ASX ANNOUNCEMENT
ING REAL ESTATE COMMUNITY LIVING GROUP (ILF)
26 February 2010

ILF DECEMBER 2009 HALF YEAR RESULTS

ING Real Estate Community Living Group (ILF) today announced its half year results for the 6 months ended 31 December 2009. The Fund reported an operating income of A$10.7m, compared to A$15.0m for the previous corresponding period.

Key highlights for the period included:

- Statutory loss of A$51.6m (including fair value movements on revaluation of properties and financial instruments)
- Operating income per unit – 2.4 cents
- Look through total assets – A$825.0m[1]
- Look through gearing – 79%
- Net Tangible Assets per unit – A$0.26
- Australian debt facility extended for a three-year term
- USD capital hedges closed out during December 2009 and January 2010 at an average rate of 0.8983

ILF Chief Executive Officer, Simon Owen said, "The performance of the Fund has been affected by a number of operating and capital issues over the period. We believe that with new management in place, we are making the difficult decisions necessary to stabilise the Fund and restore value for unitholders."

"With the refinancing of our Australian debt facility now complete, we are turning our focus to delivering on our strategy of increasing the operating performance and cashflow generation of our core operating platforms – the Settlers and Garden Villages businesses in Australia and our 21 Seniors communities in the US."

"Trading conditions remained challenging in each of our markets but there are signs of positive sentiment and improved demand for our Seniors living businesses. The Fund is heavily exposed to the US economy and we remain cautious in our outlook for the US. Despite the continuing uncertainty about refinancing risk across the broader property market and the recent wind back of the economic stimulus package, it is pleasing to note that both occupancy rates and rental growth are beginning to trend upwards."

[1] Total assets (look through) is net of cash and resident loans

Revaluations

A revaluation decrement of A$114.1m recorded for the period was primarily driven by an expansion of capitalisation rates across the Garden Villages and US Seniors portfolios. All continuing portfolios (i.e. excluding the sale-in-process Meridian and Regency businesses, and US Students) were independently revalued as at 31 December 2009.

Whilst it is premature to assume valuations have bottomed, trading fundamentals have improved and capitalisation rate expansion has eased.

Capital Management

The capital position of the Fund has been significantly improved with a three-year refinance of the Australian debt facility. Consequently the average duration of debt across the entire Fund is now 7.9 years. The NZ Students portfolio which is being marketed for divestment has the only debt facility maturing within the next three years.

The ongoing challenge for Management will be to ensure that the operational performance of the Fund's assets can continue to meet covenants and service principal and interest payments.

Hedge Positions

In recent months, Management has been proactive in taking advantage of the A$ appreciation to close out existing USD capital hedge positions. The funds generated by the sale of the Meridian and Regency portfolios announced in December 2009 provided the opportunity to close out these positions reducing ongoing risk for ILF. The payout costs were approximately A$16m.

US Students

As previously announced, the Fund is working closely with lenders and special servicers for the 15 US Student properties that we are handing back. The timing for completion of the process will vary for each facility with the majority to be completed between May – July 2010.

Strategy and Outlook

Short-term recovery of operating income and asset valuations will significantly depend upon US market fundamentals which at present appear slightly encouraging but nevertheless fragile.

The core focus for Management over the next six months will be on improving the underlying performance and cashflow generation of the Fund's portfolios. In recent months, new appointments have been announced, reporting lines streamlined and operating systems improved to build management capability and improve performance. It is expected that these changes will begin to have a positive impact on the performance of ILF over the next six months.

About ING Real Estate Community Living Group

ING Real Estate Community Living Group is a publicly traded property trust (REIT) on the Australian Securities Exchange which invests in seniors and student housing in Australia, Canada, New Zealand and the United States. The portfolio consists of a 62% weighting to the United States, 24% to Australia, 11% to Canada and 3% to New Zealand

About ING Real Estate Investment Management

ING Real Estate Community Living Group is one of six property trusts managed by ING Real Estate Investment Management Australia (INGREIMA) on behalf of 60,000 investors. INGREIMA meets the needs of both institutional and retail investors through listed and unlisted Funds. The Funds operate in key real estate sectors including office, industrial, retail, seniors housing, entertainment and healthcare property. INGREIMA's investment philosophy holds that real estate is an integral component of a well-diversified portfolio, encompassing a broad range of opportunities, each with unique risk and reward characteristics.

INGREIMA is part of the global ING Real Estate Investment Management platform. With over 70 Funds, offices in 21 countries and more than 1500 employees across the globe, ING Real Estate Investment Management is one of the world's leading property investment managers.

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ING Real Estate Community Living Group

Half Year Results Presentation 31 December 2009

AUSTRALIA

26 FEBRUARY 2010

REAL ESTATE INVESTMENT MANAGEMENT

ING

Agenda

Overview

Key financials

Capital management

Portfolio update

Outlook & strategy

Overview

Market conditions

2009 was a challenging year with significant volatility and market uncertainty but going forward, market conditions look to improve

> US economy – economic data, forecasts and recent US property review suggest a slow recovery underway
> US Seniors market – occupancy rates and rentals showing initial signs of upward momentum
> Australian economy – appears to be ahead of the global recovery
> Australian Seniors market – solid housing market supporting demand, however rental business remains challenging
> Capital markets – restricted access is limiting new supply and corporate activity

FUND PERFORMANCE

CAPITAL MANAGEMENT	OPERATIONAL	STRATEGY
> Australian debt refinanced for 3 years > US Capital hedges closed out > Key asset sales proceeding	> Core fundamentals of occupancy and price growth generally improving > New management capability and focus	> Exit non-core products and markets > Optimise capital strategy
Stronger balance sheet	Key focus of management in 2010	Develop and articulate clear strategy

Overview

MISSION

To provide unitholders with exposure to a quality portfolio of Seniors communities in Australia and the United States

STABILISE

- > Refinanced Australian debt facility – A$131m
- > Agreed sale of Canadian and part of US Seniors portfolio
- > Exiting Students business
- > Enhanced management capability

STAGE 1

PROGRESS TO DATE

REFINE

- > Improve performance of business operations
- > Build core processes required for success
- > Develop clear strategy and value propositions

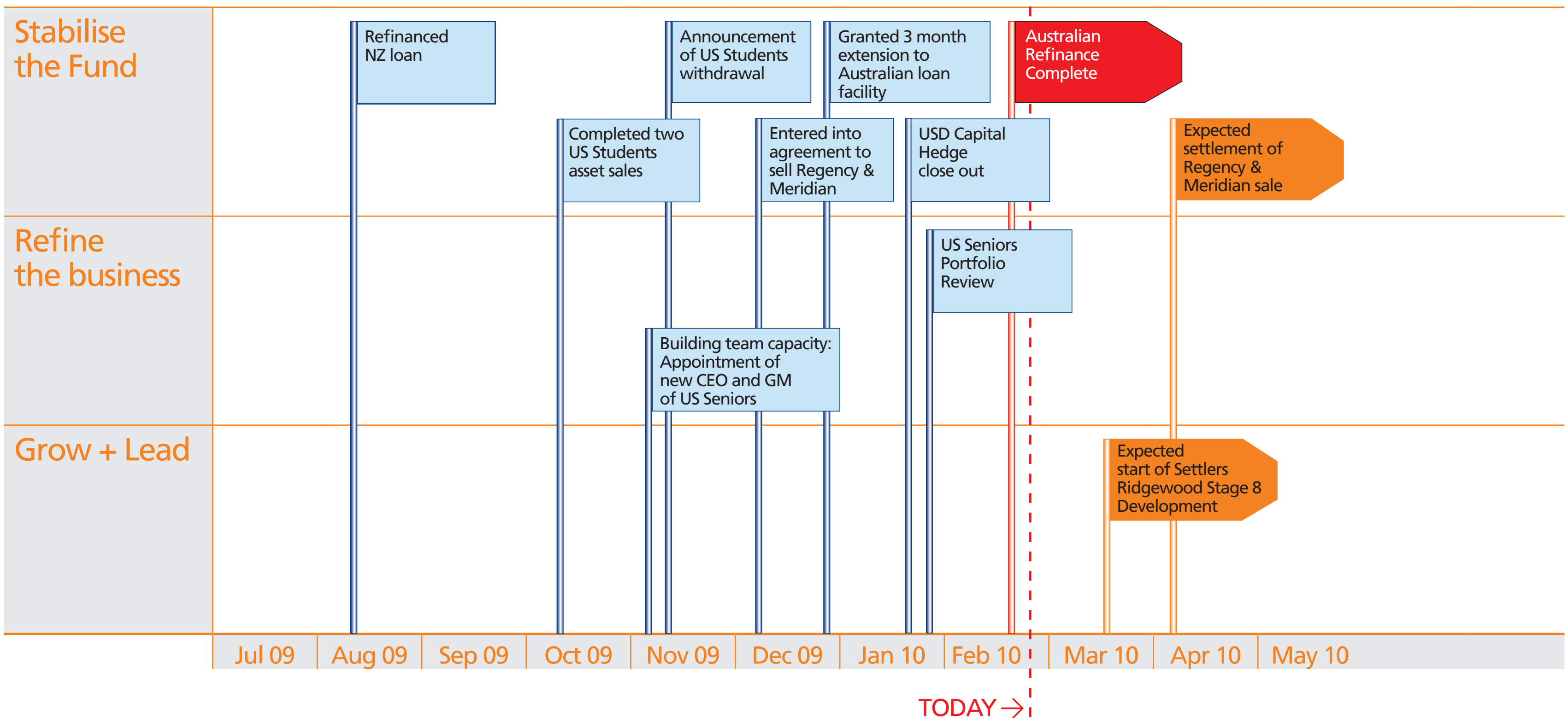
STAGE 2

GROW + LEAD

- > Invest in and develop our people
- > Identify and execute growth opportunities
- > Deliver consistent, quality returns
- > Respected investment manager

STAGE 3

Significant actions underway to stabilise the Fund, simplify the business model and restore unitholder value



Key financials

Bristal Massapequa, Massapequa, New York

Key financials

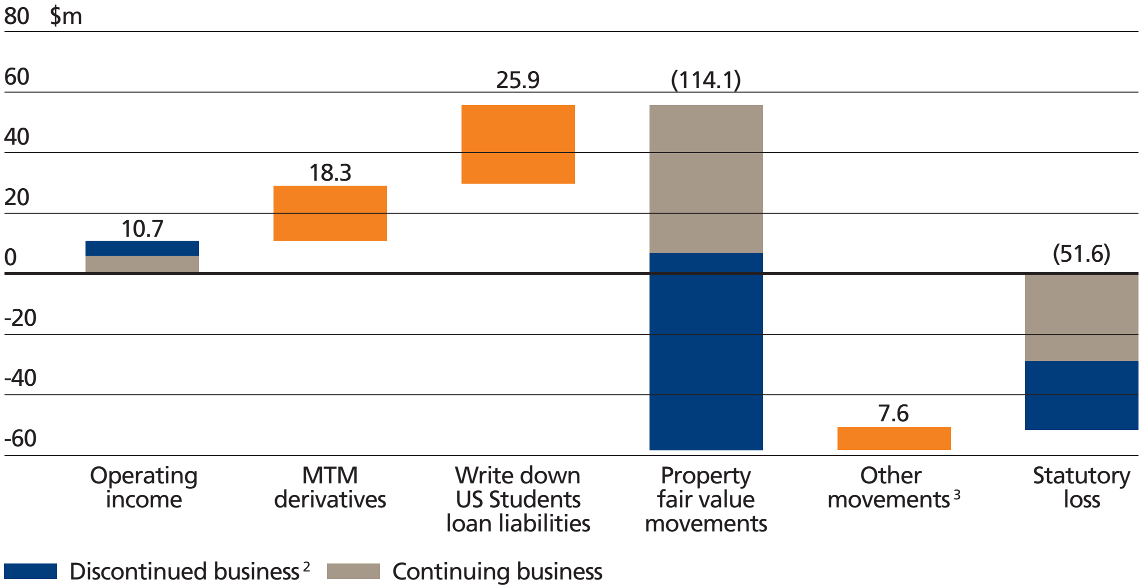
Results summary – financial metrics	31 Dec 2009	31 Dec 2008
Statutory profit/loss – $m	(51.6)	(242.4)
Operating income [1] – $m	10.7	15.0
Operating income per unit – cents	2.4	3.4
Net tangible assets per unit (NTA) – cents	0.26	0.55

The six months to December 2009 was a challenging period. New management is now focused on improving operational results having achieved initial stabilisation of the business.

1) For details of operating income, see Appendix 1

Key financials

Net operating loss versus statutory result[1]



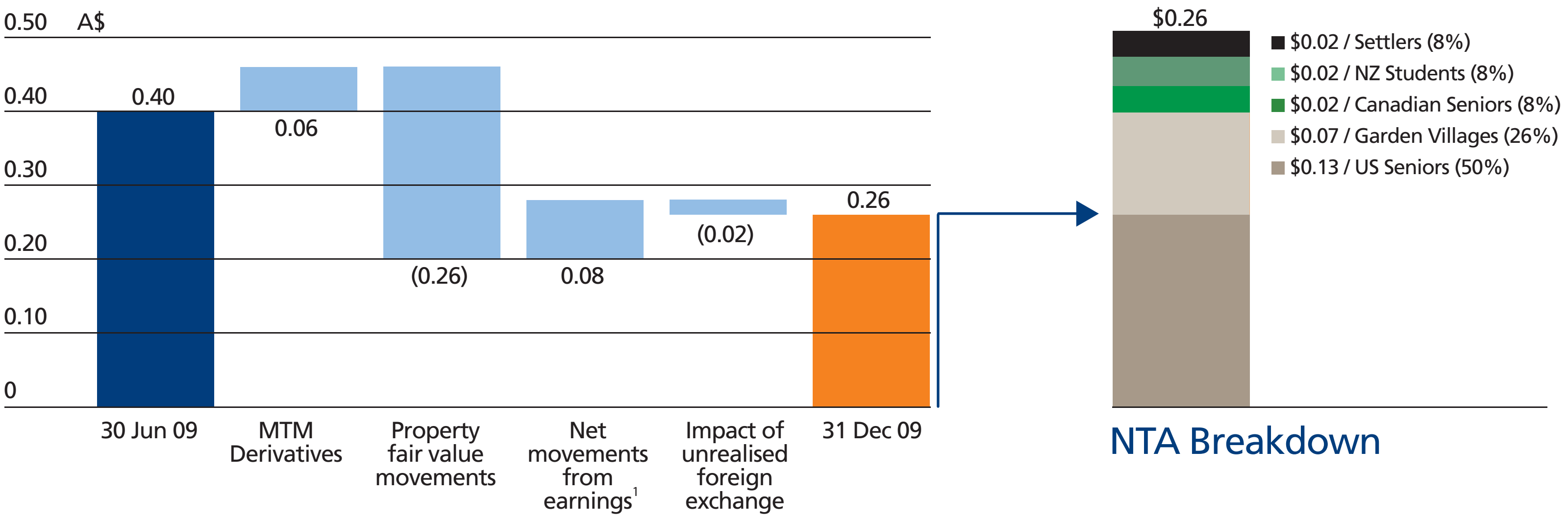
> Property and asset devaluations remain the key contributor to statutory loss

> As a result of the US Students withdrawal, the US Students loan liabilities were written down to match the asset values

1) 30 June 2009 to 31 December 2009
2) Discontinued business comprises US Students, NZ Students, Meridian and Regency portfolios
3) Other movements include impairements and other non-cash items not included in determining operating income

Key financials

Movement in NTA



NTA Breakdown

> US Seniors represents 50% of Fund's NTA – significantly leveraged to the US economy
> Valuations across the majority of businesses appear to be at or near bottom of cycle

1) Movement from earnings include operating income and other unrealised movements including the write back of US Students loans

Revaluations largely driven by expansion of capitalisation rates

	31 Dec 09 Valuation	30 Jun 09 Valuation	Movement ($m)	Movement (%)	31 Dec 09 Cap rate [1] (%)	30 Jun 09 Cap rate [1] (%)	Key drivers of valuation movement
US Seniors (US$m)	284.0 [2]	304.1 [2]	(20.1)	(6.6)	8.3 [2]	8.0 [2]	> Further expansion in weighted average capitalisation rate by 30bps > Decrease in operating income
Australian Seniors Garden Villages (Rental) (A$m)	129.6	152.9	(23.3)	(15.2)	8.8	8.3	> Expansion of capitalisation rate by 50bps > Increase in operating expenses, particularly new award changes and compliance cost > Drop in long-term occupancy from 85.7% to 83.5%
Australian Seniors Settlers (DMF) (A$m)	60.2	68.1	(7.9)	(11.6)	13.5	13.0	> Expansion of discount rate by 50bps > Sold 33 ILUs for $5.5m. Like for like valuation movement minimal
NZ Students (NZ$m)	31.2 [3]	34.1 [3]	(2.9)	(8.5)	10.3	10.0	> Expansion of capitalisation rate by 30bps > Write down due to general market conditions and declining rental income

1) Weighted average capitalisation rate for all portfolios except Settlers (which uses weighted average discount rate)
2) ILF interest only (excluding Meridian)
3) ILF interest only

Capital management


Settlers Lakeside, Ravenswood WA

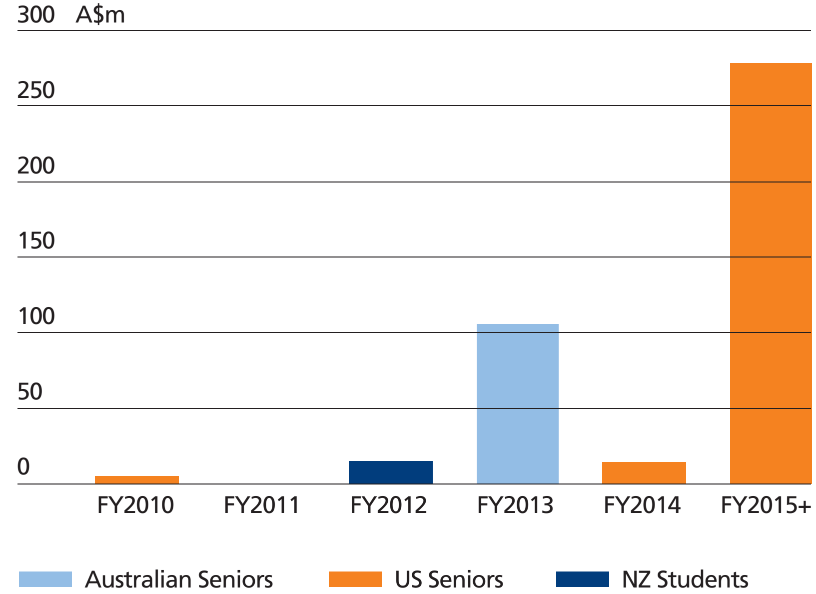
Capital management

Debt profile improved

> Australian facility refinanced for a further three years on market competitive terms
> New maturity – March 2013
  – Margin falls 0.50% once LVR is below 50%
  – Revolver facility of A$21m including A$5m for growth capital
> NZ Students debt is the only facility that is maturing within the next three years (portfolio currently marketed for sale)
> US debt is non-recourse[2], fixed rate, long-term and covenant-light

Key debt profile indicators	31 Dec 2009	Proforma[1]
Gearing – look through	79%	73%
Weighted average facility term	8.3	7.9
Weighted average hedged term	8.4	7.2
% fixed/hedged	98.5%	97.7%

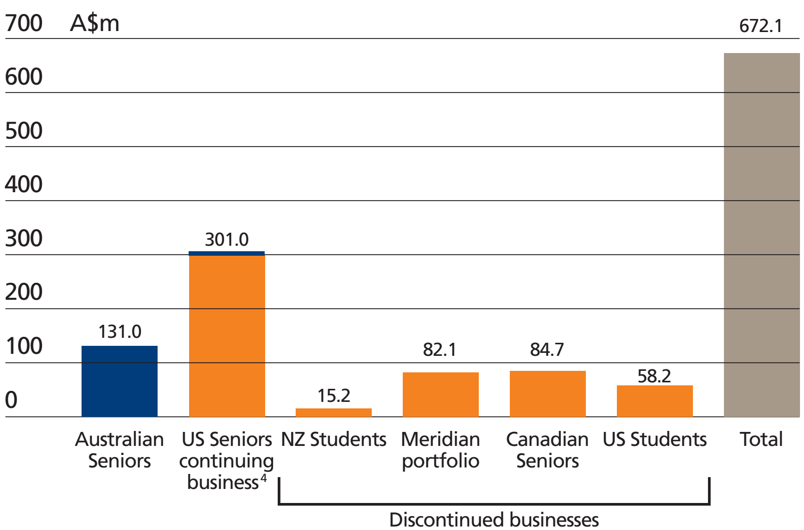
Debt maturity profile proforma[1]



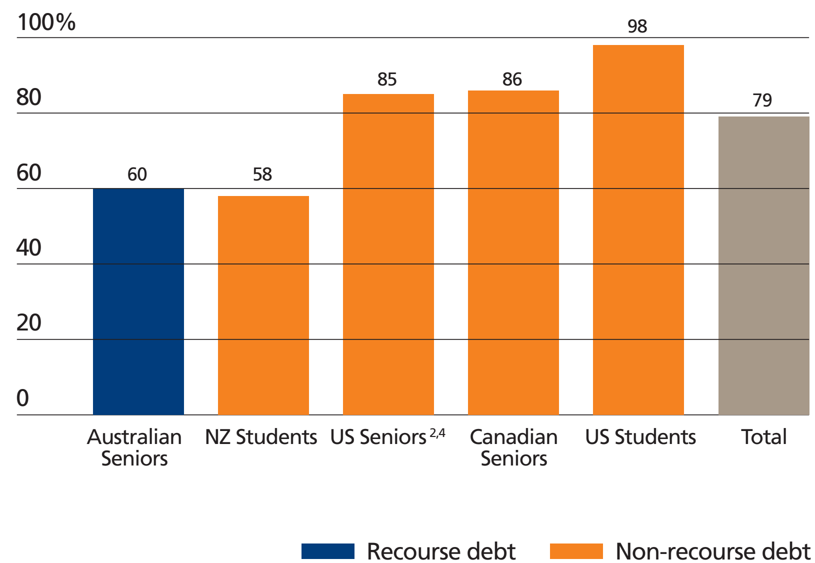
1) Proforma represents the Fund's debt position as at 31 December 2009, assuming the refinance of the Australian debt for a further 3 years, completion of the sale of Regency & Meridian (with proceeds of A$25m applied to Australian debt), and the exit from US Students
2) Excludes debt associated with Bristal portfolio

Portfolio gearing – offshore debt non-recourse to ILF

Debt balance [1,3]



Look through portfolio gearing [1]



1) As at 31 December 2009
2) US Seniors look through gearing of 85% includes Meridian assets
3) US Students debt includes the impairment of the US Students debt as at 31 December 2009 of A$26m
4) Bristal portfolio debt is recourse to the Australian entity

ILF is taking a managed approach to currency and interest rate risk management

ILF has closed out its capital hedging exposure across all of its foreign portfolios

- US capital hedges in excess of Meridian net sales proceeds closed out at an average rate of AUD/USD0.8983 crystallising loss of A$16m due November 2010
- Income from cross currency swaps of A$7m pa[1] will continue to be received until expiry in November 2010
- CAD capital hedges in excess of Regency net sales proceeds closed out in September 2009 for no cost to the Fund

Lower risk, actively managed hedge strategy moving forward

- USD asset exchange risk is significantly mitigated by use of USD debt
- Interest rate risk to be managed over term of loan agreements via fixed rate debt (US Seniors portfolio) and interest rate swaps (Australian Seniors debt)

1) Based on 31 December 2009 market rates

Portfolio update

Garden Villages Forest Lake Gardens, Forest Lake, QLD

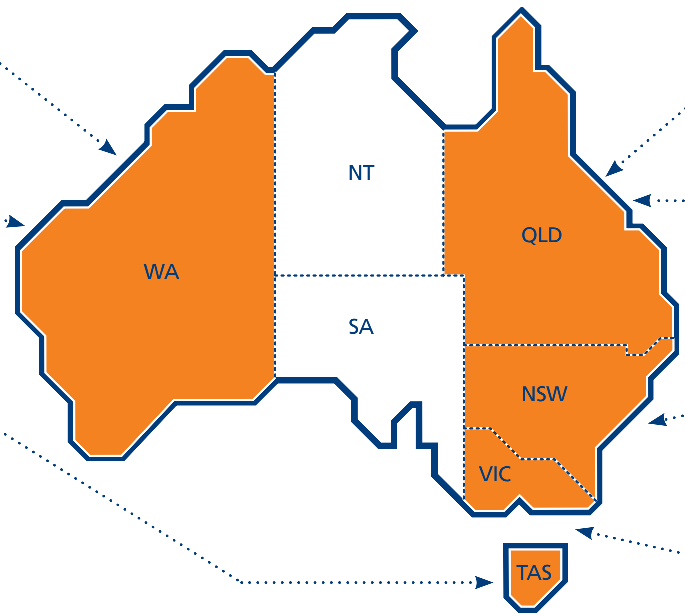
Portfolio update – Australian Seniors

ILF owns one of Australia's largest portfolios of Seniors communities providing exposure to five states and numerous regions

GARDEN VILLAGES	
Number of properties	5
Total value	A$22.7m
Total units	272

SETTLERS LIFESTYLE	
Number of properties	3
Total value	A$53.0m
Total units	525

GARDEN VILLAGES	
Number of properties	5
Total value	A$14.1m
Total units	246



GARDEN VILLAGES	
Number of properties	9
Total value	A$44.6m
Total units	565

SETTLERS LIFESTYLE	
Number of properties	1
Total value	A$7.2m
Total units	148

GARDEN VILLAGES	
Number of properties	7
Total value	A$24.2m
Total units	348

GARDEN VILLAGES	
Number of properties	8
Total value	A$23.7m
Total units	409

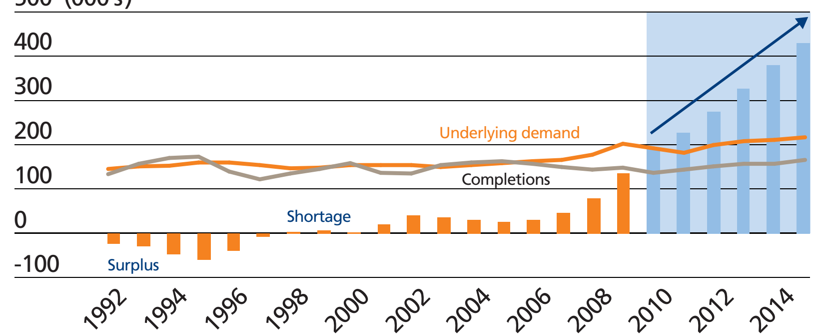
Portfolio update – Australian Seniors

Economic & Demographic Overview

Australian economic drivers point to recovery in 2010

	2008	2009	2010F
Real GDP Growth [1,2]	2.2%	0.9% ↓	3.1% ↑
CPI [2]	4.3%	1.8% ↓	2.3% ↑
Unemployment rate [2,3]	4.4%	5.5% ↓	6.2% ↑

Housing Demand, Completions and Shortage 1986 – 2015f[4]



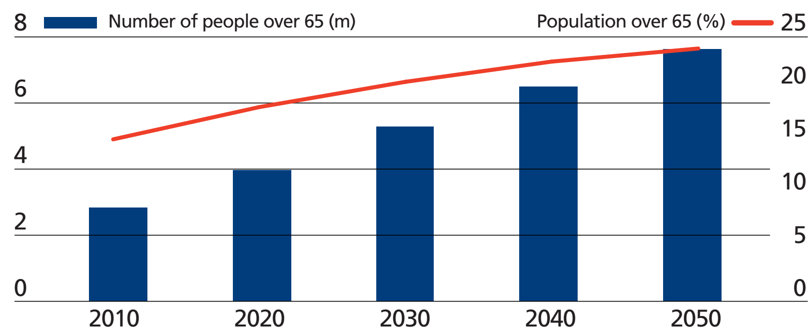
Australian demographic drivers support the seniors living industry

> Population over 65 as a percent of the population grows from 13.5% in 2010 to 22.7% in 2050

> Underlying housing shortage should support demand which will enable seniors to sell their homes

> Intergenerational Report 2010 confirms need for increasing investment in seniors housing and care services

Australian Census Projections 2010 – 2050 (number of people aged over 65)[5]



Sources:
1) Jones Lang LaSalle and Access Economics, Q4 2009 (annualised)
2) Bloomberg, February 2010 (annualised)
3) ABS 2010
4) ANZ Australian Property Outlook, December 2009
5) Intergenerational Report 2010 – Australia to 2050: future challenges January 2010

Portfolio update – Australian Seniors

Australian DMF (Settlers) village fundamentals – improvement in line with broader residential market

> Increasing demand and significant supply constraints are creating real market opportunities

	Past 12 Months		Next 12 Months	
	Market direction	Comment	Market direction	Comment
Supply	↔	Boom projects finished	↓	Limited capital available
Demand	↓	Subdued	↑	Improving
Labour costs	↔	Availability of labour	↔	More challenging
Pricing power	↔	Stabilised industry growth	↑	Improving
Discount rates	↑	Continued expansion	↔	Stabilising

Australian rental (Garden Villages) village fundamentals – price sensitive, tight cost focus

> Opportunity exists to drive value and release cashflow via conversion of some villages to traditional (DMF) retirement model

	Past 12 Months		Next 12 Months	
	Market direction	Comment	Market direction	Comment
Supply	↓	Scarcity of affordable land and capital	↓	Scarcity of affordable land and capital
Demand	↔	Steady	↑	Potential for upswing
Labour costs	↔	Availability of labour	↔	More challenging
Pricing power	↔	Pegged to Age Pension	↔	Pegged to Age Pension
Capitalisation rates	↑	Continued expansion	↔	Uncertain

Portfolio update – Settlers Lifestyle

KEY DATA AS AT 31 DEC 09	
Occupancy	95.8%
Net property income[1]	$2.2m
Total properties[2]	4
Total units	651
Development pipeline units	82




KEY OPPORTUNITIES

> Major refurbishment program at Noyea to improve sales turnover and increase average selling price

> Refurbishment program to commence on rental homes at Lakeside with conversion to DMF contract at settlement

> Ridgewood Stage 8 to commence in 2H FY2010 with 21 Expressions of Interest in place for 22 units

> Reworking approved DA for 60 units at Meadow Springs

1) Six months to 31 December 2009
2) Properties are 100% ILF owned

Portfolio update – Garden Villages

KEY DATA AS AT 31 DEC 09	
Occupancy	69.9%
Net property income[1]	$2.6m
Total properties[2]	34
Total units	1,840
Development pipeline units	103




KEY OPPORTUNITIES

- > Conversion of some villages to DMF (upfront capital contribution) model to increase cashflow
- > Modification to units in some locations to provide two-bedroom accommodation not currently available in these markets
- > 20 NRAS units approved will improve occupancy by 1%
- > Evaluate divestment of non-performing villages

1) Six months to 31 December 2009
2) Properties are 100% ILF owned

Portfolio update – US Seniors

The US Seniors portfolio is geographically diverse with concentration in key markets of New York and Florida

COLORADO	
Number of properties	1
Total value	US$23.1m
Total units	155

MICHIGAN	
Number of properties	2
Total value	US$48.5m
Total units	527

OHIO	
Number of properties	3
Total value	US$33.9m
Total units	470

RHODE ISLAND	
Number of properties	1
Total value	US$23.0m
Total units	170

OKLAHOMA	
Number of properties	1
Total value	US$30.6m
Total units	198

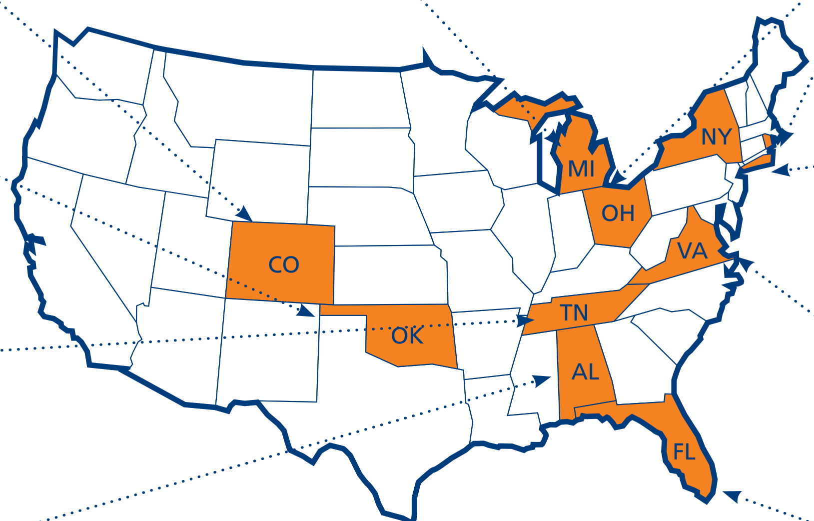
NEW YORK (LONG ISLAND)	
Number of properties	6
Total value	US$204.3m
Total units	887

TENNESSEE	
Number of properties	1
Total value	US$35.0m
Total units	179

VIRGINIA	
Number of properties	1
Total value	US$52.3m
Total units	183

ALABAMA	
Number of properties	1
Total value	US$27.8m
Total units	226

FLORIDA	
Number of properties	4
Total value	US$80.4m
Total units	815



1) This snapshot excludes the Meridian assets as the sale is anticipated to close in April 2010
2) Asset values are stated at 100% of asset ownership

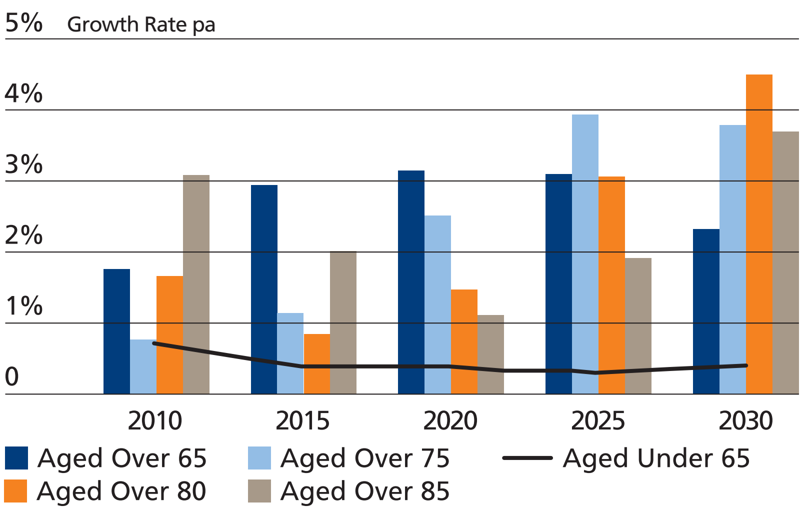
Portfolio update – US Seniors

Economic & Demographic Overview

Key Economic Drivers

	2008	2009	2010F
Unemployment rate [1]	5.8%	10.0% ↑	9.7% ↓
Employment [2]	137.4m	136.4m ↓	138.6m ↑
Business confidence [3]	50%	32% ↓	58% ↑
Consumer confidence [4]	87.3	38.6 ↓	46.0 ↑
GDP growth [5]	2.1%	-5.4% ↓	2.7% ↑

US Census Growth Rate Projections (2010 – 2030) Per Age Group [6]



US market macro trends suggest a slow economic recovery underway barring any future shocks

> Real GDP is forecast to grow at 2.7% in 2010

> 2010 business confidence is highest since August of 2004

> Consumer confidence is higher than 2009, however Consumer Present Situation Index was 19.4 in February, the lowest it has been since 1983

US demographic drivers support the Seniors living industry

> Population growth rates in older age groups are two to three times higher than the general population

> Total number of US persons aged over 65 will grow from 40 million in 2010 to 70 million in 2030

> Over 6,000 US persons turn 65 every day [7]

1) US Bureau of Labor Statistics (data.bls.gov)
2) US Bureau of Labor Statistics (data.bls.gov), 2010 is forecast
3) Purchasing Managers Index, Institute for Supply Management, above 42% is positive
4) Conference Board – 23 February 2010
5) Bureau of Economic Analysis, Blue Chip Economic Indicators
6) US Census Bureau
7) Industry Sources including Valuers, Analysts, Industry Associations and internal ILF analysis

Portfolio update – US Seniors

US market fundamentals are forecast to improve

	LAST 12 MONTHS		NEXT 12 MONTHS	
	Market direction	**Comment**	**Market direction**	**Comment**
Occupancy	↓	Driven by affordability	↑	Driven by pent up demand
Supply	↔	Boom projects finished	↓	Driven by debt availability
Demand	↓	Driven by affordability & supply	↑	Population growth; Needs based
Labour costs	↔	Large and accessible pool of labour	↔	Large and accessible pool of labour
Rental rate growth	↓	Rental rates sacrificed to chase occupancy	↔	Focus on returning to stabilised rental rates and modest rate growth
Portfolio asset value	↓	Declining occupancy & capitalisation rate expansion	↑	Occupancy & operating income stabilising and improving

Portfolio update – US Seniors

KEY DATA AS AT 31 DEC 09

Occupancy [1]	87.3%
Net property income [1,2]	$15.8m
Total properties [3]	21
Total units	3,810

KEY OPPORTUNITIES

> Move from absentee landlord to active engagement with operators in order to drive value

> Targeted capex spend to upgrade hard to rent units in order to increase occupancy rates and command higher rents

> Increase community level input into marketing plans to complement broader marketing efforts of operators

> Investigate conversion of Independent Living/Assisted Living units to Memory Care to drive occupancy rates and margins

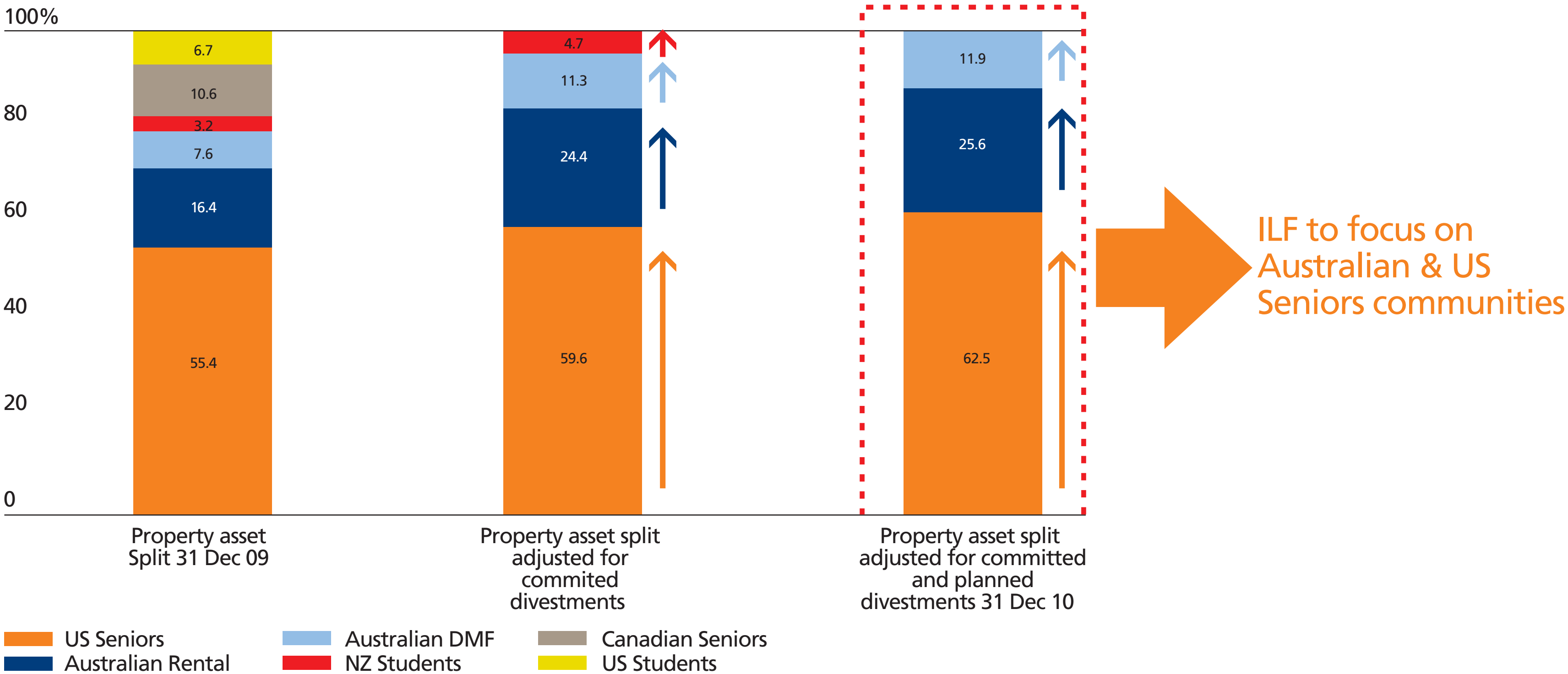



1) Excludes Meridian portfolio
2) Six months to 31 December 2009
3) ILF owns 49% of 20 communities and 100% of 1 community (Lynbrook)

Strategy and outlook

Lake Worth Gardens, Lakeworth Florida

Simplification of ILF business well advanced

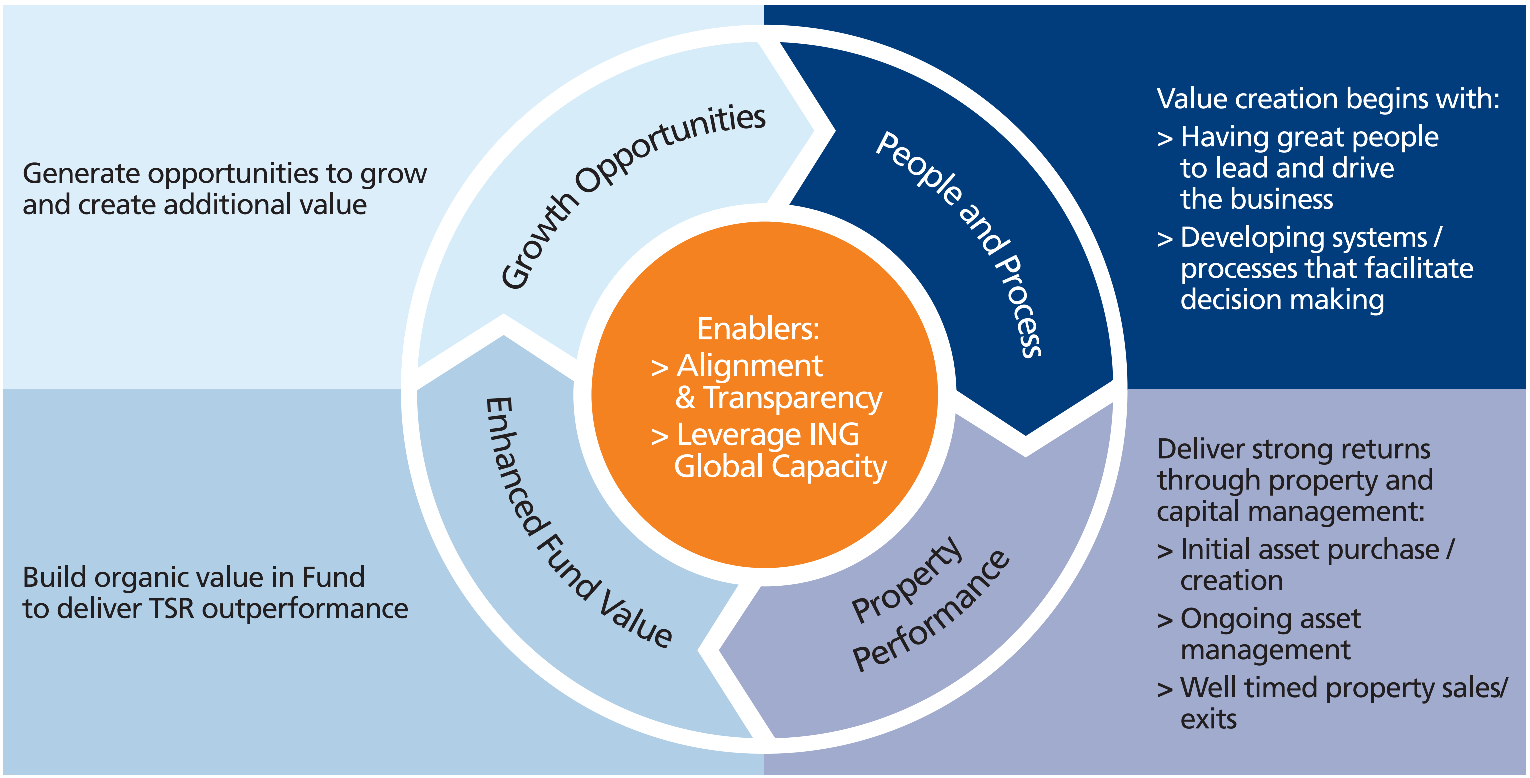


Notes:
1) Asset diversification for all 3 positions calculated using 31 December 2009 valuations
2) Committed divestments account for the Sale of Meridian and Regency portfolios that are expected to settle in April 2010, and the withdrawal of US Students portfolio
3) Committed and planned divestments account for note 2 and the expected sale of the NZ Students portfolio

Strategy and outlook

The REIMA business is focused on delivering outstanding returns to its investors by focusing on its people, management systems and property practices

Value creation model



Key focus on building team capability and business processes to deliver industry leading management platform

> Streamlined reporting lines to improve organisational responsiveness and business unit performance

> Recent appointments of sector experienced personnel
  – New Fund CEO
  – New General Manager US Seniors

> Improved access to REIMA personnel and capabilities, including finance, treasury and development management

Divestment updates

> Sale of Regency and Meridian portfolios is well advanced. Settlement anticipated April 2010.

> New sales campaign to commence for the NZ Students portfolio.

> Withdrawal of US Students portfolio is continuing with likely completion in 1H FY2011 at exit cost of US$4-5m.

Fund Outlook

> Immediate focus on improving operational performance:
  – increase occupancy rates and pricing to improve cashflows and valuations
  – building team capabilities
> Invest in modest capital reinvestment to drive future earnings and asset valuation growth
> Further divestment plans anticipated (e.g. NZ Students)
> Distributions will remain suspended for foreseeable future
> Market fundamentals improving but will depend on US economic recovery

Appendices

Residents at Settlers Noyea Riverside, Mount Warren Park, QLD

Operating income

A$m	31 Dec 2009	31 Dec 2008
Australian Seniors	4.8	7.5
US Seniors:		
– Continuing business	4.0	6.0
– Derivatives income	3.6	3.8
NZ Students	0.3	0.2
Divested assets:		
– Meridian portfolio	3.2	2.2
– Canadian Seniors	1.3	2.6
US Students	2.8	3.9
Net finance costs:		
– US Students	(2.5)	(3.6)
– Other	(3.7)	(5.1)
Management fee	(1.7)	(1.7)
Fund Admin	(1.4)	(0.8)
Operating income	**10.7**	**15.0**

> Decline in operating income is attributable to loss of earnings from assets sold (in US Students portfolio) and the appreciation of the A$ against the US$. December 2008 operating income included a one-off receipt of $1.5m from the former Garden Villages operator.

> 23% of total portfolio income will discontinue on the expected completion of the Meridian and Regency sale in April 2010.

Look through balance sheet [1]

A$m	Australian Seniors	US Seniors[2]	Students	Canadian Seniors	Total
Cash	14.2	1.0	2.7	1.7	19.6
Investment property and property under development	320.8	437.0	78.5	80.8	917.1
Derivatives	0.3	0	0	0	0.3
Other assets	4.2	13.9	4.5	16.2	38.7
Total assets	**339.5**	**451.9**	**85.7**	**98.7**	**975.7**
Interest bearing liabilities	(131.0)	(383.1)	(73.4)	(84.7)	(672.1)
Derivatives	(0.8)	0	(0.2)	0	(1.0)
Village residents' loans	(131.0)	0	0	0	(131.0)
Other liabilities	(35.1)	(9.7)	(4.7)	(6.0)	(55.4)
Total liabilities	**(297.9)**	**(392.8)**	**(78.3)**	**(90.7)**	**(859.5)**
Net tangible assets	**41.6**	**59.1**	**7.4**	**8.0**	**116.1**
Net tangible assets per unit	**$0.09**	**$0.13**	**$0.02**	**$0.02**	**$0.26**
Assets less cash and resident loans	194.2	450.9	83.0	96.9	825.0
Total debt less cash	116.8	382.1	70.7	82.9	652.5
Look through gearing (%)	**60%**	**85%**	**85%**	**86%**	**79%**

1) As at 31 December 2009
2) ILF share of assets include the Meridan portfolio

Cashflow in detail

	Amount A$m
Opening cash at 1 July 2009	13.2
Cashflow generated from operations:	
– Australian Operations	11.3
– Canadian Seniors	0.6
– US Seniors	4.0
– Students	(1.9)
Effects of exchange rate changes on cash	(0.3)
Proceeds from sale of investment properties:	
– Garden Villages Managers units	2.3
– US Students	6.1
Borrowing costs	(0.9)
Debt repayments[1]:	
– Australian debt	(1.5)
– US Seniors debt	(7.0)
– US Students debt	(4.3)
Capital expenditure and development spend	(4.6)
Contributions to associates: NZ Students	(0.2)
Distributions to unitholders	—
Closing cash at 31 December 2009	**16.8**

1) Debt repayments represent debt on consolidated operations

Australian facility refinance – key terms

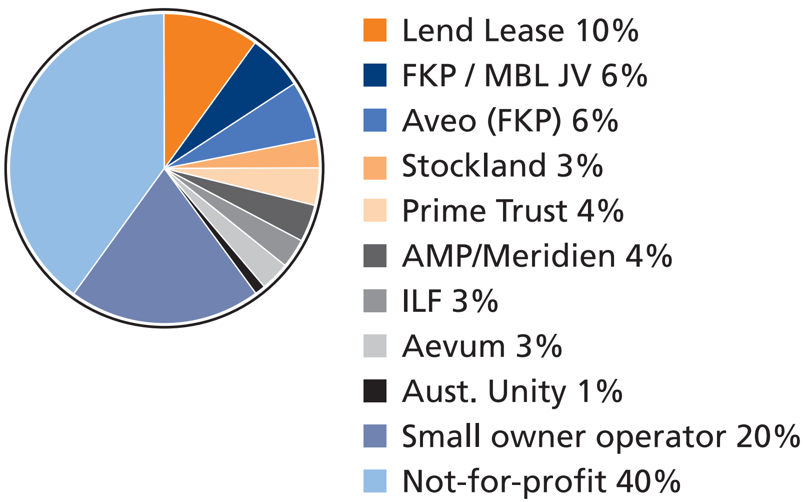
Australian debt facility refinanced in Feb 2010. Key terms include:

- Total debt of $131m including $21m revolving facility
- 3-year term expiring March 2013
- Key financial covenants:
  - Loan to value ratio: 50% - 65%[1] (against Australian Seniors assets)
  - Total leverage ratio (look through debt to look through assets): 85% reduced to 80% from January 2012
  - Interest cover ratio (1.4 times net income received in Australia to interest on Australian debt)
- Margins are market competitive
- Security pool: direct mortgages over Australian Seniors assets and residual security over net interest in overseas portfolio
- Restriction on making distributions, new developments and acquisitions until such time as the LVR reduces to 40% or 50% under certain capital management initiatives and the ICR remains at 1.75 times or higher unless otherwise consented to by the lender

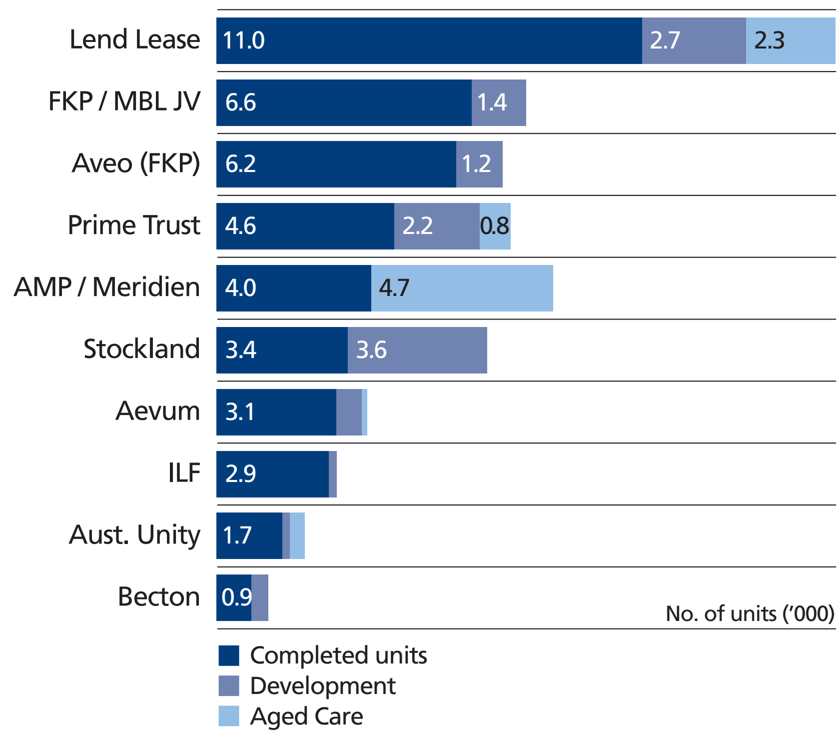
1) 65% for completed rental villages, 50% for DMF & non-completed villages/development land

Australian Seniors market landscape [1]

Indicative Australian Market Share



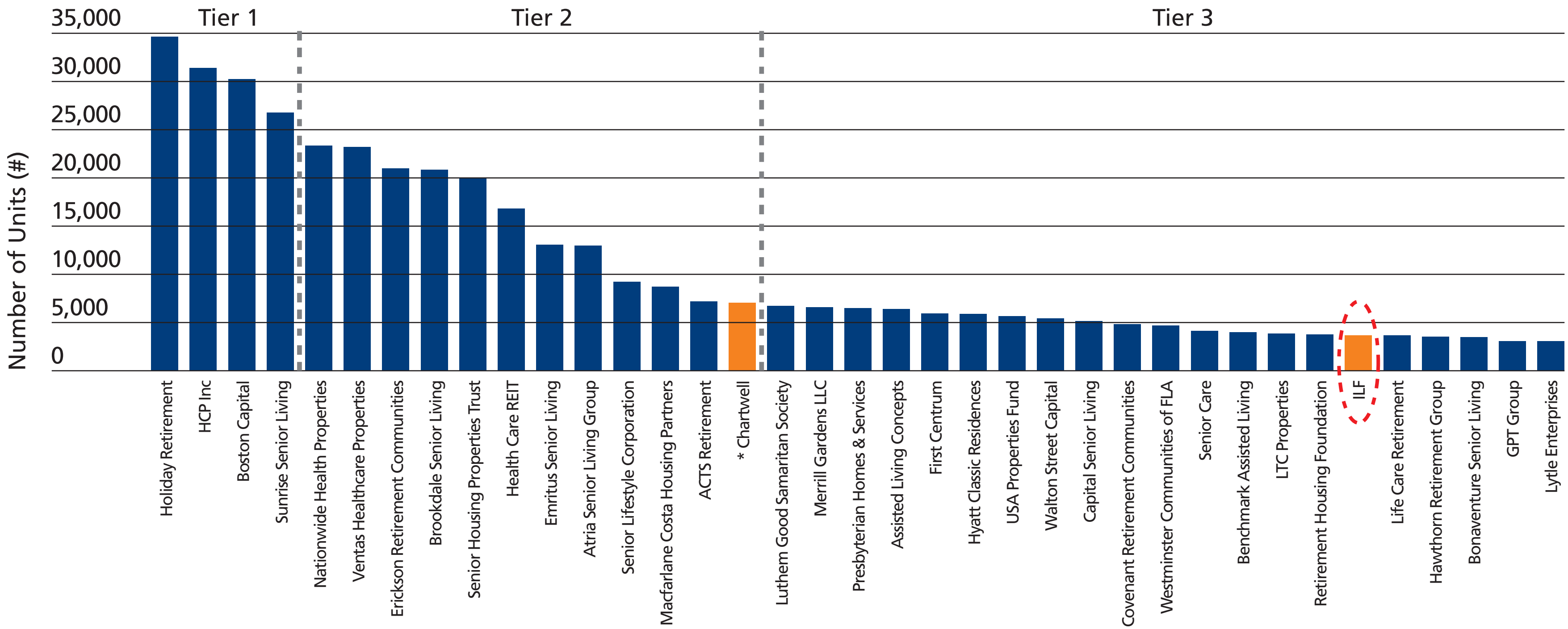
Key For-Profit Players



1) Indicative Australian market share calculated on completed units, and derived from industry sources including Valuers, Analysts, Industry Associations and internal ILF analysis

Appendix 6

Largest US Owners of Retirement Villages July 2009 (number of units)



Top 50 Owners control 440,624 units, which equates to **14%** of the US market – market is highly fragmented

> ILF would rank as 32nd largest owner in the US if it had 100% ownership of all its US Seniors communities

Source: ASHA Top 50 Owners Report, July 2009; NIC Map; National Senior Housing Supply Trends; ING Analysis
* Chartwell is ILF's joint venture partner

Appendix 7

Observations from January 2010 US Property Review

> Assets are generally of high quality and in a good state of repair

> Portfolio has scale and geographic spread to enable exposure to many markets
  – Harder hit areas currently include Florida and Ohio

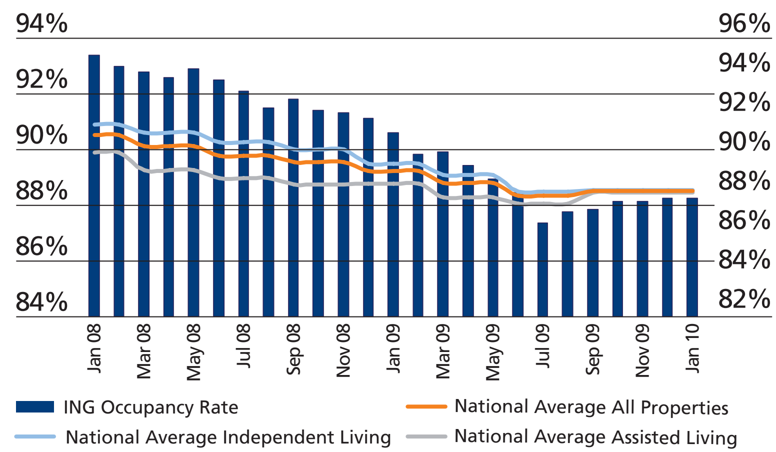
> The external operators in place are of very high caliber
  – Experienced, motivated, professional staff
  – Excellent systems, reporting and results

> ILF portfolio occupancy has tracked the national average which was 88.1% in December 2009[1]

> Operating income margins for our assets vary between 20% to 50% and average around 35%

> Multiple areas were identified to drive value across the portfolio

US Seniors Portfolio Occupancy Jan 2009 – Dec 2010 (%)



1) Sourced from 'Integra Realty Resources Seniors Industry Outlook 2010', Page 3

Appendix 8

Outlook for Australian house prices supports Seniors Housing

> A significant majority of Seniors sell their family homes to fund moving into a retirement village, particularly for DMF villages such as Settlers.

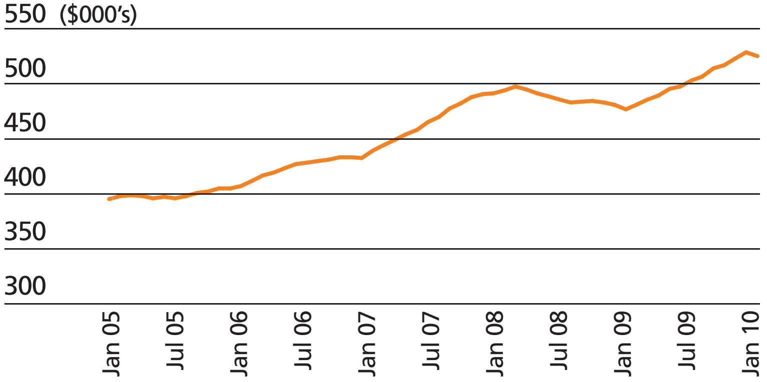
> An increase in home prices should enable efficient operators of retirement villages to do the following:

– Raise rental rates

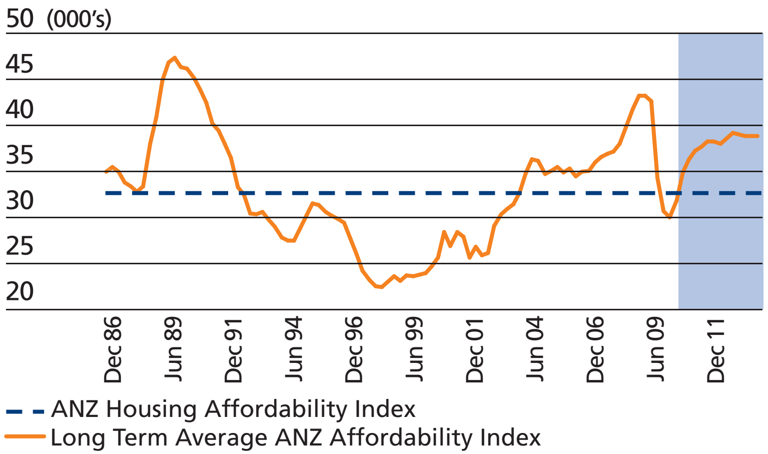
– Raise ILU prices

> A decrease in the housing affordability index further supports an increase in house prices, which benefits seniors.

Australian Median House Prices 2004 – 2010



ANZ Housing Affordability Index 1986 – 2011f



Source: ANZ Australian Property Outlook December 2009

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