

APPENDIX 4D

Half year Financial Report

Half Year ended 31 December 2013

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 2013 – 31 December 2013
Previous corresponding period:	1 July 2012 – 31 December 2012

Results for announcement to the market

Results for announcement to the market				
Half year ended	31 Dec 2013 \$'000	31 Dec 2012 \$'000	Change \$'000	Change %
Revenues from continuing operations	19,311	13,825	5,486	40%
Profit/(loss) from ordinary activities after tax attributable to members	4,306	2,389	1,917	80%
Net profit/(loss) for the period attributable to members	4,306	2,389	1,917	80%
Operating income from continuing operations	4,018	1,275	2,743	215%
Operating income	3,603	3,631	(28)	(1%)
	31 Dec 2013 cents	30 Jun 2013 cents		
Net asset value per security	35.0	34.4	0.6	1.7%
	cents	cents		
Final distribution (paid)	0.5	0.5		
Interim distribution (declared)	0.5	0.5		
Record date for interim distribution	5:00pm, 6 March 2014			
Payment date for interim distribution	21 March 2104			
All distributions are 100% tax deferred				
The Distribution Reinvestment Plan is not operational for this distribution				

This information should be read in conjunction with the 2013 Annual Financial Report of Ingenia Communities and any public announcements made in the period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and ASX Listing Rules.

Additional Appendix 4D disclosure requirements can be found in the Directors' Report and the 31 December 2013 half year financial statements.

This report is based on the consolidated 2014 half year financial statements of Ingenia Communities, which have been reviewed by EY. The Auditor's Independence Declaration provided by EY is included in the 31 December 2013 half year financial statements.

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

- Directors' report
- Audited financial report
- Results presentation and media release



Tania Betts
Company Secretary

25 February 2014



INGENIA COMMUNITIES HOLDINGS LIMITED

A.C.N. 154 444 925

INTERIM REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

www.ingeniacommunities.com.au

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

Ingenia Communities Holdings Limited
Financial & associated reports
Half-year ended 31 December 2013

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Ingenia Communities Holdings Limited

Directors' report

Half-year ended 31 December 2013

The directors of Ingenia Communities Holdings Limited (the "Company") present their report together with the Company's financial report for the half-year ended 31 December 2013 (the "current period") and the Independent Auditor's Report thereon. The Company's financial report comprises the consolidated financial report of the Company and its controlled entities, including the Ingenia Communities Fund ("ICF" or the "Fund") and the Ingenia Communities Management Trust ("ICMT") (together, the "Trusts").

The shares of the Company are "stapled" with the units of the Trusts and trade on the Australian Securities Exchange ("ASX") effectively as one security. Ingenia Communities RE Limited ("ICRE"), 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.

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

1. DIRECTORS

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

Non-executive directors

Jim Hazel (Chairman)

Philip Clark AM

Amanda Heyworth

Robert Morrison

Executive director

Simon Owen (Managing Director)

2. OPERATING AND FINANCIAL REVIEW

a) Ingenia Communities Overview

The Group owns, manages and develops a diversified portfolio of seniors living communities across Australia. Its real estate assets are valued at \$301.2 million and include rental villages, deferred management fee villages, manufactured home estates and three New Zealand student accommodation buildings.

b) Strategy

During the period, the Group has focussed on its strategy of growing its affordable Australian seniors living portfolio. Manufactured home estates ("MHE") have been the primary area of focus for delivering this growth to securityholders. At the same time, the Group continues to focus on divestment of the New Zealand Students portfolio in the short term following signing of 15 year leases and completion of refurbishment works in January 2014. During the period, the real estate asset value of the business grew by \$73.7 million, the development pipeline expanded and the MHE acquisition deal flow remains strong.

The Group at all times applies a disciplined approach to investment with strict minimum return criteria. Operational efficiency opportunities and stringent capital management remain key focuses. The target LVR range remains at 30-35% and Australian debt funding facilities increased in February 2014 to \$129.5 million, which will facilitate continued growth.

Ingenia Communities Holdings Limited

Directors' report

Half-year ended 31 December 2013

c) 1H14 Financial results

1H14 has been a period of strong acquisitive growth in the MHE sector, funded using a mix of debt and equity raised from the June 2013 institutional placement of \$21.2 m and September 2013 rights issue of \$61.7m. During the period, the Group settled on eight MHE properties with a total purchase value of \$55.7m.

Other key milestones during the period include:

- Renegotiation of the Australian debt facility to \$129.5m;
- Refurbishment of New Zealand Students portfolio virtually completed;
- Settlers Lifestyle Ridge Estate Stage 2 construction nearing completion;
- Expansion of the short term stay element of the Active Lifestyle Estates portfolio; and
- Delivery of new manufactured homes to Nepean River Holiday Village and The Grange.

d) Key Metrics

- Interim distribution of 0.5 cent per security.
- EBIT⁽¹⁾ from continuing operations was \$4.9 million, up 12.7% from 1H13.
- Operating income from continuing operations was \$4.0 million, up 215% from 1H13.
- Operating income was \$3.6m in line with 1H13.
- Net asset value grew by 0.6 cents per security during the period to 35.0 cents, up 1.7%.
- Total Securityholder Return (TSR) of 60% for the six months.⁽²⁾
- Statutory profit from continuing operations was \$4.6m, up \$7.9m from a 1H13 statutory loss.
- Statutory profit was \$4.3m, up 80% from 1H13.

These results are reflective of execution of divestment of the majority of the overseas operations, and deployment of capital into the Australia market to generate strong returns for securityholders.

The directors are placing a growing focus on EBIT as a performance measure as it provides a strong indicator of operational efficiency.

⁽¹⁾ EBIT represents operating income less net interest expense and tax associated with operating income.

⁽²⁾ TSR is the percentage gain from investment in the Group's securities over the six months to 31 December 2013 assuming distributions are reinvested into the Group's securities.

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Directors' report

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e) Group Results Summary

The directors also use operating income to assess the ongoing business activities of the Group in a way that appropriately reflects underlying performance.

Operating income excludes certain items recognised in the statement of profit and loss that are volatile or outside core ongoing business activities. Items excluded include unrealised gains or losses on the revaluation of the Group's properties and derivatives. These items are required to be included in net profit in accordance with Australian Accounting Standards.

Operating income for the half-year is calculated as follows:

	2013 \$'000	2012 \$'000
Net profit attributable to securityholders (reported)	4,306	2,389
Adjusted for:		
- Net foreign exchange (gain)/loss	(348)	-
- Net (gain)/loss on change in fair value of :		
Investment properties	(1,226)	2,767
Derivatives	8	(578)
Retirement village resident loans	(60)	(87)
Gain/(loss) on revaluation of newly constructed retirement villages	1,271	1,931
Loss on internalisation	-	35
Amortisation of intangibles	-	515
Deferred income tax (benefit)/expense associated with adjustments	(227)	(450)
Disposal costs associated with overseas investments	-	434
Loss/(profit) from discontinued operations	294	(5,681)
Operating income from continuing operations	4,018	1,275
Operating income from discontinued operations	(415)	2,356
Operating income	3,603	3,631

f) Segment Performance and Priorities

Garden Villages

Garden Villages comprised of 29 rental villages at 31 December 2013 located across the eastern seaboard and Western Australia. These villages accommodate more than 1,600 residents, and are projected to generate \$19.6 million in gross rental income per annum. The carrying value of these assets at 31 December 2013 is \$101.5m.

i. Performance

Garden Villages	1H14	1H13	Variance
Occupancy %	86.0%	83.9%	2.1%
Like to Like Occupancy %	86.4%	84.2%	2.2%
EBIT \$m	4.9m	4.1m	0.8m

Ingenia Communities Holdings Limited

Directors' report

Half-year ended 31 December 2013

The Garden Villages segment delivers a consistent stream of recurring cash income for the Group. During the period December 2012 to 30 June 2013, the Group acquired five rental villages with the intention of repositioning them to grow occupancy. These five villages contributed a 1H14 EBIT result of \$0.7m with strong performance improvements at all villages except Peel River Gardens, which has been slower responding to repositioning efforts.

ii. Strategic priorities

The key strategic priorities of this business over the coming six months include growing village occupancy, further improving cash operating margins, expanding the Ingenia Care Assist program into more villages, ensuring high resident engagement and maintaining affordability. In January 2014, the Group settled on a further five rental villages requiring significant repositioning in order to grow occupancy. Management is focused on the integration of these villages to ensure the projected benchmark returns are achieved.

Settlers Lifestyle

Settlers Lifestyle is comprised of five deferred management fee villages and four villages in the process of being converted from the rental to deferred management fee ("DMF") model. These villages are located in Queensland, New South Wales and Western Australia and accommodate more than 800 residents generating income from accrued DMF, rental income where villages are not yet fully converted and development income from unit conversions and village expansion. The carrying value of these assets, net of resident loans, is \$80.5m.

i. Performance

Settlers Lifestyle	1H14	1H13	Variance
Occupancy %	91%	88%	3%
New Settlements	21	28	(7)
Development Income \$m	1.3m	1.9m	(0.6)m
Accrued DMF Income \$m	2.7m	2.4m	0.3m
EBIT \$m	1.7m	2.6m	(0.9)m

The Settlers Lifestyle business delivered a lower result than the prior comparative period due to reduced sales volumes with some projects nearing completion and new product still under construction at Cessnock and Ridge Estate villages.

ii. Strategic priorities

The key strategic priorities of this business over the coming six months are settling 17 Ridge Estate Stage 1 homes following construction completion in February 2014; sell down of remaining existing stock at conversion villages and driving customer referrals.

The Group is undertaking a strategic review of the DMF portfolio and assessing its comparative returns to the rental and MHE businesses.

Ingenia Communities Holdings Limited

Directors' report

Half-year ended 31 December 2013

Active Lifestyle Estates

Active Lifestyle Estates launched in March 2013 with the Group's first acquisition of a manufactured home estate. The portfolio consisted of ten communities at 31 December 2013, with a further two properties settled in February 2014 and an additional three acquisitions announced (as disclosed below in 'Events Subsequent to Reporting Date'). This business is the future growth priority as it provides an affordable yield focussed housing alternative for seniors and short term residents. The carrying value of these assets at 31 December 2013 before post balance date acquisitions is \$78.0m.

i. Performance

Active Lifestyle Estates	1H14	1H13	Variance
New Settlements	5	-	5
Development Income \$m	0.5m	-	0.5m
EBIT \$m	1.3m	-	1.3m

Active Lifestyle Estates delivered a contribution of \$1.3m in 1H14 following the Group's entry into this market in March 2013. Management expects this business to produce a strong result over the next six months as the newly acquired assets contribute a full six months of earnings and more new manufactured homes are delivered.

ii. Strategic priorities

The key strategic priorities of this business over the coming six months are integrating acquired villages into the Group, leveraging scale efficiencies and continuing to deploy funds into the sector through acquisitions and development.

Discontinued operations

Refurbishment of the New Zealand Student accommodation portfolio is complete and with 15 year leases in place, an active marketing campaign is underway to sell of the properties.

g) Tax consolidation

The Group is currently finalising tax consolidation of the ICMT group, which has contributed to the recognition of an income tax benefit of \$1.0 m for the period in respect of current year realisable tax losses.

h) Capital Management

The Group adopts a prudent and considered approach to capital management. During the period, the Group strengthened its capital position by undertaking a capital raising and renegotiating core debt. The details of the transactions are as follows:

- In September 2013, the Group announced a fully underwritten 1 for 3 Non-renounceable rights issue at \$0.365 per security raising \$61.7 million. The rights issue was oversubscribed, which resulted in the need to scale back allotment. The proceeds of the issue are close to being fully deployed into MHEs; and
- In December 2013, the Group re-negotiated and enhanced its core debt facility with the total facility amount increasing by \$47.5 million to \$129.5 million. The debt margin has reduced materially reflecting improved market conditions and the Group's strong financial position. Additionally, the terms of the debt facility were amended favourably to align closely with the operating profile of the business. The increased facility will be used to fund value accretive acquisitions in the MHE sector. The interest cover ratio of the Group (as defined in the facility agreement) as at 31 December 2013 was 1.98x, which was well above the debt covenant requirement of at least 1.5x.

Ingenia Communities Holdings Limited

Directors' report

Half-year ended 31 December 2013

i) Financial Position

The following table provides a summary of the Group's financial position as at 31 December 2013

\$000	31 Dec 2013	30 Jun 2013	Change %
Cash and cash equivalents	19,784	38,531	(49%)
Inventories	998	285	250%
Investment properties	437,162	370,931	18%
Assets of discontinued operations	46,630	36,576	27%
Other assets	9,765	13,251	(26%)
Total assets	514,339	459,574	12%
Borrowings	53,456	70,806	(25%)
Retirement village resident loans	177,890	175,703	1%
Liabilities from discontinued operations	29,548	21,528	37%
Other liabilities	16,944	16,885	0%
Total Liabilities	277,838	284,922	(2%)
Net assets/equity	236,501	174,652	35%

Inventories increased by \$0.7m reflecting the Group's growing investment in the manufactured home estates sector. The Group's strategy includes development of new manufactured homes, which are classified as inventory until they are sold to new residents. This element of the Group's balance sheet will continue to grow as the number of active development projects increases.

Investment properties increased by \$66.2m largely due to the acquisition of eight manufactured home estates during the period.

Assets and liabilities of discontinued operations grew by \$10.1m and \$8.0m respectively reflecting capital works associated with refurbishment of the New Zealand Students portfolio in line with the divestment strategy.

Borrowing decreased by \$17.3m due to the temporary application of proceeds from the September rights issue against debt until funds are gradually deployed. This ensures finance costs are minimised during this intervening period.

Movements in other assets and liabilities mainly reflect collection of \$6.5m of escrows from the divestment of US operations in prior periods together with movements in deferred tax balances.

j) Cashflow

\$'000	1H14	1H13	Variance
Operating cashflows	3,070	2,838	8%
Investing cashflow	(67,429)	(8,894)	658%
Financing cashflow	47,811	(5,904)	910%
Net change in cash and cash equivalents	(16,548)	(11,960)	(38%)
Cash at the end of the period	21,020	20,752	1%

Operating cashflows are similar to the prior period, which reflects the transitional period of reinvesting capital from overseas into Australia, together with development of new manufactured homes for upcoming sales.

Investing cashflows reflect the acquisition of eight manufactured homes estates for \$60.4m along with capital refurbishment works of \$7.1m on the New Zealand Students portfolio.

Financing cashflows for the period include net proceeds of \$59.0m from the September rights issue offset by net borrowings repayment of \$8.5m in order to temporarily pay down debt until the proceeds from the rights issue are fully deployed.

Ingenia Communities Holdings Limited

Directors' report

Half-year ended 31 December 2013

k) Distributions

The following distributions were made during or in respect of the period:

- On 27 August 2013 the directors declared a final distribution for 2013 of 0.5 cents per security ("cps") (2012: 0.5 cps) amounting to \$2,535,896 which was paid on 20 September 2013.
- On 25 February 2014 the directors resolved to declare an interim distribution of 0.5 cps (2012: 0.5cps) amounting to \$3,381,201 to be paid on 21 March 2014.

The distributions are 100% tax deferred.

The Group is committed to growing distributions in the near term.

l) Outlook

The Group will continue to drive growth through acquisitions and development. The affordability of the Active Lifestyle Estates product continues to receive strong market interest from potential residents, which should generate high demand once homes are delivered to site. Management's focus will be on development delivery by continuing to work closely with councils and manufactured home suppliers to ensure a quality product in a timely and cost effective manner.

Management will also be seeking to finalise divestment of the New Zealand Students portfolio and reinvest those funds into the Australian MHE sector. At the same time, the Group will continue to regularly assess the performance of its existing assets and where appropriate look to recycle capital into other opportunities delivering superior risk-adjusted returns.

3. EVENTS SUBSEQUENT TO REPORTING DATE

- On 30 January 2014, the Group settled five rental retirement villages located in Victoria (Shepparton, Warrnambool and Mildura), New South Wales (Bathurst) and Tasmania (Launceston) for \$9.9 million. The purchase, announced on 20 December 2013, was funded from US escrow proceeds received and existing debt facilities.
- On 18 February 2014, the Group settled two MHEs, Big4 Valley Vineyard Tourist Park and Wine Country Caravan Park, located in Cessnock, NSW. The combined purchase price of \$10.5 million was funded from the proceeds of the rights issue announced in September 2013 and debt. The acquisition was announced on 20 December 2013.
- On 21 February 2014, following satisfaction of conditions precedent, the core debt facility became unconditional for drawdown.
- On 25 February 2014, the Group announced the following upcoming acquisitions:
 - Exchange of a conditional contract for Town and Country Estate, a manufactured home and tourist park located in Sydney, New South Wales, for \$18 million.
 - Exchange of a conditional contract for Sun Country Holiday Village, a manufactured home and tourist park located in Mulwala, New South Wales, for \$7 million.
 - A conditional contract has also been exchanged for a third manufactured home and tourist park in Sydney, which is subject to due diligence.

All the above acquisitions will be funded from the proceeds of the September rights issue and debt.

Ingenia Communities Holdings Limited
Directors' report
Half-year ended 31 December 2013

4. NON-IFRS FINANCIAL INFORMATION

Alternative profit measure (i.e. operating income) shown in this report has not been reviewed or audited in accordance with Australian Auditing Standards.

5. AUDITOR'S INDEPENDENCE DECLARATION

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

6. ROUNDING OF AMOUNTS

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

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'J. Hazel', with a stylized flourish at the end.

Jim Hazel
Chairman
Sydney
25 February 2014

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

In relation to our review of the financial report of Ingenia Communities Holdings Limited and its controlled entities for the half-year ended 31 December 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



Chris Lawton
Partner
Sydney
25 February 2014

Ingenia Communities Holdings Limited
Condensed consolidated statement of profit and loss and other
comprehensive income
Half-year ended 31 December 2013

	Note	2013 \$'000	2012 \$'000
Continuing Operations			
Rental income	4	13,390	9,466
Accrued deferred management fee income		2,745	2,391
Manufactured home sales		1,105	-
Catering income		1,562	1,239
Other property income		320	451
Interest income		189	278
		19,311	13,825
Net foreign exchange gain/(loss)		348	-
Net gain/(loss) on change in fair value of:			
Investment properties		1,226	(2,767)
Derivatives		(8)	578
Retirement village resident loans		60	87
Loss on internalisation		-	(35)
Property expenses		(4,826)	(3,775)
Employee expenses		(6,690)	(4,540)
Administrative expenses		(1,846)	(1,685)
Operational, marketing and selling expenses		(1,362)	(1,075)
Cost of manufactured homes		(632)	-
Finance expenses		(1,850)	(3,351)
Amortisation of intangible assets		-	(515)
Disposal costs associated with overseas investments		-	(434)
Other		(136)	(55)
Profit/(Loss) from continuing operations before income tax		3,595	(3,742)
Income tax benefit		1,005	450
Profit/(Loss) from continuing operations		4,600	(3,292)
Profit/(Loss) from discontinued operations	5	(294)	5,681
Net profit for the half-year		4,306	2,389
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences arising during the period		752	120
Total comprehensive income for the half-year, net of tax		5,058	2,509
Profit attributable to securityholders of:			
Company		(1,411)	(983)
ICF		6,775	2,727
ICMT		(1,058)	645
		4,306	2,389
Total comprehensive income attributable to securityholders of:			
Company		(1,411)	(983)
ICF		7,495	1,977
ICMT		(1,026)	1,515
		5,058	2,509

Ingenia Communities Holdings Limited
Condensed consolidated statement of profit and loss and other
comprehensive income
Half-year ended 31 December 2013

	Note	2013 Cents	2012 Cents
Earnings per security¹:			
Basic earnings per security from continuing operations	3		
Group		0.7	(0.6)
Company		(0.2)	(0.2)
Basic earnings per security			
Group		0.7	0.5
Company		(0.2)	(0.2)
Diluted earnings per security from continuing operations			
Group		0.7	(0.6)
Company		(0.2)	(0.2)
Diluted earnings per security			
Group		0.7	0.5
Company		(0.2)	(0.2)

¹ Prior period weighted average number of securities and EPS have been adjusted in accordance with AASB 133 "Earnings per Share" ("AASB 133"). The weighted average number of securities on issue for the current period, prior to the rights issue in September 2013, has also been adjusted as required by AASB 133.

Ingenia Communities Holdings Limited
Condensed consolidated statement of financial position
As at 31 December 2013

	Note	31 Dec 2013 \$'000	30 Jun 2013 \$'000
Current assets			
Cash and cash equivalents	6	19,784	38,531
Trade and other receivables		6,566	8,789
Inventories		998	285
Income tax receivable		909	757
Assets of discontinued operations	5	46,630	36,576
		74,887	84,938
Non-current assets			
Trade and other receivables		1,614	2,671
Investment properties	7	437,162	370,931
Plant and equipment		676	1,034
		439,452	374,636
Total assets		514,339	459,574
Current liabilities			
Trade and other payables		9,134	9,066
Retirement village resident loans	8	177,890	175,703
Borrowings	9	270	267
Liabilities of discontinued operations	5	29,548	21,528
		216,842	206,564
Non-current liabilities			
Trade and other payables		1,143	140
Borrowings	9	53,186	70,539
Derivatives		216	209
Deferred tax liabilities		6,451	7,470
		60,996	78,358
Total liabilities		277,838	284,922
Net assets		236,501	174,652
Equity			
Issued securities	10	569,118	510,141
Reserves		2,176	1,074
Accumulated losses		(334,793)	(336,563)
Total equity		236,501	174,652
Attributable to securityholders of the Company:			
Issued securities		7,378	6,078
Reserves		658	308
Retained earnings/(Accumulated losses)		(1,334)	77
		6,702	6,463
ICF		219,602	164,953
ICMT		10,197	3,236
		236,501	174,652
Net asset value per security (cents)		35.0	34.4

Ingenia Communities Holdings Limited
Condensed consolidated statement of cash flow
Half-year ended 31 December 2013

	Note	2013 \$'000	2012 \$'000
Cash flows from operating activities			
Rental and other property income		17,929	14,861
Payment of management fees (including arrears)		(13)	(132)
Property and other expenses		(15,890)	(13,688)
Proceeds from resident loans		10,607	5,842
Repayment of resident loans		(6,717)	(987)
Proceeds from sale of manufactured homes		1,267	-
Purchase of manufactured homes		(1,180)	-
Distributions received from formerly equity accounted investments		-	1,218
Interest received		224	349
Borrowing costs paid		(3,022)	(4,353)
Income tax paid		(135)	(272)
		3,070	2,838
Cash flows from investing activities			
Purchase and additions of plant and equipment		(71)	(206)
Payments for investment properties		(61,104)	(5,002)
Additions to investment properties		(12,524)	(2,565)
Proceeds/(costs) from sale of investment properties		1,256	(777)
Amounts advanced to villages		(23)	(344)
Payment for lease arrangements		(80)	-
Proceeds from sale of equity accounted investments		5,117	-
		(67,429)	(8,894)
Cash flows from financing activities			
Proceeds from issue of stapled securities		61,707	-
Payments for security issue costs		(2,719)	-
Receipts from derivatives		-	1,650
Payments for derivatives		-	(150)
Finance lease payments		(42)	-
Payments for internalisation		-	(600)
Distributions to securityholders		(2,507)	(2,122)
Proceeds from borrowings		58,970	-
Repayment of borrowings		(67,500)	(4,144)
Payments for borrowing costs		(98)	(538)
		47,811	(5,904)
Net increase/(decrease) in cash and cash equivalents		(16,548)	(11,960)
Cash and cash equivalents at the beginning of the year		37,550	32,812
Effects of exchange rate fluctuation on cash held		18	(100)
Cash and cash equivalents at the end of the half-year	6	21,020	20,752

Ingenia Communities Holdings Limited
Condensed consolidated statement of changes in equity
Half-year ended 31 December 2013

	ATTRIBUTABLE TO SECURITYHOLDERS					
	INGENIA COMMUNITIES HOLDINGS LIMITED				ICF & ICMT	Total equity
	Issued capital	Reserves	Retained earnings	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2012	6,000	15	1,808	7,823	143,349	151,172
Net profit	-	-	(983)	(983)	3,372	2,389
Other comprehensive income	-	-	-	-	120	120
Total comprehensive income	-	-	(983)	(983)	3,492	2,509
Transactions with securityholders in their capacity as securityholders:						
Issue of securities	-	-	-	-	-	-
Payment of distributions to securityholders	-	-	-	-	(2,205)	(2,205)
Share based payment transactions	-	149	-	149	-	149
Balance as at 31 December 2012	6,000	164	825	6,989	144,636	151,625
Carrying amount at 1 July 2013	6,078	308	77	6,463	168,189	174,652
Net profit/(loss) for the current period	-	-	(1,411)	(1,411)	5,717	4,306
Other comprehensive income	-	-	-	-	752	752
Total comprehensive income	-	-	(1,411)	(1,411)	6,469	5,058
Transactions with securityholders in their capacity as securityholders:						
Issue of securities	1,300	-	-	1,300	57,677	58,977
Payment of distributions to securityholders	-	-	-	-	(2,536)	(2,536)
Share based payment transactions	-	350	-	350	-	350
Balance as at 31 December 2013	7,378	658	(1,334)	6,702	229,799	236,501

Ingenia Communities Holdings Limited

Notes to the financial statements

Half-year ended 31 December 2013

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 Australian Stock Exchange, the number of shares in the Company and of units in each trust shall remain equal and those shareholders in the Company and unitholders in each trust shall be identical.

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

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

(b) Basis of preparation

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

The interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the Group's annual financial report for the year ended 30 June 2013.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated as per ASIC Class Order 98/0100.

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 2013 annual report with the exception of new mandatorily amended standards and interpretations which have been applied as required.

During the current period, the Group acquired many tourism cabins as part of MHEs. The cabins are rented for periods up to six months. In accordance with accounting standards, the Group has treated the cabins as investment property.

As at 31 December 2013, the Group recorded a net current asset deficiency of \$141,955,000. This deficiency includes retirement village resident loans of \$177,890,000 and liabilities from discontinued operations of \$29,548,000. Resident loan obligations of the Group are classified as current liabilities due to the demand feature of these obligations despite the unlikely possibility that the majority of the loans will be settled within the next 12 months. Furthermore, if required, the proceeds from new resident loans could be used by the Group to settle existing loan obligations should those incumbent residents vacate their units. The liabilities of the discontinued operations consist mainly of borrowings of \$28,403,000 related to a facility with the Bank of New Zealand, which has been refinanced recently for a 5 years period and will be repaid upon disposal of the corresponding assets. Accordingly, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and the financial report of the Group has been prepared on a going concern basis.

Ingenia Communities Holdings Limited
Notes to the financial statements
Half-year ended 31 December 2013

1. Summary of significant accounting policies (continued)

(c) New or revised Accounting Standards and Interpretations that are first effective in the current reporting period

The Group has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current period. The following standards were most relevant to the Group:

- AASB 10 "Consolidated Financial Statements" and AASB 2011-7 "Amendments to Australian Accounting Standards arising from consolidation and Joint Arrangements standards";
- AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13';
- AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011) ;
- AASB 2012-2 'Amendments to Australian Accounting Standards- Disclosures- Offsetting Financial Assets and Financial Liabilities'

The impact of application of each Standard is as follows:

Accounting Standard	Impact on the Group
AASB 10 and AASB 2011-7	AASB 10 amends the definition of control such that an investor controls an investee when a) it has power over an investee; b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three conditions have to be met for an investor to have control. The application of the standard did not have any impact on the Group.
AASB 13 and AASB 2011-8	AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value. The standard is broad in scope and applies to both financial instrument and non-financial instrument items with the exception of a few items like share based payments and leases, which are covered by other standards. AASB 13 defines fair value as the price that would be received to sell an asset or liability in an orderly transaction in the principal (or the most advantageous) market at the measurement date under current market conditions. Valuations made are categorised into three levels based on the inputs used. However, regardless of the valuation methodology applied, fair value represents the exit price in relation to the asset or liability. The standard applies prospectively from 1 January 2013. The Group has applied requirements of the Standard in all its valuations in particular of investment properties. Additionally, the disclosure requirements of the standard, which includes information about assumptions made and the qualitative impact of those assumptions on fair value, have been complied with.

Ingenia Communities Holdings Limited
Notes to the financial statements
Half-year ended 31 December 2013

1. Summary of significant accounting policies (continued)

Accounting Standard	Impact on the Group
AASB 119 and AASB 2011-10	AASB 119 amends the definition of short-term employee benefits, with the distinction now being based on whether the benefits are expected to be settled within 12 months after reporting date (short-term benefit). Long term employee benefits are required to be measured using the actuarial valuation method. The method involves projecting future cashflows and discounting back to present value. This requirement applies to the annual leave balance for the Group. The application of the standard's requirement for both current and previous periods did not result in amendment to the figures disclosed, as the changes were not material.
AASB 2012-2	The standard provides application and presentation guidance to AASB 132 'Financial Instruments: Presentation' for applying some offsetting criteria. The Group has applied the requirements of the Standard, which necessitates disclosure of information about rights of offset and related arrangements for financial instruments under an enforceable master netting arrangement or similar arrangement. This has resulted in changes to disclosure principally for retirement village resident loans for the Group.

2. Accounting Estimates and Judgements

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

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

(a) Critical accounting estimates and assumptions

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

(i) Valuation of investment property

The Group has investment properties with a carrying amount of \$437,162,000 (June 2013: \$370,931,000) (refer note 7), and retirement village residents' loans with a carrying amount of \$177,890,000 (June 2013: \$175,703,000) (refer note 8), which together represent the estimated fair value of the Group's continuing interest in retirement villages. In addition, the Group holds investment properties with carrying amount of \$ 45,269,000 (June 2013: \$35,343,000) which are included in assets of discontinued operations. These carrying amounts reflect certain assumptions about expected future rentals, rent-free periods, operating costs and appropriate discount and capitalisation rates. The valuation assumptions for deferred management fee villages reflect assumptions relating to average length of stay, unit market values, estimates of capital expenditure, contract terms with residents, discount rates and projected property growth rates. In forming these assumptions, the responsible entity considered information about current and recent sales activity, current market rents, and discount and capitalisation rates, for properties similar to those owned by the Group, as well as independent valuations of the Group's property.

Ingenia Communities Holdings Limited
Notes to the financial statements
Half-year ended 31 December 2013

2. Accounting Estimates and Judgements (continued)

(ii) Valuation of Inventories

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

(iii) Fair value of derivatives

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

Valuation of share-based payment transactions is performed using judgements around the fair value of equity instruments on the date at which they are granted. The fair value is determined using a Monte Carlo based simulation method. Refer note 11 for assumptions used in determining fair value.

(iv) Valuation of intangibles

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

(v) Valuation of assets acquired in business combinations

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

(vi) Valuation of retirement village resident loans

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

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

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

Ingenia Communities Holdings Limited
Notes to the financial statements
Half-year ended 31 December 2013

3. Earnings per security⁽¹⁾

	2013	2012
(a) Group		
Profit attributable to securityholders (\$'000)	4,306	2,389
Profit/(loss) from continuing operations (\$'000)	4,600	(3,292)
Profit/(loss) from discontinued operations (\$'000)	(294)	5,681
Weighted average number of securities outstanding (thousands):		
Issued securities	617,384	508,880
Diluted securities		
Performance quantum rights	4,710	3,842
Retention quantum rights	1,818	1,818
Weighted average number of issued and dilutive potential securities outstanding – thousands	623,912	514,540
Basic earnings per security- total (cents)	0.7	0.5
Basic earnings per security from continuing operations (cents)	0.7	(0.6)
Basic earnings per security from discontinued operations (cents)	(0.0)	1.1
Diluted earnings per security- total (cents)	0.7	0.5
Diluted earnings per security from continuing operations (cents)	0.7	(0.6)
Diluted earnings per security from discontinued operations (cents)	(0.0)	1.1
(b) Company		
Profit/(loss) attributable to securityholders (\$'000)	(1,411)	(983)
Weighted average number of securities outstanding (thousands):		
Issued securities	617,384	508,880
Diluted securities		
Performance quantum rights	4,710	3,842
Retention quantum rights	1,818	1,818
Weighted average number of issued and dilutive potential securities outstanding – thousands	623,912	514,540
Basic earnings per share (cents)	(0.2)	(0.2)
Diluted earnings per share (cents)	(0.2)	(0.2)

4. Rental income

	2013	2012
	\$'000	\$'000
Residential rental income - Garden villages	10,531	9,466
Residential rental income - Active Lifestyle Estates	1,306	-
Short term rental income - Active Lifestyle Estates	1,553	-
	13,390	9,466

⁽¹⁾ Prior period weighted average number of securities and EPS have been adjusted in accordance with AASB 133 "Earnings per Share" ("AASB 133"). The weighted average number of securities on issue for the current period, prior to the rights issue in September 2013, has also been adjusted as required by AASB 133.

Ingenia Communities Holdings Limited

Notes to the financial statements

Half-year ended 31 December 2013

5. Discontinued operations

(a) Details of discontinued operations

The Group's investment in its New Zealand students business has been classified as a discontinued operation since 30 June 2011, which is consistent with the previously announced strategy to focus on transitioning to an actively managed Australian seniors living business. The Group holds a 100% interest in three facilities in Wellington, New Zealand that are primarily leased for 15 years to Victoria University of Wellington and Wellington Institute of Technology.

The Group is currently in the process of launching a sale process for the assets.

The comparative figures include results from certain properties held in the United States, which had been classified as discounted operations since November 2009. The Group completely exited US operations in February 2013.

(b) Financial performance

The financial performance of components of the Group disposed of or classified as discontinued operations at 31 December 2013 was:

	2013 \$'000	2012 \$'000
Revenue	1,041	3,806
Net gain on change in fair value of:		
- Investment properties	(335)	3,959
Net foreign exchange gain	630	-
Interest income	41	19
Other income	-	31
Expenses	(784)	(2,000)
Interest expense	(702)	(1,346)
Distributions from formerly equity accounted investments	-	1,218
Disposal costs associated with overseas investments	(143)	-
Profit/(loss) from operating activities before income tax	(252)	5,687
Income tax expenses	(10)	(6)
Profit/(loss) from operating activities	(262)	5,681
Gain/(loss) on sale of discontinued operations (net of tax)	(32)	-
Profit/(loss) from discontinued operations for the half-year	(294)	5,681

(c) Cash flows

The cash flows of components of the Group disposed of or classified as discontinued operations at 31 December 2013 were:

	2013 \$'000	2012 \$'000
Net cash flow from operating activities	(371)	412
Net cash flow from investing activities:		
Payments on sale of discontinued operations	(65)	-
Payments for lease arrangements	(80)	-
Additions to investment properties	(7,738)	(1,328)
Other	308	(9)
Net cash flow from financing activities	10,161	(144)
Net cash flows from discontinued operations	2,215	(1,069)

Ingenia Communities Holdings Limited
Notes to the financial statements
Half-year ended 31 December 2013

5. Discontinued operations (continued)

(d) Assets and liabilities

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

	31 Dec 2013	30 Jun 2013
	\$'000	\$'000
Assets		
Cash and cash equivalents	1,236	974
Trade and other receivables	125	259
Investment properties	45,269	35,343
Total assets	46,630	36,576
Liabilities		
Bank overdraft	-	1,955
Payables	1,145	2,051
Borrowings	28,403	17,522
Total liabilities	29,548	21,528
Net assets of disposal groups	17,082	15,048

The weighted average capitalisation rate of the New Zealand student properties is 7.75% (30 June 2013: 7.75%).

6. Cash and cash equivalents

	31 Dec 2013	30 Jun 2013
	\$'000	\$'000
Cash at bank and in hand	11,952	7,060
Short term deposits	7,832	31,471
	19,784	38,531
Reconciliation to statement of cash flows	31 Dec 2013	31 Dec 2012
	\$'000	\$'000
Cash and cash equivalents attributable to:		
Continuing operations-cash at bank	19,784	18,570
Discontinued operations-cash at bank	1,236	2,182
Cash at the end of half-year as per cash flow statement	21,020	20,752

7. Investment properties

(a) Summary of carrying amounts

	31 Dec 2013	30 Jun 2013
	\$'000	\$'000
Completed properties	433,347	367,726
Properties under construction	3,815	3,205
	437,162	370,931

Ingenia Communities Holdings Limited
Notes to the financial statements
Half-year ended 31 December 2013

7. Investment properties (continued)

(b) Individual valuations and carrying amounts

PROPERTY	Location	Date of purchase	Cost to date	Latest external valuation	Valuation	Carrying amount		Capitalisation rate	
				Date	amount \$'000	31 Dec \$'000	30 Jun 13 \$'000	31 Dec 13	30 Jun 13
			\$'000						
Completed Properties:									
Garden Villages									
Yakamia Gardens	Yakamia, WA	Jun 04	5,434	Dec 12	2,900	2,500	2,500	10.5%	7.5%
Mardross Gardens	Albury, NSW	Jun 04	5,581	Jun 12	2,200	2,490	2,320	6.5% ⁽¹⁾	5.5% ⁽¹⁾
Seville Grove Gardens	Seville Grove, WA	Jun 04	4,538	Dec 12	3,400	3,270	3,240	10.0%	9.8%
Hertford Gardens	Sebastopol, VIC	Jun 04	4,095	Jun 12	2,650	3,690	3,780	10.3%	10.5%
Carey Park Gardens	Bunbury, WA	Jun 04	4,924	Dec 12	2,600	3,150	2,840	10.5%	10.0%
Jefferis Gardens	Bundaberg North, QLD	Jun 04	4,969	Dec 13	2,600	2,600	2,720	11.0%	10.0%
Claremont Gardens	Claremont, TAS	Jun 04	4,279	Dec 13	3,320	3,320	2,900	10.0%	9.5%
Taloumbi Gardens	Coffs Harbour, NSW	Jun 04	5,039	Dec 12	4,200	4,190	4,020	10.5%	10.3%
Devonport Gardens	Devonport, TAS	Jun 04	4,017	Dec 12	2,500	2,540	2,120	6.0% ⁽¹⁾	5.3% ⁽¹⁾
Wheeler's Gardens	Dubbo, NSW	Jun 04	4,351	Dec 13	3,800	3,800	3,950	10.0%	10.5%
Elphinwood Gardens	Launceston, TAS	Jun 04	4,383	Dec 12	2,750	2,870	2,740	10.0%	10.0%
Glenorchy Gardens	Glenorchy, TAS	Jun 05	4,147	Dec 13	3,250	3,250	3,010	10.0%	10.0%
Chatsbury Gardens	Goulburn, NSW	Jun 04	4,790	Dec 13	2,940	2,940	3,340	10.0%	10.0%
Grovedale Gardens	Grovedale, VIC	Jun 05	4,920	Dec 12	3,600	3,890	4,090	10.3%	10.5%
Horsham Gardens	Horsham, VIC	Jun 04	4,456	Jun 12	3,100	2,900	3,170	9.8%	10.0%
Sea Scape Gardens	Erskine, WA	Jun 04	4,557	Dec 12	4,200	4,190	4,180	10.3%	10.3%
Marsden Gardens	Marsden, QLD	Jun 05	10,324	Dec 12	8,150	8,200	7,900	11.4%	10.5%
Coburns Gardens	Brookfield, VIC	Jun 04	4,317	Dec 12	3,000	3,040	3,260	9.8%	9.5%
Brooklyn Gardens	Brookfield, VIC	Jun 04	4,168	Dec 12	2,400	3,010	2,790	9.8%	9.5%
Oxley Gardens	Port Macquarie, NSW	Jun 04	4,396	Dec 12	2,600	3,070	2,320	10.3%	10.0%
Townsend Gardens	St Albans Park, VIC	Jun 04	4,778	Jun 12	3,250	3,350	3,390	10.3%	9.8%
St Albans Park Gardens	St Albans Park, VIC	Jun 04	5,083	Jun 12	3,400	3,550	4,030	10.5%	10.5%
Swan View Gardens	Swan View WA	Jan 06	7,860	Dec 12	5,650	5,540	5,780	10.3%	10.3%
Taree Gardens		Dec 04	4,623	Dec 12	2,400	3,430	2,950	10.5%	10.0%

Ingenia Communities Holdings Limited
Notes to the financial statements
Half-year ended 31 December 2013

PROPERTY	Location	Date of purchase	Cost to date	Latest external valuation	Valuation	Carrying amount		Capitalisation rate	
						31 Dec	30 Jun 13	31 Dec 13	30 Jun 13
			\$'000	Date	amount \$'000	\$'000	\$'000		
Dubbo Gardens	Dubbo, NSW	Dec 12	2,661	Dec 13	3,290	3,290	2,652	10.5%	5.3% ⁽¹⁾
Ocean Grove Gardens	Mandurah, WA	Feb 13	3,549	Dec 13	3,280	3,280	3,015	10.5%	11.0%
Peel River Gardens	Tamworth, NSW	Mar 13	3,057	Dec 13	2,970	2,970	3,464	10.0%	7.3% ⁽¹⁾
Sovereign Gardens	Ballarat, VIC	Jun 13	3,301	-	-	3,265	3,265	5.3% ⁽¹⁾	5.3% ⁽¹⁾
Wagga Gardens	Wagga Wagga, NSW	Jun 13	3,992	-	-	3,953	3,953	11.8%	11.8%
Total			136,589			101,538	99,689		
Settlers Lifestyle								Discount rate	
Forest Lake	Forest Lake, QLD	Nov 05	14,162	Jun 13	12,662	13,169	12,663	16.7%	15.0%
South Gladstone	South Gladstone, Qld	Nov 05	8,182	Jun 13	12,093	12,130	12,093	15.0%	15.0%
Rockhampton	Rockhampton, QLD	Nov 05	10,634	Dec 13	13,900	13,900	13,768	17.9%	14.7%
Cessnock	Cessnock, NSW	Jun 04	7,034	Dec 12	3,190	5,429	4,871	18.2%	16.1%
Lakeside	Ravenswood, WA	Apr 07	70,602	Dec 12	77,584	78,078	78,673	13.5%	13.5%
Noyea Park	Mt Warren Park, QLD	Apr 07	2,485	Dec 12	549	245	324	14.5%	14.5%
Meadow Springs	Mandurah, WA	Apr 07	20,919	Jun 13	17,066	16,775	17,066	14.5%	14.5%
Ridgewood	Ridgewood, WA	Apr 07	85,381	Jun 13	105,104	105,129	105,104	13.5%	13.5%
Ridge Estate	Gillieston Heights, NSW	Jul 12	8,032	-	-	8,990	5,471	20.0%	15.0%
Total			227,431			253,845	250,033		
Active Lifestyle Estates								Capitalisation rate	
The Grange	Morisset, NSW	Mar 13	11,126	Dec 13	12,129	11,829	12,593	9.1%	10.0%
Ettalong Beach Holiday Village ⁽²⁾	Ettalong Beach, NSW	Apr 13	2,082	Dec 13	5,850	5,540	5,411	20.0%	18.4%
Albury Citygate Caravan and Tourist Park	Albury, NSW	Aug 13	2,546	-	-	2,546	-	7.2% ⁽³⁾	-
Nepean River Holiday Village	Penrith, NSW	Aug 13	10,900	-	-	10,900	-	10.5% ⁽³⁾	-
Mudgee Valley Tourist Park	Mudgee, NSW	Sep 13	4,445	-	-	4,445	-	8.8% ⁽³⁾	-
Mudgee Tourist and Van Resort	Mudgee, NSW	Oct 13	7,809	-	-	7,809	-	9.3% ⁽³⁾	-
Drifters Holiday Village	Kingscliff, NSW	Nov 13	11,435	-	-	11,435	-	10.0% ⁽³⁾	-
Lake Macquarie Holiday Village	Morisset, NSW	Nov 13	7,568	-	-	7,568	-	5.1% ⁽³⁾	-
Macquarie Lakeside Holiday Village	Chain Valley Bay, NSW	Dec 13	4,011	-	-	4,011	-	8.9% ⁽³⁾	-
One Mile Beach Holiday Park	Anna Bay, NSW	Dec 13	11,881	-	-	11,881	-	10.6% ⁽³⁾	-
Total			73,803			77,964	18,004		
Total completed properties			437,823			433,347	367,726		

Ingenia Communities Holdings Limited
Notes to the financial statements
Half-year ended 31 December 2013

PROPERTY	Location	Date of purchase	Cost to date	Latest external valuation	Valuation	Carrying amount		Capitalisation rate	
						amount	31 Dec 13	31 Dec 13	30 Jun 13
			\$'000	Date	\$'000	\$'000	\$'000		
Property under construction									
Settlers									
South Gladstone Gardens – land	South Gladstone, QLD	Nov 05	199	Jun 13	750	750	750	-	-
Meadow Springs	Mandurah, WA	Apr 07	2,470	Jun 13	2,455	2,455	2,455	-	-
Active Lifestyle Estate									
The Grange	Morisset, NSW	Mar 13	300		-	300	-	-	-
Ettalong Beach Holiday Village ⁽²⁾	Ettalong Beach, NSW	Apr 13	310		-	310	-	-	-
Total properties under construction			3,279			3,815	3,205		
Total Investment properties			441,102			437,162	370,931		

⁽¹⁾ The low capitalisation rate is due to the replacement value of the property being higher than the amount derived using normal market capitalisation range applicable to senior living rental assets.

⁽²⁾ Ettalong Beach Holiday Village land component is leased from the Gosford City Council and is recognised as investment property with an associated finance lease liability.

⁽³⁾ The capitalisation rate of these properties reflects the trailing yield at the time of acquisition.

Ingenia Communities Holdings Limited
Notes to the financial statements
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7. Investment properties (continued)

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

Valuations made in a foreign currency have been converted at the rate of exchange ruling at valuation date and are subsequently translated at the exchange rate prevailing at the reporting date.

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

Four Settlers Lifestyle villages are in the process of converting from a rental to a deferred management fee model. The discount rate reflects a combination of development risk on vacant units and DMF from both occupied and vacant units. Over time, these properties' discount rate will likely revert downwards as project risk diminishes. No further rental village conversions are planned.

(c) Movements in carrying amounts

	31 Dec 2013	30 Jun 2013
	\$'000	\$'000
Carrying amount at beginning of period	370,931	327,632
Acquisitions	60,432	39,313
Expenditure capitalised	4,692	4,076
Disposals	-	(3,140)
Sale of unit – Strata title	(245)	-
Transferred from property, plant and equipment	320	-
Transferred to inventory	(194)	(195)
Transferred to discontinued operations	-	(212)
Net change in fair value	1,226	3,457
Carrying amount at the end of the period	437,162	370,931

8. Retirement village resident loans

(a) Summary of carrying amounts

	31 Dec 2013	30 Jun 2013
	\$'000	\$'000
Gross resident loans	210,546	206,629
Accrued deferred management fee	(32,656)	(30,926)
Net resident loans	177,890	175,703

The Group's contracts with residents require net settlement of resident loans and deferred management fees on their departure.

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Notes to the financial statements
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8. Retirement village resident loans (continued)

(b) Movements in carrying amounts

	31 Dec 2013 \$'000	30 Jun 2013 \$'000
Carrying amount at the beginning of the period	175,703	162,603
Net (gain)/loss on change in fair value of resident loans	(60)	(327)
Accrued deferred management fee income	(2,745)	(4,850)
Deferred management fee cash collected	1,027	1,368
Acquired resident loans	-	4,473
Proceeds from resident loans	10,607	19,338
Repayment of resident loans	(6,717)	(7,118)
Other	75	216
Carrying amount at the end of the period	177,890	175,703

9. Borrowings

	31 Dec 2013 \$'000	30 Jun 2013 \$'000
Current liabilities		
Finance leases	270	267
	270	267
Non-current liabilities		
Bank debt	50,500	68,000
Prepaid borrowing costs	(385)	(578)
Finance leases	3,071	3,117
	53,186	70,539

Bank debt

The Group entered into a new Australian dollar denominated bank debt facility for \$129,500,000 in December 2013, which became unconditional for drawdown in February 2014. The facility expires on 30 September 2015 and had the following principal financial covenants:

- ◆ Loan to value ratio ("LVR") is less than or equal to 50%.
- ◆ Total leverage ratio does not exceed 50%; and
- ◆ Interest cover ratio (as defined) of at least 1.50 in financial year ("FY") ending 2014 increasing to at least 1.75x in FY 2015.

An amount of \$50,500,000 was drawn under the current facility.

The carrying value of investment property net of resident liabilities at reporting date for the Group's Australian properties pledged as security was \$220,366,000 (June 2013:\$179,320,000). Further properties have been pledged since the reporting date.

Ingenia Communities Holdings Limited
Notes to the financial statements
Half-year ended 31 December 2013

10. Issued Securities

(a) Carrying values

	31 Dec 2013	30 Jun 2013
	\$'000	\$'000
At beginning of period	510,141	490,044
Issued during the period:		
Rights issue	61,707	-
Rights issue costs	(2,730)	-
Institutional placement securities	-	21,168
Transaction costs of institutional placement securities	-	(1,071)
At end of period	569,118	510,141

(b) Number of issued securities

	31 Dec 2013	30 Jun 2013
	'000	'000
At beginning of period	507,179	441,029
Issued during the period	169,061	66,150
At end of period	676,240	507,179

(c) Terms of securities

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

11. Share based payments

On 19 November 2013, 3.716 million Performance Quantum Rights ("PQR") were granted to senior executives of the Group under the long-term incentive scheme ("Scheme"). The number of PQRs that will vest under the Scheme depends on Total Shareholder Return ("TSR") achieved and is also conditional on the individual being in employment of the Group on the vesting date (30 June 2016). The measurement period for the PQRs is 1 July 2013 to 30 June 2016 and full rights vest if a TSR above 40% is achieved during the measurement period. A sliding scale applies for lower TSRs with the number of PQRs vesting being nil for a TSR below 26%. One PQR equates to one security in the Group.

The fair value of the PQRs that were issued was estimated using a Monte Carlo Simulation based model. The amount that was expensed during the current period for this PQR issue was \$202,753 based on the following assumptions:

Risk free rate	2.96%
Dividend yield	3.93%
Expected volatility of security price	30%

The fair value of the TSRs was \$0.325/right as at the grant date.

Ingenia Communities Holdings Limited

Notes to the financial statements

Half-year ended 31 December 2013

12. Financial Instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

As required by accounting standards, the Group adopts the following hierarchy in the measurement of fair values of financial instruments:

- Level 1: fair value is calculated using quoted prices in active markets;
- Level 2: fair value is calculated using inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: fair value is calculated using inputs for the asset or liability that are not based on observable market data.

(a) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis:

Some of the Group's financial assets and liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values are determined

Financial assets/Financial liabilities	Fair Value as at 31 Dec 13	Fair Value as at 30 Jun 13	Fair Value Hierarchy	Valuation technique(s) and key inputs	Significant Unobservable Inputs	Relationship of unobservable inputs to fair value
	\$'000	\$'000				
Retirement Village Resident Loans	177,890	175,703	Level 3	Loans measured as the ingoing resident's contribution plus the resident's share of capital appreciation to reporting date, less DMF accrued to reporting date	Long-term capital appreciation rates for residential property between 2-4%. Estimated length of stay of residents based on life tables	The higher the appreciation, the higher the value of resident loans. The longer the length of stay, the lower the value of resident loans.
Derivative interest Rate swaps	216	209	Level 2	Net present value of future cashflows discounted at market rates adjusted for the Group's credit risk	N/A	N/A

Changes in the Group's retirement village resident loans, which are level 3 instruments, are presented in note 8.

The current market value of the independent living units is an input to the valuation of retirement village residents' loans. Changing the value used for this input by an increase of 10% would increase the fair value of these loans by \$21,055,000 (2012: \$20,663,000). The change has been calculated in accordance with the formula set out in the contracts with the residents and incorporates the market value of the property and the expected tenure of each resident.

Ingenia Communities Holdings Limited
Notes to the financial statements
Half-year ended 31 December 2013

12. Financial Instruments (continued)

(b) Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis, but for which fair value disclosures are required:

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

13. Distributions

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

	Cents per security	Total amount (\$'000)	Payment date
Recognised Amount:			
Distribution	0.5	2,536	20 Sep 2013
Unrecognised Amount:			
Distribution	0.5	3,381	21 Mar 2014

All distributions were made by ICF and are 100% tax deferred

14. Segment information

(a) Description of segments

The Group invests in seniors accommodation properties located in Australia. The rental villages in Australia comprise the Garden Villages segment; the deferred management fee ("DMF") properties comprise the Settlers Lifestyle segment; and the MHEs, which comprise both permanent and short stay rental income, and income from the sale of manufactured homes is referred to as the Active Lifestyle Estates segment. The Group has identified its operating segments based on the internal reports that are reviewed and used by the chief operating decision maker in assessing performance and in determining the allocation of resources. Other parts of the Group are neither an operating segment nor part of an operating segment. Assets that do not belong to an operating segment are described below as "unallocated".

	2013 \$'000	2012 \$'000
(b) Segment revenue		
Revenues from external customers:		
Garden Villages	11,287	10,063
Settlers Lifestyle	3,451	3,484
Active Lifestyle Estates	4,384	-
Total segment revenue	19,122	13,547
Interest income	189	278
Total revenue	19,311	13,825

Ingenia Communities Holdings Limited
Notes to the financial statements
Half-year ended 31 December 2013

14. Segment information (continued)

	2013	2012
(c) Segment profit	\$'000	\$'000
Garden Villages	4,890	4,077
Settlers Lifestyle	1,713	2,565
Active Lifestyle Estates	1,285	-
Total segment profit	7,888	6,642
Corporate/unallocated:		
Interest income	189	278
Net foreign exchange gain	348	-
Net gain/(loss) on change in fair value of:		
Investment properties	1,226	(2,767)
Derivatives	(8)	578
Retirement village resident loans	60	87
Loss on internalisation	-	(35)
Finance cost	(1,850)	(3,351)
Gain on revaluation of newly constructed retirement villages	(1,271)	(1,931)
Amortisation of intangibles	-	(515)
Operational, marketing & selling expenses	(144)	(47)
Employee expenses- corporate	(1,430)	(1,120)
Administration expenses	(1,123)	(1,072)
Property expense	(154)	-
Disposal costs associated with overseas investments	-	(434)
Other	(136)	(55)
Income tax benefit	1,005	450
Profit/(Loss) from continuing operations	4,600	(3,292)

(d) Segment assets	31 Dec 2013	30 Jun 2013
	\$'000	\$'000
Garden Villages	103,267	101,108
Settlers Lifestyle	259,164	255,006
Active Lifestyle Estates	80,035	18,559
Total segment assets	442,466	374,673
Discontinued operations	46,630	36,576
Corporate/unallocated	25,243	48,325
	514,339	459,574

Ingenia Communities Holdings Limited
Notes to the financial statements
Half-year ended 31 December 2013

14. Segment information (continued)

(e) Other information

	2013	2012
	\$'000	\$'000
Net gain/(loss) on change in fair value of investment		
Garden Villages	1,336	(1,158)
Settlers Lifestyle	383	(1,609)
Active Lifestyle Estates	(493)	-
	1,226	(2,767)

(f) Additions to investment properties

	31 Dec 2013	30 Jun 2013
	\$'000	\$'000
Garden Villages	507	17,012
Settlers Lifestyle	3,687	8,165
Active Lifestyle Estates	60,930	18,212
	65,124	43,389

15. Subsequent events

- On 30 January 2014, the Group settled on five rental retirement villages located in Victoria (Shepparton, Warrnambool and Mildura), New South Wales (Bathurst) and Tasmania (Launceston) for \$9.9 million. The purchase, announced on 20 December 2013, was funded from US escrow proceeds received and existing debt facilities.
- On 18 February 2014, the Group settled two MHE's, Big4 Valley Vineyard Towns Park and Wine Country Caravan Park, located in Cessnock, NSW. The combined purchase price of \$10.5 million was funded from the proceeds of the rights issue announced in September 2013 and debt. The acquisition was announced on 20 December 2013.
- On 21 February 2014, following satisfaction of conditions precedent, the core debt facility became unconditional for drawdown.
- On 25 February 2014, the Group announced the following upcoming acquisitions:
 - Exchange of a conditional contract for Town and Country Estate, a manufactured home and tourist park located in Sydney, New South Wales, for \$18 million;
 - Exchange of a conditional contract for Sun Country Holiday Village, a manufactured home and tourist park located in Mulwala, New South Wales, for \$ 7 million;
 - Conditional contracts have also been exchanged for a third manufactured home and tourist park in Sydney, which is subject to due diligence.

All the above acquisitions will be funded from the proceeds of the rights issue announced in September 2013 and debt.

Ingenia Communities Holdings Limited
Directors' declaration
Half-year ended 31 December 2013

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

1. In the opinion of the directors:
 - (a) the financial statements and notes of Ingenia Communities Holdings Limited for the half-year ended 31 December 2013 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of its financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standards (including Australian Accounting Interpretations) and *Corporations Regulations 2001*; and
 - (b) there are reasonable grounds to believe that Ingenia Communities Holdings Limited will be able to pay its debts as and when they become due and payable.

On behalf of the Board

A handwritten signature in black ink, appearing to be 'J. Hazel', written over a horizontal line.

Jim Hazel
Chairman
25 February 2014

To the unitholders of Ingenia Communities Holdings Limited

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Ingenia Communities Holdings Limited, which comprise the consolidated statement of financial position as at 31 December 2013, the consolidated statement of profit and loss and other comprehensive income, the statement of changes in equity and the consolidated statement of cash flow for the half year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year or from time to time during the half-year.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Ingenia Communities Holdings Limited and the entities it controlled during the period, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Ingenia Communities Holdings Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



Chris Lawton
Partner
Sydney
25 February 2014



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

**INTERIM REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

www.ingeniacommunities.com.au

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

Ingenia Communities Fund & Ingenia Communities Management Trust
Directors' report
Half-year ended 31 December 2013

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Ingenia Communities Fund & Ingenia Communities Management Trust

Directors' report

Half-year ended 31 December 2013

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

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

The directors' report is a combined directors' report that covers the Trusts for the half year ended 31 December 2013 (the "current period").

1. DIRECTORS

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

Non-executive directors

Jim Hazel (Chairman)
Philip Clark AM
Amanda Heyworth
Robert Morrison

Executive director

Simon Owen (Managing Director)

2. OPERATING AND FINANCIAL REVIEW

a) ICF and ICMT Overview

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

The Group owns, manages and develops a diversified portfolio of seniors living communities across Australia. Its real estate assets are valued at \$301.2 million and include rental villages, deferred management fee villages, manufactured home estates and three New Zealand student accommodation buildings.

b) Strategy

The strategy of ICF and ICMT is aligned with the Group's strategy of growing its affordable Australian seniors living portfolio. Manufactured home estates ("MHE") have been the primary area of focus for delivering this growth to securityholders. At the same time, the Group continues to focus on divestment of the New Zealand Students portfolio in the short term following signing of 15 year leases and completion of refurbishment works in January 2014.

The Group at all times applies a disciplined approach to investment with strict minimum return criteria. Operational efficiency opportunities and stringent capital management remain key focuses. The target LVR range remains at 30-35% and Australian debt funding facilities increased in February 2014 to \$129.5 million, which will facilitate continued growth.

Ingenia Communities Fund & Ingenia Communities Management Trust
Directors' report
Half-year ended 31 December 2013

c) 1H14 Financial results

1H14 has been a period of strong acquisitive growth in the MHE sector, funded using a mix of debt and equity raised from the June 2013 institutional placement of \$21.2 m and September 2013 rights issue of \$61.7m. During the period, the Group settled on eight MHE properties with a total purchase value of \$55.7m.

Other key milestones during the period include:

- Renegotiation of the Australian debt facility to \$129.5m;
- Refurbishment of New Zealand Students portfolio virtually completed;
- Settlers Lifestyle Ridge Estate Stage 2 construction nearing completion;
- Expansion of the short term stay element of the Active Lifestyle Estates portfolio; and
- Delivery of new manufactured homes to Nepean River Holiday Village and The Grange.

d) Key Metrics

- Net profit for the year of \$7.0m for ICF and a loss of \$1.3m for ICMT
- Interim distribution of 0.5 cents per security by ICF, nil for ICMT

These results are reflective of execution of divestment of the majority of the overseas operations, and deployment of capital into the Australia market to generate strong returns for unitholders.

e) Continuing Operations

The key strategic priorities of the continuing operations are:

- Growing rental village occupancy
- Improving operating cash margins
- Ensuring residents are actively engaged and promoting a strong sense of community
- Continuing to acquire existing MHEs with available development land and repositioning upside
- Accelerating the launch and construction of manufactured home estate expansions
- Maintaining affordability whilst leveraging scale efficiencies across the portfolio
- Undertaking a strategic review of the Group's DMF portfolio and assessing its comparative returns to the rental and MHE business.
- Expanding the Ingenia Care Assist program into more villages, which facilitates residents accessing accredited Commonwealth Government care providers to provide in-home care.

f) Discontinued operations

Refurbishment of the New Zealand Student accommodation portfolio is complete and with 15 year leases in place, an active marketing campaign is underway to sell of the properties.

Ingenia Communities Fund & Ingenia Communities Management Trust
Directors' report
Half-year ended 31 December 2013

g) Capital Management

The Trusts adopts a prudent and considered approach to capital management. During the period, the Trusts strengthened their capital position by undertaking a capital raising and renegotiating core debt. The details of the transactions are as follows:

- In September 2013, the Group announced a fully underwritten 1 for 3 Non-renounceable rights issue at \$0.365 per security raising \$61.7 million. The rights issue was oversubscribed, which resulted in the need to scale back allotment. The proceeds of the issue are close to being fully deployed into MHES; and
- In December 2013, the Group re-negotiated and enhanced its core debt facility with the total facility amount increasing by \$47.5 million to \$129.5 million. The debt margin has reduced materially reflecting improved market conditions and the Group's strong financial position. Additionally, the terms of the debt facility were amended favourably to align closely with the operating profile of the business. The increased facility will be used to fund value accretive acquisitions in the MHE sector. The interest cover ratio of the Group (as defined in the facility agreement) as at 31 December 2013 was 1.98x, which was well above the debt covenant requirement of at least 1.5x.

Ingenia Communities Fund & Ingenia Communities Management Trust
Directors' report
Half-year ended 31 December 2013

h) Distributions

ICF made the following distributions during or in respect of the period:

- On 27 August 2013 the directors declared a final distribution for 2013 of 0.5 cents per unit ("cpu") (2012: 0.5 cpu) amounting to \$2,535,896 which was paid on 20 September 2013.
- On 25 February 2014 the directors resolved to declare an interim distribution of 0.5 cpu (2012: 0.5 cpu) amounting to \$3,381,201 to be paid on 21 March 2014.

The distributions are 100% tax deferred.

The Trusts are committed to growing distributions in the near future.

i) Outlook

The Trusts will continue to drive growth through acquisitions and development. The affordability of the Active Lifestyle Estates product continues to receive strong market support from potential residents, which should generate high demand once homes are delivered to site. Management's focus will be on development delivery by continuing to work closely with councils and manufactured home suppliers to ensure a quality product is delivered in a timely manner.

Management will also be seeking to finalise divestment of the New Zealand Students portfolio and reinvest those funds into the Australian MHE sector. At the same time, the Trusts will continue to regularly assess the performance of its existing assets and where appropriate look to recycle capital into other opportunities delivering superior risk-adjusted returns.

3. EVENTS SUBSEQUENT TO REPORTING DATE

- On 30 January 2014, ICF settled on five rental retirement villages located in Victoria (Shepparton, Warrnambool and Mildura), New South Wales (Bathurst) and Tasmania (Launceston) for \$9.9 million. The purchase, announced on 20 December 2013, was funded from US escrow proceeds received and existing debt facilities.
- On 18 February 2014, ICMT settled two MHEs, Big4 Valley Vineyard Tourist Park and Wine Country Caravan Park, located in Cessnock, NSW. The combined purchase price of \$10.5 million was funded from the proceeds of the rights issue announced in September 2013 and debt. The acquisition was announced on 20 December 2013.
- On 21 February 2014, following satisfaction of conditions precedent, the core debt facility became unconditional for drawdown.
- On 25 February 2014, the Group announced the following upcoming acquisitions:
 - Exchange of a conditional contract for Town and Country Estate, a manufactured home and tourist park located in Sydney, New South Wales, for \$18 million.
 - Exchange of a conditional contract for Sun Country Holiday Village, a manufactured home and tourist park located in Mulwala, New South Wales, for \$7 million.
 - A conditional contract has also been exchanged for a third manufactured home and tourist park in Sydney, which is subject to due diligence.

All the above acquisitions will be funded from the proceeds of the September rights issue and debt.

Ingenia Communities Fund & Ingenia Communities Management Trust
Directors' report
Half-year ended 31 December 2013

4. AUDITOR'S INDEPENDENCE DECLARATION

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

5. ROUNDING OF AMOUNTS

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

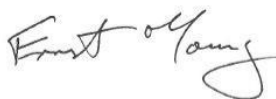
Signed in accordance with a resolution of the directors of the Responsible Entity.

A handwritten signature in black ink, appearing to read 'J. Hazel', with a stylized flourish at the end.

Jim Hazel
Chairman
Sydney
25 February 2014

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

In relation to our review of the financial reports of Ingenia Communities Fund and its controlled entities and Ingenia Communities Management Trust and its controlled entities for the half-year ended 31 December 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



Chris Lawton
Partner
Sydney
25 February 2014

Ingenia Communities Fund & Ingenia Communities Management Trust
Condensed consolidated statements of profit and loss and other
comprehensive income
Half-year ended 31 December 2013

		INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
	Note	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Continuing Operations					
Rental Income		4,546	4,234	13,390	9,466
Accrued deferred management fee income		-	-	2,745	2,391
Manufactured home sales		-	-	1,105	-
Other property income		-	-	1,882	1,690
Interest income		4,236	2,422	3	10
		8,782	6,656	19,125	13,557
Net foreign exchange gain/(loss)		324	-	24	-
Net gain/(loss) on change in fair value of:					
Investment properties		770	(1,017)	455	(1,750)
Derivatives		(8)	578	60	-
Retirement village resident loans		-	-	-	87
Loss on internalisation		-	(35)	-	-
Property expenses		-	-	(9,220)	(7,999)
Employee expenses		-	-	(4,549)	(3,220)
Administration expenses		(358)	(665)	(878)	(674)
Operational, marketing and selling		(71)	-	(1,218)	(1,039)
Cost of manufactured homes		-	-	(632)	-
Finance expenses		(1,681)	(3,247)	(4,095)	(2,380)
Responsible entity fees		(586)	(554)	(753)	(726)
Disposal costs associated with overseas investments		-	(150)	-	-
Other		(136)	(55)	-	-
Profit/(loss) from continuing operations before income tax		7,036	1,511	(1,681)	(4,144)
Income tax benefit		-	-	657	324
Profit/(loss) from continuing operations		7,036	1,511	(1,024)	(3,820)
Profit/(loss) from discontinued operations	4	(1)	1,216	(294)	4,465
Net profit/(loss) for the half-year		7,035	2,727	(1,318)	645
Other comprehensive income/(expense), net of income tax					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		430	(750)	322	870
Total comprehensive income/(expense) for the half-year		7,465	1,977	(996)	1,515

Ingenia Communities Fund & Ingenia Communities Management Trust
Condensed consolidated statements of profit and loss and other
comprehensive income
Half-year ended 31 December 2013

		INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
		2013	2012	2013	2012
		\$'000	\$'000	\$'000	\$'000
Profit attributable to unitholders of:					
ICF		7,035	2,727	(260)	-
ICMT		-	-	(1,058)	645
		7,035	2,727	(1,318)	645
Total comprehensive income attributable to unitholders of:					
ICF		7,465	1,977	73	-
ICMT		-	-	(1,069)	1,515
		7,465	1,977	(996)	1,515
	Note	2013 Cents	2012 Cents	2013 Cents	2012 Cents
Basic and diluted earnings from continuing operations ¹	3	1.1	0.3	(0.2)	(0.8)
Basic and diluted earnings per unit ¹		1.1	0.5	(0.2)	0.1

¹Prior period weighted average number of shares and EPS have been adjusted in accordance with AASB 3 "Earnings Per Share" ("AASB 133"). The weighted average number of securities on issue for the current period, prior to the rights issue in September 2013 has also been adjusted as required by AASB 133.

Ingenia Communities Fund & Ingenia Communities Management Trust
Condensed consolidated statements of financial position
As at 31 December 2013

		INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
		Dec 2013	Jun 2013	Dec	Jun
	Note	\$'000	\$'000	2013	2013
				\$'000	\$'000
Current assets					
Cash and cash equivalents	5	11,556	31,014	1,711	1,229
Trade and other receivables		7,561	9,204	2,147	2,819
Inventories		-	-	998	285
Receivable from related party		89,183	31,870	-	-
Income tax receivable		1,026	882	-	-
Assets of discontinued operations	4	3,874	3,874	46,630	36,576
		113,200	76,844	51,486	40,909
Non-current assets					
Trade and other receivables		38,452	39,472	417	438
Investment properties	6	121,736	120,167	315,429	250,764
Plant and equipment		297	339	207	547
		160,485	159,978	316,053	251,749
Total assets		273,685	236,822	367,539	292,658
Current liabilities					
Trade and other payables		1,114	1,569	7,515	6,812
Retirement village resident loans	7	-	-	177,890	175,703
Borrowings	8	-	-	3,592	3,589
Provision for income tax		-	-	118	126
Payable to related party		-	-	87,454	30,769
Liabilities of discontinued operations	4	-	-	29,548	21,527
		1,114	1,569	306,117	238,526
Non-current liabilities					
Trade and other payables		-	-	1,143	140
Borrowings	8	50,115	67,422	40,427	40,475
Derivatives		217	209	-	-
Deferred tax liabilities		-	-	7,198	7,855
		50,332	67,631	48,768	48,470
Total liabilities		51,446	69,200	354,885	286,996
Net assets		222,239	167,622	12,654	5,662
Equity					
Issued units	9	547,644	497,956	14,094	6,106
Reserves		430	-	109	120
Accumulated losses		(325,835)	(330,334)	(4,048)	(2,990)
Unitholders' interest		222,239	167,622	10,155	3,236
Non-controlling interest		-	-	2,499	2,426
Total equity		222,239	167,622	12,654	5,662
Attributable to unitholders of:					
ICF		222,239	167,622	-	-
ICMT		-	-	-	3,236
				10,155	
Non-controlling interest		-	-	2,499	2,426
		222,239	167,622	12,654	5,662

Ingenia Communities Fund & Ingenia Communities Management Trust
Condensed consolidated statements of cash flow
Half-year ended 31 December 2013

		INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
	Note	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Cash flows from operating activities					
Rental and other property income		-	32	17,982	14,858
Payment of management fees (including arrears)		-	-	(13)	(132)
Property and other expenses		(653)	5	(13,148)	(11,382)
Proceeds from resident loans		-	-	10,607	5,842
Repayment of resident loans		-	-	(6,717)	(876)
Proceeds from sale of manufactured homes		-	-	1,267	-
Purchase of manufactured homes		-	-	(1,180)	-
Distributions received from formerly equity accounted investments		-	1,218	-	-
Interest received		154	161	3	21
Borrowing costs paid		(2,197)	(3,081)	(825)	(1,272)
Income tax paid		(121)	(272)	-	-
		(2,817)	(1,937)	7,976	7,059
Cash flows from investing activities					
Payments for plant and equipment		(2)	-	(24)	(10)
Payments for investment properties		(987)	(2,818)	(60,118)	(2,184)
Additions to investment properties		(2)	-	(12,520)	(2,342)
Proceeds from sale of investment properties		-	-	1,347	-
Costs from sale of investment properties		(26)	(52)	(65)	(2)
Proceeds from sale of equity accounted investments		5,016	-	102	-
Amounts advanced to villages		-	-	(23)	(344)
Payments for lease arrangements		-	-	(80)	-
		3,999	(2,870)	(71,381)	(4,882)
Cash flows from financing activities					
Proceeds from issue of units		51,985	-	8,364	-
Payments for issue cost of stapled securities		(2,528)	-	(190)	-
Lease costs		-	-	(44)	-
Receipts from derivatives		-	1,650	-	-
Payments for derivatives		-	(150)	-	-
Payments for internalisation		-	(365)	-	-
Distributions to unitholders		(2,507)	(2,122)	-	-
Proceeds from borrowings		50,005	1,700	59,108	2,184
Repayment of borrowings		(117,638)	(5,620)	(1,023)	(6,251)
Payments of borrowing cost		-	(500)	(98)	-
		(20,683)	(5,407)	66,117	(4,067)
Net increase/(decrease) in cash and cash equivalents		(19,501)	(10,214)	2,712	(1,890)
Cash and cash equivalents at the beginning of the year		31,014	20,777	249	6,029
Effects of exchange rate fluctuation on cash held		43	(122)	(15)	23
Cash and cash equivalents at the end of half-year	5	11,556	10,441	2,946	4,162

Ingenia Communities Fund & Ingenia Communities Management Trust
Condensed statements of changes in unitholders' interest
Half-year ended 31 December 2013

Ingenia Communities Fund				
	ATTRIBUTABLE TO UNITHOLDERS			
	Issued capital	Reserves	Retained earnings	Total equity
	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2012	480,693	(16,896)	(328,594)	135,203
Net profit for the period	-	-	2,727	2,727
Other comprehensive income	-	(750)	-	(750)
Total comprehensive income for the period	-	(750)	2,727	1,977
Distribution paid or payable			(2,205)	2,205)
Carrying amount at 31 December 2012	480,693	(17,646)	(328,072)	134,975
Carrying amount at 1 July 2013	497,956	-	(330,334)	167,622
Net profit for the period	-	-	7,035	7,035
Other comprehensive income	-	430	-	430
Total comprehensive income for the period	-	430	7,035	7,465
Transactions with unitholders in their capacity as unitholders:				
Issue of units (net of costs)	49,688	-	-	49,688
Distributions paid or payable	-	-	(2,536)	(2,536)
Balance at 31 December 2013	547,644	430	(325,835)	222,239

Ingenia Communities Fund & Ingenia Communities Management Trust
Condensed statements of changes in unitholders' interest
Half-year ended 31 December 2013

	INGENIA COMMUNITIES MANAGEMENT TRUST					
	ATTRIBUTABLE TO UNITHOLDERS				Non-controlling interest	Total equity
	Issued capital	Reserves	Retained earnings	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2012	3,351	(614)	5,411	8,148	5,094	13,242
Net profit for the period	-	-	(3,131)	(3,131)	3,776	645
Other comprehensive income	-	870	-	870	-	870
Total comprehensive income for the period	-	870	(3,131)	(2,261)	3,776	1,515
Balance at 31 December 2012	3,351	256	2,280	5,887	8,870	14,757
Carrying amount at 1 July 2013	6,106	120	(2,990)	3,236	2,426	5,662
Net profit for the period	-	-	(1,058)	(1,058)	(260)	(1,318)
Other comprehensive income	-	(11)	-	(11)	333	322
Total comprehensive income for the period	-	(11)	(1,058)	(1,069)	73	(996)
Transactions with unitholders in their capacity as unitholders:						
Issue of units (net of costs)	7,988	-	-	7,988	-	7,988
Balance at 31 December 2013	14,094	109	(4,048)	10,155	2,499	12,654

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Half-year ended 31 December 2013

1. Summary of significant accounting policies

(a) The Trusts

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

The parent company of Ingenia Communities RE Limited is Ingenia Communities Holdings Limited (the "Company"). The shares of the Company and the units of the Trust are "stapled" and trade on the Australian Securities Exchange ("ASX") as a single security. The Company and the Trust along with their subsidiaries are collectively referred to as the Group in this report.

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

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

(b) Basis of preparation

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

The interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with both the Ingenia Communities Fund and Ingenia Communities Management Trust annual financial reports for the year ended 30 June 2013.

As permitted by Class Order 05/642, issued by the Australian Securities and Investments Commission ("ASIC"), this financial report is a combined financial report that presents the financial statements and accompanying notes of both the ICF and ICMT.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated as per ASIC Class Order 98/0100.

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 2013 annual report with the exception of new mandatorily amended standards and interpretations which have been applied as required.

As at 31 December 2013, ICMT recorded a net current asset deficiency of \$254,631,000. This deficiency includes retirement village resident loans of \$177,890,000, liabilities from discontinued operations of \$29,548,000 and to other entities within the Group of \$87,454,000. Resident loan obligations of the Trusts are classified as current liabilities due to the demand feature of these obligations despite the unlikely possibility that the majority of the loans will be settled within the next 12 months. Furthermore, if required, the proceeds from new resident loans could be used by the Group to settle its existing loan obligations should those incumbent residents vacate their units. The liabilities of the discontinued operations consist mainly of borrowings of \$28,403,000 related to a facility with the Bank of New Zealand, which has been refinanced recently for a 5 years period and will be repaid upon disposal of the corresponding assets. Accordingly, there are reasonable grounds to believe that ICMT will be able to pay its debts as and when they become due and payable; and the financial report of ICMT has been prepared on a going concern basis.

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Half-year ended 31 December 2013

1. Summary of significant accounting policies (continued)

(c) New or revised Accounting Standards and Interpretations that are first effective in the current reporting period Basis of preparation

The Trusts have adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current period. The following standards were most relevant to the Group:

- AASB 10 "Consolidated Financial Statements" and AASB 2011-7 "Amendments to Australian Accounting Standards arising from consolidation and Joint Arrangements standards";
- AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13';
- AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011) ;
- AASB 2012-2 'Amendments to Australian Accounting Standards- Disclosures- Offsetting Financial Assets and Financial Liabilities

The impact of application of each Standard is as follows:

Accounting Standard	Impact on the Trusts
AASB 10 and AASB 2011-7	AASB 10 amends the definition of control such that an investor controls an investee when a) it has power over an investee; b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three conditions have to be met for an investor to have control over an investee. The application of the Standard did not have any impact on the Trusts.
AASB 13 and AASB 2011-8	AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value. The standard is broad in scope and applies to both financial instrument and non-financial instrument items with the exception of a few items like share based payments and leases, which are covered by other standards. AASB 13 defines fair value as the price that would be received to sell an asset or liability in an orderly transaction in the principal (or the most advantageous) market at the measurement date under current market conditions. Valuations made are categorised into three levels based on the inputs used. However, regardless of the valuation methodology applied, fair value represents the exit price in relation to the asset or liability. The standard applies prospectively from 1 January 2013. The Trusts have applied requirements of the Standard in all its valuations in particular investment properties. Additionally, the disclosure requirements of the standard, which includes information about assumptions made and the qualitative impact of those assumptions on fair value, have been complied with.

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Half-year ended 31 December 2013

1. Summary of accounting policies (continued)

AASB 119 and AASB 2011-10	AASB 119 amends the definition of short-term employee benefits, with the distinction now being based on whether the benefits are expected to be settled within 12 months after reporting date (short-term benefit). Long term employee benefits are required to be measured using the actuarial valuation method. The method involves projecting future cashflows and discounting back to present value. This requirement applies to the annual leave balance for the Trusts. The application of the standard's requirement for both current and previous periods did not result in amendment to the figures disclosed, as the changes were not material.
AASB 2012-2	The standard provides application and presentation guidance to AASB 132 'Financial Instruments: Presentation' for applying some offsetting criteria. The Trusts has applied the requirements of the Standard, which necessitates disclosure of information about rights of offset and related arrangements for financial instruments under an enforceable master netting arrangement or similar arrangement. This has resulted in changes to disclosure principally for retirement village resident loans for the Trusts.

2. Accounting estimates and judgements

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

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

(a) Critical accounting estimates and assumptions

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

(i) Valuation of investment property

The Trusts have investment properties with a carrying amount of \$437,165,000 (June 2013:\$370,931,000) (refer note 6), and retirement village residents' loans with a carrying amount of \$177,890,000 (June 2013: \$175,703,000) (refer note 7), which together represent the estimated fair value of the Trusts continuing interest in retirement villages. In addition, the Trusts holds investment properties with carrying amount of \$45,268,000 (June 2013: \$35,343,000) which are included in assets of discontinued operations. These carrying amounts reflect certain assumptions about expected future rentals, rent-free periods, operating costs and appropriate discount and capitalisation rates. The valuation assumptions for deferred management fee villages reflect assumptions relating to average length of stay, unit market values, estimates of capital expenditure, contract terms with residents, discount rates and projected property growth rates. In forming these assumptions, the responsible entity considered information about current and recent sales activity, current market rents, and discount and capitalisation rates, for properties similar to those owned by the Trusts, as well as independent valuations of the Trust's property.

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Half-year ended 31 December 2013

2. Accounting estimates and judgements (continued)

(ii) Valuation of Inventories

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

(iii) Fair value of derivatives

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

(iv) Valuation of assets acquired in business combinations

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

(v) Valuation of retirement village resident loans

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

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

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

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Half-year ended 31 December 2013

3. Earnings per unit¹

	INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
	2013	2012	2013	2012
Earnings per unit				
Profit/(loss) from continuing operations (\$'000)	7,036	1,511	(1,024)	(3,820)
Profit/(loss) from discontinued operations (\$'000)	(1)	1,216	(294)	4,465
Net profit for the half year (\$'000)	7,035	2,727	(1,318)	645
Weighted average number of units outstanding (thousands)	623,912	514,540	623,912	514,540
Basic and diluted earnings per unit from continuing operations (cents)	1.1	0.3	(0.2)	(0.8)
Basic and diluted earnings per unit from discontinued operations (cents)	-	0.2	-	0.9
Basic and diluted earnings per unit (total) (cents)	1.1	0.5	(0.2)	0.1

4. Discontinued operations

(a) Details of discontinued operations

The Trusts investment in its New Zealand students business has been classified as a discontinued operation since 30 June 2011, which is consistent with the Group's previously announced strategy to focus on transitioning to an actively managed Australian seniors living business. The Trusts holds a 100% interest in three facilities in Wellington, New Zealand that are primarily leased for 15 years to Victoria University of Wellington and Wellington Institute of Technology.

. The Group has recently launched a sale process for the assets.

The comparative figures include results from certain properties held in the United States, which had been classified as discounted operations since November 2009. The Trusts completely exited US operations in February 2013.

¹ Prior period weighted average number of shares and EPS have been adjusted in accordance with AASB 3 "Earnings Per Share" ("AASB 133"). The weighted average number of securities on issue for the current period, prior to the rights issue in September 2013 has also been adjusted as required by AASB 133.

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Half-year ended 31 December 2013

4. Discontinued operations (continued)

(b) Financial performance

The financial performance of components of the Trusts disposed of or classified as discontinued operations at 31 December 2013 was:

	INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Revenue	-	-	1,041	3,825
Net gain/(loss) on change in fair value of investment	-	-	(335)	3,959
Unrealised net foreign exchange gain	-	-	630	-
Other income	-	31	-	-
Interest income	36	-	5	-
Expenses	(1)	(8)	(784)	(1,366)
Interest expense	-	-	(702)	(1,971)
Distributions from formerly equity accounted investments	-	1,193	-	24
Disposal costs associated with overseas investment	-	-	(143)	-
Share of net profit of equity accounted investments ⁽¹⁾	(32)	-	-	-
Profit/(loss) from operating activities before income tax	3	1,216	(288)	4,471
Income tax benefit/(expense)	(4)	-	(6)	(6)
Net profit/(loss) for the half year	(1)	1,216	(294)	4,465

(c) Cash flows

The cash flows of components of the Trusts disposed of or classified as discontinued operations at 31 December 2013 were:

	INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Net cash flow from operating activities	-	32	(369)	367
Net cash flow from investing activities	-	(10)	(7,575)	14
Net cash flow from financing activities	-	-	10,161	(1,472)
Net cash flows from discontinued operations	-	22	2,217	(1,091)

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Half-year ended 31 December 2013

4. Discontinued operations (continued)

(d) Assets and liabilities

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

	INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
	Dec 2013 \$'000	Jun 2013 \$'000	Dec 2013 \$'000	Jun 2013 \$'000
Assets				
Cash and cash equivalents	-	-	1,236	974
Trade and other receivables	-	-	126	259
Investment properties	-	-	45,268	35,343
Equity accounted investments	3,874	3,874	-	-
Total assets	3,874	3,874	46,630	36,576
Liabilities				
Bank overdraft	-	-	-	1,955
Payables	-	-	1,145	2,050
Borrowings	-	-	28,403	17,522
Total liabilities	-	-	29,548	21,527
Net assets of disposal groups	3,874	3,874	17,082	15,049

5. Cash and cash equivalents

	INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
	Dec 2013 \$'000	Jun 2013 \$'000	Dec 2013 \$'000	Jun 2013 \$'000
Cash at bank and in hand	9,980	5,733	1,711	1,229
Short term deposits	1,576	25,281	-	-
	11,556	31,014	1,711	1,229
Reconciliation to statements of cash flow				
Cash and cash equivalents attributable to:				
Continuing operations	11,556	10,319	1,711	2,102
Discontinued operations	-	122	1,236	2,060
Cash at the end of half-year as per cash flow statement	11,556	10,441	2,947	4,162

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Half-year ended 31 December 2013

6. Investment properties

(a) Summary of carrying amounts

	INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
	Dec 2013	Jun 2013	Dec 2013	Jun 2013
	\$'000	\$'000	\$'000	\$'000
Completed properties	121,436	120,167	311,914	247,559
Properties under construction	300	-	3,515	3,205
	121,736	120,167	315,429	250,764

(b) Movements in carrying amounts

	INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
	Dec 2013	Jun 2013	Dec 2013	Jun 2013
	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of the period	120,167	100,967	250,764	226,665
Initial acquisitions	-	23,317	60,432	16,006
Additions to existing property	799	474	3,897	3,380
Disposals	-	(3,140)	-	-
Sale of unit-strata title	-	-	(245)	-
Transfers (to)/from finance lease	-	(3,069)	-	3,069
Transfer from property, plant and equipment	-	-	320	-
Transferred to inventory	-	-	(194)	(195)
Net change in fair value	770	1,618	455	1,839
Carrying amount at end of the period	121,736	120,167	315,429	250,764

7. Retirement village resident loans

All retirement village loans relate to ICMT.

(a) Summary of carrying amounts

	31 Dec 2013	30 Jun 2013
	\$'000	\$'000
Gross resident loans	210,546	206,629
Accrued deferred management fee	(32,656)	(30,926)
Net resident loans	177,890	175,703

ICMT's contracts with residents require net settlement of resident loans and deferred management fees on their departure.

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Half-year ended 31 December 2013

7. Retirement village resident loans (continued)

(b) Movements in carrying amounts

	Note	31 Dec 2013	30 Jun 2013
		\$'000	\$'000
Carrying amount at beginning of the period		175,703	162,603
Net (gain)/loss on change in fair value of resident loans		(60)	(327)
Accrued deferred management fee income		(2,745)	(4,850)
Deferred management fee cash collected		1,027	1,368
Acquired resident loans		-	4,473
Proceeds from resident loans		10,607	19,338
Repayment of resident loans		(6,717)	(7,118)
Other		75	216
Carrying amount at end of the period		177,890	175,703

8. Borrowings

	INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
	Dec 2013	Jun 2013	Dec 2013	Jun 2013
	\$'000	\$'000	\$'000	\$'000
Current liabilities				
Finance leases	-	-	3,592	3,589
	-	-	3,592	3,589
Non-current liabilities				
Bank debt	50,500	68,000	-	-
Prepaid borrowing costs	(385)	(578)	-	-
Finance leases	-	-	40,427	40,475
	50,115	67,422	40,427	40,475

Bank debt

ICF entered into a new Australian dollar denominated bank debt facility for \$129,500,000 in December 2013, which became unconditional for drawdown in February 2014. The facility expires on 30 September 2015 and had the following principal financial covenants:

3. Loan to value ratio ("LVR") is less than or equal to 50%;
4. Total leverage ratio does not exceed 50%; and
5. Interest cover ratio (as defined) of at least 1.50 in financial year ("FY") ending 2014 increasing to at least 1.75x in FY 2015.

An amount of \$50,500,000 was drawn under the current facility.

The carrying value of investment property net of resident liabilities at reporting date for the Group's Australian properties pledged as security was \$220,366,000 (June 2013: \$179,320,000). Further properties have been pledged since the reporting date.

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Half-year ended 31 December 2013

9. Issued units

(a) Carrying amounts

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	31 Dec 2013	30 Jun 2013	31 Dec 2013	30 Jun 2013
	\$'000	\$'000	\$'000	\$'000
At beginning of year	497,956	480,693	6,106	3,351
Placement Units	-	18,179	-	2,908
Transaction costs of institutional placement units	-	(916)	-	(153)
Rights issue	51,984	-	8,364	-
Rights issue costs	(2,296)	-	(376)	-
At end of period	547,644	497,956	14,094	6,106
The closing balance is attributable to the Unitholders of:				
ICF	547,644	497,956	-	-
ICMT	-	-	14,094	6,106
	547,644	497,956	14,094	6,106

(b) Number of issued units

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	31 Dec 2013	30 Jun 2013	31 Dec 2013	30 Jun 2013
	' 000	' 000	' 000	' 000
At beginning and end of period	507,179	441,029	507,179	441,029
Units issued	169,061	66,150	169,061	66,150
At end of period	676,240	507,179	676,240	507,179

(c) Terms 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 securityholders.

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Half-year ended 31 December 2013

10. Financial instruments

This note provides information about how the Trusts determine fair values of various financial assets and financial liabilities.

As required by accounting standards, the Trusts adopt the following hierarchy in the measurement of fair values of financial instruments:

- Level 1: fair value is calculated using quoted prices in active markets;
- Level 2: fair value is calculated using inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: fair value is calculated using inputs for the asset or liability that are not based on observable market data.

(a) Fair value of the Trusts' financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of Trusts' financial assets and liabilities are measured at fair value at the end of each reporting period. The following tables give information about how the fair values are determined.

ICF

Financial assets/Financial liabilities	Fair Value as at 31 Dec 13	Fair Value as at 30 Jun 13	Fair Value Hierarchy	Valuation technique(s) and key inputs	Significant unobservable Inputs	Relationship of unobservable inputs to fair value
	\$'000	\$'000				
Retirement Village Resident Loans	-	-	Level 3	Loans measured as the ingoing resident's contribution plus the resident's share of capital appreciation to reporting date, less DMF accrued to reporting date	Long-term capital appreciation rates for residential property	The higher the appreciate rate, the lower the value of resident loans
Derivative interest Rate swaps	217	209	Level 2	Net present value of future cashflows discounted at market rates adjusted for the Group's credit risk	N/A	N/A

ICMT

Financial assets/Financial liabilities	Fair Value as at 31 Dec 13	Fair Value as at 30 Jun 13	Fair Value Hierarchy	Valuation technique(s) and key inputs	Significant unobservable Inputs	Relationship of unobservable inputs to fair value
	\$'000	\$'000				
Retirement Village Resident Loans	177,890	175,703	Level 3	Loans measured as the ingoing resident's contribution plus the resident's share of capital appreciation to reporting date, less DMF accrued to reporting date	Long-term capital appreciation rates for residential property	The higher the appreciate rate, the lower the value of resident loans
Derivative interest Rate swaps	-	-	Level 2	Net present value of future cashflows discounted at market rates adjusted for the Group's credit risk	N/A	N/A

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Half-year ended 31 December 2013

10. Financial instruments (continued)

Changes in the Trusts retirement village resident loans, which are level 3 instruments, are presented in note 8.

The current market value of the independent living units is an input to the valuation of retirement village residents' loans. Changing the value used for this input by an increase of 10% would increase the fair value of these loans by \$21,055,000 (2012: \$20,663,000). The change has been calculated in accordance with the formula set out in the contracts with the residents and incorporates the market value of the property and the expected tenure of each resident.

(b) Fair value of the Trusts' financial assets and financial liabilities that are not measured at fair value on a recurring basis but fair value disclosures are required

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

11. Distributions

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

	Cents per unit	Total amount (\$'000)	Payment date
Recognised:			
Distribution	0.5	\$2,536	20 Sep 2013
Unrecognised:			
Distribution	0.5	\$3,381	21 Mar 2014

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Half-year ended 31 December 2013

12. Segment information

(a) Description of segments

The Trusts invests in seniors accommodation properties located in Australia. The rental villages in Australia comprise the Garden Villages segment; the deferred management fee ("DMF") properties comprising the Settlers Lifestyle segment; and the MHEs, which comprise both permanent and short stay rental income, and income from the sale of manufactured homes is referred to as the Active Lifestyle Estates segment. The Trusts have identified its operating segments based on the internal reports that are reviewed and used by the chief operating decision maker in assessing performance and in determining the allocation of resources. Other parts of the Trusts are neither an operating segment nor part of an operating segment. Assets that do not belong to an operating segment are described below as "unallocated".

	INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
(b) Segment revenue				
Revenues from external customers:				
Garden Villages	4,354	4,234	11,480	10,063
Settlers Lifestyle	-	-	3,451	3,484
Active Lifestyle Estates	192	-	4,192	-
Total segment revenue	4,546	4,234	19,123	13,547
Interest income	4,236	2,422	2	10
Total revenue	8,782	6,656	19,125	13,557

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Half-year ended 31 December 2013

12. Segment information (continued)

	INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
(c) Segment results				
Garden Villages	4,919	4,234	(1,721)	(85)
Settlers Lifestyle	-	-	2,633	1,103
Active Lifestyle Estates	(373)	-	1,870	1,590
Total segment result	4,546	4,234	2,782	2,608
Interest income	4,236	2,422	3	10
Net foreign exchange gain/(loss)	324	-	24	-
Net gain/(loss) on disposal of investment properties	-	-	-	-
Net gain/(loss) on change in fair value of:				
Investment properties	770	(1,017)	455	(1,750)
Derivatives	(8)	578	-	-
Retirement village resident loans	-	-	60	87
Loss on internalisation	-	(36)	-	-
Finance cost	(1,681)	(3,247)	(4,095)	(2,380)
Responsible entity fees	(586)	(554)	(753)	(726)
Administration expenses	(358)	(664)	(157)	(62)
Operational, marketing and selling expenses	(71)	-	-	-
Disposal costs associated with overseas investments	-	(150)	-	-
Gain/(loss) on revaluation of newly constructed retirement villages	-	-	-	(1,931)
Other expenses	(136)	(55)	-	-
Income tax benefit/(expense)	-	-	657	324
Profit/(loss) from continuing operations	7,036	1,511	(1,024)	(3,820)
	INGENIA COMMUNITIES FUND		INGENIA COMMUNITIES MANAGEMENT TRUST	
	31 Dec 2013 \$'000	30 Jun 2013 \$'000	31 Dec 2013 \$'000	30 Jun 2013 \$'000
(d) Segment assets				
Garden Villages	101,543	99,699	1,735	1,390
Settlers Lifestyle	54,008	54,009	245,835	241,674
Active Lifestyle Estates	6,884	7,154	73,234	11,488
Total segment assets	162,435	160,862	320,804	254,552
Discontinued operations	3,874	3,874	46,630	36,576
Corporate/unallocated	107,376	72,086	105	1,530
Total assets	273,685	236,822	367,539	292,658

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Half-year ended 31 December 2013

13. Subsequent events

- On 30 January 2014, ICF settled on five rental retirement villages located in Victoria (Shepparton, Warrnambool and Mildura), New South Wales (Bathurst) and Tasmania (Launceston) for \$9.9 million. The purchase, announced on 20 December 2013, was funded from US escrow proceeds received and existing debt facilities.
- On 18 February 2014, ICMT settled two MHEs, Big4 Valley Vineyard Tourist Park and Wine Country Caravan Park, located in Cessnock, NSW. The combined purchase price of \$10.5 million was funded from the proceeds of the rights issue announced in September 2013 and debt. The acquisition was announced on 20 December 2013.
- On 21 February 2014, following satisfaction of conditions precedent, the core debt facility became unconditional for drawdown.
- On 25 February 2014, the Group announced the following upcoming acquisitions:
 - Exchange of a conditional contract for Town and Country Estate, a manufactured home and tourist park located in Sydney, New South Wales, for \$18 million.
 - Exchange of a conditional contract for Sun Country Holiday Village, a manufactured home and tourist park located in Mulwala, New South Wales, for \$7 million.
 - A conditional contract has also been exchanged for a third manufactured home and tourist park in Sydney, which is subject to due diligence.

All the above acquisitions will be funded from the proceeds of the September rights issue and debt.

Ingenia Communities Fund & Ingenia Communities Management Trust
Directors' declaration
Half-year ended 31 December 2013

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

1. In the opinion of the directors:

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

A handwritten signature in black ink, appearing to be 'J. Hazel', written over a horizontal line.

Jim Hazel
Chairman
25 February 2014

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

Report on the Half-year Financial Reports

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

- the consolidated statement of financial position as at 31 December 2013, the consolidated statement of profit and loss and other comprehensive income, the statement of changes in unitholders' interest and the consolidated statement of cash flow for the half-year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of Ingenia Communities Fund, comprising Ingenia Communities Fund and the entities it controlled at half-year end or from time to time during the half-year.
- the consolidated statement of financial position as at 31 December 2013, the consolidated statement of profit and loss and other comprehensive income, the statement of changes in unitholders' interest and the consolidated statement of cash flow for the half-year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of Ingenia Communities Management Trust, comprising Ingenia Communities Management Trust and the entities it controlled at half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial reports based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial reports are not in accordance with the *Corporations Act 2001* including: giving a true and fair view of each consolidated entities' financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Trusts and the entities they controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial reports of the Trusts are not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of each consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



Chris Lawton
Partner
Sydney
25 February 2014