

9 December 2025

Immediate release to the ASX

Update on changes to the DMF model for existing homeowners

Lifestyle Communities Limited (ASX: LIC) will offer all existing homeowners the option to move to the New DMF Model (defined below) once the VCAT appeal is determined, regardless of the outcome of the appeal.

In July 2025, Lifestyle Communities changed its Deferred Management Fee (DMF) to be consistent with the findings of the VCAT ruling handed down on 7 July 2025. For new homeowners entering into a Residential Site Agreement (RSA) with Lifestyle Communities, the DMF is now calculated on the homeowner's purchase price and pro-rated over a 5 year period to a maximum of 20% of this price (**New DMF Model**).

As it stands today, the DMF in certain Lifestyle Communities' RSAs dated prior to 7 July 2025 was deemed by VCAT to be unable to be calculated as a precise amount at the time of entering into the RSA due to it being a percentage of "sale price", making the DMF clause in the RSA void. Due to the VCAT decision (and despite Lifestyle Communities' appeal of that decision), the carrying value of the DMF component of investment properties for existing homeowners on Lifestyle Communities' balance sheet as at 30 June 2025 was written down to zero.

Lifestyle Communities has been considering offering existing homeowners the option to move to the New DMF Model and wishes to ensure its homeowners are in a position to make a fully informed decision about whether they want to move to the New DMF Model.

Following positive engagement with many existing homeowners on the New DMF Model, Lifestyle Communities will offer all existing homeowners the choice to move to the New DMF Model once the appeal of the VCAT decision has been determined irrespective of the outcome.

Rationale and Benefits

The key advantages of offering the New DMF Model to all existing homeowners after the VCAT appeal is determined include:

- Homeowners will be in a position to make a fully informed decision about whether they want to move to the New DMF Model.
- Lifestyle Communities anticipates this offer will generate substantial goodwill & sentiment amongst its homeowner community.
- Lifestyle Communities could benefit from any goodwill which could contribute to homeowner satisfaction and both protect and strengthen a strong sales referral rate which has historically contributed up to 50% of sales.
- Strengthening of the brand and reputation of Lifestyle Communities for all homeowners based on transparency and consistency of our go forward business model; whilst reducing potential litigation and regulatory risk that may be associated with offering the New DMF Model prior to the outcome of the appeal.

Lifestyle Communities will amend the carrying value of the DMF component of investment properties during the period that any existing homeowners choose to move to the New DMF Model.

As set out in our FY25 results presentation, if 100% of existing homeowners at 30 June 2025 were to move to the New DMF Model, the estimated potential adjustment to the 30 June 2025 carrying value of the DMF component of investment properties would be up to \$117.0m¹.

Authorised for release 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-nine residential land lease communities under contract, in planning, in development, or under management. Over 5,800 Victorians call Lifestyle Communities their home.

¹ The estimated potential adjustment to the carrying value of \$117.0m is based on 30 June 2025 valuation data and assumptions. Carrying values and carrying value adjustments of the New DMF Model are estimates only. Actual investment property valuations will be undertaken in accordance with Lifestyle Communities' established property valuation process and the RSAs in place at the relevant reporting date. A majority of existing homeowners are only expected to move to the New DMF Model if Lifestyle Communities is successful in its appeal. If Lifestyle Communities is successful in its appeal and all existing homeowners at 30 June 2025 remained on their existing DMF model, using 30 June 2025 valuation data and assumptions, Lifestyle Communities estimates that the adjustment to the 30 June 2025 carrying value of the DMF component of investment properties would be ~ \$193.5m.

These statements are based on the assumption that there are two possible appeal outcomes, that is, an outcome that upholds the validity of the DMF model based on sale price or an outcome that upholds the decision handed down by President Woodward in VCAT on 7 July 2025. It should be noted that with any court process, there is inherent uncertainty and a range of possible outcomes which may be different to the assumptions made above.