ASX / MEDIA RELEASE

17 November 2022

Annual General Meeting of Ingenia Communities Group

Enclosed are the speeches in relation to today's Annual General Meeting (AGM) of Ingenia Communities Group by:

- Mr Jim Hazel, Chairman of today's meeting; and
- Mr Simon Owen, CEO and Managing Director.

Authorised for lodgement by the Company Secretary.

ENDS

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About Ingenia Communities Group
Ingenia Communities Group (ASX: INA) is a leading operator, owner and developer of communities offering quality affordable rental and holiday accommodation focussed on the growing seniors market in Australia. The Group has over 100 communities across Australia and is included in the S&P/ASX 200.

Ingenia Communities Holdings Limited (ACN 154 444 925), Ingenia Communities Fund (ASRN 107 459 576) and Ingenia Communities Management Trust (ARSN 122 928 410). The Responsible Entity for each scheme is Ingenia Communities RE Limited (ACN 154 464 990) (AFSL415862).

Ingenia Communities 2022 Annual General Meeting

Chairman's Address

Good morning everyone,

On behalf of the Board and management, I welcome you to Ingenia Communities Group's first hybrid Annual General Meeting. It is good to be able to meet with many of you in person this year, and to facilitate broader participation via our online option.

Before I introduce the resolutions before the meeting and speak about the Group's recent performance, I would like to briefly acknowledge the milestone reached by the business in June, as Ingenia celebrated 10 years. It has been very satisfying to see the change that has been affected over this time, and to watch the business grow from a small business with a mix of student living, retirement villages and seniors rental communities here and offshore to the vibrant Australian based business it is today. Over the last 10 years Ingenia has been a key driver of the land lease living sector and has expanded into development of high quality communities in this space as well as the ownership and operation of quality holiday parks. Our seniors rental communities remain part of the Group today and we retain our focus on creating community, with our residents and guests always at the forefront. I am very proud of what has been created and the passion and drive of our people who have been key to the Group's success.

Over the course of FY22 and through the first months of this financial year, we have navigated a changing environment. Government restrictions due to COVID-19, rising interest rates and inflation, extreme weather events and labour shortages impacted our FY22 result and continue to pose challenges.

Turning now to our FY22 result.

We were pleased to deliver on our forecast in a year of heightened acquisition activity, as the business remained focused on a clear strategy, supported by a purpose-driven culture. Our holiday parks rebounded into the second half following the loss of trade due to COVID related restrictions earlier in the year. Residential communities continued to deliver stable, uninterrupted cash flows, and benefitted from acquisitions and the completion of new homes.

Revenue was up 14% to $338 million.

Earnings Before Interest and Tax (EBIT) was up 8% and underlying earnings per security (EPS) down 1% on FY21, reflecting the impact of the $475 million equity raising in November 2021.

The distribution per security, of 11 cents, was up 5% on the prior year. We remain cognisant of the importance of distributions to many of our security holders and will continue to balance distributions with capital needs.

We retained our focus on sustainable business growth over the year and I was very pleased to see a number of milestones achieved.

Our commitment to 'creating community' and providing high quality community-based living remains core to our purpose. The past year has again demonstrated the attractiveness of our communities to seniors, providing an engaged and affordable lifestyle. We continue to offer homes across diverse price points, broadening the availability of our lifestyle communities to residents seeking home ownership and community living.

We were proud to once again be recognised for women in executive leadership team roles in the 2022 Chief Executive Women Senior Executive Census, ranking first in the property sector for gender diversity. We introduced a leading parental leave policy and extended our Diversity and Inclusion Policy in FY22, enhancing initiatives to support gender diversity across the Group.

Our commitment to achieving a carbon neutral operation (Scope 1 and 2) in 2035 maintained our focus on progressing opportunities for energy efficiency and the use of renewable energy across the portfolio.

Innovation in development remains key as we seek to reduce our environmental footprint and we were pleased to announce Ingenia would be the first to adopt the Green Star Homes standard across an entire community.

In the tourism space we are working with Prefabulous and the University of Wollongong to create a Net Zero transportable cabin prototype.

These initiatives are just some examples of our innovation and leadership.

Over FY22 we continued to build a leading presence in the lifestyle sector, growing our portfolio with the integration of two portfolios (Seachange and Federation villages). We have a well-established position in a market that is experiencing strong competitor interest and growing investor and consumer focus and retain a significant development pipeline which will secure future growth.

We now have a portfolio of 23 lifestyle communities and are one of the largest operators of tourism parks – with 40 parks along Australia's East Coast. Our rental communities are continuing to experience strong demand and we are successfully creating quality, sustainable new communities which will extend our lifestyle business.

We are also focused on ensuring that we constantly seek to maximise portfolio quality and returns. To this end, we recently announced the sale of three small regional assets. We expect some additional divestments this year, with limited acquisitions as we seek to capitalize on embedded growth across our existing portfolio.

On 10 November we updated our guidance for FY23, noting that we now expect the FY23 result to be at the lower end of the guidance range. We have a diverse business which is responding to the current environment in different ways. Our guidance takes into account the strong demand for rental accommodation and our tourism offer as well as the material impact recent weather events and ongoing labour challenges are having on home completions, and is subject to no changes in market or operating conditions.

Into FY23, demand for our homes continues to outpace our construction capacity and our target markets remain attracted to low-risk domestic travel. The expansion of our portfolio ensures we are well placed to cater to these needs.

Your management team, led by Simon Owen, is continuing to execute on our strategy, while navigating the challenges of the current operating environment. Simon will speak more about our performance and outlook shortly.

Turning now to the resolutions for today's meeting.

Resolutions 3.1 and 3.2 relate to the election of directors.

In December 2021 John McLaren was appointed to the Board. John replaced Gary Shiffman as Sun Communities' nominee director.

Robert Morrison will also be seeking re-election today.

Both Rob and John are seeking election with the unanimous support of the Board and you will have the opportunity to hear from them later in the meeting.

Items 2 and 4 relate to remuneration.

The Board recognises the importance of aligning remuneration outcomes to business performance and long-term value creation for security holders and consider the remuneration outcomes outlined in this year's Remuneration Report appropriately represent both business performance and stakeholder expectations.

Items 5 and 6 relate to Directors arrangements. Item 5 relates to changes to the Deed under which the Group's directors are appointed and Item 6 requests approval for an increase in the fee pool available for directors' remuneration. The fee pool has been in place for the last 10 years and the increase will provide potential for an additional director as the business grows as well as a modest increase in fees.

In closing I would like to assure all security holders of our commitment to navigating the challenges of the present while maintaining a focus on future returns.

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

I would also like to acknowledge the contribution of our employees for their commitment and hard work. Ingenia has a 'can do' culture aligned to creating value for our owners.

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

CEO Address

Good morning everyone and thank you for your attendance today – whether in person or online.

Today I would like to briefly present the FY22 result, provide an update on current trading conditions and the market we are operating in and touch on Group strategy.

The year to 30 June 2022 was one of both transformational growth and incredible challenge for Ingenia.

Over the course of the year, we settled on 30 acquisitions worth collectively ~$650 million. This increased the size of Ingenia – in the middle of a pandemic – by over 60%.

Yet during this same period our holiday parks in New South Wales and Victoria were effectively closed to short-term guests for the first four months of the year. Many of our development sites, particularly in South-East Queensland, were impacted by constant heavy rain, forcing multiple site closures and construction delays. Rising construction costs and the impact of supply chain and trade availability impacted our development business, with the timeframe for new home construction up from four months previously to between six and eight months, depending upon the location. The economy is also grappling with rising interest rates and inflation.

Many of these challenges have continued into FY23.

But there remain many positives. Our business model is firmly focussed on the lower and mid quartile residential markets in outer ring metro and accessible sea and tree change locations where there is genuine resilience in home prices and underlying demand. Ingenia Gardens – our affordable seniors rental business – is presently travelling at a near record 95% occupancy rate and rent collection within our lifestyle business has continued unchanged right through COVID.

Across the last year we have actively increased our exposure to our preferred markets, and we are seeing ongoing strong levels of demand and price growth.

Today Ingenia owns or manages 110 communities worth over $2.1 billion. More than 10,850 residents call an Ingenia community home and this increases every week.

At 30 June lifestyle communities represented over 55% of Group assets and the development pipeline comprised more than 6,580 potential new home sites.

Turning briefly to the FY22 financial result. It was a year in which we reshaped the portfolio, significantly expanding our market share and operational footprint, and increasing assets under ownership or management by over 60%.

Revenue grew by 14% to $338.1 million and statutory profit increased by 38% to $100.6 million. Underlying earnings per security was down slightly, at 23.3 cents per security, reflecting the impact on earnings as the $475 million capital raised was deployed and the loss of earnings from tourism and development.

This result was underpinned by the stability of cash flows from our residential communities, growth in our asset base and new home sales, and strong demand for domestic travel as restrictions eased into the second half of the year and the performance of our Holiday Parks rebounded strongly.

Pleasingly, the Group's non-development revenue grew 35% on prior year, through acquisition, inflation-linked rental increases, and strong growth in occupancy and rate in the tourism business once COVID restrictions eased.

Despite challenges with construction we delivered a record number of new home settlements, with 409 homes completed and sold. We ended the year with no inventory.

The Group's balance sheet and capital position closed the year well positioned for current economic conditions with gearing of 20.6% and an LVR of 25.7% at 30 June, compared to a covenant of 55%.

Over the course of the financial year to 30 June 2022, rental sites across our residential communities segment, comprising 59 Lifestyle, Gardens and Rental communities, increased by 41%. Across these communities we own land and collect cash rent – much of it underwritten by Commonwealth Pension and Rent Assistance payments.

Australia faces an acute and worsening housing affordability crisis, and our business model is uniquely positioned to deliver vibrant, inclusive, affordable and safe community living.

Demand in our rental communities is also high. Across our seniors rental communities (Ingenia Gardens) occupancy remains at 95%.

The demand for quality, affordable rental accommodation has resulted in high occupancy across our all-age rental communities as new homes have been added and rapidly leased up. As Government funded housing has declined private landlords have had a growing role to play. Key markets such as Brisbane are experiencing record low levels of vacancy, strong rate growth and limited new supply. We now have nine rental communities and are actively adding new quality rental homes, including in some of our regional holiday communities, to meet demand.

Occupancy currently sits at 99% across this business.

Ingenia is a clear market leader of lifestyle communities across Australia. The size of this market is continuing to grow, as is our market share, and we are seeing increasing consumer acceptance as residents remain attracted to the financial model and engaged, vibrant community living. The portfolio is benefitting from new acquisitions and rent increases linked to inflation. A record total of 409 new homes were settled in FY22 and will contribute rents this year.

In recent weeks we acquired a new development site in Sunbury, Melbourne which has subsequently received DA approval as well as a large site in Gordonvale, Cairns which will be our first lifestyle community in Tropical North Queensland.

Over the past five years we have heavily skewed our development pipeline to South-East Queensland, driven by net migration into this market from NSW and Victoria. This has been supplemented by a few iconic coastal and regional development sites in NSW and Victoria. Development is a key driver of our lifestyle business and we have expanded the pipeline by more than 50% over FY22, aligning our growth to markets experiencing strong net interstate migration.

Our development projects provide a range of price points, remaining affordable to a broad base of incoming residents.

While our development business experienced significantly stronger demand, and FY22 settlements grew on prior year, supply chain, labour, and inclement weather, particularly in Victoria and South-East Queensland, restricted our ability to construct new homes.

On the two photos on the left here, taken in recent days, you can readily see the impact of wet weather on our Beveridge and Lara communities in Victoria.

We have seen supply chain issues improve this year, particularly with respect to materials, however shortages and delays with qualified trades and civil contractors remain constraints on supply. Delays have been exacerbated by extreme wet weather, particularly in Victoria, which has crimped our ability to undertake civil and infrastructure works and build new homes. Consequently we are now forecasting 460-485 settlements in FY23, down from 525-550 previously.

The lead time for home completion has reduced settlements capacity in the first half, with 75 homes settled year to date. Following a pause to allow home completions to 'catch up', recent sales releases have demonstrated strong demand. The Group presently has 377 deposits and contracts on hand with a further 130 expressions of interest in place. This provides us with great visibility on demand for the balance of the current financial year.

If you read the metro broadsheets, then you would think the property market is collapsing. Ingenia has no developments in metro Sydney or Melbourne. We are in fast growing markets such as Geelong, Ballarat, Port Stephens, Toowoomba, Gold Coast and Sunshine Coast where prices are holding, demand remains robust and there is limited stock available.

A great example is Hervey Bay on the Queensland Fraser Coast where Ingenia is developing one of the largest lifestyle communities in Queensland. Over the past three years prices have increased by 55% to $548,000 and the average time on market for a resale home today is only 17 days. This compares to the longer term average of 45 days. Ingenia entered the Hervey Bay market over four years ago when we acquired a closed golf course for $1.8 million.

After a slow start to the previous year with lockdowns heavily impacting our Victorian and New South Wales parks for four months, the holiday result was up 23% on the prior year, driven by acquisitions, rate growth, and increased occupancy.

Over the course of the year we added 11 holiday parks to the portfolio, including the Caravan Parks of Australia portfolio and BIG4 Beacon and are now have 40 holiday parks, extending from the Great Barrier Reef to the Great Ocean Road.

Strong trading in the non-peak winter period and current forward bookings support high occupancy and outperformance in FY23.

We have a range of initiatives and strategies in place to support the Group's balance sheet and our ongoing capital requirements – particularly to fund our growing development pipeline.

Ongoing review to refine our portfolio, prioritising quality, scale and returns will drive further divestments over FY23, with the sale of three small assets already announced. We expect only a modest number of acquisitions in FY23, aligned to the Group's strategy. Parcels of land at Gordonvale and Sunbury are consistent with this focus.

Our development Joint Venture with Sun Communities is gaining momentum, with three projects now commenced, and provides an attractive capital model for development, with Ingenia only funding one half of costs. We are also presently in active discussions exploring several additional capital partnerships to leverage our platform capabilities.

Following the announcement of recent transactions, June 30 2022 pro forma LVR is 26.6%.

We are proud of the progress we are making in relation to our ESG – Environment, Social and Governance – program. We are upskilling our teams and embedding this focus in our development business, while continuing to improve our systems and operational processes. Milestones for FY22 included the commencement of a pilot with the University of Wollongong to construct more sustainable tourist cabins, further investment in solar and LED lighting, introduction of a leading parental leave policy and evolution of our Diversity and Inclusion and Giving Policies. Integrating a large number of acquisitions and building our data capture and disclosures remain key activities.

Our ongoing recognition as a leader in gender diversity (3rd in ASX300 in the CEW Senior Executive Census 2022); our commitment to the first Green Star Homes community in Australia; and our installation of the first 'eco-friendly' cabins (ModnPods) at Ingenia Holidays Byron Bay are indicative of our commitment to leadership and innovation.

Notwithstanding the challenges we are experiencing in home construction, Ingenia is well positioned for the future. The key demographic drivers that underpin Ingenia's business model remain firmly in place - an ageing population, a housing affordability crisis, especially with rental accommodation, the population drift to the regions, and demand for domestic travel.

Our holiday parks and residential communities are experiencing strong demand, and we have increased our scale and exposure to these segments.

We have developments located in regions benefiting from migratory trends, with diverse locations and price points. Across our new communities home completion remains a constraint on meeting the demand we have for new homes, but that demand is firm and margins are expanding. While we have reduced our settlements expectations this year, we retain our medium term target of 2,000 to 2,200 new home settlements through to the end of FY25 as we anticipate an easing of the current labour constraints sometime in 2023.

As a result of these challenges we announced on 10 November that we currently expect the FY23 result to be at the lower end of the guidance range (EBIT growth of 30-35% and underlying EPS growth of 5-10%).[1]

On behalf of the Ingenia team I would like to thank all security holders for your support of the business as we seek to acquire, develop and operate Australia's leading lifestyle, rental and holiday communities.

I would also like to especially thank the Ingenia team for their continuing commitment to performance and outstanding customer and resident experience.

Finally, I would like to thank our Directors Jim, Amanda, Rob, Pippa, Greg, Sally, Gary and John for their support and guidance throughout the past year.

Ladies and Gentlemen, thank you for your time today and your continuing interest and support.

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[1] Guidance is subject to no material changes in market conditions and no further unforeseen circumstances adversely affecting financial performance. EBIT and underlying EPS are non-IFRS measures which exclude non-operating items such as unrealised fair gains/(losses) and gains/(losses) on asset sales.