APPENDIX 4D

Half year Financial Report

Half Year ended 31 December 2013

Name of Entity: Ingenia Communities Holdings Limited (“INA”), a stapled entity comprising Ingenia Communities Holdings Limited ACN 154 444 925, Ingenia Communities Fund ARSN 107 459 576, and Ingenia Communities Management Trust ARSN 122 928 410.

Current period:	**1 July 2013 – 31 December 2013**
Previous corresponding period:	1 July 2012 – 31 December 2012

Results for announcement to the market

Half year ended	**31 Dec 2013 $’000**	**31 Dec 2012 $’000**	**Change $’000**	**Change %**
Revenues from continuing operations	**19,311**	13,825	5,486	40%
Profit/(loss) from ordinary activities after tax attributable to members	**4,306**	2,389	1,917	80%
Net profit/(loss) for the period attributable to members	**4,306**	2,389	1,917	80%
Operating income from continuing operations	**4,018**	1,275	2,743	215%
Operating income	**3,603**	3,631	(28)	(1%)
	31 Dec 2013 cents	**30 Jun 2013 cents**		
Net asset value per security	**35.0**	34.4	0.6	1.7%
	cents	**cents**		
Final distribution (paid)	0.5	0.5		
Interim distribution (declared)	0.5	0.5		
Record date for interim distribution	5:00pm, 6 March 2014			
Payment date for interim distribution	21 March 2104			
All distributions are 100% tax deferred				
The Distribution Reinvestment Plan is not operational for this distribution				

This information should be read in conjunction with the 2013 Annual Financial Report of Ingenia Communities and any public announcements made in the period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and ASX Listing Rules.

Additional Appendix 4D disclosure requirements can be found in the Directors' Report and the 31 December 2013 half year financial statements.

This report is based on the consolidated 2014 half year financial statements of Ingenia Communities, which have been reviewed by EY. The Auditor's Independence Declaration provided by EY is included in the 31 December 2013 half year financial statements.

For further details, please refer to the following attached documents:

- Directors' report
- Audited financial report
- Results presentation and media release

Tania Betts
Company Secretary

25 February 2014

INGENIA COMMUNITIES HOLDINGS LIMITED

A.C.N. 154 444 925

INTERIM REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

www.ingeniacommunities.com.au

Registered Office: Level 5, 151 Castlereagh Street, Sydney NSW 2000

Ingenia Communities Holdings Limited
Financial & associated reports
Half-year ended 31 December 2013

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Ingenia Communities Holdings Limited
Directors' report
Half-year ended 31 December 2013

The directors of Ingenia Communities Holdings Limited (the "Company") present their report together with the Company's financial report for the half-year ended 31 December 2013 (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 the Ingenia Communities Fund ("ICF" or the "Fund") and the Ingenia Communities Management Trust ("ICMT") (together, 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.

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

1. DIRECTORS

The directors of the Company at any time during or since the end of half-year were:

Non-executive directors
Jim Hazel (Chairman)
Philip Clark AM
Amanda Heyworth
Robert Morrison

Executive director
Simon Owen (Managing Director)

2. OPERATING AND FINANCIAL REVIEW

a) Ingenia Communities Overview

The Group owns, manages and develops a diversified portfolio of seniors living communities across Australia. Its real estate assets are valued at $301.2 million and include rental villages, deferred management fee villages, manufactured home estates and three New Zealand student accommodation buildings.

b) Strategy

During the period, the Group has focussed on its strategy of growing its affordable Australian seniors living portfolio. Manufactured home estates ("MHE") have been the primary area of focus for delivering this growth to securityholders. At the same time, the Group continues to focus on divestment of the New Zealand Students portfolio in the short term following signing of 15 year leases and completion of refurbishment works in January 2014. During the period, the real estate asset value of the business grew by $73.7 million, the development pipeline expanded and the MHE acquisition deal flow remains strong.

The Group at all times applies a disciplined approach to investment with strict minimum return criteria. Operational efficiency opportunities and stringent capital management remain key focuses. The target LVR range remains at 30-35% and Australian debt funding facilities increased in February 2014 to $129.5 million, which will facilitate continued growth.

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c) 1H14 Financial results

1H14 has been a period of strong acquisitive growth in the MHE sector, funded using a mix of debt and equity raised from the June 2013 institutional placement of $21.2 m and September 2013 rights issue of $61.7m. During the period, the Group settled on eight MHE properties with a total purchase value of $55.7m.

Other key milestones during the period include:

- Renegotiation of the Australian debt facility to $129.5m;
- Refurbishment of New Zealand Students portfolio virtually completed;
- Settlers Lifestyle Ridge Estate Stage 2 construction nearing completion;
- Expansion of the short term stay element of the Active Lifestyle Estates portfolio; and
- Delivery of new manufactured homes to Nepean River Holiday Village and The Grange.

d) Key Metrics

- Interim distribution of 0.5 cent per security.
- EBIT(1) from continuing operations was $4.9 million, up 12.7% from 1H13.
- Operating income from continuing operations was $4.0 million, up 215% from 1H13.
- Operating income was $3.6m in line with 1H13.
- Net asset value grew by 0.6 cents per security during the period to 35.0 cents, up 1.7%.
- Total Securityholder Return (TSR) of 60% for the six months.(2)
- Statutory profit from continuing operations was $4.6m, up $7.9m from a 1H13 statutory loss.
- Statutory profit was $4.3m, up 80% from 1H13.

These results are reflective of execution of divestment of the majority of the overseas operations, and deployment of capital into the Australia market to generate strong returns for securityholders.

The directors are placing a growing focus on EBIT as a performance measure as it provides a strong indicator of operational efficiency.

(1) EBIT represents operating income less net interest expense and tax associated with operating income.

(2) TSR is the percentage gain from investment in the Group's securities over the six months to 31 December 2013 assuming distributions are reinvested into the Group's securities.

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e) Group Results Summary

The directors also use operating income to assess the ongoing business activities of the Group in a way that appropriately reflects underlying performance.

Operating income excludes certain items recognised in the statement of profit and loss that are volatile or outside core ongoing business activities. Items excluded include unrealised gains or losses on the revaluation of the Group's properties and derivatives. These items are required to be included in net profit in accordance with Australian Accounting Standards.

Operating income for the half-year is calculated as follows:

	2013 $'000	2012 $'000
Net profit attributable to securityholders (reported)	**4,306**	2,389
Adjusted for:		
- Net foreign exchange (gain)/loss	**(348)**	-
- Net (gain)/loss on change in fair value of :		
Investment properties	**(1,226)**	2,767
Derivatives	**8**	(578)
Retirement village resident loans	**(60)**	(87)
Gain/(loss) on revaluation of newly constructed retirement villages	**1,271**	1,931
Loss on internalisation	**-**	35
Amortisation of intangibles	**-**	515
Deferred income tax (benefit)/expense associated with adjustments	**(227)**	(450)
Disposal costs associated with overseas investments	**-**	434
Loss/(profit) from discontinued operations	**294**	(5,681)
Operating income from continuing operations	**4,018**	1,275
Operating income from discontinued operations	**(415)**	2,356
Operating income	**3,603**	3,631

f) Segment Performance and Priorities

Garden Villages

Garden Villages comprised of 29 rental villages at 31 December 2013 located across the eastern seaboard and Western Australia. These villages accommodate more than 1,600 residents, and are projected to generate $19.6 million in gross rental income per annum. The carrying value of these assets at 31 December 2013 is $101.5m.

i. Performance

Garden Villages	**1H14**	1H13	Variance
Occupancy %	**86.0%**	83.9%	2.1%
Like to Like Occupancy %	**86.4%**	84.2%	2.2%
EBIT $m	**4.9m**	4.1m	0.8m

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The Garden Villages segment delivers a consistent stream of recurring cash income for the Group. During the period December 2012 to 30 June 2013, the Group acquired five rental villages with the intention of repositioning them to grow occupancy. These five villages contributed a 1H14 EBIT result of $0.7m with strong performance improvements at all villages except Peel River Gardens, which has been slower responding to repositioning efforts.

ii. Strategic priorities

The key strategic priorities of this business over the coming six months include growing village occupancy, further improving cash operating margins, expanding the Ingenia Care Assist program into more villages, ensuring high resident engagement and maintaining affordability. In January 2014, the Group settled on a further five rental villages requiring significant repositioning in order to grow occupancy. Management is focused on the integration of these villages to ensure the projected benchmark returns are achieved.

<u>Settlers Lifestyle</u>

Settlers Lifestyle is comprised of five deferred management fee villages and four villages in the process of being converted from the rental to deferred management fee ("DMF") model. These villages are located in Queensland, New South Wales and Western Australia and accommodate more than 800 residents generating income from accrued DMF, rental income where villages are not yet fully converted and development income from unit conversions and village expansion. The carrying value of these assets, net of resident loans, is $80.5m.

i. Performance

Settlers Lifestyle	**1H14**	1H13	Variance
Occupancy %	**91%**	88%	3%
New Settlements	**21**	28	(7)
Development Income $m	**1.3m**	1.9m	(0.6)m
Accrued DMF Income $m	**2.7m**	2.4m	0.3m
EBIT $m	**1.7m**	2.6m	(0.9)m

The Settlers Lifestyle business delivered a lower result than the prior comparative period due to reduced sales volumes with some projects nearing completion and new product still under construction at Cessnock and Ridge Estate villages.

ii. Strategic priorities

The key strategic priorities of this business over the coming six months are settling 17 Ridge Estate Stage 1 homes following construction completion in February 2014; sell down of remaining existing stock at conversion villages and driving customer referrals.

The Group is undertaking a strategic review of the DMF portfolio and assessing its comparative returns to the rental and MHE businesses.

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Active Lifestyle Estates

Active Lifestyle Estates launched in March 2013 with the Group's first acquisition of a manufactured home estate. The portfolio consisted of ten communities at 31 December 2013, with a further two properties settled in February 2014 and an additional three acquisitions announced (as disclosed below in 'Events Subsequent to Reporting Date'). This business is the future growth priority as it provides an affordable yield focussed housing alternative for seniors and short term residents. The carrying value of these assets at 31 December 2013 before post balance date acquisitions is $78.0m.

i. Performance

Active Lifestyle Estates	**1H14**	1H13	Variance
New Settlements	**5**	-	5
Development Income $m	**0.5m**	-	0.5m
EBIT $m	**1.3m**	-	1.3m

Active Lifestyle Estates delivered a contribution of $1.3m in 1H14 following the Group's entry into this market in March 2013. Management expects this business to produce a strong result over the next six months as the newly acquired assets contribute a full six months of earnings and more new manufactured homes are delivered.

ii. Strategic priorities

The key strategic priorities of this business over the coming six months are integrating acquired villages into the Group, leveraging scale efficiencies and continuing to deploy funds into the sector through acquisitions and development.

Discontinued operations

Refurbishment of the New Zealand Student accommodation portfolio is complete and with 15 year leases in place, an active marketing campaign is underway to sell of the properties.

g) Tax consolidation

The Group is currently finalising tax consolidation of the ICMT group, which has contributed to the recognition of an income tax benefit of $1.0 m for the period in respect of current year realisable tax losses.

h) Capital Management

The Group adopts a prudent and considered approach to capital management. During the period, the Group strengthened its capital position by undertaking a capital raising and renegotiating core debt. The details of the transactions are as follows:

- In September 2013, the Group announced a fully underwritten 1 for 3 Non-renounceable rights issue at $0.365 per security raising $61.7 million. The rights issue was oversubscribed, which resulted in the need to scale back allotment. The proceeds of the issue are close to being fully deployed into MHEs; and
- In December 2013, the Group re-negotiated and enhanced its core debt facility with the total facility amount increasing by $47.5 million to $129.5 million. The debt margin has reduced materially reflecting improved market conditions and the Group's strong financial position. Additionally, the terms of the debt facility were amended favourably to align closely with the operating profile of the business. The increased facility will be used to fund value accretive acquisitions in the MHE sector. The interest cover ratio of the Group (as defined in the facility agreement) as at 31 December 2013 was 1.98x, which was well above the debt covenant requirement of at least 1.5x.

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i) Financial Position

The following table provides a summary of the Group's financial position as at 31 December 2013

$000	**31 Dec 2013**	30 Jun 2013	Change %
Cash and cash equivalents	**19,784**	38,531	(49%)
Inventories	**998**	285	250%
Investment properties	**437,162**	370,931	18%
Assets of discontinued operations	**46,630**	36,576	27%
Other assets	**9,765**	13,251	(26%)
Total assets	**514,339**	**459,574**	**12%**
Borrowings	**53,456**	70,806	(25%)
Retirement village resident loans	**177,890**	175,703	1%
Liabilities from discontinued operations	**29,548**	21,528	37%
Other liabilities	**16,944**	16,885	0%
Total Liabilities	**277,838**	**284,922**	**(2%)**
Net assets/equity	**236,501**	**174,652**	**35%**

Inventories increased by $0.7m reflecting the Group's growing investment in the manufactured home estates sector. The Group's strategy includes development of new manufactured homes, which are classified as inventory until they are sold to new residents. This element of the Group's balance sheet will continue to grow as the number of active development projects increases.

Investment properties increased by $66.2m largely due to the acquisition of eight manufactured home estates during the period.

Assets and liabilities of discontinued operations grew by $10.1m and $8.0m respectively reflecting capital works associated with refurbishment of the New Zealand Students portfolio in line with the divestment strategy.

Borrowing decreased by $17.3m due to the temporary application of proceeds from the September rights issue against debt until funds are gradually deployed. This ensures finance costs are minimised during this intervening period.

Movements in other assets and liabilities mainly reflect collection of $6.5m of escrows from the divestment of US operations in prior periods together with movements in deferred tax balances.

j) Cashflow

$'000	**1H14**	1H13	Variance
Operating cashflows	**3,070**	2,838	8%
Investing cashflow	**(67,429)**	(8,894)	658%
Financing cashflow	**47,811**	(5,904)	910%
Net change in cash and cash equivalents	**(16,548)**	(11,960)	(38%)
Cash at the end of the period	**21,020**	**20,752**	**1%**

Operating cashflows are similar to the prior period, which reflects the transitional period of reinvesting capital from overseas into Australia, together with development of new manufactured homes for upcoming sales.

Investing cashflows reflect the acquisition of eight manufactured homes estates for $60.4m along with capital refurbishment works of $7.1m on the New Zealand Students portfolio.

Financing cashflows for the period include net proceeds of $59.0m from the September rights issue offset by net borrowings repayment of $8.5m in order to temporarily pay down debt until the proceeds from the rights issue are fully deployed.

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k) Distributions

The following distributions were made during or in respect of the period:

- On 27 August 2013 the directors declared a final distribution for 2013 of 0.5 cents per security ("cps") (2012: 0.5 cps) amounting to $2,535,896 which was paid on 20 September 2013.

- On 25 February 2014 the directors resolved to declare an interim distribution of 0.5 cps (2012: 0.5cps) amounting to $3,381,201 to be paid on 21 March 2014.

The distributions are 100% tax deferred.

The Group is committed to growing distributions in the near term.

l) Outlook

The Group will continue to drive growth through acquisitions and development. The affordability of the Active Lifestyle Estates product continues to receive strong market interest from potential residents, which should generate high demand once homes are delivered to site. Management's focus will be on development delivery by continuing to work closely with councils and manufactured home suppliers to ensure a quality product in a timely and cost effective manner.

Management will also be seeking to finalise divestment of the New Zealand Students portfolio and reinvest those funds into the Australian MHE sector. At the same time, the Group will continue to regularly assess the performance of its existing assets and where appropriate look to recycle capital into other opportunities delivering superior risk-adjusted returns.

3. EVENTS SUBSEQUENT TO REPORTING DATE

- On 30 January 2014, the Group settled five rental retirement villages located in Victoria (Shepparton, Warrnambool and Mildura), New South Wales (Bathurst) and Tasmania (Launceston) for $9.9 million. The purchase, announced on 20 December 2013, was funded from US escrow proceeds received and existing debt facilities.

- On 18 February 2014, the Group settled two MHEs, Big4 Valley Vineyard Tourist Park and Wine Country Caravan Park, located in Cessnock, NSW. The combined purchase price of $10.5 million was funded from the proceeds of the rights issue announced in September 2013 and debt. The acquisition was announced on 20 December 2013.

- On 21 February 2014, following satisfaction of conditions precedent, the core debt facility became unconditional for drawdown.

- On 25 February 2014, the Group announced the following upcoming acquisitions:

    - Exchange of a conditional contract for Town and Country Estate, a manufactured home and tourist park located in Sydney, New South Wales, for $18 million.

    - Exchange of a conditional contract for Sun Country Holiday Village, a manufactured home and tourist park located in Mulwala, New South Wales, for $7 million.

    - A conditional contract has also been exchanged for a third manufactured home and tourist park in Sydney, which is subject to due diligence.

  All the above acquisitions will be funded from the proceeds of the September rights issue and debt.

Ingenia Communities Holdings Limited
Directors' report
Half-year ended 31 December 2013

4. NON-IFRS FINANCIAL INFORMATION

Alternative profit measure (i.e. operating income) shown in this report has not been reviewed or audited in accordance with Australian Auditing Standards.

5. 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 10.

6. ROUNDING OF AMOUNTS

The Group is an entity of the kind referred to in ASIC Class Order 98/100, 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.

Jim Hazel
Chairman
Sydney
25 February 2014

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

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

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

In relation to our review of the financial report of Ingenia Communities Holdings Limited and its controlled entities for the half-year ended 31 December 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Chris Lawton
Partner
Sydney
25 February 2014

Ingenia Communities Holdings Limited
Condensed consolidated statement of profit and loss and other comprehensive income
Half-year ended 31 December 2013

	Note	**2013 $'000**	2012 $'000
Continuing Operations			
Rental income	4	**13,390**	9,466
Accrued deferred management fee income		**2,745**	2,391
Manufactured home sales		**1,105**	-
Catering income		**1,562**	1,239
Other property income		**320**	451
Interest income		**189**	278
		19,311	13,825
Net foreign exchange gain/(loss)		**348**	-
Net gain/(loss) on change in fair value of:			
Investment properties		**1,226**	(2,767)
Derivatives		**(8)**	578
Retirement village resident loans		**60**	87
Loss on internalisation		**-**	(35)
Property expenses		**(4,826)**	(3,775)
Employee expenses		**(6,690)**	(4,540)
Administrative expenses		**(1,846)**	(1,685)
Operational, marketing and selling expenses		**(1,362)**	(1,075)
Cost of manufactured homes		**(632)**	-
Finance expenses		**(1,850)**	(3,351)
Amortisation of intangible assets		**-**	(515)
Disposal costs associated with overseas investments		**-**	(434)
Other		**(136)**	(55)
Profit/(Loss) from continuing operations before income tax		**3,595**	(3,742)
Income tax benefit		**1,005**	450
Profit/(Loss) from continuing operations		**4,600**	(3,292)
Profit/(Loss) from discontinued operations	5	**(294)**	5,681
Net profit for the half-year		**4,306**	**2,389**
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences arising during the period		**752**	120
Total comprehensive income for the half-year, net of tax		**5,058**	2,509
Profit attributable to securityholders of:			
Company		**(1,411)**	(983)
ICF		**6,775**	2,727
ICMT		**(1,058)**	645
		4,306	2,389
Total comprehensive income attributable to securityholders of:			
Company		**(1,411)**	(983)
ICF		**7,495**	1,977
ICMT		**(1,026)**	1,515
		5,058	2,509

Ingenia Communities Holdings Limited
Condensed consolidated statement of profit and loss and other comprehensive income
Half-year ended 31 December 2013

	Note	**2013 Cents**	2012 Cents
Earnings per security[1]:			
Basic earnings per security from continuing operations	3		
Group		**0.7**	(0.6)
Company		**(0.2)**	(0.2)
Basic earnings per security			
Group		**0.7**	0.5
Company		**(0.2)**	(0.2)
Diluted earnings per security from continuing operations			
Group		**0.7**	(0.6)
Company		**(0.2)**	(0.2)
Diluted earnings per security			
Group		**0.7**	0.5
Company		**(0.2)**	(0.2)

[1] Prior period weighted average number of securities and EPS have been adjusted in accordance with AASB 133 "Earnings per Share" ("AASB 133"). The weighted average number of securities on issue for the current period, prior to the rights issue in September 2013, has also been adjusted as required by AASB 133.

Ingenia Communities Holdings Limited
Condensed consolidated statement of financial position
As at 31 December 2013

	Note	31 Dec 2013 $'000	30 Jun 2013 $'000
Current assets			
Cash and cash equivalents	6	**19,784**	38,531
Trade and other receivables		**6,566**	8,789
Inventories		**998**	285
Income tax receivable		**909**	757
Assets of discontinued operations	5	**46,630**	36,576
		74,887	84,938
Non-current assets			
Trade and other receivables		**1,614**	2,671
Investment properties	7	**437,162**	370,931
Plant and equipment		**676**	1,034
		439,452	374,636
Total assets		**514,339**	459,574
Current liabilities			
Trade and other payables		**9,134**	9,066
Retirement village resident loans	8	**177,890**	175,703
Borrowings	9	**270**	267
Liabilities of discontinued operations	5	**29,548**	21,528
		216,842	206,564
Non-current liabilities			
Trade and other payables		**1,143**	140
Borrowings	9	**53,186**	70,539
Derivatives		**216**	209
Deferred tax liabilities		**6,451**	7,470
		60,996	78,358
Total liabilities		**277,838**	284,922
Net assets		**236,501**	174,652
Equity			
Issued securities	10	**569,118**	510,141
Reserves		**2,176**	1,074
Accumulated losses		**(334,793)**	(336,563)
Total equity		**236,501**	174,652
Attributable to securityholders of the Company:			
Issued securities		**7,378**	6,078
Reserves		**658**	308
Retained earnings/(Accumulated losses)		**(1,334)**	77
		6,702	6,463
ICF		**219,602**	164,953
ICMT		**10,197**	3,236
		236,501	174,652
Net asset value per security (cents)		**35.0**	34.4

Ingenia Communities Holdings Limited
Condensed consolidated statement of cash flow
Half-year ended 31 December 2013

	Note	**2013 $'000**	2012 $'000
Cash flows from operating activities			
Rental and other property income		**17,929**	14,861
Payment of management fees (including arrears)		**(13)**	(132)
Property and other expenses		**(15,890)**	(13,688)
Proceeds from resident loans		**10,607**	5,842
Repayment of resident loans		**(6,717)**	(987)
Proceeds from sale of manufactured homes		**1,267**	-
Purchase of manufactured homes		**(1,180)**	-
Distributions received from formerly equity accounted investments		**-**	1,218
Interest received		**224**	349
Borrowing costs paid		**(3,022)**	(4,353)
Income tax paid		**(135)**	(272)
		3,070	2,838
Cash flows from investing activities			
Purchase and additions of plant and equipment		**(71)**	(206)
Payments for investment properties		**(61,104)**	(5,002)
Additions to investment properties		**(12,524)**	(2,565)
Proceeds/(costs) from sale of investment properties		**1,256**	(777)
Amounts advanced to villages		**(23)**	(344)
Payment for lease arrangements		**(80)**	-
Proceeds from sale of equity accounted investments		**5,117**	-
		(67,429)	(8,894)
Cash flows from financing activities			
Proceeds from issue of stapled securities		**61,707**	-
Payments for security issue costs		**(2,719)**	-
Receipts from derivatives		**-**	1,650
Payments for derivatives		**-**	(150)
Finance lease payments		**(42)**	-
Payments for internalisation		**-**	(600)
Distributions to securityholders		**(2,507)**	(2,122)
Proceeds from borrowings		**58,970**	-
Repayment of borrowings		**(67,500)**	(4,144)
Payments for borrowing costs		**(98)**	(538)
		47,811	(5,904)
Net increase/(decrease) in cash and cash equivalents		**(16,548)**	(11,960)
Cash and cash equivalents at the beginning of the year		**37,550**	32,812
Effects of exchange rate fluctuation on cash held		**18**	(100)
Cash and cash equivalents at the end of the half-year	6	**21,020**	20,752

Ingenia Communities Holdings Limited
Condensed consolidated statement of changes in equity
Half-year ended 31 December 2013

	ATTRIBUTABLE TO SECURITYHOLDERS					
	INGENIA COMMUNITIES HOLDINGS LIMITED					
	Issued capital	Reserves	Retained earnings	Total	ICF & ICMT	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000
Carrying amount at 1 July 2012	6,000	15	1,808	7,823	143,349	151,172
Net profit	-	-	(983)	(983)	3,372	2,389
Other comprehensive income	-	-	-	-	120	120
Total comprehensive income	-	-	(983)	(983)	3,492	2,509
Transactions with securityholders in their capacity as securityholders:						
Issue of securities	-	-	-	-	-	-
Payment of distributions to securityholders	-	-	-		(2,205)	(2,205)
Share based payment transactions	-	149	-	149		149
Balance as at 31 December 2012	6,000	164	825	6,989	144,636	151,625
Carrying amount at 1 July 2013	**6,078**	**308**	**77**	**6,463**	**168,189**	**174,652**
Net profit/(loss) for the current period	**-**	**-**	**(1,411)**	**(1,411)**	**5,717**	**4,306**
Other comprehensive income	**-**	**-**	**-**	**-**	**752**	**752**
Total comprehensive income	**-**	**-**	**(1,411)**	**(1,411)**	**6,469**	**5,058**
Transactions with securityholders in their capacity as securityholders:						
Issue of securities	**1,300**	**-**	**-**	**1,300**	**57,677**	**58,977**
Payment of distributions to securityholders					**(2,536)**	**(2,536)**
Share based payment transactions	**-**	**350**	**-**	**350**	**-**	**350**
Balance as at 31 December 2013	**7,378**	**658**	**(1,334)**	**6,702**	**229,799**	**236,501**

Ingenia Communities Holdings Limited
Notes to the financial statements
Half-year ended 31 December 2013

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 Australian Stock Exchange, the number of shares in the Company and of units in each trust shall remain equal and those shareholders 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.

(b) Basis of preparation

The 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 interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the Group's annual financial report for the year ended 30 June 2013.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated as per ASIC Class Order 98/0100.

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 2013 annual report with the exception of new mandatorily amended standards and interpretations which have been applied as required.

During the current period, the Group acquired many tourism cabins as part of MHEs. The cabins are rented for periods up to six months. In accordance with accounting standards, the Group has treated the cabins as investment property.

As at 31 December 2013, the Group recorded a net current asset deficiency of $141,955,000. This deficiency includes retirement village resident loans of $177,890,000 and liabilities from discontinued operations of $29,548,000. Resident loan obligations of the Group are classified as current liabilities due to the demand feature of these obligations despite the unlikely possibility that the majority of the loans will be settled within the next 12 months. Furthermore, if required, the proceeds from new resident loans could be used by the Group to settle existing loan obligations should those incumbent residents vacate their units. The liabilities of the discontinued operations consist mainly of borrowings of $28,403,000 related to a facility with the Bank of New Zealand, which has been refinanced recently for a 5 years period and will be repaid upon disposal of the corresponding assets. Accordingly, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and the financial report of the Group has been prepared on a going concern basis.

Ingenia Communities Holdings Limited
Notes to the financial statements
Half-year ended 31 December 2013

1. Summary of significant accounting policies (continued)

(c) New or revised Accounting Standards and Interpretations that are first effective in the current reporting period

The Group has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current period. The following standards were most relevant to the Group:

- AASB 10 "Consolidated Financial Statements" and AASB 2011-7 "Amendments to Australian Accounting Standards arising from consolidation and Joint Arrangements standards";
- AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13';
- AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011) ;
- AASB 2012-2 'Amendments to Australian Accounting Standards- Disclosures- Offsetting Financial Assets and Financial Liabilities'

The impact of application of each Standard is as follows:

Accounting Standard	Impact on the Group
AASB 10 and AASB 2011-7	AASB 10 amends the definition of control such that an investor controls an investee when a) it has power over an investee; b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three conditions have to be met for an investor to have control. The application of the standard did not have any impact on the Group.
AASB 13 and AASB 2011-8	AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value. The standard is broad in scope and applies to both financial instrument and non-financial instrument items with the exception of a few items like share based payments and leases, which are covered by other standards. AASB 13 defines fair value as the price that would be received to sell an asset or liability in an orderly transaction in the principal (or the most advantageous) market at the measurement date under current market conditions. Valuations made are categorised into three levels based on the inputs used. However, regardless of the valuation methodology applied, fair value represents the exit price in relation to the asset or liability. The standard applies prospectively from 1 January 2013. The Group has applied requirements of the Standard in all its valuations in particular of investment properties. Additionally, the disclosure requirements of the standard, which includes information about assumptions made and the qualitative impact of those assumptions on fair value, have been complied with.

Ingenia Communities Holdings Limited
Notes to the financial statements
Half-year ended 31 December 2013

1. Summary of significant accounting policies (continued)

Accounting Standard	Impact on the Group
AASB 119 and AASB 2011-10	AASB 119 amends the definition of short-term employee benefits, with the distinction now being based on whether the benefits are expected to be settled within 12 months after reporting date (short-term benefit). Long term employee benefits are required to be measured using the actuarial valuation method. The method involves projecting future cashflows and discounting back to present value. This requirement applies to the annual leave balance for the Group. The application of the standard's requirement for both current and previous periods did not result in amendment to the figures disclosed, as the changes were not material.
AASB 2012-2	The standard provides application and presentation guidance to AASB 132 'Financial Instruments: Presentation' for applying some offsetting criteria. The Group has applied the requirements of the Standard, which necessitates disclosure of information about rights of offset and related arrangements for financial instruments under an enforceable master netting arrangement or similar arrangement. This has resulted in changes to disclosure principally for retirement village resident loans for the Group.

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 the Group's 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, will seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Valuation of investment property

The Group has investment properties with a carrying amount of $437,162,000 (June 2013 :$370,931,000) (refer note 7), and retirement village residents' loans with a carrying amount of $177,890,000 (June 2013: $175,703,000) (refer note 8), which together represent the estimated fair value of the Group's continuing interest in retirement villages. In addition, the Group holds investment properties with carrying amount of $ 45,269,000 (June 2013: $35,343,000) which are included in assets of discontinued operations. These carrying amounts reflect certain assumptions about expected future rentals, rent-free periods, operating costs and appropriate discount and capitalisation rates. The valuation assumptions for deferred management fee villages reflect assumptions relating to 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 responsible entity considered information about current and recent sales activity, current market rents, and discount and capitalisation rates, for properties similar to those owned by the Group, as well as independent valuations of the Group's property.

Ingenia Communities Holdings Limited
Notes to the financial statements
Half-year ended 31 December 2013

2. Accounting Estimates and Judgements (continued)

(ii) Valuation of Inventories

The Group has inventory in the form of manufactured homes, 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 the estimates are made, of the amount the inventories are expected to realise and the estimate of costs to complete. Key assumptions require the use of judgement, which are continually reviewed.

(iii) Fair value of derivatives

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

Valuation of share-based payment transactions is performed using judgements around the fair value of equity instruments on the date at which they are granted. The fair value is determined using a Monte Carlo based simulation method. Refer note 11 for assumptions used in determining fair value.

(iv) Valuation of intangibles

The valuation of transitional services and rental support provided as part of the internalisation was based on the estimated market value of these services if they were to be obtained by a third party at arm's-length.

(v) Valuation of assets acquired in business combinations

Upon recognising an acquisition, management uses estimations and assumptions of the fair value of assets and liabilities assumed at the date of acquisition, including judgements related to valuation of investment property as discussed above.

(vi) Valuation of retirement village resident loans

The fair value of the retirement village resident loans is calculated by reference to the initial loan amount and the resident's share of any capital gains in accordance with their contracts less any deferred management fee income earned to date by the Group as operator. The key assumptions for calculating the 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.

(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.

Ingenia Communities Holdings Limited
Notes to the financial statements
Half-year ended 31 December 2013

3. Earnings per security[1]

	2013	2012
(a) Group		
Profit attributable to securityholders ($'000)	**4,306**	2,389
Profit/(loss) from continuing operations ($'000)	**4,600**	(3,292)
Profit/(loss) from discontinued operations ($'000)	**(294)**	5,681
Weighted average number of securities outstanding (thousands):		
Issued securities	**617,384**	508,880
Diluted securities		
Performance quantum rights	**4,710**	3,842
Retention quantum rights	**1,818**	1,818
Weighted average number of issued and dilutive potential securities outstanding – thousands	**623,912**	514,540
Basic earnings per security- total (cents)	**0.7**	0.5
Basic earnings per security from continuing operations (cents)	**0.7**	(0.6)
Basic earnings per security from discontinued operations (cents)	**(0.0)**	1.1
Diluted earnings per security- total (cents)	**0.7**	0.5
Diluted earnings per security from continuing operations (cents)	**0.7**	(0.6)
Diluted earnings per security from discontinued operations (cents)	**(0.0)**	1.1
(b) Company		
Profit/(loss) attributable to securityholders ($'000)	**(1,411)**	(983)
Weighted average number of securities outstanding (thousands):		
Issued securities	**617,384**	508,880
Diluted securities		
Performance quantum rights	**4,710**	3,842
Retention quantum rights	**1,818**	1,818
Weighted average number of issued and dilutive potential securities outstanding – thousands	**623,912**	514,540
Basic earnings per share (cents)	**(0.2)**	(0.2)
Diluted earnings per share (cents)	**(0.2)**	(0.2)

4. Rental income

	2013	2012
	$'000	$'000
Residential rental income - Garden villages	**10,531**	9,466
Residential rental income - Active Lifestyle Estates	**1,306**	-
Short term rental income - Active Lifestyle Estates	**1,553**	-
	13,390	9,466

[1] Prior period weighted average number of securities and EPS have been adjusted in accordance with AASB 133 "Earnings per Share ("AASB 133"). The weighted average number of securities on issue for the current period, prior to the rights issue in September 2013, has also been adjusted as required by AASB 133.

Ingenia Communities Holdings Limited
Notes to the financial statements
Half-year ended 31 December 2013

5. Discontinued operations

(a) Details of discontinued operations

The Group's investment in its New Zealand students business has been classified as a discontinued operation since 30 June 2011, which is consistent with the previously announced strategy to focus on transitioning to an actively managed Australian seniors living business. The Group holds a 100% interest in three facilities in Wellington, New Zealand that are primarily leased for 15 years to Victoria University of Wellington and Wellington Institute of Technology.

The Group is currently in the process of launching a sale process for the assets.

The comparative figures include results from certain properties held in the United States, which had been classified as discounted operations since November 2009. The Group completely exited US operations in February 2013.

(b) Financial performance

The financial performance of components of the Group disposed of or classified as discontinued operations at 31 December 2013 was:

	2013	2012
	$'000	$'000
Revenue	**1,041**	3,806
Net gain on change in fair value of:		
- Investment properties	**(335)**	3,959
Net foreign exchange gain	**630**	-
Interest income	**41**	19
Other income	**-**	31
Expenses	**(784)**	(2,000)
Interest expense	**(702)**	(1,346)
Distributions from formerly equity accounted investments	**-**	1,218
Disposal costs associated with overseas investments	**(143)**	-
Profit/(loss) from operating activities before income tax	**(252)**	5,687
Income tax expenses	**(10)**	(6)
Profit/(loss) from operating activities	**(262)**	5,681
Gain/(loss) on sale of discontinued operations (net of tax)	**(32)**	-
Profit/(loss) from discontinued operations for the half-year	**(294)**	5,681

(c) Cash flows

The cash flows of components of the Group disposed of or classified as discontinued operations at 31 December 2013 were:

	2013	2012
	$'000	$'000
Net cash flow from operating activities	**(371)**	412
Net cash flow from investing activities:		
Payments on sale of discontinued operations	**(65)**	-
Payments for lease arrangements	**(80)**	-
Additions to investment properties	**(7,738)**	(1,328)
Other	**308**	(9)
Net cash flow from financing activities	**10,161**	(144)
Net cash flows from discontinued operations	**2,215**	(1,069)

Ingenia Communities Holdings Limited
Notes to the financial statements
Half-year ended 31 December 2013

5. Discontinued operations (continued)

(d) Assets and liabilities

The assets and liabilities of components of the Group classified as disposal groups at each reporting date were:

	31 Dec 2013 $'000	30 Jun 2013 $'000
Assets		
Cash and cash equivalents	**1,236**	974
Trade and other receivables	**125**	259
Investment properties	**45,269**	35,343
Total assets	**46,630**	36,576
Liabilities		
Bank overdraft	**-**	1,955
Payables	**1,145**	2,051
Borrowings	**28,403**	17,522
Total liabilities	**29,548**	21,528
Net assets of disposal groups	**17,082**	15,048

The weighted average capitalisation rate of the New Zealand student properties is 7.75% (30 June 2013: 7.75%).

6. Cash and cash equivalents

	31 Dec 2013 $'000	30 Jun 2013 $'000
Cash at bank and in hand	**11,952**	7,060
Short term deposits	**7,832**	31,471
	19,784	38,531

Reconciliation to statement of cash flows	31 Dec 2013 $'000	31 Dec 2012 $'000
Cash and cash equivalents attributable to:		
Continuing operations-cash at bank	**19,784**	18,570
Discontinued operations-cash at bank	**1,236**	2,182
Cash at the end of half-year as per cash flow statement	**21,020**	20,752

7. Investment properties

(a) Summary of carrying amounts

	31 Dec 2013 $'000	30 Jun 2013 $'000
Completed properties	**433,347**	367,726
Properties under construction	**3,815**	3,205
	437,162	370,931

Ingenia Communities Holdings Limited
Notes to the financial statements
Half-year ended 31 December 2013

7. Investment properties (continued)

(b) Individual valuations and carrying amounts

PROPERTY	Location	Date of purchase	Cost to date	Latest external valuation	Valuation	Carrying amount		Capitalisation rate	
				Date	amount	31 Dec	30 Jun 13	31 Dec 13	30 Jun 13
			$'000		$'000	$'000	$'000		
Completed Properties:									
Garden Villages									
Yakamia Gardens	Yakamia, WA	Jun 04	5,434	Dec 12	**2,900**	**2,500**	2,500	**10.5%**	7.5%
Mardross Gardens	Albury, NSW	Jun 04	5,581	Jun 12	**2,200**	**2,490**	2,320	**6.5%(1)**	5.5%(1)
Seville Grove Gardens	Seville Grove, WA	Jun 04	4,538	Dec 12	**3,400**	**3,270**	3,240	**10.0%**	9.8%
Hertford Gardens	Sebastopol.VIC	Jun 04	4,095	Jun 12	**2,650**	**3,690**	3,780	**10.3%**	10.5%
Carey Park Gardens	Bunbury, WA	Jun 04	4,924	Dec 12	**2,600**	**3,150**	2,840	**10.5%**	10.0%
Jefferis Gardens	Bundaberg North, QLD	Jun 04	4,969	Dec 13	**2,600**	**2,600**	2,720	**11.0%**	10.0%
Claremont Gardens	Claremont, TAS	Jun 04	4,279	Dec 13	**3,320**	**3,320**	2,900	**10.0%**	9.5%
Taloumbi Gardens	Coffs Harbour, NSW	Jun 04	5,039	Dec 12	**4,200**	**4,190**	4,020	**10.5%**	10.3%
Devonport Gardens	Devonport, TAS	Jun 04	4,017	Dec 12	**2,500**	**2,540**	2,120	**6.0%(1)**	5.3%(1)
Wheelers Gardens	Dubbo, NSW	Jun 04	4,351	Dec 13	**3,800**	**3,800**	3,950	**10.0%**	10.5%
Elphinwood Gardens	Launceston, TAS	Jun 04	4,383	Dec 12	**2,750**	**2,870**	2,740	**10.0%**	10.0%
Glenorchy Gardens	Glenorchy, TAS	Jun 05	4,147	Dec 13	**3,250**	**3,250**	3,010	**10.0%**	10.0%
Chatsbury Gardens	Goulburn, NSW	Jun 04	4,790	Dec 13	**2,940**	**2,940**	3,340	**10.0%**	10.0%
Grovedale Gardens	Grovedale, VIC	Jun 05	4,920	Dec 12	**3,600**	**3,890**	4,090	**10.3%**	10.5%
Horsham Gardens	Horsham, VIC	Jun 04	4,456	Jun 12	**3,100**	**2,900**	3,170	**9.8%**	10.0%
Sea Scape Gardens	Erskine, WA	Jun 04	4,557	Dec 12	**4,200**	**4,190**	4,180	**10.3%**	10.3%
Marsden Gardens	Marsden, QLD	Jun 05	10,324	Dec 12	**8,150**	**8,200**	7,900	**11.4%**	10.5%
Coburns Gardens	Brookfield, VIC	Jun 04	4,317	Dec 12	**3,000**	**3,040**	3,260	**9.8%**	9.5%
Brooklyn Gardens	Brookfield, VIC	Jun 04	4,168	Dec 12	**2,400**	**3,010**	2,790	**9.8%**	9.5%
Oxley Gardens	Port Macquarie, NSW	Jun 04	4,396	Dec 12	**2,600**	**3,070**	2,320	**10.3%**	10.0%
Townsend Gardens	St Albans Park, VIC	Jun 04	4,778	Jun 12	**3,250**	**3,350**	3,390	**10.3%**	9.8%
St Albans Park Gardens	St Albans Park, VIC	Jun 04	5,083	Jun 12	**3,400**	**3,550**	4,030	**10.5%**	10.5%
Swan View Gardens	Swan View WA	Jan 06	7,860	Dec 12	**5,650**	**5,540**	5,780	**10.3%**	10.3%
Taree Gardens		Dec 04	4,623	Dec 12	**2,400**	**3,430**	2,950	**10.5%**	10.0%

Ingenia Communities Holdings Limited
Notes to the financial statements
Half-year ended 31 December 2013

PROPERTY	Location	Date of purchase	Cost to date	Latest external valuation	Valuation	Carrying amount		Capitalisation rate	
				Date	amount	31 Dec	30 Jun 13	31 Dec 13	30 Jun 13
			$'000		$'000	$'000	$'000		
Dubbo Gardens	Dubbo, NSW	Dec 12	2,661	Dec 13	**3,290**	**3,290**	2,652	**10.5%**	5.3%[1]
Ocean Grove Gardens	Mandurah, WA	Feb 13	3,549	Dec 13	**3,280**	**3,280**	3,015	**10.5%**	11.0%
Peel River Gardens	Tamworth, NSW	Mar 13	3,057	Dec 13	**2,970**	**2,970**	3,464	**10.0%**	7.3%[1]
Sovereign Gardens	Ballarat, VIC	Jun 13	3,301	-	**-**	**3,265**	3,265	**5.3%[1]**	5.3%[1]
Wagga Gardens	Wagga Wagga, NSW	Jun 13	3,992	-	**-**	**3,953**	3,953	**11.8%**	11.8%
Total			**136,589**			**101,538**	99,689		
Settlers Lifestyle								**Discount rate**	
Forest Lake	Forest Lake, QLD	Nov 05	14,162	Jun 13	**12,662**	**13,169**	12,663	**16.7%**	15.0%
South Gladstone	South Gladstone, Qld	Nov 05	8,182	Jun 13	**12,093**	**12,130**	12,093	**15.0%**	15.0%
Rockhampton	Rockhampton, QLD	Nov 05	10,634	Dec 13	**13,900**	**13,900**	13,768	**17.9%**	14.7%
Cessnock	Cessnock, NSW	Jun 04	7,034	Dec 12	**3,190**	**5,429**	4,871	**18.2%**	16.1%
Lakeside	Ravenswood, WA	Apr 07	70,602	Dec 12	**77,584**	**78,078**	78,673	**13.5%**	13.5%
Noyea Park	Mt Warren Park, QLD	Apr 07	2,485	Dec 12	**549**	**245**	324	**14.5%**	14.5%
Meadow Springs	Mandurah, WA	Apr 07	20,919	Jun 13	**17,066**	**16,775**	17,066	**14.5%**	14.5%
Ridgewood	Ridgewood, WA	Apr 07	85,381	Jun 13	**105,104**	**105,129**	105,104	**13.5%**	13.5%
Ridge Estate	Gillieston Heights, NSW	Jul 12	8,032	-	**-**	**8,990**	5,471	**20.0%**	15.0%
Total			**227,431**			**253,845**	250,033		
Active Lifestyle Estates									**Capitalisation rate**
The Grange	Morisset, NSW	Mar 13	11,126	Dec 13	**12,129**	**11,829**	12,593	**9.1%**	10.0%
Ettalong Beach Holiday Village [2]	Ettalong Beach, NSW	Apr 13	2,082	Dec 13	**5,850**	**5,540**	5,411	**20.0%**	18.4%
Albury Citygate Caravan and Tourist Park	Albury, NSW	Aug 13	2,546	-	**-**	**2,546**	-	**7.2%[3]**	-
Nepean River Holiday Village	Penrith, NSW	Aug 13	10,900	-	**-**	**10,900**	-	**10.5%[3]**	-
Mudgee Valley Tourist Park	Mudgee, NSW	Sep 13	4,445	-	**-**	**4,445**	-	**8.8%[3]**	-
Mudgee Tourist and Van Resort	Mudgee, NSW	Oct 13	7,809	-	**-**	**7,809**	-	**9.3%[3]**	-
Drifters Holiday Village	Kingscliff, NSW	Nov 13	11,435	-	**-**	**11,435**	-	**10.0%[3]**	-
Lake Macquarie Holiday Village	Morisset, NSW	Nov 13	7,568	-	**-**	**7,568**	-	**5.1%[3]**	-
Macquarie Lakeside Holiday Village	Chain Valley Bay, NSW	Dec 13	4,011	-	**-**	**4,011**	-	**8.9%[3]**	-
One Mile Beach Holiday Park	Anna Bay, NSW	Dec 13	11,881	-	**-**	**11,881**	-	**10.6%[3]**	-
Total			**73,803**			**77,964**	18,004		
Total completed properties			**437,823**			**433,347**	367,726		

Ingenia Communities Holdings Limited
Notes to the financial statements
Half-year ended 31 December 2013

PROPERTY	Location	Date of purchase	Cost to date	Latest external valuation	Valuation	Carrying amount		Capitalisation rate	
				Date	amount	31 Dec 13	30 Jun 13	31 Dec 13	30 Jun 13
			$'000		$'000	$'000	$'000		
Property under construction									
Settlers									
South Gladstone Gardens – land	South Gladstone, QLD	Nov 05	199	Jun 13	**750**	**750**	750	**-**	-
Meadow Springs	Mandurah, WA	Apr 07	2,470	Jun 13	**2,455**	**2,455**	2,455	**-**	-
Active Lifestyle Estate									
The Grange	Morisset, NSW	Mar 13	300		**-**	**300**	-	**-**	-
Ettalong Beach Holiday Village (2)	Ettalong Beach, NSW	Apr 13	310		**-**	**310**	-	**-**	-
Total properties under construction			**3,279**			**3,815**	3,205		
Total Investment properties			**441,102**			**437,162**	370,931		

(1) The low capitalisation rate is due to the replacement value of the property being higher than the amount derived using normal market capitalisation range applicable to senior living rental assets.
(2) Ettalong Beach Holiday Village land component is leased from the Gosford City Council and is recognised as investment property with an associated finance lease liability.
(3) The capitalisation rate of these properties reflects the trailing yield at the time of acquisition.

Ingenia Communities Holdings Limited
Notes to the financial statements
Half-year ended 31 December 2013

7. Investment properties (continued)

Investment property that has not been valued by external valuers at reporting date is carried at the responsible entity's estimate of fair value in accordance with the accounting policy. Properties acquired during the period are held at cost, which is reflective of the estimate of fair value.

Valuations made in a foreign currency have been converted at the rate of exchange ruling at valuation date and are subsequently translated at the exchange rate prevailing at the reporting date.

Valuations of retirement villages are provided net of residents' loans (after deducting any accrued deferred management fees). For presentation in this note, the external valuations shown are stated before deducting this liability to reflect its separate balance sheet presentation. The carrying amounts include the fair value of units completed since the date of the external valuation.

Four Settlers Lifestyle villages are in the process of converting from a rental to a deferred management fee model. The discount rate reflects a combination of development risk on vacant units and DMF from both occupied and vacant units. Over time, these properties' discount rate will likely revert downwards as project risk diminishes. No further rental village conversions are planned.

(c) Movements in carrying amounts

	31 Dec 2013 $'000	30 Jun 2013 $'000
Carrying amount at beginning of period	**370,931**	327,632
Acquisitions	**60,432**	39,313
Expenditure capitalised	**4,692**	4,076
Disposals	**-**	(3,140)
Sale of unit – Strata title	**(245)**	-
Transferred from property, plant and equipment	**320**	-
Transferred to inventory	**(194)**	(195)
Transferred to discontinued operations	**-**	(212)
Net change in fair value	**1,226**	3,457
Carrying amount at the end of the period	**437,162**	370,931

8. Retirement village resident loans

(a) Summary of carrying amounts

	31 Dec 2013 $'000	30 Jun 2013 $'000
Gross resident loans	**210,546**	206,629
Accrued deferred management fee	**(32,656)**	(30,926)
Net resident loans	**177,890**	175,703

The Group's contracts with residents require net settlement of resident loans and deferred management fees on their departure.

Ingenia Communities Holdings Limited
Notes to the financial statements
Half-year ended 31 December 2013

8. Retirement village resident loans (continued)

(b) Movements in carrying amounts

	31 Dec 2013 $'000	30 Jun 2013 $'000
Carrying amount at the beginning of the period	**175,703**	162,603
Net (gain)/loss on change in fair value of resident loans	**(60)**	(327)
Accrued deferred management fee income	**(2,745)**	(4,850)
Deferred management fee cash collected	**1,027**	1,368
Acquired resident loans	**-**	4,473
Proceeds from resident loans	**10,607**	19,338
Repayment of resident loans	**(6,717)**	(7,118)
Other	**75**	216
Carrying amount at the end of the period	**177,890**	175,703

9. Borrowings

	31 Dec 2013 $'000	30 Jun 2013 $'000
Current liabilities		
Finance leases	**270**	267
	270	267
Non-current liabilities		
Bank debt	**50,500**	68,000
Prepaid borrowing costs	**(385)**	(578)
Finance leases	**3,071**	3,117
	53,186	70,539

Bank debt

The Group entered into a new Australian dollar denominated bank debt facility for $129,500,000 in December 2013, which became unconditional for drawdown in February 2014. The facility expires on 30 September 2015 and had the following principal financial covenants:

- Loan to value ratio ("LVR") is less than or equal to 50%.
- Total leverage ratio does not exceed 50%; and
- Interest cover ratio (as defined) of at least 1.50 in financial year ("FY") ending 2014 increasing to at least 1.75x in FY 2015.

An amount of $50,500,000 was drawn under the current facility.

The carrying value of investment property net of resident liabilities at reporting date for the Group's Australian properties pledged as security was $220,366,000 (June 2013:$179,320,000). Further properties have been pledged since the reporting date.

Ingenia Communities Holdings Limited
Notes to the financial statements
Half-year ended 31 December 2013

10. Issued Securities

(a) Carrying values

	31 Dec 2013	30 Jun 2013
	$'000	$'000
At beginning of period	**510,141**	490,044
Issued during the period:		
Rights issue	**61,707**	-
Rights issue costs	**(2,730)**	-
Institutional placement securities	**-**	21,168
Transaction costs of institutional placement securities	**-**	(1,071)
At end of period	**569,118**	510,141

(b) Number of issued securities

	31 Dec 2013	30 Jun 2013
	'000	'000
At beginning of period	**507,179**	441,029
Issued during the period	**169,061**	66,150
At end of period	**676,240**	507,179

(c) Terms 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 securityholders.

11. Share based payments

On 19 November 2013, 3.716 million Performance Quantum Rights ("PQR") were granted to senior executives of the Group under the long-term incentive scheme ("Scheme"). The number of PQRs that will vest under the Scheme depends on Total Shareholder Return ("TSR") achieved and is also conditional on the individual being in employment of the Group on the vesting date (30 June 2016). The measurement period for the PQRs is 1 July 2013 to 30 June 2016 and full rights vest if a TSR above 40% is achieved during the measurement period. A sliding scale applies for lower TSRs with the number of PQRs vesting being nil for a TSR below 26%. One PQR equates to one security in the Group.

The fair value of the PQRs that were issued was estimated using a Monte Carlo Simulation based model. The amount that was expensed during the current period for this PQR issue was $202,753 based on the following assumptions:

Risk free rate	2.96%
Dividend yield	3.93%
Expected volatility of security price	30%

The fair value of the TSRs was $0.325/right as at the grant date.

Ingenia Communities Holdings Limited
Notes to the financial statements
Half-year ended 31 December 2013

12. Financial Instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

As required by accounting standards, the Group adopts the following hierarchy in the measurement of fair values of financial instruments:

- Level 1: fair value is calculated using quoted prices in active markets;
- Level 2: fair value is calculated using inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: fair value is calculated using inputs for the asset or liability that are not based on observable market data.

(a) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis:

Some of the Group's financial assets and liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values are determined

Financial assets/Financial liabilities	Fair Value as at 31 Dec 13	Fair Value as at 30 Jun 13	Fair Value Hierarchy	Valuation technique(s) and key inputs	Significant Unobservable Inputs	Relationship of unobservable inputs to fair value
	$'000	**$'000**				
Retirement Village Resident Loans	**177,890**	175,703	Level 3	Loans measured as the ingoing resident's contribution plus the resident's share of capital appreciation to reporting date, less DMF accrued to reporting date	Long-term capital appreciation rates for residential property between 2-4%. Estimated length of stay of residents based on life tables	The higher the appreciation, the higher the value of resident loans. The longer the length of stay, the lower the value of resident loans.
Derivative interest Rate swaps	**216**	209	Level 2	Net present value of future cashflows discounted at market rates adjusted for the Group's credit risk	N/A	N/A

Changes in the Group's retirement village resident loans, which are level 3 instruments, are presented in note 8.

The current market value of the independent living units is an input to the valuation of retirement village residents' loans. Changing the value used for this input by an increase of 10% would increase the fair value of these loans by $21,055,000 (2012: $20,663,000). The change has been calculated in accordance with the formula set out in the contracts with the residents and incorporates the market value of the property and the expected tenure of each resident.

Ingenia Communities Holdings Limited
Notes to the financial statements
Half-year ended 31 December 2013

12. Financial Instruments (continued)

(b) Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis, but for which fair value disclosures are required:

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

13. Distributions

Dividends and distributions declared and paid for the half-year are detailed below.

	Cents per security	Total amount ($'000)	Payment date
Recognised Amount:			
Distribution	**0.5**	**2,536**	**20 Sep 2013**
Unrecognised Amount:			
Distribution	**0.5**	**3,381**	**21 Mar 2014**

All distributions were made by ICF and are 100% tax deferred

14. Segment information

(a) Description of segments

The Group invests in seniors accommodation properties located in Australia. The rental villages in Australia comprise the Garden Villages segment; the deferred management fee ("DMF") properties comprise the Settlers Lifestyle segment; and the MHEs, which comprise both permanent and short stay rental income, and income from the sale of manufactured homes is referred to as the Active Lifestyle Estates segment. 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 in determining the allocation of resources. Other parts of the Group are neither an operating segment nor part of an operating segment. Assets that do not belong to an operating segment are described below as "unallocated".

(b) Segment revenue	**2013 $'000**	2012 $'000
Revenues from external customers:		
Garden Villages	**11,287**	10,063
Settlers Lifestyle	**3,451**	3,484
Active Lifestyle Estates	**4,384**	-
Total segment revenue	**19,122**	13,547
Interest income	**189**	278
Total revenue	**19,311**	13,825

Ingenia Communities Holdings Limited
Notes to the financial statements
Half-year ended 31 December 2013

14. Segment information (continued)

(c) Segment profit	2013 $'000	2012 $'000
Garden Villages	**4,890**	4,077
Settlers Lifestyle	**1,713**	2,565
Active Lifestyle Estates	**1,285**	-
Total segment profit	**7,888**	6,642
Corporate/unallocated:		
Interest income	**189**	278
Net foreign exchange gain	**348**	-
Net gain/(loss) on change in fair value of:		
Investment properties	**1,226**	(2,767)
Derivatives	**(8)**	578
Retirement village resident loans	**60**	87
Loss on internalisation	**-**	(35)
Finance cost	**(1,850)**	(3,351)
Gain on revaluation of newly constructed retirement villages	**(1,271)**	(1,931)
Amortisation of intangibles	**-**	(515)
Operational, marketing & selling expenses	**(144)**	(47)
Employee expenses- corporate	**(1,430)**	(1,120)
Administration expenses	**(1,123)**	(1,072)
Property expense	**(154)**	-
Disposal costs associated with overseas investments	**-**	(434)
Other	**(136)**	(55)
Income tax benefit	**1,005**	450
Profit/(Loss) from continuing operations	**4,600**	(3,292)

(d) Segment assets

	31 Dec 2013 $'000	30 Jun 2013 $'000
Garden Villages	**103,267**	101,108
Settlers Lifestyle	**259,164**	255,006
Active Lifestyle Estates	**80,035**	18,559
Total segment assets	**442,466**	374,673
Discontinued operations	**46,630**	36,576
Corporate/unallocated	**25,243**	48,325
	514,339	459,574

Ingenia Communities Holdings Limited
Notes to the financial statements
Half-year ended 31 December 2013

14. Segment information (continued)

(e) Other information

	2013 $'000	2012 $'000
Net gain/(loss) on change in fair value of investment		
Garden Villages	**1,336**	(1,158)
Settlers Lifestyle	**383**	(1,609)
Active Lifestyle Estates	**(493)**	-
	1,226	(2,767)

(f) Additions to investment properties	31 Dec 2013 $'000	30 Jun 2013 $'000
Garden Villages	**507**	17,012
Settlers Lifestyle	**3,687**	8,165
Active Lifestyle Estates	**60,930**	18,212
	65,124	43,389

15. Subsequent events

- On 30 January 2014, the Group settled on five rental retirement villages located in Victoria (Shepparton, Warrnambool and Mildura), New South Wales (Bathurst) and Tasmania (Launceston) for $9.9 million. The purchase, announce4d on 20 December 2013, was funded from US escrow proceeds received and existing debt facilities.

- On 18 February 2014, the Group settled two MHE's, Big4 Valley Vineyard Towns Park and Wine Country Caravan Park, located in Cessnock, NSW. The combined purchase price of $10.5 million was funded from the proceeds of the rights issue announced in September 2013 and debt. The acquisition was announced on 20 December 2013.

- On 21 February 2014, following satisfaction of conditions precedent, the core debt facility became unconditional for drawdown.

- On 25 February 2014, the Group announced the following upcoming acquisitions:

  - Exchange of a conditional contract for Town and Country Estate. a manufactured home and tourist park located in Sydney, New South Wales, for $18 million;

  - Exchange of a conditional contract for Sun Country Holiday Village, a manufactured home and tourist park located in Mulwala, New South Wales, for $ 7 million;

  - Conditional contracts have also been exchanged for a third manufactured home and tourist park in Sydney, which is subject to due diligence.

  All the above acquisitions will be funded from the proceeds of the rights issue announced in September 2013 and debt.

Ingenia Communities Holdings Limited
Directors' declaration
Half-year ended 31 December 2013

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 2013 are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of its financial position as at 31 December 2013 and of its performance for the half-year 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.

On behalf of the Board

Jim Hazel
Chairman
25 February 2014

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

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

To the unitholders of Ingenia Communities Holdings Limited

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Ingenia Communities Holdings Limited, which comprise the consolidated statement of financial position as at 31 December 2013, the consolidated statement of profit and loss and other comprehensive income, the statement of changes in equity and the consolidated statement of cash flow for the half year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year or from time to time during the half-year.

Directors' Responsibility for the Financial Report

The directors of Ingenia Communities Holdings Limited 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 controls as the directors determine are 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, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Ingenia Communities Holdings Limited and the entities it controlled during the period, 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*. We have given to the directors of the Responsible Entity a written Auditor's Independence Declaration, a copy of which is attached to the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Ingenia Communities Holdings Limited is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its 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*.

Ernst & Young

Chris Lawton
Partner
Sydney
25 February 2014

INGENIA COMMUNITIES FUND
AND
INGENIA COMMUNITIES MANAGEMENT TRUST

INTERIM REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

www.ingeniacommunities.com.au

Registered Office: Level 5, 151 Castlereagh Street, Sydney NSW 2000

Ingenia Communities Fund & Ingenia Communities Management Trust
Directors' report
Half-year ended 31 December 2013

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Ingenia Communities Fund & Ingenia Communities Management Trust
Directors' report
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The Ingenia Communities Fund ("ICF" or the "Fund") (ARSN 107 459 576) and the 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 and the units of the Trusts are "stapled" and trade on the Australian Securities Exchange ("ASX") as a single security. 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 half year ended 31 December 2013 (the "current period").

1. DIRECTORS

The directors of the Ingenia Communities RE Limited at any time during or since the end of the half-year were:

Non-executive directors
Jim Hazel (Chairman)
Philip Clark AM
Amanda Heyworth
Robert Morrison

Executive director
Simon Owen (Managing Director)

2. OPERATING AND FINANCIAL REVIEW

a) ICF and ICMT Overview

ICF and ICMT are two of the entities forming part of Ingenia Communities Group, which is a triple stapled structure, traded on the ASX.

The Group owns, manages and develops a diversified portfolio of seniors living communities across Australia. Its real estate assets are valued at $301.2 million and include rental villages, deferred management fee villages, manufactured home estates and three New Zealand student accommodation buildings.

b) Strategy

The strategy of ICF and ICMT is aligned with the Group's strategy of growing its affordable Australian seniors living portfolio. Manufactured home estates ("MHE") have been the primary area of focus for delivering this growth to securityholders. At the same time, the Group continues to focus on divestment of the New Zealand Students portfolio in the short term following signing of 15 year leases and completion of refurbishment works in January 2014.

The Group at all times applies a disciplined approach to investment with strict minimum return criteria. Operational efficiency opportunities and stringent capital management remain key focuses. The target LVR range remains at 30-35% and Australian debt funding facilities increased in February 2014 to $129.5 million, which will facilitate continued growth.

Ingenia Communities Fund & Ingenia Communities Management Trust
Directors' report
Half-year ended 31 December 2013

c) 1H14 Financial results

1H14 has been a period of strong acquisitive growth in the MHE sector, funded using a mix of debt and equity raised from the June 2013 institutional placement of $21.2 m and September 2013 rights issue of $61.7m. During the period, the Group settled on eight MHE properties with a total purchase value of $55.7m.

Other key milestones during the period include:

- Renegotiation of the Australian debt facility to $129.5m;
- Refurbishment of New Zealand Students portfolio virtually completed;
- Settlers Lifestyle Ridge Estate Stage 2 construction nearing completion;
- Expansion of the short term stay element of the Active Lifestyle Estates portfolio; and
- Delivery of new manufactured homes to Nepean River Holiday Village and The Grange.

d) Key Metrics

- Net profit for the year of $7.0m for ICF and a loss of $1.3m for ICMT
- Interim distribution of 0.5 cents per security by ICF, nil for ICMT

These results are reflective of execution of divestment of the majority of the overseas operations, and deployment of capital into the Australia market to generate strong returns for unitholders.

e) Continuing Operations

The key strategic priorities of the continuing operations are:

- Growing rental village occupancy
- Improving operating cash margins
- Ensuring residents are actively engaged and promoting a strong sense of community
- Continuing to acquire existing MHEs with available development land and repositioning upside
- Accelerating the launch and construction of manufactured home estate expansions
- Maintaining affordability whilst leveraging scale efficiencies across the portfolio
- Undertaking a strategic review of the Group's DMF portfolio and assessing its comparative returns to the rental and MHE business.
- Expanding the Ingenia Care Assist program into more villages, which facilitates residents accessing accredited Commonwealth Government care providers to provide in-home care.

f) Discontinued operations

Refurbishment of the New Zealand Student accommodation portfolio is complete and with 15 year leases in place, an active marketing campaign is underway to sell of the properties.

g) Capital Management

The Trusts adopts a prudent and considered approach to capital management. During the period, the Trusts strengthened their capital position by undertaking a capital raising and renegotiating core debt. The details of the transactions are as follows:

- In September 2013, the Group announced a fully underwritten 1 for 3 Non-renounceable rights issue at $0.365 per security raising $61.7 million. The rights issue was oversubscribed, which resulted in the need to scale back allotment. The proceeds of the issue are close to being fully deployed into MHEs; and
- In December 2013, the Group re-negotiated and enhanced its core debt facility with the total facility amount increasing by $47.5 million to $129.5 million. The debt margin has reduced materially reflecting improved market conditions and the Group's strong financial position. Additionally, the terms of the debt facility were amended favourably to align closely with the operating profile of the business. The increased facility will be used to fund value accretive acquisitions in the MHE sector. The interest cover ratio of the Group (as defined in the facility agreement) as at 31 December 2013 was 1.98x, which was well above the debt covenant requirement of at least 1.5x.

h) Distributions

ICF made the following distributions during or in respect of the period:

- On 27 August 2013 the directors declared a final distribution for 2013 of 0.5 cents per unit ("cpu") (2012: 0.5 cpu) amounting to $2,535,896 which was paid on 20 September 2013.

- On 25 February 2014 the directors resolved to declare an interim distribution of 0.5 cpu (2012: 0.5 cpu) amounting to $3,381,201 to be paid on 21 March 2014.

The distributions are 100% tax deferred.

The Trusts are committed to growing distributions in the near future.

i) Outlook

The Trusts will continue to drive growth through acquisitions and development. The affordability of the Active Lifestyle Estates product continues to receive strong market support from potential residents, which should generate high demand once homes are delivered to site. Management's focus will be on development delivery by continuing to work closely with councils and manufactured home suppliers to ensure a quality product is delivered in a timely manner.

Management will also be seeking to finalise divestment of the New Zealand Students portfolio and reinvest those funds into the Australian MHE sector. At the same time, the Trusts will continue to regularly assess the performance of its existing assets and where appropriate look to recycle capital into other opportunities delivering superior risk-adjusted returns.

3. EVENTS SUBSEQUENT TO REPORTING DATE

- On 30 January 2014, ICF settled on five rental retirement villages located in Victoria (Shepparton, Warrnambool and Mildura), New South Wales (Bathurst) and Tasmania (Launceston) for $9.9 million. The purchase, announced on 20 December 2013, was funded from US escrow proceeds received and existing debt facilities.

- On 18 February 2014, ICMT settled two MHEs, Big4 Valley Vineyard Tourist Park and Wine Country Caravan Park, located in Cessnock, NSW. The combined purchase price of $10.5 million was funded from the proceeds of the rights issue announced in September 2013 and debt. The acquisition was announced on 20 December 2013.

- On 21 February 2014, following satisfaction of conditions precedent, the core debt facility became unconditional for drawdown.

- On 25 February 2014, the Group announced the following upcoming acquisitions:

    - Exchange of a conditional contract for Town and Country Estate, a manufactured home and tourist park located in Sydney, New South Wales, for $18 million.

    - Exchange of a conditional contract for Sun Country Holiday Village, a manufactured home and tourist park located in Mulwala, New South Wales, for $7 million.

    - A conditional contract has also been exchanged for a third manufactured home and tourist park in Sydney, which is subject to due diligence.

  All the above acquisitions will be funded from the proceeds of the September rights issue and debt.

Ingenia Communities Fund & Ingenia Communities Management Trust
Directors' report
Half-year ended 31 December 2013

4. 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.

5. ROUNDING OF AMOUNTS

The Trusts are of the kind referred to in ASIC Class Order 98/100, 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
Sydney
25 February 2014

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

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

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

In relation to our review of the financial reports of Ingenia Communities Fund and its controlled entities and Ingenia Communities Management Trust and its controlled entities for the half-year ended 31 December 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Chris Lawton
Partner
Sydney
25 February 2014

Ingenia Communities Fund & Ingenia Communities Management Trust
Condensed consolidated statements of profit and loss and other comprehensive income
Half-year ended 31 December 2013

		INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
		2013	2012	**2013**	2012
	Note	**$'000**	$'000	**$'000**	$'000
Continuing Operations					
Rental Income		**4,546**	4,234	**13,390**	9,466
Accrued deferred management fee income		**-**	-	**2,745**	2,391
Manufactured home sales		**-**	-	**1,105**	-
Other property income		**-**	-	**1,882**	1,690
Interest income		**4,236**	2,422	**3**	10
		8,782	6,656	**19,125**	13,557
Net foreign exchange gain/(loss)		**324**	-	**24**	-
Net gain/(loss) on change in fair value of:					
Investment properties		**770**	(1,017)	**455**	(1,750)
Derivatives		**(8)**	578	**60**	-
Retirement village resident loans			-	**-**	87
Loss on internalisation		**-**	(35)	**-**	-
Property expenses		**-**	-	**(9,220)**	(7,999)
Employee expenses		**-**	-	**(4,549)**	(3,220)
Administration expenses		**(358)**	(665)	**(878)**	(674)
Operational, marketing and selling		**(71)**	-	**(1,218)**	(1,039)
Cost of manufactured homes		**-**	-	**(632)**	-
Finance expenses		**(1,681)**	(3,247)	**(4,095)**	(2,380)
Responsible entity fees		**(586)**	(554)	**(753)**	(726)
Disposal costs associated with overseas investments		**-**	(150)	**-**	-
Other		**(136)**	(55)	**-**	-
Profit/(loss) from continuing operations before income tax		**7,036**	1,511	**(1,681)**	(4,144)
Income tax benefit		**-**	-	**657**	324
Profit/(loss) from continuing operations		**7,036**	1,511	**(1,024)**	(3,820)
Profit/(loss) from discontinued operations	4	**(1)**	1,216	**(294)**	4,465
Net profit/(loss) for the half-year		**7,035**	2,727	**(1,318)**	645
Other comprehensive income/(expense), net of income tax					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		**430**	(750)	**322**	870
Total comprehensive income/(expense) for the half-year		**7,465**	1,977	**(996)**	1,515

Ingenia Communities Fund & Ingenia Communities Management Trust
Condensed consolidated statements of profit and loss and other comprehensive income
Half-year ended 31 December 2013

	INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Profit attributable to unitholders of:				
ICF	**7,035**	2,727	**(260)**	-
ICMT	**-**	-	**(1,058)**	645
	7,035	2,727	**(1,318)**	645
Total comprehensive income attributable to unitholders of:				
ICF	**7,465**	1,977	**73**	-
ICMT	**-**	-	**(1,069)**	1,515
	7,465	1,977	**(996)**	1,515

	Note	**2013 Cents**	2012 Cents	**2013 Cents**	2012 Cents
Basic and diluted earnings from continuing operations[1]	3	**1.1**	0.3	**(0.2)**	(0.8)
Basic and diluted earnings per unit[1]		**1.1**	0.5	**(0.2)**	0.1

[1] Prior period weighted average number of shares and EPS have been adjusted in accordance with AASB 3 "Earnings Per Share" ("AASB 133"). The weighted average number of securities on issue for the current period, prior to the rights issue in September 2013 has also been adjusted as required by AASB 133.

Ingenia Communities Fund & Ingenia Communities Management Trust
Condensed consolidated statements of financial position
As at 31 December 2013

		INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
	Note	**Dec 2013 $'000**	Jun 2013 $'000	**Dec 2013 $'000**	Jun 2013 $'000
Current assets					
Cash and cash equivalents	5	**11,556**	31,014	**1,711**	1,229
Trade and other receivables		**7,561**	9,204	**2,147**	2,819
Inventories		**-**	-	**998**	285
Receivable from related party		**89,183**	31,870	**-**	-
Income tax receivable		**1,026**	882	**-**	-
Assets of discontinued operations	4	**3,874**	3,874	**46,630**	36,576
		113,200	76,844	**51,486**	40,909
Non-current assets					
Trade and other receivables		**38,452**	39,472	**417**	438
Investment properties	6	**121,736**	120,167	**315,429**	250,764
Plant and equipment		**297**	339	**207**	547
		160,485	159,978	**316,053**	251,749
Total assets		**273,685**	236,822	**367,539**	292,658
Current liabilities					
Trade and other payables		**1,114**	1,569	**7,515**	6,812
Retirement village resident loans	7	**-**	-	**177,890**	175,703
Borrowings	8	**-**	-	**3,592**	3,589
Provision for income tax		**-**	-	**118**	126
Payable to related party		**-**	-	**87,454**	30,769
Liabilities of discontinued operations	4	**-**	-	**29,548**	21,527
		1,114	1,569	**306,117**	238,526
Non-current liabilities					
Trade and other payables		**-**	-	**1,143**	140
Borrowings	8	**50,115**	67,422	**40,427**	40,475
Derivatives		**217**	209	**-**	-
Deferred tax liabilities		**-**	-	**7,198**	7,855
		50,332	67,631	**48,768**	48,470
Total liabilities		**51,446**	69,200	**354,885**	286,996
Net assets		**222,239**	167,622	**12,654**	5,662
Equity					
Issued units	9	**547,644**	497,956	**14,094**	6,106
Reserves		**430**	-	**109**	120
Accumulated losses		**(325,835)**	(330,334)	**(4,048)**	(2,990)
Unitholders' interest		**222,239**	167,622	**10,155**	3,236
Non-controlling interest		**-**	-	**2,499**	2,426
Total equity		**222,239**	167,622	**12,654**	5,662
Attributable to unitholders of:					
ICF		**222,239**	167,622	**-**	-
ICMT		**-**	-		3,236
				10,155	
Non-controlling interest		**-**	-	**2,499**	2,426
		222,239	167,622	**12,654**	5,662

Ingenia Communities Fund & Ingenia Communities Management Trust
Condensed consolidated statements of cash flow
Half-year ended 31 December 2013

		INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
		2013	2012	**2013**	2012
	Note	**$'000**	$'000	**$'000**	$'000
Cash flows from operating activities					
Rental and other property income		**-**	32	**17,982**	14,858
Payment of management fees (including arrears)		**-**	-	**(13)**	(132)
Property and other expenses		**(653)**	5	**(13,148)**	(11,382)
Proceeds from resident loans		**-**	-	**10,607**	5,842
Repayment of resident loans		**-**	-	**(6,717)**	(876)
Proceeds from sale of manufactured homes		**-**	-	**1,267**	-
Purchase of manufactured homes		**-**	-	**(1,180)**	-
Distributions received from formerly equity accounted investments		**-**	1,218	**-**	-
Interest received		**154**	161	**3**	21
Borrowing costs paid		**(2,197)**	(3,081)	**(825)**	(1,272)
Income tax paid		**(121)**	(272)	**-**	-
		(2,817)	(1,937)	**7,976**	7,059
Cash flows from investing activities					
Payments for plant and equipment		**(2)**	-	**(24)**	(10)
Payments for investment properties		**(987)**	(2,818)	**(60,118)**	(2,184)
Additions to investment properties		**(2)**	-	**(12,520)**	(2,342)
Proceeds from sale of investment properties		**-**	-	**1,347**	-
Costs from sale of investment properties		**(26)**	(52)	**(65)**	(2)
Proceeds from sale of equity accounted investments		**5,016**	-	**102**	-
Amounts advanced to villages		**-**	-	**(23)**	(344)
Payments for lease arrangements		**-**	-	**(80)**	-
		3,999	(2,870)	**(71,381)**	(4,882)
Cash flows from financing activities					
Proceeds from issue of units		**51,985**	-	**8,364**	-
Payments for issue cost of stapled securities		**(2,528)**	-	**(190)**	-
Lease costs		**-**	-	**(44)**	-
Receipts from derivatives		**-**	1,650	**-**	-
Payments for derivatives		**-**	(150)	**-**	-
Payments for internalisation		**-**	(365)	**-**	-
Distributions to unitholders		**(2,507)**	(2,122)	**-**	-
Proceeds from borrowings		**50,005**	1,700	**59,108**	2,184
Repayment of borrowings		**(117,638)**	(5,620)	**(1,023)**	(6,251)
Payments of borrowing cost		**-**	(500)	**(98)**	-
		(20,683)	(5,407)	**66,117**	(4,067)
Net increase/(decrease) in cash and cash equivalents		**(19,501)**	(10,214)	**2,712**	(1,890)
Cash and cash equivalents at the beginning of the year		**31,014**	20,777	**249**	6,029
Effects of exchange rate fluctuation on cash held		**43**	(122)	**(15)**	23
Cash and cash equivalents at the end of half-year	5	**11,556**	10,441	**2,946**	4,162

Ingenia Communities Fund & Ingenia Communities Management Trust
Condensed statements of changes in unitholders' interest
Half-year ended 31 December 2013

Ingenia Communities Fund

	ATTRIBUTABLE TO UNITHOLDERS			
	Issued capital	Reserves	Retained earnings	Total equity
	$'000	$'000	$'000	$'000
Carrying amount at 1 July 2012	480,693	(16,896)	(328,594)	135,203
Net profit for the period	-	-	2,727	2,727
Other comprehensive income	-	(750)	-	(750)
Total comprehensive income for the period	-	(750)	2,727	1,977
Distribution paid or payable			(2,205)	2,205)
Carrying amount at 31 December 2012	480,693	(17,646)	(328,072)	134,975
Carrying amount at 1 July 2013	**497,956**	**-**	**(330,334)**	**167,622**
Net profit for the period	**-**	**-**	**7,035**	**7,035**
Other comprehensive income	**-**	**430**	**-**	**430**
Total comprehensive income for the period	**-**	**430**	**7,035**	**7,465**
Transactions with unitholders in their capacity as unitholders:				
Issue of units (net of costs)	**49,688**	**-**	**-**	**49,688**
Distributions paid or payable	**-**	**-**	**(2,536)**	**(2,536)**
Balance at 31 December 2013	**547,644**	**430**	**(325,835)**	**222,239**

Ingenia Communities Fund & Ingenia Communities Management Trust
Condensed statements of changes in unitholders' interest
Half-year ended 31 December 2013

	INGENIA COMMUNITIES MANAGEMENT TRUST					
	ATTRIBUTABLE TO UNITHOLDERS					
	Issued capital	Reserves	Retained earnings	Total	Non-controlling interest	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000
Carrying amount at 1 July 2012	3,351	(614)	5,411	8,148	5,094	13,242
Net profit for the period	-	-	(3,131)	(3,131)	3,776	645
Other comprehensive income	-	870	-	870	-	870
Total comprehensive income for the period	-	870	(3,131)	(2,261)	3,776	1,515
Balance at 31 December 2012	3,351	256	2,280	5,887	8,870	14,757
Carrying amount at 1 July 2013	**6,106**	**120**	**(2,990)**	**3,236**	**2,426**	**5,662**
Net profit for the period	**-**	**-**	**(1,058)**	**(1,058)**	**(260)**	**(1,318)**
Other comprehensive income	**-**	**(11)**	**-**	**(11)**	**333**	**322**
Total comprehensive income for the period	**-**	**(11)**	**(1,058)**	**(1,069)**	**73**	**(996)**
Transactions with unitholders in their capacity as unitholders:						
Issue of units (net of costs)	**7,988**	**-**	**-**	**7,988**	**-**	**7,988**
Balance at 31 December 2013	**14,094**	**109**	**(4,048)**	**10,155**	**2,499**	**12,654**

1. Summary of significant accounting policies

(a) The Trusts

The Ingenia Communities Fund ("ICF" or the "Fund") (ARSN 107 459 576) and the 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 and the units of the Trust are "stapled" and trade on the Australian Securities Exchange ("ASX") as a single security. The Company and the Trust along with their subsidiaries are collectively referred to as the Group in this report.

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.

(b) Basis of preparation

The 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 interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with both the Ingenia Communities Fund and Ingenia Communities Management Trust annual financial reports for the year ended 30 June 2013.

As permitted by Class Order 05/642, issued by the Australian Securities and Investments Commission ("ASIC"), this financial report is a combined financial report that presents the financial statements and accompanying notes of both the ICF and ICMT.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated as per ASIC Class Order 98/0100.

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 2013 annual report with the exception of new mandatorily amended standards and interpretations which have been applied as required.

As at 31 December 2013, ICMT recorded a net current asset deficiency of $254,631,000. This deficiency includes retirement village resident loans of $177,890,000, liabilities from discontinued operations of $29,548,000 and to other entities within the Group of $87,454,000. Resident loan obligations of the Trusts are classified as current liabilities due to the demand feature of these obligations despite the unlikely possibility that the majority of the loans will be settled within the next 12 months. Furthermore, if required, the proceeds from new resident loans could be used by the Group to settle its existing loan obligations should those incumbent residents vacate their units. The liabilities of the discontinued operations consist mainly of borrowings of $28,403,000 related to a facility with the Bank of New Zealand, which has been refinanced recently for a 5 years period and will be repaid upon disposal of the corresponding assets. Accordingly, there are reasonable grounds to believe that ICMT will be able to pay its debts as and when they become due and payable; and the financial report of ICMT has been prepared on a going concern basis.

1. Summary of significant accounting policies (continued)

(c) New or revised Accounting Standards and Interpretations that are first effective in the current reporting period Basis of preparation

The Trusts have adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current period. The following standards were most relevant to the Group:

- AASB 10 ”Consolidated Financial Statements” and AASB 2011-7 “Amendments to Australian Accounting Standards arising from consolidation and Joint Arrangements standards”;
- AASB 13 ‘Fair Value Measurement’ and AASB 2011-8 ‘Amendments to Australian Accounting Standards arising from AASB 13’;
- AASB 119 ‘Employee Benefits’ (2011) and AASB 2011-10 ‘Amendments to Australian Accounting Standards arising from AASB 119 (2011) ;
- AASB 2012-2 ‘Amendments to Australian Accounting Standards- Disclosures- Offsetting Financial Assets and Financial Liabilities

The impact of application of each Standard is as follows:

Accounting Standard	Impact on the Trusts
AASB 10 and AASB 2011-7	AASB 10 amends the definition of control such that an investor controls an investee when a) it has power over an investee; b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three conditions have to be met for an investor to have control over an investee. The application of the Standard did not have any impact on the Trusts.
AASB 13 and AASB 2011-8	AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value. The standard is broad in scope and applies to both financial instrument and non-financial instrument items with the exception of a few items like share based payments and leases, which are covered by other standards. AASB 13 defines fair value as the price that would be received to sell an asset or liability in an orderly transaction in the principal (or the most advantageous) market at the measurement date under current market conditions. Valuations made are categorised into three levels based on the inputs used. However, regardless of the valuation methodology applied, fair value represents the exit price in relation to the asset or liability. The standard applies prospectively from 1 January 2013. The Trusts have applied requirements of the Standard in all its valuations in particular investment properties. Additionally, the disclosure requirements of the standard, which includes information about assumptions made and the qualitative impact of those assumptions on fair value, have been complied with.

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Half-year ended 31 December 2013

1. Summary of accounting policies (continued)

AASB 119 and AASB 2011-10	AASB 119 amends the definition of short-term employee benefits, with the distinction now being based on whether the benefits are expected to be settled within 12 months after reporting date (short-term benefit). Long term employee benefits are required to be measured using the actuarial valuation method. The method involves projecting future cashflows and discounting back to present value. This requirement applies to the annual leave balance for the Trusts. The application of the standard's requirement for both current and previous periods did not result in amendment to the figures disclosed, as the changes were not material.
AASB 2012-2	The standard provides application and presentation guidance to AASB 132 'Financial Instruments: Presentation' for applying some offsetting criteria. The Trusts has applied the requirements of the Standard, which necessitates disclosure of information about rights of offset and related arrangements for financial instruments under an enforceable master netting arrangement or similar arrangement. This has resulted in changes to disclosure principally for retirement village resident loans for the Trusts.

2. Accounting estimates and judgements

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

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

(a) Critical accounting estimates and assumptions

The Trusts make estimates and assumptions concerning the future. The resulting accounting estimates, by definition, will seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Valuation of investment property

The Trusts have investment properties with a carrying amount of $437,165,000 (June 2013:$370,931,000) (refer note 6), and retirement village residents' loans with a carrying amount of $177,890,000 (June 2013: $175,703,000) (refer note 7), which together represent the estimated fair value of the Trusts continuing interest in retirement villages. In addition, the Trusts holds investment properties with carrying amount of $45,268,000 (June 2013: $35,343,000) which are included in assets of discontinued operations. These carrying amounts reflect certain assumptions about expected future rentals, rent-free periods, operating costs and appropriate discount and capitalisation rates. The valuation assumptions for deferred management fee villages reflect assumptions relating to 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 responsible entity considered information about current and recent sales activity, current market rents, and discount and capitalisation rates, for properties similar to those owned by the Trusts, as well as independent valuations of the Trust's property.

2. Accounting estimates and judgements (continued)

(ii) Valuation of Inventories

The Trust has inventory in the form of manufactured homes, 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 the estimates are made, of the amount the inventories are expected to realise and the estimate of costs to complete. Key assumptions require the use of judgement, which are continually reviewed.

(iii) Fair value of derivatives

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

(iv) Valuation of assets acquired in business combinations

Upon recognising the acquisition, management uses estimations and assumptions of the fair value of assets and liabilities assumed at the date of acquisition, including judgements related to valuation of investment property as discussed above.

(v) Valuation of retirement village resident loans

The fair value of the retirement village resident loans is calculated by reference to the initial loan amount and the resident's share of any capital gains in accordance with their contracts less any deferred management fee income earned to date by the Trusts as operator. The key assumptions include calculating the 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.

(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.

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Half-year ended 31 December 2013

3. Earnings per unit[1]

	INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
	2013	2012	**2013**	2012
Earnings per unit				
Profit/(loss) from continuing operations ($'000)	**7,036**	1,511	**(1,024)**	(3,820)
Profit/(loss) from discontinued operations ($'000)	**(1)**	1,216	**(294)**	4,465
Net profit for the half year ($'000)	**7,035**	2,727	**(1,318)**	645
Weighted average number of units outstanding (thousands)	**623,912**	514,540	**623,912**	514,540
Basic and diluted earnings per unit from continuing operations (cents)	**1.1**	0.3	**(0.2)**	(0.8)
Basic and diluted earnings per unit from discontinued operations (cents)	**-**	0.2	**-**	0.9
Basic and diluted earnings per unit (total) (cents)	**1.1**	0.5	**(0.2)**	0.1

4. Discontinued operations

(a) Details of discontinued operations

The Trusts investment in its New Zealand students business has been classified as a discontinued operation since 30 June 2011, which is consistent with the Group's previously announced strategy to focus on transitioning to an actively managed Australian seniors living business. The Trusts holds a 100% interest in three facilities in Wellington, New Zealand that are primarily leased for 15 years to Victoria University of Wellington and Wellington Institute of Technology.

. The Group has recently launched a sale process for the assets.

The comparative figures include results from certain properties held in the United States, which had been classified as discounted operations since November 2009. The Trusts completely exited US operations in February 2013.

[1] Prior period weighted average number of shares and EPS have been adjusted in accordance with AASB 3 "Earnings Per Share" ("AASB 133"). The weighted average number of securities on issue for the current period, prior to the rights issue in September 2013 has also been adjusted as required by AASB 133.

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Half-year ended 31 December 2013

4. Discontinued operations (continued)

(b) Financial performance

The financial performance of components of the Trusts disposed of or classified as discontinued operations at 31 December 2013 was:

	INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Revenue	**-**	-	**1,041**	3,825
Net gain/(loss) on change in fair value of investment	**-**	-	**(335)**	3,959
Unrealised net foreign exchange gain	**-**	-	**630**	-
Other income	**-**	31	**-**	-
Interest income	**36**	-	**5**	
Expenses	**(1)**	(8)	**(784)**	(1,366)
Interest expense	**-**	-	**(702)**	(1,971)
Distributions from formerly equity accounted investments	**-**	1,193	**-**	24
Disposal costs associated with overseas investment	**-**	-	**(143)**	-
Share of net profit of equity accounted investments(1)	**(32)**	-	**-**	-
Profit/(loss) from operating activities before income tax	**3**	1,216	**(288)**	4,471
Income tax benefit/(expense)	**(4)**	-	**(6)**	(6)
Net profit/(loss) for the half year	**(1)**	1,216	**(294)**	4,465

(c) Cash flows

The cash flows of components of the Trusts disposed of or classified as discontinued operations at 31 December 2013 were:

	INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Net cash flow from operating activities	**-**	32	**(369)**	367
Net cash flow from investing activities	**-**	(10)	**(7,575)**	14
Net cash flow from financing activities	**-**	-	**10,161**	(1,472)
Net cash flows from discontinued operations	**-**	22	**2,217**	(1,091)

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Half-year ended 31 December 2013

4. Discontinued operations (continued)

(d) Assets and liabilities

The assets and liabilities of components of the Trusts classified as disposal groups at each reporting date were:

	INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
	Dec 2013	Jun 2013	**Dec 2013**	Jun 2013
	$'000	$'000	**$'000**	$'000
Assets				
Cash and cash equivalents	**-**	-	**1,236**	974
Trade and other receivables	**-**	-	**126**	259
Investment properties	**-**	-	**45,268**	35,343
Equity accounted investments	**3,874**	3,874	**-**	-
Total assets	**3,874**	3,874	**46,630**	36,576
Liabilities				
Bank overdraft	**-**	-	**-**	1,955
Payables	**-**	-	**1,145**	2,050
Borrowings	**-**	-	**28,403**	17,522
Total liabilities	**-**	-	**29,548**	21,527
Net assets of disposal groups	**3,874**	3,874	**17,082**	15,049

5. Cash and cash equivalents

	INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
	Dec 2013	Jun 2013	**Dec 2013**	Jun 2013
	$'000	$'000	**$'000**	$'000
Cash at bank and in hand	**9,980**	5,733	**1,711**	1,229
Short term deposits	**1,576**	25,281	**-**	-
	11,556	31,014	**1,711**	1,229
Reconciliation to statements of cash flow				
Cash and cash equivalents attributable to:				
Continuing operations	**11,556**	10,319	**1,711**	2,102
Discontinued operations	**-**	122	**1,236**	2,060
Cash at the end of half-year as per cash flow statement	**11,556**	10,441	**2,947**	4,162

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Half-year ended 31 December 2013

6. Investment properties

(a) Summary of carrying amounts

	INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
	Dec 2013	Jun 2013	**Dec 2013**	Jun 2013
	$'000	$'000	**$'000**	$'000
Completed properties	**121,436**	120,167	**311,914**	247,559
Properties under construction	**300**	-	**3,515**	3,205
	121,736	120,167	**315,429**	250,764

(b) Movements in carrying amounts

	INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
	Dec 2013	Jun 2013	**Dec 2013**	Jun 2013
	$'000	$'000	**$'000**	$'000
Carrying amount at beginning of the period	**120,167**	100,967	**250,764**	226,665
Initial acquisitions	**-**	23,317	**60,432**	16,006
Additions to existing property	**799**	474	**3,897**	3,380
Disposals	**-**	(3,140)	**-**	-
Sale of unit-strata title	**-**	-	**(245)**	-
Transfers (to)/from finance lease	**-**	(3,069)	**-**	3,069
Transfer from property, plant and equipment	**-**	-	**320**	-
Transferred to inventory	**-**	-	**(194)**	(195)
Net change in fair value	**770**	1,618	**455**	1,839
Carrying amount at end of the period	**121,736**	120,167	**315,429**	250,764

7. Retirement village resident loans

All retirement village loans relate to ICMT.

(a) Summary of carrying amounts

	31 Dec 2013	30 Jun 2013
	$'000	$'000
Gross resident loans	**210,546**	206,629
Accrued deferred management fee	**(32,656)**	(30,926)
Net resident loans	**177,890**	175,703

ICMT's contracts with residents require net settlement of resident loans and deferred management fees on their departure.

7. Retirement village resident loans (continued)

(b) Movements in carrying amounts

	Note	31 Dec 2013 $'000	30 Jun 2013 $'000
Carrying amount at beginning of the period		**175,703**	162,603
Net (gain)/loss on change in fair value of resident loans		**(60)**	(327)
Accrued deferred management fee income		**(2,745)**	(4,850)
Deferred management fee cash collected		**1,027**	1,368
Acquired resident loans		**-**	4,473
Proceeds from resident loans		**10,607**	19,338
Repayment of resident loans		**(6,717)**	(7,118)
Other		**75**	216
Carrying amount at end of the period		**177,890**	175,703

8. Borrowings

	INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
	Dec 2013 $'000	Jun 2013 $'000	Dec 2013 $'000	Jun 2013 $'000
Current liabilities				
Finance leases	**-**	-	**3,592**	3,589
	-	-	**3,592**	3,589
Non-current liabilities				
Bank debt	**50,500**	68,000	**-**	-
Prepaid borrowing costs	**(385)**	(578)	**-**	-
Finance leases	**-**	-	**40,427**	40,475
	50,115	67,422	**40,427**	40,475

Bank debt

ICF entered into a new Australian dollar denominated bank debt facility for $129,500,000 in December 2013, which became unconditional for drawdown in February 2014. The facility expires on 30 September 2015 and had the following principal financial covenants:

3. Loan to value ratio ("LVR") is less than or equal to 50%;
4. Total leverage ratio does not exceed 50%; and
5. Interest cover ratio (as defined) of at least 1.50 in financial year ("FY") ending 2014 increasing to at least 1.75x in FY 2015.

An amount of $50,500,000 was drawn under the current facility.

The carrying value of investment property net of resident liabilities at reporting date for the Group's Australian properties pledged as security was $220,366,000 (June 2013: $179,320,000). Further properties have been pledged since the reporting date.

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Half-year ended 31 December 2013

9. Issued units

(a) Carrying amounts

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	31 Dec 2013 $'000	30 Jun 2013 $'000	**31 Dec 2013 $'000**	30 Jun 2013 $'000
At beginning of year	**497,956**	480,693	**6,106**	3,351
Placement Units	**-**	18,179	**-**	2,908
Transaction costs of institutional placement units	**-**	(916)	**-**	(153)
Rights issue	**51,984**	-	**8,364**	-
Rights issue costs	**(2,296)**	-	**(376)**	-
At end of period	**547,644**	497,956	**14,094**	6,106
The closing balance is attributable to the Unitholders of:				
ICF	**547,644**	497,956	**-**	-
ICMT	**-**	-	**14,094**	6,106
	547,644	497,956	**14,094**	6,106

(b) Number of issued units

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	31 Dec 2013 ' 000	30 Jun 2013 ' 000	**31 Dec 2013 ' 000**	30 Jun 2013 '000
At beginning and end of period	**507,179**	441,029	**507,179**	441,029
Units issued	**169,061**	66,150	**169,061**	66,150
At end of period	**676,240**	507,179	**676,240**	507,179

(c) Terms 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 securityholders.

Ingenia Communities Fund & Ingenia Communities Management Trust
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10. Financial instruments

This note provides information about how the Trusts determine fair values of various financial assets and financial liabilities.

As required by accounting standards, the Trusts adopt the following hierarchy in the measurement of fair values of financial instruments:

- Level 1: fair value is calculated using quoted prices in active markets;
- Level 2: fair value is calculated using inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: fair value is calculated using inputs for the asset or liability that are not based on observable market data.

(a) Fair value of the Trusts' financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of Trusts financial assets and liabilities are measured at fair value at the end of each reporting period. The following tables give information about how the fair values are determined.

ICF

Financial assets/Financial liabilities	Fair Value as at 31 Dec 13	Fair Value as at 30 Jun 13	Fair Value Hierarchy	Valuation technique(s) and key inputs	Significant unobservable Inputs	Relationship of unobservable inputs to fair value
	$'000	$'000				
Retirement Village						
Resident Loans	**-**	-	Level 3	Loans measured as the ingoing resident's contribution plus the resident's share of capital appreciation to reporting date, less DMF accrued to reporting date	Long-term capital appreciation rates for residential property	The higher the appreciate rate, the lower the value of resident loans
Derivative interest Rate swaps	**217**	209	Level 2	Net present value of future cashflows discounted at market rates adjusted for the Group's credit risk	N/A	N/A

ICMT

Financial assets/Financial liabilities	Fair Value as at 31 Dec 13	Fair Value as at 30 Jun 13	Fair Value Hierarchy	Valuation technique(s) and key inputs	Significant unobservable Inputs	Relationship of unobservable inputs to fair value
	$'000	$'000				
Retirement Village						
Resident Loans	**177,890**	175,703	Level 3	Loans measured as the ingoing resident's contribution plus the resident's share of capital appreciation to reporting date, less DMF accrued to reporting date	Long-term capital appreciation rates for residential property	The higher the appreciate rate, the lower the value of resident loans
Derivative interest						
Rate swaps	**-**	-	Level 2	Net present value of future cashflows discounted at market rates adjusted for the Group's credit risk	N/A	N/A

10. Financial instruments (continued)

Changes in the Trusts retirement village resident loans, which are level 3 instruments, are presented in note 8.

The current market value of the independent living units is an input to the valuation of retirement village residents' loans. Changing the value used for this input by an increase of 10% would increase the fair value of these loans by $21,055,000 (2012: $20,663,000). The change has been calculated in accordance with the formula set out in the contracts with the residents and incorporates the market value of the property and the expected tenure of each resident.

(b) Fair value of the Trusts' financial assets and financial liabilities that are not measured at fair value on a recurring basis but fair value disclosures are required

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

11. Distributions

Distributions declared and paid for the half-year by ICF are detailed below.

	Cents per unit	Total amount ($'000)	Payment date
Recognised:			
Distribution	**0.5**	**$2,536**	**20 Sep 2013**
Unrecognised:			
Distribution	**0.5**	**$3,381**	**21 Mar 2014**

12. Segment information

(a) Description of segments

The Trusts invests in seniors accommodation properties located in Australia. The rental villages in Australia comprise the Garden Villages segment; the deferred management fee ("DMF") properties comprising the Settlers Lifestyle segment; and the MHEs, which comprise both permanent and short stay rental income, and income from the sale of manufactured homes is referred to as the Active Lifestyle Estates segment. 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 in determining the allocation of resources. Other parts of the Trusts are neither an operating segment nor part of an operating segment. Assets that do not belong to an operating segment are described below as "unallocated".

	INGENIA COMMUNITIES FUND		**INGENIA COMMUNITIES MANAGEMENT TRUST**	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
(b) Segment revenue				
Revenues from external customers:				
Garden Villages	**4,354**	4,234	**11,480**	10,063
Settlers Lifestyle	**-**	-	**3,451**	3,484
Active Lifestyle Estates	**192**	-	**4,192**	-
Total segment revenue	**4,546**	4,234	**19,123**	13,547
Interest income	**4,236**	2,422	**2**	10
Total revenue	**8,782**	6,656	**19,125**	13,557

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Notes to the financial statements
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12. Segment information (continued)

	INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
(c) Segment results				
Garden Villages	**4,919**	4,234	**(1,721)**	(85)
Settlers Lifestyle	**-**	-	**2,633**	1,103
Active Lifestyle Estates	**(373)**	-	**1,870**	1,590
Total segment result	**4,546**	4,234	**2,782**	2,608
Interest income	**4,236**	2,422	**3**	10
Net foreign exchange gain/(loss)	**324**	-	**24**	-
Net gain/(loss) on disposal of investment properties	**-**	-	**-**	-
Net gain/(loss) on change in fair value of:				
Investment properties	**770**	(1,017)	**455**	(1,750)
Derivatives	**(8)**	578	**-**	-
Retirement village resident loans	**-**	-	**60**	87
Loss on internalisation	**-**	(36)		-
Finance cost	**(1,681)**	(3,247)	**(4,095)**	(2,380)
Responsible entity fees	**(586)**	(554)	**(753)**	(726)
Administration expenses	**(358)**	(664)	**(157)**	(62)
Operational, marketing and selling expenses	**(71)**	-	**-**	-
Disposal costs associated with overseas investments	**-**	(150)	**-**	-
Gain/(loss) on revaluation of newly constructed retirement villages	**-**	-	**-**	(1,931)
Other expenses	**(136)**	(55)	**-**	-
Income tax benefit/(expense)	**-**	-	**657**	324
Profit/(loss) from continuing operations	**7,036**	1,511	**(1,024)**	(3,820)

	INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
	31 Dec 2013	30 Jun 2013	**31 Dec 2013**	30 Jun 2013
(d) Segment assets	**$'000**	$'000	**$'000**	$'000
Garden Villages	**101,543**	99,699	**1,735**	1,390
Settlers Lifestyle	**54,008**	54,009	**245,835**	241,674
Active Lifestyle Estates	**6,884**	7,154	**73,234**	11,488
Total segment assets	**162,435**	160,862	**320,804**	254,552
Discontinued operations	**3,874**	3,874	**46,630**	36,576
Corporate/unallocated	**107,376**	72,086	**105**	1,530
Total assets	**273,685**	236,822	**367,539**	292,658

13. Subsequent events

- On 30 January 2014, ICF settled on five rental retirement villages located in Victoria (Shepparton, Warrnambool and Mildura), New South Wales (Bathurst) and Tasmania (Launceston) for $9.9 million. The purchase, announced on 20 December 2013, was funded from US escrow proceeds received and existing debt facilities.

- On 18 February 2014, ICMT settled two MHEs, Big4 Valley Vineyard Tourist Park and Wine Country Caravan Park, located in Cessnock, NSW. The combined purchase price of $10.5 million was funded from the proceeds of the rights issue announced in September 2013 and debt. The acquisition was announced on 20 December 2013.

- On 21 February 2014, following satisfaction of conditions precedent, the core debt facility became unconditional for drawdown.

- On 25 February 2014, the Group announced the following upcoming acquisitions:

  - Exchange of a conditional contract for Town and Country Estate, a manufactured home and tourist park located in Sydney, New South Wales, for $18 million.

  - Exchange of a conditional contract for Sun Country Holiday Village, a manufactured home and tourist park located in Mulwala, New South Wales, for $7 million.

  - A conditional contract has also been exchanged for a third manufactured home and tourist park in Sydney, which is subject to due diligence.

  All the above acquisitions will be funded from the proceeds of the September rights issue and debt.

Ingenia Communities Fund & Ingenia Communities Management Trust
Directors' declaration
Half-year ended 31 December 2013

In accordance with a resolution of the directors of Ingenia Communities RE Limited, 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 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 2013 and of their performance for the half-year 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.

On behalf of the board

Jim Hazel
Chairman
25 February 2014

Building a better working world

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

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

To the unitholders of Ingenia Communities Fund and Ingenia Communities Management Trust ("the Trusts")

Report on the Half-year Financial Reports

We have reviewed the accompanying half-year financial reports which have been prepared in accordance with ASIC class order 05/642 and comprise:

- the consolidated statement of financial position as at 31 December 2013, the consolidated statement of profit and loss and other comprehensive income, the statement of changes in unitholders' interest and the consolidated statement of cash flow 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 statement of financial position as at 31 December 2013, the consolidated statement of profit and loss and other comprehensive income, the statement of changes in unitholders' interest and the consolidated statement of cash flow 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.

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 controls as the directors determine are necessary to enable the preparation of the half-year financial reports that are 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 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, we have become aware of any matter that makes us believe that the financial reports are not in accordance with the *Corporations Act 2001* including: giving a true and fair view of each consolidated entities' financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. 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*. We have given to the directors of the Responsible Entity a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial 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 2013 and of its 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*.

Ernst & Young

Chris Lawton
Partner
Sydney
25 February 2014