

# Results Presentation

for the year ended 30 June 2023

*A business for purpose*



Celebrating

# 20

years of Lifestyle

Downsize to a bigger life

**Lifestyle**<sup>®</sup>  
COMMUNITIES

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Enjoying the extras  
of Club Lifestyle



# Our story

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



**W**e 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 rally 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. This 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.

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



# A business for purpose

A sustainable financial model where **homeowners can prosper.**

An empowering and engaging homeowner experience offering that **reimagines traditional retirement.**

**An affordable housing option** for Australians aged over 50.

**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.



Artist impression of Lifestyle St Leonards - The Shores

Lifestyle Communities — End of financial year results presentation — June 2023



**Overview**

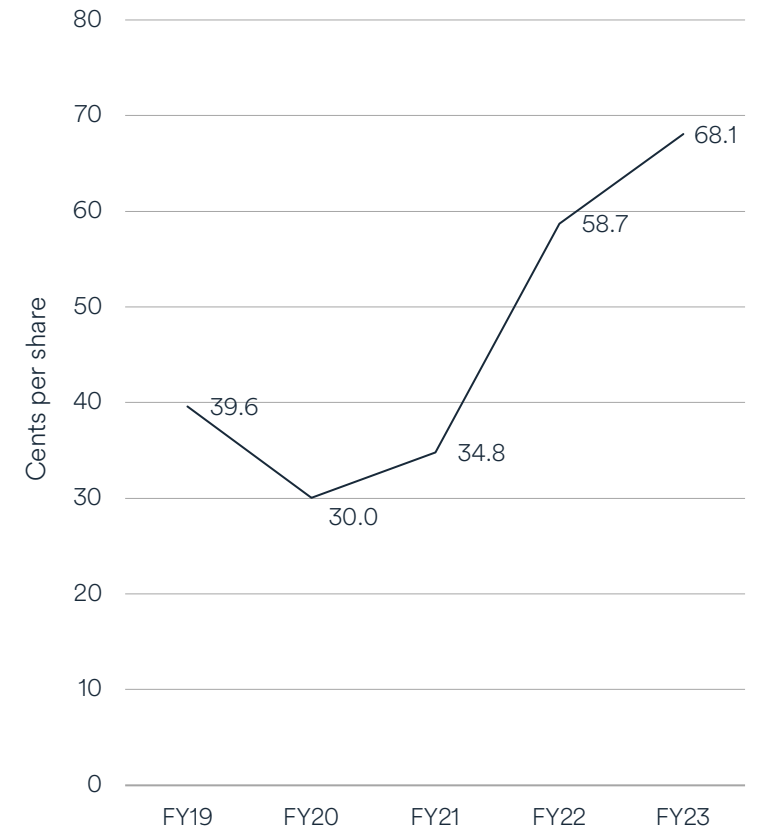
# FY23 results **snapshot**

## Key metrics

	Measure	FY23	FY22	FY21	FY20	FY19
New home settlements	Homes	<b>356</b>	401	255	253	337
Established home resales	Homes	<b>178</b>	156	121	102	71
Total settled homes (end of year)	Homes	<b>3,549</b>	3,193	2,792	2,537	2,284
Portfolio + pipeline (end of year)	Homes	<b>5,912</b>	5,391	5,094	4,494	3,563
Annuity revenue (rent + DMF)	\$m	<b>47.2</b>	40.6	32.4	28.1	22.4
Operating profit after tax	\$m	<b>71.2</b>	61.4	36.4	31.4	41.4
Operating EPS	cps	<b>68.1</b>	58.7	34.8	30.0	39.6
Total assets	\$m	<b>1,191.4</b>	1,006.2	781.3	596.7	465.8
Fair value of rental cash flows	\$m	<b>531.0</b>	448.3	355.4	256.1	212.9
Fair value of deferred management fees	\$m	<b>204.3</b>	172.7	143.1	114.1	104.1
Value of land in our pipeline	\$m	<b>227.9</b>	229.2	138.0	123.4	82.8
Equity	\$m	<b>524.9</b>	453.5	378.1	291.4	254.7
Weighted average cap rate	%	<b>5.14</b>	5.18	5.57	6.46	7.00
Average DMF valuation	\$000 per home	<b>61</b>	58	56	50	51
Full year dividend	cps	<b>11.5</b>	10.5	8.0	5.5	5.5
Net debt	\$m	<b>369.8</b>	243.1	187.7	128.7	95.0
Net debt/assets less cash and land accruals	%	<b>33.2</b>	27.5	26.7	24.6	22.0
Net debt to net debt plus equity	%	<b>41.3</b>	34.9	33.2	30.6	27.2

Included in the table above are non IFRS measures including operating profit and operating earnings per share. These figures have not been subject to audit but have been provided to give a better understanding of the performance of the Company during the 2023 financial year.

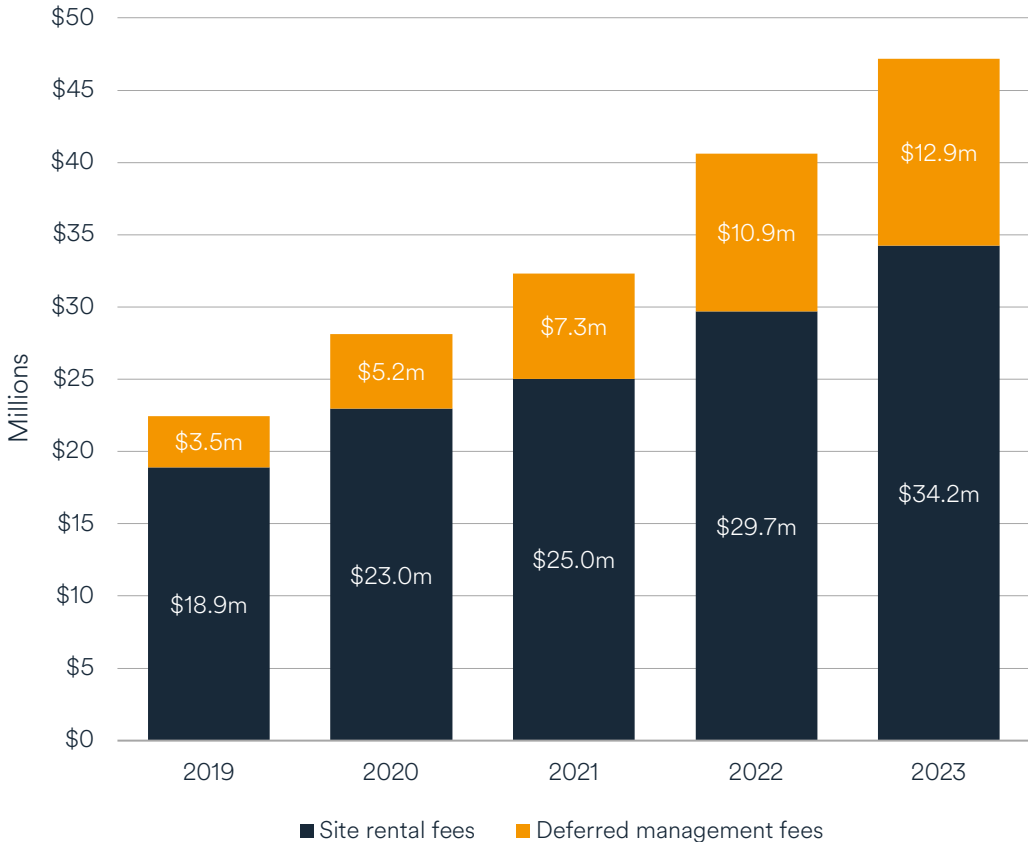
## Operating earnings per share



# FY23 highlights

- Celebrated 20 years of operations - Welcomed our 5,000th Homeowner and settled our 3,500th home
- Revenue from Community management increased by 16% from \$40.6m to \$47.2m underpinned by increased annuities from a higher number of homes under management
- Opened new clubhouse at Lifestyle Meridian
- Welcomed first homeowners at Lifestyle Woodlea and Lifestyle Bellarine
- Welcomed first guests at Club Lifestyle — Our exclusive private members club on the Bellarine Peninsula
- 443 new home sales and 356 new home settlements
- Operating profit increased 16% from \$61.4m to \$71.1m driven by new home settlements and increased annuity income from homes under management
- New land acquisitions at Warragul, Clifton Springs, and Yarrawonga
- Portfolio + pipeline of 5,912 homes sites

## Growing annuity income streams



# Portfolio snapshot FY23

Communities	Total homes in communities	Homes sold and occupied	Homes sold and awaiting settlement	Homes occupied or sold and awaiting settlement	
				No.	%
<b>Established Communities</b>					
15 fully completed Communities	2,864	2,864		2,864	100%
<b>Communities — under construction</b>					
Wollert	246	165	32	197	80%
Deanside	266	134	33	167	63%
St Leonards - The Waves	199	195	4	199	100%
St Leonards - The Shores	159		27	27	17%
Meridian	274	161	41	202	74%
Woodlea	180	2	33	35	19%
Phillip Island	255		62	62	24%
Bellarine	164	28	57	85	52%
Riverfield (Clyde)	230		29	29	13%
Ridgelea (Pakenham)	174		12	12	7%
Merrifield	187				
<b>New Communities — awaiting commencement</b>					
Ocean Grove II <sup>1</sup>	190				
Warragul II <sup>1</sup>	205				
Clifton Springs <sup>1</sup>	210				
Yarrawonga	109				
<b>Total<sup>2</sup></b>	<b>5,912</b>	<b>3,549</b>	<b>330</b>	<b>3,879</b>	<b>66%</b>

Notes:

1. Commencement of construction subject to planning approval

2. Lifestyle Communities will have an economic interest in 5,711 home sites. Lifestyle Chelsea Heights and Lifestyle Casey Fields are joint ventures.



Lifestyle Meridian Clubhouse



# Portfolio overview and **land acquisition strategy**

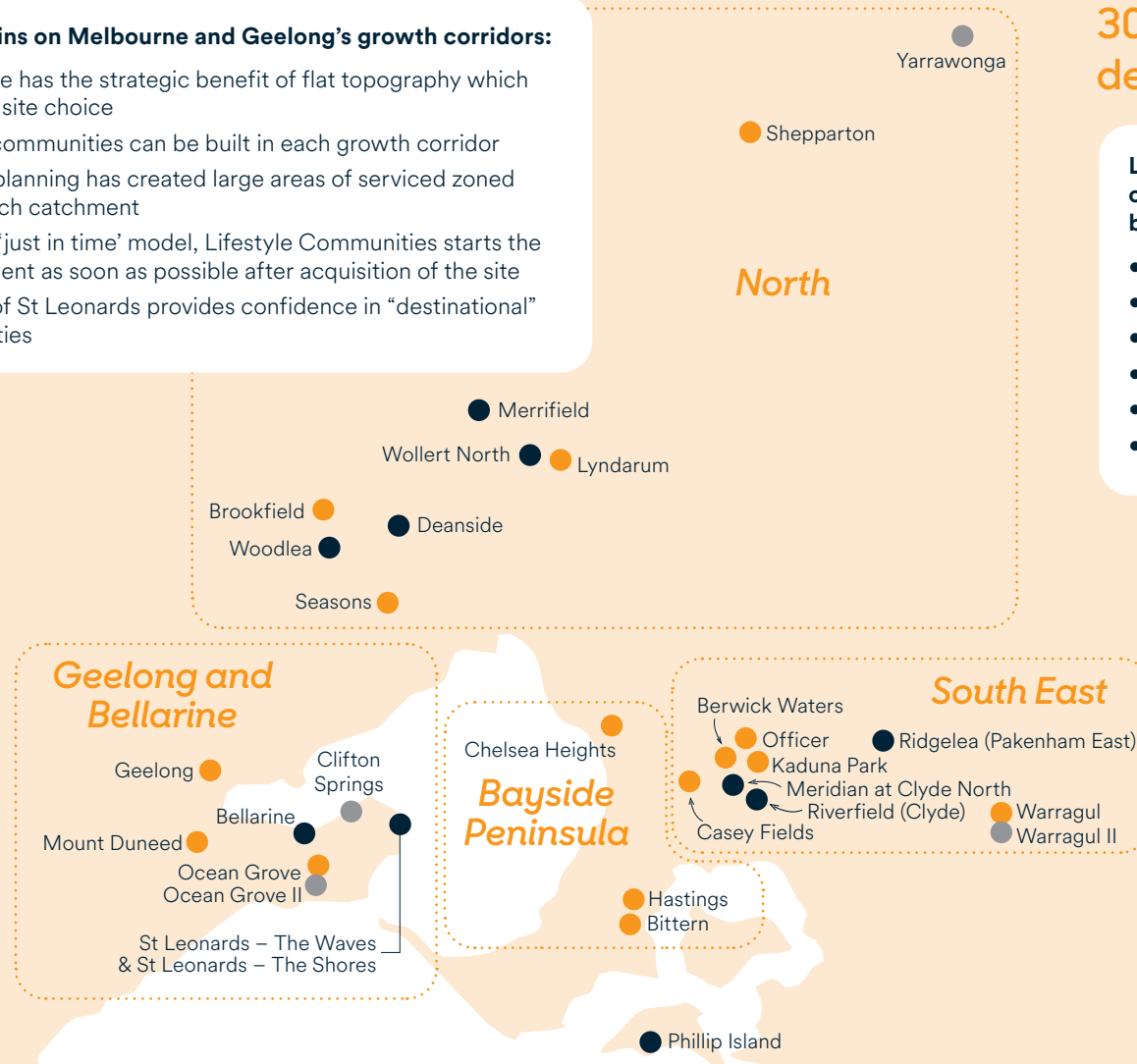
**Focus remains on Melbourne and Geelong’s growth corridors:**

- 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
- Success of St Leonards provides confidence in “destinational” communities

**30 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
- ESG factors



- Completed Communities
- Developing Communities
- Planning Communities

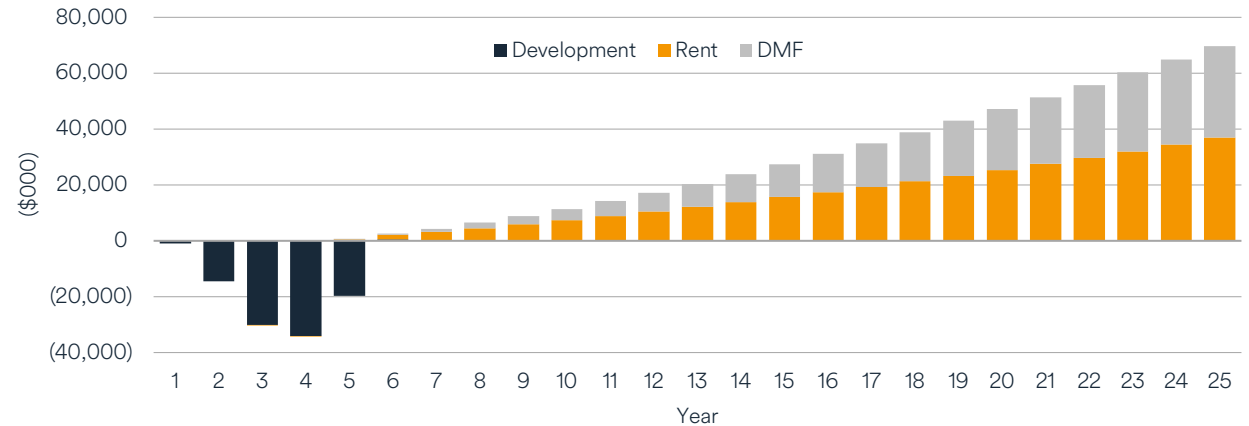
Greatest growth opportunity remains in Victoria with low saturation and accessible flat land

# Operating model

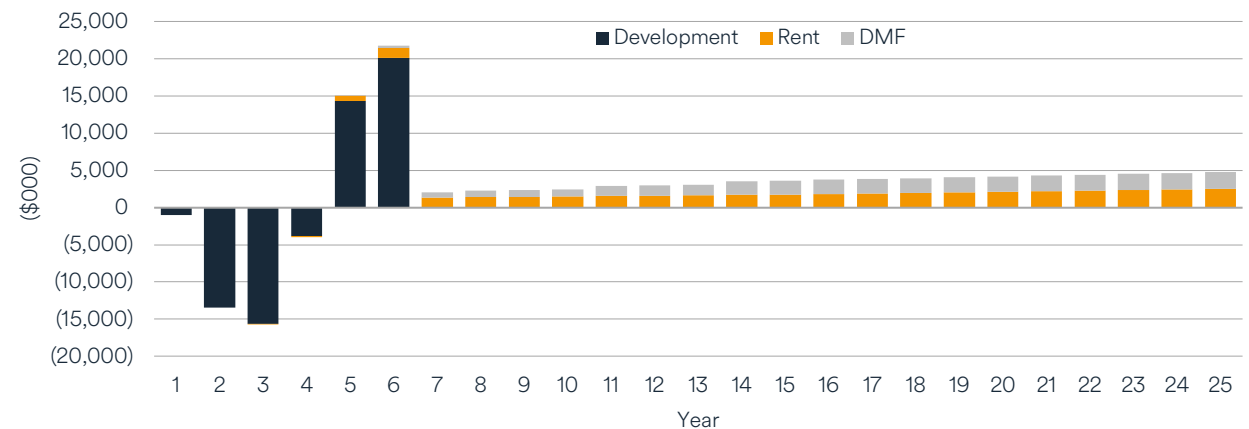
Our Operating Model is unique in the Land Lease Industry:

- Customer centric and purpose driven approach built solely through organic growth over 20 years
- Portfolio approach delivering benefits to homeowners beyond their direct community:
  - exclusive private members holiday club
  - substantial multi-sport inter community carnival in autumn and spring
  - consolidated and scaling procurement of electricity — on-charged at cost
  - benefits and discounts with key partners
- We invest with our homeowners for the long term:
  - Deferred management fee pioneers for land lease - shared commercial incentive ensures reinvestment and drives capital growth
  - Shared ownership with homeowners of community infrastructure
- Disciplined execution of strategy and capital recycling model

**Example Project — cumulative cash flows**



**Example Project — year-on-year cash flows**



# Protecting **our brand**

- Registered owner of the trademark for the brand “Lifestyle Communities” since 2005
- Protects the significant investment we have made in our brand over 20 years
- Whilst we welcome fair competition and growth in the land lease sector, it’s important businesses operating within the sector adopt different brands and distinctive marketing to avoid consumer confusion
- We will enforce our trademarks to protect our brand and:
  - prevent confusion for consumers
  - differentiate from other land lease operators
  - put a stop to “piggy-back” marketing campaigns

### Our trademarks

Registration number	Trademark	Registration Class
Registered AUTM No. 1021647 for		for services in classes 37, 42, 44 and 45
Registered AUTM No. 1128340 for		for services in classes 37, 42, 44 and 45
Registered AUTM No. 2165572 for		for services in classes 35, 36, 37, 41, 42, 43, 44 and 45
Registered AUTM No. 2165571 for	LIFESTYLE COMMUNITIES	for services in classes 35, 36, 37, 41, 42, 43, 44 and 45
Registered AUTM No. 1879763 and No. 2177755	‘Downsize to a Bigger Life’	in classes 35, 36, 37, 41, 42, 43, 44 and 45

# How we create value

We re-imagine over 50s community living for those who want to live more, not less.

We are agents of meaningful change, creating long-term value for our homeowners, team members, shareholders, suppliers and partners and the broader community.

## Our economic value creation

Suppliers	Team members	Shareholders	Government	Wider Community
<b>\$238.5m</b>	<b>\$18.9m</b>	<b>\$12m</b>	<b>\$16.8m</b>	<b>\$320k</b>
suppliers and services spend	payments and benefits to team members	total dividends paid	cash taxes paid and collected	community donations



## Our Approach to Sustainability

Our plan remains to prioritise the positive social impact of our model and business practices. Affordable housing is our core, and we are bound by the limits of affordability. Where we can, we will pursue initiatives and innovations that maximise value and benefits to our homeowners and provide other sustainability co-benefits.

Commitment to install:

**8** micro grids  
**4MW** of Solar Panels and  
**2MW** of community batteries

**57%**  
 women in emerging leadership positions

**9**  
 out of **10**  
 Employee Engagement Score

Certified Employer of Choice by the Workplace Gender Equality Agency (WGEA)

# Measuring social impact on homeowners

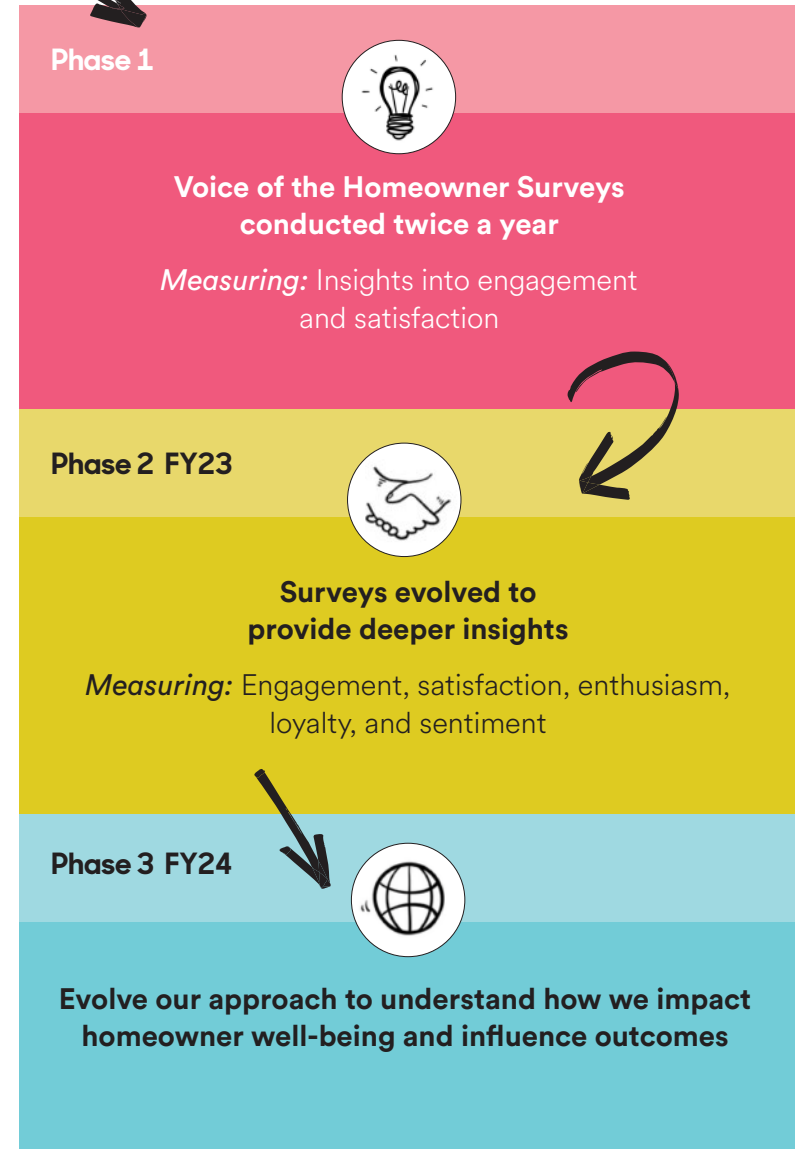
Our approach to sustainability prioritises positive social outcomes for our homeowners.

In order to drive better outcomes for our homeowners, we are on a journey to understand what matters most to them and what contributes to their well-being.

We have been evolving our Homeowner surveys to better capture this information, and are now embarking on the next phase of this journey where we focus on validating and measuring our social impact on homeowners.



## Progress on our journey



# Transition to Net Zero 2035

## Operational emissions

We remain committed to our target to achieve net zero operational emissions by 2035.

Traditionally this means a reduction in our Scope 1 and 2 emissions. However, due to the unique nature of our communities and our operational control of the energy procurement mix, we have expanded this target to include the Scope 3 emissions generated by our homeowners' energy use.

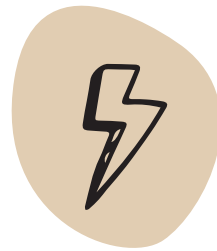
We believe that through our solar PV and microgrid program of work, we can provide access to renewables for our homeowners – which means that we can directly influence their emissions profile at the source.



### Improve efficiency

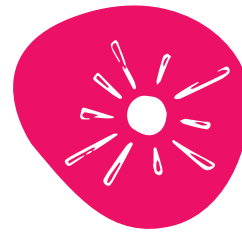
Use latest technology to make new communities more efficient, and influence behaviour change where we can.

Progressively upgrade equipment at older communities to improve efficiency over time.



### All electric new developments

New developments are 100% electric. Continued focus on innovation and design changes to improve efficiency.



### Generate where we can\*

Optimise on-site solar generation in all communities



### Buy where we can't generate

Buy an increasing amount of green power (from renewables) from the grid over time.



### Measure, report and track

Measure and report on emissions every year, improving as we go along

\* We recognise that we may have left over emissions that are difficult to reduce. We will work to fund high quality offsets for those emissions.



Operations  
**update**

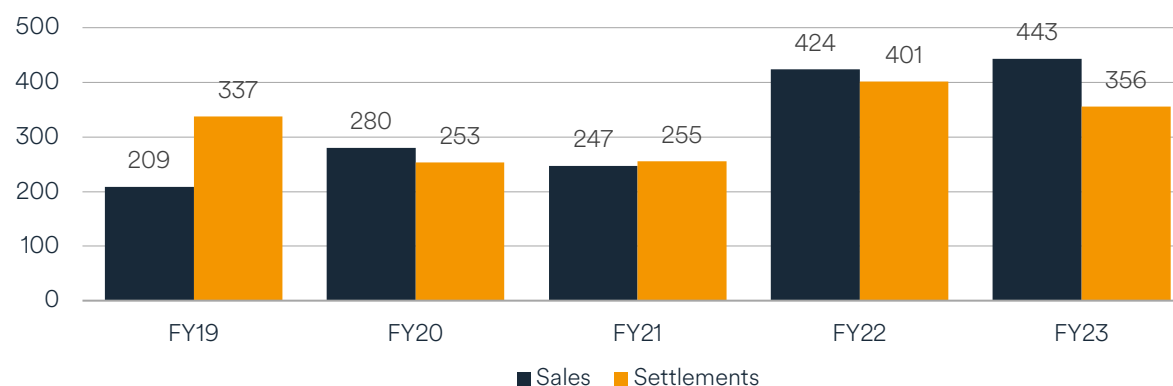


# Sales and settlements

- 443 new home sales and 356 new home settlements
- Sales higher than settlements in FY22 and FY23 as we build up the pipeline of new developments
- 7 new communities launched during the year
- FY23 Settlements at Wollert and Deanside lower than expectations but remain in line with historical averages
- 178 resales settlements, up from 156 in the prior year

Community	No. of homes	Sold	% sold	Settled	% settled
Wollert	246	197	80%	165	67%
Deanside	266	167	63%	134	50%
St Leonards - The Waves	199	199	100%	195	98%
St Leonards - The Shores	159	27	17%		0%
Meridian	274	202	74%	161	59%
Woodlea	180	35	19%	2	1%
Bellarine	164	85	52%	28	17%
Phillip Island	255	62	24%		0%
Riverfield	230	29	13%		0%
Ridgelea	174	12	7%		0%
Merrifield	187		0%		0%

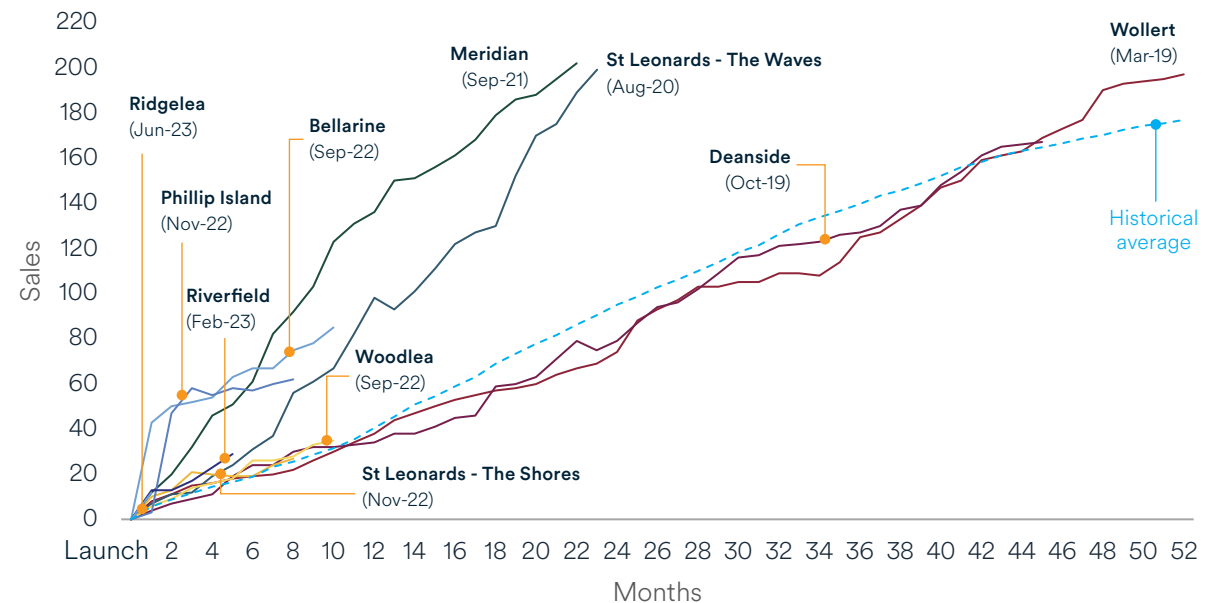
## Homes



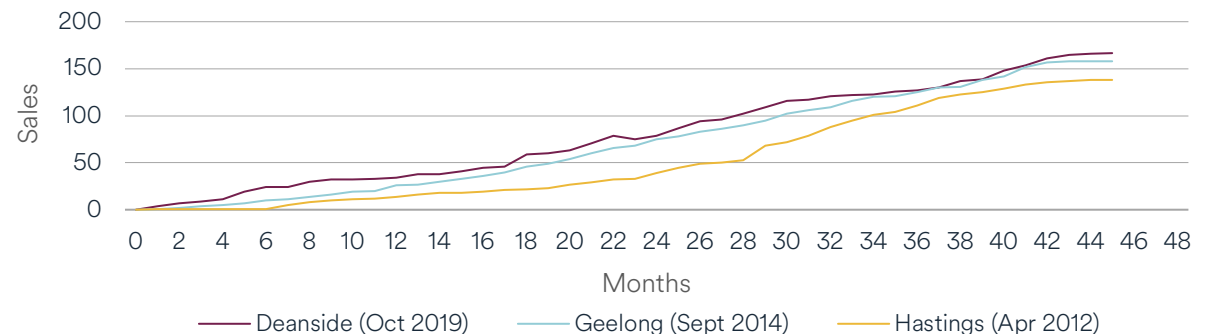
- Three distinct categories of projects in Market:
  1. Northern Growth Corridor: Wollert, Deanside, Woodlea performing in line with historical averages
  2. South East Growth Corridor: Meridian, Riverfield and Ridgelea performing well supported by a strong presence in the catchment
  3. Destinalional Communities: St Leonards, Phillip Island and Bellarine experienced strong early demand – mix of customers from local catchment and greater Melbourne
- Our plan remains to build our brand and referral network in new corridors and destinalional regional centres
- The second chart to the right shows how Deanside is performing relative to other “first in catchment” projects
- Continued focus on digital capabilities and features as we embed the Salesforce system

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

Sales profile from date of first sale



Relative rates of sale — first projects in a catchment



# Club Lifestyle

*Now open!*



Club Lifestyle is officially open! For months now, our homeowners have been enjoying exclusive access to luxurious villas, furnished motorhomes and serviced van sites at our waterfront Bellarine site, at no extra cost\*.

This is part of our ongoing commitment to creating more value for our homeowners and helping alleviate cost of living pressure where we can, by making holidays and mini-breaks more accessible to all homeowners.

Club Lifestyle is also part of our unique value proposition that will continue to drive referrals for years to come.

## Access to Club Lifestyle Bellarine includes:



Private beach



Indoor/  
Outdoor Pool



Other fitness and recreational facilities



Access to e-bikes and buggies to explore the beautiful surroundings



Scan here to learn more about Club Lifestyle



We have committed to replicating the Club Lifestyle model within a number of our new communities, and will continue to innovate to drive value for our stakeholders.

\* Not including a nominal cleaning fee for villas and motorhomes on checkout

# New land acquisitions



## Clifton Springs

- Established brand and operating platform in corridor
- 6th project on the Bellarine Peninsula and 8th in wider Geelong catchment
- Leverage referral from St Leonards and Lifestyle Bellarine
- 8.75 ha - approx 210 homes
- Commence in 18–24 months



## Yarrawonga

- Unique Murray River destination well known for golf, boating and warmer climate
- Planning permit in place - “shovel ready”
- Smaller 4ha site (109 homes) with potential to expand
- Option to include some “club lifestyle” villas on the Murray River



Financial  
**results**

# Growing annuity income stream

There are two components to the annuity income stream:

## Site rental fee

- \$212 per single and \$245 per couple, per week, per home
- Indexed at greater of CPI or 3.5% p.a.
- Gross rental income for FY23 was \$34.2 million

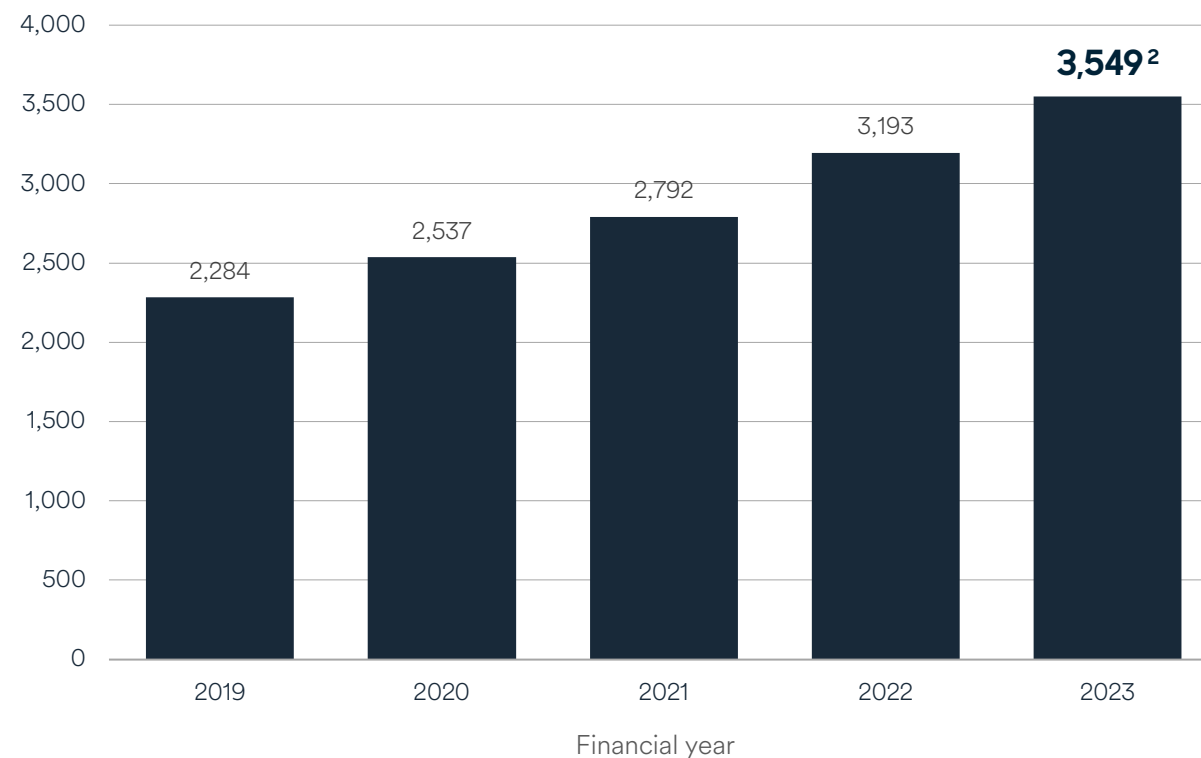
## Deferred Management Fee (DMF)

- Increases at 4% per year capped at 20% of the resale price
- 178 resale settlements provided DMF income of \$12.9 million<sup>1</sup>
- Average tenure was 6.6 years and average annual capital growth was 9.7% p.a.

### Notes:

1. Inclusive of selling and administration fees
2. Represents gross numbers not adjusted for joint venture interests

## Home sites under management



# Income statement

- Operating profit rose 15.8% to \$71.1m underpinned by increased annuities from a higher number of homes under management
- Community operations contribution increased 15.2% — inflation linked rental increases helped maintain margin in high inflation environment
- DMF revenue assisted by strong price growth
- Cost of sales includes \$47.6m for the share of community infrastructure sold to each homeowner and expensed upon settlement (FY22: \$52.1m)
- Development contribution reduced by 13% due to upfront costs for new projects under construction and not yet contributing settlements
- Corporate overheads increased to support increased operating and development activity
- Other revenue and expenses includes a non-cash write-off for fixtures and fittings and remaining lease at our previous support office

\$000s	FY23	FY22	FY21
<b>Community operations</b>			
Site rental	34,244	29,712	25,043
Deferred management fees	12,921	10,906	7,342
Community operating costs	(15,219)	(12,694)	(11,203)
DMF Sales & Marketing costs	(2,061)	(1,985)	(1,596)
<b>Net community operations contribution</b>	<b>29,885</b>	<b>25,939</b>	<b>19,586</b>
<i>Community operations margin %</i>	<b>63.4%</b>	<b>63.9%</b>	<b>60.5%</b>
<b>New community creation</b>			
Home settlement revenue	180,827	180,291	102,716
Cost of sales	(142,837)	(142,844)	(81,338)
<b>Home settlement margin</b>	<b>37,990</b>	<b>37,447</b>	<b>21,378</b>
<i>Home settlement margin %</i>	<b>21.0%</b>	<b>20.8%</b>	<b>20.8%</b>
Project management, Sales, & Marketing costs	(13,111)	(8,619)	(6,466)
<b>Net development contribution</b>	<b>24,879</b>	<b>28,828</b>	<b>14,912</b>
Fair value uplift attributed to settlements and rent increases	69,559	53,999	30,414
<b>Other costs</b>			
Corporate overheads	(17,148)	(13,245)	(10,552)
Employee share scheme	(1,404)	(2,876)	(1,359)
IT implementation costs		(1,595)	
Facility fees and interest on non-development debt	(2,919)	(1,600)	(1,462)
Net other revenue and expenses	(1,014)	(1,025)	815
<b>Operating profit before tax</b>	<b>101,838</b>	<b>87,825</b>	<b>52,384</b>
<b>Operating profit after tax</b>	<b>71,129</b>	<b>61,430</b>	<b>36,388</b>
<b>Reconciliation to statutory profit:</b>			
<i>Statutory fair value change due to change in assumptions (after tax)</i>	<b>10,771</b>	<b>27,441</b>	<b>54,723</b>
<b>Statutory net profit after tax</b>	<b>81,900</b>	<b>88,871</b>	<b>91,111</b>

# Balance sheet

- The inventory balance includes:
  - \$103.2m for display homes and houses in progress (FY22: \$49.3m)
  - \$90.3m for Civil and Infrastructure works on developments in progress (FY22: \$86.4m)
- Trade payables includes accruals for future land settlements at Merrifield, Ocean Grove, and Warragul
- Borrowings have increased due to:
  - the ramp-up in civil programs at Woodlea, Phillip Island, Bellarine, Ridgelea (Pakenham), and Riverfield
  - increased volume of houses under construction not yet settled
  - settlements of land at St Leonards, Bellarine, Riverfield (Clyde) and Ridgelea (Pakenham East)

 Lifestyle Communities operates within a highly disciplined capital management framework with a focus on recycling capital and organic growth

## Balance sheet highlights

\$000s	FY23	FY22	FY21
Cash	1,233	1,893	2,300
Inventories	193,555	135,679	125,243
Investment properties	962,150	850,247	636,455
Other assets	34,502	18,392	17,278
<b>Total assets</b>	<b>1,191,440</b>	<b>1,006,211</b>	<b>781,276</b>
Trade and other payables	115,849	159,904	94,640
Current tax payable	1,020	1,404	1,712
Interest-bearing loans and borrowings	371,000	245,000	190,000
Deferred tax liabilities	171,954	144,770	115,365
Other liabilities	6,760	1,676	1,464
<b>Total liabilities</b>	<b>666,583</b>	<b>552,754</b>	<b>403,181</b>
<b>Net assets</b>	<b>524,857</b>	<b>453,457</b>	<b>378,095</b>
Net debt/assets less cash and land accruals <sup>1</sup>	33.2%	27.2%	26.7%
Net debt/net debt + equity	41.3%	34.9%	33.2%

Note:

1. Net debt includes cash. Assets includes \$75m for land commitments not yet settled (FY22: \$120m)



- Community operations cash flows:
  - increased annuities due to more homes under management
  - strong price growth in resales
  - annuity cash flow has increased by over 50% since FY21
- Development cash flows:
  - increased development activity as new projects roll out
  - increased home construction to deliver pre-sales pipeline
  - higher interest costs on development debt (recovered through future house prices)
- Borrowings have increased due to:
  - the ramp-up in development activity (to be recovered through future home sales)
  - settlement of land at St Leonards, Bellarine, Riverfield and Ridgelea (Pakenham East)

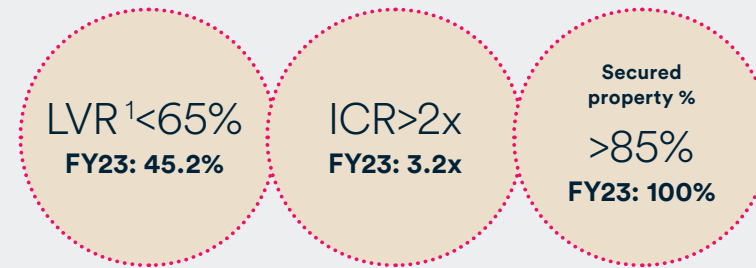
	FY23	FY22	FY21
<b>Community operations cash flows</b>			
Site rentals	34.2	29.7	25.0
Deferred Management Fees	12.9	10.9	7.3
Community operating costs	(15.2)	(12.7)	(11.2)
DMF Sales & Marketing costs	(2.1)	(2.0)	(1.6)
Net utilities	(0.1)	(0.1)	(0.1)
<b>Net annuity cash flows</b>	<b>29.8</b>	<b>25.8</b>	<b>19.5</b>
<b>Development cash flows</b>			
New home settlements	180.8	180.3	102.7
Development expenditure	(202.5)	(138.4)	(134.8)
Interest on development debt	(12.3)	(4.1)	(2.9)
<b>Net development cash flows</b>	<b>(34.0)</b>	<b>37.9</b>	<b>(35.0)</b>
Support Office costs	(14.4)	(11.9)	(9.5)
Interest and fees on non-development debt	(2.5)	(1.2)	(1.2)
Tax paid	(9.4)	(8.8)	(5.8)
<b>Net operating cash flows</b>	<b>(30.4)</b>	<b>41.7</b>	<b>(31.9)</b>
<b>Reconciliation to statutory cash flows</b>			
Land (investing cash flow)	(73.5)	(77.6)	(15.6)
PPE and lease payments	(8.8)	(3.4)	(5.8)
Borrowings	126.0	55.0	45.0
Dividends paid	(12.0)	(9.9)	(5.8)
Treasury shares	(1.9)	(6.3)	0.0
<b>Net cash outflow</b>	<b>(0.7)</b>	<b>(0.4)</b>	<b>(14.1)</b>

# Debt covenants and key metrics

In October 2022 the Company agreed terms with its lending group, The Commonwealth Bank of Australia, National Australia Bank and HSBC Bank Australia, to extend the headroom in its debt facility by \$150 million

- The combined facility limit was increased to \$525 million. All other material terms and covenants remained unchanged
- The additional headroom will be used to fund the continued acquisition and development of new sites.
- The group's debt maturities are:
  - \$110 million tranche with a maturity in June 2025
  - \$265 million tranche with a maturity in August 2026
  - \$150 million tranche with a maturity in October 2027
- Sales prices are set using forward estimates for interest rates
- Interest rate assumptions are reviewed and retested at least every 3 months or earlier if circumstances change

Lifestyle has three main debt and lending covenants which are regularly stress tested. They are:



## Key debt metrics

		FY23	FY22	FY21
Gross assets	\$ millions	1,191	1,006	781
Interest bearing liabilities	\$ millions	371	245	190
Total debt facilities	\$ millions	525	375	275
Undrawn debt	\$ millions	154	130	85
Net debt/assets less cash and land accruals	%	33.2%	27.5%	26.7%
Net Debt to debt plus equity	%	41.3%	34.9%	33.2%
Cash interest paid on drawn debt	\$ millions	14.7	5.3	4.2
Weighted average cost of debt	%	4.4%	2.2%	2.5%
Weighted average debt maturity	Years	3.3	3.8	3.3
Annual interest coverage ratio	Times	3.2	6.2	5.6
Annual loan to value ratio	%	45.2	36.9	37.9
% of debt fixed	%	64.8%	–	–
Debt providers	No.	3	3	3

The Company recovers the majority of its interest costs through its development projects and allocates interest to each project based on its respective debt draw during the construction phase. Sales prices are set using forward estimates for interest rates which includes an allowance for upward movement as interest rates normalise following their pandemic lows. These interest rate assumptions are reviewed and retested every 3 months.

Note

1. LVR calculation for bank covenant purposes excludes land accruals and joint venture assets

Artist impression of Lifestyle Riverfield Clubhouse



# Settlement progress

- Finished the year with 3,549 settled homes under management across 21 operating communities
- Increased total portfolio of completed homes, homes under development, and homes yet to be developed to 5,912
- Strong pipeline of undeveloped land to underpin the growth of the business for years to come
- We continue to assess new land acquisition opportunities that meet our investment criteria, and our land acquisition plan remains focused in Victoria where we continue to build on our brand and referral network
- Commenced construction on 7 new projects in FY23:
  - Woodlea – 180 homes
  - Bellarine – 164 homes
  - Phillip Island – 255 homes
  - St Leonards—The Shores – 159 homes
  - Riverfield (Clyde) – 230 homes
  - Merrifield – 187 homes
  - Ridgelea (Pakenham East) – 174 homes
- Our second project in Ocean Grove is planned for launch during FY24 (190 homes)
- Additional communities in our portfolio planned to commence construction are
  - Warragul – 205 homes
  - Clifton Springs – 210 homes
  - Yarrawonga – 109 homes

## Settlement Profile of Communities in Development

Community	FY24				FY25				FY26			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Wollert	●	●	●	●	●							
Deanside	●	●	●	●	●							
St Leonards - The Waves	●											
St Leonards - The Shores					●	●	●	●	●	●	●	●
Meridian	●	●	●	●	●	●	●	●				
Woodlea	●	●	●	●	●	●	●	●	●	●	●	●
Bellarine	●	●	●	●	●	●	●	●	●	●	●	●
Pakenham					●	●	●	●	●	●	●	●
Riverfield			●	●	●	●	●	●	●	●	●	●
Phillip Island			●	●	●	●	●	●	●	●	●	●
Merrifield					●	●	●	●	●	●	●	●
Ocean Grove							●	●	●	●	●	●
Warragul								●	●	●	●	●
Clifton Springs										●	●	
Yarrawonga								●	●	●	●	●

● Represents typical settlement rate      ● Represents tail of development which is often a slower settlement rate

- Lifestyle Communities has a focused strategy to service a niche — providing high quality affordable housing to downsizers in Victoria
- Focused on Melbourne’s growth corridors as well as key Victorian regional centres
- Due to the long term nature of our business, settlement guidance is provided in 3-year ranges (shown to the right)
- We enter FY24 with 330 new homes sold and awaiting settlement
- FY24 is expected to see a large increase in construction activity on the 7 new projects launched in FY23. This will translate into the higher settlement numbers forecasted in FY24, FY25 and beyond
- The balance sheet and debt position is robust - access to over \$150m in cash and undrawn facilities, and the next refinancing is not due until June 2025
- Operating cash flow is underpinned by the ongoing rental and DMF annuities from 3,549 homes under management

	FY22	FY23	FY24	FY25	FY26
<b>New home settlements</b>					
FY22 — 3 year range	1,100 to 1,300				
FY23 — 3 year range	1,400 to 1,700				
FY24 — 3 year range	1,400 to 1,700				
<b>Actual results achieved</b>	<b>401</b>	<b>356</b>	<b>tbc</b>	<b>tbc</b>	<b>tbc</b>
<b>Established home settlements</b>					
FY22 — 3 year range	450 to 550				
FY23 — 3 year range	550 to 750				
FY24 — 3 year range	550 to 750				
<b>Actual results achieved</b>	<b>156</b>	<b>178</b>	<b>tbc</b>	<b>tbc</b>	<b>tbc</b>



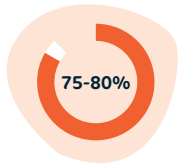
Artist impression of Lifestyle St Leonards courtyard

# Appendix

# A.1 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.



On average, 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 \$240,000<sup>1</sup> upon sale of previous home



Homeowners at Lifestyle Communities are covered by the Residential Tenancies Act



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.<sup>2</sup>

Notes

1. Calculated as the difference between the homeowners 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

# A.2 Macro themes

## Over 50s 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
- Stage of life 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 their existing homes 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 of the market
- First home buyers underpin the remaining volume
- Correlation to unemployment
- Supported by immigration



# A.3 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.

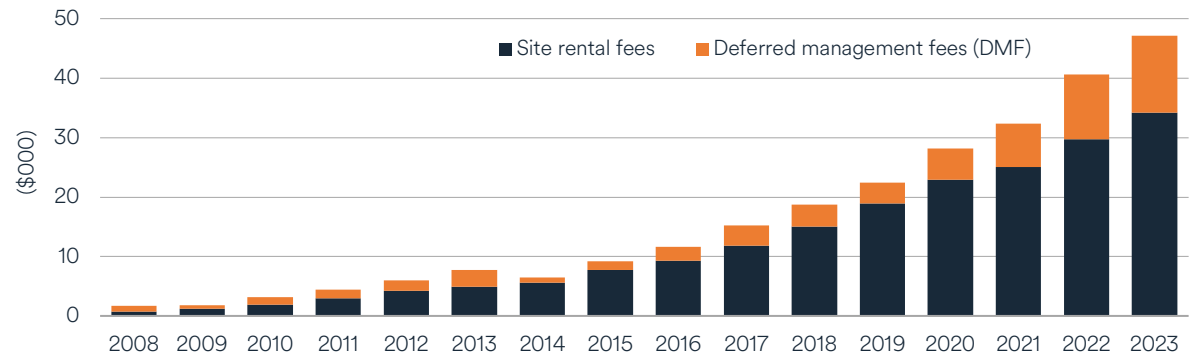


Current speed of capital recycling allowing the acquisition of at least two new sites every year.

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.



Total number of homes settled (Cumulative)	138	202	305	412	546	695	906	1,146	1,348	1,626	1,947	2,284	2,537	2,792	3,193	3,549
Number of resales	-	4	11	8	11	10	23	34	52	73	59	53	80	105	156	178

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

## A.4 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

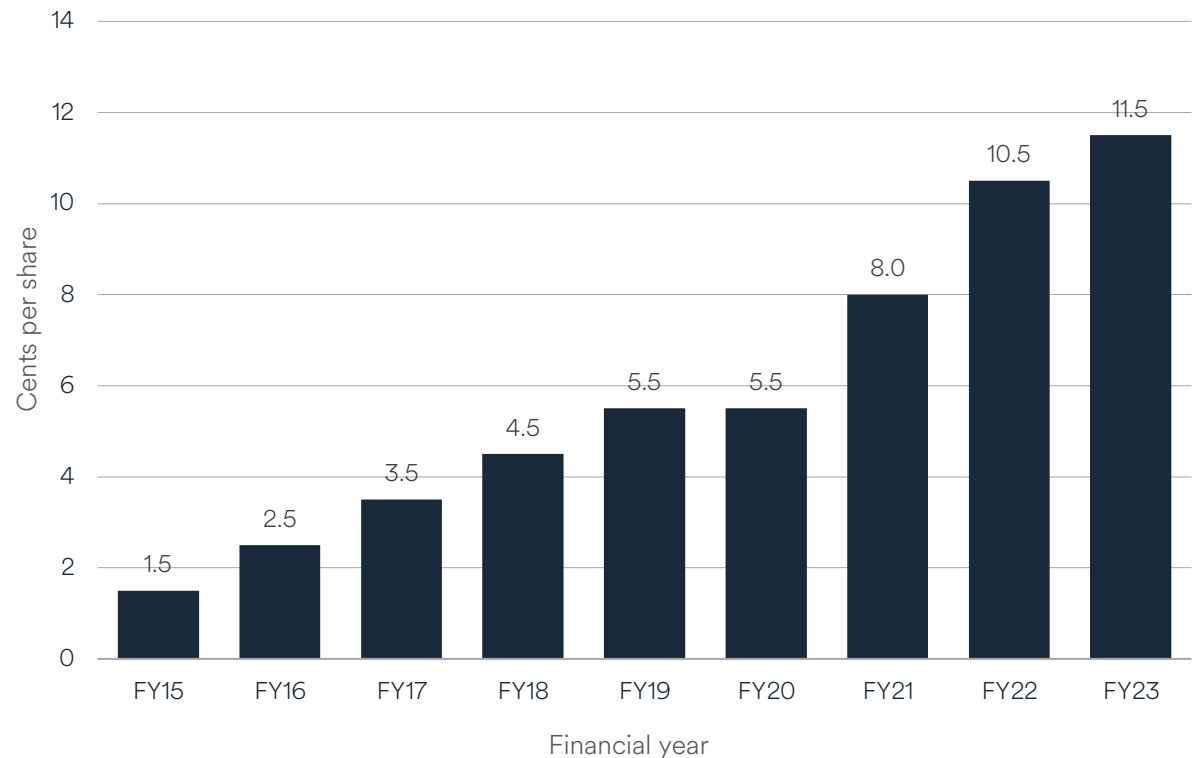
### Dividend

A final fully franked dividend of 6.0 cents per share has been declared in respect of FY23 (the dividend has a record date of 5 September 2023 and a payment date of 6 October 2023)

### Surplus franking credits

As at 30 June 2023 the franking account balance was \$31.3 million (after allowing for the final dividend and tax payable for FY23)

### Dividend growth over time



# A.5 Investment property **valuation inputs**

Valuation summary	Last independent valuation date	Cap rate (%)		DMF values per home (\$)		Net rental per home (\$)		Valuation (\$m)		Land cost
		FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22	
Brookfield	Jun-22	<b>5.25%</b>	5.25%	<b>50,877</b>	50,877	<b>8,347</b>	7,881	<b>47.8</b>	45.7	6.8
Seasons	Jun-22	<b>5.25%</b>	5.25%	<b>52,206</b>	52,206	<b>6,365</b>	6,011	<b>23.6</b>	22.7	3.7
Warragul	Jun-22	<b>5.25%</b>	5.25%	<b>56,593</b>	56,593	<b>7,663</b>	7,235	<b>36.9</b>	35.4	2.5
Casey Fields (JV)	Jun-22	<b>5.25%</b>	4.87%	<b>61,751</b>	61,751	<b>8,364</b>	7,884	<b>29.2</b>	29.6	3.4
Shepparton	Jun-23	<b>5.00%</b>	5.25%	<b>44,500</b>	36,000	<b>8,229</b>	7,107	<b>62.7</b>	57.9	3.2
Chelsea Heights (JV)	Jun-23	<b>5.00%</b>	5.25%	<b>46,451</b>	52,903	<b>7,473</b>	7,618	<b>27.1</b>	26.3	6.2
Hastings	Jun-21	<b>5.25%</b>	5.25%	<b>66,667</b>	66,667	<b>8,069</b>	6,810	<b>31.1</b>	29.9	7.4
Lyndarum	Jun-22	<b>5.25%</b>	5.25%	<b>65,584</b>	65,584	<b>7,258</b>	7,400	<b>31.4</b>	30.1	7.1
Geelong	Jun-22	<b>5.25%</b>	4.87%	<b>63,110</b>	63,110	<b>8,123</b>	7,662	<b>35.7</b>	36.2	5.5
Officer	Jun-21	<b>5.25%</b>	5.25%	<b>59,272</b>	59,272	<b>7,836</b>	7,865	<b>31.5</b>	30.2	7.0
Berwick Waters	Jun-23	<b>5.00%</b>	5.25%	<b>67,824</b>	63,426	<b>8,079</b>	8,014	<b>49.6</b>	46.1	12.1
Bittern	Jun-23	<b>5.00%</b>	5.25%	<b>75,120</b>	63,158	<b>8,676</b>	8,235	<b>52.0</b>	45.1	7.4
Ocean Grove	Jun-22	<b>5.25%</b>	4.87%	<b>66,591</b>	66,591	<b>8,251</b>	7,782	<b>49.2</b>	49.8	17.6
Mt Duneed	Jun-23	<b>5.00%</b>	5.25%	<b>58,901</b>	53,403	<b>8,461</b>	7,799	<b>43.6</b>	37.6	11.1
Kaduna Park	Jun-23	<b>5.00%</b>	5.25%	<b>70,414</b>	53,846	<b>7,673</b>	7,391	<b>37.8</b>	32.7	14.5
Wollert North	Jun-21	<b>5.25%</b>	5.25%	<b>52,846</b>	52,846	<b>8,733</b>	8,235	<b>41.0</b>	30.4	14.7
Deanside	Jun-21	<b>5.25%</b>	5.25%	<b>59,398</b>	59,398	<b>7,629</b>	7,157	<b>39.9</b>	34.0	25.1
St Leonards	Jun-23	<b>5.00%</b>	5.25%	<b>60,804</b>	42,211	<b>8,149</b>	7,644	<b>57.6</b>	42.5	29.5
Meridian	Aug-21	<b>5.25%</b>	5.25%	<b>50,730</b>	50,730	<b>7,636</b>	7,163	<b>41.1</b>	26.0	23.0
Bellarine <sup>1</sup>	Dec-23	<b>5.25%</b>		<b>98,988</b>		<b>7,536</b>		<b>24.2</b>	11.9	21.0
Woodlea	Oct-22	<b>5.25%</b>		<b>69,722</b>		<b>7,671</b>		<b>16.9</b>	16.6	16.6
Riverfield (Clyde)	Mar-23	<b>5.25%</b>				<b>7,805</b>		<b>22.2</b>	22.2	22.2
Cowes								<b>31.1</b>	31.1	31.1
Ridgelea (Pakenham)								<b>15.6</b>	15.6	15.6
Merrifield								<b>21.9</b>	21.9	21.9
Ocean Grove II								<b>42.9</b>	42.9	42.9
Warragul II								<b>19.7</b>		19.7

Note:

1. The purchase of land at Bellarine included \$8.7m (excl. GST) of infrastructure which had been constructed on-site prior to acquisition. This pre-constructed infrastructure has been included as part of the land acquisition cost and will not be sold to homeowners.

# A.6 Investment property **valuations**

	Total homes	Homes occupied	Investment properties at cost	At fair value (\$m)
<b>Mature Communities</b>				
Brookfield at Melton	228	228	6.76	47.85
Seasons at Tarneit	136	136	3.68	23.59
Warragul	182	182	2.53	36.86
Casey Fields at Cranbourne (JV)	217	217	3.37	29.22
Shepparton	300	300	3.16	61.70
Chelsea Heights (JV)	186	186	6.19	27.15
Hastings	141	141	7.36	31.07
Lyndarum at Wollert	154	154	7.13	31.39
Officer	151	151	5.49	31.49
Geelong	164	164	6.95	35.72
Berwick Waters	216	216	12.14	49.55
Bittern	209	209	7.42	51.96
Ocean Grove	220	220	17.60	49.23
Mount Duneed	191	191	11.13	43.57
Kaduna Park at Officer South	169	169	14.50	37.83
<b>Communities under development or in planning</b>				
Wollert North	246	165	14.67	40.99
Deanside	266	134	25.12	39.88
St Leonards	358	195	29.50	57.57
Meridian at Clyde North	274	161	23.00	41.05
Woodlea	180	2	16.64	16.88
Philip Island	255		31.10	31.10
Bellarine	164	28	21.04	24.24
Riverfield (Clyde)	230		22.20	22.20
Ridgelea (Pakenham)	174		15.61	15.61
Merrifield	187		21.94	21.94
Ocean Grove II	190		42.85	42.85
Warragul II	205		19.66	19.66
Drysdale	210			
Yarrawonga	109			
<b>Total</b>	<b>5,912</b>	<b>3,549</b>	<b>398.74</b>	<b>962.15</b>

# A.7 Deferred **management fees**

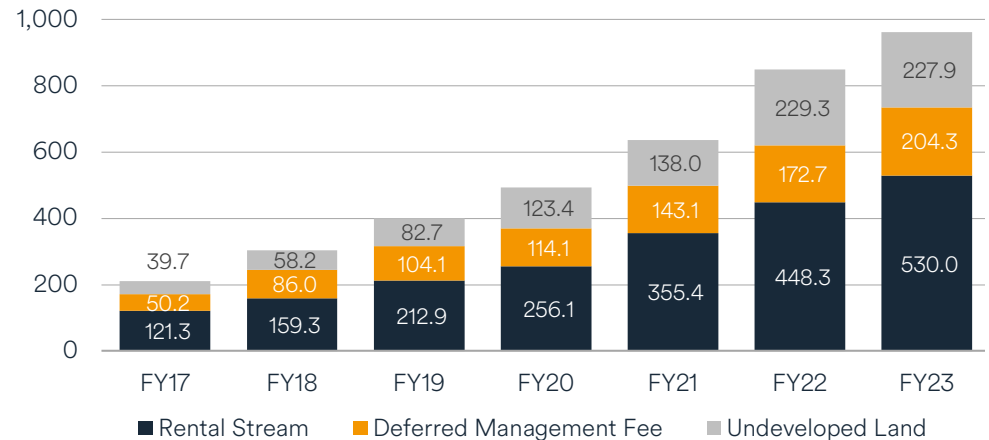
	<b>FY23</b>	<b>FY22</b>	<b>FY21</b>	<b>FY20</b>	<b>FY19</b>
No. of resales	<b>178</b>	156	121	102	71
Average tenure (years)	<b>6.6</b>	6.1	6.0	5.5	5.3
Average DMF rate	<b>17.1%</b>	16.9%	16.7%	15.8%	16.4%
Average purchase price (move in)	<b>324,553</b>	315,392	305,838	290,318	277,152
Average sales price (move out)	<b>485,707</b>	437,808	403,548	391,525	394,698
Move out price less move in price	<b>161,154</b>	122,416	97,710	101,207	117,546
Average annual price growth	<b>9.7%</b>	8.9%	6.6%	7.7%	9.3%
Average DMF Paid to Lifestyle	<b>81,545</b>	71,665	65,435	61,440	65,001
Average cash gain to Homeowners on exit	<b>79,609</b>	50,751	32,275	39,767	52,545
<b>Total DMF received</b>	<b>11,824,060</b>	<b>10,248,070</b>	<b>6,870,675</b>	<b>4,930,140</b>	<b>3,445,050</b>

# A.8 Fair value breakdown

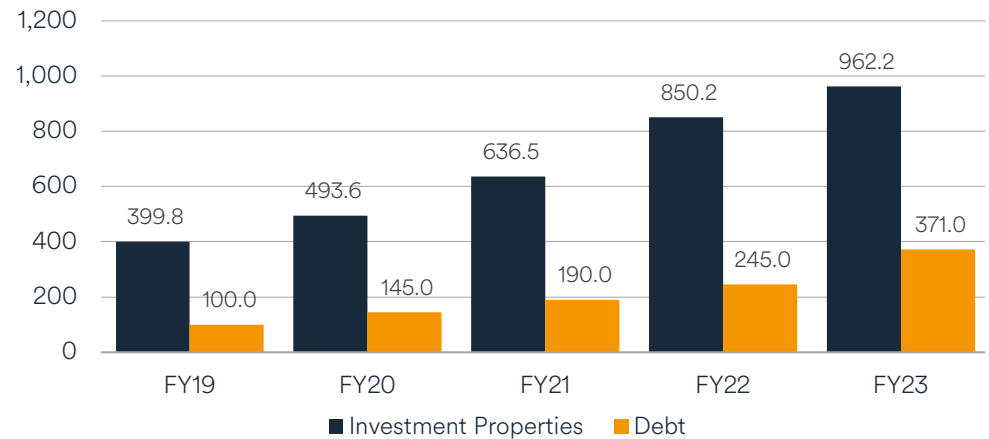
Indicative example (per house)	Cash flow	P&L
Sale price (incl. GST)	592,900	
Sale price (excl. GST)	539,000	539,000
Land	(104,000)	
Cost of sales		
Civils, Consultants and Authority Costs	(85,000)	(85,000)
Housing (construction + landscaping etc.)	(275,000)	(275,000)
Clubhouse and common areas	(45,000)	(45,000)
Interest and overheads	(30,000)	(30,000)
<b>Total costs</b>	<b>(539,000)</b>	<b>(435,000)</b>
<b>Pre-tax development surplus/(deficit)</b>	<b>0</b>	
Gross profit / (Loss)		104,000
Gross margin %		19.3%
<b>Fair value uplift at settlement</b>		<b>140,000</b>
<b>Operating profit before tax</b>		<b>244,000</b>
Operating profit margin %		45.3%
<b>Balance sheet</b>		
Land		104,000
Fair value uplift at settlement		140,000
<b>Total carrying value (Rent + DMF valuation)</b>		<b>244,000</b>

The table above shows an example of the unit costs of a single house and its impact on the P&L and cash flow statement. The numbers are indicative and provided for illustrative purposes only.

## Investment properties breakdown



## Investment properties and drawn debt



## A.9 Investment properties

The table below shows the movement in the investment property balance split between:

- Land purchases
- Value created through operations
- Valuation movement due to changes in valuation assumptions

	FY23	FY22	FY21	FY20	FY19
<b>Opening balance at 1 July</b>	<b>850.2</b>	<b>636.5</b>	<b>493.6</b>	<b>399.8</b>	<b>303.6</b>
Land acquisitions and accruals for contracted land	28.0	121.2	34.3	54.9	40.4
Underlying fair value adjustments attributable to:					
Annual rental increase on homes under management (contracted)	26.5	11.5	8.8	0.0	5.7
Conversion of undeveloped land into completed homes at settlement (value of rent & DMF annuities)	43.0	41.9	21.6	22.6	30.2
Other movements as a result of changes to valuation assumptions used by independent valuers	14.3	39.2	78.2	16.3	19.9
<b>Investment properties carrying value at 30 June</b>	<b>962.2</b>	<b>850.2</b>	<b>636.5</b>	<b>493.6</b>	<b>399.8</b>

# A.10 Cash flow analysis FY23

	Completed Communities <sup>3</sup>	Wollert	Deanside	St Leonards	Meridian	Bellarine	Woodlea	Clyde Riverfield	Phillip Island	Pakenham East (Ridgelea)	Merrifield	Communities in planning <sup>4</sup>	Total
<b>Community operations cash flows</b>													
Site rentals	29.6	1.5	1.2	1.8	0.1	0.0							34.2
Deferred Management Fees <sup>1</sup>	12.7	0.0	0.0	0.2	0.0								12.9
Community operating costs	(13.4)	(0.4)	(0.5)	(0.6)	(0.2)	(0.0)	(0.0)						(15.2)
DMF Sales & Marketing costs	(2.0)	(0.0)	(0.0)	(0.0)	(0.0)								(2.1)
Net utilities	0.2	(0.0)	(0.0)	(0.0)	(0.2)								(0.1)
<b>Net annuity cash flows</b>	<b>27.1</b>	<b>1.0</b>	<b>0.7</b>	<b>1.3</b>	<b>(0.3)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>29.8</b>
<b>Development cash flows</b>													
New home settlements	4.4	29.9	23.3	38.7	68.0	15.4	1.1						180.8
Development expenditure	(1.6)	(17.8)	(25.9)	(20.2)	(54.0)	(35.1)	(22.6)	(17.9)	(5.4)	(1.5)	(0.5)	0.0	(202.5)
Interest on development debt	0.0	(1.9)	(2.4)	(1.0)	(2.0)	(1.3)	(1.1)	(1.0)	(1.4)	(0.2)			(12.3)
<b>Net development cash flows</b>	<b>2.8</b>	<b>10.2</b>	<b>(5.0)</b>	<b>17.6</b>	<b>11.9</b>	<b>(21.0)</b>	<b>(22.5)</b>	<b>(18.9)</b>	<b>(6.8)</b>	<b>(1.7)</b>	<b>(0.5)</b>	<b>0.0</b>	<b>(34.0)</b>
Support Office costs													(14.4)
Interest and fees on non-development debt	(2.5)												(2.5)
Tax paid													(9.4)
<b>Net operating cash flows</b>													<b>(30.5)</b>
<b>Reconciliation to statutory cash flows</b>													
Land (investing cash flow)				(14.3)		(19.1)		(20.7)		(12.6)		(6.8)	(73.5)
PPE and lease payments													(8.8)
Borrowings													126.0
Dividends paid													(12.0)
Treasury shares													(1.9)
<b>Net cash flows<sup>2</sup></b>													<b>(0.7)</b>

## Notes:

- Deferred management fees received are inclusive of selling and administration fees as well as wages and marketing costs
- 50% of cash flows for joint ventures are reflected above
- Lifestyle Brookfield in Melton, Lifestyle Seasons in Tarneit, Lifestyle Warragul, Lifestyle Casey Fields in Cranbourne, Lifestyle Chelsea Heights, Lifestyle Hastings, Lifestyle Lyndarum in Wollert, Lifestyle Geelong, Lifestyle Officer, Lifestyle Shepparton, Lifestyle Berwick Waters, Lifestyle Bittern, Lifestyle Ocean Grove, Lifestyle Mount Duneed and Lifestyle Kaduna Park are fully settled
- Lifestyle Ocean Grove II and Lifestyle Warragul II



# A.11 Cash flow analysis FY22

	Completed Communities <sup>3</sup>	Mount Duneed	Kaduna Park	Wollert	Deanside	St Leonards	Meridian	Woodlea	Communities in planning <sup>4</sup>	Total
<b>Community operations cash flows</b>										
Site rentals	25.0	1.5	1.6	0.7	0.6	0.3				29.7
Deferred Management Fees <sup>1</sup>	10.8	0.0	0.1							10.9
Community operating costs	(10.5)	(0.6)	(0.5)	(0.4)	(0.4)	(0.3)	(0.0)			(12.7)
DMF Sales & Marketing costs	(1.8)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)				(2.0)
Net utilities	(0.0)	(0.1)	0.0	(0.0)	(0.0)	0.0				(0.1)
<b>Net annuity cash flows</b>	<b>23.5</b>	<b>0.9</b>	<b>1.1</b>	<b>0.3</b>	<b>0.1</b>	<b>(0.1)</b>	<b>(0.0)</b>	<b>0.0</b>	<b>0.0</b>	<b>25.8</b>
<b>Development cash flows</b>										
New home settlements	0.5	33.9	26.4	30.2	29.8	45.4	14.1			180.3
Development expenditure	(0.1)	(5.9)	(5.0)	(28.7)	(28.9)	(32.0)	(36.4)	(0.9)	(0.3)	(138.3)
Interest on development debt		(0.3)	(0.1)	(1.1)	(1.1)	(0.6)	(0.8)	(0.1)		(4.1)
<b>Net development cash flows</b>	<b>0.4</b>	<b>27.6</b>	<b>21.3</b>	<b>0.4</b>	<b>(0.2)</b>	<b>12.8</b>	<b>(23.2)</b>	<b>(1.0)</b>	<b>(0.3)</b>	<b>37.9</b>
Support Office costs										(11.9)
Interest and fees on non-development debt										(1.2)
Tax paid										(8.8)
<b>Net operating cash flows</b>										<b>41.8</b>
<b>Reconciliation to statutory cash flows</b>										
Land (investing cash flow)	0.4			(5.0)			(20.9)	(15.1)	(36.9)	(77.6)
PPE and lease payments										(3.4)
Borrowings										55.0
Dividends paid										(9.9)
Treasury shares										(6.3)
<b>Net cash flows<sup>2</sup></b>										<b>(0.4)</b>

## Notes:

- Deferred management fees received are inclusive of selling and administration fees as well as wages and marketing costs
- 50% of cash flows for joint ventures are reflected above
- Lifestyle Brookfield in Melton, Lifestyle Seasons in Tarneit, Lifestyle Warragul, Lifestyle Casey Fields in Cranbourne, Lifestyle Chelsea Heights, Lifestyle Hastings, Lifestyle Lyndarum in Wollert, Lifestyle Geelong, Lifestyle Officer, Lifestyle Shepparton, Lifestyle Berwick Waters, Lifestyle Bittern and Lifestyle Ocean Grove are fully settled
- Lifestyle Pakenham East, Lifestyle Riverfield (Clyde), Lifestyle Phillip Island, Lifestyle Merrifield, Lifestyle Ocean Grove II and Lifestyle Bellarine

# Important notice

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