

An aerial photograph of a coastal community. A large river flows through the center, surrounded by dense green forest. The community consists of numerous houses and buildings, some with blue roofs, arranged in a grid-like pattern. A large, dark pond is visible in the foreground. In the background, a sandy beach meets the turquoise ocean. The sky is a deep blue.

# Ingenia Communities Group FY15 Results Presentation

25 August 2015

TOPIC	PAGE
Overview	3
Performance and Capital Management	6
Strategy	11
Operational review	18
Outlook	34

# OUR BUSINESS



*Ingenia is a leading owner, operator and developer of affordable Retirement, Lifestyle and Leisure Communities*



# INVESTMENT RATIONALE

## Value Proposition

1. **Strong and stable rental cash flow** through a combination of Lifestyle and Leisure Communities, and Senior's Rental Communities
2. **Substantial market opportunity** to further capitalise on a fragmented industry, leveraged to an ageing population and growing demand for affordable accommodation
3. Capable and proven management team supported by a **Board with significant industry experience**





## Performance

4. **Sales momentum building** - 56 settlements FY15 (15 in FY14) with FY16 target 120 sales. Lifestyle Parks becoming key driver of earnings growth
5. **Acquisition track record (five Parks in FY15, four now under contract)** of securing highly sought after quality Lifestyle and Leisure assets. Significant off-market deal flow in place

## Outlook

6. **Growing high margin sales and development business** underpinned by a land bank of 1,500 sites with an end sales value of over \$350 million
7. **Successfully developing community clusters** across Sydney, Brisbane, NSW Central Coast and now NSW South Coast
8. Rising distribution yield and potential for security price growth as strategy successfully executed

# FY15 PERFORMANCE

CATEGORY	ACHIEVEMENT
STRATEGY	<ul style="list-style-type: none"> <li>Rental yielding assets - now 85% of \$425m portfolio</li> <li>Acquired or contracted six Lifestyle Parks – actively assessing 20 parks</li> <li>Sale of non core assets at good value, providing capital for reinvestment and simplifying business model</li> <li>Conditional contracts exchanged on three DMF villages – offer received on further two</li> </ul> 
FINANCIAL	<ul style="list-style-type: none"> <li>Underlying profit \$17.5 million – up 51%</li> <li>Underlying profit per security 2.1 cents – up 17%</li> <li>Increased distribution to 1.35 cps, up 17% (payout ratio 63%)</li> <li>Debt capacity increased to \$175 million, rate and terms improved</li> </ul> 
OPERATIONS	<ul style="list-style-type: none"> <li>Garden Villages occupancy grown to 90.7%</li> <li>Growth in Lifestyle Parks revenue, reflecting increased scale and development sales</li> <li>Sales momentum rapidly building – 56 settlements FY15 (15 in FY14)</li> </ul> 
DEVELOPMENT	<ul style="list-style-type: none"> <li>Development now underway in nine communities</li> <li>Current pipeline of 1,500 potential home sites, with end sales value &gt;\$350m</li> <li>First development complete (Ettalong Beach) - sold out in 7 months</li> </ul> 

# PERFORMANCE AND CAPITAL MANAGEMENT



One Mile Beach, One Mile, NSW

# KEY FINANCIALS

KEY FINANCIAL METRICS	30 JUNE 15	30 JUNE 14	CHANGE	
Statutory profit <sup>1, 2</sup>	\$25.7m	\$11.5m	123%	↑
Revenue	\$76.0m	\$45.8m	66%	↑
Underlying profit <sup>3</sup>	\$17.5m	\$11.6m	51%	↑
Underlying profit EPS	2.1c	1.8c	17%	↑
Distribution per security	1.35c	1.15c	17%	↑
Operating cashflow	\$9.0m	\$14.2m	(37%)	↓
Loan to value ratio (LVR)	22.6%	33.9%	33%	↓
Interest cover ratio (ICR)	2.96x	1.99x	49%	↑
Net asset value (NAV) per security	38.9c	35.5c	10%	↑

- Lifestyle Parks now largest contributor to revenue driven by growing rental base and momentum in development
- Operating cashflow reflects acceleration of manufactured home development (34% of inventory contracted)
- Strong profit contribution from Lifestyle Parks development (over 330% growth)
- Full year distribution of 1.35cps up 17% on FY14
- NAV increase driven by valuation gains across cash yielding assets

1. FY15 normalised statutory profit is \$25.4m after adjusting for \$2.0m loss on sale of discontinued operations and release of foreign currency translation reserve gain of \$2.4m.
2. FY15 statutory profit includes \$13.3 million fair value write off of acquisition transaction costs.
3. Underlying profit is a non-IFRS measure designed to present, in the opinion of the Directors, the results from the ongoing operating activities of INA in a way that reflects underlying performance. Underlying profit excludes items such as unrealised fair gains/(losses), and adjustments arising from the effect of revaluing assets/liabilities (such as derivatives and investment properties). These items are required to be included in Statutory Profit in accordance with Australian Accounting Standards. Underlying profit has not been audited or reviewed by EY.

# UNDERLYING PROFIT GROWING

## Lifestyle Parks now key driver of earnings growth



UNDERLYING PROFIT	JUNE 15 (\$m)	JUNE 14 (\$m)
<b>Continuing operations</b>		
• Garden Villages	11.0	9.9
• Active Lifestyle Estates	8.4	3.9
• Settlers Lifestyle	6.3	4.5
<b>Portfolio EBIT</b>	<b>25.7</b>	<b>18.3</b>
Corporate costs	(7.6)	(6.2)
<b>EBIT – continuing operations</b>	<b>18.1</b>	<b>12.1</b>

### Core business performing well

- **Garden Villages** - continuing to demonstrate strong, stable cash flows with organic growth
- **Active Lifestyle Estate**
  - Sales momentum achieved, development profit growing
  - Ongoing investment in platform to facilitate future growth as development scale increases
- **Settlers Lifestyle** - realisation of value from conversion process nearing completion

### Valuations

PORTFOLIO	AV. CAP RATE JUNE 2015	AV. CAP RATE DEC 2014	JUNE 15 BOOK VALUE (\$m)
Garden Villages	10.2%	11.6%	125.7
Active Lifestyle Estates	9.9%	10.7%	204.2
Settlers Lifestyle <sup>1</sup>	14.8%	14.7%	62.9
<b>TOTAL</b>			<b>392.8</b>

### Significant uplift recognised in June 2015 valuations

- 18 assets independently valued and external review of internal cap rates undertaken
- Net 2H like for like uplift of \$20.3 million
- Total of \$13.3m of acquisition costs (primarily stamp duty) written-off in FY15
- Market recognition of stable, government supported cash flows evident in cap rate compression across Garden Village and ALE portfolios

1. Represents discount rate for three assets not classified as held for sale.



# CAPITAL MANAGEMENT

## Improved funding capacity

### \$175 million facility established Feb 2015

- Additional funding (\$45.5 million) on improved terms
- Reduced funding cost – current all in cost of debt 4.6%
- Increased flexibility and capacity to support future growth

### Drawn debt of \$63.9 million at 30 June 2015

- LVR below target range of 30-35% at 23%
- LVR post announced acquisitions 30%
- ICR of 2.96x

### Funding further growth

- Focus on capital recycling via DMF sell down
- DRP to remain in place
- Explore capital partnership opportunities

### Capital recycling

- Conditional contracts exchanged for three QLD villages
- Offer received on two NSW villages
- All in line with book value

Australian debt	30 Jun 15 (\$m)
Total facility	175.0
Total debt drawn	63.9
Bank guarantees	28.8
Utilised facility (debt and guarantees)	92.7
Available debt	82.3

Hedged debt	18.0
Floating debt	45.9

Australian Interest rates	
Current all in cost of funds	4.6%

### Capital Management Strategy

Provide flexible funding for growth

Diversify funding sources and tenor

Access development and JV funding

# CAPITAL MANAGEMENT

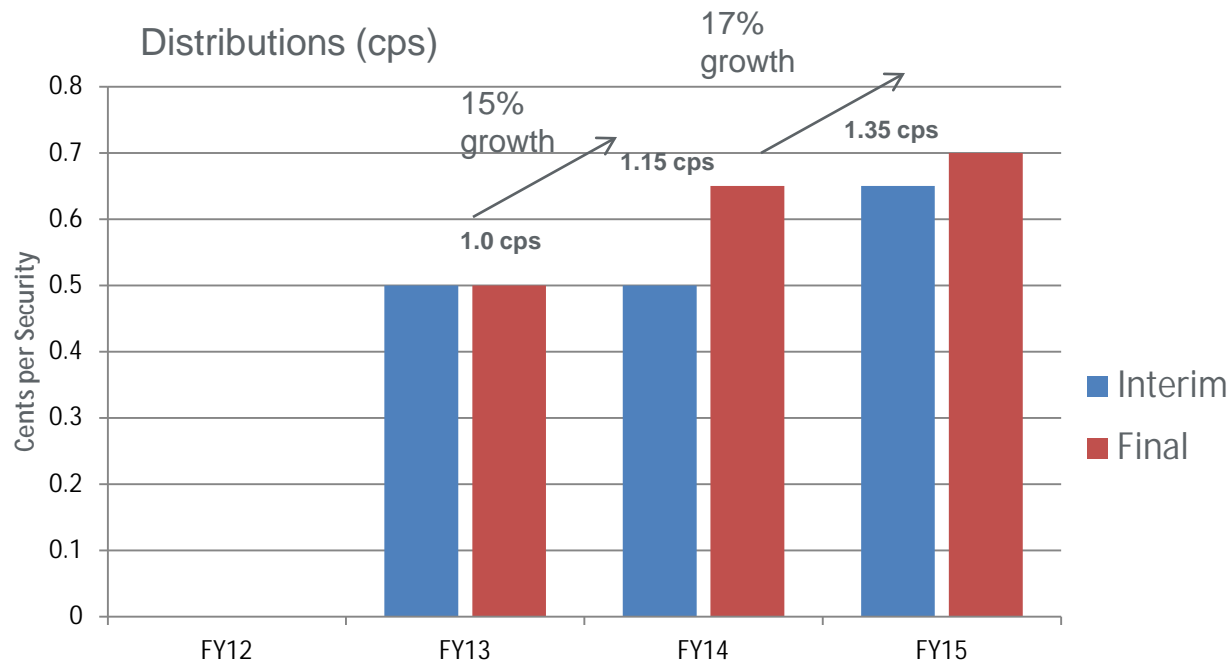
## Steady growth in distributions

### FY15 distribution 1.35¢ per security

- Represents 17% increase on FY14 distribution
- FY15 distribution 84.9% tax deferral
- Payment to be made 16 September 2015
- DRP in place
- Future distributions will be at a reduced tax deferred percentage

### Payout ratio of 63%

- Commitment to distribution growth balanced against accretive acquisition, development and reinvestment opportunities



# STRATEGY

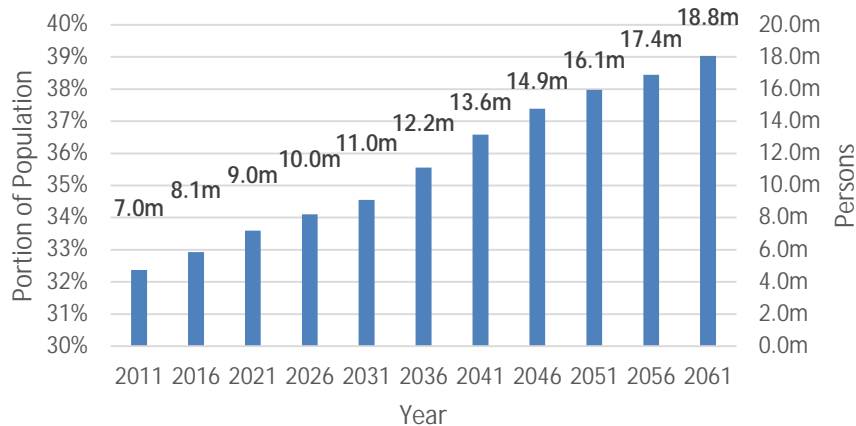


7.1 hectare site  
secured for  
\$3.3 million

Bethania, recent acquisition of partially developed MHE community, with option to secure adjacent land

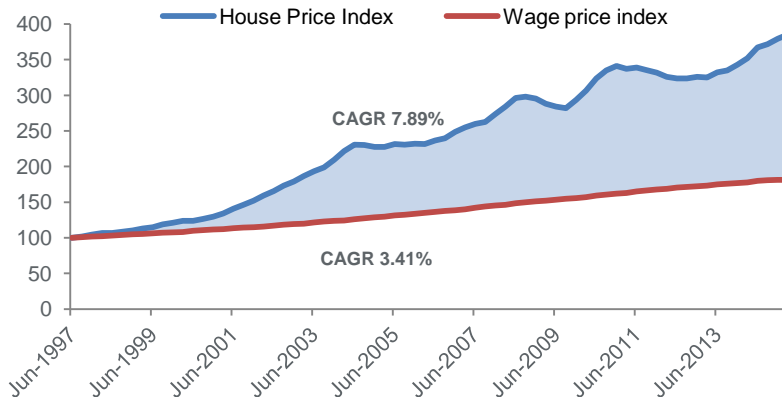
# STRATEGY FOCUSED ON A DEEP AND GROWING MARKET WITH STABLE CASH RETURNS

## Over 50's Cohort as a Percentage of Australia



Source: ABS, Catalogue Number 3222.0 - Population Projections, Australia, 2012 (base) to 2101. ABS Census 2011 for 2011 population.

## Australian house price index versus wage price index



Source: Colliers Edge and ABS (as at June 2015), INA Analysis.

## Australia's population is rapidly ageing

- By 2061, the proportion of Australians aged over 50 is forecast to reach almost 39% of the population, representing close to 19 million people
- ABS and 2011 Census figures indicate that 77% of single people over 65 rely on the pension as their primary source of income (ABS, 2011 Census)
- Australia's growing pool of retirees is living longer - many have limited superannuation savings and expect to rely on government payments in retirement
- **The need to provide housing options funded by government payments will increase**

## As house prices rise, affordability is decreasing

- The rate of wage growth has been far outstripped by growth in house prices with dwelling price to income ratio at the highest level in more than 15 years
- For retirees whose sole source of wealth accumulation is through home ownership, **releasing equity to fund a comfortable retirement while owning their own home and retaining access to the pension and rent assistance is attractive**

# INGENIA MEETS CONVERGANCE OF AGEING POPULATION AND HOUSING AFFORDABILITY CRISIS



MARKET DRIVERS	OPPORTUNITY	INGENIA
<p>1. Australia's population is rapidly ageing – more than 700 people are estimated to be entering the 60+ age bracket every day<sup>1</sup></p>		<p>Industry experienced Board and Management team combined with significant development opportunity</p>
<p>2. There is a housing affordability crisis in Australia – house price growth has consistently outstripped wage growth over the past 15 years<sup>2</sup></p>		<p>Scalable operating platform delivering returns from long and short term rental assets</p>
<p>3. The typical retiree only has ~\$140,000 in superannuation – primary source of wealth is the family home (if they have one)<sup>3</sup></p>		<p>Business dominated by stable rental cash flows underpinned by government payments</p>
<p>4. There is a supportive Government funding framework for rent based seniors accommodation</p>		<p>Significant organic growth and development pipeline in place supplemented by substantial deal flow</p>

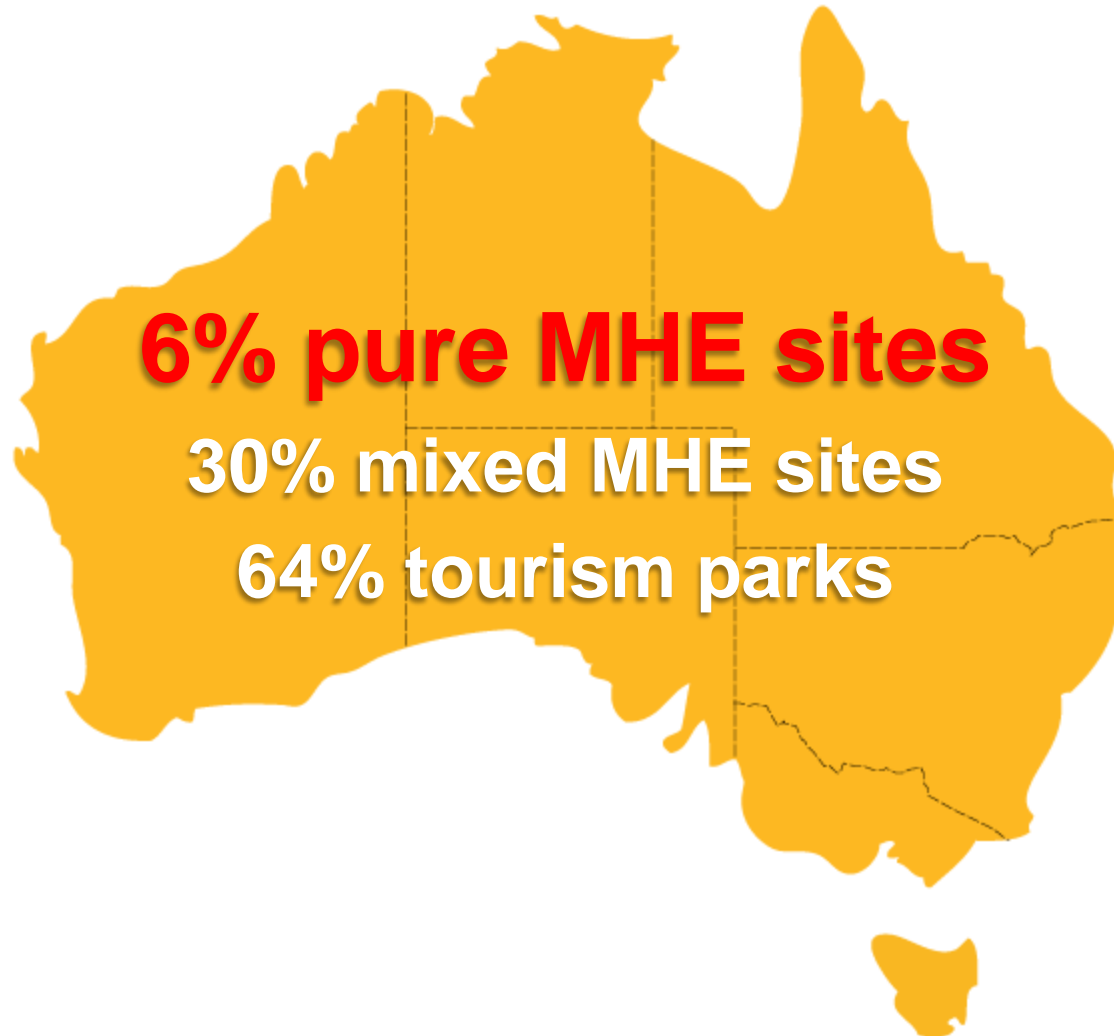
1. ABS, Catalogue Number 3222.0 – Population Projections, Australia, 2012 (base) to 2101. Ingenia analysis.

2. Colliers Edge and ABS.

3. Household Savings and Retirement, October 2012, CPA Australia. Ingenia analysis.

# AUSTRALIAN MHE LANDSCAPE

2,500 MHE sites across Australia



Source: Colliers.

# HIGH QUALITY ACQUISITIONS

## Focus on urban and coastal markets

### CONJOLA LAKESIDE

South Coast, NSW

*Settling mid September 2015*

\$24.0m

- Premier 21 hectare park on the NSW South Coast with significant development upside



### BETHANIA

Brisbane, QLD

*Acquired July 2015*

\$8.2m

- Established, build-ready community in Brisbane's growing South West corridor
- Subsequent conditional contract on 7.1 hectares of vacant adjacent land (approximately 100+ sites)



### CHAMBERS PINES

Brisbane, QLD

*Acquired March 2015*

\$17.6m

- Established build ready community in Brisbane's growing South West corridor. DA lodged for 256 homes on co-located golf course



### SYDNEY HILLS

Sydney, NSW

*Acquired April 2015*

\$12.0m

- One of the closest freehold parks to the Sydney CBD
- Park and surrounding land under gateway determination process for future approval for medium density residential housing



# CHANGING BUSINESS MIX

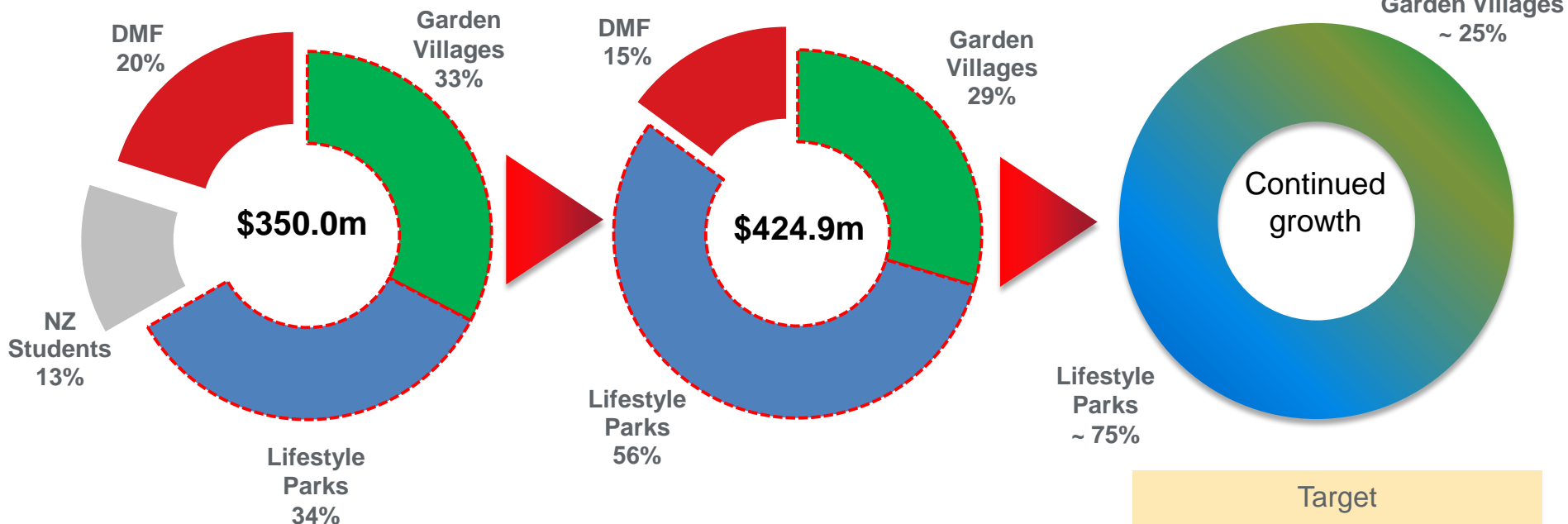
Rapidly growing cash yielding asset base in line with strategy



30 June 2014  
asset value<sup>1</sup>

30 June 2015  
asset value<sup>1</sup>

Target allocation



- Cash yielding assets now comprise 85% of total portfolio value

Target

- Rental income ~75%
- Development income ~25%

1. Pro-forma, post announced transactions. Excludes divestment of DMF assets.



# BUILDING A SCALABLE PLATFORM

**Ingenia is progressively investing in a scalable platform to effectively manage and develop as a significantly larger business**

- **Over the past 12 months considerable investment has been made in development and sales teams**
  - Appropriately resourced team to scale up to deliver over 250 homes per annum
- **Systems and processes in early stages**
  - Heavily transaction oriented business (paying over 3,000 invoices and 5,800 credit card receipts monthly)
- **Rapid corporatisation of family-owned businesses requiring considerable investment in integration, marketing, compliance and establishment costs**
  - Focus on revenue growth via social media, online travel agents
  - Now have close to 60,000 customers on database
- **Deliberate focus on assets with development and repositioning upside**
  - Impact on income as sites taken offline and development progressed

## **Drivers of cost optimisation**

- **Further investment in technology, systems, and processes to realise efficiencies**
  - Leveraging procurement opportunities
  - Streamlining revenue capture
- **Focus on lean and efficient cost base**
  - Recent savings across IT&C, audit services and debt
  - Standardising home designs and seeing further savings
- **Internalising some aspects of project management to save \$2,000 - \$3,000 per home**

# OPERATIONAL REVIEW



**Conjola Lakeside, Lake Conjola, NSW**

# INGENIA'S PORTFOLIO IS DOMINATED BY SENIORS RENTAL COMMUNITIES

Ingenia has **61** Australian communities and growing



Largest owner/operator of seniors rental villages in Australia

A leading owner, operator and developer of Lifestyle Parks in NSW and QLD

Portfolio now **\$424.9 million**

Note: Includes Parks owned at June 2015, plus Bethania (acquired July 2015) and Conjola Lakeside (settlement anticipated September 2015). Development sites include some conversion of existing sites.



## 22 LIFESTYLE PARKS

- 1,522 permanent sites
- 593 annual sites
- 1,114 short term sites
- 1,500+ development sites

*Growing presence in NSW and SE QLD  
Further 20 parks under assessment*



## 31 RENTAL VILLAGES

- 1,629 units
- In all States except SA*

## SETTLERS

### NON CORE

**Current book value \$62.9m**

- 8 villages – 838 units
- WA, QLD and NSW*

# A RAPIDLY GROWING PORTFOLIO OF 'STICKY' RENTAL CONTRACTS



## Long-term rental

## Short-term rental

Characteristics	Active Lifestyle Estates	Garden Villages	Active Lifestyle Estates	All age rental	Active Holiday Parks
Lease type	Residential site agreement	Residential lease	Annual (Occupation agreement)	Residential lease	Short-term
Tenure	Perpetual	2.6 years	7 years	5 years	Daily/weekly Avg Stay 4 nights
Annual rental	\$6,000 – \$8,500	Av. \$16,000	\$3,300 - \$6,600	\$7,200 - \$19,700	<b>Average daily rate</b> Cabin \$113 Sites \$33
No. Sites / Units	>1,100	>1,600	>590	>350	>1,100
Resident profile	65+	75+	Grey nomads / families	All ages	Grey nomads / families
Comment	<b>Funded by full or part pension / Commonwealth Rent Assistance</b>		Highly stable site rental agreements	High occupancy, attractive rents	High yields, maximises land optionality

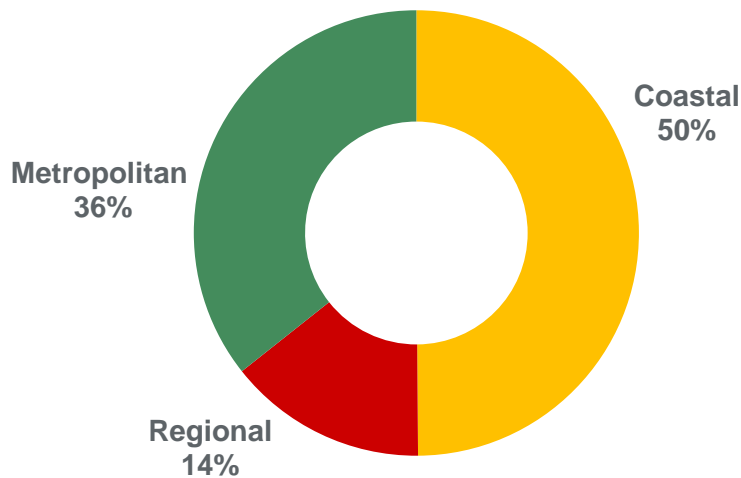
# ACTIVE LIFESTYLE ESTATES

Book value: \$204.2 million

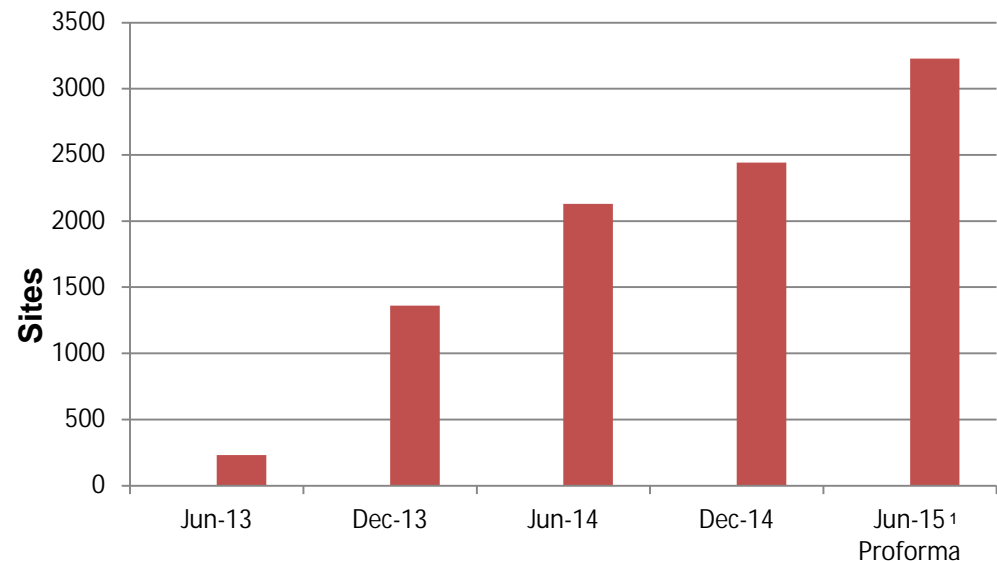


- Ingenia's Active Lifestyle Estates business provides exposure to a growing demand from Australia's ageing population for affordable seniors housing
- The portfolio is underpinned by rental revenue, community expansion and redevelopment provides additional capital light, low risk development earnings
- Over 85% of the portfolio comprises high quality metro and coastal locations

Portfolio location  
(by value)<sup>1</sup>



Rapid growth in rental income  
(number of sites)



1. Includes announced acquisitions.

# ACTIVE LIFESTYLE ESTATES

## \$204.2 million portfolio dominated by rental returns



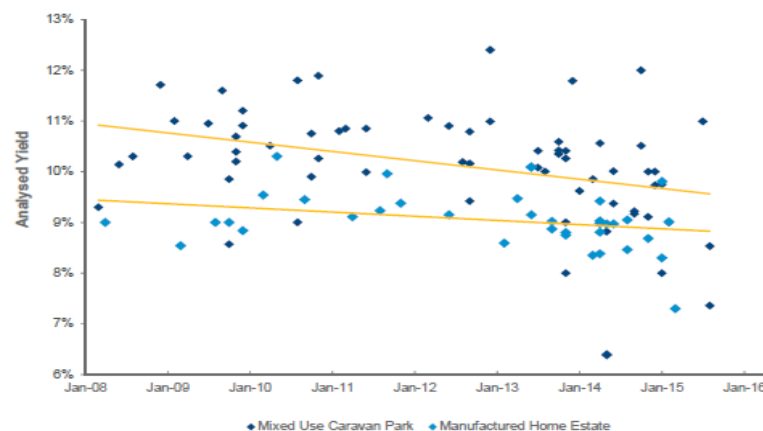
KEY DATA	30 June 15	30 June 14
Total properties	20	15
Permanent sites	1,468	1,093
Total annual sites	306	261
Total short-term sites	1,033	777
Potential development sites <sup>1</sup>	1,135	917+

	June 15 (\$m)	June 14 (\$m)
<b>Rental business</b>		
Permanent rental income <sup>2</sup>	8.3	4.2
Annuals rental income	1.0	0.3
Short-term rental income <sup>3</sup>	10.3	5.0
Commercial rent	0.2	0.1
<b>Total rental revenue<sup>3</sup></b>	<b>19.8</b>	<b>9.6</b>
Development profit	5.7	1.3
<b>EBIT</b>	<b>8.4</b>	<b>3.9</b>
<b>Book value</b>	<b>30 Jun 15</b> 204.2	<b>30 Jun 14</b> 119.3

1. Includes new and recycled permanent and short term sites.
2. Includes income from Park owned homes.
3. Includes Chambers Pines rental units.

- Revenue increasing as business rapidly expands
- Portfolio quality and scale enhanced
- Benefit of development, sales and marketing platform demonstrated – 56 settlements
  - Development scale and earnings steadily ramping up
- Rental of park owned sites generating strong yields and providing opportunity for longer term highest and best use
- Valuation increases support acquisition pricing and reinvestment strategy
  - Cap rate compression emerging
  - Off-market acquisitions have created significant value

### MHE AND MIXED USE PARK TRANSACTIONS



Source: Colliers Edge, June 2015.

# ACTIVE LIFESTYLE ESTATES

Highest and best use drives mix



In select iconic coastal parks, tourism generates significantly higher returns than permanent sites



Tourist cabin – 72 m<sup>2</sup>  
Average rent \$127 p/n  
@ 68% occupancy  
= \$31,500 per year

Permanent site - 135 m<sup>2</sup>  
Rent from senior \$133 p/w  
= \$6,900 per year

**Active Lifestyle Estates, White Albatross, Nambucca Heads, NSW**  
**Acquired December 2014. Includes 135 permanent sites and 165 tourism sites**

# ACTIVE LIFESTYLE ESTATES: SHORT-TERM SITES

## A deep market with significant cross selling potential



Tourism assets often provide first exposure to Ingenia's Lifestyle Parks offering and the MHE model

Key markets account for majority of visitation, providing strong cross selling opportunities

- Grey nomads (26%), family market (45%)

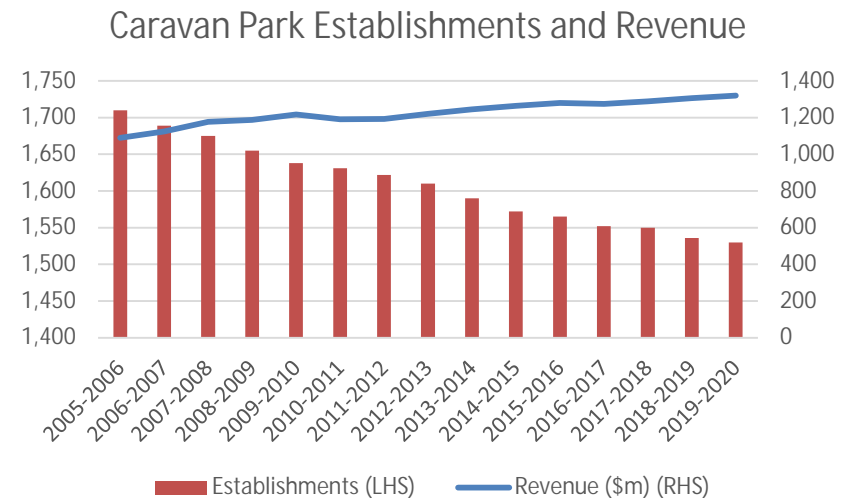
Drivers for these markets remain strong

- Ageing population driving stronger off peak visitation by grey nomads

Domestic tourism represented **\$55.7 billion trip spend** in the year to March 2015, representing 82.3 billion overnight trips<sup>1</sup>

The Caravan and Camping industry generated **\$1.3 billion in annual revenue** in 2014-15<sup>2</sup>

- Revenue is forecast to grow by 1.3% in 2015-16<sup>2</sup>
- Continued loss of smaller operators will constrain overall growth but provide opportunities for remaining operators
- Caravan and campervan registrations are growing – up 5.35% year to January 2013<sup>3</sup>
- A key driver of the industry will be the expanding seniors market

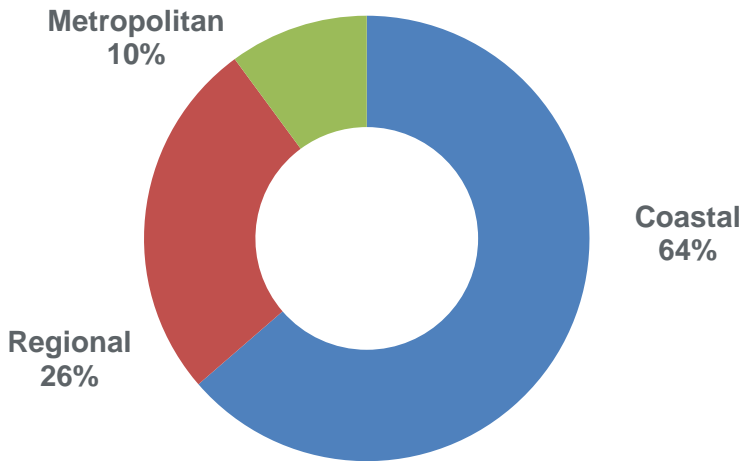


1. Travel by Australians year ending March 2015, Tourism Research Australia.
2. Caravan Parks and Camping Grounds in Australia April 2015, IBIS WORLD.
3. Caravan and Campervan Data Report August 2014 (BDO).



# ACTIVE LIFESTYLE ESTATES – Short-term rental

Portfolio location  
(by site numbers)



Note: Includes announced acquisitions.

## FY15 KEY ACHIEVEMENTS

Significant revenue growth, reflecting increasing scale and leverage of marketing platform

Investment in digital platform and marketing strategy delivering results

- Database grown rapidly (close to 60,000 members)
- Beginning to grow rates through dynamic demand based pricing
- Revenue from online travel agents now exceeding \$100,000 per month

Building presence in key coastal and metro locations with focus on quality and value

Cross selling benefits identified and progressed



Over 1,000 sites, comprising tourism villas, cabins, caravan and camping sites

Revenue to grow as new sites are integrated and marketing initiatives progressed

# ACTIVE LIFESTYLE ESTATES – DEVELOPMENT



## Material uplift in sales delivered

Development portfolio	June 15	June 14	Change
Total active development projects	8	4	▲
Sales projects 'in market'	8	2	▲
Homes under construction	44	22	▲
Contracted and reserved	44	2	▲
Gross development profit	\$5.7m	\$1.3m	▲
Settlements	56	15	▲
Average price (\$'000) <sup>1</sup>	\$267	\$229	▲

1. Excludes GST.



Active Lifestyle Estates, Stoney Creek, Marsden Park, NSW

## FY15 KEY ACHIEVEMENTS

### Development pipeline expanded to 1,135 potential sites

- Addition of 290 potential sites, including 21 build ready sites
- Approvals and consents for over 100 sites (new and recycled) received

### At 30 June, 44 homes under construction

- Standard home product now established

### Civil works underway or complete at six projects

#### Supply secured

- Supply agreements in place with Parkwood and Glendale Homes
- Discussions ongoing with additional suppliers

### Additional park owned rental cabins at Chambers Pines anticipated to generate >15% yield

#### Investment in people and systems

- Additional sales and development staff to deliver growth
- New Customer Relationship Management system being implemented to drive efficiency and build scalability

### Established pipeline with potential end sales value of \$350 million

# SALES PLATFORM

## Momentum building

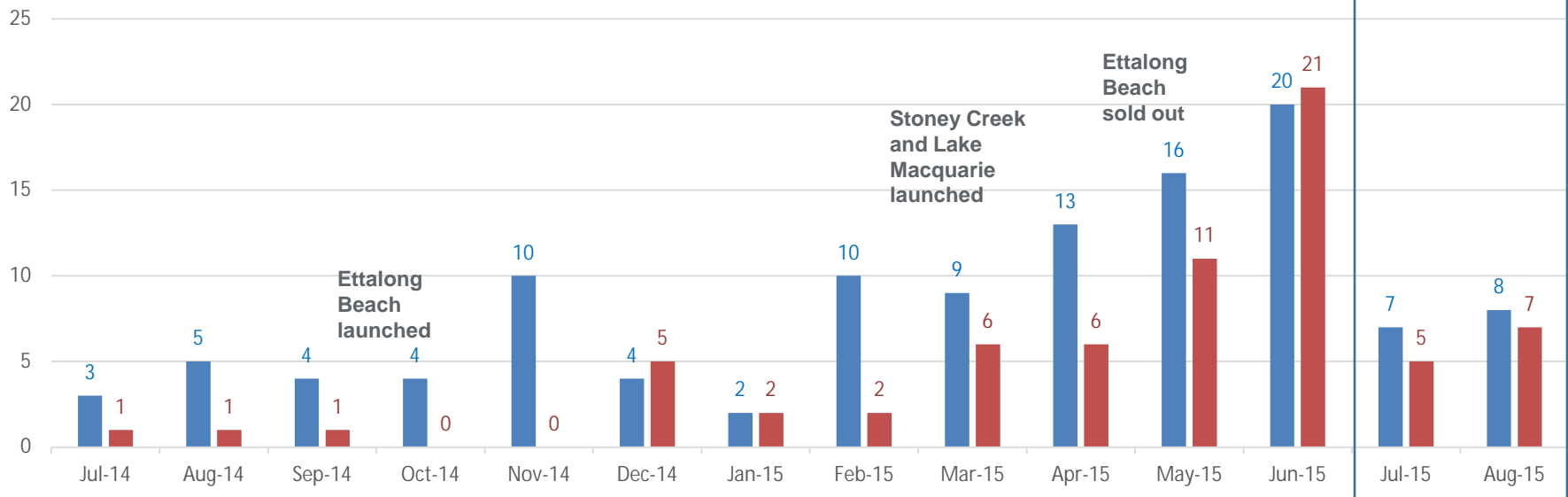
### Strong growth in sales and settlements

- Ettalong sold out
- Lake Macquarie and Stoney Creek building demand

### Additional projects to launch FY16

## FY15 Contracted, Reserved & Settled

■ Homes Contracted & Reserved ■ Homes Settled



# BUILDING PLATFORMS FOR SCALABLE GROWTH

- A clear focus on customer experience, Ingenia Care Assist and social programs will continue to drive customer advocacy and referrals
- Customer experience underpinned by investment in CRM system



People

- A standard suite of products, specifications and finishes will improve speed to market
- New design innovations will improve market appeal and age in place solutions



Product



Place

- Physical repositioning of the communities underpins sales momentum



Portfolio

- Clear strategic clusters create operating efficiencies, market awareness and cross selling opportunities

# ACTIVE LIFESTYLE ESTATES

Ongoing focus on portfolio expansion and sales delivery



## FOCUS

---

- Continue to expand portfolio with **high quality** acquisitions in capital cities and accessible coastal locations
  - Seed new clusters where demographics and market opportunities remain attractive
  - Progress greenfield opportunities in existing NSW and South East Queensland clusters
- Continue **sales growth** as homes on the ground increase - 102 homes delivered FY15, building towards medium term target of delivering >250 homes per annum
- Finalise civil works at key sites and **grow build ready sites** through additional acquisitions and approvals
- **Advance master planning** and capital works to enhance yield
- Continue focus on cross portfolio and digital **marketing** to **increase revenue and market share**
- Deliver **FY16 sales target** of 120 sales

# GARDEN VILLAGES (SENIORS RENTAL)

## Organic growth opportunity

- Ingenia is the largest owner / operator of seniors rental accommodation in Australia
- Stable, recurring cash flows underpinned by Government payments (pension and rent assistance)
- Growth being delivered through occupancy improvement, rent increases above pension/CPI growth and margin enhancement
- Existing portfolio is core – limited acquisition opportunities

KEY DATA	30 Jun 15	30 Jun 14
Total properties	31	34
Total units	1,629	1,801
Av. weekly rent <sup>1</sup>	\$311	\$297
Total revenue	\$28.2m	\$24.6m
Rental income	\$24.4m	\$21.0m
Catering income	\$3.5m	\$3.2m
EBIT	\$11.0m	\$9.9m
Occupancy <sup>1</sup>	90.7%	87.9%
	30 Jun 15	30 Jun 14
Book value	\$125.7m	\$114.3m



1. Excludes villages sold June 2015.

# GARDEN VILLAGES (SENIORS RENTAL)

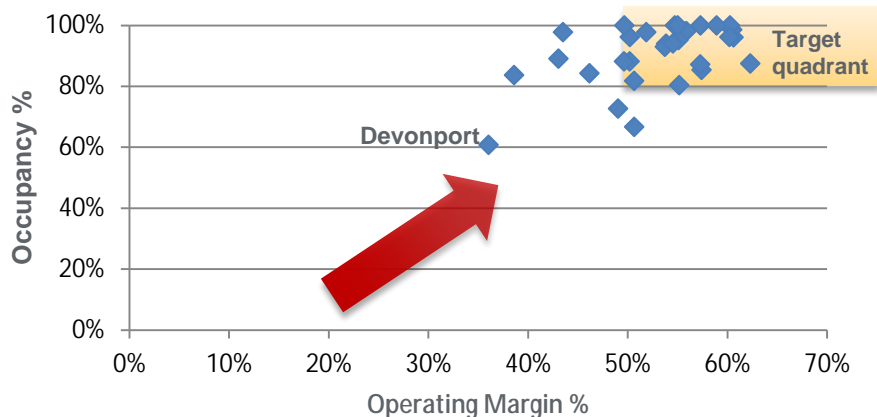
## Enhanced portfolio



### Adding value through operating excellence

Village/ Acquired	Occupancy		Purchase price	June 15 Valuation	Increase
	Acquired	Jun 15			
Bathurst (acq Jan 14)	53%	96%	\$2.2m	\$3.9m	▲ 77%
Warnambool (acq Jan 14)	50%	84%	\$1.8m	\$2.5m	▲ 39%
Peel River (acq Mar 13)	51%	94%	\$3.2m	\$4.1m	▲ 28%
Launceston (acq Jan 14)	62%	89%	\$2.3m	\$3.3m	▲ 43%

### Margin Analysis



### KEY ACHIEVEMENTS FY15

**Three non core assets sold at premium to book value**

**Significant uplift in values**

- Strong growth achieved – recently acquired assets demonstrating management ability to add value
- Cap rate compression beginning to emerge

**Increased rents and occupancy key driver of revenue growth**

- Occupancy up 2.8% (like for like)
- Average rent increase of over 4.5% (like for like)

**Continuing to deliver results through training of front line staff and community engagement**

- Conversion of leads increasing
- Average move-outs per month reduced

**Ingenia Care Assist**

- Increasing referrals through key providers

# GARDEN VILLAGES (SENIORS RENTAL)

## Continuing to deliver growth



### FOCUS

---

- Grow rents above pension or CPI
- Continue to increase occupancy towards target of 93% over next 2 years
- Capitalise on growing benefit from community engagement to position Ingenia as preferred accommodation supplier
- Increase conversion metrics to improve occupancy and earnings growth
- Increase resident tenure through Ingenia Care Assist participation and resident satisfaction
- Selectively reinvest to enhance individual village return
- Development using traditional build model doesn't achieve threshold return requirements
  - Exploring feasibility of non traditional methods utilising Chambers Pines rental experience



# SETTLERS VILLAGES (DMF)

## Sell down continues while reducing investment



KEY DATA	June 15	June 14
Total properties	8	9
Total units	838	980
Accrued DMF income	\$6.8m	\$5.3m
Development income	\$2.4m	\$3.3m
EBIT	\$6.3m	\$4.5m
	<b>30 Jun 15</b>	<b>30 Jun 14</b>
Book value	\$62.9m	\$76.0m
Occupancy <sup>1</sup>	93%	92%

### KEY ACHIEVEMENTS FY15

- Strong uplift in accrued DMF income driven by rising prices in WA assets
- Development profits moderating as stock levels reduce with only lower priced studio and 1 bedroom stock remaining
- 43 new unit settlements totaling \$9.4 million - additional 27 contracts in place as at 30 June 2015
- Conversion program almost complete – 192 sales with over \$34 million value to date
- Conditional contracts exchanged on three DMF villages – offer received on further two villages

### FOCUS

- Continue to explore opportunities to recycle capital through divestment of remaining villages as development opportunities and conversion program near completion and growth moderates

# OUTLOOK

Strong outlook as Lifestyle Parks rental income and development ramps up



- ▶ Lifestyle Parks market competition increasing but Ingenia remains well positioned to lead sector consolidation
- ▶ Ageing population driving demand for affordable seniors accommodation
- ▶ Continuing earnings growth in tourism driven by impact of marketing initiatives and modest reinvestment
- ▶ Growing rental income and increased contribution from development to drive earnings, cashflow and distribution growth

# APPENDICES



Ingenia home under construction for Stoney Creek

# APPENDIX 1: UNDERLYING PROFIT

## Lifestyle Parks becoming established as key driver of earnings growth



<b>Underlying profit</b>	<b>FY15 (A\$m)</b>	<b>FY14 (A\$m)</b>	<b>Comments (FY15)</b>
<b>Continuing operations</b>			
- Garden Villages	11.0	9.9	Occupancy and rate growth continue to drive earnings
- Settlers Lifestyle	6.3	4.5	Strong uplift from rising prices in WA market
- Active Lifestyle Estates	8.4	3.9	Earnings velocity continuing to build
<b>Portfolio EBIT</b>	<b>25.7</b>	<b>18.3</b>	
Corporate costs	(7.6)	(6.2)	Increase linked to underlying business growth
<b>EBIT – Continuing operations</b>	<b>18.1</b>	<b>12.1</b>	
Net finance costs	(4.6)	(4.0)	Includes interest on deferred consideration
Income tax benefit	3.3	2.9	
<b>Underlying profit – Continuing operations</b>	<b>16.8</b>	<b>11.0</b>	
<b>Discontinued operations</b>			
- US Seniors	-	0.3	Divested February 2013
- NZ Students	1.5	1.9	Divested December 2014
<b>EBIT – Discontinued operations</b>	<b>1.5</b>	<b>2.2</b>	
Net finance costs	(0.8)	(1.6)	Interest expense on NZ debt facility – repaid December 2014
<b>Underlying profit – Discontinued operations</b>	<b>0.7</b>	<b>0.6</b>	
<b>Underlying profit - Total</b>	<b>17.5</b>	<b>11.6</b>	
Statutory adjustments	5.1	(4.5)	Substantial fair value uplift
Tax benefit associated with adjustments	3.1	4.4	
<b>Statutory Profit</b>	<b>25.7</b>	<b>11.5</b>	

# APPENDIX 2

## Reconciliation to EBIT and Underlying Profit from continuing operations



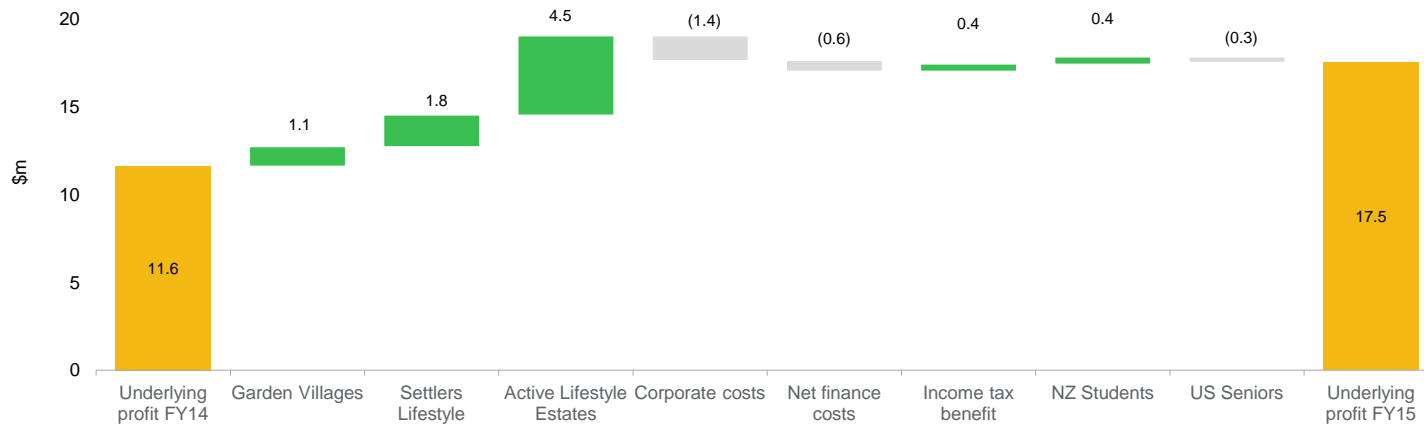
(A\$m)	Active Lifestyle Estates (Lifestyle Parks)	Garden Villages (Rental)	Settlers (DMF)	Corporate	TOTAL
Rental income	19.9	24.4	0.7	-	45.0
Accrued DMF fee income	-	-	6.8	-	6.8
Manufactured home sales	14.9	-	-	-	14.9
Catering income	-	3.5	-	-	3.5
Other property income	1.6	0.3	1.2	0.1	3.2
Development profit	-	-	2.4	-	2.4
Service station sales	2.4	-	-	-	2.4
<b>Total segment revenue</b>	<b>38.8</b>	<b>28.2</b>	<b>11.1</b>	<b>0.1</b>	<b>78.2</b>
Property expenses	(7.9)	(8.0)	(1.7)	(0.4)	(18.0)
Employee expenses	(8.5)	(7.5)	(1.8)	(3.4)	(21.2)
Administration expenses	(1.0)	(1.0)	(0.2)	(2.7)	(4.9)
Operational, marketing and selling expenses	(1.8)	(0.6)	(0.6)	(0.9)	(3.9)
Manufactured home cost of sales	(9.2)	-	-	-	(9.2)
Service Station expenses	(1.9)	-	-	-	(1.9)
Depreciation and amortisation expenses	(0.1)	(0.1)	-	(0.3)	(0.5)
Other	-	-	(0.5)	-	(0.5)
<b>Earnings before interest and tax (EBIT)</b>	<b>8.4</b>	<b>11.0</b>	<b>6.3</b>	<b>(7.6)</b>	<b>18.1</b>
Interest income	-	-	-	0.2	0.2
Finance expense	-	-	-	(4.7)	(4.7)
Income tax benefit	-	-	-	3.3	3.3
<b>Underlying profit – continuing operations</b>	<b>8.4</b>	<b>11.0</b>	<b>6.3</b>	<b>(8.8)</b>	<b>16.8</b>

# APPENDIX 3

## Underlying Profit and operating cash flows



### FY14 to FY15 Underlying profit reconciliation



# APPENDIX 4

## Cashflow in detail

<b>(A\$m)</b>	<b>30 June 2015</b>	<b>30 June 2014</b>
<b>Opening cash at 1 July</b>	<b>14.6</b>	<b>37.6</b>
Rental and other property income	57.0	39.9
Net cashflow associated with manufactured home development	(3.6)	(0.5)
Net borrowing costs paid	(3.9)	(3.9)
Income tax received/(paid)	0.8	(0.1)
All other Australian operating cashflows	(41.5)	(22.3)
Net cashflows from operating activities – New Zealand	0.2	1.1
<b>Net cashflows from operating activities</b>	<b>9.0</b>	<b>14.2</b>
Acquisitions of investment properties	(64.4)	(113.3)
Proceeds from sale of investments properties and equity accounted investments	12.0	7.1
Capital expenditure and development costs	(14.2)	(9.7)
Amounts received from villages	0.2	0.1
Purchase of plant, equipment and intangibles	(1.8)	(0.4)
Net cashflows from investing activities – New Zealand	44.0	(9.9)
<b>Net cashflows from investing activities</b>	<b>(24.2)</b>	<b>(126.1)</b>
Net proceeds from/(repayment of) borrowings	(14.2)	24.9
Net proceeds from equity placement	88.1	58.9
Distributions to security holders	(10.1)	(5.9)
All other Australian financing cashflows	(2.4)	(0.3)
Net cashflows from financing activities – New Zealand	(45.8)	11.4
<b>Net cashflows from financing activities</b>	<b>15.6</b>	<b>89.0</b>
<b>Total cashflows</b>	<b>0.4</b>	<b>(22.8)</b>
Effects of exchange rate changes in cash	0.2	(0.2)
<b>Closing cash at 30 June</b>	<b>15.1</b>	<b>14.6</b>

# APPENDIX 5

## Balance sheet

<b>(A\$m)</b>	<b>30 June 2015</b>	<b>30 June 2014</b>
Cash	15.1	12.9
Inventory	13.2	2.2
Investment property and property under development	539.7	498.9
Other assets	15.7	7.9
Assets held for sale	61.6	5.4
Assets of discontinued operations	-	47.6
<b>Total assets</b>	<b>645.3</b>	<b>574.9</b>
Borrowings	66.8	98.3
Derivatives	-	0.2
Retirement village resident loans	161.9	190.1
Other liabilities	31.1	15.7
Liabilities held for sale	42.0	-
Liabilities of discontinued operations	-	30.4
<b>Total liabilities</b>	<b>301.8</b>	<b>334.7</b>
<b>Net assets</b>	<b>343.5</b>	<b>240.2</b>
<b>Net asset value per security – cents</b>	<b>38.9c</b>	<b>35.5c</b>
Secured assets <sup>4</sup>	363.7	290.4
Borrowings (AU) <sup>1</sup>	53.4	94.0
Bank guarantees as part of loan facility <sup>4</sup>	28.8	4.4
Total including bank guarantees <sup>4</sup>	82.2	98.4
<b>Loan to value ratio (LVR)<sup>4</sup></b>	<b>22.6%</b>	<b>33.9%</b>

1. Includes finance leases, less statutory cash balance.

2. Excludes prepaid borrowing cost.

3. FY15 LVR covenant calculation is based on new multibank debt facility established in Feb 15

4. 30 June 15 calculations based on multibank facility established Feb 2015. Comparative year based on previous facility.



# APPENDIX 6

## Quality acquisitions delivering on strategy



### Ingenia's acquisitions have focused on key metro and coastal locations

	Purchase price (\$m)	Yield	Long-term sites <sup>1</sup>	Annual sites	Short-term sites	Potential Development sites <sup>2</sup>
White Albatross, Nambucca Heads, NSW	23.0	~10%	135	-	165	Significant repositioning
Noosa, Tewantin, QLD	12.5	~10%	49	-	136	Significant repositioning
Chambers Pines, Brisbane, QLD	16.8	~8%	204	-	-	277
Sydney Hills, Sydney, NSW	12.0	~8%	64	-	64	Significant repositioning
Monterey, Lake Macquarie, NSW	6.8	~9%	18	52	71	Significant repositioning
<b>Total settled to 30 June</b>	<b>71.1</b>	<b>-</b>	<b>470</b>	<b>52</b>	<b>436</b>	<b>277</b>
Bethania <sup>3</sup> , Brisbane, QLD	8.2	-	54	-	-	76
Bethania (adjacent land) <sup>3</sup> , Brisbane, QLD	3.3	-	-	-	-	100+
Conjola Lakeside <sup>3</sup> , Lake Conjola, NSW	24.0	~8%	-	287	81	189
<b>Total</b>	<b>106.6</b>		<b>524</b>	<b>339</b>	<b>517</b>	<b>642+</b>

1. Includes annual sites and rented park owned sites.

2. Includes some conversion of existing sites, and sites subject to approvals.

3. Bethania settled July 2015: conditional contract over vacant adjacent land exchanged August 2015. Conjola Lakeside anticipated to settle September 2015.

# APPENDIX 7

## Intimate knowledge of our customers and their buying decision



- A strong program of qualitative and quantitative research is used to gain more in-depth insights to the push/pull factors behind the buying decisions of our customers in different locations
- Identify preferred spending patterns and the cost benefit trade-offs to ensure we deliver product that holds a strong value proposition to the client and maximises margins

### Sales case study

Profile	Ettalong (Central Coast)	Stoney Creek (Sydney)
Marital Status	48% single 45% couples 7% share	31% singles 69% couples
Origin Distance	79% from within 20km	95% from within 10km
Residents per dwelling	1.5 per dwelling	1.65 per dwelling
Ethnicity	Australian, English, Irish,	50% Australian, balance Italian, Irish, Philippino and Maltese
Average Age	69 (55 to 89)	64 (52 to 76)
Average Price	\$320,000	\$311,000
Spend Ratio (spend as ratio of prior home value)	72%	51%

# APPENDIX 8

## Achieved 100 sales in FY15

### Active Lifestyle Estates - Sales

1 July to 30 Jun 2015	Settled (New Homes)	Settled (Refurb / DMF)	Reserved	Contracted	Available Completed Stock	Homes Under Construction	Average Sales Price Achieved
<b>All Sites (100 Sales)</b>	<b>51</b>	<b>5</b>	<b>28</b>	<b>16</b>	<b>43</b>	<b>44</b>	

1 July 2015 to 24 August 2015	Settled (New Homes)	Settled (Refurb / DMF)	Reserved post 30/06/15	Contracted post 30/06/15 *	Available Completed Stock	Homes Under Construction	Average Sales Price Achieved
Albury Citygate (Albury)	-	-	1	-	5	-	\$190k+
ALE Hunter Valley (Cessnock)	-	-	-	-	3	-	\$230k+
Big4 Mudgee (Mudgee)	1	-	-	-	8	-	\$250k+
Chambers Pines (Logan)	-	1	-	-	1	5	\$200k+
Ettalong Beach (Ettalong)	1	-	-	-	-	-	\$320k+
Lake Macquarie (Morisset)	6	-	3	1	8	10	\$320k+
Mudgee Valley (Mudgee)	-	-	1	-	6	-	N/A
Nepean (Penrith)	-	-	-	-	-	-	\$230k+
Stoney Creek (Marsden Park)	3	-	6	3	13	26	\$305k+
The Grange (Morisset)	-	-	-	-	-	-	\$255k+
<b>Subtotal</b>	<b>11</b>	<b>1</b>	<b>11</b>	<b>4</b>	<b>44</b>	<b>41</b>	



\* Additional 26 contracts in place from FY15 (Carried over from FY15)

- **Contracted:** Site has had deposit paid and Contract has been executed
- **Reserved/Deposited:** Site has holding deposit paid - no Contract has been executed

# APPENDIX 9

## Competitor Landscape – Lifestyle and Tourism Parks

Major operators represent <10% of market opportunity

Major Operators	No. of parks	Locations	Capital strategy
 Active Lifestyle Estates (Ingenia)	22	NSW and SE QLD	Acquire existing lifestyle and tourism parks.
<b>Tourism and Mining Park Operators</b>			
 Discovery Holiday Parks	32	Across Australia	Acquired from private equity by SunSuper. Exclusively tourist and mining accommodation.
 Aspen Parks and Resorts Aspen Parks Property Fund	27	Across Australia	Predominantly tourist and mining accommodation. Parent entity (ASX: APZ) owns 40% and has acquired two parks on balance sheet.
<b>Mature Park Consolidators</b>			
 Gateway Lifestyle Residential Parks	38	QLD, NSW and VIC	Listed on the ASX June 2015. Well capitalised listed operator with plans for further growth. Significant focus on development.
 NRMA Holiday Parks	6	NSW and QLD	Own four parks and franchise one. Managed by ATPM.
<b>Greenfield Developers</b>			
 Hampshire Villages	7	NSW and VIC	Privately owned portfolio of regional residential parks.
 Lifestyle Communities	10	VIC only	Developer and operator of greenfield residential parks (ASX: LIC).
 Living Gems	10	QLD only	Pulich family - developer and operator of greenfield residential parks.
 National Lifestyle Villages	12	WA and VIC	Developer and operator of greenfield residential parks. Capital injection of \$150 million by Blackstone announced November 2014.
 Palm Lake Resorts (Walter Elliott)	21	VIC, NSW and QLD	Privately owned developer and operator of greenfield residential parks.

# CONTACT INFORMATION



## **SIMON OWEN**

CEO & Managing Director

**Tel:** +61 2 8263 0501

**Mob:** +61 412 389 339

**Email:** [sowen@ingeniacommunities.com.au](mailto:sowen@ingeniacommunities.com.au)

## **DONNA BYRNE**

Group Investor Relations Manager

**Tel:** +61 2 8263 0507

**Mob:** +61 401 711 542

**Email:** [dbyrne@ingeniacomunities.com.au](mailto:dbyrne@ingeniacomunities.com.au)

## **INGENIA COMMUNITIES GROUP**

Level 5, 151 Castlereagh Street

Sydney NSW 2000

[www.ingeniacommunities.com.au](http://www.ingeniacommunities.com.au)

# DISCLAIMER

This presentation was prepared by Ingenia Communities Holdings Limited (ACN 154 444 925) and Ingenia Communities RE Limited (ACN 154 464 990) as responsible entity for Ingenia Communities Fund (ARSN 107 459 576) and Ingenia Communities Management Trust (ARSN 122 928 410) (together Ingenia Communities Group, INA or the Group). Information contained in this presentation is current as at 25 August 2015 unless otherwise stated.

This presentation is provided for information purposes only and has been prepared without taking account of any particular reader's financial situation, objectives or needs. Nothing contained in this presentation constitutes investment, legal, tax or other advice. Accordingly, readers should, before acting on any information in this presentation, consider its appropriateness, having regard to their objectives, financial situation and needs, and seek the assistance of their financial or other licensed professional adviser before making any investment decision. This presentation does not constitute an offer, invitation, solicitation or recommendation with respect to the subscription for, purchase or sale of any security, nor does it form the basis of any contract or commitment.

Except as required by law, no representation or warranty, express or implied, is made as to the fairness, accuracy or completeness of the information, opinions and conclusions, or as to the reasonableness of any assumption, contained in this presentation. By reading this presentation and to the extent permitted by law, the reader releases each entity in the Group and its affiliates, and any of their respective directors, officers, employees, representatives or advisers from any liability (including, without limitation, in respect of direct, indirect or consequential loss or damage or loss or damage arising by negligence) arising in relation to any reader relying on anything contained in or omitted from this presentation.

The forward looking statements included in this presentation involve subjective judgment and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to, the Group. In particular, they speak only as of the date of these materials, they assume the success of the Group's business strategies, and they are subject to significant regulatory, business, competitive and economic uncertainties and risks. Actual future events may vary materially from forward looking statements and the assumptions on which those statements are based. Given these uncertainties, readers are cautioned not to place undue reliance on such forward looking statements.

The Group, or persons associated with it, may have an interest in the securities mentioned in this presentation, and may earn fees as a result of transactions described in this presentation or transactions in securities in INA.

This document is not an offer to sell or a solicitation of an offer to subscribe or purchase or a recommendation of any securities.