

27 May 2024

Trading and Guidance Update

Highlights

- On track to deliver stated FY24 guidance at upper end of the guidance range¹
- Solid overall performance across the business:
 - Occupancy across Ingenia Rental and Ingenia Gardens remains high
 - Holidays continues to perform strongly – forward bookings up 5% on pcg
 - Settlements on track to deliver guidance with momentum into FY25
- Diverse range of development projects, hitting key milestones despite mixed market conditions
- Additional debt facilities well progressed with lenders
- Continuing to review portfolio to optimise asset mix and returns

Ingenia Communities Group (ASX:INA) today provided a Trading Update covering the key segments of the business, including initial observations from Chief Executive Officer John Carfi, having been in the role for just under two months.

Commenting on initial assessments and opportunities for Ingenia, Chief Executive Officer, John Carfi said:

“I have spent the first seven weeks visiting many of our assets and familiarising myself with operations and key functions. Overall, I have a positive impression of the business. Whilst there are areas which require further review, the business is well positioned with a large real estate portfolio and experienced team.

“Firstly, my focus has been ensuring that the business executes well and delivers on current guidance, and it is pleasing to be able to announce today that we expect to deliver a FY24 result that is at the upper end of the guidance range.

“Secondly, cost growth has been outpacing revenue growth and I have identified a number of opportunities to address that. There has been good delivery of cost savings to date, but more efficiencies can be achieved, including further opportunities to drive cost reduction in the near to medium term.

“I am continuing to review individual project level performance and future assumptions to ensure that our current and future pipeline provides appropriate returns and responds to changing conditions. Finalising this review will take time but is key to how we shape the business to optimise shareholder returns and define our future capital needs as we move to sufficient scale and an efficient delivery model.

“The core business areas are trading well, and balance sheet capacity has been maintained, as outlined in the following update on the Group’s FY24 performance and guidance.

1. Guidance is subject to no material changes in market conditions and no other unforeseen circumstances adversely affecting financial performance. EBIT and underlying EPS are non-IFRS measures which exclude non-operating items such as unrealised fair gains/(losses) and gains/(losses) on asset sales.

“I look forward to expanding on the strategic direction of Ingenia at the full-year results in August, providing further detail around key areas including capital allocation, development focus and core business targets.”

Trading update

The Group’s residential communities are continuing to deliver stable recurring rental income as the portfolio benefits from ongoing demand and high occupancy levels. A large portion of the land lease rental base continues to achieve CPI plus rent growth and occupancy remains high across all age rental communities and Ingenia Gardens (at over 99% and 95% respectively). Ingenia has more than 9,000 rent generating sites with communities continuing to meet the growing demand for housing affordability and an ageing population.

The Group’s Holiday Parks continue to experience strong demand with solid performance over the third quarter and forward bookings remaining elevated as families continue to be attracted to the ease and relative affordability of domestic drive travel. Forward bookings are up 5% through to May 2025 (versus prior year), and the outlook for the Holidays business remains robust with long-term fundamentals supporting ongoing growth across eastern seaboard locations.

Development and settlements

The Group’s development business continues to benefit from diversity of projects by location and price point with active projects in Queensland, New South Wales, and Victoria. Construction activity remains on track with new clubhouse openings, including at Parkside Ballarat and Lara in Victoria, over the half. The first residents have now moved into the Group’s projects at Bargara and Fullerton Cove (Joint Venture) and key civil works are progressing well, despite higher-than-expected rain in Queensland and part of New South Wales. Home construction timelines are stable as certainty of supply remains and the availability of trades further improves, with average build time stable at an average of 22 weeks.

Ingenia currently has over 470 contracts and deposits on hand, and a total of 372 homes have been settled year to date across the Group, with an additional 70 plus homes expected to settle by 30 June 2024. The average home price of \$596,000 across Ingenia’s projects remains consistent with the first half. This result reflects an increased focus on sales execution and positions the Group well to deliver growth in settlements with a smoother settlement profile and good visibility to June settlements. Days on market remain elevated across the majority of projects and while market conditions across the Eastern States have continued to largely improve, uncertainty over broader macro conditions remains.

Capital Management

Ingenia is well progressed to increase the Group’s debt facilities to provide further funding capacity and an extension of existing facilities. The addition of \$125 million of capacity for a 5-year term will increase the total debt facilities to \$905 million.

The Group continues to review the portfolio to optimise asset mix and returns. This follows the divestment of \$75 million in assets year to date, including the divestment of Ingenia Holidays Broulee and excess land at Avina in 2H24. Capital recycling remains a focus of the Group.

Ingenia has a well-positioned balance sheet and continues to target an LVR of 30 to 40%, well below the Group's covenant of 55%.

Guidance update

The Group is on track to deliver stated FY24 guidance at the upper end of the range, targeting EBIT growth of 10% – 15% on FY23 and underlying EPS of 20.8 cps to 22.3 cps for FY24¹.

Authorised for lodgement by the Chairman.

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About Ingenia Communities Group

Ingenia Communities Group (ASX: INA) is a leading operator, owner and developer of communities offering quality land lease, 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 \$1.9 billion.

Across Ingenia Lifestyle, Ingenia Gardens, Ingenia Holidays and Ingenia Rental, the Group has over 100 communities.

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).