Ingenia Communities Group

2013 Annual Results Presentation

27 August 2013

Strengthening with every step

Agenda

Year in review

Focusing on a diversified Australian platform

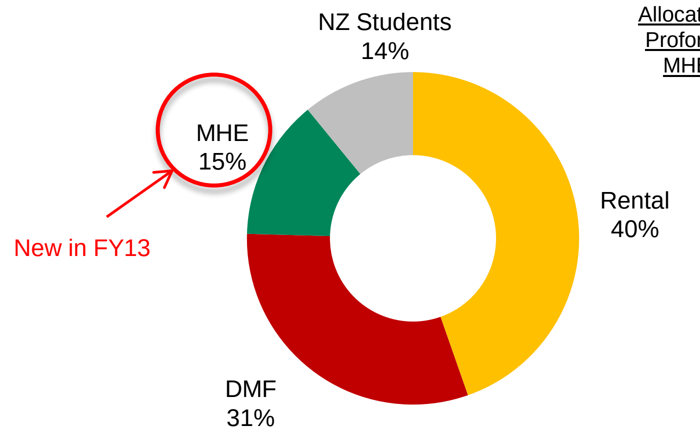
FY13 Highlights

- ✓ Successful entry into Manufactured Home Estate (MHE) market
- ✓ Continuing to increase cash yielding asset base – clear competitor differentiation
- ✓ Garden Villages rental portfolio occupancy on track for 90%
- ✓ Exited US operations
- ✓ Well progressed low risk expansion of existing villages
- ✓ Oversubscribed placement to assist funding MHE strategy
- ✓ Awarded BDO Australia's best AREIT in calendar year 2012 for total securityholder returns (TSR) of over 70% - 2013 year to date returns are 40%

BDO INGENIA RANKED #1 A-REIT SURVEY 2012

Establishing our Australian foothold with a more diversified earnings base of 44 assets

Allocation by asset value Proforma position (post MHE acquisitions) [1]



Operating on a stabilised financial position

- ✓ Profit from continuing operations of $ 2.8m, up 95% on 30 Jun 2012
- ✓ Operating income from continuing operations of $3.3m, up 63% on 30 Jun 2012
- ✓ Net cashflow of $11.2m, up 118% on 30 Jun 2012
- ✓ LVR reduced to 38% following debt reduction from application of US proceeds

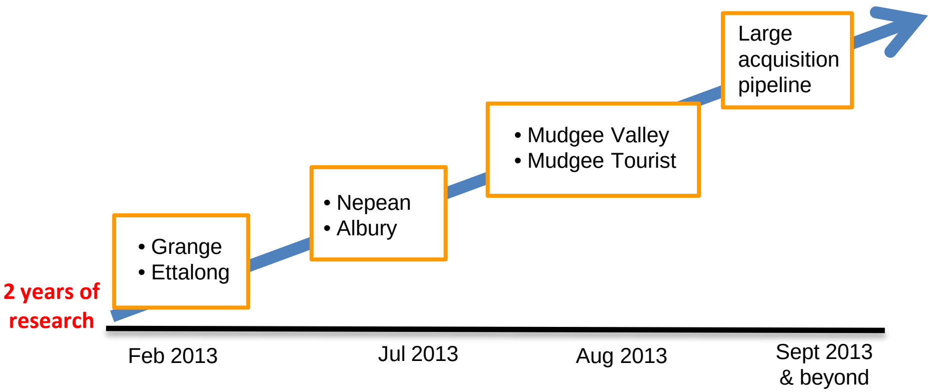
1. Accounts for settlement of MHE acquisitions post FY13 – Nepean and Albury Citygate (settled Aug 2013) , Mudgee Valley and Mudgee Tourist (announced on 27 Aug)

Year in review

MHE acquisitions and development pipeline to drive earnings growth

Rapid expansion of a scalable, high yielding MHE platform, six in NSW to date

All met investment criteria:
- Minimum 15% forecast unlevered IRR
- Average 10% cash yield



Valuable development pipeline embedded within portfolio

Summary (as at 13 Aug 2013)[1]	No. of villages	Expected Completion value ($m)	No. of units	Target completion (est.)
Active development				
Traditional DMF	1	$9.2	29	FY15
DMF Conversion	4	$46.6	223	FY16-17
MHE	2	$21.0	84	FY16
Development opportunities				
MHEs	4	$52.1	233	FY16-17
Traditional DMF	1	$24.0	60	FY17
Total:	**12**	**$152.9m**	**629**	

Medium term target: to deliver 300 homes per annum

- ✓ Ingenia is building a market leading position of MHEs in NSW, with QLD and WA to follow
- ✓ Recent MHE acquisitions performing to plan – first new home at The Grange sold at list price within four weeks
- ✓ Build out of existing pipeline has end sales value of $153m and will contribute strongly to future recurrent earnings

1. Detailed Development pipeline slide in page 11

Highlights

Solid progress in building a leading seniors living business

OPERATIONS

- Garden Villages Rental occupancy continues to improve closing at 85%. Cash earnings up $0.7m from prior comparative period
- Settlers DMF Conversion sales up 52% in 2H13 – achieving full year sales of 53 homes, grossing $9.1m
- Recent MHE acquisitions performing in line with feasibility forecasts

CAPITAL MANAGEMENT

- Stabilised capital position with Australian and New Zealand debts refinanced
- Final distribution of 0.5¢ declared with a view to increase distributions in the near term
- Successfully raised $21.2m in an oversubscribed capital raising in Jun 2013 to fund further manufactured home estates growth – majority of funds now invested
- Strict disciplines in place regarding capital allocation – minimum investment threshold of 15% unlevered IRR

ACQUISITIONS

- Six accretive on-strategy MHE acquisitions – building a market leading position in NSW market
- Five accretive rental acquisitions in existing markets across VIC, NSW and WA; all forecast to deliver strong yields >10%
- Significant MHE pipeline now in place with further accretive acquisitions to follow

GROWTH PIPELINE

- Development now underway at Ridge Estate village and soon to commence at Gladstone Gardens – underpinned by strong pre-commitments
- Cessnock Gardens conversion progressing well with Stage 3 now underway
- Capital light, low risk MHE development model will support medium term strategy to add 300 new homes per annum

Our operating environment

Market conditions improving with limited new supply

DEMAND

- Demand solid as residential property markets firm
- Affordable segment of market very strong – seniors selling homes to first home buyers who are very sensitive to falling interest rates
- Rental demand remains firm or increasing across all markets except New South Wales, which was impacted by two under-performing villages

SUPPLY

- Funding constraints, cautious consumer sentiment and fragile residential markets has resulted in significant undersupply of new villages being built
- Net decrease in MHE and tourist parks over the last five years as sites are converted to residential

OPPORTUNITIES

- Significant acquisition opportunities in the fragmented MHE segment, where Ingenia first mover advantage
- Limited competition for traditional DMF villages as key competitors face challenges from lack of capital and undergo strategic reviews

VALUATIONS

- Sector uncertainty from portfolio de-consolidation amongst major sector players likely to continue to place short term pressure on DMF and greenfield valuations.
- Discount rates for completed DMF villages remain circa 13.5 – 14.5 % while rental village cap rates holding at circa 9.5% - 10.5%
- MHE valuations showing some signs of firming as competition for quality assets increase

Strategy

Construction underway for Stage 2 development at Settlers Ridge Estate, Maitland NSW

Group strategy

Delivering on strategy with seamless execution

Operate with excellence

- Drive performance by increasing sales and occupancies
- Target affordable market – limited competition
- Recruit and retain industry leading talent
- Leverage scale efficiencies from cluster strategy
- Continue to manage the profitable, cash yielding tourism component in select MHEs.

Develop efficiently

- Organic growth through low risk expansion of existing villages
- Assessing several greenfield opportunities in markets with no available mature opportunities
- Carefully stage developments with pre-sale targets timed with construction commencement
- Focus on capital efficiency through manufactured housing – capital light high stock turn model

Acquire competently

- Grow profitable asset base with a focus on recurrent cash yielding assets (principally in the MHE market)
- Clustering in familiar and favorable markets
- Target 'build ready' communities with significant development upside
- Clear acquisition criteria and thresholds in place – target >15% unlevered IRR, in situ yield of 10%

Disciplined capital deployment

- Recycle capital to grow higher yielding MHE portfolio
- Selective divestment of underperformers and/or mature assets that don't meet risk-adjusted hurdle rates of return
- Achieve prudent balance of securityholder returns and reinvestment into acquisition and development pipeline

MHE strategy

An accretive, cash yielding extension to Ingenia's business

> Manufactured Home Estates are a key component of Ingenia's growth moving forward:

- High quality recurrent cash yields;
- Low risk and capital light development margins;
- Expands Ingenia's affordable housing offering for over 50s;
- Significant market consolidation opportunities; and
- Our ability to leverage off existing competences across operations, development, sales and finance

> Some of Ingenia's current MHEs contain a modest element of short-term tourism and trade accommodation. Ingenia will only maintain them as a complementary business where it is the highest and best use of land within an existing community.

- Ingenia has significant tourism and hospitality experienced staff at senior management level within the business
- Ingenia will upgrade existing facilities and implement new marketing strategies
- Key short-term accommodation markets are grey nomads, drive-in-drive-out trades, families and school groups
- Focus remains on affordable, cash yield driven seniors living accommodation.

MHE strategy

Delivering on-strategy acquisitions at attractive returns

Five on-strategy MHE acquisitions funded by recent placement and existing debt facilities almost complete

$30 million
institutional placement and Group debt and cash

Nepean

Location: Penrith NSW
Market cluster: Sydney Basin

No. of sites:
Permanent: 101
Tourist: 63
Development: ~26

Price: $10.0 m
Unlevered IRR: >15%
Trailing yield: 10.5%

Settled: Aug 2013

Albury Citygate

Location: Albury NSW
Market cluster: SW NSW

No. of sites:
Permanent: 26
Tourist: 56
Development: ~148

Price: $2.2 m
Unlevered IRR: >20%
Trailing yield: 7.2%

Settled: Aug 2013

Mudgee Valley

Location: Mudgee NSW
Market cluster: CW NSW

No. of sites:
Permanent: 37
Tourist: 77
Development: ~50

Price: $4.0 m
Unlevered IRR: >20%
Trailing yield: 8.8%

Settlement: Sept 2013

Mudgee Tourist

Location: Mudgee NSW
Market cluster: CW NSW

No. of sites:
Permanent: 78
Tourist: 89
Development: ~41

Price: $7.2 m
Unlevered IRR: >15%
Trailing yield: 9.3%

Settlement: Oct 2013

Further acquisitions subject to due diligence

Adhere to stringent targets: forecast unlevered IRR >15%, average 10% cash yield and significant development upside

Development

Significant low risks village expansion pipeline now in place

Development pipeline within existing portfolios as at 22 August 2013

		Completion Value ($m)	No. of Units	FY14	FY15	FY16	FY17+
Active Development							
Traditional DMF	Ridge Estate, NSW	$9.2	29				
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				
Development Opportunities							
Manufactured Home Estates	Nepean, NSW	$7.4	30				
	Albury Citygate, NSW	$22.4	112				
	Mudgee Valley, NSW	$12.3	50				
	Mudgee Tourist, NSW	$10.0	41				
Traditional DMF	Meadow Springs, WA	$24.0	60				
		$152.9m	**629 units**				

Medium term target

TARGET:
300 units
delivered pa.

Represents sell down and development periods

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

Group overview

Rapidly growing affordable seniors living business

EXISTING OPERATIONS (AS AT 30 JUNE 2013)

Garden Villages Rental
> 29 properties across Australia
> A$99.7 million book value

Settlers DMF Lifestyle
> 9 properties in WA, QLD & NSW
> A$75.8 million book value

Active Lifestyle Estates (MHE)
> 2 estates in NSW
> A$13.5 million book value

NZ Students (discontinued operations)
> 3 student accommodation buildings in Wellington
> A$35.3 million book value

ACQUISITIONS (POST 30 JUN 2013)

4 x Manufactured Home Estates[1]

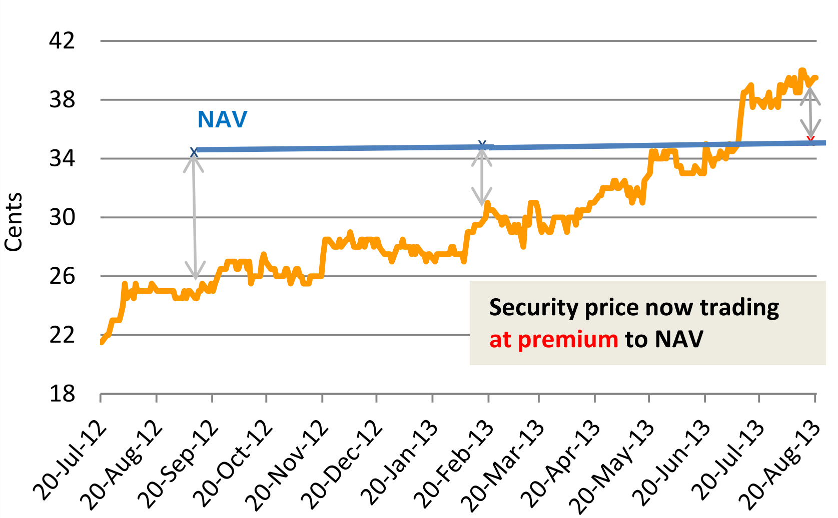
- **Nepean River Holiday Village (Penrith, NSW)**
> 164-site estate purchased for $10m, settled in Aug 2013
- **Albury Citygate Tourist Park (Albury, NSW)**
> 82-site estate purchased for $2.2m, settled in Aug 2013
- **Mudgee Valley Tourist Park (Mudgee, NSW)**
> 114-site estate purchased for $4.0m, to settle in Sept 2013
- **Mudgee Tourist and Van Resort (Mudgee, NSW)**
> 167-site estate purchased for $7.2m, to settle in Oct 2013

1. Site figures above include permanent home and tourist sites (cabins and camp sites) in each estate

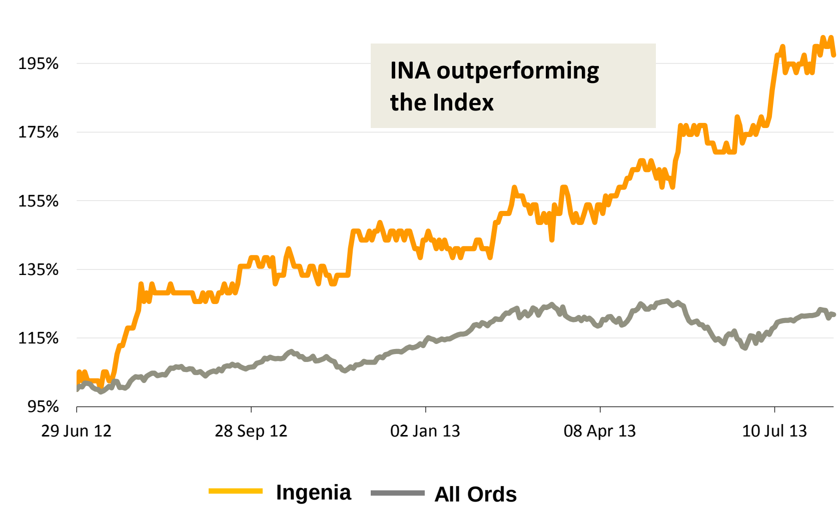
Group overview

as at 20 August 2013

Security price / NAV



Security price performance versus Index



Corporate

ASX Code	INA
Market cap (20 Aug 2013)	$200m
Securities on Issue	507m
Register Top 20 (holdings)	71.7%
Register Top 50 (holdings)	78.7%
Total securityholders	3,681

Top Securityholders
Mercantile Investments
First Samuel
Fisher Funds Mgmt
Perennial Value Mgmt

Board of Directors

- Jim Hazel – Chairman
- Amanda Heyworth – Non-Executive Director
- Philip Clark AM – Non-Executive Director
- Robert Morrison – Non-Executive Director
- Simon Owen – Managing Director and CEO

Key financials

Residents playing outdoor chess at Settlers Forest Lake, QLD

Key financials

Earnings subscale but growing – solid cashflow

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

> Net profit impacted by $17.5m non-cash US foreign currency translation reserve reclassification and $6.6m gain from US Seniors divestment

> Strong growth in operating income from continuing operations as capital is recycled into Australian assets

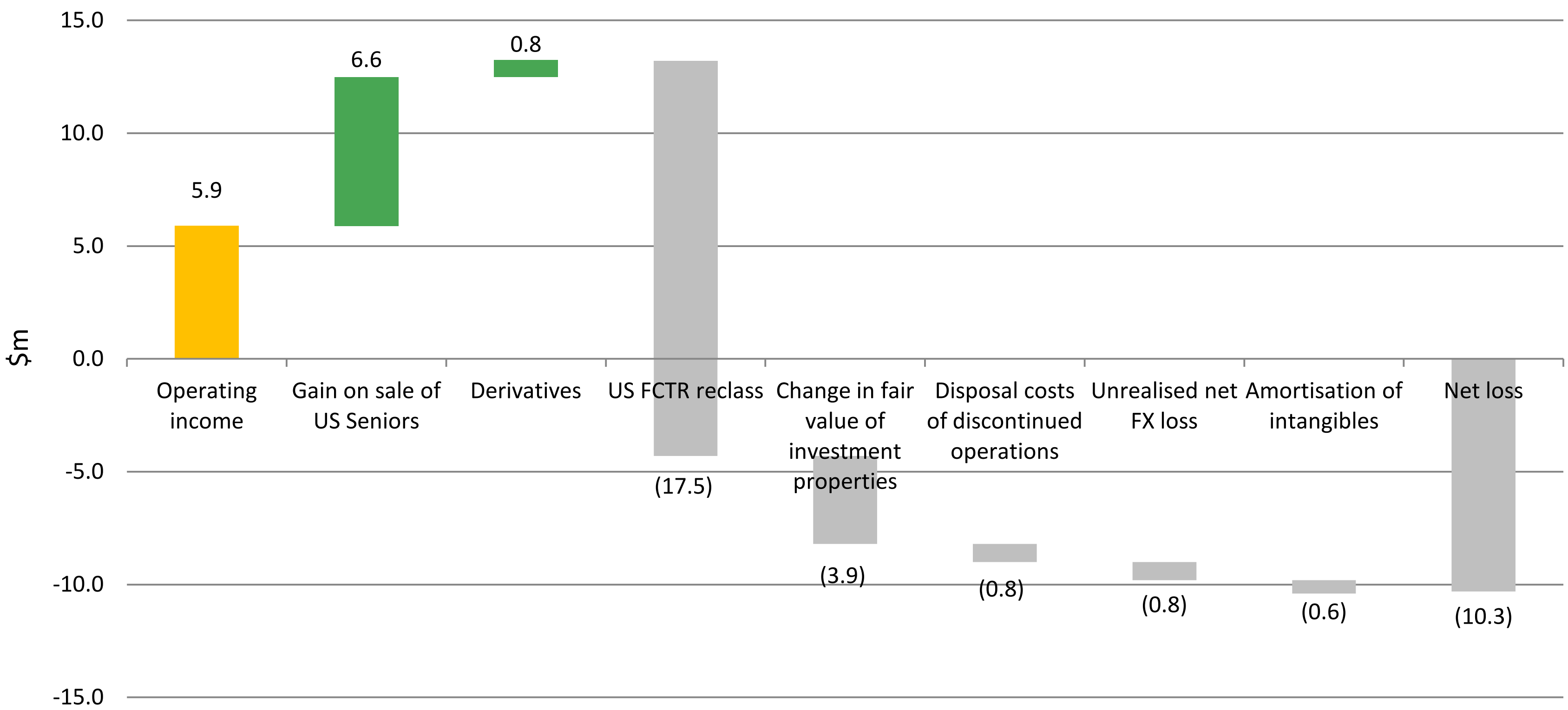
> NAV of 34.4¢ includes a 0.6¢ dilution from the June institutional placement

> Distribution payout ratio represents 77% of operating income

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.

Key financials

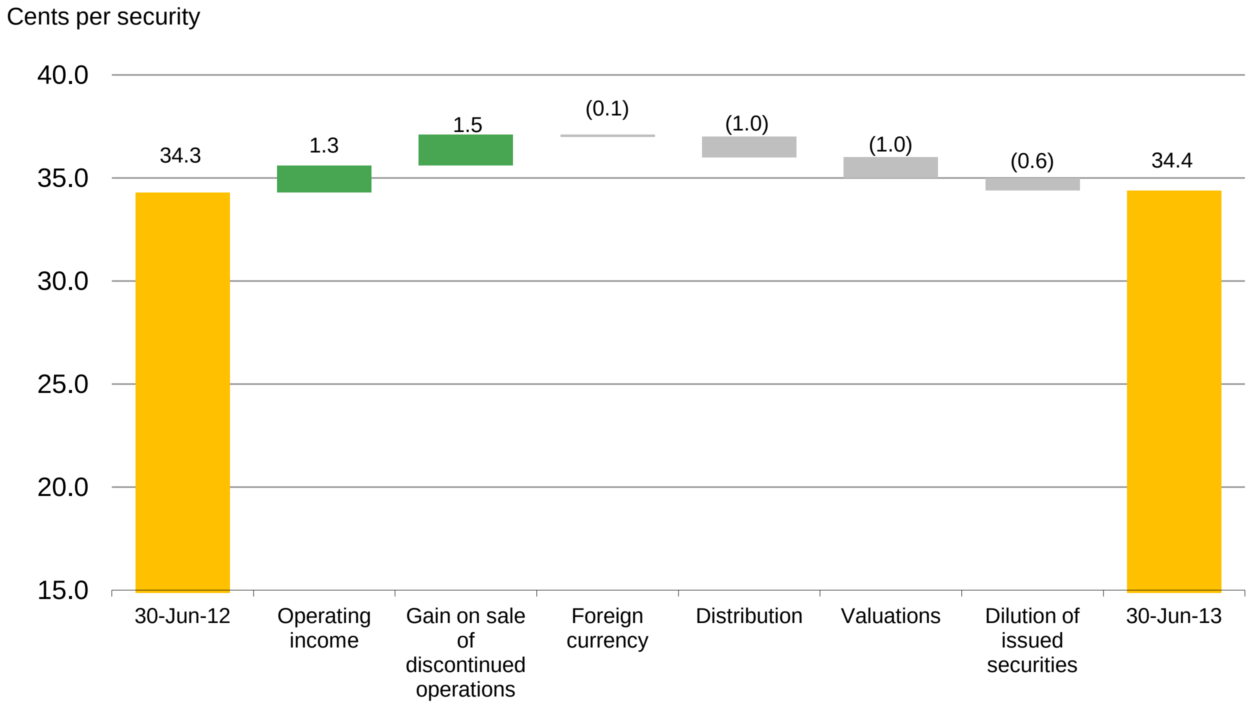
Operating income to net profit reconciliation

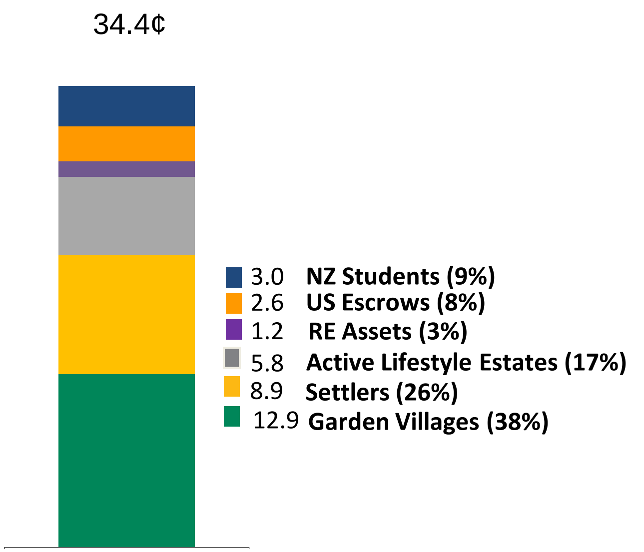


- After normalisation of non-cash $17.5m US foreign currency translation reserve reclassification, net profit of $7.2m was generated for FY13

Key financials

Net Asset Value (NAV)





- The $6.6m gain on sale of US Seniors added 1.5¢ to NAV during the year
- Active Lifestyle Estates is 5.8¢ upon investment of recent placement proceeds

Note: RE Assets represent cash required to be held under the Australian Financial Services License (AFSL) requirements

Capital management

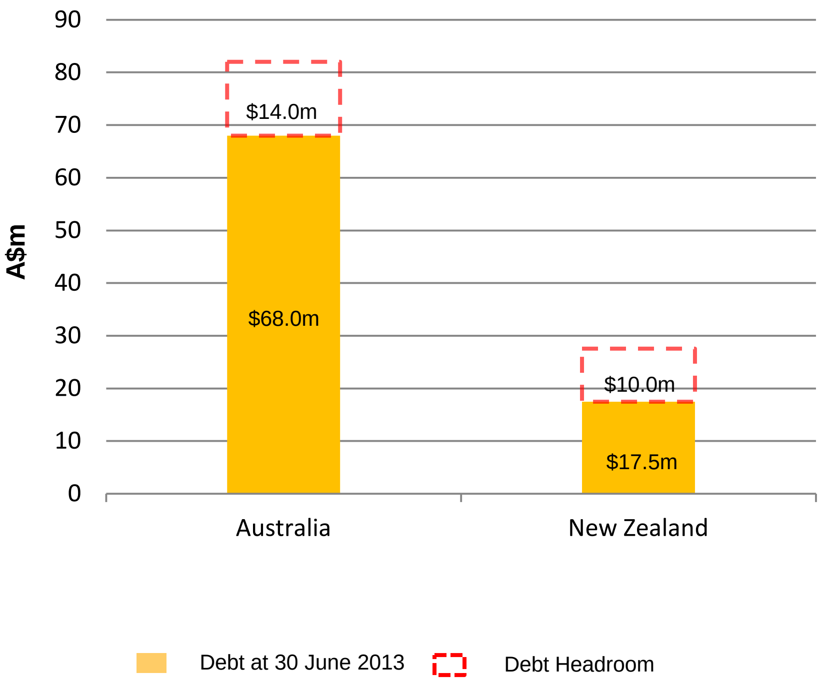
Settlers Ridge Estate (Maitland NSW) Open Day – showcasing Stage 2 development

Capital management

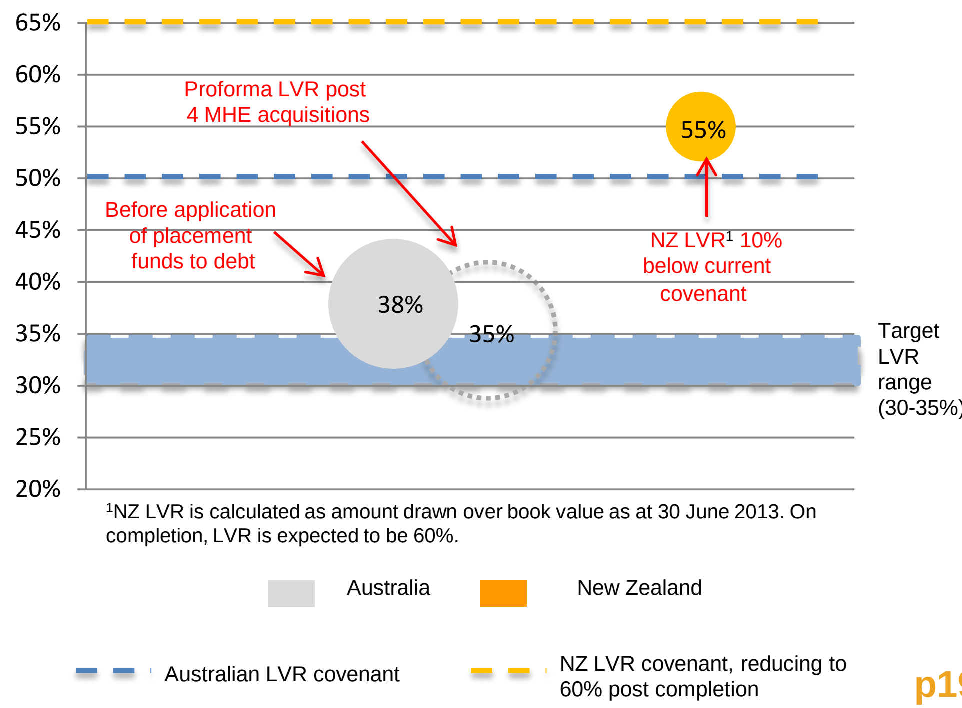
Renegotiated funding lowers cost and improves flexibility

- Refinance of NZ debt facility executed with funding secured until 31 July 2018 at lower margins
- Australian core debt term renegotiated including reduced restrictions on acquisitions and development activity
- Cost of funds continue to fall with only 53% of total borrowings hedged

Debt headroom – 30 June 2013



LVR (%) – 30 June 2013



[1] NZ LVR is calculated as amount drawn over book value as at 30 June 2013. On completion, LVR is expected to be 60%.

Capital management

Balancing growth and distributions

A successful and oversubscribed first capital raising for Ingenia

> Institutional Placement at $0.32 per security (3.2% discount to 5-day VWAP) raised $21.2 million in Jun 2013

> Security price currently trading at a 19% gain to placement pricing

> Placement significantly oversubscribed demonstrating strong investor support

> Funding was applied to five on-strategy MHE acquisitions

> To date, four have been acquired, one in exclusive due diligence

FY13 final distributions declared at 0.5¢ per security

> Payments to be made on 20 Sept 2013

> Final distributions will be 100% tax deferred

> Committed to growing distributions in the near term while maximising value to securityholders through prudent capital allocation across the portfolio

Note: INA closing price at 26 August 2013 (38¢) was used for calculations above

Portfolio update

High quality tourist cabins at Nepean River Holiday Village, Penrith NSW

Portfolio update

A diverse portfolio dominated by cash yielding assets

Today, Ingenia has **44** Australian communities and growing

Asset clusters in familiar markets drive capital allocation

Note: Portfolio position as at 27 August 2013

Rental ●

29 villages

- **1,520 units**
- **In all States except ACT and SA**

Deferred Management Fee ○

9 villages

- **950 units**
- **WA, QLD and NSW**
- **Five villages with development upside**

Ingenia's current growth focus

Manufactured Home Estates ●

2 Estates

- **230 permanent sites**
- **30 tourist sites**
- **67+ development sites**
- **NSW only (QLD and WA to follow)**

4 recent acquisitions in NSW (Penrith, Albury, Mudgee)

> 242 permanent sites

> 285 tourist sites

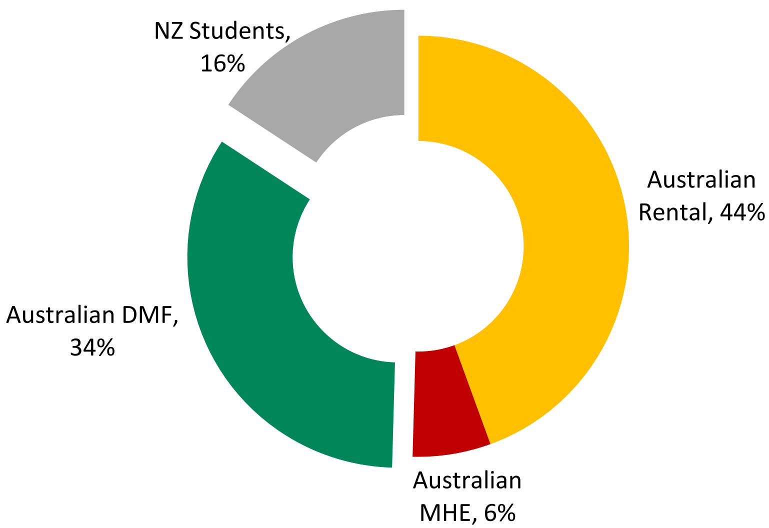
> 265+ development sites

> Further acquisitions to be announced in the coming months

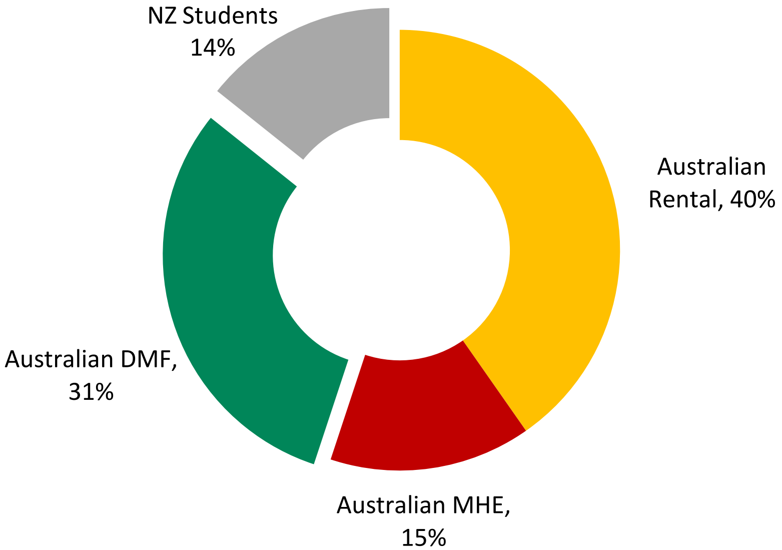
Portfolio update

Increasing emphasis on cash yielding assets

<u>Geographical allocation by value as at 30 June 2013</u>



<u>Geographical allocation by value Proforma position (post MHE acquisitions)[1]</u>



> The group's rental and MHE portfolios now account for 55% of the Group's total portfolio by value– providing consistent cashflow stream

> Future acquisitions likely to focus on MHE portfolio

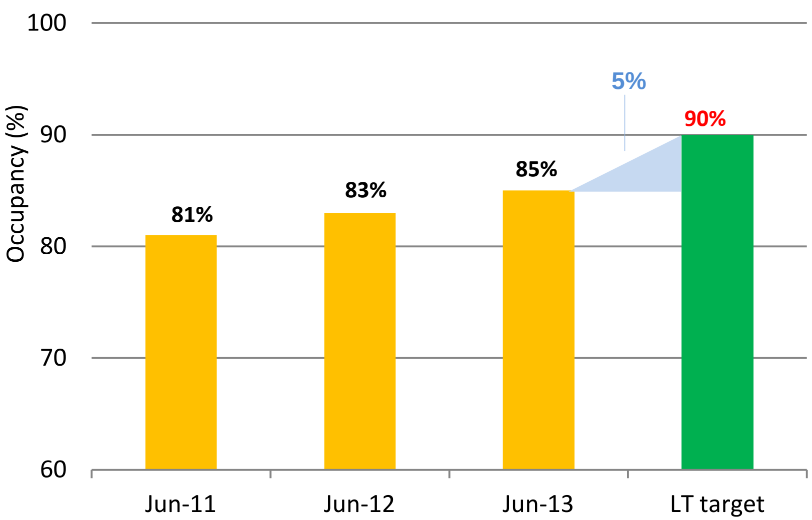
1. Accounts for settlement of MHE acquisitions post FY13 – Nepean and Albury Citygate (settled Aug 2013) , Mudgee Valley and Mudgee Tourist (announced on 27 Aug and to settle in Sept and Oct 2013 respectively)

Garden Villages (Rental)

Occupancy growth and acquisitions drive earnings growth

KEY DATA

	FY13	FY12
Total properties	29	26
Total units:	1,521	1,372
Occupancy:	85%	83%
Like for like occupancy:	87%[1]	85%[2]
Earnings before income and tax (EBIT):	$7.7m	$7.0m



KEY ACTIVITIES OVER 12 MONTHS

- Portfolio continues to trend upwards to long term target of 90% with occupancy closing at 85% at 30 June 2013
- Added five bolt-on rental acquisitions in existing market clusters, leveraging our operational capabilities and market share in well performing locations.
- Our resident and community engagement program “Activate” continued to increase resident satisfaction and tenure in villages

INITIATIVES FOR GROWTH

- Ingenia’s move into the home care market – partnering with external care providers to introduce care services into our villages
  - Initiative aims to expand Ingenia’s service offering and extend resident tenure – key driver to increasing occupancy
  - Recruitment of dedicated Aged Care Executive to manage the program branded ‘Ingenia Care Assist’
- A tailored strategy devised to target the lowest performing villages taking into consideration unique market conditions
- Assessing the divestment or alternative use of two underperforming villages

1. Excludes the five newly acquired villages post FY12: Dubbo Gardens, Ocean Grove Gardens, Peel River Gardens, Wagga Gardens and Ballarat Gardens, as well as Cessnock conversion village from the rental portfolio and Lovely Banks which was divested
2. Excludes Cessnock conversion village from the rental portfolio and Lovely Banks which was divested

Garden Villages (Rental)

Facilitating the delivery of Ingenia home care packages

Strategy

> In FY13 we had 291 resident departures in our rental villages - the single biggest reason (38%) was residents needing to move into a nursing home. A further 13% moved into the family home for care or financial reasons

> Enabling residents to readily access government funded care in our villages should drive significant increases in both occupancy and sustainable earnings

> With a newly created care program called **"Ingenia Care Assist",** the Group aims to facilitate the delivery of home care packages into our villages by working with approved external care providers

> An experienced and well networked Aged Care executive is currently implementing the strategy

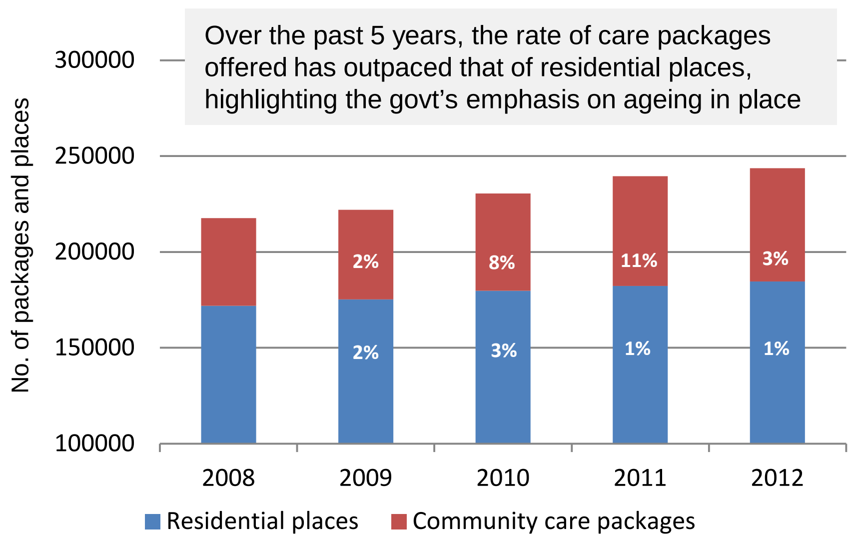
> Stage 1 (now): Pilot brokered care from existing approved providers into four initial Garden Village sites

> Stage 2 (2014): Refine execution and roll-out across all 29 Garden Villages

> Stage 3 (2015): Extend to Active Lifestyle Estates portfolio

> Having a credible care offering is also likely to increase the attraction of our Garden Village value proposition – particularly with family members

No. of Care packages and Residential places[1]



Accessing Home Care Packages

> Significant government funding is available to provide a range of services into the homes of the frail including personal care, medication management and domestic assistance

> The hours and care subsidy received vary by assessed package level but typically from 2-16 hours per week

> Approved providers receive funding for the delivery of care but not for travel between care recipients – this is where a concentration of eligible residents in a village environment will be attractive

Chart source: Aged Care Financing Authority: Inaugural Report on funding and financing of Aged Care Sector , 30 Jun 2013, Page 45, Table 4.1

Settlers Lifestyle (DMF)

Focus on low risk expansion of existing communities

KEY DATA

	FY13	FY12
Total properties:	9	7
Total units:	950	893
Occupancy:	90%	90%
Accrued DMF income:	$4.8m	$4.5m
Resident resales:	23	24
Development income:	$4.4m	$5.1m
New settlements:	65	65
EBIT:	$5.6m	$5.5m
Contracted and reserved:	21	24
Development pipeline units:	178	143

KEY ACTIVITY OVER 12 MONTHS

> Strong second half performance in conversion sales with 32 settlements achieved, grossing $5.5 million (compared to 21 settlements for first half)

> Refurbishment of resale homes in WA has continued to release development profits

> The QLD market has experienced an increase in demand in 2H13 which is expected to continue into FY14

> The Hunter market (Cessnock and Ridge Estate) experiencing strong demand supporting expansion of existing villages

INITIATIVES FOR GROWTH

> High demand for Cessnock conversion has fast tracked the next stage of development

> Strong pre-commitments for Gladstone Stage 2 supports a likely Oct commencement of the first stage of development (39 units)

> The 17-unit Ridge Estate Stage 2 construction commenced in July 2013 with solid commitments in place

> Further expansion of the Rockhampton site is planned due to high enquiry levels and limited remaining stock

> Sale discussions continue for several fully developed villages to recycle capital into MHE acquisitions and development

Active Lifestyle Estates

Key drivers of earnings growth

KEY DATA	
	FY13[1]
Total properties:	2
Total permanent sites:	230
Total tourist sites:	30
Occupancy:	99%
Development income:	$0.1m
EBIT:	$0.4m
New settlements:	2
Contracted and reserved:	3
Development pipeline units:	310

KEY ACTIVITY OVER 12 MONTHS

- Efficiently acquired and integrated a leading NSW portfolio of MHEs
- Positive response to marketing activities in the Morisset local community has facilitated strong sale at The Grange.
- Strong sales enquiries also evident at Ettalong village, with quick turnover of resale stock achieved
- Acquisition of four MHEs in Penrith, Albury and two in Mudgee in 1H14, rapidly increasing the NSW development pipeline of the portfolio

INITIATIVES FOR GROWTH

- Existing tourism businesses within select estates (Nepean, Albury and Mudgee) will be retained and managed with a view to maximising site revenue whilst building out vacant land
- DA application submitted for seven sites at The Grange, consent anticipated Sept 2013
- Master plan process underway for recently acquired sites to maximise development profit and site yield.
- New sales to be complemented by buyback and repositioning of older resale stock

1. No comparative as the first asset (The Grange) was acquired in March 2013. Results above represent three months contribution for The Grange and two months for Ettalong Village

Overseas portfolio

Commence sale process in early 2014

NZ Students (Wellington, NZ) – Classified as discontinued operations

> A valuable cash yielding portfolio with 15-year anchor leases to quality government backed tenants

> Leases directly with VUW and Weltec complete Ingenia's exit from student accommodation operations and repositioning the assets as a passive and stable rental yielding portfolio

> Building works well advanced on McKenzies with executed 15-year lease agreement with Weltec to become operational in Feb 2014

> Five year NZ core debt and development facility with NZ lender has been executed, with funding secured until 31 July 2018

> Portfolio exit strategy to be reassessed on completion of redevelopment in early 2014

US Seniors (Long Island, NY) - Divested

> Ingenia's exist from the US Seniors market completed in Feb 2013

> Net proceeds (after withholding tax) are A$46.3m, of which A$40.7m has been repatriated, and A$5.6m remains in the US (escrow and final working capital requirement)

> The $6.6m gain on sale (pre-tax) from this portfolio divestment resulted in an NAV increase of approximately 1.5¢ per security

> Upon divestment completion, the foreign currency translation reserve of $17.5m was reclassified to accumulated losses through statutory profit. This was non-cash in nature and had no impact upon the financial position of the Group.

Outlook

Ettalong Beach Holiday Village, Ettalong Beach, NSW

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

Outlook

Recent MHE acquisitions will drive earnings and development

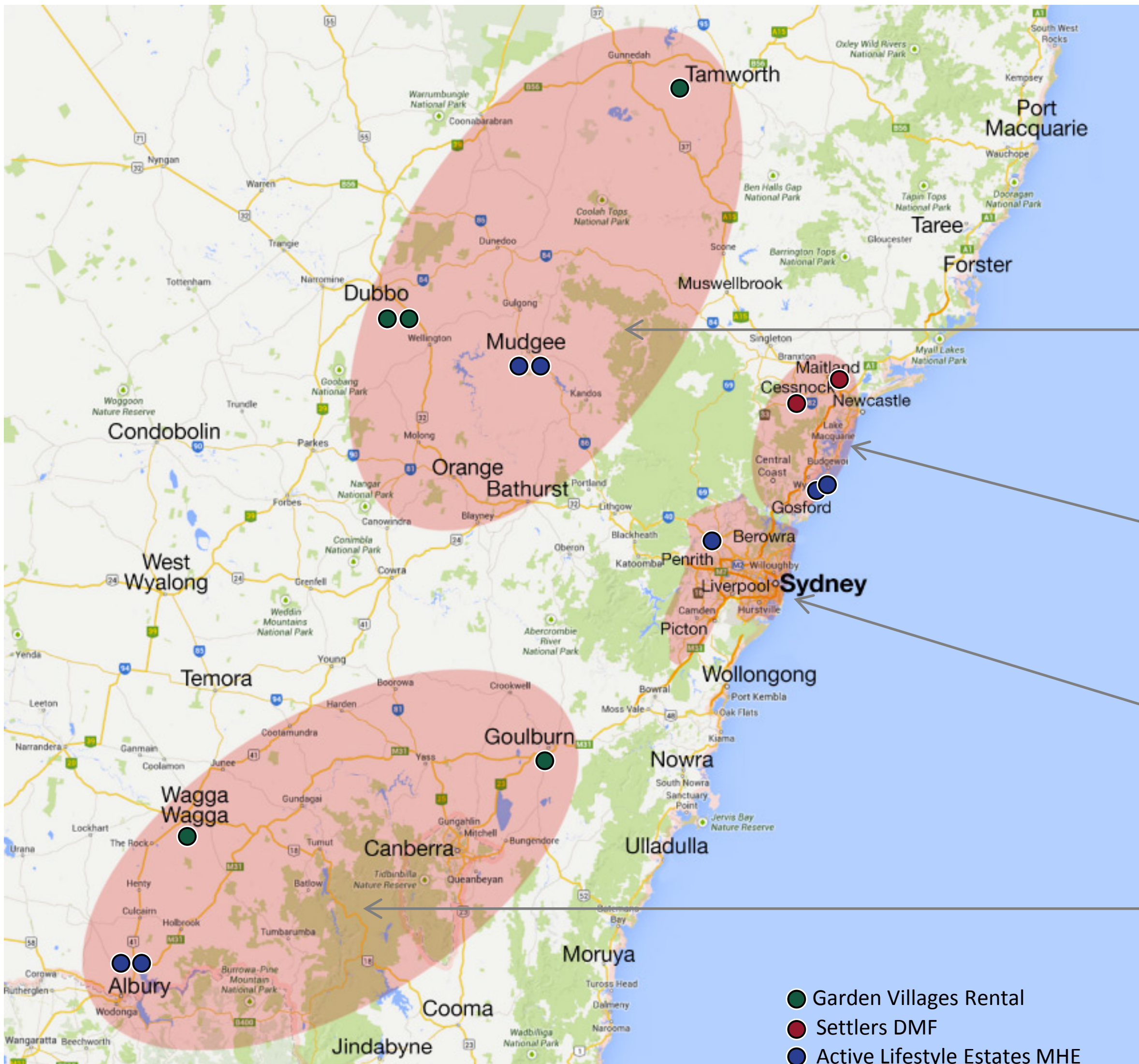
- Dedicated acquisitions team currently assessing a significant pipeline of accretive off-market MHE opportunities
- Acquiring and developing a market leading MHE portfolio in NSW and commencing assessment of new locations
- Focus on build through of substantial development pipeline within existing portfolio
- Invest in low risk expansion of DMF existing villages and consider sale of passive income communities
- NZ portfolio sale to be pursued upon completion of redevelopment works in early 2014
- Finalising roll-out of Ingenia Care Assist to drive rental occupancy and improve resident tenure
- The Group reaffirms its intention to increase distributions over the near term

Appendices

Residents strolling by Ettalong Beach, 1.5km from Ettalong Beach Holiday Village, NSW

Appendix 1

Building a leading position in key NSW markets



Cluster strategy provides increased customer coverage at multiple price points whilst driving operational efficiencies

Central West NSW
- Dubbo Gardens
- Wheelers Gardens, Dubbo
- Peel River Gardens, Tamworth
- Mudgee Tourist and Van Resort
- Mudgee Valley Tourist Park

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

Sydney Basin
- Nepean River Holiday Village, Penrith

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

Appendix 2

Investing in MHEs

Stringent Acquisition Criteria Considered

Area Metrics

- ✓ Appropriate land size (minimum 2.5 ha)
- ✓ Proximity to population hubs, particularly to the over 50s'
- ✓ Forecast population growth over next 20 years
- ✓ Strong levels of employment
- ✓ Attractive growth areas supported by sustainable industries
- ✓ Robust median house prices in the LGA relative to MHE pricing
- ✓ Barriers to entry - nearby MHEs and other retirement offerings

Asset Metrics

- ✓ Availability of adjacent land for development upside
- ✓ Under-capitalised villages with repositioning potential
- ✓ Existing capital infrastructure (water, sewage, power)
- ✓ Quality of existing homes on-site
- ✓ Market demand for new homes
- ✓ Target forecast unlevered IRR: minimum 15%
- ✓ Target cash yield: average 10%

Multiple Value Extraction Levers in MHEs

- ✓ Increase ground lease rental on existing sites
- ✓ Buyback and upgrade pre-loved homes for new sale
- ✓ Buyback, consolidate and reconfigure smaller sites for larger new homes
- ✓ Demolish pre-loved homes from site, making room for new home sale
- ✓ Spare land for further development
- ✓ Cash yielding existing tourism business embedded within select parks
- ✓ Improve marketing, village amenities and community engagement
- ✓ Extract scale efficiencies including purchasing, accounts and administration, marketing and insurance

Appendix 3

Recent MHE acquisitions post FY13

Ingenia extends its cluster style strategy with accretive MHEs

Estate	Size	Purchase Price	Earnings contribution (p.a) on stabilised occupancy	Comment
Nepean River Holiday Village, Penrith (announced Jul 2013)	Permanent homes: 101 Existing tourism: 63 Development upside: 26 Total sites: 190	$10.0m	$1.3-$1.5m plus development profits on 26 sites	Highly accretive cash yielding asset with a profitable existing tourism component. Forecast unlevered IRR >15%. Settled in Aug 2013
Albury Citygate Caravan and Tourist Park, Albury (announced Jul 2013)	Permanent homes: 26 Existing tourism: 56 Development upside: 148 Total sites: 230	$2.2m	$1.1- $1.3m plus development profits on 148 sites	Significant development upside with Development Approval in place; forecast unlevered IRR >20%. Settled in Aug 2013
Mudgee Valley Tourist Park, Mudgee (announced Aug 2013)	Permanent homes: 37 Existing tourism: 77 Development upside: 50 Total sites: 164	$4.0m	$0.5 - $0.6m plus development profits on 50 sites	Sound business operations with strong occupancies, tourism accommodation and permanent rentals. Forecast unlevered IRR >20%. Forecast settlement in Sept 2013
Mudgee Tourist and Van Resort, Mudgee (announced Aug 2013)	Permanent homes: 78 Existing tourism: 89 Development upside: 41 Total sites: 208	$7.2m	$0.8 - $1.0m plus development profits on 41 sites	Mature business with diverse operations and development upside. Forecast unlevered IRR >15%. Forecast settlement in Oct 2013

Appendix 4

Competitive landscape: MHE and Tourism Parks

- The MHE and Tourism Parks Industry is highly fragmented, where majority of the parks are family owned and run
- There is a general lack of sector corporatisation as assets are generally tightly held and rarely come to market
- Owners often reluctant to sell due to the typical high returns these parks produce
- Few new parks have been built in the past 10 years due to high property prices and development costs. The highest and best use of land is typically not for a caravan park
- It is estimated that over the past five years, there has been a 3.9% decrease in the number of parks
- Concurrently the industry is also experiencing consolidation with the increasing entry of companies and property funds acquiring assets in prime locations

Major Operators in the industry (companies / listed or unlisted property funds)
Discovery Holiday Parks (SA)
Aspen Parks Property Fund (WA)
Palm Lake Resorts (QLD)
Gateway Lifestyle Residential Parks (QLD)
Hampshire Villages (NSW)
Ingenia Communities (NSW)

*Out of 800 parks in NSW, Ingenia deems approximately 210 parks as investment grade. **36** of them are currently held by these major operators*

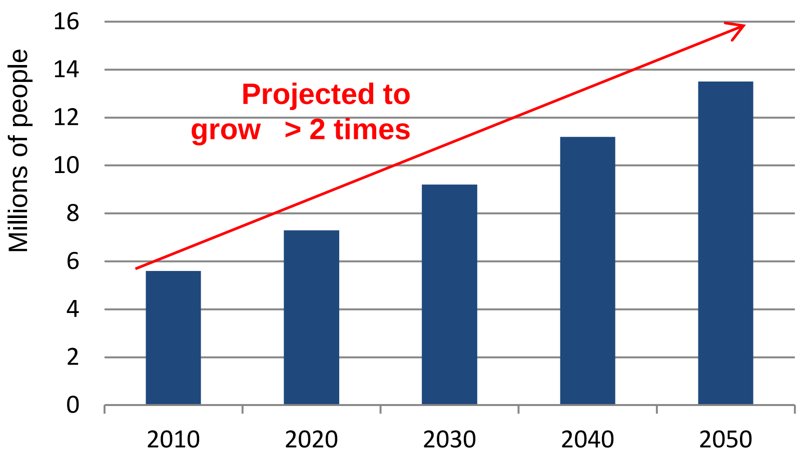
Significant opportunities for industry consolidation

Note: Research largely from IBISWorld Industry Report H4403 – Caravan Parks and Camping Grounds in Australia April 2013, as well as Ingenia's proprietary research

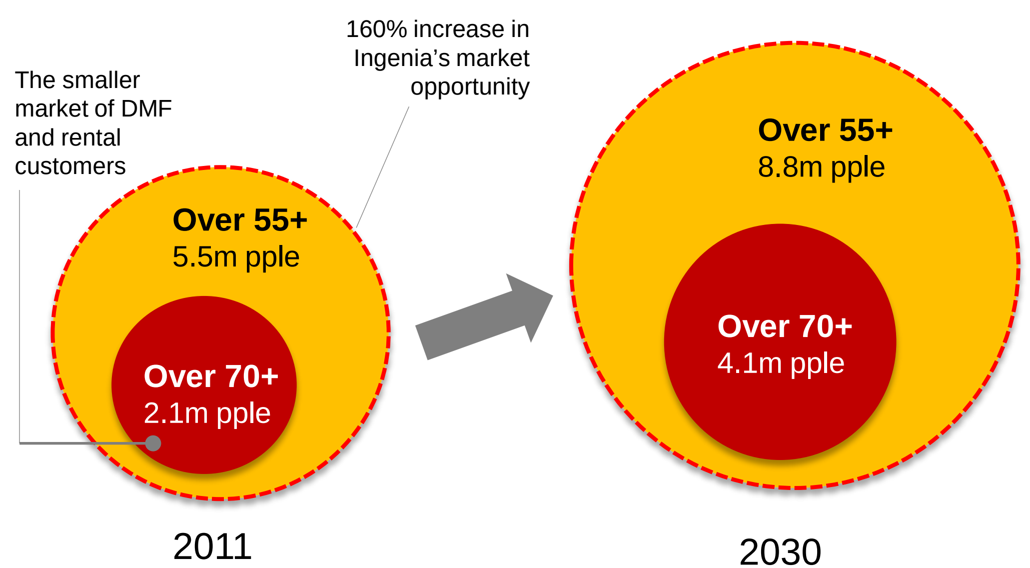
Appendix 5

Seniors living market landscape

Australia's Ageing Projections, Aged over 55s
2010 – 2050 [1]



Australia's Ageing Projections, Aged over 55s and over 70s
2011 – 2030[1]



- Population over 55 to grow from 25% in 2010 to 34% by 2050
- Sector penetration rate is low. Nationally, retirement villages only house ~5% of the population over 65 at present. This is projected to increase to 7.5% by 2025 [2]

- Ingenia's expansion into the over 55s active lifestyle segment has increased its market opportunity to capture a wider subset of seniors
- Accordingly to the 2011 census, there are 2.6 times more 55+ seniors than 70+ seniors
- By 2030, Ingenia's target market is forecast to increase from 14% to 31% of total population

1. Chart source: ABS, 3222.0 Population Projections, Australia

Appendix 6

Operating income

Operating income	FY13 (A$m)	FY12 (A$m)	Comments
Continuing operations			
Australian Seniors			
- Garden Villages	7.7	7.0	Growing contribution from higher occupancy and 5 rental acquisitions
- Settlers Lifestyle	5.6	5.5	In line with prior year due to slower sales at some projects
- Active Lifestyle Estates	0.4	-	
	13.7	**12.5**	
Net finance costs	(5.6)	(7.6)	
RE fees	-	(2.0)	
Corporate costs	(4.4)	(0.8)	Corporate costs slightly higher than forecast to establish foundations for expansion
Business development costs	(0.4)	-	Costs of development and acquisition activities
Operating income – Continuing operations	**3.3**	**2.1**	
Divested or Exiting operations			
US Seniors	3.2	6.1	
NZ Students	1.4	1.3	
US Students	-	0.3	
Net finance costs	(2.1)	(2.4)	
Operating income – Discontinued operations	**2.5**	**5.4**	
Operating income	**5.9**	**7.4**	

Appendix 7

Balance sheet

Balance sheet (A$m)	Australian Seniors	NZ Students	Total Balance Sheet	Adjustments[1]	Total Statutory Balance Sheet
Cash	38,531	974	39,505	(974)	38,531
Investment property and property under development	370,931	35,343	406,274	(35,343)	370,931
Other assets	13,536	259	13,795	(259)	13,536
Assets of discontinued operations	-	-	-	36,576	36,576
Total assets	**422,998**	**36,576**	**459,574**	**-**	**459,574**
Bank overdraft	-	1,955	1,955	(1,955)	-
Interest bearing liabilities	70,806	17,522	88,328	(17,522)	70,806
Derivatives	209	-	209	-	209
Village residents' loans	175,703	-	175,703	-	175,703
Other liabilities	16,676	2,051	18,727	(2,051)	16,676
Liabilities of discontinued operations	-	-	-	21,528	21,528
Total liabilities	**263,394**	**21,528**	**284,922**	**-**	**284,922**
Net assets	**159,604**	**15,048**	**174,652**	**-**	**174,652**
Net asset value per unit – cents	**31.5**	**3.0**	**34.4**	**-**	**34.4**
Assets less cash, bank overdraft and resident loans	208,764	35,602	246,321		
Total debt less cash and bank overdraft	32,275	18,503	50,778		
Look through gearing (%)	**15.5%**	**52.0%**	**20.6%**		
Secured assets	179,320				179,320
Interest bearing liabilities (AU)[2]	68,000				68,000
Actual loan to value ratio (LVR)	**37.9%**				**37.9%**

1. Adjustments relates to NZ Students classification as a discontinued operation
2. Interest bearing liabilities excludes pre-paid borrowing costs and finance lease liabilities (refer to Note 18 of Financial Report)

Appendix 8

Cashflow in detail

Cashflow	Amount A$m
Opening cash at 1 July 2012	32.8
Cashflow generated from operations:	
Continuing Operations	14.9
Discontinuing Operations	2.9
Net borrowing costs paid	(6.5)
Income tax paid	(0.1)
Net Cashflows from Operations	**11.2**
Acquisitions of investment properties	(31.0)
Proceeds from sale of investments	66.9
Capital expenditure and development costs	(16.9)
Payments for lease arrangements	(0.7)
Amounts advance to villages	(0.3)
Purchase of Plant & Equipment	(0.6)
Net Cashflows from Investing	**(17.3)**
Debt repayments – Continuing Operations	(40.0)
Proceeds from equity placement	21.2
Issue costs on equity placement	(1.1)
Distributions to security holders	(4.2)
Internalisation Payments	(0.6)
Derivative receipts	1.7
Derivative payments	(0.2)
Australian debt refinance costs	(0.6)
Net Cashflows from Financing	**(23.8)**
Total Cashflows	**4.8**
Closing cash at 30 June 2013	**37.6**

Closing cash at 30 June 2013	A$m
Continuing operations (Balance sheet's "cash and cash equivalents")	38.5
Discontinued operations - cash (note 9 of financial statements)	1.0
Discontinued operations – bank overdraft (note 9 of financial statements)	(1.9)
Total cash	37.6

Appendix 9

Higher cost base reflective of growth

Operating costs	FY13 (actual)	FY13 (indicative)	
	$m	$m	
Corporate (Sydney)			
Corporate office	2.9	2.6	Executives remuneration, finance, investor relations (staff, legal fees, office costs, travel)
Board fees	0.3	0.3	Directors fees
Regulatory fees	1.2	0.9	ASX listing fees, AFSL costs, compliance, insurance, valuation fees, audit and other related costs (cost of operating as an ASX triple stapled group)
Total Corporate costs	**4.4**	**3.8**	
Operational (Brisbane service centre)	3.6	3.6	Day-to-day operational costs for accounts, payroll, marketing, property management and regional manager functions across Australia
Business development	0.4	0.8	Costs associated with development and acquisition activities (staff, investigation costs)
Total Operating costs	**$8.4m**	**$8.2m**	

> Operational and business development costs reflect synergies from cluster strategy and successful targeted acquisition strategy

> Corporate costs slightly higher as external valuation cycle now two years under Australian debt facility and incurred additional costs to establish a foundation to support expansion

Appendix 10

Debt facilities

	Australian Debt	NZ Debt (Core facility) [1]	NZ Debt (Development facility) [1]	Commentary for NZ Debt
Limit ($m)	Revolver A$82.0m	NZ$20.8m	NZ$11.9m	Core facility margin: 1.25% Development facility margin: 1.5% (reducing to 1.25% on conversion to core debt)
Amount drawn at 30 June 2013 ($m)	A$68.0m	NZ$20.8m	NZ$2.0m	
Loan to value ratio (LVR) actual	37.9%	N/A		This covenant was not in place at 30 June 2013
LVR bank covenant	50%	65% during construction period 60% post completion		
Interest cover ratio (ICR) actual	1.96x	N/A		This covenant was not in place at 30 June 2013
ICR bank covenant	1.5x	1.15x during FY14 1.65x during FY15 and beyond		ICR not tested during development
Leverage ratio actual	30.7%	N/A		
Leverage covenant	50%	N/A		
% Hedged (interest rates)	26%	0%		
Facility expiry	Sep 2015	Jul 2018	Jul 2014	The development facility will covert to 4 year core debt after July 2014

1. The NZ debt facility was refinanced on 23 August 2013.

Appendix 11

Valuations summary

Valuations	30 Jun 13 Valuation ($m)	30 Jun 12 Valuation ($m)	Movement ($m)	Movement (%)	30 Jun 13 Cap rate/ Discount rate[1] (%)	30 Jun 12 Cap rate / Discount rate[1] (%)	Key drivers of valuation movement
Garden Villages (Rental)	99.7	87.1	12.6	14.5	9.6	10.1	• Acquisition of five rental villages ($16.5m) • Disposal of Lovely Banks ($2.8m) and transfer of Cessnock to DMF ($2.9m)
Settlers (DMF)	75.8	76.0	(0.2)	(0.3)	14.1	13.7	• Acquisition of Ridge Estate ($2.2m) • Conversion of Cessnock to DMF ($2.9m) • Cessnock DMF recognition ($0.7m) • Reduction primarily due to monetisation of stock on hand ($6.0m)
Active Lifestyle Estates (Manufactured Home Estates)	13.5	-	N/A	N/A	11.5	-	• Acquisition of The Grange and Ettalong Village
NZ Students (NZ$m)	42.0	24.9	17.1	68.7	7.8[2]	10.0	• Refurbishment spend of NZ$19.4m • 2H13 write-down of NZ$7.6m due to seismic strengthening contract variations and conservative cap rate based on recent market transaction

1. Weighted average capitalisation rate for all portfolios, Settlers DMF assets use weighted average discount rate
2. Reflects cap rate based on 'as complete' value of portfolio following refurbishment works

Appendix 12

Portfolio statistics: Garden Villages (Rental)

Property Name	Location	Book Value 30 Jun 2013 (A$m)	Cap Rate	Total Units	Occupancy 30 Jun 2013	Occupancy 30 Jun 2012
Western Australia						
Swan View Gardens	Swan View, WA	5.8	10.3%	72	100%	96%
Yakamia Gardens	Yakamia, WA	2.5	7.5%	57	65%	70%
Sea Scape Gardens	Erskine, WA	4.2	10.3%	51	100%	100%
Seville Grove Gardens	Seville Grove, WA	3.2	9.8%	45	100%	100%
Carey Park Gardens	Bunbury, WA	2.8	10.0%	51	92%	74%
Ocean Grove Gardens	Mandurah, WA (acquired Feb-13)	3.0	11.0%	44	100%	N/A
Total / Average - WA		21.5	9.9%	320	93%	88%
Queensland						
Marsden Gardens	Marsden, QLD	7.9	10.5%	96	91%	92%
Jefferis Gardens	Bundaberg North, QLD	2.7	10.0%	51	98%	70%
Total / Average - QLD		10.6	10.4%	147	93%	84%
New South Wales						
Taloumbi Gardens	Coffs Harbour, NSW	4.0	10.3%	50	100%	100%
Mardross Gardens	Albury, NSW	2.3	5.5%	52	58%	58%
Chatsbury Gardens	Goulburn, NSW	3.3	10.0%	49	96%	88%
Wheelers Gardens	Dubbo, NSW	4.0	10.5%	52	100%	98%
Taree Gardens	Taree, NSW	2.9	10.0%	51	68%	90%
Oxley Gardens	Port Macquarie, NSW	2.3	10.0%	45	78%	73%
Dubbo Gardens	Dubbo, NSW (acquired Dec -12)	2.7	5.3%	56	73%	N/A
Peel River Gardens	Tamworth, NSW (acquired Mar-13)	3.5	7.3%	51	53%	N/A
Wagga Gardens	Wagga Wagga, NSW (acquired Jun-13)	4.0	11.8%	49	88%	N/A
Total / Average - NSW		29.0	9.2%	455	79%	85%

Appendix 13

Portfolio statistics: Garden Villages (Rental)

Property Name	Location	Book Value 30 Jun 2013 (A$m)	Cap Rate	Total Units	Occupancy 30 Jun 2013	Occupancy 30 Jun 2012
Victoria						
Grovedale Gardens	Grovedale, VIC	4.1	10.5%	51	98%	88%
St Albans Park Gardens	St Albans Park, VIC	4.0	10.5%	52	83%	87%
Townsend Gardens	St Albans Park, VIC	3.4	9.8%	50	92%	84%
Horsham Gardens	Horsham, VIC	3.2	10.0%	47	85%	85%
Brooklyn Gardens	Brookfield, VIC	2.8	9.5%	51	77%	67%
Coburns Gardens	Brookfield, VIC	3.3	9.5%	51	77%	80%
Hertford Gardens	Sebastopol, VIC	3.8	10.5%	48	94%	98%
Sovereign Gardens	Ballarat, VIC (acquired Jun-13)	3.3	5.3%	50	80%	N/A
Total / Average – VIC		27.9	9.5%	400	86%	84%
Tasmania						
Glenorchy Gardens	Glenorchy, TAS	3.0	10.0%	42	100%	98%
Elphinwood Gardens	Launceston, TAS	2.7	10.0%	54	87%	76%
Claremont Gardens	Claremont, TAS	2.9	9.5%	51	84%	82%
Devonport Gardens	Devonport, TAS	2.1	5.3%	51	55%	73%
Total / Average - TAS		10.7	8.9%	198	81%	81%
TOTAL / AVERAGE - GARDEN VILLAGES		**99.7**	**9.6%**	**1,520**	**85%**	**83%**

Appendix 14

Portfolio statistics: Settlers (DMF)

Property Name	Location	Book Value 30 Jun 2013 (A$m)	Discount Rate	Total Units	Occupancy 30 Jun 2013	Occupancy 30 Jun 2012
Traditional DMF Villages						
Lakeside	Ravenswood, WA	24.0	13.5%	234	96%	93%
Ridgewood Rise	Ridgewood, WA	18.8	13.5%	240	100%	98%
Meadow Springs	Mandurah, WA	3.1	14.5%	56	95%	87%
Noyea Park	Mt Warren Park, QLD	6.3	14.5%	149	99%	99%
Ridge Estate	Gillieston Heights, NSW	1.7	15.0%	16	94%	N/A
DMF Conversion[1]						
Forest Lake	Forest Lake, QLD	8.4	15.0%	86	55%	63%
Rockhampton	Rockhampton, QLD	6.3	14.7%	74	65%	80%
South Gladstone	South Gladstone, QLD	3.5	15.0%	56	84%	79%
Cessnock	Cessnock, NSW	3.8	16.1%	39	85%	90%[2]
TOTAL/AVERAGE – SETTLERS		**75.8**	**14.1%**	**950**	**90%**	**90%**

1. Valuation discount rates for DMF Conversion assets represent a blended discount rate applied to the cashflows.
2. At 30 June 2012 Cessnock was 100% rental.

Appendix 15

Portfolio statistics: Active Lifestyle Estates (MHEs)

Property Name	Location	Book Value 30 Jun 2013 (A$m)	Cap Rate	Total Sites	Occupancy 30 June 2013
Manufactured Home Estates					
The Grange	Morrisett, NSW	11.1	10.0%	145	99%
Ettalong Beach	Ettalong, NSW	2.3	18.4%	85	100%
TOTAL/AVERAGE – ACTIVE LIFESTYLE ESTATES		**13.5**	**11.5%**	**230**	**99%**
TOTAL / AVERAGE		**189.0**	**11.5%**	**2,700**	**88%**

Appendix 16

Portfolio statistics: Offshore assets

Property Name	Location	Book Value "as complete" (NZ$m)	Book Value 30 June 2013 (NZ$m)	Book Value 30 June 2013 (A$m)[1]	Cap Rate "as complete"
NZ Students assets					
Cumberland House	Wellington, NZ	16.4	15.4	13.0	7.8%
Education House	Wellington, NZ	8.1	7.7	6.5	7.8%
McKenzie Apartments	Wellington, NZ	26.8	18.9	15.9	7.8%
TOTAL / AVERAGE – NZ STUDENTS		**51.3**	**42.0**	**35.3**	**7.8%**

1. Exchange rate of A$1 = NZ$1.1871

Appendix 17

Settlers (DMF) sales

	Traditional DMF					DMF Conversions				
		WA		QLD	NSW	QLD			NSW	
	Lakeside	**Meadow Springs**	**Ridgewood Rise**	**Noyea (strata)**	**Ridge Estate**	**Rock-hampton**	**Forest Lake**	**Gladstone**	**Cessnock**	**Total**
12 months to 30 Jun 2013										
No. of new sales	4	1	3	-	4	24	10	13	6	65
Average new sales prices ($'000)	328	316	421	-	269	169	172	175	186	202
No. of resales	6	4	8	2	-	2	-	1	-	23
Average resale prices ($'000)	306	294	363	230	-	162	-	228	-	301
DMF collected on exit ($'000)	393	251	382	138	-	11	-	14	-	1189
Average resident tenure on exit (yrs)	7.0	6.9	5.0	12.2	-	1.3	-	1.8	-	6.0
As at 30 Jun 2013										
Units available for sale	19	7	1	15	1	29	63	8	6	149
Occupancy (%)[1]	96%	95%	100%	99%	94%	65%	55%	84%	85%	90%
Average resident entry age (yrs)	68	70	69	69	71	73	72	71	79	70
Average resident age (yrs)	76	76	74	80	72	74	75	73	80	76
Average resident tenure (yrs)	8.6	7.1	5.9	11.3	1.2	0.9	1.1	1.4	0.3	6.8

1. Occupancy for traditional DMF villages includes units which may not be physically occupied but contractually subject to DMF fees

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