APPENDIX 4D

Half year Financial Report

Half Year ended 31 December 2015

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 2015 – 31 December 2015**
Previous corresponding period:	1 July 2014 – 31 December 2014

Results for announcement to the market

	31 Dec 2015	31 Dec 2014	Change
	$'000	$'000	%
Revenues from Continuing operations	52,222	28,660	82%
Profit/(loss) from ordinary activities after tax attributable to members	10,779	(987)	Refer note 1
Net profit/(loss) for the period attributable to members	10,779	(987)	Refer note 1
Underlying profit from continuing operations	8,447	6,017	40%
Underlying profit	8,447	6,677	27%
Distributions - current period (cents): FY15 Final Distribution (paid) 1H16 Interim Distribution(2) (declared)	 0.7 4.2		
Distributions - previous period(2) (cents): FY14 Final Distribution (paid) 1H15 Interim Distribution (declared)		 0.65 0.65	
Record date for determining entitlement to the interim distribution	5pm, 1 March 2016		
The Dividend and Distribution Reinvestment Plan is operational for this distribution			
	31 Dec 2015	30 Jun 2015	Change
Net tangible asset value per security(3)	$2.35	$0.39	

(1) The variances that would otherwise be shown are not meaningful because the previous corresponding period amount is negative.

(2) The distributions shown are based on the number of stapled securities on issue when the distributions took place. Based on the number of securities on issue following the 6:1 stapled security consolidation completed on 19 November 2015, the FY15 final distribution would have been 4.2cps and the previous corresponding period distributions, 3.9cps each.

(3) Net tangible asset value per security for the previous corresponding period is based on the number of stapled securities on issue at 30 June 2015. Based on the number of securities on issue following the 6:1 stapled security consolidation completed on 19 November 2015, the net tangible asset value per security would represent $2.32

Results for announcement to the market

This information should be read in conjunction with the 2015 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

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

Control gained:	None
Control Lost:	None

Details of any associates and joint venture entities required to be disclosed: None

Audit status
This report is based on the consolidated 31 December 2015 Half Year Financial Report of Ingenia Communities, which has been reviewed by Ernst & Young. The Auditor's Independence Declaration provided by Ernst & Young is included in the 31 December 2015 Half Year Financial Report.

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Other significant information and commentary on results
See attached ASX announcement and materials referred to below.

Additional Appendix 4D disclosure requirements can be found in the Directors' Report and the 31 December 2015 Half Year Financial Report.

For all other information required by Appendix 4D, including a results commentary, please refer to the following documents:

- Directors' Report
- Reviewed Half Year Financial Report
- Results presentation and media release

Tania Betts
Company Secretary

23 February 2016

INGENIA COMMUNITIES HOLDINGS LIMITED

A.C.N. 154 444 925

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2015

www.ingeniacommunities.com.au

Registered Office: Level 9, 115 Pitt Street, Sydney NSW 2000

Directors' Report
for the six months ended 31 December 2015

Contents

Directors' Report
for the six months ended 31 December 2015

The Directors of Ingenia Communities Holdings Limited (ICH or the Company) present their report together with the Company's financial report for the six months ended 31 December 2015 (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 or Responsible Entity), a wholly owned subsidiary of the Company is the responsible entity of the Trusts. In this report, the Company and the Trusts are referred to collectively as the Group.

In accordance with Accounting Standard AASB 3 B*usiness 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 the period were:

NON-EXECUTIVE DIRECTORS (NEDs)
Jim Hazel (Chairman)
Robert Morrison (appointed Deputy Chairman 2 December 2015)
Philip Clark AM
Amanda Heyworth
Norah Barlow ONZM

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

2. OPERATING AND FINANCIAL REVIEW

a) Ingenia Communities Overview

The Group is an active owner, manager and developer of a diversified portfolio of retirement villages and lifestyle parks across Australia. Its real estate assets are valued on a net basis at $462.6 million at 31 December 2015 ($392.8 million at 30 June 2015), being 24 lifestyle parks, 31 rental villages, and eight deferred management fee (DMF) villages. The Group is in the ASX 300 with a market capitalisation of approximately $401.0 million at 31 December 2015.

The Group's vision is to create Australia's best lifestyle parks which deliver earnings growth for securityholders and memorable experiences for our residents.

b) Strategy

The Group's strategic areas of focus are:

- Growing asset returns through both the operational and development areas of the business
- Establishing scale from development within the earnings base
- Continuing operational efficiency improvements
- Actively managing sources of funding to achieve earnings objectives

Directors' Report
for the six months ended 31 December 2015

During the period, the following progress was made on the Group's strategic priorities:

- Garden Villages like-for-like occupancy was 89.6%, up 1.3% from 1H15
- Settled 58 manufactured homes, up 625% from 1H15
- Acquired and integrated four new lifestyle parks
- 10 lifestyle parks developments now underway
- Residents accessing our Care Assist program grown to 341
- Investment made into a CRM system which launched this month
- Progress made on recycling capital from low cash yielding Settlers DMF assets into higher cash yielding lifestyle parks.

The key immediate business priorities of the Group are:

- Monetising equity from the Group's DMF portfolio to fund growth
- Acquiring additional lifestyle parks in existing and newly identified clusters
- Building further velocity in the delivery and sale of new manufactured homes within its lifestyle parks
- Improving returns from existing parks
- Growing occupancy rates within the Garden Villages portfolio.
- Continuing occupancy and average room rate growth from short-term accommodation within our lifestyle parks
- Increasing cash yields from stable non-development assets through operational efficiencies
- Ensuring active utilisation of existing capital sources.

c) 1H16 Financial Results

1H16 has been a period of acquiring and bedding down operations across the eight assets acquired over the last 12 months. Management remains focused on increasing occupancy within the Garden Villages portfolio and identification of cost saving initiatives across the Group.

Overall, 1H16 produced an underlying profit of $8.4 million and a statutory profit of $10.8 million, which respectively represents a significant increase of $2.4 million (40%) and $11.8 million on the previous corresponding period. These results are underpinned by a significantly higher EBIT contribution from the Group's lifestyle parks of $7.2 million, up 271% from the previous corresponding period.

Operating cashflow for the period was $11.8 million, up 157% from the previous corresponding period, reflecting continued growth in recurring rental income and net proceeds from manufactured home development of $3.5 million partially offset by a reducing contribution from the sale of new Settlers units as remaining development projects sell down with no new capital deployed into development within this segment.

In September 2015, the Group raised $6.1 million (net of costs) from the 2H15 distribution reinvestment plan (DRP) and institutional placement.

The Group undertook a 6:1 stapled security consolidation in November 2015 following securityholder approval at the AGM.

Directors' Report
for the six months ended 31 December 2015

The Group acquired four lifestyle parks and exchanged unconditional contracts on an additional lifestyle park for $57.2 million and $8.5 million respectively (excluding transaction costs). Subsequent to the reporting period, unconditional contracts were exchanged for another lifestyle park for $5.5 million (excluding transaction costs).

On 18 February 2016, the Group increased the Australian multilateral debt facility by $25.0 million to $200.0 million providing further capacity for investment in the lifestyle park sector.

The Group has today announced an interim distribution of 4.2 cents, a 7.7% increase on the previous corresponding period, and in-line with the FY15 final distribution. The DRP will remain operational. The Board reaffirms its commitment to further growth in securityholder returns over the medium term.

d) Key Metrics

- Interim distribution of 4.2cps, up 7.7% on the previous corresponding period
- Underlying profit of $8.4 million, up 40% on the previous corresponding period
- Underlying profit from continuing operations per security 5.7 cents, up 1.0 cent on the previous corresponding period
- Net asset value grew by 2.0 cents on the previous corresponding period per security to $2.36
- Statutory profit of $10.8 million, up $11.8 million from a loss of $1.0 million for the previous corresponding period. This reflects the net fair value gain across the portfolio of $3.1 million (previous corresponding period: $9.3 million fair value loss)
- Statutory profit per security of 7.2 cents, up 8.0 cents from a loss of 0.8 cents for the previous corresponding period.

Underlying profit for the period is calculated as follows:

	1H16 $'000	1H15 $'000
EBIT – continuing operations	**10,993**	6,020
Net interest expense	**(2,831)**	(2,326)
Tax benefit associated to underlying profit	**285**	2,323
Underlying profit – continuing operations	**8,447**	6,017
Underlying profit – discontinued operations	**-**	660
Underlying profit	**8,447**	6,677
Net foreign exchange gain/(loss)	**211**	(940)
Net loss on disposal of investment properties	**(308)**	(323)
Net gain/(loss) on change in fair value of:		
- Investment properties	**3,106**	(9,309)
- Derivatives	**(6)**	98
- Retirement village resident loans	**(812)**	(86)
Gain on revaluation of newly constructed retirement villages	**(608)**	(1,144)
Release of foreign currency reserve on disposal of foreign operations	**-**	2,374
Discontinued operations (below underlying profit) net of income tax	**-**	(1,937)
Tax benefit associated with items below underlying profit	**749**	3,603
Statutory profit/(loss)	**10,779**	(987)

Underlying profit is a non-IFRS measure designed to present, in the opinion of the Directors, the results from the on-going operating activities in a way that appropriately reflects underlying performance. Underlying profit excludes items such as unrealised fair value gains/(losses) and adjustments arising from the effect of revaluing assets/liabilities (such as derivatives and investment properties). These items are required to be included in statutory profit in accordance with Australian Accounting Standards.

Directors' Report
for the six months ended 31 December 2015

e) Segment Performance and Priorities

Active Lifestyle Estates

Active Lifestyle Estates (ALE) comprises 24 lifestyle parks located along the eastern seaboard. The business is the key growth focus for the Group, providing an affordable housing alternative for the growing seniors market as well as short-term residents. The development of this housing product is both capital light and low risk and generates a recurring land rent yield once the homes are sold. The net carrying value of the ALE lifestyle park assets at 31 December 2015 is $267.7 million.

i. Performance

Active Lifestyle Estates	**1H16**	1H15	Change
New and refurbished home settlements (#)	**58**	8	50
Development profit $m	**4.6**	0.8	3.8
Residential rental income $m	**6.0**	3.8	2.2
Annuals rental income $m	**1.3**	0.5	0.8
Short-term rental income $m	**7.8**	4.0	3.8
Commercial rental income $m	**0.2**	0.1	0.1
EBIT contribution $m	**7.2**	2.0	5.2

ALE delivered an EBIT contribution of $7.2 million in 1H16, of which $4.6 million was attributable to development of new and refurbished manufactured homes. The momentum achieved in settlements over the last 12 months has been significant and demonstrates management's focus on developing the necessary platforms for a significant development business along with a growing customer awareness and understanding of the lifestyle park product offering. The rental accommodation earnings of this business have grown strongly through acquisitions, site reconfiguration and continuing improvements in the performance of short-term rental accommodation, despite short-term sites continuing to be taken off line for development. There continues to be investment in the sales and development platform to ensure the Group is positioned to deliver its target of 120 sales for FY16.

ii. Strategic priorities

The key strategic priorities for this business are continuing the sales and settlement momentum achieved to date, securing further development approvals within existing parks, finalising standard home design suites for efficiency and reflecting customer demand, growing the tourism rental returns and pursuing cost efficiencies. The Group continues to assess expansion into greenfield development as part of its growth strategy.

Garden Villages

Garden Villages comprises 31 rental villages located across the eastern seaboard and Western Australia. These villages accommodate more than 1,600 residents, and generated $12.0 million in gross rental income during the period. The carrying value of these village assets at 31 December 2015 is $130.3 million.

Directors' Report
for the six months ended 31 December 2015

i. Performance

Garden Villages	1H16	1H15	Change
Occupancy %[1]	**89.6%**	88.3%	1.3%
Rental income $m	**12.0**	12.1	(0.1)
Catering income $m	**1.7**	1.7	(0.0)
EBIT $m	**5.4**	5.4	(0.0)

[1]The 1H15 comparative occupancy rate is provided on a like-for-like basis by adjusting for the impact of the three villages sold at June 2015.

Garden Villages delivers a consistent stream of recurring cash income for the Group. The results, whilst in line with the prior corresponding period were generated from a smaller number of assets, following the disposal of three villages in 2H15.

ii. Strategic priorities

The key strategic priorities are continuing the focus on increasing village occupancy, growing rents above the consumer price index, improving cash margins, ensuring residents are actively engaged, and leveraging scale efficiencies.

Settlers Lifestyle

Settlers Lifestyle is comprised of eight DMF villages located in Queensland, New South Wales and Western Australia. Settlers accommodates more than 800 residents and generate income from accrued DMFs, capital gains, and development income from unit conversions and village expansion. The carrying value of these assets at 31 December 2015, net of retirement village resident loans is $64.6 million.

i. Performance

Settlers Lifestyle	1H16	1H15	Change
Occupancy %	**96.0%**	93.0%	3.0%
New settlements (#)	**14**	21	(7.0)
Development income $m	**0.6**	1.1	(0.5)
Accrued DMF income $m	**2.5**	2.7	(0.2)
EBIT $m	**2.0**	2.7	(0.7)

The Settlers Lifestyle result is down $0.7m from the previous corresponding period due the completion of active development, and the remaining completed homes having gradually been sold down and settled.

ii. Strategic Priorities

The key strategic priority for this business during 2H16 is the divestment of the village portfolio.

Directors' Report
for the six months ended 31 December 2015

f) Capital management

The Group maintains a prudent and considered approach to capital management and in September 2015, strengthened its capital position by undertaking a DRP and institutional placement in connection with the 2H15 distribution. Subsequent to the reporting period, the Group increased its debt facility limit $25.0 million, to $200.0 million.

As 31 December 2015, the Group's loan-to-value ratio (LVR) was 32.4%, which is in-line with its target range of 30-35%.

g) Financial position

The following table provides a summary of the Group's financial position at 31 December 2015:

	31 Dec 2015	30 Jun 2015	Change
	$'000	$'000	$'000
Cash and cash equivalents	**10,441**	15,117	(4,676)
Inventories	**15,150**	13,208	1,942
Investment properties	**672,035**	539,728	132,307
Assets held for sale - investment properties	**-**	61,598	(61,598)
Deferred tax asset	**7,381**	6,348	1,033
Other assets	**11,984**	9,308	2,676
Total assets	**716,991**	645,307	71,684
Borrowings	**123,950**	66,782	57,168
Retirement village resident loans	**204,963**	161,878	43,085
Liabilities held for sale - retirement village resident loans	**-**	42,041	(42,041)
Other liabilities	**33,495**	31,086	2,409
Total liabilities	**362,408**	301,787	60,621
Net assets/equity	**354,583**	343,520	11,063

Inventories have increased by $1.9 million, reflecting the 10 active development projects underway. The development business is a growing and key element of the Group's strategy. Of the 10 development projects, the Lakeside Lara Lifestyle Park includes 13 fully built, unsold homes with a carrying value of $1.8 million. These homes are expected to be sold and monetised over the next 12 months.

After accounting for the $61.6 million reclassification of five Settlers Lifestyle assets previously classified as assets held for sale, investment properties increased by $70.7 million. This was due to the acquisition of four active lifestyle parks for $57.2 million (excluding transaction costs), development expenditure, and a net $3.1 million fair value uplift.

Borrowings grew by $57.2 million as funds were drawn down to settle the four lifestyle parks acquired.

After accounting for the reclassification of five Settlers Lifestyle assets, and the $42.0 million in associated liabilities, previously classified as held for sale, retirement village resident loans increased by $1.0 million.

Directors' Report
for the six months ended 31 December 2015

h) Cashflow

	1H16 $'000	1H15 $'000	Change $'000
Operating cashflows	**11,847**	4,609	7,238
Investing cashflows	**(73,107)**	26,963	(100,070)
Financing cashflows	**56,513**	(21,672)	78,185
Net change in cash and cash equivalents	**(4,747)**	9,900	(14,647)

Operating cashflows for the Group were $11.8 million reflecting increasing rental income and proceeds from manufactured home development within the ALE portfolio. The acquisition of four additional lifestyle parks and increased development activity drove the investing outflow of $73.1 million which was funded through debt drawdowns, as reflected in the financing cash inflow of $56.6 million.

i) Distributions

The following distribution was made during the period:

- On 25 August 2015, the Directors declared a final distribution for 2015 of 4.2cps (adjusted for the 6:1 stapled security consolidation in November 2015), amounting to $6,205,793 and which was paid on 16 September 2015. The previous corresponding period distribution was 3.9cps (adjusted for the 6:1 stapled security consolidation in November 2015).

The distribution was 71.0% tax deferred and the dividend reinvestment plan was in place.

j) Outlook

The Group is well positioned to continue growing its lifestyle parks business with a significant development pipeline in place. Ongoing growth in sales and settlements volumes is expected in 2H16 as additional projects begin to contribute post launch. A continuing focus remains on opportunities for revenue growth or cost minimisation to grow recurring yields across the portfolios.

The Group will continue to regularly assess the performance of its existing assets and where appropriate recycle capital into other opportunities delivering superior returns.

3. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Changes in the state of affairs during the period are set out in the various reports in this half-year financial report. Refer to Note 9 for investment properties acquired during the period Note 11 for details of the debt facility increase, and Note 13 regarding the 6:1 stapled securities consolidation.

Directors' Report
for the six months ended 31 December 2015

4. SUBSEQUENT EVENTS

a) Increase to debt facility limit

On 18 February 2016, the Group finalised the increase to its Australian debt facility limit by $25.0 million, to $200.0 million. The additional $25.0 million debt facility has a maturity date of 12 February 2020 and uses the existing facility covenants and pricing.

b) Acquisition of Big 4 Broulee Beach Holiday Park

On 8 February 2016 the Group exchanged unconditional contracts for the acquisition of Big 4 Broulee Beach Holiday Park on the NSW South Coast. The acquisition price was $5.5 million (excluding transaction costs) and will be funded by drawing down on the recently increased debt facility limit.

c) 1H16 interim distribution

On 23 February 2016 the Directors of the Group resolved to declare a 1H16 interim distribution of 4.2cps (1H15: 3.9cps - restated for the November 2015 6:1 security consolidation) amounting to $6,306,884, to be paid on 16 March 2016. The distribution is 72.6% tax deferred and the distribution reinvestment plan will be in operation for this 1H16 distribution.

5. AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the C*orporations Act 2001* is set out on page 10.

6. GROUP INDEMNITIES

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

Directors' Report
for the six months ended 31 December 2015

7. INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the period.

8. ROUNDING OF AMOUNTS

Ingenia Communities 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 Director's 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
23 February 2016

Building a better
working world

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

As lead auditor for the review of Ingenia Communities Holdings Limited and its controlled entities for the half-year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review*;* and

b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Chris Lawton
Partner
Sydney
23 February 2016

Consolidated Statement of Comprehensive Income
for the six months ended 31 December 2015

	Note	1H16 $'000	1H15 $'000
Continuing Operations			
Revenue			
Rental income	5(a)	**27,567**	20,849
Accrued deferred management fee income	12(b)	**2,521**	2,735
Manufactured home sales		**15,359**	1,930
Catering income		**1,656**	1,768
Other property income	5(b)	**1,581**	1,271
Service station sales		**3,451**	-
Interest income		**87**	107
		52,222	28,660
Property expenses		**(10,546)**	(8,022)
Employee expenses		**(12,870)**	(10,054)
Administrative expenses		**(2,555)**	(2,411)
Operational, marketing and selling expenses		**(1,668)**	(1,935)
Cost of manufactured homes sold		**(10,759)**	(1,102)
Service station expenses		**(3,092)**	-
Finance expenses	6	**(2,918)**	(2,433)
Net foreign exchange gain/(loss)		**211**	57
Net loss on disposal of investment properties		**(308)**	(323)
Net gain/(loss) on change in fair value of:			
- Investment properties	9(c)(d)	**3,106**	(9,309)
- Derivatives		**(6)**	98
- Retirement village resident loans	12(b)	**(812)**	(86)
Amortisation of intangible assets		**(129)**	-
Depreciation expense		**(130)**	(153)
Profit/(loss) from continuing operations before income tax		**9,746**	(7,013)
Income tax benefit		**1,033**	5,926
Profit/(loss) from continuing operations		**10,779**	(1,087)
Profit from discontinued operations [1]		**-**	100
Net profit/(loss) for the period		**10,779**	(987)
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
- Foreign currency translation differences during the period		**-**	1,339
- Release of foreign currency translation reserve on disposal of foreign operations		**-**	(2,374)
Total comprehensive income for the period net of income tax		**10,779**	(2,022)
Profit/(loss) attributable to securityholders of:			
- Ingenia Communities Holdings Limited		**(1,180)**	160
- Ingenia Communities Fund		**11,706**	9,412
- Ingenia Communities Fund Management Trust		**253**	(10,559)
		10,779	(987)
Total comprehensive income attributable to securityholders of:			
- Ingenia Communities Holdings Limited		**(1,180)**	160
- Ingenia Communities Fund		**11,706**	5,685
- Ingenia Communities Fund Management Trust		**253**	(7,867)
		10,779	(2,022)

[1] Previous corresponding period profit from discontinued operations relates to the New Zealand Students business that was sold in December 2014.

Consolidated Statement of Comprehensive Income
for the six months ended 31 December 2015

	Note	**1H16 Cents**	1H15 Cents
Distributions per security[1][2]		**4.2**	3.9
Earnings per security[2]:			
Basic earnings from continuing operations			
- Per security	4	**7.2**	(0.9)
- Per security attributable to parent	4	**(0.8)**	0.1
Basic earnings			
- Per security	4	**7.2**	(0.8)
- Per security attributable to parent	4	**(0.8)**	0.1
Diluted earnings from continuing operations			
- Per security	4	**7.2**	(0.8)
- Per security attributable to parent	4	**(0.8)**	0.1
Diluted earnings			
- Per security	4	**7.2**	(0.8)
- Per security attributable to parent	4	**(0.8)**	0.1

(1) Distributions relate to the final distribution paid for the previous corresponding period. An interim distribution of 4.2 cents for the current period was declared on 23 February 2016 and due to be paid to securityholders on 16 March 2016.

(2) Current and previous corresponding period amounts have been restated to account for the 6:1 stapled security consolidation that was completed on 19 November 2015.

Consolidated Balance Sheet
As at 31 December 2015

	Note	31 Dec 2015 $'000	30 Jun 2015 $'000
Current assets			
Cash and cash equivalents		**10,441**	15,117
Trade and other receivables		**5,980**	4,327
Inventories	8	**15,150**	13,208
Income tax receivable		**-**	33
Assets held for sale - investment properties	7(a)	**-**	61,598
Total current assets		**31,571**	94,283
Non-current assets			
Trade and other receivables		**2,686**	2,649
Investment properties	9	**672,035**	539,728
Plant and equipment		**1,523**	720
Intangibles		**1,795**	1,579
Deferred tax asset		**7,381**	6,348
Total non-current assets		**685,420**	551,024
Total assets		**716,991**	645,307
Current liabilities			
Trade and other payables	10	**18,204**	15,073
Borrowings	11	**294**	291
Retirement village resident loans	12	**204,963**	161,878
Liabilities held for sale - retirement village resident loans	7(b)	**-**	42,041
Provisions		**1,217**	992
Derivatives		**10**	3
Total current liabilities		**224,688**	220,278
Non-current liabilities			
Trade and other payables	10	**13,770**	14,770
Borrowings	11	**123,656**	66,491
Provisions		**294**	248
Total non-current liabilities		**137,720**	81,509
Total liabilities		**362,408**	301,787
Net assets		**354,583**	343,520
Equity			
Issued securities	13(a)	**663,293**	657,214
Reserves		**1,363**	1,334
Accumulated losses		**(310,073)**	(315,028)
Total equity		**354,583**	343,520
Attributable to securityholders of:			
Ingenia Communities Holdings Limited			
- Issued securities	13(a)	**8,979**	8,900
- Reserves		**1,363**	1,334
- Accumulated losses		**(3,975)**	(3,175)
		6,367	7,059
Ingenia Communities Fund		**326,223**	315,951
Ingenia Communities Management Trust		**21,993**	20,510
		354,583	343,520
Net asset value per security[1]		**$2.36**	**$2.34**

[1] The previous corresponding period net asset value per security has been restated for the 6:1 stapled securities consolidation completed on 19 November 2015. Previous to restatement the net asset value per security was 38.9cps.

Consolidated Cash Flow Statement
for the six months ended 31 December 2015

	1H16 $'000	1H15 $'000
Cash flows from operating activities		
Rental and other property income	**36,442**	29,466
Property and other expenses	**(27,220)**	(25,001)
Proceeds from resident loans	**4,826**	10,773
Repayment of resident loans	**(3,475)**	(6,221)
Proceeds from sale of manufactured homes	**17,547**	3,486
Purchase of manufactured homes	**(14,008)**	(5,678)
Proceeds from sale of service station inventory	**3,451**	-
Purchase of service station inventory	**(3,199)**	-
Interest received	**87**	99
Borrowing costs paid	**(2,608)**	(3,105)
Income tax received	**4**	790
	11,847	4,609
Cash flows from investing activities		
Purchase and additions of plant and equipment	**(771)**	(280)
Purchase and additions of intangible assets	**(327)**	(1,049)
Payments for investment properties	**(65,567)**	(15,205)
Additions to investment properties	**(6,259)**	(6,259)
(Costs)/proceeds on sale of investment properties	**(207)**	49,588
Amounts received from villages	**24**	168
	(73,107)	26,963
Cash flows from financing activities		
Proceeds from issue of stapled securities	**6,206**	90,394
Payments for security issue costs	**(94)**	(3,941)
Finance lease payments	**(58)**	(50)
Payments for derivatives	**-**	(444)
Distributions to securityholders	**(6,197)**	(4,402)
Proceeds from borrowings	**60,430**	22,305
Repayment of borrowings	**(3,430)**	(125,197)
Payments for debt issue costs	**(344)**	(337)
	56,513	(21,672)
Net (decrease)/increase in cash and cash equivalents	**(4,747)**	9,900
Cash and cash equivalents at the beginning of the period	**15,117**	14,551
Effects of exchange rate fluctuation on cash held	**71**	167
Cash and cash equivalents at the end of the period	**10,441**	24,618

Consolidated Statement of Changes in Equity
For the six months ended 31 December 2015

		ATTRIBUTABLE TO SECURITYHOLDERS					
		INGENIA COMMUNITIES					
	Note	Issued capital $'000	Reserves $'000	Retained earnings $'000	Total $'000	ICF & ICMT $'000	Total equity $'000
Carrying amount at 1 July 2014		**7,377**	**988**	**(2,659)**	**5,706**	**234,471**	**240,177**
Net profit/(loss) for the period		-	-	160	**160**	(1,147)	**(987)**
Other comprehensive income		-	-	-	**-**	(1,035)	**(1,035)**
Total comprehensive income for the period		**-**	**-**	**160**	**160**	**(2,182)**	**(2,022)**
Transactions with securityholders in their capacity as securityholders:							
- Issue of securities	13(a)	1,497	-	-	**1,497**	85,027	**86,524**
- Share-based payment transactions		-	331	-	**331**	-	**331**
- Payment of distributions to securityholders		-	-	-	**-**	(4,407)	**(4,407)**
- Transfer from reserves to retained earnings		-	-	-	**-**	-	**-**
Carrying amount at 31 December 2014		**8,874**	**1,319**	**(2,499)**	**7,694**	**312,909**	**320,603**
Carrying amount at 1 July 2015		**8,900**	**1,334**	**(3,177)**	**7,057**	**336,463**	**343,520**
Net profit/(loss) for the period		-	-	(1,180)	**(1,180)**	11,959	**10,779**
Other comprehensive income		-	-	-	**-**	-	**-**
Total comprehensive income for the period		**-**	**-**	**(1,180)**	**(1,180)**	**11,959**	**10,779**
Transactions with securityholders in their capacity as securityholders:							
- Issue of securities	13(a)	79	-	-	**79**	6,000	**6,079**
- Share-based payment transactions		-	411	-	**411**	-	**411**
- Payment of distributions to securityholders		-	-	-	**-**	(6,206)	**(6,206)**
- Transfer from reserves to retained earnings		-	(382)	382	**-**	-	**-**
Carrying amount at 31 December 2015		**8,979**	**1,363**	**(3,975)**	**6,367**	**348,216**	**354,583**

Notes to the consolidated financial statements
for the six months ended 31 December 2015

1. Summary of significant accounting policies

(a) The Group

The financial report of Ingenia Communities Holdings Limited (the Company) comprises the consolidated half-year financial report of the Company and its controlled entities, including Ingenia Communities Fund (ICF or the Fund) and Ingenia Communities Management Trust (ICMT) (collectively, the Trusts). The shares of the Company are stapled with the units of the Trusts and trade on the Australian Securities Exchange (ASX) effectively as one security. Ingenia Communities RE Limited (ICRE), a wholly owned subsidiary of the Company is the Responsible Entity of the Trusts. In this report, the Company and the Trusts are referred to collectively as the Group.

The constitutions of the Company and the Trusts require that, for as long as they remain jointly quoted on the ASX, the number of shares in the Company and 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 half-year financial report is a general purpose financial report which has been prepared in accordance with *AASB 134 'Interim Financial Reporting'* and the *Corporations Act 2001*.

The half-year financial report does not include all of the information required for a full-year financial report, and should be read in conjunction with the Group's annual financial report for the year ended 30 June 2015.

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

As permitted by Class Order [CO 05/642], issued by the Australian Securities and Investments Commission, the financial statements and accompanying notes of the Group have been presented in the attached combined financial report.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated.

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 2015 annual report with the exception of new amended standards and interpretations which have been applied as required. Where necessary corresponding figures have been adjusted to conform with changes in presentation in the current period.

At 31 December 2015, the Group recorded a net current asset deficiency of $193,117,000. This deficiency includes retirement village resident loans of $204,963,000. Resident loans 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 twelve 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. 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.

Notes to the consolidated financial statements
for the six months ended 31 December 2015

1. Summary of significant accounting policies (continued)

(c) New and revised Accounting Standards

No new or revised standards and interpretations were issued by the Australian Accounting Standards Board that are relevant to the Group during the period.

(d) Accounting Standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period. The Group's assessment of the impact of these new standards and interpretations is set out below.

Accounting Standard	Impact on the Group
AASB 9	AASB 9 *Financial Instruments* is applicable to reporting periods beginning on or after 1 January 2018. The Group has not early adopted this standard. This standard provides requirements for the classification, measurement and de-recognition of financial assets and financial liabilities. Changes in the Group's credit risk, which affect the value of liabilities designated at fair value through profit and loss, can be presented in other comprehensive income. The application of the Standard is not expected to have any material impact on the Group's financial reporting in future periods.
AASB 15	AASB 15 *Revenue from Contracts with Customers* is applicable to reporting periods beginning on or after 1 January 2018. The Group has not early adopted this standard. The standard is based on the principle that revenue is recognised when control of a good or service is transferred to a customer. It contains a single model that applies to contracts with customers and two approaches to recognising revenue; at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. It applies to all contracts with customers except leases, financial instruments and insurance contracts. It requires reporting entities to provide users of financial statement with more informative and relevant disclosures. The application of the Standard is not expected to have any material impact on the Group's financial reporting in future periods.

Other new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for the current reporting period. These are not expected to have any material impact on the Group's financial reporting in future reporting periods.

Notes to the consolidated financial statements
for the six months ended 31 December 2015

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 (and assets held for sale, in the previous period) with a gross carrying amount of $672,035,000 (June 2015: $601,326,000) (refer to Note 9), and retirement village residents' loans (and liabilities held for sale, in the previous period) with a carrying amount of $204,963,000 (June 2015: $203,919,000) (refer to Note 12) which together represent the estimated fair value of the Group's property business.

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. The valuation assumption for properties to be developed reflect assumptions around sales prices for new homes, sales rates, new rental tariffs, estimates of capital expenditure, discount rates and projected property growth rates. In forming these assumptions, the Group 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.

(ii) Valuation of inventories

The Group has inventory in the form of manufactured homes and service station fuel and supplies, which it carries at the lower of cost or net realisable value. Estimates of net realisable value are based on the most reliable evidence available at the time 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 management 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.

(iv) 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 for long term incentive performance rights and the security price at grant date of short term incentive performance rights. Refer to Note 14 for fair value assumptions.

Notes to the consolidated financial statements
for the six months ended 31 December 2015

2 Accounting estimates and judgements (continued)

(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 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.

A previous corresponding period reclassification between the two components of retirement village resident loans was made. The reclassification was made to facilitate comparative analysis of movements in the gross retirement village resident loans and accrued deferred management fee balances.

(b) Critical judgements in applying the entity's accounting policies

There were no judgements, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies that had a significant effect on the amounts recognised in the financial report.

Notes to the consolidated financial statements
for the six months ended 31 December 2015

3. Segment information

(a) Description of segments

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

- Garden Villages – rental villages
- Settlers Lifestyles – deferred management fee villages
- Active Lifestyle Estates – comprising long-term and short-term accommodation within lifestyle parks and the sale of manufactured homes.

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 “corporate/unallocated”.

(b) 31 December 2015

	Active Lifestyle Estates $’000	Settlers Lifestyle $’000	Garden Villages $’000	Corporate/ Unallocated $’000	Total $’000
(i) Segment revenue					
External segment revenue	35,038	3,790	13,806	109	**52,743**
Interest income	-	-	-	87	**87**
Reclassification of gain on revaluation of newly constructed villages	-	(608)	-	-	**(608)**
Total revenue	**35,038**	**3,182**	**13,806**	**196**	**52,222**
(ii) Segment underlying profit					
External segment revenue	35,038	3,790	13,806	109	**52,743**
Interest income	-	-	-	87	**87**
Property expenses	(5,530)	(830)	(3,980)	(206)	**(10,546)**
Employee expenses	(6,891)	(681)	(3,201)	(2,097)	**(12,870)**
Administration expenses	(626)	(39)	(590)	(1,300)	**(2,555)**
Operational, marketing and selling expenses	(888)	(223)	(476)	(82)	**(1,669)**
Manufactured home cost of sales	(10,759)	-	-	-	**(10,759)**
Service station expenses	(3,092)	-	-	-	**(3,092)**
Finance expense	-	-	-	(2,918)	**(2,918)**
Income tax benefit	-	-	-	285	**285**
Amortisation of intangible assets	-	-	(129)	-	**(129)**
Depreciation expense	(14)	-	(39)	(77)	**(130)**
Underlying profit/(loss) – continuing operations	**7,238**	**2,017**	**5,391**	**(6,199)**	**8,447**
Reconciliation of underlying profit to profit from continuing operations:					
Net foreign exchange gain	-	-	-	211	**211**
Net loss on disposal of investment property	(3)	(305)	-	-	**(308)**
Net gain/(loss) on change in fair value of:					
- Investment properties	(3,274)	2,433	3,947	-	**3,106**
- Derivatives	-	-	-	(6)	**(6)**
- Retirement village resident loans	-	(812)	-	-	**(812)**
Gain on revaluation of newly constructed villages	-	(608)	-	-	**(608)**
Income tax benefit associated with reconciliation items	-	-	-	749	**749**
Profit/(loss) from continuing operations per the consolidated statement of comprehensive income	**3,961**	**2,725**	**9,338**	**(5,245)**	**10,779**
(iii) Segment assets	294,540	269,287	135,036	18,128	**716,991**

Notes to the consolidated financial statements
for the six months ended 31 December 2015

3. Segment information (continued)

(c) 31 December 2014

	Active Lifestyle Estates $'000	Settlers Lifestyles $'000	Garden Villages $'000	Corporate/ Unallocated $'000	Total $'000
(i) Segment revenue					
External segment revenue	10,915	4,661	13,962	159	**29,697**
Interest income	-	-	-	107	**107**
Reclassification of gain on revaluation of newly constructed villages	-	(1,144)	-	-	**(1,144)**
Total revenue	**10,915**	**3,517**	**13,962**	**266**	**28,660**
(ii) Segment underlying profit					
External segment revenue	10,915	4,661	13,962	159	**29,697**
Interest income	-	-	-	107	**107**
Property expenses	(2,961)	(680)	(4,174)	(207)	**(8,022)**
Employee expenses	(3,656)	(887)	(3,725)	(1,786)	**(10,054)**
Administration expenses	(532)	(155)	(300)	(1,424)	**(2,411)**
Operational, marketing and selling expenses	(705)	(224)	(373)	(633)	**(1,935)**
Manufactured home cost of sales	(1,102)	-	-	-	**(1,102)**
Finance expense	-	-	-	(2,433)	**(2,433)**
Income tax benefit	-	-	-	2,323	**2,323**
Depreciation expense	(6)	-	(32)	(115)	**(153)**
Underlying profit/(loss) – continuing operations	**1,953**	**2,715**	**5,358**	**(4,009)**	**6,017**
Reconciliation of underlying profit to profit from continuing operations:					
Net foreign exchange gain	-	-	-	57	**57**
Net loss on disposal of investment property	-	(316)	-	(7)	**(323)**
Net gain/(loss) on change in fair value of:					
- Investment properties	(8,670)	(2,401)	1,762	-	**(9,309)**
- Derivatives	-	-	-	98	**98**
- Retirement village resident loans	-	(86)	-	-	**(86)**
Gain on revaluation of newly constructed villages	-	(1,144)	-	-	**(1,144)**
Income tax benefit associated with reconciliation items	-	-	-	3,603	**3,603**
Profit/(loss) from continuing operations per the consolidated statement of comprehensive income	**(6,717)**	**(1,232)**	**7,120**	**(258)**	**(1,087)**
(iii) Segment assets	153,715	217,312	161,466	35,540	**568,033**

(d) Impact of seasonality on segment results

The results of the Group are affected by the seasonal impact of Active Lifestyle Estates investments. Occupancy rates of short term cabins are higher in the period December through to March each year due to their geographic location and summer holiday months increasing demand for holiday bookings.

Notes to the consolidated financial statements
for the six months ended 31 December 2015

4. Earnings per security

	1H16	1H15
(a) Per security		
Profit/(loss) attributable to securityholders ($'000)	**10,779**	(987)
Profit/(loss) from continuing operations ($'000)	**10,779**	(1,087)
Profit/(loss) from discontinued operations ($000)	**-**	100
Weighted average number of securities outstanding (thousands):		
- Issued securities	**149,156**	127,198
Dilutive securities		
- Performance quantum rights	**619**	1,260
- Long-term incentive rights	**223**	-
- Short-term incentive rights	**36**	-
Weighted average number of issued and dilutive potential securities outstanding (thousands)	**150,034**	128,458
Basic earnings per security from continuing operations (cents)	**7.2**	(0.9)
Basic earnings per security from discontinued operations (cents)	**-**	0.1
Basic earnings per security (cents)	**7.2**	(0.8)
Dilutive earnings per security from continuing operations (cents)	**7.2**	(0.9)
Dilutive earnings per security from discontinued operations (cents)	**-**	0.1
Dilutive earnings per security (cents)	**7.2**	(0.8)
(b) Per security attributable to parent		
Profit/(loss) attributable to securityholders ($'000)	**(1,180)**	160
Weighted average number of securities outstanding (thousands):		
- Issued securities	**149,156**	127,198
Dilutive securities		
- Performance quantum rights	**619**	1,260
- Long-term incentive rights	**223**	-
- Short-term incentive rights	**36**	-
Weighted average number of issued and dilutive potential securities outstanding (thousands)	**150,034**	128,458
Basic earnings per security (cents)	**(0.8)**	0.1
Dilutive earnings per security (cents)	**(0.8)**	0.1

The previous corresponding period weighted average number of securities and earnings per security have been adjusted for the 6:1 stapled security consolidation effective 19 November 2015. Refer to Note 13 for further details on the stapled security consolidation.

Notes to the consolidated financial statements
for the six months ended 31 December 2015

5. Revenue

a. Rental income	**1H16 $'000**	1H15 $'000
Residential rental income – Garden Villages	**11,972**	12,088
Residential rental income – Settlers Lifestyle	**288**	384
Residential rental income – Active Lifestyle Estates	**5,964**	3,762
Annuals rental income – Active Lifestyle Estates	**1,280**	512
Short-term rental income – Active Lifestyle Estates	**7,840**	4,012
Commercial rental income – Active Lifestyle Estates	**223**	91
Total rental income	**27,567**	20,849

b. Other property income	**1H16 $'000**	1H15 $'000
Government incentives	**71**	70
Commissions and administrative fees	**406**	375
Anciliary lifestyle park income	**293**	219
Utility recoveries	**518**	349
Sundry income	**293**	258
Total other property income	**1,581**	1,271

6. Finance Expense

	1H16 $'000	1H15 $'000
Debt facility interest paid or payable	**(2,342)**	(2,220)
Deferred consideration interest on acquisitions	**(429)**	(54)
Finance lease interest paid or payable[1]	**(147)**	(159)
Total finance expense	**(2,918)**	(2,433)

[1] Finance lease interest relates to a long-term lease with Gosford City Council for the land and facilities of Ettalong Holiday Village and long-term Crown leases in relation to One Mile Beach Holiday Park.

Notes to the consolidated financial statements
for the six months ended 31 December 2015

7. Assets and Liabilities Held for Sale

During the period, management assessed that the five Settlers Lifestyles assets classified as 'assets held for sale' in the previous period, no longer met the criteria under the relevant accounting standards. Accordingly, these assets were transferred back to investment property and the carrying amounts of the associated loans, were transferred back to retirement village resident loans.

	Note	31 Dec 2015	30 Jun 2015
(a) Summary of carrying amounts - assets		**$'000**	$'000
Investment properties held for sale - Settlers Lifestyles		**61,598**	61,598
Transfered to investment properties during the period	9(c)	**(61,598)**	-
		-	61,598
(b) Summary of carrying amounts - associated liabilities			
Gross resident loans - held for sale		**44,271**	44,271
Accrued deferred management fee - held for sale		**(2,230)**	(2,230)
Net resident loans		**42,041**	42,041
Transfered to retirement village resident loans during the period	12	**(42,041)**	-
		-	42,041

8. Inventories

	31 Dec 2015	30 Jun 2015
	$'000	$'000
Manufactured homes:		
- Completed	**10,605**	7,975
- Under construction	**4,262**	4,900
Service station fuel and supplies	**283**	333
Total inventories	**15,150**	13,208

The manufactured homes balance represents 65 completed homes (30 June 2015: 53) and 42 new homes under construction (30 June 2015: 85).

9. Investment Properties

(a) Summary of carrying amounts

	31 Dec 2015	30 Jun 2015
	$'000	$'000
Completed properties	**620,225**	514,125
Properties under development	**51,810**	25,603
Total carrying amount	**672,035**	539,728

Notes to the consolidated financial statements
for the six months ended 31 December 2015

9. Investment properties (continued)

(b) Individual valuations and carrying amounts

Property	Purchase date	Latest external valuation	External valuation amount	Carrying amount	
				31 Dec 2015	30 Jun 2015
			$'000	**$'000**	$'000
Completed properties					
Garden Villages					
Yakamia, Yakamia, WA	Jun-04	Jun-15	4,750	**4,890**	4,750
Seville Grove, Seville Grove, WA	Jun-04	Dec-15	3,900	**3,900**	3,400
Hertford, Sebastopol, VIC	Jun-04	Dec-15	3,700	**3,700**	3,910
Carey Park, Bunbury, WA	Jun-04	Jun-15	4,300	**4,410**	4,300
Jefferis, Bundaberg North, QLD	Jun-04	Jun-15	4,300	**4,320**	4,300
Claremont, Claremont, TAS	Jun-04	Dec-15	3,250	**3,250**	3,420
Taloumbi, Coffs Harbour, NSW	Jun-04	Dec-15	4,900	**4,900**	4,500
Devonport, Devonport, TAS	Jun-04	Dec-15	1,700	**1,700**	1,785
Wheelers, Dubbo, NSW	Jun-04	Dec-15	4,900	**4,900**	4,680
Elphinwood, Launceston, TAS	Jun-04	Jun-15	3,750	**3,800**	3,750
Glenorchy, Glenorchy, TAS	Jun-05	Dec-15	3,800	**3,800**	3,780
Chatsbury, Goulburn, NSW	Jun-04	Dec-15	3,600	**3,600**	3,760
Grovedale, Grovedale, VIC	Jun-05	Jun-15	4,700	**4,845**	4,700
Horsham, Horsham, VIC	Jun-04	Jun-15	3,900	**3,950**	3,900
Sea Scape, Erskine, WA	Jun-04	Dec-15	4,700	**4,700**	4,330
Marsden, Marsden, QLD	Jun-05	Dec-15	8,500	**8,500**	8,640
Coburns, Brookfield, VIC	Jun-04	Dec-15	3,900	**3,900**	3,490
Brooklyn, Brookfield, VIC	Jun-04	Jun-15	4,100	**4,190**	4,100
Oxley, Port Macquarie, NSW	Jun-04	Jun-15	4,200	**4,230**	4,200
Townsend, St Albans Park, VIC	Jun-04	Jun-15	4,400	**4,240**	4,400
St Albans Park, St Albans Park, VIC	Jun-04	Dec-15	4,950	**4,950**	4,620
Swan View, Swan View, WA	Jan-06	Dec-15	7,150	**7,150**	6,480
Taree, Taree, NSW	Dec-04	Jun-15	3,350	**3,250**	3,350
Dubbo, Dubbo, NSW	Dec-12	Dec-15	3,450	**3,450**	2,940
Ocean Grove, Mandurah, WA	Feb-13	Dec-15	3,700	**3,700**	3,290
Peel River, Tamworth, NSW	Mar-13	Jun-15	4,100	**4,340**	4,100
Sovereign, Ballarat, VIC	Jun-13	Dec-15	3,150	**3,150**	3,130
Wagga, Wagga Wagga, NSW	Jun-13	Dec-15	4,250	**4,250**	4,000
Bathurst, Bathurst, NSW	Jan-14	Jun-15	3,850	**4,080**	3,850
Launceston, Launceston, TAS	Jan-14	Jun-15	3,300	**3,490**	3,300
Warrnambool, Warrnambool, VIC	Jan-14	Jun-15	2,500	**2,730**	2,500
			129,000	**130,265**	125,655

Notes to the consolidated financial statements
for the six months ended 31 December 2015

9. Investment properties (continued)

(b) Individual valuations and carrying amounts (continued)

Property	Purchase date	Latest external valuation	External valuation amount	Carrying amount	
				31 Dec 2015	30 Jun 2015
			$'000	**$'000**	$'000
Settlers Lifestyle					
Forest Lake, Forest Lake, QLD (3)	Nov-05	Sep-15	16,395	16,395	-
Gladstone, South Gladstone, QLD (3)	Nov-05	Oct-15	11,822	11,822	-
Gladstone, South Gladstone, QLD - Land (3)	Nov-05	Oct-15	750	750	-
Rockhampton, Rockhampton, QLD (3)	Nov-05	Oct-15	14,416	14,416	-
Cessnock, Cessnock, NSW (3)	Jun-04	Oct-15	6,604	6,604	-
Lakeside, Ravenswood, WA	Apr-07	Oct-15	75,734	75,734	75,866
Meadow Springs, Mandurah, WA	Apr-07	Oct-15	18,567	18,567	16,648
Meadow Springs, Mandurah, WA - Land	Apr-07	Oct-15	2,455	2,455	2,455
Ridgewood Rise, Ridgewood, WA	Apr-07	Oct-15	108,580	108,580	109,114
Ridge Estate, Gillieston Heights, NSW (3)	Jul-12	Oct-15	13,078	13,078	-
			268,401	**268,401**	204,083
Active Lifestyle Estates					
The Grange, Morisset, NSW	Mar-13	Dec-15	11,474	**11,474**	11,072
Ettalong Beach, Ettalong Beach, NSW (1)	Apr-13	Dec-15	5,788	**5,788**	5,583
Albury, Lavington, NSW	Aug-13	Jun-14	1,725	**2,378**	2,275
Nepean River, Emu Plains, NSW	Aug-13	Jun-14	11,000	**13,297**	13,317
Mudgee Valley, Mudgee, NSW	Sep-13	Jun-14	4,250	**3,852**	3,662
Mudgee, Mudgee, NSW	Oct-13	Jun-14	6,393	**5,912**	5,934
Kingscliff, Kingscliff, NSW	Nov-13	Dec-14	10,500	**12,051**	11,734
Lake Macquarie, Morisset, NSW	Nov-13	Dec-14	5,010	**5,626**	4,212
Chain Valley Bay, Chain Valley Bay, NSW (5)	Dec-13	Dec-14	3,700	**-**	247
One Mile Beach, One Mile, NSW (2)	Dec-13	Dec-14	10,500	**13,255**	12,769
Hunter Valley, Cessnock, NSW	Feb-14	Dec-14	7,500	**7,331**	7,589
Wine Country, Cessnock, NSW	Feb-14	Dec-14	1,000	**1,000**	1,000
Sun Country, Mulwala, NSW	Apr-14	Dec-14	6,610	**6,717**	6,514
Stoney Creek, Marsden Park, NSW	May-14	Dec-14	14,750	**10,966**	10,940
Rouse Hill, Rouse Hill, NSW (4)	Jun-14	Jun-15	16,125	**16,311**	16,125
White Albatross, Nambucca Heads, NSW	Dec-14	Jun-15	25,500	**26,820**	25,500
Noosa, Tewantin, QLD	Feb-15	Jun-15	13,000	**13,668**	13,000
Chambers Pines, Chambers Flat, QLD	Mar-15	Dec-15	15,040	**15,040**	14,114
Mannering Park, Mannering Park, NSW	Apr-15	Jun-15	6,800	**6,904**	6,800
Sydney Hills, Dural, NSW	Apr-15	Dec-15	12,500	**12,500**	12,000
Upstream Bethania, Benthania, QLD	Jul-15	-	-	**402**	-
Conjola Lakeside, Lake Conjola, NSW	Sep-15	-	-	**21,359**	-
Soldiers Point, Port Stephens, NSW	Oct-15	-	-	**8,898**	-
Lakeside Lara, Lara, VIC	Oct-15	-	-	**10**	-
			189,165	**221,559**	184,387
Total completed properties			**586,566**	**620,225**	514,125

Notes to the consolidated financial statements
for the six months ended 31 December 2015

9. Investment properties (continued)

(b) Individual valuations and carrying amounts (continued)

Property	Purchase date	Carrying amount 31 Dec 2015 $'000	30 Jun 2015 $'000
Properties to be developed			
Active Lifestyle Estates			
The Grange, Morisset, NSW	Mar-13	**1,300**	1,291
Albury, Lavington, NSW	Aug-13	**2,158**	1,993
Mudgee Valley, Mudgee, NSW	Sep-13	**740**	775
Mudgee, Mudgee, NSW	Oct-13	**689**	430
Kingscliff, Kingscliff, NSW	Nov-13	**502**	444
Lake Macquarie, Morisset, NSW	Nov-13	**458**	3,279
Chain Valley Bay, Chain Valley Bay, NSW	Dec-13	**2,711**	3,700
Hunter Valley, Cessnock, NSW	Feb-14	**2,706**	2,133
Wine Country, Cessnock, NSW	Feb-14	**556**	556
Sun Country, Mulwala, NSW	Apr-14	**1,460**	1,300
Stoney Creek, Marsden Park, NSW	May-14	**7,339**	7,064
Chambers Pines, Chambers Flat, QLD	Mar-15	**3,135**	2,638
Upstream Bethania, Benthania, QLD	Jul-15	**7,993**	-
Conjola Lakeside, Lake Conjola, NSW	Sep-15	**3,316**	-
Soldiers Point, Port Stephens, NSW	Oct-15	**2,227**	-
Lakeside Lara, Lara, VIC	Oct-15	**14,520**	-
Properties to be developed		**51,810**	25,603
Total investment properties		**672,035**	539,728

(1) Ettalong Beach Holiday Park land component is leased from the Gosford City Council and is recognised as investment property with an associated finance lease.
(2) One Mile Beach land component is leased from the Crown under 40 year and perpetual leases and is recognised as investment property with an associated finance lease.
(3) Classified as assets held for sale at 30 June 2015. Transferred back into investment property during the current period because no longer deemed to meet the held for sale criteria.
(4) Rouse Hill has been valued on a highest and best use basis as a medium density residential development.
(5) The remaining Chain Valley Bay residents vacated the park during the period. Accordingly, the 30 June 2015 residual property balance has been classified as 'to be developed'.

Investment property that has not been valued by external valuers at reporting date is carried at the Group's estimate of fair value in accordance with the accounting policy. Properties acquired during the period are carried at purchase price, excluding acquisition costs, plus any subsequent, supportable capital expenditure, which is reflective of the fair value.

Valuations of retirement villages are provided net of retirement village 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 the separate balance sheet presentation. The carrying amounts include the fair value of units completed since the date of the external valuation.

Notes to the consolidated financial statements
for the six months ended 31 December 2015

9. Investment properties (continued)

(c) Movements in carrying amounts

	Note	31 Dec 2015 $'000	30 June 2015 $'000
Carrying amount at beginning of the period		**539,728**	498,863
Acquisitions		**61,349**	78,152
Expenditure capitalised		**5,738**	14,356
Disposals		**-**	(6,290)
Net transfer from/(to) inventory		**517**	(159)
Net gain/(loss) on change in fair value		**3,106**	16,404
Transferred from/(to) assets held for sale	7	**61,598**	(61,598)
Carrying amount at end of the period		**672,035**	539,728

Fair value hierarchy disclosures for investment properties have been provided in Note 16.

(d) Reconciliation of fair value

	Garden Villages $'000	Settlers Lifestyle $'000	Active Lifestyle Estates $'000	Total $'000
Carrying amount at 1 July 2015	**125,653**	**204,079**	**209,996**	**539,728**
Acquisitions	-	-	61,349	**61,349**
Expenditure capitalised	663	287	4,788	**5,738**
Net transfer from inventory	-	-	517	**517**
Net gain/(loss) on change in fair value(1)	3,947	2,433	(3,274)	**3,106**
Transferred from assets held for sale	-	61,598	-	**61,598**
Carrying amount at 31 December 2015	**130,263**	**268,397**	**273,375**	**672,035**

(1) Includes $3,881,000 of transaction costs written off in relation to the Active Lifestyle Estates acquisitions that occurred during the period.

Notes to the consolidated financial statements
for the six months ended 31 December 2015

10. Trade and other payables

	31 Dec 2015 $'000	30 Jun 2015 $'000
Current liabilities		
Trade payables and accruals	**10,894**	10,047
Deposits	**3,203**	1,184
Other unearned income	**1,607**	342
Deferred acquisition consideration	**2,500**	3,500
Total current liabilities	**18,204**	15,073
Non-current liabilities		
Deferred acquisition consideration	**13,770**	14,770

11. Borrowings

	31 Dec 2015 $'000	30 Jun 2015 $'000
Current liabilities		
Finance leases	**294**	291
Non-current liabilities		
Bank debt	**120,900**	63,900
Prepaid borrowing costs	**(1,454)**	(1,681)
Finance leases	**4,210**	4,272
Total non-current borrowings	**123,656**	66,491

(a) Bank debt

The Group has a $175 million multi-lateral debt facility with three Australian banks. The facility maturity dates are:

- 12 February 2018 ($100 million); and
- 12 February 2020 ($75 million)

As at 31 December 2015, the facility has been drawn to $120,900,000 (30 June 2015: $63,900,000). The carrying value of investment property net of resident liabilities at reporting date for the Group's Australian properties pledged as security is $438,032,000 (30 June 2015: $363,720,000).

On 18 February 2016, the Group finalised the increase to its Australian debt facility limit by $25.0 million to $200.0 million. The additional $25.0 million debt facility has a maturity date of 12 February 2020 and uses the existing facility covenants and pricing.

(b) Bank guarantees

The Group has the ability to utilise a portion of its bank facility to provide bank guarantees. Bank guarantees as at 31 December 2015 were $26.9 million (30 June 2015: $28.8 million).

Notes to the consolidated financial statements
for the six months ended 31 December 2015

12. Retirement village resident loans

(a) Summary of carrying amounts	Note	31 Dec 2015 $'000	30 Jun 2015 $'000
Gross resident loans		**236,793**	191,857
Accrued deferred management fee		**(31,830)**	(29,979)
Net resident loans		**204,963**	161,878

(b) Movements in carrying amounts	Note	31 Dec 2015 $'000	30 Jun 2015 $'000
Carrying amount at beginning of period		**161,878**	190,122
Net (gain)/loss on change in fair value of resident loans		**812**	8,878
Accrued deferred management fee income		**(2,521)**	(6,788)
Deferred management fee cash collected		**622**	2,056
Proceeds from resident loans		**5,976**	19,815
Repayment of resident loans		**(3,708)**	(10,544)
Transfer from/(to) liabilities held for sale	7	**42,041**	(42,041)
Other		**(137)**	380
Carrying amount at end of period		**204,963**	161,878

Fair value hierarchy disclosures for retirement village resident loans have been provided in Note 16.

Notes to the consolidated financial statements
for the six months ended 31 December 2015

13. Issued Securities

(a) Carrying values	31 Dec 2015 $'000	30 Jun 2015 $'000
At beginning of the period	**657,214**	569,116
Issued during the period:		
- Dividend Reinvestment Plan issues	**1,851**	2,884
- Institutional placement	**4,355**	45,315
- Rights issue	**-**	43,769
- Institutional Placement and Rights issue costs	**(127)**	(3,870)
At end of period	**663,293**	657,214
The closing balance is attributable to the securityholders of:		
- Ingenia Communities Holding Limited	**8,979**	8,900
- Ingenia Communities Fund	**624,053**	619,286
- Ingenia Communities Management Trust	**30,261**	29,028
	663,293	657,214

(b) Movement in number of issued securities	31 Dec 2015 Thousands	30 Jun 2015 Thousands
At beginning of period	**882,700**	676,240
Issued during the year:		
- Retention Quantum Rights	**-**	1,818
- Performance Quantum Rights	**3,842**	-
- Dividend Reinvestment Plan	**4,305**	6,674
- Institutional Placement	**10,127**	100,701
- Rights Issue	**-**	97,267
6 to 1 consolidation of stapled securities	**(750,810)**	-
At end of period	**150,164**	882,700

(c) Consolidation of stapled securities

At the Annual General Meeting on 17 November 2015, securityholders voted in favour of a consolidation of the Group's stapled securities. The Group consolidated 6 stapled securities into 1 stapled security with effect from 19 November 2015. Where the consolidation resulted in a fraction of a security being held by a securityholder, that fraction was rounded up to the nearest whole security.

(d) 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.

Notes to the consolidated financial statements
for the six months ended 31 December 2015

14. Share based payments

The Group's current Rights Plan provides for the issuance of rights to eligible employees, which upon a determination by the Board that the performance conditions attached to the rights have been met, result in the issue of stapled securities in the Group for each right. The Rights Plan was approved at the 12 November 2014 Annual General Meeting (AGM) and contains the following:

(a) Short-Term Incentive Plan (STIP)

STIP performance rights are awarded to eligible employees whose achievements, behaviour, and focus meet the Group's business plan and individual Key Performance Indicators (KPIs) measured over the financial year. STIP rights are subject to a one year vesting deferral period from the issue date and allow for certain lapsing conditions within the deferral period, should certain conditions occur. Payment of STIP rights are 50% cash and a 50% deferred equity element linked to earnings growth sustainability.

The deferred expense for conditional STIP rights recognised for the period is $123,988 (2014: $43,000) and is based on an estimate of the Group's and individual employee's current period performance. The total value of STIP rights is subject to adjustment up until the final full-year audited result is known and KPIs reliably measured, being 1 October 2016.

(b) Long-Term Incentive Plan (LTIP)

LTIP performance rights are granted to individuals to align their focus with the Group's required Total Shareholder Return (TSR) and Return on Equity (ROE), as measured over three financial years. TSR is benchmarked against the ASX 300 Industrials Index, and contributes 70%, whilst ROE is benchmarked against internal targets, and contributes 30%. The ROE component is a new inclusion for the year ended 30 June 2016. Payment of LTIP rights is in equity, in order to increase alignment with securityholder's interests.

LTIP rights replaced the Performance Quantum Rights (PQRs) for the year ended 30 June 2015. The last remaining PQRs are due to vest on 1 July 2016.

During the period, 185,614 LTIP rights (adjusted for the 6:1 security consolidation) were granted to eligible employees of the Group. The number of rights that will vest depends on the TSR and ROE achieved, and is also conditional on the eligible employee being employed by the Group on the vesting date (30 September 2018). The measurement period for the rights is 1 October 2015 to 30 September 2018. One right equates to one security in the Group.

Notes to the consolidated financial statements
for the six months ended 31 December 2015

14. Share based payments (continued)

The fair value of the LTIP rights issued during the period were estimated using a Monte Carlo Simulation model. The LTIP rights fair values and underlying assumptions were:

Grant Date	17 November 2015
Security price at grant date	$2.67
30 day Volume Weighted Average Price (VWAP) at start of performance period	$2.64
Expected remaining life at grant date	2.9
Risk-free interest rate at grant date	2.05%
Distribution yield	4.05% (FY16) 4.49% (FY17) 5.62% (FY18)
LTIP right fair value (TSR hurdle)	$1.58
LTIP right fair value (ROE hurdle)	$2.67
Weighted Average LTIP fair value	$1.91

The fair value of the rights is recognised as an employee benefit expense with a corresponding increase in reserves. The fair value is expensed on a straight-line basis over the vesting period. The expense recognised for the period was $411,000 (2014: $288,000).

Notes to the consolidated financial statements
for the six months ended 31 December 2015

15. Financial Instruments

The Group uses the following fair value measurement hierarchy:

Level 1: fair value is calculated using quoted prices in active markets for identical assets or liabilities;

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.

Quoted market price represent the fair value determined based on quoted prices on active markets as at the reporting date without deduction for transaction costs.

The following table represents the Group's financial instruments that were measured and recognised at fair value at reporting date:

Financial assets/ financial liabilities	Valuation technique(s) and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Retirement village resident loans	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 0-4%. 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.
Deferred management fee accrued	DMF measured using the initial property price, estimated length of stay, various contract terms and projected property price at time of re-leasing.	Estimated length of stay of residents based on life table.	The longer the length of stay, the higher the DMF accrued, capped at a predetermined period of time.
Derivative interest rate swaps	Net present value of future cash flows discounted at market rates adjusted for the Group's credit risk.	N/A	N/A

There has been no movement from Level 3 to Level 2 during the current period. Changes in the Group's retirement village resident loans which are Level 3 instruments are presented in Note 12.

The carrying amount of the Groups' other financial instruments approximate their fair values.

Notes to the consolidated financial statements
for the six months ended 31 December 2015

16. Fair value measurement

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

a. Assets Measured at Fair Value			Fair value measurement using:		
31 December 2015	**Date of valuation**	**Total $'000**	**Quoted prices in active markets (Level 1) $'000**	**Significant observable inputs (Level 2) $'000**	**Significant unobservable inputs (Level 3) $'000**
Investment properties	31 Dec 2015 Refer Note 9	**672,035**	-	-	672,035
30 June 2015					
Investment properties	30 June 2015 Refer Note 9	**539,728**	-	-	539,728
Assets held for sale - investment property	30 June 2015 Refer Note 7	**61,598**	-	61,598	-
b. Liabilities Measured at Fair Value					
31 December 2015					
Retirement village resident loans	31 Dec 2015 Refer Note 12	**204,963**	-	-	204,963
Derivatives	31 Dec 2015	**10**	-	10	-
30 June 2015					
Retirement village resident loans	30 June 2015 Refer Note 12	**161,878**	-	-	161,878
Derivatives	30 June 2015	**-**	-	3	-
Liabilities held for sale - resident loans	30 June 2015 Refer Note 7	**42,041**	-	42,041	-

There have been no transfers between Level 2 and Level 3 during the period.

Notes to the consolidated financial statements
for the six months ended 31 December 2015

17. Subsequent events

a) Increase to debt facility limit

On 18 February 2016, the Group finalised the increase to its Australian debt facility limit by $25.0 million, to $200.0 million. The additional $25.0 million debt facility has a maturity date of 12 February 2020 and uses the existing facility covenants and pricing.

b) Acquisition of Big 4 Broulee Beach Holiday Park

On 8 February 2016, the Group exchanged unconditional contracts for the acquisition of Big 4 Broulee Beach Holiday Park on the NSW South Coast. The acquisition price was $5.5 million (excluding transaction costs) and will be funded by drawing down on the recently increased debt facility limit.

c) 1H16 interim distribution

On 23 February 2016 the Directors of the Group resolved to declare a 1H16 interim distribution of 4.2cps (1H15: 3.9cps - restated for the November 2015 6:1 security consolidation) amounting to $6,306,884, to be paid on 16 March 2016. The distribution is 72.6% tax deferred and the distribution reinvestment plan will be in operation for this 1H16 distribution.

Directors' Declaration
for the six months ended 31 December 2015

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 2015 are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of its financial position as at 31 December 2015 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
23 February 2016

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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 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement 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 Half-year 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 2015 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 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 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 2015 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
23 February 2016

INGENIA COMMUNITIES FUND

AND

INGENIA COMMUNITIES MANAGEMENT TRUST

HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2015

www.ingeniacommunities.com.au

Registered Office: Level 9, 115 Pitt Street, Sydney NSW 2000

Directors' Report
for the six months ended 31 December 2015

Contents

Directors' Report
for the six months ended 31 December 2015

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 (ICRE or Responsible Entity) 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 2015 (the current period).

1. DIRECTORS

The Directors of the Ingenia Communities RE Limited at any time during or since the period were:

Non-executive directors
Jim Hazel (Chairman)
Robert Morrison (appointed Deputy Chairman 2 December 2015)
Philip Clark AM
Amanda Heyworth
Norah Barlow ONZM

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

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 is an active owner, manager and developer of a diversified portfolio of retirement villages and lifestyle parks across Australia. Its real estate assets are valued on a net basis at $462.6 million at 31 December 2015 ($392.8 million at 30 June 2015), being 24 lifestyle parks, 31 rental villages, and eight deferred management fee (DMF) villages. The Group is in the ASX 300 with a market capitalisation of approximately $401.0 million at 31 December 2015.

The Group's vision is to create Australia's best lifestyle parks which deliver earnings growth for securityholders and memorable experiences for our residents.

b) Strategy

The strategies of ICF and ICMT are aligned with those of the Group. The Group's strategic areas of focus are:

- Growing asset returns through both the operational and development areas of the business
- Establishing scale from development within the earnings base
- Continuing operational efficiency improvements
- Actively managing sources of funding to achieve earnings objectives

Directors' Report
for the six months ended 31 December 2015

During the period, the following progress was made on the Group's strategic priorities:

- Garden Villages like-for-like occupancy was 89.6%, up 1.3% from 1H15
- Settled 58 manufactured homes, up 625% from 1H15
- Acquired and integrated four new lifestyle parks
- 10 lifestyle parks developments now underway
- Residents accessing our Care Assist program grown to 341
- Investment made into a CRM system which launched this month
- Progress made on recycling capital from low cash yielding Settlers DMF assets into higher cash yielding lifestyle parks.

The key immediate business priorities of the Group are:

- Monetising equity from the Group's DMF portfolio to fund growth
- Acquiring additional lifestyle parks in existing and newly identified clusters
- Building further velocity in the delivery and sale of new manufactured homes within its lifestyle parks
- Improving returns from existing parks
- Growing occupancy rates within the Garden Villages portfolio
- Continuing occupancy and average room rate growth from short-term accommodation within our lifestyle parks
- Increasing cash yields from stable non-development assets through operational efficiencies
- Ensuring active utilisation of existing capital sources.

c) 1H16 Financial results

1H16 has been a period of acquiring and bedding down operations across the eight assets acquired over the last 12 months. Management remains focused on increasing occupancy within the Garden Villages portfolio and identification of cost saving initiatives across the Trusts.

In September 2015, ICF raised $6.1 million (net of costs) from the 2H15 distribution reinvestment plan (DRP) and institutional placement. The Group undertook a 6:1 stapled security consolidation in November 2015 following securityholder approval at the AGM.

ICMT acquired four lifestyle parks and exchanged unconditional contracts on an additional lifestyle park for $57.2 million and $8.5 million respectively (excluding transaction costs). Subsequent to the reporting period, unconditional contracts were exchanged for another lifestyle park for $5.5 million (excluding transaction costs).

On 18 February 2016, ICF increased the Australian multilateral debt facility by $25.0 million to $200.0 million providing further capacity for investment in the lifestyle park sector.

d) Key Metrics

- ICF made a net profit from continuing operations for the period of $11.7 million, up 24% from the prior comparative period
- ICMT made a net profit of $0.3 million, up from the prior comparative period loss of $9.6 million
- 1H16 distribution of 4.2cpu by ICF (ICMT: nil).

Directors' Report
for the six months ended 31 December 2015

e) Capital Management

The Group maintains a prudent and considered approach to capital management and strengthened its capital position by undertaking a DRP and institutional placement in connection with the 2H15 distribution. Subsequent to the reporting period, the Group completed amendments to its debt facility, which increased the facility limit by $25.0 million, to $200.0 million.

As at 31 December 2015, the loan-to-value ratio (LVR) is 32.4%, which is in-line with its target range of 30-35%.

f) Distributions

On 25 August 2015, the Directors of ICF declared a final distribution for 2015 of 4.2 cents per unit (cpu) after adjusting for the 6:1 stapled security consolidation in November 2015 (2014: 3.9 cpu – adjusted for the security consolidation), amounting to $6,205,793 which was paid on 16 September 2015.

g) Outlook

The Trusts are well positioned to continue growing its lifestyle parks business with a significant development pipeline in place. Ongoing growth in sales and settlements volumes is expected in 2H16 as additional projects begin to contribute post launch. A continuing focus remains on opportunities for revenue growth or cost minimisation to grow recurring yields across the portfolios.

The Trusts will continue to regularly assess the performance of its existing assets and where appropriate recycle capital into other opportunities delivering superior returns.

3. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Changes in the state of affairs during the period are set out in the various reports in this half-year financial report. Refer to Note 6 for investment properties acquired during the period Note 8 for details of the Australian debt facility increase, and Note 10 regarding the 6:1 stapled securities consolidation.

4. SUBSEQUENT EVENTS

a) Increase to debt facility limit

On 18 February 2016, ICF finalised the increase to its Australian debt facility limit by $25.0 million, to $200.0 million. The additional $25.0 million debt facility has a maturity date of 12 February 2020 and uses the existing facility covenants and pricing.

b) **Acquisition of Big 4 Broulee Beach Holiday Park**

On 8 February 2016, ICMT exchanged unconditional contracts for the acquisition of Big 4 Broulee Beach Holiday Park on the NSW South Coast. The acquisition price was $5.5 million (excluding transaction costs) and will be funded by drawing down on debt.

c) 1H16 interim distribution

On 23 February 2016 the Directors of the Group resolved to declare a 1H16 interim distribution of 4.2cpu (1H15: 3.9cpu - restated for the November 2015 6:1 security consolidation) amounting to $6,306,884, to be paid on 16 March 2016. The distribution is 72.6% tax deferred and the distribution reinvestment plan will be in operation for this 1H16 distribution.

Directors' Report
for the six months ended 31 December 2015

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 5.

6. GROUP INDEMNITIES

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

7. INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the period.

8. ROUNDING OF AMOUNTS

The Trusts are of a kind referred to in ASIC Class Order 98/100, and in accordance with that Class Order, amounts in the financial report and Director's report have been rounded to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors of the Responsible Entity.

Jim Hazel
Chairman
Sydney
23 February 2016

Building a better working world

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

As lead auditor for the review of Ingenia Communities Fund and its controlled entities and Ingenia Communities Management Trust and its controlled entities for the half-year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Ingenia Communities Fund and the entities it controlled and Ingenia Communities Management Trust and the entities it controlled during the financial period.

Ernst & Young

Chris Lawton
Partner
Sydney
23 February 2016

Consolidated Statements of Comprehensive Income
for the six months ended 31 December 2015

	Note	INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
		1H16	1H15	**1H16**	1H15
		$'000	$'000	**$'000**	$'000
Continuing operations					
Revenue					
Rental income		**4,551**	4,860	**27,567**	20,849
Accrued deferred management fee income	9(b)	**-**	-	**2,521**	2,735
Manufactured home sales		**-**	-	**15,359**	1,930
Catering income		**-**	-	**1,656**	1,768
Service station sales		**-**	-	**3,451**	-
Other property income		**-**	-	**1,581**	1,112
Interest income		**6,277**	6,852	**9**	5
		10,828	11,712	**52,144**	28,399
Property expenses		**(181)**	(206)	**(14,889)**	(12,676)
Employee expenses		**-**	-	**(10,985)**	(7,880)
Administrative expenses		**(100)**	(288)	**(1,325)**	(1,329)
Operational, marketing and selling expenses		**-**	(556)	**(1,586)**	(1,301)
Cost of manufactured homes		**-**	-	**(10,759)**	(1,102)
Service station expenses		**-**	-	**(3,092)**	-
Finance expenses		**(2,225)**	(1,975)	**(6,766)**	(6,957)
Net foreign exchange gain/(loss)		**176**	2,060	**35**	(2,005)
Net gain/(loss) on disposal of investment properties		**-**	(2,013)	**(4)**	1,697
Net gain/(loss) on change in fair value of:					
- Investment properties	6(b)	**4,183**	1,525	**(1,077)**	(10,834)
- Derivatives		**(6)**	98	**-**	-
- Retirement village resident loans		**-**	-	**(812)**	(86)
Depreciation and amortisation expense		**(12)**	(67)	**(182)**	(56)
Responsible Entity's fees and expenses		**(957)**	(878)	**(1,314)**	(1,101)
Profit/(loss) from continuing operations before income tax		**11,706**	9,412	**(612)**	(15,231)
Income tax benefit		**-**	-	**865**	5,663
Profit/(loss) from continuing operations		**11,706**	9,412	**253**	(9,568)
Loss from discontinued operations [1]		**(3,874)**	-	**-**	(991)
Net profit/(loss) for the period		**7,832**	9,412	**253**	(10,559)
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		**-**	1,846	**-**	(507)
- Release of foreign currency translation reserve on disposal of foreign operations		**-**	(1,620)	**-**	338
Total comprehensive income for the period, net of income tax		**7,832**	9,638	**253**	(10,728)
Profit/(loss) attributable to unitholders of:					
Ingenia Communities Fund		**7,832**	9,412	**3**	(2,861)
Ingenia Communities Management Trust		**-**	-	**250**	(7,698)
		7,832	9,412	**253**	(10,559)
Total comprehensive income attributable to unitholders of:					
Ingenia Communities Fund		**7,832**	9,638	**3**	(2,861)
Ingenia Communities Fund Management Trust		**-**	-	**250**	(7,867)
		7,832	9,638	**253**	(10,728)

(1) Loss from discontinued operations relates to the disposal of the New Zealand Students business.

Consolidated Statements of Comprehensive Income
for the six months ended 31 December 2015

	Note	INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
		1H16	1H15	**1H16**	1H15
		Cents	Cents	**Cents**	Cents
Distributions per unit[(1)(2)]		**4.2**	3.9	**-**	-
Earnings per unit:[(2)]					
Basic earnings from continuing operations	4	**7.8**	7.4	**0.2**	(7.5)
Basic earnings	4	**5.3**	7.4	**0.2**	(8.3)
Diluted earnings from continuing operations	4	**7.8**	7.3	**0.2**	(7.4)
Diluted earnings	4	**5.2**	7.3	**0.2**	(8.2)

(1) Distributions relate to the final distribution paid for the previous reporting period. An interim distribution of 4.2 cents for the current reporting period was declared on 23 February 2016 and due to be paid on 16 March 2016.

(2) Current and previous comparative period amounts have been restated to account for the 6:1 stapled security consolidation that was completed on 19 November 2015.

Consolidated Balance Sheets
as at 31 December 2015

	Note	Ingenia Communities Fund		Ingenia Communities Management Trust	
		31 Dec 2015 $'000	30 Jun 2015 $'000	**31 Dec 2015 $'000**	30 Jun 2015 $'000
Current assets					
Cash and cash equivalents		**6,275**	8,966	**4,071**	6,094
Trade and other receivables		**2,670**	2,643	**5,788**	4,104
Inventories	5	**-**	-	**15,150**	13,208
Income tax receivable		**-**	16	**-**	16
Assets held for sale - investment properties		**-**	-	**-**	61,598
Total current assets		**8,945**	11,625	**25,009**	85,020
Non-current assets					
Trade and other receivables		**31,547**	31,401	**-**	110
Receivable from related party		**250,393**	185,798	**-**	-
Investment properties	6	**158,442**	153,434	**513,593**	386,294
Plant and equipment		**113**	122	**572**	459
Intangibles		**2**	2	**1,790**	1,577
Investments		**-**	3,874	**-**	-
Deferred tax asset		**-**	-	**5,471**	4,606
Total non-current assets		**440,497**	374,631	**521,426**	393,046
Total assets		**449,442**	386,256	**546,435**	478,066
Current liabilities					
Trade and other payables	7	**756**	1,200	**15,958**	12,785
Borrowings	8	**-**	-	**2,818**	2,817
Retirement village resident loans	9	**-**	-	**204,963**	161,878
Liabilities held for sale - resident loans		**-**	-	**-**	42,041
Provisions		**-**	-	**1,044**	830
Derivatives		**10**	3	**-**	-
Payable to related party		**-**	-	**253,099**	189,635
Total current liabilities		**766**	1,203	**477,882**	409,986
Non-current liabilities					
Trade and other payables	7	**-**	-	**13,770**	14,770
Borrowings	8	**119,446**	62,217	**33,193**	33,252
Provisions		**-**	-	**294**	248
Total non-current liabilities		**119,446**	62,217	**47,257**	48,270
Total liabilities		**120,212**	63,420	**525,139**	458,256
Net assets		**329,230**	322,836	**21,296**	19,810
Equity					
Issued units	10(a)	**624,053**	619,285	**30,261**	29,028
Reserves		**-**	-	**-**	-
Accumulated losses		**(294,823)**	(296,449)	**(8,268)**	(8,518)
Unitholders' interest		**329,230**	322,836	**21,993**	20,510
Non-controlling interest		**-**	-	**(697)**	(700)
Total equity		**329,230**	322,836	**21,296**	19,810
Attributable to unitholders of:					
Ingenia Communities Fund		**329,230**	322,836	**(697)**	(700)
Ingenia Communities Management Trust		**-**	-	**21,993**	20,510
		329,230	322,836	**21,296**	19,810

Consolidated Cash Flow Statements
for the six months ended 31 December 2015

	INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
	1H16	1H15	**1H16**	1H15
	$'000	$'000	**$'000**	$'000
Cash flows from operating activities				
Rental and other property income	**-**	-	**36,443**	29,465
Property and other expenses	**(408)**	(124)	**(23,456)**	(22,832)
Proceeds from resident loans	**-**	-	**4,826**	10,773
Repayment of resident loans	**-**	-	**(3,475)**	(6,221)
Proceeds from sale of manufactured homes	**-**	-	**17,547**	3,486
Purchase of manufactured homes	**-**	-	**(14,008)**	(5,678)
Proceeds from sale of service station inventory	**-**	-	**3,451**	-
Purchase of service station inventory	**-**	-	**(3,199)**	-
Interest received	**79**	97	**9**	2
Borrowing costs paid	**(1,860)**	(1,975)	**(748)**	(1,130)
Income tax received/(paid)	**-**	790	**4**	-
	(2,189)	(1,212)	**17,394**	7,865
Cash flows from investing activities				
Purchase and additions of plant and equipment	**(2)**	-	**(271)**	(260)
Purchase and additions of intangible assets	**-**	-	**(324)**	(1,049)
Payments for investment properties	**-**	-	**(65,567)**	(15,205)
Additions to investment properties	**(763)**	(483)	**(5,499)**	(5,776)
Proceeds/(costs) from sale of investment properties	**(36)**	-	**(13)**	49,588
Amounts received from/(advanced to) villages	**-**	-	**24**	-
	(801)	(483)	**(71,650)**	27,298
Cash flows from financing activities				
Proceeds from issue of stapled securities	**5,106**	73,483	**1,015**	15,343
Payments for security issue costs	**(72)**	(3,468)	**(21)**	(473)
Payments for derivatives	**-**	-	**-**	(444)
Finance lease payments	**-**	-	**(58)**	(50)
Distributions to securityholders	**(6,197)**	(3,091)	**-**	(1,311)
(Repayment of)/proceeds from borrowings with related parties	**(55,241)**	-	**51,271**	-
Payments for debt issue costs	**(343)**	(53)	**-**	(284)
Proceeds from borrowings	**60,430**	28,840	**-**	305
Repayment of borrowings	**(3,430)**	(88,730)	**-**	(37,367)
	253	6,981	**52,207**	(24,281)
Net increase/(decrease) in cash and cash equivalents	**(2,737)**	5,286	**(2,049)**	10,882
Cash and cash equivalents at the beginning of the period	**8,966**	2,658	**6,094**	5,550
Effects of exchange rate fluctuation on cash held	**46**	56	**26**	111
Cash and cash equivalents at the end of the period	**6,275**	8,000	**4,071**	16,543

Statements of Changes in Unitholders' Interest
for the six months ended 31 December 2015

INGENIA COMMUNITIES FUND

	Note	Issued capital $'000	Reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Carrying amount at 1 July 2015		**619,285**	**-**	**(296,449)**	**322,836**	**-**	**322,836**
Net profit/(loss) for the period		-	-	7,832	**7,832**	**-**	**7,832**
Other comprehensive income		-	-	-	**-**	**-**	**-**
Total comprehensive income for the period		**-**	**-**	**7,832**	**7,832**	**-**	**7,832**
Transactions with unitholders in their capacity as unitholders:							
Issue of units	10(b)	4,768	-	-	**4,768**	**-**	**4,768**
Distributions paid or payable		-	-	(6,206)	**(6,206)**	**-**	**(6,206)**
Carrying amount at 31 December 2015		**624,053**	**-**	**(294,823)**	**329,230**	**-**	**329,230**
Carrying amount at 1 July 2014		**547,642**	**(226)**	**(320,829)**	**226,587**	-	**226,587**
Net profit/(loss) for the period		-	-	9,412	**9,412**	-	**9,412**
Other comprehensive income		-	226	-	**226**	-	**226**
Total comprehensive income for the period		**-**	**226**	**9,412**	**9,638**	-	**9,638**
Transactions with unitholders in their capacity as unitholders:							
Issue of units	10(b)	70,340	-	-	**70,340**	-	**70,340**
Distributions paid or payable		-	-	(4,407)	**(4,407)**	-	**(4,407)**
Carrying amount at 31 December 2014		**617,982**	**-**	**(315,824)**	**302,158**	-	**302,158**

Statements of Changes in Unitholders' Interest
for the six months ended 31 December 2015

INGENIA COMMUNITIES MANAGEMENT TRUST

	Note	Issued capital $'000	Reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Carrying amount at 1 July 2015		**29,028**	**-**	**(8,518)**	**20,510**	**(700)**	**19,810**
Net profit/(loss) for the period		-	-	250	**250**	3	**253**
Other comprehensive income		-	-	-	**-**	-	**-**
Total comprehensive income for the period		**-**	**-**	**250**	**250**	**3**	**253**
Transactions with unitholders in their capacity as unitholders:							
Issue of units	10(b)	1,233	-	-	**1,233**	-	**1,233**
Carrying amount at 31 December 2015		**30,261**	**-**	**(8,268)**	**21,993**	**(697)**	**21,296**
Carrying amount at 1 July 2014		**14,097**	**169**	**(4,049)**	**10,217**	**2,761**	**12,978**
Net loss for the period		-	-	(7,698)	**(7,698)**	(2,861)	**(10,559)**
Other comprehensive income		-	(169)	-	**(169)**	-	**(169)**
Total comprehensive income for the period		**-**	**(169)**	**(7,698)**	**(7,867)**	**(2,861)**	**(10,728)**
Transactions with unitholders in their capacity as unitholders:							
Issue of units	10(b)	14,687	-	-	**14,687**	-	**14,687**
Carrying amount at 31 December 2014		**28,784**	**-**	**(11,747)**	**17,037**	**(100)**	**16,937**

(1) Non-controlling interest relates to the portion in which ICF owns subsidiaries consolidated within ICMT.

Notes to the financial statements
for the six months ended 31 December 2015

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 2015.

As permitted by Class Order [CO 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.

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 2015 Annual Report with the exception of new mandatorily amended standards and interpretations which have been applied as required. Where necessary comparative figures have been adjusted to conform with changes in presentation in the current period.

(b) Basis of preparation (continued)

As at 31 December 2015, the Ingenia Communities Management Trust (ICMT) recorded a net current asset deficiency of $452,873,000. This deficiency includes retirement village resident loans of $204,963,000 and payables to other entities within the Group of $253,099,000. Resident loan obligations of ICMT 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 ICMT to settle existing loan obligations should those incumbent residents vacate their units. Intercompany loan balances are payable on demand, however ICF has undertaken not to call its loan receivable from ICMT within the next 12 months of the date of this report, if calling the loan would result in ICMT being unable to pays its debts as and when they are due. Accordingly, there are reasonable grounds to believe that the ICMT will be able to pay its debts as and when they become due and payable; and the interim financial report of ICMT has been prepared on a going concern basis.

Notes to the financial statements
for the six months ended 31 December 2015

1. Summary of significant accounting policies (continued)

(c) New or revised Accounting Standards

No new or revised standards and interpretations were issued by the Australian Accounting Standards Board that are relevant to the Group during the period.

(d) Accounting Standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period. The Group's assessment of the impact of these new standards and interpretations is set out below.

Accounting Standard	Impact on the Group
AASB 9	AASB 9 *Financial Instruments* is applicable to reporting periods beginning on or after 1 January 2018. The Group has not early adopted this standard. This standard provides requirements for the classification, measurement and de-recognition of financial assets and financial liabilities. Changes in the Group's credit risk, which affect the value of liabilities designated at fair value through profit and loss, can be presented in other comprehensive income. The application of the Standard is not expected to have any material impact on the Group's financial reporting in future periods.
AASB 15	AASB 15 *Revenue from Contracts with Customers* is applicable to reporting periods beginning on or after 1 January 2018. The Group has not early adopted this standard. The standard is based on the principle that revenue is recognised when control of a good or service is transferred to a customer. It contains a single model that applies to contracts with customers and two approaches to recognising revenue; at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. It applies to all contracts with customers except leases, financial instruments and insurance contracts. It requires reporting entities to provide users of financial statement with more informative and relevant disclosures. The application of the Standard is not expected to have any material impact on the Group's financial reporting in future periods.

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

Notes to the financial statements
for the six months ended 31 December 2015

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 (and assets held for sale, in the prior period) with a gross carrying amount of $672,035,000 (June 2015: $601,326,000) (refer Note 6), and retirement village residents' loans (and liabilities held for sale, in the prior period) with a carrying amount of $204,963,000 (June 2015: $203,919,000) (refer Note 9) which together represent the estimated fair value of the Group's property business.

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.

(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.

Notes to the financial statements
for the six months ended 31 December 2015

2. Accounting estimates and judgements (continued)

(iv) 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 assumption 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.

A previous corresponding period reclassification between the two components of retirement village resident loans was made to facilitate comparative analysis of movements in the gross retirement village resident loans and accrued deferred management fee balances.

(b) Critical judgements in applying the entity's accounting policies

There were no judgements, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies that had a significant effect on the amounts recognised in the financial report.

Notes to the financial statements
for the six months ended 31 December 2015

3. Segment information

(a) Description of segments

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

- Garden Villages – rental villages
- Settlers Lifestyles – deferred management fee villages
- Active Lifestyle Estates – comprising long-term and short-term accommodation within lifestyle parks and the sale of manufactured homes.

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 “corporate/unallocated”.

(b) Ingenia Communities Fund - 31 December 2015

	Active Lifestyle Estates $’000	Settlers $’000	Garden Villages $’000	Corporate/ Unallocated $’000	Total $’000
(i) Segment revenue					
External segment revenue	192	-	4,359	-	**4,551**
Interest income	-	-	-	6,277	**6,277**
Total revenue	**192**	**-**	**4,359**	**6,277**	**10,828**
(ii) Segment underlying profit					
External segment revenue	192	-	4,359	-	**4,551**
Interest income	-	-	-	6,277	**6,277**
Property expenses	-	-	(1)	(180)	**(181)**
Administration expenses	-	-	-	(100)	**(100)**
Finance expense	-	-	-	(2,225)	**(2,225)**
Depreciation and amortisation expense	-	-	-	(12)	**(12)**
Underlying profit/(loss) – continuing operations	**192**	**-**	**4,358**	**3,760**	**8,310**
Reconciliation of underlying profit to profit from continuing operations:					
Net foreign exchange loss	-	-	-	176	**176**
Net gain/(loss) on change in fair value of:					
Investment properties	236	-	3,947	-	**4,183**
Derivatives	-	-	-	(6)	**(6)**
Responsible Entity fees	-	-	-	(957)	**(957)**
Profit from continuing operations per the consolidated statement of comprehensive income	**428**	**-**	**8,305**	**2,973**	**11,706**
(iii) Segment assets	7,700	63,690	87,058	290,994	**449,442**

Notes to the financial statements
for the six months ended 31 December 2015

3. Segment information (continued)

(c) Ingenia Communities Fund – 31 December 2014

	Active Lifestyle Estates $'000	Settlers $'000	Garden Villages $'000	Corporate/ Unallocated $'000	Total $'000
(i) Segment revenue					
External segment revenue	192	-	4,668	-	**4,860**
Interest income	-	-	-	6,852	**6,852**
Total revenue	**192**	**-**	**4,668**	**6,852**	**11,712**
(ii) Segment underlying profit					
External segment revenue	192	-	4,668	-	**4,860**
Interest income	-	-	-	6,852	**6,852**
Property expenses	-	-	-	(206)	**(206)**
Administration expenses	-	-	-	(288)	**(288)**
Operational, marketing and selling expenses	-	-	-	(556)	**(556)**
Depreciation and amortisation expense	-	-	-	(67)	**(67)**
Finance expense	-	-	-	(1,975)	**(1,975)**
Underlying profit/(loss) – continuing operations	**192**	**-**	**4,668**	**3,760**	**8,620**
Reconciliation of underlying profit to profit from continuing operations:					
Net foreign exchange loss	-	-	-	2,060	**2,060**
Net loss on disposal of investment property	-	(2,013)	-	-	**(2,013)**
Net gain/(loss) on change in fair value of:					
Investment properties	(214)	(5)	1,744	-	**1,525**
Derivatives	-	-	-	98	**98**
Responsible Entity fees	-	-	-	(878)	**(878)**
Profit from continuing operations per the consolidated statement of comprehensive income	**(22)**	**(2,018)**	**6,412**	**5,040**	**9,412**
(iii) Segment assets	6,878	48,912	116,798	151,261	**323,849**

Notes to the financial statements
for the six months ended 31 December 2015

3. Segment information (continued)

(d) Ingenia Communities Management Trust – 31 December 2015

	Active Lifestyle Estates $'000	Settlers $'000	Garden Villages $'000	Corporate/ Unallocated $'000	Total $'000
(i) Segment revenue					
External segment revenue	35,038	3,790	13,806	109	**52,743**
Interest Income	-	-	-	9	**9**
constructed villages	-	(608)	-	-	**(608)**
Total revenue	**35,038**	**3,182**	**13,806**	**118**	**52,144**
(ii) Segment underlying profit					
External segment revenue	35,038	3,790	13,806	109	**52,743**
Interest income	-	-	-	9	**9**
Property expenses	(5,722)	(830)	(8,337)	-	**(14,889)**
Employee expenses	(6,891)	(681)	(3,202)	(211)	**(10,985)**
Administration expenses	(626)	(39)	(589)	(71)	**(1,325)**
Operational, marketing and selling expenses	(888)	(223)	(475)	-	**(1,586)**
Manufactured home cost of sales	(10,759)	-	-	-	**(10,759)**
Service station expenses	(3,092)	-	-	-	**(3,092)**
Finance expense	-	-	-	(6,766)	**(6,766)**
Income tax benefit	-	-	-	116	**116**
Amortisation of intangible assets	-	-	(129)	-	**(129)**
Depreciation expense	(14)	-	(39)	-	**(53)**
Underlying profit/(loss) – continuing operations	**7,046**	**2,017**	**1,035**	**(6,814)**	**3,284**
Reconciliation of underlying profit to profit from continuing operations:					
Net foreign exchange gain	-	-	-	35	**35**
Net gain on disposal of investment property	(4)	-	-	-	**(4)**
Net gain/(loss) on change in fair value of:					
Investment properties	(3,509)	2,432	-	-	**(1,077)**
Retirement village resident loans	-	(812)	-	-	**(812)**
Gain on revaluation of newly constructed villages	-	(608)	-	-	**(608)**
Responsible Entity fees	-	-	-	(1,314)	**(1,314)**
Income tax benefit associated with reconciliation items	-	-	-	749	**749**
Profit from continuing operations per the consolidated statement of comprehensive income	**3,533**	**3,029**	**1,035**	**(7,344)**	**253**
(iii) Segment assets	286,841	248,809	4,766	6,019	**546,435**

Notes to the financial statements
For the six months ended 31 December 2014

3. Segment information (continued)

(e) Ingenia Communities Management Trust – 31 December 2014

	Active Lifestyle Estates $'000	Settlers $'000	Garden Villages $'000	Corporate/ Unallocated $'000	Total $'000
(i) Segment revenue					
External segment revenue	10,911	4,658	13,969	-	**29,538**
Interest Income	-	-	-	5	**5**
Reclassification of gain on revaluation of newly constructed villages	-	(1,144)	-	-	**(1,144)**
Total revenue	**10,911**	**3,514**	**13,969**	**5**	**28,399**
(ii) Segment underlying profit					
External segment revenue	10,911	4,658	13,969	-	**29,538**
Interest income	-	-	-	5	**5**
Property expenses	(3,140)	(673)	(8,863)	-	**(12,676)**
Employee expenses	(2,752)	(399)	(4,704)	(25)	**(7,880)**
Administration expenses	(328)	(32)	(625)	(344)	**(1,329)**
Operational, marketing and selling expenses	(471)	(45)	(785)	-	**(1,301)**
Manufactured home cost of sales	(1,102)	-	-	-	**(1,102)**
Depreciation and amortisation expense	-	-	-	(56)	**(56)**
Finance expense	-	-	-	(6,957)	**(6,957)**
Income tax benefit	-	-	-	2,199	**2,199**
Underlying profit/(loss) – continuing operations	**3,118**	**3,509**	**(1,008)**	**(5,178)**	**441**
Reconciliation of underlying profit to profit from continuing operations:					
Net foreign exchange gain	-	-	-	(2,005)	**(2,005)**
Net gain on disposal of investment property	-	1,697	-	-	**1,697**
Net gain/(loss) on change in fair value of:					
Investment properties	(8,456)	(2,396)	18	-	**(10,834)**
Retirement village resident loans	-	(86)	-	-	**(86)**
Gain on revaluation of newly constructed villages		(1,144)	-	-	**(1,144)**
Responsible Entity fees	-	-	-	(1,101)	**(1,101)**
Income tax benefit associated with reconciliation items	-	-	-	3,464	**3,464**
Profit from continuing operations per the consolidated statement of comprehensive income	**(5,338)**	**1,580**	**(990)**	**(4,820)**	**(9,568)**
(iii) Segment assets	146,217	240,992	1,465	22,089	**410,763**

(f) Impact of seasonality on segment results

The results of the Group are affected by the seasonal impact of Active Lifestyle Estate investments. Occupancy rates of short term cabins are higher in the period December through to March each year due to their geographic location and summer holiday months increasing demand for holiday bookings.

Notes to the financial statements
For the six months ended 31 December 2015

4. Earnings per unit

	INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
	1H16	1H15	**1H16**	1H15
Profit/(loss) attributable to unitholders ($'000)	7,832	9,412	253	(10,559)
Profit/(loss) from continuing operations ($'000)	11,706	9,412	253	(9,568)
Profit/(loss) from discontinued operations ($000)	(3,874)	-	-	(991)
Weighted average number of units outstanding (thousands):				
- Issued units	**149,156**	127,198	**149,156**	127,198
Dilutive units			**-**	-
- Performance quantum rights	**619**	1,260	**619**	1,260
- Long-term incentive rights	**223**	-	**223**	-
- Short-term incentive rights	**36**	-	**36**	-
Weighted average number of issued and dilutive potential units outstanding (thousands)	**150,034**	128,458	**150,034**	128,458
Basic earnings per unit from continuing operations (cents)	**7.8**	7.4	**0.2**	(7.5)
Basic earnings per unit from discontinued operations (cents)	**(2.5)**	-	**-**	(0.8)
Basic earnings per unit (cents)	**5.3**	7.4	**0.2**	(8.3)
Dilutive earnings per unit from continuing operations (cents)	**7.8**	7.3	**0.2**	(7.4)
Dilutive earnings per unit from discontinued operations (cents)	**(2.6)**	-	**-**	(0.8)
Dilutive earnings per security (cents)	**5.2**	7.3	**0.2**	(8.2)

5. Inventories

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	31 Dec 2015	30 Jun 2015	**31 Dec 2015**	30 Jun 2015
	$'000	$'000	**$'000**	$'000
Carrying values:				
Manufactured homes:				
- Completed	-	-	**10,605**	7,975
- Under Construction	-	-	**4,262**	4,900
Service station fuel and supplies	-	-	**283**	333
Total Inventories	-	-	**15,150**	13,208

The manufactured homes balance represents 65 completed homes (30 June 2015: 53) and 42 new homes under construction (30 June 2015: 85).

Notes to the financial statements
For the six months ended 31 December 2015

6. Investment properties

(a) Summary of carrying amounts

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	31 Dec 2015	30 Jun 2015	**31 Dec 2015**	30 Jun 2015
	$'000	$'000	**$'000**	$'000
Completed properties	158,442	152,142	461,783	361,984
Properties under development	-	1,292	51,810	24,310
Total investment properties	**158,442**	153,434	**513,593**	386,294

(b) Movements in carrying amounts

Completed investment property				
Carrying amount at beginning of period	**153,434**	134,488	**386,294**	364,375
Acquisitions	**-**	-	**61,349**	78,152
Expenditure capitalised	**825**	2,149	**4,913**	12,207
Disposals	**-**	875	**-**	(7,165)
Net transfer from/(to) inventory	**-**	-	**517**	(159)
Net gain/(loss) on change in fair value	**4,183**	15,922	**(1,077)**	482
Transferred from/(to) assets held for sale	**-**	-	**61,598**	(61,598)
Carrying amount at end of the period	**158,442**	153,434	**513,593**	386,294

Fair value hierarchy disclosures for investment properties have been provided in Note 12.

7. Trade and other payables

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	31 Dec 2015	30 Jun 2015	**31 Dec 2015**	30 Jun 2015
	$'000	$'000	**$'000**	$'000
Current liabilities				
Trade payables and accruals	**756**	1,200	**8,648**	7,759
Deposits	**-**	-	**3,203**	1,184
Other unearned income	**-**	-	**1,607**	342
Deferred acquisition consideration	**-**	-	**2,500**	3,500
Total current liabilities	**756**	1,200	**15,958**	12,785
Non-current liabilities				
Deferred acquisition consideration	**-**	-	**13,770**	14,770

Notes to the financial statements
For the six months ended 31 December 2015

8. Borrowings

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	31 Dec 2015 $'000	30 Jun 2015 $'000	31 Dec 2015 $'000	30 Jun 2015 $'000
Current liabilities				
Finance leases	**-**	-	**2,818**	2,817
Non-current liabilities				
Bank debt	**120,900**	63,900	**-**	-
Prepaid borrowing costs	**(1,454)**	(1,683)	**-**	-
Finance leases	**-**	-	**33,193**	33,252
Total non-current borrowings	**119,446**	62,217	**33,193**	33,252

(a) Bank debt

ICF has a $175 million multi-lateral debt facility with three Australian banks. The facility maturity dates are:

- 12 February 2018 ($100 million); and
- 12 February 2020 ($75 million)

As at 31 December 2015, the facility has been drawn to $120,900,000 (30 June 2015: $63,900,000). The carrying value of investment property net of resident liabilities at reporting date for the Trust's properties pledged as security is $438,032,000 (30 June 2015: $363,720,000).

On 18 February 2016, ICF finalised the increase to its Australian debt facility limit by $25.0 million to $200.0 million. The additional $25.0 million debt facility has a maturity date of 12 February 2020 and uses the existing facility covenants and pricing.

(b) Bank guarantees

ICF has the ability to utilise a portion of its bank facility to provide bank guarantees. Bank guarantees as at 31 December 2015 were $26.9 million (30 June 2015: $28.8 million).

Notes to the financial statements
For the six months ended 31 December 2015

9. Retirement village resident loans

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	31 Dec 2015	30 Jun 2015	**31 Dec 2015**	30 Jun 2015
	$'000	$'000	**$'000**	$'000
(a) Summary of carrying amounts				
Gross resident loans	-	-	236,793	192,898
Accrued deferred management fee	-	-	(31,830)	(31,020)
Net resident loans	-	-	204,963	161,878
(b) Movements in carrying amounts				
Carrying amount at beginning of period	-	-	161,878	190,122
Net (gain)/loss on change in fair value of resident loans	-	-	812	8,878
Accrued deferred management fee income	-	-	(2,521)	(6,788)
Deferred management fee cash collected	-	-	622	2,056
Proceeds from resident loans	-	-	5,976	19,815
Repayment of resident loans	-	-	(3,708)	(10,544)
Transfer from/(to) liabilities held for sale	-	-	42,041	(42,041)
Other	-	-	(137)	380
Carrying amount at end of period	-	-	204,963	161,878

Fair value hierarchy disclosures for retirement village resident loans have been provided in Note 12.

Notes to the financial statements
for the six months ended 31 December 2015

10. Issued units

a. Carrying amounts	Ingenia Communities Fund		Ingenia Communities Management Trust	
	31 Dec 2015	30 Jun 2015	**31 Dec 2015**	30 Jun 2015
	$'000	$'000	**$'000**	$'000
At beginning of period	**619,285**	547,642	**29,028**	14,097
- Dividend reinvestment plan issues	**1,550**	2,374	**275**	464
- Institutional placement	**3,313**	36,835	**987**	7,693
- Rights issue	**-**	35,578	**-**	7,430
- Institutional placement and rights issue costs	**(95)**	(3,144)	**(29)**	(656)
At end of period	**624,053**	619,285	**30,261**	29,028
The closing balance is attributable to the unitholders of:				
- Ingenia Communities Fund	**624,053**	619,285	**-**	-
- Ingenia Communities Management Trust	**-**	-	**30,261**	29,028
	624,053	619,285	**30,261**	29,028

b. Movements in issued units

	Thousands	Thousands	**Thousands**	Thousands
At beginning and period	**882,700**	676,240	**882,700**	676,240
- Retention Quantum Rights	**-**	1,818	**-**	1,818
- Performance Quantum Rights	**3,842**	-	**3,842**	-
- Dividend Reinvestment Plan	**4,305**	6,674	**4,305**	6,674
- Institutional Placement	**10,127**	100,701	**10,127**	100,701
- Rights Issue	**-**	97,267	**-**	97,267
- 6:1 stapled securities consolidation	**(750,810)**	-	**(750,810)**	-
At end of period	**150,164**	882,700	**150,164**	882,700

c. Consolidation of stapled securities

At the Annual General Meeting on 17 November 2015, securityholders voted in favour of a consolidation of the Group's stapled securities. The Group consolidated 6 stapled securities into 1 stapled security with effect from 19 November 2015. Where the consolidation resulted in a fraction of a security being held by a securityholder, that fraction was rounded up to the nearest whole security.

d. Terms of units

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

Notes to the financial statements
for the six months ended 31 December 2015

11. Financial instruments

The Trust's use the following fair value measurement hierarchy:

Level 1: fair value is calculated using quoted prices in active markets for identical assets or liabilities;

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.

Quoted market price represent the fair value determined based on quoted prices on active markets as at the reporting date without deduction for transaction costs.

The following table represents the Trust's financial instruments that were measured and recognised at fair value at reporting date:

Financial assets/ financial liabilities	Valuation technique(s) and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Retirement village resident loans	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 0-4%. 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
Deferred management fee accrued	DMF measured using the initial property price, estimated length of stay, various contract terms and projected property price at time of re-leasing	Estimated length of stay of residents based on life table	The longer the length of stay, the higher the DMF accrued, capped at a predetermined period of time.
Derivative interest rate swaps	Net present value of future cash flows discounted at market rates adjusted for the Group's credit risk	N/A	N/A

There has been no movement from Level 3 to Level 2 during the current period. Changes in the Trust's retirement village resident loans which are Level 3 instruments are presented in Note 9.

The carrying amount of the Trust's other financial instruments approximate their fair values.

Notes to the financial statements
for the six months ended 31 December 2015

12. Fair value measurement

The following table provides the fair value measurement hierarchy of the Trust's assets and liabilities:

Igenia Communities Fund

a. Assets Measured at Fair Value

			Fair value measurement using:		
31 December 2015	**Date of valuation**	**Total $'000**	**Quoted prices in active markets (Level 1) $'000**	**Significant observable inputs (Level 2) $'000**	**Significant unobservable inputs (Level 3) $'000**
Investment properties	31 Dec 2015 Refer Note 6	**158,442**	-	-	158,442
30 June 2015					
Investment properties	30 June 2015 Refer to Note 6	**153,434**	-	-	153,434

b. Liabilities Measured at Fair Value

31 December 2015					
Derivatives		**10**	-	-	10
30 June 2015					
Derivatives		**3**	-	-	3

Ignenia Communities Management Trust

a. Assets Measured at Fair Value

			Fair value measurement using:		
31 December 2015	**Date of valuation**	**Total $'000**	**Quoted prices in active markets (Level 1) $'000**	**Significant observable inputs (Level 2) $'000**	**Significant unobservable inputs (Level 3) $'000**
Investment properties	31 Dec 2015 Refer Note 6	**513,593**	-	-	513,593
30 June 2015					
Investment properties	30 June 2015 Refer to Note 6	**386,294**	-	-	386,294
Assets held for sale - investment property		**61,598**	-	61,598	-

b. Liabilities Measured at Fair Value

31 December 2015					
Retirement village resident loans	31 Dec 2015 Refer Note 9	**204,963**	-	-	204,963
30 June 2015					
Retirement village resident loans	30 June 2015 Refer to Note 9	**161,878**	-	-	161,878
Liabilities held for sale - resident loans		**42,041**	-	42,041	-

Notes to the financial statements
for the six months ended 31 December 2015

13. Subsequent events

a) Increase to debt facility limit

On 18 February 2016, ICF finalised the increase to its Australian debt facility limit by $25.0 million, to $200.0 million. The additional $25.0 million debt facility has a maturity date of 12 February 2020 and uses the existing facility covenants and pricing.

b) Acquisition of Big 4 Broulee Beach Holiday Park

On 8 February 2016, ICMT exchanged unconditional contracts for the acquisition of Big 4 Broulee Beach Holiday Park on the NSW South Coast. The acquisition price was $5.5 million (excluding transaction costs) and will be funded by drawing down on debt.

c) 1H16 interim distribution

On 23 February 2016 the Directors of the Group resolved to declare a 1H16 interim distribution of 4.2cpu (1H15: 3.9cpu - restated for the November 2015 6:1 security consolidation) amounting to $6,306,884, to be paid on 16 March 2016. The distribution is 72.6% tax deferred and the distribution reinvestment plan will be in operation for this 1H16 distribution.

Directors' Declaration
for the six months ended 31 December 2015

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 2015 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
23 February 2016

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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 balance sheet as at 31 December 2015, the consolidated statement of 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 balance sheet as at 31 December 2015, the consolidated statement of 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 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 2015 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 2015 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
23 February 2016