APPENDIX 4D

Half-Year Financial Report

Half-Year ended 31 December 2018

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

Current period:	**1 July 2018 – 31 December 2018**
Previous corresponding period:	1 July 2017 – 31 December 2017

Results for announcement to the market

	31 Dec 2018	31 Dec 2017	Change
	$'000	$'000	%
Revenues	93,381	76,882	21%
Profit from ordinary activities after tax attributable to members	13,041	17,119	(24%)
Net profit for the period attributable to members	13,041	17,119	(24%)
Underlying profit	17,503	14,634	20%
Distributions - current period (cents): FY18 Final Distribution (paid) 1H19 Interim Distribution (declared)	5.65 5.40		
Distributions - previous period (cents): FY17 Final Distribution (paid) 1H18 Interim Distribution (paid)		5.1 5.1	
Record date for determining entitlement to the interim distribution	5pm, 25 February 2019		
The Dividend and Distribution Reinvestment Plan is operational for this distribution			
	31 Dec 2018	30 Jun 2018	Change
Net tangible asset value per security	$2.62	$2.57	1.9%

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 2018 and any ASX announcements issued during the period.

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

Control gained: None
Control lost: None

Details of any associates and joint venture entities required to be disclosed
In November 2018, the Group entered into a 50:50 strategic partnership with Sun Communities, Inc. (NYSE: SUI), a leading manufactured housing REIT, to support the acceleration of the Group's business plan through new greenfield developments.

The joint venture vehicles established for the strategic partnership are listed below:

- Sungenia LandCo Pty Ltd as the trustee for Sungenia Land Trust
- Sungenia OpCo Pty Ltd as the trustee for Sungenia Operations Trust
- Sungenia Development Pty Ltd

For the half-year 31 December 2018, the joint venture vehicles had no material impact on the Group result.

Audit status
This report is based on the consolidated 31 December 2018 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 2018 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 2018 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

Vanessa Chidrawi
Company Secretary
19 February 2019

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

HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2018

www.ingeniacommunities.com.au
Registered Office: Level 9, 115 Pitt Street Sydney NSW 2000

Half-Year Financial Report

Ingenia Communities Holdings Limited
For the six months ended 31 December 2018

Contents

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 2018 (the "current period") and the Independent Auditor's Report thereon. The Company's financial report comprises the consolidated financial report of the Company and its controlled entities, including Ingenia Communities Fund ("ICF" or the "Fund") and Ingenia Communities Management Trust ("ICMT") (collectively, the "Trusts").

The shares of the Company are "stapled" with the units of the Trusts and trade on the Australian Securities Exchange ("ASX") as one security (ASX Code: INA). Ingenia Communities RE Limited ("ICRE" or "Responsible Entity"), a wholly owned subsidiary of the Company, is the responsible entity of the Trusts. In this report, the Company and the Trusts are referred to collectively as the Group.

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

DIRECTORS

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

Non-Executive Directors (NEDs)
Jim Hazel (Chairman)
Robert Morrison (Deputy Chairman)
Amanda Heyworth
Valerie Lyons
Andrew McEvoy
Gary Shiffman (appointed 4 December 2018)

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

Company Secretary
Vanessa Chidrawi (appointed 6 February 2019)
Natalie Kwok
Leanne Ralph (resigned 6 February 2019)

OPERATING AND FINANCIAL REVIEW

Ingenia Communities overview

The Group is an active owner, manager and developer of a diversified portfolio of lifestyle and holiday communities across Australia. Its real estate assets at 31 December 2018 were valued at $808.3 million, comprising 36 lifestyle and holiday communities (Ingenia Lifestyle and Holidays), 26 rental communities (Ingenia Gardens) and one deferred management fee retirement village asset (Ingenia Settlers). The Group is in the ASX 300 with a market capitalisation of approximately $700 million at 31 December 2018.

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

Our Values

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

Strategy

The Group's strategy is to grow net operating income, develop lifestyle communities and enhance the operational performance of its investment properties.

Using a disciplined investment framework, the Group plans to continue growing its lifestyle communities business in metropolitan and coastal locations, through the build out of its development pipeline, targeted acquisitions, reinvestment and divestment of non-core assets.

The key immediate business priorities of the Group are:

- Continue focus on sales and marketing to deliver FY19 settlements;
- Integrate recent acquisitions and accelerate rollout of new rental and tourism cabins;
- Execute Joint Venture business plan, securing opportunities for capital light growth and additional revenue streams;
- Capitalise on opportunities to expand development pipeline to deliver new rental contracts;
- Secure approvals on existing and optioned land to further extend development pipeline;
- Continue asset recycling to fund growth;
- Improve performance of existing assets to drive revenue growth; and
- Create a sustainable competitive advantage through recruiting, retaining and developing industry leading talent.

1H19 financial results

The six months to 31 December 2018 has delivered underlying profit from continuing operations of $17.5 million which represents an increase of $2.9 million (20%) on the prior corresponding period. The Group's statutory profit was $13.0 million, which was down 24% on the prior year.

The Group developed and sold 115 turnkey homes (1H18: 90 homes) and grew rental income from permanent, annual and tourism clients to $33.0 million (1H18: $30.7 million).

The underlying result is underpinned by a significantly higher EBIT contribution from the Ingenia Lifestyle and Holidays Development segment which is up 115% from the prior corresponding period. The statutory result reflects a reduction in fair value of investment property due to the increasing number of home settlements on development projects and the impact of writing off transaction costs on new acquisitions.

Operating cash flow for the period was $17.0 million, up 51% from the prior period, reflecting strong growth in recurring rental income and new lifestyle home settlements.

Ingenia remained focused on growing its recurring rental base, investing in the expansion and creation of high quality communities through progression of the Group's development pipeline and through the joint venture with Sun Communities, Inc.

The Group continued to divest non-core assets to support the Group's capital recycling strategy, with the sale of Settlers Cessnock being completed in the current period. At 31 December 2018, the Group had also contracted (subject to conditions) the sale of the Rouse Hill lifestyle community which is planned for settlement in 2H19.

Key metrics

- Statutory profit of $13.0 million, down 24% on the prior corresponding period.
- Underlying profit of $17.5 million, up 20% on the prior corresponding period.
- Basic earnings per share of 6.1 cps (1H18: 8.3 cps).
- Underlying earnings per share of 8.1 cps (1H18: 7.1 cps).
- Operating cash flow of $17.0 million compared with $11.3 million in the prior corresponding period.
- Interim distribution of 5.4 cps, up 5.9% on the prior corresponding period.
- Net asset value $2.62 per security compared with $2.57 at 30 June 2018.

Group results summary

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

	31 Dec 2018 $'000	31 Dec 2017 $'000
EBIT	22,911	19,260
Net finance expense	(3,460)	(3,305)
Tax expense associated with underlying profit	(1,948)	(1,321)
Underlying profit(1)	**17,503**	**14,634**
Net (loss)/gain on change in fair value of:		
Investment properties	(5,982)	1,009
Other financial instruments	(1,475)	856
Other	(1,144)	-
Tax benefit associated with items below underlying profit	4,139	620
Statutory profit	**13,041**	**17,119**

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

Segment performance and priorities

Ingenia Lifestyle and Holidays Operations

At 31 December 2018, Ingenia Lifestyle and Holidays comprised 36 communities that offer an affordable community experience for seniors and tourism guests. Ingenia Lifestyle and Holidays EBIT grew 4% on 1H18 to $13.5 million.

During 1H19 the Group continued to expand its rental assets with 115 new home settlements from its development business and completing the acquisition of Rivershore Resort for $23.3 million. Rivershore Resort is an award winning, newly constructed holiday park in a prime riverfront location, adding 110 high yielding glamping, caravan and camping sites with future expansion potential.

Permanent rental income grew by 12% in 1H19, as a result of new acquisitions completed in FY18, the settlement of new homes, the investment in new rental cabins and rental growth across the portfolio.

Tourism rental income growth of 5% has been driven by additional investment in new tourism cabins across the portfolio. The Group's continued focus on leveraging its database and brand position within the tourism market also contributed to the improved performance.

The 1H19 result and margin were adversely impacted by the one-off sale of non-core assets in 2H18 (Lake Macquarie and Chain Valley Bay), reduced EBIT at Rouse Hill from residents departing ahead of the planned sale and operating losses incurred during the initial development of Latitude One.

The carrying value of the Lifestyle and Holidays investment property at 31 December 2018 is $495.5 million (30 June 2018: $449.9 million).

Ingenia Lifestyle and Holidays Operations (continued)

Performance

	31 Dec 2018	31 Dec 2017	Change %
Permanent rental income ($m)	11.9	10.6	12%
Annuals rental income ($m)	2.5	2.4	4%
Tourism rental income ($m)	18.6	17.7	5%
Other ($m)	2.0	1.8	11%
EBIT contribution ($m)	13.5	13.0	4%
Margin (%)	38.6	40.0	(1%)

Strategic priorities:
The strategic priorities for Ingenia Lifestyle and Holidays are: investing in new rental and tourism cabins; identifying accretive acquisition opportunities; integrating and optimising newly settled development sites; growing rental returns; leveraging scale efficiencies; and driving holiday bookings in non-peak periods.

Ingenia Lifestyle Development

The earnings contribution from development has continued to grow with Ingenia delivering 115 new turnkey settlements in 1H19 (1H18: 90), up 28% from the prior corresponding period. Development is now underway at 10 communities.

This result is reflective of improved awareness of the Lifestyle market, the innovative housing product Ingenia is providing and continued investment in the Group's sales and development platform.

In November 2018 Ingenia entered into a strategic partnership with Sun Communities, Inc. (NYSE: SUI), a leading US manufactured housing REIT, established to support the acceleration of the Group's business plan through new greenfield developments.

The Group also added to its development pipeline with the acquisition of adjoining land at Chambers Pines and has entered into a conditional contract on land adjoining the Group's Lara development in Victoria. The Group currently has a strong development pipeline of 3,984 sites (30 June 2018: 3,244 sites).

During the period, the NSW Land and Environment Court ruled against Ingenia's proposed development at Ingenia Holidays Avina, in Western Sydney. Ingenia will continue to hold the development land in the short to medium term while we continue to assess alternative strategic options for the land. The existing community and surrounding land is located in a significant growth corridor in Sydney, adjacent to the Vineyard Precinct, a large parcel of land which has recently been rezoned to accommodate a range of housing options, community services and facilities.

The carrying value of the Ingenia Lifestyle Development investment property at 31 December 2018 is $141.4 million (30 June 2018: $142.9 million).

Performance

	31 Dec 2018	31 Dec 2017	Change %
New home settlements (#)	115	90	28%
Sales revenue	39.4	25.1	57%
Gross new home development profit ($m)	16.3	10.5	55%
Other home settlements (#)	6	2	200%
Gross refurbished home development profit ($m)	0.3	0.2	50%
EBIT contribution ($m)	8.8	4.1	115%
Margin (%)	22.3	16.4	6%

Strategic priorities:
The key strategic priorities for Ingenia Lifestyle Development include: delivering current development projects on time and within budget; continuing the sales and settlement momentum achieved during the period; undertaking the first investments in the strategic partnership with Sun Communities, Inc.; and securing further development approvals for new homes within our existing communities. The Group will continue to identify future development opportunities and seek to continue to improve margins through building efficiencies and innovation.

Ingenia Gardens

Ingenia Gardens comprises 26 rental communities located across the eastern seaboard and Western Australia. These communities accommodate more than 1,300 residents. The portfolio continues to perform well, with like for like revenue growth and occupancy closing at 91%.

The carrying value of these assets at 31 December 2018 is $130.3 million (30 June 2018: $127.3 million).

Like for like performance improved after taking account of the sale of the 5 Tasmanian villages in 2H18.

Performance

Ingenia Gardens	**31 Dec 2018**	**31 Dec 2017**	**Change %**
Rental communities (#)	26	31	(16%)
Occupancy (%)	91	91	-
Rental income ($m)	11.0	12.7	(13%)
Catering income ($m)	1.3	1.6	(19%)
EBIT ($m)	5.1	6.1	(16%)
Margin (%)	41.0	41.8	(1%)

Strategic priorities:
The strategic priorities of Ingenia Gardens are to: increase average occupancy rates; grow rents by at least CPI; improve resident retention and referrals; manage the cost base and leverage scale opportunities; increase the take up of our Ingenia Care offering; and ensure that our residents are actively engaged.

Capital management of the Group

The Group completed a private placement of 23,176,816 securities to Sun Communities, Inc. at $3.2172 per security, raising $74.6m before costs. The issue price represented an 8.75% premium to the 30 day VWAP at 5 November 2018. The placement resulted in Sun Communities, Inc. owning 9.99% of issued capital of Ingenia on completion of the placement. Sun Communities, Inc. Chairman and Chief Executive Officer, Gary Shiffman has also joined the Ingenia Board.

The placement proceeds have been used by Ingenia to fund the acquisition of Rivershore Resort at Diddillibah QLD and Aspley Acres rental village in Brisbane QLD, which settled on 12 February 2019. The remaining placement proceeds will be used to accelerate new cabin rollout and provide initial equity funding for the strategic partnership with Sun Communities, Inc.

The Group has two debt facilities with a combined facility limit of $350 million. The weighted average term to maturity of Ingenia's debt at 31 December 2018 is 3.8 years with the first debt expiry in February 2022. As at 31 December 2018, the debt facilities were drawn to $201.7 million.

The Group's Loan to Value Ratio ("LVR") at 31 December 2018 was 27.8%, this is below Ingenia's target LVR range of 30-40% due to the proceeds of the November placement not being fully deployed by period end.

The Group has interest rate derivatives (a combination of collars and swaps) in place covering 86% of drawn debt at 31 December 2018.

The Group intends to fund near term growth through operating cash flows, divestment of non-core assets and drawing on committed debt facilities. The strategic partnership with Sun Communities, Inc. will support the acceleration of Ingenia's business plan through jointly investing in new greenfield opportunities.

Financial position

The following table provides a summary of the Group's financial position as at 31 December 2018:

$'000	31 Dec 2018	30 Jun 2018	Change
Cash and cash equivalents	8,437	14,450	(6,013)
Inventories	35,087	30,228	4,859
Assets held for sale	41,144	28,675	12,469
Investment properties	767,178	730,437	36,741
Deferred tax asset	4,716	2,524	2,192
Other assets	22,066	19,527	2,539
Total assets	**878,628**	**825,841**	**52,787**
Borrowings	206,080	233,321	(27,241)
Retirement village resident loans	432	8,206	(7,774)
Liabilities held for sale	7,748	3,875	3,873
Other liabilities	55,183	46,566	8,617
Total liabilities	**269,443**	**291,968**	**(22,525)**
Net assets/equity	**609,185**	**533,873**	**75,312**

Inventories, up $4.9 million, include 99 newly completed homes. The increased inventory level is supported by increased levels of contracts and deposits on hand and reflects the increased level of development across the Group, including two new greenfield communities being actively developed.

Investment property book value increased by $36.7 million from the prior year. This was due to:

- Acquisition of new communities and development sites of $30.4 million;
- Capitalised expenditure of $31.2 million;
- Transfer of investment properties to assets held for sale of $18.8 million; and
- Fair value decrement of $6.0 million, driven by the settlements of development sites, partly offset by valuation increases associated with capitalisation rate improvements and improved operations.

Assets held for sale represent the carrying value of the Group's investment in Rouse Hill which is subject to a conditional sale contract, Ingenia Holidays Mudgee, Ingenia Holidays Mudgee Valley and Ingenia Settlers Gladstone.

Cash flow

$'000	31 Dec 2018	31 Dec 2017	Change
Operating cash flow	17,018	11,256	5,762
Investing cash flow	(57,452)	(70,105)	12,653
Financing cash flow	34,421	56,288	(21,867)
Net change in cash and cash equivalents	**(6,013)**	**(2,561)**	**(3,452)**

Operating cash flow for the Group was up 51% to $17.0 million driven by increased recurring rental income, higher sales volume and improved sales prices across the portfolio.

Distributions

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

- On 21 August 2018, the Directors declared a final distribution of 5.65 cps amounting to $11.8 million, which was paid on 14 September 2018. The final distribution was fully taxable and the distribution reinvestment plan (DRP) was in place.
- On 19 February 2019, the Directors declared an interim distribution of 5.4 cps (1H18: 5.1 cps), amounting to $12.5 million to be paid at 27 March 2019. The DRP will apply to the interim distribution and be partially underwritten to fund the acquisitions highlighted in Events Subsequent to Reporting Date.

Outlook

The Group is well positioned to continue growing its lifestyle communities business in FY19 with a sector leading development pipeline and investment in the strategic partnership with Sun Communities, Inc.

The priority for existing lifestyle and holiday communities is to grow revenue through the investment in new cabins and facilities across the rental and tourism business.

Ingenia Gardens remains a key contributor to the Group's recurring rental cash flow. The Group's priority is to grow average occupancy and rents while delivering the best possible support to Ingenia Garden residents.

The Group will continue to regularly assess the performance of existing assets and market opportunities and make divestments and acquisitions where superior longer-term returns are available.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Changes in the state of affairs during the current period are set out in this Directors Report and the various reports in the Financial Report. Refer to this Directors Report for information on the placement to Sun Communities, Inc, and entering into the development strategic partnership with Sun Communities, Inc. Refer to the financial statements Note 8 for details of assets and liabilities held for sale, Note 9 for investment properties acquired during the year and Note 13 for changes to issued securities.

EVENTS SUBSEQUENT TO REPORTING DATE

Interim distribution

On 19 February 2019, the directors of the Group declared an interim distribution of 5.4 cps (1H18: 5.1 cps), amounting to $12.5 million to be paid at 27 March 2019. The DRP will apply to the interim distribution.

Settlement of Aspley Acres

On 12 February 2019, the Group completed the acquisition of Aspley Acres rental village (Brisbane, QLD) for a purchase price of $29.5 million.

DRP Plan Rules

On 6 February 2019, the Group announced a change to the Group's DRP plan rules with effect from 20 February 2019. The changes primarily relate to the DRP pricing period commencement and duration, bringing them in line with current market practice.

Post balance date acquisitions

On 19 February 2019, the Group announced the exchange of two unconditional contracts for the purchase of:

- a holiday park in the Byron Bay region, NSW;
- land adjacent to Ingenia Lifestyle Lara, Vic.

The combined price of these two properties is $15.3 million, with settlement expected to be completed in Q4 FY19.

LIKELY DEVELOPMENTS

The Group will continue to pursue strategies aimed at growing its cash earnings, profitability and market share within the senior's rental property and tourism industry during the next financial year, with a continuing focus on the development of lifestyle communities. The Group will continue to pursue the divestment of non-core assets to support the Group's capital recycling strategy.

Other information about likely developments in the operations of the Group and the expected results of those operations in future financial years is included in the various reports in this Financial Report.

ENVIRONMENTAL REGULATIONS

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

GROUP INDEMNITIES

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

INDEMNIFICATION OF AUDITOR

To the extent permitted by law, the Company has agreed to indemnify its auditor, Ernst & Young 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 reporting period.

AUDITOR’S INDEPENDENCE DECLARATION

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

ROUNDING 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 Directors’ Report have been rounded to the nearest thousand dollars, unless otherwise stated.

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

Jim Hazel
Chairman
Sydney, 19 February 2019

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

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

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

As lead auditor for the review of Ingenia Communities Holdings Limited for the half-year ended 31 December 2018, 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 Ingenia Communities Holdings Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

Megan Wilson

Megan Wilson
Partner
Sydney
19 February 2019

Consolidated Statement of Comprehensive Income

Ingenia Communities Holdings Limited
For the six months ended 31 December 2018

	Note	31 Dec 2018 $'000	31 Dec 2017 $'000
Rental income	5(a)	44,093	43,652
Manufactured home sales		39,362	25,096
Service station sales		3,683	3,536
Food and beverage sales		2,106	297
Other revenue	5(b)	4,137	4,301
Revenue		**93,381**	**76,882**
Property expenses		(13,407)	(12,415)
Cost of manufactured homes sold		(22,679)	(14,569)
Employee expenses		(22,319)	(21,160)
Administrative expenses		(3,314)	(3,130)
Operational, marketing and selling expenses		(4,765)	(2,819)
Service station expenses		(3,229)	(2,985)
Depreciation and amortisation expense		(757)	(544)
Operating profit before interest and tax		**22,911**	**19,260**
Net finance expense	6	(3,460)	(3,305)
Operating profit before tax		**19,451**	**15,955**
Net gain/(loss) on change in fair value of			
Investment properties		(5,982)	1,009
Other financial instruments		(1,475)	856
Other		(1,144)	-
Profit before income tax		**10,850**	**17,820**
Income tax (expense)/benefit		2,191	(701)
Net profit for the period		**13,041**	**17,119**
Total comprehensive income for the period net of income tax		**13,041**	**17,119**
Profit/(loss) attributable to security holders of:			
Ingenia Communities Holdings Limited		320	(127)
Ingenia Communities Fund		14,314	15,189
Ingenia Communities Management Trust		(1,593)	2,057
		13,041	**17,119**
Total comprehensive income attributable to security holders of:			
Ingenia Communities Holdings Limited		320	(127)
Ingenia Communities Fund		14,314	15,189
Ingenia Communities Management Trust		(1,593)	2,057
		13,041	**17,119**

		31 Dec 2018 Cents	31 Dec 2017 Cents
Earnings per security:			
Basic earnings			
Per security	4(a)	6.1	8.3
Per security attributable to parent	4(b)	0.1	(0.1)
Diluted earnings per security			
Per security	4(a)	6.0	8.2
Per security attributable to parent	4(b)	0.1	(0.1)

Consolidated Balance Sheet

Ingenia Communities Holdings Limited
As at 31 December 2018

	Note	31 Dec 2018 $'000	30 Jun 2018 $'000
Current assets			
Cash and cash equivalents		8,437	14,450
Trade and other receivables		10,346	7,293
Inventories	7	35,087	30,228
Assets held for sale	8(a)	41,144	28,675
Other		38	38
Total current assets		**95,052**	**80,684**
Non-current assets			
Trade and other receivables		2,514	3,698
Investment properties	9	767,178	730,437
Plant and equipment		4,903	4,279
Other financial assets		2,263	2,263
Intangibles		2,002	1,956
Deferred tax asset		4,716	2,524
Total non-current assets		**783,576**	**745,157**
Total assets		**878,628**	**825,841**
Current liabilities			
Trade and other payables	10	44,342	37,546
Borrowings	11	516	501
Retirement village resident loans	12	432	8,206
Employee liabilities		1,972	1,770
Derivatives and other financial instruments		40	73
Liabilities held for sale	8(b)	7,748	3,875
Total current liabilities		**55,050**	**51,971**
Non-current liabilities			
Borrowings	11	205,564	232,820
Other financial liabilities		7,950	6,500
Employee liabilities		521	529
Other payables	10	83	83
Derivatives and other financial instruments		275	65
Total non-current liabilities		**214,393**	**239,997**
Total liabilities		**269,443**	**291,968**
Net assets		**609,185**	**533,873**
Equity			
Issued securities	13(a)	888,054	814,243
Reserves		1,466	1,393
Accumulated losses		(280,335)	(281,763)
Total equity		**609,185**	**533,873**
Attributable to security holders of:			
Ingenia Communities Holdings Limited		12,875	10,827
Ingenia Communities Fund		514,400	449,799
Ingenia Communities Management Trust		81,910	73,247
		609,185	**533,873**
Net asset value per security ($)		**$ 2.62**	**$ 2.57**

Consolidated Cash Flow Statement

Ingenia Communities Holdings Limited
For the six months ended 31 December 2018

	Note	31 Dec 2018 $'000	31 Dec 2017 $'000
Cash flows from operating activities			
Rental and other property income		54,056	52,834
Property and other expenses		(45,343)	(43,908)
Proceeds from sale of manufactured homes		43,557	28,155
Purchase of manufactured homes		(30,639)	(22,060)
Proceeds from sale of service station inventory		4,052	3,890
Purchase of service station inventory		(3,830)	(3,415)
Proceeds from resident loans	12(b)	-	387
Repayment of resident loans	12(b)	(111)	(777)
Interest received		51	39
Borrowing costs paid		(4,775)	(3,889)
		17,018	**11,256**
Cash flows from investing activities			
Purchase and additions of plant and equipment		(1,235)	(1,015)
Purchase and additions of intangible assets		(335)	(43)
Payments for investment properties		(29,271)	(36,622)
Additions to investment properties		(28,496)	(32,676)
Proceeds/(costs) from sale of investment properties		1,885	251
		(57,452)	**(70,105)**
Cash flows from financing activities			
Proceeds from issue of stapled securities		77,088	2,242
Payments for security issue costs		(2,987)	(8)
Finance lease payments		(321)	(321)
Distributions to security holders		(11,757)	(10,525)
Proceeds from borrowings		49,706	69,900
Repayment of borrowings		(77,000)	(5,000)
Payments for debt issue costs		(308)	-
		34,421	**56,288**
Net decrease in cash and cash equivalents		**(6,013)**	**(2,561)**
Cash and cash equivalents at the beginning of period		14,450	9,645
Effects of exchange rate fluctuation on cash held		-	-
Cash and cash equivalents at the end of period		**8,437**	**7,084**

Consolidated Statement of Changes in Equity

Ingenia Communities Holdings Limited
For the six months ended 31 December 2018

		Attributable to security holders					
		Ingenia Communities Holdings Limited					
	Note	Issued Capital $'000	Reserves $'000	Retained Earnings $'000	Total $'000	ICF & ICMT $'000	Total Equity $'000
Carrying amount 1 Jul 2018		**11,216**	**1,393**	**(1,782)**	**10,827**	**523,046**	**533,873**
Net (loss)/profit		-	-	320	320	12,721	13,041
Total comprehensive income for the year		**-**	**-**	**320**	**320**	**12,721**	**13,041**
Transactions with security holders in their capacity as security holders:							
Issue of securities	13	1,511	-	-	1,511	72,300	73,811
Share based payment transactions		-	333	144	477	-	477
Payment of distributions to security holders		-	-	-	-	(11,757)	(11,757)
Transfers from reserves		-	(260)	-	(260)	-	(260)
Carrying amount 31 Dec 2018		**12,727**	**1,466**	**(1,318)**	**12,875**	**596,310**	**609,185**

		Attributable to security holders					
		Ingenia Communities Holdings Limited					
	Note	Issued Capital $'000	Reserves $'000	Retained Earnings $'000	Total $'000	ICF & ICMT $'000	Total Equity $'000
Carrying amount 1 Jul 2017		**11,131**	**1,074**	**(1,711)**	**10,494**	**505,238**	**515,732**
Net (loss)/profit		-	-	(127)	(127)	17,246	17,119
Total comprehensive income for the year		**-**	**-**	**(127)**	**(127)**	**17,246**	**17,119**
Transactions with security holders in their capacity as security holders:							
Issue of securities		43	-	-	43	2,192	2,235
Share based payment transactions		-	(233)	267	34	-	34
Payment of distributions to security holders		-	-	-	-	(10,525)	(10,525)
Carrying amount 31 Dec 2017		**11,174**	**841**	**(1,571)**	**10,444**	**514,151**	**524,595**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) The Group

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

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

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

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

The financial report as at and for the half-year ended 31 December 2018 was authorised for issue by the Directors on 19 February 2019.

(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 2018 and any ASX announcements issued during the period.

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

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

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

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

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's 2018 annual report with the exception of new amended standards and interpretations which have been applied as required. Where necessary corresponding figures have been adjusted for consistency with changes in presentation in the current period.

(c) Adoption of new and revised accounting standards

The Group applies, for the first time, AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers*. As required by AASB 134, the nature and effect of these changes are disclosed below.

i. AASB 9 *Financial Instruments*

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for reporting periods beginning on or after 1 January 2018 bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group adopted AASB 9 using the modified retrospective method of adoption. The effect of adopting AASB 9 was not material for the Group.

Except for certain trade receivables, under AASB 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Current and non-current financial assets and liabilities within the scope of AASB 9 financial instruments are classified as; fair value through profit or loss; fair value through other comprehensive income; or amortised cost. The Group determines the classification of its financial assets and liabilities at initial recognition with the classification depending on the purpose for which the asset or liability was acquired or issued. Financial assets and liabilities are initially recognised at fair value plus directly attributable transaction costs, unless their classification is at fair value through profit or loss. They are subsequently measured at fair value or amortised cost using the effective interest method. The application of the standard does not have any material impact on the Group's financial statements.

The fair value of financial instruments actively traded in organised financial markets are determined by reference to quoted market bid prices at close of business on balance sheet date. For those with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another substantially similar instrument; discounted cash flow analysis; option pricing models; making use of available and supportable market data and keeping judgemental inputs to a minimum.

The assessment of the Group's business models was made as of the date of initial application, 1 July 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets. The effect of adopting AASB 9 was not material for the Group.

Under AASB 139, trade and other receivables was held as loan and other receivables, this is now recognised as amortised cost under AASB 9. The principal is deemed to be the amount resulting from the transaction in the cope of AASB 15 or AASB 118. The Group determines that the trade receivables do not include a significant financing component and, hence, there is no interest to be recognised.

AASB 9 requires the Group's account for impairment losses for financial assets by replacing AASB 139 incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL. The Group previously applied impairment assessments which incorporated historical experiences, which resulted in similar impairment expectations under the forward looking ECL approach.

ii. AASB 15 *Revenue from Contracts with Customers*

AASB 15 *Revenue from Contracts with Customers* is applicable to reporting periods beginning on or after 1 January 2018. The standard is based on the principle that revenue is recognised when control of a good or service is transferred to a customer. It contains a single model that applies to contracts with customers and two approaches to recognising revenue - at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine if, how much, and when revenue is recognised. It applies to all contracts with customers except leases, financial instruments and insurance contracts. It requires reporting entities to provide users of financial statements with more informative and relevant disclosures.

The Group adopted AASB 15 using the modified retrospective method of adoption. The effect of adopting AASB 15 was not material for the Group.

The Group's contracts with customers for the sale of manufactured homes within the Lifestyle and Holidays segment generally include one performance obligation. Revenue from the sale of manufactured homes is recognised at the point in time when control of the manufactured home is transferred to the customer, on settlement of the home. The adoption of AASB 15 did not have an impact on the timing and recognition of revenue.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Service station sales, food and beverage revenue represents the revenue earned from the provision of products and services to customers and generally includes only one performance obligation. The Group has concluded that the revenue from service station, food and beverage sales should be recognised at the point in time when control of the assets is transferred to the customer. Therefore, the adoption of AASB 15 did not have an impact on the timing and recognition of revenue.

Deferred management fee income is calculated as the expected fee on a resident's ingoing loan, revenue is recognised over time based on the Group's contractual right to receive payment. Revenue is measured based on the resident's expected tenure, together with any share of capital appreciation that has occurred up to the reporting date. The adoption of AASB 15 did not have an impact on the timing and recognition of revenue.

Government incentives are recognised where there is reasonable assurance the incentive will be received, and attached conditions complied with. When the incentive relates to an expense item, it is recognised as income on a systematic basis over the periods that the incentive is intended to compensate.

Generally, the Group receives short-term advances from its customers. Prior to the adoption of AASB 15, the Group presented these advances as a Deposits or Unearned Income in the statement of financial position. Upon the adoption of AASB 15, for short-term advances, the Group used the practical expedient. As such, the Group will not adjust the promised amount of the consideration for the effects of a financing component in contracts, where the Group expects, at contract inception, that the period between the time the customer pays for the good or service and when the Group transfers that promised good or service to the customer will be one year or less.

Revenue from rent, interest and distributions are within scope of standards other than AASB 15, and therefore the adoption of AASB 15 did not have an impact on the timing and recognition of revenue. Refer to the 30 June 2018 financial statements for the accounting policies for these income items.

(d) Pending accounting standards

AASB 16 *Leases* is applicable to reporting periods beginning on or after 1 January 2019. The Group has not early adopted this standard. This standard provides requirements for classification, measurement, and disclosure of all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee must now measure right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments) and payments made in optional periods, if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. The Group is currently the lessee of two non-cancellable operating leases, which will be included under this new standard. These leases relate to the Group's Sydney and Brisbane offices, which have future minimum lease payments totalling $2,102,000 at 31 December 2018.

The Group is also the lessee of four finance leases (relating to the land component of investment properties), which are not expected to be materially impacted by the new standard as they are already substantially treated in the manner prescribed by the new standard.

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

(e) Assets held for sale

Components of the entity are classified as held for sale if their carrying value will be recovered principally through a sale transaction rather than through continuing use.

They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as investment property, which are carried at fair value.

The liabilities of an asset classified as held for sale are presented separately from other liabilities on the face of the balance sheet. Details of assets and liabilities held for sale are given at Note 8.

2. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(a) Critical accounting estimates and assumptions

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

i. Valuation of investment property

The Group has investment properties and assets held for sale with a combined carrying amount of $808,322,000 (30 June 2018: $759,112,000) (refer Note 8 and Note 9), and combined retirement village resident loans of $8,180,000 (30 June 2018: $12,081,000) (refer Note 8 and Note 12(a)) 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 properties to be developed reflect sales prices for new homes, sales rates, new rental tariffs, estimates of capital expenditure, discount rates and projected property growth rates. The valuation assumptions for deferred management fee villages reflect average length of stay, unit market values, estimates of capital expenditure, contract terms with residents, discount rates and projected property growth rates.

In forming these assumptions, the Group considered information about recent sales activity, current market rents, discount rates, capitalisation rates for properties similar to those owned by the Group, as well as independent valuations of the Group's property.

ii. Valuation of inventories

The Group has inventory in the form of 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 of estimation, the amount the inventories are expected to realise and the estimated costs of completion. Key assumptions require the use of management judgement, and are continually reviewed.

iii. Valuation of 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 capital gain and deferred management fee income components is the value of the dwelling being occupied by the resident. This value is determined by reference to the valuation of investment property, as referred to above.

iv. Calculation of deferred management 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 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 Lifestyle and Holidays – comprising long-term and tourism accommodation within lifestyle parks;
- Ingenia Lifestyle Development – comprising the development and sale of manufactured homes;
- Ingenia Gardens – rental villages;
- Fuel, Food & Beverage Services – consists of the Group's investment in service station operations and food & beverage activities attached to Ingenia Lifestyle and Holiday communities;
- Corporate & Other – comprises deferred management fee village and corporate overheads.

The Group has identified its operating segments based on the internal reports that are reviewed and used by the chief operating decision maker in assessing performance and determining the allocation of resources. Other parts of the Group are neither an operating segment nor part of an operating segment.

(b) 31 December 2018	Lifestyle & Holidays Operations $'000	Lifestyle Development $'000	Ingenia Gardens $'000	Fuel, Food & Beverage Services $'000	Corporate & Other $'000	Total $'000
Segment revenue						
External segment revenue	34,966	39,362	12,545	5,789	719	93,381
Total revenue	**34,966**	**39,362**	**12,545**	**5,789**	**719**	**93,381**
Segment underlying profit						
External segment revenue	34,966	39,362	12,545	5,789	719	93,381
Property expenses	(8,462)	(584)	(3,436)	(262)	(663)	(13,407)
Cost of manufactured homes sold	-	(22,679)	-	-	-	(22,679)
Employee expenses	(10,524)	(4,632)	(3,313)	(1,016)	(2,834)	(22,319)
Administrative expenses	(1,409)	(304)	(200)	(26)	(1,375)	(3,314)
Operational, marketing and selling expenses	(814)	(2,140)	(390)	(802)	(619)	(4,765)
Service station expenses	-	-	-	(3,229)	-	(3,229)
Depreciation and amortisation expense	(266)	(261)	(64)	(24)	(142)	(757)
Earnings before interest and tax	**13,491**	**8,762**	**5,142**	**430**	**(4,914)**	**22,911**
Net finance expense	-	-	-	-	(3,460)	(3,460)
Income tax expense	-	-	-	-	(1,948)	(1,948)
Underlying profit/(loss)	**13,491**	**8,762**	**5,142**	**430**	**(10,322)**	**17,503**
Net (loss)/gain on change in fair value of						
Investment properties	(8,211)	-	1,901	-	328	(5,982)
Other financial instruments	(1,450)	-	-	-	(25)	(1,475)
Other	-	-			(1,144)	(1,144)
Income tax expense	-	-	-	-	4,139	4,139
Profit/(loss) after tax	**3,830**	**8,762**	**7,043**	**430**	**(7,024)**	**13,041**
Segment assets						
Segment assets	501,970	176,127	132,874	435	26,078	837,484
Assets held for sale	30,512	-	-	-	10,632	41,144
Total assets	**532,482**	**176,127**	**132,874**	**435**	**36,710**	**878,628**

3. SEGMENT INFORMATION (CONTINUED)

(c) 31 December 2017	Lifestyle & Holidays Operations $'000	Lifestyle Development $'000	Ingenia Gardens $'000	Fuel, Food & Beverage Services $'000	Corporate & Other $'000	Total $'000
Segment revenue						
External segment revenue	32,540	25,096	14,489	3,833	924	76,882
Total revenue	**32,540**	**25,096**	**14,489**	**3,833**	**924**	**76,882**
Segment underlying profit						
External segment revenue	32,540	25,096	14,489	3,833	924	76,882
Property expenses	(7,401)	(240)	(4,139)	(233)	(402)	(12,415)
Cost of manufactured homes sold	-	(14,569)	-	-	-	(14,569)
Employee expenses	(9,841)	(4,129)	(3,578)	(402)	(3,210)	(21,160)
Administrative expenses	(1,391)	(279)	(258)	(6)	(1,196)	(3,130)
Operational, marketing and selling expenses	(682)	(1,605)	(410)	-	(122)	(2,819)
Service station expenses	-	-	-	(2,985)	-	(2,985)
Depreciation and amortisation expense	(196)	(154)	(54)	(3)	(137)	(544)
Earnings before interest and tax	**13,029**	**4,120**	**6,050**	**204**	**(4,143)**	**19,260**
Net finance expense	-	-	-	-	(3,305)	(3,305)
Income tax expense	-	-	-	-	(1,321)	(1,321)
Underlying profit/(loss)	**13,029**	**4,120**	**6,050**	**204**	**(8,769)**	**14,634**
Net gain/(loss) on change in fair value of:						
Investment properties	1,743	-	888	-	(1,622)	1,009
Other financial instruments	886	-	-	-	(30)	856
Other	-	-	-	-	-	-
Income tax benefit/(expense)	-	-	-	-	620	620
Profit/(loss) after tax	**15,658**	**4,120**	**6,938**	**204**	**(9,801)**	**17,119**
Segment assets						
Segment assets	445,316	160,304	145,823	262	39,290	790,995
Assets held for sale	11,750	-	-	-	18,632	30,382
Total assets	**457,066**	**160,304**	**145,823**	**262**	**57,922**	**821,377**

4. EARNINGS PER SECURITY

	31 Dec 2018	31 Dec 2017
(a) Per security		
Profit attributable to security holders ($'000)	13,041	17,119
Weighted average number of securities outstanding (thousands):		
Issued securities (thousands)	215,497	206,906
Dilutive securities (thousands):		
Long-term incentives	1,071	544
Short-term incentives	234	94
Weighted average number of issued and dilutive potential securities outstanding (thousands)	**216,802**	**207,544**
Basic earnings per security (cents)	6.1	8.3
Dilutive earnings per security (cents)	6.0	8.2

	31 Dec 2018	31 Dec 2017
(b) Per security attributable to parent		
Profit/(loss) attributable to security holders ($'000)	320	(127)
Weighted average number of securities outstanding (thousands):		
Issued securities (thousands)	215,497	206,906
Dilutive securities (thousands):		
Long-term incentives	1,071	544
Short-term incentives	234	94
Weighted average number of issued and dilutive potential securities outstanding (thousands)	**216,802**	**207,544**
Basic earnings per security (cents)	**0.1**	**(0.1)**
Dilutive earnings per security (cents)	**0.1**	**(0.1)**

5. REVENUE

	31 Dec 2018 $'000	31 Dec 2017 $'000
(a) Rental income		
Residential rental income – Ingenia Gardens	11,047	12,720
Residential rental income – Lifestyle and Holidays	11,902	10,608
Residential rental income – Settlers	-	69
Annuals rental income – Lifestyle and Holidays	2,451	2,378
Tourism rental income – Lifestyle and Holidays	18,551	17,656
Commercial rental income – Lifestyle and Holidays	142	221
Total rental income	**44,093**	**43,652**

	31 Dec 2018 $'000	31 Dec 2017 $'000
(b) Other revenue		
Catering income	1,338	1,604
Accrued deferred management fee	66	466
Utility recoveries	901	840
Ancillary lifestyle park income	889	647
Commissions and administrative fees	92	234
Government incentives	96	89
Sundry income	755	421
Total other revenue	**4,137**	**4,301**

6. NET FINANCE EXPENSE

	31 Dec 2018 $'000	31 Dec 2017 $'000
Interest income	51	39
Debt facility interest paid or payable	(3,340)	(3,164)
Finance lease interest paid or payable [1]	(171)	(180)
Net finance expense	**(3,460)**	**(3,305)**

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

Interest costs of $1,773,000 have been capitalised into investment properties associated with development assets (31 December 2017: $1,390,000)

7. INVENTORIES

	31 Dec 2018 $'000	30 Jun 2018 $'000
Manufactured homes		
Completed	16,552	15,616
Display homes	3,481	4,869
Under construction	14,733	9,435
Fuel, food and beverage supplies	321	308
Total inventories	**35,087**	**30,228**

The manufactured home balance includes:

- 99 new completed homes (30 Jun 2018: 93) of which the majority are under contract.
- 15 completed display homes (30 Jun 2018: 24) and display homes under construction.
- Manufactured homes under construction includes 161 partially completed homes at different stages of development (30 Jun 2018: 88), of which the majority have been deposited or are under contract. It also includes demolition, site preparation costs and buybacks on future development sites.

8. ASSETS AND LIABILITIES HELD FOR SALE

(a) Summary of carrying value - Assets

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

	31 Dec 2018 $'000	30 Jun 2018 $'000
Investment properties held for sale		
Rouse Hill, Rouse Hill, NSW[1]	22,600	22,325
Gladstone, South Gladstone, QLD	10,632	-
Mudgee, Mudgee, NSW	5,440	-
Mudgee Valley, Mudgee, NSW	2,472	-
Cessnock, Cessnock, NSW	-	6,350
Total assets held for sale	**41,144**	**28,675**

(1) A conditional contract for the sale of Rouse Hill was signed in June 2018. As such, the property has been reclassified from investment property to asset held for to sale in view of management's expectation that the property will be sold in the six months ended 30 June 2019.

(b) Summary of carrying amounts – Liabilities

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

	31 Dec 2018 $'000	30 Jun 2018 $'000
Net resident loans – Gladstone	7,748	-
Net resident loans – Cessnock	-	3,875
Total resident loans	**7,748**	**3,875**

9. INVESTMENT PROPERTIES

(a) Summary of carrying amounts

	31 Dec 2018 $'000	30 Jun 2018 $'000
Completed properties	625,816	587,524
Properties under development	141,362	142,913
Total carrying amount	**767,178**	**730,437**

(b) Movements in carrying amounts

	Note	31 Dec 2018 $'000	30 Jun 2018 $'000
Carrying amount at the beginning of the period		**730,437**	**693,473**
Acquisitions		30,350	50,386
Expenditure capitalised		31,192	66,272
Net change in fair value:			
Investment property		(5,956)	(1,287)
Resident loans		(26)	(993)
Transfer to assets held for sale	8(a)	(18,819)	(28,675)
Disposals		-	(48,739)
Carrying amount at the end of period		**767,178**	**730,437**

(c) Reconciliation of fair value

	Ingenia Gardens $'000	Lifestyle and Holidays $'000	Ingenia Settlers $'000	Total $'000
Carrying amount at 1 Jul 2018	**127,300**	**592,833**	**10,304**	**730,437**
Acquisitions	-	30,350	-	30,350
Expenditure capitalised	1,099	30,093	-	31,192
Net change in fair value:				
Investment property	1,901	(8,140)	283	(5,956)
Resident loans	-	(71)	45	(26)
Transfer to assets held for sale	-	(8,187)	(10,632)	(18,819)
Disposals	-	-	-	-
Carrying amount at 31 Dec 2018	**130,300**	**636,878**	**-**	**767,178**

(d) Individual property carrying amounts

Completed properties	Carrying amount	
	31 Dec 2018 $'000	30 Jun 2018 $'000
Ingenia Settlers:		
Gladstone, South Gladstone, QLD[1]	-	10,304
	-	**10,304**

9. INVESTMENT PROPERTIES (CONTINUED)

Completed properties	Carrying amount	
	31 Dec 2018 $'000	30 Jun 2018 $'000
Ingenia Gardens:		
Brooklyn, Brookfield, VIC	5,100	4,950
Carey Park, Bunbury, WA	4,710	4,660
Horsham, Horsham, VIC	3,960	3,940
Jefferis, Bundaberg North, QLD	4,150	4,500
Oxley, Port Macquarie, NSW	5,100	5,020
Townsend, St Albans Park, VIC	5,060	5,040
Yakamia, Yakamia, WA	4,600	4,550
Goulburn, Goulburn, NSW	4,900	4,590
Coburns, Brookfield, VIC	5,100	4,800
Hertford, Sebastopol, VIC	4,210	4,230
Seascape, Erskine, WA	4,200	4,360
Seville Grove, Seville Grove, WA	4,070	4,010
St Albans Park, St Albans Park, VIC	5,770	5,730
Taloumbi, Coffs Harbour, NSW	5,530	5,450
Wheelers, Dubbo, NSW	5,750	5,330
Taree, Taree, NSW	4,900	4,220
Grovedale, Grovedale, VIC	5,510	5,560
Marsden, Marsden, QLD	10,900	10,050
Swan View, Swan View, WA	7,900	7,790
Dubbo, Dubbo, NSW	5,550	5,670
Ocean Grove, Mandurah, WA	3,900	3,910
Peel River, Tamworth, NSW	4,750	5,120
Sovereign, Ballarat, VIC	2,650	2,640
Wagga, Wagga Wagga, NSW	3,580	3,460
Bathurst, Bathurst, NSW	4,650	4,470
Warrnambool, Warrnambool, VIC	3,800	3,250
	130,300	**127,300**

9. INVESTMENT PROPERTIES (CONTINUED)

Completed properties	**Carrying amount**	
	31 Dec 2018 $'000	**30 Jun 2018 $'000**
Ingenia Lifestyle and Holidays:		
The Grange, Morisset, NSW	18,163	16,262
Ettalong Beach, Ettalong Beach, NSW(2)	7,134	7,096
Albury, Lavington, NSW	3,763	3,690
Nepean River, Emu Plains, NSW	13,762	13,259
Mudgee Valley, Mudgee, NSW(1)	-	3,000
Mudgee, Mudgee, NSW(1)	-	5,110
Kingscliff, Kingscliff, NSW	13,814	13,814
One Mile Beach, One Mile, NSW(2)	18,348	16,819
Hunter Valley, Cessnock, NSW	7,495	6,900
Sun Country, Mulwala, NSW	7,760	7,520
Stoney Creek, Marsden Park, NSW	22,117	21,188
White Albatross, Nambucca Heads, NSW	29,500	29,500
Noosa, Tewantin, QLD	17,706	18,092
Chambers Pines, Chambers Flat, QLD	28,025	22,250
Lake Macquarie (Holidays), Mannering Park, NSW	8,377	8,350
Sydney Hills, Dural, NSW	16,328	16,120
Bethania, Bethania, QLD	8,583	6,963
Conjola Lakeside, Lake Conjola, NSW	30,000	28,250
Soldiers Point, Port Stephens, NSW	15,648	14,709
Lara, Lara, VIC	17,490	11,386
South West Rocks, South West Rocks NSW(2)	11,624	9,277
Broulee, Broulee, NSW(2)	6,561	6,730
Ocean Lake, Ocean Lake, NSW	9,306	9,306
Avina Van Village, Vineyard, NSW	22,800	21,954
Hervey Bay (Holidays), Hervey Bay, QLD	9,777	9,777
Latitude One, Port Stephens, NSW(3)	4,058	1,415
Blueys Beach, Blueys Beach, NSW	6,137	6,023
Cairns Coconut, Woree, QLD	53,800	52,374
Bonny Hills, Bonny Hills, NSW	13,214	12,146
Durack Gardens, Durack, QLD	25,954	25,640
Eight Mile Plains, QLD	25,022	25,000
Rivershore, Diddillibah, QLD	23,250	-
	495,516	**449,920**
Total completed properties	**625,816**	**587,524**

The figures shown above are the fair values of the operating rental streams associated with each property and exclude any valuation attributed to the development component of the Investment Property. The values attributed to development properties are separately disclosed in this note on the following page.

9. INVESTMENT PROPERTIES (CONTINUED)

Properties under development	Carrying amount	
	31 Dec 2018 $'000	30 Jun 2018 $'000
Ingenia Lifestyle and Holidays:		
The Grange, Morisset, NSW	2,916	3,990
Albury, Lavington, NSW	3,530	4,979
Mudgee, Mudgee, NSW(1)	-	890
Hunter Valley, Cessnock, NSW	2,195	2,995
Sun Country, Mulwala, NSW	1,030	1,030
Stoney Creek, Marsden Park, NSW	3,663	2,987
Chambers Pines, Chambers Flat, QLD	15,782	16,140
Bethania, Bethania, QLD	11,649	13,768
Conjola Lakeside, Lake Conjola, NSW	12,092	10,320
Lara, Lara, VIC	7,203	11,134
South West Rocks, South West Rocks NSW(2)	-	469
Avina Van Village, Vineyard, NSW	10,400	12,940
Latitude One, Port Stephens, NSW(3)	29,898	30,230
Blueys Beach, Blueys Beach, NSW	788	-
Cairns Coconut, Woree, QLD	1,905	1,932
Bonny Hills, Bonny Hills, NSW	1,680	1,648
Durack Gardens, Durack, QLD	3,765	1,232
Eight Mile Plains, QLD	3,471	2,650
Plantations, Woolgoolga, NSW	14,923	8,774
Hervey Bay (Lifestyle), Hervey Bay, QLD	4,472	4,305
Upper Coomera, Upper Coomera, QLD	10,000	10,500
Properties to be developed	**141,362**	**142,913**
Total investment properties	**767,178**	**730,437**

(1) Classified as held for sale at 31 December 2018.

(2) Includes a land component that is leased from the Crown or local municipalities and are recognised as investment property with an associated finance lease.

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

Investment properties are carried at fair value in accordance with the Group's accounting policy disclosed in the Group's 2018 annual report.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date in the principal market for the asset or liability, or in its absence, the most advantageous market.

In determining fair values, the Group considers relevant information including the capitalisation of rental streams using market assessed capitalisation rates. For investment properties under development the Group assesses fair value based on expected net cash flows discounted to their present value using market determined risk adjusted discount rates and other available market data such as recent comparable transactions. As such the fair value of an investment property under development will differ depending on the number of settlements realised and the stage that each development is at.

In determining the fair value of certain assets, recent market offers have been taken into consideration.

10. TRADE AND OTHER PAYABLES

	31 Dec 2018 $'000	30 Jun 2018 $'000
Current		
Trade payables and accruals	36,335	31,053
Deposits	7,118	5,266
Other unearned income	889	1,227
Total current	**44,342**	**37,546**
Non-current		
Other	83	83
Total non-current	**83**	**83**

11. BORROWINGS

	31 Dec 2018 $'000	30 Jun 2018 $'000
Current		
Finance leases	516	501
Non-current		
Bank debt	201,705	228,999
Prepaid borrowing costs	(1,293)	(1,497)
Finance leases	5,152	5,318
Total non-current	**205,564**	**232,820**

(a) Bank debt

Ingenia has $350.0 million in available debt facilities at 31 December 2018 (30 June 2018: $350.0 million).

The total $350.0 million in debt facilities is provided by three Australian banks. The facility tranche dates are:

- 12 February 2022 ($175.4 million); and
- 13 July 2023 ($174.6 million)

As at 31 December 2018, the facilities have been drawn to $201.7 million (30 June 2018: $229.0 million). The carrying value of investment property net of resident liabilities at reporting date for the Group's Australian properties pledged as security is $753.0 million (30 June 2018: $701.8 million).

(b) Bank guarantees

The Group has the ability to utilise its bank facilities to provide bank guarantees, which at 31 December 2018 were $11.4 million (30 June 2018: $11.4 million).

(c) Finance leases

The Group has entered into finance leases for the following Lifestyle and Holidays investment properties:

- Gosford City Council for the land and facilities of Ettalong Beach
- Crown leases for the land of One Mile Beach
- Crown lease for the land of Big 4 Broulee Beach
- Crown lease for the land of South West Rocks

The leases are long-term in nature and range between 7.5 years to perpetuity.

11. BORROWINGS (CONTINUED)

Minimum lease payments – excluding perpetual lease

	31 Dec 2018 $'000	30 Jun 2018 $'000
Minimum lease payments:		
Within one year	530	526
Later than one year but not later than five years	2,202	2,185
Later than five years	3,172	3,456
Total minimum lease payments	**5,904**	**6,167**
Future finance charges	(1,369)	(1,481)
Present value of minimum lease payments	**4,535**	**4,686**
Present value of minimum lease payments:		
Within one year	516	501
Later than one year but not later than five years	1,922	1,865
Later than five years	2,097	2,320
	4,535	**4,686**

Minimum lease payments – perpetual lease:
The perpetual lease is recognised as investment property and non-current liability at a value of $1.1 million based on a capitalisation rate applicable at the time of acquisition of 10.6% applied to the current lease payment. As this is a perpetual lease, the lease liability will not amortise and no fair value adjustments in relation to the lease will be recognised unless circumstances of the lease change.

12. RETIREMENT VILLAGE RESIDENT LOANS

	31 Dec 2018 $'000	30 Jun 2018 $'000
(a) Summary of carrying amounts		
Gross resident loans	1,843	9,880
Accrued deferred management fee	(1,411)	(1,674)
Net resident loans	**432**	**8,206**
(b) Movements in carrying amounts		
Carrying amount at beginning of period	8,206	27,201
Accrued deferred management fee income	(66)	(636)
Deferred management fee cash collected	1	334
Proceeds from resident loans	-	594
Repayment of resident loans	(111)	(767)
Transfer to liabilities held for sale	(7,748)	(3,875)
Disposal of villages	-	(14,127)
Other	150	(518)
Carrying amount at end of period	**432**	**8,206**

13. ISSUED SECURITIES

	31 Dec 2018 $'000	30 Jun 2018 $'000
(a) Carrying values		
Balance at beginning of period	**814,243**	**809,836**
Issued during the year:		
Dividend Reinvestment Plan (DRP)	2,133	4,407
Institutional Placement and Rights issue	74,564	-
Executive Incentive Plan	265	-
Institutional Placement and Rights issue costs	(3,151)	-
Balance at end of period	**888,054**	**814,243**
The closing balance is attributable to the security holders of:		
Ingenia Communities Holding Limited	12,727	11,216
Ingenia Communities Fund	821,381	759,337
Ingenia Communities Management Trust	53,946	43,690
	888,054	**814,243**

(b) Number of issued securities	**31 Dec 2018 Thousands**	**30 Jun 2018 Thousands**
At beginning of period	**208,092**	**206,382**
Issued during the year:		
Dividend Reinvestment Plan (DRP)	732	1,710
Institutional placement and rights issue	23,177	-
Executive Incentive Plan	174	-
At end of period	**232,175**	**208,092**

(c) Term of securities

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

14. COMMITMENTS

There were commitments for capital expenditure on investment properties and inventories contracted but not provided for at reporting date of $49,155,614 (30 June 2018: $16,785,083).

During the year, the Group acquired Rivershore Resort. Pursuant to the agreement the vendors are entitled to a further consideration of up to $4,500,000, subject to the achievement of certain performance hurdles, payable 12 months post acquisition.

15. SUBSEQUENT EVENTS

Interim distribution

On 19 February 2019, the directors of the Group declared an interim distribution of 5.4 cps (1H18: 5.1 cps), amounting to $12.5 million to be paid at 27 March 2019. The DRP will apply to the interim distribution.

Settlement of Aspley Acres

On 12 February 2019, the Group completed the acquisition of Aspley Acres rental village (Brisbane, QLD) for a purchase price of $29.5 million.

DRP Plan Rules

On 6 February 2019, the Group announced a change to the Group's DRP plan rules with effect from 20 February 2019. The changes primarily relate to the DRP pricing period commencement and duration, bringing them in line with current market practice.

15. SUBSEQUENT EVENTS (CONTINUED)

Post balance date acquisitions

On 19 February 2019, the Group announced the exchange of two unconditional contracts for the purchase of:

- a holiday park in the Byron Bay region, NSW;
- land adjacent to Ingenia Lifestyle Lara, Vic.

The combined price of these two properties is $15.3 million, with settlement expected to be completed in Q4 FY19.

Directors' Declaration

Ingenia Communities Holdings Limited
For the six months ended 31 December 2018

In accordance with a resolution of the Directors of Ingenia Communities Holdings Limited, I state that:

In the opinion of the Directors:

(a) the financial statements and notes of Ingenia Communities Holdings Limited for the half-year ended 31 December 2018 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 2018 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
Sydney, 19 February 2019

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

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

Independent Auditor's Review Report to the unitholders of Ingenia Communities Holdings Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Ingenia Communities Holdings Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2018, 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.

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

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and of its consolidated financial performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2018 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Ernst & Young

Ernst & Young

Megan Wilson

Megan Wilson
Partner
Sydney
19 February 2019

INGENIA COMMUNITIES FUND
AND
INGENIA COMMUNITIES MANAGEMENT TRUST

HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2018

www.ingeniacommunities.com.au
Registered Office: Level 9, 115 Pitt Street, Sydney NSW 2000

Half-Year Financial Report

Ingenia Communities Fund and Ingenia Communities Management Trust
For the six months ended 31 December 2018

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Directors' Report
Ingenia Communities Fund and Ingenia Communities Management Trust
For the six months ended 31 December 2018

Ingenia Communities Fund ("ICF" or the "Fund") (ARSN 107 459 576) and Ingenia Communities Management Trust ("ICMT") (ARSN 122 928 410) (together the "Trusts") are Australian registered schemes. Ingenia Communities RE Limited (ACN 154 464 990; Australian Financial Services Licence number 415862), the Responsible Entity of the Trusts, is incorporated and domiciled in Australia.

The parent company of Ingenia Communities RE Limited ("ICRE" or the "Responsible Entity") is Ingenia Communities Holdings Limited (the "Company").The shares of the Company are "stapled" with the units of the Trusts and trade on the Australian Securities Exchange ("ASX") as one security (ASX Code: INA). The Company and the Trusts along with their subsidiaries are collectively referred to as the Group in this report.

The Directors' Report is a combined Directors' Report that covers the Trusts for the six months ended 31 December 2018 (the "current period").

DIRECTORS
The Directors of the Responsible Entity at any time during or since the end of the current period were:

Non-Executive Directors (NEDs)
Jim Hazel (Chairman)
Robert Morrison (Deputy Chairman)
Amanda Heyworth
Valerie Lyons
Andrew McEvoy
Gary Shiffman (appointed 4 December 2018)

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

Company Secretary
Vanessa Chidrawi (appointed 6 February 2019)
Natalie Kwok
Leanne Ralph (resigned 6 February 2019)

OPERATING AND FINANCIAL REVIEW

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

The Group is an active owner, manager and developer of a diversified portfolio of lifestyle and holiday communities across Australia. Its real estate assets at 31 December 2018 were valued at $808.3 million, comprising 36 lifestyle and holiday communities (Ingenia Lifestyle and Holidays), 26 rental communities (Ingenia Gardens) and one deferred management fee retirement village asset (Ingenia Settlers). The Group is in the ASX 300 with a market capitalisation of approximately $700 million at 31 December 2018.

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

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

Strategy

The strategies of ICF and ICMT are aligned with the Group's strategy to grow net operating income, develop lifestyle communities and enhance the operational performance of its investment properties.

Using a disciplined investment framework, the Group plans to continue growing its lifestyle communities business in metropolitan and coastal locations, through the build out of its development pipeline, targeted acquisitions, reinvestment and divestment of non-core assets.

The key immediate business priorities of the Group are:

- Continue focus on sales and marketing to deliver FY19 settlements;
- Integrate recent acquisitions and accelerate rollout of new rental and tourism cabins;
- Execute Joint Venture business plan, securing opportunities for capital light growth and additional revenue streams;
- Capitalise on opportunities to expand development pipeline to deliver new rental contracts;
- Secure approvals on existing and optioned land to further extend development pipeline;
- Continue asset recycling to fund growth;
- Improve performance of existing assets to drive revenue growth; and
- Create a sustainable competitive advantage through recruiting, retaining and developing industry leading talent.

1H19 financial results

The six months to 31 December 2018 has delivered underlying profit from continuing operations of $17.5 million which represents an increase of $2.9 million (20%) on the prior corresponding period. The Group's statutory profit was $13.0 million, which was down 24% on the prior year.

The Group developed and sold 115 turnkey homes (1H18: 90 homes) and grew rental income from permanent, annual and tourism clients to $33.0 million (1H18: $30.7 million).

The underlying result is underpinned by a significantly higher EBIT contribution from the Ingenia Lifestyle and Holidays Development segment which is up 115% from the prior corresponding period. The statutory result reflects a reduction in fair value of investment property due to the increasing number of home settlements on development projects and the impact of writing off transaction costs on new acquisitions.

Operating cash flow for the period was $17.0 million, up 51% from the prior period, reflecting strong growth in recurring rental income and new lifestyle home settlements.

Ingenia remained focused on growing its recurring rental base, investing in the expansion and creation of high quality communities through progression of the Group's development pipeline and through the joint venture with Sun Communities, Inc.

The Group continued to divest non-core assets to support the Group's capital recycling strategy, with the sale of Settlers Cessnock being completed in the current period. At 31 December 2018, the Group had also contracted (subject to conditions) the sale of the Rouse Hill lifestyle community which is planned for settlement in 2H19.

1H19 financial results (continued)

Key metrics

- Net profit for the current period for ICF $14.3 million (1H18: $15.2 million).
- Net loss for the current period for ICMT of $1.6 million (1H18: $2.1 million).
- Interim distributions of 5.4 cents per unit by ICF, nil from ICMT.

Capital management

The Trusts adopt a prudent and considered approach to capital management. The weighted average term to maturity of Ingenia's debt at 31 December 2018 is 3.8 years with the first debt expiry in February 2022. As at 31 December 2018, the debt facilities were drawn to $201.7 million.

The Group's Loan to Value Ratio ("LVR") at 31 December 2018 was 27.8%, this is below Ingenia's target LVR range of 30-40% due to the proceeds of the November placement not being fully deployed by period end.

The Group has interest rate derivatives (a combination of collars and swaps) in place covering 86% of drawn debt at 31 December 2018.

In line with the Group's strategy, the Trusts intend to fund near term growth through operating cash flows, divestment of non-core assets and drawing on committed debt facilities. The strategic partnership with Sun Communities, Inc. will support the acceleration of Ingenia's business plan through jointly investing in new greenfield opportunities.

Distributions

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

- On 21 August 2018, the Directors declared a final distribution of 5.65 cps amounting to $11.8 million, which was paid on 14 September 2018. The final distribution was fully taxable and the distribution reinvestment plan (DRP) was in place.
- On 19 February 2019, the Directors declared an interim distribution of 5.4 cps (1H18: 5.1 cps), amounting to $12.5 million to be paid at 27 March 2019. The DRP will apply to the interim distribution and be partially underwritten to fund the acquisitions highlighted in Events Subsequent to Reporting Date.

Outlook

The Group is well positioned to continue growing its lifestyle communities business in FY19 with a sector leading development pipeline and investment in the strategic partnership with Sun Communities, Inc.

The priority for existing lifestyle and holiday communities is to grow revenue through the investment in new cabins and facilities across the rental and tourism business.

Ingenia Gardens remains a key contributor to the Group's recurring rental cash flow. The Group's priority is to grow average occupancy and rents while delivering the best possible support to Ingenia Garden residents.

The Trusts will continue to regularly assess the performance of its existing assets and market opportunities where superior longer term returns are available.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Changes in the state of affairs during the current period are set out in this Directors Report and the various reports in the Financial Report. Refer to this Directors Report for information on the placement to Sun Communities, Inc. and entering into the development strategic partnership with Sun Communities, Inc. Refer to the financial statements Note 6 for details of assets and liabilities held for sale, Note 7 for investment properties acquired during the year and Note 11 for changes to issued units.

EVENTS SUBSEQUENT TO REPORTING DATE

Interim distribution
On 19 February 2019, the directors of the Group declared an interim distribution of 5.4 cps (1H18: 5.1 cps), amounting to $12.5 million to be paid at 27 March 2019. The DRP will apply to the interim distribution.

Settlement of Aspley Acres
On 12 February 2019, the Group completed the acquisition of Aspley Acres rental village (Brisbane, QLD) for a purchase price of $29.5 million.

DRP Plan Rules
On 6 February 2019, the Group announced a change to the Group's DRP plan rules with effect from 20 February 2019. The changes primarily relate to the DRP pricing period commencement and duration, bringing them in line with current market practice.

Post balance date acquisitions
On 19 February 2019, the Group announced the exchange of two unconditional contracts for the purchase of:
- a holiday park in the Byron Bay region, NSW; and
- land adjacent to Ingenia Lifestyle Lara, Vic.

The combined price of these two properties is $15.3 million, with settlement expected to be completed in Q4 FY19.

LIKELY DEVELOPMENTS

The Group will continue to pursue strategies aimed at growing its cash earnings, profitability and market share within the senior's rental property and tourism industry during the next financial year, with a continuing focus on the development of lifestyle communities. The Group will continue to pursue the divestment of non-core assets to support the Group's capital recycling strategy.

Other information about likely developments in the operations of the Group and the expected results of those operations in future financial years is included in the various reports in this Financial Report.

ENVIRONMENTAL REGULATIONS

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

GROUP INDEMNITIES

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

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Trusts have agreed to indemnify its 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 reporting period.

AUDITOR'S INDEPENDENCE DECLARATION

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

ROUNDING OF AMOUNTS

The Trusts are of the kind referred to in ASIC Instrument 2016/191, and in accordance with that Class Order, amounts in the financial report and Director's Report have been rounded to the nearest thousand dollars, unless otherwise stated.

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

Jim Hazel
Chairman
Sydney, 19 February 2019

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

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

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

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 2018, 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

Ernst & Young

Megan Wilson

Megan Wilson
Partner
Sydney
19 February 2019

Consolidated Statement of Comprehensive Income

Ingenia Communities Fund and Ingenia Communities Management Trust
For the six months ended 31 December 2018

		ICF		ICMT	
	Note	31 Dec 2018 $'000	31 Dec 2017 $'000	31 Dec 2018 $'000	31 Dec 2017 $'000
Rental Income		3,911	4,551	44,093	43,652
Manufactured home sales		-	-	39,362	25,096
Service station revenue		-	-	3,683	3,536
Food and beverage sales		-	-	2,106	297
Other revenue		288	-	3,849	4,301
Revenue		**4,199**	**4,551**	**93,093**	**76,882**
Property expenses		(491)	(469)	(17,587)	(17,208)
Cost of manufactured homes sold		-	-	(22,679)	(14,569)
Employee expenses		-	-	(19,772)	(18,226)
Administrative expenses		(218)	(138)	(2,198)	(2,105)
Operational, marketing and selling expenses		-	-	(4,616)	(2,735)
Service station expenses		-	-	(3,229)	(2,985)
Responsible entity fee and expenses		(1,742)	(1,622)	(1,716)	(1,533)
Depreciation and amortisation expense		(13)	(13)	(625)	(416)
Operating profit before interest and tax		**1,735**	**2,309**	**20,671**	**17,105**
Net finance income/(expense)		11,655	8,941	(15,219)	(12,284)
Operating profit before tax		**13,390**	**11,250**	**5,452**	**4,821**
Net gain/(loss) on change in fair value of					
Investment properties		959	3,975	(6,941)	(2,964)
Other financial instruments		(35)	(36)	(1,440)	892
Other		-	-	(1,144)	-
Profit/(loss) before tax		**14,314**	**15,189**	**(4,073)**	**2,749**
Income tax benefit/(expense)		-	-	2,480	(692)
Net profit/(loss)		**14,314**	**15,189**	**(1,593)**	**2,057**
Total comprehensive income/(loss)		**14,314**	**15,189**	**(1,593)**	**2,057**
Profit/(loss) attributable to unit holders of:					
Ingenia Communities Fund		14,314	15,189	-	-
Ingenia Communities Management Trust		-	-	(1,593)	2,057
		14,314	**15,189**	**(1,593)**	**2,057**
Total comprehensive income/(loss) attributable to unit holders of:					
Ingenia Communities Fund		14,314	15,189	-	-
Ingenia Communities Management Trust		-	-	(1,593)	2,057
		14,314	**15,189**	**(1,593)**	**2,057**
Earnings per security:		**Cents**	**Cents**	**Cents**	**Cents**
Basic earnings per unit	4	6.6	7.3	(0.7)	1.0
Diluted earnings per unit	4	6.6	7.3	(0.7)	1.0

Consolidated Balance Sheet

Ingenia Communities Fund and Ingenia Communities Management Trust
As at 31 December 2018

		ICF		ICMT	
	Note	**31 Dec 2018 $'000**	**30 Jun 2018 $'000**	**31 Dec 2018 $'000**	**30 Jun 2018 $'000**
Current assets					
Cash and cash equivalents		870	3,622	7,488	10,751
Trade and other receivables		2,005	372	8,294	7,271
Inventories	5	-	-	35,087	30,228
Income tax receivable		19	19	19	19
Assets held for sale	6(a)	-	-	41,144	28,675
Total current assets		**2,894**	**4,013**	**92,032**	**76,944**
Non-current assets					
Trade and other receivables		5,470	6,691	3,505	1,651
Receivable from related party		559,384	524,363	-	-
Investment properties	7	148,462	143,561	618,716	586,876
Plant and equipment		45	57	4,340	3,699
Other financial assets		773	773	1,490	1,490
Intangibles		-	-	1,970	1,919
Deferred tax asset		-	-	2,935	455
Total non-current assets		**714,134**	**675,445**	**632,956**	**596,090**
Total assets		**717,028**	**679,458**	**724,988**	**673,034**
Current liabilities					
Trade and other payables	8	1,901	2,019	41,716	34,759
Borrowings	9	-	-	874	859
Retirement village resident loans	10	-	-	432	8,206
Employee liabilities		-	-	1,972	1,770
Derivatives and other financial instruments		40	73	-	-
Liabilities held for sale	6(b)	-	-	7,748	3,875
Total current liabilities		**1,941**	**2,092**	**52,742**	**49,469**
Non-current liabilities					
Other payables	8	-	-	83	83
Payable to related party		-	-	573,279	534,537
Borrowings	9	200,412	227,502	9,203	9,369
Other financial liabilities		-	-	7,950	6,500
Employee liabilities		-	-	521	529
Derivatives and other financial instruments		275	65	-	-
Total non-current liabilities		**200,687**	**227,567**	**591,036**	**551,018**
Total liabilities		**202,628**	**229,659**	**643,778**	**600,487**
Net assets		**514,400**	**449,799**	**81,210**	**72,547**
Equity					
Issued units	11(a)	821,381	759,337	53,946	43,690
(Accumulated losses)/Retained earnings		(306,981)	(309,538)	27,964	29,557
Unit holders interest		**514,400**	**449,799**	**81,910**	**73,247**
Non-controlling interest		-	-	(700)	(700)
Total equity		**514,400**	**449,799**	**81,210**	**72,547**
Attributable to unit holders of:					
Ingenia Communities Fund		514,400	449,799	(700)	(700)
Ingenia Communities Management Trust		-	-	81,910	73,247
		514,400	**449,799**	**81,210**	**72,547**

Consolidated Cash Flow Statement

Ingenia Communities Fund and Ingenia Communities Management Trust
For the six months ended 31 December 2018

		ICF		ICMT	
		31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
	Note	$'000	$'000	$'000	$'000
Cash flows from operating activities					
Rental and other property income		-	-	54,040	52,838
Property and other expenses		(247)	(412)	(41,544)	(39,281)
Proceeds from resident loans	10(b)	-	-	-	387
Repayment of resident loans	10(b)	-	-	(111)	(777)
Proceeds from sale of manufactured homes		-	-	43,557	28,155
Purchase of manufactured homes		-	-	(30,639)	(22,060)
Proceeds from sale of service station inventory		-	-	4,052	3,890
Purchase of service station inventory		-	-	(3,830)	(3,415)
Interest received		26	12	25	12
Borrowing costs paid		(4,775)	(3,833)	-	-
		(4,996)	**(4,233)**	**25,550**	**19,749**
Cash flows from investing activities					
Purchase and additions of plant and equipment		-	(11)	(1,099)	(955)
Purchase and additions of intangible assets		-	-	(351)	(32)
Payments for investment properties		-	-	(29,271)	(36,622)
Additions to investment properties		(2,725)	(3,653)	(25,771)	(29,023)
Proceeds from sale of investment properties		-	-	1,885	251
		(2,725)	**(3,664)**	**(54,607)**	**(66,381)**
Cash flows from financing activities					
Proceeds from issue of stapled securities		64,795	2,234	10,711	-
Payments for security issue costs		(2,507)	-	(415)	-
Finance lease payments		-	-	(321)	(321)
Distributions to unit holders		(11,757)	(10,525)	-	-
Payments for debt issue costs		(308)	-	-	-
(Repayment of)/proceeds from related party borrowings		(17,960)	(48,282)	15,819	43,843
Proceeds from borrowings		49,706	69,900	-	-
Repayment of borrowings		(77,000)	(5,000)	-	-
		4,969	**8,327**	**25,794**	**43,522**
Net increase/(decrease) in cash and cash equivalents		**(2,752)**	**430**	**(3,263)**	**(3,110)**
Cash and cash equivalents at beginning of period		3,622	991	10,751	8,547
Effects of exchange rate fluctuation on cash held		-	-	-	-
Cash and cash equivalents at end of the period		**870**	**1,421**	**7,488**	**5,437**

Consolidated Statement of Changes in Equity

Ingenia Communities Fund and Ingenia Communities Management Trust
For the six months ended 31 December 2018

		Attributable to unit holders				
		ICF				
	Note	Issued Capital $'000	Retained Earnings $'000	Total $'000	Non-Controlling Interest $'000	Total Equity $'000
Carrying amount 1 Jul 2018		**759,337**	**(309,538)**	**449,799**	**-**	**449,799**
Net profit		-	14,314	14,314	-	14,314
Total comprehensive income		**-**	**14,314**	**14,314**	**-**	**14,314**
Transactions with unit holders in their capacity as unit holders:						
Issue of units	11	62,044	-	62,044	-	62,044
Payment of distributions to unit holders		-	(11,757)	(11,757)	-	(11,757)
Carrying amount 31 Dec 2018		**821,381**	**(306,981)**	**514,400**	**-**	**514,400**
Carrying amount 1 Jul 2017		**755,571**	**(313,900)**	**441,671**	**-**	**441,671**
Net profit		-	15,189	15,189	-	15,189
Total comprehensive income		**-**	**15,189**	**15,189**	**-**	**15,189**
Transactions with unit holders in their capacity as unit holders:						
Issue of units		1,915	-	1,915	-	1,915
Payment of distributions to unit holders		-	(10,525)	(10,525)	-	(10,525)
Carrying amount 31 Dec 2017		**757,486**	**(309,236)**	**448,250**	**-**	**448,250**

		Attributable to unit holders				
		ICMT				
	Note	Issued Capital $'000	Retained Earnings $'000	Total $'000	Non-Controlling Interest $'000	Total Equity $'000
Carrying amount 1 Jul 2018		**43,690**	**29,557**	**73,247**	**(700)**	**72,547**
Net loss		-	(1,593)	(1,593)	-	(1,593)
Total comprehensive income		**-**	**(1,593)**	**(1,593)**	**-**	**(1,593)**
Transactions with unit holders in their capacity as unit holders:						
Issue of units	11	10,256	-	10,256	-	10,256
Carrying amount 31 Dec 2018		**53,946**	**27,964**	**81,910**	**(700)**	**81,210**
Carrying amount 1 Jul 2017		**43,136**	**20,431**	**63,567**	**(700)**	**62,867**
Net profit		-	2,057	2,057	-	2,057
Total comprehensive income		**-**	**2,057**	**2,057**	**-**	**2,057**
Transactions with unit holders in their capacity as unit holders:						
Issue of units		277	-	277	-	277
Carrying amount 31 Dec 2017		**43,413**	**22,488**	**65,901**	**(700)**	**65,201**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) The Trusts

Ingenia Communities Fund (ICF or the Fund) (ARSN 107 459 576) and Ingenia Communities Management Trust (ICMT) (ARSN 122 928 410) (together the Trusts) are Australian registered schemes. Ingenia Communities RE Limited (ACN 154 464 990; Australian Financial Services Licence number 415862), the Responsible Entity of the Trusts, is incorporated and domiciled in Australia.

The parent company of Ingenia Communities RE Limited is Ingenia Communities Holdings Limited (the Company). The shares of the Company are stapled with the units of the Trusts and trade on the Australian Securities Exchange (ASX) effectively as one security. In this report, the Company and the Trusts are referred to collectively as the Group.

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

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

The financial report as at and for the half-year ended 31 December 2018 was authorised for issue by the Directors on 19 February 2019.

(b) Basis of preparation

The half-year financial report is a general purpose financial report, which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The half-year financial report does not include all of the information required for a full-year financial report and should be read in conjunction with both the Ingenia Communities Fund and Ingenia Communities Management Trust annual reports for the year ended 30 June 2018 and any ASX announcements issued during the period.

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

As permitted by Instrument 2015/838, issued by the Australian Securities and Investments Commission, this financial report is a combined financial report that presents the financial statements and accompanying notes of both 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.

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

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' 2018 annual report with the exception of new amended standards and interpretations which have been applied as required.

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

(c) Adoption of new and revised accounting standards

The Trusts apply, for the first time, AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers*. As required by AASB 134, the nature and effect of these changes are disclosed below.

i. AASB 9 *Financial Instruments*

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for reporting periods beginning on or after 1 January 2018 bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group adopted AASB 9 using the modified retrospective method of adoption. The effect of adopting AASB 9 was not material for the Group.

Except for certain trade receivables, under AASB 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Current and non-current financial assets and liabilities within the scope of AASB 9 financial instruments are classified as; fair value through profit or loss; fair value through other comprehensive income; or amortised cost. The Group determines the classification of its financial assets and liabilities at initial recognition with the classification depending on the purpose for which the asset or liability was acquired or issued. Financial assets and liabilities are initially recognised at fair value plus directly attributable transaction costs, unless their classification is at fair value through profit or loss. They are subsequently measured at fair value or amortised cost using the effective interest method. The application of the standard does not have any material impact on the Group's financial statements.

The fair value of financial instruments actively traded in organised financial markets are determined by reference to quoted market bid prices at close of business on balance sheet date. For those with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another substantially similar instrument; discounted cash flow analysis; option pricing models; making use of available and supportable market data and keeping judgemental inputs to a minimum.

The assessment of the Group's business models was made as of the date of initial application, 1 July 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets. The effect of adopting AASB 9 was not material for the Group.

Under AASB 139, trade and other receivables was held as loan and other receivables, this is now recognised as amortised cost under AASB 9. The principal is deemed to be the amount resulting from the transaction in the cope of AASB 15 or AASB 118. The Group determines that the trade receivables do not include a significant financing component and, hence, there is no interest to be recognised.

AASB 9 requires the Group's account for impairment losses for financial assets by replacing AASB 139 incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL. The Group previously applied impairment assessments which incorporated historical experiences, which resulted in similar impairment expectations under the forward looking ECL approach.

ii. AASB 15 *Revenue from Contracts with Customers*

AASB 15 *Revenue from Contracts with Customers* is applicable to reporting periods beginning on or after 1 January 2018. The standard is based on the principle that revenue is recognised when control of a good or service is transferred to a customer. It contains a single model that applies to contracts with customers and two approaches to recognising revenue - at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine if, how much, and when revenue is recognised. It applies to all contracts with customers except leases, financial instruments and insurance contracts. It requires reporting entities to provide users of financial statements with more informative and relevant disclosures.

The Group adopted AASB 15 using the modified retrospective method of adoption. The effect of adopting AASB 15 was not material for the Group.

The Group's contracts with customers for the sale of manufactured homes within the Lifestyle and Holidays segment generally include one performance obligation. Revenue from the sale of manufactured homes is recognised at the point in time when control of the manufactured home is transferred to the customer, on settlement of the home. The adoption of AASB 15 did not have an impact on the timing and recognition of revenue.

Service station sales, food and beverage revenue represents the revenue earned from the provision of products and services to customers and generally includes only one performance obligation. The Group has concluded that the revenue from service station, food and beverage sales should be recognised at the point in time when control of the assets is transferred to the customer. Therefore, the adoption of AASB 15 did not have an impact on the timing and recognition of revenue.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred management fee income is calculated as the expected fee on a resident's ingoing loan, revenue is recognised over time based on the Group's contractual right to receive payment. Revenue is measured based on the resident's expected tenure, together with any share of capital appreciation that has occurred up to the reporting date. The adoption of AASB 15 did not have an impact on the timing and recognition of revenue.

Government incentives are recognised where there is reasonable assurance the incentive will be received, and attached conditions complied with. When the incentive relates to an expense item, it is recognised as income on a systematic basis over the periods that the incentive is intended to compensate.

Generally, the Group receives short-term advances from its customers. Prior to the adoption of AASB 15, the Group presented these advances as a Deposits or Unearned Income in the statement of financial position. Upon the adoption of AASB 15, for short-term advances, the Group used the practical expedient. As such, the Group will not adjust the promised amount of the consideration for the effects of a financing component in contracts, where the Group expects, at contract inception, that the period between the time the customer pays for the good or service and when the Group transfers that promised good or service to the customer will be one year or less.

Revenue from rent, interest and distributions are within scope of standards other than AASB 15, and therefore the adoption of AASB 15 did not have an impact on the timing and recognition of revenue. Refer to the 30 June 2018 financial statements for the accounting policies for these income items.

(d) Pending accounting standards

AASB 16 *Leases* is applicable to reporting periods beginning on or after 1 January 2019. The Group has not early adopted this standard. This standard provides requirements for classification, measurement, and disclosure of all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee must now measure right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments) and payments made in optional periods, if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. The Group is currently the lessee of two non-cancellable operating leases, which will be included under this new standard. These leases relate to the Group's Sydney and Brisbane offices, which have future minimum lease payments totalling $2,102,000 at 31 December 2018.

The Group is also the lessee of four finance leases (relating to the land component of investment properties), which are not expected to be materially impacted by the new standard as they are already substantially treated in the manner prescribed by the new standard.

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

(e) Assets held for sale

Components of the entity are classified as held for sale if their carrying value will be recovered principally through a sale transaction rather than through continuing use.

They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as investment property, which are carried at fair value.

The liabilities of an asset classified as held for sale are presented separately from other liabilities on the face of the balance sheet.

Details of assets and liabilities held for sale are given at Note 6.

2. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(a) Critical accounting estimates and assumptions

The Trusts makes estimates and assumptions concerning the future. The resulting accounting estimates, by definition, may not equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying 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 $808,322,000 (30 June 2018: $759,112,000) (refer Note 6 and Note 7), and combined retirement village resident loans of $8,180,000 (30 June 2018: $12,081,000) (refer Note 6 and Note 10(a)) which together represent the estimated fair value of the Trust'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 properties to be developed reflect sales prices for new homes, sales rates, new rental tariffs, estimates of capital expenditure, discount rates and projected property growth rates. The valuation assumptions for deferred management fee villages reflect average length of stay, unit market values, estimates of capital expenditure, contract terms with residents, discount rates, and projected property growth rates.

In forming these assumptions, the Trusts considered information about current and recent sales activity, current market rents, discount rates and capitalisation rates for properties similar to those owned by the Trusts, as well as independent valuations of the Trusts' property.

ii. Valuation of inventories

The Trusts have inventory in the form of 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 of estimation, the amount the inventories are expected to realise, and the estimated costs of completion. Key assumptions require the use of management judgement, and are continually reviewed.

iii. Valuation of 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 ICMT as operator. The key assumption for calculating capital gain and deferred management fee income components is the value of the dwelling being occupied by the resident. This value is determined by reference to the valuation of investment property, as referred to above.

iv. Calculation of deferred management 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 invests predominantly in rental properties located in Australia with four reportable segments:

- Ingenia Lifestyle and Holidays – comprising long-term and tourism accommodation within lifestyle parks;
- Ingenia Lifestyle Development – comprising the development and sale of manufactured homes;
- Ingenia Gardens – rental villages;
- Fuel, Food & Beverage Services – consists of the Group's investment in service station operations and food & beverage activities attached to Ingenia Lifestyle and Holiday communities;
- Corporate & Other – comprises deferred management fee village and corporate overheads.

The Trusts have identified its operating segments based on the internal reports that are reviewed and used by the chief operating decision maker in assessing performance and determining the allocation of resources. Other parts of the Trusts are neither an operating segment nor part of an operating segment.

(b) ICF – 31 Dec 2018	Lifestyle & Holidays Operations $'000	Ingenia Gardens $'000	Corporate & Other $'000	Total $'000
Segment revenue				
External segment revenue	192	3,719	288	4,199
Total revenue	**192**	**3,719**	**288**	**4,199**
Segment underlying profit				
External segment revenue	192	3,719	288	4,199
Property expenses	-	-	(491)	(491)
Administrative expenses	-	-	(218)	(218)
Depreciation expense	-	-	(13)	(13)
Earnings before interest and tax	**192**	**3,719**	**(434)**	**3,477**
Net finance income	-	-	11,655	11,655
Underlying profit	**192**	**3,719**	**11,221**	**15,132**
Net gain/(loss) on change in fair value of:				
Investment properties	(942)	1,901	-	959
Other financial instruments	-	-	(35)	(35)
Other	-	-	-	-
Responsible entity fees	-	-	(1,742)	(1,742)
Profit/(loss) after tax	**(750)**	**5,620**	**9,444**	**14,314**
Segment assets	15,760	150,084	551,184	717,028
Total assets	**15,760**	**150,084**	**551,184**	**717,028**

3. SEGMENT INFORMATION (CONTINUED)

(c) ICF – 31 Dec 2017	Lifestyle & Holidays Operations $'000	Ingenia Gardens $'000	Corporate & Other $'000	Total $'000
Segment revenue				
External segment revenue	192	4,359	-	4,551
Total revenue	**192**	**4,359**	**-**	**4,551**
Segment underlying profit				
External segment revenue	192	4,359	-	4,551
Property expenses	-	-	(469)	(469)
Administrative expenses	-	-	(138)	(138)
Depreciation expense	-	-	(13)	(13)
Earnings before interest and tax	**192**	**4,359**	**(620)**	**3,931**
Net finance income	-	-	8,941	8,941
Underlying profit	**192**	**4,359**	**8,321**	**12,872**
Net gain/(loss) on change in fair value of:				
Investment properties	3,087	888	-	3,975
Other financial instruments	-	-	(36)	(36)
Other	-	-	-	-
Responsible entity fees	-	-	(1,622)	(1,622)
Profit after tax	**3,279**	**5,247**	**6,663**	**15,189**
Segment assets	6,014	90,250	584,177	680,441
Total assets	**6,014**	**90,250**	**584,177**	**680,441**

3. SEGMENT INFORMATION (CONTINUED)

(d) ICMT – 31 Dec 2018	Lifestyle & Holidays Operations $'000	Lifestyle & Holidays Development $'000	Ingenia Gardens $'000	Fuel, Food & Beverage Services $'000	Corporate & Other $'000	Total $'000
Segment revenue						
External segment revenue	34,966	39,362	12,545	5,789	431	93,093
Total revenue	**34,966**	**39,362**	**12,545**	**5,789**	**431**	**93,093**
Segment underlying profit						
External segment revenue	34,966	39,362	12,545	5,789	431	93,093
Property expenses	(8,654)	(584)	(7,155)	(262)	(932)	(17,587)
Cost of manufactured homes sold	-	(22,679)	-	-	-	(22,679)
Employee expenses	(10,524)	(4,632)	(3,313)	(1,016)	(287)	(19,772)
Administrative expenses	(1,409)	(304)	(200)	(26)	(259)	(2,198)
Operational, marketing and selling expenses	(814)	(2,140)	(390)	(802)	(470)	(4,616)
Service station expenses	-	-	-	(3,229)	-	(3,229)
Depreciation and amortisation expense	(266)	(261)	(64)	(24)	(10)	(625)
Earnings before interest and tax	**13,299**	**8,762**	**1,423**	**430**	**(1,527)**	**22,387**
Net finance expense	-	-	-	-	(15,219)	(15,219)
Income tax expense	-	-	-	-	(1,659)	(1,659)
Underlying profit/(loss)	**13,299**	**8,762**	**1,423**	**430**	**(18,405)**	**5,509**
Net gain/(loss) on change in fair value of:						
Investment properties	(7,269)	-	-	-	328	(6,941)
Other financial instruments	(1,450)	-	-	-	10	(1,440)
Other	-	-	-	-	(1,144)	(1,144)
Income tax expense	-	-	-	-	4,139	4,139
Responsible entity fees	-	-	-	-	(1,716)	(1,716)
Profit/(loss) after tax	**4,580**	**8,762**	**1,423**	**430**	**(16,788)**	**(1,593)**
Segment assets						
Segment assets	491,719	176,127	4,414	435	11,149	683,844
Assets held for sale	30,512	-	-	-	10,632	41,144
Total assets	**522,231**	**176,127**	**4,414**	**435**	**21,781**	**724,988**

3. SEGMENT INFORMATION (CONTINUED)

(e) ICMT – 31 Dec 2017	Lifestyle & Holidays Operations $'000	Lifestyle & Holidays Development $'000	Ingenia Gardens $'000	Fuel, Food & Beverage Services $'000	Corporate & Other $'000	Total $'000
Segment revenue						
External segment revenue	32,540	25,096	14,489	3,833	924	76,882
Total revenue	**32,540**	**25,096**	**14,489**	**3,833**	**924**	**76,882**
Segment underlying profit						
External segment revenue	32,540	25,096	14,489	3,833	924	76,882
Property expenses	(7,593)	(240)	(8,497)	(233)	(645)	(17,208)
Cost of manufactured homes sold	-	(14,569)	-	-	-	(14,569)
Employee expenses	(9,841)	(4,129)	(3,578)	(402)	(276)	(18,226)
Administrative expenses	(1,391)	(279)	(254)	(6)	(175)	(2,105)
Operational, marketing and selling expenses	(682)	(1,605)	(410)	-	(38)	(2,735)
Service station expenses	-	-	-	(2,985)	-	(2,985)
Depreciation and amortisation expense	(196)	(153)	(54)	(3)	(10)	(416)
Earnings before interest and tax	**12,837**	**4,121**	**1,696**	**204**	**(220)**	**18,638**
Net finance expense	-	-	-	-	(12,284)	(12,284)
Income tax expense	-	-	-	-	(1,311)	(1,311)
Underlying profit/(loss)	**12,837**	**4,121**	**1,696**	**204**	**(13,815)**	**5,043**
Net gain/(loss) on change in fair value of:						
Investment properties	(1,345)	-	-	-	(1,619)	(2,964)
Other financial instruments	886	-	-	-	6	892
Other	-	-	-	-	-	-
Income tax expense	-	-	-	-	619	619
Responsible entity fees	-	-	-	-	(1,533)	(1,533)
Profit/(loss) after tax	**12,378**	**4,121**	**1,696**	**204**	**(16,342)**	**2,057**
Segment assets						
Segment assets	432,395	160,304	4,122	262	22,647	619,730
Assets held for sale	11,750	-	-	-	18,632	30,382
Total assets	**444,145**	**160,304**	**4,122**	**262**	**41,279**	**650,112**

4. EARNINGS PER UNIT

	ICF		ICMT	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Profit/(loss) attributable to unit holders ($'000)	14,314	15,189	(1,593)	2,057
Weighted average number of units outstanding (thousands):				
Issued units (thousands)	215,497	206,906	215,497	206,906
Dilutive units (thousands):				
Long-term incentives	1,071	544	1,071	544
Short-term incentives	234	94	234	94
Weighted average number of issued and dilutive potential units outstanding (thousands)	**216,802**	**207,544**	**216,802**	**207,544**
Basic earnings per unit (cents)	6.6	7.3	(0.7)	1.0
Dilutive earnings per unit (cents)	6.6	7.3	(0.7)	1.0

5. INVENTORIES

	ICF		ICMT	
	31 Dec 2018 $'000	31 Jun 2018 $'000	31 Dec 2018 $'000	31 Jun 2018 $'000
Manufactured homes				
Completed	-	-	16,552	15,616
Display homes	-	-	3,481	4,869
Under construction	-	-	14,733	9,435
Fuel, food and beverage supplies	-	-	321	308
Total inventories	**-**	**-**	**35,087**	**30,228**

The manufactured home balance includes:

- 99 new completed homes (30 Jun 2018: 93) of which the majority are under contract.
- 15 completed display homes (30 Jun 2018: 24) and display homes under construction.
- Manufactured homes under construction includes 161 partially completed homes at different stages of development (30 Jun 2018: 88), of which the majority have been deposited or are under contract. It also includes demolition, site preparation costs and buybacks on future development sites.

6. ASSETS AND LIABILITIES HELD FOR SALE

(a) Summary of carrying values

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

	ICF		ICMT	
	31 Dec 2018 $'000	30 Jun 2018 $'000	31 Dec 2018 $'000	30 Jun 2018 $'000
Investment properties held for sale:				
Rouse Hill, Rouse Hill, NSW(1)	-	-	22,600	22,325
Gladstone, South Gladstone, QLD	-	-	10,632	-
Mudgee, Mudgee, NSW	-	-	5,440	-
Mudgee Valley, Mudgee, NSW	-	-	2,472	-
Cessnock, Cessnock, NSW	-	-	-	6,350
Total assets held for sale	**-**	**-**	**41,144**	**28,675**

(1) A conditional contract for the sale of Rouse Hill was signed in June 2018. As such, the property has been reclassified from investment property to asset held with to sale in view of management's expectation that the property will be sold in the six months ended 30 June 2019.

6. ASSETS HELD FOR SALE (CONTINUED)

(b) Summary of carrying amounts – loans

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

	ICF		ICMT	
	31 Dec 2018 $'000	30 Jun 2018 $'000	31 Dec 2018 $'000	30 Jun 2018 $'000
Net resident loans – Gladstone	-	-	7,748	-
Net resident loans – Cessnock	-	-	-	3,875
Total resident loans	**-**	**-**	**7,748**	**3,875**

7. INVESTMENT PROPERTIES

	ICF		ICMT	
(a) Summary of carrying amounts	31 Dec 2018 $'000	30 Jun 2018 $'000	31 Dec 2018 $'000	30 Jun 2018 $'000
Completed properties	148,462	143,561	477,354	443,963
Properties under development	-	-	141,362	142,913
Total carrying amount	**148,462**	**143,561**	**618,716**	**586,876**

	ICF		ICMT	
(b) Movements in carrying amounts	31 Dec 2018 $'000	30 Jun 2018 $'000	31 Dec 2018 $'000	30 Jun 2018 $'000
Carrying amount at beginning of period	**143,561**	**154,556**	**586,876**	**538,918**
Acquisitions	-	-	30,350	50,386
Expenditure capitalised	3,942	4,971	27,250	61,301
Net change in fair value:				
Investment property	959	2,182	(6,915)	(3,469)
Resident loans	-	-	(26)	(993)
Transfer to assets held for sale	-	-	(18,819)	(28,675)
Disposals	-	(18,148)	-	(30,592)
Carrying amount at the end of period	**148,462**	**143,561**	**618,716**	**586,876**

8. TRADE AND OTHER PAYABLES

	ICF		ICMT	
	31 Dec 2018 $'000	30 Jun 2018 $'000	31 Dec 2018 $'000	30 Jun 2018 $'000
Current				
Trade payables and accruals	1,901	2,019	33,709	28,266
Deposits	-	-	7,118	5,266
Other unearned income	-	-	889	1,227
	1,901	**2,019**	**41,716**	**34,759**
Non-current				
Other	-	-	83	83

9. BORROWINGS

	ICF		ICMT	
	31 Dec 2018 $'000	30 Jun 2018 $'000	31 Dec 2018 $'000	30 Jun 2018 $'000
Current				
Finance leases	-	-	874	859
Non-current				
Bank debt	201,705	228,999	-	-
Prepaid borrowing costs	(1,293)	(1,497)	-	-
Finance leases	-	-	9,203	9,369
	200,412	**227,502**	**9,203**	**9,369**

(a) Bank debt

Ingenia has $350.0 million in available debt facilities at 31 December 2018 (30 June 2018: $350.0 million).

The total $350.0 million in debt facilities is provided by three Australian banks. The tranche maturity dates are:

- 12 February 2022 ($175.4 million); and
- 13 July 2023 ($174.6 million)

As at 31 December 2018, the facilities have been drawn to $201.7 million (30 June 2018: $229.0 million). The carrying value of investment property net of resident liabilities at reporting date for the Group's Australian properties pledged as security is $753.0 million (30 June 2018: $701.8 million).

(b) Bank guarantees

The Group has the ability to utilise its bank facilities to provide bank guarantees, which at 31 December 2018 were $11.4 million (30 June 2018: $11.4 million).

(c) Finance leases

The Group has entered into finance leases for the following Lifestyle and Holidays investment properties:

- Gosford City Council for the land and facilities of Ettalong Beach
- Crown leases for the land of One Mile Beach
- Crown lease for the land of Big 4 Broulee Beach
- Crown lease for the land of South West Rocks

The leases are long-term in nature and range between 7.5 years to perpetuity.

Subsidiaries of ICMT have entered into an agreement with subsidiaries of ICF. The subject of the agreement is to lease a retirement village. The remaining term of the agreement is 90.5 years. There are no purchase options.

10. RETIREMENT VILLAGE RESIDENT LOANS

	ICF		ICMT	
(a) Summary of carrying amounts	**31 Dec 2018 $'000**	**30 Jun 2018 $'000**	**31 Dec 2018 $'000**	**30 Jun 2018 $'000**
Gross resident loans	-	-	1,843	9,880
Accrued deferred management fee	-	-	(1,411)	(1,674)
Net resident loans	**-**	**-**	**432**	**8,206**

(b) Movements in carrying amounts

	ICF 31 Dec 2018	ICF 30 Jun 2018	ICMT 31 Dec 2018	ICMT 30 Jun 2018
Carrying amount at beginning of period	-	-	8,206	27,201
Accrued deferred management fee income	-	-	(66)	(636)
Deferred management fee cash collected	-	-	1	334
Proceeds from resident loans	-	-	-	594
Repayment of resident loans	-	-	(111)	(767)
Transfer to liabilities held for sale	-	-	(7,748)	(3,875)
Disposal of villages	-	-	-	(14,127)
Other	-	-	150	(518)
	-	**-**	**432**	**8,206**

11. ISSUED UNITS

	ICF		ICMT	
(a) Carrying values	**31 Dec 2018 $'000**	**30 Jun 2018 $'000**	**31 Dec 2018 $'000**	**30 Jun 2018 $'000**
At beginning of period	759,337	755,571	43,690	43,136
Issued during the year:				
Dividend Reinvestment Plan (DRP)	1,795	3,766	294	554
Institutional Placement and Rights issue	62,671	-	10,363	-
Executive Incentive Plan	226	-	37	-
Institutional placement and rights issue costs	(2,648)	-	(438)	-
At end of period	**821,381**	**759,337**	**53,946**	**43,690**
The closing balance is attributable to the unit holders of:				
Ingenia Communities Fund	821,381	759,337	-	-
Ingenia Communities Management Trust	-	-	53,946	43,690
	821,381	**759,337**	**53,946**	**43,690**

	ICF		ICMT	
(b) Number of issued units	**31 Dec 2018 Thousands**	**30 Jun 2018 Thousands**	**31 Dec 2018 Thousands**	**30 Jun 2018 Thousands**
At beginning of period	208,092	206,382	208,092	206,382
Issued during the period:				
Dividend Reinvestment Plan (DRP)	732	1,710	732	1,710
Institutional placement and rights issue	23,177	-	23,177	-
Executive Incentive Plan	174	-	174	-
At end of period	**232,175**	**208,092**	**232,175**	**208,092**

(c) Term of units

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

12. COMMITMENTS

ICF has commitments for capital expenditure on investment properties and inventories contracted but not provided for at reporting date of $49,155,614 (30 June 2018: $16,785,083).

During the year, the Group acquired Rivershore Resort. Pursuant to the agreement the vendors are entitled to a further consideration of up to $4,500,000, subject to the achievement of certain performance hurdles, payable 12 months post acquisition.

13. SUBSEQUENT EVENTS

Interim distribution

On 19 February 2019, the directors of the Group declared an interim distribution of 5.4 cps (1H18: 5.1 cps), amounting to $12.5 million to be paid at 27 March 2019. The DRP will apply to the interim distribution.

Settlement of Aspley Acres

On 12 February 2019, the Group completed the acquisition of Aspley Acres rental village (Brisbane, QLD) for a purchase price of $29.5 million.

DRP Plan Rules

On 6 February 2019, the Group announced a change to the Group's DRP plan rules with effect from 20 February 2019. The changes primarily relate to the DRP pricing period commencement and duration, bringing them in line with current market practice.

Post balance date acquisitions

On 19 February 2019, the Group announced the exchange of two unconditional contracts for the purchase of:

- a holiday park in the Byron Bay region, NSW;
- land adjacent to Ingenia Lifestyle Lara, Vic.

The combined price of these two properties is $15.3 million, with settlement expected to be completed in Q4 FY19.

Directors’ Declaration

Ingenia Communities Fund and Ingenia Communities Management Trust
For the six months ended 31 December 2018

In accordance with a resolution of the Directors of Ingenia Communities RE Limited, I state that:

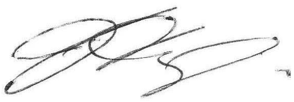
In the opinion of the Directors:

(a) the financial statements and notes of Ingenia Communities Fund and Ingenia Communities Management Trust for the half-year ended 31 December 2018 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 2018 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
Sydney, 19 February 2019

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

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

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial reports which have been prepared in accordance with ASIC Corporations (Stapled Group Reports) Instrument 2015/838 and comprise:

- the consolidated balance sheet as at 31 December 2018, 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 2018, 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.

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

a) giving a true and fair view of each consolidated entity's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial reports based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial reports are not in accordance with the *Corporations Act 2001* including: giving a true and fair view of each consolidated entity's financial position as at 31 December 2018 and its financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Trusts and the entities they controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Ernst & Young

Ernst & Young

Megan Wilson

Megan Wilson
Partner
Sydney
19 February 2019