Annual Report

for the year ended 30 June 2024

Our story

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.

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.

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Chair and Managing Director's Review

For the 2024 Financial Year

Dear fellow shareholders,

We are pleased to present the 2024 Lifestyle Communities® Annual Report which sets out the progress we have made on our strategy of being the most customer centric and innovative provider of high-quality affordable housing for those looking to downsize in Victoria.

Market conditions were challenging and deteriorated as the year progressed. The residential property market felt the effects of continued high inflation, with median house prices moderating or declining in most catchments during the year. These factors had a significant impact on consumer confidence with many customers expressing interest in downsizing but preferring not to commit in the current climate. "Now is not the time" is a phrase our team heard a lot during the second half of FY24. Despite these challenges, we achieved 375 new home sales in FY24, which is the fourth highest result in our history. This result, in a challenging market, is a testament to the resilience of our model and how strongly it continues to resonate with customers.

In February 2024 we announced a $275 million fully underwritten rights issue. The funds raised have been used to pay down debt and fortify the balance sheet in the short term. Longer term, the capital will enable us to consider land acquisition opportunities created by the challenging conditions. As such, we will remain disciplined in the deployment of the capital raised and continue to focus on balance sheet strength.

Operating profit after tax decreased from $71.1m in FY23 to $52.9m in FY24 impacted by lower new home settlements (FY24: 311 v FY23: 356) and increased pre-sales and marketing costs for new projects commenced during the year. This impact was partially offset by a 16% increase in annuity income from site rentals and deferred management fees, which were up from $47.2 million in FY23 to $54.7 million in FY24. This was due to an increased number of homes under management and strong price growth in established home resales. Inflation linked rent increases meant our margins from community operations remained steady.

The increased annuity income and deferred management fees from our 3,850+ homes under management resulted in Lifestyle Communities® shareholders receiving a final fully franked dividend of 5.0 cents per share, taking the total dividend for the year to 10.5 cents per share.

The land lease sector continues to build awareness as an asset class, and we saw a number of corporate transactions and new entrants in FY24. Demand for assets remains strong and this contributed to property values remaining steady overall, despite the changes in the macro environment. We continue to see new entrants enter the market in Victoria, each with their own unique offering and commercial model. We work actively with these new players as we collectively continue to educate the sizeable addressable market on the advantages of the land lease model and the benefits of downsizing. A substantial proportion of Victoria's established housing stock is owned by people over 50 and there is a huge opportunity for this generation to free up equity by downsizing and at the same time recycle their existing housing stock for first home buyers.

Lifestyle Communities' model of not making a development surplus upfront but charging a deferred management fee (DMF) upon exit means we are able to price our homes as low as possible. We have always preferred the DMF model because it lowers the upfront entry cost for people buying into one of our communities. This enables customers to release more equity to supplement their lifestyle. Capital gains made over time typically assist with paying the DMF. Customers who sold their homes in FY24 did so in an average of 63 days and made an average profit of $88k after paying the DMF.

We were excited to ramp-up the operations of Club

Lifestyle during the year and have recently completed construction of the dedicated pool, recreational facilities, sporting facilities, and private beach. Our homeowners have provided extremely strong feedback after enjoying a free holiday at this beautiful coastal resort. All homeowners at Lifestyle Communities® can now enjoy two stays at Club Lifestyle per year, or two 5-night trips in one of our custom motorhomes.

The Lifestyle Communities® foundation continued its commitment to support cancer-based charities and match dollar-for-dollar any funds raised by homeowners. During the year, $217,000 was raised by our homeowners, our team, and the broader Lifestyle Communities® family. This was matched by the foundation, taking total donations for the year to $434,000. The foundation is funded through allocating $50 for every home that we have under management at the start of each year. Since inception, the foundation has raised and donated over $1.8 million. A highlight of the year was the "tour de Lifestyle" bike ride where homeowners and volunteers ride to all Lifestyle Communities® over a period of two weeks. This year we expanded the event so participants could choose to either ride, walk or talk at events in each community along the journey. This enabled more people to participate and contributed to the substantial uplift in funds raised from $71,605 in 2023 to $163,186 in 2024. All funds raised were donated to the Royal Children's Hospital Foundation.

We are proud to have over 5,500 Victorians calling Lifestyle Communities® home. Listening to our customers is at the heart of everything we do, and we continued to evolve our feedback process during the year. Every community has a homeowner's committee which meets with our management every month to share feedback and advocate on behalf of homeowners. We also conduct a comprehensive homeowner survey and a town hall meeting every 6 months. We are pleased to see continued improvement in our net promoter score (NPS) since its introduction during FY23. The net promoter score coupled with the qualitative information we capture through the bi-annual homeowner survey is crucial to helping us understand the perspectives of our customers and enables us to continue to improve our facilities and service offering.

We finished the year with 3,860 settled homes under management across 24 operating communities. With our most recent land acquisition in Armstrong Creek, our total portfolio of completed homes, homes under development, and homes yet to be developed increased to 6,563. We are cognisant of the headwinds currently facing the business including the impact of recent media coverage and the continued softness in the residential property market. We will remain disciplined in our approach, and will make changes as appropriate, to navigate these headwinds and position the business for when conditions improve.

On behalf of the Board, we would like to thank all our homeowners, our talented team, our suppliers, and our shareholders for their great support during the 2024 financial year.

Philippa Kelly
Chair
13 August 2024

James Kelly
Managing Director
13 August 2024

Lifestyle St Leonards – The Shores Pool | Artist Impression

Our business and strategy

Our business has thrived by providing affordable, contemporary housing for our homeowners in beautiful community settings.

To maintain this offering we consistently monitor all settings, including local house prices, national economic indicators, demographics, design trends, environmental advances and customer expectations.

Lifestyle Communities' land lease model allows working, semi-retired, and retired people over 50, to downsize from their family home to free up equity in retirement, whilst enjoying resort style living including pools, gyms, clubhouse, cinema, lawn bowls, tennis, and much more.

The Directors are pleased to present their report together with the financial report of the consolidated entity consisting of Lifestyle Communities® Limited and the entities it controlled (the Group), for the year ended 30 June 2024 and the auditor's report thereon. There were no significant changes in the nature of the Group's principal activities during the financial year.

How we operate

Communities – 24 in operation and 9 in planning or development **33**

5,500+ **Homeowners** live in our communities

Homes in our portfolio + pipeline **6.5k+**

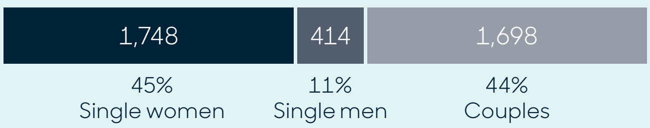
186 **Employees** 67% women, 33% men

50/50 **Australian-based Board** 50% women, 50% men

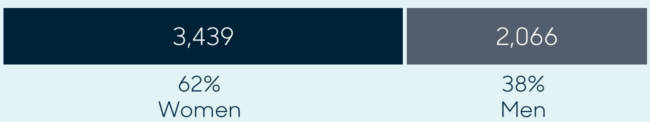
3,860 **Affordable homes** under management

Community portfolio *snapshot*

Occupied homes mix



Gender split



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.

The weekly site fee is approximately 20–25% of the Aged Pension after receipt of the Commonwealth Rental Assistance[2].

75-80%

Average homes typically priced at 75-80% of the median house price in the target catchment[3]

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

On average, release of approximately $231,000[1] 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.

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.
3. Under our pricing model it is our intention to recover development costs through our new home sales. Our aim is to sell homes at an average price of 75% to 80% of the prevailing median house price for the relevant catchment for each development. Actual prices may vary due to movements in median house prices, increased costs to build, and individual house premiums or discounts.

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.

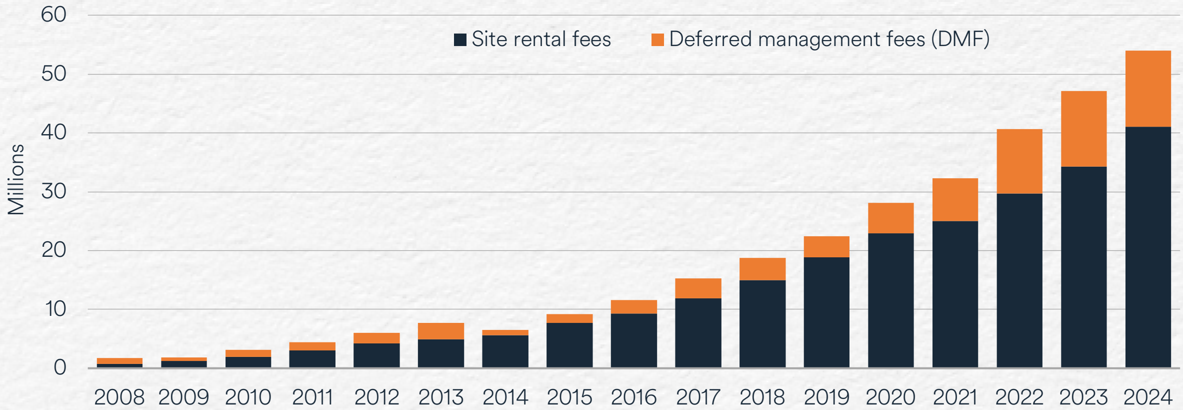
The speed of capital recycling enables the acquisition of new sites.

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

2

Managing communities

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



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total number of homes settled (Cumulative)		202	305	412	546	695	906	1,146	1,348	1,626	1,947	2,284	2,537	2,792	3,193	3,549	3,860
Number of resales		4	11	8	11	10	23	34	52	73	59	53	102	121	156	178	151

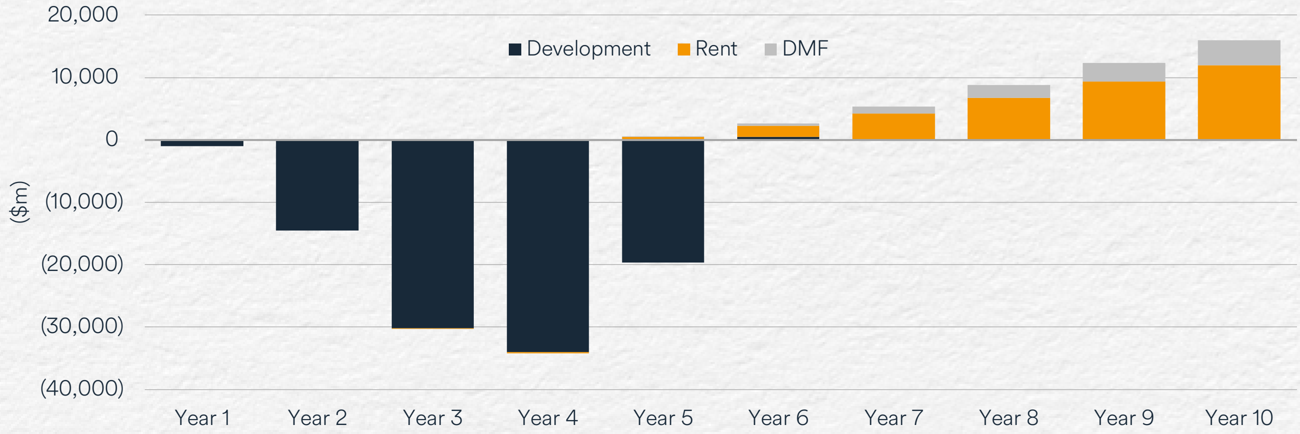
DMF of 4% per annum on the resale price of the home, capped at 20% after 5 years.

Note: Timing of resales and setting of the resale price is controlled by the homeowner. Lifestyle Communities® has a resales team and may be appointed as the resales agent. The deferred management fee ensures Lifestyle Communities® interests are aligned with our homeowners to achieve the highest possible price and achieve a sale in the shortest possible time frame.

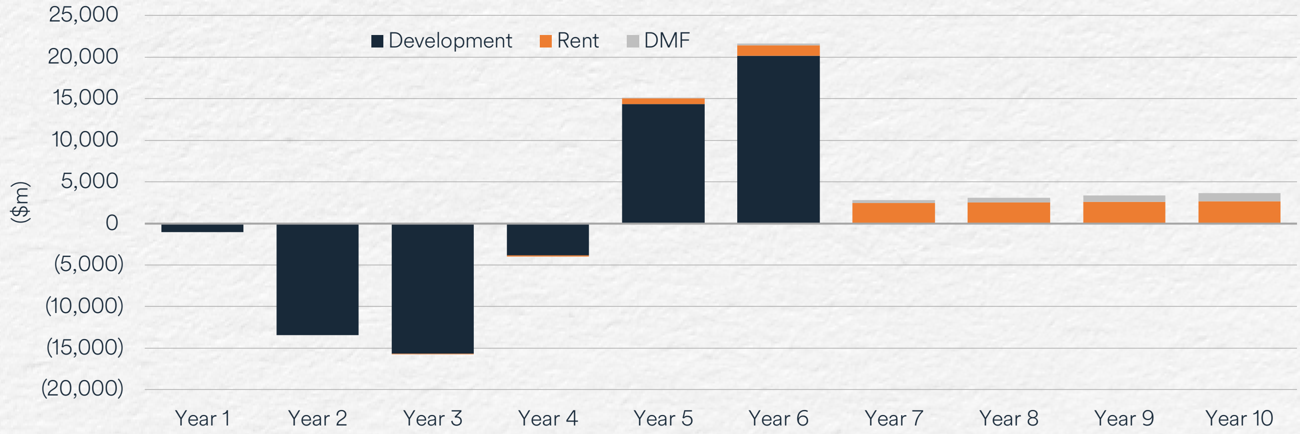
The speed at which Lifestyle Communities® can create new communities is limited by the size of the capital pool and the speed at which it can recover its capital through driving new home settlements.

The charts below show an example cash flow profile of a community throughout its life. The charts use the same data set but the first chart shows cash flows per year whereas the second chart show cumulative cash flows for the life of the project. As can be seen, development costs are recovered through new home sales and ongoing cash flow is generated through site rentals and deferred management fees.

Worked example — year-on-year cash flows



Worked example — cumulative cash flows



Note: The worked example above is based on cash flows for our Mount Duneed project. It is provided to show an example of cash flows throughout a community's development cycle. Every community is different and will have its own unique cash flow profile.

Our purpose

Lifestyle Communities® was born with a purpose to be socially responsible in creating affordable, homeowner-centric communities for Australians over 50.

Our product and operating model has been deliberately designed to address inequality in housing options for Australia's ageing population. Creating high quality, yet affordable housing options allows our homeowners to free-up some of the equity in their home and help fund an improved standard of living.

Our understanding of our purpose has deepened over the years, and we recognise that the positive impact we can have on the lives of our homeowners through our business activities extends beyond the affordability of our offering.

The way we create and operate our communities has wider impacts on the well-being of our homeowners, financially but also through other dimensions: this includes access to social connection and contribution to a sense of purpose and empowerment.

Our purpose has and will continue to guide our business activities and is the core driver of how we create value for all our stakeholders.

Our values

Our purpose is embedded in our values-based culture, which drives and inspires our people to innovate and create memorable customer experiences that drive the best outcomes for our homeowners. Our values are the driving force behind all that we do, reinforcing our culture and ultimately ensuring our continued success.

How we create value

	Measure[1]	FY24	FY23	FY22	FY21	FY20
Key operational metrics						
Total settled homes (end of year)	Homes	**3,860**	3,549	3,193	2,792	2,537
Portfolio + pipeline (end of year)	Homes	**6,563**	5,912	5,391	5,094	4,494
New home settlements	Homes	**311**	356	401	255	253
Resale settlements	Homes	**151**	178	156	121	102
Income statement snapshot						
Home settlement revenue	$'000	**182,927**	180,827	180,291	102,716	96,105
Annuity revenue (Rent + DMF)	$'000	**54,656**	47,164	40,618	32,385	28,129
Other revenue	$'000	**5,645**	4,302	3,497	3,602	3,902
Total revenue	$'000	**243,228**	232,293	224,406	138,703	128,136
Operating profit after tax		**52,870**	**71,129**	**61,430**	**36,388**	**31,400**
Reconciliation to statutory profit:						
Statutory valuation adjustments	*$'000*	*(2,891)*	*10,771*	*27,441*	*54,723*	*11,418*
Statutory net profit after tax	*$'000*	*49,979*	*81,900*	*88,871*	*91,111*	*42,818*
Statement of financial position snapshot						
Cash	$'000	**4,095**	1,233	1,893	2,300	16,381
Inventory/work in progress	$'000	**321,201**	193,555	135,679	125,243	73,931
Investment properties						
Fair value of rental cash flows	$'000	**569,458**	529,971	448,300	355,400	256,100
Fair value of deferred management fees	$'000	**245,928**	204,254	172,700	143,100	114,100
Undeveloped land	$'000	**325,987**	227,925	229,247	137,955	123,402
Other assets	$'000	**44,961**	34,502	18,392	17,278	12,739
Total assets	**$'000**	**1,511,630**	**1,191,440**	**1,006,211**	**781,276**	**596,653**
Trade payables	$'000	**158,256**	115,849	159,904	94,023	75,217
Borrowings	$'000	**324,000**	371,000	245,000	190,000	145,000
Deferred tax	$'000	**191,559**	171,954	144,770	115,365	82,799
Other liabilities	$'000	**6,060**	7,779	3,080	3,793	2,264
Total liabilities	**$'000**	**679,875**	**666,583**	**552,754**	**403,181**	**305,280**
Net assets	**$'000**	**831,755**	**524,857**	**453,457**	**378,095**	**291,373**
Net assets excl. deferred tax	**$'000**	**1,023,314**	**696,812**	**598,227**	**493,460**	**374,172**
Contributed equity	$'000	**326,215**	55,925	57,726	63,859	63,784
Reserves	$'000	**8,008**	9,354	6,028	3,472	2,188
Retained profits	$'000	**497,532**	459,578	389,703	310,764	225,401
Total shareholders equity	**$'000**	**831,755**	**524,857**	**453,457**	**378,095**	**291,373**
Share information						
Total shares on issue	'000 of shares	**121,740**	104,545	104,545	104,545	104,545
Operating earnings per share[2]	**cents per share**	**48.1**	68.1	58.7	34.8	30.0
Basic earnings per share (statutory)	cents per share	**45.5**	78.3	85.4	87.3	41.0
Diluted earnings per share (statutory)	cents per share	**45.3**	78.0	85.1	87.1	41.0
Net assets per share	**$ per share**	**6.8**	5.0	4.3	3.6	2.8
Ratios						
Operating profit margin	%	**21.7%**	30.6%	27.4%	26.2%	24.5%
Weighted average rent capitalisation rate	%	**5.2%**	5.1%	5.2%	5.6%	6.5%
Average DMF valuation	$'000 per home	**64**	61	58	56	50
Return on average shareholders equity	%	**7.8%**	16.9%	21.9%	26.5%	15.7%
Net debt to net debt + equity	%	**27.8%**	41.3%	34.9%	33.2%	30.6%
Net debt/assets less cash and land accruals	%	**23.1%**	33.2%	27.5%	26.7%	24.6%
Interest cover[3]	No. of times	**3.2x**	3.2x	6.2x	5.6x	5.5x

Note:

1 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 2024 financial year.

2. In February 2024 the company announced a rights issue to raise $275m in new equity.17.2m new shares were issued as part of the rights issue. The total shares on issue increased from 104.5m to 121.7m. For the FY24 Operating Earnings per share calculation, the weighted average shares on issue during the year of 109.9m was used.

3 In FY24 the debt covenants were renegotiated as part of steps to modernise the common terms deed with our lending syndicate. As such, the calculation methodology and covenants for both the interest cover ratio and the loan to value ratio are different in FY24 than prior years.

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 Homeowners

The 5,500+ homeowners that live in a Lifestyle Community, everyone that engages with our marketing material and comes to a community to inspect.

Important Issues

- Social inclusion, health, and well-being
- Desire for ownership, control, and engagement
- High quality service, ease and convenience of interactions
- Value for money and transparency of financial model

Our Team

Our workforce of 180+ people, our pipeline of emerging talent working across our greenfield development projects and operating communities every day.

Important Issues

- Commitment to and connection with our purpose
- Health, safety, flexibility, well-being and belonging
- Ongoing career development and opportunities
- Retention and attraction of key talent

Our Partners

More than 1,000 suppliers and partners that provide the goods and services we rely on to deliver amazing service to our homeowners.

Important Issues

- Financial instability in the industry more broadly
- Responsible and ethical supply chains
- Visibility and confidence of long-term pipeline
- Quality of relationships

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.

Our economic value creation in FY24

Suppliers	Team members	Shareholders	Government	Wider Community
$319.5m	$22.4m	$12m	$11.8m	$434k
suppliers and services spend	payments and benefits to team members	total dividends paid	cash taxes paid and collected	community donations

The Communities where we operate

The communities of greater Melbourne and regional communities including Shepparton, Warragul, and Phillip Island.

Important Issues

- Chronic shortage of affordable housing
- Inflation and increasing cost of living
- Built form and its impact on local communities
- Climate change

Our Investors and Banks

The institutional, superannuation, and retail investors and the lenders that provide us with the capital to deliver long-term sustainable growth.

Important Issues

- Organisational culture and capability, including Executive Committee and Board
- Strategy, execution, risk management and ESG performance
- Capital strategy and management
- Long-term value creation

Government and Industry

Our partners in Federal, state and local government and the urban development community we are active in.

Important Issues

- Chronic shortage of affordable housing
- Innovative and sustainable housing solutions
- Future ready communities
- Electrification, renewable energy, and removal of gas

Commitment to install:

8 **micro grids**

4 MW of **Solar Panels** and

2 MW of community **batteries**

57%

women in **emerging leadership** positions

8.5 out of 10

Employee Engagement Score

Certified Employer of Choice by the **Workplace Gender Equality Agency**

(WGEA)

Our approach to Sustainability

Lifestyle Communities® was born with a purpose to be socially responsible in creating affordable, homeowner-centric communities for Australians over 50.

We recognise that the way we create and operate our communities has wider impacts on the well-being of our homeowners. This understanding underpins our approach to sustainability.

We prioritise our impacts on and benefits to people, especially our homeowners. We understand that as an organisation, we have a role to play as part of a wider ecosystem. We focus our efforts on areas where we can have the biggest positive impact and provide the most benefit to people.

We recognise that the well-being of people and the health of the planet are connected and continue to progress our efforts on climate change and other areas of environmental sustainability, acknowledging that where we come up against the limits of affordability, we will stay true to our purpose and seek to use innovation and design to find co-benefits for both people and the environment.

Our commitment to continuous improvement and meaningful action

We are committed to continuous improvement and learning when it comes to our sustainability performance. In an ever-evolving field, we recognise the importance of staying informed and proactive. We actively seek meaningful opportunities to enhance our sustainability practices, identify areas where we can do better, and implement innovative solutions that align with our compelling purpose.

By embracing a culture of learning and adaptation, we strive to implement meaningful and impactful change. We recognise that data and information are key to effective decision making and prioritisation, and as such are working to continuously improve our data collection and reporting practices – especially in the emerging field of social sustainability.

We engage with our stakeholders on a regular basis to ensure that we are receiving feedback on the issues that matter most to them.

In order to drive consistently positive outcomes for our homeowners, we rely on insights and feedback to inform thinking and shape activities to create meaningful improvement to their overall experience.

Some of the changes made in FY24 included the launch of our new quarterly homeowner magazine, The Lifestyler, to connect our wider communities, share stories and celebrate homeowners. We also doubled the number of stays each homeowner can have at Club Lifestyle, giving homeowners the opportunity to get away more often and with others, as it suits them.

In FY24 we incorporated the Personal Well-being Index (PWI) questionnaire into our homeowner surveys to help better understand personal well-being. The PWI is an independently validated survey tool aimed at understanding the subjective level of satisfaction with the quality-of-life domains of standard of living, health, achievement in life, relationships, safety, community connectedness, and future security.

Actions we took in FY24

- ☑ Introduced the Personal Well-being Index to help measure our social impact
- ☑ Embed HSE system, uplift reporting on incidents and trends
- ☑ NPS measured bi-annually by community with deep dive on material positive and negative movements to capture learnings
- ☑ Aspire program for emerging leaders
- ☑ Adapt program focused on employee experience and engagement
- ☑ Cyber roadmap including penetration testing
- ☑ WGEA employer of choice citation
- ☑ Developed an impact framework to measure our Social impact

To help us better understand the impact Lifestyle Communities® can have on the well-being of our homeowners, we analysed the data in two ways:

1. In comparison with a benchmark drawn from the PWI national survey for Australians 66+ living in Victoria (2022).

2. By looking at different factors that could influence the homeowner experience. For example: the different communities, the age of the communities, their development stage, the time residents have lived in the communities, the location of the communities, the socio-economic status of the areas, the homeowner's relationship status, and gender.

We are only in the early stages of understanding the impact we can have on our homeowners well-being but we are committed to evolving our approach to PWI further, translating results into meaningful actions to further support well-being in our communities and looking at innovative ways to improve. Our initial focus on deepening impact has been anchored around 3 core drivers:

1. **Doing something for others** – with amplification of Tour De Lifestyle and Lifestyle Foundation support for fundraising activities across all communities

2. **Being physically healthy and active** – through enhancements to the Well-being program, further building engagement in sporting carnivals and introduction of new classes and speakers

3. **Relationships and social connections** – creating events and opportunities to build, foster and nurture connections within and across communities to suit the needs of individual homeowners

The next phase of the journey entails:

1. **Further PWI data collection** to help us understand trends overtime and validate the impact of initiatives in our communities

2. **Validating our impact framework and key indicators** to support ongoing measurement of output to increase homeowners' well-being.

3. Leveraging **learnings and insights** to further develop our homeowner experience strategy

Material issues

Understanding our material topics helps us focus and prioritise our efforts and underpins our commitment to the social aspects of sustainability, a commitment which aligns with our business model and our purpose.

We have continued to engage with our stakeholders and listen to their feedback on a regular basis. Further details on our approach to stakeholder engagement, and our progress, can be found throughout the upcoming sections.

This assessment and review conducted in FY23 resulted in an extended program of work to address and uplift our performance over the medium term and retarget some of our efforts in the short term. Our focus on people is reflected within our material topics and priority areas.

Material issues	Relevant stakeholder group	Alignment to UN SDGs[1]	Relevant sections in this report
Housing supply and affordability	Homeowners Wider Community	3, 10	Our business and strategy
Team engagement and well-being	Our Team	3, 8	Our team
Health and safety	Our Team Homeowners Our Partners	3, 8	Our team
Employer of choice	Our Team	8	Our team
Diversity and inclusion	Our Team	5, 8	Our team
Homeowner (customer) engagement and satisfaction	Homeowners	3	Our communities
Homeowner health, well-being and social connection	Homeowners	3	Our communities
Climate action	Wider Community Homeowners Investment Community	7, 11, 13	Climate action
Local community impact and partnerships	Local Communities Our Partners	8, 5	Our partners and suppliers, wider community impact
Privacy and cyber security	Homeowners Wider Community	17	Our company's key opportunities an risks
Responsible procurement	Our Partners Wider Community	17	Our partners and suppliers
Governance processes and systems	Our Team Investment Community	9, 17	Our board and governance

1. UN SDGs refers to the United Nations Sustainable Development Goals

Sustainability governance

Board and Executive responsibility
The Board has overall responsibility for sustainability governance but delegates review of sustainability metrics to the Audit & Risk Committee and the People & Culture Committee as appropriate.

Our Managing Director and Chief Financial Officer oversee the strategic integration of sustainability goals and metrics into the wider business.

The executive leadership team drive the implementation of sustainability initiatives within their teams.

Security Holders

Board of Directors (including ESG and Risk)

Managing Director

Leadership Team

Our Team

Our team

We empower our team to embody our purpose and values every day.

The well-being, engagement, and development of our team is directly linked to our ability to deliver positive outcomes for our homeowners. Nurturing our team enables them to do what they do best: *delivering an amazing experience for our homeowners*.

Adap+ framework

We embed our culture, values and behaviours through our award winning adap+ framework. This framework is built upon three pillars:

1. **People**—creating a fun, kind and welcoming environment where our team feel empowered, supported and valued
2. **Pathways**—provide opportunities for learning, development, and growth
3. **Perks**—tailoring our reward and recognition program to meet the needs of our team and sprinkle in some moments of surprise and delight!

Team members at the Platinum Christmas Party 2023

a
different
approach to
people. pathways. perks.
+ much more!

adap+

people.

- Culture and Values
- Engagement, Well-being and Connection
- Diversity, Equity and Inclusion

pathways

- Training and Future Skills
- Career Progression
- ROADMAP
- Emerging leader development

perks

Benefits including:

- Additional days off
- Share Scheme
- Surprise and Delight!

+ much more!

A commitment to purpose
AFR Best Places to Work

FINANCIAL REVIEW BOSS BEST PLACES TO WORK

In our second year of application, we were awarded fifth place for the Property, Construction and Transport category of the Australian Financial Review's BOSS Best Places to Work, up one place from 2023.

"Being one of the best places to work in Australia is not just something we say, but something we actively strive to achieve every day. Our results and recognition as a AFR BOSS Best Place to Work prove our dedication to creating an outstanding culture and people experience"

Recognising Tech in property

PROPERTY COUNCIL of Australia

We're passionate about celebrating innovation within the Property industry and supporting rising stars at Lifestyle Communities®.

This year, our Salesforce Platform Lead, Kan Zhang was a finalist for the 'Tech in Property' Award in the Property Council Victoria 2024 People in Property Awards.

This new award category recognised individuals that have created and implemented new or advanced technology to deliver enhanced outcomes within business across the property industry and Kan's exceptional talent has been instrumental in driving the most significant digital business process transformation undertaken by Lifestyle Communities® to date.

Congratulations Kan!

1. People

Lifestyle Communities® is passionate about creating a memorable employee experience, delivering a work environment that nurtures our team's individual experiences and supports them to contribute positively towards our culture.

Our annual 'Check In' survey is an essential tool in assessing our culture – to ensure we're receiving regular feedback from our team on how they feel about working at Lifestyle Communities®. This allows us to analyse sentiment, understand what we're doing well, and how we can improve.

We were pleased to see in this year's survey that our team agree that Lifestyle Communities® is a great place to work, with:

- 97 per cent of team members feeling supported (both professionally and through life transitions backed by various initiatives and programs)
- 95 per cent are happy to recommend Lifestyle Communities® as a great place to work
- 99 per cent are confident that Lifestyle Communities® truly improves homeowners' lives and has a positive impact on society.

Creating connections

Our commitment to nurturing meaningful connections, keeping a strong and vibrant culture is a key area of focus across the business. By creating an environment where relationships can grow and communication flows freely, we help ensure that our values remain at the heart of everything we do.

In FY24, we established:

Culture Creators—a committee focused on further strengthening our culture of connection and camaraderie among the team. This group represents diverse voices from different teams, facilitating a series of opportunities for team engagement through unique and captivating social activities and initiatives.

The Lifestyle Speaker Series—a monthly initiative designed to support and motivate our team's personal and professional growth. Each month, we host a session that provides our team with the opportunity to listen to guest speakers/thought leaders who cover a wide range of topics intended to inspire, offer new perspectives, create awareness of important issues, and highlight the diversity of people and differences in thinking. By bringing the team together both in person and virtually, we aim to foster a sense of belonging, boost creativity, and inspire our people to excel in what they do at work and in life.

Fostering Diversity, Inclusion and Belonging
We are committed to the principles of diversity and inclusion and constantly strive to provide an environment in which recruitment, appointments, advancement and opportunities are considered on a fair and equitable basis. As our team grows, we are learning more about their needs and how to best drive positive outcomes for all our people. Respect, empathy and kindness underpin our culture, the way we treat each other, our homeowners, and our partners.

Lifestyle Communities® does not tolerate discrimination, vilification, harassment, or victimisation within its workforce, and has developed an Employee Code of Conduct to provide guidance on the expected behaviours of all employees. During FY24 we also refreshed our Diversity and Inclusion Policy. Both of these policies are publicly available on our website.

As a **Workplace Gender Equality Agency (WGEA) Employer of Choice for Gender Equality Citation (EOCGE)** holder, we are committed to accelerating change for gender equality in the property/construction industry by ensuring our team role models and contributes to an inclusive environment, keeping team members connected to the importance of inclusion, and continually focusing on opportunities that will make a difference.

Speaker Series

As a WGEA Employer of Choice for Gender Equality, we were thrilled to have former Director, The Honourable Nicola Roxon, share invaluable insights from her career and discuss the impact of her journey trailblazing progress for women in Australian politics. Sessions like these have not only educated but also empowered our team members, reinforcing our commitment to inclusivity and equality. The Lifestyle Speaker Series continues to be a powerful tool in promoting an inclusive culture of belonging, empowering our team to learn, grow, and succeed together.

WGEA Employer of Choice for Gender Equality

We have developed targets for female representation on our Board, leadership team and across our entire workforce, 40:40:20 These targets reflect our ideal gender balance that is also aligned to Lifestyle Communities' customer base.

With strong representation of women at all levels, we will continue to drive these targets ensuring we have clear pathways, creating opportunities for female representation in our key leadership positions.

Employee group	Target	Actual at 30 June 2024
Board	50% female, 50% male	40% female, 60% male
Executive Team	40% female, 40% male, 20% any gender	50% female, 50% male
Entire Workforce	40% female, 40% male, 20% any gender	70% female, 30% male

Since WGEA published the Gender Pay Gap data in February 2024, we have made significant progress, further reducing our gender pay gap. This has resulted in our Median Gender Pay Gap falling within the target range of -5% and +5%.

2. Pathways

At Lifestyle Communities®, we value the unique strengths, capabilities, and experiences that each of our team members have to offer. Our approach to professional development caters to the individual needs of team members, supporting success in their roles, as well as their future career aspirations.

Strengthening our purpose through connection
Regular collaboration and consultation are a vital element in keeping our team connected, therefore we always welcome the opportunity to bring the team together for our annual Summit. This event provides a forum to network and engage with team members, share insights, recognise achievements, and look ahead to the future.

Embedding a ‘one team’ approach
We are continuing to evolve our community immersion program which sees all new team members experience the homeowner journey through community-based roles.

This investment of time is designed to develop confidence and understanding of other team functions, encourage curiosity and build rapport through the initial stages of the onboarding and induction processes.

Aspire Leadership Program — securing a strong pipeline of future senior talent
Our Aspire Leadership Program, which is the cornerstone of our leadership development initiatives, launched this year. Uniquely tailored to focus on the interpersonal effectiveness needed to deliver on modern leadership objectives, Aspire provides insight on how our leaders can adapt and lead in an ever-changing world. It has been designed with a practical and dynamic approach, providing the team with the necessary skills to confidently face real-life leadership challenges.

“It’s been a great space to discuss challenges, pain points and wins amongst middle leadership. Also, hearing different ideas and approaches that others have taken.”

Aspire Leadership Program delegate

“I felt I gained skills that I can really implement in my day-to-day work.”

Aspire Leadership Program delegate

This bespoke leadership program was held over 6 months, with each individual dedicating at least 45 hours (or five working days) over this duration, including a 2.5 day retreat where the team engaged in an immersive and realistic simulation activity designed to put their newly acquired skills to the test.

Alongside this program, each team member was supported by a member of the Executive Leadership team through regular mentoring sessions, setting them up for success in future senior leadership roles.

In FY24, we saw the largest investment in training hours completed throughout the history of our training and development offering. Each team member completed an average of 8.4 days of learning – this is almost an 11% increase per person on FY23.

This included greater support for team leaders to enable career development with their teams, improved resources, an increase in attendance for industry-leading conferences and a focus on making internal career opportunities and paths more accessible. We've continued our focus on mental health, along with sharpening our focus on hazards risk management and psychological health and safety. We partner closely with external training partners and our teams to create bespoke training materials, workshops and courses that enable us to deliver first class experiences for our homeowners.

3. Perks—benefits that are valued

We continually review our benefits offering to ensure alignment with team member needs and preferences. In our most recent engagement survey, we found that our 'most loved' benefits were the additional days off and our employee share scheme.

We trialled a new 'Summer Hours' benefit over the FY24 holiday period, this was centred on giving time back to our team to focus on their well-being and connections with family and friends.

The 'Summer Hours' benefit was so well received that Lifestyle Communities® will be providing this to the team again for FY25 in addition to the quarterly Lifestyle long weekends, birthday leave and wellness dollars.

"It was wonderfully intense! The activities and the discussions drew me out of my shell and out of my head. I loved spending time with this group."

Aspire Leadership Program delegate

Support beyond work – Carers Connect
Carers Connect recognises the unique challenges and milestones working parents and caregivers face. As we continue to grow, we have welcomed many new team members who are at various stages of their own carers journey and we have also welcomed many new baby Lifestylers.

The Carers Connect program brings our team together, providing opportunities to share their diverse experiences, celebrate important life events, and support each other through the ups and downs of their carers journeys.

This initiative complements our existing Growing Your Family program and collaboration with Circle In, our online caregiver support platform providing expert advice, guidance, and support to our team members and leaders.

Our Unique Employee Share Scheme
Our unique employee share scheme applies to all employees and sets consistent targets for all team members. This creates alignment across all functional teams and focuses the entire business on the company's strategic and business objectives.

All team members are subject to a behavioural gateway which reinforces our values-based culture and desire to deliver amazing experiences for our homeowners. More information on our Employee Share Scheme can be found in the remuneration report.

16,710+

training hours. 49.4% up on FY23.

On-demand access to over **5,000**

online learning programs.

Spent over **$475,000**

on over 148 training and development programs.

Our communities

Our beautiful communities bring our homeowner experience to life. We are dedicated to making a meaningful impact, fostering connections, and celebrating significant moments.

Our business purpose and operating model centre our homeowners in everything we do. We pride ourselves on our homeowner and purpose centric culture and operating model, created from the ground up and nurtured through 21 years of organic growth.

We look to engage, empower and contribute to the well-being of our homeowners throughout the entire lifecycle of creating and managing communities. Our communities are the physical spaces through which our purpose comes to life.

Homeowner journey

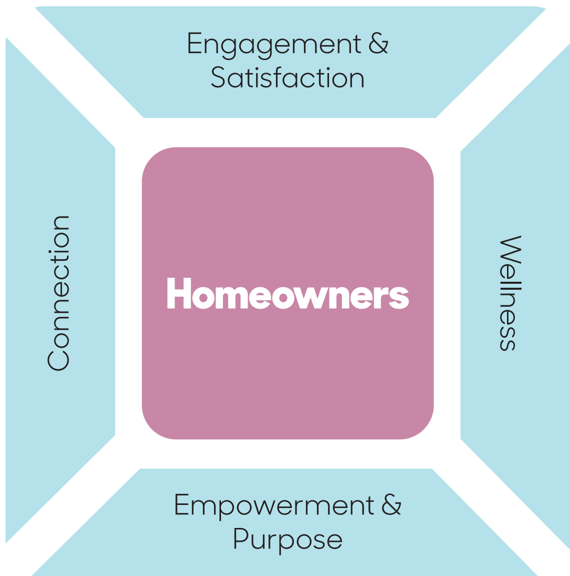
We engage and empower homeowners on every step of their journey with us, from their first enquiry, throughout the sales process, move-in day, and throughout their time living in their community. We focus on building lasting relationships and personalising our homeowners' experiences.

We understand that transitioning to a new lifestyle can be a big step for prospective homeowners, so we ensure that our enquiry and sales processes are thoughtful, considered and not pressured. We ensure that our recruitment and training of teams aligns to this approach.

Our work does not end once a homeowner has moved into our communities. We continue to actively support and empower homeowners in a number of ways, most importantly through our on-site community managers, who live alongside homeowners and are key to how we enable and empower communities.

Community well-being framework

Developing greenfield communities gives us a unique opportunity to consider the homeowner experience from the ground up. Using feedback from homeowners in our established communities and our team, we adapt each new community to ensure we facilitate positive outcomes for homeowners in how they live, socialise and engage with the spaces that we create.



Engaging with our homeowners

We are committed to actively listening to and learning from homeowners and are always looking for ways to improve their experience with us and meet their evolving expectations. We want to make sure that homeowners feel supported and heard in an empathetic, fair, and timely manner.

> ***We live by the adage:*** *A customer may forget what you told them, but they will never forget how you made them feel.*

We conduct two "Voice of the Homeowner" surveys annually, where we seek honest feedback on our performance from homeowners. The surveys are anonymised to allow us to build an accurate picture of how homeowners feel.

We have started introducing NPS scores into our surveys, to assist us in measuring homeowner satisfaction. We are early on our journey, but are looking forward to the insights these scores will give us across our community portfolio. They will also allow us to understand individual communities, to better address their needs and tailor our approach to improving their experience.

Community Town Halls

A key component of our unique and highly engaged homeowner experience approach are the twice-yearly community town hall meetings.

During FY24, we conducted 42 all community town hall meetings, visiting all of our operating communities every 6 months. These meetings are an open forum for direct conversation and interaction between homeowners and our Managing Director, leadership team and other team members. At the town hall meetings we share insights and feedback gained through our homeowner survey and address hot topics and themes. We also provide an open Q&A with homeowners free to express anything that is on their minds.

This is part of our commitment to be readily accessible to our homeowners through different avenues.

Empowered homeowners

Homeowner committees

Each of our communities has its own Homeowner Committee (HOC), composed solely of homeowners. HOC members are elected by their community to engage with Lifestyle Communities® and advocate on their behalf.

HOCs are an important component of homeowner engagement and allow us to be constantly communicating and receiving feedback from homeowners. They are also a space or homeowners to come together and contribute to the collective well-being of their community.

Social committees

Along with a Homeowner Committee, each community has a dedicated Social Committee that is run by volunteer homeowners. The social committee is responsible for arranging a wide range of activities for fellow homeowners within the community, based on community interests. Social Committees are empowered to run independently, but they work closely with our on-site community managers to collectively work towards increased connection, inclusiveness, and physical and mental well-being outcomes.

Our commitment to transparency and empowered decision making

We work to empower homeowners throughout their journey with us. During the enquiry and purchasing process, we empower prospective homeowners in a number of ways:

Transparent materials

Our marketing materials are transparent and reinforced through a comprehensive set of Q&As.

Our homeowner agreements use positive, easy to understand language, and avoid legal jargon.

We have shared our contracts with others in the industry and actively encourage them to adopt similar approaches to promote transparency and readability. Copies of our agreements are available on our website.

Empowered decision making
To ensure our homeowners fully understand what they are committing to, we sit down with every prospective homeowner to explain our agreements in detail and answer any questions before signing.

During the purchasing process, we encourage all our prospective homeowners to engage with their families to talk through their options; we won't take deposits at the first meeting.

Complaints and continuous learning
Whilst we strive for excellence always, we understand and acknowledge that from time to time, things may not always go to plan. Therefore, we have created a unique homeowner engagement process to ensure complaints and issues are heard and dealt with in a fair, consistent, timely, and courteous manner.

As outlined above, the different mechanisms we use to engage and empower homeowners are also spaces where complaints and concerns can be raised.

These include:
- Homeowner committees
- Community meetings
- Engagement surveys

We actively seek honest feedback to ensure we learn from our mistakes and improve as a result.

At any time, the following avenues are available for homeowners to raise issues or complaints:

Lifestyle Managers	Available on-site The first point of contact for any homeowner issues
Area Managers	Regularly on-site Attend homeowner committees quarterly and by invitation A first point of escalation for any homeowner issues
Executive General Manager Experience	Manages community management teams across the portfolio and acts as a further escalation point as required and on behalf of the Managing Director Regularly onsite and attends all community meetings on an annual basis
Managing Director	Continues to host annual community meetings across all communities

The majority of issues raised by homeowners are able to be resolved at a local level and at the point of first contact. "Closing the loop" is a key priority across the team for any issues raised. In addition to structured engagements, the team are available to meet and discuss homeowner issues on an ad-hoc basis as required.

Any complaints are recorded in an escalations register, managed by Area Managers. The register is reviewed at a management level on a monthly basis. The Board receives regular reporting on homeowner complaints including periodic themes and trends, and specific updates on any material matters.

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Public pier and the St Leonards foreshore

Health and Well-being

Our unique Well-being program empowers homeowners to energise and revitalise their mind, body and soul. Whether it's about learning something new, keeping active, socialising and building new connections, or, simply finding solace in the comfort of their own community, there is something in it for everyone.

Health and Well-being activity highlights
Some highlights from FY24 include:

- Our new and own marquee event, Tour De Lifestyle, supporting the Royal Children's Hospital Foundation, driving record homeowner participation and fundraising
- Battle of the Choirs, a choral festival, culminating in a crescendo with performances judged by Tarryn Stokes, winner of The Voice 2023
- New classes including Sound Bath Meditation, Art Classes, Self Defence and QiGong to complement the existing offering including Yoga, Strength, Zumba and Mindfulness
- Community activations to celebrate the FIFA Women's World Cup & Aussie Open Tennis.

Time to relax at Club Lifestyle

Inter-community sporting carnivals

Spring and Autumn sports carnivals are a highlight on our Well-being calendar and bring together homeowners from across all communities for friendly competition. This year, a record number of homeowners competed in a range of sports including pickleball, croquet and lawn bowls.

As well as encouraging active living, these carnivals support new connections across communities and engender a sense of purpose and pride within homeowners for their community.

Elevated grand final experiences meant plenty of fun was had by all, including a growing audience of spectators to watch hotly contested and spirited games.

Participation highlights of this year's carnivals:

- 1,000+ homeowners
- 78 days of competition
- 173 teams
- 537 matches

Community Speaker Series

We welcomed a number of guest speakers on topics ranging from living well to financial health, fire safety and helping others. Speaker events are aligned to areas of homeowner interest and designed to inspire, educate, and spark discussion.

FY24 highlights included former British Navy Aircrew Officer, Neuroscientist & Nutritionist, Paul Taylor's talk on general health and well-being and Lance Picioane – former AFL player, speaking about the importance of mental health.

Oh, what a ride
Tour de Lifestyle

In March, our communities came together to raise money for the Royal Children's Hospital Foundation's Cancer Centre with our marquee fundraising event, Tour de Lifestyle.

Last year, Tour de Lifestyle raised an impressive $71,605. This year, we set the bar even higher with a goal to raise over $100,000.

This year's tour was once again led by the inspiring Paul Walton, a Lifestyle Deanside homeowner who was the driving force behind the creation of this event. Building on the success of last year, this year's event focused on fostering inclusion and encouraging greater participation across all our communities with the introduction of a *'Walk, Talk, Ride'* theme.

The journey was complemented by community walks, inspiring talks, and fundraising events planned around Paul's arrival at each community. The excitement and energy at these events was contagious, with homeowner engagement reaching new heights. The display of camaraderie and community spirit has never been stronger.

The tour began at Lifestyle Shepparton, making stops at 20 Lifestyle Communities® before concluding at Lifestyle Deanside, where the community's show of support for Paul and the Tour de Lifestyle crew was deeply moving.

Through the collective fundraising efforts of our homeowners, sponsorship partners, and team, $81,593 was raised. This amount was then proudly matched dollar for dollar by Lifestyle Communities, bringing our total donation to an incredible $163,186.

$163,186

Donated to the Royal Children's Hospital Foundation

This donation will specifically support the Royal Children's Hospital Foundation's CARES 4 Kids grant, which provides comprehensive cancer care for children and adolescents. This grant not only addresses medical treatment but also provides holistic support, including psychosocial care, financial assistance, mental health services, overall well-being, and educational and vocational support.

This tour truly highlighted the heart and spirit of our Lifestyle Communities® family, demonstrating the incredible strength and support we can achieve when we come together. We are immensely proud of our community's efforts and are pleased to know that this money will positively impact the journeys of children living with cancer and their families.

Club Lifestyle
Escape on us

Lifestyle Bellarine
Private Beach

Club Lifestyle is the ultimate retreat for homeowners seeking an escape in the luxury of beautiful villas and captivating surroundings on the Bellarine Peninsula.

As part of our unique value proposition, homeowners can get away on us all year round for a nominal cleaning fee, making holidays and mini-breaks more accessible for all.

In FY24 we continued to enhance our Club Lifestyle offering with:

- The opening of our new Camp Kitchen including a beautiful lounge and dining space equipped with a fireplace, barbeques, and holiday amenities
- The opening of our Private Beach, which is an exclusive sanctuary for both our Club Lifestyle guests and homeowners at Lifestyle Bellarine
- New Activations and Activities on offer every month. Highlights thus far include acoustic sessions on the lawn, chocolate master-classes and local providore markets
- More stays including unlimited stays for caravan enthusiasts for up to 10 nights per stay and an extended stay or extra stay option for all homeowners in our luxury villas.

Forward bookings remain strong with many homeowners across communities planning their next break together. The offering continues to evolve and innovate and is a unique point of differentiation to drive value for our stakeholders.

1,500
Homeowner stays in FY24

Our partners and suppliers

We pride ourselves on our approach to engaging with our partners and suppliers. We recognise our ability to influence outcomes for our partners, suppliers and their supply chains, as well as the local economies they operate in.

Over the past 21 years, we have taken a considered approach to procurement, where we have built long-term relationships with local partners and suppliers who align with our strong organisational values and ethos.

This approach is underpinned by eight core principles that set out how we should behave, how we expect our business partners to behave and how we expect them to treat partners along their own value chain.

We are proud of the many small and local businesses we work with, and many of our key partners have grown with us over the years.

Local economies
We recognise our ability to impact the local economies in which our communities are located, and take a considered approach to creating local economic and community value through:

Our recruitment processes that prioritise employment of individuals local to the area our community is located in. This is across different functions including sales, community management and other support functions.

Procurement for events and ongoing operations from local businesses.

Engaging local small businesses for ongoing operations support, such as maintenance.

We are committed to the principles of responsible and ethical procurement and acknowledge that we are on a journey of continuous improvement to embed these principles into our processes.

These principles are:
- We treat people with dignity and respect;
- We act with honesty and integrity, upholding ethical standards;
- We comply with laws and regulations;
- We are committed to safety;
- We are committed to true and fair, transparent, financial dealings;
- We undertake responsible sourcing activities and consider sourcing solutions that minimise social and environmental impacts;
- We have a responsibility to safeguard our reputation, property, assets, and information; and
- We pro-actively manage risk

Our approach to Modern Slavery risks
We lodge our Modern Slavery Statement annually, and within it outline the actions we have taken to mitigate the risks of modern slavery within our operations and supply chain. This is in line with our commitment that we are opposed to modern slavery in all its forms.

Actively engaging with our partners and suppliers is a key action we take to uplift our collective knowledge and understand risks within our supply chains, we have worked closely with our key partners during this year to support their modern slavery reporting and to share knowledge on this topic.

Policies* and practices supporting responsible procurement
- Procurement Policy
- Supplier Code of Conduct
- Employee Code of Conduct
- Modern Slavery Statement
- Whistle-Blower Policy – this includes details on how to report a suspected incident to our confidential whistle-blower hotline and other channels.

* Copies of all our policies can be found on our website

The Lifestyle Communities Foundation

In 2014, we faced the significant loss of Dael Perlov, one of our founding directors, who passed away from pancreatic cancer at 46. His passing inspired us to honour his memory and continue his legacy with purpose.

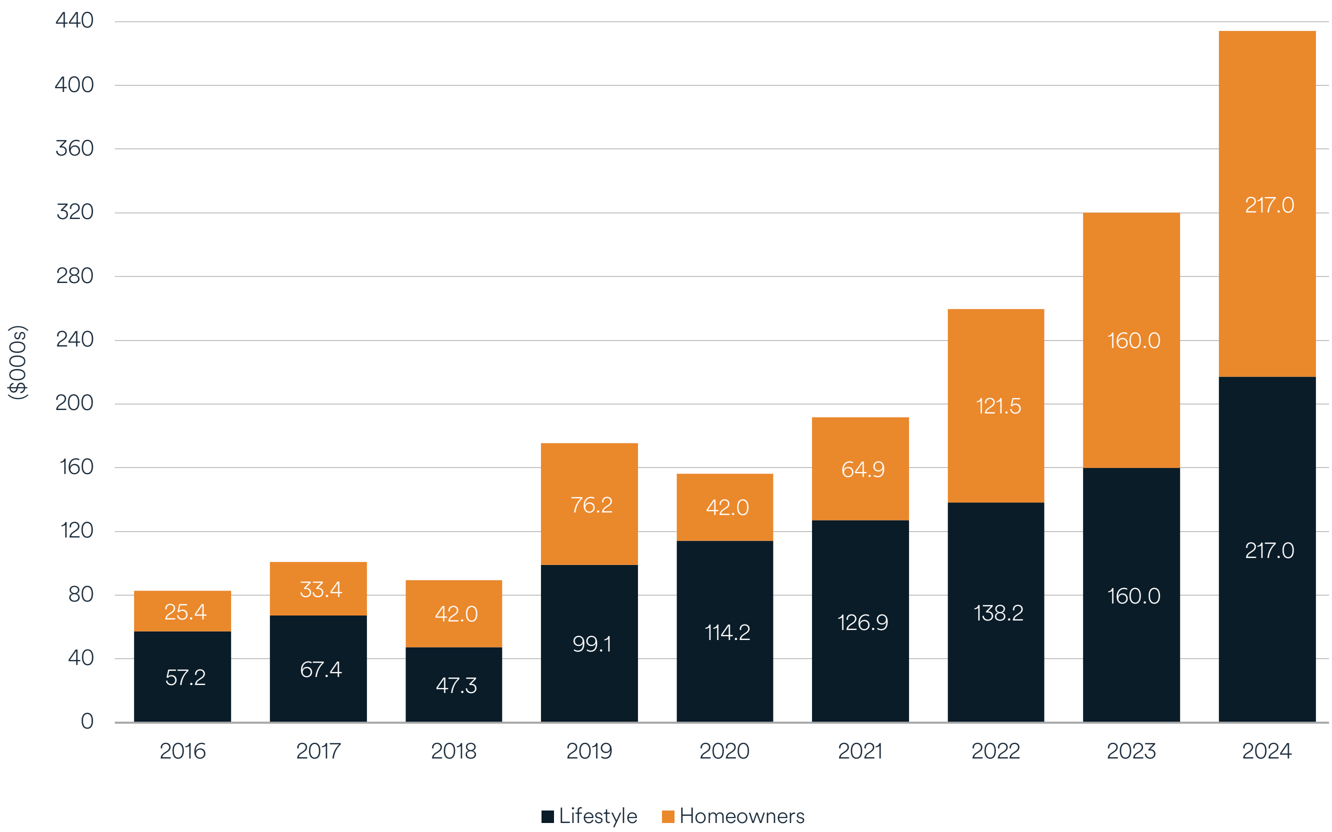
In 2015, we launched the Lifestyle Foundation as a tribute to Dael and his family. Now approaching its 10-year milestone, the core focus of the Lifestyle Foundation remains to raise essential funds for cancer-based charities through the combined efforts of our communities.

Each year, we contribute $50 for every occupied home in our communities and match every dollar raised by our homeowners for cancer research and support. Our commitment is evident in the events we organise and key campaigns including The Biggest Morning Tea, Mother's Day Classic, World's Greatest Shave, and Movember.

Our communities demonstrate remarkable generosity through local events and individual participation in national causes such as Relay for Life, the Good Friday Appeal, and the Starlight Children's Foundation. Other charities supported include the Cancer Council, Peter MacCallum Cancer Centre, Monash Children's Cancer Centre, Royal Children's Hospital, the National Breast Cancer Foundation and many more.

In FY24, our homeowners raised $217,000 for cancer-based charities, matched by $217,000 from Lifestyle Foundation, contributing a total of $434,000 and over $1.8 million since its inception in 2015. As we reach our 10-year milestone, we recognise the collective effort and significant impact achieved through our ongoing commitment, honouring Dael's memory.

Donations to Cancer-based charities



Note:
1. The reported funds raised for 2024 are inclusive of the $163,186 raised by the Tour de Lifestyle referred to on page 35.

Lifestyle Woodlea Clubhouse

Climate action

We recognise that climate change impacts the well-being of people and planet, and so have committed to a course of action to embed, adapt to and mitigate climate action where possible.

Climate change risk
As with all Australian sites, we recognise that our sites and homeowners are vulnerable to the physical impacts of climate change.

Therefore, in FY22, we undertook a high-level climate change risk screening to better understand the current and future exposure of our sites to the physical risks of climate change. This screening assumed the 'worst case scenario' of a mean global temperature rise of 3.7 degrees by 2100. This has allowed us to identify opportunities to mitigate and adapt to long-term risks and impacts through influencing the location, design and management of existing and future communities.

We also recognise that there are a number of transition risks (from a global transition to a low-carbon economy) that may impact our business in the long-term. While we are working to better understand these risks, our initial high-level assessment through the lens of warming kept below 2°C has identified a number of risks which are outlined below:

How we're working to mitigate and adapt to physical risks

- Screen potential site acquisitions to avoid sites most at risk
- Direct our maintenance capital spend towards communities most at risk
- Regularly reviewing our emergency management procedures and partnering with specialised agencies such as fire authorities

How we're working to address transition risks
We have set out our Net Zero operational emissions target and have been rolling out progressively more sophisticated solar and microgrid technology (on-site renewables) to each new development.

We actively monitor developments in national and international reporting legislation and frameworks, taking the lead from larger organisations who will be at the forefront of legislative changes and are working to gradually improve our reporting, disclosures and data collection regimes and mechanisms.

We will continue to monitor developments in these spaces and utilise our dynamic approach to address challenges as they arise.

A smaller footprint

The size and configuration of our communities, as well as the modular nature of our homes, lends itself to a decreased footprint of both our communities and individual homes.

Our higher density community configurations contribute less to urban sprawl than a typical sub-division.

Average density of a typical subdivision in Victoria = 14 to 16 homes per hectare.

Average density of a Lifestyle Community = 26 homes per hectare.

Compared to the emissions footprint of a typical home in Melbourne's outer suburbs, our homes have a smaller operational emissions footprint.

Physical

Drought

Riverine/rainfall flood

Storms and large hail

Extreme heat

Bushfires

Coastal inundation

Transition

Market

Cost of retrofitting/changing consumer demands

Energy supply risks/Cost of raw materials (low carbon/other)

Policy and Legal

Potential policy changes, including land use policy change

Climate policy changes around emissions reductions targets/ carbon pricing

Policy changes around reporting/disclosures

Risk of litigation for climate related damages

Reputation

Changing consumer and stakeholder preferences around sustainability and climate resilience

Technology

Substitution of existing carbon intensive technologies with lower carbon ones

Investing in new technologies

Net Zero operational emissions by 2035

What we mean by 'Net Zero Operational Emissions'

Net Zero
An absolute reduction in greenhouse gas emissions by 90-95% percent, with the remaining 5-10% emissions that are not possible to cut, neutralised through carbon removals. This is aligned to 1.5°C aligned warming pathways.

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.

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. We can also influence the type of grid electricity being drawn into our communities through our embedded network/ microgrid configurations.

Therefore, our target encompasses:

Scope 1 Direct emissions: On-site gas use by LIC for common facilities, fuel used for LIC vehicles

Scope 2 Purchased electricity: Electricity used by LIC managed facilities

Scope 3 Indirect emissions: Energy used by homeowners in LIC Communities.

These categories align with the boundaries of what we currently measure in our Greenhouse Gas Inventory (GHG Inventory).

Journey 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.

Greenhouse Gas (GHG) inventory

Summary of 2023 by source
(Lifestyle activities)

	tCO2e/annum		
Emission source	**Scope 1**	**Scope 2**	**Scope 3**
Natural gas	6		0
LPG	4		1
Fleet vehicles	63		16
Refrigerants	298		
Electricity		3,436	305
Waste			1,674
Water			47
Flights			3
Total	**371**	**3,436**	**2,046**

Summary of 2023 by source
(Homeowner activities)

	tCO2e/annum		
Emission source	**Scope 1**	**Scope 2**	**Scope 3**
Natural gas			541
Electricity			8,902
Total			**9,443**

A note on challenges affecting data collection and continuous improvement

Our developments in progress involve a mix of construction usage and homeowner usage. As such, we acknowledge that some of the data from our developing sites may not provide an accurate picture of our emissions split between development and operations.

Our reported total emissions are accurate to the best of our knowledge and based on metered data. We are working to develop more accurate reporting and monitoring systems across our communities and will learn from the challenges of applying our boundaries to developing communities.

Victorian Minister for Energy and Resources, the Hon. Lily D'Ambrosio at the official opening of our first solar and centralised battery community micro grid at Lifestyle Meridian.


mondo
Lifestyle®
COMMUNITIES
Life. Unlimited.

Our Board and governance

Lifestyle Communities' governance framework plays a critical role in helping the business deliver on its strategy. It provides the structure through which business objectives are set, performance is monitored, and risks are managed. It includes a framework for decision making across the business and provides guidance on the standards of behaviour expected of Lifestyle Communities' people.

The Board is accountable to securityholders and responsible for demonstrating leadership and oversight so that the operations of Lifestyle Communities® are managed effectively. The Board's governance objectives are to:

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

Reporting suite

Lifestyle Communities' reporting suite for FY24 includes the following documents:

FY24 Annual Report
A review of Lifestyle Communities' financial and operational performance for FY24, the Group's remuneration report and its financial statements.

FY24 Results Presentation
An overview of Lifestyle Communities' operational and financial performance for the financial year.

Corporate Governance Statement
An overview of Lifestyle Communities' governance framework and practices.

Modern Slavery Statement
An overview of Lifestyle Communities' approach to Modern Slavery risks in its supply chain.

Copies of all of the above reports are available for download at: **lifestylecommunities.com.au**

Philippa Kelly (Chair)

Non-Executive Director
(LLB,F Fin, FAICD, Hon Doc. (Deakin))

Term of office: Philippa was appointed to the Board of Lifestyle Communities® Limited as a Non Executive Director on 18 September 2013. Philippa has announced her retirement, effective 31 August 2024 and won't be seeking re-election.

Independent: Yes

Age: 63

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

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

Committee memberships: Member of the Audit & Risk Committee and the People & Culture Committee.

Current directorships/other interests: Philippa is currently an independent director of AustralianSuper and Chair of its Investment Committee. She is also a Non-executive Director of oOh!media (ASX:OML) and Hub Australia.

Past Directorships of other listed entities within the last 3 years: Nil

Philippa is not related to James Kelly, Managing Director.

James Kelly

Managing Director
(BBldg)

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

Independent: No

Age: 65

Experience: Experience: With over 40 years' experience in property development and construction, James brings to Lifestyle Communities® a wealth of knowledge and experience in the property industry.

Prior to establishing Lifestyle Communities, James held several senior management roles in property and related sectors, including CEO of Dennis Family Corporation and roles at Coles Myer and Lend Lease Corporation.

Committee memberships: James attends Board and Committee meetings.

Current directorships/other interests: James is the founding Chair of the Residential Land Lease Alliance, the peak body for the land lease industry. He is also the Chair of the Blue Sky Foundation, a foundation he set up to research and focus on youth mental health.

Past Directorships of other listed entities within the last 3 years: Nil

David Blight

Non-Executive Director
(BAppSC)

Term of office: David Blight was appointed to the Board of Lifestyle Communities® Limited as a Non-Executive Director on 15 June 2018, re-election required at the AGM in 2024. David will assume the role of Chair from the 1st of September 2024.

Independent: Yes

Age: 62

Experience: David Blight was appointed to the Board of Lifestyle Communities® Limited as a Non-Executive Director on 15 June 2018. He is also Chair of the People & Culture Committee.

David has over 40 years of experience in property investment, development and fund management in Australia and globally.

He was previously the CEO and co-founder of ARA Australia, the Australian business of Singapore based ARA Asset Management, prior to its acquisition by the ESR Group in January 2022. He also held the position of Chief Investment Officer of ARA Private Funds, the private equity real estate business of the ESR Group.

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

Committee memberships: David is the Chair of the People & Culture Committee.

Current directorships/other interests: Nil.

Past Directorships of other listed entities within the last 3 years: Japara Healthcare Ltd.

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

Mark Blackburn

Non-Executive Director
(Dip of Bus (Acc) GAICD)

Term of office: Mark was appointed to the Board of Lifestyle Communities® Limited as a Non-Executive Director on 1 December 2019.

Independent: Yes

Age: 67

Experience: Mark has 23 years' experience as a CFO in both listed and unlisted companies in the financial services, manufacturing, and mining sectors.

In particular, Mark has expertise in financial management and advice, the management of financial risks, capital management as well as leading key strategic projects including acquisitions and divestures.

Mark retired as Group CFO and Company Secretary of McMillan Shakespeare in December 2020.

Committee memberships: Mark is currently Chair of the Audit & Risk Committee.

Current directorships/other interests: Mark is currently a Non-Executive Director of FleetPartners Group Limited and Pro-Pac Packaging Limited where he is also the Chair of the Audit, Business Risk, and Compliance Committee.

Past Directorships of other listed entities within the last 3 years: Nil

Claire Hatton

Non-Executive Director
(BSc (BA), MBA, GAICD)

Term of office: Claire Hatton was appointed to the Board of Lifestyle Communities® Limited as a Non-Executive Director on 1st May 2022, re-election required at the AGM in 2025.

Independent: Yes

Age: 53

Experience: Claire has 23 years of experience working in digital business and 28 years of senior international business experience in travel and technology industries across Australia, Asia, and the U.K.

Most recently, as an executive, Claire spent seven years on the Google Australia and New Zealand commercial leadership team.

Committee memberships: Claire is a member of the Audit & Risk Committee and the People & Culture Committee.

Current directorships/other interests: Claire is a Non-Executive Director of ASX-listed company Tyro Payments Ltd (ASX: TYR). She is also the Co-Founder and Director of Full Potential Labs, a leadership development company working with global technology firms.

Past Directorships of other listed entities within the last 3 years: Non-Executive Director of 3P Learning Limited.

JoAnne Stephenson

Non-Executive Director
(BComm and BLLB (Hons))

Term of office: JoAnne Stephenson was appointed to the Board of Lifestyle Communities® Limited as a Non-Executive Director on 1 July 2024, election required at the AGM in 2024.

Independent: Yes

Age: 62

Experience: JoAnne is an experienced company director in listed, private and government organisations. She is a Chartered Accountant with expertise in financial management, risk management, audit and corporate governance gained through an executive career over 25 years, including senior Partner roles, with KPMG.

Committee memberships: JoAnne is a member of the People & Culture Committee and the Audit & Risk Committee.

Current directorships/other interests: JoAnne is currently on the Boards of ASX entities Challenger Limited, Helia Group Ltd and Qualitas Limited.

Past Directorships of other listed entities within the last 3 years: Myer Holdings Ltd and Japara Healthcare Ltd.

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

Company Secretaries

Darren Rowland
(B Bus (Acc), CA, GAICD)

Term of office: Darren was appointed as Company Secretary on 9 July 2018.

Age: 44

Experience: Darren joined the Lifestyle Communities® team as Chief Financial Officer in May 2018. He has over 20 years' experience as a Chartered Accountant and has previously held a number of senior finance and commercial roles with Toll Holdings Limited predominantly in the resources and marine logistics industries. Prior to joining Toll, Darren gained valuable experience in commercial and finance roles based in Dublin and London and professional services in Brisbane.

Anita Addorisio
(MAcc, FCPA, FGIA)

Term of office: Anita joined the Lifestyle Communities® team as Company Secretary in December 2021.

Age: 49

Experience: Anita is an experienced finance professional with 20 years' experience in senior finance roles within public and private entities across IT technology, mining, industrial and public practice sectors, including 7+ years ASX listed company secretary experience.

Anita specialises in corporate governance, secretarial support and statutory financial reporting. Her expertise also extends to IPO's, capital raisings, acquisitions, takeovers and restructures.

Non-Executive Directors' Share Holding Policy
Lifestyle Communities® introduced the Minimum Non-Executive Director Shareholding Policy in FY20 which requires all Non-Executive Directors to hold a minimum shareholding in Lifestyle Communities® equivalent to 100% of their annual base fee.

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

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

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

Our approach to corporate governance and risk

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

Corporate governance framework
The roles, responsibilities and accountabilities of the Board and Board Committees are articulated in the Board and Board Committee Charters, which are available on the Company's website at **lifestylecommunities.com.au**. The framework is summarised below:

The Board meets as often as necessary to discharge its responsibilities. This requires Board members to attend Board meetings each year, the Annual General Meeting, Committee meetings and unscheduled meetings as required.

Board meetings are typically held in our South Melbourne office but also include scheduled visits to projects under development and established communities. The Board also regularly meets with the Executive Leadership team including functional deep dive presentations and bi-annual strategy sessions.

In addition to these meetings, Directors also attend regular community visits outside of the scheduled Board program. This includes community events, town halls, and charity functions. These visits enable Directors to maintain the required deep understanding of the activities and operations of the Company. These events present further opportunities for engagement with our homeowners and our team.

Security Holders

Board of Directors (including ESG)

Audit & Risk Committee

People & Culture Committee

Independent Assurance

(external audit, legal and other professional advice)

Board reserved powers and delegation of authority

Managing Director

Leadership Team

Our Team

Audit & Risk Committee responsibilities

To assist the Board in fulfilling its corporate governance and oversight responsibilities relating to the integrity of Lifestyle Communities' financial reporting, risk management, and external audit functions.

People & Culture Committee responsibilities

To assist the Board in fulfilling its responsibilities relating to the composition and performance of the Board, Board appointments and succession planning.

To assist the Board in fulfilling its responsibilities in relation to the remuneration of the Chair and other Non-executive Directors, performance and remuneration of, and incentives for, the Managing Director and Executive Leadership Team, remuneration strategies, practices and disclosures, and management programs to optimise the contributions of Lifestyle Communities' people and to support and further corporate objectives.

Meetings of Directors

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

	Director's Meetings		Audit & Risk Committee		People & Culture Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Philippa Kelly	17	17	5	5	5	5
James Kelly	17	17	–	–	–	–
The Honourable Nicola Roxon *	7	7	–	–	3	3
David Blight	17	17	–	–	5	5
Mark Blackburn	17	17	5	5	–	–
Claire Hatton *	17	15	5	5	–	–

* The Honourable Nicola Roxon retired on 31 December 2023.
* JoAnne Stephenson joined the Audit & Risk Committee and People & Culture Committee on 1 July 2024
* Claire Hatton joined the People & Culture Committee on the 1 July 2024

Our approach to risk

At Lifestyle Communities, we recognise we have a duty of care to our homeowners, employees, investors, and the wider community to ensure all risks in our communities and business are appropriately managed. At the forefront of our approach is our culture. As a 'Business for Purpose' we are focused on exceeding expectations and maintaining a level of professional and personal conduct that delights our customers, teammates, investors and the broader community.

Lifestyle Communities® recognises that making business decisions which involve calculated risks, and managing these risks within sensible tolerances, is fundamental to creating long term value for security holders and meeting commitments to Lifestyle Communities' homeowners, employees, business partners and the communities in which it does business. Lifestyle Communities® conducts risk assessments at critical decision points during the investment and operational phases of our business to identify, manage and monitor risks in meeting target returns.

We will take commercial risks where we have the capability to manage those risks and we recognise the importance of building and fostering a risk aware culture. Through setting standards, adopting processes and undertaking training, we aim to develop a disciplined and constructive control environment in which all team members understand their roles and obligations and take responsibility for risks and controls in their area of authority.

Lifestyle Communities' risk management framework consists of multiple layers:

1. **Our Culture:** All employees are responsible for managing risk through identification, assessment, and treatment of risks. This includes the implementation, active management and compliance with appropriate processes, procedures, checklists and other controls.

2. **Our Leadership Team:** Responsible for developing the risk management framework and for adapting it to changes in the business and the external environment in which the Group operates (including physical and regulatory changes which might impact our social and environmental performance). Members of the Leadership Team are jointly responsible for building risk management capabilities throughout the business through actively engaging with Employees in risk management processes and supporting training initiatives.

3. **Internal Controls and Reporting:** The Group's internal control processes are in place to ensure that information is reported to the Leadership Team, and the Board of Directors of the Company ("Board") if appropriate, on a regular basis.

4. **The Board and Board Committees:** The Board oversees our risk management framework and delegates particular focus areas to the respective committees.

5. **External Audit:** Our external auditor provides regular and independent assessment on the effectiveness of financial controls and processes in connection with the preparation of Lifestyle Communities' financial statements and governance disclosures. External Audit also provides an opinion on the accuracy, validity and reliability of disclosed data and information.

Board effectiveness

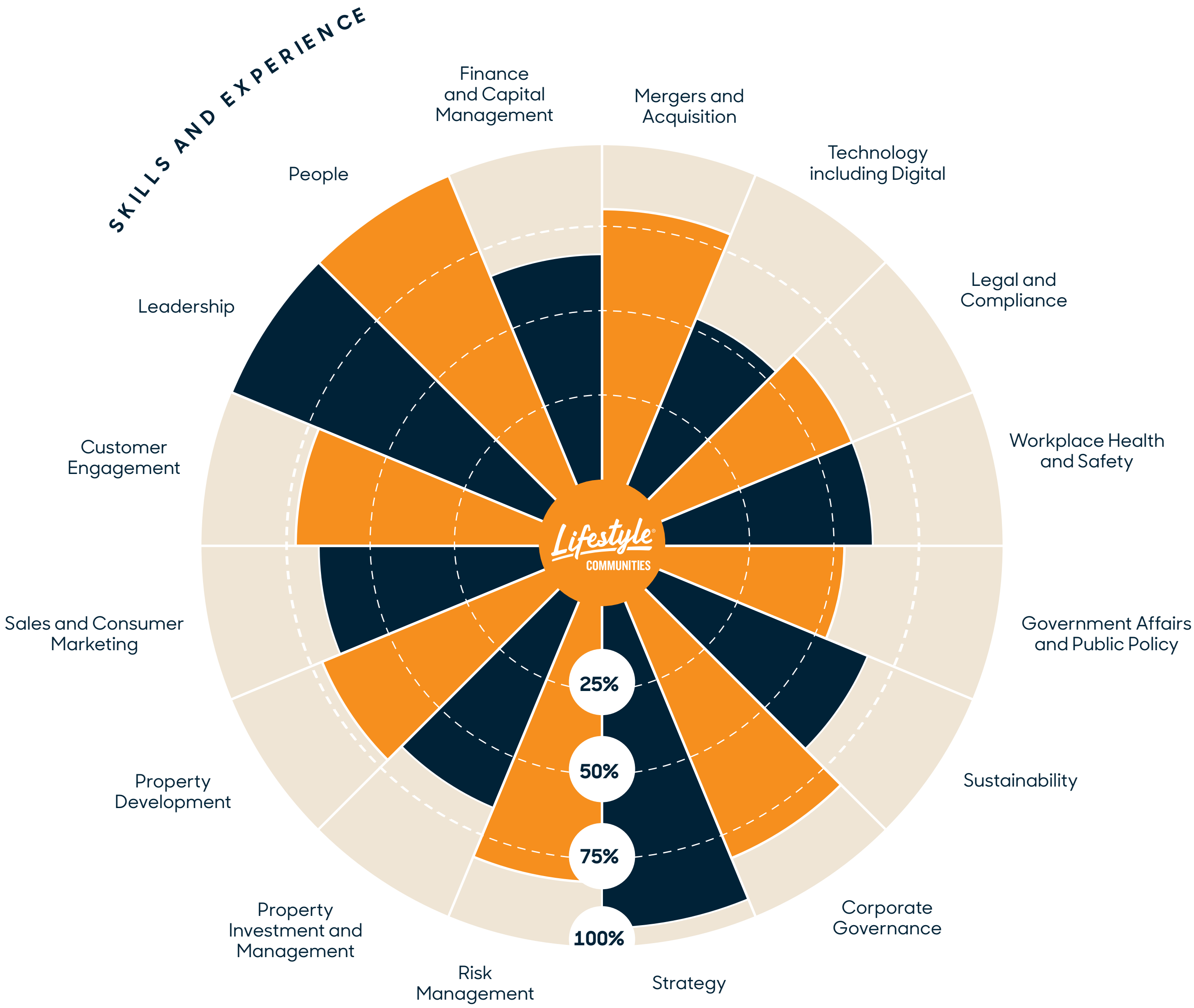
Lifestyle Communities® is committed to having a Board whose members have the capacity to act independently of management and have the collective skills and diversity of experience necessary to optimise the long-term performance of Lifestyle Communities® to deliver long term sustainable profitable returns to shareholders. The Board undertakes an annual review of its effectiveness across a range of dimensions to identify strengths and areas for development.
The Board models its activity on the best practice guidance set out in the ASX Principles and Recommendations, as described in the Company's Corporate Governance Statement available on the Company website at **lifestylecommunities.com.au**.

Board composition

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

Board skills matrix

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



Average tenure is 8.1 years

The Company's key opportunities and risks

Lifestyle Communities® has 10 key enterprise risks and opportunities. These are identified through application of our Risk Management Framework and are reviewed and stress tested on a quarterly basis. Each one has a cascade of operational, market based, and financial risks and opportunities which are consolidated into these key themes to allow for a portfolio view to be placed across the business.

Although the risks have been described individually, there is a high level of interdependency between them. This means an increased exposure for one material risk can drive elevated levels of exposure in other areas of our risk profile.

In addition to these material risks, our performance may be impacted by risks that apply generally to Australian businesses and the property development and management industry, as well as by the emergence of new material risks not reported in the following table.

Why it's important	Commentary
Our Homeowners	
It is important our homeowners have a high level of satisfaction and safety, and our communities are well managed	Well managed communities provide a safe and connected living environment for our homeowners, generate new sales from homeowner referrals, add to the Lifestyle Communities® brand, assist in facilitating resales of existing homes; and improve the profitability of the community management business. We maintain a transparent marketing, sales, and contract process, undertake careful selection of our community management teams, and maintain our community facilities, common areas, and gardens to a high standard. We have a governance process set up at every community to receive regular feedback from our homeowners. We continue to evolve our product offering including the recent launch of Club Lifestyle which provides free holidays to all homeowners at our purpose-built facility on the Bellarine Peninsula.
Our Team's Health, Safety and Well-being	
If we expect our team to deliver the highest levels of customer service and experience to our homeowners it is crucial that we retain, reward, and invest in our team and provide them with a workplace that is happy, healthy, and safe.	Lifestyle Communities prioritises and promotes a culture of respect and kindness with clear expectations of appropriate behaviours all team members and leaders must display. Our focus on the health, safety and well-being of our team is evident through all stages of the team member journey from attraction, engagement, onboarding and our working environment. Our team benefits provide extra days off throughout the year and wellness dollars for investment in each team members own wellness journey. Lifestyle Communities supports the importance of psychosocial health and safety in our working environment. We regularly engage with our team and provide multiple forums for them to share their feedback including employee engagement surveys and pulse surveys on specific topics.
Our Corporate Culture	
Our unique culture is critical to our success. We must maintain and nurture our culture as we grow.	Lifestyle Communities® has built a strong customer centric culture throughout the business. This has been achieved through a clearly defined set of values that we use for recruiting, and for measuring the performance of our team. We are a long-term business, and our team are empowered and encouraged to make decisions and act in the best interests of Lifestyle Communities® and our homeowners for the long term.

Why it's important	Commentary
Site Selection	
We select the best sites located close to infrastructure and other public amenities. We are patient in waiting for sites that meet our investment criteria.	We maintain a comprehensive land pipeline. Our land acquisition strategy incorporates extensive due diligence on potential new sites which incorporates population demographics, local amenities, public transport and environmental factors. We rely on the significant experience we have gained from acquiring 30 sites and developing most of these during the past 20 years.
Sales and Settlements	
As an affordable housing provider, our financial model relies on the rate of sales of new and existing homes, the sales price of new homes (and to a lesser extent the sales price of existing homes) and the timing of settlements of new homes (revenue is only recorded when a sale of a home is settled).	Our approach is to price our homes at an average selling price less than 80% of the median house price for the catchment and this helps us mitigate risk during property cycles[1]. This pricing strategy is a critical determiner in the site selection process and the acquisition case. Our customer centric focus helps us generate strong referral rates from existing homeowners and this helps drive the speed of sales and settlements.
Community Development	
Our homeowners are trusting us to build them an amazing community and meet the commitments we make to them during the sales process.	Effective management of the construction program and multiple stakeholders is important to ensure our customer promises are kept; high quality product is delivered; cash flow is managed efficiently, and appropriate financial returns are achieved. We manage our projects using a robust governance framework, working with a panel of trusted suppliers, and taking a stage-by-stage approach to construction. This includes close monitoring and management of price and cost pressures (e.g. commodities, labour, energy), the potential for further interest rate rises, and changes in consumer spending and housing choices.
Financing and Capital Management	
Our capital is precious and scarce. We maintain a disciplined approach to capital management and use a mix of debt and our existing equity pool to fund our growth strategy.	We maintain our balance sheet settings with a margin of safety over and above the requirements in our funding documents. Our goal is to maintain debt facilities that have sufficient facility size, headroom and tenure to meet our committed development plans. We closely monitor our cash flow forecasts and tightly manage the commencement and rate of development of new communities to ensure we have sufficient funds to meet our commitments as and when they fall due. Due to the capital recycling nature of our business model, we are reliant on continuing sales and settlements to fund our development pipeline and remain compliant with the financial covenants in our funding agreements. If we experience a sustained slowdown in sales and settlements we may need to slow down our speed of development or undertake other capital management activities.
Regulatory Compliance and Governance	
It's important to us to do the right thing and have transparent and productive relationships in the broader communities where we operate. We pro-actively engage with regulators and other stakeholders to ensure our operating and financial model is sustainable for the long term.	We seek to avoid reputational and compliance incidents by implementing a strong operating and control environment and seeking professional advice in relation to the management of our legal compliance and tax affairs. The Company's operations, business, and financial model are specifically impacted by how the provisions of the Residential Tenancies Act 1997 (Vic), the Social Security Act 1991 (Commonwealth) and a number of other legislative schemes are currently interpreted and administered by the relevant regulatory authorities. The Company takes an active role in engaging with, and providing submissions to, the relevant regulatory bodies through its membership and participation in the Victorian Caravan Parks Association and the Residential Land Lease Alliance.

Note:
1. Under our pricing model it is our intention to recover development costs thorough our new home sales. Our aim is to sell homes at an average price of 75% to 80% of the prevailing median house price for the relevant catchment for each development. Actual prices may vary due to movements in median house prices, increased costs to build, and individual house premiums or discounts.

Why it's important	Commentary
Cyber Risk, Data Governance, and Business Continuity	
It's important we properly plan for and appropriately respond to events which might disrupt our service to homeowners or our business more broadly.	Our cyber-security framework is aligned to the Australian Essential 8, and also to the internationally recognised National Institute of Standards and Technology (NIST) Cybersecurity Framework. Our cyber security posture and mitigations are regularly reported to and monitored by the Board. We continued to provide mandatory training for all Employees and undertook a series of phishing simulations to educate our team on the important role they play in helping to mitigate cyber risks. We will continue to undertake cyber risk mitigation activities and system improvements on a rolling basis. Our technology systems utilise dual data centres and cloud services to make sure critical business systems have high levels of redundancy with resiliency embedded across our ecosystem. In the event of a disruption, we have information technology recovery plans in place for critical systems. We have also retained industry experts to be on call in the event of a cyber-security incident.
Corporate Sustainability	
We're a business for purpose. It's important we comply with regulatory, societal and investor expectations of corporate and environmental sustainability, such as social responsibility and climate change, to ensure our business is sustainable for the long term.	Our product and operating model have been deliberately designed to address inequality in housing options for Australia's ageing population. For those members of society with limited superannuation and savings, creating a high quality, yet affordable housing option allows our homeowners to free up some of the equity in their home and help fund an improved standard of living in retirement. We are committed to achieving this by integrating sustainability strategies into our business and adopting innovative techniques and new technology where it is commercially feasible to help us meet the expectations of the communities in which we operate and our stakeholders more broadly.

Governance policies

- **Code of Conduct** — articulates the behaviour expected of Lifestyle Communities' Directors and employees, who are expected to align their actions with the code and Lifestyle Communities' values whenever they are representing Lifestyle Communities.
- **Communications and Continuous Disclosure Policy** — establishes our procedure for compliance with Lifestyle Communities' continuous disclosure obligations and provides guidance for the identification of material information and timely disclosure of Lifestyle Communities' activities to the market.
- **Diversity Policy** — Contains our commitment to creating and maintaining an inclusive workplace that embraces and celebrates diversity and to create positive experiences for all.
- **Securities Trading Policy** — prohibits Lifestyle Communities® Directors, employees, contractors and their related parties from dealing in Lifestyle Communities® securities if they are in possession of inside information and provides for open periods during which Directors and employees may trade, subject to any required approvals being obtained.
- **Fraud, Corruption and Bribery (Prevention and Awareness) Policy** — Contains our commitment to achieving the highest corporate standards and will not tolerate unethical or unprofessional behaviour including fraud, bribery and corruption.
- **Procurement Policy and Supplier Code of Conduct** — defines the standard required from third parties when working with Lifestyle Communities, and confirms Lifestyle Communities' commitment to a sound culture of compliance and ethical behaviour.
- **Enterprise Risk Management Framework** — provides guidance and direction on the management of risk in Lifestyle Communities® and states Lifestyle Communities' commitment to the effective management of risk.
- **Tax Governance Framework** — provides guidance and direction on the management of tax governance in Lifestyle Communities® and states Lifestyle Communities' commitment to manage its tax affairs in a transparent, equitable and commercially responsible manner, whilst having full regard to all relevant tax laws, regulations and tax governance processes.
- **Whistleblower Policy** — encourages Lifestyle Communities® Directors, employees, contractors and suppliers who have witnessed, or know about, any misconduct or suspected misconduct to speak up without fear of intimidation, disadvantage or reprisal.
- **Keeping You Safe at Work Policy** — Outlines our approach to creating and nurturing a safe work environment for all team members. The policy includes Psychosocial Hazards and Risk Controls.
- **Respect @ Work Policy** — Outlines Lifestyle Communities approach and strategies for promoting respectful behaviours and adhering to Anti-Discrimination and Human Rights Legislation Amendment (Respect at Work) Act 2022 (Cth). Complaint mechanisms for sexual harassment are outlined in the Policy and align with the Concerns and Complaints Resolution Policy.

Our approach to tax

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

Our Tax Governance Framework sets out the key principles adopted by Lifestyle Communities' which are summarised as follows:

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

Tax Contribution Summary

In addition to providing affordable housing solutions to Australia's ageing population, Lifestyle Communities® contributes to the Australian economy, through various taxes levied at federal, state and local government level. In FY24 these totalled more than $11.8 million and were either borne by Lifestyle Communities® as a cost of our business or collected and remitted as part of our broader contribution to the Australian Taxation System. Detailed below are the taxes paid and/or collected and remitted for the 2024 financial year:

	FY24 $ million	FY23 $ million
Income Tax	**9.4**	9.3
Net GST	**(11.4)**	(3.5)
PAYG Withholding	**6.3**	5.0
State Taxes	**5.6**	4.6
Fringe Benefits Tax	**0.4**	0.2
Local council rates	**1.5**	1.2
	11.8	**16.8**

Notes:

1. State Taxes (including Payroll Tax, Land Tax, Stamp Duty, and Growth Area Infrastructure Contribution)
2. The net GST refund in FY24 relates to the significant ramp up in development activity during the year. Development spend enables future new home settlements. GST will be remitted on these new home settlements in future periods.

Commitment to shareholders and an informed market

Lifestyle Communities® is committed to ensuring that the market as a whole is relevantly and consistently informed by providing securityholders and the market with timely, balanced, direct and equal access to information issued by Lifestyle Communities®, to promote investor confidence in the integrity of Lifestyle Communities® and in the trading of its securities.

Lifestyle Communities® has a Communication and Continuous Disclosure Policy that has adopted practices that reflect the intent of the law, corporate governance best practices, regulatory requirements, and which best serve the interest of its shareholders and other stakeholders.

All external communications that include any price sensitive material are provided to the Board for approval. In accordance with the Communication and Continuous Disclosure Policy, all announcements will:

- Be factual;
- Do not omit material information; and
- Be timely and expressed in a clear and objective manner.

Lifestyle Communities' Communication and Continuous Disclosure Policy is available at **lifestylecommunities.com.au/corporategovernance**.

Forward-looking statements

This annual report contains forward-looking statements, which include all matters that are not historical facts. Without limitation, indications of, and guidance on, future earnings, performance and future operational outcomes, are examples of forward-looking statements. Forward-looking statements, including projections or guidance on future earnings and estimates, are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.

Proceedings against the Company

A number of applications have been lodged with the Victorian Civil and Administrative Tribunal (VCAT) by homeowners who have raised questions regarding the interpretation of the Residential Tenancies Act. Refer to the Events after Reporting Date note on page 60 for further details.

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

Non-audit services

The Company's auditor, PricewaterhouseCoopers was appointed on the 18th November 2019. During FY24, the Company spent an additional $145,000 with PricewaterhouseCoopers on advice in relation to the Company's tax affairs, equity incentive scheme, and specialist procedures as part of the Company's capital raise. The Directors are satisfied that the provision of these non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature, scope and timing of these non-audit services means that auditor independence was not compromised.

Indemnification and insurance of directors and officers

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

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

Executive confirmations

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

1. In accordance with the Corporations Act 2001 ("the Act") section 295A, we, the undersigned, declare that to the best of our knowledge and belief, and in each of our opinions:

    (a) the financial records of the consolidated entity for the financial year have been properly maintained in accordance with section 286 of the Act;
    (b) the financial statements and associated notes of the consolidated entity for the financials year comply with the accounting standards as required by section 296 of the Act;
    (c) the financial statements and associated notes for the financial year give a true and fair view of the financial position of the consolidated entity as at 30 June 2024 and of its performance for the period as required by section 297 of the Act;
    (d) the consolidated entity disclosure statement required by section 295(3A) of the Act is true and correct.
    (e) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
    (f) any other matters that are prescribed by the regulation for the purposes of this declaration in relation to the financial statements and the associated notes of the consolidated entity for the financial year are also satisfied.

2. Also, in accordance with ASX Corporate Governance Council Best Practice Recommendations 4.2 and 7.2, with regard to the system of risk management and internal compliance and control of the consolidated entity for the year, to the best of our knowledge and belief, and in each of our opinions:

    i. the statements given in paragraph (1) above are founded on a sound system of risk management and internal compliance and control which, in all material respects, implements the policies adopted by the Board of Directors of the Company;
    ii. the risk management and internal compliance and control systems of the consolidated entity are operating effectively, in all material respects; and
    iii. subsequent to 30 June 2024, no changes or other matters have arisen that would have a material effect on the operation of the risk management and internal compliance and control system of the consolidated entity.

Events after reporting date

In July 2024 the company signed contracts to purchase a site in Armstrong Creek. Land settlement is expected in March 2025.

On the 15th of July 2024 the company made an announcement to the Australian Stock Exchange (ASX) regarding media coverage which included reference to allegations made by some homeowners at one of our communities at Wollert, in northwest Melbourne. The media coverage has the potential to damage Lifestyle Communities' brand which may in turn impact future sales and settlements. On that basis, forward guidance was withdrawn.

Lifestyle Communities® have been engaging proactively with the group of homeowners at Wollert since February 2024 to understand their concerns and reach a resolution. The homeowners have not been satisfied with our responses and have made applications to the Victorian Civil and Administrative Tribunal (VCAT). Lifestyle Communities® respects the rights of homeowners to pursue the VCAT pathway and believes this is the appropriate forum for resolution of the matter. The VCAT applications have raised questions regarding the interpretation of the Residential Tenancies Act in Victoria and as a result, VCAT has issued orders which referred the matter to a Judicial Member for further directions as appropriate. VCAT has not yet advised any timeframe for when further directions will be provided but we expect the process will take some time.

Lifestyle Communities® rejects the allegations made in the VCAT applications and will defend them accordingly. Lifestyle Communities® takes its compliance obligations extremely seriously and has obtained legal advice throughout its 21 years to ensure it operates in accordance with relevant legislation, and its policies are consistent with other industry operators. No adjustments have been made to the carrying values of assets and no liabilities have been recognised as a result of the allegations.

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

FY24 Operating and financial review

Overview

Low consumer confidence, inflation, and interest rate rises resulted in deteriorating conditions in the Victorian property market progressively throughout FY24. Operating profit decreased 25.7% from $71.1m to $52.9m driven by lower new home settlements and increased marketing costs for new projects. Further details on the operating and financial performance of the business are outlined below:

Financial and Operating Highlights

		FY24	FY23	Change	Change (%)
Key financial data					
Revenue	A$ millions	**243.2**	232.3	11	4.74%
Operating profit after tax	A$ millions	**52.9**	71.1	(18)	(25.32)%
Statutory profit after tax	A$ millions	**50.0**	81.9	(32)	(39.07)%
Cash Flow from Community Operations[1]	A$ millions	**33.4**	29.8	4	13.42%
Cash Flow from Development Activities	A$ millions	**(118.0)**	(34.0)	(84)	(247.06)%
Operating Earnings per share[5]	A$ cents	**48.1**	68.1	(20)	(29.37)%
Statutory Earnings per share	A$ cents	**45.5**	78.3	(33)	(42.15)%
Total dividend per share[6]	**A$ cents**	**10.5**	**11.5**		
Homes settled	No. of homes	**311**	356	(45)	(12.64)%
Homes sold[2]	No. of homes	**375**	443	(68)	(15.35)%
Average realised sales price new homes (GST incl)	A$'000	**686**	613	73	11.91%
Total number of homes (gross)	No. of homes	**3,860**	3,549	311	8.76%
Total number of homes (after NCI)[3]	No. of homes	**3,659**	3,348	311	9.29%
Total number of homeowners	No. of homes	**5,505**	5,060	445	8.79%
Average age of homeowners	Years	**74**	73	1	1.37%
Number of resales settled	No. of homes	**151**	178	(27)	(15.17)%
Average realised sales price resales (GST incl)[4]	A$'000	**519**	486	33	6.79%

Notes:

1. Cash flow from community operations comprises cash flows received from homeowner rentals and deferred management fees less community operating costs and the net surplus/deficit from providing utilities.
2. Net sales represent deposits on new homes less cancellations.
3. Gross number of homes adjusted for share of communities owned by non controlling interests (NCI).
4. Included in the table above are several non IFRS measures including operating profit, cash flow from community operations, cash flow from development activities, 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 2024 financial year.
5. In February 2024 the company announced a rights issue to raise $275m in new equity. 17.2m new shares were issued as part of the rights issue. The total shares on issue increased from 104.5m to 121.7m. For the FY24 Operating Earnings per share calculation, the weighted average shares on issue during the year of 109.9m was used.
6. Total shares on issue for the FY24 dividend per share calculation was 121.7m. For FY23 the total shares on issue was 104.5m.

Fair value adjustments

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

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

For FY24, fourteen of twenty-five communities have been externally valued by independent valuers CBRE, Cushman & Wakefield and Valued Care. For the remaining communities, the Directors have estimated the fair value internally utilising inputs from the independent valuations.

The fair value adjustment typically comprises three components:

1. The value uplift created when a customer settles on their home and acquires their share of the infrastructure, which in turn delivers an ongoing annuity income 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 and Directors. These typically include external market factors outside of Lifestyle Communities' control such as rent capitalisation rates, external market price growth assumptions and other available market data.

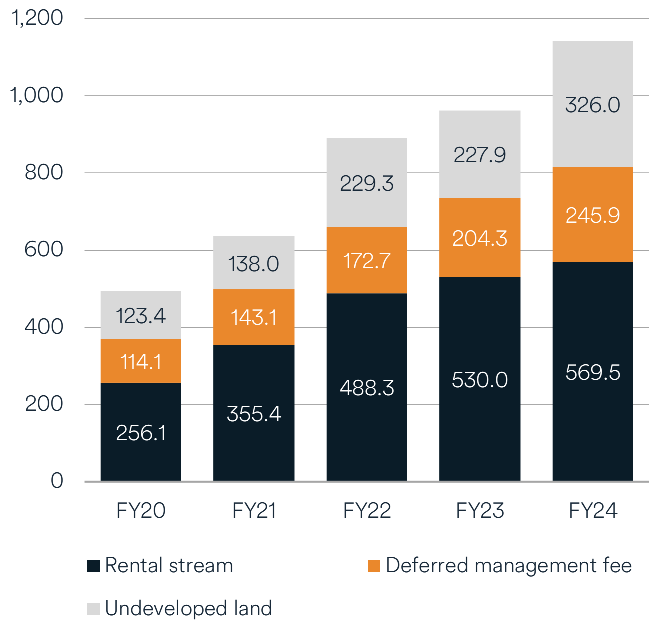
In FY24, the Company recorded a fair value increase of $51.7 million pre-tax and $36.2 million post tax. The breakdown of the fair value increase for FY24 into the components above is as follows:

	FY24 $ million	FY23 $ million
Uplift in value arising from settled homes during the year (311 new home settlements FY23: 356)	**38**	43
The uplift created as a result of the contractual rent increase	**18**	27
Movements as a result of changes to valuation assumptions	**(4)**	15
Total Fair Value Adjustment	**52**	**85**

A combination of new home settlements achieved in FY24, annual rental increases linked to inflation and movements in the residential property market, has resulted in an $51.7m uplift in the value of the company's property portfolio (FY23: $84.9m). $55.9m of this relates to the company's core operating activities of converting greenfield land into completed communities that generate rental annuities. The balance of $(4.1)m relates to changes in assumptions used by the independent valuers to measure the value of the annuities. The weighted average capitalisation rate remained steady at 5.21% (FY23: 5.14%). Demand for high quality land lease assets remains strong as the sector continues to mature and institutionalise.

The chart below shows the different components of the investment property balance over the last 5 years.

Investment properties breakdown



The table below shows the average value of settled homes under management compared to the average value of undeveloped land in the development pipeline. As the undeveloped land is developed and a new home is settled, a fair value adjustment will be realised as the undeveloped land valuation is replaced by the value of rental and DMF annuities in the year of settlement.

		FY24	FY23	FY22	FY21	FY20
Homes under management	No. of homes	**3,860**	3,549	3,193	2,792	2,537
Value of homes under management (rent + DMF valuation)	$000	**815,387**	734,225	620,959	498,500	370,240
Average value per home under management	$000	**211**	207	194	179	146
Homes in the development pipeline	No. of homes	**2,703**	2,044	2,198	2,302	1,957
Value of land in the development pipeline	$000	**325,987**	227,925	229,288	138,000	123,362
Average value per home in the development pipeline	$000	**121**	111	104	60	63

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

Capital management

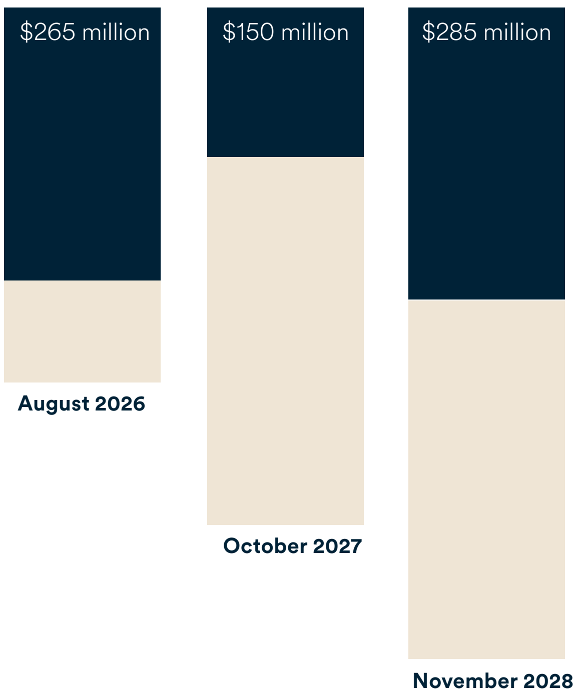
As part of its continued focus on capital management, in December 2023 the Company increased it's total facility size from $525 million to $700 million with existing lenders The Commonwealth Bank of Australia, National Australia Bank and HSBC Bank Australia and two new lenders Westpac and ANZ.

The Company also agreed commercial terms with its lending group to refresh and modernise its existing common terms deed.

The additional headroom will be used to fund the continued acquisition and development of new sites.

The group's next debt maturity is the $265 million tranche due in August 2026.

Debt maturities



Interest cover ratio

	FY24
Interest paid [1]	25,363
Profit before tax	**71,498**
Less Fair Value adjustment	51,744
Add back infrastructure expensed to cost of goods sold	43,979
Add back interest expense	4,278
Add back interest included in cost of goods sold	9,475
Add back depreciation and amortisation	3,732
Add back abnormals	482
Adjusted EBITDA	**81,700**
Interest cover ratio	3.22x
Covenant	2.50x

Note:
1. Interest paid for covenant purposes includes interest paid, interest received and the movement in interest accruals year on year.

Debt covenants and key metrics

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

LVR<65%
FY24: 32.3%

ICR>2.5x
FY24: 3.2x

Secured property %
>85%
FY24: 100%

Key debt metrics

		FY24	FY23	Change	Change (%)
Gross Assets	$ millions	**1,512**	1,191	321	27.0%
Interest bearing liabilities	$ millions	**324**	371	(47)	(12.7)%
Total debt facilities	$ millions	**700**	525	175	33.3%
Undrawn debt	$ millions	**376**	154	222	144.2%
Net debt to assets less cash and land accruals	%	**23.1%**	33.2%	(10)%	(30.1)%
Net debt to net debt plus equity	%	**27.8%**	41.3%	(14)%	(33.9)%
Cash interest paid on drawn debt	$ millions	**25.8**	14.7	11	74.8%
Weighted average cost of debt	%	**6.1%**	4.4%	2%	45.5%
Weighted average debt maturity	Years	**3.3**	3.3	–	–
Annual interest coverage ratio	Times	**3.2**	3.2	–	–
Annual loan to value ratio	%	**32.3**	45.2	(13)	(28.8)%
% of debt fixed	%	**45.7%**	64.8%	(19)%	(29.3)%
Debt providers	No.	**5**	3	2	66.7%

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.

Dividends

A fully franked dividend of 6.0 cents per share was paid on 6 October 2023 (representing the 2023 final dividend). A fully franked dividend of 5.5 cents per share was paid on 4 April 2024 (representing the 2024 interim dividend).

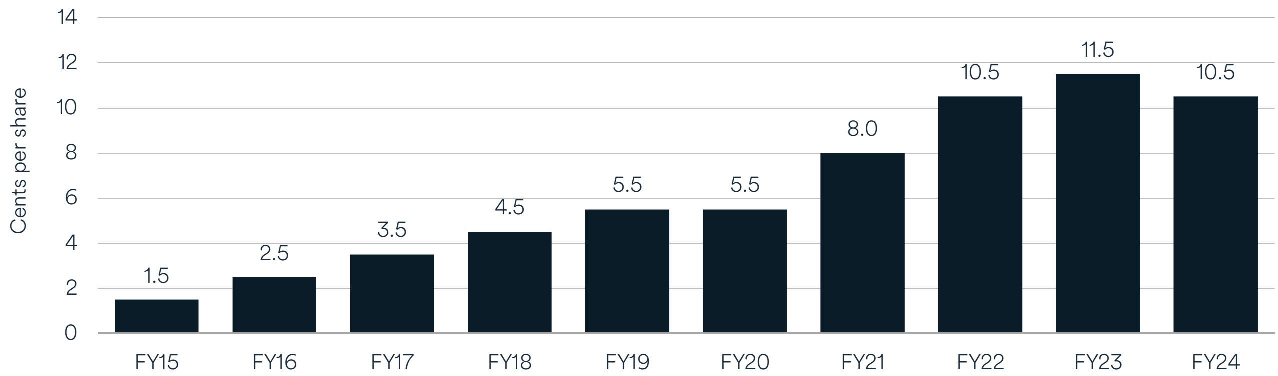
Since the end of the financial year the Directors have resolved to pay a fully franked dividend of 5.0 cents per ordinary share (representing the 2024 final dividend).

The dividend has a record date of 5 September 2024 and a payment date of 3 October 2024. As at 30 June 2024 the franking account balance was $38.0 million (after allowing for the final dividend and tax payable for FY24).

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

The chart below shows the growth in full year dividends over time:



Update on communities

	New homes						
Community	Settled FY24	Settled FY23	Net sales FY24	Net sales FY23	Homes sold not settled	Total home settled	Total homes in portfolio
Fully settled communities						**2,504**	**2,504**
Mount Duneed		7				191	191
Kaduna Park		2				169	169
Wollert North	44	60	32	58	20	209	246
Deanside	32	46	21	47	22	166	266
St Leonards	3	79		6	1	198	199
St Leonards - The Shores	6		18	27	39	6	158
Clyde North (Meridian)	73	132	45	82	13	234	274
Pakenham East (Ridgelea)			49	12	61		174
Clyde (Riverfield)	51		97	29	75	51	232
Woodlea	28	2	22	35	27	30	180
Phillip Island	14		35	62	83	14	255
Bellarine (Leopold)	60	28	43	85	40	88	164
Merrifield							195
Ocean Grove - The Cove			11		11		204
Yarrawonga			2		2		110
Future communities							**1,042**
Total	**311**	**356**	**375**	**443**	**394**	**3,860**	**6,563**

An update on each of the communities in planning or development at 30 June 2024 is as follows:

Wollert	Community facilities at Wollert are complete and fully operational. Construction is largely complete except for final housing construction of 8 homes. Construction of these houses is contingent on external works which are outside of our control but not expected to be completed for 2 years.
Deanside	Community facilities at Deanside are complete and fully operational. Construction is largely complete except for final housing. This will be commenced once current housing stock is sold.
St Leonards – The Shores	Lifestyle St Leonards – The Shores welcomed first homeowners in June 24. Construction is well underway with the civil program largely complete and the clubhouse and recreational facilities in progress.
Meridian	Construction of Meridian is complete, and the community is fully operational. At 30 June 2024 there were 29 homes remaining to sell.
Bellarine	Construction of the Bellarine clubhouse and community facilities are complete. Club Lifestyle facilities co-located on site are also complete. Housing construction is in its final stages.
Ridgelea (Pakenham)	Construction has commenced and the civil program is well underway. Construction of first houses and the clubhouse precinct works have also commenced.
Riverfield (Clyde)	We welcomed first homeowners to Lifestyle Riverfield during the year. The clubhouse is well underway and scheduled for completion by Christmas.
Woodlea	The civil program for Lifestyle Woodlea is largely completed. The clubhouse and recreational facilities were completed and opened during the year.
Phillip Island	Construction activity at Lifestyle Phillip Island ramped up during the year with the Civil program nearing completion and the clubhouse works commenced. We welcomed first homeowners in May 24. Clubhouse construction is well under way with expected completion in March 2025.
Merrifield	Lifestyle Merrifield is located within the Merrifield estate, one of Melbourne's flagship master-planned communities. Civil works have been completed but the project has been paused due to market conditions in the surrounding catchment. The project will be recommenced once conditions improve.
Ocean Grove	A planning permit was received during the year and construction has commenced. Bulk earthworks have been completed and civil works are currently in progress. Commencement of housing and clubhouse construction is subject to market conditions and pre-sales performance.
Yarrawonga	Construction has commenced at Lifestyle Yarrawonga. This site is smaller than our typical developments and gives us an opportunity to test some new product and building techniques. Civil works are almost complete. Commencement of housing and clubhouse construction is subject to market conditions and pre-sales performance.

Each development is reviewed by the executive leadership team at least every three months as part of our Project Control Group (PCG) cycle. Development activities are routinely increased or decreased subject to sales performance at each project and prevailing market conditions.

Outlook for FY25 and beyond

The Company has a focused strategy to service the niche of providing high quality affordable housing to the downsizer market. The Company continues to focus on Melbourne's growth corridors as well as key Victorian regional centres. We are currently considering a range of opportunities but will remain disciplined in our assessment of these opportunities.

We are cognisant of the headwinds currently facing the business including the impact of recent media coverage and the continued softness in the residential property market. We will remain disciplined in our approach, and will make changes as appropriate.

Key areas of focus in FY25 include:

- Strength of the balance sheet
- Targeted strategies to sell through inventory
- Land acquisition programme decelerated
- Adjusting speed of developments and build program to match market conditions
- Disciplined cost management and right sizing of teams
- Appointing an independent expert to review the fairness of our sales process and customer disclosures
- Restore trust impacted by recent media reporting
- Position the business for when conditions improve

Noting Forward guidance had been withdrawn, Lifestyle Communities® provides the following update on the status of its pipeline as at the 12th of August:

- 27 new home settlements achieved
- A total of 348 new home deposits on hand:
  - 228 of these homes will be completed and available for settlement in FY25
  - 120 of these homes will be completed and available for settlement in FY26

The Company has access to over $375 million in cash and undrawn facilities. Operating cash flow is underpinned by the ongoing rental annuities from our 3,850+ homes under management.

The clubhouse at Lifestyle Riverfield nearing completion

Remuneration Report

There were plenty of laughs at our annual team summit

Our culture

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

How we operated

186

Total Employees

67% women

33% men

Gender split for emerging leaders

57% Women

43% Men

Gender split for executive team

57% Women

43% Men

Gender split for the Board

40% Women

60% Men

Final Employee engagement score of

8.5 out of 10

Breakdown of employees by age

18–25	7	4% of the workforce
26–35	49	26%
36–45	42	23%
46–55	49	26%
56–65	35	19%
66+	4	2%

Remuneration report

Dear Shareholders,

On behalf of the Board, I am pleased to present the Lifestyle Communities® Remuneration Report for FY24.

FY24 was again a busy year for the business following the commencement of seven new projects in FY23. Operating conditions were challenging in the early part of the financial year and deteriorated further as the year progressed.

The successive interest rate rises of FY23 together with sustained high inflation clearly impacted consumer confidence with many customers choosing not to commit in the current climate.

Despite these challenges, the team achieved 375 new home sales in FY24, the fourth highest result in our history. This result, in a challenging market, is a testament to the team, the resilience of our model and how strongly it continues to resonate with customers

The leadership team performed admirably this year, in difficult circumstances, driven by our core purpose and values.

Our people

The team increased by 11% in line with our growing established community portfolio. We finished the year with 3,860 settled homes under management across 24 operating communities, with a further 9 communities in planning or development.

At Lifestyle Communities® we focus on creating a working environment that enables our team to connect to our purpose and values to create a warm, innovative, kind and curious business. Our investment in our People was highlighted by the launch of Aspire, the cornerstone of our Leadership program, and our new Summer Hours initiative, providing team members with an early finish on Fridays to focus on their wellness and connection with friends and family.

In FY24 the team proudly achieved the following:

- An 8.5 engagement rating (out of 10) on the annual 'Check In' survey
- 5th place in the AFR Best Places to work list for the Property, Construction and Transport category.
- Continued recognition as a WGEA Employer of Choice Citation Holder.
- 100% re-engagement with team members returning from Parental Leave.
- Launch of Carers Connect to support working care givers.
- Achievement of a Median Gender Pay Gap within the target range of -5% and +5%

New team members engaged through the year were attracted to the purpose, culture and customer centricity of the business, together with the embedded flexible working model.

This alignment continues to foster our culture and deliver positive outcomes for our homeowners.

The Board continues to recognise Lifestyle Communities' strong culture and clear purpose as a competitive advantage and a key differentiator in attracting and retaining the best talent in our industry.

Performance and remuneration

Our remuneration strategy has been developed to recognise our team and senior leaders in the execution of the company's strategic priorities, bring to life the culture and behaviours that deliver desired outcomes and ultimately reflects the performance of the business.

Our Remuneration Principles ensure that we have:

- Industry competitive total fixed remuneration
- All bonus payments issued as share options to create strong alignment with shareholders
- Our employee share scheme which is available to all permanent employees
- Transparent and clear performance metrics that are aligned with shareholder interests.
- Deferral in place for Management and Executive level incentives to assist with retention.
- Values and behaviors gateway to the share incentive scheme.

The Board regularly reviews the settings for the Remuneration framework to ensure it continues to support the delivery of the business strategy, as well as strengthening the alignment of short-term results and long-term value creation.

In FY24 we amended the performance metrics of the Short Term Incentive (STI) to include measures relating to Time on Market and Capital Growth for customers choosing to sell their homes.

These measures were included in all levels of the Share Incentive Scheme (Employee, Management and Executive - STI) to ensure clear focus across the business.

The Board was pleased with the outcome of these new performance indicators for the team as the average time on market for customers selling their homes was 63 days, and capital growth was 10% per annum.

As is customary, the Board has carefully scrutinised the drivers and quality of the results, summarised as follows:

- Operating profit after tax of $52.9m
- Delivery of 311 new home settlements
- Increased annuity income from site rentals and deferred management fees to $54.7 million
- Continued strengthening of the culture and maintaining the high level of team engagement in challenging market conditions.

As in previous years, we have maintained a values and behaviors gateway for the team to meet prior to any entitlement to performance incentives.

The Board also retains ultimate discretion in awarding any incentive payments to ensure targets are delivered in the right manner.

Board changes
In FY24 we announced the following Board changes:

- December 2023 — we farewelled The Honorable Nicola Roxon from the Board, after 6 years as a Non-Executive Director.
- June 2024 — we welcomed JoAnne Stephenson to the Board. JoAnne has been appointed to both the Audit & Risk Committee and the People and Culture Committee.
- June 2024 — we announced the retirement of our Chair Philippa Kelly from Lifestyle Communities. Philippa commenced with the business as a Non-Executive Director in 2013 and was appointed Chair of the Board in 2019.

The business remains deeply indebted to both Philippa and Nicola for their hard work, wisdom and guidance over a sustained period. We are grateful for Philippa's outstanding Board leadership since being appointed Chair in 2019.

Looking ahead
The People and Culture Committee continues to review our Remuneration Framework holistically to ensure we retain key talent and drive strong performance outcomes.

The Committee is in the process of finalizing the FY25 remuneration framework. Most of the key elements of the existing framework will be maintained, however, will be again tailored to meet the prevailing operating conditions.

In closing I'd like to thank the team for their resilience and determination during a challenging year. Whilst a difficult year, it has been heartening to see the values shine through in each of our leaders and subsequently throughout the team.

David Blight
Chair, People & Culture Committee
13 August 2024

1. Introduction

1.1 About this report

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

2. People & Culture Committee

2.1 Role of the People & Culture Committee (formerly People & Culture Committee)

The objective of the Committee is to ensure that remuneration policies and structures are fair, competitive, and aligned with the long-term interests of the Company. A copy of the Committee's charter is available on the Lifestyle Communities® website.

The People & Culture Committee's key responsibilities are to make recommendations to the Board on:

- The Company's remuneration framework;
- Formulation and operation of Employee incentive plans;
- Oversight of the selection, appointment and reappointment of Directors to the Board;
- Remuneration levels of the Managing Director and other KMP; and
- The level of Non Executive Director fees.

Late in 2023, the Committee resolved to change its name to the People & Culture Committee as this more accurately reflects the Committee's remit. Remuneration and Nomination remain responsibilities of the Committee.

2.2 Corporate Governance Practices Specifically Related to Remuneration

2.2.1 Securities Trading policy

Lifestyle Communities® has adopted a Securities Dealing Policy that applies to all team members including Non-executive Directors, Executive Key Management Personnel (KMP), the Executive Leadership Team (ELT) and their connected persons, as defined within the policy. This policy sets out the trading policies all team members must comply with, including specific restrictions with which KMP must comply. This includes obtaining approval prior to trading in Lifestyle Communities' securities and not trading within blackout periods, other than with approval in exceptional circumstances as detailed within the policy. The policy aims to protect the reputation of Lifestyle Communities® and maintain confidence in trading in its securities. It prohibits specific types of transactions being made which are not in accordance with market expectations or may otherwise give rise to reputational risk.

2.2.2 Minimum Shareholding Policy

Lifestyle Communities' Minimum Non-Executive Director Shareholding Policy requires all Non-Executive Directors to hold a minimum shareholding in Lifestyle Communities® equivalent to 100% of their annual base fee. The shareholding does not comprise part of the remuneration package and Non-Executive Directors are required to acquire their target shareholding independently. Non-Executive Directors have five years in which to purchase their shareholding requirement which commences from the later of the date the policy is adopted, or the Non-Executive Director takes up their position. Once the equivalent of a Non-Executive Director's annual base fee has been acquired in shares, the Non-Executive Director does not need to adjust shareholdings when there is an adjustment of the share price. On reappointment to the Lifestyle Communities® board, each Non-Executive Director must reassess their shareholding and top up.

2.3 The use of external advisors

Remuneration consultants are engaged from time to time to provide independent information and guidance on remuneration for Directors and the Executive Team. The independent consultants facilitate discussion, conduct external benchmarking, and provide commentary on a number of remuneration issues and structures. Any advice provided by independent consultants is used as a guide and is not a substitute for the considerations and procedures of the Board and the People & Culture Committee.

During FY24, an independent Remuneration Consultant was engaged to conduct external benchmarking for Director fees, Managing Director and executive team remuneration packages, together with market insights and trends for consideration by the Board and People & Culture Committee.

3. Details of key management personnel

Directors	Position	Commencement date
Philippa Kelly	Chair of the Board (appointed 14 August 2019) Non-Executive Director Member Audit & Risk Committee Member People & Culture Committee	18 September 2013
David Blight	Non-Executive Director Chair People & Culture Committee	15 June 2018
Mark Blackburn	Non-Executive Director Chair Audit & Risk Committee	1 December 2019
Claire Hatton	Non-Executive Director Member of Audit & Risk Committee Member of People & Culture Committee	1 May 2022
JoAnne Stephenson	Non-Executive Director Member of Audit & Risk Committee Member of the People & Culture Committee.	1 July 2024
Executive Director		
James Kelly	Managing Director	Founder, 2003
Other Executive KMP		
Darren Rowland	Chief Financial Officer and Company Secretary	21 May 2018

The Honourable Nicola Roxon retired on 31 December 2023.
Philippa Kelly will retire from the Board on 31 August 2024 and will be replaced as Chair by David Blight.

4. Capability and performance

The capability and performance of our team is assessed using the internal ROADMAP process. The process includes six-monthly reviews. The team are measured equally on their competency and performance as well as their demonstrated values and behaviours.

The ROADMAP process ensures that performance concerns are identified, addressed, and rectified to ensure optimum capability of all team members driven and managed by our Executive Leadership Team (ELT). This ROADMAP process is used as a behavioural gate for the equity incentive scheme.

5. Structure of Managing Director's and Executive Leadership Team Remuneration

5.1 Managing Director's Remuneration Strategy

Our Managing Director, James Kelly is a co-founder of the business and a substantial shareholder in Lifestyle Communities® Ltd. Each year the Committee reviews his overall remuneration package and conducts external benchmarking at least every two years.

James has elected not to participate in either the short- term incentive plan or the long-term incentive plan by virtue of his significant shareholding in the business, which increased as a result of his participation in the company's capital raising in February 2024.

As a result, the Managing Director's compensation comprises of only base salary, superannuation contributions and a modest car allowance, and remains significantly below market levels for comparable businesses and roles. The Board made an adjustment to James' base salary in FY24, as detailed in Section 7.1.

The Committee and the Board remain comfortable that James is fully aligned to the success of the business due to his substantial shareholding in Lifestyle Communities®.

5.2 Components of Executive Remuneration

Our ELT remuneration is an annual scheme, delivered through a simple, three element structure using both fixed and variable (at risk) components *(see diagram on next page)*.

Lifestyle® COMMUNITIES | Life. Unlimited.

Our Purpose

Lifestyle Communities® was born with the purpose to be socially responsible in creating affordable, homeowner-centric communities for Australians over 50.

Our Values & Culture

Our purpose is embedded in our values-based culture, which drives and inspires people to innovate and create memorable customer experiences that drive the best outcomes for our homeowners.

Our People

Our team are at the heart of all we do. They are recruited with alignment to our Purpose, Values and Culture and their own individual specialised skills. This creates a collaborative environment for curious conversations and performance delivery.

Reward, recognition and alignment with our strategic priorities, both short and long term.

Principles of Remuneration

Competitive and reasonable, enabling the Company to attract and retain key talent who embody our culture and values, delivering business priorities.

Aligned to the Company's business through the creation of meaningful experiences to our homeowners.

Transparent, straightforward, aligned with shareholder interests.

Optimisation of strategic performance outcomes to maximise key stakeholder value, measured through our internal ROADMAP process, our team are equally assessed on their performance and behaviours.

We pay all incentives in share options, not cash, to create strong alignment with shareholders.

The incentive scheme performance metrics are kept to a minimum so that they are easily understood by the team and easily measured.

Shares for the incentive scheme are purchased on market so that there's no dilution of existing shareholders.

Remuneration Framework

Our ELT remuneration is an annual scheme, delivered through a simple, three element structure using both fixed and variable (at risk) components.

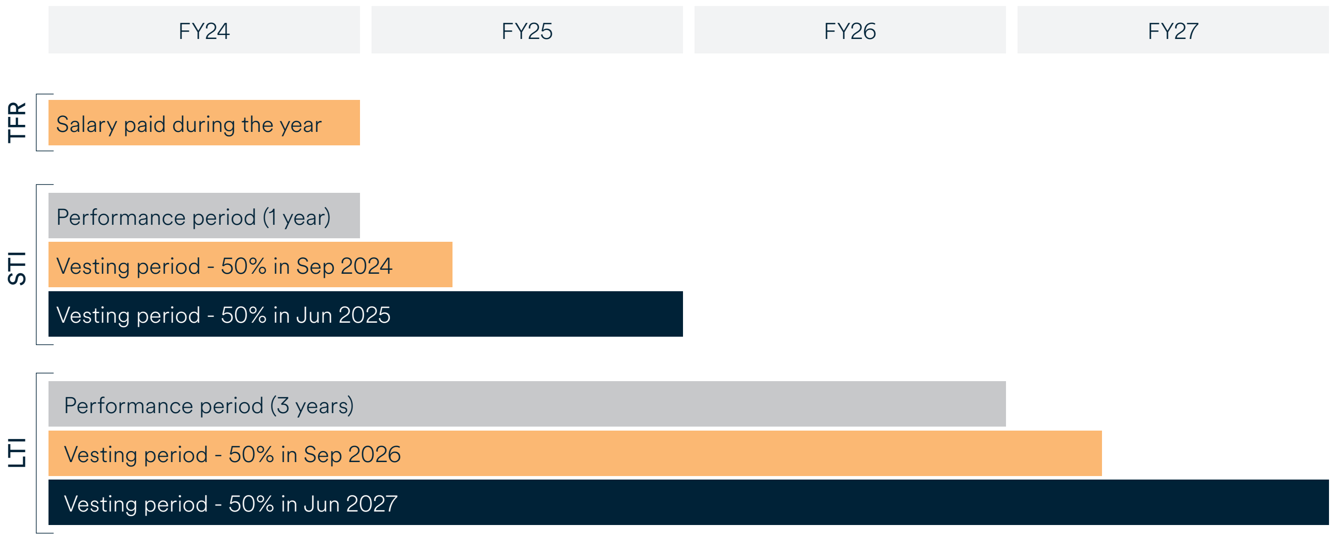
Fixed elements: Base salary, superannuation and other benefits

\+ Short term incentives \+ Long term incentives: *Variable elements*

Components of executive remuneration

Fixed elements	Variable elements	
1. Total Fixed Remuneration (TFR)	**2. Short-term incentive**	**3. Long-term incentive**
How it is delivered		
Cash	Zero exercise price options	Zero exercise price options
How it works		
• Consists of base salary and superannuation • Fixed remuneration is benchmarked against market data from comparable roles, industry peers and similarly sized publicly listed companies. A formal benchmarking exercise is undertaken every second year, or sooner where there is a material role change	• Paid as options to purchase equity in the company after performance and vesting conditions met • Team members are required to continuously demonstrate values and behaviours throughout the performance and deferred vesting periods • 40% of TFR at maximum pro-rated (straight line basis) • Measured against a balanced scorecard consisting of – new home settlements: 30% – cash flow from community operations: 20% – Capital Recovery 20% – Time on Market 15% – Capital Growth 15%	• Paid as options to purchase equity in the company after performance and vesting conditions met • Team members are required to continuously demonstrate values and behaviours throughout the performance and deferred vesting periods • 80% of TFR at maximum pro-rated (straight line basis) • Measured against a balance scorecard consisting of – 3-year new home settlements: 50% – 3-year average return on equity: 50%
What it does		
Fixed remuneration is structured to ensure that high quality talent is attracted and retained, and is suitably motivated to meet Lifestyle Communities® strategic, cultural and business objectives.	Incentivises strong individual and company performance, based on strategically aligned deliverables, through variable, at risk payments.	Aligns reward with creation of sustainable, long-term shareholder value.

What are the time horizons of the awards?



5.3 Structure of the Equity Incentive Scheme for the Balance of our Team

In addition to the Executive Incentive Scheme, the Company operates two additional incentive schemes as shown below. The Employee Incentive Scheme and the Management (Emerging Leaders) Incentive Scheme are both short term annual incentives. The schemes are designed to focus team members on achieving and exceeding various measures which are critical to the success and growth of Lifestyle Communities®.

Each year the Board determines a target range for each of the performance measures and the amount of equity that will be made available.

New for FY24

In alignment with Lifestyle Communities® growth, two new measures were added to both schemes to focus our internal team on our established operations business and the growing Resales business. This change ensured that we optimised performance outcomes on all our new home and established operations business and further aligned the interests of our team with the interests of our customers. These two new measures are:

- Capital Growth – Average annual price growth on established properties resold during the year
- Time on Market – Average time it takes to sell established properties

Performance metric	Employee Share Scheme	Management/Emerging leader Share Scheme	Executive Leadership Team Share Scheme - STI
New home settlements	40%	40%	30%
Capital growth	30%	20%	15%
Time on market	30%	20%	15%
Cashflow from community operations		20%	20%
Capital recovery			20%

The Emerging Leaders Incentive Scheme vests 50% in September 2024 after finalisation of the year end audit, and 50% in June 2025 which assists with retention. The Employee Incentive Scheme vests in September 2024 after finalisation of the end of year audit and approval by the Board.

5.4 Other governance practices that apply to the equity incentive scheme

Issuance to Team Members	• Equity is issued to qualifying team members in the form of zero-priced conditional rights to receive ordinary shares ("options"). • To be eligible to fully participate in the incentive scheme, team members must have been employed by the Company on 1 July of the performance year and remain employed when the options vest. • Options are typically issued in the first quarter of each financial year to existing team members, any team members commencing employment with the Company after 1 July and before 1 April of the performance year are entitled to a pro-rata incentive. ELT members employed after 1 April in a financial year are not eligible for the Executive Incentive Scheme for that particular year
Values and Behaviours	The Values and Behaviours gateway as a pre-qualification to the entitlement to participate in the Equity Incentive Scheme (EIS) reinforces the Board and Executive Team's commitment to maintaining our customer centric culture, demonstrating appropriate behaviours, and managing risk, compliance, and reputational matters.
Fair Value	For accounting purposes, the fair value has been determined at the grant date for Employees employed prior to 1 July and at commencement date of Employees that joined the Company during the year. The expense will be recognised over the vesting periods noted above.
Employee Share Trust	The company currently has two employee share trusts which are administered by independent third parties: 1. FY17 and FY18 Equity Incentive Schemes – Smart Equity Pty Ltd 2. FY19 to FY24 Equity Incentive Schemes – Link Market Services
Board Discretion	The Board has absolute discretion to determine how options are awarded. The Board also has absolute discretion as to who will participate, the quantum, the conditions attaching to the award, whether vesting occurs or not (regardless of if and how the performance conditions have been satisfied) and the treatment of the options in specific circumstances over the life of the options.
Amendment	The Board retains discretion to suspend or terminate the program at any time or amend all or any elements of the program up until the date of payment.
Clawback	The Board can apply clawback on vested and unvested options or forfeit these awards.
Change of Control	The Board has the ability to determine, if a Change of Control Event has occurred or is likely to occur, the manner in which a Participant's Awards (whether vested or unvested) will be dealt with.
Dealing in Securities	A participant may not sell, assign, transfer, grant a security interest over or otherwise deal with options that have been granted to them, unless the Board approves. Participants are also prohibited entering into any derivative or margin lending arrangements over Lifestyle Communities® securities at any time.
Vesting	Following testing and completion of the annual audit, the Board will determine the number of Options to vest, which is expected to occur in late August 2024. Details regarding the vesting of any Options will be included in the FY25 Remuneration Report. Following testing, any Options that do not vest will lapse.
Cessation of Employment	In the event of resignation all unvested Options will lapse unless the Board determines otherwise.

5.5 The relationship between remuneration and company performance

The remuneration framework has been designed to reward the entire Lifestyle Communities® team for their contribution to the collective performance of Lifestyle Communities® and to support the alignment between the remuneration of the team and shareholder returns. The following table demonstrates the link between the Company's remuneration framework and its performance over the last 5 years.

Performance measure	Unit	FY24	FY23	FY22	FY21	FY20
Statutory profit after tax	$m	**50.0**	81.9	91.1	88.9	42.8
Operating profit after tax	$m	**52.9**	71.2	61.4	36.4	31.4
Dividends declared and paid [1]	cps	**10.5**	11.5	10.5	8	5.5
Closing share price (30 June)	$	**12.4**	15.7	13.6	15.6	9.5
Share price increase / (decrease)	%	**(20.6)%**	15.1%	(13.0)%	64.2%	43.9%
Employee share scheme expense [2]	$m	**1.7**	1.4	2.9	1.4	0.3
New home settlements in the year	Homes	**311**	356	401	255	253
Total homes settled	Homes	**3,860**	3,549	3,193	2,792	2,537
Total portfolio (settled and unsettled)	Homes	**6,563**	5,912	5,391	4,834	4,494

Notes:

1. The company issued 17.2 million new shares as part of an equity raising in February 2024. Assuming the same number of shares as the prior year, the dividend for FY24 would have been 12.5 cps.
2. Due to the Covid pandemic, the share options issued for FY21 were reduced by 40%. This, coupled with share price growth, is the main driver of the increase in share scheme expense for FY22 relative to FY21. The new home settlement targets were not met in FY23 and FY24 resulting in a lower expense for these years

6. Remuneration details for FY24

6.1 Managing Director

The total remuneration for the Managing Director (inclusive of superannuation) in FY24 was $1,050,000 and included a $20,000 car allowance as compensation for the extensive travel required between the Company's communities. The Managing Director does not participate in any short term or long-term incentive plans.

External benchmarking indicates that the Managing Director's remuneration remains low relative to peers in the market. To address this, and to minimise the one-off impact on the business in a particular year, the Managing Director's salary has been progressively increased to bring it into line with market over time. The table below demonstrates the movement in salary for FY23, FY24, and the approved salary for FY25.

$000's	FY23	FY24	FY25
Total fixed compensation	900	1,050	1,100

As noted in section 6.2, due to his substantial shareholding, the Managing Director does not participate in either the short-term or long-term incentive plans. The Board will continue to monitor the Managing Director's total fixed compensation and adjust as appropriate.

There were no other material changes to the Managing Director's service agreement during FY24.

Significant conditions

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

There are no other termination payments provided for in the Managing Director's contract.

6.2 Executive Team (ELT)

Fixed remuneration for the executive team is reviewed in the annual ROADMAP process. Increases to fixed remuneration take into account performance and external market and role benchmarking. The Executive Incentive Scheme is a percentage of TFR for each ELT member. This is detailed in section 5.2.

There were no other material changes to Senior Management service agreements during FY24.

Significant conditions

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

FY24 Executive Leadership Team (ELT) Short Term Incentive (STI) Remuneration Outcomes

Following a market review, the Board enhanced the structure of the ELT STI to ensure the following:

- We can retain our leading talent in a highly competitive environment;
- Reward for effort and outcomes closely aligned to our business outcomes; and
- Recognition of the strong business performance led by the ELT to date.

The STI had a 1-year performance period and the following performance metrics

Description	Weighting	Target	Result	Outcome	Weighting achieved
New Home Settlements continues as one of the main operational performance metrics as it is a key driver of earnings growth and shareholder value.	30%	Achievement of 420 or above new home settlements	311 Settlements	Not Achieved	0.0%
Cashflow from Community Operations (CCO) is an important operational metric focused on the efficient management of our communities, costs and resales.	20%	FY24 CCO $21.2m (low) up to $23.4m (high)	FY24 CCO = $22.4m	Partly Achieved	17.8%
Capital recovery focuses on recovery of capital deployed into development projects.	20%	Net capital recovery aggregated across all projects meets or exceeds commencement case	Net surplus to commencement case across all projects	Not-Achieved	0.0%
Time on Market s an important metric focused on the time it takes to sell a customer's home when they exit.	15%	110 days (low) up to 70 days (high)	Average time on market of 63.4 days	Achieved	15.0%
Capital Growth measures the average annual price growth a homeowner achieves between when they move in and when they move out.	15%	6.5% (low) up to 10.5% (high)	Average annual price growth = 10.02%	Partly Achieved	14.0%

When setting the performance metrics for FY24, the above metrics were selected as the most appropriate to ensure optimum performance.

The metrics are independent of each other, and failure of one metric does not impact achievement of the others.

The maximum STI available in FY24 was 40% of total fixed remuneration (TFR) for each ELT member. The actual outcome achieved based on the above performance outcomes was 18.9% of TFR. No Board discretion was applied in calculating the outcomes achieved.

Update on ELT Long Term Incentives

At the end of FY24 there were three long term incentive plans in operation. An update on each of the respective schemes is shown in the tables below.

FY22 Scheme

Metric	Weighting	Target	Result			Outcome
			FY22	FY23	FY24	
New Home Settlements remain as one of the key drivers of business performance and shareholder value. Lifestyle Communities® provides guidance to the market on a rolling 3-year forward basis.	40%	1,100 to 1,300 new home settlements (pro-rata) between FY22 and FY24	401	356	311	1,068 Settlements Not achieved
Adjusted Return on Equity (ROE) measures the business's efficiency in deploying capital. Lifestyle Communities® uses an adjusted ROE measure to remove the volatility of movements in property valuations driven by external market factors which are outside of management's control.	40%	14% to 18% average ROE (pro-rata) for FY22, FY23, and FY24	16%	12.9%	9.4%	Average = 12.8% Not achieved

FY23 Scheme

Metric	Weighting	Target	Result			Outcome
			FY23	FY24	FY25	
New Home Settlements remain as one of the key drivers of business performance and shareholder value. Lifestyle Communities® provides guidance to the market on a rolling 3-year forward basis.	40%	1,400 to 1,700 new home settlements between FY23 and FY25	356	311	tbc	In progress – 1 year remaining
Adjusted Return on Equity (ROE) measures the business's efficiency in deploying capital. Lifestyle Communities® uses an adjusted ROE measure to remove the volatility of movements in property valuations driven by external market factors which are outside of management's control.	40%	14% to 18% average ROE (pro-rata) for FY23, FY24, and FY25	11.7%	7.5%	tbc	In progress – 1 year remaining

Note: The Adjusted ROE target is set at the start of each scheme period. As such, the opening equity and property valuation adjustments are different for each scheme. This is the reason for the variation in outcomes between the FY22, FY23 and FY24 schemes.

FY24 Scheme

Metric	Weighting	Target	Result			Outcome
			FY24	FY25	FY26	
New Home Settlements remain as one of the key drivers of business performance and shareholder value. Lifestyle Communities® provides guidance to the market on a rolling 3-year forward basis.	40%	1,400 to 1,700 new home settlements between FY24 and FY26	311	tbc	tbc	In progress - 2 years remaining
Adjusted Return on Equity (ROE) measures the business's efficiency in deploying capital. Lifestyle Communities® uses an adjusted ROE measure to remove the volatility of movements in property valuations driven by external market factors which are outside of management's control.	40%	14% to 18% average ROE (pro-rata) for FY24, FY25, and FY26	7.6%	tbc	tbc	In progress - 2 years remaining

Note: The Adjusted ROE target is set at the start of each scheme period. As such, the opening equity and property valuation adjustments are different for each scheme. This is the reason for the variation in outcomes between the FY22, FY23 and FY24 schemes.

The metrics are independent of each other, and failure of one metric does not impact achievement of the other.

The maximum LTI achievable in FY24 equates to 80% of TFR for each ELT member. The outcome of the completed FY22 scheme was 0%.

7. Non Executive Directors' remuneration

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

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

In 2024 independent benchmarking was undertaken and as a result, the fee levels have been adjusted. Fees are aligned with comparable firms while having consideration for the company's performance and external environment. The fees for FY24 and the approved increase effective 1st July 2024 are detailed in the following table:

Current Director and Committee Fees (per annum) are set out below

$000's	FY24	FY25
Board fees		
Chair	240	250
Member	110	115
Audit & Risk Committee		
Chair	22	22
Member	10	10
People & Culture Committee		
Chair	22	22
Member	10	10

The People & Culture Committee regularly reviews the level of fees paid to Non- Executive Directors and the Managing Director. External benchmarking occurs every two years.

8. Remuneration Details of Key Management Personnel

In this Annual report, remuneration outcomes are presented based on the requirements of accounting standards (which has the benefit of being readily comparable with other companies) as well as the actual "take-home" pay received by KMP personnel (being cash, other benefits and the value exercised during the relevant financial year).

Differences can arise based on options which carry a deferred vesting and exercise period. Options are expensed over the vesting period based on their fair value when originally granted to the Executive. This may be significantly different to their value, if and when, the incentive vests to that Executive.

The following tables disclose the remuneration of the KMP of the Company for the 2024 financial year and for the previous financial year.

2024

$000's	Salary and fees	Annual and long service leave [1]	Super	Equity-based payments [2]	Total	Performance related	Take home pay [3]
Directors							
James Kelly [4]	1,022	45	28		1,095		1050
Philippa Kelly	247		13		260		260
David Blight	132				132		132
Nicola Roxon (retired 31 December 2023)	58				58		58
Mark Blackburn	119		13		132		132
Claire Hatton	108		12		120		120
Consolidated remuneration	**1,686**	**45**	**66**	**0**	**1,797**	**–**	**1,752**
Key management personnel							
Darren Rowland	472	(13)	28	1	488	0.2%	500
Consolidated remuneration	**2,158**	**32**	**94**	**1**	**2,285**	**0.0%**	**2,252**

2023

$000's	Salary and fees	Annual and long service leave [1]	Super	Equity-based payments [2]	Total	Performance related	Take home pay [3]
Directors							
James Kelly [4]	872	(30)	28		870	–	900
Philippa Kelly	208		22		230	–	230
David Blight	105		0		105	–	105
Nicola Roxon	100		0		100	–	100
Mark Blackburn	95		10		105	–	105
Claire Hatton	90		10		100	–	100
Consolidated remuneration	**1,470**	**(30)**	**70**	**0**	**1,510**	**–**	**1,540**
Key management personnel							
Darren Rowland	429	41	28	160	658	24.3%	457
Consolidated remuneration	**1,899**	**11**	**98**	**160**	**2,168**	**7.4%**	**1,997**

Notes:

1. Annual leave and long service leave represents movements in provisions.
2. Equity based payments represents the fair value of the options granted to key management personnel in FY21, FY22, FY23, and FY24 determined by allocating the grant date value on a straight-line basis over the period from the grant date to the vesting date.
3. Take home pay is a non-IFRS measure which includes salary and fees, super, and the cash value of any options exercised during the year (measured at the closing share price on the day of exercise or the termination date for anyone that departs during the year). These figures have been audited and are provided to give a better understanding of remuneration of Directors and Key Management Personnel.
4. Included in James Kelly's salary and fees is a $20,000 car allowance.

9. Shares and options held by key management personnel

Vested and unvested options yet to be exercised

	Maximum entitlement	Grant date	Expiry date	Exercise price	Value per option at grant date	Final entitlement	Vested and exercisable	Unvested
Darren Rowland								
FY19 - STI	20,000	15/11/2019	15/11/2029	$Nil	$5.81	15,000	15,000	
FY21 - STI	12,000	15/11/2019	15/11/2029	$Nil	$11.27	12,000	12,000	
FY22 - STI Tranche 1	5,642	15/09/2021	15/09/2031	$Nil	$22.01	5,642	5,642	
FY22 - STI Tranche 2	5,642	15/09/2021	15/09/2031	$Nil	$21.92	5,642	5,642	
FY22 - 3 Year LTI Tranche 1	11,287	15/09/2021	15/09/2031	$Nil	$21.79	Nil		
FY22 - 3 Year LTI Tranche 2	11,287	15/09/2021	15/09/2031	$Nil	$21.71	Nil		
FY23 - STI Tranche 1	6,755	03/10/2022	03/10/2032	$Nil	$15.47	4,221	4,221	
FY23 - STI Tranche 2	6,755	03/10/2022	03/10/2032	$Nil	$15.42	4,221	4,221	
FY23 - 3 Year LTI Tranche 1	13,510	03/10/2022	03/10/2032	$Nil	$15.32	to be determined		
FY23 - 3 Year LTI Tranche 2	13,510	03/10/2022	03/10/2032	$Nil	$15.24	to be determined		
FY24 - STI Tranche 1	6,667	03/10/2023	03/10/2033	$Nil				3,147
FY24 - STI Tranche 2	6,667	03/10/2023	03/10/2033	$Nil				3,147
FY24 - 3 Year LTI Tranche 1	13,333	03/10/2023	03/10/2033	$Nil		to be determined		
FY24 - 3 Year LTI Tranche 2	13,333	03/10/2023	03/10/2033	$Nil		to be determined		
Total						**46,726**	**46,726**	**6,294**

Note 1: Vesting of unvested options is at the discretion of the Board
Note 2: Exercise of vested options is at the discretion of the employee

Movement in vested and exercisable options during the year

	Balance at 1 July 2023	Vested	Exercised	Balance at 30 June 2024	Value at 30 June 2024
Darren Rowland	38,284	8,442	–	46,726	$580,804

All options have a zero exercise price.

Shares

	Shares held at the beginning of the year	Purchased on market	Options exercised	Sold	Shares held at the end of the year
Directors					
James Kelly	7,077,001	625,000			7,702,001
Philippa Kelly	75,000	5,000			80,000
David Blight	11,000	1,810			12,810
Claire Hatton	1,760	2,426			4,186
Mark Blackburn	8,000	3,000			11,000
Management					
Darren Rowland	2,500				2,500

10. Remuneration report voting at Annual General Meeting

Lifestyle Communities® Limited received 97.94% of votes in support of its remuneration report at the 2023 Annual General Meeting.

Additional Remuneration Data

FY24

Job classification	Women	Average of TFR	Men	Average of TFR	Total	Average TFR	Women (%)	Men (%)
Managing Director			1	1,050,000	1			
Key Management Personnel			1	500,000	1			
Executive Leadership Team	4	370,000	2	430,000	6	390,000	67%	33%
Managers	9	184,905	5	181,890	14	183,828	64%	36%
Team / Subject Matter Leader	4	157,345	2	172,262	6	170,762	67%	33%
All other Team Members	108	94,870	50	107,997	158	99,024	68%	32%
Total	**125**		**61**		**186**		**67%**	**33%**

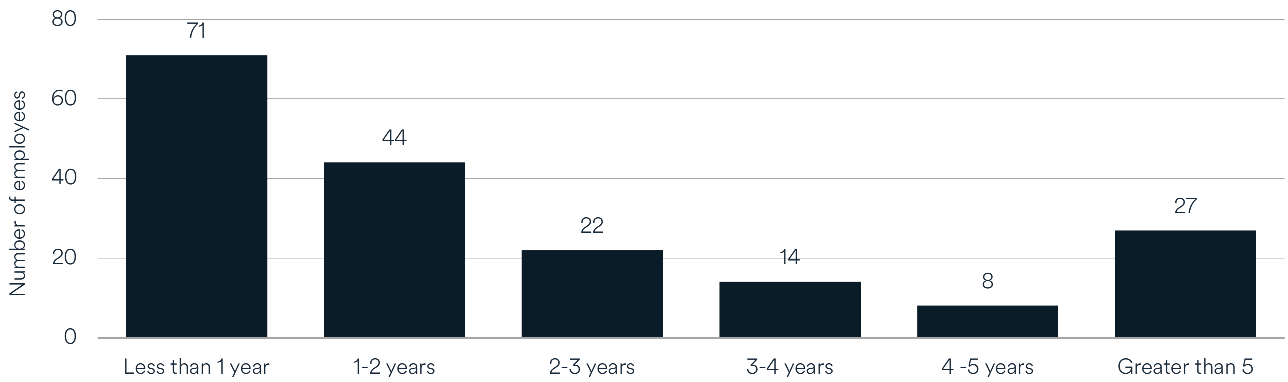
Kelly, James MR	1,050,000.00
Ratio of MD total annual compensation to median employee TFR	10.5x

FY23

Job classification	Women	Average of TFR	Men	Average of TFR	Total	Average TFR	Women (%)	Men (%)
Managing Director			1	900,000	1			
Key Management Personnel			1	448,000	1			
Executive Leadership Team	4	351,066	2	400,000	6	367,377	67%	33%
Managers	9	165,553	12	166,497	21	166,092	43%	57%
Team / Subject Matter Leader	12	135,612	2	137,895	14	135,938	86%	14%
All other Team Members	92	90,214	32	84,001	124	88,611	74%	26%
Total	**117**		**50**		**167**		**70%**	**30%**

Kelly, James MR	900,000.00
Ratio of MD total annual compensation to median employee TFR	9.9x

Employee tenure



Our Club Lifestyle villas include access to e-bikes to explore this beautiful location

Relax on the private beach at Club Lifestyle

Auditor's Independence Declaration

As lead auditor for the audit of Lifestyle Communities Limited for the year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been:

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

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

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

Andrew Cronin
Partner
PricewaterhouseCoopers

Melbourne
13 August 2024

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

New homeowners at Lifestyle Riverfield

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2024

$000's	Note	2024	2023
Development revenue			
Home settlement revenue	2.1	**182,927**	180,827
Cost of sales	2.1	**(148,310)**	(142,837)
Gross profit from home settlements		**34,617**	37,990
Management and other revenue			
Rental revenue	2.1	**41,436**	34,244
Deferred management fees	2.1	**13,220**	12,921
Utilities revenue	2.1	**4,849**	4,061
Finance revenue	2.1	**796**	240
Total management and other revenue		**60,301**	**51,466**
Fair value adjustments	2.2	**51,744**	84,946
Less expenses			
Development expenses (sales and marketing)	2.1	**(22,771)**	(13,111)
Community operating expenses	2.1	**(18,383)**	(15,219)
Deferred management fee expenses	2.1	**(2,387)**	(2,061)
Utilities expenses	2.1	**(4,803)**	(4,160)
Corporate overheads	2.1	**(20,375)**	(17,148)
Employee share scheme	2.1	**(1,685)**	(1,404)
Finance costs	2.1	**(4,278)**	(2,919)
Other costs		**(482)**	(1,156)
Statutory profit before income tax		**71,498**	117,224
Income tax expense	2.4	**(21,519)**	(35,324)
Profit from continuing operations		**49,979**	**81,900**
Earnings per share for profit attributable to the ordinary equity holders of the parent entity:			
Basic earnings per share (cents)	2.3	**45.5**	78.3
Diluted earnings per share (cents)	2.3	**45.3**	78.0

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

Consolidated Statement of Financial Position

For the year ended 30 June 2024

$000's	Note	2024	2023
ASSETS			
Current assets			
Cash and cash equivalents	4.3	**4,095**	1,233
Trade and other receivables	2.6	**1,256**	955
Inventories	3.3	**133,849**	136,833
Current tax receivables	2.4	**7,042**	–
Assets held for sale	3.5	–	3,426
Other assets	2.7	**2,489**	1,674
Total current assets[1]		**148,731**	**144,121**
Non current assets			
Inventories	3.3	**187,352**	56,722
Other assets	2.7	**1,328**	1,329
Property, plant and equipment	3.4	**28,731**	20,770
Investment properties	3.1	**1,141,373**	962,150
Hedge receivable	1.5	**1,378**	2,884
Right of use assets	3.7	**2,737**	3,464
Total non current assets		**1,362,899**	**1,047,319**
TOTAL ASSETS		**1,511,630**	**1,191,440**
LIABILITIES			
Current liabilities			
Trade and other payables	2.8	**158,256**	62,002
Lease liabilities	3.7	**1,037**	1,095
Current tax liabilities	2.4	–	1,020
Provisions	5.2	**1,419**	1,259
Total current liabilities		**160,712**	**65,376**
Non current liabilities			
Trade and other payables	2.8	–	53,847
Interest bearing loans and borrowings	4.4	**324,000**	371,000
Lease liabilities	3.7	**3,225**	3,962
Provisions	5.2	**379**	443
Deferred tax liabilities	2.4	**191,559**	171,954
Total non current liabilities		**519,163**	601,206
TOTAL LIABILITIES		**679,875**	**666,583**
NET ASSETS		**831,755**	**524,857**
EQUITY			
Contributed equity	4.5	**326,215**	55,925
Reserves	4.6	**8,008**	9,354
Retained earnings	4.6	**497,532**	459,578
TOTAL EQUITY		**831,755**	**524,857**

Note:

1. Our current assets are lower than our current liabilities at 30 June 2024 (-$11m) however our loan headroom of $380m will be applied to both land payments detailed in note 2.8 of $123.3m in the next 12 months together with development and operational spend. These funds will be drawn from the debt facility to meet these obligations as they fall due.

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2024

2024

$000's	Note	Contributed equity	Reserves	Hedging reserve	Retained earnings	Total equity
Balance at 1 July 2023		55,925	7,331	2,023	459,578	524,857
Profit for the year		–	–	–	49,979	49,979
Total comprehensive income for the year		**–**	**–**	**–**	**49,979**	**49,979**
Transactions with owners in their capacity as owners						
Treasury shares purchased (rights issue)		(1,300)				(1,300)
Capital raise		275,118				275,118
Costs associated with the capital raise		(5,505)				(5,505)
Vesting of treasury shares		1,977	(1,977)			–
Hedge reserve				(1,054)		(1,054)
Employee share scheme expense			1,685			1,685
Dividends paid or provided for	4.7				(12,025)	(12,025)
Balance at 30 June 2024		**326,215**	**7,039**	**969**	**497,532**	**831,755**

2023

$000's	Note	Contributed equity	Reserves	Hedging reserve	Retained earnings	Total equity
Balance at 1 July 2022		57,726	6,028	–	389,703	453,457
Profit for the year		–	–	–	81,900	81,900
Total comprehensive income for the year		**–**	**–**	**–**	**81,900**	**81,900**
Transactions with owners in their capacity as owners						
Treasury shares purchased		(1,902)				(1,902)
Vesting of treasury shares		101	(101)			–
Hedge reserve				2,023		2,023
Employee share scheme expense			1,404			1,404
Dividends paid or provided for	4.7				(12,025)	(12,025)
Balance at 30 June 2023		**55,925**	**7,331**	**2,023**	**459,578**	**524,857**

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2024

$000's	Note	2024	2023
Cash flow from operating activities			
Receipts from customers		**261,118**	250,898
Payments to suppliers and Employees [1]		**(341,949)**	(257,441)
Income tax paid	2.4	**(9,386)**	(9,389)
Interest received		**796**	241
Interest paid		**(25,811)**	(14,723)
Net cash provided by/(used in) operating activities	2.5	**(115,232)**	**(30,414)**
Cash flow from investing activities			
Purchase of property, plant and equipment		**(10,967)**	(8,525)
Purchase of investment properties		**(77,186)**	(73,519)
Net cash provided by/(used in) investing activities		**(88,153)**	**(82,044)**
Cash flow from financing activities			
Principal elements of lease payments		**(772)**	(275)
Capital raise (net receipts)		**267,344**	–
Purchase of treasury shares for employee share scheme		**(1,300)**	(1,902)
Proceeds from/(repayments of) external borrowings		**(47,000)**	126,000
Dividends paid		**(12,025)**	(12,025)
Net cash provided by/(used in) financing activities		**206,247**	**111,798**
Net increase/(decrease) in cash and cash equivalents held		**2,862**	(660)
Cash and cash equivalents at the beginning of the financial year		**1,233**	1,893
Cash and cash equivalents at end of financial year		**4,095**	**1,233**

Note:
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's construction. In FY24 payments to suppliers and Employees includes $100 million of such costs (FY23: $62.4m).

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

Notes to the Financial Statements

For the year ended 30 June 2024

1. How we have prepared this report

1.1 Basis of Preparation

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

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

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

Significant accounting policies adopted in the preparation of these financial statements are consistent with prior reporting periods.

Compliance with IFRS

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

Historical cost convention

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

Rounding of amounts

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

1.2 Principles of consolidation

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

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

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

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

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

1.3 Significant accounting estimates and judgements

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

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

(a) Significant accounting judgments

(i) Income tax

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

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

(b) Critical accounting estimates and judgements

(i) Valuation of investment properties

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

(ii) Share based payment transactions

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

(iii) Inventories are measured at the lower of cost and net realisable value ("NRV").

The NRV of inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and costs to sell. The selling price is determined from the most reliable evidence available at the time of reporting. Future costs to complete are estimated based on the latest quarterly forecasts and include the costs expected to be incurred to complete and sell remaining unsold inventories.

(iv) Future project accruals relates to the portion of civils and infrastructure on the homes already settled however not yet paid and partially completed. The accruals are determined based on the latest quarterly forecasts and interest assumptions.

1.4 Joint Arrangement

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

1.5 Derivative financial instruments

The group holds an interest rate swap as a derivative instrument.

In order to qualify for hedge accounting, prospective hedge effectiveness testing must meet all of the following criteria:

- An economic relationship exists between the hedged item and hedging instrument;
- The effect of credit risk does not dominate the value changes resulting from the economic relationship; and
- The hedge ratio is the same as that resulting from actual amounts of hedged items and hedging instruments for risk management.

Derivative financial instruments are recognised initially at fair value and remeasured at each balance date.

The valuation of derivatives is an area of accounting estimation and judgement for the Company.

Third party valuations are used to determine fair value and consider inputs such as forward yield curves.

The interest rate swap qualifies for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

Documentation for hedge accounting

At the inception of the transaction, the company designates and documents these derivative instruments into a hedging relationship with the hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions.

The company documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives used in hedging transactions have been and will continue to be effective in offsetting the cash flows of hedged items.

Cash flow hedge

The cash flow hedge has been adopted to hedge the exposure of variability in cash flows attributable to the interest rate fluctuations.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity in the cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within finance income or expense.

Amounts in the cash flow hedge reserve are recognised in profit or loss in the periods when the hedged item is recognised in profit or loss.

Hedge accounting is discontinued when the hedging instrument matures or is sold, terminated or exercised, no longer qualifies for hedge accounting, or when the group revokes designation. Any cumulative gain or loss recognised in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is recognised immediately in profit or loss.

Reconciliation of cash flow hedge reserve

$000's	2024	2023
Opening cash flow hedge reserve	**2,884**	–
Net change in fair value of cash flow hedges	**(1,506)**	2,884
Closing cash flow hedge reserve	**1,378**	**2,884**

1.6 Leases

The group leases it's support office at 101 Moray St, South Melbourne and also a retail space at Fountain gate shopping centre.

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

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the group under residual value guarantees
- The exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Right-of-use assets are measured at cost comprising the following:

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right of-use asset is depreciated over the underlying asset's useful life. While the group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the group.

1.7 Provisions

Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave, long service leave and any other employee benefits expected to be settled within 12 months of the reporting date are measured at the amounts based on remuneration rates that are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave and long service leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before 12 months after the end of the reporting period are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected further payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high-quality corporate bonds that have maturity dates that approximate the terms of the obligations. Any re-measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs. Other long-term employee benefit obligations are presented as current liabilities in the consolidated statement of financial position if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the consolidated statement of financial position.

2. How we have performed this year

2.1 Profit from continuing operations

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

Revenues

The Group has three main revenue streams including Home Settlement Revenue, Rental Revenue, Deferred Management Fee revenue, and two ancillary revenue streams, Utilities revenue and Interest revenue.

(i) *Home settlement revenue*

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

$000's	2024	2023
Number of settlements	**311**	356
Home settlement revenue	**182,927**	180,827
Cost of sales	**(148,310)**	(142,837)
Gross profit from home settlements	**34,617**	37,990
Gross profit margin (%)	**18.92%**	21.01%
Development expenses (sales, marketing, and project management)	**(22,771)**	(13,111)

New home settlements were 311 in FY24 (FY23: 356) and whilst settlements were lower, revenue was higher due to the higher average selling prices, $686k in FY24 compared to $613k in FY23. The margin % has decreased year on year largely due to the increased interest costs charged to the projects coupled with the project community mix.

Cost of sales includes $44m for the share of community infrastructure sold to each homeowner and expensed upon settlement (FY23: $47.6m).

(ii) *Community Operations*

Rental revenue is derived under the Site Lease Agreement granting the homeowners a right to use the Land for their property for 90 years. The rent is calculated on a weekly basis per tenant as per the contract. Rental revenue is recognised as it is earned. Rental revenue meets the definition of a lease arrangement and falls outside the scope of AASB 15 and is therefore accounted for in accordance with AASB 16 Leases. Community operating expenses include salaries of onsite community managers and all costs necessary to ensure the efficient operation of the communities.

$000's	2024	2023
Number of homes under management at 30 June	**3,860**	3,549
Rental revenue	**41,436**	34,244
Community operating expenses	**(18,383)**	(15,219)
Net Community surplus	**23,053**	19,025
Margin	**55.64%**	55.56%

Rental revenue and community operating expenses both increased during FY24 due to an increased number of homes under management as new communities commence operation and homes progressively settle. Rental revenue is contractually fixed to increase by the greater of CPI or 3.5% annually. The gross margin increased due to the mix of new and established communities. Rent does not commence until the clubhouse opens however costs commence earlier.

(iii) Deferred management fee

The Deferred Management Fee (DMF) covers the cost of improving and contemporising our communities over time in accordance with our 30 year maintenance plans for each community. The DMF ensures Lifestyle Communities® and our homeowners interests are aligned in growing the value of homes in our communities. The deferred management fee is considered highly susceptible to factors outside the Group's influence until realised, including the timing and the amount of consideration received, which is based on a percentage of the resale value at the time the home is sold, the value of which is at the homeowners discretion and subject to prevailing market conditions. These factors result in a degree of variability in the timing and quantum of the expected consideration, and as such revenue from deferred management fee is recognised at a point in time upon the resale settlement of the home when the vendor transfers control of the home and community infrastructure to the incoming homeowner. Revenue for deferred management fees are recognised under AASB 15.

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

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

For all contracts entered into post 1 July 2023, the fee payable is based on a pro-rata basis, starting at 4% per year and capped at 20% up to 5 years.

$000's	2024	2023
Number of resales	**151**	178
Deferred management fees	**13,220**	12,921
Deferred management fee expenses	**(2,387)**	(2,061)

Resales volumes were lower in FY24 than in FY23 due to a lower number of homes listed for sale. Listings are outside of the control of the company. The company focuses on:

1. Selling the listings as quickly as possible; and
2. Maximising the price achieved for the homeowners that are selling.

These two metrics are also reflected in the employee incentive scheme.

Despite the lower listing volumes, revenue in FY24 was higher than FY23 due to the increased average price achieved per resales and a higher average DMF percentage per sale. FY24 average sale price was $519k compared to $486k in FY23. FY24 average DMF was 18% compared to 17.1% in FY23.

Deferred management fee expenses are expenses incurred to assist with sales and marketing of resale homes.

(iv) Utilities revenue and expenses

Lifestyle Communities® operates embedded networks for electricity and water. Gas (where applicable) is provided by third party retailers. Electricity and Water usage is individually metered, billed to homeowners monthly, and recorded as revenue in the respective month. Lifestyle Communities® adjusts its rates to homeowners on a regular basis based on usage and the price Lifestyle Communities® pays to the relevant wholesalers. It is the Company's intention to utilise its increasing scale to negotiate favourable commercial outcomes for homeowners and pass on the lowest possible cost of utilities to homeowners. The Company does not seek to make a profit from utilities, however in FY24 the profit relates to a timing difference between revenue and costs.

$000's	2024	2023
Utilities revenue	**4,849**	4,061
Utilities expenses	**(4,803)**	(4,160)

(v) Finance revenue and costs

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

$000's	2024	2023
Finance revenue	**796**	240

(a) Finance costs expensed

Borrowing costs are expensed as incurred, except for borrowing costs incurred as part of the cost of the construction of a qualifying asset which are capitalised until the asset is ready for its intended use or sale. Lifestyle Communities' developments are classified as qualifying assets. Establishment fees are amortised over the life of the facility. The average interest rate paid in FY24, including commitment fees, was 6.14% up from 4.44% in FY23. The increase in interest expensed is due to the increased interest rate and increased facility size.

$000's	2024	2023
Interest on secured loans	**3,554**	2,487
Amortisation of loan facility fees	**724**	432

(b) Finance costs capitalised

Finance costs capitalised refers to interest capitalised at the prevailing facility interest rate as part of inventory during development and then classified as costs of goods sold as a pro-rata amount upon settlement of each home. The increase is due to increased draw downs to fund the construction costs for new projects and also increased interest rates.

$000's	2024	2023
Interest on secured loans	**22,615**	12,582

(vi) Corporate overheads

Corporate overheads include the Company's support functions such as the Executive Team, People Experience, Finance, Information Technology and Legal. It also includes regulatory and other compliance costs, the cost of the Employee equity incentive plan, and the support office located in South Melbourne.

$000's	2024	2023
Corporate overheads	**20,375**	17,148
Employee share scheme	**1,685**	1,404

Corporate costs increased compared to the prior year due to increased resources, full year impact of the new support office and information technology costs required to support business growth.

In FY24, two new measures were added to employee share scheme to further align the interests of our team with the interests of our customers. The additional measures were time-on-market and capital growth for established home resales. The new home settlement target was retained.

The settlement target in FY24 was not achieved whilst the time on market and capital growth targets were achieved for the general scheme. The cashflow from community operations KPI was achieved for both the management and executive FY24 schemes. Details are listed in the remuneration report on page 73.

(vii) Depreciation, amortisation and impairment

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

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

2.2 Fair Value Adjustments

	FY24 ($m)	FY23 ($m)
Uplift in value arising from settled homes during the year (311 new home settlements FY23: 356)	**38**	43
The uplift created as a result of the contractual rent increase	**18**	27
Movements as a result of changes to valuation assumptions	**(4)**	15
Total Fair Value Adjustment	**52**	**85**

(a) Fair value adjustments—Investment Properties

Fair value adjustment results from valuing communities at their fair value at balance date. This income represents incremental adjustments to the fair value of investment properties upon settlement of units and reflects the discounted value of future rental and deferred management fee revenues net of expenses as well as the fair value of undeveloped land. More information on fair value adjustments is contained in note 3.1.

2.3 Earning per share

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

(a) Earnings used in calculating earnings per share

$000's	2024	2023
Net profit	**49,979**	81,900

(b) Weighted average number of shares

$000's	2024	2023
Ordinary shares	**109,901**	104,545
Treasury shares	**(513)**	(570)
Weighted average number of ordinary shares for basic earnings per share	**109,388**	103,975
Effect of dilution		
Options	366	491
Weighted average number of ordinary shares adjusted for dilution	**110,267**	**105,036**

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

Treasury shares are purchased and held in an employee share trust to satisfy options issued to employees under the employee share scheme. It remains the company's intention to settle all outstanding options with equity purchased on market rather than issue new equity.

The total number of securities issued during the reporting period was 74,180. The average price per security at which the security was issued during the reporting period was $16.00. These securities were purchased by the employee share trust as part of the Company's rights issue.

2.4 Income Tax Expense

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

The over provision of $1m relates to the change in tax legislation during the Covid period which allowed for an instant asset write-off for the period up to June 2023.

Deferred tax balances

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

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

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

Tax consolidation

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

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

$000's	2024	2023
Current tax	**1,236**	9,311
Deferred income tax	**20,283**	26,013
	21,519	**35,324**

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

$000's	2024	2023
Increase in deferred tax assets	**(533)**	(2,506)
Increase in deferred tax liabilities	**20,138**	29,997
	19,605	**27,491**

Deferred tax liabilities increased in line with the increased fair value adjustment. This tax liability will only be realised should an investment property be disposed of on an individual basis, which the Company views as unlikely.

(c) Reconciliation of income tax to accounting profit:

$000's	2024	2023
Accounting profit before tax	**71,498**	117,224
Tax	**30%**	30%
	21,449	**35,167**
Add / (less):		
Tax effect of:		
Entertainment	**70**	66
Unders/overs	**–**	91
Income tax expense	**21,519**	**35,324**

(d) Current tax liabilities/(receivables)

Current tax relates to the following:

$000's	2024	2023
Opening balance	**1,020**	1,404
Income tax payable	**1,236**	9,311
Tax payments	**(8,340)**	(9,389)
Over provision in prior years	**(958)**	(306)
Current tax (receivable)/payable	**(7,042)**	**1,020**

(e) Deferred tax

Deferred tax relates to the following:

$000's	2024	2023
Deferred tax assets		
The balance comprises		
Lease liability	**1,278**	1,626
Deferred deductions	**2,153**	335
Provision for employee entitlements	**539**	511
Accruals and business expenses	**663**	1,634
Superannuation	**28**	22
	4,661	**4,128**
Deferred tax liabilities		
Interest capitalised	**7,504**	3,613
Investment property fair value adjustments	**183,970**	168,446
Employee share scheme	**709**	865
Hedge reserve	**413**	858
Fixed assets	**2,803**	1,261
Right of use asset	**821**	1,039
	196,220	**176,082**
Net deferred tax liability	**191,559**	**171,954**

2.5 Cash Flow Information

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

$000's	2024	2023
Statutory Operating Profit	**49,979**	81,900
Cash flows excluded from profit attributable to operating activities		
Non cash flows in profit:		
depreciation	**3,006**	2,365
amortisation	**1,451**	946
share based payments	**1,685**	1,404
fair value adjustment	**(51,744)**	(84,946)
Changes in assets and liabilities:		
(increase)/decrease in trade and other receivables	**(300)**	8
(increase)/decrease in other assets	**–**	(497)
(increase)/decrease in inventories	**(127,645)**	(57,876)
increase/(decrease) in trade and other payables	**(19,427)**	(87)
increase/(decrease) in provisions	**96**	(431)
increase/(decrease) in current tax	**8,062**	(384)
increase/(decrease) in deferred tax	**19,605**	27,184
Net cash flow from operating activities	**(115,232)**	**(30,414)**

2.6 Trade and other receivables

$000's	2024	2023
Other receivables	**1,256**	955

Other receivables includes unbilled rental revenue which is deducted from final resale settlements together with a revenue accrual booked to account for the timing of utility income.

(a) Fair value and credit risk

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

2.7 Other assets

$000's	2024	2023
Security deposits	**222**	556
Other assets	**2,326**	1,752
Prepayments	**1,269**	695
Total	**3,817**	**3,003**

(a) Fair value and credit risk

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

2.8 Trade and other payables

$000's	Note	2024	2023
Trade payables	(a)	**24**	2,272
Customer deposits	(b)	**1,805**	880
GST payable	(c)	**473**	528
Other payables and accruals	(d)	**32,685**	36,725
Contracted land-current	(e)	**123,269**	21,597
Contracted land-non current	(e)	–	53,847
Total		**158,256**	**115,849**

(a) Trade payables

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

(b) Customer deposits

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

(c) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Where applicable receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(d) Other payables

Other payable includes accruals for works completed or commitments made prior to the end of the year where the invoices will be paid after the end of the year.

(e) Contracted land

Includes amounts payable on four parcels of land for contracts entered into prior to the reporting date (including stamp duty). All of the four contracts, totalling $123 million, are expected to settle in FY25. All purchases will be funded from existing debt facilities.

2.9 Segment Information

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

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

3. Our business assets

3.1 Investment properties

The valuation of the Company's investment properties comprise:

- Capitalisation of the rental revenue
- Capitalisation of the deferred management fees
- Undeveloped land

The undeveloped land is converted to capitalised rental and deferred management fees upon settlement of each home.

At 30 June 2024, the fair value has been determined by a combination of the discounted annuity streams associated with completed home units and the fair value of the undeveloped land. The gain arising from the change in the fair value of investment properties has been recognised in the profit or loss.

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

$000's	2024	2023
Opening balance	**962,150**	850,247
Additions (contracted land and capitalised costs)	**127,479**	28,026
Net unrealised gain from fair value adjustments	**51,744**	83,877
Closing balance	**1,141,373**	**962,150**

The Company's Investment Property Valuation Policy requires that the programme for independent valuations is signed off by the Board and aims to value a minimum of 50% of the portfolio each year. Valuations are to be conducted by independent external valuers who are considered industry specialists in valuing these types of investment properties. The independent valuer can only value an investment property on three separate occasions.

For FY24, fourteen of twenty five operating communities have been externally valued by independent valuers CBRE, Cushman & Wakefield and ValuedCare. For the remaining communities, the Directors have estimated the fair value internally utilising inputs from the independent valuations.

Fair Value Measurement, Valuation Techniques, and Inputs

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

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

Rental revenue is valued using the rent capitalisation approach
Rental capitalisation rates are derived from a combination of independent and Directors' valuations. The rates were taken directly from independent valuations for the fourteen communities independently valued in the current year. In the remaining communities (independently valued in the prior years) the directors have adjusted the rental capitalisation rates to reflect the mid point of the three valuers.

Weekly rental rates were taken directly from the valuations for the fourteen communities independently valued in the current year using contract weekly rates.

In relation to the remaining communities (independently valued in the prior years) the Directors have adjusted the rental rate adopted in the prior year to take into account the 3.6% rental increase that was applied on 1 July 2024. This approach is consistent with the approach adopted by the independent valuers.

Deferred management fee revenue is valued using the discounted cash flow approach
Deferred management fee valuations are derived from a combination of independent and Directors' valuations. Inputs, including discount rates, deferred management fee annuity value, and management expense rates are derived from independent valuations. For the fourteen communities independently valued in the current year, the valuation per home was taken directly from the independent valuations and multiplied by the number of settled homes per community at 30 June 2024. For the remaining communities not independently valued this year, the deferred management fee valuations remained consistent with the prior year noting the independent valuations and other market evidence supported that the valuations had not materially changed.

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

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

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

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

	FY24	**FY23**	**Impact on fair value as at 30-Jun-24**
Weekly rentals ($)	**208.73 – 241.66**	223.08 – 233.26	Increase
Anticipated % expenses (as a percentage of rental income)	**33.0% - 51.7%**	33.0% – 51.3%	Decrease
Rental capitalisation rate (%)	**5.0% – 5.5%**	5.0% – 5.25%	Decrease
Rental values per unit ($)	**116,426– 176,876**	121,241 – 173,512	Decrease
Deferred management fee discount rates (%)	**13.00% – 14.00%**	12.00% – 14.00%	Decrease
Deferred management fee values per unit ($)	**44,500 – 98,988**	44,500 – 98,988	Nil
Valuation of undeveloped land (per hectare) ($'million)	**1.3 – 5.4**	1.3 – 5.4	Nil

Valuation summary	Last independent valuation date	Cap rate (%)		DMF discount rate (%)		Net rental per home		Valuation ($m)		
		FY24	**FY23**	**FY24**	**FY23**	**FY24**	**FY23**	**FY24**	**FY23**	**Land cost**
Brookfield	Jun-24	**5.00%**	5.25%	**13.75%**	12.00%	**7,353**	8,347	**48.5**	47.8	6.8
Seasons	Jun-24	**5.00%**	5.25%	**13.75%**	12.00%	**5,821**	6,365	**24.5**	23.6	3.7
Warragul	Jun-24	**5.00%**	5.25%	**13.75%**	12.00%	**6,455**	7,663	**36.1**	36.9	2.5
Casey Fields	Jun-24	**5.25%**	5.25%	**13.00%**	13.50%	**7,624**	8,364	**29.9**	29.2	3.4
Shepparton	Jun-23	**5.25%**	5.00%	**13.75%**	13.75%	**8,323**	8,229	**60.9**	61.7	3.2
Chelsea Heights	Jun-23	**5.25%**	5.00%	**13.75%**	13.75%	**7,727**	7,473	**26.9**	27.1	6.2
Hastings	Jun-24	**5.00%**	5.25%	**13.75%**	13.75%	**7,893**	8,069	**32.4**	31.1	7.4
Lyndarum	Jun-24	**5.00%**	5.25%	**13.75%**	13.00%	**7,610**	7,258	**34.8**	31.4	7.1
Geelong	Jun-24	**5.50%**	5.25%	**13.50%**	13.50%	**7,350**	8,123	**33.1**	35.7	5.5
Officer	Jun-24	**5.00%**	5.25%	**13.75%**	13.75%	**7,421**	7,836	**32.0**	31.5	7.0
Berwick Waters	Jun-23	**5.25%**	5.00%	**13.75%**	13.75%	**8,345**	8,079	**49.0**	49.6	12.1
Bittern	Jun-23	**5.25%**	5.00%	**13.75%**	13.75%	**8,965**	8,676	**51.4**	52.0	7.4
Ocean Grove	Jun-24	**5.50%**	5.25%	**13.50%**	13.50%	**8,181**	8,251	**53.4**	49.2	17.6
Mt Duneed	Jun-23	**5.25%**	5.00%	**14.00%**	14.00%	**8,734**	8,461	**43.0**	43.6	11.1
Kaduna Park	Jun-23	**5.25%**	5.00%	**13.75%**	13.75%	**7,928**	7,673	**37.4**	37.8	14.5
Wollert North	Jun-24	**5.25%**	5.25%	**13.25%**	13.00%	**7,028**	8,733	**47.1**	41.0	14.7
Deanside	Jun-24	**5.50%**	5.25%	**13.50%**	13.00%	**5,166**	7,629	**43.5**	39.9	25.1
St Leonards	Jun-23	**5.25%**	5.00%	**13.75%**	13.75%	**8,442**	8,149	**64.7**	57.6	29.5
Meridian	Jun-24	**5.00%**	5.25%	**13.50%**	14.00%	**8,844**	7,636	**57.9**	41.1	23.0
Bellarine	Dec-22	**5.25%**	5.25%	**13.00%**	13.00%	**7,807**	7,536	**31.5**	24.2	21.0
Woodlea	Oct-22	**5.25%**	5.25%	**13.00%**	13.00%	**7,947**	7,671	**20.5**	16.9	16.6
Clyde (Riverfield)	Mar-23	**5.25%**	5.25%	**13.00%**	13.00%	**8,089**	7,805	**28.7**	22.2	22.2
Phillip Island	Dec-23	**5.25%**		**13.00%**		**7,851**		**32.7**	31.1	31.1
Pakenham East								**15.6**	15.6	15.6
Merrifield	Jun-24							**21.9**	21.9	21.9
Ocean Grove II [1]								**42.9**	42.9	42.9
Warragul II [1]								**19.7**	19.7	19.7
Drysdale								**40.0**		40.0
Yarrawonga	Jun-24							**6.5**		6.5
Clyde 3 [1]								**41.8**		41.8
Inverloch [1]								**32.8**		32.8

1. These communities have not settled at 30 June 2024 and are explained in note 4.2. (Liquidity Risk)

Capitalisation rate

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

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

Capitalisation approach

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

Key input	Impact on valuation	
Increase in weekly rent	Increase in valuation	↑
Decrease in weekly rent	Decrease in valuation	↓
Increase (softening) of the capitalisation rate	Decrease in valuation	↓
Decrease (tightening) of the capitalisation rate	Increase in valuation	↑

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

Deferred Management Fee Discount rate

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

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

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

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

3.2 Fair value measurements

(a) Fair value hierarchy

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

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

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

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

000's	Level 1	Level 2	Level 3	Total
30-Jun-24				
Recurring Fair Value Measurements				
Derivatives		1,378	–	1,378
Investment properties	–	–	1,141,373	1,141,373
Total assets measured at fair value	**–**	**1,378**	**1,141,373**	**1,142,751**
30-Jun-23				
Recurring Fair Value Measurements				
Derivatives	–	2,884	–	2,884
Investment properties	–	–	962,150	962,150
Total assets measured at fair value	**–**	**2,884**	**962,150**	**965,034**

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

(i) Investment properties

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

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

(i) Investment properties

Rental capitalisation rates – rates were taken directly from the valuations for the fourteen communities independently valued in the current year. In relation to the remaining eleven operating communities (independently valued in the prior years) the Directors have adjusted the rental capitalisation rates to reflect the mid point of the three valuers.

Deferred management fee annuity - the valuation for this component is taken directly from independent valuations for the ten properties independently valued in the current year. For the remaining eleven communities not independently valued this year, the deferred management fee valuations remained consistent with the prior year noting the independent valuations and other market evidence supported that the valuations had not materially changed.

Rental annuity - for all communities the Directors have increased the rent by 3.6% to reflect the increase that was applied on 1 July 2024. The next rent increase is due on 1 July 2025.

For land not yet settled, the value is accrued if the contract is unconditional. Refer to note 2.8 for more information.

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

(i) Investment properties

The Company's Investment Property Valuation Policy requires that the programme for independent valuations is signed off by the Board and aims to value a minimum of 50% of the portfolio each year. Valuations are to be conducted by independent external valuers who are considered industry specialists in valuing these types of investment properties. The independent valuer can only value an investment property on three separate occasions.

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

(i) Investment properties

The impact of changes to the inputs that affect the valuation of investment properties is as follows:

	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
$000's	**2024**	**2023**	**2024**	**2023**
Rental expense rate				
+2%	**(13,204)**	(11,819)	**(13,204)**	(11,819)
–2%	**13,204**	11,819	**13,204**	11,819
Rental capitalisation rate				
+0.50%	**(34,965)**	(32,890)	**(34,965)**	(32,890)
–0.50%	**42,413**	39,984	**42,413**	39,984
Deferred management fee per unit				
+5%	**9,118**	7,585	**9,118**	7,585
–5%	**(9,118)**	(7,585)	**(9,118)**	(7,585)
Land prices (undeveloped land)				
+10%	**22,819**	15,955	**22,819**	15,955
–10%	**(22,819)**	(15,955)	**(22,819)**	(15,955)

3.3 Inventories

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

$000's	2024	2023
Current		
Housing	**95,914**	93,812
Civils and infrastructure	**37,935**	43,021
	133,849	**136,833**
Non current		
Housing	**81,176**	9,436
Civils and infrastructure	**106,176**	47,286
	187,352	**56,722**
Total	**321,201**	**193,555**

(a) Inventory expense

Inventories recognised as an expense for the year ended 30 June 2024 totalled $148.3 million for the Group (2023: $142.8 million). The expense has been included in the cost of sales line item.

3.4 Property, plant and equipment

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

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

$000's	2024	2023
Buildings	40 years	40 years
Plant and equipment	4 to 25 years	4 to 25 years
Computer equipment	2 to 3 years	2 to 3 years
Motor vehicles	4 to 12 years	4 to 12 years

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

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

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

$000's	Buildings	Plant and Equipment	Motor Vehicles	Computer Equipment	Total
Year ended 30 June 2024					
Balance at the beginning of the year	8,072	8,782	2,402	1,514	20,770
Additions	5,116	4,132	818	901	10,967
Depreciation	(334)	(1,633)	(375)	(664)	(3,006)
Balance at the end of the year	**12,854**	**11,281**	**2,845**	**1,751**	**28,731**
At 30 June 2024 cost	14,005	16,982	4,577	4,059	39,623
Accumulated depreciation	(1,151)	(5,701)	(1,732)	(2,308)	(10,892)
Net carrying amount	**12,854**	**11,281**	**2,845**	**1,751**	**28,731**

$000's	Buildings	Plant and Equipment	Motor Vehicles	Computer Equipment	Total
Year ended 30 June 2023					
Balance at the beginning of the year	4,608	7,315	1,720	967	14,610
Additions	3,614	2,814	977	1,120	8,525
Depreciation	(150)	(1,347)	(295)	(573)	(2,365)
Balance at the end of the year	**8,072**	**8,782**	**2,402**	**1,514**	**20,770**
At 30 June 2023 cost	8,889	12,850	3,759	3,158	28,656
Accumulated depreciation	(817)	(4,068)	(1,357)	(1,644)	(7,886)
Net carrying amount	**8,072**	**8,782**	**2,402**	**1,514**	**20,770**

3.5 Assets held for sale

$000's	2024	2023
Assets held for sale	–	3,426

The prior year includes 10 out of 27 residential lots that were created as a sub-division on surplus land acquired as part of the St Leonards land acquisition. 10 lots were actively marketed for sale but due to market conditions only 1 lot was sold. The decision was made to remove the other 9 lots from the market and retain them until market conditions improve. The 26 unsold lots are held as part of investment properties and will remain there until they are actively marketed for sale.

3.6 Derivative financial instrument

$000's	2024	2023
Hedge receivable	**1,378**	2,884

3.7 Leases

$000's	2024	2023
Non current assets		
Right of use assets	**2,737**	3,464
Current liabilities		
Lease liabilities	**1,037**	1,095
Non current liabilities		
Lease liabilities	**3,225**	3,962

In February 2023 the support office moved to a new premises, 101 Moray St, South Melbourne. The lease term is 5 years with a termination date of 31st March 2028. The Company also entered into a lease with a retail outlet at Fountain gate shopping centre on 30th June 2023 and the termination date is 30 June 2028.

4. How we fund the business and manage risks

4.1 Capital Management

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

We maintain our balance sheet settings with a margin of safety over and above the requirements in our funding agreements. Our goal is to maintain debt facilities that have sufficient facility size, headroom, and tenure to meet our committed development plans. We closely monitor our cash flow forecasts and tightly manage the commencement and rate of development of new communities to ensure we have sufficient funds to meet our commitments as and when they fall due.

In February 2024 the Company announced a $275 million fully underwritten rights issue. The funds raised have been used to pay down debt and strengthen the balance sheet in the short term. Longer term, the capital will enable us to consider land acquisition opportunities created by the challenging conditions. If we experience a sustained slowdown in sales and settlements, we may need to slow down our speed of development, or undertake other capital management activities.

4.2 Financial Risk Management Objectives and Policies

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

(i) Classification

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

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

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

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

(ii) Recognition and derecognition

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

(iii) Measurement

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

Non derivative financial instruments

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

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

Loans and receivables

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

Interest bearing loans and borrowings

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

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

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

Financial liabilities

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

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

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

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

Interest rate risk

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

Long term debt obligations

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

$000's	2024	2023
Financial assets		
Cash and cash equivalents	**4,095**	1,233
Financial liabilities		
Secured loans—bank finance	**324,000**	371,000
Net exposure	**(319,905)**	**(369,767)**

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

	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
$000s	2024	2023	2024	2023
Consolidated				
+1% (100 basis points)	**(1,305)**	(1,067)	**(1,305)**	(1,067)
–1% (100 basis points)	**1,305**	1,067	**1,305**	1,067

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

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

Market risk

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

Credit risk

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

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

Liquidity risk

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

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

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

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

$000's	2024	2023
6 months or less[1]	**59,466**	52,627
6–12 months[2]	**118,762**	35,273
1–2 years[3]	**20,041**	81,069
3–4 years[4]	**383,448**	408,947
	581,717	**577,916**

(1) This amount is represented by the following financial liabilities:
- $33.1 million relates to trade and other payables, refer to Note 2.8 for further detail (2023: $40.9 million);
- $9.7 million relates to expected interest on the secured loan;
- $1.8 million relates to customer deposits which typically convert to settlement within six months or less (2023: $0.9 million); and
- $0.3m relates to lease liabilities at Moray St and Fountain gate.
- $14.5m relates to one parcel of land for contracts entered into prior to the reporting date (including stamp duty).

(2)
- $108.5 million relates to three parcels of land for contracts entered into prior to the reporting date (including stamp duty) expected to settle within 6- 12 months of the reporting date
- $9.7 million relates to expected interest on the secured loan; and
- $0.3m relates to lease liabilities at Moray St and Fountain Gate.

(3)
- $19.4 million relates to expected interest on the secured loan
- $0.6m relates to lease liabilities at Moray St and Fountain Gate.

(4)
- $58 million relates to expected interest on the secured loan, the balance of $324m relates to future principal repayments
- $1.2m relates to lease liabilities at Moray St and Fountain Gate.

The above commitments will be funded using cash received from new home sales and the company's existing debt facilities. The Group has met all required covenants since the arrangements commenced and therefore expects that all current arrangements will continue until the sooner of repayment, refinance, or expiry.

4.3 Cash and cash equivalents

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

$000's	2024	2023
Cash and cash equivalents	**4,095**	1,233

4.4 Interest bearing loans and borrowings

$000's	2024	2023
Secured loans—bank finance	**324,000**	371,000

(a) Secured loans bank finance maturity

As part of its continued focus on capital management, in December 2023 the Company increased it's total facility size from $525 million to $700 million with existing lenders The Commonwealth Bank of Australia, National Australia Bank and HSBC Bank Australia and two new lenders Westpac and ANZ.

The Company agreed commercial terms with its lending group to refresh and modernise its existing common terms deed.

The additional headroom will be used to fund the continued acquisition and development of new sites.

The group's next debt maturity is the $265 million tranche due in August 2026.

The ICR is calculation is detailed below at 30 June 2024. The next reporting period is 31 December 2024.

Interest cover ratio

	FY24
Interest paid [1]	25,363
Profit before tax	**71,498**
Less Fair Value adjustment	51,744
Add back infrastructure expensed to cost of goods sold	43,979
Add back interest expense	4,278
Add back interest included in cost of goods sold	9,475
Add back depreciation	3,006
Add back amortisation	726
Add back abnormals	482
Adjusted EBITDA	**81,700**
Interest cover ratio	3.22x
Covenant	2.50x

1. Interest paid for covenant purposes includes interest paid, interest received and the movement in interest accruals year on year.

There is also a $2 million facility for bank guarantees used during developments held with The Commonwealth Bank of Australia. $1.2m remains unused

(b) Fair values

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

(c) Assets pledged as security

The $700 million facility is secured by the following:

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

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

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

Mortgage granted by Lifestyle Investments 2 Pty Ltd over the properties at Shepparton, Hastings, Wollert (Lyndarum), Geelong, Officer, Berwick Waters, Bittern, Ocean Grove, Mount Duneed, Kaduna Park, Wollert North, Deanside, St Leonards, Meridian, Woodlea, Clyde (Riverfield), Bellarine (Leopold) and Phillip Island.

(d) Defaults and breaches

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

(e) Interest rate swap

In December 2022, the Company entered into an interest rate swap with the National Australia Bank with a maturity of December 2026.

The interest rate swap is fixed over the following periods:

- $240m from 19th December 2023 until 19th December 2026

4.5 Contributed equity

$000's	2024	2023
121,740,054 Ordinary shares (30 June 2023: 104,545,131)		
Ordinary Shares	**334,136**	64,523
513,566 Treasury shares (30 June 2023: 540,386)	**(7,921)**	(8,598)
Total	**326,215**	**55,925**

(i) Reconciliation of Ordinary shares

	2024		2023	
	Number	$000	Number	$000
Opening balance	**104,545,131**	**64,523**	**104,545,131**	**64,523**
Capital raise	**17,194,923**	**269,613**		
Closing balance	**121,740,054**	**334,136**	**104,545,131**	**64,523**

A capital raise of $275m was completed in March 2024 and the Proceeds from the raise have been used to pay down debt and strengthen the balance sheet in the short term but will be deployed to support growth longer term.

(a) Ordinary shares

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

Treasury shares represent shares purchased by an Employee Share Trust to satisfy obligations under the employee incentive scheme that have not been issued to Employees at balance date pursuant to the Equity Incentive Scheme.

4.6 Retained earnings and reserves

(a) Movements in retained earnings were as follows

$000's	2024	2023
Opening balance	**459,578**	389,703
Profit for the year	**49,979**	81,900
Dividends paid	**(12,025)**	(12,025)
	497,532	**459,578**

(b) Reserves

$000's	2024	2023
Opening balance	**9,354**	6,028
Share based payments expense	**1,685**	1,404
Vesting of employee shares	**(1,977)**	(101)
Hedge reserve	**(1,054)**	2,023
Closing balance	**8,008**	**9,354**

4.7 Dividends

(a) Dividend considerations

As a general principle, the Directors of Lifestyle Communities® intend to declare dividends out of post-tax, operating cash flow generated from community management after an appropriate allowance for a share of the corporate overheads. In FY24 community management cash flows delivered a sufficient surplus to declare and pay an interim fully franked dividend of 5.5 cents per share ($5.8 million) and declare a final fully franked dividend of 5.0 cents per share ($6.1 million).

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

The Group is not subject to externally imposed capital requirements.

(b) Dividends

Type	Cents per share	Total ($000)	Franked %	Payment date
Paid during the year				
2023 final dividend	6.0	6,273	100%	6-Oct-23
2024 interim dividend	5.5	5,750	100%	4-Apr-24
To be paid after end of year				
2024 final dividend	**5.0**	**6,087**	**100%**	**3-Oct-24**

(c) Franking account balance

$000's	2024	2023
Franking account balance	**40,625**	33,753

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

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

5. How we remunerate our Employees and auditors

5.1 Employee benefits expense

(i) Short term Employee benefit obligations

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

(ii) Long term Employee benefit obligations
The provision for Employee benefits in respect of long service leave and annual leave which are not expected to be settled wholly within twelve months of reporting date, are measured at the present value of the estimated future cash outflow to be made in respect of services provided by Employees up to the reporting date.

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

(iii) Retirement benefit obligations
The consolidated entity makes contributions to defined contribution superannuation plans in respect of Employee services rendered during the year. These superannuation contributions are recognised as an expense in the same period when the Employee services are received.

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

$000's	2024	2023
Employee number	**186**	167
Wages and salaries	**23,547**	18,681
Defined contribution superannuation expense	**2,268**	1,926
Share based payments expense	**1,685**	1,404
Movement in employee provisions	**96**	431
Total	**27,596**	**22,442**

5.2 Employee provisions

$000's	2024	2023
Current		
Annual leave	**1,144**	935
Long service leave	**275**	324
Non current		
Long service leave	**379**	443

5.3 Share based payments

(a) Recognised share based payment expenses

$000's	2024	2023
Expenses arising pursuant to the EIS	**1,685**	1,404

(b) Equity Incentive Scheme, 'EIS'

The Equity Incentive Scheme is explained in section 5.3 of the Remuneration Report.

(c) Shares granted pursuant to the EIS

The following table outlines shares granted pursuant to the EIS:

	(Maximum potential)		Forfeited/ lapsed				Vested			Balance at 30 June 2024	
	Granted as compensation	Value at grant date ($)	No.	%	Final entitlement	Value at grant date (final entitlement)	No.	%	Exercised	Vested & exercisable	Unvested
FY19 Options - granted Nov 2019	149,000	864,200	–	–	149,000	864,200	149,000	100%	126,586	22,414	–
FY21 Options – granted Nov 2020	166,734	1,879,092	(22,747)	(14)%	143,987	1,622,733	143,987	86%	99,204	44,783	–
FY22 Options – granted Nov 2021	300,481	6,558,159	(73,563)	(24)%	226,918	4,954,503	266,918	76%	158,276	68,642	–
FY23 Options – granted Nov 2022	418,675	6,510,396	(190,076)	(45)%	57,289	890,844	55,353	13%	–	55,353	–
FY24 Options – granted Nov 2023	482,925	7,654,361	(308,056)	(64)%	174,869	2,771,674			–		174,869
							615,258		**384,066**	**191,192**	**174,869**

All options issued in relation to the employee incentive scheme for FY20 have lapsed as the performance hurdles were not met.

	2024	2023
Opening balance	**491**	424
Issued during the year	**483**	419
Exercised during the year	**(103)**	(41)
Forfeited/lapsed during the year	**(505)**	(311)
Closing balance	**366**	**491**

Of the 174,869 unvested options, 146,406 are planned to vest in September 2024 and 28,463 are planned to vest on 30 June 2025.

All unvested options have ongoing service, competency and behavioural requirements and vesting is at the discretion of the Board.

The weighted average exercise price of options is nil. The weighted average share price at the date of exercise for share options exercised during the period was $17.14 and the expiry date for all options outstanding at the end of the year is 10 years from the date of grant.

5.4 Auditors remuneration

$000's	2024	2023
Amounts received or due and receivable for current auditors:		
An audit or review of the financial report of the entity and any other entity in the consolidated group.	**281**	230
Other services in relation to the entity and any other entity in the consolidated group – tax compliance, general tax advice, GST advice and other agreed upon procedures.	**35**	36
Other services in relation to the capital raise	**110**	–
	426	**266**

The auditor of Lifestyle Communities® Limited is PricewaterhouseCoopers who were appointed on the 18th November 2019.

6. How we structure the business

6.1 Related party disclosures

(a) Ultimate parent

Lifestyle Communities® Limited is the ultimate Australian parent entity.

(b) Subsidiaries

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

		2024 %	2023 %	2024 $	2023 $
Lifestyle Investments 1 Pty Ltd	Australia	**100**	100	**8,751,551**	8,751,551
Lifestyle Developments 1 Pty Ltd	Australia	**100**	100	**–**	–
Lifestyle Management 1 Pty Ltd	Australia	**100**	100	**–**	–
Brookfield Management Trust (Trustee: Brookfield Village Management Pty Ltd)	Australia	**100**	100	**–**	–
Brookfield Development Trust (Trustee: Brookfield Village Development Pty Ltd)	Australia	**100**	100	**–**	–
Lifestyle Communities® Investments Cranbourne Pty Ltd	Australia	**100**	100	**–**	–
Cameron Street Developments Unit Trust					
Lifestyle Investments 2 Pty Ltd	Australia	**100**	100	**2**	2
Lifestyle Developments 2 Pty Ltd	Australia	**100**	100	**2**	2
Lifestyle Management 2 Pty Ltd	Australia	**100**	100	**2**	2
Lifestyle Chelsea Heights Pty Ltd	Australia	**50**	50	**–**	–
				8,751,557	**8,751,557**

(c) Loans from related parties
There are no loans from related parties.

(d) Transactions with related parties
There were no transactions with related parties in the current or prior years.

6.2 Joint Operations

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

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

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

6.3 Deed of Cross Guarantee

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

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

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

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

6.4 Parent entity

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

Consolidated Statement of Financial Position

$000's	2024	2023
Assets		
Current assets	618,294	400,448
Total Assets	**623,024**	**405,415**
Liabilities		
Current liabilities	50,917	47,534
Total Liabilities	**261,157**	**311,847**
Equity		
Issued capital	315,770	54,697
Reserves	9,199	10,320
Retained earnings	36,899	28,551
Total Equity	**361,868**	**93,568**
Consolidated Statement of Profit or Loss and Other Comprehensive Income		
Net profit/(loss)	–	–
Profit for the year	13,791	19,853
Other comprehensive income	–	–
Total comprehensive income	**13,791**	**19,853**

7. Information not recognised in the financial statements

7.1 Lessor Commitments

Operating lease commitments receivable

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

These non-cancellable leases have remaining terms of between 75 and 90 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

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

$000's	2024	2023
No later than 1 year	**46,686**	42,096
Between 1 year and 5 years	**186,744**	168,386
Greater than 5 years	**3,689,983**	3,342,565
Total minimum lease payments	**3,923,413**	**3,553,047**

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

7.2 Commitments

Commitments for future development costs not recognised in the financial statements at balance date, which have received Board approval to commence construction is $489 million. This is an estimate and Lifestyle Communities® retains the right to defer, delay, or bring forward project commitments subject to prevailing market conditions and the sales rate at each project.

Projects included in the above estimate are Wollert, Deanside, St Leonards, Meridian, Bellarine, Woodlea, Riverfield, Phillip Island, Ridgelea, Merrifield, Yarrawonga and Ocean Grove.

7.3 Contingencies

The Company is holding a provision for land tax which is payable on a proportion of its development sites whilst they are under construction. Discussions are ongoing with the State Revenue Office of Victoria regarding the appropriate apportionment methodology. The Company has formed its position after taking independent advice from relevant subject matter experts, including senior counsel. The company's sites are exempt from land tax once fully completed and settled.

7.4 Events Occurring After the Reporting Date

In July 2024 the company signed contracts to purchase a site in Armstrong Creek. Land settlement is expected in March 2025.

On the 15th of July 2024 the company made an announcement to the Australian Stock Exchange (ASX) regarding media coverage which included reference to allegations made by some homeowners at one of our communities at Wollert, in northwest Melbourne. The media coverage has the potential to damage Lifestyle Communities' brand which may in turn impact future sales and settlements. On that basis, all forward guidance was withdrawn.

Lifestyle Communities® have been engaging proactively with the group of homeowners at Wollert since February 2024 to understand their concerns and reach a resolution. The homeowners have not been satisfied with our responses and have made applications to the Victorian Civil and Administrative Tribunal (VCAT). Lifestyle Communities® respects the rights of homeowners to pursue the VCAT pathway and believes this is the appropriate forum for resolution of the matter. The VCAT applications have raised questions regarding the interpretation of the Residential Tenancies Act in Victoria and as a result, VCAT has issued orders which referred the matter to a Judicial Member for further directions as appropriate. VCAT has not yet advised any timeframe for when further directions will be provided but we expect the process will take some time.

Lifestyle Communities® rejects the allegations made in the VCAT applications and will defend them accordingly. Lifestyle Communities® takes its compliance obligations extremely seriously and has obtained legal advice throughout its 21 years to ensure it operates in accordance with relevant legislation, and its policies are consistent with other industry operators. No adjustments have been made to the carrying values of assets and no liabilities have been recognised as a result of the allegations.

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

Lifestyle Bellarine,
including Club Lifestyle

Consolidated entity disclosure statement

As at 30 June 2024

Name of entity	Type of entity	Trustee, partner or participant in JV	% of share capital	Place of business/ country of incorporation	Australian resident or foreign resident	Foreign jurisdiction(s) of foreign residents
Lifestyle Investments 1 Pty Ltd	Body corporate		100	Australia	Australian	n/a
Lifestyle Developments 1 Pty Ltd	Body corporate		100	Australia	Australian	n/a
Lifestyle Management 1 Pty Ltd	Body corporate		100	Australia	Australian	n/a
Brookfield Management Trust (Trustee: Brookfield Village Management Pty Ltd)	Body corporate		100	Australia	Australian	n/a
Brookfield Development Trust (Trustee: Brookfield Village Development Pty Ltd)	Body corporate		100	Australia	Australian	n/a
Lifestyle Communities® Investments Cranbourne Pty Ltd	Body corporate		100	Australia	Australian	n/a
Cameron Street Developments Unit Trust	Body corporate			Australia	Australian	n/a
Lifestyle Investments 2 Pty Ltd	Body corporate		100	Australia	Australian	n/a
Lifestyle Developments 2 Pty Ltd	Body corporate		100	Australia	Australian	n/a
Lifestyle Management 2 Pty Ltd	Body corporate		100	Australia	Australian	n/a
Lifestyle Chelsea Heights Pty Ltd	Body corporate	JV	50	Australia	Australian	n/a

The Director's Declaration

The directors of the Company declare that:

1. The consolidated financial statements and notes for the year ended 30 June 2024 are in accordance with the Corporations Act 2001 and:

    a. Comply with Accounting Standards, which, as stated in basis of preparation Note 1.1 to the consolidated financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
    b. Give a true and fair view of the financial position and performance of the consolidated Group;

2. The Managing Director and Chief Finance Officer have given the declarations required by Section 295A that:

    a. The financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
    b. The consolidated financial statements and notes for the financial year comply with the Accounting Standards; and
    c. The consolidated financial statements and notes for the financial year give a true and fair view.

3. The consolidated entity disclosure statement on page 124 is true and correct.

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

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

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

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

Philippa Kelly
Chair

James Kelly
Managing Director

Melbourne, 13 August 2024

Independent auditor's report

To the members of Lifestyle Communities Limited

Report on the audit of the financial report

Our opinion

In our opinion:

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

(a) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended

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

What we have audited

The financial report comprises:

- the consolidated statement of financial position as at 30 June 2024
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the financial statements, including material accounting policy information and other explanatory information
- the consolidated entity disclosure statement as at 30 June 2024
- the directors' declaration.

Basis for opinion

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

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

Independence

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

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

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

Audit Scope

Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

Key audit matters

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

Key audit matter	*How our audit addressed the key audit matter*
Fair valuation of investment properties *(Refer to note 3.1) [$1,141 m]* The fair value of investment properties comprises the discounted income streams consisting of rental income and deferred management fees associated with completed home units and the fair value of undeveloped land. The fair valuation of investment property is inherently subjective and impacted by, among other factors, prevailing market conditions, the individual nature and condition of each property, its location and the expected future income for each property. The following key assumptions are used in the valuation of investment properties, amongst others: • rental capitalisation rate • discount rate • operating and capital expenditure • deferred management fee values per unit. The Group's valuation policy requires properties to be valued by external valuation experts in accordance	We performed the following procedures, amongst others: • Developed an understanding of the relevant internal controls associated with the Group's approach to fair valuation of investment properties and assessed compliance with its policy on external valuations and rotation of valuation firms. • For a sample of properties subject to external valuations, we traced the fair values recognised in the financial report to the external valuations and assessed the competency, capability, and objectivity of the relevant valuers. • Together with PwC real estate valuation experts, conducted enquiries with the external valuation experts to develop an understanding of the approach and methodology applied to a sample of valuations and the risk factors considered applicable to the Group. • Assessed the methodology used in the internal valuations and agreed them to the values adopted in the financial report.

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Key audit matter	*How our audit addressed the key audit matter*
with the Board approved programme. In the period between external valuations, the Directors perform internal valuations. This was a key audit matter because of the: • financial significance of the investment property balance in the consolidated statement of financial position and of the impact of changes in the fair value of investment properties on the Group's profit or loss. • subjectivity and sensitivity of valuations to key input assumptions, specifically capitalisation and discount rates and deferred management fee values per unit.	• Performed tests to trace certain input data used in the valuations to underlying supporting documents. These tests included, amongst others: o For a sample of contracts with residents across the portfolio, comparing the rental income used in the valuation to underlying contracts. ○ For a sample, comparing data for operating and capital expenditure and resident data used in the valuations to observable historic data maintained by the Group. • Together with input from PwC real estate valuation experts, assessed the appropriateness of key assumptions used in the valuations by reference to available market and other evidence, as relevant. • Evaluated the reasonableness of related disclosures made in Note 3.1 in light of the requirements of Australian Accounting Standards.
Carrying value of inventories *(Refer to note 3.3) [$321 m]* Inventories comprise the costs of developing communities and are recognised at the lower of cost and net realisable value for each project. The Group's estimate of net realisable value includes assumptions about future market and economic conditions which are inherently subject to the risk of change. This was a key audit matter given the relative size of the inventories balance in the consolidated statement of financial position, and judgement and uncertainty involved in estimating net realisable value.	We developed an understanding of the Group's processes and controls for capitalising costs to inventory, determining the costs to complete for each community, and the net realisable value (NRV) assessment of inventory. We performed the following procedures, amongst others: • Traced a sample of inventory items from the Group's inventory listings to relevant supplier invoices to assess the nature and accuracy of amounts capitalised. • Assessed the appropriateness of the methodology of interest capitalisation against the requirements of Australian Accounting Standards. For a sample of communities under development, recalculated the amount of interest capitalised during the year. • Evaluated the appropriateness of the methodology used in the Group's assessment of recoverability of inventory balances and assessed whether it was in line with the requirements of Australian Accounting Standards.

Key audit matter	*How our audit addressed the key audit matter*
	• Assessed the appropriateness of key assumptions by: - Comparing estimated sales prices of a sample of inventory items to underlying contracts of sale. - Considering the gross margins recognised by the Group during the year. • Evaluated the reasonableness of related disclosures made in Note 3.3 in light of the requirements of Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

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

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

Responsibilities of the directors for the financial report

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

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

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Auditor's responsibilities for the audit of the financial report

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

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

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2024.

In our opinion, the remuneration report of Lifestyle Communities Limited for the year ended 30 June 2024 complies with section 300A of the *Corporations Act 2001.*

Responsibilities

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

PricewaterhouseCoopers

Andrew Cronin
Partner

Melbourne
13 August 2024

ASX Additional Information

Additional information required by the Australian Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 1 August 2024.

(a) Distribution of equity securities

(i) Ordinary share capital
121,740,054 fully paid ordinary shares are held by 4,837 individual shareholders

(b) Substantial shareholders

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

Fully paid ordinary shareholders	Number	%	Current at (last notification date)
AustralianSuper Pty Ltd	**17,986,265**	**14.77%**	28-Mar-24
Brahman Capital Manegement Pty Ltd	**11,576,063**	**9.51%**	06-Jul-21
James Kelly	**7,702,001**	**6.33%**	21-Mar-24
State Street Corporation & Subsidiaries	**6,916,674**	**5.68%**	14-Jun-24

Voting rights

At meeting of members or classes of members :

(a) each member entitled to vote may vote in person or by proxy, attorney or respective:

(b) on a show of hands, every person present who is a member or proxy, attorney or representative of a member has one vote; and

(c) on a poll, every person present who is a member or a proxy, attorney or representative of a member has:

- (i) for each fully paid share held by person, or in respect of which he/she is appointed a proxy, attorney or representative, one vote for the share;
- (ii) for each partly paid share, only the fraction of one vote which the amount paid (not credited) on the share bears to the total amounts paid and payable on the share (excluding amounts credited).

Subject to any rights or restrictions attached to any shares or class of shares.

On-Market Buyback

There is no current on-market buy-back in relation to the Company's securities.

Restricted Securities

There is no restricted securities on issue at 1 August 2024.

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

	Total holders	Units	% of issued capital
Holding			
1 – 1,000	**2,981**	1,071,682	0.9%
1,001 – 5,000	**1,333**	3,142,958	2.6%
5,001 – 10,000	**229**	1,667,046	1.4%
10,001 – 100,000	**256**	7,041,081	5.8%
100,000 and over	**38**	108,817,287	89.3%
Total	**4,837**	**121,740,054**	**100.0%**

(d) Twenty largest holders of quoted equity securities

		Shares held	% issued
1	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	31,725,225	26.1%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	23,683,864	19.5%
3	CITICORP NOMINEES PTY LIMITED	14,050,904	11.5%
4	BRAHMAN PURE ALPHA PTE LTD	11,576,063	9.5%
5	MASONKELLY PTY LTD	4,891,265	4.0%
6	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	4,099,308	3.4%
7	DAKEN INVESTMENTS PTY LTD <PERLOV FAMILY A/C>	3,149,539	2.6%
8	KELLY SUPERANNUATION FUND PTY LTD	2,116,801	1.7%
9	ARMADA INVESTMENTS PTY LTD	1,408,229	1.2%
10	NATIONAL NOMINEES LIMITED	1,273,923	1.0%
11	BNP PARIBAS NOMS PTY LTD	1,259,462	1.0%
12	TRACEY RYAN INVESTMENTS PTY LTD <RYAN INVESTMENT A/C>	1,183,400	1.0%
13	UBS NOMINEES PTY LTD	843,155	0.7%
14	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	828,470	0.7%
15	AUSTRALIAN SHAREHOLDER NOMINEES PTY LTD <LEGAL EAGLE PL COLMANSF A/C>	689,464	0.6%
16	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING A/C>	635,427	0.5%
17	PACIFIC CUSTODIANS PTY LIMITED <LIC EMP SHARE TST A/C>	512,662	0.4%
18	ELIZABETH KELLY FOUNDATION PTY LTD <BLUE SKY FOUNDATION A/C>	462,500	0.4%
19	BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD>	460,949	0.4%
20	MAXIMA ETHAN PTY LTD <MAXI FOGELGARN S/FUND A/C>	412,593	0.3%
	Top 20 holders of ORDINARY FULLY PAID SHARES (Total)	**105,263,203**	**86.5%**
	Total remaining holders balance	**16,476,851**	**13.5%**

Securities exchange

The Company is listed on the Australian Securities Exchange. ASX ticker code LIC.

Unquoted Equity Schedule

146 holders of short term unvested options issued as part of the incentive scheme	191,192
121 holders of short term vested options issued as part of the incentive scheme	174,869
	366,061

Corporate Information

Lifestyle Communities® Limited	**ABN 11 078 675 153**
Registered Office	Level 5, 101 Moray Street South Melbourne VIC 3205 Australia Telephone 61 3 9682 2249
Directors	Philippa Kelly – Non Executive Chair James Kelly – Managing Director David Blight – Non Executive Director Mark Blackburn – Non Executive Director Claire Hatton – Non Executive Director JoAnne Stephenson – Non Executive Director
Company Secretaries	Darren Rowland Anita Addorisio
Principal Place of Business	Level 5, 101 Moray Street South Melbourne VIC 3205 Australia
Share Registry	Computershare Investor Services Pty Limited Yarra Falls 452 Johnston Street, Abbotsford VIC 3067 Telephone 61 3 9415 5000 Fax 61 3 9473 2500 Investor queries (within Australia) 1300 850 505
Solicitors	Thomson Geer Level 39, 525 Collins Street Melbourne VIC 3000 Australia
Auditors	PricewaterhouseCoopers 2 Riverside Quay Southbank VIC 3006 Australia

Lifestyle Bellarine clubhouse

Level 5, 101 Moray Street
South Melbourne VIC 3205
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