



Ingenia
COMMUNITIES



INGENIA COMMUNITIES

SECURITYHOLDER REVIEW 2012

GROWTH, YIELD, PERFORMANCE

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34 SENIORS LIVING COMMUNITIES IN AUSTRALIA AND GROWING



\$33.6_m

Net profit increased by 158% from \$13.1m in FY11.

34.3¢

Net asset value per security increased by 32% in FY12

51

DMF Conversion sales in FY12 delivering \$9.7m in gross sales (FY11 \$3.1m)

Letter from the Chairman



Dear Securityholders,

As the recently appointed Chairman of Ingenia Communities, I am pleased to present an update of your Group's performance in the 2012 financial year and the future strategy to grow Ingenia into a leading and profitable Australian focused seniors living business.

Year in Review

The last 12 months has been a year of significant change for the business. With the exit of ING Management Limited from its Australian real estate investment platform, ING Community Living Group internalised management in June 2012, re-listed on the Australian Securities Exchange as a triple stapled property group and was renamed Ingenia Communities Group (ASX ticker INA).

As part of the internalisation process I was appointed as the Independent Non-Executive Chairman, alongside my two Independent Non-Executive Directors, Amanda Heyworth and Philip Clark. Collectively we bring many years of hands-on commercial experience across property, banking, finance, and marketing and most importantly the Australian seniors living sector, offering the necessary experience and skills needed to lead Ingenia Communities to the next level.

We have also invited the existing Chief Executive Officer, Simon Owen, to join the Board as Managing Director. I am sure that most securityholders would agree that Simon and his leadership team have executed a significant turnaround of the Group over the past two years. Whilst considerable work remains to restore and grow value for securityholders, Ingenia is now in a stable capital position with a performing

portfolio of assets and an exciting development and acquisition pipeline.

Market conditions have remained challenging in Australia, yet despite this, the underlying financial performance of the Group has improved in the past year with net profits for FY12 of \$33.6 million, up over 150% on the prior year, an 8% increase in operating income to \$7.4 million and a 32% increase in net asset value (NAV) per security to 34.3 cents. These key financial metrics reflect the Board and management's commitment to drive performance and create sustainable value for securityholders.

The operating performance of our assets also continues to improve with the Garden Villages rental occupancy rate closing the year at 83.4% which is a record high.

It is pleasing that the broader market has re-evaluated the Ingenia Group with the security price rising by more than 70% over the past 12 months. This shift in sentiment can be attributed to the recognition of various asset sales transacted at full value, the sustainable deleveraging of the balance sheet and the traction that is gaining on our future strategy.

Strategy and Outlook

Over the course of the past year, we have made considerable progress in aligning our portfolio mix with our growth strategy. Our strategy is built on driving growth and performance in the Group's Australian portfolio and seeking acquisitions in existing markets. Our exit from the remaining overseas investments will fund expansion of the Group's Australian asset base and reduce the Group's debt and gearing. While the results are sound, there is more to be done

with the Board and management presently focused on the following key initiatives:

- **Closing the NAV gap** — in the past 12 months, we have seen the INA security price increase significantly and the discount to NAV has closed from 54% in August 2011 to 27% in August 2012. Whilst we cannot influence the security price on a day-to-day basis, it is our firm belief that a prudent and considered strategy that is well executed will over time lead to a closer alignment to NAV which will enhance securityholder value. We will also continue to closely assess the merits of an on-market buyback of up to \$10 million pending the settlement of the New York portfolio and subject to the prevailing security price.
- **Strengthening the balance sheet** — Ingenia has significantly improved its balance sheet over the past year with lower gearing and greater liquidity. Look through gearing at 30 June 2012 was 52% compared to 69% in the prior year. With the sale of the US portfolio and disciplined acquisitions and growth, management is targeting a gearing level of 25% - 35%.
As announced in the FY12 results release, the Group has successfully refinanced both its Australian and New Zealand debt facilities by three years and seven months respectively. In an environment where credit remains tight and access to capital is constrained, this longer term funding will provide the Group with enhanced financial flexibility to pursue its growth plans.
- **Disciplined approach to capital management** — with a strengthening capital position and a steadily improving operating performance, Directors were pleased to declare a final distribution of 0.5 cents for the year, the first since September 2008. Directors also anticipate a similar interim and final distribution for FY13 based on current business forecasts. We acknowledge the importance of a recurrent distribution for many of our securityholders and whilst not in a position to provide distribution guidance beyond FY13 due to global uncertainty, we will continue to pay distributions where financially prudent.

- **Building a platform for growth** — Operationally, management continues to work hard at refining the asset base, with a focus on growth in Australia and patiently monetising its non-core overseas investments. Broadly in Australia, the existing portfolios are performing to expectations with steadily increasing occupancies in the rental portfolio and robust sales in the DMF Conversion villages. We are also focused on a pipeline of organic growth opportunities with an end value of \$104 million. In addition, we will continue to rigorously assess highly accretive bolt-on acquisitions that will bolster the value of Ingenia's Australian platform.

Going forward, Ingenia will operate on a smaller asset base following the exit from its overseas investments. We are confident in our ability to maintain consistent earnings growth with development projects within existing assets and stringently assessed acquisition opportunities. The seniors housing market is a broad and evolving market and Ingenia will adapt and grow with it.

As your Chairman, I am excited to be given the opportunity to embark on this journey with my fellow directors, the passionate and capable Ingenia team, our 3000 residents across Australia and our securityholders. I would like to thank my fellow directors and management for their dedication to date, including past directors of ING Management Limited, capably chaired most recently by Michael Coleman. I can assure you that we will continue to work hard to transform Ingenia into a leading, profitable, seniors living Group in Australia.

I would also like to thank securityholders for your continued support of Ingenia and I look forward to meeting with you at our upcoming Annual General Meeting which is scheduled to be held at The Grace Hotel in Sydney on 20 November 2012.



JIM HAZEL
CHAIRMAN



Ingenia's Investment Strategy

Ingenia Communities is a leading Australian Seniors living group that owns, operates and develops a growing portfolio of seniors accommodation across key regional and urban markets.

For our residents we provide an independent and engaging community lifestyle, for our team members fulfilling and challenging careers, and for our investors, a growing cash yield and increasing exposure to an accretive pipeline of new developments and projects.

Ingenia is focused on operating and building a leading seniors living business across three core segments in Australia: Rental, Deferred Management Fee (DMF) and DMF Conversion.

Rental

Provision of affordable, quality rental accommodation to pension supported seniors over the aged of 65;

DMF

Provision of quality accommodation in residential communities to self-funded seniors over the aged of 70; and

DMF Conversion

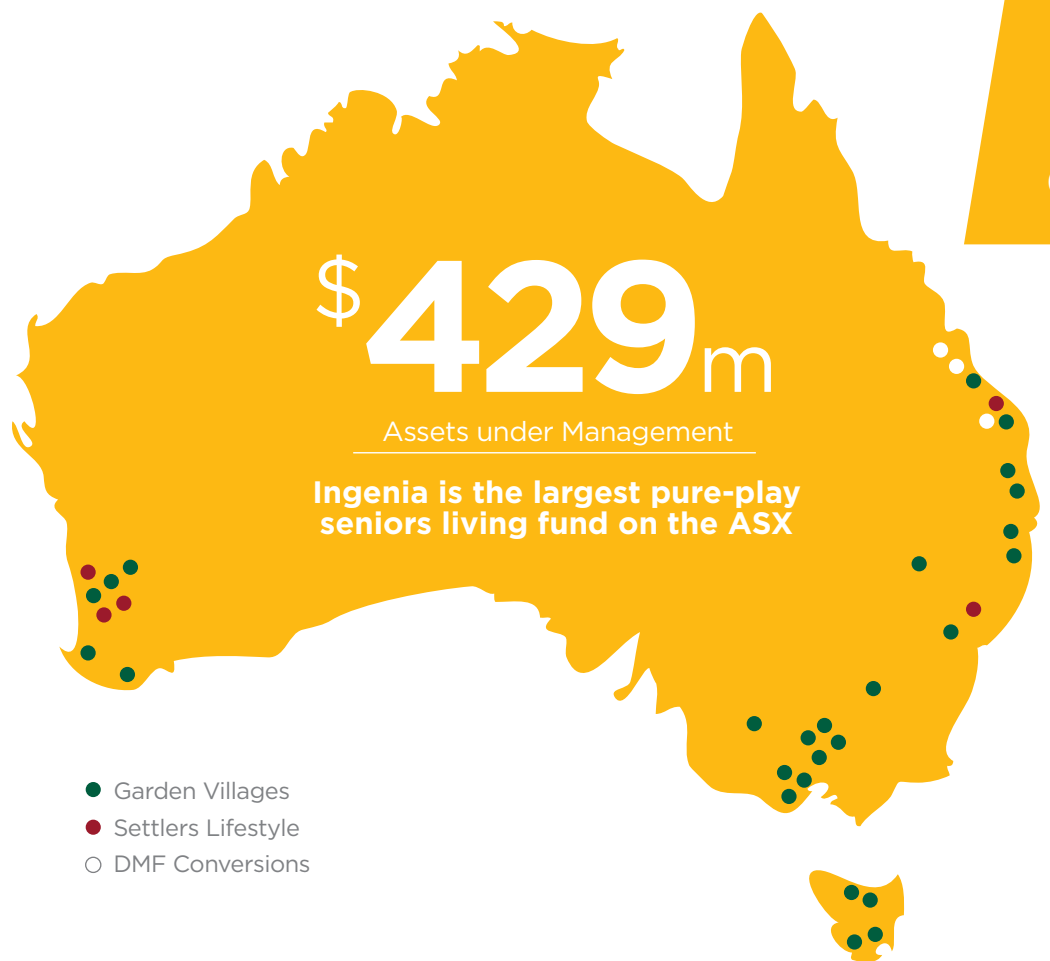
Provision of affordable, quality accommodation in residential communities to self-funded and pension supported seniors over the aged of 70.

**“Our residents are
at the centre of
everything we do”**



Business Summary

Ingenia Communities Group (ASX ticker: INA), previously known as the ING Real Estate Community Living Group, is a triple stapled property group that owns, manages and develops a diversified portfolio of seniors housing communities. Together the stapled group has total look-through assets of \$429 million with operations located predominately in Australia.





Ingenia

COMMUNITIES

“ Inspired by Ingenuity — reflecting management’s philosophy of operating with resourcefulness, strength and focus. Acknowledgement of our origins from ING Real Estate ”

New Internalised Group

Ingenia Communities is a formerly stapled property group managed by ING Management Limited (IML). In February 2010, IML announced its intention to divest its Australian real estate platform. After a lengthy two year process in which four of its five listed property funds were divested, the IML Board in March 2012 concluded its strategic review and announced its endorsement of management internalisation as the preferred strategy for the Fund. This strategy was also the overwhelmingly preferred option of the numerous retail and institutional investors who were engaged during the review process.

On 4 June 2012, following a Unitholder Meeting in which 99.6% of votes were cast in favour of the Board endorsed strategy, internalisation was completed and Ingenia Communities Group was admitted to the

ASX (with a new ASX ticker INA).

Key benefits to the internalisation proposal:

- Key personnel retained with a retirement industry experienced Board and management
- Financial support provided by ING of \$4.1 million
- Enhanced alignment between securityholders, management and the Ingenia Board
- Ability to operate independently of the global ING structure

With internalisation now complete, the Board and management can focus all of their attention on operating and building a leading Australian seniors living Group.

Investing in our People

Key to our future success is the talent, passion and integrity of the Ingenia team.

Operating in a high touch, resident focused business, it is critical having quality people who are passionate about what they do and understand the importance of meeting and exceeding the expectations of residents and their families in each of the 43 communities that we presently own and operate.

This year, we are again delighted to showcase a select group of our team members who are a testament to what drives the success of this business.





TRACEY LLOYD

Property Coordinator, Brisbane

How long have you worked with the Group?

2½ years, since February 2010.

What roles have you been working in?

My initial role was as the Village Manager at Elphinwood Gardens, Launceston, Tasmania, and now I'm the Property Coordinator in our Brisbane service centre.

What attracted you to the Group?

I was attracted to Ingenia because it is a progressive company that offers refreshing options for seniors' retirement needs. From affordable rental housing to higher end homes for sale, it is different from the other retirement living companies as we offer different housing solutions for senior to choose from.

I really enjoy a company that thinks "outside of the box" – like the fulfilling activities we introduced to our residents through the marketing program 'Activate 2012'.

What interests you about retirement?

It's a growth industry with lots of opportunities. Retirement in this day and age is no longer about traditional end-of-the-line nursing homes. Seniors are expecting more from their retirement experience and this has reshaped the industry as companies strive to provide a more diverse product offering for the astute retiree.

How has your career progressed?

My previous experience as a Village Manager has helped hone my management skills as maintaining a happy village is key. I always take the time to listen to what the residents want, which makes them feel important and valued.

More interestingly, my sales skills have also evolved as a result of the role as I'm able to more empathically work with prospective residents on their needs, then effectively position our product so as to provide them with a solution where they are confident with this life-changing decision to move into a retirement village.

"Working at Ingenia Communities gave me the confidence in myself to achieve more in my career than I ever thought I could."

I was also supported by a fantastic Regional Manager and support team which gave me the confidence to progress in my career to now becoming the Property Coordinator in the Brisbane service centre. I am excited to be able to apply the knowledge and experience I have developed from working 'on the ground' in the villages into a corporate environment.

What training has the company supported you in?

I was excited to be able to attend and complete a selling training course in 2011, which I found really helpful when selling the homes to potential residents.

What's the hardest part about your previous role?

The hardest part about the Village Manager role is losing residents due to death or illness. I pride myself on the strong rapport and relationships I build with my residents. It is very sad when they leave, akin to losing friends.

What's the best part?

One of the best parts about my previous role was the sales aspect and how I have helped a resident embark on a wonderful new chapter of their lives as they move into the village. By promoting an active lifestyle for our residents through programs such as 'Activate 2012', I have seen many residents blossom in health and well-being due to the increased social interaction and camaraderie that was built within the village community.

What do you look forward to in your new role?

To learn more about the property market, and to apply my 'on the ground' skills and knowledge to a more strategic role in the Brisbane service centre.

Where do you see yourself in 5 years?

I see myself growing within Ingenia as I continue to learn new skills and acquire more knowledge in the retirement property market. One of my strengths is my positive attitude and I can see myself in an influential liaison role helping to motivate and encourage other Village Managers to manage their residents and bring the best out of the villages.



“As a first time mum, Ingenia has allowed me the flexibility to balance being a mum and having a senior management career.”

MICHELLE KRAMER

National Finance Manager, Brisbane

How long have you worked with the Group?

I started in January 2011 as a Finance Manager at the Brisbane service centre and worked for six months until I went on maternity leave. In March 2012, I returned as a National Finance Manager.

What attracted you to the Group and your initial role?

As Finance Manager I enjoy the opportunity to work with a cross-functional management team that allows me to immerse myself in the business and help steer the company towards its strategic objectives.

What interests you about retirement?

The retirement industry is poised to enter a period of growth and expansion, and with Ingenia, I am right in the centre of it all.

How has your career progressed?

I started working for ING Real Estate in 2008 in The Hague, Netherlands. I learnt about the Group through my job as the Senior Financial Accountant then responsible for an Australian Portfolio. After relocation to Australia, I took the opportunity to work for the organisation again and joined the Brisbane service centre as Finance Manager.

What’s the hardest part about your role?

Balancing the time I spend on delivering on our short-term objectives while ensuring that we don’t miss the big-picture issues.

What’s the best part?

The atmosphere at the Brisbane office and the attitudes of the people working with the company have provided me with an environment fostering growth in both my professional life and in my personal life.

Where do you see yourself in 5 years?

On a personal note, being a first time mum, maintaining a healthy work life balance is key. Professionally, it is very important for me to continue learning and growing. I would like to take on more responsibilities and make positive contributions to the team that will bring the company more success.



HARISH BASTIAN

**Regional Operations Manager –
VIC and NSW**

How long have you worked with the Group?

It will be four years next January.

What roles have you been working in?

I was initially employed as a National Work Place Trainer spending time in our villages making sure our staff had the necessary skills for their roles. I moved into the position of Victorian Regional Manager in 2010 overseeing operations in our Victorian portfolio. A change in the portfolio structure saw me take on added responsibility and now I oversee 16 villages within NSW and Victoria.

What attracted you to the Group?

I've been with the business for a while now and I'm learning about the massive growth in the industry. It is exciting to be part of a company which has steadily grown in the last few years. I am inspired by the passion my Ingenia team members have for the industry, and I admire the Group's discipline in managing its assets as well as the instillation of strong core values in ensuring high resident satisfaction.

What interests you about retirement?

The possibilities that come with the unprecedented growth that we as an industry are experiencing at the moment. The retirement sector is constantly evolving as the expectations of our residents change over time. It is always different every day, and I believe we at Ingenia are well positioned to capitalise on it all with the many development projects and acquisition opportunities that we are involved in. I'm excited to get on this journey with the Group!

How has your career progressed?

Ingenia has given me the opportunity to develop both professionally and personally. Through industry training courses and leadership programs, I've

“Ingenia is a leading seniors accommodation provider which I'm proud to be a part of. I am very excited about what the future holds.”

been able to more confidently identify my areas of strength and work on areas for improvement. The skills I have honed in the last few years has also helped me the development of other talents in the Group. My skill-set has now broadened to not only people and asset management, but also development and acquisitions.

What training has the company supported you in?

I have attended several training courses in Sales, Situation Leadership and Development. I have also completed the introductory course for Property Asset Management with the Property Council of Australia. I have also had the chance to attend a couple of the Retirement Villages Association conferences, which are great learning and industry development forums.

What's the hardest part about your role?

The hardest part of my role is the constant travel. Generally I am away from home at least five or more nights a month which can be a bit challenging with a young family. In saying this, I love what I do and this makes things easier.

What's the best part?

It gives me great satisfaction to see our staff grow professionally and to become successful team members in our Group. It's always pleasing hearing positive feedback from residents about the staff we have at the village level. I enjoy the diversity of my role.

Where do you see yourself in 5 years?

I would like to continue my career with Ingenia. As a growing organisation there will be countless opportunities to further myself. I look forward to developing my skills and knowledge in other areas of the retirement industry. I want to continually challenge myself to take the Group forward to achieve further success.

CEO Update



Year In Review

The domestic economic climate in which Ingenia operated over the past year continues to be challenging with poor consumer sentiment, a flat residential housing market and a very tight credit environment. This has resulted in lower demand for mid-market DMF villages, a near complete stalling in the development of new villages across the industry to meet future demand, and an increased number of distressed assets coming on market as sector lenders act decisively upon non-performing loans.

Pleasingly, our 26 affordability based Garden Villages Rental villages have remained largely immune from the economic head winds and have reported both an increase in

occupancy and profitability off a smaller and better performing asset base. Equally, our three affordability based DMF Conversion villages in Queensland reported strong sales, particularly in Rockhampton and Gladstone. This portfolio was a key driver for both earnings and operating cashflow.

In our remaining international operations in the United States (New York) and New Zealand (Wellington), conditions remain equally challenging however these rental based businesses have continued to improve due to a subdued new supply coming on line and a continuing close focus on day-to-day operations and financial performance.

“Pleasingly, our 26 affordability based Garden Villages Rental villages have remained largely immune from the economic head winds and have reported both an increase in occupancy and profitability off a smaller and better performing asset base.”

Highlights

As an independently managed Group, Ingenia is well positioned for an exciting future with a focused and industry experienced leadership team, a performing asset base, access to capital at the bottom of the cycle, and an accretive pipeline of development projects and acquisition opportunities to fuel future growth and profitability.

HIGHLIGHTS IN 2011-2012

Throughout the past 12 months, Management has executed upon many initiatives to drive securityholder value

Operations	<ul style="list-style-type: none"> • Garden Villages Rental occupancy at record high of 83.4% • GV DMF Conversion villages recorded 51 settlements grossing \$9.7 million in FY12
Change of management structure	<ul style="list-style-type: none"> • Successful management internalisation completed in June 2012, with \$4.1m support package from ING • Lean and experienced team in place across core competencies
Divest non-core assets	<ul style="list-style-type: none"> • Settlement of US Non-New York portfolio sale in November 2011 with net proceeds of A\$31.3m repatriated • Sale of New York portfolio announced in May 2012 for US\$173.3m, settlement expected in late 2012 • Greater WALE on NZ Students portfolio increases sale optionality-negotiations well progressed for a sale at a premium to book value
Growth pipeline	<ul style="list-style-type: none"> • Stage 2 development of Gladstone DMF Conversion Village progressing with DA lodged in May 2012 • Acquisition of Ridge Estate DMF village with > 50% unlevered IRR, settled in July 2012
Refinance debt facilities	<ul style="list-style-type: none"> • Australian A\$82m debt facility refinanced for a further three years to September 2015 • Refinanced NZ\$20.8m New Zealand non-recourse debt facility for seven months to March 2013
Capital management	<ul style="list-style-type: none"> • Ingenia declares a 0.5¢ per stapled security distribution, funded from recurrent earnings • NAV gap narrowed significantly with security price up > 70% in FY12

Key Financial Results

The financial performance of the Group in the 12 months to 30 June 2012 is reflective of our accelerating transition from an internationally diversified seniors living and students accommodation landlord to an Australian focused, actively managed owner, operator and developer of seniors communities.









Our operating income, net profit and operating cashflows (net of back payment of long accrued ING Responsible Entity fees) have improved as we drive enhanced financial performance off a smaller asset base.

Generally, operational performance has improved, leading to a stronger balance sheet and enhanced financial flexibility that has allowed Management to rigorously assess accretive growth opportunities.

Ingenia reported a net profit of \$33.6 million for the year ended 30 June 2012, a significant improvement on the prior year's result of \$13.1 million.

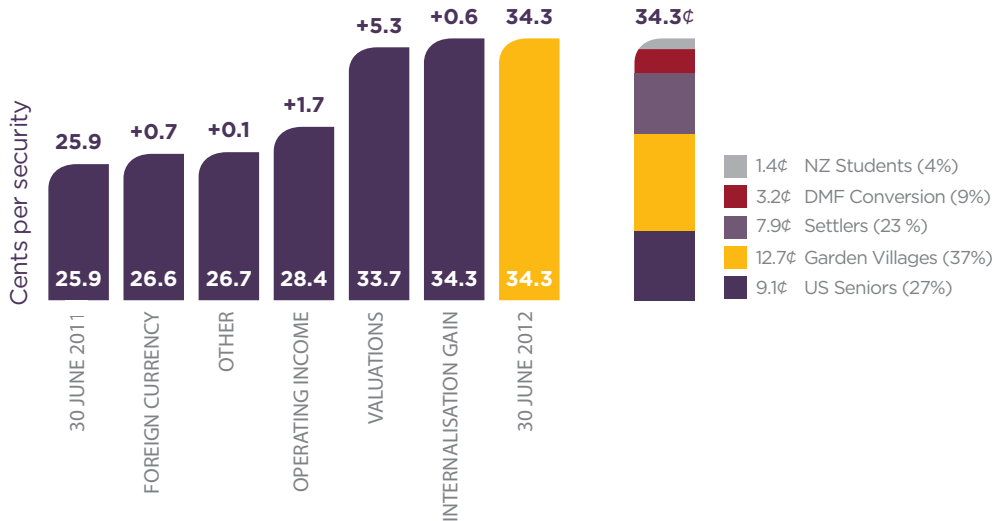
Net asset value (NAV) per security has also increased by 8.4 cents to 34.3 cents in FY12. These increases are largely a result of the revaluation uplift in the US Seniors New York portfolio as announced in December 2011.

The Group's operating income for the year of \$7.4 million has increased by 8% from the prior year of \$6.9 million. This is largely attributable to the first full year contribution from the three DMF Conversion villages in Queensland, notwithstanding that total Group assets under management reduced from \$644 million to \$429 million over the course of the year.

FINANCIAL POSTION	30 JUNE 2012		30 JUNE 2011
Total assests (look through)	\$429m		\$644.0m
Gearing (look-through)	52%		69%
Net asset value per security	34.3¢		25.9¢
Market Capitalisation (as at 20 Aug 2012)	\$110m		\$50.7m
FINANCIAL POSTION	30 JUNE 2012		30 JUNE 2011
Net profit/(loss)	\$33.6m		\$13.1m
Operating income	\$7.4m		\$6.9m
Operating income per security	1.7¢		1.6¢
Net cashflow from operations	\$5.1m		\$8.6m
Distribution declared	0.5¢		-

NAV COMPOSITION

Upside potential remains



Capital Management

This past financial year has seen management implement a blended capital management strategy of capital recycling from non-core sales, investment in our development and conversion pipeline, proactive management of debt refinancing and recommencement of distributions to securityholders.

Debt refinancing

As announced in August 2012, the Group’s A\$82 million Australian debt facility was extended for a further three years to September 2015. The debt has been restructured as a fully revolving facility and can be utilised to fund development and acquisitions. The cost of funds is market competitive and further decreases once the Group’s gearing falls below 40%. We expect this to be achieved on settlement of the US Seniors portfolio sale. We are pleased to have negotiated these terms in a market where access to debt remains extremely tight. The Group’s NZ\$20.8 million non-recourse New Zealand debt facility was also extended by seven months to March

2013, providing Ingenia with the time required to conclude its negotiations of lease terms with Victoria University of Wellington and a potential sale of the portfolio at premium to book value.

Reinstatement of distributions

Management acknowledges the need to return value to securityholders where it is financially responsible to do so, and believes that the declaration of a final distribution of 0.5 cents per stapled security for FY12 is a key part of this. This distribution represents 43% of the Group’s FY12 operating cashflows. Future payments will continue to be funded from recurrent earnings and not from asset sales.

“Strict discipline will be maintained in capital allocation between investing in our growing development and conversion pipeline, acquisitions and return to securityholders.”

Balancing capital return with funding growth

In the past 12 months, a well thought-out divestment plan was executed both locally and overseas. The monetising of the Group's overseas investments is near complete as management announced the sale of the New York seniors portfolio in May 2012, and the exit from the NZ Students market is well progressed. The net proceeds from the sale of these portfolios will enable Ingenia

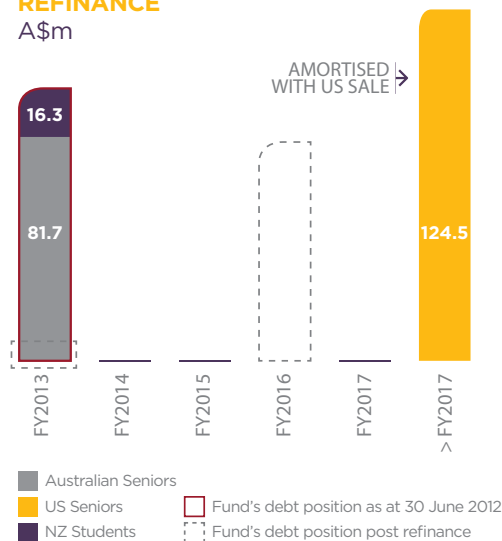
to meet its capital needs for development and acquisitions in Australia and a possible return of capital to securityholders.

Management will maintain its disciplined approach to capital allocation and will continue to target minimum return thresholds of a 15% unlevered internal rate of return (IRR) on acquisitions and a minimum of 20% on new developments.



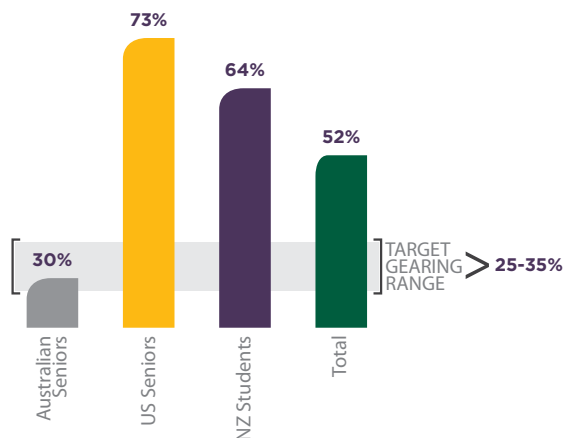
DEBT MATURITY PROFILE — AT 30 JUNE 2012 AND POST REFINANCE

A\$m



LOOK THROUGH GEARING — 30 JUNE 2012

(%)



Portfolio Update

Accelerating transition from passive landlord to an active owner, operator and developer of Australian seniors communities.

\$ **342**
total property book value

43
total properties
3557
total units

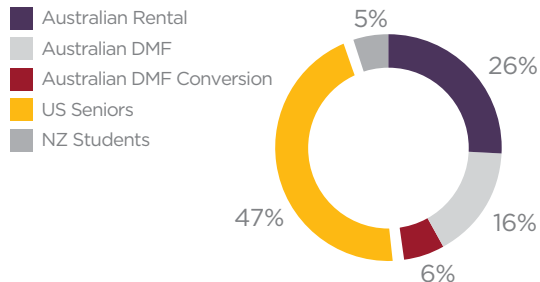
60% OF TOTAL AUSTRALIAN SENIORS INCOME CURRENTLY DERIVED FROM RENT PROVIDING CONSISTENT CASHFLOW STREAMS

PORTFOLIO UPDATE

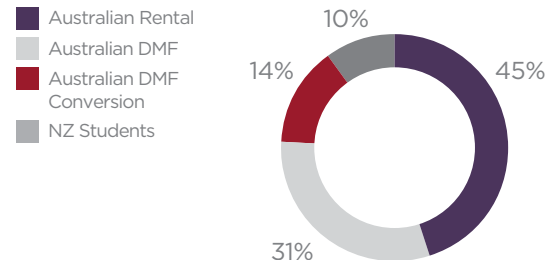
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The sale of overseas investments brings the Group one step closer to an Australian only seniors living platform.

GEOGRAPHICAL ALLOCATION BY VALUE AS AT 30 JUNE 2012



GEOGRAPHICAL ALLOCATION BY VALUE PROFORMA POSITION¹



1. Proforma takes into account the divestment of 6 New York assets as announced in May 2012, the INA Board approved conversion of Cessnock rental village to DMF as announced in June 2012, the divestment of Lovely Banks rental village as announced in June 2012, and the settlement of the acquisition of Ridge Estate village (DMF) in July 2012



Garden Villages Rental

The Garden Villages portfolio, with 26 affordability based rental communities, continued to improve its operational and financial performance in FY12 with an all-time high of 83.4% occupancy since management of these assets was brought inhouse in 2008.

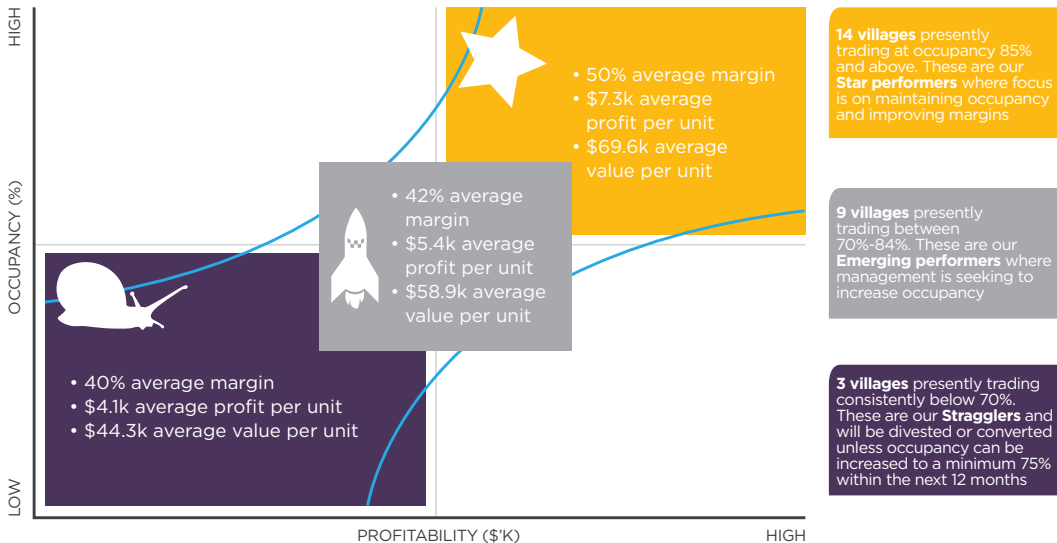
This was attributable largely to the success of a resident engagement program 'Activate 2012' which promoted resident referrals across our villages. The program drove a record number of 239 move-ins within a six-month period and generated significant local press, further establishing the Garden Villages brand within the local communities.

'Activate 2012' included many innovative events launched across our communities. It included activities such as creative writing and art competitions, Xbox gaming challenges, attempts at record breaking jigsaw competitions, and technology

sessions where high-schoolers taught our residents the internet and social media. Through these events, we were able to create an enriching environment for our residents and encouraged increased interaction with the numerous local communities in which we operate.

With the rental portfolio accounting for 45% of the Group's total portfolio value, management continually evaluates the performance of these assets — divesting or converting under-performers into the highest and best use, and finely tuning the performance of the better yielding assets to deliver a consistent high quality cashflow.

AS AT 30 JUNE	2012	2011
Number of properties:	26	26
Number of units:	1,372	1,371
Book value:	\$87.1m	\$89.7m
Net property income:	\$7.0m	\$6.5m



PRESS COVERAGE RECEIVED FROM ACTIVATE 2012

Seascape searching for artistic flair

SEASCAPE Gardens is searching for a resident Picasso. The resident's work will be entered into the Garden Villages nationwide art competition and could win a \$1000 reward. Village manager Jackie Suckling said residents had so many hidden talents, the competition was a great opportunity for them to gain some recognition for their talents.

Technology not just for kids

OXLEY Gardens residents get their virtual bowling shoes on this week to compete in the national Garden Villages Xbox Kinect Challenge. Residents around the country face off for a grand prize of \$1000, awarded to the person who reaches the highest score on the Kinect Sports Ten Pin Bowling game. For many of the retirees Xbox is not a familiar term and this will be the first time they have ever actually played a modern video game. Village Manager Keith McLeod said the challenge was a great way for seniors to learn some modern technology and have a bit of fun at the same time. "They will definitely know what the grandkids are talking about now," he said.

Residents want record

A GROUP of 30000 residents are writing themselves in to have a go at a world record this weekend. Residents of Yorkshire Coastline retirement villages will be taking part in a virtual capture awareness competition, aimed at breaking the record for completing a 1000 piece jigsaw. The record is held by a team of 10000 people and residents are being encouraged to beat it. The record is held by a team of 10000 people and residents are being encouraged to beat it. The record is held by a team of 10000 people and residents are being encouraged to beat it.



Yokamia Gardens manager Kevin Brown (left) with residents Alfred Thomas and Eric Thomas.

Assembled to win

HOW fast can you complete a 1000-piece jigsaw puzzle? Residents at Brookfield's Coburns Gardens will take part in a nationwide jigsaw assembly competition that carries a top prize of \$1000. Village manager Julie Hedley said jigsaws were "a great way to keep the mind active and I think we will give the other villages a run for their money".



Yokamia Gardens residents May Beech and Eileen Taylor get ready for the Xbox challenge.

Xbox challenge puts seniors in control

Manager Kevin Brown said it would be the first time some residents had played a modern video game. "This challenge is a great way for seniors to get involved and learn about modern technology and have a bit of fun at the same time," he said. "They will definitely know what the grandkids are talking about now." Mr Brown said the challenge was part of a fortnightly activities program called Activate that let the residents try new things. "The whole Activate thing is to stimulate residents by doing things they haven't attempted before," he said. "We've done computer training, painting, it's been brilliant, they've been enjoying it." Other activities include a lego and jigsaw challenge, creative writing, a Caribbean and a Mexican lunch, an exercise week and a filmmaking activity.

Theme party for the '40s

TAREE Gardens residents will relive the 1940s this week with a themed party in the canteen. All residents, family and friends are invited to enjoy dancing, music, and light refreshments 1940s style in the village community rooms. The majority of the residents at Taree Gardens would have been in their adolescent to teenage years as the impact of World War II was felt across the country. This event is about reminiscing on those younger years and celebrating the music, fashion and food of this era. Village manager Maria Wheatie is looking forward to all the memories which residents are sure to share during this function. "The younger generation definitely have an interest with this era, from the war to Betty Grable to the music of Frank Sinatra. What a great opportunity to talk with people who actually lived through this time!" The event will be held in the village community room, Taree Gardens, 60 Edinburgh Drive.

Seniors to get internet savvy for the grandkids

YAKAMIA Gardens residents are getting ready to jump into the depths of the world wide web to learn all about the social networking phenomenon that is Facebook. Learning the internet, using email and YouTube will also be covered in the two-hour course provided by Claire Harris from Great Lakes Institute of Technology. The aim is to show the residents that being online can offer something that is very useful in their own lives. When they access the internet for the first time and they can see pictures of their grandchildren on the other side of the country or around the world, we show how to send an email to their family and get responses straight away, their whole world changes with a simple click of a button. Village manager Kevin Brown said that for seniors, connecting with their grandchildren was really important. "This is a great initiative for not only showing seniors what the internet is about, but also giving them the skills to connect with the youth in their families through different services," he said. Laptop computers are used at the retirement village this week and seniors begin their training program. The computers are on loan for two weeks then move on to another village.



BROWNING: Manager Kevin Brown (at rear) with Bert Buckroyd, Michael Swarbrick and Henry and Barbara Lohi who are learning to use the internet.



ACTIVE MIND: Cessnock Gardens resident Barbara Price, 85, ready to take on the jigsaw puzzle challenge.

Puzzles keep mind active

Residents at Cessnock Gardens have been working on a 1000 piece jigsaw puzzle in a fun competition with residents at other ING Gardens Villages across Australia. Seniors living in Garden Villages across the nation will battle it out in a time trial with a top prize of \$1000. Cessnock Gardens Village Manager, Sue Ledden, said "Residents really enjoy jigsaws, they are a great way to keep the mind active and I think we will give the other villages a run for their money." Residents must complete the puzzles individually, and will have one week to perfect their skills.

Knitting up a storm to help others

TAREE Gardens knitters have joined the Guardian Angels. Guardian Angels knit clothing for children and Taree Guardian Pharmacy in Manning Mall is recruiting Guardian Angels to the program which is run through the winter months. Alison Smoothy is the Guardian Angel coordinating the local program and has enlisted the help of Taree Village Gardens Knitting Group. The group recently made time to sew together about 140 baby jumpers that had been knitted by a volunteer who had become ill. The pharmacy has stockpiled its free pattern book which has step-by-step instructions for a number of different garments to knit. The Guardian Angel Knitting Program encourages knitters of all levels to pick up sticks, hone their skills and donate their woolen creations to Australians in need. Knitted items include clothes, blankets, scarves, beanies and other garments.



Jessie Green, Joyce Faney, Olive Kambour, Jean Olo, Lyn Tarnes, Phyllis Cross, Heather O'Neil, Kath Thomas, Vera Fieldhouse, Anne Russell, Christine Ritchie and Dorothy Smith. Right: Some of the baby garments knitted for the Guardian Angel program.



DMF Conversion

The DMF Conversion portfolio of three former rental villages in Queensland is the key driver of income growth in FY12.

For the year ended 30 June 2012, 51 units totaling gross sales of \$9.7 million were achieved, coupled with 14 contracted sales worth \$2.5 million that are expected to complete in the coming months. From project launch to date, 38% of total stock has been sold or contracted across the three villages.

Management continues to invest in community engagement marketing initiatives to drive sales and raise our profile across this portfolio. Following on the Group's partnership with Assistance Dogs Australia last year, a sponsorship program was launched with considerable fanfare at the Rockhampton village, making it the first Seniors Living community in Australia to raise and train a future assistance dog that will be gifted to the local community at the end of a two year training program.

The village adopted Archer, a golden retriever pup, in May 2012. The raising

of Archer has generated much excitement in the local community, with a naming competition and even a facebook page dedicated to its progress. Such initiatives not only allowed Ingenia to actively support the local community, it also enriched the lives of our residents, and helped generate significant free press and profile for the Settlers brand.

The underlying demand for the affordability based DMF Conversion villages remains strong as management fast tracks development works on the 53-unit Stage 2 expansion of Gladstone village with construction expected to commence in early 2013. Planning is underway for the conversion of the Cessnock Gardens village in Hunter Valley NSW, and feasibility being assessed for a fifth rental village in Victoria that has been identified for conversion.

AS AT 30 JUNE	2012	2011
Number of properties:	3	3
Number of units:	216	216
Book value:	\$22.0m	\$26.4m
Net property income:	\$3.9m	\$0.5m



www.facebook.com/ArcherRockhamptonSettlersAssistancePuppy



TOP IMAGES: Adopting Archer, the assistance dog in Rockhamton village
ABOVE: Architectural renders of proposed medium density seniors living accommodation for Stage 2 Gladstone Village in QLD.



Settlers DMF

In FY12, occupancy remained high across Ingenia's portfolio of four traditional Settlers DMF villages, however earnings have decreased due to the challenging residential markets in Perth and Brisbane.

Whilst we have yet to discount prices, we have not been able to achieve price growth for several years now — one of the key components of DMF profitability.

Pleasingly in the past three months, we have witnessed a solid turnaround in the Perth market which has resulted in a significant pick-up in enquiries and sales leads. These will have a positive impact on reducing time on market for vacant units and should eventually translate into price growth.

In July 2012, Ingenia made its first acquisition in many years, adding the boutique Ridge Estate DMF village to the portfolio. Located in the Hunter Valley region of New South Wales, this highly accretive acquisition comprises 16 existing homes with development approval for a further 28 units and is forecast to deliver an unlevered internal rate of return (IRR) of more than 50%. Small, highly accretive bolt-on acquisitions such as this are one of the ways management intends to invest capital to grow earnings and cashflow in the coming years.

AS AT 30 JUNE	2012	2011
Number of properties:	4	4
Number of units:	677	677
Book value:	\$54.0m	\$56.6m
Net property income:	\$1.6m	\$2.8m



Overseas Portfolios

The Group strategy to patiently and at full value exit our overseas operations to focus on the Australian seniors living market is approaching completion.



US SENIORS PORTFOLIO

In May 2012, Ingenia announced the sale of its Long Island New York portfolio with anticipated net proceeds of A\$49.9 million to be repatriated to Australia. Settlement of this transaction remains on track for late 2012 pending approvals from various authorities in the United States.

NZ STUDENTS PORTFOLIO

In recent months, management has made significant progress to negotiating new long term lease agreements for the New Zealand Students portfolio. A 15-year accommodation lease has been negotiated with Wellington Institute of Technology (Weltec) for the McKenzies Building with full documentation now being completed. Similarly negotiations are well advanced with Victoria University of Wellington (VUW) for the Cumberland and Education House buildings. A greater weighted average lease expiry (WALE) on this portfolio significantly increases the sale optionality with management currently in advanced negotiations with an off-shore entity at a price representing a premium to book value.

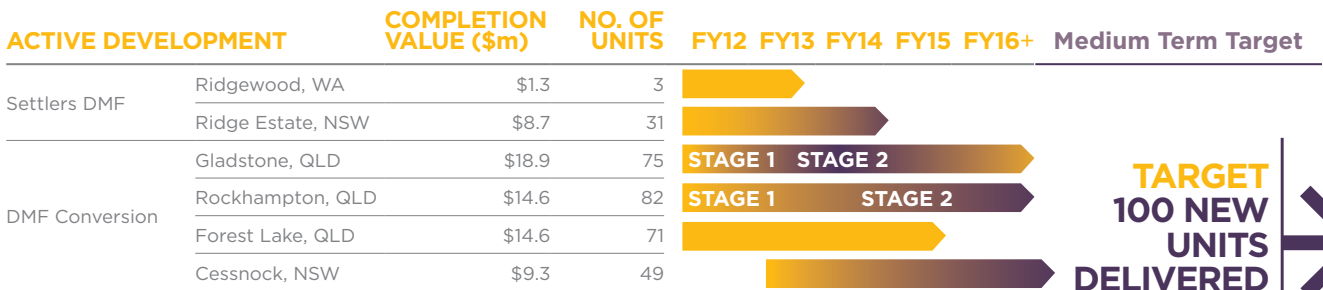
Development Opportunities

The strengthening of Ingenia’s financial position in the past year has allowed the Group to continue seeking growth opportunities to increase its asset base and profitability and to provide superior returns to securityholders.

Management’s short to medium term focus is to capitalise on the accretive pipeline of organic growth opportunities embedded within its existing assets. As at 30 June 2012, Ingenia has an internal development and conversion pipeline of 471 units with an end value of \$103.4 million.

The timely build-through subject to robust thresholds and active sell down will be a key priority for management over the coming years.

DEVELOPMENT FORECAST WITHIN EXISTING PORFOLIOS AS AT 30 JUNE 2012



**TARGET
100 NEW
UNITS
DELIVERED
PER ANNUM** →

DEVELOPMENT OPPORTUNITIES

Settlers DMF	Meadow Springs, WA	\$24.0	60	
DMF Conversion	New Conversion	\$12.0	100	
		\$103.4m	471 Units	

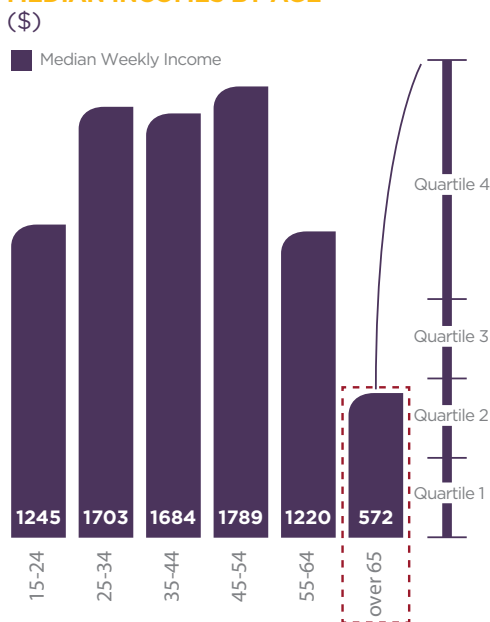
■ Sell Down ■ Development

Strategy and Outlook

With a broad range of seniors accommodation solutions offered in Australia, Ingenia aims to focus on the affordable segment of the market, whilst a majority of our peers position themselves

with middle to middle/upper offerings. As evidenced in the charts below, the declining median income and median net worth of persons over 65 underpin the strong demand for affordable housing.

MEDIAN INCOMES BY AGE



MEDIAN NET WORTH BY AGE, 2010

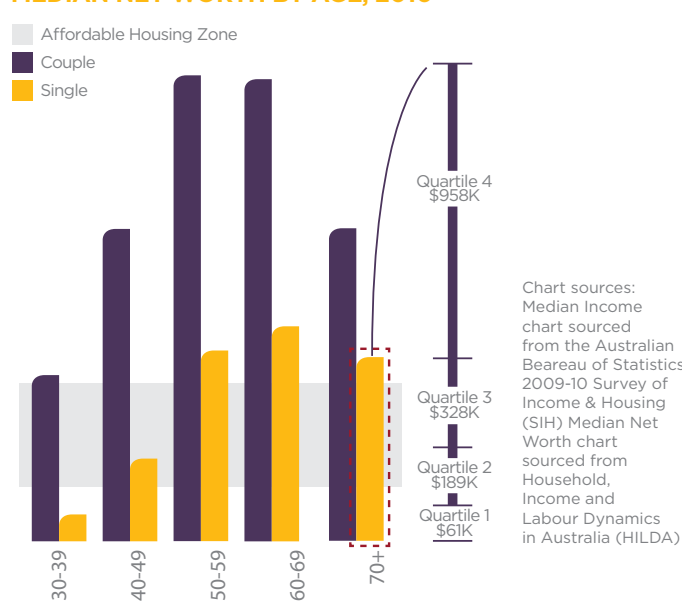


Chart sources: Median Income chart sourced from the Australian Bureau of Statistics, 2009-10 Survey of Income & Housing (SIH) Median Net Worth chart sourced from Household, Income and Labour Dynamics in Australia (HILDA)

- Steep drop in weekly income for person over 65 helps drive seniors demand for more affordable housing.

- Median net worth seniors begin to fall as they age
- Decreased net worth in over 65s drives them towards the affordable housing sector

Ingenia remains committed to operating and building a highly profitable Australian seniors living portfolio offering investors a growing cash yield and increasing exposure to an accretive pipeline of new development and acquisition opportunities.

In the current environment where market uncertainty persists, lending conditions remain tight and distressed retirement village sales are in abundance, Ingenia is in a unique position with a quality portfolio of performing asset and a strong capital position to take advantage of highly accretive acquisitions.

Key areas of focus over the next 12 months include:

- Continue to extract maximum performance and earnings from our current asset base including Garden Villages and Settlers DMF conversion assets;

- Grow the proportion of earnings that come from rental yields;
- Capitalise on the organic pipeline of 471 conversion and development units that exists within the current portfolio;
- Acquire new communities within existing markets and seed new clusters in attractive markets where we can leverage our strong internal capabilities across operations, sales and development;
- Finalise the exit from our remaining overseas and non-core assets in a patient and disciplined manner; and
- Continue to divest assets that do not meet target return thresholds and recycle the capital into accretive opportunities.

“Seeking growth in existing markets and leveraging capability and scale”

STRATEGY - FY12 SCORE CARD

**DEVELOP,
ACQUIRE
& SEED**

Acquire partially built villages in new markets	PLANNING	
Seed new business models and market niches	UNDERWAY	<ul style="list-style-type: none"> • Assessing several accretive opportunities • Exploring partnership with care service providers for existing rental villages
Acquire Greenfield opportunities in new markets	PLANNING (LOW PRIORITY)	

**EXTEND &
CONVERT**

Convert existing rental villages to DMF	UNDERWAY	Finalising conversion plans for Cessnock village, NSW – 4th conversion village
Acquire and develop land adjacent to existing villages	UNDERWAY	Assessing several opportunities adjacent to high occupancy villages
Bolt-on acquisitions in existing markets	DELIVERED	<ul style="list-style-type: none"> • Ridge Estate village acquired in Jul 2012, INA's first DMF village in NSW
	UNDERWAY	<ul style="list-style-type: none"> • Assessing further accretive opportunities

**BUILD &
EXECUTE
OPERATIONAL
CAPABILITY**

Drive Garden Villages rental occupancy	DELIVERED	Achieved new high of 83.4% as at 30 Jun 2012
Expand existing villages	UNDERWAY	Progressing well with Stage 2 expansion of Gladstone, QLD



Board Profile



01. JIM HAZEL
Chairman

Mr Hazel has had an extensive corporate career in both the banking and retirement sectors. His retirement and village operations experience includes being managing director of Primelife Corporation Limited (now part of Lend Lease). Other listed company directorships include Bendigo and Adelaide Bank Limited and Centrex Metals Limited since 2010 and Impedimed Limited since 2006. Jim also serves on the boards of Motor Accident Commission, Coopers Brewery Limited and the Council on the Ageing (SA) Inc.



02. AMANDA HEYWORTH
Non-executive Director

Ms Heyworth serves as executive director of Playford Capital. She has a wealth of experience in the finance, technology and government sectors. Ms Heyworth brings a finance and growth focus to the Group, having worked on many product launches and geographic expansions and over 40 capital raisings and M&A transactions. She sits on a number of public sector and private boards including SA Lotteries and the Phoenix Society.



03. PHILIP CLARK AM
Non-executive Director

Mr Clark is a member of the J.P. Morgan Advisory Council and chairs a number of government and private company boards. He was managing partner and chief executive officer of Minter Ellison and worked with that firm from 1995 to 2005. Prior to joining Minter Ellison, Mr Clark was a director and head of corporate with ABN Amro Australia and prior to that he was managing partner with Mallesons Stephen Jaques for 16 years. Mr Clark is a former director of IML.



Management Profile

01. SIMON OWEN **Managing Director**

Simon joined the former ING Real Estate Community Living Group in November 2009 as the Chief Executive Officer. He has the overall responsibility for the strategic direction of the Group including operational, financial and capital management. Simon brings to Ingenia Communities in-depth experience in the retirement sector and is currently the National President of the Retirement Villages Association (RVA), the peak industry advocacy group in Australia. Simon's experience spans across multiple disciplines including finance, funds management, mergers and acquisitions, business development and sales and marketing. Prior to Ingenia Communities, Simon was the CEO of Aevum, a formerly listed retirement company. Simon is a qualified accountant (CPA) with postgraduate diplomas in finance and investment, and advanced accounting.

02. TANIA BETTS **Chief Financial Officer**

Tania was appointed as Chief Financial Officer ("CFO") in May 2012, after a 6 year career at Stockland Group where she held various positions including National Finance Manager within their Retirement Living Division. Tania's previous experience includes several years within the chartered accounting profession as well as working for a leading health care provider. She holds a Bachelor of Business in Accounting and Finance, is a member of both the Institute of Chartered Accountants and the Institute of Chartered Secretaries.

03. CORRIE MILNE **National Operations Manager**

Corrie is responsible for the operational management for all 34 villages in the Australian

portfolio. Corrie joined the business in October 2008 as the Regional Manager (Queensland) and in February 2009 moved into the role of Senior Regional Manager across the Australian portfolio. In June 2011 Corrie was promoted to his current role of National Operations Manager. Prior to starting with the Group, Corrie worked with Sunny Cove Villages Group (SCV) for 2 years in various roles across their business. Corrie started his career with over 10 years of experience in the hospitality industry. Corrie holds a Diploma in Business and a Graduate Certificate in Asset Management

04. DARRYL WATHERSTON **National Sales & Marketing Manager**

Darryl is responsible for the sales and marketing function for the Australian portfolio. Darryl joined the Group in April 2008 as the Garden Villages Marketing Manager and was promoted to his current role as National Sales & Marketing Manager in April 2011. Prior to joining the Group, Darryl spent 2 years with Sunny Cove Villages Group (SCV) as Marketing Manager. Darryl brings over 15 years of experience in media and sales management to his role and he holds a Bachelor of Business Management (Marketing).

05. JAMES ELLIOTT **Senior Development Manager**

James is responsible for delivering the Group's growing property expansion and development pipeline with more than 14 years experience in the property industry. James joined the Group in August 2011, and has immediately been involved with the expansion of Stage 2 at Settlers Gladstone village, Ridge Estate in Hunter Valley and various other projects. James is experienced across large listed development firms and boutique funds management companies covering a wide range of development projects

including mixed use projects, eco-resorts, apartments, industrial and residential land projects. James holds a bachelor degree in property studies.

06. KAREN LANDY **General Manager - Commercial**

Karen is responsible for the Group's New Zealand Students investment including the current lease negotiations and recent debt facility extension. Karen is also responsible for capital management including the recent refinancing of the Australian debt facility and led the recent internalisation process from the Ingenia perspective. Karen has more than 20 years' experience in the financial services and funds management sectors. She has been with the group for 5 years, and has expertise in financial management, debt and capital transactions. Karen is a Chartered Accountant with a Bachelor of Economics and Masters in Applied Finance.

07. NIKKI FISHER **Chief Operating Officer**

Nikki is responsible for the operations of the Group's Australian portfolio of Rental, DMF and DMF Conversion villages. She joined the former ING Real Estate Community Living Group in 2010. Nikki has 16 years' experience in the property and asset management industry. Her career spans across multiple asset classes including industrial, commercial and retail. Prior to Ingenia, Nikki spent 10 years at Westfield Group where she held the position of Regional Manager QLD North, overseeing a portfolio in excess of \$2 billion. She holds a Bachelor of Business in Accounting and Industry Economics.

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