Ingenia

Presented by Simon Owen
20 September 2016


## INGENIA COMMUNITIES GROUP

# ASX CEO SESSIONS


We create Community

# Business Overview

## *Creating Australia's best lifestyle communities*

Over **5,000** Residents

**4,000**
Occupied permanent homes

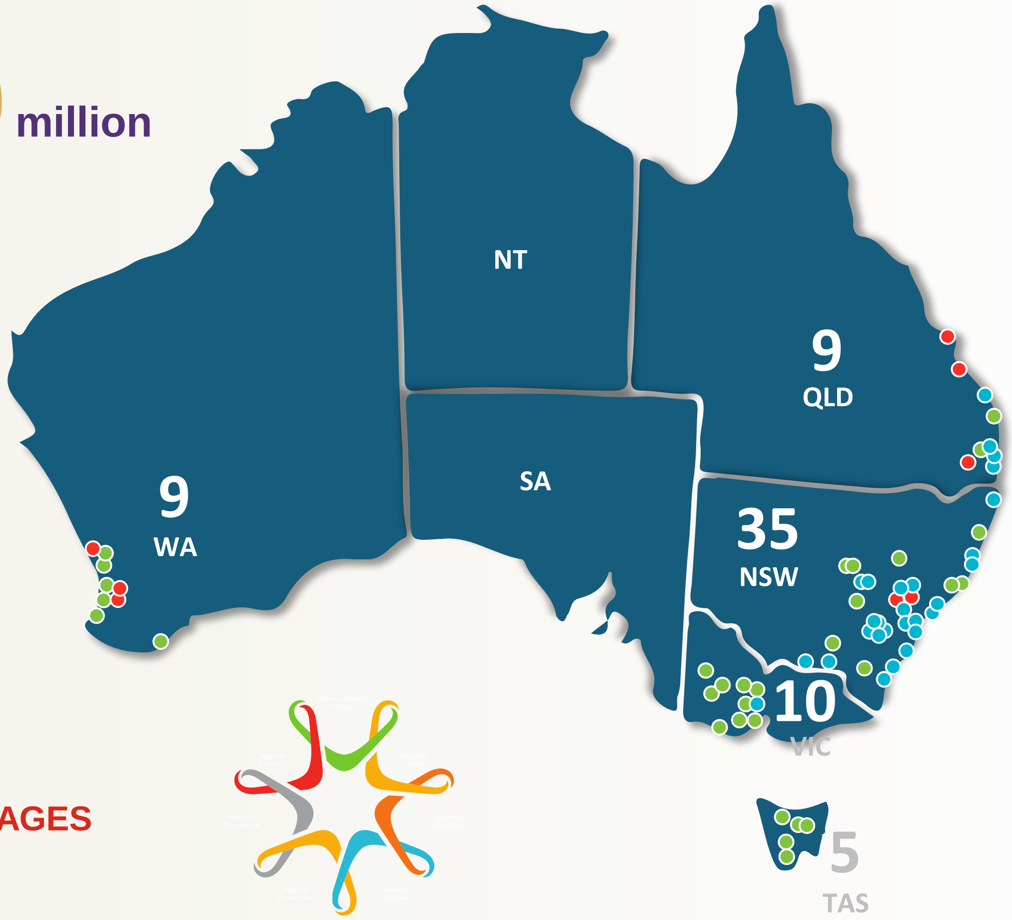
Annual revenue **>$100 million**

Stable rent base - **$1 million/pw**

Over **2,100** new home sites secured

Portfolio now
**$550** million

Ingenia has
**68** Australian Communities & growing



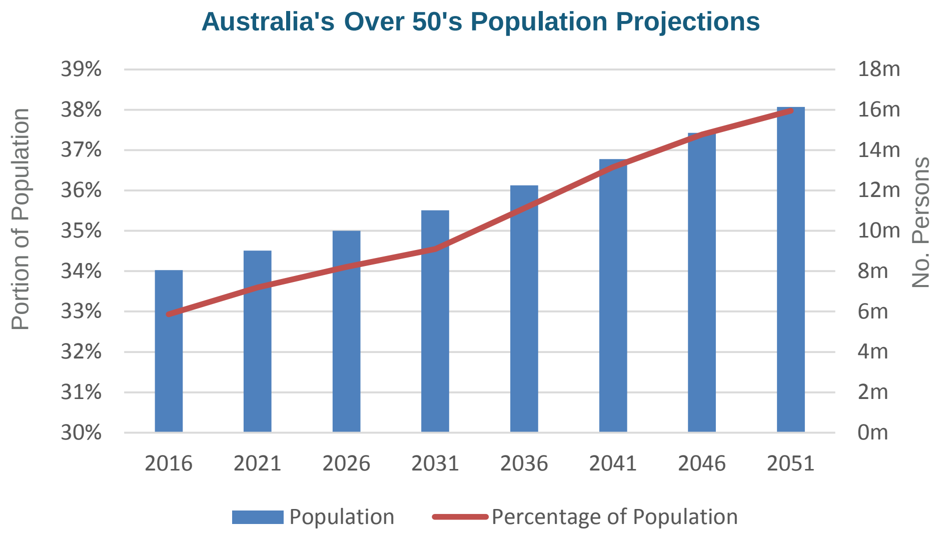

**29 LIFESTYLE & HOLIDAY PARKS** **31 RENTAL VILLAGES** **8 DMF VILLAGES**

# Strategy

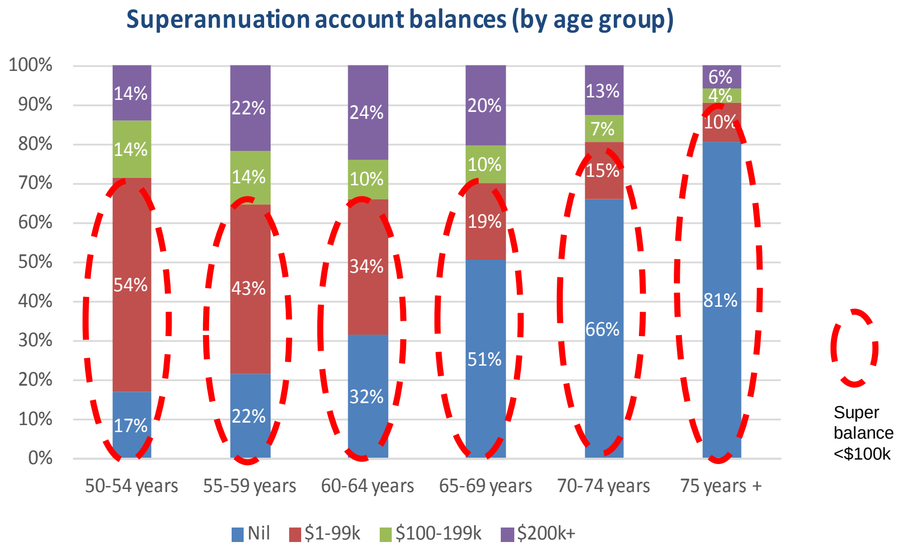

Ingenia Holidays Broulee, NSW

# Strategy Underpinned by Significant Opportunity

## Rapidly ageing population with limited assets outside of family home




Source: ABS.

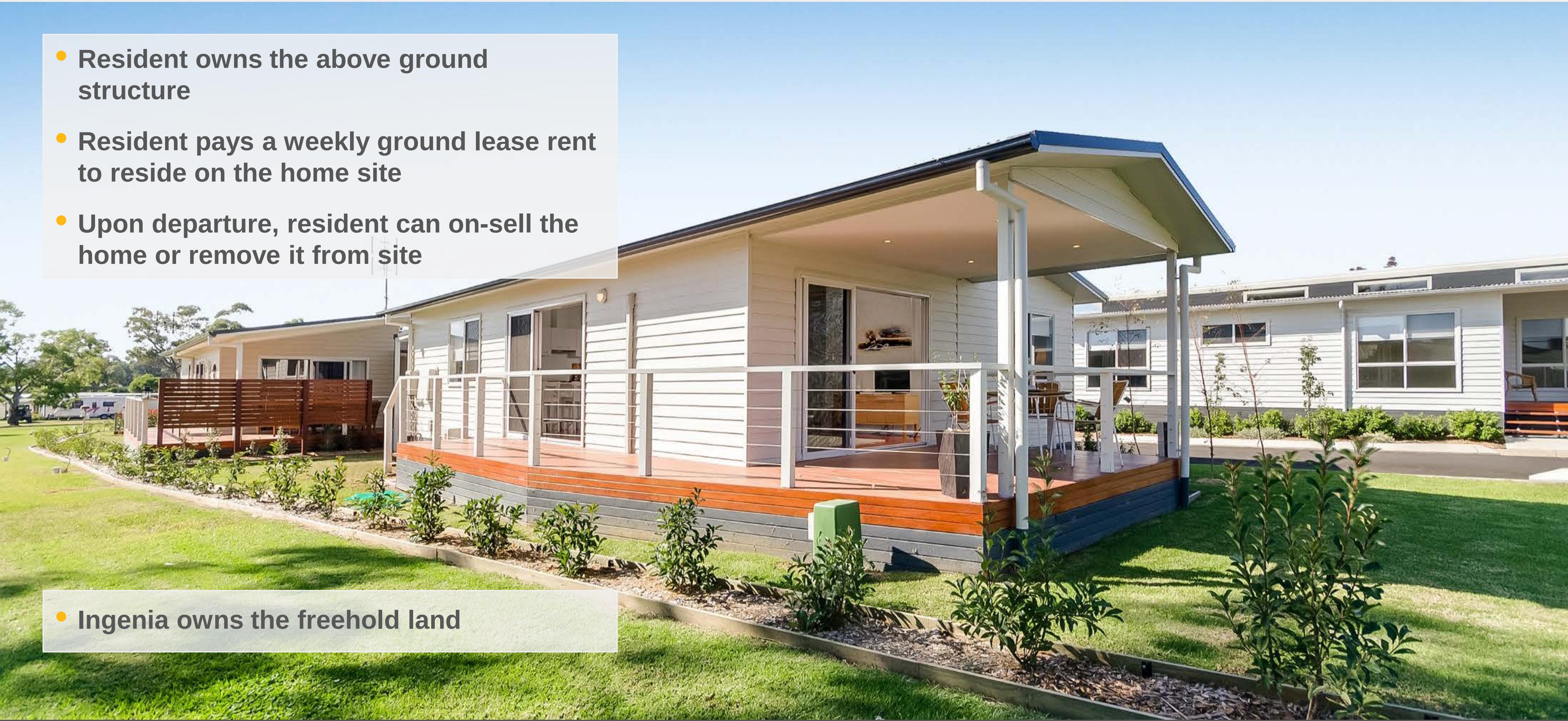



Source: ASFA Research and Resource Centre.

- The 2011 Census indicated that 77% of single people over 65 rely on Commonwealth pension as their primary source of income
- The maximum pension is $437 per week which is insufficient to fund a comfortable retirement
- Australia's growing pool of retirees is living longer – for people aged 65–69 some 70% have <$100k in accumulated superannuation
- For many retirees, the sole source of accumulated wealth is ownership of the family home – releasing equity whilst retaining Government payments is increasingly attractive

# Business Model: Land Lease Rental

- Resident owns the above ground structure
- Resident pays a weekly ground lease rent to reside on the home site
- Upon departure, resident can on-sell the home or remove it from site

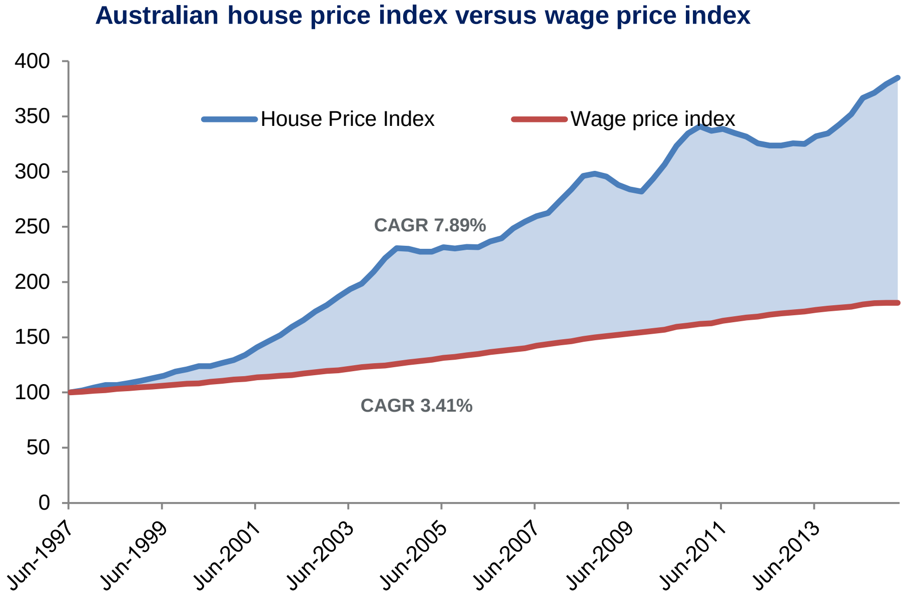


- Ingenia owns the freehold land

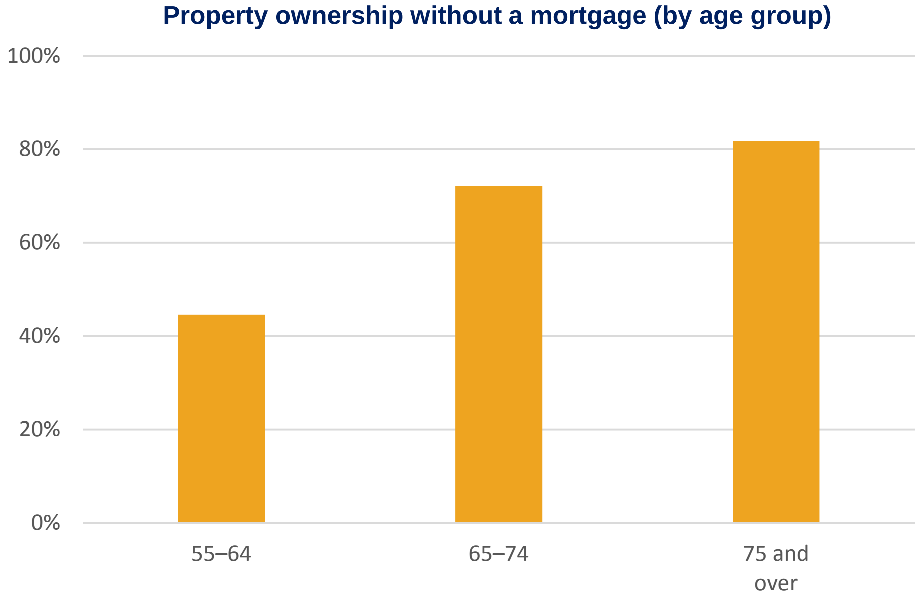
# Why Land Lease Communities?

Ingenia Lifestyle Lara, VIC

# Convergence of Ageing Population and Housing Affordability Crisis Creates Opportunity




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




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 the sole 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**

# Low Penetration in Australia

## Model well established in US

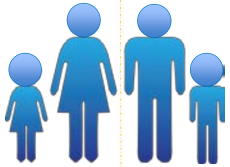
### UNITED STATES

**Over 60,000 lifestyle and holiday communities**

**>6% of population live in a lifestyle community**

- Resident population a mix of individuals, families and retirees
- Homes commonly purchased on credit

**Lifestyle communities have significant scale and recognition**



### AUSTRALIA

**~2,500 lifestyle and holiday communities**

**<1% of population live in a lifestyle community**

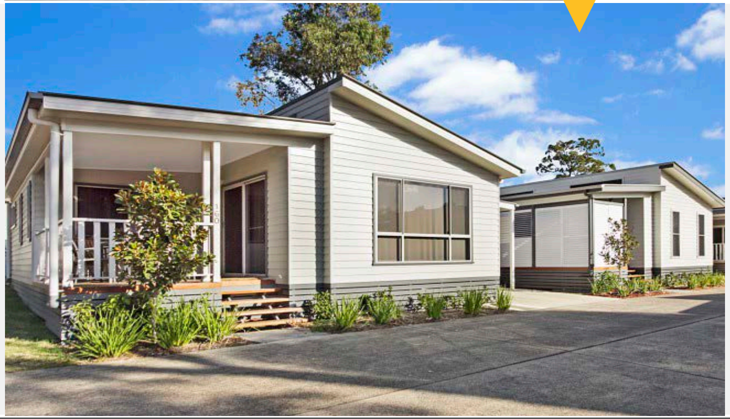
- Resident population predominantly retirees
- Cash buyers only – no credit available

**Lifestyle communities a small portion of housing stock and (presently) have low penetration**

# Lifestyle and Holiday Communities: The Evolution

- 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



- Today, lifestyle communities primarily built for permanent manufactured home sites
- Affordable yet better quality manufactured homes

# Efficient Development Process

**Flexible home designs**


# Quality Homes with Flexible Floor Plans

ACTIVE LIFESTYLE ESTATES
Chain Valley Bay

## RESIDENCE 12
2 bedrooms + study – 2 bathrooms


### RESIDENCE 12 FEATURES
- Enjoy a new home with modern finishes
- Open plan living
- Modern entertainer's kitchen
- European laundry
- 2 bedrooms + study
- 2 bathrooms
- Single carport
- Entertainment deck
- Walk-in-robe to master bedroom
- Air conditioning to living and dining areas
- Ceiling fans to bedrooms and living areas
- Connection to services


| | |
|---|---|
| INTERNAL LIVING AREA | 83m² |
| EXTERNAL LIVING AREA | 28m² |
| CARPORT | 18m² |
| TOTAL | 129m² |

The information is provided solely as general information and the final product may differ from what is displayed. The fixtures, fittings and finishes displayed may include non-standard inclusions which may become unavailable and are subject to change, therefore the display may differ from the final product.

**ACTIVE LIFESTYLE ESTATES CHAIN VALLEY BAY** 132 Findlay Avenue, Chain Valley Bay NSW 2259
**Tel** 02 4970 5769 | **Email** sales@activelifestyleestates.com.au | **www.liveinchainvalleybay.com.au**

PROUDLY OWNED BY **INGENIA COMMUNITIES GROUP**

ACTIVE LIFESTYLE ESTATES
Chambers Pines

## TYPE 1A
2 bedrooms – 1.5 bathrooms


### TYPE 1A FEATURES
- Enjoy a brand new home with modern finishes
- Open plan living space
- Modern entertainer's kitchen
- Separate laundry
- 2 bedrooms
- 1 bathroom
- Single carport with roller door and remote control*
- Covered entertainment deck
- Built-in-robes in all bedrooms
- Air conditioning to living areas
- Ceiling fans to bedrooms and living areas
- Seperate toilet


| | |
|---|---|
| INTERNAL LIVING AREA | 74.80m² |
| EXTERNAL LIVING AREA | 14.05m² |
| CARPORT | 21.00m² |
| TOTAL | 109.85m² |

* Site 14 has an open carport, no roller door or remote.

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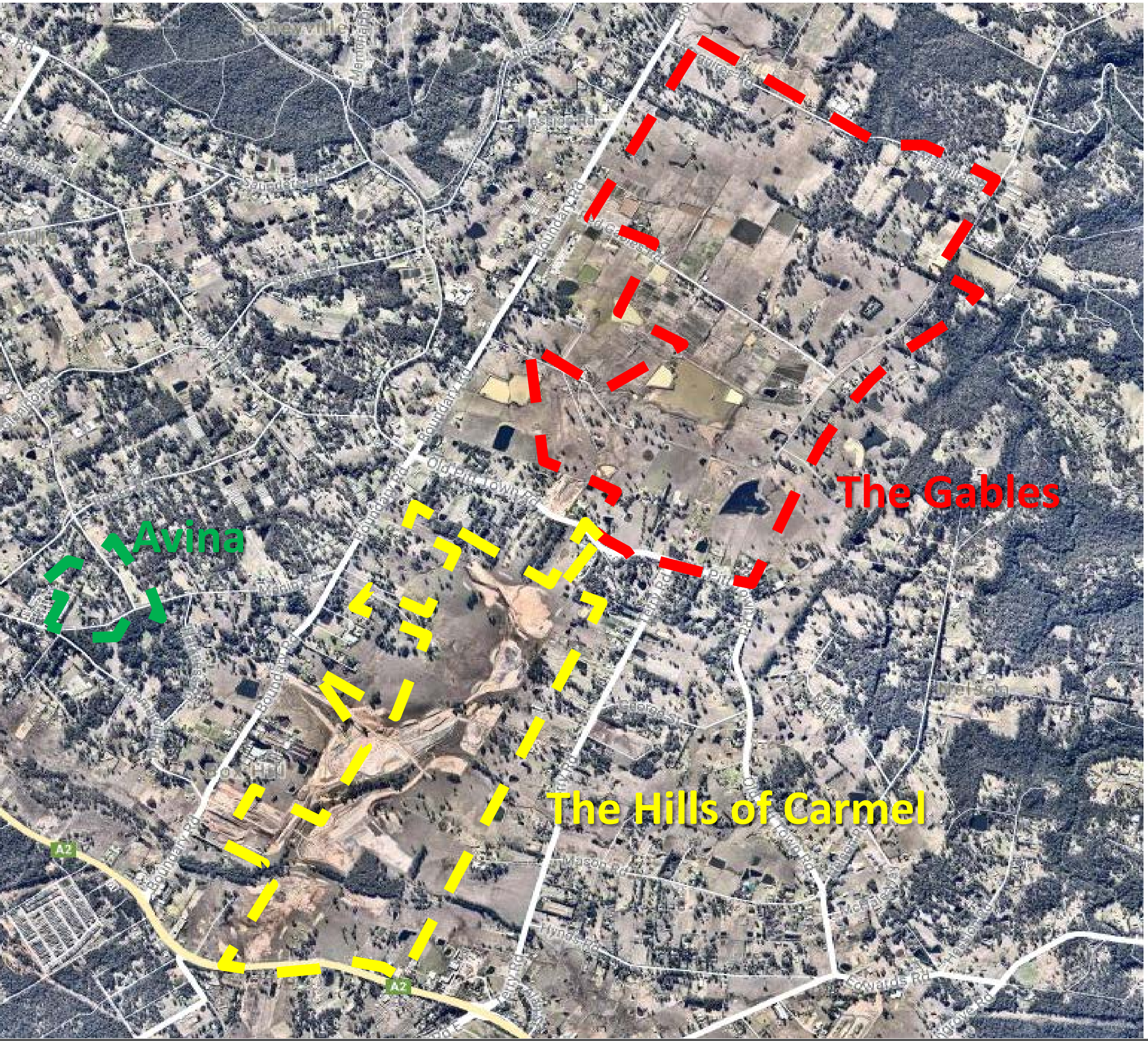
**ACTIVE LIFESTYLE ESTATES CHAMBERS PINES** 2 Koplick Road, Chambers Flat QLD 4133
**Tel** 3803 0674 | **Email** chamberspines@activelifestyleestates.com.au | **www.liveinlogan.com.au**

# Business Update: Acquisitions

# Acquisitions

## Building scale in key metro and coastal locations




### Avina Van Village, Greater Sydney ($33 million)

- Existing 180 site lifestyle and tourism park with vacant land for ~150 homes (STA)
- Due to settle October 2016
- Last family owned institutional-grade caravan park in Sydney
- Extends development pipeline in a key growth corridor with potential for strong sales velocity and development margins
- Three-year option over additional land capable of developing further 95 homes

# Acquisitions

## Building scale in key metro and coastal locations

### Happy Wanderer, Fraser Coast ($9.5 million)

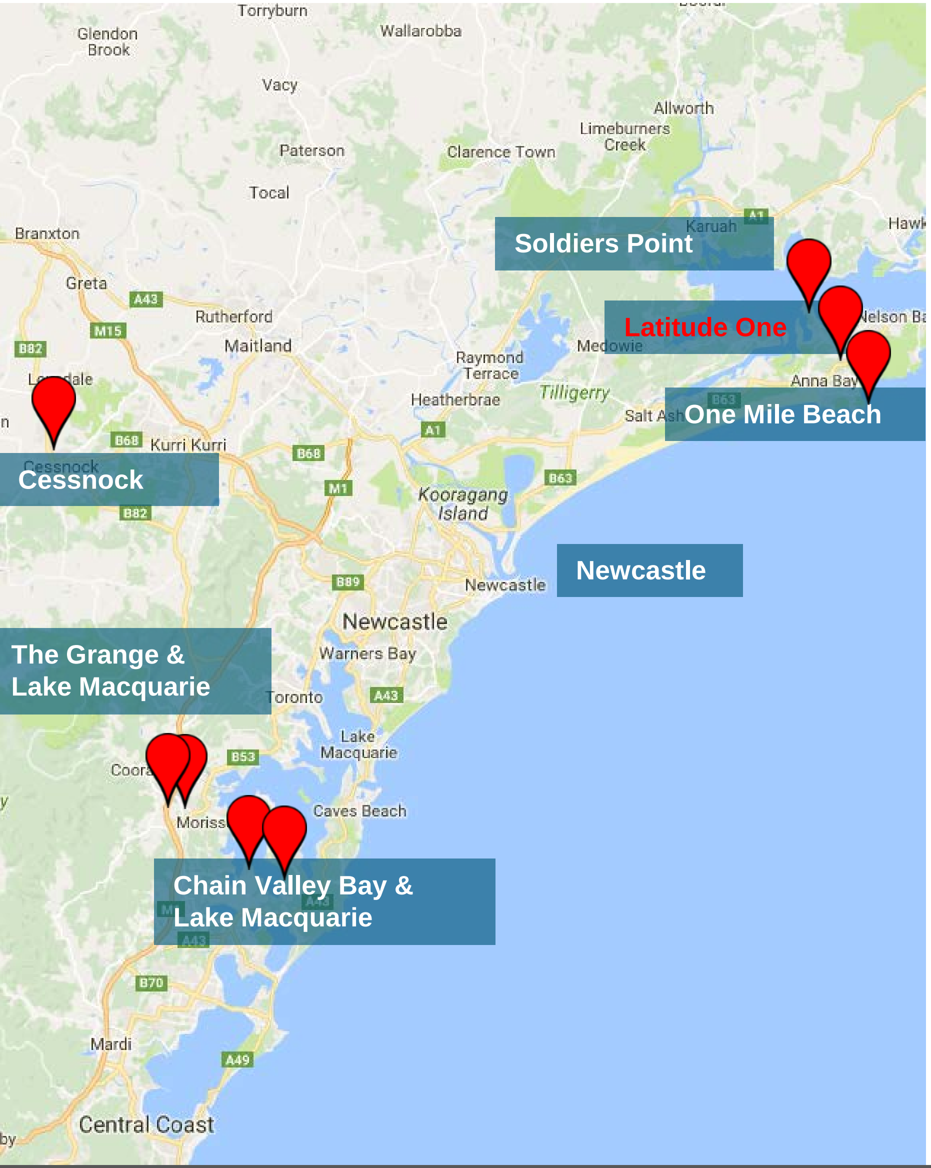
- Establishes a new cluster in the popular retiree market of Hervey Bay, Queensland
- Adds 149 additional permanent and tourism sites in a prime coastal location
- Under contract – due to settle October 2016

### Ocean Lake Caravan Park, NSW ($9.2 million)

- Existing 254 site lifestyle and tourist park in NSW South Coast cluster
- Permanents and annuals represent over 50% of revenue
- Settled 3 August 2016
- Immediate earnings accretion at an attractive yield with significant reconfiguration opportunities and potential for future permanent conversions

# Acquisitions

## Building scale in key metro and coastal locations




### 'Latitude One', Port Stephens, NSW ($7.0m)

- DA approved site within a 5 minute drive of Anna Bay shops and Birubi Beach, within existing Hunter – Newcastle cluster
- DA approved greenfield site for 229 lot land lease community
- Under contract – due diligence well progressed
- Vendor retains minority interest in longer term operations
- Extends development pipeline in key Newcastle retiree market

Nearby Birubi Beach Surf Club and Café

# Recent Performance

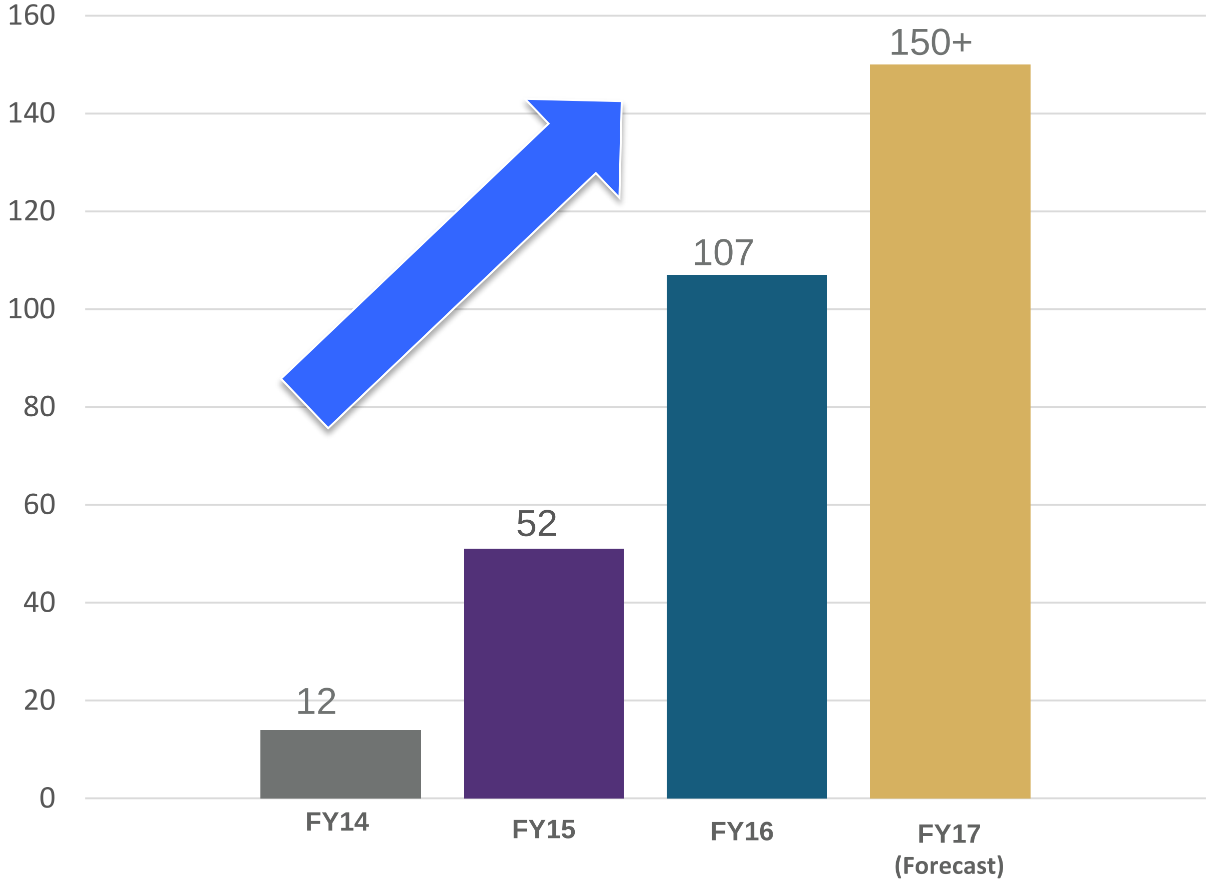
# FY16 Highlights

| | |
|---|---|
| **STRATEGY** | ✓ Ingenia now owns 27 Lifestyle Communities with six under contract or option<br>✓ Over 2,100 development sites secured (83% in metro and coastal locations)<br>✓ Quality deal flow (metro and coastal) in place |
| **FINANCIAL** | ✓ Operating cashflows strong at $21.0 million – up 133% on FY15<br>✓ Underlying Profit from continuing operations $20.2 million – up 20% on FY15<br>✓ Distribution per security 9.3 cents - up 15% on FY15<br>✓ Successful equity raising of $68.5 million |
| **OPERATIONS** | ✓ Rapid increase in Lifestyle Communities rental revenue – up 67% on FY15<br>✓ Sales momentum building with 107 new home settlements – up 106% on FY15<br>✓ High occupancy across Garden Villages – 90.7% |
| **DEVELOPMENT** | ✓ Development now underway in 13 communities<br>✓ Investment in development pipeline and platform delivering growing returns |

# Sales Platform Delivering Results

## Progress of development strategy

- **Focus on large-scale, multi-year development projects in quality metro and coastal markets which can deliver increased sales velocity and attractive margins**
- **Supplemented by expansion and conversion of existing and targeted lifestyle and tourism parks**




| **Existing Large Scale Projects** | |
|---|---|
| 1. Lara – Outer Melbourne | 161 sites |
| 2. Bethania – Brisbane | 194 sites |
| 3. Chambers Pines – Brisbane | 256 sites |
| 4. Stoney Creek – Sydney | 78 sites |
| 5. Conjola – NSW South Coast | 135 sites |
| **Under Contract / Option** | |
| 6. Avina Van Village – Sydney | 250 sites |
| 7. Upper Coomera – Bris/Gold Coast | 180 sites |
| 8. Latitude One – NSW Coast | 229 sites |

# Outlook

- Continue to improve performance of existing assets including incremental revenue growth
- Complete DMF divestment and recycle capital into accretive acquisition and development opportunities
- Achieve 150+ settlements in FY17 and position for further growth over medium term
- Continue to build quality development pipeline in key metro and coastal locations
- Maintain distribution growth in line with improving Group outlook

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