



**Goldman Sachs
Emerging Leaders Conference**

Mount Duneed Project Deep Dive
5 April, 2023

Lifestyle
MOUNT DUNEED



HAWKER CCT 191 - 192
HAWKER CCT 190-191, 119-120

SECTION 1
Overview of the Lifestyle Communities model

Our story and purpose

We're champions for facilitating a bigger life for our homeowners. A cohort of like-minded retired, semi-retired and working downsizers who belong to a generation that's seen more change than any before; and possibly any to come.



We build communities because our homeowners have worked hard for what they have, and they deserve beautifully designed and low maintenance homes in concert with best-in-class amenities. We create communities because our homeowners haven't given up on returning to a time when they built strong communities around their own homes. We nurture the homeowners within our communities because they seek a space that's truly their own, that strikes the perfect balance between connection and privacy, independence, and activity.

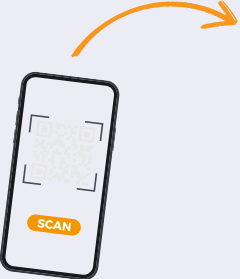
Like us, our homeowners rail against an earnestly bland existence or disappearing into a sea of sameness; the one-size-fits all approach that places limitations on what's possible. Which is why we actively listen to them; to their hopes for now and their dreams for the future, so the next time they ask, "what's next?" we've already been busy reimagining.

But, most of all, we champion bigger, more enhanced lives for our homeowners because we know that reducing their property footprint takes a giant leap of faith. This is why we believe it's a privilege to walk alongside them as they elevate the next phase of their lives.

Like us, we believe they're just getting started.

After all, they're the generation of change. And they're not done yet.

Scan the QR code to view our 'Lifestyle Story'



Model of living

How does the Lifestyle Communities' model of living work?

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



75-80%

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 \$240,000¹ upon sale of previous home.



Homeowners at Lifestyle Communities are covered by the Residential Tenancies Act. Rent increases at 3.5% or CPI (whichever is greater).



Homeowners control price, presentation and sales strategy at exit.



The weekly site fee is approx. 20-25% of the Aged Pension after receipt of the Commonwealth Rental Assistance.²

Notes

1. Calculated as the difference between the homeowners previous house sale price and the homeowners Lifestyle house purchase price
2. Calculated in accordance with the formula used by the Department of Social Services. Which is: Rent minus Commonwealth Rental Assistance divided by the Pension

Macro themes providing *resilience* through the cycle

Baby Boomers and First Home Buyers driven to action regardless of the cycle

Lifestyle Communities provides a credible option even in falling market

- Downsizing releases equity to improve living standards in retirement
- Design evolution delivers aspirational product – attracting more customers from above the median house price (including self-funded retirees)
- Transparent financial model provides certainty to homeowners regarding future costs
- Cash cost recovery pricing model did not chase the market during the upswing – Leaves room to absorb inflation and interest rate rises
- Pandemic continues to inspire a “seize the day” mentality



Ageing Population

- Shortage of Affordable Housing Options
- Pensioners, Part Pensioners and self funded retirees impacted by inflation
- Stage of life drives action regardless of the cycle – Seize the Day!
- Low levels of superannuation - benefit from equity free-up
- Desire for ownership, control, safety, security and social interaction
- Typically sell to first home buyers

Economic Environment

- Superannuation balances impacted by equity market
- Increased cost of living affects the asset rich/cash poor cohort
- Creates necessity to downsize
- Increases the addressable market
- Doing nothing is less attractive

First Home Buyers

- Typically buy the homes Lifestyle customers are selling
- Stage of life drives action regardless of the cycle
- See an opportunity to enter the market
- Priced out of the new home market
- Supported by low unemployment
- Supported by Government incentives at both a state and federal level

Property Market – outer suburbs

- Affordable suburbs less sensitive to price movements
- Sales volumes reduce in down cycles – Upgraders and Investors drop out
- First home buyers underpin the remaining volume
- Correlation to unemployment
- Supported by immigration

Growing recurring revenue stream

Lifestyle Communities' 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.

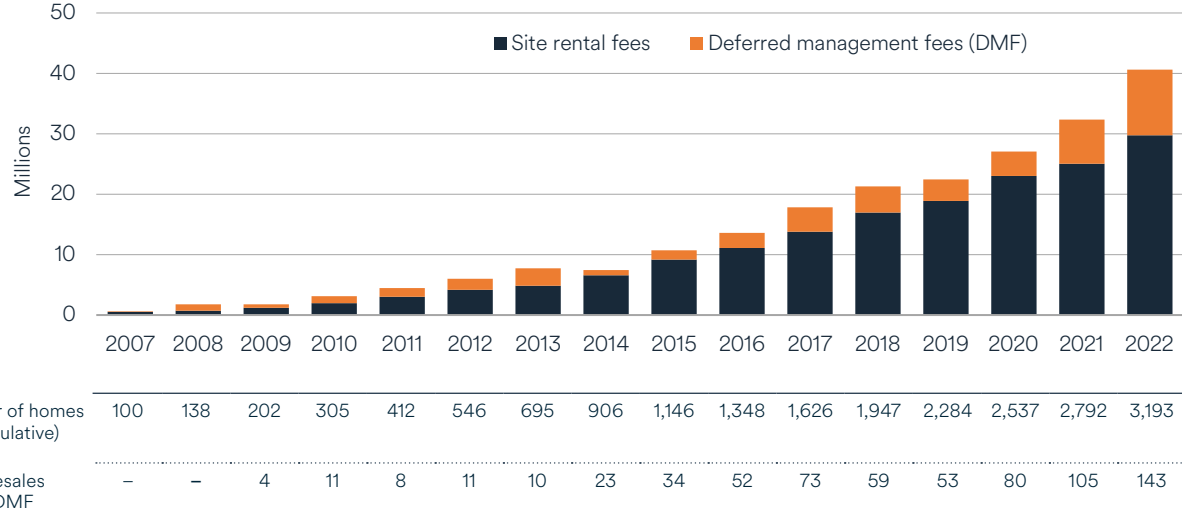


Current speed of capital recycling allowing the acquisition of at least two new sites every year.

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

2. Managing communities

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



DMF of 4% per annum on the resale price of the home, capped at 20% after 5 years.

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.

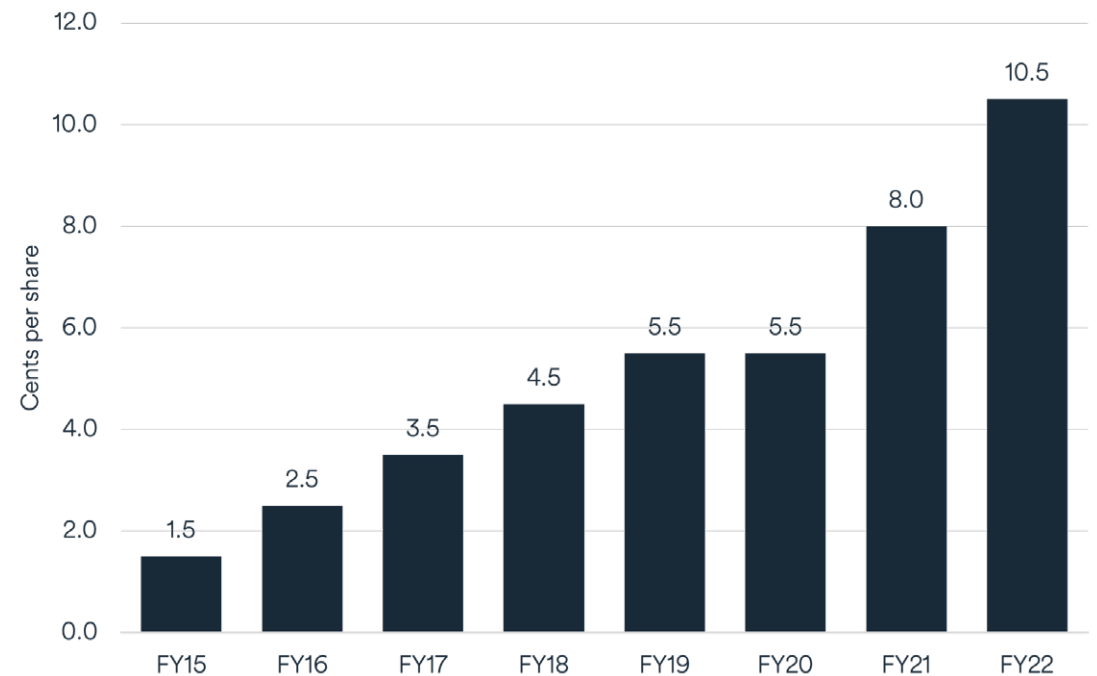
Dividend policy

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%)
- Facility fees and interest on any non-development debt
- Tax attributed to the above

The growing level of free cash flow from an increasing number of homes under management provides the basis for increasing dividends over time.

Full year dividend growth over time





SECTION 2

**Mount Duneed Project
deep dive**

Site *summary*

- Mt Duneed (Armstrong Creek) is the primary growth corridor of Geelong
- Lifestyle Mount Duneed is located:
 - 3km from HomeCo Armstrong Creek Town Shopping Centre
 - 3km from Waurm Ponds Shopping Centre
 - 2km from Waurm Ponds Train Station which has multiple services per day to Melbourne



8 September 2018



18 November 2019



25 November 2020



10 February 2023



Mt Duneed *amenities*

Mount Duneed homeowners have access to:

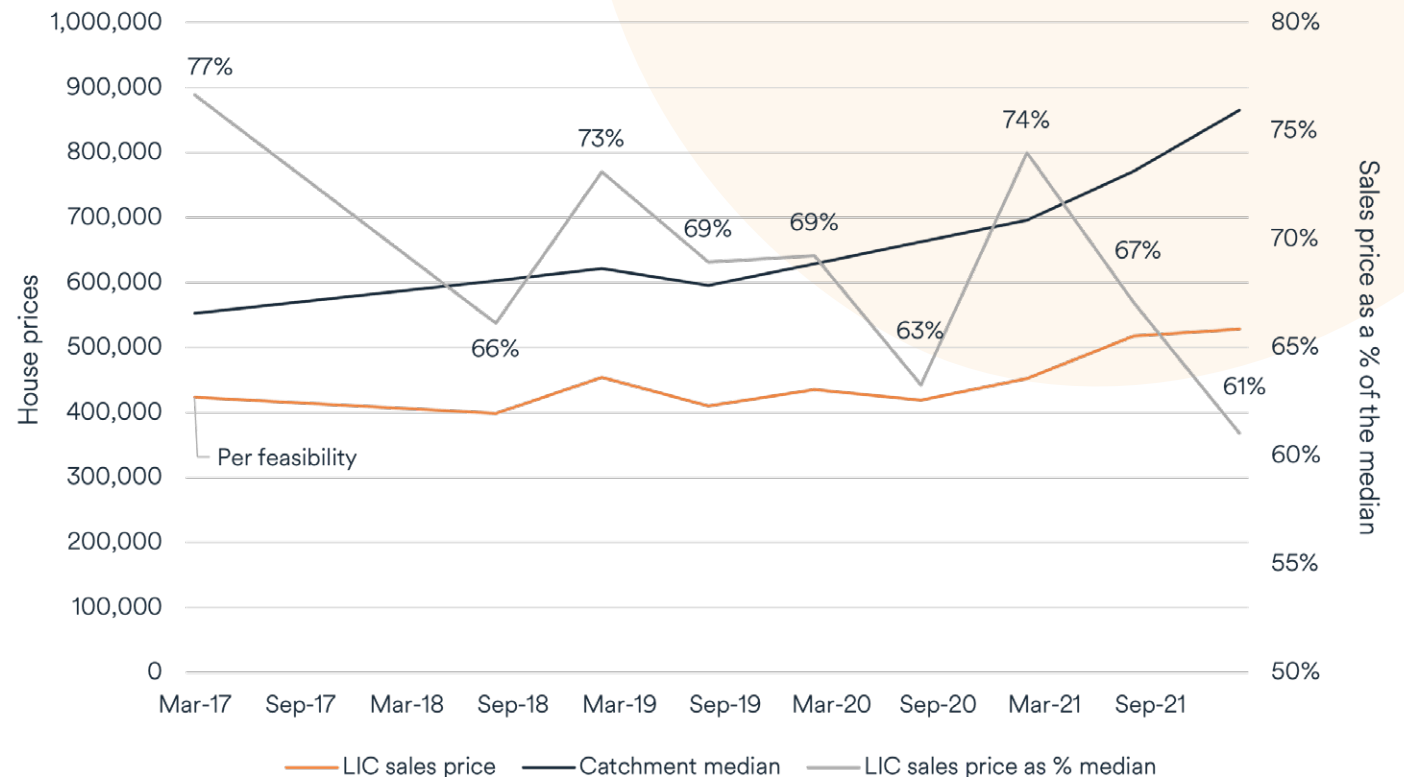
- Multi-million dollar architecturally designed Clubhouse which includes:
 - Heated indoor pool and spa with pool deck lounge and change rooms
 - Modern gym
 - Fully serviced library and business centre
 - Multi-purpose room
 - Games room + private cinema
 - Kitchen and entertaining zone
- BBQ and entertaining area
- Bowling green
- Pickleball court
- Croquet lawn
- Electric town car and free charging station
- 6m fishing boat
- Makers studio and workshop
- Vegetable and herb gardens
- Dog wash
- Community bus
- Electric bikes



Sales and median house prices

- Starting house price was 77% of the median
- Lifestyle seeks to recover its development costs through house sales
- Over time, the median house price growth for the catchment exceeded our cost increases
- As a result, house prices relative to the median reduced over time
- Our new home pricing strategy is to recover our development costs, including land. We seek to price as low as possible, sell quickly, and reduce property cycle risk”

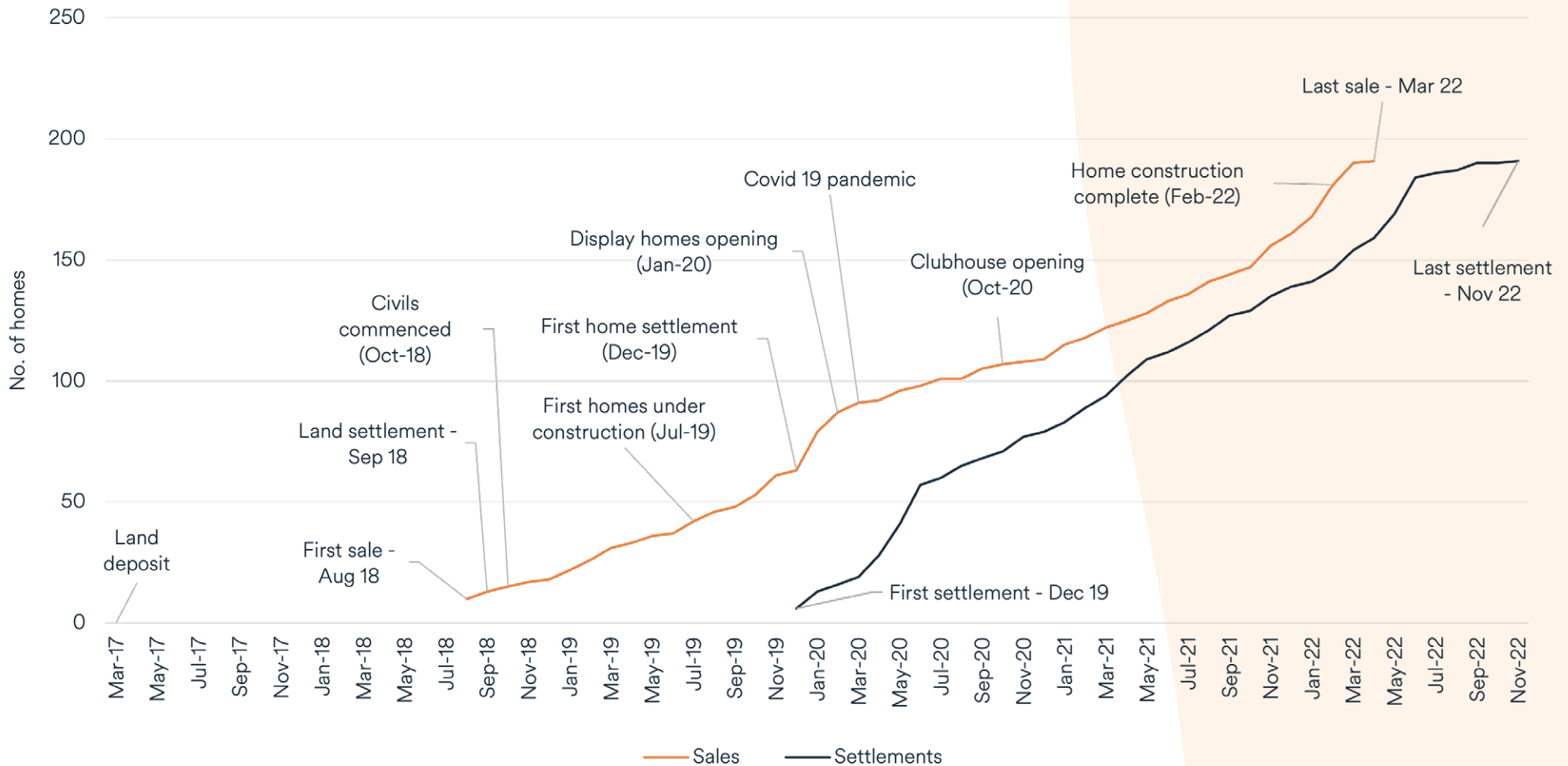
Sales prices as % median over time



Lifestyle’s weighted average starting house prices were \$434k which was less than 80% of the median house price for the catchment.

Sales and settlements *profile*

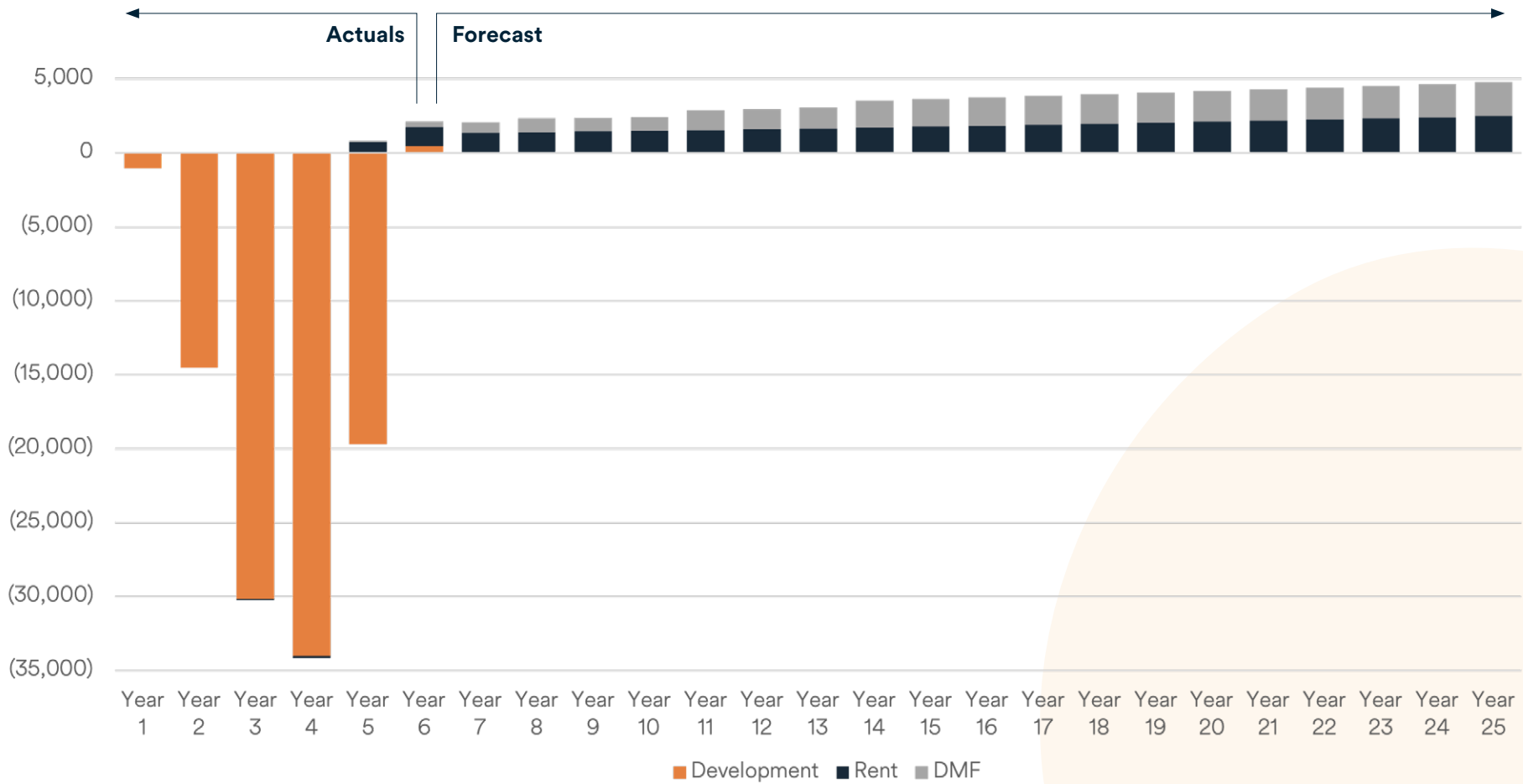
Sales, settlements and key project milestones over time



Mount Duneed *cash flow profile*

All development costs have been recovered through sale of homes.

Cumulative cash flows



Development *cash flows*

Our new home pricing strategy is to recover our development costs, including land. We seek to price as low as possible, sell quickly, and reduce property cycle risk.

Development phase

| (\$000) | Feb 2018 Year 1 | Feb 2019 Year 2 | Feb 2020 Year 3 | Feb 2021 Year 4 | Feb 2022 Year 5 | Feb 2023 Year 6 | Total | Per home |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-----------------|--------------|
| Home sales (incl. GST) | – | – | 6,787 | 31,593 | 27,126 | 23,760 | 89,265 | 467 |
| Home sales (excl. GST) | – | – | 6,170 | 28,721 | 24,660 | 21,600 | 81,150 | 425 |
| Civils, Clubhouse and common property | (39) | (2,240) | (10,650) | (7,551) | (560) | (215) | (12,255) | (111) |
| Housing | – | (22) | (8,921) | (22,366) | (7,642) | (224) | (39,175) | (205) |
| Interest on development debt | – | (167) | (618) | (668) | (494) | (55) | (2,002) | (10) |
| Development costs | (39) | (2,429) | (20,189) | (30,584) | (8,697) | (495) | (62,433) | (327) |
| Wages, admin and office | – | (249) | (773) | (544) | (594) | (411) | (2,572) | (13) |
| Media & Marketing | 7 | (653) | (720) | (701) | (451) | (100) | (2,631) | (14) |
| Other development expenses (soft costs) | 7 | (902) | (1,493) | (1,245) | (1,046) | (511) | (5,203) | (27) |
| Allocation of corporate overheads | – | – | (162) | (737) | (576) | (454) | (1,929) | (10) |
| Total project costs | (46) | (3,331) | (21,843) | (32,566) | (10,318) | 1,460 | (69,565) | (364) |
| Net development surplus before tax | (46) | (3,331) | (15,673) | (3,846) | 14,342 | 20,140 | (11,585) | 61 |
| Land purchase | (1,000) | (10,139) | – | – | – | – | (11,139) | (58) |
| Net development cash flow before tax | (1,046) | (13,470) | (15,673) | (3,846) | 14,342 | 20,140 | 446 | 2 |

Project *Profit & Loss*

Development phase

| (\$000) | Feb 2018 Year 1 | Feb 2019 Year 2 | Feb 2020 Year 3 | Feb 2021 Year 4 | Feb 2022 Year 5 | Feb 2023 Year 6 | Total | Per home |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-----------------|--------------|
| Settlements | | | 16 | 73 | 57 | 45 | | |
| Home sales (incl. GST) | – | – | 6,787 | 31,593 | 27,126 | 23,760 | 89,265 | 467 |
| Home sales (excl. GST) | – | – | 6,170 | 28,721 | 24,660 | 21,600 | 81,150 | 425 |
| Civils, Clubhouse and common property | | | (1,781) | (8,124) | (6,343) | (5,008) | (21,255) | (111) |
| Housing | | | (3,282) | (14,973) | (11,691) | (9,230) | (39,175) | (205) |
| Interest on development debt | | | (168) | (765) | (598) | (472) | (2,002) | (10) |
| Cost of goods sold | | | (5,230) | (23,862) | (18,632) | (14,709) | (62,433) | (327) |
| Gross margin | | | 940 | 4,859 | 6,028 | 6,891 | 18,717 | 98 |
| <i>Gross margin (%)</i> | | | 15.2% | 16.9% | 24.4% | 31.9% | 23.1% | 23.1% |
| Other development expenses (soft costs) | (7) | (902) | (1,493) | (1,245) | (1,046) | (511) | (5,203) | (27) |
| Allocation of Corporate overheads | | | (162) | (737) | (576) | (454) | (1,929) | (10) |
| Total project costs | (7) | (902) | (6,884) | (25,844) | (20,253) | (15,675) | (69,565) | (364) |
| Development earnings pre-tax | (7) | (902) | (714) | 2,877 | 4,406 | 5,925 | 11,585 | 61 |
| Fair value uplift on creation of annuity (at settlement) | | | 1,428 | 7,110 | 8,241 | 6,569 | 23,348 | 122 |
| Fair value uplift due to change in valuation assumptions | | | – | 491 | 3,706 | 336 | 4,533 | 24 |
| Total development profit per the P&L | (7) | (902) | 714 | 10,748 | 16,353 | 12,829 | 39,466 | 207 |
| Development EBITDA | (7) | (902) | (546) | 3,642 | 5,004 | 6,397 | 13,588 | 71 |

Balance sheet *extract*

Development phase

| (\$000) | Feb 2018 Year 1 | Feb 2019 Year 2 | Feb 2020 Year 3 | Feb 2021 Year 4 | Feb 2022 Year 5 | Feb 2023 Year 6 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Undeveloped land | 1,000 | 11,139 | 10,206 | 5,949 | 2,624 | – |
| Work in progress/inventory ¹ | 39 | 2,468 | 17,427 | 24,150 | 14,215 | – |
| Underlying fair value adjustments created through development | | | | | | |
| Capitalised rental annuity created at settlement | | | 1,632 | 9,675 | 18,196 | 24,986 |
| Capitalised DMF created at settlement | | | 729 | 4,054 | 7,098 | 9,501 |
| Valuation movements attributable to changes in assumptions used by independent valuers | | | | 491 | 4,197 | 4,533 |
| Development debt | (1,039) | (14,516) | (30,189) | (34,035) | (19,693) | 0.4 |
| Net equity | – | (909) | (195) | 10,284 | 26,637 | 39,020 |

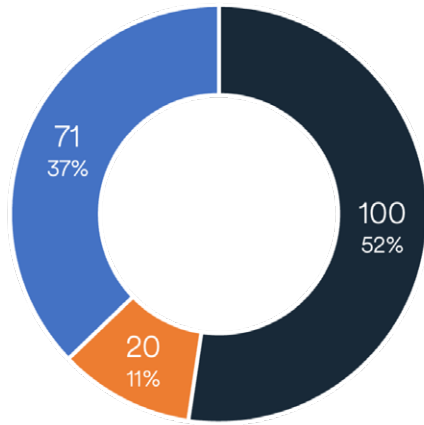
1. Inventory includes capitalised interest on development costs.

All development debt and interest costs recovered through new home sales.

| (\$000) | |
|--|--------|
| Original land purchase price | 11,139 |
| Current carrying value | 39,020 |
| Value added through creation of annuity income | 27,881 |
| Debt outstanding | Nil |

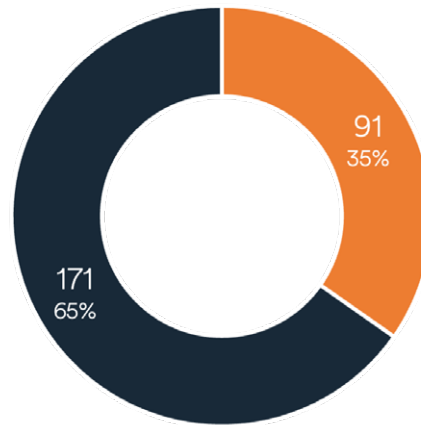
Completed community *snapshot*

Occupied homes mix



■ Single females ■ Single males ■ Couples

Gender split



■ Males ■ Females

Examples of recent home resales

| Home design | Bedrooms | Original purchase date | Original purchase price | Sale date | Sale price |
|--------------------|----------|------------------------|-------------------------|-------------|------------|
| Kennedy Corner | 3 | 20-Apr-2020 | 503,305 | 18-Jan-2021 | 555,000 |
| Kennedy Corner | 3 | 21-Feb-2020 | 501,400 | 18-May-2021 | 560,000 |
| Flinders | 2 | 20-Oct-2020 | 376,160 | 18-May-2022 | 450,000 |
| Genoa ¹ | 2.5 | 10-Apr-2021 | 480,000 | 20-May-2022 | 467,500 |
| Patterson Corner | 2 | 13-Jan-2020 | 487,271 | 16-Dec-2022 | 700,000 |

1. This house was sold by a third party agent, not Lifestyle Communities.

191 TOTAL HOMES
262 TOTAL HOMEOWNERS

AVERAGE AGE MOVING IN **71.3** years

CURRENT AVERAGE AGE **73.2** years

Current annualised gross management fees = \$2.1 million

Mount Duneed homeowners have access to Club Lifestyle **at no extra charge**¹

Club Lifestyle unlocks a world of exclusive benefits, adventures and unique experiences that only come with being a homeowner at Lifestyle Communities.

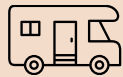
We're helping our homeowners to live 'Even Bigger' lives and creating a differentiated value proposition that will drive referrals and ensure that Lifestyle Communities continues to be the first choice for downsizers.

Unique adventures and experiences¹ *Free!*

Take a holiday on us with luxurious villas, fully powered van sites and facilities or hit the open road and create your own adventure with our furnished motorhomes. Coming soon to Lifestyle Bellarine with new locations already in the pipeline.



Luxurious, self-contained villas



Furnished motorhomes



Serviced van sites



Stylish facilities

1. Terms and conditions apply



Watch our Club Lifestyle **video here**



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It is information in a summary form and does not purport to be complete. It should be read in conjunction with LIC's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at www.asx.com.au

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