

ASX / Media Release

19 November 2013

Ingenia Communities 2013 Annual General Meeting

Chairman Speech

Ladies and Gentlemen,

It has been a truly exciting year for the Group as we:

- Exited the last of our non-core US assets;
- Acquired an additional five rental villages in existing market clusters;
- Entered the manufactured home estate market; and
- Undertook two significantly oversubscribed capital raisings to fund immediately accretive growth.

Most importantly we have laid the foundations for future sustainable growth through establishing clear first mover advantage in the manufactured home estate market and assembling a significant development pipeline attached to existing communities which will drive future earnings and cashflow growth.

Pleasingly the investor market has bought into the turnaround and growth strategy of Ingenia which has resulted in the INA security price rise by some 87% in the past year. This achievement was acknowledged when Ingenia was awarded the best Australian Real Estate Investment Trust (A-REIT) in the BDO A-REIT Survey in 2012 for achieving a total one-year investor return of 74%.

In September this year, the Group was included in the ASX 300 Index which is a significant milestone that has opened the Group to new investors with Index investment criteria. As you can see from this slide, the INA security price has significantly outperformed both the market and its index peers in financial year 2013. With today's security price of 49.5 cents, we have not only bridged the gap to Net Asset Value but now trade at a premium.

Whilst the above results are pleasing, securityholders can be assured that your Board and management see this as only the beginning of the journey and not an end to itself. We firmly believe that our industry segment, business strategy and internal capabilities have the ability to deliver long term superior securityholder returns through both distributions and security price growth.

Market conditions remain challenging. There are many global credit-induced head winds to navigate and consumer sentiment in Australia remains skittish. Pleasingly the past 12 months has seen significant improvement in residential property markets in our key markets of New South Wales and Western Australia and increasingly positive signs in South East Queensland. This improvement in residential property markets is supportive for the growth aspirations of the Group.

The past 12 months has seen the Group continue to evolve and reshape our strategy, take advantage of distressed opportunities in the market and acquire retirement communities off market at prices well below replacement cost or long term fair market value.

Ingenia's strategy moving forward is to focus on the yield driven affordable end of the seniors living market principally through manufactured home estates and our rental villages. This will see us gradually reduce our exposure in the DMF model. I am a great believer in the DMF model however it is becoming increasingly difficult to deliver a new home and make an acceptable development return at a price point of \$300,000 or below which is Ingenia's target market.

In February the Group entered the manufactured home estate market after spending two years assessing and researching the space. It is a market that Simon is very well versed in and in only 10 months, Ingenia has already established a market leading position in NSW and with a significant pipeline of accretive opportunities to follow.

The manufactured home estates offer a compelling mix of attractive low-risk, capital-light development returns as well as CPI indexed cash rents.

Simon is going to share with you shortly some of our industry research and acquisition methodology which I am sure you will find not only very interesting but demonstrative of the significant analysis that underpins our capital allocation policy.

Today I would like to announce that the Group has executed contracts to acquire an additional two manufactured communities as well as entered into an option to acquire another two communities subject to finalising our due diligence enquiries. All four communities are located within the Hunter/Newcastle market cluster and will be funded from the recent Rights Issue. These assets, upon acquisition, will increase Ingenia's MHE portfolio to 11 and with further acquisitions expected in the coming four months, we will look to have the market leading position in New South Wales, with Queensland and / or Western Australia to follow. Simon will elaborate on these acquisitions and our MHE strategy in more detail later.

By successfully executing these strategies, we are confident in strengthening Ingenia's operating performance and improving securityholder returns with strong sustainable distributions, underpinning security price and wider investor support.

Prudent capital management is always top of mind for the Board and management and during the year the Group strengthened its balance sheet and renegotiated its core debt with a larger facility on improved commercial terms.

The Group's capital position was considerably strengthened during the year when it undertook two significantly oversubscribed capital raisings to assist funding \$130 million of planned acquisitions in the MHE market. The larger of the raisings was a 1-for-3 Non-Renounceable, fully underwritten Rights Issue in September which offered our long standing retail investors the opportunity to participate in the growth of Ingenia on the same terms as our institutional investors. Participation in the Rights Issue was high with 91% securityholder take-up (by overall value) and a significant number of applicants applied for additional new securities. As a consequence of the oversubscription, there was a small scale-back however participating investors received their entitled pro-rata allocations and the additional new securities were principally allocated to retail holders.

Subsequent to the raising, we have received feedback from a small number of investors who unfortunately could not participate due to the tight transaction timetable or non-renounceable structure of the Issue. The objective to have substantial investor participation was matched with the objective to raise capital in a cost effective manner having regard to the discount offered. In setting the Rights Issue timetable and in making a Non-Renounceable offer, the Group in conjunction with its advisers and underwriters took into account a number of factors. These included the potential impact a longer timetable and a renounceable offer

could have on the issue price discount, market trading risks and a potential increase in the cost of new capital. That said we will certainly take on the feedback and consider the merits of a longer timetable and a renounceable offer if future capital is raised.

In our continued assessment of various capital management strategies, the Board would like to reaffirm its target of increasing distributions in real terms in the coming years. While we are not working towards a prescribed payout ratio, I can assure you that maximizing investor returns is an ongoing focus for the Group as we look to balance the distribution of earnings with accretive reinvestment opportunities for growth.

Ladies and Gentlemen, I am excited to be your Chairman and to have led Ingenia through a successful year of transition and as we look to establish a market leading position in the MHE market. Like many of our residents, Ingenia has plenty of energy and growth still in it and together with management, I believe the journey has only just begun.

I would like to thank my fellow directors Amanda Heyworth, Rob Morrison and Phil Clark and Company Secretary Leanne Ralph for their tireless dedication, commitment and vigour over the past year. I would also like to assure you that your Board has a great deal of confidence in the highly skilled and motivated team that Simon has put together.

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

For further information please contact:

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About Ingenia Communities Group

Ingenia Communities Group (ASX Code: INA) is a stapled property group comprising 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 Group is a leading operator, owner and developer of a diversified portfolio of seniors housing communities. It has 49 assets in Australia, comprising over 4,200 units.

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