

Infratil Investor Day

April 2018

Overview

Investment
thesis

Core business
execution and
performance

Growing business
and pipeline of
opportunities

Retirement accommodation demand and dynamics

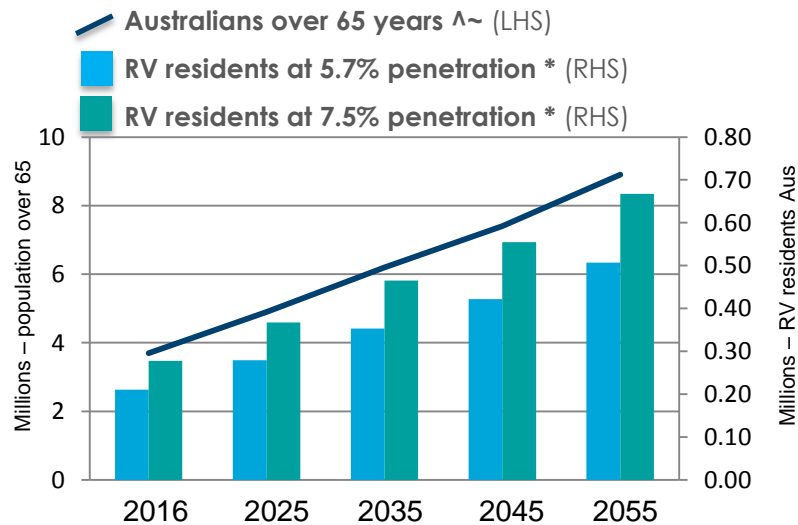
Ageing population supports greater demand

- Over the next 30 years, Australians aged over 65 years is projected to double
- The Property Council of Australia estimates older Australians seeking specialist retirement accommodation will increase from 5.7% to 7.5% by 2025.

Care policy changes supports higher demand

- Moving towards consumer directed care
- Disconnecting care funding from accommodation type
- Moving away from government funded care, and encouraging co-funding of care

The rapidly ageing population, combined with new Federal Government policy direction around the delivery of care creates a significant market opportunity for high quality retirement living, with a built in continuum of care



^ ABS July Census

~ Treasury 2015 intergenerational report

Property Council of Australia – National Overview of the Retirement Sector

Our strategic vision set post acquisition remains unchanged

STRATEGIC VISION

Our vision is to be the recognised leader in customer-centric retirement communities and care services to make us the first choice of older Australians and their families.

Core Focus – *Existing portfolio*

- Improve valuations and lower vacancy rates
- Refurbish and reinstate to facilitate faster stock turnover
- Reinvest in facilities to invest in Deferred Management Fee (DMF)
- Standardise how we do business
- New contract terms in place

Improve existing returns

Growing focus – *Development*

- Purpose-built communities with Independent Living Units (ILU) and Care Apartments (CA). Integrated continuum of care offering
- Meet changing and escalating needs of older customers, as and when required
- Meet customer preferences for location, amenity and built form

Drive growth

Growing focus – *Care*

- Care services that meet the needs of older Australians
- Wellness activities and services to encourage broader wellbeing
- Develop pathways to assist our residents in funding their care

Drive growth & invest in DMF

RetireAustralia – Future (2021) consistent focus since 2016



**Metropolitan
vertical villages**

*Delivery of
development pipeline*



Regional broadacre villages



The average
entry age is

80



7,000+
residents in
RetireAustralia
villages



**Robust
operations
and resales**

CARE

30% of residents in our
communities using
RA care services



RetireAustralia – End FY18 achievements

WIP



2 urban villages under construction



The average entry age is

78



CARE

35% of residents have access to RetireAustralia's new care services



Existing portfolio of regional broadacre villages



5,350+





residents in RetireAustralia villages



260 new products in planning phase added to development pipeline bring total to 1,100



Core business execution

Financial drivers of existing resales		Outcomes FY16-FY18
Drive entry price growth	\$\$\$\$	↑ 16.3%
Increase average age		↑ 1% to 80.6 years
Speed to market reinstate and refurb		↑ 20%
Financial innovation *		Introduced NZ based contract model
Retirement Living the experience *		Customer centric vision and approach

* More to come in FY19 and beyond

Closely monitoring three measurable indicators of RetireAustralia's core business success



Industry in the spotlight

- In June 2017, Fairfax and ABC published an investigation into Aveo
- **Several months** of negative media coverage about the retirement village industry in Australia

"It's like a financial sinkhole. Once you're in, it's very hard to get out."



"A 'get poor quick' scheme"

Bleed them dry until they die

They promise safety but Aveo retirement villages can be downright dangerous. How do residents who sign up for care end up living horror stories?



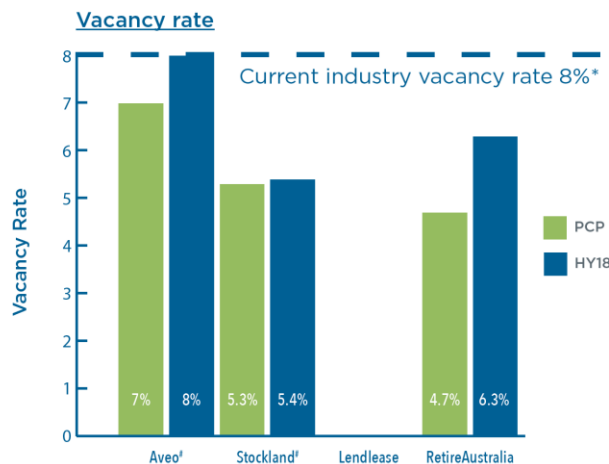
"Bleed them dry until they die"



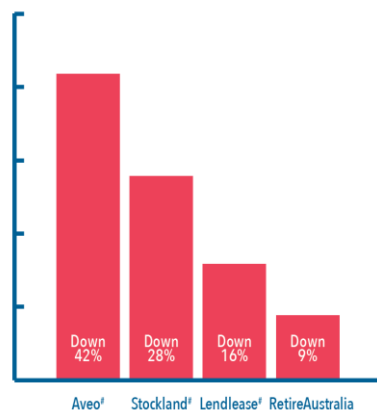
Operator impact – resales downturn, recovery underway

Publicly owned operators have reported a downturn in enquiry and sales and an increase in deposit fallovers, resulting in higher vacancy rates.

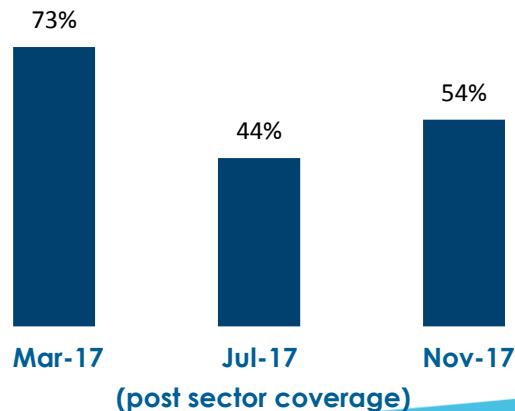
Key industry player sales results to prior comparable period (PCP)



Percentage resale decrease on PCP



Perception of retirement living improving[△]



*2017 PwC/ Property Council Retirement Census [†]Aveo, Stockland and Lendlease Half year result FY18

[△] AMR Reputation study: Proportion of over 55s rating retirement industry reputation as neutral or positive

Retirement industry rallies – opportunity to reset for the future

Retirement Living Council developed an Eight Point Plan

- Consistent national legislation
- Better contracts
- Legal advice
- Improved training for VMs
- Village accreditation
- Code of conduct
- Dispute resolution
- Consult with resident associations

42 operators, including RA, committed to plan



RETIREMENT VILLAGE INDUSTRY EIGHT POINT PLAN

for a policy platform that delivers quality resident experience

1. Support nationally consistent retirement village legislation and contracts.
2. Ensure there are transparent and easy-to-understand descriptions in contracts of entry pricing, ongoing service fees, reinstatement costs, and departure fees and payments, so residents have certainty about the costs associated with living in a retirement village.
3. Encourage all potential residents to seek independent legal advice before signing a contract, and work together with government and the legal profession to make this happen. We will also encourage potential residents to share this information with family members and trusted advisers.
4. Improve training and professional support for village managers, sales people and other staff who engage directly with current and potential residents.
5. Commit to improve industry village accreditation standards and coverage, and support government initiatives to make accreditation a mandatory requirement for operating a village.
6. Work with the Australian Retirement Village Residents Association to implement an industry Code of Conduct to set and maintain high standards about the marketing and operation of villages, including dispute management procedures for operators and residents.
7. Commit to the establishment of an efficient and cost-effective government-backed independent dispute resolution process, such as an Ombudsman or Advocate, for disputes that are unable to be solved at a village level.
8. Maintain and strengthen the relationship between industry and the Australian Retirement Village Residents Associations, to make sure resident issues are clearly identified and addressed.



Review of capital structure to support growth

Since acquisition there had been no review of the capital structure

- Brownfield development and site acquisitions have been equity funded
- Home care business will be 100% equity funded
- Capital structure review was completed to ensure we have the right capital structure to support our growth strategies.

RA strategies

Robust profitability

Development pipeline

Integration of care

People and performance

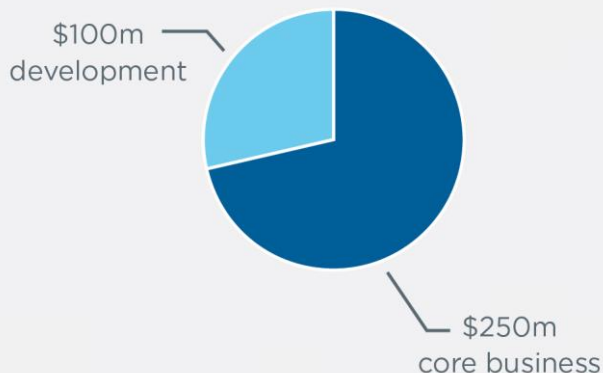
Delivering on our promises

Initial capital structure December 2014

■ \$250m core business

■ \$100m development

\$350m total

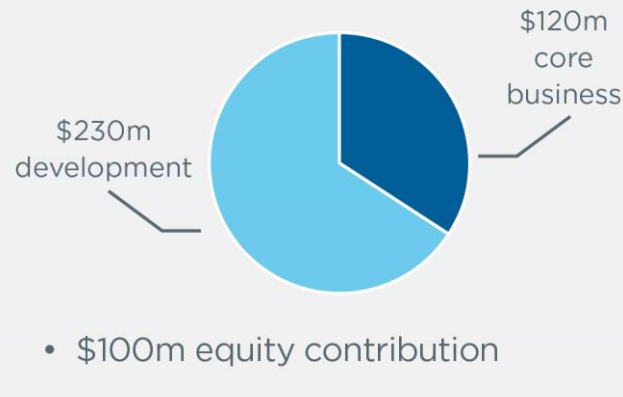


Final capital structure March 2018

■ \$120m core business

■ \$230m development

\$350m total



Development pipeline being secured and delivered in FY18

- 3 Brownfield projects were completed
- 2 Brownfield projects under construction
- All brownfield village expansions designs refined

- 2 Greenfield development projects achieved development approval with 1 more imminent
- 3 Greenfield developments in development planning and approval processes



Medium term development pipeline – delivering 200 per annum*

Green field villages		FY19	FY20	FY21	FY22	Beyond
Village	Product Type	Delivery stages				
Burleigh Golf Club	Independent	-	44	62	39	-
	Living Apartments	-	-	-	32	-
	Care Apartments	-	-	-	-	-
Lutwyche (Fancutts)	Independent	-	72	-	63	48
	Living Apartments	-	26	-	-	9
	Care Apartments	-	-	-	-	-
Tarragindi Bowls Club	Independent	-	-	94	-	-
	Living Apartments	-	-	-	-	-
Ashgrove Golf Club	Independent	-	-	-	-	118
	Living Apartments	-	-	-	-	31
	Care Apartments	-	-	-	-	-
Lane Cove	Independent	-	-	-	-	50
	Living Apartments	-	-	-	-	34
	Care Apartments	-	-	-	-	-
Total units delivered			142	156	134	290

Brownfield villages		FY19	FY20	FY21	FY22	Beyond
Village	Product Type	Delivery stages				
Wood Glen	Independent	-	-	-	-	-
	Living Units	11	-	-	-	-
	Independent Living Apartments	-	24	34	-	-
Glengara	Care Apartments	-	70	-	-	-
Forresters Beach	Care Apartments	-	-	-	75	-
Tarragal Glen	Care Apartments	-	-	-	-	50
Total units delivered		11	94	34	75	50

Total development pipeline		FY19	FY20	FY21	FY22	Beyond
Total units delivered	Mix of ILU and CA	11	236	190	209	340

* With long term target of 300 per annum

#Note: the development pipeline target of 1,100 by FY18 was achieved and includes 986 future delivery together with the previously delivered 152 units delivered in FY17 / FY18

Developing the care continuum the RetireAustralia way

What are Care Apartments?

- Transitioning from the traditional Serviced Apartment offering (which is primarily domiciliary services) to a “private aged care” offering which expands the service offering to include assistance with daily activities of life through to end of life care, but importantly NOT within a RAC/Nursing Home “institution”

Regulated by the Retirement Village Act

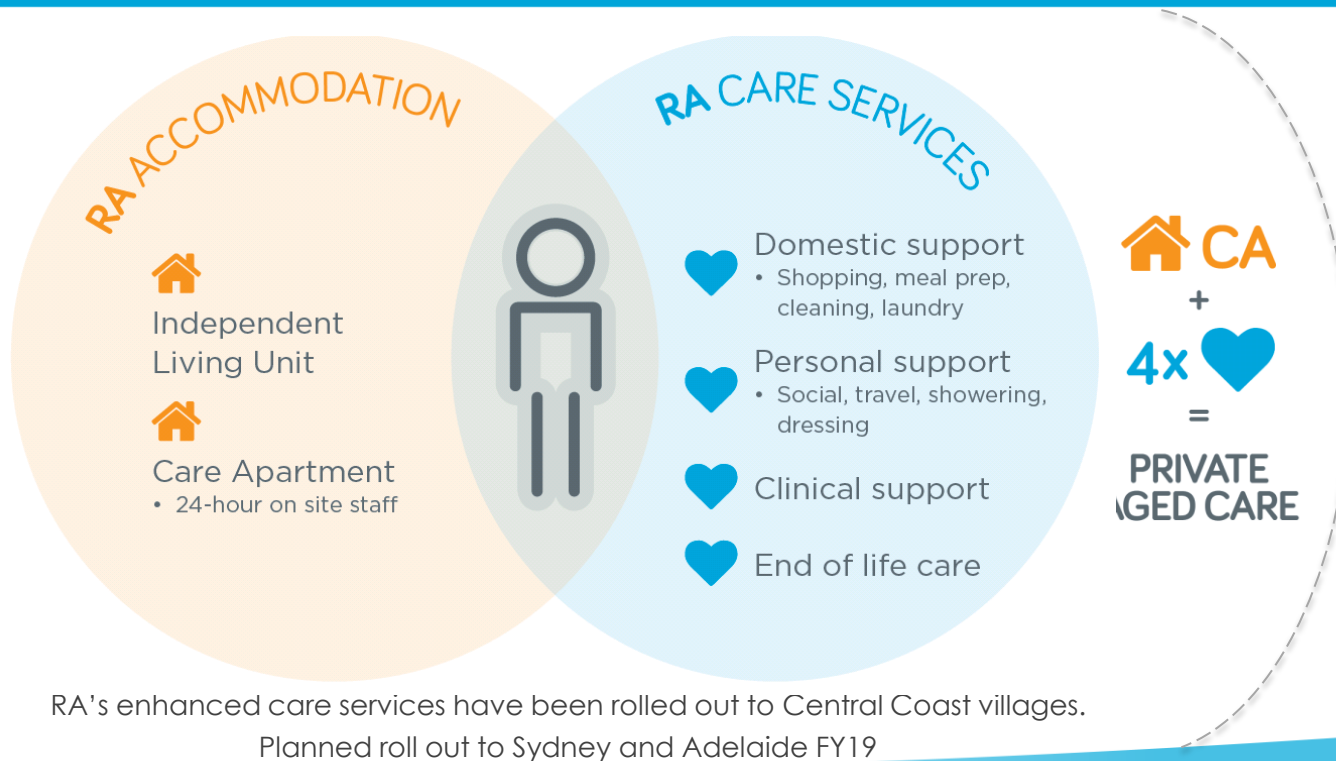
- DMF model for accommodation provision (but no double DMF for transferring residents)
- Village levies meet base maintenance and services on a cost-recovery basis
- Care needs met in the same way they would be in the home - mix of user pays and Home Care Government funding.
- No pooling of care revenues or pseudo insurance scheme



Built form

- 40 – 45 m2 apartments
- Communal facilities, dining
- Wellness activities
- Built to Class 9C Code in preparation for inevitable RAC deregulation
- Liveable housing guideline standards
- Sterling University accreditation for cognitive impairment

RetireAustralia Care



Australia's care funding model is changing

- Australia is moving to consumer directed care
- Home care has already transitioned
- Quality and reporting framework across home care and residential aged care is being standardised from July 2018
- Government signaling deregulation of residential aged care as the government moves toward a single funding framework
- Decoupling funding of care from accommodation

RetireAustralia Care – positioned well for changing funding model

Anticipated Australian Government Policy reforms

Short term

- Merge home support and home care package funding programs
- Higher level packages to meet higher care in the home
- Level 5+ home care package introduced providing an alternative to residential care (indicative estimate ~\$63,000 per person pa)

Medium term

Expand number of home care packages; 90,000 at present to around 140,000 by 2021–22

Longer term beyond FY22

A single aged care system that removes distinction between care at home and residential care – decoupling the consumers accommodation setting from any available funding of their care needs.

RetireAustralia's progress

- Transitioning existing portfolio of more than 400 serviced apartments to care apartments
- Approved home care provider status achieved and commenced delivery FY18
- Staged rollout of home care business model commenced with Home care accessible to more than 1,500 residents at EOFY18
- Rolling out home care to a further 1,800 residents during FY19
- Planning for care roll out to all existing broad acre villages by FY20
- Development pipeline integrating continuum of care.

Where we want to be short-term - FY19



2 urban villages under construction
and continue to build
development pipeline 200-300 pa



Existing portfolio of broad acre
villages aligned to our long term
strategy



The average
entry age is

78+



5,500+

residents in
RetireAustralia
villages



**Robust
operations
and resales**

CARE

60% of residents have access to
RetireAustralia's care services

