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Ingenia Communities 2018 Annual General Meeting

CEO Update

Ingenia is now in a period of accelerated growth as we build out our development pipeline in key capital city and coastal markets. We now have 10 communities under development, including Hervey Bay, and our development pipeline is by far the largest in the industry – larger than the combined pipelines of our two biggest peers.

Ingenia is now at the forefront of lifestyle (land lease) communities across Australia. Over the past few years lifestyle communities have transitioned from being a niche, largely unheard of seniors and downsizers 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 costs, 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.

And our sales are growing even as the broader residential property market slows down.

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. In our holidays business we have over 780,000 "room nights" per annum. Combined with our Ingenia Gardens business, our annual revenues are now tracking at over \$200 million. We generate rent inflows of approximately \$2 million per week.

The past six years have been a significant period of growth and change 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.

EBIT has grown from \$8.9m in 2013 to \$48.8m last year and was up by over 50% in FY18. Our new home settlements – a key driver of profit – have grown from nil in 2013 to 287 last year and we remain on track for 350+ in the current year.

However 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 now going to briefly touch on our financials – as a former accountant and CFO myself I can assure all of our shareholders today that the management team spends considerable time every week and month end focussing on "the numbers".

As you can see from the slide on the screen all of our key financial metrics were up strongly on the previous year: revenue up 26%, EBIT up 52%, earnings per security up 36% and operating cash flow up 56%. Distributions grew more modestly – up 5% - as part of our profits were distributed back into accelerating the buildout of our development pipeline and acquiring additional land.

Strategic Partnership with Sun Communities

Last week Ingenia announced what I consider to be the most exciting and significant development for Ingenia since we parted with ING back in 2012. We have entered into a Strategic Partnership with Sun Communities (Sun), a leading owner, operator and developer of lifestyle and holiday communities. Under our partnership:

- Ingenia and Sun will jointly develop new greenfield communities;
- Ingenia has the right to acquire at market value each community once completed;
- Ingenia made a placement to Sun of 23,176,816 securities at \$3.2172 per security which now sees Sun own 9.99% of the expanded Ingenia business; and
- Sun's longstanding CEO and Chairman, Gary Shiffman, will be joining the Ingenia Board.

A portion of the approximately \$74.6 million raised through the placement to Sun will be used to fund the acquisition of two existing communities (to be owned outright by Ingenia) and we will accelerate the buildout of an additional 103 rental and holiday cabins in our existing communities.

The Sun and Ingenia management teams and select Board members have gotten to know each other over the past few months first through hosting Gary Shiffman and several members of his team in Australia. Rob Morrison and I also visited the Sun head office in Michigan in the US and inspected a number of Sun's very impressive communities across Michigan, Arizona and California.

I do see many benefits arising from our new Strategic Partnership with Sun. Clearly this is going to enable Ingenia to accelerate our development capabilities and position us to quickly become the largest owner, operator and developer of lifestyle and holiday communities in Australia. But what excites me most is being able to access Sun's considerable experience and knowledge in the highly competitive US market. Not only across core elements such as marketing, sales and operations but more specifically across four specific opportunities which have the potential to deliver Ingenia a unique competitive advantage:

1. Lowering home and tourism cabin costs through utilizing Sun's existing supply chain and home designs;
2. Providing a funding solution for incoming residents – a huge and profitable market in the US that doesn't presently exist in Australia;
3. Advancing our existing build to rent communities; and
4. Creating all-age communities – what a great stepping stone into the residential property market for first home buyers.

I am really excited about the opportunities ahead with Sun and look forward to introducing you to Sun CEO and Chairman, Gary Shiffman.

This is one of the Sun Communities that Rob and I visited with Gary and his team back in September. Located in Casa Grande (near Phoenix) in Arizona it was a very impressive community with 2,341 developed sites. It also had some amazing facilities and resident activities and provided lots of inspiration.

Utilising a portion of the proceeds from the placement to Sun, last week Ingenia exchanged unconditional contracts to acquire the Aspley Acres caravan park located 16 km north of the Brisbane CBD. This is a very large park and will complement the similar communities that we acquired in Eight Mile Plains and Durack in Brisbane last year.

Investing in growth

In FY17, Ingenia settled 211 new homes and last year 287 new homes. This year we are targeting 350+ new home settlements, with further growth targeted in FY20. All existing development now underway including key projects such as Chambers Pines, Bethania and Latitude One will remain 100% to the benefit of existing Ingenia security holders – i.e. they are not part of the strategic partnership with Sun.

From FY20/FY21 I would anticipate that our first new developments with Sun will begin to make a contribution to new home settlements.

Latitude one is the Group's first lifestyle Greenfield project, located at Port Stephens north of Newcastle.

At last year's AGM we had just commenced issuing contracts and had pre sold over 80% of the first two stages. Of course no homes had been built and there were no residents living on site. Twelve months later it's a very different story.

To date we have settled 39 homes and have a further 88 homes deposited or contracted. We have also been able to achieve over 10% price growth since the first release.

Several months ago we reached a point where we could not build the homes quickly enough and appointed a second builder onsite to accelerate development.

Being the Group's first purpose built Greenfield development I think overall it is a very pleasing and encouraging outcome – although there has been an incredible amount of effort by our development, sales, marketing and operations teams to get this project to where it is today.

Plantations is the Group's second lifestyle Greenfield project, located just north of Coffs Harbour on the NSW mid north Coast.

Civils are well advanced and the homebuilder commences onsite later this month with first residents expected to be moving in from around March 2019. Again we have had a very successful sales launch with over 60% of the first released stage of 45 homes now deposited.

Ingenia Lifestyle Hervey Bay is the Group's third lifestyle Greenfield project, located on the Queensland Fraser Coast about 290 km north of Brisbane.

Project commencement was recently approved by the Ingenia Board with civils and infrastructure works scheduled to commence later this month. Whilst we haven't started formally selling the community, we do have strong confidence in the commercial viability of the project based on the strong database of interested leads we have secured via the sales office we established in a local shopping centre earlier this year.

I trust that the last few slides demonstrate both the high quality pipeline of projects that Ingenia has secured over the past few years plus our growing ability to execute on multiple and complex developments.

You only need to look at the front page of a newspaper to see yet another "expert" talking about the dire position of the residential property market. While we clearly have considerable exposure to the residential market, I believe our focus on the more affordable "downsizer" market provides Ingenia with considerable resilience through the cycle.

As at 12 November the Group had settled 73 new homes, with a further 231 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 presently deposited or contracted homes settle, then we presently have a “gap to fill” of 13% which is consistent with where we were at this stage last year – and noting that we beat our initial guidance in FY18.

Ingenia has many more growth levers than just building new lifestyle homes. Including the recently contracted Aspley Acres caravan park in Brisbane, the Group now owns some 1,200 rental cabins and has approvals in place for over 100 additional cabins. I believe this would make Ingenia one of the largest “build-to-rent” owners and operators in Australia – that’s before you add in the 1,374 rental homes we own in our Ingenia Gardens business.

In the past 18 months we have imported 43 flat packed rental cabins from China and have another 32 currently under construction. Capital from the recent placement to Sun will be used to accelerate the installation of another 100 cabins by November 2019. The returns on new cabins are very attractive. We are also providing quality rental units at the most affordable price point in the markets where we operate.

Ingenia Lifestyle - Durack is a large community of both resident owned homes and rented cabins in Brisbane which Ingenia acquired for \$25m in June 2017. Subsequent to acquisition we received a DA from the Brisbane City Council for 52 additional rental cabins on land previously occupied by two derelict tennis courts and 8 tourism sites. To date we have installed 12 new rental cabins and have another 30 planned to be added this year. I hope this gives you some insight into how we add value to the communities that we acquire.

Before I close with guidance I would just like to share with you one of the many community and charitable partnerships that Ingenia contributes to every year.

Earlier this year Ingenia established a partnership with Ronald McDonald House Charities® Australia to provide both financial and in-kind support. In addition to contributing to the Ronald McDonald Family Rooms® located in eighteen hospitals in Australia, we provide support to the Ronald McDonald National Learning Program® for children who are in hospital away from their school. There is considerable alignment with our holiday communities where families with young children are a core market for Ingenia. In addition, it provides many opportunities for team building for the Ingenia team and engagement for our residents.

This is a program we are very proud and honoured to be associated with and many staff have volunteered considerable personal time, including myself, to prepare meals for families staying in Ronald McDonald House Charities® Australia accommodation whilst their children are receiving medical assistance away from home.

Outlook

Today I am pleased to confirm the Group’s earnings guidance – noting that we did upgrade EBIT guidance last week.

New home sales remain on track for 350+ settlements. The key variable factors here primarily relate to how many homes we can build and sell at Latitude One and Plantations – noting that the first resident is not scheduled to move into Plantations until March 2019.

EBIT guidance for the year was upgraded last week to 15-20% growth - up from 10-15% - following the two acquisitions announced last week. I think it is important to remember that the FY18 EBIT was up by over 50%. In this context, 15-20% growth is pretty solid!

Our previously forecast EPS growth of 5-10% remains unchanged at this point.

Our primary focus for the balance of the year is to ensure we hit our sales numbers, optimise the performance of our existing portfolio of 61 communities and look for opportunities to benefit from the knowledge and experience of Sun Communities in our new strategic partnership.

I would like to thank all security holders for your attendance today. There are many faces I recognise in the audience and I thank you for ongoing 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 employees for their continuing commitment to performance and superior customer and resident experience. As well as the 5,500 people who live in an Ingenia community and the more than 323,000 people who chose to stay in one of our holiday communities over the past 12 months.

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, Rob, Andrew and our Company Secretary Leanne for their support and guidance over the past year.

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.

Before handing back to the Chairman for the formal business of the meeting I would like to ask our long serving Chief Operating Officer, Nikki Fisher, to provide a brief update on how our relatively new Ingenia Holidays business is tracking and where we see further growth opportunities over the next few years.

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