

22 February 2022

## 1H22 Appendix 4D and Financial Statements

Ingenia Communities Group (ASX: INA) provides its Appendix 4D and Financial Statements for the half year ended 31 December 2021.

Authorised 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

**About Ingenia Communities Group**

Ingenia Communities Group (ASX: INA) is a leading operator, owner and developer of communities offering quality rental and holiday accommodation focussed on the growing seniors' market in Australia. Listed on the Australian Securities Exchange, the Group is included in the S&P/ASX 200 and has a market capitalisation of over \$2.2 billion.

Across Ingenia Lifestyle, Ingenia Gardens, Ingenia Holidays and Ingenia Rental, the Group has over 100 communities and is continuing to grow through acquisition, development, and expansion.

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).

**APPENDIX 4D**  
**Half-Year Financial Report**  
**Half-Year ended 31 December 2021**

<b>Name of Entity:</b> Ingenia Communities Group (“INA”), a stapled entity comprising Ingenia Communities Holdings Limited ACN 154 444 925, Ingenia Communities Fund ARSN 107 459 576, and Ingenia Communities Management Trust ARSN 122 928 410.
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Current period:	1 July 2021 – 31 December 2021
Previous corresponding period:	1 July 2020 – 31 December 2020

**Results for announcement to the market**

	31 Dec 2021	31 Dec 2020	Change	Change
	\$'000	\$'000	\$'000	%
Revenues	131,415	121,968	9,447	8%
Profit from ordinary activities after tax attributable to members	39,849	32,452	7,397	23%
Net profit for the period attributable to members	39,849	32,452	7,397	23%
Underlying profit	28,143	32,818	(4,675)	(14%)
<b>Distributions - current period (cents):</b>				
FY21 Final Distribution (paid 23 September 2021)	5.5	4.4	1.1	25%
FY22 Interim Distribution (payable 24 March 2022)	5.2	5.0	0.2	4%
<b>FY22 Interim distribution dates</b>				
Ex-dividend date	25 February 2022			
Record date	5pm, 28 February 2022			
Payment date	24 March 2022			
The Dividend and Distribution Reinvestment Plan is operational for this distribution				
	31 Dec 2021	30 Jun 2021	Change	Change
Net asset value per security	\$3.65	\$3.03	\$0.62	20%
Net tangible asset value per security	\$3.40	\$3.00	\$0.40	13%

**Results for announcement to the market**

The half-year financial report does not include all of the information required for a full-year financial report and should be read in conjunction with the Group’s annual financial report for the year ended 30 June 2021 and any ASX announcements issued during the period.

**Details of entities over which control has been gained or lost during the period**

On 30 November 2021, the Group acquired 100% of the share capital of Seachange (Land) Pty Ltd, PPV Inlet Land Pty Ltd, PPV Coomera Land Pty Ltd, PPV Toowoomba Land Pty Ltd, PPV Victoria Point Land Pty Ltd, PPV Hervey Bay Land Pty Ltd, Seachange (Land) Unit Trust, PPV Inlet Land Unit Trust, PPV Coomera Land Unit Trust, PPV Toowoomba Land Unit Trust, PPV Victoria Point Land Unit Trust and PPV Hervey Bay Land Unit Trust (collectively “Seachange”), a portfolio of six lifestyle communities that comprise of two fully mature and income producing sites, two partially completed sites with development upside and two greenfield development sites.

Refer to Note 13 in the 31 December 2021 Half-Year Financial Report for further detail.

**Details of any associates and joint venture entities required to be disclosed**

The Group has a 50% interest in the following joint venture entities and their wholly owned subsidiaries:

- Sungenia LandCo Pty Ltd
- Sungenia Land Trust
- Sungenia OpCo Pty Ltd
- Sungenia Operations Trust
- Sungenia Development Pty Ltd

The profit contribution from any one of these joint ventures is not material to the Group's profit for the period or the previous corresponding period. Refer to Note 12 in the 31 December 2021 Half-Year Financial Report for further detail.

In the current year, the Group entered into a Subscription Agreement with LLHL Group Pty Limited ("LLHL"), a provider of lifestyle home finance to residents of land lease communities. As at 31 December 2021 the Group holds a 26.7% interest in the associate. For the half-year 31 December 2021, the investment in the associate had no material impact on the Group result.

**Audit status**

This report is based on the consolidated 31 December 2021 Half-Year Financial Report of Ingenia Communities, which has been reviewed by Ernst & Young. The Auditor's Independence Declaration provided by Ernst & Young is included in the 31 December 2021 Half-Year Financial Report.

**Other significant information and commentary on results**

Please refer to the Group's separate results presentation and announcement.

Additional Appendix 4D disclosure requirements can be found in the Directors' Report and the 31 December 2021 Half-Year Financial Report.

**For all other information required by Appendix 4D, including a results commentary, please refer to the following documents:**

- Directors' Report
- Reviewed Half-Year Financial Report
- Results presentation and media release



Natalie Kwok  
Company Secretary  
22 February 2022



**INGENIA COMMUNITIES HOLDINGS LIMITED**  
**A.C.N. 154 444 925**

**HALF-YEAR FINANCIAL REPORT**  
**31 December 2021**

[www.ingeniacommunities.com.au](http://www.ingeniacommunities.com.au)  
Registered Office: Level 3, 88 Cumberland Street, The Rocks NSW 2000

# Half-Year Financial Report

Ingenia Communities Holdings Limited  
For the six months ended 31 December 2021

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# Directors' Report

Ingenia Communities Holdings Limited  
For the six months ended 31 December 2021

The Directors of Ingenia Communities Holdings Limited ("ICH" or the "Company") present their report together with the Company's financial report for the six months ended 31 December 2021 (the "current period") and the Independent Auditor's Report thereon. The Company's financial report comprises the consolidated financial report of the Company and its controlled entities, including Ingenia Communities Fund ("ICF" or the "Fund") and Ingenia Communities Management Trust ("ICMT") (collectively, the "Trusts").

The shares of the Company are "stapled" with the units of the Trusts and trade on the Australian Securities Exchange ("ASX") as one security (ASX Code: INA). Ingenia Communities RE Limited ("ICRE" or "Responsible Entity"), a wholly owned subsidiary of the Company, is the responsible entity of the Trusts. In this report, the Company and the Trusts are referred to collectively as the Group.

In accordance with Accounting Standard AASB 3 *Business Combinations*, the stapling of the Company and the Trusts was regarded as a business combination. The Company has been identified as the parent for preparing consolidated financial reports.

## DIRECTORS

The Directors of the Company at any time during or since the end of the current period were:

### Non-Executive Directors (NEDs)

Jim Hazel (Chairman)  
Robert Morrison (Deputy Chairman)  
Amanda Heyworth  
Pippa Downes  
John McLaren  
Gregory Hayes  
Sally Evans  
Gary Shiffman (resigned, effective 6 December 2021)

### Executive Director

Simon Owen (Managing Director and Chief Executive Officer (MD and CEO))

### Company Secretaries

Natalie Kwok (Chief Investment Officer and General Counsel (CIO and GC))  
Nhu Nguyen (resigned, effective 15 October 2021)

## OPERATING AND FINANCIAL REVIEW

### ICH overview

The Group is an active owner, manager and developer of a diversified portfolio of lifestyle, rental and holiday communities across Australia. The Group's real estate assets at 31 December 2021 were valued at \$1.8 billion, comprising 67 lifestyle rental and holiday communities (Ingenia Lifestyle Rental and Holidays) and 27 seniors rental communities (Ingenia Gardens). The Group manages and owns a percentage of 14 communities through its development joint venture (JV) and funds management platform. The Group was included in the S&P/ASX 200 in December 2019 and had a market capitalisation of approximately \$2.5 billion at 31 December 2021.

The Group's vision is to create Australia's best lifestyle and holiday communities, offering permanent and tourism accommodation with a focus on the seniors demographic. The Board is committed to delivering sustainable long-term underlying earnings per security (EPS) growth to security holders while providing a supportive community environment for residents and guests.

### Our Values

At Ingenia we build community on a foundation of integrity and respect, creating a place where people have a sense of connection and belonging. We strive for continuous improvement in our resident, guest and visitor service, to ensure that they receive an amazing experience every day. Whether it's time to live, play, stay or renew, we deliver freedom of choice with a range of industry award winning lifestyle and holiday options.

# Directors' Report (continued)

Ingenia Communities Holdings Limited  
For the six months ended 31 December 2021

Creating Australia's best lifestyle and holiday communities



## Strategy

The Group is positioning for scale and long-term sector leadership whilst delivering growth in net operating income, enhancing the operational performance of its investment properties and developing new communities.

Using a disciplined investment framework, the Group will: continue to grow its lifestyle and holiday communities business in metropolitan and coastal locations; build out its existing development pipeline; expand development and revenue streams through growing the Joint Venture with Sun Communities, Inc (NYSE: SUI) and the Group's funds management platform.

The immediate business priorities of the Group are:

- Improve resident and guest experience and satisfaction;
- Improve performance of existing communities to drive growth in rental returns;
- Integrate newly acquired communities to deliver scale benefits and margin expansion;
- Capitalise on opportunities to progress existing projects and expand the development pipeline to deliver new rental contracts;
- Invest in and manage the growth of the development Joint Venture with Sun Communities;
- Accelerate investment in new rental and tourism cabins;
- Expand the funds management platform and deliver compelling performance for investors;
- Continue to respond to the operating environment, maintaining focus on employee, resident and guest health and safety;
- Build on the Group's sustainability program, enhancing disclosures as initiatives are progressed, and;
- Enhance sustainable competitive advantage through recruiting, retaining and developing industry leading talent.

## Transformational growth

During the period the Group undertook over \$500.0 million of strategic transformational acquisitions, growing Ingenia's market leading position in the lifestyle and holidays sectors and enhancing the Group's growth profile. During the period, the Group acquired 8 Lifestyle communities, 11 Holiday communities, an additional Ingenia Gardens Village and 3 greenfield developments.

The growth in the portfolio was materially driven by the acquisition of the Seachange group and the Caravan Parks of Australia portfolios.

The Seachange group is a high-quality portfolio of six lifestyle communities and development sites in South East QLD and was acquired for \$270.0 million. The Seachange acquisition extends Ingenia's presence in the strong South East QLD market via a complementary, well established premium brand with an established operating and development platform, providing Ingenia with additional management capabilities to contribute to the growth of the Group.

The Caravan Parks of Australia portfolio, a portfolio of seven lifestyle and holiday communities in VIC and NSW, was acquired for \$110.0 million.

In addition to these portfolios the Group acquired seven holiday communities, a partially complete lifestyle community in QLD, an established seniors rental community and three additional development opportunities

# Directors' Report (continued)

Ingenia Communities Holdings Limited  
For the six months ended 31 December 2021

(two in the Joint Venture with Sun Communities), bringing the total potential development sites across the business to 6,270.

These acquisitions were funded from debt facilities and a \$475.0 million entitlement offer to existing security holders.

## 1H22 financial results

The six months to 31 December 2021 delivered total revenue of \$131.4 million, up 8% on the prior corresponding period. The Group settled 139<sup>1</sup> turnkey homes (1H2021: 136 homes) and grew Lifestyle and Tourism rental income by 25% to \$57.0 million (1H21: \$45.7 million).

Statutory profit of \$39.8 million was up 23% on the prior corresponding period. The statutory result reflects the combination of growth in underlying earnings and fair value movements on investment property arising from improved capitalisation rates and the impact of transaction costs on new acquisitions.

Underlying profit of \$28.1 million, which represents a decrease of \$4.7 million on the prior corresponding period, was negatively impacted by COVID-19 restrictions that affected the Group's Tourism and Development businesses in the period. The prior corresponding period results included \$5.1 million of JobKeeper subsidy.

The Group grew its asset base across Lifestyle and Holidays communities during the period, through acquisitions and the progression of the Group's development pipeline, increasing the Group's recurring rental base.

Operating cash flow for the period was \$38.9 million, down 35% from the prior corresponding period. This reduction was driven by: increased investment in inventory ahead of forecast settlements in the second half of FY22; lower tourism revenue due to COVID-19 restrictions in the period and tax payments.

The Group's underlying earnings per security decreased by 20% from the prior corresponding period as COVID-19 restrictions impacted the Group's Tourism and Development businesses and the impact of new securities issued following the November 2021 equity raise.

The Group's net asset value (NAV), of \$3.65 per security, was up 20% compared with 30 June 2021 NAV of \$3.03, driven by positive revaluations of the Group's assets and the impact of the November 2021 equity raise, where securities were issued at a premium to asset value.

## Key metrics

- Income generating sites across the Group increased 45% to 13,432 sites as at 31 December 2021
- Statutory profit of \$39.8 million, up 23% on the prior corresponding period
- Underlying profit of \$28.1 million, down 14% on the prior corresponding period
- Basic earnings per security (Statutory) of 11.4 cps, up 14% on the prior corresponding period (1H21: 10.0 cps)
- Basic earnings per security (Underlying) of 8.1 cps, down 20% on the prior corresponding period (1H21: 10.1 cps)
- Operating cash flows of \$38.9 million, down 35% on the prior corresponding period
- Interim distribution of 5.2 cps, up 4% on the prior corresponding period

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<sup>1</sup> Including eighteen settlements at Ingenia Lifestyle Freshwater, the Group's joint venture project with Sun Communities.



# Directors' Report (continued)

Ingenia Communities Holdings Limited  
For the six months ended 31 December 2021

## Group results summary

Underlying profit for the financial year has been calculated as follows, with a reconciliation to statutory profit:

	31 Dec 2021	31 Dec 2020
	\$'000	\$'000
EBIT	33,872	40,316
Share of joint venture profit/(loss) - operating	1,479	(619)
Share of associate loss	(250)	-
Net finance expense	(3,888)	(1,777)
Tax expense associated with underlying profit	(3,070)	(5,102)
<b>Underlying profit<sup>(1)</sup></b>	<b>28,143</b>	<b>32,818</b>
Net gain/(loss) on change in fair value of:		
Investment properties	53,839	8,643
Acquisition costs	(12,434)	(7,103)
Financial liabilities	(4,085)	(2,746)
Investment and other financial instruments	763	(143)
Share of joint venture profit	1,994	-
Business combination transaction costs	(18,000)	-
Other	(177)	(644)
Tax (expense)/benefit associated with items below underlying profit	(10,194)	1,627
<b>Statutory profit</b>	<b>39,849</b>	<b>32,452</b>

(1) Underlying Profit is a non-IFRS measure designed to present, in the opinion of the Directors, the results from the ongoing operating activities in a way that appropriately reflects underlying performance. Underlying Profit excludes items such as unrealised fair value gains/(losses) and adjustments arising from the effect of revaluing assets/liabilities (such as derivatives and investment properties). These items are required to be included in statutory profit in accordance with Australian Accounting Standards.

## Segment performance and priorities

### Residential

#### Ingenia Lifestyle Development

Development is currently underway at 11 communities and the Group has a strong development pipeline of 6,270 potential new home sites (30 Jun 2021: 4,220 sites) with the Group commencing construction at Victoria Point, QLD during the period.

The acquisition of the Seachange Group added 557 sites to the development pipeline. The Group also acquired a 168 site development at Rochedale, QLD and two greenfield developments in the Joint Venture.

The Group delivered 139<sup>2</sup> settlements (1H21: 136) with Ingenia delivering 121 new turnkey settlements (1H21: 128). There were a further 18 (1H21: 8) settlements in the Joint Venture.

The Group is continuing to experience strong demand for its lifestyle offering from downsizers, with strong sales being delivered during the period and a high level of contracts and deposits on hand.

The carrying value of the Ingenia Lifestyle Development investment property at 31 December 2021 is \$267.4 million (30 Jun 2021: \$174.0 million).

#### Performance

	31 Dec 2021	31 Dec 2020	Change %
Ingenia new home settlements (#)	121	128	(5%)
Gross new home development profit (\$m)	20.5	22.3	(8%)
Other home settlements (#)	2	8	NM
Gross refurbished home development profit (\$m)	0.1	0.2	NM
EBIT contribution (\$m)	10.0	13.4	(25%)
Stabilised EBIT margin (%) <sup>(1)</sup>	22.1	25.5	(3%)

(1) Excludes impact of unusual items.

<sup>2</sup> Including eighteen settlements at Ingenia Lifestyle Freshwater, the Group's joint venture project with Sun Communities.

# Directors' Report (continued)

Ingenia Communities Holdings Limited  
For the six months ended 31 December 2021

## Strategic priorities

The key strategic priorities for Ingenia Lifestyle Development include: completing the current development pipeline on time and managing labour and construction costs; continuing to build sales momentum; securing further development approvals for new homes within the current pipeline and on new properties under offer; securing land adjacent to existing Group communities; enhance home and clubhouse designs to improve the sustainability of our communities and; delivering an outstanding move in experience for new residents.

## Ingenia Lifestyle Rental

At 31 December 2021, Ingenia Lifestyle Rental comprises 33 communities that offer an attractive community lifestyle for active downsizers. Ingenia Lifestyle Rental EBIT increased 26% to \$10.1 million.

During 1H22, the Group continued to expand its rental assets by delivering 121 new settlements from its development business and completing the acquisition of eight new communities: at Anna Bay in NSW; Arundel, Emerald Lakes, Coomera, and Toowoomba in QLD; and Carrum Downs, Chelsea and Frankston in VIC.

The Group delivered 32 new rental cabins across Brisbane North, Durack and Eight Mile Plains.

Permanent rental income grew by 36% on the prior corresponding period driven by acquisitions of new communities, new rental contracts from the settlement of new homes and investment in new rental cabins.

The carrying value of the Lifestyle Rental investment property at 31 December 2021 is \$682.7 million (30 Jun 2021: \$436.2 million).

## Performance

	31 Dec 2021	31 Dec 2020	Change %
Permanent rental income (\$m)	20.1	14.8	36%
Tourism rental income (\$m)	0.4	0.2	100%
Other (\$m)	2.1	1.3	62%
EBIT contribution (\$m)	10.1	8.0	26%
Stabilised EBIT margin (%) <sup>(1)</sup>	47.3	47.1	0.2%

(1) Excludes impact of unusual items.

## Strategic priorities

The strategic priorities for Ingenia Lifestyle Rental are: growing rental returns; integrating recent acquisitions and completed development sites; leveraging scale efficiencies, and investing in new rental homes.

## Ingenia Gardens

Ingenia Gardens comprises 27 rental communities located across the eastern seaboard and Western Australia. Collectively, these communities have 1,437 sites for rent. The portfolio performed ahead of prior corresponding period, with high occupancy of 95.5% at 31 December 2021.

Ingenia added an additional community to its Portfolio during the period, through the acquisition of a 60 site community in Carrum Downs, VIC.

The carrying value of these assets at 31 December 2021 is \$165.0 million (30 Jun 2021: \$150.2 million).

## Performance

	31 Dec 2021	31 Dec 2020	Change %
Rental communities (#)	27	26	4%
Occupancy (%)	95.5	96.4	(1%)
Rental income (\$m)	12.1	11.6	4%
Catering income (\$m)	1.3	1.3	-
EBIT contribution (\$m)	6.0	6.3	(5%)
Stabilised EBIT margin (%) <sup>(1)</sup>	44.2	43.9	0.3%

(1) Excludes impact of unusual items.

## Directors' Report (continued)

Ingenia Communities Holdings Limited  
For the six months ended 31 December 2021

### *Strategic priorities*

The strategic priorities of Ingenia Gardens are: maintaining high occupancy rates; increasing rental income; improving resident retention; increasing referrals and; maintaining the health, safety and engagement of residents.

### **Tourism**

#### **Ingenia Holidays**

At 31 December 2021, Ingenia Holidays comprised of 34 holiday communities that offer holiday accommodation, annual sites and permanent homes.

The Group continued to expand its tourism assets, completing the acquisition of 11 holiday parks (Noosa North, Eden, Torquay, Phillip Island, Cape Patterson, Ulladulla, Beacon, Murray Bend, Swan Bay, Swan Reach and Lake Hume) and the installation of 33 new tourism cabins.

Tourism rental income increased 13%, driven by acquisition of new holiday parks in 2021 and 1H22. EBIT decreased 12% on 1H21 to \$12.7 million, as the business was materially impacted by COVID-19 lockdowns, which restricted access to the Group's parks and facilities. Once restrictions eased the business saw significant increased demand in December 2021.

The carrying value of the Group's Holidays investment property at 31 December 2021 is \$656.2 million (30 Jun 2021: \$470.9 million).

#### **Performance**

	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>	<b>Change %</b>
Tourism rental income (\$m)	27.0	23.9	13%
Permanent rental income (\$m)	5.3	4.7	13%
Annuals rental income (\$m)	4.2	2.0	110%
Other (\$m)	2.0	1.3	54%
EBIT contribution (\$m)	12.7	14.5	(12%)
Stabilised EBIT margin (%) <sup>(1)</sup>	33.1	39.7	(7%)

(1) Excludes impact of unusual items.

### *Strategic priorities*

The strategic priorities for Ingenia Holidays are: improving guest experience, growing tourism revenue; integrating recent acquisitions and investing in new tourism cabins.

### **Capital Partnerships**

#### **Development Joint Venture**

The Joint Venture with Sun Communities (NYSE: SUI) acquired two additional greenfield development sites at Nambour, QLD and Bobs Farm, NSW which are expected to commence construction in calendar year 2022.

The Joint Venture delivered \$7.6 million (1H21: \$3.1 million) revenue from the settlement of 18 (1H21: 8) new homes at its first greenfield project located at Burpengary, QLD.

During 1H22, fees generated by Ingenia from the Joint Venture related to acquisition, asset development and sales management.

## Directors' Report (continued)

Ingenia Communities Holdings Limited  
For the six months ended 31 December 2021

### Performance

	31 Dec 2021	31 Dec 2020	Change %
Greenfield properties (#)	5	3	67%
Investment carrying value (\$m)	48.5	31.3	55%
New home settlements (#)	18	8	125%
Fee income (\$m)	1.0	1.7	(41%)
Joint venture revenue (\$m)	7.6	3.1	145%
Joint venture operating profit before interest and tax (\$m)	3.6	1.1	NM
Share of profit/(loss) from joint venture (\$m)	3.5	(0.6)	NM

### Strategic priorities

The strategic priorities for the Joint Venture are to continue to acquire greenfield sites in key metro and coastal markets and to develop a significant portfolio of new lifestyle communities. The Joint Venture leverages the expertise and local market knowledge of Ingenia to identify, acquire and develop sites. Once homes are sold, Ingenia provides operational services to the lifestyle communities. At completion of development, Ingenia has the right to acquire the communities at market value. Ingenia generates origination, development and management fees for these services plus a performance fee for above hurdle rate returns.

### Funds Management

The Group's funds and asset management business manages six funds that invest in lifestyle and holiday communities situated in NSW, QLD and VIC. The Group receives fees for the management and development of the assets and management of the funds.

The Group also co-invests into each of the six funds, to ensure alignment with fund investors. The investment in the funds generates asset ownership and development revenue streams.

	31 Dec 2021	31 Dec 2020	Change %
Investment carrying value (\$m)	14.1	11.8	20%
Fee income (\$m)	1.3	1.1	18%
Distribution income (\$m)	0.4	0.4	NM

### Strategic priorities

The strategic priority of the funds management business is to leverage the Group's platform to provide additional growth by increasing assets under management and delivering performance to fund investors.

### Food, Fuel & Beverage

The Group's investment in service station and food & beverage operations are adjoined to Ingenia Holiday communities. The offering supports the growth of the Holidays business, contributes to an enhanced guest experience and provides a service to the greater local community. During 1H22 the business was negatively impacted by COVID-19 restrictions.

	31 Dec 2021	31 Dec 2020	Change %
Total revenue (\$m)	9.0	7.7	17%
EBIT contribution (\$m)	0.4	0.8	(50%)
Stabilised EBIT Margin (%) <sup>(1)</sup>	4.2	4.6	NM

(1) Excludes impact of unusual items.

### Capital management of the Group

During the period Ingenia raised \$475.0 million from an accelerated non-renounceable entitlement offer to existing eligible securityholders at \$6.12 per security. The Group also increased its debt facilities by \$200.0 million, taking the Group's combined facility limit to \$725.0 million (30 June 2021: \$525.0 million). The weighted average term to maturity of the Group facilities increased to 4.9 years.

At 31 December 2021, the debt facilities were drawn to \$335.0 million and the Group's Loan to Value Ratio ("LVR") was 22.1%, gearing was 16.9% and the Group was 37.3% hedged.

## Directors' Report (continued)

Ingenia Communities Holdings Limited  
For the six months ended 31 December 2021

### Financial position

The following table provides a summary of the Group's financial position as at 31 December 2021:

	31 Dec 2021	30 Jun 2021	Change
	\$'000	\$'000	\$'000
Cash and cash equivalents	17,081	18,797	(1,716)
Inventories	20,752	13,550	7,202
Investment properties	1,771,321	1,231,336	539,985
Intangibles	105,057	8,486	96,571
Other assets	93,545	65,662	27,883
Assets held for sale	-	9,600	(9,600)
Deferred tax asset	-	6,958	(6,958)
<b>Total assets</b>	<b>2,007,756</b>	<b>1,354,389</b>	<b>653,367</b>
Borrowings	390,544	274,335	116,209
Other liabilities	125,973	87,021	38,952
Deferred tax liability	6,306	-	6,306
<b>Total liabilities</b>	<b>522,823</b>	<b>361,356</b>	<b>161,467</b>
<b>Net assets /equity</b>	<b>1,484,933</b>	<b>993,033</b>	<b>491,900</b>

Investment property book value increased by \$540.0 million from 30 June 2021. This was primarily due to the acquisition of new communities and development land, investment in community development and changes in fair value.

Intangibles increased by \$96.6 million due to goodwill on the acquisition of the Seachange Group.

Borrowings increased by \$116.2 million due to the acquisition of new communities and investment in development.

### Cash flow

	31 Dec 2021	31 Dec 2020	Change
	\$'000	\$'000	\$'000
Operating cash flow	38,855	59,666	(20,811)
Investing cash flow	(571,160)	(117,227)	(453,933)
Financing cash flow	530,589	61,709	468,880
<b>Net change in cash and cash equivalents</b>	<b>(1,716)</b>	<b>4,148</b>	<b>(5,864)</b>

Operating cash flow for the Group was down 35% to \$38.9 million, as a result of increased investment in inventory to support 2H22 settlements, increased tax payments and the impact of reduced revenue from the Group's holidays business as a result of COVID-19 restrictions.

### Distributions

The following distributions were made during or in respect of the half-year:

- On 18 August 2021, the Directors declared a final distribution of 5.5 cps amounting to \$18.0 million, which was paid on 23 September 2021.
- On 22 February 2022, the Directors declared an interim distribution of 5.2 cps, amounting to \$21.1 million to be paid on 24 March 2022.

### FY22 outlook

The Group's lifestyle business is well placed to expand, with demand from an ageing population for attractive community living, increased market awareness, an increasing number of downsizers and communities in locations that are experiencing net internal migration and price growth, supporting longer term opportunities in this sector. Accelerating development to capitalise on this demand and generate additional rental cash flows and enhancing the performance of existing assets by delivering rent growth and investing in new rental homes remains a key priority for the Group.

## Directors' Report (continued)

Ingenia Communities Holdings Limited  
For the six months ended 31 December 2021

The Group will continue to grow its lifestyle communities business, development pipeline and continue to assess acquisition opportunities within the seniors rental market as Ingenia Gardens continues to provide high-yield stable recurring cash flows.

The strong rebound in domestic tourism is expected to continue following the easing of restrictions, supported by pent up demand. Ingenia expects to continue to benefit from this growth in domestic tourism with an extensive portfolio located in attractive holiday destinations. The priority for Ingenia Holidays is to enhance the customer experience and invest in new tourism cabins, refurbishment of existing cabins.

The Group will focus on increasing its assets under management through its capital partnerships including increasing development activity in the Joint Venture through the commencement of new developments in 2022 will contribute to growth.

The Group's strong balance sheet and deal flow provides continuing capacity for growth and sector leadership.

Ingenia will continue to deliver on its environmental commitments as the Group targets a 30% reduction in carbon emissions over the next five years and a carbon neutral operation by 2035.

The Group will continue to regularly assess market opportunities and the performance of existing assets, divesting and acquiring assets where superior longer-term returns are available.

### **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

Changes in the state of affairs during the financial year are set out in the various reports in this Financial Report. Refer to Note 10 for Australian investment properties acquired during the period, Note 13 for business combinations, Note 16 for details of debt facility, and Note 17 for issued securities.

### **EVENTS SUBSEQUENT TO REPORTING DATE**

#### **Interim distribution**

On 22 February 2022, the Directors declared an interim distribution of 5.2 cps amounting to \$21.1 million, to be paid on 24 March 2022.

#### **Acquisition of Oakland Village**

On 2 February 2022, the Group completed the acquisition of Oakland Village, located in Beaudesert QLD, for a purchase price of \$8.5 million.

### **LIKELY DEVELOPMENTS**

The Group will continue to pursue strategies aimed at growing its cash earnings, profitability and market share within the lifestyle and seniors rental and tourism sectors during the next financial year, through:

- Developing greenfield sites and expanding existing lifestyle communities;
- Acquiring new communities;
- Growing the funds management platform; and
- Divesting non-core assets.

Detailed information about operations of the Group is included in the various reports in this financial report.

### **ENVIRONMENTAL REGULATIONS**

The Group has policies and procedures in place to ensure that, where operations are subject to any particular and significant environmental regulation under the laws of Australia, those obligations are identified and appropriately addressed. The Directors have determined that there has not been any material breach of those obligations during the financial year.

## Directors' Report (continued)

Ingenia Communities Holdings Limited  
For the six months ended 31 December 2021

### GROUP INDEMNITIES

The Group has purchased various insurance policies to cover a range of risks (subject to specified exclusions) for directors, officers and employees of the Group serving in their respective capacities. Key insurance policies include: directors and officers insurance, professional indemnity insurance and management liability insurance.

### INDEMNIFICATION OF AUDITOR

To the extent permitted by law, the Company has agreed to indemnify its auditor, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the reporting period.

### AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 12.

### NON-AUDIT SERVICES

During the period, non-audit services were provided by the Group's auditor, Ernst & Young. The directors are satisfied that the provision of the non-audit services is compatible with, and did not compromise, the independence for auditors imposed by the *Corporations Act 2001* for the following reasons:

- the non-audit services were for taxation, regulatory and assurance related work, and none of this work created any conflicts with the auditor's statutory responsibilities;
- the Audit and Risk Committee resolved that the provision of non-audit services during the financial year by Ernst & Young as auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001*;
- the Board's own review conducted in conjunction with the Audit and Risk Committee, having regard to the Board policy set out in this Report, concluded that it is satisfied the non-audit services did not impact the integrity and objectivity of the auditors; and
- the declaration of independence provided by Ernst & Young, as auditor of ICH.

### ROUNDING AMOUNTS

ICH is an entity of the kind referred to in ASIC Instrument 2016/191, and in accordance with that Class Order, amounts in the financial report and Directors' Report have been rounded to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the Directors of the Responsible Entity.



Jim Hazel  
Chairman  
Adelaide, 22 February 2022



Ernst & Young  
200 George Street  
Sydney NSW 2000 Australia  
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555  
Fax: +61 2 9248 5959  
ey.com/au

## Auditor's Independence Declaration to the Directors of Ingenia Communities Holdings Limited

As lead auditor for the review of the half-year financial report of Ingenia Communities Holdings Limited for the half-year ended 31 December 2021, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Ingenia Communities Holdings Limited and the entities it controlled during the financial period.

Ernst & Young

Yvonne Barnikel  
Partner  
22 February 2022



# Consolidated Statement of Comprehensive Income

Ingenia Communities Holdings Limited  
For the six months ended 31 December 2021

	31 Dec 2021	31 Dec 2020
Note	\$'000	\$'000
Lifestyle homes sales	45,255	49,806
Residential rental income	37,536	31,087
Tourism rental income	27,448	24,145
Annuals rental income	4,207	2,041
Other revenue	16,969	14,889
<b>Revenue</b>	<b>131,415</b>	<b>121,968</b>
Cost of lifestyle homes sold	(24,367)	(27,310)
Employee expenses	(35,334)	(24,086)
Property expenses	(17,239)	(14,720)
Administrative expenses	(7,969)	(4,494)
Operational, marketing and selling expenses	(5,240)	(5,497)
Service station expenses	(5,315)	(3,788)
Depreciation and amortisation expense	(2,079)	(1,757)
<b>Operating profit before interest and tax</b>	<b>33,872</b>	<b>40,316</b>
Net finance expense	(3,888)	(1,777)
<b>Operating profit before tax</b>	<b>29,984</b>	<b>38,539</b>
Share of joint venture profit/(loss)	3,473	(619)
Share of associate loss	(250)	-
Net gain/(loss) on change in fair value of:		
Investment properties	41,405	1,540
Financial liabilities	(4,085)	(2,746)
Investments and other financial instruments	763	(143)
Business combination transaction costs	(18,000)	-
Other	(177)	(644)
<b>Profit before income tax</b>	<b>53,113</b>	<b>35,927</b>
Income tax expense	(13,264)	(3,475)
<b>Net profit for the period</b>	<b>39,849</b>	<b>32,452</b>
<b>Total comprehensive income for the year net of income tax</b>	<b>39,849</b>	<b>32,452</b>
	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
	<b>Cents</b>	<b>Cents</b>
<b>Distributions per security paid<sup>(1)</sup></b>	<b>5.5</b>	<b>4.4</b>
<b>Earnings per security:</b>		
Basic earnings		
Per security	11.4	10.0
Diluted earnings per security		
Per security	11.4	9.9

(1) Distributions relate to the amount paid for the previous reporting period. An interim distribution of 5.2 cps (31 Dec 2020: 5.0 cps) for the current reporting period was declared on 22 February 2022 to be paid on 24 March 2022.

Notes to the Consolidated Financial Statements are included on pages 17 to 33.

# Consolidated Balance Sheet

Ingenia Communities Holdings Limited

As at 31 December 2021

	Note	31 Dec 2021 \$'000	30 Jun 2021 \$'000
<b>Current assets</b>			
Cash and cash equivalents		17,081	18,797
Trade and other receivables		16,963	6,334
Inventories	8	20,752	13,550
Assets held for sale	9	-	9,600
<b>Total current assets</b>		<b>54,796</b>	<b>48,281</b>
<b>Non-current assets</b>			
Trade and other receivables		1,691	1,731
Investment properties	10	1,771,321	1,231,336
Investment in a joint venture	12	48,464	32,767
Investment in associates		250	-
Other financial assets		15,520	13,924
Plant and equipment		7,105	6,867
Intangibles	11	105,057	8,486
Right-of-use assets		3,552	4,039
Deferred tax asset	14	-	6,958
<b>Total non-current assets</b>		<b>1,952,960</b>	<b>1,306,108</b>
<b>Total assets</b>		<b>2,007,756</b>	<b>1,354,389</b>
<b>Current liabilities</b>			
Trade and other payables	15	97,603	56,353
Borrowings	16	4,181	2,442
Employee liabilities		4,462	3,218
Other financial liabilities		632	4,045
Provision for income tax		255	3,825
<b>Total current liabilities</b>		<b>107,133</b>	<b>69,883</b>
<b>Non-current liabilities</b>			
Borrowings	16	386,363	271,893
Other financial liabilities		16,168	13,092
Employee liabilities		978	806
Other payables	15	5,875	5,682
Deferred tax liability	14	6,306	-
<b>Total non-current liabilities</b>		<b>415,690</b>	<b>291,473</b>
<b>Total liabilities</b>		<b>522,823</b>	<b>361,356</b>
<b>Net assets</b>		<b>1,484,933</b>	<b>993,033</b>
<b>Equity</b>			
Issued securities	17(a)	1,698,427	1,229,730
Reserves		(3,480)	(4,867)
Accumulated losses		(210,014)	(231,830)
<b>Total equity</b>		<b>1,484,933</b>	<b>993,033</b>
<b>Net asset value per security (\$)</b>		<b>\$ 3.65</b>	<b>\$ 3.03</b>

Notes to the Consolidated Financial Statements are included on pages 17 to 33.

# Consolidated Cash Flow Statement

Ingenia Communities Holdings Limited  
For the six months ended 31 December 2021

Note	31 Dec 2021 \$'000	31 Dec 2020 \$'000
<b>Cash flows from operating activities</b>		
Rental and other property income	86,706	79,185
Property and other expenses	(59,645)	(60,271)
Government subsidy	-	6,519
Proceeds from sale of lifestyle homes	50,324	53,948
Purchase of lifestyle homes	(31,890)	(17,395)
Proceeds from sale of service station inventory	6,601	4,894
Purchase of service station inventory	(5,830)	(4,207)
Net movement in resident loans	78	(137)
Interest received	17	8
Borrowing costs paid	(3,936)	(2,878)
Income tax paid	(3,570)	-
	<b>38,855</b>	<b>59,666</b>
<b>Cash flows from investing activities</b>		
Payments for acquisition of investment properties	(247,660)	(87,203)
Additions to investment properties	(54,865)	(26,406)
Purchase and additions of plant and equipment	(1,286)	(2,087)
Purchase and additions of intangible asset	(144)	(721)
Proceeds from sale of investment properties	9,409	13,185
Payments for acquisition of financial assets	(887)	-
Net payments for acquisition of Seachange	13 (262,507)	-
Investment in joint venture and associates	(12,725)	(16,000)
Other	(495)	2,005
	<b>(571,160)</b>	<b>(117,227)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of stapled securities	480,837	4,938
Payments for security issue costs	(9,460)	(40)
Distributions to security holders	(18,033)	(14,324)
Proceeds from borrowings	328,000	95,500
Repayment of borrowings	(243,000)	(21,500)
Payments for debt issue costs	(1,136)	(31)
Payment for securities under security plan	-	(1,000)
Other	(6,619)	(1,834)
	<b>530,589</b>	<b>61,709</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,716)</b>	<b>4,148</b>
Cash and cash equivalents at the beginning of the period	18,797	10,751
<b>Cash and cash equivalents at the end of the period</b>	<b>17,081</b>	<b>14,899</b>

Notes to the Consolidated Financial Statements are included on pages 17 to 33.

# Consolidated Statement of Changes in Equity

Ingenia Communities Holdings Limited  
For the six months ended 31 December 2021

		Attributable to security holders					
		Ingenia Communities Holdings Limited					
	Note	Issued Capital \$'000	Reserves \$'000	Retained Earnings \$'000	Total \$'000	ICF & ICMT \$'000	Total Equity \$'000
<b>Carrying value 1 Jul 2021</b>		<b>37,140</b>	<b>(4,867)</b>	<b>74,423</b>	<b>106,696</b>	<b>886,337</b>	<b>993,033</b>
Net profit		-	-	8,012	8,012	31,837	39,849
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>8,012</b>	<b>8,012</b>	<b>31,837</b>	<b>39,849</b>
<i>Transactions with security holders in their capacity as security holders:</i>							
Issue of securities	17(a)	54,135	-	-	54,135	414,562	468,697
Share based payment transactions		-	1,387	-	1,387	-	1,387
Payment of distributions to security holders		-	-	-	-	(18,033)	(18,033)
<b>Carrying value 31 Dec 2021</b>		<b>91,275</b>	<b>(3,480)</b>	<b>82,435</b>	<b>170,230</b>	<b>1,314,703</b>	<b>1,484,933</b>

		Attributable to security holders					
		Ingenia Communities Holdings Limited					
	Note	Issued Capital \$'000	Reserves \$'000	Retained Earnings \$'000	Total \$'000	ICF & ICMT \$'000	Total Equity \$'000
<b>Carrying value 1 Jul 2020</b>		<b>36,187</b>	<b>(1,933)</b>	<b>38,353</b>	<b>72,607</b>	<b>870,414</b>	<b>943,021</b>
Net profit		-	-	11,774	11,774	20,678	32,452
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>11,774</b>	<b>11,774</b>	<b>20,678</b>	<b>32,452</b>
<i>Transactions with security holders in their capacity as security holders:</i>							
Issue of securities		403	-	-	403	4,495	4,898
Share based payment transactions		-	1,188	-	1,188	-	1,188
Payment of distributions to security holders		-	-	-	-	(14,324)	(14,324)
Payments to employee share trust		-	(1,000)	-	(1,000)	-	(1,000)
<b>Carrying value 31 Dec 2020</b>		<b>36,590</b>	<b>(1,745)</b>	<b>50,127</b>	<b>84,972</b>	<b>881,263</b>	<b>966,235</b>

Notes to the Consolidated Financial Statements are included on pages 17 to 33.

# Notes to the Financial Statements

Ingenia Communities Holdings Limited  
For the six months ended 31 December 2021

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) The Group

The financial report of Ingenia Communities Holdings Limited (the “Company”) comprises the consolidated financial report of the Company and its controlled entities, including Ingenia Communities Fund (“ICF” or the “Fund”) and Ingenia Communities Management Trust (“ICMT”) (collectively, the “Trusts”). The shares of the Company are stapled with the units of the Trusts and trade on the Australian Securities Exchange (“ASX”) effectively as one security. Ingenia Communities RE Limited (“ICRE”), a wholly owned subsidiary of the Company, is the Responsible Entity of the Trusts. In this report, the Company and the Trusts are referred to collectively as the Group.

The constitutions of the Company and the Trusts require that, for as long as they remain jointly quoted on the ASX, the number of shares in the Company and of units in each trust shall remain equal and those security holders in the Company and unitholders in each trust shall be identical.

The stapling structure will cease to operate on the first to occur of:

- the Company or either of the Trusts resolving by special resolution in accordance with its constitution to terminate the stapling provisions; or
- the commencement of the winding up of the Company or either of the Trusts.

The half-year financial report as at and for the half-year ended 31 December 2021 was authorised for issue by the Directors on 22 February 2022.

### (b) Basis of preparation

The half-year financial report is a general purpose financial report, which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The half-year financial report does not include all of the information required for a full-year financial report and should be read in conjunction with the Group’s annual financial report for the year ended 30 June 2021 and any ASX announcements issued during the period.

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

As permitted by Instrument 2015/838, issued by the Australian Securities and Investments Commission, the financial statements and accompanying notes of the Group have been presented in the attached combined financial report.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$’000), unless otherwise stated, as permitted by Instrument 2016/191.

The financial report is prepared on a historical cost basis, except for investment properties, retirement village resident loans, derivative financial instruments, other financial assets and other financial liabilities, which are measured at fair value.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group’s annual financial report for the year ended 30 June 2021 with the exception of new amended standards and interpretations which have been applied as required.

Where appropriate, comparative amounts have been restated to ensure consistency of disclosure throughout the financial report.

### (c) Adoption of new and revised accounting standards

New accounting standards, amendments to accounting standards, and interpretations have been published that are not mandatory for the current reporting period and are not expected to have a material impact on the Group’s future financial reporting.

### (d) Current versus non-current classification

At 31 December 2021, the Group recorded a net current asset deficiency of \$52,337,000. This deficiency is due to an increase in accruals and advanced deposits compared to prior year. The increase in accruals is due to unpaid stamp duties on the acquisition of Seachange whilst the increase in advanced deposits has been

# Notes to the Financial Statements (continued)

Ingenia Communities Holdings Limited  
For the six months ended 31 December 2021

## (d) Current versus non-current classification (continued)

driven by strong tourism bookings over the holiday period. The Group has also committed to capital expenditure on investment properties and inventories at reporting date of \$90,928,648, which will be funded from operating cashflows and access to \$360,900,000 of available undrawn bank facilities. Accordingly, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and the financial report of the Group has been prepared on a going concern basis.

## 2. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires the Group to exercise its judgement in the process of applying its accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### (a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates, by definition, may not equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are discussed below.

#### i. Valuation of investment property, other financial assets and other financial liabilities

The Group has investment properties and assets held for sale which together represent the estimated fair value of the Group's investment property. Other financial assets represent the Group's investment in a number of unlisted property funds. Other financial liabilities relate to a profit share arrangement with a third-party which is carried at fair value.

The carrying value of these assets reflect certain assumptions about expected future rentals, rent-free periods, operating costs and appropriate discount and capitalisation rates. The valuation assumption for properties to be developed reflect sales prices for new homes, sales rates, new rental tariffs, estimates of capital expenditure, discount rates and projected property growth rates. The valuation assumptions for deferred management fee villages reflect average length of stay, unit market values, estimates of capital expenditure, contract terms with residents, discount rates and projected property growth rates.

In forming these assumptions, the Group considered information about recent sales activity, current market rents, discount rates, capitalisation rates for properties similar to those owned by the Group, as well as independent valuations of the Group's property.

#### ii. Valuation of inventories

The Group has inventory in the form of lifestyle homes and service station fuel and supplies, which it carries at the lower of cost or net realisable value. Estimates of net realisable value are based on the most reliable evidence available at the time of estimation, the amount the inventories are expected to realise and the estimated costs of completion. Key assumptions require the use of management judgement, and are continually reviewed.

#### iii. Fair value of derivatives

The fair value of derivative assets and liabilities is based on assumptions of future events, and involves significant estimates. Given the complex nature of these instruments, and various assumptions that are used in calculating mark-to-market values, the Group rely on counterparty valuations for derivative values. The counterparty valuations are usually based on mid-market rates, and calculates using the main variables of the forward market curve, time and volatility.

#### iv. Valuation of net assets acquired in the business combination

Upon recognising the acquisition and the associated goodwill balance, management uses estimations of the fair value of assets and liabilities assumed at the date of acquisition, involving judgements related to valuation of investment property as noted above.

### (b) Critical judgements in applying the entity's accounting policies

There were no judgements, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies that had a significant effect on the amounts recognised in the financial report.

# Notes to the Financial Statements (continued)

Ingenia Communities Holdings Limited  
For the six months ended 31 December 2021

## 3. SEGMENT INFORMATION

### (a) Description of segments

The Group invests predominantly in rental properties located in Australia with five reportable segments:

- Lifestyle Development – comprising the development and sale of lifestyle homes;
- Lifestyle Rental – comprising long-term accommodation within lifestyle and rental communities;
- Ingenia Gardens – rental villages;
- Ingenia Holidays – comprising tourism and rental accommodation within holiday parks;
- Fuel, Food & Beverage Services – consists of the Trusts' investment in service station and food & beverage operations adjoined to Ingenia Holiday communities;
- Corporate & Other – comprises the Group's remaining assets and operating activities including, funds management, development joint venture and corporate overheads.

The Group has identified its operating segments based on the internal reports that are reviewed and used by the chief operating decision maker in assessing performance and determining the allocation of resources. Other parts of the Group are neither an operating segment nor part of an operating segment are included in Corporate & Other.

### (b) 31 Dec 2021

	Residential						Total \$'000
	Lifestyle		Gardens	Tourism	Other		
	Lifestyle Development \$'000	Lifestyle Rental \$'000	Ingenia Gardens \$'000	Ingenia Holidays \$'000	Fuel, Food & Beverage \$'000	Corporate & Other \$'000	
<b>Segment revenue</b>							
Lifestyle home sales	45,255	-	-	-	-	-	45,255
Residential rental income	-	20,101	12,120	5,315	-	-	37,536
Tourism rental income	-	434	-	27,014	-	-	27,448
Annual rental income	-	32	-	4,175	-	-	4,207
Other revenue	-	1,985	1,370	2,008	8,969	2,637	16,969
<b>Total revenue</b>	<b>45,255</b>	<b>22,552</b>	<b>13,490</b>	<b>38,512</b>	<b>8,969</b>	<b>2,637</b>	<b>131,415</b>
<b>Segment underlying profit</b>							
External segment revenue	45,255	22,552	13,490	38,512	8,969	2,637	131,415
Cost of lifestyle homes sold	(24,367)	-	-	-	-	-	(24,367)
Employee expenses	(7,082)	(5,641)	(3,164)	(13,829)	(1,701)	(3,917)	(35,334)
Property expenses	(529)	(4,899)	(3,340)	(7,754)	(367)	(350)	(17,239)
Administrative expenses	(984)	(1,317)	(491)	(2,513)	(35)	(2,629)	(7,969)
Operational, marketing and selling expenses	(1,921)	(324)	(475)	(1,188)	(1,195)	(137)	(5,240)
Service station expenses	-	-	-	(45)	(5,270)	-	(5,315)
Depreciation and amortisation expense	(388)	(229)	(52)	(434)	(27)	(949)	(2,079)
<b>Earnings before interest and tax</b>	<b>9,984</b>	<b>10,142</b>	<b>5,968</b>	<b>12,749</b>	<b>374</b>	<b>(5,345)</b>	<b>33,872</b>
Share of joint venture profit							1,479
Share of associate loss							(250)
Net finance expense							(3,888)
Income tax expense							(3,070)
<b>Total underlying profit</b>							<b>28,143</b>
Net gain/(loss) on change in fair value of:							
Investment properties							41,405
Financial liabilities							(4,085)
Investments and other financial instruments							763
Share of joint venture profit							1,994
Business combination transaction costs							(18,000)
Other							(177)
Income tax expense							(10,194)
<b>Profit after tax</b>							<b>39,849</b>
<b>Segment assets</b>							
Segment assets	288,885	687,123	168,598	755,233	335	107,582	2,007,756
<b>Total assets</b>	<b>288,885</b>	<b>687,123</b>	<b>168,598</b>	<b>755,233</b>	<b>335</b>	<b>107,582</b>	<b>2,007,756</b>

# Notes to the Financial Statements (continued)

Ingenia Communities Holdings Limited  
For the six months ended 31 December 2021

## 3. SEGMENT INFORMATION (CONTINUED)

(c) 31 Dec 2020

	Residential						Total \$'000
	Lifestyle		Gardens	Tourism	Other		
	Lifestyle Development \$'000	Lifestyle Rental \$'000	Ingenia Gardens \$'000	Ingenia Holidays \$'000	Fuel, Food & Beverage \$'000	Corporate & Other \$'000	
<b>Segment revenue</b>							
Lifestyle home sales	49,806	-	-	-	-	-	49,806
Residential rental income	-	14,761	11,509	4,711	-	106	31,087
Tourism rental income	-	223	-	23,922	-	-	24,145
Annual rental income	-	-	-	2,041	-	-	2,041
Other revenue	-	1,346	1,393	1,249	7,668	3,233	14,889
<b>Total revenue</b>	<b>49,806</b>	<b>16,330</b>	<b>12,902</b>	<b>31,923</b>	<b>7,668</b>	<b>3,339</b>	<b>121,968</b>
<b>Segment underlying profit</b>							
External segment revenue	49,806	16,330	12,902	31,923	7,668	3,339	121,968
Cost of lifestyle homes sold	(27,310)	-	-	-	-	-	(27,310)
Employee expenses	(5,456)	(3,687)	(2,334)	(8,010)	(1,361)	(3,238)	(24,086)
Property expenses	(298)	(3,478)	(3,376)	(6,816)	(409)	(343)	(14,720)
Administrative expenses	(591)	(814)	(374)	(1,281)	(35)	(1,399)	(4,494)
Operational, marketing and selling expenses	(2,337)	(234)	(451)	(1,078)	(1,199)	(198)	(5,497)
Service station expenses	-	-	-	-	(3,788)	-	(3,788)
Depreciation and amortisation expense	(393)	(165)	(56)	(269)	(28)	(846)	(1,757)
<b>Earnings before interest and tax</b>	<b>13,421</b>	<b>7,952</b>	<b>6,311</b>	<b>14,469</b>	<b>848</b>	<b>(2,685)</b>	<b>40,316</b>
Share of joint venture loss							(619)
Net finance expense							(1,777)
Income tax expense							(5,102)
<b>Total underlying profit</b>							<b>32,818</b>
Net gain/(loss) on change in fair value of:							
Investment properties							1,540
Financial liabilities							(2,746)
Investments and other financial instruments							(143)
Other							(644)
Income tax benefit							1,627
<b>Profit after tax</b>							<b>32,452</b>
<b>Segment assets</b>							
Segment assets	164,806	350,028	146,806	436,505	339	97,000	1,195,484
Assets held for sale	-	10,500	-	-	-	7,564	18,064
<b>Total assets</b>	<b>164,806</b>	<b>360,528</b>	<b>146,806</b>	<b>436,505</b>	<b>339</b>	<b>104,564</b>	<b>1,213,548</b>



# Notes to the Financial Statements (continued)

Ingenia Communities Holdings Limited  
For the six months ended 31 December 2021

## 4. EARNINGS PER SECURITY

	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
<b>Per security</b>		
Profit attributable to security holders (\$'000)	39,849	32,452
Weighted average number of securities outstanding (thousands):		
Issued securities (thousands)	348,498	326,144
Dilutive securities (thousands):		
Long-term incentives	1,850	1,722
Short-term incentives	306	224
Talent Rights Grant	227	17
Fixed Remuneration Rights	29	-
<b>Weighted average number of issued and dilutive potential securities outstanding (thousands)</b>	<b>350,910</b>	<b>328,107</b>
Basic earnings per security (cents)	11.4	10.0
Dilutive earnings per security (cents)	11.4	9.9

## 5. OTHER REVENUE

	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Other revenue</b>		
Ancillary guest and resident income	5,013	3,766
Service station sales	5,957	4,438
Food and beverage sales	3,010	3,233
Fee income	2,265	2,742
Other	724	710
<b>Total other revenue</b>	<b>16,969</b>	<b>14,889</b>

## 6. NET FINANCE EXPENSE

	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest income	(17)	(8)
Debt facility interest expense	2,933	1,511
Lease interest expense <sup>(1)</sup>	972	274
<b>Net finance expense</b>	<b>3,888</b>	<b>1,777</b>

(1) Lease interest expense relates to lease of right-of-use assets and certain ground leases for investment properties that are long term in nature.

Interest costs of \$1,396,000 have been capitalised into investment properties associated with development assets (31 Dec 2020: \$1,030,000).

## 7. INCOME TAX EXPENSE

	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(a) Income tax expense</b>		
Current tax expense	(20)	(2,990)
Decrease in deferred tax asset	(13,244)	(485)
<b>Income tax expense</b>	<b>(13,264)</b>	<b>(3,475)</b>

# Notes to the Financial Statements (continued)

Ingenia Communities Holdings Limited  
For the six months ended 31 December 2021

## 7. INCOME TAX EXPENSE (CONTINUED)

	31 Dec 2021 \$'000	31 Dec 2020 \$'000
<b>(b) Reconciliation between tax expense and pre-tax profit</b>		
Profit before income tax	53,113	35,927
Less amounts not subject to Australian income tax	(3,937)	(15,109)
	<b>49,176</b>	<b>20,818</b>
Income tax expense at the Australian tax rate of 30% (31 Dec 2020: 30%)	(14,753)	(6,245)
Tax effect of amounts which are not deductible:		
Other	1,489	2,770
<b>Income tax expense</b>	<b>(13,264)</b>	<b>(3,475)</b>

## 8. INVENTORIES

	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Lifestyle homes:		
Completed	4,529	5,624
Display homes	2,762	1,210
Under construction	13,122	6,359
Fuel, food and beverage supplies	339	357
<b>Total inventories</b>	<b>20,752</b>	<b>13,550</b>

The lifestyle home balance includes:

- 19 new completed homes (30 Jun 2021: 23)
- 2 refurbished/renovated/annuals completed homes (30 Jun 2021: 3)
- 30 display homes (30 Jun 2021: 12)
- Lifestyle homes under construction includes 237 partially completed homes at different stages of development (30 Jun 2021: 110). It also includes demolition, site preparation costs and buybacks on future development sites.

## 9. ASSETS HELD FOR SALE

	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Investment properties held for sale:		
Upper Coomera, Upper Coomera, QLD	-	9,600
<b>Total assets held for sale</b>	<b>-</b>	<b>9,600</b>

## 10. INVESTMENT PROPERTIES

### (a) Summary of carrying value

	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Completed properties	1,503,900	1,057,295
Properties under development	267,421	174,041
<b>Total carrying value</b>	<b>1,771,321</b>	<b>1,231,336</b>

# Notes to the Financial Statements (continued)

Ingenia Communities Holdings Limited  
For the six months ended 31 December 2021

## 10. INVESTMENT PROPERTIES (CONTINUED)

### (b) Movements in carrying value

	31 Dec 2021 \$'000	30 Jun 2021 \$'000
<b>Carrying value at the beginning of the period</b>	<b>1,231,336</b>	<b>943,958</b>
Acquisitions	455,573	218,196
Expenditure capitalised	43,007	70,441
Net gain/(loss) on change in fair value <sup>(1)</sup>	41,405	(1,259)
<b>Carrying value at the end of the period</b>	<b>1,771,321</b>	<b>1,231,336</b>

(1) Net of acquisition transaction costs written off \$12,434,000 (31 Dec 2020: \$7,103,000).

### (c) Reconciliation of fair value

	Ingenia Gardens \$'000	Rental \$'000	Holidays \$'000	Total \$'000
<b>Carrying value at the beginning of the period</b>	<b>150,220</b>	<b>591,049</b>	<b>490,067</b>	<b>1,231,336</b>
Acquisitions	10,680	287,226	157,667	455,573
Expenditure capitalised	886	28,464	13,657	43,007
Net gain on change in fair value <sup>(1)</sup>	3,244	21,102	17,059	41,405
<b>Carrying value at the end of the period</b>	<b>165,030</b>	<b>927,841</b>	<b>678,450</b>	<b>1,771,321</b>

(1) Net of acquisition transaction costs written off \$12,434,000 (31 Dec 2020: \$7,103,000).

### (d) Individual property carrying value

Completed properties	Carrying value	
	31 Dec 2021 \$'000	30 Jun 2021 \$'000
<i>Ingenia Gardens:</i>		
Brooklyn, Brookfield, VIC	6,090	5,990
Carey Park, Bunbury, WA	5,640	5,250
Horsham, Horsham, VIC	4,950	4,700
Jefferis, Bundaberg North, QLD	4,900	4,800
Oxley, Port Macquarie, NSW	6,060	5,860
Townsend, St Albans Park, VIC	5,560	5,350
Yakamia, Yakamia, WA	5,430	4,700
Goulburn, Goulburn, NSW	5,740	5,590
Coburns, Brookfield, VIC	5,820	5,730
Hertford, Sebastopol, VIC	5,030	4,700
Seascape, Erskine, WA	5,490	5,150
Seville Grove, Seville Grove, WA	4,400	3,980
St Albans Park, St Albans Park, VIC	6,730	6,300
Taloumbi, Coffs Harbour, NSW	6,700	6,860
Wheelers, Dubbo, NSW	5,550	6,260
Taree, Taree, NSW	6,020	5,830
Grovedale, Grovedale, VIC	5,960	5,700
Marsden, Marsden, QLD	12,460	12,310
Swan View, Swan View, WA	9,150	9,170
Dubbo, Dubbo, NSW	6,100	6,560
Ocean Grove, Mandurah, WA	4,490	4,410
Peel River, Tamworth, NSW	5,850	5,620
Sovereign, Ballarat, VIC	5,340	4,850
Wagga, Wagga Wagga, NSW	5,470	5,150
Bathurst, Bathurst, NSW	5,300	4,810
Warrnambool, Warrnambool, VIC	4,800	4,590
Carrum Downs, Carrum Downs, VIC	10,000	-
	<b>165,030</b>	<b>150,220</b>

# Notes to the Financial Statements (continued)

Ingenia Communities Holdings Limited  
For the six months ended 31 December 2021

## 10. INVESTMENT PROPERTIES (CONTINUED)

Completed properties (continued)	Carrying value	
	31 Dec 2021 \$'000	30 Jun 2021 \$'000
<i>Ingenia Lifestyle Rental:</i>		
The Grange, Morisset, NSW	30,556	26,308
Ettalong Beach, Ettalong Beach, NSW <sup>(1)</sup>	6,191	6,388
Stoney Creek, Marsden Park, NSW	25,908	25,000
Chambers Pines, Chambers Flat, QLD	56,644	44,492
Bethania, Bethania, QLD	23,918	21,647
Lara, Lara, VIC	34,650	33,150
Latitude One, Port Stephens, NSW <sup>(2)</sup>	41,000	34,741
Blueys Beach, Blueys Beach, NSW	1,250	1,148
Durack, Durack, QLD	40,775	38,500
Eight Mile Plains, Eight Mile Plains, QLD	40,000	29,102
Plantations, Woolgoolga, NSW	23,779	16,829
Hervey Bay (Lifestyle), Hervey Bay, QLD	12,686	9,264
Brisbane North, Aspley, QLD	28,951	27,077
Bevington Shores, Halekulani, NSW	26,769	26,216
Taigum, Taigum, QLD	17,254	16,841
Lake Munmorah, Lake Munmorah, NSW	31,736	30,294
Sunnylake Shores, Halekulani, NSW	12,780	10,923
Redlands, Thornlands, QLD	6,563	6,550
Natures Edge, Buderim, QLD	34,000	31,707
Anna Bay, Anna Bay, NSW	4,300	-
Arundel, Arundel, QLD	64,000	-
Emerald Lakes, Carrara, QLD	21,000	-
Coomera, Upper Coomera, QLD	18,308	-
Toowoomba, Harristown, QLD	2,400	-
Carrum Downs (Rentals), Carrum Downs, VIC	24,744	-
Chelsea, Bonbeach, VIC	25,995	-
Frankston, Carrum Downs, VIC	26,506	-
	<b>682,663</b>	<b>436,177</b>

(1) Includes a land component that is leased from the Crown, local municipalities or private lessors and are recognised as investment property with an associated ground lease. The value of the capitalised lease carried within investment property is \$55,462,000 (30 June 2021: \$23,044,000).

(2) The carrying value of Latitude One represents 100% of the property value. A profit share arrangement is in place with a third-party, the liability for which is carried at fair value and classified as a non-current financial liability.

# Notes to the Financial Statements (continued)

Ingenia Communities Holdings Limited  
For the six months ended 31 December 2021

## 10. INVESTMENT PROPERTIES (CONTINUED)

Completed properties (continued)	Carrying value	
	31 Dec 2021 \$'000	30 Jun 2021 \$'000
<i>Ingenia Holidays:</i>		
Nepean River, Emu Plains, NSW	12,700	12,714
Kingscliff, Kingscliff, NSW	16,309	16,250
One Mile Beach, One Mile, NSW <sup>(1)</sup>	28,051	27,449
Hunter Valley, Cessnock, NSW	9,487	9,200
White Albatross, Nambucca Heads, NSW	30,123	26,901
Noosa, Tewantin, QLD	23,654	22,240
Lake Macquarie (Holidays), Mannering Park, NSW	13,150	9,810
Sydney Hills, Dural, NSW	14,421	15,600
Conjola Lakeside, Lake Conjola, NSW	50,000	43,287
Soldiers Point, Port Stephens, NSW	20,548	17,750
South West Rocks, South West Rocks NSW <sup>(1)</sup>	24,138	23,650
Broulee, Broulee, NSW <sup>(1)</sup>	7,142	6,492
Ocean Lake, Ocean Lake, NSW	10,157	9,900
Avina Van Village, Vineyard, NSW	20,026	20,800
Hervey Bay (Holidays), Hervey Bay, QLD	10,837	9,800
Cairns Coconut, Woree, QLD	60,912	58,890
Bonny Hills, Bonny Hills, NSW	15,822	15,250
Rivershore, Diddillibah, QLD	24,770	23,027
Byron Bay, Byron Bay, NSW <sup>(1)</sup>	25,301	18,897
Middle Rock, One Mile, NSW	20,500	17,264
Inverloch, Inverloch, VIC <sup>(1)</sup>	34,693	34,855
Townsville, Deeragun, QLD	8,600	7,600
Merry Beach, Kioloa, NSW <sup>(1)</sup>	23,272	23,272
Noosa North, Tewantin, QLD <sup>(1)</sup>	14,815	-
Eden, Eden, NSW <sup>(1)</sup>	8,690	-
Torquay, Torquay, VIC <sup>(1)</sup>	21,530	-
Phillip Island, Newhaven, VIC <sup>(1)</sup>	12,993	-
Cape Paterson, Cape Paterson, VIC <sup>(1)</sup>	7,061	-
Ulladulla, Ulladulla, NSW	15,750	-
Beacon, Queenscliff, VIC	38,000	-
Murray Bend, Koonoomoo, VIC	15,897	-
Swan Bay, Swan Bay, VIC	7,829	-
Swan Reach, Swan Reach, VIC	3,706	-
Lake Hume, Bowna, NSW	5,323	-
	<b>656,207</b>	<b>470,898</b>
<b>Total completed properties</b>	<b>1,503,900</b>	<b>1,057,295</b>

(1) Includes a land component that is leased from the Crown, local municipalities or private lessors and are recognised as investment property with an associated ground lease. The value of the capitalised lease carried within investment property is \$55,462,000 (30 June 2021: \$23,044,000).

The figures shown above are the fair values of the operating rental streams associated with each property and exclude any valuation attributed to the development component of the investment property. The values attributed to development properties are separately disclosed in the note below.

# Notes to the Financial Statements (continued)

Ingenia Communities Holdings Limited  
For the six months ended 31 December 2021

## 10. INVESTMENT PROPERTIES (CONTINUED)

Properties under development	Carrying value	
	31 Dec 2021 \$'000	30 Jun 2021 \$'000
<i>Ingenia Lifestyle Rental and Ingenia Holidays:</i>		
Stoney Creek, Marsden Park, NSW	1,738	1,736
Chambers Pines, Chambers Flat, QLD	13,979	17,187
Bethania, Bethania, QLD	19,726	15,267
Lara, Lara, VIC	12,818	10,336
Avina Van Village, Vineyard, NSW	13,100	13,100
Latitude One, Port Stephens, NSW <sup>(1)</sup>	2,250	4,274
Blueys Beach, Blueys Beach, NSW	7,590	6,452
Cairns Coconut, Woree, QLD	4,588	1,700
Eight Mile Plains, QLD	-	1,768
Plantations, Woolgoolga, NSW	1,725	5,281
Hervey Bay (Lifestyle), Hervey Bay, QLD	19,135	13,242
Rivershore, Diddillibah, QLD	4,555	1,850
Brisbane North, Aspley, QLD	7,173	6,688
Sunnylake Shores, Halekulani, NSW	6,602	5,806
Parkside, Lucas, VIC	17,893	15,019
Redlands, Thornlands, QLD	1,700	1,700
Middle Rock, One Mile, NSW	-	2,518
Beveridge, Beveridge, VIC	17,191	17,100
Natures Edge, Buderim, QLD	16,529	24,535
Bargara, Innes Park, QLD	8,537	8,482
Rochedale, Rochedale, QLD	24,000	-
Coomera, Upper Coomera, QLD	14,492	-
Toowoomba, Harristown, QLD	16,100	-
Victoria Point, Victoria Point, QLD	28,000	-
Seachange Hervey Bay, Urangan, QLD	8,000	-
<b>Properties to be developed</b>	<b>267,421</b>	<b>174,041</b>
<b>Total investment properties</b>	<b>1,771,321</b>	<b>1,231,336</b>

(1) The carrying value of Latitude One represents 100% of the property value. A profit share arrangement is in place with a third-party, the liability for which is carried at fair value and classified as a non-current financial liability.

Investment properties are carried at fair value in accordance with the Group's accounting policy in the Group's 30 June 2021 Annual Report (Note 1 (q)).

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date in the principal market for the asset or liability, or in its absence, the most advantageous market.

In determining fair values, the Group considers relevant information including the capitalisation of rental streams using market assessed capitalisation rates. For investment properties under development the Group assesses fair value based on expected net cash flows discounted to their present value using market determined risk-adjusted discount rates and other available market data such as recent comparable transactions. As such the fair value of an investment property under development will differ depending on the number of settlements realised and the stage that each development is at.

In determining the fair value of certain assets, recent market offers have been taken into consideration.

## Notes to the Financial Statements (continued)

Ingenia Communities Holdings Limited  
For the six months ended 31 December 2021

### 10. INVESTMENT PROPERTIES (CONTINUED)

#### (e) Description of valuations techniques used and key inputs to valuation on investment properties

	Valuation technique	Significant unobservable inputs	Range (weighted average)		Relationship of unobservable input to fair value
			31 Dec 2021	30 Jun 2021	
<b>Ingenia Gardens</b>	Capitalisation method	Stabilised occupancy	88% - 98% (95.1%)	82% - 98% (93.3%)	As costs are fixed in nature, occupancy has a direct correlation to valuation (i.e. the higher the occupancy, the greater the value).
		Capitalisation rate	8.9% - 9.2% (9.1%)	8.9% - 9.6% (9.3%)	Capitalisation has an inverse relationship to valuation.
<b>Ingenia Lifestyle Rental and Holidays</b>	Capitalisation method (for existing rental streams)	Short-term occupancy	20% - 80% for powered and camp sites; 30% - 80% for tourism and short term rental	20% - 80% for powered and camp sites; 30% - 80% for tourism and short term rental	The higher the occupancy, the greater the value.
		Residential occupancy	100%	100%	COVID-19 shortfall adjustments have been removed in line with external valuation methodology.
		Operating profit margin	35% - 75% dependent upon short-term and residential accommodation mix	35% - 75% dependent upon short-term and residential accommodation mix	
		Capitalisation rate	4.72% - 12.75%	5.00% - 12.75%	Capitalisation has an inverse relationship to valuation.
	Discounted cash flow (for investment properties under development)	Discount rate	6.3% - 17.5%	8.5% - 17.5%	Discount rate has an inverse relationship to valuation.

#### Capitalisation method

Under the capitalisation method, fair value is estimated using assumptions regarding the expectation of future benefits. The capitalisation method involves estimating the expected income projections of the property and applying a capitalisation rate into perpetuity. The capitalisation rate is based on current market evidence. Future income projections take into account occupancy, rental income and operating expenses.

#### Discounted cash flow method

Under the discounted cash flow method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield normally reflects the exit value expected to be achieved upon selling the asset and is a function of the risk-adjusted returns of the asset and expected capitalisation rate.

# Notes to the Financial Statements (continued)

Ingenia Communities Holdings Limited  
For the six months ended 31 December 2021

## 10. INVESTMENT PROPERTIES (CONTINUED)

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment or refurbishment as well as the development of new units. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net underlying cash flows, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Given the constantly changing nature of the COVID-19 situation, the fair value at reporting date involves uncertainties around the underlying assumptions. The external valuations undertaken during the period, contained significant valuation uncertainty clauses given the impacts of COVID-19. The valuation can be relied upon at the date of valuation however, a higher level of valuation uncertainty than normal is assumed. Due to the heightened degree of valuation uncertainty, property values may change significantly and unexpectedly over a relatively short period of time.

## 11. INTANGIBLES

	31 Dec 2021	30 Jun 2021
Note	\$'000	\$'000
<b>(a) Summary of carrying amounts</b>		
Software & development	5,398	5,109
Less: accumulated amortisation	(3,096)	(2,731)
Goodwill	102,755	6,108
	<b>105,057</b>	<b>8,486</b>
<b>(b) Movements in carrying amount</b>		
Carrying amount at beginning of period	8,486	8,339
Additions	96,950	830
Disposal	(14)	(28)
Amortisation expense	(365)	(655)
	<b>105,057</b>	<b>8,486</b>

## 12. INVESTMENT IN A JOINT VENTURE

The Group holds a 50% interest in a joint venture with Sun Communities for the development of greenfield communities. The Group's interest in the joint venture is accounted for using the equity method in the consolidated financial statements. The valuation methodology of the Joint Venture's assets and liabilities are consistent with that of the Group.

The following table illustrates the summarised financial information of the Group's investment in the joint venture entities:

	31 Dec 2021	30 Jun 2021
Balance Sheet	\$'000	\$'000
Current assets	16,437	14,781
Non-current assets <sup>(1)</sup>	92,574	61,696
Current liabilities	(3,336)	(2,424)
Non-current liabilities	(8,746)	(8,519)
<b>Equity</b>	<b>96,929</b>	<b>65,534</b>
Group's share in equity - 50%	48,464	32,767
<b>Group's carrying value in investment</b>	<b>48,464</b>	<b>32,767</b>

(1) Non-current assets represent the fair value of investment property.



## Notes to the Financial Statements (continued)

Ingenia Communities Holdings Limited  
For the six months ended 31 December 2021

### 12. INVESTMENT IN A JOINT VENTURE (CONTINUED)

<b>Statement of Comprehensive Income</b>	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Revenue	7,646	3,112
Cost of sales	(2,977)	(1,279)
Operating costs	(1,037)	(655)
Depreciation	(44)	(39)
<b>Operating profit before interest and tax</b>	<b>3,588</b>	<b>1,139</b>
Net finance expense	(134)	(104)
Impairment	(12)	-
Net gain/(loss) on change in fair value of investment property	3,988	(2,265)
Income tax expense	(485)	(8)
<b>Net profit/(loss) for the period</b>	<b>6,945</b>	<b>(1,238)</b>
<b>Total comprehensive income/(loss) for the period net of income tax</b>	<b>6,945</b>	<b>(1,238)</b>
<b>Group's share of profit/(loss) for the period</b>	<b>3,473</b>	<b>(619)</b>

### 13. BUSINESS COMBINATIONS

#### Acquisition of Seachange Group

On 30 November 2021, the Group acquired 100% of the share capital of Seachange (Land) Pty Ltd, PPV Inlet Land Pty Ltd, PPV Coomera Land Pty Ltd, PPV Toowoomba Land Pty Ltd, PPV Victoria Point Land Pty Ltd, PPV Hervey Bay Land Pty Ltd, Seachange (Land) Unit Trust, PPV Inlet Land Unit Trust, PPV Coomera Land Unit Trust, PPV Toowoomba Land Unit Trust, PPV Victoria Point Land Unit Trust and PPV Hervey Bay Land Unit Trust (collectively "Seachange"), a portfolio of six lifestyle communities that comprise of two fully mature and income producing sites, two partially completed sites with development upside and two greenfield development sites.

The fair values of the identifiable assets and liabilities of Seachange as at the date of acquisition were:

	<b>Fair value recognised on acquisition</b>
	<b>\$'000</b>
<b>Assets</b>	
Cash	1,109
Trade and other receivables	621
Inventory property	4,128
Investment property	172,300
Property, plant and equipment	174
<b>Total assets</b>	<b>178,332</b>
<b>Liabilities</b>	
Trade and other payables	10,375
Deposit	988
<b>Total liabilities</b>	<b>11,363</b>
<b>Total identifiable net assets at fair value</b>	<b>166,969</b>
Goodwill arising on acquisition (provisional) <sup>(1)</sup>	96,647
<b>Purchase consideration paid and accrued on acquisition</b>	<b>263,616</b>

(1) The valuation of assets and liabilities acquired had not been completed by the date the interim financial statements were approved for issue by the Directors. Thus, the fair value of assets and liabilities may need to be subsequently adjusted, with a corresponding adjustment to goodwill prior to 1 December 2022 (one year after the transaction).

## Notes to the Financial Statements (continued)

Ingenia Communities Holdings Limited  
For the six months ended 31 December 2021

### 13. BUSINESS COMBINATIONS (CONTINUED)

	<b>Fair value recognised on acquisition \$'000</b>
<b>Analysis of cash flows on acquisition:</b>	
Net cash acquired	1,109
Cash paid	(263,616)
<b>Net cash flow on acquisition</b>	<b>(262,507)</b>

Reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period is presented below:

	<b>Goodwill</b>	
	<b>31 Dec 2021 \$'000</b>	<b>30 Jun 2021 \$'000</b>
<b>Carrying value at the beginning of the period</b>	<b>6,108</b>	<b>6,108</b>
Acquisition of business	96,647	-
<b>Carrying value at the end of the period</b>	<b>102,755</b>	<b>6,108</b>

From the date of acquisition, Seachange contributed \$650,000 of revenue and \$366,000 of profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of FY22, the Group's revenue would have increased by \$3,900,000 and the profit before tax would have increased by \$2,198,600.

The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets and activities of Seachange with those of the Group, resulting in a new premium brand for the Group in the growth corridor of South East Queensland, integration of a highly-regarded and experienced management team and building development capacity in one of the Group's key markets. The goodwill is not deductible for income tax purposes.

Transaction costs of \$18,000,000, predominantly stamp duty and advisory costs, have been expensed and are included in business combination transaction costs in the statement of profit or loss and are part of investing cash flows in the statement of cash flows.

### 14. DEFERRED TAX ASSETS AND LIABILITIES

	<b>31 Dec 2021 \$'000</b>	<b>30 Jun 2021 \$'000</b>
<b>Deferred tax assets</b>		
Tax losses	20,140	22,842
<b>Deferred tax liabilities</b>		
DMF receivable	(45)	(45)
Investment properties	(26,401)	(14,732)
Other	-	(1,107)
<b>Net deferred tax (liabilities)/assets</b>	<b>(6,306)</b>	<b>6,958</b>
<b>Tax effected carried forward tax losses for which no deferred tax asset has been recognised</b>	<b>8,150</b>	<b>5,552</b>

The availability of carried forward tax losses of \$8.2 million to the ICMT tax consolidated group is subject to recoupment rules at the time of recoupment. Further, the rate at which these losses can be utilised is determined by reference to market values at the time of tax consolidation and subsequent events. Accordingly, a portion of these carried forward tax losses may not be available in the future.

The Group offsets tax assets and liabilities, if and only if, it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

## Notes to the Financial Statements (continued)

Ingenia Communities Holdings Limited  
For the six months ended 31 December 2021

### 15. TRADE AND OTHER PAYABLES

	31 Dec 2021 \$'000	30 Jun 2021 \$'000
<b>Current</b>		
Trade payables and accruals	74,554	42,592
Deposits	21,216	12,780
Other	1,833	981
<b>Total current</b>	<b>97,603</b>	<b>56,353</b>
<b>Non-Current</b>		
Other	5,875	5,682
<b>Total non-current</b>	<b>5,875</b>	<b>5,682</b>

### 16. BORROWINGS

	31 Dec 2021 \$'000	30 Jun 2021 \$'000
<b>Current</b>		
Lease liabilities - Right-of-use assets	1,405	1,406
Lease liabilities - Ground leases	2,776	1,036
<b>Total current</b>	<b>4,181</b>	<b>2,442</b>
<b>Non-current</b>		
Bank debt	335,000	250,000
Prepaid borrowing costs	(3,651)	(2,835)
Lease liabilities - Right-of-use assets	2,328	2,720
Lease liabilities - Ground leases	52,686	22,008
<b>Total non-current</b>	<b>386,363</b>	<b>271,893</b>

#### (a) Bank debt

In October 2021, the Group entered into a \$200.0 million six-year debt facility with two major Australian banks increasing the Group's available debt to \$725.0 million as at 31 December 2021 (30 Jun 2021: \$525.0 million).

As at 31 Dec 2021, the facilities have been drawn to \$335.0 million (30 Jun 2021: \$250.0 million). The carrying value of investment property net of resident liabilities at reporting date for the Group's Australian properties pledged as security is \$1,648.2 million (30 Jun 2021: \$1,174.7 million).

The facility maturity dates are:

- 31 December 2025 (\$174.6 million);
- 30 September 2026 (\$175.4 million);
- 31 January 2027 (\$200.0 million);
- 21 February 2027 (\$100.0 million); and
- 5 February 2028 (\$75.0 million)

#### (b) Bank guarantees

The Group has the ability to utilise its bank facilities to provide bank guarantees, which at 31 December 2021 were \$29.1 million (30 Jun 2021: \$22.2 million).

## Notes to the Financial Statements (continued)

Ingenia Communities Holdings Limited  
For the six months ended 31 December 2021

### 17. ISSUED SECURITIES

	6 months to 31 Dec 2021 \$'000	12 months to 30 Jun 2021 \$'000
<b>(a) Carrying values</b>		
<b>Balance at beginning of the period</b>	<b>1,229,730</b>	<b>1,218,908</b>
Issued during the period:		
Distribution Reinvestment Plan ("DRP")	6,157	10,879
Institutional Placement, Rights Issue and Share Purchase Plan	474,680	-
Equity raising costs	(12,140)	(57)
<b>Balance at end of the period</b>	<b>1,698,427</b>	<b>1,229,730</b>
<b>The closing balance is attributable to the security holders of:</b>		
Ingenia Communities Holding Limited	91,275	37,140
Ingenia Communities Fund	1,469,072	1,102,443
Ingenia Communities Management Trust	138,080	90,147
	<b>1,698,427</b>	<b>1,229,730</b>
	<b>6 months to 31 Dec 2021 '000</b>	<b>12 months to 30 Jun 2021 '000</b>
<b>(b) Number of issued securities</b>		
<b>Balance at beginning of the period</b>	<b>327,877</b>	<b>325,553</b>
Issued during the period:		
Distribution Reinvestment Plan ("DRP")	986	2,324
Institutional Placement, Rights Issue and Share Purchase Plan	77,562	-
<b>Balance at end of the period</b>	<b>406,425</b>	<b>327,877</b>

#### (c) Term of securities

All securities are fully paid and rank equally with each other for all purposes. Each security entitles the holder to one vote, in person or by proxy, at a meeting of security holders.

### 18. COMMITMENTS

There were commitments for capital expenditure on investment properties and inventories contracted but not provided for at reporting date of \$90,928,648 (30 Jun 2021: \$74,145,936).

Ingenia has committed to invest up to \$3.0 million to a special purpose vehicle (SPV) with Land Lease Home Loans (LLHL) a loan originator specifically focused on providing secured home loans to residents of land lease communities. The SPV will fund loans to borrowers seeking to acquire a new lifestyle home and reside in an Ingenia Lifestyle community. The SPV will benefit from an equitable assignment of the loans made by LLHL. LLHL will take a first loss risk on the loans up to 5%. As at 31 December 2021, Ingenia has invested \$0.5 million into the funding of resident loans.

### 19. CONTINGENT LIABILITIES

The Group has the following contingent liabilities:

- Bank guarantees totalling \$29.1 million provided for under the \$725.0 million bank facility. Bank guarantees primarily relate to the Responsible Entity's AFSL capital requirements (\$10.0 million).

### 20. SUBSEQUENT EVENTS

#### Interim distribution

On 22 February 2022, the Directors declared an interim distribution of 5.2 cps amounting to \$21.1 million, to be paid on 24 March 2022.

#### Acquisition of Oakland Village

On 2 February 2022, the Group completed the acquisition of Oakland Village, located in Beaudesert QLD, for a purchase price of \$8.5 million.

## Directors' Declaration

Ingenia Communities Holdings Limited  
For the six months ended 31 December 2021

In accordance with a resolution of the directors of Ingenia Communities Holdings Limited, I state that:

1. In the opinion of the directors:
  - a) The financial statements and notes of Ingenia Communities Holdings Limited for the half-year ended 31 December 2021 are in accordance with the *Corporations Act 2001*, including:
    - (i) giving a true and fair view of its financial position as at 31 December 2021 and of its performance for the six months ended on that date; and
    - (ii) complying with Accounting Standards (including Australian Accounting Interpretations) and *Corporations Regulations 2001*; and
  - b) there are reasonable grounds to believe that Ingenia Communities Holdings Limited will be able to pay its debts as and when they become due and payable.
2. The financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1(b).
3. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001*.

On-behalf of the Board



Jim Hazel  
Chairman  
Adelaide, 22 February 2022

## Independent Auditor's Review Report to the Unitholders of Ingenia Communities Holdings Limited

### Conclusion

We have reviewed the accompanying half-year financial report of Ingenia Communities Holdings Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated balance sheet as at 31 December 2021, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the half year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity (ASRE 2410). Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Half-Year Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### Emphasis of Matter: Investment Property Fair Value

We draw attention to Note 10 of the financial report which describes the impact of the COVID-19 pandemic on the determination of fair value of investment property and how this has been considered by the Directors in the preparation of the financial report. Due to the heightened degree of valuation uncertainty, property values may change significantly and unexpectedly over a relatively short period of time. Our opinion is not modified in respect of this matter.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



Building a better  
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## Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Yvonne Barnikel  
Partner  
Sydney  
22 February 2022



**INGENIA COMMUNITIES FUND  
AND  
INGENIA COMMUNITIES MANAGEMENT TRUST**

**HALF-YEAR FINANCIAL REPORT  
31 DECEMBER 2021**

[www.ingeniacommunities.com.au](http://www.ingeniacommunities.com.au)  
Registered Office: Level 3, 88 Cumberland Street, The Rocks NSW 2000



# Half-Year Report

Ingenia Communities Fund and Ingenia Communities Management Trust

For the six months ended 31 December 2021

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# Directors' Report

Ingenia Communities Fund and Ingenia Communities Management Trust  
For the six months ended 31 December 2021

Ingenia Communities Fund ("ICF" or the "Fund") (ARSN 107 459 576) and Ingenia Communities Management Trust ("ICMT") (ARSN 122 928 410) (together the "Trusts") are Australian registered schemes. Ingenia Communities RE Limited (ACN 154 464 990; Australian Financial Services Licence number 415862), the Responsible Entity of the Trusts, is incorporated and domiciled in Australia.

The parent company of Ingenia Communities RE Limited ("ICRE" or the "Responsible Entity") is Ingenia Communities Holdings Limited ("ICH" or the "Company"). The shares of the Company are "stapled" with the units of the Trusts and trade on the Australian Securities Exchange ("ASX") as one security (ASX Code: INA). The Company and the Trusts along with their subsidiaries are collectively referred to as the Group in this report.

The Directors' Report is a combined Directors' Report that covers the Trusts for the six months ended 31 December 2021 (the "current period").

## DIRECTORS

The Directors of the Responsible Entity at any time during or since the end of the current period were:

### Non-Executive Directors (NEDs)

Jim Hazel (Chairman)  
Robert Morrison (Deputy Chairman)  
Amanda Heyworth  
Pippa Downes  
John McLaren  
Gregory Hayes  
Sally Evans  
Gary Shiffman (resigned, effective 6 December 2021)

### Executive Director

Simon Owen (Managing Director and Chief Executive Officer (MD and CEO))

### Company Secretaries

Natalie Kwok (Chief Investment Officer and General Counsel (CIO and GC))  
Nhu Nguyen (resigned, effective 15 October 2021)

## OPERATING AND FINANCIAL REVIEW

### ICF and ICMT overview

ICF and ICMT are two of the entities forming part of ICH, which is a triple staple structure traded on the ASX.

The Group is an active owner, manager and developer of a diversified portfolio of lifestyle, rental and holiday communities across Australia. The Group's real estate assets at 31 December 2021 were valued at \$1.8 billion, comprising 67 lifestyle rental and holiday communities (Ingenia Lifestyle Rental and Holidays) and 27 seniors rental communities (Ingenia Gardens). The Group manages and owns a percentage of 14 communities through its development joint venture (JV) and funds management platform. The Group was included in the S&P/ASX 200 in December 2019 and had a market capitalisation of approximately \$2.5 billion at 31 December 2021.

The Group's vision is to create Australia's best lifestyle and holiday communities, offering permanent and tourism accommodation with a focus on the seniors demographic. The Board is committed to delivering sustainable long-term underlying earnings per security (EPS) growth to security holders while providing a supportive community environment for residents and guests.

### Our Values

At Ingenia we build community on a foundation of integrity and respect, creating a place where people have a sense of connection and belonging. We strive for continuous improvement in our resident, guest and visitor service, to ensure that they receive an amazing experience every day. Whether it's time to live, play, stay or renew, we deliver freedom of choice with a range of industry award winning lifestyle and holiday options.

## Directors' Report (continued)

Ingenia Communities Fund and Ingenia Communities Management Trust

For the six months ended 31 December 2021

Creating Australia's best lifestyle and holiday communities



### Strategy

The Group is positioning for scale and long-term sector leadership whilst delivering growth in net operating income, enhancing the operational performance of its investment properties and developing new communities.

Using a disciplined investment framework, the Group will: continue to grow its lifestyle and, holiday communities business in metropolitan and coastal locations; build out its existing development pipeline; expand development and revenue streams through growing the Joint Venture with Sun Communities, Inc (NYSE: SUI) and the Group's funds management platform.

The immediate business priorities of the Group are:

- Improve resident and guest experience and satisfaction;
- Improve performance of existing communities to drive growth in rental returns;
- Integrate newly acquired communities to deliver scale benefits and margin expansion;
- Capitalise on opportunities to progress existing projects and expand the development pipeline to deliver new rental contracts;
- Invest in and manage the growth of the development Joint Venture with Sun Communities;
- Accelerate investment in new rental and tourism cabins;
- Expand the funds management platform and deliver compelling performance for investors;
- Continue to respond to the operating environment, maintaining focus on employee, resident and guest health and safety;
- Build on the Group's sustainability program, enhancing disclosures as initiatives are progressed, and;
- Enhance sustainable competitive advantage through recruiting, retaining and developing industry leading talent.

### Transformational growth

During the period the Group undertook over \$500.0 million of strategic transformational acquisitions, growing Ingenia's market leading position in the lifestyle and holidays sectors and enhancing the Group's growth profile. During the period, the Group acquired 8 Lifestyle communities, 11 Holiday communities, an additional Ingenia Gardens Village and 3 greenfield developments.

The growth in the portfolio was materially driven by the acquisition of the Seachange group and the Caravan Parks of Australia portfolios.

The Seachange group is a high-quality portfolio of six lifestyle communities and development sites in South East QLD and was acquired for \$270.0 million. The Seachange acquisition extends Ingenia's presence in the strong South East QLD market via a complementary, well established premium brand with an established operating and development platform, providing Ingenia with additional management capabilities to contribute to the growth of the Group.

The Caravan Parks of Australia portfolio, a portfolio of seven lifestyle and holiday communities in VIC and NSW, was acquired for \$110.0 million.

In addition to these portfolios the Group acquired seven holiday communities, a partially complete lifestyle community in QLD, an established seniors rental community and three additional development opportunities

## Directors' Report (continued)

Ingenia Communities Fund and Ingenia Communities Management Trust  
For the six months ended 31 December 2021

(two in the Joint Venture with Sun Communities), bringing the total potential development sites across the business to 6,270.

These acquisitions were funded from debt facilities and a \$475.0 million entitlement offer to existing security holders.

### 1H22 financial results

The six months to 31 December 2021 delivered total revenue of \$131.4 million, up 8% on the prior corresponding period. The Group settled 139<sup>1</sup> turnkey homes (1H2021: 136 homes) and grew Lifestyle and Tourism rental income by 25% to \$57.0 million (1H21: \$45.7 million).

Statutory profit of \$39.8 million was up 23% on the prior corresponding period. The statutory result reflects the combination of growth in underlying earnings and fair value movements on investment property arising from improved capitalisation rates and the impact of transaction costs on new acquisitions.

Underlying profit of \$28.1 million, which represents a decrease of \$4.7 million on the prior corresponding period, was negatively impacted by COVID-19 restrictions that affected the Group's Tourism and Development businesses in the period. The prior corresponding period results included \$5.1 million of JobKeeper subsidy.

The Group grew its asset base across Lifestyle and Holidays communities during the period, through acquisitions and the progression of the Group's development pipeline, increasing the Group's recurring rental base.

Operating cash flow for the period was \$38.9 million, down 35% from the prior corresponding period. This reduction was driven by: increased investment in inventory ahead of forecast settlements in the second half of FY22; lower tourism revenue due to COVID-19 restrictions in the period and tax payments.

The Group's underlying earnings per security decreased by 20% from the prior corresponding period as COVID-19 restrictions impacted the Group's Tourism and Development businesses and the impact of new securities issued following the November 2021 equity raise.

The Group's net asset value (NAV), of \$3.65 per security, was up 20% compared with 30 June 2021 NAV of \$3.03, driven by positive revaluations of the Group's assets and the impact of the November 2021 equity raise, where securities were issued at a premium to asset value.

### Key metrics

- Net profit for the half-year for ICF \$3.9 million (1H21: \$15.1 million profit)
- Net profit for the half-year for ICMT of \$27.9 million (1H21: \$5.6 million profit)
- Interim distributions of 5.2 cents per unit by ICF, nil from ICMT.

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<sup>1</sup> Including eighteen settlements at Ingenia Lifestyle Freshwater, the Group's joint venture project with Sun Communities.

# Directors' Report (continued)

Ingenia Communities Fund and Ingenia Communities Management Trust

For the six months ended 31 December 2021

## Segment performance and priorities

### Capital Partnerships

#### Development Joint Venture

The Joint Venture with Sun Communities (NYSE: SUI) acquired two additional greenfield development sites at Nambour, QLD and Bobs Farm, NSW which are expected to commence construction in calendar year 2022.

The Joint Venture delivered \$7.6 million (1H21: \$3.1 million) revenue from the settlement of 18 (1H21: 8) new homes at its first greenfield project located at Burpengary, QLD.

During 1H22, fees generated by Ingenia from the Joint Venture related to acquisition, asset development and sales management.

#### Performance

	31 Dec 2021	31 Dec 2020	Change %
Greenfield properties (#)	5	3	67%
Investment carrying value (\$m)	48.5	31.3	55%
New home settlements (#)	18	8	125%
Fee income (\$m)	1.0	1.7	(41%)
Joint venture revenue (\$m)	7.6	3.1	145%
Joint venture operating profit before interest and tax (\$m)	3.6	1.1	NM
Share of profit/(loss) from joint venture (\$m)	3.5	(0.6)	NM

#### *Strategic priorities*

The strategic priorities for the Joint Venture are to continue to acquire greenfield sites in key metro and coastal markets and to develop a significant portfolio of new lifestyle communities. The Joint Venture leverages the expertise and local market knowledge of Ingenia to identify, acquire and develop sites. Once homes are sold, Ingenia provides operational services to the lifestyle communities. At completion of development, Ingenia has the right to acquire the communities at market value. Ingenia generates origination, development and management fees for these services plus a performance fee for above hurdle rate returns.

#### Funds Management

The Group's funds and asset management business manages six funds that invest in lifestyle and holiday communities situated in NSW, QLD and VIC. The Group receives fees for the management and development of the assets and management of the funds.

The Group also co-invests into each of the six funds, to ensure alignment with fund investors. The investment in the funds generates asset ownership and development revenue streams.

	31 Dec 2021	31 Dec 2020	Change %
Investment carrying value (\$m)	14.1	11.8	20%
Fee income (\$m)	1.3	1.1	18%
Distribution income (\$m)	0.4	0.4	NM

#### *Strategic priorities*

The strategic priority of the funds management business is to leverage the Group's platform to provide additional growth by increasing assets under management and delivering performance to fund investors.

#### Capital management of the Group

During the period Ingenia raised \$475.0 million from an accelerated non-renounceable entitlement offer to existing eligible securityholders at \$6.12 per security. The Group also increased its debt facilities by \$200.0 million, taking the Group's combined facility limit to \$725.0 million (30 June 2021: \$525.0 million). The weighted average term to maturity of the Group facilities increased to 4.9 years.

## Directors' Report (continued)

Ingenia Communities Fund and Ingenia Communities Management Trust  
For the six months ended 31 December 2021

At 31 December 2021, the debt facilities were drawn to \$335.0 million and the Group's Loan to Value Ratio ("LVR") was 22.1%, gearing was 16.9% and the Group was 37.3% hedged.

### Distributions

The following distributions were made during or in respect of the half-year:

- On 18 August 2021, the Directors declared a final distribution of 5.5 cps, amounting to \$18 million which was paid on 23 September 2021.
- On 22 February 2022, the Directors declared an interim distribution of 5.2 cps amounting to \$21.1 million, to be paid on 24 March 2022.

### FY22 outlook

The Group's lifestyle business is well placed to expand, with demand from an ageing population for attractive community living, increased market awareness, an increasing number of downsizers and communities in locations that are experiencing net internal migration and price growth, supporting longer term opportunities in this sector. Accelerating development to capitalise on this demand and generate additional rental cash flows and enhancing the performance of existing assets by delivering rent growth and investing in new rental homes remains a key priority for the Group.

The Group will continue to grow its lifestyle communities business, development pipeline and continue to assess acquisition opportunities within the seniors rental market as Ingenia Gardens continues to provide high-yield stable recurring cash flows.

The strong rebound in domestic tourism is expected to continue following the easing of restrictions, supported by pent up demand. Ingenia expects to continue to benefit from this growth in domestic tourism with an extensive portfolio located in attractive holiday destinations. The priority for Ingenia Holidays is to enhance the customer experience and invest in new tourism cabins, refurbishment of existing cabins.

The Group will focus on increasing its assets under management through its capital partnerships including increasing development activity in the Joint Venture through the commencement of new developments in 2022 will contribute to growth.

The Group's strong balance sheet and deal flow provides continuing capacity for growth and sector leadership.

Ingenia will continue to deliver on its environmental commitments as the Group targets a 30% reduction in carbon emissions over the next five years and a carbon neutral operation by 2035.

The Group will continue to regularly assess market opportunities and the performance of existing assets, divesting and acquiring assets where superior longer-term returns are available.

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Changes in the state of affairs during the current period are set out in the various reports in this Financial report. Refer to Note 8 for investment properties acquired or disposed of during the period, Note 11 for business combinations and asset acquisitions and Note 15 for issued units.

### EVENTS SUBSEQUENT TO REPORTING DATE

#### Interim distribution

On 22 February 2022, the Directors declared an interim distribution of 5.2 cps amounting to \$21.1 million, to be paid on 24 March 2022.

#### Acquisition of Oakland Village

On 2 February 2022, the Group completed the acquisition of Oakland Village, located in Beaudesert QLD, for a purchase price of \$8.5 million.

## Directors' Report (continued)

Ingenia Communities Fund and Ingenia Communities Management Trust  
For the six months ended 31 December 2021

### LIKELY DEVELOPMENTS

The Trusts will continue to pursue strategies aimed at growing its cash earnings, profitability and market share within the lifestyle and seniors rental and tourism sectors during the next financial year, through:

- Developing greenfield sites and expanding existing lifestyle communities;
- Acquiring new communities;
- Growing the funds management platform; and
- Divesting non-core assets.

Detailed information about operations of the Group is included in the various reports in this financial report.

### ENVIRONMENTAL REGULATION

The Trusts have policies and procedures in place to ensure that, where operations are subject to any particular and significant environmental regulation under the laws of Australia, those obligations are identified and appropriately addressed. The Directors have determined that there has not been any material breach of those obligations during the half-year.

### GROUP INDEMNITIES

The Group has purchased various insurance policies to cover a range of risks (subject to specified exclusions) for directors, officers and employees of the Group serving in their respective capacities. Key insurance policies include: directors and officers insurance; professional indemnity insurance and management liability insurance.

### INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Trusts have agreed to indemnify its auditor, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young during or since the reporting period.

### AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 8.

### ROUNDING OF AMOUNTS

The Trusts are of the kind referred to in ASIC Instrument 2016/191, and in accordance with that Class Order, amounts in the financial report and Director's Report have been rounded to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the Directors of the Responsible Entity.



Jim Hazel  
Chairman  
Adelaide, 22 February 2022



**Building a better  
working world**

Ernst & Young  
200 George Street  
Sydney NSW 2000 Australia  
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555  
Fax: +61 2 9248 5959  
ey.com/au

## **Auditor's Independence Declaration to the Directors of Ingenia Communities RE Limited as Responsible Entity for Ingenia Communities Fund and Ingenia Communities Management Trust**

As lead auditor for the review of the half-year financial report of Ingenia Communities Fund and its controlled entities and Ingenia Communities Trust and its controlled entities for the half-year ended 31 December 2021, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Ingenia Communities Fund and the entities it controlled and Ingenia Communities Management Trust and the entities it controlled during the financial period.

Ernst & Young

Yvonne Barnikel  
Partner  
22 February 2022



# Consolidated Statement of Comprehensive Income

Ingenia Communities Fund and Ingenia Communities Management Trust

For the six months ended 31 December 2021

Note	ICF		ICMT		
	31 Dec 2021 \$'000	31 Dec 2020 \$'000	31 Dec 2021 \$'000	31 Dec 2020 \$'000	
Lifestyle home sales	-	-	16,354	17,499	
Residential rental income	-	-	37,536	31,087	
Tourism rental income	-	-	27,448	24,145	
Annuals rental income	-	-	4,207	2,041	
Other revenue	10,290	5,589	19,603	17,202	
<b>Revenue</b>	<b>10,290</b>	<b>5,589</b>	<b>105,148</b>	<b>91,974</b>	
Cost of lifestyle homes sold	-	-	(9,165)	(11,108)	
Employee expenses	-	-	(30,871)	(20,505)	
Property expenses	(361)	(343)	(17,590)	(15,132)	
Administrative expenses	(539)	(359)	(5,436)	(3,202)	
Operational, marketing and selling expenses	-	-	(5,091)	(5,178)	
Service station expenses	-	-	(5,315)	(3,788)	
Responsible entity fee and expenses	(2,888)	(2,152)	(2,402)	(1,932)	
Depreciation and amortisation expense	-	(1)	(11,301)	(6,447)	
<b>Operating profit before interest and tax</b>	<b>6,502</b>	<b>2,734</b>	<b>17,977</b>	<b>24,682</b>	
Net finance income/(expense)	9,494	9,973	(13,276)	(11,259)	
<b>Operating profit before tax</b>	<b>15,996</b>	<b>12,707</b>	<b>4,701</b>	<b>13,423</b>	
Share of joint venture profit/(loss)	10	1,966	(1,029)	1	86
Net (loss)/gain on change in fair value of:					
Investment properties	8	(4,496)	3,575	45,901	(2,035)
Financial liabilities		-	-	(3,859)	(2,749)
Investments and other financial instruments		760	(144)	3	1
Business combination transaction costs	11	(10,289)	-	(6,495)	-
Other		-	-	(177)	(644)
<b>Profit before tax</b>		<b>3,937</b>	<b>15,109</b>	<b>40,075</b>	<b>8,082</b>
Income tax expense	5	-	-	(12,175)	(2,513)
<b>Net profit for the period</b>		<b>3,937</b>	<b>15,109</b>	<b>27,900</b>	<b>5,569</b>
<b>Total comprehensive income for the period net of income tax</b>		<b>3,937</b>	<b>15,109</b>	<b>27,900</b>	<b>5,569</b>
<b>Profit attributable to unit holders of:</b>					
Ingenia Communities Fund		3,937	15,109	-	-
Ingenia Communities Management Trust		-	-	27,900	5,569
		<b>3,937</b>	<b>15,109</b>	<b>27,900</b>	<b>5,569</b>
<b>Total comprehensive income attributable to unit holders of:</b>					
Ingenia Communities Fund		3,937	15,109	-	-
Ingenia Communities Management Trust		-	-	27,900	5,569
		<b>3,937</b>	<b>15,109</b>	<b>27,900</b>	<b>5,569</b>
<b>Earnings per unit:</b>		<b>31 Dec 2021</b>	<b>31 Dec 2020</b>	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
		<b>Cents</b>	<b>Cents</b>	<b>Cents</b>	<b>Cents</b>
Basic earnings per unit	4	1.1	4.6	8.0	1.7
Diluted earnings per unit	4	1.1	4.6	8.0	1.7

Notes to the Consolidated Financial Statements are included on pages 13 to 25.

# Consolidated Balance Sheet

Ingenia Communities Fund and Ingenia Communities Management Trust

As at 31 December 2021

Note	ICF		ICMT	
	31 Dec 2021 \$'000	30 Jun 2021 \$'000	31 Dec 2021 \$'000	30 Jun 2021 \$'000
<b>Current assets</b>				
Cash and cash equivalents	6,838	1,104	9,436	16,485
Trade and other receivables	1,631	217	7,149	2,835
Inventories	6	-	9,614	6,286
Assets held for sale	7	-	-	9,600
<b>Total current assets</b>	<b>8,469</b>	<b>1,321</b>	<b>26,199</b>	<b>35,206</b>
<b>Non-current assets</b>				
Trade and other receivables	1,366	1,315	-	-
Receivable from related party	652,060	641,217	-	-
Investment properties	8	799,317	362,105	877,859
Other financial assets	1,408	699	14,090	13,203
Investment in a joint venture	10	40,965	26,774	-
Plant and equipment	-	3	5,593	5,123
Intangibles	9	-	-	98,845
Right-of-use-assets	-	-	219,576	65,211
Deferred tax asset	12	-	-	7,962
<b>Total non-current assets</b>	<b>1,495,116</b>	<b>1,032,113</b>	<b>1,215,963</b>	<b>892,225</b>
<b>Total assets</b>	<b>1,503,585</b>	<b>1,033,434</b>	<b>1,242,162</b>	<b>927,431</b>
<b>Current liabilities</b>				
Trade and other payables	13	2,545	1,895	77,766
Borrowings	14	1,730	-	23,856
Employee liabilities	-	-	-	4,462
Other financial liabilities	-	-	-	632
<b>Total current liabilities</b>	<b>4,275</b>	<b>1,895</b>	<b>106,716</b>	<b>60,351</b>
<b>Non-current liabilities</b>				
Payable to related party	-	-	711,310	673,926
Borrowings	14	362,210	247,165	219,999
Other financial liabilities	-	-	-	16,168
Employee liabilities	-	-	-	978
Other payables	13	1,875	1,682	4,000
Deferred tax liability	12	-	-	4,213
<b>Total non-current liabilities</b>	<b>364,085</b>	<b>248,847</b>	<b>956,668</b>	<b>764,135</b>
<b>Total liabilities</b>	<b>368,360</b>	<b>250,742</b>	<b>1,063,384</b>	<b>824,486</b>
<b>Net assets</b>	<b>1,135,225</b>	<b>782,692</b>	<b>178,778</b>	<b>102,945</b>
<b>Equity</b>				
Issued units	15	1,469,072	1,102,443	138,080
(Accumulated losses)/Retained earnings	-	(333,847)	(319,751)	41,398
<b>Unit holders interest</b>	<b>1,135,225</b>	<b>782,692</b>	<b>179,478</b>	<b>103,645</b>
Non-controlling interest	-	-	(700)	(700)
<b>Total equity</b>	<b>1,135,225</b>	<b>782,692</b>	<b>178,778</b>	<b>102,945</b>
<b>Attributable to unit holders of:</b>				
Ingenia Communities Fund	-	1,135,225	782,692	(700)
Ingenia Communities Management Trust	-	-	-	179,478
		<b>1,135,225</b>	<b>782,692</b>	<b>178,778</b>
				<b>102,945</b>

Notes to the Consolidated Financial Statements are included on pages 13 to 25.

# Consolidated Cash Flow Statement

Ingenia Communities Fund and Ingenia Communities Management Trust

For the six months ended 31 December 2021

Note	ICF		ICMT	
	31 Dec 2021 \$'000	31 Dec 2020 \$'000	31 Dec 2021 \$'000	31 Dec 2020 \$'000
<b>Cash flows from operating activities</b>				
Rental and other property income	-	-	85,410	79,154
Property and other expenses	(354)	(538)	(43,947)	(47,985)
Government subsidy	-	-	-	6,519
Proceeds from sale of lifestyle homes	-	-	18,341	18,509
Purchase of lifestyle homes	-	-	(8,790)	(4,672)
Proceeds from sale of service station inventory	-	-	6,601	4,894
Purchase of service station inventory	-	-	(5,830)	(4,207)
Net movement in resident loans	-	-	78	(137)
Interest received	14	1	3	7
Borrowing costs paid	(3,822)	(2,702)	(37)	(7)
	<b>(4,162)</b>	<b>(3,239)</b>	<b>51,829</b>	<b>52,075</b>
<b>Cash flows from investing activities</b>				
Payments for investment properties	(230,978)	(33,086)	(16,682)	(54,117)
Additions to investment properties	(1,130)	(1,891)	(39,615)	(6,120)
Purchase and additions of plant and equipment	2	-	(1,303)	(1,198)
Purchase and additions of intangible assets	-	-	(144)	(389)
Proceeds from sale of investment properties	-	-	9,409	13,185
Payments for acquisition of financial assets	-	-	(887)	-
Net payment for acquisition of Seachange	11 (151,810)	-	(92,606)	-
Investment in joint venture and associate	(12,225)	(16,000)	-	-
Other	-	-	-	2,005
	<b>(396,141)</b>	<b>(50,977)</b>	<b>(141,828)</b>	<b>(46,634)</b>
<b>Cash flows from financing activities</b>				
Proceeds from issue of stapled securities	376,125	4,032	49,173	503
Payments for security issue costs	(7,400)	(33)	(967)	(7)
Distributions to unit holders	(18,033)	(14,324)	-	-
(Repayment of)/proceeds from related party borrowings	(27,792)	(6,318)	36,041	(463)
Proceeds from borrowings	328,000	95,500	-	-
Repayment of borrowings	(243,000)	(21,500)	-	-
Payments for debt issue costs	(1,136)	(31)	-	-
Payment for derivatives and financial instruments	-	-	-	-
Other	(727)	-	(1,297)	(6,513)
	<b>406,037</b>	<b>57,326</b>	<b>82,950</b>	<b>(6,480)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>				
	<b>5,734</b>	<b>3,110</b>	<b>(7,049)</b>	<b>(1,039)</b>
Cash and cash equivalents at the beginning of the period	1,104	1,687	16,485	8,065
<b>Cash and cash equivalents at the end of the period</b>	<b>6,838</b>	<b>4,797</b>	<b>9,436</b>	<b>7,026</b>

Notes to the Consolidated Financial Statements are included on pages 13 to 25.

# Consolidated Statement of Changes in Equity

Ingenia Communities Fund and Ingenia Communities Management Trust

For the six months ended 31 December 2021

		Attributable to security holders				
		ICF				
	Note	Issued Capital \$'000	Retained Earnings \$'000	Total \$'000	Non- controlling interest \$'000	Total Equity \$'000
<b>Carrying value 1 Jul 2021</b>		<b>1,102,443</b>	<b>(319,751)</b>	<b>782,692</b>	<b>-</b>	<b>782,692</b>
Net profit		-	3,937	3,937	-	3,937
<b>Total comprehensive income</b>		<b>-</b>	<b>3,937</b>	<b>3,937</b>	<b>-</b>	<b>3,937</b>

*Transactions with security holders in their capacity as security holders:*

Issue of securities	15(a)	366,629	-	366,629	-	366,629
Payment of distributions to security holders		-	(18,033)	(18,033)	-	(18,033)
<b>Carrying value 31 Dec 2021</b>		<b>1,469,072</b>	<b>(333,847)</b>	<b>1,135,225</b>	<b>-</b>	<b>1,135,225</b>

<b>Carrying value 1 Jul 2020</b>		<b>1,093,696</b>	<b>(316,668)</b>	<b>777,028</b>	<b>-</b>	<b>777,028</b>
Net profit		-	15,109	15,109	-	15,109
<b>Total comprehensive income</b>		<b>-</b>	<b>15,109</b>	<b>15,109</b>	<b>-</b>	<b>15,109</b>

*Transactions with security holders in their capacity as security holders:*

Issue of securities		3,999	-	3,999	-	3,999
Payment of distributions to security holders		-	(14,324)	(14,324)	-	(14,324)
<b>Carrying value 31 Dec 2020</b>		<b>1,097,695</b>	<b>(315,883)</b>	<b>781,812</b>	<b>-</b>	<b>781,812</b>

		Attributable to security holders				
		ICMT				
	Note	Issued Capital \$'000	Retained Earnings \$'000	Total \$'000	Non- controlling interest \$'000	Total Equity \$'000
<b>Carrying value 1 Jul 2021</b>		<b>90,147</b>	<b>13,498</b>	<b>103,645</b>	<b>(700)</b>	<b>102,945</b>
Net profit		-	27,900	27,900	-	27,900
<b>Total comprehensive income</b>		<b>-</b>	<b>27,900</b>	<b>27,900</b>	<b>-</b>	<b>27,900</b>

*Transactions with security holders in their capacity as security holders:*

Issue of securities	15(a)	47,933	-	47,933	-	47,933
<b>Carrying value 31 Dec 2021</b>		<b>138,080</b>	<b>41,398</b>	<b>179,478</b>	<b>(700)</b>	<b>178,778</b>

<b>Carrying value 1 Jul 2020</b>		<b>89,025</b>	<b>4,361</b>	<b>93,386</b>	<b>(700)</b>	<b>92,686</b>
Net profit		-	5,569	5,569	-	5,569
<b>Total comprehensive income</b>		<b>-</b>	<b>5,569</b>	<b>5,569</b>	<b>-</b>	<b>5,569</b>

*Transactions with security holders in their capacity as security holders:*

Issue of securities		496	-	496	-	496
Other		-	-	-	-	-
<b>Carrying value 31 Dec 2020</b>		<b>89,521</b>	<b>9,930</b>	<b>99,451</b>	<b>(700)</b>	<b>98,751</b>

Notes to the Consolidated Financial Statements are included on pages 13 to 25.

# Notes to the Financial Statements

Ingenia Communities Fund and Ingenia Communities Management Trust

For the six months ended 31 December 2021

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) The Trusts

Ingenia Communities Fund (“ICF” or the “Fund”) (ARSN 107 459 576) and Ingenia Communities Management Trust (“ICMT”) (ARSN 122 928 410) (together the Trusts) are Australian registered schemes. Ingenia Communities RE Limited (ACN 154 464 990; Australian Financial Services Licence number 415862), the Responsible Entity of the Trusts, is incorporated and domiciled in Australia.

The parent company of Ingenia Communities RE Limited is Ingenia Communities Holdings Limited (the Company). The shares of the Company are stapled with the units of the Trusts and trade on the Australian Securities Exchange (“ASX”) effectively as one security. In this report, the Company and the Trusts are referred to collectively as the Group.

The stapling structure will cease to operate on the first to occur of:

- the Company or either of the Trusts resolving by special resolution in accordance with its constitution to terminate the stapling provisions; or
- the commencement of the winding up of the Company or either of the Trusts.

The half-year financial report as at and for the half-year ended 31 December 2021 was authorised for issue by the Directors on 22 February 2022.

### (b) Basis of preparation

The half-year financial report is a general purpose financial report, which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The half-year financial report does not include all of the information required for a full-year financial report and should be read in conjunction with both the Ingenia Communities Fund and Ingenia Communities Management Trust annual reports for the year ended 30 June 2021 and any ASX announcements issued during the period.

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

As permitted by Instrument 2015/838, issued by the Australian Securities and Investments Commission, the financial statements and accompanying notes of the Trusts have been presented in the attached combined financial report.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000), unless otherwise stated, as permitted by Instrument 2016/191.

The financial report is prepared on a historical cost bases, except for investment properties, retirement village resident loans, derivative financial instruments, other financial assets and other financial liabilities, which are measured at fair value.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Trusts' annual financial report the year ended 30 June 2021 with the exception of new amended standards and interpretations which have been applied as required.

Where appropriate, comparative amounts have been restated to ensure consistency of disclosure throughout the financial report.

### (c) Adoption of new and revised accounting standards

New accounting standards, amendments to accounting standards, and interpretations have been published that are not mandatory for the current reporting period and are not expected to have a material impact on the Group's future financial reporting.

### (d) Current versus non-current classification

At 31 December 2021, ICMT recorded a net current asset deficiency of \$80,517,000. This deficiency is due to an increase in accruals and advanced deposits compared to prior year. The increase in accruals is due to unpaid stamp duties on the acquisition of Seachange whilst the increase in advanced deposits has been driven by strong tourism bookings over the holiday period. ICMT current liabilities and commitments will be funded through the forecast operating cashflows and available undrawn debt facilities of the Group.

# Notes to the Financial Statements (continued)

Ingenia Communities Fund and Ingenia Communities Management Trust

For the six months ended 31 December 2021

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (d) Current versus non-current classification (continued)

Accordingly, there are reasonable grounds to believe that ICMT will be able to pay its debts as and when they become due and payable; and the financial report of ICMT has been prepared on a going concern basis.

## 2. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires the Trusts to exercise judgement in the process of applying its accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### (a) Critical accounting estimates and assumptions

The Trusts makes estimates and assumptions concerning the future. The resulting accounting estimates, by definition, may not equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are discussed below.

#### i. Valuation of investment property, other financial assets and other financial liabilities

The Trusts have investment properties and assets held for sale which together represent the estimated fair value of investment property. Other financial assets represent ICMT's investment in a number of unlisted property funds. Other financial liabilities relates to a profit share arrangement between ICMT and a third-party which is carried at fair value.

These carrying value reflect certain assumptions about expected future rentals, rent-free periods, operating costs and appropriate discount and capitalisation rates. The valuation assumption for properties to be developed reflect sales prices for new homes, sales rates, new rental tariffs, estimates of capital expenditure, discount rates and projected property growth rates. The valuation assumptions for deferred management fee villages reflect average length of stay, unit market values, estimates of capital expenditure, contract terms with residents, discount rates and projected property growth rates.

In forming these assumptions, the Trusts considered information about current and recent sales activity, current market rents, discount rates and capitalisation rates for properties similar to those owned by the Trusts, as well as independent valuations of the Trusts' property.

#### ii. Valuation of inventories

The Trusts have inventory in the form of lifestyle homes and service station fuel and supplies, which it carries at the lower of cost or net realisable value. Estimates of net realisable value are based on the most reliable evidence available at the time of estimation, the amount the inventories are expected to realise, and the estimated costs of completion. Key assumptions require the use of management judgement, and are continually reviewed.

#### iii. Fair value of derivatives

The fair value of derivative assets and liabilities is based on assumptions of future events, and involves significant estimates. Given the complex nature of these instruments, and various assumptions that are used in calculating mark-to-market values, the Trusts rely on counterparty valuations for derivative values. The counterparty valuations are usually based on mid-market rates, and calculates using the main variables of the forward market curve, time and volatility.

#### iv. Valuation of net assets acquired in the business combination

Upon recognising the acquisition and the associated goodwill balance, management uses estimations of the fair value of assets and liabilities assumed at the date of acquisition, involving judgements related to valuation of investment property as noted above.

### (b) Critical judgements in applying the entity's accounting policies

There were no judgements, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies that had a significant effect on the amounts recognised in the financial report.

## Notes to the Financial Statements (continued)

Ingenia Communities Fund and Ingenia Communities Management Trust

For the six months ended 31 December 2021

### 3. SEGMENT INFORMATION

#### (a) Description of segments

The Trusts invest predominantly in rental properties located in Australia with five reportable segments:

- Lifestyle Development – comprising the development and sale of lifestyle homes;
- Lifestyle Rental – comprising long-term accommodation within lifestyle and rental communities;
- Ingenia Gardens – rental villages;
- Ingenia Holidays – comprising tourism and rental accommodation within holiday parks;
- Fuel, Food & Beverage Services – consists of the Trusts' investment in service station and food & beverage operations adjoined to Ingenia Holiday communities;
- Corporate & Other – comprises the Group's remaining assets and operating activities including, funds management, development joint venture and corporate overheads.

The Trusts have identified its operating segments based on the internal reports that are reviewed and used by the chief operating decision maker in assessing performance and determining the allocation of resources. Other parts of the Trusts are neither an operating segment nor part of an operating segment Corporate & Other.

#### (b) ICF – 31 Dec 2021

	Residential				Total \$'000
	Lifestyle Rental \$'000	Gardens Ingenia Gardens \$'000	Tourism Ingenia Holidays \$'000	Other Corporate & Other \$'000	
<b>Segment revenue</b>					
Rental income	2,587	6,113	1,590	-	10,290
<b>Total revenue</b>	<b>2,587</b>	<b>6,113</b>	<b>1,590</b>	<b>-</b>	<b>10,290</b>
<b>Segment underlying profit</b>					
Rental income	2,587	6,113	1,590	-	10,290
Property expenses	-	(2)	(4)	(355)	(361)
Administrative expenses	-	-	(2)	(537)	(539)
<b>Earnings before interest and tax</b>	<b>2,587</b>	<b>6,111</b>	<b>1,584</b>	<b>(892)</b>	<b>9,390</b>
Share of joint venture loss					(28)
Net finance income					9,494
<b>Total underlying profit</b>					<b>18,856</b>
Net (loss)/gain on change in fair value of:					
Investment properties					(4,496)
Investments and other financial instruments					760
Share of joint venture profit					1,994
Business combination transaction costs					(10,289)
Responsible entity fees					(2,888)
<b>Profit after tax</b>					<b>3,937</b>
Segment assets	473,113	165,029	164,651	700,792	1,503,585
<b>Total assets</b>	<b>473,113</b>	<b>165,029</b>	<b>164,651</b>	<b>700,792</b>	<b>1,503,585</b>

## Notes to the Financial Statements (continued)

Ingenia Communities Fund and Ingenia Communities Management Trust  
For the six months ended 31 December 2021

### 3. SEGMENT INFORMATION (CONTINUED)

(c) ICF - 31 Dec 2020

	Residential				Total \$'000
	Lifestyle	Gardens	Tourism	Other	
	Lifestyle Rental \$'000	Ingenia Gardens \$'000	Ingenia Holidays \$'000	Corporate & Other \$'000	
<b>Segment revenue</b>					
Rental income	1,094	4,495	-	-	<b>5,589</b>
<b>Total revenue</b>	<b>1,094</b>	<b>4,495</b>	<b>-</b>	<b>-</b>	<b>5,589</b>
<b>Segment underlying profit</b>					
Rental income	1,094	4,495	-	-	5,589
Property expenses	-	-	-	(343)	(343)
Administrative expenses	-	-	-	(359)	(359)
Depreciation and amortisation expense	(1)	-	-	-	(1)
<b>Earnings before interest and tax</b>	<b>1,093</b>	<b>4,495</b>	<b>-</b>	<b>(702)</b>	<b>4,886</b>
Share of joint venture loss					(1,029)
Net finance income					9,973
<b>Total underlying profit</b>					<b>13,830</b>
Net gain/(loss) on change in fair value of:					
Investment properties					3,575
Investments and other financial instruments					(144)
Responsible entity fees					(2,152)
<b>Profit after tax</b>					<b>15,109</b>
Segment assets	112,732	165,754	-	650,880	929,366
<b>Total assets</b>	<b>112,732</b>	<b>165,754</b>	<b>-</b>	<b>650,880</b>	<b>929,366</b>



## Notes to the Financial Statements (continued)

Ingenia Communities Fund and Ingenia Communities Management Trust  
For the six months ended 31 December 2021

### 3. SEGMENT INFORMATION (CONTINUED)

(d) ICMT - 31 Dec 2021

	Residential						Total \$'000
	Lifestyle		Gardens	Tourism	Other		
	Lifestyle Development \$'000	Lifestyle Rental \$'000	Ingenia Gardens \$'000	Ingenia Holidays \$'000	Fuel, Food & Beverage Services \$'000	Corporate & Other \$'000	
<b>Segment revenue</b>							
Lifestyle home sales	16,354	-	-	-	-	-	16,354
Residential rental income	-	20,101	12,120	5,315	-	-	37,536
Tourism rental income	-	434	-	27,014	-	-	27,448
Annuals rental income	-	32	-	4,175	-	-	4,207
Other revenue	4,196	1,963	1,370	2,008	8,969	1,097	19,603
<b>Total revenue</b>	<b>20,550</b>	<b>22,530</b>	<b>13,490</b>	<b>38,512</b>	<b>8,969</b>	<b>1,097</b>	<b>105,148</b>
<b>Segment underlying profit</b>							
External segment revenue	20,550	22,530	13,490	38,512	8,969	1,097	105,148
Cost of lifestyle homes sold	(9,165)	-	-	-	-	-	(9,165)
Employee expenses	(6,488)	(5,641)	(3,164)	(13,829)	(1,701)	(48)	(30,871)
Property expenses	(344)	(4,899)	(3,340)	(7,754)	(367)	(886)	(17,590)
Administrative expenses	(885)	(1,317)	(491)	(2,512)	(35)	(196)	(5,436)
Operational, marketing and selling expenses	(1,835)	(324)	(475)	(1,189)	(1,195)	(73)	(5,091)
Service station expenses	-	-	-	(45)	(5,270)	-	(5,315)
Depreciation and amortisation expense	(320)	(229)	(52)	(434)	(27)	(10,239)	(11,301)
<b>Earnings before interest and tax</b>	<b>1,513</b>	<b>10,120</b>	<b>5,968</b>	<b>12,749</b>	<b>374</b>	<b>(10,345)</b>	<b>20,379</b>
Share of joint venture profit							1
Net finance expense							(13,276)
Income tax expense							(1,549)
<b>Total underlying profit</b>							<b>5,555</b>
Net gain/(loss) on change in fair value of:							
Investment properties							45,901
Financial liabilities							(3,859)
Investments and other financial instruments							3
Business combination transaction costs							(6,495)
Other							(177)
Income tax expense							(10,626)
Responsible entity fees							(2,402)
<b>Profit after tax</b>							<b>27,900</b>
<b>Segment assets</b>							
Segment assets	39,319	359,458	3,569	590,582	335	248,899	1,242,162
<b>Total assets</b>	<b>39,319</b>	<b>359,458</b>	<b>3,569</b>	<b>590,582</b>	<b>335</b>	<b>248,899</b>	<b>1,242,162</b>

## Notes to the Financial Statements (continued)

Ingenia Communities Fund and Ingenia Communities Management Trust  
For the six months ended 31 December 2021

### 3. SEGMENT INFORMATION (CONTINUED)

(e) ICMT - 31 Dec 2020

	Residential		Tourism	Other		Total	
	Lifestyle	Gardens		Fuel, Food & Beverage Services	Corporate & Other		
	Lifestyle Development \$'000	Lifestyle Rental \$'000	Ingenia Gardens \$'000	Ingenia Holidays \$'000			
<b>Segment revenue</b>							
Lifestyle home sales	17,499	-	-	-	-	17,499	
Residential rental income	-	14,761	11,509	4,711	-	31,087	
Tourism rental income	-	223	-	23,922	-	24,145	
Annuals rental income	-	-	-	2,041	-	2,041	
Other revenue	3,627	1,346	1,393	1,249	7,668	17,202	
<b>Total revenue</b>	<b>21,126</b>	<b>16,330</b>	<b>12,902</b>	<b>31,923</b>	<b>7,668</b>	<b>91,974</b>	
<b>Segment underlying profit</b>							
External segment revenue	21,126	16,330	12,902	31,923	7,668	91,974	
Cost of lifestyle homes sold	(11,108)	-	-	-	-	(11,108)	
Employee expenses	(5,068)	(3,687)	(2,334)	(8,010)	(1,361)	(20,505)	
Property expenses	(291)	(3,478)	(3,376)	(6,816)	(409)	(15,132)	
Administrative expenses	(585)	(814)	(375)	(1,281)	(35)	(3,202)	
Operational, marketing and selling expenses	(2,056)	(234)	(451)	(1,079)	(1,199)	(5,178)	
Service station expenses	-	-	-	-	(3,788)	(3,788)	
Depreciation and amortisation expense	(309)	(165)	(56)	(269)	(28)	(6,447)	
<b>Earnings before interest and tax</b>	<b>1,709</b>	<b>7,952</b>	<b>6,310</b>	<b>14,468</b>	<b>848</b>	<b>(4,673)</b>	
Share of joint venture profit						86	
Net finance expense						(11,259)	
Income tax expense						(4,142)	
<b>Total underlying profit</b>						<b>11,299</b>	
Net (loss)/gain on change in fair value of:							
Investment properties						(2,035)	
Financial liabilities						(2,749)	
Investments and other financial instruments						1	
Other						(644)	
Income tax benefit						1,629	
Responsible entity fees						(1,932)	
<b>Profit after tax</b>						<b>5,569</b>	
<b>Segment assets</b>							
Segment assets	70,166	239,588	5,360	458,820	363	38,113	812,410
Assets held for sale	-	10,500	-	-	-	7,564	18,064
<b>Total assets</b>	<b>70,166</b>	<b>250,088</b>	<b>5,360</b>	<b>458,820</b>	<b>363</b>	<b>45,677</b>	<b>830,474</b>

## Notes to the Financial Statements (continued)

Ingenia Communities Fund and Ingenia Communities Management Trust

For the six months ended 31 December 2021

### 4. EARNINGS PER UNIT

	ICF		ICMT	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Profit attributable to security holders (\$'000)	3,937	15,109	27,900	5,569
Weighted average number of securities outstanding (thousands)				
Issued securities (thousands)	348,498	326,144	348,498	326,144
Dilutive securities (thousands)				
Long-term incentives	1,850	1,722	1,850	1,722
Short-term incentives	306	224	306	224
Talent Rights Grant	227	17	227	17
Fixed Remuneration Rights	29	-	29	-
<b>Weighted average number of issued and dilutive potential units outstanding (thousands)</b>	<b>350,910</b>	<b>328,107</b>	<b>350,910</b>	<b>328,107</b>
Basic earnings per unit (cents)	1.1	4.6	8.0	1.7
Dilutive earnings per unit (cents)	1.1	4.6	8.0	1.7

### 5. INCOME TAX EXPENSE

	ICF		ICMT	
	31 Dec 2021 \$'000	31 Dec 2020 \$'000	31 Dec 2021 \$'000	31 Dec 2020 \$'000
<b>(a) Income tax expense</b>				
Current tax benefit/(expense)	-	-	48	(1,826)
Decrease in deferred tax asset	-	-	(12,223)	(687)
<b>Income tax expense</b>	<b>-</b>	<b>-</b>	<b>(12,175)</b>	<b>(2,513)</b>
<b>(b) Reconciliation between tax expense and pre-tax net profit</b>				
Profit before income tax	3,937	15,109	40,075	8,082
Less amounts not subject to Australian income tax	(3,937)	(15,109)	-	-
	<b>-</b>	<b>-</b>	<b>40,075</b>	<b>8,082</b>
Income tax at the Australian tax rate of 30% (31 Dec 2020: 30%)	-	-	(12,023)	(2,425)
Tax effect of amounts which impact tax expense:				
Other	-	-	(152)	(88)
<b>Income tax expense</b>	<b>-</b>	<b>-</b>	<b>(12,175)</b>	<b>(2,513)</b>

#### (c) Tax consolidation

Effective from 1 July 2012, ICMT and its Australian domiciled owned subsidiaries formed a tax consolidation group with ICMT being the head entity. Under the tax funding agreement the funding of tax within the tax group is based on taxable income as if that entity was not a member of the tax group.

Upon entering into the ICMT tax consolidated group, the tax cost bases for certain assets were reset, resulting in income tax benefits being recorded.

## Notes to the Financial Statements (continued)

Ingenia Communities Fund and Ingenia Communities Management Trust  
For the six months ended 31 December 2021

### 6. INVENTORIES

	ICF		ICMT	
	31 Dec 2021 \$'000	30 Jun 2021 \$'000	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Lifestyle homes				
Completed	-	-	1,959	2,117
Display homes	-	-	1,162	1,162
Under construction	-	-	6,154	2,650
Fuel, food and beverage	-	-	339	357
<b>Total inventories</b>	<b>-</b>	<b>-</b>	<b>9,614</b>	<b>6,286</b>

The lifestyle home balance includes:

- 12 new completed homes (30 Jun 2021: 14)
- 2 refurbished/renovated/annuals completed homes (30 Jun 2021: 3)
- 12 display homes (30 Jun 2021: 10)
- Lifestyle homes under construction includes 148 partially completed homes at different stages of development (30 Jun 2021: 63). It also includes demolition, site preparation costs and buybacks on future development sites.

### 7. ASSETS HELD FOR SALE

The following are the carrying values of assets held for sale:

	ICF		ICMT	
	31 Dec 2021 \$'000	30 Jun 2021 \$'000	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Investment properties held for sale:				
Upper Coomera, Upper Coomera, QLD	-	-	-	9,600
<b>Total assets held for sale</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,600</b>

### 8. INVESTMENT PROPERTIES

#### (a) Summary of carrying value

	ICF		ICMT	
	31 Dec 2021 \$'000	30 Jun 2021 \$'000	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Completed properties	655,738	286,409	848,163	770,696
Properties under development	143,579	75,696	29,696	27,772
<b>Total carrying value</b>	<b>799,317</b>	<b>362,105</b>	<b>877,859</b>	<b>798,468</b>

#### (b) Movements in carrying value

	ICF		ICMT	
	31 Dec 2021 \$'000	30 Jun 2021 \$'000	31 Dec 2021 \$'000	30 Jun 2021 \$'000
<b>Carrying value at beginning of the period</b>	<b>362,105</b>	<b>217,404</b>	<b>798,468</b>	<b>669,818</b>
Acquisitions	423,648	135,104	31,925	83,092
Expenditure capitalised	18,060	7,830	1,565	48,584
Net (loss)/gain on change in fair value <sup>(1)</sup>	(4,496)	1,767	45,901	(3,026)
<b>Carrying value at the end of the period</b>	<b>799,317</b>	<b>362,105</b>	<b>877,859</b>	<b>798,468</b>

(1) Net of acquisition transaction costs written off: ICF \$11,401,000 (30 Jun 2021: \$8,624,000) and ICMT: \$1,033,000 (30 Jun 2020: \$5,661,000).

#### (c) Description of valuation techniques used and key inputs to valuation of investment properties

##### Capitalisation method

Under the capitalisation method, fair value is estimated using assumptions regarding the expectation of future benefits. The capitalisation method involves estimating the expected income projections of the property and applying a capitalisation rate into perpetuity. The capitalisation rate is based on current market evidence. Future income projections take into account occupancy, rental income and operating expenses.

## Notes to the Financial Statements (continued)

Ingenia Communities Fund and Ingenia Communities Management Trust

For the six months ended 31 December 2021

### 8. INVESTMENT PROPERTIES (CONTINUED)

#### Discounted cash flow method

Under the discounted cash flow method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield normally reflects the exit value expected to be achieved upon selling the asset and is a function of the risk-adjusted returns of the asset and expected capitalisation rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment or refurbishment as well as the development of new units. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net underlying cash flows, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Given the constantly changing nature of the situation, the fair value at reporting date involves uncertainties around the underlying assumptions. The external valuations undertaken during the period, contained significant valuation uncertainty clauses given the impacts of COVID-19. Valuations can be relied upon at the date of valuation however, a higher level of valuation uncertainty than normal is assumed, and property values could change significantly and unexpectedly over a relatively short period of time.

### 9. INTANGIBLES

	ICF		ICMT	
	31 Dec 2021 \$'000	30 Jun 2021 \$'000	31 Dec 2021 \$'000	30 Jun 2021 \$'000
<b>(a) Summary of carrying value</b>				
Software and development	-	-	5,205	4,917
Less: accumulated amortisation	-	-	(3,007)	(2,659)
Goodwill	-	-	96,647	-
<b>Total intangibles</b>	<b>-</b>	<b>-</b>	<b>98,845</b>	<b>2,258</b>
<b>(b) Movements in carrying value</b>				
<b>Carrying value at beginning of the period</b>	<b>-</b>	<b>-</b>	<b>2,258</b>	<b>1,772</b>
Additions	-	-	96,950	1,137
Disposals	-	-	(13)	(28)
Amortisation expense	-	-	(350)	(623)
<b>Carrying value at end of the period</b>	<b>-</b>	<b>-</b>	<b>98,845</b>	<b>2,258</b>

### 10. INVESTMENT IN A JOINT VENTURE

Together, ICF and ICMT hold a 50% interest in a joint venture with Sun Communities for the development of greenfield communities. The Trusts' interest in the Joint Venture is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the Trusts investment in the joint venture entities:

Balance Sheet	ICF		ICMT	
	31 Dec 2021 \$'000	30 Jun 2021 \$'000	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Current assets	2,409	809	25	18
Non-current assets <sup>(1)</sup>	81,880	52,780	259	266
Current liabilities	(2,360)	(41)	(284)	(284)
<b>Equity</b>	<b>81,929</b>	<b>53,548</b>	<b>-</b>	<b>-</b>
Trusts' share in equity – 50%	40,965	26,774	-	-
<b>Group's carrying value in investment</b>	<b>40,965</b>	<b>26,774</b>	<b>-</b>	<b>-</b>

(1) Non-current assets represent the fair value of investment property. Refer to Note 2(a) for valuation methodology.

## Notes to the Financial Statements (continued)

Ingenia Communities Fund and Ingenia Communities Management Trust  
For the six months ended 31 December 2021

### 10. INVESTMENT IN A JOINT VENTURE (CONTINUED)

Statement of Comprehensive Income	ICF		ICMT	
	31 Dec 2021 \$'000	31 Dec 2020 \$'000	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Revenue	96	235	286	590
Expenses	(140)	(36)	(277)	(337)
Depreciation	-	-	(8)	(8)
<b>(Loss)/profit before tax</b>	<b>(44)</b>	<b>199</b>	<b>1</b>	<b>245</b>
Interest income	2	8	-	-
Impairment	(14)	-	-	-
Net gain/(loss) on change in fair value of investment property	3,988	(2,265)	-	-
<b>Profit/(loss) before income tax</b>	<b>3,932</b>	<b>(2,058)</b>	<b>1</b>	<b>(245)</b>
Income tax expense	-	-	-	(74)
<b>Total comprehensive income/(loss) for the period</b>	<b>3,932</b>	<b>(2,058)</b>	<b>1</b>	<b>171</b>
<b>Group's share of profit/(loss) for the period</b>	<b>1,966</b>	<b>(1,029)</b>	<b>1</b>	<b>86</b>

### 11. BUSINESS COMBINATIONS AND ASSET ACQUISITIONS

#### Acquisition of Seachange Group

On 30 November 2021, the Group acquired 100% of the share capital of Seachange (Land) Pty Ltd, PPV Inlet Land Pty Ltd, PPV Coomera Land Pty Ltd, PPV Toowoomba Land Pty Ltd, PPV Victoria Point Land Pty Ltd, PPV Hervey Bay Land Pty Ltd, Seachange (Land) Unit Trust, PPV Inlet Land Unit Trust, PPV Coomera Land Unit Trust, PPV Toowoomba Land Unit Trust, PPV Victoria Point Land Unit Trust and PPV Hervey Bay Land Unit Trust (collectively "Seachange"), a portfolio of six lifestyle communities that comprise of two fully mature and income producing sites, two partially completed sites with development upside and two greenfield development sites.

The assets and liabilities acquired by ICF were recognised as individual identifiable assets and liabilities at their fair value at the date of purchase. The fair values of the identifiable assets and liabilities acquired by ICMT under AASB 3 *Business Combinations* at the date of acquisition were:

	ICF	ICMT
	Gross assets acquired on purchase \$'000	Fair value recognised on acquisition \$'000
<b>Assets</b>		
Cash	1,109	-
Trade and other receivables	621	-
Investment property	157,359	-
Property, plant and equipment	-	174
<b>Total assets</b>	<b>159,089</b>	<b>174</b>
<b>Liabilities</b>		
Trade and other payables	6,159	4,215
Deposit	11	-
<b>Total liabilities</b>	<b>6,170</b>	<b>4,215</b>
<b>Total identifiable net assets at fair value</b>	<b>152,919</b>	<b>(4,041)</b>
Goodwill arising on acquisition (provisional) <sup>(1)</sup>	-	96,647
<b>Purchase consideration paid and accrued on acquisition</b>	<b>152,919</b>	<b>92,606</b>

(1) The valuation of assets and liabilities acquired had not been completed by the date the interim financial statements were approved for issue by the Directors.

Thus, the fair value of assets and liabilities may need to be subsequently adjusted, with a corresponding adjustment to goodwill prior to 1 December 2022 (one year after the transaction).

## Notes to the Financial Statements (continued)

Ingenia Communities Fund and Ingenia Communities Management Trust  
For the six months ended 31 December 2021

### 11. BUSINESS COMBINATIONS AND ASSET ACQUISITIONS (CONTINUED)

	Gross assets acquired on purchase \$'000	Fair value recognised on acquisition \$'000
<b>Analysis of cash flows on acquisition:</b>		
Net cash acquired	1,109	-
Cash paid	(152,919)	(92,606)
<b>Net cash flow on acquisition</b>	<b>(151,810)</b>	<b>(92,606)</b>

Reconciliation of the carrying amount of goodwill in ICMT at the beginning and end of the reporting period is presented below:

	Goodwill - ICMT	
	31 Dec 2021 \$'000	30 Jun 2021 \$'000
<b>Carrying value at the beginning of the period</b>	-	-
Acquisition of business	96,647	-
<b>Carrying value at the end of the period</b>	<b>96,647</b>	-

From the date of acquisition, Seachange contributed \$650,000 of revenue and \$366,000 of profit before tax from continuing operations of ICMT. If the combination had taken place at the beginning of FY22, ICMT's revenue would have increased by \$3,900,000 and the profit before tax would have increased by \$2,198,600.

The goodwill recognised is primarily attributed to the expected synergies and benefits from combining the assets and activities of Seachange with those of ICMT, resulting in a new premium brand for the Group in the growth corridor of South East Queensland, integration of a highly-regarded and experienced management team and building development capacity in one of the Group's key market. The goodwill is not deductible for income tax purposes.

Transaction costs of \$10,289,000 in ICF and \$6,495,000 in ICMT, predominantly stamp duty and advisory costs, have been expensed and are included in business combination transaction costs in the statement of profit or loss and are part of investing cash flows in the statement of cash flows.

### 12. DEFERRED TAX ASSETS AND LIABILITIES

	ICF		ICMT	
	31 Dec 2021 \$'000	30 Jun 2021 \$'000	31 Dec 2021 \$'000	30 Jun 2021 \$'000
<b>Deferred tax assets</b>				
Tax losses	-	-	20,140	22,739
<b>Deferred tax liabilities</b>				
DMF receivable	-	-	(45)	(45)
Investment properties	-	-	(24,308)	(14,732)
<b>Net deferred tax assets</b>	-	-	<b>(4,213)</b>	<b>7,962</b>
<b>Tax effected carried forward tax losses for which no deferred tax asset has been recognised</b>	-	-	<b>8,150</b>	<b>5,552</b>

### 13. TRADE AND OTHER PAYABLES

	ICF		ICMT	
	31 Dec 2021 \$'000	30 Jun 2021 \$'000	31 Dec 2021 \$'000	30 Jun 2021 \$'000
<b>Current</b>				
Trade payables and accruals	2,468	1,895	56,284	27,133
Deposits	77	-	19,649	12,301
Other	-	-	1,833	981
	<b>2,545</b>	<b>1,895</b>	<b>77,766</b>	<b>40,415</b>
<b>Non-current</b>				
Other	1,875	1,682	4,000	4,000

## Notes to the Financial Statements (continued)

Ingenia Communities Fund and Ingenia Communities Management Trust  
For the six months ended 31 December 2021

### 14. BORROWINGS

	ICF		ICMT	
	31 Dec 2021 \$'000	30 Jun 2021 \$'000	31 Dec 2021 \$'000	30 Jun 2021 \$'000
<b>Current</b>				
Lease liabilities – Right-of-use assets	-	-	22,809	15,567
Lease liabilities – Ground leases	1,730	-	1,047	1,036
	<b>1,730</b>	<b>-</b>	<b>23,856</b>	<b>16,603</b>
<b>Non-current</b>				
Bank debt	335,000	250,000	-	-
Prepaid borrowing costs	(3,651)	(2,835)	-	-
Lease liabilities – Right-of-use assets	-	-	198,175	50,303
Lease liabilities – Ground leases	30,861	-	21,824	22,008
	<b>362,210</b>	<b>247,165</b>	<b>219,999</b>	<b>72,311</b>

#### (a) Bank debt

In October 2021, the Group entered into a \$200.0 million six-year debt facility with two major Australian banks increasing the Group's available debt to \$725.0 million as at 31 December 2021 (30 Jun 2021: \$525.0 million).

As at 31 Dec 2021, the facilities have been drawn to \$335.0 million (30 Jun 2021: \$250.0 million). The carrying value of investment property net of resident liabilities at reporting date for the Group's Australian properties pledged as security is \$1,648.2 million (30 Jun 2021: \$1,174.7 million).

The facility maturity dates are:

- 31 December 2025 (\$174.6 million);
- 30 September 2026 (\$175.4 million);
- 31 January 2027 (\$200.0 million);
- 21 February 2027 (\$100.0 million); and
- 5 February 2028 (\$75.0 million)

#### (b) Bank guarantees

The Group has the ability to utilise its bank facilities to provide bank guarantees, which at 31 December 2021 were \$29.1 million (30 Jun 2021: \$22.2 million).

### 15. ISSUED UNITS

	ICF		ICMT	
	6 months to 31 Dec 2021 \$'000	12 months to 30 Jun 2021 \$'000	6 months to 31 Dec 2021 \$'000	12 months to 30 Jun 2021 \$'000
<b>(a) Carrying values</b>				
<b>Balance at beginning of the period</b>	<b>1,102,443</b>	<b>1,093,696</b>	<b>90,147</b>	<b>89,025</b>
Issued during the period:				
Dividend Reinvestment Plan ("DRP")	4,818	8,793	644	1,128
Institutional Placement, Rights Issue and Share Purchase Plan	371,307	-	48,530	-
Equity raising costs	(9,496)	(46)	(1,241)	(6)
<b>Balance at end of the period</b>	<b>1,469,072</b>	<b>1,102,443</b>	<b>138,080</b>	<b>90,147</b>
<b>The closing balance is attributable to the security holders of:</b>				
Ingenia Communities Fund	1,469,072	1,102,443	-	-
Ingenia Communities Management Trust	-	-	138,080	90,147
	<b>1,469,072</b>	<b>1,102,443</b>	<b>138,080</b>	<b>90,147</b>



## Notes to the Financial Statements (continued)

Ingenia Communities Fund and Ingenia Communities Management Trust

For the six months ended 31 December 2021

### 15. ISSUED UNITS (CONTINUED)

	ICF		ICMT	
	6 months to 31 Dec 2021	12 months to 30 Jun 2021	6 months to 31 Dec 2021	12 months to 30 Jun 2021
(b) Number of issued securities	'000	'000	'000	'000
<b>Balance at beginning of the period</b>	<b>327,877</b>	<b>325,553</b>	<b>327,877</b>	<b>325,553</b>
Issued during the period:				
Dividend Reinvestment Plan ("DRP")	986	2,324	986	2,324
Institutional Placement, Rights Issue and Share Purchase Plan	77,562	-	77,562	-
<b>Balance at end of the period</b>	<b>406,425</b>	<b>327,877</b>	<b>406,425</b>	<b>327,877</b>

#### (c) Term of securities

All securities are fully paid and rank equally with each other for all purposes. Each security entitles the holder to one vote, in person or by proxy, at a meeting of security holders.

### 16. COMMITMENTS

ICF has commitments for capital expenditure on investment properties and inventories contracted but not provided for at reporting date of \$171,538 (30 Jun 2021: \$384,036). ICMT has commitments for capital expenditure on investment properties and inventories contracted but not provided for at reporting date of \$19,898,328 (30 Jun 2021: \$26,177,739).

### 17. SUBSEQUENT EVENTS

#### Interim distribution

On 22 February 2022, the Directors declared an interim distribution of 5.2 cps amounting to \$21.1 million, to be paid on 24 March 2022.

#### Acquisition of Oakland Village

On 2 February 2022, the Group completed the acquisition of Oakland Village, located in Beaudesert QLD, for a purchase price of \$8.5 million.

## Directors' Declaration

Ingenia Communities Fund and Ingenia Communities Management Trust  
For the six months ended 31 December 2021

In accordance with a resolution of the directors of Ingenia Communities Fund and of Ingenia Communities Management Trust, I state that:

1. In the opinion of the directors:
  - (a) the financial statements and notes of Ingenia Communities Fund and of Ingenia Communities Management Trust for the half-year ended 31 December 2021 are in accordance with the *Corporations Act 2001*, including:
    - (i) giving a true and fair view of each Trust's financial position as at 31 December 2021 and of their performance for the six months ended on that date; and
    - (ii) complying with Accounting Standards and Corporations Regulations 2001; and
  - (b) there are reasonable grounds to believe that Ingenia Communities Fund and Ingenia Communities Management Trust will be able to pay their debts as and when they become due and payable.
2. The notes to the financial statements include an explicit and unreserved statement of compliance with international financial reporting standards at Note 1(b).
3. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the half-year ended 31 December 2021.

On behalf of the Board



Jim Hazel  
Chairman  
Adelaide, 22 February 2022



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Ernst & Young  
200 George Street  
Sydney NSW 2000 Australia  
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555  
Fax: +61 2 9248 5959  
ey.com/au

## Independent Auditor's Review Report to the Unitholders of Ingenia Communities Fund and Ingenia Communities Management Trust ("the Trusts")

### Conclusion

We have reviewed the accompanying half-year financial report which have been prepared in accordance with ASIC Corporations (Stapled Group Reports) Instrument 2015/838 and comprise:

- the consolidated balance sheet as at 31 December 2021, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the half-year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of Ingenia Communities Fund, comprising Ingenia Communities Fund and the entities it controlled at half-year end or from time to time during the half-year.
- the consolidated balance sheet as at 31 December 2021, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the half-year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of Ingenia Communities Management Trust, comprising Ingenia Communities Management Trust and the entities it controlled at half-year end or from time to time during the half-year.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Trusts are not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of each consolidated entity's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-Year Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### Emphasis of Matter: Investment Property Fair Value

We draw attention to Note 8 of the financial report which describes the impact of the COVID-19 pandemic on the determination of fair value of investment property and how this has been considered by the Directors in the preparation of the financial report. Due to the heightened degree of valuation uncertainty, property values may change significantly and unexpectedly over a relatively short period of time. Our opinion is not modified in respect of this matter.



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## Directors' Responsibility for the Half-Year Financial Report

The directors of the Ingenia Communities RE Limited as Responsible Entity of the Trusts are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

## Auditor's Responsibilities for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the each consolidated entity's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Yvonne Barnikel  
Partner  
Sydney  
22 February 2022