

Ingenia Communities Group

2012 Annual Results Presentation

29 August 2012



Agenda

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Highlights

Operations

- > Garden Villages Rental occupancy at record high of 83.4%
- > DMF Conversion villages recorded 51 settlements grossing \$9.7 million in FY12

Change of management structure

- > 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

- > 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 WALE¹ on NZ Students portfolio increases sale optionality – negotiations well progressed for a sale at a premium to book value

Growth pipeline

- > 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

- > Australian A\$82.0m debt facility refinanced for a further three years to September 2015²
- > Refinanced NZ\$20.8m New Zealand non-recourse debt facility for seven months to March 2013

Capital management

- > Ingenia declares a 0.5¢ per stapled security distribution, funded from recurrent earnings
- > NAV gap narrowed significantly with security price up > 70% in FY12

1. Weighted Average Lease Expiry
2. Subject to confirmation that all conditions precedent have been satisfied

Market overview

Our operating environment

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

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

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 pricing)

- > Discount rates for DMF villages remain around 13-14% with strongest demand for villages with development upside
- > Rental village cap rates remain around 9-11% with increasing demand from investors
- > Greenfield sites remain significantly discounted

Ingenia well positioned to take advantage of current market opportunities

Transitioning to a leading Australian Seniors living business



GARDEN VILLAGES PORTFOLIO

- ❖ 26 rental properties across Australia
A\$87.1 million book value



SETTLERS LIFESTYLE PORTFOLIO

- ❖ 4 DMF properties in WA & QLD
A\$54.0 million
- ❖ 3 DMF Conversion properties in QLD
A\$22.0 million



NZ STUDENTS PORTFOLIO

- ❖ 3 student accommodation buildings in Wellington
A\$19.5 million

US SENIORS PORTFOLIO

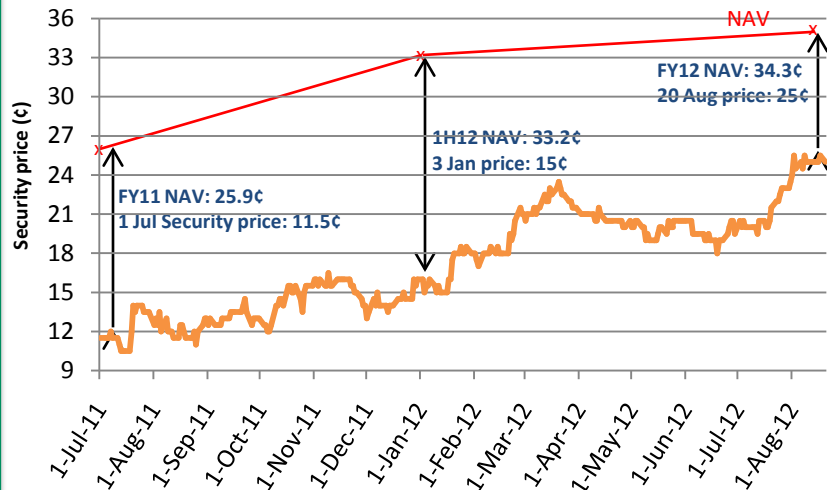
- ❖ 6 assets in Long Island, New York A\$159.5m
- ❖ Announced the sale of the New York portfolio in May 2012
- ❖ Settlement anticipated in late 2012

Australia

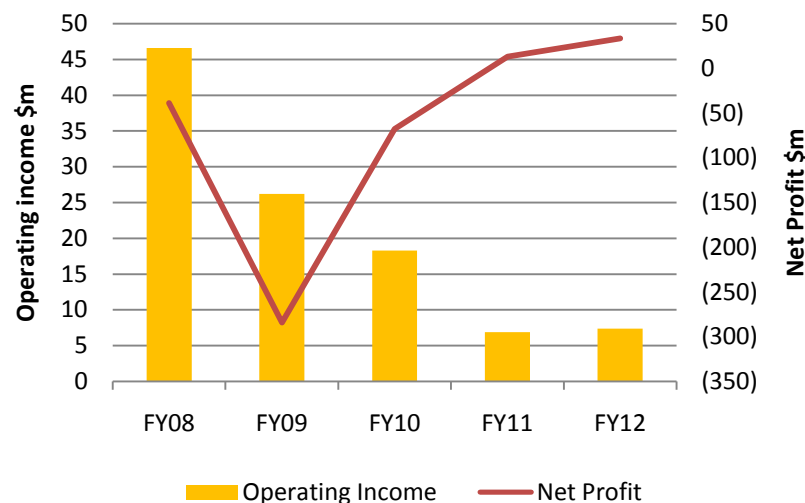
Overseas

Group snapshot as at 20 August 2012

Security price / NAV



5-year operating income and net profit



Corporate

ASX Code	INA
Market cap as at 20 Aug	\$110m
Securities on Issue	441m
Register Top 20	65.8%
Register Top 50	73.7%
Total securityholders	3,743

Top Securityholders

Allan Gray Investments
Mercantile Investments
First Samuel
Intelligent Investor Funds

Recent ASX Announcements

- ✓ Jun 2012: Announced the sale of Lovely Banks village in VIC, a non-core rental village at premium to book value, settlement expected first quarter 2013
- ✓ Jun 2012: Board approved Cessnock rental village in NSW as next DMF Conversion project
- ✓ Jun 2012: Announced INA's first acquisition of Ridge Estate Village (NSW), unlevered IRR > 50%
- ✓ May 2012: Announced sale of New York portfolio, settlement anticipated in late 2012, with expected net proceeds of A\$49.9m

Key financials



Enjoying the Common Room at Marsden Gardens, Marsden , QLD

Key financials

Key financial metrics		30 June 2012	30 June 2011
Net profit / (loss)	\$m	33.6 ↑ 158%	13.1
Operating income – continuing operations ^{1,2}	\$m	2.1 ↑ NA	(1.8)
Operating income - total ¹	\$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
Assets under management	\$m	428.9 ↓ 33%	644.0

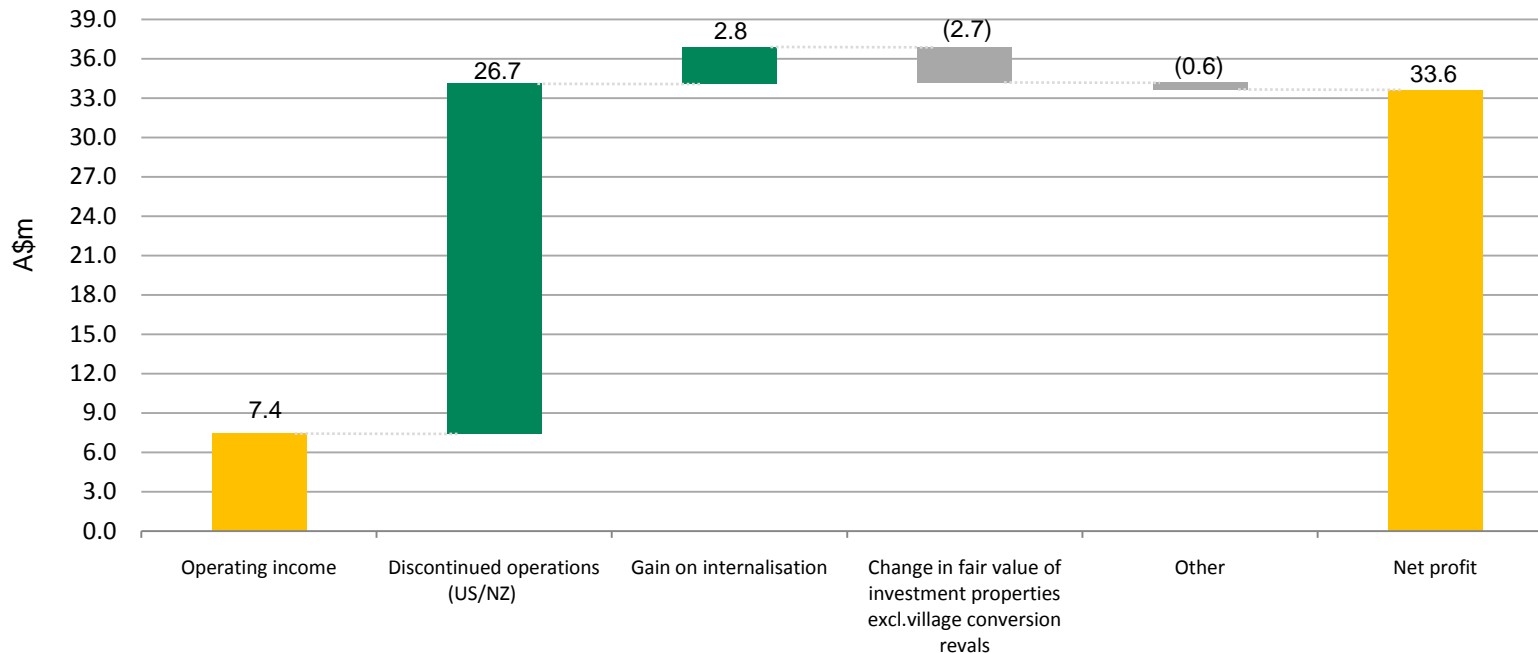
- > Net profit of \$33.6m includes \$29.6m gain from changes in fair value of New York portfolio
- > Ingenia has a strong pipeline of conversions, developments and acquisitions to replace earnings from discontinued operations
- > Operating cashflows included settlement of \$8.0m accrued RE fees on internalisation. Normalised operating cashflows would have been \$13.1m, up 53% on FY11

1. 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. The reconciliation between net profit and operating income is provided on slide 9 and has not been audited or reviewed by Ernst and Young.
2. FY11 operating income – continuing operations has been restated to reflect the change in classification of US Seniors and NZ Students to discontinued operations

Key financials

Operating income versus net profit

Net profit driven by \$29.6m increase in valuations of US Seniors New York portfolio

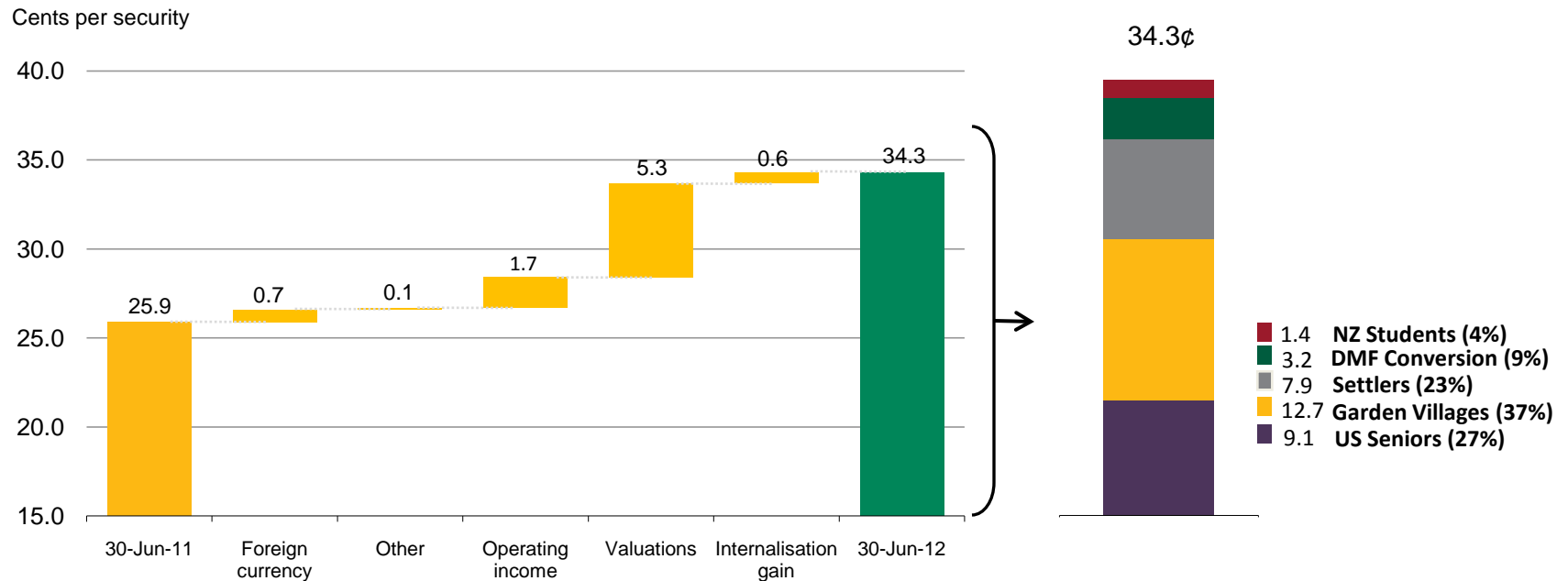


Note:

- Discontinued operations consist of two categories within the reconciliation found in the Director's Report between Statutory profit and Operating income. These categories are "Profit from discontinued operations" and "Operating income from discontinued operations"
- 'Other' accounts for change in fair value of derivatives \$0.1m offset by unrealised net FX loss \$0.2m, amortisation of intangibles \$0.2m, and fair value movement of resident loans \$0.3m

Key financials

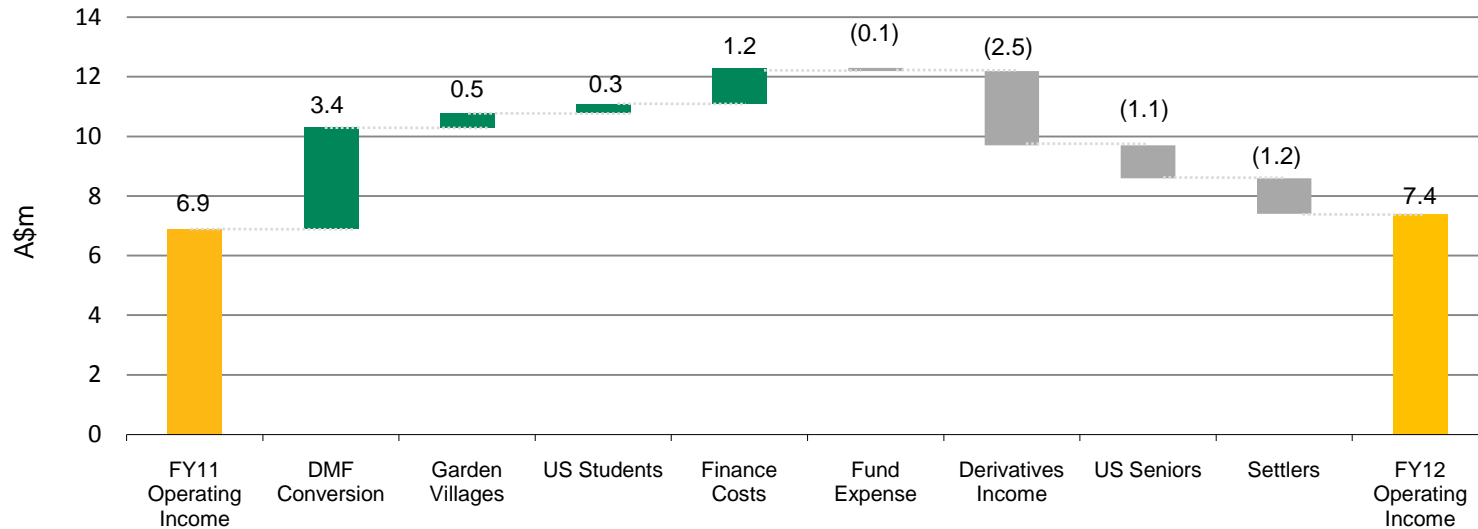
NAV composition – upside potential remains



- > 6.7¢ of valuation movement attributable to the US Seniors revaluation uplift during 1H FY12
- > Settlement of the New York portfolio sale in late 2012 will convert 9.1¢ into cash and add a further 2.1¢ to NAV

Key financials

Earnings reconciliation – FY 2012



- > Strong growth in DMF Conversion with 51 units settled in FY12
- > Result from prior year included the non-recurring benefit of a \$2.5m cross-currency hedge receipt associated with the US portfolios

Capital management



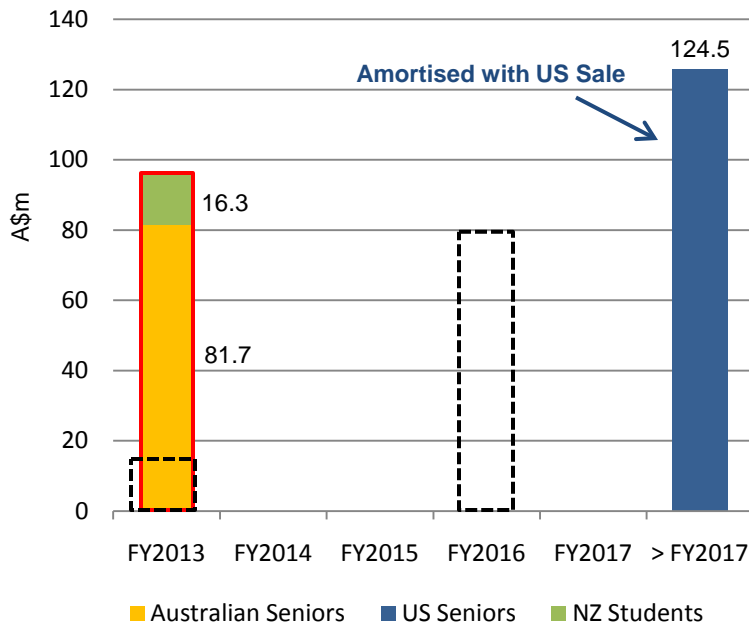
Enjoying the Clubhouse at Settlers Meadow Springs, Mandurah, WA

Capital management

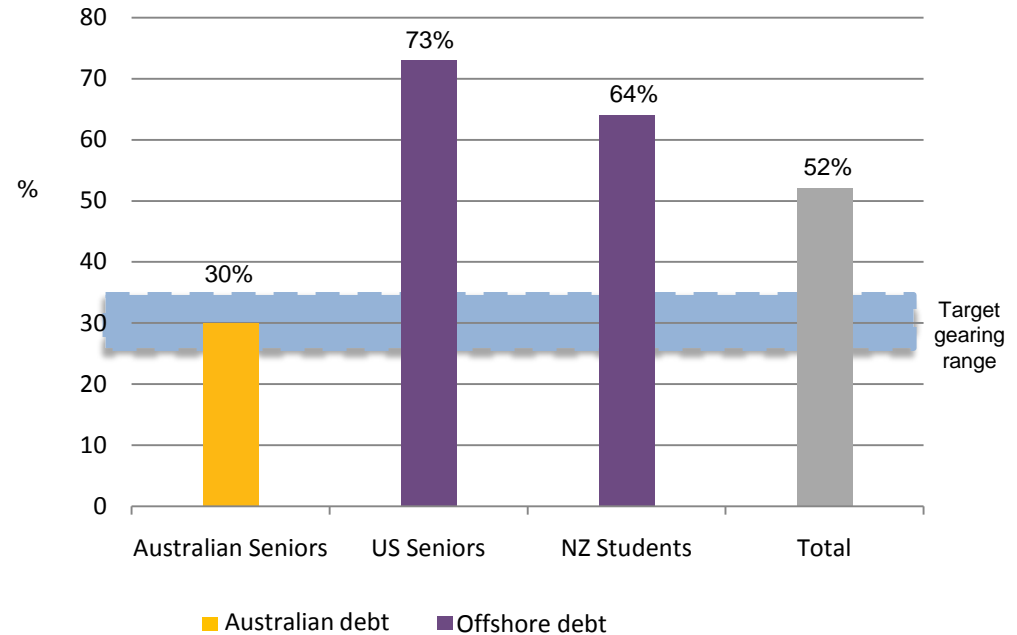
Overview

- > NZ\$20.8m non-recourse debt facility has been extended for seven months to March 2013
- > A\$82.0m Australian debt facility refinanced for three years to September 2015¹

Debt maturity profile – at 30 June 2012 and Post Refinance



Look through gearing (%) – 30 June 2012



- Fund's debt position as at 30 June 2012
- Fund's debt position post refinance

1. Subject to confirmation that all conditions precedent have been satisfied

Long term funding secured with the refinance of Australian debt facility

- > A\$82.0 million Australian debt facility refinanced for a further three years to September 2015¹
- > Enables the Group greater flexibility to pursue a disciplined capital management strategy and funding of development and acquisitions
- > Debt has been refinanced to a fully revolving facility allowing for more efficient use of cash on hand
- > All in cost of debt of 6.68% reducing to 5.98% when LVR < 40%²

Key metrics of the new facility

	Existing facility	New facility	INA's target metrics
LVR covenant	50% - 65%	50%	25% - 35%
Interest coverage ratio covenant	1.4x	1.5x	> 2.0x
TLR	80%	50% upon receiving the proceeds from US Sale	
Facility expiry	March 2013	September 2015	
Other key terms	Restrictions on distributions, capital raisings, acquisitions etc.	Acquisitions >\$20m p.a. will require CBA consent	

1. Subject to confirmation that all conditions precedent have been satisfied
 2. All in cost of debt based on BBSY as at 27 August 2012
 Further details on the debt facility are available in Appendix 7

Capital management

Distributions update

- > Resumption of distributions to securityholders since suspension in September 2008
- > 0.5¢ per stapled security final distribution declared which is expected to be 100% tax deferred for resident investors
- > Directors anticipate 0.5¢ interim and final distribution for FY13 based on current budget
- > Ex-distribution date: 3 September 2012
- > Record date: 5pm, 7 September 2012
- > Payment date: 21 September 2012

Capital management

A disciplined approach to capital allocation remains at the forefront of group strategy

Recurrent earnings

Resumption of distribution

- Payment of 0.5¢ per stapled security for the six months to 30 June 2012
- Funded from recurrent earnings and not asset sales
- Group forecasts 0.5¢ interim and final for FY13

Balancing growth funding and capital return to securityholders

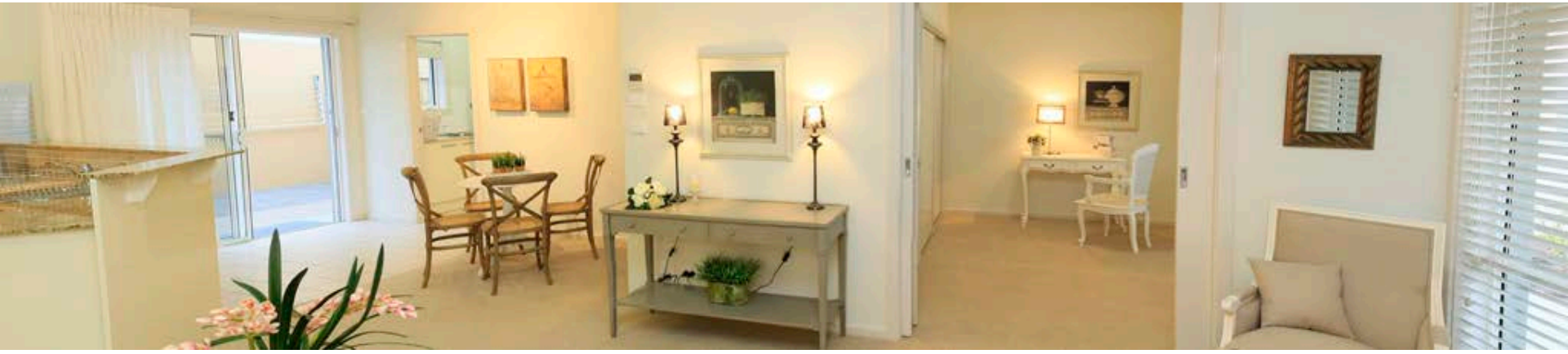
Funding growth

- Stringent assessment of accretive growth projects with targeted minimum unlevered IRR of 15% on acquisitions and 20% on new developments
- Focus on cash earnings and increasing development pipeline
- Currently no shortage of accretive growth opportunities in the Australian market

Exploring alternate capital management initiatives

- Investigating up to \$10 million buyback upon settlement of NY portfolio sale
- NAV gap has narrowed significantly over past 12 months from 54% to 27% as at 27 August 2012












Portfolio update



A display suite at Settlers Ridge Estate, Hunter Valley, NSW

Portfolio update

The Group has a diversified portfolio of seniors business models

30 June 2012	Australian Rental	Australian DMF	Australian DMF Conversion	NZ Students	US Rental (New York)	Portfolio 30 June 2012
						
Properties	26	4	3	3	6	42
Units	1,372	677	216	359	917	3,541
Book Value (ILF Share)	A\$87.1m	A\$54.0m	A\$22.0m	A\$19.5m	A\$159.5m	A\$342.1m
Occupancy	83%	96%	73%	95%	95%	89%
Occupancy Trend						

Changes to come into effect in FY13:

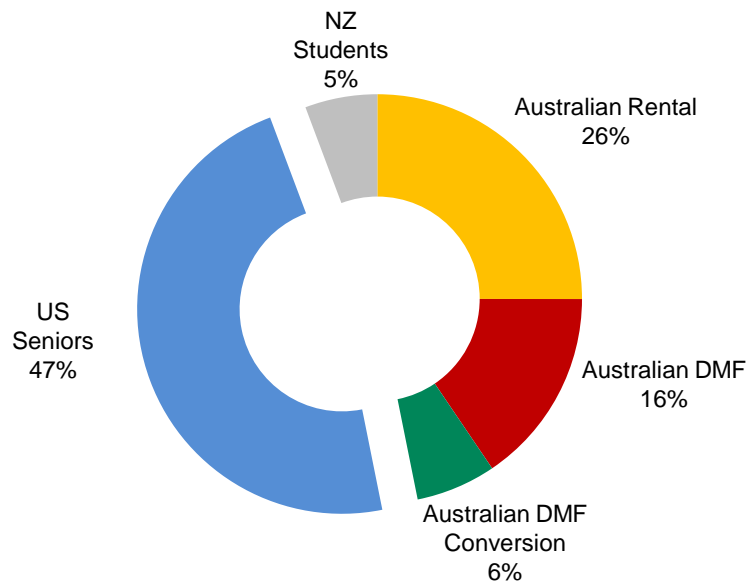
The New York Sale as announced in May 2012 with settlement expected in late 2012, acquisition of Ridge Estate village (DMF) which settled in July 2012, divestment of Lovely Banks (Rental) as announced in June 2012 and the addition of Cessnock village (formerly rental) into the DMF Conversion portfolio



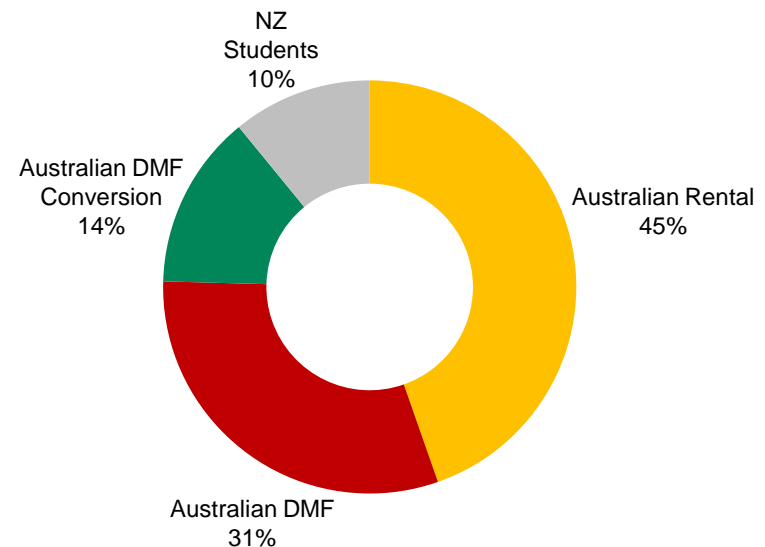
Portfolio update

Transition to an Australian only seniors platform is largely complete

Geographical allocation by value
as at 30 June 2012



Geographical allocation by value
Proforma position¹

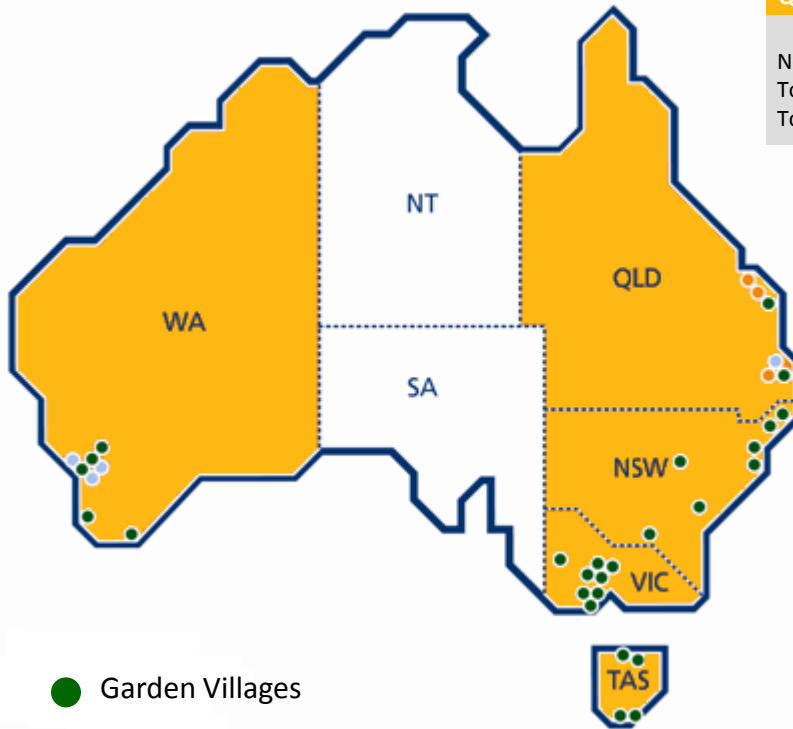


- > The Australian Seniors Rental model accounts for 45% of the Group's total portfolio by value— providing consistent cashflow stream
- > Remaining DMF portfolio enables Ingenia to seek return of capital, earn one-off development profits and receive annuity DMF income

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

Portfolio update

National portfolio with considerable scale benefits



- Garden Villages
- Settlers Lifestyle
- DMF Conversions

QUEENSLAND

	Settlers Lifestyle	DMF Conversion	Garden Villages
No of properties:	1	3	2
Total value:	A\$6.6m	A\$22.0m	A\$10.4 m
Total units:	149	216	146

WESTERN AUSTRALIA

	Settlers Lifestyle	Garden Villages
No of properties:	3	5
Total value:	A\$47.4m	A\$19.9m
Total units:	528	275

NEW SOUTH WALES

Garden Villages	
No of properties:	7
Total value:	A\$20.7m
Total units:	336

VICTORIA

Garden Villages	
No of properties:	8
Total value:	A\$23.4m
Total units:	416

TASMANIA

Garden Villages	
No of properties:	4
Total value:	A\$12.7m
Total units:	199

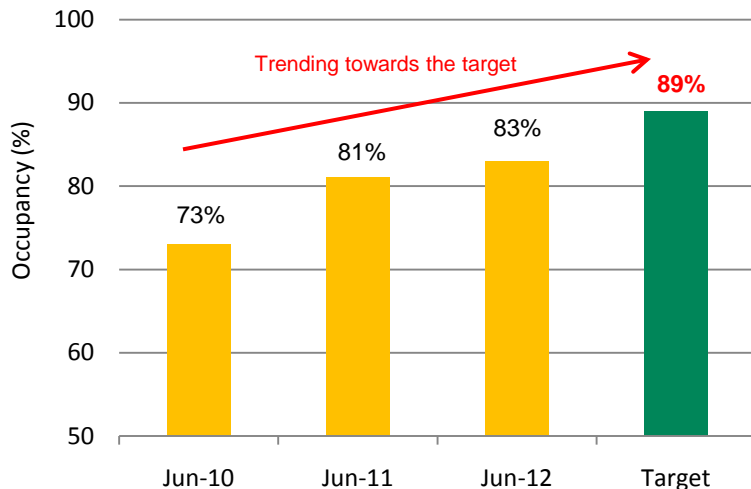
Note: Total units excludes development pipeline units



Portfolio update – Garden Villages (Rental)

KEY DATA

	FY 2012	FY 2011
Occupancy:	83%	81%
Net property income:	\$7.0m	\$6.5m
Total properties	26	26
Total units:	1,372	1,371
Development pipeline units:	-	76



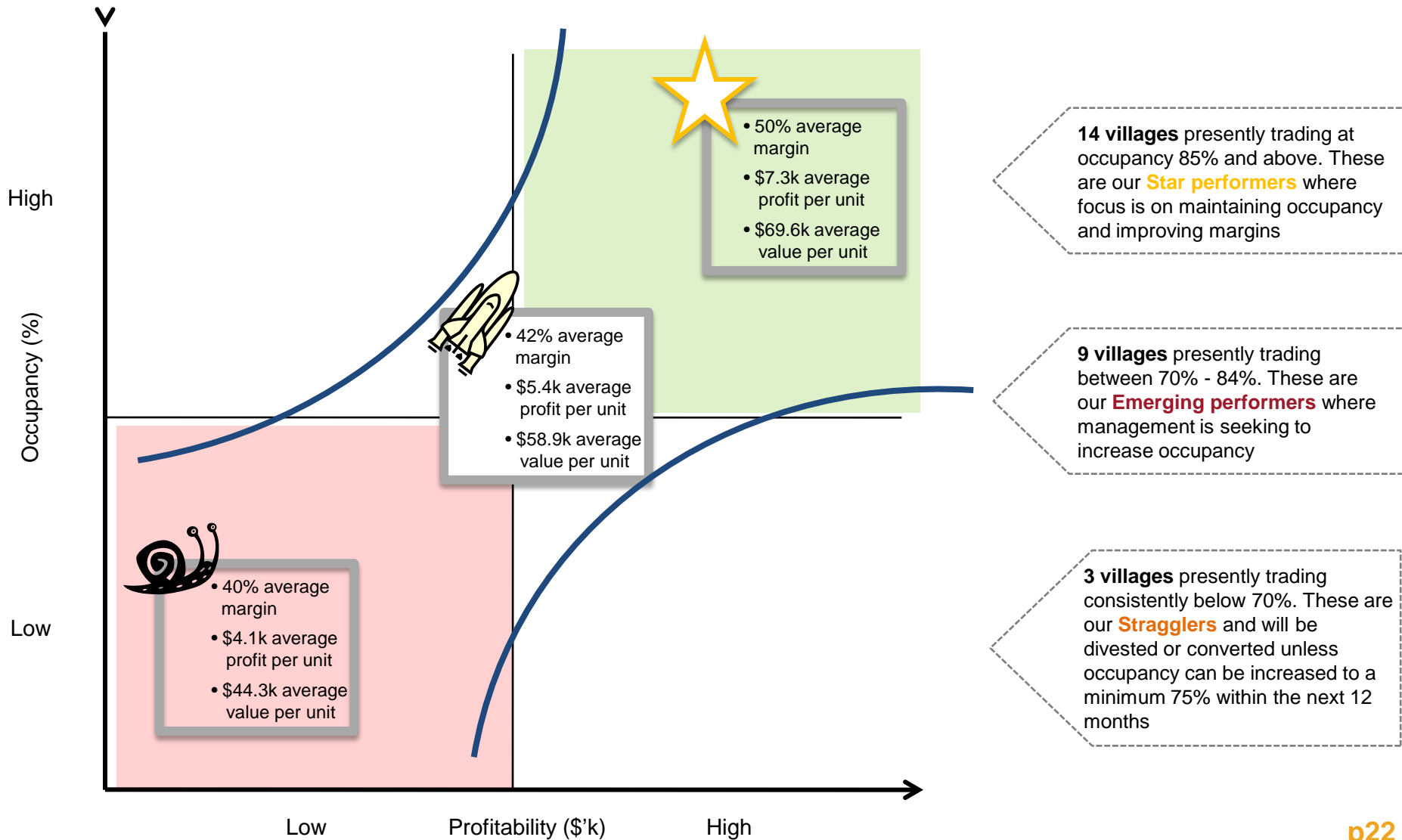
KEY ACTIVITY OVER 12 MONTHS

- > Achieved occupancy of 83.4% as at 30 Jun 2012, portfolio trending well towards long term target of 89%
- > Events based resident engagement program 'Activate 2012' successfully increased resident tenure and brand awareness
- > Record growth of 239 move-ins achieved in the 6 months to 30 Jun 2012
- > Exchanged conditional contracts in Jun 2012 to sell Lovely Banks village in VIC for >6% premium to book value. Majority of residents have elected to move into nearby Ingenia communities

KEY INITIATIVES FOR GROWTH

- > Continue to drive occupancy to long term target of 89%
- > Plans underway for 'Activate 2013' to promote resident and community engagement
- > Aggressively manage our cost base to extract full scale benefits
- > Explore provision of Community Assistance care packages with local providers

Portfolio update – Garden Villages (Rental)





Portfolio update – DMF Conversion

KEY DATA

	FY 2012	FY 2011
Total properties	3	3
Net property income:	\$3.9m	\$0.5m
Total units:	216	216
Sales Settlements:	51	18
Contracted and reserved:	14	22
Development pipeline units:	83	86



Settlers Gladstone village, QLD

KEY ACTIVITY OVER 12 MONTHS

- > In FY12, 51 settlements were achieved totaling gross sales of \$9.7m, with an additional 14 contracts in place worth \$2.5m
- > 38% of total stock has been sold or under contract since project launch in 2010
- > Strong demand remains across the three villages with Gladstone village Stage 1 maintaining a low stock of 22 units (out of 56 total units in the village)
- > 'Activate 2012' implemented in Forest Lake Village resulted in an increase in lead generation and a strong pipeline of future sales

KEY INITIATIVES FOR GROWTH

- > Board approved the conversion of Cessnock rental village in Jun 2012, with first sale anticipated in early 2013
- > Planning for the 53-unit Stage 2 expansion of Gladstone village is progressing well, with DA lodged with Council in May 2012. Construction is anticipated to commence in 2013
- > Assessing conversion opportunity for a further two villages in VIC



Portfolio update – Settlers Lifestyle (DMF)

KEY DATA

	FY 2012	FY 2011
Occupancy:	96%	95%
DMF income:	\$0.9m	\$1.4m
Development income:	\$0.7m	\$1.4m
Net property income:	\$1.6m	\$2.8m
Total properties	4	4
Total units:	677	677
Development pipeline units:	60	60



Settlers Ridge Estate village, NSW

KEY ACTIVITY OVER 12 MONTHS

- > Gradual recovery in the WA residential market has resulted in a steady increase in enquiry levels and a reduction in sales lead time
- > QLD market is showing encouraging signs of improvements
- > Despite challenging market conditions, \$12.1m of gross sales were completed in 12 months
- > Highly accretive acquisition of Ridge Estate village settled in Jul 2012 (IRR > 50%). This 16-unit village is the Group's first DMF community in NSW and complements the closely situated Cessnock Conversion village

KEY INITIATIVES FOR GROWTH

- > Currently assessing development works for an additional 28 units at Ridge Estate village, with an amended DA to be submitted early Sept 2012
- > Refurbishment program launched in Noyea QLD village to increase the resale values of the vacated units



Portfolio update – Overseas portfolios

US Seniors Portfolio

- > In May 2012, conditional contracts were exchanged to sell the Group's interest in the New York portfolio for US\$173.3m.
- > Settlement is expected in late 2012, with anticipated net proceeds of A\$49.9m
- > Portfolio occupancy for FY12 remained strong, with 95% achieved as at 30 June 2012, above pre GFC levels
- > Overall A-Grade portfolio valuations have held steady or firmed over the past six months as investors chase yield

NZ Students Portfolio

- > Student accommodation occupancy for 2012 has improved to 95% for FY12
- > Active negotiations with VUW are progressing for a new long term contract for two of the buildings, expected in late 2012
- > Recently negotiated a 15-year accommodation lease over the McKenzies Building to Weltec (Wellington Institute of Technology)
- > New leases will underpin asset values and support capex and refurbishment requirements over coming years
- > Negotiations well progressed for the portfolio sale at premium to book value



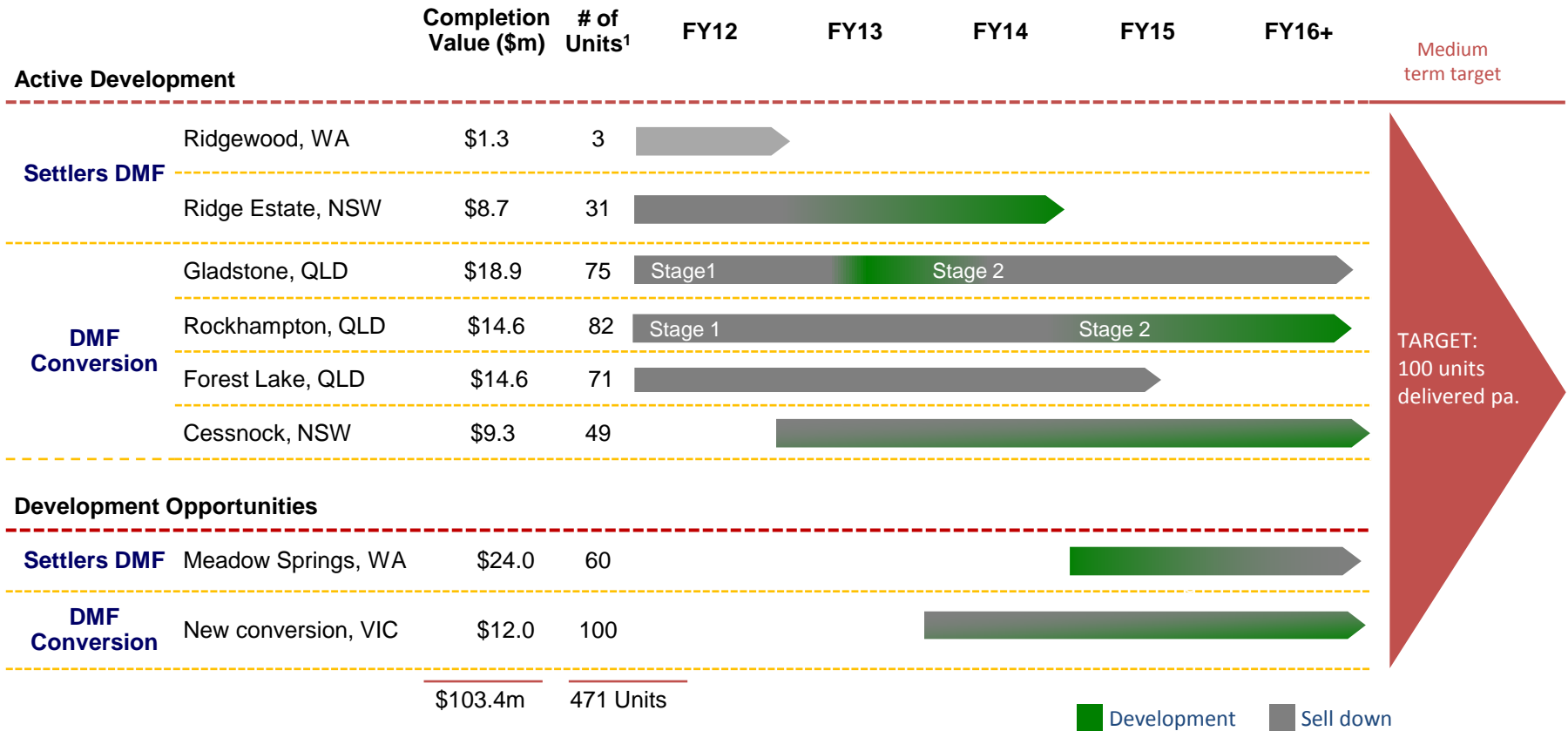
Ingenia is committed to operating and building a highly profitable Australian Seniors living portfolio



Settlers Ridgewood Rise, Ridgewood WA

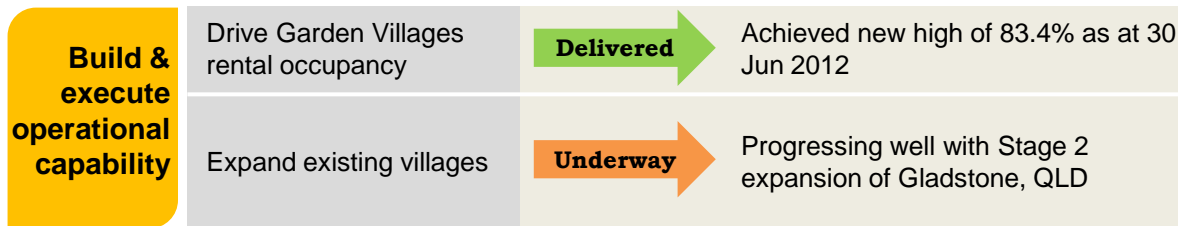
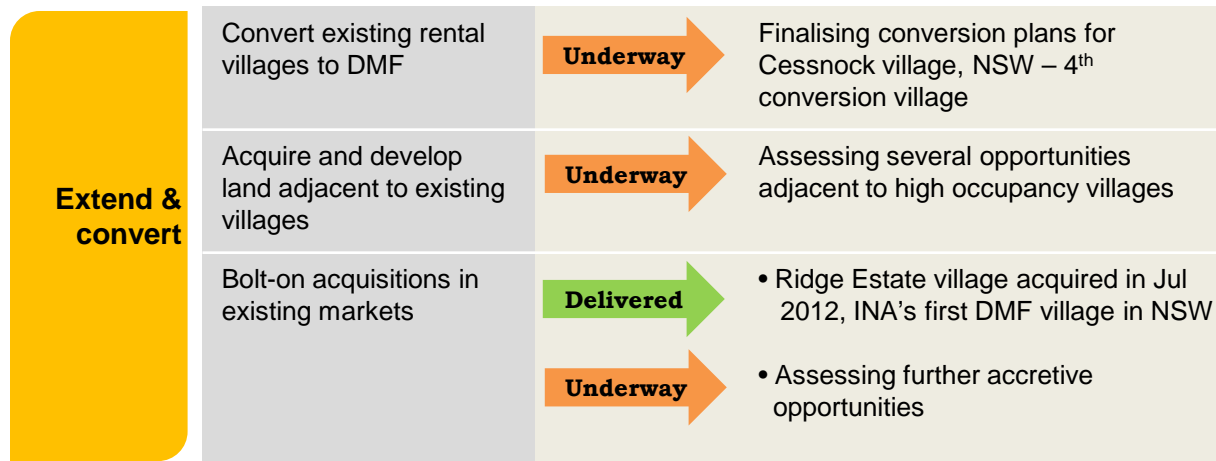
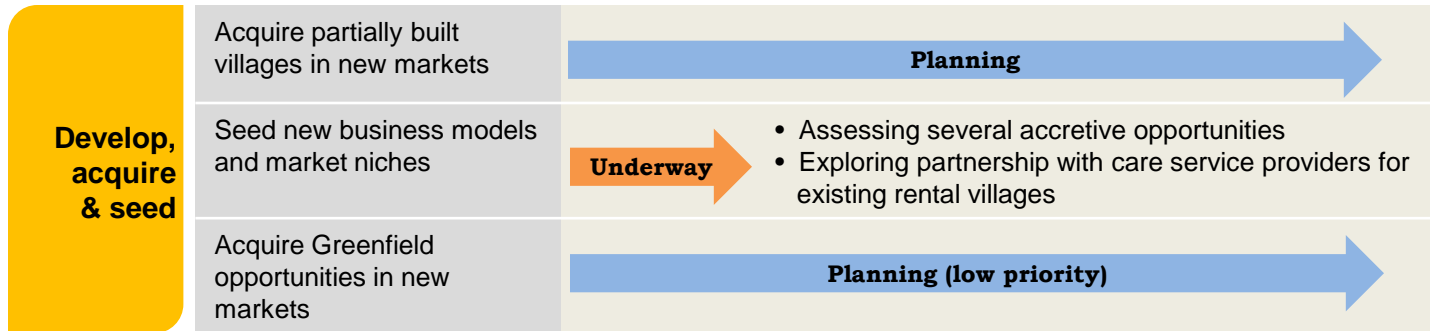
Strong organic growth opportunities embedded within existing assets

Development forecast within existing portfolios as at 30 June 2012



1. Includes built stock and units yet to be developed

Strategy – FY12 Score card



Short term

Long term

- > Repatriation of US sale proceeds anticipated in late 2012 will likely be used to invest in accretive acquisitions and development, a buyback and debt reduction
- > Assess various accretive acquisitions and development opportunities to expand Ingenia's operational and earnings base
- > New investment will likely be in existing market clusters to leverage development, operational and sales capabilities
- > Continually assess opportunities to divest poorly performing assets at value and recycle capital into projects earning minimum 15% unlevered IRR
- > Retain a pool of high performing rental villages that generates consistent cashflow and income
- > Conversion of additional rental villages where appropriate if highest and best use as DMF villages

Appendices



Settlers Noyea Park, Mt. Warren Park, QLD

Appendix 1 – Operating income

Operating income	FY12 (A\$m)	FY11 (A\$m)	Comments
Continuing operations			
Australian Seniors			
- Garden Villages	7.0	6.5	Improved occupancy
- DMF Conversion Properties	3.9	0.5	First full year contribution
- Settlers Lifestyle	1.6	2.8	Less development
	12.5	9.8	
Net finance costs	(7.7)	(8.9)	Lower average debt balances
Management fee	(2.0)	(1.8)	
Fund administration	(0.8)	(0.9)	
Operating income – Continuing operations	2.0	(1.8)	
Divested or Exiting operations			
US Seniors	4.3	5.4	Smaller portfolio in FY12
NZ Students	1.2	1.2	
US Students	(0.1)	(0.4)	
Derivative Income	-	2.5	Cross currency terminated in FY11
Operating income – Discontinued operations	5.4	8.7	
Operating income	7.4	6.9	

Appendix 2 – Look through balance sheet

Look-through balance sheet (A\$m)	Australian Seniors	US Seniors	NZ Students	Total Look through Balance Sheet	Adjustments	Total Statutory Balance Sheet
Cash	29.6	2.8	2.5	34.9	(5.3)	29.6
Investment property and property under development	327.6	159.5	19.5	506.6	(179.0)	327.6
Other assets	6.0	6.4	2.0	14.4	(8.4)	6.0
Assets of discontinued ops	-	-	-	-	95.3	95.3
Total assets	363.2	168.7	24.0	555.9	(97.4)	458.5
Interest bearing liabilities	81.7	124.5	16.3	222.5	(140.8)	81.7
Derivatives	1.0	-	-	1.0	-	1.0
Village residents' loans	162.6	-	-	162.6	-	162.6
Other liabilities	16.3	3.9	1.7	21.9	(5.6)	16.3
Liabilities of discontinued ops	-	-	-	-	45.7	45.7
Total liabilities	261.6	128.4	18.0	408.0	(100.7)	307.3
Net assets	101.6	40.3	6.0	147.9	3.3	151.2
Net asset value per unit - cents	23.0¢	9.1¢	1.4¢	33.5¢	0.8¢	34.3¢
Assets less cash and resident loans	171.0	165.9	21.5	358.4	-	-
Total debt less cash	52.1	121.7	13.8	187.6	-	-
Look through gearing (%)	30%	73%	64%	52%	-	-
Secured assets	165.0	-	-	-	-	165.0
Interest bearing liabilities (AU)	81.7	-	-	-	-	81.7
Actual loan to value ratio (LVR)	49.5%	-	-	-	-	49.5%



Appendix 3 – Cashflow in detail

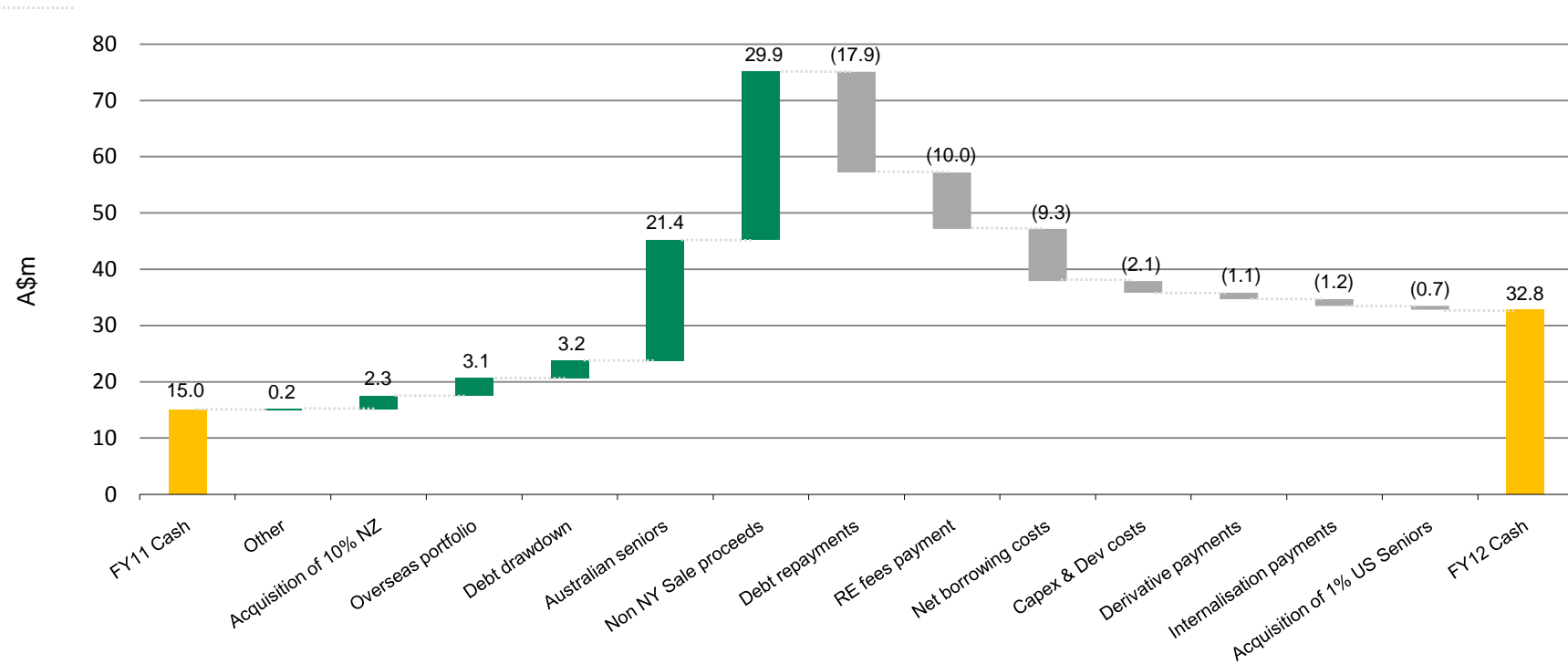
Cashflow	Amount A\$m
Opening cash at 1 July 2011	15.0
Cashflow generated from operations:	
Australian Seniors	21.4
Overseas portfolios	3.1
RE fees (including backlog of \$8.0m)	(10.0)
Net borrowing costs paid	(9.3)
Income tax expense	(0.1)
Net Cashflows from Operations	5.1
Proceeds from sale of US Seniors (Non-New York portfolio)	29.9
Acquisition of 10% NZ Students from REIMA	2.3
Capital expenditure and development costs	(2.1)
Purchase of 1% US Seniors from REIMA	(0.7)
Purchase of Plant & Equipment	(0.3)
Net Cashflows from Investing	29.1
Debt repayments – Australian Seniors debt	(17.9)
Debt drawdowns – Australian Seniors debt	3.2
Internalisation Payments	(1.2)
Derivative payments	(1.1)
Net Cashflows from Financing	(17.0)
Total Cashflows	17.2
Effects of exchange rate changes on cash	0.6
Closing cash at 30 June 2012	32.8

Closing cash at 30 June 2012	A\$m
Continuing operations (Balance sheet's "cash and cash equivalents")	29.6
Discontinued operations (note 7 of financial statements)	3.2
Total cash	32.8



Appendix 4 – Cashflow reconciliation

Cashflow reconciliation – FY 2012



- > \$10m RE fees paid to ING, of which \$8m represents accrued but previously unpaid RE fees
- > \$1.2m one-off payment to cover internalisation costs
- > \$29.9m proceeds from sale of US Non-New York portfolio used to repay \$17.9m of debt

Appendix 5 – Internalisation impact

Financial impact of management internalisation

- > \$4.1 million support package received from ING
- > Overall gain on internalisation of \$2.8m reflected in FY12 results

Support package	Impact
> Accrued but unpaid RE fees of \$2.5m waived	> Positively impacts FY12 profit but no impact on cashflow. Balance of \$8.0m of RE fees paid in FY12 which significantly reduces operating cashflows
> Received ING's 10% interest in NZ Students for nil consideration– valued at \$1.3m	> Positively impacts FY12 profit but no impact on cashflow
> Transitional and other support – valued at \$0.8m	> \$0.8m transitional and rental support recognised as a gain on internalisation that positively impacts FY12 profit but will be recorded as an amortisation expense in FY13



Appendix 6 – Ingenia operating cost base

Operating cost base (FY13 - indicative)

Overheads	\$m	
Corporate (Sydney)		
Business development	0.8	Costs associated with development and acquisition activities (staff, investigation costs)
Corporate office	2.6	Executives remuneration, finance, investor relations (staff, legal fees, office costs, travel)
Board fees	0.3	Directors fees
Regulatory fees	0.9	ASX listing fees, AFSL costs, compliance, insurance, audit and other related costs (cost of operating as an ASX listed, triple stapled trust)
	4.6	
Operational (Brisbane service centre)	3.6	Day-to-day operational costs for accounts, payroll, marketing, property management across Australia
	\$8.2m / annum	

> Future revenues will grow faster than cost base

Appendix 7 – Debt facilities

	Australian Seniors Refinanced Facility ¹	US Seniors	NZ Students ³
Limit (\$m)	Revolver A\$82.0m	US\$126.9m ⁴	NZ\$20.8m
Amount drawn (\$m)	A\$80.2m ²	US\$126.9m ⁴	NZ\$20.8m
Loan to value ratio (LVR) actual	50%	N/A	59.6%
LVR bank covenant	50%	N/A	60%
Interest cover ratio (ICR) actual	1.75x	N/A	2.3x
ICR bank covenant	1.5x	N/A	1.5x
Leverage ratio actual	58.7%	N/A	N/A
Leverage covenant	50% ⁶	N/A	N/A
% Hedged (interest rates) ⁵	75%	100%	0%
Facility expiry	Sep 2015	Nov 2017 to Nov 2042	Mar 2013

1. Subject to confirmation that all conditions precedent have been satisfied
2. On completion of refinancing, at least \$1.55m of the Group's \$32.8m cash will be applied to CBA debt.
3. The NZ debt facility was refinanced on 9 August 2012, extending the expiry 31 March 2013
4. ILF interest only
5. US Seniors is 100% fixed rate debt for life of the loan
6. 80% reducing to 50% upon receiving the proceeds from the New York sale

Appendix 8 - Valuations

Reduction in values primarily due to asset sales and monetisation of inventory

Valuations	30 Jun 2012 Valuation	30 Jun 2011 Valuation	Movement (\$m)	Movement (%)	30 Jun 2012 Cap rate/ Discount rate ³ (%)	30 Jun 2011 Cap rate / Discount rate ³ (%)	Key drivers of valuation movement
Garden Villages (Rental)	87.1	89.7	(2.6)	(2.9)	10.1	10.1	• Reduction due to delays in occupancy growth in select villages
Settlers (DMF)	54.0	56.5	(2.5)	(4.4)	13.2	13.5	• Reduction primarily due to monetisation of stock on hand
DMF Conversion	22.0	26.4	(4.4)	(16.7)	14.9 ⁴	17.6 ⁴	• Reduction primarily due to monetisation of stock on hand
US Seniors NY¹ (US\$m)	162.4	132.2 ²	30.2	22.8	7.1	7.3	• Principally driven by investor demand for quality, yield driven seniors housing assets
NZ Students (NZ\$m)	24.9	22.5	2.4	10.7	10.0	9.5	• Reduction primarily due to short WALE pending renegotiations of new occupancy guarantees

1. ILF interest only
2. Tax leakage associated with transaction estimate at \$1.4m AUD
3. Weighted average capitalisation rate for all portfolios except Australian Seniors Settlers DMF and conversion assets which uses weighted average discount rate
4. Valuation discount rates for DMF Conversion assets represent a blended discount rate applied to the cashflows.



Appendix 9 – Capital management

Recent examples of Ingenia's capital allocation

1. Ridge Estate Village, Hunter Valley, NSW

- > Acquisition of a boutique retirement village comprising 11 occupied units, 5 completed but unsold units, and 26 serviced development sites
- > Purchase price was \$2m, transaction settled in July 2012
- > Forecast unlevered IRR of >50% primarily due to rapid sell down of unsold units which recoups majority of capital outlay within six months of settlement

2. Gladstone Gardens village, Gladstone, QLD (Stage 1)

- > 56-unit former rental village progressively converted to the DMF model from October 2010
- > Initial investment of \$0.9m (in addition to book value of \$5.3m) which to date has released gross cashflow of \$6.5m
- > Project is expected to deliver an unlevered IRR of 29.1% (excluding DMF)

3. Gladstone Gardens village, Gladstone, QLD (Stage 2)

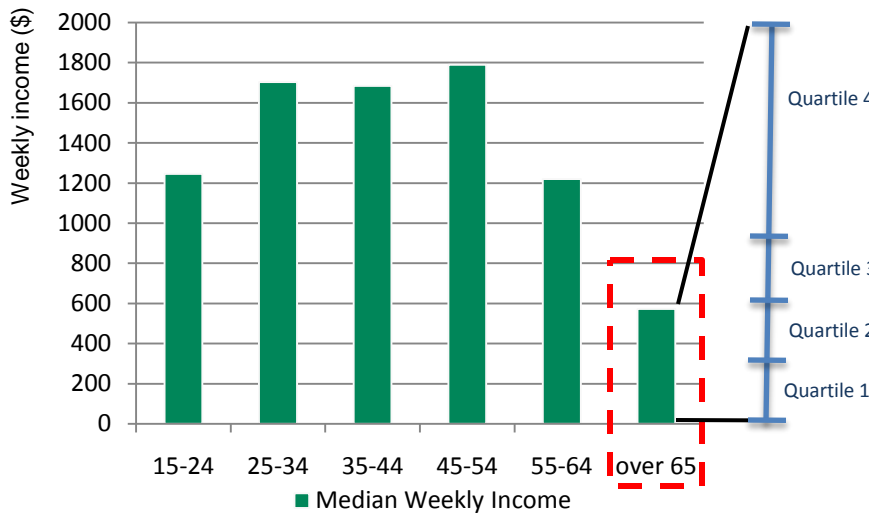
- > 53-unit medium density expansion of existing high occupancy village
- > DA lodged in July 2012, with construction likely to commence in early 2013 and settlements from 2014
- > Affordability focused project with peak funding of \$8.7m and unlevered IRR (excluding DMF) of ~15.2%



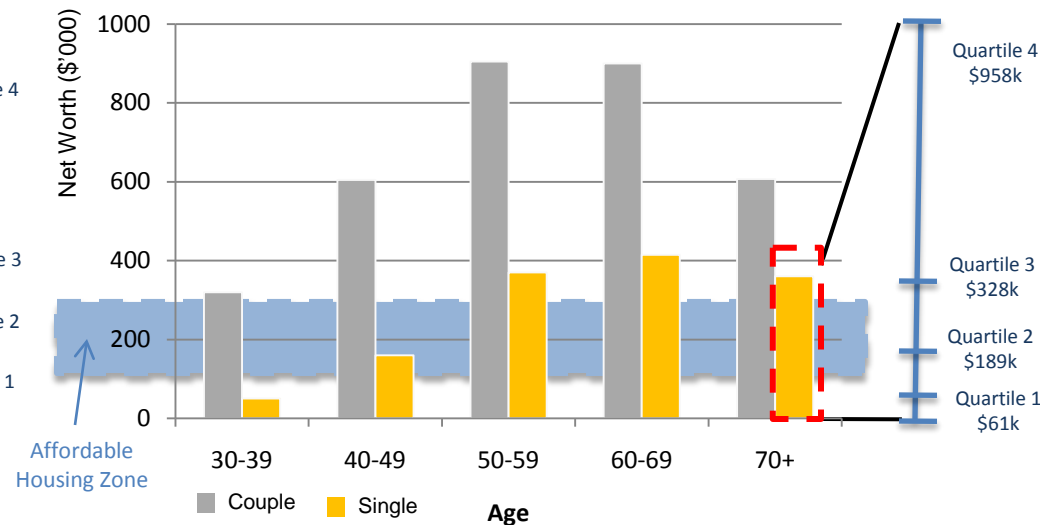
Appendix 10 – Retirement living trends

Ingenia to focus on affordable segment of market

Median Incomes By Age



Median Net Worth By Age, 2010



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

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

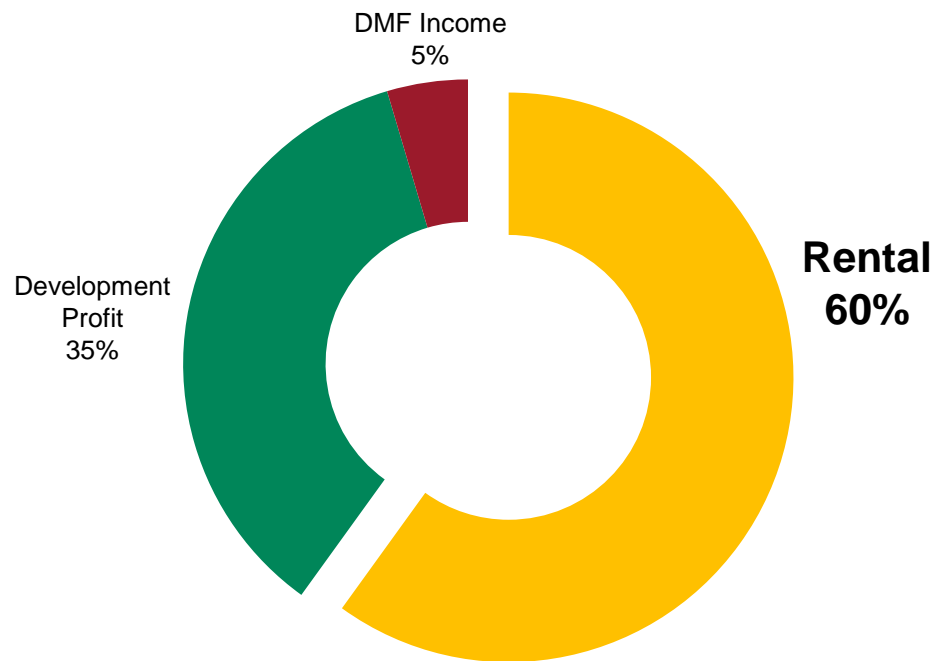
- > Strongest part of market remains affordable seniors accommodation

- > Majority of peers focused on middle to middle/upper markets



Appendix 11 – The Rental model

Ingenia Communities' sizable rental portfolio provides clear differentiation from other A-REIT seniors living players



Ingenia to focus on market segments where it can increase or grow cash yields and low risk developments

- > 60% of total income is currently derived from rent providing consistent cashflow streams
- > Driving occupancy to grow recurrent rental income is key

Appendix 12

Portfolio statistics: Garden Villages (Rental)

Property Name	Location	Book Value 30 Jun 2012 (A\$m)	Cap Rate	Total Units	Occupancy
Western Australia					
Swan View Gardens	Swan Valley, WA	5.5	10.6%	72	96%
Yakamia Gardens	Yakamia, WA	3.1	10.0%	57	70%
Sea Scape Gardens	Erskine, WA	4.2	10.8%	51	100%
Seville Grove Gardens	Seville Grove, WA	3.6	10.0%	45	100%
Carey Park Gardens	Bunbury, WA	3.5	10.0%	50	74%
Total / Average - WA		19.9	10.3%	275	88%
Queensland					
Marsden Gardens	Marsden, QLD	8.0	10.5%	96	92%
Jefferis Gardens	Bundaberg North, QLD	2.4	10.0%	50	70%
Total / Average - QLD		10.4	10.4%	146	84%
New South Wales					
Cessnock Gardens ¹	Cessnock, NSW	2.9	10.0%	39	90%
Taloumbi Gardens	Coffs Harbour, NSW	4.2	10.8%	50	100%
Mardross Gardens	Lavington, NSW	2.2	8.5%	52	58%
Chatsbury Gardens	Goulburn, NSW	2.9	10.0%	49	88%
Wheelers Gardens	Dubbo, NSW	3.7	10.0%	52	98%
Taree Gardens	Taree, NSW	2.2	10.0%	50	90%
Oxley Gardens	Port Macquarie, NSW	2.6	10.0%	44	73%
Total / Average - NSW		20.7	10.0%	336	85%

1. The INA Board approved conversion of Cessnock rental village to DMF model was announced on 5 June 2012

Note: All figures as at 30 June 2012

Appendix 13

Portfolio statistics: Garden Villages (Rental)

Property Name	Location	Book Value 30 Jun 2012(A\$m)	Cap Rate	Total Units	Occupancy
Victoria					
Lovely Banks Gardens ¹	Corio, VIC	2.8	9.8%	66	53%
Grovedale Gardens	Grovedale, VIC	3.3	10.3%	51	88%
St Albans Park Gardens	St Albans Park, VIC	3.4	9.8%	52	87%
Townsend Gardens	St Albans Park, VIC	3.3	9.8%	50	84%
Horsham Gardens	Horsham, VIC	3.1	9.8%	47	85%
Brooklyn Gardens	Brookfield, VIC	2.2	8.5%	51	67%
Coburns Gardens	Brookfield, VIC	2.6	10.0%	51	80%
Hertford Gardens	Sebastopol, VIC	2.7	10.0%	48	98%
Total / Average - VIC		23.4	9.8%	416	79%
Tasmania					
Glenorchy Gardens	Glenorchy, TAS	3.2	10.0%	42	98%
Elphinwood Gardens	Launceston, TAS	3.1	10.0%	55	76%
Claremont Gardens	Claremont, TAS	3.5	10.0%	51	82%
Devonport Gardens	Devonport, TAS	2.9	10.0%	51	73%
Total / Average - TAS		12.7	10.0%	199	81%
TOTAL / AVERAGE - GARDEN VILLAGES		87.1	10.1%	1,372	83%

1. The divestment of Lovely Banks village was announced on 25 June 2012

Note: All figures as at 30 June 2012

Appendix 14

Portfolio statistics: Settlers (DMF)



Property Name	Location	Book Value 30 Jun 2012(A\$m)	Discount Rate	Total Units	Occupancy
DMF Villages					
Lakeside	Ravenswood, WA	24.5	13.0%	232	93%
Ridgewood Rise	Ridgewood, WA	19.1	13.0%	240	98%
Meadow Springs	Mandurah, WA	3.8	14.0%	56	87%
Noyea Park	Mt Warren Park, QLD	6.6	14.0%	149	99%
Total/Average – DMF Villages		54.0	13.2%	677	96%
DMF Conversion¹					
Forest Lake Gardens	Forest Lake, QLD	8.7	16.8%	86	63%
Rockhampton Gardens	Rockhampton, QLD	8.1	14.9%	74	80%
South Gladstone Gardens	South Gladstone, QLD	5.2	11.8%	56	79%
Total/Average – DMF Conversion		22.0	14.9%	216	73%
TOTAL/AVERAGE - SETTLERS		76.0	13.7%	893	90%
TOTAL / AVERAGE - AUSTRALIAN SENIORS		163.1	-	2,265	86%

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

Note: All figures as at 30 June 2012



Appendix 15 – Settlers (DMF) sales

	S.E. WA			S.E. QLD	Total
	Lakeside	Meadow Springs	Ridgewood Rise	Noyea (strata)	
12 months to 30 June 2012					
No. of new sales	5	-	9	-	14
Average new sales prices (\$'000)	296	-	451	-	396
No. of resales	5	2	8	9	24
Average resale prices (\$'000)	321	288	370	206	291
As at 30 June 2012					
Units available for resale	10	7	12	15	44
Occupancy (%)	93	87	98	99	96
Average resident entry age (yrs)	68	71	69	70	69
Average resident age (yrs)	76	75	74	79	76
Average resident tenure (yrs)	8.1	6.8	5.1	10.4	7.5

- > Resales are the focus at mature Noyea village, with efforts being directed towards working with departing residents to refurbish the aged properties to increase resale values and reduce time on market

Appendix 16

Portfolio statistics: Offshore assets



Property Name	Location	Book Value 30 Jun 2012 (US\$m)	Book Value 30 Jun 2012 ILF Interest (A\$m) ¹	Cap Rate	Total Units	Occupancy
<u>New York assets (Bristol)</u>						
East Meadow	East Meadow, NY	25.3	24.9	7.0%	132	96%
Lynbrook	Lynbrook, NY	26.5	26.0	7.5%	149	90%
Massapequa	Massapequa, NY	26.8	26.3	7.0%	156	96%
North Hills	North Hills, NY	41.4	40.6	7.0%	166	95%
North Woodmere	North Woodmere, NY	16.9	16.6	7.0%	141	93%
Westbury	Westbury, NY	25.5	25.1	7.0%	173	100%
TOTAL / AVERAGE – US SENIORS		162.4	159.5	7.1%	917	95%

Property Name	Location	Book Value 30 Jun 2012 ILF Interest (NZ\$m)	Book Value 30 Jun 2012 ILF Interest (A\$m) ²	Cap Rate	Total Units	Occupancy ³
<u>NZ Students assets</u>						
Cumberland House	Wellington, NZ	16.4	12.9	10.0%	187	91%
Education House	Wellington, NZ	3.5	2.7	10.0%	108	100%
McKenzie Apartments	Wellington, NZ	5.0	3.9	10.0%	64	100%
TOTAL / AVERAGE – NZ STUDENTS		24.9	19.5	10.0%	359	95%

1. Exchange rate of A\$1 = US\$1.0191
2. The divestment of the New York portfolio was announced on 23 May 2012
3. Exchange rate of A\$1 = NZ\$1.2771

Note: All figures as at 30 June 2012



Appendix 17 – DMF accounting

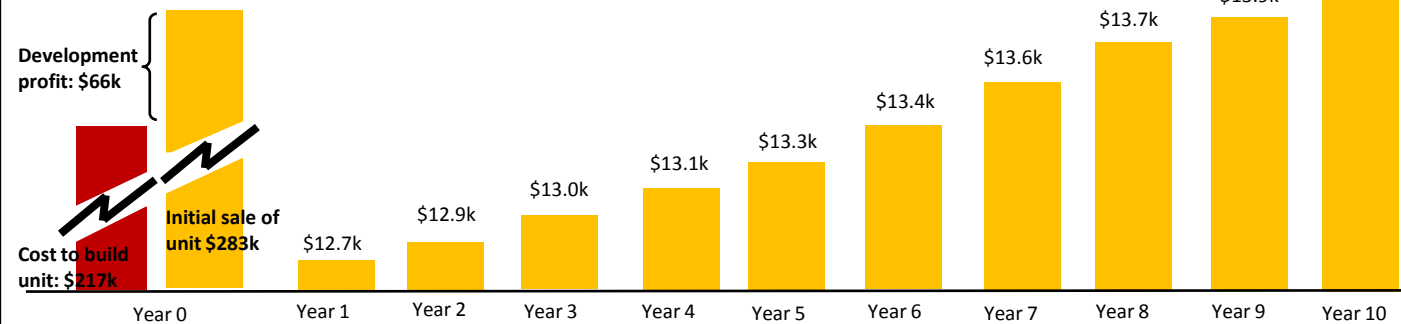
Deferred Management Fee (DMF) accounting – impact on P&L vs. cashflow

Commentary / Assumptions

- Diagrams are not to scale, only for illustrative purposes
- Purchase price forms the basis of the Resident Loan Liability repayable on exit
- Selling cost excluded from calculation of development profit
- DMF fee is based on 30% of original purchase price
- DMF income accrues at 3% p.a.
- Property prices are assumed to grow at 3% p.a.
- Resident is assumed to exit the village at year 10
- Capital gains are shared 50/50 between the resident and Ingenia
- Exit fees comprise capital gain sharing and DMF fees
- Proceeds from resale forms the new Resident Loan Liability

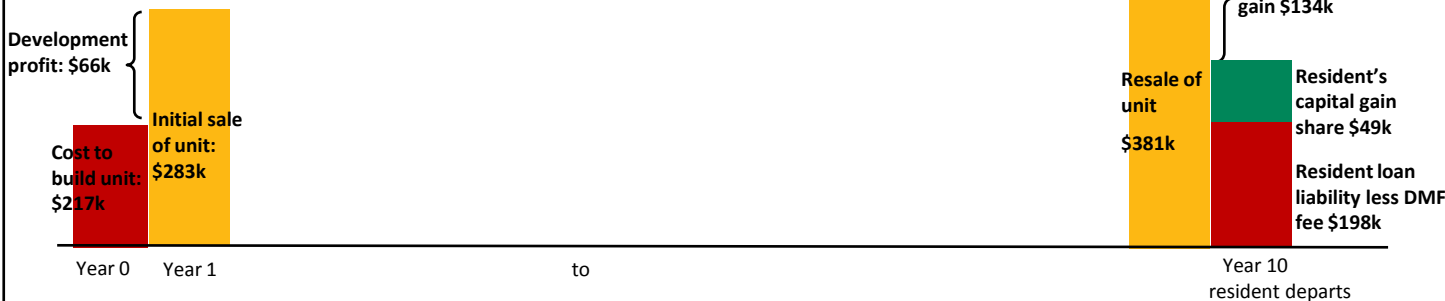
Impact on P&L

Accrued DMF income (incl. capital gain share) over 10 years



Impact on Cashflow

DMF income accrued but not received until resident departs



Appendix 18 – DMF accounting

De-mystifying DMF in financial statements

	2012 (\$'000)	2011 (\$'000)
Investment properties		
Rental Villages	87,129	89,416
DMF Conversion Villages	34,879	29,938
Settlers Lifestyle	203,954	202,336
Total investment properties	325,962	321,690
Resident loans	162,603	150,761
Net Investment in Australian Seniors Villages	163,359	170,929
Rental income & other property income	20,881	33,190
Accrued DMF income	4,453	4,256
Property expenses	(17,928)	(30,369)
Fair value movement of investment properties – development profits	5,124	2,743
Total Australian Seniors Operating Profit	12,530	9,820
Fair value movement of investment properties – excl. development profits	(2,760)	(4,931)
Fair value movement of retirement village resident loans	(284)	182
Total Australian Seniors Statutory Profit	9,486	5,071

Refer to Note 11, Annual Report 2012

- Rental Villages – valuations based on cap rates
- DMF Conversion and Settlers Lifestyle – underlying value of the physical property plus residual NPV of future cashflow streams after deducting accrued DMF balance

Refer to Note 24L, Annual Report 2012

- Represents value of incoming resident loan plus resident's share of capital gain less accrued DMF (including operator capital gain share)

Refer to Appendix 12 to 14, Portfolio Statistics slides in this presentation

- Represents market value of Ingenia's retirement village assets excluding property under construction

Refer to Appendix 1, Operating Income slide in this presentation for the split by portfolio



Appendix 19 – DMF Conversion accounting

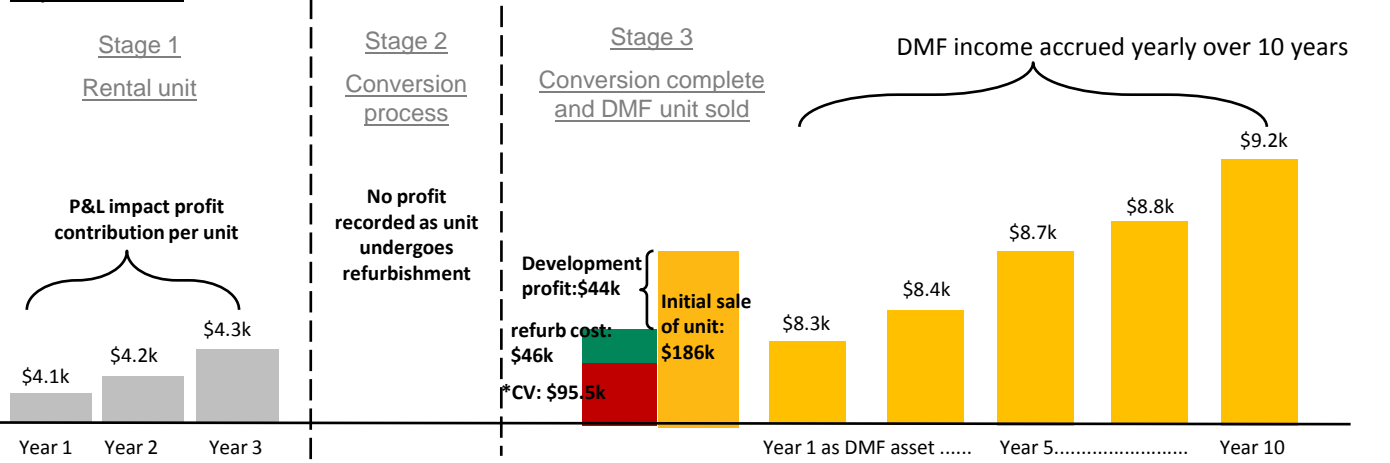
Ingenia
COMMUNITIES

De-mystifying the accounting for DMF Conversion projects

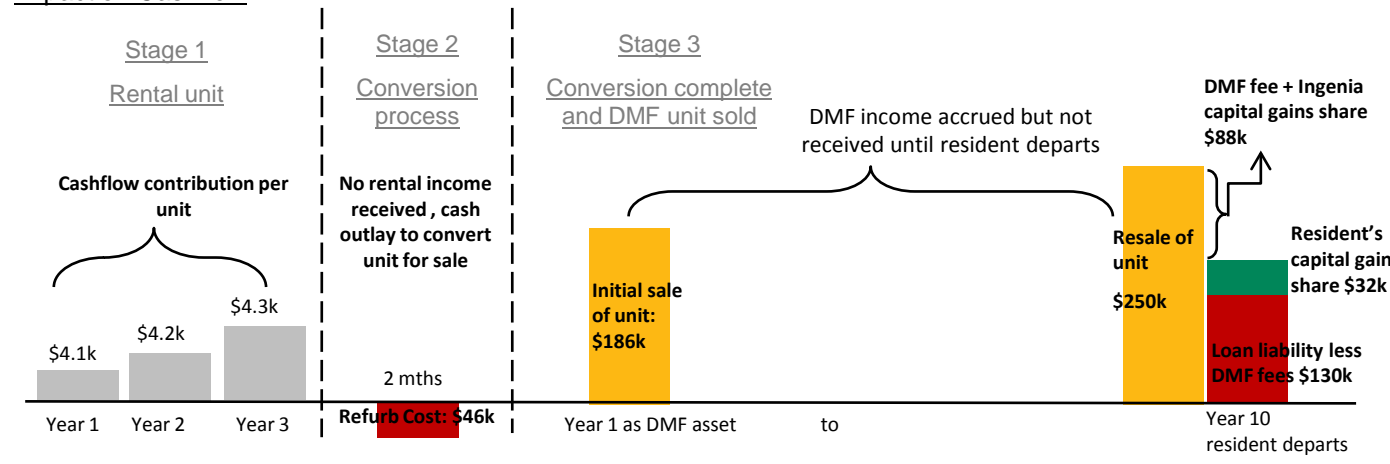
Commentary / Assumptions

- Diagrams are not to scale, only for illustrative purposes
- CV refers to the carrying value of the unit before conversion
- During the refurbishment period, the unit is vacant and no rent is recorded
- The proceeds from the sale of the unit forms the Resident Loan Liability
- DMF Income is incurred throughout the period of occupancy at a rate based on the expected length of stay (up to 30%)
- Resident is assumed to exit the village at year 10
- On exit, the unit is on-sold to a new resident
- The departing resident is repaid the original loan liability less the DMF fees
- Capital gains are shared 50/50 between the resident and Ingenia
- The departing resident will receive their share of capital gain
- Property prices are assumed to grow at 3% p.a.

Impact on P&L



Impact on Cashflow



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