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1 November 2021

Ingenia to acquire 20 communities and development sites via $552m of identified acquisitions and undertake $475 million equity raising

Highlights

- $404 million of contracted acquisitions, including two portfolios - Seachange Group and Caravan Parks of Australia
- Identified acquisitions total ~$552 million[1] across seven separate transactions
- 20 high quality communities and developments contracted or under exclusivity or final due diligence
- Acquisitions add 2,955 income producing sites and 856 development sites to Ingenia's platform, expanding the portfolio by approximately 38% to approximately $1.8 billion[2]
- Underwritten accelerated non-renounceable entitlement offer to raise approximately $475 million
- Transaction delivers mid to high single digit percentage accretion in FY22 underlying EPS
- Pro forma NAV of $3.47 per security (15% increase)[3]
- Pro forma LVR of 29.1%[3] (target range of 30% – 40%)
- FY22 earnings guidance of growth in EBIT of 20% – 25% and underlying EPS growth of 3% – 6% relative to FY21[4]
- Transforms the Group's development pipeline and capacity for growth – targeting 1,800 - 2,000 new home settlements across next three years (FY22 – FY24) as development accelerates

Ingenia Communities Group (ASX:INA) (Ingenia or the Group) today announced a 1 for 4.24 accelerated non-renounceable entitlement offer to existing securityholders to raise approximately $475 million (Equity Raising). The Equity Raising proceeds will be used to partially fund the acquisition of 20 high quality communities and development sites which are contracted or under exclusive due diligence (Acquisitions).

1 Excluding transaction costs. Acquisitions include $404 million of contracted assets and a further circa $148 million under offer or due diligence.
2 Pro forma as at 30 June 2021 including impact of post reporting date adjustments and acquisitions. Increase relative to pro forma pre transaction figures as at 30 June 2021.
3 Pro forma as at 30 June 2021 including impact of post reporting date adjustments, Acquisitions and Equity Raising. Increase relative to pro forma pre transaction figures as at 30 June 2021.
4 Guidance provided is subject to no material changes in market conditions and no other unforeseen circumstances adversely affecting Ingenia's financial performance, including further COVID-19 lockdowns. Guidance includes the impact of the Acquisitions and Equity Raising. EBIT and underlying EPS are non-IFRS measures.

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Acquisitions

The Equity Raising will be used to partially fund approximately $552 million[1] of strategic acquisitions, including the contracted acquisitions of Seachange Group (Seachange), Caravan Parks of Australia, and a lifestyle greenfield development site in metropolitan Brisbane. A further six acquisitions are currently under exclusive offer or in advanced due diligence. The Acquisitions are summarised as follows:

Contracted		
Seachange (portfolio) South East QLD	Six premium lifestyle land lease communities in South East QLD with 693 existing sites plus 548 development sites	$270 million
Caravan Parks of Australia (portfolio) VIC and NSW	Portfolio of seven mixed use communities, including three communities located in Greater Melbourne	$110 million
Greenfield development site Metropolitan Brisbane, QLD	Greenfield site with potential to create a lifestyle land lease community of 160 homes	$24 million
Total contracted		**$404 million**
Acquisitions under offer / due diligence	Additional acquisitions, comprising five mature assets (three lifestyle communities and two holiday parks) in NSW and VIC and a partially commenced lifestyle community in QLD	~$148 million
Total (all Acquisitions)		**~$552 million**

Ingenia's CEO, Simon Owen, said:

"The acquisitions announced today are transformative for Ingenia – building on our market leading position as an owner, operator and developer of lifestyle and holiday communities, while accelerating our strategic growth objectives via value accretive acquisition opportunities."

Seachange and Caravan Parks of Australia

Seachange's portfolio of six lifestyle communities comprises two fully mature and income producing sites, two partially completed sites with development upside and two greenfield development sites. The acquisition will add 693 additional income producing sites and a further 548 potential development sites to Ingenia's Lifestyle portfolio in addition to an established operating and development platform, significantly expanding the Group's development pipeline and capacity.

Caravan Parks of Australia comprises seven mixed use assets in Victoria and on the border with New South Wales and will add more than 1,400 income producing sites to Ingenia's portfolio. The acquisition is immediately accretive to earnings and provides a mix of rental income from permanent, annual and tourism sites. Moreover, the portfolio will continue to build the Group's profile and presence in the Victoria market.

Mr Owen said, "Assets of the quality of Seachange rarely come to market. It provides Ingenia with a portfolio of six premium lifestyle communities with significant development upside to drive multi years of growth.

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"Seachange represents a new premium brand for Ingenia in the growth corridor of South East Queensland, and integrates a highly-regarded, experienced management team, building development capacity in one of the Group's key markets.

"We are also excited to significantly expand our platform and presence in Victoria via the acquisition of Caravan Parks of Australia. The portfolio is expected to provide stable permanent and annual rental income with upside from tourism operations," Mr Owen said.

Equity Raising

Ingenia will partially fund the acquisitions through an underwritten 1 for 4.24 accelerated non-renounceable entitlement offer to existing eligible securityholders to raise approximately $475 million.

New securities issued under the Equity Raising will be issued at $6.12 per security (Issue Price). The Issue Price represents a:

- 6.0% discount to the last closing price of $6.51 per security on 29 October 2021
- 7.0% discount to the 5-day volume weighted average price (VWAP) of $6.58 per security on 29 October 2021
- 4.9% discount to the Theoretical Ex-Rights Price of $6.44 per security[5].

The Equity Raising will comprise an accelerated institutional component open to eligible institutional securityholders (Institutional Entitlement Offer) and a retail component open to eligible retail securityholders (Retail Entitlement Offer).

The offer ratio and Issue Price for Offer Securities under the Retail Entitlement Offer are the same as for the Institutional Entitlement Offer.

The Group's largest securityholder, Sun Communities, has committed to fully participate in the Institutional Entitlement Offer. The participation of Sun Communities is not underwritten; however, the balance of the Equity Raising is fully underwritten.

"The Equity Raising provides partial funding for our near-term acquisition priorities which demonstrate Ingenia's successful deal origination capability, as supported by our dedicated acquisitions team who continue to source high quality on- and off-market opportunities," Mr Owen said.

Business Update

Ingenia has continued to show resilience through 2021 with residential communities continuing to deliver stable cashflows via uninterrupted rent collection through COVID-19, with no deferrals or abatements. While government restrictions and supply chain challenges constrain near term ability to capitalise on demand, sales momentum for new homes remains strong, partially driven by heightened demand for sea change/tree change locations. Ingenia is targeting new home settlements of 425+ in FY22 (excluding the Seachange portfolio) and acceleration of development over the next three years.

5 The theoretical ex-rights price (TERP) is a theoretical price at which Ingenia securities should trade at immediately after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Ingenia securities trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. The TERP is calculated by reference to Ingenia's closing price of $6.51 on 29 October 2021.

Holiday Parks have been materially impacted by COVID-19 due to extended closures and restrictions resulting in the loss of peak school holiday periods in July and September. The impact on the Group's Holidays earnings is estimated to be approximately $7 million (net of cost savings), or 2 cents per security in FY22.

Outlook & guidance

Ingenia is positioned to benefit from strong underlying demand fundamentals for seniors housing and domestic travel combined with announced acquisitions and easing of travel restrictions.

Ingenia's residential communities are located in attractive markets for downsizers and currently have contracts and deposits on hand to support 475+ settlements in FY22, including the Seachange portfolio. The Group remains cautious around construction and potential COVID-19 related disruptions.

Holiday Parks are poised to benefit from demand rebounding strongly with the easing of restrictions creating a unique opportunity for domestic travel in the medium term.

Balance sheet strength has been maintained with capacity to fund development and further growth including an additional $200 million of debt funding secured.

Ingenia is pleased to provide FY22 guidance of growth in EBIT of 20% to 25% and underlying EPS growth of 3% to 6% relative to FY21[4].

Simon Owen said: "With COVID-19 restrictions finally beginning to ease the outlook for the business is incredibly positive. The Transaction adds 20 communities and development sites to the portfolio, giving Ingenia significant reach in our key markets and enhancing our development capacity as we seek to deliver 1,800 – 2,000 new home settlements over the next three years."

Indicative timetable

Key event	Date
Institutional Entitlement Offer	
Announcement of the Acquisitions and Equity Raising	1 November 2021
Institutional Entitlement Offer conducted	1 November 2021
Trading resumes on an ex-Entitlement Offer basis	2 November 2021
Record Date for determining entitlements for the Entitlement Offer (by 7:00pm AEDT)	3 November 2021
Settlement of Offer Securities under the Institutional Entitlement Offer	12 November 2021
Institutional Entitlement Offer and early Retail Offer securities issued and normal trading commences	15 November 2021

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Retail Entitlement Offer	
Retail Entitlement Offer opens and booklet is dispatched	8 November 2021
Early Retail Entitlement Offer acceptance date	11 November 2021
Retail Entitlement Offer closes	17 November 2021
Settlement of Retail Entitlement Offer	24 November 2021
Retail Entitlement Offer securities issued	24 November 2021
Normal trading commences for Retail Entitlement Offer securities	25 November 2021
Dispatch of holding statements	26 November 2021

All dates and times are indicative only and subject to change. Unless otherwise specified, all times and dates refer to Sydney time.

Further details on the Acquisitions and Entitlement Offer can be found in the investor presentation lodged with ASX today. All dollar amounts are in Australian dollars unless otherwise indicated.

The Offer Booklet for the Retail Entitlement Offer will be released separately and made available to eligible securityholders. A further announcement will be made regarding retail securityholder participation.

Authorised for lodgement by the Board.

ENDS

For further information please contact:
Donna Byrne
General Manager Investor Relations & Sustainability
P 02 8263 0507
M 0401 711 542

About Ingenia Communities Group

Ingenia Communities Group (ASX: INA) is a leading operator, owner and developer of communities offering quality affordable rental and holiday accommodation focussed on the growing seniors market in Australia. The Group currently has 92 communities and development sites across Australia and is included in the S&P/ASX 200. The Group's market capitalisation is over $2.1 billion.

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).

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Summary Information

The following disclaimer applies to this announcement and any information contained in it (**Information**). The Information in this announcement is of general background and does not purport to be complete. It should be read in conjunction with INA's other periodic and continuous disclosure announcements lodged with ASX Limited, which are available at www.asx.com.au. You are advised to read this disclaimer carefully before reading or making any other use of this announcement or any Information contained in this announcement. In accepting this announcement, you agree to be bound by the following terms and conditions including any modifications to them.

Forward Looking Statements

This announcement contains forward looking statements. Forward looking statements can generally be identified by use of words such as “may”, “should”, “could”, “foresee”, “plan”, “aim”, “will”, “expect”, “intend”, “project”, “estimate”, “anticipate”, “believe”, “forecast”, "target", "outlook", "guidance" or “continue” or similar expressions. Forward looking statements include statements about the completion of the Acquisitions described in this presentation and the effects of those Acquisitions on the business, financial condition and results of operations of the Group, statements about the plans, strategies and objectives of the Group (including statements about new home settlements targets and development pipeline), statements about the industry and the markets in which the Group operates, as well as statements about the results and use of proceeds of the Equity Raising. Indications of, and guidance on, future earnings and financial position and performance are also forward looking statements.

These forward looking statements included in this announcement are not guarantees or predictions of future performance and involve subjective judgment and analysis and are subject to significant uncertainties, known and unknown risks, contingencies and changes without notice, many of which are outside the control of, and are unknown to, the Group as are statements about market and industry trends, which are based on interpretations of current market conditions. In particular, they speak only as of the date of these materials, they assume the success of the Group’s business strategies, and they are subject to significant regulatory, business, competitive and economic uncertainties and risks. Actual future events may vary materially from forward looking statements and the assumptions on which those statements are based. Given these uncertainties, readers are cautioned not to place undue reliance on such forward looking statements. Forward looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, there can be no assurance that actual outcomes will not differ materially from these statements. To the fullest extent permitted by law, Ingenia and its directors, officers, employees, advisers, agents and intermediaries disclaim any obligation or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions.

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