

ASX / Media Release

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30 April 2020

Ingenia's equity raise to deliver growth and sector leadership

Highlights

- Institutional placement to raise \$150.0 million and non-underwritten Security Purchase Plan to raise up to a further \$25.0 million¹
- Placement comprises a fully underwritten institutional placement to raise \$135.0 million and a conditional placement of \$15.0 million to Sun Communities²
- Pro forma LVR reduced to 10.9%³
- Provides Ingenia with unique opportunity to secure tightly held, quality assets – strong existing pipeline and emerging opportunities
- Pro forma cash and available undrawn debt of \$352 million²
- As announced on 25 March 2020, Ingenia's FY20 guidance remains withdrawn due to the uncertainties created by the COVID-19 pandemic

Rationale

Ingenia Communities Group (ASX:INA) (Ingenia or the Group) today announced an institutional placement (the Placement) to raise \$150.0 million and a Security Purchase Plan (the SPP) to raise up to a further \$25.0 million (together, the Equity Raising). The Placement comprises a fully underwritten placement to raise \$135.0 million, and a conditional placement of \$15.0 million to Sun Communities which is subject to ASX granting a waiver of ASX Listing Rule 10.11 to enable Sun Communities to participate.⁴ Ingenia currently anticipates that ASX will make its decision in relation to the waiver by Friday 1 May 2020.

The proceeds from the Equity Raising will be utilised to grow the Group's asset base, in-line with Ingenia's strategic objectives. The Group has a proven track record of securing and integrating acquisitions in this market segment where ownership remains fragmented. With \$352 million in cash and available undrawn debt following completion of the Placement, Ingenia will be well capitalised and able to take advantage of emerging market dislocation.

¹ Ingenia may (in its absolute discretion), if demand exceeds \$25.0 million, decide to increase the amount to be raised under the SPP to reduce or eliminate the need for a scale back. Ingenia reserves the right to scale back applications under the SPP at its discretion.

² Sun Communities has indicated that it will take up the conditional placement subject to ASX granting a waiver in relation to ASX Listing Rule 10.11. Ingenia has submitted an application to ASX for this waiver to enable Sun Communities to participate in the Placement on a 'pro rata' basis.

³ Pre deployment of capital. Excludes potential proceeds from the non-underwritten Security Purchase Plan.

⁴ The conditional placement to Sun Communities is non-underwritten and there can be no guarantee that ASX will grant the waiver with respect to ASX Listing Rule 10.11, in which case total proceeds raised under the Placement would reduce by \$15.0 million. Sun Communities' intention to take-up securities under the Conditional Placement will expire on 12 May 2020 (or such other date as Ingenia and Sun Communities agree) in the event that the waiver of ASX Listing Rule 10.11 has not been received.

Ingenia's CEO, Simon Owen, said the Group's track record of building a scalable business since internalising in 2012 places Ingenia in a strong position to deploy the proceeds from this equity raise and build a real position of balance sheet strength and market leadership.

"The Equity Raising provides additional capacity for Ingenia to continue to deliver on its key strategic priorities of scale and sector leadership. Our pipeline remains very strong and our dedicated acquisitions team are beginning to see new opportunities to secure quality assets emerge as a result of the dislocation being caused by COVID-19."

"We expect to prudently deploy the additional capital from the Equity Raising over the next 12 – 18 months as we benefit from our current pipeline of acquisitions and emerging opportunities."

The Group is already well progressed on acquisitions totalling approximately \$60 million, which are expected to complete in calendar 2020 and following the Equity Raising will be well placed to act quickly to secure future growth.

"In addition to benefitting from further on-strategy acquisitions, the business continues to deliver stable rental cash flows from our portfolio of land lease and seniors' rental communities. While holiday parks and new home sales have been impacted by Government restrictions, Ingenia remains well placed to benefit once restrictions are eased. We continue to operate in a market with solid long-term fundamentals, driven by an ageing population and societal housing affordability issues which will underpin longer-term returns," Mr Owen said.

Business update

On 25 March 2020, Ingenia announced that due to the uncertainty around the duration of the crisis and its impact on the Group's operating conditions, the Group was withdrawing FY20 guidance.

Ingenia acknowledges that there is uncertainty in relation to the duration and economic impact of the COVID-19 pandemic, however:

- Ingenia benefits from resilient recurring revenue streams from a stable rental base from 4,000 income producing sites, largely underpinned by Commonwealth Government pension payments and rent assistance
- The Equity Raising increases Ingenia's ability to withstand additional downside risks and provides funding flexibility for future growth as compelling opportunities emerge
- Ingenia expects strong tailwinds in domestic tourism once travel restrictions currently in place unwind.

The Group's senior rental (Ingenia Gardens) and Ingenia Lifestyle communities have continued to provide stable cash flows, with Ingenia Gardens reaching an all-time occupancy high of 93.5%.

Despite some buyers seeking extra time to sell their home and a modest increase in cancellations, settlements have continued over the past month. Year to date, a total of 240 homes have settled, with a further 35 settlements booked to settle before 30 June 2020. Ingenia remains confident of long-term demand given the attractiveness of its projects and the affordability and quality of its homes. The Group has 191 deposits and contracts in place, providing a solid pipeline for FY21 and beyond.

Ingenia's holiday parks remain closed to travellers and holidaymakers, which prevented the Group from satisfying the extremely strong Easter bookings held prior to the onset of COVID-19. At 26 April 2020, tourism revenue received represented 88% of total FY19 tourism revenue. Future revenue remains dependent on travel restrictions being eased. The Group's holiday parks remain focussed on domestic travellers and are well positioned to take advantage of an expected increase in domestic tourism post relaxation of social distancing measures.

Equity Raising

The Equity Raising consists of a Placement to raise \$150.0 million and an SPP to raise up to a further \$25.0 million.

The Placement comprises a fully underwritten institutional placement to raise \$135.0 million (**Institutional Placement**) and a conditional placement of \$15.0 million to Sun Communities, which Sun has indicated it will take-up subject to ASX granting a waiver in relation to ASX Listing Rule 10.11 (**Conditional Placement**).

The Placement price of \$3.45 per security represents a 6.5% discount to last close of \$3.69 on 29 April 2020. The SPP issue price will be the lower of the Placement price and a 2% discount to the 5-day volume-weighted average price of Ingenia securities up to, and including, the closing date of the SPP.

New securities will rank equally with existing securities and will be entitled to the full distribution for the six months ending 30 June 2020.

Ingenia anticipates that the securities to be issued under the Equity Raising will represent 18.5% of Ingenia's securities on issue.⁵ The securities to be issued under the Placement will represent 15.9% of Ingenia's securities on issue,⁶ and ASX has approved Ingenia relying on the temporary additional placement capacity available under ASX Listing Rule 7.1 and ASX's recent class waiver to issue these securities. The securities to be issued under the SPP will be issued pursuant to exception 5 to ASX Listing Rule 7.2 and will not count towards Ingenia's placement capacity. Ingenia will comply with all applicable ASX and ASIC class waivers in relation to the Equity Raising. It is intended that eligible institutional security holders who bid for up to their 'pro-rata' share of new securities under the Placement will be allocated their full bid, on a best endeavours basis.⁷

⁵ Assumes that the Conditional Placement proceeds.

⁶ As above.

⁷ For this purpose, an eligible institutional security holder's 'pro-rata' share will be estimated by reference to Ingenia's most recent beneficial register, but without undertaking any reconciliation and ignoring securities that may be issued under the SPP. Accordingly, unlike in a rights issue, this may not truly reflect the participating security holder's actual pro-rata share.

The Institutional Placement is fully underwritten by Citigroup Global Markets Australia Pty Limited, Goldman Sachs Australia Pty Ltd and Moelis Australia Advisory Pty Limited. The Conditional Placement is non-underwritten, such that if the Conditional Placement does not proceed, the total proceeds raised under the Placement would reduce by \$15.0 million.

Following completion of the Institutional Placement, Ingenia will offer eligible security holders in Australia and New Zealand the opportunity to participate in the SPP. Eligible security holders will be invited to subscribe for up to a maximum of \$30,000 of additional securities, free of transaction and brokerage costs. The SPP will not be underwritten and the total amount raised is expected to be up to \$25.0 million.⁸

Indicative timetable

Key event	Date
Record date for SPP	29 April
Trading halt and announcement of the Equity Raising	30 April
Placement bookbuild	30 April
Trading halt lifted	1 May
Decision on ASX waiver for Conditional Placement (expected)	1 May
Settlement of securities issued under the Placement	5 May
Normal trading of securities issued under the Placement	6 May
SPP offer opens	6 May
SPP offer closes	29 May
Issue of securities under the SPP	10 June
Normal trading of securities issued under the SPP	11 June

Further details on the Equity Raising can be found in the investor presentation lodged with ASX today.

APPROVED FOR LODGEMENT BY THE BOARD

ENDS

⁸ Ingenia may (in its absolute discretion), if demand exceeds \$25.0 million, decide to increase the amount to be raised under the SPP to reduce or eliminate the need for a scale back. Ingenia reserves the right to scale back applications under the SPP at its discretion.

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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.

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