



# Goldman Sachs Small and Mid-Cap Conference

12 May 2016







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



# A GROWING PORTFOLIO OF SENIORS RENTAL COMMUNITIES

Ingenia has

**65** Australian communities and growing

Portfolio now

**\$480** million



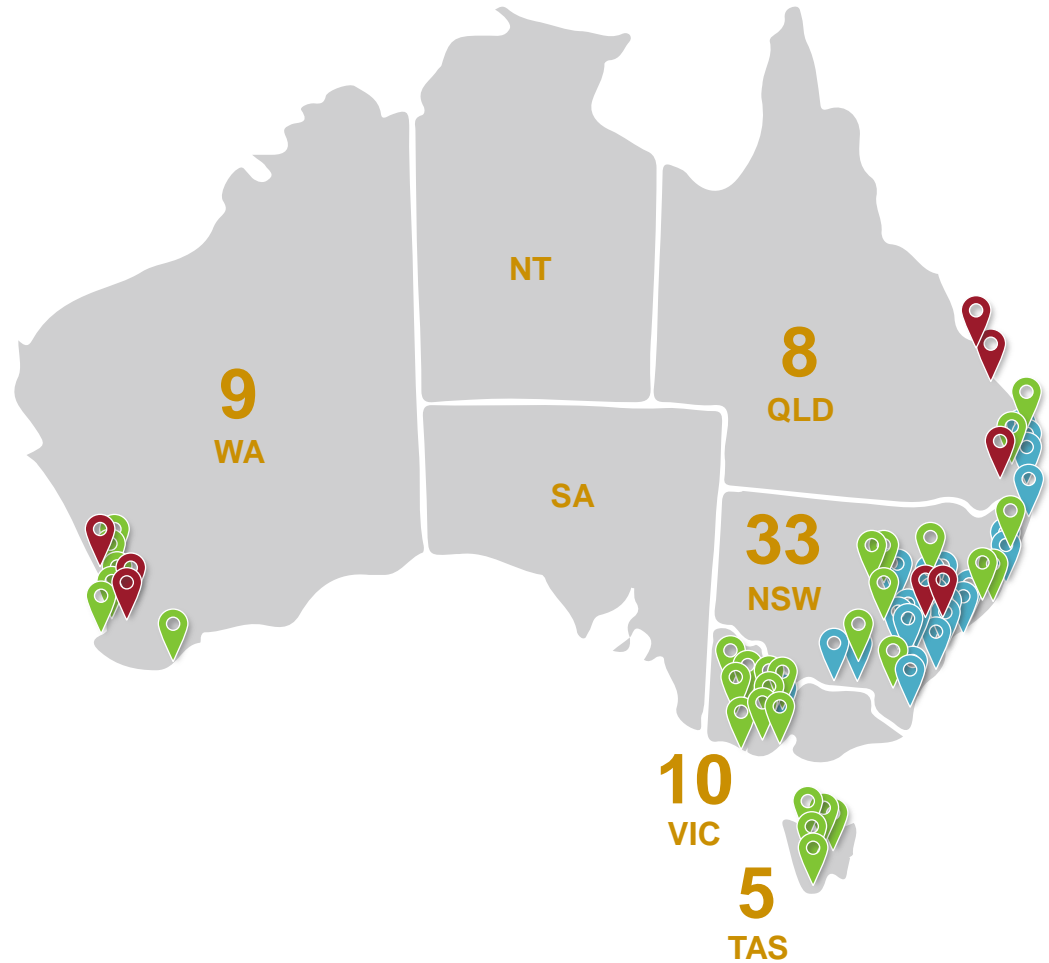
**26** LIFESTYLE PARKS



**31** RENTAL VILLAGES

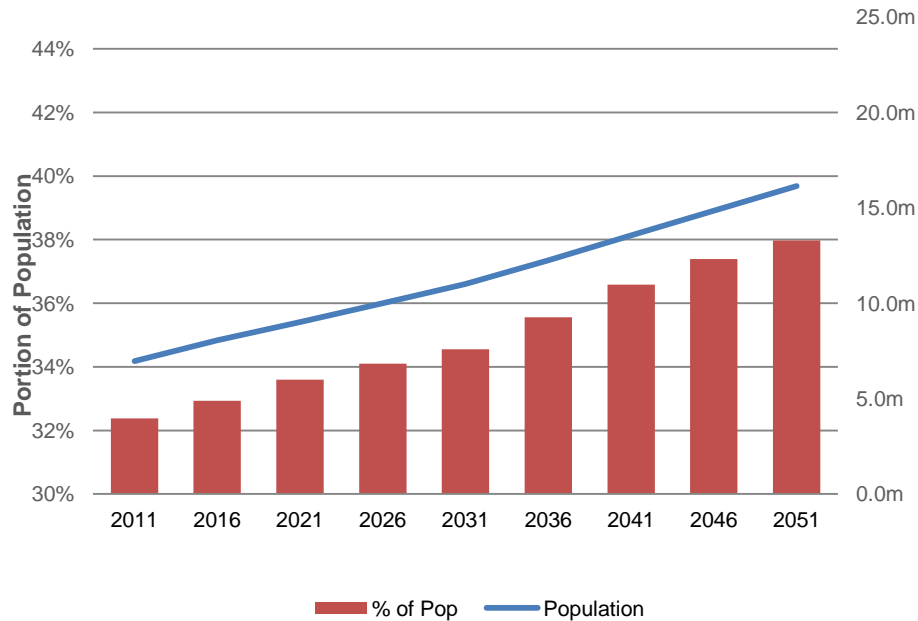
SETTLERS

**8** DMF VILLAGES



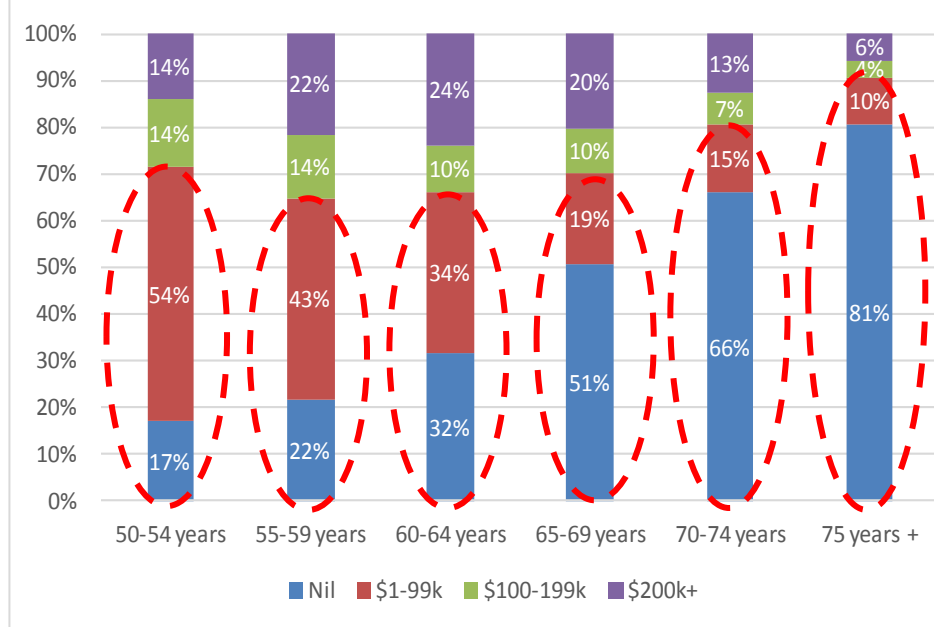
# RAPIDLY AGEING POPULATION RELIANT ON PENSION

Australia's Over 50's Population Projections



Source: ABS.

Superannuation account balances (by age group)



Source: ASFA Research and Resource Centre.

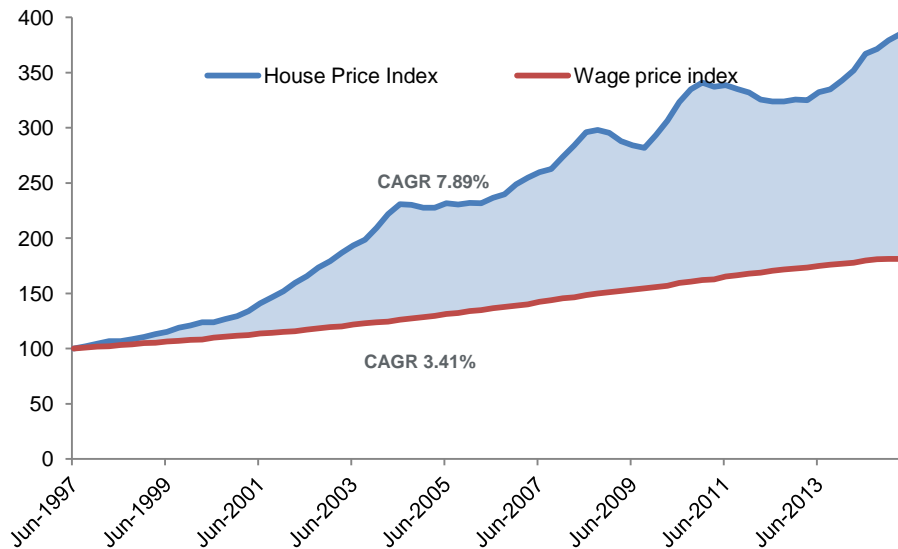
## Australia's population is rapidly ageing

- The 2011 Census indicated 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

> **The maximum pension is \$437 per week which is insufficient to fund a comfortable retirement**

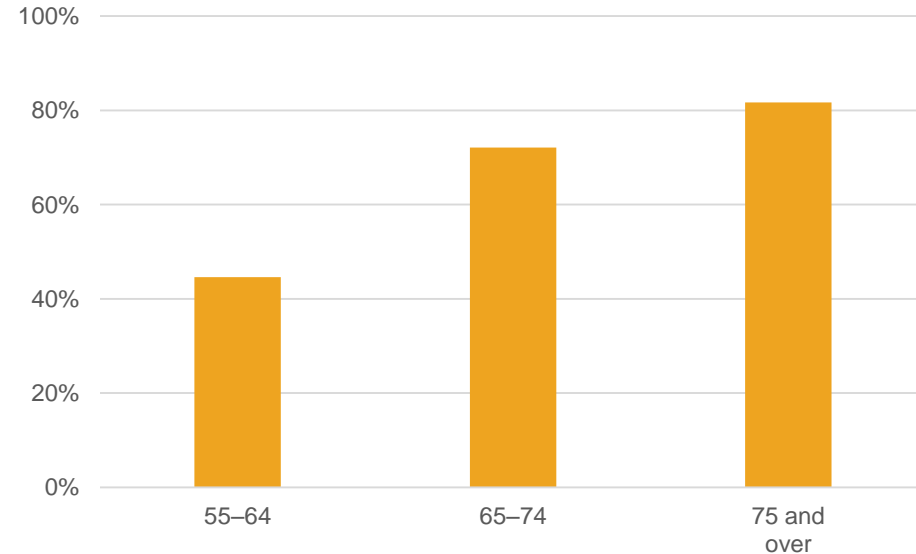
# CONVERGENCE OF AGEING POPULATION AND HOUSING AFFORDABILITY CRISIS CREATES OPPORTUNITY

Australian house price index versus wage price index



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

Property ownership without a mortgage (by age group)



Source: ABS.

## As house prices rise, affordability is decreasing

- The rate of wage (and pension) growth has been far outstripped by growth in house prices
- For many retirees home ownership is a significant source of wealth accumulation

> **Releasing equity to fund a comfortable retirement while retaining access to the pension and receiving rent assistance is attractive to many seniors**



# PORTFOLIO OVERVIEW





# GARDEN VILLAGES (SENIORS RENTAL)

31 seniors rental villages (Book value: \$130.3 million)



- > Ingenia is the largest owner/operator of seniors rental accommodation in Australia
  - > Over 1,600 units
  - > Affordable rental accommodation with modest facilities coupled with services and activities
- > Generates \$0.5 million per week (funded by government payments)
- > Strong demand – no new supply
- > Portfolio value increasing – operating performance and growing market recognition

**Significant organic growth opportunities**



Taree Gardens, Taree, NSW

# ACTIVE LIFESTYLE ESTATES (LIFESTYLE PARKS)

Ingenia's growth focus



- > High yielding assets with low risk, capital light development
- > Finite pool of valuable land zoned for lifestyle and tourist parks in tightly held markets
- > Fragmented ownership offering considerable consolidation opportunities
- > Deliver quality seniors housing significantly more affordable than other models



- > One Mile Beach Holiday Village near Newcastle
- > Acquired for \$11m in December 2013 on an incoming yield of 10.6%





# LIFESTYLE PARKS

## The evolution



- > Caravan parks established in the 1950's to accommodate families and couples on holidays



- > Caravan parks began to offer increasing mix of temporary caravan sites and permanent manufactured home sites
- > Became a popular low cost permanent accommodation option for a growing segment of seniors
- > Quality and size of mobile homes continued to improve



- > Today, parks primarily built for permanent manufactured home sites
- > Affordable yet better quality manufactured homes with features consistent with master built homes (e.g. with marble bench tops, tiled floors etc.)

- > Resident owns the above ground structure
- > Ingenia owns the freehold land
- > Resident enters into a ground lease with Ingenia (typically rolling three years)
- > Resident pays a weekly ground lease rent to Ingenia to reside on the home site
- > Upon departure, resident can on-sell the home to an incoming resident or remove their home from site
- > Ingenia may act as sales agent and collect commission
- > Resident must continue paying the ground lease fee until the home is sold or removed from site

House (above ground)  
purchased by resident from  
Ingenia or previous resident



Ingenia retains land  
ownership and collects  
ground lease rent



# ACTIVE LIFESTYLE ESTATES

Quality homes



# RAPID GROWTH IN LIFESTYLE PARKS

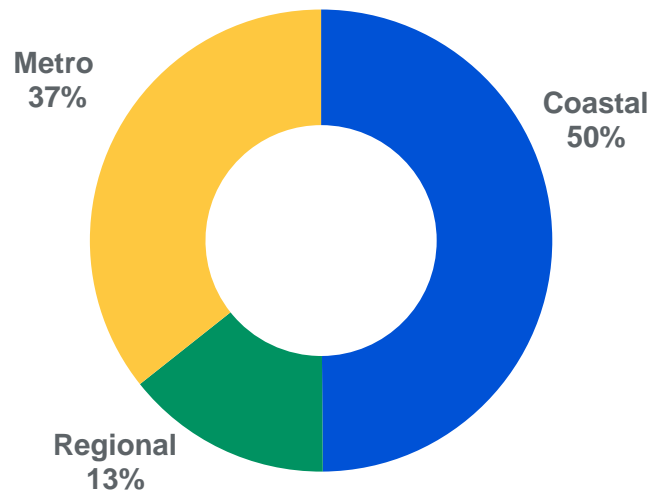
- > Ingenia has rapidly built a significant lifestyle parks business with a focus on key metropolitan and coastal locations
- > From an initial investment in 2013, Ingenia has built a \$285 million portfolio



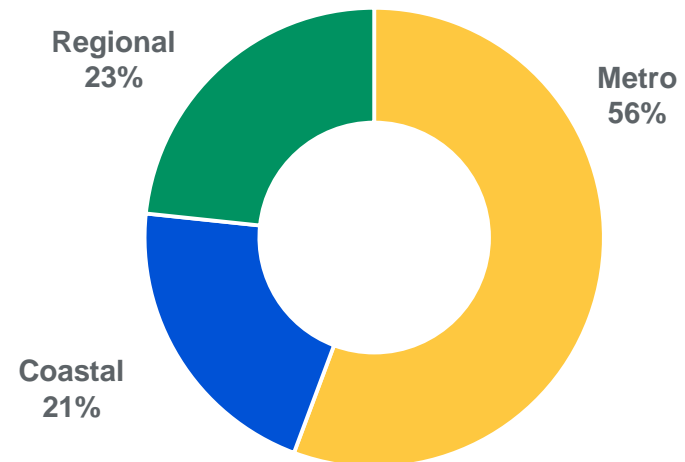
26 LIFESTYLE PARKS

3,700 INCOME PRODUCING SITES  
1,600 DEVELOPMENT SITES

Portfolio location  
(by value)



Development Pipeline  
(number of sites)






# ACTIVE LIFESTYLE ESTATES

Highest and best use drives mix

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



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

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



# TOURISM AND SHORT-TERM ACCOMMODATION

## Complementary business with significant upside

- 1 Tourism and short term accommodation provides attractive cashflows, underpinned by strong repeat visitations, and increasing rental and annual residents
- 2 Annuals represent families or seniors who have purchased their holiday home and pay an annual site rental – huge growth market and similar characteristics to permanent residents
- 3 Tourism and short term accommodation preserves long-term development optionality for key coastal and metro parks
- 4 Tourism parks are often first touch point with prospective permanent residents and their families and provide strong cross selling opportunities
- 5 No clear market leader





# RECENT ACQUISITIONS



Waterfront Cabins at Conjola Lakeside, NSW South Coast



# CONJOLA LAKESIDE

South Coast, NSW

Acquired Sept 2015 for \$24 million

Established 21 hectare coastal site with significant development potential

Potential for 210 additional sites (75 approved)

Cost per site

Income producing sites ~\$54,000

Additional potential sites ~\$17,000



Land approved  
for 75 sites

Licensed club

Golf course

Vacant cabin  
sites

Boat storage



# RECENT ACQUISITIONS



**Acquired July 2015 for \$8.15 million**

Pure manufactured home community (Bris. metro)

Build ready partially developed community with facilities in place and 86 approved sites

Adjacent land acquired April 2016 – 115 sites (STA)

Cost per site

Income producing sites	~\$65,000
DA approved sites	~\$54,000
Adjacent land	~\$29,000

**Bethania, Logan, QLD**









## Underlying business performing well

- > Strong performance from tourism business
- > Stable occupancy and increased rents across Garden Villages

## Further growth of lifestyle parks portfolio

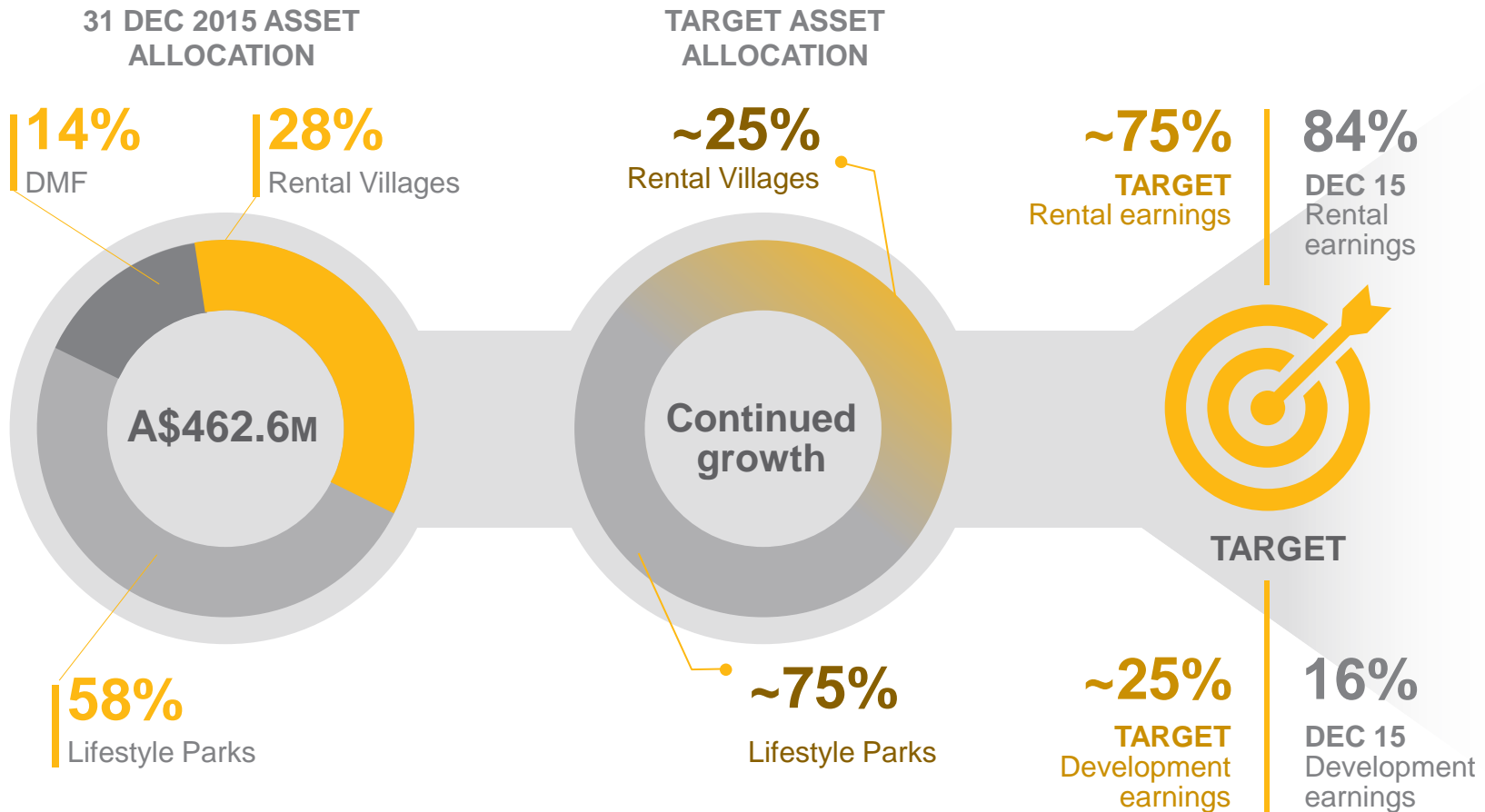
- > Seven acquisitions year to date with 620 permanent home sites
- > Additional 7.1 hectares of land acquired adjacent to Bethania (ability to develop 100+ sites, subject to approvals)
- > DAs lodged for additional 150 new homes
- > Total of 94 sales (with 85 settlements) year to date (at 22 April 2016)

## Changes to banking arrangements provide additional flexibility to support growth

- > Funding facility increased to \$225 million with no impact on pricing
- > Simplified facility covenants

# INCREASING FOCUS ON STABLE, CASH YIELDING ASSETS

Supplemented by growth in development returns



Note: Rental and development earnings represent EBIT.



- ▶ **Optimise performance of existing assets**
- ▶ **Complete DMF divestment to recycle capital into additional lifestyle parks**
- ▶ **Continue sales growth as new projects launch to achieve target of 120 sales for FY16**
- ▶ **Secure future growth in lifestyle parks business through acquisition and development of established and greenfield assets in attractive locations**
- ▶ **Targeting future growth in distributions**







# CONTACT INFORMATION



**SIMON OWEN**

CEO & Managing Director

Tel: +61 2 8263 0501

Mob: +61 412 389 339

[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

[dbyrne@ingeniacommunities.com.au](mailto:dbyrne@ingeniacommunities.com.au)

**INGENIA COMMUNITIES GROUP**

Level 9, 115 Pitt Street

Sydney NSW 2000

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

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