

ASX / Media Release

1 July 2019

Ingenia to add ten communities to portfolio via funds management acquisition, delivers 336 settlements for FY19 and confirms financial results at upper end of guidance

Highlights

- Proposed acquisition of funds and asset management business (Eighth Gate Capital Management) with approximately \$140 million in assets under management
- Adds 759 permanent homes and 844 holiday sites, increasing lifestyle sites under management by more than 26%
- Extends Ingenia's clusters in NSW and South East Queensland and provides market leading entry into Victoria
- Ingenia to invest up to 20% in the Funds, providing alignment with Fund investors and access to underlying real estate returns
- Transaction immediately accretive and to be funded internally
- Settle 336 new homes for FY19 and confirms results at upper end of guidance range

Ingenia Communities Group (ASX: INA) advises that the Group has entered into an agreement with Eighth Gate Capital Management to acquire the Eighth Gate funds and asset management business.

Established in 2013, Eighth Gate has assembled approximately \$140 million in assets under management through six unlisted funds, which own ten assets (1,603 income producing sites and a 163-site greenfield community). Ingenia will acquire the business and will co-invest in each of the Funds, ensuring alignment with Fund investors and access to the revenue streams generated by asset ownership and development. Ingenia expects to invest up to \$17 million to acquire the business and an interest in each of the Funds.

The acquisition of Eighth Gate's business will expand Ingenia's footprint in key clusters and leverage the Group's established business operations, increasing lifestyle income producing sites under management by over 26%. In addition to one greenfield development, which will create a 163-site community in Ballarat (Victoria), there is potential to convert lower yielding sites to new permanent homes at select communities. Ingenia will receive funds management, asset management and development management fees (estimated at over \$2 million per annum) and will have a last right of refusal to acquire the fund assets at market value when the funds' assets are realised. In addition, Ingenia may earn performance fees, subject to delivery of specified fund returns.

Simon Owen, CEO of Ingenia Communities, said funds management represented a complementary opportunity which would leverage the Group's business platform and further diversify Ingenia's revenue base and capital partnerships.

"We see this as an exciting opportunity to integrate an established business with significant scale into our existing platform and are pleased to welcome Nick Bonifant, the founder of Eighth Gate, to the Ingenia team."

"The portfolio is an excellent fit with our existing assets, further extending our reach in key markets such as Victoria and the South Coast of NSW where we have been actively seeking greater scale. The transaction will be immediately accretive and offers the ability to continue to grow returns," Mr Owen said.

Eighth Gate operates communities under the Allswell Communities brand, with communities located in coastal and metro markets. Allswell's communities include three best in class land lease communities in outer Melbourne (the Federation portfolio), a market in which Ingenia is actively seeking growth.

Subject to the finalisation of conditions precedent, the acquisition of Eighth Gate and Ingenia's co-investment in the funds is anticipated to be complete by the end of July 2019 and will be funded from existing capital sources. The funds management investment will contribute to earnings in FY20, with growth anticipated as development within the funds is progressed.

Guidance update

Ingenia is pleased to confirm that the full year financial results are expected to be at the upper end of the Group's guidance range of 15-20% EBIT growth and 5-10% growth in underlying EPS. This strong result is supported by a record year for settlements, despite challenging residential market conditions. The Group closed the year with 336 new home settlements, and an average above ground margin per home ahead of forecast.

In addition to a strong settlements result for FY19, Ingenia continues to see growing demand for new homes and currently has over 200 deposits and contracts in place, supporting sales growth into FY20. Further information on this result and the Group's FY20 outlook will be provided with the Group's full year results, to be announced on 20 August 2019.

ENDS

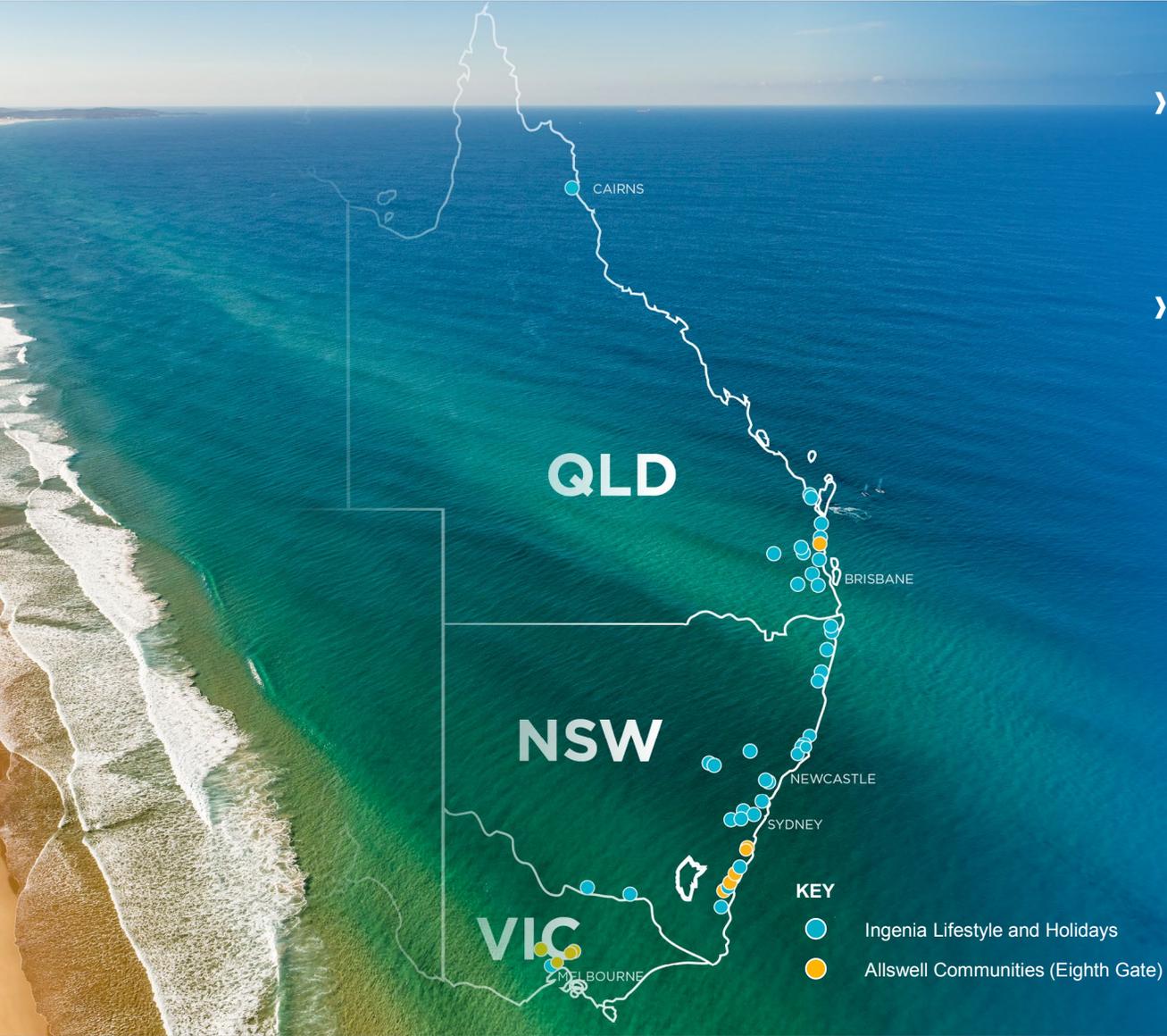
For further information please contact:

Scott Noble

P 02 8263 0538

Ingenia Communities Holdings Limited (ACN 154 444 925), Ingenia Communities Fund (ASRN 107 459 576) and Ingenia Communities Management Trust (ARSN 122 928 410). The Responsible Entity for each scheme is Ingenia Communities RE Limited (ACN 154 464 990) (AFSL415862).

Funds management extends established clusters immediately accretive; leverages existing platform and capability



- › Increases lifestyle sites under management by 26%, with the addition of 1,603 income producing sites
- › Adds scale in key target markets
 - Addition of 500 income producing sites in Victoria, a key focus for growth
 - Further growth in Victoria via 163-site greenfield community at Ballarat
 - Enhances exposure to NSW South Coast with the addition of a further five communities (1,003 sites)

Assets Under Management (six stapled funds)	Communities	No. Sites		
		Permanent sites	Annuals	Cabins / Sites
~\$78m	<ul style="list-style-type: none"> Federation Village, Glenroy, VIC Federation Village, Sunshine, VIC Federation Village Werribee, VIC Federation Village, Ballarat, VIC (greenfield) 	181 141 178 163 (approved)	-	-
~\$13m	<ul style="list-style-type: none"> Coastal Palms, Shoalhaven Heads, NSW 	103	100	-
~\$6m	<ul style="list-style-type: none"> Landsborough Pines, Landsborough, QLD 	50	-	50
~\$11.5m	<ul style="list-style-type: none"> Tall Timbers, Shoalhaven Heads, NSW 	81	110	18
~\$24m	<ul style="list-style-type: none"> Tomago River, Tomakin, NSW Wairo Beach, Lake Tabourie, NSW 	20	385	66
~\$8m	<ul style="list-style-type: none"> Riverbreeze, Moruya, NSW 	5	50	65
\$140m		922	645	199



Homes at Federation Villages

Key Fund Terms	Comment	
Term of management	<ul style="list-style-type: none"> To October 2020 with option for a further 5 years (one fund only) July 2024 (all other funds) 	Ingenia will have the last right to acquire Fund assets on the Fund winding up
Liquidity	<ul style="list-style-type: none"> Ingenia may provide limited liquidity to fund investors 	Subject to capital availability and Board approval, Ingenia may offer to acquire equity in each fund on a rolling two year basis
Fees	<ul style="list-style-type: none"> Funds management fee (1% of gross assets) Asset management fee (varies by fund) Development management fees (20% of net profit on new home sales) Sales commission (3% of home price) Project management fee (4.5-6% of construction costs) Performance fee (20% of returns above 10% IRR) 	<p>Over \$2 million in fees forecast per annum, subject to home sales and capital expenditure</p> <p>Performance fees may be earned, subject to fund performance</p>



Facilities at Federation Villages