



*A Business for Purpose*



Artist impression of Woodlea Clubhouse

**Results Presentation**  
*for the year ended 30 June 2022*



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Lifestyle Communities Team Summit 2022

# Our story and purpose

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

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

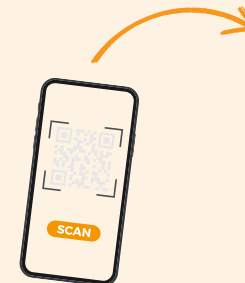
Like us, our homeowners rail against an earnestly bland existence or disappearing into a sea of sameness; the one-size-fits all approach that places limitations on what's possible. Which is why we actively listen to them; to their hopes for now and their dreams for the future, so the next time they ask,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

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

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

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

Scan the QR code to  
view our 'Lifestyle Story'





# A business for purpose

An empowering and  
engaging customer  
service offering that  
**reimagines traditional  
retirement.**

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

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

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

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

Lifestyle Ocean Grove

# Macro themes provide resilience through the cycle

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

Lifestyle Communities provides a credible option even in falling market

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



### Ageing Population

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

### Economic Environment

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

### First Home Buyers

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

### Property Market – outer suburbs

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





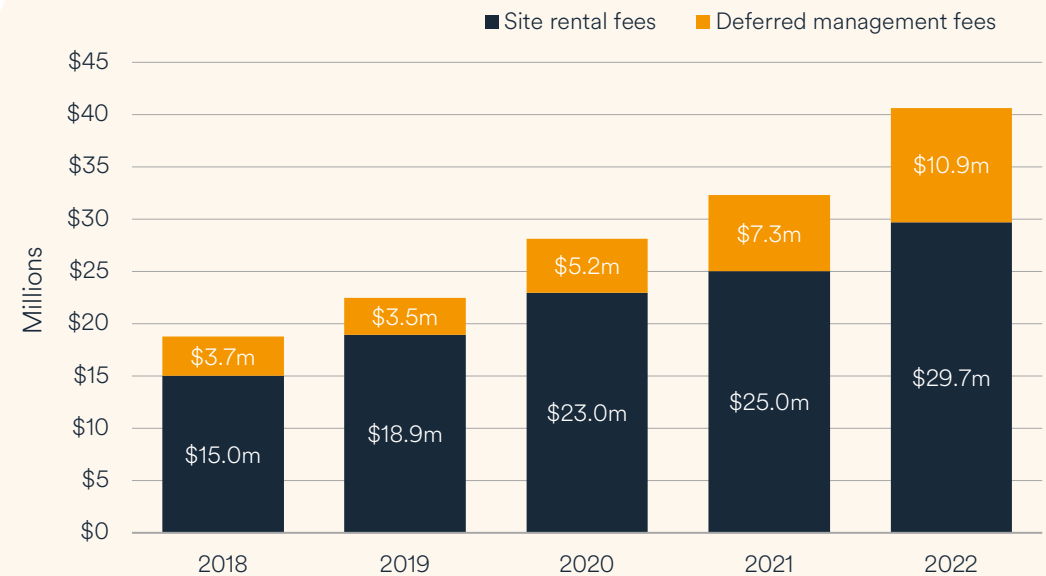
# Overview

# FY22 results snapshot

## Financial summary

(\$m)	FY22	FY21
Net profit after tax attributable to shareholders	<b>88.9</b>	91.1
Underlying profit after tax <sup>1</sup>	<b>61.4</b>	36.4
Total assets	<b>1,006.2</b>	781.3
Equity	<b>453.5</b>	378.1
Dividend (cents per share)	<b>10.5</b>	8.0
Net debt	<b>243.1</b>	187.7
Net debt to net debt plus equity	<b>34.9%</b>	33.2%

## Growing annuity income streams



Total number of homes settled <sup>2</sup>	1,947	2,284	2,537	2,792	3,193
Number of resales attracting a DMF <sup>3</sup>	59	53	80	105	143

### Notes:

1. Underlying profit is a non-IFRS measure provided to give a better understanding of the Company during FY22
2. Represents gross numbers not adjusted for joint venture interests
3. Total resale settlements were 156, of which 143 attracted a DMF



# FY22 highlights

OVERVIEW

- Opened new clubhouse at St Leonards
- Welcomed first homeowners at Lifestyle Meridian
- Sold out communities at Mount Duneed and Kaduna Park
- 418 new home sales and 401 new home settlements in a year affected by lockdowns
- 156 resale settlements of which 143 attracted a deferred management fee
- Underlying profit rose 69% from \$36.4m to \$61.4m driven by higher settlements and increased homes under management
- In addition to the Phillip Island site announced in August 2021, new land acquisitions at Merrifield, Ocean Grove, and Bellarine (Leopold) during the year
- Portfolio + Pipeline of 5,391 home sites of which 3,193 home sites are occupied by 4,600+ homeowners



Lifestyle Mt Duneed sold out



# Portfolio snapshot FY22

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 at Melton	228	228		228	100%
Seasons at Tarneit	136	136		136	100%
Warragul	182	182		182	100%
Casey Fields at Cranbourne <sup>1</sup>	217	217		217	100%
Shepparton	300	300		300	100%
Chelsea Heights <sup>1</sup>	186	186		186	100%
Hastings	141	141		141	100%
Lyndarum at 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%
Ocean Grove	220	220		220	100%
Mount Duneed	191	184	7	191	100%
Kaduna Park at Officer South	169	167	2	169	100%
Existing Communities - Under Construction					
Wollert North	246	105	42	147	60%
Deanside	266	88	34	122	46%
St Leonards	359	116	88	122	46%
Meridian at Clyde North	274	29	94	123	45%
Woodlea	180			0	0%
New Communities - Awaiting Commencement					
Pakenham <sup>2</sup>	175				
Clyde <sup>2</sup>	230				
Phillip Island <sup>2</sup>	260				
Merrifield <sup>2</sup>	187				
Ocean Grove II <sup>2</sup>	190				
Bellarine (Leopold)	160				
Total <sup>3</sup>	5,391	3,193	267	3,460	64%

## Notes:

1. Represents 100% of the development of which Lifestyle Communities shares 50%
2. Commencement of construction subject to planning approval
3. Lifestyle Communities will have an economic interest in 5,190 home sites

# Portfolio overview and land acquisition strategy

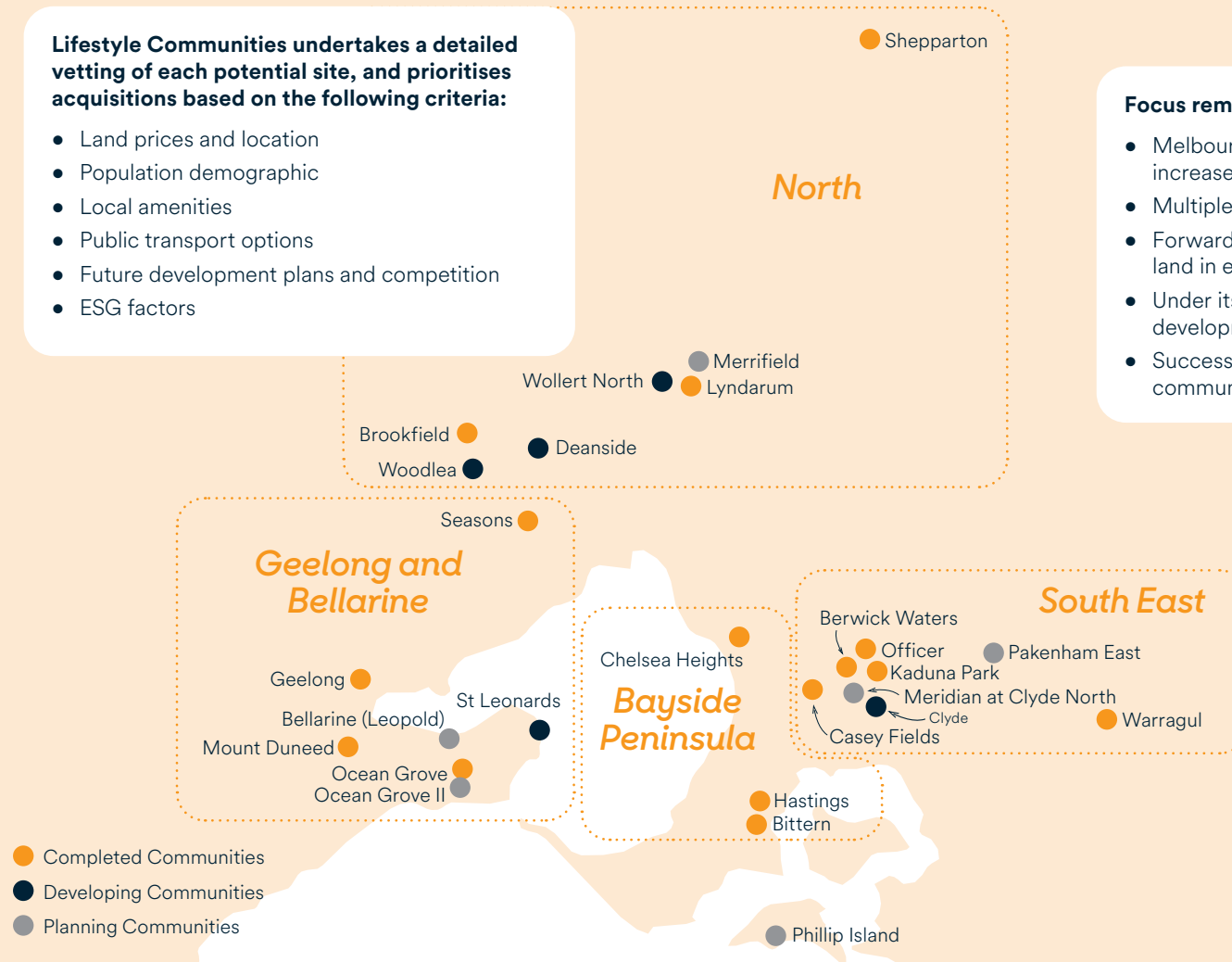
26 Communities in planning, development or under management.

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

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

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

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



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



## Affordable housing

Our mission is to enable working, semi-retired and retired people over 50 to live an independent life at an affordable price.

Our product and operating model have been deliberately designed to address the limited 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 a comfortable standard of living in retirement. We will never deviate from this mission.



## Environmental

- Carbon target introduced – Net Zero operational carbon emissions by no later than 2035
- 13.5% reduction in emissions intensity since baseline in 2019
- Construction commenced on our pilot 450kw solar + battery micro grid at Lifestyle Meridian – Initial electricity prices set at a 30% discount to comparable communities with a goal to get to 50% once construction is completed
- Committed to construction of a further micro grid at Lifestyle Woodlea and in planning for all other new communities
- Installed 643KW of solar panels across Deanside and St Leonards
- Commenced a process to baseline the water intensity at our operating communities
- Installation of sensor-driven irrigation system at Meridian — Minimises over-watering and evaporation, and prevents plant loss



## Social

- Delivered 401 new affordable homes welcoming 538 new homeowners to Lifestyle Communities
- Donated \$138k to cancer-based charities and continued our pledge to donate \$50 per annum for all homes under management at the start of each year
- Commissioned independent research focused on the costs of living in retirement with a specific focus on people living solely on the Aged Pension
- Continued our progress towards WGEA certification – Targeting certification in FY23
- Maintained 50% Board gender diversity targets
- Invested \$184k on 165 external training courses to develop our team
- Achieved an employee engagement score of 8.7 out of 10
- Parental leave policy updated and launched a stage of life support service for our team – Circle In



## Governance

- Conducted 2 voice of the customer surveys and undertook 38 town hall meetings (2 per community)
- 2nd Modern Slavery Statement released
- Independent review of workplace health and safety framework completed
- Independent Cyber review, penetration testing, and business impact assessment completed
- Independent review of our data management practices, and privacy policy completed
- Continued stakeholder engagement

# Greenhouse gas emissions inventory

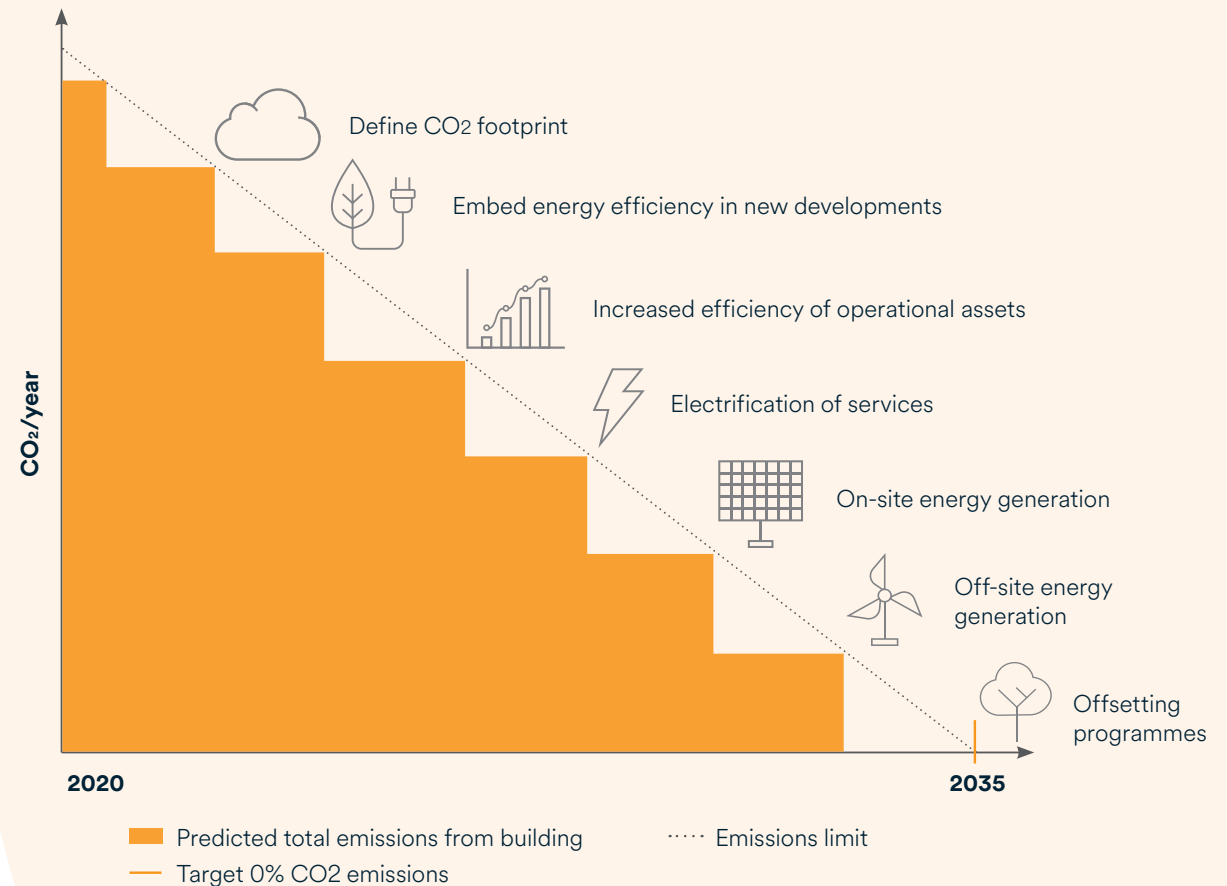
Lifestyle Communities commits to achieve net zero operational carbon emissions for scope 1, 2 and 3 by no later than 2035.

The plan to achieve this is outlined in the chart to the right.

## Why 2035?

- It strikes a balance between committing to improving our environmental impact and managing the associated costs of the transition
- The straight-line target will commit us to taking positive steps each year
- It allows us to take advantage of new technology being developed in this area over the next 10 – 15 years which will assist to further mitigate the costs of transition to a zero-carbon economy
- We feel it is achievable

Pathway to net zero emissions





# Greenhouse gas emissions inventory

(Tonnes of carbon)	Calendar year			Change vs. baseline
	2021	2020	2019	
Scope 1 (direct emissions)	599	432	400	49.8%
Scope 2 (Lifestyle electricity)	1,777	1,479	1,938	(8.3)%
<b>Total Lifestyle emissions</b>	<b>2,376</b>	<b>1,911</b>	<b>2,338</b>	<b>1.6%</b>
Scope 3 (homeowner electricity)	6,581	6,482	6,069	8.4%
<b>Total Lifestyle and homeowner emissions</b>	<b>8,957</b>	<b>8,393</b>	<b>8,407</b>	<b>6.5%</b>
Homes under management (end of year)	2,816	2,625	2,393	17.7%
GHG emissions per home (tonnes)	3.2	3.4	3.7	(13.5)%

## Notes

1. The shift between scope 2 and scope 3 emissions was driven by Victoria's lockdown in 2020 and 2021 as community facilities were closed and homeowners spent more time at home.
2. Carbon Intensity per home, which adjusts for the increasing number of homes under management, reduced by 13.5%

Average greenhouse gas emissions of a Lifestyle house compared to a typical home in Melbourne's out suburbs.



Average Lifestyle House

**3.2 tonnes** of carbon per annum



Typical 1-person house in the suburbs

**5.2 tonnes** of carbon per annum



Typical 2-person house in the suburbs

**8.1 tonnes** of carbon per annum

The "typical" house above refers to an average home in Broadmeadows Victoria with no pool, using gas for heating and cooking, modelled using the Governments energy made easy website: [energymadeeasy.gov.au](https://energymadeeasy.gov.au).





# Operations update

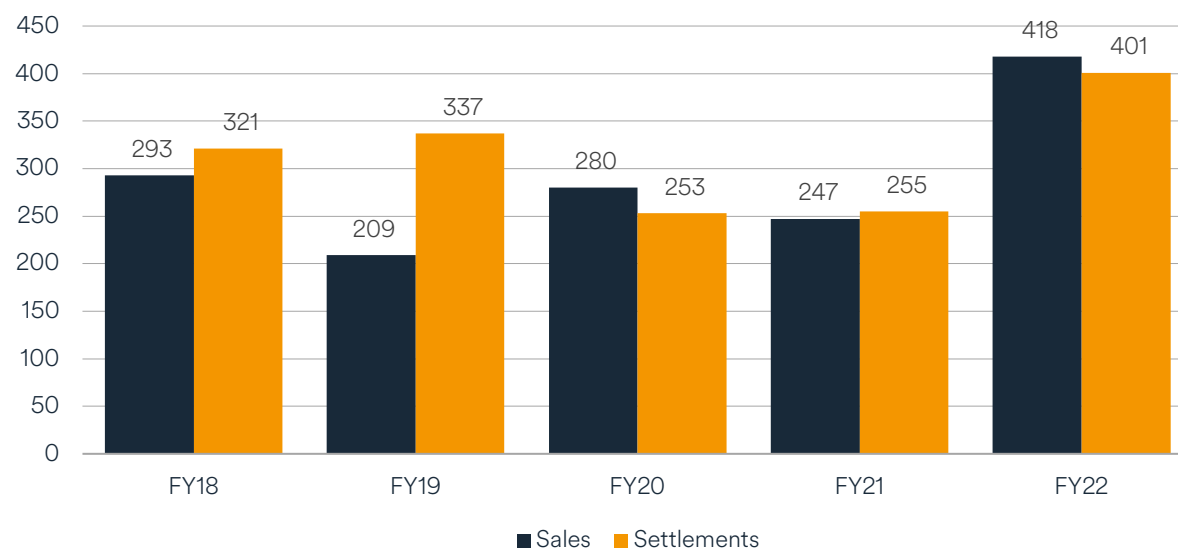


# Sales and settlements

- 418 new home sales
- Kaduna Park and Mount Duneed sold out during the year
- Site 1 at St Leonards is sold out. Site 2 is yet to launch
- Actively selling new communities at Wollert, Deanside, and Meridian
- 7 new communities launching for sale in FY23
- 156 resale settlements of which 143 attracted a deferred management fee

Community	No. of homes	Sold	% sold	Settled	% settled
Mount Duneed	191	191	100%	184	96%
Kaduna Park	169	169	100%	167	99%
Wollert North	246	147	60%	105	43%
Deanside	266	122	46%	88	33%
St Leonards - Waves	199	199	100%	116	57%
St Leonards - Shores (not yet launched)	160	5	0%	–	0%
Meridian	274	123	45%	29	11%

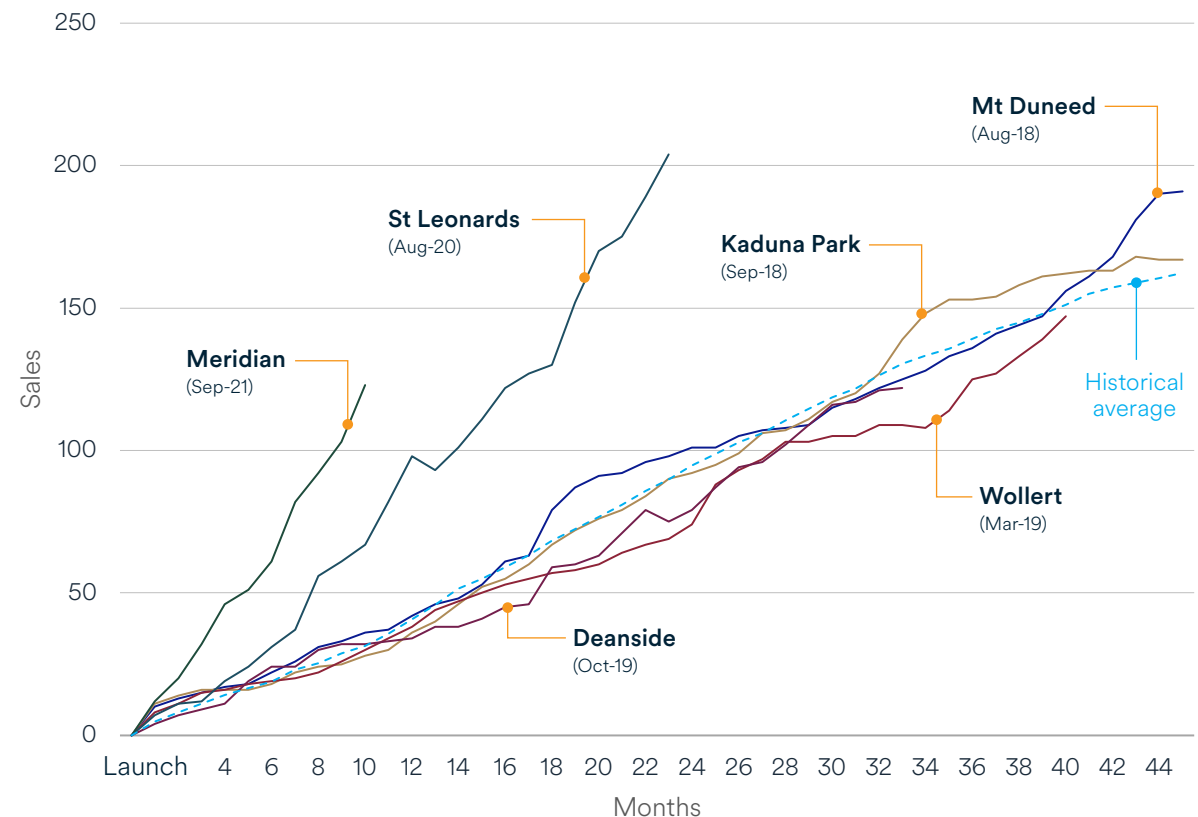
## Homes



# Sales rates

- Lockdowns slowed momentum early in the year but customers doing their research were more informed when we met them after lockdowns ended
- St Leonards and Meridian both benefiting from quality location and new sales launch strategy
- Implemented a new close out strategy for Mount Duneed and Kaduna Park – Focus on ready to move homes
- Wollert and Deanside will adopt a similar strategy over the next 6 months as the build out progresses
- Partnerships program assisting to give potential customers a reason to physically visit our communities
- Continued focus on digital content as we embed the salesforce tools we have implemented

## Sales profile from date of first sale



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

# Thanking our referrers

- Circa 50% of our new home sales and over 60% of our resales come via referral from an existing homeowner
- In July 2022 we hosted an event for our top referrers to say thank you for placing their trust in us
- Hosted at the Regent Theatre our top referrers were treated to drinks and canapés followed by Rodgers and Hammerstein's Cinderella
- Top referrers Peter and Kaye from Lifestyle Wollert were rewarded with an all expenses paid trip to Europe
- Peter and Kaye have referred friends and family to Lifestyle resulting in 11 new home sales



Scan the QR code to  
view the event





# Developments in progress



Building program over 50% complete.



Building program over 50% complete.



First site sold out. Second site planned for sales launch in second half of FY23.



First homeowners settled in May 2022.  
Clubhouse due for opening March 2023.



Construction commenced in July 2022. Sales launch planned for September 2022.



Purchased with partially completed civil works and clubhouse. Relaunch planned in September 2022.

**Note:**

Mount Duneed and Kaduna Park are both completed and fully sold.

Mount Duneed had 7 homes left to settle at 30 June 2022 and Kaduna Park had 2 homes left to settle

# Digital transformation update

- **New Website** – Redesign completed and live in September 2021. Continuing to evolve and improve
- **SAP Business by Design and SAP Concur** – Finance Systems – Systems went live on 1 January 2022. Continuing to adapt business processes and unlock productivity benefits
- **Salesforce** – Progressive roll-out between April and June 2022. Core platform operational. Refer to the following slide for more detail on the breadth of the platform and its capabilities
- FY23 will focus on optimising the systems — leveraging automation and personalisation tools

*New systems will improve the user experience for both our homeowners and our team*



# Salesforce implementation

Setting the foundation for future growth.

OPERATIONS UPDATE

## Sales Funnel 1

*Direct marketing*

Capabilities

### Marketing

- Digital marketing
- Database communication
- Segmentation
- Website integration
- Third party platforms (realestate.com, Domain, Downsizing.com)
- Customer Surveys
- Data analytics and insight

### Sales

- Contact management
- Sales team can track leads and opportunities anywhere anytime
- Enable the sales team to have warmer, richer conversations
- Insights delivered via integrated marketing
- Workflow automation
- Individual dashboards for sales team
- Hot lead notifications

Our goal

Target better quality leads and deliver an improved experience to new leads.

Improve the customer experience, increase conversion.

## Sales Funnel 2

*Homeowner experience*

### Service

- Support customer interactions on multiple channels
- Automate business processes with intelligent workflows
- Smart productivity tools for community managers
- Get shared, actionable insight into every customer interaction
- Track repetitive tasks and monitor compliance
- Capture “in the moment” feedback

Personalise our support to engage with every customer how they would like to be engaged with. Drive Referral.

### Home owner portal

- News feed for homeowners delivering relevant articles and content
- Book our facilities
- Promote sporting carnivals and events
- Access homeowner benefits and discounts
- Help centre with centralised storage of community policies, FAQs etc.

Deliver an amazing homeowner experience. Drive referral.

## FY23

### Further enhancements

- Website interaction
- EDM personalisation
- Document generation, and e-signatures
- Dynamic, customised billing and quoting of new home sales in real time
- Business Intelligence (Tableau)

Optimise for success. Improve controls and leverage automation.



Artist impression of new house design at Lifestyle Meridian



**Financial  
results**



# Financial results

There are two components to the annuity stream:

## Site Rental Fee

- \$199 per single and \$230 per couple, per week, per home
- Indexed at greater of CPI or 3.5% p.a.
- Gross rental income for FY22 was \$29.7 million
- A 3.7% rental increase was applied on 1 July 2022 aligned with underlying inflation

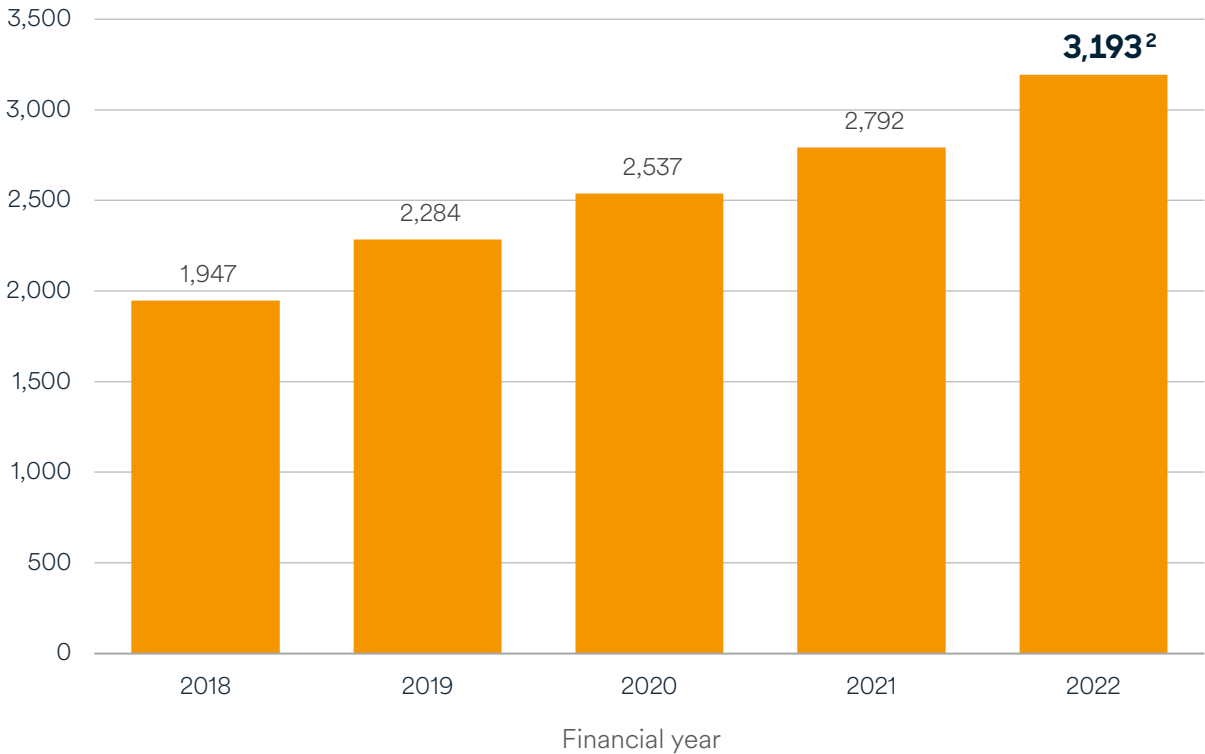
## Deferred Management Fee (DMF)

- Increases at 4% per year capped at 20% of the resale price
- 143 resale settlements provided DMF income of \$10.9m<sup>1</sup>
- Average tenure for homes sold in FY22 was 6 years and average capital growth was 8.9%

Notes:

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

## Home sites under management



# Income statement

- Underlying profit after tax rose 69% to \$61.4 million for the 2022 financial year, while valuation gains lifted statutory profit after tax to \$88.9 million
- The uplift was underpinned by new home settlements and increased annuity income from a higher number of homes under management
- New home settlements for FY22 were 401 (FY21: 255)
- Resale settlements attracting a DMF were 143 (FY21: 105) increasing annuity income from site rentals and deferred management fees by 25% to \$40.6 million (FY21: \$32.4 million).
- Cost of sales includes \$52.1m for the share of community infrastructure sold to each homeowner and expensed upon settlement (FY21: \$28.1m)
- Revenue from site rentals increased due to an increased number of homes under management. Community operating expenses also increased in line with the increased number of homes
- Corporate costs increased due to increased headcount to support the business growth, an increase in the cost of the employee incentive scheme due to share price growth, and an increase in insurance premiums due to prevailing market conditions.
- Other revenue and expenses includes:
  - Utilities costs passed on to homeowners; and
  - \$1.1m costs related to the Tyabb planning permit application

Income statement	FY22 (\$000)	FY21 (\$000)	Movement (%)
Home Settlement Revenue	180,291	102,716	75.5%
Cost of Sales	(142,844)	(81,338)	75.6%
<b>Gross Profit</b>	<b>37,447</b>	<b>21,378</b>	<b>75.2%</b>
Home Settlement Margin	20.8%	20.8%	0%
<b>Management and Other Revenue</b>			
Site Rental	29,712	25,043	18.6%
Deferred Management Fees	10,906	7,342	48.5%
Other Revenue	3,497	3,602	(2.9%)
<b>Total Management and Other Revenue</b>	<b>44,115</b>	<b>35,987</b>	<b>22.6%</b>
Fair Value Adjustments	92,600	108,590	(14.7%)
Development Expenses	(8,619)	(6,466)	33.3%
Management rental expenses	(12,694)	(11,203)	13.3%
DMF Expenses	(1,985)	(1,596)	24.4%
Corporate Overheads	(13,245)	(10,552)	25.5%
Employee share scheme	(2,876)	(1,359)	111.6%
IT Implementation	(1,595)	–	–
Finance Costs	(1,600)	(1,462)	9.4%
Other Expenses	(4,522)	(2,787)	62.3%
<b>Net Profit Before Tax</b>	<b>127,026</b>	<b>130,530</b>	<b>(2.7%)</b>
<b>Net Profit after Tax</b>	<b>88,871</b>	<b>91,111</b>	<b>(2.5%)</b>
<b>Underlying Profit after Tax</b>	<b>61,431</b>	<b>36,360</b>	<b>69.0%</b>



# Balance sheet

- The inventory balance includes:
  - \$49.3m for display homes and houses in progress
  - \$86.4m for Civil and Infrastructure works on developments in progress
- Trade payables includes accruals for future land settlements at St Leonards, Pakenham East, Clyde, Merrifield, Ocean Grove and Bellarine
- Borrowings have increased due to:
  - the ramp-up in civil programs at St Leonards and Meridian
  - increased inventory
  - settlement of land at Wollert, Phillip Island and Woodlea
  - deposits on new acquisitions at Ocean Grove, Merrifield and Bellarine

Balance sheet highlights	FY22 (\$000)	FY21 (\$000)	Movement (%)
Cash and Cash on Deposit	1,893	2,300	(17.7%)
Inventories	135,679	125,243	8.3%
Investment Properties	850,247	636,455	33.6%
Other Assets	18,392	17,278	6.4%
<b>Total Assets</b>	<b>1,006,211</b>	<b>781,276</b>	<b>28.8%</b>
Trade and other payables	159,904	94,640	68.7%
Current tax payable	1,404	1,712	(18.0%)
Interest-bearing loans and borrowings	245,000	190,000	28.9%
Deferred tax liabilities	144,770	115,365	25.5%
Other Liabilities	1,676	1,464	29.6%
<b>Total liabilities</b>	<b>552,754</b>	<b>403,181</b>	<b>37.1%</b>
<b>Net assets</b>	<b>453,457</b>	<b>378,095</b>	<b>19.9%</b>
<b>Gearing</b>	34.9%	33.2%	5.2%

Note:

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

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

# Cash flow

- Receipts from customers increased due to:
  - higher number of new home settlements
  - increased annuity revenue due to a higher number of homes under management
- Included in payments to suppliers and employees is \$43.5 million for community infrastructure which will be proportionately sold with each home (FY21 \$60.5 million)
- Purchase of investment properties includes settlement of land at Wollert, Phillip Island, and Woodlea
- Purchase of treasury shares relates to shares held in an employee share trust to satisfy options issued to employees under the employee share scheme for FY21 and FY22



Cash flow highlights	FY22 (\$000)	FY21 (\$000)
Receipts from customers	243,346	149,101
Payments to suppliers and employees	(187,306)	(172,218)
Income taxes paid	(9,059)	(5,792)
Net Interest payments	(5,249)	(4,156)
Jobkeeper	–	1,139
<b>Cash flow from Operations</b>	<b>41,732</b>	<b>(31,926)</b>
Purchase of PP& E	(3,067)	(5,560)
Purchase of Investment Properties	(77,599)	(15,573)
<b>Cash Flow from Investing Activities</b>	<b>(80,666)</b>	<b>(21,133)</b>
Principle Elements of Lease Payments	(285)	(274)
Net Movement in Borrowings	55,000	45,000
Purchase of treasury shares	(6,256)	–
Dividends Paid	(9,932)	(5,748)
<b>Cash Flow from Financing Activities</b>	<b>38,527</b>	<b>38,978</b>
Net Cash Flows	(407)	(14,081)
Cash at the beginning of the year	2,300	16,381
<b>Cash at the end of the year</b>	<b>1,893</b>	<b>2,300</b>

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. 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 FY21 and FY22.



# Debt covenants and key metrics

- In August 2021 the Company agreed terms with its lending group, The Commonwealth Bank of Australia, National Australia Bank and HSBC Bank Australia, to extend the headroom in its debt facility by \$100 million
- The combined facility limit was increased to \$375 million. All other material terms and covenants remained unchanged
- The additional headroom will be used to fund the continued acquisition and development of new sites. The group's next debt maturity is a \$110 million tranche due in June 2025 with the balance expiring in July 2026
- 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
- Interest rate assumptions are reviewed and retested at least every 3 months or earlier if circumstances change

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



Key debt metrics		FY22	FY21	Change	Change (%)
Gross Assets	\$ millions	1,006	781	225.0	28.8%
Interest bearing liabilities	\$ millions	245	190	55.0	28.9%
Total debt facilities	\$ millions	375	275	100.0	36.4%
Undrawn debt	\$ millions	130	85	45.0	52.9%
Gearing	%	34.9%	33.2%	1.7	5.1%
Cash interest paid on drawn debt	\$ millions	5.3	4.2	1.1	26.2%
Weighted average cost of debt	%	2.2%	2.5%	(0.3)	(12)%
Weighted average debt maturity	Years	3.8	3.3	0.5	15.2%
Annual interest coverage ratio	Times	6.2	5.6	0.6	10.7%
Annual loan to value ratio	%	36.9	37.9	(1.0)	(2.6)%
% of debt fixed	%	0	0	–	0.0%
Debt providers	No.	3	3	–	0.0%

Sunset over Lifestyle Bittern

**Outlook**

# New project launches in FY23

- Finished the year with 3,193 settled homes under management across 19 operating communities.
- Increased total portfolio of completed homes, homes under development, and homes yet to be developed to 5,391
- Strong pipeline of undeveloped land to underpin the growth of the business for years to come.
- We continue to assess new land acquisition opportunities that meet our investment criteria, and our land acquisition plan remains focused in Victoria where we continue to build on our brand and referral network.
- Projects in our pipeline launching in FY23 are:
  - Woodlea (September) – 180 homes
  - Bellarine (September) – 160 homes
  - Phillip Island (November) – 260 homes
  - St Leonards 2 (2nd Half) – 160 homes
  - Riverfield in Clyde (2nd Half) – 230 homes
  - Merrifield (2nd half) – 187 homes
  - Pakenham (2nd half) – 175 homes
- Projects in our pipeline launching in FY24 are:
  - Ocean Grove – 190 homes

## Settlement Profile of Communities in Development

Community	FY23				FY24				FY25			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Mount Duneed	●											
Kaduna Park	●											
Wollert	●	●	●	●	●	●	●	●	●			
Deanside	●	●	●	●	●	●	●	●	●			
St Leonards	●	●	●	●	●	●	●	●	●	●	●	●
Clyde (Meridian)	●	●	●	●	●	●	●	●	●	●	●	●
Woodlea				●	●	●	●	●	●	●	●	●
Bellarine				●	●	●	●	●	●	●	●	●
Pakenham							●	●	●	●	●	●
Clyde (Riverfield)							●	●	●	●	●	●
Phillip Island							●	●	●	●	●	●
Merrifield								●	●	●	●	●
Ocean Grove											●	●

● Represents typical settlement rate

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



# Outlook

## Lifestyle Chelsea Heights

## OUTLOOK

- Lifestyle Communities has a focused strategy to service a niche — providing high quality affordable housing to downsizers in Victoria
- Currently funded and resourced to acquire three new sites per year, subject to identification of appropriate sites
- Focused on Melbourne's growth corridors as well as key Victorian regional centres
- FY23 settlements anticipated to be similar to FY22 before a step up in FY24 and FY25 as new projects come online
- Resale settlements attracting a DMF are anticipated to be in the range of 550 to 750 between FY23 and FY25
- With land already in the pipeline, we anticipate settlements to be in the range of 1,400 to 1,700 between FY23 and FY25
- The Company enters FY22 with 267 new homes sold and awaiting settlement
- FY23 is expected to see a large increase in activity levels as we launch 7 projects for sale during the year. This will translate into the higher settlement numbers forecasted in FY24 and FY25
- The balance sheet and debt position is robust - access to over \$110m in cash and undrawn facilities, and the next refinancing is not due until June 2025
- Operating cash flow is underpinned by the ongoing rental annuities from 3,193 homes under management







# Summary



# Summary

SUMMARY

- Welcomed first homeowners at Meridian and opened the clubhouse at St Leonards
- FY22 delivered 401 new home settlements and 143 resale settlements that attracted a DMF
- Acquisitions at Phillip Island, Ocean Grove, Merrifield and Bellarine has increased the total portfolio to 5,391<sup>1</sup> homes
- Annuity income from an increased number of homes under management grew by \$4.7m to \$29.7m
- Refinancing in August 2021 sees us well capitalised to continue to acquire up to 3 new sites per year to deliver continued growth
- New housing and clubhouse designs, system transformation, and onboarding of new team members sees us well placed to launch 7 new projects in FY23
- Macro themes underpinning the business provide resilience through the cycle

Note:

1. Settled, under development or subject to planning



Artist impression of Lifestyle Ocean Grove





# Appendix



# A.1 Model of living

## How does the Lifestyle Communities' model of living work?

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

75-80%

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



**90 Year Lease**

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



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



Homeowners at Lifestyle Communities are covered by the Residential Tenancies Act



Homeowners control price, presentation and sales strategy at exit



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

### Notes

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

# A.2 Growing recurring revenue stream

Lifestyle Communities' business has two core elements

## 1. Creating communities

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

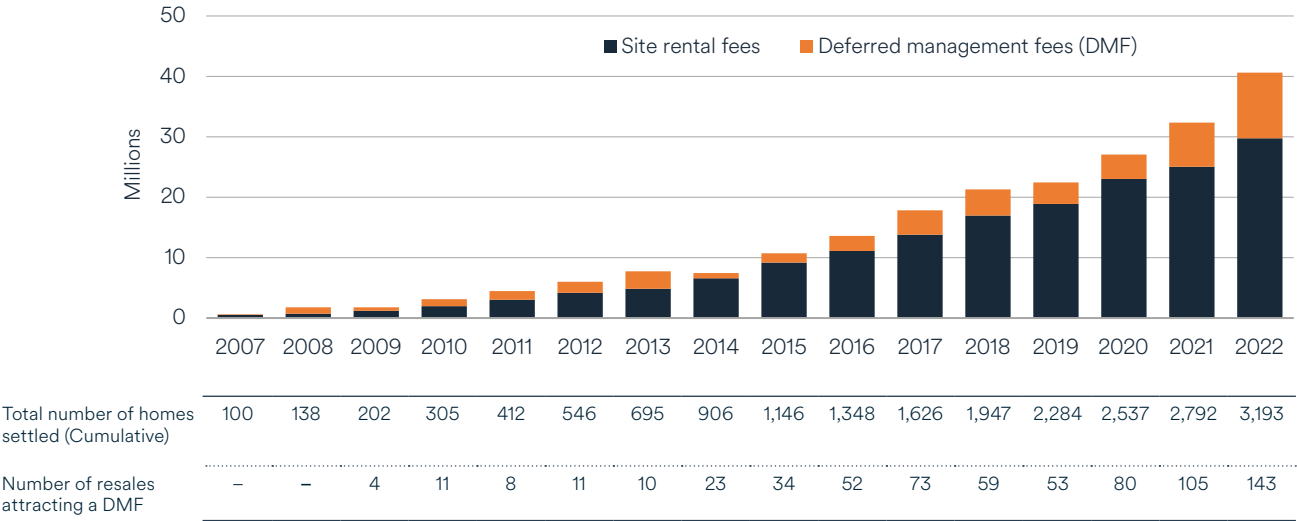


Current speed of capital recycling allowing the acquisition of at least two new sites every year.

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

## 2. Managing communities

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



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

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



# A.3 Dividend policy

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

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

## Dividend

A final fully franked dividend of 6.0 cents per share has been declared in respect of FY22 (the dividend has a record date of 5 September 2022 and a payment date of 6 October 2022)

## Surplus franking credits

As at 30 June 2022 the franking account balance was \$28.3 million (after allowing for the final dividend and tax payable for FY22)

Time to relax at Lifestyle Officer

APPENDIX

# A.4 Sales and settlements

	New home settlements		Net sales		Resale home settlements	
	FY22	FY21	FY22	FY21	FY22	FY21
<b>Existing Communities - Sold out</b>						
Brookfield at Melton					19	13
Seasons at Tarneit					20	8
Warragul					7	5
Casey Fields at Cranbourne <sup>1</sup>					15	12
Shepparton		8			17	17
Chelsea Heights <sup>1</sup>					22	7
Hastings					8	12
Lyndarum at Wollert					8	5
Geelong					8	7
Officer					6	4
Berwick Waters					6	5
Bittern					14	14
Ocean Grove	1	34		9	15	10
Mount Duneed	72	55	58	21	14	2
Kaduna Park at Officer South	57	91	21	58	2	
<b>Existing Communities - Under Construction</b>						
Wollert	69	36	44	44		
Deanside	64	24	50	34		
St Leonards	109	7	122	81		
Meridian at Clyde North	29		123			
Woodlea <sup>3</sup>						
<b>New Communities - Awaiting Commencement</b>						
Pakenham <sup>2</sup>						
Clyde <sup>2</sup>						
Phillip Island <sup>2</sup>						
Merrifield <sup>2</sup>						
Ocean Grove II <sup>2</sup>						
Bellarine <sup>3</sup>						
<b>Total</b>	<b>401</b>	<b>255</b>	<b>418</b>	<b>247</b>	<b>156</b>	<b>121</b>

Notes:

1. Represents 100% of the development of which Lifestyle Communities shares 50%
2. Commencement of construction subject to planning approval
3. Awaiting sales launch

# A.5 Investment Property Analysis

Valuation summary	Last independent valuation date	Cap rate (%)		DMF discount rate (%)		Net rental per home		Valuation (\$m)		Land cost
		FY22	FY21	FY22	FY21	FY22	FY21	FY22	FY21	
Brookfield	Jun-22	5.25%	5.60%	12.0%	14.3%	7,881	7,847	45.7	43.1	6.8
Seasons	Jun-22	5.25%	5.60%	12.0%	14.3%	6,011	7,083	22.7	24.3	3.7
Warragul	Jun-22	5.25%	5.60%	12.0%	13.0%	7,235	6,834	35.4	31.0	2.5
Casey Fields	Jun-22	4.87%	5.60%	13.5%	13.0%	7,884	7,404	29.6	25.4	3.4
Shepparton	Jun-21	5.25%	5.50%	13.8%	13.8%	7,107	7,972	57.9	54.7	3.2
Chelsea Heights	Jun-21	5.25%	5.75%	13.0%	13.0%	7,618	6,854	26.3	24.4	6.2
Hastings	Jun-22	5.25%	5.50%	13.8%	13.8%	6,810	7,374	29.9	28.3	7.4
Lyndarum	Jun-21	5.25%	5.60%	13.0%	13.0%	7,400	6,443	30.1	25.8	7.1
Geelong	Jun-22	4.87%	5.60%	13.5%	13.3%	7,662	7,164	36.2	28.1	5.5
Officer	Jun-21	5.25%	5.50%	13.8%	13.8%	7,865	6,880	30.2	28.6	7.0
Berwick Waters	Jun-21	5.25%	5.50%	13.0%	13.0%	8,014	7,612	46.1	43.6	12.1
Bittern	Jun-21	5.25%	5.50%	13.0%	13.0%	8,235	7,751	45.1	42.7	7.4
Ocean Grove	Jun-22	4.87%	5.60%	13.5%	13.0%	7,782	7,326	49.8	40.4	17.6
Mt Duneed	Jun-21	5.25%	5.50%	13.8%	13.8%	7,799	8,104	37.6	27.1	11.1
Kaduna Park	Jun-21	5.25%	5.50%	13.0%	13.0%	7,391	7,479	32.7	25.9	14.5
Wollert North	Jun-21	5.25%	5.50%	13.0%	13.0%	8,235	11,920	30.4	22.2	14.7
Deanside	Jun-21	5.25%	5.75%	13.0%	13.0%	7,157	6,901	34.0	27.2	25.1
St Leonards	Dec-20	5.25%	5.60%	13.0%	13.0%	7,644	7,372	42.5	30.2	29.5
Meridian	Aug-21	5.25%		14.0%		7,163		26.0	23.0	23.0
Pakenham East								15.6	1.4	15.6
Clyde								22.2	22.2	22.2
Woodlea								16.6	16.7	16.6
Cowes								31.1		31.1
Merrifield								21.9		21.9
Ocean Grove II								42.9		42.9
Bellarine								11.9		11.9



# A.6 Deferred management fees

	Brookfield	Seasons	Warragul	Casey Fields	Shepparton	Chelsea Heights	Hastings	Lyndarum	Officer	Geelong	Berwick Waters	Bittern	Ocean Grove	Kaduna Park	Total
<b>Historical resales</b>	<b>168</b>	<b>50</b>	<b>78</b>	<b>79</b>	<b>55</b>	<b>60</b>	<b>53</b>	<b>21</b>	<b>24</b>	<b>21</b>	<b>18</b>	<b>27</b>	<b>15</b>	<b>1</b>	<b>670</b>
Average tenure (years)	7.4	6.8	5.2	5.4	4.7	4.3	4.1	4.0	3.3	2.7	2.8	2.4	2.1	2.0	5.2
Average price growth p.a	5.1%	2.8%	3.9%	5.4%	4.5%	15.3%	10.5%	7.8%	9.7%	9.3%	9.4%	20.2%	18.6%	6.8%	7.5%
Average purchase price (move in)	195,393	245,157	245,474	297,023	245,752	341,734	310,744	341,150	323,746	313,975	387,983	399,907	411,134	527,190	274,809
Average sales price (move out)	259,943	291,680	293,179	381,025	289,691	541,150	422,821	433,310	416,375	420,262	485,222	583,074	557,667	600,000	363,276
Average DMF	42,746	53,424	48,603	65,373	48,310	89,940	64,881	66,951	61,009	66,948	56,613	64,794	53,227	48,000	57,002
Average DMF rate	16.4%	18.3%	16.5%	16.9%	16.9%	16.3%	14.9%	15.6%	14.4%	16.0%	11.6%	11.0%	9.6%	8.0%	15.9%
Total DMF received	7,181,262	2,671,180	3,791,037	5,164,480	2,657,040	5,396,399	3,438,680	1,405,980	1,464,220	1,405,900	1,019,040	1,749,440	798,400	48,000	38,191,058
<b>FY22 resales</b>	<b>19</b>	<b>13</b>	<b>7</b>	<b>15</b>	<b>20</b>	<b>9</b>	<b>8</b>	<b>7</b>	<b>6</b>	<b>8</b>	<b>5</b>	<b>14</b>	<b>11</b>	<b>1</b>	<b>143</b>
Average tenure (years)	10.5	8.6	9.6	8.0	4.8	6.1	7.4	5.5	4.7	2.0	3.8	2.6	2.1	2.0	6.1
Average price growth p.a	3.6%	2.1%	6.1%	4.8%	6.0%	8.8%	9.8%	4.7%	6.7%	8.1%	9.4%	26.4%	19.5%	6.8%	8.9%
Average purchase price (move in)	225,213	256,403	245,343	301,216	281,098	387,961	294,627	344,806	345,959	308,150	406,422	415,858	406,909	527,190	315,392
Average sales price (move out)	306,026	305,885	373,857	415,833	334,600	583,222	505,125	435,714	453,333	436,125	543,600	659,429	560,909	600,000	437,808
Average DMF	53,152	60,985	67,800	83,167	54,744	108,800	101,025	78,691	87,567	82,820	74,448	77,111	54,764	48,000	71,665
Average DMF rate	17.3%	20.2%	18.1%	20.0%	16.4%	18.7%	20.0%	18.3%	19.3%	19.0%	13.6%	11.7%	9.8%	8.0%	16.9%
Total DMF received	1,009,890	792,800	474,600	1,247,500	1,094,880	979,200	808,200	550,840	525,400	662,560	372,240	1,079,560	602,400	48,000	10,248,070
<b>FY21 resales</b>	<b>12</b>	<b>7</b>	<b>5</b>	<b>12</b>	<b>17</b>	<b>6</b>	<b>11</b>	<b>5</b>	<b>4</b>	<b>6</b>	<b>5</b>	<b>11</b>	<b>4</b>	<b>–</b>	<b>105</b>
Average tenure (years)	11.7	8.9	8.2	7.4	5.6	6.9	4.9	4.1	3.9	3.7	2.8	2.3	1.94	–	6.0
Average price growth p.a	5.7%	2.0%	3.1%	4.5%	4.0%	10.3%	4.1%	6.4%	8.9%	7.9%	6.3%	14.3%	0.16%	–	6.6%
Average purchase price (move in)	190,455	260,115	251,591	300,902	230,622	374,144	369,559	323,930	327,445	333,452	397,661	390,721	422,752	–	305,838
Average sales price (move out)	312,042	308,571	316,000	399,375	282,912	627,500	441,818	410,000	439,250	430,333	468,200	521,455	548,750	–	403,548
Average DMF	54,806	59,786	60,300	75,692	50,484	121,133	74,673	75,600	71,360	71,687	56,168	55,262	49,000	–	65,435
Average DMF rate	17.5%	19.3%	19.0%	19.0%	18.6%	19.3%	17.1%	18.4%	16.0%	16.7%	12.0%	10.5%	0.09%	–	16.7%
Total DMF received	657,675	418,500	301,500	908,300	858,220	726,800	821,400	378,000	285,440	430,120	280,840	607,880	196,000	–	6,870,675

## Notes:

1. Only includes resales that attracted a DMF
2. Excludes selling and administration fees

# A.7 Fair value breakdown

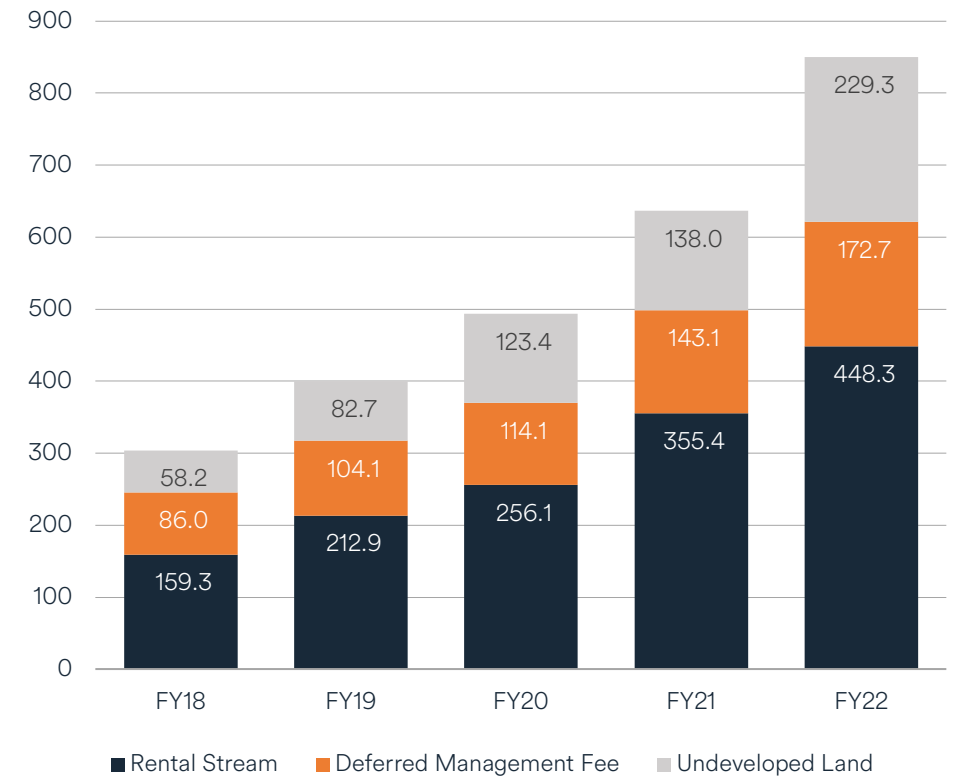
At Lifestyle Communities our homeowners purchase a proportionate share of the clubhouse, pool, recreational facilities, and all associated infrastructure when they purchase their home.

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 classified as costs of goods sold, and the initial addition to the Lifestyle Communities Balance Sheet is the cost of the underlying land.

## The fair value adjustment typically comprises three components:

- The uplift created when vacant land is converted into completed homes which then deliver an ongoing annuity stream in the form of the land rental and deferred management fee.
- The uplift created as a result of the contractual rent increase applied to settled homes each year.
- 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' control such as rent capitalisation rates, external market price growth assumptions and other available market data.

## Investment properties breakdown





# A.8 Fair value breakdown

## Reconciliation of Movement in Carrying Value of Investment Properties

Investment properties carrying value at 30 June 2021	636,454
Land Acquisitions and Accruals for Contracted Land	121,192
<b>Underlying Fair Value Adjustments</b>	
3.7% increase on completed rental stream (contracted)	11,489
Conversion of Undeveloped Land into Completed Homes – 401 Settlements (Value of Rent and DMF Annuities)	41,911
Other movements as a result of changes to valuation assumptions used by independent valuers	39,201
Investment Properties Carrying Value at 30 June 2022	850,247

### 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

Indicative example (per house)	Cash flow	P&L
Sale Price (Incl. GST)	532,400	
Sale Price (Excl. GST)	484,000	484,000
Land	(104,000)	
Cost of Sales		
Civils, Consultants and Authority Costs	(80,000)	(80,000)
Housing (Construction + Landscaping etc.)	(245,000)	(245,000)
Clubhouse and Common Areas	(40,000)	(40,000)
Interest and Overheads	(15,000)	(15,000)
<b>Total Costs</b>	<b>(484,000)</b>	<b>(380,000)</b>
<b>Pre-Tax Development Surplus/(Deficit)</b>	<b>0</b>	
Gross Profit / (Loss)		104,000
Gross Margin %		21.5%
<b>Underlying Fair Value Uplift</b>		<b>120,000</b>
<b>Profit / (Loss) Before Tax</b>		<b>224,000</b>
Gross Margin %		46.3%
<b>Balance Sheet</b>		
Land		104,000
Underlying Fair Value Uplift		120,000
<b>Total Carrying Value (Rent + DMF)</b>		<b>224,000</b>

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

# A.9 Cash flow analysis FY22

	Fully settled communities <sup>3</sup>	Mount Duneed	Kaduna Park	Wollert North	Deanside	St Leonards	Meridian	Woodlea	Future Communities <sup>4</sup>	Total
Total Number of Homes	2,504	191	169	246	266	359	274	180	1,202	5,391
Settled FY22	1	72	57	69	64	109	29	–	–	401
Remaining homes and lots available to be settled	–	7	2	141	178	243	245	180	1,202	2,198
<b>Capital Cash Flows (\$million)</b>										
Land	0.37	–	–	(5.04)	–	–	(20.93)	(15.14)	(36.9)	(77.60)
Development Expenditure (development and sales)	(0.09)	(1.88)	(1.76)	(7.14)	(10.23)	(7.73)	(22.05)	(0.92)	(0.3)	(52.10)
Home Construction	(0.06)	(4.05)	(3.21)	(21.60)	(18.66)	(24.29)	(14.39)	(0.01)	–	(86.27)
Home Settlements	0.53	33.88	26.36	30.22	29.79	45.44	14.07	–	–	180.29
<b>Net Development Cash Flows</b>	<b>0.76</b>	<b>27.95</b>	<b>21.39</b>	<b>(3.55)</b>	<b>0.91</b>	<b>13.43</b>	<b>(43.30)</b>	<b>(16.07)</b>	<b>(37.17)</b>	<b>(35.66)</b>
<b>Annuity Cash Flows (\$million)</b>										
Site Rentals (incl. management fees)	25.06	1.49	1.60	0.69	0.59	0.28	–	–	–	29.71
Deferred Management Fees Received (net) <sup>1</sup>	8.93	(0.01)	0.03	(0.01)	(0.01)	(0.01)	–	–	–	8.92
Community Operating Costs <sup>2</sup>	(9.13)	(0.57)	(0.53)	(0.38)	(0.43)	(0.28)	(0.01)	–	–	(11.33)
Net result from utilities	(0.03)	(0.05)	0.01	(0.03)	(0.02)	(0.00)	–	–	–	(0.12)
Operations management overheads										(1.36)
<b>Net Annuity Cash Flows</b>	<b>24.83</b>	<b>0.86</b>	<b>1.11</b>	<b>0.27</b>	<b>0.13</b>	<b>(0.01)</b>	<b>(0.01)</b>	<b>–</b>	<b>–</b>	<b>25.82</b>
Head Office Costs										(14.01)
<b>Net Operating Cash Flows</b>										<b>(23.86)</b>
Reconciliation to statutory cash flows										
Less - Interest										(5.25)
Less - Income taxes paid										(9.06)
Add - Land (investing cash flow)										77.60
Add - Movement in working capital										2.30
<b>Statutory Cash Flows from Operations (\$m)</b>										<b>41.73</b>

## Notes:

1. Deferred management fees received are inclusive of selling and administration fees as well as wages and marketing costs
2. 50% of cash flows for joint ventures are reflected above
3. Lifestyle Brookfield in Melton, Lifestyle Seasons in Tarneit, Lifestyle Warragul, Lifestyle Casey Fields in Cranbourne, Lifestyle Chelsea Heights, Lifestyle Hastings, Lifestyle Lyndarum in Wollert, Lifestyle Geelong, Lifestyle Officer, Lifestyle Shepparton, Lifestyle Berwick Waters, Lifestyle Bittern and Lifestyle Ocean Grove are fully settled
4. Lifestyle Pakenham East, Lifestyle Clyde, Lifestyle Phillip Island, Lifestyle Merrifield, Lifestyle Ocean Grove II and Lifestyle Bellarine



# A.10 Cash flow analysis –FY21

	Fully settled communities <sup>3</sup>	Ocean Grove	Mount Duneed	Kaduna Park	Wollert North	Deanside	St Leonards	Meridian at Clyde North	Future Communities <sup>4</sup>	Total
Total Number of Homes	2,284	220	191	169	246	266	359	274	825	4,834
Settled FY21	8	34	55	91	36	24	7	–	–	255
Remaining homes and lots available to be settled	–	1	79	59	210	242	352	274	825	2,042
<b>Capital Cash Flows (\$million)</b>										
Land	–	–	–	–	–	–	(13.97)	–	(1.60)	(15.57)
Development Expenditure (development and sales)	(0.55)	(0.54)	(5.07)	(7.15)	(22.77)	(18.69)	(10.50)	(0.71)	(0.53)	(66.51)
Home Construction	–	(0.23)	(13.48)	(19.83)	(16.42)	(10.98)	(7.29)	–	(0.01)	(68.24)
Home Settlements	2.04	14.40	22.07	37.56	14.65	8.76	3.23	–	–	102.71
<b>Net Development Cash Flows</b>	<b>1.49</b>	<b>13.63</b>	<b>3.52</b>	<b>10.58</b>	<b>(24.54)</b>	<b>(20.91)</b>	<b>(28.53)</b>	<b>(0.71)</b>	<b>(2.14)</b>	<b>(47.61)</b>
<b>Annuity Cash Flows (\$million)</b>										
Site Rentals (incl. management fees)	21.91	2.15	0.66	0.31	0.02	–	–	–	–	25.05
Deferred Management Fees Received (net) <sup>1</sup>	5.58	0.23	(0.01)	(0.03)	(0.01)	(0.01)	–	–	–	5.75
Community Operating Costs <sup>3</sup>	(7.94)	(0.74)	(0.50)	(0.53)	(0.13)	(0.12)	(0.05)	–	–	(10.01)
Net result from utilities <sup>2</sup>	0.06	–	(0.05)	(0.03)	(0.04)	–	–	–	–	(0.06)
<b>Net Annuity Cash Flows</b>	<b>19.61</b>	<b>1.64</b>	<b>0.10</b>	<b>(0.28)</b>	<b>(0.16)</b>	<b>(0.13)</b>	<b>(0.05)</b>	<b>–</b>	<b>–</b>	<b>20.73</b>
Head Office Costs										(8.75)
Operations Management Overheads	–	–	–	–	–	–	–	–	–	(1.19)
<b>Net Operating Cash Flows</b>										<b>(36.82)</b>
<b>Reconciliation to statutory cashflows</b>										
Less-Interest										(4.14)
Less-Income taxes paid										(5.79)
Add JobKeeper received										1.14
Add-Land (investing cashflow)										15.57
Add-Movement in working capital										(1.89)
<b>Statutory Cash Flows from Operations (\$m)</b>										<b>(31.93)</b>

## Notes:

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

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

3. Lifestyle Brookfield in Melton, Lifestyle Seasons in Tarneit, Lifestyle Warragul, Lifestyle Casey Fields in Cranbourne, Lifestyle Chelsea Heights, Lifestyle Hastings, Lifestyle Lyndarum in Wollert, Lifestyle Geelong, Lifestyle Officer, Lifestyle Shepparton, Lifestyle Berwick Waters and Lifestyle Bittern are fully settled

4. Lifestyle Tyabb, Lifestyle Pakenham East, Lifestyle Clyde, Lifestyle Woodlea and Lifestyle Phillip Island

# A.11 Reconciliation to underlying profit

- Underlying profit adjusts for the impact of changes in property valuations attributable to changes in valuation assumptions due to market forces outside of management's control
- The increase in FY22 is driven by the higher number of new home settlements. 401 new home settlements in FY22 compared to 255 in FY21.

	Units	FY18	FY19	FY20	FY21	FY22
<b>Fair value uplift (pre-tax)</b>						
New Home Settlements	No. of Homes	321	337	253	255	401
Uplift in value arising from settled homes during the year	\$m	26.2	30.1	22.6	21.6	41.9
The uplift created as a result of the contractual rent increase	\$m	4.3	5.7	–	8.8	11.5
Movements as a result of changes to valuation assumptions	\$m	25.2	19.6	16.3	78.2	39.2
<b>Total Fair Value Uplift Pre-Tax</b>	<b>\$m</b>	<b>55.7</b>	<b>55.4</b>	<b>38.9</b>	<b>108.6</b>	<b>92.6</b>
<b>Fair value uplift (post-tax)</b>						
New Home Settlements	No. of Homes	321	337	253	255	401
Uplift in value arising from settled homes during the year	\$m	18.3	21.1	15.8	15.1	29.3
The uplift created as a result of the contractual rent increase	\$m	3.0	4.0	0.0	6.2	8.0
Movements as a result of changes to valuation assumptions	\$m	17.6	13.7	11.4	54.7	27.4
<b>Total Fair Value Uplift Post-Tax</b>	<b>\$m</b>	<b>38.9</b>	<b>38.8</b>	<b>27.2</b>	<b>76.0</b>	<b>64.8</b>
<b>Portfolio Weighted Average Capitalisation Rate</b>						
	%	7.50%	7.00%	6.46%	5.57%	5.18%
<b>Statutory Net Profit After Tax</b>						
	\$m	52.7	55.1	42.8	91.1	88.9
Less: movements as a result of changes to valuation assumptions	\$m	17.6	13.7	11.4	54.7	27.4
<b>Underlying Profit After Tax</b>	<b>\$m</b>	<b>35.1</b>	<b>41.4</b>	<b>31.4</b>	<b>36.4</b>	<b>61.4</b>

Note:

Underlying profit is a non-IFRS and non audited measure provided to give a better understanding of the performance of the company

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