



Freshwater by Ingenia Lifestyle, QLD

INGENIA COMMUNITIES GROUP

CEO CONNECT

Results summary

Strong performance, impacted by COVID-19 from March



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



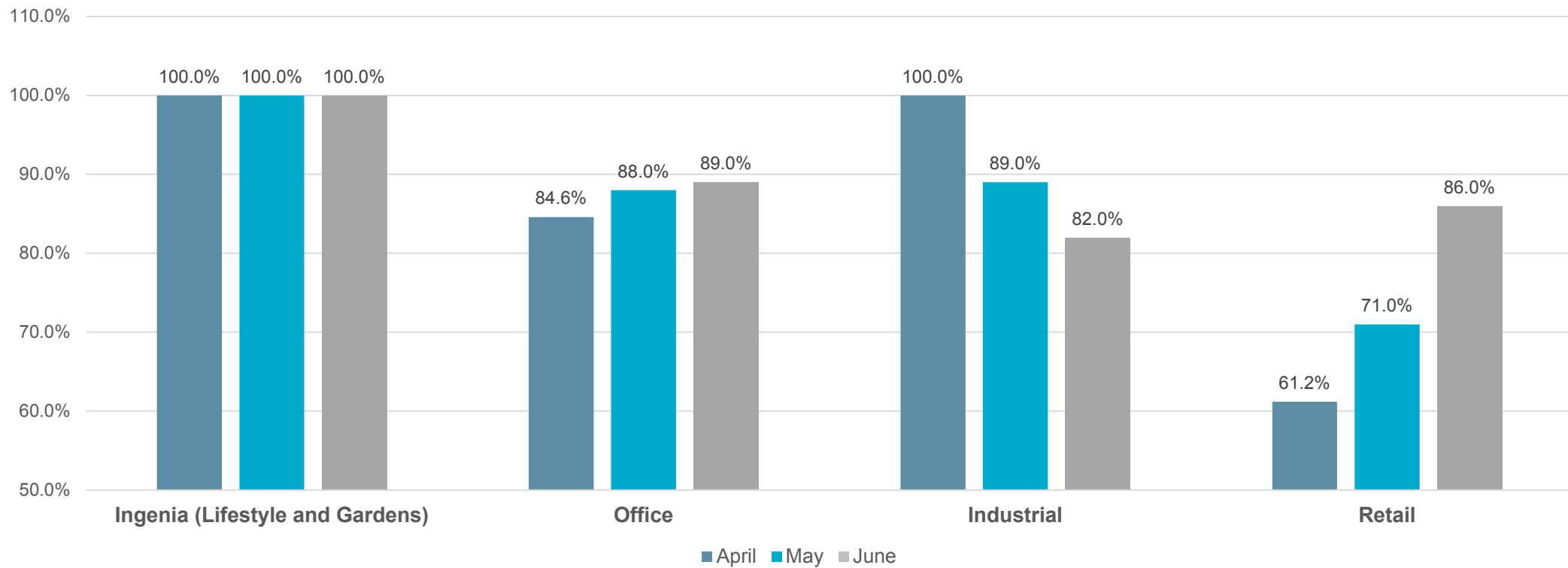
OPERATIONS

- 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

Lifestyle and Gardens rental inflows remained intact through COVID-19

Compared to other commercial real estate classes Ingenia has performed strongly

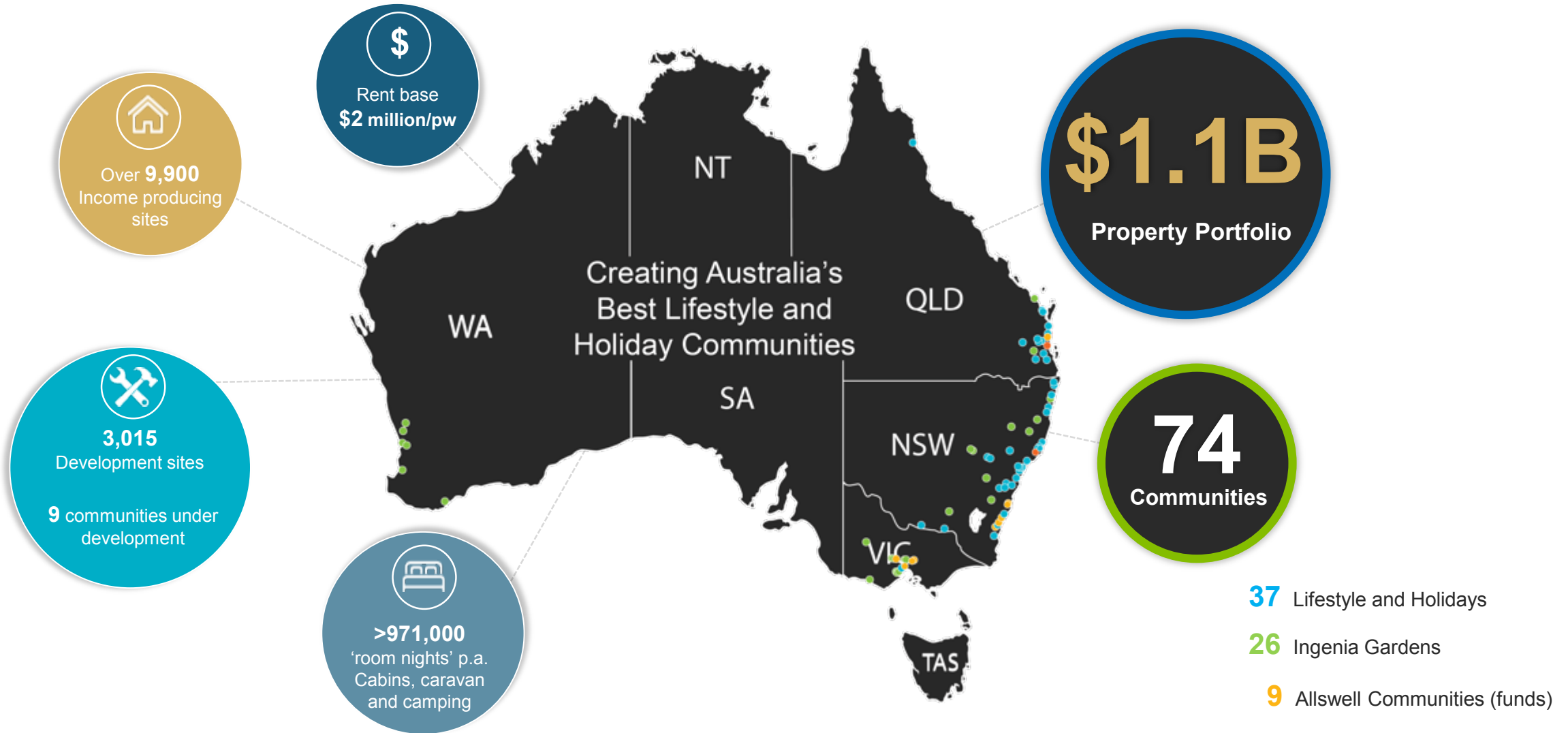
Rent Collections



Source: Office, Industrial and Retail rent collection from CBRE – Total rental payments collected by CBRE in Australia and New Zealand (as a percentage of the Jan – March average – indicative of pre-COVID normalised).

Business overview

Rental base growing through acquisition and development

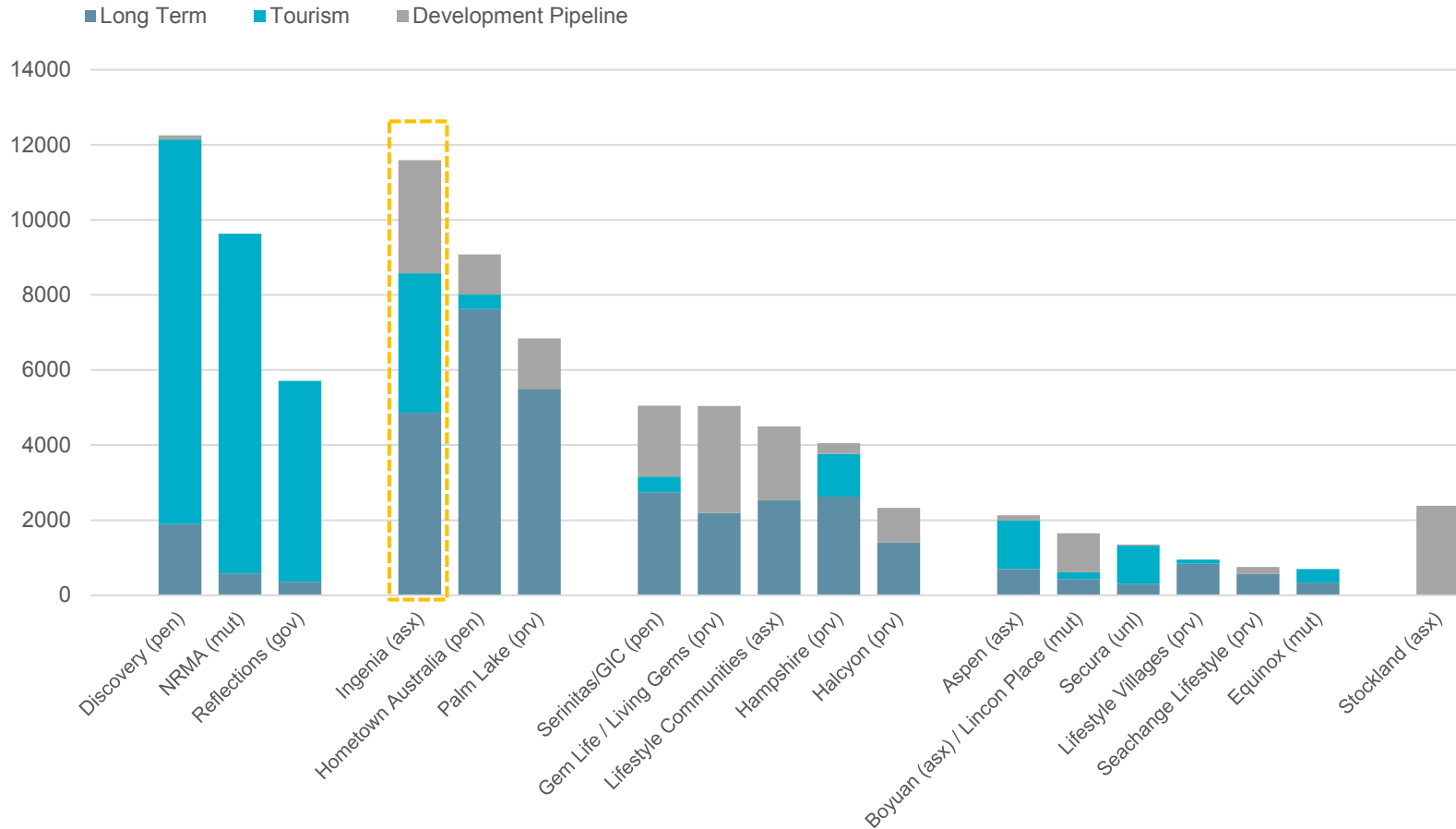


Note: Property portfolio includes balance sheet assets, post 30 June acquisitions, communities owned by managed funds and the Group's Joint Venture with Sun Communities. Excludes assets held for sale.

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

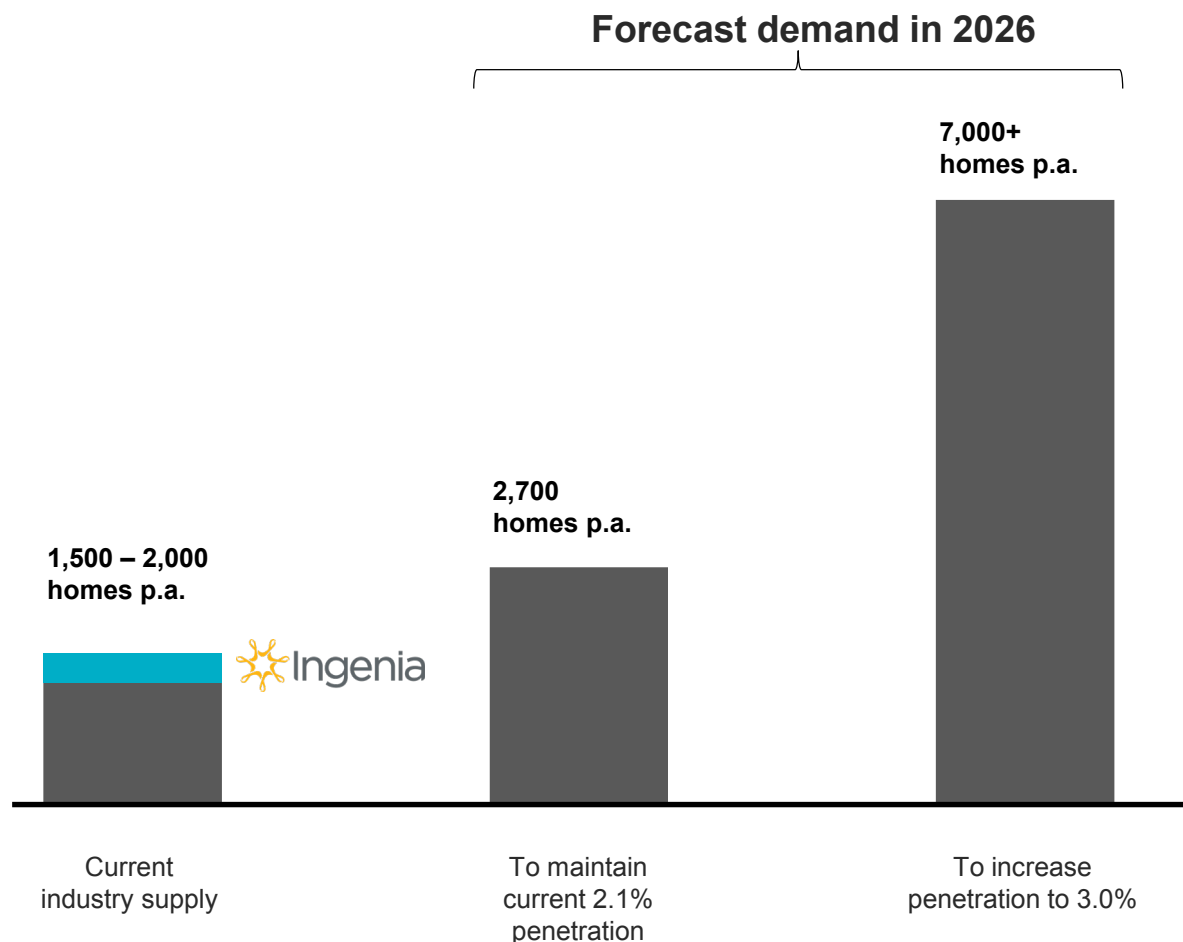
Proven ability to acquire, manage and develop lifestyle, tourism and mixed-use assets

- 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

Despite growing demand, supply growth remains constrained

Ingenia's sector leading development pipeline provides a significant competitive advantage



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 16,000 home sites – many of these are not approved or build ready
- A key competitive advantage of Ingenia is our sector leading pipeline of 4,260 home sites

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

Development Joint Venture to acquire large DA approved site

Approval in place for 427 homes on NSW Central Coast

- Ingenia has been working with the vendor on a large residential land lease development site on the former Morisset golf course
 - It will form part of a community hub with commercial and entertainment precincts
- Council has now issued development approval for a land lease community of 427 sites
- The acquisition will expand the Group's presence in a key market, building on the Group's highly successful Grange community and Central Coast cluster
- Morisset is located near the shores of Lake Macquarie and only an hour north of Sydney
 - It is the largest town in the area, and has a median house price of above \$500k
- Ingenia has the right to acquire Sun Communities' (NYSE:SUI) share in the project once sold down





Ingenia Lifestyle Plantations, NSW

Performance and Capital Management

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% |

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

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.

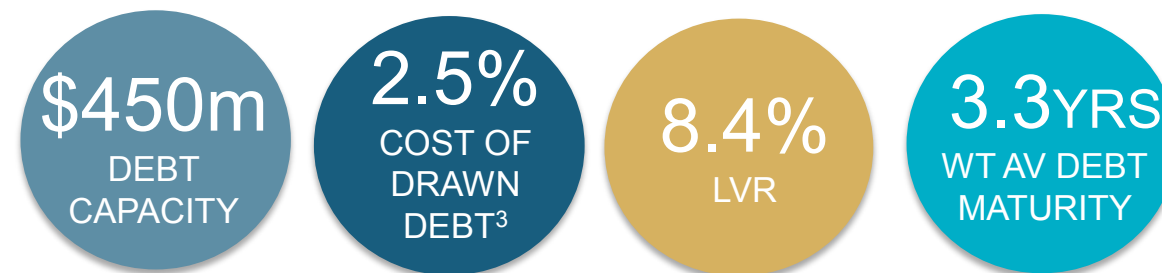
Capital management

Capital position enhanced

| 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.



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

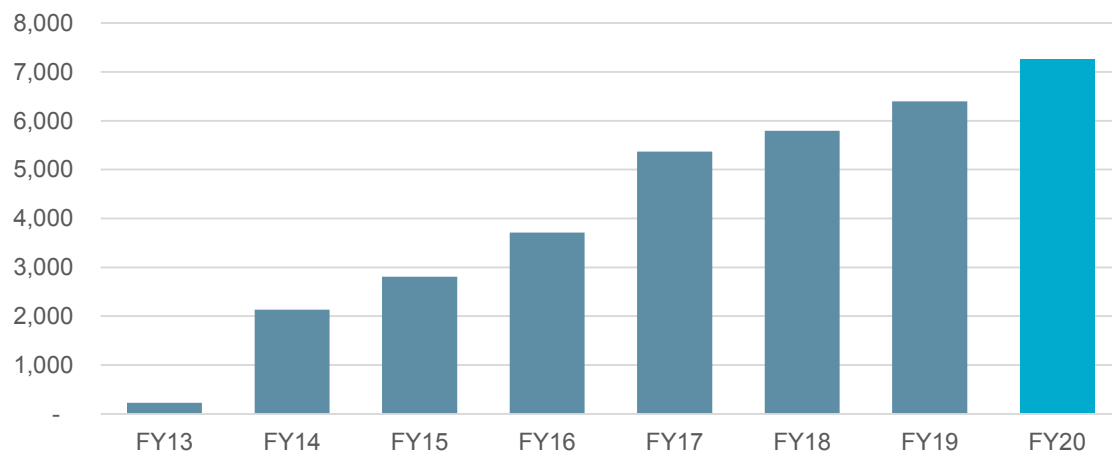
Ingenia Lifestyle and Holidays

Core rental business demonstrating resilience

| KEY DATA | 30 JUN 20 | 30 JUN 19 |
|--------------------------------|-----------|-----------|
| Total properties ¹ | 37 | 35 |
| Permanent sites | 4,034 | 3,252 |
| Annual sites | 739 | 764 |
| Holiday sites | 2,465 | 2,383 |
| Development sites ² | 3,015 | 3,713 |

1. Includes assets held for sale. Excludes Joint Venture and fund assets. Ingenia divested Mudgee Valley in 1H20.
2. Development sites include all potential sites (on balance sheet, through JV and funds - under option or secured). Excludes assets held for sale and sites for tourism development.

Growth in Income Producing Sites¹



- Permanent sites increased by 24% over the past 12 months
- Portfolio enhanced as new communities acquired and developments progress
 - \$76 million in acquisitions FY20, including 577 income producing sites
 - Sunnyside Shores settled July 2020 – additional 90 homes and 38 approved development sites
- Focus on additional acquisitions – further assets under due diligence, including established lifestyle communities with in place rents
- Development pipeline providing future growth in rental streams
 - Acquired land adjacent to Avina, Rivershore Resort and Hervey Bay, providing expansion potential at key communities
 - Development approval for additional 380 homes received FY20, including 196-home expansion of Ingenia Lifestyle Lara



Development

Development

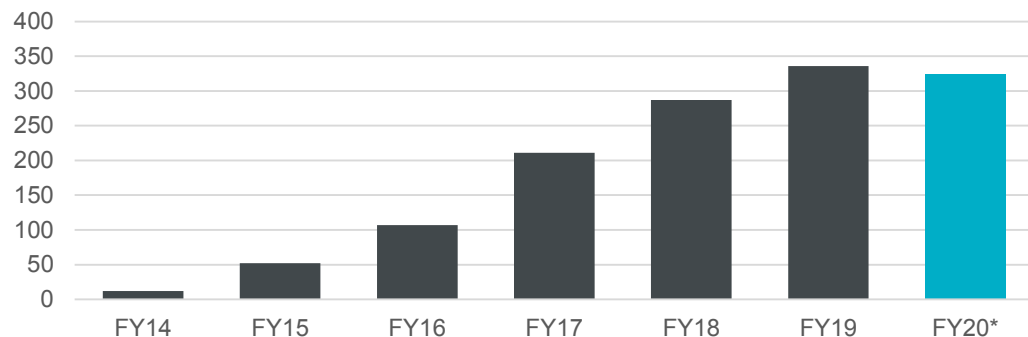
Settlement volumes impacted by restrictions, average home sales price increased

| KEY DATA | FY20 | FY19 | |
|--|------------------|------------------|---------|
| New home settlements ¹ | 325 | 336 | ↓ (3%) |
| Av. new home sales price ¹ (\$'000) | 430 | 384 | ↑ 12% |
| Deposited/Contracted (at 30 Jun) ¹ | 187 | 223 | ↓ (16%) |
| Development EBIT | \$39.9m | \$33.4m | ↑ 19% |
| EBIT margin | 31.5% | 28.1% | ↑ 340bp |
| | 30 JUN 20 | 30 JUN 19 | |
| Book value² | \$131.3m | \$149.4m | |

1. Sales price inclusive of GST. FY20 includes Freshwater (Joint Venture).

2. Book value for development property is based on DCF methodology and will fluctuate through the life of a project.

New Home Settlements



*FY20 includes 7 Joint Venture settlements.

New home settlements down slightly due to COVID-19 pandemic

- On track for record sales prior to COVID-19
- Restrictions slowed sales inspection and settlements – pivoted to new sales methods with online inspections

EBIT margin up 340 basis points

- Margin supported by higher margin greenfield projects and scale leverage

Greenfield strategy delivering strong sales and creating high quality, long life assets

- Latitude One settled 93 homes in FY20 – average home price now \$580,000. Homes deposited at >\$900,000
- Plantations (56 settlements at average price of \$455,000) and Hervey Bay (22 settlements at average price of \$315,000) progressing well

Continuing to expand settlements pipeline and product mix

- Strong start to FY21 with 37 settlements YTD
- Rebuilding momentum in sales pipeline as restrictions ease - 205 deposits and contracts in place at 16 August 2020
- Expanding product mix to broaden resident base and respond to market conditions - new <\$200,000 homes introduced at Chambers Pines
- Sunnyslake Shores, Parkside (Ballarat) and Lara expansion expected to contribute settlements in FY21

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

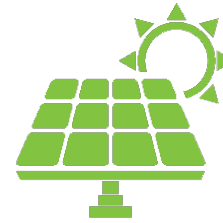
First sustainability disclosures published July 2020 via Group website

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

Future 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



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



Strategy and Outlook

Outlook – market uncertainty remains but business well placed

Operating conditions remain uncertain - changes in travel restrictions, health advice and border closures expected to continue

- Operating protocols are in place to flex operations and respond to health advice, including contact tracing and restricting access to communities
- Flexibility in work practices and increased use of technology supporting resident and staff engagement

While continuing to adapt as the scope and nature of restrictions change, the Group is well placed and is maintaining a focus on the future

- Rent from residents continuing uninterrupted, providing stable cash flows
- Holidays demand responsive to easing of restrictions
 - All parks open - leveraged to domestic travel
 - Forward bookings up on prior year
- Sales momentum building in NSW and QLD where restrictions have eased
 - 37 settlements year to date with 205 contracts and deposits in place
- Balance sheet strength and significant funding capacity support growth
 - Actively pursuing scale and sector leadership through acquisition and development

Long term fundamentals support demand for the Group's core business of affordable seniors housing – near term economic outlook and operating restrictions present challenges



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