

REAL ESTATE INVESTMENT MANAGEMENT

Date

19 July 2011

Fund

ING Real Estate Community Living Group

ILF continues momentum in its asset recycling strategy

ING Real Estate Community Living Group (ILF) announced today a series of capital management initiatives designed to strengthen the position of the Fund:

- Partial sale of US Seniors portfolio for US\$171.5 million.
- Sale of five non-core Australian rental villages for \$12.9 million.
- Strong momentum in the conversion of three rental villages to the DMF model.
- A six month extension to NZ\$21 million debt facility to February 2012.

ILF today announced that it has entered into a contract to sell 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 is in line with December 2010 book value. Settlement is only conditional on receiving all necessary US regulatory and property level debt approvals, which are anticipated by October 2011.

The 15 communities being sold are situated across nine US States which the Fund considered to have limited geographical concentration.

The Fund will retain the premium Bristol portfolio which consist of six A-grade seniors communities located on Long Island, New York. The book value of ILF's share in these assets is US\$132.2 million and they will continue to be operated under a joint venture arrangement with Chartwell¹.

Net equity proceeds from the sale of the US assets will be approximately A\$30 million² and will be applied to reduce the Fund's existing Australian debt facility.

¹ ILF has a 50% interest in five of the six Bristol communities, and 100% ownership in Bristol Lynbrook. Bristol portfolio book value stated as at 31 December 2010

² After repayment of asset level debt and settlement of other property related assets and liabilities.
Exchange rate AUD/USD 1.07

ILF CEO Simon Owen said, "The partial US sale significantly de-leverages the Fund's balance sheet and is in line with our strategy of refining our portfolio to concentrate on the Australian retirement market."

"Management is confident that this sale provides ILF with a stable platform and flexibility to consider various go-forward strategies for the business."

Update on Australian Divestments

On 14 June 2011, the Fund settled the sale of three non-core Garden Village rental communities in Toowoomba Queensland as announced on 2 March 2011 for \$8.8 million. The sale price was a 20% premium to 31 December 2010 book value.

Over the past 12 months, the Fund has divested a total of five non-core rental villages for \$12.9 million, for an average 22% premium to book value. Negotiations are currently underway to divest a further three rental villages. More details will be announced if and when a transaction concludes.

The remainder of the 23 Garden Villages rental communities continue to perform to Management's expectations, with portfolio occupancy now standing at 81%³.

Conversion of rental villages

The Fund continues to deliver on its stated strategy to convert select rental villages to the Deferred Management Fee model (DMF).

To date, 18 settlements have been achieved within the three Queensland villages being converted with a further 17 conditional contracts in place. This will release cashflow to fund growth capital for village expansion activities.

Update on New Zealand Students Portfolio

Management is progressing discussions with Victoria University of Wellington (VUW) for the renewal of a long term student accommodation contract. Notwithstanding the positive nature of the discussions to date, the NZ Students portfolio will face further value reductions taking into account the NZ market conditions, the portfolio's future earnings and likely capital expenditure commitments.

The Fund has recently negotiated a six month extension to February 2012 with our NZ lender for the NZ\$20.8 million facility that was due for expiry in August 2011. This will enable the Fund to finalise discussions with VUW prior to securing a longer term facility.

³ As at 1 July 2011

Fund Debt Position

Upon settlement of the asset sales, the net equity proceeds generated will enable the Fund to reduce its Australian LVR position to approximately 40%. Under the recently renegotiated debt facility, this will result in a 100 bps reduction in the Fund's current interest cost.

This will represent an approximate annual interest saving of \$2.5 million.

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 \$673 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