

Ingenia Communities Group

Annual General Meeting 2013



19 November 2013



Jim Hazel

Chairman

Chairman's welcome

Year in review

CEO update

Formal business of the meeting

Non-Executive Directors

Jim Hazel
Chairman

Philip Clark
Director

Amanda Heyworth
Director

Rob Morrison
Director

Executives

Simon Owen
Managing Director and Chief Executive Officer

Tania Betts
Chief Financial Officer

Nikki Fisher
Chief Operations Officer

Leanne Ralph
Company Secretary

Jim Hazel

Chairman

Year in review

Strong security price growth of 87% in the last year has seen INA now trading at a premium to Net Asset Value, and outperforming the ASX 300



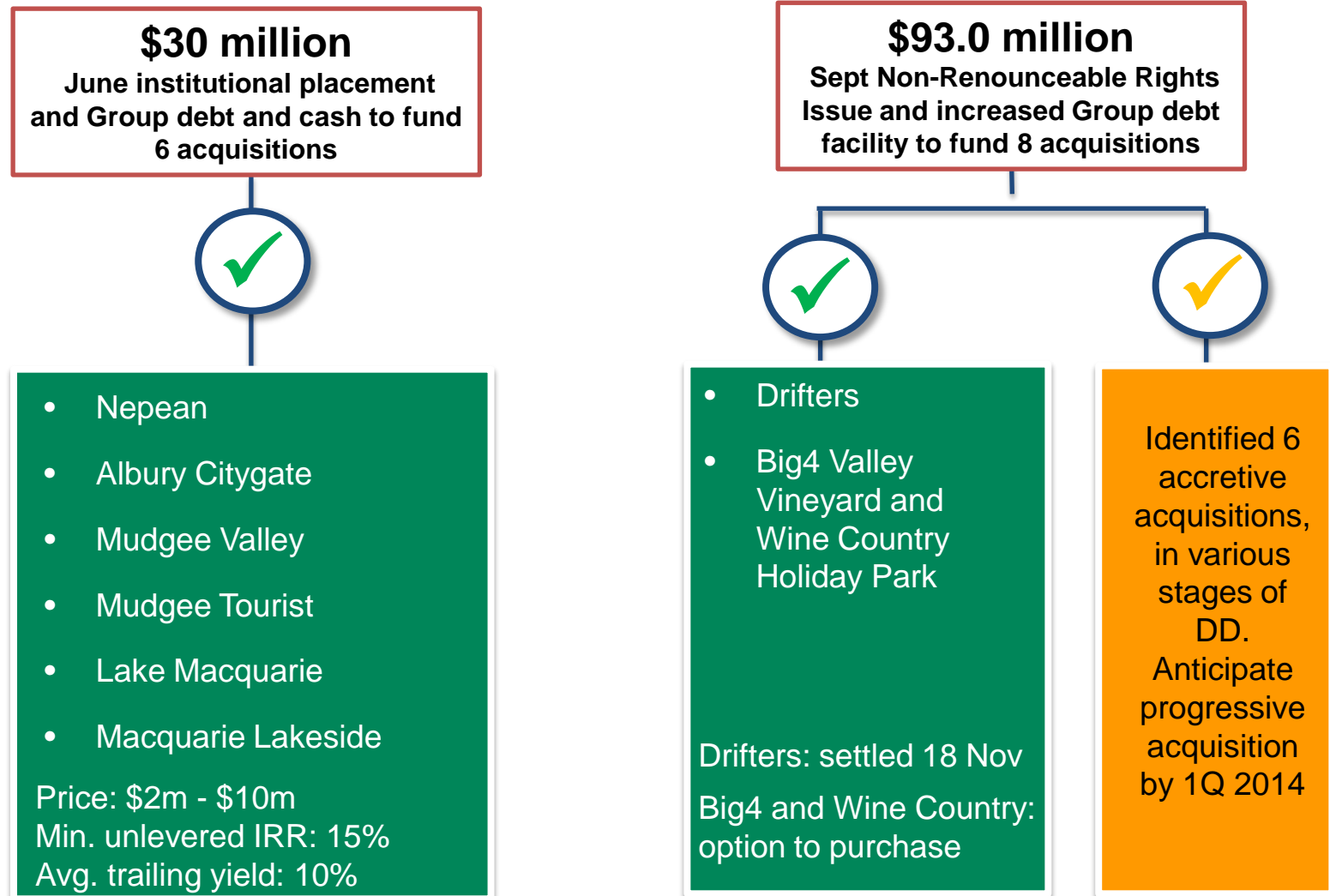
Awarded BDO Australia's best AREIT in FY2012 for total securityholder returns (TSR) of over 70%



INGENIA
RANKED #1

A-REIT
SURVEY 2012

Funds from two successful raisings deployed on accretive MHE acquisitions



Simon Owen

Chief Executive Officer and Managing Director

Improved operational results

- ✓ Garden Villages Rental portfolio trending well towards long term target of 92%
- ✓ Settlers DMF Conversion sales of 53 homes, grossing \$9.1m

Prudent capital management

- ✓ Stabilised capital position with Australian and New Zealand debts refinanced
- ✓ An oversubscribed \$21.2m Institutional Placement in FY13 and a \$61.7m Rights Issue post the year end to fund Manufactured Home Estates (MHE) growth

Entered high growth market

- ✓ Entered MHE market in February after two years analysis – have now established a market leading position in NSW
- ✓ Significant deal flow pipeline in place to support further acquisitions

Development pipeline

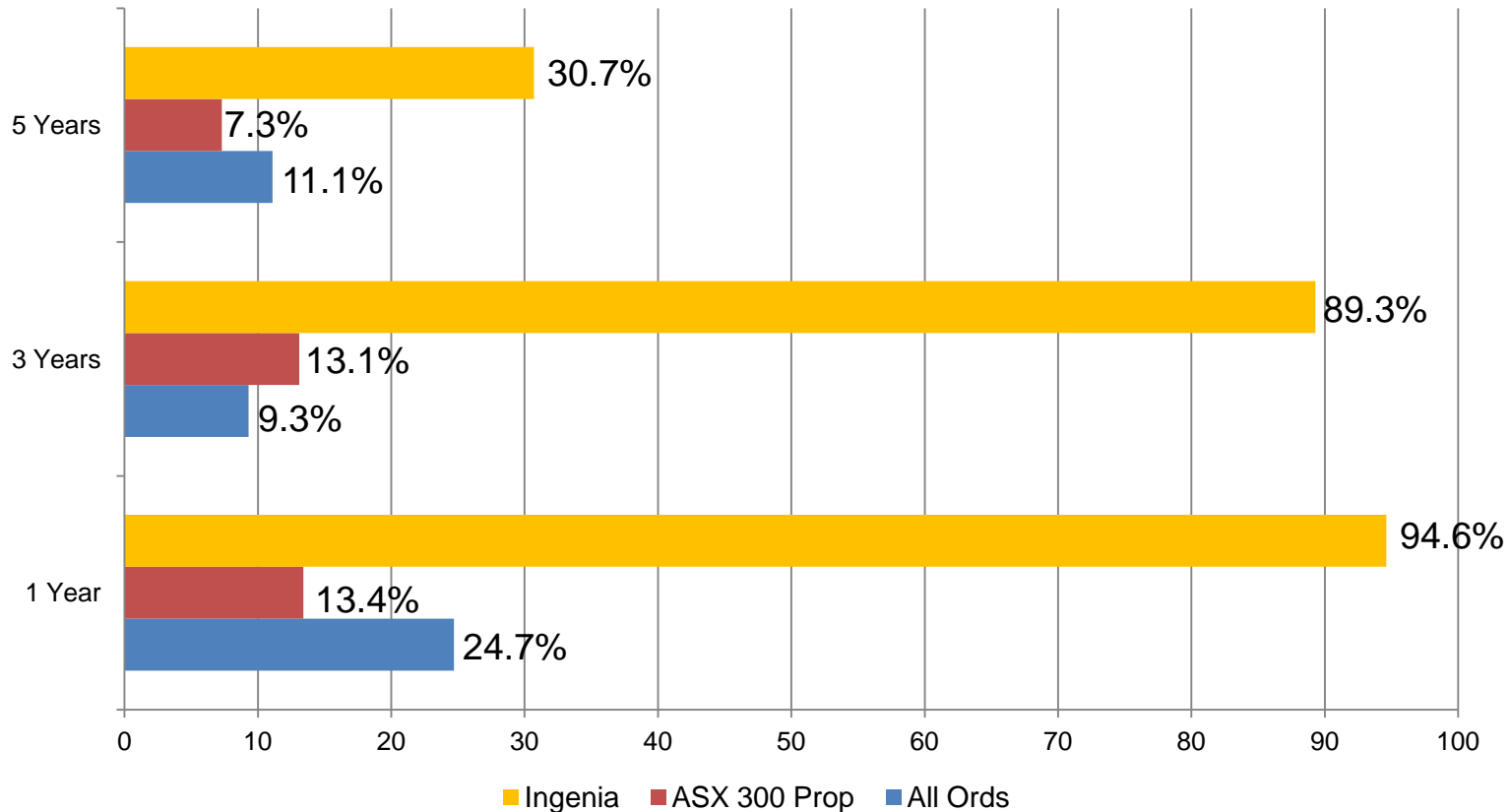
- ✓ Development now underway at Ridge Estate and Cessnock Gardens underpinned by strong pre-commitments in place
- ✓ Capital light, low risk MHE development model supports medium term strategy to add 240 new homes per annum

Total securityholder returns



Ingenia has significantly outperformed the benchmark indices over 1, 3 and 5 years

Total returns over 1, 3 and 5 years to 31 October 2013¹ - % per annum



1. UBS and S&P/ASX

Our operating environment



Demand

- > Demand improving as most residential property markets firm
- > Affordable segment of market strong – seniors selling homes to first home buyers who are sensitive to falling interest rates

Supply

- > Few new villages being built due to funding constraints – significant undersupply
- > 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 has considerable first mover advantage and access to capital
- > Greenfield sites remain attractively priced but with development risks

Valuations

- > Improved residential markets and recent corporate activity suggests some improvement in valuation outlook for DMF villages
- > MHE valuations showing some early signs of firming as competition for quality assets increases

Financial overview

Key financial metrics		FY13	FY12
Net profit / (loss)	\$m	(10.3) ↓ 131%	33.6
Profit from continuing operations	\$m	2.8 ↑ 95%	1.4
Operating income – continuing operations	\$m	3.3 ↑ 63%	2.1
Operating income - total	\$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 balance sheet underpins growth strategy

Debt

- > Assessing credit approved term sheet to extend debt facility to \$129.5m (up \$47.5m) on improved terms and margins
 - > LVR target of 25-35%
-

Equity

- > Oversubscribed Placement (June) and Rights Issue (September) to acquire ~ 15 MHEs in NSW
 - > Target increasing distributions over next 12 months
-

Capital allocation

- > Stringent return thresholds in place on new acquisitions and development
- > Target minimum 15% forecast unlevered IRR
- > Focus on deploying and efficiently recycling capital from lower yielding assets into higher yielding MHE and development opportunities

Portfolio update



Today, Ingenia has **49** Australian communities and growing



Growing a NSW market leading position in **Manufactured Home Estates**



Rental ●
29 villages
> 1,520 units



Deferred Management Fee ○
9 villages
> 950 units

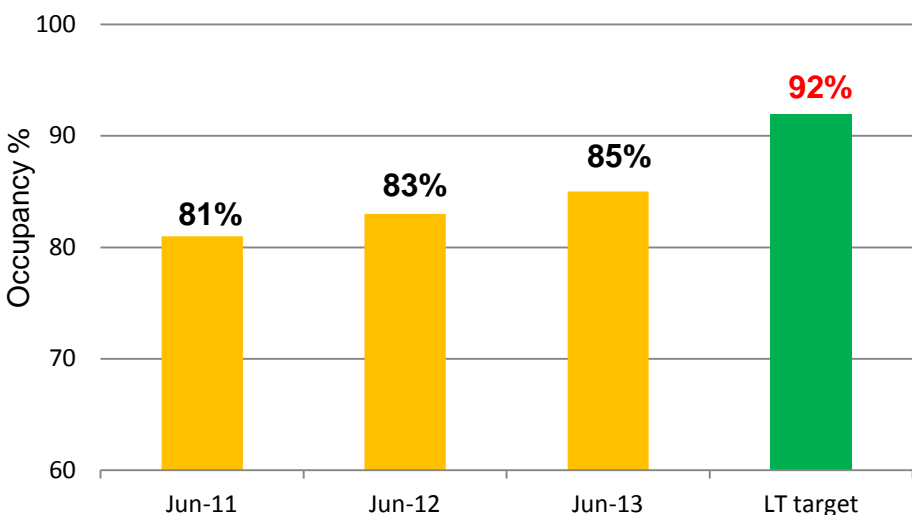


Manufactured Home Estates ●
11 Estates
> 668 permanent sites
> 624 tourist sites
> 528+ development sites (includes some tourism conversions)



6 more MHE acquisitions by 1Q 2014

Portfolio update – Garden Villages (Rental)



Occupancy on track for further growth

- > Occupancy at 83.3% as at 31 October 2013 (seasonally impacted by winter months)
- > Portfolio occupancy continues to trend upwards to long term target of 92%
- > Ingenia Care Assist initiative starting to yield results – 2 potential move-ins and 14 move-outs saved
- > Resident engagement continues to be a key lever in growing resident satisfaction and brand awareness
- > Five acquisitions delivered during FY13 have smoothly integrated into existing market clusters



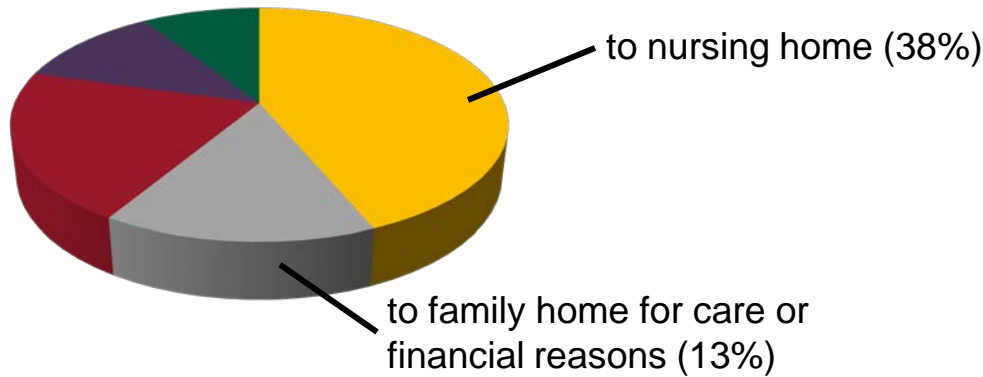
Image: Devonport Gardens residents at an 'Activate 2013' Xbox competition

Ingenia Care Assist – driving occupancy growth



Ingenia Care Assist initiative aims to facilitate the delivery of government funded home care packages into our villages by working with approved external care providers

% of GV resident move-outs in FY13



Initiative Benefits

- > Reducing move-outs will drive occupancy increases and sustainable earnings
- > Increase the Garden Villages value proposition to residents and their families
- > Minimal implementation cost to Ingenia

Initiative Roll-out		Progress to date	
Stage 1 (now) Trial in select villages from 1 November		<ul style="list-style-type: none"> • 2 potential move-ins • 14 move-outs saved 	} In first two weeks
Stage 2 (2014) Refine execution and roll-out across all 29 Garden Villages rental villages			
Stage 3 (2015) Extend to Active Lifestyle Estates portfolio			



Commitment to new development remains strong

- > 14 new sales and 13 resales settled YTD to 31 Oct 2013, grossing \$3.2m (pcp Oct 2012 16 new sales and six resales)
- > Demand increasing for refurbished resale homes in WA
- > Development continues with solid demand:
 - > Deposits received for 10 of the 17 Ridge Estate Stage Two development
 - > Three EOI's received on the five units being converted in a next stage for Cessnock, with expected completion in Feb 2014
 - > DA process underway for 20-unit expansion at Rockhampton
- > Future strategy will focus on expansion of existing communities where Ingenia owns adjacent land



Top image: Refurbished unit at Settlers Cessnock

Bottom image: Settlers Ridge Estate Stage 2 Sod Turning Ceremony, CEO Simon Owen with Maitland Mayor, Cr. Peter Blackmore

Settlers Ridge Estate expansion well underway



- > Located in Gillieston Heights near Maitland
- > 17 new homes being constructed on-site
- > Priced from \$299,500 to \$332,000 for two and three bedroom homes
- > Forecast all homes sold by 30 June 2014

Momentum building on Manufactured Home Estates

- > Acquisition of an additional four MHEs in Hunter/Newcastle region builds the Group's presence in an attractive market
- > We will soon be the largest owner and operator of MHEs and tourist parks in NSW
- > Seven settled acquisitions in 2013:
 - The Grange Village, Morisset – settled in March
 - Ettalong Beach Village, Ettalong Beach – settled April
 - Nepean Village, Penrith – settled in August
 - Albury Citygate, Albury – settled in August
 - Mudgee Valley and Mudgee Tourist, Mudgee – settled September and October respectively
 - Drifters Village, Kingscliff – settled November
- > New sales to be complemented by buyback and repositioning of older resale stock

Top image: Tourism cabins at Nepean River Holiday Village, Penrith
Bottom image: A manufactured home at The Grange, Morisset

Delivering on the MHE pipeline

Ingenia has acquired or contracted 11 parks with an embedded development pipeline of > 520 sites



Six homes delivered and installed (The Grange 4, Nepean 2)



Additional four homes under construction at Parkwood Homes for Nepean – will diversify manufacturer in coming months



Five homes sold or under contract and further three homes reserved



Soon to place first order of four homes for Mudgee Tourist and three homes for Albury Citygate



Homes to be ordered early in 2014 for Drifters, Lake Macquarie Village, Macquarie Lakeside Village and Big4 Valley Vineyard – will have eight communities delivering new homes



Acquired communities typically take six months for master-planning and infrastructure upgrades

Pipeline accelerating to mid-term target

10 parks x 2 new homes/month by 30 June 2015



Redevelopment nearing completion, sale process about to commence

- > A valuable cash yielding portfolio with 15-year anchor leases to quality government backed tenants
- > Refurbishment works on McKenzies building on track for completion in Jan 2014, upon which executed 15-year lease agreement with Weltec will become operational
- > Portfolio to be marketed for sale in early 2014 upon the completion of all redevelopment works
- > Multiple unsolicited expressions of interest received in past six months
- > Sale will release ~\$15m for MHE growth strategy



Mudgee Valley



Mudgee Tourist Park



OPERATE with excellence

- > Increase sales and occupancies
- > Leverage scale efficiencies from cluster strategy
- > Maintain the profitable, cash yielding tourism component in select MHEs.

DEVELOP efficiently

- > Low risk expansion of existing villages
- > Assessing greenfield opportunities in attractive markets
- > Focus on manufactured housing model – low risk, capital light accelerated development cycle

Disciplined capital allocation

- > Recycle capital to grow higher yielding MHE portfolio
- > Selective divestment considered for assets with low cash yields or limited upside
- > Seek to grow distributions in the near term

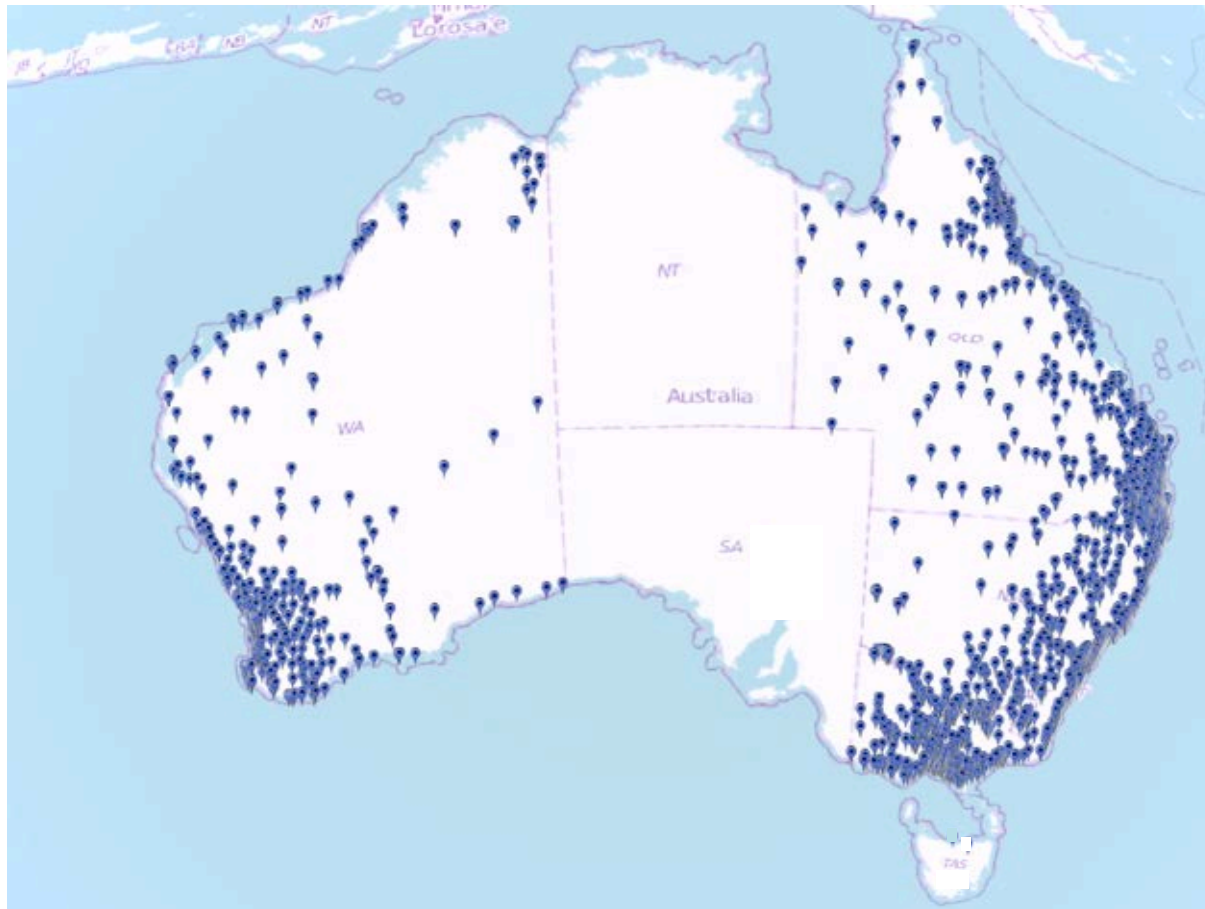
ACQUIRE competently

- > Focus on recurrent cash yielding assets (principally in the MHE market) – target >15% unlevered IRR, in-situ yield of 10%
- > Clustering in familiar and favorable markets
- > Target 'build ready' communities with significant development upside

MHE strategy

Significant pipeline of accretive opportunities





Two years of research invested in assembling a proprietary database of over 2,000 Caravan and Tourist Parks and MHEs across the East Coast and WA



- > Highly fragmented segment creating opportunities for consolidation
- > Existing key participants own < 5% of the market
- > Tightly held market with few on-market transactions. Ingenia's database delivers clear competitive advantage
- > Large deal flow pipeline in place

MHE strategy

Acquire, integrate, develop

	Strategy		Progress
1.	Acquire and integrate MHEs and Tourist Parks with a significant land bank and upside potential		Building a market leading portfolio of 15 MHEs in NSW by early 2014 including a land bank of over 970 home sites
2.	Reposition and upgrade acquired sites to increase existing cash yields		Well advanced at The Grange, and in progress at Ettalong, Nepean, Albury Citygate and Mudgee Valley
3.	Develop vacant and under-utilised land embedded		New homes being delivered to The Grange and Nepean, with Albury Citygate and Mudgee to follow shortly. Medium term target of 10 villages x two new homes/month
4.	Assess greenfield opportunities that offer scale, returns and development pipeline		Assessing several opportunities in existing clusters in NSW

Maintaining existing and complementary business line



Short-term tourism and trade accommodation preserved where it delivers the highest and best use of land

- ✓ Significant tourism and hospitality experienced staff in senior management level
- ✓ Upgrade existing facilities and implement new marketing strategies
- ✓ Attracts grey nomads, drive-in-drive-out trades, families and school groups
- ✓ Highly profitable

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

New acquisitions

Contracts exchanged

	Purchase Price	Permanent homes	Tourist/Short term accomd.	Development upside sites	Combined Unlevered IRR	Combined Stabilised yield
Lake Macquarie Village (Morisset)	\$7.0m	41	27	60+	>16%	9.2%
Macquarie Lakeside Village (Chain Valley Bay)	\$3.7m	35	40	20+		



Lake Macquarie Village, Morisset NSW

New acquisitions

Under option

		Permanent homes	Tourist/Short term accomd.	Development upside sites	Combined Unlevered IRR	Combined Stabilised yield
Big4 Valley Vineyard Tourist Park (Cessnock)	Option to purchase	6	114	60+	>15%	11.4%
Wine Country Caravan Park (Cessnock)		-	60	35+		



Big4 Valley Vineyard Tourist Park



Wine Country Caravan Park

Further expansion into the Hunter/Newcastle region

Building our Hunter/Newcastle market cluster



New Manufactured homes at The Grange

- > New homes priced from \$190,000 for a modest two bedroom home through to \$300,000 for a three bedroom, two bathroom home



Development pipeline within existing portfolios as at 31 October 2013

Medium term target



TARGET:
300 total units
delivered pa.

		Completion Value (\$m)	No. of Units	FY14	FY15	FY16	FY17+
Deferred Management Fee (DMF)	Ridge Estate, NSW	9.2	29				
	Meadow Springs, WA	24.0	60				
	Gladstone, QLD	15.3	56				
	Rockhampton, QLD	8.9	41				
	Forest Lake, QLD	10.8	60				
	Cessnock, NSW	5.5	28				
Manufactured Home Estates (MHEs)	The Grange, NSW	13.3	53				
	Ettalong Beach, NSW	6.3	25				
	Nepean, NSW	7.0	28				
	Albury Citygate, NSW	26.0	130				
	Mudgee Valley, NSW	12.3	50				
	Mudgee Tourist, NSW	9.8	40				
	Drifters, NSW	6.9	25				
	Lake Macquarie, NSW	15.0	60				
	Macquarie Lakeside, NSW	5.0	20				
			\$175.3m	705 units			

■ Represents sell down and development periods

Note: Figures on the development pipeline slide include unsold new built stock and homes yet to be developed. Please note the development units above are provisional. Upon taking ownership, further development/redevelopment work may be undertaken over time which will alter the number of units in the future. Such redevelopment can include some tourism conversions into permanent sites.

- > Acquisitions – Due Diligence well advanced on accretive MHE opportunities with Rights Issue capital expected to be fully deployed by 1Q 2014
- > Integration of recent MHE acquisitions progressing well with new homes delivered at The Grange and Nepean, and Mudgee and Albury Citygate to follow shortly
- > Invest in low risk expansion of DMF existing villages – Settlers Ridge Estate Stage 2 construction on track. DA preparation underway for Rockhampton Village expansion
- > Rolling out Ingenia Care Assist to drive rental occupancy and improve resident tenure
- > Focus on recycling capital including possible sale of passive income DMF communities
- > NZ Students portfolio – Redevelopment works on track for completion in early 2014 with portfolio sale to be pursued upon completion
- > The Group reaffirms its intention to increase distributions over the near term

Additional information from this presentation

1. **Slide 12 'Financial Overview'** - 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.

2. **Page 14 'Portfolio Overview'** - Slide represents portfolio positions as at 19 November 2013. The 11 Manufactured Home Estates (MHE) in this slide include transactions announced but not settled. It comprises:
 - Seven MHE acquisitions settled to date (The Grange, Ettalong, Nepean, Albury Citygate, Mudgee Tourist and Van Resort, Mudgee Valley Tourist Park, Drifters Holiday Village)
 - Lake Macquarie Village and Macquarie Lakeside Village (both to settle in late Nov 2013)
 - An executed option to acquire Big4 Valley Vineyard Tourist Park and Wine Country Caravan Park(both to settle in Jan 2014)

Please note the site number composition above reflects the mix at acquisition date. Upon taking ownership, further development/redevelopment work may be undertaken over time which will alter the mix in the future. Such redevelopment can include some tourism conversions into permanent sites.

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