

## ASX / Media Release

18 August 2020

### EBIT OF \$71.9 MILLION UP 17%, WITH GROWTH ACROSS KEY METRICS

#### Highlights

- Performance underpinned by stable resident rental base
- Record EBIT<sup>1</sup> of \$71.9 million, up 17%
- Revenue of \$244.2 million, up 7%
- Underlying EPS<sup>1</sup> of 22.1 cents, up 5%
- Operating cash flow of \$67.2 million, up 13%
- Strong balance sheet with capacity to fund growth
- Due to significant uncertainty in trading conditions associated with COVID-19, no FY21 guidance being provided

Ingenia Communities Group (ASX:INA) today announced Underlying Profit<sup>1</sup> of \$59.1 million for the year ending 30 June 2020, an increase of 25% on the previous financial year. Statutory Profit of \$31.5 million is up 7% on the prior year.

Group revenue was up 7% to \$244.2 million and EBIT<sup>1</sup> was up 17% to \$71.9 million. Operating cash flow of \$67.2 million was up 13% on FY19. These results were driven by an increase in rental sites through development and acquisition, higher average new home sales price and development margin and cost management across the Group, offset by temporary holiday park closures and reduced settlements due to COVID-19.

Ingenia achieved 325 new home settlements across the Group's development projects, down 3% on a record year in FY19. The Group was on track to achieve a new record for settlements had operating conditions not been disrupted due to lock-down restrictions.

Underlying EPS<sup>1</sup> of 22.1 cents represents a 5% increase on FY19, driven by strong lifestyle and development performance, impacted by additional securities issued as a result of equity raised during the year.

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1. EBIT, underlying profit and underlying EPS are non-IFRS measures which exclude non-operating items such as unrealised fair value gains/(losses) and gains/(losses) on asset sales.

A final distribution of 4.4 cents per stapled security has been declared, bringing the full year distribution to 10.0 cents per stapled security (FY19: 11.2 cents). The distribution will be paid on 24 September 2020.

Ingenia's CEO Simon Owen described the Group's performance through COVID-19 as demonstrating the overall resilience of the business.

"The health and safety of our residents, guests and staff has been our first priority in these highly challenging conditions and we are pleased with the outcomes achieved. Prior to COVID-19 we were on track for a record year of growth, and the momentum we have managed to maintain despite continuing headwinds is a testament to all our employees. We remain vigilant to what may be around the corner, but we have demonstrated an ability to trade and grow through this period.

"Acquisition opportunities are emerging, and the opportunity to build a sizeable sector leadership position across our industry is more compelling than ever. We are well capitalised and ideally positioned to benefit from any market dislocation, should it occur.

"Demand drivers remain strong across the industry, and if anything, have improved. An ageing population, housing affordability issues and the appeal of community living will continue to make Ingenia's communities an attractive proposition. More than ever retirees' capacity to fund a comfortable retirement is challenging and downsizing to one of our communities is an effective way to make a significant difference to the quality of retirement for our residents.

"Despite COVID-19 operating restrictions impacting the Lifestyle Development and Holidays segments, an increase in above ground margin per new home settlement, cost management and access to JobKeeper mitigated the impact of mandated closures of the Group's holiday parks and lower settlements on the result.

"There continues to be solid ongoing demand for our communities and our uninterrupted resident rental streams provide a strong defensive element to our business model. Throughout COVID-19 the strength of our rental business has been demonstrated. Average rents across our lifestyle communities increased by 3.6% (on a like for like basis), and Ingenia Gardens occupancy reached a record high of 94.4%.

“Sales achieved a near record result with development projects across the business settling 325 new homes (versus 336 in FY19) despite lock-down restrictions which interrupted the sales program. FY21 year to date, 37 settlements are complete and the pipeline for future settlements has been extended with 205 deposits and contracts now in place. The Group was on track to deliver a new record for settlements had operating conditions not been disrupted. Key projects are performing strongly (including Latitude One and Plantations), and importantly, two new projects are expected to launch in FY21.

“It was a difficult second half for our Holiday parks that were impacted by bushfires on the NSW South Coast over the new year, followed by mandated closures due to COVID-19 restrictions from late March to June. As a result, we took reduced revenues during the traditional peak Christmas and Easter trading periods. What was particularly encouraging, however, was the way Australians responded to domestic holidays when restrictions were lifted, with an uptick in forward bookings. Due to the nature of the pandemic, there remains uncertainty over further COVID-19 disruptions. Ingenia is well prepared to respond to health advice and has no holiday parks in Victoria.

“Assets within the Group’s managed funds were also impacted by COVID-19 operating challenges, however fund returns were generally in line with expectations and the Group continues to see good opportunity to expand the funds management platform.

“The Joint Venture with Sun Communities (NYSE: SUI) delivered its first settlements at Freshwater and construction of the clubhouse is now underway. The Joint Venture will complete its third acquisition, an approved development site at Morisset on the NSW Central Coast, later this calendar year. The site is currently under option and has approval for 427 homes. Further assets are being reviewed or are under option, including a greenfield site in Greater Melbourne (VIC) which is also anticipated to settle this calendar year,” Mr Owen said.

The Group’s acquisition pipeline remains strong with additional opportunities identified and due diligence underway on a number of established and development assets. Since year end the Sunnyside Shores lifestyle community on the NSW Central Coast and an approved development site in Ballarat, Victoria have been acquired for a combined \$23.3 million. The timing and composition of future acquisitions will impact FY21 outcomes, with the remaining capital from the Group’s \$178 million equity raise in May 2020 expected to be deployed progressively over the next 12-18 months.

“The current pipeline remains significant and we are well positioned to identify and progress opportunities, with a dedicated team focussed on delivering growth in our asset base. Even in these uncertain times, we are well placed to build sector leadership,” Mr Owen said.

### **Capital management**

The Group closed FY20 with a balance sheet which provides significant capacity, supporting increasing scale. Following a successful \$178 million equity raising in May to support the company’s growth plans, the Group closed the year with an LVR of 8.4% and gearing below 6%.

The net assets of the Group increased by 50% from 30 June 2019, with Net Asset Value per security growing 9% to \$2.90.

### **Outlook**

Commenting on the outlook for the business, CEO Simon Owen said: “While the business is well placed, we remain cautious about the outlook for the Group, given the unprecedented conditions and evolving response to the COVID-19 pandemic. Our focus remains the health and safety of our residents, guests and team and ensuring the business is well positioned for the future.”

In light of current conditions, the Group is not providing FY21 guidance at this time.

Further information is contained in the Group’s Financial Statements and Investor Presentation lodged with ASX today.

### **Approved for lodgement by the Board.**

### **ENDS**

#### **For further information please contact:**

Donna Byrne  
General Manager Investor Relations  
P 02 8263 0507  
M 0401 711 542

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).