289,130	2.2
5,001 - 10,000	**239**	1,832,191	1.8
10,001 - 100,000	**235**	7,186,349	6.9
100,000 and over	**49**	92,785,034	88.8
Unmarketable Parcels	**Minimum Parcel Size**	**Holders**	**Units**
Minimum $ 500.00 parcel at $8.55 per unit	**58**	242	2,933

(d) Twenty largest holders of quoted equity securities

		Number held	% of issued shares
1	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	19,173,432	18.3
2	NATIONAL NOMINEES LIMITED	9,416,022	9.0
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	9,407,775	9.0
4	MASONKELLY PTY LTD	7,766,265	7.4
5	BNP PARIBAS NOMS PTY LTD <DRP>	5,859,469	5.6
6	CITICORP NOMINEES PTY LIMITED	5,705,099	5.5
7	BRAHMAN PURE ALPHA PTE LTD	4,528,509	4.3
8	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	4,014,021	3.8
9	DAKEN INVESTMENTS PTY LTD <PERLOV FAMILY A/C>	3,149,539	3.0
10	AUSTRALIAN FOUNDATION INVESTMENT COMPANY LIMITED	2,776,378	2.7
11	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	2,678,283	2.6
12	KELLY SUPERANNUATION FUND PTY LTD	2,116,801	2.0
13	ARMADA INVESTMENTS PTY LTD	1,608,229	1.5
14	TRACEY RYAN INVESTMENTS PTY LTD <RYAN INVESTMENT A/C>	1,477,650	1.4
15	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	1,457,331	1.4
16	SANDHURST TRUSTEES LTD <ENDEAVOR ASSET MGMT MDA>	1,441,556	1.4
17	ONE MANAGED INVESTMENT FUNDS LIMITED <CHARTER HALL MAXIM PROPERTY SECURITIES A/C>	848,801	0.8
18	AUSTRALIAN SHAREHOLDER NOMINEES PTY LTD <LEGAL EAGLE PL COLMANSF A/C>	768,435	0.7
19	B S CARTER INVESTMENTS PTY LTD <B S CARTER FAMILY A/C>	675,362	0.6
20	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	656,376	0.6
	Totals: Top 20 holders of ORDINARY FULLY PAID SHARES	85,525,333	81.8

Securities exchange

The Company is listed on the Australian Securities Exchange.

Corporate Information

Lifestyle Communities Limited	ABN 11 078 675 153
Registered Office	Level 1, 9-17 Raglan Street South Melbourne VIC 3205 Australia Telephone 61 3 9682 2249
Directors	Philippa Kelly – Non-executive Chair James Kelly – Managing Director The Honourable Nicola Roxon – Non-executive Director Georgina Williams – Non-executive Director David Blight – Non-executive Director Mark Blackburn – Non-executive Director (appointed Dec 2019)
Company Secretaries	Mark Licciardo Kate Goland Darren Rowland
Principal Place of Business	Level 1, 9-17 Raglan Street South Melbourne VIC 3205 Australia
Share Registry	Computershare Investor Services Pty Limited Yarra Falls 452 Johnston Street, Abbotsford VIC 3067 Telephone 61 3 9415 5000 Fax 61 3 9473 2500 Investor queries (within Australia) 1300 850 505
Solicitors	Thomson Geer Level 39, 525 Collins Street Melbourne VIC 3000 Australia
Auditors	PricewaterhouseCoopers 2 Riverside Quay Southbank VIC 3006 Australia

Level 1/9-17 Raglan Street
South Melbourne VIC 3205

1300 50 55 60
lifestylecommunities.com.au