



23 February 2016

Ingenia Communities Group delivers strong 1H16 Result

Results Overview

- Underlying Profit from continuing operations increased 40% to \$8.4 million
- Statutory Profit was \$10.8 million compared to a \$1.0 million loss in 1H15
- Operating cashflow strong at \$11.8 million, up 157% on 1H15
- Interim distribution per security increased to 4.2 cents
- Well advanced on sale of Deferred Management Fee (DMF) portfolio
- Garden Villages occupancy of 89.6% is significantly up on Dec 14 occupancy of 88.3% (like for like)
- Strong sales momentum with 58 settlements in 1H16, up from 8 in 1H15 – on track for FY16 guidance of 120 sales
- Development now underway in 10 communities, with a pipeline of over 1,600 sites
- Acquisition of BIG4 Broulee Beach announced, taking Lifestyle Parks portfolio to 26 communities

Ingenia Communities Group (ASX:INA) today announced its result for the six months to 31 December 2015. The Group reported 40% growth in Underlying Profit from continuing operations to \$8.4 million, and Statutory Profit of \$10.8 million.

Operating cashflow grew substantially, increasing 157%, to \$11.8 million.

Ingenia has declared an interim distribution of 4.2 cents per stapled security, with payment to be made on 16 March 2016. This represents an increase of 7.7% on the first half of FY15, and is consistent with Ingenia's commitment to grow distributions and securityholder returns.

Ingenia Communities Chief Executive Officer Simon Owen said, "The solid cash conversion across the business and our strong asset backing positions Ingenia well for future growth."

"Our sales and development business is delivering to management expectations. From a standing start in 2013, we have established Ingenia as one of the leading players in the lifestyle parks sector, with a portfolio of 26 assets and significant future embedded growth. We are on track to meet our target of 120 home sales for the 2016 financial year."

"A key differentiator for Ingenia is a large pool of cash yielding assets through our Garden Villages and Lifestyle Parks portfolio. Combined, these businesses are delivering approximately \$1 million in rental income per week."

“Second, we have made a deliberate play to reinvest in and maximise returns from our tourism parks, as the opportunity is compelling. The coastal locations are often prime beach front, which gives us significant leverage to the ageing thematic and grey nomad market. Cashflows are generally stable, as they are seasonal rather than cyclical, and there are numerous opportunities to apply our demonstrated asset management capability to unlock further value, while preserving optionality over long term land use.”

“Mixed use parks also represent a broader range of acquisition opportunities than pure residential parks, which are limited in number, increasingly tightly held, and are sought after by numerous players.”

Capital Management

The Group maintains a disciplined approach to capital management and to the diversification of funding sources.

Key Metrics	At Dec 15	At Jun 15	CHANGE
Loan to value ratio (LVR)	32.4%	22.6%	9.8%
Core interest cover ratio (ICR)	3.37x	2.68x	26%
Net asset value (NAV) per security	\$2.36	\$2.34	1%

At 31 December 2015, Ingenia’s loan to value ratio (LVR) was 32.4%, within the Group’s target range of 30-35%.

In February the Group increased its debt capacity, with an additional \$25 million in funding secured from Bank of Queensland. Operating cashflow is continuing to grow in line with the expansion of the Lifestyle Parks business, providing significant capacity to internally fund the Group’s development activities.

Ingenia is now well advanced with discussions with a global real estate group to divest the majority of the Group’s interest in the DMF portfolio in order to recycle capital into further accretive Lifestyle Park acquisitions.

Outlook

It has been a positive start to the year, and Ingenia remains focused on the growth of its Active Lifestyle Estates portfolio, as well as optimising the performance of its large recurrent rent roll across the Group.

With progress being made on the DMF divestment and ongoing opportunities to grow returns through development and strong asset management, Ingenia remains well placed to deliver longer term growth.

ENDS

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