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ASX Announcement
ING Real Estate Community Living Fund ("ILF")

1 February 2006

Fund update - Confirming estimated FY07 distribution forecast of 10.4cents per unit

ING Real Estate Community Living Fund ("ILF") has an ownership interest of A$127m in assets leased to Village Life Limited ("Village Life Assets"), which represents 27% of ILF's total assets of A$476m. Village Life Limited ("VLL") has today requested trading suspension from the Australian Stock Exchange and announced a strategic review and trading update.

The table below sets out the Village Life Assets by age, value and occupancy history:

Asset age	Value (A$m)	Occupancy History		
		30-09-2005	31-12-2005	31-01-2006
<12 months				
Villages	44.5	11	11	11
Occupancy		59%	64%	66%
> 12 months				
Villages	64.6	13	15	15
Occupancy		81%	82%	82%

As Village Life Assets are completed they experience a lease up period, which typically lasts 6-12 months, to achieve a stabilised occupancy. The Village Life Assets that have been operating for over 12 months, have an average underlying occupancy of 82%.

VLL has entered into lease agreements with ILF on the Village Life Assets based on an occupancy level of 95%. As such, if VLL were unable to meet their lease obligations, ILF would be exposed to the underlying occupancy of the Village Life Assets.

ING Management Limited ("IML") as Responsible Entity for ILF has put in place various measures in the event that VLL defaults under its lease obligations. These include the implementation of a business recovery plan involving:

1) Stapling of an operating entity to the trust to facilitate internal management of the villages, pursuant to unitholder approval obtained 31 October 2005
2) Discussions with other experienced seniors housing operators who would assume management of the villages
3) Implementation of fixed and floating charges over the rental account and other assets of the operating entity
4) Equitable mortgage over 5,104,000 units in ILF which are owned by VLL
5) Further diversifying ILF's tenant and asset type

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Based on the current underlying occupancy of the Village Life Assets, if VLL were to default under its lease obligations and there were to be no improvement in occupancy across the portfolio, the impact on ILF would be a reduction in income of A$3.6m per annum, or 1.69cents per unit. This assumes the unlikely event that there is no further leasing up of the assets which have been in operation for under 12 months.

IML estimate that the long term occupancy of Village Life Assets which have been in operation for over 12 months is 90%. This is consistent with the long term occupancy of VLL's total portfolio of assets which have been in operation for over 12 months. Assuming the occupancy of the Village Life Assets increases to 90%, the impact on ILF of VLL defaulting under its lease obligations would be a reduction in income of A$1.2m per annum, or 0.54cents per unit.

In the event that VLL defaulted under its lease, IML would take charge over and deal with VLL's 5,104,000 units in ILF, which based on the closing ILF price of A$1.21 is valued at A$6.2m, and use the proceeds to offset any reduced income to ILF resulting from the default. IML confirms its estimated FY07 distribution forecast of 10.4cents per unit.

ILF remains committed to funding its 9 Village Life Assets under construction. The development contracts for these assets are fixed price and IML, as Responsible Entity for ILF, has step in rights to manage the development process in the event that VLL does not continue to meet its obligations under the development agreement.

Since becoming the Responsible Entity of ILF on 20 June 2005, IML has sourced over A$350m of asset acquisitions for ILF, which has diluted its exposure to Village Life Assets to 27% of asset value and is forecast to deliver an expected uplift of 15% to FY06 IPO forecast distribution. IML continues to evaluate opportunities to diversify ILF's asset base and deliver sustainable and growing distributions to unitholders.

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