INVESTMENT MANAGEMENT

ING Real Estate Community Living Fund
Half Year Review

31 December 2006

ASIA / AUSTRALIA / EUROPE / NORTH AMERICA / UK

ING REAL ESTATE

ING Real Estate is a global real estate company, active in real estate investment management, development and finance. With a total business portfolio of over $130 billion and offices in 21 countries across Europe, North America, Asia and Australia, ING Real Estate ranks among the world's largest real estate companies. ING Real Estate is part of the ING Group, a global financial institution of Dutch origin offering banking, insurance and asset management to over 60 million private, corporate and institutional clients in more than 50 countries.

ING Real Estate in Australia manages property on behalf of over 57,000 investors. Our main activities are funds management, property and asset management and development. Our operations span global real estate markets and encompass all major property sectors – industrial, office, retail, seniors and student housing, entertainment and healthcare.

ING Real Estate Community Living Fund (ILF) is a publicly listed property trust which invests in seniors and student accommodation. Since ING Real Estate assumed management of the Fund in July 2005, the Fund has broadened its portfolio base by location, tenant and asset type and is now geographically diversified across Australia, the United States and New Zealand with assets of approximately $1 billion.

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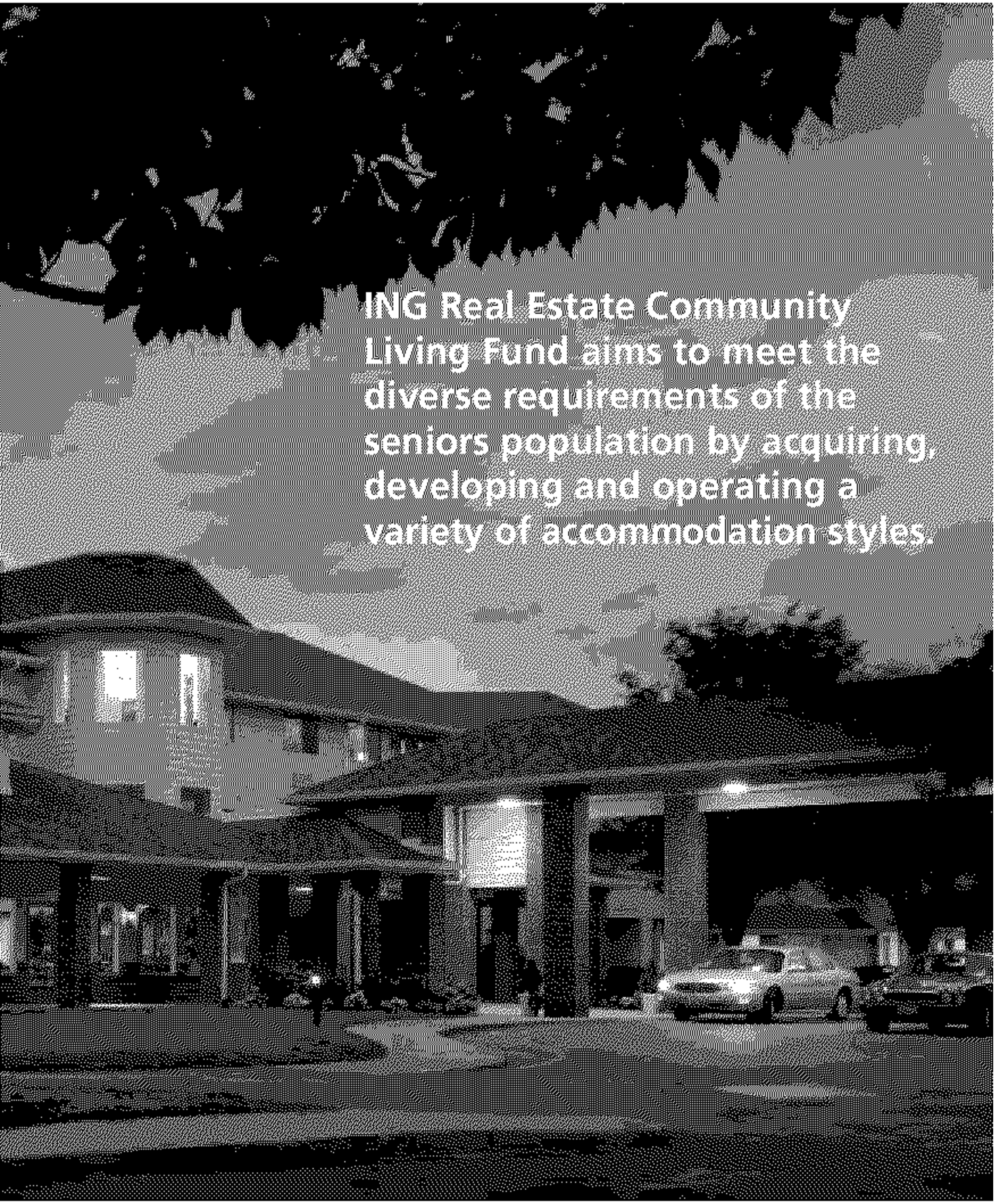

ING Real Estate Community Living Fund aims to meet the diverse requirements of the seniors population by acquiring, developing and operating a variety of accommodation styles.

Key Financial Data

Six months ended		31 Dec 2006	31 Dec 2005
ASX closing price		**$1.26**	$1.17
Distributions (cents per unit)	September	**2.68**	2.35
	December	**2.68**	2.47
Tax deferred component[1]		**92%**	100%
Annualised yield on closing price		**8.5%**	8.4%
Total return for the six months[2]		**15%**	55%
Distributable income (cents per unit)		**5.1**	4.8
Net asset value (NAV)		**$1.18**	$0.94
Market capitalisation		**$390m**	$166m
Total assets[3]		**$940m**	$310m
Gearing ratio (debt to total assets)[3]		**55.9%**	54.0%
Number of unitholders		**3,170**	1,543

[1] 2006 figure is an estimate only

[2] Source: UBS

[3] On a look-through basis

Highlights and Achievements

PERFORMED

> Distributions per unit increased 11% to 5.35 cents per unit.

> Distributable income increased 6.3% to 5.1 cents.

> Total return of 15% over the 6 months.

ACQUIRED

> Two US student assets with a combined purchase price of $US36 million.

> Through joint venture partners in Australia, three Australian properties were acquired with a combined purchase price of $13 million.

> Through the Fund's joint venture partner, Chartwell, six seniors communities in Florida and Long Island, New York for a total acquisition price of US$310 million.

REVALUED

> Revalued 66 properties across the US and Australia providing an increase of $29 million or a 3.5% increase on their book value.

> Net asset value per unit increased from $1.13 to $1.18 over the six month period.

DEVELOPED

> Completed construction of four Australian properties with a combined value of $28 million.

> Commenced construction on one Australian property with a carrying value of $9 million at 31 December 2006.

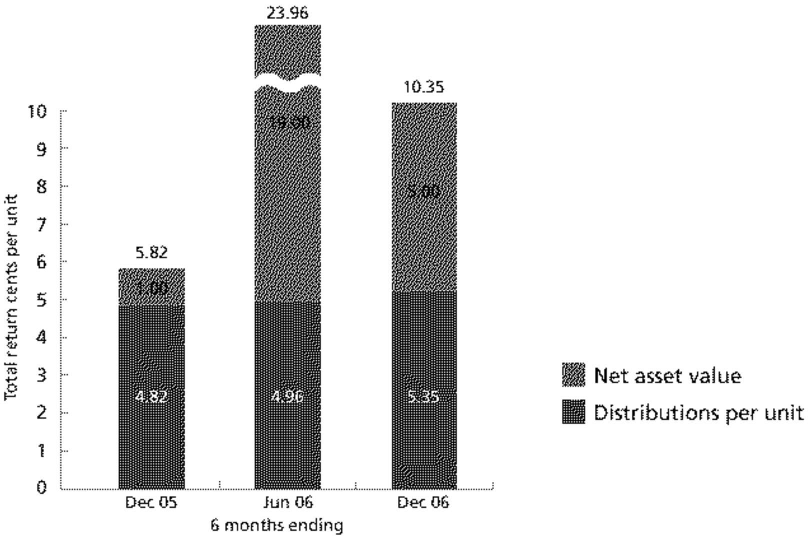
Manager's Report

ING Real Estate Community Living Fund (ILF) has performed strongly over the first half of the year to 31 December 2006, delivering a total return (income and price movement) of 15%.

Since ING Management Limited assumed management of the Fund in July 2005, the unit price has increased 56% from $0.81 at 30 June 2005 to $1.26 at December 2006. The Fund's ongoing strong performance over the first half of the year can be attributed to two factors;

> Strong rental growth from the portfolio; and
> Further success in acquiring quality assets in Australia and the United States.

Fund Performance – 18 months to 31 December 2006



OPERATING PERFORMANCE

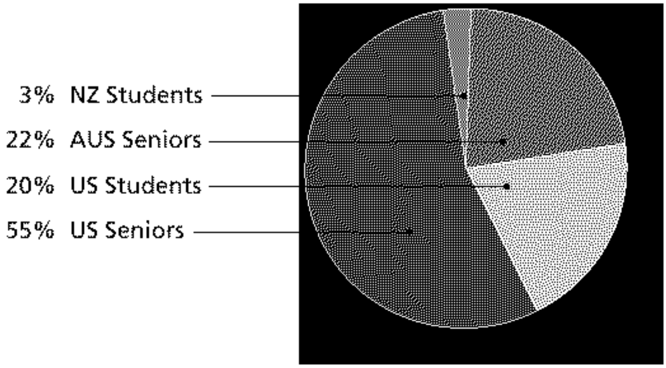
Increased exposure of the Fund to strong demographics has been the backbone of the performance for the period:

> The Fund's closing unit price at 31 December 2006 – ↑9.6%.
> Distributions per unit (DPU) – ↑11.0%.
> Distributable income – ↑215.1%.
> Net asset value (NAV) – ↑4.4%.

ACQUISITIONS

Acquisitions increased the Fund's investment property portfolio to approximately $1 billion, providing investors with a diversified exposure to a variety of asset types and locations.

Geographic Diversification at 31 December 2006



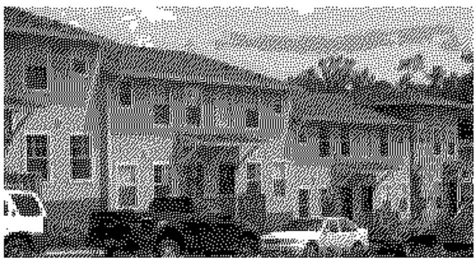
US STUDENTS

Campus Club and the Preserve, Florida

In July, ILF announced the acquisition of two collegiate-style student apartment complexes in Florida. The properties were acquired in an off-market transaction for US$36 million which reflected a 10% discount to valuation. Both properties enjoy occupancies of around 95%, in markets that have experienced similar levels of occupancy over the last three to five years.

The acquisition is the third portfolio to be sourced off-market by ILF's alliance with US based Rabil Properties. ILF's strategy for investment in student housing is to focus on states which are expected to experience strong growth in student enrolments. Florida is forecast to have the fourth fastest growth in student enrolments in the US over the 10 year period from 2001 to 2010.

Campus Club, Florida



The Preserve, Florida

US SENIORS

Lakeworth Gardens, Palm Beach, Florida

In August 2006, the Fund's joint venture with Chartwell Seniors Housing REIT (Chartwell) acquired a US$19 million seniors housing community in Palm Beach County, Florida. The asset, Lakeworth Gardens, consists of 170 independent living units and further adds to the Fund's strategic partnership with Chartwell Seniors Housing REIT (50% co-owner).

Located in the popular seniors housing destination of Miami Beach/Fort Lauderdale metropolitan area, Lakeworth Gardens complements the Fund's presence in the Florida senior's market, taking its ownership in the State to four seniors communities.

Lakeworth Gardens, Palm Beach, Florida

"Bristal portfolio", Long Island, New York

In October, the Fund's joint venture with Chartwell acquired five high quality assisted living communities in Long Island, New York for a total acquisition price of US$290 million. The portfolio, known as the "Bristal portfolio", was acquired at a discount to valuation of 1.8%.

Consisting of 640 assisted living units, the portfolio is located in the highly affluent demographic of Nassau County, Long Island, a market possessing favourable demand and supply fundamentals. Long Island has one of the highest proportions of seniors in the US, with the 85+ age group forecast to grow by 3.96% p.a. over the next five years.

Bristal portfolio, Long Island, New York

AUSTRALIAN SENIORS

Goodna Village

In October, ILF announced an agreement to enter into a joint venture with the Oak Tree Group (OTG). Under the agreement, the joint venture has the first right to acquire up to 5,000 seniors accommodation units sourced by OTG, which has identified a substantial pipeline of future seniors accommodation sites in attractive metropolitan locations throughout Australia. The OTG villages will operate as a Deferred Management Fee (DMF) model, with the joint venture intending to operate these villages under the Oak Tree brand.

The first village to be constructed is located in the Brisbane suburb of Goodna, QLD. The Goodna Village is due for completion before 31 December 2007 and has a total construction cost of $9.5 million. The village will comprise 69 one and two bedroom units ranging in size from 40 to 60 square metres. In addition, the development incorporates community facilities comprising lounge, computer room, consultation rooms, library, resident bowling green, swimming pool, covered parking and security.

Meadow Gardens

In December 2006, the Fund's joint venture with Country Club Villages (CCV) acquired the Meadow Gardens Retirement Village, Ballarat, Victoria. Meadow Gardens is a retirement village comprising 100 completed units, with a further 51 to be constructed. The village is operated under the DMF model and was a strategic addition for the joint venture which also owns Hemsley Park and Rosebank Retirement Villages in Ballarat.

The village was purchased in an off-market transaction by the joint venture for $7 million. The addition of Meadow Gardens to the CCV portfolio increases the total number of completed units to 387 and those proposed or under construction to 1,105.

Rockhampton

In December 2006, ILF announced the Country Club JV had acquired a site in the Queensland coastal city of Rockhampton for the development of a seniors lifestyle village, in response to the existing absence of a more up-market offering.

DEVELOPMENT

During the six months, construction was completed on four Australian seniors villages with a value of $28 million. A further $10 million of Australian seniors projects are in the construction phase and are expected to be completed within the next 12 months. In addition, the Fund holds interests in undeveloped land, with a value of $30 million, with construction is expected to commence within the next 12 months.

CAPITAL MANAGEMENT

Borrowings

The overall cost of debt (including margins and amortisation of facility costs) for the half-year was 6.4%, while the Fund's gearing ratio (on a look through basis) was 55.9%. The Fund has continued its policy to hedge 100% of the foreign currency balance sheet and cash flow risk arising from its foreign investments, using both borrowings denominated in United States Dollars, New Zealand Dollars, and cross currency swaps.

The future cash flows are also 100% hedged for a period of 5 years using forward foreign exchange contracts.

Distribution Re-investment Plan

Over the course of the year a total of $5.8 million was raised through the issue of 5.1 million units under the Fund's Distribution Reinvestment Plan.

STAPLING

On 11 January 2007, ordinary units in the ING Real Estate Community Living Management Trust were issued to unitholders in the ING Real Estate Community Living Fund and those units were stapled together to form stapled securities in accordance with the Product Disclosure Statement dated 20 December 2006.

The purpose of stapling is to allow the purchase of businesses which operate and develop retirement accommodation, without jeopardising ILF's tax status as a "pass through" entity and take advantage of these types of opportunities in order to acquire a wider range of assets and diversify its sources of income.

OUTLOOK

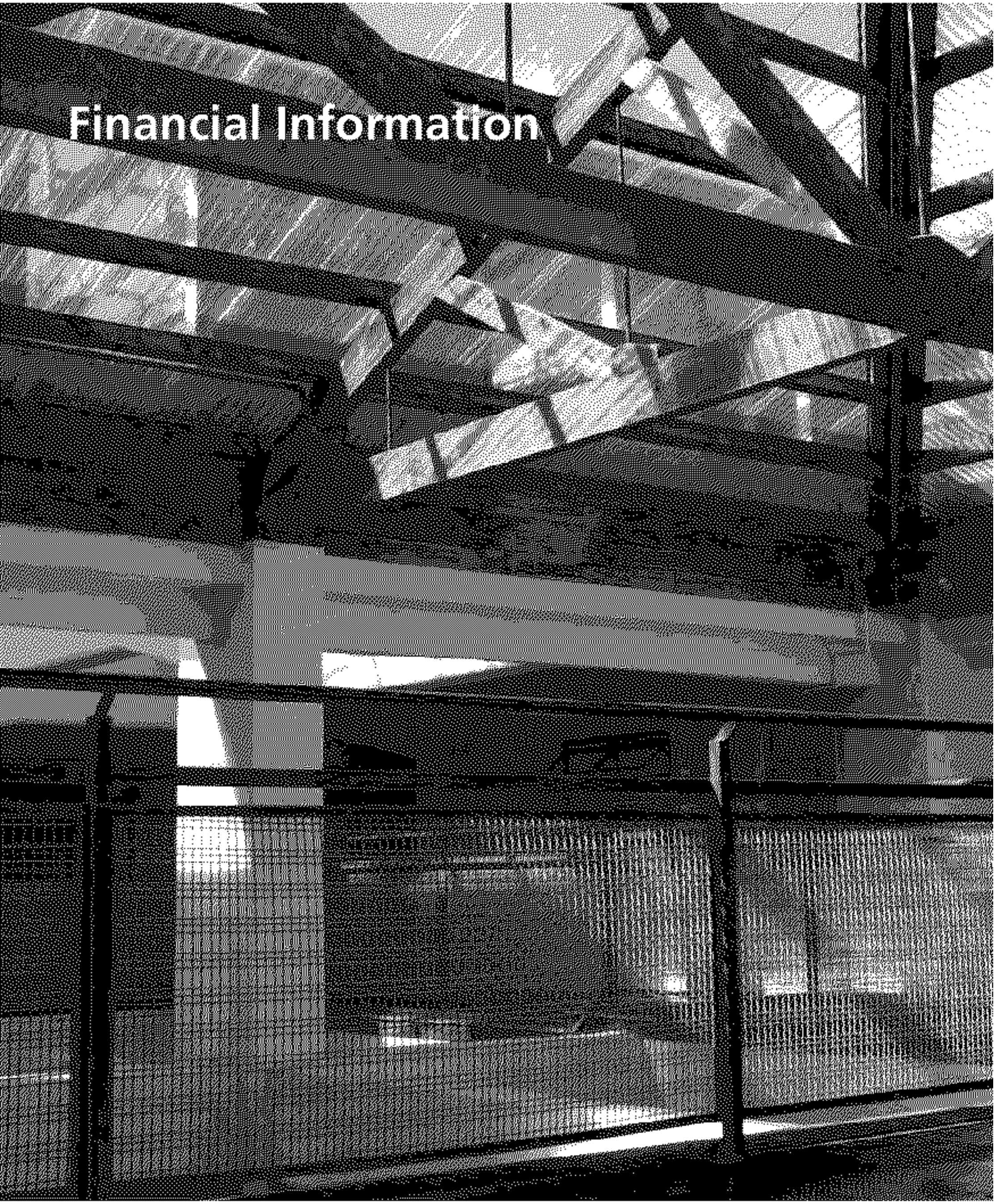
ILF is positioned to capitalise on the wave of Baby Boomers moving up the age profile and their children now crowding college campuses.

The requirements and preferences of the seniors population are diverse and will change over time. The Fund is investing in and developing a diverse range of accommodation offerings to meet these needs, and aims to be at the leading edge of the seniors housing industry.

With the establishment of new alliances with joint venture partners in Australia, and the strengthening of existing partnerships in North America, the Fund is well placed to take advantage of strong product pipelines, providing a solid platform for growth and delivering superior unitholder value.

Ian Muir
Chief Executive Officer
ING Real Estate Community Living Fund

Financial Information



Financial Information

For a copy of the Half Year accounts, please visit our website
www.ingrealestate.com.au/investment

Consolidated income statement For the six months ended 31 December 2006	31 Dec 2006 $'000	31 Dec 2005 $'000
Revenue		
Rental income	19,036	4,227
Interest income	1,320	152
	20,356	4,379
Other income		
Net foreign exchange gain	807	–
Net gain / (loss) on fair value adjustments to:		
Investment properties	(2,572)	494
Derivatives	9,413	(222)
Expenses		
Property expenses	(5,074)	(3)
Finance costs	(7,842)	(2,618)
Responsible Entity's fees	(295)	–
Other	(386)	(155)
Share of associates' net profit	39,056	2,139
Profit before income tax	**53,463**	**4,014**
Income tax expense	(6,443)	–
Net profit attributable to unitholders of the Fund	**47,020**	**4,014**
	Cents	**Cents**
Distributions per unit	5.35	4.82
Distributable income per unit	5.1	4.8
Earnings per unit – basic and diluted	15.3	3.9

Financial Information

Distribution statement For the six months ended 31 December 2006	31 Dec 2006 $'000	31 Dec 2005 $'000
Distributable income		
Distributable income is calculated as follows:		
Net profit for half-year attributable to unitholders	47,020	4,014
Adjusted for:		
Lease revenue received from property under construction	508	692
Unrealised foreign exchange losses	32	–
Net (gain) / loss on fair value adjustments to:		
Investment properties	2,572	(494)
Derivatives	(9,413)	222
Net gain on fair value adjustment to investment properties included in share of associates' net profit	(31,785)	–
Borrowing costs amortisation returned	224	517
Deferred income tax expense	6,443	–
Distributable income	**15,601**	**4,951**
Transfer from issued units	767	–
Distributable income brought forward	145	100
Distributions paid or payable	(16,480)	(5,051)
Distributable income carried forward	33	–

Balance sheet As at 31 December 2006	31 Dec 2006 $'000	30 June 2006 $'000
Current assets		
Cash and cash equivalents	15,461	52,019
Trade and other receivables	29,804	22,438
Derivatives	2,661	–
	47,926	74,457
Non-current assets		
Investment properties	370,864	271,647
Properties under construction	10,664	24,701
Investments in associates	205,828	172,042
Derivatives	5,972	2,269
Deposits	–	5,025
	593,328	475,684
Total assets	**641,254**	**550,141**
Current liabilities		
Payables	13,504	13,217
Borrowings	24,537	91,711
Derivatives	70	1,124
Provision for distribution	8,279	7,548
	46,390	113,600
Non-current liabilities		
Borrowings	214,702	83,373
Derivatives	1,864	3,859
Deferred tax liabilities	12,770	6,719
	229,336	93,951
Total liabilities	**275,726**	**207,551**
Net assets	**365,528**	**342,590**
Unitholders' interest		
Issued units	320,954	316,350
Reserves	(10,165)	3,031
Retained earnings	54,739	23,209
Total unitholders' interest	**365,528**	**342,590**
Net asset value per unit	$1.18	$1.13

Investor Relations

ENQUIRIES

Enquiries relating to the ING Real Estate Community Living Fund can be directed to the ING Real Estate Enquiry line on 1300 653 497, or for overseas callers, +61 2 8280 7057. This service is available from 8:30am to 5:30pm (Sydney time) on all business days. Information relating to the ING Real Estate Community Living Fund can be found at www.ingrealestate.com.au/investment

DISTRIBUTION PAYMENTS

Distributions are paid for the end of each calendar quarter in October, February, April and August. Unitholders can receive their distribution by direct credit into their nominated bank account or receive additional ILF units via the Distribution Reinvestment Plan (DRP).

Unitholders wishing to change their method of payment should contact the ING Real Estate Enquiry Line on 1300 653 497, or for overseas callers, +61 2 8280 7057.

DISTRIBUTION REINVESTMENT PLAN

The Distribution Reinvestment Plan (DRP) is currently in operation and allows unitholders to have their quarterly distribution payment automatically reinvested as additional ILF units at a discount to the market price, without brokerage or other transaction costs. Participation is optional and unitholders can join, vary their participation or withdraw from the DRP at any time.

2007 UNITHOLDER CALENDAR

Distribution paid for the quarter ended 31 December 2006	29 January 2007
Distribution paid for the quarter ended 31 March 2007	30 April 2007
Distribution paid for the quarter ended 30 June 2007	31 August 2007
Tax statement for the year ended 30 June 2007	31 August 2007
Annual Report published	28 September 2007

The above dates are indicative only and are subject to change. An ASX announcement will be lodged prior to the end of each period confirming the dates of distribution payments.

Other Investment Opportunities

ING Real Estate in Australia is one of the leading property fund managers in Australia. In addition to the ING Real Estate Community Living Fund we manage both listed and unlisted funds across all major property sectors – industrial, office, retail, healthcare and entertainment.

ING Office Fund (IOF)

Total assets	$3.2 billion
Annualised yield on closing price	6.8%
No. of properties	24
Tax deferred	40%*
No. of unitholders	29,576
Total return to investors (5yrs to 31 Dec 2006)	13.8%pa

OVERVIEW

The ING Office Fund invests in office properties in established global markets. The Fund owns a diversified portfolio across Australia, USA and Europe, drawing on ING Real Estate's global platform, which utilises local market expertise to source, secure and manage investments on its behalf.

* Estimate only

ING Real Estate Entertainment Fund (ILF)

Total assets	$340 million
Annualised yield on closing price	8.3%
No. of properties	28
Tax deferred	55%*
No. of unitholders	2,478
Total return to investors (3yrs to 31 Dec 2006)	16.3%pa

OVERVIEW

The ING Real Estate Entertainment Fund is a listed property trust that invests in the real estate associated with hotels, clubs and entertainment venues in key markets both in Australia and overseas. The Fund invests in properties that demonstrate a sound trading history and the potential to provide superior growth for the operator and the Fund.

ING Real Estate Healthcare Fund (IHF)

Total assets	$76.3 million
Annualised yield on closing price	7.9%
No. of properties	6
Tax deferred	85%*
No. of unitholders	2,526
Total return to investors (Since launch in May 2006)	11.5%

OVERVIEW

The ING Real Estate Healthcare Fund is the only Australian listed property trust that invests in health related real estate including hospitals, specialist medical office buildings, medical centres, health administration buildings, laboratories and research facilities.

* Estimate only

ING Industrial Fund (IIF)

Total assets	$5.3 billion
Annualised yield on closing price	6.8%
No. of properties	539
Tax deferred	35%*
No. of unitholders	20,936
Total return to investors (5yrs to 31 Dec 2006)	15.6%pa

OVERVIEW

The ING Industrial Fund invests in prime industrial properties and business parks in key global markets. The Fund owns a highly diversified industrial property portfolio located throughout Australia, Canada and Western Europe and is the largest industrial property trust listed in Australia.

Directory

ING Real Estate Community Living Fund
ARSN 107 459 576

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ING REAL ESTATE GLOBAL NETWORK

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