

ASX / MEDIA RELEASE

14 November 2017

Ingenia Communities 2017 Annual General Meeting

CEO Update

Good morning everyone. It's great to be here and I'm really excited to be presenting to you today on not only Ingenia's results, but more importantly the Group's future plans. The Group's FY17 performance again demonstrates that our strategy of owning, managing and developing a leading portfolio of lifestyle and holiday communities is working. Before we go into the details, I would like to make a few introductory comments about our business and the sector and what the next few years have ahead for us.

Ingenia is now in a period of accelerated growth as we build out our development pipeline in key capital city and coastal markets. Over the next two years we intend to launch ten new or expansion projects – this includes our second project on the Gold Coast which we only locked down in the last few weeks. These are all either on balance sheet or secured via option. Our pipeline is the largest in the industry.

Ingenia is now at the forefront of land lease communities across Australia. Over the past two years land-lease communities have transitioned from being a niche, largely unheard of seniors housing model into what is now one of the fastest growing property classes across Australia. Retirees are embracing the simplicity and transparency of a model where residents buy the home and rent the land. Where you pay no stamp duty or legal fees, where there are no deferred management fees and residents get to keep all of the capital appreciation of their home. This is a housing solution with a genuine and meaningful cash out from selling the family home and moving into a vibrant and engaging community.

Our holiday business – now representing over 790,000 “room nights” per annum - continues to grow from strength to strength. Over the weekend I hosted my six year old son's school group at our One Mile Beach property north of Newcastle. The park was over 80% occupied for the weekend including many families, grey nomads in new caravans and camper vans and a growing number of overseas visitors looking for the quintessential Australian holiday.

Whilst we spend a lot of time talking about our lifestyle business and new home sales, the strong cash flow generation from our holiday's business, with considerable embedded organic growth, is an equally exciting and compelling opportunity.

Our vision at Ingenia is to create Australia's best lifestyle and holiday communities. Today we have over 5,500 residents who pay us rent. As I noted previously, in our holidays business we have over 790,000 "room nights" per annum. Combined with our Ingenia Gardens business our annual revenues are now tracking at \$175 million including weekly rent inflows of over \$1.5 million per week.

Ingenia presently has 66 communities across Australia – excluding our remaining minor investment in non-core DMF villages. Our portfolio composition is continuing to be refined. New acquisitions and development projects are specifically targeting East Coast capital city markets and select sea change locations such as Port Stephens, Coffs Harbour and the Gold Coast.

The past five years have been a significant period of growth and transition for Ingenia. The 2013 financial year was our first as an independent, fully internalised business and the year we acquired our first lifestyle village, The Grange. There still remains plenty to do, including improving our Return on Equity, but we have clearly established a strong platform for sustainable growth as we accelerate development and optimise returns from our existing communities.

I'm going to let Scott Noble, our acting CFO step you through the financials and capital management.

Thank You Simon, and thank you everyone for attending Ingenia's 2017 AGM.

2017 was a year of strong growth for Ingenia as demonstrated by the financial metrics detailed on the Key Financials slide.

The strong growth in EBIT for the year was largely a result of the performance by the lifestyle and holidays business, with both the operations and development divisions delivering improved returns.

Our lifestyle and holidays operations contributed \$17.4 million in EBIT, a 58% increase on 2016, delivering strong margin growth on the prior year.

Our development business contributed almost a 100% increase in EBIT to \$10.9 million, with 211 new home settlements being achieved compared to 107 in the prior year.

Operating cash flow was also up, with an increase of over 44% on the prior year, driven by the strong recurring rental returns from our existing portfolio, the impact of new acquisitions, and sales growth.

Turning to Capital Management:

During the year we increased our debt capacity by \$100 million and extended the tenor of our syndicated facility. At 30 June 2017 the weighted average term to maturity was 3.8 years.

This increased debt capacity, combined with our focus on non-core asset sales and growing cash flows from the business, position the Group well to internally fund and grow our development pipeline.

Our key debt metrics remain strong, with our loan to value ratio well below our covenant of 50% and towards the middle of our target range of 30-40%.

During FY17 Ingenia received \$41 million from the sale of non-core assets and raised new equity of \$88 million, to support the acquisition of new communities and accelerate development spend.

The Group would have delivered growth in underlying Earnings per Security, if not for the delay in deploying capital from the second half equity raising and proceeds from the non-core asset sales.

Thank you – I will now hand back to Simon.

Thank you Scott.

I think what excites me most at the moment about Ingenia is that we already have the next three years of growth mapped out. Building out the existing pipeline will add over \$20 million to annual rental earnings but our growth story is not just about building and selling new homes. Adding new rental stock on vacant and underutilised land at Chambers Pines, Eight Mile Plains and Durack will add a further \$1.6 million in incremental rent per annum. Investing in an additional 180 cabins across holiday communities such as Cairns Coconut, One Mile Beach and Soldiers Point can add another \$4.5 million in incremental rent. Importantly, we believe that that we can fund all of these opportunities internally through asset sales and operating cashflows.

Ingenia acquired Cairns Coconut holiday resort in March 2017 – probably Australia’s most awarded Holiday Park and certainly Ingenia’s largest acquisition to date. Since purchase occupancy is up 8% and average daily rent is up 5% on the prior year. Approvals are in place for the installation of 34 new cabins on current vacant land and we expect to achieve a return on new capital invested of ~20%.

In FY17 Ingenia settled 211 new homes, up 97% on the previous record year. This year we are targeting 260-280 and for FY19 350+ new home settlements. A significant driver of this realised and forecasted growth has been our focus over the past few years on large, long-life projects such as Lara and Chambers Pines which are able to deliver higher prices and sales rates over many years. In the third and fourth quarter of this financial year we are expecting first settlements at our new Grange expansion, Conjola and Latitude One projects. These projects will be a key driver of full-year settlement volumes and margins.

As at 13 November the Group had settled 64 new homes, with a further 167 new homes under contract or deposited. Sales margins are continuing to expand as prices grow and we leverage our growing volumes with suppliers.

Assuming all homes settle which are presently deposited or contracted, then we presently have a “gap to fill” of 14% which compares favourably to recent years.

I think the quality of the projects that Ingenia has in market and is soon to launch provides considerable comfort in achieving our forecast settlements this year.

I think this slide is my personal favourite in today's presentation. Over the next two years Ingenia is planning to launch or expand ten projects. For the majority of these projects, Ingenia has sourced or is sourcing the DA internally or has added considerable value to an existing approval. For each of these projects we are targeting an unlevered IRR >20% which is attractive compared to acquiring existing communities on market.

Over the next few slides I thought it would be good to take you through a few of our key projects.

Latitude One is the Group's first lifestyle Greenfield project. It's located at Anna Bay near Port Stephens on a 29 hectare site. Upon completion Latitude One will comprise a gated community of 229 architecturally designed homes surrounded by landscaped grounds and a premium community centre.

Over the past few weeks our sales team have commenced transitioning expressions of interest into deposited sales. Over 80% of the lots released have been sold.

Ingenia Lifestyle Chambers Pines is another key project for the Group. We acquired this established community which comprised a lifestyle community, rental village and nine-hole golf course in March 2015 for \$17.6 million.

The community is located in one of the key urban growth corridors in Brisbane. In addition to selling new homes on vacant land within the lifestyle community and maximising returns from the rental village we have obtained a development approval to build an additional 256 new homes on the (now former) golf course.

The image you can see is of one of the new homes which we are currently building. We are on track to sell approximately 40 homes at this community in the current financial year and expect this project to contribute sales into the future, supported by the ability to continue to expand (subject to approval) on recently optioned land adjacent to the site.

Ingenia Lifestyle Bethania, also in Brisbane was acquired in July 2015. On acquisition Bethania comprised 54 completed homes and 76 fully approved development sites as well as a new community club house.

Since acquisition the Group has acquired 11 hectares of land immediately adjacent to the community and in recent months procured a Development Approval for an additional 188 homes.

Bethania represents another of Ingenia's key projects – well located, offering attractive development returns and capable of supporting sales over many years.

Today I am pleased to upgrade and expand the Group's earnings guidance.

New homes sales remain on track at between 260 – 280 settlements. The key variable factor here at the moment are our three key 2H projects – Latitude One, The Grange and Conjola – where settlements are not expected to commence until March 2018. We have secured 70 deposits on these projects and demand remains strong with development currently on schedule across these communities

Based on recent settlements and deposits and contracts on hand we are pleased to increase our margin on new home sales from circa \$110,000 to \$115,000+. We would also expect further growth heading into FY19. These expanding margins are a combination of both rising home prices and realisation of scale efficiencies across our development platform.

EBIT guidance for the year is being upgraded from \$42-46 million to \$45-47 million. This confidence is driven by higher home sales margins, operating performance and increasing certainty over the timing of asset sales. At the mid-point this represents 4.5% growth on existing guidance and an increase of over 40% on the prior year – noting that FY17 delivered EBIT growth of 32.6% on FY16.

The Group is today pleased to initiate EPS guidance as measured by underlying profit. In the current year we are targeting EPS of >15.6 cents per security, up over 20% on FY17.

Our primary focus is to optimise the performance of our existing portfolio of 66 communities, to not only drive revenue growth but to leverage the operating and sales platform we have built over the last few years.

I would like to thank all securityholders for your attendance today. There are many faces I recognise in the audience and I thank you for your support as we seek to acquire, develop and operate Australia's leading lifestyle and holiday communities.

I would also like to especially thank the Ingenia team of over 550 dedicated and committed employees for yet another year focussing on performance and superior customer and resident experience.

I greatly look forward to working with the team over the next year in what I am sure will be another busy, challenging and exciting year.

Equally I would also like to thank Jim, Amanda, Valerie, Phil, Rob and our Company Secretary Leanne for their support and guidance over the past year. I would especially like to acknowledge the huge effort and contribution of Phil Clark who I have had the fortune of working with and for since November 2009. He has always been a great sounding board and approaches issues with considerable learned experience and wisdom.

The management team takes great confidence in having such a committed, inquisitive and supportive Board.

Ladies and Gentlemen, thank you for your time today and your continued support of Ingenia Communities.

I will now hand back to the Chairman for the formal business of the meeting.

ENDS