



# Morgans Queensland Conference

11 October 2018

Ingenia Lifestyle and Holidays Lake Conjola, NSW  
September 2018

# Business overview

## Growing rental portfolio delivering stable cashflows



Over **7,000**  
Income producing sites



Over **5,500** rental and  
lifestyle residents



**785,000** 'room nights' p.a.  
Cabins, caravan and camping



Stable rent base **>\$1.6 million/pw**



**3,244** Development sites on balance  
sheet or under option

**Nine** communities under development

**35 LIFESTYLE AND HOLIDAY COMMUNITIES**

**26 RENTAL VILLAGES**

Note: Excludes communities under option and remaining Settlers villages. Includes land acquired post 30 June 2018.

Ingenia has

**61** Australian  
communities

Portfolio value now  
**\$747** million



# Australia's best lifestyle communities

## Strategy focussed on growing stable rental returns



Rental base acquired,  
expanded or developed

  
Ingenia Lifestyle

Sell: home  
Rent: land

  
Ingenia Holidays

Rent: cabins/sites

  
Ingenia Gardens

Rent: units

Development

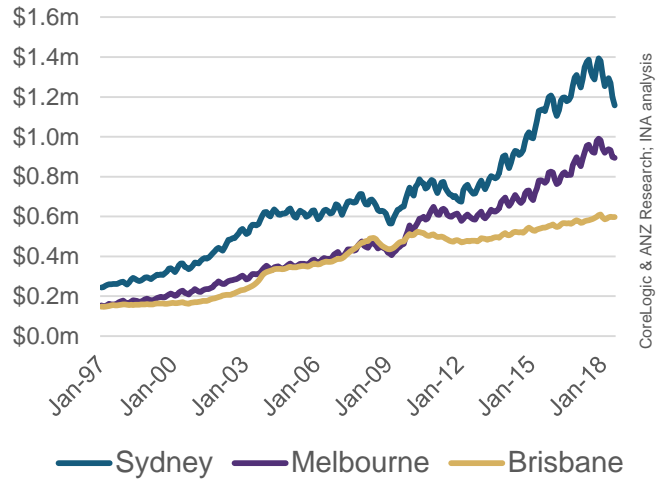
Return of Capital  
(development return)  
plus new rental contracts

Rental  
Income

# Underlying demand drivers remain strong

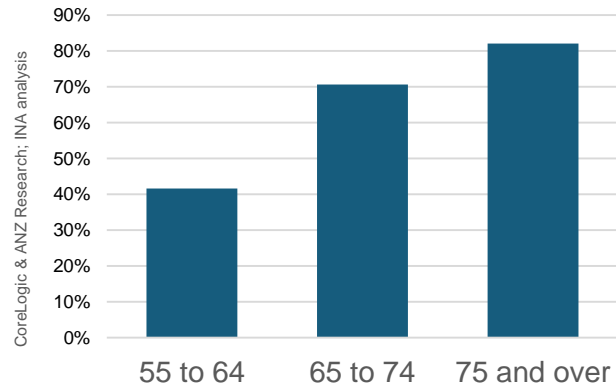
## Many seniors will struggle to fund a comfortable retirement

### Median House Price (\$)



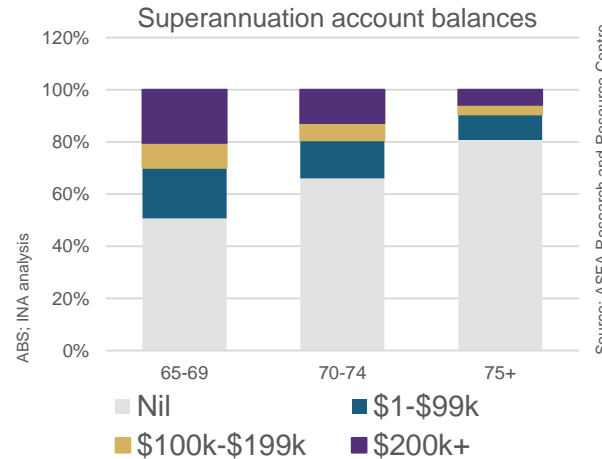
Key capital cities have recorded strong growth over the past 20 years

### Home Ownership (Age)



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

### Limited savings or superannuation



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

### Insufficient Pension

According to ASFA a couple requires \$60,264 a year to fund a comfortable retirement. The age pension is only \$31,995<sup>(1)</sup>

...downsizing provides a way to fund a comfortable retirement

1. ASFA Super Guru August 2018. Pension represents base rate.

# Recent pension changes supportive of model

From 1 July eligible seniors can contribute up to \$300,000 (\$600,000 for a couple) into their super from the sale of their primary place of residence

- Commonly referred to as ‘downsizer contributions’
- Need to be over 65 and selling a current or former primary place of residence owned for minimum 10 years
- Most likely to benefit self-funded retirees who have a level of income and assets that precludes them from receiving a full of part pension
- No need to satisfy age criteria or work test (provided >65)

Positive for lifestyle communities as enables self-funded retirees to downsize out of the family home and structure their affairs to maximise superannuation income

# Land lease model provides an attractive proposition

- Resident owns the relocatable home structure
- Resident pays a weekly ground lease rent to reside on the home site
- Upon departure, resident can on-sell the home structure or remove it from site (no DMF)

- Ingenia owns the freehold land
- Ingenia provides on-site management and community facilities



# Land lease model provides an attractive proposition

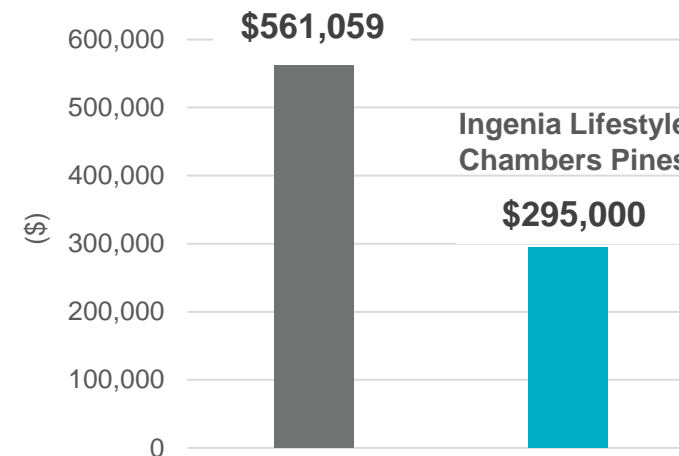


**Hayman Home Design**      **\$295,000**



Resident has \$266,059 net proceeds from selling home and buying at Ingenia Lifestyle Chambers Pines (Logan)

## Median Brisbane house price



Asset Test	Single	Couple
Asset Test Threshold	\$258,500	\$387,500
Asset Test Cut Off	\$564,000	\$848,000

Resident can bank \$266,059, continue to access pension and also Commonwealth Rent Assistance of up to \$3,530 (\$135.80 per fortnight) without impacting the pension

# Drivers of future growth



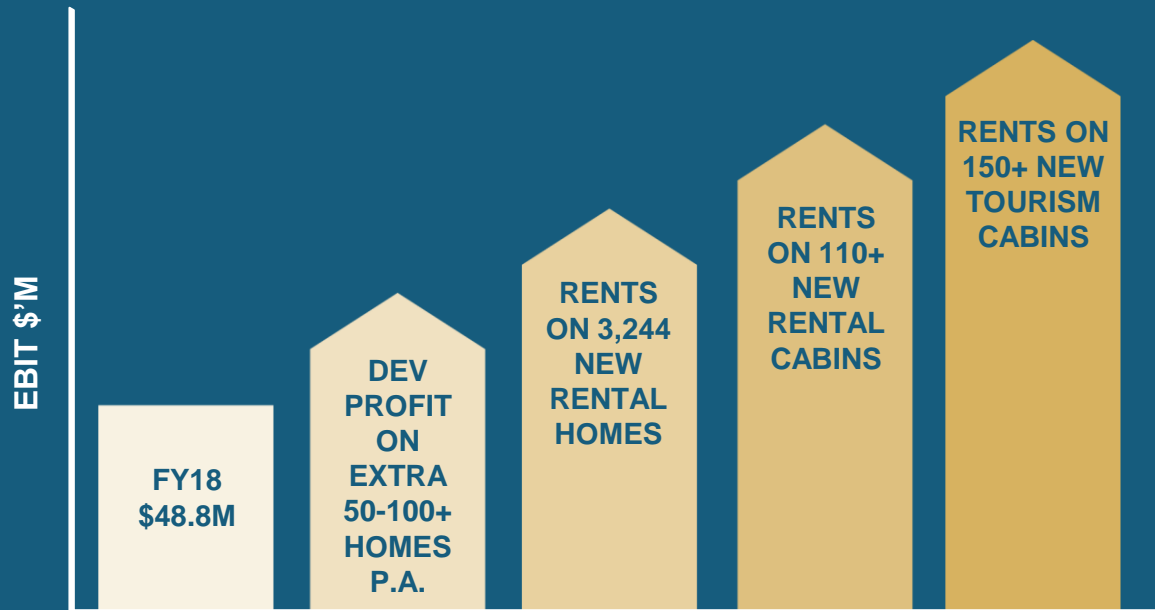
- 🏠 Increase development to 350+ homes p.a
- 🏠 Add land rents on 3,244 new homes



- 🏠 Add 110+ new rental cabins at Chambers Pines, Eight Mile Plains and Durack



- 🏠 Add 150+ new tourism cabins across key holiday parks



Tourism cabin at Ingenia Holidays Cairns Coconut, QLD



# Drivers of future growth

## Expanding 'build to rent'

**Ingenia owns over 800 rental cabins and has approval to add more than 100 new cabins in existing rental parks**

- 🏠 In past 18 months 43 flat packed cabins from China have been installed at Durack and Chambers Pines
- 🏠 Additional 30 cabins currently on order
- 🏠 More than 100 cabins will be added at Durack, Chambers Pines and Eight Mile Plains over the next 1-2 years

**New rental cabins provide attractive returns with limited capital outlay**

- 🏠 Attractive yield (generally >20%)
- 🏠 Increased operating margin as revenue base expands

### New 1 bed rental cabins

Cost of cabin:  
(incl installation) ~\$60,000

Weekly rent: \$280 (\$14,500 pa)

Gross yield: 24%



# Drivers of future growth

## Additional rental cabins: Eight Mile Plains



M1 Freeway to  
Gold Coast

--- Site works area

### Acquired

- August 2017
- \$25 million
- Large rental community with development upside on 5.8 ha located 15km south-east of Brisbane CBD

### Strategy

- Convert 35 tourist sites, upgrade old accommodation and add new rental cabins

### Current

- Addition of 20 new rental cabins complete
- DA obtained for a further 41 new cabins
- June asset value: \$27.6m
- Operating margin: 63%
- Further 20-25 cabins to be added FY19

# Drivers of future growth

## Additional rental cabins: Durack



- Works area associated with proposal
- Indicative Ingenia Durack Site boundary

### Acquired

- June 2017
- \$25 million
- Large community combining resident and park owned cabins on 9.5 ha
- Located 15 km south-west of Brisbane CBD adjoining proposed medium density, mixed-use development

### Strategy

- Convert 8 tourist sites and two derelict tennis courts into 52 new rental cabins

### Current

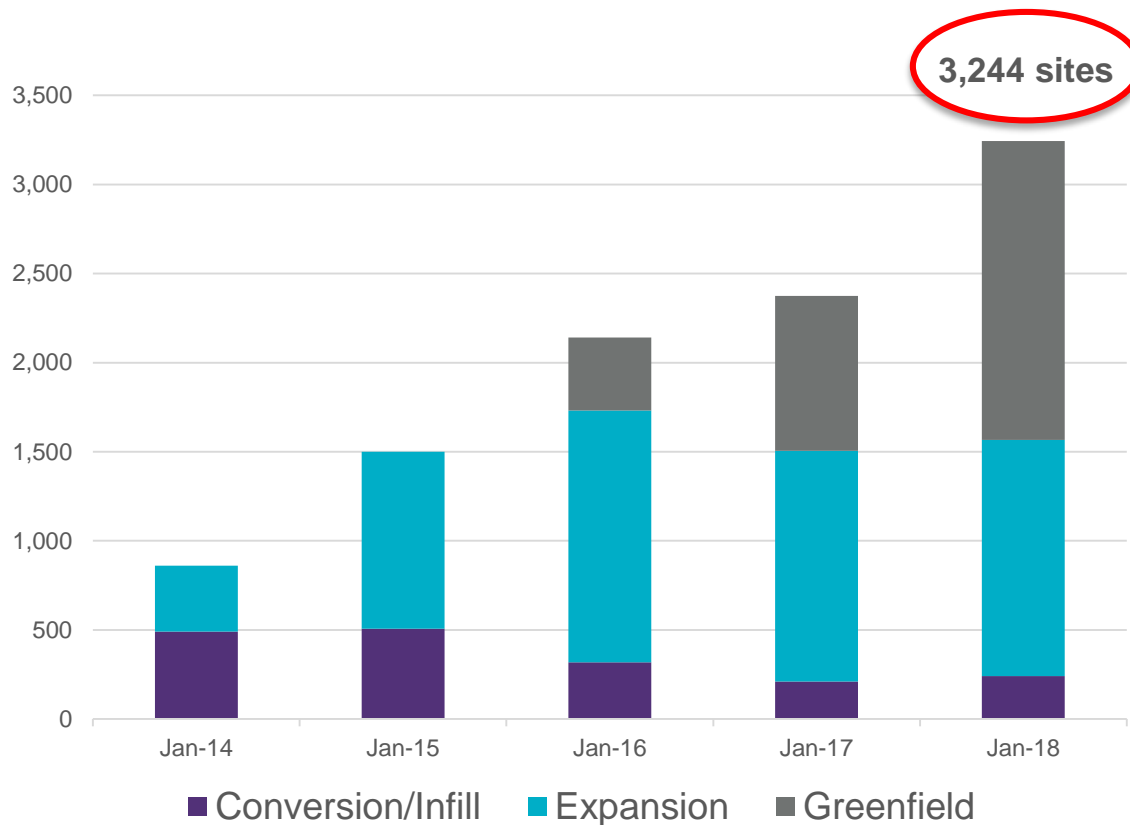
- Addition of 12 new rental cabins complete
- DA obtained for a further 52 new cabins
- June asset value: \$26.9m
- Operating margin: 74%
- Further 30+ cabins to be added FY19

# Drivers of future growth

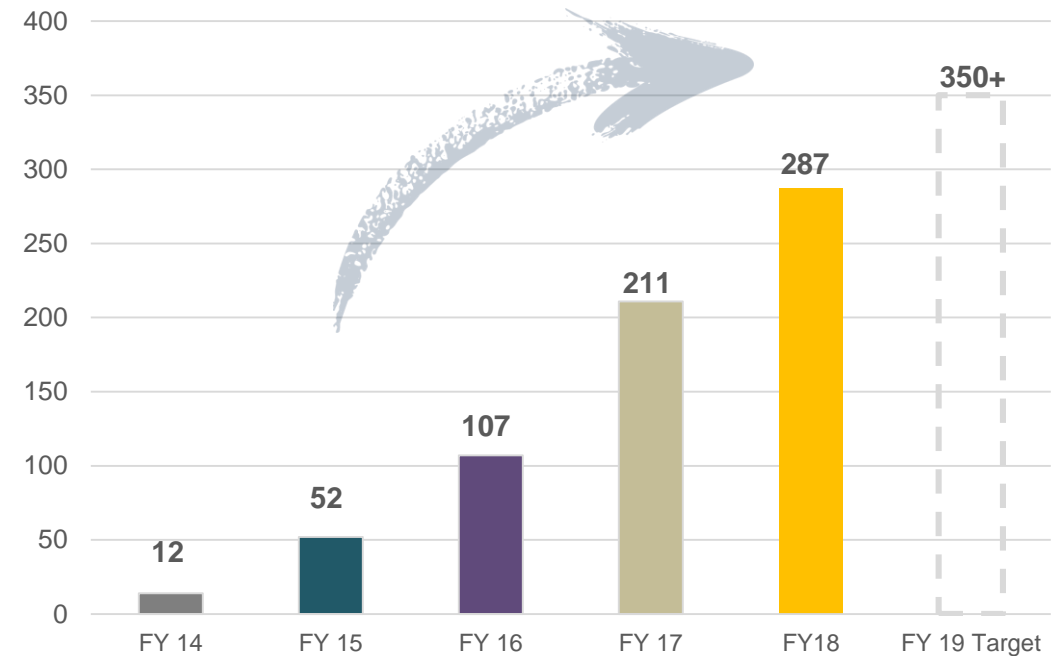
## Growing development – expanding rental base with quality communities

- Ingenia's development pipeline has been extended and reshaped, moving from tourism conversions (e.g. Ettalong) towards expansions (e.g. Bethania) and greenfields projects (e.g. Latitude One)

Growth in size of Pipeline<sup>1</sup>



Rapid increase in new home settlements



1. Includes optioned and secured sites.

# Drivers of future growth: growing development

## Ingenia Lifestyle Hervey Bay

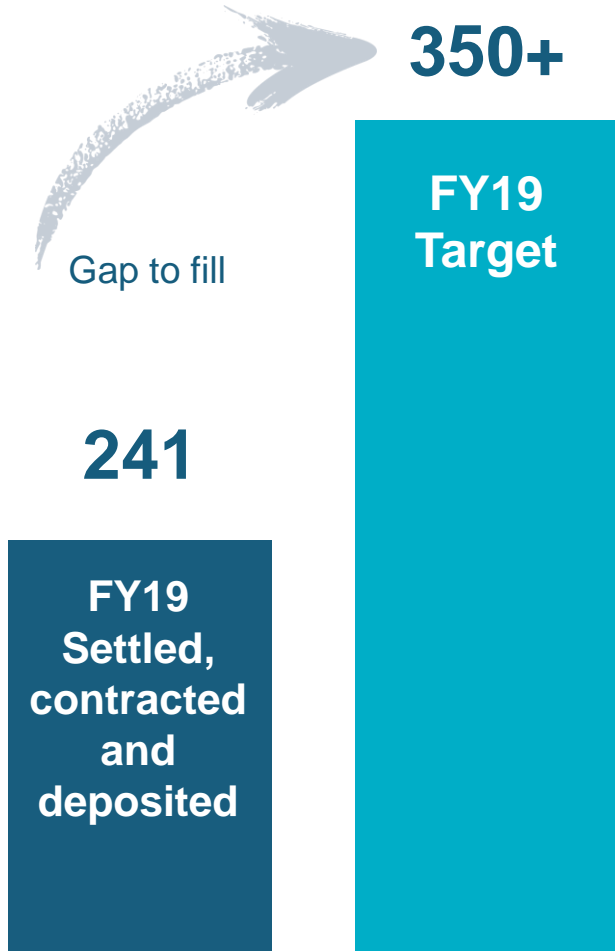


### Overview

- Option secured pre DA in November 2016
- DA received and option exercised in April 2018 (acquired for \$1.8 million)
- Adjacent 2 ha lot acquired April 2018 (\$0.3m)
- Database of >500 leads secured from local shop front
- Currently approved for 224 homes, with works to commence November 2018 with first sales contribution expected late FY19/early FY20
- Additional land provides potential to increase to 250 sites (STCA)

# Sales outlook remains positive

- As at 8 October Ingenia has >65% coverage of FY19 settlements target of 350+ homes

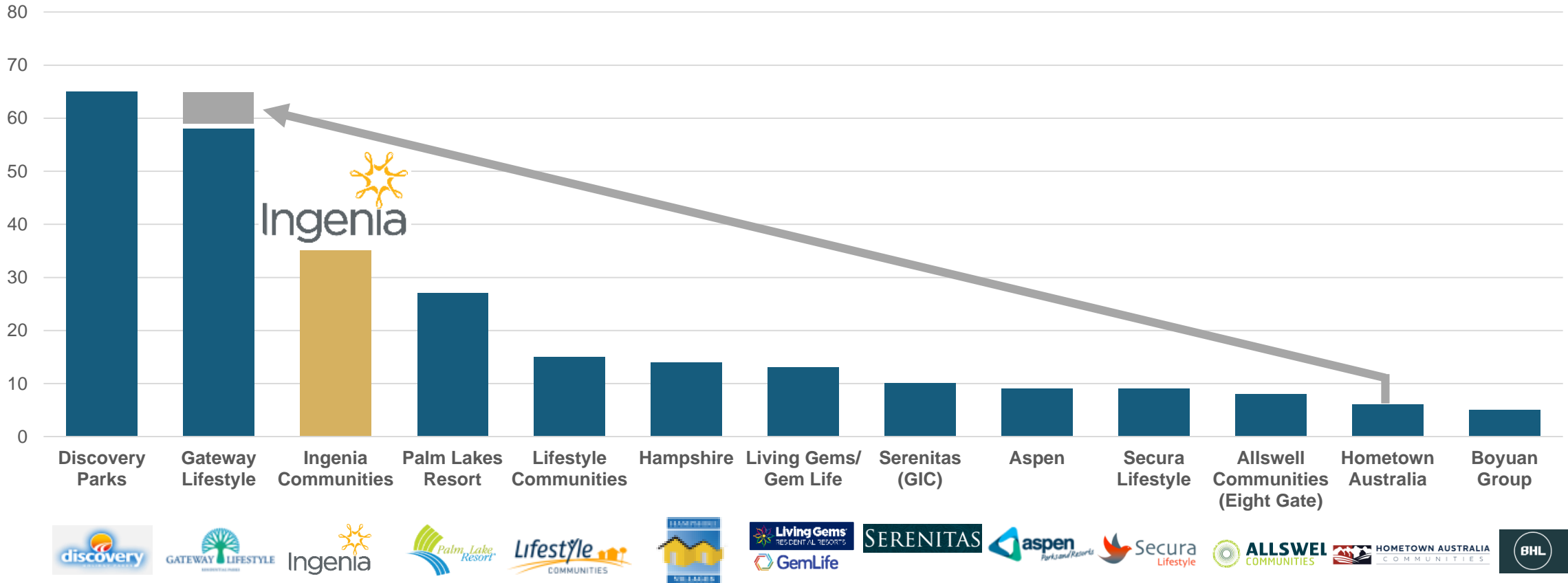


## FY19 sales target is underpinned by:

- 🏠 **Strong sales momentum** – over 65% of forecast settlements are already settled or at deposit or contract stage
- 🏠 **Time to take action** - lifestyle downsizers propelled to ‘take action’ after holding out for the property wave
- 🏠 **Need to ‘cash out’** - they will seek a more affordable solution to maximise ‘cash out’ and lifestyle communities will fare well
- 🏠 **The ‘Ingenia Difference’** - transparent and simple model underpinned by strategic release platform and clear customer and market insights
- 🏠 **Emerging stability** - downsizers defer decisions in times of instability
- 🏠 **Education and awareness** - will increase the potential pot of buyers
- 🏠 **Quality, geographic spread and price diversity** of the portfolio will provide sales resilience

# Competitor landscape

- Ingenia will shortly be the largest ASX listed lifestyle and holidays Group
- Further consolidation expected as global land-lords seek entry/scale



# Outlook

## Ageing of population and housing affordability will drive earnings growth



### Macro/Residential Housing

- 🏠 Slowdown in residential housing expected to continue into FY19 – diverse product, price point and market exposure provide mitigation
- 🏠 Some insulation against short-term housing market, but long-term fundamentals remain strong

### Customer Demands

- 🏠 Growing consumer awareness of lifestyle model and differences from traditional retirement models – low penetration compared to overseas markets
- 🏠 Product and model continuing to evolve, broadening market appeal

### Competition and Market

- 🏠 Acquisition opportunities re-emerging as competitors focus on M&A
- 🏠 Likely increase in regulatory requirement for retirement villages but expect limited impact on lifestyle communities

Ingenia Holidays White Albatross, NSW



# As Ingenia has focussed on lifestyle communities, returns have grown

## Further growth is forecast in FY19

- ✓ Divested non-core and subscale assets to refocus portfolio on quality large scale rental communities
- ✓ Demonstrating quality of platform and ability to drive leverage through scale
- ✓ Created a large, quality portfolio in key markets with embedded growth
- ✓ Invested in new rental and tourism cabins to deliver growth in earnings across existing assets

FY18	Initial Target/Guidance	Final Target/Guidance	FY18 Result	FY19 Guidance <sup>2</sup>
New home settlements	260 – 280	280 – 285	<b>287</b>	<b>350+</b>
EBIT <sup>1</sup>	\$42 – 46m	>\$48.5m	<b>\$48.8m</b>	<b>+10-15%</b>
Underlying profit EPS <sup>1</sup>	-	>17.2 cents	<b>17.7 cents</b>	<b>+5-10%</b>

1. EBIT and underlying profit are non-IFRS measures which exclude non-operating items such as unrealised fair value gains/(losses) and gains/(losses) on asset sales.  
 2. Guidance is subject to no material adverse change in market conditions.

# Questions



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