

APPENDIX 4D
Half-Year Financial Report
Half-Year ended 31 December 2022

Name of Entity: 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.

Current period:	1 July 2022 – 31 December 2022
Previous corresponding period:	1 July 2021 – 31 December 2021

Results for announcement to the market

	31 Dec 2022	31 Dec 2021	Change	Change
	\$'000	\$'000	\$'000	%
Revenues	173,557	131,415	42,142	32%
Profit from ordinary activities after tax attributable to members	33,650	39,849	(6,199)	(16%)
Net profit for the period attributable to members	33,650	39,849	(6,199)	(16%)
Underlying profit	34,825	28,143	6,682	24%
Distributions - current period (cents):				
FY22 Final Distribution (paid 21 September 2022)	5.8	5.5	0.3	5%
FY23 Interim Distribution (payable 23 March 2023)	5.2	5.2	-	-
FY23 Interim distribution dates				
Ex-dividend date	24 February 2023			
Record date	5pm, 27 February 2023			
Payment date	23 March 2023			
The Dividend and Distribution Reinvestment Plan is not operational for this distribution				
	31 Dec 2022	30 Jun 2022	Change	Change
Net asset value per security	\$3.78	\$3.75	\$0.03	1%
Net tangible asset value per security	\$3.53	\$3.50	\$0.03	1%

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 2022 and any ASX announcements issued during the period.

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

Control gained: None

Control lost: None

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 2022 Half-Year Financial Report for further detail.

Audit status

This report is based on the consolidated 31 December 2022 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 2022 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 2022 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



Charisse Nortje
Company Secretary
21 February 2023



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

HALF-YEAR FINANCIAL REPORT
31 December 2022

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 2022

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Directors' Report

Ingenia Communities Holdings Limited
For the six months ended 31 December 2022

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 2022 (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

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))
Charisse Nortje (appointed, effective 1 July 2022)

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 2022 were valued at \$2.0 billion, comprising 72 lifestyle rental and holiday communities (Ingenia Lifestyle Rental and Holidays) and 25 seniors rental communities (Ingenia Gardens). The Group also manages and has a co-investment in 11 assets through its development joint venture (JV) and funds management platform and provides management and development services to these entities. The Group was first included in the S&P/ASX 200 in December 2019 and had a market capitalisation of approximately \$1.8 billion at 31 December 2022.

The Group's vision is to create Australia's best lifestyle communities and holiday park accommodation, with a focus on the seniors demographic. The Board is committed to delivering long-term underlying earnings per security (EPS) growth to security holders while providing a supportive community environment for residents and guests and creating communities that have a positive impact on our stakeholders and planet.

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 and guest 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 2022

Creating Australia's best lifestyle and holiday communities



Strategy

The Group is positioning for innovation, scale and long-term sector leadership while enhancing the operational performance of its investment properties and developing new sustainable communities.

Using a disciplined investment framework, the Group will: continue to refine and grow its lifestyle and holiday communities business in metropolitan and coastal locations; build out its existing development pipeline; expand development and revenue streams directly and via capital partnerships including 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 by investing in our systems and processes;
- Enhance competitive advantage through recruiting, retaining and developing industry leading talent;
- Improve performance of existing communities through maintainable rental growth, active cost management and investment in new rental and tourism cabins;
- Continue to build out the development pipeline across the Group and JV projects and integrating new building partners to support scale and growth of settlements;
- Build on the Group's sustainability program through environmental, social and governance initiatives which includes commencing the construction of two communities targeting a Green Star - Communities rating and expanding our charitable giving programs;
- Maintain focus on employee, resident and guest health and safety; and
- Expand the Group's capital partnerships to leverage Ingenia's capability and established platform, while extending the Group's asset base through co-investment.

Portfolio Refinement, Integration and Development Pipeline Expansion

During the period, the Group divested two Ingenia Gardens rental communities (Horsham, VIC and Tamworth, NSW) and one holiday park (Swan Reach, VIC) in line with a focus on divesting non-core assets and recycling capital into the Group's development pipeline.

In 1H23, the Group announced the acquisition of development projects in Sunbury, VIC and Gordonvale, QLD providing the potential to build more than 480 lifestyle homes across the two sites. The acquisitions are expected to contribute settlements in the short to medium term in line with a focus on developing quality lifestyle communities.

The Group is well positioned for further expansion through development with 16 projects currently underway and more than 8 communities commencing development over FY23-25. The portfolio will also achieve incremental expansion by continuing to add sites within existing communities.

Directors' Report (continued)

Ingenia Communities Holdings Limited
For the six months ended 31 December 2022

1H23 financial results

The six months to 31 December 2022 delivered total revenue of \$173.6 million, up 32% on the prior corresponding period. The Group settled 115 turnkey homes (1H22: 121 homes) delivering a gross new home development profit of \$23.6 million (1H22: \$20.5 million). A further 10 homes were settled within the JV, achieving a combined total of 125 turnkey home settlements during the period (1H22: 139 homes). In addition, Lifestyle and Holidays rental income from permanent, annual and tourism clients grew by 55% to \$88.5 million (1H22: \$57.1 million).

Statutory profit of \$33.7 million was down 16% 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 the capitalisation of improved operating income. The prior corresponding period statutory profit reflected a greater impact from the revaluation of investment property.

Underlying profit of \$34.8 million, which represents an increase of \$6.7 million on the prior corresponding period, is primarily attributable to strong demand within the tourism platform. The result also reflects the integration of the 1H22 acquisitions which increased the Group's recurring rental base for the full 6 month period. The strong performance was partially offset by increases in the Group's cost base and interest expense.

Operating cash flow for the period was \$23.5 million, down 39% from the prior corresponding period. This reduction was predominantly driven by significant investment in inventory ahead of forecast settlements in the second half of FY23 and early FY24. Strong cashflows from the Lifestyle Rental and Holidays portfolios positively contributed to the operating cashflows for the period.

The Group's net asset value (NAV) of \$3.78 per security was up by 1% (30 Jun 2022: \$3.75) and net tangible assets per security (NTA) increased 1% to \$3.53 (30 Jun 2022: \$3.50).

Key metrics

- 14,500 income generating sites across the Group as at 31 December 2022
- Statutory profit of \$33.7 million, down 16% on the prior corresponding period
- Underlying profit of \$34.8 million, up 24% on the prior corresponding period
- Basic earnings per security (Statutory) of 8.3 cps, down 27% on the prior corresponding period (1H22: 11.4 cps)
- Basic earnings per security (Underlying) of 8.5 cps, increased by 5% on the prior corresponding period (1H22: 8.1 cps)
- Operating cash flows of \$23.5 million, down 39% on the prior corresponding period
- Interim distribution of 5.2 cps, consistent with the prior corresponding period

Directors' Report (continued)

Ingenia Communities Holdings Limited
For the six months ended 31 December 2022

Group results summary

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

	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
EBIT	41,985	33,872
Share of joint venture profit - operating	733	1,479
Share of associate loss	(500)	(250)
Net finance expense	(6,808)	(3,888)
Tax expense associated with underlying profit	(585)	(3,070)
Underlying profit⁽¹⁾	34,825	28,143
Net gain/(loss) on change in fair value of:		
Investment properties	7,027	53,839
Acquisition costs	(2,062)	(12,434)
Financial liabilities	(543)	(4,085)
Investment and other financial instruments	524	763
Share of joint venture (loss)/profit	(1,885)	1,994
Business combination transaction costs	-	(18,000)
Other	753	(177)
Tax expense associated with items below underlying profit	(4,989)	(10,194)
Statutory profit	33,650	39,849

(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 16 communities and the Group has a strong development pipeline of 6,450 potential new home sites across 32 projects within Ingenia and the joint venture (30 Jun 2022: 6,580).

The Group delivered 115 new turnkey settlements (1H22: 121) with a further 10 (1H22: 18) settlements in the JV as construction timeframes have lengthened particularly as a result of industry wide labour shortages and weather related delays. While new home settlements declined by 5% on 1H22, the Group achieved a 15% increase in the gross new home development profit from higher margin premium homes.

During the period, the Group has deployed significant operating cashflows in developing communities and building inventory ahead of home settlements in 2H23 and FY24.

The Group is continuing to experience strong demand for its lifestyle offering from downsizers, with positive responses to new project releases having regard to both home product offerings and pricing.

The carrying value of the Ingenia Lifestyle Development investment property at 31 December 2022 is \$284.9 million (30 Jun 2022: \$272.90 million) with valuations moderating and home settlements resulting in the realisation of development value.

Performance

	31 Dec 2022	31 Dec 2021	Change %
Ingenia new home settlements (#)	115	121	(5%)
Gross new home development profit (\$m)	23.6	20.5	15%
Other home settlements (#)	-	2	NM
Gross refurbished home development profit (\$m)	-	0.1	NM
EBIT contribution (\$m)	6.8	10.0	(32%)
EBIT margin (%)	13.8	22.1	(8%)

Directors' Report (continued)

Ingenia Communities Holdings Limited
For the six months ended 31 December 2022

Strategic priorities

The key strategic priorities for Ingenia Lifestyle Development include: integrating new building partners to support scale and growth of settlements; launching new projects in our existing markets; expanding into new growth regions; rebuilding the Group's new home inventory to meet continued market demand; securing further development approvals for new homes within the current pipeline and on new properties recently acquired; securing land adjacent to the Group's existing communities; enhancing home and clubhouse designs to improve the sustainability of our communities; and delivering an outstanding experience for new residents.

Ingenia Lifestyle Rental

At 31 December 2022, Ingenia Lifestyle Rental comprises 39 communities offering an attractive community lifestyle for active downsizers. Ingenia Lifestyle Rental EBIT increased 65% to \$16.7 million.

During 1H23, the Group continued to expand its rental assets by delivering 115 new settlements from its development business and benefited from the integration of assets acquired in 1H22.

The Group delivered 44 new rental cabins across our communities at Chambers Pines, Durack and Eight Mile Plains.

Permanent rental income grew by 51% on the prior corresponding period driven by rental increases, 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 2022 is \$875.0 million (30 Jun 2022: \$827.1 million).

Performance

	31 Dec 2022	31 Dec 2021	Change %
Permanent rental income (\$m)	30.3	20.1	51%
Tourism rental income (\$m)	1.3	0.4	225%
Other (\$m)	5.7	2.1	171%
EBIT contribution (\$m)	16.7	10.1	65%
Stabilised EBIT margin (%) ⁽¹⁾	47.0	47.3	NM

(1) Excludes impact of one-off transactions and acquisitions/disposals during the periods.

Strategic priorities

The strategic priorities for Ingenia Lifestyle Rental are: increasing engagement and experience for new and current residents; maintaining high occupancy and sustainable rental growth; continued investment in new rental homes and leveraging scale efficiencies.

Ingenia Gardens

Ingenia Gardens comprises 25 rental communities located across the eastern seaboard and WA. Collectively, these communities offering 1,340 rental units. The portfolio performed ahead of prior corresponding period, despite two communities being divested during the period.

The portfolio maintained high occupancy with demand for affordable seniors rental accommodation continuing across the portfolio. On a comparative portfolio basis, rental growth was achieved at a rate aligned to growth in the aged pension. EBIT was impacted by higher staff costs driven by award wage increases.

The carrying value of these assets at 31 December 2022 is \$161.6 million (30 Jun 2022: \$167.2 million).

Directors' Report (continued)

Ingenia Communities Holdings Limited
For the six months ended 31 December 2022

Performance

	31 Dec 2022	31 Dec 2021	Change %
Rental communities (#)	25	27	(7%)
Occupancy (%)	95.7	95.5	NM
Rental income (\$m)	12.7	12.1	5%
Catering income (\$m)	1.3	1.3	-
EBIT contribution (\$m)	5.8	6.0	(3%)
Stabilised EBIT margin (%) ⁽¹⁾	40.8	44.2	(3%)

(1) Excludes impact of one-off transactions and acquisitions/disposals during the periods.

Strategic priorities

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

Tourism

Ingenia Holidays and Mixed Use

At 31 December 2022, the Ingenia Holidays portfolio comprises 33 holiday communities that offer holiday accommodation, annual sites and permanent homes.

The Group continues to refine and consolidate the portfolio with the divestment of Ingenia Holidays Swan Reach, VIC; the installation of 22 new tourism cabins and the integration of 11 holiday parks acquired in 1H22. As part of the portfolio refinement, the Group has earmarked a further asset in the portfolio for sale being Lake Hume, NSW.

Tourism rental income increased 70% and EBIT increased by 64% driven by the acquisition of new holiday parks in 2022 and 1H23. Tourism demand continues to perform at levels above pre-pandemic trading.

The carrying value of the Group's Holidays investment property at 31 December 2022 is \$697.7 million (30 Jun 2022: \$670.70 million).

Performance

	31 Dec 2022	31 Dec 2021	Change %
Tourism rental income (\$m)	45.9	27.0	70%
Permanent rental income (\$m)	5.6	5.3	6%
Annuals rental income (\$m)	5.3	4.2	26%
Other (\$m)	2.8	2.0	40%
EBIT contribution (\$m)	20.8	12.7	64%
Stabilised EBIT margin (%) ⁽¹⁾	35.0	33.1	2%

(1) Excludes impact of one-off transactions and acquisitions/disposals during the periods.

Strategic priorities

The strategic priorities for Ingenia Holidays are: growing tourism revenue by leveraging our customer database; improving guest experience; innovating our product and service offering; and investing in new tourism cabins.

Capital Partnerships

Capital partnerships through co-investment and funds management enables the Group to maximise scale, generate fee income and extend the Group's asset base. With a wide pipeline of opportunities before the Group, there is potential to expand and extend capital partnering to support future acquisitions, enhance development, and enable portfolio refinement and growth.

Directors' Report (continued)

Ingenia Communities Holdings Limited
For the six months ended 31 December 2022

Development Joint Venture

The JV with Sun Communities (NYSE: SUI) leverages Ingenia's capability to generate fees and expands its development spread via co-investment. As at 31 December 2022, the JV has invested in five projects with three under active development.

The JV delivered \$5.2 million (1H22: \$7.6 million) revenue from the settlement of 10 (1H22: 18) new homes at its first greenfield project located at Burpengary, QLD. Construction of homes has commenced at Bobs Farm, NSW the JV's second project which will launch in 2023.

During 1H23, fees generated by Ingenia from the JV related to acquisition, asset management, development and sales.

Performance

	31 Dec 2022	31 Dec 2021	Change %
Greenfield properties (#)	5	5	-
Investment carrying value (\$m)	64.9	48.5	34%
New home settlements (#)	10	18	(44%)
Fee income (\$m)	1.7	1.0	70%
Joint venture revenue (\$m)	5.2	7.6	(32%)
Joint venture operating profit before interest and tax (\$m)	1.8	3.6	(50%)
Share of (loss)/profit from joint venture (\$m)	(1.2)	3.5	(134%)

Strategic priorities

The strategic priorities for the JV are to continue to assess greenfield sites in key metro and coastal markets and to develop its significant portfolio of new lifestyle communities. The JV 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.

Funds Management

The Group's funds and asset management business manages five funds that invest in lifestyle and holiday communities situated in NSW and QLD. 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 five funds, to increase alignment with fund investors. The investment in the funds generates asset ownership and development revenue streams.

The decline in investment carrying value is a result of the divestment of the assets within one of the funds during 2H22. The assets were acquired by Ingenia following approval from the fund's shareholders.

	31 Dec 2022	31 Dec 2021	Change %
Investment carrying value (\$m)	5.8	14.1	(59%)
Fee income (\$m)	0.7	1.3	(46%)
Distribution income (\$m)	0.5	0.4	25%

Strategic priorities

The strategic priority of the funds management business is to leverage the Group's platform to maximise investor returns and deliver an income stream for the Group.

Directors' Report (continued)

Ingenia Communities Holdings Limited
For the six months ended 31 December 2022

Food, Fuel & Beverage

The Group's investment in service station and food & beverage operations are adjoined to Ingenia Holiday communities. The growth in 1H23 EBIT is aligned to the strong performance in the Ingenia Holidays portfolio with the offering contributing to an enhanced guest experience and providing a service to the greater local community.

	31 Dec 2022	31 Dec 2021	Change %
Total revenue (\$m)	10.1	9.0	12%
EBIT contribution (\$m)	0.7	0.4	75%
Stabilised EBIT Margin (%) ⁽¹⁾	6.9	4.2	3%

(1) Excludes impact of one-off transactions and acquisitions/disposals during the periods.

Capital management of the Group

At 31 December 2022, the Group had a combined facility limit of \$780.0 million, with a weighted average term to maturity of 3.9 years, drawn to \$551.0 million.

The Group's Loan to Value Ratio ("LVR") was 30.9%, gearing was 24.9% and the Group was 49.9% hedged.

Financial position

The following table provides a summary of the Group's financial position as at 31 December 2022:

	31 Dec 2022	30 Jun 2022	Change
	\$'000	\$'000	\$'000
Cash and cash equivalents	10,618	14,486	(3,868)
Inventories	35,254	19,535	15,719
Investment properties	2,019,094	1,937,888	81,206
Intangibles	102,943	103,203	(260)
Other assets	115,527	103,779	11,748
Assets held for sale	5,300	4,150	1,150
Total assets	2,288,736	2,183,041	105,695
Borrowings	605,394	495,603	109,791
Other liabilities	110,421	131,713	(21,292)
Deferred tax liability	31,791	26,217	5,574
Total liabilities	747,606	653,533	94,073
Net assets/equity	1,541,130	1,529,508	11,622

Investment property book value increased by \$81.2 million from 30 June 2022 resulting from the recognition of improved earnings and investment in capital works within communities under development.

Intangibles relating to the goodwill on the acquisition of the Seachange Group has been maintained with the portfolio successfully integrated into the business.

Borrowings increased by \$109.8 million attributable the Group rebuilding its inventory, the acquisition of development sites and investment in additional cabins across the portfolio.

Directors' Report (continued)

Ingenia Communities Holdings Limited
For the six months ended 31 December 2022

Cash flow

	31 Dec 2022	31 Dec 2021	Change
	\$'000	\$'000	\$'000
Operating cash flow	23,528	38,855	(15,327)
Investing cash flow	(109,288)	(571,160)	461,872
Financing cash flow	81,892	530,589	(448,697)
Net change in cash and cash equivalents	(3,868)	(1,716)	(2,152)

Operating cash flow for the Group was down 39% to \$23.5 million, due to the impact of increased construction timeframes from industry wide related shortages and weather related delays. Additionally, the Group continued to invest in inventory to support 2H23 and FY24 settlements. This was offset by the strong performance in the tourism portfolio and growth in the rental portfolio.

Distributions

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

- On 24 August 2022, the Directors declared a final distribution of 5.8 cps amounting to \$23.6 million, which was paid on 21 September 2022.
- On 21 February 2023, the Directors declared an interim distribution of 5.2 cps, amounting to \$21.2 million to be paid on 23 March 2023.

FY23 outlook

The Group's lifestyle business remains well placed for ongoing expansion with strong demand from an ageing population. Our residents are increasingly seeking quality community living and affordable rental accommodation in metro, coastal and regional markets which the Group is strongly leveraged to deliver. Investment in inventory capitalises on this demand and enables the long-term sustainable generation of rental cash flows. Investing in new rental homes remains a key priority for the Group.

Ingenia will continue to grow its lifestyle communities business through its development pipeline. The Group is adapting its sales and development approach in response to industry wide trade shortages and lengthening construction timeframes.

The strong demand in domestic tourism is expected to continue with Ingenia to continue to benefit from this growth in local tourism with an extensive portfolio located in attractive holiday destinations. The priority for Ingenia Holidays is to enhance the customer experience by refurbishing existing cabins and investing in new tourism cabins.

The Group's strong balance sheet and deal flow provides for continuing capacity for growth and sector leadership. The Group will increase its asset base through capital partnerships including the ongoing development activity in the JV with the commencement of new developments in 2023 contributing to growth. Co-investment via capital partnership will remain a driver to enable a wider exposure to growth and acquisition opportunities.

Ingenia will continue to deliver on its environmental commitments as the Group targets a 30% reduction in carbon emissions over a five-year period to 2026 and a carbon neutral operation by 2035.

The Group will 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 or disposed of during the period and Note 16 for details of debt facility.

Directors' Report (continued)

Ingenia Communities Holdings Limited
For the six months ended 31 December 2022

EVENTS SUBSEQUENT TO REPORTING DATE

Interim distribution

On 21 February 2023, the Directors declared an interim distribution of 5.2 cps amounting to \$21.2 million, to be paid on 23 March 2023.

Acquisition of adjacent land

On 31 January 2023, the Group completed the acquisition of land adjacent to Ingenia Lifestyle Bargara, located in Innes Park, QLD, for a purchase price of \$2.8 million.

LIKELY DEVELOPMENTS

The Group will continue to pursue strategies aimed at the longer term growth of its cash earnings, profitability and market share within the lifestyle and rental and tourism sectors through:

- Developing greenfield sites in identified growth corridors and expanding existing lifestyle communities;
- Ongoing co-investment through the Group's capital partnerships to fund growth and leverage scale and capability; and
- Divesting non-core assets to further support investment in growth and portfolio refinement.

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.

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 13.

Directors' Report (continued)

Ingenia Communities Holdings Limited
For the six months ended 31 December 2022

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, 21 February 2023



**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 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 2022, 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.

A handwritten signature in cursive script that reads "Ernst & Young".

Ernst & Young

A handwritten signature in cursive script that reads "Yvonne Barnikel".

Yvonne Barnikel
Partner
21 February 2023

Consolidated Statement of Comprehensive Income

Ingenia Communities Holdings Limited
For the six months ended 31 December 2022

	Note	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Lifestyle homes sales		49,593	45,255
Residential rental income		48,699	37,536
Tourism rental income		47,185	27,448
Annuals rental income		5,331	4,207
Other revenue	5	22,749	16,969
Revenue		173,557	131,415
Cost of lifestyle homes sold		(26,023)	(24,367)
Employee expenses		(50,155)	(35,334)
Property expenses		(26,859)	(17,239)
Administrative expenses		(13,497)	(7,969)
Operational, marketing and selling expenses		(7,861)	(5,240)
Service station expenses		(4,926)	(5,315)
Depreciation and amortisation expense		(2,251)	(2,079)
Operating profit before interest and tax		41,985	33,872
Net finance expense	6	(6,808)	(3,888)
Operating profit before tax		35,177	29,984
Share of joint venture (loss)/profit	12	(1,152)	3,473
Share of associate loss		(500)	(250)
Net gain/(loss) on change in fair value of:			
Investment properties	10(b)	4,965	41,405
Financial liabilities		(543)	(4,085)
Investments and other financial instruments		524	763
Business combination transaction costs	13	-	(18,000)
Other		753	(177)
Profit before income tax		39,224	53,113
Income tax expense	7	(5,574)	(13,264)
Net profit for the period		33,650	39,849
Total comprehensive income for the year net of income tax		33,650	39,849
		31 Dec 2022	31 Dec 2021
		Cents	Cents
Distributions per security paid⁽¹⁾		5.8	5.5
Earnings per security:			
Basic earnings			
Per security	4	8.3	11.4
Diluted earnings per security			
Per security	4	8.2	11.4

(1) Distributions relate to the amount paid for the previous reporting period. An interim distribution of 5.2 cps (31 Dec 2021: 5.2 cps) for the current reporting period was declared on 21 February 2023 to be paid on 23 March 2023.

Notes to the Consolidated Financial Statements are included on pages 18 to 34.

Consolidated Balance Sheet

Ingenia Communities Holdings Limited

As at 31 December 2022

	Note	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Current assets			
Cash and cash equivalents		10,618	14,486
Trade and other receivables		23,144	13,194
Inventories	8	35,254	19,535
Assets held for sale	9	5,300	4,150
Tax receivable		3,113	1,287
Total current assets		77,429	52,652
Non-current assets			
Trade and other receivables		348	1,524
Investment properties	10	2,019,094	1,937,888
Investment in a joint venture	12	64,949	66,101
Other financial assets		12,613	9,605
Plant and equipment		8,093	7,415
Intangibles	11	102,943	103,203
Right-of-use assets		3,267	4,153
Investment in associates		-	500
Total non-current assets		2,211,307	2,130,389
Total assets		2,288,736	2,183,041
Current liabilities			
Trade and other payables	15	85,585	106,891
Borrowings	16	4,106	4,395
Employee liabilities		5,602	4,688
Other financial liabilities		669	1,188
Total current liabilities		95,962	117,162
Non-current liabilities			
Borrowings	16	601,288	491,208
Other financial liabilities		16,155	15,421
Employee liabilities		985	1,013
Other payables	15	1,425	2,512
Deferred tax liability	14	31,791	26,217
Total non-current liabilities		651,644	536,371
Total liabilities		747,606	653,533
Net assets		1,541,130	1,529,508
Equity			
Issued securities	17(a)	1,704,216	1,704,230
Reserves		(2,686)	(4,312)
Accumulated losses		(160,400)	(170,410)
Total equity		1,541,130	1,529,508
Net asset value per security (\$)		\$ 3.78	\$ 3.75

Notes to the Consolidated Financial Statements are included on pages 18 to 34.

Consolidated Cash Flow Statement

Ingenia Communities Holdings Limited
For the six months ended 31 December 2022

Note	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Cash flows from operating activities		
Rental and other property income	126,812	86,706
Property and other expenses	(98,125)	(59,645)
Proceeds from sale of lifestyle homes	54,016	50,324
Purchase of lifestyle homes	(49,853)	(31,890)
Proceeds from sale of service station inventory	6,212	6,601
Purchase of service station inventory	(5,515)	(5,830)
Borrowing costs paid	(8,321)	(3,936)
Income tax paid	(1,859)	(3,570)
Interest received	161	17
Net movement in resident loans	-	78
	23,528	38,855
Cash flows from investing activities		
Payments for acquisition of investment properties	(39,411)	(247,660)
Additions to investment properties	(69,370)	(54,865)
Purchase and additions of plant and equipment	(1,985)	(1,286)
Purchase and additions of intangible asset	-	(144)
Proceeds from sale of investment properties	16,040	9,409
Payments for acquisition of financial assets	-	(887)
Net payments for acquisition of Seachange	(15,505)	(262,506)
Investment in joint venture and associates	943	(12,725)
Other	-	(496)
	(109,288)	(571,160)
Cash flows from financing activities		
Proceeds from issue of stapled securities	-	480,837
Payments for security issue costs	(14)	(9,460)
Distributions to security holders	(23,640)	(18,033)
Proceeds from borrowings	191,000	328,000
Repayment of borrowings	(80,000)	(243,000)
Payments for debt issue costs	(136)	(1,136)
Payment for derivatives and financial instruments	(2,165)	-
Other	(3,153)	(6,619)
	81,892	530,589
Net decrease in cash and cash equivalents		
	(3,868)	(1,716)
Cash and cash equivalents at the beginning of the period	14,486	18,797
Cash and cash equivalents at the end of the period	10,618	17,081

Notes to the Consolidated Financial Statements are included on pages 18 to 34.

Consolidated Statement of Changes in Equity

Ingenia Communities Holdings Limited
For the six months ended 31 December 2022

		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
Carrying value 1 Jul 2022		91,960	(4,312)	102,137	189,785	1,339,723	1,529,508
Net profit		-	-	7,923	7,923	25,727	33,650
Total comprehensive income for the period		-	-	7,923	7,923	25,727	33,650
<i>Transactions with security holders in their capacity as security holders:</i>							
Issue of securities	17(a)	(1)	-	-	(1)	(13)	(14)
Share based payment transactions		-	1,626	-	1,626	-	1,626
Payment of distributions to security holders		-	-	-	-	(23,640)	(23,640)
Carrying value 31 Dec 2022		91,959	(2,686)	110,060	199,333	1,341,797	1,541,130

		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
Carrying value 1 Jul 2021		37,140	(4,867)	74,423	106,696	886,337	993,033
Net profit		-	-	8,012	8,012	31,837	39,849
Total comprehensive income for the period		-	-	8,012	8,012	31,837	39,849
<i>Transactions with security holders in their capacity as security holders:</i>							
Issue of securities		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)
Carrying value 31 Dec 2021		91,275	(3,480)	82,435	170,230	1,314,703	1,484,933

Notes to the Consolidated Financial Statements are included on pages 18 to 34.

Notes to the Financial Statements

Ingenia Communities Holdings Limited
For the six months ended 31 December 2022

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 2022 was authorised for issue by the Directors on 21 February 2023.

(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 2022 and any ASX announcements issued during the period.

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 2022 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.

At 31 December 2022, the Group recorded a net current asset deficiency of \$18,533,000. This deficiency is due to the timing and nature of the Group’s business, where trade and other receivables and inventory fluctuates based on settlements of lifestyle homes, whilst trade and other payables are driven by the overall activities of the Group. The Group has committed to capital expenditure on investment properties and inventories at reporting date of \$123,286,239, which will be funded from operating cashflows and access to \$201,294,279 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.

(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.

Notes to the Financial Statements (continued)

Ingenia Communities Holdings Limited
For the six months ended 31 December 2022

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 2022

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 – seniors rental villages;
- Ingenia Holidays – comprising tourism and rental accommodation within holiday parks;
- Fuel, Food & Beverage Services – consists of the Group's 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 2022

	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	
Segment revenue							
Lifestyle home sales	49,593	-	-	-	-	-	49,593
Residential rental income	-	30,332	12,727	5,640	-	-	48,699
Tourism rental income	-	1,275	-	45,910	-	-	47,185
Annual rental income	-	30	-	5,301	-	-	5,331
Other revenue	-	5,651	1,385	2,760	10,103	2,850	22,749
Total revenue	49,593	37,288	14,112	59,611	10,103	2,850	173,557
Segment underlying profit							
External segment revenue	49,593	37,288	14,112	59,611	10,103	2,850	173,557
Cost of lifestyle homes sold	(26,023)	-	-	-	-	-	(26,023)
Employee expenses	(10,238)	(8,491)	(3,588)	(20,124)	(2,271)	(5,443)	(50,155)
Property expenses	(978)	(8,926)	(3,822)	(12,312)	(455)	(366)	(26,859)
Administrative expenses	(2,549)	(2,348)	(539)	(3,816)	(44)	(4,201)	(13,497)
Operational, marketing and selling expenses	(2,583)	(581)	(354)	(1,966)	(1,727)	(650)	(7,861)
Service station expenses	-	-	-	(42)	(4,884)	-	(4,926)
Depreciation and amortisation expense	(399)	(243)	(46)	(502)	(24)	(1,037)	(2,251)
Earnings before interest and tax	6,823	16,699	5,763	20,849	698	(8,847)	41,985
Share of joint venture profit							733
Share of associate loss							(500)
Net finance expense							(6,808)
Income tax expense							(585)
Total underlying profit							34,825
Net gain/(loss) on change in fair value of:							
Investment properties							4,965
Financial liabilities							(543)
Investments and other financial instruments							524
Share of joint venture loss							(1,885)
Other							753
Income tax expense							(4,989)
Profit after tax							33,650
Segment assets							
Segment assets	325,588	1,011,271	164,904	700,530	420	80,723	2,283,436
Asset held for sale	-	-	-	5,300	-	-	5,300
Total assets	325,588	1,011,271	164,904	705,830	420	80,723	2,288,736

Notes to the Financial Statements (continued)

Ingenia Communities Holdings Limited
For the six months ended 31 December 2022

3. SEGMENT INFORMATION (CONTINUED)

(c) 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	
Segment revenue							
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
Total revenue	45,255	22,552	13,490	38,512	8,969	2,637	131,415
Segment underlying profit							
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)
Earnings before interest and tax	9,984	10,142	5,968	12,749	374	(5,345)	33,872
Share of joint venture profit							1,479
Share of associate loss							(250)
Net finance expense							(3,888)
Income tax expense							(3,070)
Total underlying profit							28,143
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)
Profit after tax							39,849
Segment assets							
Segment assets	293,717	682,291	168,598	755,233	335	107,582	2,007,756
Total assets	293,717	682,291	168,598	755,233	335	107,582	2,007,756

Notes to the Financial Statements (continued)

Ingenia Communities Holdings Limited
For the six months ended 31 December 2022

4. EARNINGS PER SECURITY

	<u>31 Dec 2022</u>	<u>31 Dec 2021</u>
Per security		
Profit attributable to security holders (\$'000)	33,650	39,849
Weighted average number of securities outstanding (thousands):		
Issued securities (thousands)	407,583	348,498
Dilutive securities (thousands):		
Long-term incentives	1,830	1,850
Short-term incentives	397	306
Talent Rights Grant	401	227
Fixed Remuneration Rights	98	29
Weighted average number of issued and dilutive potential securities outstanding (thousands)	<u>410,309</u>	<u>350,910</u>
Basic earnings per security (cents)	8.3	11.4
Dilutive earnings per security (cents)	<u>8.2</u>	<u>11.4</u>

5. OTHER REVENUE

	<u>31 Dec 2022</u>	<u>31 Dec 2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Other revenue		
Ancillary guest and resident income	7,601	5,013
Service station sales	5,606	5,957
Food and beverage sales	4,496	3,010
Fee income	2,718	2,265
Other	2,328	724
Total other revenue	<u>22,749</u>	<u>16,969</u>

6. NET FINANCE EXPENSE

	<u>31 Dec 2022</u>	<u>31 Dec 2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Interest income	508	17
Debt facility interest expense	(6,287)	(2,933)
Lease interest expense ⁽¹⁾	(1,029)	(972)
Net finance expense	<u>(6,808)</u>	<u>(3,888)</u>

(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 \$4,274,000 have been capitalised into investment properties associated with development assets (31 Dec 2021: \$1,396,000).

7. INCOME TAX EXPENSE

	<u>31 Dec 2022</u>	<u>31 Dec 2021</u>
	<u>\$'000</u>	<u>\$'000</u>
(a) Income tax expense		
Current tax expense	-	(20)
Increase in deferred tax liabilities	(5,574)	(13,244)
Income tax expense	<u>(5,574)</u>	<u>(13,264)</u>

Notes to the Financial Statements (continued)

Ingenia Communities Holdings Limited
For the six months ended 31 December 2022

7. INCOME TAX EXPENSE (CONTINUED)

	31 Dec 2022 \$'000	31 Dec 2021 \$'000
(b) Reconciliation between tax expense and pre-tax profit		
Profit before income tax	39,224	53,113
Less amounts not subject to Australian income tax	(22,759)	(3,937)
	16,465	49,176
Income tax expense at the Australian tax rate of 30% (31 Dec 2021: 30%)	(4,940)	(14,753)
Tax effect of amounts which are not deductible:		
Derecognition of previously recognised tax losses	(3,522)	-
Other	2,888	1,489
Income tax expense	(5,574)	(13,264)

8. INVENTORIES

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Lifestyle homes:		
Completed	1,391	-
Display homes	5,123	4,236
Under construction	28,326	14,970
Fuel, food and beverage supplies	414	329
Total inventories	35,254	19,535

The lifestyle home balance includes:

- 6 new completed homes (30 Jun 2022: Nil)
- 21 display homes (30 Jun 2022: 21)
- Lifestyle homes under construction includes 281 partially completed homes at different stages of development (30 Jun 2022: 157). It also includes demolition, site preparation costs buybacks on future development sites and refurbished/renovated/annuals completed homes.

9. ASSETS HELD FOR SALE

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Investment properties held for sale:		
Lake Hume, Bowna, NSW	5,300	-
Swan Reach, Swan Reach, VIC	-	4,150
Total assets held for sale	5,300	4,150

10. INVESTMENT PROPERTIES

(a) Summary of carrying value

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Completed properties	1,734,242	1,665,007
Properties under development	284,852	272,881
Total carrying value	2,019,094	1,937,888

Notes to the Financial Statements (continued)

Ingenia Communities Holdings Limited
For the six months ended 31 December 2022

10. INVESTMENT PROPERTIES (CONTINUED)

(b) Movements in carrying value

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Carrying value at the beginning of the period	1,937,888	1,231,336
Acquisitions	24,262	563,924
Expenditure capitalised	70,048	93,902
Net gain on change in fair value ⁽¹⁾	4,965	52,876
Transfer to assets held for sale	(5,300)	(4,150)
Disposals	(12,769)	-
Carrying value at the end of the period	2,019,094	1,937,888

(1) Net of acquisition transaction costs written off \$2,062,000 (31 Dec 2021: \$12,434,000).

(c) Reconciliation of fair value

	Ingenia Gardens \$'000	Rental \$'000	Holidays \$'000	Total \$'000
Carrying value at the beginning of the period	167,200	1,077,773	692,915	1,937,888
Acquisitions	-	10,450	13,812	24,262
Expenditure capitalised	946	51,411	17,691	70,048
Net gain on change in fair value ⁽¹⁾	4,002	154	809	4,965
Transfer to assets held for sale	-	-	(5,300)	(5,300)
Disposals	(10,578)	(2,191)	-	(12,769)
Carrying value at the end of the period	161,570	1,137,597	719,927	2,019,094

(1) Net of acquisition transaction costs written off \$2,062,000 (31 Dec 2021: \$12,434,000).

(d) Individual property carrying value

Completed properties	Carrying value	
	31 Dec 2022 \$'000	30 Jun 2022 \$'000
<i>Ingenia Gardens:</i>		
Brooklyn, Brookfield, VIC	5,200	6,080
Carey Park, Bunbury, WA	5,900	5,750
Jefferis, Bundaberg North, QLD	4,900	4,990
Oxley, Port Macquarie, NSW	6,200	6,150
Townsend, St Albans Park, VIC	5,910	5,720
Yakamia, Yakamia, WA	5,620	5,250
Goulburn, Goulburn, NSW	5,970	5,750
Coburns, Brookfield, VIC	5,350	5,670
Hertford, Sebastopol, VIC	5,240	5,120
Seascape, Erskine, WA	5,770	5,610
Seville Grove, Seville Grove, WA	4,690	4,610
St Albans Park, St Albans Park, VIC	7,050	6,920
Taloumbi, Coffs Harbour, NSW	7,040	6,840
Wheelers, Dubbo, NSW	6,150	5,820
Taree, Taree, NSW	6,200	6,020
Grovedale, Grovedale, VIC	5,980	5,750
Marsden, Marsden, QLD	14,950	12,750
Swan View, Swan View, WA	9,590	9,330
Dubbo, Dubbo, NSW	6,510	6,330
Ocean Grove, Mandurah, WA	4,590	4,590
Sovereign, Ballarat, VIC	5,640	5,400
Wagga, Wagga Wagga, NSW	5,710	5,580
Bathurst, Bathurst, NSW	5,660	5,550
Warrnambool, Warrnambool, VIC	5,200	5,080
Carrum Downs, Carrum Downs, VIC	10,550	10,000
Horsham, Horsham, VIC	-	4,610
Peel River, Tamworth, NSW	-	5,930
	161,570	167,200

Notes to the Financial Statements (continued)

Ingenia Communities Holdings Limited
For the six months ended 31 December 2022

10. INVESTMENT PROPERTIES (CONTINUED)

Completed properties (continued)	Carrying value	
	31 Dec 2022 \$'000	30 Jun 2022 \$'000
<i>Ingenia Lifestyle Rental:</i>		
The Grange, Morisset, NSW	34,401	33,559
Ettalong Beach, Ettalong Beach, NSW ⁽¹⁾	4,118	4,092
Stoney Creek, Marsden Park, NSW	32,543	32,140
Chambers Pines, Chambers Flat, QLD	67,148	62,177
Bethania, Bethania, QLD	32,268	28,406
Lara, Lara, VIC	44,450	36,350
Latitude One, Port Stephens, NSW ⁽²⁾	42,060	41,523
Blueys Beach, Blueys Beach, NSW	1,050	1,250
Durack, Durack, QLD	42,701	40,775
Eight Mile Plains, Eight Mile Plains, QLD	43,061	42,132
Plantations, Woolgoolga, NSW	25,347	24,886
Hervey Bay (Lifestyle), Hervey Bay, QLD	22,225	20,692
Brisbane North, Aspley, QLD	43,077	41,800
Bevington Shores, Halekulani, NSW	29,000	28,934
Taigum, Taigum, QLD	23,247	22,500
Lake Munmorah, Lake Munmorah, NSW	40,181	40,000
Sunnylake Shores, Halekulani, NSW	14,939	13,893
Redlands, Thornlands, QLD	7,332	6,726
Natures Edge, Buderim, QLD	36,901	33,756
Anna Bay, Anna Bay, NSW	4,400	4,400
Arundel, Arundel, QLD	70,437	65,000
Emerald Lakes, Carrara, QLD	23,725	22,500
Coomera, Upper Coomera, QLD	18,730	14,669
Toowoomba, Harristown, QLD	6,129	4,974
Carrum Downs (Rentals), Carrum Downs, VIC	24,315	23,000
Chelsea, Bonbeach, VIC	26,545	26,000
Frankston, Carrum Downs, VIC	24,930	24,000
Glenroy, Glenroy, VIC	31,950	31,432
Sunshine, Albion, VIC	24,450	24,560
Werribee, Werribee, VIC	31,300	31,008
Parkside, Lucas, VIC	2,030	-
	874,990	827,134

(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 leases carried within investment property is \$52,279,000 (30 June 2022: \$54,882,000).

(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 2022

10. INVESTMENT PROPERTIES (CONTINUED)

Completed properties (continued)	Carrying value	
	31 Dec 2022 \$'000	30 Jun 2022 \$'000
<i>Ingenia Holidays and Mixed Use:</i>		
Nepean River, Emu Plains, NSW	12,700	12,700
Kingscliff, Kingscliff, NSW	14,000	14,000
One Mile Beach, One Mile, NSW ⁽¹⁾	32,553	32,215
Hunter Valley, Cessnock, NSW	9,566	9,566
White Albatross, Nambucca Heads, NSW	38,200	38,200
Noosa, Tewantin, QLD	27,500	24,294
Lake Macquarie (Holidays), Mannering Park, NSW	13,150	13,150
Sydney Hills, Dural, NSW	14,649	14,649
Conjola Lakeside, Lake Conjola, NSW	56,066	53,515
Soldiers Point, Port Stephens, NSW	23,257	21,700
South West Rocks, South West Rocks NSW ⁽¹⁾	25,319	24,132
Broulee, Broulee, NSW ⁽¹⁾	7,817	7,837
Ocean Lake, Ocean Lake, NSW	11,660	11,660
Avina Van Village, Vineyard, NSW	21,418	21,418
Hervey Bay (Holidays), Hervey Bay, QLD	13,750	13,750
Cairns Coconut, Woree, QLD	66,209	62,768
Bonny Hills, Bonny Hills, NSW	15,107	15,107
Rivershore, Diddillibah, QLD	24,770	24,770
Byron Bay, Byron Bay, NSW ⁽¹⁾	25,397	25,289
Middle Rock, One Mile, NSW	22,587	22,518
Inverloch, Inverloch, VIC ⁽¹⁾	39,855	36,464
Townsville, Deeragun, QLD	9,061	8,600
Merry Beach, Kioloa, NSW ⁽¹⁾	25,601	23,533
Noosa North, Tewantin, QLD ⁽¹⁾	14,679	14,805
Eden, Eden, NSW ⁽¹⁾	10,345	10,203
Torquay, Torquay, VIC ⁽¹⁾	19,814	19,534
Phillip Island, Newhaven, VIC ⁽¹⁾	13,229	13,132
Cape Paterson, Cape Paterson, VIC ⁽¹⁾	7,323	6,964
Ulladulla, Ulladulla, NSW	13,000	13,000
Beacon, Queenscliff, VIC	31,000	31,000
Murray Bend, Koonoomoo, VIC	15,600	15,600
Swan Bay, Swan Bay, VIC	9,300	9,300
Big 4 Wagga, Wagga Wagga, NSW	13,200	-
Lake Hume, Bowna, NSW	-	5,300
	697,682	670,673
Total completed properties	1,734,242	1,665,007

(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 leases carried within investment property is \$52,279,000 (30 June 2022: \$54,882,000).

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 2022

10. INVESTMENT PROPERTIES (CONTINUED)

Properties under development	Carrying value	
	31 Dec 2022 \$'000	30 Jun 2022 \$'000
<i>Ingenia Lifestyle Rental and Ingenia Holidays:</i>		
Chambers Pines, Chambers Flat, QLD	14,327	12,788
Stoney Creek, Marsden Park, NSW	-	3,098
Bethania, Bethania, QLD	8,403	11,767
Lara, Lara, VIC	18,781	20,848
Avina Van Village, Vineyard, NSW	13,100	13,100
Latitude One, Port Stephens, NSW	2,250	2,250
Blueys Beach, Blueys Beach, NSW	8,896	8,223
Cairns Coconut, Woree, QLD	4,588	4,588
Hervey Bay (Lifestyle), Hervey Bay, QLD	20,916	16,027
Rivershore, Diddillibah, QLD	4,555	4,555
Sunnylake Shores, Halekulani, NSW	2,683	2,221
Parkside, Lucas, VIC	19,348	18,421
Redlands, Thornlands, QLD	1,700	1,700
Beveridge, Beveridge, VIC	22,199	19,453
Natures Edge, Buderim, QLD	19,209	19,214
Bargara, Innes Park, QLD	10,254	9,134
Rochedale, Rochedale, QLD	24,751	24,000
Coomera, Upper Coomera, QLD	5,990	12,334
Toowoomba, Harristown, QLD	13,426	14,755
Victoria Point, Victoria Point, QLD	36,670	30,367
Seachange Hervey Bay, Urangan, QLD	9,000	9,000
Beaudesert, Beaudesert, QLD	8,986	9,238
Branyan, Branyan, QLD	5,810	5,800
Sunbury, Sunbury, VIC	9,010	-
Properties to be developed	284,852	272,881
Total investment properties	2,019,094	1,937,888

Investment properties are carried at fair value in accordance with the Group's accounting policy in the Group's 30 June 2022 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 2022

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 2022	30 Jun 2022	
Ingenia Gardens	Capitalisation method	Stabilised occupancy	90% - 99% (96.0%)	88% - 98% (95.0%)	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	7.2% - 9.5% (8.9%)	7.2% - 9.5% (9.0%)	Capitalisation has an inverse relationship to valuation.
Ingenia Tourism	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%	The higher the adopted operating margin, the greater the value.
		Operating profit margin	22% - 63% dependent upon short-term and residential accommodation mix	22% - 64% dependent upon short-term and residential accommodation mix	
		Capitalisation rate	6.74% - 11.25%	6.74% - 11.25%	Capitalisation has an inverse relationship to valuation.
Ingenia Residential	Capitalisation method (for existing income streams)	Short-term occupancy	20% - 80% for powered and camp sites; 30% - 95% for tourism and short term rental	20% - 80% for powered and camp sites; 30% - 95% for tourism and short term rental	The higher the occupancy, the greater the value.
		Residential occupancy	100%	100%	
		Operating profit margin	33% - 75% dependent upon short-term and residential accommodation mix	33% - 75% dependent upon short-term and residential accommodation mix	The higher the adopted operating margin, the greater the value.
	Capitalisation rate	4.58% - 13.25%	4.58% - 13.25%	Capitalisation has an inverse relationship to valuation.	
	Discounted cash flow (for investment properties under development)	Discount rate	6.5% - 20.0%	10.0% - 19.3%	Discount rate has an inverse relationship to valuation.

Notes to the Financial Statements (continued)

Ingenia Communities Holdings Limited
For the six months ended 31 December 2022

10. INVESTMENT PROPERTIES (CONTINUED)

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.

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.

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 2022	30 Jun 2022
Note	\$'000	\$'000
(a) Summary of carrying amounts		
Software & development	5,241	5,241
Goodwill	101,319	101,319
Less: accumulated amortisation	(3,617)	(3,357)
Total Intangibles	102,943	103,203
(b) Movements in carrying amount		
Carrying amount at beginning of period	103,203	8,486
Additions	-	96,793
Disposals	-	(14)
Amortisation expense	(260)	(626)
Impairment of goodwill	-	(1,436)
Carrying amount at end of period	102,943	103,203

Notes to the Financial Statements (continued)

Ingenia Communities Holdings Limited
For the six months ended 31 December 2022

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:

Balance Sheet	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
Cash	1,774	43,530
Trade and other receivables	3,814	2,999
Inventory	8,035	1,152
Current assets	13,623	47,681
Investment property	129,190	98,683
Other non-current assets	405	424
Non-current assets	129,595	99,107
Trade and other payables	(1,990)	(5,999)
Borrowings	-	(8,587)
Current liabilities	(1,990)	(14,586)
Borrowings	(11,330)	-
Non-current liabilities	(11,330)	-
Net assets	129,898	132,202
Total equity	129,898	132,202
Group's share in equity - 50%	64,949	66,101
Group's carrying value in investment	64,949	66,101
	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Statement of Comprehensive Income		
Revenue	5,226	7,646
Cost of sales	(1,933)	(2,977)
Operating costs	(1,486)	(1,037)
Depreciation	(46)	(44)
Operating profit before interest and tax	1,761	3,588
Net finance expense	(120)	(134)
Impairment	(917)	(12)
Net (loss)/gain on change in fair value of investment property	(2,853)	3,988
Income tax expense	(175)	(485)
Net (loss)/profit for the period	(2,304)	6,945
Total comprehensive (loss)/income for the period net of income tax	(2,304)	6,945
Group's share of (loss)/profit for the period	(1,152)	3,473

Notes to the Financial Statements (continued)

Ingenia Communities Holdings Limited
For the six months ended 31 December 2022

13. BUSINESS COMBINATIONS

Information on prior year 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:

	Fair value recognised on acquisition \$'000
Assets	
Cash	1,109
Trade and other receivables	621
Inventory property	4,128
Investment property	172,300
Property, plant and equipment	174
Total assets	178,332
Liabilities	
Trade and other payables	10,376
Deposit	988
Total liabilities	11,364
Total identifiable net assets at fair value	166,968
Goodwill arising on acquisition	96,647
Purchase consideration paid and accrued on acquisition	263,615
	Fair value recognised on acquisition \$'000
Analysis of cash flows on acquisition:	
Net cash acquired	1,109
Cash paid	(263,615)
Net cash flow on acquisition	(262,506)

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

	Goodwill	
	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
Carrying value at the beginning of the period	101,319	6,108
Acquisition of business	-	96,647
Impairment	-	(1,436)
Carrying value at the end of the period	101,319	101,319

In the 31 December 2021 and 30 June 2022 financial statements, the initial accounting for the business combination was provisional as the allocation of goodwill between the CGUs had not been completed. Upon finalisation of such allocation in the current year, the 31 December 2021 comparatives were adjusted to allocate the goodwill between the Lifestyle Development and Lifestyle Rental segments (Note 3).

Notes to the Financial Statements (continued)

Ingenia Communities Holdings Limited
For the six months ended 31 December 2022

13. BUSINESS COMBINATIONS (CONTINUED)

From the date of acquisition, Seachange contributed \$20,575,000 of revenue and \$2,530,000 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 \$32,271,000 and the profit before tax would have increased by \$4,337,000 for the full FY22 period.

The goodwill recognised was 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.

14. DEFERRED TAX ASSETS AND LIABILITIES

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Deferred tax assets		
Tax losses	15,882	14,323
Accruals	4,106	4,730
Other	3,387	2,917
Deferred tax liabilities		
DMF receivable	(29)	(37)
Investment properties	(51,213)	(44,464)
Other	(3,924)	(3,686)
Net deferred tax liability	(31,791)	(26,217)
Tax effected carried forward tax losses for which no deferred tax asset has been recognised	12,931	9,409

The tax effected carried forward tax losses for which no deferred tax asset has been recognised relates to both revenue losses of \$5.9 million (30 Jun 2022: \$5.9 million) and capital losses of \$7.0 million (30 Jun 2022: \$3.5 million).

The availability of carried forward tax losses of \$12.9 million to the ICMT tax consolidated group is subject to recoupment rules at the time of recoupment. Further, the rate at which the revenue 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 revenue tax losses may not be available in the future. The carried forward capital losses can only be recouped from future capital gains.

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.

15. TRADE AND OTHER PAYABLES

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Current		
Trade payables and accruals	58,658	81,778
Deposits	25,016	19,089
Other	1,911	6,024
Total current	85,585	106,891
Non-Current		
Other	1,425	2,512
Total non-current	1,425	2,512

Notes to the Financial Statements (continued)

Ingenia Communities Holdings Limited
For the six months ended 31 December 2022

16. BORROWINGS

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Current		
Lease liabilities – Right-of-use assets	1,255	1,583
Lease liabilities – Ground leases	2,851	2,812
Total current	4,106	4,395
Non-current		
Bank debt	551,000	440,000
Prepaid borrowing costs	(3,362)	(3,639)
Lease liabilities – Right-of-use assets	2,222	2,777
Lease liabilities – Ground leases	51,428	52,070
Total non-current	601,288	491,208

(a) Bank debt

The Group's available debt as at 31 December 2022 was \$780.0 million (30 Jun 2022: \$780.0 million).

As at 31 December 2022, the facilities have been drawn to \$551.0 million (30 Jun 2022: \$440.0 million). The carrying value of investment property net of resident liabilities at reporting date for the Group's Australian properties pledged as security is \$1,823.7 million (30 Jun 2022: \$1,811.4 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);
- 26 December 2027 (\$55.0 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 2022 were \$27.7 million (30 Jun 2022: \$29.8 million).

17. ISSUED SECURITIES

	6 months to 31 Dec 2022 \$'000	12 months to 30 Jun 2022 \$'000
(a) Carrying values		
Balance at beginning of the period	1,704,230	1,229,730
Issued during the period:		
Distribution Reinvestment Plan ("DRP")	-	12,018
Entitlement offer	-	474,680
Equity raising costs	(14)	(12,198)
Balance at end of the period	1,704,216	1,704,230
The closing balance is attributable to the security holders of:		
Ingenia Communities Holding Limited	91,959	91,960
Ingenia Communities Fund	1,473,453	1,473,464
Ingenia Communities Management Trust	138,804	138,806
	1,704,216	1,704,230

Notes to the Financial Statements (continued)

Ingenia Communities Holdings Limited
For the six months ended 31 December 2022

17. ISSUED SECURITIES (CONTINUED)

	6 months to 31 Dec 2022	12 months to 30 Jun 2022
	'000	'000
(b) Number of issued securities		
Balance at beginning of the period	407,583	327,877
Issued during the period:		
Distribution Reinvestment Plan ("DRP")	-	2,144
Entitlement offer	-	77,562
Balance at end of the period	407,583	407,583

(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 \$123,286,239 (30 Jun 2022: \$72,338,452).

At 30 June 2022, Ingenia had 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 provided loans to borrowers seeking to acquire a new lifestyle home and reside in an Ingenia Lifestyle community. In August 2022, the loan of \$1.0 million was fully repaid and the commitment was released following LLHL obtaining third party funding.

19. CONTINGENT LIABILITIES

The Group has the following contingent liabilities:

- Bank guarantees totalling \$27.7 million provided for under the \$780.0 million bank facility. Bank guarantees primarily relate to the Responsible Entity's AFSL capital requirements (\$10.0 million).

20. SUBSEQUENT EVENTS

Interim distribution

On 21 February 2023, the Directors declared an interim distribution of 5.2 cps amounting to \$21.2 million, to be paid on 23 March 2023.

Acquisition of adjacent land

On 31 January 2023, the Group completed the acquisition of land adjacent to Ingenia Lifestyle Bargara, located in Innes Park, QLD, for a purchase price of \$2.8 million.

Directors' Declaration

Ingenia Communities Holdings Limited
For the six months ended 31 December 2022

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 2022 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of its financial position as at 31 December 2022 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, 21 February 2023

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 2022, 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, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply 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 2022 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.

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.

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 2022 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*.



**Building a better
working world**

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
21 February 2023



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

**HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2022**

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 2022

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Directors' Report

Ingenia Communities Fund and Ingenia Communities Management Trust
For the six months ended 31 December 2022

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 2022 (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

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))
Charisse Nortje (appointed, effective 1 July 2022)

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 2022 were valued at \$2.0 billion, comprising 72 lifestyle rental and holiday communities (Ingenia Lifestyle Rental and Holidays) and 25 seniors rental communities (Ingenia Gardens). The Group also manages and has a co-investment in 11 assets through its development joint venture (JV) and funds management platform and provides management and development services to these entities. The Group was first included in the S&P/ASX 200 in December 2019 and had a market capitalisation of approximately \$1.8 billion at 31 December 2022.

The Group's vision is to create Australia's best lifestyle communities and holiday park accommodation, with a focus on the seniors demographic. The Board is committed to delivering long-term underlying earnings per security (EPS) growth to security holders while providing a supportive community environment for residents and guests and creating communities that have a positive impact on our stakeholders and planet.

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 and guest 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 2022

Creating Australia's best lifestyle and holiday communities



Strategy

The Group is positioning for innovation, scale and long-term sector leadership while enhancing the operational performance of its investment properties and developing new sustainable communities.

Using a disciplined investment framework, the Group will: continue to refine and grow its lifestyle and holiday communities business in metropolitan and coastal locations; build out its existing development pipeline; expand development and revenue streams directly and via capital partnerships including 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 by investing in our systems and processes;
- Enhance competitive advantage through recruiting, retaining and developing industry leading talent;
- Improve performance of existing communities through maintainable rental growth, active cost management and investment in new rental and tourism cabins;
- Continue to build out the development pipeline across the Group and JV projects and integrating new building partners to support scale and growth of settlements;
- Build on the Group's sustainability program through environmental, social and governance initiatives which includes commencing the construction of two communities targeting a Green Star - Communities rating and expanding our charitable giving programs;
- Maintain focus on employee, resident and guest health and safety; and
- Expand the Group's capital partnerships to leverage Ingenia's capability and established platform, while extending the Group's asset base through co-investment.

Portfolio Refinement, Integration and Development Pipeline Expansion

During the period, the Group divested two Ingenia Gardens rental communities (Horsham, VIC and Tamworth, NSW) and one holiday park (Swan Reach, VIC) in line with a focus on divesting non-core assets and recycling capital into the Group's development pipeline.

In 1H23, the Group announced the acquisition of development projects in Sunbury, VIC and Gordonvale, QLD providing the potential to build more than 480 lifestyle homes across the two sites. The acquisitions are expected to contribute settlements in the short to medium term in line with a focus on developing quality lifestyle communities.

The Group is well positioned for further expansion through development with 16 projects currently underway and more than 8 communities commencing development over FY23-25. The portfolio will also achieve incremental expansion by continuing to add sites within existing communities.

Directors' Report (continued)

Ingenia Communities Fund and Ingenia Communities Management Trust
For the six months ended 31 December 2022

1H23 financial results

The six months to 31 December 2022 delivered total revenue of \$173.6 million, up 32% on the prior corresponding period. The Group settled 115 turnkey homes (1H22: 121 homes) delivering a gross new home development profit of \$23.6 million (1H22: \$20.5 million). A further 10 homes were settled within the JV, achieving a combined total of 125 turnkey home settlements during the period (1H22: 139 homes). In addition, Lifestyle and Holidays rental income from permanent, annual and tourism clients grew by 55% to \$88.5 million (1H22: \$57.1 million).

Statutory profit of \$33.7 million was down 16% 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 the capitalisation of improved operating income. The prior corresponding period statutory profit reflected a greater impact from the revaluation of investment property.

Underlying profit of \$34.8 million, which represents an increase of \$6.7 million on the prior corresponding period, is primarily attributable to strong demand within the tourism platform. The result also reflects the integration of the 1H22 acquisitions which increased the Group's recurring rental base for the full 6 month period. The strong performance was partially offset by increases in the Group's cost base and interest expense.

Operating cash flow for the period was \$23.5 million, down 39% from the prior corresponding period. This reduction was predominantly driven by significant investment in inventory ahead of forecast settlements in the second half of FY23 and early FY24. Strong cashflows from the Lifestyle Rental and Holidays portfolios positively contributed to the operating cashflows for the period.

The Group's net asset value (NAV) of \$3.78 per security was up by 1% (30 Jun 2022: \$3.75) and net tangible assets per security (NTA) increased 1% to \$3.53 (30 Jun 2022: \$3.50).

Key metrics

- Net profit for the half-year for ICF \$22.8 million (1H22: \$3.9 million profit)
- Net profit for the half-year for ICMT of \$3.0 million (1H22: \$27.9 million profit)
- Interim distributions of 5.2 cents per unit by ICF, nil from ICMT.

Segment performance and priorities

Capital Partnerships

Capital partnerships through co-investment and funds management enables the Group to maximise scale, generate fee income and extend the Group's asset base. With a wide pipeline of opportunities before the Group, there is potential to expand and extend capital partnering to support future acquisitions, enhance development, and enable portfolio refinement and growth.

Development Joint Venture

The JV with Sun Communities (NYSE: SUI) leverages Ingenia's capability to generate fees and expands its development spread via co-investment. As at 31 December 2022, the JV has invested in five projects with three under active development.

The JV delivered \$5.2 million (1H22: \$7.6 million) revenue from the settlement of 10 (1H22: 18) new homes at its first greenfield project located at Burpengary, QLD. Construction of homes has commenced at Bobs Farm, NSW the JV's second project which will launch in 2023.

During 1H23, fees generated by Ingenia from the JV related to acquisition, asset management, development and sales.

Directors' Report (continued)

Ingenia Communities Fund and Ingenia Communities Management Trust
For the six months ended 31 December 2022

Performance

	31 Dec 2022	31 Dec 2021	Change %
Greenfield properties (#)	5	5	-
Investment carrying value (\$m)	64.9	48.5	34%
New home settlements (#)	10	18	(44%)
Fee income (\$m)	1.7	1.0	70%
Joint venture revenue (\$m)	5.2	7.6	(32%)
Joint venture operating profit before interest and tax (\$m)	1.8	3.6	(50%)
Share of (loss)/profit from joint venture (\$m)	(1.2)	3.5	(134%)

Strategic priorities

The strategic priorities for the JV are to continue to assess greenfield sites in key metro and coastal markets and to develop its significant portfolio of new lifestyle communities. The JV 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.

Funds Management

The Group's funds and asset management business manages five funds that invest in lifestyle and holiday communities situated in NSW and QLD. 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 five funds, to increase alignment with fund investors. The investment in the funds generates asset ownership and development revenue streams.

The decline in investment carrying value is a result of the divestment of the assets within one of the funds during 2H22. The assets were acquired by Ingenia following approval from the fund's shareholders.

	31 Dec 2022	31 Dec 2021	Change %
Investment carrying value (\$m)	5.8	14.1	(59%)
Fee income (\$m)	0.7	1.3	(46%)
Distribution income (\$m)	0.5	0.4	25%

Strategic priorities

The strategic priority of the funds management business is to leverage the Group's platform to maximise investor returns and deliver an income stream for the Group.

Capital management of the Group

At 31 December 2022, the Group had a combined facility limit of \$780.0 million, with a weighted average term to maturity of 3.9 years, drawn to \$551.0 million.

The Group's Loan to Value Ratio ("LVR") was 30.9%, gearing was 24.9% and the Group was 49.9% hedged.

Distributions

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

- On 24 August 2022, the Directors declared a final distribution of 5.8 cps, amounting to \$23.6 million which was paid on 21 September 2022.
- On 21 February 2023, the Directors declared an interim distribution of 5.2 cps amounting to \$21.2 million, to be paid on 23 March 2022.

Directors' Report (continued)

Ingenia Communities Fund and Ingenia Communities Management Trust
For the six months ended 31 December 2022

FY23 outlook

The Group's lifestyle business remains well placed for ongoing expansion with strong demand from an ageing population. Our residents are increasingly seeking quality community living and affordable rental accommodation in metro, coastal and regional markets which the Group is strongly leveraged to deliver. Investment in inventory capitalises on this demand and enables the long-term sustainable generation of rental cash flows. Investing in new rental homes remains a key priority for the Group.

Ingenia will continue to grow its lifestyle communities business through its development pipeline. The Group is adapting its sales and development approach in response to industry wide trade shortages and lengthening construction timeframes.

The strong demand in domestic tourism is expected to continue with Ingenia to continue to benefit from this growth in local tourism with an extensive portfolio located in attractive holiday destinations. The priority for Ingenia Holidays is to enhance the customer experience by refurbishing existing cabins and investing in new tourism cabins.

The Group's strong balance sheet and deal flow provides for continuing capacity for growth and sector leadership. The Group will increase its asset base through capital partnerships including the ongoing development activity in the JV with the commencement of new developments in 2023 contributing to growth. Co-investment via capital partnership will remain a driver to enable a wider exposure to growth and acquisition opportunities.

Ingenia will continue to deliver on its environmental commitments as the Group targets a 30% reduction in carbon emissions over a five-year period to 2026 and a carbon neutral operation by 2035.

The Group will 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 and Note 14 for details of debt facility.

EVENTS SUBSEQUENT TO REPORTING DATE

Interim distribution

On 21 February 2023, the Directors declared an interim distribution of 5.2 cps amounting to \$21.2 million, to be paid on 23 March 2023.

Acquisition of adjacent land

On 31 January 2023, the Group completed the acquisition of land adjacent to Ingenia Lifestyle Bargara, located in Innes Park, QLD, for a purchase price of \$2.8 million.

LIKELY DEVELOPMENTS

The Trusts will continue to pursue strategies aimed at the longer term growth of its cash earnings, profitability and market share within the lifestyle and rental and tourism sectors through:

- Developing greenfield sites in identified growth corridors and expanding existing lifestyle communities;
- Ongoing co-investment through the Group's capital partnerships to fund growth and leverage scale and capability; and
- Divesting non-core assets to further support investment in growth and portfolio refinement.

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

Directors' Report (continued)

Ingenia Communities Fund and Ingenia Communities Management Trust
For the six months ended 31 December 2022

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 financial year.

GROUP INDEMNITIES

The Trusts have 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 (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 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, 21 February 2023



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 2022, 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
21 February 2023

Consolidated Statement of Comprehensive Income

Ingenia Communities Fund and Ingenia Communities Management Trust

For the six months ended 31 December 2022

Note	ICF		ICMT		
	31 Dec 2022 \$'000	31 Dec 2021 \$'000	31 Dec 2022 \$'000	31 Dec 2021 \$'000	
Lifestyle home sales	-	-	16,785	16,354	
Residential rental income	-	-	48,699	37,536	
Tourism rental income	-	-	47,185	27,448	
Annuals rental income	-	-	5,331	4,207	
Other revenue	16,910	10,290	29,558	19,603	
Revenue	16,910	10,290	147,558	105,148	
Cost of lifestyle homes sold	-	-	(8,831)	(9,165)	
Employee expenses	-	-	(44,280)	(30,871)	
Property expenses	(415)	(361)	(30,709)	(17,590)	
Administrative expenses	(794)	(539)	(9,357)	(5,436)	
Operational, marketing and selling expenses	-	-	(7,956)	(5,091)	
Service station expenses	-	-	(4,926)	(5,315)	
Responsible entity fee and expenses	(4,174)	(2,888)	(2,643)	(2,402)	
Depreciation and amortisation expense	-	-	(14,462)	(11,301)	
Operating profit before interest and tax	11,527	6,502	24,394	17,977	
Net finance income/(expense)	9,775	9,494	(16,244)	(13,276)	
Operating profit before tax	21,302	15,996	8,150	4,701	
Share of joint venture (loss)/profit	10	(1,961)	1,966	88	1
Net gain/(loss) on change in fair value of:					
Investment properties	8	1,903	(4,496)	3,062	45,901
Financial liabilities		-	-	(543)	(3,859)
Investments and other financial instruments		517	760	8	3
Business combination transaction costs	11	-	(10,289)	-	(6,495)
Other		997	-	(244)	(177)
Profit before tax	22,758	3,937	10,521	40,075	
Income tax expense	5	-	-	(7,552)	(12,175)
Net profit for the period	22,758	3,937	2,969	27,900	
Total comprehensive income for the period net of income tax	22,758	3,937	2,969	27,900	
Profit attributable to unit holders of:					
Ingenia Communities Fund		22,031	3,937	-	-
Ingenia Communities Management Trust		727	-	2,969	27,900
		22,758	3,937	2,969	27,900
Total comprehensive income attributable to unit holders of:					
Ingenia Communities Fund		22,031	3,937	-	-
Ingenia Communities Management Trust		727	-	2,969	27,900
		22,758	3,937	2,969	27,900
Earnings per unit:					
Basic earnings per unit	4	5.6	1.1	0.7	8.0
Diluted earnings per unit	4	5.6	1.1	0.7	8.0

Notes to the Consolidated Financial Statements are included on pages 13 to 26.

Consolidated Balance Sheet

Ingenia Communities Fund and Ingenia Communities Management Trust

As at 31 December 2022

Note	ICF		ICMT	
	31 Dec 2022 \$'000	30 Jun 2022 \$'000	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Current assets				
Cash and cash equivalents	1,264	492	7,843	12,831
Trade and other receivables	1,602	295	11,370	6,310
Inventories	6	-	12,175	4,814
Assets held for sale	7	-	5,300	4,150
Total current assets	2,866	787	36,688	28,105
Non-current assets				
Trade and other receivables	295	1,727	144	144
Receivable from related party	734,275	652,519	-	-
Investment properties	8	921,866	895,037	954,903
Investment in a joint venture	10	50,481	52,443	5
Other financial assets	6,793	3,785	16,599	16,599
Plant and equipment	-	-	6,938	6,121
Intangibles	9	-	98,189	98,438
Right-of-use-assets	-	-	197,107	210,421
Total non-current assets	1,713,710	1,605,511	1,273,885	1,264,379
Total assets	1,716,576	1,606,298	1,310,573	1,292,484
Current liabilities				
Trade and other payables	13	6,226	4,768	54,541
Borrowings	14	1,780	1,754	24,904
Employee liabilities	-	-	5,602	4,688
Other financial liabilities	-	-	669	1,188
Provision for income tax	-	-	-	15
Total current liabilities	8,006	6,522	85,716	113,591
Non-current liabilities				
Payable to related party	-	-	754,395	707,590
Borrowings	14	577,635	466,795	199,133
Employee liabilities	-	-	985	1,013
Other financial liabilities	-	-	16,155	15,421
Other payables	13	1,342	2,495	83
Deferred tax liability	12	-	-	31,563
Total non-current liabilities	578,977	469,290	1,002,314	959,317
Total liabilities	586,983	475,812	1,088,030	1,072,908
Net assets	1,129,593	1,130,486	222,543	219,576
Equity				
Issued units	15	1,473,453	1,473,464	138,804
(Accumulated losses)/Retained earnings		(355,869)	(354,260)	84,439
Unit holders interest		1,117,584	1,119,204	223,243
Non-controlling interest		12,009	11,282	(700)
Total equity		1,129,593	1,130,486	222,543
Attributable to unit holders of:				
Ingenia Communities Fund		1,117,584	1,119,204	(700)
Ingenia Communities Management Trust		12,009	11,282	223,243
		1,129,593	1,130,486	222,543

Notes to the Consolidated Financial Statements are included on pages 13 to 26.

Consolidated Cash Flow Statement

Ingenia Communities Fund and Ingenia Communities Management Trust

For the six months ended 31 December 2022

Note	ICF		ICMT	
	31 Dec 2022 \$'000	31 Dec 2021 \$'000	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Cash flows from operating activities				
Rental and other property income	-	-	126,385	85,410
Property and other expenses	(887)	(354)	(90,599)	(43,947)
Proceeds from sale of lifestyle homes	-	-	18,654	18,341
Purchase of lifestyle homes	-	-	(19,982)	(8,790)
Proceeds from sale of service station inventory	-	-	6,212	6,601
Purchase of service station inventory	-	-	(5,515)	(5,830)
Net movement in resident loans	-	-	-	78
Interest received	71	14	74	3
Borrowing costs paid	(8,201)	(3,822)	(40)	(37)
Income tax paid	-	-	(25)	-
	(9,017)	(4,162)	35,164	51,829
Cash flows from investing activities				
Payments for investment properties	(24,704)	(230,978)	(14,707)	(16,682)
Additions to investment properties	(8,488)	(1,130)	(27,691)	(39,615)
Purchase and additions of plant and equipment	-	2	(1,890)	(1,303)
Purchase and additions of intangible assets	-	-	-	(144)
Proceeds from sale of investment properties	12,040	-	4,000	9,409
Payments for acquisition of financial assets	-	-	-	(887)
Net payment for acquisition of subsidiaries and business combinations	(15,505)	(151,810)	-	(92,606)
Investment in joint venture and associate	-	(12,225)	-	-
	(36,657)	(396,141)	(40,288)	(141,828)
Cash flows from financing activities				
Proceeds from issue of stapled securities	-	376,125	-	49,173
Payments for security issue costs	(11)	(7,400)	(2)	(967)
Distributions to unit holders	(23,640)	(18,033)	-	-
(Repayment of)/proceeds from related party borrowings	(37,787)	(27,792)	1,149	36,041
Proceeds from borrowings	191,000	328,000	-	-
Repayment of borrowings	(80,000)	(243,000)	-	-
Payments for debt issue costs	(136)	(1,136)	-	-
Payment for derivatives and financial instruments	(2,165)	-	-	-
Other	(815)	(727)	(1,011)	(1,297)
	46,446	406,037	136	82,950
Net increase/(decrease) in cash and cash equivalents	772	5,734	(4,988)	(7,049)
Cash and cash equivalents at the beginning of the period	492	1,104	12,831	16,485
Cash and cash equivalents at the end of the period	1,264	6,838	7,843	9,436

Notes to the Consolidated Financial Statements are included on pages 13 to 26.

Consolidated Statement of Changes in Equity

Ingenia Communities Fund and Ingenia Communities Management Trust

For the six months ended 31 December 2022

		Attributable to security holders				
		ICF				
	Note	Issued Capital \$'000	Retained Earnings \$'000	Total \$'000	Non- controlling interest \$'000	Total Equity \$'000
Carrying value 1 Jul 2022		1,473,464	(354,260)	1,119,204	11,282	1,130,486
Net profit		-	22,031	22,031	727	22,758
Total comprehensive income		-	22,031	22,031	727	22,758

Transactions with security holders in their capacity as security holders:

Issue of securities	15(a)	(11)	-	(11)	-	(11)
Payment of distributions to security holders		-	(23,640)	(23,640)	-	(23,640)
Carrying value 31 Dec 2022		1,473,453	(355,869)	1,117,584	12,009	1,129,593

Carrying value 1 Jul 2021		1,102,443	(319,751)	782,692	-	782,692
Net profit		-	3,937	3,937	-	3,937
Total comprehensive income		-	3,937	3,937	-	3,937

Transactions with security holders in their capacity as security holders:

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

		Attributable to security holders				
		ICMT				
	Note	Issued Capital \$'000	Retained Earnings \$'000	Total \$'000	Non- controlling interest \$'000	Total Equity \$'000
Carrying value 1 Jul 2022		138,806	81,470	220,276	(700)	219,576
Net profit		-	2,969	2,969	-	2,969
Total comprehensive income		-	2,969	2,969	-	2,969

Transactions with security holders in their capacity as security holders:

Issue of securities	15(a)	(2)	-	(2)	-	(2)
Carrying value 31 Dec 2022		138,804	84,439	223,243	(700)	222,543

Carrying value 1 Jul 2021		90,147	13,498	103,645	(700)	102,945
Net profit		-	27,900	27,900	-	27,900
Total comprehensive income		-	27,900	27,900	-	27,900

Transactions with security holders in their capacity as security holders:

Issue of securities		47,933	-	47,933	-	47,933
Carrying value 31 Dec 2021		138,080	41,398	179,478	(700)	178,778

Notes to the Consolidated Financial Statements are included on pages 13 to 26.

Notes to the Financial Statements

Ingenia Communities Fund and Ingenia Communities Management Trust

For the six months ended 31 December 2022

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 2022 was authorised for issue by the Directors on 21 February 2023.

(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 2022 and any ASX announcements issued during the period.

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 2022 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.

At 31 December 2022, the ICF recorded a net current asset deficiency of \$5,140,000. ICF has access to \$201,294,279 of available undrawn bank facilities. Accordingly, there are reasonable grounds to believe that ICF will be able to pay its debts as and when they become due and payable; and the financial report of the ICF has been prepared on a going concern basis.

At 31 December 2022, ICMT recorded a net current asset deficiency of \$49,028,000. This deficiency is due to the timing and nature of the ICMT’s business, where trade and other receivables and inventory fluctuates based on settlements of lifestyle homes, whilst trade and other payables are driven by the overall activities of ICMT. ICMT current liabilities and commitments will be funded through forecast operating cashflows and available undrawn debt facilities of the Group. 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 the ICMT has been prepared on a going concern basis.

Notes to the Financial Statements (continued)

Ingenia Communities Fund and Ingenia Communities Management Trust

For the six months ended 31 December 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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 make 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 2022

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 – seniors 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 Trusts' 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 2022

	Residential				Total \$'000
	Lifestyle Rental \$'000	Gardens Ingenia Gardens \$'000	Tourism Holidays & Mixed use \$'000	Other Corporate & Other \$'000	
Segment revenue					
Rental income	8,250	6,477	2,183	-	16,910
Total revenue	8,250	6,477	2,183	-	16,910
Segment underlying profit					
Rental income	8,250	6,477	2,183	-	16,910
Property expenses	(5)	-	-	(410)	(415)
Administrative expenses	(1)	-	-	(793)	(794)
Earnings before interest and tax	8,244	6,477	2,183	(1,203)	15,701
Share of joint venture loss					(534)
Net finance income					9,775
Total underlying profit					24,942
Net gain/(loss) on change in fair value of:					
Investment properties					1,903
Investments and other financial instruments					517
Share of joint venture profit					(1,427)
Responsible entity fees					997
Other					(4,174)
Profit after tax					22,758
Segment assets	629,932	161,569	168,293	756,782	1,716,576
Total assets	629,932	161,569	168,293	756,782	1,716,576

Notes to the Financial Statements (continued)

Ingenia Communities Fund and Ingenia Communities Management Trust
For the six months ended 31 December 2022

3. SEGMENT INFORMATION (CONTINUED)

(c) ICF - 31 Dec 2021

	Residential				Total \$'000
	Lifestyle Rental \$'000	Gardens Ingenia Gardens \$'000	Tourism Holidays & Mixed use \$'000	Other Corporate & Other \$'000	
Segment revenue					
Rental income	2,587	6,113	1,590	-	10,290
Total revenue	2,587	6,113	1,590	-	10,290
Segment underlying profit					
Rental income	2,587	6,113	1,590	-	10,290
Property expenses	-	(2)	(4)	(355)	(361)
Administrative expenses	-	-	(2)	(537)	(539)
Earnings before interest and tax	2,587	6,111	1,584	(892)	9,390
Share of joint venture loss					(28)
Net finance income					9,494
Total underlying profit					18,856
Net gain/(loss) 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)
Profit after tax					3,937
Segment assets	473,113	165,029	164,651	700,792	1,503,585
Total assets	473,113	165,029	164,651	700,792	1,503,585

Notes to the Financial Statements (continued)

Ingenia Communities Fund and Ingenia Communities Management Trust
For the six months ended 31 December 2022

3. SEGMENT INFORMATION (CONTINUED)

(d) ICMT - 31 Dec 2022

	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	
Segment revenue							
Lifestyle home sales	16,785	-	-	-	-	-	16,785
Residential rental income	-	30,332	12,727	5,640	-	-	48,699
Tourism rental income	-	1,275	-	45,910	-	-	47,185
Annuals rental income	-	30	-	5,301	-	-	5,331
Other revenue	8,355	5,651	1,385	2,760	10,103	1,304	29,558
Total revenue	25,140	37,288	14,112	59,611	10,103	1,304	147,558
Segment underlying profit							
External segment revenue	25,140	37,288	14,112	59,611	10,103	1,304	147,558
Cost of lifestyle homes sold	(8,831)	-	-	-	-	-	(8,831)
Employee expenses	(9,765)	(8,491)	(3,588)	(20,124)	(2,271)	(41)	(44,280)
Property expenses	(519)	(8,927)	(3,822)	(12,312)	(455)	(4,674)	(30,709)
Administrative expenses	(2,298)	(2,347)	(539)	(3,815)	(44)	(314)	(9,357)
Operational, marketing and selling expenses	(2,341)	(583)	(354)	(1,967)	(1,727)	(984)	(7,956)
Service station expenses	-	-	-	(42)	(4,884)	-	(4,926)
Depreciation and amortisation expense	(333)	(243)	(46)	(502)	(24)	(13,314)	(14,462)
Earnings before interest and tax	1,053	16,697	5,763	20,849	698	(18,023)	27,037
Share of joint venture profit							88
Net finance expense							(16,244)
Income tax expense							(2,629)
Total underlying profit							8,252
Net gain/(loss) on change in fair value of:							
Investment properties							3,062
Financial liabilities							(543)
Investments and other financial instruments							8
Other							(244)
Income tax expense							(4,923)
Responsible entity fees							(2,643)
Profit after tax							2,969
Segment assets							
Segment assets	22,528	517,625	3,335	532,237	420	229,128	1,305,273
Assets held for sale	-	-	-	5,300	-	-	5,300
Total assets	22,528	517,625	3,335	537,537	420	229,128	1,310,573

Notes to the Financial Statements (continued)

Ingenia Communities Fund and Ingenia Communities Management Trust
For the six months ended 31 December 2022

3. SEGMENT INFORMATION (CONTINUED)

(e) ICMT - 31 Dec 2021

	Residential		Gardens	Tourism	Other		Total
	Lifestyle	Lifestyle			Fuel, Food & Beverage Services	Corporate & Other	
	Lifestyle Development	Lifestyle Rental	Ingenia Gardens	Ingenia Holidays	Fuel, Food & Beverage Services	Corporate & Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue							
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
Total revenue	20,550	22,530	13,490	38,512	8,969	1,097	105,148
Segment underlying profit							
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)
Earnings before interest and tax	1,513	10,120	5,968	12,749	374	(10,345)	20,379
Share of joint venture profit							1
Net finance expense							(13,276)
Income tax expense							(1,549)
Total underlying profit							5,555
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)
Profit after tax							27,900
Segment assets							
Segment assets	44,151	354,626	3,569	590,582	335	248,899	1,242,162
Total assets	44,151	354,626	3,569	590,582	335	248,899	1,242,162

Notes to the Financial Statements (continued)

Ingenia Communities Fund and Ingenia Communities Management Trust

For the six months ended 31 December 2022

4. EARNINGS PER UNIT

	ICF		ICMT	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Profit attributable to security holders (\$'000)	22,758	3,937	2,969	27,900
Weighted average number of securities outstanding (thousands)				
Issued securities (thousands)	407,583	348,498	407,583	348,498
Dilutive securities (thousands)				
Long-term incentives	1,830	1,850	1,830	1,850
Short-term incentives	397	306	397	306
Talent Rights Grant	401	227	401	227
Fixed Remuneration Rights	98	29	98	29
Weighted average number of issued and dilutive potential units outstanding (thousands)	410,309	350,910	410,309	350,910
Basic earnings per unit (cents)	5.6	1.1	0.7	8.0
Dilutive earnings per unit (cents)	5.6	1.1	0.7	8.0

5. INCOME TAX EXPENSE

	ICF		ICMT	
	31 Dec 2022 \$'000	31 Dec 2021 \$'000	31 Dec 2022 \$'000	31 Dec 2021 \$'000
(a) Income tax expense				
Current tax benefit	-	-	-	48
Increase in deferred tax liabilities	-	-	(7,552)	(12,223)
Income tax expense	-	-	(7,552)	(12,175)
(b) Reconciliation between tax expense and pre-tax net profit				
Profit before income tax	22,758	3,937	10,521	40,075
Less amounts not subject to Australian income tax	(22,758)	(3,937)	-	-
	-	-	10,521	40,075
Income tax at the Australian tax rate of 30% (31 Dec 2021: 30%)	-	-	(3,156)	(12,023)
Tax effect of amounts which impact tax expense:				
Derecognition of previously recognised tax losses	-	-	(3,522)	-
Other	-	-	(874)	(152)
Income tax expense	-	-	(7,552)	(12,175)

(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 2022

6. INVENTORIES

	ICF		ICMT	
	31 Dec 2022 \$'000	30 Jun 2022 \$'000	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Lifestyle homes				
Completed	-	-	1,175	-
Display homes	-	-	735	584
Under construction	-	-	9,851	3,900
Fuel, food and beverage	-	-	414	330
Total inventories	-	-	12,175	4,814

The lifestyle home balance includes:

- 5 new completed homes (30 Jun 2022: Nil)
- 8 display homes (30 Jun 2022: 5)
- Lifestyle homes under construction includes 122 partially completed homes at different stages of development (30 Jun 2022: 106). It also includes demolition, site preparation costs buybacks on future development sites and refurbished/renovated/annuals completed homes.

7. ASSETS HELD FOR SALE

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

	ICF		ICMT	
	31 Dec 2022 \$'000	30 Jun 2022 \$'000	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Investment properties held for sale:				
Lake Hume, Bowna, NSW	-	-	5,300	-
Swan Reach, Swan Reach, VIC	-	-	-	4,150
Total assets held for sale	-	-	5,300	4,150

8. INVESTMENT PROPERTIES

(a) Summary of carrying value

	ICF		ICMT	
	31 Dec 2022 \$'000	30 Jun 2022 \$'000	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Completed properties	784,516	751,404	948,854	914,139
Properties under development	137,350	143,633	6,049	18,517
Total carrying value	921,866	895,037	954,903	932,656

(b) Movements in carrying value

	ICF		ICMT	
	31 Dec 2022 \$'000	30 Jun 2022 \$'000	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Carrying value at beginning of the period	895,037	362,105	932,656	798,468
Acquisitions	24,262	542,679	-	21,245
Disposals	(11,031)	-	(1,738)	-
Expenditure capitalised	11,695	18,153	26,223	36,317
Net gain/(loss) on change in fair value ⁽¹⁾	1,903	(27,900)	3,062	80,776
Transfer to assets held for sale	-	-	(5,300)	(4,150)
Carrying value at the end of the period	921,866	895,037	954,903	932,656

(1) Net of loss on change in fair value of acquisition costs: ICF \$2,062,000 (31 Dec 2021: \$11,401,000) and ICMT: \$Nil (31 Dec 2021: \$1,033,000).

(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 2022

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. 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 2022 \$'000	30 Jun 2022 \$'000	31 Dec 2022 \$'000	30 Jun 2022 \$'000
(a) Summary of carrying value				
Software and development	-	-	5,048	5,048
Goodwill	-	-	96,647	96,647
Less: accumulated amortisation	-	-	(3,506)	(3,257)
Total intangibles	-	-	98,189	98,438
(b) Movements in carrying value				
Carrying value at beginning of the period	-	-	98,438	2,258
Additions	-	-	-	96,793
Disposals	-	-	-	(14)
Amortisation expense	-	-	(249)	(599)
Carrying value at end of the period	-	-	98,189	98,438

Notes to the Financial Statements (continued)

Ingenia Communities Fund and Ingenia Communities Management Trust

For the six months ended 31 December 2022

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 2022 \$'000	30 June 2022 \$'000	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Cash	1,215	21,674	58	133
Trade and other receivables	3,598	2,803	41	47
Current assets	4,813	24,477	99	180
Investment property	100,761	85,988	-	-
Other non-current assets	-	-	166	210
Non-current assets	100,761	85,988	166	210
Trade and other payables	(141)	(318)	(114)	(123)
Current liabilities	(141)	(318)	(114)	(123)
Intercompany loans	(4,471)	(5,261)	(141)	(267)
Non-current liabilities	(4,471)	(5,261)	(141)	(267)
Net assets	100,962	104,886	10	-
Total equity	100,962	104,886	10	-
Trusts' share in equity - 50%	50,481	52,443	5	-
Group's carrying value in investment	50,481	52,443	5	-

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

Statement of Comprehensive Income	ICF		ICMT	
	31 Dec 2022 \$'000	31 Dec 2021 \$'000	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Revenue	112	96	549	286
Expenses	(342)	(140)	(363)	(277)
Depreciation	-	-	(10)	(8)
Operating (loss)/profit before interest and tax	(230)	(44)	176	1
Interest income	78	2	-	-
Impairment	(917)	(14)	-	-
Net (loss)/gain on change in fair value of investment property	(2,853)	3,988	-	-
Net (loss)/profit before income tax	(3,922)	3,932	176	1
Income tax expense	-	-	-	-
Total comprehensive (loss)/income for the period net of income tax	(3,922)	3,932	176	1
Group's share of (loss)/profit for the period	(1,961)	1,966	88	1

Notes to the Financial Statements (continued)

Ingenia Communities Fund and Ingenia Communities Management Trust

For the six months ended 31 December 2022

11. BUSINESS COMBINATIONS AND ASSET ACQUISITIONS

Information on prior year 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
Assets		
Cash	1,109	-
Trade and other receivables	621	-
Investment property	157,359	-
Property, plant and equipment	-	174
Total assets	159,089	174
Liabilities		
Trade and other payables	6,159	4,215
Deposit	11	-
Total liabilities	6,170	4,215
Total identifiable net assets at fair value	152,919	(4,041)
Goodwill arising on acquisition	-	96,647
Purchase consideration paid and accrued on acquisition	152,919	92,606
	Gross assets acquired on purchase \$'000	Fair value recognised on acquisition \$'000
Analysis of cash flows on acquisition:		
Net cash acquired	1,109	-
Cash paid	(152,919)	(92,606)
Net cash flow on acquisition	(151,810)	(92,606)

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 2022	30 Jun 2022
	\$'000	\$'000
Carrying value at the beginning of the period	96,647	-
Acquisition of business	-	96,647
Carrying value at the end of the period	96,647	96,647

In the 31 December 2021 and 30 June 2022 financial statements, the initial accounting for the business combination was provisional as the allocation of goodwill between the CGUs had not been completed. Upon finalisation of such allocation in the current year, the 31 December 2021 comparatives were adjusted to allocate the goodwill between the Lifestyle Development and Lifestyle Rental segments (Note 3).

Notes to the Financial Statements (continued)

Ingenia Communities Fund and Ingenia Communities Management Trust
For the six months ended 31 December 2022

11. BUSINESS COMBINATIONS AND ASSET ACQUISITIONS (CONTINUED)

From the date of acquisition, Seachange contributed \$4,821,000 of revenue and \$338,000 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 \$8,265,000 and the profit before tax would have increased by \$579,000.

The goodwill recognised was 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.

12. DEFERRED TAX ASSETS AND LIABILITIES

	ICF		ICMT	
	31 Dec 2022 \$'000	30 Jun 2022 \$'000	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Deferred tax assets				
Tax losses	-	-	14,080	14,323
Accruals	-	-	3,487	4,246
Other	-	-	3,134	2,810
Deferred tax liabilities				
DMF receivable	-	-	(29)	(37)
Investment properties	-	-	(50,776)	(44,002)
Other	-	-	(1,459)	(1,352)
Net deferred tax liabilities	-	-	(31,563)	(24,012)
Tax effected carried forward tax losses for which no deferred tax asset has been recognised	-	-	12,931	9,409

13. TRADE AND OTHER PAYABLES

	ICF		ICMT	
	31 Dec 2022 \$'000	30 Jun 2022 \$'000	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Current				
Trade payables and accruals	6,226	4,768	28,647	59,671
Deposits	-	-	23,983	17,130
Other	-	-	1,911	6,024
	6,226	4,768	54,541	82,825
Non-current				
Other	1,342	2,495	83	17

Notes to the Financial Statements (continued)

Ingenia Communities Fund and Ingenia Communities Management Trust
For the six months ended 31 December 2022

14. BORROWINGS

	ICF		ICMT	
	31 Dec 2022 \$'000	30 Jun 2022 \$'000	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Current				
Lease liabilities – Right-of-use assets	-	-	23,833	23,817
Lease liabilities – Ground leases	1,780	1,754	1,071	1,058
	1,780	1,754	24,904	24,875
Non-current				
Bank debt	551,000	440,000	-	-
Prepaid borrowing costs	(3,362)	(3,639)	-	-
Lease liabilities – Right-of-use assets	-	-	177,702	189,627
Lease liabilities – Ground leases	29,997	30,434	21,431	21,637
	577,635	466,795	199,133	211,264

(a) Bank debt

The Group's available debt as at 31 December 2022 was \$780.0 million (30 Jun 2022: \$780.0 million).

As at 31 December 2022, the facilities have been drawn to \$551.0 million (30 Jun 2022: \$440.0 million). The carrying value of investment property net of resident liabilities at reporting date for the Group's Australian properties pledged as security is \$1,823.7 million (30 Jun 2022: \$1,811.4 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);
- 26 December 2027 (\$55.0 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 2022 were \$27.7 million (30 Jun 2022: \$29.8 million).

15. ISSUED UNITS

	ICF		ICMT	
	6 months to 31 Dec 2022 \$'000	12 months to 30 Jun 2022 \$'000	6 months to 31 Dec 2022 \$'000	12 months to 30 Jun 2022 \$'000
(a) Carrying values				
Balance at beginning of the period	1,473,464	1,102,443	138,806	90,147
Issued during the period:				
Dividend Reinvestment Plan ("DRP")	-	9,255	-	1,377
Entitlement offer	-	371,307	-	48,530
Equity raising costs	(11)	(9,541)	(2)	(1,248)
Balance at end of the period	1,473,453	1,473,464	138,804	138,806
The closing balance is attributable to the security holders of:				
Ingenia Communities Fund	1,473,453	1,473,464	-	-
Ingenia Communities Management Trust	-	-	138,804	138,806
	1,473,453	1,473,464	138,804	138,806

Notes to the Financial Statements (continued)

Ingenia Communities Fund and Ingenia Communities Management Trust

For the six months ended 31 December 2022

15. ISSUED UNITS (CONTINUED)

	ICF		ICMT	
	6 months to 31 Dec 2022	12 months to 30 Jun 2022	6 months to 31 Dec 2022	12 months to 30 Jun 2022
(b) Number of issued securities	'000	'000	'000	'000
Balance at beginning of the period	407,583	327,877	407,583	327,877
Issued during the period:				
Dividend Reinvestment Plan ("DRP")	-	2,144	-	2,144
Entitlement offer	-	77,562	-	77,562
Balance at end of the period	407,583	407,583	407,583	407,583

(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 \$531,944 (30 Jun 2022: \$844,539). ICMT has commitments for capital expenditure on investment properties and inventories contracted but not provided for at reporting date of \$22,781,738 (30 Jun 2022: \$15,648,202).

17. SUBSEQUENT EVENTS

Interim distribution

On 21 February 2023, the Directors declared an interim distribution of 5.2 cps amounting to \$21.2 million, to be paid on 23 March 2023.

Acquisition of adjacent land

On 31 January 2023, the Group completed the acquisition of land adjacent to Ingenia Lifestyle Bargara, located in Innes Park, QLD, for a purchase price of \$2.8 million.

Directors' Declaration

Ingenia Communities Fund and Ingenia Communities Management Trust
For the six months ended 31 December 2022

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 2022 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 2022 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 2022.

On behalf of the Board



Jim Hazel
Chairman
Adelaide, 21 February 2023



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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 2022, 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 2022, 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, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a) Giving a true and fair view of each consolidated entity's financial position as at 31 December 2022 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.

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.



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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 each consolidated entity's financial position as at 31 December 2022 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.

A handwritten signature in cursive script that reads "Ernst & Young".

Ernst & Young

A handwritten signature in cursive script that reads "Yvonne Barnikel".

Yvonne Barnikel
Partner
Sydney
21 February 2023