

# ING Real Estate Community Living Group

## 2011 Annual Results Presentation

AUSTRALIA

Simon Owen  
Chief Executive Officer

26 August 2011



# Agenda

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Highlights

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Key financials

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Capital management

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Review of operations

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Strategy and outlook








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Appendices

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# Highlights

## Progress against 2010/11 strategic initiatives

 <b>Execution of DMF Conversion Project</b>	<ul style="list-style-type: none"><li>• Successful conversion of three QLD villages in October 2010 with 18 sales achieved and 22 contracted and reserved as at 30 June 2011</li><li>• Planning underway for additional village conversion</li></ul>
 <b>Divest Australian non-core assets</b>	<ul style="list-style-type: none"><li>• Five non-core rental villages divested at significant premium to book value</li><li>• Currently negotiating the sale of an additional three non-core villages</li></ul>
 <b>Unlock value in US Seniors portfolio</b>	<ul style="list-style-type: none"><li>• Recently announced sale of 15 assets for US\$171.5m (net A\$30m – 6.8¢ per unit)</li><li>• Retain six A-grade communities in Long Island, New York</li></ul>
 <b>Australian debt reduction</b>	<ul style="list-style-type: none"><li>• Debt reduced by A\$6.6m in six months to June 2011 with further A\$30m to be repaid on settlement of US Seniors non-New York assets</li><li>• Proforma Australian LVR ~40%</li></ul>
 <b>Improve Garden Villages Rental occupancy rate</b>	<ul style="list-style-type: none"><li>• Occupancy up by 8% in FY11 to 81% as at 30 June 2011</li><li>• Target long-term stabilised occupancy of 89%</li></ul>
 <b>Exit US Students</b>	<ul style="list-style-type: none"><li>• Hand-back progressing well with one asset remaining; exit of portfolio expected to complete by December 2011</li></ul>
 <b>Review strategy for NZ Students portfolio</b>	<ul style="list-style-type: none"><li>• Ongoing negotiations with University well advanced for longer term contract</li><li>• NZ\$20.8m loan facility extended for six months to February 2012</li></ul>



# Key financials



Residents at Settlers Lakeside, WA

# Key financials

## Asset sales impacted earnings while strengthening balance sheet metrics

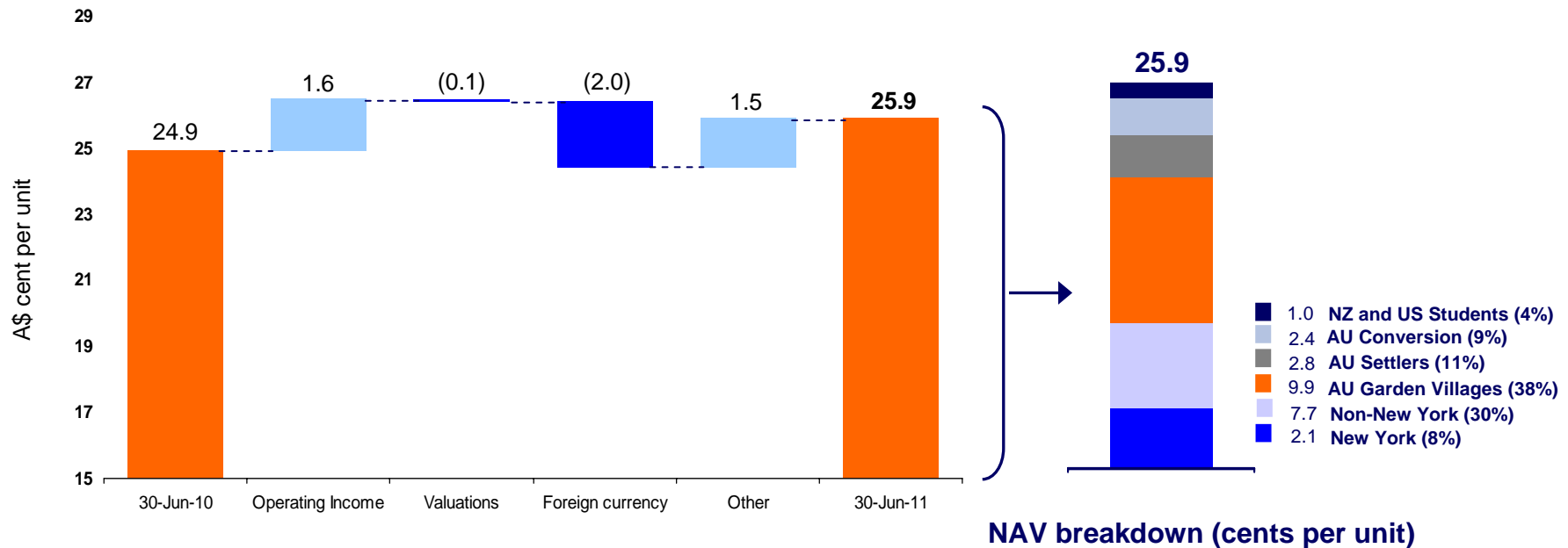
Key financial metrics		FY2011	FY2010
Statutory profit/(loss)	\$m	13.1	(67.7)
Operating income	\$m	6.9	18.3
Operating income per unit	cents	1.6	4.1
Look through Gearing	%	69%	73%
Assets under management <sup>1</sup>	\$m	644.0	772.9
Net Asset Value (NAV) per unit	cents	25.9	24.9
Net cashflow from operations	\$m	8.6	14.6

- > Increased statutory profit attributable to stabilisation of asset values
- > Fall in operating income primarily attributable to the sale of the US/Canadian Meridian and Regency portfolios in FY10, and the loss of income (\$4.9m) from the close out of capital hedges in November 2010
- > Look through gearing improves as asset sales proceeds are used to pay down debt

1. Gross value before resident loan liabilities

# Key financials

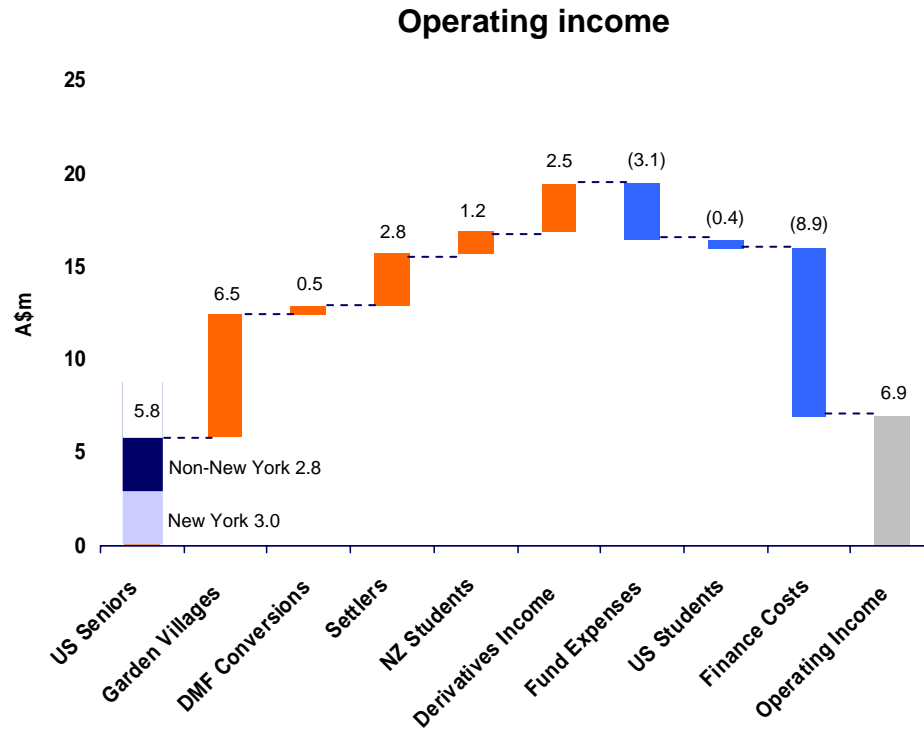
## NAV firming slightly despite appreciation of AUD



- > Contribution of earnings and favourable valuation movements largely offset by appreciation of AUD and NZ Students write-down
- > Australian portfolios represent 58% of NAV and approximately 88% post settlement of partial US sale

# Key financials

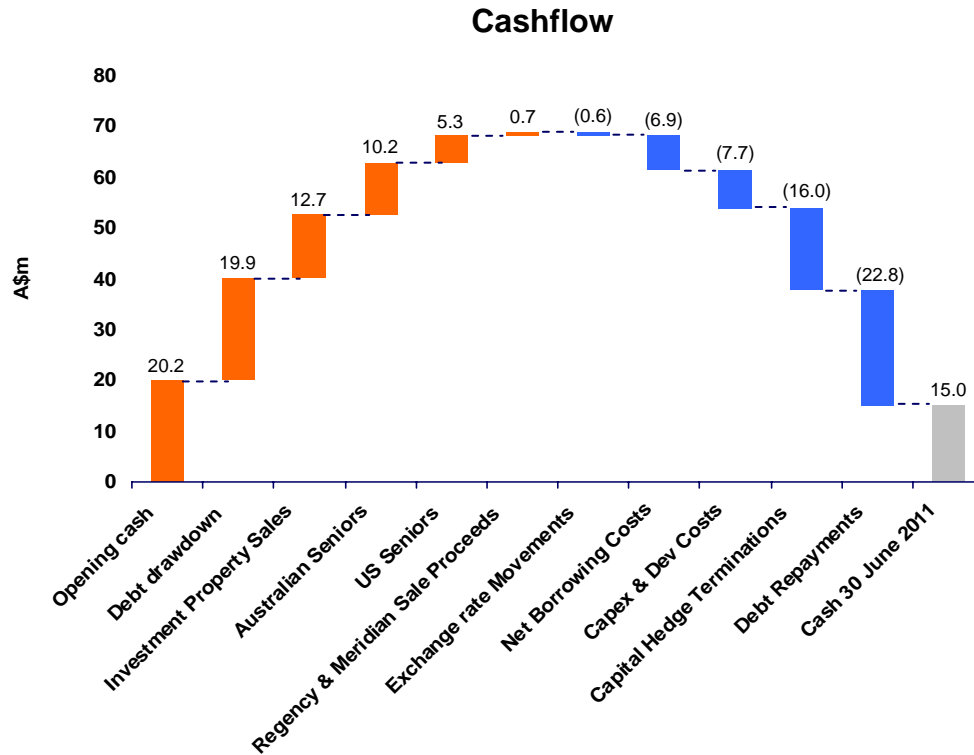
## Earnings reconciliation – FY11



- > Garden Villages portfolio is the key and growing contributor to earnings
- > DMF Conversion income impacted by expensing of one-off launch and set-up costs. Significantly higher contribution forecast in FY12
- > Derivative income is derived from CCY swaps closed out in November 2010 and is non-recurring
- > Finance costs are expected to fall materially in FY12, a result of lower interest margin and lower debt post settlement of partial US portfolio sale

# Key financials

## Cashflow reconciliation – FY11



- > One-off capital hedges termination costs were paid in November 2010
- > Investment property sale proceeds from the divestment of five non-core Garden Villages were utilised in debt repayments
- > Capex and development costs attributable to Settlers Ridgewood Stage 8 and DMF Conversion, enabling development income and cashflow in FY11 and in future years



# Capital management

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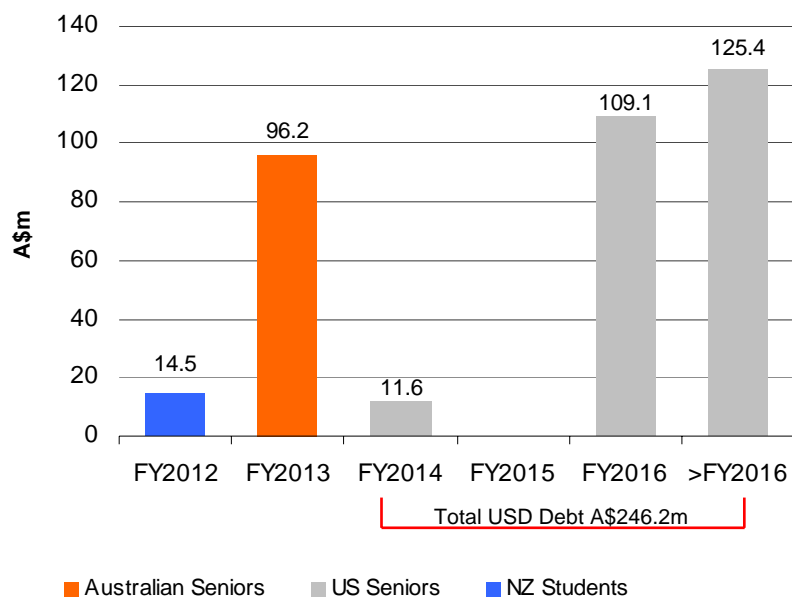
Settlers Gladstone Gardens (DMF Conversion), QLD

# Capital management

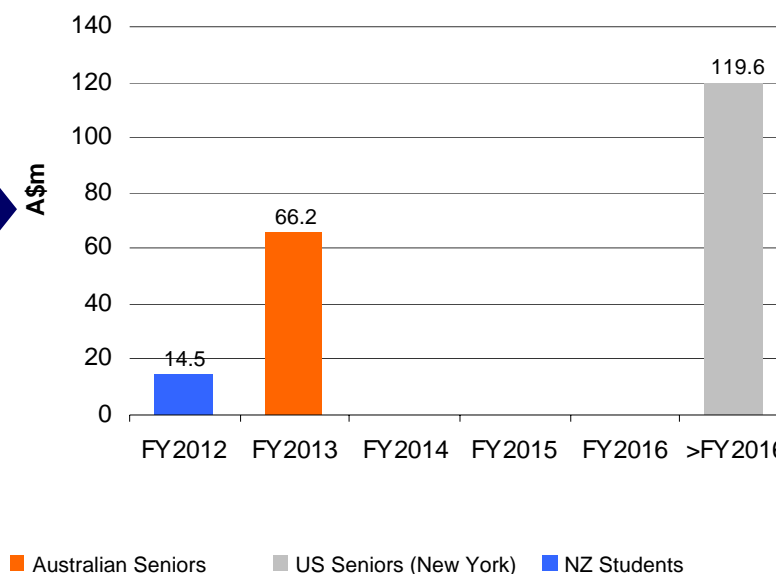
## Fund's look through debt maturity profile to significantly improve with partial US sale

- > Partial sale of US portfolio will create a significant reduction in look through debt with the remaining US assets having a long dated maturity profile
- > Renegotiation of contract with Victoria University of Wellington will trigger refinance of short term NZ debt facility

Debt maturity profile – 30 June 2011



Debt maturity profile – 30 June 2011 (Proforma)<sup>1</sup>



1. Proforma represents the debt maturity profile as at 30 June 2011 adjusted for the sale of the Non New York US Seniors portfolio and the application of the net sale proceeds to the Australian debt

Note: The above charts exclude US Students debt

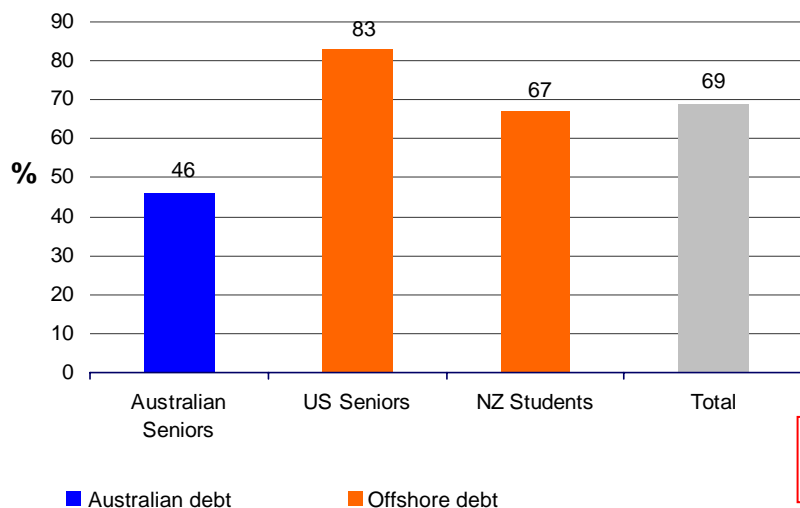


# Capital management

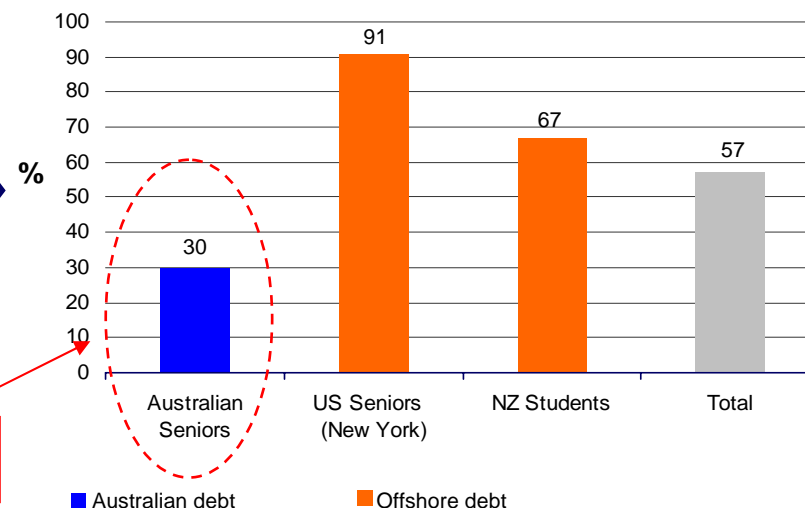
## Australian gearing continues to improve

- > Application of US sale proceeds to repay Australian debt will considerably reduce gearing
- > Proforma gearing position will provide capital to fund internal growth initiatives
- > Remaining US Seniors debt long dated, non recourse and covenant light

Look through gearing – 30 June 2011



Look through gearing – 30 June 2011 (Proforma)<sup>1</sup>



**Stronger capital position**

1. Proforma represents gearing as at 30 June 2011 adjusted for the sale of the Non New York US Seniors portfolio and the application of the net sale proceeds to the Australian debt

Note: The above charts exclude US Students debt





# Review of operations

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Settlers Ridgewood Rise, WA



# Review of operations

## Increased focus towards Australia

30 June 2011	Australian Rental	Australian DMF	Australian DMF Conversion	US Rental (New York)	NZ Students	Portfolio FY 2011 <sup>1</sup> (Proforma)
						
<b>Properties</b>	26	4	3	6	3	42
<b>Units</b>	1,371	677	216	914	359	3,537
<b>Book Value (ILF Share)</b>	A\$89.7m	A\$56.5m	A\$26.4m	US\$132.2m	NZ\$22.5m	A\$313.3m
<b>Occupancy</b>	81%	95%	50%	92%	90%	85%
<b>Occupancy Trend</b>						

- > Partial sale of US Seniors increases Australian property weighting from 34% in FY10 to 55% in FY11
- > Low DMF Conversion occupancy reflects transition from rental to DMF with 108 units currently available to be sold down and monetised

1. Profoma excludes 15 non-New York assets divested as announced in July 2011 and the US Students as portfolio is currently undergoing hand-back

# Review of operations

## Our Australian focus

### TWO PRIMARY BRANDS



#### Rental



- > 26 Rental Villages across Australia
- > Core market is pension supported seniors
- > Average resident age 78 years
- > Average resident length of stay is 2 years

#### DMF Conversion



- > 3 rental villages converted to DMF model in Oct 2010
- > Villages located in Rockhampton, Gladstone and Forest Lake in QLD
- > Rebranded as Settlers villages
- > Feasibility underway for expansion of Gladstone village
- > Planning underway for conversion of an additional village

#### DMF Villages

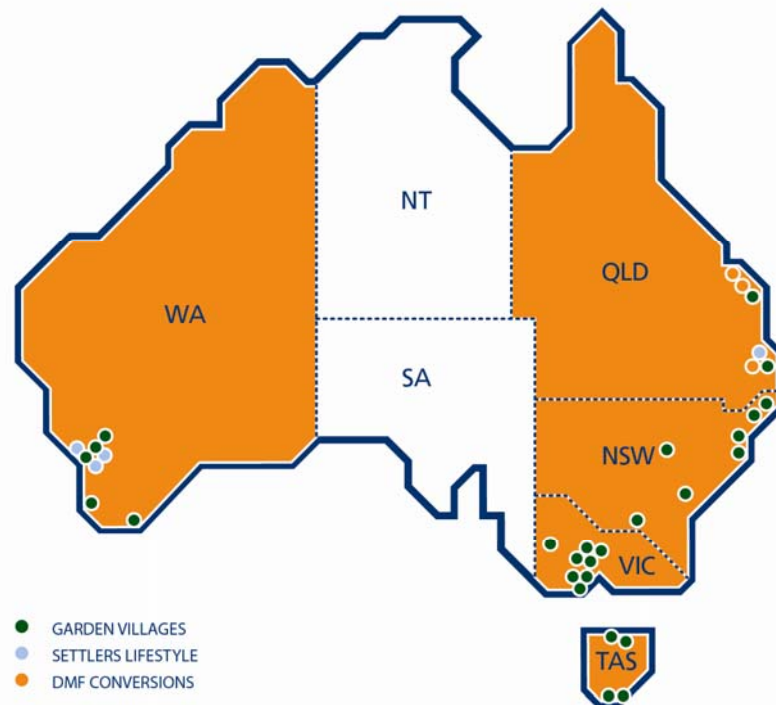


- > 4 DMF Villages (3 in WA / 1 QLD)
- > Target self funded retirees with mid-market homes
- > Average resident age 75 years
- > Average length of stay expected to be 11 years

# Review of operations – Australian Seniors

## Snapshot of Australian Seniors portfolio

ILF owns and operates a large and diverse portfolio of Seniors communities



QUEENSLAND			
	Settler Lifestyle	DMF Conversion	Garden Villages
No of properties:	1	3	2
Total value:	A\$6.4m	A\$26.4m	A\$11.4 m
Total units:	149	216	146

WESTERN AUSTRALIA		
	Settler Lifestyle	Garden Villages
No of properties:	3	5
Total value:	A\$50.1m	A\$21.4m
Total units:	528	272

NEW SOUTH WALES		
	Garden Villages	
No of properties:	7	
Total value:	A\$21.8m	
Total units:	348	

VICTORIA		
	Garden Villages	
No of properties:	8	
Total value:	A\$21.3m	
Total units:	409	

TASMANIA		
	Garden Villages	
No of properties:	4	
Total value:	A\$13.9m	
Total units:	196	

Note: Total units excludes development pipeline units

# Review of operations – Garden Villages (Rental)

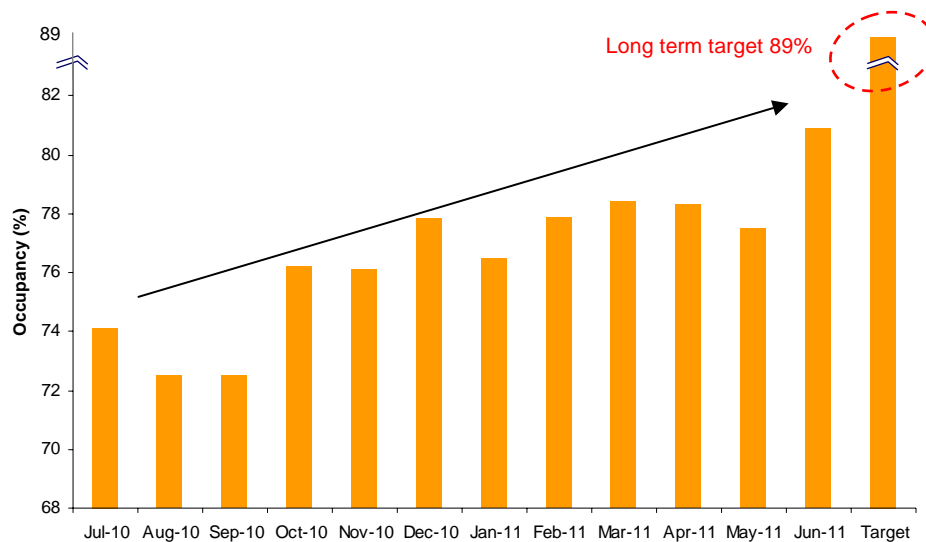
## KEY DATA

	FY 2011	FY 2010
Occupancy:	81%	73%
Net property income:	\$6.5m	\$5.2m
Total properties:	26	34
Total units:	1,371	1,840
Development pipeline units:	76	162

## KEY ACTIVITY OVER 12 MONTHS

- > Occupancy trending towards long term target of 89%, with 81% achieved at 30 June 2011
- > Consolidation of business operations well advanced - significant reduction in fixed cost structure
- > NRAS<sup>1</sup> Commonwealth funding in place for 17 units
- > Completed divestment of five villages for >20% premium to book value
- > Conversion of leads to sales now at 6%, up from 2% 12 months ago
- > Average resident length of stay now 2 years (previously 18 months)
- > Portfolio now generating circa 10% unlevered yield

Garden Villages portfolio occupancy FY 2011



1. The National Rental Affordability Scheme (NRAS) is an Australian Government initiative to stimulate the supply of new affordable rental dwellings by 50,000 by June 2012



# Review of operations – DMF Conversion

## KEY DATA

	FY 2011 <sup>1</sup>
Occupancy:	50%
Net property income:	\$0.5m
Total properties:	3
Total units:	216
Development pipeline units:	86

## KEY ACTIVITY OVER 12 MONTHS

- > Stage 1 conversion village works completed in October 2010, with first settlement in March 2011
- > Sell down of existing 216 units will release cashflows of >\$35m
- > Resource boom in Gladstone has driven strong demand with three price increases implemented since launch
- > Soft residential market and competitor discounting has seen slow sales at Forest Lake (QLD). Momentum now building following recent re-launch
- > Feasibility underway for Gladstone Stage 2 expansion of 20 units
- > Assessing conversion of an additional village to commence in FY12

### DMF Conversion Sales as at 30 June 2011

	Total units	Reserved		Contracted		Settled	
		No.	\$m	No.	\$m	No.	\$m
<b>Total:</b>	<b>216</b>	<b>5</b>	<b>1.1</b>	<b>17</b>	<b>3.1</b>	<b>18</b>	<b>3.1</b>

1. No comparative as previously included in Garden Villages Rental portfolio

# Review of operations – Settlers Lifestyle (DMF)

## KEY DATA

	FY 2011	FY 2010
Occupancy:	95%	97%
DMF income:	\$1.4m	\$1.6m
Development income:	\$1.4m	\$3.4m
Total net property income:	\$2.8m	\$5.0m
Total properties:	4	4
Total units:	677	655
Development pipeline units:	60	78

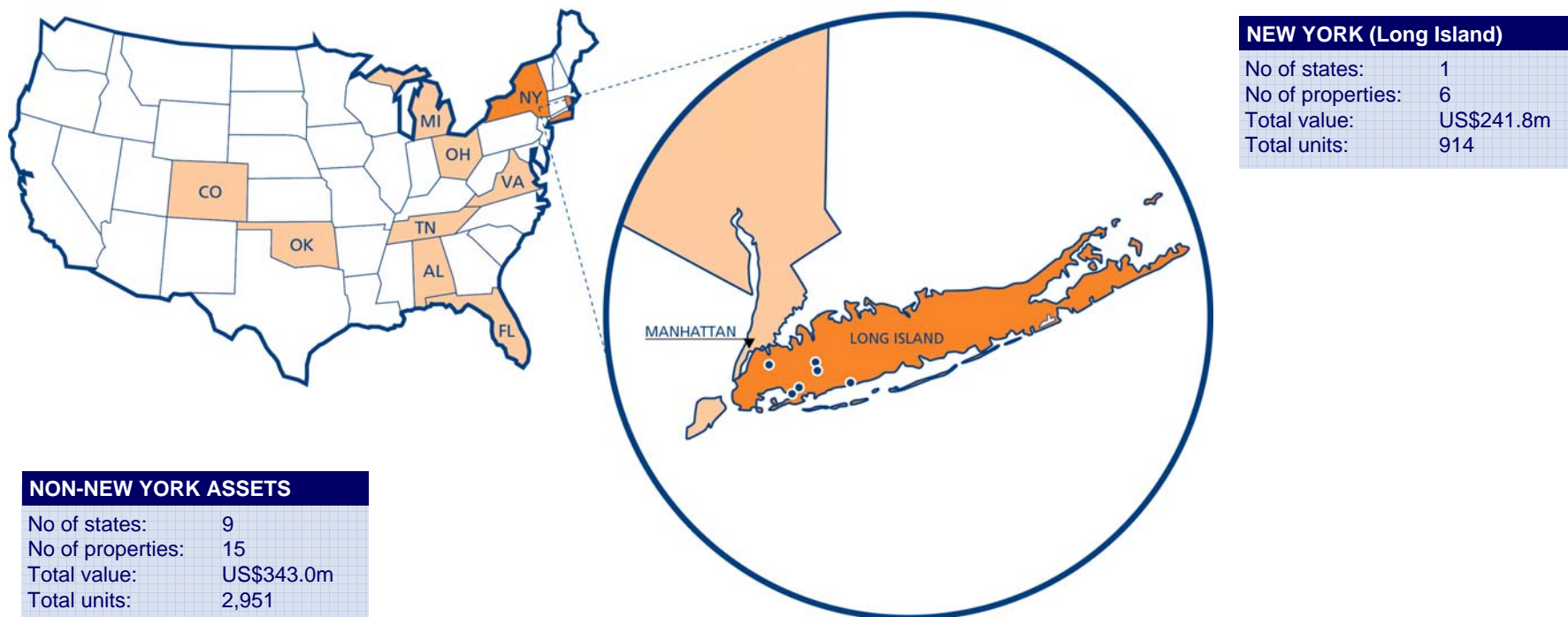


## KEY ACTIVITY OVER 12 MONTHS

- > Improved sales and marketing to drive awareness and market penetration for Settlers Lifestyle brand
- > Softening of residential markets experienced in WA and QLD impacted sales lead time
- > Despite difficult market conditions, \$12.1 million of sales completed in 12 months
- > Strong improvement in demand for product at Noyea with record number of resales completed during the year
- > Ridgewood Stage 8 development comprises 22 houses completed in March. 11 settlements to date achieved at \$4.9 million
- > Feasibility underway for Stage 2 expansion at Meadow Springs, WA (60 units)

## Review of operations – US Seniors

### Refining a geographically diverse US portfolio to one premium market



The sale of 15 non-New York assets in July 2011 resulted in a focused US portfolio consisting of six A-grade communities in a premium market with high barriers to entry and resilient customer base

Note: Asset values stated at 100% ownership

## Review of operations – US Seniors

### Partial Sale of US Seniors Portfolio was announced in July 2011

#### The Transaction

- > Divested 50% interest in 15 of the 21 US Seniors communities (non-New York assets) to existing joint venture partner, Chartwell Seniors Housing REIT
- > Sale price of US\$171.5m is in line with December 2010 book value
- > Net proceeds of A\$30m (6.8¢ per share) will be repatriated back to Australia and reduce gearing to circa 40%
- > Settlement by October 2011 conditional upon receiving US regulatory and debt approvals

#### Purpose of Sale

- > 15 communities located across nine states with limited geographical concentrations
- > Located in secondary markets including Florida, Ohio and Michigan with weak economic outlooks, low barriers to entry and eroding margins

#### Impact on Fund

- > ILF retains the Bristol portfolio consisting of six A-grade seniors communities located in premium market of Long Island, New York
- > Sales proceeds will be applied to the existing Australian debt facility and will enable Australian village expansion activities
- > Lower debt and gearing post completion of US sale will result in a 100 basis points reduction in interest margin and interest savings of circa A\$2.5m per annum
- > Transaction is earnings decreative but cashflow positive



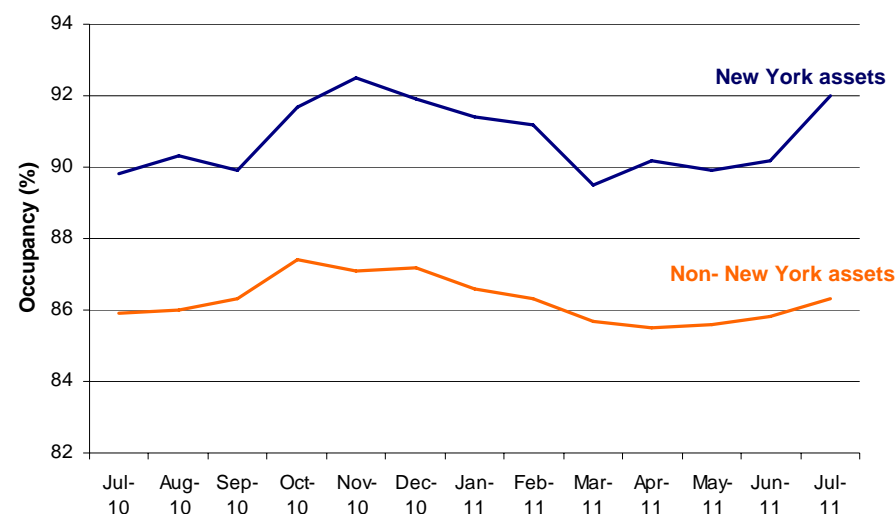
# Review of operations – US Seniors

## KEY DATA<sup>1</sup>

	FY 2011	FY2010
<b>New York assets (Bristol)</b>		
Occupancy:	91.9%	90.2%
Net property income:	US\$11.3m	US\$10.5m
Total properties:	6	6
Total units:	914	909
<b>Non-New York assets</b>		
Occupancy:	85.8%	85.7%
Net property income:	US\$11.6m	US\$13.1m <sup>2</sup>
Total properties:	15	15
Total units:	2,951	2,951

## KEY CHARACTERISTICS OF BRISTAL PORTFOLIO

- > Six A-grade communities located in high median income neighbourhoods close to New York city
- > Consistent performing assets with NOI margin of ~40%
- > Historical strong occupancies of 90 – 94%
- > Long dated debt in place
- > High barriers to entry limits competition



1. ILF owns 100% of 1 community (Lynbrook) and increased its 49% interest in 20 communities to 50% during November 2010. On 19 July 2011, ILF announced the sale of 15 non-New York communities, whilst retaining the Bristol portfolio consisting of 6 assets in Long Island New York
2. Excludes Meridian portfolio sold in May 2010

# Review of operations – NZ Students

## KEY DATA

	FY 2011	FY 2010
Occupancy:	90% <sup>1</sup>	98%
Net property income:	NZ\$2.6m	NZ\$2.4m
Total properties:	3	3
Total units:	359	359



## KEY ACTIVITY OVER 12 MONTHS

- > Negotiations underway with Victoria University of Wellington (VUW) for a new long-term contract
- > Six month extension to February 2012 granted for the NZ\$20.8m debt facility ahead of expiry in August 2011
- > Partial sell down of portfolio being explored to fund capital expenditure associated with VUW contract extension
- > Occupancy in ground floor commercial tenancies continues to improve with recent long term lease granted to international food chain, Denny's.
- > Student accommodation occupancy in 2011 adversely impacted by declining overseas student numbers and reduced National Government funding of tertiary education

1. Income from student accommodation is guaranteed by Victoria University of Wellington based on a minimum occupancy of 90%. Underlying occupancy at 30 June 2011 was 87%

# Strategy and outlook

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Settlers Gladstone, QLD

# Strategy

## Our strategic direction: to build a leading Australian Seniors business

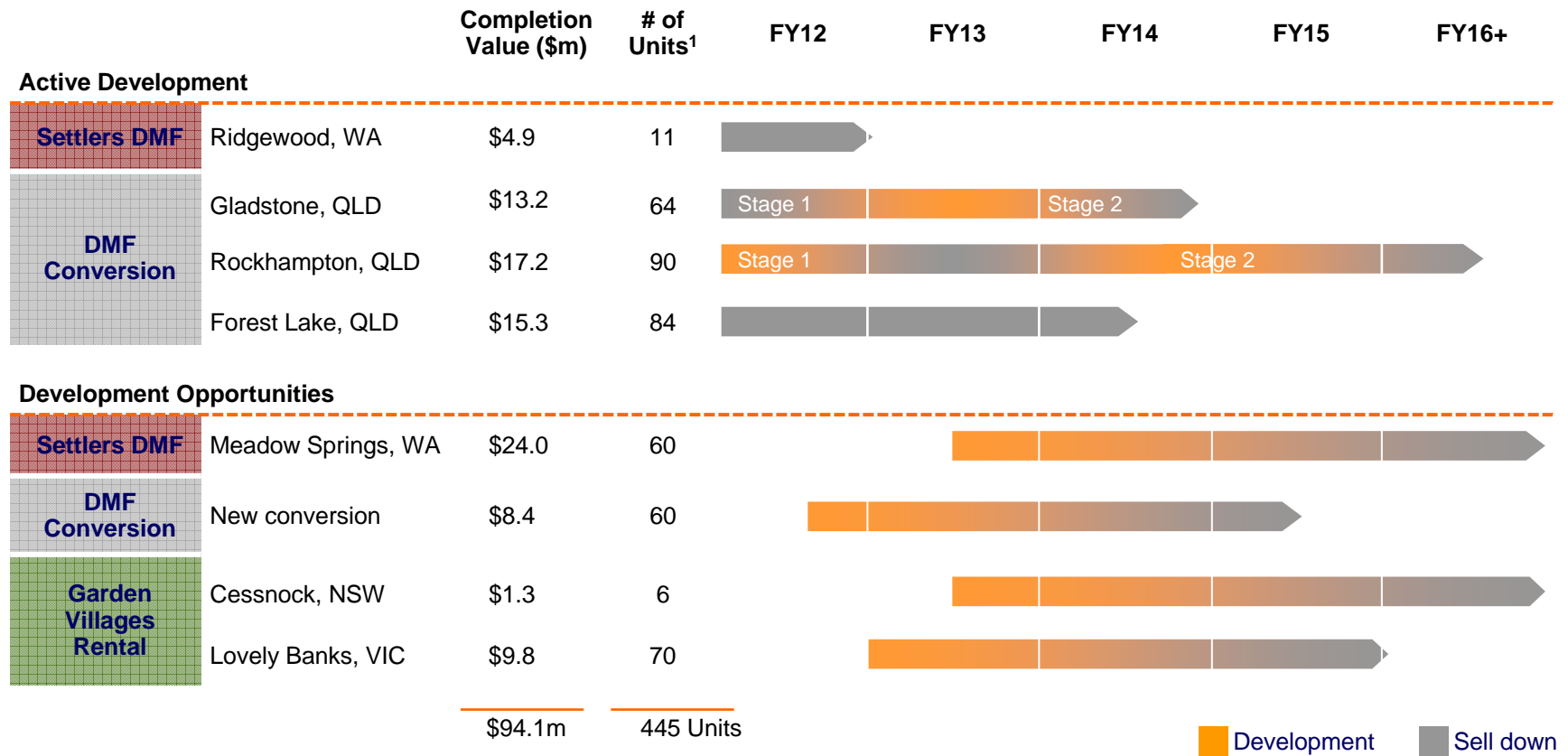
- 1. Monetise offshore equity**
  - > Recent announced sale of non-New York seniors communities will monetise > 6¢ per unit equity which will deleverage Australian balance sheet and fund growth capital
  - > Patient and disciplined approach to remaining overseas portfolios
- 2. Build and refine operational capability**
  - > Focus on Garden Villages Rental portfolio has unlocked considerable value for the Fund; will continue to make improvements
  - > ILF now has strong scalable operating platform with good systems and national footprint
- 3. Extend and convert**
  - > Conversion of select rental villages to DMF model likely to release >\$35m operating cashflow over next 3-5 years
  - > Assessing acquisition of land adjacent to high occupancy DMF villages to build development pipeline
- 4. Develop, acquire and seed**
  - > Will investigate acquisition of bolt-on or partially built DMF villages in retiree attractive locations
  - > Seed greenfields DMF sites to drive longer term development pipeline
  - > Will investigate acquisition of select rental villages where clear value proposition exists



# Strategy

## Considerable value building in development pipeline

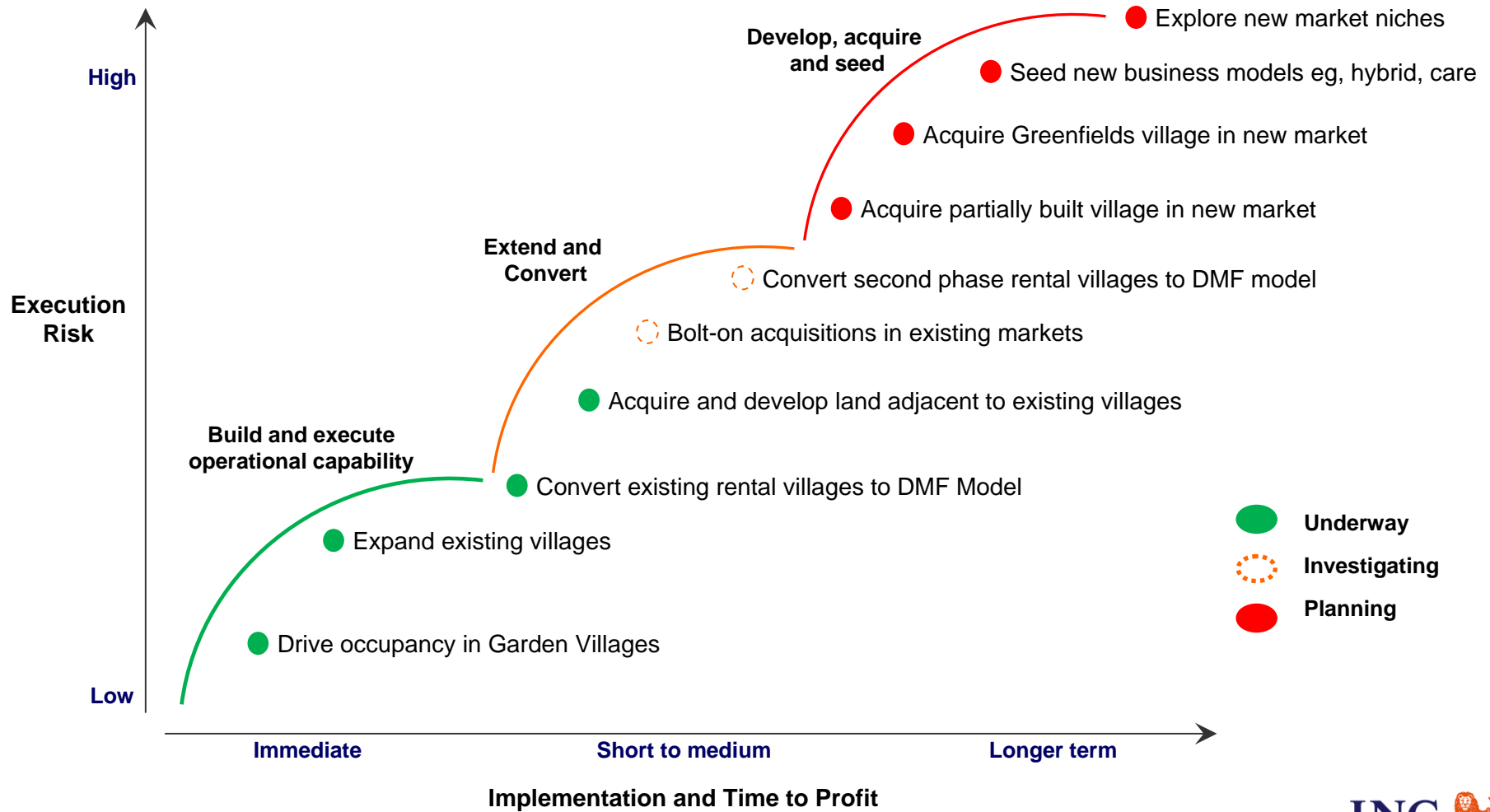
### Development forecast within existing portfolios



1. Includes built stock and units yet to be developed

# Strategy

Management assessing a range of opportunities to drive unitholder value in Australia



# Outlook

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- ➔ Plans to convert an additional village to DMF and divest three rental villages; commence Stage 2 development at Gladstone Conversion village
- ➔ Forecast improving operating cashflows
- ➔ Investigate monetising equity in remaining overseas investments – US Seniors and NZ Students
- ➔ Assess future distribution policy
- ➔ Working up go-forward strategy for the ownership, management and capital structure of the Fund

## Update on ING's position

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### **ING to undertake a phased withdrawal from the REIMA business**

Operationally, Management is confident that ILF now has a stable platform with capital flexibility to consider various go-forward strategies for the business

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ING REIMA Management and the IML Board aligned with unitholder interest in achieving the best future ownership and management structure for ILF

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ING will continue to provide full support to REIMA as it completes the transition of the business

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# Appendices

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REAL ESTATE INVESTMENT MANAGEMENT



# Appendix 1

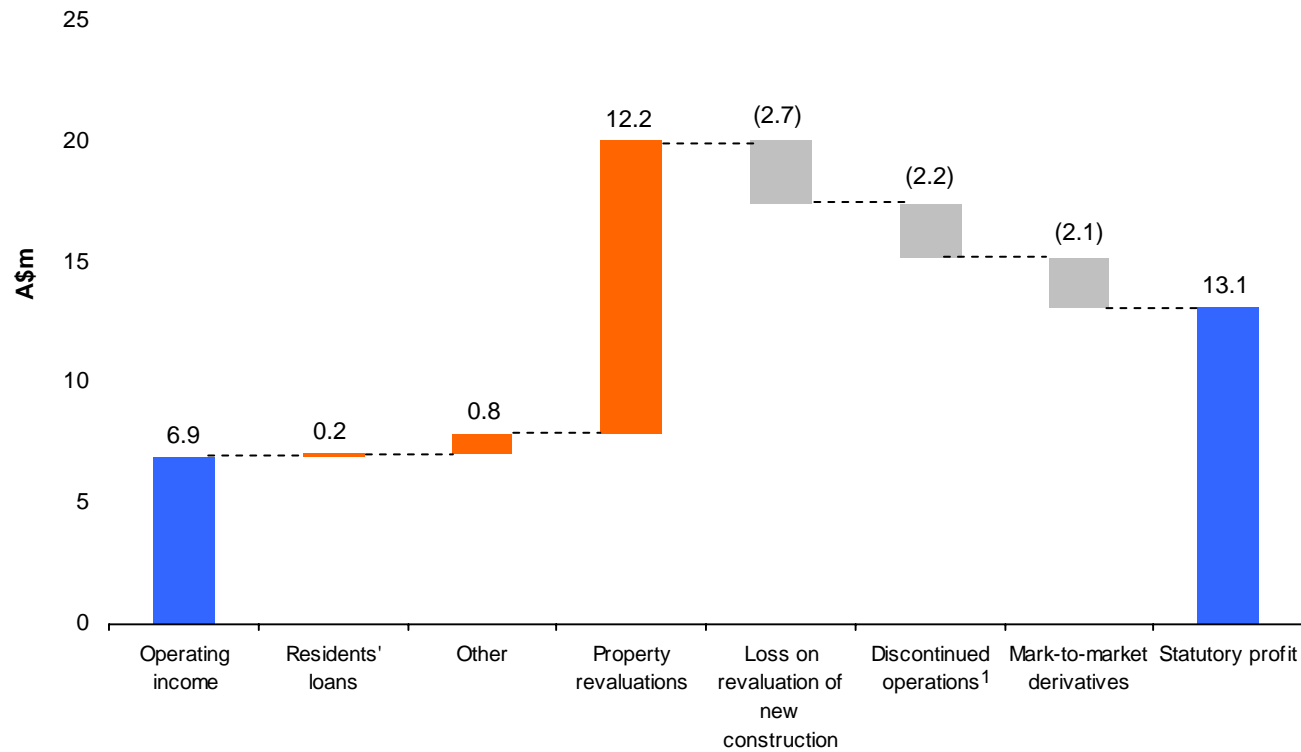
## Operating income<sup>1</sup>

	FY11 (A\$m)	FY10 (A\$m)
<b>Continuing Operations</b>		
US Seniors	5.8	6.1
Australian Seniors		
- Garden Villages	6.5	5.2
- Conversion Properties	0.5	-
- Settlers Lifestyle	2.8	5.0
NZ Students	1.2	0.9
Finance Costs	(8.9)	(8.3)
Management Fee	(1.8)	(3.3)
Fund Administration	(1.3)	(2.5)
	<b>4.8</b>	<b>3.1</b>
<b>Divested or Exiting Operations</b>		
US Seniors / Meridian Portfolio	-	5.6
Canadian Seniors / Regency Portfolio	-	5.0
US Students	(0.4)	(2.8)
Derivatives income	2.5	7.4
<b>Operating Income</b>	<b>6.9</b>	<b>18.3</b>

1. Operating income by operation includes property level debt interest except for Australian Seniors

# Appendix 2

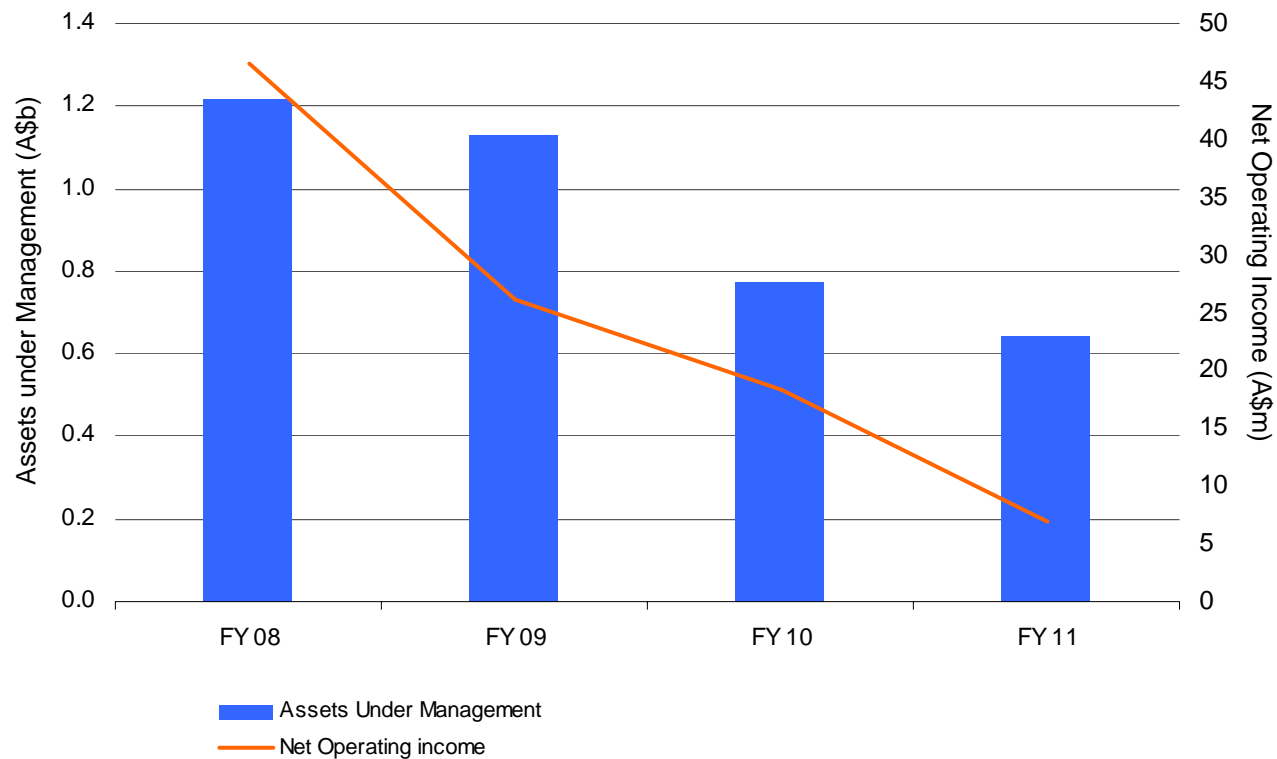
## Operating result versus statutory result



1. Discontinued operations include US and NZ Students

## Appendix 3

### Sell down of overseas portfolios has significantly reduced earnings base





# Appendix 4

## Look through balance sheet

As at 30 June 2011 (A\$m)	US Seniors	Australian Seniors	NZ Students	US <sup>1</sup> Students	Total
Cash	2.8	14.7	2.4		19.9
Investment property and property under development	283.2	323.4	17.4		624.0
Derivatives	-	-	-		-
Other assets	11.0	2.9	0.8		14.7
<b>Total assets</b>	<b>297.0</b>	<b>341.0</b>	<b>20.6</b>		<b>658.6</b>
Interest bearing liabilities	246.2	96.2	14.5		356.9
Derivatives	-	0.5	-		0.5
Village residents' loans	-	150.8	-		150.8
Other liabilities	7.5	26.9	1.0		35.4
<b>Total liabilities</b>	<b>253.7</b>	<b>274.3</b>	<b>15.5</b>		<b>543.6</b>
<b>Net assets</b>	<b>43.3</b>	<b>66.6</b>	<b>5.1</b>	<b>(0.8)</b>	<b>114.3</b>
<b>Net asset value per unit - cents</b>	<b>9.8c</b>	<b>15.1c</b>	<b>1.2c</b>	<b>(0.2)c</b>	<b>25.9</b>
Assets less cash and resident loans	294.2	175.5	18.2		487.9
Total debt less cash	243.3	81.4	12.1		337.0
<b>Look through gearing (%)<sup>2</sup></b>	<b>82.7%</b>	<b>46.4%</b>	<b>66.5%</b>		<b>69.1%</b>

1. US Students portfolio currently in handback process so excluded from this analysis. Total assets including US Students for Responsible Entity fee calculation is \$692.0 million

2. Total portfolio look through gearing including US Students 69.5%

## Appendix 5

### Cashflow in detail

	Amount A\$m
Opening cash at 1 July 2010	20.2
Cashflow generated from operations:	
Australian Seniors	10.2
US Seniors	5.3
US Students	-
NZ Students	-
Borrowing costs paid	(10.6)
Interest rate swaps	3.7
<b>Net Cashflows from Operations</b>	<b>8.6</b>
Proceeds from sale of investment properties:	
Kingston Gardens, Ipswich and Toowoomba	12.7
Proceeds from sale of equity accounted investments:	
Canadian Seniors (Regency)	0.6
US Seniors (Meridian)	0.1
Capital expenditure and development costs	(7.7)
<b>Net Cashflows from Investing</b>	<b>5.7</b>
Capital hedge terminations	(16.0)
Debt drawdowns – Australian Seniors debt	19.9
Debt repayments – Australian Seniors debt	(22.5)
Debt repayments – US Seniors debt	(0.3)
<b>Net Cashflows from Financing</b>	<b>(18.9)</b>
Effects of exchange rate changes on cash	(0.6)
<b>Closing cash at 30 June 2011</b>	<b>15.0</b>

## Appendix 6

### Strong increase in valuations of DMF Conversion assets offset by declines in Settlers and NZ Students asset values

Valuations	30 Jun 2011 Valuation	31 Dec 2010 Valuation	Movement (\$m)	Movement (%)	30 Jun 2011 Cap rate <sup>1</sup> (%)	31 Dec 2010 Cap rate <sup>1</sup> (%)	Key drivers of valuation movement
Australian Seniors Garden Villages (Rental)	89.7	92.5	(2.7)	(2.9)	10.1	10.1	Increasing occupancy and improved market evidence. Note - impacted by asset sales
Australian Seniors DMF Conversion	26.4	20.7	5.7	27.3	17.6 <sup>2</sup>	9.3	Increased sell down evidence and market acceptance
Australian Seniors Settlers (DMF)	56.5	63.3	(6.9)	(10.8)	13.5	13.1	Softening market impacted CAGR and discount rates
US Seniors NY (US\$m)	132.2	132.2	-	-	7.3	7.3	Increased investor demand and steadily improving NOI
US Seniors Non NY (US\$m)	171.5	172.6	(1.1)	(0.6)	8.1	8.1	Lower NOI and higher cap rates for some older assets in poor markets
NZ Students (NZ\$m)	22.5	29.9	(7.4)	(24.7)	9.5	10.9	Challenging market and future capital expenditure required

1. Weighted average capitalisation rate for all portfolios except Australian Seniors Settlers and DMF Conversion which uses weighted average discount rate

2. Valuation discount rates for DMF Conversion assets represent a blended discount rate applied to the cashflows.

Note: All figures represent ILF's share



# Appendix 7

## Debt Facilities

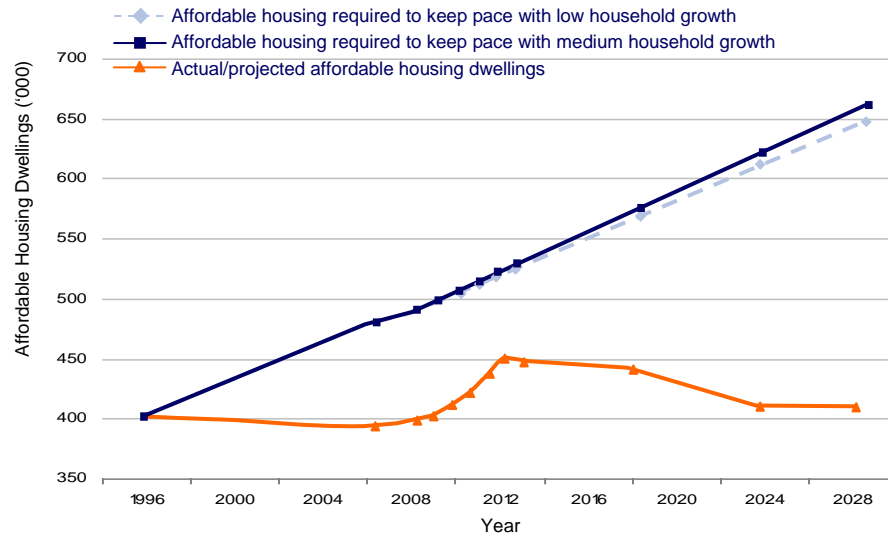
	Australian Seniors	US Seniors (New York)	US Seniors (Non-New York)	NZ Students
Limit (\$m)	Core debt A\$89.7m Revolver A\$15.0m Total A\$104.7m	US\$128.2m <sup>1</sup>	US\$135.8m <sup>1</sup>	NZ\$18.7m <sup>1</sup>
Amount drawn (\$m)	A\$96.2m	US\$128.2m <sup>1</sup>	US\$135.8m <sup>1</sup>	NZ\$18.7m <sup>1</sup>
Loan to value ratio (LVR) actual	55.7%	N/A	N/A	59.6% <sup>2</sup>
LVR bank covenant	50% - 65% <sup>3,4</sup>	N/A	N/A	60%
Interest cover ratio (ICR) actual	1.7x	N/A	N/A	2.3x
ICR bank covenant	1.4x	N/A	N/A	1.5x
Leverage Ratio	76.7%	N/A	N/A	N/A
Leverage Covenant <sup>5</sup>	85%	N/A	N/A	N/A
% Hedged (interest rates) <sup>6</sup>	62%	100%	100%	0%
Facility expiry	Mar 2013	Nov 2017 to Nov 2042	Dec 2013 to Sep 2016	Feb 2012

1. ILF interest only
2. In accordance with the NZ debt facility agreement, LVR is tested on the last external valuation (Dec 2009)
3. Australian Seniors debt LVR: 65% for completed rental villages, 50% for DMF and incomplete villages / development land
4. For the period between 18 March 2011 to 30 June 2011, CBA amended the LVR covenant to 65% of all villages.
5. Australian leverage ratio covenant reduces from 85% to 80% January 2012
6. US Seniors is 100% fixed rate debt for life of the loan





## Appendix 8 – Productivity Commission implications



*“Australia has a shortage of affordable rental housing and, as a result, both public and private rental markets are pressed to meet the demands of older renters” (NHSC 2010)*

- > Productivity Commission’s final report ‘Caring for Older Australians’ was released on 8 August 2011 by Prime Minister, Julia Gillard, and Minister Mark Butler
- > Report primarily focused on aged and community care (not retirement villages)
- > Retirement villages noted as efficient mechanism to distribute community care. This may open up new business opportunities for ILF
- > Rental and affordable housing specifically identified as critical areas for policy initiatives and additional funding
- > Overall neutral / slightly positive for Australian retirement village industry and ILF

Source: Australian Government Productivity Commission Inquiry Report: ‘Caring for Older Australians’ Vol. 2, 28 June 2011, Chapter 12 – Age friendly housing and retirement villages

Chart from National Housing Supply Council – ‘2<sup>nd</sup> State of Supply Report 2010’, p 89



# Appendix 9 – US Students

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## Progress

- > In November 2009, announced withdraw from US Students portfolio of 17 properties
- > Only one property remaining
- > We are currently engaged with lenders for the remaining property

## Summary

<b>Total Properties (Nov 2009)</b>	17
<b>Sold</b>	3
<b>Handed back to debt holders</b>	13
<b>Remaining</b>	1

## Timing

- > Final property is likely to be handed back by December 2011

## Costs

- > Total cost for the US Students hand back is now likely to be approximately \$2.5m (down from initial provision of \$5m)

## Appendix 10 – Portfolio Statistics: Garden Villages (Rental)

Property Name	Location	Book Value 30 June 2011 (A\$m)	Cap Rate	Total Units	Occupancy
<b>Western Australia</b>					
Swan View Gardens	Swan Valley, WA	6.2	10.00%	72	86%
Yakamia Gardens	Yakamia, WA	3.9	10.00%	56	77%
Sea Scape Gardens	Erskine, WA	4.1	10.00%	50	96%
Seville Grove Gardens	Seville Grove, WA	3.4	10.00%	44	98%
Carey Park Gardens	Bunbury, WA	3.8	10.00%	50	88%
<b>Total / Average - WA</b>		<b>21.4</b>	<b>10.00%</b>	<b>272</b>	<b>88%</b>
<b>Queensland</b>					
Marsden Gardens	Marsden, QLD	8.7	10.00%	96	89%
Jefferis Gardens	Bundaberg North, QLD	2.7	10.00%	50	74%
<b>Total / Average - QLD</b>		<b>11.4</b>	<b>10.00%</b>	<b>146</b>	<b>84%</b>
<b>New South Wales</b>					
Cessnock Gardens	Cessnock, NSW	3.3	10.00%	54	67%
Taloumbi Gardens	Coffs Harbour, NSW	4.2	10.25%	50	98%
Mardross Gardens	Lavington, NSW	2.8	10.25%	51	60%
Chatsbury Gardens	Goulburn, NSW	3.2	10.00%	48	94%
Wheelers Gardens	Dubbo, NSW	2.8	10.25%	51	94%
Taree Gardens	Taree, NSW	2.8	10.00%	50	80%
Oxley Gardens	Port Macquarie, NSW	2.7	10.00%	44	68%
<b>Total / Average - NSW</b>		<b>21.8</b>	<b>10.11%</b>	<b>348</b>	<b>80%</b>

Note: All figures as at 30 June 2011

## Appendix 11 – Portfolio Statistics: Garden Villages (Rental)

Property Name	Location	Book Value 30 June 2011 (A\$m)	Cap Rate	Total Units	Occupancy
<b>Victoria</b>					
Lovely Banks Gardens	Corio, VIC	3.0	10.00%	65	55%
Grovedale Gardens	Grovedale, VIC	3.2	10.25%	50	73%
St Albans Park Gardens	St Albans Park, VIC	2.8	10.00%	52	77%
Townsend Gardens	St Albans Park, VIC	2.8	10.00%	49	76%
Horsham Gardens	Horsham, VIC	3.3	10.00%	46	93%
Brooklyn Gardens	Brookfield, VIC	1.7	10.50%	50	65%
Coburns Gardens	Brookfield, VIC	2.4	10.00%	50	71%
Hertford Gardens	Sebastopol, VIC	2.1	10.00%	47	71%
<b>Total / Average - VIC</b>		<b>21.3</b>	<b>10.08%</b>	<b>409</b>	<b>72%</b>
<b>Tasmania</b>					
Glenorchy Gardens	Glenorchy, TAS	3.4	10.00%	42	100%
Elphinwood Gardens	Launceston, TAS	3.8	10.00%	54	95%
Claremont Gardens	Claremont, TAS	3.5	10.00%	50	92%
Devonport Gardens	Devonport, TAS	3.2	10.00%	50	73%
<b>Total / Average - TAS</b>		<b>13.9</b>	<b>10.00%</b>	<b>196</b>	<b>89%</b>
<b>TOTAL / AVERAGE - GARDEN VILLAGES</b>		<b>89.7</b>	<b>10.05%</b>	<b>1371</b>	<b>81%</b>

Note: All figures as at 30 June 2011

## Appendix 12 – Portfolio Statistics: Settlers (DMF)

Property Name	Location	Book Value 30 June 2011 (A\$m)	Discount Rate	Total Units	Occupancy
<b>DMF Villages</b>					
Lakeside	Ravenswood, WA	24.5	13.5%	231	94%
Ridgewood Rise	Ridgewood, WA	20.8	13.3%	241	93%
Meadow Springs	Mandurah, WA	4.8	14.0%	56	90%
Noyea Park	Mt Warren Park, QLD	6.4	14.0%	149	100%
<b>Total/Average – DMF Villages</b>		56.5	13.5%	677	95%
<b>DMF Conversion<sup>1</sup></b>					
Forest Lake Gardens	Forest Lake, QLD	9.7	16.6%	86	48%
Rockhampton Gardens	Rockhampton, QLD	9.9	15.1%	74	60%
South Gladstone Gardens	South Gladstone, QLD	6.8	22.9%	56	41%
<b>Total/Average – DMF Conversion</b>		26.4	17.6%	216	50%
<b>TOTAL/AVERAGE - SETTLERS</b>		<b>82.9</b>	<b>14.8%</b>	<b>893</b>	<b>84%</b>
<b>TOTAL / AVERAGE - AUSTRALIAN SENIORS</b>		<b>172.6</b>	<b>-</b>	<b>2264</b>	<b>82%</b>

1. Valuation discount rates for DMF Conversion assets represent a blended discount rate applied to the cashflows.

Note: All figures as at 30 June 2011



## Appendix 13 – Portfolio Statistics: US Seniors

Property Name	Location	30 June 2011 (US\$m)	ILF Interest (A\$m) <sup>1</sup>	Cap Rate	Total Units	Occupancy
<b>NEW YORK ASSETS (BRISTAL)</b>						
East Meadow	East Meadow, NY	39.1	18.2	7.25%	133	98%
Lynbrook	Lynbrook, NY	22.7	21.1	7.25%	149	91%
Massapequa	Massapequa, NY	40.9	19.1	7.25%	156	91%
North Hills	North Hills, NY	69.1	32.2	7.25%	164	100%
North Woodmere	North Woodmere, NY	29.5	13.8	7.25%	139	91%
Westbury	Westbury, NY	40.6	18.9	7.25%	173	82%
<b>Total/Average – Bristol Portfolio</b>		<b>241.8</b>	<b>123.3</b>	<b>7.25%</b>	<b>914</b>	<b>92%</b>
<b>NON-NEW YORK ASSETS</b>						
<b>Aspen</b>						
Amber Park	Cincinnati, Ohio	8.7	4.1	8.50%	133	82%
Bella Vita	Venice, Florida	15.2	7.1	8.50%	114	100%
Gayton Terrace	Richmond, Virginia	44.7	20.8	8.00%	207	79%
Village at Lowry	Denver, Colorado	21.8	10.2	8.00%	155	90%
Waterford	Dayton, Ohio	4.2	2.0	8.50%	112	76%
Willowwood	Ft Lauderdale, Florida	27.0	12.6	8.50%	286	89%
Woodside Village	Bedford, Ohio	21.3	9.9	8.50%	231	77%
Wyndham Lakes	Jacksonville, Florida	18.3	8.5	8.50%	241	92%
<b>Cypress</b>						
Audubon Park	Memphis, Tennessee	33.9	15.8	7.75%	179	95%
Sterling Heights	Sterling Heights, Michigan	31.9	14.9	8.00%	225	89%
Tulsa	Tulsa, Oklahoma	34.1	15.9	7.75%	198	84%
Vestavia Hills	Birmingham, Alabama	26.7	12.5	7.75%	226	86%
<b>Independent Assets</b>						
Lake Worth Gardens	Lakewood, Florida	10.0	4.7	8.25%	172	91%
Pocasset Bay Manor	Johnston, Rhode Island	25.4	11.8	8.00%	170	78%
The Park at Trowbridge	Southfield, Michigan	19.8	9.2	8.50%	302	82%
<b>Total/Average - Non-New York Assets</b>		<b>343.0</b>	<b>160.0</b>	<b>8.11%</b>	<b>2951</b>	<b>86%</b>
<b>TOTAL / AVERAGE - US SENIORS</b>		<b>584.8</b>	<b>283.3</b>	<b>7.73%</b>	<b>3865</b>	<b>87%</b>

1. Exchange rate of A\$1 = US\$1.0722

Note: All figures as at 30 June 2011



## Appendix 14 – Portfolio Statistics: NZ Students

Property Name	Location	Book Value 30 June 2011 ILF Interest (NZ\$m)	Book Value 30 June 2011 ILF Interest (A\$m) <sup>1</sup>	Cap Rate	Total Units	Occupancy <sup>2</sup>
Cumberland House	Wellington, NZ	14.4	11.1	9.50%	187	90%
Education House	Wellington, NZ	3.6	2.8	9.50%	108	90%
McKenzie Apartments	Wellington, NZ	4.5	3.5	9.50%	64	90%
<b>TOTAL / AVERAGE – NZ STUDENTS</b>		<b>22.5</b>	<b>17.4</b>	<b>9.50%</b>	<b>359</b>	<b>90%</b>

1. Exchange rate of A\$1 = NZ\$1.2930
2. Income from student accommodation is guaranteed by Victoria University of Wellington based on a minimum occupancy of 90%. Underlying occupancy at 30 June 2011 was 87%

Note: All figures as at 30 June 2011

# Appendix 15 – Typical Garden Villages (Rental)



## Village Features

- > Rental accommodation for over 55s
- > Independent living options available in a gated community, coupled with services and activities
- > Community center with modest facilities such as reception and office, resident lounge, modern kitchen, library, pool table, bbq area in some villages
- > Single level one-bedroom villas for singles or couples
- > 24-hour emergency call system available in each unit

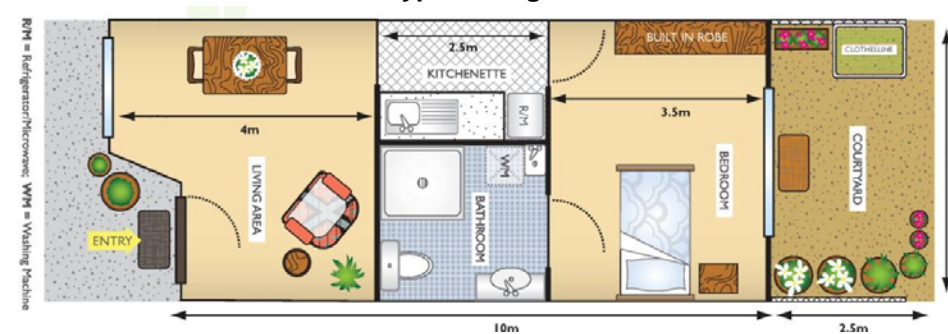
## General Pricing

- > Residents are charged a rent of ~\$300/ week (covers rates, maintenance, gardening, white goods, security, water)
- > Option to include meals and service package if required (\$60/ week for meals)
- > Rental rates are reviewed six monthly
- > Rental rate increases benchmarked to Government pension increases

Site plan for Marsden Village, QLD



Typical Single unit



# Appendix 16 – Typical DMF Conversion village

## Village Features

- > Independent living retirement village for over 55s in a gated community, coupled with communal services and facilities
- > Community center with recently upgraded facilities
- > Typically also include outdoor facilities such as a bbq area and residents vegetable gardens
- > Single level villas ranging from studio, one bedroom to two bedroom
- > 24-hour emergency call system available in each unit

## General Pricing

- > Freehold villas available for sale
- > Typical studio range from \$110k - \$130k
- > Typical 1 Bedroom range from \$135k - \$180k
- > Typical 2 Bedroom range from \$180k - \$270k
- > Residents pay a maintenance fee \$75 - \$96/week which covers insurance, pest control, lawns and maintenance, security and village staff.

Site plan for Settlers Gladstone Village, QLD



Typical 2-Bedroom unit

Total area	55m <sup>2</sup>	
Excludes terrace		Measured to inside face of walls.
Living/Dining Area	17.7m <sup>2</sup>	4.6m x 3.7m
Kitchen/Laundry	9.4m <sup>2</sup>	3.5m x 2.7m
Bedroom 1	10.5m <sup>2</sup>	3.7m x 2.8m
Bedroom 2	9.7m <sup>2</sup>	3.4m x 2.8m



# Appendix 17 – Typical DMF village

## Village Features

- > Independent living retirement village for over 55s in a gated community, with resort style facilities
- > Community center includes residents lounge with bar and modern kitchen, games room, hairdressing salon, library, gymnasium, hobby workshop
- > Outdoor facilities may include a swimming pool, tennis courts, bowling, putting and croquet greens, caravan/boat storage
- > Villas ranging from one bedroom to three bedroom, mostly with detached garages
- > 24-hour emergency call system available in each villa

Aerial view of Settlers Noyea, QLD



## General Pricing

- > Freehold or strata titled villas available for sale
- > Typical 1 Bedroom range from \$143k - \$178k
- > Typical 2 Bedroom range from \$210k - \$289k
- > Typical 3 Bedroom range from \$270k - \$454k
- > Residents pay a maintenance fee of \$67 - \$100/week which covers insurance, pest control, lawns and maintenance, security and village staff



← Typical 2 Bedroom

→ Typical 3 Bedroom





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