

APPENDIX 4D

Half Year Financial Report

Half year ended 31 December 2012

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

Current period:	1 July 2012 - 31 December 2012
Previous corresponding period:	1 July 2011 - 31 December 2011

Results for announcement to the market

	31 Dec 2012 \$'000	31 Dec 2011 \$'000	Change \$'000	Change %
Revenues from continuing operations	13,825	13,138	687	5.2
Profit from ordinary activities after tax attributable to members	2,389	29,146	(26,757)	(91.8)
Net profit for the period attributable to members	2,389	29,146	(26,757)	(91.8)
Operating income from continuing operations	1,275	1,716	(441)	(25.7)
Operating income	3,631	4,088	(457)	(11.2)
	cents	cents		
Final distribution (paid)	0.5	-	0.5	
Interim distribution (declared)	0.5	-	0.5	
Record date for determining entitlement to interim distribution	1 March 2013			
Net asset value per security	31 Dec 2012 \$0.34	30 June 2012 \$0.34	-	-

Other significant information and commentary on results

See attached ASX announcement

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

- Directors' report
- Interim financial report
- Results presentation and Media Release



Tania Betts
Company Secretary

20 February 2013



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

INTERIM REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

www.ingeniacommunities.com.au

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

Ingenia Communities Holdings Limited
Financial & associated reports
Half-year ended 31 December 2012

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Ingenia Communities Holdings Limited

Directors' report

Half-year ended 31 December 2012

The directors of Ingenia Communities Holdings Limited (the "Company") present their report together with the Company's financial report for the half-year ended 31 December 2012 and the Independent Auditor's Report thereon. The Company's financial report comprises the consolidated financial report of the Company and its controlled entities, including the Ingenia Communities Fund ("ICF" or the "Fund") and the Ingenia Communities Management Trust ("ICMT") (collectively, the "Trusts").

The Fund was formerly the ING Real Estate Community Living Fund. ICMT was formerly the ING Real Estate Community Living Management Trust.

From 4 June 2012 Ingenia Communities RE Limited ("ICRE"), a wholly owned subsidiary of the Company became the responsible entity for the Trusts. On that date, management of the Trusts was internalised and the stapled entity known as Ingenia Communities Group (consisting of the Company and the Trusts) (the "Group") was formed ("Internalisation").

Previously, the Trusts operated as a stapled entity known as ING Real Estate Community Living Group. The responsible entity for the Trusts until 4 June 2012 was ING Management Limited ("IML"). IML is an Australian domiciled company and is a wholly owned company within the ING Groep NV group of companies.

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

1. DIRECTORS

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

Non-executive directors

Jim Hazel (Chairman)	Re-appointed 20 November 2012
Philip Clark AM	Re-appointed 20 November 2012
Amanda Heyworth	Re-appointed 20 November 2012
Robert Morrison	Appointed 8 February 2013

Executive director

Simon Owen (Managing Director)	Appointed 24 November 2011
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2. REVIEW & RESULTS OF OPERATIONS

A summary of the Group's result for the half-year is:

	2012	2011
Net profit attributable to securityholders (\$'000)	2,389	29,146
Profit/(loss) from continuing operations (\$'000)	(3,292)	(336)
Operating income (\$'000)	3,631	4,088
Operating income from continuing operations (\$'000)	1,275	1,716
Distributions per security (cents)	0.5	-
Basic earnings per security from continuing operations (cents)	(0.7)	(0.1)
Basic earnings per security (cents)	0.5	6.6
Operating income from continuing operations per security (cents)	0.3	0.4
Operating income per security (cents)	0.8	0.9
Net asset value per security (cents)	0.34	0.34

Ingenia Communities Holdings Limited

Directors' report

Half-year ended 31 December 2012

The directors use the Group's operating income as an additional performance indicator as it more closely reflects the directors' assessment of the results of the ongoing business activities of the Group.

Operating income does not take into account certain items recognised in the statement of profit and loss including unrealised gains or losses on the revaluation of the Group's properties and derivatives. Consequently, operating income is a less volatile measure of underlying performance than net profit.

Operating income for the half-year has been calculated as follows:

	2012	2011
	\$'000	\$'000
Net profit attributable to securityholders	2,389	29,146
Adjusted for:		
- Net foreign exchange (gain)/loss	-	279
- Net (gain)/loss on disposal of investment property	-	35
- Net (gain)/loss on change in fair value of :		
Investment properties	2,767	(2,298)
Derivatives	(578)	725
Retirement village resident loans	(87)	42
Gain/(loss) on revaluation of newly constructed retirement villages	1,931	3,119
Loss on internalisation	35	-
Amortisation of intangibles	515	-
Deferred income tax (benefit)/expense	(450)	150
Disposal costs associated with overseas investments	434	-
Profit from discontinued operations	(5,681)	(29,482)
Operating income from continuing operations	1,275	1,716
Operating income from discontinued operations	2,356	2,372
Operating income	<u>3,631</u>	<u>4,088</u>

Distributions

- On 29 August 2012 the directors resolved to declare a final distribution for 2012 of 0.5 cents per security amounting to \$2,205,146 which was paid 21 September 2012.
- On the 20 February 2013 the directors resolved to declare an interim distribution of 0.5 cents per security amounting to \$2,205,146 to be paid on 14 March 2013.

Financial position

- Look-through gearing 53%. Following settlement of the US Seniors portfolio and announced acquisitions and divestments, look-through gearing reduced to 22%.
- Net asset value per security 34.4 cents.
- Cash held \$18.6m and new Australian variable rate debt facility of \$82m, drawn to \$77.7m, expiring September 2015.

Operational highlights

Garden Villages Rental

- Occupancy at 84% which is a part of continuing improvement towards target of 90%.
- Operating income of \$4.1m, up 5.9%.
- Operating margin of 40.5%.

Ingenia Communities Holdings Limited

Directors' report

Half-year ended 31 December 2012

Garden Villages DMF Conversions

- Settled units worth \$3.7m with a further 11 contracted and reserved.
- Operating income of \$0.9m, down \$1.8m from prior period due to softer Queensland market conditions.
- Successfully launched Cessnock conversion village in October 2012 with one unit sold and remaining units in the stage contracted.

Settlers Lifestyle

- Occupancy stable at 96% and sales of \$4.8m completed during the year.
- Operating income of \$1.6m, up 85% from prior period.
- Ridge Estate acquired in July 2012, with sell down of Stage 1 units near complete.

Overseas Portfolios – Discontinued Operations

- US occupancy levels to record high of 97.8%.
- On 13 February 2013, the disposal of the US Seniors assets was completed deriving net proceeds of \$46.7m.
- NZ Students occupancy of 95%.
- Negotiations are continuing for the sale of the NZ Students portfolio.

Other Highlights

- In February 2013, the Group entered into the manufactured home park market after signing unconditional contracts for the purchase of The Grange at Morisset and Ettalong Beach Holiday Village on the central coast of New South Wales.

3. EVENTS SUBSEQUENT TO REPORTING DATE

On 3 January 2013, the contract for the sale of Lovely Banks Gardens in Victoria for \$3,100,000 became unconditional with settlement expected on 11 March 2013.

On 4 February 2013, Ingenia Communities acquired Ocean Grove Village, a rental retirement village in Mandurah, Western Australia. The purchase price was \$2,800,000 and was funded from cash reserves.

On 13 February 2013, Ingenia Communities disposed of its 50% interest in The Bristol Seniors portfolio for \$44.7m and its 100% interest in The Bristol Lynbrook property for \$28.0m, both of which were classified as discontinued operations at 31 December 2011. Borrowings of \$26.0m associated with the Lynbrook property were subsequently repaid, which resulted in net proceeds of \$46.7m.

On 15 February 2013, Ingenia Communities exchanged unconditional contracts for the purchase of The Grange Village, a manufactured home estate in Morisset, New South Wales with a purchase price of \$10,025,000 which will be funded from existing debt facilities and cash reserves.

On 19 February 2013 Ingenia Communities exchanged unconditional contracts for the purchase of Sunnycove Village, a rental retirement village in Tamworth, New South Wales with a purchase price of \$3,250,000 which will be funded from existing debt facilities and cash reserves.

Ingenia Communities Holdings Limited
Directors' report
Half-year ended 31 December 2012

On 19 February 2013 Ingenia Communities exchanged conditional contracts for the purchase of Ettalong Beach Holiday Village, a manufactured home estate in Ettalong, New South Wales with a purchase price of \$2,050,000 which will be funded from existing debt facilities and cash reserves.

4. NON-IFRS FINANCIAL INFORMATION

Alternative profit measure shown on this report is not reviewed or audited in accordance with Australian Auditing Standards.

5. AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

6. ROUNDING OF AMOUNTS

Ingenia Communities Group is an entity of the kind referred to in ASIC Class Order 98/100, and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors.



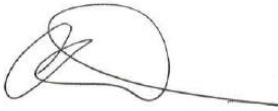
Jim Hazel
Chairman
Sydney
20 February 2013

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

In relation to our review of the financial report of Ingenia Communities Holdings Limited and its controlled entities for the half-year ended 31 December 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



Chris Lawton
Partner
20 February 2013

Ingenia Communities Holdings Limited
Consolidated statement of profit and loss and other comprehensive income
Half-year ended 31 December 2012

	Note	2012 \$'000	2011 \$'000
Continuing Operations			
Revenue			
Rental income		9,466	9,036
Accrued deferred management fee income		2,391	2,234
Other property income		1,690	1,595
Interest income		278	273
		13,825	13,138
Other income			
Net foreign exchange gain/(loss)		-	(255)
Net gain/(loss) on disposal of investment properties		-	(35)
Net gain/(loss) on change in fair value of:			
Investment properties		(2,767)	2,298
Derivatives		578	(725)
Retirement village resident loans		87	(42)
Loss on internalisation		(35)	-
Expenses			
Property expenses		(3,775)	(4,057)
Operational, marketing and selling expenses		(1,075)	(868)
Finance expenses		(3,351)	(4,594)
Responsible entity fees		-	(882)
Amortisation of intangible assets		(515)	-
Employee expenses		(4,540)	(3,243)
Administration expenses		(1,685)	(925)
Disposal costs associated with overseas investments		(434)	-
Other		(55)	-
Loss from continuing operations before income tax		(3,742)	(190)
Income tax benefit/(expense)		450	(146)
Loss from continuing operations		(3,292)	(336)
Profit from discontinued operations	9	5,681	29,482
Net profit for the half-year		2,389	29,146
Other comprehensive income/(expense), net of income tax			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences arising during the period		120	2,880
Total comprehensive income for the half-year, net of tax		2,509	32,026

Ingenia Communities Holdings Limited
Consolidated statement of profit and loss and other comprehensive income
Half-year ended 31 December 2012

	2012	2011
	\$'000	\$'000
<hr/>		
Profit attributable to securityholders of:		
Ingenia Communities Holdings Limited	(983)	-
Ingenia Communities Fund	2,727	22,809
Ingenia Communities Management Trust	645	6,337
	<hr/> 2,389	<hr/> 29,146
<hr/>		
Total comprehensive income attributable to securityholders of:		
Ingenia Communities Holdings Limited	(983)	-
Ingenia Communities Fund	1,977	25,822
Ingenia Communities Management Trust	1,515	6,204
	<hr/> 2,509	<hr/> 32,026
<hr/>		

	Note	2012	2011
		Cents	Cents
<hr/>			
Distributions per security		0.5	-
Basic earnings from continuing operations	3		
Per security		(0.7)	(0.1)
Per Company share		(0.2)	-
Basic earnings			
Per security		0.5	6.6
Per Company share		(0.2)	-
Diluted earnings from continuing operations			
Per security		(0.7)	(0.1)
Per Company share		(0.2)	-
Diluted earnings			
Per security		0.5	6.6
Per Company share		(0.2)	-
<hr/>			

Ingenia Communities Holdings Limited
Consolidated statement of financial position
As at 31 December 2012

	Note	31 Dec 2012 \$'000	30 Jun 2012 \$'000
Current assets			
Cash and cash equivalents	4	18,570	29,561
Trade and other receivables		3,760	2,577
Derivatives		-	1,659
Assets of discontinued operations	9	98,707	95,324
		121,037	129,121
Non-current assets			
Trade and other receivables		515	354
Investment properties	6	333,852	327,632
Plant and equipment		870	769
Intangible assets		-	585
		335,237	329,340
Total assets		456,274	458,461
Current liabilities			
Trade and other payables		7,106	8,241
Retirement village resident loans		169,306	162,603
Borrowings	7	-	81,739
Derivatives		382	970
Provision for income tax		144	-
Liabilities of discontinued operations	9	43,658	45,698
		220,596	299,251
Non-current liabilities			
Trade and other payables		121	117
Borrowings	7	76,876	-
Deferred tax liabilities		7,056	7,921
		84,053	8,038
Total liabilities		304,649	307,289
Net assets		151,625	151,172
Equity			
Issued securities		490,044	490,044
Reserves		(16,740)	(17,009)
Accumulated losses		(321,679)	(321,863)
Total equity		151,625	151,172
Attributable to security holders of :			
Ingenia Communities Holdings Limited			
Issued securities		6,000	6,000
Reserves		650	501
Retained earnings		338	1,321
		6,988	7,822
Ingenia Communities Fund		138,750	135,203
Ingenia Communities Management Trust		5,887	8,147
		151,625	151,172
Net asset value per security		\$0.34	\$0.34

Ingenia Communities Holdings Limited
Consolidated statement of cash flow
Half-year ended 31 December 2012

	Note	2012 \$'000	2011 \$'000
Cash flows from operating activities			
Rental and other property income		14,861	15,987
Payment of management fees (including arrears)		(132)	(3,186)
Property and other expenses		(13,688)	(13,694)
Proceeds from resident loans		5,842	9,367
Repayment of resident loans		(987)	(1,439)
Distributions received from formerly equity accounted investments		1,218	1,086
Interest received		349	275
Borrowing costs paid		(4,353)	(5,163)
Income tax paid		(272)	(58)
Goods and services taxes recovered from investing and financing activities		-	12
		2,838	3,187
Cash flows from investing activities			
Purchase and additions of plant and equipment		(206)	-
Payments for investment properties		(5,002)	-
Additions to investment properties		(2,565)	(1,390)
Proceeds/(costs) from sale of investment properties		(777)	-
Proceeds from sale of equity accounted investments		-	29,400
Amounts advanced to villages		(344)	-
		(8,894)	28,010
Cash flows from financing activities			
Receipts from derivatives		1,650	-
Payments for derivatives		(150)	-
Payments for internalisation		(600)	-
Distributions to unit holders		(2,122)	-
Payments for debts issue costs		(538)	-
Proceeds from borrowings		-	2,646
Repayment of borrowings		(4,144)	(15,206)
		(5,904)	(12,560)
Net increase/(decrease) in cash and cash equivalents		(11,960)	18,637
Cash and cash equivalents at the beginning of the year		32,812	15,041
Effects of exchange rate fluctuation on cash held		(100)	369
Cash and cash equivalents at the end of the half-year	4	20,752	34,047

Ingenia Communities Holdings Limited
Statement of changes in equity
Half-year ended 31 December 2012

	ATTRIBUTABLE TO SECURITY HOLDERS					
	INGENIA COMMUNITIES HOLDINGS LIMITED					
	Issued capital	Reserves	Retained earnings	Total	ICF & ICMT	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2011	-	-	-	-	114,314	114,314
Net profit for the period	-	-	-	-	29,146	29,146
Other comprehensive income	-	-	-	-	2,880	2,880
Total comprehensive income for the period	-	-	-	-	32,026	32,026
Balance at 31 December 2011	-	-	-	-	146,340	146,340
Carrying amount at 1 July 2012	6,000	501	1,321	7,822	143,350	151,172
Net profit for the period	-	-	(983)	(983)	3372	2,389
Other comprehensive income	-	-	-	-	120	120
Total comprehensive income for the period	-	-	(983)	(983)	3,492	2,509
Share based payments transactions	-	149	-	149	-	149
Payment of dividends	-	-	-	-	(2,205)	(2,205)
Balance at 31 December 2012	6,000	650	338	6,988	144,637	151,625

Ingenia Communities Holdings Limited

Notes to the financial statements

Half-year ended 31 December 2012

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"). Both the Company and the Trusts are domiciled in Australia.

ICF was formerly the ING Real Estate Community Living Fund. ICMT was formerly the ING Real Estate Community Living Management Trust.

The responsible entity for the Trusts from 4 June 2012 is Ingenia Communities RE Limited ("ICRE"), a wholly owned subsidiary of the Company. On that date, management of the Trusts was internalised and the stapled entity known as Ingenia Communities Group (consisting of the Company and the Trusts) (the "Group") was formed ("Internalisation").

Previously, the Trusts operated as a stapled entity known as ING Real Estate Community Living Group. The responsible entity for the Trusts until 4 June 2012 was ING Management Limited. ING Management Limited is an Australian domiciled company and is a wholly owned company within the ING Groep NV group of companies.

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

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

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

(b) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with *AASB 134 Interim financial reporting* and the *Corporations Act 2001*.

The interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the Ingenia Communities Group annual financial report for the year ended 30 June 2012.

As permitted by Class Order 05/642, issued by the Australian Securities and Investments Commission, the financial statements and accompanying notes of the Trusts 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.

(c) Adoption of new and revised accounting standards

In the current year, the Group has adopted all the new and revised standards and interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current reporting period.

There was no material impact on the interim financial report as a result of mandatory new and amended accounting standards adopted.

Ingenia Communities Holdings Limited

Notes to the financial statements

Half-year ended 31 December 2012

2. Accounting estimates and judgements

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

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

(a) Critical accounting estimates and assumptions

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

(i) Valuation of investment property

The Group has investment properties with a carrying amount of \$333,852,000 (June 2012: \$327,632,000) (refer note 6), and retirement village residents' loans with a carrying amount of \$169,306,000 (June 2012: \$162,603,000), which together represent the estimated fair value of the Group's interest in retirement villages. These carrying amounts reflect certain assumptions about expected future rentals, rent-free periods, operating costs and appropriate discount and capitalisation rates. The valuation assumptions for deferred management fee villages reflect assumptions relating to average length of stay, unit market values, estimates of capital expenditure, contract terms with residents, discount rates and projected property growth rates. In forming these assumptions, the responsible entity considered information about current and recent sales activity, current market rents, and discount and capitalisation rates, for properties similar to those owned by the Group, as well as independent valuations of the Group's property.

(ii) Fair value of derivatives

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

(iii) Valuation of share-based payments

Valuation of share-based payment transactions is performed using judgements around the fair value of equity instruments on the date at which they are granted. The fair value is determined using a Monte Carlo Simulation.

(iv) Valuation of intangibles

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

(v) Valuation of assets acquired in business combinations

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

Ingenia Communities Holdings Limited
Notes to the financial statements
Half-year ended 31 December 2012

2. Accounting estimates and judgements (continued)

(vi) Valuation of retirement village resident loans

The fair value of the retirement village resident loans is calculated by reference to the initial loan amount plus the resident's share of any capital gains in accordance with their contracts less any deferred management fee income earned to date by the Group as operator. The key assumption for calculating the capital gain and deferred management fee income components is the value of the dwelling being occupied by the resident. This value is determined by reference to the valuation of investment property as referred to above.

(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. Earnings per security

	2012	2011
(a) Per security		
Profit attributable to securityholders (\$'000)	2,389	29,146
Profit/(loss) from continuing operations (\$'000)	(3,292)	(336)
Profit/(loss) from discontinued operations (\$'000)	5,681	29,482
Weighted average number of securities outstanding (thousands):		
Issued securities	441,029	441,029
Diluted securities		
Performance quantum rights	3,842	-
Retention quantum rights	1,818	-
Weighted average number of issued and dilutive potential securities outstanding – thousands	446,689	441,029
Basic earnings per security from continuing operations (cents)	(0.7)	(0.1)
Basic earnings per security from discontinued operations (cents)	1.3	6.7
Basic earnings per security (cents)	0.5	6.6
Diluted earnings per security from continuing operations (cents)	(0.7)	(0.1)
Diluted earnings per security from discontinued operations (cents)	1.3	6.7
Diluted earnings per security (cents)	0.5	6.6
(b) Per Company share	2012	2011
Loss attributable to securityholders (\$'000)	(983)	-
Weighted average number of securities outstanding (thousands):		
Issued securities	441,029	-
Diluted securities		
Performance quantum rights	3,842	-
Retention quantum rights	1,818	-
Weighted average number of issued and dilutive potential securities outstanding – thousands	446,689	-
Basic earnings per share (cents)	(0.2)	-
Diluted earnings per share (cents)	(0.2)	-

Ingenia Communities Holdings Limited
Notes to the financial statements
Half-year ended 31 December 2012

4. Cash and cash equivalents

	31 Dec 2012	30 Jun 2012
	\$'000	\$'000
Cash at bank and in hand	4,997	5,210
Short term deposits	13,573	24,351
	18,570	29,561

Reconciliation to statement of cash flows	31 Dec 2012	31 Dec 2011
Cash and cash equivalents attributable to:		
Continuing operations	18,570	33,858
Discontinued operations	2,182	189
Cash at the end of half-year as per cash flow statement	20,752	34,047

5. Segment information

(a) Description of segments

The Group invests in seniors accommodation properties located in Australia. The rental villages in Australia comprise the Garden Villages segment; the rental villages that are moving to a deferred management fee structure comprise the DMF conversion segment; and the deferred management fee properties comprise the Settlers segment. The Group has identified its operating segments based on the internal reports that are reviewed and used by the chief operating decision maker in assessing performance and in determining the allocation of resources. Other parts of the Group are neither an operating segment nor part of an operating segment. Assets that do not belong to an operating segment are described below as "unallocated".

	2012	2011
(b) Segment revenue	\$'000	\$'000
Revenues from external customers:		
Garden villages	10,063	9,594
DMF conversion	919	752
Settlers	2,565	2,519
Total segment revenue	13,547	12,865
Interest income	278	273
Total revenue	13,825	13,138

Ingenia Communities Holdings Limited
Notes to the financial statements
Half-year ended 31 December 2012

5. Segment information (continued)

(c) Segment result	2012	2011
	\$'000	\$'000
Garden villages	4,077	3,849
DMF conversions	957	2,659
Settlers	1,608	868
Total segment result	6,642	7,376
Interest income	278	273
Net foreign exchange gain/(loss)	-	(255)
Net gain/(loss) on disposal of investment properties	-	(35)
Net gain/(loss) on change in fair value of:		
Investment properties	(2,767)	2,298
Derivatives	578	(725)
Retirement village resident loans	87	(42)
Loss on internalisation	(35)	-
Finance cost	(3,351)	(4,594)
Responsible entity fees	-	(882)
Gain/(loss) on revaluation of newly constructed retirement villages	(1,931)	(3,119)
Amortisation of intangibles	(515)	-
Operational, marketing & selling expenses	(47)	-
Employee expenses	(1,120)	-
Administration expenses	(1,072)	(485)
Disposal costs associated with overseas investments	(434)	-
Other	(55)	-
Income tax benefit/(expense)	450	(146)
Loss from continuing operations	(3,292)	(336)
(d) Segment assets		
	31 Dec 2012	30 Jun 2012
	\$'000	\$'000
Garden villages	89,865	96,965
DMF conversions	40,979	34,879
Settlers	208,876	207,303
Total segment assets	339,720	339,147
Discontinued operations	98,707	95,325
Unallocated	17,847	23,989
	456,274	458,461
(e) Other information		
	2012	2011
	\$'000	\$'000
Net gain/(loss) on change in fair value of investment property:		
Garden villages	(1,158)	(4,507)
DMF conversions	1,302	2,704
Settlers	(2,911)	4,101
	(2,767)	2,298

Ingenia Communities Holdings Limited
Notes to the financial statements
Half-year ended 31 December 2012

6. Investment properties

(a) Summary of carrying amounts

	31 Dec 2012	30 Jun 2012
	\$'000	\$'000
Completed properties	331,882	325,662
Properties under construction	1,970	1,970
	<hr/> 333,852	<hr/> 327,632

Ingenia Communities Holdings Limited
Notes to the financial statements
Half-year ended 31 December 2012

6. Investment properties (continued)

(b) Individual valuations and carrying amounts

PROPERTY	Date of purchase	Cost to date	Latest external valuation date	Valuation	Carrying amount		Capitalisation rate	
					31 Dec 12	30 Jun 12	31 Dec 12	30 Jun 12
		\$'000		\$'000	\$'000	\$'000	%	%
Garden Villages								
Yakamia Gardens	Jun 04	5,405	Dec 12	2,900	2,900	3,100	7.50%	10.0%
Mardross Gardens	Jun 04	5,567	Jun 12	2,200	2,100	2,200	10.00%	8.5%
Seville Grove Gardens	Jun 04	4,485	Dec 12	3,400	3,400	3,560	9.75%	10.0%
Hertford Gardens	Jun 04	4,063	Jun 12	2,650	3,090	2,650	10.00%	10.0%
Carey Park Gardens	Jun 04	4,874	Dec 12	2,600	2,600	3,510	7.50%	10.0%
Jefferis Gardens	Jun 04	4,949	Dec 11	2,450	2,440	2,420	10.00%	10.0%
Claremont Gardens	Jun 04	4,266	Dec 11	3,690	3,530	3,520	10.00%	10.0%
Taloumbi Gardens	Jun 04	5,022	Dec 12	4,200	4,200	4,220	9.75%	10.8%
Devonport Gardens	Jun 04	4,007	Dec 12	2,500	2,500	2,940	7.50%	10.0%
Wheelers Gardens	Jun 04	4,340	Dec 11	3,520	3,450	3,740	10.00%	10.0%
Elphinwood Gardens	Jun 04	4,363	Dec 12	2,750	2,750	3,110	9.00%	10.0%
Glenorchy Gardens	Jun 05	4,145	Dec 11	3,130	3,100	3,239	10.00%	10.0%
Chatsbury Gardens	Jun 04	4,755	Dec 11	2,970	2,790	2,890	10.00%	10.0%
Grovedale Gardens	Jun 05	4,912	Dec 12	3,600	3,600	3,290	9.75%	10.3%
Horsham Gardens	Jun 04	4,434	Jun 12	3,100	2,880	3,100	10.00%	9.8%
Lovely Banks Gardens	Jun 05	5,594	Dec 12	2,830	2,830	2,830	9.80%	9.8%
Sea Scape Gardens	Jun 04	4,489	Dec 12	4,200	4,200	4,180	9.75%	10.8%
Marsden Gardens	Jun 05	10,319	Dec 12	8,150	8,150	8,000	10.50%	10.5%
Coburns Gardens	Jun 04	4,289	Dec 12	3,000	3,000	2,560	9.50%	10.0%
Brooklyn Gardens	Jun 04	4,153	Dec 12	2,400	2,400	2,150	9.00%	8.5%
Oxley Gardens	Jun 04	4,389	Dec 12	2,600	2,600	2,630	9.00%	10.0%
Townsend Gardens	Jun 04	4,744	Jun 12	3,250	3,250	3,250	10.00%	9.8%
St Albans Park Gardens	Jun 04	5,055	Jun 12	3,400	3,439	3,400	10.00%	9.8%
Swan View Gardens	Jan 06	7,824	Dec 12	5,650	5,650	5,480	9.75%	10.6%
Taree Gardens	Dec 04	4,604	Dec 12	2,400	2,400	2,230	10.00%	10.0%
Dubbo Gardens	Dec 12	2,614	Dec 12	2,614	2,614	-	5.30%	

Ingenia Communities Holdings Limited
Notes to the financial statements
Half-year ended 31 December 2012

6. Investment properties (continued)

PROPERTY	Date of purchase	Cost to date	Latest external valuation	Valuation	Carrying amount		Capitalisation rate	
					31 Dec 12 \$'000	30 Jun 12 \$'000	31 Dec 12 %	30 Jun 12
		\$'000		\$'000				
Garden Villages DMF Conversions								
Forest Lake Gardens	Nov 05	14,168	Jun 11	10,124	12,440	11,346	16.72%	16.8%
South Gladstone Gardens	Nov 05	7,762	Jun 11	9,044	11,699	11,407	13.07%	11.8%
Rockhampton Gardens	Nov-05	10,395	Dec 11	10,929	12,496	11,826	16.11%	14.9%
Cessnock Gardens	Jun-04	5,866	Dec 12	3,190	3,190	2,930	9.00%	10.0%
Settlers								
Lakeside	Apr 07	69,761	Dec 12	77,584	77,584	79,255	13.50%	13.0%
Noyea Park	Apr 07	2,519	Dec 12	549	549	991	14.50%	14.0%
Meadow Springs	Apr 07	20,934	Jun 11	17,220	17,247	17,899	14.50%	14.0%
Ridgewood	Apr 07	85,250	Jun 11	105,630	105,630	105,809	13.00%	13.0%
Ridge Estate			Dec 12	5,184	5,184	-	16.00%	
Total completed properties		344,316		325,418	331,882	325,662		
Property under construction								
Garden Villages								
Lovely Banks Gardens - land	Jun 05	862	Dec 09	310	310	310		
Garden Villages – DMF Conversions								
South Gladstone Gardens – land	Nov 05	199	Jun 11	300	300	300		
Settlers								
Meadow Springs	Apr 07	2,470	Dec 10	1,500	1,360	1,360		
Total properties under construction		3,531		2,110	1,970	1,970		
Total Investment Properties		347,847		327,528	333,852	327,632		

Ingenia Communities Holdings Limited
Notes to the financial statements
Half-year ended 31 December 2012

6. Investment properties (continued)

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

Valuations made in a foreign currency have been converted at the rate of exchange ruling at reporting date.

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

The Garden Villages deferred management fee ("DMF") conversion villages started converting from a rental to a deferred management fee model from January 2011. The discount rate reflects a combination of development risk on vacant units and DMF from both occupied and vacant units. Over time, the Garden Villages DMF conversion properties' discount rate will likely revert towards Settlers' discount rates as project risk diminishes.

(c) Movements in carrying amounts

	31 Dec 2012	30 Jun 2012
	\$'000	\$'000
Carrying amount at beginning of year	327,632	344,490
Additions to existing property	1,404	1,873
Acquisitions	7,798	-
Transferred to discontinued operations	(215)	(21,130)
Net change in fair value	(2,767)	2,399
Carrying amount at the half-year end	<u>333,852</u>	<u>327,632</u>

7. Borrowings

	31 Dec 2012	30 Jun 2012
	\$'000	\$'000
Current liabilities		
Bank debt	-	81,739
Non-current liabilities		
Bank debt	77,739	-
Prepaid borrowing costs	(863)	-
	<u>76,876</u>	<u>-</u>

Ingenia Communities Holdings Limited
Notes to the financial statements
Half-year ended 31 December 2012

7. Borrowings (continued)

Bank debt

The Group entered into a new Australian dollar denominated bank debt facility of \$82,000,000 drawn to \$77,739,000, (June 2012: \$81,739,000) and it is a variable rate facility expiring in September 2015. The main financial covenants to be maintained include:

- ◆ Loan to value ratio is less than or equal to 50%.
- ◆ Total leverage ratio:
 - Up to and including the Bristol sale completion date, the total leverage ratio does not exceed 80%; and
 - From the Bristol sale completion date, the total leverage ratio does not exceed 50%.
- ◆ Interest cover ratio of net income from mortgaged properties (including distributions from foreign assets) to facility interest expense of at least 1.50.

The carrying value of investment property net of resident liabilities at reporting date for the Group's Australian properties pledged as security is \$164,546,000 (June 2012: \$165,029,000).

8. Dividends and distributions

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

	Cents per security	Total amount	Payment date
Distribution	0.5	2,205,146	21 September 2012

9. Discontinued operations

(a) Details of discontinued operations

On 23 November 2009, ICF announced that it would cease to provide financial support to its United States students business, which had previously enabled that business to meet its interest and principal payments on debt. The cessation of this support resulted in a breach of borrowing agreements. Since then management has worked with debt holders to dispose of all of the United States students properties. The final property was the subject of a foreclosure sale on 9 February 2012.

Ingenia Communities Holdings Limited
Notes to the financial statements
Half-year ended 31 December 2012

9. Discontinued operations (continued)

The Group's investment in its New Zealand students business (U-Stay) was classified as a discontinued operation at 30 June 2011, consistent with the Group's previously announced strategy to focus on transitioning to an actively managed Australian seniors living business. Following Internalisation the Group holds a 100% interest in three facilities in Wellington, New Zealand that provide student accommodation under a minimum rental guarantee to Victoria University of Wellington. Prior to Internalisation ICF held a 90% interest in this investment.

The Group's investment in the United States seniors living portfolio (the Bristals) was classified as a discontinued operation at 31 December 2011. This investment comprises a 50% interest in five seniors living communities and a 100% interest in one community (Lynbrook), all located on Long Island, New York. On 23 May 2012, the Trusts announced that they had entered into a conditional contract for the sale of this portfolio for approximately US\$173.3 million. Settlement was conditional upon receiving all necessary United States regulatory and property level debt approvals which happened on 31 January 2013. The contract became unconditional and settlement occurred on 13 February 2013.

(b) Financial performance

The financial performance of components of the Group disposed of or classified as discontinued operations at 31 December 2012 was:

	2012	2011
	\$'000	\$'000
Revenue	3,825	1,870
Net gain on change in fair value of:		
- Investment properties	3,959	5,651
Other income	31	1,217
Expenses	(3,346)	(2,107)
Distributions from formerly equity accounted investments	1,218	-
Share of gain of formerly equity accounted investments ⁽¹⁾	-	28,318
Profit from operating activities before income tax	5,687	34,949
Income tax expenses	(6)	(1,498)
Profit from operating activities	5,681	33,451
Gain/(loss) on sale of discontinued operations	-	(3,969)
Profit from discontinued operations for the half-year	5,681	29,482

(1) Included in the prior half year result was a gain of \$25,876,000 from changes in fair value of investment properties.

Ingenia Communities Holdings Limited
Notes to the financial statements
Half-year ended 31 December 2012

9. Discontinued operations (continued)

(c) Cash flows

The cash flows of components of the Group disposed of or classified as discontinued operations at 31 December 2012 were:

	2012	2011
	\$'000	\$'000
Net cash flow from operating activities	412	1,139
Net cash flow from investing activities:		
Proceeds on sale of discontinued operations	-	29,132
Acquisition of subsidiary net of cash acquired	-	-
Additions to investment properties	(1,328)	-
Other	(9)	-
Net cash flow from financing activities	(144)	(138)
Net cash flows from discontinued operations	(1,069)	30,133

(d) Assets and liabilities

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

	31 Dec 2012	30 Jun 2012
	\$'000	\$'000
Assets		
Cash and cash equivalents	2,182	3,251
Trade and other receivables	5,558	7,073
Investment properties	54,671	48,017
Formerly equity accounted investments	36,296	36,983
Total assets	98,707	95,324
Liabilities		
Payables	1,164	2,509
Borrowings	42,282	42,962
Deferred tax liabilities	212	227
	43,658	45,698
Net assets of disposal groups	55,049	49,626

Ingenia Communities Holdings Limited
Notes to the financial statements
Half-year ended 31 December 2012

10. Subsequent events

On 3 January 2013, the contract for the sale of Lovely Banks Gardens in Victoria for \$3,100,000 became unconditional with settlement expected on 11 March 2013.

On 4 February 2013, Ingenia Communities acquired Ocean Grove Village, a rental retirement village in Mandurah, Western Australia. The purchase price was \$2,800,000 and was funded from cash reserves.

On 13 February 2013, Ingenia Communities disposed of its 50% interest in The Bristol Seniors portfolio for \$ 44.7m and its 100% interest in The Bristol Lynbrook property for \$28.0m, both of which were classified as discontinued operations at 31 December 2011. Borrowings of \$26.0m associated with the Lynbrook property were subsequently repaid, which resulted in net proceeds of \$46.7m.

On 15 February 2013, Ingenia Communities exchanged unconditional contracts for the purchase of The Grange Village, a manufactured home estate in Morisset, New South Wales with a purchase price of \$10,025,000 which will be funded from existing debt facilities and cash reserves.

On 19 February 2013 Ingenia Communities exchanged unconditional contracts for the purchase of Sunnycove Village, a rental retirement village in Tamworth, New South Wales with a purchase price of \$3,250,000 which will be funded from existing debt facilities and cash reserves.

On 19 February 2013 Ingenia Communities exchanged conditional contracts for the purchase of Ettalong Beach Holiday Village, a manufactured home estate in Ettalong, New South Wales with a purchase price of \$2,050,000 which will be funded from existing debt facilities and cash reserves.

Ingenia Communities Holdings Limited
Directors' declaration
Half-year ended 31 December 2012

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

1. In the opinion of the directors:
 - (a) the financial statements and notes of Ingenia Communities Holdings Limited for the half-year ended 31 December 2012 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of its financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standards (including Australian Accounting Interpretations) and *Corporations Regulations 2001*; and
 - (b) there are reasonable grounds to believe that Ingenia Communities Holdings Limited will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Jim Hazel
Chairman
20 February 2013

To the unitholders of Ingenia Communities Holdings Limited

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Ingenia Communities Holdings Limited, which comprise the consolidated statement of financial position as at 31 December 2012, the consolidated statement of profit and loss and other comprehensive income, the statement of changes in equity and the consolidated statement of cash flow for the half year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year or from time to time during the half-year.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Ingenia Communities Holdings Limited and the entities it controlled during the period, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the Responsible Entity a written Auditor's Independence Declaration, a copy of which is attached to the Directors' Report.



**INGENIA COMMUNITIES FUND
AND
INGENIA COMMUNITIES MANAGEMENT TRUST**

**INTERIM REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

www.ingeniacommunities.com.au

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

Ingenia Communities Fund & Ingenia Communities Management Trust
Directors' report
Half-year ended 31 December 2012

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

Ingenia Communities Fund & Ingenia Communities Management Trust Directors' report Half-year ended 31 December 2012

The Ingenia Communities Fund (formerly the ING Real Estate Community Living Fund) (ICF or the "Fund") and the Ingenia Communities Management Trust (formerly the ING Real Estate Community Living Management Trust) ("ICMT") (collectively the "Trusts") were constituted on 22 November 2003 and 24 November 2006, respectively.

From 4 June 2012 Ingenia Communities RE Limited ("ICRE"), a wholly owned subsidiary of Ingenia Holdings Limited (the "Company") became the responsible entity for the Trusts. On that date, management of the Trusts was internalised and the stapled entity known as Ingenia Communities Group (consisting of the Company and the Trusts) (the "Group") was formed ("Internalisation").

The directors' report is a combined directors' report that covers both Trusts.

1. Directors

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

Non-executive directors

Jim Hazel (Chairman)	Re-appointed 20 November 2012
Philip Clark AM	Re-appointed 20 November 2012
Amanda Heyworth	Re-appointed 20 November 2012
Robert Morrison	Appointed 8 February 2013

Executive director

Simon Owen (Managing Director)	Appointed 24 November 2011
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2. Review and results of operations

A summary of the Trusts' result for the half year is:

	INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Net profit for the year (\$'000)	2,727	29,146	645	6,337
Distributions per unit (cents)	0.5	-	-	-
Basic and diluted earnings from continuing operations per unit (cents)	0.3	(0.1)	(0.9)	0.1
Basic and diluted earnings per unit (cents)	0.6	6.6	0.1	1.4

3. Distributions

- On 29 August 2012 the directors of ICF resolved to declare a final distribution for 2012 of 0.5 cents per unit amounting to \$2,205,146 which was paid 21 September 2012.
- On the 20 February 2013 the directors of ICF resolved to declare an interim distribution of 0.5 cents per unit amounting to \$2,205,146 to be paid on 14 March 2013.

4. Events subsequent to reporting date

On 3 January 2013, ICF's contract for the sale of Lovely Banks Gardens in Victoria for \$3,100,000 became unconditional with settlement expected on 11 March 2013.

On 4 February 2013, ICF acquired Ocean Grove Village, a rental retirement village in Mandurah, Western Australia. The purchase price was \$2,800,000 and was funded from cash reserves.

Ingenia Communities Fund & Ingenia Communities Management Trust
Directors' report
Half-year ended 31 December 2012

On 13 February 2013, the Trusts disposed of their 50% combined interest (ICF 49%, ICMT 1%) in The Bristol Seniors portfolio for \$44.7m and ICMT's 100% interest in The Bristol Lynbrook property for \$28.0m, both of which were classified as discontinued operations at 31 December 2011. Borrowings of \$26.0m held by ICMT associated with the Lynbrook property were subsequently repaid, which resulted in net proceeds of \$46.7m.

On 15 February 2013, the Trusts exchanged unconditional contracts for the combined purchase of The Grange Village, a manufactured home estate in Morisset, New South Wales with a purchase price of \$10,025,000 which will be funded from existing debt facilities and cash reserves.

On 19 February 2013 ICF exchanged unconditional contracts for the purchase of Sunnycove Village, a rental retirement village in Tamworth, New South Wales with a purchase price of \$3,250,000 which will be funded from existing debt facilities and cash reserves.

On 19 February 2013 ICMT exchanged conditional contracts for the purchase of Ettalong Beach Holiday Village, a manufactured home estate in Ettalong, New South Wales with a purchase price of \$2,050,000 which will be funded from existing debt facilities and cash reserves.

5. Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

6. Rounding of amounts

The Trusts are of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in this report and in the financial report. Amounts in these reports have been rounded off in accordance with that Class Order 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
20 February 2013

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

In relation to our review of the financial reports of Ingenia Communities Fund and its controlled entities and Ingenia Communities Management Trust and its controlled entities for the half-year ended 31 December 2012 to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script, appearing to be 'Chris Lawton'.

Chris Lawton
Partner
20 February 2013

Ingenia Communities Fund & Ingenia Communities Management Trust
Consolidated statements of profit and loss and other comprehensive income
Half-year ended 31 December 2012

	INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST		
	Note	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Continuing Operations					
Revenue					
Rental Income		4,234	9,036	9,466	9,036
Accrued deferred management fee income		-	2,234	2,391	2,234
Other property income		-	1,595	1,690	1,415
Interest income		2,422	273	10	47
		6,656	13,138	13,557	12,732
Other income					
Net foreign exchange gain/(loss)		-	(255)	-	(123)
Net gain/(loss) on disposal of investment properties		-	(35)	-	-
Net gain/(loss) on change in fair value of:					
Investment properties		(1,017)	2,298	(1,750)	4,455
Derivatives		578	(725)	-	-
Retirement village resident loans		-	(42)	87	(42)
Loss on internalisation		(35)	-	-	-
Expenses					
Property expenses		-	(4,057)	(7,999)	(8,944)
Operational, marketing and selling		-	(868)	(1,039)	(926)
Finance expenses		(3,247)	(4,594)	(2,380)	(2,515)
Responsible entity fees		(554)	(882)	(726)	(246)
Employee expenses		-	(3,243)	(3,220)	(3,225)
Administration expenses		(665)	(925)	(674)	(477)
Disposal costs associated with overseas investments		(150)	-	-	-
Other		(55)	-	-	(49)
Profit/(loss) from continuing operations before income tax		1,511	(190)	(4,144)	640
Income tax benefit/(expense)		-	(146)	324	(146)
Profit/(loss) from continuing operations		1,511	(336)	(3,820)	494
Profit/(loss) from discontinued operations	9	1,216	29,482	4,465	5,843
Net profit for the half-year		2,727	29,146	645	6,337
Other comprehensive income/(expense), net of income tax					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		(750)	2,880	870	(133)
Total comprehensive income/(expense) for the half-year		1,977	32,026	1,515	6,204

Ingenia Communities Fund & Ingenia Communities Management Trust
Consolidated statements of profit and loss and other comprehensive income
Half-year ended 31 December 2012

	INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Profit attributable to unit holders of:				
Ingenia Communities Fund	2,727	22,809	-	-
Ingenia Communities Management Trust	-	6,337	645	6,337
	2,727	29,146	645	6,337
Total comprehensive income attributable to unit holders of:				
Ingenia Communities Fund	1,977	25,822	-	-
Ingenia Communities Management Trust	-	6,204	1,515	6,204
	1,977	32,026	1,515	6,204

	Note	2012 Cents	2011 Cents	2012 Cents	2011 Cents
Distributions per unit		0.5	-	-	-
Basic and diluted earnings from continuing operations	3	0.3	(0.1)	(0.9)	0.1
Basic and diluted earnings per unit		0.6	6.6	0.1	1.4

Ingenia Communities Fund & Ingenia Communities Management Trust
Consolidated statements of financial position
As at 31 December 2012

	Note	INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
		Dec 2012 \$'000	Jun 2012 \$'000	Dec 2012 \$'000	Jun 2012 \$'000
Current assets					
Cash and cash equivalents	4	10,319	20,677	2,102	2,878
Trade and other receivables		3,648	3,271	2,433	2,326
Receivable from related party		19,651	15,003	-	-
Derivatives		-	1,659	-	-
Income tax receivable		272	-	-	-
Assets of discontinued operations	9	42,727	43,414	59,866	55,785
		76,617	84,024	64,401	60,989
Non-current assets					
Trade and other receivables		34,609	34,607	244	2,187
Investment properties	6	102,563	100,967	231,290	226,665
Plant and equipment		391	342	362	427
		137,563	135,916	231,896	229,279
Total assets		214,180	219,940	296,297	290,268
Current liabilities					
Trade and other payables		1,437	1,513	5,328	6,693
Retirement village resident loans		-	-	169,306	162,602
Borrowings	7	-	81,739	3,000	3,003
Derivatives		382	970	-	-
Payable to related party		-	-	18,430	16,899
Liabilities of discontinued operations	9	510	515	43,148	45,184
		2,329	84,737	239,212	234,381
Non-current liabilities					
Trade and other payables		-	-	122	117
Borrowings	7	76,876	-	34,609	34,607
Deferred tax liabilities		-	-	7,597	7,921
		76,876	-	42,328	42,645
Total liabilities		79,205	84,737	281,540	277,026
Net assets		134,975	135,203	14,757	13,242
Equity					
Issued units		480,693	480,693	3,351	3,351
Reserves		(17,646)	(16,896)	256	(614)
Retained earnings/(Accumulated losses)		(328,072)	(328,594)	2,280	5,411
Unitholders' interest		134,975	135,203	5,887	8,148
Non-controlling interest		-	-	8,870	5,094
Total equity		134,975	135,203	14,757	13,242
Attributable to unit holders of:					
Ingenia Communities Fund		134,975	135,203		
Ingenia Communities Management Trust		-	-	5,887	8,148
Non-controlling interest		-	-	8,870	5,094
		134,975	135,203	14,757	13,242

Ingenia Communities Fund & Ingenia Communities Management Trust
Consolidated statements of cash flow
Half-year ended 31 December 2012

	Note	INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Cash flows from operating activities					
Rental and other property income		32	15,987	14,858	10,471
Payment of management fees (including arrears)		-	(3,186)	(132)	(196)
Property and other expenses		5	(13,694)	(11,382)	(15,891)
Proceeds from resident loans		-	9,367	5,842	9,367
Repayment of resident loans		-	(1,439)	(876)	(1,439)
Distributions received from formerly equity accounted investments		1,218	1,086	-	40
Interest received		161	275	21	47
Borrowing costs paid		(3,081)	(5,163)	(1,272)	(857)
Income tax paid		(272)	(58)	-	(38)
Goods and services taxes recovered from investing and financing activities		-	12	-	-
		(1,937)	3,187	7,059	1,504
Cash flows from investing activities					
Purchase and additions of plant and equipment		-	-	(10)	-
Additions to investment properties		-	(1,390)	(2,342)	(626)
Payments for investment properties		(2,818)	-	(2,184)	-
Costs from sale of investment properties		(52)	-	(2)	-
Proceeds of equity accounted investments		-	29,400	-	473
Amounts advanced to villages		-	-	(344)	-
		(2,870)	28,010	(4,882)	(153)
Cash flows from financing activities					
Payments for internalisation		(365)	-	-	-
Distributions to unitholders		(2,122)	-	-	-
Receipts from derivatives		1,650	-	-	-
Payments for derivatives		(150)	-	-	-
Payments for debt issue costs		(500)	-	-	-
Proceeds from borrowings		1,700	2,646	2,184	-
Repayment of borrowings		(5,620)	(15,206)	(6,251)	(138)
		(5,407)	(12,560)	(4,067)	(138)
Net increase/(decrease) in cash and cash equivalents					
Cash and cash equivalents at the beginning of the year		20,777	15,041	6,029	3,105
Effects of exchange rate fluctuation on cash held		(122)	369	23	12
Cash and cash equivalents at the end of half-year	4	10,441	34,047	4,162	4,330

Ingenia Communities Fund & Ingenia Communities Management Trust
Statement of changes in unitholders' interest
Half-year ended 31 December 2012

	INGENIA COMMUNITIES FUND					
	ATTRIBUTABLE TO UNITHOLDERS					
	Issued capital	Reserves	Retained earnings	Total	Non-controlling interest	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2011	490,044	(20,240)	(355,490)	114,314	-	114,314
Net profit for the period	-	-	29,146	29,146	-	29,146
Other comprehensive income	-	2,880	-	2,880	-	2,880
Total comprehensive income for the period	-	2,880	29,146	32,026	-	32,026
Balance at 31 December 2011	490,044	(17,360)	(326,344)	146,340	-	146,340
Carrying amount at 1 July 2012	480,693	(16,896)	(328,594)	135,203	-	135,203
Net profit for the period	-	-	2,727	2,727	-	2,727
Other comprehensive income	-	(750)	-	(750)	-	(750)
Total comprehensive income for the period	-	(750)	2,727	1,977	-	1,977
Distributions paid or payable	-	-	(2,205)	(2,205)	-	(2,205)
Balance at 31 December 2012	480,693	(17,646)	(328,072)	134,975	-	134,975

Ingenia Communities Fund & Ingenia Communities Management Trust
Statement of changes in unitholders' interest
Half-year ended 31 December 2012

	INGENIA COMMUNITIES MANAGEMENT TRUST					
	ATTRIBUTABLE TO UNITHOLDERS					
	Issued capital	Reserves	Retained earnings	Total	Non-controlling interest	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2011	3,351	(560)	(3,325)	(534)	-	(534)
Net profit for the period	-	-	6,337	6,337	-	6,337
Other comprehensive income	-	(133)	-	(133)	-	(133)
Total comprehensive income for the period	-	(133)	6,337	6,204	-	6,204
Balance at 31 December 2011	3,351	(693)	3,012	5,670	-	5,670
Carrying amount at 1 July 2012	3,351	(614)	5,411	8,148	5,094	13,242
Net profit for the period	-	-	(3,131)	(3,131)	3,776	645
Other comprehensive income	-	870	-	870	-	870
Total comprehensive income for the period	-	870	(3,131)	(2,261)	3,776	1,515
Balance at 31 December 2012	3,351	256	2,280	5,887	8,870	14,757

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Half-year ended 31 December 2012

1. Summary of significant accounting policies

(a) The Trusts

The Ingenia Communities Fund (formerly the ING Real Estate Community Living Fund) (ICF or the "Fund") and the Ingenia Communities Management Trust (formerly the ING Real Estate Community Living Management Trust) ("ICMT") (collectively the "Trusts") were constituted on 22 November 2003 and 24 November 2006, respectively.

The responsible entity for the Trusts from 4 June 2012 is Ingenia Communities RE Limited ("ICRE"), a wholly owned subsidiary of Ingenia Communities Holdings Limited ("ICH"). From that date, ICH and the Trusts form the stapled entity known as Ingenia Communities Group (the "Group").

The constitutions of ICH and the Trusts require that, for as long as they remain jointly quoted on the Australian Stock Exchange, the number of shares in ICH and of units in each trust shall remain equal and that shareholders in ICH and unitholders in each trust shall be identical.

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

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

(b) Basis of preparation

The Financial Report is a general purpose financial report which has been prepared in accordance with *AASB 134 Interim financial reporting* and the *Corporations Act 2001*.

The interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with both Ingenia Communities Fund and Ingenia Communities Management Trust annual financial reports for the year ended 30 June 2012.

In accordance with Accounting Standard AASB 3 Business Combinations, the stapling of both Trusts, which terminated on 4 June 2012, was regarded as a business combination and ICF was identified as the parent for preparing consolidated financial reports. Accordingly, the 31 December 2011 comparative results in this financial report for ICF consolidate the results of ICMT. All results for ICF post internalisation date are on a standalone basis.

As permitted by Class Order 05/642, 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 the Ingenia Communities Fund and Ingenia Communities Management Trust.

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

(c) Adoption of new and revised accounting standards

In the current year, the Trusts adopted all the new and revised standards and interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current reporting period.

There was no material impact on the interim financial report as a result of mandatory new and amended accounting standards adopted.

2. Accounting estimates and judgements

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

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

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Half-year ended 31 December 2012

2. Accounting estimates and judgements (continued)

(a) Critical accounting estimates and assumptions

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

(i) Valuation of investment property

The Trusts have investment properties with a combined carrying amount of \$333,852,000 (ICF \$102,563,000 and ICMT \$231,290,000) compared to June 2012 combined carrying amount of \$327,632,000 (ICF \$100,967,000 and ICMT \$226,665,000). ICMT has retirement village residents' loans with a carrying amount of \$169,306,000 (June 2012: \$162,602,000). The carry amount of investment properties and retirement village resident loans together represent the estimated fair value of the Trusts interest in retirement villages. These carrying amounts reflect certain assumptions about expected future rentals, expected length of stay, rent-free periods, operating costs and appropriate discount and capitalisation rates. In forming these assumptions, the responsible entity considered information about current and recent sales activity, current market rents, and discount and capitalisation rates, for properties similar to those owned by the Trusts, as well as independent valuations of the Trusts property.

(ii) Fair value of derivatives

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

(iii) Valuation of assets acquired in business combinations

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

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

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

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Half-year ended 31 December 2012

3. Earnings per unit

	INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
	2012	2011	2012	2011
Earnings per unit				
Profit/(loss) from continuing operations (\$'000)	1,511	(336)	(3,820)	494
Profit/(loss) from discontinued operations (\$'000)	1,216	29,482	4,465	5,843
Net profit for the half year (\$'000)	2,727	29,146	645	6,337
Weighted average number of units outstanding (thousands)	441,029	441,029	441,029	441,029
Basic and diluted earnings per unit from continuing operations (cents)	0.3	(0.1)	(0.9)	0.1
Basic and diluted earnings per unit from discontinued operations (cents)	0.3	6.7	1.0	1.3
Basic and diluted earnings per unit (cents)	0.6	6.6	0.1	1.4

4. Cash and cash equivalents

	INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
	Dec 2012 \$'000	Jun 2012 \$'000	Dec 2012 \$'000	Jun 2012 \$'000
Cash at bank and in hand	2,858	2,331	2,081	2,878
Short term deposits	7,461	18,346	21	-
	10,319	20,677	2,102	2,878
Reconciliation to statements of cash flow				
Cash and cash equivalents attributable to:				
Continuing operations	10,319	20,677	2,102	2,878
Discontinued operations	122	100	2,060	3,151
Cash at the end of half-year as per cash flow statement	10,441	20,777	4,162	6,029

5. Segment information

(a) Description of segments

The Trusts invest in seniors accommodation properties located in Australia. The rental villages in Australia comprise the Garden Villages segment, the rental villages that are moving to a deferred management fee structure comprise the DMF Conversion segment and the deferred management fee properties comprise the Settlers segment. The Trusts have identified the operating segments based on the internal reports that are reviewed and used by the chief operating decision maker in assessing performance and in determining the allocation of resources. Other parts of the Trusts are neither an operating segment nor part of an operating segment. Assets that do not belong to an operating segment are described below as "unallocated".

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Half-year ended 31 December 2012

5. Segment information (continued)

	INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
(b) Segment revenue				
Revenues from external customers:				
Garden villages	4,234	9,594	10,063	9,414
DMF Conversion	-	752	919	752
Settlers	-	2,519	2,565	2,519
Total segment revenue	4,234	12,865	13,547	12,685
Interest income	2,422	273	10	47
Total revenue	6,656	13,138	13,557	12,732

	INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
(c) Segment result				
Garden villages	4,234	3,849	(85)	(475)
DMF conversions	-	2,659	1,103	(834)
Settlers	-	868	1,590	1,201
Total segment result	4,234	7,376	2,608	(108)
Interest income	2,422	273	10	47
Net foreign exchange gain/(loss)	-	(255)	-	(123)
Net gain/(loss) on disposal of investment properties	-	(35)	-	-
Net gain/(loss) on change in fair value of:				
Investment properties	(1,017)	2,298	(1,750)	4,455
Derivatives	578	(725)	-	-
Retirement village resident loans	-	(42)	87	(42)
Loss on internalisation	(36)	-	-	-
Finance cost	(3,247)	(4,594)	(2,380)	(2,515)
Responsible entity fees	(554)	(882)	(726)	(246)
Administration expenses	(664)	-	(62)	-
Disposal costs associated with overseas investments	(150)	-	-	-
Gain/(loss) on revaluation of newly constructed retirement villages	-	(3,119)	(1,931)	(743)
Other expenses	(55)	(485)	-	(85)
Income tax benefit/(expense)	-	(146)	324	(146)
Profit/(loss) from continuing operations	1,511	(336)	(3,820)	494

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Half-year ended 31 December 2012

5. Segment information (continued)

	INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
	2012 \$'000	Jun 2012 \$'000	2012 \$'000	Jun 2012 \$'000
(d) Segment assets				
Garden villages	86,148	113,005	5,421	37,408
DMF conversions	23,041	-	37,907	3,234
Settlers	30,969	48,503	194,594	193,841
Total segment assets	140,158	161,508	237,922	234,483
Discontinued operations	42,727	43,414	59,866	55,785
Unallocated	31,295	15,018	(1,491)	-
	214,180	219,940	296,297	290,268

6. Investment properties

(a) Summary of carrying amounts

	INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
	Dec 2012 \$'000	Jun 2012 \$'000	Dec 2012 \$'000	Jun 2012 \$'000
Completed properties	100,893	97,093	230,990	223,083
Properties under construction	1,670	3,874	300	3,582
	102,563	100,967	231,290	226,665

(b) Movements in carrying amounts

	INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
	Dec 2012 \$'000	Jun 2012 \$'000	Dec 2012 \$'000	Jun 2012 \$'000
Completed investment property				
Carrying amount at beginning of year	97,093	342,820	223,083	241,545
Exchange rate fluctuations	-	1,056	-	1,056
Acquisitions	2,613	-	5,160	-
Additions to existing property	-	814	1,215	1,188
Disposals	-	(22,789)	-	(26,457)
Transferred from property under construction	2,204	94	3,282	94
Deconsolidation of ICMT on internalisation	-	(227,938)	-	-
Net change in fair value	(1,017)	3,036	(1,750)	5,658
Carrying amount at the half-year end	100,893	97,093	230,990	223,083
Property under construction				
Carrying amount at beginning of year	3,874	1,670	3,582	300
Additions	-	2,698	-	4,086
Net change in fair value	-	(400)	-	(710)
Transferred to investment property	(2,204)	(94)	(3,282)	(94)
Carrying amount at the half-year end	1,670	3,874	300	3,582

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Half-year ended 31 December 2012

7. Borrowings

	INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
	Dec 2012	Jun 2012	Dec 2012	Jun 2012
	\$'000	\$'000	\$'000	\$'000
Current liabilities				
Bank debt	-	81,739	-	-
Finance leases	-	-	3,000	3,003
	-	81,739	3,000	3,003
Non-current liabilities				
Bank debt	77,739	-	-	-
Prepaid borrowing costs	(863)	-	-	-
Finance leases	-	-	34,609	34,607
	76,876	-	34,609	34,607

Bank debt

ICF entered into a new Australian dollar denominated bank debt facility of \$82,000,000 drawn to \$77,739,000 (June 2012: \$81,739,000) and it is a variable rate facility expiring in September 2015. The main financial covenants to be maintained include:

- ◆ Loan to value ratio is less than or equal to 50%
- ◆ Total leverage ratio:
 - Up to and including the Bristol Sale Completion Date, the Total leverage ratio does not exceed 80%; and
 - From the Bristol Sale Completion Date, the Total leverage ratio does not exceed 50%
- ◆ Interest cover ratio of net income from mortgaged properties (including distributions from foreign assets) to facility interest expense of at least 1.50.

The carrying value of investment property net of resident liabilities at reporting date for the Group's Australian properties pledged as security is \$164,546,000 (June 2012: \$165,029,000).

8. Dividends and distributions

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

	Cents per unit	Total amount	Payment date
Distribution	0.5	\$2,205,146	21 September 2012

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Half-year ended 31 December 2012

9. Discontinued operations

(a) Details of discontinued operations

On 23 November 2009, the Trusts announced that they would cease to provide financial support to its United States Students business, which had previously enabled that business to meet its interest and principal payments on debt. The cessation of this support resulted in a breach of borrowing agreements. Since then management has worked with debt holders to dispose of all of the United States Students properties. The final property was the subject of a foreclosure sale on 9 February 2012.

The Trusts investment in the New Zealand Students business (U-Stay) was classified as a discontinued operation at 30 June 2011, consistent with the previously announced strategy to focus on transitioning to an actively managed Australian seniors living business. Following Internalisation the Trusts hold a 100% interest in three facilities in Wellington, New Zealand that provide student accommodation under a minimum rental guarantee to Victoria University of Wellington. Prior to Internalisation ICF held a 90% interest in this investment.

The Trusts investment in the United States Seniors Living portfolio (the Bristals) was classified as a discontinued operation at 31 December 2011. This investment comprises a 50% interest in five seniors living communities and a 100% interest in one community (Lynbrook), all located on Long Island, New York. On 23 May 2012, the Trusts announced that they had entered into a conditional contract for the sale of this portfolio for approximately US\$173.3 million. Settlement was conditional upon receiving all necessary United States regulatory and property level debt approvals which happened on 31 January 2013. The contract became unconditional and settlement occurred on 13 February 2013.

(b) Financial performance

The financial performance of components of the Trusts disposed of or classified as discontinued operations at 31 December 2012 was:

	INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Revenue	-	1,870	3,825	1,028
Net gain on change in fair value of investment properties	-	5,651	3,959	5,780
Other income	31	1,217	-	-
Expenses	(8)	(2,107)	(3,337)	(863)
Distributions from formerly equity accounted investments	1,193	-	24	-
Share of net profit of equity accounted investments ⁽¹⁾	-	28,318	-	567
Profit from operating activities before income tax	1,216	34,949	4,471	6,512
Income tax benefit/(expense)	-	(1,498)	(6)	(596)
Profit from operating activities	1,216	33,451	4,465	5,916
Loss on sale of discontinued operations	-	(3,969)	-	(73)
Net profit for the half-year	1,216	29,482	4,465	5,843

(1) Included in the prior half year result was a gain of \$25,876,000 from changes in fair value of investment properties.

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Half-year ended 31 December 2012

9. Discontinued operations (continued)

(c) Cash flows

The cash flows of components of the Trusts disposed of or classified as discontinued operations at 31 December 2012 were:

	INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Net cash flow from operating activities	32	1,139	367	185
Net cash flow from investing activities	(10)	29,132	14	598
Net cash flow from financing activities	-	(138)	(1,472)	(138)
Net cash flows from discontinued operations	22	30,133	(1,091)	645

(d) Assets and liabilities

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

	INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
	Dec 2012 \$'000	Jun 2012 \$'000	Dec 2012 \$'000	Jun 2012 \$'000
Assets				
Cash and cash equivalents	122	100	2,060	3,151
Trade and other receivables	3,105	3140	2,464	3,934
Investment properties	43	43	53,199	46,533
Plant and equipment	-	-	1,430	1,440
Formerly equity accounted investments	39,457	40,131	713	727
Total assets	42,727	43,414	59,866	55,785
Liabilities				
Payables	510	515	654	1,995
Borrowings	-	-	42,282	42,962
Deferred tax liabilities	-	-	212	227
Total liabilities	510	515	43,148	45,184
Net assets of disposal groups	42,217	42,899	16,718	10,601

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Half-year ended 31 December 2012

10. Subsequent events

On 3 January 2013, ICF's contract for the sale of Lovely Banks Gardens in Victoria for \$3,100,000 became unconditional with settlement expected on 11 March 2013.

On 4 February 2013, ICF acquired Ocean Grove Village, a rental retirement village in Mandurah, Western Australia. The purchase price was \$2,800,000 and was funded from cash reserves.

On 13 February 2013, the Trusts disposed of their 50% combined interest (ICF 49%, ICMT 1%) in The Bristol Seniors portfolio for \$44.7m and ICMT's 100% interest in The Bristol Lynbrook property for \$28.0m, both of which were classified as discontinued operations at 31 December 2011. Borrowings of \$26.0m held by ICMT associated with the Lynbrook property were subsequently repaid, which resulted in net proceeds of \$46.7m.

On 15 February 2013, the Trusts exchanged unconditional contracts for the combined purchase of The Grange Village, a manufactured home estate in Morisset, New South Wales with a purchase price of \$10,025,000 which will be funded from existing debt facilities and cash reserves.

On 19 February 2013 ICF exchanged unconditional contracts for the purchase of Sunnycove Village, a rental retirement village in Tamworth, New South Wales with a purchase price of \$3,250,000 which will be funded from existing debt facilities and cash reserves.

On 19 February 2013 ICMT exchanged conditional contracts for the purchase of Ettalong Beach Holiday Village, a manufactured home estate in Ettalong, New South Wales with a purchase price of \$2,050,000 which will be funded from existing debt facilities and cash reserves.

Ingenia Communities Fund & Ingenia Communities Management Trust
Directors' declaration
Half-year ended 31 December 2012

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

1. In the opinion of the directors:

- (a) the financial statements and notes of Ingenia Communities Fund and of Ingenia Communities Management Trust are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of each Trust's financial position as at 31 December 2012 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
20 February 2013

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

Report on the Half-year Financial Reports

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

- the consolidated statement of financial position as at 31 December 2012, the consolidated statement of profit and loss and other comprehensive income, the statement of changes in unitholders’ interest and the consolidated statement of cash flow for the half-year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors’ declaration of Ingenia Communities Fund, comprising Ingenia Communities Fund and the entities it controlled at period end or from time to time during the half-year.
- the consolidated statement of financial position as at 31 December 2012, the consolidated statement of profit and loss and other comprehensive income, the statement of changes in unitholders’ interest and the consolidated statement of cash flow for the half-year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors’ declaration of Ingenia Communities Management Trust, comprising Ingenia Communities Management Trust and the entities it controlled at period end or from time to time during the half-year.

Directors’ Responsibility for the Half-year Financial Report

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

Auditor’s Responsibility

Our responsibility is to express a conclusion on the half-year financial reports based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial reports are not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entities’ financial position as at 31 December 2012 and their 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.