

## ASX / Media Release

23 October 2015

### Ingenia provides manufactured home sales and acquisitions update

- Year to date new sales of 49 homes (and 28 settlements) achieved at 21 October, on track to meet target of 120 sales for FY16
- Unconditional acquisition of expansion land at Bethania to add further ~110 development sites from the Group's established community at Bethania, Brisbane

Ingenia Communities Group (ASX: INA) today provided an update on sales momentum across the Group's Lifestyle Parks portfolio, with the announcement that the Group was on track to achieve targeted sales of 120 for the 2016 financial year, having delivered 49 new home sales and 28 settlements across the Group's lifestyle parks to 21 October 2015. This shows significant growth on the prior year (3 settlements year to date to 31 October 2014).

The Group also announced that, following the completion of due diligence, Ingenia has entered into an unconditional contract to acquire a 7.1 hectare parcel of land at Bethania in Brisbane, to be settled in April 2016.

The land, at 33 Radke Road, is adjacent to Ingenia's existing partially developed community at Bethania, and has been purchased for \$3.3 million. Ingenia plans to deliver a further 110 plus homes on the land (subject to approvals). This will further extend the Group's established Bethania community (of 54 completed homes and 76 approved home sites). With the ability to leverage already established facilities at Bethania and to maximise the site yield at both communities through consolidation, the land provides attractive development returns. On completion of the current development at Bethania and the development of this land parcel, Ingenia's Bethania community is expected to comprise approximately 240 homes with quality community facilities approximately 40 kilometres from the Brisbane CBD.



Further information on the Group's recent acquisitions and sales is contained in the attached presentation, to be given at the Morgan's Investor Conference on the Gold Coast on 23 October.

**ENDS**

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Ingenia Communities Holdings Limited (ACN 154 444 925), Ingenia Communities Fund (ASRN 107 459 576) and Ingenia Communities Management Trust (ARSN 122 928 410). The Responsible Entity for each scheme is Ingenia Communities RE Limited (ACN 154 464 990) (AFSL415862).

# INGENIA COMMUNITIES GROUP

## Morgan's Investor Conference

23 October 2015



Lakeside Lara, Lara, VIC

# OUR BUSINESS



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



# INGENIA COMMUNITIES GROUP

## Overview

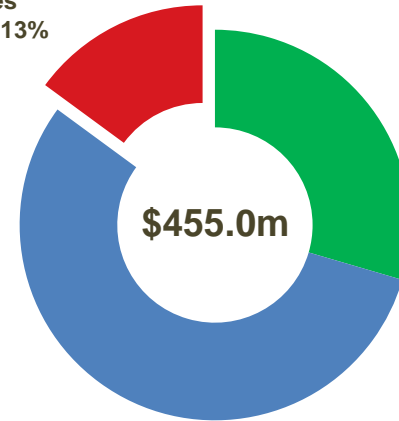


- ▶ ASX Code: INA
- ▶ Market Cap: \$380m
- ▶ Leading provider of rental based independent living for Australian seniors
- ▶ Established in 2004 – internalised as Ingenia in 2012
- ▶ Industry growth fuelled by ageing population, national shortage of affordable housing and opportunity to monetise equity in family home
- ▶ Over 2,700 residents paying fortnightly rent complemented by capital light low risk development and co-located tourism
- ▶ Attractive organic growth opportunity supported by roll-up of fragmented industry sector

### Diversified earnings base of 63 assets

Retirement Villages (DMF) 13%

**Proforma asset value (post announced acquisitions)**



Seniors Rental Villages 28%

Lifestyle Parks 59%

\$455.0m

### Industry Experienced Board of Directors

Jim Hazel – Chairman

Amanda Heyworth – Non-Executive Director

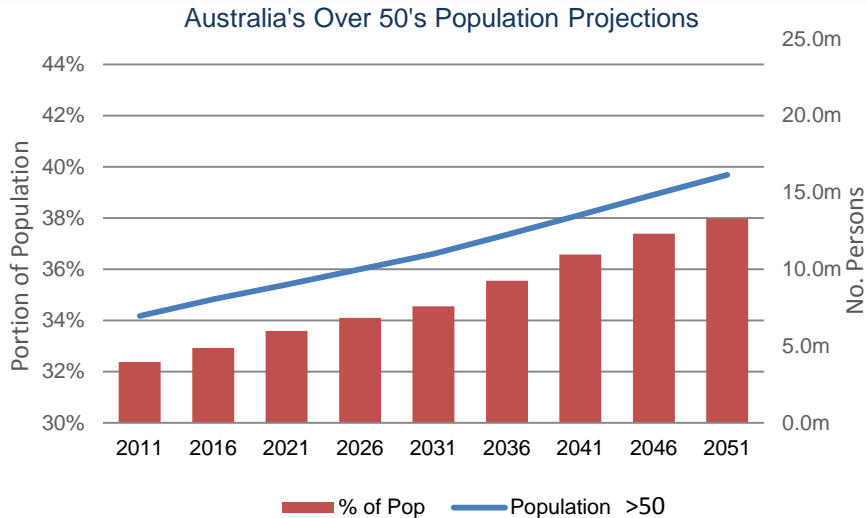
Philip Clark AM – Non-Executive Director

Robert Morrison – Non-Executive Director

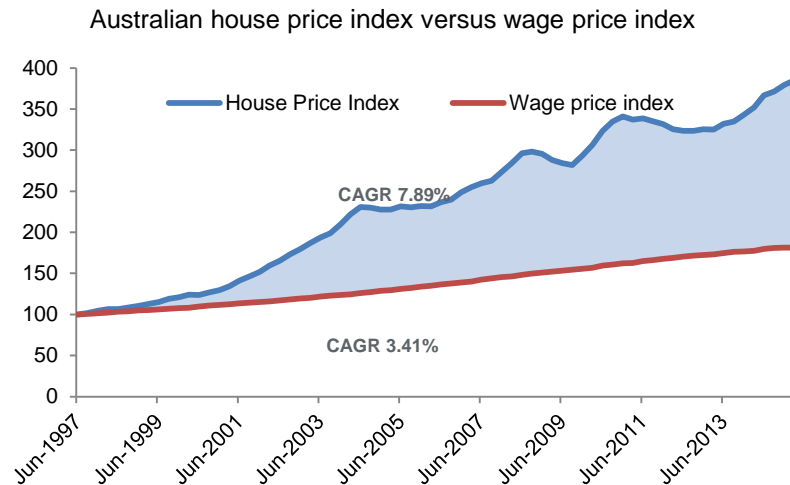
Norah Barlow ONZM – Non-Executive Director

Simon Owen – Managing Director and CEO

# CONVERGENCE OF AGEING POPULATION AND HOUSING AFFORDABILITY CRISIS



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



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

## Australia's population is rapidly ageing

- 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 THIS CONVERGENCE

## MARKET DRIVERS

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>
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>
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>
4. There is a supportive Government funding framework for rent based seniors accommodation

## OPPORTUNITY



## INGENIA

Industry experienced Board and Management team combined with significant sector roll-up opportunity

Scalable operating platform delivering returns from long and short-term rental assets

Business dominated by stable rental cashflows underpinned by government payments

Significant organic growth and development pipeline in place supplemented by substantial deal flow

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.

# PORTFOLIO OVERVIEW



**Conjola Lakeside, Lake Conjola, NSW**



# GROWING PORTFOLIO OF SENIORS RENTAL COMMUNITIES

Ingenia has **63** Australian communities and growing



Portfolio now **\$455 million**

Note: Includes Parks owned at June 2015, plus Bethania (acquired July 2015), Conjola Lakeside (acquired September 2015), Soldiers Point (to settle October 2015) and Lakeside Lara (to settle October 2015). Development sites include some conversion of existing sites.



## 24 LIFESTYLE PARKS

- 1,620 permanent sites
- 593 annual sites
- 1,300 short term sites
- 1,637 development sites

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



## 31 RENTAL VILLAGES

- 1,629 units
- Across Australia*

## SETTLERS

### 8 DMF VILLAGES

- 838 units
- 100+ development sites
- Non core

# GARDEN VILLAGES

31 seniors rental villages



- ▶ Ingenia is the largest owner/operator of seniors rental accommodation in Australia
- ▶ Over 1,600 units across Australia
- ▶ Affordable rental accommodation with modest facilities coupled with services and activities

**Significant organic growth opportunities**



Taree Gardens, Taree, NSW

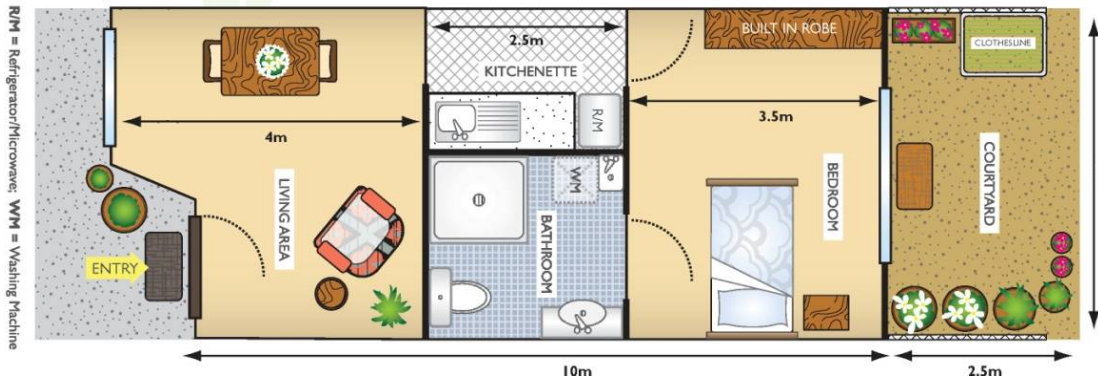
# GARDEN VILLAGES (SENIORS RENTAL)

Organic growth opportunity



- ▶ Existing portfolio of 31 villages (book value: \$125.7 million) is core
- ▶ Generates over \$24 million in rental income annually from stable, recurring cash flows underpinned by Government payments (pension and rent assistance)
- ▶ Strong demand for affordable accommodation – no new supply
- ▶ Portfolio value increasing – operating performance and growing market recognition
- ▶ Ingenia portfolio valued at 10.2% cap rate and \$77k per unit. Victorian rental village recently transacted at ~9.2% cap rate and \$138k per unit.

Typical Single unit



Brooklyn Gardens, Brookfield VIC

# ACTIVE LIFESTYLE ESTATES (LIFESTYLE PARKS)



Ingenia  
COMMUNITIES

Ingenia's growth focus

- ▶ High yielding assets with low risk, capital light development
- ▶ Fragmented ownership offering considerable consolidation opportunities
- ▶ Delivers quality seniors housing significantly more affordable than other models



**Conjola Lakeside  
South Coast, NSW**

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

# INGENIA'S ACTIVE LIFESTYLE ESTATES PORTFOLIO



Mixed use assets maximise performance

## Permanent Residents Portfolio Core

- Stable rents with CPI + growth
- Government supported income streams
- Repositioning through recycling of older style product
- Expansion through acquisition and development

## Tourism

complementary  
strong cash flow  
business

- Diversifies and increases cash flow
- Mix of location | product reduces volatility
- Seasonal, not cyclical
- Cross-selling opportunities + resident benefits
- Preserves long-term land optionality
- Significant leverage to ageing of population and growth in caravan registrations

## Development

high margin  
capital recycling

- Capital light low risk development
- Drives repositioning and transition to highest and best use
- Maximises return on low-yielding sites
- Evolves assets to represent 'brand vision'
- Grows rent roll
- Recycles capital to fund further acquisitions

# ACQUISITION UPDATE

## Expansion land at Bethania, QLD



7.1 hectare site  
acquired for  
\$3.3 million

Secures further expansion of Bethania, recently acquired partially developed MHE community

# CASE STUDY: LAKESIDE LARA

## Acquisition overview

### Lakeside Lara – to settle 26 October 2015

- ▶ Pure manufactured home community located 60km South West of Melbourne
- ▶ First Lifestyle Park acquisition in Victoria - situated within an established Cluster
- ▶ ‘Build ready’ partially developed community comprising 56 occupied homes, 13 completed stock units and 164 development sites with all approvals in place
- ▶ Acquired for \$16.3 million



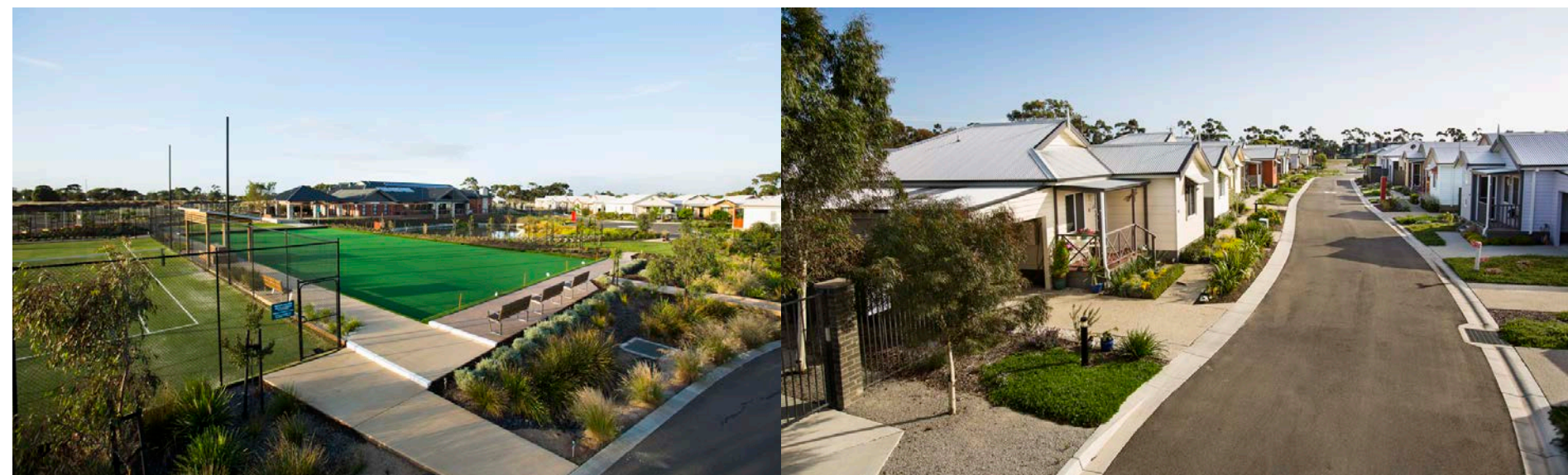
# CASE STUDY: LAKESIDE LARA

Delivering value: growth in rental returns



**On completion of the development Lakeside Lara will comprise 233 homes, generating stable rental cashflows**

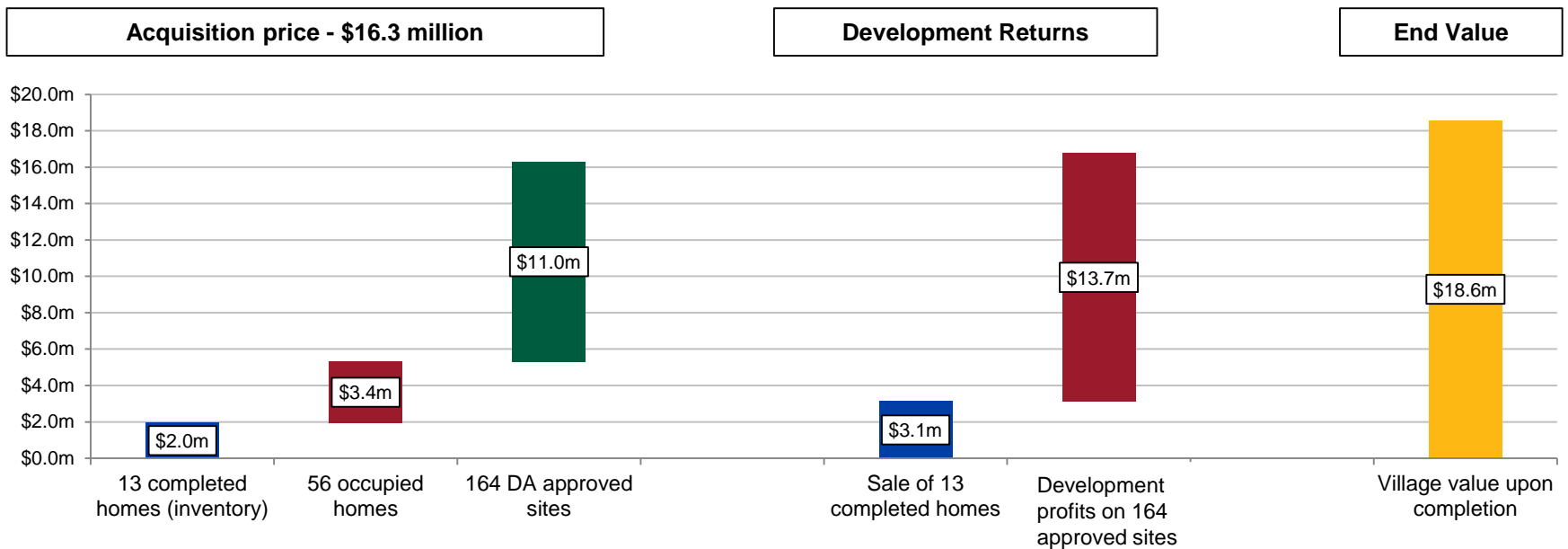
- ▶ Current average rent of \$140 per week from 56 sold and occupied homes
- ▶ With new \$3.5 million clubhouse now complete, rent for new homes is from \$155 per week
- ▶ On completion of the development forecast rent roll is expected to be circa \$2.1 million per annum, plus a DMF component of up to 15%
- ▶ Value on completion anticipated to significantly exceed Ingenia's acquisition cost (circa \$18.6 million based on 8.5% capitalisation rate)





# CASE STUDY: LAKESIDE LARA

## Acquisition analysis



Note: End value assumes completion of development and a capitalisation rate of 8.5% (no cap rate compression assumed)

# CASE STUDY: BIG4 SOLDIERS POINT

Generating returns from mixed use assets

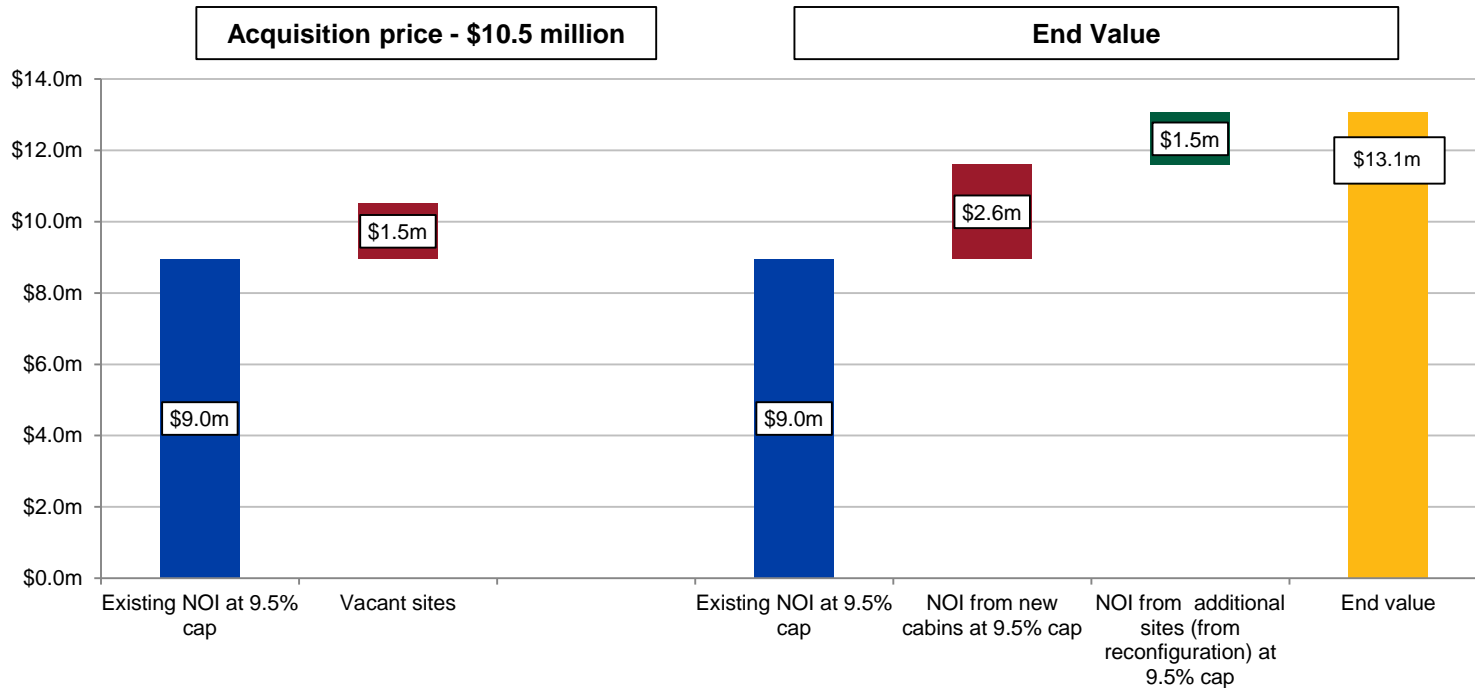
## BIG4 Soldiers Point – to be settled October 2015

- ▶ Mixed use community comprising tourism and permanent home sites
- ▶ Located in a prime tourism location within well established Hunter/Newcastle Cluster
- ▶ Licensed for 136 sites with (23 permanent, 113 tourism) 113 currently utilised
- ▶ Acquired for \$10.5 million - initial yield of over 8% with quick pathway to stabilised yield of at least 9.5% via nine vacant approved sites



# CASE STUDY: BIG4 SOLDIERS POINT

## Acquisition analysis



Note: The end value assumes completion of development sites and a capitalisation rate of 9.5% (no cap rate compression assumed)

# 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

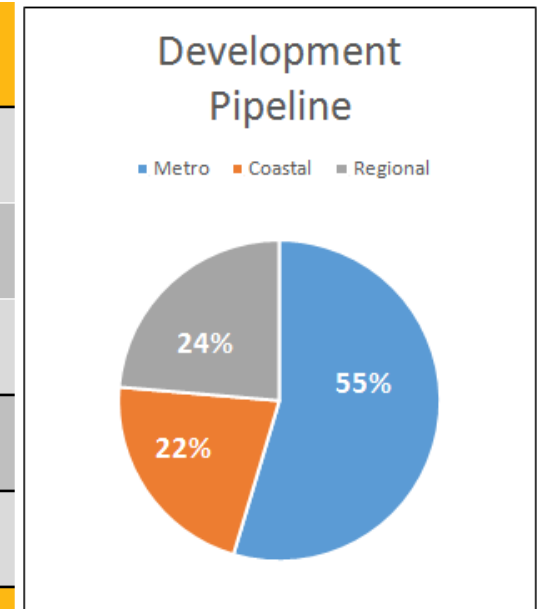
# DEVELOPMENT AND SALES UPDATE

Development pipeline now 1,637 potential sites



- ▶ Growing development pipeline in key coastal and metro locations
- ▶ New projects secured in Queensland and Victoria

STATE	CLASSIFICATION	APPROVED	DA LODGED	FUTURE	TOTAL POTENTIAL DEV. SITES
NSW	METRO	112	0	142	254
	COASTAL	184	0	172	356
	REGIONAL	291	72	24	387
QLD	METRO	97	256	110	463
VIC	METRO	177	0	0	177
		861	328	448	1,637



- ▶ Development pipeline with a forecast end sales value exceeding \$440 million and attractive embedded margins

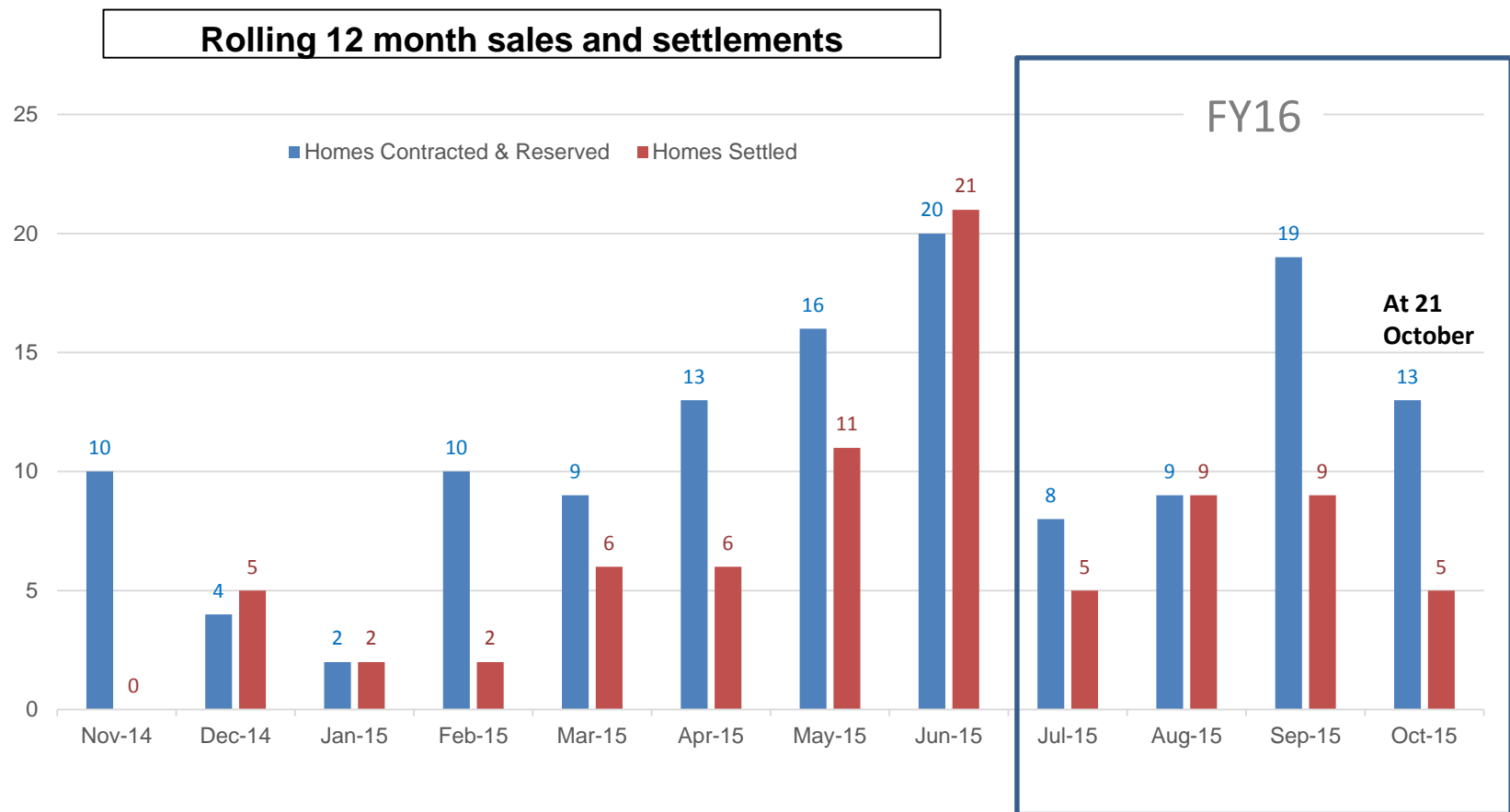
# DEVELOPMENT AND SALES UPDATE

On track to deliver 120 sales FY16



## Targeting 120 sales FY16

▶ Achieved 49 sales (and 28 settlements) to 21 October 2015



# 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

# CONTACT INFORMATION



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