

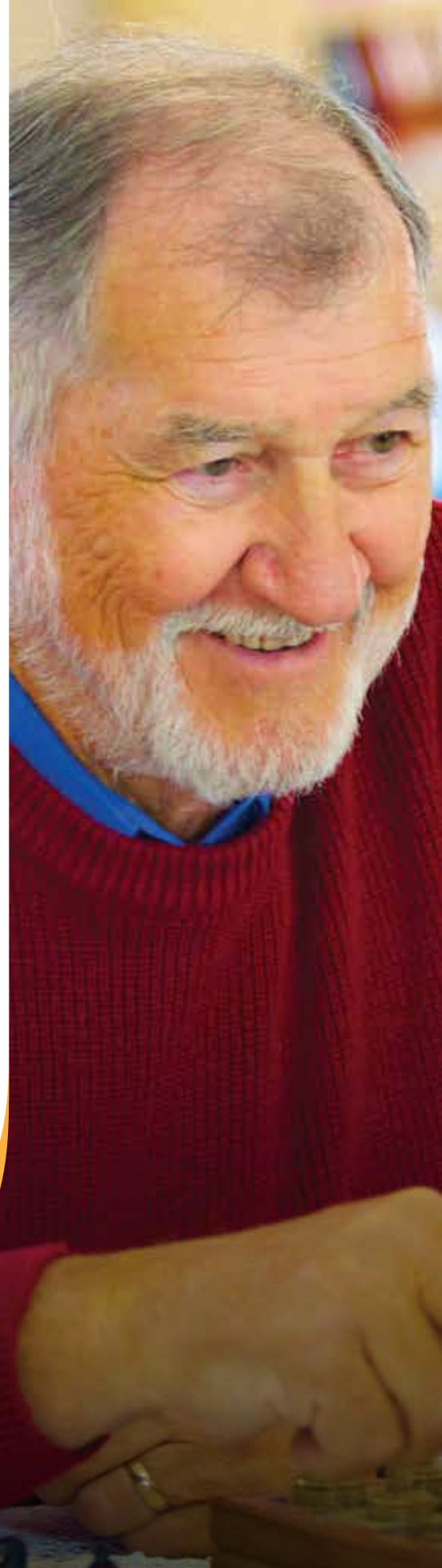
SECURITYHOLDER REVIEW 2013

MEASURED AND FOCUSED EXPANSION



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44 quality Australian seniors living communities and growing

\$2.8m

Profits from
continuing
operations increased
by 95% on FY12

\$3.3m

Operating income
from continuing
operations increased
by 63% on FY12

32

DMF Conversion
sales in 2H13, a
52% increase from
1H13 results

www.ingeniacommunities.com.au

Letter from the Chairman

DEAR SECURITYHOLDERS,

On this first anniversary of Ingenia Communities' management internalisation, I am pleased to be able to provide you with an update on the Group's 2013 financial year performance and the strategies we have in place to improve securityholder returns and grow long term profitability.

Financial year 2013 was a year of transition as Ingenia concluded its exit from the US market, stabilised its balance sheet and after two years of research announced its first acquisition in the Manufactured Home Estates (MHE) market.

In these past 12 months, despite a challenging environment with soft consumer and business confidence, the Group delivered a 95% increase on prior year in its profits from continuing operations of \$2.8 million while net cashflow from operations increased to \$11.2 million from \$5.1 million in the prior year.

The improved operational results of the core Australian business, coupled with renewed investor support has seen the Ingenia security price perform strongly. With a total one-year investor return of 74%, Ingenia was recognised as the leader in the BDO A-REIT Survey in 2012. At the date of this Review it is pleasing that the security price is up a further 43% in 2013.

In early September the Group was included in the ASX 300 index which is a significant milestone and will further increase the appeal of Ingenia with the investment community.

I am pleased to say we ended the year on a strengthened financial platform having advanced much of the group's three prong strategy to drive existing operations, acquire and integrate accretive growth opportunities and commence the build out of our significant development pipeline.



Over the past six months the Group has undertaken two capital raisings to accelerate growth in the MHE market. In June 2013, Ingenia undertook a significantly oversubscribed institutional placement of \$21.2 million to acquire five immediately accretive MHE villages with significant development and repositioning upside. In September 2013 this was followed by the announcement of a \$61.7 million Rights Issue to acquire eight additional immediately accretive MHEs. The Rights Issue provides our longstanding retail investors the opportunity to participate in the Group's growth on the same terms as our institutional investors.

Both capital raisings advance the Group's strategy to capitalise on its first mover advantage into the MHE market. Securityholders can rest assured that Management will continue to prudently assess its capital needs to ensure the Group has the financial strength to build a scalable platform by pursuing compelling growth opportunities whilst maintaining stringent threshold return requirements.

In reviewing the year's performance, it is pleasing to note that we have made good progress on the key initiatives as set out in the prior year:

- Closing the Net asset value (NAV) gap – the Ingenia security price rose significantly in this past 12 months as management worked to bridge the discount to NAV and underpin securityholder value. In June 2012, the discount to NAV was 27%. We are pleased to report that at the time this Review is being prepared in September, the security price is 44 cents and trading at a 28% premium to NAV.
- Strengthening the balance sheet – following the sale of the US Seniors portfolio, repayment of debt, and renegotiations of the debt facilities, Ingenia now has a solid balance sheet which will underpin its future growth. The Group's Australian loan to value ratio (LVR) decreased from 48% and is now within internal targets of between 30-35%.
- During the year, the Group successfully refinanced its Australian and New Zealand debt facilities with increased limits and greater flexibility to fund acquisitions and development activity, and better terms secured which substantially reduced Ingenia's overall cost of funds.
- Disciplined approach to capital management – striking the balance of capital return to securityholders and reinvestment for growth continued to be one of the key focuses of Ingenia Board and management. Directors were pleased to maintain distributions and declared a final payment of 0.5 cents per stapled security for FY13. The Group is committed to growing distributions in the near term while maximising value to securityholders through prudent reinvestment into the business.
- Diversification of earnings with a growing platform – The recycled capital from the sale of the US Seniors portfolio has been used to fund Ingenia's entry into the cash yielding manufactured home estates, a market with considerable scope for highly accretive opportunities that management had carefully researched for over two years.

To date, the Group has acquired a market leading position in NSW and with further States likely to follow.

- Operationally, the existing portfolios performed to expectations, with the Garden Villages rental occupancy growing from strength to strength, and strong sales achieved in the second half of the year in the Settlers DMF villages. The Group is also committed to building out its significant development pipeline with an end value of over \$153 million.

Looking ahead, Ingenia has a good foundation for growth, a strong credible management team led by CEO Simon Owen and a quality scalable business. The Group strategy remains driving performance and organic growth within existing assets and seeking accretive acquisitions in profitable and familiar markets. We are confident that Ingenia is on track to deliver long term stable returns for securityholders. To better align directors' interest with securityholders, I can report that all directors have personally invested in the Group in the past year. Like you, we believe in Ingenia's future and want to see it excel as a leading accommodation provider in the retirement sector.

In February this year, we welcomed a new board member Robert Morrison, whose property investment and capital management expertise is a great addition to the well rounded skill-set of the Ingenia Board.

I would like to thank my fellow directors and management for their dedication this past year. As your Chairman, I would like to take this opportunity to thank all securityholders for your continued support and I look forward to meeting with you at our upcoming Annual General Meeting which is scheduled to be held at The Grace Hotel Sydney on 19 November 2013.



JIM HAZEL
Chairman

Year in Review

Highlights

✓ Establishment of a market leading position in the Manufactured Home Estate (MHE) market	✓ Profits from continuing operations up 95% to \$2.8m
✓ Increased cash yielding asset base – clear competitor differentiation	✓ Operating income from continuing operations up 63% to \$3.3m
✓ Garden Villages portfolio occupancy on track for 90%	✓ Net cashflow up 118% to \$11.2m
✓ Launched 'Ingenia Care Assist' to drive Garden Villages occupancy and earnings	✓ Two capital raisings to fund MHE growth strategy
✓ Well progressed low risk expansion of existing villages	✓ Steady improvement to security price during the year closed the net asset value (NAV) gap at 30 June 2013
✓ Exited US Operations	✓ Awarded BDO Australia's best A-REIT in calendar year 2012 for 74% Total Securityholder Returns



INGENIA
RANKED #1

A-REIT
SURVEY 2012

Financial Summary

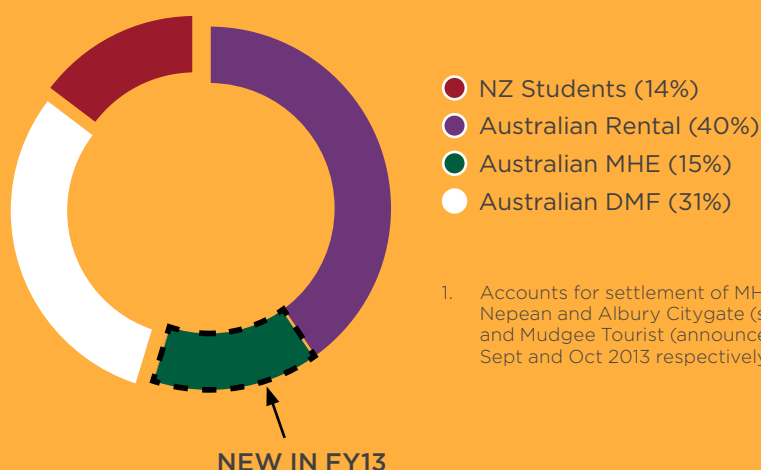
Key financial metrics		30 June 2013		30 June 2012
Net profit/(loss)	\$m	(10.3)	▼ 131%	33.6
Profit from continuing operations	\$m	2.8	▲ 95%	1.4
Operating income – continuing operations ¹	\$m	3.3	▲ 63%	2.1
Operating income – total ¹	\$m	5.9	▼ 21%	7.4
Operating income per security	cents	1.3	▼ 24%	1.7
Net cashflow from operations	\$m	11.2	▲ 118%	5.1
Loan to value ratio (LVR)	%	38	▲ 21%	48
Net asset value (NAV) per security	cents	34.4	0.3%	34.3

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 foreign exchange losses, 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 16 and has not been audited or reviewed by EY.

Geographical Asset Allocation

(by value)

Building a leading, diversified Australian seniors living portfolio of 44 communities.



1. Accounts for settlement of MHE acquisitions post FY13 – Nepean and Albury Citygate (settled Aug 2013), Mudgee Valley and Mudgee Tourist (announced on 27 Aug and to settle in Sept and Oct 2013 respectively)

Our Investment Strategy



Ingenia's established Australian operational platform facilitates the leveraging of core capabilities across three complementary business models

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

We are committed to providing quality affordable accommodation and services to suit the different lifestyles and pursuits of older Australians. For our investors, we are focused on operating, developing and acquiring a profitable seniors living business with significant opportunities for growth in earnings and distributions.

Our diversified portfolio is operated across three complementary market segments:

RENTAL

- Provision of affordable, quality rental accommodation to pension supported seniors over the age of 65
- A resident rents a modest 1-2 bedroom unit and pays a weekly rental fee to the operator, Ingenia. A meals package at an additional weekly cost can also be purchased. Average resident tenure is approximately three years.

DEFERRED MANAGEMENT FEE (DMF)

- Provision of quality accommodation in residential communities to self-funded seniors over the age of 70
- A resident acquires a lifetime leasehold interest from Ingenia with the average period of occupancy being approximately 11 years. At the time of departure, the home will be resold and the departing resident will receive back their initial leasehold investment less a deferred management fee (DMF) which is typically 30%. Any capital gains will typically be split between the resident and Ingenia depending on contractual terms.

A photograph of an elderly couple standing on a balcony. The man is on the left, wearing a blue polo shirt and glasses. The woman is on the right, wearing a pink turtleneck, a grey cardigan, and glasses. They are both smiling. The background is a red wooden wall with a white pillar on the left and a green railing in the foreground.

INGENIA'S GROWTH FOCUS

MANUFACTURED HOME ESTATES (MHEs)

- Provision of affordable, quality land lease accommodation in manufactured home communities to pension assisted seniors over the age of 55
- A resident purchases a home which they own and pays a ground lease rental fee on the freehold land owned by Ingenia. The purchase price of manufactured homes is typically less than a DMF home. Upon their departure, the resident is responsible for selling their home to a new resident who enters into a new lease with Ingenia.

Our Business Strategy

Group Strategy



Building an MHE foothold

After two years of research, Ingenia entered the MHE market, a cash yielding affordable accommodation segment within the Australian seniors living sector.

This segment diversifies the Group’s earnings base and reduces its reliance on the DMF model. A proprietary database that the Group developed including every MHE and caravan park across the East Coast and WA is being used to drive our future acquisition strategy in this sector.

Manufactured Home Estates (MHEs) are lifestyle communities whereby over 55s residents purchase a home where they own the above-ground component and sign a lease to pay rent on the freehold land which remains the property of Ingenia.

MHE BUSINESS MODEL



Our Business Strategy continued

MHE value proposition

FINANCIAL	Consistent Cash Flow	✓ Steady rental annuity stream – typically 10% pa
	Development Profit	✓ Realise upfront development margins of 20-40%
	Continuous Cash	✓ Residents pay ground rents until house is sold – resale risk sits with them
	Not leveraged to property cycle	✓ Returns not reliant on rising residential property market. Limited resale exposure in falling market
OPERATIONAL	Affordable	✓ Caters to affordable end of market – the biggest part of the market
	Government Subsidies	✓ Residents can access Commonwealth rental assistance – makes even more affordable
	Intensity of effort	✓ Management intensity of effort considerably less than rental or DMF villages
	Less Red Tape	✓ Less onerous regulatory environment to retirement villages
	Evolving Industry	✓ Fragmented, predominantly private ownership – considerable consolidation opportunities
	Multiple value levers	✓ Development of new homes, upgrading or repositioning turnover homes, increasing rents, upgrading tourism cabins

MHE tourism strategy

A select number of Ingenia's MHEs contain a modest element of tourism and short term accommodation, marketed to grey nomads, drive-in-drive-out trades, families and school groups. This high cash yielding component of the business is complementary to our affordable seniors living MHE strategy. The Group will only maintain tourism and short term accommodation where it is the highest and best use of land within an existing community.

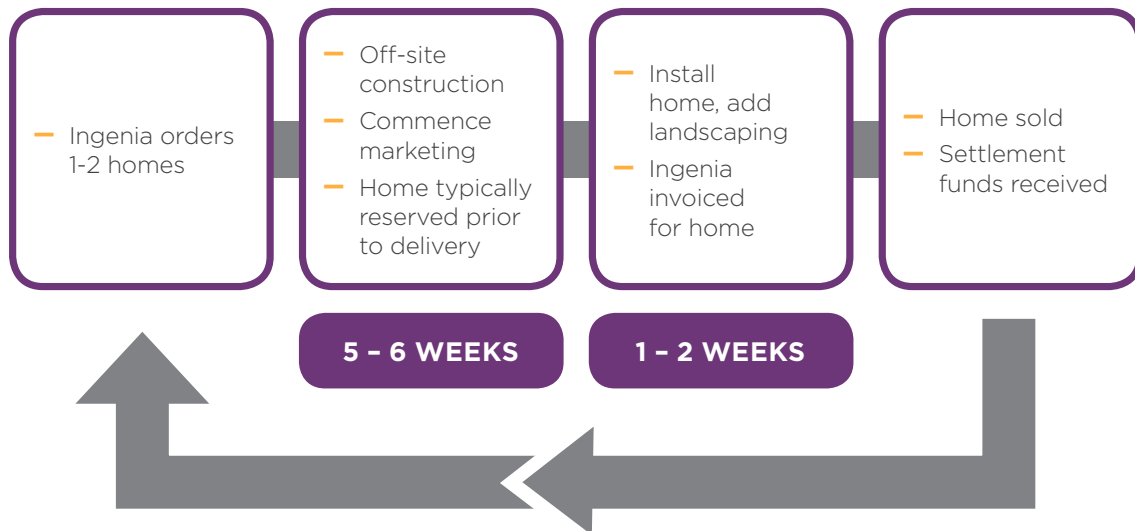
Ingenia's primary focus remains on affordable, cash yield driven seniors living accommodation.



A Tourist Cabin at Drifters Holiday Village, Kingscliff NSW

MHE Investment cycle

Low-risk, capital light development cycle



Frequently recycling a small amount of development capital

Our Business Strategy continued

Ingenia's market cluster approach



Ingenia focuses its acquisition and development strategy in select market clusters where it can offer residents multiple price points and options whilst leveraging existing management competencies. The Group is currently building a leading position in key NSW markets, with QLD and WA to follow.

STRINGENT INVESTMENT CRITERIA CONSIDERED

- Proximity to population hubs, particularly to over 50s
- Forecast population growth over the next 20 years
- Strong levels of employment growth (supports critical first home buyer market)
- Attractive growth areas supported by sustainable industries
- Robust median house prices in the region
- Barriers to entry of MHEs and other retirement offerings

1. Tweed Coast NSW

- Drifters Holiday Village, Kingscliff NSW

2. Central West NSW

- Dubbo Gardens
- Whealers Gardens, Dubbo
- Peel River Gardens, Tamworth
- Mudgee Tourist and Van Resort
- Mudgee Valley Tourist Park

3. Hunter/Newcastle

- Cessnock Gardens
- Settlers Ridge Estate, Maitland
- Ettalong Beach Holiday Village
- The Grange Village, Morisset

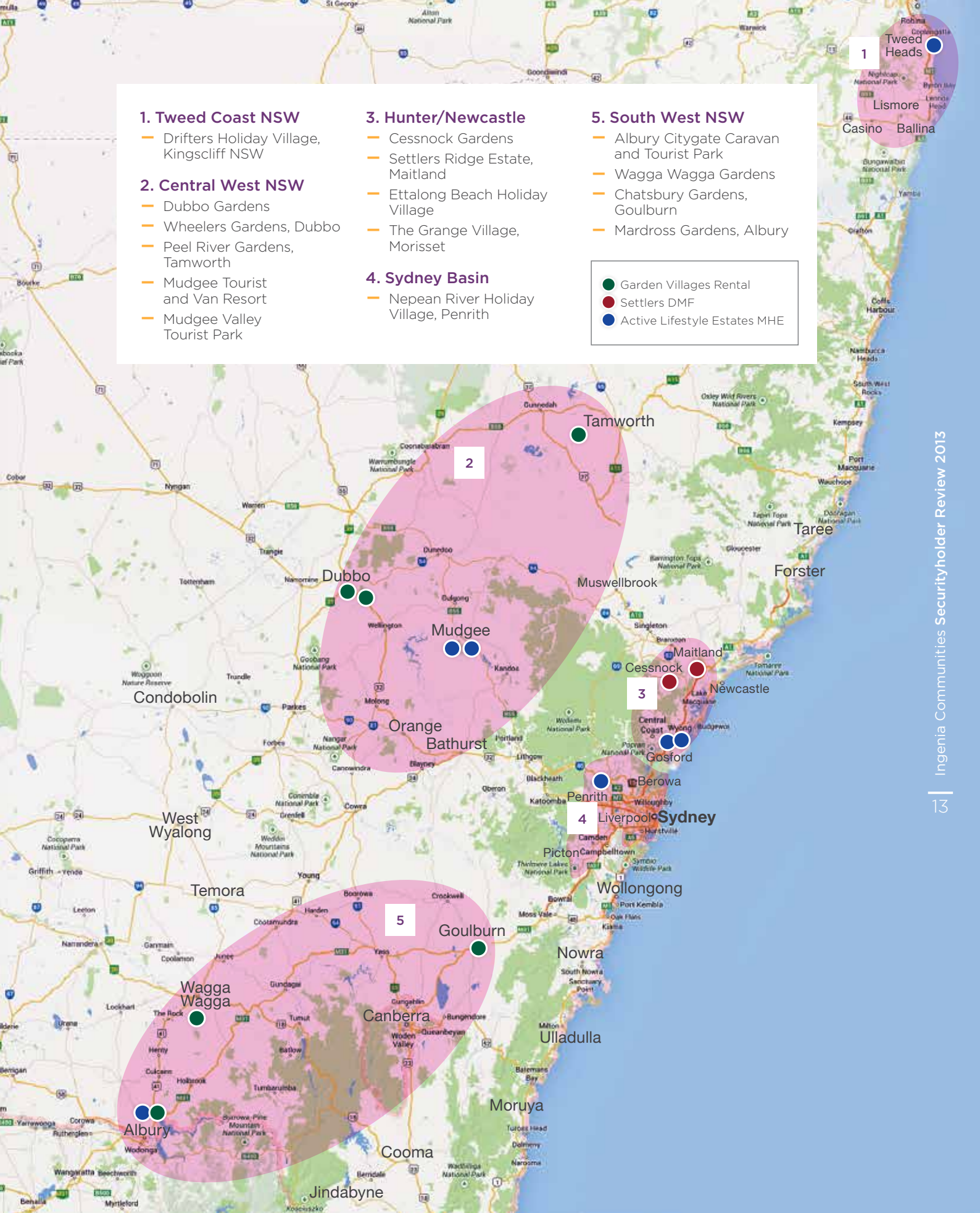
4. Sydney Basin

- Nepean River Holiday Village, Penrith

5. South West NSW

- Albury Citygate Caravan and Tourist Park
- Wagga Wagga Gardens
- Chatsbury Gardens, Goulburn
- Mardross Gardens, Albury

- Garden Villages Rental
- Settlers DMF
- Active Lifestyle Estates MHE



CEO Update



In our first year after management internalisation, we have improved earnings and cashflow, established a leading position in a new market segment and seen the security price grow over 100%



YEAR IN REVIEW

Looking back at Ingenia's first year as a stand-alone business, I am pleased to report that the Group has advanced and executed on several strategies to create and deliver long term sustainable value for securityholders. Certainly there remains considerable work to be done as we look to integrate recent acquisitions, continue to grow our core Garden Villages occupancy and sell down vacant Deferred Management Fee (DMF) conversion units, however a scalable platform has clearly been established over the past year to progress Ingenia as a leading Australian seniors living business.

In the challenging economic climate of the past few years, it is pleasing that our deliberate focus on the more affordable end of the seniors living market has positioned the Group to prosper and grow. Our market leading portfolio of 29 rental villages have continued to attract more residents and

provide a high quality recurrent stream of cash earnings which underpin our balance sheet and cashflows. Our DMF conversion villages which provide quality refurbished units for less than \$250,000 have also attracted significant demand, particularly in the second half of the year as residential property markets in which we operate showed solid signs of improvement.

The Group exited the US Seniors market and consolidated its business back to Australia after an orderly sale process extending over more than two years. With a considered and well researched growth plan in place, we reinvested the capital into the significant development pipeline embedded within existing assets, acquired five accretive cash yielding rental villages to boost our presence within familiar markets, and entered a new market in Manufactured Home Estates (MHEs).

Recent months has also seen the Group accelerate its consolidation in the MHE market in NSW with seven acquisitions announced to date and a significant pipeline presently under assessment. The \$61.7 million Rights Issue announced in early September will enable Ingenia to establish a dominant market position in NSW prior to expanding in other markets such as Queensland and Western Australia. We are attracted to the MHE market due to its strong recurrent cash earnings, low risk and capital light development returns, low level of industry consolidation, significant barriers to entry, and above all its affordability focus. The affordable end of the seniors living market is the largest and fastest growing, and also the least competitive so it provides an excellent basis to build a growing and sustainable business.

FINANCIAL PERFORMANCE

The financial year 2013 results are reflective of the Group's progress with its business strategies and the significant growth it has achieved in expanding its Australian platform and underlying operating results.

Ingenia reported a statutory profit from continuing operations of \$2.8 million, a 95% improvement on prior year due to continuing growth in rental occupancy and strong second half settlements from its DMF conversion villages. Net cashflow from operations increased to \$11.2 million from \$5.1 million on prior year as a result of the Group's increasing cash yielding portfolios.

The Group reported a net loss of \$10.3 million, principally attributable to a previously reported \$17.5 million non-cash US foreign currency translation reserve reclassification, and partially offset by gains from the US Seniors divestment.

Net asset value (NAV) per security has only marginally increased by 0.3% to 34.4 cents due to the dilution from the June institutional placement.

Moving forward, as we integrate recent acquisitions, accelerate the build through of our development pipeline, and amortise our cost base across a larger operational platform, Management anticipates significantly improved earnings growth.

CAPITAL MANAGEMENT

Active capital management continues to be a key priority for Board and management. Over the past year the Group implemented a blended strategy of capital recycling from divested assets, reinvestment into development and accretive acquisitions, conducted a successful institutional placement to fund rapid growth in MHEs, refinanced and restructured its Australian and New Zealand debt facilities and paid full year distributions to securityholders. On 11 September 2013, the Group also announced a \$61.7 million non-renounceable Rights Issue to accelerate its first mover advantage in the accretive and tightly held MHE market.

CEO Update

continued



Debt refinancing

As announced during the year, the Group successfully refinanced both its Australian and NZ debt facilities, with long dated funding secured to 2015 and 2018 respectively. As we streamlined our business with the exit from the US market, improved our operating returns and with a strengthening cashflow position, management was able to renegotiate more competitively for lower margins and greater flexibility in our capital allocation to acquisitions and development.

As at 30 June 2013, the Group's Australian loan to value ratio (LVR) was 38% but would have been 27% had placement proceeds been applied to debt. The Group intends to maintain an LVR of between 30-35% however this may increase slightly over time as the level of recurrent cash rental income increases with recent and planned MHE acquisitions.

In conjunction with the Rights Issue, the Group is well advanced in its discussions with its Australian lender to significantly increase its debt facility limit. This will enable the Group to leverage new acquisitions and provide additional funding capacity for development opportunities within existing villages.

Balancing capital return and reinvestment in growth

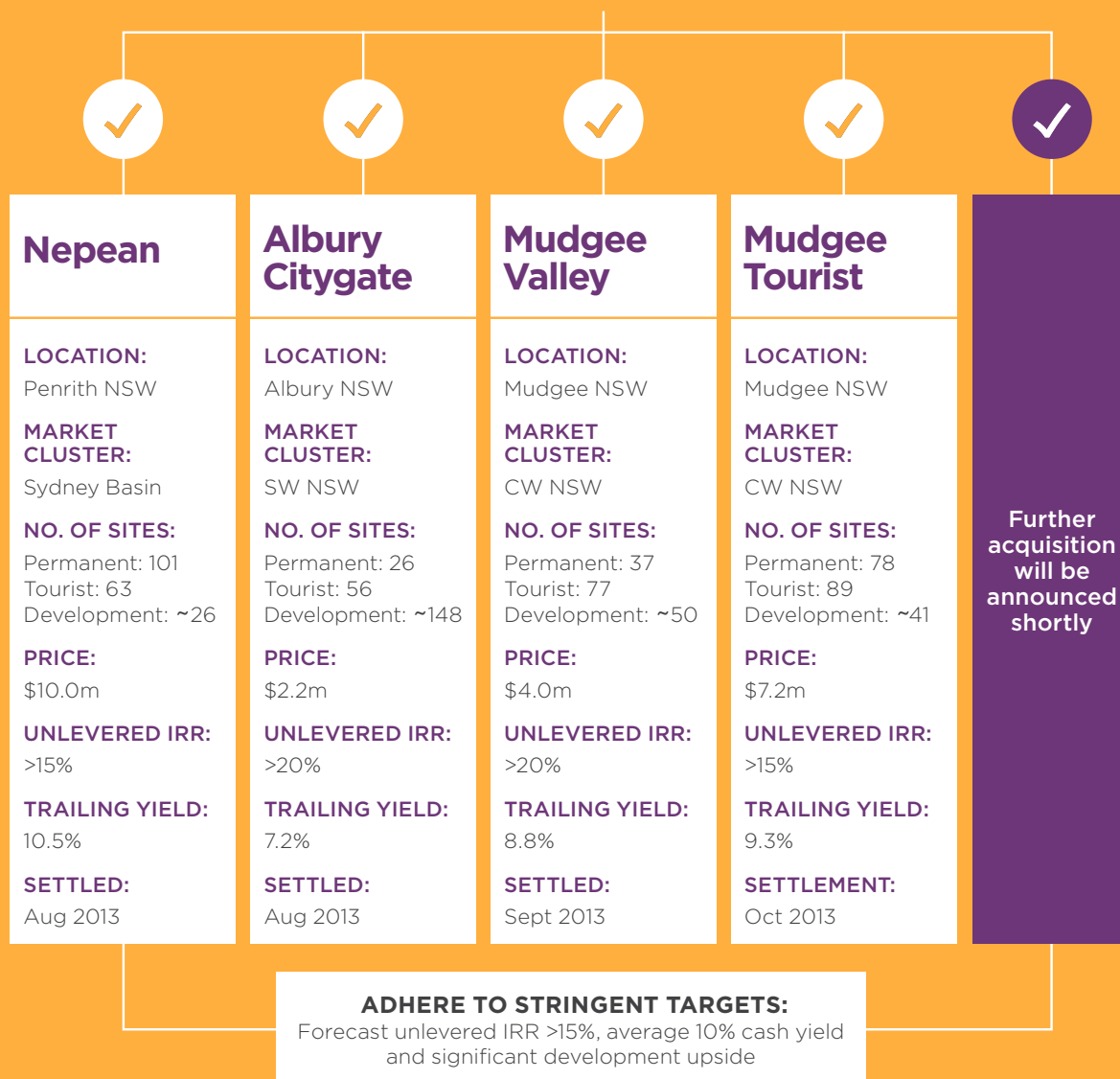
The Board and management recognise the importance of maximising capital return to securityholders where it is financially prudent to do so. In this past financial year, Ingenia maintained its distribution payment of 1.0 cent per stapled security for the year which represented a 77% payout from its operating income. The Board reaffirms its commitment to growing distributions in the near term whilst carefully balancing the capital requirements of our growth in acquisitions and development.

Over the past year, we announced a series of accretive acquisitions that met the stringent threshold return requirements of a minimum 15% forecast unlevered internal rate of return and an average yield of 10%. This disciplined approach will continue to underpin our capital allocation strategy moving forward.

Funds provided by June 2013 Placement quickly deployed on accretive MHE acquisitions

\$30m

institutional placement
and Group debt and cash



Portfolio Update

Patient and orderly exit from overseas assets to refocus capital back to accretive investments in Australia.

44

total properties

3,257

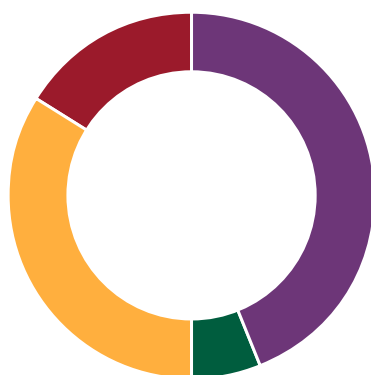
total units

Geographical Asset Allocation

(by value)

Increased emphasis on building a cash yielding platform.

Geographical allocation
by value as at 30 June 2013



- NZ Students (16%)
- Australian Rental (44%)
- Australian MHE (6%)
- Australian DMF (34%)

Proforma position
(post MHE acquisitions)¹



- NZ Students (14%)
- Australian Rental (40%)
- Australian MHE (15%)
- Australian DMF (31%)

1. Accounts for settlement of MHE acquisitions post FY13 – Nepean and Albury Citygate (settled Aug 2013), Mudgee Valley and Mudgee Tourist (announced on 27 Aug and to settle in Sept and Oct 2013 respectively)

- Cash yielding rental and MHE portfolio now account for 55% of the Group's total portfolio by value – providing high quality recurrent income
- Future acquisitions likely to focus on MHE portfolio



Ingenia targets the affordable segment – the largest, fastest growing and least competitive part of the market

Garden Villages (Rental)



GARDEN
V I L L A G E S

As at 30 June	FY13	FY12
Total properties	29	26
Total units	1,521	1,372
Occupancy	85%	83%
Book value	\$99.7m	\$87.1m
Earnings before income and tax (EBIT)	\$7.7m	\$7.0m

Occupancy growth and recent acquisitions drive earnings growth

The Garden Villages portfolio consists of 29 affordability based rental communities with over 1,500 units across all States except SA.

Ingenia owns and operates the largest seniors rental portfolio in the country. During the year, it added five bolt-on acquisitions, purchasing well located but typically poorly run or undercapitalised villages with significant upside potential.

The portfolio occupancy as at 30 June 2013 closed at a strong 85% and continues to trend upwards to long-term target of 90%.

Key initiatives included the annual resident engagement program 'Activate 2013', which in its 2nd year, has successfully increased resident satisfaction, drove record number of move-ins from resident referrals and generated much free press for the villages. As part of 'Activate 2013', many fun filled events were launched across our villages. These included free seniors yoga classes, gardening competitions - many of which encouraged our residents and staff to engage with their local communities, driving frequent foot traffic into our villages.

A new initiative for growth in this portfolio is Ingenia's move into the home care market with "Ingenia Care Assist". In financial year 2013, out of 291 resident departures, the single biggest reason (38%) was due to residents needing to move to nursing homes. By partnering with external approved care providers, Ingenia aims to facilitate the delivery of care into our villages, enabling our residents to readily access these government funded care packages. Increasing Garden Villages' value proposition and extending resident tenure will drive significant increases in both occupancy and sustainable earnings for this portfolio. A dedicated industry experienced aged care executive has been recruited to implement the Ingenia care strategy, with the aim of an eventual roll out to the Active Lifestyle Estates portfolio as well.



Above: Irene Hindle, Janet Barnes and Eileen Oatbridge receive Tai Chi instructions from Barbara Hulse.

Seniors turn out for free Tai Chi

Fun and fit for February is the motto at Settlers Gladstone. Staff were thrilled with the large number of seniors attending the first of four free Tai Chi classes last week. Settlers manager Cheryl Liddell said it was a fantastic response. "I'm not sure if they will all come back next week, but I think most will," she said. Ms. Liddell said she was pleased to see members of the public in attendance. "Anyone aged over 55 is welcome; they don't have to be Settlers residents."

With experienced Tai Chi instructor Barbara Hulse from the Gladstone Aquatic Therapy Association (GATA) delivering the four week program, the classes provide a great opportunity for seniors to experience the many health benefits of Tai Chi. Barbara said Tai Chi

was a gentle program that was suitable for people of all ages and ability. "It's sometimes called 'moving meditation'," she said. "Tai Chi can help improve strength and flexibility through gentle resistance; it helps release stress and ease pain and tension in the body."

The classes will be held for the next three Wednesdays at 9.30am. Phone Cheryl on 4979 0864 if you would like to join in.

Tai Chi classes are held at the Gladstone Uniting Church, Dixon Drive on Tuesday from 8.45am to 9.45am and 9.45am to 10.45am with an evening class from 6.45pm to 7.45pm. Classes cost \$7.50 each. Phone GATA on 4972 9552 or Barbara on 0400 093 890.

Sun shines on flowers

By KATE ELIAS

THESE gardeners are living on the sunny side of the street.

After 12 weeks of careful stewardship, Taloombi Gardens residents compared their sunflowers in an annual competition.

The award for the tallest sunflower went to Taloombi resident Keith Howarth, who, at the age of 101, managed to produce a truly standout plant with the power of his green thumbs.

Mr Howarth was taking a well-

earned nap when the competitors' photo was taken, leaving his fellow residents to chat about their shared love of gardening.

"I had lots of roses, more than 25 different varieties," said former Wollongong resident Christal Fisher about her gardening skills.

As a member of the Taloombi Gardens gardening club, Dennis Moule was modest about his success.

"Just potter," he said.

Out of 25 plants, 17 survived the variable weather conditions we've all experienced over the past few months, blooming to great and healthy heights.

"It's been a lot of fun," said Taloombi Gardens manager Sandra Thompson.

Mr Howarth's entry will now be entered into a national competition, where \$250 in prizemoney is at stake.



Test for green thumbs

AVID gardeners at Taree Gardens Retirement Village show their prowess by entering a village pot plant growing competition to begin this fortnight.

Residents will be invited to enter a flower growing competition, judged on a village level and then regionally.

The resident who grows the tallest flower and the flower with largest flower head in each village will be entered into a

regional competition with prize money up for grabs.

For many residents gardening is one of their hobbies and passions, with many tending to their gardens each day.

This event is a fun way for the residents to show off their gardening skills and is part of the Garden Villages Activate Program being rolled out across all Garden Village Retirement Villages nationally this fortnight.

Cakes galore at Wheelers Gardens

By HAYLEY FERRIS

WHEELERS Gardens residents were treated to a massive morning tea feast in their dining room on Tuesday, June 18. There were more treats than you could imagine for the residents and the best part is, it was all for the Biggest Morning Tea to raise money for people affected by cancer.



Eileen Eggleton, Tim Hyde and Joan Finlay



Enide Young and Dayle Beazley

Fun in fundraising

HAVING fun was an essential ingredient for residents of Devonport Gardens when it came to raising money for Cancer Council Australia.

And they got it in bucketloads at a recent blind auction lunch, where they made bids on mystery items.

The goods were hidden and only unveiled once residents had won.

Kath Mann, from the Cancer Council, was presented with the proceeds – a fantastic effort of \$300 – by village manager Malcolm Payne.

"Our residents enjoy giving back to the community and the Cancer Council has a special place in their hearts," he said.

Devonport Gardens' residents are also taking part in a national toy drive by knitting trauma teddies for hospitals and local charities.

These events are part of the Activate program run by Garden Villages at its 26 rental retirement villages around Australia.

Social activities enjoyed by residents

include bingo, trivia, candle-making, and indoor mini-golf competitions.

■ Garden Villages 1800-445-464, www.gardenvillages.com.au



HELPING OUT – Devonport Gardens manager, Malcolm Payne, hands over the proceeds from a fun auction to Kath Mann from Cancer Council Australia.

Settlers (DMF)



As at 30 June	FY13	FY12
Total properties	9	7
Total units	950	893
Occupancy	90%	90%
Book value	\$75.8m	\$76.0m
Earnings before income and tax (EBIT)	\$5.6m	\$5.5m

Focus on low risk expansion of existing communities

The Settlers Lifestyle portfolio consists of nine Deferred Management Fee (DMF) communities with over 950 homes across WA, QLD and NSW.

In 2010, the Group converted three of the communities in QLD from rental to the DMF model to capitalise on the localised market demand for home ownership. In 2012, an additional Ingenia rental village in Cessnock NSW was successfully converted to the DMF model.

The performance of this portfolio in the past year was primarily driven by the strong pick up in conversion sales as residential markets improved in the second half of the year. An encouraging 32 settlements grossing \$5.5 million were achieved compared to 21 in the first half. Targeted marketing events such as Village Open Days and Seminars for Seniors were regularly held to promote the villages.

Demand also improved across our traditional DMF villages in WA with refurbishments of resale homes proving to be a success in accelerating settlements and releasing accrued deferred management fees.

Active development was also evident in this portfolio as two of the villages underwent various stages of expansion during the year. In NSW, the high demand at Cessnock Village brought forward the next stage of development, while the 17-unit Stage 2 expansion at Ridge Estate Village in Maitland commenced in July 2013 with solid commitments in place for its new homes.

The right product offering in key markets, coupled with targeted marketing activities, will continue to underpin earnings growth for this portfolio.



Settlers Gladstone Open Day was a huge success

The Settlers Gladstone Open Day proved to be a huge hit, with people from far and wide coming along to take a look at the village.

All up around 40 people attended on the day, turning the village's Community Centre into a hive of activity. Everyone who attended enjoyed morning tea and a tour of the Settlers Gladstone village.

Settlers Gladstone Village Manager Sharon Manson said she was thrilled with how the day went.

"The comments from those who attended were overwhelmingly positive," Ms Manson said.

"I think everyone had a great day. People were making cards, playing cards and even having a game of snooker or two!"

One of those who enjoyed the festivities was Marshall Gunston, winner of the Open

Day's Lucky Door Prize.

Mr Gunston's shock at winning the Lucky Door Prize was perhaps only topped by his reaction after taking a tour of the village.

"I thought it might have been like an old persons' home – it was so different to what I was expecting," Mr Gunston said. "I was really, really impressed."

Ingenia Communities – who own and operate Settlers Gladstone and the soon to be constructed The Rise – are proud to be able to provide options for over 55s.

With spacious villa units surrounded by landscaped gardens and the new, exciting "The Rise" apartments, Settlers Gladstone have some wonderful options for senior living priced from \$150,000.

For more information about what's on offer at Settlers Gladstone call Sharon Manson direct on 4979 2194 for a free information pack.



STARTING WORK:
Ingenia Communities CEO Simon Owen joins Maitland mayor Peter Blackmore at the official ceremony to turn the first sod on the project.
Picture by STUART SCOTT
10071255044

Retirement village expansion begins

SAM NORRIS

The expansion of a Gillespie Heights retirement village is expected to deliver Maitland a multi-million dollar boost. A sod turning ceremony yesterday marked the start of work that will double accommodation at Settlers Ridge Estate facility, on the western side of Cessnock. This phase of construction work at Ridge Estate will see us building 17 new homes and this is the first stage of a 28-home development project that will inject \$8 million worth of investment into the Maitland area, developer Ingenia

Communities CEO Simon Owen said. The development will include an upgrade of common areas for the use of existing and future residents that is due for completion early-2014. The mayor of Maitland, Cr Peter Blackmore, said the investment would not only support the city's building industry, but provide a much-needed facility. "With a number of us reaching retirement age this is a very good development," he said. "It's in an excellent position close to Maitland and the Hunter Expressway, which is opening very soon."

Mr Owen said his company was in negotiations to provide more facilities across the Lower Hunter because of employment growth and the ability for retirees to downsize from their family home. "We have 40 communities across Australia, but we have identified the [Lower] Hunter as one of our main growth corridors, which includes Gillespie Heights," he said. "We really like this [Lower Hunter] market place." Settlers Ridge will be marketed as a close-knit, boutique facility that is affordable.

Active Lifestyle Estates (Manufactured Home Estates)



As at 30 June	FY13
Total properties	2
Total permanent sites	230
Total tourist sites	30
Occupancy	99%
Book value	\$13.5m
Earnings before income and tax (EBIT)	\$0.4m

*No comparative as the results reflect the first three month of operations for the newly acquired assets

Significant contributor to earnings growth going forward

In the financial year 2013, Ingenia acquired its first two estates in Morisset and Ettalong Beach NSW.

These estates consists of 230 permanent home sites, 30 tourist sites and development upside for a further 80 home sites. In its three months of operations, the two estates pleasingly performed to expectations.

At the Grange Village, demand was strong for new sales and resales despite limited localised marketing efforts invested. Out of the three new manufactured homes brought on-site, two sold within weeks at their listed prices. At Ettalong, encouraging enquiry levels and resales made it possible for management to undertake a rental increase on incoming residents in its short period of operations.

The Active Lifestyle Estates portfolio, a cash yielding third business within Ingenia's Australian Seniors platform, is currently where management is focusing its acquisition efforts.

As at 27 August 2013, the Group owns six manufactured estates located in Morisset, Ettalong Beach, Penrith, Albury and Mudgee NSW.

Among the acquired assets, a modest element of short-term tourist and trade accommodation will continue to be managed as a complementary business where it is the highest and best use of land within the existing estates.

Management will continue to seek accretive acquisition opportunities in markets with compelling demographics and investment metrics and ample development upside.



Drifters Holiday Village, Kingscliff NSW



Ettalong Beach Holiday Village,
Ettalong Beach NSW

Overseas Portfolios

Patient and disciplined exit of overseas investments to realise full value for securityholders.



US SENIORS PORTFOLIO

Ingenia's exit from the US Seniors market was completed in February 2013 with the sale of the six remaining Bristol seniors communities located in Long Island, New York. The Group received net proceeds (after withholding tax) of A\$46.3 million, of which A\$40.7 million has been repatriated to Australia. A\$5.6 million escrow remains in the US and is anticipated to be repatriated in early 2014.

This divestment was an important step in the Group's strategy to reduce its subscale overseas exposures and recycle the capital towards accretive growth in Australia.



NEW ZEALAND STUDENTS PORTFOLIO

The NZ Students portfolio is a valuable cash yielding investment consisting three student accommodation properties in Wellington New Zealand, each with a 15-year anchor lease to quality government backed tertiary education tenants.

In the past year, the long-term leases secured directly with Victoria University of Wellington and Wellington Institute of Technology enabled Ingenia to exit student accommodation operations and to reposition the assets as a passive and stable rental yielding portfolio.

As part of the new lease terms, a significant refurbishment program was undertaken on all buildings. Building works are well advanced on the remaining building McKenzies with completion anticipated in December 2013.

A portfolio exit strategy will be reassessed in early 2014 on completion of these redevelopment works.


Development Opportunities

Recent acquisitions will accelerate Ingenia's ability to deliver 300 new homes per annum over the medium term.

One of management's key focuses is the build out of the accretive development pipeline embedded within Ingenia's existing DMF and MHE communities. The development pipeline of 629 units with end sales value of \$153 million will contribute strongly to future recurrent earnings. The Group targets the delivery of 300 homes per year in the medium term.

Stringent disciplines to align construction commencement with pre-commitment targets will maximise returns for the larger scale DMF development projects, while a low risk capital light investment in MHE development (where fewer manufactured homes can be spec ordered and delivered on-site as needed) will promote capital efficiency. Management targets a forecast unlevered internal rate of return in excess of 15% on all development projects.

DEVELOPMENT PIPELINE WITHIN EXISTING PORTFOLIOS AS AT 22 AUGUST 2013

Active Development		Completion Value (\$m)	No. of Units	FY14	FY15	FY16	FY17+	Medium term target
Traditional DMF	Ridge Estate, NSW	\$9.2	29					
	Meadow Springs, WA	\$24.0	60					
DMF Conversion	Gladstone, QLD	\$16.4	61					
	Rockhampton, QLD	\$11.2	52					
	Forest Lake, QLD	\$10.4	63					
	Cessnock, NSW	\$8.6	47					
Manufactured Home Estates	The Grange, NSW	\$14.0	56					
	Ettalong Beach, NSW	\$7.0	28					
	Nepean, NSW	\$7.4	30					
	Albury Citygate, NSW	\$22.4	112					
	Mudgee Valley, NSW	\$12.3	50					
	Mudgee Tourist, NSW	\$10.0	41					
		\$152.9m	629 units					

■ Represents sell down and development periods

Note: Figures on the development pipeline slide include new built stock and homes yet to be developed

Outlook

Ingenia is committed to operating and building a highly profitable, diversified Australian seniors living portfolio focused on the cash yielding affordable segment of the market.



THE GROUP'S FOCUS IN THE NEXT 12 MONTHS:

- Build a market leading MHE portfolio in NSW and commencing assessment of new locations
- Diligent build through of substantial development pipeline within existing portfolio
- Invest in low risk expansion of existing DMF villages and consider sale of several passive income communities
- Pursue NZ Students portfolio sale upon completion of redevelopment works in early 2014
- Execute roll-out of 'Ingenia Care Assist' to drive Garden Villages rental occupancy and improve resident tenure
- Reaffirm the Group's intention to increase distributions over the near term



**MHEs will be a
dominant focus
of Ingenia's near
term growth**

Investing in our People



Committed, motivated and passionate staff are vital to Ingenia's service proposition to residents

As the Group continues to grow, it is important to recruit and retain good people.

At Ingenia, we are committed to promoting an engaging and healthy work culture where team members have the opportunities to develop new skills and experiences to ultimately help them achieve their individual career goals.

As one of our profiled team members Maria Wheate noted, maintaining a happy village is what she most enjoys and at the same time, finds most challenging. Without our passionate team members looking after over 3,500 residents, the Group would not be enjoying the success we have today.

As an organization, we are very fortunate to have many quality people working at Ingenia. Recently one of our Village Managers, Lea Burton from Settlers Lakeside Village in Ravenswood received the top accolade, winning the Western Australian Manager of the Year award for 2013 at a retirement industry conference. This was a great achievement to be recognised amongst her industry peers and residents for her excellent contributions to the sector. We would like to congratulate Lea and we are very proud to have her as part of the Ingenia team!

This year, we are again delighted to showcase three more employees who are a testament to what drives the success of this business.



Top spot: Settlers Lakeside Village Ravenswood manager Lea Burton (right) celebrates with Dean Archbold, general manager from award sponsors Programmed Property Services.

Best village manager

MANAGERS of two Peel retirement villages have taken both of the top spots in the Western Australian Manager of the Year award for 2013.

Lea Burton of the Settlers Lakeside Village in Ravenswood was recognised as the best in her field, while Parklands Village Mandurah manager Kerry Bergh was runner-up.

Ms Bergh said, "What an amazing honour. I love my village...I love my residents."

Ms Burton, who was the only

manager to be nominated by village residents, will now go into the running for the national award, to be presented at the national Retirement Living Summit in Melbourne on October 24.

The award recognises not only managers but staff and residents who work towards the goal of a successful, happy and harmonious village.

Awards coordinator Joëlle Muns said, "Retirement village managers are responsible for all aspects of their communities, including building relationships

with residents, coordinating all of the various services and ensuring people are enjoying their retirement village experience".

"With a record number of nominations this year, all of the highest quality, Lea's award is richly deserved," she said.

Ms Burton first came to the village as a contract employee and has arranged outstanding plans and programs such as a visiting GP, informative speakers and legal advice for residents, as well as being the first one to grab a shovel to help fix a burst pipe.

Staff profiles



MARIA WHEATE

VILLAGE MANAGER,
THE GRANGE, MORISSET

What is your role within Ingenia?

I am the Village and Sales Manager at The Grange Village in Morisset NSW.

How long have you worked for the Group?

I started with Ingenia as the Village Manager of Taree Gardens and I was there for over three years. I was fortunate to be promoted in March 2013 and moved here to Morisset to manage The Grange Village.

What attracted you to your role? And Ingenia?

My husband Garry (who looks after the grounds and maintenance at the village) and I owned a retail business for over 15 years therefore customer service always suited both of us. Following that I worked in Aged Care and really enjoyed that role, and from there was offered the Village Manager position at Taree Gardens. I feel that the role of a Village Manager certainly utilises all my skill sets from my multi-faceted experience.

Ingenia is a company with management and staff that really care about their residents. It's a happy environment to go to work in every day.

What interests you about retirement?

Retirement is not as simple as it was 20 or 30 years ago. With the ageing population living longer, there definitely needs to be more purpose built accommodation available for seniors. I like to be part of the solution and I find much joy in helping someone find a home and get as much as they can in their retirement years.

What's the most rewarding part of your role?

Maintaining a happy village and when I see successful resident referrals turning into new move-ins, I know we're doing our job right. Also, the sense of accomplishment I get when I oversee the refurbishment of neglected pre-loved homes, then seeing them in the hands of delighted new owners.

What's the hardest part of your role?

Maintaining a happy village of 145 households certainly has its challenges! I am lucky to have the support of the Ingenia team and management who are there, always willing to lend a hand for instance at Village Open Days.

Where do you see yourself in 5 years?

I hope to continue working for Ingenia for a long time as I believe in the quality lifestyle we are offering our residents and I love working with the Ingenia family.

Tell us a fun fact about yourself that we'll never guess?

I love fishing. When I first started fishing about 20 years ago, I was asked once what kind of bait I used, and very cleverly I replied, crumbed worms... I did not realise it was just sand on them!

Staff profiles

continued



MELANIE MATTHIAS

CONTRACTS ADMINISTRATOR
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What is your role within Ingenia?

I currently have a dual role as the Customer Service Officer and Contracts Administrator based in our Brisbane service centre. The role involves being the first point of contact for enquiries for the Garden Villages brand, distributing and managing leads for the business. The majority of my days are usually spent listening to the needs of seniors and explaining the benefits of renting in our retirement communities.

How long have you worked for the Group?

I started in August 2009 with Ingenia as a Customer Service Officer.

What attracted you to your role? And Ingenia?

I was previously from a residential real estate background, so this was primarily a lifestyle choice, to be doing a job which gives me more manageable hours between family and work. I also love the customer service field in talking to people.

What interests you about retirement?

I feel that I can make more of a difference for others in the retirement accommodation sector than in residential sales. Here, it's more than selling a home, it's about helping seniors achieve a quality lifestyle.

What's the most rewarding part of your role?

The most rewarding part of my job is being able to support our sales team and also present to our clients the offer of a quality lifestyle, no matter which type of Ingenia communities they choose.

What's the hardest part of your role?

Dealing with calls from seniors has its challenges. Quite often my Service Centre colleagues will have a chuckle at some of my interesting senior conversations particularly with those who are hard of hearing.

Where do you see yourself in 5 years?

I see myself continuing to work in the retirement sector with Ingenia as I really enjoy it, and I look forward to being able to make a positive mark in someone's retirement years.

Tell us a fun fact about yourself that we'll never guess?

I grew up in the Whitsundays and like to spend my spare time by the ocean. I am most content with a fishing rod in hand and like to carry a spare yabby in my pocket.



NATALIE KWOK

TAX MANAGER

What is your role within Ingenia?

I am the Tax Manager at Ingenia based in the Sydney Corporate office.

How long have you worked for the Group?

Since March 2012.

What attracted you to your role? And Ingenia?

I enjoy the challenging nature of my role and the flexibility of work arrangement as I have two young kids.

I am attracted to businesses that are in the growth phase or have seized the opportunity to grow. It is rewarding to work in an exciting environment and working with dynamic individuals. This has been my experience since joining Ingenia. We are working in a team that is excited about future prospects.

What interests you about retirement?

With the ageing population and increased longevity, aged care and seniors living has become a significant social issue and will be the central theme of government policy in the next decade. What interests me about retirement is understanding the complexities and the socio-economics of wealth management and accumulation.

What's the most rewarding part of your role?

The variety and challenging nature of my role, as well as working in an exciting and fast pace environment as Ingenia is growing rapidly. I feel that I am part of a small team that is making a big difference.

What's the hardest part of your role?

Managing my workload as I work part-time.

Where do you see yourself in 5 years?

I will be a mother to a 12-year old daughter and 10-year old son in 5 years, that in itself will be an interesting challenge! Career wise, I'd like to be in a role with substantial decision making responsibility, and hopefully as Ingenia grows, this opportunity can present itself.

Tell us a fun fact about yourself that we'll never guess?

I am currently leading the Ingenia footy tipping competition, something no one expects from a nerdy Tax Manager!

Our Directors



1. JIM HAZEL

CHAIRMAN

Mr Hazel has had an extensive corporate career in both the banking and retirement sectors. His retirement 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 since 2010, 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 for Ageing (SA) Inc.

Mr Hazel is a member of the Remuneration and Nomination Committee.



2. PHILIP CLARK AM

NON-EXECUTIVE DIRECTOR

Mr Clark is the Chair of SCA Property Group Limited, a Non-executive Director of Hunter Hall Global Value Limited and a member of the J.P. Morgan Advisory Council. He also 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 until June 2005.

Prior to joining Minter Ellison, Mr Clark was 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 Chair of the Remuneration and Nomination Committee and a member of the Audit and Risk Committee.



3. AMANDA HEYWORTH

NON-EXECUTIVE DIRECTOR

Ms Heyworth is a professional company director. She previously served as Executive Director of Playford Capital Venture Capital Fund. 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.

Ms Heyworth is Chair of the Audit and Risk Committee and a member of the Remuneration and Nomination Committee.

4. ROBERT MORRISON

NON-EXECUTIVE DIRECTOR

Mr Morrison has extensive experience in property investment and funds management. During his 21 years at AMP, Mr Morrison's executive roles included Head of Property for Asia Pacific and Director of Asian Investments. Mr Morrison's investment experience includes senior portfolio management roles where he managed both listed and unlisted property funds on behalf of institutional investors.

Mr Morrison was previously an Executive Director of AMP Capital and a National Director of the Property Council of Australia. He is a founding partner and Executive Director of alternative investments firm, Barwon Investment Partners and is a Non-executive Director to the Board of Mirvac Funds Management Limited.

Mr Morrison is a member of the Audit and Risk Committee.



Our Leadership Team



5. SIMON OWEN
MANAGING DIRECTOR

Mr Owen joined the 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. Mr Owen brings to the Group in-depth experience in the retirement sector and is the immediate past National President of the Retirement Villages Association (now part of the Retirement Living Council), the peak industry advocacy group for the owners, operators, developers and managers of retirement communities in Australia. Mr Owen's experience spans across multiple disciplines including finance, funds management, mergers and acquisitions, business development and sales and marketing. Prior to Ingenia Communities, Mr Owen was the CEO of Aevum, a formerly listed retirement company. Mr Owen is a qualified accountant (CPA) with postgraduate diplomas in finance and investment, and advanced accounting.



6. TANIA BETTS
CHIEF FINANCIAL OFFICER

Tania was appointed as Chief Financial Officer 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 healthcare 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.



7. NIKKI FISHER
CHIEF OPERATING OFFICER

Nikki is responsible for the operations of the Group's Australian portfolio of Rental, DMF and Active Lifestyle Estates. She joined the Group in 2010. Nikki has 17 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.

Our Leadership Team continued



8. CORRIE MILNE
**GENERAL MANAGER
 VILLAGE OPERATIONS**

Corrie is responsible for the operational management for all 44 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. His rapid growth within the business has seen him promoted to his current role in July 2013. Prior to starting with Ingenia, Corrie worked with Sunny Cove Villages Group for two years in various roles across their business. Corrie started his career with over 10 years of experience in the hospitality industry with Mirvac Hotels and the Stamford Group, mainly in senior management roles. Corrie holds a Diploma in Business and a Graduate Certificate in Asset Management.



9. KAREN LANDY
**GENERAL MANAGER
 COMMERCIAL**

Karen is responsible for the Group's capital management including debt refinancing and equity raisings. Karen is also responsible for the New Zealand Student portfolio including reviewing strategic options for divesting the portfolio on completion of the redevelopment. Karen has more than 20 years' experience in the financial services and funds management sectors. She has been with the group for 6 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.



10. JANENE EAGLETON
**GENERAL MANAGER
 CARE DEVELOPMENT**

Janene joined the Group in August 2013 and has responsibility for the development of the resident Ingenia Care Assist program. Janene brings to the Group extensive experience in health, retirement and aged care strategy and operations, having held senior management positions with Australian Unity, Catholic Healthcare and St Vincent's Private Hospital. Janene holds an MBA (Macquarie) and is a graduate member of the Australian Institute of Company Directors, Chartered Secretaries Australia and has substantial experience as a Board Director for industry and consumer associations and not for profit companies.



11. NICK REID

DEVELOPMENT DIRECTOR

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Nick joined the Group in August 2012 and is responsible for the delivery of the significant development pipeline across the Australian portfolio. Nick has had over 25 years experience in the development and management of senior living projects in his capacity as General Manager of the Gandel Group's retirement village portfolio, (now part of Aveo), and as Managing Director and part owner of Sakkara Living. In late 2006 the bulk of the Sakkara portfolio was sold to Aevum. Nick is a past president of the Retirement Village Association of NSW, holds a Bachelor of Business in accounting and is a licenced real estate agent.



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