

12 August 2020

Immediate release to the ASX

Lifestyle Communities FY20 Full Year Results

The 2020 financial year presented new challenges to trading conditions in Victoria with the onset of the COVID-19 pandemic forcing the business to adapt quickly. Lifestyle Communities' conservative balance sheet settings saw it well placed to face the changing trading conditions with strong liquidity and capital management and an agile team. The COVID-19 pandemic had a modestly negative impact on the FY20 results with some new home settlements taking longer than anticipated to settle due to changing conditions in Victoria's property market.

Lifestyle Communities' profit after tax was \$42.8 million for the 2020 financial year, down 22.2% on the previous year. Lower new home settlement numbers and lower property revaluation gains were primary drivers of this result; however their impact was partially offset by a 25% increase in annuity income from site rentals and deferred management fees, which was up from \$22.4 million to \$28.1 million.

Lifestyle Communities' shareholders will receive a final fully franked dividend of 2.5 cents per share, taking the total dividend for the year to 5.5 cents per share, in line with 5.5 cents per share in the prior year.

Managing Director, Mr James Kelly said "The 2020 financial year has been a difficult one but I am really proud of the way our team has coped with, and adapted to, this unprecedented set of circumstances which has allowed us to continue trading throughout the pandemic period. A slow start to the year, impacted by planning delays and road access issues outside of our control, meant we finished the first half with fewer new home settlements than we would have liked. Strong momentum between November and February recovered some lost ground but was unfortunately brought to a halt by the onset of the Covid-19 global health pandemic in March. The team quickly adopted online engagement practices amid new lockdown conditions, which maintained our connection with the customer. Our target range for new home settlements was set at 270 to 310 and, unfortunately, the team fell just short, achieving 253 new home settlements. This is the first time that the target has been missed. The easing of restrictions in June led to an immediate increase in enquiry back to pre-COVID levels, which gives us confidence that demand will quickly pick back up when restrictions lift again."

"Throughout the pandemic, our primary focus has been the health and safety of our homeowners and our team. Our community management teams have ensured that our communities complied with the COVID safe directives and initiated a well-received virtual wellness programme for homeowners in the home. Our planned Lifestyle Let's Dance competition was postponed and replaced with the Lifestyle literary prize which saw 150 homeowners submit entries across 14 communities. Construction has continued, adopting Covid-safe practices at all construction sites and preparing contingency plans which were enacted as further lockdown measures were introduced. Our sales and marketing teams have focused on online platforms, digital media, and virtual sales appointments to retain momentum and connection with the customer. Rates of referral from existing customers remain high which is a testament to the exceptional innovation and service delivery of our team."

"We continued our focus on capital management to ensure the Company remains in a strong financial position going forward. The Company extended its 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 the Company well capitalised to trade through the current economic environment as well as look for any future land acquisition opportunities that may arise.”

Mr Kelly said “Pleasingly, we acquired four new sites during the year which gives us a future pipeline of 1,957 homes. We are well funded to continue to purchase high quality sites that meet our investment criteria.”

“We commenced 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. Planning activities continue at Tyabb, Pakenham, Clyde North, and Clyde and our latest project at St Leonards on the Bellarine Peninsula launched for sale in August 2020 and construction has commenced.”

Conference call details

Both James Kelly and Darren Rowland (CFO) will be available for a teleconference call at 3.00pm (AEDT) today the 12th of August 2020.

To listen to the presentation, participants must pre-register, using the pre-registration link:

<https://s1.c-conf.com/DiamondPass/10008442-invite.html>

Once pre-registered, participants will receive an email with a calendar invite that contains a dial in number, passcode and a unique pin. Just prior to 3pm, participants should dial the number provided, and enter the passcode and unique pin when prompted. They will then be connected directly.

Authorised for lodgement by the Board. For further information please contact:

James Kelly
Managing Director
Ph: (03) 9682 2249
Email: james.kelly@lifestylecommunities.com.au

About Lifestyle Communities

Based in Melbourne, Victoria, Lifestyle Communities develops, owns and manages affordable independent living residential land lease communities. Lifestyle Communities has twenty-two residential land lease communities in planning, development or under management.