



Investor Update

2016



FINANCIAL SUMMARY

Statutory Profit

\$24.3m

Operating
Cashflow

\$21.0m

Underlying Profit

\$20.2m

Net Asset Value
per Security

\$2.45

Underlying Profit EPS

13.4c

Distribution
per Security

9.3c

PERFORMANCE HIGHLIGHTS

Underlying profit
up 20%, to \$20.2m

Distribution up 15%,
to 9.3 cents per
security

Operating cashflows
strong at \$21.0m -
up 133%

Garden Villages
portfolio occupancy
at 90.7%

Over 2,100
development sites
secured (83% in
metro and coastal
locations)

Sales momentum
building with
107 new home
settlements
(up over 100%)



Chairman's Letter

JIM HAZEL



The achievements of financial year 2016 form a strong base for the coming year as we seek to deliver long-term stable securityholder returns.

Dear Securityholders

I am pleased to report on a further year of progress in delivering Ingenia's strategy as Ingenia rapidly expanded in the fast growing lifestyle communities segment of the Australian seniors living market and delivered growth in investor returns.

The growth in returns achieved in the 2016 financial year demonstrated the results from our strategy to increase our investment in the lifestyle and holidays portfolio and to grow development returns from this business. Having entered this market with an initial investment in 2013, we have now established a portfolio of 27 communities with further growth secured, including Ingenia's first Greenfield development sites.

Over the last financial year, underlying profit increased and our revenue, of \$107.1 million, demonstrated 41% growth on the prior year.

The full year distribution for the 2016 financial year, of 9.3 cents per security, represented an increase of 15%, building on similar growth in 2014 and 2015. We remain committed to distribution growth while maximising value through prudent reinvestment to deliver ongoing growth in returns.

Much of this growth was due to a significant increase in the contribution from new home sales in our lifestyle communities and increased revenue from rents as we optimised performance and saw the benefit of acquisitions in key metropolitan and coastal markets. Our enhanced scale and established platform in this market segment positions the Group well for further growth in sales, rental returns and distributions.

The security price closed the year at \$2.87, above the \$2.67 security price at the beginning of the 2016 financial year.



Ingenia South West Rocks

While underperforming the S&P/ASX Property 300 Accumulation Index over the 1 and 3 years to June 2016, Ingenia's returns over the past 1, 3 and 5 years have been strong, with the Group significantly outperforming the ASX All Ordinaries Accumulation Index over each period. We remain focussed on continuing to deliver results from the business, supporting further price growth as our earnings grow and our business model benefits from further scale.

We raised \$60 million through a capital raising in June in order to acquire four additional lifestyle and holiday communities. The Security Purchase Plan announced in June raised a further \$8.5 million and allowed existing securityholders to participate in Ingenia's growth.

With an increase in funding capacity secured, progress on the divestment of the non-core Deferred Management Fee (Settlers) portfolio and an active Distribution Reinvestment Plan, we will continue to pursue opportunities which meet our return requirements.

Driving performance and organic growth within our Garden Villages rental portfolio and continuing to expand in the lifestyle and holidays business through acquisitions and development remain the focus of the Group's strategy.

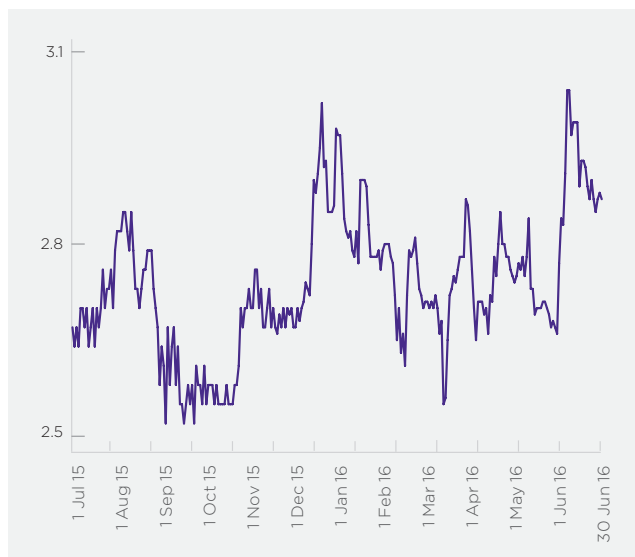
The achievements of financial year 2016 form a strong base for the coming year as we seek to deliver long-term stable securityholder returns.

I would like to thank Ingenia's dedicated directors and management team for their hard work over the past 12 months and their 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 15 November 2016.

Jim Hazel
Chairman

INA Security Price (\$)



CEO Update

SIMON OWEN



Over the year Ingenia's business has continued to evolve, enhancing the Group's exposure to lifestyle and holiday communities and extending the pipeline for future growth.

Over the 2016 financial year we made significant progress on the Group's key objectives – further expanding our Australian lifestyle business, continuing to drive performance from the existing asset base and securing longer term growth through the expansion of the Group's development pipeline.

We also launched several new developments, exceeded our sales target and saw the benefits of our strategy with substantial increases in revenue and cashflows supporting growth in distributions.

Financial Performance

While Statutory Profit of \$24.3 million was down 6% on the 2015 result, due to a reduced tax benefit in line with growing profits, Underlying Profit from continuing operations of \$20.2 million, was up 20% on the prior comparative period.

Operating cashflow for the year of \$21.0 million was up 133% on the prior year driven by rental and tourism earnings growth and an increase in home settlements.

Net Asset Value per security (NAV) increased by 5%, to \$2.45.

Capital management

Over the year, six new lifestyle communities were acquired and a further six acquisitions secured, supported by capital recycling from divested assets, the proceeds of a successful placement and Security Purchase Plan and additional debt.

At 30 June 2016, Ingenia's LVR of 24.9% was below the Group's policy range of 30-35% and well below the Group's covenant of 50%. Following completion of pending acquisitions, Ingenia's LVR is expected to be at the lower end of the Group's policy range.

Consistent with our focus on maintaining funding capacity, Ingenia increased its debt capacity to \$224 million with an increase of \$24 million in its debt facility. Ingenia's current all in cost of debt is now 4.0%.

Acquisitions

Over the last financial year we have rapidly expanded, securing growth in an emerging asset class with strong long-term industry fundamentals underpinned by a growing demand for quality affordable housing from an ageing population.

We continue to access off market acquisitions in the increasingly competitive lifestyle communities market, investing \$70 million, adding over 900 income generating sites and 300 approved development sites. This acquisition strategy has seen Ingenia's lifestyle and holiday communities become the key earnings driver across the Group.

Recently announced acquisitions are shown in the table below.

Portfolio performance

Across the 31 Ingenia Garden Villages, occupancy closed the year at 90.7%, with rent increases also achieved. The portfolio's return was stable despite the sale of three non-core villages in June 2015.

Across the Settlers Villages, income fell as the development and conversion program, which has delivered significant value since commencement, nears completion.

The Ingenia lifestyle and holidays portfolio continued to expand with acquisitions in Queensland and NSW extending our presence in key markets. This business provides strong recurrent cash earnings, attractive development returns, and above all is affordable for a growing number of seniors.

The portfolio continued to build returns with rental revenue of \$33 million reflecting the benefit of acquisitions and development and strong growth in revenue from tourism (up 10% on a like for like basis).

Development

Significant progress was made in development, with 13 communities now under development, expansion of the future potential pipeline to over 2,000 sites and 107 home settlements. In addition we secured our first Greenfield developments, supplementing our pipeline in key growth corridors where existing communities are not available at appropriate returns.

Outlook

We remain focussed on the growth of the Group's lifestyle and holidays portfolio and continue to refine our strategy as the market for affordable seniors housing matures and evolves.

In addition to acquiring and repositioning tourism and mixed-use parks we secured our first, high quality Greenfield opportunities to extend our pipeline in markets with strong demand.

With additional assets secured in metropolitan and coastal markets and a forecast of more than 150 home settlements in the 2017 financial year, we remain confident of continuing growth from our lifestyle and holidays business.

The potential to release additional capital for investment through the planned divestment of the DMF portfolio will provide future growth capital for this portfolio.

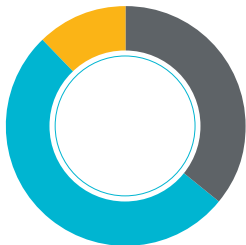
In closing, I would like to thank the Board for their support and our management team and all employees for their continuing commitment and contribution to the business.

The remainder of this Update contains greater detail on Ingenia's business.

Simon Owen
Chief Executive Officer
and Managing Director

| | Purchase price (\$m) | Existing sites | Development sites | Summary |
|--------------------------------------|----------------------|----------------|-------------------|---|
| Avina Van Village, Sydney (NSW) | 33.0 | 180 | 150 | Mixed-use park with substantial land for development (subject to approvals) |
| Happy Wanderer, Fraser Coast (QLD) | 9.5 | 149 | - | Mixed-use park located in popular retiree market |
| Confidential Park, NSW Coast (NSW) | 7.5 | | | Mixed-use park dominated by annuals with approved sites for development (total 200 sites) |
| Greenfield Site, Upper Coomera (QLD) | 7.0 | - | 180 | Site optioned - acquisition subject to approval of proposed development |
| Latitude One, Port Stephens (NSW) | 7.0 | - | 229 | DA approved site for new masterplanned community (conditional contract) |

Portfolio Location (by value)*



| | |
|--------------|-----|
| Coastal | 52% |
| Metropolitan | 36% |
| Regional | 12% |

* Includes Ocean Lake (acquired August 2016).

Ingenia has rapidly expanded this business focussed on rental cashflows complemented by development returns

Ingenia acquired its first lifestyle community in March 2013, and has since grown the portfolio to 27 communities.

The Ingenia Lifestyle portfolio provides exposure to a growing demand from Australia's ageing population for affordable age-appropriate housing.

Reflecting ongoing growth in the portfolio, which is located in predominantly coastal and metropolitan markets, rental revenue increased to \$33.0 million in the 2016 financial year (up from \$19.8 million the prior year). The Portfolio's EBIT contribution of \$16.5 million, was up by close to 100% on 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 by government pension and rental assistance. Residents own their home, but pay a land lease rent to locate it on Ingenia's land.



| Key data | 30 June 2016 ¹ | 30 June 2015 |
|--------------------------------|---------------------------|--------------|
| Total properties | 26 | 20 |
| Total permanent sites | 1,620 | 1,468 |
| Total annual sites | 640 | 306 |
| Total tourism sites | 1,449 | 1,033 |
| Development sites ² | 1,484 | 1,135 |
| Portfolio value | \$299.7m | \$204.2m |

¹ Excludes Ocean Lake (acquired post year end).

² Includes new and recycled permanent and tourism sites. Excludes sites under contract or option.

This stable cashflow is now generated from over 1,600 sites.

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

The ongoing growth of this portfolio through acquisition and development is at the core of Ingenia's strategy.

Development

Development provides the opportunity to improve returns through the sale of new homes, expand cash yields through additional ground lease rents, and improve the amenity of existing communities as new homes are delivered.

Ingenia's development pipeline offers attractive returns while growing permanent rental income.

With a development and sales platform in place to support accelerated growth, new projects were launched and 107 new home settlements were achieved over the 2016 financial year. Gross development profit increased to \$9.4 million (up over 80%).

This represented significant growth on the 52 new home settlements achieved in the prior year.

Recent acquisitions and secured sites, which include a DA approved Greenfield site in Port Stephens (NSW), and contracted or optioned Greenfield sites in greater Sydney and Upper Coomera (QLD) have increased the scale and quality of the pipeline to over 2,100 potential development sites. These sites are located primarily in metropolitan and coastal markets where sales velocity and price is expected to be strong.

The launch of Ingenia's first Queensland and Melbourne projects (Bethania, Chambers Pines and Lara) and ongoing demand at Stoney Creek in Marsden Park (NSW) is expected to support an increase in new home settlements, with over 150 settlements forecast for the 2017 financial year.

| Key data | 30 June 2016 | 30 June 2015 |
|-----------------------------------|--------------|--------------|
| Total active development projects | 13 | 8 |
| Sales projects 'in market' | 10 | 8 |
| Deposited/contracted | 85 | 39 |
| | FY16 | FY15 |
| New home settlements | 107 | 52 |
| Gross new home development profit | \$9.4m | \$5.2m |
| Average new home price (\$'000) | \$274 | \$275 |



| Key data | 30 June 2016 | 30 June 2015 |
|------------------|--------------|--------------|
| Total properties | 31 | 31 |
| Total units | 1,628 | 1,628 |
| Occupancy | 90.7% | 90.7% |
| Portfolio value | \$134.6m | \$125.7m |

Ingenia is the largest owner-operator of seniors' rental accommodation in Australia. Stable recurring cashflows are underpinned by government payments (pension and rent assistance)

The Ingenia Garden Villages portfolio consists of 31 rental communities with over 1,600 units across Australia.

The portfolio closed the year with strong occupancy (90.7%) and also increased rent. The average weekly rent across the portfolio of \$321 was up \$10 (from \$311 at June 2015).

These results, combined with margin improvement, contributed to relatively stable revenue from the portfolio despite the sale of three assets in June 2015. Total revenue of \$27.5 million was down only \$0.7 million on the prior year and EBIT was stable, at \$11.0 million.

'Ingenia Care', a free service that acts as a 'care concierge', to assist residents find a pathway through the maze of accessing care, was launched in October 2013 and has continued to grow its reach. Over 400 residents now access this service.

Ingenia Care extends Ingenia's commitment to resident health and well being, enabling residents to access primary health services, social support, transport and government funded care packages, assisting them to age in place.



Through referrals and regular dialogue the program is increasing the awareness of health professionals to the benefits of Garden Villages for seniors in need of supported accommodation. These professionals are increasingly referring residents to Ingenia's villages.

With Ingenia Care now operating in a number of Ingenia's lifestyle communities,

a new extended care program will be trialled in low occupancy villages.

Further occupancy and rent growth remain a focus in the 2017 financial year. Combined with ongoing community engagement, operational efficiencies and the growing benefit of Ingenia Care, the portfolio is positioned to continue to improve occupancy and grow earnings.



Ingenia Settlers communities provide traditional retirement living for self-funded retirees

Ingenia's focus is on maximising returns while seeking to exit the portfolio at an appropriate value.

| Key data | 30 June 2016 | 30 June 2015 |
|------------------|--------------|--------------|
| Total properties | 8 | 8 |
| Total units | 838 | 838 |
| Occupancy | 97% | 93% |
| Portfolio value | \$62.5m | \$62.9m |

The Ingenia Settlers portfolio consists of eight Deferred Management Fee (DMF) communities with over 830 homes across WA, QLD and NSW.

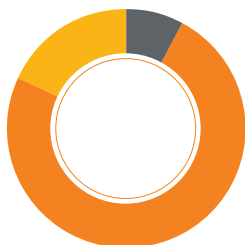
The overall returns from the portfolio reduced in the 2016 financial year as the development program moved closer to completion.

Development income across the portfolio was down 38% on the prior year as stock levels have reduced, and lower priced one bedroom and studio apartments largely remain.

With the conversion program (which has seen the sale of 215 converted units for over \$38 million over the past five and a half years) also nearing completion and no new capital committed to future development, development profits will continue to moderate.

Ingenia is progressing the divestment of these assets in line with the Group's strategy to focus on Ingenia's lifestyle and holiday communities.

Portfolio Location (by site numbers)*



| | |
|--------------|-----|
| Coastal | 74% |
| Metropolitan | 8% |
| Regional | 18% |

* Includes Ocean Lake (acquired August 2016).

Tourism provides complementary strong cashflows with significant cross selling potential and preserves longer term land redevelopment optionality

Ingenia Holidays provide tourism accommodation including tourism 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 and have the potential to provide significant growth and generate compelling returns.

While a number of tourism sites will be converted to permanent home sites through development, tourism accommodation provides a number of benefits, including:

- Diversifying and increasing cashflows
- Providing potential residents with their first exposure to an Ingenia community
- Access to Australia's growing grey nomad caravanning market
- Preserving longer term redevelopment optionality
- Significant cross selling opportunities (through resident discounts and the ability to market permanent homes to visitors).



| Key data | 30 June 2016 | 30 June 2015 |
|----------------------------|--------------|--------------|
| Total properties | 17 | 14 |
| Total self contained units | 495 | 376 |
| Average daily rate | \$130 | \$113 |
| Occupancy | 53% | 47% |
| Caravan and camping sites | 954 | 657 |
| Average daily rate | \$42 | \$33 |
| Occupancy | 45% | 44% |

Over the 2016 financial year revenue grew by 10% (on a like for like basis). In addition to leveraging Ingenia's own database of over 100,000 members, partnerships with online travel agents have been extended, and bookings

through these agents are now on average over \$240,000 in site revenue monthly.

Increasing returns are anticipated as Ingenia's scale and brand recognition continue to expand.



Thinking about a holiday?

Perhaps a weekend winery getaway or a family coastal escape is in order? Remember, as a valued Investor of Ingenia Communities you're entitled to **25% off** at all of our **Ingenia Holidays** parks to make taking a break just a little easier.

Simply mention your **Family & Friends Discount Voucher** when booking over the phone and present the voucher on arrival to receive your investor discount.*

With an ever expanding list of great locations throughout NSW and south east Queensland you're bound to find the perfect spot for your next holiday at www.ingeniaholidays.com.au

*Terms and Conditions Apply. Phone bookings only. Subject to availability, cannot be used in peak periods or in conjunction with any other offer.



**Ingenia
Holidays**

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View our parks online at
www.ingeniaholidays.com.au

Note:

This Update provides a summary of performance for the 2016 financial year. Further details can be found in the Group's Annual Report.