ASX / Media Release

15 October 2020

Ingenia Communities Group (INA) provides its 12th Annual Citi Australia and New Zealand Investment Conference presentation which is authorised for release by the Ingenia Communities Group Board.

ENDS

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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).

Presented by Simon Owen and Scott Noble
15 October 2020


Ingenia Lifestyle Latitude One, NSW

INGENIA COMMUNITIES GROUP

12th Annual Citi Australia and New Zealand Investment Conference

Business overview

Rental base growing through acquisition and development

Rent base
$2 million/pw

Over **9,900**
Income producing sites

3,015
Development sites

9 communities under development

>971,000
'room nights' p.a.
Cabins, caravan and camping

$1.1B
Property Portfolio

74
Communities

37 Lifestyle and Holidays

26 Ingenia Gardens

9 Allswell Communities (funds)

2 Joint Venture (with Sun Communities)

Note: Property portfolio includes balance sheet assets, post 30 June acquisitions, communities owned by managed funds and the Group's Joint Venture with Sun Communities. Excludes assets held for sale.

Results summary

Strong performance in FY20, despite COVID-19 impact in fourth quarter

FINANCIAL

- Revenue of **$244.2** million – **up 7%** on FY19
- EBIT **$71.9** million – **up 17%** on FY19
- Underlying EPS **22.1** cents – **up 5%** on FY19
- Operating cash flow **$67.2** million – **up 13%** on FY19

DEVELOPMENT

- Settled **325** new homes – **down only 3%** on record FY19 result
- Average home price **up 12%** to **$430,000**
- Strong development pipeline – **3,015** home sites owned or secured
- Commenced FY21 with **187** homes contracted or deposited

STRATEGY

- Key strategic priority is positioning for lifestyle sector leadership and scale
- Lifestyle rental base increased by **24%** - more than **4,000** sites generating stable cash flows
- Significant balance sheet capacity for portfolio growth – multiple opportunities currently under assessment

OPERATIONS

- Rental revenue continuing to grow – **up 5%** on FY19 to **$94.5** million
- Ingenia Lifestyle margin expansion – **up 40** basis points to **39.7%**
- Ingenia Gardens record high occupancy of **94.4%**
- Ingenia Holidays revenue down **6%** on FY19, reflecting forced park closures April - June

Capital management

Significant balance sheet capacity

DEBT METRICS	30 JUN 20	30 JUN 19
Loan to value ratio (covenant <55%)	8.4%	29.8%
Gearing ratio[1]	5.7%	23.7%
Interest cover ratio (total) (covenant >2x)	8.35x	6.4x
Total debt facility	$450.0m	$350.0m
Drawn debt	$73.0m	$241.0m
Net debt[2]	$62.2m	$220.8m

Successful $178 million May 2020 equity raising provides significant acquisition capacity – over $370 million in cash and available undrawn debt at 30 June

1. Gearing ratio calculated as net debt (borrowings less cash) over total tangible assets (total assets less cash and intangible assets).
2. Excludes finance leases.
3. All in cost of debt 3.2%, including cost of undrawn available facilities as at 30 June 2020.

$450m DEBT CAPACITY

2.5% COST OF DRAWN DEBT[3]

8.4% LVR

3.3YRS WT AV DEBT MATURITY

Funding growth

1. Proceeds from new equity issuance over FY20 - $328 million
2. Increased facility capacity by $100 million to $450 million – common terms deed amended, providing improved covenants and terms (LVR increased from 50% to 55%)
3. Over $370 million in cash and available undrawn debt
4. Secured new debt within the Development Joint Venture
5. Growing operating cash flows

Hedging

The Group’s interest rate exposure is fully variable at 30 June 2020

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Growth in value across core portfolios

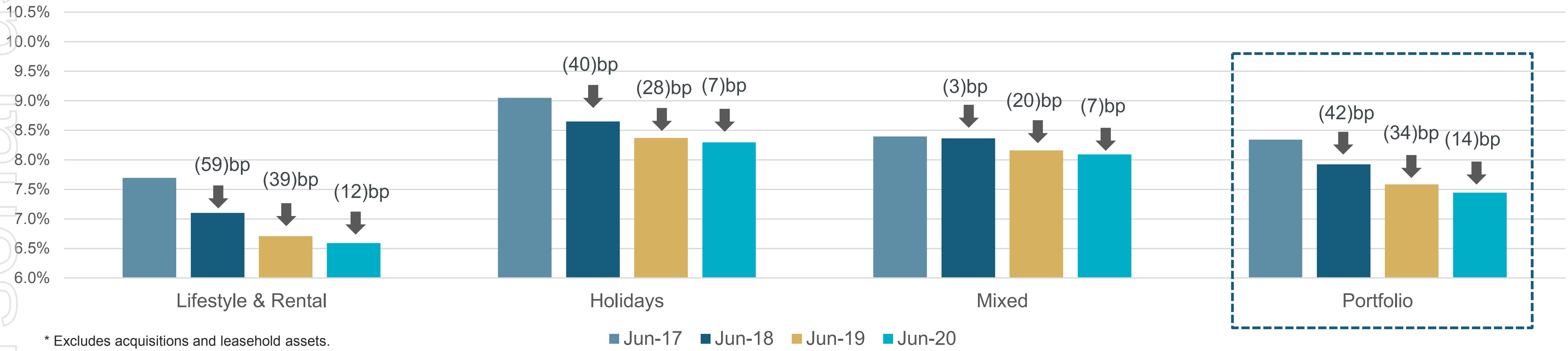
Lifestyle capitalisation rates continue to compress

Portfolio	Av. Cap Rate Jun 20[1]	Av. Cap Rate Jun 19[1]	Jun 20 Book Value
Lifestyle and Holidays	7.44%	7.58%	$804.1m[2]
Ingenia Gardens	9.72%	10.00%	$139.9m

1. Excludes new acquisitions and leasehold assets.
2. Includes leasehold assets, gross up for finance leases and JV liabilities. Excludes assets held for sale.

- Independent valuation of 15 assets in 2H20
- Ingenia Gardens and Lifestyle and Holidays portfolio value up 3.6% ($27.4 million) like for like FY19-20
- Latitude One (Lifestyle) now valued at 5.90% cap rate
- Investment property impacted by write-off of transaction costs and reduction in development value as new homes are sold and embedded development profit is realised
- External valuers have not observed any adverse impact of COVID on cap rates, but have included a separate COVID-19 NOI shortfall adjustment to a number of tourism assets

Continued cap rate sharpening across Lifestyle and Holidays portfolio* over Jun 17-20



* Excludes acquisitions and leasehold assets.

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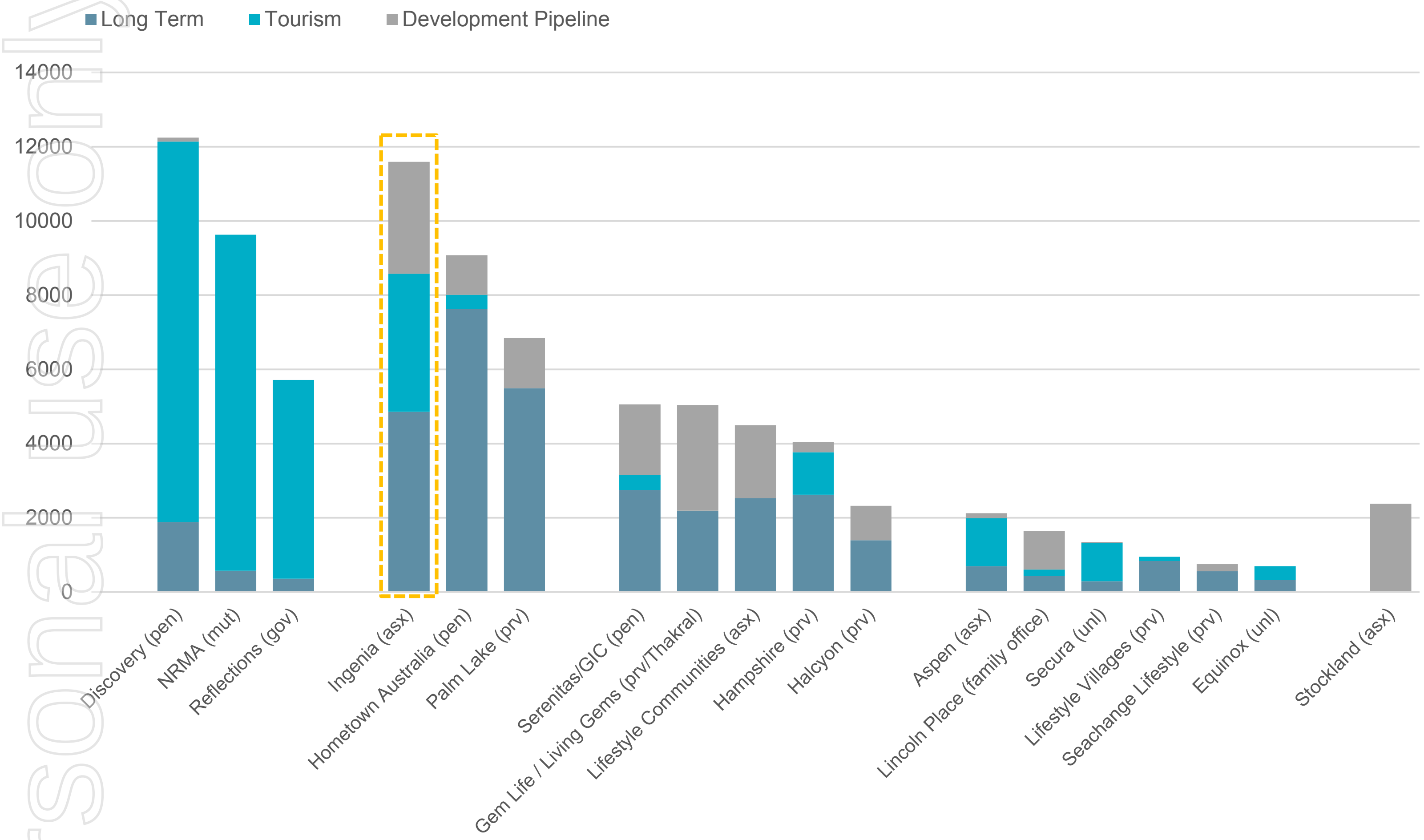
Sector remains attractive as cash flows demonstrate resilience

Ingenia remains well placed to grow

Competitive Landscape (Total Sites)



Source: Ingenia analysis. pen = Pension Fund; gov = Government; mut = Mutual Fund; asx = ASX listed; unl = Unlisted fund.

Market for lifestyle communities increasingly competitive

- New entrants emerging
- Quality lifestyle communities remain tightly held – cap rates tightening supported by resilience of cash flows
- Opportunities to acquire land and tourism/mixed-use sites
- Significant 'forced' sellers yet to emerge
- Ingenia maintains a strong competitive position

Proven ability to acquire, manage and develop lifestyle, tourism and mixed-use assets

- Dedicated acquisitions team delivering a pipeline of established assets and greenfield sites
- Access to capital and efficient assessment and transaction capability

Transaction activity anticipated to increase as uncertainty remains

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Business update

Ingenia Holidays South West Rocks, NSW

Ingenia

Transaction activity a key focus for FY21

Continued growth in key markets and divestment of non-core assets

- Additional acquisitions totalling $90 million anticipated to settle 2020, including
  - Initial land parcels for Morisset development (Joint Venture with Sun Communities) due to settle in November
  - Acquisition of 228 site greenfield development located in Beveridge in Victoria, expected to complete in November
  - Acquisition of Lake Sherrin rental village, south east of Brisbane anticipated to complete by year end
- Well progressed on additional yielding assets - over 10 lifestyle/holiday assets under due diligence or in advanced negotiation
- Divestment of regional, non-core assets continuing
  - Sun Country and Albury divestments to complete mid October
- Remaining funds from May 2020 equity raising expected to be deployed over next 12 months
- Increasing competition for quality lifestyle and holiday communities

Morisset development and town centre – construction on the JV owned land lease community is anticipated to commence in 2021

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Acquisition of established community in South East Queensland

Existing rental base with upside

Acquisition of established seniors' rental village for approximately $8 million

- PresCare Lake Sherrin currently operates as a 110-unit rental village with an additional 48 bed Residential Aged Care Facility (RACF) on site
- The aged care business is not included in the acquisition, and the facility will be vacated prior to completion
- The Group will continue to operate the 110 independent living units, which are currently 90% occupied
- Located in Thornlands, East of Brisbane's CBD, Lake Sherrin expands Ingenia's growing Brisbane cluster

The acquisition builds the Group's rental base with the addition of 110 rental units

- The site provides additional upside through repurposing the aged care component to either additional rental units or an Ingenia Gardens community (STCA)
- Ingenia is targeting a stabilized yield of 8-10%, as opportunities for the aged care component of the site are realized

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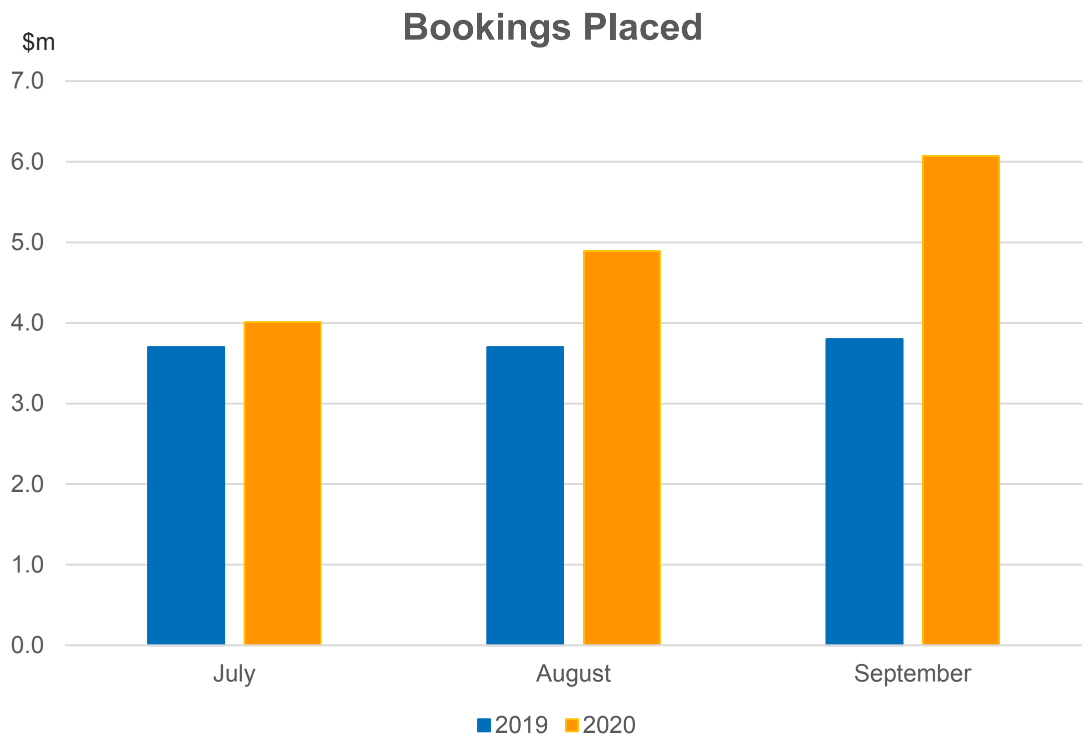
Ingenia Holidays

Parks now open, demand strong

- In 2019 Australians spent approximately $65 billion on trips outside Australia[1]
    - Current restrictions represent a unique opportunity to attract new guests
- Since restrictions eased, holiday parks are outperforming other accommodation types
- Border closures have increased demand for intrastate travel - coastal locations with drive proximity to capital cities experiencing the strongest demand
- Cairns Coconut and Sydney assets are experiencing weaker conditions due to loss of interstate travel and sport/corporate bookings, but are well placed to benefit as restrictions ease
    - While revenue for Cairns is down YTD due to a weaker winter, September revenue was up over 15% and forward bookings for the next 12 months are up on prior year
- Booking lead times overall have increased as customers secure 2021 travel, with average daily bookings up strongly
- Direct bookings are up as customers seek greater insights into the park experience
    - Revenue booked via the parks and Ingenia Holidays website in Q1 were up over 50% on prior year



1. Source: Deloitte Access Economics, Tourism Australia. Includes $24 billion spent in Australia on overseas travel.

Ingenia Holidays

Parks now open, demand strong

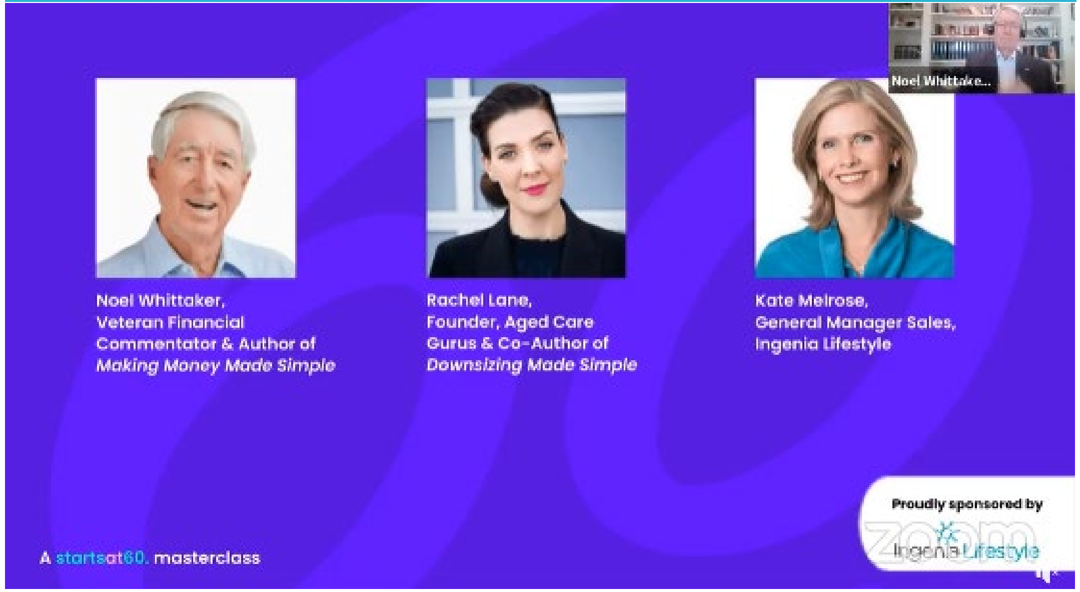
- While Q1 revenue was down slightly on prior year, largely due to a weaker July and August at QLD parks, performance across September and into October was strong
  - September revenue was up 17% on September 2019
  - September Occupancy was up 2.2% to 61.2% with REVPOR of $84.31 up 11% compared to FY19
- Industry campaigns, targeted advertising and partnerships in place to drive demand
  - Caravan and Camping Industry Association (NSW) and Destination NSW campaigns supporting regional travel within NSW
  - TV – Creek to Coast and Weekender
  - Partnership with Wahu delivering enhanced guest experience (8 parks over September holidays)
- At 13 October, 12 month forward bookings are up over 50% when compared to October 2019, with strong rate growth as demand increases
- Eventual opening of Victorian and Queensland borders anticipated to drive further strong demand, particularly for NSW South Coast, NSW Far North Coast and Tropical Queensland parks

Ingenia Holidays Cairns Coconut, QLD

Development

Projects remain on track

- Ongoing focus on sales program to drive settlements
  - Larger virtual events proving successful – 1,100 enquiries generated by recent “Starts at 60” webinar sponsored by Ingenia Lifestyle
  - At community level have moved to mini events, including small group open homes and experiential in community events
- New projects anticipated to launch this financial year, including Sunnylake Shores, Bevington Shores and Morisset (NSW); Ballarat, Lara and Beveridge (Victoria)
- Settlements continuing to grow
  - Average home sales price and margin in line with FY20
- Residential market outlook remains variable and divergent - regional markets typically strong as sea and tree change locations experience increased enquiry
  - Pre-sales at Ballarat (Victoria) are soft as restrictions remain in place
  - Increased time on market and volatile consumer confidence remain key risks



Project snapshots

Ingenia Lifestyle Latitude One, NSW

Over 200 homes settled

Only four stages remaining

New prestige homes now under construction (prime lakefront location)

Average sales price now >$580,000

Progressing plans for adjacent site with potential for 155 homes (STA)

Boutique release – 9 homes
$850,000 - $930,000

Ingenia Lifestyle Hervey Bay, QLD

Experiencing strong demand

Accelerating program in response to significant increase in sales activity

Affordable community in strong retirement location (average home price $310,000)

Strong increase in enquiry since COVID, with over 50 deposits and contracts currently in place

Record 16 deposits Sept 2020

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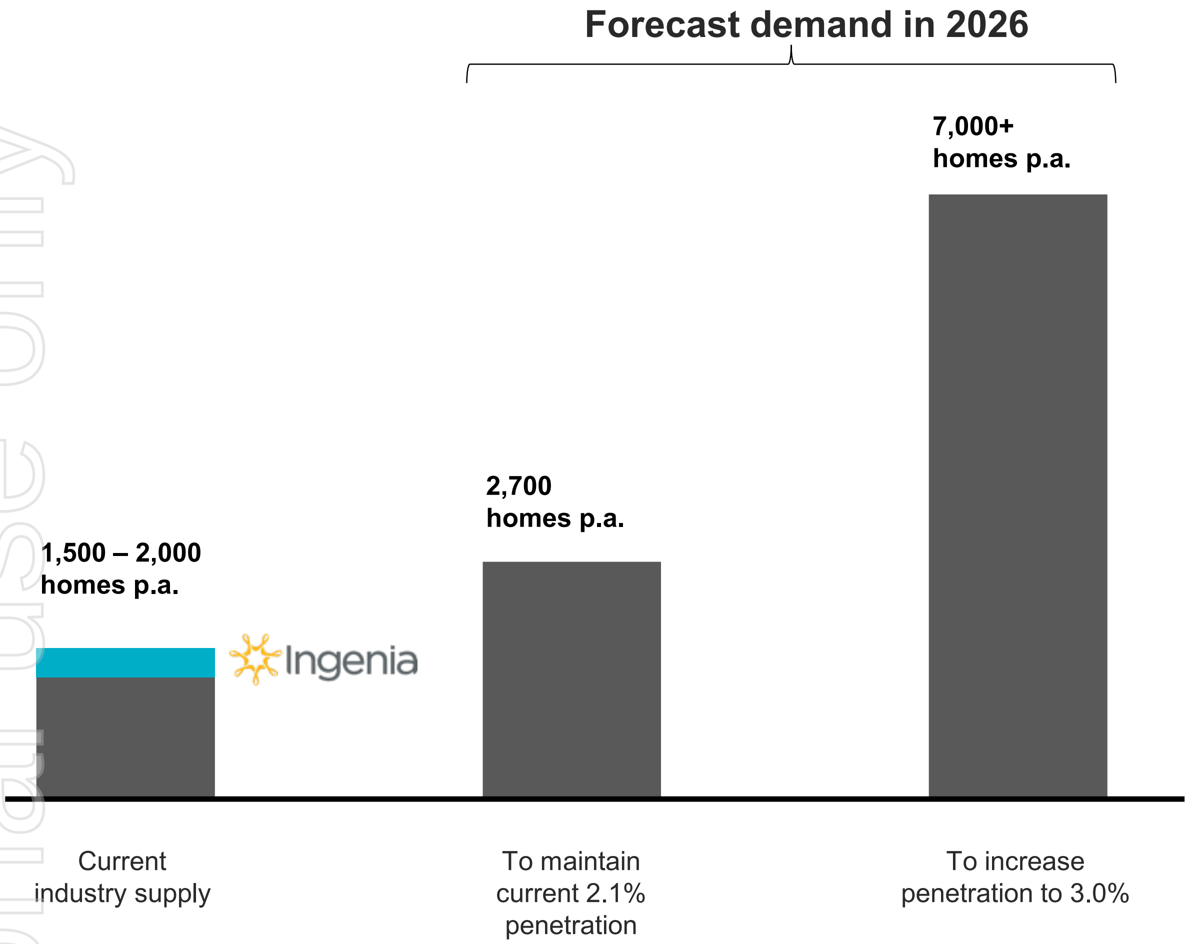
Despite growing demand, supply growth remains constrained

Ingenia's development pipeline provides significant capacity



The population aged 65 plus is forecast to grow to 5 million persons by 2026

- This represents an average increase of 130,000 people p.a. for the next 5 years

There is massive underlying demand for affordable downsizer/retiree accommodation

- The current penetration rate for land lease communities in the 65 plus age group is estimated at only 2.1%

Industry supply is constrained

- The entire future pipeline of key industry participants is estimated at only 17,200 home sites – many of these are not approved or build ready
- A key competitive advantage of Ingenia is our pipeline of 3,015 home sites

Source: Ingenia estimates; Manufactured Housing Estates Australian Market Review (Colliers, 2014); Housing Decisions of Older Australians (Productivity Commission Research Paper December 2015).

Pipeline supporting ongoing development returns

	KEY PROJECTS	VACANT SITES REMAINING[1]	DEVELOPMENT COMMENCEMENT TO COMPLETION (Jun 20 – Jun 21 – Jun 22 – Jun 23)
Greenfield projects	Latitude One	214	Strong sales – 59 approved sites remaining; Additional 155 sites (STA)
Greenfield projects	Plantations	83	Second greenfield project – 56 settlements FY20
Greenfield projects	Hervey Bay	257	Third greenfield project – selling well. Additional land available
Greenfield projects	Freshwater (JV)	128	First settlements late FY20
	Ballarat	163	Acquired July 2020. DA lodged for additional 90 sites
	Lara	196	Expansion of successful community
	Bethania	131	Large scale project with steady demand
	Chambers Pines	271	Large scale project with steady demand
	Other projects in market	8	Projects in final sell down or located in regional areas
	Sunnylake Shores	38	Acquired July 2020
	Future Projects		
	Ingenia owned/optioned land	358	
	Greenfield sites[2]	1,168	
	Total	**3,015**	

1. At June 2020. Includes sites subject to approval.
2. Includes sites secured or optioned by the Joint Venture.

Note: Timing and prices are indicative and subject to change. Includes secured and optioned assets.

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Sustainability

ESG initiatives and reporting are a key focus for Board and Management

- Audit and Risk Committee oversees the Group's sustainability program and reporting, and recommends to the Board
- Internal working group driving identification of initiatives, key projects and reporting

First sustainability disclosures published July 2020 via Group website

- Focus on Group's objectives, current initiatives and roadmap to evolve this important area of reporting
- Includes outline of initiatives currently underway

Current focus

- Establishing environmental objectives and performance targets
- Continuing key projects
- Ongoing stakeholder feedback
- Evolution of reporting

Current projects

Rollout of solar across 50 established communities to reduce non-renewable energy consumption

Installation of LED lighting across holiday parks

'Waterwise' program in holiday parks to reduce water use

greenstar

Extend sustainable home design in new communities through participation in Green Star for Homes Early Access Program

Our success is dependent on efficiently utilising land to create cohesive communities and focusing on the well-being of our residents. Delivering a higher quality of life for our residents is intrinsically linked to sustainable investor returns

Outlook

The Group is well placed and is maintaining a focus on the future

- Rent from residents continuing uninterrupted, providing stable cash flows
- Ingenia Holidays demand strong
  - Leveraged to domestic travel
  - Well placed to benefit as domestic borders reopen
- Settlements continuing to grow
  - New home sales prices and margins stable
- Balance sheet strength and significant funding capacity support growth
  - Actively pursuing scale and sector leadership through acquisition and development
  - Growing asset base, with further acquisitions expected to complete 2020

Long term fundamentals support demand for the Group's core business of affordable seniors housing

- Continuing to monitor near term economic outlook and operating restrictions

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Appendices

Ingenia Holidays Rivershore, QLD

Appendix 1: Key financials

Growth in EBIT despite impact of COVID-19

KEY FINANCIAL METRICS	FY20	FY19	
Revenue	$244.2m	$228.7m	↑ 7%
EBIT[1]	$71.9m	$61.5m	↑ 17%
Underlying profit[1]	$59.1m	$47.2m	↑ 25%
Underlying EPS[1]	22.1c	21.0c	↑ 5%
Statutory profit	$31.5m	$29.3m	↑ 7%
Statutory EPS	11.8c	13.0c	↓ (9%)
Operating cash flow	$67.2m	$59.3m	↑ 13%
Distribution per security	10.0c	11.2c	↓ (11%)
	30 JUN 20	**30 JUN 19**	
Net Asset Value (NAV) per security	$2.90	$2.65	↑ 9%

1. EBIT, underlying profit and underlying EPS are non-IFRS measures which exclude non-operating items such as unrealised fair value gains/(losses) and gains/(losses) on asset sales.

Revenue and **EBIT** growth driven by increase in rental sites from development and acquisition, increased development margin and cost management

EPS growth impacted by significant increase in weighted average securities on issue as a result of equity raisings

Statutory profit impacted by fair value movements on investment properties, including expensing of acquisition costs, COVID-19 adjustments and realisation of development profits

Cash flow driven by an increase in rental sites through acquisition and development and increased average new home sales price, partially offset by holiday park closures due to COVID-19

Gross **distribution** up 13% on prior year. Distribution reduced on a **cents per security** basis due to impact of additional securities on issue and prudent capital management

Ingenia

Ingenia Holidays One Mile Beach, NSW

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Approved for lodgement by the Chairman.

Disclaimer

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