Ingenia Communities Group

Acquisitions and Capital Raising

18 June 2013

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Executive summary

Ingenia is well progressed with opportunities for growth in the Manufactured Home Estates (MHE) sector

> Five NSW MHE acquisitions in due diligence
> Immediately earnings accretive, cash yielding assets, with forecast unlevered IRRs >15%
> Assets in identified clusters with significant repositioning and development upside

Valuable pipeline of targeted acquisitions identified

> Further expansion of MHE portfolio to be achieved over FY14
> Accretive opportunities with target trailing yields of 10% and unlevered IRRs >15%

MHE acquisitions to be largely funded via an Institutional Placement

> Institutional Placement at $0.32 per security (3.2% discount to 5-day VWAP) to raise $21.2 million

Enhances capacity for growth and returns to securityholders

> Accelerates MHE portfolio growth in line with strategy
> Capitalises on lead time to competitors in MHE sector and secures ‘scale economies’ at attractive prices
> Expands portfolio of cash yielding assets, providing leverage to existing operating platform
> Expands development pipeline, securing low-risk future organic growth
> Retains funding capacity for accretive acquisitions and committed developments over FY14

Overview of the capital raising

Offer	> Institutional Placement of up to 15% of issued capital to raise $21.2m > The Placement will be undertaken at an Offer Price of $0.32 per new security
Use of Proceeds	> Funds raised through the Placement will be fully allocated to fund acquisitions currently under assessment
Acquisitions	> Significant and growing pipeline of MHE acquisitions under due diligence > Transactions expected to be announced by end September 2013 > Target unlevered IRR >15%, average 10% initial cash yield with significant upside
Financial Impact	> New securities rank pari passu and will be entitled to the FY13 final distribution payment reaffirmed at 0.5c per security (payable September 2013) > Gearing to remain within the target LVR range of 30 - 35%
Timing	> Trading halt – 18 & 19 June 2013

Use of Funds

- Five ‘on strategy’ MHE acquisitions under due diligence
  - Combined value circa $30 million (over 700 sites) in identified NSW clusters
  - Acquisitions range from c. $2 million to c. $10 million
  - Villages ranging from 95 to 200 homes and development sites
  - Stabilised yields average >10%, with minimum forecast unlevered IRRs >15%
  - Each asset has significant repositioning and/or development upside with staged construction and sell down of new homes predominantly internally funded
- Targetted acquisitions build presence in identified clusters and expand MHE portfolio to over 1,000 sites
- The acquisitions will be funded via the placement and a mixture of debt and cash

Target Acquisitions – Indicative Asset Composition

Existing homes	Tourism sites for conversion	Development upside sites	Total homes/sites
320	130	280	**730**

Details of the Offer

- Institutional Placement to raise $21.2m through the issue of 66.1m securities
- Offer Price of $0.32 per new security
- Proceeds of the Placement will be fully allocated to funding the MHE acquisitions (circa $30 million in acquisitions under due diligence)
- New securities issued through the Placement will rank equally with existing securities and be entitled to the full 6 months distribution for the period ended 30 June 2013
- FY13 final distribution payment reaffirmed at 0.5c per security

Key offer details	
Offer price	$0.32
Discount to close on 17 June 2013	3.0%
Discount to 5-day VWAP	3.2%

Indicative Timetable

Key dates - Placement	
Trading halt and announcement of Placement	Tuesday, 18 June 2013
Ingenia securities recommence trading	Thursday, 20 June 2013
Settlement of Institutional Placement Securities	Wednesday, 26 June 2013
Allotment and trading of Institutional Placement Securities	Thursday, 27 June 2013

All dates are indicative only and subject to change at the discretion of Ingenia.

Foundation for growth established

Focus on business repositioning

- Disciplined approach to capital management
- No capital raised during or since Global Financial Crisis
- Exited ING Group and internalised management June 2012
- Australian debt facility refinanced August 2012
- Overall operating performance improved, distributions recommenced FY13
- US investments divested
- One year total return to 17 June 2013 of 79%

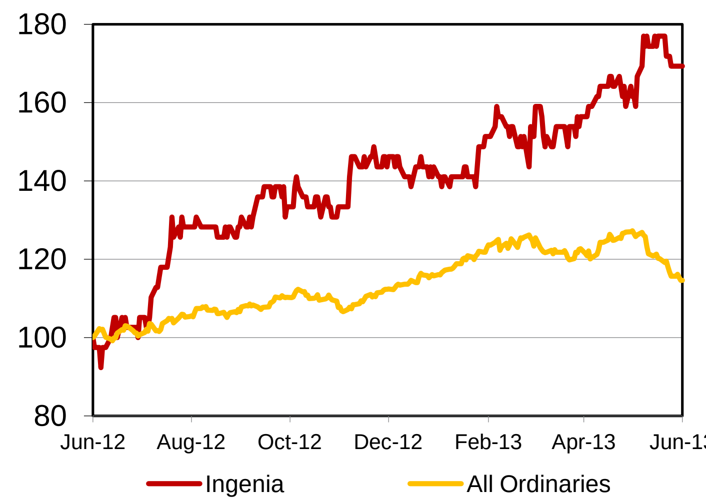
Well researched and executable strategy, clearly differentiated from competitors

- A large rental portfolio, offering consistent, stable cashflows and attractive yields
- A focus on the affordable segment of the seniors living market
- Recent entry into Manufactured Home Estates, a highly fragmented sector offering significant potential, access to consistent stable cashflows and the ability to attain a market leading position

ASX Code	INA
Securities on Issue	441m
Market cap (17 June 2013)	$145.5m

BDO INGENIA RANKED #1 A-REIT SURVEY 2012

SECURITY PRICE PERFORMANCE VERSUS INDEX



A diverse portfolio dominated by cash yielding assets

40 Australian communities

Asset clusters in familiar markets drive capital allocation

Rental ●

29 villages

- 1,517 units
- In all States except ACT and SA

Deferred Management Fee ○

9 villages

- 949 units
- WA, QLD & NSW
- Growing development pipeline

Manufactured Home Estates ●

2 Estates

- 230 units
- 83 plus development sites
- NSW only (QLD, VIC and WA to follow)

Acquisitions adding value – 8 villages in past 12 months

> All acquisitions meet minimum investment threshold – forecast unlevered IRR >15%

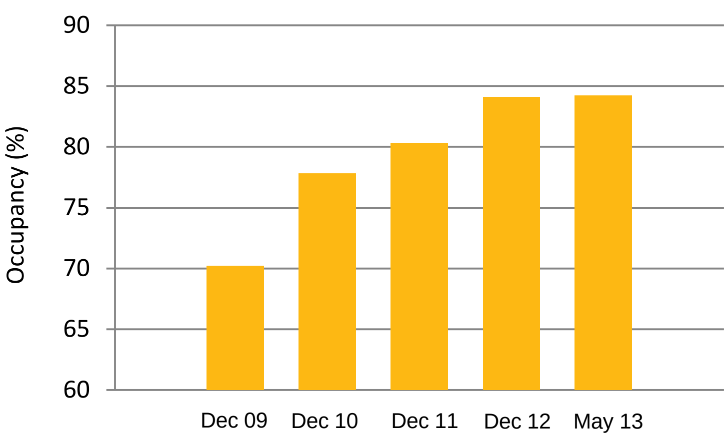
Village	Location and Size	Purchase Price	Yield[1]	Comment
Ridge Estate (DMF)[2] *Acquired Jul 12*	Hunter Valley, NSW – 16 units	$2.0m	NA	DA approval for further 28 units
Dubbo Gardens (Rental) *Acquired Dec 12*	Dubbo, NSW – 54 units	$2.5m	13%	Adjacent to existing high performance Ingenia village
Ocean Grove Gardens (Rental) *Acquired Feb 13*	Mandurah, WA – 44 units	$2.8m	14%	Adjacent to existing high performance Ingenia village
Grange Village (MHE)[2] *Acquired Mar 13*	Morisset, NSW – 145 homes	$10.0m	>10%	Development land for further 55+ homes
Peel River Gardens (Rental) *Acquired Mar 13*	Tamworth, NSW – 50 units	$3.3m	>12%	Extension to existing market cluster
Ettalong Beach Holiday Village (MHE) *Acquired April 13*	Gosford, NSW – 85 homes, 29 tourist sites	$2.1m	>18%	Development land and tourism conversion to create additional 28+ new homes
Wagga Wagga (Rental) *Exchanged May 13*	Wagga Wagga, NSW – 49 units	$3.7m	>11%	High occupancy village, extends existing market cluster
Ballarat (Rental) *Exchanged May 13*	Ballarat, VIC – 50 units	$3.0m	11%	Same town as existing high performance Ingenia village

[1] Represents forecast stabilised yield.
[2] Currently under development.

Portfolio update – Garden Villages (Rental)

KEY DATA	DEC 12	MAY 13
Occupancy	84.1%	84.2%[1]
Like for like occupancy	84.1%	84.6%
Total properties	25	29
Total units	1,324	1,517
Development pipeline units	-	-

[1] Excludes Wagga Wagga and Ballarat (yet to settle).



Portfolio grown and occupancy improving

- Australia's largest portfolio of seniors rental villages
- In past six months have acquired five villages off-market in immediately accretive acquisitions in existing clusters and well below replacement value
- Like for like occupancy up 0.5% over last 5 months (overall occupancy impacted by acquisition of low occupancy Dubbo and Tamworth villages)
- 17 villages presently trading at occupancy of 85% and above
- Recent acquisitions performing well – current focus on driving occupancy and rental rates and improving cash margins
- Considering divestment or alternative use of two underperfoming villages

Portfolio update – DMF Villages

KEY DATA	DEC 12 (YTD)	MAY 13 (YTD)
Occupancy (ex conversion)	96%	96%
Total properties	9	9
Total units	948	949
Development pipeline and conversion units	323	322
New sale settlements	28	43
Contracted and reserved	11	20

Sales improving

- Including settlements forecast to June 30, conversion sales up 60% on first half results, delivering significantly higher operating cashflows
- Sales releasing capital to recycle into further acquisition and development opportunities
- Key WA market performing well however some weakness remaining in South East Queensland
- Cessnock Village performing ahead of forecast with stage 3 accelerated to meet demand and Rockhampton also experiencing strong demand and enquiry
- Gladstone demand improving: only 4 units remaining and 7 expressions of interest in Stage Two
- Board has approved Stage 2 expansion of Ridge Estate Village (Hunter Valley) - construction to commence in July
- End value of c. $15 million of conversion stock able to be monetised in the short term
- Assessing several partially completed or ‘build ready’ DMF opportunities
- In discussions for sale of 1-2 fully developed villages to recycle capital into MHE business

Portfolio update – Manufactured Home Estates

KEY DATA	MAY 13
Occupancy	100%
Total properties	2
Total units	230
Development pipeline units	83 plus

Ettalong Village, Gosford, NSW

Transition complete, assets performing well

- Acquisitions settled 2H13
- Management transition complete
- The Grange (Morisset, NSW)
  - Settled March 2013
  - First stage of development commenced with two new Parkwood homes now located on site
  - Four sales completed last three months
  - DA proposing 55 plus new homes on track for lodgement July 2013
- Ettalong Village (Gosford, NSW)
  - Settled April 2013
  - Two resale homes settled in June 2013
  - DA proposing 28 plus new homes on track for lodgement late 2013
- Initial performance exceeding acquisition forecasts with further upside identified

Portfolio update – Manufactured Home Estates

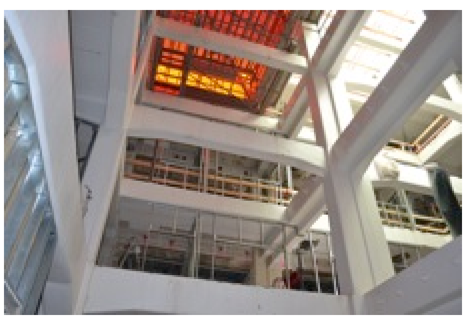
The first new home arriving at The Grange on 20 May 2013

Update – discontinued operations

US Seniors (Long Island, NY)

- Ingenia's exit from the US Seniors market complete in February 2013
- Net proceeds (after withholding tax) are A$46.5m, of which A$40.7m has been repatriated, and A$5.8m remains in the US (escrow and final working capital requirements)
- Finalising accounting impact on NAV and statutory profit
- Estimated NAV uplift of circa 1.2 cents per security, subject to review of final settlement adjustments and escrows

NZ Students (Wellington, NZ)



- Cumberland and Education have new 15-year agreement for lease with Victoria University of Wellington which became operational in March 2013
- Building works well advanced on McKenzies with executed 15-year lease agreement with Weltec to become operational in February 2014
- New five-year Letter of Offer received from BNZ on improved terms – facility documentation well advanced
- Terms have not been agreed with potential purchaser and portfolio is likely to be held until completion of refurbishment works
- A valuable portfolio with 15 year WALE and attractive cash yields

Expanded development pipeline: securing future value

- Existing capital to be deployed in build out of development pipeline
- Funding sources include operating cashflows, recycling capital through DMF sales (circa $15 million), potential asset sales and available debt

		Completion Value ($m)	# of Units	FY13 – FY16+
Active Development				
Settlers DMF	Ridge Estate, NSW	$8.7	29	Stage 2
DMF Conversion	Gladstone, QLD	$17.1	64	Stage1 / Stage 2
	Rockhampton, QLD	$10.9	56	Stage 1 / Stage 2
	Forest Lake, QLD	$10.5	64	
	Cessnock, NSW	$10.7	49	Stage 1 / Stage 2
Development Opportunities				
Manufactured Home Estates	The Grange, NSW	$14.8	55+	
	Ettalong Village, NSW	$7.0	28+	
Settlers DMF	Meadow Springs, WA	$24.0	60	
DMF Conversion	New conversion, NSW	$6.0	50	Stage 1
		$109.7m	455	

Development / Sell down

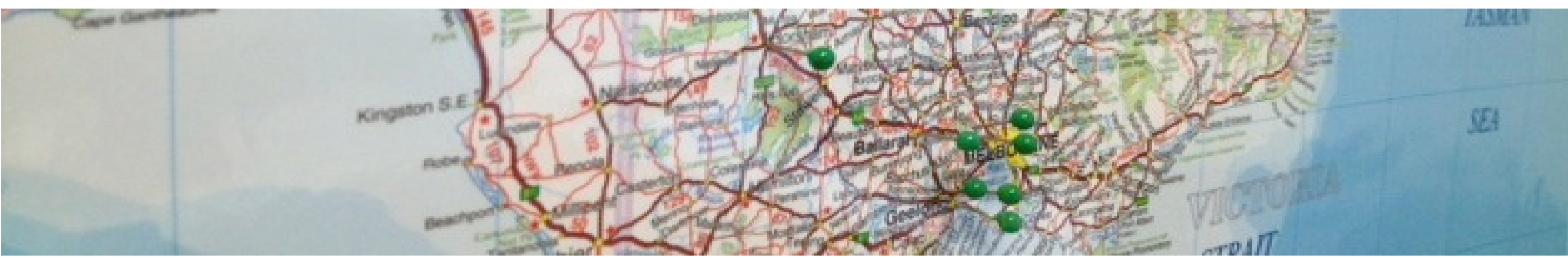
Medium term target

TARGET:
200 units
delivered pa.

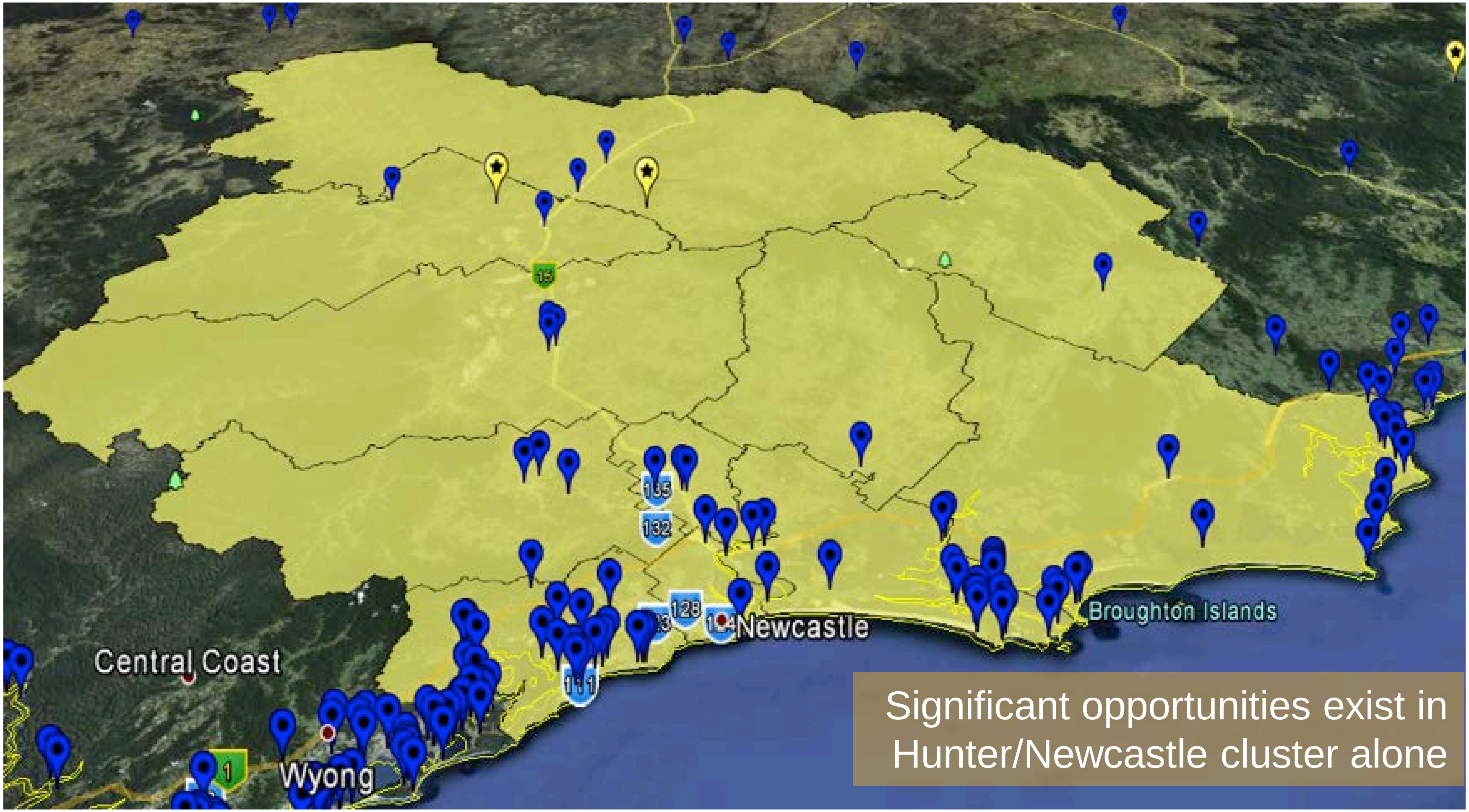
Note: Figures on the development pipeline slide includes built stock and units yet to be developed.

Substantial and growing MHE acquisition pipeline in place

- Pipeline process continues to deliver attractive investment opportunities (80 plus opportunities in NSW)
- Dedicated acquisition team focusing on identifying, assessing and closing on transactions
- Clear acquisition process and investment criteria in place
- Cluster style acquisitions in existing markets to leverage management capabilities
- Focus on villages with development upside in addition to stable cash flows through rent collection
- Minimum acquisition threshold of unlevered IRR >15%
- Target acquisitions with minimum in situ yields of 10%
- Primary focus on markets with strong employment growth, favourable demographics and minimal competition

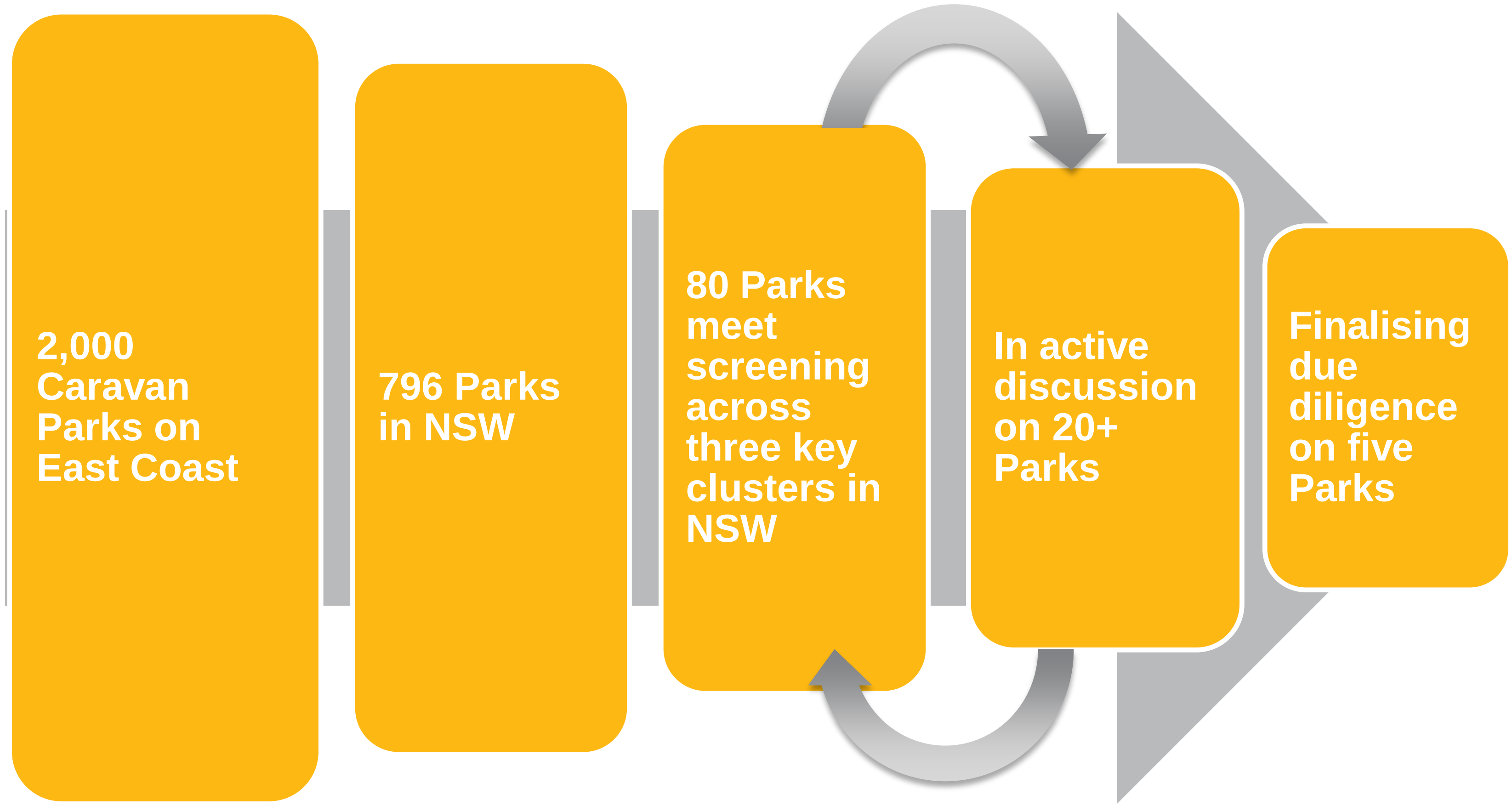


Substantial MHE market underpins pipeline



Significant opportunities exist in Hunter/Newcastle cluster alone

Screening process identifying attractive opportunities



Growing pipeline of accretive cash yielding acquisitions in identified market clusters

Outlook

- Operating conditions in 2H13 have improved although South East Queensland market remains challenging
- Stronger Operating Income from Australian Operations (2H13 versus 1H13)
- Occupancy across rental portfolio has grown, greater demand evident in selected DMF conversion villages and recent MHE acquisitions are performing well
- Business transition progressing well with exit US of Seniors market, expansion of Australian operations and entry into MHE sector
- Ingenia well positioned for performance
  - Disciplined capital deployment into accretive acquisitions and development focussed projects
  - Significant pipeline of accretive off-market assets currently under assessment, particularly in the MHE market
  - Focus on build through of substantial development pipeline within existing portfolios
  - Potential further conversions to maximise value and recycle capital
- FY13 final distribution payment of 0.5¢ per security reaffirmed (on expanded capital base)

Key Financial Metrics

Capacity remains for further growth

> Balance sheet does not reflect the positive impact of 2H13 results

Continuing Operations	Pro Forma (Dec 12)[1]	Post Placement and deployment of all funds
Australian investment property (net of resident loans and lease liability) ($m)	188.3	**218.3**
Total Australian assets ($m)	379.3	**406.0**
Total Australian borrowings ($m)	68.0	**74.5**
Net Australian assets ($m)	123.1	**143.3**
Australian LVR	37%	**26%** (Post placement) **30-35%** (Post deployment)
Units on issue (000s)	441,029	**507,179**
Group NAV per security	35.6c	**35.0c**
DPS FY13 (cps)	1.0	**1.0**

[1] Post 31 December balance sheet adjustments include: acquisitions (Peel River Gardens, Ocean Grove Gardens, The Grange, Ettalong Beach, Ballarat and Wagga Wagga) and divestment of Lovely Banks.

Investment highlights

Acquisition pipeline	> Acquisition strategy of acquiring bolt-on acquisitions in familiar markets > Looking to create asset clusters in markets with buoyant housing and employment, compelling ageing demographics and limited competition > Seeking to acquire MHE assets with development upside, opportunistic distressed rental assets and 'build ready' DMF opportunities > Stringently assessed acquisition thresholds with a minimum 15% unlevered IRR
Growth and yield	> Valuable development pipeline within existing assets and significant accretive acquisition opportunities available in the market > FY13 final distribution reaffirmed at 0.5c per security on expanded capital base
Defensive sector	> Operations leveraged to the growing ageing population, with affordability focus > MHE sector is a large fragmented market with assets offering strong cash flows and development potential - provides an attractive opportunity for Ingenia
Attractive investment metrics	> Offer price provides opportunity to invest on attractive metrics (3.2% discount to 5-day VWAP, cum final distribution) > Group remains conservatively geared > Expected growth in earnings and distributions

Appendices

ADELAIDE
Gawler
Murray Bridge
Mildura
Kapunda
Burra
Jamestown
Morgan
Loxton
Tanunda
Nuriootpa

Appendix 1:
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Appendix 2: Risk factors

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General Risks

General investment risks	There are risks associated with any stock market investment including: > Securities may trade above or below the Issue Price on ASX; > If Ingenia issues new securities, an existing Securityholder's proportional interest in Ingenia may be reduced; > If a Securityholder does not reinvest their distributions while a distribution reinvestment plan is operating, then their interest in Ingenia may be diluted; and > The market price of the securities may be affected by factors unrelated to the operating performance of Ingenia such as share market fluctuations and volatility and other factors that affect the market as a whole.
Macro-economic risks	Changes to economic conditions in Australia and internationally, investor sentiment and stock market conditions, changes in fiscal, monetary and regulatory policies such as interest rates and inflation may impact on the performance of Ingenia.
Liquidity	Turnover of Ingenia securities can be limited and may be difficult for investors to buy or sell large lines of securities at market prices.
Legislative and regulatory risks	Changes in laws, regulation and government policy may affect Ingenia's business and therefore the returns Ingenia is able to generate.
Tax implications	Future changes to the Australian taxation law including changes in interpretation or application of the law by the courts or taxation authorities in Australia may impact on taxation treatment of an investment in Ingenia.
Litigation	Ingenia may, in the ordinary course of business, be involved in possible litigation disputes (such as environmental and occupational health and safety, industrial disputes and legal claims or third party claims). A material litigation may adversely affect the operational and financial results of Ingenia.

Appendix 2: Risk factors

Specific Risks

Business strategy risk	Ingenia's business strategy is focused on acquisitions across the portfolio and organic growth through increasing current occupancy levels in the rental business, conversion of some rental villages to DMF model and development. Ingenia's future growth is dependent on the successful execution of this strategy. Any change or barrier to implementing this strategy may adversely impact on Ingenia's operations and future financial performance.
Acquisition risks	Ingenia is undertaking due diligence on five target acquisitions that Ingenia expects to transact in coming months. Ingenia also has a significant acquisition pipeline that it is pursuing to drive future growth of the business. There is no guarantee that Ingenia will be able to execute all current or future acquisitions.
Funding risk	Ingenia's ability to successfully execute it's current growth strategy is dependent on Ingenia's ability to secure funding at commercial rates, as required. There is no guarantee that Ingenia will be able to secure debt or equity at rates that make such growth strategy attractive or at all.
Development risk	Ingenia has a large land and property development pipeline. Such projects have a number of risks including (but not limited to): delays or issues around planning, application and regulatory approvals; development cost overruns; project delays; issues with building contracts; expected sales prices or timing of expected sales or settlements not achieved.
Personnel risk	The ability of Ingenia to successfully deliver on its business strategy is dependent on retaining key employees of Ingenia. The loss of senior management or other key personnel could adversely impact on Ingenia's business and financial performance.
Overseas portfolio	Ingenia continues to re-focus the business on core assets through the sale of its overseas portfolio. Ingenia recently exited from the US Seniors market completely and will seek to divest its NZ Students business on completion of development. There is no guarantee that Ingenia will be able to sell this business on terms favourable to Ingenia or at all which could adversely impact on Ingenia's valuation.
Property valuations	Factors affecting property valuations include capitalisation and discount rates, the economic growth outlook, land resumptions and releases and major infrastructure projects. Such impacts on property valuations lead to variations in the valuation of Ingenia.

Appendix 2:
Risk factors

Specific Risks

Homeowner turnover	The DMF model requires the new homeowners to purchase existing homes in Ingenia's portfolio on the exit of existing homeowners before Ingenia can realise it's DMF receipts. This causes the cashflows of the DMF business to be lumpy and any reduction to homeowner turner will delay the collection of cash by Ingenia and therefore adversely impact operating cashflow.
Inflation rates	Higher than expected inflation rates could lead to increased development costs and community operating costs. If such increased costs cannot be offset by increased selling prices or rent, this could impact Ingenia's future financial performance.
Rental Assistance	The *Social Security Act 1991* (Cth) provides rental assistance for many MHE properties which form part of Ingenia's asset portfolio. Any change to this legislation could result in a reduction in demand for these products and therefore impact on Ingenia's business.
Asset impairment risk	Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Changes to the carrying amounts of assets could have an adverse impact on the reported financial performance of Ingenia.
Accounting standards	Changes to accounting standards may affect the reported earnings of Ingenia from time to time. Any changes to the valuation metrics used by property valuers may adversely impact Ingenia's reported earnings.
Financial leverage	Ingenia currently has bank debt which contains certain covenants in relation to the loan. Any breach to financial covenants could result in the early enforced repayment of debt. Such repayment could incur capital losses if assets need to be sold in a short period or shareholders may be diluted if equity needs to be raised at large discounts.
Increased competition	Ingenia have done significant work in collating a comprehensive database of MHEs and caravan parks used to identify acquisitions. This provides Ingenia with a competitive advantage however any competition for targeted acquisitions could impact on their ability to achieve the returns required to transact. Future developments that compete with Ingenia's existing portfolio could impact on Ingenia's current business and financial performance.
Distributions	Future distributions and franking levels for Ingenia securities will be determined by the Directors having regard to the operating results, future capital requirements, bank debt covenants and the financial position of Ingenia. There can be no guarantee that Ingenia will continue to pay distributions or distributions at the current level.

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

Settlers Ridgewood Rise, Ridgewood WA