ING Real Estate Community Living Fund

Product Disclosure Statement

Entitlement Offer

This document details an offer to existing investors in ING Real Estate Community Living Fund to subscribe for two New Units for every three Units they currently hold, at an Issue Price of $1.05 per Unit.

This document is important and requires your immediate attention. It should be read in its entirety and you should seek professional advice before making an investment decision.

Issuer
ING Management Limited (ABN 15 006 065 032; AFS License Number 237534), as the Responsible Entity for ING Real Estate Community Living Fund (ARSN 107 459 576)

Underwriter
J.P. Morgan Australia Limited (ABN 52 002 888 011)

This document was lodged with the Australian Securities and Investments Commission on 29 August 2005

ING REAL ESTATE

Notice & disclaimer

This Product Disclosure Statement (PDS) is issued by ING Management Limited (ABN 15 006 065 032; AFSL Number 237534) (IML) as Responsible Entity of the ING Real Estate Community Living Fund (ARSN 107 459 576) (Fund) and is dated 29 August 2005, being the date it was lodged with the Australian and Securities Investment Commission (ASIC). Neither ASIC nor the Australian Stock Exchange (ASX) take any responsibility for the contents of this PDS. No person is authorised to provide any information or to make any representation in connection with the Offer which is not contained in this PDS. Any information or representation not in this PDS may not be relied on as having been authorised by IML in connection with the Offer.

This is not investment advice - you should seek your own financial advice
This Offer does not take into account your investment objectives, financial situation and particular needs. It is important that you read the entire PDS before making any decision to invest. You should also consider the risk factors that could affect the financial performance of the Fund. All these factors should be considered in light of your particular investment needs, objectives and financial circumstances (including financial and taxation issues). You should seek professional advice from a broker, financial adviser or other licensed professional adviser before deciding whether to invest. Some of the risk factors that you should consider are set out in Section Five: Investment risks.

Capital and investment returns are not guaranteed
Investments in the Fund are not deposits with, investments in, or liabilities of IML or any other member of the ING Group, and are subject to investment risk, including delays in repayment and loss of income and capital invested. None of IML or any other member of the ING Group guarantees any particular rate of return on the Units or the performance of the Fund, nor do they guarantee the repayment of capital from the Fund.

Notice to persons outside Australia and New Zealand
The distribution of this PDS in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This PDS does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Units or otherwise permit the public offer of Units outside Australia and New Zealand.

Forward looking statements
This PDS includes forward looking statements based on the current expectations of the Fund about future events. The prospective information is, however, subject to risks, uncertainties and assumptions that could cause actual results to differ materially from the expectations described in such prospective information. Factors that may affect future financial performance include those risks identified in Section Five of this PDS, the assumptions set out in Section Four not proving correct and other matters not currently known to, or considered material by, IML. Statements of intent in relation to future events should not be taken to be a forecast or prediction that those events will occur. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected. None of the ING Group, IML, their respective officers or any person named in this PDS or involved in the preparation of this PDS makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement. Accordingly, you are cautioned not to place undue reliance on those statements. The forward looking statements in this PDS reflect views held by IML only as at the date of this PDS.

Definitions
A number of words and terms used in this PDS have defined meanings that appear in the Glossary at the back. All references to $ are Australian dollars, unless specifically stated otherwise. All references to time are to Australian Eastern Standard Time (AEST), unless specifically stated otherwise.

Enquiries
Questions relating to the Offer can be directed to the Fund's Registry, Computershare Investor Services, or to your broker, financial or other licensed professional adviser.

Offer at a glance

Eligible Unitholders in ING Real Estate Community Living Fund (Fund) can subscribe for two New Units in the Fund for every three Units currently held.

The Issue Price of the New Units is $1.05 per Unit, an 8.6% discount to the recent trading price of the Fund's Units*, with no brokerage or other costs payable on subscription.

Forecast annualised income return of 9.0% over the Forecast Period, 100% of which is estimated to be tax deferred.**

The proceeds from the issue of the New Units will primarily be used to fund the acquisition of a 49% interest in a portfolio of retirement communities in the United States.

After completion of the Offer, the Fund will be well placed to participate in the growth in the Seniors housing markets both in Australia and overseas, and diversify its investments across asset types and operators.

To participate in the Retail Entitlement Offer, completed Entitlement and Acceptance Forms*** must be received at the Fund's Registry on or before 5pm on 21 September 2005.

Key dates – Retail Entitlement Offer

Important dates ****	Early acceptance option	Final acceptance option
Record Date for determining Entitlement to New Units	5pm, 2 September 2005	
Retail Offer opens	5 September 2005	
Last date for receipt of Entitlement and Acceptance Forms at the Registry	5pm, 12 September 2005	5pm, 21 September 2005
New Units allotted	19 September 2005	28 September 2005
Holding statements dispatched to investors	20 September 2005	29 September 2005
Trading in New Units commences	19 September 2005	28 September 2005
Payment for Entitlements not subscribed for sent to investors	29 September 2005	

*** Based on the volume weighted average price of Units traded in the five Business Days up to and including 24th August 2005, being $1.15, ex-distribution (September quarter distribution). The market value of the Units may be less than the Issue price on the date the New Units are allotted, and/or may trade lower after allotment.**

**** The income return is an annualised pre-tax return for New Units based on the issue price of $1.05, for the period from allotment to 30 June 2006. Refer to Sections Four and Five for further information on the forecasts and the risks of investment.**

***** Details on how to complete the Entitlement and Acceptance Form and where to send it are included on the form itself.**

****** All times and dates are indicative only and are subject to change. The Responsible Entity reserves the right, subject to the Corporations Act and the ASX Listing Rules, to extend the closing date of the Offer, close the Offer period early, accept late applications or to withdraw the Offer without prior notice.**

Institutional Entitlement Offer

The timetable for Institutional Investors to subscribe for their Entitlement is set out in Section One: Summary of the Offer.

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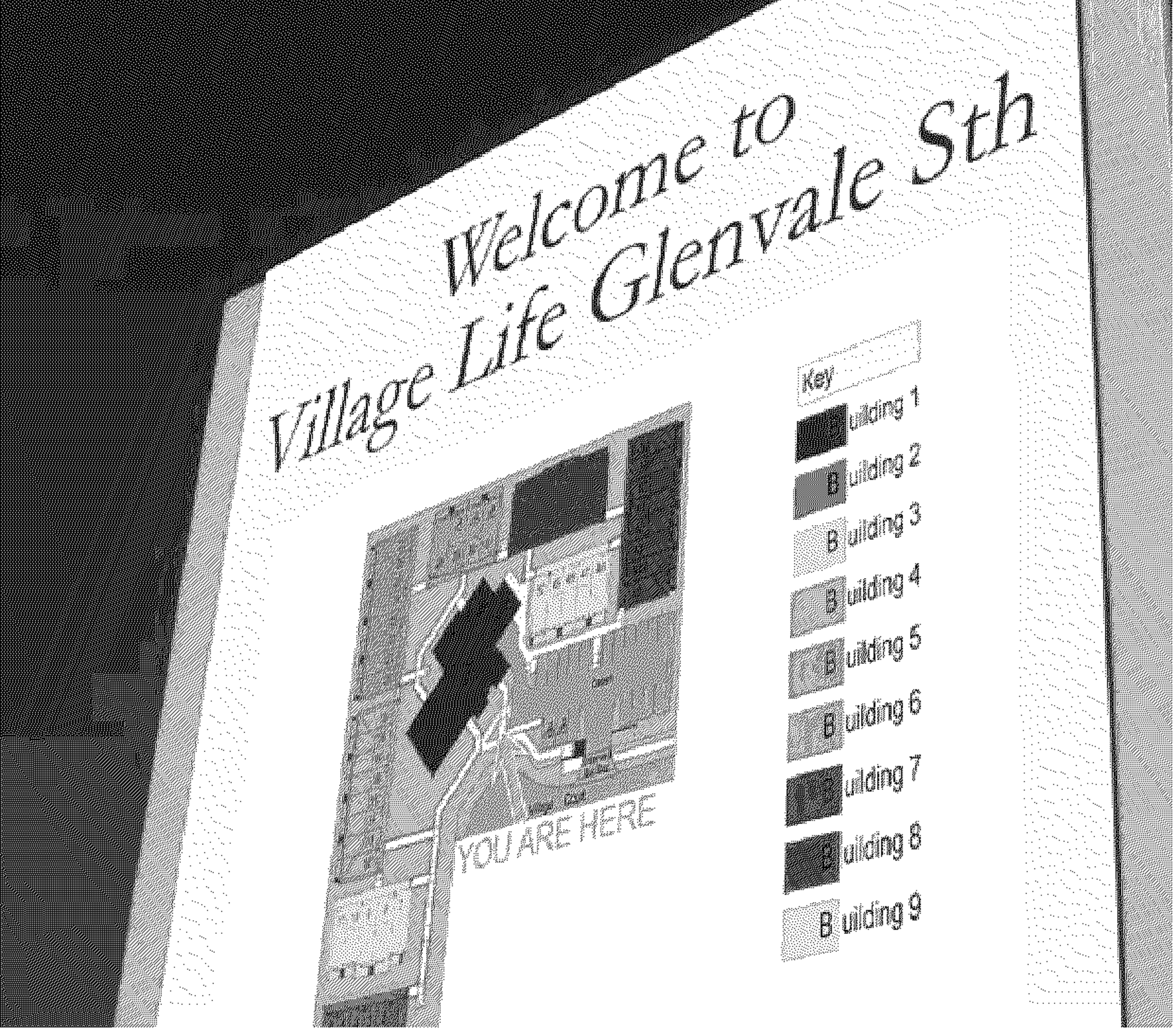


Chief Executive Officer's letter

Dear Investor,

On behalf of ING Management Limited, it is my pleasure to invite you to participate in this two for three entitlement offer (Offer). You can subscribe for two New Units in the Fund for every three Units you currently hold.

The Offer will raise $59.6 million primarily to fund the acquisition of a 49% interest in a portfolio of retirement communities located in Colorado and Texas in the United States (US Portfolio).

The US Portfolio has been acquired through a strategic partnership with Chartwell. Chartwell is an experienced owner, manager and developer of Seniors housing in Canada. The property manager for the US Portfolio will be Horizon Bay Chartwell, a joint venture between Horizon Bay and Chartwell. Horizon Bay is a specialist Seniors housing facility management company with approximately 6,760 units under management in the United States.

The US Portfolio comprises six high quality retirement communities with a long history of high occupancy and stable cashflows. The acquisition provides significant diversification benefits for the Fund, including the introduction of a new operator, a different type of accommodation offering and an exposure to a mature real estate market.

After completion of the Offer, the Fund will be well placed to participate in the growth in the expanding Seniors housing markets both in Australia and overseas, with established relationships with experienced operators in Australia and North America.

The New Units will be issued at $1.05 per Unit, an 8.6% discount to the recent trading price of the Fund's Units*, and represents a convenient way of adding to your investment without additional transaction costs such as brokerage, commissions or stamp duty.

New Units will be entitled to income from 1 October 2005 and are forecast to receive 7.05 cents for the period to 30 June 2006, representing an annualised income yield of 9.0% on the issue price of $1.05. The distribution is estimated to be 100% tax deferred.

ING Real Estate has extensive experience in property funds management in Australia and currently, through ING Management Limited and other related entities, manages over $5.4 billion of property assets in six property trusts on behalf of over 55,000 investors. ING Real Estate will hold at least 12% of the Units in the Fund prior to the Offer, and confirms it will subscribe for its full Entitlement to New Units.

I encourage you to read this PDS carefully, in particular Section Five dealing with investment risks, and to consult your licensed financial adviser before making any investment decision. If you have any enquiries about the Offer please contact the Fund's Registry, Computershare, on 1300 552 270 or your licensed financial adviser.

Yours faithfully

Hugh Thomson
Chief Executive Officer
ING Management Limited

*** Based on the volume weighted average price of Units traded in the five Business Days up to and including 24th August 2005, being $1.15, ex-distribution (September 2005 quarter distribution). The market value of the Units may be less than the Issue Price on the date the New Units are allotted, and/or may trade lower after allotment.**

Your Questions Answered (Retail Entitlement Offer only)

The table below includes some commonly asked questions and answers in relation to the Offer, and where to find more information within this PDS. This section should be read in conjunction with the remainder of the information contained in this PDS.

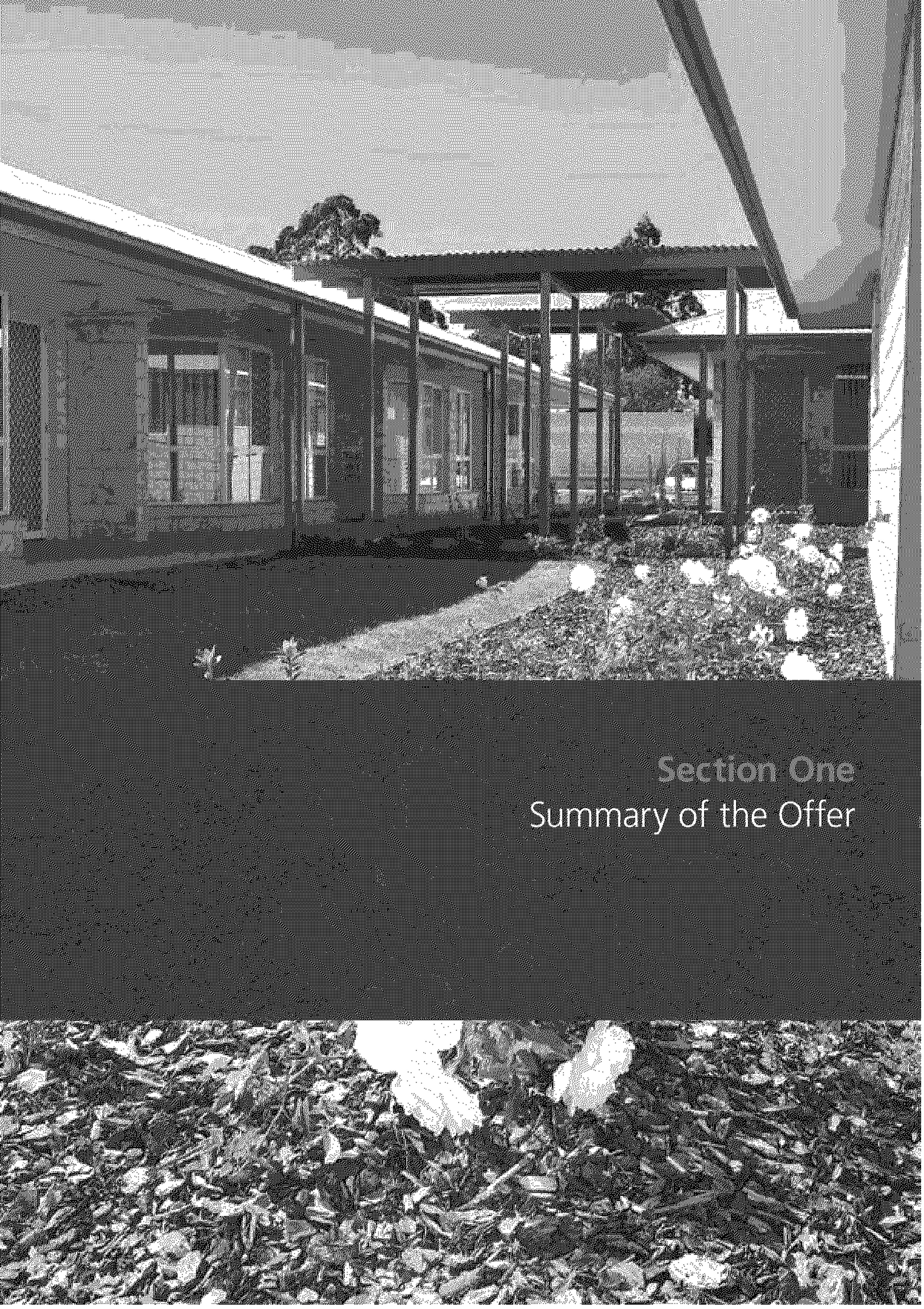
Question		Where to find more information: Section(s)
Issuer	ING Management Limited (IML) as responsible entity of ING Real Estate Community Living Fund (Fund).	Two
The Offer	You can subscribe for two New Units for every three Units you currently hold in the Fund. The Entitlement and Acceptance Form accompanying this PDS sets out your Entitlement to New Units. The issue price of the New Units is $1.05 per Unit.	One
How do I apply?	The Entitlement and Acceptance Form must be completed and submitted to the Fund's Registry, Computershare, using the reply paid envelope and in accordance with the instructions set out on the reverse of the form itself. If you misplace the Entitlement and Acceptance Form please contact Computershare and request a replacement. The Entitlement and Acceptance Form must be accompanied by full payment by cheque. Cheques are to be made payable to "ING Management Limited – ILF Offer Account" and sent to Computershare in the reply paid envelope provided. The Offer closes at 5pm on 21 September 2005 (Final Closing Date) and Entitlement and Acceptance Forms must be received by Computershare on or before this date, in order to participate in the Offer. If you submit your Entitlement and Acceptance Form on or before 5pm on 12 September 2005 (Early Acceptance Date), then your New Units will be allotted earlier.	One and the Entitlement and Acceptance Form
Is there a cooling off period?	There is no cooling off period for investors.	
How many Units can I apply for?	The Entitlement and Acceptance Form will set out your Entitlement to New Units under the Offer. You may choose to subscribe for all or some of your Entitlement to New Units however you may not subscribe for additional New Units in excess of your Entitlement.	One

What if I do not wish to apply?	If you do not wish to subscribe for any of your Entitlement to New Units, then you do not need to take any further action, and your existing holding in the Fund will not increase. It is still advisable to read this PDS which provides information on the Fund's acquisition of the US Portfolio and provides financial forecast information. Any Entitlement to New Units which you do not subscribe for will be taken up by the Underwriter at a price of $1.08 per New Unit. You will receive a payment of $0.03 for each New Unit you do not subscribe for, either by direct credit into your bank account or by cheque, depending on your current instructions for distribution payments provided to the Fund's Registry, on or around 29 September 2005.	One
What is the purpose of the Offer?	The Offer will raise approximately $59.6 million, which will be used to assist in the funding of the acquisition of a 49% interest in a portfolio of US retirement communities and provide working capital to assist with the Fund's existing Australian Village Construction Program.	One
What will the Fund look like after the Offer and US Portfolio acquisition?	The Fund's investment portfolio will comprise approximately 50% Australian villages operated by Village Life Limited, and 50% US retirement communities operated by Horizon Bay Chartwell. Forecast distributions per Unit are expected to increase from 8.50 cents to 9.40 cents for the year ending 30 June 2006.	Three & Four
What are the significant benefits of subscribing to New Units?	Increased exposure to the growing Seniors housing markets both in Australia and US, which is underpinned by favourable demographic fundamentals. The Fund, with its established relationships with experienced operators and owners in Australia and overseas, is well positioned to benefit from this growth. The Issue Price of $1.05 represents an attractive 8.6% discount to the Fund's recent trading price at the time of issue of this PDS.* The Offer represents a convenient opportunity of increasing your holding without brokerage or other Unit acquisition costs. The forecast 2006 distribution of 7.05 cents per New Unit represents an attractive annualised yield of 9.0%, based on the Issue Price of $1.05. The distribution is estimated to be 100% tax deferred.	One
What are the potential significant risks?	There are risks associated with investing directly in the Fund, including risks associated with investing directly or indirectly in property and property securities. You should carefully consider the risks of this investment and consult your licensed financial adviser before making any investment decision.	Five

*** Based on the volume weighted average price of Units traded in the five Business Days up to and including 24th August 2005, being $1.15, ex-distribution (September 2005 quarter distribution). The market value of the Units may be less than the Issue Price on the date the New Units are allotted, and/or may trade lower after allotment.**
Note: All times and dates are indicative only and are subject to change. The Responsible Entity reserves the right, subject to the Corporations Act and the ASX Listing Rules, to extend the closing date of the Offer, close the Offer period early, accept late applications, or to withdraw the Offer without prior notice.

Will the Offer proceed?	The Offer is fully underwritten by JPMorgan and subject to the provisions of the Underwriting Agreement.	Eight
When can I trade the new units and when will they be entitled to distributions?	If you return your Entitlement and Acceptance Form on or before 5pm on 12 September 2005 (the Early Acceptance Date), your New Units will be allotted on 19 September 2005, and holding statements will be mailed on 20 September 2005. Trading on the ASX is expected to commence on or around 19 September 2005. If you return your Entitlement and Acceptance Form after the Early Acceptance Date but on or before 5pm on 21 September 2005 (the Final Closing Date), your New Units will be allotted on 28 September 2005, and holding statements will be mailed to you the next day. Trading on the ASX is expected to commence on or around 28 September 2005 and the New Units will trade under the existing code immediately. New Units allotted, including Units allotted under the Early Acceptance Date, will not be entitled to the September 2005 quarter distribution.	One
What are the significant tax implications?	Unitholders will be subject to Australian tax on distributions from the Fund and upon disposal of their Units.	Nine
Is the Fund exposed to foreign exchange risk?	By acquiring assets overseas the Fund will be exposed to foreign exchange risk. However IML will put in place hedging arrangements to mitigate the majority of foreign exchange risk arising from acquiring the US Portfolio.	Four
Will the Fund borrow?	Yes, the Fund will have borrowings. Following completion of the Offer and acquisition of the US Portfolio, the Fund will have Gearing of approximately 52%.	Four
Fees & Costs	There are various fees and costs which will be paid by the Fund, including fees payable to ING Real Estate and JPMorgan, in connection with the acquisition of the US Portfolio and the Offer.	Seven
What do I do if I have a complaint?	All complaints relating to the Fund will be governed by the Fund's Constitution and IML's Complaints Policy.	Nine
Contact details for further information	**Please speak to your stockbroker, financial planner, accountant or other licensed professional adviser, contact Computershare Investor Services on 1300 552 270 (local call cost) or visit our website, www.ingrealestate.com.au/investment.**	Directory

*** Based on the volume weighted average price of Units traded in the five Business Days up to and including 24th August 2005, being $1.15, ex-distribution (September 2005 quarter distribution). The market value of the Units may be less than the Issue Price on the date the New Units are allotted, and/or may trade lower after allotment.**
Note: All times and dates are indicative only and are subject to change. The Responsible Entity reserves the right, subject to the Corporations Act and the ASX Listing Rules, to extend the closing date of the Offer, close the Offer period early, accept late applications, or to withdraw the Offer without prior notice.



Section One
Summary of the Offer

Section One: Summary of the Offer

The Offer
The Offer is open to Unitholders as at 5pm on 2 September 2005 (Record Date) with registered addresses in Australia or New Zealand (Eligible Unitholders). Under the Offer, Eligible Unitholders may subscribe for two New Units in the Fund for every three Units they currently hold (Existing Units), at the Issue Price of $1.05 per New Unit.

The Offer is structured in two parts:

> the Retail Entitlement Offer; and

> the Institutional Entitlement Offer.

The Fund will also issue approximately 19.6 million Units through an Institutional Placement to be conducted on 30 August 2005 (Institutional Placement).

Retail Entitlement Offer
Eligible Retail Unitholders (being those Eligible Unitholders who are not Eligible Institutional Unitholders) will be given the opportunity to take up their Entitlement under the Retail Entitlement Offer which opens on 5 September 2005.

The Entitlement and Acceptance Form which accompanies this PDS shows the number of New Units to which Eligible Retail Unitholders are entitled (Entitlement). Eligible Retail Unitholders may choose to subscribe for all or some of their Entitlement by completing their Entitlement and Acceptance Form and sending it to the Fund's Registry, Computershare. The Entitlement and Acceptance Form must be accompanied by a cheque(s) for full payment of the Application Monies. Cheques are to be made payable to "ING Management Limited – ILF Offer Account". Full details on how to complete the Entitlement and Acceptance Form and where to send it are included on the form itself.

Eligible Retail Unitholders may elect to take up their Entitlement:

> as part of the Initial Allotment (i.e. at the same time as under the Institutional Entitlement Offer) by submitting their Entitlement and Acceptance Form no later than 5pm on 12 September 2005 (Early Acceptance Date); or
> as part of the Final Allotment by submitting their Entitlement and Acceptance Form no later than 5pm on 21 September 2005 (Final Closing Date).

Eligible Retail Unitholders cannot choose to subscribe for their Entitlement partly under the Initial Allotment and partly under the Final Allotment. Any Eligible Retail Unitholders who choose not to participate in the Initial Allotment for part of their Entitlement will have the remainder of their Entitlement sold as part of the underwriting arrangements with JPMorgan and will receive the difference between the Underwritten Price of $1.08 per Unit and the Issue Price of $1.05 per Unit for the Entitlements not taken up.

There is no cooling-off period in relation to the Offer. Once an Entitlement and Acceptance Form has been submitted to the Fund's Registry it cannot be withdrawn.

No interest will be payable to investors in respect of Application Monies received by the Registry prior to allotment. Any interest earned will accrue to the Fund.

Section One: Summary of the Offer

Institutional Entitlement Offer

Eligible Institutional Unitholders eligible to participate in the Offer will be given the opportunity to take up their Entitlement between Monday 29 August 2005 and 5pm on Tuesday 30 August 2005 under the Institutional Entitlement Offer. The Underwriter will advise Eligible Institutional Unitholders concerning the process in applying for and allotments of, New Units under the Institutional Entitlement Offer. The New Units issued pursuant to any Entitlement taken up by Eligible Institutional Unitholders will be issued on the Initial Allotment. Subscribers for New Units under the Institutional Entitlement Offer will subscribe for them under this PDS.

Underwriting of the Offer and proceeds for Entitlements not taken up

JPMorgan will underwrite the Offer by subscribing for any New Units in respect of Entitlements not taken up under the Offer at a price of $1.08 per Unit (Underwritten Price). Any Eligible Unitholder who has not taken up all of their Entitlement or any Unitholder who is not eligible to participate in the Offer will receive the difference between the Underwritten Price and the Issue Price in respect of the Entitlement not taken up, and will receive payment by direct credit or by cheque, depending on current instructions for distribution payments provided to the Fund's Registry, on or around 29 September 2005. The Issue Price will be retained by IML as Application Monies. Details of the Underwriting Agreement are included in Section Eight: Additional information.

Allotment and trading of New Units

Eligible Institutional Unitholders who have taken up all or part of their Entitlement and Eligible Retail Unitholders who return their Entitlement and Acceptance Form on or before 12 September 2005 (Early Acceptance Date), will have their New Units allotted on or around 19 September 2005 (Initial Allotment).

Eligible Retail Unitholders who return their Entitlement and Acceptance Form after the Early Acceptance Date, but on or before 5pm on 21 September 2005 (Final Closing Date) will be allotted their New Units on 28 September 2005 (Final Allotment).

New Units allotted at the Initial Allotment and Final Allotment will not be entitled to the September 2005 quarterly distribution. However, the New Units will participate fully in the December 2005 quarterly distribution.

IML will apply for quotation of the New Units on the ASX, and while quotation by the ASX is discretionary, it is anticipated that trading will commence on the day following allotment.

You are strongly advised to confirm your holding before trading your New Units. Investors who sell their New Units before they receive their holding statements do so at their own risk and each of the ING Group, IML, the Registry and the Underwriter disclaim any liability arising from investors doing so.

Institutional Placement

The Fund will issue approximately 19.6 million Units through the Institutional Placement to be conducted on 30 August 2005. The Institutional Placement is underwritten by JPMorgan at $1.08 per Unit. The proceeds of the Institutional Placement will be used to repay some of the Fund's existing debt and for working capital to assist with the Fund's existing Australian Village Construction Program.

Units issued under the Institutional Placement will not be entitled to the September 2005 quarter distribution. However, they will participate fully in the December 2005 quarter distribution.

Institutional Investors who acquire Units pursuant to the Institutional Placement will be eligible to participate in the Institutional Entitlement Offer, and under the terms of the Institutional Placement, the successful Institutional Investors must subscribe for their full Entitlement.

Further details relating to the Institutional Placement, including the presentation provided to institutional investors was lodged with the ASX on 29 August 2005. A copy of the material lodged is available on the Fund's website (www.ingrealestate.com.au/investment), or on the ASX website (www.asx.com.au).

Section One: Summary of the Offer

Proceeds of the Offer

In total 56,742,098 New Units will be issued under the Offer, raising approximately $59.6 million. The proceeds of the Offer will be used to assist in the funding of the 49% interest in a portfolio of US retirement communities and provide working capital for the Fund's existing Australian Village Construction Program. The Offer is fully underwritten by JPMorgan.

Source of funds	**$m**
Proceeds of the Offer	59.6
US Borrowings (49% share)	102.9
Total	**162.5**

Application of funds	**$m**
US Portfolio (49% share) and acquisition costs	151.6
Working capital	8.3
Equity issue costs	2.6
Total	**162.5**

The acquisition of the US Portfolio was settled on 19 August 2005, using the Equity Bridge Finance Facility provided by ING Real Estate. The Equity Bridge Finance Facility will be repaid with the proceeds of the Offer.

A summary of the US Portfolio being acquired and the Fund's existing Australian Portfolio, including the Australian Village Construction Program, is provided in Section Three: Investment portfolio.

Financial forecast

IML's distribution forecast for the twelve months to 30 June 2006 is 9.40 cents per Unit. IML intends to distribute this amount evenly at a rate of 2.35 cents per Unit per quarter. The forecast pre-tax distribution per New Unit for the period from 1 October 2005 to 30 June 2006 is 7.05 cents, representing an annualised 9.0% income return based on the $1.05 issue price.

The distribution is expected to be 100% tax deferred. The taxation implications of investing in the Fund are explained in Section Nine: Investor information.

Issue Price of New Units under the Offer	$1.05
Forecast distributions for New Units for three quarters from 1 October 2005 to the quarter ending 30 June 2006	7.05 cpu
Forecast annualised distribution yield*	9.0%
Estimated tax deferred component of the distribution	100%

*** Based on the Issue Price of New Units of $1.05**

Due to numerous risk factors beyond the control of IML and its Directors, no assurance is given that the forecast distributions will be achieved or that the Fund will be able to make distributions during the year ending 30 June 2006 or beyond. A number of these risk factors are considered in Section Five: Investment risks.

Further details of the Fund's financial position after completion of the Offer and its forecast financial performance, including the assumptions on which the Forecast is based, are set out in Section Four: Financial information.

Equity Bridge Finance Facility

The acquisition of the US Portfolio was settled on 19 August 2005, using the Equity Bridge Finance Facility provided by ING Real Estate. The Equity Bridge Finance Facility will be repaid with the proceeds of the Offer.

Should the Offer not proceed, the Fund will have until 31 December 2005 to raise the money to repay the Equity Bridge Finance Facility. If the money is not able to be raised, the Fund has the right to sell its interest in the US Portfolio to ING Real Estate at a price equal to the price the Fund paid to acquire the interest and must use the proceeds to repay the Equity Bridge Finance Facility. Details of the Equity Bridge Finance Facility are included in Section Eight: Additional information.

Section One: Summary of the Offer

US Portfolio acquisition

The US Portfolio has been acquired through a strategic partnership (Joint Venture) between the Fund and Chartwell Seniors Housing REIT (Chartwell). Chartwell is an experienced owner, manager and developer of Seniors housing in Canada and is currently the second largest Seniors housing provider in Canada. The property manager for the US Portfolio will be Horizon Bay Chartwell, a joint venture between Horizon Bay Management LLC (Horizon Bay) and Chartwell. Horizon Bay is a specialist Senior's housing facility management company with approximately 6,627 units under management in the United States. Further details on Chartwell and Horizon Bay and the structure of the Fund's investment in the United States are included in Section Two: Summary of the Fund. The material terms of the Joint Venture and the property management agreement are set out in Section Eight: Additional information.

Borrowings

The acquisition of the US Portfolio will be partly funded by money borrowed by the Joint Venture in the United States (US Borrowings). The US Borrowings will be in the form of a fixed rate 10 year loan provided by J.P. Morgan Chase Bank N.A. Details of the US Borrowings are included in Section Eight: Additional information.
As at the date of this PDS, the Fund has existing Australian debt of approximately $47 million under a fixed rate facility expiring on 30 June 2007. After allotment of the New Units and acquisition of the interest in the US Portfolio, the Gearing of the Fund will be approximately 52%, taking into account the Fund's share of US Borrowings.

ING Real Estate's investment in the Fund

ING Real Estate will own not less than 12% of the Fund after the issue of Units under the Institutional Placement. As part of ING Real Estate's commitment to the Fund, it will subscribe for its full Entitlement to New Units, being an additional investment in the Fund with a value of $7.3 million.

The important dates in relation to the Offer are shown in the table below:

Retail Entitlement Offer

Important dates *	Early acceptance option	Final acceptance option
Record Date for determining Entitlement to New Units	5pm, 2 September 2005	
Retail Offer opens	5 September 2005	
Last date for receipt of Entitlement and Acceptance Forms at the Registry	5pm, 12 September 2005	5pm, 21 September 2005
New Units allotted	19 September 2005	28 September 2005
Holding statements dispatched to investors	20 September 2005	29 September 2005
Trading in New Units commences	19 September 2005	28 September 2005
Payment for Entitlements not subscribed for sent to investors	29 September 2005	

Section One: Summary of the Offer

Institutional Entitlement Offer

Important dates *	
Last date for Acceptance Forms	30 August 2005
New Units allotted	19 September 2005
Holding statements dispatched to investors	20 September 2005
Trading in New Units commences	19 September 2005
Payment for Entitlements not subscribed for sent to investors	20 September 2005

*The dates shown above may vary due to a number of factors. In particular, IML reserves the right, subject to the applicable laws, to extend the Offer period, close the Offer period early or accept late applications either generally or in particular cases. IML reserves the right to withdraw the PDS and the Offer at any time, in which case Application Monies will be refunded (without interest).

Questions / further information
This document is important and you should read it carefully and consult your licensed financial adviser before deciding whether or not to subscribe for your Entitlement to New Units. If you have any enquiries about the Offer please contact the Fund's Registry, Computershare, on **1300 552 270.**

Section Two
Summary of the Fund

Section Two: Summary of the Fund

History of the Fund

The Village Life Trust (VTR) was listed on the ASX on 1 July 2004, acquiring completed villages and development sites from Village Life Limited (VLL). VTR acquired three more development sites from VLL in December 2004, and a further seven development sites in June 2005. The development sites have been progressively developed under development agreements with VLL. Following a Unitholder meeting on 20 June 2005, IML became the Responsible Entity of VTR, and the Fund was subsequently renamed ING Real Estate Community Living Fund (ASX Code: ILF).

On 19 July 2005, IML announced the acquisition of a 49% interest in a portfolio of retirement communities located in Colorado and Texas in the United States (US Portfolio). Settlement occurred on 19 August 2005. ING Real Estate provided the Fund with an Equity Bridge Finance Facility to fund the acquisition until the proceeds of the Offer are received. On 29 August 2005, IML announced an Institutional Placement raising approximately $21.2 million to assist in the funding of the remaining development sites, including two more additional sites (Wangaratta and Swanview).

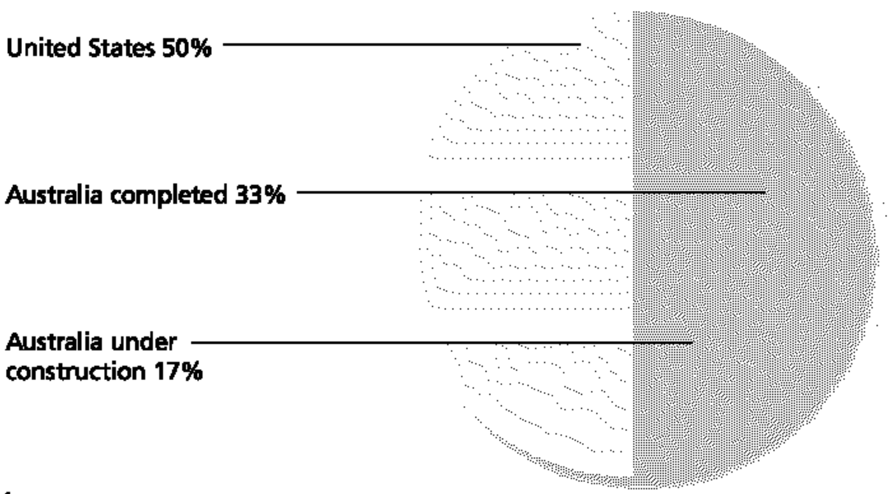
Profile of the Fund

The Fund has two distinct portfolios of properties:

> Australian Portfolio comprising 24 completed villages and 11 villages under construction or with planning approval awaiting construction. The completed villages are all branded Village Life and are operated and leased by VLL. The villages under construction or to be constructed are subject to fixed price development agreements and lease agreements with VLL. In total, the Australian Portfolio will have 1,764 units upon completion.

> US Portfolio comprises five retirement communities located in Colorado and one in Texas. The communities are branded Meridian Retirement Communities and have been in operation for an average of approximately 19 years. The communities will be operated by Horizon Bay Chartwell under a property management agreement. In total, the portfolio has 1,043 units. The US Portfolio was acquired as part of the Joint Venture with Chartwell, a leading owner, manager and developer of Seniors housing in Canada.

Geographic diversification (by country)[1]



[1] By Asset Value

A summary of the Fund's relationships with VLL, Chartwell and Horizon Bay Chartwell are provided later in this section. Details of the individual properties and the real estate markets in which they are located are included in Section Three: Investment portfolio.

Section Two: Summary of the Fund

Fund strategy

The Fund seeks to invest in housing utilised as social infrastructure underpinned by attractive demographic and strategic fundamentals. While the Fund has limited its investment to a majority of independent living facilities to date, it intends to evaluate opportunities across the broad range of Seniors housing, including nursing homes, as well as other forms of community living for example housing for nurses, student accommodation and in making its investment decisions and in managing its existing portfolio, IML aims to deliver sustainable and growing distributions to investors. While the Fund was initially a single purpose vehicle investing solely in the VLL retirement village model, IML intends to diversify the Fund by asset type, operator and geographic location.

IML anticipates the Fund will be able to grow both domestically and internationally, leveraging off ING Real Estate's global platform, and partnering with experienced owners and operators.

Capital, interest rate and foreign exchange risk management

IML intends to limit medium term borrowings to 70% of total assets. Its target Gearing range is between 45% and 60%, with the actual level of Gearing dependent on the attributes of the Fund's assets and level of interest rate protection. On completion of the offer the Gearing of the Fund will be approximately 52%.

The Fund has an existing bank facility of $65 million (Australian Borrowings), drawn to $47.5 million, secured against the majority of the villages in the Australian Portfolio. Through the Joint Venture, the Fund has a 49% interest in a US$160 million fixed rate 10 year loan (US Borrowings) secured against the US Portfolio, equating to A$102.1 million (49% share).

IML intends to reduce the exposure of the Fund to interest rate risk by fixing the interest rate on some or all of the borrowings and/or entering into derivative contracts. Currently the Australian Borrowings has a fixed rate of interest until June 2007 and the US Borrowings has a fixed rate until August 2015. IML intends to hedge almost 100% of the value of its foreign assets, through foreign currency loans and/or derivative contracts.

In addition, IML intends to hedge foreign currency denominated income for at least five years, using forward foreign currency contracts. Following completion of the Offer, the Fund will have hedged 100% of the forecast US Dollar denominated income for a period of five years.

Subject to the Fund's constitution, IML may vary the above Gearing targets and intentions regarding interest and foreign exchange hedging, in response to market circumstances prevailing at the time.

About ING Real Estate

ING Management Limited (IML), a wholly owned subsidiary of ING Real Estate Investment Management Australia, is the Responsible Entity of the Fund. Through IML and other related entities, ING Real Estate Investment Management Australia manages six property funds on behalf of over 55,000 investors, with over $5.4 billion of commercial, industrial, retail, entertainment and Seniors housing properties under management.

ING Real Estate Investment Management Australia is part of ING Real Estate's global real estate business. ING Real Estate has extensive worldwide activities in the management, development and financing of real estate and is one of the largest property investors in the world with total real estate assets under management of over $90 billion.

ING Real Estate is part of the ING Group, an international financial institution, operating in 60 countries with more than 110,000 employees. The ING Group has assets under management of approximately $900 billion and a market capitalisation of $95 billion.

Section Two: Summary of the Fund

The Management Team

The team responsible for the management of the Fund includes:

Hugh Thomson, Chief Executive Officer
Hugh has over 14 years experience in finance and property funds management. Hugh is responsible for all property investment and funds management activities of ING Real Estate in Australia. He has been with the company since 1997, having previously held the role of Chief Financial Officer. Hugh is an alternate director for David Blight on the IML Board.

Ian Muir, Chief Executive Officer – ING Real Estate Community Living Fund
Ian has 25 years experience in the property industry, including valuations, rent negotiations, consultancy, sales, acquisitions and due diligence. Ian has been with the company seven years, having previously held the role of Chief Executive Officer for the ING Retail Property Fund Australia. Ian is a Fellow of the Australian Property Institute and is an Associate Member of the Securities Institute of Australia. He is a registered valuer in Queensland and New South Wales. Ian holds a Diploma of Business (Real Estate Valuation) and a Graduate Diploma in Applied Finance and Investment.

Jenny Saliba, Chief Financial Officer
Jenny has over 13 years experience in finance, is a qualified chartered accountant and has extensive experience within the property and funds management industry. She is responsible for the financial control, tax and accounting functions of ING Real Estate Investment Management Australia's listed and unlisted property funds.

Denise Pollatos, Senior Analyst Business Development
Denise has over 10 years experience in accounting, finance & property funds management. She holds a Bachelor of Commerce, is a CPA & an affiliate of the Securities Institute of Australia. Denise has been with ING for four years and has experience in tax, accounting, financial management, negotiating acquisitions and due diligence. Denise works with Ian to deliver on the growth strategy of the Fund.

Mike McKechnie, Financial Controller
Mike McKechnie is a chartered accountant and has been the Financial Controller of the Fund since it listed on 1 July 2004. Mike has a Commerce Degree from the University of Queensland and worked in chartered accounting for seven years, until moving into commerce to focus on the retirement sector. Mike is currently studying towards an MBA.

Section Two: Summary of the Fund

Board of the Responsible Entity

The Board of IML consists of four members who oversee the management team and provides strategic guidance.

Richard Colless, Independent Director and Chairman

Richard was a founder and executive director of Pacific Mutual Australia Limited, a major Australian and New Zealand fund manager. This company was acquired by ING Group in October 1996. He sits on a number of public and private boards.

Michael Easson AM, Independent Director

Michael is co-founder and Executive Chairman of EG Property Group. He has a wealth of experience in high-level strategic consulting in both the private sector and the Government. Michael's other directorships include the ACTEW/AGL Partnership (Deputy Chair), Macquarie Infrastructure Group (Independent Director), Telstra Stadium (Independent Director), and Metropolitan Transport Sydney (Independent Director).

Paul Scully, Independent Director

Prior to his departure from ING Group in July 2003, Paul was the Chief Executive Officer of ING Investment Management in the Asia Pacific region and a member of its global management board. Paul now maintains a portfolio of non-executive directorships and undertakes consulting assignments based on his thirty years of experience in many aspects of financial services.

David Blight, Non - Executive Director

David is the Global Chief Executive of ING Real Estate Investment Management, having held the position of Managing Director of ING Real Estate Investment Management Australia. David has direct responsibility for the management of ING Real Estate Investment Management's business across 15 countries. He is a member of the Executive Board of ING Real Estate and has been with the company since 1989.

ING Real Estate's investment in the Fund

ING Real Estate will hold at least 12% of the Fund after the issue of Units under the Institutional Placement. As part of ING Real Estate's commitment to the Fund, it will subscribe for its full Entitlement to New Units, being an additional investment in the Fund of $7.3 million.

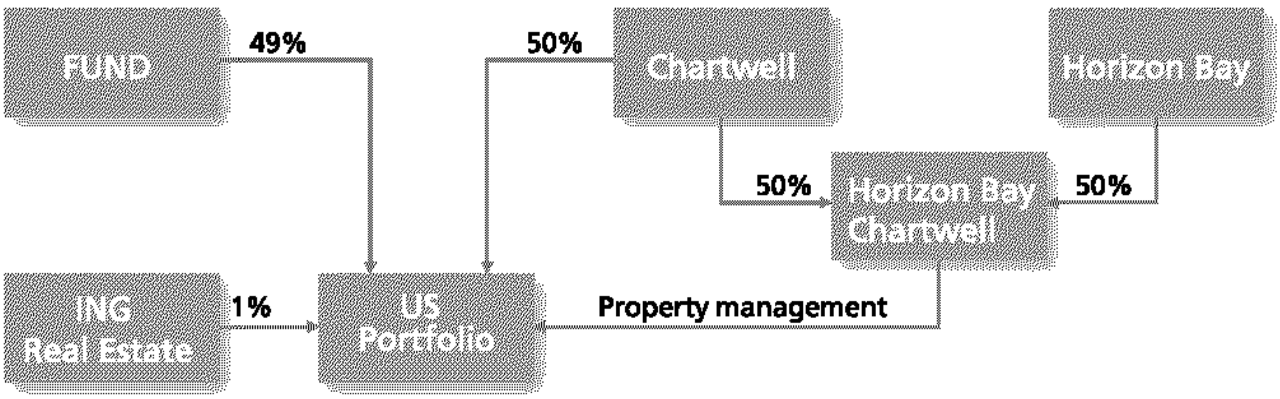
Section Two: Summary of the Fund

US Portfolio

Contracts to acquire the US Portfolio were entered into on 19 July 2005 with Meridian Retirement Communities LLC, the company which operated them. Settlement of the acquisition occurred on 19 August 2005. Further details on the purchase contracts are set out in Section Eight: Additional Information. The Fund has acquired its interest in the US Portfolio through the Joint Venture with Chartwell. The US Portfolio is owned indirectly by:

The Fund	**49%**
ING Real Estate	**1%**
Chartwell	**50%**

The Joint Venture has entered into a property management agreement with Horizon Bay Chartwell, a joint venture between Chartwell and Horizon Bay. Further details on the US property management agreement are set out in Section Eight: Additional information. The diagram below shows the ownership of the portfolio and the property management arrangements.



The Joint Venture is in the form of a US limited liability company (JV Company). The Fund owns 49% of the JV Company which owns the individual properties. The terms of the JV Company sets out amongst other matters how the properties are to be managed, capital contributions from members, and rights and obligations of the partners including separation and change of control provisions. The JV Company is managed and controlled by Chartwell and ING Real Estate. The material terms of the JV Company are set out in Section Eight: Additional information.

The Fund, Chartwell and Horizon Bay intend to seek further acquisitions in the United States together. The Fund will also seek to partner with Chartwell in future acquisitions in Canada.

Chartwell Seniors Housing REIT Inc (Chartwell)

Chartwell is a growth orientated REIT owning and managing a complete spectrum of Seniors housing assets across Canada, and now, as a result of the acquisition of the US Portfolio, the United States. Chartwell is the second largest participant in the Canadian Seniors housing business and was formed through the combination of three leading participants in the Seniors housing industry in Canada with long proven track records – Chartwell, Alert Care and The Binions Companies.

In addition to its interest in the US Portfolio, Chartwell owns and manages a portfolio of Seniors housing facilities across the complete spectrum of care from independent living facilities, through retirement homes, to long-term care facilities. Since its initial public offering on the Toronto Stock Exchange in October 2003, Chartwell's property portfolio has grown significantly from 3,879 units at the first quarter of 2004 to 9,349 units in the third quarter of 2005. Chartwell also provides management and advisory services to third party owners of Seniors housing facilities.

Section Two: Summary of the Fund

Horizon Bay Management LLC (Horizon Bay)

Horizon Bay is a Seniors housing management company founded in 2001 and headquartered in Tampa, Florida. Horizon Bay was ranked as one of the top 20 Seniors housing managers in a survey carried out by the American Seniors Housing Association (ASHA). It currently has 30 properties under management with approximately 6,627 units, predominantly for independent living. Horizon Bay operates in eight states in the US: Florida, Georgia, Texas, Arizona, California, Illinois, Michigan and Rhode Island. Horizon Bay employs approximately 2,200 people.

Horizon Bay began operations by taking over the management of the portfolio of Seniors housing properties of Whitehall Street Real Estate Fund (affiliates of Goldman Sachs & Co.) in 2001. In addition to managing these communities, Horizon Bay actively seeks additional third party management contracts and acquisition opportunities in select markets throughout the United States.

Horizon Bay's senior management team collectively has over 150 years experience in Seniors housing and healthcare, and occupy a variety of senior roles in industry bodies. The team is lead by Thilo Best. Mr Best is the Chairperson of the National Investment Centre (NIC) for Seniors Accommodation & Care Industries Annapolis where his role includes helping NIC stay at the forefront of senior housing issues.

Horizon Bay Chartwell

Property management of the US Portfolio will be undertaken by Horizon Bay Chartwell. Horizon Bay Chartwell has been formed to specifically manage the US Portfolio and any future acquisitions made by the Joint Venture in the United States. Horizon Bay Chartwell is owned equally by Chartwell and Horizon Bay. Horizon Bay Chartwell shall be entitled to receive management fees payable monthly in the amount of 4% of the gross revenues of the Meridian facilities. Based on financial performance and occupancy of the facilities, Horizon Bay Chartwell shall also be eligible to receive an incentive fee, details of which are included in Section Eight: Additional information.

Australian Portfolio: Village Life Limited (VLL)

The Fund's Australian portfolio comprises villages developed and operated by VLL. VLL is a fully integrated developer and operator of affordable managed rental accommodation specifically designed for Seniors. It is the largest "for profit" provider of managed rental accommodation for Seniors in Australia and its head office is based in Brisbane.

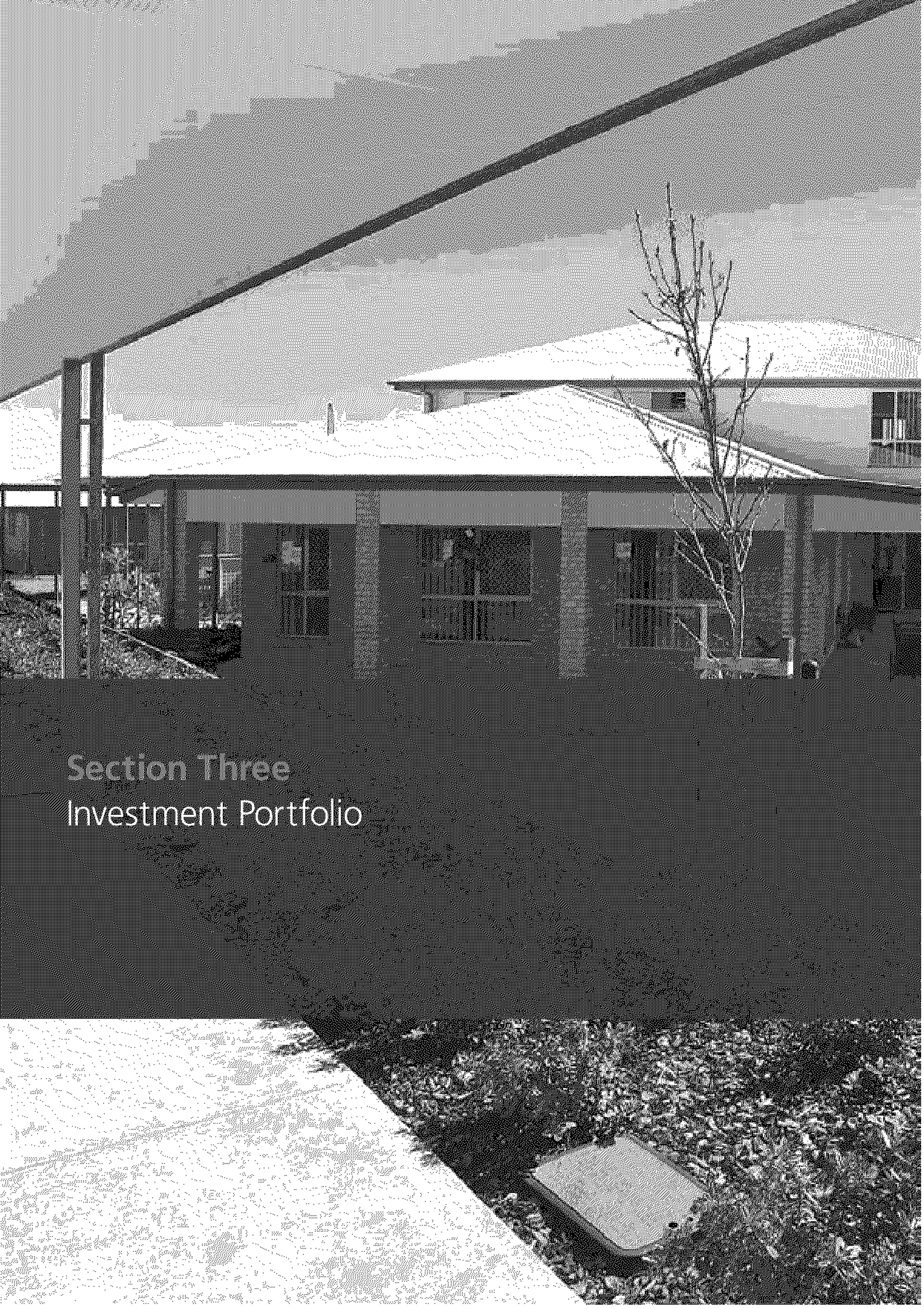
VLL listed on the ASX in December 2003. It trades under the code "VLL" and information on its activities, including recent ASX announcements, can be obtained from its website www.villagelife.com.au, or from the ASX's website, www.asx.com.au*. As at 30 June 2005, VLL operated 79 villages Australia wide representing 3,974 units under management. VLL has recently been the subject of press speculation as to its ongoing viability, following several profit downgrades in the first half of 2005. On 21 June 2005, VLL confirmed it was solvent with $21 million of net assets.

VLL's future profitability and hence its ability to pay the rent under its leases with the Fund, is important to the Fund. Should VLL default under the leases, the Fund will need to enter into direct leases with the residents, and may suffer a reduction in income if the rent payable by the residents of the villages is less than the rent receivable from VLL. Any shortfall is predominantly dependent on the underlying occupancy of the villages at the time of default and the length of time it may take to increase the occupancy to levels where the Fund is receiving rent at least equal to that receivable from VLL.

On 23 June 2005, IML announced enhancements to the Fund's security of income. One of these enhancements was the receipt of a second ranking equitable mortgage over approximately 5 million units VLL holds in the Fund as security for VLL's obligations under the leases. The Units are currently worth approximately $5.7 million, however their value may be less if VLL were to go into default.

The length of time for which the security can offset any decrease in income will depend on a number of factors, including the value of the Units over which the Fund has security, the actual occupancy prevailing at the time, the assumed level of leasing vacancies and an operating fee the Fund may be required to pay an alternate operator. IML estimates the security is at least sufficient to ensure the Fund can maintain its forecast distribution for the 2006 financial year.

*** None of IML or any other member of the ING Group take responsibilty for the accuracy or completeness of the information on these websites**



Section Three
Investment Portfolio

Section Three: Investment Portfolio

Portfolio Overview

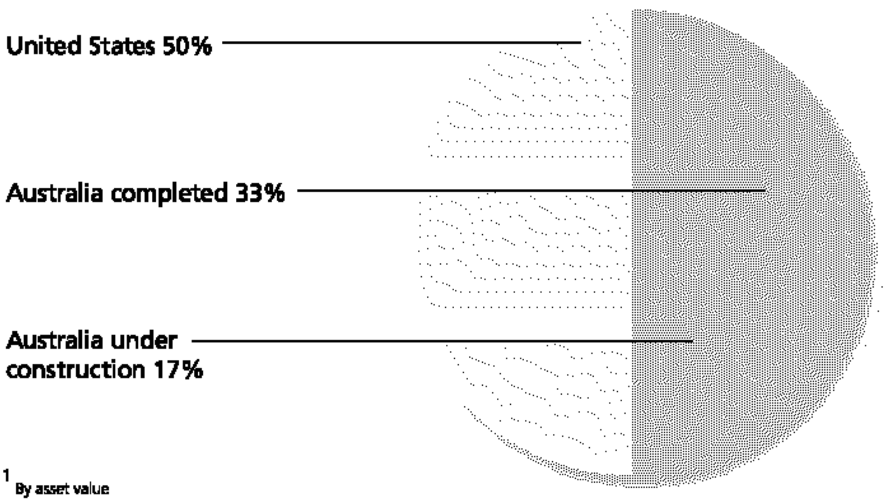
The Fund's investment portfolio provides investors with a balanced exposure to the Australian and United States Seniors housing real estate markets, both of which have strong underlying fundamentals.

	Australia *	United States**	Total
Portfolio value (A$m)	157.4	155.1	312.5
Number of villages	35	6	41
Number of residential units	1,764	1,043	2,807

* Includes completion of the 11 villages under construction.

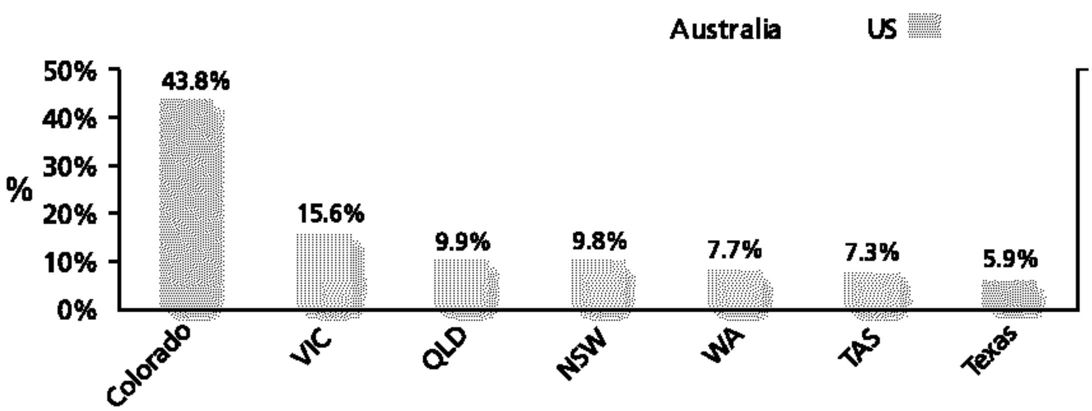
** Based on valuation

Geographic Diversification[1]



[1] By asset value

Geographic Diversification (by State)[1]

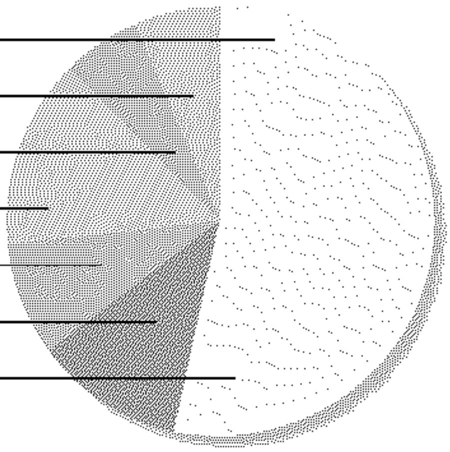


[1] By asset value

Section Three: Investment Portfolio

Approximately 70% the Fund's portfolio (by value) is located in cities with populations greater than 100,000 people.

Geographic Diversification (by population centre)[1]



1 By asset value

The US Portfolio

The US Portfolio comprises a 49% interest in six retirement communities in Colorado and Texas with a total of 1,043 units. The following table provides a summary of the US Portfolio:

US Portfolio Summary	
Total number of properties	6
Total number of states	2
Number of units	1,043
Purchase price (before costs) (US$million)	232.0
Independent valuation (US$million)	240.6
Discount to valuation	3.6%
Current occupancy[1]	97%
Waiting lists (as % of total available units)	11.4%
Private pay percentage	100%
Initial yield[2]	7.7%
5 year historic net operating income compound average growth rate	3.0%
Valuation discount rates	10%

Note: Property details shown on a 100% ownership basis
1 As at July 2005
2 Excludes excess land valued at approximately US$7 million

Section Three: Investment Portfolio

Properties within the US Portfolio enjoy a high profile within their respective markets, as evidenced by a five year track record of over 96% occupancy and current waiting lists of over 11% of available units. The US Portfolio comprises predominantly one and two bedroom units, which are modern and well-maintained. Three of the sites have assisted living facilities which provide residents with support to perform general acitivities of daily living including bathing and personal hygiene. Additionally, the Texas property has an additional point of difference with 56 cottage units. Amenity areas are spacious, and the surrounding land is pleasantly landscaped with walking paths, ponds, streams and putting greens. The rental income associated with the US Portfolio is entirely sourced from private means and is not reliant on government subsidies.

Each community is situated in a suburban, residential area that is conveniently located close to shopping, places of worship, medical facilities, restaurants and a variety of other area amenities and services. The metropolitan areas, in which they are located, are characterised by above average growth in population, favourable demographic profile and solid economic fundamentals.

In addition to strategic geographical locations and market dominance, four of the six sites have excess land which provides future development opportunities. The total excess land in the four locations is approximately 9.6 acres which has been independently valued at approximately US$7 million. The table below provides statistics for each property:

Arvada Colorado

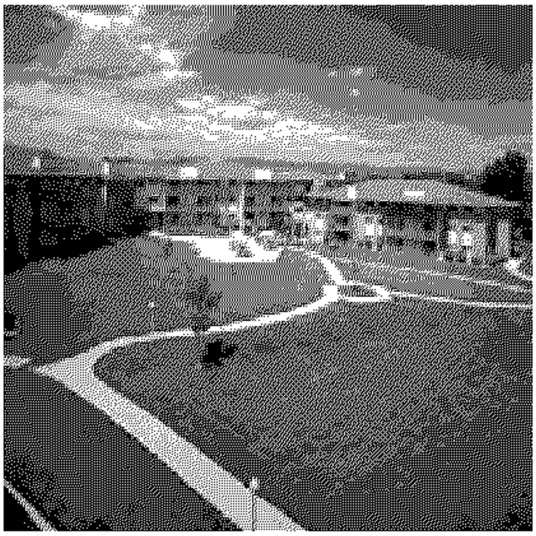
Acquisition price (US$)	24.8m
Valuation (US$)	25.7m
Year built	1988
Site area (acres)	7.8
Excess Land (acres)	1.5
Total gross building area (sq ft)	121,600
Total units	125
Current occupancy[1]	97.5%
Waiting list (% total units)	8.0%
Rental rates (US$ pcm)	2,089 – 4,007
Initial yield[2]	6.4%

Boulder Colorado

Acquisition price (US$)	25.7m
Valuation (US$)	26.7m
Year built	1986
Site area (acres)	3.8
Excess Land (acres)	-
Total gross building area (sq ft)	103,513
Total units	96
Current occupancy[1]	94.9%
Waiting list (% total units)	17.7%
Rental rates (US$ pcm)	2,639 – 4,657
Initial yield[2]	8.0%

1 As at July 2005
2 By cost, excluding the value of the surplus land.

Section Three: Investment Portfolio



Westland Colorado

Acquisition price (US$)	27.4m
Valuation (US$)	28.4m
Year built	1988
Site area (acres)	12.2
Excess Land (acres)	2.2
Total gross building area (sq ft)	151,300
Total units	153
Current occupancy [1]	89.9%
Waiting list (% total units)	3.3%
Rental rates (US$ pcm)	2,075 – 4,033
Initial yield[2]	7.1%

Lakewood Colorado

Acquisition price (US$)	41.8m
Valuation (US$)	43.3m
Year built	1988
Site area (acres)	9.9
Excess Land (acres)	-
Total gross building area (sq ft)	152,000
Total units	172
Current occupancy [1]	99.8%
Waiting list (% total units)	23.8%
Rental rates (US$ pcm)	2,384 – 4,366
Initial yield[2]	8.1%

Englewood Colorado

Acquisition price (US$)	75.1m
Valuation (US$)	77.9m
Year built	1985
Site area (acres)	3.9
Excess Land (acres)	0.9
Total gross building area (sq ft)	303,600
Total units	266
Current occupancy [1]	98.1%
Waiting list (% total units)	15.4%
Rental rates (US$ pcm)	2,589 – 4,357
Initial yield[2]	7.5%

Section Three: Investment Portfolio

Temple Texas

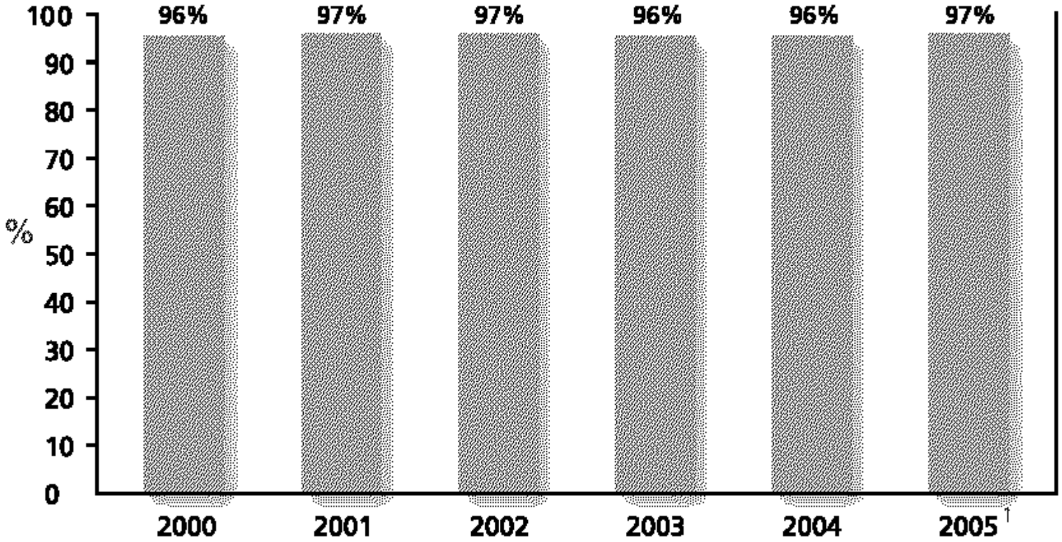
Acquisition price (US$)	37.2m
Valuation (US$)	38.6m
Year built	1984
Site area (acres)	21.0
Excess Land (acres)	5.0
Total gross building area (sq ft)	201,618
Total units	231
Current occupancy [1]	99.2%
Waiting list (% total units)	2.2%
Rental rates (US$ pcm)	2,096 – 3,532
Initial yield[2]	7.2%

Total / Average	
Acquisition price (US$)	232.0m
Valuation (US$)	240.6m
Year built	1986
Site area (acres)	58.6
Excess Land (acres)	9.6
Total gross building area (sq ft)	1.03 million
Total units	1,043
Current occupancy [1]	97.0%
Waiting list (% total units)	11.4%
Rental rates (US$ pcm)	2,075-4,657
Initial yield[2]	7.7%

1 As at July 2005
2 By cost, excluding the value of the surplus land.

Section Three: Investment Portfolio

Occupancy History



1 As at July 2005

The communities are relatively small, residential in nature and occupy a unique position in their markets. The communities cater to a relatively high percentage of affluent Seniors within their primary market area, that do not experience significant physical or mental challenges and are relatively active. As a result of this careful targeting, Meridian has been able to maintain relatively high occupancies.

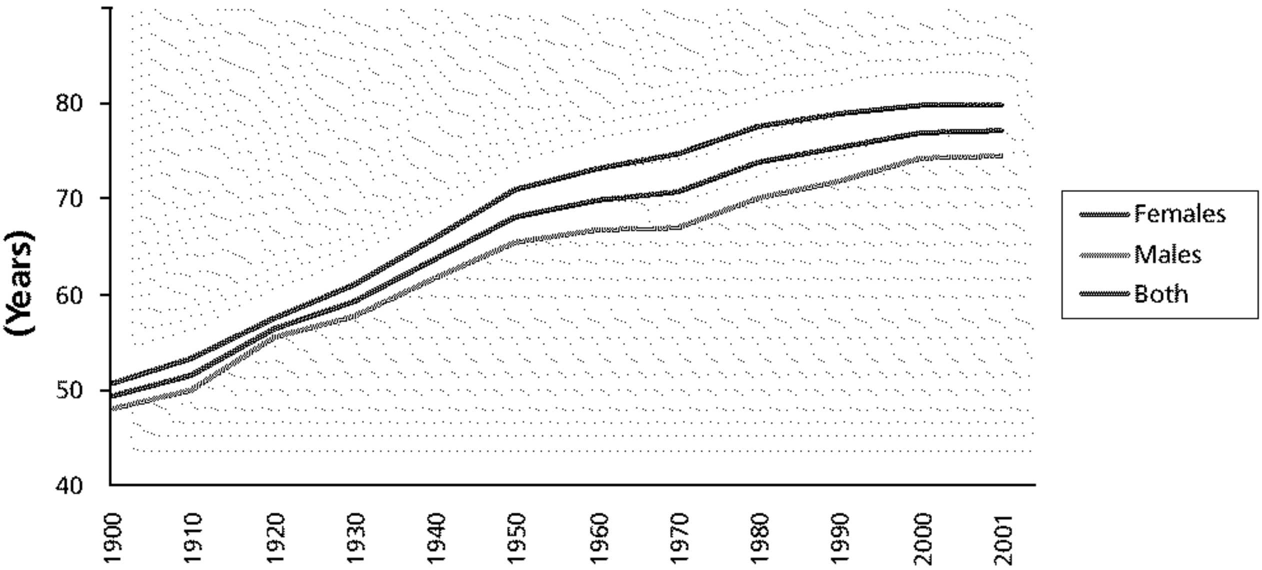
The US Landscape

The demographic fundamentals underpinning the growth of the Seniors housing market in the United States are attractive. The number of people aged 65 years and over has grown significantly and this growth is set to continue.

In 2003, nearly 36 million Seniors lived in the United States, accounting for just over 12% of the total US population. Over the 20th century, the Seniors population grew from 3 million to 35 million. The proportion of Seniors population aged 85 and over grew from just over 100,000 in 1900 to 4.2 million in 2000. Individuals born between 1946 and 1964 (Baby Boomers) will start reaching 65 years in 2011. As a result, the number of Seniors will increase dramatically during the 2010-2030 period. The Seniors population in 2030 is projected to be twice as large as in 2000, growing from 35 million to approximately 72 million and representing nearly 20% of the total US population.

Section Three: Investment Portfolio

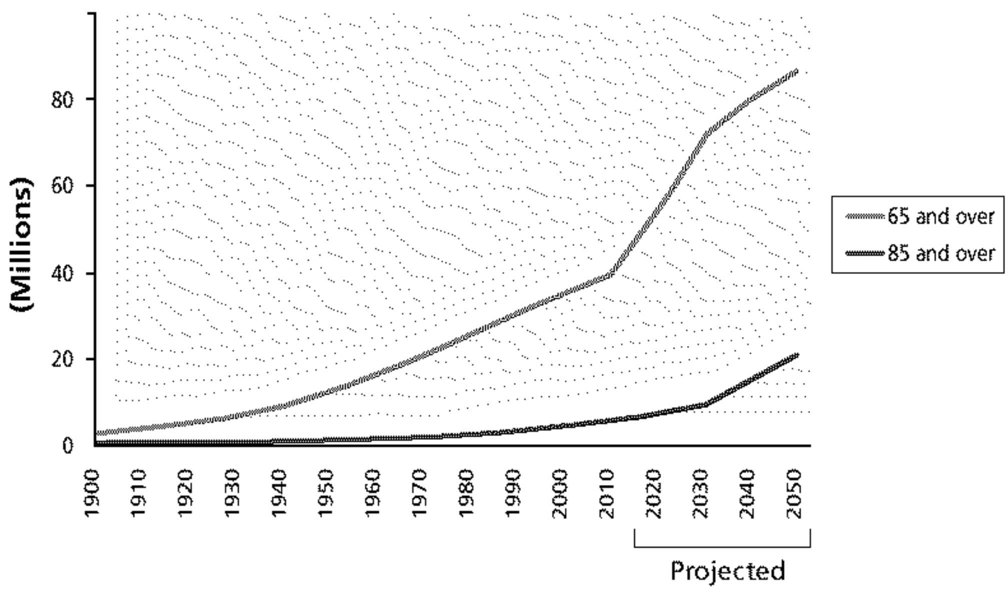
Growing older population, selected years 1900-2000 and projected 2010-2050



Source: US Census Bureau, Decennial Census and Projections

The US population is living longer than ever before. Life expectancies at both age 65 years and age 85 years have increased. Under current mortality conditions, people who survive to age 65 years can expect to live an average of nearly 18 more years, more than six years longer than people aged 65 years in 1900.

Life expectancy by age and sex, selected years 1900-2001

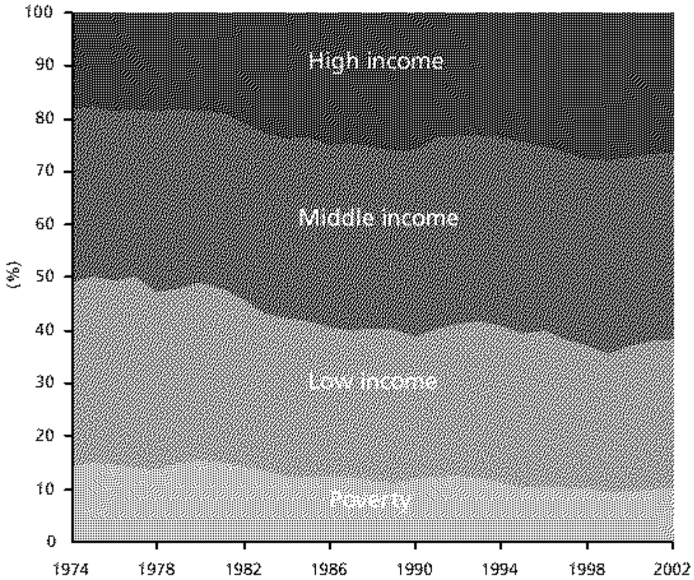


Source: Centres for Disease Control and Prevention, National Centre for Health Statistics, National Vital Statistics System

Section Three: Investment Portfolio

The Seniors population is also becoming increasingly wealthy across all income levels. The median household income increased from $16,882 in 1974 to $23,152 in 2002 (expressed in 2002 dollars). Approximately 60% of Seniors are included in the middle or high-income segments in 2002, a 20% increase from 1974.

Income distribution of the population age 65 and over



Source: US Census Bureau, Current Population Survey, Annual Social and Economic Supplement, 1975-2003

Independent living communities typically range in size from 150 to 300 units, and are designed in a similar fashion to an apartment complex, with units often containing separate bedrooms and cooking facilities. Also provided in the development is a common area that includes a kitchen and dining room and offers three meals per day. Most rental communities include one or two meals per day in conjunction with their service fee, and additional meals can be purchased. Services typically included are weekly housekeeping and linen service, maintenance of grounds, activities and other services. Residents who live in an independent living community must be physically and mentally capable of performing all of the activities of daily living.

Seniors in the United States have readily accepted the concept of residing in independent or assisted living facilities, with 10% of Seniors in such communities. Most communities are based on the rental model as opposed to the model which includes an upfront payment or entry bond payable by the resident.

The Australian Portfolio

The proceeds of this Offer will assist in the completion of ten villages being developed by VLL and its licensees. A summary of these sites is as follows:

Property	State	Completion Date	Number of Units	Completed Value (A$m)
Taree	NSW	Apr-06	50	4.5
Wangaratta	VIC	Jun-06	50	4.6
Glenorchy 1	TAS	Dec-05	42	3.9
Kingston	TAS	Apr-06	50	4.6
Marsden 1	QLD	Jul-06	48	4.4
Marsden 2	QLD	Jul-06	48	4.4
Grovedale	VIC	Jun-06	50	4.7
Lovely Banks 1	VIC	Jul-06	68	6.4
Lovely Banks 2	VIC	Dec-06	67	6.3
Swanview	WA	Dec-05	72	6.4
Total			**545**	**50.2**

Section Three: Investment Portfolio

The Australian Portfolio, on completion of the ten villages illustrated above and an additional tranche 1 village due for completion next month, is summarised in the table below:

Portfolio Summary

State	Villages	Total Portfolio Price ($m)	Managers Units	Total Portfolio Price ($m)	Total Properties	Total Portfolio Price* ($m)
NSW	7	30.5	-	-	7	30.5
VIC	10	47.5	4	1.35	14	48.8
QLD	7	30.3	3	0.75	10	31.1
WA	5	24.1	-	-	5	24.1
TAS	6	22.9	-	-	6	22.9
Total Portfolio	**35**	**155.3**	**7**	**2.1**	**42**	**157.4**

* Excluding acquisition costs

Property Locations & Geographic Diversification

Note: Percentages are weighted by value

On completion of the existing work in progress, the Australian Portfolio will have a strong weighting towards the eastern mainland states of Queensland, New South Wales and Victoria, accounting for 70% by value. The majority of the Australian assets are located in cities with populations over 50,000 (58%) and regional centres with populations in excess of 25,000 (22%).

At the date of this PDS, 24 villages are operating, with a further three villages due for opening in the last quarter of calendar 2005 and a further eight villages due for opening in 2006. It is a relatively modern portfolio, with the average age of the existing villages being approximately 12 months.

All of the Australian properties are subject to a lease from VLL for a 10 year term with VLL having five options to renew, each for a period of 10 years.

Section Three: Investment Portfolio

The occupancy of the mature villages (open for at least 12 months) is currently 86%, however, due to the opening of nine villages in the first half of calendar 2005, the overall portfolio occupancy is approximately 66%. A summary of the occupancy position as at 11 August 2005 is shown in the table below.

By Age	Villages	Units	Occupancy
Occupancy in villages > 12 months	10	492	86%
Occupancy in villages 6 - 12 months	5	258	68%
Occupancy in villages 3 – 6 months	1	50	78%
Occupancy in villages 0 – 3 months	8	369	36%
Total portfolio	24	1,169	66%

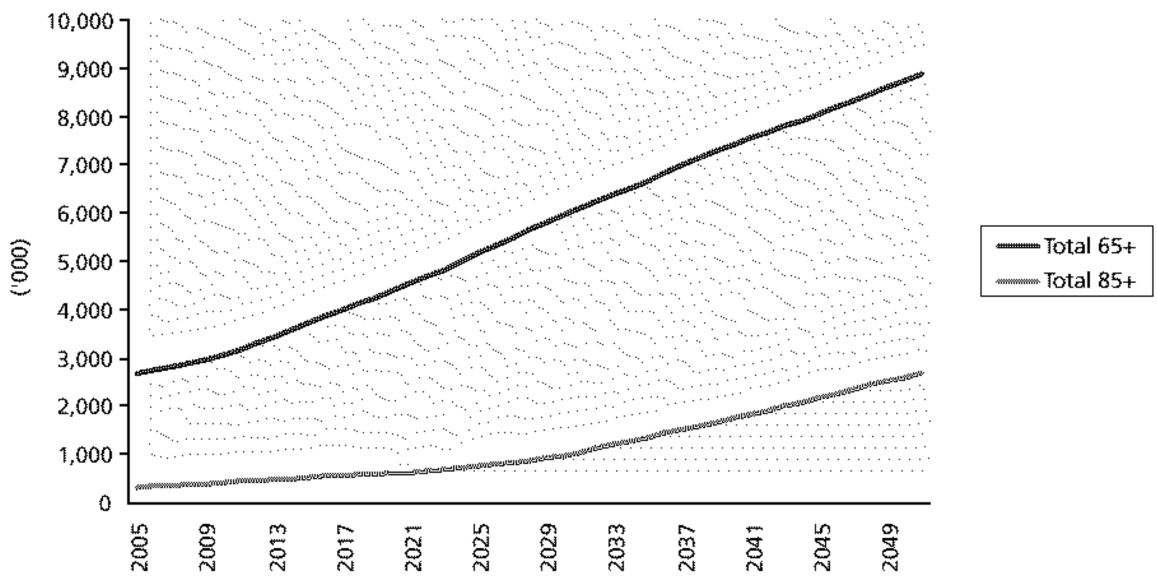
The Australian Environment

In 2005, nearly 2.7 million Seniors lived in Australia, accounting for just over 13% of the total population. Since 1991, the Seniors population grew from 2.0 million to nearly 2.7 million in 2005. The proportion of Seniors aged 85 years and over more than doubled from just over 154,000 in 1991 to nearly 315,000 in 2005.

The Baby Boomers will start aging 65 years in 2011. As a result the number of Seniors will increase dramatically during the 2010-2030 period. The Seniors population in 2030 is projected to be more than twice as large as in 2005, growing from approximately 2.7 million to approximately 6.0 million and representing nearly 23% of the total Australian population.

The growth rate of the Seniors population of Australia is projected to slow marginally after 2030, when the last Baby Boomers enter the ranks of the Seniors population. However, the population of Seniors as a proportion of the total Australian population will continue to increase to 2051, where it is projected to be almost 29% of the Australian population. The Seniors population aged 85 years and over is projected to grow rapidly after 2030, when the Baby Boomers move into this age group.

Australia's growing older population projected 2005 - 2051

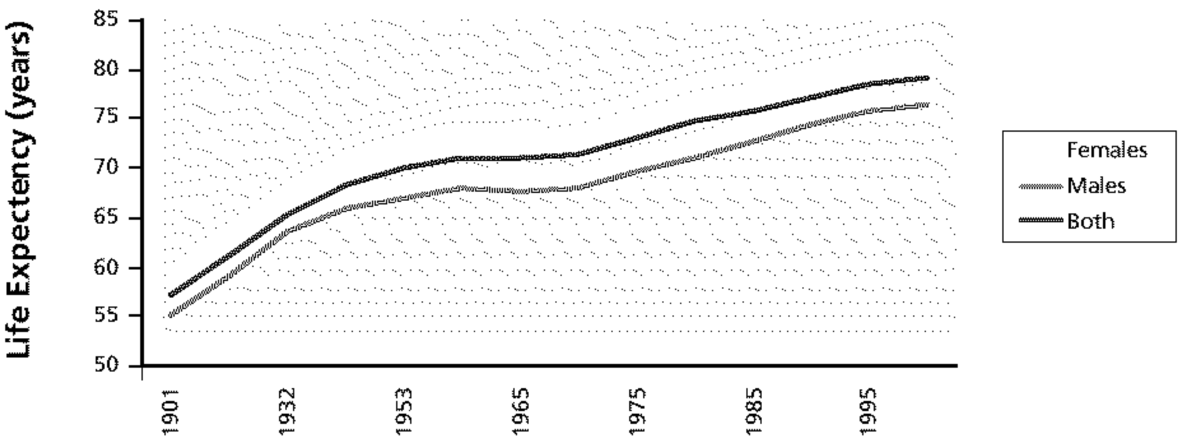


Source: ABS Australian Bureau of Statistics

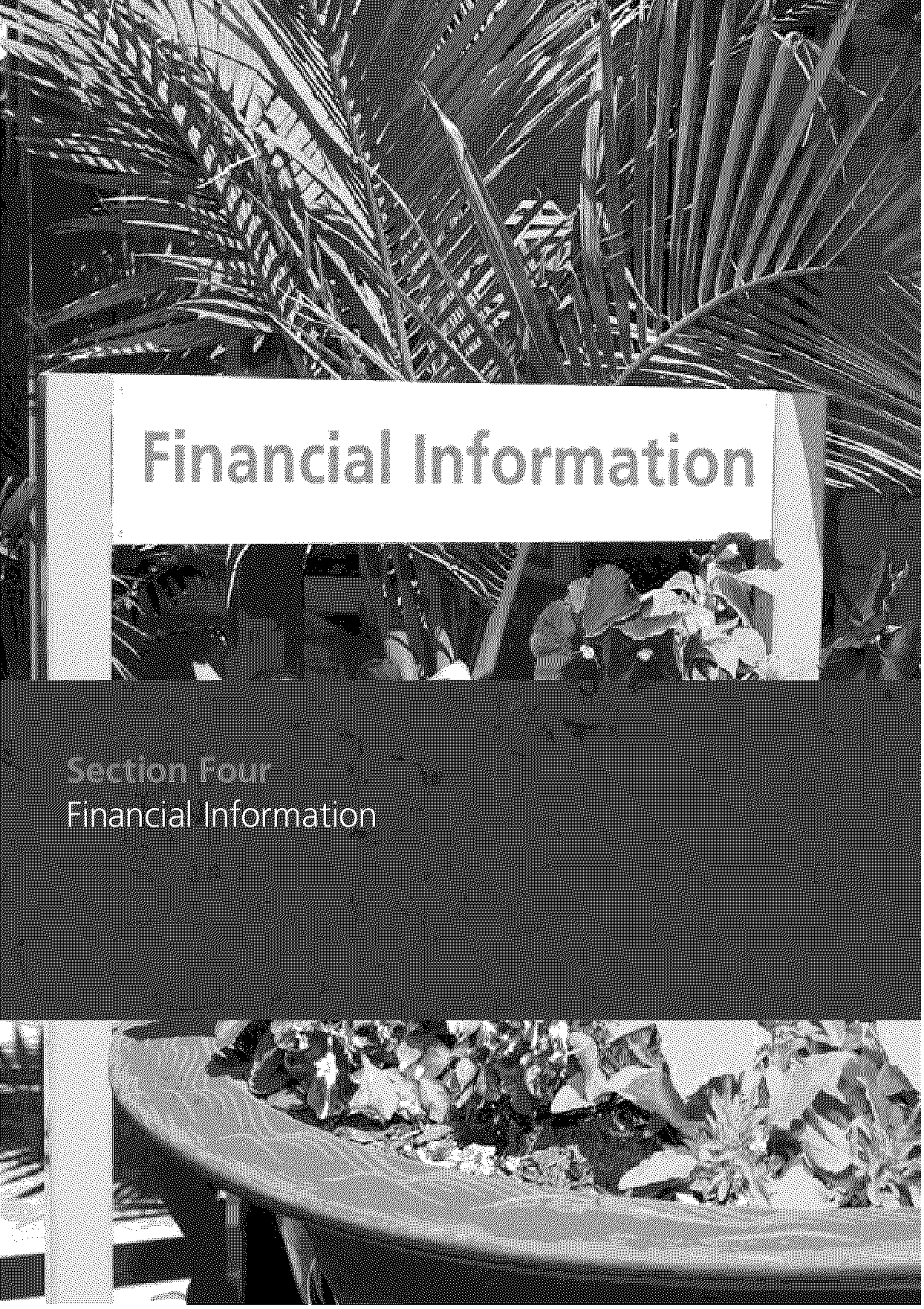
Section Three: Investment Portfolio

The Australian population is living longer than ever before. Life expectancies at both age 65 years and age 85 years have increased. Under current mortality conditions, people who survive to age 65 years can expect to live an average of nearly 21 more years, nearly 8 years longer than people aged 65 years in 1901.

Life Expectancy by age and sex, selected years 1901 to 2001 at birth



Source: ABS Australian Bureau of Statistics



Section Four
Financial Information

Section Four: Financial Information

IML has prepared the following financial forecast information for the Fund (Forecast):

> source and application of funds;
> forecast financial position as at 1 October 2005 after allotment of New Units; and
> forecast financial performance for the year ending 30 June 2006 (forecast period).

The Forecast should be read in conjunction with the assumptions and sensitivity analysis set out in this section of the PDS.

Returns on an investment in the Fund are not guaranteed. There are risks associated with the Offer that may prevent the Forecast being achieved. For further information refer to Section Five: Investment risks.

Source and application of funds

The table below summarises how Offer proceeds and US Borrowings will be utilised.

Source	A$m	Application	A$m
Offer Proceeds	59.6	Purchase of US Portfolio	149.2
US Borrowings	102.9	Acquisition costs	2.4
		Working capital	8.3
		Issue Costs	2.6
Total	**162.5**	**Total**	**162.5**

Note: This does not include the proceeds of the Institutional Placement

Acquisition costs include state taxes, legal and taxation advice, valuation and physical inspection costs and other costs paid to third parties in connection with the establishment of the Joint Venture and acquisition of the US Portfolio, an advisory fee to JPMorgan of $750,000 and an acquisition fee payable to ING Real Estate of $1,000,000. The Joint Venture will finance the acquisition through equity provided by the Fund and Chartwell and through the US Borrowings. The Fund's investment in the Joint Venture is funded through the Equity Bridge Finance Facility, the proceeds of the Offer will be used to repay the Equity Bridge Finance Facility. Details of the Equity Bridge Finance Facility are provided in Section Eight: Additional information.

The working capital component of the proceeds of the Offer will be added to the Fund's existing cash reserves and used to finance the Fund's Australian Village Construction Program. The timeframe over which the working capital will be utilised is included in the explanation of assumptions used in preparing the forecast below.

Issue costs include legal and taxation fees, printing and mailing costs and other costs payable to third parties in connection with this Offer and an underwriting fee payable to JPMorgan of approximately $2.0 million.

Section Four: Financial Information

Forecast financial position

The table below provides a forecast of the assets and liabilities of the Fund immediately after the allotment of the New Units.

	Forecast as at 1 October 2005
	$m
Working capital	11.1
Property investments: Australian Portfolio	125.4
Investment in Joint Venture: US Portfolio	48.7
Deferred borrowing costs	0.9
Total Assets	186.1
Australian Borrowings	47.4
Net Assets	138.7
Number of Units on issue	141.9
NTA per Unit	$0.98
Gearing ratio (look through basis)	52%

The look through Gearing includes the Fund's share of the US Borrowings and is calculated as debt divided by total assets, where the debt and total assets have been adjusted as shown in the table below:

	Total Assets	Borrowings
Per balance sheet above	186.1	47.4
Remove investment in Joint Venture	(48.7)	-
Add in 49% share of Joint Venture's assets and debt	151.6	102.9
Look through assets and debt	**289.0**	**150.3**

Section Four: Financial Information

Forecast financial performance

The table below summarises the forecast income, expenditure and distributions to Unitholders for the year ending 30 June 2006.

Year ending	Forecast Year Ending 30 June 2006 $m
Statement of financial performance	
Income	
Net property income (Australian Portfolio)	11.0
Income from Joint Venture (US Portfolio)	4.2
Interest income	0.1
Total income	15.3
Expenses	
Interest expense	4.3
Other Fund expenses	0.3
Total expenses	4.6
Net profit	10.7
Distribution Statement	
Adjustments to net profit	10.7
Amortisation of Australian borrowing costs	0.5
Foreign currency income hedge	0.1
Foreign currency asset hedge	0.4
Distributable income	11.7
Distributable income brought forward	0.1
Distributions to be paid	(11.6)
Distributable income carried forward	0.2
Distributions payable per Unit	**9.40 cents**
Distributions payable per New Unit (1 October 2005 - 30 June 2006)	**7.05 cents**
Annualised distribution yield per New Unit	**9.0%**
Estimated tax deferred portion of distribution paid	100%

Section Four: Financial Information

Key assumptions used in preparing the Forecast

The Forecast has been prepared on the basis of various assumptions. Many factors which affect the results of the Fund are outside the control of IML and its Directors, or may not be capable of being foreseen or accurately predicted. As such, actual results may differ from the Forecast. The material underlying assumptions are set out below.

Basis of preparation

The financial information has been prepared in accordance with the recognition and measurement principles prescribed in the Australian equivalent of International Financial Reporting Standards (AIFRS), applicable at the date of this PDS.

Equity raised

The application of the proceeds of the Offer is explained in the sources and applications section above. The issue costs of the Offer have been netted off against the proceeds of the Offer. Details of fees payable to ING Real Estate and its advisers in relation to this Offer are outlined in Section Seven: Fees and costs of the PDS.

The Forecast incorporates the issue of Units under the Institutional Placement on 30 August 2005.

Borrowings, interest expense and amortisation of borrowings costs

There are two debt facilities, the terms of which are set out in the table below. Both facilities have fixed interest rates, which have been reflected in the Forecast.

	Australian Borrowings	US Borrowings
Borrower	The Fund	Joint Venture
Facility Amount (A$m)	65.0	102.9 (ILF's 49% share)
Term	June 2007	August 2015
Interest rate (fixed for term)	6.52%	5.41%
Security	Mortgages over Australian Portfolio Fixed and floating charge over the assets of the Fund	Mortgages over US Portfolio

As part of the launch of the Fund in July 2004, a borrowing cost of $1.3 million to establish the Australian facility was incurred. The accounting treatment for this expense is to initially capitalise it on the balance sheet and then amortised the expense over the life of the facility. The forecast provided in the 2004 Fund product disclosure statement relating to its initial public offering, assumed the amortisation expense was added back when determining the level of distributions to be paid out to investors, on the basis that the amortisation was not a cash expense. The Forecast above assumes the continuation of this treatment when determining the level of distributions to be paid out.

Section Four: Financial Information

Investment in the Joint Venture (US Portfolio)

The Fund's 49% interest in the US Portfolio is shown in the balance sheet as an investment in the Joint Venture. The investment in the Joint Venture represents the Fund's investment paid into the Joint Venture plus any costs incurred directly by the Fund in relation to the investment.

The Joint Venture acquired the US Portfolio for US$232 million, arranged borrowings of US$160 million to assist in the acquisition, and have paid all costs associated with the establishment of the Joint Venture and the acquisition of the US Portfolio. The table below provides a breakdown of the investment in the Joint Venture balance.

	US$m 100%	A$m Fund's 49% interest
Purchase price of US Portfolio	232.0	149.2
Acquisition costs (both at Joint Venture level and Fund level)	3.7	2.4
Less share of US Borrowings	(160.0)	(102.9)
Investment in Joint Venture	**75.7**	**48.7**

The carrying value of the investment in the Joint Venture does not take into account the difference between the purchase price of the US Portfolio and the slightly higher value assessed by the independent valuer.

Investment properties (Australian Portfolio)

Investment Properties comprises properties in the Australian Portfolio acquired since July 2004. The investments are carried at fair value.

Cash and the Village Construction Program

The cash shown in the Forecast financial position will be used predominantly for the Fund's Australian Village Construction Program. After working capital is fully exhausted, the Forecast assumes that debt will be used on the same terms as the existing Australian Borrowings:

Source of funding	1 October 2005 to 30 November 2006 ($m)	1 December 2006 to 31 December 2006 ($m)
Cash	11.1	–
Debt	–	24.2

Based on the rollout of the Australian Village Construction Program above, the Gearing of the Fund (on a look through basis) is forecast to be 56% as at 31 December 2006, on completion of the Australian Village Construction Program.

Revaluation of investments

IML intends to revalue the market value of the investment properties, including the US Portfolio, in the Fund by an independent valuer at least once every three years or earlier if there is a significant change in market value. The Forecast assumes no revaluation increments or decrements during the Forecast period.

Section Four: Financial Information

Depreciation and capital expenditure

The Forecast net property income does not include an allowance for depreciation. However, taxation allowances in respect of buildings, plant and equipment are currently available for taxation purposes.

The forecast includes the following allowances for capital expenditure:

US Portfolio	A$206,000 per annum
Australian Portfolio	Nominal (VLL is liable for the cost of structural repairs and replacements under its leases with the Fund)

Net property income (Australian Portfolio) and Income from Joint Venture (US portfolio)

The Australian Portfolio is 100% leased to VLL under a net lease for each property, where VLL pays all outgoings, and repairs and maintenance (including of a structural nature) of the properties. The leases have half yearly rent reviews based on the greater of movements in CPI or the Australian Aged Pension and the Commonwealth Government rent assistance. The Forecast assumes an increase of 2.1% per half year.

The Income from Joint Venture incorporates the Fund's 49% share of the US Portfolio net property income and the interest expense on the US Borrowings. The US Portfolio net property income assumes the following:

> An average occupancy of 95.5%, equal to the average occupancy achieved in calendar year 2004)
> Rental growth on the previous year of 3.5%
> Growth in property expenses on the previous year of 2.5%
> Growth in net property income (rent less expenses) of 3.3%

The rental income includes $0.9 million in payments from the vendor under the Escrow Agreement to make up a shortfall in certain resident leases, where the rent being charged has not been increased in line with the other leases. An explanation of the Escrow Agreement is provided in Section Eight: Additional information.
The expenses include the 0.3% asset and Joint Venture management fee payable to Chartwell during the period.

Interest income

It is assumed that interest income will be earned on the Fund's cash balances at the rate of 5.0% per annum.

Income tax

Under current Australian income tax legislation, the Fund is not liable to pay income tax, provided investors are presently entitled to all of the taxable income of the Fund. The distribution policy of the Fund is to ensure all taxable income is distributed to investors. Tax implications for investors investing in the Fund are discussed further in Section Nine: Investor information.

The estimated tax deferred percentages are based on the likely level of capital allowances (depreciation of building and plant and equipment) of the Australian and US Portfolios.

In the absence of further acquisitions the capital allowances will diminish over time as the individual assets are fully depreciated and the tax deferred component of distributions will consequently diminish. In the US, the diminishing capital allowances may give rise to the Fund incurring income tax expense. Based on current tax legislation, investors may be entitled to a tax credit for the US income tax incurred.

Section Four: Financial Information

Foreign exchange translation and hedging
Assets and liabilities and income and expenses denominated in US dollars have been translated at the exchange rate of A$1:US$0.762 the rate applicable when settlement of the US Portfolio occurred. The Forecast financial position and performance do not include any impact from assumptions of movements in exchange rates after the settlement date.

The Fund has foreign exchange derivatives in place to hedge the foreign exchange exposure of the Fund. It is likely that under AIFRS rules such contracts will be revalued and depending on future movements in exchange rates, there will be a consequent gain or loss recorded in the financial performance and an increase or decrease in net assets. The distribution policy of the Fund is to disregard any gain or loss arising on such revaluations when determining the level of income to be distributed to investors.

Income hedge
The Fund will enter into a series of six monthly foreign exchange contracts to allow the Fund to lock in the exchange rate at which it will convert US dollar denominated profit. The level of hedging is 100% of the Forecast profit, for a period of five years. The difference between the expected rate on settlement of the US Portfolio and the forward exchange rate locked in under the income hedge is shown as an adjustment to the net profit in determining distributable income.

Cross currency swap
The Fund will enter into a cross currency swap, the effect of which is to convert the Australian Borrowing into a US Dollar denominated liability, in order that the Fund's interest in the Joint Venture is protected against future movements in the exchange rate. The duration of the cross currency swap will be for a period extending no later than 30 June 2007, the expiry date of the Australian Borrowing, when it will be replaced by US Dollar denominated debt. The net interest income generated by the cross currency swap is shown as an adjustment to the net profit in determining distributable income.

Goods & Services Tax
Forecasts including income, fees, charges, and acquisition costs are shown net of GST, except issue costs, as the Fund is a GST registered entity which generally will receive input tax credits for all GST paid.

Sensitivity analysis
Major variables in the assumptions used in the Forecast which would affect the level of distributions payable to investors include:

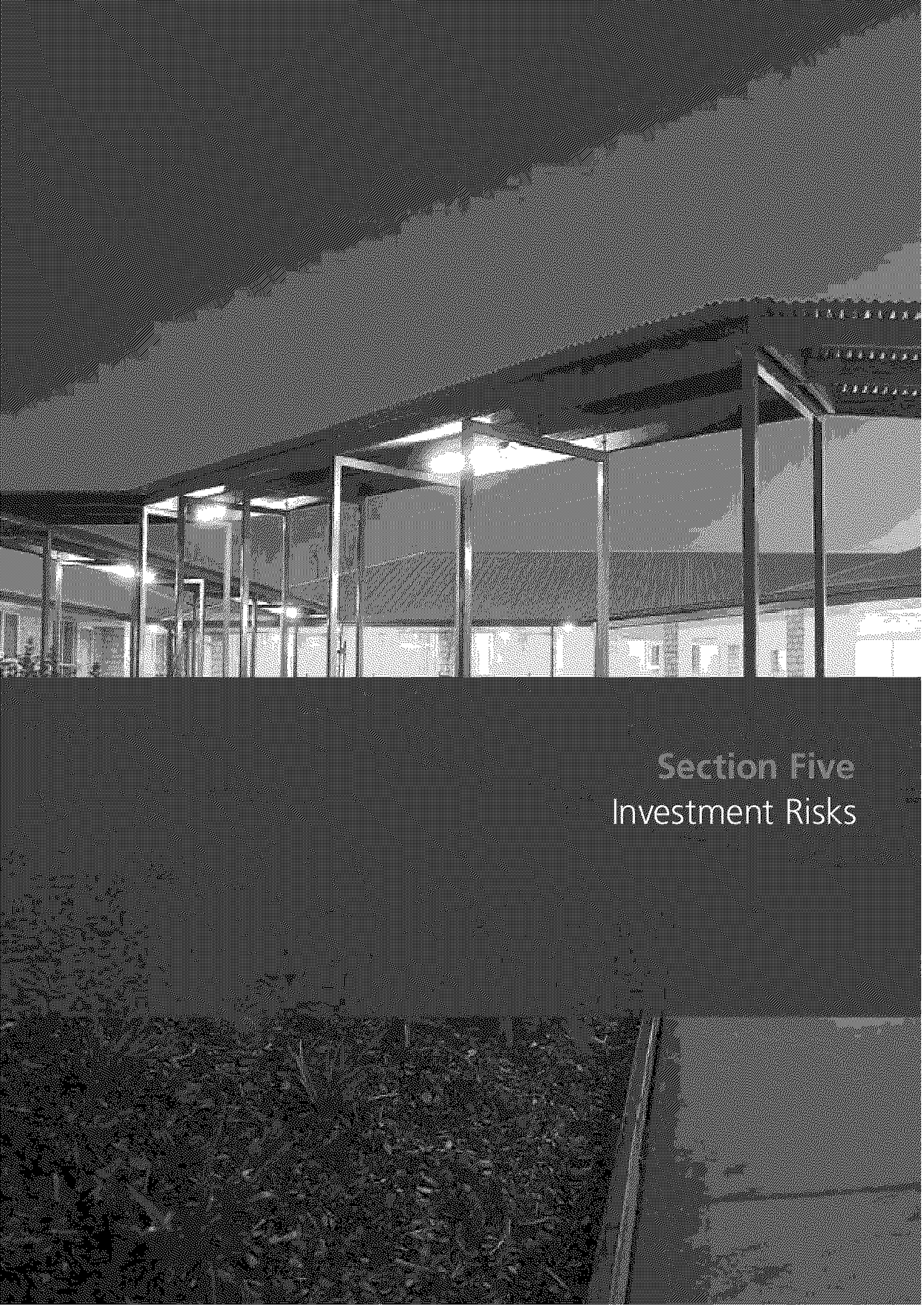
> Occupancy of US Portfolio;
> Growth in rental rates of US Portfolio;
> Growth in rental rates of Australian Portfolio; and
> Timing of rollout of the Australian Village Construction Program.

Section Four: Financial Information

The table below illustrates the impact on the income return to investors for an adverse change from the assumptions used in the Forecast.

Sensitivity	Decrease in distributable income per Unit	Resulting annualised distribution yield per New Unit
Occupancy of US Portfolio falls to 90% (Forecast assumes 95.5%)	1.0 cents	8.0% per annum
Growth in rental rates of US Portfolio falls to nil (Forecast assumes 3.5%)	0.6 cents	8.4% per annum
Growth in rental rates of Australian Portfolio falls to nil (Forecast assumes 4.2%)	0.1 cent	8.9% per annum
Rollout of Australian Village Construction program slips four months	0.2 cents	8.7% per annum

The selected sensitivities are based on reasonable downside scenarios, not maximum possible adverse movements. In addition to the sensitivities above, there are many other events that would have a material effect on the Fund's ability to meet the forecast distributions or maintain them in future years, including tenant default under a lease, a change in tax legislation and a change in regulations surrounding the provision of retirement accommodation. Section Five: Investment risks sets out many of the major risks for the Fund and investors.



Section Five
Investment Risks

Section Five: Investment Risks

Risk factors

The future performance of the Fund may be affected by a range of factors which are outside the control of the Responsible Entity. Investors should be aware that investing in both property and stock market listed securities involves risk and that whilst the assumptions made in the preparation of the Forecast are considered to be reasonable, there are a number of factors that may affect the achievement of the Forecast, many of which are beyond the control of the Responsible Entity.

The risks detailed in this section of the PDS are not exhaustive and you should read the entire PDS, considering your tolerance to risk, your own investment objectives and financial circumstances. It is also recommended that investors should seek their own professional financial advice.

General investment risks

The following are general investment risks, relevant to the Fund.

Economic and market conditions

The Fund may be adversely impacted by many factors including changes in general economic conditions including interest rates, exchange rates, inflation and changes in the stock market rating of the Fund relative to other investments, especially other listed property trusts.

Property markets

The value of the Fund's property assets in the US and Australia may fluctuate depending on property market conditions and ultimately this may affect the performance of the Fund, including distributions paid by the Fund and the market price of Units.

Regulatory environment

Changes in government legislation in the US and Australia, including changes to the taxation laws, accounting standards and building codes may affect future earnings and the relative attractiveness of investing in the Fund.

Unforeseen litigation

The Fund may become involved in unforeseen litigation and disputes which could have a material adverse effect on the Fund, its operating results and distributions.

Forecast assumptions

The Forecast may not be achieved if the assumptions used in forecasting the Fund's financial performance are not accurate. You are advised to review the forecasts, and assumptions and the sensitivity analysis set out in Section Four: Financial Information of this PDS to determine your own view on the future performance of the Fund.

Future events and returns

You should be aware that future events cannot be predicted with certainty and as a result, deviations from the estimated returns in this Offer may occur. Future events and other factors may have an impact on income returns and the value of Units in the Fund.

Specific Fund risks

The following are specific risks relevant to an investment in the Fund.

Lessee default, non-renewal and vacancy

There is a possibility that tenants may default on their rental or other obligations under leases with the Fund, leading to capital losses and/or a reduction in income to the Fund. In addition, there is a risk that if the Fund is not able to negotiate lease extensions with existing tenants at the end of the lease terms, or replace the leases on expiry with leases at equivalent rates, there may be a significant impact on the distributable income of the Fund and the value of that particular property. The ability of the Fund to secure lease renewals or to obtain replacement tenants may also be influenced by any leasing incentives granted to prospective tenants and the increased competition, which, in turn, may increase the time required to let vacant space. The ability of the Fund to secure lease renewals or to obtain replacement tenants may also be influenced by the failure of the third party operators of the properties to provide their services to an appropriate standard.

Section Five: Investment Risks

Approximately 50% of the Fund's property portfolio is leased to VLL, and therefore VLL's future profitability and its ability to pay the rent under its leases with the Fund is of major importance to the Fund. Should VLL default under the leases, the Fund will need to enter into direct leases with the residents, and may suffer a reduction in income if the rent payable by the residents of the villages is less than the rent receivable from VLL. Any shortfall is predominantly dependent on the underlying occupancy of the villages at the time of default and the length of time it may take to increase the occupancy to levels where the Fund is receiving rent at least equal to that receivable from VLL. Further details of the leasing arrangements with VLL, including security provided is included in Section Two: Summary of the Fund.

Joint Venture risk
The US Portfolio is owned by the Joint Venture formed by ING Real Estate, Chartwell and the Fund. The Fund does not control the Joint Venture Company nor the operation and management of the US Portfolio by the Joint Venture Company.

The Joint Venture Company is governed by the Joint Venture Operating Agreement. The Joint Venture Operating Agreement contains certain restrictions on transfer of members' interests including first rights of refusal, tag along rights, change of control rights and buy/sell rights in the event of a stalemate. Refer to Section Eight: Additional Information for further information on the Joint Venture Operating Agreement.

Australian Construction Program
If VLL were to default on its obligations under the development agreement, the Fund will need to arrange for the completion of the construction program. The cost to complete may be greater than the price contracted with VLL, and may take longer.

Interest rate and exchange rate risk
Adverse fluctuations in interest rates and/or exchange rates, to the extent that they are not hedged or forecast, will impact on the earnings available for distribution to Unitholders. The value of the Australian dollar has been subject to significant fluctuations with respect to the US dollar in the past and may be subject to significant fluctuations in the future. Refer to Section Four: Financial information for further information on the hedging arrangements.

Funding risk
In order to provide future growth, the Responsible Entity relies on both equity and debt funding along with refinancing of existing debt facilities. An inability to obtain the necessary funding for the Fund or a material increase in the cost of funding may have an adverse impact on the Fund's performance and financial position.

The Fund's two debt facilities (Australian Borrowings and US Borrowings), include various financial covenants which if breached, may result in the Fund paying a higher rate of interest or be required to repay the loan at short notice. Alternative financing may be on less favourable terms, and if no alternative is available, the consequent sale of Fund properties may result in significant financial loss to the Fund.

Licences
Application forms for the issue of licenses in relation to the Temple Texas facility have been lodged in order to transfer ownership from the vendor to the Joint Venture and are pending approval.

The vendor has been granted the right to continue operating the Temple, Texas facility on behalf of the Joint Venture until such time as approval to the new owner has been granted. The application forms are subject to review and regulation under the relevant government authorities in Texas. The Department of Ageing and Disability Services in Texas has issued a letter stating that operation of the facilities will extend to the earlier of approval to the Joint Venture and an expiry period under the existing owner's license of 1 February 2006. It is reasonable to expect the licenses will be granted to the Joint Venture on this basis, however, there is no guarantee that the licences will be granted.

Property acquisitions
It is intended that further properties will be acquired over the life of the Fund to ensure growth and preservation of return forecasts. Future acquisitions may affect forecast distributions, or any tax deferred portions of income returns. Competition from other landlords and the availability of suitable properties may restrict the Fund's ability to grow.

Section Five: Investment Risks

Australian & US Taxation
The Forecast has been prepared on the basis of existing US tax legislation, treaties and protocols between the US and Australia, and the current Australian tax treatment of trusts. The area of taxation is complex and in some areas subject to interpretation. Changes to tax legislation and/or the interpretation of the legislation by the tax authorities may significantly impact on the Fund's ability to maintain its distributions, reduce tax deferred components of distributions and reduce any foreign tax credits previously available.

Insurance
The Fund may, in the future, need to make claims on insurance policies causing premiums to rise. Insurance premiums may also rise in response to unforeseen events in the insurance industry. Properties in the Fund may be subject to acts of terrorism or events of force majeure, adversely affecting the value of the properties and the income and distributions of the Fund. Insurance may not fully cover these risks.

Capital expenditure
Capital expenditure is an important part of maintaining and improving properties. The timing and amount of capital expenditure depends on the age and condition of a building, the competitive position of a building in its market and the expected returns that can be generated from the capital invested. The estimated capital expenditure for the property portfolio included in the Forecast could be exceeded.

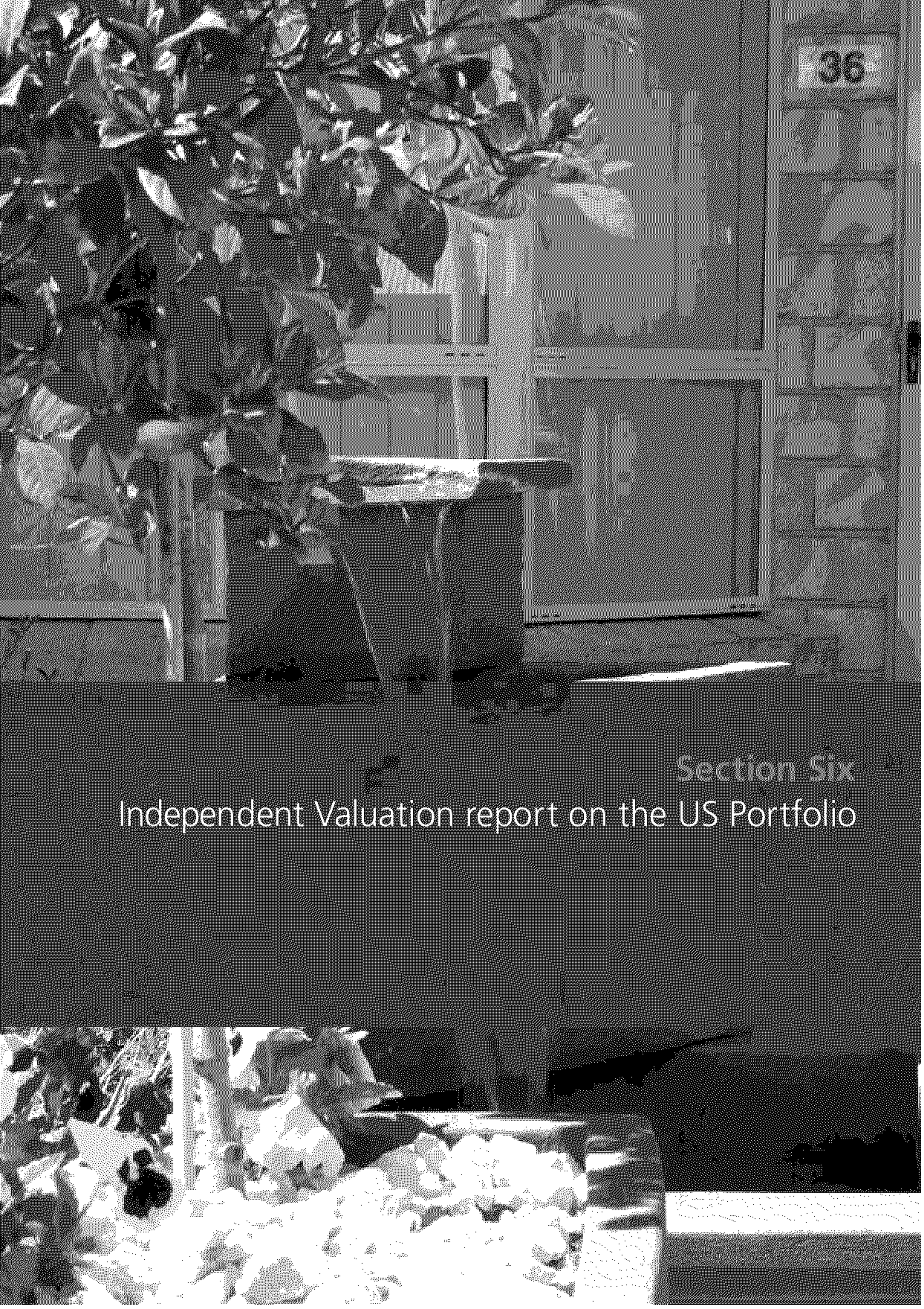
The Fund may undertake significant capital expenditure where there is an opportunity to extract additional value from a property. This may expose the Fund to risks associated with development, such as regulatory/planning risk, counterparty risk, contract risk, default risk, building risk, and market risk.

Industry risks

Change in government policy
The income of each of the villages in the Australian Portfolio is ultimately dependent upon rent from residents which is calculated as a percentage of the aged pension and Commonwealth Government rent assistance available to aged pensioners. Both pensions and rent assistance have changed over time, and especially since 1970, increased at rates above Consumer Price Index. There is no guarantee that increasing levels of government assistance will continue in the future.

Changes in legislation concerning Seniors housing
Changes in legislation relating to the provision of Seniors housing may adversely impact on the Fund or the Fund's operators, including restricting practices and imposing additional operating and/or capital costs.

Changes in the ageing demographic
The forecast ageing demographic statistics provide a compelling investment case for future growth and stability in the underlying cash flows of the Seniors housing market. A change in the actual demographics may adversely impact the Fund's financial performance.



Section Six

Independent Valuation report on the US Portfolio

Section Six: Independent Valuation report on the US Portfolio

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August 23, 2005

The Directors
ING Management Limited
Level 6, 345 George Street
Sydney NSW 2000
Australia

Re: A Summary Valuation Report of the Meridian Portfolio ("Subject Property")

Dear Sirs:

1. Instructions

At your request, HealthTrust LLC ("HealthTrust") has prepared a summary valuation report of the subject property summarizing the results from our complete, self contained appraisal reports ("Reports"). The purpose of the Reports was to estimate "as is" market value of the fee simple interest in each property as of August 23, 2005. The Reports are intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the U.S. Standards of Professional Appraisal Practice. In each of the individual, self contained reports we utilized the standard customary approaches to value, including the Income Capitalization Approach, Sales Comparison Approach and Cost Approach. The value conclusions are subject to the assumptions and limiting conditions contained in each report and reflect all information known by the appraiser and market conditions within the general market area of each property.

The Reports were also prepared in conformance with our interpretation of the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and the Financial Institution Reform, Recovery and Enforcement Act of 1989 (FIRREA), Title XI Regulations.

2. Reliance on this Letter

We have prepared this letter summarizing our Reports which outlines key factors that have been considered in arriving at our opinions of value. For further information, we recommend the reader to review the contents of each complete, self-contained Report.

HealthTrust has provided The Board of Directors, ING Management Limited with an appraisal of each property. The appraisals are not guarantees or predictions of the future performance of any particular property and must be read in light of the following:

The primary valuation methodology used by HealthTrust in appraising each property is the Income Capitalization Approach (Discounted Cash Flow Analysis and Direct Capitalization), which is based upon an estimation of future results and are not predictions. These valuation methodologies are summarized in this letter and also in depth within our Reports. Each methodology begins with a set of assumptions as to the projected income and expenses of the subject properties and future economic conditions in their local markets. The income and expense figures are mathematically extended with adjustments for estimated changes in economic conditions. The result is the best estimate of value HealthTrust can produce, but it is an estimate and not a prediction or guarantee and it is fully dependent upon the accuracy of the assumptions as to income, expense and market conditions. The material assumptions for each property are set forth in a summary table in this letter.

The secondary valuation methodologies utilized by HealthTrust in appraising each property were the Sales Comparison Approach and the Cost Approach, as applicable. The Sales Comparison Approach compares actual sales of similar properties to the subject, adjusting the comparables for differences that exist between them and the subject. The Cost Approach estimates the value of the land and adds to this the depreciated value of the improvements. These two approaches generally support to the value arrived at in the Income Capitalization Approach.

Our Reports are based upon the most current information available at the time that each appraisal was prepared. HealthTrust accepts no responsibility for subsequent changes in information as to income, expenses or market conditions.

3. Valuation Rationale

In arriving at our opinions of market value, we have placed primary emphasis on the Discounted Cash Flow analysis and the Direct Capitalization analysis within the Income Capitalization Approach. An explanation of the application of the Discounted Cash Flow and Direct Capitalization methodologies is provided as follows.

(a) Discounted Cash Flow Method

The Discounted Cash Flow (DCF) method is a detailed analysis used when the future income is expected to be variant, usually as a result of changes in market conditions or income and expenses. The DCF method specifies the quantity, variability, timing and duration of net operating income and expense cash flow. Estimating the proper internal rate of return or yield rate (discount rate) is essential. HealthTrust must consider the largest yield sought by investors as well as yields derived from comparable sales and/or market information.

The methodology is as follows:

i. Estimate the before tax cash flows for each period of a projected holding period net of any capital expenditures such as structural repairs or improvements.
ii. Estimate a yield rate and a terminal overall capitalization rate.
iii. Estimate a selling price known as the reversion for the end of the projected holding period.
iv. The cash flows and the reversion are then discounted to a value estimate.

We have generally utilized a 10-year holding period with the reversion calculated based upon capitalization year 11 net operating income. In general, the estimated growth rate for market rent, rental income and expenses was 3.0% and 3.25%, respectively. Our selected terminal capitalization rate, used to estimate a reversionary sales price, takes into consideration perceived market conditions out in the future (10 years), the estimate quality of cash flow at the time and physical condition of the building 10 years into the future. Our terminal capitalization rates are generally 100 basis points higher than our going in overall rate, depending upon the particulars of each property in the portfolio.

In selecting yield rates at which cash flows are to be discounted, an emphasis is placed on the prospective or forecast yield rates anticipated by typical buyers and sellers. This rate is influenced by many factors, including the degree of risk, market attitudes toward future inflation, the prospective rates of return for alternative investments, the rates of return earned by comparable properties in the past, the supply and demand of mortgage funds and the availability of tax shelters. We applied a discount rate of 10%.

(b) Direct Capitalization Method

Direct capitalization is the method used to convert a single year's estimate of stabilized net operating income into a value indication. In direct capitalization, a precise allocation between return on and return of investment is not made because investor assumptions or forecasts concerning the holding period, pattern of income or changes in value of the original investment are not simulated in the method. Direct capitalization is the most appropriate method to use when analyzing a stable income stream and in estimating the reversion at the end of a holding period. Using this method, the following sets forth the process:

i. Estimate the Potential Gross Income (PGI) from all sources that a prudent owner should be able to generate from a property based on existing and/or market rents.
ii. Deduct an estimate of Vacancy and Collection Loss (VCL) to arrive at an Effective Gross Income (EGI).
iii. Deduct estimated operating expenses from the estimate of EGI. The result is an estimate of the stabilized Net Operating Income (NOI).
iv. Estimate an Overall Capitalization Rate (OAR).
v. Divide the NOI by the OAR resulting in a value estimate at stabilized occupancy.

The overall rates are based on comparable sales as well as discussions with market participants and national investor surveys. The overall rates used for the subject properties are 7.50%.

The Directors
August 23, 2005
Page 4

4. Summary Valuation

As a result of our investigation and analysis, we have estimated the "as is" market value of the fee simple interest in the subject property (aggregate value of all six Meridian properties), including the total assets of the business (real estate, personal property and total intangible assets) and including excess land, effective August 23, 2005, was:

TWO HUNDRED FORTY MILLION SIX HUNDRED THOUSAND US DOLLARS

US $240,600,000

The above value includes personal property and intangible business assets

Individual facility values are allocated as follows:

	FACILITY	VALUE	Age	Units	OAR*
1	Arvada Meridian, 9555 W 59th Ave, Arvada, CO	US $25,700,000	1988	125	7.5%
2	Boulder Meridian, 801 Gillaspie Dr, Boulder, CO	US $26,700,000	1986	96	7.5%
3	Englewood Meridian, 3455 S Corona St, Englewood, CO	US $77,900,000	1985	266	7.5%
4	Lakewood Meridian, 1805 S Balsam, Lakewood, CO	US $43,300,000	1988	172	7.5%
5	Westland Meridian, 10695 W 17th Ave, Lakewood, CO	US $28,400,000	1988	153	7.5%
6	Temple Meridian, 4312 S 31st St, Temple, TX	US $38,600,000	1984	231	7.5%
	TOTAL Meridian Portfolio	**US $240,600,000**		**1,043**	

* denotes Overall Capitalization Rate

The prospective financial analyses are based on estimates and assumptions developed in connection with the Reports.

5. Capability Statement

Over the last 15 years, the Partners and Staff of HealthTrust have been recognized as industry leaders in Senior Housing & Healthcare real estate advisory services. HealthTrust's professional staff includes designated Members of the Appraisal Institute (MAI) and the American Society of Appraisers (ASA), as well as professionals holding State Certified General Appraiser licenses in over 30 states. The team appraised up to 750 assignments in the last year including involvement with a number of large nationwide portfolio projects. HealthTrust provides expertise in valuation for all healthcare oriented property types and its experience has led it to accurately model cash flows in all major markets within the United States and Europe as well.

6. Liability Disclaimer

HealthTrust has prepared this Valuation Summary letter and consents to it being included in a Product Disclosure Statement in connection with ING Real Estate Community Living Fund. HealthTrust specifically disclaims liability to any person in the event of any omission from or false misleading statements included in the Product Disclosure Statement. HealthTrust does not make any warranty or representation as to the accuracy of the information in any part of the Product Disclosure Statement other than as expressly made or given by HealthTrust in this Summary Valuation Letter.

Further, The Board of Directors of ING Management Limited have agreed to indemnify, defend and hold HealthTrust, its parent, subsidiaries and affiliates and their respective officers, directors, employees, agents and attorneys harmless from and against any and all claims, damages, liabilities, expenses, losses and costs, including reasonable attorney's fees arising from or in any way related to the use of our Reports, or description of HealthTrust and/or the Appraisals, except for any finally adjudicated liability of HealthTrust as determined by a court of competent jurisdiction, resulting from the willful misconduct, gross negligence or bad faith of such indemnified party, or a material factual effort, misleading statement or omission in any Appraisal or this summary (but only to the extent that such factual error, misleading statement or omission resulted from the acts of HealthTrust and was not due to HealthTrust's reliance upon misleading information supplied to HealthTrust by any property owner, The Board of Directors, ING Management Limited or HealthTrust's failure to render its opinions of value in a manner consistent with generally recognized appraisal practices.

HealthTrust has relied upon property data supplied by Meridian, which we assumed to be true and accurate. HealthTrust takes no responsibility for inaccurate supplied data and any conclusions made in reliance upon the data.

Respectfully submitted,

HealthTrust, LLC

HealthTrust, LLC

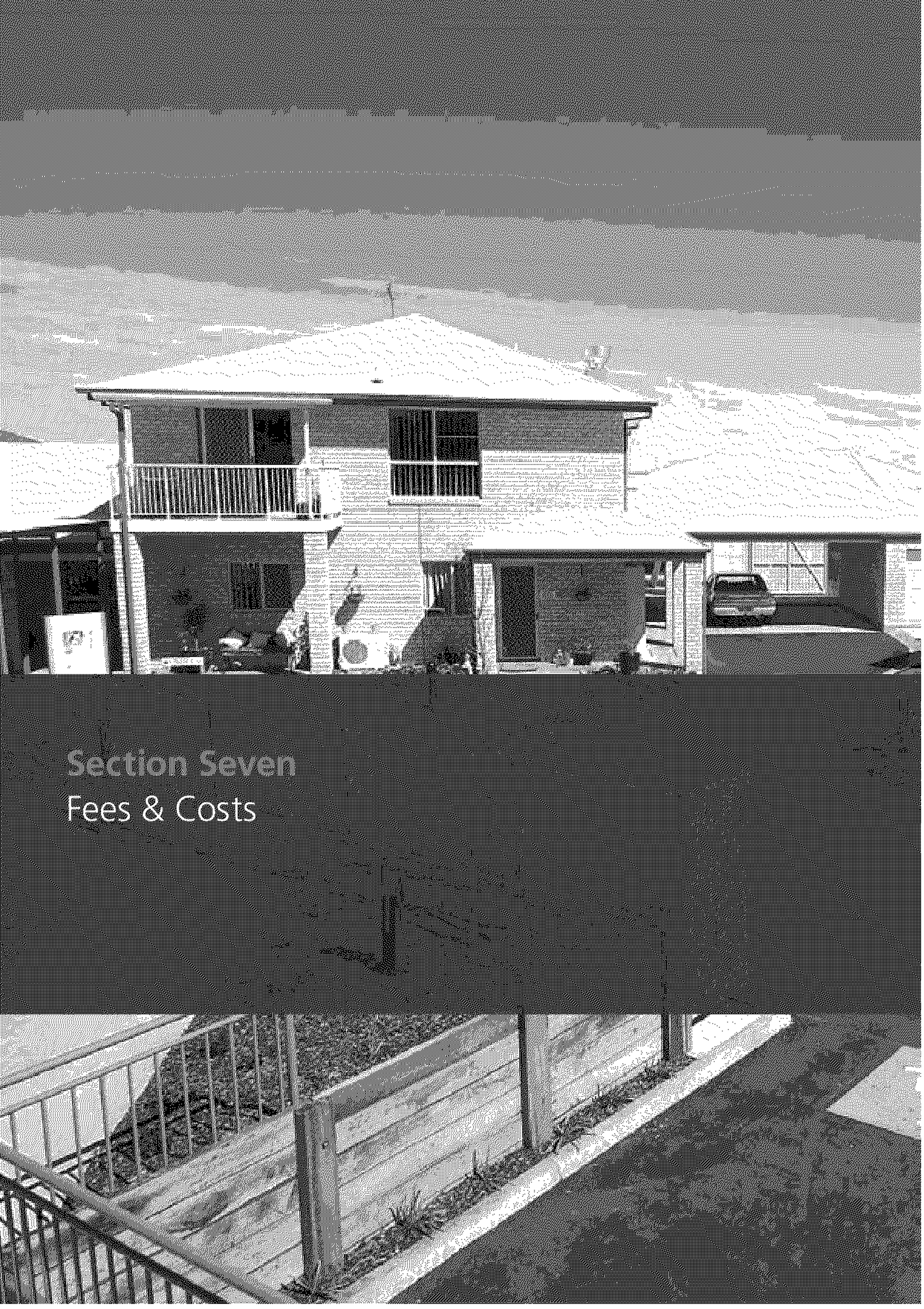
7. Certification

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in the accompanying report are to the best of our knowledge true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute and in conformity with the 2004 Edition of the *Uniform Standards of Professional Appraisal Practice* and FIRREA.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Alan C. Plush, MAI, has completed the requirements of the continuing education program of the Appraisal Institute.
- Alan C. Plush certifies that he has made a personal inspection of the subject property. W. Joseph Daniels assisted with this summary valuation report and also inspected the subject property. No one, other than those so named, provided significant professional assistance to the persons signing this report.
- The subject property of this summary valuation report is the Meridian Portfolio, located in Greater Denver, CO, Boulder, CO and Temple, TX.

Alan C. Plush, MAI
State-Certified General Appraiser RZ0000566 (FL)

W. Joseph Daniels
State-Certified General Appraiser RZ0001579 (FL)



Section Seven
Fees & Costs

Section Seven: Fees & Costs

The tables below show the fees and other costs relating to the acquisition of the US Portfolio and the Offer, and the ongoing fees and costs incurred in operating the Fund and investing its assets. These fees and costs may be deducted from the Fund's assets as a whole. All fees and costs shown below exclude GST (unless otherwise stated).

You should read all the information about fees and costs, as it is important to understand their impact on your investment.

Costs of the Offer

Type of fee or cost	Amount	Received & payable
Underwriting fee: a fee for underwriting the Offer and Institutional Placement	\$2.0 million (Offer) \$0.75 million (Institutional Placement)	Payable to JP Morgan on the relevant allotment.
Other costs: other costs and expenses which have been or which will be incurred in relation to the Offer	The Fund will be liable for all proper expenses incurred in relation to the Offer. For example, if expenses of \$0.6 million are incurred in relation to the Offer, \$0.6 million will be payable by the Fund	Payable to the Professional advisers, regulators and other service providers as and when incurred

Debt establishment costs

Type of fee or cost	Amount	Received & payable
US Borrowings issue costs: recovery of third party costs incurred by JPMorgan Chase Bank N.A in arranging the US Borrowings	Estimated at \$0.2 million	Payable to various, including debt establishment fee pa and associated legal expenses within 5 days of the execution of the facility agreement
Equity Bridge Finance Facility: establishment fee and interest charge for the facility used by the fund to settle the US Portfolio	\$0.2 million establishment fee The interest rate under the Equity Bridge Finance Facility is bank bill plus a 0.4% margin	Establishment fee payable to ING Real Estate within 5 days of execution of the facility agreement

Costs of the US Portfolio acquisition

Type of fee or cost	Amount	Received & payable
Advisory / structuring fee: fee for advising on and structuring the acquisition of the US Portfolio	\$0.75 million	Payable to JPMorgan on the final allotment
Acquisition fee: for work undertaken negotiating the acquisition and conducting due diligence	\$1.0 million	Payable to ING Real Estate within 5 days from final allotment
Other costs: other costs and expenses which have been or will be incurred in the acquisition of the US Portfolio	\$0.4 million	Professional advisers, valuers, state governments and other service providers as and when incurred

Section Seven: Fees & Costs

Type of fee or cost	Amount	Received & payable
Management fee: a fee the Responsible Enitity is entitled to for managing the Fund	0.5% per annum of the value of all assets of the Fund. IML has waived this fee until 1 October 2006.	Payable to IML, quarterly in arrears
US Portfolio management fee: A fee payable by the Fund's Joint Venture for the management of the US Portfolio and the Joint Venture itself	0.3% of the value of the US Portfolio in the period to 30 June 2006, reducing thereafter. IML's 0.5% management fee will be reduced by the amount of the US Portfolio management fee paid in any one year.	Payable to Chartwell, quarterly in arrears
US property management fee: Fee for operating the US Portfolio assets	Base fee of 4.0% of gross proceeds from the residents.	Payable to Horizon Bay Chartwell monthly in arrears
	Incentive fee payable where the net property income of the portfolio exceeds the budget included in the PDS forecast by 2%. The incentive fee is a tiered scale applied to the excess above the 2% hurdle rate. Refer Section 8: Additional Information for further details	Payable to Horizon Bay Chartwell annually in arrears
Administration costs: Costs associated with running the Fund including maintaining the Fund's register, printing and mailing out reports to investors, having the Fund's accounts audited, and tax returns filed	The Fund will be liable for all proper expenses incurred in relation to its operation and administration. For example, if expenses of \$0.3 million per annum are incurred in relation to the operation and administration for the Fund, \$0.3 million per annum will be payable.	Payable to various third party suppliers as and when incurred

Section Seven: Fees & Costs

GST

If the Responsible Entity is or becomes liable to pay GST on any fees described in this PDS as being exclusive of GST, it is entitled to be reimbursed out of the assets of the Fund for the amount of GST.

Example of how the US Portfolio management fee is calculated	
Value of the Fund's interest in the US Portfolio	A$155 million
Fee in first twelve months	0.3%
Total fee payable	A$465,000
Total fee per Unit	A$0.0033

This example is indicative only and does not purport to represent the likely US Portfolio management fee to be paid to Chartwell.

Example of how the Fund management fee is calculated	
Total assets of the Fund	A$312 million
Gross fund management fee payable	0.5%
Gross fund management fee for year	A$1,560,000
Less US Portfolio management fee payable to Chartwell	A$465,000
Net fund management fee payable to IML	A$1,095,000
Total fee per Unit	A$0.0077

This example is indicative only and does not purport to represent the likely management fee to be paid to the Responsible Entity and does not take into account the management fee reduction for the Portfolio.

Example of how the US property management fee is calculated	
Fund's 49% share of annual gross revenue of US Portfolio	A$25,900,000
US property management fee	4.0%
US property management fee	A$1,036,000
Total fee per Unit	A$0.0073

This example is indicative only and does not purport to represent the likely US property management fee to be paid to Horizon Bay Chartwell.

Example of how the US property management incentive fee is calculated	
Fund's 49% share of annual Net Operating Income of US Portfolio	A$11,080,000
Hurdle Budget plus 2%	A$11,300,000
Illustrative actual result 5% over budget	A$11,630,000
Excess over hurdle rate	A$330,000
Fee payable to Horizon Bay Chartwell (share 40%)	A$133,000
Total fee per Unit	A$0.0094

This example is indicative only and does not purport to represent the likely US property management fee to be paid to Horizon Bay Chartwell.

Section Eight
Additional Information

Section Eight: Additional Information

Summary of Material Contracts

IML considers the following contracts to be material in respect of the Offer.

> Purchase and Escrow Agreements;
> Joint Venture Operating Agreement;
> Property Management Agreement;
> Terms of the financing arrangements;
> Underwriting Agreement; and
> The Fund's Constitution

These contracts are summarised below. The summaries are not intended to be exhaustive.

Purchase & Escrow Agreements

The Joint Venture (Buyer) has entered into an agreement with Meridian Retirement Communities LLC (Seller) to purchase (Purchase Agreement) five Senior's living facilities in Colorado, (Arvada Meridian, Boulder Meridian, Lakewood Meridian, Westland Meridian, Englewood Meridian) and one facility in Texas (Temple Meridian), collectively referred to as the US Portfolio.

The material terms of the Purchase & Escrow Agreements include:

> A purchase price of US$232 million will be paid by the Buyer.

> An amount of US$3,839,480 (Escrow Amount) will be set aside from the purchase price with an escrow agent to top up the income where residents are paying rents below the current market rent for the communities (Escrow Agreement). The Escrow Agreement relates to 129 residents with an average age of 89 years, where rent has not been increased for a number of years. Under the Escrow Agreement the difference between the contracted rents and the market rents being charged at the properties will be paid out of the Escrow Amount, until either the Escrow Amount is exhausted or the residents leave the property (when the full market rate of rent will able to be charged to the incoming resident).

> All licenses, certificates and permits under which the Seller owns, operates and maintains the property will be assigned to the Buyer. The Seller maintains no written notice from any government authority or other entity having jurisdiction over the real property has been received describing a violation or a threatening of suspension, revocation or cancellation of any licenses, permits or certificates. In the event appropriate license approvals have not been received by the Buyer at the closing date, the Licensed Seller shall continue to manage such properties pursuant to the terms set forth in the specified Management Agreement.

> The Seller shall open and deposit an amount of US$3 million which shall be maintained until the later of nine months following settlement, or final resolution of any claim for indemnification by the Buyer. The purpose of this amount is to protect against the liquidation or dissolution of the Seller in the event of a breach of representations by the Seller.

Section Eight: Additional Information

Joint Venture Operating Agreement

ING Real Estate and Chartwell have formed CSH-INGRE LLC (JV Company) in July 2005, a limited liability company incorporated in Delaware in the United States.

The operation of the JV Company is governed by a joint venture operating agreement (JV Agreement) between the Fund, Chartwell and ING Real Estate (each a Member), the major terms of which are:

> Subject to dissolution provisions, the term of the JV Agreement will be perpetual.

> The JV Company consists of two classes of members, Class A and Class B. Class A members are entirely responsible for the management of the JV Company. Class B members have no voting rights in relation to the operation and management of the JV Company. Class A and B have identical rights in respect of income and capital. The ownership structure of the JV Company is:

Class	Member	Ownership
Class A	Chartwell	1%
Class A	ING Real Estate	1%
Class B	Chartwell	49%
Class B	The Fund	49%

> 100% of the equity required to complete the acquisition of the US Portfolio has been subscribed for by Chartwell, ING Real Estate and the Fund in proportion to their respective ownership percentages. Except with the unanimous approval of the Board, no Member will be obligated or permitted to make additional contributions to the JV Company's capital.

> For three years following the date of formation of the JV Company (Initial Restriction Period), no Member will have the right to transfer all or any part of its membership interest without the unanimous consent of the Members, unless the transfer is to an affiliate, the Member guarantees the performance of the affiliate, and the affiliate agrees to be bound in writing by the JV Agreement.

> **First Right of refusal:** If after the Initial Restriction Period, any Member wishes to sell all of its membership interests, it must deliver a notice of such intention to the other Member. The other Member will have the right to purchase all, but not less than all, the offered interests at the offered price. The right to purchase will terminate after 30 days at which time the selling Member has the right to sell its membership interests to a third party at the same price or a price in excess of that offered to the Member.

> **Tag along right:** In the event that a Member proposes to transfer all of its membership interest to a third party, the proposing Member shall give notice to the non-proposing Member, whereby the non proposing Member has the right, but not the obligation, to transfer to the third party the same proportion of its membership interest at the same price and on the terms and conditions of the proposed transfer.

> **Change of control:** If a Member enters into an agreement providing for a change of control of such Member, or otherwise experiences a change of control, it must notify the other Member. The remaining Member will then have 90 days to acquire all of the Member's membership interests, or all of the underlying assets, at a price equal to the net asset value of the assets, as determined by an independent appraiser, agreed to by both Members.

Section Eight: Additional Information

> The rights described above apply to ING Real Estate's and the Fund's interests as a whole, and both parties must agree if they wish to purchase Chartwell's interests under the various scenarios.

> Dissolution of the JV Company will be determined unanimously by the Members or by entry of a decree of judicial dissolution under Delaware Law.

> In a separate agreement between Chartwell and the Fund, the Fund will pay Chartwell an annual management fee equal to 0.3% of the gross asset value of the US Portfolio multiplied by the Fund's membership interest in the JV Company for Year 1, reducing to 0.2% for Year 2 and Year 3 and 0.1% thereafter. This fee will be paid in relation to the provision of asset management services provided by Chartwell, and the administration of the JV Company.

Property Management Agreement

The Joint Venture has entered into a property management agreement (Property Management Agreement) with Horizon Bay Chartwell LLC (Property Manager) to manage the facilities comprising the US Portfolio. The terms of the Property Management Agreement include:

> The term of the Property Management Agreement is 20 years, with a single agreement in place for each facility, each of which is cross-defaulted.

> The Property Management Agreement may be terminated by either party upon the occurrence of an event of default, which includes fraud, misrepresentation, bankruptcy, and other customary events of default after expiration of any applicable notice and cure periods.

> If the net operating income set forth in the aggregate budget of the Meridian portfolio falls below 80% after the first twelve months of the term of the applicable Property Management Agreements, the Property Management Agreements may be terminated by the Joint Venture, provided the Property Manager has had six month notice and a cure period before such termination right is exercised.

> In the event the Joint Venture sells any Property to a third party, the Joint Venture shall have the right, in connection with such sale, to terminate the Property Management Agreement with the Property Manager, without cause.

> If the Property Management Agreement is so terminated, without cause, a termination fee shall be payable by the Joint Venture to the Property Manager, provided that no termination fee shall be payable in the event of a single asset sale if, immediately after such single asset sale, aggregate annual management fees (excluding incentive fees) are more than the aggregate annual management fees anticipated to be generated (anticipated to be $2.1 million on the date of closing).

> If a termination fee is payable, the termination fee shall equal the net present value of the management fees for the remainder of the term of the Property Management Agreement applying a 10% discount rate.

> All management fees shall be paid as a percentage of gross revenue. The management fee shall be 4% of the gross revenue of the Meridian portfolio.

Section Eight: Additional Information

> Based on the financial performance and occupancy of the managed facility, the Property Manager shall be eligible to receive incentive fees, once the budgeted net operating income plus 2.0% **(NOI hurdle)** is achieved. Following achievement of the NOI hurdle, incentive fees are applied on the following marginal scale:

- 40% of every $ achieved ranging from 2-5% above net operating income;
- 50% of every $ achieved ranging from 5-8% above net operating income;
- 60% of every $ achieved ranging from 8-10% above net operating income; and
- 75% of every $ achieved > 10% above net operating income.

Financing arrangements

US Borrowing

The JV Company (Borrower) will borrow up to US$160 million (Loan) from J.P. Morgan Chase Bank N.A (Lender) to assist in the funding of the acquisition of the US Portfolio. The major terms and conditions of the Loan include:

> Term of ten years.

> Interest is payable at 5.413% per annum with principal repayments based on a 30 year amortisation schedule.

> The Lender has the right to place the Loan into a securitisation program.

> The Borrower grants security over the properties comprising the US Portfolio, including future cash flows and rights under leases. The security is cross collateralised.

> The Lender has the ability to apply all cash flows from the properties against the loan principal in the event that the net income from the properties falls below 90% of the budget. The Loan can be repaid after three years, subject to a ratings affirmation that the prepayment will not effect the credit rating of the securitisation program which the loan will form part of. A pre-penalty payment applies equal to the future interest payable over the remaining term of the Loan.

> Security over an individual property will be released upon payment of 120% of the Loan amount allocated to the property, however the cash flow from the portfolio must not be less than US$16.25 million.

> A debt service coverage ratio of 1.5 times must be maintained.

Equity Bridge Finance Facility

The Fund has entered into a short term Equity Bridge Finance Facility with ING Real Estate. Under the facility, the Fund can borrow up to $49 million to fund the acquisition of the US Portfolio and a further $20 million as working capital to assist with the Fund's existing Australian Village Construction Program. The terms of the facility include;

> The borrowing is unsecured and subordinated to the Fund's existing bank facility.

> The facility must be repaid on or before 31 December 2005.

> An establishment fee payable by the Fund for the facility of $200,000

> The interest rate payable on the amount drawn down is the 90 day bank bill rate plus a margin of 40 basis points.

Section Eight: Additional Information

> Events of default include:
>
> a) Change of Responsible Entity;
>
> b) Failure to settle the US Portfolio acquisition; and
>
> c) Material adverse change in circumstances of the Fund.

> If the Fund is unsuccessful in raising sufficient equity to refinance the facility, the Fund may sell its interest in the US Portfolio back to ING Real Estate at the price at which the Fund acquired the interest, and apply the proceeds against the Equity Bridge Finance Facility.

Australian banking facility
The Fund has an existing $65 million bank facility, expiring in June 2007. The facility has a fixed rate of interest of 6.52%, and a line fee on the unused facility amount of 0.3% per annum. The facility is currently drawn down to $47 million. The facility is secured against the majority of the Fund's Australian Portfolio.

Underwriting Agreement

IML, in its capacity as the Responsible Entity of the Fund and JPMorgan (Underwriter) have entered into an Underwriting Agreement for the underwriting of the Offer, a summary of which is included below:

> **Underwriting Commitment** the underwriter will underwrite the Institutional Placement and the Offer at a price of $1.08 per unit.

> **Fees** the Underwriter is entitled to a fee equal to $2.0 million for the Offer and $0.75 million for the Institutional Placement and an advisory fee of $0.75 million. The Underwriter will be responsible for payment of any sub-underwriting fees.

> **Cost reimbursement** the Fund shall reimburse the Underwriter for all of its reasonable out of pocket expenses in relation to the Underwriting Agreement, the PDS and the Offer, including reasonable fees and disbursements of legal counsel and other professional advisers.

> **Indemnity** IML indemnifies the Underwriter and certain other indemnified parties against all Claims (as defined in the Underwriting Agreement), and loss incurred or suffered as a result of, or in connection with the Offer, the PDS and certain other breaches or acts. This indemnity is subject to certain limited exceptions, including fraud, negligence, wilful misconduct, illegality and breach of the Underwriting Agreement by an indemnified party.

> **Representations, Warranties and Undertakings** the Underwriting Agreement contains various representations, warranties and undertakings made by the Fund to the Underwriter. In addition, the agreement contains various obligations of the Fund, including that it must conduct the Offer in accordance with the transaction timetable, the Constitution, this PDS, the Corporations Act, the Listing Rules and any other applicable laws. The Fund also gives a number of undertakings to the Underwriter, including that until 90 days after date of the agreement, the Fund will not issue Units in the Fund, other than the issue of New Units under this PDS and certain other permitted issues, without the prior written consent of the Underwriter.

> **Termination** the Underwriter may terminate its obligations under the Underwriting Agreement upon the occurrence of certain termination events. The various termination events are summarised below.
>
> Those events which are subject to a materiality threshold are marked with an asterisk. These events do not entitle the Underwriter to exercise its termination rights unless, in the opinion of the Underwriter acting reasonably, the event has or is likely to have a material adverse effect on the outcome, success or settlement of the Institutional Placement or Offer or the price at which Units are sold on the ASX, or could reasonably be expected to give rise to a liability of the Underwriter under the Corporations Act or under any law, regulation or treaty.

Section Eight: Additional Information

a) Disclosures
There is an omission from the PDS of information required by the Corporations Act to be included, or a statement in the PDS is or has become misleading or deceptive in a material respect or otherwise fails to comply with the Corporations Act.

b) No quotation
Trading of Units on the ASX is suspended for more than three Business Days at any time prior to the Final Allotment Date which in the reasonable opinion of the Underwriter would have a material adverse effect on the prospects of the Institutional Placement or Offer.

The Fund is removed from the official list of the ASX or Units in the Fund cease to be quoted on the ASX.

Unconditional approval or conditional approval (provided such conditions would not in the reasonable opinion of the Underwriter, have a material adverse effect on the success or settlement of the Offer) by the ASX for official quotation of the New Units is refused or is not granted before the relevant settlement date or is granted but subsequently withdrawn, qualified or withheld.

c) Timetable
Any event in the timetable is delayed for more than three Business Days without the Underwriter's prior consent.

d) Index Indicator Rates
Either of the index indicator rates for bonds issued by the Commonwealth of Australia, which have a tenor of either three years or ten years, on three consecutive Business Days is more than 100 basis points above the index indicator rate for those bonds as published in the Australian Financial Review on the Business Day immediately before the date of the Underwriting Agreement.

e) S&P/ASX200 Property Index
The S&P/ASX200 Property Index on three consecutive Business Days is more than 10% below the S&P/ASX 200 Property Index as at close of business of the ASX on the Business Day immediately before the date of the Underwriting Agreement.

f) Notifications
Any of the following notifications are made:

> ASIC applies for an order under Part 9.5 of the Corporations Act in relation to the PDS unless it has not become public and is withdrawn by the end of the second Business Day after it is made; or

> an order or interim order is made by ASIC under section 1020E of the Corporations Act concerning the PDS or ASIC holds or gives notice of intention to hold a hearing in relation to the PDS unless it has not become public and is withdrawn by the end of the second Business Day after it is made; or

> ASIC commences any investigation or hearing under Part 3 of the Australian Securities and Investments Commission Act 1989 (Cth) in relation to the PDS unless such an investigation has not become public and is withdrawn by the end of the second Business Day after it is commenced.

g) Consent
Any person whose consent to being named in the PDS is required by the Corporations Act but refuses to provide their consent prior to lodgement of the PDS with ASIC or any person withdraws their consent to being named in the PDS (provided that if the Underwriter withdraws consent, the Underwriter acts reasonably and in good faith).

h) Withdrawal of the PDS
IML withdraws the PDS or the invitations to apply for Units under the PDS or withdraws the Institutional Placement or the Offer.

i) Breach*
IML defaults under, or breaches, any provision of this Agreement including any representation, warranty or undertaking.

j) Prosecutions*
ASIC gives notice of an intention to prosecute IML or any of its directors or employees (in their capacity as a director or employee of IML) or any of such directors or employees in such capacity is charged with an indictable offence relating to a financial or corporate matter.

k) Investigation
ASIC gives notice of intention to hold a hearing or investigation into the Fund unless such notice has not become public and is withdrawn by the end of the second Business Day after it is given.

l) Hostilities*
There is an outbreak or significant escalation of major hostilities (including acts of terrorism) in any region of the world involving one or more of Australia, the United States of America, the United Kingdom, China, Japan or Indonesia.

m) Material Contracts
Without the prior written consent of the Underwriter (such consent not to be unreasonably withheld), any of the material contracts summarised in the PDS are terminated (whether by breach or otherwise), rescinded, altered or amended in a material respect or any such contract is found to be void or voidable or it becomes the case that any of the conditions precedent in the Purchase Escrow Agreement to completion of the purchase will not be satisfied or becomes incapable of being satisfied.

n) Unauthorised alterations
IML alters its constitution, the Constitution or its or the Fund's capital or disposes of, or attempts to dispose of, a substantial part of the business or property of the Fund other than as disclosed in the PDS.

o) Certificate
Any Certificate which is required to be given under this Agreement is not given when required or a statement in that Certificate is untrue or incorrect in a material respect.

p) New circumstances
A new circumstance arises that is materially adverse from the point of view of an investor after the PDS is lodged with ASIC which would have been required by Part 7.9 of the Corporations Act to be included in the PDS if the matter had arisen when the PDS was prepared, or a supplementary PDS is, in the reasonable opinion of the Underwriter required, or because it is "defective" within the meaning of section 1021B of the Corporations Act.

q) Future matters
Any material statement as to a future matter (including without limitation any financial forecast or projection) in the PDS is or becomes incapable of being met or occurring or in the opinion of a reasonable person becomes unlikely to be met or occur in the projected timeframe.

r) False information*
Any information supplied by IML or on its behalf to the Underwriter in respect of the Offer is or is found to be false or misleading.

s) Disclosures in Due Diligence*
There is an omission from the results of the due diligence investigation performed in respect of the Fund or the results of the investigation or the verification material are false or misleading.

t) Insolvency events
An insolvency event occurs in relation to IML or the Fund.

u) Adverse changes*
After the date of the Underwriting Agreement there is a material adverse change, or an act or omission by IML or a development which could reasonably be expected to result in a material adverse change, in the assets, liabilities, financial position, performance (including profitability) or prospects of the Fund.

Section Eight: Additional Information

v) Change of law*
There is a change in law or policy which has or could adversely alter any material condition relating to the Institutional Placement or the Offer or the tax position of the Fund.

w) Disruption in financial markets*
There occurs any material adverse change or material adverse disruption to the political or economic conditions or financial markets in Australia, the United Kingdom, the United States of America or the international financial markets or any material adverse change or development involving a prospective material adverse change in national or international political, financial or economic conditions. A general moratorium on commercial banking activities in Australia, the United Kingdom or the United States of America is declared by the relevant central banking authority in any of those countries and remains in force for two consecutive Business Days, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries which remains in force for two consecutive Business Days.

x) Trading in securities*
Trading on all securities on the ASX, the London Stock Exchange, New York stock exchange is suspended or limited in a material way for one business day.

y) Supplementary PDS
Failure to lodge a supplementary PDS in accordance with the Underwriting Agreement.

Trust Constitution

The Trust is governed by a Constitution dated 25 November 2003, as amended by deed poll dated 27 February 2004 and replaced by deed poll dated 29 April 2004 and further amended by deed poll dated 11 May 2004. The Trust has been registered with ASIC as a managed investment scheme under Chapter 5C of the Corporations Act. The following is a summary of the key features of the Constitution of the Fund. The summary does not contain all information involved in the Fund's Constitution which should be read for a more complete description on unitholder rights.

Constitution	The rights and obligations of Unitholders and IML are governed by the Constitution and the Corporations Act. As the Fund is a registered managed investment scheme, registered under Chapter 5C of the Corporations Act, the Constitution has been lodged with ASIC and may be obtained from RE upon request.
Responsible Entity	As the responsible entity of the Fund, IML is responsible to Unitholders for its operation and owes duties under Chapter 5C of the Corporations Act and also fiduciary duties as trustee of the Fund.
	IML may only retire in circumstances provided for in the Corporations Act. Unitholders may remove IML as responsible entity by complying with the procedures set out in the Corporations Act.
Remuneration of the Responsible Entity	IML is entitled under the Constitution, to the extent permitted by the Corporations Act, to receive fees for acting as the Responsible Entity of the Fund and to be paid or reimbursed for certain costs incurred in the proper performance of duties in relation to the Fund. Please see Section Seven: Fees and costs of this PDS for more information in relation to fees.
Limitation on liability	Subject to the Corporations Act, the liability of IML to any person (including a Unitholder) in respect of the Fund is limited to IML's ability to be indemnified from the assets of the Fund.
	IML is entitled to be indemnified out of the assets of the Fund for any liability incurred by it in properly performing or exercising any of its powers or duties in relation to the Fund. To the extent permitted by the Corporations Act, the indemnity includes any liability incurred as a result of any act or omission of a delegate or agent appointed by IML.

Section Eight: Additional Information

Trust Constitution

Termination of the Trust	The Trust continues for a period of eighty years from 25 November 2003.
Rights and Liabilities Attaching to Units	The Constitution provides that subject to the rights attached to a class of Units, all Units have the same rights attached to them. IML may create and issue classes, and may determine the rights attached to each class. Subject to any rights or restrictions attached to any class of Units, on a show of hands each Unitholder present and each other person present as a proxy, attorney or representative of a Unitholder has one vote. On a poll, each Unitholder present and each person present as proxy, attorney or representative of a Unitholder has one vote for each one dollar of the value of the Units held by the Unitholder. A Unitholder's liability is limited to the unpaid part (if any) of Units held.
Distributions of Income and Capital	Subject to the rights attached to any class of Units, Unitholders are entitled to distributions of income and capital in proportion to the number of Units of which they are registered holders, and according to the proportion of the price paid on partly paid Units.
Transfer of Interests	An interest may be transferred in accordance with the Corporations Act and the Listing Rules.
Withdrawing from the Scheme	A Unitholder may withdraw from the Scheme in accordance with any current withdrawal offer made by IML. Where there is no withdrawal offer open, a Unitholder has no right to withdraw.
Redemption	IML may impose conditions on the redemption of Units including that the Units must have been held for a specified period, that only a specified percentage of Units may be redeemed within a specified period and that the redemption amount not be paid directly to the Unitholder but be applied to acquire securities in another entity on behalf of the Unitholder.
Meetings of Unitholders	IML may at any time convene a meeting of Unitholders, and notice must be given in accordance with the Corporations Act and Listing Rules.

Compliance Plan & Compliance Committee

Under the Corporations Act, the Fund is required to register a Compliance Plan with ASIC. The Compliance Plan for the Fund describes the procedures that IML will apply in operating the Fund to ensure compliance with the Corporations Act, the Constitution and all other applicable laws.

A Compliance Committee has been established which will be responsible for monitoring IML's compliance with the Compliance Plan and which will report on its findings to the Board.

Disclosure of fees of professional advisers

Refer to Section Seven: Fees and costs for further information on fees paid and payable to professional advisers.

Section Eight: Additional Information

Consents & disclaimers

Written consents have been given, and at the date of issue of this PDS, have not been withdrawn, by the following parties in the following terms:

Each of Computershare and JPMorgan has given, and not withdrawn its consent to be named in this PDS in the form and context in which it is named. None of these parties has caused the issue of this PDS and are not issuing Units under this PDS. None of these parties makes, or purports to make, any statement in this PDS or any statement on which a statement in this PDS is based, and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this PDS, other than as set above.

Healthtrust LLC has given and not withdrawn its consent to be named in the form and context in which it appears in this PDS and to the inclusion of its valuation report in Section Six of this PDS.

Ethical, social & environmental considerations

IML will not take into account labour standards, social or ethical considerations in selecting, retaining or realising investments for the Fund. Environmental issues will be taken into account as part of normal property due diligence.

ASX Waivers

The ASX has granted waivers of Listing Rules 7.1 and 10.11 to the extent necessary to:

> Permit IML to make the Offer in the manner described in this PDS without the requirement to obtain Unitholder approval; and

> Permit related parties of IML to participate in the Offer up to the extent of their Entitlement on the same terms as other Unitholders without the requirement to obtain Unitholder approval.

The Listing Rules 7.1 and 10.11 waivers are subject to conditions. The effect of these conditions is to permit IML to offer Units pro rata to certain Eligible Institutional Unitholders under the Institutional Entitlement Offer, prior to offering Units to the Eligible Retail Unitholders, as long as:

> Eligible Institutional Unitholders who sell down their holding of Units before the Record Date have their pro rata allocations reduced accordingly; and

> Units are issued under the Institutional Entitlement Offer and the Retail Entitlement Offer at the same price and on the same approximately two for three basis and the underwritten price for the Institutional Entitlement Offer and the Retail Entitlement Offer is the same.

The waivers set out the arrangements for dealing with holdings registered in the names of nominees. In particular, a nominee Unitholder is treated as a separate holder in respect of Units held for each of one or more Unitholders (and, accordingly, may receive both offers under the Institutional Entitlement Offer in respect of Units held as nominee for Eligible Institutional Unitholders and offers under the Retail Entitlement Offer in respect of Units held as nominee for other persons). Offers under the Institutional Entitlement Offer will be treated as being made to the nominee, and therefore to an Eligible Institutional Unitholder, even where made directly to the Eligible Institutional Unitholder for whom the nominee holds.

The waivers also allow IML to ignore, for the purposes of determining those entitled to receive entitlements under the Offer transactions occurring after the announcement of the trading halt in Units on 29 August 2005 (other than registrations of SEATS transactions which were effected before the announcement or registration of the allotment of Units under the Institutional Placement) (post ex-date transactions). Transactions ignored under this provision are to be ignored in determining holders and registered holders, and holdings and registered holdings, of Units as at 5pm on the Record Date, and references to such holders, registered holders, holdings and registered holdings are to be read accordingly. Therefore, if you have acquired Units in a post ex-date transaction, IML may determine that you will not be entitled to receive an Entitlement in respect of those Units.

Section Eight: Additional Information

The ASX has also granted waivers of Listing Rules 3.20 and 7.40 to the extent necessary to permit the Offer to proceed on the timetable described in this PDS on condition that the Offer timetable is acceptable to ASX.

Overseas Unitholders

This PDS does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

IML will not take any account of the capacity in which registered unitholders hold their units. Return of a duly completed Entitlement and Acceptance Form will be taken by IML to constitute a representation that the applicant is physically present in Australia or New Zealand. Eligible Unitholders who are nominees, trustees, custodians or who otherwise hold units on behalf of persons outside Australia and New Zealand are therefore advised to seek independent advice as to how they should proceed and are responsible for ensuring any acceptance of New Units under the Offer does not breach securities laws in the relevant overseas jurisdictions.

Rounding of Units

Fractional Entitlements to New Units have been rounded up to the nearest whole number of New Units. Where IML considers that holdings have been split to take advantage of the rounding up, IML reserves the rights, to the extent permitted by law, to aggregate the holdings of the relevant Unitholders for the purpose of determining Entitlements.

Governing law

This PDS and the contracts which arise on acceptance by IML of Applications are governed by the law applicable in New South Wales. Each Applicant submits to the exclusive jurisdiction of the courts of New South Wales.

Related party disclosures

IML, as Responsible Entity of the Fund has entered into the Equity Bridge Finance Facility with ING Real Estate, a Related Party of IML. Further details on Equity Bridge Finance Facility are set out earlier in this section.

Interests of Directors in the Fund

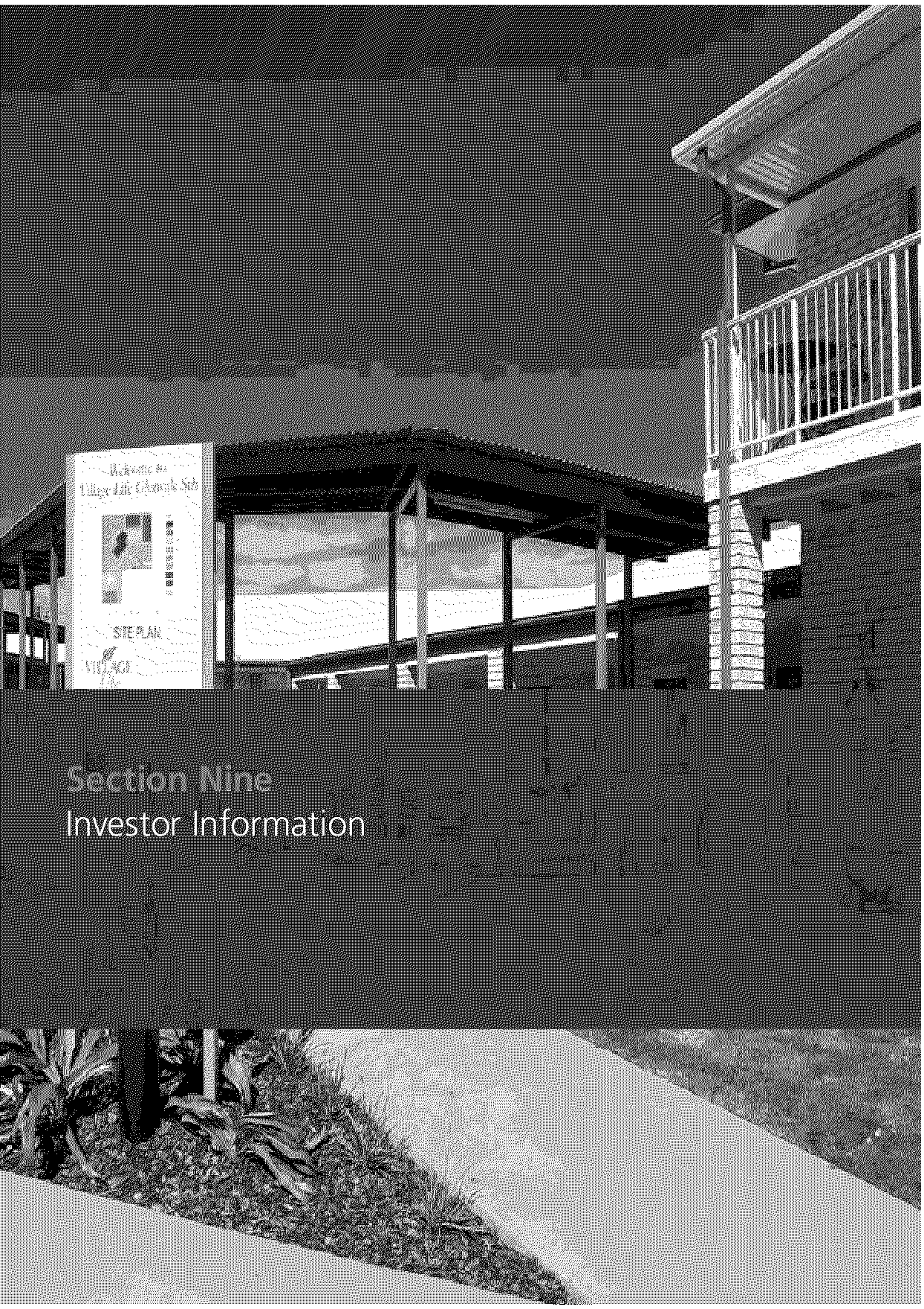
At the date of this PDS, no Directors of IML hold interests in the Fund.

Photographs

The properties depicted in photographs in this PDS are properties in which the Fund has or will have an interest unless otherwise stated.

Directors' authorisations

Each Director of IML has consented to the issue of this PDS and the lodgement of this PDS with ASIC.



Section Nine
Investor Information

Section Nine: Investor Information

Distributions

IML intends to distribute the net income of the Fund to you quarterly. The first distribution is expected to be paid in January 2006, for the period from the date of allotment of New Units pursuant to this PDS to 31 December 2005. The proposed dates for the distributions for 2005/2006 year are outlined in the table below.

Quarter ending[1]	Distribution payment date
31 December 2005	27 January 2006
31 March 2006	20 April 2006
30 June 2006	27 July 2006
30 September 2006	20 October 2006

[1] These distribution payment dates arte indicative only and are subject to change.

Distributions will be paid by direct credit into your nominated bank, building society or credit union account. Direct credit payments are deposited into your account as cleared funds on the payment date.

Distribution Reinvestment Plan

Under the terms of the Fund's Constitution, IML has established a Distribution Reinvestment Plan (DRP), to allow unitholders a convenient and cost effective method of increasing their unitholding in the Fund by reinvesting all or part of their income distributions in the form of additional Units in the Fund.

The principal terms of the DRP are outlined below:

> Participation is voluntary and Unitholders may choose to join, vary the nature of any participation or cease to participate in the DRP at any time as provided for under the DRP rules;

> at the time of an eligible distribution payment, the cash distribution paid in relation to Units nominated as participating in the DRP will be automatically reinvested in the acquisition of additional Units. IML in its absolute discretion may either issue Units to Unitholders or cause Units to be acquired on-market for transfer to Unitholders;

> Units transferred or allotted pursuant to the DRP may be acquired by the participant at a discount to the average of the daily volume weighted average prices per Unit sold on ASX during the period of 5 trading days immediately following the ex-distribution date or where there has been no trading during this time, the weighted average market price calculated on the last five sales;

> IML may vary the discount, which is not to exceed 10%, by giving 30 days notice to the participants in the DRP;

> participants in the DRP will pay no brokerage, commission or stamp duty in respect of the Units acquired under the DRP;

> all Units of a class acquired under the DRP will rank equally in every respect with the existing Units of that class, including the nature of distribution rights. In respect of all Units allotted under the DRP, IML will immediately apply for official quotation by ASX of those Units;

> IML will provide participants with a statement after each Unit transfer or allotment under the DRP detailing the nature of the Unitholder's participation in the DRP; and

> IML will have the discretion to amend the DRP rules including the termination or suspension of the DRP.

Section Nine: Investor Information

Updated information

Information about this investment may need to be updated by IML from time to time. All updated information will be available from ING Real Estate's website (www.ingrealestate.com.au/investment). A paper copy of the updated information is available without charge by contacting Computershare on 1300 552 270 (local call cost).

Unit Registry

Questions relating to address changes, distribution instructions, Annual and Half Yearly Reports or any other registration matters should be directed to Computershare as follows:

Computershare Investor Services Pty Limited
Level 27, Central Plaza
One 345 Queen Street
Brisbane QLD 4000
Telephone: 1300 552 270 (local call cost)
Email: brisbane.services@computershare.com.au

Complaints

All complaints relating to the Fund will be governed by the Fund's Constitution as well as IML's Complaints Policy. IML's Complaints Policy is set out on ING Real Estate's website (www.ingrealestate.com.au/investment).

Under the terms of this policy, IML will attempt to resolve all complaints within 48 hours of the complaint being received. If the complaint is not resolved within this timeframe the complainant will be advised and IML will do everything necessary to resolve the complaint in a timely manner. Anyone wishing to register a complaint should contact IML as follows:

Investor Relations
ING Management Limited
Level 6, 345 George Street
Sydney NSW 2000
Email: realestate@ingrealestate.com.au
Telephone: (02) 9033 1035

Should the complaint remain unresolved or the complainant wish it to be investigated further, the complainant will be referred to the independent dispute resolution scheme Financial Industry Complaints Service, of which IML is a member. Their contact details are:

Financial Industry Complaints Service
PO Box 579
Collins Street West
Melbourne VIC 3007
Telephone: 1300 780 808
Email: fics@fics.asn.au
www.fics.asn.au

Section Nine: Investor Information

The following comments provide a general guideline on the Australian taxation implications of investing in the Fund. These comments are based on current taxation law and practice, which may be subject to change. The comments also assume that Units acquired by the investor are held as a capital investment asset rather than as a trading asset and assume that Unitholders are residents of Australia for income tax purposes.

You should consult your own professional adviser on the tax implications of making an investment in, holding and disposing of, Units in the Fund and the receipt of income or other distributions from Units in the Fund under Australian law and the laws of any other countries in which they are liable to taxation.

Taxation of Responsible Entity of the Fund

IML should not be subject to Australian taxation on net income derived for tax purposes provided that it is fully distributed or reinvested on your behalf at your direction.

Taxation of Unitholders

Distributions from the Fund
Distributions to you, or reinvestments on your behalf, will have taxation implications for you in the year ended 30 June in which your entitlement arises.

Distributions from the Fund will potentially include a number of different components which may receive different taxation treatments. The components may include tax assessable income, tax deferred income, net capital gains and discount capital gains. You will be able to identify the components of distributions from the annual tax statement which will be issued by IML for the year of income.

Tax assessable income
Tax assessable income is simply the taxable income component of the income of the Fund to which you are entitled. This amount will be included in your assessable income.

Where tax assessable income is derived from US sources, this will be separately identified in your statement, along with any details of any foreign tax credits (in respect of US tax paid) to which you may be entitled.

Tax deferred income
Tax deferred income relates primarily to distributions associated with favourable tax timing differences; that is, taxable income being less than accounting income. In the circumstances of the Fund these timing differences may include, in particular, those relating to tax claims for building allowances and capital allowances in respect of depreciating assets forming part of investments held by IML, as well as deductible capital expenditure to raise equity for the Fund.

Tax deferred income will not ordinarily be included in your assessable income. It may, however, give rise to a capital gain in certain circumstances. In broad terms, a capital gain will arise to the extent that the total tax deferred distributions during the period of ownership of a Unit exceeds the cost base of the Unit. The capital gain to be included in your assessable income may be reduced if the capital gains tax (CGT) discount is available (refer "CGT discount for Unitholders" in this Section of the PDS).

In addition, tax deferred income will impact upon your CGT position upon disposal of Units because tax deferred income distributed to you reduces the cost base of the Units. This results in a relatively greater capital gain when the Units are disposed of in the future.

Net capital gains
If IML sells a capital asset of the Fund which it has not held for at least 12 months, any capital gain arising on disposal will be included in the calculation of the net capital gain of the Fund available for distribution.

The net capital gain component of the distribution will be included in your assessable income. Such gains are not eligible for the CGT discount.

Section Nine: Investor Information

Taxation Consequences

Discount capital gains
If IML sells a capital asset which it has held for at least 12 months, any capital gain arising on disposal will ordinarily be reduced by 50% for the purposes of calculating the net capital gain of the Fund available for distribution.

The discount capital gain component of a distribution should be grossed up by the amount of the discount (that is, to the amount of the original capital gain realised by the Fund) for the purposes of calculating your net capital gain. You may then be able to claim a discount in your own right according to your own particular circumstances. The discount rate that can be applied by individuals and trusts is 50% and for complying superannuation entities the discount rate is 33.3% (companies are not eligible for any CGT discount).

The non-assessable discount component of discount capital gains does not result in a reduction in the cost base of the Units.

Disposal of Units in the Fund
Disposal of Units in the Fund during the term of the investment may be by way of sale/transfer.

Capital gains may arise on the disposal of Units in the Fund. For CGT purposes, Units in the Fund will be taken to have been acquired by you pursuant to the Offer contained in this PDS on the date the Units are issued, for a cost base equal to the Issue Price per Unit, plus any incidental costs of acquisition.

Capital gains will generally equal the excess (if any) of the consideration received for disposal of Units over the cost base. As noted above, tax deferred distributions will reduce the cost base of Units.

The amount of the capital gain to be included in your assessable income may be reduced where CGT discount is available (refer "CGT discount for Unitholders" in this Section of the PDS).

A capital loss may arise where the cost base (reduced for tax deferred distributions) exceeds the consideration received upon disposal.

CGT discount for Unitholders
If you are an individual, trust or complying superannuation entity that has owned the Units for at least 12 months, a CGT discount may be available. In this case, the amount of the capital gain to be included in your assessable income may be reduced by 50% for individuals and trusts and 33.3% for complying superannuation entities. Companies are not eligible for the CGT discount.

Fund losses
Revenue losses or net capital losses incurred by the Fund cannot be distributed to members. Net capital losses may, however, be available to offset future capital gains of the Fund. The availability of revenue losses to offset future assessable income of the Fund will depend on the satisfaction of certain statutory tests, in particular, the 50% Stake Test (effectively a continuity of ownership test).

Complying superannuation entities
A number of restrictions are placed upon the types of investments which a complying superannuation entity may make. These restrictions should not ordinarily prevent or limit an investment in the Fund.

Indirect taxes
The acquisition of Units pursuant to the Offer contained in this PDS should not attract stamp duty or the Goods and Services Tax.

Tax File Numbers
If you do not provide a tax file number or details of exemption, your Application may be declined by IML.

Section Nine: Investor Information

Regular reporting & disclosure obligations

The Fund is listed on ASX and its Units are quoted on ASX under the code ILF.

As the Fund is a disclosing entity under the Corporations Act, it is subject to regular reporting and disclosure obligations. Broadly, these obligations require the preparation of both yearly and half yearly financial statements, a report on the operations and undertaking of the Fund during the relevant accounting period and an audit review report. Copies of Documents lodged with ASIC in relation to the Fund may be obtained from, or inspected at, an ASIC office. You are entitled to obtain a copy of the following documents:

i) the annual financial report most recently lodged with ASIC by the Fund;

ii) any half-year financial report lodged with ASIC by the Fund after lodgement of that annual financial report and before the date of this PDS; and

iii) any continuous disclosure notices given by the Fund after the lodgement of that annual report and before the date of this PDS.

IML is to immediately notify the ASX of any information, concerning the Fund of which it is or becomes aware of, which a reasonable person would expect to have a material effect on the price or value of Units in the Fund, subject to certain limited exceptions relating to confidential information.

Copies of all ASX announcements lodged will be made available on our website (www.ingrealestate.com.au/investment).

Similarly, copies of any documents lodged with the ASIC in relation to the Fund may be obtained from, or inspected at, an office of the ASIC.

Privacy

ING are committed to ensuring the confidentiality and security of your personal information. ING are bound by the Privacy Act and the National Privacy Principles regulated by the Federal Privacy Commissioner as guidance in the responsible handling of personal information.

If you complete the Entitlement and Acceptance Form, you will be providing personal information to IML (directly and/or via the Fund's Registry). IML (and the Fund's Registry on their behalf) collect(s), hold(s) and use(s) that personal information in order to assess your application, service your needs as an investor, provide facilities and services that you request and carry out the appropriate administration of the Fund. IML may also use that personal information for the purpose of sending you information relating to other ING Group investments which may be of interest to you.

The ING Privacy Policy detailing the handling of personal information is available on request. You may request access to the information held by ING about you and your investment in the Fund by contacting the IML Privacy Officer as follows:

Privacy Officer
ING Management Limited
Level 6, 345 George Street
Sydney NSW 2000
Email: realestate@ingrealestate.com.au
Telephone: (02) 9033 1012

You may also contact the Privacy Officer if you do not wish to receive any marketing information from us.

Questions/further information

Before deciding to invest in the Fund you should consult your broker, financial adviser or other licensed professional adviser.

If you have questions in relation to the Offer or require further information please contact the Fund's Registry by:
> emailing brisbane.services@computershare.com.au; or
> calling 1300 552 270 (local call cost).

Glossary

A$ or $	Australian dollars
Application Monies	The amount of New Units being subscribed for multiplied by the Issue Price
AIFRS	Australian equivalent of International Financial Reporting Standards
ASIC	The Australian Securities and Investments Commission
ASX	Australian Stock Exchange Limited (ABN 98 008 624 691)
Australian Borrowings	The $65 million facility used to acquire villages in Australia.
Australian Portfolio	The 35 properties owned by the Fund located in Australia.
Australian Village Construction Program	The construction of ten villages on land owned by the Fund, under development and leasing agreements with VLL.
Baby Boomers	Individuals born between 1946 and 1964
CGT	Capital gains tax per Part 3 of the Income Tax assessment Act 1997 (Cth).
Chartwell	Chartwell Seniors Housing REIT Inc
Computershare	Computershare Investor Services Pty Ltd the Fund's Registry.
Constitution	The constitution dated 25 November 2003 of the Fund as amended
Corporations Act	The Corporations Act 2001 (Cth)
Directors	Directors of IML
DRP	The Fund's Distribution Reinvestment Plan as amended from time to time
Early Acceptance Date	12 September 2005, being the date by which completed Entitlement and Acceptance Forms must be received at the Fund's Registry in order for New Units to be allotted on 19 September 2005.
Eligible Institutional Unitholders	Eligible Unitholders who are also Institutional Investors which receive an Institutional Entitlement Offer (whether or not it accepted that offer).
Eligible Retail Unitholders	Eligible Unitholders who are not Institutional Investors.
Eligible Unitholders	Unitholders as at 5:00pm (AEST) on Record Date that are residents of Australia and New Zealand.
Entitlement	The Entitlement to two New Units for every three Units held at 5:00 pm (AEST) on the Record Date by persons with a registered address in Australia or New Zealand
Entitlement and Acceptance Form	A personalised form accompanying this PDS where provided to investors setting out their Entitlement
Equity Bridge Finance Facility	A short term finance facility provided to the Fund on or about 17 August 2005. Refer Section Eight: Additional information.
Existing Units	Units on issue on the Record Date.

Glossary

Final Allotment	The allotment of New Units to Eligible Retail Unitholders who apply for New Units under the Offer later than 5pm on the Early Acceptance Date but before 5pm on the Final Closing Date.
Final Closing Date	21 September 2005, being the date by which completed Entitlement and Acceptance Forms must be received at the Fund's Registry in order to receive New Units under the Offer.
Forecast	The financial forecast set out in Section Four: Financial information.
Forecast Period	The period from 1 July 2005 to 30 June 2006
Fund	The ING Real Estate Community Living Fund.
Gearing	Total debt to total assets
GST	Goods and services tax
Horizon Bay	Horizon Bay Management LLC
Horizon Bay Chartwell	A joint venture between Horizon Bay and Chartwell to manage the US Portfolio
HealthTrust	HealthTrust LLC, an independent appraiser/valuer
IML	ING Management Limited (ABN 15 006 065 032; AFSL Number 237534)
ING Group	The global ING Company, ING Groep N.V and its controlled entities.
ING Real Estate	ING Real Estate (B) B.V. a subsidiary of ING Group and its controlled entities.
ING Real Estate Investment Management Australia	ING Real Estate Investment Management Australia Pty Limited (ABN 91 096 136 202) a subsidiary of ING Real Estate and its controlled entities.
Initial Allotment	The allotment of New Units to: a) Eligible Institutional Unitholders who apply for New Units under the Institutional Entitlement Offer; and b) Eligible Retail Unitholders which apply for New Units under the Retail Entitlement Offer before 5pm on the Early Acceptance Date.
Institutional Investor	A wholesale client within the meaning of Section 761G of the Corporations Act.
Institutional Placement	A placement to a wholesale client within the meaning of Section 761G of the Corporation Act.
Institutional Entitlement Offer	The offer of New Units PDS to certain Eligible Unitholders who are Institutional Investors
Issue Price	$1.05 per New Unit
JPMorgan	J.P. Morgan Australia Limited (ABN 52 002 888 011; AFSL Number 238188)
Joint Venture	Means the association of the participants in a business venture between the Fund and Chartwell.
JV Company	CSH-INGRE LLC a company incorporated in Delaware, US
Listing Rules	The listing rules of ASX which are applicable to entities admitted to the official list of ASX

Glossary

New Units	Units issued under the Offer
Offer	The Offer pursuant to this PDS comprising two parts: Retail Entitlement Offer and Institutional Entitlement Offer.
PDS	This document which is a product disclosure statement for the purposes of the Corporations Act.
Purchase & Escrow Agreement	The agreements to purchase the US Portfolio from Meridian Retirement Communities LLC and the setting aside of $3.8 million of the purchase price to bring income received from residents up to market. Refer Section Eight: Additional information.
Record Date	2 September 2005, the date for determining Entitlement to New Units.
Register	The register of persons who hold Units and includes the relevant Chess sub-register and issuer sponsored sub-register established under ASTC Settlement Rules, but for the purposes of allowing inspection, shall not include any sub-register or supporting material which records the Tax File Number or other tax attributes of a Holder or another person.
Registry	Computershare Investor Services Pty Limited (ABN 48 078 279 277)
Responsible Entity	IML
Retail Entitlement Offer	The offer under this PDS to Eligible Retail Unitholders.
Seniors	People aged 65 years or older
Sq ft	Square feet
TFN	Tax File Number.
Underwriter	J.P. Morgan Australia Limited (ABN 52 002 888 011).
Underwriting Agreement	The agreement between IML and the Underwriter dated on or about 26 August 2005 under which the Underwriter have agreed to underwrite the Offer
Underwritten Price	The price at which the underwriter will purchase any entitlements not subscribed for by unitholders
A Unit in the Fund.	A unit in the Fund.
Unitholder	A person who is registered as the holder of a Unit in the Fund's register of members.
US	The United States of America.
US$	US dollars.
US Borrowings	US$160 million loan set out in the US Borrowing Loan Agreement between the Joint Venture and J.P. Morgan Chase Bank N.A.
US Portfolio	Five Senior's living facilities in Colorado (Arvada Meridian, Boulder Meridian, Lakewood Meridian, Westland Meridian, Englewood Meridian) and one facility in Texas (Temple Meridian).
VLL	Village Life Limited (ABN 47 081 797 033)

Directory

Issuer & Responsible Entity

ING Management Limited
ABN 15 006 065 032
Level 6, 345 George Street
Sydney NSW 2000
Telephone: (02) 9033 1000
Facsimile: (02) 9033 1059
Website: www.ingrealestate.com.au/investment

Directors of IML
R J Colless (Chairman)
D P Blight
M Easson AM
P F Scully
H S Thomson (as alternate for D P Blight)

Secretaries
S S Rouvray
H S Thomson
A A Crawford

Fund's Registry
Computershare Investor Services Pty Limited
ABN 48 078 279 277
Level 27, Central Plaza One
345 Queen Street
Brisbane QLD 4000
Telephone: 1300 552 270 (local call cost)
E-mail: brisbane.services@computershare.com.au

Enquiries
For any enquiries, please contact your broker, financial or other professional adviser, or phone the Fund's Registry on 1300 552 270 (local call cost).

Underwriter
J.P. Morgan Australia Limited
Level 32
Grosvenor Place
225 George Street
Sydney NSW 2000