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Good morning, everyone, and welcome to Ingenia's first virtual presentation. Today, we're going to take you through our holidays business, which is experiencing some incredible demand at the moment.

I'm going to take you through some of the strategy behind our holidays business, and then I'm going to hand over to Ben Hesketh, one of my colleagues, who's currently the General Manager of our holidays business. We've then got an exciting panel where we're going to discuss some of the issues in the Australian holiday market as well as hear from John McLaren, who oversees Sun's business in the U.S. and then Natalie Kwok is going to talk through how we have added value to our Solders Point acquisition on the New South Wales Mid North Coast that we acquired a few years ago. And then Ben is going to take through finally somehow we're driving innovation across the sector.

Today, Ingenia has 27 holiday parks up and down the East Coast from Cairns up the top of tropical North Queensland, down to our most recent acquisition, which is in Victoria. 5 of those parks are owned through our funds management platform, which is called Eighth Gate and all of our Holiday parks probably with the exception a couple in Sydney are experiencing the strongest demand that we have ever seen.

Today, we're pleased to confirm the acquisition of 2 new holiday parks bring into the Ingenia portfolio. The first of those is Big4 in Inverloch, which is in the Gippsland region of Victoria. It's about 2 hours Southwest of Melbourne, about a comfortable 2-hour drive. It is one of the premier Holiday parks in Victoria, and Ingenia is incredibly proud to be the new owner.

The previous family that owned the park has been there for 15 years and has done a fantastic job. It is absolute Waterfront. What really appeals to Ingenia about Inverloch is the mix of income. So there's some high-quality holiday cabins, high-quality sites. There's some sites right down close to the beach. There's also some annuals, which brings in strong recurring income. And there's some fantastic facilities, including an indoor heated water park.

So on day 1, some great baseline revenue, but also bringing it into part of the Ingenia network, we do think there's going to be some great opportunity to drive value down at Inverloch over the next 3 to 5 years, and we would anticipate taking over that park in the next couple of weeks.

We're also very pleased to announce the acquisition of the Middle Rock Holiday Park, which is on the New South Wales Mid North Coast. It's about a kilometer north of our high occupancy One Mile Beach Holiday Park and is about 3 kilometers away from our Latitude One Lifestyle Village. Middle

Rock offers a mix of both holiday income and permanent income. So there is a permanent village there of around 70 recently built homes, as well as a Holiday Park, which offers, again, a blend of cabins, sites and some annuals.

Port Stephens is one of the highest growth areas for Ingenia and we're very pleased to take over that park. And again, we expect that settlement will occur in the next few weeks. In terms of additional acquisitions, we've recently agreed terms to acquire one of the largest and most premium Lifestyle villages, Australia, which is on the East Coast. We're just doing our due diligence on that. And we do have a number of other holiday parks that we're currently assessing.

So overall, our acquisition pipeline is incredibly strong at the moment. In terms of strategy and portfolio evaluation, when Ingenia first entered the holiday space back in 2013, we were initially buying holiday parks to convert them from holidays across to permanent. And we've done that on 6 or 7 occasions, most -- our first park was at Ettalong down on the bottom of the New South Wales Central Coast. Then we converted a couple around Lake Macquarie. But as we started to unpack the Holiday Park business more and more, we realize that for those premier coastal based holiday parks we could actually create more value from running them as a holiday park than converting them to permanent accommodation.

We've also had the opportunity to spend a lot of time in the U.S., looking at the way groups like Sun Communities and ELS have entered the Holiday park or in the U.S., they call it the RV, Recreational Vehicle market. And again, we see there's incredible value. Holiday Parks produce extremely strong cash flow. We're typically buying them off family-owned businesses.

So the opportunity to come in and really drive revenue to reinvest new capital into the business, to bring them into the Ingenia booking system to utilize some of the OTAs that we use. And as Natalie will talk through a little bit later this morning, so I'll just point, you can see how year-on-year, we've been able to grow or drive really strong top line revenue growth.

Conversion. Converting holiday parks into permanent is really not something that we are actively doing anymore. We're typically buying holiday parks and bringing in new cabins, introducing our digital strategy, and that's the key area where we're driving revenue. And as Ben will show a bit later, we're really, I think, right at the cutting-edge of innovation in the sector at the moment.

With that, I think it might be a good time. I'll hand over to Ben Hesketh, who's going to talk through what's going on in our holiday business at the moment.

(presentation)

Ben Hesketh

Thanks, Simon. Some great images there of some of Ingenia's Holiday parks. I like we think of that amazing Australia tourism slogan of "where the bloody hell are you?" It's certainly something that -- with the utmost respect of how much I love my job. I think being at one of those a water parks right now would be a bit more enticing than looking at a camera in this current environment.

The industry overview, I'll leave largely to Lyndel Gray, who's the CEO of the Caravan and Campaign Industry of Australia. But needless to say, as far as Ingenia is concerned, we believe we're incredibly well-placed at the moment with huge demand in the area. We believe we've got some of the best Australian holiday parks in the best locations. And a lot of our slogans are about having great breaks in those great locations.

Holiday parks are an intrinsic part of the Australian landscape. Generations have been heading off to parks, and we're now capturing that loyalty of guests returning, we're in the business of creating memories so there are many, many people who with their grandfather or farther, maybe caught their first fish off one of the jetties in a Holiday Park, maybe experienced their first sneaky kiss down in the sand dunes over at One Mile Beach.

Needless to say the industry sitting at $23 billion is a massive impact on the Australian economy. What we're seeing right now is an opportunity for conversion of first-time travelers to our parks. Recently, we believe about 25% of people staying in Holiday Parks are staying there for the first time. What's incredible is loyalty. So I've come in from a hotel background, where typically, we might get to see a family travel on a holiday once.

In our Holiday Parks, we are definitely seeing now third generations coming through. So we came with mom and dad. We're now bringing our children, and they're all coming as a large family. And if you just try and tell one of our regular campus that they're not having site #20, where they've stayed for the last 20 years, you're in for a new story. There's a definite feeling of ownership in place.

So if we move on to our strategy, I'm sure it's very similar to everyone else's. We're about growing revenue and growing market share. It's how we go about this, that we believe we may have a point of difference. We're about creating exceptional experiences. We believe we've got the locations that allow us to do this. To do this, we're also investing heavily in our staff training, on customer service.

Some of the activities that we do in kids club activations, patting zoos, soccer coaching clinics in our parks are all things that they will get to enjoy. Along with this, we've managed to partner with some key stakeholders. So Wahu, you see in the screen there is an Australian icon for outdoor leisure activities. Just in the recent school holiday period, they are in a very successful outdoor cinema program. We have a lot of that equipment available for use free of charge from our reception spaces. This coming summer, we have a big activation with pool parties and activities within all of our Holiday Parks.

The Rabbitohs sponsorship as our first foray into television advertising aligned with what some people might say is the most loved rugby by League team in Australia. Simon may disagree with me on that one. But they are the underdog, and everyone loves a battler.

We've also got new initiatives, so Woolworths. We've partnered with them. We're the first business in tourism to do so. We're about making life easy for people when they travel. So when you're booking through our online platforms, you're actually able to click on a link that will take you to Woolworths, organize your groceries for your stay. It's about making things easy for the traveler.

(presentation)

It's been a great initiative, but seen a great uptake in our parks. So we now talk about COVID to say it's been a monumental year would be a pretty major understatement. COVID has impacted everyone. We've all seen and witnessed various versions of how that's impacted us directly.

The holiday industry was certainly -- probably the most heavily impacted industry within Australia. So we went on quite a journey from the slow sort of shut down and easing and then to a complete call by the Australian government to completely close their holiday parks. This was heavily lobbied by ourselves, but Lyndel, thank you, the CCIA also in regards to allowing particularly essential workers to come and stay with us. What impressed myself is the people in our business and our ability to adapt.

We went through some hardship where we stood down a lot of employees in the initial stages. Once JobKeeper was introduced, we were very excited to be able to bring those people straight back on deck. And we seized the opportunity to create our parks to a standard that we have never been before. We got to attend to all those jobs that we wouldn't normally get to. Everything got a fresh coat of paint, the lawns reselling, those little maintenance jobs got done. So we were pristine and ready for opening.

Another thing to point out was our ability to pivot, and we entered the market of short-term rentals in many of our Holiday Parks. Where we're tracking people from 1 to 3 months stays that provided a baseline income. And the other exciting thing for us was to see that our annual revenue remain stable throughout that whole period.

We certainly are now coming out the other side, experiencing an amazing recovery. And despite the first poor couple of months, we're now tracking well ahead of budget for this financial year.

So I want to move on just to explain these annuals that you've heard Simon talk about. And I guess they're providing that base level of income to a lot of our holiday parks that do have them. So annuals are essentially, you'll be familiar with the land lease communities. This is what it's about. People own the van or the cabin, and they're able to stay in their holiday park for up to 180 days in a year.

We're now moving to a section when you see on those pictures on your slide, we've actually built those cabins. And sell those as annuals at our Lake Conjola Park. Not only do we get the initial revenue uptake for the sale of the cabin, but we're locking these people into depending on where the asset is located, are paying anywhere between $6,500 and $9,000 a year for the privilege of holidaying with us.

These do provide a stable long-term income. And they are flexible for conversion, if we want to as well. We do certain precinct within our Holiday parks where we have annual sections, tourism sections and then sometimes permanent areas as well. Where it's pleasing to note that there's a great opportunity for Ingenia, particularly in our southernmost parks to explore further annuals, where they might seasonally struggle through those winter months. We're seeing an opportunity for us to be able to install more annuals, attract people to that common holiday when it suits you, we've always got something ready for you. And that's a really exciting opportunity. And the 2-year recent acquisitions we got have a strong number of annuals that underpin their income.

It's fair to talk about how we came out of COVID, although we're still not going through it, but certainly, once the borders were open, then restrictions were eased. Prior to that, there was a lot of work going on in the background. So we certainly recognized that travelers to our Holiday Parks were keen to understand that we had safe places for them to go. We already have an amazing advantage that we have regional locations. We're out of the cities, and there was a very strong desire for people just to get out of town. And fortunately, most of our assets are located in that situation.

We introduced a contactless check-in, online check-in process. We had extra cleaning regimes that we promoted. We have COVID clean stickers on the door. So you know that your cabin is being cleaned to a high level before you arrive.

Our ability to be nimble in this situation was shown, particularly just before the announcement was made. We were -- had our online advertising ready to go. On the Sunday, when the announcement was made, our revenue manager was able to put us online before our competitors, in fact, 24 hours before that our competitors that we noticed were able to sell anything online. And within that first 24 hours, we captured $200,000 worth of forward bookings.

(presentation)

So post COVID, excitingly, we've seen demand like we've never seen before. I think it's fair to point out just how disparate the regions are in the way we've experienced that as Board has lifted in various areas, we had different experiences in different holiday parks. So Cairns, by its nature being a large asset and being well North was quite heavily impacted, particularly with Queensland, keeping their boarders closed for longer than any other state. And they also have an inbound traffic that supports their business. And closing through their peak period, which is the middle of winter, which is typically the off-season for the remainder of our Holiday parks was an impact.

What's really pleasing to see is that we're all coming back very strongly from that. We're seeing people traveling now out of season. We're currently tracking ahead of budget for the current month and looking really positive into the next couple.

The other point to note is any of our assets that were within 2 to 4 hours of more city-based population experienced incredible uplift. So they more than offset the impact that was experienced at Cairns. And to Simon's point earlier, our 3 smaller Sydney assets were negatively impacted as well due to the glut of hotel rooms on the market, without travelers coming from into state staying in our cities. We did see impact on the (inaudible) and Sydney.

It is worth pointing out whilst we've got this amazing demand, and we do have dynamic pricing, and we're seeing a great uplift in our rate and our occupancy. January was already booked. As I said, loyalty is an amazing thing in our Holiday parks. January was quite heavily booked from previous year. So we haven't quite been able to maximize as much as we'd like to in that particular month that all those gaps we're seeing amazing uptake, and we're certainly seeing rates that we've never seen before.

In Lake Conjola, one of our holiday parks for a 3 bedroom cabin there where over summer, we're experiencing $1,000 light rates for people to come and stay with us. In there, we're obviously looking to value add, and we're providing a premium product in that cabin. And we're not finding any resistance from our guests that are coming to stay. And in fact, we're maintaining very positive feedback.

I think if we move on to some of the other recent trends we've also seen is very pleasingly for us. Our direct bookings are up by 10% for online performance. That's more money in our pockets, essentially. So what we are able to do with our OTAs is turn them off when it suits us. So we can force people to come to us directly when the demand is high. We do turn that on and off to suit our business flow. It is a way of us getting new business into our Holiday parks. So it is worthwhile opening up those channels in the quieter periods.

You'll notice as well that Big4 experience growth along with us in the online booking platform. And we believe that's also largely to the fact that they are a well-recognized brands. So people that have never traveled in Holiday parks they were researching it. They would automatically will think that Big4 has been a presence in Australia for many, many years now.

Our customer profile is changing. Whilst we've seen uplift in visitation in all age groups. The pie chart, as you can see, is changing our 18 to 34-year age brackets up. They're typically younger travelers we would expect. Maybe they're going on cruises, maybe they're heading over to Bali. But we would say why do that when you can go to One Mile Beach. Beach is on your doorstep, you've got 4 motorbikes down the road. You can go on camel rides. There's watching this dolphin. So there's an amazing opportunity to get out and explore your own backyard.

I guess, to that point, our diversity in our product is a great asset for us to have. We have something for everyone. So some of the Grey Nomads may prefer a quite a scene. We've got Park in the Hunter Valley, where you can go on wine tours, come back and be picked up and dropped off by a bus.

You may then head up to Southwest Rock, which is another park that has large parking spaces, particularly popular with Grey Nomads where on a Monday night, we'll have live entertainment and we'll see large gatherings of these groups of friends that travel together as they explore Australia.

The younger families, too, we've got great coastal locations. Everyone loves the water, whether it's fishing or the beach, surfing getting out and exploring your own backyard is something that we're very much aware of. And for us, it's about creating that opportunity for experiences. And I alluded to that in the beginning, those shared memories are things that people will take home with them. They are the things that keep them coming back year after year. And I think that's why the Holiday Park industry is even far more stable than the hotel industry. That loyalty and brand advocacy is very strong.

This is heavily supported by our recent trends of feedback. We use a tool called Revinate to pull all of online feedback and our own internal surveys. I want to do a bit of a search word search on first-time or I'll be back or return visitation. I was amazed at the hundreds of reviews that came up. I struggled to pick a few of the highlights. I think of interest, there was a couple there that specifically mentioned, we had a cruise booked. It was canceled. We've gone to stay in a Holiday park. It was our first time and we're absolutely going to be back.

We are also having to evolve our service delivery. So we're finding people that have higher expectations now traveling in our Holiday parks. We -- it's not uncommon to get a 9 p.m. call for someone asking for fresh tails to be delivered. We are adapting our staffing levels. We're raising that so that we're able to meet those expectations. And we believe of doing so. Our feedback has remained consistently high. Even with our increase in pushing rates, we're not finding any resistance, and we're not finding negativity based on that.

So how we're tracking at the moment. Pleasingly, we're sitting up 5% at the end of November on our prior corresponding period. We are sitting in a very strong position heading into the towards the end of December with looking at circa 10% revenue growth for the first half.

What's amazing is when you look at the base we've come off, when you look at the impact that we've had, particularly at a few of our parks that were negatively hit. That's absolutely more than offset again by our diversity and our locations to balance that return.

I guess the hats are off to our revenue team. So they are team of people that assist our park managers in driving yield and dynamically pricing. We've seen first time visitors and paying extraordinary rates, and we're not finding that to be an issue.

Perhaps to speak a bit more on those things, I might hand over to Lyndel. Lyndel so, as mentioned before, is the CEO of the CCIA on there, having worked extensively in various senior executive tourism roles, including Tourism Australia in the U.S.A. for some years. We're very lucky to have Lyndel, who's been with the CCIA since July 2012 and no doubt she's experienced many changes over the years. Over to you, Lyndel.

Lyndel Gray

Thanks, Ben. It's a real pleasure to be here today and to be facilitating the panel of very expert panelists that we've got online for you today. We're going to be looking at the issue of tourism landscape, COVID and beyond. And the whole purpose of this session is to explore the impact of COVID on tourism, and in particular, the Caravan and Camping and RV industry, and also to consider potential future impacts and possible industry actions.

I'd now like to introduce the panelists that we'll have with us today. Now first off, we have Simon Owen, and Simon will be well-known to many of you, and he was presenting earlier today. He's well-known to the investors over a number of years with the group. He joined the group in 2009 as CEO at Ingenia. And during his time in the role, the group's market capitalization has grown from $30 million to over $1.2 billion today.

And besides his other extensive experience, Simon is currently a Director of Big4, which is Australia's leading Holiday Park Group, representing 175 parks across Australia. So that gives Simon an excellent understanding of what's going on across the wider industry and the Holiday park sector in Australia.

Also on our panel today is John McLaren. John is President and COO of Sun Communities. He's actively involved in the management, acquisition, construction and development of manufactured housing communities and RV resorts over 20 years. He served as Sun Communities' President since 2014 and COO since 2008. He was appointed as an alternate director to Ingenia Communities Group Board in February 2019.

And our third panelist today will be Phillipa Harrison, and Phillipa is the Managing Director of Tourism Australia. She joined Tourism Australia in 2017 to head up its global operations, its distribution and partnerships across 12 countries, including airline and distribution partners and all about growing the inbound market to Australia at that time.

In September 29, Phillipa was appointed as Managing Director of Tourism Australia. And what a period it's been since then, Phillipa is doing a tremendous job getting up our national tourism organization. Prior to joining to us in Australia, Phillipa has a long experience in tourism across many sectors, including luxury resorts, backpacking operations and road travel and bus groups and also student specialist travel. So she has really got a very broad understanding of what's going on in tourism, and she'll be sharing some great highlights with us today that out and insights.

So I've been asked to give an overview of what's happening in the Caravan and Camping Industry generally as a preview. I must say I reiterate many of the things that Ben said earlier in the presentation. But just some key points. Pre-COVID, 2019 was the strongest year on record for the Caravan and Camping sector in Australia. We had 59 million visitor nights domestically, and that was up 11% and 13 million trips were taken an increase of 9%. So we're an industry on a role. We've been in growth for quite some time, in fact.

There are also over 750,000 recreation vehicles registered around Australia. And that's a key part of the chain for Holiday parks, and I'll talk a little bit more about that in a moment.

Our sector is incredibly important to the visitor economy in Australia. 90% of Caravan and Camping nights are spent in Regional Australia, with around 93% of visitor spend happening in those regional areas away from the capital cities in the Gulf Coast. So it makes Caravan and Camping incredibly important to our many small town and regional centers across Australia and a key part of driving their visitor economies.

In 2019, more than $10 billion was spent by Caravan and Camping travelers, and the entire Caravan and Camping industry generates around $23 billion to the Australian economy annually. And that includes the RV manufacturing sector as well as the Caravan parks and the visitor spend.

When you look at who our customers are, it's interesting. We've basically got an equal split by life cycle between family groups, usually couples with young kids. The over 55s or the Grey Nomads as they're called sometimes. And the third sector is the young midlife under 55 people traveling with no children. They're equally split 33% across the board. But when you look at our customers by age group, 46% of the trips are from the 30 to 54 year old-age group, 30% are from the 55-plus market and about 24% are from the under 30 market. And that's where we're also seeing some strong growth in those younger travelers, and I'll talk about why that is, I think, coming up.

Now one thing without doubt is that our sector has responded very, very well and very quickly since the borders were open and the restrictions were lifted. What we're seeing is that the destination parks are doing extremely well. And some are having record-breaking periods. The upcoming holiday season is going to be a huge 1 for those types of parks across Australia. We're just getting reports of unprecedented booking levels in them.

While the transit parks, particularly those in-land, are struggling a little bit more with interstate travel slower to rebound after the border is opened. We're seeing, as Ben said, lots of first-timers. People are really keen to try the experience. They're investing in buying their own van or staying in a park cabin or on a tent site. Across the board, our member businesses are saying they're doing well. So that's the dealers, the accessory suppliers. Everybody is really doing well at the moment, which is very encouraging.

States with strong intrastate markets, particularly Western Australia, Queensland and New South Wales over the last 6 months have recovered quickest, as well as states that got on top of their health concerns of COVID most quickly. So it's a different -- it's been a different market across Australia, but generally, the industry is doing very, very well, and we're doing particularly well here in New South Wales.

Why do we think we've rebounded so quickly compared to other holiday sectors? Probably a few reasons, Caravan Parks are the closest to nature accommodation experience you can have. And people want to get out there at the moment. It's the natural way of social distancing. Caravan Parks are so well set up for this, in particular with cabins, there's no issue of air conditioning and other things like that. So when people traveling in their own vans has been another trend that we're seeing.

Intercity apartment dwellers, there's a massive demand to get out an escape to nature-based experience. So we're really well-positioned with them for now and going forward. And also the Caravan and Camping sector matches the consumer at a variety of price points. You can pitch a tent on an unpowered site. He's got glamping in the parks, more and more of our parks are investing in that glamping experience. Staying in amazing cabins or renting and buying their own RV. Hence, we've got such a broad appeal across so many economic sectors and circumstances. And I think that's why we're also seeing the current increase in business.

A few of the trends, we're definitely seeing that people are more likely to book direct. They want to speak to someone over the phone as well as book online because they want to be assured about COVID safe policies, refunds and those sorts of things. And our parks are well-equipped to handle that.

Shorter breaks are definitely the trend currently. Parks within that 2 to 4 hours of major cities are doing the best. And there's a big interest in the rental of our RVs. And there's been some good pivoting because the RV rental business in Australia is predominantly catered for the international market in the past, probably 90% to 95% of their business was international. They've had to turn and are now focused more heavily on the domestic market and doing a good job of it because a lot of first-timers, particularly younger first-timers are very keen to rent a van and see what a road trip is all about, and that's where we're really picking up some new market sectors.

I mentioned earlier about the strong growth in the sale of recreation vehicles. And this is happening right across the board, both new and used vehicles. Our dealerships across New South Wales are booming and stock levels are low at a historical level. There's now becoming long lead times on getting some of the new products because of some of the closedowns that we had in the state of Victoria due to COVID, and most of the manufacturing of RVs in Australia happens down there, but they're getting back on top of it, and they're getting the supply chain up fast.

They are ramping up production, as I said, and there has been -- but there are some supply chain delays due to components that are produced overseas. But generally, our dealers will also be telling you at the moment that there is enormous strong interest in people wanting to buy an RV for the first time. So I think that's also a very positive sign about the future opportunities for our industry as more people are going to be wanting to taking their new RVs to a destination park or on a trip around Australia. And so that's going to generate business for us into the future.

So that's my overview of what's going on in the Australian market at the moment. It's my pleasure now to hand over to John McLaren, who's going to give us an update on the U.S.

John Bandini McLaren - *Sun Communities, Inc. - President & COO*

Okay. Great. Thank you, Lyndel. I hope everybody can hear me okay. This is John McLaren. It's a pleasure to be with everybody today. I'm sorry, it's via Zoom, but that's all right. What you have in front of you is a slide, which I'm going to share a little bit about here in just a minute. But I thought what I'd do today is just share a little bit about Sun's history, our business drivers, talk a bit about our portfolio and the way that we see the industry and some things that we have coming in the future.

So for those of you that are not familiar with Sun, we have been in business for about 45 years. 27 of those years as a publicly traded company. And really, speaking more to the subjective side, and Ben kind of talked about this as well. At the core of our culture, is our culture and our long-term view. And what I mean by that is one of the things that's really central to Sun as a culture is what we call our core success attributes, which are commitment intensity, empowerment, accountability and service. And really, the bookends of that are commitment and service. And I'm going to give you some examples of that as I talk further. But these are the things that really our entire team gravitate around finds inspiration from. And I think it's really one of the sort of unique differentiators that Sun brings to the table versus others that are in the asset class.

Culturally, we are a company that leads by example and leads through collaboration because we believe that we are all really smarter together than we are individually and it's made a difference in just about everything that we've done and decisions we've made, strategies we've employed and those sorts of things.

And the last thing culturally that I'll share is it's really about creating a unique experience at our communities and resorts. I mean, it really starts and stops with that. That's been the foundation for everything that we've built over all these years was to create that experience. So people, whether you're in a manufacturer home committee, love living in the community, share it with their friends and family. And what that really does is to serve to build the sales force for the company, whether it's on the community side or the resort side is having the advocacy for our brand.

From a long-term view perspective, everything Sun looks at is from a long-term perspective. And then really, what that boils down to is the continual reinvestment into our communities and resorts every year, which is a hallmark that our residents and guests have gotten accustomed to, which again, has served to build that sales force its advocates for Sun's communities.

With Sun, there's really 6 key drivers for us, 4 of them -- 4 of those are internal and 2 are external that drive our business. The first one is we typically average a 2% to 4% average rent increase in the portfolio in a year. And that's a place where we've liked to be for decades because it's a good balance between what a rate increase would be and maintaining the equity in people's homes within our communities.

I can also share that in any given year, about 67% of that rent increase has been reinvested back into the community in the form of improvements to the community.

The next internal driver is occupancy gains. Currently, in our portfolio, we have about 200 to 250 basis points of organic growth in front of us, and we continue to develop more through some of the other drivers through expansions and acquisitions as well as greenfield development.

Another big part of our internal growth is transient -- short-term transient guests at our RV resorts becoming annual conversions. These are people that might have come in originally on a short-term stay, even a weekend stay or stay multiple weekends over the course of a year, and then become annual customers within our resorts. So they might go from being a pop-up vehicle, maybe even a tent camper to a pop-up to a larger vehicle to ultimately a park model cottage that they would have on our resorts and be a on the resident. And it's well, typically, when we make that sort of conversion, it's about a 40% to 60% revenue pickup that we have, and we would ordinarily do about 1,000 of those conversions in any given year.

One of the things that COVID impacted us on earlier in the year back in March was that's actually a time when Sun took a fair amount of conversion if you look at it over the course of the year, because of some of the shutdowns that we had, that's something we weren't able to accomplish in 2020, but looked to pick back up in 2021.

Finally, on the internal side is expansion development of existing communities. We try to maintain a bank of zoned and entitled sites within the portfolio, and we currently have about 7,600 sites in our portfolio that we could develop. Again, that's a bank that we want to maintain. And so one of the things that we've done over the years is to continue to grow that bank as we build those sites through building a database of every adjacent parcel next to every Sun Community all over North America. So we have very good data, and we maintain those relationships and reach out to those landowners. So that ultimately, we can continue to add sites to existing communities in the portfolio.

On the external side, it's really about acquisitions. In 2020 through September, Sun had done about $2.3 billion in acquisitions, including safe harbor marinas. And so really, that comes down to about -- I think we did about $300 million of MH and RV acquisitions of operating properties in 2020.

And then finally, our greenfield development. We target 2 to 4 brand-new communities to be built every year. Targeting high single-digit IRRs with those developments. And we've built 7 of them since 2018, 2 of which were manufactured housing, 5 of which are RV.

And just to give you a little bit of a flavor for what we've built on the RV side. One of the properties, and I've had the opportunity to tour some of these with Simon and some others from Ingenia over the last couple of years, is in the heart of the Colorado Rockies, it's called River Run. We opened up the first phases of that last year with the entire amenity core. And ultimately, when we build that out over the next several years, that will end up being about 1,144 site RV community in our portfolio.

So pretty exciting stuff. We're obviously very excited about here at Sun and the things that we've been able to do and some of the innovative approach that we've taken.

With respect to the RV portfolio, as you can see on the slide in front of you, our total portfolio is 532 properties, which is inclusive of MH, RV and as well as hybrid communities, which have both RV and manufactured housing in them as well as the marinas. From a site count perspective, RV represents about 50,000 of the combined manufactured housing RV sites of about 145,000 sites that we have, where it's about 35%.

From a demographic perspective, most of our guests in our family camping resorts come from within a 90-mile radius of the given resort. And so that's -- again, that's the family side. And then we also have a whole different side of the business, which is our age-restricted resorts, which are primarily located in states like Florida, Arizona, California and Texas. And the majority of those guests are long-term annual guests coming from northern parts of the United States as well as Canada, especially during the winter months where they stay for 6 months or longer.

I think one of the things that's a hallmark as I've heard in a couple of the presentations already today to the RV business is Sun is really the great strength of the industry. Echoing what Lyndel said as well has Ben, RV sales are up. But even with that -- even without that, the demand economics in the RV asset class are really pretty tremendous because in the United States, there are approximately 10 million registered RVs and about 1 million RV sites that are -- we'll call it robust RV sites that can take those RVs within them.

So it's really the economics that are on your side in the business, which is something we obviously like because we kind of characterize it as not recession-proof, but recession-resistant, and it's an affordable holiday to take.

So COVID, just like everybody's talked about, it's really been a tough year for a lot of folks, particularly here in the United States, as I'm sure everybody's reading about in the media. And it's had its impact on Sun. But really, the big impact has been when broader restrictions were posed by government on operations and guest travel, okay, which means -- when we had issues was when our resorts had to close, which was in -- at the very beginning of COVID.

And I think, frankly, from our perspective, it was really a true test of Sun's emergency preparedness plan, which is something that we have continually refined primarily for weather-related events for more than a decade. We essentially adapted that plan that we've had for years to address COVID. And thus far, it's proved to be a very, I think, a very solid illustration of when preparation meets a crisis.

And with the exception of various points, like I mentioned earlier, where we are not allowed by governing authorities to accept guests. We've had a pretty exceptional RV season and really culminating with significant growth particularly in September, which is the end of the summer RV season, which was up 32% over September of 2019.

And we've seen that go further into the fall as well as many of our schools are doing virtual learning and that sort of thing. And I think one of the things that has helped Sun is the investments that we've made over the years into technology, which having a robust connectivity in our resorts has certainly made a difference in growing the business during this time.

I think much of the growth is driven by the desire for many people to get out of their homes, and some of this growth is also driven by the confidence our guests have in coming to one of our resorts. And to share with you a little bit about some of the things that we've implemented in response to COVID, once again, we've continually invested in technology, which has proved very important, and it's not something that you can pivot on and change overnight. So we're obviously very pleased that we had recognized that early on for other reasons. So that people can book online, so people can do contact-less check-ins and those sorts of things just like Ingenia is doing as well.

On the manufactured housing side, we create a hardship program, recognizing that some of our residents might have difficulty, if they had a COVID-related impact in terms of employment. We actually allowed our vacation rentals free of charge for health care professionals and first responders that were addressing COVID. We offered some discounts for seasonals and annuals within our communities for delayed openings. As well as extending the season is one of the things that we were able to do because we were fortunate to have some really great weather here in the United States for the most part.

Obviously, the cleaning and safety protocols were implemented as well as an online handbook for our company, which was done via our company Internet as well as a store for our team members to get PPE and signage and those sorts of things they need for their communities and resorts.

So that's just to name a few. I think that, for me, being the leader of operations for Sun, I think one of the most inspiring things was frankly, the kinds of -- the countless acts of kindness that I saw demonstrated by our team out in the field, whether it's providing groceries and meals for people and those sorts of things, helping them to connect with services that they need. I mean, it really -- we have a weekly meeting with our team to talk about how things are going. This is company-wide. And one of the things that we do is shout outs where people actually talk about the experiences they've had as well as the things that they've done to be able to serve our residents and guests better, and once again, it's been a very inspiring thing.

I think from an outlook perspective, the bottom line is this, from Sun's perspective that people have really discovered the outdoors again, which is really kind of remarkable. And we've talked about how the RV purchases, the retail purchases of RVs have considerably grown considerably in 2002. And what Sun has seen is many, many new guests this year, and a lot of people that have experienced the RV resorts for the first time. What's even better is many of those first-time guests have already rebooked for stays next year as well because they've made that discovery.

I think it's fair to say that some may go back to their traditional travel plants. But we certainly expect to have captured many, many new guests for the years to come. And I think it really, again, comes all down to that experience that they have on the reserve, which is quite unique for many of the their hospitality setting you might have.

Also from an outlook perspective, Sun is really continuing to pour resources into technology as well as the online engagement that we have, particularly with the younger demographic who want to share their experiences. So we're about creating those iconic experiences that they can have through our activities and the amenities that we have and the locations where we build our resorts and those sorts of things is going to make a difference and really being able to connect with the younger demographic.

More guests are coming to us through our proprietary booking engine, okay, which has served to increase our online booking from approximately 20% a year ago to 60% now. And that's been very exciting for us. Again, an illustration of the kind of spot innovation that's going into our technology here at Sun.

And then the last thing I would add is from an R&D perspective, we are spending a lot of time really getting to understand all the different types of dwelling products that are available in the RV resorts. We've collaborated with Simon and his team on this as well. All sorts of different sorts of things. It's -- a lot of people are talking about glamping. It's a really unique, interesting once-in-a-lifetime experience for some people that we want them to have again and again and make it happen in an affordable way.

Resort programming, okay, is a big part of it. And those are things that we are implementing into the vision with what we're putting into our new developments we're doing. And then furthermore, is really the sites themselves. Most people are used to comment to RV sites in the United States that are pretty square in nature. Well, we've added more sites that are curvolinear in nature. We're doing a lot more loose furniture and that sort of thing for outdoor furniture rather than a new typical picnic table and that sort of thing, just to make it more comfortable and sort of more free flowing on the outside.

So in fact, one of the things that we're doing here at our main office here in Michigan is part of the parking lot has now kind of established as a place to test site designs that we might do. So it's -- I think it's great for the company to be able to do that right here at our headquarters as well as I think it's really a great thing for our team members within our main office that don't ordinarily get out to the property to doesn't really get a better understanding of what we do out in the field.

So anyway, I just wanted to give you all a little taste of what Sun's about, a little bit about our history and how we feel about RV and what we're doing. And I will turn it back over to you, Lyndel.

Lyndel Gray

Thank you, John. That's an excellent overview of what's happening in the North American market and some of those very, very exciting innovations that you're making in your profit base across those markets.

It's now my pleasure to introduce Phillipa Harrison, Managing Director of Tourism Australia. Over to you, Phillipa.

Unidentified Company Representative

Phillipa, I think you could be on mute. So maybe we might just go back and start again.

Phillipa Harrison

Hi, everybody. Somebody has to do it in the presentation right. I'm now unmuted. It's a pleasure to be here. I would first like to begin by acknowledging the traditional owners on whose land we meet today, the Gadigal people of the Eora Nation, that is for me. I'd like to extend my respect the elders past, present and emerging and also extend that respect to any other aboriginal tourist trade Islanders who are here today.

So it has been a really tough year. There's a lot of cliches out there, but unprecedented is one word that really does describe what has happened to the tourism industry globally, but also in Australia. We were one of the first industries that was impacted with the bushfires that started this time last year and then went straight into COVID as just as we were recovering from that. So it has been a tricky year.

I do want to start by giving you a little bit of context about where we were prior to COVID. Next slide. And the next slide, thank you. So this is -- this was -- this is a snapshot of inbound tourism. So Tourism Australia is responsible for creating demand for Australian holiday experiences globally. These are the 15 markets that we believe offer the best opportunity for tourism in Australia.

The top graph is number of arrivals and then the bottom graph is spend. And we really do just look at the spend number from a Tourism Australia perspective because for us, it is all about yield and not profitless volume.

And you can see that at the end of 2019, it was a growing industry. Our industry growth had slowed a bit based on China's incredible growth over the last decade, slowing, but we had welcomed 9.5 million visitors to Australia, and we were responsible 45 billion in revenue into the Australian economy. But also importantly, we were a big employer.

So tourism is responsible for 1 in 13 jobs in Australia, which is around 1 million people. So it is a huge employer. A lot of the 300,000 businesses that make up tourism are SMEs, and that is something that really is going to impact how we recover out of this. Next slide, please.

As I said, we focus on yield. We focus on spend. And so our overall target has been a long-term strategy, Tourism 2020 that we've been working towards since 2009. And at the end of 2019, we had actually hit the lower end of the target already a year early, and we were heading towards the top end of the target. So we are an industry overall that is worth $126 billion to the Australian economy. Next slide, please.

So this is the impact of both of the crisis, as I said, starting with bushfires and then with the complete shutdown of global tourism. We anticipate that the -- we're losing about $10 billion a month as this goes on. There have already been about 25% job losses in the sector. We are a JobKeeper extended industry. And as that comes off in March, we expect that there will be some more losses in this area.

And a really big one for us is the loss of aviation capacity. So we have seen most of the flights into Australia being canceled. Prior to that, we had seen incredible growth in aviation. We've seen 30% growth over the last 5 years, we had 27 million seats coming into Australia.

Coming out of this, we see this as a key part of our recovery is working with our key global carriers on reestablishing their route networks into Australia because we are strategically important for airlines, but most of them are going to come out of this smaller and are really going to be scrutinizing all of their routes. And because of our distance and the fact that a daily flight takes about 2.5 aircraft service from most destinations, it is going to be something that we are going to have to work on to reestablish our aviation capacity.

And then the other part that Tourism Australia focuses on is business events, and we have seen a lot of those events this year postponed into 2021, '22, '23. And -- but I guess, we are still seeing a lot of bookings coming forward because it is such a long-term business. We are already taking businesses for '23 -- bookings for '23 and beyond in that sector. Next slide, please.

So I'm just going to talk a little bit about what we're doing and how we're approaching the recovery. So next slide, please. So we were working very hard as 2020 -- the long-term 2020 goal was coming to an end. We were looking at what does Tourism 2030 look like. Currently, that project is on hold as we look at the next 2 or 3 years as a recovery period. And we're looking at being opportunistic in this period and just, in some ways, fishing where the fish are. And part of that is going to be in domestic then working on the bubbles as they open up. And looking at being perhaps a little more open than just targeting a high-yielding customer and then slowly moving towards more proactive growth as we go on. But we do think that there will be some years of recovery. We have been working with BCG on a fairly complex model that looks at forward indicators and assumptions and then sort of spits out some scenarios at the other end. And overall, we anticipate that we won't be back to pre-COVID levels from an inbound point of view until 2024, 2025.

Next slide, please. So what are we doing in markets when the borders are all closed? Well, we are actually still very active. We're obviously not doing big brand and conversion campaigns at the moment. But we are keeping the lights on. Because tourism, an international holiday and it takes a long time to kind of come to fruition. People start dreaming about it and then planning it and then the time to travel, that, that period of time can be months and years. And so we really now currently are looking at what are we doing for FY '22? And the teams in market are very busy doing something.

So what are they doing? They are doing virtual events. So we have just finished Australia Marketplace Online, which we usually have sellers in market and doing one-on-one business appointments. We've just wrapped 3 of those: U.K., Europe, the U.S. and China, and we've also done a business event in China. And you can see there that all of the [big] buyers got together, and they were together in Shanghai, but they were speaking to sellers offshore in Australia.

And so it worked really, really well. We are finding that our distribution partners really want to stay connected with us. And so we've done 19,000 appointments over the last couple of months. And even though they have nothing to sell at the moment, we are still incredibly engaged with them. We have a training program called the Aussie Specialist Program. Typically, they do 32,000 people or sessions every year. Last year, they did 80,000, which just shows that people are really reaching out and wanting to still connect with Australia.

We're also doing activations in countries around content, PR, social. We're just doing something around the Border-Gavaskar cricket tournament between Australia and India in India. And that's just -- we take -- we've got a great billboard in Paris on the side of the embassy there, and so we just put up a sign there. But we are going to keep working in our markets. We're not closing any offices. All our staff have gone back to full time, and we are working in virtual squads to really just pursue the opportunities as they come up.

Next slide, please. But for now, we're in domestic. So we haven't been in the domestic market for 8 years. The government called us out of domestic in 2013 because the states really do spend a lot in domestic. It's monostate marketing, monostate travel, so they do the destinational marketing. We're back in domestic now. Really, the idea around this is to encourage Australians to use their discretionary spend to have a holiday. So we're not destination marketing. We're selling the concept of an Australian holiday. And we're doing it around the holiday Here This Year campaign because there is a lot of competition for the discretionary dollar at the moment. Homeware sales are going up. You cannot get a builder anywhere where I live. I live next door to the sales manager for BMW. His sales are up 20% this year. So we can't assume that people are just going to holiday.

And the other thing, which is really key, is that Australians holiday differently in Australia than they do offshore, and they certainly holiday differently to the way that inbound travelers do. And so we're trying to encourage them to get out, do more experiences, go a little bit further and travel a little bit more like an international visitor would. And so that's really what a lot of our campaigns are around. So we've just gone back into market with Hamish and Zoe as our ambassadors. We're currently doing a gifting program at the moment, give the gift of surplus and not socks, that sort of thing. And we're just about to get into a summer program that's kicking off at the end just after Christmas.

City breaks are important and, well, maybe not as relevant to this audience, but the cities are really doing it tough without corporates and without inbound. But we are doing a lot of road trip promotions as well on our website. The Epic Journeys is around that. And then we're doing something around luxury travel as well.

Next slide, please. And I just wanted to finish by talking about the brand metrics because this is probably the best indicator that we have about the future opportunity for inbound travel into Australia.

So next slide, please. We do a longitudinal study called the Consumer Demand Project, and we've just done another dip in the market. And the interesting thing is that all of Australia's metrics have gone up. So because of the way that we've managed this, we're seen as a very safe destination. And that is making us a better value for money destination. So cost has always been a big truck barrier of traveling to Australia. Time, distance, the cost are the big 3. Lyndel would know that from her time at TA. And cost is becoming less of an issue as -- because we are so safe, we're seen as a higher value proposition as a holiday. So that's really putting us in good stead.

And then last slide, you can see that we look at our desirability as a destination versus our competitors. We look at consideration which is, "Are you planning to come to Australia in the next 4 years?" Then we look at intention, which is active planning in the next 2 years. And you can see that all of our metrics, which were trending a little bit down, I'll be honest, have really taken an uptick. So I think for me, that's a positive sign. It shows that a lot of the barriers to travel, and we know this from our consumer research, are just the frictions that are caused by restrictions that are in place, but there is a lot of demand there. And as soon as those barriers are removed, we do expect to see a real uptick in travel.

And I think the other thing -- the last thing I just wanted to say before we go into Q&A is that we do, do a lot of consumer sentiment research in market and more than 60% of the people that we speak to are actively planning a holiday in the next 6 months. So I'm talking about the domestic market now. And as I've heard this morning, which really backs up what we see as well, is that some parts of Australia are really booming at the moment. So those areas that are a drive from major destinations are doing really, really well. But we still have a job to do in terms of the recovery. The further afield destinations, the ones that are a flight away, some experience operators still are really doing it tough, and that's really what we're focusing on in terms of our domestic approach as well.

So thank you.

QUESTIONS AND ANSWERS

Lyndel Gray

Thank you, Phillipa. That was a great overview of what's Tourism Australia is focused on at the moment and where we see the markets falling as far as recovery into the future.

So now it's time for our panel to all join me on screen. And while we're setting up for that, I'd just like to encourage all of the audience to please send your questions through, either online if you're watching us on the webcast; or on the phone, if you're joining us that way. So if you've got any questions, please send them through, and we'll direct them to a panel member to answer them.

So if we're all there -- hello, Simon, good to see you on the screen as well. Why don't we just kick off with a question for Simon while we're waiting for audience questions to come in?

Simon, look, Ingenia is doing some amazing innovations. The partnerships you're doing with Woolworths and others to really grow your brand has been terrific. What do you see as the growth markets or sectors of the future for your parks in Australia?

Simon Richard Owen - *Ingenia Communities Group - CEO, MD & Director*

Yes, Lyndel, it's a great question. I think the most exciting growth market for us at the moment is the -- as Ben was saying, the 25% of people who are currently coming to our holiday parks who have never previously holidayed in a park, who previously would have gone skiing in Japan or gone overseas and the fantastic experiences they're getting. And then, I guess, trying to ensure that we can get as many repeat bookings and introduce them to the broader holiday parks network. So that's an amazing opportunity.

We're definitely seeing some socioeconomic changes, and an increasing amount of our customers are showing a preference for higher-priced cabins or sites with en-suite. So that's a changing demand. And we're also -- the absolute amazing demand for caravans at the moment. A friend of mine bought one recently. I never thought he'd be a purchaser of a caravan, got it from Jayco, and that's a 6-month wait time. So I think the huge demand, that is really going to drive strong demand for our sites over the next 3 to 5 years as people who -- the 1.1 million, 1.2 million Australians that went on a cruise last year, as they start gravitating towards holiday parks. I think that's an amazing opportunity.

And then I guess with that changing demographic, we're looking at additional services that we can offer, whether it's food and beverage, whether it's additional linen services or providing that additional amenity to, I guess, try and make sure it's a fantastic experience.

Lyndel Gray

Yes. Thank you, Simon. And John, the U.S. or the North American market was the leaders or the unit -- the real pioneers in the RV and park holiday experience. But you're still introducing some new innovations there in regards to different design at the camp sites and some of the stuff I see you do over there is just amazing. What do you think are your growth opportunities for the future?

John Bandini McLaren - *Sun Communities, Inc. - President & COO*

Well, I think, first off, it's very similar to what Simon said. I mean, just the fact that we've had so many new customers, new guests come to our resorts this year than we've ever had and really making sure through that experience, that, first off, their first experience was a very delightful experience. But we're also seeing that we will continue to work towards, particularly in our greenfield developments, is the range of amenities that we're going to offer within the communities and having a unique set that we can offer because really it's sort of the same thing on both sides. But the demand for more services, higher level services and those sorts of things are becoming more and more important, but still be able to provide it in an affordable way, which we can do.

And at the same time, we see that even in our home sales business on the MH side, where what people want in their houses in terms of the finishes and all those sorts of things are starting to increase as well. And we're seeing that kind of show through in terms of what kind of pricing demand that we're getting for the homes in our communities.

So it's really -- I would just echo what Simon had to say. I mean it's exciting that -- this has been a tough year for everybody. But I guess if there's a silver lining, there's a lot of new people that have experienced it, and we hope that we can service all those folks for years and years to come. Keep bringing them back.

Lyndel Gray

Yes, that's the aim. It's going to be terrific.

Pip, a question for you. Self-drive travelers are really critical to the success of the caravan and camping in the RV industry. What's being done to attract self-drive travelers, both short term, domestically in Australia? But I guess, importantly, longer term, internationally, how can we get more of those self-drivers coming down here and having an RV or caravanning camping experience, do you think?

Phillipa Harrison

Yes. Look, we have seen -- a big focus of Tourism Australia is getting people out of the cities and into the regions. And that's really, really important. And we've had some success with our $0.44 in the dollar are spent in regions now. But I do think there is more of an opportunity. Domestically, I think there is a once in a generation opportunity now to, as Simon and John have said, switch people on to an Australian holiday. We are a big nation of outbound travelers. And in fact, our net outflows are $20 billion. So we spent $65 billion offshore last year, and inbound travel has spent $45 billion. So there is a gap there.

And we've all been focused on going skiing in Canada or Japan or having a European holiday in the summer. And there's a real brag ability to that. And I think there is a real opportunity now to show just some of the incredible destinations that we have in Australia and show people why we're so loved globally. The top 10 destinations domestically don't even include the Great Barrier Reef or Uluru or the Kimberley. So I think there's an opportunity there.

In terms of that regional dispersal, self-drive is really important. I think naturally, people are going to look to do that as they want to manage their own environment more. And we have seen -- the German travelers have always try and get them out of the -- can't get them out in a caravan and camping if we tried. And so the western markets have always been really turned on to that style of travel. Our opportunity is with the Asian markets. And we have seen that currently, it's more car higher than campervan. We have seen those categories increasing, particularly in more mature markets like Singapore but also China. And so we are looking at really what is the proposition for Asian markets going forward and how do we cater for them in our products because the Australian inbound story is largely an Asian one in the future. It's currently about half-half, Asia, Western markets. It's going to be more like 60% in the next 10 years. So I think for me, the opportunity is around how do we attract Asian markets into the caravan camping industry.

Lyndel Gray

Fantastic. Great. And I hear that we may have a question now on our webcast for the panel. Can I ask you to read that out for us, please, Donna?

Donna Byrne - *Ingenia Communities Group - General Manager of IR*

We have a question from Michael Peet, who asks, how much are Australians expected to spend on domestic travel versus pre-COVID? And do you expect that to last over the medium term until at least overseas markets open up again?

Lyndel Gray

Probably one for Phillipa. Did you hear the question?

Phillipa Harrison

So how much are domestic travelers spending? How much are Australian travelers spending domestically?

Donna Byrne - *Ingenia Communities Group - General Manager of IR*

Yes. How much do you currently spend compared to pre-COVID? And will that last medium term or at least until overseas markets open?

Phillipa Harrison

Yes. So pre-COVID, domestic travel made up 2/3 of that visit, a number that I talked about, so the $126 billion. We're currently seeing that domestic travel is down, even though there is -- there are more people who would generally travel offshore traveling domestically. There have been a lot of restrictions in place with state borders. So we're looking at about 8 currently at about 80%.

But prior to COVID, domestic travel was growing faster than international travel was growing. And so I do think that post-COVID, certainly for the medium term, people are going to look at a domestic holiday as a great alternative to an international holiday. And I expect that to continue for at least 2 to 3 years.

Lyndel Gray

Yes, it's interesting, isn't it, Phillipa, that overall domestic travel is down still. But we're a sector that has rebounded quite quickly, and the caravan and camping market is doing well. But all those reasons we've spoken about the fact that you travel in your own car or your own bubble, and there's a feeling, I think, of safety that comes to a self-drive holiday at the moment versus other forms.

We might just ask, what impact does COVID had on consumer attitudes to travel, do you think? Simon, do you have any feel for that? Do you see it as being a positive or negative? And short and longer term, have you seen -- do you feel that there is an overall change to consumer attitude to travel?

Simon Richard Owen - *Ingenia Communities Group - CEO, MD & Director*

People want to have that conversation to understand a bit more about the park, the drive market. So those holiday communities that are accessible to Brisbane and Sydney now within 2-, 3-hour drive are far outstripping the 5- or 6-hour drive. We're finding a lot more of our guests are currently coming -- having a great time and then they're rebooking their next holiday straight away because I guess there's a sense of fear of missing out because it's -- as you would know, Lyndel, it's pretty much impossible to get a holiday on the coast in New South Wales over Christmas -- January at the moment. So I think they're some of the key changes or key changes in consumer behavior that we're seeing.

I do think it will be interesting when we move post the school holidays. February, March when the grey nomads start to come out and be more prevalent in our holiday parks to see what's happening there. But it's probably a little bit early to see what's going on with that customer cohort at the moment.

Lyndel Gray

Yes. No, I agree. And John, in America, where obviously, the COVID situation is probably a lot more advanced than what we have here in Australia. What do you think that's done to their consumer attitude to travel? Or is it just a bit too early to tell because you're still in lockdown in many places?

John Bandini McLaren - *Sun Communities, Inc. - President & COO*

Yes. As I was mentioning in my remarks, I mean, we've really had a pretty tremendous fall, which would ordinarily be the time when our children would go back to school. So many of our schools are virtual, including -- I have 2 kids that are in college and everything they do is virtual. And -- but the fact that your family or your bubble can still go some place that's within a driving distance and we've always -- those resorts have always been sort of that 90-mile radius for that 3-hour drive, 2.5- to 3-hour drive anyway. And the fact that mom or dad, if they have to work, can still be connected, the kids can take their classes online and be connected, but then be in an environment where you're outdoors, you're having fun. There's activities you can do, and it's because it's -- I really think that -- my feeling is, is that I think that, that's going to change for years to come.

I think people have really made a bit of a discovery over the course of 2020. And finding, frankly, in the United States, a little more family time, okay, that's come as a result of this. And really being on a campsite, having a fire at night, doing smores and all those sorts of things has really brought a lot of people together. And that's -- we're not seeing many people fly on airplanes right now. And I think they've gotten a taste of something that could be a lot more special than maybe the big, big trip that they ordinarily might take. And so it's -- it will be interesting to see how it plays out. I agree that I think it's going to be a few years before it really kind of flows back into something that we saw pre-COVID from that perspective.

Lyndel Gray

Yes, you're right. I do think people have discovered the simpler things in life. And the value of spending time and the value of getting outdoors. And I think that's where our industry is particularly well positioned. Would you agree with that, Pip? Is that sort of stuff that you're seeing in your consumer sentiment surveys?

Phillipa Harrison

Yes. We've seen a real nostalgia for the road trip and for the simpler things in life. And we're really capitalizing on that. And so whenever we do a PR pitch pack around the nostalgia of road tripping or getting out there and doing simpler things, it gets picked up really, really well. So yes, I concur with that.

Lyndel Gray

Yes. Okay. Just firstly, is there any questions we have on the phone at this point in time?

Operator

(Operator Instructions) Your first question comes from Michael Peet from Goldman Sachs.

Michael Peet - *Goldman Sachs Group, Inc., Research Division - Executive Director*

Can you hear me, okay?

Lyndel Gray

Yes, we can.

Michael Peet - *Goldman Sachs Group, Inc., Research Division - Executive Director*

Great. Look, just a question. Are you seeing -- I'm just interested, obviously, there's some disparate sort of conditions out there in domestic tourism at the moment. Are there many operators, you think, that are in distress at the moment that are caught in areas that are probably still sort of isolated given what's going on in COVID? And what sort of strategies are in place to maybe help them? Or what are you seeing on that front?

Lyndel Gray

Pip, do you want to take that from the broader Australian tourism perspective? And then -- yes, that would be good.

Phillipa Harrison

Yes. It's largely the areas of the country that usually rely quite heavily on inbound tourism. And probably the poster child of this, not in a good way, is Cairns and the north. And they have really -- they've really struggled because intrastate travel within Queensland has been quite robust as Queensland has been closed, but people haven't been getting on planes necessarily and going to Queensland. And they also rely very heavily, particularly coming into February, on the Chinese New Year business and that's obviously absent this year.

So Cairns has really struggled. The Gold Coast is also struggling. And then there's other isolated places like the Kimberley who sort of they -- WA tourism say that it's a bit of a cul-de-sac up in the east in Kimberley and it hasn't been made up by intrastate travel. Now that borders are open, I think that we will see some easing there. But there's certainly parts of Australia that just won't recover until international borders are open again.

The last one, as I've mentioned before, really is the cities. The cities are really doing it tough at the moment with the double whammy of corporate and International not being here.

Lyndel Gray

Yes. Correct. Michael, does that answer your question? Or would you like to ask another panelist?

Michael Peet - *Goldman Sachs Group, Inc., Research Division - Executive Director*

Yes, that's great. And just a follow-up, if I may. Obviously, at the moment, no inbound tourism. But the sort of battles we're having politically with China, I mean, do you see any effects here medium term if and when borders open up and they're able to come back in? And what's your strategy to try and replace some of those Chinese tourists that were obviously a key driver of growth into Australia?

Phillipa Harrison

Yes. I think it's a good question, and it's certainly one that's -- I mean, it's largely theoretical while we're closed, but it is one that does keep me awake at night a little bit. In terms of replacing China, I think, I can categorically say there is no replacing China. I think if there was a market that was sitting there with that sort of potential, we would already be active in it. We -- there's always been a geopolitical layer with China. Always -- that's always been there, to a certain extent, in all of our activities, even over the last 10 years of growth. It's particularly rocky at the moment. And I think if we were to open the borders tomorrow, we would see some impact because I think the Chinese government are working through a list of measures, and tourism is certainly on that list.

So what are we doing about it? We currently have great relationships in China. One of our executive team, Andrew Hogg, who worked for Qantas and now works with Tourism Australia is based there. We have MOUs with the 3 key carriers who are all state-owned and all chomping at the bit to get going with us again. We just signed an MOU with Ctrip, which is the largest online retailer in China, and they're very, very supportive. We have a network of key distribution partners there. They participate in everything we do even as late as last week. And so our people to people relationships on the ground are good. We know that there is consumer demand to travel to China. A lot of the Chinese market is moving towards this more free independent traveler category rather than the groups.

So do we expect an impact if we open tomorrow? Yes, probably. But we know that longer term, there is still a high desirability of an Australian holiday experience for Australia, and we just are focusing on what we can control, which is the relationships. And I can tell you that they are good and they are robust. So watch this space.

Lyndel Gray

Yes. Thanks, Pip. There's a bit of play there, no doubt, for the China market, which Australia has done an incredible job over the years getting established as one of the first international markets that people could travel to. And we're obviously very keen to see that continue into the future. Are there any other questions on the phones?

Operator

(Operator Instructions) Your next question comes from Sholto Maconochie from Jefferies.

Sholto Maconochie - *Jefferies LLC, Research Division - Equity Analyst*

Just a couple of questions. Obviously with some great sites up to the North Coast, have you had any impact from some of this weather at all? And would that impact some of the bookings at all? They're all prebooked, I'd imagine.

Lyndel Gray

Simon, that's one for you. And it is destroying to see the weather impacts up on the North Coast now just when things were looking so positive. So over to you.

Simon Richard Owen - *Ingenia Communities Group - CEO, MD & Director*

Yes, Sholto. We have had a little bit of flood damage at our Rivershore Resort on the Sunshine Coast. So the combination of the rain event and the king tide, we saw a little bit of the river rose, but that hasn't -- I think there's 2 of our glamping tents are currently off-line, but the rest of the park remains open. There's been a couple of parks that have received minor damage, but it's really at the margin. So no, I wouldn't expect there's any impact on our forward bookings at the moment. But we're watching the situation very closely.

Sholto Maconochie - *Jefferies LLC, Research Division - Equity Analyst*

All right. Great. And while I've got the line, I got you, Simon, I'll try and close that in one go. The acquisition this morning, obviously accretive given the cost of debt. Could you talk about the yield sort of on the aggregate purchase what you bought them on? Are you able to talk about that?

Simon Richard Owen - *Ingenia Communities Group - CEO, MD & Director*

Sure. So Inverloch down in Victoria, which is one of the 2 or 3 -- sorry, it's the second or third largest holiday park in Victoria. The ingoing yield on that is around that 7.5%. And we see through the introduction of additional cabins plus introducing it into the Ingenia network and also looking to fill out the shoulder in the off-peak period with introducing some OTAs, there's a great pathway to materially increase that yield over the next 2 to 3 years. Middle Rock up on the New South Wales, Mid-North Coast, just north of our One Mile Beach holiday park, the yield on that is sort of in 5% to 6% range.

That's a combination of -- firstly, it's a material part of the income comes from a land lease community, which is part of that acquisition. And secondly, we do think that, that Middle Rock resort operates at a lot lower occupancy rate than our 2 holiday parks in the region being One Mile and Soldiers. So a lot lower rate, a lot lower occupancy. And utilizing our platform that we've got up there, we do think we can materially grow the top line. So again, we would expect significant growth in that yield over the next 2 to 3 years.

Sholto Maconochie - *Jefferies LLC, Research Division - Equity Analyst*

Great. Simon, thanks very much. And thanks for the Tourism Australia information. It was very, very helpful.

Lyndel Gray

Thanks, Sholto. Okay. I guess we're on time now to wrap this session. I want to thank all of our panelists for joining us today. I thought it was a very, very informative session. It was great to get an overview of what's going on. Thank you for all our participants on the line and for the questions as well.

So handing over now to Natalie Kwok, who's going to be giving a case study on the Soldiers Point holiday park, I understand. So thank you, again, everyone.

PRESENTATION

Natalie Kwok - *Ingenia Communities Group - General Manager of Acquisitions, Legal & Tax and Company Secretary*

Thanks, Lyndel. Good morning, everyone. My name is Natalie Kwok. I head up acquisitions at Ingenia. I've been with the company for 8 years, almost 9. It's been quite a journey.

Now before I go through the case study on one of our holiday parks, I just want to briefly touch on valuation fundamentals for holiday parks and how we look at those when we consider acquisition opportunities.

Like any other public parks, when looking at valuation for holiday parks, it is really driven by the current and future cash flows from existing operations and the future cash flows from any sort of development and improvements that can be made to the park.

And obviously, we look at cap rate as well. With cap rates, we have seen cap rate compression over the last few years. And currently, the range is sort of at the 7.25% to 9%, but that really depends -- it really depends on the location of the park. For example, a coastal park that is in the destinational town is likely to have a sharper cap rate than one that's located inland and regional, all else being equal, of course. And the cap rate is also really, really determined by the nature of the park. That is, the number of short-term sites versus the number of long-term sites, which would then determine the stickiness of the income.

When we look at acquisitions, we look for opportunities to improve operating cash flows that's either by active revenue management or driving operational efficiencies. We also look for development upside.

During the due diligence process, we work very closely with our ops team to identify the value drivers that might improve the operating cash flows. And those asset management strategies will be specific to the asset. Some of their value drivers would be to increase the number of sites at the park and what we call asset intensification that -- we have done that at Rivershore Resort where we added a couple of the glamping sites we -- because the demand was there.

And sometimes you look to convert some of the lower-yielding sites to high-yielding sites or cabin stock, which we have done at Cairns Coconut. We might put in place a refurbishment program in addition to, I suppose, the maintenance CapEx. There might be -- we might actually factor in a growth CapEx if we see value to do so. And that's the case at One Mile where we progressively improved the quality of our -- the cabins, and we have plans to upgrade the facilities at One Mile.

From an operational perspective, we have a dedicated revenue management team. And we are able to set rates in accordance to demand in real timely manner, and that's something that at the moment operators might not be able to do simply because they wouldn't have the capacity to do so.

And asset generally benefits from the greater distribution channel and the marketing channel that an Ingenia-owned asset will enjoy. And I guess most importantly, our focus on delivering amazing experience to our customer, we hope to actually bring some benefit or drive the value for the assets.

And Ingenia Holidays Soldiers Point is a -- it's very case on point where we're able to maximize the value by identifying those value drivers at the time of acquisitions and implement strategies to deliver those. When we acquired the asset in 2015, we paid $10.5 million for the asset. Soldiers Point is about 2.5 hours north of Sydney. The cap rate at the time was 8.6%. While it was a quality asset at the time and very popular with young families, we identify significant upside, which would drive tourism revenue and increase the value of the park.

The fellow drivers identified at the time were site intensification, conversion from one of the lower-yielding sites to high-yielding sites and cabin stock and putting in place a refurbishment program where we would improve the value of the cabins and the presentation of the park.

We worked closely with our ops team to work on the asset management strategies. And then over the last 3 years, we went to implement those. We added in sites. At the time of acquisitions, there were 113 sites, and we increased that to 118 sites. We converted some of the annual sites to cabins, and we added 10 cabins overall. We had an established refurbishment program to refurbish the cabins. And we improved the presentation of the park, upgraded the facilities, and we serviced the roads. We even added Airstream just for those who might be looking for a caravan experience, but might not just be ready to invest in the caravan park.

In '20 -- FY '20, occupancy was 55%, which was up from 37% at the time we acquired a park. Revenue was up from $1.9 million to $2.4 million. And the average room rate, we were able to improve that from $83 per night to $125 per night. And I'd also like to note that the revenue period, when we acquired the asset, 60% of the revenue was generated from the period September to March -- sorry, from October to March, and we were able to increase the shoulders, so that not only are we smoothing out the revenue from September to April, we were able to increase that.

The next slide just shows the tourism growth -- the revenue growth over the last 5 years. Suppose -- in short, Soldiers Point was a quality asset when we acquired it. And through identification of value drivers and working with ops to implement those asset management strategies, we were able to make a really quality asset into an even better asset, not only for our security holders, but for our guests.

I suppose my final comments would be that while we identify the upside at the time of acquisitions, the asset management strategy is subject to, obviously, a process of review and adjustment and refinement as we get to know the park better and as we get to know the market.

That's probably all I'd like to cover.

(presentation)

Ben Hesketh

Thanks for that, Nat. What you've just witnessed there is a virtual tour of our Cairns Coconut holiday park. This is another way we're attracting first-time users to our holiday parks and getting to have a touch and a feel before they try it out. So it's a really good way for people that are new to holiday parks that may have a preconceived [thought] in the head of rundown caravan sitting in the corner to being able to see that we've got some amazing facilities, and Cairns continues to grow coming out of COVID very strongly.

One of the things that we do, do is measure our feedback in a very simple format by what we call a Net Promoter Score. We find it's a very powerful way of getting accurate feedback from our guests that stay with us. Net Promoter Score, simply broken down, is based off one question, and it's how likely do you recommend to come and stay in our holiday park?

The reason that question is so powerful is because you align your personal brand with it. If I ask you if you could recommend me where I can get the best coffee in Sydney, you'd probably think fairly hard before you recommended it to, knowing that if I had a poor experience. I might not be a friend anymore, but it's more important that, for you, I have an equally good experience. So achieving a high Net Promoter Score is actually a very difficult thing to do and would be the envy of the industry with the scores that we're currently achieving.

Just as a brief summary on that slide that you've got there in front of you. It's showing a Net Promoter score of 50. So you can go as low as minus 100 and 100 in the positive being the best possible result. So even though that's showing a score of 50, that's a total of 345 surveys that were done, 212 of that were promoters, 26% -- or 93 were passives and 40 were detractors. So the simple minus 1, if you score us 1 to 6, we got a 0 score at a 7 and 8, which you think -- would think would be a fairly high score and you get a plus 1 if you score us a 9 or 10.

So that 345 reviews has only resulted in a Net Promoter score of 50. As a benchmark, Ingenia [are running] at 65. And in fact, we're exceeding that. We know that our closest large competitor has set a goal of about 65, aiming to achieve that in the next 5 years. What's particularly impressive with new customers coming to stay with us with the increasing rates that we're able to yield, we're still achieving that result. It's not being negatively impacted.

If we move on to some of our current initiatives. We're very well set to leverage the current demand in the marketplace. We have over 320,000 e-mail subscribers. We're able to send out electronic miles at our discretion, of course, and not overwhelm them. But it's a very helpful tool for us to focus business into those shoulder periods and off-peak where there's opportunity. There's Facebook followers, Instagram, but we're right at the forefront of being able to leverage digital platforms to drive accommodation.

Some of our initiatives include, obviously, the Wahu Summer of Fun, which we covered off initially. That's been a great partnership. It gives us really good exposure to BIG W. They have, as that middle image shows, Ingenia Holidays front and center. And that exposure on national front, aligning ourselves with a fun product with families having outdoor experience is exactly where we want to be.

There were natural synergies between us and Wahu, and it's been a really good partnership. They're now in our parks in the summer, and we're looking to continue that into the future. We're also excitingly looking to renew our Rabbitohs sponsorship, hoping for a bigger and better year, less interrupted next year.

If we move on to some of our current initiatives. Nat alluded to Airstreams. We're currently in the process of procuring 2 Airstreams into our Soldiers Point Holiday Park. This is really exciting. Nobody else in the marketplace is doing this. Our aim is to have a very high end fit out. There'll be a deck, a fire pit, very light, so your own en-suite, very comfortable bedding. You can come, bring your family. I'm sure John in the States would appreciate the Airstreams. They're very iconic and visually, they capture the eye very well.

We also, inspired from the States, one of Simon's visits, we've just installed our first sky deck cabin in South West Rocks. It's a cabin that actually has an upstairs deck attached to it. There's an outdoor gas fireplace, amazing outdoor facilities. Where we've placed this cabin allows the holiday makers to head up the stairs and you get sweeping views out over some water and a vista, and we'll certainly be looking to install more of these into the future.

A bit to Simon's point, the well-heeled traveler are definitely looking for a higher end, bespoke accommodation offering. We're changing some of our cabin installations to include a much better fit out, a much higher end product to tailor to those incoming needs.

So alongside this, we obviously had some other initiatives happening within Ingenia. One is called Ingreenia. So it's a great foray. We have more and more environmentally conscious travelers that want to know we're doing the right thing. If you stay in any of our holiday parks, you'll see some of these initiatives in play. In fact, I'll throw to our park manager Leah at One Mile Beach to explain a bit further.

Oh, sorry, I won't be throwing to Leah. But essentially, what we are doing is becoming water-wise. This evolved -- Leah was one of our future leaders at -- within Ingenia, which is a great program and came up with a concept around recycling. That's moved on to water saving initiatives. We're also rolling out solar into all of our holiday parks. We're transitioning to LED lighting, which have obviously benefits and savings, but obviously, a great impact on our footprint.

My personal favorite is a 4-minute shower challenge. There's a QR code you can scan. It will give you a list of songs you can play that are exactly 4 minutes long, and the challenge is to get out before you get to the end of the song.

So these are just a few of the exciting initiatives that are happening across Ingenia. The upgrade in our WiFi facilities as well has been ongoing. One of the new travelers we didn't really touch on is that bleisure traveler, that person that's combining business and leisure. We're seeing that more people are traveling with families whilst they're working. I believe Simon might have done that just a little bit recently. And it's a -- high-speed WiFi is really important. Those social connections with the way in which we work now are allowing a new blend happening.

So we might move on now to our forward outlook. I might hand over to Simon to touch off on that.

Simon Richard Owen - *Ingenia Communities Group - CEO, MD & Director*

Thanks, Ben. I'm not sure about -- our listeners today really needed to think of you having a shower singing karaoke. In terms of outlook, look, I hope everyone takes away from today that the outlook for our holidays business in Australia's domestic holiday market is incredibly strong. We don't expect this is going to be a 6- or 12-month brief tick up. We do think that this will be a fundamental longer-term change in the domestic travel patterns of Australians.

We did have a slow start to the calendar year this year with the fires, and then we had some floods. And then COVID certainly did impact our holidays business from March through to really mid-June and some of our holiday parks, such as Cairns, haven't really recovered until the border opened up just recently. But we are seeing our forward bookings for Christmas and through to the balance of this financial year are up around 70% on where they were at the same time last year. That's a combination of a much higher rate, plus higher levels of occupancy. Our holiday parks are typically full anyway through the second half of December and most of January, but really trying to fill out that shoulder most of our holiday parks on the -- in New South Wales and South East Queensland are full already, and that's going to continue through, and our bookings for Easter are incredibly strong.

I think one of the key aspects of our Holiday parks, and we get over 400,000 people coming through our holiday parks every year, that provides us with a fantastic opportunity to introduce our core Ingenia Lifestyle products. So every time that someone is checking in, there's typically some marketing material for whichever is the closest lifestyle community. So certainly at One Mile Beach and Soldiers and soon to be Middle Rock, that's a great conversation starter for introducing our Latitude One community, which is around the corner. So overall, we do expect a very strong outlook for our holidays business.

And I'll now hand over to any final questions for myself or for Ben and Natalie.

QUESTIONS AND ANSWERS

Operator

Our next question comes from Michael Peet from Goldman Sachs.

Michael Peet - *Goldman Sachs Group, Inc., Research Division - Executive Director*

Just that comment there about the bookings up 70% to end of fiscal '21. Is that correct?

Simon Richard Owen - *Ingenia Communities Group - CEO, MD & Director*

That's right.

Michael Peet - *Goldman Sachs Group, Inc., Research Division - Executive Director*

Yes. Great. Just could you give us a sense of what you've been able to do there? Or with rates? I mean have you seen much increase in the rates you're charging to sort of capitalize on that strength?

Simon Richard Owen - *Ingenia Communities Group - CEO, MD & Director*

Yes, look, I'll get Ben to give some specific examples in a moment. But broadly, in terms of our cabins, our RevPOR, our revenue per occupied room night, is up over 40% for the next 3 months. And that is really coming through, given that most of our communities are already running at 100% occupancy, that really is just through being able to push those cabin prices up. Typically, when we're looking at peak demand periods, we would normally leave somewhere between 10% and 20% of stock. We would withhold that from market until late in the holiday season really to, I guess, for people who've left their booking to the last minute, and we can provide them the accommodation, but that does come with a higher cost. So that's a strategy that we continue to use during peak holiday periods. But I might hand over to Ben maybe just to give some color around a couple of our key parks and the pricing strategy there. Ben?

Ben Hesketh

Absolutely. We've certainly held strong in regards to understanding that the demand is there. So we haven't felt that we've needed to run with any special deals as some of our competitors may have done. And in fact, what we did even -- I think I gave the example of $1,000 cabin night at Lake Conjola is part of that rate setting came about was the slow booking pace down a little bit for us. But we found people were taking us up on that pleasingly. That's about a 30% rate increase on what we'd normally charge on that particular cabin type. We're not alone in doing this. An Airbnb in the region will be experiencing a similar uplift. So we don't believe we're bastardizing ourselves for the future, but we've taken the opportunity that's before us. We're seeing rate increases of up to 30% across many of our high-end cabin stock. That's been very pleasing.

Simon Richard Owen - *Ingenia Communities Group - CEO, MD & Director*

Yes. Michael, I think, the last comment would -- there would definitely be opportunities to push prices even harder, but now we're really trying to build our holidays business for the longer term to convert many first-time users into long-term advocates. So we have to get that balance right with our pricing.

Michael Peet - *Goldman Sachs Group, Inc., Research Division - Executive Director*

And just on the back of the envelope, I think, you're saying you're up 5% to November and November, but you expect to be up 10% for the half. So sort of back of the envelope, it sounds like December is sort of up 30% plus. Is that kind of the right maths, roughly?

Simon Richard Owen - *Ingenia Communities Group - CEO, MD & Director*

I probably need a slightly bigger envelope than the one that you would use, Michael, but that broadly does sound right. Like we're experiencing incredible levels of demand. So even now, I mean, I think tomorrow is the first official -- or the last day of non-private school children in New South Wales. And pretty much from Thursday, there's going to be a massive flood of people heading to those parks. So that sort of number wouldn't surprise me at all.

Michael Peet - *Goldman Sachs Group, Inc., Research Division - Executive Director*

And maybe just to follow-up on that. I mean, what sort of effect does that sort of increase in revenue have on with margin? Are you able to -- I mean, obviously, there's extra cost with COVID. I was thinking, that would sort of enhance your margin a bit. Obviously, with higher revenue, you should be getting some fixed cost leverage. But there's sort of that balance with trying to keep your costs under control as that flood of revenue comes in the door. Can you give us a guide on margin for the extra revenue?

Simon Richard Owen - *Ingenia Communities Group - CEO, MD & Director*

So our -- across the year, our larger holiday parks, we would typically be targeting a sort of 50% site EBIT margin. We are experiencing some challenges with labor at the moment in our regional communities because with the job keeper and job seeker, it's often some, I guess, people would rather go surfing than come to work. So that does put a bit of pressure on our ability to get labor. We haven't pushed our cost of labor up, but it's meant that some of our front-line reception or management team have had to change to working in the grounds or working in turning over the cabins. But generally, yes, if we're pushing the occupancy up, and we're getting those higher rates, then that's definitely going to have a material impact -- a material positive impact on our operating margins.

Operator

(Operator Instructions) Your next question is a follow-up from Michael Peet from Goldman Sachs.

Michael Peet - *Goldman Sachs Group, Inc., Research Division - Executive Director*

Simon, can I ask a question of Natalie maybe from her presentation? Just to clarify that project IRR mentioned on the slide there, 11%, is that for the whole of Soldiers Point? Or is that just on the incremental capital that's been spent?

Natalie Kwok - *Ingenia Communities Group - General Manager of Acquisitions, Legal & Tax and Company Secretary*

It's for the whole Soldiers Point and is from acquisition to date.

Michael Peet - *Goldman Sachs Group, Inc., Research Division - Executive Director*

Right. And maybe just a comment there on margin. You mentioned the revenue that, that area has been able to -- that site community has been able to generate now. How has the margin changed since you acquired it to now with this value additive done?

Natalie Kwok - *Ingenia Communities Group - General Manager of Acquisitions, Legal & Tax and Company Secretary*

We've definitely been able to increase the operating margin. My understanding, it's currently sitting at around 50%. And obviously, the revenue -- increase in revenue -- tourism revenue is going to have an impact on that, as Simon just spoke about. But yes -- no. It's -- we've been able to reduce some of the cost inefficiencies and while increasing the revenue. But predominantly through active revenue management that we have been able to increase our revenue and therefore, increasing the margin.

Simon Richard Owen - *Ingenia Communities Group - CEO, MD & Director*

We probably haven't materially increased the margin, but the top line revenue has materially increased. We've protected that margin. So the NOI contribution from Soldiers Point is significantly higher than it was back when compared to when we acquired it.

Michael Peet - *Goldman Sachs Group, Inc., Research Division - Executive Director*

Yes, okay. Good. And then maybe just one final one me. Just in terms of M&A pipeline. I mean, I guess, COVID, probably at the height of COVID, there was potentially some distress out there. It looks like for holidays sites communities, maybe they've been benefiting now from domestic travel. Can you just make some comments on how you're seeing it out there with opportunities? And maybe some operators feel this is probably a good time to sell as they look sort of shorter term. But can you just make some comments around opportunities at the moment from an M&A perspective?

Simon Richard Owen - *Ingenia Communities Group - CEO, MD & Director*

Natalie heads up M&A. So why don't I hand all that to Nat?

Natalie Kwok - *Ingenia Communities Group - General Manager of Acquisitions, Legal & Tax and Company Secretary*

Thanks, Simon. We haven't actually seen a lot of distressed sellers. Most operators just want to hold on. Although these smaller holiday operators and especially in the [form] of Queensland, we have seen some opportunities come up, and they're probably not the -- of scale for Ingenia head stock.

In terms of other operators that -- as in general, people are just holding on to the asset. And the feedback that we are getting is that why would we want to sell now, the revenue is coming in and where else will we invest the money. Even if were to pay record prices for it, there's just nowhere to invest that money to generate that high-yield return. So that's probably the way the pipeline is sitting. We are being opportunistic when those opportunities come up. But no, there are -- there hasn't been a lot of distressed assets all.

Operator

There are no further questions from the phones at this time. I will now hand back to Simon.

Simon Richard Owen - *Ingenia Communities Group - CEO, MD & Director*

Well, thanks, everyone, for today's Ingenia's first virtual conference. We've had some amazing speakers. Thanks for joining us. And if anyone has any individual questions that you'd like, then please feel free to reach out to Donna or Scott, and we'd be delighted to handle any further questions. So thank you very much for your time today.
