

ASX / Media Release

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Ingenia to fund Manufactured Home Estate acquisitions with Institutional Placement

Highlights

- Finalising due diligence on five immediately accretive, bolt-on MHE acquisitions within identified market clusters
- In-situ cash yields ~10% with significant development and repositioning upside - forecast unlevered IRRs > 15%
- Up to 15% Institutional Placement to raise \$21.2 million – proceeds to be deployed on MHE acquisitions

Ingenia Communities (ASX: INA) today announced a \$21.2 million Institutional Placement to fund the significant expansion of its MHE portfolio through the acquisition of a further five villages which are currently in due diligence. The five communities, which are with individual vendors, are anticipated to transact before the end of September this year. The placement will also ensure that Ingenia retains capacity to continue to fund the build through of its development pipeline attached to existing villages and consider further prospective acquisitions.

Acquisition of a further five MHE assets

Following its entry to the MHE sector with the acquisition of an initial two villages in March and April 2013, Ingenia is now in due diligence to acquire a further five villages in NSW. The villages, which range in size from 95 to 200 homes/sites, expand the Group's MHE Portfolio to over 1,000 homes/sites. All of the prospective acquisitions are located in identified market clusters, allowing them to be quickly integrated utilising existing management.

	Homes	Tourism conversion sites	Development upside sites	Total homes/sites
Existing MHE's	230	16	67	313
New MHE's (indicative)	320	130	280	730
Total	550	146	347	1,043

Each of the villages provides an attractive return in line with Ingenia's minimum investment criteria of unlevered IRRs >15%. Stabilised yields averaging over 10% and upside through development and repositioning are consistent with Ingenia's strategy to increase cash yielding assets and extend the pipeline of organic growth opportunities across the Group.

The target acquisitions form part of an extensive and growing pipeline of opportunities identified by Ingenia and are consistent with the strategy to increase the Group's exposure to the Manufactured Home Estates sector as Ingenia seeks to capitalise on the lead time the Group has relative to competitors in identifying and accessing this market.

Ingenia Chief Executive Officer Simon Owen said: "We are pleased to be able to build our Manufactured Home Estates portfolio with quality acquisitions delivering attractive in going cash yields and significant upside through development and repositioning. The feedback from investors over our well researched entry into this sector has been overwhelmingly positive and we remain confident of continuing to identify attractive investments and grow the portfolio as we work through the expanding pipeline before us."

Update – 2H13

Ingenia also confirmed today that performance across the Group's portfolio in 2H13 represented an improvement on the first half.

While operating conditions in South East Queensland remain challenging, across the rental portfolio occupancy has grown, greater demand is evident in selected DMF conversion villages and recent acquisitions, including the Group's first two MHE acquisitions, are performing well.

Following many months of negotiations with a US based global provider of student accommodation Ingenia has been unable to conclude a satisfactory sale. New 15 year leases (to Victoria University of Wellington and Weltec commencing March 2013 and February 2014 respectively) have been agreed. On completion, the newly refurbished portfolio, with a 15 year WALE to high quality educational institutions and an attractive CPI indexed cash yield, will represent an attractive asset and will only be sold where the Group obtains appropriate value. Funding terms for a 5 year core debt and development facility have also been agreed. The development funding will meet the remaining development costs and provides flexibility around Ingenia's divestment of the portfolio.

Equity raising

Ingenia has today launched an Institutional Placement to raise \$21.2 million to partially fund these acquisitions. The placement securities will be issued at \$0.32 per security, representing a discount to the 5-day VWAP of 3.2%.

New securities issued under the Placement are entitled to participate in the full six-month distribution for the period ending 30 June 2013 (payable September 2013) of 0.5 cents per security.

Ingenia has appointed RBS Morgans Corporate Limited and Petra Capital as Joint Lead Managers to conduct the Placement.

Following completion of the placement, Ingenia's LVR (on a pro forma basis) will reduce to 26%, providing capacity to continue to optimise the value of the Group's acquisition and development pipelines.

Mr Owen said: “The equity raised through this placement will allow us to continue the momentum emerging in our Manufactured Home Estates pipeline while retaining capacity for ongoing investment in the Group’s accretive development pipeline.”

Ingenia anticipates finalising the Institutional Placement on Wednesday 19 June with new securities issued expected to trade on 27 June 2013.

Further details on the Acquisitions and Capital Raising can be found in the presentation lodged with the Australian Securities Exchange today.

For further information please contact:

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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. Ingenia has 38 assets in Australia, comprising close to 2,600 units.