

12 November 2024

Immediate release to the ASX

Lifestyle Communities® (ASX: LIC) releases the attached Managing Director and Chair presentation for the Annual General Meeting to be held today at 9.00am (Melbourne time).

Authorised for lodgement by the Board. For further information please contact:

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

Annual General Meeting

12 November 2024



Lifestyle[®]
COMMUNITIES

Life.
Unlimited.



New homeowners at
Lifestyle Riverfield

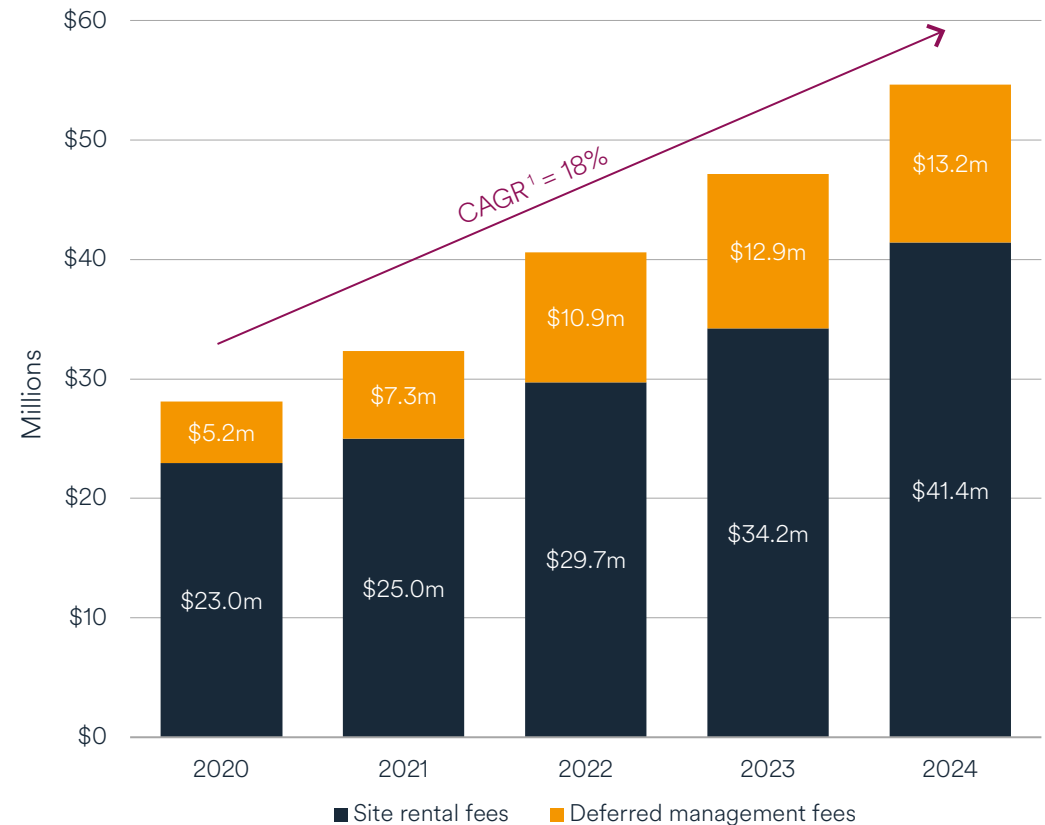
PRESENTATION

**Managing Director
— James Kelly**

FY24 in review

- Low consumer confidence, driven by elevated inflation and multiple interest rate rises, resulted in deteriorating conditions in the Victorian property market progressively throughout FY24
- Post covid cost increases in the construction industry put upward pressure on prices at a time when median house prices were flat or declining in most catchments
- Operating Profit decreased 25.7% from \$71.1m in FY23 to \$52.9m in FY24 as a function of lower settlements and increased marketing costs for new projects
- New home settlements in FY24 were 311 (FY23: 356). Established home settlements were 151 (FY23: 178)
- Established communities continued to perform well — revenue from Community management increased by 16% from \$47.2m to \$54.7m
- Completed a \$275m equity raise to provide balance sheet strength through the cycle, and additional funds to support future land acquisitions and growth
- Overall, it was a reasonable result in a challenging year

Growing annuity income streams



1. CAGR refers to the Cumulative Average Growth Rate

FY25 trading update — YTD 31 October 2024 ¹

- 92 new home settlements (FY24: 64)
- 42 established home settlements (FY24: 51)
- Consumer sentiment has been damaged by media coverage which has had an impact on sales and cancellations
- We have continued to make sales but have seen an increase in cancellations:
 - 89 new home sales
 - 64 cancellations
 - 25 net new home sales added to the pipeline
- Targeted pricing of inventory will reduce gross margin achieved per sale
- No new land contracts signed during the period

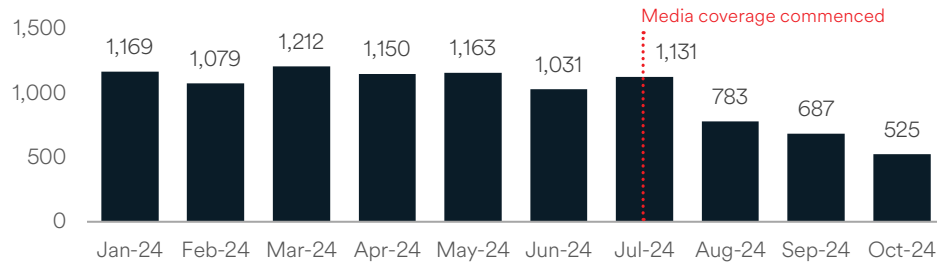
1. YTD trading results are unaudited. FY24 comparatives relate to the prior corresponding period ended 31 October 2023.



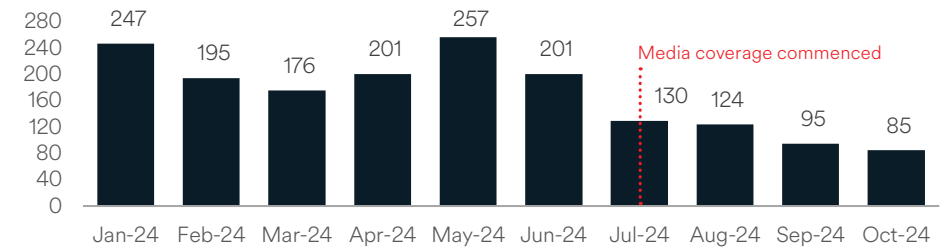
Fireplace at Lifestyle Woodlea

Lead indicators

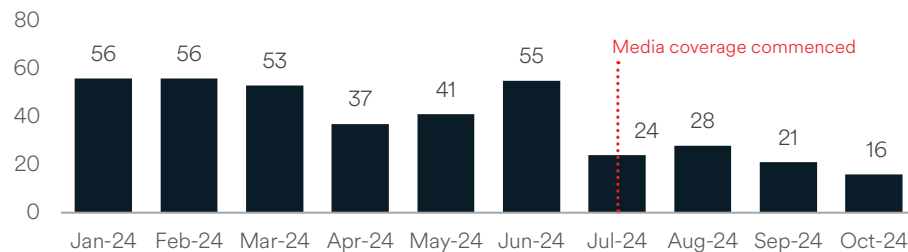
Monthly new leads



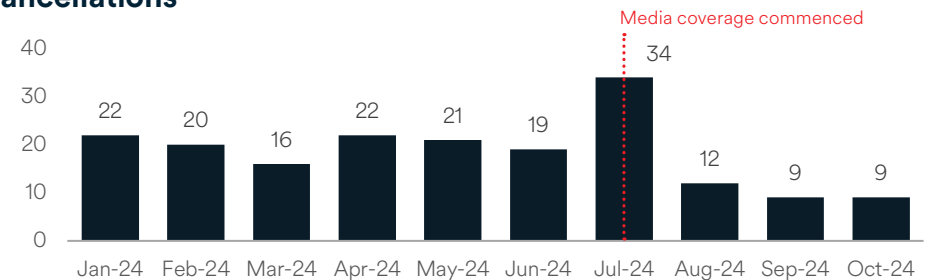
Appointments for the month



Gross sales per month



Cancellations



- It is clear the adverse media coverage has impacted our lead indicators, sales rates, and deposit cancellations
- Pleasingly, conversion rates from appointment to sale are largely consistent with where they were prior to the media coverage
- We believe this is a testament to the quality of Lifestyle’s offering and the customer experience we deliver
- Lifestyle’s key challenge from here is to convince new customers to look past the media coverage, and visit one of our communities to see the offer for themselves

Restoring Lifestyle's reputation – a key priority

- There is no doubt our reputation has been damaged by recent media coverage
- The vast majority of our 5,500+ homeowners have expressed their disappointment at the way the business has been portrayed, which was not representative of their lived experience
- We have a number of initiatives in place to restore our reputation:
 - regularly communicating and engaging with our customers directly
 - appointed an independent PR firm to help us challenge the myths and inaccuracies in the media reporting
 - interacting with potential future customers directly through social media, press, and public forums
 - sharing positive experiences and success stories of our existing homeowners
 - actions not ads: demonstrating our continued commitment to our customers in all aspects of their journey with us
- We are cognisant that repairing this reputational damage may take some time

The media coverage largely focused on exit fees without considering the lower entry price that our homeowners typically pay, nor the other benefits we offer.

We have always preferred the DMF model because it lowers the upfront entry cost for people buying into one of our communities. This enables customers to release more equity to supplement their lifestyle. Capital gains made over time typically assist with paying the DMF.



"Complete Life Change"

Hear from our Homeowners

<https://youtu.be/j144oySActI?si=TvOmalBfJO4eMPQ1>



Farewell and thank you for your support



OVERVIEW

Chair — David Blight

FY25 – A transition year

- Market environment in Victoria remains challenging — impacted by interest rates and state taxes
- Conditions are expected to remain challenging for the remainder of FY25. Compounded for Lifestyle as a result of recent media coverage
- Management is taking proactive steps to adjust the cost base and reduce development spend to match reduced activity levels
- Focus is currently on restoring reputation to improve sales, strengthening the balance sheet, resolving the VCAT dispute, and managing the CEO transition
- Board renewal continues:
 - Chair transition complete
 - JoAnne Stephenson appointed to the Board
 - Currently searching for another Independent Non-Executive Director
- Managing Director's retirement:
 - an executive search firm has been engaged and commenced a search process for a replacement CEO
 - retention plan in place for members of the leadership team to ensure stability through the transition

Macro tailwinds remain supportive over the medium term ...



Ageing Population
(meeting the Gen X)



First Home Buyers
(buy our customers homes)

... but short-term challenges persist.



Economic Environment
(continues to challenge)



Property Market – outer suburbs
(impacted by interest rates and low consumer confidence)



Lifestyle Riverfield

Independent review

- As part of our response to the media coverage, an independent expert was appointed to review the fairness of our sales processes and customer disclosures
- The report was received in early November
- The key findings were:
 - policies and marketing collateral are in-line or ahead of competitors for transparency and comprehensiveness
 - LIC’s fee structure, policies and agreements in line with regulation
 - LIC’s compassionate policy is in line with industry competitors
 - Some inconsistencies were found in marketing collateral and suggestions have been made to ensure it remains industry leading
- Further considerations include the potential to introduce choice within the fee structure, along with ongoing updates to policies and marketing collateral
- LIC Board and Management team are considering the report. Any definitive changes will be implemented following finalisation and testing

Outlook

- Expect 1HFY25 settlements to be in the range of 120 to 130 (1HFY24: 124)¹
- 1HFY25 Operating Earnings after Tax expected to be in the range of \$19.5m to \$22m (1HFY24: \$20.8m)¹
- Update on New Home Settlement Pipeline:
 - 92 new home settlements achieved to end of October 24
 - 321 deposits on hand as at the end of October
 - 58 of these customers have a firm settlement date booked in FY25
 - 67 of these customers will have their Lifestyle Communities home completed and available for settlement in FY25 and are actively marketing their family home for sale
 - 72 of these customers will have their Lifestyle Communities home completed and available for settlement in FY25
 - the remaining customers relate to FY26 build homes
- Managing our Balance Sheet:
 - Merrifield, Yarrowonga, and Ocean Grove projects on pause following completion of Civil Works
 - development spend calibrated with expected settlement revenue for FY25 — planned spend reduced from circa \$280m to circa \$175m²
 - targeted strategies to sell through inventory will take some time to convert to settlements
 - mid FY25 expected to represent the peak in inventory levels and working capital requirements
- The operating business remains resilient, underpinned by inflation linked annuity revenue from our portfolio of 3,950+ homes under management

1. Forward looking statements are estimates only, subject to new home sales, home deliveries, and market conditions.

2. Timing subject to completion of contract milestones. Development spend includes housing, infrastructure, sales and marketing costs, and interest on development debt.

Important notice and disclaimer

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It is information in a summary form and does not purport to be complete. It should be read in conjunction with LIC's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at www.asx.com.au

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