

APPENDIX 4D

Half-Year Financial Report

Half-Year ended 31 December 2017

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

Current period:	1 July 2017 – 31 December 2017
Previous corresponding period:	1 July 2016 – 31 December 2016

Results for announcement to the market

	31 Dec 2017	31 Dec 2016	Change
	\$'000	\$'000	%
Revenues	76,882	65,427	18%
Profit from ordinary activities after tax attributable to members	17,119	7,647	124%
Net profit for the period attributable to members	17,119	7,647	124%
Underlying profit	14,634	10,647	37%
Distributions - current period (cents):			
FY17 Final Distribution (paid)	5.1		
1H18 Interim Distribution (declared)	5.1		
Distributions - previous period (cents):			
FY16 Final Distribution (paid)		5.1	
1H17 Interim Distribution (paid)		5.1	
Record date for determining entitlement to the interim distribution	5pm, 26 February 2018		
The Dividend and Distribution Reinvestment Plan is operational for this distribution			
	31 Dec 2017	30 Jun 2017	Change
Net tangible asset value per security	\$2.53	\$2.50	1.2%

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 2017 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: None

Audit status

This report is based on the consolidated 31 December 2017 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 2017 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 2017 Half Year Financial Report.

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

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



Leanne Ralph
Company Secretary
20 February 2018



INGENIA COMMUNITIES HOLDINGS LIMITED
A.C.N 154 444 925
HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2017

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 2017

Contents	
Directors' Report	1
Auditors Independence Declaration	7
Consolidated statement of comprehensive income	8
Consolidated balance sheet	9
Consolidated cashflow statement.....	10
Consolidated statement of changes in equity	11
1. Summary of significant accounting policies	12
2. Accounting estimates and judgements	13
3. Segment information	14
4. Earnings per security	16
5. Revenue	16
6. Net finance expense.....	17
7. Inventories	17
8. Assets and liabilities held for sale	17
9. Investment properties.....	18
10. Trade and other payables	22
11. Borrowings.....	22
12. Retirement village resident loans.....	23
13. Issued securities	23
14. Commitments.....	23
15. Subsequent events.....	24
Directors' declaration.....	25
Independent Auditor's Report.....	26

Directors' Report

Ingenia Communities Holdings Limited
For the six months ended 31 December 2017

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 2017 (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 (appointed 1 December 2017)
Philip Clark AM (resigned 4 December 2017)

Executive Director

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

OPERATING AND FINANCIAL REVIEW

Ingenia Communities Overview

The Group is an active owner, manager and developer of a diversified portfolio of retirement lifestyle and holiday communities across Australia. Its real estate assets at 31 December 2017 were valued at \$734.0 million (net of finance leases and resident loans), comprising 33 lifestyle and holiday communities (Ingenia Lifestyle and Holidays), 31 rental communities (Ingenia Gardens) and two Settlers assets (Ingenia Settlers). The Group is in the ASX 300 with a market capitalisation of approximately \$572.1 million at 31 December 2017.

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

Our Values

At Ingenia we build community using 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 the best possible support, attention and experience every day. Whether it's time to play, stay, rest or renew, we deliver freedom of choice with a range of lifestyle and holiday options.



Directors' Report

Ingenia Communities Holdings Limited
For the six months ended 31 December 2017

Strategy

The Group's strategy is to further develop Lifestyle communities and enhance the operational performance of its asset base to grow revenue streams and manage cost effectively.

Increasing sales velocity and profit margin on new home sales, repositioning and upgrading existing communities and targeting sector adjacencies and innovations are key growth priorities of the Group. In 2018 the Group is targeting the settlement of over 260 new homes. Using a disciplined investment framework, the Group plans to continue its focus on metropolitan and coastal locations through targeted acquisitions and divestments.

The key immediate business priorities of the Group are:

- Deliver development projects on time and within budget;
- Achieve at least 260 new home settlements in the 2018 financial year;
- Continue to focus on metropolitan and coastal locations through portfolio remixing and development;
- Improve performance of existing assets through repositioning and by driving revenue growth and leveraging the Group's operating and sales platform;
- Expand development margins through innovative home designs and building efficiencies.

Financial Results

The 6 months to 31 December 2017 has delivered a statutory profit of \$17.1 million, which is up 124% on the prior year. Underlying Profit from continuing operations was \$ 14.6 million which represents an increase of \$4.0 million (37%) on the prior year.

The Group developed and sold 90 turnkey homes (1H17: 82 homes) and grew rental income from permanent, annual and tourism clients to \$30.7 million (1H17: \$19.7 million).

The underlying result is underpinned by a significantly higher EBIT contribution from the Ingenia Lifestyle and Holidays segment up 53% from the prior year. The statutory result is further impacted by an uplift in valuations of investment property.

Operating cash flow for the year was \$11.3 million, up 7% from the prior year, reflecting growth in recurring rental income and new lifestyle home settlements growing by 10% to 90.

Further investment in lifestyle communities continued during the half-year, with a continued focus on progressing the Group's development pipeline and the completion of three strategic acquisitions. The Group settled on the acquisition of Sheldon Caravan Park (Eight Mile Plains, Brisbane), Glenwood (Plantations) (NSW Mid North Coast) and land directly adjacent to Latitude One (NSW Mid North Coast).

Key Metrics

- Underlying profit of \$14.6 million, up 37% on the prior year.
- Statutory profit of \$17.1 million, up \$9.5 million on the prior year.
- Basic earnings per share of 8.3 cps which is significantly higher than the prior year (1H17: 4.3 cps).
- Operating cash flows of \$11.3 million compared with \$10.5 million in the prior year.
- Interim distribution of 5.1 cps, in line with the prior year.
- Net asset value \$2.53 per security compared with \$2.50 at 30 June 2017.
- Fair value uplift across the investment property portfolio of \$4.5 million, (excluding \$2.6 million write-down relating to capitalised acquisition costs on new investments)

Directors' Report

Ingenia Communities Holdings Limited
For the six months ended 31 December 2017

Group results summary

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

	31 Dec 2017	31 Dec 2016
	\$'000	\$'000
EBIT	19,260	13,692
Net finance expense	(3,305)	(3,362)
Tax (expense)/benefit associated with underlying profit	(1,321)	317
Underlying profit¹	14,634	10,647
Net loss on disposal of investment properties	-	(8,309)
Net gain on change in fair value	1,865	8,077
Reclassification of gain on newly constructed Settlers units	-	(633)
Tax benefit/(expense)	620	(2,135)
Statutory profit	17,119	7,647

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

Segment performance and priorities

Ingenia Lifestyle Development

The earnings contribution from development has continued to grow with development now underway at 12 communities and new turnkey settlement volumes up 10% from the prior year, with 90 new turnkey settlements in the current period.

This result reflects increased awareness and interest in the market and Ingenia's investment in a sales and development platform for new homes.

Performance

	31 Dec 2017	31 Dec 2016	Change %
New home settlements (#)	90	82	10%
Gross development profit (\$m)	10.5	8.8	19%
EBIT contribution (\$m)	4.2	3.9	8%
Margin (%)	16.5	15.8	4%

Strategic priorities

The key strategic priorities for this segment include delivering the current development projects on time and within budget, continuing the sales and settlement momentum achieved during the current half-year and securing further development approvals for new homes within our existing communities. The Group will continue to deliver its greenfield developments and continue expansion within the lifestyle market.

Directors' Report

Ingenia Communities Holdings Limited
For the six months ended 31 December 2017

Ingenia Lifestyle and Holidays Operations

Ingenia Lifestyle and Holidays comprises of 33 lifestyle communities that offer an affordable community experience for seniors and tourism guests. Continuing to grow rental income and leveraging scale efficiencies was a focus of the Group during the current period.

Tourism and annual rental income growth has been positively impacted by the acquisitions of Cairns Coconut and Bonny Hills in the second half of 2017 financial year.

EBIT grew to \$13.2 million in the current period, up 76% on the prior year, with improved EBIT margins being achieved.

The Group completed the acquisition of Sheldon Caravan Park (Eight Mile Plains), Glenwood (Plantations) and land adjacent to Latitude One, further growing the number and scale of lifestyle communities.

The carrying value of the Lifestyle and Holidays Operations segment assets at 31 December 2017 is \$457.3 million.

Performance

	31 Dec 2017	31 Dec 2016	Change %
Permanent rental income (\$m)	10.6	7.1	49%
Annuals rental income (\$m)	2.4	2.0	20%
Tourism rental income (\$m)	17.7	10.6	67%
Service station sales (\$m)	3.5	3.6	(3%)
EBIT contribution (\$m)	13.2	7.5	76%
Margin (%)	36.4	30.3	20%

Strategic priorities

The strategic priorities for the Ingenia Lifestyle and Holidays segments include integrating and optimising newly acquired communities, growing rental returns and leveraging scale efficiencies. We will continue to focus on leveraging our database and building our brand position within the tourism market.

Ingenia Gardens

Ingenia Gardens comprises of 1,628 individual units available for rent across 31 communities located along the eastern seaboard and Western Australia. These communities generated \$12.7 million in gross rental income during the current period.

Ingenia Gardens continues to deliver a consistent stream of recurring cash income for the Group with growing rental income and improved margins when compared to the prior corresponding period.

As at 31 December 2017, Ingenia Gardens closed at an occupancy of 91.0% (31 December 2016: 91.4%).

Performance

	31 Dec 2017	31 Dec 2016	Change %
Occupancy (%)	91.0	91.4	-%
Rental income (\$m)	12.7	12.3	3%
Catering income (\$m)	1.6	1.6	-%
EBIT contribution (\$m)	6.1	5.8	5%
Margin (%)	41.8	41.1	2%

Strategic Priorities

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

Capital Management

The Group adopts a prudent and considered approach to capital management. As at 31 December 2017, the current loan to asset value ratio (LVR) is 35.1%, within the Group's target LVR of 30-40% and well below the financial covenant of 50%. The Group has an undrawn debt capacity of \$68.6 million.

Directors' Report

Ingenia Communities Holdings Limited
For the six months ended 31 December 2017

Financial Position

The following table provides a summary of the Group's financial position as at 31 December 2017:

	31 Dec 2017	30 Jun 2017	Change
	\$'000	\$'000	%
Cash and cash equivalents	7,084	9,645	(27%)
Inventories	25,668	21,597	19%
Investment properties	733,996	693,473	6%
Deferred tax asset	6,763	7,464	(9%)
Assets held for sale	30,382	-	NM
Other assets	17,484	15,977	9%
Total assets	821,377	748,156	10%
Borrowings	235,855	170,830	38%
Retirement village resident loans	12,415	27,201	(54%)
Liabilities held for sale	14,130	-	NM
Other liabilities	34,379	34,393	-%
Total liabilities	296,779	232,424	28%
Net assets /equity	524,598	515,732	2%

The increase in investment property has been driven by capital spend on development projects and the acquisition of Ingenia Plantations (Woolgoolga) and Ingenia Eight Miles Plains (Sheldon).

Assets and liabilities held for sale relate to the sale of three assets which were contracted for sale at 31 December 2017.

Cash flow

	31 Dec 2017	31 Dec 2016	Change
	\$'000	\$'000	%
Operating cash flow	11,256	10,543	7%
Investing cash flow	(70,105)	(47,097)	(49%)
Financing cash flow	56,288	29,743	89%
Net change in cash and cash equivalents	(2,561)	(6,811)	62%

Investing cash flows are up on prior year driven by increased spend on development projects, particularly Latitude One, Chambers Pines, Lara, The Grange, Lake Conjola and Bethania. The Group also incurred capital spend on 38 new cabins and 19 buybacks which are available for rent across its Lifestyle and Holidays portfolio.

Distributions

On 22 August 2017, the Directors declared a final distribution for 2017 of 5.1cps, amounting to \$10.5 million which was paid on 13 September 2017. The distribution was 26.5% tax deferred and the distribution reinvestment plan was in place.

Outlook

The Group is well positioned to continue growing its Lifestyle and Holidays business with a significant development pipeline in place. Ongoing growth in sales and settlements volumes is expected in the second half of 2018 as Latitude One, Conjola Lakeside and The Grange projects are released, with strong contracts and deposits in place.

The Group will continue to grow income from its Lifestyle and Holidays portfolio, underpinning the development pipeline with steady recurrent cash flows. A continuing focus remains on opportunities for revenue growth or cost minimisation to grow recurring yields across the portfolios.

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

Directors' Report

Ingenia Communities Holdings Limited
For the six months ended 31 December 2017

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Changes in the state of affairs during the current period are set out in the various reports in this half-year financial report. Refer to Note 9 for investment properties acquired or disposed of during the year and Note 13 for issued securities.

SUBSEQUENT EVENTS

Interim distribution

On 20 February 2018, the Directors of the Group resolved to declare an interim distribution of 5.1 cps (1H17: 5.1cps) amounting to \$10.6 million to be paid on 14 March 2018. The distribution is 21.3% tax deferred and the distribution reinvestment plan will be in operation for this distribution.

Sale of non-core assets

On 21 December 2017, the Group announced the sale of three non-core subscale assets. These divestments are consistent with the Group's focus on divesting non-core assets in order to redeploy capital into higher growth lifestyle development projects included;

- The disposal of Settlers Meadow Springs (Mandurah, WA). This sale (inclusive of the Groups liability for resident loans) was completed on 31 January 2018, where the Group received gross proceeds of \$4.5 million.
- The disposal of Ingenia Lifestyle Lake Macquarie (Morisset, NSW). This sale (inclusive of inventory) was completed on 2 February 2018, where the Group received gross proceeds of \$7.1 million.

AUDITORS 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.

GROUP INDEMNITIES

The Group has purchased various insurance policies to cover a range or risks (subject to specified exclusions) for Directors, officers and employees of the Group 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 Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the period.

ROUNDING OF AMOUNTS

Ingenia Communities Group is an entity of the kind referred to in ASIC Instrument 2016/191, and in accordance with that Class Order, amounts in the financial report and Director's report have been rounded to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the Directors.



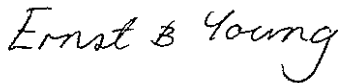
Jim Hazel
Chairman
Sydney
20 February 2018

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

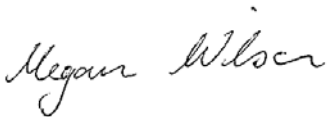
As lead auditor for the review of Ingenia Communities Holdings Limited and its controlled entities for the half-year ended 31 December 2017, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

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



Ernst & Young



Megan Wilson
Partner
Sydney
20 February 2018

Consolidated Statement of Comprehensive Income

Ingenia Communities Holdings Limited
For the six months ended 31 December 2017

	Note	31 Dec 2017 \$'000	31 Dec 2016 \$'000
Rental Income	5 (a)	43,652	32,378
Manufactured home sales		25,096	24,732
Service station revenue		3,536	3,607
Other revenue	5 (b)	4,598	4,710
Revenue		76,882	65,427
Property expenses		(13,887)	(11,610)
Cost of manufactured homes sold		(14,569)	(16,083)
Employee expenses		(18,973)	(15,319)
Administrative expenses		(3,426)	(3,167)
Operational, marketing and selling expenses		(3,238)	(2,805)
Service Station expenses		(2,985)	(3,019)
Depreciation and amortisation expense		(544)	(365)
Operating profit before interest and tax		19,260	13,059
Net finance expense	6	(3,305)	(3,362)
Operating profit before tax		15,955	9,697
Net gain/(loss) on change in fair value of Investment properties		1,895	7,881
Other		(30)	196
Net (loss) on disposal of investment properties		-	(8,309)
Profit before tax		17,820	9,465
Income tax expense		(701)	(1,818)
Profit after tax		17,119	7,647
Other comprehensive income, net of tax		-	-
Total comprehensive income for the period		17,119	7,647
Profit/(loss) attributable to securityholders of:			
Ingenia Communities Holdings Limited		(127)	(909)
Ingenia Communities Fund		15,189	(11,184)
Ingenia Communities Management Trust		2,057	19,740
		17,119	7,647
Total comprehensive income attributable to securityholders of:			
Ingenia Communities Holdings Limited		(127)	(909)
Ingenia Communities Fund		15,189	(11,184)
Ingenia Communities Management Trust		2,057	19,740
		17,119	7,647
		Cents	Cents
Basic earnings per security	4(a)	8.3	4.3
Diluted earnings per security	4(a)	8.2	4.3
Basic earnings per security attributable to parent	4(b)	(0.1)	(0.5)
Diluted earnings per security attributable to parent	4(b)	(0.1)	(0.5)

Consolidated Balance Sheet

Ingenia Communities Holdings Limited

As at 31 December 2017

	Note	31 Dec 2017 \$'000	30 Jun 2017 \$'000
Current assets			
Cash and cash equivalents		7,084	9,645
Trade and other receivables		6,728	5,901
Inventories	7	25,668	21,597
Income tax receivable		38	38
Assets held for sale	8(a)	30,382	-
Total current assets		69,900	37,181
Non-current assets			
Trade and other receivables		3,264	3,002
Investment properties	9	733,996	693,473
Plant and equipment		3,334	2,752
Other financial assets		2,263	2,263
Intangibles		1,857	2,021
Deferred tax asset		6,763	7,464
Total non-current assets		751,477	710,975
Total assets		821,377	748,156
Current liabilities			
Trade and other payables	10	26,587	25,983
Borrowings	11	486	493
Employee liabilities		1,650	1,480
Retirement village resident loans	12	12,415	27,201
Liabilities held for sale	8(b)	14,130	-
Total current liabilities		55,268	55,157
Non-current liabilities			
Borrowings	11	235,369	170,337
Other financial liabilities		5,250	6,136
Employee liabilities		521	344
Derivatives and other financial instruments		204	282
Other payables	10	167	168
Total non-current liabilities		241,511	177,267
Total Liabilities		296,779	232,424
Net assets		524,598	515,732
Equity			
Issued securities	13	812,071	809,836
Reserves		841	1,074
Accumulated losses		(288,314)	(295,178)
Total equity		524,598	515,732
Net asset value per security (\$)		2.53	2.50
Attributable to securityholders of:			
Ingenia Communities Holdings Limited		10,444	10,494
Ingenia Communities Fund		448,255	441,671
Ingenia Communities Management Trust		65,899	63,567
		524,598	515,732

Consolidated Cash Flow Statement

Ingenia Communities Holdings Limited
For the six months ended 31 December 2017

	Note	31 Dec 2017 \$'000	31 Dec 2016 \$'000
Operating activities			
Rental and other property income		52,834	39,239
Property and other expenses		(43,908)	(31,249)
Proceeds from resident loans	12(b)	387	2,706
Repayment of resident loans	12(b)	(777)	(1,289)
Proceeds from sale of manufactured homes		28,155	24,964
Purchase of manufactured homes		(22,060)	(21,447)
Proceeds from sale of service station inventory		3,890	3,607
Purchase of service station inventory		(3,415)	(3,273)
Interest received		39	12
Borrowing costs paid		(3,889)	(2,865)
Income tax received		-	138
Net Cash flows from operating activities		11,256	10,543
Investing activities			
Purchase and additions of plant and equipment		(1,015)	(609)
Purchase and additions of intangible assets		(43)	(212)
Payments for investment properties		(36,622)	(75,121)
Additions to investment properties		(32,676)	(12,087)
Proceeds from sale of investment properties		251	40,932
Net Cash flows from investing activities		(70,105)	(47,097)
Financing activities			
Proceeds from issue of stapled securities		-	8,461
Payments for security issue costs		-	(398)
Finance lease payments		(321)	(321)
Distributions to securityholders		(8,291)	(5,583)
Payments for debt issue costs		-	(262)
Proceeds from borrowings		69,900	64,846
Repayment of borrowings		(5,000)	(37,000)
Net Cash flows from financing activities		56,288	29,743
Net (decrease) in cash and cash equivalents		(2,561)	(6,811)
Cash and cash equivalents at the beginning of the period		9,645	15,057
Effects of exchange rate fluctuation on cash held		-	33
Cash and cash equivalents at the end of the period		7,084	8,279

Consolidated Statement of Changes in Equity

Ingenia Communities Holdings Limited
For the six months ended 31 December 2017

Attributable to securityholders						
Ingenia Communities Holdings Limited						
Note	Issued capital \$'000	Reserves \$'000	Retained Earnings \$'000	Total \$'000	ICF & ICMT \$'000	Total Equity \$'000
Carrying amount 1 Jul 2017	11,131	1,074	(1,711)	10,494	505,241	515,735
Net profit/(loss)	-	-	(127)	(127)	17,246	17,119
Total comprehensive income	-	-	(127)	(127)	17,246	17,119
<i>Transactions with securityholders in their capacity as securityholders:</i>						
Issue of securities	13(a) 43	-	-	43	2,192	2,235
Share based payment transactions	-	(233)	267	34	-	34
Payment of distributions to securityholders	-	-	-	-	(10,525)	(10,525)
Carrying amount 31 Dec 2017	11,174	841	(1,571)	10,444	514,154	524,598

Attributable to securityholders						
Ingenia Communities Holdings Limited						
Note	Issued capital \$'000	Reserves \$'000	Retained Earnings \$'000	Total \$'000	ICF & ICMT \$'000	Total Equity \$'000
Carrying amount 1 Jul 2016	10,205	1,810	(1,265)	10,750	410,851	421,601
Net profit/(loss)	-	-	(906)	(906)	8,556	7,650
Total comprehensive income	-	-	(906)	(906)	8,556	7,650
<i>Transactions with securityholders in their capacity as securityholders:</i>						
Issue of securities	142	-	-	142	12,682	12,824
Share based payment transactions	-	(1,060)	-	(1,060)	-	(1,060)
Payment of distributions to securityholders	-	-	-	-	(8,967)	(8,967)
Carrying amount 31 Dec 2016	10,347	750	(2,171)	8,926	423,122	432,048

Notes to the Financial Statements

Ingenia Communities Holdings Limited
For the six months ended 31 December 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) The Group

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

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

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

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

The financial report as at and for the six months ended 31 December 2017 was authorised for issue by the Directors on 20 February 2018.

(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 2017 and any ASX announcements issued during the period.

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

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

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

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 2017 annual report with the exception of new amended standards and interpretations which have been applied as required. Where necessary corresponding figures have been adjusted to confirm with changes in presentation in the current period.

(c) Adoption of new and revised accounting standards

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

(d) 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.

Notes to the Financial Statements

Ingenia Communities Holdings Limited
For the six months ended 31 December 2017

2. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(a) Critical accounting estimates and assumptions

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

i. Valuation of investment property

The Group has investment properties with a combined carrying amount of \$733,996,000 (30 June 2017: \$693,473,000) (refer Note 9), and combined retirement village resident loans of \$12,415,000 (30 June 2017: \$27,201,000) (refer Note 12) which together represent the estimated fair value of the Group's property business.

These carrying amounts reflect certain assumptions about expected future rentals, rent-free periods, operating costs and appropriate discount and capitalisation rates. The valuation assumption for properties to be developed reflect assumptions around sales prices for new homes, sales rates, new rental tariffs, estimates of capital expenditure, discount rates and projected property growth rates. 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 Group considered information about current and recent sales activity, current market rents, and discount and capitalisation rates, for properties similar to those owned by the Group, as well as independent valuations of the Group's property.

ii. Valuation of inventories

The Group has inventory in the form of manufactured homes and service station fuel and supplies, which it carries at the lower of cost or net realisable value. Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise and the estimate of costs to complete. Key assumptions require the use of management judgement, and are continually reviewed.

iii. Valuation of retirement village resident loans

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

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 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.

Notes to the Financial Statements

Ingenia Communities Holdings Limited
For the six months ended 31 December 2017

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

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

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

(b) 31 December 2017	Lifestyle & Holidays Operations \$'000	Lifestyle Development \$'000	Ingenia Gardens \$'000	Ingenia Settlers \$'000	Corporate & Other \$'000	Total \$'000
Segment Revenue						
External segment revenue	36,373	25,104	14,489	868	48	76,882
Total revenue	36,373	25,104	14,489	868	48	76,882
Segment underlying profit						
External segment revenue	36,373	25,104	14,489	868	48	76,882
Property expenses	(9,106)	(240)	(4,139)	(253)	(149)	(13,887)
Cost of manufactured homes sold	-	(14,569)	-	-	-	(14,569)
Employee expenses	(8,351)	(4,129)	(3,578)	(268)	(2,647)	(18,973)
Administrative expenses	(1,397)	(279)	(258)	(51)	(1,441)	(3,426)
Operational, marketing and selling expenses	(1,101)	(1,579)	(410)	(39)	(109)	(3,238)
Service Station expenses	(2,985)	-	-	-	-	(2,985)
Depreciation and amortisation expense	(199)	(154)	(54)	(10)	(127)	(544)
Earnings before interest and tax	13,234	4,154	6,050	247	(4,425)	19,260
Income tax expense	-	-	-	-	(1,321)	(1,321)
Net finance expense	-	-	-	-	(3,305)	(3,305)
Underlying profit	13,234	4,154	6,050	247	(9,051)	14,634
Net gain/(loss) on change in fair value of						
Investment properties	(1,103)	3,732	888	(1,620)	(2)	1,895
Other	-	-	-	17	(47)	(30)
Net (loss) on disposal of investment properties	-	-	-	-	-	-
Income tax benefit	-	-	-	-	620	620
Profit after tax	12,131	7,886	6,938	(1,356)	(8,480)	17,119
Segment Assets	457,297	160,334	145,823	36,471	21,452	821,377

Notes to the Financial Statements

Ingenia Communities Holdings Limited
For the six months ended 31 December 2017

3. SEGMENT INFORMATION (CONTINUED)

(c) 31 December 2016	Lifestyle & Holidays Operations \$'000	Lifestyle Development \$'000	Ingenia Gardens \$'000	Ingenia Settlers \$'000	Corporate & Other \$'000	Total \$'000
Segment Revenue						
External segment revenue	24,615	24,850	14,080	2,495	20	66,060
Reclassification of gain on newly constructed villages	-	-	-	(633)	-	(633)
Total revenue	24,615	24,850	14,080	1,862	20	65,427
Segment underlying profit						
External segment revenue	24,615	24,850	14,080	2,495	20	66,060
Property expenses	(6,524)	(205)	(4,031)	(529)	(321)	(11,610)
Cost of manufactured homes sold	-	(16,083)	-	-	-	(16,083)
Employee expenses	(5,830)	(3,348)	(3,461)	(465)	(2,215)	(15,319)
Administrative expenses	(916)	(316)	(270)	(78)	(1,587)	(3,167)
Operational, marketing and selling expenses	(747)	(858)	(464)	(183)	(553)	(2,805)
Service Station expenses	(3,019)	-	-	-	-	(3,019)
Depreciation and amortisation expense	(111)	(120)	(62)	(15)	(57)	(365)
Earnings before interest and tax	7,468	3,920	5,792	1,225	(4,713)	13,692
Income tax benefit	-	-	-	-	317	317
Net finance expense	-	-	-	-	(3,362)	(3,362)
Underlying profit	7,468	3,920	5,792	1,225	(7,758)	10,647
Net gain/(loss) on change in fair value of						
Investment properties	3,633	-	4,311	(63)	-	7,881
Other	-	-	-	83	113	196
Reclassification of gain on newly constructed villages	-	-	-	(633)	-	(633)
Net (loss) on disposal of investment properties	(812)	-	-	(7,497)	-	(8,309)
Income tax expense	-	-	-	-	(2,135)	(2,135)
Profit after tax	10,289	3,920	10,103	(6,885)	(9,780)	7,647
Segment Assets	284,652	134,309	142,185	38,406	23,854	623,406

Notes to the Financial Statements

Ingenia Communities Holdings Limited
For the six months ended 31 December 2017

4. EARNINGS PER SECURITY

	31 Dec 2017	31 Dec 2016
(a) Per security		
Profit attributable to securityholders (\$'000)	17,119	7,647
Weighted average number of securities outstanding (thousands)		
Issued securities (thousands)	206,906	176,211
Dilutive securities (thousands)		
Long-term incentives	544	405
Short-term incentives	94	99
Weighted average number of issued and dilutive potential securities outstanding (thousands)	<u>207,544</u>	<u>176,715</u>
Basic earnings per security (cents)	8.3	4.3
Dilutive earnings per security (cents)	8.2	4.3

	31 Dec 2017	31 Dec 2016
(b) Per security attributable to parent		
Loss attributable to securityholders (\$'000)	(127)	(909)
Weighted average number of securities outstanding (thousands)		
Issued securities (thousands)	206,906	176,211
Dilutive securities (thousands)		
Long-term incentives	544	405
Short-term incentives	94	99
Weighted average number of issued and dilutive potential securities outstanding (thousands)	<u>207,544</u>	<u>176,715</u>
Basic earnings per security (cents)	(0.1)	(0.5)
Dilutive earnings per security (cents)	(0.1)	(0.5)

5. REVENUE

	31 Dec 2017 \$'000	31 Dec 2016 \$'000
(a) Rental income		
Residential rental income - Ingenia Gardens	12,720	12,335
Residential rental income - Settlers	69	164
Residential rental income - Lifestyle and Holidays	10,608	7,072
Annuals rental income - Lifestyle and Holidays	2,378	2,023
Short-term rental income - Lifestyle and Holidays	17,656	10,556
Commercial rental income - Lifestyle and Holidays	221	228
Total rental income	<u>43,652</u>	<u>32,378</u>
(b) Other revenue		
Catering income	1,604	1,608
Accrued deferred management fee	466	1,565
Utility recoveries	840	572
Ancillary lifestyle park income	872	413
Commissions and administrative fees	234	167
Government incentives	89	65
Sundry income	493	320
Total other revenue	<u>4,598</u>	<u>4,710</u>

Notes to the Financial Statements

Ingenia Communities Holdings Limited
For the six months ended 31 December 2017

6. NET FINANCE EXPENSE

	31 Dec 2017 \$'000	31 Dec 2016 \$'000
Interest income	39	12
Debt facility interest paid or payable	(3,164)	(3,080)
Deferred consideration interest on acquisitions	-	(110)
Finance lease interest paid or payable ⁽¹⁾	(180)	(184)
	(3,305)	(3,362)

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

Interest costs of \$1,390,000 have been capitalised into investment properties associated with development assets (31 December 2016: \$43,800)

7. INVENTORIES

	31 Dec 2017 \$'000	30 Jun 2017 \$'000
Manufactured homes		
Completed	13,668	15,247
Under construction	11,720	6,190
Service station fuel and supplies	280	160
Total inventories	25,668	21,597

The manufactured home balance includes:

- 80 new completed homes (30 Jun 2017: 86)
- 11 refurbished/ renovated/annuals completed homes (30 Jun 2017: 9)
- Manufactured homes under construction includes 149 partially completed homes at different stages of development (30 Jun 2017: 56). It also includes demolition, site preparation costs and buybacks on future development sites.

8. ASSETS AND LIABILITIES HELD FOR SALE

(a) Summary of carrying values

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

	31 Dec 2017 \$'000	30 Jun 2017 \$'000
Investment properties held for sale		
Meadow Springs, Mandurah, WA ⁽¹⁾	18,632	-
Lake Macquarie (Lifestyle), Morisset, NSW ⁽¹⁾	7,020	-
Chain Valley Bay, Chain Valley Bay, NSW	4,730	-
Total assets for sale	30,382	-

(1) Meadow Springs and Lake Macquarie were sold in January 2018 and February 2018 respectively (Note 15).

(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:

	31 Dec 2017 \$'000	30 Jun 2017 \$'000
Net resident loans – Meadow Springs, Mandurah, WA	14,130	-

Notes to the Financial Statements

Ingenia Communities Holdings Limited
For the six months ended 31 December 2017

9. INVESTMENT PROPERTIES

(a) Summary of carrying amounts

	31 Dec 2017 \$'000	30 Jun 2017 \$'000
Completed properties	599,049	580,601
Properties under development	134,947	112,872
Total carrying amount	733,996	693,473

(b) Movements in carrying amounts

	Note	31 Dec 2017 \$'000	30 Jun 2017 \$'000
Carrying amount at the beginning of the period		693,473	710,746
Acquisitions		37,202	174,883
Expenditure Capitalised		32,059	28,562
Net change in fair value			
Investment Property		2,551	12,372
Resident Loans		(656)	-
Transfer to assets held for sale	8(a)	(30,382)	-
Disposals			
Carrying value		(251)	(224,652)
Net loss on disposal of investment property		-	(8,438)
Carrying amount at the end of the period⁽¹⁾		733,996	693,473

(1) Note that in the reconciliation above, the movements for 31 December 2017 are for a 6 month period, whilst comparative 30 June 2017 movement is for a 12 month period.

(c) Reconciliation of Fair value

	Ingenia Gardens \$'000	Lifestyle and Holidays \$'000	Ingenia Settlers \$'000	Total \$'000
Carrying amount at 1 Jul 2017	141,290	514,843	37,340	693,473
Acquisitions	-	37,202	-	37,202
Expenditure Capitalised	1,062	30,964	33	32,059
Net change in fair value				
Investment Property	888	2,706	(1,043)	2,551
Resident loans	-	(63)	(593)	(656)
Transfer to assets held for sale	-	(11,750)	(18,632)	(30,382)
Disposals	-	(251)	-	(251)
Carrying amount at 31 Dec 2017	143,240	573,651	17,105	733,996

(d) Individual carrying amounts

	Carrying amount	
	31 Dec 2017 \$'000	30 Jun 2017 \$'000
Completed properties		
<i>Ingenia Settlers</i>		
Cessnock, Cessnock, NSW	6,570	6,756
Gladstone, South Gladstone, QLD	10,535	11,018
Meadow Springs, Mandurah, WA ⁽⁵⁾	-	19,566
	17,105	37,340

Notes to the Financial Statements

Ingenia Communities Holdings Limited
For the six months ended 31 December 2017

9. INVESTMENT PROPERTIES (CONTINUED)

Completed properties	Carrying amount	
	31 Dec 2017 \$'000	30 Jun 2017 \$'000
<i>Ingenia Gardens</i>		
Brooklyn, Brookfield, VIC	4,830	4,690
Carey Park, Bunbury, WA	4,500	4,400
Elphinwood, Launceston, TAS	4,160	4,100
Horsham, Horsham, VIC	3,880	3,700
Jefferis, Bundaberg North, QLD	4,350	4,550
Oxley, Port Macquarie, NSW	4,950	4,760
Townsend, St Albans Park, VIC	5,050	4,850
Yakamia, Yakamia, WA	4,520	4,500
Chatsbury, Goulburn, NSW	4,560	4,420
Claremont, Claremont, TAS	4,350	4,260
Coburns, Brookfield, VIC	4,670	4,500
Devonport, Devonport, TAS	2,100	2,160
Hertford, Sebastopol, VIC	3,700	3,840
Seascape, Erskine, WA	4,300	4,980
Seville Grove, Seville Grove, WA	4,000	3,660
St Albans Park, St Albans Park, VIC	5,700	5,680
Taloumbi, Coffs Harbour, NSW	5,400	5,150
Wheelers, Dubbo, NSW	5,170	5,050
Taree, Taree, NSW	4,000	3,940
Grovedale, Grovedale, VIC	5,500	5,400
Glenorchy, Glenorchy, TAS	4,400	4,280
Marsden, Marsden, QLD	10,010	9,560
Swan View, Swan View, WA	7,700	7,610
Dubbo, Dubbo, NSW	5,650	5,170
Ocean Grove, Mandurah, WA	3,890	3,870
Peel River, Tamworth, NSW	5,230	5,270
Sovereign, Ballarat, VIC	2,550	2,540
Wagga, Wagga Wagga, NSW	3,500	3,950
Bathurst, Bathurst, NSW	4,320	4,100
Launceston, Launceston, TAS	3,120	3,350
Warrnambool, Warrnambool, VIC	3,180	3,000
	143,240	141,290

Notes to the Financial Statements

Ingenia Communities Holdings Limited
For the six months ended 31 December 2017

9. INVESTMENT PROPERTIES (CONTINUED)

Completed properties	Carrying amount	
	31 Dec 2017 \$'000	30 Jun 2017 \$'000
<i>Ingenia Lifestyle and Holidays</i>		
The Grange, Morisset, NSW	13,816	13,718
Ettalong Beach, Ettalong Beach, NSW ⁽¹⁾	7,084	5,968
Albury, Lavington, NSW	3,384	3,132
Nepean River, Emu Plains, NSW	12,701	13,867
Mudgee Valley, Mudgee, NSW	2,811	2,934
Mudgee, Mudgee, NSW	4,825	4,587
Kingscliff, Kingscliff, NSW	13,000	12,524
Lake Macquarie (Lifestyle), Morisset, NSW ⁽⁵⁾	-	6,778
Chain Valley Bay, Chain Valley Bay, NSW ⁽⁵⁾	-	2,435
One Mile Beach, One Mile, NSW ⁽¹⁾	15,521	14,809
Hunter Valley, Cessnock, NSW	8,070	7,868
Sun Country, Mulwala, NSW	7,425	7,384
Stoney Creek, Marsden Park, NSW	20,300	18,529
Rouse Hill, Rouse Hill, NSW ⁽²⁾	10,300	10,300
White Albatross, Nambucca Heads, NSW	29,128	28,443
Noosa, Tewantin, QLD	17,955	16,800
Chambers Pines, Chambers Flat, QLD	21,177	19,200
Lake Macquarie, Mannering Park, NSW	8,154	8,020
Sydney Hills, Dural, NSW	15,818	15,200
Bethania, Bethania, QLD	6,359	5,401
Conjola Lakeside, Lake Conjola, NSW	28,951	27,500
Soldiers Point, Port Stephens, NSW	13,993	13,027
Lara, Lara, VIC	8,293	4,582
South West Rocks, South West Rocks NSW ⁽¹⁾	7,738	7,016
Broulee, Broulee, NSW ⁽¹⁾	6,674	6,463
Ocean Lake, Ocean Lake, NSW	9,147	8,900
Avina Van Village, Vineyard, NSW	21,000	17,480
Hervey Bay, Hervey Bay, QLD	9,964	9,667
Blueys Beach, Blueys Beach, NSW	6,285	4,480
Cairns Coconut, Woree, QLD	51,500	50,038
Bonny Hills, Bonny Hills, NSW	12,000	11,987
Durack Gardens, Durack, QLD ⁽³⁾	22,952	22,934
Eight Mile Plains, QLD ⁽³⁾	22,379	-
	438,704	401,971
Total completed properties	599,049	580,601

Notes to the Financial Statements

Ingenia Communities Holdings Limited
For the six months ended 31 December 2017

9. INVESTMENT PROPERTIES (CONTINUED)

Properties under development	Carrying amount	
	31 Dec 2017 \$'000	30 Jun 2017 \$'000
<i>Ingenia Lifestyle and Holidays</i>		
The Grange, Morisset, NSW	7,097	1,967
Albury, Lavington, NSW	3,840	3,682
Mudgee Valley, Mudgee, NSW	700	700
Mudgee, Mudgee, NSW	2,000	2,203
Chain Valley Bay, Chain Valley Bay, NSW	-	2,678
Hunter Valley, Cessnock, NSW	3,586	3,395
Sun Country, Mulwala, NSW	1,905	1,904
Stoney Creek, Marsden Park, NSW	2,304	2,560
Rouse Hill, Rouse Hill, NSW ⁽²⁾	8,368	8,224
Chambers Pines, Chambers Flat, QLD	15,477	9,590
Sydney Hills, Dural, NSW	-	160
Bethania, Bethania, QLD	13,874	15,084
Conjola Lakeside, Lake Conjola, NSW	7,160	5,000
Lara, Lara, VIC	12,732	13,702
South West Rocks, NSW ⁽¹⁾	2,142	2,616
Avina Van Village, Vineyard, NSW	12,831	17,745
Latitude One, Port Stephens, NSW ⁽⁴⁾	23,694	13,805
Blueys Beach, Blueys Beach, NSW	1,315	3,020
Cairns Coconut, Woree, QLD	1,258	1,258
Bonny Hills, Bonny Hills, NSW	1,513	1,513
Durack Gardens, Durack, QLD ⁽³⁾	2,450	2,066
Eight Mile Plains, QLD ⁽³⁾	2,695	-
Plantations, Woolgoolga, NSW ⁽³⁾	8,006	-
	134,947	112,872

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

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

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

(4) The carrying value for 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.

(5) Classified as assets held for sale at 31 December 2017.

Notes to the Financial Statements

Ingenia Communities Holdings Limited
For the six months ended 31 December 2017

10. TRADE AND OTHER PAYABLES

	31 Dec 2017 \$'000	30 Jun 2017 \$'000
Current		
Trade payables and accruals	18,299	20,071
Deposits	7,034	4,562
Other unearned income	1,254	1,350
	26,587	25,983
Non-current		
Other	167	168

11. BORROWINGS

	31 Dec 2017 \$'000	30 Jun 2017 \$'000
Current		
Finance leases	486	493
Non-current		
Bank debt	231,364	166,464
Prepaid borrowing costs	(1,471)	(1,735)
Finance leases	5,476	5,608
	235,369	170,337

(a) Bank debt

The total \$300 million in debt facilities (2016: \$200 million) is provided by three Australian banks. The facility maturity dates are:

- 12 February 2020 (\$124.6 million); and
- 12 February 2022 (\$175.4 million)

As at 31 December 2017, the facilities have been drawn to \$231.4 million (30 June 2017: \$166.5 million). The carrying value of investment property net of resident liabilities at reporting date for the Group's Australian properties pledged as security is \$679.8 million (30 June 2017: \$602.9 million).

(b) Bank guarantees

The Group has the ability to utilise its bank facilities to provide bank guarantees, which at 31 December 2017 were \$11.1 million (30 June 2017: \$10.8 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 9 years to perpetuity.

Notes to the Financial Statements

Ingenia Communities Holdings Limited
For the six months ended 31 December 2017

12. RETIREMENT VILLAGE RESIDENT LOANS

	31 Dec 2017	30 Jun 2017
Note	\$'000	\$'000
(a) Summary of carrying amounts		
Gross resident loans	15,648	30,155
Accrued deferred management fee	(3,233)	(2,954)
Net resident loans	12,415	27,201
(b) Movements in carrying amounts		
Carrying amount at beginning of period	27,201	207,483
Accrued deferred management fee income	(466)	(1,825)
Deferred management fee cash collected	205	465
Proceeds from resident loans	387	3,411
Repayment of resident loans	(777)	(2,191)
Transfer to liabilities held for sale	8(b) (14,130)	-
Disposal of villages	-	(180,283)
Other	(5)	141
	12,415	27,201

13. ISSUED SECURITIES

	31 Dec 2017	30 Jun 2017
(a) Carrying values	\$'000	\$'000
At beginning of period	809,836	723,383
Issued during the year:		
Distribution reinvestment plan	2,235	5,517
Performance quantum rights	-	1,158
Institutional placement and rights issue	-	74,045
Security purchase plan	-	8,162
Short-term incentive plan	-	238
Institutional placement and rights issue costs	-	(2,667)
At end of period	812,071	809,836

The closing balance is attributable to the securityholders of:

Ingenia Communities Holding Limited	11,174	11,131
Ingenia Communities Fund	757,486	755,570
Ingenia Communities Management Trust	43,411	43,135
	812,071	809,836

	31 Dec 2017	30 Jun 2017
(b) Number of issued securities	\$'000	\$'000
At beginning of period	206,382	172,155
Issued during the period:		
Performance quantum rights	-	599
Distribution reinvestment plan	886	2,049
Security purchase plan	-	3,023
Institutional placement and rights issue	-	28,479
Short-term incentive plan	-	77
At end of period	207,268	206,382

(c) Term of securities

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

14. COMMITMENTS

There were commitments for capital expenditure on investment properties and inventories contracted but not provided for at reporting date of \$2,519,733 (30 June 2017: \$805,725).

Notes to the Financial Statements

Ingenia Communities Holdings Limited
For the six months ended 31 December 2017

15. SUBSEQUENT EVENTS

Interim distribution

On 20 February 2018, the Directors of the Group resolved to declare an interim distribution of 5.1 cps (1H17: 5.1cps) amounting to \$10.6 million to be paid on 14 March 2018. The distribution is 21.3% tax deferred and the distribution reinvestment plan will be in operation for this distribution.

Sale of non-core assets

On 21 December 2017, the Group announced the sale of three non-core subscale assets. These divestments are consistent with the Group's focus on divesting non-core assets in order to redeploy capital into higher growth lifestyle development projects included;

- The disposal of Settlers Meadow Springs (Mandurah, WA). This sale (inclusive of the Groups liability for resident loans) was completed on 31 January 2018, where the Group received gross proceeds of \$4.5 million.
- The disposal of Ingenia Lifestyle Lake Macquarie (Morisset, NSW). This sale (inclusive of inventory) was completed on 2 February 2018, where the Group received gross proceeds of \$7.1 million.

Directors' Declaration

Ingenia Communities Holdings Limited
For the six months ended 31 December 2017

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 2017 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 2017 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
20 February 2018

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 2017, 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 2017 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.

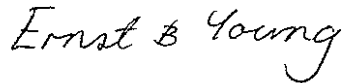
Auditor's Responsibility

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 2017 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.

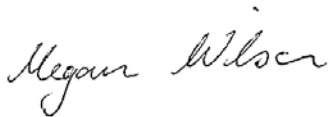
A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards 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



Megan Wilson
Partner
Sydney
20 February 2018



**INGENIA COMMUNITIES FUND
AND
INGENIA COMMUNITIES MANAGEMENT TRUST
HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2017**

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 2017

Contents

Directors' report	1
Auditor's independence declaration.....	4
Consolidated statement of comprehensive income.....	5
Consolidated balance sheet	6
Consolidated cashflow statement.....	7
Consolidated statement of changes in equity.....	8
1. Summary of significant accounting policies.....	9
2. Accounting estimates and judgements.....	10
3. Segment information.....	11
4. Earnings per unit.....	15
5. Inventories.....	15
6. Assets and liabilities held for sale.....	15
7. Investment properties.....	16
8. Trade and other payables.....	16
9. Borrowings.....	17
10. Retirement village resident loans.....	17
11. Issued units.....	18
12. Commitments.....	18
13. Subsequent events.....	18
Directors' declaration.....	19
Independent Auditor's Report	20

Directors' Report

Ingenia Communities Fund and Ingenia Communities Management Trust
For the six months ended 31 December 2017

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 half year ended 31 December 2017 (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 (appointed 1 December 2017)
Philip Clark AM (resigned 4 December 2017)

Executive Directors

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

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 retirement lifestyle and holiday communities across Australia. Its real estate assets at 31 December 2017 were valued at \$734.0 million (net of finance leases and resident loans), being 33 lifestyle and holiday communities (Ingenia Lifestyle and Holidays), 31 rental communities (Ingenia Gardens) and two Settlers assets (Ingenia Settlers). The Group is in the ASX 300 with a market capitalisation of approximately \$572.1 million at 31 December 2017.

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

Our Values

At Ingenia we build community using 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 the best possible support, attention and experience every day. Whether it's time to play, stay, rest or renew, we deliver freedom of choice with a range of lifestyle and holiday options.



Directors' Report

Ingenia Communities Fund and Ingenia Communities Management Trust
For the six months ended 31 December 2017

Strategy

The strategies of ICF and ICMT are aligned with the Group's strategy to further develop Lifestyle communities and enhance the operational performance of its asset base to grow revenue streams and manage cost effectively.

Increasing sales velocity and profit margin on new home sales, repositioning and upgrading existing communities and targeting sector adjacencies and innovations are key growth priorities of the Trusts. In FY18, the Trusts are targeting the settlement of over 260 new homes. Using a disciplined investment framework, the Trusts plan to continue their focus on metropolitan and coastal locations through targeted acquisitions and divestments.

The key immediate business priorities of the Trusts are:

- Deliver development projects on time and within budget;
- Achieve at least 260 new home settlements in FY18;
- Continue to focus on metropolitan and coastal locations through portfolio remixing and development;
- Improve performance of existing assets through repositioning and by driving revenue growth and leveraging the Group's operating and sales platform;
- Expand development margins through innovative home designs and building efficiencies.

Financial Results

The financial results for Ingenia Communities Group are disclosed in the results of Ingenia Communities Holdings Limited (ICH), which does not form part of these accounts, but is relevant as ICH is stapled with ICF and ICMT.

The six months to 31 December 2017 has delivered a statutory profit of \$17.1 million, which is up 124% on the prior year. Underlying Profit from continuing operations was \$ 14.6 million which represents an increase of \$4.0 million (37%) on the prior year.

The Group developed and sold 90 turnkey homes (1H17: 82 homes) and grew rental income from permanent, annual and tourism clients to \$30.7 million (up from \$19.7 million in 1H17).

The underlying result is underpinned by a significantly higher EBIT contribution from the Ingenia Lifestyle and Holidays segment up 53% from the prior year. The statutory result is further impacted by an uplift in valuations of investment property.

Further investment in lifestyle communities continued during the half-year, with a continued focus on progressing the Group's development pipeline and the completion of three strategic acquisitions. The Group settled on the acquisition of Sheldon Caravan Park (Eight Mile Plains, Brisbane), Glenwood (Plantations) (NSW Mid North Coast) and land directly adjacent to Latitude One (NSW Mid North Coast).

Key metrics

- Net Profit for the current period for ICF \$15.2 million (1H17: \$11.2m loss).
- Net Profit for the current period for ICMT of \$2.1 million (1H17: \$19.7 m profit).
- Interim distribution of 5.1 cents per unit by ICF, nil from ICMT.

Capital Management

The Trusts adopt a prudent and considered approach to capital management. As at 31 December 2017, the current loan to asset value ratio (LVR) is 35.1%, within the Group's target LVR of 30-40% and well below the financial covenant of 50%. The Group has an undrawn debt capacity of \$68.6 million.

Distributions

On 22 August 2017, the Directors of ICRE as responsible entity for ICF declared a final distribution for 2017 of 5.1cps, amounting to \$10.5 million which was paid on 13 September 2017. The distribution was 26.5% tax deferred and the distribution reinvestment plan was in place.

Directors' Report

Ingenia Communities Fund and Ingenia Communities Management Trust
For the six months ended 31 December 2017

Outlook

The Trusts are well positioned to continue growing its Lifestyle and Holidays business with a significant development pipeline in place. Ongoing growth in sales and settlements volumes is expected in the second half of 2018 as new projects with strong deposits and contracts in place.

The Trusts will continue to grow income from its Lifestyle and Holidays portfolio, underpinning the development pipeline with steady recurrent cash flows. A continuing focus remains on opportunities for revenue growth or cost minimisation to grow recurring yields across the portfolios.

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Changes in the state of affairs during the current period are set out in the various reports in this half-year financial report. Refer to Note 7 for investment properties acquired or disposed of during the year and Note 11 for issued units.

SUBSEQUENT EVENTS

Interim distribution

On 20 February 2018, the Directors of Ingenia Communities RE Limited ("ICRE") as responsible entity for ICF resolved to declare an interim distribution of 5.1 cps (1H17: 5.1cps) amounting to \$10.6 million to be paid on 14 March 2018. The distribution is 21.3% tax deferred and the distribution reinvestment plan will be in operation for this distribution.

Sale of non-core assets

On 21 December 2017, the Trusts announced the sale of three non-core subscale assets. These divestments are consistent with the Group's focus on divesting non-core assets in order to redeploy capital into higher growth lifestyle development projects included;

- The disposal of Settlers Meadow Springs (Mandurah, WA). This sale (inclusive of the Groups liability for resident loans) was completed on 31 January 2018, where the Group received gross proceeds of \$4.5 million.
- The disposal of Ingenia Lifestyle Lake Macquarie (Morisset, NSW). This sale (inclusive of inventory) was completed on 2 February 2018, where the Group received gross proceeds of \$7.1 million.

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.

GROUP INDEMNITIES

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

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 period.

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.



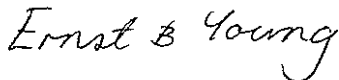
Jim Hazel
Chairman
Sydney
20 February 2018

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

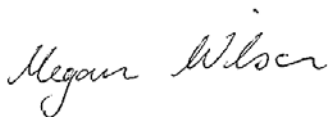
As lead auditor for the review of Ingenia Communities Fund and its controlled entities and Ingenia Communities Management Trust and its controlled entities for the half-year ended 31 December 2017, I declare to the best of my knowledge and belief, there have been:

- 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



Megan Wilson
Partner
Sydney
20 February 2018

Consolidated Statement of Comprehensive Income

Ingenia Communities Fund and Ingenia Communities Management Trust

For the six months ended 31 December 2017

	Note	Ingenia Communities Fund		Ingenia Communities Management Trust	
		31 Dec 2017 \$'000	31 Dec 2016 \$'000	31 Dec 2017 \$'000	31 Dec 2016 \$'000
Rental Income		4,551	4,551	43,652	32,378
Manufactured home sales		-	-	25,096	24,732
Service station revenue		-	-	3,536	3,607
Other revenue		-	-	4,598	4,710
Revenue		4,551	4,551	76,882	65,427
Property expenses		(469)	(502)	(18,679)	(16,418)
Cost of manufactured homes sold		-	-	(14,569)	(16,083)
Employee expenses		-	-	(16,326)	(13,012)
Administrative expenses		(138)	(139)	(2,114)	(1,750)
Operational, marketing and selling expenses		-	-	(3,155)	(2,707)
Service Station expenses		-	-	(2,985)	(3,019)
Responsible entity fee and expenses		(1,622)	(1,297)	(1,533)	(1,482)
Depreciation and amortisation expense		(13)	(12)	(416)	(307)
Operating profit before interest and tax		2,309	2,601	17,105	10,649
Net finance income/ (expense)		8,941	6,831	(12,284)	(9,801)
Operating profit before tax		11,250	9,432	4,821	848
Net gain/(loss) on change in fair value of Investment properties		3,975	6,788	(2,078)	1,093
Other		(36)	152	6	85
Net (loss) on disposal of investment properties		-	(27,556)	-	19,701
Profit/(loss) before tax		15,189	(11,184)	2,749	21,727
Income tax expense		-	-	(692)	(1,987)
Profit/(loss) after tax		15,189	(11,184)	2,057	19,740
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income/(loss) for the period		15,189	(11,184)	2,057	19,740
Profit/(loss) attributable to unitholders of: Ingenia Communities Fund		15,189	(11,184)	-	-
Ingenia Communities Management Trust		-	-	2,057	19,740
		15,189	(11,184)	2,057	19,740
Total comprehensive income/(loss) attributable to unitholders of: Ingenia Communities Fund		15,189	(11,184)	-	-
Ingenia Communities Management Trust		-	-	2,057	19,740
		15,189	(11,184)	2,057	19,740
		Cents	Cents	Cents	Cents
Basic earnings per unit	4	7.3	(6.3)	1.0	11.2
Diluted earnings per unit	4	7.3	(6.3)	1.0	11.2

Consolidated Balance Sheet

Ingenia Communities Fund and Ingenia Communities Management Trust
As at 31 December 2017

	Note	Ingenia Communities Fund		Ingenia Communities Management Trust	
		31 Dec 2017 \$'000	30 Jun 2017 \$'000	31 Dec 2017 \$'000	30 Jun 2017 \$'000
Current assets					
Cash and cash equivalents		1,421	991	5,437	8,547
Trade and other receivables		780	719	6,660	5,708
Inventories	5	-	-	25,668	21,597
Income tax receivable		19	19	19	19
Assets held for sale	6(a)	-	-	30,382	-
Total current assets		2,220	1,729	68,166	35,871
Non-current assets					
Trade and other receivables		10,082	10,129	458	458
Receivable from related party		505,444	441,244	-	-
Investment properties	7	161,852	154,556	572,144	538,917
Plant and equipment		70	73	2,645	1,991
Other financial assets		773	773	1,490	1,490
Intangibles		-	-	1,847	2,022
Deferred tax asset		-	-	3,362	5,233
Total non-current assets		678,221	606,775	581,946	550,111
Total assets		680,441	608,504	650,112	585,982
Current liabilities					
Trade and other payables	8	2,089	1,822	23,895	23,474
Borrowings	9	-	-	486	493
Retirement village resident loans	10	-	-	12,415	27,201
Employee liabilities		-	-	1,650	1,480
Liabilities held for sale	6(b)	-	-	14,130	-
Total current liabilities		2,089	1,822	52,576	52,648
Non-current liabilities					
Other payables	8	-	-	167	167
Payable to related party		-	-	512,618	449,907
Borrowings	9	229,893	164,729	13,781	13,913
Other financial liabilities		-	-	5,250	6,136
Employee liabilities		-	-	521	344
Derivatives and other financial instruments		204	282	-	-
Total non-current liabilities		230,097	165,011	532,337	470,467
Total Liabilities		232,186	166,833	584,913	523,115
Net assets		448,255	441,671	65,199	62,867
Equity					
Issued units	11	757,486	755,571	43,411	43,136
(Accumulated losses)/Retained earnings		(309,231)	(313,900)	22,488	20,431
Unitholders interest		448,255	441,671	65,899	63,567
Non-controlling interest		-	-	(700)	(700)
Total equity		448,255	441,671	65,199	62,867
Attributable to unitholders of:					
Ingenia Communities Fund		448,255	441,671	(700)	(700)
Ingenia Communities Management Trust		-	-	65,899	63,567
		448,255	441,671	65,199	62,867

Consolidated Cash Flow Statement

Ingenia Communities Fund and Ingenia Communities Management Trust
For the six months ended 31 December 2017

	Note	Ingenia Communities Fund		Ingenia Communities Management Trust	
		31 Dec 2017 \$'000	31 Dec 2016 \$'000	31 Dec 2017 \$'000	31 Dec 2016 \$'000
Operating activities					
Rental and other property income		-	-	52,838	39,229
Property and other expenses		(412)	(452)	(43,832)	(29,177)
Proceeds from resident loans	10	-	-	387	2,706
Repayment of resident loans	10	-	-	(777)	(1,289)
Proceeds from sale of manufactured homes		-	-	28,155	24,964
Purchase of manufactured homes		-	-	(22,060)	(21,447)
Proceeds from sale of service station inventory		-	-	3,890	3,607
Purchase of service station inventory		-	-	(3,415)	(3,273)
Interest received		12	9	12	1
Borrowing costs paid		(3,833)	(2,710)	-	(149)
Income tax received		-	-	-	138
Net Cash flows from operating activities		(4,233)	(3,153)	15,198	15,310
Investing activities					
Purchase and additions of plant and equipment		(11)	-	(955)	(576)
Purchase and additions of intangible assets		-	-	(32)	(131)
Payments for investment properties		-	-	(36,622)	(75,121)
Additions to investment properties		(3,653)	(1,428)	(29,023)	(10,659)
Proceeds from sale of investment properties		-	-	251	41,303
Net Cash flows from investing activities		(3,664)	(1,428)	(66,381)	(45,184)
Financing activities					
Proceeds from issue of stapled securities		-	7,921	-	445
Payments for unit issue costs		-	(397)	-	-
Finance lease payments		-	-	(321)	(321)
Distributions to unitholders		(8,291)	(5,583)	-	-
Payments for debt issue costs		-	(204)	-	-
(Payments to)/proceeds from related party borrowings		(48,282)	(30,194)	48,394	27,964
Proceeds from borrowings		69,900	64,846	-	-
Repayment of borrowings		(5,000)	(37,000)	-	-
Net Cash flows from financing activities		8,327	(611)	48,073	28,088
Net (decrease) in cash and cash equivalents		430	(5,192)	(3,110)	(1,786)
Cash and cash equivalents at beginning of period		991	8,329	8,547	6,621
Effects of exchange rate fluctuation on cash held		-	23	-	9
Cash and cash equivalents at end of the period		1,421	3,160	5,437	4,844

Consolidated Statement of Changes in Equity

Ingenia Communities Fund and Ingenia Communities Management Trust

For the six months ended 31 December 2017

		Attributable to unitholders				
		Ingenia Communities Fund				
Note	Issued capital \$'000	Retained Earnings \$'000	Total \$'000	Non-controlling interest \$'000	Total Equity \$'000	
	Carrying amount 1 Jul 2017	755,571	(313,895)	441,676	-	441,676
	Net profit/(loss)	-	15,189	15,189	-	15,189
	Total comprehensive income	-	15,189	15,189	-	15,189
<i>Transactions with unitholders in their capacity as unitholders:</i>						
	Issue of securities	1,915	-	1,915	-	1,915
11	Payment of distributions to unitholders	-	(10,525)	(10,525)	-	(10,525)
	Carrying amount 31 Dec 2017	757,486	(309,231)	448,255	-	448,255
	Carrying amount 1 Jul 2016	679,161	(293,168)	385,993	-	385,993
	Net profit/(loss)	-	(11,184)	(11,184)	-	(11,184)
	Total comprehensive income	-	(11,184)	(11,184)	-	(11,184)
<i>Transactions with unitholders in their capacity as unitholders:</i>						
	Issue of securities	12,014	-	12,014	-	12,014
	Payment of distributions to unitholders	-	(8,967)	(8,967)	-	(8,967)
	Carrying amount 31 Dec 2016	691,175	(313,319)	377,856	-	377,856

		Attributable to unitholders				
		Ingenia Communities Management Trust				
Note	Issued capital \$'000	Retained Earnings \$'000	Total \$'000	Non-controlling interest \$'000	Total Equity \$'000	
	Carrying amount 1 Jul 2017	43,134	20,431	63,565	(700)	62,865
	Net profit/(loss)	-	2,057	2,057	-	2,057
	Total comprehensive income	-	2,057	2,057	-	2,057
<i>Transactions with unitholders in their capacity as unitholders:</i>						
	Issue of securities	277	-	277	-	277
11						
	Carrying amount 31 Dec 2017	43,411	22,488	65,899	(700)	65,199
	Carrying amount 1 Jul 2016	34,019	(9,161)	24,858	(700)	24,158
	Net profit/(loss)	-	19,740	19,740	-	19,740
	Total comprehensive income	-	19,740	19,740	-	19,740
<i>Transactions with unitholders in their capacity as unitholders:</i>						
	Issue of securities	668	-	668	-	668
	Carrying amount 31 Dec 2016	34,687	10,579	45,266	(700)	44,566

Notes to the Financial Statements

Ingenia Communities Fund and Ingenia Communities Management Trust
For the six months ended 31 December 2017

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 six months ended 31 December 2017 was authorised for issue by the Directors on 20 February 2018.

(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 2017 and any ASX announcements issued during the period.

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

As permitted by Instrument 2015/838, issued by the Australian Securities and Investments Commission, 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 31 December 2016 comparative information for the Trusts has been adjusted to realign the recognition of historical transactions within the individual stapled entities. This has resulted in the following:

- For ICF, a reduction in equity as at 30 June 2016 of \$6,187,000 and a decrease in net profit for 31 December 2016 of \$6,187,000.
- For ICMT, a reduction in equity as at 30 June 2016 of \$700,000.

These adjustments are internal realignments only and do not impact the reported consolidated results of the stapled Group.

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' 2017 annual report with the exception of new amended standards and interpretations which have been applied as required. Where necessary corresponding figures have been adjusted to confirm with changes in presentation in the current period.

(c) Adoption of new and revised accounting standards

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

(d) 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.

Notes to the Financial Statements

Ingenia Communities Fund and Ingenia Communities Management Trust
For the six months ended 31 December 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Assets held for sale (continued)

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 the Trusts accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

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

(a) Critical accounting estimates and assumptions

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

i. Valuation of investment property

The Trusts have investment properties with a combined carrying amount of \$733,996,000 (30 June 2017: \$693,473,000) (refer Note 7), and combined retirement village resident loans of \$12,415,000 (30 June 2017: \$27,201,000) (refer Note 10) 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 assumption for properties to be developed reflect assumptions around sales prices for new homes, sales rates, new rental tariffs, estimates of capital expenditure, discount rates and projected property growth rates. 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 Trusts considered information about current and recent sales activity, current market rents, and discount and capitalisation rates, for properties similar to those owned by the Trusts, as well as independent valuations of the Trusts' property.

ii. Valuation of inventories

The Trusts have inventory in the form of manufactured homes and service station fuel and supplies, which it carries at the lower of cost or net realisable value. Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise and the estimate of costs to complete. Key assumptions require the use of management judgement, and are continually reviewed.

iii. 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 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.

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.

Notes to the Financial Statements

Ingenia Communities Fund and Ingenia Communities Management Trust
For the six months ended 31 December 2017

2. ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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

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

3. SEGMENT INFORMATION

(a) Description of segments

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

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

The Trusts have identified their operating segments based on the internal reports that are reviewed and used by the chief operating decision maker in assessing performance and 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 "Corporate /Other".

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

Notes to the Financial Statements

Ingenia Communities Fund and Ingenia Communities Management Trust
For the six months ended 31 December 2017

3. SEGMENT INFORMATION (CONTINUED)

(b) ICF - 31 December 2017	L&H Operations \$'000	Ingenia Gardens \$'000	Ingenia Settlers \$'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)
Responsible entity fees	-	-	-	(1,622)	(1,622)
Depreciation expense	-	-	-	(13)	(13)
Earnings before interest and tax	192	4,359	-	(2,242)	2,309
Net finance income /(expense)	-	-	377	8,564	8,941
Underlying profit	192	4,359	377	6,322	11,250
Net gain/(loss) on change in fair value of					
Investment properties	3,087	888	-	-	3,975
Other	-	-	-	(36)	(36)
Profit after tax	3,279	5,247	377	6,286	15,189
Segment Assets	16,482	143,239	10,445	510,275	680,441
(c) ICF - 31 December 2016	L&H Operations \$'000	Ingenia Gardens \$'000	Ingenia Settlers \$'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	-	-	-	(502)	(502)
Administrative expenses	-	-	-	(139)	(139)
Responsible entity fees	-	-	-	(1,297)	(1,297)
Depreciation expense	-	-	-	(12)	(12)
Earnings before interest and tax	192	4,359	-	(1,950)	2,601
Net finance income	-	-	988	5,843	6,831
Underlying profit	192	4,359	988	3,893	9,432
Net gain/(loss) on change in fair value of					
Investment properties	2,477	4,311	-	-	6,788
Other	-	-	-	152	152
Net (loss) on disposal of investment properties	-	-	(27,556)	-	(27,556)
Profit after tax	2,669	8,670	(26,568)	4,045	(11,184)
Segment Assets	10,465	139,519	10,460	344,314	504,758

Notes to the Financial Statements

Ingenia Communities Fund and Ingenia Communities Management Trust
For the six months ended 31 December 2017

3. SEGMENT INFORMATION (CONTINUED)

(d) ICMT - 31 December 2017	L&H Operations \$'000	L&H Development \$'000	Ingenia Gardens \$'000	Ingenia Settlers \$'000	Corporate & Other \$'000	Total \$'000
Segment Revenue						
External segment revenue	36,373	25,104	14,489	868	48	76,882
Total revenue	36,373	25,104	14,489	868	48	76,882
Segment underlying profit						
External segment revenue	36,373	25,104	14,489	868	48	76,882
Property expenses	(9,106)	(240)	(4,139)	(253)	(4,941)	(18,679)
Cost of manufactured homes sold	-	(14,569)	-	-	-	(14,569)
Employee expenses	(8,351)	(4,129)	(3,578)	(268)	-	(16,326)
Administrative expenses	(1,397)	(279)	(254)	(51)	(133)	(2,114)
Operational, marketing and selling expenses	(1,101)	(1,579)	(410)	(39)	(26)	(3,155)
Service Station expenses	(2,985)	-	-	-	-	(2,985)
Responsible entity fees	-	-	-	-	(1,533)	(1,533)
Depreciation and amortisation expense	(199)	(153)	(54)	(10)	-	(416)
Earnings before interest and tax	13,234	4,155	6,054	247	(6,585)	17,105
Income tax expense	-	-	-	-	(1,311)	(1,311)
Net finance expense	-	-	-	-	(12,284)	(12,284)
Underlying profit	13,234	4,155	6,054	247	(20,180)	3,510
Net gain/(loss) on change in fair value of						
Investment properties	(1,103)	644	-	(1,619)	-	(2,078)
Other	-	-	-	17	(11)	6
Income tax expense	-	-	-	-	619	619
Profit after tax	12,131	4,799	6,054	(1,355)	(19,572)	2,057
Segment Assets	444,415	160,334	4,122	34,379	6,862	650,112

Notes to the Financial Statements

Ingenia Communities Fund and Ingenia Communities Management Trust
For the six months ended 31 December 2017

3. SEGMENT INFORMATION (CONTINUED)

(e) ICMT - 31 December 2016	L&H Operations \$'000	L&H Development \$'000	Ingenia Gardens \$'000	Ingenia Settlers \$'000	Corporate & Other \$'000	Total \$'000
Segment Revenue						
External segment revenue	24,615	24,850	14,080	2,495	20	66,060
Reclassification of gain on newly constructed villages	-	-	-	(633)	-	(633)
Total revenue	24,615	24,850	14,080	1,862	20	65,427
Segment underlying profit						
External segment revenue	24,615	24,850	14,080	2,495	20	66,060
Property expenses	(6,524)	(205)	(8,385)	(529)	(775)	(16,418)
Cost of manufactured homes sold	-	(16,083)	-	-	-	(16,083)
Employee expenses	(5,830)	(3,348)	(3,461)	(465)	92	(13,012)
Administrative expenses	(916)	(316)	(270)	(78)	(170)	(1,750)
Operational, marketing and selling expenses	(747)	(858)	(464)	(183)	(455)	(2,707)
Service Station expenses	(3,019)	-	-	-	-	(3,019)
Responsible entity fees	-	-	-	-	(1,482)	(1,482)
Depreciation and amortisation expense	(110)	(120)	(62)	(15)	-	(307)
Earnings before interest and tax	7,469	3,920	1,438	1,225	(2,770)	11,282
Income tax expense	-	-	-	-	148	148
Net finance expense	-	-	-	-	(9,801)	(9,801)
Underlying profit	7,469	3,920	1,438	1,225	(12,423)	1,629
Net gain/(loss) on change in fair value of						
Investment properties	1,156	-	-	(63)	-	1,093
Other	-	-	-	85	-	85
Reclassification of gain on newly constructed villages	-	-	-	(633)	-	(633)
Net (loss) on disposal of investment properties	(812)	-	-	20,513	-	19,701
Income tax expense	-	-	-	-	(2,135)	(2,135)
Profit after tax	7,813	3,920	1,438	21,127	(14,558)	19,740
Segment Assets	277,077	134,309	4,660	37,263	7,577	460,886

Notes to the Financial Statements

Ingenia Communities Fund and Ingenia Communities Management Trust
For the six months ended 31 December 2017

4. EARNINGS PER UNIT

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	\$'000	\$'000	\$'000	\$'000
Profit/(loss) attributable to unitholders (\$'000)	15,189	(11,184)	2,057	19,740
Weighted average number of units outstanding (thousands)				
Issued units (thousands)	206,906	176,211	206,906	176,211
Dilutive units (thousands)				
Long-term incentives	544	405	544	405
Short-term incentives	94	99	94	99
Weighted average number of issued and dilutive potential units outstanding (thousands)	207,544	176,715	207,544	176,715
Basic earnings per unit (cents)	7.3	(6.3)	1.0	11.2
Dilutive earnings per unit (cents)	7.3	(6.3)	1.0	11.2

5. INVENTORIES

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	31 Dec 2017	30 Jun 2017	31 Dec 2017	30 Jun 2017
	\$'000	\$'000	\$'000	\$'000
Manufactured homes				
Completed	-	-	13,668	15,247
Under construction	-	-	11,720	6,190
Service station fuel and supplies	-	-	280	160
Total inventories	-	-	25,668	21,597

The manufactured home balance includes:

- 80 new completed homes (30 Jun 2017: 86)
- 11 refurbished/ renovated/annuals completed homes (30 Jun 2017: 9)
- Manufactured homes under construction includes partially completed homes at different stages of development. 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:

	Note	Ingenia Communities Fund		Ingenia Communities Management Trust	
		31 Dec 2017	30 Jun 2017	31 Dec 2017	30 Jun 2017
		\$'000	\$'000	\$'000	\$'000
Investment properties held for sale:					
Meadow Springs, Mandurah, WA ⁽¹⁾		-	-	18,632	-
Lake Macquarie (Lifestyle), Morisset, NSW ⁽¹⁾		-	-	7,020	-
Chain Valley Bay, Chain Valley Bay, NSW		-	-	4,730	-
Total assets held for sale	7(b)	-	-	30,382	-

(1) Meadow Springs and Lake Macquarie were sold in January 2018 and February 2018 respectively (Note 13).

Notes to the Financial Statements

Ingenia Communities Fund and Ingenia Communities Management Trust
For the six months ended 31 December 2017

6. ASSETS AND LIABILITIES 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:

	Note	Ingenia Communities Fund		Ingenia Communities Management Trust	
		31 Dec 2017	30 Jun 2017	31 Dec 2017	30 Jun 2017
		\$'000	\$'000	\$'000	\$'000
Net resident loans – Meadow Springs, Mandurah, WA	10(b)	-	-	14,130	-

7. INVESTMENT PROPERTIES

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	31 Dec 2017	30 Jun 2017	31 Dec 2017	30 Jun 2017
	\$'000	\$'000	\$'000	\$'000
(a) Summary of carrying amounts				
Completed properties	157,055	154,556	450,360	428,815
Properties under development	4,797	-	121,784	110,102
Total carrying amount	161,852	154,556	572,144	538,917

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	31 Dec 2017	30 Jun 2017	31 Dec 2017	30 Jun 2017
	\$'000	\$'000	\$'000	\$'000
(b) Movements in carrying amounts				
Carrying amount at beginning of period	154,556	162,795	538,917	547,950
Acquisitions	-	-	37,202	174,883
Expenditure capitalised	3,321	3,627	28,738	24,935
Net transfer from/(to)inventory				
Transfer of cross staple lease	-	9,690	-	(9,690)
Net change in fair value				
Investment property	3,975	6,000	(1,424)	6,373
Resident loans	-	-	(656)	-
Transfer to assets held for sale	-	-	(30,382)	-
Disposals				
Carrying value	-	-	(251)	(224,652)
Net loss on disposal of investment property	-	(27,556)	-	19,118
Carrying amount at the end of the period⁽¹⁾	161,852	154,556	572,144	538,917

(1) Note that in the reconciliation above, the movements for 31 December 2017 are for a 6 month period, whilst comparative 30 June 2017 movement is for a 12 month period.

8. TRADE AND OTHER PAYABLES

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	31 Dec 2017	30 Jun 2017	31 Dec 2017	30 Jun 2017
	\$'000	\$'000	\$'000	\$'000
Current				
Trade payables and accruals	2,089	1,822	15,607	17,562
Deposits	-	-	7,034	4,562
Other unearned income	-	-	1,254	1,350
	2,089	1,822	23,895	23,474
Non-current				
Other	-	-	167	167

Notes to the Financial Statements

Ingenia Communities Fund and Ingenia Communities Management Trust
For the six months ended 31 December 2017

9. BORROWINGS

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	31 Dec 2017 \$'000	30 Jun 2017 \$'000	31 Dec 2017 \$'000	30 Jun 2017 \$'000
Current				
Finance leases	-	-	486	493
Non-current				
Bank debt	231,364	166,464	-	-
Prepaid borrowing costs	(1,471)	(1,735)	-	-
Finance leases	-	-	13,781	13,913
	229,893	164,729	13,781	13,913

(a) Bank debt

The total \$300 million in debt facilities (2016: \$200 million) is provided by three Australian banks. The facility maturity dates are:

- 12 February 2020 (\$124.6 million); and
- 12 February 2022 (\$175.4 million)

As at 31 December 2017, the facilities have been drawn to \$231.4 million (30 June 2017: \$166.5 million). The carrying value of investment property net of resident liabilities at reporting date for the Group's Australian properties pledged as security is \$679.8 million (30 June 2017: \$602.9 million).

(b) Bank guarantees

The Group has the ability to utilise its bank facilities to provide bank guarantees, which at 31 December 2017 were \$11.1 million (30 June 2017: \$10.8 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 9 years to perpetuity.

10. RETIREMENT VILLAGE RESIDENT LOANS

(a) Summary of carrying amounts	Ingenia Communities Fund		Ingenia Communities Management Trust	
	31 Dec 2017 \$'000	30 Jun 2017 \$'000	31 Dec 2017 \$'000	30 Jun 2017 \$'000
Gross resident loans	-	-	15,648	30,155
Accrued deferred management fee	-	-	(3,233)	(2,954)
Net resident loans	-	-	12,415	27,201
(b) Movements in carrying amounts				
Carrying amount at beginning of period	-	-	27,201	207,483
Accrued deferred management fee income	-	-	(466)	(1,825)
Deferred management fee cash collected	-	-	205	465
Proceeds from resident loans	-	-	387	3,411
Repayment of resident loans	-	-	(777)	(2,191)
Transfer to liabilities held for sale	-	-	(14,130)	-
Disposal of villages	-	-	-	(180,283)
Other	-	-	(5)	141
	-	-	12,415	27,201

Notes to the Financial Statements

Ingenia Communities Fund and Ingenia Communities Management Trust
For the six months ended 31 December 2017

11. ISSUED UNITS

(a) Carrying values	Ingenia Communities Fund		Ingenia Communities Management Trust	
	31 Dec 2017 \$'000	30 Jun 2017 \$'000	31 Dec 2017 \$'000	30 Jun 2017 \$'000
At beginning of period	755,571	679,161	43,134	34,019
Issued during the year:				
Distribution reinvestment plan	1,915	5,027	277	429
Performance quantum rights	-	1,087	-	58
Institutional placement and rights issue	-	64,766	-	8,492
Security purchase plan	-	7,641	-	430
Short-term incentive plan	-	225	-	10
Institutional placement and rights issue costs	-	(2,336)	-	(302)
At end of period	757,486	755,571	43,411	43,136

The closing balance is attributable to the unitholders of:

Ingenia Communities Fund	757,486	755,571	-	-
Ingenia Communities Management Trust	-	-	43,411	43,136
	757,486	755,571	43,411	43,136

(b) Number of issued units	Ingenia Communities Fund		Ingenia Communities Management Trust	
	31 Dec 2017 \$'000	30 Jun 2017 \$'000	31 Dec 2017 \$'000	30 Jun 2017 \$'000
At beginning of period	206,382	172,155	206,382	172,155
Issued during the period:				
Performance quantum rights	-	599	-	599
Distribution reinvestment plan	886	2,049	886	2,049
Security purchase plan	-	3,023	-	3,023
Institutional placement and rights issue	-	28,479	-	28,479
Short-term incentive plan	-	77	-	77
At end of period	207,268	206,382	207,268	206,382

(c) Term of units

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

12. COMMITMENTS

ICF has commitments for capital expenditure on investment properties and inventories contracted but not provided for at reporting date of \$2,519,733 (30 June 2017: \$805,725).

13. SUBSEQUENT EVENTS

Interim distribution

On 20 February 2018, the Directors of Ingenia Communities RE Limited ("ICRE") as responsible entity for ICF resolved to declare an interim distribution of 5.1 cps (1H17: 5.1cps) amounting to \$10.6 million to be paid on 14 March 2018. The distribution is 21.3% tax deferred and the distribution reinvestment plan will be in operation for this distribution.

Sale of non-core assets

On 21 December 2017, the Trusts announced the sale of three non-core subscale assets. These divestments are consistent with the Group's focus on divesting non-core assets in order to redeploy capital into higher growth lifestyle development projects included;

- The disposal of Settlers Meadow Springs (Mandurah, WA). This sale (inclusive of the Groups liability for resident loans) was completed on 31 January 2018, where the Group received gross proceeds of \$4.5 million.
- The disposal of Ingenia Lifestyle Lake Macquarie (Morisset, NSW). This sale (inclusive of inventory) was completed on 2 February 2018, where the Group received gross proceeds of \$7.1 million.

Directors' Declaration

Ingenia Communities Fund and Ingenia Communities Management Trust
For the six months ended 31 December 2017

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 2017 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 2017 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 2018

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 2017, 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 2017, 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 2017 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

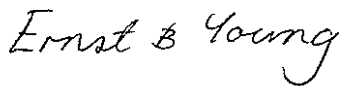
Our responsibility is to express a conclusion on the half-year financial reports based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, 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 2017 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.

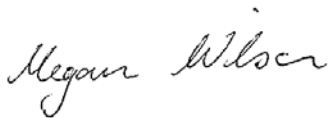
A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards 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



Megan Wilson
Partner
Sydney
20 February 2018