

ASX / Media Release

27 May 2020

Trading and acquisition update

Highlights

- Rental inflows from Ingenia Lifestyle and Gardens residents continue unchanged - Ingenia Gardens now trading at record high occupancy
- Holiday communities in NSW and QLD to reopen in June – strong forward bookings in place
- Solid new home settlements continuing – forecasting 300 plus settlements for FY20, with further 175 contracts and deposits in place for FY21
- New acquisitions – mature NSW coastal lifestyle community with development upside and greenfield development site in key Melbourne growth corridor

Ingenia Communities Group (ASX:INA) provides the following update on operating conditions across the Group's holiday parks and development business as government restrictions are beginning to ease.

The Group is continuing to benefit from recurring revenue streams from a stable rental base of 4,000 income producing sites, largely underpinned by Commonwealth Government pension payments and rent assistance. Ingenia's seniors rental (Ingenia Gardens) and Ingenia Lifestyle communities have continued to provide uninterrupted cash flows, with Ingenia Gardens' occupancy reaching an all-time high of over 93.5%.

Recent announcements by the NSW and QLD Governments advising that holiday parks are able to open from 1 June and 12 June respectively are positive for Ingenia's holiday parks, which have been closed to holiday makers. The Group's holiday parks will now be open for the upcoming school holidays, with NSW parks also open for the June long weekend. While the closure of the Queensland border is impacting the Group's Queensland parks, there has been a meaningful increase in forward bookings and enquiry following these announcements.

Ingenia's CEO, Simon Owen, said he was pleased to see restrictions beginning to ease and was not surprised that there had already been strong future bookings across the Group's holiday parks.

"We had anticipated increased demand for affordable domestic travel once restrictions eased and our team has been busy preparing our parks to reopen. We are seeing dramatic increases in website traffic, phone enquiries and online bookings in response to recent announcements," Mr Owen said.

A return to normal trading conditions remains dependent on the rate at which remaining travel restrictions and social distancing measures are eased. Positively, the strong level of enquiry and increased forward bookings for future holiday seasons supports expectations of a strong rebound in performance as Australians begin to travel domestically.

Across the Group's development projects, home settlements are continuing, and many buyers are seeking to re-engage as restrictions are easing. While buyers are requiring extra time to sell their current home, and the outlook for the residential market is unclear, the removal of restrictions on open homes and auctions is positive. Year to date, a total of 266 new homes have settled, with a further 37 homes booked to settle before 30 June 2020. Pricing and margins remain consistent with the prior period and the Group has 175 deposits and contracts in place, providing a solid pipeline for FY21.

"The business is continuing to deliver stable rental cash flows from our portfolio of land lease and seniors' rental communities, and recent easing of restrictions are positive for our holiday parks and new home sales. Ingenia remains well placed, with a strong balance sheet and improving trading conditions," Mr Owen said.

Acquisition update

Ingenia has now exchanged contracts for the first two acquisitions (totalling circa \$33 million) to be funded from the proceeds of the Group's recent \$150 million Equity Raising.

The acquisition of an established lifestyle community on the NSW coast is expected to settle by the end of June 2020. One of four acquisitions identified at the time of the Equity Raising, the community is located in an existing Ingenia Lifestyle community cluster. The community, which already has facilities in place, includes a mix of completed homes and approved, build-ready development sites, providing immediate rental cash flows and the ability to generate development returns over FY21.

Ingenia has also exchanged a conditional contract for the acquisition of a 10-hectare greenfield development site in greater Melbourne. The site is adjacent to a golf course in an established growth corridor approximately 40 kilometres north of Melbourne and has excellent proximity to existing and planned facilities. Settlement of the acquisition is conditional on planning approvals being obtained for a new lifestyle community of approximately 230 new homes with community facilities. Settlement is currently anticipated to occur in the second half of 2020.

Ingenia's CEO, Simon Owen, said he was pleased to announce the first of what is expected to be a number of acquisitions as new opportunities emerge and existing pipeline opportunities progress.

"The Equity Raising provided additional capacity for Ingenia to deliver on its key strategic priorities of scale and sector leadership and we are moving rapidly to put the capital to work generating returns for our investors."

"We are continuing to progress current pipeline acquisitions and, as anticipated, are increasingly engaged on new opportunities."

"We remain on track to deploy the capital from the Equity Raising over the next 12 – 18 months," Mr Owen said.

Balance sheet

The Group remains confident of completing further acquisitions over the remainder of 2020 and is well placed to move quickly to secure opportunities, with \$352 million of cash and undrawn available debt (on a pro forma basis) following the Equity Raising. Ingenia's pro forma LVR of 10.9% post the Equity Raising is well below the Group's covenant which has been increased to 55% following the Group agreeing a revised common terms deed with lenders that provides improved covenant terms.

Security Purchase Plan (SPP)

The Security Purchase Plan (SPP) announced on 30 April 2020 remains open to all Eligible Security Holders until 5.00pm (Sydney time) on Friday, 29 May 2020. Eligible Security Holders in Australia and New Zealand are able to subscribe for up to a maximum of \$30,000 of securities, free of transaction and brokerage costs. The issue price of securities under the SPP will be the lower of:

- The price of securities issued under the Placement (\$3.45)
- 2% discount to the volume-weighted average price of Ingenia securities traded on the Australian Securities Exchange (ASX) over the five trading days up to (and including) the closing date of the SPP, rounded down to the nearest cent.

Securities issued under the SPP will rank equally with existing fully paid ordinary securities. Funds raised via the SPP will further enhance the Group's balance sheet and funding capacity.

As announced on 25 March 2020, due to the uncertainty around the duration and economic impact of the COVID-19 pandemic, Ingenia has withdrawn the Group's FY20 guidance.

Approved for lodgement by the Ingenia Communities Group Board

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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).

Forward Looking Statements

This announcement may include forward-looking statements. These forward-looking statements are based on Ingenia's expectations and beliefs concerning future events. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Ingenia, which could cause actual results to differ materially from such statements. Ingenia makes no undertaking to subsequently update or revise the forward-looking statements made in this announcement, to reflect the circumstances or events after the date of this announcement.