update

ING REAL ESTATE INVESTMENT MANAGEMENT AUSTRALIA IS PLEASED TO PROVIDE THIS UPDATE TO UNITHOLDERS IN THE ING REAL ESTATE COMMUNITY LIVING FUND

$90 billion in assets. 16 Countries. 1 Real Estate company.

ING Real Estate is a global leader in the real estate industry, with $90 billion in real estate assets under management across all major property sectors. Our worldwide organisation is built on a local presence in major real estate markets across 16 countries and includes expertise in Australia, Europe, North America and Asia.

ING Real Estate Investment Management Australia is one of the largest property fund managers in Australia, managing listed industrial, office and entertainment funds, a wholesale retail fund and two unlisted funds.

We combine the intimate local knowledge and passion of our people with the global expertise and financial strength of ING Real Estate, to provide long term sustainable out performance in all sectors in which we operate.

CREATING VALUE

ING REAL ESTATE

Dear unitholder,

On 20 June 2005 ING Management Limited was appointed Responsible Entity (Manager) of Village Life Trust, and subsequently renamed the Fund to ING Real Estate Community Living Fund (ASX code ILF). Since then a number of important milestones have been achieved.

- The Fund has contracted to purchase seven villages from Village Life Limited (VLL) under the terms of the Relationship Deed approved by unitholders at the meeting on 20 June 2005.
- Occupancy of the villages has continued to improve with the mature villages now showing average occupancy of 85%. However there is still some way to go to reach our target long term average of 92%.
- We have been marketing the seniors housing sector and ILF to institutional investors, in particular promoting the compelling ageing demographics which support the growth of this sector. In addition, we have emphasised our strategy to diversify the Fund from its existing single operator to a vehicle investing across the broad spectrum of community living assets.
- On 19 July we announced that the Fund has contracted to acquire a 49% interest in a portfolio of retirement communities located in the United States, for US$114 million. The portfolio is well located in established suburban areas, has an excellent history of management and an occupancy level of 96%. As a result of this acquisition the distribution for the year ending 30 June 2006 is forecast to increase by at least 9% from 8.5 cents per unit to 9.27 cents per unit. Details of a Placement and Rights Issue to partly fund the acquisition will be mailed to unitholders in August.

The above initiatives will provide considerable benefits for the Fund, and will assist in transforming your Fund into one of the leading listed property trusts, specialising in seniors housing.

As we are committed to best practice corporate governance, you can expect to receive several communications from us throughout the year, including the Annual and Half Year reports, distribution advices and regular Fund updates.

Thank you for continued support.

Ian Muir
Chief Executive Officer
ING Real Estate Community Living Fund

Investor relations

Questions relating to address changes, distribution instructions, tax file numbers, registration of units or account history should be directed to Computershare Registry Services on **1300 552 270**.

Information relating to the ING Real Estate Community Living Fund can be obtained via our website – **www.ingrealestate.com.au/investment**, via email at **realestate@ingrealestate.com.au**, or by writing to the addresses listed in the directory.

Other products

ING Real Estate Investment Management Australia manages over AUD5billion in property assets across five major real estate sectors. For further information relating to other products, please refer to our website **www.ingrealestate.com.au/investment**

Directory

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