25 February 2025

STRONG FIRST HALF REFLECTED IN RECENT FY25 GUIDANCE UPGRADE – DEVELOPMENT ACTIVITY ACCELERATING

Overview

- Strategy execution well progressed - significant progress on strategic Plan
  - Emerging benefits supporting enhanced growth outlook – development accelerating, reduced cost base and strong operating metrics
  - Guidance upgraded January 2025
- Revenue of $256.9 million, up 21% on 1H24
- EBIT[1,2] of $86.2 million, up 48% on 1H24
- Underlying EPS[1] of 16.9c, up 58% on 1H24
- Statutory Profit of $87.6 million, up 106% on 1H24
- Development activity accelerating, 258 new homes settled 1H25, an increase of 47% on 1H24[3]
- Extensive pipeline of 5,225 development sites
- On track to deliver upgraded guidance – 1H25 EBIT up 48% on 1H24 and underlying EPS of 16.9 cents (1H24:10.7 cps)

Ingenia Communities Group (ASX: INA) today announced underlying profit of $68.8 million, up 58% on 1H24, with a material increase in home settlements and the lifestyle rental and holidays businesses each delivering growth. Statutory profit of $87.6 million for the half-year ending 31 December 2024 was up 106%.

Group revenue was up 21% to $256.9 million, and EBIT was up 48% to $86.2 million. Operating cash flow of $73.4 million represented an increase of 236% on prior corresponding period.

A total of 258 new home settlements were achieved in 1H25, up 47% on 1H24[3], with an increase in the average home sales price and margin, primarily due to project mix. Ingenia's Lifestyle Rental portfolio benefitted from rental increases and growth in the rent base as developments added to the established new homes annuity stream, delivering EBIT up 14% to $24.2 million.

The Group's holiday park earnings were up 3% on the prior corresponding period to $28.6 million, with increases in rate and occupancy and investment in new cabin stock contributing revenue growth, which was partially offset by one-off infrastructure costs and investment in marketing, including development of a new website.

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

2 EBIT now includes movements arising from the settlement of contractual cash flows for ground leases of $0.8 million and financial liabilities of $0.3 million that flows to Underlying Profit. A corresponding adjustment has been made against the fair value gain/(loss) on investment properties and financial liabilities previously included as a statutory adjustment (below Underlying Profit). EBIT inclusive of Ingenia share of Joint Venture operating profit (prior period amended).

3 Includes settlements in Joint Venture and funds managed by Ingenia.

Underlying EPS of 16.9 cents represents a 58% increase on 1H24.

A half-year distribution of 5.2 cents per stapled security has been declared and is expected to be paid on 27 March 2025.

Ingenia CEO and Managing Director, John Carfi said: “We are seeing the benefits of our clear strategy and the changes to our organisational structure and operating model begin to emerge. This was reflected in a strong first half result and greater visibility to our second half, which allowed us to upgrade guidance in January.

I am very pleased with the progress that has been made on the Group’s strategy through delivery of our 1-, 3- and 5-Year Plan, supported by an ongoing focus on execution and development growth. Changes to the Group’s operating model have simplified the business, delivering improved productivity, operating efficiencies and reduced overheads, and accelerated development.

“We have seen good momentum across the business with 258 new land lease homes settled, high occupancy across residential communities and holiday occupancy up on the previous corresponding period. We have also secured an exit from the non-core funds management business, with the fund assets now sold.

“Development activity is accelerating and benefiting from a clear focus on improving financial returns and an integrated structure with clear accountability. We have maintained the gross margin on home sales despite cost pressures and are continuing to progress our pipeline, acquiring two sites in Queensland. We finalised development at our Chambers Pines and Seachange Coomera communities which are now contributing stable rental returns, and we have new projects contributing settlements this financial year.

We have already identified and are implementing a range of procurement and design changes which will deliver benefits in future years, supporting our longer-term development goals.”

Residential communities

The Group’s residential communities are continuing to deliver growth to meet the increased demand for affordable housing not only from the core downsizer market but more generally across the broader market, with Ingenia’s communities retaining high occupancy and the ability to grow rents.

The Lifestyle Development segment increased EBIT by 103%, with EBIT margin growth of 8%.

A total of 258 homes were settled across the Group, up 47% on 1H24. There are 15 active projects in market across New South Wales, Victoria and Queensland with $90.4 million invested in development activity over the half.

In 1H25 a 29-hectare site at Yeppoon in Queensland was acquired for $8.6 million with approval for 286 homes, as well as a 33-hectare site in Toowoomba acquired subject to DA for $21.0 million.

The average sales price across Ingenia’s projects has risen to $647,000, up 9% on 1H24. Increased settlements are in turn driving growth in the rent base and Joint Venture fees.

There was an increased contribution from the Joint Venture, with the large-scale Morisset project delivering first settlements in November 2024. The Joint Venture will contribute an increase in settlements in the second half with four active projects.

Lifestyle Rental benefited from CPI-linked rental increases and growth in the rental base, as completed developments added to the Group's annuity stream.

Ingenia Gardens maintained high occupancy, delivering quality, stable cash flows with renovations continuing to drive unit occupancy and rental growth.

Ingenia Holidays

The tourism business delivered a strong underlying performance, with tourism rental income up 7% like for like. EBIT growth was driven by increased rate and occupancy and investment in new cabin stock.

Ingenia Holidays continued to invest to deliver growth in revenue and value, with 43 cabins added across 14 sites in 1H25 at a cost of $5 million. A yield exceeding the targeted 14% is anticipated on this investment.

The portfolio was further refined with the divestment of the fund owned assets in line with the Group's previously announced exit from the subscale funds management business.

There has been a strong response to recent marketing activity, with continued focus on growth in off-peak periods. Investment in an improved online presence has been a priority, with a new website to launch in March 2025 and AI driven pricing being implemented more broadly across the portfolio in coming months.

The outlook for domestic travel and the caravan and camping sector remains positive and forward bookings for the next twelve months are up 14% on the prior corresponding period.

Capital Management

The balance sheet remains well-positioned with an LVR of 34%, within the Group's target range of 30% to 40%, $122.0 million in cash and available undrawn debt, with no debt expiring until December 2025.

The Group continues to prudently manage inflation and interest rate risk, with rent growth in land lease communities generally linked to CPI, and 48% of debt hedged at 31 December 2024. Over the half, the Group entered into an additional $300 million in hedging.

Strategy, Outlook & Guidance

Ingenia is primed for growth, with the recent FY25 guidance upgrade reflecting the emerging benefits of a clear strategy and focused execution of the 1-, 3- and 5-Year Plan. The business is on track to deliver scale and enhanced returns.

Development is being accelerated to drive revenue growth and generate recurring rental cash flows, with 15 active projects that are diversified by geography and price. The pipeline of approved land lease projects has been extended with development approval for more than 3,600 sites now in place. Further sites are under review to extend the longer-term pipeline.

The timing of settlements remains a key variable, with an increasing portion of settlements from the Joint Venture to be reflected in the full year results.

Ingenia

Ongoing demand for affordable domestic travel, the opportunity for organic growth through densification and targeted marketing is expected to deliver continued momentum in Holidays.

Short term trading conditions remain somewhat variable given current uncertainty around the interest rate cycle and the pending Federal Election. In the medium term, demand drivers of Australia's ageing population and the desire for an affordable lifestyle support growth.

The Group is on track to deliver upgraded FY25 guidance, with an EBIT target of $162 - $165 million, up from $148 - $155 million and an underlying EPS target of 29.0 to 30.0 cents, up from 24.4 cents to 25.6 cents[4].

Further detail regarding the Group's result is contained in the 1H25 Results Presentation lodged with the ASX today.

A webcast has been arranged on Tuesday, 25th February at 11:30am (Sydney time). Webcast details can be accessed here.

Authorised for lodgement by the Board.

ENDS

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About Ingenia Communities Group

Ingenia Communities Group (ASX: INA) is a leading operator, owner and developer of communities offering quality affordable rental and holiday accommodation focussed on the growing seniors' market in Australia. Listed on the Australian Securities Exchange, the Group is included in the S&P/ASX 200 and has a market capitalisation of $2 billion.

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

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

4 Guidance is subject to no material change in market conditions and no other unforeseen circumstances adversely affecting financial performance. EBIT inclusive of Ingenia share of Joint Venture operating profit.