



Ingenia Lifestyle and Holidays Lake Conjola, NSW
Aerial view – September 2018

INGENIA COMMUNITIES GROUP

Strategic Partnership and Placement

Executive Summary

Overview








Ingenia has entered into a **Strategic Partnership with Sun Communities (NYSE: SUI)** – a leading owner, operator and developer of **Manufactured Housing and Recreational Vehicle (lifestyle and holiday) communities**

- Through a **Strategic Partnership**, managed by Ingenia, Sun and Ingenia will jointly develop greenfield lifestyle communities – development opportunities currently owned by Ingenia will remain wholly owned by Ingenia
- Ingenia will make a **Placement** of 23,176,816 securities to Sun at \$3.2172 per security (an 8.75% premium to 30 day VWAP at 5 November 2018) – Sun to own 9.99% of Ingenia securities on completion of Placement
- Placement funds will be deployed to acquire two established communities, accelerate rollout of new rental and holiday cabins, and fund Ingenia's investment in the Strategic Partnership
- Ingenia will gain access to Sun's considerable experience, built over 40 years, as a leader in the highly competitive North American market
- Sun's Chairman and CEO, Gary Shiffman, will be appointed to the Ingenia Board



Partnership with Global Leader

Enhances and accelerates Ingenia's long-term growth opportunity

	Strategic Partnership with a leader in MH and RV communities	Ingenia is partnering with Sun, a leading owner, operator and developer of Manufactured Housing and Recreational Vehicle (MH and RV, or lifestyle and holiday) communities. Significant alignment of interest through investment in Ingenia and co-funded Strategic Partnership to develop greenfield lifestyle communities
	Best-in-class knowledge sharing	Provides Ingenia with access to Sun's 40+ years of deep founded sector knowledge across operations, development, sales, marketing and customer experience Sun Chairman and CEO, Gary Shiffman, to join the Ingenia Board
	Access to additional capital	The Strategic Partnership provides Ingenia with a committed capital partner to co-fund greenfield projects, diversifying capital sources and enhancing Ingenia's return on development
	Accelerates growth plans	The Strategic Partnership accelerates Ingenia's growth trajectory and ambition of being the largest owner, operator and developer of lifestyle and holiday communities in Australia. Ingenia has the option to acquire each completed project, accelerating growth in long-term rental contracts
	Enhances capital position	Introduces a new high quality strategic investor to the Ingenia register, recognising the inherent value in Ingenia's platform and expertise
	Improved earnings and EPS	Capital partnering enables Ingenia to accelerate development, create new fee income, improve return on equity and amortise platform costs across a broader development base
	Advance sector adjacency opportunities	Enables Ingenia to advance first mover opportunity in Australia across key growth opportunities including 'all-age' communities, resident finance, build to rent and lowering home build costs

Complementary Business Models

Both Ingenia and Sun bring significant capabilities to the Strategic Partnership



- Market leading owner and operator of lifestyle (manufactured home) and holiday communities in Australia
- Strong track record of effective management of lifestyle and holiday communities
- Proven expertise in brownfield and greenfield development of lifestyle communities with a rapid increase in new home settlements since FY14
- Sector leading development pipeline of new communities in place
- Established, scalable in-house operational and development platform to support continued growth



SUN COMMUNITIES, INC.®

- Leading owner and operator of manufactured home (MH) and recreational vehicle (RV) communities in the US and Canada
- Strong record of operating, expanding and acquiring communities as well as building greenfield developments since 1975¹
- Delivered growth for shareholders, with a 10-year total return of greater than 1,000% (as at June 2018)¹
- Experienced acquirer and integrator of communities – over US\$4.8 billion of communities since May 2011¹

**Strength of Strategic Partnership
driven by contribution of both
Ingenia and Sun's leading platforms**

1. Sun Communities Investor Presentation, September 2018.

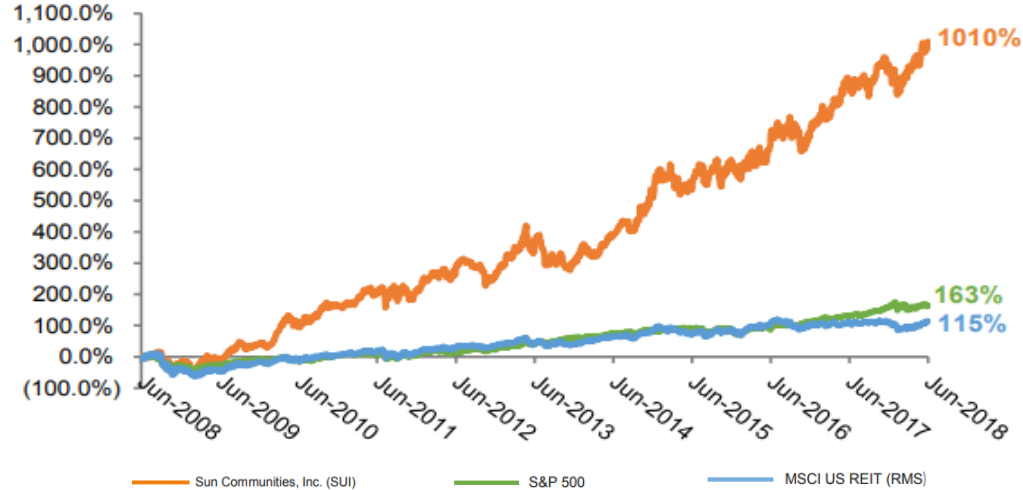
Overview of Sun Communities

One of the largest manufactured housing REITs globally

Overview of Sun

- Sun is a leading owner, operator and developer of manufactured housing (“MH”) and recreational vehicle (“RV”) communities, with a current market capitalisation of A\$12.5 billion¹
- The portfolio comprises 370 communities consisting of over 127,000 sites across 31 US States and Ontario, Canada
- The portfolio is characterised by high quality and well-maintained communities in high barrier to entry markets
- Established in 1975, Sun Communities became a publicly owned corporation in 1993 (NYSE: SUI)

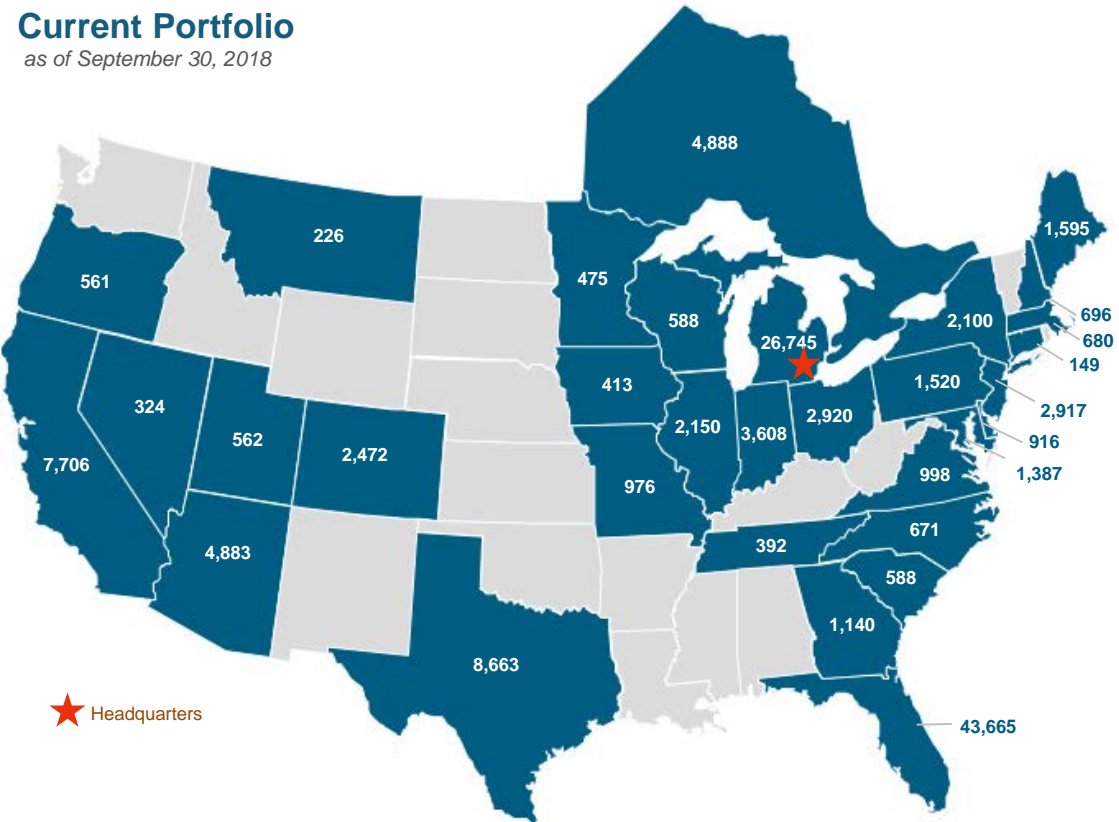
10 year total return²



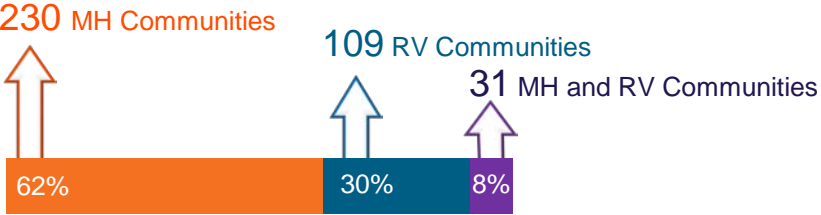
1. Based on market capitalisation at 5 November 2018.
 2. As at 30 June 2018. MSCI US REIT (RMS) is a US index measuring total return for equity REITs.

Current Portfolio

as of September 30, 2018



★ Headquarters



Source: Sun Communities Investor Presentation, September 2018.

Overview of Ingenia

Ingenia has a market leading position in Australia



Over **7,000**
Income producing sites



Over **5,500** rental and
lifestyle residents



785,000 'room nights' p.a.
Cabins, caravan and camping



Stable rent base *>\$1.6 million/pw*



3,244 Development sites on balance sheet
or under option

Nine communities under development

35 LIFESTYLE AND HOLIDAY COMMUNITIES

26 RENTAL VILLAGES

Note: Excludes communities under option, remaining Settlers village and assets to be acquired following the Placement.

Ingenia has





61 Australian
communities

Portfolio value now

\$747 million

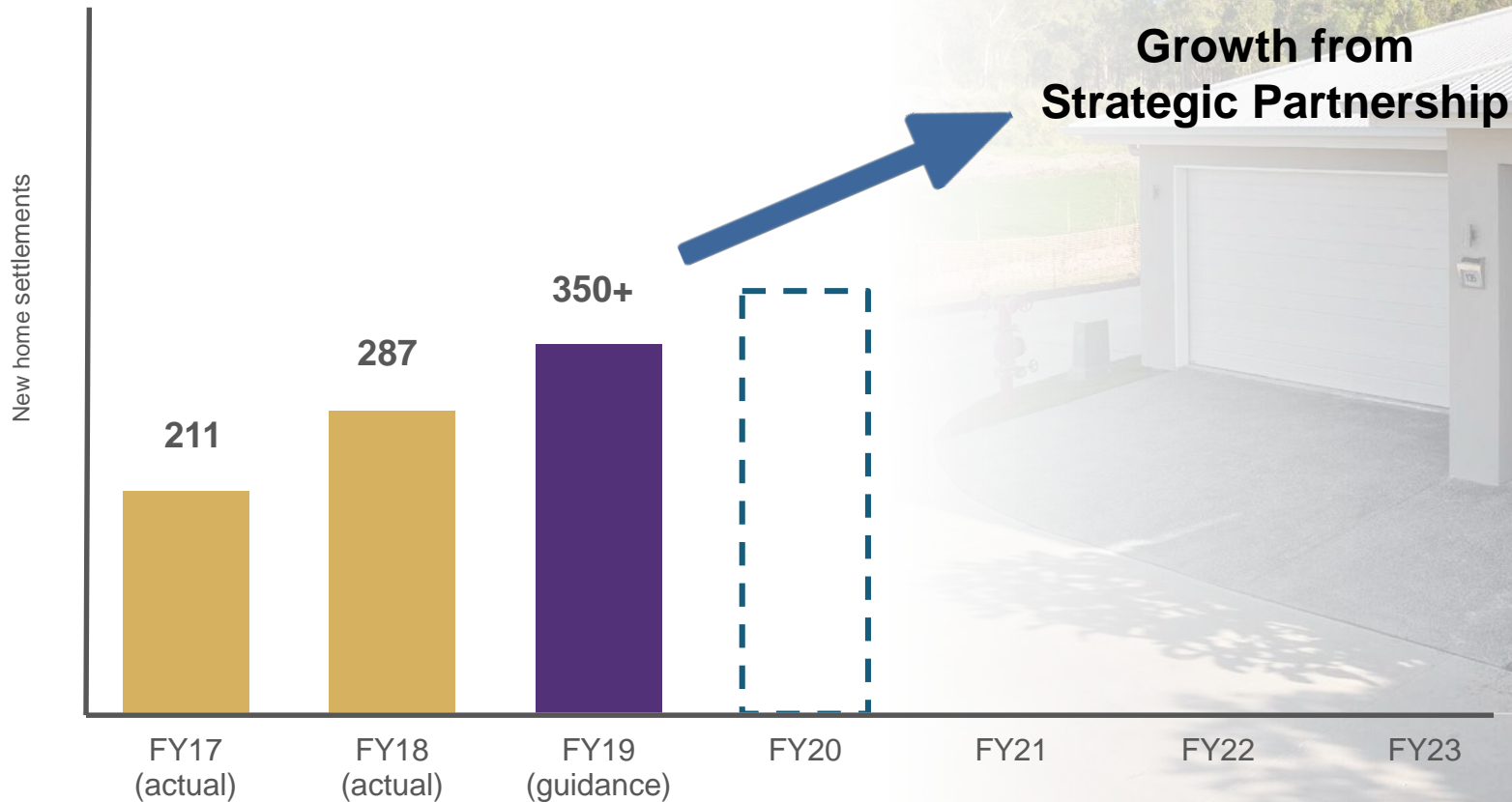


Key Features of Strategic Partnership

STRUCTURE		<p>A Strategic Partnership, managed by Ingenia and equally owned by Ingenia and Sun, has been established to invest in greenfield lifestyle communities</p> <p>Funding will be a mix of equity and bank debt</p> <p>The Strategic Partnership's Board will comprise two representatives from each of Ingenia and Sun</p>
FEES		<p>Ingenia will earn origination, development and asset management fees</p> <p>Ingenia may earn performance fees upon achievement of individual project IRR targets</p>
PIPELINE RIGHTS		<p>The Strategic Partnership will have the first right to acquire all greenfield opportunities identified by Ingenia</p> <p>Ingenia has a right to acquire each completed community at market value</p> <p>Ingenia has the right to acquire and develop any projects not pursued by the Strategic Partnership</p>
SCALE		<p>Target origination of five projects within the first 18 months</p> <p>Strategic Partnership will leverage Ingenia's existing platform and capability</p>

Strategic Partnership to Accelerate New Home Settlements

Ingenia will build out its current on balance sheet pipeline, supplemented and accelerated by future growth from the Strategic Partnership



Note: FY20 is indicative only, and does not represent a forecast.

Ingenia's Access to Rental Contracts is Enhanced

Ingenia will fund 50% of project equity while retaining the right to acquire 100% of the completed community



Once 95% of community
sold down






Strategic Partnership (Managed by Ingenia)

- Originates and develops greenfield lifestyle communities
- Ingenia entitled to 50% of development profit in addition to development fees
- Ingenia has 12 month call option to acquire completed community at market value
- Ingenia may be eligible to receive performance fees
- Where Ingenia does not exercise its call, assets may be sold to a third party at market value, or retained in the Strategic Partnership

Equity Placement

Clear alignment of interests through Equity Placement

PLACEMENT		<p>Ingenia will place 23,176,816 securities with Sun, raising approximately \$74.6 million to fund immediate and future growth</p> <p>New securities will be issued at \$3.2172, a 8.75% premium to the 30 day VWAP (at 5 November 2018) and will rank pari passu with existing securities</p> <p>Sun will own 9.99% of issued capital on a post raising basis</p>
USE OF PROCEEDS		<p>Funds raised will be allocated to the proposed acquisition of two established communities, accelerating the buildout of an additional 103 rental and holiday cabins in existing communities and Ingenia's initial funding of the Strategic Partnership</p> <p>Increases investment in Lifestyle and Holidays business by circa 10%¹</p> <p>Transaction marginally accretive to FY19 EPS; with higher growth expected in the medium term as the Strategic Partnership builds scale</p>
ACQUISITIONS		<p>Proposed acquisition of two established communities in South East Queensland</p> <p>Target completion and settlement for both acquisitions end of 2018</p> <p>Acquisitions are EPS accretive</p>

1. Excludes capital allocated to the Strategic Partnership.

Placement: Use of Funds

- Proposed acquisitions increase Ingenia’s scale in lifestyle portfolio – growing the number of communities to 37 and increasing the number of income producing sites by 8.3%
 - Increases scale in South East Queensland market – adds income generating sites in established clusters
 - Significant opportunities to enhance returns through repositioning and active management
- Investment of \$10.1 million in 103 infill cabins at seven established communities, generating immediate and recurrent rental returns
- Enhances development pipeline through Strategic Partnership, with \$22.3 million to fund Ingenia’s equity in the Partnership (timing subject to origination of assets)

Asset	Purchase Price \$'m	Sites	
		Existing	Additional
Aspley Acres	29.5	383	38
Confidential Park ¹	23.0	100	-
Partnership Investment	22.3	-	-
Infill Cabins	10.1	-	103
Total	84.9	483	141

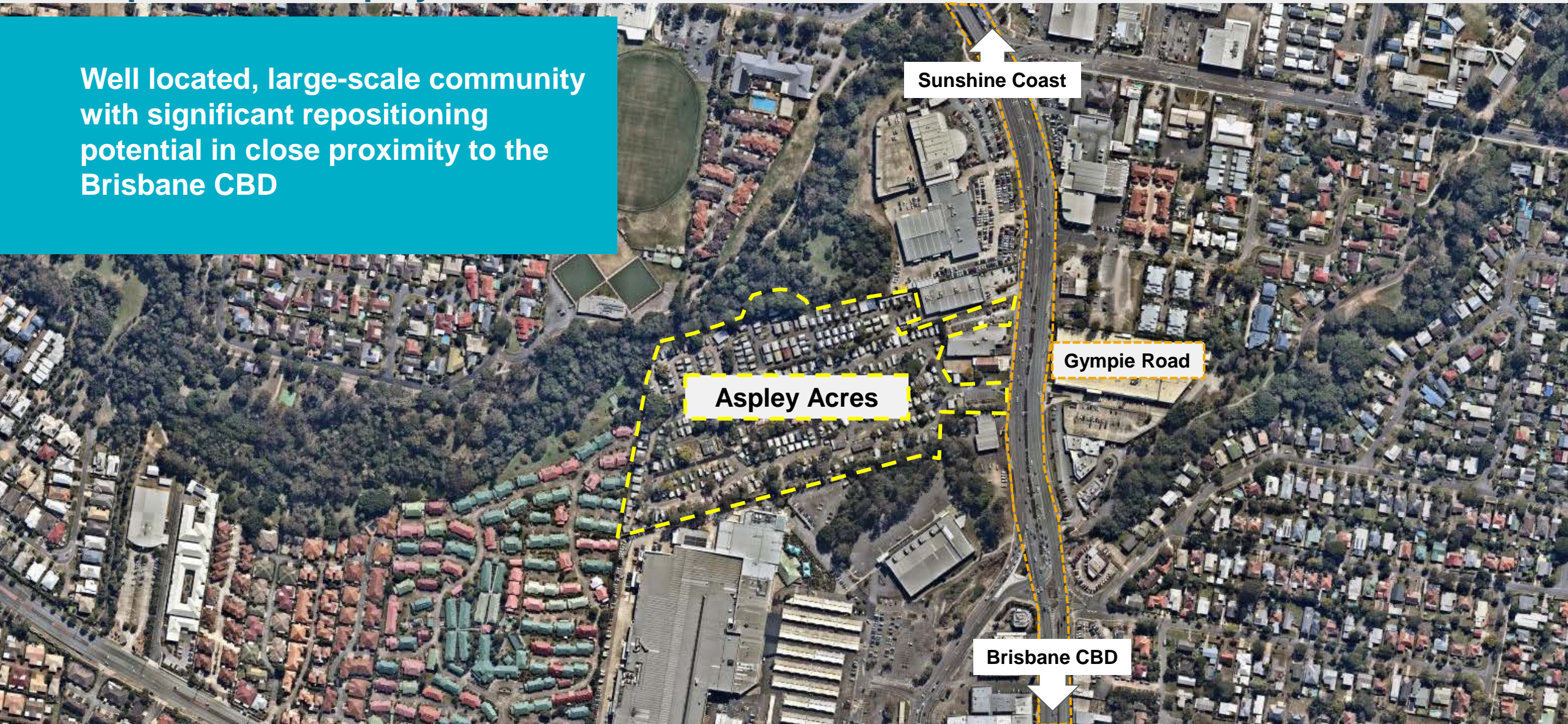
1. Subject to finalisation of due diligence and terms. Excludes any performance linked consideration.



Use of Funds

Acquisition of Aspley Acres, Brisbane

Well located, large-scale community with significant repositioning potential in close proximity to the Brisbane CBD



Use of Funds

Acquisition of Aspley Acres, Brisbane

Contract exchanged for 5.8 hectare established all age rental community located 16 kms north of the Brisbane CBD

- Adds the largest community in Brisbane (383 rental cabins) to Ingenia's metro cluster of 960 homes across Chambers Pines, Bethania, Durack, Eight Mile Plains and Ingenia Gardens Marsden
- All homes are park owned, providing flexibility for long-term change of use
- Plan to add 38 new cabins
- Target yield in excess of 10% on \$29.5 million purchase price, with an initial yield of over 7%
- Preliminary Development Approval in place for 780 apartments, providing potential long-term highest and best use



Use of Funds

Potential acquisition of Confidential Holiday Park

Finalising terms for acquisition of premium holiday park

- Waterfront location on the Queensland Sunshine Coast
- Potential expansion opportunity
- Anticipated initial yield of 7.8%



Ingenia Holidays Lake Macquarie, NSW

Use of Funds

Additional investment in infill cabins

- Additional \$10.1 million to be invested to accelerate the rollout of 103 additional cabins across seven established communities
- Ingenia has approvals in place for 260 rental units and holiday cabins across existing communities
- Cabins expected to be progressively completed from February 2019, with all cabins in place by November 2019

Cabin Type	Cabins	Location	
		NSW	QLD
Holiday	22	14	8
Rental	81	-	81
Total	103	14	89



Key Financial Metrics - 30 June 2018 Pro Forma

	Actual Jun 18 ¹	Capital Raising	Deployment of Funds ²	Pro forma Jun 18
Net investment property (\$ million)	730.4	-	62.6	793.0
Investment in Strategic Partnership (\$ million)	-	-	22.3	22.3
Total assets (\$ million)	825.8	-	84.9	910.7
Net debt (\$ million) ³	214.6	(71.5)	88.8	231.9
Net assets (\$ million)	533.9	71.5	(3.9)	601.5
Securities on issue (millions) ⁴	208.1	23.2	-	231.3
NTA per security (\$)	2.57	0.05	(0.02)	2.60
LVR (%) ^{5, 6}	32.6%	-	-	30.6%
Debt headroom (\$ million) ⁷	109	-	-	92

1. Represents 30 June 2018 key financial metrics, excludes any transactions post 30 June 2018.
2. Including transaction costs, comprising stamp duty, legal fees and advisory fees.
3. Drawn senior debt, less cash.
4. Excludes impact of DRP post 30 June 2018.
5. LVR is Net Debt divided by secured assets under the debt facility.
6. Pro forma LVR does not take into account timing of deployment of proceeds and transactions since 30 June 2018.
7. Pro forma debt headroom based on \$350 million multilateral debt facility.

Transaction Benefits

- ✔ **Strategic Partnership brings together two industry leading companies with complementary business models**
 - provides Ingenia with access to Sun's experience and knowledge developed over a 40 year period
 - provides Sun with access to the Australian market through a market leading platform and management team
- ✔ **Strategic Partnership enables Ingenia to**
 - accelerate the development pipeline and enhance return on developments
 - diversify funding sources and introduce a best-in-class capital partner in Sun
 - maintain focus on rental annuity stream growth through development co-investment
- ✔ **Equity Placement**
 - provides Ingenia with capital to fund immediate acquisition and growth opportunities
 - creates a strong alignment of interests between Ingenia and Sun
- ✔ **FY19 Guidance¹**
 - on track for 350+ settlements
 - transaction marginally accretive to FY19 EPS – EPS growth of 5-10% on FY18 reaffirmed
 - increased EBIT guidance – growth of 15-20% on FY18 (up from 10-15% growth)

1. Guidance subject to no material change in market conditions and timing of deployment of funds raised via Placement.

Appendix 1: Sun Communities: Seniors MH and RV Community

Palm Creek Golf and RV Resort, Casa Grande, Arizona



Community type	Hybrid (MH & RV)
Age restriction	55+
No. sites	2,341

Appendix 1: Sun Communities: Seniors MH Community

Gulfstream Harbor, Orlando, Florida



Community type	MH
Age restriction	55+
No. sites	974

Appendix 1: Sun Communities: All Age MH Community

Cider Mills Crossing, Fenton, Michigan



Community type

MH

Age restriction

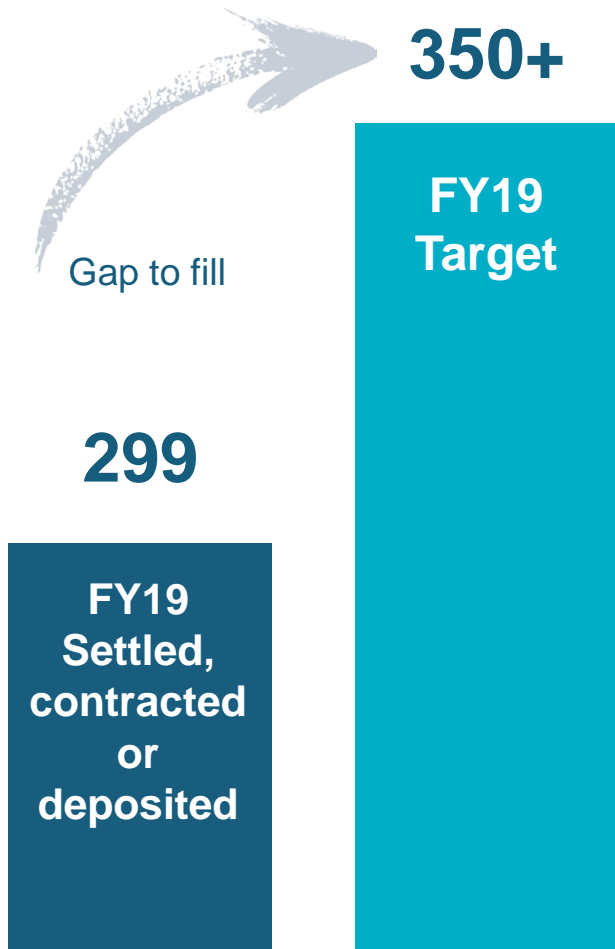
All age

No. sites

434

Appendix 2: Drivers of Future Growth

- As at 5 November 2018 Ingenia has >85% coverage of FY19 settlements target of 350+ homes

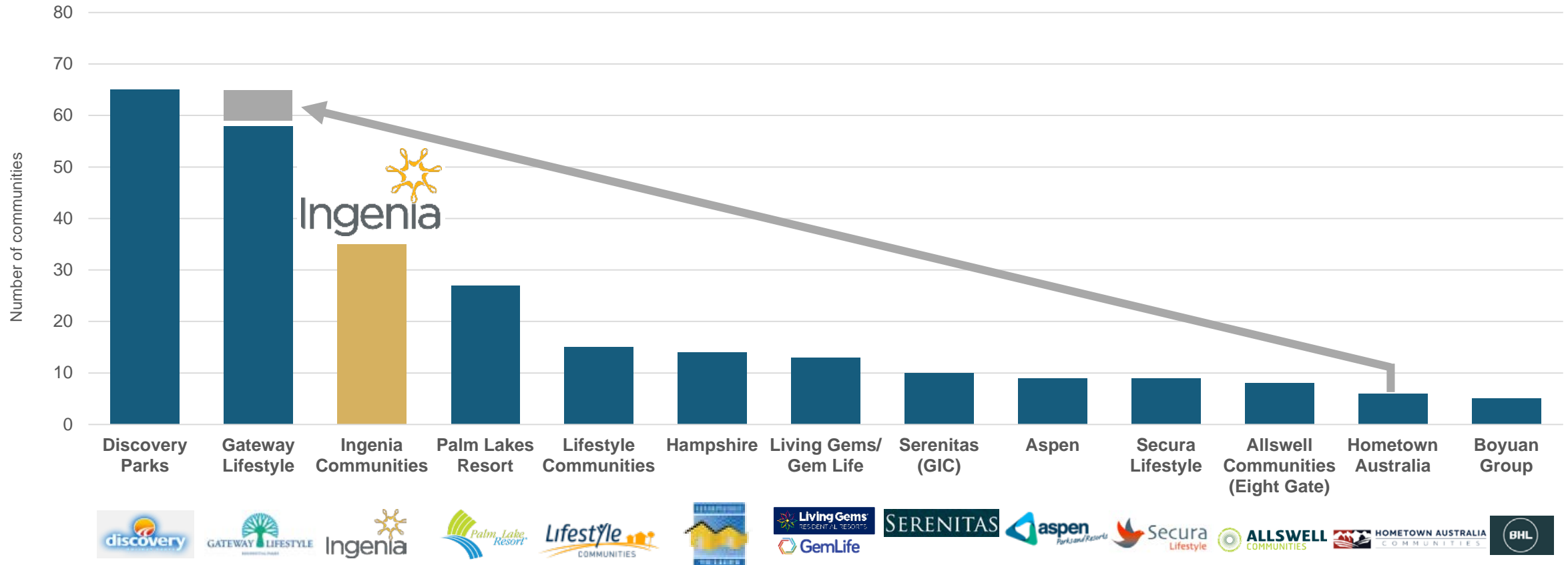


FY19 sales target is underpinned by:

- 🏠 **Strong sales momentum** – over 85% of forecast settlements are already settled or at deposit or contract stage
- 🏠 **Time to take action** – lifestyle downsizers propelled to ‘take action’ after holding out for the property wave
- 🏠 **Need to ‘cash out’** – they will seek a more affordable solution to maximise ‘cash out’ and lifestyle communities will fare well
- 🏠 **The ‘Ingenia Difference’** – transparent and simple model underpinned by strategic release platform and clear customer and market insights
- 🏠 **Emerging stability** – downsizers defer decisions in times of instability
- 🏠 **Education and awareness** – will increase the potential pot of buyers
- 🏠 **Quality, geographic spread and price diversity** of the portfolio will provide sales resilience

Appendix 3: Australian Competitor Landscape

- Ingenia is now the largest ASX listed owner of lifestyle and holiday communities



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