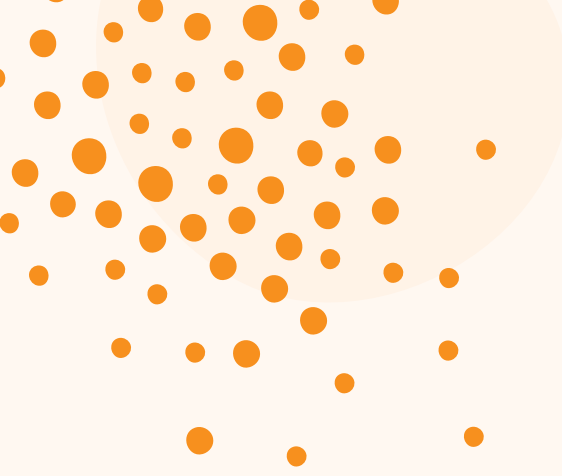


# A Business for Purpose



*Lifestyle*  
COMMUNITIES

Results Presentation  
Year ended 30 June 2020



# Contents

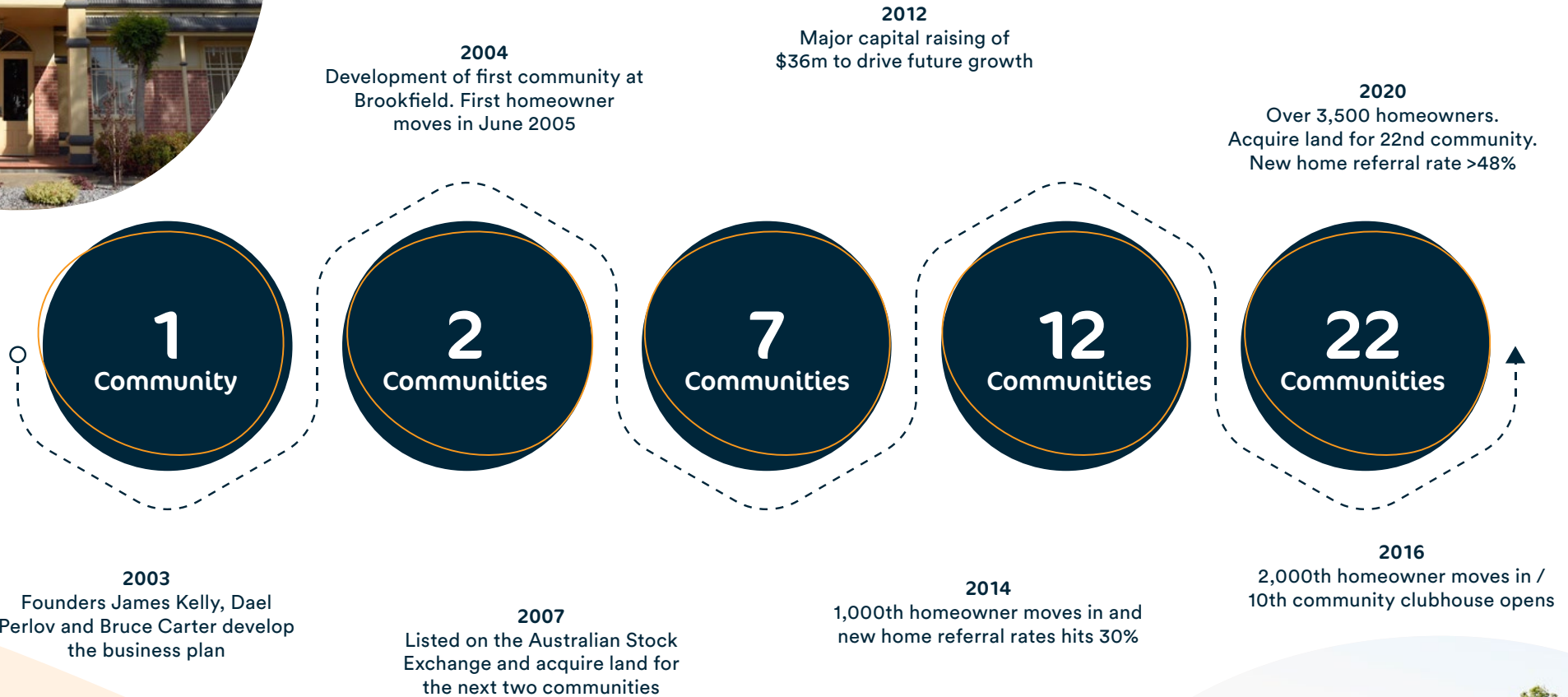
|                   |    |
|-------------------|----|
| Overview          | 5  |
| Operations Update | 11 |
| Financial Results | 20 |
| Outlook           | 25 |
| Summary           | 27 |

# Appendix

|                                  |    |
|----------------------------------|----|
| A.1 Model of Living              | 30 |
| A.2 Growing Recurring Revenue    | 31 |
| A.3 Dividend Policy              | 32 |
| A.4 Sales and Settlements        | 33 |
| A.5 Investment Property Analysis | 34 |
| A.6 Investment Property Analysis | 35 |
| A.7 Deferred Management Fees     | 36 |
| A.8 Fair Value Breakdown         | 37 |
| A.9 Cash Flow Analysis FY20      | 38 |
| A.10 Cash Flow Analysis FY19     | 39 |



# 1.1 Our story



It's been a consistent strategy of delivering an amazing lifestyle to our homeowners and sustainable returns to our shareholders



# 1.2 A business for purpose

✓ An affordable housing option for Australians aged over 50

✓ A sustainable financial model where homeowners can prosper

✓ An empowering and engaging customer service offering that reimagines traditional retirement

✓ High quality resort-style facilities that exceed expectation and are actively maintained and refurbished

✓ A sales approach that engages the customer to ensure they are making the right choice

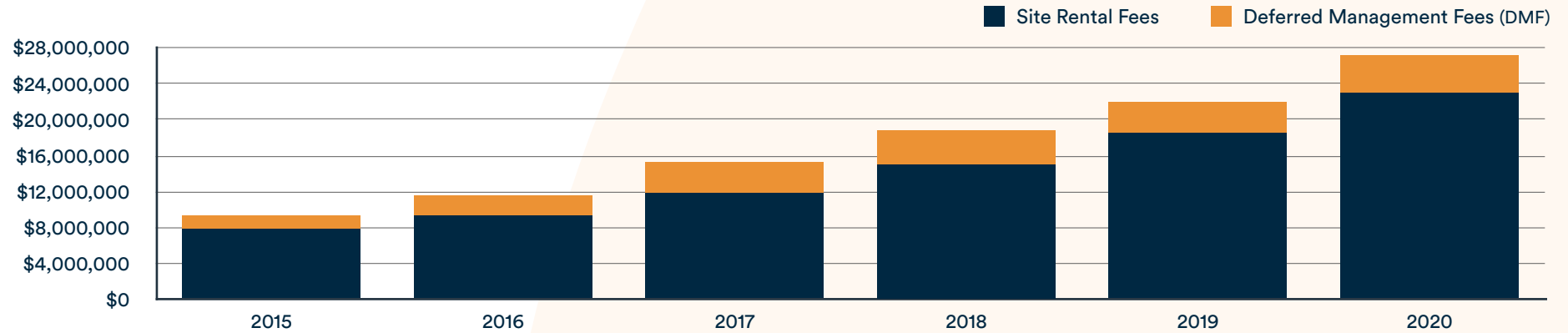
LIFESTYLE COMMUNITIES - A BUSINESS FOR PURPOSE

## Financial Summary

|   | FY20<br>(\$ Million) | FY19<br>(\$ Million) |
|---|----------------------|----------------------|
| Net profit after tax attributable to shareholders | \$42.8               | \$55.1               |
| Total assets                                      | \$596.7              | \$465.8              |
| Equity  | \$291.4              | \$254.7              |
| Dividend  | 5.5 cents per share  | 5.5 cents per share  |
| Net debt  | \$128.6              | \$95.0               |
| Net debt to net debt plus equity                  | 30.6%                | 27.1%                |

# 1.3 Overview

## FY20 Results snapshot



|   |       |       |       |       |       |       |
|---|-------|-------|-------|-------|-------|-------|
| Total number of homes settled (Cumulative) <sup>(1)</sup> | 1,146 | 1,348 | 1,626 | 1,947 | 2,284 | 2,537 |
| Number of resales attracting a DMF <sup>(2)</sup>         | 34    | 52    | 73    | 59    | 53    | 80    |

### Notes

- (1) Represents gross numbers not adjusted for joint venture interests  
 (2) Total resale settlements were 102, of which 80 attracted a DMF

# 1.4 Overview

## FY20 Highlights

- 280 new sales and 253 new home settlements
- 102 resale settlements of which 80 settlements attracted a deferred management fee
- Profit after tax attributable to shareholders decreased from \$55.1m to \$42.8m driven by lower settlement numbers and lower investment property revaluation gains
- Portfolio of 4,494 home sites of which 2,537 home sites are occupied by 3,681 homeowners
- Acquired new sites in St Leonards, Pakenham, Clyde North, and Clyde
- New home sales from March to June impacted by the pandemic and associated restrictions. This will impact settlements in FY21
- First homeowners moved in to Mount Duneed in December 2019 and Kaduna Park in May 2020

**A thoughtful business model  
structured for sustainable growth**

# 1.5 The Lifestyle Culture

- All recruitment processes driven to match candidates against our values and culture
- Our ROADMAP performance management process ensures that our team are accountable to personify our culture
- Becoming a preferred employer as employees connect with our purpose and values
- With Uncertain times, the Lifestyle Communities culture is ensuring that we can work through the challenges ahead

Strong Culture driving resilience and innovation through uncertain times



# 1.6 Portfolio overview and land acquisition strategy

22 Communities in planning, development or under management

Lifestyle Communities undertakes a detailed vetting of each potential site, and prioritises acquisitions based on the following criteria:

- Land prices and location
- Population demographic
- Local amenities
- Public transport options
- Future development plans and competition

Focus remains on Melbourne and Geelong's growth corridors:

- Melbourne has the strategic benefit of flat topography which increases site choice
- Multiple communities can be built in each growth corridor
- Forward planning has created large areas of serviced zoned land in each catchment
- Under its 'just in time' model, Lifestyle Communities starts the development as soon as possible after acquisition of the site

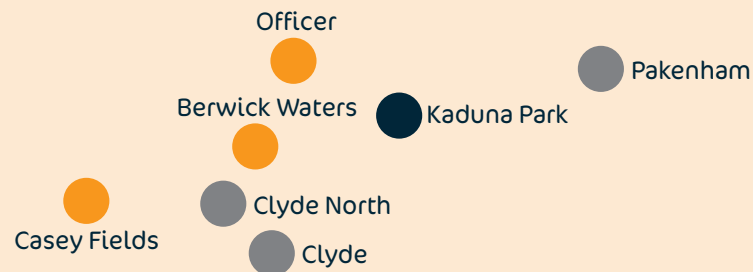


Greatest growth opportunity remains in Victoria with low saturation and accessible flat land



# 1.7 Lifestyle Communities's cluster strategy

## South East example



- Completed Communities
- Developing Communities
- Planning Communities

- Lifestyle Communities now has 7 communities in its South East cluster
- There are a number of advantages of the cluster strategy, including:
  - builds brand recognition
  - drives referral
  - allows us to partner with land vendors across multiple communities
- Risk of over-saturation is low. As an example, the South East corridor has:
  - 110,500+ people aged over 50 in the primary catchment
  - 215,000+ people aged over 50 in the secondary catchment
  - Over 50 population forecast to double in the next 20 years
  - Lifestyle Communities has a total of 1,400 homes occupied or in planning and development

**The South East corridor of Melbourne is one of Australia's fastest growing corridors**

Lifestyle Communities's portfolio continues to grow organically through recycling capital

# 1.8 Overview

## Portfolio snapshot FY20

| Communities                                      | Total homes in communities | Homes sold and occupied | Homes sold and awaiting settlement | Homes occupied or sold and awaiting settlement |           |
|--|----------------------------|-------------------------|------------------------------------|--|-----------|
|  |                            |                         |                                    | No.  | %         |
| <b>Existing Communities – Sold out</b>           |                            |                         |                                    |  |           |
| Brookfield in Melton                             | 228                        | 228                     |                                    | 228  | 100       |
| Seasons in Tarneit                               | 136                        | 136                     |                                    | 136  | 100       |
| Warragul   | 182                        | 182                     |                                    | 182  | 100       |
| Casey Fields in Cranbourne <sup>(1)</sup>        | 217                        | 217                     |                                    | 217  | 100       |
| Shepparton                                       | 300                        | 292                     | 8                                  | 300  | 100       |
| Chelsea Heights <sup>(1)</sup>                   | 186                        | 186                     |                                    | 186  | 100       |
| Hastings   | 141                        | 141                     |                                    | 141  | 100       |
| Lyndarum in Wollert                              | 154                        | 154                     |                                    | 154  | 100       |
| Geelong  | 164                        | 164                     |                                    | 164  | 100       |
| Officer  | 151                        | 151                     |                                    | 151  | 100       |
| Berwick Waters                                   | 216                        | 216                     |                                    | 216  | 100       |
| Bittern  | 209                        | 209                     |                                    | 209  | 100       |
| <b>Existing Communities – Under construction</b> |                            |                         |                                    |  |           |
| Ocean Grove                                      | 220                        | 185                     | 26                                 | 211  | 96        |
| Mount Duneed                                     | 191                        | 57                      | 55                                 | 112  | 59        |
| Kaduna Park in Officer South                     | 169                        | 19                      | 71                                 | 90   | 53        |
| Wollert North                                    | 246                        |                         | 59                                 | 59   | 24        |
| Plumpton   | 266                        |                         | 38                                 | 38   | 14        |
| <b>New Communities – Awaiting commencement</b>   |                            |                         |                                    |  |           |
| Tyabb <sup>(3)</sup>                             | 240                        |                         |                                    |  |           |
| St Leonards                                      | 199                        |                         |                                    |  |           |
| Pakenham <sup>(3)</sup>                          | 175                        |                         |                                    |  |           |
| Clyde North <sup>(2)</sup>                       | 274                        |                         |                                    |  |           |
| Clyde <sup>(2)</sup>                             | 230                        |                         |                                    |  |           |
| <b>Total <sup>(4)</sup></b>                      | <b>4,494</b>               | <b>2,537</b>            | <b>257</b>                         | <b>2,794</b>                                   | <b>62</b> |

### Notes

- (1) Represents 100% of the development of which Lifestyle Communities shares 50%
- (2) Commencement of construction subject to planning approval
- (3) Commencement of construction subject to planning approval and contracts becoming unconditional
- (4) Lifestyle Communities will have an economic interest in 4,293 home sites

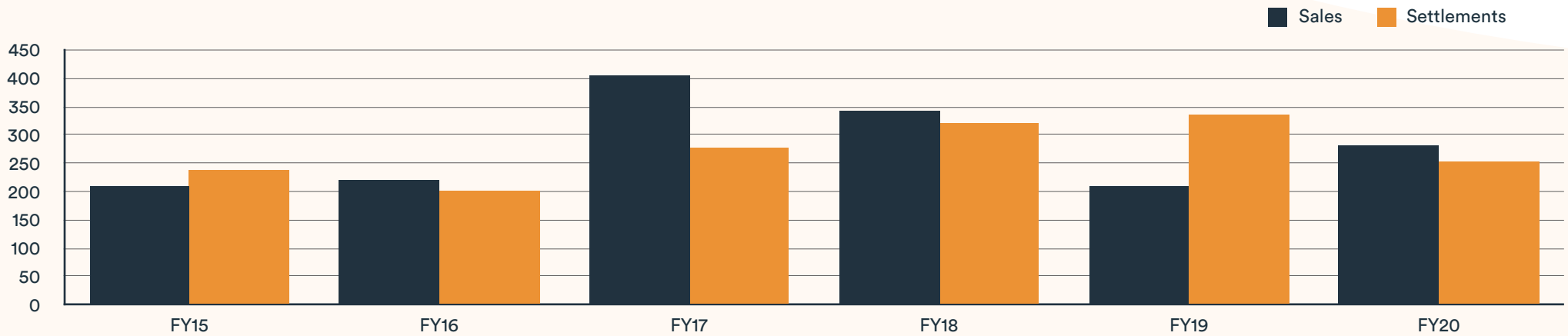
The image shows a modern lounge area. On the left, a wall is covered in a dense arrangement of stacked, cut logs, creating a rustic texture. Below this wall is a long, light-colored wooden mantel with a black fireplace opening. To the right, a black metal chair with a brown leather seat and backrest is positioned. In front of the chair is a round, light-colored coffee table with a dark vase and some books on it. The background features a white door and large windows with dark frames, letting in bright light. The ceiling has recessed lighting.

*Section 2  
Operations Update*

# 2.1 Sales and settlements

- 280 new home sales
- Shepparton sold out during the period
- Actively selling new communities at Mount Duneed, Kaduna Park, Wollert North, and Plumpton
- St Leonards launched for sale in July 2020
- 257 new homes sold and awaiting settlement
- Mount Duneed commenced first home settlements in mid-December 2019 and Kaduna Park commenced first home settlements in May 2020
- Ocean Grove has 9 homes remaining to sell
- Mount Duneed clubhouse due to open in September 2020
- 102 resale settlements of which 80 attracted a DMF

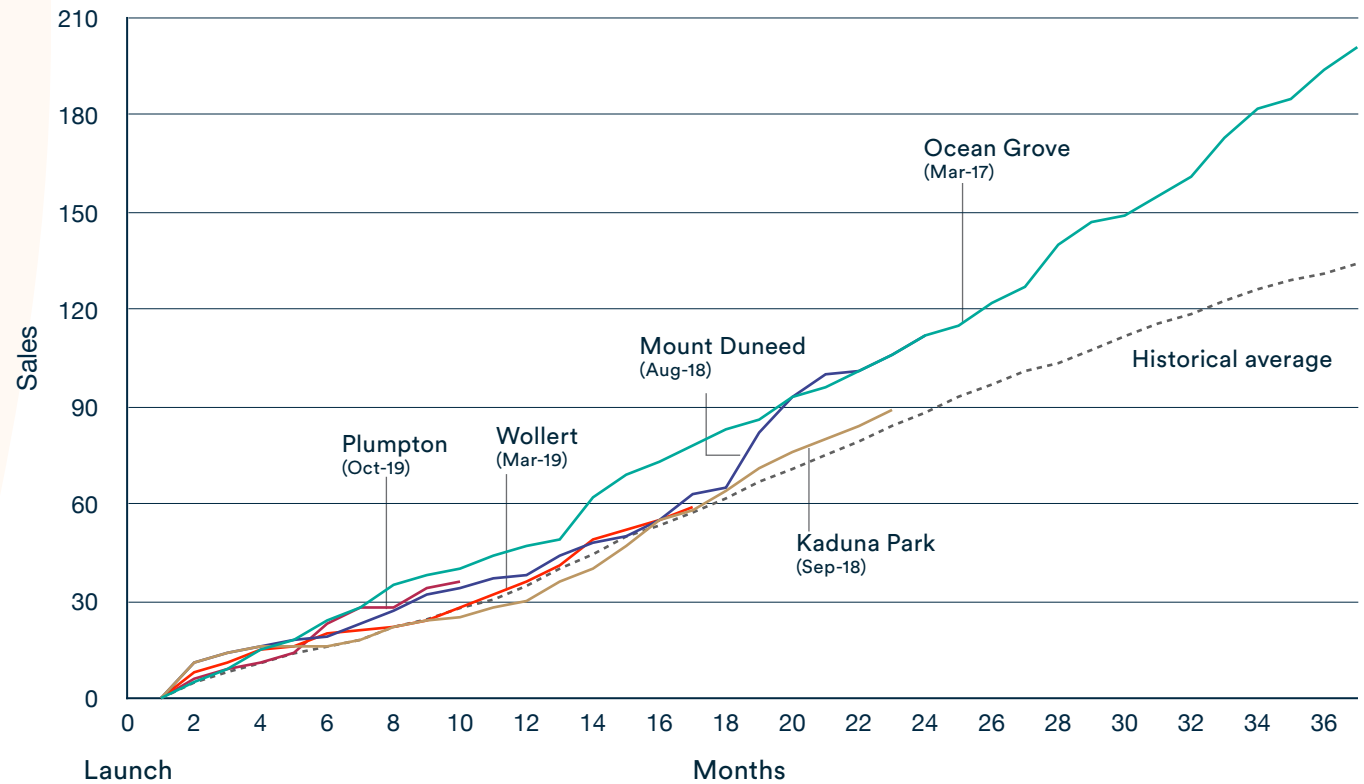
| Community                                    | No. of Homes | Sold | % Sold |
|--|--------------|------|--------|
| Shepparton                                   | 300          | 300  | 100    |
| Ocean Grove                                  | 220          | 211  | 96     |
| Mount Duneed                                 | 191          | 113  | 59     |
| Kaduna Park                                  | 169          | 90   | 53     |
| Wollert North                                | 246          | 59   | 24     |
| Plumpton (sales launched October 2019)       | 266          | 38   | 14     |
| St Leonards (sales launched 1st August 2020) |              |      |        |



## 2.2 Sales rates

- Sales rates driven by a continued focus on delivering a high level of homeowner experiences and innovation driving referral
- Greater utilisation of video and digital content building greater connection and trust in the brand
- Embedding digital lead acquisition utilising more social media channels: Facebook, Google, YouTube, LinkedIn
- New development design continues to evolve in line with what the baby boomer is looking for to downsize out of their existing house
- Sales impacted by Covid-19 between March and June. This will have a flow-on impact on settlements in FY21

Sales profile from date of first sale



The higher the sales rate, the faster capital is recycled to undertake more communities

# 2.3 Sales milestones and customer buying triggers



### Sales launch

- Major customer event
- Local press marketing
- Database engagement



### Sales Lounge opens on-site

- First impression
- Construction activity on site



### First frames go up

- Homes taking shape on site
- First major “buying hurdle”



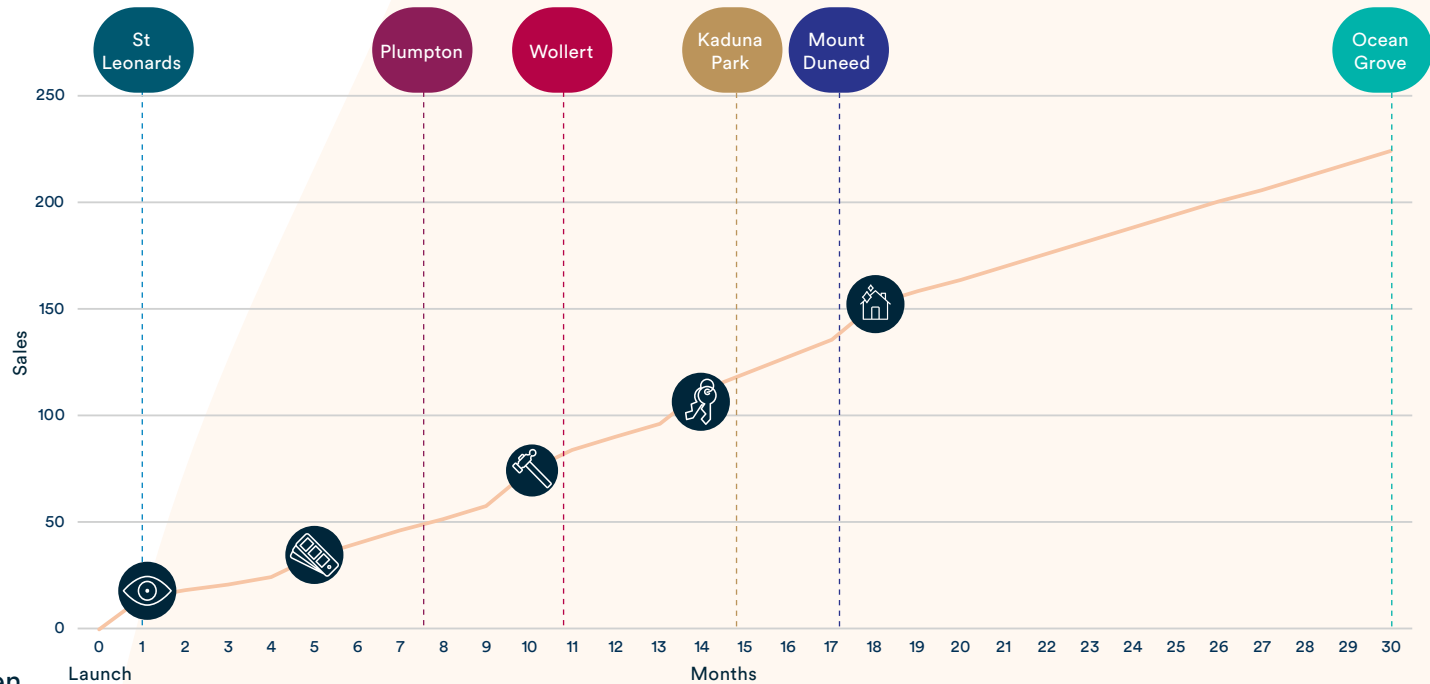
### Community opens - first Homeowners move in

- Grand Opening event – display homes open
- Local press and database engagement
- Lived experience drives referral



### Clubhouse opens

- Clubhouse launch party
- Referral ramps up
- Last major buying hurdle

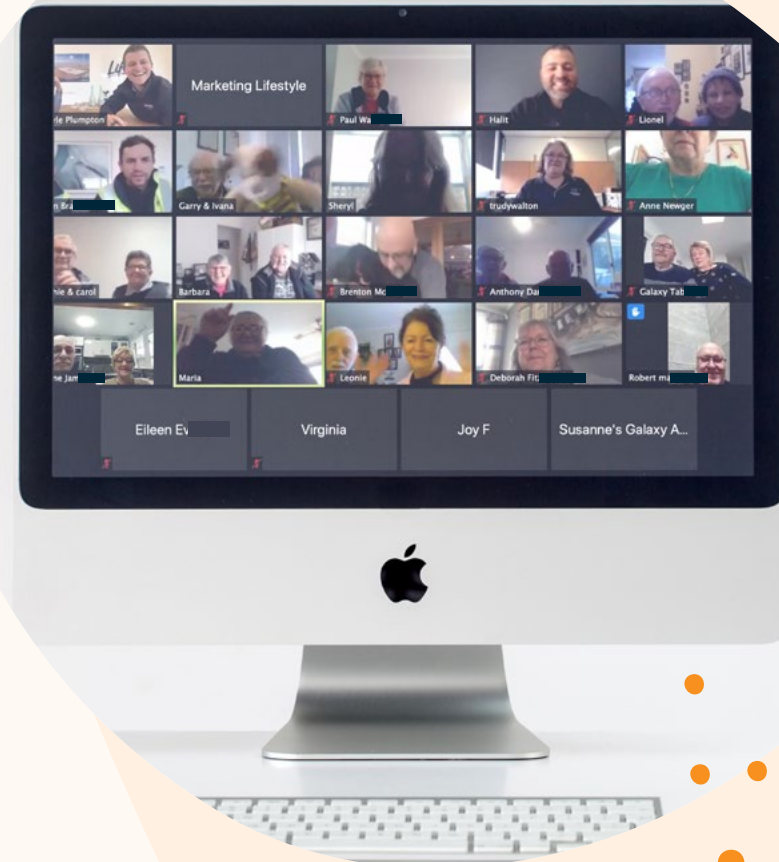


Sales rates increase as community milestones are achieved

## 2.4 Our go-to-market strategy

**The onset of Covid-19 presented both challenges and opportunities as we adapted our sales and marketing plans.**

- Marketing implemented a much higher spend on digital and reduced face-to-face events and local area marketing
- Marketing spend maintained to increase brand awareness. Ability to purchase more advertising space for less as others pulled back on spend
- Specifically targeted self-funded retirees as a new customer base – their retirement plans may need to change due to movement in equity markets
- Sales conversations moved to online. “Zoom Room” developed to maintain customer engagement
- Physical inspections of display homes and community facilities able to continue under strict protocols including social distancing, one-on-one appointments, masks, deep cleaning, etc.
- Online meet and greets allow future homeowners to continue to engage with each other in a virtual forum
- Surprise and delight deliveries to future homeowners to keep them excited about their new life



Homeowners at Lifestyle Plumpton taking part in an online Meet and Greet

## 2.5 Land acquisitions & development update



- First homeowners settled in December 2019
- Access road now complete
- Clubhouse and facilities due for completion in September 2020



- Civil program tracking to plan
- Sales lounge open on-site
- First frames due to go up in October 2020



- Land settlement expected to occur in the middle of 2021
- First customer home settlements expected in the second half of FY22



- First homeowners settled in May 2020
- Over 50% sold
- Construction of clubhouse facilities in progress – due for completion in February 2021



- Land contracts conditional on receiving a planning permit
- Planning application rejected by council
- Appeal to the Victorian Civil Administrative Tribunal has been lodged



- Land settlement contract subject to receipt of a planning permit
- Land settlement expected to occur during the first half of 2022
- First customer home settlements expected in FY23



- Construction commenced in October 2019
- Construction of clubhouse and facilities in progress – due for completion in June 2021
- First home settlements expected in November 2020



- Land settled July 2020
- Sales launched in August 2020
- Construction commenced in August 2020



- Land settlement expected to occur in the middle of 2023
- First customer home settlements expected in the second half of FY24



## 2.6 Developments in progress

5 Communities in development phase



Construction fully complete and final homes settling



First homeowners settled in May 2020. Clubhouse under construction



Clubhouse due for completion in September 2020



Civil works in full swing and clubhouse under construction



First frames underway and clubhouse under construction

# 2.7 Mount Duneed project fly-through

Visit [www.bit.ly/ProjectFlyThrough](http://www.bit.ly/ProjectFlyThrough)



LIFESTYLE COMMUNITIES A BUSINESS FOR PURPOSE

## 2.8 Sustainability



**Lifestyle Communities was created with a clear focus to be socially, morally and ethically responsible.**

It's our commitment to these principles that allows us to constantly evolve our product design, innovate, and embrace new technologies whilst staying true to our mission to enable working, semi-retired, and retired people over 50 to live an independent community life at an affordable price.

Our progress so far includes:

- 2,500+ affordable homes occupied, 1,900+ in our development pipeline
- Recycled water systems and stormwater catchment for water re-use
- Solar program generating an increasing proportion of our electricity needs reducing overall non-renewable energy consumption
- All electric housing at our latest communities enabling maximum use of solar power. Smart home packages available with energy monitoring systems
- Community designs aspire to enable “off the grid” communities as energy storage technology and affordability improves
- Shared vehicles (including fully electric cars) provided for carpooling and group transport

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

- Waste management measures on development sites 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 contaminants out of the water system
- FSC certified timber used in all construction



A close-up photograph of a brown alpaca sitting in a lush green field. The alpaca is looking directly at the camera with a calm expression. Its fur is thick and textured. In the background, another alpaca is lying down, partially obscured by the grass. The lighting is bright and natural, suggesting a sunny day.

*Section 3  
Financial Results*

Our resident alpaca chilling out at Lifestyle Warragul

# 3.1 Financial results

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

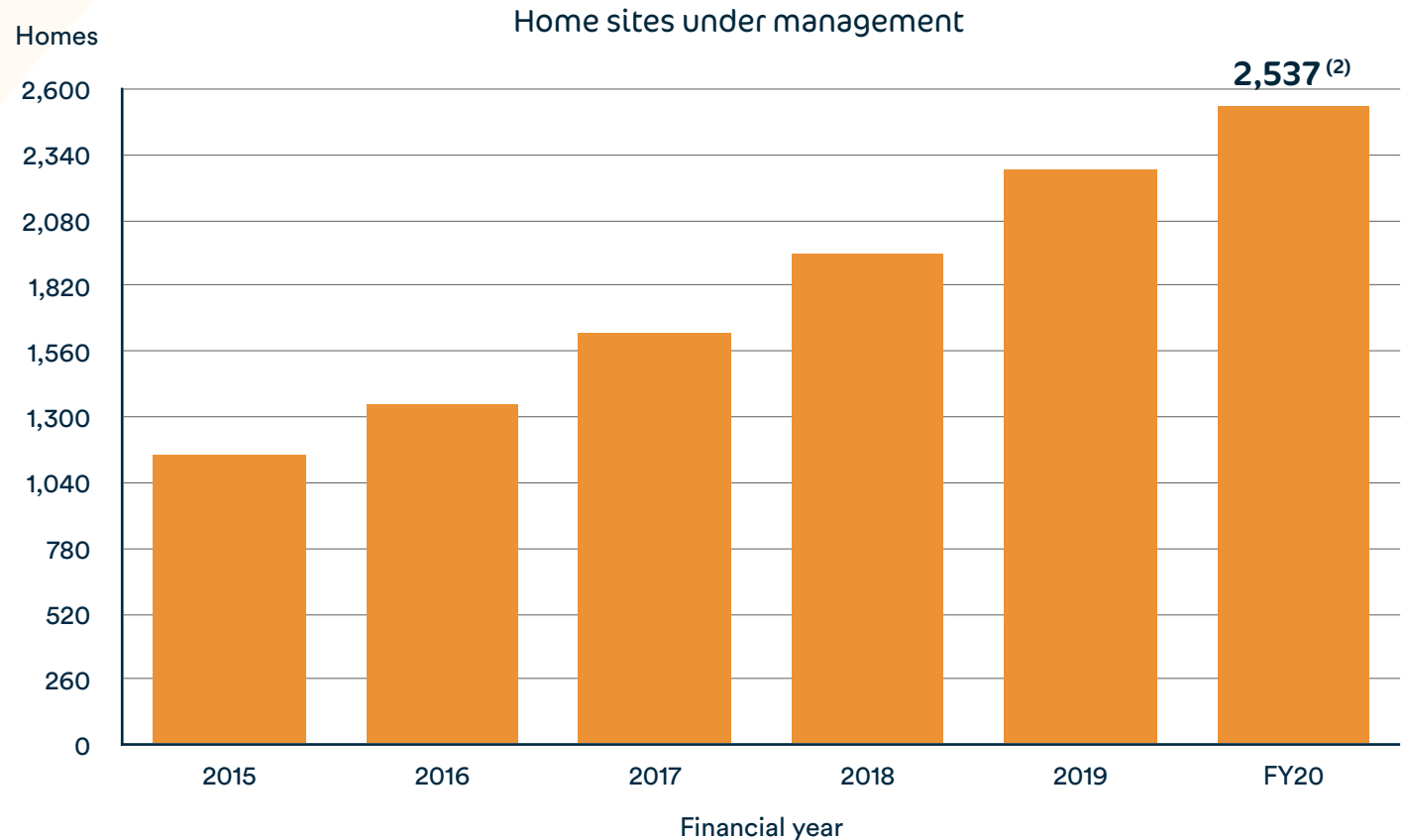
There are two components to the annuity stream:

1. Site Rental Fee

- \$186 per single and \$214 per couple, per week, per home
- Indexed at greater of CPI or 3.5% p.a.
- Gross rental income for FY20 was \$23 million
- Due to Victorian Government Legislation introduced during the Covid-19 pandemic, there was a moratorium on rent increases. As a result, the increase due on 1 July 2020 was not processed. The next increase is due on 1 July 2021

2. Deferred Management Fee (DMF)

- Increases at 4% per year capped at 20% of the resale price
- 80 resale settlements provided DMF income of \$5.2m<sup>(1)</sup>. Average tenure was 5.5 years and average capital growth was 7.7%



Notes

(1) Inclusive of selling and administration fees

(2) Represents gross numbers not adjusted for joint venture interests

## 3.2 Income statement

- Net profit decreased due to lower new home settlements and lower investment property revaluation gains
- New home settlements reduced from 337 in FY19 to 253 in FY20 due to the development phases of the various projects and the impact of Covid-19 restrictions
- Home settlement margin lower due to mix of housing settled during the period
- Revenue from site rentals increased due to an increased number of homes under management and a 3.5% rental increase applied on 1 July 2019
- DMF revenue increased due to 80 resales attracting a DMF compared to 53 in the prior year
- Development expenses include sales, marketing and project management costs, and have increased due to an increased number of projects in selling phase
- Management expenses increased in-line with an increased number of homes under management and a ramp-up in costs at Mount Duneed and Kaduna Park - neither of which are charging homeowners rent until the clubhouse is open
- Other revenue and expenses includes:
  - Utilities costs passed on to homeowners;
  - \$900k received under the federal government's Covid-19 Job Keeper program; and,
  - \$1.6m reversal of provisions no longer required in relation to the GST audit which has now been resolved

| Income statement                           | FY20<br>(\$'000) | FY19 <sup>(1)</sup><br>(\$'000) | %<br>Movement  |
|--|------------------|---------------------------------|----------------|
| Home settlement revenue                    | 96,105           | 119,270                         | (19.4%)        |
| Cost of sales                              | (75,238)         | (89,716)                        | (16.1%)        |
| <b>Gross profit</b>                        | <b>20,867</b>    | <b>29,554</b>                   | <b>(29.4%)</b> |
| Home settlement margin                     | 21.7%            | 24.8%                           | (3.1%)         |
| <b>Management and other revenue</b>        |                  |                                 |                |
| Site rental                                | 22,964           | 18,904                          | 21.5%          |
| Deferred management fees                   | 5,165            | 3,531                           | 46.3%          |
| Other revenue                              | 3,902            | 2,537                           | 54.0%          |
| <b>Total management and other revenue</b>  | <b>32,031</b>    | <b>24,972</b>                   | <b>28.3%</b>   |
| Fair value adjustments                     | 38,943           | 55,732                          | (30.1%)        |
| Development expenses (sales and marketing) | (6,456)          | (6,212)                         | (3.9%)         |
| Management rental expenses                 | (9,720)          | (7,548)                         | (28.8%)        |
| DMF expenses                               | (2,179)          | (1,953)                         | (11.6%)        |
| Corporate overheads                        | (9,694)          | (9,844)                         | 1.5%           |
| Finance costs                              | (1,347)          | (1,422)                         | 5.3%           |
| Other expenses                             | (1,315)          | (3,628)                         | 63.8%          |
| <b>Net profit before tax</b>               | <b>61,130</b>    | <b>79,651</b>                   | <b>(23.3%)</b> |
| <b>Net profit after tax</b>                | <b>42,818</b>    | <b>55,063</b>                   | <b>(22.2%)</b> |



**FY20 welcomed first homeowners at Mount Duneed (December 2019) and Kaduna Park (May 2020)**

### Notes

(1) Prior year comparatives have been restated, please refer to note 2 in the annual report

## 3.3 Balance sheet

- Additional cash surplus retained due to uncertainty regarding Covid-19
- The value of inventory held has increased due to:
  - the ramp-up of civil costs at Wollert, Plumpton and Kaduna Park to facilitate housing construction and future settlements
  - some settlement delays on finished houses
  - preparation for future settlements at Mount Duneed
- Trade payables includes accruals for future land settlements at Wollert, St Leonards, Clyde North and Clyde
- Borrowings have increased in line with the ramp-up in civil programs, increased inventory, settlement of land at Plumpton, and deposits on new acquisitions at St Leonards, Pakenham, Clyde North and Clyde

| Balance sheet highlights              | FY20<br>(\$'000) | FY19 <sup>(2)</sup><br>(\$'000) | %<br>Movement  |
|---------------------------------------|------------------|---------------------------------|----------------|
| Cash and cash on deposit              | 16,381           | 4,982                           | 228.8%         |
| Inventories                           | 73,931           | 50,980                          | 45.0%          |
| Investment properties                 | 493,602          | 399,750                         | 23.5%          |
| Other assets                          | 12,739           | 10,072                          | 26.5%          |
| <b>Total assets</b>                   | <b>596,653</b>   | <b>465,784</b>                  | <b>28.1%</b>   |
| Trade and other payables              | 75,217           | 36,919                          | (103.7%)       |
| Current tax payable                   | 244              | 974                             | 74.9%          |
| Interest-bearing loans and borrowings | 145,000          | 100,000                         | (45.0%)        |
| Deferred tax liabilities              | 82,799           | 69,371                          | (19.4%)        |
| Other liabilities                     | 2,020            | 3,829                           | 47.2%          |
| <b>Total liabilities</b>              | <b>305,280</b>   | <b>211,093</b>                  | <b>(44.6%)</b> |
| <b>Net assets</b>                     | <b>291,373</b>   | <b>254,691</b>                  | <b>14.4%</b>   |
| Gearing <sup>(1)</sup>                | 30.6%            | 27.2%                           | (3.4%)         |

**Lifestyle Communities operates within a highly disciplined capital management framework with a focus on recycling capital**

#### Notes

(1) Calculated as a ratio of net debt to net debt plus equity (net debt includes cash)

(2) Prior year comparatives have been restated, please refer to Note 2 in the Annual Report

## 3.4 Cash flow

- Receipts from customers reduced due to a lower number of settlements in FY20 – 253, compared to 337 in FY19
- Included in payments to suppliers and employees is \$35.5 million for community infrastructure which will be proportionately sold with each home (FY19 \$31.0 million)
- Purchase of investment properties includes settlement of land at Plumpton and deposits for sites at St Leonards, Pakenham, Clyde North, and Clyde

| Cash Flow Highlights                        | FY20<br>(\$'000) | FY19<br>(\$'000) |
|---|------------------|------------------|
| Receipts from customers                     | 138,783          | 153,682          |
| Payments to suppliers and employees         | (123,387)        | (137,587)        |
| Income taxes paid                           | (5,619)          | (7,029)          |
| Net interest payments                       | (4,599)          | (3,282)          |
| Jobkeeper                                   | 521              |                  |
| <b>Cash flows from operations</b>           | <b>5,699</b>     | <b>5,784</b>     |
| Purchase of PP&E                            | (2,613)          | (2,761)          |
| Purchase of investment properties           | (30,156)         | (60,616)         |
| <b>Cash flows from investing activities</b> | <b>(32,769)</b>  | <b>(63,377)</b>  |
| Principal elements of lease payments        | (260)            |                  |
| Net movement in borrowings                  | 45,000           | 60,000           |
| Purchase of Treasury shares                 |                  | (783)            |
| Dividends paid                              | (6,271)          | (5,227)          |
| <b>Cash flows from financing activities</b> | <b>38,469</b>    | <b>53,990</b>    |
| <b>Net cash flows</b>                       | <b>11,399</b>    | <b>(3,603)</b>   |
| Cash at the beginning of the year           | 4,982            | 8,585            |
| <b>Cash at the end of the year</b>          | <b>16,381</b>    | <b>4,982</b>     |

### Notes

- (1) Due to Lifestyle Communities' accounting policies and legal structure, payments to suppliers and employees includes all gross costs of infrastructure construction (i.e. civil works, clubhouse and other facilities). Under some other structures these costs may be classified as investing cash flows. Therefore, cash flows from operations will be negatively impacted when Lifestyle Communities is in the cash-intensive development phase of a community. To assist with further understanding of cash flows, please refer to Appendix 7 and 8 for a detailed breakdown of development and management cash flows per community for FY20 and FY19.





A rendered image of a garden path leading to a building, framed by a wisteria trellis. The scene is set in a lush garden with a gravel path leading through a dense bed of purple wisteria flowers. A person in a dark jacket and blue jeans is walking away from the camera, accompanied by a large, fluffy white dog. The path is flanked by tall, slender trees with light-colored bark. In the background, a modern building with a light-colored facade and a dark roof is visible. The overall atmosphere is peaceful and scenic.

*Section 4  
Outlook*


A rendered image of the beautiful landscaping planned for Lifestyle Kaduna Park

# 4.1 Settlement progress

## New sales

- Lifestyle Communities has a focused strategy to service a niche - providing good quality affordable housing to the over 50s
- Currently funded and resourced to acquire at least two new sites per year, subject to identification of appropriate sites
- Focused on Melbourne’s growth corridors as well as key Victorian regional centres
- 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
- Given the uncertainty with Covid-19 and the associated lockdowns and restrictions, the build program will be closely monitored and matched to sales
- Given the ongoing high levels of uncertainty in relation to the duration and impact of the Covid-19 pandemic on the Victorian property market, the Company is unable to provide near-term forward guidance at this time
- With the current pipeline of projects, we anticipate settlements to be in the range of 900 to 1,100<sup>(3)</sup> over the next 3 years (with fluctuations at various times during this 3-year period due to the potential for ongoing restrictions and lockdowns)
- The balance sheet and debt position is robust - access to over \$130m in cash and undrawn facilities, and the 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

| Community                  | FY21 |    |    |    | FY22 |    |    |    | FY23 |    |    |    |
|----------------------------|------|----|----|----|------|----|----|----|------|----|----|----|
|                            | Q1   | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 |
| Shepparton                 | ■    | ■  | ■  | ■  |      |    |    |    |      |    |    |    |
| Ocean Grove                | ■    | ■  | ■  | ■  |      |    |    |    |      |    |    |    |
| Mount Duneed               | ■    | ■  | ■  | ■  | ■    | ■  | ■  | ■  |      |    |    |    |
| Kaduna Park                | ■    | ■  | ■  | ■  | ■    | ■  | ■  | ■  | ■    | ■  | ■  | ■  |
| Wollert                    |      | ■  | ■  | ■  | ■    | ■  | ■  | ■  | ■    | ■  | ■  | ■  |
| Plumpton                   |      |    | ■  | ■  | ■    | ■  | ■  | ■  | ■    | ■  | ■  | ■  |
| St Leonards                |      |    |    |    | ■    | ■  | ■  | ■  | ■    | ■  | ■  | ■  |
| Pakenham <sup>(1)</sup>    |      |    |    |    |      |    |    |    |      |    | ■  | ■  |
| Clyde North <sup>(2)</sup> |      |    |    |    |      |    |    |    | ■    | ■  | ■  | ■  |
| Clyde <sup>(2)</sup>       |      |    |    |    |      |    |    |    |      |    |    |    |
| Tyabb <sup>(1)</sup>       |      |    |    |    |      |    |    |    |      |    | ■  | ■  |


 Represents tail of development which is often a slower settlement rate


**Funded and resourced to acquire at least two new communities every 12 months**

**Notes**

- (1) Subject to planning approval and contracts becoming unconditional
- (2) Commencement of construction subject to planning approval
- (3) Settlement goals dependent on construction commencement date and planning approvals

# Summary



## 5.1 Summary

- Enquiries, sales and settlements impacted by Covid-19 restrictions between March 2020 and June 2020
- FY20 delivered 253 new home settlements and 80 resale settlements that attracted a DMF
- 280 new home sales in FY20 means we enter 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
- Construction commenced at Lifestyle Kaduna Park, Lifestyle Wollert, and Lifestyle Plumpton
- Mount Duneed commenced first home settlements in mid-December 2019 and Kaduna Park commenced first home settlements in May 2020
- Acquisitions at St Leonards, Pakenham, Clyde North and Clyde has increased the total portfolio to 4,494<sup>(1)</sup> homes
- Annuity income from site rental fees grew by \$4.0m to \$23.0m
- Refinancing during FY20 sees us well capitalised to acquire at least two new sites per year

**A business maintaining a singular focus on high-quality, affordable housing for the long-term**



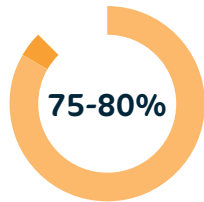
# Appendix



A rendered image of the outdoor pool at Lifestyle St Leonards

# A.1 Model of living

Homeowners at Lifestyle Communities own their own home and lease the land upon which their homes are located, via a weekly site fee.



Homes typically priced at 75-80% of the median house price in the target catchment



**90** Year Lease

A 90-year lease over the land provides security of tenure



On average, release of approximately \$220,000 upon sale of previous home



Homeowners at Lifestyle Communities are covered by the Residential Tenancies Act



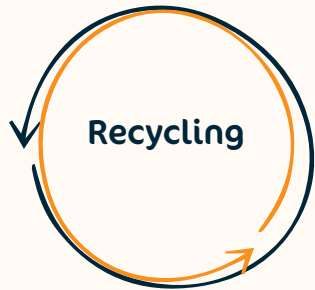
The weekly site fee is approx. 20-25% of the Age Pension after receipt of the Commonwealth Rental Assistance.

# A.2 Growing recurring revenue stream

## Lifestyle Communities's business has two core elements

### 1. Creating communities

A mix of equity and debt capital is used to develop greenfield sites to create new communities. Capital is recovered from one community and is recycled into the next project.



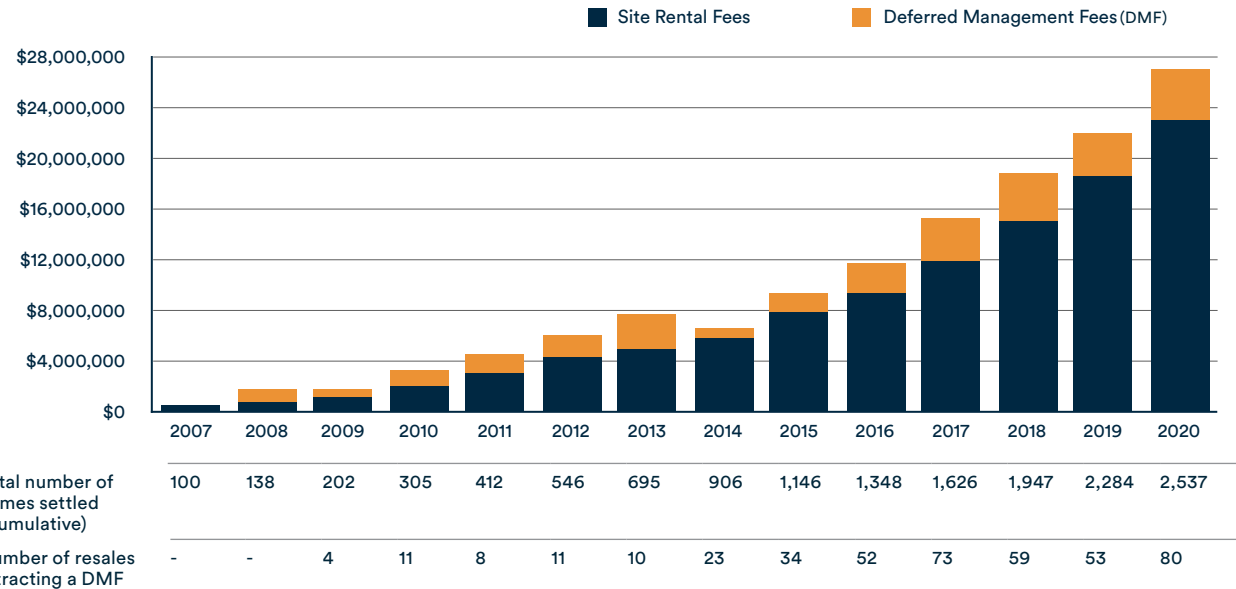
Current speed of capital recycling allowing the acquisition of at least two new sites every year

Completed communities build a long-term sustainable income and future dividends

The speed at which Lifestyle Communities can create new communities is limited by the size of the capital pool and the speed at which it can recover its capital through driving new home settlements

### 2. Managing communities

Completed communities generate recurring revenue streams which are growing as new communities are added to the portfolio.



Rentals increase at CPI or 3.5% whichever is greater <sup>(1)</sup>  
DMF of 20% after 5 years on the resale price of the home.

Notes

(1) Due to Victorian Government Legislation introduced during the Covid-19 pandemic, there was no increase on 1 July 2020



## A.3 Dividend policy

As a general principle, Lifestyle Communities intends to pay dividends out of post-tax operating cashflow generated from community management including:

- Operating cash flow generated from community management (net rental and DMF)
- Apportionment of corporate overheads attributable to management of the communities (currently 50%)
- Interest on average pre-development debt
- Tax attributed to the above

### Dividend

- A final fully franked dividend of 2.5 cents per share has been declared in respect of FY20 (the dividend has a record date of 4 September 2020 and a payment date of 8 October 2020)

### Surplus franking credits

- As at 30 June 2020 the franking account balance was \$21.6 million (after allowing for the final dividend and tax payable for FY20)

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



# A.4 Sales and settlements

| Communities   | New home settlements |            | Net sales  |            | Resale home settlements   |           |
|---|----------------------|------------|------------|------------|---------------------------|-----------|
|   | FY20                 | FY19       | FY20       | FY19       | FY20                      | FY19      |
| <b>Existing Communities – Sold out</b>              |                      |            |            |            |                           |           |
| Brookfield in Melton                                |                      |            |            |            | 14                        | 11        |
| Seasons in Tarneit                                  |                      |            |            |            | 3                         | 3         |
| Warragul  |                      |            |            |            | 10                        | 9         |
| Casey Fields in Cranbourne <sup>(1)</sup>           |                      |            |            |            | 10                        | 11        |
| Shepparton  | 20                   | 25         | 12         | 20         | 7                         | 2         |
| Chelsea Heights <sup>(1)</sup>                      |                      |            |            |            | 11                        | 9         |
| Hastings  |                      |            |            |            | 7                         | 5         |
| Lyndarum in Wollert                                 |                      |            |            |            | 5                         | 7         |
| Geelong   | 1                    | 20         |            | 4          | 5                         | 5         |
| Officer   |                      |            |            |            | 7                         | 7         |
| Berwick Waters                                      | 7                    | 72         | 4          | 3          | 9                         | 2         |
| Bittern   | 32                   | 152        | 6          | 17         | 11                        |           |
| <b>Existing Communities – Under construction</b>    |                      |            |            |            |                           |           |
| Ocean Grove   | 117                  | 68         | 60         | 59         | 3                         |           |
| Mount Duneed  | 57                   |            | 71         | 41         |                           |           |
| Kaduna Park at Officer South                        | 19                   |            | 48         | 47         |                           |           |
| Wollert   |                      |            | 41         | 18         |                           |           |
| Plumpton  |                      |            | 38         |            |                           |           |
| <b>Existing Communities – Awaiting commencement</b> |                      |            |            |            |                           |           |
| Tyabb <sup>(3)</sup>                                |                      |            |            |            |                           |           |
| St Leonards   |                      |            |            |            |                           |           |
| Pakenham <sup>(3)</sup>                             |                      |            |            |            |                           |           |
| Clyde North   |                      |            |            |            |                           |           |
| Clyde   |                      |            |            |            |                           |           |
| <b>Total <sup>(4)</sup></b>                         | <b>253</b>           | <b>337</b> | <b>280</b> | <b>209</b> | <b>102 <sup>(2)</sup></b> | <b>71</b> |

**Notes**

- (1) Represents gross numbers not adjusted for joint venture interests
- (2) Total resale settlements were 102, of which 80 attracted a DMF
- (3) Commencement of construction subject to planning approval and contracts becoming unconditional
- (4) Commencement of construction subject to planning approval

# A.5 Investment property analysis

| Community Valuation Summary (On completion)        |                     |                               |  |                   |  |                                |  |
|--|---------------------|-------------------------------|--|-------------------|--|--------------------------------|--|
|  |                     |                               | Rental Metrics   |                   | DMF metrics (extracts from valuations) |                                |  |
|  | Last valuation date | Rental cap. rate <sup>1</sup> | Net rental per home <sup>(3)</sup> (from valuation adjusted) | DMF discount rate | DMF terminal cap. rate <sup>(4)</sup>  | Average sale value (GST incl.) |  |
| <b>Existing Communities - sold out</b>             |                     |                               |  |                   |  |                                |  |
| Brookfield in Melton                               | Jun-20              | 6.25%                         | 7,612  | 14.25%            | N/A                                    | 335,592                        |  |
| Seasons in Tarneit                                 | Jun-20              | 6.25%                         | 6,872  | 14.25%            | N/A                                    | 341,397                        |  |
| Warragul   | Jun-20              | 6.50%                         | 6,603  | 13.00%            | 10%                                    | 315,082                        |  |
| Casey Fields in Cranbourne <sup>(2)</sup>          | Jun-20              | 6.50%                         | 7,154  | 13.00%            | 10%                                    | 396,129                        |  |
| Chelsea Heights <sup>(2)</sup>                     | Jun-20              | 6.50%                         | 6,859  | 13.00%            | N/A                                    | 574,000                        |  |
| Hastings   | Jun-19              | 6.50%                         | 6,503  | 13.00%            | 10%                                    | 445,390                        |  |
| Lyndarum in Wollert                                | Jun-20              | 6.50%                         | 6,226  | 13.00%            | N/A                                    | 399,000                        |  |
| Officer  | Jun-19              | 6.50%                         | 6,225  | 13.00%            | 10%                                    | 406,325                        |  |
| Geelong  | Jun-20              | 6.50%                         | 6,648  | 13.25%            | N/A                                    | 371,000                        |  |
| Berwick Waters                                     | Jun-19              | 6.50%                         | 7,175  | 13.25%            | N/A                                    | 391,000                        |  |
| Bittern  | Jun-19              | 6.50%                         | 7,175  | 13.25%            | N/A                                    | 403,000                        |  |
| <b>Existing Communities - selling and settling</b> |                     |                               |  |                   |  |                                |  |
| Shepparton   | Jun-19              | 6.50%                         | 6,971  | 13.00%            | 10%                                    | 241,667                        |  |
| Ocean Grove  | Jun-20              | 6.50%                         | 7,078  | 13.00%            | 10%                                    | 449,614                        |  |
| Mount Duneed                                       | Oct-18              | 6.50%                         | 7,038  | 14.00%            | 10%                                    | 427,775                        |  |
| Kaduna Park in Officer South                       | Jun-19              | 6.50%                         | 7,175  | 13.25%            | N/A                                    | 430,000                        |  |
| Wollert  | Nov-19              | 6.50%                         | 6,680  | 13.00%            | 10%                                    | 442,920                        |  |
| Plumpton   | Mar-20              | 6.50%                         | 6,676  | 13.00%            | 10%                                    | 417,286                        |  |

**Notes:**

(1) As per independent valuations for communities valued in June 2020 and as per Directors' valuation for other communities

(2) Represents 100% of the development of which LIC will share 50%

(3) Valuer's Rental calculation methodology: capitalisation rate on annual rental income

(4) Valuer's DMF calculation methodology: NPV of 20 year cash flows with terminal value at year 21 or NPV of 40 year cash flows with no terminal value

# A.6 Investment property analysis

| Community Valuation Summary                         |              |                | Investment properties per financials 30 June 2020  |                     |
|---|--------------|----------------|--|---------------------|
|   | Total Homes  | Homes Occupied | Investment properties at cost <sup>(1)</sup> (\$m) | At fair value (\$m) |
| <b>Mature Communities</b>                           |              |                |  |                     |
| Brookfield in Melton                                | 228          | 228            | 6.76   | 38.48               |
| Seasons in Tarneit                                  | 136          | 136            | 3.68   | 21.73               |
| Warragul  | 182          | 182            | 2.53   | 26.89               |
| Casey Fields in Cranbourne <sup>(1)</sup>           | 217          | 217            | 3.37   | 22.04               |
| Chelsea Heights <sup>(1)</sup>                      | 186          | 186            | 6.19   | 22.07               |
| Hastings  | 141          | 141            | 7.36   | 23.31               |
| Lyndarum in Wollert                                 | 154          | 154            | 7.13   | 22.53               |
| Officer   | 151          | 151            | 5.49   | 22.36               |
| Geelong   | 164          | 164            | 6.95   | 24.36               |
| Berwick Waters                                      | 216          | 216            | 12.14  | 32.57               |
| Bittern   | 209          | 209            | 7.42   | 32.00               |
| <b>Communities under development or in planning</b> |              |                |  |                     |
| Shepparton  | 300          | 292            | 3.16   | 40.82               |
| Ocean Grove   | 220          | 185            | 17.60  | 32.45               |
| Mount Duneed  | 191          | 57             | 11.13  | 16.58               |
| Kaduna Park in Officer South                        | 169          | 19             | 14.50  | 15.93               |
| Wollert North                                       | 246          | -              | 14.67  | 14.67               |
| Plumpton  | 266          | -              | 25.12  | 25.12               |
| Tyabb <sup>(3)</sup>                                | 240          | -              | 0.19   | 0.19                |
| St Leonards   | 199          | -              | 12.91  | 12.91               |
| Pakenham East <sup>(3)</sup>                        | 175          | -              | 1.40   | 1.40                |
| Clyde North <sup>(2)</sup>                          | 274          | -              | 23.00  | 23.00               |
| Clyde <sup>(2)</sup>                                | 230          | -              | 22.20  | 22.20               |
| <b>Total</b>  | <b>4,494</b> | <b>2,537</b>   | <b>214.91</b>                                      | <b>493.60</b>       |

**Notes:**

(1) Represents LIC's share in the on-completion assets

(2) Commencement of construction subject to planning approval

(3) Commencement of construction subject to planning approval and the contract becoming unconditional

# A.7 Deferred management fees

LIFESTYLE COMMUNITIES A BUSINESS FOR PURPOSE

|                                   | Brookfield | Seasons   | Warragul  | Casey Fields | Shepparton | Chelsea Heights | Hastings  | Lyndarum | Officer | Geelong | Berwick Waters | Bittern | Total      |
|-----------------------------------|------------|-----------|-----------|--------------|------------|-----------------|-----------|----------|---------|---------|----------------|---------|------------|
| Historical resales <sup>(1)</sup> | 137        | 30        | 66        | 52           | 18         | 45              | 34        | 9        | 14      | 7       | 8              | 2       | 422        |
| Average tenure (years)            | 6.5        | 5.6       | 4.5       | 4.2          | 3.7        | 3.6             | 3.1       | 2.7      | 2.5     | 2.5     | 2.2            | 1.6     | 4.8        |
| Average price growth p.a.         | 5.2%       | 3.3%      | 3.7%      | 5.8%         | 3.3%       | 17.3%           | 12.7%     | 10.6%    | 11.2%   | 11.9%   | 11.3%          | 8.9%    | 7.3%       |
| Average purchase price (move in)  | 191,689    | 236,793   | 245,025   | 294,919      | 220,769    | 328,167         | 295,507   | 348,279  | 313,170 | 303,939 | 370,409        | 338,775 | 253,433    |
| Average sales price (move out)    | 248,989    | 281,583   | 282,894   | 366,750      | 246,194    | 521,222         | 397,309   | 444,389  | 394,000 | 393,500 | 459,375        | 387,500 | 328,000    |
| Average DMF <sup>(2)</sup>        | 40,246     | 48,663    | 45,681    | 57,859       | 39,108     | 82,009          | 53,208    | 53,016   | 46,670  | 44,746  | 45,745         | 31,000  | 49,934     |
| Average DMF rate                  | 16.2%      | 17.3%     | 16.1%     | 15.5%        | 15.8%      | 15.4%           | 13.1%     | 12.0%    | 11.9%   | 12.0%   | 10.0%          | 8.0%    | 15.4%      |
| Total DMF received                | 5,513,697  | 1,459,880 | 3,014,937 | 3,008,680    | 703,940    | 3,690,399       | 1,809,080 | 477,140  | 653,380 | 313,220 | 365,960        | 62,000  | 21,072,313 |
| FY20 resales <sup>(1)</sup>       | 14         | 3         | 6         | 9            | 6          | 11              | 6         | 5        | 6       | 4       | 8              | 2       | 80         |
| Average tenure (years)            | 10.1       | 7.2       | 5.6       | 6.8          | 4.5        | 4.9             | 4.8       | 2.8      | 3.2     | 2.8     | 2.2            | 1.6     | 5.5        |
| Average price growth p.a.         | 6.0%       | 0.7%      | 3.5%      | 5.4%         | 3.1%       | 13.1%           | 5.9%      | 9.2%     | 9.7%    | 13.1%   | 11.3%          | 8.9%    | 7.7%       |
| Average purchase price (move in)  | 186,740    | 279,733   | 254,267   | 301,752      | 223,304    | 339,992         | 343,666   | 358,638  | 298,405 | 291,090 | 370,409        | 338,775 | 290,318    |
| Average sales price (move out)    | 288,071    | 326,667   | 304,833   | 408,278      | 253,750    | 550,818         | 438,333   | 448,900  | 389,167 | 391,125 | 459,375        | 387,500 | 391,525    |
| Average DMF <sup>(2)</sup>        | 48,471     | 52,933    | 54,233    | 76,000       | 44,437     | 105,327         | 71,733    | 57,188   | 54,567  | 46,605  | 45,745         | 31,000  | 61,440     |
| Average DMF rate                  | 17.0%      | 16.0%     | 18.0%     | 18.7%        | 16.7%      | 19.3%           | 16.0%     | 12.8%    | 14.0%   | 13.0%   | 10.0%          | 8.0%    | 15.8%      |
| Total DMF received                | 678,600    | 158,800   | 325,400   | 684,000      | 266,620    | 1,158,600       | 430,400   | 285,940  | 327,400 | 186,420 | 365,960        | 62,000  | 4,930,140  |
| FY19 resales <sup>(1)</sup>       | 10         | 3         | 8         | 8            | 1          | 9               | 4         | 3        | 4       | 3.00    | -              | -       | 53         |
| Average tenure (years)            | 9.5        | 7.8       | 4.8       | 4.5          | 5.7        | 4.5             | 4.5       | 2.6      | 2.2     | 2.26    | -              | -       | 5.3        |
| Average price growth p.a.         | 7.2%       | 4.8%      | 4.1%      | 6.2%         | 2.3%       | 17.7%           | 11.2%     | 13.2%    | 12.0%   | 0.10    | -              | -       | 9.3%       |
| Average purchase price (move in)  | 188,077    | 233,500   | 267,039   | 306,306      | 185,715    | 333,797         | 291,503   | 322,858  | 308,343 | 321,070 | -              | -       | 277,152    |
| Average sales price (move out)    | 305,500    | 320,000   | 314,875   | 387,813      | 210,000    | 593,889         | 431,875   | 430,000  | 380,000 | 396,667 | -              | -       | 394,698    |
| Average DMF <sup>(2)</sup>        | 53,910     | 74,667    | 46,396    | 65,908       | 42,000     | 110,169         | 77,775    | 45,133   | 44,175  | 42,267  | -              | -       | 65,001     |
| Average DMF rate                  | 17.5%      | 23.3%     | 14.9%     | 17.1%        | 20.0%      | 18.7%           | 18.0%     | 10.7%    | 11.5%   | 0.11    | -              | -       | 16.4%      |
| Total DMF received                | 539,100    | 224,000   | 371,170   | 527,260      | 42,000     | 991,520         | 311,100   | 135,400  | 176,700 | 126,800 | -              | -       | 3,445,050  |

## Notes

(1) Only includes resales that attracted a DMF.

(2) Excludes selling and administration fees.

# A.8 Fair value breakdown

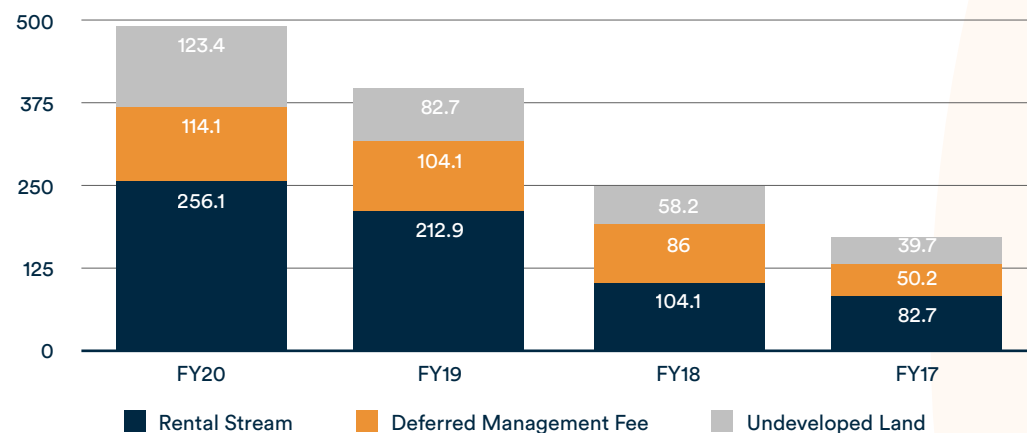
At Lifestyle Communities our homeowners purchase a proportionate share of the clubhouse, pool, recreational facilities, and all associated infrastructure when they purchase their home. This helps us build a sense of community, shared ownership, and pride in where our homeowners live. Due to this operating 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 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.

## Conversion of undeveloped land into completed homes:

- The worked example to the right shows how a typical transaction is recorded in the P&L, balance sheet and cash flow statement:
  - the cash flow demonstrates Lifestyle Communities' "zero development surplus" cash target
  - the P&L and Balance Sheet demonstrate that the fair value of the rental and DMF annuity streams are recognised upon settlement of each home
- Any further uplift as a result of changes to assumptions used by independent valuers is shown as "Other Fair Value" adjustments.



| Investment Properties Carrying Value at 30 June 2019  | 399,750        |
|---|----------------|
| Land Acquisitions & Accruals for Contracted Land  | 59,509         |
| GST adjustments due to resolution of the audit  | (4,594)        |
| <b>Fair Value Adjustments</b>   |                |
| Uplift in value arising from settled homes during the year (253 new home settlements)       | 22,593         |
| The uplift created as a result of the contractual rent increase                             | –              |
| Other movements as a result of changes to valuation assumptions used by independent valuers | 16,343         |
| <b>Investment Properties Carrying Value at 30 June 2020</b>                                 | <b>493,602</b> |

| Work Example (Per House)                          | Cash flow        | P&L              |
|---|------------------|------------------|
| Sale Price (incl. GST)                            | 421,850          |                  |
| Sale Price (excl. GST)                            | 383,500          | 383,500          |
| Land  | (75,000)         |                  |
| <b>Cost of sales</b>                              |                  |                  |
| Civils, Consultants & Authority Costs             | (70,000)         | (70,000)         |
| Housing (Construction & Landscaping etc)          | (195,000)        | (195,000)        |
| Clubhouse & Common Areas                          | (38,000)         | (38,000)         |
| Interest & Overheads                              | (5,500)          | (5,500)          |
| <b>Total Costs</b>                                | <b>(383,500)</b> | <b>(308,500)</b> |
| Development Surplus/(Deficit)                     | 0                |                  |
| Accounting Gross Profit / (Loss)                  |                  | 75,000           |
| Gross Margin %                                    |                  | 19.6%            |
| Fair Value Uplift on Settlement                   |                  | 108,000          |
| <b>Total Accounting P &amp; L Profit / (Loss)</b> |                  | <b>183,000</b>   |
| Gross margin %                                    |                  | 47.7%            |
| <b>Balance Sheet</b>                              |                  |                  |
| Land  |                  | 75,000           |
| Fair Value Uplift on Settlement                   |                  | 108,000          |
| <b>Total Carrying Value</b>                       |                  | <b>183,000</b>   |

The numbers in the worked example above are for illustrative purposes only.

# A.9 Cash flow analysis

FY20

| Supplementary Cash Flow Analysis for FY20               | Fully settled Communities <sup>(3)</sup> | Shepparton  | Geelong     | Berwick Waters | Bittern      | Ocean Grove  | Mount Duneed   | Kaduna Park    | Wollert North | Plumpton       | Communities in planning <sup>(4)</sup> | Total          |
|---|--|-------------|-------------|----------------|--------------|--------------|----------------|----------------|---------------|----------------|--|----------------|
| Total Number of Homes                                   | 1,395                                    | 300         | 164         | 216            | 209          | 220          | 191            | 169            | 246           | 266            | 240                                    | 3,616          |
| Settled FY20  | -  | 20          | 1           | 7              | 32           | 117          | 57             | 19             | -             | -              | -                                      | 253            |
| Remaining homes and lots available to settle            | -  | 8           | -           | -              | -            | 35           | 134            | 150            | 246           | 266            | 240                                    | 1,079          |
| <b>Capital Cash Flows (\$million)</b>                   |  |             |             |                |              |              |                |                |               |                |  |                |
| Land  | -  | -           | -           | -              | -            | -            | -              | -              | -             | (24.02)        | (6.14)                                 | (30.16)        |
| Development Expenditure (development and sales)         | (0.08)                                   | (0.45)      | (0.08)      | 0.01           | (1.25)       | (3.33)       | (12.96)        | (10.05)        | (7.04)        | (6.03)         | (0.60)                                 | (41.86)        |
| Home Construction                                       | -  | (0.10)      | -           | (0.03)         | (0.14)       | (18.69)      | (21.30)        | (11.38)        | 0.22          | (0.11)         | (0.02)                                 | (51.55)        |
| Home Settlements  | -  | 5.09        | 0.25        | 2.80           | 12.35        | 46.25        | 21.92          | 7.44           | -             | -              | -                                      | 96.10          |
| <b>Net Development Cash Flows</b>                       | <b>(0.08)</b>                            | <b>4.54</b> | <b>0.17</b> | <b>2.78</b>    | <b>10.96</b> | <b>24.23</b> | <b>(12.34)</b> | <b>(13.99)</b> | <b>(6.82)</b> | <b>(30.16)</b> | <b>(6.76)</b>                          | <b>(27.47)</b> |
| <b>Annuity Cash Flows (\$million)</b>                   |  |             |             |                |              |              |                |                |               |                |  |                |
| Site Rentals (incl. management fees)                    | 12.66                                    | 3.01        | 1.69        | 2.22           | 2.09         | 1.29         | -              | -              | -             | -              | -                                      | 22.96          |
| DMF Received (net) <sup>(1)</sup>                       | 2.32                                     | 0.20        | 0.12        | 0.33           | 0.06         | -            | -              | -              | -             | -              | -                                      | 3.03           |
| Community Operating Costs <sup>(2)</sup>                | (4.99)                                   | (1.17)      | (0.63)      | (0.67)         | (0.63)       | (0.69)       | (0.20)         | (0.02)         | -             | -              | -                                      | (9.00)         |
| Net result from utilities                               | (0.11)                                   | -           | 0.01        | (0.03)         | (0.03)       | (0.04)       | (0.01)         | -              | -             | -              | -                                      | (0.21)         |
| <b>Net Annuity Cash Flows</b>                           | <b>9.88</b>                              | <b>2.04</b> | <b>1.19</b> | <b>1.85</b>    | <b>1.49</b>  | <b>0.56</b>  | <b>(0.21)</b>  | <b>(0.02)</b>  | <b>-</b>      | <b>-</b>       | <b>-</b>                               | <b>16.78</b>   |
| Head Office Costs                                       |  |             |             |                |              |              |                |                |               |                |  | (8.00)         |
| Operations Management Overheads                         |  |             |             |                |              |              |                |                |               |                |  | (0.73)         |
| <b>Net Operating Cash Flows</b>                         |  |             |             |                |              |              |                |                |               |                |  | <b>(19.42)</b> |
| Reconciliation to statutory cash flows                  |  |             |             |                |              |              |                |                |               |                |  |                |
| Less - Interest   |  |             |             |                |              |              |                |                |               |                |  | (4.60)         |
| Less - Income taxes paid                                |  |             |             |                |              |              |                |                |               |                |  | (5.62)         |
| Add job keeper received                                 |  |             |             |                |              |              |                |                |               |                |  | 0.52           |
| Add - Land (investing cash flow)                        |  |             |             |                |              |              |                |                |               |                |  | 30.16          |
| Add GST receipt   |  |             |             |                |              |              |                |                |               |                |  | 3.60           |
| Add - Movement in working capital                       |  |             |             |                |              |              |                |                |               |                |  | 1.06           |
| <b>Statutory Cash Flows from Operations (\$million)</b> |  |             |             |                |              |              |                |                |               |                |  | <b>5.70</b>    |

**Notes**

(1) Deferred management fees received are inclusive of selling and administration fees as well as wages and marketing costs

(2) 50% of cash flows for joint ventures are reflected above

(3) Lifestyle Brookfield in Melton, Lifestyle Seasons in Tarneit, Lifestyle Warragul, Lifestyle Casey Fields in Cranbourne, Lifestyle Chelsea Heights,

Lifestyle Hastings, Lifestyle Lyndarum in Wollert and Lifestyle Officer are fully settled

(4) Lifestyle Tyabb, Lifestyle St Leonards, Lifestyle Pakenham East, Lifestyle Clyde North and Lifestyle Clyde

# A.10 Cash flow analysis

FY19

| Supplementary Cash Flow Analysis for FY19               | Fully settled Communities <sup>(3)</sup> | Shepparton    | Geelong     | Berwick Waters | Bittern      | Ocean Grove    | Mount Duneed   | Kaduna Park    | Wollert North  | Plumpton      | Tyabb         | Total          |
|---|--|---------------|-------------|----------------|--------------|----------------|----------------|----------------|----------------|---------------|---------------|----------------|
| Total Number of Homes                                   | 1,395                                    | 300           | 164         | 216            | 209          | 220            | 191            | 172            | 246            | 265           | 185           | 3,563          |
| Settled FY19  |  | 25            | 20          | 72             | 152          | 68             | -              | -              | -              |               |               | 337            |
| Remaining homes and lots available to settle            |  | 28            | 1           | 7              | 32           | 152            | 191            | 172            | 246            | 265           | 185           | 1,279          |
| <b>Capital Cash Flows (\$million)</b>                   |  |               |             |                |              |                |                |                |                |               |               |                |
| Land  | -  | -             | -           | -              | (7.14)       | (17.05)        | (10.61)        | (13.79)        | (9.57)         | (2.27)        | (0.19)        | (60.62)        |
| Development Expenditure (development and sales)         | (0.14)                                   | (2.28)        | (0.69)      | (1.93)         | (7.69)       | (14.27)        | (5.94)         | (0.85)         | (3.35)         | -             | -             | (37.14)        |
| Home Construction                                       | -  | (5.57)        | (0.91)      | (7.98)         | (28.61)      | (24.90)        | (0.18)         | (0.01)         | (0.35)         | -             | -             | (68.51)        |
| Home Settlements  | 0.04                                     | 6.21          | 6.38        | 26.41          | 55.00        | 25.23          | -              | -              | -              | -             | -             | 119.27         |
| <b>Net Development Cash Flows</b>                       | <b>(0.10)</b>                            | <b>(1.64)</b> | <b>4.78</b> | <b>16.50</b>   | <b>11.56</b> | <b>(30.99)</b> | <b>(16.73)</b> | <b>(14.65)</b> | <b>(13.27)</b> | <b>(2.27)</b> | <b>(0.19)</b> | <b>(47.00)</b> |
| <b>Annuity Cash Flows (\$million)</b>                   |  |               |             |                |              |                |                |                |                |               |               |                |
| Site Rentals (incl. management fees)                    | 12.13                                    | 2.64          | 1.58        | 1.85           | 0.62         | 0.08           | -              | -              | -              | -             | -             | 18.90          |
| DMF Received (net) <sup>(1)</sup>                       | 1.53                                     | (0.02)        | 0.13        | (0.01)         | (0.03)       | (0.02)         | -              | -              | -              | -             | -             | 1.58           |
| Community Operating Costs <sup>(2)</sup>                | (6.75)                                   | (1.00)        | (0.54)      | (0.59)         | (0.52)       | (0.44)         | -              | -              | -              | -             | -             | (9.84)         |
| Net result from utilities                               | (0.16)                                   | (0.15)        | (0.04)      | (0.01)         | (0.04)       | (0.04)         | -              | -              | -              | -             | -             | (0.44)         |
| <b>Net Annuity Cash Flows</b>                           | <b>6.75</b>                              | <b>1.47</b>   | <b>1.13</b> | <b>1.24</b>    | <b>0.03</b>  | <b>(0.42)</b>  | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>      | <b>-</b>      | <b>10.20</b>   |
| Head Office Costs                                       |  |               |             |                |              |                |                |                |                |               |               | (8.67)         |
| <b>Net Operating Cash Flows</b>                         |  |               |             |                |              |                |                |                |                |               |               | <b>(45.47)</b> |
| Reconciliation to statutory cash flows                  |  |               |             |                |              |                |                |                |                |               |               |                |
| Less - Interest   |  |               |             |                |              |                |                |                |                |               |               | (3.28)         |
| Less - Income taxes paid                                |  |               |             |                |              |                |                |                |                |               |               | (7.03)         |
| Add - Land (investing cash flow)                        |  |               |             |                |              |                |                |                |                |               |               | 60.62          |
| Add - Movement in working capital                       |  |               |             |                |              |                |                |                |                |               |               | 0.94           |
| <b>Statutory Cash Flows from Operations (\$million)</b> |  |               |             |                |              |                |                |                |                |               |               | <b>5.78</b>    |

## Notes

- (1) Deferred management fees received are inclusive of selling and administration fees as well as wages and marketing costs
- (2) 50% of development cash flows for joint venture are reflected above
- (3) Lifestyle Brookfield in Melton, Lifestyle Seasons in Tarneit, Lifestyle Warragul, Lifestyle Casey Fields in Cranbourne, Lifestyle Chelsea Heights, Lifestyle Hastings, Lifestyle Lyndarum in Wollert and Lifestyle Officer are fully settled.

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