A Business for Purpose

Lifestyle
COMMUNITIES

Results Presentation
Year ended 30 June 2020

Contents

Appendix

Homeowners at Lifestyle Ocean Grove taking a dip!

1.1 Our story

1 Community

2 Communities

7 Communities

12 Communities

22 Communities

2003
Founders James Kelly, Dael Perlov and Bruce Carter develop the business plan

2004
Development of first community at Brookfield. First homeowner moves in June 2005

2007
Listed on the Australian Stock Exchange and acquire land for the next two communities

2012
Major capital raising of $36m to drive future growth

2014
1,000th homeowner moves in and new home referral rates hits 30%

2016
2,000th homeowner moves in / 10th community clubhouse opens

2020
Over 3,500 homeowners. Acquire land for 22nd community. New home referral rate >48%

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

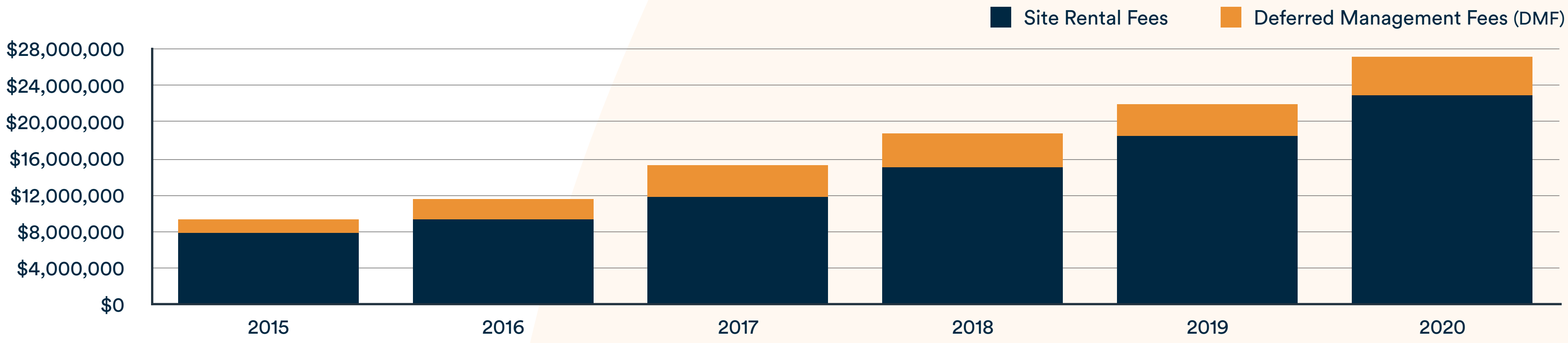
1.2 A business for purpose

- An affordable housing option for Australians aged over 50
- A sustainable financial model where homeowners can prosper
- An empowering and engaging customer service offering that reimagines traditional retirement
- High quality resort-style facilities that exceed expectation and are actively maintained and refurbished
- A sales approach that engages the customer to ensure they are making the right choice

1.3 Overview

FY20 Results snapshot

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



	2015	2016	2017	2018	2019	2020
Total number of homes settled (Cumulative) (1)	1,146	1,348	1,626	1,947	2,284	2,537
Number of resales attracting a DMF (2)	34	52	73	59	53	80

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

1.4 Overview

FY20 Highlights

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

A thoughtful business model structured for sustainable growth

1.5 The Lifestyle Culture

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

Strong Culture driving resilience and innovation through uncertain times

1.6 Portfolio overview and land acquisition strategy

22 Communities in planning, development or under management

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

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

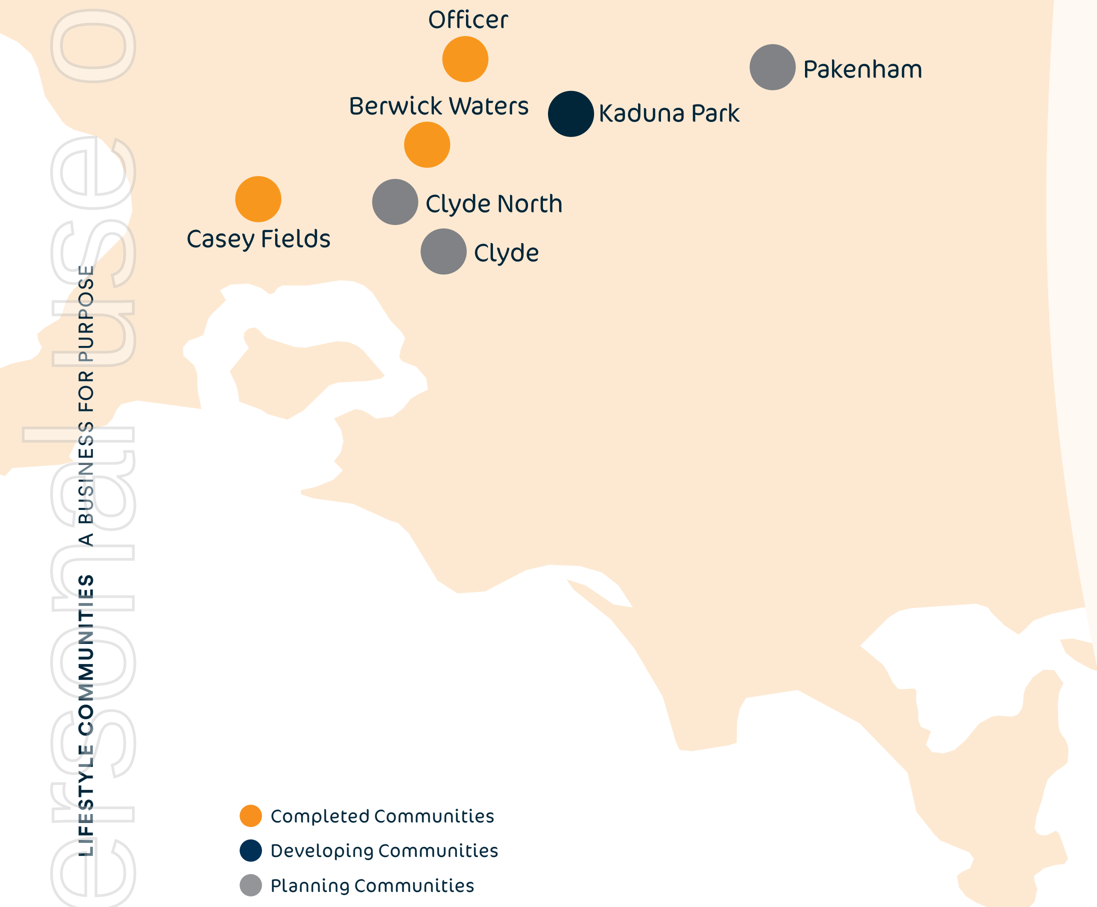
Focus remains on Melbourne and Geelong's growth corridors:

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

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

1.7 Lifestyle Communities's cluster strategy

South East example



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

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

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

1.8 Overview

Portfolio snapshot FY20

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

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

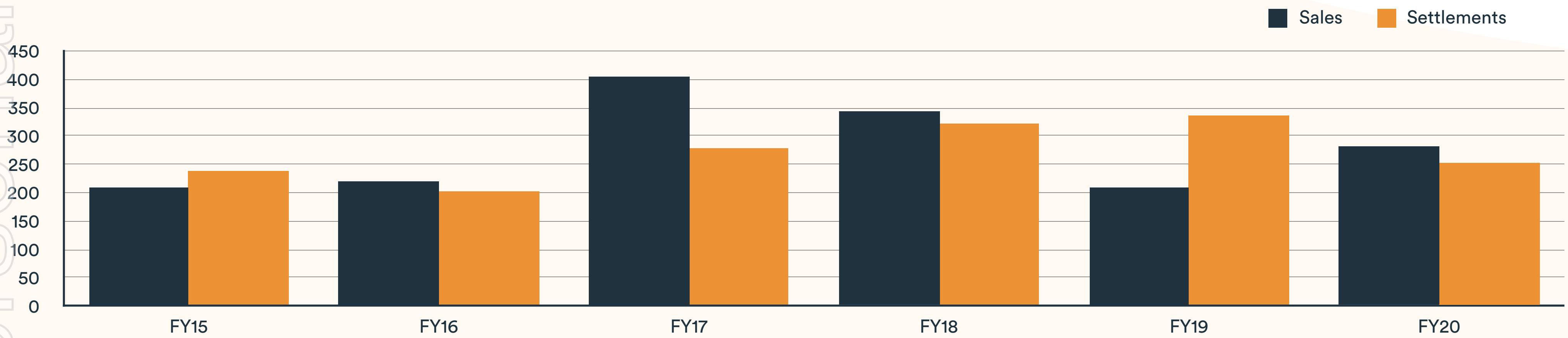
Section 2
Operations Update

Lifestyle Bittern's clubhouse lounge

2.1 Sales and settlements

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

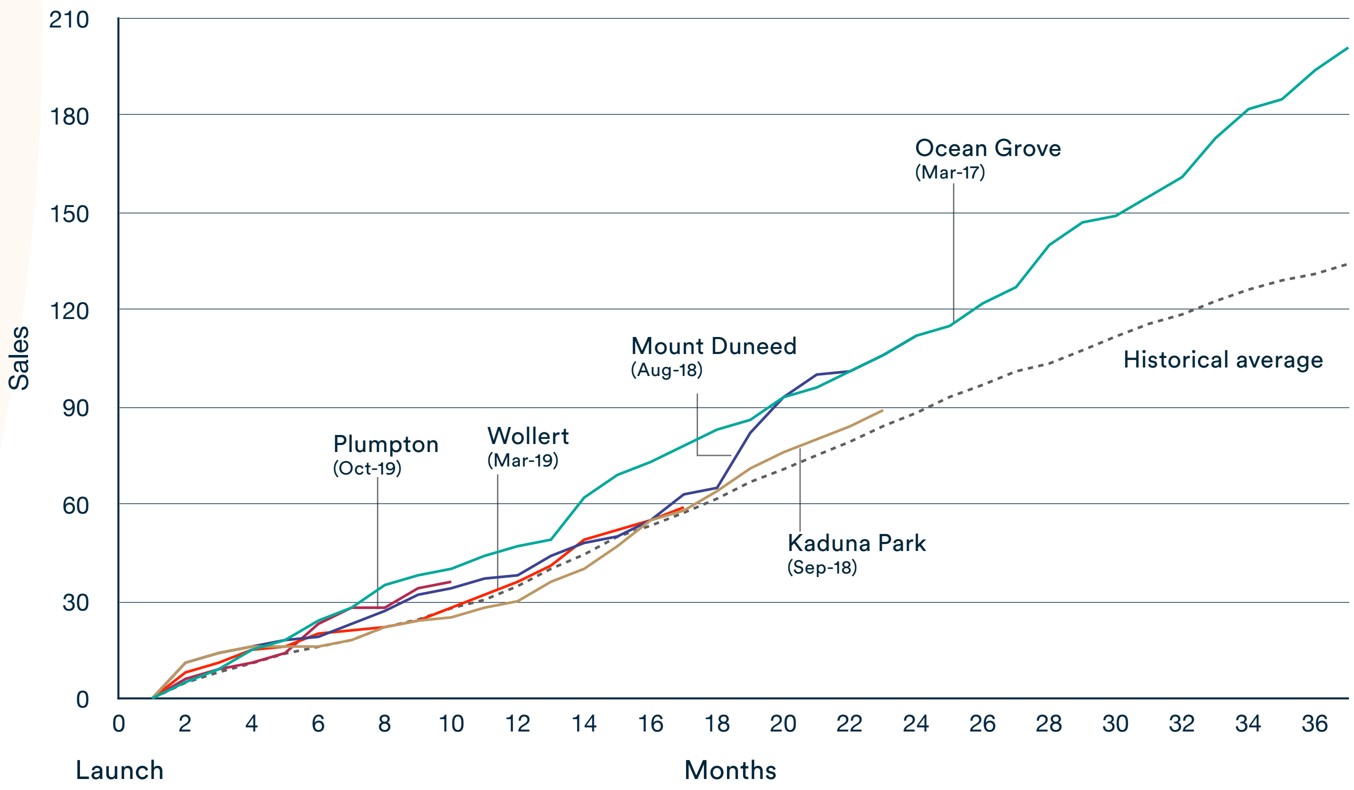
Community	No. of Homes	Sold	% Sold
Shepparton	300	300	100
Ocean Grove	220	211	96
Mount Duneed	191	113	59
Kaduna Park	169	90	53
Wollert North	246	59	24
Plumpton (sales launched October 2019)	266	38	14
St Leonards (sales launched 1st August 2020)			



2.2 Sales rates

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

Sales profile from date of first sale



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

2.3 Sales milestones and customer buying triggers

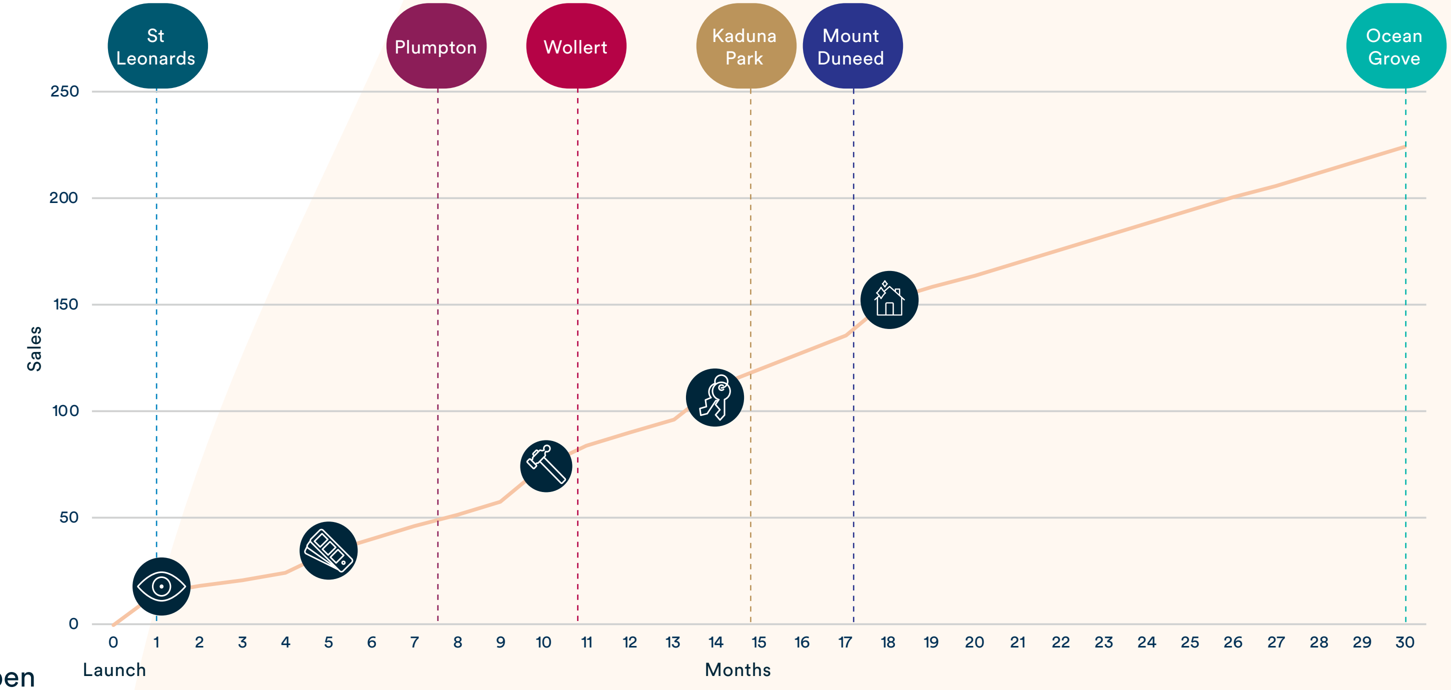
Sales launch
- Major customer event
- Local press marketing
- Database engagement

Sales Lounge opens on-site
- First impression
- Construction activity on site

First frames go up
- Homes taking shape on site
- First major "buying hurdle"

Community opens - first Homeowners move in
- Grand Opening event – display homes open
- Local press and database engagement
- Lived experience drives referral

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



Sales rates increase as community milestones are achieved

2.4 Our go-to-market strategy

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

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

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

2.5 Land acquisitions & development update

Lifestyle MOUNT DUNEED

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

Lifestyle PLUMPTON

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

Lifestyle CLYDE NORTH

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

Lifestyle KADUNA PARK

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

Lifestyle TYABB

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

Lifestyle PAKENHAM

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

Lifestyle WOLLERT

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

Lifestyle ST LEONARDS

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

Lifestyle CLYDE

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

2.6 Developments in progress

5 Communities in development phase

Construction fully complete and final homes settling

First homeowners settled in May 2020. Clubhouse under construction

Clubhouse due for completion in September 2020

Civil works in full swing and clubhouse under construction

First frames underway and clubhouse under construction

2.7 **Mount Duneed project fly-through**

Visit www.bit.ly/ProjectFlyThrough

2.8 **Sustainability**

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

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

Our progress so far includes:

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

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

- Waste management measures on development sites ensure we are reducing the amount of waste that goes to landfill
- Recycling of building waste including steel, foam, timber, and cardboard
- Designated wash-out bays and eco mesh installed to stormwater drains to keep contaminates out of the water system
- FSC certified timber used in all construction

Section 3
Financial Results

Our resident alpaca chilling out at Lifestyle Warragul

3.1 Financial results

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

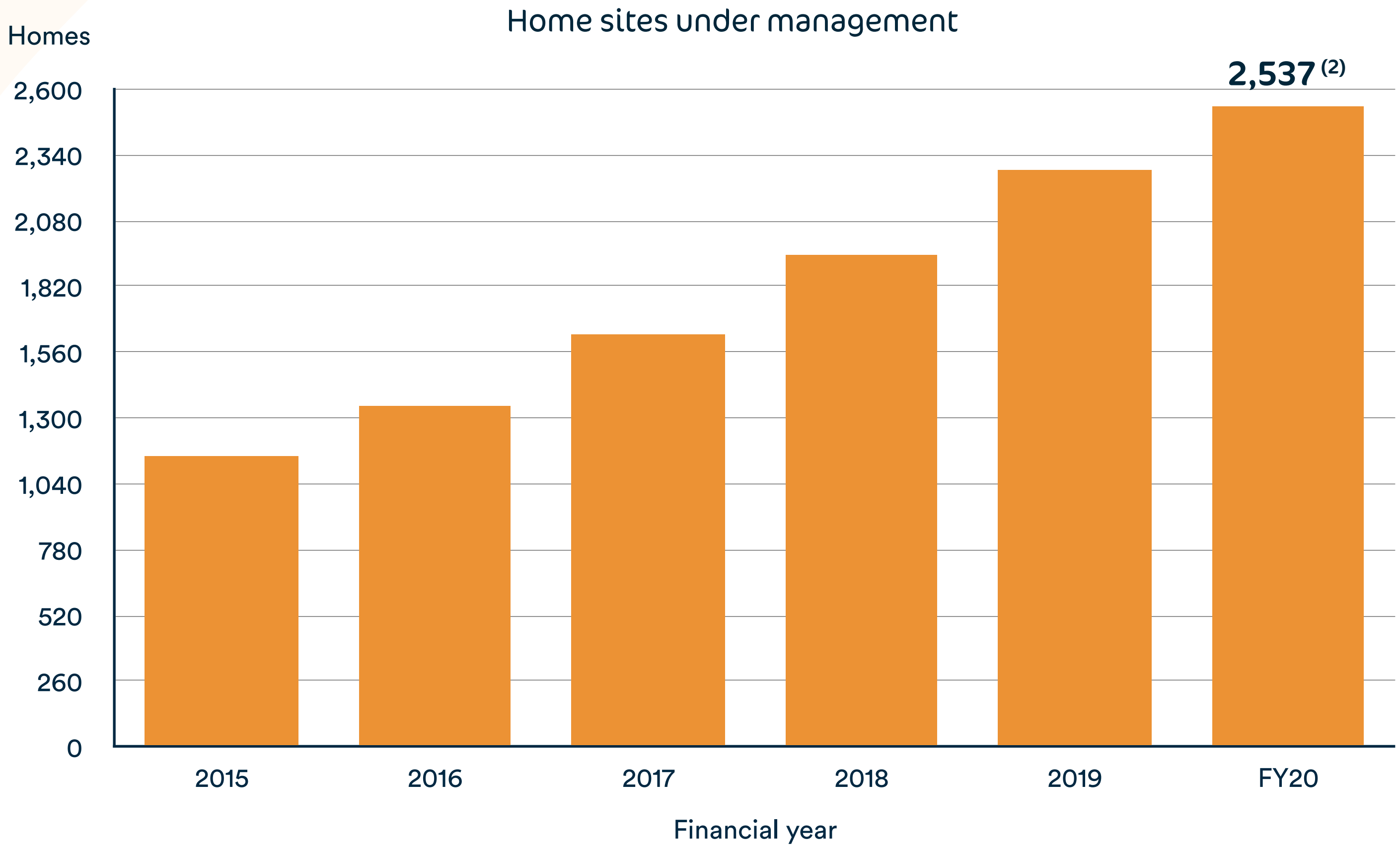
There are two components to the annuity stream:

1. Site Rental Fee

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

2. Deferred Management Fee (DMF)

- Increases at 4% per year capped at 20% of the resale price
- 80 resale settlements provided DMF income of $5.2m[1]. Average tenure was 5.5 years and average capital growth was 7.7%



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

3.2 Income statement

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

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

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

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

3.3 Balance sheet

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

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

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

Notes
(1) Calculated as a ratio of net debt to net debt plus equity (net debt includes cash)
(2) Prior year comparatives have been restated, please refer to Note 2 in the Annual Report

3.4 Cash flow

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

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

Notes

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

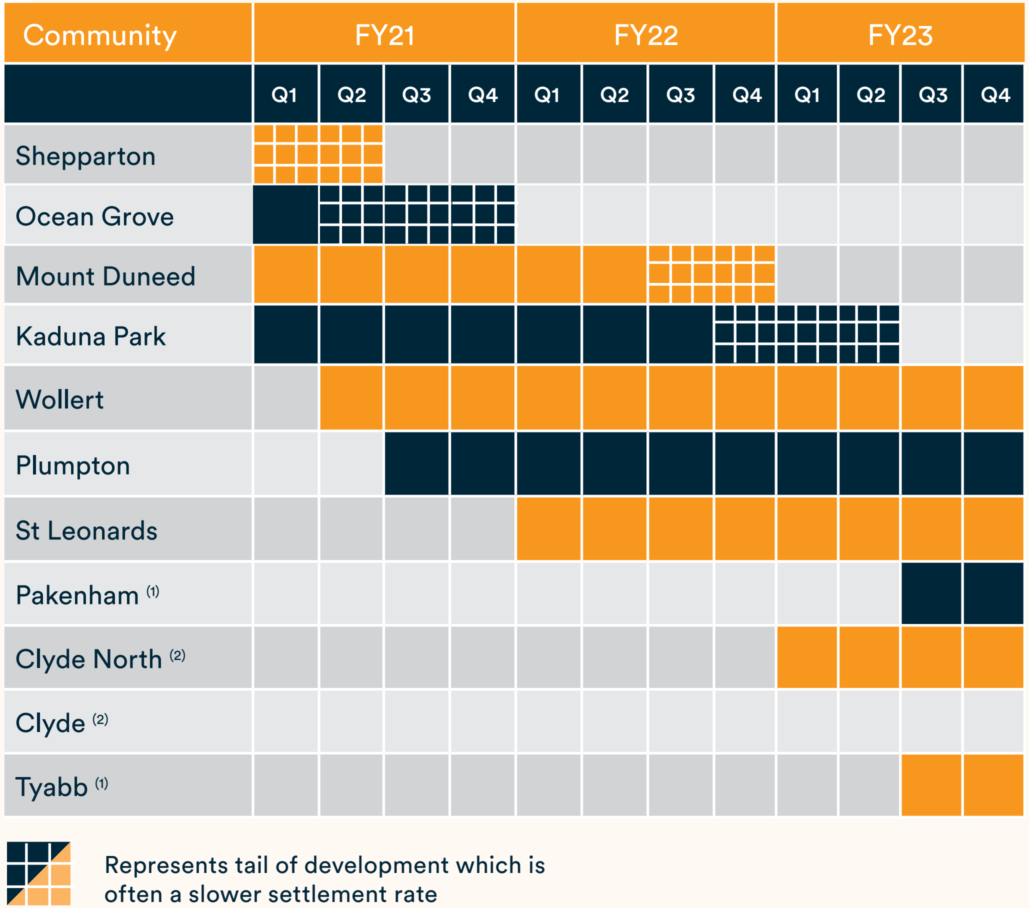
Section 4
Outlook

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

4.1 Settlement progress

New sales

- Lifestyle Communities has a focused strategy to service a niche - providing good quality affordable housing to the over 50s
- Currently funded and resourced to acquire at least two new sites per year, subject to identification of appropriate sites
- Focused on Melbourne's growth corridors as well as key Victorian regional centres
- The Company enters FY21 with 257 new homes sold and awaiting settlement, 229 of these homes will be completed and available for settlement in FY21
- Given the uncertainty with Covid-19 and the associated lockdowns and restrictions, the build program will be closely monitored and matched to sales
- Given the ongoing high levels of uncertainty in relation to the duration and impact of the Covid-19 pandemic on the Victorian property market, the Company is unable to provide near-term forward guidance at this time
- With the current pipeline of projects, we anticipate settlements to be in the range of 900 to 1,100(3) over the next 3 years (with fluctuations at various times during this 3-year period due to the potential for ongoing restrictions and lockdowns)
- The balance sheet and debt position is robust - access to over $130m in cash and undrawn facilities, and the next refinancing is not due until March 2024
- Operating cash flow is underpinned by the ongoing rental annuities from its 2,537 homes under management



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

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

Summary

Streetscape at Lifestyle Chelsea Heights

5.1 Summary

- Enquiries, sales and settlements impacted by Covid-19 restrictions between March 2020 and June 2020
- FY20 delivered 253 new home settlements and 80 resale settlements that attracted a DMF
- 280 new home sales in FY20 means we enter FY21 with 257 new homes sold and awaiting settlement. 229 of these homes will be completed and available for settlement in FY21 in addition to any sales achieved during the year
- Construction commenced at Lifestyle Kaduna Park, Lifestyle Wollert, and Lifestyle Plumpton
- Mount Duneed commenced first home settlements in mid-December 2019 and Kaduna Park commenced first home settlements in May 2020
- Acquisitions at St Leonards, Pakenham, Clyde North and Clyde has increased the total portfolio to 4,494[1] homes
- Annuity income from site rental fees grew by $4.0m to $23.0m
- Refinancing during FY20 sees us well capitalised to acquire at least two new sites per year

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

Notes
(1) Settled, under development or subject to planning

Appendix

A rendered image of the outdoor pool at Lifestyle St Leonards

A.1 Model of living

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

75-80%

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

90 Year Lease

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

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

Homeowners at Lifestyle Communities are covered by the Residential Tenancies Act

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

A.2 **Growing recurring revenue stream**

Lifestyle Communities's business has two core elements

1. Creating communities

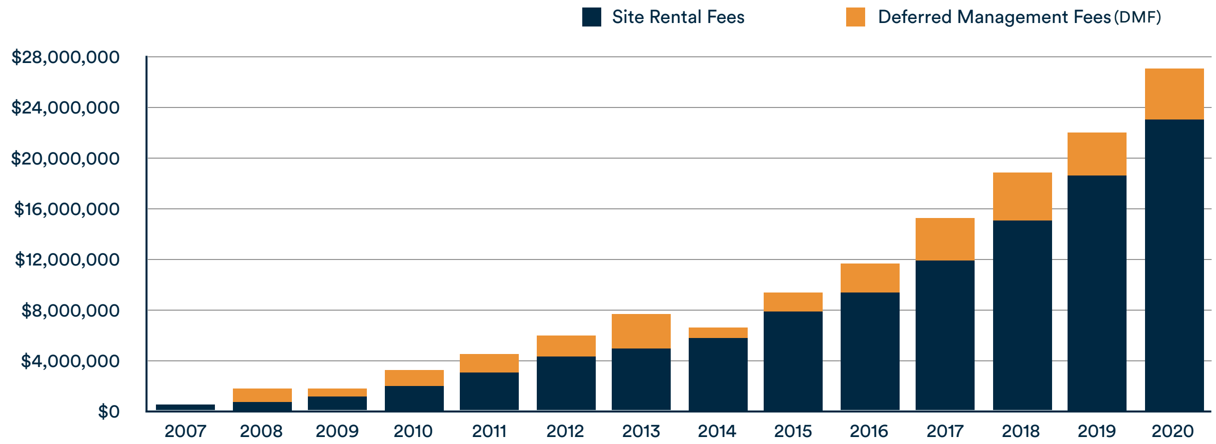
A mix of equity and debt capital is used to develop greenfield sites to create new communities. Capital is recovered from one community and is recycled into the next project.

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

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

2. Managing communities

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



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total number of homes settled (Cumulative)	100	138	202	305	412	546	695	906	1,146	1,348	1,626	1,947	2,284	2,537
Number of resales attracting a DMF	-	-	4	11	8	11	10	23	34	52	73	59	53	80

Rentals increase at CPI or 3.5% whichever is greater [1]
DMF of 20% after 5 years on the resale price of the home.

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

Notes

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

A.3 **Dividend policy**

A rendered image of the clubhouse at Lifestyle Kaduna Park

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

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

Dividend

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

Surplus franking credits

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

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

A.4 Sales and settlements

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

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

A.5 Investment property analysis

Community Valuation Summary (On completion)

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

Notes:

(1) As per independent valuations for communities valued in June 2020 and as per Directors' valuation for other communities
(2) Represents 100% of the development of which LIC will share 50%
(3) Valuer's Rental calculation methodology: capitalisation rate on annual rental income
(4) Valuer's DMF calculation methodology: NPV of 20 year cash flows with terminal value at year 21 or NPV of 40 year cash flows with no terminal value

A.6 Investment property analysis

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

Notes:
(1) Represents LIC's share in the on-completion assets
(2) Commencement of construction subject to planning approval
(3) Commencement of contruction subject to planning approval and the contract becoming unconditional

A.7 Deferred management fees

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

Notes
(1) Only includes resales that attracted a DMF.
(2) Exlcudes selling and administration fees.

A.8 Fair value breakdown

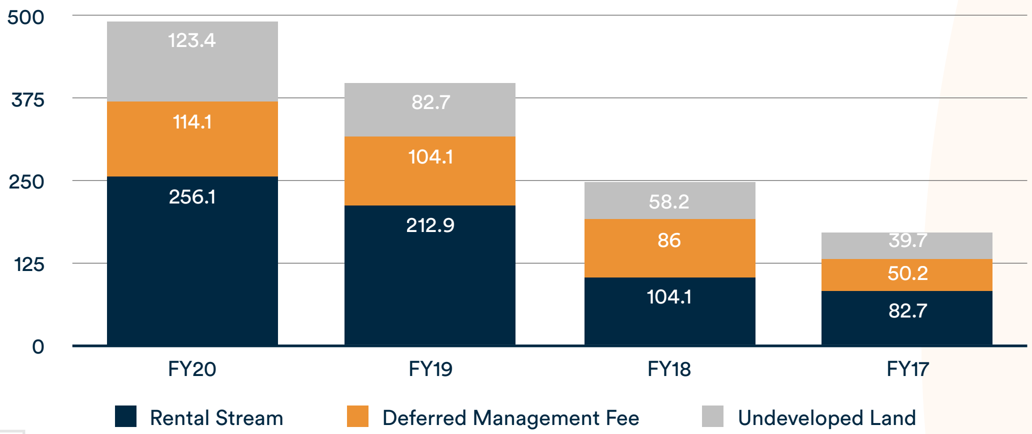
At Lifestyle Communities our homeowners purchase a proportionate share of the clubhouse, pool, recreational facilities, and all associated infrastructure when they purchase their home.This helps us build a sense of community, shared ownership, and pride in where our homeowners live. Due to this operating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

The fair value adjustment typically comprises three components:

1. The value uplift created when a customer settles on their home and acquires their share of the infrastructure, which in turn delivers an ongoing annuity stream in the form of the land rental and deferred management fee.
2. The uplift created as a result of the contractual rent increase applied to settled homes each year.
3. Changes in fair market values due to changes in valuation assumptions used by independent valuers. These typically include external market factors outside of Lifestyle Communities's control such as rent capitalisation rates, external market price growth assumptions and other available market data.

Conversion of undeveloped land into completed homes:

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



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

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

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

A.9 Cash flow analysis

FY20

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

Notes
(1) Deferred management fees received are inclusive of selling and administration fees as well as wages and marketing costs
(2) 50% of cash flows for joint ventures are reflected above
(3) Lifestyle Brookfield in Melton, Lifestyle Seasons in Tarneit, Lifestyle Warragul, Lifestyle Casey Fields in Cranbourne, Lifestyle Chelsea Heights, Lifestyle Hastings, Lifestyle Lyndarum in Wollert and Lifestyle Officer are fully settled
(4) Lifestyle Tyabb, Lifestyle St Leonards, Lifestyle Pakenham East, Lifestyle Clyde North and Lifestyle Clyde

A.10 Cash flow analysis

FY19

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

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

Important notice and disclaimer

- This Presentation contains general background information about Lifestyle Communities Limited (LIC) and its activities current at 12 August 2020 unless otherwise stated
- It is information in a summary form and does not purport to be complete. It should be read in conjunction with LIC's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at www.asx.com.au
- This Presentation has been prepared by LIC on the information available. To the maximum extent permitted by law, no representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions in this Presentation and LIC, its Directors, Officers, Employees, Agents and Advisers disclaim all liability and responsibility (including for negligence) for any direct or indirect loss or damage which may be suffered by any recipient through use or reliance on anything contained in or omitted from this Presentation
- Past performance information given in this Presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance
- This Presentation contains certain "forward-looking statements" and prospective financial information. These forward-looking statements and information are based on the beliefs of LIC's management as well as assumptions made by and information currently available to LIC's management, and speak only as of the date of this Presentation. All statements other than statements of historical facts included in this Presentation, including without limitation, statements regarding LIC's forecasts, business strategy, synergies, plans and objectives, are forward-looking statements. In addition, when used in this Presentation, the words "forecast", "estimate", "expect", "anticipated" and similar expressions are intended to identify forward-looking statements. Such statements are subject to significant assumptions, risks and uncertainties, many of which are outside the control of LIC and are not reliably predictable, which could cause actual results to differ materially, in terms of quantum and timing, from those described herein. Readers are cautioned not to place undue reliance on forward-looking statements and LIC assumes no obligation to update such information
- The information in this Presentation remains subject to change without notice
- In receiving this Presentation, you agree to the foregoing restrictions and limitations
- This Presentation is not for distribution or release in the United States or to, or for the account or benefit of, US persons

Lifestyle Communities Limited
Level 1, 9-17 Raglan Street
South Melbourne VIC 3205
Ph: (03) 9682 2249
www.lifestylecommunities.com.au