

16 February 2021

1H21 Appendix 4D and Financial Statements

Ingenia Communities Group (ASX: INA) provides its Appendix 4D and Financial Statements for the half year ended 31 December 2020.

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 over \$1.5 billion.

Across Ingenia Lifestyle, Ingenia Gardens, Ingenia Holidays and Ingenia Rental, the Group has 78 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).

APPENDIX 4D

Half-Year Financial Report

Half-Year ended 31 December 2020

<p>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.</p>
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Current period:	1 July 2020 – 31 December 2020
Previous corresponding period:	1 July 2019 – 31 December 2019

Results for announcement to the market

	31 Dec 2020	31 Dec 2019	Change	Change
	\$'000	\$'000	\$'000	%
Revenues	121,968	116,943	5,025	4%
Profit from ordinary activities after tax attributable to members	32,452	23,600	8,852	38%
Net profit for the period attributable to members	32,452	23,600	8,852	38%
Underlying profit	32,818	26,542	6,276	24%
Distributions - current period (cents):				
FY20 Final Distribution (paid 24 September 2020)	4.4	5.8	(1.4)	(24%)
FY21 Interim Distribution (payable 25 March 2021)	5.0	5.6	(0.6)	(11%)
FY21 Interim distribution dates				
Ex-dividend date	19 February 2021			
Record date	5pm, 22 February 2021			
Payment date	25 March 2021			
The Dividend and Distribution Reinvestment Plan is operational for this distribution				
	31 Dec 2020	30 Jun 2020	Change	Change
Net asset value per security	\$2.96	\$2.90	\$0.06	2%
Net tangible asset value per security	\$2.93	\$2.87	\$0.06	2%

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 2020 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 10 in the 31 December 2020 Half-Year Financial Report for further detail.

Audit status

This report is based on the consolidated 31 December 2020 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 2020 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 2020 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



Nhu Nguyen
Company Secretary
16 February 2021



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

HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2020

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 2020

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Directors' Report

Ingenia Communities Holdings Limited
For the six months ended 31 December 2020

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 2020 (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
Gary Shiffman
John McLaren (Alternate Director to Gary Shiffman)
Gregory Hayes (appointed, effective 17 September 2020)
Sally Evans (appointed, effective 1 December 2020)
Andrew McEvoy (resigned, effective 30 September 2020)

Executive Director

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

Company Secretaries

Natalie Kwok
Nhu Nguyen

OPERATING AND FINANCIAL REVIEW

Ingenia Communities Holdings overview

The Group is an active owner, manager and developer of a diversified portfolio of lifestyle, seniors rental and holiday communities across Australia. The Group's real estate assets at 31 December 2020 were valued at \$1.1 billion, comprising 40 lifestyle and holiday communities (Ingenia Lifestyle and Holidays) and 26 rental communities (Ingenia Gardens). The Group manages a further 12 communities through its development JV and funds management platform. The Group is in the S&P/ASX 200 and had a market capitalisation of approximately \$1.6 billion at 31 December 2020.

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

The Group has continued to progress key sustainability initiatives and expand reporting in this area. Through the continuation of existing projects and new initiatives the Group has committed to reduce emissions by 30% over the next five years and is targeting net zero emissions by 2035. The Group has entered into a finance facility with the Clean Energy Finance Corporation (CEFC) which supports these commitments.

Our Values

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

Directors' Report (continued)

Ingenia Communities Holdings Limited

For the six months ended 31 December 2020

Creating Australia's best lifestyle communities



Strategy

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

Using a disciplined investment framework, the Group will: continue to grow its lifestyle and holiday communities business in metropolitan and coastal locations; build out its existing development pipeline; expand development and revenue streams through the Joint Venture with Sun Communities, Inc (NYSE: SUI) and funds management platform; and deploy equity raised in 2H20 to acquire existing communities and additional development sites.

The immediate business priorities of the Group are:

- Capitalise on opportunities to expand the development pipeline to deliver new rental contracts;
- Improve performance of existing assets to drive growth in rental returns;
- Improve resident and guest satisfaction;
- Enhance sustainable competitive advantage through recruitment, retention and development of industry leading talent;
- Focus on sales and marketing effectiveness to successfully launch new projects and grow rental base;
- Continue rollout of new rental and tourism cabins;
- Expand the funds management platform and deliver performance for investors;
- Execute the development Joint Venture business plan, delivering opportunities for capital light growth and additional revenue streams;
- Maintain focus on employee, resident and guest health and safety;
- Continue to advance focus on sustainable home design and construction;
- Build on the Group's sustainability and carbon emissions reduction program and enhance disclosures as initiatives are progressed.

1H21 financial results

The six months to 31 December 2020 delivered total revenue of \$122.0 million, up 4% on the prior corresponding period. The Group built and sold 136¹ turnkey homes (1H20: 140 homes) and grew Lifestyle and Holidays rental income by 18% to \$45.7 million (1H20: \$38.5 million).

Statutory profit of \$32.5 million was up 38% on the prior corresponding period. The statutory result reflects the combination of growth in underlying earnings and fair value movements on investment property arising from: improved capitalisation rates, offset by transaction costs on new acquisitions and a reduction in fair value associated with the realisation of development profits on settlement of homes from the Groups communities under development.

Underlying profit from continuing operations was \$32.8 million, up 24% on the prior corresponding period. The underlying result was underpinned by a strong second quarter performance from the Lifestyle & Holiday segment, record occupancy in Ingenia Gardens offset by the Lifestyle Development segment which was negatively impacted by COVID-19 with lower settlements having an adverse effect on the 1H21 financial results compared to the prior corresponding period. Included in the result is \$5.1 million of JobKeeper subsidy which supported a loss of revenue and additional costs associated with COVID-19 (including the employment of staff). Due to the improved outlook for the business, the Group will repay \$1.7 million of the JobKeeper subsidy, subsequent to period end.

¹ Including eight settlements at Ingenia Lifestyle Freshwater, the Group's first Joint Venture project with Sun Communities.

Directors' Report (continued)

Ingenia Communities Holdings Limited

For the six months ended 31 December 2020

Operating cash flow for the period was \$59.7 million, up 110% from the prior corresponding period, positively impacted by a strong tourism performance in the second quarter, the acquisition of new communities and positive working capital movements, with lower inventory on hand and growth in tourism deposits held.

The Group grew its investment in lifestyle communities during the period, with a continued focus on progressing the Group's development pipeline to enable further growth in its recurring rental base through the expansion and creation of high-quality communities.

The Group continued to divest non-core assets to support the Group's capital recycling strategy, with the divestment of Ingenia Holidays Albury and Ingenia Holidays Sun Country in 1H21.

The Group's earnings per security during the half were adversely impacted by the 2H20 equity raise, where the proceeds raised were not fully deployed by 31 December 2020.

Key metrics

- Income generating sites across the Group increased by 12% to 9,277 sites as at 31 December 2020 compared to the prior corresponding period.
- Statutory profit of \$32.5 million, up 38% on the prior corresponding period.
- Underlying profit of \$32.8 million, up 24% on the prior corresponding period.
- Basic earnings per security (Statutory) of 10.0 cps, up 5% on the prior corresponding period (1H20: 9.5 cps).
- Basic earnings per security (Underlying) of 10.1 cps (1H20: 10.7 cps).
- Operating cash flows of \$59.7 million, up 110% on the prior corresponding period.
- Interim distribution of 5.0cps, has been declared.
- Net asset value is \$2.96 per security, up 2% from 30 June 2020.

Group results summary

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

	31 Dec 2020	31 Dec 2019
	\$'000	\$'000
EBIT	40,316	32,189
Share of joint venture loss	(619)	(222)
Net finance expense	(1,777)	(3,278)
Tax expense associated with underlying profit	(5,102)	(2,147)
Underlying profit⁽¹⁾	32,818	26,542
Net gain/(loss) on change in fair value of:		
Investment properties	8,643	1,861
Acquisition costs	(7,103)	(2,884)
Financial liabilities	(2,746)	(1,716)
Other	(143)	279
Loss on disposal of investment property	(644)	(1,567)
Tax benefit associated with items below underlying profit	1,627	1,085
Statutory profit	32,452	23,600

(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

Ingenia Lifestyle and Holidays Operations

At 31 December 2020, Ingenia Lifestyle and Holidays comprised 40 communities that offer an affordable community experience for seniors and holiday guests. Ingenia Lifestyle and Holidays EBIT grew 39% on 1H20 to \$22.4 million.

During 1H21, the Group continued to expand its rental assets by delivering 128 new settlements from its development business and completing the acquisition of established communities (Sunnylake Shores, Redlands, Middle Rock and Inverloch). The Group also undertook the divestment of non-core regional assets, Ingenia Holidays Albury and Ingenia Holidays Sun Country, to support the Group's capital recycling strategy.

Directors' Report (continued)

Ingenia Communities Holdings Limited
For the six months ended 31 December 2020

Permanent rental income grew by 33% on the prior corresponding period, as a result of acquisitions completed in FY20 and 1H21 (Sunnylake Shores, Redlands and Middle Rock), the settlement of new homes and investment in new rental cabins.

Tourism rental income increased by 12%, with closed international borders driving an increase in demand within the domestic tourism market in the second quarter of 1H21. Fuel, food and beverage continues to complement the Group's tourism offering.

The carrying value of the Lifestyle and Holidays investment property at 31 December 2020 is \$782.3 million (30 Jun 2020: \$672.8 million).

Performance

	31 Dec 2020	31 Dec 2019	Change %
Permanent rental income (\$m)	19.5	14.7	33%
Annuals rental income (\$m)	2.0	2.3	(13%)
Tourism rental income (\$m)	24.1	21.6	12%
Other (\$m)	2.7	2.2	23%
EBIT contribution (\$m)	22.4	16.1	39%
Stabilised EBIT margin (%) ⁽¹⁾	42.1	40.4	2%

(1) Excludes impact of unusual items.

Strategic priorities

The strategic priorities for Ingenia Lifestyle and Holidays are: growing rental returns; integrating recent acquisitions and completed development sites; leveraging scale efficiencies, growing holiday bookings; and investing in new rental and tourism cabins.

Ingenia Lifestyle Development

The Group delivered 128 new turnkey settlements in 1H21 (31 Dec 2019: 140) with an additional 8 settlements in the Joint Venture, taking total settlements to 136 (31 Dec 2019: 140). Development is currently underway at 11 communities across the Group and Joint Venture.

The Group currently has a strong development pipeline of 3,142 potential new home sites (30 Jun 2020: 3,015 sites). The carrying value of the Ingenia Lifestyle Development investment property at 31 December 2020 is \$139.3 million (30 Jun 2020: \$131.3 million).

Performance

	31 Dec 2020	31 Dec 2019	Change %
New home settlements (#)	128	140	(9%)
Gross new home development profit (\$m)	22.3	25.0	(11%)
Other home settlements (#)	8	9	(11%)
Gross refurbished home development profit (\$m)	0.2	1.0	(80%)
EBIT contribution (\$m)	13.4	15.1	(11%)
Stabilised EBIT margin (%) ⁽¹⁾	25.5	27.2	(2%)

(1) Excludes impact of unusual items.

Strategic priorities

The key strategic priorities for Ingenia Lifestyle Development include: completing the current development pipeline on time and within budget; building the sales and settlement momentum to catch up on the lost time due to COVID-19 lockdown; securing further development approvals for new homes within the current pipeline and on new properties under offer; securing land adjacent to existing Group communities and; delivering an outstanding move in and ongoing lifestyle experience for new residents. The Group will continue to identify future development opportunities and continuously seek to improve margins in a sustainable manner.

Directors' Report (continued)

Ingenia Communities Holdings Limited
For the six months ended 31 December 2020

Development Joint Venture (Joint Venture)

The development Joint Venture with Sun Communities successfully completed the construction of the Clubhouse and community facilities at Freshwater, its first Greenfield development in Burpengary East, QLD where it also delivered 8 home settlements. The Joint Venture completed the acquisition of its third site in Morisset, NSW, a large greenfield project located 1 hour north of Sydney. The Joint Venture also has a number of greenfield opportunities under option where development approvals are being sought.

During 1H21, revenue generated by Ingenia from the Joint Venture relates to asset management, development management and origination fees. The share of loss from the Joint Venture includes the expensing of transaction costs and stamp duty associated with the acquisition of land.

Performance

	31 Dec 2020	31 Dec 2019	Change %
Greenfield properties (#)	3	2	50%
Investment carrying value (\$m)	31.3	14.1	122%
New home settlements (#)	8	-	NM
Fee income (\$m)	1.7	0.2	NM
Share of loss from joint venture (\$m)	(0.6)	(0.2)	NM

Strategic priorities

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

Ingenia Gardens

Ingenia Gardens comprises 26 rental communities located across the eastern seaboard and Western Australia. Collectively, these communities have 1,377 sites for rent. While rental growth was limited due to no pension increase in the period, the portfolio performed ahead of prior year, with record high occupancy of 96.4% at 31 December 2020.

The carrying value of these assets at 31 December 2020 is \$143.3 million (30 Jun 2020: \$139.9 million).

Performance

	31 Dec 2020	31 Dec 2019	Change %
Rental communities (#)	26	26	-
Occupancy (%)	96.4	91.6	5%
Rental income (\$m)	11.6	11.0	5%
Catering income (\$m)	1.3	1.3	-
EBIT contribution (\$m)	6.3	5.2	21%
Stabilised EBIT margin (%) ⁽¹⁾	43.9	41.5	2%

(1) Excludes impact of unusual items.

Strategic priorities

The strategic priorities of Ingenia Gardens are: increasing occupancy rates and rental income; improving resident retention; increasing referrals and; ensuring residents are actively engaged.

Directors' Report (continued)

Ingenia Communities Holdings Limited
For the six months ended 31 December 2020

Funds Management

In November 2019, the Group acquired the share capital of Eighth Gate Capital Management Pty Limited and its wholly owned subsidiaries (collectively, "EGCM") a funds and asset management business which manages six funds, that invest in lifestyle and holiday communities situated in NSW, QLD and VIC. The Group receives fees for the management and development of the assets and management of the funds.

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

Performance

	31 Dec 2020	31 Dec 2019	Change %
Communities managed (#)	9	9	-
Assets under management (\$m)	142.7	140.0	2%
Fee income (\$m)	1.1	0.8	38%
Distributions received (\$m)	0.4	-	NM

Strategic priorities

The strategic priorities of the funds management business are to leverage the Group's platform to deliver fund performance to existing investors and grow assets under management.

Capital management of the Group

At 31 December 2020, the Group had a combined facility limit of \$450.0 million, with a weighted average term to maturity of 2.8 years, drawn to \$147.0 million.

The Group's Loan to Value Ratio ("LVR") was 14.7% at 31 December 2020, which is below the Group's target range of 30%-40% due to the completion of the equity raise in 2H20 where the funds were not fully deployed at 31 December 2020. The balance of the funds raised are anticipated to be deployed in the second half of FY21.

In February 2021, the Group entered into a new seven-year \$75.0 million debt facility with the Clean Energy Finance Corporation (CEFC), increasing the Group's combined facility limit to \$525.0 million.

Financial position

The following table provides a summary of the Group's financial position as at 31 December 2020:

\$'000	31 Dec 2020	30 Jun 2020	Change
Cash and cash equivalents	14,899	10,751	4,148
Inventories	26,400	36,201	(9,801)
Assets held for sale	18,064	32,623	(14,559)
Investment properties	1,064,864	943,958	120,906
Deferred tax asset	10,795	13,129	(2,334)
Other assets	78,526	56,192	22,334
Total assets	1,213,548	1,092,854	120,694
Borrowings	162,999	85,398	77,601
Liabilities held for sale	4,914	5,175	(261)
Other liabilities	79,400	59,260	20,140
Total liabilities	247,313	149,833	97,480
Net assets /equity	966,235	943,021	23,214

Assets held for sale represent the carrying value of the Group's investment in the development land at Upper Coomera, QLD and a deferred management fee village at Gladstone, QLD.

Investment property book value increased by \$120.9 million from 30 June 2020. This was primarily due to the acquisition of new communities, investment in community development and changes in fair value.

Directors' Report (continued)

Ingenia Communities Holdings Limited
For the six months ended 31 December 2020

Borrowings increased by \$77.6 million, as a result of the acquisition of new communities, investment in community development, investment in the development Joint Venture and distributions paid, offset by operating cash flows.

Cash flow

\$'000	31 Dec 2020	31 Dec 2019	Change
Operating cash flow	59,666	28,467	31,199
Investing cash flow	(117,227)	(123,637)	6,410
Financing cash flow	61,709	86,250	(24,541)
Net change in cash and cash equivalents	4,148	(8,920)	13,068

Operating cash flow for the Group was up 110% to \$59.7 million. positively impacted by a strong tourism performance in the second quarter, the acquisition of new communities and positive working capital movements, with lower inventory on hand and growth in tourism deposits held.

Distributions

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

- On 18 August 2020, the Directors declared a final distribution of 4.4 cps amounting to \$14.3 million, which was paid on 24 September 2020.
- On 16 February 2021, the Directors declared an interim distribution of 5.0 cps, amounting to \$16.3 million to be paid on 25 March 2021.

FY21 outlook

The Group is well positioned to meet the increase in demand for affordable housing from downsizers and will grow its rental base in FY21 by continuing to invest in new rental homes, tourism cabins and the creation of new rental contracts from development projects. Ingenia expects to continue to be a major beneficiary from the rebound in domestic travel as international borders remain closed.

Where on strategy opportunities can be identified, the Group will acquire mature lifestyle and holiday communities and continue to grow its development pipeline. The Group will continue to regularly assess market opportunities and the performance of existing assets, remixing the Group's portfolio to maximise longer-term returns.

The Group has a strong balance sheet to fund growth opportunities, whilst the Joint Venture and the funds management business provide additional sources of capital, and diversification of the Group's revenue streams.

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 9 for Australian investment properties acquired during the year, Note 13 for details of debt facility, and Note 14 for issued securities.

EVENTS SUBSEQUENT TO REPORTING DATE

New debt facility

In February 2021, the Group entered into a seven-year \$75.0 million debt facility with the Clean Energy Finance Corporation, which will assist the Group in delivering clean energy commitments.

Return of JobKeeper

Post 31 December 2020, the Group decided to return \$1.7 million of JobKeeper to the Government, based on improved trading in the holidays business and the outlook for the Group. The impact will be recorded in the second-half and full-year results.

Interim distribution

On 16 February 2021, the Directors declared an interim distribution of 5.0 cps amounting to \$16.3 million, to be paid on 25 March 2021.

Directors' Report (continued)

Ingenia Communities Holdings Limited
For the six months ended 31 December 2020

LIKELY DEVELOPMENTS

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

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

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

ENVIRONMENTAL REGULATIONS

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

GROUP INDEMNITIES

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

INDEMNIFICATION OF 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 2007* is set out on page 10.

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, 16 February 2021



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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 2020, 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; and
- b. No contraventions of any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Yvonne Barnikel
Partner
16 February 2021

Consolidated Statement of Comprehensive Income

Ingenia Communities Holdings Limited

For the six months ended 31 December 2020

	Note	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Rental income	5	57,437	49,805
Ancillary guest and resident income		3,766	3,165
Lifestyle home sales		49,806	55,449
Service station sales		4,438	3,711
Food and beverage sales		3,233	3,487
Fee income		2,742	906
Other revenue		546	420
Revenue		121,968	116,943
Property expenses		(14,720)	(14,033)
Cost of lifestyle homes sold		(27,310)	(30,339)
Employee expenses		(24,086)	(26,554)
Administrative expenses		(4,494)	(3,781)
Operational, marketing and selling expenses		(5,497)	(5,323)
Service station expenses		(3,788)	(3,228)
Depreciation and amortisation expense		(1,757)	(1,496)
Operating profit before interest and tax		40,316	32,189
Net finance expense	6	(1,777)	(3,278)
Operating profit before tax		38,539	28,911
Share of joint venture loss	10	(619)	(222)
Net gain/(loss) on change in fair value of:			
Investment properties		1,540	(1,023)
Financial liabilities		(2,746)	(1,716)
Other		(143)	279
Loss on disposal of investment property		(644)	(1,567)
Profit before income tax		35,927	24,662
Income tax expense		(3,475)	(1,062)
Net profit for the period		32,452	23,600
Total comprehensive income for the period net of income tax		32,452	23,600
		31 Dec 2020 Cents	31 Dec 2019 Cents
Distributions per security paid⁽¹⁾		4.4	5.8
Earnings per security:			
Basic earnings per security	4	10.0	9.5
Diluted earnings per security	4	9.9	9.4

(1) Distributions relate to the final distribution paid for the previous reporting period. An interim distribution of 5.0 cps for the current reporting period was declared on 16 February 2021 to be paid on 25 March 2021.

Consolidated Balance Sheet

Ingenia Communities Holdings Limited

As at 31 December 2020

	31 Dec 2020	30 Jun 2020
Note	\$'000	\$'000
Current assets		
Cash and cash equivalents	14,899	10,751
Trade and other receivables	13,481	8,794
Inventories	7 26,400	36,201
Assets held for sale	8(a) 18,064	32,623
Total current assets	72,844	88,369
Non-current assets		
Trade and other receivables	1,888	1,892
Investment properties	9 1,064,864	943,958
Investment in a joint venture	10 31,307	15,926
Other financial assets	11,757	13,862
Plant and equipment	6,691	5,158
Intangibles	8,328	8,339
Right-of-use assets	5,074	2,221
Deferred tax asset	10,795	13,129
Total non-current assets	1,140,704	1,004,485
Total assets	1,213,548	1,092,854
Current liabilities		
Trade and other payables	12 53,594	41,488
Borrowings	13 2,311	1,849
Employee liabilities	2,953	2,481
Other financial liabilities	3,114	3,577
Liabilities held for sale	8(b) 4,914	5,175
Provision for income tax	2,626	1,486
Total current liabilities	69,512	56,056
Non-current liabilities		
Borrowings	13 160,688	83,549
Other payables	12 4,000	-
Employee liabilities	790	640
Other financial liabilities	12,323	9,588
Total non-current liabilities	177,801	93,777
Total liabilities	247,313	149,833
Net assets	966,235	943,021
Equity		
Issued securities	14(a) 1,223,806	1,218,908
Reserves	(1,745)	(1,933)
Accumulated losses	(255,826)	(273,954)
Total equity	966,235	943,021
Net asset value per security (\$)	\$ 2.96	\$ 2.90

Consolidated Cash Flow Statement

Ingenia Communities Holdings Limited
For the six months ended 31 December 2020

	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Cash flows from operating activities		
Rental and other property income	79,185	63,022
Property and other expenses	(60,271)	(51,201)
Government subsidy	6,519	-
Proceeds from sale of lifestyle homes	53,948	60,330
Purchase of lifestyle homes	(17,395)	(38,607)
Proceeds from sale of service station inventory	4,894	4,126
Purchase of service station inventory	(4,207)	(3,642)
Net movement in resident loans	(137)	(129)
Interest received	8	56
Borrowing costs paid	(2,878)	(5,488)
	59,666	28,467
Cash flows from investing activities		
Payments for acquisition of investment properties	(87,203)	(55,756)
Additions to investment properties	(26,406)	(47,052)
Purchase and additions of plant and equipment	(2,087)	(1,459)
Purchase and additions of intangible asset	(721)	-
Proceeds from sale of investment properties	13,185	2,591
Payments for acquisition of financial assets	-	(13,794)
Net payments for acquisition of subsidiaries	-	(5,273)
Investment in joint venture	(16,000)	(2,700)
Other	2,005	(194)
	(117,227)	(123,637)
Cash flows from financing activities		
Proceeds from issue of stapled securities	4,938	135,386
Payments for security issue costs	(40)	(4,813)
Distributions to security holders	(14,324)	(13,710)
Proceeds from borrowings	95,500	84,000
Repayment of borrowings	(21,500)	(112,000)
Payments for debt issue costs	(31)	-
Payment for securities under security plan	(1,000)	(1,250)
Other	(1,834)	(1,363)
	61,709	86,250
Net increase/(decrease) in cash and cash equivalents	4,148	(8,920)
Cash and cash equivalents at the beginning of the period	10,751	20,185
Cash and cash equivalents at the end of the period	14,899	11,265

Consolidated Statement of Changes in Equity

Ingenia Communities Holdings Limited

For the six months ended 31 December 2020

		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 2020	36,187	(1,933)	38,353	72,607	870,414	943,021
	Net profit	-	-	11,774	11,774	20,678	32,452
	Total comprehensive income for the period	-	-	11,774	11,774	20,678	32,452
<i>Transactions with security holders in their capacity as security holders:</i>							
	Issue of securities	403	-	-	403	4,495	4,898
14(a)	Share based payment transactions	-	1,188	-	1,188	-	1,188
	Payment of distributions to security holders	-	-	-	-	(14,324)	(14,324)
	Payments to employee share trust	-	(1,000)	-	(1,000)	-	(1,000)
	Carrying value 31 Dec 2020	36,590	(1,745)	50,127	84,972	881,263	966,235

		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 2019	12,985	1,933	20,194	35,112	590,635	625,747
	Net profit	-	-	11,645	11,645	11,955	23,600
	Total comprehensive income for the period	-	-	11,645	11,645	11,955	23,600
<i>Transactions with security holders in their capacity as security holders:</i>							
	Issue of securities	8,309	-	-	8,309	122,264	130,573
14(a)	Share based payment transactions	-	420	74	494	-	494
	Payment of distributions to security holders	-	-	-	-	(13,710)	(13,710)
	Payments to employee share trust	-	(1,250)	-	(1,250)	-	(1,250)
	Carrying value 31 Dec 2019	21,294	1,103	31,913	54,310	711,144	765,454

Notes to the Financial Statements

Ingenia Communities Holdings Limited
For the six months ended 31 December 2020

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 2020 was authorised for issue by the Directors on 16 February 2021.

(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 2020 and any ASX announcements issued during the period.

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

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

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

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group’s annual financial report for the year ended 30 June 2020 with the exception of new amended standards and interpretations which have been applied as required.

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

(c) Adoption of new and revised accounting standards

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

Notes to the Financial Statements (continued)

Ingenia Communities Holdings Limited
For the six months ended 31 December 2020

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 assumptions 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. Other financial liabilities are a Level 3 financial instrument of which the carrying value reflects certain assumptions about: expected future rentals; operating costs; sales prices for new homes; sales rates; new rental tariffs; estimates of capital expenditure; projected property growth rates and capitalisation rate, at a discount rate of 13%. 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. Valuation of resident loans

The fair value of the resident loans is calculated by reference to the initial loan amount plus the resident's share of any capital gains in accordance with their contracts, less any deferred management fee income accrued to date by the Group as operator. The key assumption for calculating capital gain and deferred management fee income components is the value of the dwelling being occupied by the resident. This value is determined by reference to the valuation of investment property, as referred to above.

iv. Calculation of deferred management fees ("DMF")

Deferred management fees are recognised by the Group over the estimated period of time the property will be leased by the resident, and accrued DMF is realised upon the departure of the resident. DMF is based on various inputs, including the initial price of the property, estimated length of stay of the resident, various contract terms, and projected price of property at time of re-leasing.

(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 2020

3. SEGMENT INFORMATION

(a) Description of segments

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

- Ingenia Lifestyle and Holidays – comprising long-term and tourism accommodation within lifestyle communities;
- Ingenia Lifestyle Development – comprising the development and sale of lifestyle homes;
- Ingenia Gardens – rental villages;
- Fuel, Food & Beverage Services – consists of the Group's investment in service station operations and food & beverage activities attached to Ingenia Lifestyle and 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.

(b) 31 Dec 2020	Lifestyle & Holidays Operations \$'000	Lifestyle Development \$'000	Ingenia Gardens \$'000	Fuel, Food & Beverage Services \$'000	Corporate & Other \$'000	Total \$'000
Segment revenue						
External segment revenue	48,253	49,806	12,902	7,668	3,339	121,968
Total revenue	48,253	49,806	12,902	7,668	3,339	121,968
Segment underlying profit						
External segment revenue	48,253	49,806	12,902	7,668	3,339	121,968
Property expenses	(10,294)	(298)	(3,376)	(409)	(343)	(14,720)
Cost of lifestyle homes sold	-	(27,310)	-	-	-	(27,310)
Employee expenses	(11,697)	(5,456)	(2,334)	(1,361)	(3,238)	(24,086)
Administrative expenses	(2,095)	(591)	(374)	(35)	(1,399)	(4,494)
Operational, marketing and selling expenses	(1,312)	(2,337)	(451)	(1,199)	(198)	(5,497)
Service station expenses	-	-	-	(3,788)	-	(3,788)
Depreciation and amortisation expense	(435)	(393)	(56)	(28)	(845)	(1,757)
Earnings before interest and tax	22,420	13,421	6,311	848	(2,684)	40,316
Share of joint venture loss						(619)
Net finance expense						(1,777)
Income tax expense						(5,102)
Underlying profit						32,818
Net gain/(loss) on change in fair value of:						
Investment properties						1,540
Financial liabilities						(2,746)
Other						(143)
Loss on disposal of investment property						(644)
Income tax benefit						1,627
Profit after tax						32,452
Segment assets						
Segment assets	787,060	167,579	146,806	339	93,700	1,195,484
Assets held for sale	10,500	-	-	-	7,564	18,064
Total assets	797,560	167,579	146,806	339	101,264	1,213,548

Notes to the Financial Statements (continued)

Ingenia Communities Holdings Limited
For the six months ended 31 December 2020

3. SEGMENT INFORMATION (CONTINUED)

(c) 31 Dec 2019	Lifestyle & Holidays Operations \$'000	Lifestyle Development \$'000	Ingenia Gardens \$'000	Fuel, Food & Beverage Services \$'000	Corporate & Other \$'000	Total \$'000
Segment revenue						
External segment revenue	40,801	55,449	12,422	7,199	1,072	116,943
Total revenue	40,801	55,449	12,422	7,199	1,072	116,943
Segment underlying profit						
External segment revenue	40,801	55,449	12,422	7,199	1,072	116,943
Property expenses	(9,491)	(419)	(3,353)	(375)	(395)	(14,033)
Cost of lifestyle homes sold	-	(30,339)	-	-	-	(30,339)
Employee expenses	(12,002)	(6,703)	(2,984)	(1,668)	(3,197)	(26,554)
Administrative expenses	(1,540)	(601)	(411)	(34)	(1,195)	(3,781)
Operational, marketing and selling expenses	(1,356)	(1,957)	(407)	(1,355)	(248)	(5,323)
Service station expenses	-	-	-	(3,228)	-	(3,228)
Depreciation and amortisation expense	(279)	(349)	(115)	(26)	(727)	(1,496)
Earnings before interest and tax	16,133	15,081	5,152	513	(4,690)	32,189
Share of loss of a joint venture						(222)
Net finance expense						(3,278)
Income tax expense						(2,147)
Underlying profit						26,542
Net (loss)/gain on change in fair value of:						
Investment properties						(1,023)
Financial liabilities						(1,716)
Other						279
Loss on disposal of investment property						(1,567)
Income tax benefit						1,085
Profit after tax						23,600
Segment assets						
Segment assets	645,467	210,912	140,886	377	59,377	1,057,019
Assets held for sale	-	-	-	-	8,982	8,982
Total assets	645,467	210,912	140,886	377	68,359	1,066,001

Notes to the Financial Statements (continued)

Ingenia Communities Holdings Limited
For the six months ended 31 December 2020

4. EARNINGS PER SECURITY

	31 Dec 2020	31 Dec 2019
Per security		
Profit attributable to security holders (\$'000)	32,452	23,600
Weighted average number of securities outstanding (thousands):		
Issued securities (thousands)	326,144	248,096
Dilutive securities (thousands):		
Long-term incentives	1,722	1,418
Short-term incentives	224	314
Fixed Remuneration and Talent Rights	17	-
Weighted average number of issued and dilutive potential securities outstanding (thousands)	328,107	249,828
Basic earnings per security (cents)	10.0	9.5
Dilutive earnings per security (cents)	9.9	9.4

5. REVENUE

	31 Dec 2020	31 Dec 2019
	\$'000	\$'000
Rental income		
Residential rental income - Ingenia Gardens	11,615	11,039
Residential rental income - Lifestyle and Holidays	19,472	14,659
Annuals rental income - Lifestyle and Holidays	2,041	2,271
Tourism rental income - Lifestyle and Holidays	24,145	21,618
Commercial rental income - Lifestyle and Holidays	164	218
Total rental income	57,437	49,805

6. NET FINANCE EXPENSE

	31 Dec 2020	31 Dec 2019
	\$'000	\$'000
Interest income	(8)	(55)
Debt facility interest expense	1,511	3,045
Lease interest expense ⁽¹⁾	274	288
Net finance expense	1,777	3,278

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

Interest costs of \$1,030,000 have been capitalised into investment properties associated with development assets (31 Dec 2019: \$1,630,000).

Notes to the Financial Statements (continued)

Ingenia Communities Holdings Limited
For the six months ended 31 December 2020

7. INVENTORIES

	31 Dec 2020 \$'000	30 Jun 2020 \$'000
Lifestyle homes:		
Completed	11,287	27,150
Display homes	1,819	2,514
Under construction	12,955	6,222
Fuel, food and beverage supplies	339	315
Total inventories	26,400	36,201

The lifestyle home balance includes:

- 56 new completed homes (30 Jun 2020: 132)
- 7 refurbished/renovated/annuals completed homes (30 Jun 2020: 12)
- 18 display homes (30 Jun 2020: 20)
- Lifestyle homes under construction includes 147 partially completed homes at different stages of development (30 Jun 2020: 52). It also includes demolition, site preparation costs and buybacks on future development sites.

8. ASSETS AND LIABILITIES HELD FOR SALE

(a) Summary of carrying value - Assets

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

	31 Dec 2020 \$'000	30 Jun 2020 \$'000
Investment properties held for sale:		
Gladstone, South Gladstone, QLD	7,564	8,675
Upper Coomera, Upper Coomera, QLD	10,500	10,500
Albury, Lavington, NSW	-	4,475
Sun Country, Mulwala, NSW	-	8,973
Total assets held for sale	18,064	32,623

(b) Summary of carrying value - Liabilities

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

	31 Dec 2020 \$'000	30 Jun 2020 \$'000
Net resident loans - Gladstone	4,914	5,175
Total liabilities held for sale	4,914	5,175

9. INVESTMENT PROPERTIES

(a) Summary of carrying value

	31 Dec 2020 \$'000	30 Jun 2020 \$'000
Completed properties	925,543	812,667
Properties under development	139,321	131,291
Total carrying value	1,064,864	943,958

Notes to the Financial Statements (continued)

Ingenia Communities Holdings Limited
For the six months ended 31 December 2020

9. INVESTMENT PROPERTIES (CONTINUED)

(b) Movements in carrying value

	31 Dec 2020 \$'000	30 Jun 2020 \$'000
Carrying value at the beginning of the period	943,958	846,835
Acquisitions	92,781	84,227
Expenditure capitalised	25,474	69,153
Net gain/(loss) on change in fair value	2,651	(32,309)
Transfer to assets held for sale	-	(23,948)
Carrying value at the end of the period	1,064,864	943,958

(c) Reconciliation of fair value

	Ingenia Gardens \$'000	Lifestyle and Holidays \$'000	Total \$'000
Carrying value at the beginning of the period	139,870	804,088	943,958
Acquisitions	-	92,781	92,781
Expenditure capitalised	595	24,879	25,474
Net gain/(loss) on change in fair value	2,795	(144)	2,651
Carrying value at the end of the period	143,260	921,604	1,064,864

(d) Individual property carrying value

Completed properties	Carrying value	
	31 Dec 2020 \$'000	30 Jun 2020 \$'000
<i>Ingenia Gardens:</i>		
Brooklyn, Brookfield, VIC	5,600	5,420
Carey Park, Bunbury, WA	5,160	5,200
Horsham, Horsham, VIC	5,110	5,180
Jefferis, Bundaberg North, QLD	4,500	4,350
Oxley, Port Macquarie, NSW	5,450	5,380
Townsend, St Albans Park, VIC	5,220	5,170
Yakamia, Yakamia, WA	4,400	4,660
Goulburn, Goulburn, NSW	5,520	5,400
Coburns, Brookfield, VIC	5,350	5,190
Hertford, Sebastopol, VIC	4,500	4,290
Seascape, Erskine, WA	5,140	4,850
Seville Grove, Seville Grove, WA	3,780	3,770
St Albans Park, St Albans Park, VIC	6,040	5,930
Taloumbi, Coffs Harbour, NSW	6,540	6,480
Wheelers, Dubbo, NSW	6,150	6,230
Taree, Taree, NSW	5,500	4,920
Grovedale, Grovedale, VIC	5,520	5,580
Marsden, Marsden, QLD	11,500	11,670
Swan View, Swan View, WA	8,770	8,700
Dubbo, Dubbo, NSW	6,370	6,350
Ocean Grove, Mandurah, WA	4,090	3,920
Peel River, Tamworth, NSW	5,100	4,790
Sovereign, Ballarat, VIC	4,370	4,040
Wagga, Wagga Wagga, NSW	4,650	3,960
Bathurst, Bathurst, NSW	4,530	4,300
Warrnambool, Warrnambool, VIC	4,400	4,140
	143,260	139,870

Notes to the Financial Statements (continued)

Ingenia Communities Holdings Limited
For the six months ended 31 December 2020

9. INVESTMENT PROPERTIES (CONTINUED)

Completed properties

	Carrying value	
	31 Dec 2020 \$'000	30 Jun 2020 \$'000
<i>Ingenia Lifestyle and Holidays:</i>		
The Grange, Morisset, NSW	25,308	22,534
Ettalong Beach, Ettalong Beach, NSW ⁽¹⁾	6,431	6,953
Nepean River, Emu Plains, NSW	12,502	13,263
Kingscliff, Kingscliff, NSW	15,500	15,349
One Mile Beach, One Mile, NSW ⁽¹⁾	26,443	20,260
Hunter Valley, Cessnock, NSW	8,617	8,525
Stoney Creek, Marsden Park, NSW	23,371	22,319
White Albatross, Nambucca Heads, NSW	26,901	26,575
Noosa, Tewantin, QLD	18,985	18,832
Chambers Pines, Chambers Flat, QLD	38,503	35,135
Lake Macquarie (Holidays), Mannering Park, NSW	9,605	9,114
Sydney Hills, Dural, NSW	15,109	15,848
Bethania, Bethania, QLD	17,570	14,621
Conjola Lakeside, Lake Conjola, NSW	41,459	39,534
Soldiers Point, Port Stephens, NSW	16,959	16,331
Lara, Lara, VIC	29,533	28,883
South West Rocks, South West Rocks, NSW ⁽¹⁾	12,852	12,673
Broulee, Broulee, NSW ⁽¹⁾	6,492	6,510
Ocean Lake, Ocean Lake, NSW	9,955	9,783
Avina, Vineyard, NSW	22,319	22,485
Hervey Bay (Holidays), Hervey Bay, QLD	9,899	9,652
Latitude One, Port Stephens, NSW ⁽²⁾	27,096	21,744
Blueys Beach, Blueys Beach, NSW	1,148	1,148
Cairns Coconut, Woree, QLD	57,050	55,920
Bonny Hills, Bonny Hills, NSW	14,310	13,900
Durack Gardens, Durack, QLD	33,751	27,709
Eight Mile Plains, Eight Mile Plains, QLD	28,433	27,063
Plantations, Woolgoolga, NSW	11,582	10,381
Hervey Bay (Lifestyle), Hervey Bay, QLD	4,192	1,124
Rivershore, Diddillibah, QLD	23,116	24,300
Brisbane North, Aspley, QLD	30,147	30,000
Byron Bay, Byron Bay, NSW ⁽¹⁾	18,185	18,079
Taigum, Taigum, QLD	16,841	17,250
Bevington Shores, Halekulani, NSW	24,022	25,000
Lake Munmorah, Lake Munmorah, NSW	29,000	24,000
Sunnylake Shores, Halekulani, NSW	8,661	-
Redlands, Thornlands, QLD	6,193	-
Middle Rock, One Mile, NSW	19,410	-
Inverloch, Inverloch, VIC ⁽¹⁾	34,833	-
	782,283	672,797
Total completed properties	925,543	812,667

(1) Includes a land component that is leased from the Crown, local municipalities or private lessors and are recognised as investment property with an associated ground lease. The value of the capitalised lease carried within investment property is \$12,084,000 (30 June 2020: \$11,515,000).

(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 financial liability.

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 this note on the following page.

Notes to the Financial Statements (continued)

Ingenia Communities Holdings Limited
For the six months ended 31 December 2020

9. INVESTMENT PROPERTIES (CONTINUED)

Properties under development

	Carrying value	
	31 Dec 2020 \$'000	30 Jun 2020 \$'000
<i>Ingenia Lifestyle and Holidays:</i>		
Stoney Creek, Marsden Park, NSW	1,737	2,029
Chambers Pines, Chambers Flat, QLD	16,516	16,600
Sydney Hills, Dural, NSW	180	-
Bethania, Bethania, QLD	14,649	16,140
Conjola, Lake Conjola, NSW	1,232	3,992
Lara, Lara, VIC	8,125	7,060
Avina, Vineyard, NSW	13,020	13,020
Latitude One, Port Stephens, NSW ⁽¹⁾	20,755	23,062
Blueys Beach, Blueys Beach, NSW	6,452	6,452
Cairns Coconut, Woree, QLD	1,700	-
Durack Gardens, Durack, QLD	258	2,066
Eight Mile Plains, Eight Mile Plains, QLD	1,402	2,096
Plantations, Woolgoolga, NSW	17,053	24,068
Hervey Bay (Lifestyle), Hervey Bay, QLD	13,298	11,956
Rivershore, Diddillibah, QLD	1,850	-
Bevington Shores, Halekulani, NSW	1,360	-
Sunnylake Shores, Halekulani, NSW	7,927	-
Parkside, Lucas, VIC	9,785	-
Redlands, Thornlands, QLD	2,022	2,750
Properties under development	139,321	131,291
Total investment properties	1,064,864	943,958

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

Investment properties are carried at fair value in accordance with the Group's accounting policy in the Group's 30 June 2020 Annual Report. 11 Lifestyles villages and 9 Ingenia Garden villages were externally valued across October and December 2020.

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.

(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 2020	30 Jun 2020	
Ingenia Gardens	Capitalisation method	Stabilised occupancy	79% - 98% (93.3%)	78% - 97% (92.0%)	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	9.4% - 10.0% (9.7%)	9.4% - 10.3% (9.7%)	Capitalisation has an inverse relationship to valuation.

Notes to the Financial Statements (continued)

Ingenia Communities Holdings Limited
For the six months ended 31 December 2020

9. INVESTMENT PROPERTIES (CONTINUED)

	Valuation technique	Significant unobservable inputs	Range (weighted average)		Relationship of unobservable input to fair value
			31 Dec 2020	30 Jun 2020	
Ingenia Lifestyle and Holidays	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%	
		Operating profit margin	34% - 79% dependent upon short-term and residential accommodation mix.	30% - 80% dependent upon short-term and residential accommodation mix.	
		Capitalisation rate	5.6% - 12.8%	5.90% - 12.25%	Capitalisation has an inverse relationship to valuation.
	Discounted cash flow (for investment properties under development)	Discount rate	9.0% - 16.4%	8.0% - 16.5%	Discount rate has an inverse relationship to valuation.

Capitalisation method

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

Discounted cash flow method

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

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

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

Notes to the Financial Statements (continued)

Ingenia Communities Holdings Limited
For the six months ended 31 December 2020

10. 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 2020	30 Jun 2020
	\$'000	\$'000
Current assets	13,366	11,126
Non-current assets ⁽¹⁾	59,233	22,880
Current liabilities	(9,985)	(2,154)
Equity	62,614	31,852
Group's share in equity - 50%	31,307	15,926
Group's carrying value in investment	31,307	15,926

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

Statement of Comprehensive Income	31 Dec 2020	31 Dec 2019
	\$'000	\$'000
Revenue	3,112	-
Cost of sales	(1,279)	-
Expenses	(655)	(622)
Depreciation	(39)	-
Net finance (expense)/benefit	(104)	21
Net loss on change in fair value of investment property	(2,265)	-
Loss before income tax	(1,230)	(601)
Income tax (expense)/benefit	(8)	157
Total comprehensive loss for the period	(1,238)	(444)
Group's share of loss for the period	(619)	(222)

11. BUSINESS COMBINATIONS

Information on prior year acquisition of Eighth Gate Capital Management Pty Limited

On 22 August 2019, the Group acquired the share capital of EGCM, a funds and asset management business which manages six funds, that invest in lifestyle and holiday communities situated in NSW, QLD and VIC. The Group receives fees for the management and development of the assets and management of the funds.

12. TRADE AND OTHER PAYABLES

	31 Dec 2020	30 Jun 2020
	\$'000	\$'000
Current		
Trade payables and accruals	37,787	31,204
Deposits	14,338	9,215
Other	1,469	1,069
Total current	53,594	41,488
Non-current		
Other	4,000	-
Total non-current	4,000	-

Notes to the Financial Statements (continued)

Ingenia Communities Holdings Limited
For the six months ended 31 December 2020

13. BORROWINGS

	31 Dec 2020 \$'000	30 Jun 2020 \$'000
Current		
Lease liabilities – Right-of-use assets	1,455	1,072
Lease liabilities – Ground leases	856	777
Total current	2,311	1,849
Non-current		
Bank debt	147,000	73,000
Prepaid borrowing costs	(1,197)	(1,400)
Lease liabilities – Right-of-use assets	3,657	1,209
Lease liabilities – Ground leases	11,228	10,740
Total non-current	160,688	83,549

(a) Bank debt

Ingenia has \$450.0 million in available debt facilities at 31 December 2020 (30 Jun 2020: \$450.0 million).

The total \$450.0 million in debt facilities is provided by three Australian banks. The facility tranche dates are:

- 17 February 2022 (\$175.4 million);
- 13 July 2023 (\$174.6 million); and
- 21 February 2027 (\$100.0 million).

As at 31 December 2020, the facilities have been drawn to \$147.0 million (30 Jun 2020: \$73.0 million). The carrying value of investment property net of resident liabilities at reporting date for the Group's Australian properties pledged as security is \$1,019 million (30 Jun 2020: \$909.0 million).

(b) Bank guarantees

The Group has the ability to utilise its bank facilities to provide bank guarantees, which at 31 December 2020 were \$17.3 million (30 Jun 2020: \$14.3 million).

14. ISSUED SECURITIES

	6 months to 31 Dec 2020 \$'000	12 months to 30 Jun 2020 \$'000
(a) Carrying values		
Balance at beginning of the period	1,218,908	900,417
Issued during the period:		
Distribution Reinvestment Plan ("DRP")	4,938	19,273
Institutional Placement, Rights Issue and Share Purchase Plan	-	309,064
Equity raising costs	(40)	(9,846)
Balance at end of the period	1,223,806	1,218,908
The closing balance is attributable to the security holders of:		
Ingenia Communities Holdings Limited	36,590	36,187
Ingenia Communities Fund	1,097,695	1,093,696
Ingenia Communities Management Trust	89,521	89,025
	1,223,806	1,218,908
(b) Number of issued securities		
Balance at beginning of the period	325,553	236,375
Issued during the period:		
Distribution Reinvestment Plan ("DRP")	1,099	4,237
Institutional Placement, Rights Issue and Share Purchase Plan	-	84,941
Balance at end of the period	326,652	325,553

Notes to the Financial Statements (continued)

Ingenia Communities Holdings Limited
For the six months ended 31 December 2020

14. ISSUED SECURITIES (CONTINUED)

(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.

15. COMMITMENTS

There were commitments for capital expenditure on investment properties and inventories contracted but not provided for at reporting date of \$42,173,198 (30 Jun 2020: \$28,407,358).

16. CONTINGENT LIABILITIES

The Group has the following contingent liabilities:

- Bank guarantees totalling \$17.3 million provided for under the \$450.0 million bank facility. Bank guarantees primarily relate to the Responsible Entity's AFSL capital requirements (\$10.0 million).

17. SUBSEQUENT EVENTS

New debt facility

In February 2021, the Group entered into a seven-year \$75.0 million debt facility with the Clean Energy Finance Corporation, which will assist the Group in delivering clean energy commitments.

Return of JobKeeper

Post 31 December 2020, the Group decided to return \$1.7 million of JobKeeper to the Government, based on improved trading in the holidays business and the outlook for the Group. The impact will be recorded in the second-half and full-year results.

Interim distribution

On 16 February 2021, the Directors declared an interim distribution of 5.0 cps amounting to \$16.3 million, to be paid on 25 March 2021.

Directors' Declaration

Ingenia Communities Holdings Limited
For the six months ended 31 December 2020

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 2020 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of its financial position as at 31 December 2020 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 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 2020.

On-behalf of the Board



Jim Hazel
Chairman
Adelaide, 16 February 2021



Building a better
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Independent Auditor's Review Report to the Unitholders of Ingenia Communities Holdings Limited

Report on the Half-Year Financial Report

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 2020, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the half year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2020 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*.

Emphasis of Matter: Investment Property Fair Value

We draw attention to Note 9 of the financial report which describes the impact of the COVID-19 pandemic on the determination of fair value of investment property and how this has been considered by the Directors in the preparation of the financial report. Due to the heightened degree of valuation uncertainty, property values may change significantly and unexpectedly over a relatively short period of time. Our opinion is not modified in respect of this matter.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to 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 consolidated financial position as at 31 December 2020 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.



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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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Yvonne Barnikel
Partner
Sydney
16 February 2021

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

**HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2020**

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 2020

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Directors' Report

Ingenia Communities Fund and Ingenia Communities Management Trust
For the six months ended 31 December 2020

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 2020 (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
Gary Shiffman
John McLaren (Alternate Director to Gary Shiffman)
Gregory Hayes (appointed, effective 17 September 2020)
Sally Evans (appointed, effective 1 December 2020)
Andrew McEvoy (resigned, effective 30 September 2020)

Executive Directors

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

Company Secretaries

Natalie Kwok
Nhu Nguyen

OPERATING AND FINANCIAL REVIEW

Ingenia Communities Fund and Ingenia Communities Management Trust 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, seniors rental and holiday communities across Australia. The Group's real estate assets at 31 December 2020 were valued at \$1.1 billion, comprising 40 lifestyle and holiday communities (Ingenia Lifestyle and Holidays) and 26 rental communities (Ingenia Gardens). The Group manages a further 12 communities through its development JV and funds management platform. The Group is in the S&P/ASX 200 and had a market capitalisation of approximately \$1.6 billion at 31 December 2020.

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

The Group has continued to progress key sustainability initiatives and expand reporting in this area. Through the continuation of existing projects and new initiatives the Group has committed to reduce emissions by 30% over the next five years and is targeting net zero emissions by 2035. The Group has entered into a finance facility with the Clean Energy Finance Corporation (CEFC) which supports these commitments.

Directors' Report (continued)

Ingenia Communities Fund and Ingenia Communities Management Trust

For the six months ended 31 December 2020

Our Values

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



Strategy

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

Using a disciplined investment framework, the Group will: continue to grow its lifestyle and holiday communities business in metropolitan and coastal locations; build out its existing development pipeline; expand development and revenue streams through the Joint Venture with Sun Communities, Inc (NYSE: SUI) and funds management platform; and deploy equity raised in 2H20 to acquire existing communities and additional development sites.

The immediate business priorities of the Group are:

- Capitalise on opportunities to expand the development pipeline to deliver new rental contracts;
- Improve performance of existing assets to drive growth in rental returns;
- Improve resident and guest satisfaction;
- Enhance sustainable competitive advantage through recruitment, retention and development of industry leading talent;
- Focus on sales and marketing effectiveness to successfully launch new projects and grow rental base;
- Continue rollout of new rental and tourism cabins;
- Expand the funds management platform and deliver performance for investors;
- Execute the development Joint Venture business plan, delivering opportunities for capital light growth and additional revenue streams;
- Maintain focus on employee, resident and guest health and safety;
- Continue to advance focus on sustainable home design and construction;
- Build on the Group's sustainability and carbon emissions reduction program and enhance disclosures as initiatives are progressed.

1H21 financial results

The six months to 31 December 2020 delivered total revenue of \$122.0 million, up 4% on the prior corresponding period. The Group built and sold 136¹ turnkey homes (1H20: 140 homes) and grew Lifestyle and Holidays rental income by 18% to \$45.7 million (1H20: \$38.5 million).

Statutory profit of \$32.5 million was up 38% on the prior corresponding period. The statutory result reflects the combination of growth in underlying earnings and fair value movements on investment property arising from: improved capitalisation rates, offset by transaction costs on new acquisitions and a reduction in fair value associated with the realisation of development profits on settlement of homes from the Groups communities under development.

¹ Including eight settlements at Ingenia Lifestyle Freshwater, the Group's first Joint Venture project with Sun Communities.

Directors' Report (continued)

Ingenia Communities Fund and Ingenia Communities Management Trust

For the six months ended 31 December 2020

Underlying profit from continuing operations was \$32.8 million, up 24% on the prior corresponding period. The underlying result was underpinned by a strong second quarter performance from the Lifestyle & Holiday segment, record occupancy in Ingenia Gardens offset by the Lifestyle Development segment which was negatively impacted by COVID-19 with lower settlements having an adverse effect on the 1H21 financial results compared to the prior corresponding period. Included in the result is \$5.1 million of JobKeeper subsidy which supported a loss of revenue and additional costs associated with COVID-19 (including the employment of staff). Due to the improved outlook for the business, the Group will repay \$1.7 million of the JobKeeper subsidy, subsequent to period end.

Operating cash flow for the period was \$59.7 million, up 110% from the prior corresponding period, positively impacted by a strong tourism performance in the second quarter, the acquisition of new communities and positive working capital movements, with lower inventory on hand and growth in tourism deposits held.

The Group grew its investment in lifestyle communities during the period, with a continued focus on progressing the Group's development pipeline to enable further growth in its recurring rental base through the expansion and creation of high-quality communities.

The Group continued to divest non-core assets to support the Group's capital recycling strategy, with the divestment of Ingenia Holidays Albury and Ingenia Holidays Sun Country in 1H21.

The Group's earnings per security during the half were adversely impacted by the 2H20 equity raise, where the proceeds raised were not fully deployed by 31 December 2020.

Key metrics

- Net profit for the half-year for ICF \$15.1 million (1H20: \$13.9 million profit).
- Net profit for the half-year for ICMT of \$5.6 million (1H20: \$2.0 million loss).
- Interim distributions of 5.0 cents per unit by ICF, nil from ICMT.

Development Joint Venture (Joint Venture)

The development Joint Venture with Sun Communities successfully completed the construction of the Clubhouse and community facilities at Freshwater, its first Greenfield development in Burpengary East, QLD where it also delivered 8 home settlements. The Joint Venture completed the acquisition of its third site in Morisset, NSW, a large greenfield project located 1 hour north of Sydney. The Joint Venture also has a number of greenfield opportunities under option where development approvals are being sought.

During 1H21, revenue generated by Ingenia from the Joint Venture relates to asset management, development management and origination fees. The share of loss from the Joint Venture includes the expensing of transaction costs and stamp duty associated with the acquisition of land.

Performance

	31 Dec 2020	31 Dec 2019	Change %
Greenfield properties (#)	3	2	50%
Investment carrying value (\$m)	31.3	14.1	122%
New home settlements (#)	8	-	NM
Fee income (\$m)	1.7	0.2	NM
Share of loss from joint venture (\$m)	(0.6)	(0.2)	NM

Strategic priorities

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

Directors' Report (continued)

Ingenia Communities Fund and Ingenia Communities Management Trust
For the six months ended 31 December 2020

Capital management

At 31 December 2020, the Group had a combined facility limit of \$450.0 million, with a weighted average term to maturity of 2.8 years, drawn to \$147.0 million.

The Group's Loan to Value Ratio ("LVR") was 14.7% at 31 December 2020, which is below the Group's target range of 30%-40% due to the completion of the equity raise in 2H20 where the funds were not fully deployed at 31 December 2020. The balance of the funds raised are anticipated to be deployed in the second half of FY21.

In February 2021, the Group entered into a new seven-year \$75.0 million debt facility with the Clean Energy Finance Corporation (CEFC), increasing the Group's combined facility limit to \$525.0 million.

Distributions

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

- On 18 August 2020, the Directors declared a final distribution of 4.4 cps amounting to \$14.3 million, which was paid on 24 September 2020.
- On 16 February 2021, the Directors declared an interim distribution of 5.0 cps, amounting to \$16.3 million to be paid on 25 March 2021.

FY21 outlook

The Group is well positioned to meet the increase in demand for affordable housing from downsizers and will grow its rental base in FY21 by continuing to invest in new rental homes, tourism cabins and the creation of new rental contracts from development projects. Ingenia expects to continue to be a major beneficiary from the rebound in domestic travel as international borders remain closed.

Where on strategy opportunities can be identified, the Group will acquire mature lifestyle and holiday communities and continue to grow its development pipeline. The Group will continue to regularly assess market opportunities and the performance of existing assets, remixing the Group's portfolio to maximise longer-term returns.

The Group has a strong balance sheet to fund growth opportunities, whilst the Joint Venture and the funds management business provide additional sources of capital, and diversification of the Group's revenue streams.

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 7 for investment properties acquired during the year, Note 10 for details of debt facility, and Note 11 for issued units.

EVENTS SUBSEQUENT TO REPORTING DATE

New debt facility

In February 2021, the Group entered into a seven-year \$75.0 million debt facility with the Clean Energy Finance Corporation, which will assist the Group in delivering clean energy commitments.

Return of JobKeeper

Post 31 December 2020, the Group decided to return \$1.7 million of JobKeeper to the Government, based on improved trading in the holidays business and the outlook for the Group. The impact will be recorded in the second-half and full-year results.

Interim distribution

On 16 February 2021, the Directors declared an interim distribution of 5.0 cps amounting to \$16.3 million, to be paid on 25 March 2021.

Directors' Report (continued)

Ingenia Communities Fund and Ingenia Communities Management Trust
For the six months ended 31 December 2020

LIKELY DEVELOPMENTS

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

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

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

ENVIRONMENTAL REGULATION

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

GROUP INDEMNITIES

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

INDEMNIFICATION OF AUDITORS

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

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

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, 16 February 2021

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 2020, 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; and
- b. No contraventions of 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
16 February 2021

Consolidated Statement of Comprehensive Income

Ingenia Communities Fund and Ingenia Communities Management Trust

For the six months ended 31 December 2020

	Note	ICF		ICMT	
		31 Dec 2020 \$'000	31 Dec 2019 \$'000	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Rental Income		5,589	5,165	57,437	49,805
Ancillary guest and resident income		-	-	3,766	3,165
Lifestyle home sales		-	-	17,499	21,989
Service station revenue		-	-	4,438	3,711
Food and beverage sales		-	-	3,233	3,487
Fee income		-	-	5,055	2,802
Other revenue		-	-	546	420
Revenue		5,589	5,165	91,974	85,379
Property expenses		(343)	(282)	(15,132)	(14,199)
Cost of lifestyle homes sold		-	-	(11,108)	(13,045)
Employee expenses		-	-	(20,505)	(23,016)
Administrative expenses		(359)	(318)	(3,202)	(2,621)
Operational, marketing and selling expenses		-	-	(5,178)	(4,985)
Service station expenses		-	-	(3,788)	(3,228)
Responsible entity fee and expenses		(2,152)	(1,993)	(1,932)	(1,787)
Depreciation and amortisation expense		(1)	(13)	(6,447)	(6,041)
Operating profit before interest and tax		2,734	2,559	24,682	16,457
Net finance income/(expense)		9,973	10,486	(11,259)	(12,926)
Operating profit before tax		12,707	13,045	13,423	3,531
Share of joint venture (loss)/income	8	(1,029)	(38)	86	-
Net gain/(loss) on change in fair value of:					
Investment properties		3,575	1,428	(2,035)	(3,060)
Financial liabilities		-	-	(2,749)	(572)
Other		(144)	278	1	1
Loss on disposal of investment property		-	(773)	(644)	(794)
Profit/(loss) before tax		15,109	13,940	8,082	(894)
Income tax expense		-	-	(2,513)	(1,091)
Net profit/(loss) for the period		15,109	13,940	5,569	(1,985)
Total comprehensive income/(loss) for the period net of income tax		15,109	13,940	5,569	(1,985)
Profit/(loss) attributable to unit holders of:					
Ingenia Communities Fund		15,109	13,940	-	-
Ingenia Communities Management Trust		-	-	5,569	(1,985)
		15,109	13,940	5,569	(1,985)
Total comprehensive income/(loss) attributable to unit holders of:					
Ingenia Communities Fund		15,109	13,940	-	-
Ingenia Communities Management Trust		-	-	5,569	(1,985)
		15,109	13,940	5,569	(1,985)
Earnings per unit:		31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
		Cents	Cents	Cents	Cents
Basic earnings per unit	4	4.6	5.6	1.7	(0.8)
Diluted earnings per unit	4	4.6	5.6	1.7	(0.8)

Consolidated Balance Sheet

Ingenia Communities Fund and Ingenia Communities Management Trust

As at 31 December 2020

	Note	ICF		ICMT	
		31 Dec 2020 \$'000	30 Jun 2020 \$'000	31 Dec 2020 \$'000	30 Jun 2020 \$'000
Current assets					
Cash and cash equivalents		4,797	1,687	7,026	8,065
Trade and other receivables		381	600	7,013	5,746
Inventories	5	-	-	11,722	17,546
Assets held for sale	6(a)	-	-	18,064	32,623
Total current assets		5,178	2,287	43,825	63,980
Non-current assets					
Trade and other receivables		5,550	5,493	595	-
Receivables from related party		635,722	614,299	-	-
Investment properties	7	255,982	217,404	746,180	669,818
Plant and equipment		3	5	4,855	4,323
Investments in a joint venture	8	26,931	11,960	59	-
Other financial assets		-	-	11,742	13,847
Intangibles		-	-	1,821	1,772
Right-of-use-assets		-	-	12,916	18,251
Deferred tax asset		-	-	8,481	10,994
Total non-current assets		924,188	849,161	786,649	719,005
Total assets		929,366	851,448	830,474	782,985
Current liabilities					
Trade and other payables	9	1,751	2,820	37,257	27,722
Borrowings	10	-	-	7,521	12,414
Employee liabilities		-	-	2,953	2,481
Other financial liabilities		-	-	341	-
Liabilities held for sale	6(b)	-	-	4,914	5,175
Total current liabilities		1,751	2,820	52,986	47,792
Non-current liabilities					
Payables to related party		-	-	641,245	611,236
Borrowings	10	145,803	71,600	21,902	22,015
Other financial liabilities		-	-	10,801	8,616
Employee liabilities		-	-	790	640
Other payables	9	-	-	4,000	-
Total non-current liabilities		145,803	71,600	678,738	642,507
Total liabilities		147,554	74,420	731,724	690,299
Net assets		781,812	777,028	98,750	92,686
Equity					
Issued units	11(a)	1,097,695	1,093,696	89,521	89,025
(Accumulated losses)/Retained earnings		(315,883)	(316,668)	9,930	4,361
Security holders interest		781,812	777,028	99,451	93,386
Non-controlling interest		-	-	(700)	(700)
Total equity		781,812	777,028	98,751	92,686
Attributable to unit holders of:					
Ingenia Communities Fund		781,812	777,028	(700)	(700)
Ingenia Communities Management Trust		-	-	99,451	93,386
		781,812	777,028	98,751	92,686

Consolidated Cash Flow Statement

Ingenia Communities Fund and Ingenia Communities Management Trust

For the six months ended 31 December 2020

	ICF		ICMT	
	31 Dec 2020 \$'000	31 Dec 2019 \$'000	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Cash flows from operating activities				
Rental and other property income	-	-	79,154	62,309
Property and other expenses	(538)	(168)	(47,985)	(47,536)
Government subsidy	-	-	6,519	-
Proceeds from sale of lifestyle homes	-	-	18,509	23,635
Purchase of lifestyle homes	-	-	(4,672)	(14,378)
Proceeds from sale of service station inventory	-	-	4,894	4,126
Purchase of service station inventory	-	-	(4,207)	(3,642)
Net movement in resident loans	-	-	(137)	(129)
Interest received	1	30	7	26
Borrowing costs paid	(2,702)	(5,488)	(7)	-
	(3,239)	(5,626)	52,075	24,411
Cash flows from investing activities				
Payments for acquisition of investment properties	(33,086)	(26,172)	(54,117)	(29,584)
Additions to investment properties	(1,891)	(2,239)	(6,120)	(23,564)
Purchase and additions of plant and equipment	-	-	(1,198)	(712)
Purchase and additions of intangible assets	-	-	(389)	-
Proceeds from sale of investment properties	-	-	13,185	2,591
Investment in joint venture	(16,000)	(750)	-	-
Other	-	-	2,005	(38)
	(50,977)	(29,161)	(46,634)	(51,307)
Cash flows from financing activities				
Proceeds from issue of stapled securities	4,032	112,595	503	14,171
Payments for security issue costs	(33)	(4,000)	(7)	(501)
Distributions to unit holders	(14,324)	(13,710)	-	-
(Repayment of)/proceeds from related party borrowings	(6,318)	(36,372)	(463)	7,704
Proceeds from borrowings	95,500	84,000	-	-
Repayment of borrowings	(21,500)	(112,000)	-	-
Payments for debt issue costs	(31)	-	-	-
Other	-	-	(6,513)	(137)
	57,326	30,513	(6,480)	21,237
Net increase/(decrease) in cash and cash equivalents	3,110	(4,274)	(1,039)	(5,659)
Cash and cash equivalents at the beginning of the period	1,687	6,629	8,065	13,478
Cash and cash equivalents at end of the period	4,797	2,355	7,026	7,819

Consolidated Statement of Changes in Equity

Ingenia Communities Fund and Ingenia Communities Management Trust

For the six months ended 31 December 2020

		Attributable to unit holders				
		ICF				
	Note	Issued Capital \$'000	Retained Earnings \$'000	Total \$'000	Non- controlling interest \$'000	Total Equity \$'000
Carrying value 1 Jul 2020		1,093,696	(316,668)	777,028	-	777,028
Net profit		-	15,109	15,109	-	15,109
Total comprehensive income		-	15,109	15,109	-	15,109

Transactions with unit holders in their capacity as unit holders:

Issue of units	11(a)	3,999	-	3,999	-	3,999
Payment of distributions to unit holders		-	(14,324)	(14,324)	-	(14,324)
Carrying value 31 Dec 2020		1,097,695	(315,883)	781,812	-	781,812

Carrying value 1 Jul 2019		831,792	(308,171)	523,621	-	523,621
Net profit		-	13,940	13,940	-	13,940
Total comprehensive income		-	13,940	13,940	-	13,940

Transactions with unit holders in their capacity as unit holders:

Issue of units		108,595	-	108,595	-	108,595
Payment of distributions to unit holders		-	(13,710)	(13,710)	-	(13,710)
Carrying value 31 Dec 2019		940,387	(307,941)	632,446	-	632,446

		Attributable to unit holders				
		ICMT				
	Note	Issued Capital \$'000	Retained Earnings \$'000	Total \$'000	Non- controlling interest \$'000	Total Equity \$'000
Carrying value 1 Jul 2020		89,025	4,361	93,386	(700)	92,686
Net profit		-	5,569	5,569	-	5,569
Total comprehensive income		-	5,569	5,569	-	5,569

Transactions with unit holders in their capacity as unit holders:

Issue of units	11(a)	496	-	496	-	496
Carrying value 31 Dec 2020		89,521	9,930	99,451	(700)	98,751

Carrying value 1 Jul 2019		55,640	11,374	67,014	(700)	66,314
Net loss		-	(1,985)	(1,985)	-	(1,985)
Total comprehensive loss		-	(1,985)	(1,985)	-	(1,985)

Transactions with unit holders in their capacity as unit holders:

Issue of units		13,669	-	13,669	-	13,669
Carrying value 31 Dec 2019		69,309	9,389	78,698	(700)	77,998

Notes to the Financial Statements

Ingenia Communities Fund and Ingenia Communities Management Trust

For the six months ended 31 December 2020

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 2020 was authorised for issue by the Directors on 16 February 2021.

(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 2020 and any ASX announcements issued during the period.

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

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

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

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Trusts' annual financial report the year ended 30 June 2020 with the exception of new amended standards and interpretations which have been applied as required.

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

(c) Adoption of new and revised accounting standards

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

Notes to the Financial Statements (continued)

Ingenia Communities Fund and Ingenia Communities Management Trust

For the six months ended 31 December 2020

2. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(a) Critical accounting estimates and assumptions

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

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

The Trusts have investment properties and assets held for sale which together represent the estimated fair value of investment property. Other financial assets represent ICMT's investment in a number of unlisted property funds. Other financial liabilities relate to a profit share arrangement between ICMT and 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 assumptions 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. Other financial liabilities are a Level 3 financial instrument of which the carrying value reflects certain assumptions about: expected future rentals; operating costs; sales prices for new homes; sales rates; new rental tariffs; estimates of capital expenditure; projected property growth rates and capitalisation rate, at a discount rate of 13%. 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 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. Valuation of resident loans

The fair value of the resident loans is calculated by reference to the initial loan amount plus the resident's share of any capital gains in accordance with their contracts, less any deferred management fee income accrued to date by ICMT as operator. The key assumption for calculating capital gain and deferred management fee income components is the value of the dwelling being occupied by the resident. This value is determined by reference to the valuation of investment property, as referred to above.

iv. Calculation of deferred management fees ("DMF")

Deferred management fees are recognised by the Trusts over the estimated period of time the property will be leased by the resident, and the accrued DMF is realised upon the departure of the resident. DMF is based on various inputs, including the initial price of the property, estimated length of stay of the resident, various contract terms, and projected price of property at time of re-leasing.

(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 2020

3. SEGMENT INFORMATION

(a) Description of segments

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

- Ingenia Lifestyle and Holidays – comprising long-term and tourism accommodation within lifestyle communities;
- Ingenia Lifestyle Development – comprising the development and sale of lifestyle homes;
- Ingenia Gardens – rental villages;
- Fuel, Food & Beverage Services – consists of the Trusts' investment in service station operations and food & beverage activities attached to Ingenia Lifestyle and Holiday communities;
- Corporate & Other – comprises the Trusts' remaining assets and operating activities including, 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.

(b) ICF – 31 Dec 2020	L&H Operations \$'000	Ingenia Gardens \$'000	Corporate & Other \$'000	Total \$'000
Segment revenue				
External segment revenue	1,094	4,495	-	5,589
Total revenue	1,094	4,495	-	5,589
Segment underlying profit				
External segment revenue	1,094	4,495	-	5,589
Property expenses	-	-	(343)	(343)
Administrative expenses	-	-	(359)	(359)
Depreciation expense	(1)	-	-	(1)
Earnings before interest and tax	1,093	4,495	(702)	4,886
Share of joint venture loss	-	-	(1,029)	(1,029)
Net finance income	-	-	9,973	9,973
Underlying profit	1,093	4,495	8,242	13,830
Net gain/(loss) on change in fair value of:				
Investment properties				3,575
Other				(144)
Responsible entity fees				(2,152)
Profit after tax				15,109
Segment assets	112,732	165,754	650,880	929,366
Total assets	112,732	165,754	650,880	929,366

Notes to the Financial Statements (continued)

Ingenia Communities Fund and Ingenia Communities Management Trust

For the six months ended 31 December 2020

3. SEGMENT INFORMATION (CONTINUED)

(c) ICF – 31 Dec 2019	L&H Operations \$'000	Ingenia Gardens \$'000	Corporate & Other \$'000	Total \$'000
Segment revenue				
External segment revenue	670	4,495	-	5,165
Total revenue	670	4,495	-	5,165
Segment underlying profit				
External segment revenue	670	4,495	-	5,165
Property expenses	-	-	(282)	(282)
Administrative expenses	-	-	(318)	(318)
Depreciation expenses	-	-	(13)	(13)
Earnings before interest and tax	670	4,495	(613)	4,552
Share of joint venture loss				(38)
Net finance income				10,486
Underlying profit				15,000
Net gain/(loss) on change in fair value of:				
Investment properties				1,428
Other				278
Loss on disposal of investment property				(773)
Responsible entity fees				(1,993)
Profit after tax				13,940
Segment assets	24,612	159,308	664,585	848,505
Total assets	24,612	159,308	664,585	848,505

Notes to the Financial Statements (continued)

Ingenia Communities Fund and Ingenia Communities Management Trust

For the six months ended 31 December 2020

3. SEGMENT INFORMATION (CONTINUED)

(d) ICMT - 31 Dec 2020	L&H Operations \$'000	L&H Development \$'000	Ingenia Gardens \$'000	Fuel, Food & Beverage Services \$'000	Corporate & Other \$'000	Total \$'000
Segment revenue						
External segment revenue	48,253	21,125	12,902	7,668	2,026	91,974
Total revenue	48,253	21,125	12,902	7,668	2,026	91,974
Segment underlying profit						
External segment revenue	48,253	21,125	12,902	7,668	2,026	91,974
Property expenses	(10,295)	(291)	(3,376)	(409)	(761)	(15,132)
Cost of lifestyle homes sold	-	(11,108)	-	-	-	(11,108)
Employee expenses	(11,697)	(5,068)	(2,334)	(1,361)	(45)	(20,505)
Administrative expenses	(2,095)	(585)	(374)	(35)	(113)	(3,202)
Operational, marketing and selling expenses	(1,312)	(2,056)	(451)	(1,199)	(160)	(5,178)
Service station expenses	-	-	-	(3,788)	-	(3,788)
Depreciation and amortisation expense	(435)	(309)	(56)	(28)	(5,619)	(6,447)
Earnings before interest and tax	22,419	1,708	6,311	848	(4,672)	26,614
Share of joint venture profit						86
Net finance expense						(11,259)
Income tax expense						(4,141)
Underlying profit						11,300
Net (loss)/gain on change in fair value of:						
Investment properties						(2,035)
Financial liabilities						(2,749)
Other						1
Loss on disposal of investment property						(644)
Income tax benefit						1,628
Responsible entity fees						(1,932)
Profit after tax						5,569
Segment assets						
Segment assets	698,408	70,166	5,360	363	38,113	812,410
Assets held for sale	10,500	-	-	-	7,564	18,064
Total assets	708,908	70,166	5,360	363	45,677	830,474

Notes to the Financial Statements (continued)

Ingenia Communities Fund and Ingenia Communities Management Trust

For the six months ended 31 December 2020

3. SEGMENT INFORMATION (CONTINUED)

(e) ICMT - 31 Dec 2019	L&H Operations \$'000	L&H Development \$'000	Ingenia Gardens \$'000	Fuel, Food & Beverage Services \$'000	Corporate & Other \$'000	Total \$'000
Segment revenue						
External segment revenue	40,801	21,989	12,422	7,199	2,968	85,379
Total revenue	40,801	21,989	12,422	7,199	2,968	85,379
Segment underlying profit						
External segment revenue	40,801	21,989	12,422	7,199	2,968	85,379
Property expenses	(9,532)	(375)	(3,353)	(375)	(564)	(14,199)
Cost of lifestyle homes sold	-	(13,045)	-	-	-	(13,045)
Employee expenses	(12,002)	(6,298)	(2,984)	(1,668)	(64)	(23,016)
Administrative expenses	(1,540)	(591)	(411)	(34)	(45)	(2,621)
Operational, marketing and selling expenses	(1,356)	(1,671)	(407)	(1,355)	(196)	(4,985)
Service station expenses	-	-	-	(3,228)	-	(3,228)
Depreciation and amortisation expense	(279)	(275)	(115)	(26)	(5,346)	(6,041)
Earnings before interest and tax	16,092	(266)	5,152	513	(3,247)	18,244
Net finance expense						(12,926)
Income tax expense						(2,015)
Underlying profit						3,303
Net (loss)/gain on change in fair value of:						
Investment properties						(3,060)
Financial liabilities						(572)
Other						1
Loss on disposal of investment property						(794)
Income tax benefit						924
Responsible entity fees						(1,787)
Loss after tax						(1,985)
Segment assets						
Segment assets	574,952	126,304	3,393	1,275	34,046	739,970
Assets held for sale	-	-	-	-	8,982	8,982
Total assets	574,952	126,304	3,393	1,275	43,028	748,952

Notes to the Financial Statements (continued)

Ingenia Communities Fund and Ingenia Communities Management Trust
For the six months ended 31 December 2020

4. EARNINGS PER UNIT

	ICF		ICMT	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Profit/(loss) attributable to security holders (\$'000)	15,109	13,940	5,569	(1,985)
Weighted average number of securities outstanding (thousands)				
Issued securities (thousands)	326,144	248,096	326,144	248,096
Dilutive securities (thousands)				
Long-term incentives	1,722	1,418	1,722	1,418
Short-term incentives	224	314	224	314
Fixed Remuneration and Talent Rights	17	-	17	-
Weighted average number of issued and dilutive potential securities outstanding (thousands)	328,107	249,828	328,107	249,828
Basic earnings per security (cents)	4.6	5.6	1.7	(0.8)
Dilutive earnings per security (cents)	4.6	5.6	1.7	(0.8)

5. INVENTORIES

	ICF		ICMT	
	31 Dec 2020 \$'000	30 Jun 2020 \$'000	31 Dec 2020 \$'000	30 Jun 2020 \$'000
Lifestyle homes				
Completed	-	-	6,023	12,056
Display homes	-	-	1,403	2,232
Under construction	-	-	3,957	2,943
Fuel, food and beverage	-	-	339	315
Total inventories	-	-	11,722	17,546

The lifestyle home balance includes:

- 32 new completed homes (30 Jun 2020: 64)
- 7 refurbished/renovated/annuals completed homes (30 Jun 2020: 12)
- 11 display homes (30 Jun 2020: 12)
- Lifestyle homes under construction includes 56 partially completed homes at different stages of development (30 Jun 2020: 29). It also includes demolition, site preparation costs and buybacks on future development sites.

6. ASSETS AND LIABILITIES HELD FOR SALE

(a) Summary of carrying value - Assets

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

	ICF		ICMT	
	31 Dec 2020 \$'000	30 Jun 2020 \$'000	31 Dec 2020 \$'000	30 Jun 2020 \$'000
Investment properties held for sale:				
Gladstone, South Gladstone, QLD	-	-	7,564	8,675
Upper Coomera, Upper Coomera, QLD	-	-	10,500	10,500
Albury, Lavington, NSW	-	-	-	4,475
Sun Country, Mulwala, NSW	-	-	-	8,973
Total assets held for sale	-	-	18,064	32,623

Notes to the Financial Statements (continued)

Ingenia Communities Fund and Ingenia Communities Management Trust
For the six months ended 31 December 2020

6. ASSETS AND LIABILITIES HELD FOR SALE (CONTINUED)

(b) Summary of carrying value – Liabilities

The following is a summary of the carrying value of the loans associated with investment properties held for sale:

	ICF		ICMT	
	31 Dec 2020 \$'000	30 Jun 2020 \$'000	31 Dec 2020 \$'000	30 Jun 2020 \$'000
Net resident loans – Gladstone	-	-	4,914	5,175
Total liabilities held for sale	-	-	4,914	5,175

7. INVESTMENT PROPERTIES

(a) Summary of carrying value

	ICF		ICMT	
	31 Dec 2020 \$'000	30 Jun 2020 \$'000	31 Dec 2020 \$'000	30 Jun 2020 \$'000
Completed properties	237,581	217,404	687,847	595,080
Properties under development	18,401	-	58,333	74,738
Total carrying value	255,982	217,404	746,180	669,818

(b) Movements in carrying value

	ICF		ICMT	
	31 Dec 2020 \$'000	30 Jun 2020 \$'000	31 Dec 2020 \$'000	30 Jun 2020 \$'000
Carrying value at beginning of the period	217,404	184,217	669,818	623,542
Acquisitions	33,432	18,697	59,349	65,530
Expenditure capitalised	1,571	12,625	17,937	29,201
Net gain/(loss) on change in fair value	3,575	1,865	(924)	(24,507)
Transfer to assets held for sale	-	-	-	(23,948)
Carrying value at the end of the period	255,982	217,404	746,180	669,818

8. 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 valuation methodology of the Joint Venture's assets and liabilities are consistent with that of a group.

The following table illustrates the summarised financial information of the Trusts investment in the Joint Venture entities:

Balance Sheet

	ICF		ICMT	
	31 Dec 2020 \$'000	30 Jun 2020 \$'000	31 Dec 2020 \$'000	30 Jun 2020 \$'000
Current assets	1,616	4,564	363	6
Non-current assets ⁽¹⁾	52,295	19,451	44	177
Current liabilities	(49)	(95)	(290)	(183)
Equity	53,862	23,920	117	-
Trusts' share in equity – 50%	26,931	11,960	59	-
Group's carrying value in investment	26,931	11,960	59	-

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

Notes to the Financial Statements (continued)

Ingenia Communities Fund and Ingenia Communities Management Trust

For the six months ended 31 December 2020

8. INVESTMENT IN A JOINT VENTURE (CONTINUED)

Statement of Comprehensive Income

	ICF		ICMT	
	31 Dec 2020 \$'000	31 Dec 2019 \$'000	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Revenue	235	-	590	-
Expenses	(36)	(94)	(337)	-
Depreciation	-	-	(8)	-
Net finance benefit	8	18	-	-
Net loss on change in fair value of: Investment properties	(2,265)	-	-	-
(Loss)/gain before income tax	(2,058)	(76)	245	-
Income tax expense	-	-	(74)	-
Total comprehensive (loss)/profit for the period	(2,058)	(76)	171	-
Group's share of (loss)/profit for the period	(1,029)	(38)	86	-

9. TRADE AND OTHER PAYABLES

	ICF		ICMT	
	31 Dec 2020 \$'000	30 Jun 2020 \$'000	31 Dec 2020 \$'000	30 Jun 2020 \$'000
Current				
Trade payables and accruals	1,751	2,820	23,026	18,675
Deposits	-	-	12,762	7,978
Other unearned income	-	-	1,469	1,069
	1,751	2,820	37,257	27,722
Non-current				
Other	-	-	4,000	-

10. BORROWINGS

	ICF		ICMT	
	31 Dec 2020 \$'000	30 Jun 2020 \$'000	31 Dec 2020 \$'000	30 Jun 2020 \$'000
Current				
Lease liabilities – Right-of-use assets	-	-	6,307	11,278
Lease liabilities – Ground leases	-	-	1,214	1,136
	-	-	7,521	12,414
Non-current				
Bank debt	147,000	73,000	-	-
Prepaid borrowing costs	(1,197)	(1,400)	-	-
Lease liabilities – Right-of-use assets	-	-	6,624	7,227
Lease liabilities – Ground leases	-	-	15,278	14,788
	145,803	71,600	21,902	22,015

(a) Bank debt

Ingenia has \$450.0 million in available debt facilities at 31 December 2020 (30 Jun 2020: \$450.0 million).

The total \$450.0 million in debt facilities is provided by three Australian banks. The facility tranche dates are:

- 17 February 2022 (\$175.4 million);
- 13 July 2023 (\$174.6 million); and
- 21 February 2027 (\$100.0 million).

As at 31 December 2020, the facilities have been drawn to \$147.0 million (30 Jun 2020: \$73.0 million). The carrying value of investment property net of resident liabilities at reporting date for the Group's Australian properties pledged as security is \$1,019.0m, million (30 Jun 2020: \$909.0 million).

Notes to the Financial Statements (continued)

Ingenia Communities Fund and Ingenia Communities Management Trust
For the six months ended 31 December 2020

10. BORROWINGS (CONTINUED)

(b) Bank guarantees

The Group has the ability to utilise its bank facilities to provide bank guarantees, which at 31 December 2020 were \$17.3 million (30 Jun 2020: \$14.3 million).

11. ISSUED UNITS

	ICF		ICMT	
	6 months to 31 Dec 2020 \$'000	12 months to 30 Jun 2020 \$'000	6 months to 31 Dec 2020 \$'000	12 months to 30 Jun 2020 \$'000
(a) Carrying values				
Balance at beginning of the period	1,093,696	831,792	89,025	55,640
Issued during the period:				
Dividend Reinvestment Plan ("DRP")	4,032	15,854	500	2,095
Institutional Placement, Rights Issue and Share Purchase Plan	-	254,158	-	32,319
Equity raising costs	(33)	(8,108)	(4)	(1,029)
Balance at end of the period	1,097,695	1,093,696	89,521	89,025
The closing balance is attributable to the unit holders of:				
Ingenia Communities Fund	1,097,695	-	-	-
Ingenia Communities Management Trust	-	1,093,696	89,521	89,025
	1,097,695	1,093,696	89,521	89,025

	ICF		ICMT	
	6 months to 31 Dec 2020 '000	12 months to 30 Jun 2020 '000	6 months to 31 Dec 2020 '000	12 months to 30 Jun 2020 '000
(b) Number of issued units				
Balance at beginning of the period	325,553	236,375	325,553	236,375
Issued during the period:				
Dividend Reinvestment Plan ("DRP")	1,099	4,237	1,099	4,237
Institutional Placement, Rights Issue and Share Purchase Plan	-	84,941	-	84,941
Balance at end of the period	326,652	325,553	326,652	325,553

(c) Term of units

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

12. COMMITMENTS

The Trusts have commitments for capital expenditure on investment properties and inventories contracted but not provided for at reporting date of \$10,181,790 (30 Jun 2020: \$10,072,103).

13. SUBSEQUENT EVENTS

New debt facility

In February 2021, the Group entered into a seven-year \$75.0 million debt facility with the Clean Energy Finance Corporation, which will assist the Group in delivering clean energy commitments.

Return of JobKeeper

Post 31 December 2020, the Group decided to return \$1.7 million of JobKeeper to the Government, based on improved trading in the holidays business and the outlook for the Group. The impact will be recorded in the second-half and full-year results.

Interim distribution

On 16 February 2021, the Directors declared an interim distribution of 5.0 cps amounting to \$16.3 million, to be paid on 25 March 2021.

Directors' Declaration

Ingenia Communities Fund and Ingenia Communities Management Trust
For the six months ended 31 December 2020

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 2020 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 2020 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 2020.

On behalf of the Board



Jim Hazel
Chairman
Adelaide, 16 February 2021



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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial reports 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 2020, 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 2020, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the half-year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of Ingenia Communities Management Trust, comprising Ingenia Communities Management Trust and the entities it controlled at half-year end or from time to time during the half-year.

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

- a) giving a true and fair view of each consolidated entity's financial position as at 31 December 2020 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*.

Emphasis of Matter: Investment Property Fair Value

We draw attention to Note 7 of the financial report which describes the impact of the COVID-19 pandemic on the determination of fair value of investment property and how this has been considered by the Directors in the preparation of the financial report. Due to the heightened degree of valuation uncertainty, property values may change significantly and unexpectedly over a relatively short period of time. Our opinion is not modified in respect of this matter.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Ingenia Communities RE Limited as Responsible Entity of the Trusts are responsible for the preparation of the half-year financial reports that give 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 reports that are free from material misstatement, whether due to fraud or error.



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Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial reports based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial reports are 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 2020 and its financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Trusts and the entities they controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Yvonne Barnikel
Partner
Sydney
16 February 2021