



50%

# Business model



- Evergreen Lifestyle is an **integrated developer, owner and operator of retirement lifestyle villages** and the **leading retirement brand** in South Africa
- Occupation of the units is sold on a **life right basis** (right of tenure), while ownership of the properties remains with Evergreen Lifestyle
- **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/loss from healthcare services
    - Currently lossmaking, but expected to become profitable with greater scale



# Basis of valuation: NAV excluding deferred tax on property revaluations



<i>Valuation detail</i>						
Historical financials (YE: Feb)	FY18	FY19	FY20	FY21	H1FY22	Comments
<b>Unit overview<sup>1</sup></b>						
Units with life right agreements (#)	486	557	702	784	833	
Units not yet under life right agreements (#)	15	47	245	191	238	
<b>Total units</b>	<b>501</b>	<b>604</b>	<b>947</b>	<b>975</b>	<b>1 071</b>	
<b>Assets</b>						
	<b>Rm</b>	<b>Rm</b>	<b>Rm</b>	<b>Rm</b>	<b>Rm</b>	
Units with life right agreements	1 249	1 526	1 880	2 034	2 222	Valued at market value with reference to active sales of life rights <sup>2</sup>
Units not yet under life right agreements	29	127	657	410	271	Valued at market value with reference to active sales of life rights
Work in progress	483	607	333	374	438	Valued at cost
Vacant land	142	534	860	807	794	Valued at cost
Deferred tax asset	-	36	53	2	85	Carrying value
Net cash / working capital / PPE	19	257	41	270	233	Carrying value
<b>Total assets</b>	<b>1 922</b>	<b>3 088</b>	<b>3 823</b>	<b>3 898</b>	<b>4 043</b>	
<b>Liabilities</b>						
Life right loans	755	1 011	1 309	1 479	1 634	Carrying value <sup>3</sup>
Development facilities	78	347	460	504	458	Carrying value
Corporate overdraft facility	-	-	6	95	93	Carrying value
Deferred tax liability	109	145	192	87	226	Carrying value
Other / working capital	264	62	72	82	28	Carrying value
<b>Total liabilities</b>	<b>1 206</b>	<b>1 564</b>	<b>2 039</b>	<b>2 248</b>	<b>2 439</b>	
<b>NAV</b>	<b>715</b>	<b>1 523</b>	<b>1 784</b>	<b>1 650</b>	<b>1 604</b>	
<i>Add back:</i> Deferred tax liability <sup>4</sup>	109	145	192	87	226	
<b>Total</b>	<b>825</b>	<b>1 669</b>	<b>1 977</b>	<b>1 737</b>	<b>1 830</b>	
<b>PSG Alpha valuation for SOTP purposes (50% interest)</b>	<b>412</b>	<b>834</b>	<b>988</b>	<b>869</b>	<b>915</b>	

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
		FY19	FY20	FY21	H1FY22			
Western Cape	Bergvliet	78	100	100	100	-	-	100
	Muizenberg	260	260	260	260	-	-	260
	Diep River	57	57	57	57	-	-	57
	Lake Michelle	31	31	31	31	-	110	141
	Noordhoek	46	150	150	246	-	136	382
	Val de Vie	2	111	139	139	60	409	608
	Sitari	-	-	-	-	-	430	430
	Somerset West	-	-	-	-	-	340	340
Gauteng	Broadacres	130	238	238	238	-	200	438
KZN	Umhlanga	-	-	-	-	-	640	640
	Hilton	-	-	-	-	-	900	900
	Zimbali	-	-	-	-	-	750	750
Eastern Cape	Westbrook	-	-	-	-	-	800	800
<b>Total</b>		<b>604</b>	<b>947</b>	<b>975</b>	<b>1 071</b>	<b>60</b>	<b>4 715</b>	<b>5 846</b>

## Care units (monthly fees apply)

Western Cape	Muizenberg	32	32	32	32	-
	Val de Vie				4	
Gauteng	Broadacres	32	32	32	32	-
<b>Total</b>		<b>64</b>	<b>64</b>	<b>64</b>	<b>68</b>	<b>-</b>