



**INGENIA COMMUNITIES GROUP**

**Morgans Queensland Conference**

*We create community*



  
Ingenia  
Lifestyle

  
Ingenia  
Gardens

  
Ingenia  
Care

  
Ingenia  
Holidays

# Business overview

## Creating Australia's best lifestyle communities



Over **4,600** rental and lifestyle residents



**4,000** Occupied permanent homes



**790,000+** 'room nights' p.a  
Villas and sites



Annualised revenue **>\$175 million**  
Stable rent base **>\$1.5 million/pw**



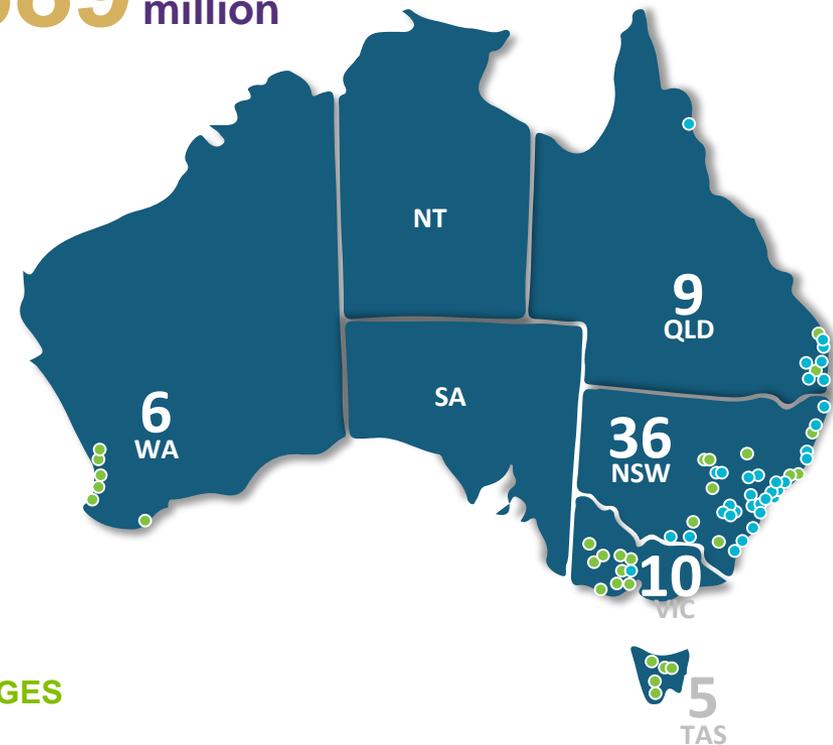
**2,580+** Potential development sites

Ingenia has

**66** Australian communities & growing

Portfolio now

**\$689** million



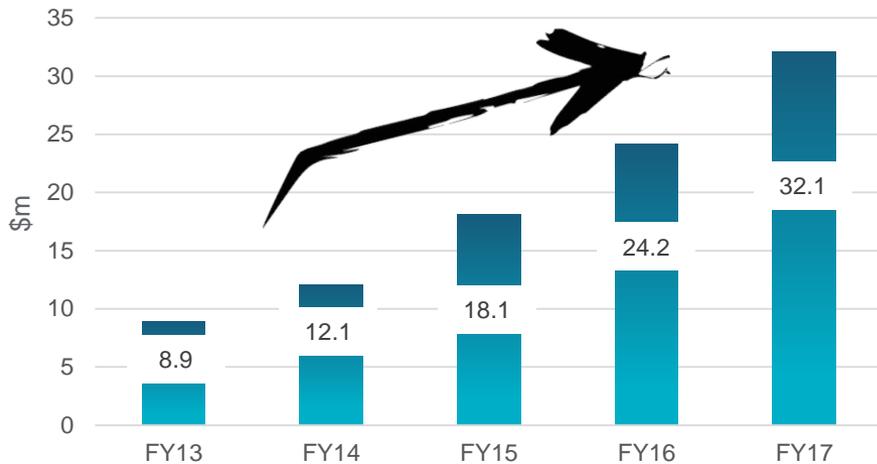
**35 LIFESTYLE AND HOLIDAY COMMUNITIES**    **31 RENTAL VILLAGES**

Note: Excludes assets under option. Excludes three Settlers villages.

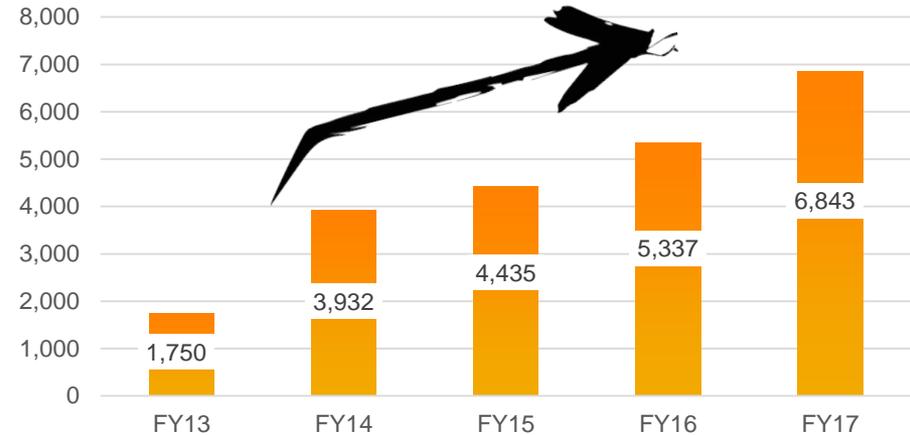
# A five year story

## Delivering growth with significant embedded value

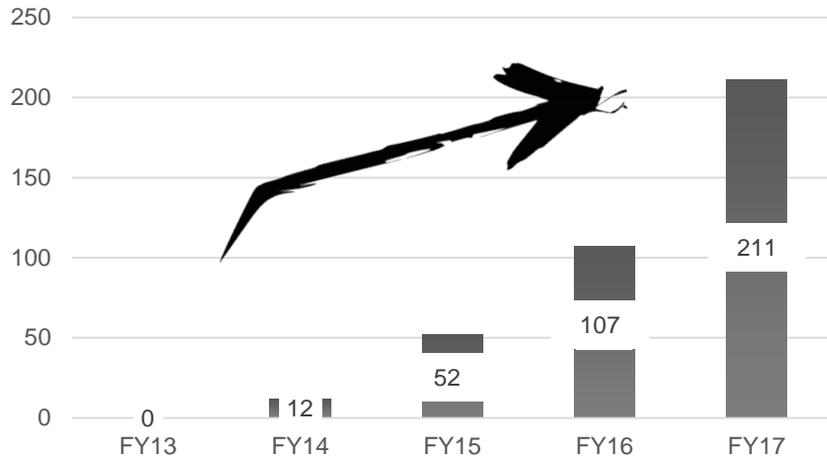
### EBIT (Continuing Operations)



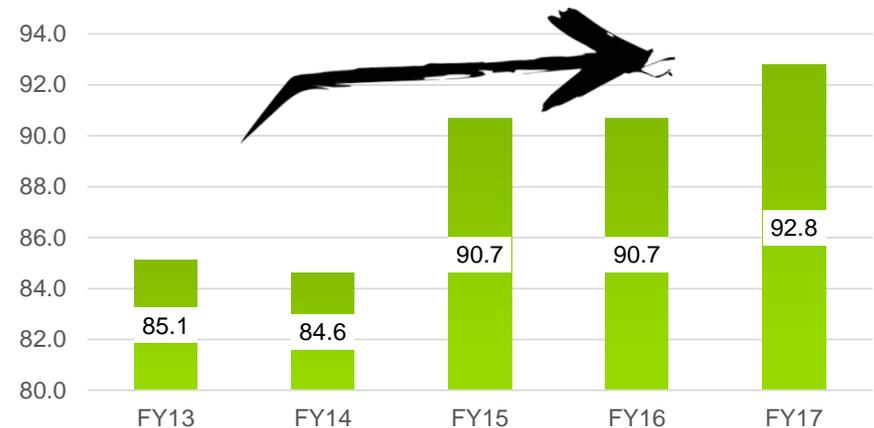
### Income Generating Sites



### New Home Settlements



### Ingenia Gardens Occupancy (%)



# FY17 highlights

## Guidance exceeded, supported by strong sales result

<b>STRATEGY</b>	<ul style="list-style-type: none"><li>✓ Portfolio refined in line with strategy – non core assets divested, lifestyle now largest contributor to earnings</li><li>✓ 33 lifestyle and holiday communities – a further four under contract or option</li><li>✓ Over 2,470 development sites secured (90% in metro and coastal locations)</li></ul>
<b>FINANCIAL</b>	<ul style="list-style-type: none"><li>✓ EBIT \$32.1 million – above guidance and <b><u>up 32.6%</u></b> on FY16</li><li>✓ Strong operating cashflows of \$30.3 million – <b><u>up 44.3%</u></b> on FY16</li><li>✓ Revenue of \$149.9 million – <b><u>up 40.0%</u></b> on FY16</li><li>✓ Strong balance sheet - LVR of 28%</li></ul>
<b>OPERATIONS</b>	<ul style="list-style-type: none"><li>✓ Lifestyle and holidays rental revenue <b><u>up 35.1%</u></b> on FY16</li><li>✓ Record occupancy across Ingenia Gardens portfolio – <b><u>92.8%</u></b></li></ul>
<b>DEVELOPMENT</b>	<ul style="list-style-type: none"><li>✓ Record 211 new home settlements – <b><u>up 97.2%</u></b> on FY16</li><li>✓ Development now underway in 12 communities - two more to follow FY18</li></ul>

# A range of value levers to drive growth

Ingenia has significant embedded opportunity within the portfolio to create value



# Key acquisitions over past 12 months

## Contribution from recent acquisitions

### Acquired \$180 million assets in FY17

<b>Cairns Coconut</b>	<ul style="list-style-type: none"><li>&gt; Renowned top holiday park in Australia – acquired for \$50 million in March 2017</li><li>&gt; Ingoing yield &gt;8% - target yield of &gt;10%</li><li>&gt; Approvals in place for 34 new tourism cabins</li></ul>
<b>Avina Van Village</b>	<ul style="list-style-type: none"><li>&gt; Sydney lifestyle and holiday community and large land bank acquired October 2016 for \$33 million</li><li>&gt; Ingoing yield on existing community ~8% - target yield of &gt;10%</li><li>&gt; DA lodged for 247 new homes – awaiting final assessment</li></ul>
<b>Durack Gardens</b>	<ul style="list-style-type: none"><li>&gt; Metro Brisbane lifestyle community acquired in June 2017 for \$25 million</li><li>&gt; Ingoing yield &gt;7% - target yield of &gt;10%</li><li>&gt; DA soon to be lodged for additional 50 homes</li></ul>

# Key acquisitions over past 12 months

## Contribution from recent acquisitions

<b>Sheldon</b>	<ul style="list-style-type: none"><li>&gt; Metro Brisbane lifestyle community acquired in August 2017 for \$25 million</li><li>&gt; Ingoing yield 6.8% - target yield of &gt;10%</li><li>&gt; DA lodged for additional 49 homes</li></ul>
<b>Latitude One</b>	<ul style="list-style-type: none"><li>&gt; DA approved development site for 229 new homes</li><li>&gt; Construction now underway</li><li>&gt; Targeting first settlement in 4QFY18</li></ul>
<b>Glenwood</b>	<ul style="list-style-type: none"><li>&gt; DA approved development site for 196 new homes</li><li>&gt; Final design now underway</li><li>&gt; Targeting first settlements in early FY19</li></ul>

# Embedded growth

## Contribution from recent acquisitions

- > Award winning Cairns Coconut acquired March 2017
- > Major tourism asset in Cairns, offering strong yield, winter 'peak season' and opportunity to enhance returns
  - Ingoing yield >8%
  - On acquisition, 34 tourist cabins available to develop
- > First full year of ownership FY18
- > Year to date cabin occupancy up 8% and average daily rate up 5% on prior year
- > Growth in revenue through key online travel agents (OTAs) – booking.com etc



Ingénia Holidays Cairns Coconut, QLD

# Embedded growth – intensification of assets

## Additional tourism stock



- > Potential to add 125+ new rental cabins across existing tourism assets
- > Timing to be staged in line with demand

### Example:

#### Ingenia Holidays Cairns Coconut

- > Four new villas installed prior to peak winter season
  - Cost per villa \$138,000
  - Anticipated IRR 18%
- > Further five condos/villas planned pre December 17 (forecast IRR of 20%)
- > Potential to add additional stock on available land in line with demand

  
Ingenia Holidays

# Embedded growth – intensification of assets

## New rental cabins

- > Potential to add more than 180 new rental cabins across key Brisbane communities to maximise cash rents
  - Enhances yield and margin (no material operating cost increases)
  - Maximises value of existing assets
  - Cabins can be relocated if site use changes

### Example:

#### Ingenia Lifestyle Chambers Pines

- New cabins (\$60,000 cost) generating \$260 per week (>20% yield)
- Rental community occupancy currently at 96%
- Opportunity to add a further 50 cabins

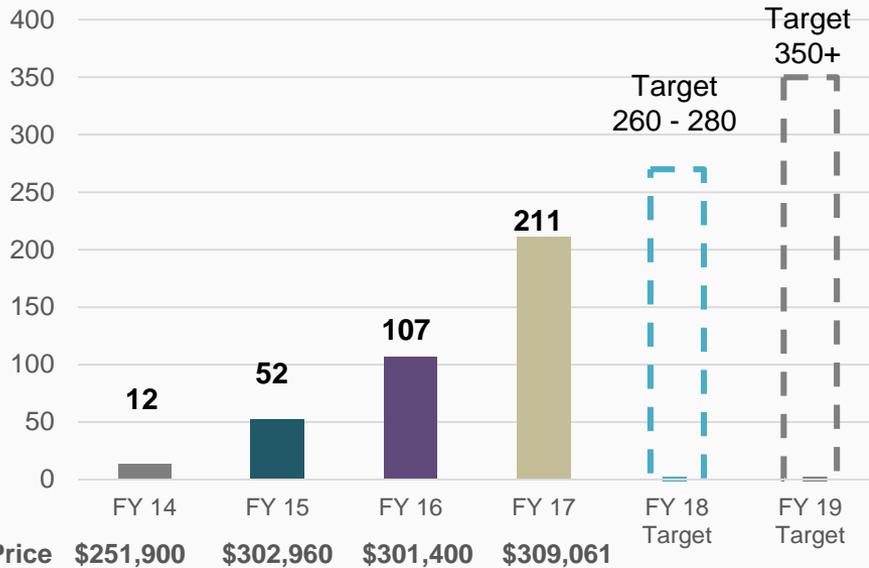


New rental cabins at Ingenia Lifestyle Chambers Pines, QLD

# Investing in growth

## Acceleration of development

### New Home Settlements



### FY17 settled 211 new homes (up 97% on FY16)

- Contributing to improved operating margin and yield at key development communities

### Large metro and coastal projects support future sales and margin growth

- Metro and coastal projects offer higher margins and greater sales velocity

### Four key projects commencing FY17

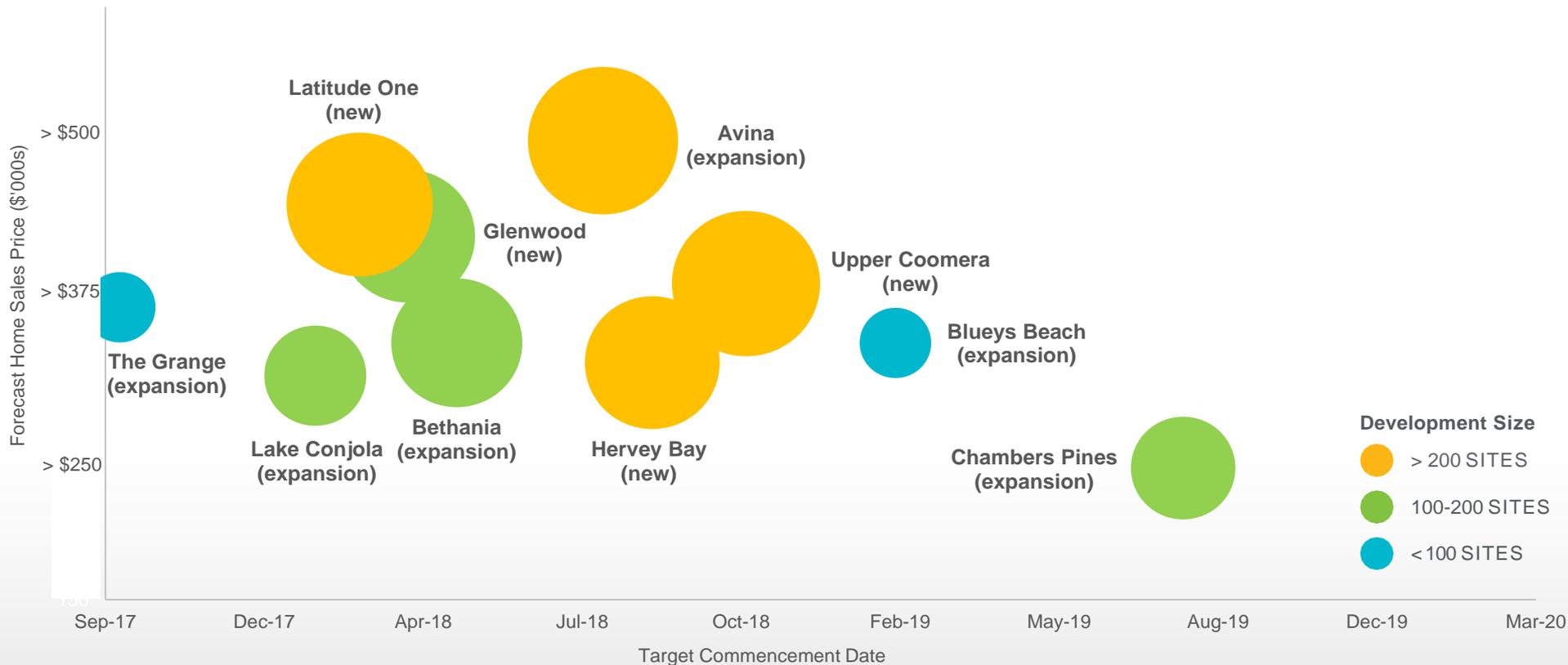
- The Grange – 56 home expansion
- Latitude One – 229 home greenfield community
- Lake Conjola – 114 home addition to tourism site
- Glenwood – 196 home greenfield community



# Investing in growth

## Market leading pipeline secured

Targeting Further Growth in Settlements Over Next 3 Years



Includes assets under option.

# Ingenia Lifestyle Latitude One – Port Stephens

## First greenfield project on track

- > Greenfield development comprising 229 new homes (seeking increase to 270 sites)
- > Civil infrastructure works on schedule
- > Additional 12.8 hectares acquired for longer term expansion (STCA)
- > Expect to achieve initial settlements Q4 FY18
  - Stage 1 to comprise 30 homes
  - 24 deposits in place



Ingenia Lifestyle Latitude One NSW  
September 2017

# Ingenia Lifestyle Chambers Pines

- Major expansion (256 homes) underway
- Additional land optioned for approximately 120 new homes
- Will create one of the largest communities in SE Queensland



# Ingenia Lifestyle Bethania

- Adjacent land acquired at \$25,500 per site
  - DA now in place for 188 homes
- Significant expansion underway



# Funding growth

## Asset sales progressing

Range of non-core assets, including DMF, regional and subscale communities under conditional contract or offer secured

- Refocusing portfolio on large scale metro and coastal assets

Asset sales and operating cashflows to fund accelerating development pipeline



Ingenia Holidays One Mile Beach NSW

# Market outlook

<b>Residential Housing Market</b>	<ul style="list-style-type: none"><li>• Housing affordability and ageing population driving long-term core demand</li><li>• Early signs of slowing in some markets as nationally housing markets move into different stages of 'property clock'</li><li>• Ingenia retains exposure to diverse markets with strong core demand and key affordability thematic</li><li>• Model accommodates rapid response to demand with product and price changes</li><li>• Rental cashflows represent majority of EBIT</li></ul>
<b>Customer Demands</b>	<ul style="list-style-type: none"><li>• Rapidly growing consumer awareness of lifestyle community model and advantages over traditional retirement models</li><li>• Product and model continuing to evolve and broaden market appeal</li><li>• Care, accessibility and sustainability are key emerging enablers</li></ul>
<b>Competition and Market</b>	<ul style="list-style-type: none"><li>• Increasing interest from overseas and larger domestic groups in lifestyle market</li><li>• Likely increased regulatory requirement for retirement villages but expect limited impact on lifestyle communities</li></ul>

# Outlook: organic growth and capital recycling

- Improve performance of existing assets to drive revenue growth and leverage operating and sales platform
- Accelerate development pipeline to deliver new rental contracts and increase development profit
- Progress asset sales and capital recycling to fund future growth through development
- Achieve 260 – 280 new home settlements in FY18 and position for target of 350+ settlements in FY19 and beyond
- Deliver FY18 EBIT of \$42-46 million (subject to no material change in market conditions)



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