



50%

Business overview



- Evergreen Lifestyle is an **integrated developer, owner and operator of retirement lifestyle villages**
- The **primary business goal** is to grow its portfolio of retirement units
- Evergreen Lifestyle aims to further entrench its position as the **leading retirement brand** in South Africa by providing a **superior lived experience** to its residents, supported by excellent healthcare
- Occupation of the units is sold on a **life right basis** (right of tenure) in exchange for an interest-free loan, while ownership of the properties remains with Evergreen Lifestyle



Business model



Income from investment property

- Fair value gains on new developments (units)
 - › Normal property development margins realised on completion of new units
- Fair value gains on existing units
 - › Ownership of the units remains with the developer under the life right model
 - › Long-term property appreciation is linked to the general residential property sector

Other income and expenses

- General overhead and head office costs
- Net income/loss from village operations (levy income less expenses)
 - › Villages initially make operational losses until they reach scale
- Net income or loss from healthcare services
 - › Currently expenses exceed income, but expected to reverse with greater scale



Basis of valuation: NAV excluding deferred tax

<i>Valuation detail</i>					
Historical financials (YE: Feb)	FY18	FY19	FY20	FY21	Comments
Unit overview¹					
Units with life right agreements (#)	486	557	702	784	
Units not yet under life right agreements (#)	15	47	245	191	
Total units	501	604	947	975	
Assets					
	Rm	Rm	Rm	Rm	
Units with life right agreements	1 249	1 526	1 880	2 034	Valued at market value with reference to active sales of life rights ²
Units not yet under life right agreements	29	127	657	410	Valued at market value with reference to active sales of life rights
Work in progress	483	607	333	374	Valued at cost
Vacant land	142	534	860	807	Valued at cost
Deferred tax asset	-	36	53	2	Carrying value
Net cash / working capital / PPE	19	257	41	270	Carrying value
Total assets	1 922	3 088	3 823	3 898	
Liabilities					
Life right loans	755	1 011	1 309	1 479	Carrying value ³
Development facilities	78	347	460	504	Carrying value
Corporate overdraft facility	-	-	6	95	Carrying value
Deferred tax liability	109	145	192	87	Carrying value
Other / working capital	264	62	72	82	Carrying value
Total liabilities	1 206	1 564	2 039	2 248	
NAV	715	1 523	1 784	1 650	
<i>Add back:</i> Deferred tax liability ⁴	109	145	192	87	
Total	825	1 669	1 977	1 737	
PSG Alpha valuation for SOTP purposes (50% interest)	412	834	988	869	

- Fair value losses on completed units of ~R150m were recognized in FY21 given sales values achieved (approximately 6% reduction on a value basis)
- This is due to the current weak residential property sector that influences prospective purchasers' ability to afford the product

Note 1: The unit overview includes 100% of the units at the Evergreen Val de Vie (a joint venture), while the NAV includes only the 50% economic interest in Evergreen Val de Vie.

Note 2: Independent valuer values all operational villages on 3-year rotational basis (i.e. each village valued at least once every three years).

Note 3: Loans are interest free and only repayable on resale of the unit to a new life right holder.

Note 4: The deferred tax liability relates mainly to fair value gains recognised on investment property; however, since the business intends to hold the units indefinitely, the deferred tax liability has been disregarded for valuation purposes.

Overview of current and future retirement villages

Retirement units							
Province	Village	Completed units (cumulative)			In construction	Land banked units	Total opportunities on owned land
		Feb-19	Feb-20	Feb-21			
Western Cape	Bergvliet	78	100	100	-	-	100
	Muizenberg	260	260	260	-	-	260
	Diep River	57	57	57	-	-	57
	Lake Michelle	31	31	31	-	110	141
	Noordhoek	46	150	150	96	24	270
	Val de Vie	2	111	139	60	409	608
	Sitari	-	-	-	-	370	370
	Somerset West	-	-	-	-	340	340
Gauteng	Broadacres	130	238	238	-	108	346
KZN	Umhlanga	-	-	-	-	640	640
	Hilton	-	-	-	-	900	900
	Zimbali	-	-	-	-	750	750
Eastern Cape	Westbrook	-	-	-	-	800	800
Total		604	947	975	156	4 451	5 582

Care units (monthly fees apply)					
Western Cape	Muizenberg	32	32	32	-
Gauteng	Broadacres	32	32	32	-
Total		64	64	64	-