ING Real Estate Community Living Group Unitholder Update

INVESTING

MARCH 2010

Key Fund Data	Half Year 31 December 2009	Half Year 31 December 2008
Statutory profit/loss	($51.6 m)	($242.4 m)
Operating income	$10.7 m	$15.0 m
Operating income per unit	2.4 cents	3.4 cents
Net tangible assets per unit	$0.26	$0.55
Look through total assets	$825.0 m	$1.3 bn
Look through gearing	79%	69%

OVERVIEW

The past six months has seen a stabilisation of the Australian economy and the expectation that the United States will show signs of recovery in the next 12 months, which will lead to a more positive economic climate for Seniors Living assets.

Management believes that the Fund commences 2010 in a much improved position. Recently announced initiatives including asset sales, the refinancing of the Fund's Australian debt facility and the close-out of USD hedge positions mean that ILF can operate from a stable capital position. As a result Management can focus on the work necessary to improve operational and cashflow performance further stabilising the Fund.

In the retirement sector, we are seeing encouraging signs of recovery driven by demand for Seniors accommodation that the Fund is invested in. As a result ILF will resume development of its Australian DMF products in select locations. Management also expects that declines in valuations have largely bottomed and, in some markets, are showing signs of recovery with occupancy and rental rate growth slowly trending upwards.

PORTFOLIO UPDATE

The Fund's Seniors Rental businesses in Australia and the US continue to be impacted by historically low occupancy rates although both have reported some growth over the past six months. The Australian DMF retirement accommodation business, principally focused on the Western Australian market continues to perform well with strong demand for units and solid price growth reported.

Key achievements over the period include:

> Settlers (Australian DMF) – occupancy of 95.8%

> Garden Villages (Australian Rental) – occupancy of 69.9%

> US Seniors (excluding Meridian portfolio) – occupancy of 87.3%

Progress made with divestment of ILF's assets:

> Settlement of the sale of Regency and Meridian portfolios is anticipated in late April 2010

> New sales campaign to commence for the NZ Students portfolio

> Withdrawal from US Students portfolio is continuing with likely completion in 1H FY2011

Increased management focus on targeted capex spend to upgrade the communities and increased marketing efforts will be implemented to boost rental rates and grow occupancy rates.

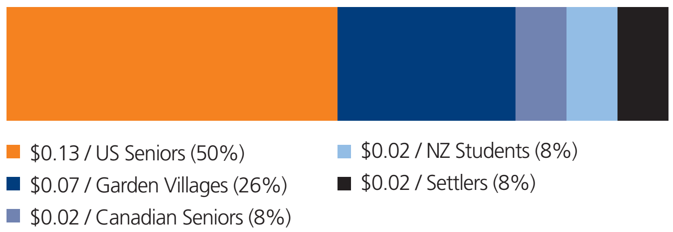
UNITHOLDER UPDATE

VALUATIONS

Independent valuations were completed for all continuing portfolios contributing to a revaluation decrement of $144.1m. Current trading conditions continue to improve and capitalisation rates would appear to have stabilised in most markets.

The Fund remains significantly weighted to the US Seniors market with 50% of NTA attributable to this portfolio. A material improvement in NTA would require a sustained period of growth in that market which we do not expect in the short term.

NTA Breakdown **$0.26**

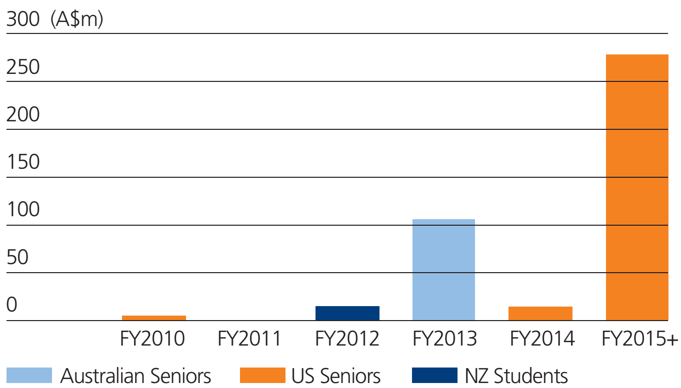


CAPITAL MANAGEMENT

The capital position of the Fund has significantly improved with the recent three-year refinancing of the Australian debt facility. The facility includes a $21m revolver component which will provide the Fund with increased flexibility to manage working capital and liquidity requirements.

The average duration of debt across the entire Fund is now 7.9 years with the only debt facility maturing within the next three years being attributable to the relatively small NZ Students portfolio. The Fund's US debt is long term, non-recourse, fixed rate and covenant light.

Debt maturity profile proforma [1]



In December 2009 and January 2010, the Fund closed out the existing USD capital hedge positions, thus reducing ILF's ongoing currency and interest rate risks. A portion of the proceeds to be received from the Regency and Meridian sale will be applied to this settlement at a payout cost of circa $16m.

The Fund's look through gearing of 79% will be reduced to 73% with the expected completion of the Regency and Meridian sale and exit from US Students portfolio.

STRATEGY & OUTLOOK

The Fund's major focus over 2010 will be to:

> Enhance the financial performance on continuing operations through improving the core fundamentals of occupancy, rental rate and price growth and tight control over expenses;
> Commence value enhancing developments;
> Look to divest non-core and non-performing assets;
> Optimise capital strategy; and
> Develop and articulate a clear future strategy and identify and execute future growth opportunities.

INVESTOR RELATIONS

Enquiries relating to ING Real Estate Community Living Group can be directed to the ING Real Estate Investor Services line on 1300 653 497(or from outside Australia +61 2 8280 7057). This service is available from 8.30am to 5.30pm (Sydney time) on all business days.

DISTRIBUTION PAYMENTS AND ANNUAL TAXATION STATEMENT

Distributions are currently suspended. On recommencement, distribution payments are at the end of each calendar quarter. You can view your 2009/2010 Annual Taxation Statement online by visiting www.ingrealestate.com.au and accessing 'My Unitholding' within the Investor Centre section.

2010 Unitholder calendar [2]

Annual Taxation Statement for 2009/2010 financial year mailed	31 August 2010
Annual Report available	30 September 2010
Annual Unitholder Briefing	October 2010

WWW.INGREALESTATE.COM.AU

Visit the ING Real Estate website to find further information on the Fund including reports and ASX announcements.

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) These dates are indicative only and are subject to change