

REAL ESTATE INVESTMENT MANAGEMENT

Date

2 November 2011

Fund

ING Real Estate Community Living Group

ILF completes partial sale of US Seniors portfolio – repositions for growth

ING Real Estate Community Living Group (ILF) is pleased to announce today the settlement of its partial sale of the US Seniors portfolio and provide an update on the sell down of its DMF Conversion project.

Sales of Non-New York US Seniors portfolio

As announced on 19 July 2011, the Fund divested its 50% interest in 15 of its 21 US Seniors communities to its joint venture partner, Chartwell Seniors Housing Real Estate Investment Trust (Chartwell) for US\$171.5 million, which was in line with December 2010 book value.

The settlement of this transaction has significantly strengthened the Fund's capital position with net proceeds of A\$31.3 million (7.1 cents of Net Asset Value) being repatriated to Australia and US\$3.2m remaining in the US under transaction related escrows. A majority of the proceeds will be used to reduce the Fund's LVR to below 40% resulting in a margin reduction of 100 bps. The balance will be used to fund growth initiatives within the Australian Seniors business including the expansion of the Gladstone and Rockhampton conversion villages.

ILF CEO Simon Owen said, "The completion of this sale marks a turning point in the Fund's transformation into a focused, appropriately-gearred seniors living business with a portfolio of well performing villages across Australia and a growing development pipeline. We are now in a sound position to advance our program of rigorously assessed growth opportunities including the expansion of existing high occupancy villages, bolt-on acquisitions and seeding Greenfield sites."

Remaining New York US Seniors portfolio

Following our announcement in July of the partial US portfolio sale, we have received numerous expressions of interest in our premium Bristol portfolio which consists of six A-grade seniors communities located on Long Island, New York.

Mr Owen said "Whilst the Fund is not actively pursuing a sale process, we will carefully assess the various expressions of interest and explore opportunities to monetise the equity in our remaining US Seniors communities. The Bristol assets represent a unique, high quality portfolio of seniors communities in the premium Long Island demographic. These assets

have significant barriers to entry and we would require an offer substantially in excess of the current book value for us to contemplate their divestment.”

DMF Conversion villages update

Earlier in the year, the Fund commenced the sell down of 216 units across three villages in Queensland which have been converted from the rental to the Deferred Management Fee (DMF) model. Following a modest first quarter, it is pleasing to report that presently over 25% of total units have either been settled, contracted or have an expression of interest in place with sales momentum continuing to build. The conversion project is expected to be a key driver of earning over the next few years and will release in excess of \$35m of cashflow during this period.

Management is also well advanced in its selection of the next conversion asset with expected launch in the first half of FY2012.

For further information, please contact

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About ING Real Estate Community Living Group

ING Real Estate Community Living Group (ASX code: ILF) is an externally managed ASX-listed real estate investment trust that owns, manages and develops a diversified portfolio of seniors housing communities. The Fund has total look-through assets under management of \$644 million with operations located predominantly throughout Australia and the United States.

About ING Real Estate Investment Management

ING Real Estate Community Living Group is one of three listed real estate investment trusts that are managed by ING Real Estate Investment Management Australia. ING Real Estate Investment Management is part of ING Group, a global financial institution of Dutch origin offering banking, investments, life insurance and retirement services to over 85 million private, corporate and institutional clients in more than 40 countries