ASX / Media Release

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Ingenia announces FY12 net profit of $33.6 million and distribution of 0.5¢ per security

Key highlights:

- Net profit increased significantly to $33.6m compared to $13.1m for FY11
- Declares final distribution of 0.5¢ per stapled security – first since September 2008
- Balance sheet in sound condition - Australian and New Zealand debt facilities refinanced for a further three years and seven months respectively[1]
- Garden Villages Rental occupancy increased to all-time high of 83.4% as at 30 June 2012
- Successfully completed internalisation of management including $4.1m support benefits from ING
- Strong capital position and market outlook positions Ingenia for accretive acquisition opportunities and a possible future buyback

Ingenia Communities Group (ASX: INA, "Ingenia") today announced its full year results for the financial year to 30 June 2012, with a net profit of $33.6 million for the period, up from $13.1 million on FY11.

Ingenia Chief Executive Officer Simon Owen said: "Today's results are a significant step forward in Ingenia's transformation into an actively managed seniors living owner, operator and developer focused on the Australian market. The performance of our assets continues to improve in challenging markets, and the fact that 60% of the Group's total income is derived from rental earnings rather than DMF accruals or development profits underpins the quality of our earnings and cashflows."

Ingenia has also declared a distribution to securityholders for the first time since September 2008. A final distribution of 0.5¢ per stapled security is expected to be fully tax deferred for resident investors, with payment to be made on 21 September 2012.

"Having rebuilt the Group from the precarious position of several years ago, securityholders can be assured that the Board and management will continue to exercise extreme diligence in the allocation of capital. We will continue our rigorous assessment of internal and external growth opportunities while maintaining a balance with a possible buyback to securityholders," Mr Owen said.

Sale of the Group's New York portfolio as announced in May 2012 is progressing well with net proceeds of circa A$49.9m expected to be repatriated in late 2012.

[1] Subject to confirmation that all conditions precedent have been satisfied

Financial Highlights

Key financial metrics for the period include:

- Net profit increased significantly to $33.6 million compared to $13.1 million for FY11
- Operating income of $7.4 million increased from $6.9 million in FY11
- Operating income per security increased by 8% to 1.7 cents in FY12
- Net cashflow from operations of $5.1 million down from $8.6 million in FY11
- Net asset value per security improved to 34.3 cents compared to 25.9 cents in FY11

The considerable increase in net profit and the net asset value per security are largely attributable to a revaluation of the Group's US Seniors New York portfolio during the first half of FY12.

Net cashflow from operations has decreased due to payment of $8 million of long term accrued RE fees to ING as part of the management internalisation process approved by securityholders on 31 May 2012. Apart from this non-recurring payment, operating cashflow in FY12 was up over 50% on FY11.

Valuations

As part of Ingenia's six monthly revaluation process, external valuations on five of the Group's 33 Australian assets were undertaken in June 2012, representing 9% of total portfolio by value.

Valuations for the Australian Rental (Garden Villages) and DMF (Settlers) portfolios reduced slightly due to a change in lease up assumptions and sell down of first time units respectively. The DMF Conversion assets reported a 16.7% decline due to the sell down (monetisation) of 51 units over the year.

A valuation uplift of $29.6 million in the New York portfolio as at 30 June 2012 is principally driven by increased investor demand for quality, yield-driven seniors housing assets as well as the strong increase in occupancy rates over the year.

Capital Management

- A$82.0 million Australian debt facility extended for three years to September 2015 with market competitive terms and a new fully revolving debt structure[2]

The Group's liquidity in the past 12 months has improved due to growing asset level performance, asset sales, and the security of long term funding with the refinance of both the Australian and New Zealand debt facilities. The new facilities will give Ingenia greater flexibility to pursue a disciplined capital management strategy while also funding development and acquisition opportunities as they arise. Management is investigating alternate capital management initiatives upon settlement of the US sale such as a buyback of up to $10 million.

Overall look-through gearing for the Group has reduced from 69% in FY11 to 52% in FY12. This is largely driven by the sale of the highly geared US Non-New York assets in November 2011, coupled with the positive impact of the valuation uplift from the New York portfolio.

[2] Subject to confirmation that all conditions precedent have been satisfied

Reflective of the improved operating performance of the Group and strong capital position, Directors have declared a distribution of 0.5¢ per stapled security which will be payable on 21 September 2012. This distribution is fully funded from recurrent earnings and not asset sales. Directors anticipate payment of a 0.5¢ interim and final distribution for FY13, however no future forecast or pay-out ratio can be provided due to significant competing capital requirements including further conversions, developments and acquisitions as well as uncertain global markets.

Portfolio Update

- Garden Villages occupancy at an all-time (internally managed) high of 83.4% at 30 June 2012
- DMF Conversion villages finalised 51 settlements grossing sales of $9.7 million, a further 14 contracted sales worth $2.5 million are held with an expectation to complete

With the announced sale of the New York portfolio, Ingenia's transition to an Australian only platform is largely complete. As at 30 June 2012, the Australian Seniors business will represent 90% of the Group's total asset value (on a proforma basis[3]), of which 45% will be the rental business which provides a consistent, high quality cashflow stream.

Garden Villages occupancy was at an all-time high of 83.4% as at 30 June 2012, and continues to trend well towards our long term target of 89.0%. The events based resident engagement program 'Activate 2012' that was implemented during the year was a success, increasing resident tenure and promoting brand awareness. Management will continue to focus on increasing occupancy and aggressively managing our cost base to extract full scale benefits.

The DMF Conversion portfolio has performed well this past year, achieving 51 settlements grossing sales of $9.7 million and holding 14 contracted sales worth $2.5 million. Since project launch, 38% of total stock has been sold or are under contract. Expanding our existing high occupancy villages is one of the key focuses in this portfolio, with Gladstone Village Stage 2 expansion progressing well with a Development Application lodged for a further 53 units in May, and construction anticipated to commence in early 2013. Planning works have commenced for the conversion of Cessnock rental village and management is assessing the conversion of a further two villages in Victoria.

The Settlers DMF portfolio located in and around Perth and Brisbane experienced softer sales in FY12, but a gradual recovery in both residential markets is improving enquiry levels and shortening sales lead times. Despite challenging market conditions, $12.1 million of gross sales were achieved in FY12.

In July 2012, Ingenia acquired Ridge Estate Village in the Hunter Valley in NSW, a boutique DMF village that is forecast to deliver an unlevered IRR of more than 50%. Planning works for an additional 28 units on existing serviced sites is well advanced.

The New Zealand Students portfolio performed to expectations with 95% occupancy in FY12. Active negotiations with the University are progressing, with a long-term contract for two of the buildings expected in the coming months. In recent weeks, management has also negotiated a 15-year accommodation lease with Wellington Institute of Technology (WelTec) for the McKenzies building with full documentation now being completed. Negotiations are also progressing for the sale of the New Zealand Students portfolio at a premium to book value.

[3]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

Strategy and Outlook

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

In the current environment where market uncertainty persists, lending conditions remain tight, and distressed retirement sales are in abundance, Ingenia is in a unique position with a quality portfolio of performing assets and a strong capital position to take advantage of highly accretive acquisitions. Opportunities with attractive investment thresholds will continue to be rigorously assessed.

The repatriation of US sale proceeds anticipated in late 2012 will provide the Group with further financial flexibility to pay down debt, pursue capital management initiatives such as a buyback, and consider investments.

Management's immediate focus is to continue improving operational efficiencies across the Group's portfolios, principally driving the performance of the sizable rental portfolio which generates a consistent, high quality cashflow stream. Strategic divestments of poorly performed assets and additional rental village conversions will be considered where appropriate to recycle capital for more attractive prospects.

We will also capitalise on the strong organic growth opportunities embedded within the Group's existing assets. As at 30 June 2012, the Group has an internal development pipeline of 471 units with an end sale value of $103.4 million.

For further information please contact:

Simon Owen	Lenny Chen
Chief Executive Officer	Investor Relations & Marketing Manager
P 02 9033 1310	P 02 9033 1320
M 0412 389 339	M 0415 254 311

About Ingenia Communities Group

Ingenia Communities Group (ASX Code: INA) previously known as the ING Real Estate Community Living Group, is a stapled property group comprising Ingenia Communities Holdings Limited (ACN 154 444 925), Ingenia Communities Fund (ASRN 107 459 576) and Ingenia Communities Management Trust (ARSN 122 928 410). The Responsible Entity for each scheme is Ingenia Communities RE Limited (ACN 154 464 990) (AFSL415862).

Ingenia Communities Group is a leading operator, owner and developer of a diversified portfolio of seniors housing communities. Together the stapled group has total look-through assets under management of $429 million with operations located predominately throughout Australia and the United States.