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Thursday, 22 February 2024

Lifestyle Communities® announces \$275 million entitlement offer to support strategic growth initiatives and drive its next phase of growth.

Lifestyle Communities® (ASX:LIC) is pleased to announce a fully underwritten 1 for 6.08 pro-rata accelerated non-renounceable entitlement offer of its ordinary shares (“**New Shares**”) to eligible shareholders to raise approximately \$275 million (the “**Entitlement Offer**”).

The Entitlement Offer is being undertaken to provide funding for strategic growth initiatives (identified land acquisition pipeline, and associated development capex), and provides LIC with funding capacity to support an expansion of its greenfield development strategy. The proceeds will be used to fund a strong pipeline of identified land acquisition opportunities of high quality and strategically located assets currently at various stages of negotiations and due diligence¹. In the short-term, the funds will be used to repay debt and provide LIC with a strengthened liquidity position to act quickly on value accretive land acquisition opportunities which may arise.

Expanding LIC’s development pipeline is expected to support the next phase of LIC’s growth, with potential to increase the number of settlements over the next 5-years, which is expected to deliver further earnings growth.

Market Conditions Presenting Land Acquisition Opportunities

Market conditions have presented Lifestyle Communities with a number of attractive opportunities to potentially acquire new high-quality land sites. Commenting on the Entitlement Offer, Managing Director Mr. James Kelly said:

“We are seeing a number of opportunities to buy further sites on top of the four that we have already purchased in FY24 year-to-date. The Entitlement Offer will create a step change for the business and allow us to recycle capital over time from more projects as we continue our organic growth model.”

The acquisition opportunities include five identified land sites, which if executed, are expected to underpin an acceleration in Lifestyle Communities’ future earnings growth¹.

The Entitlement Offer

Under the Entitlement Offer, each eligible shareholder can apply for 1 New Share for each 6.08 shares they hold at 7.00pm on 26 February 2024 for a price of \$16.00 per New Share (“**Offer Price**”). The Offer Price represents a:

¹ The acquisition opportunities remain subject to completion of due diligence, negotiation, Board approvals and exchange of contracts. There is no guarantee these opportunities will result in acquisitions.

- 7.4% discount to the dividend-adjusted last closing price of \$17.275 per share on 21 February 2024²;
- 12.1% discount to the dividend-adjusted 10-day volume weighted average price (“**VWAP**”) of \$18.197 per share up to and including 21 February 2024³; and
- 6.4% discount to the dividend-adjusted Theoretical Ex-Rights Price of \$17.095 per share⁴.

New Shares issued under the Entitlement Offer prior to the ex- date for the 1H24 dividend of 5.5 cents per share will be traded on the ASX under a separate code as the New Shares will not be entitled to that dividend. The New Shares will rank equally with all existing fully paid ordinary shares on issue from the ex- date for the 1H24 dividend (being 12 March 2024).

The Entitlement Offer is fully underwritten by Citigroup Global Markets Australia Pty Ltd (“**Underwriter**”).

Lifestyle Communities’ Managing Director, Mr. James Kelly, has a relevant interest in approximately 6.8% of LIC’s shares on issue and has committed to participate in the Entitlement Offer to the value of \$10 million.

Entities associated with AustralianSuper hold approximately 12.0% of LIC’s existing shares on issue, and have committed to take up their full entitlement and sub-underwrite the Retail Entitlement Offer for up to \$40 million.

Collectively, these commitments represent approximately \$83 million, accounting for approximately 30% of the Entitlement Offer⁵.

The Entitlement Offer will comprise an accelerated institutional component to eligible institutional shareholders (“**Institutional Entitlement Offer**”) and a retail component to eligible retail shareholders (“**Retail Entitlement Offer**”).

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer, which will open today, Thursday, 22 February 2024. Eligible institutional shareholders may opt to take up all, part or none of their entitlement in the Institutional Entitlement Offer.

Retail Entitlement Offer

Eligible retail shareholders as at 7.00pm on Monday, 26 February 2024 will be invited to participate in the Retail Entitlement Offer at the same offer ratio and Offer Price as under the Institutional Entitlement Offer. Eligible retail shareholders may opt to take up all, part or none of their entitlement.

² Representing the closing price of Lifestyle Communities shares of \$17.33 on 21 February 2024, adjusted for the 1H24 dividend of 5.5 cents per share.

³ Adjusted for the 1H24 dividend of 5.5 cents per share.

⁴ Dividend-adjusted theoretical ex-rights price (“**TERP**”) based on the dividend-adjusted last closing price of \$17.275. TERP is a theoretical calculation only and the actual price at which Lifestyle Communities shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may be different from TERP.

⁵ Assuming AustralianSuper’s retail sub-underwriting commitment is fully utilised.

Eligible retail shareholders will have access to a Retail Information Booklet, including a personalised Entitlement and Acceptance Form, on Thursday, 29 February 2024. The Retail Information Booklet will contain details of how to participate in the Retail Entitlement Offer. A copy of the Retail Information Booklet will also be lodged with the ASX on Thursday, 29 February 2024.

Lifestyle Communities shareholders outside of Australia and New Zealand are ineligible to participate in the Retail Entitlement Offer. In particular, Lifestyle Communities shareholders in the United States are not eligible to participate in the Retail Entitlement Offer, and those who are acting for the account or benefit of persons in the United States are not eligible to participate on behalf of those persons.

Further details on the eligibility criteria for the Retail Entitlement Offer will be set out in the Retail Information Booklet.

Eligible shareholders can call 1300 850 505 (within Australia) or on +61 3 9415 4000 (outside Australia) at any time from 8.30am to 5.00pm Monday to Friday (excluding public holidays) for more information.

Looking Ahead

There is no change to Lifestyle Communities' existing, focused strategy - providing high quality affordable housing to the downsizer market in Melbourne's growth corridors as well as key Victorian regional centres.

Lifestyle Communities is also committed to maintaining acquisition and capital management discipline post Entitlement Offer and an ongoing focus on recycling capital to pursue self-funding organic growth.

Mr. James Kelly said:

"Lifestyle Communities is positioned to benefit from the prevailing market conditions. Executing on the identified acquisitions will help cement Lifestyle Communities' market leadership position and capitalise on the supply / demand imbalance for high quality affordable housing."

Indicative Timetable

Key Event	Date
Trading halt and announcement of the Entitlement Offer, Institutional Entitlement Offer Opens	Thursday, 22 February 2024
Institutional Entitlement Offer closes	Friday, 23 February 2024
Announce results of Institutional Entitlement Offer	Friday, 23 February 2024
Trading halt lifted and Lifestyle Communities shares recommence trading on an "ex-entitlement" basis	Friday, 23 February 2024
Record Date for determining eligibility for the Entitlement Offer (7.00pm AEDT)	Monday, 26 February 2024
Retail Entitlement Offer opens (9.00am AEDT)	Thursday, 29 February 2024
Settlement of New Shares issued under the Institutional Entitlement Offer	Friday, 1 March 2024
Allotment of New Shares issued under the Institutional Entitlement Offer	Monday, 4 March 2024
Retail Entitlement Offer closes (5.00pm AEDT)	Thursday, 14 March 2024
Announce results of Retail Entitlement Offer	Tuesday, 19 March 2024
Settlement of New Shares under the Retail Entitlement Offer	Wednesday, 20 March 2024
Allotment of New shares issued under the Retail Entitlement Offer	Thursday, 21 March 2024
Commencement of trading on ASX on a normal settlement basis of New Shares issued under the Retail Entitlement Offer	Friday, 22 March 2024
Dispatch of holding statements for the New Shares issued under the Retail Entitlement Offer	Friday, 22 March 2024

Note: All dates and times are indicative only and are subject to change without notice. Unless otherwise specified, all dates and times refer to Australian Eastern Daylight Time (AEDT). Subject to the requirements of the Corporations Act, the ASX listing rules and any other applicable laws, Lifestyle Communities, in consultation with the Underwriter, reserves the right to amend this timetable at any time. Lifestyle Communities reserves the right to vary these dates or withdraw the Entitlement Offer at any time.

Additional Information

Further details on the Entitlement Offer are contained in the investor presentation released to the ASX today.

Investor / Analyst Conference Call

Lifestyle Communities will conduct an investor / analyst briefing at 11.00am (AEDT) today. The briefing will cover Lifestyle Communities' FY24 half year financial results (also released to the ASX today), followed by the Entitlement Offer.

Authorised for lodgement by the Board.

ENDS

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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 thirty-two residential land lease communities under contract, in planning, in development, or under management.

Important Information

Forward looking statements

This Announcement contains certain “forward-looking statements”. These forward-looking statements are based on the opinions, expectations and beliefs of Lifestyle Communities’ management as well as reasonable assumptions made by and information currently available to Lifestyle Communities’ management, and speak only as of the date of this Announcement. All statements other than statements of historical facts included in this Announcement, including statements regarding Lifestyle Communities’ forecasts, business strategy, plans and objectives, are forward-looking statements. In addition, when used in this Announcement, 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 Lifestyle Communities and are not reliably predictable, which could cause actual results to differ materially, in terms of quantum and timing, from those described in this Announcement. Eligible shareholders are cautioned not to place undue reliance on forward-looking statements.

No representation is made by Lifestyle Communities, the underwriter and their respective advisors, affiliates, related bodies corporate, directors, officers, partners, employees and agents (“**Extended Parties**”) as to the correctness of the forward-looking statements on or after the date of this Announcement. Forward-looking statements constitute “forward-looking statements” for the purposes of the United States Private Securities Litigation Reform Act of 1995. Lifestyle Communities does not undertake any obligation to publicly release the result of any revisions to these forward-looking statements to reflect events or circumstances after the date of this Announcement or to reflect the occurrence of unanticipated events. To the maximum extent permitted by law, Lifestyle Communities, the Underwriter and each of their respective Extended Parties disclaim any responsibility for the accuracy or completeness of any forward-looking statements whether as a result of new information, future events or results or otherwise. To the maximum extent permitted by law, each of Lifestyle Communities and the Underwriter and their respective Extended Parties disclaim any responsibility to update or revise any forward-looking statement to reflect any change in Lifestyle Communities’ financial condition, status or affairs or any change in the events, conditions or circumstances on which a statement is based, except as required by Australian law.

Not for distribution or release in the United States

This Announcement may not be distributed or released in the United States or to any person acting for the account or benefit of a person in the United States. This Announcement does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or in any other jurisdiction in which such an offer would be illegal.

The distribution of this Announcement may be restricted by law in certain other countries. You should read the important information set out in the “International Offer Restrictions” in the Investor Presentation.

Neither the entitlements nor the New Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the U.S. Securities Act), or the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements may not be purchased, traded,

taken up or exercised by, and the New Shares may not be offered or sold, directly or indirectly to, any person in the United States or any person that is acting for the account or benefit of a person in the United States (to the extent such persons are acting for the account or benefit of persons in the United States). In the Retail Entitlement Offer, the entitlements may only be taken up or exercised, and the New Shares may only be offered or sold, outside the United States, in “offshore transactions” (as defined in Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act.

Risks

An investment in Lifestyle Communities is subject to investment risks and other known and unknown risks, some of which are beyond the control of Lifestyle Communities. Recipients should have regard to (among other things) the “Key Risks” section of the Investor Presentation for a non-exhaustive summary of the key risks that may affect Lifestyle Communities and its financial and operating performance.