ASX Announcement

REAL ESTATE INVESTMENT MANAGEMENT

Date

16 December 2010

Fund

ING Real Estate Community Living Group

ILF 2010 Annual Unitholder Meeting

Chairman's Presentation

Good afternoon ladies and gentlemen and welcome to the 2010 Annual Unitholder Meeting for the ING Real Estate Community Living Fund. My name is Kevin McCann.

In September this year I was appointed Chairman of ING Management Ltd, the Responsible Entity of your Fund. My appointment followed the retirement of Mr Richard Colless.

I would like to take this opportunity to acknowledge the contribution of Richard who served as IML Chairman for eight years. Richard's contribution to the Board and leadership in steering the Funds through the unprecedented challenges of recent times are greatly appreciated. On behalf of the Directors and Management here today we wish him all the best for the future.

Before we move into the formalities, as your new Chairman I would like to briefly give you some background on my experience and current public roles.

For the past 10 years I have been Chairman of Origin Energy, where I also sit on a number of committees. I am currently Lead Independent Director of Macquarie Group, and a Director of BlueScope Steel. I am also a Director of the Australian Institute of Company Directors (AICD), including Chairing the Corporate Governance Committee.

I believe my current and past public market experience, combined with a working life of more than forty years practising as a commercial lawyer with Allens, stand me in good stead to chair the board which represents the unitholders of ING's ASX-listed property Funds.

Today is not a statutory meeting and there are no resolutions to be voted on, so, as such, it is very much a unitholder focused event where you can engage with the Board and Management of your Fund.

There are three main components to today's meeting:

Firstly, I will make some remarks on ING's strategic review and the ING Real Estate Community Living Group.

Secondly, the CEO of the ING Real Estate Community Living Fund, Simon Owen, will give a detailed overview of Fund performance for the year to 30 June 2010 and provide an update on operational activities since that period.

Lastly, and importantly, we have allowed ample time for a question and answer session. We have received a number of questions prior to today's meeting and addressed as many of these as possible in the presentation. However, those of you who have additional questions following the presentation can put them to the Board or Management.

And of course, at the conclusion of the meeting, you are all invited to join us for refreshments in the foyer.

I would now like to introduce your Directors and some of our senior executives.

To my left are the Independent Directors of IML.

- Philip Clark – who is also Chairman of the Audit Committee.
- Michael Easson – Audit Committee member.
- Paul Scully – Paul is Chairman of the Compliance Committee and Chairman of the Sustainability Committee.

Our Non-Independent Director, Christophe Tanghe, who is a senior executive with ING based in The Hague, is not present today and sends his apologies.

I might at this point also acknowledge the contribution of two other Directors who resigned from the IML Board earlier this year. Mr George Jautze, who served as a Director, resigned in May of this year upon his retirement as global CEO of ING Real Estate Investment Management after 19 years with the ING Group. Also, Mr Phillip Redmond resigned in April of this year after four years as an Independent Director of IML.

On behalf of the Board I would like to thank both of these gentlemen for their contribution.

Also joining us on stage we have Denis Hickey - Chief Executive Officer of ING Real Estate Investment Management Australia, Danny Agnoletto - Chief Financial Officer of ING Real Estate Investment Management Australia and Simon Owen - Chief Executive Officer of ING Real Estate Community Living Fund, who will be presenting to you shortly.

We have present today, Mark Lamb – General Counsel, Johanna Keating - Head of Investor Relations and Marketing, and other senior executives of ING Real Estate Investment Management. Additionally, we have a number of ILF staff here today.

We also have present our external auditors, Ernst & Young represented by Doug Bain.

The financial shocks of 2007 and the ensuring 18-24 months have fundamentally changed the landscape in which global financial institutions operate and structure their businesses.

It is within that context, ING Group in The Netherlands is pursuing a strategy to reduce risk and complexity. In line with this strategy, ING Group is conducting an evaluation of its global real estate investment management platform, REIM, and its position within the Banking business. This review includes the Australian real estate investment management platform, REIMA.

As part of this review, your Board, in conjunction with ING Group and REIMA management, are continuing to develop and assess a variety of strategic options at a local level. The objective is to maximise value for all stakeholders in each of the five ASX-listed Funds managed by ING, including ILF.

The review has involved, and continues to involve, discussions with a number of parties in relation to their interest in specific Funds or all of REIMA's Funds. We have also explored internally-driven outcomes.

You could appreciate the complexity of this review process.

The Board, ING Group and REIMA management are working closely and diligently and we remain focused on articulating a proposal specific to ILF as soon as possible.

However, let me assure you IML will only recommend a proposal if it is in the best interests of all unitholders. The Board of IML applies the same assessment processes and corporate governance protocols to the interests of institutions to that of retail unitholders.

I will now turn my attention towards the Fund performance.

As we are acutely aware the A-REIT sector has been through material transformation over the past 12 -18 months which has had a significant impact on investors returns. Obviously, ILF has not been immune.

However, the challenges of this period for ILF appear to be moderating. We are seeing liquidity return to debt markets and an improvement in occupier demand for our Seniors living businesses, however the investment conditions for rental villages in Australia remain challenging.

There is still significant work to be done within the Fund including; reducing debt levels, evaluating the portfolio and strategic weighting, strengthening the earnings profile, and ultimately, closing the gap to net tangible asset backing.

The ILF Management team has been particularly active in the past 12 months with efforts firmly focused on improving performance and cash flow in core asset portfolios. Clear strategies have been developed to optimise existing operations including the conversion of a number of villages in the Australian rental portfolio to a DMF model.

Management has also refined the Fund's off shore investment portfolio through a process that included selective asset sales and hand backs in the US.

In this context, the ILF management team delivered a result for the year to 30 June 2010 that reflected the operational conditions and the difficult decisions required to stabilise the Fund.

While operating income for year was 4.1 cents per unit, management did not pay a distribution to unitholders due to capital constraints and covenants within the Fund's head trust debt facility.

Management and the Board remain focused on restoring fund performance. This includes reinstating distributions as soon as reasonably possible, however, we do not expect to be in a position to do this in the short-term.

Simon will now provide a detailed overview of ILF's performance to 30 June 2010 and highlight activities since that period.

This concludes my remarks.

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 assets under management of $738 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 five listed real estate investment trusts that are managed by ING Real Estate Investment Management Australia on behalf of 60,000 investors.

Globally, ING Real Estate Investment Management focuses on the investment management of quality real estate in all major global markets with a total portfolio of more than A$100 billion. ING Real Estate Investment Management is one of the leading investment management companies and serves a broad client base from five continents, Europe, North America and South America, Asia and 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.

ING Real Estate Community Living Group

Annual Unitholder Meeting 2010

AUSTRALIA

16 December 2010

REAL ESTATE INVESTMENT MANAGEMENT

ING

Kevin McCann

Chairman – ING Real Estate Community Living Group

Agenda

Chairman's Welcome

CEO Update

– The Year in Review

– Portfolio Update

– Strategy and Outlook

Questions and Answers

Chairman’s welcome

Directors and Executives

Kevin McCann Independent Chairman	**Denis Hickey** CEO REIMA
Philip Clark Independent Director	**Danny Agnoletto** CFO REIMA
Michael Easson Independent Director	**Simon Owen** CEO – ING Real Estate Community Living Group
Paul Scully Independent Director	

Chairman's welcome

At the responsible entity level…

ING Group is conducting a strategic evaluation of its global real estate investment management platform

To maximise ILF unitholder value, strict governance protocols and assessment processes are in place

The Board will only recommend a proposal should it be in the best interests of ILF unitholders

Simon Owen

CEO – ING Real Estate Community Living Group

Year in Review

Settlers Lakeside, Ravenswood, WA

Year in Review

Improving occupancy rates across portfolios driving value

> Occupancy rates higher than 12 months ago as recent management initiatives take effect

> Organic growth projects progressed to assist replacement of earnings from divested assets and terminated hedges

> Mid-way through value enhancement strategy to unlock value from challenging Garden Villages portfolio

Year in Review

Four areas of key focus over past 12 months

1. People – building capability
2. Product – presentation, pricing, service delivery, innovation
3. Performance – building a culture of operational and financial performance
4. Capital – disciplined approach to capital allocation

Year in Review

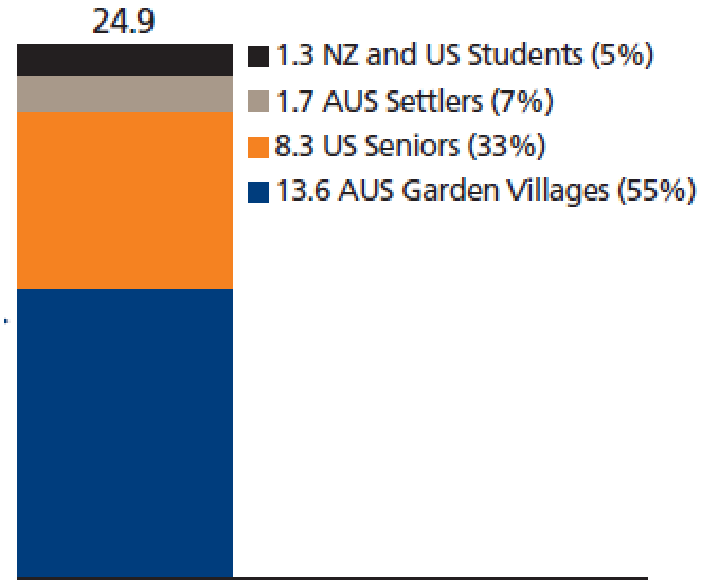
Key Financial Metrics	FY 2010	FY 2009
Statutory profit/(loss)	**($67.7m)**	($284.2m)
Operating income	**$18.3m**	$26.2m
Operating income per unit	**4.1c**	5.9c
Gearing[1]	**73%**	74%
Net asset value (NAV) per unit	**24.9c**	40.0c
Net cashflow from operations	**$14.6m**	$36.3m

> Operating income per security impacted by asset sales, currency movements and refinancing costs

1 Total look through debt (net of cash) to Total look through assets (net of resident loans and excluding cash)

Year in Review

Reduced uncertainty in NTA per unit



NTA Breakdown (cents per unit)
As at 30 June 2010

> All current operations were externally revalued during financial year 2010

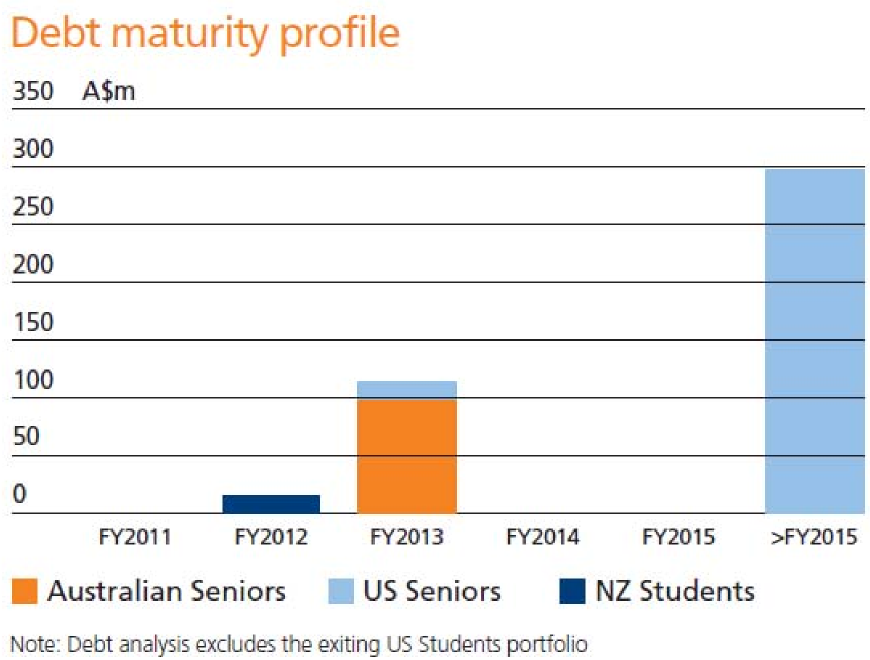
> Excess derivative liabilities now eliminated

> 31 December 2010 external valuations comprising 43% of portfolio by value underway

> US valuation expected to improve following increased investment demand, offset by downside valuation risk in Australian Seniors assets

Year in Review

Capital management position ongoing focus



> Long dated debt profile with average debt duration of 6.8 years[1]

> Australian gearing 41% as at 30 June 2010 however increased following termination payment of all remaining capital hedges

> US debt is non-recourse, fixed rate, long-term and covenant light

> Refinancing negotiations underway for NZ Students NZ$20m facility expiring in August 2011

1 As at 30 November 2010

Portfolio Update

Aspen Bella Vita, Florida, USA

Portfolio update

ILF Portfolio focused on core Australian and United States seniors markets and small continuing exposure to NZ students

As at 30 Jun 2010	United States Seniors (Rental)	Australian Garden Villages[1] (Rental)	Australian Settlers (DMF)	New Zealand Students	Total Portfolio[2] FY 2010
Properties	21	33	4	3	61
Book Value	US$284m	A$126m	A$60m	NZ$30m	A$547m
% of Portfolio	62%	23%	11%	4%	100%
Occupancy[3]	88%	76%	97%	96%	84%

1 Excludes Kingston Garden Village sold July 2010

2 Overall portfolio figures exclude US Students for FY 2010 as portfolio is currently undergoing handback

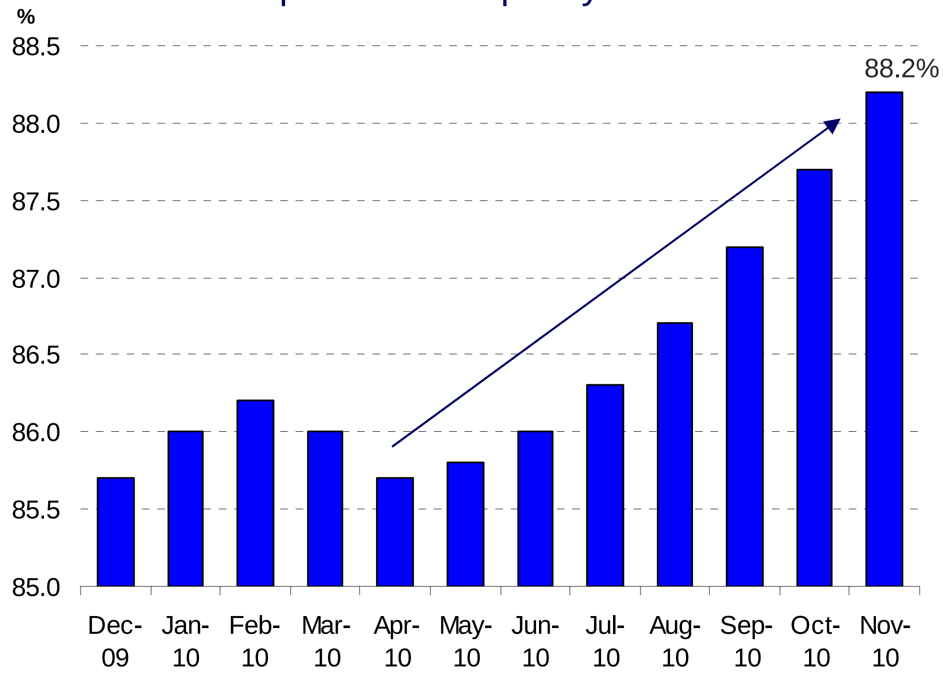
3 As at 30 November 2010

Portfolio Update – US Seniors

Management initiatives and market activity delivering value

- > Occupancy rate trending upwards despite a challenging environment
- > Management capability driving asset value and improved asset performance
- > Exploring opportunity to increase Assisted Living units – a needs driven product
- > Investment market showing signs of improvement

US Seniors portfolio occupancy



Portfolio Update – Garden Villages

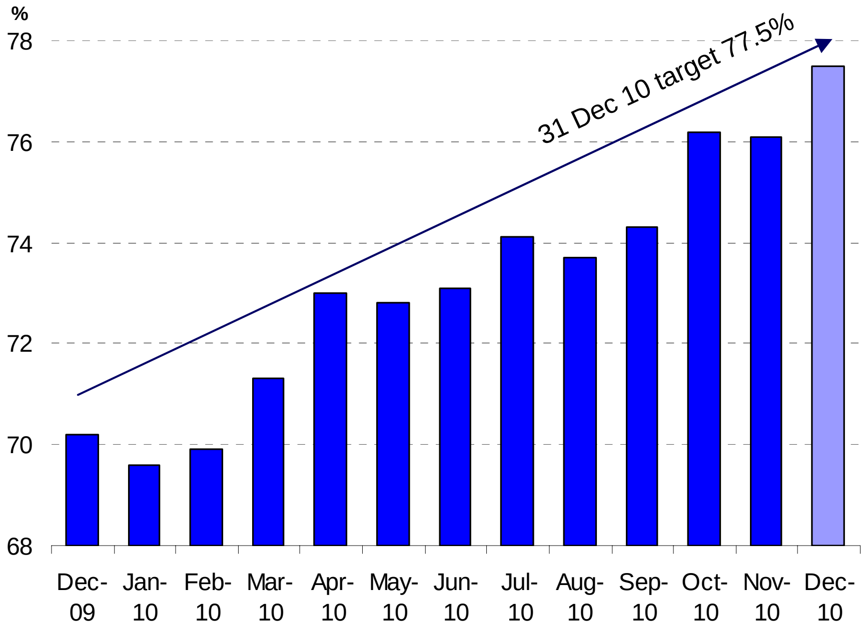
Garden Villages Portfolio – Value Enhancement Strategy

Strategy		Outcome
Drive Value in Core Assets Intense management focus to lift occupancy rate to 85%	→	Occupancy at all time high since management internalised
DMF Conversion Convert 3 villages to DMF model to maximise value	→	Successful project launch in October 2010
Divest Underperformers Sell impaired villages that are chronic underperformers	→	One village sold, further divestments planned

Portfolio Update – Garden Villages (Rental)

Drive value in core assets

Garden Villages portfolio occupancy



- > Consolidated Garden Villages and Settlers operations
- > Focused asset management and targeted marketing to increase occupancy further
- > Enhanced product presentation
- > Long-term occupancy target 85%
- > Investment market demand for rental assets challenging

Portfolio Update – Garden Villages (Rental)

Conversion of Select Rental to DMF

> Conversion of 3 rental villages with higher and better usage as Deferred Management Fee (DMF) model releasing positive net cashflow

> Project launched in October 2010

> Requires modest initial investment for refurbishment and improvements

> Received strong initial response to conversion program demonstrating market support

Portfolio Update – Settlers (DMF)

Solid performance with long-term development potential

> Continued focus on product presentation, unit upgrades and increasing sales and marketing

> Consistently high occupancy exceeding 97%

Settlers Ridgewood Rise

> Stage 8 Release: development of 22 houses well progressed and due for staged completion up to March 2011

> 60% pre-sales achieved with 12.5% uplift in average house price since previous stage

Portfolio Update - Students

NZ Students

> Three assets in Wellington to be retained in portfolio to extract full value for unitholders

> Core focus is on negotiating a new long-term contract with University

> Existing NZ$20m debt facility due for expiry August 2011

> Improved earnings also pursued through longer-term commercial tenancies, increased summer short-stay accommodation and billboard advertising

US Students

> Significant progress made with handback and sale of assets

> Seven properties were handed back by September 2010, and nine remain

> Sold all properties with positive net equity

> Majority of remaining assets to be exited by June 2011

> Closing costs remain within $5m provision raised at 31 December 2009

Strategy and Outlook

Settlers Ridgewood Rise Stage 8 Development, WA

Strategy and Outlook

Close the NTA gap

Value Gap

Current Trading Value

Capital Structure

> Issue: Australian gearing limits capital management options

> Focus: disciplined approach to capital allocation and further divestment of non-performing assets

Asset Value Uncertainty

> Issue: Garden Villages seen as low yielding with downside risk

> Focus: improve operating performance and convert assets for highest and best use

Reinstate Distributions

> Issue: currently restricted due to banking covenants

> Focus: reinstate distributions as soon as reasonably possible

NTA per unit

Strategy and Outlook

ILF continues through rebuilding phase with capable and industry experienced management team focused on restoring unitholder value

Key risk remains around Garden Villages and residential property markets

Key immediate focus is to successfully execute Garden Villages conversion strategy and to increase occupancy rates across portfolio

Attractive acquisition and development opportunities emerging in Australia however access to capital remains a key challenge

No distribution forecast for 2011 due to capital constraints and banking covenants

Disclaimer

A copy of this presentation will be made available on www.ingrealestate.com.au

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