APPENDIX 4D

Half year Financial Report

Half Year ended 31 December 2016

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 2016 – 31 December 2016**
Previous corresponding period:	1 July 2015 – 31 December 2015

Results for announcement to the market

	31 Dec 2016	31 Dec 2015	Change
	$'000	$'000	%
Revenues from Continuing operations	65,439	52,222	25%
Profit/(loss) from ordinary activities after tax attributable to members	7,647	10,779	(29%)
Net profit/(loss) for the period attributable to members	7,647	10,779	(29%)
Underlying profit from continuing operations	10,647	8,447	26%
Underlying profit	10,647	8,447	26%
Distributions - current period (cents): FY16 Final Distribution (paid) 1H17 Interim Distribution (declared)	 5.1 5.1		
Distributions - previous period (cents): FY15 Final Distribution (paid)[(1)] 1H16 Interim Distribution[(1)] (declared)		 0.7 4.2	
Record date for determining entitlement to the interim distribution	5pm, 27 February 2017		
The Dividend and Distribution Reinvestment Plan is operational for this distribution			
	31 Dec 2016	30 Jun 2016	Change
Net tangible asset value per security	$2.44	$2.45	(0.4%)

(1) 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.

Results for announcement to the market

The half-year financial report does not include all of the information required for a full-year financial report and should be read in conjunction with the Group's annual financial report for the year ended 30 June 2016 and any ASX announcements issued during the period.

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

Control gained:	None
Control Lost:	Settlers Operations Pty Ltd
	Settlers Property Trust
	Settlers Company Pty Ltd

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

Audit status

This report is based on the consolidated 31 December 2016 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 2016 Half Year Financial Report.

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 2016 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

Leanne Ralph
Company Secretary

21 February 2017

INGENIA COMMUNITIES HOLDINGS LIMITED

A.C.N 154 444 925

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2016

www.ingeniacommunities.com.au

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

Ingenia Communities Holdings Limited
Half-Year Financial Report
for the six months ended 31 December 2016

Contents

Ingenia Communities Holdings Limited
Directors' Report
for the six months ended 31 December 2016

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 2016 (the "current period") and the Independent Auditor's Report thereon. The Company's financial report comprises the consolidated financial report of the Company and its controlled entities, including Ingenia Communities Fund ("ICF" or the "Fund") and Ingenia Communities Management Trust ("ICMT") (collectively, the "Trusts").

The shares of the Company are "stapled" with the units of the Trusts and trade on the Australian Securities Exchange ("ASX") 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 *Business Combinations*, the stapling of the Company and the Trusts is regarded as a business combination. The Company has been identified as the parent for preparing consolidated financial reports.

1. Directors

The Directors of the Company at any time during or since the end of the period were:

Non-Executive Directors (NEDs)

Jim Hazel (Chairman)
Robert Morrison (Deputy Chairman)
Philip Clark AM
Amanda Heyworth
Norah Barlow ONZM (resigned, effective 15 November 2016)

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 lifestyle and holiday communities across Australia. Its real estate assets at 31 December 2016 were valued at $533.0 million (net of finance leases and resident loans), being 29 lifestyle and holiday communities (Ingenia Lifestyle and Holidays), 31 rental communities (Ingenia Garden Villages) and three Settlers assets (Ingenia Settlers). The Group is in the ASX 300 with a market capitalisation of approximately $467 million at 31 December 2016.

The Group's vision is to create Australia's best lifestyle communities offering affordable permanent and tourism rental accommodation with a focus on the seniors demographic. The Board is committed to delivering continued earnings and security price growth to securityholders and providing a supportive community environment to permanent residents and holidaymakers.

b. Strategy

The Group's strategy is to accelerate the development and operation of Lifestyle and Holiday communities coupled with enhancing the operational performance of its asset base by growing revenue streams and effective cost management.

Using a disciplined investment framework, the Group plans to acquire further Lifestyle and Holiday communities and recycle capital from lower yielding assets into accretive opportunities. In line with this strategy, five Settlers' assets were sold in October 2016 to the Forum Group. The Group retains a 15% share in these assets and operates them on behalf of the Forum Group in return for a management fee.

2. Operating and financial review (continued)

b. Strategy (continued)

A key element to achieving growth is efficient capital management. During the past six months the Group has been working to renegotiate the tranche of the debt facility that was due to expire in February 2018. Subsequent to half-year end, the Group executed a renewed debt facility that includes an additional lender, extends the facility by four years and increases the facility by $76 million to $300 million. At 31 December 2016, the facility was drawn to $140.7 million (including bank guarantees), which represents a loan to value ratio ("LVR") of 27.5%. LVR is below our target range of 30-35% at 31 December 2016 following the temporary application of proceeds from the sale of five Settlers' assets. These funds will be deployed into acquisition opportunities which will move the LVR back into the target range.

Development and sale of new lifestyle homes is a key priority. In FY17 the Group is targeting the sale and development of 190+ new homes and is forecasting 260+ new homes for the 2018 financial year.

The key immediate business priorities of the Group are:

- Accelerating the delivery and sale of new lifestyle community homes, with a focus on East Coast metro and coastal locations;
- Acquiring additional Lifestyle and Holiday communities and building out the Group's development pipeline;
- Growing occupancy and average room rates for holiday rental accommodation;
- Gradually growing cash yields from the Garden Villages portfolio through revenue optimisation and disciplined cost management; and
- Continuing to assess yield across its portfolio to ensure optimum return on investment, including by investing in existing assets and divesting non-core and regional assets.

c. 1H17 Financial Results

Significant investment in lifestyle communities continued during 1H17.

The Group developed and sold 82 turnkey homes (1H16: 53 homes) and grew rental income from permanent, annual and tourism clients to $19.7 million (up from $15.1 million).

In October 2016, the Group disposed of five of the eight Settlers' assets. This provided a cash inflow of $41 million. Proceeds from the sale of the five assets within the Settlers' portfolio are being deployed into acquiring lifestyle and holiday parks.

During the period, the Group settled on the acquisition of Avina Van Village (Sydney), Hervey Bay (Queensland), Ocean Lake (NSW South Coast) and Latitude One (NSW Mid North Coast). Following 31 December, the Group has settled the acquisition of Palms Oasis and the land located adjacent to Ingenia Lifestyle Bethania and entered into a contract to acquire the Cairns Coconut Holiday Park.

Ingenia Garden Villages grew occupancy to a record 91.4% at the end of the period and continues to deliver recurring income to the Group.

In September 2016, the Group raised $3.3 million (net of costs) from the 2H16 distribution reinvestment plan (DRP).

2. Operating and financial review (continued)

d. Key Metrics

- Interim distribution of 5.1cps, up 21.4% from previous corresponding period.
- Underlying profit of $10.6 million, up 26% from the first half of FY16.
- Statutory profit of $7.6 million, down from $10.8 million in the first half of FY16. This is largely driven by the loss on sale of Settlers' assets.
- Fair value uplift across the investment property portfolio of $7.9 million, which is net of $5.4 million of transaction costs written off.
- Earnings per share of 4.3 cps which is down from 1H16 of 7.2cps, largely driven by the loss on sale of the five Settlers' assets.
- Operating cash flows of $10.5 million compared with $11.8 million in 1H16; the decrease in operating cash is the result of greater investment in inventory to ensure stock is available to satisfy the sales pipeline in 2H17.

e. Group results summary

Underlying profit for the financial year has been calculated as follows:

	1H17 $'000	1H16 $'000
EBIT	**13,692**	**10,993**
Net interest expense	**(3,362)**	(2,831)
Tax benefit associated to underlying profit	**317**	285
Underlying profit	**10,647**	**8,447**
Net foreign exchange (loss)/gain	**(157)**	211
Net loss on disposal of investment properties	**(8,309)**	(308)
Net gain/(loss) on change in fair value of:		
- Investment Properties	**7,881**	3,106
- Derivatives	**270**	(6)
- Retirement village resident loans	**83**	(812)
Gain on revaluation of newly constructed retirement villages	**(633)**	(608)
Tax benefit/(expense) associated with items below underlying profit	**(2,135)**	749
Statutory profit	**7,647**	**10,779**

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.

f. Segment performance and priorities

Ingenia Lifestyle and Holidays

Ingenia Lifestyle and Holidays now owns 30 lifestyle communities, following settlement of Palms Oasis Holiday Park in January 2017. In February 2017, an unconditional contract has been signed to acquire Cairns Coconut Holiday Park, which is widely considered to be one of the best holiday parks in Australia. Settlement is expected to be completed in March 2017. This business is the major focus of growth for the Group, offering an affordable housing alternative for seniors and tourism residents complemented by a capital light, low risk development cycle, delivering development profits, capital recycling and incremental yield.

During the period the group completed acquisitions for Avina Van Village, Hervey Bay, Ocean Lake and Latitude One, further growing the number of lifestyle communities. Over the period, the earnings contribution from development has continued to grow with development now underway at 12 communities and new turnkey settlement volumes up 54.7% from 1H16. The carrying value of these assets at 31 December 2016 is $255.0 million (net of finance leases).

2. Operating and financial review (continued)

During the period the Group continued to achieve growth from its Ingenia Holiday's portfolio with tourism income up 36% from 1H16. This growth and rental stream provides recurrent, loyalty driven cash flows which complements the Group's growing development activities.

i. Performance

Ingenia Lifestyle and Holidays	1H17	1H16	Change	Change (%)
New home settlements (#)	82	53	29	54.7
Gross new home development profit $M	8.3	4.4	3.9	88.6
Refurbished home settlements (#)	6	4	2	50.0
Gross refurbished home development profit $M	0.5	0.2	0.3	150.0
Permanent rental income $M	7.1	6.0	1.1	18.3
Annuals rental income $M	2.0	1.3	0.7	53.8
Tourism rental income $M	10.6	7.8	2.8	35.9
EBIT contribution $M	11.4	7.2	4.2	58.3

Ingenia Lifestyle and Holidays delivered an EBIT contribution of $11.4 million in 1H17, of which $3.9 million was attributable to the development of new homes. Significant momentum was achieved in settlements during 1H17 which indicates a growing customer awareness and understanding of lifestyle communities. The rental accommodation earnings of this segment have grown strongly both through acquisitions and improved performance from the tourism rental accommodation. This segment has delivered a strong result reflecting the continued investment in a sales and development framework for new homes. We remain confident of building on this strong result during 2H17.

ii. Strategic priorities

The key strategic priorities for this business are continuing the accelerated sales and settlement momentum achieved during 1H17, securing further development approvals for new homes within our existing communities, optimising home designs for efficiency and customer demand, growing rental returns and leveraging scale efficiencies. In 1H17 the Group commenced expansion into greenfield development with the acquisition of Latitude One. Throughout the remainder of FY17, the Group will continue to expand into greenfield development and focus on developments in key capital and coastal locations. The Group also continues to remain focused on acquiring and developing existing 'brownfield' and mixed use sites which is demonstrated through the acquisition of Avina Van Village, Hervey Bay and Ocean Lake.

Ingenia Garden Villages

Ingenia Garden Villages comprises 31 rental communities located across the eastern seaboard and Western Australia. These communities accommodate more than 1,628 residents, and generated $12.3 million in gross rental income during the period. The carrying value of these assets at 31 December 2016 is $139.5 million.

i. Performance

Ingenia Garden Villages	1H17	1H16	Change
Occupancy %	91.4%	89.6%	1.8%
Rental income $M	12.3	12.0	0.3
Catering income $M	1.6	1.7	(0.1)
EBIT $M	5.8	5.4	0.4

As at 31 December 2016, Ingenia Garden Villages closed at a record occupancy of 91.4%. This has been achieved without discounting rents.

Ingenia Garden Villages continues to deliver a consistent stream of recurring cash income for the Group.

2. Operating and financial review (continued)

ii. Strategic Priorities

The key strategic priorities of this business over the coming year are increasing rents above CPI as units turnover, ensuring residents are actively engaged and maintaining affordability whilst further seeking opportunities to leverage scale.

Subsequent to 31 December 2016, the Group has launched Ingenia Care Assist Plus, which is an extended care service designed to increase resident occupancy, lower departures and in the longer term increased rental income.

Ingenia Settlers

i. Performance

Ingenia Settlers is comprised of three remaining deferred management fee communities located in Queensland, New South Wales and Western Australia. The carrying value of these assets at 31 December 2016, net of resident loans and lease liabilities, is $10.9 million.

Ingenia Settlers	1H17	1H16	Change
Occupancy %	97.0%	96.0%	1.0%
New settlements (#)	8	14	(6)
Development income $M	0.6	0.6	-
Accrued DMF income $M	1.6	2.5	(0.9)
EBIT $M	1.2	2.0	(0.8)

ii. Strategic priorities

The key strategic priority remains divestment of this non-core segment.

g. Capital Management

The Group adopts a prudent and considered approach to capital management. Subsequent to 31 December 2016, the Group strengthened its capital position by negotiating a $76 million increase to its multilateral debt facility. The Group has interest rate hedges in place covering 35% of drawn debt at 31 December 2016, increasing to 42% of debt drawn as at the date of this report.

As at 31 December 2016, the current LVR is 27.5%, which is below our target LVR of 30-35%. Once the Group deploys the proceeds from the sale of the five Settlers' assets and debt into further lifestyle communities, the LVR will move back within the target range.

h. Financial Position

The following table provides a summary of the Group's financial position as at 31 December 2016:

	31 Dec 2016 $'000	30 Jun 2016 $'000	Change $'000
Cash and cash equivalents	8,279	15,057	(6,778)
Inventories	25,273	17,665	7,608
Investment properties	566,838	710,746	(143,908)
Deferred tax asset	7,576	9,399	(1,823)
Other assets	15,440	13,952	1,488
Total assets	623,406	766,819	(143,413)
Borrowings	132,039	104,090	27,949
Retirement village resident loans	27,471	207,483	(180,012)
Other liabilities	31,848	33,644	(1,796)
Total liabilities	191,358	345,217	(153,859)
Net assets/equity	432,048	421,602	10,446

Cash levels have reduced from June 2016, as funds were used to repay outstanding deferred consideration in early July.

2. Operating and financial review (continued)

Inventories have increased by $7.6 million driven by a greater number of homes in the process of being completed at period end. This reflects the Group's rapidly growing lifestyle community development business. This balance will continue to gradually grow as the number of development projects increase.

Investment properties have decreased by $143.9 million during the period. This is largely driven by the disposal of five Settlers' assets, partially offset by the acquisition of four Lifestyle and Holidays communities for $69.9 million (including transaction costs), development expenditure of $11.3 million and a fair value uplift of $7.9 million.

Borrowings increased by $27.9 million reflecting acquisition and development of lifestyle community assets of $77.4 million offset by the $41.0 million Settlers' sale proceeds and $8.5 million security purchase plan proceeds. Full deployment of the Settlers' sale proceeds is anticipated within the coming months, which will see debt levels increase.

Retirement village resident loans decreased by $180.0 million following the sale of five Settlers' assets in 1H17.

i. Cash flow

Operating cash flow for the Group was $10.5 million, with difference due to lower proceeds received on resident loans compared with the same period in prior year.

	1H17 $'000	1H16 $'000	Change $'000
Operating cash flow	10,543	11,847	(1,304)
Investing cash flow	(47,097)	(73,107)	26,010
Financing cash flow	29,743	56,513	(26,770)
Net change in cash and cash equivalents	(6,811)	(4,747)	(2,064)

j. Distributions

The following distribution was made during the period:

- On 23 August 2016, the Directors declared a final distribution for FY16 of 5.1cps, amounting to $8,964,628 and which was paid on 14 September 2016. The distribution was 41.8% tax deferred and the distribution reinvestment plan was in place.

k. Outlook

The Group is well positioned to continue growing its Lifestyle and Holiday's business with a significant development and acquisition pipeline in place. Ongoing growth in sales and settlements volumes is expected in 2H17 as additional projects begin to contribute post launch. The Group will continue to grow income from its Lifestyle and Holiday's portfolio, underpinning the development pipeline with steady recurrent cash flows. 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 8 for investment properties acquired or disposed of during the year, Note 10 for details of Australian debt refinanced and Note 12 for issued securities.

4. Subsequent Events

a. Acquisition of Palms Oasis

On 16 January 2017, the Group completed the acquisition of Palms Oasis Holiday Park located at Blueys Beach on the NSW Mid-North Coast. The purchase price of this acquisition is $7.5 million (excluding transaction costs).

b. Acquisition of 31 Radke Road

On 27 January 2017, the Group completed the acquisition of 31 Radke Road Bethania for a purchase price of $1.7 million. This land is located directly adjacent to Ingenia Lifestyle Bethania and allows for further expansion of this development site.

c. Acquisition of Cairns Coconut

On 16 February 2017, the Group signed an unconditional agreement to purchase the Cairns Coconut Holiday Park located in Far North Queensland for $50.0 million.

d. Amended debt facility

On 17 February 2017, the Group completed the renegotiation of the debt facility. The tranche previously expiring in February 2018 was extended for a further four years and an additional lender (Westpac) was added to the facility along with a further $76 million capacity, thereby increasing the total facility limit to $300 million.

e. 1H17 interim distribution

On 21 February 2017, the Directors of the Group resolved to declare a 1H17 interim distribution of 5.1 cps (1H16: 4.2cps) amounting to $9,029,622 to be paid on 15 March 2017. The distribution is 28% tax deferred and the distribution reinvestment plan will be in operation for this 1H17 distribution.

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 9.

6. Group Indemnities

The Group has purchased various insurance policies to cover a range or risks (subject to specified exclusions) for Directors, officers and employees of the Group service 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

Ingenia Communities Group is an entity of the kind referred to in ASIC Instrument 2016/191, and in accordance with that Class Order, amounts in the financial report and 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
21 February 2017

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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 2016, 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
21 February 2017

Ingenia Communities Holdings Limited
Consolidated Statement of Comprehensive Income
for the six months ended 31 December 2016

	Note	1H17 $'000	1H16 $'000
Continuing operations			
Revenue			
Rental income	5(a)	32,378	27,567
Accrued deferred management fee income	11(b)	1,565	2,521
Manufactured home sales		24,732	15,359
Catering income		1,608	1,656
Service station sales		3,607	3,451
Other property income	5(b)	1,537	1,581
Interest income		12	87
Total Revenue		**65,439**	**52,222**
Expenses			
Property expenses		(11,610)	(10,546)
Employee expenses		(15,319)	(12,870)
Administrative expenses		(3,167)	(2,555)
Operational, marketing and selling expenses		(2,805)	(1,668)
Cost of manufactured homes		(16,083)	(10,759)
Service station expenses		(3,019)	(3,092)
Finance expenses	6	(3,374)	(2,918)
Net foreign exchange gain/(loss)		(157)	211
Net (loss) on disposal of investment properties	8(c)(d)	(8,309)	(308)
Net gain/(loss) on change in fair value of:			
- Investment Properties	8(c)(d)	7,881	3,106
- Derivatives		270	(6)
- Retirement village resident loans	11(b)	83	(812)
Amortisation of intangible assets		(151)	(129)
Depreciation expense		(214)	(130)
Profit from continuing operations before income tax		**9,465**	**9,746**
Income tax (expense)/benefit		(1,818)	1,033
Net profit for the period		**7,647**	**10,779**
Other comprehensive income, net of income tax		-	-
Total Comprehensive income for the period, net of income tax		**7,647**	**10,779**
Profit/(loss) attributable to securityholders of:			
Ingenia Communities Holdings Limited		(906)	(1,180)
Ingenia Communities Fund		(11,187)	11,706
Ingenia Communities Management Trust		19,740	253
		7,647	**10,779**
Total comprehensive income attributable to securityholders of:			
Ingenia Communities Holdings Limited		(906)	(1,180)
Ingenia Communities Fund		(11,187)	11,706
Ingenia Communities Management Trust		19,740	253
		7,647	**10,779**

Ingenia Communities Holdings Limited
Consolidated Statement of Comprehensive Income
for the six months ended 31 December 2016

	Note	1H17 Cents	1H16 Cents
Distributions per security [(1)]		5.1	4.2
Earnings per security			
Basic earnings			
- Per Security	4(a)	4.3	7.2
- Per security attributable to parent	4(b)	(0.5)	(0.8)
Diluted earnings			
- Per Security	4(a)	4.3	7.2
- Per security attributable to parent	4(b)	(0.5)	(0.8)

(1) Distributions relate to the final distribution paid for the previous reporting period. An interim distribution of 5.1 cents for the current reporting period was declared on 21 February 2017 to be paid on 15 March 2017.

Ingenia Communities Holdings Limited
Consolidated Balance Sheet
as at 31 December 2016

	Note	31 Dec 2016 $'000	30 Jun 2016 $'000
Current assets			
Cash and cash equivalents		8,279	15,057
Trade and other receivables		5,905	6,852
Inventories	7	25,273	17,665
Income tax receivable		38	18
Total current assets		**39,495**	**39,592**
Non-current assets			
Trade and other receivables		2,998	3,140
Investment properties	8	566,838	710,746
Plant and equipment		2,199	1,943
Other financial assets		2,263	-
Intangibles		2,037	1,999
Deferred tax asset		7,576	9,399
Total non-current assets		**583,911**	**727,227**
Total assets		**623,406**	**766,819**
Current liabilities			
Trade and other payables	9	24,465	24,857
Borrowings	10	514	497
Retirement village resident loans	11	27,471	207,483
Employee liabilities		1,233	1,382
Interest rate swaps		118	121
Total current liabilities		**53,801**	**234,340**
Non-current liabilities			
Other payables	9	-	6,770
Borrowings	10	131,525	103,593
Other financial liabilities		5,738	-
Employee liabilities		275	227
Interest rate swaps		19	287
Total non-current liabilities		**137,557**	**110,877**
Total liabilities		**191,358**	**345,217**
Net assets		**432,048**	**421,602**
Equity			
Issued securities	12(a)	735,496	722,670
Reserves		750	1,810
Accumulated losses		(304,198)	(302,878)
Total Equity		**432,048**	**421,602**
Attributable to securityholders of:			
Ingenia Communities Holdings Limited			
- Issued Securities	12(a)	9,634	9,492
- Reserves		750	1,810
- Accumulated losses		(1,458)	(552)
		8,926	**10,750**
Ingenia Communities Fund		377,856	385,994
Ingenia Communities Management Trust		45,266	24,858
		432,048	**421,602**
Net asset value per security		**$2.44**	**$2.45**

Ingenia Communities Holdings Limited
Consolidated Cash Flow Statement
for the six months ended 31 December 2016

	1H17 $'000	1H16 $'000
Cash flows from operating activities		
Rental and other property income	39,239	36,442
Property and other expenses	(31,249)	(27,220)
Proceeds from resident loans	2,706	4,826
Repayment of resident loans	(1,289)	(3,475)
Proceeds from sale of manufactured homes	24,964	17,547
Purchase of manufactured homes	(21,447)	(14,008)
Proceeds from sale of service station inventory	3,607	3,451
Purchase of service station inventory	(3,273)	(3,199)
Interest received	12	87
Borrowing costs paid	(2,865)	(2,608)
Income tax received	138	4
	10,543	**11,847**
Cash flows from investing activities		
Purchase and additions of plant and equipment	(609)	(771)
Purchase and additions of intangible assets	(212)	(327)
Payments for investment properties	(75,121)	(65,567)
Additions to investment properties	(12,087)	(6,259)
Proceeds/(costs) from sale of investment properties	40,932	(207)
Amounts received from villages	-	24
	(47,097)	**(73,107)**
Cash flows from financing activities		
Proceeds from issue of stapled securities	11,799	6,206
Payments for security issue costs	(393)	(94)
Finance lease payments	(321)	(58)
Distributions to securityholders	(8,926)	(6,197)
Payments for debt issue costs	(262)	(344)
Proceeds from borrowings	64,846	60,430
Repayment of borrowings	(37,000)	(3,430)
	29,743	**56,513**
Net (decrease) in cash and cash equivalents	**(6,811)**	**(4,747)**
Cash and cash equivalents at the beginning of the period	15,057	15,117
Effects of exchange rate fluctuation on cash held	33	71
Cash and cash equivalents at the end of the period	**8,279**	**10,441**

Ingenia Communities Holdings Limited
Consolidated Statement of Changes in Equity
for the six months ended 31 December 2016

		Attributable to Securityholders					
		Ingenia Communities Holdings Limited					
	Note	**Issued Capital $'000**	**Reserves $'000**	**Retained earnings $'000**	**Total $'000**	**ICF & ICMT $'000**	**Total Equity $'000**
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		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**
Carrying amount at 1 July 2016		9,492	1,810	(552)	10,750	410,852	421,602
Net profit for the period		-	-	(906)	(906)	8,553	7,647
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the period		**-**	**-**	**(906)**	**(906)**	**8,553**	**7,647**
Transactions with securityholders in their capacity as securityholders:							
Issue of securities		142	-	-	142	12,684	12,826
Share-based payment transactions		-	(1,060)	-	(1,060)	-	(1,060)
Payment of distributions to securityholders		-	-	-	-	(8,967)	(8,967)
Carrying amount at 31 December 2016		**9,634**	**750**	**(1,458)**	**8,926**	**423,122**	**432,048**

1. Summary of significant accounting policies

a. The Group

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

The constitutions of the Company and the Trusts require that, for as long as they remain jointly quoted on the ASX, the number of shares in the Company and of units in each trust shall remain equal and those securityholders in the Company and unitholders in each trust shall be identical.

The stapling structure will cease to operate on the first to occur of:

- the Company or either of the Trusts resolving by special resolution in accordance with its constitution to terminate the stapling provisions; or
- the commencement of the winding up of the Company or either of the Trusts.

The financial report as at and for the six months ended 31 December 2016 was authorised for issue by the Directors on 21 February 2017.

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 2016 and any ASX announcements issued during the period.

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

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted disclosed in the Group's 2016 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 confirm with changes in presentation in the current period.

At 31 December 2016, the Group recorded a net current asset deficiency of $14,306,000. This deficiency includes retirement village resident loans of $27,471,000. 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.

1. Summary of significant accounting policies (continued)

c. Adoption of 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.

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 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 Group has investment properties with a combined carrying amount of $566,838,000 (30 June 2016: $710,746,000) (refer Note 8), crown finance lease liabilities of $6,234,000 (30 June 2016: $6,363,000) (refer Note 10), other financial liabilities of $5,738,000 (30 June 2016: $NIL) and combined retirement village resident loans of $27,471,000 (30 June 2016: $207,483,000) (refer Note 11) 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, and 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.

2. Accounting estimates and judgements (continued)

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 rights. Refer to Note 13 for assumptions used in determining the fair value.

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 plus the resident's share of any capital gains in accordance with their contracts less any deferred management fee income accrued to date by the Group as operator. The key assumption for calculating 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.

vi. Calculation of deferred management fee ("DMF")

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

b. Critical judgements in applying the entity's accounting policies

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

3. Segment information

a. Description of segments

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

- Ingenia Garden Villages – rental communities;
- Ingenia Lifestyle and Holiday's Operations – lifestyle communities comprising permanent and tourism accommodation;
- Ingenia Lifestyle Development – comprising the development and sale of manufactured homes; and
- Ingenia Settlers – deferred management fee communities.

The Group has identified its operating segments based on the internal reports that are reviewed and used by the chief operating decision maker in assessing performance and determining the allocation of resources. Other parts of the Group are neither an operating segment nor part of an operating segment. Assets that do not belong to an operating segment are described below as "unallocated".

The results of the Group are affected by the seasonality of Lifestyle and Holiday communities. Occupancy rates of tourism cabins are typically higher in the period December through to March each year due to their geographic location and summer holiday months increasing demand for holiday bookings.

Ingenia Communities Holdings Limited
Notes to the Financial Statements (continued)
for the six months ended 31 December 2016

3. Segment information (continued)

b. 31 December 2016

	Lifestyle Operations $'000	Lifestyle Development $'000	Settlers $'000	Garden Villages $'000	Corporate/ Unallocated $'000	Total $'000
(i) Segment revenue						
External segment revenue	24,615	24,850	2,495	14,080	20	66,060
Interest income	-	-	-	-	12	12
Reclassification of gain on revaluation of newly constructed villages	-	-	(633)	-	-	(633)
Total revenue	**24,615**	**24,850**	**1,862**	**14,080**	**32**	**65,439**
(ii) Segment underlying profit						
External segment revenue	24,615	24,850	2,495	14,080	20	66,060
Interest income	-	-	-	-	12	12
Property expenses	(6,524)	(205)	(529)	(4,031)	(321)	(11,610)
Employee expenses	(5,830)	(3,348)	(465)	(3,461)	(2,215)	(15,319)
Administrative expenses	(916)	(316)	(78)	(270)	(1,587)	(3,167)
Operational, marketing and selling expenses	(747)	(858)	(183)	(464)	(553)	(2,805)
Manufactured home cost of sales	-	(16,083)	-	-	-	(16,083)
Service station expenses	(3,019)	-	-	-	-	(3,019)
Finance expense	-	-	-	-	(3,374)	(3,374)
Income tax benefit	-	-	-	-	317	317
Amortisation of intangible assets	(40)	(65)	(9)	(37)	-	(151)
Depreciation expense	(71)	(55)	(6)	(25)	(57)	(214)
Underlying profit/(loss) – continuing operations	**7,468**	**3,920**	**1,225**	**5,792**	**(7,758)**	**10,647**
Reconciliation of underlying profit to profit from continuing operations						
Net foreign exchange loss	-	-	-	-	(157)	(157)
Net loss on disposal of investment property	(812)	-	(7,497)	-	-	(8,309)
Net gain/(loss) on change in fair value of:						
Investment properties	3,633	-	(63)	4,311	-	7,881
Retirement village resident loans	-	-	83	-	-	83
Derivatives	-	-	-	-	270	270
Gain on revaluation of newly constructed villages	-	-	(633)	-	-	(633)
Income tax (expense) associated with reconciliation items	-	-	-	-	(2,135)	(2,135)
Profit from continuing operations per the consolidated statement of comprehensive income	**10,289**	**3,920**	**(6,885)**	**10,103**	**(9,780)**	**7,647**
(iii) Segment assets	**361,927**	**59,924**	**39,420**	**144,179**	**17,956**	**623,406**

Ingenia Communities Holdings Limited
Notes to the Financial Statements (continued)
for the six months ended 31 December 2016

3. Segment information (continued)

c. 31 December 2015

	Lifestyle Operations $'000	Lifestyle Development $'000	Settlers $'000	Garden Villages $'000	Corporate/ Unallocated $'000	Total $'000
(i) Segment revenue						
External segment revenue	19,679	15,359	3,790	13,806	109	52,743
Interest income	-	-	-	-	87	87
Reclassification of gain on revaluation of newly constructed villages	-	-	(608)	-	-	(608)
Total revenue	**19,679**	**15,359**	**3,182**	**13,806**	**196**	**52,222**
(ii) Segment underlying profit						
External segment revenue	19,679	15,359	3,790	13,806	109	52,743
Interest income	-	-	-	-	87	87
Property expenses	(5,530)	-	(830)	(3,980)	(206)	(10,546)
Employee expenses	(4,789)	(2,102)	(681)	(3,201)	(2,097)	(12,870)
Administrative expenses	(490)	(136)	(39)	(590)	(1,300)	(2,555)
Operational, marketing and selling expenses	(228)	(660)	(223)	(476)	(81)	(1,668)
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	-	-	-	-	284	284
Amortisation of intangible assets	-	-	-	(129)	-	(129)
Depreciation expense	(14)	-	-	(39)	(77)	(130)
Underlying profit/(loss) – continuing operations	**5,536**	**1,702**	**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 from continuing operations per the consolidated statement of comprehensive income	**2,259**	**1,702**	**2,725**	**9,338**	**(5,245)**	**10,779**
(iii) Segment assets	**227,348**	**67,192**	**269,287**	**135,036**	**18,128**	**716,991**

d. Impact of seasonality on segment results

The results of the Group are affected by the seasonal impact of Lifestyle and Holidays 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.

Ingenia Communities Holdings Limited
Notes to the Financial Statements (continued)
for the six months ended 31 December 2016

4. Earnings per security

	1H17	1H16
a. Per security		
Profit attributable to securityholders ($'000)	7,647	10,779
Profit from continuing operations ($'000)	7,647	10,779
Weighted average number of securities outstanding (thousands)		
Issued securities	176,211	149,156
Dilutive securities		
Performance quantum rights	-	619
Long-term incentive rights	405	223
Short-term incentive rights	99	36
Weighted average number of issued and dilutive potential securities outstanding (thousands)	**176,715**	**150,034**
Basic earnings per security (cents)	4.3	7.2
Dilutive earnings per security (cents)	4.3	7.2
b. Per security attributable to parent		
Profit/(loss) attributable to securityholders ($'000)	**(907)**	**(1,180)**
Weighted average number of securities outstanding (thousands)		
Issued securities	176,211	149,156
Dilutive securities		
Performance quantum rights	-	619
Long-tern incentive rights	405	223
Short-term incentive rights	99	36
Weighted average number of issued and dilutive potential securities outstanding (thousands)	**176,715**	**150,034**
Basic earnings per security (cents)	(0.5)	(0.8)
Dilutive earnings per security (cents)	(0.5)	(0.8)

5. Revenue

a. Rental income	**1H17 $'000**	**1H16 $'000**
Residential rental income – Garden Villages	12,335	11,972
Residential rental income – Settlers	164	288
Residential rental income – Lifestyle and Holidays	7,072	5,964
Annuals rental income – Lifestyle and Holidays	2,023	1,280
Short-term rental income – Lifestyle and Holidays	10,556	7,840
Commercial rental income – Lifestyle and Holidays	228	223
Total rental income	**32,378**	**27,567**
b. Other property income		
Government incentives	65	71
Commissions and administrative fees	167	406
Ancillary lifestyle park income	413	293
Utility recoveries	572	518
Sundry income	320	293
Total other property income	**1,537**	**1,581**

Ingenia Communities Holdings Limited
Notes to the Financial Statements (continued)
for the six months ended 31 December 2016

6. Finance expense

	1H17 $'000	1H16 $'000
Debt facility interest paid or payable	(3,080)	(2,342)
Deferred consideration interest on acquisitions	(110)	(429)
Finance lease interest paid or payable[1]	(184)	(147)
Total finance expense	**(3,374)**	**(2,918)**

(1) Finance leases relate to certain investment properties and are long term in nature.

7. Inventories

	31 Dec 2016 $'000	30 Jun 2016 $'000
Manufactured homes:		
- Completed	13,641	11,140
- Under construction	11,370	6,331
Service station fuel and supplies	262	194
Total inventories	**25,273**	**17,665**

The manufactured homes balance includes represents 77 completed homes (30 June 2016: 60) and 111 new homes under construction.

8. Investment properties

a. Summary of carrying amounts

	31 Dec 2016 $'000	30 Jun 2016 $'000
Completed properties	472,024	643,454
Properties under development	94,814	67,292
Total carrying amount	**566,838**	**710,746**

b. Individual valuations and carrying amounts

				Carrying amount	
Completed properties	**Purchase Date**	**Latest external valuation**	**External valuation amount $'000**	**31 Dec 2016 $'000**	**30 Jun 2016 $'000**
Ingenia Settlers:					
Cessnock, Cessnock, NSW	Jun-04	Oct-15	6,604	6,797	6,793
Forest Lake, Forest Lake, QLD[1]	Nov-05	Sep-15	16,395	-	16,103
Gladstone, South Gladstone, QLD	Nov-05	Oct-15	12,572	11,081	11,333
Rockhampton, Rockhampton, QLD[1]	Nov-05	Oct-15	14,416	-	14,087
Ridge Estate, Gillieston Heights, NSW[1]	Jul-12	Oct-15	13,078	-	14,887
Lakeside, Ravenswood, WA[1]	Apr-07	Oct-15	75,734	-	77,224
Meadow Springs, Mandurah, WA	Apr-07	Oct-15	21,022	19,678	20,063
Ridgewood Rise, Ridgewood, WA[1]	Apr-07	Oct-15	108,580	-	108,436
			268,401	**37,556**	**268,926**

(1) Asset sold as part of Setters asset sale in October 2016.

Ingenia Communities Holdings Limited
Notes to the Financial Statements (continued)
for the six months ended 31 December 2016

8. Investment properties (continued)

Completed properties	Purchase Date	Latest external valuation	External valuation amount $'000	Carrying amount 31 Dec 2016 $'000	Carrying amount 30 Jun 2016 $'000
Ingenia Garden Villages:					
Brooklyn, Brookfield, VIC	Jun-04	Dec-16	4,550	4,550	4,220
Carey Park, Bunbury, WA	Jun-04	Jun-15	4,300	4,120	4,430
Chatsbury, Goulburn, NSW	Jun-04	Dec-16	4,300	4,300	3,680
Claremont, Claremont, TAS	Jun-04	Dec-16	4,100	4,100	3,360
Coburns, Brookfield, VIC	Jun-04	Dec-16	4,450	4,450	3,940
Devonport, Devonport, TAS	Jun-04	Dec-16	1,750	1,750	1,709
Elphinwood, Launceston, TAS	Jun-04	Dec-16	4,100	4,100	3,970
Hertford, Sebastopol, VIC	Jun-04	Dec-15	3,700	3,870	3,970
Horsham, Horsham, VIC	Jun-04	Jun-15	3,900	3,770	3,960
Jefferis, Bundaberg North, QLD	Jun-04	Jun-15	4,300	4,960	4,420
Oxley, Port Macquarie, NSW	Jun-04	Dec-16	4,900	4,900	4,360
Seascape, Erskine, WA	Jun-04	Dec-15	4,700	5,350	4,920
Seville Grove, Seville Grove, WA	Jun-04	Dec-15	3,900	3,740	3,960
St Albans Park, St Albans Park, VIC	Jun-04	Dec-15	4,950	5,730	5,120
Taloumbi, Coffs Harbour, NSW	Jun-04	Dec-15	4,900	5,200	5,160
Townsend, St Albans Park, VIC	Jun-04	Jun-15	4,400	4,920	4,310
Wheelers, Dubbo, NSW	Jun-04	Dec-16	4,900	4,900	5,130
Yakamia, Yakamia, WA	Jun-04	Jun-15	4,750	4,610	4,880
Taree, Taree, NSW	Dec-04	Dec-16	3,350	3,350	3,300
Glenorchy, Glenorchy, TAS	Jun-05	Dec-15	3,800	4,270	4,110
Grovedale, Grovedale, VIC	Jun-05	Jun-15	4,700	5,370	5,000
Marsden, Marsden, QLD	Jun-05	Dec-16	9,350	9,350	8,970
Swan View, Swan View, WA	Jan-06	Dec-15	7,150	7,490	7,430
Dubbo, Dubbo, NSW	Dec-12	Dec-15	3,800	3,790	3,640
Ocean Grove, Mandurah, WA	Feb-13	Dec-16	3,850	3,850	3,680
Peel River, Tamworth, NSW	Mar-13	Dec-16	4,850	4,850	4,590
Sovereign, Ballarat, VIC	Jun-13	Dec-15	3,150	3,230	3,320
Wagga, Wagga Wagga, NSW	Jun-13	Dec-15	4,250	4,050	4,350
Bathurst, Bathurst, NSW	Jan-14	Dec-16	4,150	4,150	4,340
Launceston, Launceston, TAS	Jan-14	Dec-16	3,400	3,400	3,460
Warrnambool, Warrnambool, VIC	Jan-14	Dec-16	3,050	3,050	2,880
			135,700	**139,520**	**134,569**

Ingenia Communities Holdings Limited
Notes to the Financial Statements (continued)
for the six months ended 31 December 2016

8. Investment properties (continued)

Completed properties	Purchase Date	Latest external valuation	External valuation amount $'000	Carrying amount 31 Dec 2016 $'000	Carrying amount 30 Jun 2016 $'000
Ingenia Lifestyle and Holidays:					
The Grange, Morisset, NSW	Mar-13	Dec-16	12,600	13,543	10,312
Ettalong Beach, Ettalong Beach, NSW(1)	Apr-13	Dec-15	5,788	5,906	5,853
Albury, Lavington, NSW	Aug-13	Jun-16	2,464	2,668	2,464
Nepean River, Emu Plains, NSW	Aug-13	Jun-16	11,000	12,656	11,000
Mudgee Valley, Mudgee, NSW	Sep-13	Jun-16	2,358	2,933	2,358
Mudgee, Mudgee, NSW	Oct-13	Jun-16	4,558	4,558	4,558
Kingscliff, Kingscliff, NSW	Nov-13	Dec-16	12,000	12,000	12,682
Lake Macquarie (Lifestyle), Morisset, NSW	Nov-13	Jun-16	5,108	5,939	5,263
Chain Valley Bay, Chain Valley Bay, NSW	Dec-13	Dec-16	1,500	1,500	-
One Mile Beach, One Mile, NSW(2)	Dec-13	Jun-16	12,492	13,600	12,492
Hunter Valley, Cessnock, NSW	Feb-14	Jun-16	8,033	8,251	8,028
Cessnock, Cessnock, NSW(6)	Feb-14	Dec-14	1,000	-	1,000
Sun Country, Mulwala, NSW	Apr-14	Jun-16	6,981	7,149	7,098
Stoney Creek, Marsden Park, NSW	May-14	Jun-16	13,002	14,887	13,002
Rouse Hill, Rouse Hill, NSW(4)	Jun-14	Jun-15	17,500	17,745	16,465
White Albatross, Nambucca Heads, NSW	Dec-14	Jun-16	26,650	27,569	26,650
Noosa, Tewantin, QLD	Feb-15	Jun-15	13,000	15,834	14,996
Chambers Pines, Chambers Flat, QLD	Mar-15	Dec-15	14,442	17,951	15,457
Lake Macquarie (Holidays), Mannering Park, NSW	Apr-15	Jun-16	7,500	7,600	7,500
Sydney Hills, Dural, NSW	Apr-15	Jun-16	12,201	14,973	13,100
Bethania, Bethania, QLD	Jul-15	Jun-16	1,537	1,806	1,537
Conjola Lakeside, Lake Conjola, NSW	Sep-15	Jun-16	24,000	27,298	24,000
Soldiers Point, Port Stephens, NSW	Oct-15	Jun-16	11,500	11,896	11,500
Lara, Lara, VIC	Oct-15	Jun-16	1,600	1,735	1,610
South West Rocks, South West Rocks NSW(3)	Feb-16	Dec-16	7,380	6,653	4,713
Broulee, Broulee, NSW(3)	Mar-16	Dec-16	6,325	6,373	6,321
Ocean Lake, Ocean Lake, NSW(5)	Aug-16	-	-	9,200	-
Avina Van Village, Vineyard, NSW(5)	Oct-16	-	-	13,225	-
Hervey Bay, Hervey Bay, QLD(5)	Oct-16	-	-	9,500	-
			242,519	**294,948**	**239,959**
Total completed properties			**646,620**	**472,024**	**643,454**

Ingenia Communities Holdings Limited
Notes to the Financial Statements (continued)
for the six months ended 31 December 2016

8. Investment properties (continued)

Properties to be developed	Purchase Date	Carrying amount 31 Dec 2016 $'000	Carrying amount 30 Jun 2016 $'000
Ingenia Lifestyle and Holidays:			
The Grange, Morisset, NSW	Mar-13	1,650	2,516
Albury, Lavington, NSW	Aug-13	3,571	3,426
Mudgee Valley, Mudgee, NSW	Sep-13	700	2,334
Mudgee, Mudgee, NSW	Oct-13	2,249	2,270
Kingscliff, Kingscliff, NSW	Nov-13	515	502
Lake Macquarie (Lifestyle), Morisset, NSW	Nov-13	1,260	648
Chain Valley Bay, Chain Valley Bay, NSW	Dec-13	3,746	5,334
Hunter Valley, Cessnock, NSW	Feb-14	2,698	2,243
Cessnock, Cessnock, NSW(6)	Feb-14	-	556
Sun Country, Mulwala, NSW	Apr-14	1,312	1,519
Stoney Creek, Marsden Park, NSW	May-14	6,272	5,765
Chambers Pines, Chambers Flat, QLD	Mar-15	7,065	8,322
Sydney Hills, Dural, NSW	Apr-15	480	-
Bethania, Bethania, QLD	Jul-15	11,859	11,889
Conjola Lakeside, Lake Conjola, NSW	Sep-15	875	1,416
Lara, Lara, VIC	Oct-15	13,804	13,410
South West Rocks, South West Rocks NSW	Feb-16	4,173	5,142
Avina Van Village, Vineyard, NSW(5)	Oct-16	19,775	-
Latitude One, Port Stephens, NSW(5) (7)	Dec-16	12,810	-
Total properties to be developed		**94,814**	**67,292**
Total investment properties		**566,838**	**710,746**

(1) Ettalong Beach 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) Land component is leased from the Crown and is recognised as investment property with an associated finance lease.

(4) Rouse Hill has been valued on a highest and best use basis as a medium density residential development.

(5) Held at purchase price plus any subsequent and supportable capital expenditure in accordance with accounting policy.

(6) Cessnock Lifestyle and Holidays was sold in December 2016.

(7) Latitude One is carried at purchase price exclusive of obligations assumed at acquisition which are recorded separately as liabilities.

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.

Ingenia Communities Holdings Limited
Notes to the Financial Statements (continued)
for the six months ended 31 December 2016

8. Investment properties (continued)

c. Movements in carrying amounts

	31 Dec 2016 $'000	30 Jun 2016 $'000
Carrying amount at beginning of the period	710,746	539,728
Acquisitions	69,828	81,536
Expenditure capitalised	11,574	19,946
Disposals	(224,652)	-
Net transfer from/(to) inventory	(230)	442
Net (loss) on disposal of Investment properties	(8,309)	-
Net gain on change in fair value	7,881	7,496
Transferred from assets held for sale	-	61,598
Carrying amount at end of the period	**566,838**	**710,746**

Fair value hierarchy disclosures for investment properties have been provided in Note 15(a).

d. Reconciliation of fair value

	Garden Villages $'000	Settlers $'000	Lifestyle and Holidays $'000	Total $'000
Carrying amount at 1 July 2016	134,569	268,926	307,251	710,746
Acquisitions	-	-	69,828	69,828
Expenditure capitalised	640	118	10,816	11,574
Disposals	-	(223,908)	(744)	(224,652)
Net transfer (to) inventory	-	-	(230)	(230)
Net loss on disposal of investment properties	-	(7,497)	(812)	(8,309)
Net gain/(loss) on change in fair value[1]	4,311	(83)	3,653	7,881
Carrying amount at 31 December 2016	**139,520**	**37,556**	**389,762**	**566,838**

(1) Includes $5.4 million of transaction costs written off in relation to the Lifestyle and Holidays acquisitions that occurred during the period.

9. Trade and other payables

	31 Dec 2016 $'000	30 Jun 2016 $'000
Current liabilities		
Trade payables and accruals	14,384	11,846
Deposits	5,660	2,841
Other unearned income	1,421	1,670
Deferred acquisition consideration	3,000	8,500
Total current liabilities	**24,465**	**24,857**
Non-current liabilities		
Deferred acquisition consideration	-	6,770

10. Borrowings

	31 Dec 2016 $'000	30 Jun 2016 $'000
Current liabilities		
Finance leases	514	497
Non-current liabilities		
Bank debt	126,946	99,100
Prepaid borrowing costs	(1,141)	(1,373)
Finance leases	5,720	5,866
Total non-current borrowings	**131,525**	**103,593**

Ingenia Communities Holdings Limited
Notes to the Financial Statements (continued)
for the six months ended 31 December 2016

10. Borrowings (continued)

a. Bank debt

The total $224.0 million multi-lateral debt facility is with two Australian banks. The facility maturity dates are:

- 12 February 2018 ($100.0 million); and
- 12 February 2020 ($124.0 million)

As at 31 December 2016 the facility has been drawn to $126.9 million (30 June 2016: $99.1 million). The carrying value of investment property net of resident liabilities at reporting date for the Group's Australian properties pledged as security is $469.4 million (30 June 2016: $470.3 million).

b. Bank guarantees

The Group has the ability to utilise its bank facility to provide bank guarantees which were $13.8 million at 31 December 2016 (30 June 2016: $26.2 million).

11. Retirement village resident loans

	31 Dec 2016 $'000	30 Jun 2016 $'000
(a) Summary of carrying amounts		
Gross resident loans	30,355	240,473
Accrued deferred management fee	(2,884)	(32,990)
Net resident loans	**27,471**	**207,483**
(b) Movement in carrying amounts		
Carrying amount at beginning of period	207,483	161,878
Net (gain)/loss on change in fair value of resident loans	(83)	1,388
Accrued deferred management fee income	(1,565)	(4,222)
Deferred management fee cash collected	285	1,211
Proceeds from resident loans	2,706	11,056
Repayment of resident loans	(1,289)	(5,757)
Transfer from liabilities held for sale	-	42,041
Disposal of villages	(180,283)	-
Other	217	(112)
Carrying amount at end of period	**27,471**	**207,483**

Fair value hierarchy disclosures for retirement village resident loans have been provided in Note 15.

12. Issued securities

a. Carrying values

	31 Dec 2016 $'000	30 Jun 2016 $'000
At beginning of period	722,670	657,214
Issued during the year:		
Distribution Reinvestment Plan (DRP)	3,342	3,344
Vested PQRs	1,408	64,355
Security Purchase Plan	8,461	-
Institutional placement and rights issue costs	(385)	(2,243)
At end of period	**735,496**	**722,670**
The closing balance is attributable to the securityholders of:		
Ingenia Communities Holdings Limited	9,634	9,492
Ingenia Communities Fund	691,175	679,161
Ingenia Communities Management Trust	34,687	34,017
	735,496	**722,670**

12. Issued securities (continued)

b. Number of issued securities

	31 Dec 2016 Thousands	30 Jun 2016 Thousands
At beginning of period	172,155	147,118
Issued during the year:		
Performance quantum rights	675	640
Distribution reinvestment plan	1,198	2,968
Security Purchase Plan	3,023	-
Institutional placement and rights issue	-	21,429
At end of period	**177,051**	**172,155**

c. Term of Securities

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

13. 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 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 50% deferred equity element linked to earnings growth sustainability.

The deferred expense for conditional STIP rights recognised for the period is $171,289 (2016: $123,988) 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 are reliably measured, being 1 October 2017.

The fair value of the STIP rights issued during the period was estimated using a Binomial model. The STIP rights' fair values and underlying assumptions were:

Grant Date	**1-Oct-16**
Security price at grant date	$2.81
30 day Volume Weighted Average Price (VWAP) at start of performance period	$2.83
Expected remaining life at grant date (years)	1.0
Risk-free interest rate at grant date	1.55%
Share price volatility	50%

13. Share based payments (continued)

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 Industrial Index, and contributes 70%, whilst ROE benchmarked against internal targets, and contributes 30%. Payment of LTIP rights is in equity, in order to increase alignment with security holders interests.

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

During the period, 248,433 LTIP rights 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 2019). The measurement period for the rights is 1 October 2016 to 30 September 2019. One right equates to one security in the Group.

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

Grant Date	**1-Oct-16**	**15-Nov-16**
Security price at grant date	$2.81	$2.80
30 day Volume Weighted Average Price (VWAP) at start of performance period	$2.83	$2.74
Expected remaining life at grant date (years)	3.0	2.9
Risk-free interest rate at grant date	1.52%	1.84%
Distribution yield	4.17% (FY17) 4.97% (FY18) 5.43% (FY19)	4.17% (FY17) 4.97% (FY18) 5.43% (FY19)
INA share price volatility	30%	30%
Index volatility	15%	15%
LTIP right fair value (TSR hurdle)	$1.40	$1.35
LTIP right fair value (ROE hurdle)	$2.47	$2.39
Weighted Average LTIP fair value	$1.72	$1.44

The fair value of the rights is expensed on a straight-line basis over the vesting period as an employee expense with a corresponding increase in reserves. The expense recognised for the period was $177,177 (2016: $411,000).

14. 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 assets 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 remeasured 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 tables.	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 15.

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

Ingenia Communities Holdings Limited
Notes to the Financial Statements (continued)
for the six months ended 31 December 2016

15. 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 2016	**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 2016 Refer Note 8	**566,838**	-	-	566,838
Other financial assets	31 Dec 2016	**2,263**	-	-	2,263
30 June 2016					
Investment properties	30 Jun 2016 Refer Note 8	**710,746**	-	-	710,746

b. Liabilities measured at Fair Value		Fair value measurement using:			
31 December 2016	**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**
Retirement village resident loans	31 Dec 2016 Refer Note 11	**27,471**	-	-	27,471
Other financial liabilities	31 Dec 2016	**5,738**	-	-	5,738
Derivatives	31 Dec 2016	**137**	-	137	-
30 June 2016					
Retirement village resident loans	30 Jun 2016 Refer Note 11	**207,483**	-	-	207,483
Derivatives	30 Jun 2016	**408**	-	408	-

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

16. Subsequent events

a. Acquisition of Palms Oasis

On 16 January 2017, the Group completed the acquisition of Palms Oasis Holiday Park located at Blueys Beach on the NSW Mid-North Coast. The purchase price of this acquisition is $7.5 million (excluding transaction costs).

b. Acquisition of 31 Radke Road

On 27 January 2017, the Group completed the acquisition of 31 Radke Road Bethania for a purchase price of $1.7 million. This land is adjacent to Ingenia Lifestyle Bethania and allows for further expansion of this development site.

c. Acquisition of Cairns Coconut

On 16 February 2017, the Group signed an unconditional agreement to purchase the Cairns Coconut Holiday Park located in Far North Queensland for $50.0 million.

d. Amended debt facility

On 17 February 2017, the Group completed the renegotiation of the debt facility. The tranche previously expiring in February 2018 was extended for a further four years and an additional lender (Westpac) was added to the facility along with a further $76 million capacity, thereby increasing the total facility limit to $300 million.

e. 1H17 interim distribution

On 21 February 2017, the Directors of the Group resolved to declare a 1H17 interim distribution of 5.1 cps (1H16: 4.2cps) amounting to $9,029,622 to be paid on 15 March 2017. The distribution is 28% tax deferred and the distribution reinvestment plan will be in operation for this 1H17 distribution.

Ingenia Communities Holdings Limited
Directors' Declaration
for the six months ended 31 December 2016

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 2016 are in accordance with the *Corporations Act 2001* including:

      i. giving a true and fair view of the Group's financial position as at 31 December 2016 and of its 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 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
21 February 2017

Building a better
working world

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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 2016, 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 2016 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 2016 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
21 February 2017

INGENIA COMMUNITIES FUND

AND

INGENIA COMMUNITIES MANAGEMENT TRUST

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2016

www.ingeniacommunities.com.au

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

Contents

Ingenia Communities Fund and Ingenia Communities Management Trust
Directors' Report
For the six months ended 31 December 2016

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 Trusts in this report.

The Directors' Report is a combined Directors' Report that covers the Trusts for the half-year ended 31 December 2016 (the current period).

1. Directors

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

Non-Executive Directors (NEDs)

Jim Hazel (Chairman)
Robert Morrison (Deputy Chairman)
Philip Clark AM
Amanda Heyworth
Norah Barlow ONZM (resigned, effective 15 November 2016)

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 lifestyle and holiday communities across Australia. Its real estate assets are valued on a net basis at $533.0 million at 31 December 2016 ($496.8 million at 30 June 2016), being 29 lifestyle and holiday communities (Ingenia Lifestyle and Holidays), 31 rental communities (Ingenia Garden Villages) and three Settlers villages (Ingenia Settlers). The Group is in the ASX 300 with a market capitalisation of approximately $467.0 million at 31 December 2016.

The Group's vision is to create Australia's best lifestyle communities offering affordable permanent and holiday rental accommodation with a focus on the seniors demographic. The Board is committed to delivering continued earnings and security price growth to securityholders and providing a supportive community environment to both its permanent residents and holidaymakers.

2. Operating and financial review (continued)

b. Strategy

The strategies of ICF and ICMT are aligned with the Group's strategy to accelerate the development and operation of Lifestyle and Holiday communities coupled with enhancing the operational performance of its asset base by growing revenue streams and effective cost management.

Using a disciplined investment framework, the Group plans to acquire further lifestyle and holiday communities and recycle capital from lower yielding assets into accretive opportunities. In line with this strategy, five Settlers' assets were sold in October 2016 to the Forum Group. The Group retains a 15% share in these assets and operates them on behalf of the Forum Group and in return receives a management fee.

A key element to achieving growth is efficient capital management. Subsequent to half-year end the Group executed a renewed debt facility for the tranche that was due to expire in February 2018. The new facility includes, an additional lender, extends the facility by four years and increases the facility by $76 million to $300 million. At 31 December 2016, the facility was drawn to $140.7 million (including bank guarantees), which represents a loan to value ratio ("LVR") of 27.5%. LVR is below our target range of 30-35% at 31 December 2016 following the temporary application of proceeds from the sale of five Settlers' assets. These funds will be deployed into acquisition opportunities, which will move the LVR back into the target range.

The development and sale of new lifestyle homes is a key priority. In FY17 the Group is targeting the sale and development of 190+ new homes and is forecasting 260+ new homes for the 2018 financial year.

The key immediate business priorities of the Group are:

- Accelerating the delivery and sale of new lifestyle community homes, with a focus on East Coast metro and coastal locations;
- Acquiring additional Lifestyle and Holiday communities and building out the Group's development pipeline;
- Growing occupancy and average room rates for holiday rental accommodation;
- Gradually growing cash yields from the Ingenia Garden Villages portfolio through revenue optimisation and disciplined cost management; and
- Continuing to assess yield across its portfolio to ensure optimum return on investment, including by investing in existing assets and divesting non-core and regional assets.

c. 1H17 Financial Results

Significant investment in lifestyle and holiday communities continued during 1H17.

The Group developed and sold 82 turnkey homes (1H16: 53 homes) and grew rental income from permanent, annual and tourism clients to $19.7 million (up from $15.1 million).

In October 2016, the Group disposed of five of the eight Settlers' assets. This provided a cash inflow of $41 million. Proceeds from the sale of the five assets within the Settlers' portfolio are being deployed into acquiring Lifestyle and Holiday parks.

During the period, the Group settled on the acquisition of Avina Van Village (Sydney), Hervey Bay (Queensland), Ocean Lake (NSW South Coast) and Latitude One (NSW Mid North Coast). Following 31 December, the Group has settled the acquisition of Palms Oasis and the land located adjacent to Ingenia Lifestyle Bethania and entered into a contract to acquire the Cairns Coconut Holiday Park.

Ingenia Garden Villages grew occupancy to a record 91.4% at the end of the period and continues to deliver recurring income to the Group.

2. Operating and financial review (continued)

d. Key Metrics

- Net loss (continuing operations) after tax for the year for ICF of $17.4 million, largely driven by the loss on sale of Settlers assets (2016: $11.7 million profit).
- Net profit (continuing operations) after tax for the year for ICMT of $19.7 million (2016: $0.3 million profit).
- 1H17 distribution of 5.1 cents per unit by ICF, nil from ICMT.

e. Capital Management

The Group adopts a prudent and considered approach to capital management. Subsequent to 31 December 2016, the Group strengthened its capital position by negotiating a $76 million increase to its multilateral debt facility. The Group has interest rate hedges in place covering 35% of drawn debt at 31 December 2016, increasing to 42% of debt drawn as at the date of this report.

As at 31 December 2016, the current LVR is 27.5%, which is below our target LVR of 30-35%. Once the Group deploys the proceeds from the sale of the five Settlers assets and debt into further lifestyle communities, the LVR will move back within the target range.

f. Distributions

On 23 August 2016, the Directors of ICF declared a final distribution for 2016 of 5.1 cents per unit (cpu), amounting to $8,964,628 which was paid on 14 September 2016. The distribution was 41.8% tax deferred and the distribution reinvestment plan was in place.

g. Outlook

The Trusts are well positioned to continue growing their lifestyle communities business with a significant and accretive acquisition pipeline in place and significant debt capacity. Further accelerated growth in sales and settlements volumes is expected in FY17 as further projects are launched.

The Trusts will continue to regularly assess the performance of its existing assets and where appropriate recycle that 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 or disposed of during the year, Note 8 for details of Australian debt refinanced and Note 10 for issued units.

4. Subsequent Events

a. Acquisition of Palms Oasis

On 16 January 2017, ICMT completed the acquisition of Palms Oasis Holiday Park located at Blueys Beach on the NSW Mid - North Coast. The purchase price of this acquisition is $7.5 million (excluding transaction costs).

b. Acquisition of 31 Radke Road

On 27 January 2017, ICMT completed the acquisition of 31 Radke Road Bethania for a purchase price of $1.7 million. This land is directly adjacent to the Ingenia Lifestyle Bethania and allows for further expansion of this development site.

c. Acquisition of Cairns Coconut

On 16 February 2017, ICMT signed an unconditional agreement to purchase the Cairns Coconut Holiday Park located in Far North Queensland for $50.0 million.

4. Subsequent Events (continued)

d. Amended debt facility

On 17 February 2017, the Group completed the renegotiation of the debt facility. The tranche previously expiring in February 2018 was extended for a further four years, add an additional lender was added to the facility along with a further $76 million capacity, thereby increasing the total facility limit to $300 million.

e. 1H17 interim distribution

On 21 February 2017, the Directors of ICF resolved to declare a 1H17 interim distribution of 5.1 cpu (1H16: 4.2cpu) amounting to $9,029,622 to be paid on 15 March 2017. The distribution is 28% tax deferred and the distribution reinvestment plan will be in operation for this 1H17 distribution.

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
21 February 2017

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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 2016, 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
21 February 2017

Ingenia Communities Fund and Ingenia Communities Management Trust
Consolidated Statements of Comprehensive Income
For the six months ended 31 December 2016

	Note	Ingenia Communities Fund 1H17 $'000	Ingenia Communities Fund 1H16 $'000	Ingenia Communities Management Trust 1H17 $'000	Ingenia Communities Management Trust 1H16 $'000
Continuing operations					
Revenue					
Rental income		4,551	4,551	32,378	27,567
Accrued deferred management fee income	9(b)	-	-	1,565	2,521
Manufactured home sales		-	-	24,732	15,359
Catering income		-	-	1,608	1,656
Service station sales		-	-	3,607	3,451
Other property income		-	-	1,537	1,581
Interest income		9,741	6,277	2	9
Total Revenue		**14,292**	**10,828**	**65,429**	**52,144**
Expenses					
Property expenses		(502)	(181)	(16,418)	(14,889)
Employee expenses		-	-	(13,012)	(10,985)
Administrative expenses		(139)	(100)	(1,750)	(1,325)
Operational, marketing and selling expenses		-	-	(2,707)	(1,586)
Cost of manufactured homes		-	-	(16,083)	(10,759)
Service station expenses		-	-	(3,019)	(3,092)
Finance expenses		(2,910)	(2,225)	(9,803)	(6,766)
Net foreign exchange (loss)/gain		(159)	176	2	35
Net (loss)/gain on disposal of investment properties		(33,702)	-	19,701	(4)
Net gain/(loss) on change in fair value of:					
- Investment properties	6(b)	6,788	4,183	1,093	(1,077)
- Derivatives		270	(6)	-	-
- Retirement village resident loans	9(b)	-	-	83	(812)
Depreciation expense		(12)	(12)	(156)	(129)
Amortisation of intangible assets		-	-	(151)	(53)
Responsible Entity's fees and expenses		(1,297)	(957)	(1,482)	(1,314)
Profit/(loss) from continuing operations before income tax		**(17,371)**	**11,706**	**21,727**	**(612)**
Income tax (expense)/benefit		-	-	(1,987)	865
Profit/(loss) from continuing operations		(17,371)	11,706	19,740	253
Loss from discontinued operations [(1)]		-	(3,874)	-	-
Net profit/(loss) for the period		**(17,371)**	**7,832**	**19,740**	**253**
Other comprehensive income, net of income tax		-	-	-	-
Total Comprehensive income for the period, net of income tax		**(17,371)**	**7,832**	**19,740**	**253**
(Loss)/Profit attributable to unitholders of:					
Ingenia Communities Fund		(17,371)	7,832	-	3
Ingenia Communities Management Trust		-	-	19,740	250
		(17,371)	**7,832**	**19,740**	**253**
Total Comprehensive Income attributable to unitholders of:					
Ingenia Communities Fund		(17,371)	7,832	-	3
Ingenia Communities Management Trust		-	-	19,740	250
		(17,371)	**7,832**	**19,740**	**253**

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

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Ingenia Communities Fund and Ingenia Communities Management Trust
Consolidated Statements of Comprehensive Income
For the six months ended 31 December 2016

		Ingenia Communities Fund		Ingenia Communities Management Trust	
	Note	**1H17 Cents**	**1H16 Cents**	**1H17 Cents**	**1H16 Cents**
Distributions per unit [1]		5.1	4.2	-	-
Earnings per unit					
Basic earnings	4	(9.9)	5.3	11.2	0.2
Diluted earnings	4	(9.8)	5.2	11.2	0.2

[1] Distributions relate to the final distribution paid for the previous reporting period. An interim distribution of 5.1 cents for the current reporting period was declared by Ingenia Communities Fund on 21 February 2017 to be paid on 15 March 2017.

Ingenia Communities Fund and Ingenia Communities Management Trust
Consolidated Balance Sheets
As at 31 December 2016

		Ingenia Communities Fund		Ingenia Communities Management Trust	
	Note	**31 Dec 2016 $'000**	**30 Jun 2016 $'000**	**31 Dec 2016 $'000**	**30 Jun 2016 $'000**
Current assets					
Cash and cash equivalents		3,160	8,329	4,844	6,621
Trade and other receivables		754	2,599	5,799	6,684
Inventories	5	-	-	25,273	17,665
Income tax receivable		19	-	19	19
Total current assets		3,933	10,928	35,935	30,989
Non-current assets					
Trade and other receivables		10,246	31,818	300	300
Receivable from related party		337,578	285,972	-	-
Investment properties	6	152,141	162,795	414,697	547,951
Plant and equipment		87	103	1,330	1,018
Other financial assets		773	-	1,490	-
Intangibles		-	2	2,037	1,962
Deferred tax asset		-	-	5,097	7,084
Total non-current assets		500,825	480,690	424,951	558,315
Total assets		504,758	491,618	460,886	589,304
Current liabilities					
Trade and other payables	7	960	1,266	22,760	22,168
Borrowings	8	-	-	514	2,962
Retirement village resident loans	9	-	-	27,471	207,483
Employee liabilities		-	-	1,233	1,164
Interest rate swaps		118	121	-	-
Total current liabilities		1,078	1,387	51,978	233,777
Non-current liabilities					
Other payables	7	-	-	-	6,770
Payable to related party		-	-	343,604	288,769
Borrowings	8	125,805	97,764	14,025	34,905
Other financial liabilities		-	-	5,738	-
Employee liabilities		-	-	275	227
Interest rate swaps		19	287	-	-
Total non-current liabilities		125,824	98,051	363,642	330,671
Total liabilities		126,902	99,438	415,620	564,448
Net assets		377,856	392,180	45,266	24,856
Equity					
Issued units	10	691,175	679,161	34,687	34,017
Accumulated (losses)/profits		(313,319)	(286,981)	11,279	(8,461)
Unitholders' interest		377,856	392,180	45,966	25,556
Non-controlling interest		-	-	(700)	(700)
Total Equity		377,856	392,180	45,266	24,856
Attributable to unitholders of:					
Ingenia Communities Fund		377,856	392,180	(700)	(700)
Ingenia Communities Management Trust		-	-	45,966	25,556
		377,856	392,180	45,266	24,856

Ingenia Communities Fund and Ingenia Communities Management Trust
Consolidated Cash Flow Statements
For the six months ended 31 December 2016

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	1H17 $'000	**1H16 $'000**	**1H17 $'000**	**1H16 $'000**
Cash flows from operating activities				
Rental and other property income	-	-	39,229	36,443
Property and other expenses	(452)	(408)	(29,177)	(23,456)
Proceeds from resident loans	-	-	2,706	4,826
Repayment of resident loans	-	-	(1,289)	(3,475)
Proceeds from sale of manufactured homes	-	-	24,964	17,547
Purchase of manufactured homes	-	-	(21,447)	(14,008)
Proceeds from sale of service station inventory	-	-	3,607	3,451
Purchase of service station inventory	-	-	(3,273)	(3,199)
Interest received	9	79	1	9
Borrowing costs paid	(2,710)	(1,860)	(149)	(748)
Income tax received	-	-	138	4
	(3,153)	**(2,189)**	**15,310**	**17,394**
Cash flows from investing activities				
Purchase and additions of plant and equipment	-	(2)	(576)	(271)
Purchase and additions of intangible assets	-	-	(131)	(324)
Payments for investment properties	-	-	(75,121)	(65,567)
Additions to investment properties	(1,428)	(763)	(10,659)	(5,499)
Proceeds/(costs) from sale of investment properties	-	(36)	41,303	(13)
Amounts received from villages	-	-	-	24
	(1,428)	**(801)**	**(45,184)**	**(71,650)**
Cash flows from financing activities				
Proceeds from issue of stapled securities	11,260	5,106	445	1,015
Payments for unit issue costs	(393)	(72)	-	(21)
Finance lease payments	-	-	(321)	(58)
Distributions to unit holders	(8,926)	(6,197)	-	-
Payments for debt issue costs	(204)	(343)	-	-
(Advanced to)/proceeds from borrowings with related parties	(30,194)	(55,241)	27,964	51,271
Proceeds from borrowings	64,846	60,430	-	-
Repayment of borrowings	(37,000)	(3,430)	-	-
	(611)	**253**	**28,088**	**52,207**
Net (decrease) in cash and cash equivalents	**(5,192)**	**(2,737)**	**(1,786)**	**(2,049)**
Cash and cash equivalents at the beginning of the period	8,329	8,966	6,621	6,094
Effects of exchange rate fluctuation on cash held	23	46	9	26
Cash and cash equivalents at the end of the period	**3,160**	**6,275**	**4,844**	**4,071**

Ingenia Communities Fund and Ingenia Communities Management Trust
Consolidated Statements of Changes in Unitholders' Interest
For the six months ended 31 December 2016

		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 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		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 2016		679,161	-	(286,981)	392,180	-	392,180
Net (loss) for the period		-	-	(17,371)	(17,371)	-	(17,371)
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the period		**-**	**-**	**(17,371)**	**(17,371)**	**-**	**(17,371)**
Transactions with unitholders in their capacity as unitholders:							
Issue of units	10(a)	12,014	-	-	12,014	-	12,014
Distributions paid or payable		-	-	(8,967)	(8,967)	-	(8,967)
Carrying amount at 31 December 2016		**691,175**	**-**	**(313,319)**	**377,856**	**-**	**377,856**

Ingenia Communities Fund and Ingenia Communities Management Trust
Consolidated Statements of Changes in Unitholders' Interest
For the six months ended 31 December 2016

		Ingenia Communities Management Trust					
	Note	Issued Capital $'000	Reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interest [1] $'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		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 2016		34,017	-	(8,461)	25,556	(700)	24,856
Net profit/(loss) for the period		-	-	19,740	19,740	-	19,740
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the period		**-**	**-**	**19,740**	**19,740**	**-**	**19,740**
Transactions with unitholders in their capacity as unitholders:							
Issue of units	10(a)	670	-	-	670	-	670
Distributions paid or payable		-	-	-	-	-	-
Carrying amount at 31 December 2016		**34,687**	**-**	**11,279**	**45,966**	**(700)**	**45,266**

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

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.

The financial reports as at and for the period ended 31 December 2016 was authorised for issue by the Directors on 21 February 2017.

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 2016 and any ASX announcements issued during the period.

As permitted by Instrument 2015/838, 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 Trusts' 2016 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 to changes in presentation in the current period.

As at 31 December 2016, ICMT recorded a net current asset deficiency of $16,043,000. This deficiency includes retirement village resident loans of $27,471,000. Resident loan obligations of the Trusts are classified as current liabilities due to the demand feature of these obligations despite the unlikely possibility that the majority of the loans will be settled within the next twelve months. Furthermore, if required, the proceeds from new resident loans could be used by the Trusts to settle its existing loan obligations should those incumbent residents vacate their units. Accordingly, there are reasonable grounds to believe that ICMT will be able to pay its debts as and when they become due and payable; and the financial report of ICMT has been prepared on a going concern basis.

1. Summary of significant accounting policies (continued)

c. Adoption of 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 Trusts during the period.

2. Accounting estimates and judgements

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

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

a. Critical accounting estimates and assumptions

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

i. Valuation of investment property

The Trusts have investment properties with a combined carrying amount of $566,838,000 (2016: $710,746,000) (refer Note 6), crown lease liabilities of $6,234,000 (30 June 2016: $6,363,000), other financial liabilities of $5,738,000 (30 June 3016: Nil) and combined retirement village resident loans of $27,471,000 (2016: $207,483,000) (refer Note 9) which together represent the estimated fair value of the Trusts' property businesses.

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 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 Trusts' property.

ii. Valuation of inventories

The Trusts have 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, and 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.

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 plus the resident's share of any capital gains in accordance with their contracts less any deferred management fee income accrued to date by the operator. The key assumption 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.

v. Calculation of deferred management fee ("DMF")

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

b. Critical judgements in applying the entity's accounting policies

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

3. Segment information

a. Description of segments

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

- Ingenia Garden Villages – rental communities;
- Ingenia Settlers – deferred management fee communities; and
- Ingenia Lifestyle and Holidays – lifestyle communities comprising permanent and tourism accommodation and the development and sale of manufactured homes.

The Trusts have identified their operating segments based on the internal reports that are reviewed and used by the chief operating decision maker in assessing performance and in determining the allocation of resources. Other parts of the Trusts are neither an operating segment nor part of an operating segment. Assets that do not belong to an operating segment are described below as "unallocated".

Ingenia Communities Fund and Ingenia Communities Management Trust
Notes to the Financial Statements (continued)
For the six months ended 31 December 2016

3. Segment information (continued)

b. Ingenia Communities Fund – 31 December 2016

	Lifestyle and Holidays $'000	Settlers $'000	Garden Villages $'000	Corporate/ Unallocated $'000	Total $'000
(i) Segment revenue					
External segment revenue	192	-	4,359	-	4,551
Interest income	-	-	-	9,741	9,741
Total revenue	192	-	4,359	9,741	14,292
(ii) Segment underlying profit					
External segment revenue	192	-	4,359	-	4,551
Interest income	-	-	-	9,741	9,741
Property expenses	-	-	(4)	(498)	(502)
Administrative expenses	-	-	-	(139)	(139)
Finance expense	-	-	-	(2,910)	(2,910)
Depreciation expense	-	-	-	(12)	(12)
Underlying profit – continuing operations	192	-	4,355	6,182	10,729
Reconciliation of underlying profit to profit from continuing operations					
Net foreign exchange loss	-	-	-	(159)	(159)
Net (loss) on disposal of investment property	-	(28,010)	-	(5,692)	(33,702)
Net gain on change in fair value of:					
Investment properties	2,477	-	4,311	-	6,788
Derivatives	-	-	-	270	270
Responsible Entity fees	-	-	-	(1,297)	(1,297)
Profit from continuing operations per the consolidated statement of comprehensive income	2,669	(28,010)	8,666	(696)	(17,371)
(iii) Segment assets	10,465	10,460	139,519	344,314	504,758

c. Ingenia Communities Fund – 31 December 2015

	Lifestyle and Holidays $'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)
Administrative expenses	-	-	-	(100)	(100)
Finance expense	-	-	-	(2,225)	(2,225)
Depreciation expense	-	-	-	(12)	(12)
Underlying profit – 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

3. Segment information (continued)

d. Ingenia Communities Management Trust – 31 December 2016

	Lifestyle and Holidays $'000	Settlers $'000	Garden Villages $'000	Corporate/ Unallocated $'000	Total $'000
(i) Segment revenue					
External segment revenue	49,465	2,495	14,080	20	66,060
Interest income	-	-	-	2	2
Reclassification of gain on revaluation of newly constructed villages	-	(633)	-	-	(633)
Total revenue	49,465	1,862	14,080	22	65,429
(ii) Segment underlying profit					
External segment revenue	49,465	2,495	14,080	20	66,060
Interest income	-	-	-	2	2
Property expenses	(6,729)	(529)	(8,385)	(775)	(16,418)
Employee expenses	(9,178)	(465)	(3,461)	92	(13,012)
Administrative expenses	(1,232)	(78)	(270)	(170)	(1,750)
Operational, marketing and selling expenses	(1,605)	(183)	(464)	(455)	(2,707)
Manufactured home cost of sales	(16,083)	-	-	-	(16,083)
Service station expenses	(3,019)	-	-	-	(3,019)
Finance expense	-	-	-	(9,803)	(9,803)
Income tax benefit	-	-	-	148	148
Amortisation of intangible assets	(105)	(9)	(37)	-	(151)
Depreciation expense	(125)	(6)	(25)	-	(156)
Underlying profit/(loss) – continuing operations	11,389	1,225	1,438	(10,941)	3,111
Reconciliation of underlying profit to profit from continuing operations					
Net foreign exchange loss	-	-	-	2	2
Net gain/(loss) on disposal of investment property	(812)	20,513	-	-	19,701
Net gain/(loss) on change in fair value of:					
Investment properties	1,156	(63)	-	-	1,093
Retirement village resident loans	-	83	-	-	83
Loss on revaluation of newly constructed villages	-	(633)	-	-	(633)
Responsible Entity fees	-	-	-	(1,482)	(1,482)
Income tax (expense) associated with reconciliation items	-	-	-	(2,135)	(2,135)
Profit from continuing operations per the consolidated statement of comprehensive income	11,733	21,125	1,438	(14,556)	19,740
(iii) Segment assets	411,386	37,263	4,660	7,577	460,886

3. Segment information (continued)

e. Ingenia Communities Management Trust – 31 December 2015

	Lifestyle and Holidays $'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
Reclassification of gain on revaluation of newly 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)
Administrative 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 loss	-	-	-	35	35
Net gain/(loss) 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)
Loss 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

4. Earnings per unit

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	1H17	**1H16**	**1H17**	**1H16**
Profit/(loss) from continuing operations($'000)	(17,371)	11,706	19,740	253
Profit/(loss) from discontinued operations ($'000)	-	(3,874)	-	-
Net (loss)/profit for the period ($'000)	(17,371)	7,832	19,740	253
Weighted average number of units outstanding (thousands)				
Issued units	176,211	149,156	176,211	149,156
Dilutive units				
Performance quantum rights	-	619	-	619
Long-term incentive rights	405	223	405	223
Short-term incentive rights	99	36	99	36
Weighted average number of issued and dilutive potential units outstanding (thousands)	176,715	150,034	176,715	150,034
Basic earnings per unit from continuing operations (cents)	(9.9)	7.8	11.2	0.2
Basic earnings per unit from discontinued operations (cents)	n/a	(2.5)	n/a	n/a
Basic earnings per unit (cents)	(9.9)	5.3	11.2	0.2
Dilutive earnings per unit from continuing operations (cents)	(9.8)	7.8	11.2	0.2
Dilutive earnings per unit from discontinued operations (cents)	n/a	(2.6)	n/a	n/a
Dilutive earnings per unit (cents)	(9.8)	5.2	11.2	0.2

5. Inventories

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	31 Dec 2016 $'000	**30 Jun 2016 $'000**	**31 Dec 2016 $'000**	**30 Jun 2016 $'000**
Carrying values:				
Manufactured homes:				
- Completed	-	-	13,641	11,140
- Under construction	-	-	11,370	6,331
Service station fuel and supplies	-	-	262	194
Total Inventories	-	-	25,273	17,665

The manufactured homes balance includes represents 77 completed homes (30 June 2016: 60) and 111 new homes under construction.

Ingenia Communities Fund and Ingenia Communities Management Trust
Notes to the Financial Statements (continued)
For the six months ended 31 December 2016

6. Investment properties

a. Summary of carrying amounts

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	31 Dec 2016 $'000	**30 Jun 2016 $'000**	**31 Dec 2016 $'000**	**30 Jun 2016 $'000**
Completed properties	152,141	162,795	319,883	482,456
Properties under development	-	-	94,814	65,495
Total investment properties	152,141	162,795	414,697	547,951

b. Movements in carrying amounts

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	31 Dec 2016 $'000	**30 Jun 2016 $'000**	**31 Dec 2016 $'000**	**30 Jun 2016 $'000**
Investment properties				
Carrying amount at beginning of period	162,795	153,434	547,951	386,294
Acquisitions	-	-	69,828	81,536
Expenditure capitalised	878	1,451	10,696	18,495
Disposals	-	-	(224,652)	-
Net transfer from/(to) inventory	-	242	(230)	200
Net gain/(loss) on disposal of investment properties	(28,010)	-	19,701	-
Transfer of cross staple lease	9,690	-	(9,690)	-
Net gain/(loss) on change in fair value	6,788	7,668	1,093	(172)
Transferred from assets held for sale	-	-	-	61,598
Total investment properties	152,141	162,795	414,697	547,951

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 2016 $'000	**30 Jun 2016 $'000**	**31 Dec 2016 $'000**	**30 Jun 2016 $'000**
Current liabilities				
Trade payables and accruals	960	1,266	12,679	9,157
Deposits	-	-	5,660	2,841
Other unearned income	-	-	1,421	1,670
Deferred acquisition consideration	-	-	3,000	8,500
Total current liabilities	960	1,266	22,760	22,168
Non-current liabilities				
Deferred acquisition consideration	-	-	-	6,770

8. Borrowings

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	31 Dec 2016 $'000	**30 Jun 2016 $'000**	**31 Dec 2016 $'000**	**30 Jun 2016 $'000**
Current liabilities				
Finance leases	-	-	514	2,962
Non-current liabilities				
Bank debt	126,946	99,100	-	-
Prepaid borrowing costs	(1,141)	(1,336)	-	-
Finance leases	-	-	14,025	34,905
Total non-current borrowings	125,805	97,764	14,025	34,905

a. Bank debt

ICF has a $224.0 million multi-lateral debt facility with three Australian banks. The facility maturity dates are:

- 12 February 2018 ($100.0 million); and
- 12 February 2020 ($124.0 million).

As at 31 December 2016 the facility has been drawn to $126.9 million (30 June 2016: $99.1 million). The carrying value of investment property net of resident liabilities at reporting date for the Trusts' Australian properties pledged as security is $469.4million (30 June 2016: $470.3 million).

b. Bank guarantees

ICF has the ability to use a portion of its bank facility to provide bank guarantees. Bank guarantees as at 31 December 2016 were $13.8 million (30 June 2016: $26.2 million).

9. Retirement village resident loans

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	31 Dec 2016 $'000	**30 Jun 2016 $'000**	**31 Dec 2016 $'000**	**30 Jun 2016 $'000**
(a) Summary of carrying amounts				
Gross resident loans	-	-	30,355	240,473
Accrued deferred management fee	-	-	(2,884)	(32,990)
Net resident loans	-	-	27,471	207,483
(b) Movement in carrying amounts				
Carrying amount at beginning of period	-	-	207,483	161,878
Net (gain)/loss on change in fair value of resident loans	-	-	(83)	1,388
Accrued deferred management fee income	-	-	(1,565)	(4,222)
Deferred management fee cash collected	-	-	285	1,211
Proceeds from resident loans	-	-	2,706	11,056
Repayment of resident loans	-	-	(1,289)	(5,757)
Transfer from liabilities held for sale	-	-	-	42,041
Disposal of villages	-	-	(180,283)	-
Other	-	-	217	(112)
Carrying amount at end of period	-	-	27,471	207,483

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

10. Issued units

a. Carrying amounts

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	31 Dec 2016 $'000	**30 Jun 2016 $'000**	**31 Dec 2016 $'000**	**30 Jun 2016 $'000**
At beginning of period	679,161	619,285	34,017	29,026
Issued during the year:				
Distribution Reinvestment Plan (DRP)	3,129	2,802	176	501
Vested PQRs	1,325	59,138	69	4,648
Security Purchase Plan	7,921	-	425	-
Institutional placement and rights issue costs	(361)	(2,064)	-	(158)
At end of period	691,175	679,161	34,687	34,017
The closing balance is attributable to the unitholders of:				
Ingenia Communities Fund	691,175	679,161	-	-
Ingenia Communities Management Trust	-	-	34,687	34,017
	691,175	679,161	34,687	34,017

b. Movement in Issued Units

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	31 Dec 2016 Thousands	**30 Jun 2016 Thousands**	**31 Dec 2016 Thousands**	**30 Jun 2016 Thousands**
At beginning of period	172,155	147,118	172,155	147,118
Issued during the year:				
Performance quantum rights	675	640	675	640
Distribution reinvestment plan	1,198	2,968	1,198	2,968
Security Purchase Plan	3,023	-	3,023	-
Institutional placement	-	21,429	-	21,429
At end of period	177,051	172,155	177,051	172,155

c. Term of Units

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

11. Financial instruments

The Trusts 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 assets 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 Trusts' financial instruments that were remeasured 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 tables.	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 Trusts' credit risk.	N/A	N/A

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

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

12. Fair value measurement

a. Ingenia Communities Fund

The following table provides the fair value measurement hierarchy of Ingenia Communities Fund assets and liabilities:

Ingenia Communities Fund			Fair value measurement using:		
i. Assets Measured at Fair Value					
31 December 2016	**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 2016 Refer Note 6	152,141	-	-	152,141
Other financial assets	31 Dec 2016	773	-	-	773
30 June 2016					
Investment properties	30 Jun 2016 Refer Note 6	162,795	-	-	162,795
ii. Liabilities measured at fair value					
31 December 2016					
Derivatives	31 Dec 2016	137	-	137	-
30 June 2016					
Derivatives	30 Jun 2016	408	-	408	-

b. Ingenia Communities Management Trust

The following table provides the fair value measurement hierarchy of Ingenia Management Trust assets and liabilities:

Ingenia Communities Management Trust			Fair value measurement using:		
i. Assets Measured at Fair Value					
31 December 2016	**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 2016 Refer Note 6	414,697	-	-	414,697
Other financial assets		1,490	-	-	1,490
30 June 2016					
Investment properties	30 Jun 2016 Refer Note 6	547,951	-	-	547,951
ii. Liabilities measured at fair value					
31 December 2016					
Retirement village resident loans	31 Dec 2016 Refer Note 9	27,471	-	-	27,471
Other financial liabilities	31 Dec 2016	5,738	-	-	5,738
30 June 2016					
Retirement village resident loans	30 Jun 2016 Refer Note 9	207,483	-	-	207,483

13. Subsequent events

a. Acquisition of Palms Oasis

On 16 January 2017, ICMT completed the acquisition of Palms Oasis Holiday Park located at Blueys Beach on the NSW Mid - North Coast. The purchase price of this acquisition is $7.5 million (excluding transaction costs).

b. Acquisition of 31 Radke Road

On 27 January 2017, ICMT completed the acquisition of 31 Radke Road Bethania for a purchase price of $1.7 million. This land is directly adjacent to the Bethania Lifestyle Estate and allows for further expansion of this development site.

c. Acquisition of Cairns Coconut

On 16 February 2017, the Group signed an unconditional agreement to purchase the Cairns Coconut Holiday Park located in Far North Queensland for $50.0 million.

d. Amended debt Facility

On 17 February 2017, the Group completed the renegotiation of the debt facility. The tranche previously expiring in February 2018 was extended for a further four years, add an additional lender was added to the facility along with a further $76 million capacity, thereby increasing the facility limit to $300 million.

e. 1H17 interim distribution

On 21 February 2017, the Directors of ICF resolved to declare a 1H17 interim distribution of 5.1 cpu (1H16: 4.2cpu) amounting to $9,029,622 to be paid on 15 March 2017. The distribution is 28% tax deferred and the distribution reinvestment plan will be in operation for this 1H17 distribution.

Ingenia Communities Fund and Ingenia Communities Management Trust
Directors' Declaration
for the six months ended 31 December 2016

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 for the half-year ended 31 December 2016 are in accordance with the *Corporations Act 2001* including:

      i. giving a true and fair view of each Trusts' financial position as at 31 December 2016 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
21 February 2017

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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 Corporations (Stapled Group Reports) Instrument 2015/838 and comprise:

- the consolidated balance sheet as at 31 December 2016, 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 2016, 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 the Ingenia Communities RE Limited as Responsible Entity of the Trusts are responsible for the preparation of the half-year financial reports that give a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial reports that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial reports based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial reports are not in accordance with the *Corporations Act 2001* including: giving a true and fair view of each consolidated entities' financial position as at 31 December 2016 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 2016 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
21 February 2017