



Ingenia

INVESTOR UPDATE 2017



We create community

SUMMARY

Revenue

✓ **\$149.9m** ↑ 40%

EBIT

✓ **\$32.1m** ↑ 33%

Statutory Profit

✓ **\$26.4m** ↑ 9%

Underlying Profit

✓ **\$23.5m** ↑ 16%

Distribution per Security

✓ **10.2c** ↑ 10%

Operating Cashflow

✓ **\$30.3m** ↑ 44%

Net Asset Value per Security

✓ **\$2.50**

Record Ingenia Gardens occupancy

✓ **92.8%**

Growing sales momentum

✓ **211** New home settlements
(up almost 100%)

Development sites secured

✓ **2,470+** (90% in metro
and coastal
locations)

Chairman's Letter

JIM HAZEL

Ingenia is uniquely poised with the tailwinds of an ageing population and a well researched, thoughtfully executed strategy.

Dear Securityholders

Ingenia has established itself as a leader, and is executing a unique opportunity in a relatively new and rapidly growing market.

The emergence of lifestyle communities as a cost effective and valued seniors housing choice continues. Ingenia has been at the forefront of this development, having established a portfolio of 35 communities in the lifestyle and holidays sector in recent years. These communities are located largely in eastern seaboard coastal and metropolitan locations.

These assets support the continuing growth in our rental cashflows and have significantly increased revenue from the development and sale of new homes.

As a result, the 2017 financial year has been a year of strong profit growth.

Underlying profit increased by 16.3% and revenue grew by 40% (to \$149.9 million). The full year distribution, of 10.2 cents per security, represented an increase of 9.7% on the prior year, and was our fourth year of growth. Both Earnings Before Interest and Tax (EBIT) and new home settlements were above market guidance.

The security price closed the year at \$2.60. While Ingenia has outperformed key indices over a 5 year period, recently the security price has been disappointingly stable. Your board believes that continued successful implementation of our strategy should positively impact on securityholder returns and therefore security price. We have raised significant new equity in recent years to take advantage of industry consolidation opportunities. Absent any special situations, the attention of the board is now on recycling and internally generating capital to fund growth.

We raised \$74.1 million through a capital raising in May to expand the lifestyle and holidays portfolio. The Entitlement Offer forming part of this raising allowed existing securityholders to participate in Ingenia's growth.

We also increased our funding capacity and introduced a new bank during the year. This capacity, combined with our established debt facility, the divestment of non-core assets, an active Distribution Reinvestment Plan and growing cashflows, will provide funding for future growth as we accelerate development.

With an attractive, large-scale portfolio now in place we will seek to capitalise on embedded growth opportunities in our portfolio through our development pipeline. As interest in this sector grows and values are increasing, this pipeline provides Ingenia with an opportunity to realise further value and enhance returns.

We have made considerable investments in people and systems in the last couple of years. With the size of the opportunity in front of us, the board sought to ensure that the Group's operating platform would support our growth. The benefit of these investments will be seen in the coming years as our management team execute on strategy.

The achievements of financial year 2017 form a strong base as we target ongoing growth and an increase in the Group's Return on Equity. Building on this base, EBIT of \$42-46 million and settlement of over 260 new homes at expanding margins are forecast in FY18.

I would like to thank Ingenia's dedicated directors and management team for their hard work and ongoing commitment to Ingenia's performance and strategic goals.

As your Chairman I would like to thank all securityholders for your continued support and I look forward to meeting with you and providing a further update on the business at our upcoming Annual General Meeting to be held in Sydney on 14 November 2017.

Jim Hazel
Chairman



Ingenia Holidays Cairns Coconut

CEO Update

SIMON OWEN

Ingenia is accelerating into an exciting period of growth.

Our business model addresses two global mega trends – an ageing population and the provision of affordable housing; we own and operate a market leading portfolio of lifestyle, holiday and rental communities across Australia and over the next 14 months expect to launch eight new or expansion projects.

Over the 2017 financial year we made significant progress on the Group's key objectives – further expanding our lifestyle and holidays business, continuing to extract performance from the existing asset base and securing longer term growth through the acceleration of the Group's development program.

We exceeded our target for EBIT and new home sales and delivered substantial increases in revenue and cashflows to support an increase in distributions.

Financial Performance

Revenue grew 40% to \$149.9 million and operating cashflow of \$30.3 million was up 44% as a larger rental base and an increase in home settlements contributed.

Underlying Profit of \$23.5 million was up 16.3% on the prior year. Statutory Profit was \$26.4 million.

Net Asset Value per security (NAV) increased by 2%, to \$2.50.

Capital management

Over the year eight new lifestyle assets were acquired and a further two acquisitions were completed after financial year end, supported by capital recycling from divested assets, the proceeds of a successful \$74.1 million equity raising and additional debt.

At 30 June 2017, Ingenia's LVR of 27.7% was below the Group's policy range of 30-40% and well below our covenant of 50%. Following completion of pending acquisitions, Ingenia's LVR is expected to move towards the mid-point of the policy range.

Consistent with our focus on maintaining funding capacity, Ingenia increased the Group's debt capacity to \$300 million and introduced a new lender.

Targeting Further Growth in Settlements Over Next 3 Years



Acquisitions

Over the last financial year we continued to grow our exposure to the lifestyle and holidays market – an asset class which is attractive due to its ability to meet the needs of a growing ageing population for affordable, quality housing.

We have continued to access acquisitions in this increasingly competitive sector, investing a further \$175 million, adding 1,500 income generating sites and 550 potential development sites.

These acquisitions increased our exposure to key metropolitan and coastal markets which now account for 90% of investment in this portfolio. Acquisitions included:

- Two rental communities (Durack Gardens and Sheldon Caravan Park) located in close proximity to Brisbane
- Cairns Coconut, an iconic tourist park located in Cairns
- Glenwood Lifestyle Resort and Latitude One – approved greenfield developments on the NSW Coast
- Avina Van Village, a mixed use community in the attractive Sydney North West Growth corridor with vacant land offering potential for a further 247 homes

Portfolio performance

Across the 31-village Ingenia Gardens portfolio, occupancy closed the year at a new record of 92.8%, with rent increases also achieved. These villages provide a high quality recurrent stream of cash earnings, which underpin our balance sheet and cashflows.

The Ingenia lifestyle and holidays portfolio continued to expand with acquisitions in Queensland and NSW extending our presence in key markets. In addition, tourism revenue continued to grow as operating improvements and the benefit of new acquisitions increased the number of nights now available across the portfolio to over 790,000 per annum.

Development

We commenced the Group's first greenfield development, received development approval for 360 new homes and ten communities are now being developed. As acquisitions have become more competitive, development of our existing assets is an important avenue for growth. New home sales of 211 (well above our original target of 150) demonstrated the strong demand across our communities.

We have continued to invest in this business, building broader in-house capability and systems as scale provides an opportunity to generate efficiencies.

Outlook

We continue to seek growth in the Group's lifestyle and holidays business as the market for affordable seniors housing matures and evolves.

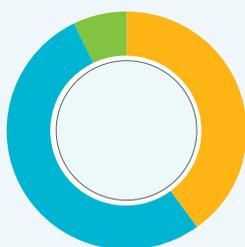
With the sale of non-core assets a key focus and development providing embedded growth, our portfolio will continue to evolve over FY18.

We are forecasting 260-280 new home settlements for the 2018 financial year, and EBIT of \$42-46 million and remain confident of continued growth as we see the benefit of multi-year large scale projects, including our first greenfield developments.

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 our business.

Simon Owen
Chief Executive Officer and Managing Director

Portfolio Location (by value)*



Coastal	53%
Metropolitan	40%
Regional	7%

* Includes two assets acquired post year end.

Over 90% of the Group's portfolio is now centred in key metro and coastal locations.

The Ingenia Lifestyle portfolio provides exposure to a growing demand from Australia's ageing population for affordable age-appropriate housing. Since entering this market in 2013 Ingenia has grown dramatically and now owns a portfolio of 35 communities.

Reflecting ongoing growth in the portfolio, which is located in predominantly coastal and metropolitan markets, rental revenue increased to \$45 million in FY17 (up from \$33.3 million in FY16). The Portfolio's EBIT contribution of \$28.3 million was up over 70% on the prior year, driven by a growing rental base and increasing development profits.

The core of this portfolio is permanent site revenue generated from residents who generally fund their rental payments via government pension and rental assistance. Residents own their home, but pay a land lease rent to locate it on Ingenia's land. This stable cashflow is now generated from over 2,500 homes.



Key data	30 June 2017 ¹	30 June 2016
Total properties	33	26
Total permanent sites	2,323	1,620
Total annual sites	909	640
Total tourism sites	2,139	1,449
Potential development sites ²	2,473	1,484
EBIT (FY17)	\$28.3m	\$16.5m
Portfolio value	\$514.9m	\$299.7m

1 Excludes Glenwood Lifestyle Resort and Sheldon Caravan Park (acquired post year end).

2 Includes new and recycled permanent and tourism sites.

In addition to strong rental cashflows from permanent homes this portfolio provides exposure to complementary tourism and development returns.

The growth focus for this portfolio continues, with development accelerating to capitalise on increased demand, in line with the Group's strategy.

Development

Ingenia's rapidly growing development business provides the opportunity to create new rental contracts, recycle capital and develop new purpose built communities.

Ingenia's development pipeline provides significant embedded growth and will be a key driver of future returns.

A record 211 new home settlements in the 2017 financial year increased gross new home development profit to \$19.7 million (up over 100%).

The development pipeline, which now represents over 2,470 potential development sites, is located primarily in metropolitan and coastal markets, where sales velocity and price is expected to be strong.

Significant progress has been made on major expansion and greenfield projects, with Stoney Creek in Western Sydney almost complete and The Grange (56 home expansion) and Latitude One (229 home greenfield project) now underway. Approval was received for new homes at Ingenia Holidays Lake Conjola and Development Applications are being progressed at Avina (Western Sydney) and Upper Coomera (QLD) to secure future projects.

Continued investment in the sales and development platform combined with increased scale is generating efficiencies and provides a strong base for the planned launch of eight new and expansion projects in the next 14 months.

The quality and scale of the developments in place and to be launched, along with growing market awareness is anticipated to underpin strong growth from development in future years, supporting a target of 260-280 settlements in FY18 and 350+ in FY19.

Key data	FY17	FY16
New home settlements	211	107
Gross new home development profit	\$19.7m	\$9.4m
Average new home price (\$'000)	\$281	\$274
Deposited/contracted (at 30 June)	135	85

New Home Settlements



* Excludes inventory on acquisition, refurbishments and prior year costs.



Ingenia Garden Villages

Key data	30 June 2017	30 June 2016
Total properties	31	31
Total units	1,628	1,628
Occupancy	92.8%	90.7%
EBIT (FY17)	\$11.6m	\$11.0m
Portfolio value	\$141.3m	\$134.6m

The Ingenia Garden's portfolio consists of 31 rental communities. It provides stable recurring cashflows underpinned by Government payments (pension and rent assistance).

The Ingenia Gardens portfolio closed the year with record occupancy of 92.8% and also increased rent with the average weekly rent across the portfolio of \$330 up from \$321 at June 2016. These results, combined with margin improvement, contributed to an increase in revenue from the portfolio. Total revenue of \$28.4 million was up \$0.9 million on the prior year and EBIT also grew – by \$0.6 million to \$11.6 million.



Ingenia Gardens Swan View, WA

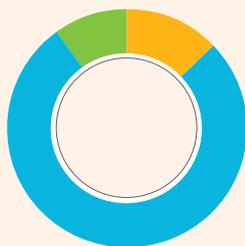
'Ingenia Care', a free service that acts as a 'care concierge', to assist residents find a pathway through the maze of accessing care, has continued to grow with over 500 residents accessing this service. A new extended care program, Ingenia CarePLUS, is being trialled in two communities. These services assist residents to age in place, extend resident tenure (which has risen to an average of 3.2 years) and increase resident satisfaction and well being.

Combined with an ongoing focus on community engagement, operational efficiencies and the growing benefit of an expanding care program, the portfolio is positioned well to continue to improve occupancy and grow earnings in the 2018 financial year.



Ingenia Holidays

Portfolio Location
(by site numbers)*



Coastal	77%
Metropolitan	13%
Regional	10%

Ingenia Holidays provides a complementary strong cashflow business with significant cross selling potential and preserves longer term land redevelopment optionality.

Ingenia Holidays assets provide tourism accommodation including villas, cabins, caravan and camping sites which target the affordable tourism market and are attractive to 'grey nomads' and families alike.

Ingenia's assets include a number of iconic coastal communities. The \$50 million acquisition of one of Australia's most awarded tourist parks (Cairns Coconut) in March 2017 further extended Ingenia's footprint and brand.

These assets have the potential to provide significant growth. Benefits include:

- Diversifying and increasing cashflows (underpinned by strong repeat visitation)
- Providing potential residents with their first exposure to an Ingenia community
- Access to Australia's growing grey nomad caravanning market
- Preserving optionality for development or alternate use



Ingenia Holidays Ocean Lake

Key data	30 June 2017	30 June 2016
Total properties	22	17
Self-contained units	763	495
Caravan and camping sites	1,367	954
Annual sites	909	640

- Significant cross selling opportunities (resident discounts and to marketing permanent homes to visitors)

Over the 2017 financial year revenue grew by 4% (on a like for like basis). Ingenia's database grew to 150,000 members and service and product improvements were

implemented, including the addition of a new 'annual' home product at Conjola and the rollout of free wifi.

Ingenia now has over 790,000 'room nights' available per annum and increasing returns are anticipated as Ingenia's brand recognition continues to expand.