



# FY17 RESULTS PRESENTATION

**Presented by Simon Owen  
and Scott Noble**

22 August 2017



Ingenia Lifestyle Chambers Pines  
Queensland JULY 2017

*We create community*



  
Ingenia  
Lifestyle



  
Ingenia  
Gardens



  
Ingenia  
Care



  
Ingenia  
Holidays



  
Ingenia  
Settlers

# FY17 highlights

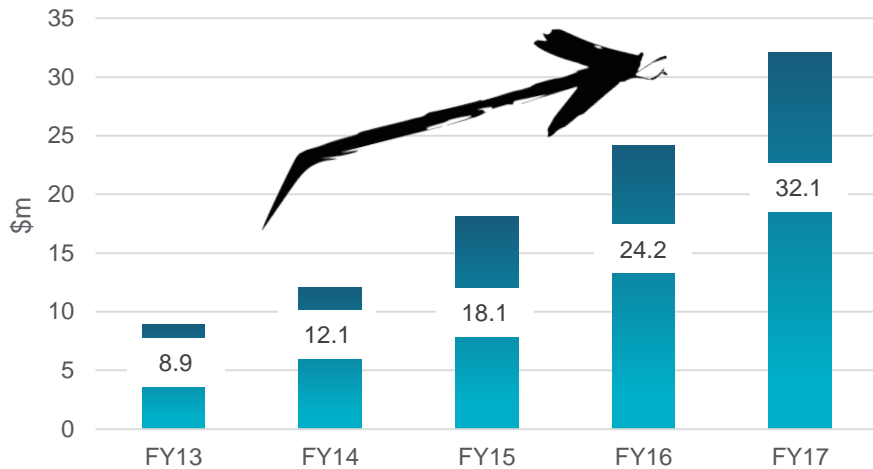
## Guidance exceeded, supported by strong sales result

<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>

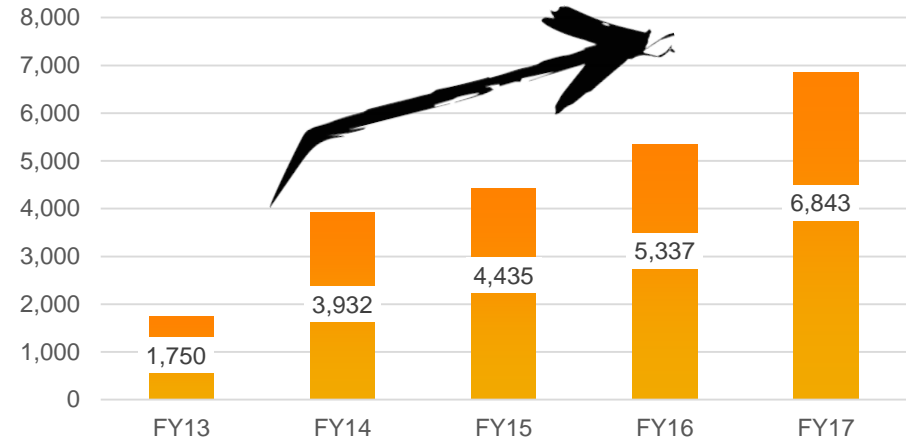
# A five year story

## Delivering growth with significant embedded value

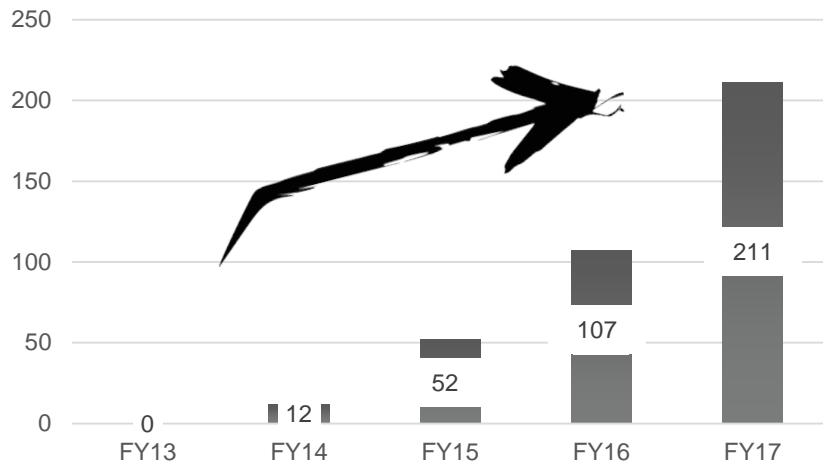
### EBIT (Continuing Operations)



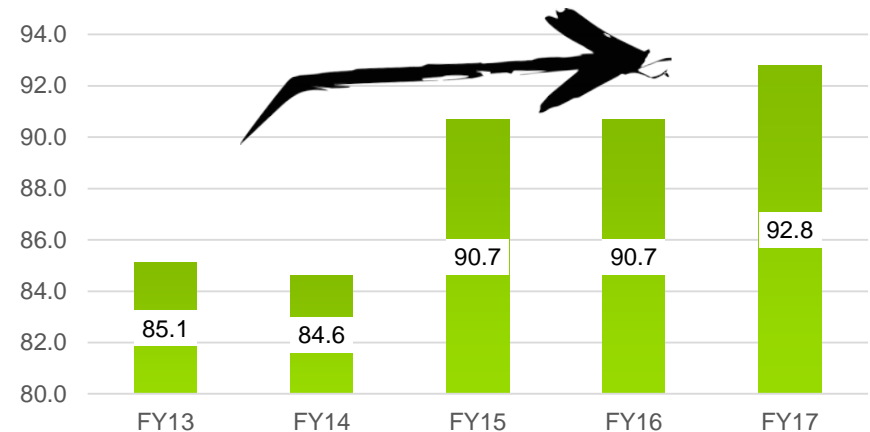
### Income Generating Sites



### New Home Settlements



### Ingenia Gardens Occupancy (%)



# 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**



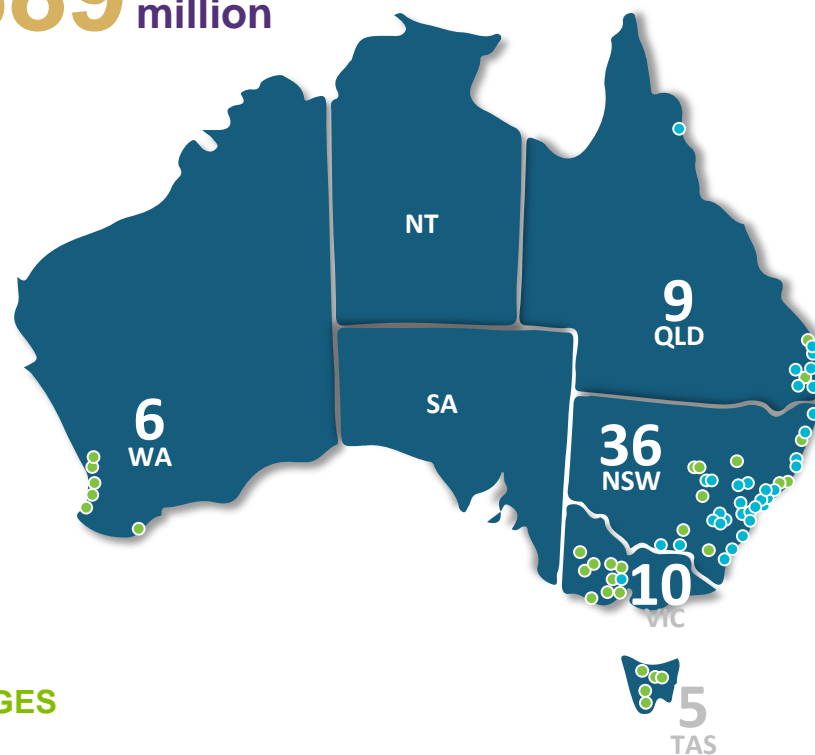
**2,470** Potential development sites

Ingenia has

**66** Australian communities & growing

Portfolio now

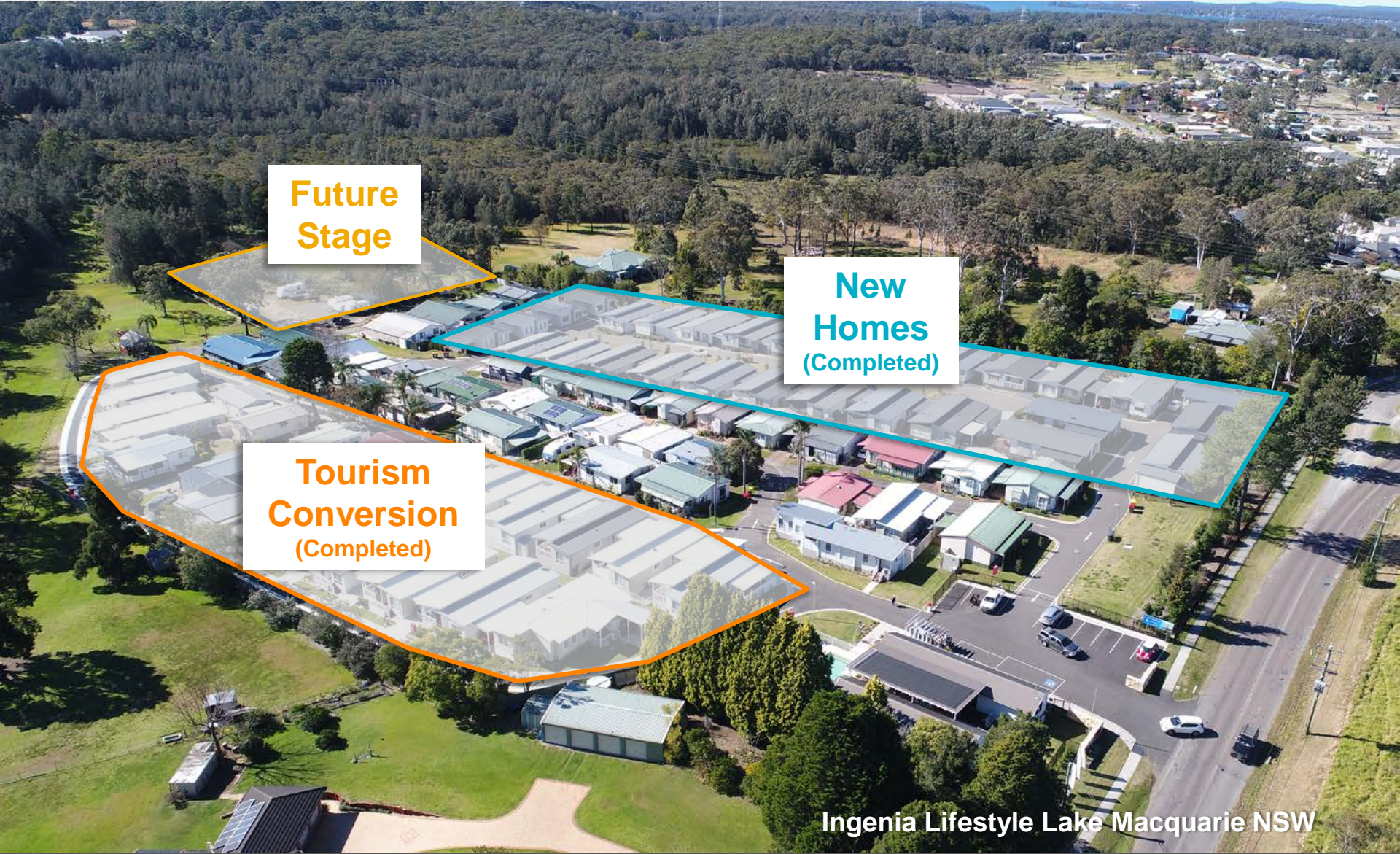
**\$689** million



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

Note: Includes announced acquisitions yet to settle. Excludes assets under option. Excludes three Settlers villages.

# Performance and capital management



**Future Stage**

**New Homes (Completed)**

**Tourism Conversion (Completed)**

Ingenia Lifestyle Lake Macquarie NSW

# Key financials

## Strong operating earnings and cash flow

KEY FINANCIAL METRICS	FY17	FY16	CHANGE		
Revenue	\$149.9m	\$107.1m	40.0%	↑	→ <b>Revenue</b> up 40%, reflecting strong performance from the core business and contribution from acquisitions
EBIT	\$32.1m	\$24.2m	32.6%	↑	→ <b>EBIT</b> up 32.6% - above guidance - result driven by significant sales momentum
Statutory profit <sup>1</sup>	\$26.4m	\$24.3m	8.6%	↑	
Underlying profit – continuing operations <sup>2</sup>	\$23.5m	\$20.2m	16.3%	↑	
Underlying profit EPS – continuing operations	13.0c	13.4c	(3.0%)	↓	→ <b>Underlying EPS</b> impacted by May 17 capital raising – funds not fully deployed until August 17
Operating cashflow	\$30.3m	\$21.0m	44.3%	↑	→ Strong <b>operating cashflow</b> driven by rental and tourism earnings and new home sales
Distribution per security	10.2c	9.3c	9.7%	↑	→ <b>Distribution</b> of 10.2c – up 9.7% on FY16
Effective tax rate	7%	-	NM	—	→ Increase in <b>tax rate</b> driven by increased contribution from development

1. FY17 statutory profit includes \$12.7 million fair value write-off of acquisition transaction costs (FY16: \$5.5 million), loss on sale of Settlers \$7.6 million.

2. Underlying profit is a non-IFRS measure designed to present, in the opinion of the Directors, the results from the ongoing operating activities of INA in a way that reflects underlying performance. Underlying profit excludes items such as unrealised fair gains/(losses), and adjustments arising from the effect of revaluing assets/liabilities (such as derivatives and investment properties). These items are required to be included in Statutory Profit in accordance with Australian Accounting Standards. Underlying profit has not been audited or reviewed by EY.

# Strong growth in EBIT

	Jun 17 (\$m)	Jun 16 (\$m)	Change	
<b>EBIT</b>				
• Lifestyle and Holidays operations	17.4	11.0	58.2%	↑
• Lifestyle development	10.9	5.5	98.2%	↑
• Ingenia Gardens	11.6	11.0	5.5%	↑
• Settlers	1.2	3.8	(68.4%)	↓
<b>Portfolio EBIT</b>	41.1	31.3	31.3%	↑
Corporate costs	(9.0)	(7.1)	(26.8%)	↑
<b>EBIT</b>	32.1	24.2	32.6%	↑

## Strong EBIT growth from core business

### Ingenia Lifestyle and Holidays

- Rental base expanding – driven by acquisitions and additional new home sales
- Above the ground gross development profit up 105% on prior year

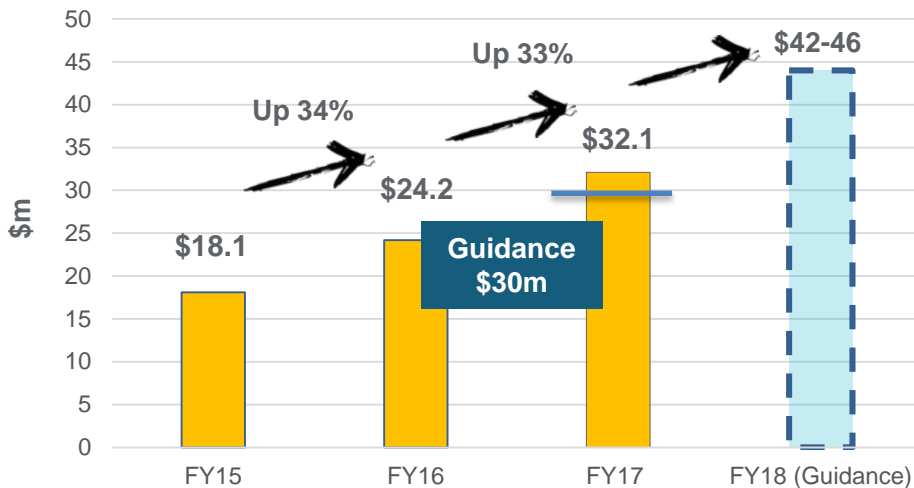
### Ingenia Gardens

- Increased occupancy and rent growth driving improved returns

### Corporate costs

- Includes \$0.5 million of unsuccessful transaction costs
- Costs reduced 2H17 (\$4.3 million) compared to 1H17 (\$4.7 million)

EBIT (Continuing Operations)





# Capital management

Australian debt	30 Jun 17 (\$m)	30 Jun 16 (\$m)
Total facility	300.0	200.0
Total debt drawn	166.5	99.1
Bank guarantees <sup>1</sup>	10.8	26.2
Available debt	122.7	74.7

Australian interest rates	30 Jun 17 <sup>2</sup>	30 Jun 16
Current all in cost of funds (weighted)	4.2%	4.0%

1. Includes \$10 million AFSL statutory guarantee.
2. Higher cost of funds driven by increase in unused facility as a result of equity raisings. Will reduce as funds are deployed.

Key Metrics	Jun 17	Jun 16
Loan to value ratio (LVR)	27.7%	24.9%
Core interest cover ratio (ICR)	3.5x	3.7x
Net asset value (NAV) per security	\$2.50	\$2.45

## Strong balance sheet – LVR of 27.7%

- Pro forma LVR 33.3%<sup>1</sup>
- Significant headroom against covenant of 50%

## Debt facility increased to \$300 million

## Drawn debt of \$177.3 million at 30 June 2017

- Core ICR of 3.5x
- Weighted average term to maturity 3.8 years
- Debt 38% hedged at 30 June 2017

## Funding growth

- Successful \$74 million equity raise to fund recent acquisitions and investment in key developments
- Growing cash inflows - operations and home sales
- DRP remains in place
- Progressing non core asset sales
- In discussion with aligned parties to explore potential capital partnering

1. Post completion of Sheldon and Glenwood acquisitions.

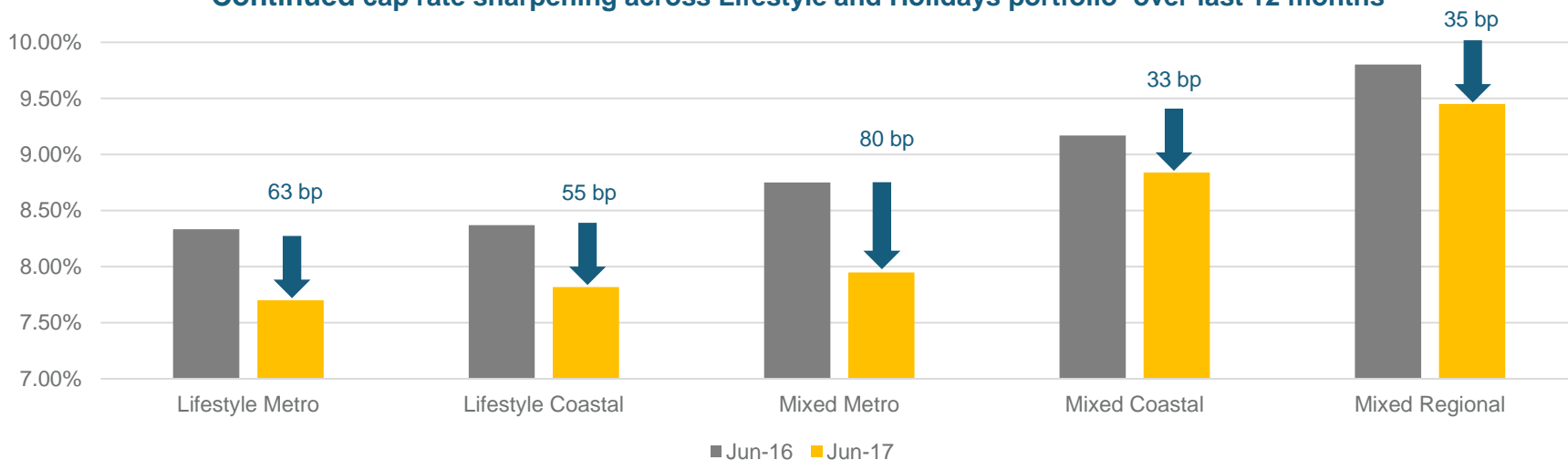
# Growth in values as capitalisation rates sharpen

- Independently valued c.50% of total portfolio by value (33 assets) during FY17 (including twelve lifestyle and holiday communities), confirming cap rate compression
- Average capitalisation rate for Lifestyle and Holidays tightened by approximately 50 basis points during FY17, contributing to \$18.9 million value uplift<sup>1</sup>
- Valuation movements support Ingenia's focus on metropolitan and coastal markets
- Valuations lagging market transactions – growing market evidence of rates firming

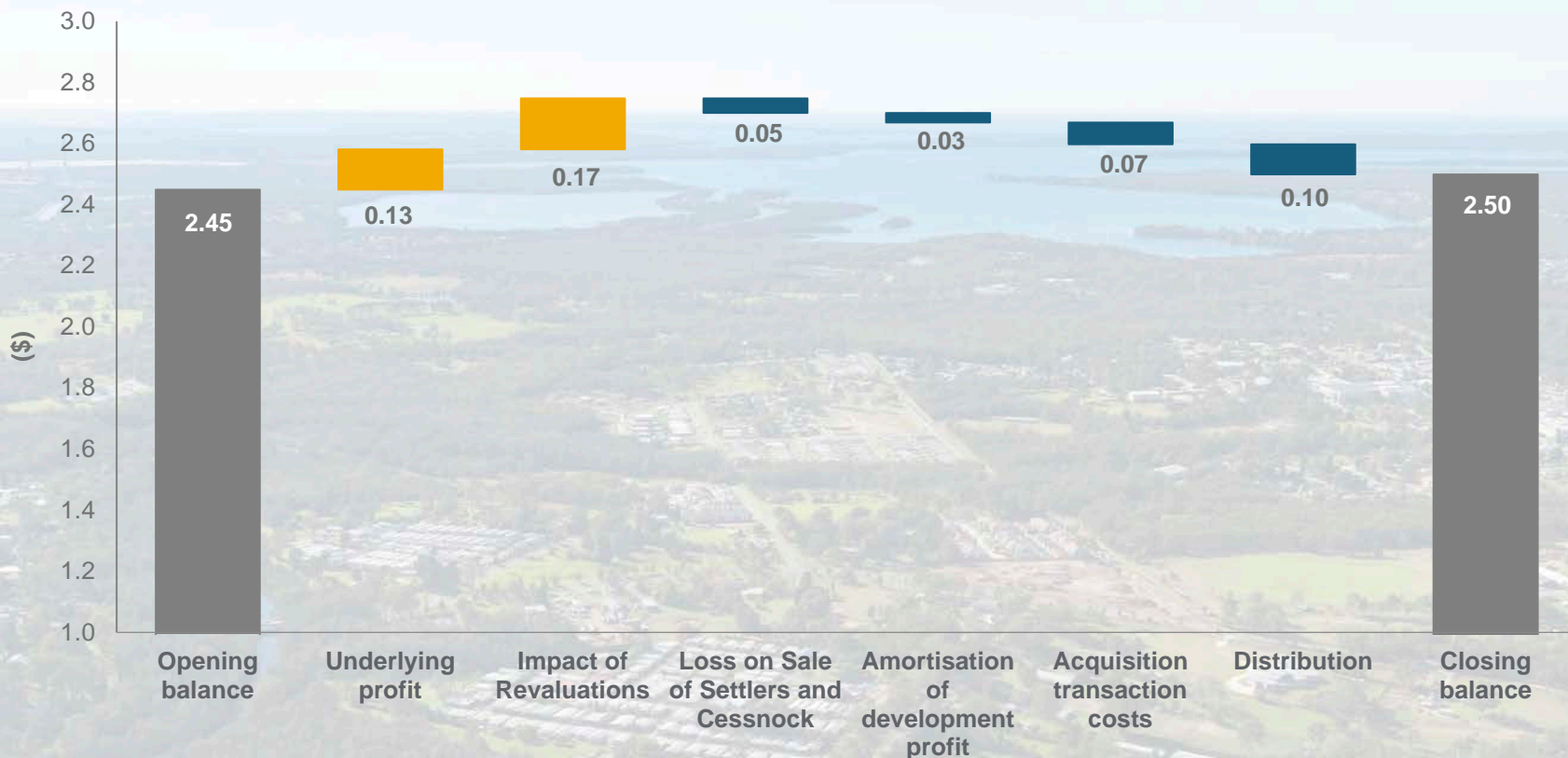
PORTFOLIO	AV. CAP RATE JUN 2017 <sup>1</sup>	AV. CAP RATE JUN 2016 <sup>1</sup>	JUN 17 BOOK VALUE (\$m)
Ingenia Gardens	9.92%	9.95%	141.3
Lifestyle and Holidays	8.40%	8.91%	514.9

1. Excludes new acquisitions and leasehold assets.

## Continued cap rate sharpening across Lifestyle and Holidays portfolio<sup>1</sup> over last 12 months



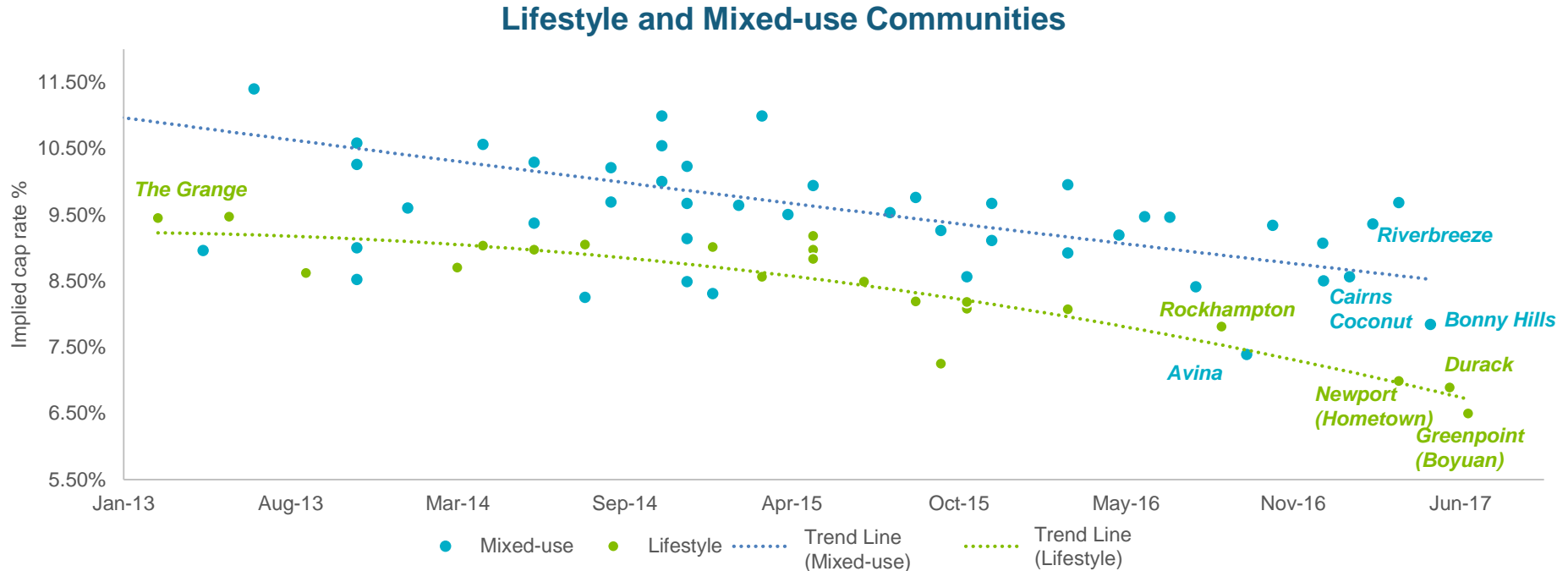
# Key drivers of NAV per security movement



- NAV per security increased 5c (2%) over the 12 months to June 2017
- Positive impact of valuations offset by the loss on divestment of Settlers assets, income tax expense and distributions to shareholders

# Valuations: existing communities

## Significant cap rate compression evident



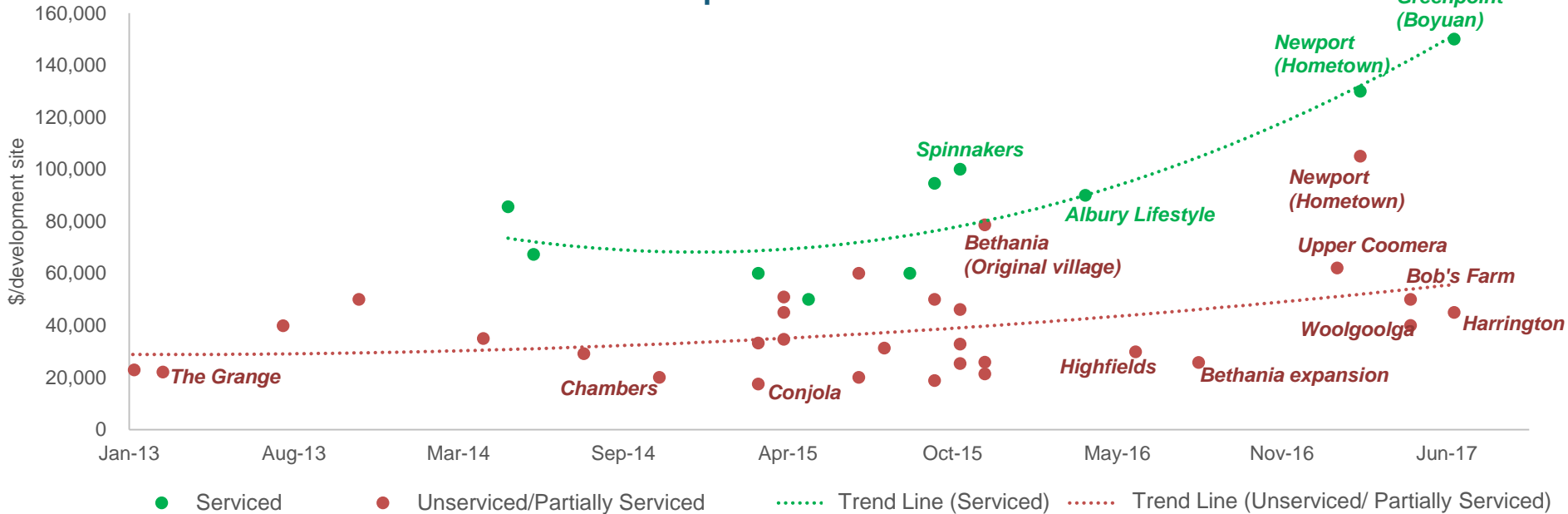
Source: Ingenia analysis.

- Capitalisation rates continuing to tighten – growing market evidence as new entrants target scale
- Greater market awareness and investment interest in sector
- Value uplift at key communities assisted by improved operating performance, integration into Ingenia platform and execution of individual asset strategies
- Best in class communities in US now transacting <4.0%

# Valuations: development sites

## Approved development sites growing rapidly in value

Recent Development Land Transactions



Source: Ingenia analysis.

- Approval of DAs supporting increased values at future development sites and securing cost effective growth as competition increases
  - > Bethania – adjacent land acquired at \$25,500 per home site – Ingenia achieved subsequent DA
  - > Conjola – golf course land acquired at \$20,000 per home site – Ingenia achieved subsequent DA
  - > Chambers Pines - golf course land acquired at \$17,500 per home site – Ingenia achieved subsequent DA
- Ingenia land bank valued at circa \$50,000 per home site – high concentration in key capital and coastal markets

# Ingenia's most valuable project

## Avina – Sydney North Western Growth corridor

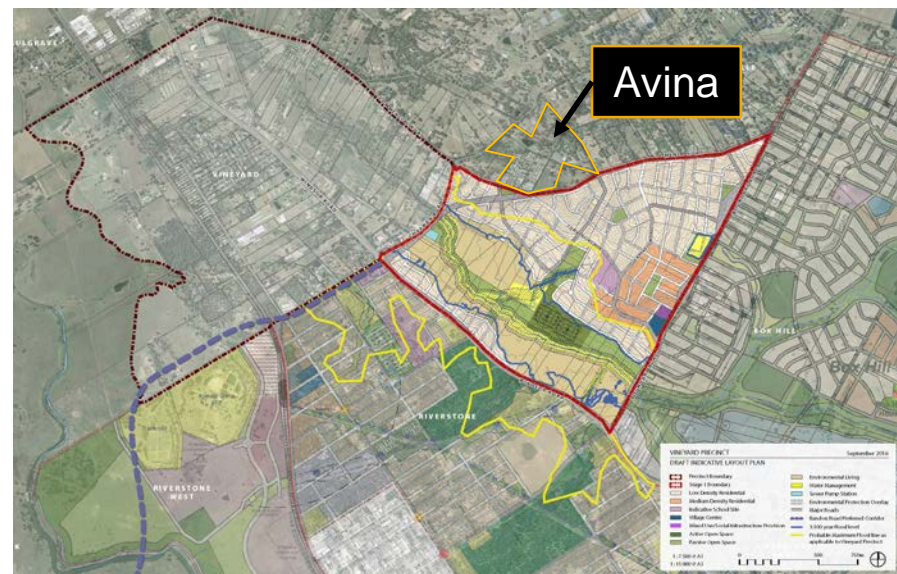
- Project comprises existing 200 site permanent and holiday accommodation and significant land bank (140,000m<sup>2</sup>)
- DA lodged for 247 new lifestyle homes in September 2016
- Due to project size, currently under assessment by JRPP (Joint Regional Planning Panel) with decision expected in next 3 – 6 months
- Subsequent to acquisition, NSW Department of Planning released Vineyard Precinct Plan – provides for 2,400 new homes with service and infrastructure upgrades (see map below)
- Extremely limited competition for new land lease communities in Sydney due to high land costs and restrictive zoning limiting supply
- House prices in local suburb (Vineyard) increased by over 44% in past 12 months – third biggest rise in Australia

### ON THE SURGE

The nation's top 20 suburbs for house-price growth

Suburb	State	Median value (\$)	Property type	12-month change (%)
MIDDLE PARK	VIC	2,580,217	H	48.2
BRINCELLY	NSW	2,184,274	H	46.5
VINEYARD	NSW	930,256	H	44.7
DALWALLINU	WA	247,565	H	44.1
RIVERVIEW	NSW	2,827,547	H	43.1
ALBERT PARK	VIC	1,029,274	U	42.6

Source: CoreLogic



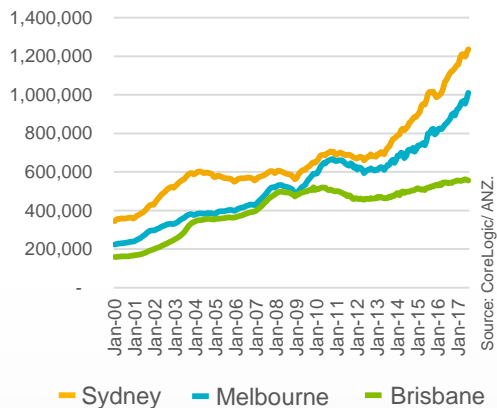
# Strategy



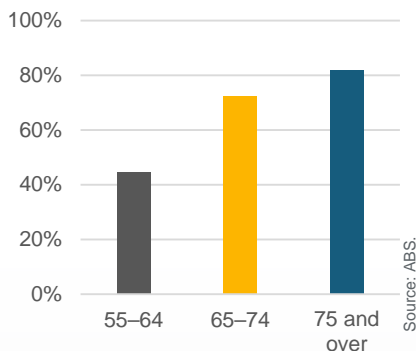
Ingenia Lifestyle Bethania, QLD

# Many seniors will struggle to fund a comfortable retirement

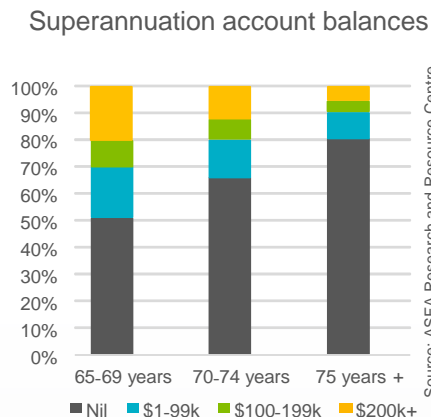
**Median House Price**  
(\$)



**Home Ownership**  
(Age)



**Limited savings or superannuation**



**Pension**

According to ASFA a couple requires \$59,971 a year to fund a comfortable retirement. The age pension is only \$31,238<sup>(1)</sup>

Key capital cities have recorded strong growth over past 20 years

...and with 82% of seniors owning their homes outright with no mortgage, many have considerable assets

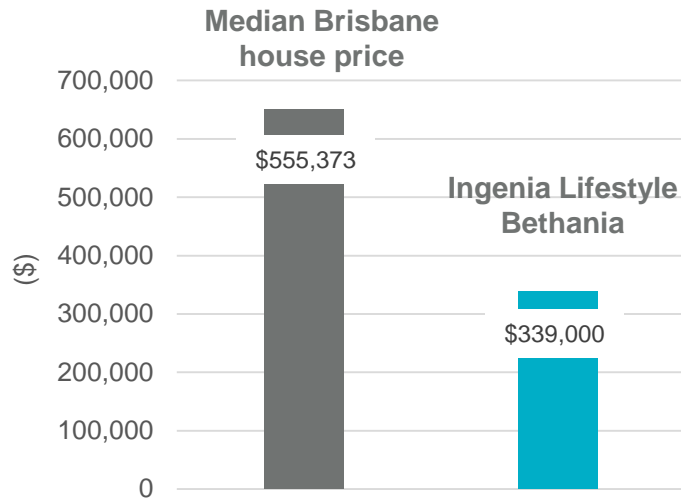
...but more than 81% of seniors have less than \$100k in superannuation

..and relying on the pension alone provides for a frugal lifestyle

1. ASFA Super Guru August 2017.



# Land lease communities offer a solution



Resident has \$216,373 net proceeds from selling home and buying at Ingénia Lifestyle Bethania



Camellia Home Design \$339,000 2 1 2 2

## Asset Test

## Single

## Couple

Asset Test Threshold

\$250,000

\$375,000

Asset Test Cut Off

\$542,500

\$816,000

- Resident can access \$216,373, continue to access pension and also Commonwealth Rent Assistance of up to \$3,437 (\$132 per fortnight)

# Ingenia value levers

Ingenia has significant embedded opportunity within the portfolio to create value



# Operations review

Expanding business generating strong cashflow growth



Ingenia Lifestyle Latitude One, NSW  
Ground Breaking  
1 JULY 2017

# Large, quality portfolio established

## Diverse cashflows and return profile

### Lifestyle and Holidays now 80% of portfolio by value

- Additional \$208 million<sup>1</sup> committed FY17 in coastal and metro acquisitions
- Divestment of majority of DMF portfolio completed Oct 16

### Diverse cashflows with exposure a range of metro and coastal markets

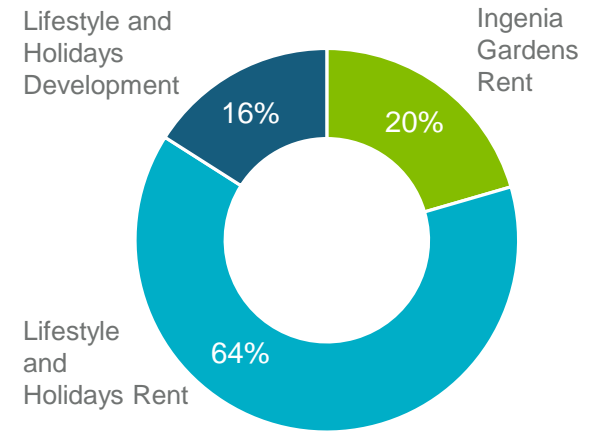
- Earnings remain dominated by rental cashflows – 73% of EBIT

### Continue to refine portfolio in line with strategy

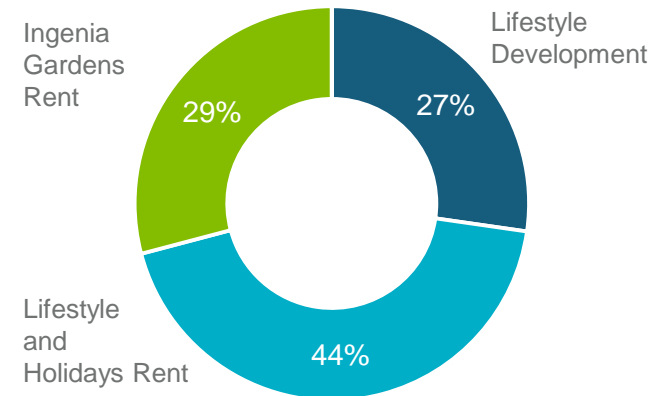
- Development pipeline to secure further growth in rental contracts and asset yield
- Focus on sale of non core and select assets

1. Includes Sheldon and Glenwood (\$32.8m) post 30 June 2017.

### Core Portfolio by Value<sup>1</sup>



### Core Portfolio EBIT<sup>1</sup>



1. Excludes three remaining DMF villages.

# Ingenia Lifestyle and Holidays

Over 90% weighting to capital and coastal markets

KEY DATA	30 Jun 17	30 Jun 16
Total properties	33	26
Permanent sites	2,323	1,620
Annual sites	909	640
Tourism sites	2,139	1,449
Development sites	2,473	1,484
<b>Portfolio value</b>	<b>\$514.9m</b>	<b>\$299.7m</b>

	FY17	FY16
<b>Rental business</b>		
Permanent rental income	\$14.9m	\$12.3m
Annuals rental income	\$4.3m	\$3.0m
Tourism rental income	\$25.3m	\$17.6m
Commercial rent	\$0.5m	\$0.4m
<b>Total rental revenue</b>	<b>\$45.0m</b>	<b>\$33.3m</b>
<b>Gross development profit</b>	<b>\$21.1m</b>	<b>\$10.3m</b>
<b>Portfolio EBIT</b>	<b>\$28.3m</b>	<b>\$16.5m</b>

1. Includes announced acquisitions yet to settle.
2. Assets owned for 12 months.

## Strong growth in cashflows – rental revenue up 35.1%

- Mature portfolio delivering >9% yield on purchase price<sup>2</sup>
- Like for like asset level net operating income up over 5%
- Average weekly rent increased to \$160 from \$149 per week
- Growing exposure to annuals – average rent \$101 per week (on land area <50% of a permanent home site)

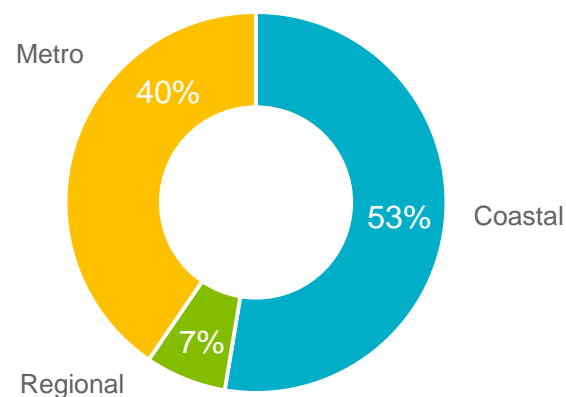
## Gross development profit up 105%

- High quality projects driving improving development returns

## Ingenia Rentals growing part of business

- Now own 574 rental homes – higher returns than reselling

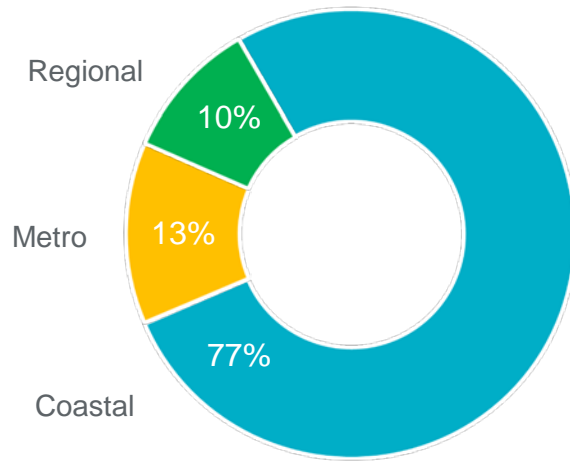
Portfolio location (by value)<sup>1</sup>



# Ingenia Holidays

## Compelling opportunity with attractive returns

Sites  
(by location)



### Brand recognition growing

- Acquired over 770 additional income producing sites in FY17
- Own some of the largest, most profitable holiday parks on East Coast
- Cairns Coconut – delivering strong cashflow

### Significant revenue growth achieved (like for like up 4%)

- Actively marketing to unique database of 150,000 members – up almost 50% within 12 months
- Targeted campaigns building off-peak visitation

### Demand fundamentals continue to improve

- Key family and nomad markets growing strongly

### Targeted investment providing growth in returns

- Rolling out free wifi across key communities to drive rate growth, occupancy and customer loyalty

## Holidays represents a complementary business with significant upside

1. Attractive cashflows underpinned by strong repeat visitation
2. Highly leveraged to ageing population
3. Preserves long-term development optionality and maximises returns from mixed-use assets
4. Increasingly becoming first touch point with prospective residents offering multiple cross-selling opportunities
5. Fragmented 'cottage' industry

# Ingenia Lifestyle: rapidly growing development pipeline

## Record 211 new homes settled FY17, exceeding guidance of 190

	FY17	FY16	
New home settlements	211	107	↑
Deposited/Contracted <sup>1</sup>	135	85	↑
Gross new home development profit (\$m)	19.7	9.4	↑
Average new home sales price (\$'000)	281	274	↑

1. As at 30 June. Includes First Choice Club deposits.

### Settlement of 211 new homes, up 97% on FY16

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

### Gross development profit \$97,072\* per new home FY17

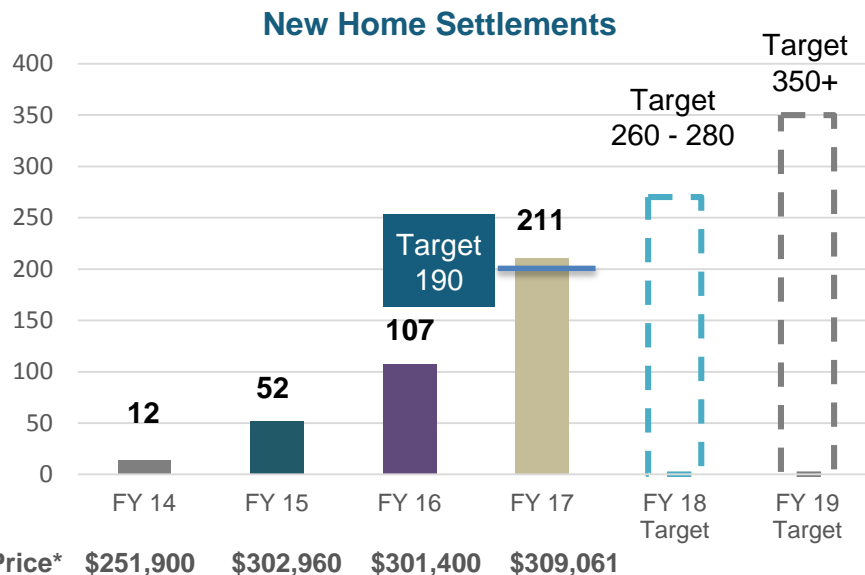
### Settled 20 refurbished/renovated/annual homes, generating \$1.3 million gross development profit

### At 30 June 2017 a further 135 homes deposited or contracted

- Deposits or contracts in place for 50% of FY18 target
- Strong interest in projects to launch 2H18

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

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



\* Excludes inventory on acquisition, refurbishments and prior year costs.

# Investing in growth

## Right-sizing platform as growth accelerates



### Realising efficiencies across core capabilities of operations and finance

#### Continuing to invest in development, sales and marketing teams to support increasing settlement targets

- Development team role includes optioning land and securing development approvals
- In house design – masterplanning efficiencies and product improvement
- Move to state-based development team structure
- Acquisitions team currently tasked with divestments and organic growth opportunities

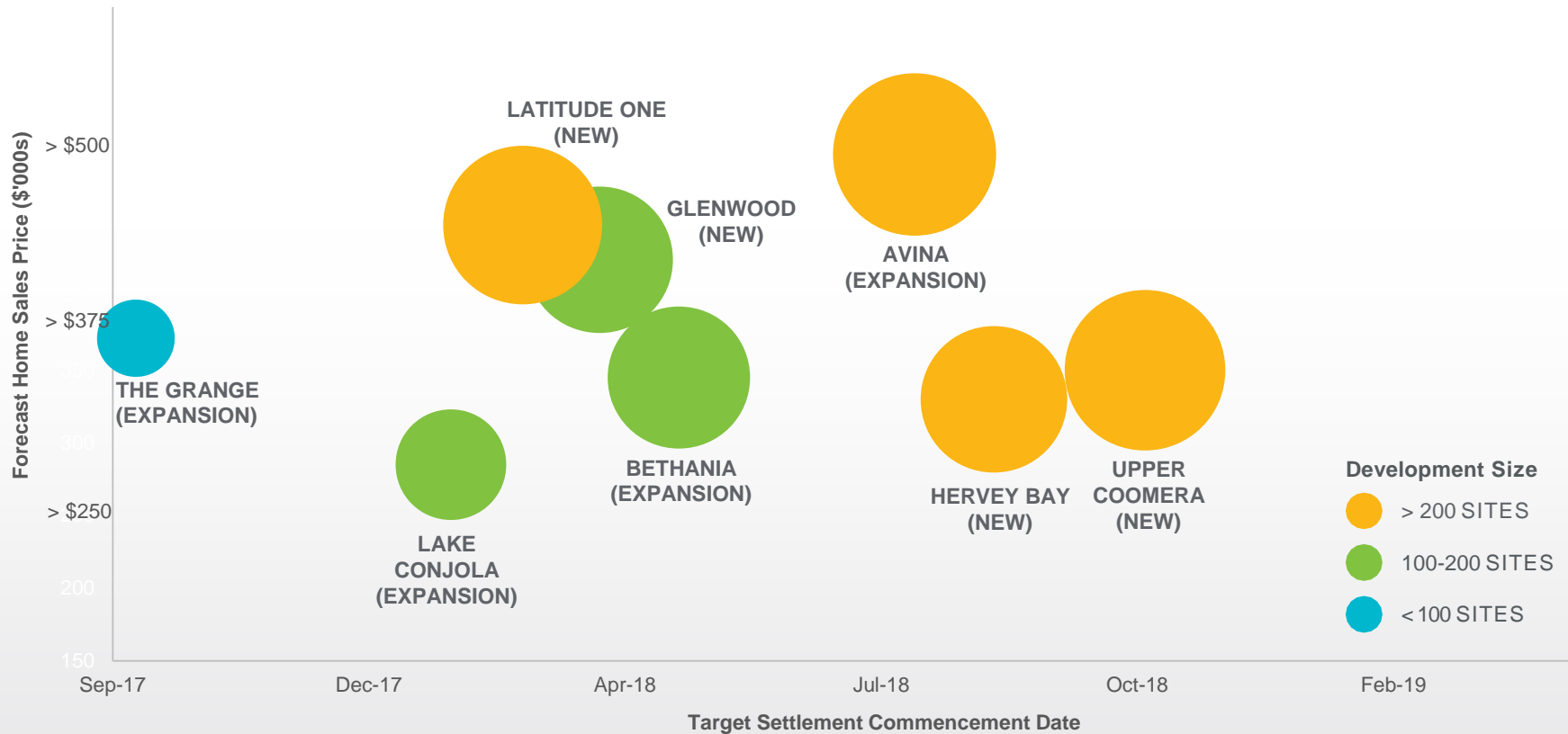
#### Benefits emerging

- Bringing projects to market quicker and more profitably
- Increasing margin and sales rate
- Acquiring and optioning development sites well below recent market comparables
- Can support launch of eight new projects over next 14 months
- De-risking settlements – Conjola First Choice deposits represent over two thirds of stage 1 homes



# Investing in growth

## Targeting further growth in settlements over next three years



- Dedicated land acquisition team assessing further opportunities in Melbourne, Sydney, Coastal NSW and South East Qld
- Presently negotiating acquisition of expansion land at four communities



# Ingenia Gardens



Swan View Gardens, WA

# Ingenia Gardens (seniors rental)

## Strong, stable, government supported cashflows

### Occupancy and rent growth driving operational performance

- All time record occupancy achieved (92.8%)
- EBIT up 5.5% as occupancy and rents grow incrementally
- Average rent increased by \$9 per week

### Training of front line staff and use of digital platform providing benefits

- Online presence generating an increasing portion of leads (website traffic up 8% on FY16)
- Average resident tenure now 3.2 years and growing

### Ingenia Care

- Care offering continuing to assist occupancy and tenure
- New extended care program (Ingenia CarePLUS) trialing in two villages with positive response – will assess Group-wide rollout over next six months

KEY DATA	FY17	FY16
Total revenue	\$28.4m	\$27.5m
EBIT	\$11.6m	\$11.0m
	<b>30 Jun 17</b>	<b>30 Jun 16</b>
Total properties	31	31
Total units	1,628	1,628
Av. weekly rent	\$330	\$321
Occupancy	92.8%	90.7%
<b>Portfolio value</b>	<b>\$141.3m</b>	<b>\$134.6m</b>



### Ingenia Care PLUS

Ingenia Care is proud to present Ingenia Care PLUS, an exciting new supported living service, exclusive to Ingenia Garden Villages residents.\*

Ingenia Care PLUS has been developed in conjunction with existing residents who value their independence but are looking for additional assistance.

For example, one resident Mabel had a fall during the night and was unable to get herself back into bed. Being an active resident, she tended to the village garden, regularly walked her dog and played bingo however the fear of falling again at night became a growing concern and forced her to evaluate her options.

The thought of moving into a residential care facility was daunting and disheartening and Mabel was left feeling overwhelmed and anxious.

Mabel and her family wanted her to remain in her Ingenia Garden Villages home however they felt she needed the additional security of an onsite overnight carer if she was to fall again.

To address these concerns shared by many residents, Ingenia Care designed Ingenia Care PLUS to provide residents and their families with true peace-of-mind.

\* Ingenia Care PLUS is being trialed for an evaluation period of six months at Devonport Gardens and Tawa Gardens only.  
\* Name changed for privacy purposes.

# Non-core assets

	30 June 17	30 Jun 16
Settlers (DMF) value	\$10.8m	\$62.5m
	FY17	FY16
Accrued DMF income	\$1.8m	\$4.2m
Development income	\$0.6m	\$1.5m
EBIT	\$1.2m	\$3.8m

- Divestment of majority investment in five DMF assets to Forum Partners completed October 2016
- Reduced asset base has significantly impacted DMF earnings
- Remaining three DMF assets (\$10.8 million) are non-core and will be divested over time
- Actively targeting sale of some regional lifestyle and holiday communities – capital to be recycled into development
- Conditional offers (\$46 million) received for six assets



# Outlook: market landscape



## Macro/Residential Housing

- Housing affordability and ageing population driving long-term core demand
- Key risk would be slowdown in residential housing (not apartments) – alert but not alarmed
- Ageing population and changing vacation patterns driving holidays business – limited exposure to rising AUD
- Limited threats from disruption or disintermediation – continuing to invest in channel management and digital

## Customer Demands

- Rapidly growing consumer awareness of lifestyle community model and differences from traditional retirement models
- Product and model continuing to evolve and broaden market appeal
- Care, accessibility and sustainability are key emerging enablers

## Competition and Market

- Increasing interest from overseas and larger domestic groups in lifestyle market
- Likely increased regulatory requirement for retirement villages but expect limited impact on lifestyle communities

# 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 and position for target of 350+ settlements in FY19
- ▶ Deliver FY18 EBIT of \$42-46 million (subject to no material change in market conditions)



# Appendices



# Appendix 1: underlying profit

## Lifestyle communities key driver of earnings growth

	FY17 (A\$m)	FY16 (A\$m)
<b>Continuing operations</b>		
Lifestyle – operations	17.4	11.0
Lifestyle – development	10.9	5.5
Ingenia Gardens	11.6	11.0
Settlers	1.2	3.8
<b>Portfolio EBIT</b>	<b>41.1</b>	<b>31.3</b>
Corporate costs	(9.0)	(7.1)
<b>EBIT – Continuing operations</b>	<b>32.1</b>	<b>24.2</b>
Net finance costs	(6.9)	(6.6)
Income tax (expense)/benefit	(1.7)	2.6
<b>Underlying profit – Continuing operations</b>	<b>23.5</b>	<b>20.2</b>
<b>Underlying profit – Total</b>	<b>23.5</b>	<b>20.2</b>
Statutory adjustments	3.2	3.7
Tax (expense)/benefit associated with adjustments	(0.3)	0.4
<b>Statutory Profit</b>	<b>26.4</b>	<b>24.3</b>

- Growing cashflows from core business as lifestyle and holidays portfolios expand
- Corporate costs impacted by write-off of due diligence costs on transactions which did not proceed
- Underlying tax expense increase is largely attributable to increasing development profits
- Statutory adjustments include \$12.7m write-off of transaction costs and stamp duty associated with acquiring new investment properties and loss on sale of DMF assets



# Appendix 2

## Reconciliation to EBIT and underlying profit

(A\$m)	Lifestyle Operations	Lifestyle Develop.	Lifestyle Total	Ingenia Gardens	Settlers	Corporate	TOTAL
Rental income	45.0	-	45.0	24.8	0.2	-	70.0
Accrued DMF fee income	-	-	-	-	1.8	-	1.8
Manufactured home sales	-	63.8	63.8	-	-	-	63.8
Catering income	-	-	-	3.2	-	-	3.2
Other property income	2.6	-	2.6	0.4	0.8	-	3.8
Development profit	-	-	-	-	0.6	-	0.6
Service station sales	7.3	-	7.3	-	-	-	7.3
<b>Total segment revenue</b>	<b>54.9</b>	<b>63.8</b>	<b>118.7</b>	<b>28.4</b>	<b>3.4</b>	<b>-</b>	<b>150.5</b>
Property expenses	(14.8)	(0.5)	(15.3)	(8.0)	(0.9)	(0.5)	(24.7)
Manufactured home cost of sales	-	(42.7)	(42.7)	-	-	-	(42.7)
Service Station expenses	(6.2)	-	(6.2)	-	-	-	(6.2)
All other expenses	(16.5)	(9.7)	(26.2)	(8.8)	(1.3)	(8.5)	(44.8)
<b>Earnings before interest and tax</b>	<b>17.4</b>	<b>10.9</b>	<b>28.3</b>	<b>11.6</b>	<b>1.2</b>	<b>(9.0)</b>	<b>32.1</b>
Net finance expense	-	-	-	-	-	(6.9)	(6.9)
Income tax expense	-	-	-	-	-	(1.7)	(1.7)
<b>Underlying profit – continuing operations</b>	<b>17.4</b>	<b>10.9</b>	<b>28.3</b>	<b>11.6</b>	<b>1.2</b>	<b>(17.6)</b>	<b>23.5</b>

# Appendix 3

## Cashflow

(A\$m)	30 June 2017	30 June 2016
<b>Opening cash at 1 July</b>	<b>15.0</b>	<b>15.1</b>
Rental and other property income	82.6	71.2
Property and other expenses	(63.9)	(56.0)
Net cashflow associated with manufactured home development	15.8	5.1
Net borrowing costs paid	(6.0)	(5.1)
All other operating cashflows	1.8	5.8
<b>Net cashflows from operating activities</b>	<b>30.3</b>	<b>21.0</b>
Acquisitions of investment properties	(180.3)	(85.1)
Proceeds/(costs) from sale of investments properties and equity accounted investments	40.8	(1.0)
Capital expenditure and development costs	(27.1)	(19.9)
Purchase of plant, equipment and intangibles	(1.7)	(2.3)
<b>Net cashflows from investing activities</b>	<b>(168.3)</b>	<b>(108.3)</b>
Net proceeds from/(repayment of) borrowings	67.4	35.2
Net proceeds from equity placement	85.0	65.5
Distributions to security holders	(18.0)	(12.5)
All other financing cashflows	(1.8)	(1.0)
<b>Net cashflows from financing activities</b>	<b>132.6</b>	<b>87.2</b>
<b>Total cashflows</b>	<b>(5.4)</b>	<b>(0.1)</b>
<b>Closing cash at 30 June</b>	<b>9.6</b>	<b>15.0</b>

# Appendix 4

## Balance sheet

<b>(A\$m)</b>	<b>30 June 2017</b>	<b>30 June 2016</b>
Cash	9.6	15.0
Inventory	21.5	17.7
Investment property and property under development	693.5	710.7
Other assets	23.6	23.4
<b>Total assets</b>	<b>748.2</b>	<b>766.8</b>
Borrowings	170.8	104.1
Derivatives	0.3	0.4
Retirement village resident loans	27.2	207.5
Other liabilities	34.1	33.2
<b>Total liabilities</b>	<b>232.4</b>	<b>345.2</b>
<b>Net assets</b>	<b>515.7</b>	<b>421.6</b>
<b>Net asset value per security – cents</b>	<b>\$2.50</b>	<b>\$2.45</b>
Secured assets	604.9	470.3
Borrowings	166.5	90.8
Bank guarantees as part of loan facility	10.8	26.2
Total including bank guarantees	177.3	117.0
<b>Loan to value ratio (LVR)</b>	<b>27.7%</b>	<b>24.9%</b>

# Appendix 5

## Guidance commentary

Metric	FY18 Guidance	Comment
Settlements	260-280 homes	Will depend on launch timing of new and expansion projects (Latitude One, Conjola, Glenwood and The Grange)
EBIT	\$42-46m	Dependant on settlement volumes and margins, timing of asset sales (earnings foregone) and contribution from recent acquisitions Continuing investment in development and sales platform, including entry into Victorian market
Gross Sales Margin	~\$110,000	Dependent on contribution from high margin new and expansion projects (Latitude One, Glenwood and The Grange)

### Growth in development and operating profit leading to forecast increase in tax expense

- > Effective tax rate of 8 – 12% expected for FY18
- > No cash tax payable in FY18

### LVR to be maintained within 30-40% range

- > June 2017 capital raise, existing debt capacity and non-core and regional asset sales to fund accelerating development

### Guidance subject to no material change in market conditions

# Appendix 6

## Case study - Lake Conjola, NSW

Acquired Sep 15

FY17 Outcomes

### Value enhancement strategies

- Install new cabin stock (six in stage 1)
- Integrate to portfolio website and revenue management platform
- Launch with online travel agents (booking.com, expedia)
- Market to Ingenia Holidays database
- Focus on operating standards and online reputation
- Introduce new Annual homes (converted lower yielding camping sites)
- Close golf course and lodge DA for new homes

- Asset level operating margin up over 52% (revenue growth and cost management)\*
- OTA's providing average \$44k revenue per month
- Digital channels (portfolio website and OTA's) sourced 32.2% of revenue for FY17
- Same period revenue growth (Sept to June FY16 and Sept to June FY17) of 6.8%, driven through additional cabin stock and yield management
- Unique visitors increased by 6.6%
- Development returns and locked in rent from new Annual home sales
- DA achieved for 114 new homes



\*Based on Sept-Dec 15 vs 16

# Appendix 6

## Case study – cont'd

### Lake Conjola - Value Uplift



# Appendix 7

## Case study - Ingenia Holidays Kingscliff, NSW

Acquired Nov 13

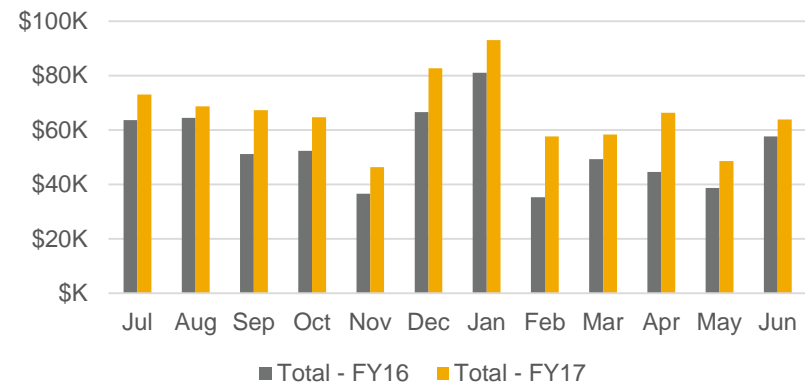
FY17 Outcomes

### Value enhancement strategies

- Modest managed capital investment
- Tight expense rationalisation, driven through controlled staff ratio and focussed cost management
- Improved distribution and leveraging of in-market opportunities
- Revenue management focus with daily rate management and strong data analytics
- Demand based price strategy driving revenue yield opportunities
- Targeted marketing focus via digital marketing initiatives

- Improved aesthetic across park with minimal spend, predominately from in-house labour
- Asset level operating margin now 60.9%
- OTA's providing average \$13k revenue per month
- Digital channels (portfolio website and OTA's) sourced 27.4% of revenue for FY17
- FY17 tourism revenue growth of 23.2% with operating EBIT growth of 10.1% (blended tourism & lifestyle)
- Unique visitors increased by 24%

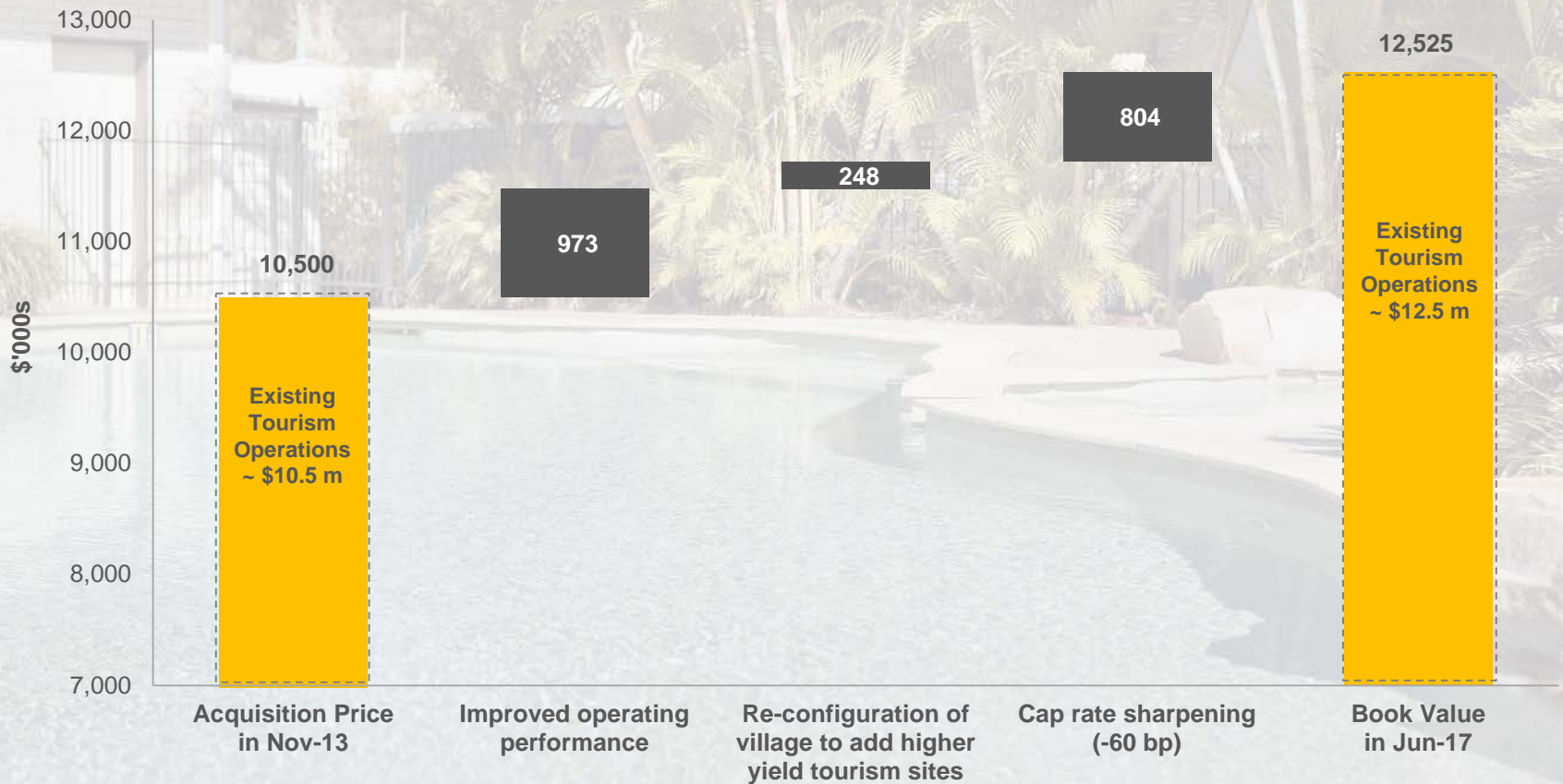
### Tourism Revenue - Kingscliff



# Appendix 7
















## Case study – cont'd

### Kingscliff - Value Bridge from Acquisition





# Appendix 8: competitor landscape

Major Competitor	Properties	Locations	Strategy	
 Ingenia Lifestyle	Ingenia Communities (ASX: INA)	35	NSW, QLD, and VIC	Acquire lifestyle and tourism parks and undertake greenfield development.
 Discovery Parks	Discovery Parks	60	NSW, NT, QLD, SA, TAS, VIC, WA	Acquired from private equity by SunSuper. Exclusively tourist and workforce accommodation. Acquired Aspen Parks Property Fund (21 assets) Feb 2016.
 Gateway Lifestyle	Gateway Lifestyle (ASX: GTY)	56	NSW, QLD, and VIC	Growing portfolio of lifestyle parks, tourism conversion and greenfield lifestyle development.
 NRMA Holiday Parks	NRMA	38	NSW, QLD, VIC, TAS, SA	Own, franchise and manage tourist parks. Acquired external manager ATPM (June 2017) which added 31 parks.
 Palm Lake Resorts	Palm Lake Resorts	27	NSW, QLD, VIC	Largest privately owned developer and operator of greenfield residential parks. Portfolio includes 5 nursing homes.
 North Coast Holiday Parks	North and South Coast Holiday Parks	29	NSW	Manage Crown Reserves Holiday Parks including 29 Holiday parks on NSW mid and North Coast.
 Lifestyle Communities	Lifestyle Communities (ASX: LIC)	13	VIC	Developer and operator of greenfield residential parks. Victoria only.
 Living Gems / Gem Life	Living Gems / Gem Life	12	QLD, NSW, VIC	Family owned - developer and operator of greenfield residential parks. Joint venture (Gem Life) with Singaporean based Thakral to expand.
 National Lifestyle Villages	National Lifestyle Villages	10	WA	Developer and operator of greenfield residential parks. Sold annuity rent roll to Blackstone for \$150 million November 2014. Reportedly for sale.
 Hampshire	Hampshire	9	NSW, VIC, ACT	Privately owned portfolio of residential parks. Looking to grow.
 Aspen	Aspen (ASX: APZ)	6	WA, NSW and SA	Own small portfolio of tourist, mining and lifestyle parks. Looking to grow with recent divestment of non core assets.
 Secura Lifestyle	Secura Lifestyle	9	NSW, QLD, and VIC	Asset aggregator looking to expand.
 Allswell Communities	Allswell Communities (Eighth Gate)	8	NSW, QLD, and VIC	Asset aggregator looking to expand.
 BHL	Boyuan Group (ASX: BHL)	4	NSW	Recent entrant. Seeking to build sizeable investment.
 Hometown America Communities	Hometown Australia	2	NSW	Recent entrant. Seeking to build sizeable investment. Australian subsidiary of \$2 billion group.

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