



## INVESTOR UPDATE — 2019 —

### SUMMARY

#### Revenue

**\$228.7m** ↑ 21%

#### EBIT

**\$61.5m** ↑ 26%

#### Statutory Profit

**\$29.3m** ↓ 14%

#### Underlying Profit

**\$47.2m** ↑ 28%

#### Underlying Profit EPS

**21.0c** ↑ 19%

#### Distribution per Security

**11.2c** ↑ +4%

#### Operating Cash Flow

**\$59.3m** ↑ 26%

#### Net Asset Value per Security

**\$2.65** ↑ 3%

#### Record New Home Settlements

**336** ↑ 17%

#### Development Sites Secured

**3,700+**

**Rental base expanded through acquisition and development**

**Capital partnership established with Sun Communities**

**+ We create community**

## Chairman's Letter



**Growing our rental base is fundamental to our strategy and over the last year we continued to expand our lifestyle and holidays business to meet this objective.**

### Dear Security holders

The 2019 financial year was another record year of growth for Ingenia, with strong financial performance and the delivery of key strategic objectives positioning the Group for future growth and enhanced returns.

With the backdrop of a soft residential housing market, strong results over the year were underpinned by record new home settlements, demonstrating the relative resilience of the land lease model and the attractiveness of Ingenia's communities to a growing number of seniors.

Australia's rapidly ageing population is increasingly viewing lifestyle communities as a cost effective and affordable housing choice. In addition to building market leading homes and facilities in our communities we continue to enhance the lifestyle benefits for our residents.

Growing our rental base is fundamental to our strategy and over the last year we continued to expand our lifestyle and holidays business to meet this objective. We invested \$73 million to acquire expansion land and established communities. Our development program further supported this objective, with 336 new home settlements.

Ingenia now owns 35 lifestyle and holiday communities and an expanding development business. The 2019 financial year saw Ingenia build on record profit growth last year to exceed financial guidance. Much of this growth was due to the addition of new assets, increased margins and an increase in home sales.

Group revenue was up 21% and EBIT was up 26% to \$61.5 million (above guidance of 15-20% growth). Underlying profit per security was up 19% (versus guidance of 5-10% growth). The full year distribution of 11.2 cents per stapled security represents an increase of 4% on FY18 and was the sixth year of consecutive growth.

The security price increased from \$3.08 on 2 July 2018 to close the year at \$3.24 and has performed strongly since the 2019 financial year results were released. Ingenia's security price was \$3.89 at the end of August and the Group outperformed the S&P/ASX 200

Accumulation Index and the S&P/ASX 200 Property Accumulation Index over the one, three and ten-year period to 31 August 2019.

Over the year a focus on strong capital management was maintained, with the sale of \$32 million of non-core assets, an active Distribution Reinvestment Plan and a \$75 million placement to the US\$12 billion Sun Communities, Inc. (Sun) providing capital for acquisitions and development.

Capital partnering was a key objective as we sought to diversify our capital sources and leverage the platform we have nurtured over several years. The Placement to Sun was part of a broader strategic partnership which provides Ingenia with a capital efficient way to fund future greenfield development in a Joint Venture with Sun. Sun is a major player in the land lease and holidays market (known as manufactured housing and recreational vehicle communities) in the US and brings over 20 years' experience to the partnership. Gary Shiffman, Sun's CEO and Chairman, is a welcome addition to the Ingenia Communities Group Board.

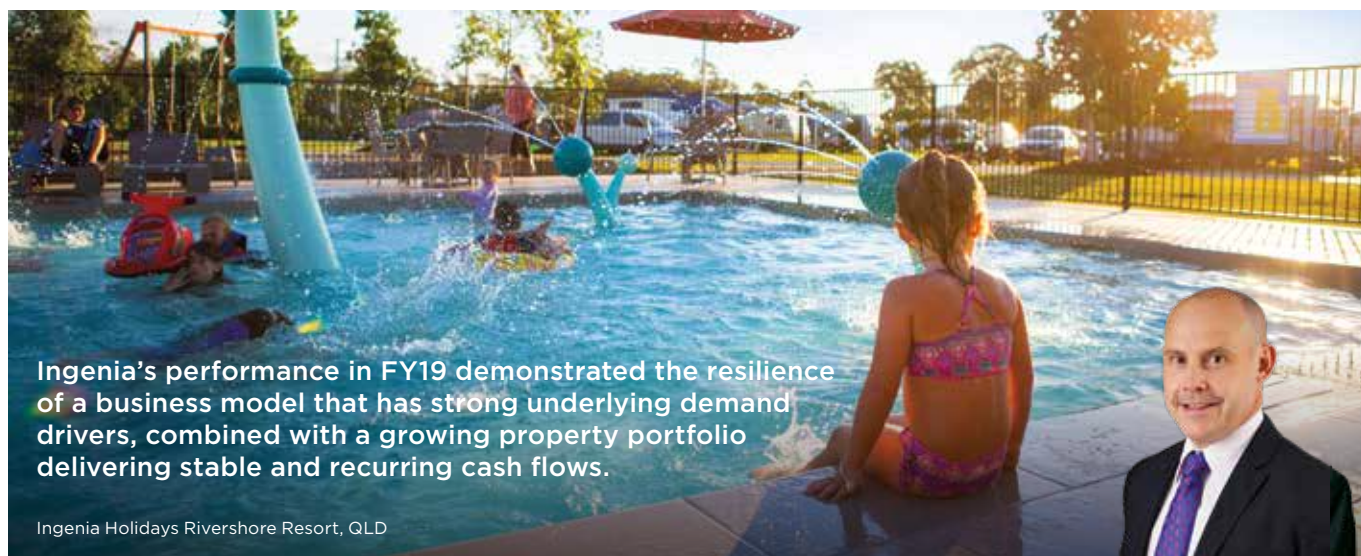
Subsequent to year end Ingenia acquired Eighth Gate Capital Management, a funds management business with \$140 million in assets under management, which further diversifies the Group's capital partnerships and revenue streams, extends Ingenia's footprint in key markets and provides another avenue for growth.

Ingenia enters the new financial year with an expanded business and a commitment to enhance returns. From this strong base we are forecasting growth in both EBIT (10-15% growth) and underlying earnings per security (5-10% growth) for the 2020 financial year.

As your Chairman I would like to thank all security holders for your continued support, and I look forward to providing an update on the business at our Annual General Meeting to be held in Sydney on 12 November 2019.

Jim Hazel  
Chairman

# CEO Update



**Ingénia's performance in FY19 demonstrated the resilience of a business model that has strong underlying demand drivers, combined with a growing property portfolio delivering stable and recurring cash flows.**

Ingénia Holidays Rivershore Resort, QLD

Over the 2019 financial year Ingénia's strategy continued to deliver performance, with strong increases across key metrics and margin expansion as scale efficiencies were delivered from an operating platform that has been put in place over the past few years to facilitate growth.

Guidance was exceeded with EBIT and underlying profit earnings per security demonstrating strong increases. Substantial increases in revenue and cash flows supported a 4.2% increase in distributions.

## Financial Performance

Revenue grew 21% to \$228.7 million and operating cash flow of \$59.3 million was up 26% as a larger rental base and a 17% increase in new home settlements contributed.

Statutory Profit of \$29.3 million was down 14% on the 2018 result and was impacted by: the write-off of transaction costs on \$72.6 million of acquisitions; loss on divestment of non-core assets; mark to market impairment on interest rate derivatives; and a fair value adjustment as development profits were realised.

Underlying Profit of \$47.2 million increased 28% on the prior year and Net Asset Value per security (NAV) increased to \$2.65 (from \$2.57 at 30 June 2018).

## Capital management

Over the year, capital recycling provided proceeds to grow the lifestyle and holidays portfolio, through accelerated development activity and the acquisition of new communities and future development sites.

The Group remains well positioned to fund its development pipeline, with the balance sheet benefiting from a \$75 million placement to Sun Communities, the underwritten Distribution Reinvestment Plan in the first half and \$32 million of non-core asset sales.

At 30 June 2019, Ingénia's loan to value ratio (LVR) was 29.8%, below the Group's target range of 30-40%.

Ingénia's capital position has been further enhanced through the development Joint Venture with Sun Communities and the new funds management platform.

## Building the rental base

Ingénia continued to grow exposure to the lifestyle and holidays market with acquisitions and increasing development activity driving growth.

The Group acquired \$73 million of new assets, including:

- Aspley Acres (now Brisbane North rental village), located in close proximity to the Brisbane CBD
- Land adjacent to Ingénia Lifestyle Lara (VIC) and Ingénia's Chambers Pines community (QLD)
- Rivershore Resort on the Sunshine Coast (QLD)
- A mixed-use community in the attractive tourist location of Byron Bay, NSW.

## Operating platform delivering growing returns

Over the year, the 26-village Ingénia Gardens portfolio maintained high occupancy. Income was down on FY18, reflecting the sale of five communities in April 2018.

The Ingénia Lifestyle and Holidays portfolio continued to expand – the portfolio is focused on high quality rental cash flows and the development program is supporting further growth. Lifestyle permanent rental revenue increased by 15%, with tourism revenue up 9% as new acquisitions contributed. The addition of tourism cabins and rental homes to existing communities enhanced returns and continues to be a focus.

The acquisition of fund manager, Eighth Gate Capital Management, in August 2019 increases the Group's assets under management by \$140 million and introduces a further nine established communities and one greenfield site (branded Allswell Communities) to the portfolio. Ingénia has invested in each of Eighth Gate's funds, providing alignment with fund investors and access to property returns. In addition to leveraging Ingénia's operating platform, the funds management platform is expected to generate approximately \$2 million in gross fees per annum.

## Development

Development is progressing at ten communities, with a further two new communities expected to be launched in FY20. New home sales of 336 were up 17%, creating new rental contracts that will contribute \$2.7 million in rental revenue annually. The average home price and rent for new homes also continued to increase.

Strong demand was apparent at Ingénia's first greenfield communities, Latitude One (Anna Bay, NSW) and Plantations (Coffs Harbour, NSW), which contributed over 100 new settlements.

Ingénia is now capitalising on the significant investment made in the development business, as margins grow with increasing scale.

The Joint Venture with Sun Communities, which was established in November 2018, provides the ability to further accelerate development. Not only does this create a capital efficient way to fund future development (with Ingénia providing only half of the required funding), it leverages the Group's established platform to deliver fees and preserves the right to fully own the completed community.

## Outlook

Ingénia continues to seek growth in the Group's rental base as the market for seniors housing matures.

EBIT growth of 10-15% and underlying EPS growth of 5-10% is forecast for FY20 as ongoing demand is supported by an ageing population seeking affordable housing.

In closing, I would like to thank the Board for their support and guidance, the management team and all employees for their continuing commitment and engagement and our residents and guests for supporting Ingénia's business.

Simon Owen  
Chief Executive Officer  
and Managing Director



## With a continuing focus on development and the contribution from recent acquisitions, Ingenia is expanding this portfolio.

Ingenia Lifestyle provides exposure to a growing demand from Australia's ageing population for affordable community living.

Reflecting ongoing growth in the portfolio, which is dominated by communities in coastal and metropolitan locations, rental revenue increased to \$68.1 million in FY19 (up 10% on the prior year). The EBIT contribution of \$27.4 million was up 8% on the prior year, driven by a growing rental base as acquisitions contributed.

The core of this portfolio is rental revenue generated from residents who generally fund their rental payments via government pension and rental assistance. Ingenia is growing this business through acquisition and the development of new homes.



Internal view of a new home at Ingenia Lifestyle Plantations, NSW

In addition to growing rental cash flows from land lease rents, revenue from Ingenia owned rental homes, tourism and new home sales increased over the period.

Future growth in rental cash flows will be generated as the portfolio benefits from the addition of 1,100 income producing sites in FY19 and new rental homes are added to existing communities.

Key data	30 June 2019	30 June 2018
Properties (Lifestyle and Holidays)	35	35
Permanent sites	3,252	2,702
Annual sites	764	908
Holiday sites	2,383	2,186
Potential development sites <sup>1</sup>	3,713	3,244
Book value <sup>2</sup>	\$565.3m	\$472.2m

<sup>1</sup> Includes all potential sites owned on balance sheet and through co-investments.

<sup>2</sup> Excludes value attributed to development (30 Jun 19: \$149.4 million; 30 Jun 18: \$142.9 million).

## Development

### Ingenia's development program supports growth in rental revenue and has been accelerated via a Joint Venture with Sun Communities for greenfield development.

Development continued to accelerate over the 2019 financial year, as new greenfield projects contributed a larger portion of settlements and future projects were secured.

A record 336 new home settlements and an increase in the average home sale price increased gross new home development profit to \$51.4 million (up 48%).

The Group now has two successful greenfield developments, Latitude One (Anna Bay) and Plantations (Coffs Harbour) in NSW and expects to launch the first project for the Joint Venture with Sun Communities in the first half of 2020.

With a focus on maintaining a future pipeline, new sites were secured in key metropolitan and coastal markets, including the first two projects for the Joint Venture. Additional sites are actively being assessed and further opportunities have been identified via the Group's dedicated acquisitions team.

As settlements increase, additional scale is generating efficiencies with the EBIT margin for the development business growing to 28.1% (from 24.4% in FY18).

The 223 deposits and contracts already in place at 30 June 2019, combined with the ability to leverage the Group's scale and generate fees through delivery of development projects for the Joint Venture and managed funds, is expected to support an increased contribution from development in FY20.



Construction of the near complete Community Clubhouse at Ingenia Lifestyle Latitude One, NSW

Key data	FY19	FY18
New home settlements	336	287
Gross above ground new home development profit	\$51.4m	\$34.8m
Average new home sales price (\$'000) <sup>1</sup>	\$384	\$324
Deposited/contracted (at 30 June)	223	166
Book value (30 June)	\$149.4m	\$142.9m

<sup>1</sup> Inclusive of GST.

**Tourism is a complementary strong cash flow business which caters to the key markets of seniors and families.**

Ingenia Holidays provides holiday accommodation including villas, cabins, caravan and camping sites which are attractive to 'grey nomads' and families alike.

Over the 2019 financial year new cabins were added to a number of tourism communities, generating incremental returns. Revenue per Available Room (RevPAR) increased over the year, and was up 3% on a like for like basis.

Ingenia expanded its presence on the east coast of Australia with the addition of two holiday parks:

- The 269-site mixed use Byron Bay Holiday Park which is located close to the Byron Bay town centre in one of Australia's most popular tourist destinations
- Rivershore Resort on Queensland's Sunshine Coast which provides 15 'glamping'



Ingenia Holidays Cairns Coconut, QLD

tents and 95 caravan and camp sites in a beautiful riverfront location.

Ingenia Holidays now has 870,000 'room nights' per annum across 21 locations.

Key data	30 June 2019	30 June 2018
Total self-contained units	804	784
Caravan and camping sites	1,579	1,402
Annual sites	764	908



# Ingenia Gardens

**The Ingenia Gardens portfolio provides stable recurring cash flows underpinned by government payments (pension and rent assistance).**

Over the year the Ingenia Gardens portfolio maintained high occupancy and average weekly rent across the portfolio of \$342 represented an increase on the \$338 per week average in the prior year.

With the sale of five Ingenia Gardens communities in Tasmania in April 2018, total revenue of \$24.6 million and EBIT \$10.0 million were both down on the prior year.

This portfolio meets a growing demand for affordable rental homes. Options for expansion, including the creation of a new seniors rental community in Brisbane, are being explored.

'Ingenia Care', a 'concierge' style service offered to residents for no charge, has continued to grow, assisting residents to age in place and supporting their health and wellbeing. The average resident tenure for care clients in Ingenia Gardens communities (at 3.4 years) sits above the portfolio average.

Resident satisfaction across the portfolio continues to increase, supported by this important program, which is also offered in Ingenia Lifestyle communities.

The Group's popular Activate program, which provides activities and outings for residents, also supports community engagement and resident wellbeing.



Key data	30 June 2019	30 June 2018
Total properties	26	26
Total units	1,376	1,374
Occupancy <sup>1</sup>	90.8%	92.4%
Book value	\$132.1m	\$127.3m

<sup>1</sup> Like for like basis.



# Ingenia in the community

As a business, Ingenia recognises the importance of contributing to the wider community and part of the Group's commitment is a partnership with Ronald McDonald House Charities® Australia.

Ingenia is proudly the first National Family Room Partner, providing support to hospital-based family rooms across all 18 locations. Through a \$100,000 donation and in-kind support Ingenia's partnership with Ronald McDonald House Charities Australia has contributed in many ways over FY19 and will continue to be a key feature of the Group's community engagement in FY20.

Through activities across a range of communities Ingenia's team and resident have supported:

- Meals from the Heart - teams have participated at seven houses across New South Wales, Queensland, Victoria and Western Australia
- VIP holiday experiences - Holiday park teams have the opportunity to support families in need through gifted holidays
- Community based fundraising activities have involved many communities and engaged both staff and residents through the donation of supplies, fund raising and activities including a knitting program across Ingenia Lifestyle and Ingenia Gardens communities.



Supporting resident and team engagement through contributions to the local community and individual charities has been a consistent feature of the Group's communities.



## Tropical family adventure playground!

**BIG4 Ingenia Holidays Soldiers Point is a unique adventure centre for children and a peaceful haven for families and travellers. This seaside paradise has something for every holiday maker.**

Situated on a peninsula on the southern shores of Port Stephens, Soldiers Point is surrounded by absolute waterfront. It provides easy access to an alluring array of beaches and bushland, so it's the perfect place to go swimming, snorkelling, bushwalking and fishing or just sit back and relax in the beautiful tropical gardens.

Located in the Hunter Region, Soldiers Point is just a short drive from some of the best food and wine trails in NSW.

Ingenia investors are entitled to discounts (subject to certain terms and conditions) at Ingenia's holiday parks, including Soldiers Point.

More information on Ingenia Holidays Soldiers Point and ideas for your next holiday can found in the new Happy Days magazine which shares our holiday team's love of travel and holiday adventures. You can access the magazine and find out more about the Group's holiday parks at [www.ingeniaholidays.com.au](http://www.ingeniaholidays.com.au).





### Ingenia Lifestyle & Holidays

#### NEW SOUTH WALES

Ingenia Kingscliff, NSW  
 Ingenia Lifestyle Plantations, Woolgoolga, NSW  
 Ingenia Holidays White Albatross, Nambucca Heads, NSW  
 Ingenia South West Rocks, NSW  
 Ingenia Holidays Bonny Hills, NSW  
 Ingenia Mudgee Valley, NSW  
 Ingenia Holidays Soldiers Point, Port Stephens, NSW  
 Ingenia Holidays One Mile Beach, Anna Bay, NSW  
 Ingenia Lifestyle Latitude One, Anna Bay, NSW  
 Ingenia Hunter Valley, Cessnock, NSW  
 Ingenia Holidays Lake Macquarie, Manning Park, NSW  
 Ingenia Lifestyle The Grange, Morisset, NSW  
 Ingenia Lifestyle Ettalong, NSW  
 Ingenia Holidays Avina, Vineyard, NSW  
 Ingenia Sydney Hills, Dural, NSW  
 Ingenia Nepean River, Emu Plains, NSW  
 Ingenia Lifestyle Stony Creek, Marsden Park, NSW  
 Ingenia Lake Conjola, NSW  
 Ingenia Holidays Broulee, NSW  
 Ingenia Holidays Ocean Lake, Wallaga Lake, NSW  
 Ingenia Albury, NSW  
 Ingenia Holidays Sun Country, Mulwala, NSW  
 Ingenia Holidays Byron Bay, NSW

#### QUEENSLAND

Ingenia Holidays Hervey Bay, Torquay, QLD  
 Ingenia Holidays Cairns Coconut, Woree, QLD  
 Ingenia Holidays Noosa, Tewantin, QLD  
 Ingenia Lifestyle Chambers Pines, Chambers Flat, QLD  
 Ingenia Lifestyle Bethania, QLD  
 Ingenia Rental Durack Gardens, QLD  
 Ingenia Rental, Eight Mile Plains, QLD  
 Brisbane North Rental Village, Aspley, QLD  
 Ingenia Holidays Rivershore, Diddillibah, QLD  
 Ingenia Lifestyle Hervey Bay, Torquay, QLD\*  
 Ingenia Lifestyle Upper Coomera, QLD\*

#### VICTORIA

Ingenia Lifestyle Lara, VIC

\*to be developed

### Ingenia Gardens

#### QUEENSLAND

Ingenia Gardens Jefferis, Bundaberg, QLD  
 Ingenia Gardens Marsden, QLD

#### NEW SOUTH WALES

Ingenia Gardens Wagga Wagga, NSW  
 Ingenia Gardens Wheelers, Dubbo, NSW  
 Ingenia Gardens Taloumbi, Coffs Harbour, NSW  
 Ingenia Gardens Chatsbury, Goulburn, NSW  
 Ingenia Gardens Oxley, Port Macquarie, NSW  
 Ingenia Gardens Dubbo, NSW  
 Ingenia Gardens Taree, NSW  
 Ingenia Gardens Peel River, Tamworth, NSW  
 Ingenia Gardens Bathurst, NSW

#### VICTORIA

Ingenia Gardens Grovedale, VIC  
 Ingenia Gardens St Albans Park, VIC  
 Ingenia Gardens Townsend, St Albans Park, VIC  
 Ingenia Gardens Sovereign, Ballarat, VIC  
 Ingenia Gardens Hertford, Sebastopol, VIC  
 Ingenia Gardens Coburns, Brookfield, VIC  
 Ingenia Gardens Horsham, VIC  
 Ingenia Gardens Brooklyn, Brookfield, VIC  
 Ingenia Gardens Warrnambool, VIC

#### WESTERN AUSTRALIA

Ingenia Gardens Carey Park, WA  
 Ingenia Gardens Ocean Grove, WA  
 Ingenia Gardens Seascope, WA  
 Ingenia Gardens Seville Grove, WA  
 Ingenia Gardens Swan View, WA  
 Ingenia Gardens Yakamia, WA

### Joint Venture

#### QUEENSLAND

Ingenia Lifestyle Burpengary, QLD\*

#### NEW SOUTH WALES

Ingenia Lifestyle Fullerton Cove, NSW\*

### Allswell Communities (funds)

#### QUEENSLAND

Landsborough Pines, Landsborough, QLD

#### NEW SOUTH WALES

Coastal Palms, Shoalhaven Heads, NSW  
 Tall Timbers, Shoalhaven Heads, NSW  
 Tomago River, Tomakin, NSW  
 Wairo Beach, Lake Tabourie, NSW  
 Riverbreeze, Moruya, NSW

#### VICTORIA

Federation Village Glenroy, VIC  
 Federation Village Sunshine, VIC  
 Federation Village Werribee, VIC  
 Federation Village Ballarat, VIC



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### + Note:

This Newsletter provides a summary of the Group's 2019 financial year results. Further information can be found on the Group's website ([www.ingeniacommunities.com.au](http://www.ingeniacommunities.com.au)) in the Full Year Results Presentation, Financial Statements and Property Portfolio.