

Ingenia Communities Group

Annual General Meeting 2012

20 November 2012



Jim Hazel

Chairman

Chairman's welcome

Year in review

CEO update

Formal business of the meeting

Non-Executive Directors

Jim Hazel
Chairman

Philip Clark
Director

Amanda Heyworth
Director

Executives

Simon Owen
Managing Director and Chief Executive Officer

Nikki Fisher
Chief Operating Officer

Tania Betts
Chief Financial Officer

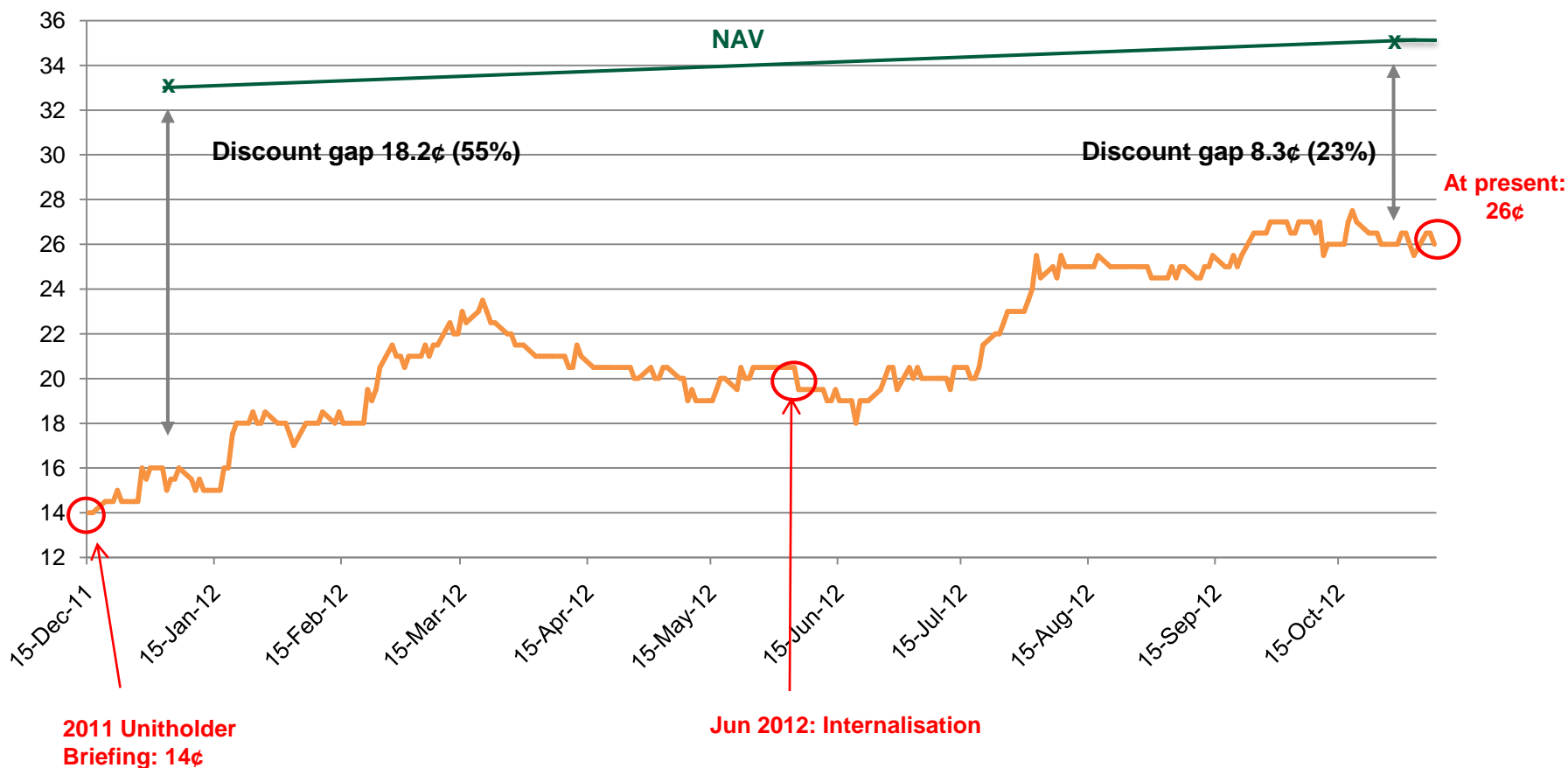
Leanne Ralph
Company Secretary

Board endorsed strategic priorities

- > Providing superior securityholder returns through security price growth and distributions;
- > Monetising overseas investments with capital to be re-invested in Australia;
- > Conversion of additional select rental villages to the DMF model to unlock earnings and cashflow; and
- > Developing, acquiring, and seeding growth opportunities organically and through rigorously assessed bolt-on acquisitions in existing and new markets.

Year in review

INA security price has risen by 86% in the last year however a significant discount to Net Asset Value (NAV) remains. The Group is actively assessing various capital management strategies to continue narrowing the discount gap



Simon Owen

Chief Executive Officer and Managing Director

Improved operational results

- ✓ Garden Villages Rental portfolio achieved 83.4% occupancy in FY12, trending well towards long term target of 89%
- ✓ DMF Conversion sales momentum continues to build with 46% of total stock sold or under contract

Monetising of non-core assets

- ✓ New York portfolio sale at premium to book value to release net A\$49.9m
- ✓ NZ Students portfolio contracted for sale at NZ\$35m, a 40% premium to book value. Net proceeds are A\$9.8m

Improved capital position

- ✓ First distribution in four years recently paid, with forecast 0.5¢ interim and final distribution for FY13
- ✓ Australian \$82m debt facility refinanced for a further three years to September 2015 on improved terms

Growth pipeline

- ✓ Development approval received for Gladstone Village Stage 2 expansion
- ✓ Organic development pipeline in place with end value of \$92m
- ✓ Currently assessing several accretive acquisition and development opportunities

Demand from residents remains steady particularly at the affordable end of the market

- > Noticeable pick-up in enquiries and sales in key Ingenia markets of WA and QLD

Supply remains well below long term requirements

- > Few new villages being built due to inability to secure funding and cautious consumer sentiment

Considerable distressed opportunities

- > Pressure from sector lenders creating forced sales opportunities
- > Few buyers as major corporates cease acquisition activities

Valuations holding firm (dependent on location and quality)

- > Discount rates for DMF villages remain around 13-14% with strongest demand for villages with development upside
- > Rental village cap rates remain around 10% with increasing demand from investors
- > Greenfield sites remain significantly discounted

Ingenia well positioned to take advantage of current market opportunities

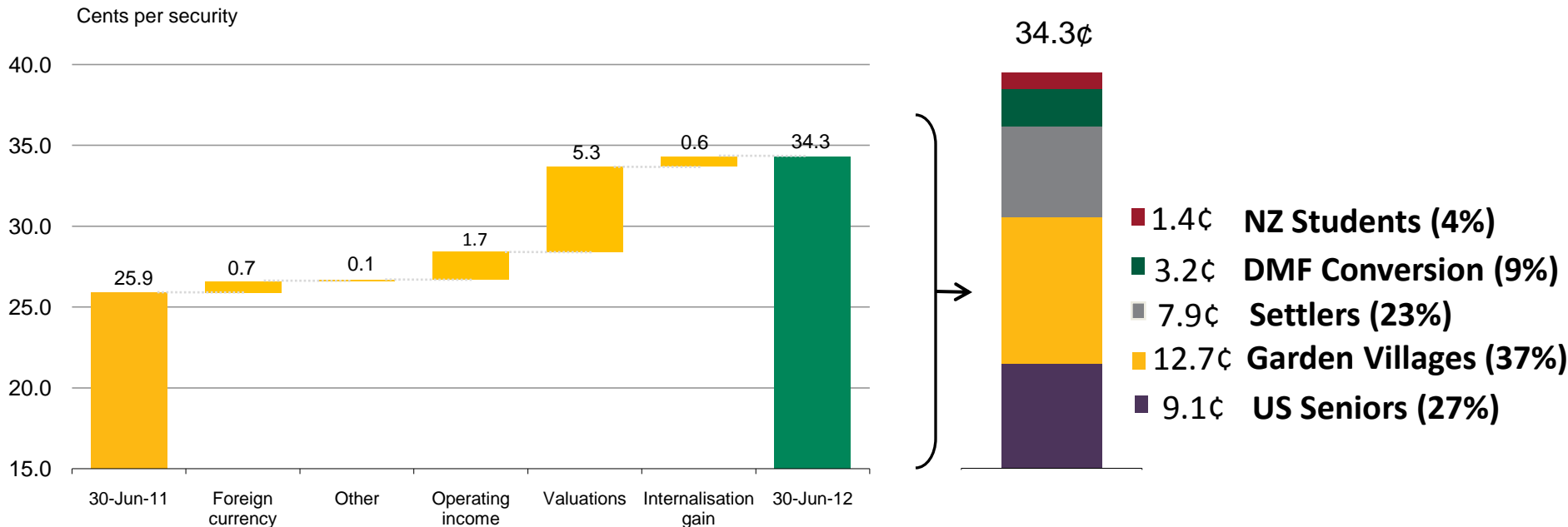
Financial overview

Key financial metrics		FY12	FY11
Net profit / (loss)	\$m	33.6 ↑ 158%	13.1
Operating income – continuing operations	\$m	2.1 ↑ NA	(1.8)
Operating income - total	\$m	7.4 ↑ 8%	6.9
Operating income per security	cents	1.7 ↑ 8%	1.6
Net cashflow from operations	\$m	5.1 ↓ 40%	8.6
Look through gearing	%	52 ↓ 25%	69
Net asset value (NAV) per security	cents	34.3 ↑ 32%	25.9

- > Net Profit of \$33.6m includes \$29.6m gain from changes in fair value of New York portfolio
- > Operating cashflows included settlement of \$8.0m accrued RE fees on internlisation. Normalised operating cashflows would have been \$13.1m, up 53% on FY11

Financial overview

Net Asset Value (NAV) composition



- > Settlement of the New York and New Zealand portfolio sales will monetise 13.5¢ into cash and lift NAV by further 3.2¢

Significant NAV upside potential embedded within existing portfolios

Improving capital position allows Ingenia to pursue accretive growth opportunities

- ✓ Australian A\$82.0m debt facility refinanced for a further three years under improved terms and margin
- ✓ Resumption of distributions funded from recurrent earnings not asset sales
- ✓ Considering buyback of up to \$10m upon settlement of New York portfolio to assist in closing security price to NAV gap
- ✓ Maintain a disciplined focus on capital allocation
 - Stringent return thresholds in place on new acquisitions and development
 - Target Australian LVR of 25 – 35%

Disciplined approach to capital allocation will continue to underpin all investment decisions

Ingenia proudly supports our local communities



Archer the Assistance Dog being raised at Settlers Rockhampton village in QLD

Largest

owner of rental
villages in
Australia



Portfolio of **34**
seniors living
communities in
Australia and
growing



25 Rental Villages
1,360 units

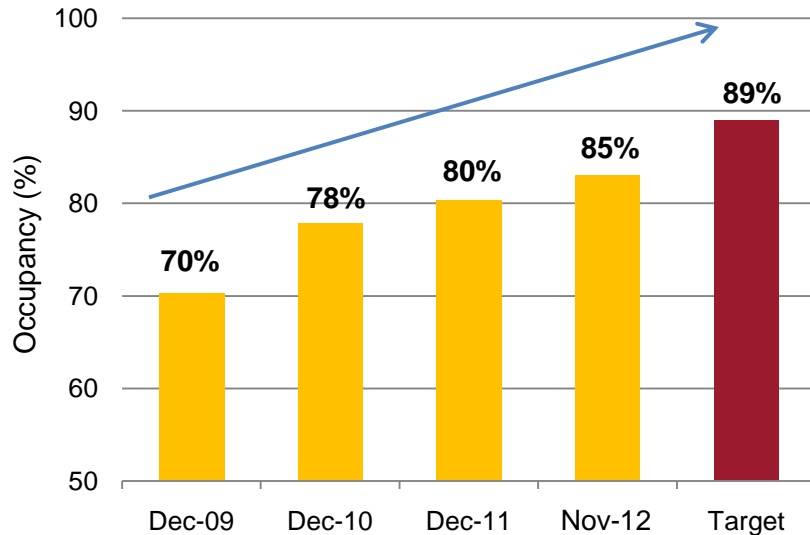


5 DMF Villages
693 units



4 DMF Conversions Villages
228 units

Portfolio update – Garden Villages (Rental)



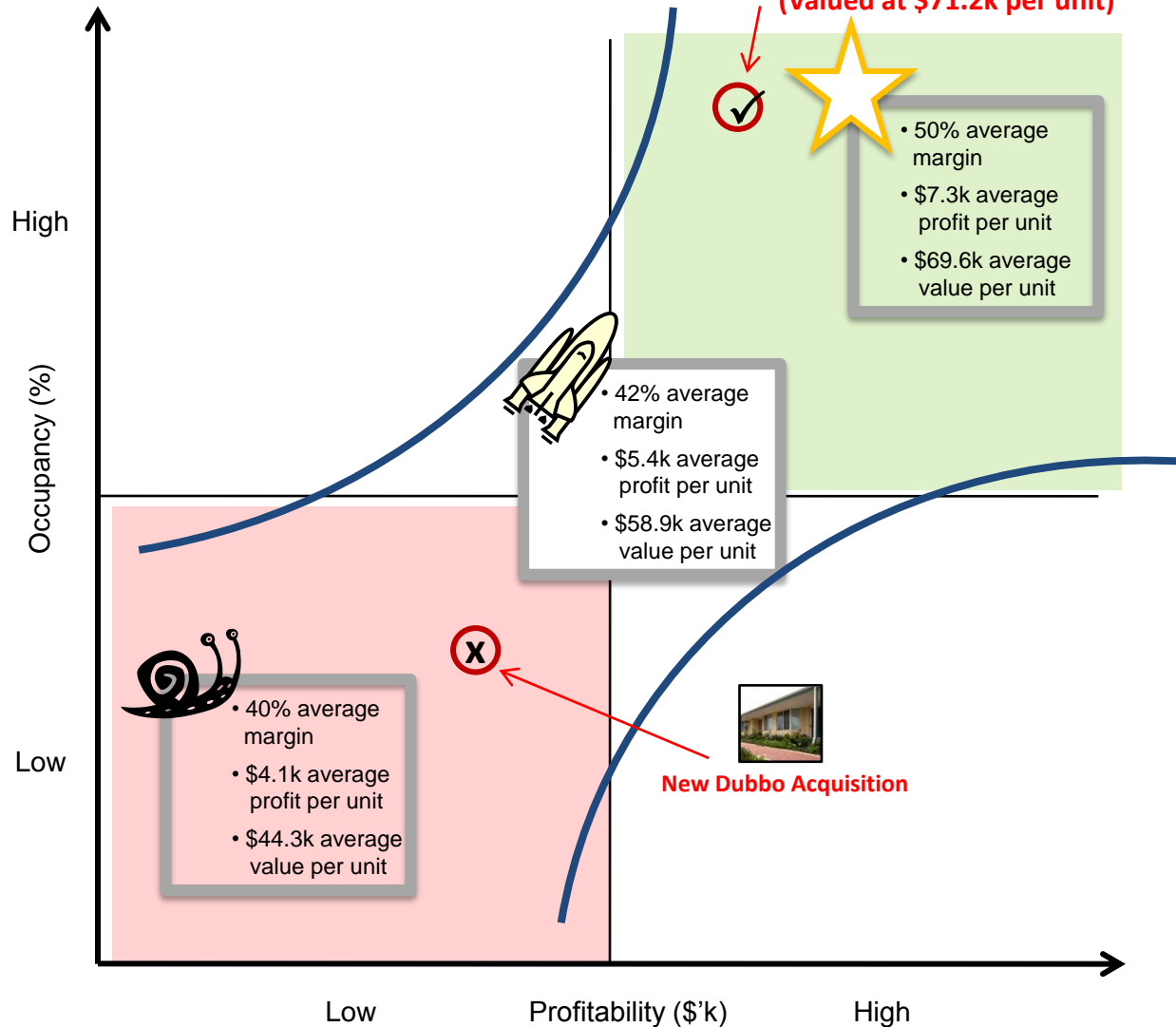
- > Occupancy at 84.9% as at 16 November 2012
- > Portfolio occupancy continues to trend upwards to long term target of 89%
- > Continual improvement in operating performance to deliver higher earnings and margins
- > Growth in average resident tenure remains a key management focus
- > Resident engagement is a key lever for sustainable growth
- > Acquisition of a 54-unit rental village in Dubbo, NSW adjacent to one of our best performing communities



Bottom image: Elphinewood Gardens residents at an 'Activate 2012' Lego competition

Portfolio update – Garden Villages (Rental)

Wheeler's Gardens Dubbo
(Valued at \$71.2k per unit)



- 50% average margin
- \$7.3k average profit per unit
- \$69.6k average value per unit

- 42% average margin
- \$5.4k average profit per unit
- \$58.9k average value per unit

- 40% average margin
- \$4.1k average profit per unit
- \$44.3k average value per unit

13 villages presently trading at occupancy 85% and above. These are our **Star performers** where focus is on maintaining occupancy and improving margins

9 villages presently trading between 70% - 84%. These are our **Emerging performers** where management is seeking to increase occupancy

3 villages presently trading consistently below 70%. These are our **Stragglers** and will be divested or converted unless occupancy can be increased to a minimum 75% within the next 12 months

Portfolio update – DMF Conversion



- > Since project launch to 9 November 2012, 91 settlements were achieved totaling \$16.5m, with an additional 8 contracts in place worth \$1.5m
- > Development Approval for Gladstone Stage 2 expansion was received in September 2012
- > Currently taking Expressions of Interests for this development. Construction anticipated in 1Q 2013 with commencement linked to timing of pre-sales



- > Recently commenced conversion of Cessnock Gardens in NSW, first sale already in place ahead of budget
- > Currently undertaking feasibility on a fifth conversion village in Victoria

Portfolio update – Settlers Lifestyle (DMF)



- > Portfolio occupancy was 96% as at 30 June 2012
- > 15 new sales totaling \$5.9m and 23 resales totaling \$6.3m were achieved in FY12
- > Focus remains on reducing time on market for vacant units, refurbishing units to maximise pricing opportunities and delivering great service and amenity to our residents
- > Resident and local community engagement remains critical to a harmonious, fully occupied and profitable village
- > Ridge Estate village recently acquired in Hunter Valley NSW. Remaining vacant stock have now been sold or are under contract. An amended Development Application lodged to improve overall yield

Top image: Settlers Noyea Park, Mt Warren Park, QLD
Bottom image: Settlers Ridge Estate, Hunter Valley, NSW

Monetisation of overseas portfolio progressing



- > Likely one month delay due to Long Island meeting rescheduled following recent Hurricane Sandy
- > Settlement of the New York sale expected in late December – early January 2013
- > Net proceeds of A\$49.9m remain unchanged



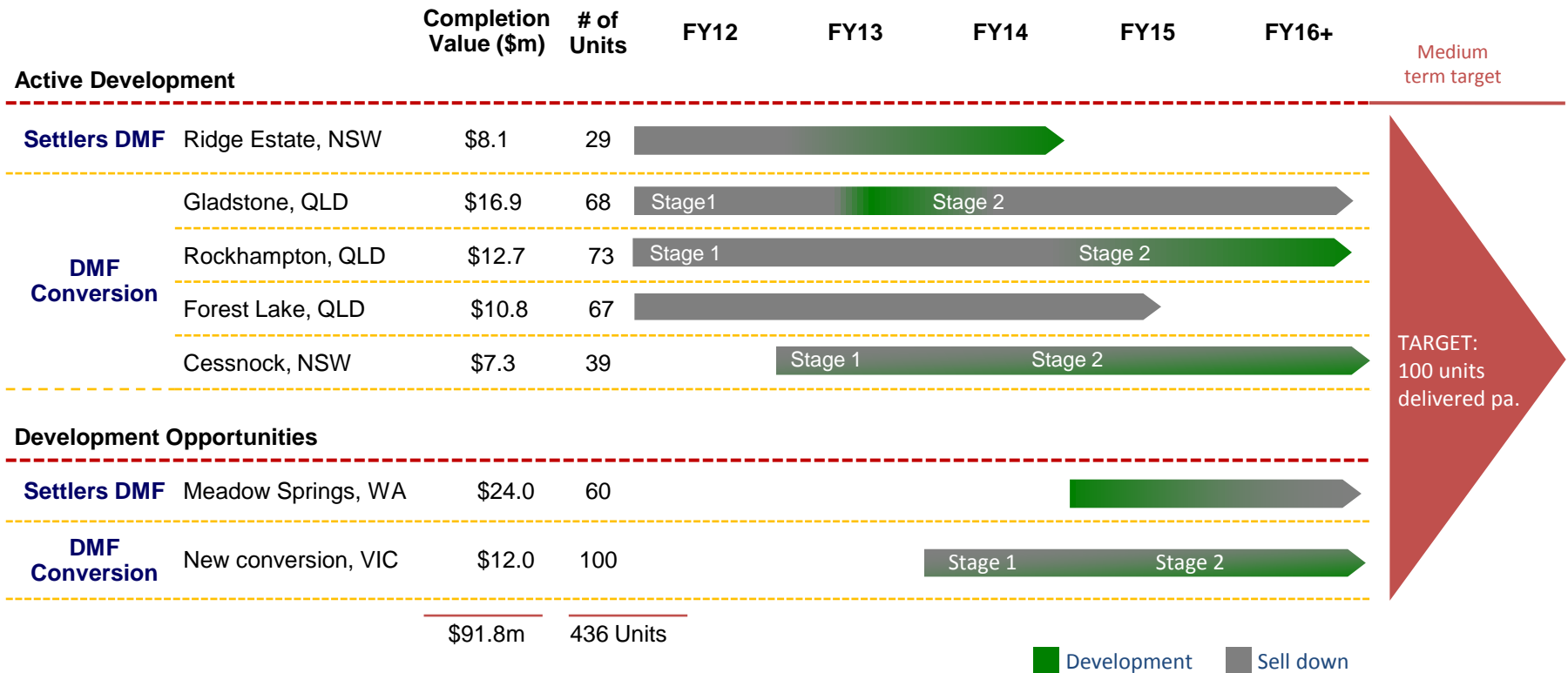
- > Negotiations complete on the 15-year accommodation leases over the three properties
- > Concurrently a conditional sale contract for the portfolio now exchanged for NZ\$35m, representing a 40% premium to 30 June 2012 book value
- > Settlement scheduled for late January 2013

Ingenia is committed to operating and building a highly profitable Australian Seniors living portfolio

- > Strict discipline to capital allocation will underpin all investment decisions
- > Focus acquisitions on cash yielding communities with development or repositioning upside, traditional DMF villages opportunities with development upside and land adjacent to existing high occupancy communities
- > New acquisitions will be in “clusters” to leverage Ingenia’s on-the-ground operations, sales and development capabilities
- > Investigate alternate Independent Living seniors living models that presently exist in Australia and overseas with a focus on cash yield
- > Growing the business while maintaining a lean operating cost base



Development forecast within existing portfolios as at 9 November 2012



Significant organic growth opportunities embedded within existing assets

- > Market conditions in Australia remain challenging however demand for affordable seniors accommodation remains firm with few alternatives available
- > Exit from remaining overseas portfolios near complete, with proceeds to be reinvested in accretive and profitable seniors housing in Australia, and capital management initiatives such as a possible buyback
- > Continually assess opportunities to divest poorly performing assets at value and recycle capital into projects earning a minimum 15% unlevered IRR
- > Seeking to maintain and grow assets under management that generate recurrent cash yield as well as increasing development pipeline and delivery
- > Reaffirm intention to pay FY13 interim and final distributions
- > Exploring multiple acquisition and development opportunities while maintaining a disciplined capital allocation strategy

Additional information from this presentation

- 1. Slide 10 'Financial Overview'** - Operating income is a non-IFRS measure that presents, in the opinion of the Directors, the operating activities of INA in a way that reflects its underlying performance. Operating income excludes items such as unrealised fair value gains / (losses), and includes the uplift in value of DMF units on first loan life leases.

FY11 operating income – continuing operations has been restated to reflect the change in classification of US Seniors and NZ Students to discontinued operations
- 2. Page 14 'Portfolio update'** - Figures in this slide include transactions announced but not settled post 30 June 2012. The figures excludes Lovely Banks from rental portfolio (sale announced and due to settle in 1Q 13), includes Dubbo village in rental portfolio (acquisition due to settle early Dec 2012), included Ridge Estate village in DMF portfolio (acquisition settled in Jul 2012), the re-allocation of Cessnock rental village to the DMF Conversion portfolio as conversion project is underway
- 3. Page 15 'Portfolio update – Garden Villages (Rental)'** - The FY12 occupancy of 85% excludes the divestment of Lovely Banks village. This was announced in May 2012 and settlement is expected in early 2013
- 4. Page 21 'Strategy'** – Figures on the development pipeline slide includes built stock and units yet to be developed

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