



Further consolidation in the Seniors Living industry occurred in 2007 with the sale of several large retirement village and aged care portfolios. The most recent transaction has been the sale of the Zig Inge Group portfolio for an enterprise value of \$641 million to the Retirement Villages Group (RVG). Macquarie Capital Alliance Group held 49 per cent of the Zig Inge Group and its share of the equity proceeds was \$255 million. m3property acted as advisors to the vendors – Zig Inge Group/ Macquarie Capital Alliance Group – for this transaction.

Rapid consolidation within the Seniors sector over recent years has resulted in large-scale, quality portfolios becoming increasingly rare. Other portfolio sales over the past year have included ARC, the Manor Group and the Fini Portfolio. The Zig Inge sale price reflects a premium for the size and scarcity of this quality portfolio.

The Zig Inge Group is one of the largest and longest established retirement village managers and developers in Australia. The portfolio includes 17 retirement villages across Victoria, Queensland, New South Wales and the ACT comprising 2,223 Independent Living Units (ILUs) and 223 Lifestyle Serviced Apartments (LSAs). The portfolio also has a strong development pipeline with a further 8 sites expected to provide an additional 1,639 ILUs and LSAs. The overall discount rate was around 12% for the transaction - about 10% on the completed villages and 15% on the development stock.

Last year the Zig Inge Group's total earnings before interest, taxes, depreciation and amortisation were \$27 million. At the purchase price (including debt) of \$641 million for 100 per cent, the sale multiple is close to 24 times EBITDA.

The acquisition of the Zig Inge portfolio means RVG is now the largest retirement village provider in Australasia, with 53 villages in Australia and New Zealand. RVG is an unlisted investment fund jointly managed by the FKP Property Group and Macquarie Group.

m3property remains actively involved in the Seniors Living sector, having undertaken a range of due diligence assignments and valuations, including the two largest portfolios transacted recently - vendor due diligence for the Zig Inge Group and valuation of the ARC portfolio on behalf of the successful bidders, Stockland. We have also acted in an advisory capacity, performed transaction management services, and arranged acquisition finance on behalf of many other clients.

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