

## ASX / Media Release

18 February 2020

### PORTFOLIO EXPANSION DELIVERS 40% EBIT GROWTH WITH STRONGER RENTAL BASE, HOME SETTLEMENTS AND OCCUPANCY

#### Highlights

- Revenue of \$116.9 million, up 25% on 1H19
- Strong operating cash flow of \$27.2 million, up 60% on 1H19
- EBIT of \$32.2 million, up 40% on 1H19
- Underlying EPS of 10.7 cents, up 32% on 1H19
- Settlement of 140 new homes, up 22% on 1H19
- Nine projects under development with one new project to commence in April 2020
- Capital base expanded – new \$100 million 7-year debt facility and funds management platform

Ingenia Communities Group (ASX: INA) today announced Underlying Profit of \$26.5 million for the half year ending 31 December 2019, an increase of 52% on the previous corresponding period. Statutory Profit of \$23.6 million was up 81% on the prior corresponding period.

Group revenue was up 25% to \$116.9 million and EBIT was up 40% to \$32.2 million.

Operating cash flow of \$27.2 million was up 60% on 1H19, driven by an increase in settlements and rental income, partially offset by increased investment in inventory as development accelerates.

Ingenia achieved 140 new home settlements, up 22% on 1H19, with these settlements adding approximately \$1.2 million in annual rental income across the Group.

Underlying EPS of 10.7 cents represents a 32% increase on 1H19, driven by strong asset performance and increased settlements, partially offset by additional securities on issue following the completion of a \$131.1 million equity raise in November 2019.

Statutory Profit was impacted by fair value movements on investment properties, including expensing of acquisition costs and realisation of development profits, offset by improved asset valuations.

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Ingenia has declared a half year distribution of 5.6 cents per stapled security, an increase of 4% on the previous corresponding period, with payment to be made on 26 March 2020. The Distribution Reinvestment Plan will remain open and the DRP will be fully underwritten to partially fund the acquisition of Lake Munmorah Residential Resort (to be settled in March 2020).

Ingenia's CEO Simon Owen described the strong profit result as testament to a business based upon affordable rent collection and enhanced by development returns.

"We are delivering on a number of initiatives to build our rental base and improve capital efficiency across the Group. This includes acquiring established communities, growing new home settlements, generating new revenue streams through our funds management platform, and accelerating development through our development Joint Venture with Sun Communities."

"We are successfully building our rental base, with rental income across our Lifestyle and Holidays business up 17%, which in turn is positively impacting EBIT margin for the Group."

"Following the acquisition of two established communities in the first half, we are continuing to see opportunities to acquire existing assets and have today announced the acquisition of Lake Munmorah Residential Resort, an attractive community which expands our presence on the NSW Central Coast."

"Our new home settlements were up 22% on the prior year and our greenfield strategy is continuing to deliver strong sales across Latitude One, Plantations, and Hervey Bay, with our first Joint Venture project with Sun Communities (Freshwater, QLD) set to deliver settlements from April 2020. We have a significant pipeline of 4,260 potential home sites and remain well placed to continue to expand our development activities."

"Our development Joint Venture is delivering to plan, with due diligence being undertaken on multiple additional greenfield sites. This arrangement reduces our capital requirements in the development phase of new high-quality communities while preserving Ingenia's right to own the community on completion."

"General market conditions for home sales have improved, however consumers remain cautious particularly against the back-drop of the recent bushfires and flooding in coastal regions. While Ingenia's tourism assets on the South Coast experienced disruption as a result of bushfire activity in the area, we were pleased to be able to keep all our staff, residents and guests safe. Insurance is expected to mitigate revenue losses and property damage."

"As the business matures, we are evolving our focus on broader social and environmental outcomes across the communities that we are part of, and this is a priority for the Board and management."

"Demand drivers remain strong across the industry with an ageing population and housing affordability underpinning earnings growth. Despite increasing competition, we remain in a strong position, with a sector leading development pipeline and opportunities to acquire existing communities and sites for future development."

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## FY20 Focus

Ingenia has delivered on key strategic goals and has a solid platform from which to grow, with a quality established portfolio that includes embedded growth.

The company's strategic focus in FY20 includes:

- Continue to improve the performance of existing assets to drive growth in rental returns
- Expand in key markets through acquisition and development – move to clear sector leadership
- Continued focus on sales and marketing to launch new projects and deliver rental contracts
- Capitalise on opportunities to expand development pipeline and accelerate development of new communities
- Execute Joint Venture business plan, delivering opportunities for capital light growth and additional revenue streams
- Integrate funds management business and deliver returns for fund investors

## Capital Management

The Group remains well positioned to fund future growth. Ingenia's capital position has been enhanced through a successful \$131.1 million equity raising and a new \$100 million, 7-year debt facility.

## Guidance

Consistent with the announcement on 7 January 2020, the Group currently expects the FY20 full year result to be at the lower end of FY20 guidance of 15-20% growth in EBIT and underlying EPS growth of 5–10%.<sup>1</sup>

Further detail regarding the Group's result is contained in the 1HY20 Results Presentation lodged with the ASX today.

***Authorised for lodgement by the Board.***

## ENDS

1. Guidance is subject to no material adverse change in market conditions and timing of key development projects.

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Ingenia Communities Holdings Limited (ACN 154 444 925), Ingenia Communities Fund (ASRN 107 459 576) and Ingenia Communities Management Trust (ARSN 122 928 410). The Responsible Entity for each scheme is Ingenia Communities RE Limited (ACN 154 464 990) (AFSL415862).