



Presented by Scott Noble, CFO  
4 APRIL 2019

Ingenia Lifestyle  
HERVEY BAY



Ingenia Holidays  
HERVEY BAY



**INGENIA COMMUNITIES GROUP**

# Goldman Sachs Tenth Annual Emerging Leaders Conference

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# Business overview

## rental portfolio growing as development accelerates



Over **7,600**  
Income producing sites



Stable rent base  
>\$2 million/pw



Over **4,700** rental and  
lifestyle residents

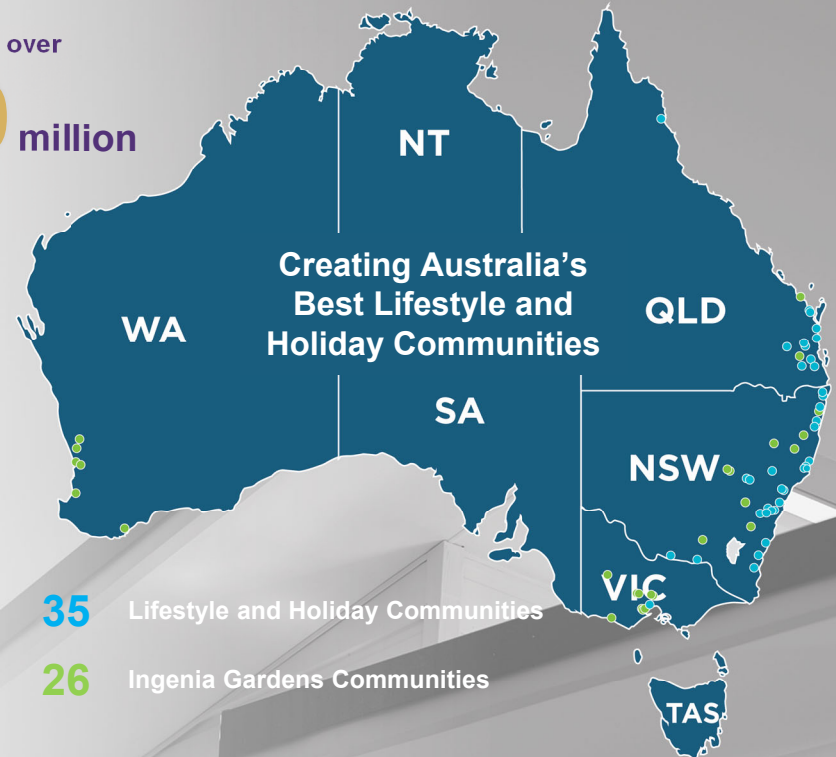


Close to **4,000** development sites  
on balance sheet or secured  
**10** communities under development



**870,000** 'room nights' p.a.  
Cabins, caravan and camping

Ingenia owns  
**61** Australian  
communities  
Portfolio value over  
**\$800** million



Note: Excludes communities under option and assets held for sale. Includes Aspley Acres (settled February 2019) and Byron Holiday Park (settled April 2019).

# Focus on annuity style rental streams

## Ingenia operates across four rental segments



 **Ingenia Gardens**

 **Ingenia Lifestyle**

 **Ingenia Rental**

 **Ingenia Holidays**

<b>Lease type</b>	Residential lease	Residential site agreement	Residential lease	Short-term / Annual Lease
<b>Tenure</b>	Ave. 3.1 years	Perpetual	Ave. 2.8 years	Ave. stay 4 nights (cabins and sites)
<b>Annual rental</b>	~\$17,800	~\$8,100	~\$10,350	Cabin ~\$13,400 - ~\$45,500 Sites ~\$7,700 Annuals ~\$5,800
<b>Typical resident/guest profile</b>	Single, 75+	Couple, 65+	All ages, singles, seniors	Grey nomads/families
<b>No. Homes/Sites</b>	1,375	1,997	1,076	3,169

# Rent cash flows supplemented by development returns creating new land lease communities

## Sector leading development pipeline

- Close to 4,000 new home sites secured

## Partnership with US\$10 billion Sun Communities accelerates opportunity

- Joint Venture to undertake greenfield development established November 2018
- Enhances Ingenia's capacity to grow development scale
- Leverages Ingenia's existing platform and generates additional fee streams
- Ingenia has the right to acquire each community developed by the Joint Venture on completion

**Development creates new rental contracts and delivers profit on new home sales**



# 1H19 Results recap

## building on strong FY18 growth

### FINANCIAL

- EBIT **\$22.9** million – **up 19%** on 1H18
- Underlying EPS **8.1 cents** – **up 14%** on 1H18
- Revenue of **\$93.4** million – **up 21%** on 1H18
- Operating cash flow of **\$17.0** million – **up 51%** on 1H18



### STRATEGY

- Non-core asset sales continuing - **\$23** million under contract
- Over **7,700** income producing sites, generating stable cash flows
- Development JV with Sun Communities – targeting first project commencement 2019



### OPERATIONS

- Lifestyle and Holidays rental revenue continuing to grow – **up 8%** on 1H18
- Lifestyle average weekly rent **up 4.2%** (like for like)
- High occupancy across Ingenia Gardens portfolio – **91%**



### DEVELOPMENT

- Sector leading development pipeline – **3,984** home sites secured
- Delivered **115** new home settlements, **up 28%** on 1H18
- On track to deliver FY19 target of **350+** settlements<sup>1</sup>

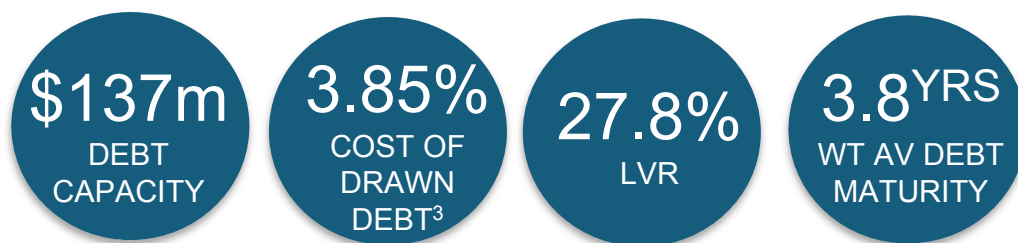


1. Assumes no material change in market conditions.

# Capital management

## well positioned to fund development pipeline

Debt Metrics	31 Dec 18	30 Jun 18
Loan to value ratio (covenant <50%)	27.8%	32.6%
Gearing ratio <sup>1</sup>	22.3%	26.6%
Interest cover ratio (total) (covenant >2x)	5.9x	5.5x
Net Asset Value per security	\$2.62	\$2.57
Total debt facility (\$m)	350.0	350.0
Drawn debt (\$m)	201.7	229.0
Net debt (\$m) <sup>2</sup>	193.3	214.6



1. Gearing ratio calculated as net debt (borrowings less cash) over total tangible assets (total assets less cash and intangible assets).
2. Excludes finance leases.
3. All in cost of debt 4.3%, including cost of undrawn available facilities as at 31 December 2018.

## Capital position enhanced via Sun Communities Joint Venture and placement

- Joint Venture reduces Ingenia's funding requirement
- Placement (\$75 million), to fund initial equity in Joint Venture, recently completed acquisitions and acceleration of cabin rollout

## Funding growth

1. Available unutilised debt
2. Non core asset sales
3. Growing cash inflows – rent collection and home sales
4. DRP in place

# Drivers of Growth



Ingenia Lifestyle Latitude One, NSW  
March 2019



# Maximising performance from current rental base

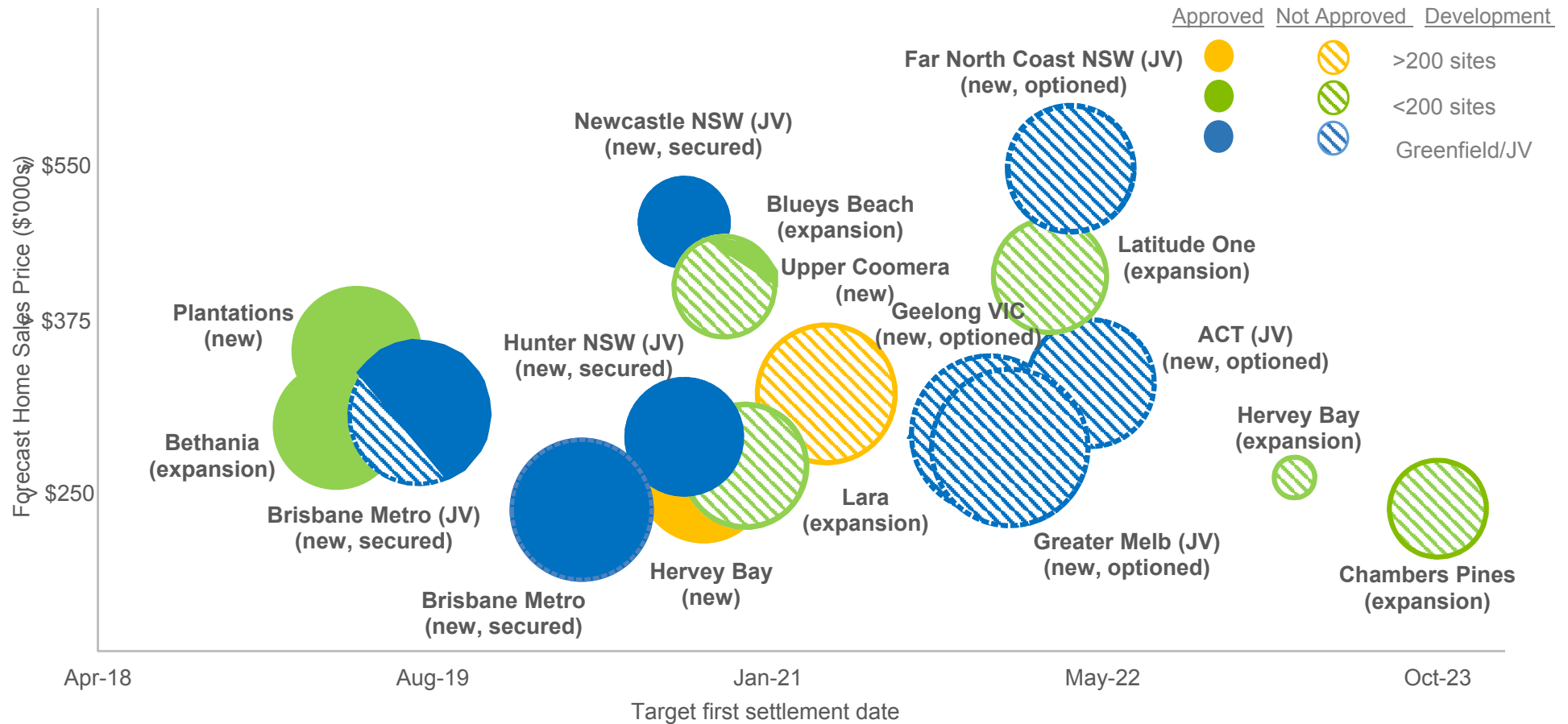


## Portfolio enhanced as new communities acquired and development continues to accelerate

- Embedded growth through rent escalations
  - › CPI plus rental growth annually across lifestyle communities
  - › Re-leasing in older communities
  - › Incremental growth in Ingenia Gardens
- Leveraging tourism database – now 220,000 and growing
- Addition of new 'infill' homes and tourism cabins
- Rent from new homes as development program delivers settlements

# Sector leading development pipeline in place supporting sustainable future growth

- First Joint Venture projects identified



Note: Timing and prices are indicative and subject to change. Includes secured and optioned assets. Excludes land at Avina (currently under review).

# Greenfield projects building sales

## Latitude One sets a new benchmark



NATIONAL  
*Retirement Living*  
AWARDS 2018  
2018 WINNER

**Marketing Excellence**



# New projects underway

## Construction well advanced at Ingenia Lifestyle Plantations, Coffs Harbour, NSW

- Stage 1 and 2 civil works and infrastructure in place; later stages to commence 2H19
- First stage 98% deposited or contracted
  - › Average price >\$450,000
  - › Anticipate first settlements to commence from May 2019

## Hervey Bay community commenced

- Greenfield 250 home community at Hervey Bay, QLD
- Initial settlements anticipated in FY20

# Growing rental base through acquisitions

## Recent acquisitions expand rental base

- Acquisition of Rivershore Resort, Maroochydore) (95 tourist sites) settled November 2018
- Brisbane North Rental Village (383 homes), acquired February 2019
- Contracts exchanged for the acquisition of 6.8 hectares of land adjacent to Ingenia Lifestyle Lara



# Growing rental base through acquisitions

## Acquisition of Byron Holiday Park complete April 2019

- 269-site mixed use leasehold park
  - › 34 permanent homes
  - › 53 tourist cabins
  - › 182 powered and unpowered caravan and camp sites
- Ingoing yield of over 10%
- Attractive international and domestic tourism destination
- Well located with direct beach access and proximity to Byron Bay town centre
- Extends presence of the Holidays brand on the East Coast



# Outlook remains positive

## ageing of population and housing affordability will drive growth

### Macro/Residential Housing

- Slowdown in residential housing remains key risk but long-term fundamentals remain strong
- Housing affordability and ageing population driving long-term demand

### Customer Demands

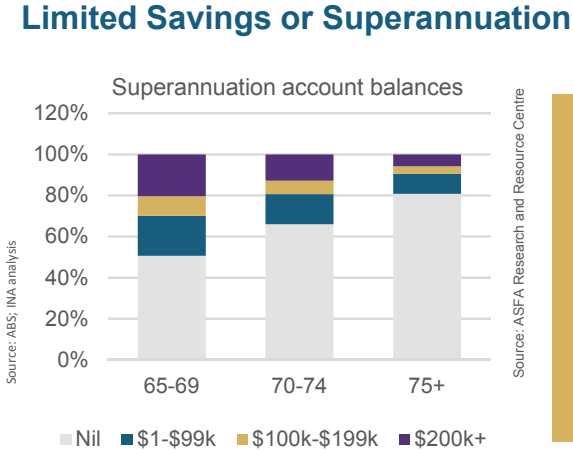
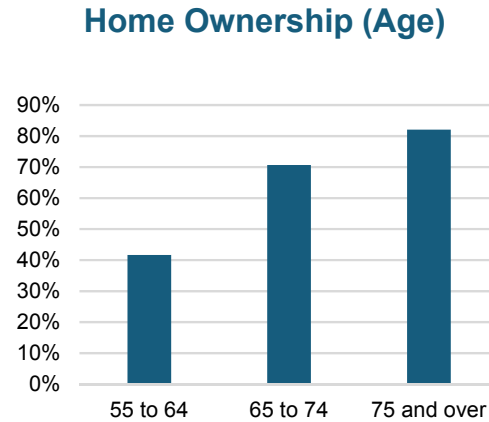
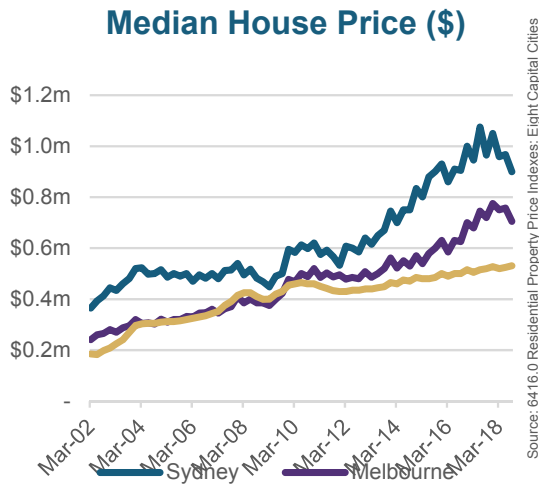
- Growing consumer awareness of lifestyle model and differences from traditional retirement models
- Product and model continuing to evolve, broadening market appeal

### Competition and Market

- Increasing activity in lifestyle market
- Likely increased regulatory requirement for retirement villages but expect limited impact on lifestyle communities



# Underlying demand drivers for affordable seniors accommodation many seniors will struggle to fund a comfortable retirement



### Pension

According to ASFA a couple requires \$60,843 a year to fund a comfortable retirement. The age pension is only \$31,995<sup>(1)</sup>

Key capital cities have recorded strong growth over the past 20 years

...and with 82% of seniors owning their homes outright with no mortgage

...but 4 out of 5 seniors have less than \$100k in superannuation

...downsizing to a land lease community provides a way to fund a comfortable retirement

1. ASFA Super Guru February 2019. Pension represents base rate, and excludes supplements.



# FY19 focus

- Sales and marketing to deliver FY19 settlements
- Execute Joint Venture business plan, securing opportunities for capital light growth and additional revenue streams
- Integrate recent acquisitions and accelerate rollout of new rental and tourism cabins
- Capitalise on opportunities to expand development pipeline to deliver new rental contracts
- Secure approvals on existing and optioned land to further extend development pipeline
- Continue asset recycling to fund growth
- Improve performance of existing assets to drive revenue growth



# Questions



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