

30 May 2023

Immediate release to the ASX

Lifestyle Communities® Trading Update

Key Highlights:

- FY23 new home settlements expected to be in the range of 355 to 365
- The company maintains its previous guidance of delivering between 1,100 to 1,300 and 1,400 to 1,700 new home settlements between FY22 and FY24 and FY23 and FY25 respectively
- Underlying profit¹ for the full year is expected to be in line with FY22 due to increased annuity income driven by a higher number of homes under management
- Valuations of the company's investment properties have been completed with no material change to the underlying valuation assumptions, resulting in a full year underlying fair value adjustment of approximately \$70 million pre-tax²
- Lifestyle Communities® welcomes its 5,000th homeowner in June
- Six out of seven project launches planned for FY23 have been completed. The remaining project is on track to commence construction in June
- Lifestyle Communities® will have eleven development projects in various stages of completion by the end of FY23

Lifestyle Communities Limited (ASX: LIC) advises new home settlements for FY23 are expected to be in the range of 355 to 365 and the company maintains its previous guidance of delivering between 1,100 to 1,300 and 1,400 to 1,700 new home settlements between FY22 and FY24 and FY23 and FY25 respectively.

Managing Director, Mr James Kelly, said "FY23 settlement bookings are lower than we originally anticipated at our projects at Wollert and Deanside. While both projects' settlement run rates are performing in line with our historical averages, we had expected slightly higher run rates during the post covid recovery period in the Northwest of Melbourne. Settlements at Meridian, Bellarine and St Leonards remain above expectations. Despite the higher interest rate and inflation environment, we have not experienced any change in demand for the sale of our customers' homes and we continue to experience strong enquiry for both new homes and resales. We also continue to see a short turnaround time for our customer's homes on market. We welcome our 5,000th homeowner in June and this marks another milestone in our 20th year of operation".

Underlying profit¹ for the full year is expected to be in line with FY22 due to increased annuity income driven by a higher number of homes under management.

Valuations of the company's investment properties have been completed but remain subject to final settlement outcomes and completion of the full year audit process. Lifestyle Communities® anticipates the full year underlying fair value adjustment to be approximately \$70 million pre-tax underpinned by new

¹ 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. Underlying profit is a non-IFRS and non audited measure provided to give a better understanding of the performance of the company.

² The FY23 underlying fair value adjustment remains subject to completion of the full year audit process.

home settlements and rental growth². Valuation assumptions remained consistent with average cap rates of 5.14% (FY22: 5.18%) and average DMF values of \$61k per home (FY22: \$59k per home). Balance sheet valuation of the investment property portfolio is expected to be in the range of \$955 million to \$965 million (FY22: \$850 million).

Mr Kelly said, “Demand for high quality land lease assets remains strong as the sector continues to mature and institutionalise. We are pleased to see high quality players enter the sector and expect there will be a continued consolidation of brownfield assets and expansion of greenfield developments. The penetration rate for land lease communities has declined as new supply has not kept pace with the ageing population and increasing demand from the emerging cohort of Gen X entering the 50 plus age bracket.”

Mr Kelly continued, “The scale of new projects under development is unprecedented for our business, and it’s been an exciting time as we complete the launch of seven new projects in FY23. These new projects are a key catalyst for a planned step up in settlements in the second half of FY24 and into FY25 and underpin delivery of our 3-year settlement target ranges. By the end of June, we will have eleven projects under development and in various stages of completion, providing a total pipeline of 5,599 homes with 3,550 completed and settled across 28 communities. With cost of living still a pressure point for many of our target customers, demand for high quality affordable housing remains strong.”

The expected settlement profile of communities in development updated from the half year is shown below:

Community	FY23				FY24				FY25			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Mount Duneed	●											
Kaduna Park	●											
Wollert	●	●	●	●	●	●	●	●	●			
Deanside	●	●	●	●	●	●	●	●	●			
St Leonards - The Waves	●	●	●	●	●							
St Leonards - The Shores									●	●	●	●
Meridian	●	●	●	●	●	●	●	●	●	●	●	●
Woodlea				●	●	●	●	●	●	●	●	●
Bellarine				●	●	●	●	●	●	●	●	●
Pakenham							●	●	●	●	●	●
Riverfield							●	●	●	●	●	●
Phillip Island							●	●	●	●	●	●
Merrifield									●	●	●	●
Ocean Grove											●	●
Warragul												●

- Represents typical settlement rate
- Represents tail of development which is often a slower settlement rate

St Leonards - The Shores and Merrifield are anticipated to commence settlements in Q1 FY25.

Authorised for lodgement by the Board.

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About Lifestyle Communities®

Based in Melbourne, Victoria, Lifestyle Communities develops, owns and manages affordable independent living residential land lease communities. Lifestyle Communities has twenty-eight residential land lease communities under contract, in planning, in development or under management.

Forward-looking Statements

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