

ASX / Media Release

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Ingenia Communities 2019 Annual General Meeting

Chairman's Address

JIM HAZEL - CHAIRMAN

Ingenia delivered strong growth in the 2019 financial year as we continued to benefit from our increasing scale in the lifestyle and holidays business.

We benefit from the tailwinds of an ageing population, and it is clear that our offerings resonate with our market. Our management team, led by Simon Owen, continue to execute on our strategy. Your Board is confident that they will continue to do so, which should provide excellent value for security holders.

I am very pleased with our results for the year. They demonstrate the resilience of our business and our ability to deliver attractive returns, despite the challenges of a soft residential housing market.

It was also a year which saw us acquire the first investments for our development Joint Venture with Sun Communities; further extend our reach through the acquisition of a funds management business; provide more new homes than ever before; and acquire additional assets on the Group's own balance sheet.

The execution on our intent to build a leading presence in the emerging lifestyle and holidays sector was the key driver of our strong growth in the 2019 financial year.

This sector is attracting increasing investor interest, from both domestic and offshore groups. The ability of land lease communities to meet a growing need from older Australians who wish to downsize to an affordable home and have access to an active lifestyle is becoming more well known.

Despite increasing competition, we are continuing to identify and acquire established communities, greenfield sites and expansion land and have just successfully completed a \$131 million equity raising, which saw strong demand from both existing and new investors. The funds raised will be deployed across six identified acquisitions as well as future growth opportunities.

Through the Entitlement Offer that formed the bulk of this raising, we provided all investors with an opportunity to contribute additional capital and I am happy to announce that the Retail Entitlement Offer had a 75% take-up which saw more than 1,100 retail investors acquire New Securities.

We have three sources of rental cash flow from the business - tourism, lifestyle and senior's rental. For Ingenia, development is a means to increase our rental contracts – or annuity revenue stream.

Our strategy is focussed on stable rental cash flows. Continuing to expand our rental base through acquisition and development in our lifestyle and holidays business is key to delivering on this objective.

In the 2019 financial year we exceeded our financial guidance for the third consecutive year, with the growth in the lifestyle and holidays business a highlight. The \$73 million of assets acquired over the year added additional income producing sites and the potential to continue to grow some of our most successful communities.

Importantly for many of our investors, we continued to increase distributions, with the distribution per security growing for the sixth consecutive year. Investors received a distribution of 11.2 cents per security in the 2019 financial year, an increase of 4.2% on the prior year.

Ingenia's security price has also grown significantly. With the security price currently at \$4.35, Ingenia continues to trade above the Group's Pro forma Net Asset Value per security of \$2.77 (at 30 June 2019, adjusted for the equity raising).

Reflecting this strong price appreciation, and the ongoing growth in distributions, our returns for the 1, 3, 5 and 10 years to October 2019 compared to relevant indices were also positive.

In addition to delivering strong financial performance we made progress on key initiatives that create a broader platform for our future.

Last year I spoke about the partnership we had just announced with the US based Sun Communities to undertake new greenfield development. Over the past year we have established a very positive working relationship with the Sun team and have benefitted from their experience in the mature US market. The first Joint Venture project is already underway and will deliver new homes this financial year. We have acquired a second site and funds from the equity raising will contribute to the Joint Venture's third acquisition. We expect a positive impact on returns as we benefit from a strategically and economically aligned partner, greater diversity of capital sources and the generation of fees for our services.

In August this year we completed the acquisition of the Eighth Gate Capital Management business and acquired an interest in each of the six funds managed by the platform. In addition to generating fee revenue, this complementary business increases our scale in key markets, giving our investors an interest in the \$140 million of assets owned by the funds.

Simon will speak more about our partnership with Sun and the funds management business in his address.

Our FY19 results reflect not only the performance of our assets but the culture and values embedded in our organisation. Our commitment to 'Create Australia's best lifestyle and holiday communities' is reflected in the way we operate our business and interact with our residents, guests and local communities.

We are continuing to focus on the impact we have on our communities and their environments and I look forward to extending our activities in this area.

As our strategy has progressed, the composition of the Board has evolved to ensure that it meets the current, and future, needs of the Group. This will continue.

At our last Annual General Meeting I spoke about the appointment of Gary Shiffman, Chairman and CEO of the US based Sun Communities, to the Board. Gary joined the Board in December 2018 and has a wealth of experience gained in the world's largest and most mature lifestyle and holidays market. As a director and executive officer of Sun Communities since its inception in 1993 he has been instrumental in the success and growth of that entity to the US\$14.5 billion business it is today. You will have the opportunity to endorse Gary's election to the Board today.

Robert Morrison, our Deputy Chairman, is seeking re-election today.

Rob joined the Board in 2013 and brings extensive experience in property investments, property development, portfolio management and capital raisings as well as institutional funds management. He is a Founding Partner and Executive Director of alternative investments firm, Barwon Investment Partners, which invests in real estate, private equity and specialised investments on behalf of institutional and wholesale investors.

Rob's investment experience includes senior portfolio management roles where he managed both listed and unlisted property funds on behalf of institutional investors. His prior executive positions include Head of Property for Asia Pacific and Director of Asian Investments at AMP Limited.

You will have the chance to hear from Rob and vote on his election later in the meeting.

We believe there is an immense opportunity to provide quality housing choices to a growing ageing population through lifestyle or land lease communities. Ingenia remains well positioned, with a strong capital position and an enhanced platform for growth.

We are forecasting growth in Earnings Before Interest and Tax for the 2020 financial year of 15 to 20% on last financial year and growth in underlying profit per security of 5 to 10%¹.

Before I move to Simon's address, I would like to thank my fellow directors for their dedication and commitment to the business over the past year and all investors for their support for the business and our recent equity raising.

I will now hand over to Simon Owen, Managing Director and CEO, for his update.

ENDS

¹ Guidance is subject to no material adverse change in market conditions and timing of key development projects.