

ASX / Media Release

20 November 2012

Ingenia Communities 2012 Annual General Meeting

CEO Update

Good afternoon ladies and gentlemen, and welcome to the inaugural 2012 Annual General Meeting for the Ingenia Communities Group.

Thank you for your attendance today.

This afternoon I will provide you with a brief overview of the financial and operational performance of each of the Group's portfolios over the last 12 months, update you on the markets within which we operate and finally, outline the Group's outlook for the next 12 months and our future business strategy to create superior securityholder value.

I have been the CEO of ILF and now Ingenia for the past three years. In that time I have been part of a team that has worked hard to stabilise and transform the business with a clear focus on returning to a position of strength and stability, and building a portfolio of high performing assets and an exciting pipeline of projects to drive future earnings growth.

Today I am pleased to report that the balance sheet has been stabilised and strengthened, and a majority of our communities are performing at or exceeding industry benchmarks. We are now entering into a period of disciplined growth, development and acquisitions with an unwavering focus on creating superior securityholder value.

The market is also beginning to take notice of the significant turnaround that has taken place in the Group with the security price up around 86% in the past 12 months. This has narrowed the gap between the Group's NAV and the security price from 55% to 23%. We continue to undertake important work in engaging with key existing and prospective institutional investors, both in Australia and overseas, and we are frequently told that we now have a blue-chip register befitting a company many times our size.

However, while these achievements are significant, please be assured that the Board and management are acutely aware that considerable work remains to be done. We are only mid stream in our mission to being the operator of a highly profitable Australian seniors living portfolio that offers investors sustainable distributions, strong capital growth and a growing pipeline of profitable acquisition and development opportunities.

SLIDE – HIGHLIGHTS

I would now like to review a number of highlights that have happened in the past 12 months.

Our Garden Villages rental portfolio continues to yield strong cashflows with occupancy climbing to a high of 83.4% in the 2012 financial year. We are confident in our ability to drive occupancy growth and reach our long-term target of 89% over the next two years.

Equally pleasing is the performance of the three rental villages in Queensland, converted to the DMF model in 2010. The performance of these villages continue to improve and to date, we have sold down 91 out of the 216 units. This has released \$16.5m of cashflow with a further \$1.5m in reserved units on hand.

Together, our rental portfolio, which is Australia's largest, and our DMF conversion villages drive the earnings and cashflow performance of our business and provide us with a clearly differentiated business model from our industry peers.

Strategically, management has continued to undertake a patient and orderly approach to the divestment of non-core and overseas assets with a view to simplify and refocus the Group's portfolio and capture maximum value for securityholders.

For most divestments, we manage the process internally and significant time is invested by management in identifying and engaging with the logical owners of our non-core assets. Our transactions to date have demonstrated that these natural fit buyers have been prepared to pay what we considered to be an appropriate price for the assets.

This approach has allowed us to patiently divest our New York portfolio earlier in the year, with anticipated \$50 million net proceeds expected to be repatriated next month or early 2013. These proceeds, which account for almost half of the Group's entire market

capitalisation, will be a game changer for Ingenia. This will allow us to develop, seed and acquire new projects in Australia and potentially undertaking a \$10m buyback.

We have also applied the same patient discipline to the sale of the Group's New Zealand Students accommodation portfolio in Wellington. It has been 12 months of hard work, however as announced by the Chairman, today we have entered into a conditional contract to sell the portfolio for NZ\$35 million. This represents a 40% premium to current book value and upon completion will see net proceeds of approximately A\$9.8 million (2.2 cents per security) returned to Australia for reinvestment.

A significant amount of management time is now dedicated to developing our growth pipeline to drive future earnings, cashflows and distributions. Over the past year we have taken a three-pronged approach to growth through acquisitions, development and conversions. To date, we have acquired a new village in the Hunter Valley and have recently announced a further acquisition in Dubbo. With respect to development, we have also received council approval to expand our high performing village in Gladstone, Queensland. We have also completed Stage 1 conversion of the Cessnock village to the DMF model and are already well ahead of budgets with sales and reservations in place.

SLIDE – MARKET OVERVIEW

Ingenia operates in a very challenging environment. The residential property market which is often a key barometer for seniors living remains largely subdued. Over the past year we have deliberately refocused our business on the affordable end of the market. By and large, this segment has remained immune to a flat residential property market. Affordable seniors living represents the biggest part of the seniors living market and is largely overlooked by our listed peers.

As the previous industry consolidators have withdrawn or commenced unwinding their portfolios, asset values have come under pressure and a number of financially distressed portfolios have come to market. Recognising these market trends, in 2009 and 2010, Ingenia assertively wrote back the carrying value of the core components to its Australian portfolio. Based on recent feedback from valuers, we do not anticipate any material change in our asset values in the next reporting cycle.

Ingenia is uniquely positioned at this point in the cycle. We have access to capital, few competing purchasers and numerous on and off-market distressed asset opportunities available to us, and demand for our product that is going to grow for the next forty years. Notwithstanding these unique circumstances, we will continue to maintain a very disciplined approach to capital allocation. We aim to invest at the bottom or near bottom of the cycle in accretive communities and sites that will drive longer term earnings, cashflows and distributions.

SLIDE – FINANCIAL OVERVIEW

Financially, the balance sheet is in sound shape.

I am pleased to report an overall better operating result in the 2012 financial year. Net profit increased 158% to \$33.6 million, and net asset value (NAV) per security rose by 32% to 34.3 cents. Both of these were largely attributable to the revaluation of the Group's US Seniors New York portfolio during the first half of the financial year. Upon settlement of the New York sale, the Group's NAV is expected to increase by a further 2.1 cents.

Operating cashflow from operations for this financial year has decreased by 40% to \$5.1 million due to the payment of long term accrued Responsible Entity fees to ING as part of internalisation. Excluding this one-off amount, operating cashflows would have been up 53% to \$13.1m.

In the coming year, we expect further improvement in operating cashflows due to the continuing sell down of the now four DMF Conversion villages.

SLIDE – NAV COMPOSITION

Ingenia presently has net asset values of 34.3 cents per security. Broadly speaking this can be split three ways – one third is our soon to be monetised overseas assets in the United States and New Zealand, one third is the Garden Villages rental portfolio with the remaining third being the DMF and conversion assets.

Management's view is that considerable upside to the NAV remains as we conclude the sale of the overseas portfolios, and prudently reinvest the cashflows released from the continuing DMF conversion villages into our growing development pipeline.

SLIDE – CAPITAL MANAGEMENT

Ingenia's capital position has significantly improved over the past 12 months. We now have the capital and access to funding to patiently explore the numerous distressed and under-capitalised acquisition and development opportunities currently in the market.

Several months ago, we announced the refinancing of the Group's Australian debt facilities for a further three years on more favourable terms and pricing metrics. We enjoy a very sound long term relationship with Commonwealth Bank in Australia which has ensured we have access to capital and credit, as required, on commercial terms. Following the sale of our remaining overseas investments, the Group would look to maintain an LVR of between 25-35%, reserving the flexibility to move higher for a short period of time should a particularly accretive acquisition opportunity become available.

In September, the Group paid its first distribution in four years. It is very important that our distributions continue to be fully funded from operational earnings rather than asset sales. Based on current operating performance, we are forecasting similar interim and final distributions of 0.5 cents per security in 2013. Further distributions will depend upon the operating performance of the business, our capital position and future capital requirements for development and acquisitions.

One of the most frequent questions I get asked by investors relates to a prospective buyback. I have observed considerable divergence in opinion as to whether we should undertake a buyback or re-invest the capital into our business. There are three observations I would like to make on this very important subject:

1. As noted earlier the Ingenia security price has risen by approximately 86% in the past year and the discount to NAV has narrowed from 55% to 23%. Nevertheless the Board and management do not believe that our current security price reflects the true value of our underlying assets, particularly the value imbedded in our development pipeline and value released from our DMF conversion assets;

2. The Group now has a rapidly advancing development and conversion pipeline where returns are forecast to exceed our stringent thresholds. We are also assessing a number of exciting acquisition opportunities which have the potential to offer highly accretive returns approaching or exceeding an unlevered IRR of 20%. Access to capital in our industry remains very tight and we are certainly not short of profitable and accretive opportunities; and
3. Ingenia is finalising the sale of its United States and New Zealand portfolios which collectively represent approximately 31% of the Group's asset base. These earnings need to be replaced or we risk having an unsustainable cost base. Ingenia has an operating platform which can manage and develop a substantially larger asset base with only a marginal increase in operating costs. This provides securityholders with considerable leverage to an expanded Australian operation.

With these three points in mind, Ingenia will closely assess undertaking a buyback of up to \$10 million upon receipt of the financial close of the New York sale proceeds. Dependent upon the trading security price, the buyback can be a mechanism to assist with closing the NAV discount.

DIVIDER SLIDE – SUPPORTING OUR LOCAL COMMUNITIES

Supporting the local communities in which we operate is one of our core business principles. Local community reputation is a key determinant for prospective residents in considering a Garden Villages or Settlers property. Every local tradie, teacher or nurse has a parent, grandparent, uncle or aunt that is a future client.

In 2010, the Settlers team partnered with Assistance Dogs Australia to sponsor "Archer", an eight week old Golden Retriever pup. Archer will graduate in 2014 and be placed in a home with a person with a physical disability. In the meantime Archer provides considerable enjoyment to our residents at Settlers Rockhampton and is also the team mascot for the Rockhampton Outlaws softball team and a regular visitor and fundraiser for local schools and community groups.

Archer even has his own business card and facebook page!

SLIDE – PORTFOLIO UPDATE

I will now provide you with an update on our different portfolios.

As we finalise our exit from our overseas investments, Ingenia's operating platform will comprise 34 seniors living communities in Australia where we remain the largest owner and operator of rental villages.

Our strategy is to become the market leader in the communities in which we operate providing quality yet affordable independent living homes for seniors.

You will notice from the above map that we have many villages in many locations with no discernible strategy or pattern. Moving forward our growth strategy will be to focus on existing or new market clusters where we can build operational, marketing and development scale within a particular region.

Two such market clusters are the Hunter / Newcastle region where we recently acquired the Ridge Estate Village situated near our Cessnock Gardens village, and in Central West NSW, where last week we announced the acquisition of an additional rental village in Dubbo.

SLIDE – GARDEN VILLAGES (RENTAL)

Our Gardens Village rental portfolio is the cashflow engine room of the Group. Far from being the Group's millstone of years gone past, the rental business is in excellent shape, with rising occupancies driving higher earnings growth and operating margins.

It is pleasing to report that portfolio occupancy was 84.9% as at the end of last week.

A key contributor to improved occupancy and financial performance over the past year was our resident and community engagement program called "Activate 2012" which was instrumental in generating considerable goodwill and market cut-through for the brand.

SLIDE – GARDEN VILLAGES (RENTAL) CONT'

In-line with our cluster strategy, we announced last week the acquisition of an additional rental village in Dubbo which abuts our own high performance Wheelers Gardens village. Wheelers presently enjoys a 100% occupancy rate and is valued at \$71,200 per unit. By contrast our new acquisition presently operates at 54% occupancy and was acquired at \$45,370 per unit. Over a three-year period, management intends to improve village occupancy, increase rental income and sharpen operating margins whilst delivering superior service to existing and new residents. In doing this, the Group will achieve an unlevered IRR exceeding 17% on its \$2.45 million investment.

There are many more opportunities in the market similar to this.

SLIDE – DMF CONVERSION

Another key driver of our operating results this year is the successful DMF Conversion project that was launched across three former rental villages in Queensland in 2010. Since project launch to November this year, we have achieved 91 settlements totalling \$16.5 million, with an additional 8 contracts worth \$1.5 million in place.

One of our most successful conversion villages is in Gladstone, Queensland. In September this year, we received council approval to expand the existing high occupancy village with an additional 53 units. Our sales team is taking Expressions of Interest on this highly anticipated project and construction is expected in 2013 subject to satisfactory pre-commitments.

In the past month we have also converted a fourth village to the DMF model in Cessnock NSW and we are already well ahead of budget with four out of five converted units either under contract or reserved.

Feasibility is currently also being undertaken for a fifth conversion village in Victoria.

SLIDE – SETTLERS LIFESTYLE (DMF)

The Settlers DMF portfolio was adversely impacted during the year due to soft residential property markets, particularly in broader Perth and South East Queensland. In recent months, we have noticed a gradual pick-up in both enquiries and demand which positions the group for a better year ahead.

In the recently acquired Ridge Estate village in the Hunter Valley, conditional contracts have now been exchanged for the last two units in Stage 1. An amended Development Application was recently lodged with Maitland Council which would increase Stage 2 yield from 26 to 28 villas on vacant land included in the acquisition.

SLIDE – MONETISATION OF OVERSEAS PORTFOLIO

The monetisation of the Group's remaining overseas investments is near complete. Despite the challenging global markets, I am pleased that we have been able to capture full value for securityholders.

In May this year, we announced the sale of the remaining US Seniors portfolio in Long Island, New York at a significant premium to book value with an expected November settlement. As we informed the market last week, minor delays to the settlement of this New York based transaction are currently expected due to approval delays prolonged by Hurricane Sandy. I am pleased though to report that there were no casualties amongst residents and staff from this major storm and that power has now been restored at all of our communities. Management anticipates settlement to occur late next month or early January 2013. Net sale proceeds of A\$49.9m or 11.3 cents per security remain unchanged.

As noted earlier, today we announced the sale of the New Zealand Students accommodation portfolio at a 40% premium to book value. After repayment of a New Zealand debt facility this will result in net sale proceeds of A\$9.8 million being returned to Australia and an uplift in NAV of 1.0 cents per security.

While the contract is conditional and subject to the purchaser concluding their funding arrangements, settlement is anticipated in late January 2013.

SLIDE – STRATEGY

I will now touch on the Group strategy and business outlook before handing back to the Chairman for the formal part of the meeting.

The Board and management of Ingenia are committed to operating and building a highly profitable Australian focused seniors living portfolio. For securityholders, this should result in growing and sustainable distributions and longer term security price growth.

We will achieve this through:

- A disciplined approach to the allocation of capital – all growth must be profitable and accretive and not just for growth's sake;
- We will focus our acquisitions on cash yielding seniors communities, traditional DMF villages with development upside and land adjacent to existing high occupancy communities. In time we will also likely consider the development of vacant land but only where approvals are in place or practical commencement has occurred;
- New acquisitions and developments will be undertaken in a cluster approach to leverage our local knowledge and operational capabilities;
- We will investigate existing alternative seniors independent living models which exist in both Australia and overseas with a focus on recurrent cash yield; and
- While we grow and reinvest into the Ingenia business, we will seek to maintain a lean operating cost base.

We will deliver all this by developing the right set of strategies by focusing on our business operations; carefully selecting our acquisition and development opportunities; articulating clear value propositions for each product and market; and building core processes that are required for success.

SLIDE – DEVELOPMENT PIPELINE

As illustrated on this slide, Ingenia has a growing development pipeline of 436 units with an end sales value of \$91.8 million. The development and sell down of this accretive pipeline, coupled with rigorously assessed bolt-on acquisitions, will initially replace earnings from the

Group's divested overseas investments and in time drive earnings, cashflow and distribution growth.

SLIDE – OUTLOOK

I concur with the Chairman in saying that Ingenia is a business that will adapt and evolve with changing market conditions. The economic environment we presently face in Australia is very challenging. Equally with access to capital and limited competition for assets, this provides Ingenia with unique opportunities to develop and operate a larger and more profitable seniors living business.

With the exit from overseas portfolios imminent and approximately half of the Group's market capitalisation to be repatriated to Australia, I can assure you that the Group has a considered and disciplined capital allocation strategy in place to invest in accretive opportunities and implement capital management initiatives to improve returns to securityholders.

All existing and new assets will be continually assessed for performance and those that cannot meet minimum threshold returns or are no longer a strategic fit will be divested and their capital recycled into new projects.

Based on current market conditions and operating performance, we reaffirm our intention to pay an interim and final distribution of 0.5 cents per stapled security for 2013.

I would like to thank all investors for your attendance today. There are many faces I recognise in the audience and I thank you for your patience and support over the past three years.

I would also like to especially thank the Ingenia team for their tremendous efforts over the past year which has seen us exit overseas markets, embark on a new journey away from ING, make our first two acquisitions in many years, and recommence distributions. I greatly look forward to working with them over the next 12 months in what I am sure will be an equally challenging and rewarding year.

Equally I would also like to thank Amanda, Philip and Jim for their support and guidance over the past year.

Ladies and Gentlemen, thank you for your time today and your continued support of Ingenia Communities.

I will now hand back to the Chairman for the formal business of the meeting.

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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.