

ASX / Media Release

15 November 2016

Ingenia Communities 2016 Annual General Meeting

Chairman's Address

Ladies and Gentlemen,

It is a pleasure to be here today and to provide you all with an overview of what has been a very busy period for the Group. I will briefly share with you some of the key achievements of the 2016 financial year, provide an update on recent activities and importantly talk a little about our aspirations for the future.

It has been a pivotal period for the business as we have continued to build on the progress made in 2015 to deliver our strategy and refocus the portfolio on cash yielding assets dominated by affordable housing for Australian seniors.

Since June 2015 we have continued to evolve the business focus and composition:

- Continuing to grow our rent generating asset base;
- Deploying additional funds to build a market leading portfolio of lifestyle and holiday communities; and
- Significantly increasing the contribution from sales and development, driven by investment in our internal capability in this rapidly growing part of our business.

Importantly, we have demonstrated the benefit to investors of these changes as we continued to increase returns.

Over the 2016 financial year we were pleased to deliver strong financial and operating results which were principally driven by the expansion of our lifestyle and holidays business. Underlying profit from continuing operations of \$20.2 million was up 20% on the prior year. The distribution per security was increased by 15%, to 9.3 cents per security. This represents the third consecutive year where distributions have grown by 15% or more.

In addition, Ingenia's overall return has continued to be strong and the Group outperformed the All Ordinaries Accumulation Index over the past 1, 3 and 5 year periods.

With the security price currently at \$2.66, Ingenia continues to trade above the Group's Net Asset Value per security of \$2.45 cents at 30 June 2016.

Ingenia today

At the heart of Ingenia's strategy is the provision of affordable housing for Australian seniors. The growth in Australia's ageing population, combined with a lack of funding for many retirees today and into the future, underpin this strategy.

Ingenia's strategy is to focus on assets that can deliver stable rents principally through our lifestyle and rental communities. Operationally these assets are performing well with our rental portfolio achieving almost 91% occupancy and our lifestyle business generating strong growth in returns.

We acquired additional lifestyle and holiday communities over the year and the \$60 million placement undertaken in June provided capacity for further acquisitions. The Security Purchase Plan announced in conjunction with this placement was well supported by our existing securityholders, with \$8.5 million raised to fund further growth.

Since the close of the 2016 financial year these funds have allowed us to settle three acquisitions and further invest in profitable development. As a result our lifestyle and holidays portfolio has grown to 29 communities, with 4,260 income generating sites and embedded growth through a potential pipeline of over 2,280 home sites.

Simon will elaborate on these acquisitions and share with you the progress we have made in increasing the financial contributions from our development activities.

Prudent capital management is always top of mind for the Board. Over the last year, in addition to raising equity we also increased our debt capacity. In addition to raising equity we also increased our debt capacity, with an increase in our funding facility of \$24 million, increasing our facility to \$224 million.

The future

Over the past few years we have worked hard to exit non-core businesses and markets while growing our presence and capability in our preferred sectors.

The Board recognises the importance of balancing shorter term earnings growth with the need to build longer term securityholder value through strategic acquisitions and expanding our development pipeline. We recognise that some development opportunities may take some time to deliver earnings to our investors, given the capital required in the early stages of development and the time needed to attain development approvals and complete civil works before home sales can begin.

The finalisation of the sale of the majority of the non-core deferred management fee portfolio in October largely completes our exit from non-core assets. Importantly, this divestment provides a further \$41 million of capital to expand the lifestyle and holidays business.

This capital will be deployed in a blend of greenfield developments and earnings accretive yield focused investments which will create value for securityholders over the medium term as we execute our business strategy.

While moderating current financial year earnings growth, the redeployment of these funds will allow us to generate stronger growth in future years.

It is also important to note that the value of our assets is increasing as more capital enters the sector, increasing demand.

We now have a well-established presence in both our key sectors and a supportive environment with the demographics of an ageing population driving underlying demand. Ingenia is the largest owner/operator of seniors' rental villages in Australia and we are growing our lifestyle and holidays business in line with our growth strategy.

Our existing 60 asset portfolio provides a solid base for continued growth in returns as we continue to increase our rental base through targeted acquisitions and growing sales.

Despite additional market interest and increasing competition we are continuing to identify acquisitions in the lifestyle and holidays sector and have today announced further growth in this portfolio.

I assure you that the Board remains conscious of the need to grow returns to securityholders. We will continue to balance the distribution of earnings with reinvestment for growth as we capitalise on strong market fundamentals and the platform we now have in place.

Ladies and Gentlemen, I am pleased with what was achieved in the last financial year and with the position the Group has established for the future.

I would like to thank my fellow directors for their dedication and in particular to acknowledge Norah Barlow who is stepping down as a Non-Executive Director today. Norah has made a very significant contribution since joining the Board in March 2014. On behalf of all securityholders and my fellow directors I would like to thank Norah for her commitment and insight over this period and to wish her all the best.

Strong underlying customer demand, a large development pipeline and committed management team position Ingenia well to deliver on strategy and drive future growth. My fellow directors, the management team and I look forward to continuing to grow returns as we capitalise on our position.

I will now hand over to Simon for his CEO update.

ENDS