

APPENDIX 4D

Half –year Report

Half-year ended 31 December 2011

Name of Entity: ING Real Estate Community Living Group

ARSN: ING Real Estate Community Living Group comprises ING Real Estate Community Living Fund ARSN 107 459 576 and ING Real Estate Community Living Management Trust ARSN 122 928 410

Results for announcement to the market

	\$'000	
Revenues from continuing operations	down 4% to 13,138	
Profit from ordinary activities after tax attributable to members	up 182% to a profit of 29,146	
Net profit for the period attributable to members	up 182% to a profit of 29,146	
Operating income from continuing operations ¹	up 7% to 1,716	
Operating income	down 12% to 4,088	
	31 December	30 June
	2011	2011
Net asset value per unit	\$0.33	\$0.26

¹ A reconciliation of operating income to net profit is given in the attached Directors' Report.

Distributions	Amount per unit (cents)	\$m
Interim 31 December 2011	Nil	Nil
Previous Corresponding Period	Nil	Nil

Note : Franked amount per unit is not applicable

Other significant information and commentary on results

See attached ASX announcement

For further details, please refer to the following attached documents:

- Directors' report
- Interim financial report
- Results presentation and ASX announcement

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Sarah Wiesener
Company Secretary

23 February 2012

ING REAL ESTATE COMMUNITY LIVING GROUP

INTERIM REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

REAL ESTATE INVESTMENT MANAGEMENT



www.ingrealestate.com.au

ING Real Estate Community Living Group
Interim Report
For the half-year ended 31 December 2011

Financial and Associated Reports

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The ING Real Estate Community Living Group has been formed by the stapling of the units in two Australian registered schemes, ING Real Estate Community Living Fund (ARSN 107 459 576) and ING Real Estate Community Living Management Trust (ARSN 122 928 410). ING Management Limited (ABN 15 006 065 032; AFS licence number 237534), the Responsible Entity of these two schemes, is incorporated and domiciled in Australia.

This condensed interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 30 June 2011 and any public announcements made by the Fund during the half-year, in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

ING Real Estate Community Living Group

Directors' Report

For the half-year ended 31 December 2011

The ING Real Estate Community Living Group (the "Group") was formed on 11 January 2007 by the stapling of the units in two property trusts, ING Real Estate Community Living Fund (the "Fund") and ING Real Estate Community Living Management Trust ("ILMT") (collectively the "Trusts"). The Responsible Entity for both Trusts is ING Management Limited, which now presents its report together with the financial reports for the half-year ended 31 December 2011 and the independent auditor's review report thereon.

In accordance with Accounting Standard AASB 3 *Business Combinations*, the stapling arrangement discussed above is regarded as a business combination and the Fund has been identified as the parent for preparing consolidated financial reports.

The directors' report is a combined directors' report that covers both Trusts. The financial information given for the Group is taken from the consolidated financial statements and notes of the Fund.

Directors

The directors of the Responsible Entity at any time during or since the end of the half-year were:

Michael Coleman	Chairman; appointed 1 July 2011
Hein Brand	
Philip Clark AM	
Michael Easson AM	
Scott MacDonald	Resigned 13 July 2011

Except as stated, these persons were directors of the Responsible Entity during the whole of the half-year and up to the date of this report.

Review and results of operations

A summary of the Trusts' results for the half-year ended 31 December 2011 is:

	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
	2011	2010	2011	2010
Profit/(loss) from continuing operations (\$'000)	(336)	(7,281)	494	3,219
Net profit attributable to unitholders (\$'000)	29,146	10,342	6,337	6,185
Operating income from continuing operations (\$'000)	1,716	1,604	(3,026)	(1,223)
Operating income (\$'000)	4,088	4,625	(2,963)	(1,275)
Distributions per unit (cents)	-	-	-	-
Earnings per stapled unit from continuing operations - basic and diluted (cents)	(0.1)	(1.7)	na	na
Earnings per stapled unit - basic and diluted (cents)	6.6	2.3	na	na
Operating income per stapled unit from continuing operations (cents)	0.4	0.4	na	na
Operating income per stapled unit (cents)	0.9	1.0	na	na

ING Real Estate Community Living Group

Directors' Report

For the half-year ended 31 December 2011

The Responsible Entity uses the Trusts' operating income as an additional performance indicator. Operating income does not take into account certain items recognised in the income statement including unrealised gains or losses on the revaluation of the Fund's investment properties and derivatives.

Operating income for the half-year has been calculated as follows:

	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Net profit attributable to unitholders	29,146	10,342	6,337	6,185
Adjusted for:				
- Profit from discontinued operations for the half-year	(29,482)	(17,623)	(5,843)	(2,966)
- Unrealised net foreign exchange loss	279	314	-	-
- Net (gain)/loss on disposal of investment property	35	(739)	-	-
- Net (gain)/loss on change in fair value of:				
Investment properties	(2,298)	7,399	(4,455)	(5,153)
Derivatives	725	1,716	-	-
Retirement village residents' loans	42	(63)	42	(63)
- Gain on revaluation of newly completed retirement villages	3,119	845	743	1,361
- Deferred income tax (benefit)/expense	150	(587)	150	(587)
Operating income from continuing operations	1,716	1,604	(3,026)	(1,223)
Operating income from discontinuing operations	2,372	3,021	63	(52)
Operating income	4,088	4,625	(2,963)	(1,275)

Net profit attributable to the fund's unitholders for the half-year has increased by 182% to \$29,146,000 from \$10,342,000 for the previous corresponding half-year. This principally reflected a gain on change in fair value of investment properties of \$33,824,000 (including discontinued operations and share of equity accounted investments), compared to a gain of \$6,959,000 for the previous corresponding half-year. In addition the loss on change in fair value of derivatives decreased from a loss of \$1,716,000 for the December 2010 half-year to a loss of \$725,000 for the current half-year.

Operating income decreased by 12% to \$4,088,000 for the current half-year from \$4,625,000 for the December 2010 half-year. The decrease is largely attributable to the disposal of five Garden Village rental assets in May 2011, the conversion of three Garden Villages assets from a rental to deferred management fees model, and the disposal of 15 US Seniors properties in November 2011 (the non-New York portfolio).

Operating income per unit for the 2011 half-year was down 12% to 0.9 cents, compared to 1.0 cents per unit previously.

No distributions were made by the Group during the December 2011 half-year.

Earnings per unit from the continuing operations, as calculated under applicable accounting standards for the half-year ended 31 December, was a loss of 0.1 cents compared to a loss of 1.7 cents per unit for the previous corresponding half-year.

ING Real Estate Community Living Group Directors' Report For the half-year ended 31 December 2011

Comparative data has been restated as all of the Fund's overseas assets have been reclassified as discontinued operations since the December 2010 half-year (refer to note 6 of the Financial Statements which follow).

Total assets increased by \$25,308,000, or 6%, to \$445,965,000 over the last half-year primarily due to revaluations of the US Seniors property portfolio.

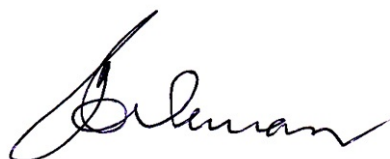
Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

Rounding of amounts

The Fund is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in this report and the financial report. Amounts in these reports have been rounded off in accordance with that Class Order to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors of the Responsible Entity.

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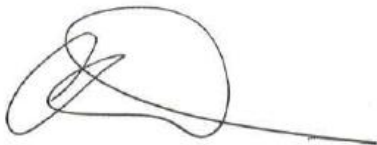
Michael Coleman
Chairman
Sydney
23 February 2012

Auditor's Independence Declaration to the Directors of ING Management Limited as Responsible Entity for ING Real Estate Community Living Fund and ING Real Estate Community Living Management Trust

In relation to our review of the financial reports of ING Real Estate Community Living Fund and its controlled entities and ING Real Estate Community Living Management Trust and its controlled entities for the half-year ended 31 December 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A stylized, handwritten signature of the Ernst & Young firm, written in a cursive script.

Ernst & Young

A handwritten signature of Chris Lawton, consisting of a large, stylized 'C' followed by a horizontal line.

Chris Lawton
Partner
23 February 2012

ING Real Estate Community Living Group
Consolidated income statements
For the half-year ended 31 December 2011

	Note	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
		2011	2010	2011	2010
		\$'000	\$'000	\$'000	\$'000
Revenue					
Rental income		9,036	9,679	9,036	9,679
Deferred management fee		2,234	2,135	2,234	2,135
Other property income		1,595	1,511	1,415	1,506
Interest income		273	303	47	37
		13,138	13,628	12,732	13,357
Other income					
Net foreign exchange gain/(loss)		(255)	(292)	(123)	46
Net gain/(loss) on disposal of investment properties		(35)	739	-	-
Net gain/(loss) on change in fair value of:					
- Investment properties		2,298	(7,399)	4,455	5,153
- Derivatives		(725)	(1,716)	-	-
- Retirement village residents' loans		(42)	63	(42)	63
Expenses					
Property expenses		(8,301)	(9,785)	(13,536)	(15,185)
Finance costs		(4,594)	(1,982)	(2,515)	(605)
Responsible Entity fees		(882)	(706)	(246)	(146)
Other		(792)	(404)	(85)	(51)
Profit/(loss) from continuing operations before income tax		(190)	(7,854)	640	2,632
Income tax benefit/(expense)		(146)	573	(146)	587
Profit/(loss) from continuing operations		(336)	(7,281)	494	3,219
Profit from discontinued operations	6	29,482	17,623	5,843	2,966
Net profit attributable to unitholders		29,146	10,342	6,337	6,185
Attributable to unit holders of:					
- ING Real Estate Community Living Fund		22,809	4,157	-	-
- ING Real Estate Community Living					
- Management Trust		6,337	6,185	6,337	6,185
		29,146	10,342	6,337	6,185

ING Real Estate Community Living Group
Consolidated income statements
For the half-year ended 31 December 2011

	Note	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
		2011	2010	2011	2010
		Cents	Cents	Cents	Cents
Distributions per unit		-	-	-	-
Basic and diluted earnings per unit from continuing operations:					
- Per stapled unit	2	(0.1)	(1.7)	na	na
- Per unit of each Trust	2	(0.2)	(2.4)	0.1	0.7
Basic and diluted earnings per unit:					
- Per stapled unit	2	6.6	2.3	na	na
- Per unit of each Trust	2	5.2	0.9	1.4	1.4

ING Real Estate Community Living Group
Consolidated statements of comprehensive income
For the half-year ended 31 December 2011

	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Net profit for the half-year	29,146	10,342	6,337	6,185
Other comprehensive income:				
Exchange differences on translation of foreign operations	2,880	(6,883)	(133)	1,690
Total comprehensive income for the half-year	32,026	3,459	6,204	7,875
Total comprehensive income for the half-year is attributable to:				
ING Real Estate Community Living Fund	25,822	(4,416)	-	-
ING Real Estate Community Living Management Trust	6,204	7,875	6,204	7,875
	32,026	3,459	6,204	7,875

The components of other comprehensive income shown above are presented net of related income tax effects.

ING Real Estate Community Living Group
Consolidated balance sheets
As at 31 December 2011

	Note	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
		31 Dec 2011 \$'000	30 Jun 2011 \$'000	31 Dec 2011 \$'000	30 Jun 2011 \$'000
Current assets					
Cash and cash equivalents		33,858	14,855	4,319	3,105
Trade and other receivables		2,259	4,252	2,002	3,709
Assets of discontinued operations	6	82,587	10,047	31,835	-
		118,704	29,154	38,156	6,814
Non-current assets					
Trade and other receivables		277	1,297	4,048	4,810
Investment properties	3	326,723	344,490	226,061	241,845
Plant and equipment		261	309	261	309
Equity accounted investments		-	45,407	-	913
		327,261	391,503	230,370	247,877
Total assets		445,965	420,657	268,526	254,691
Current liabilities					
Payables		14,767	19,597	6,643	8,808
Retirement village residents' loans		157,498	150,761	157,498	150,761
Borrowings		-	266	2,876	27,521
Derivatives		974	213	-	-
Liabilities of discontinued operations	6	34,220	5,675	27,816	-
		207,459	176,512	194,833	187,090
Non-current liabilities					
Borrowings		83,737	121,515	59,826	60,088
Derivatives		232	269	-	-
Deferred tax liabilities		8,197	8,047	8,197	8,047
		92,166	129,831	68,023	68,135
Total liabilities		299,625	306,343	262,856	255,225
Net assets / (liabilities)		146,340	114,314	5,670	(534)
Unitholders' interest					
Issued units	4	490,044	490,044	3,351	3,351
Reserves		(17,360)	(20,240)	(693)	(560)
Retained earnings/(accumulated losses)		(326,344)	(355,490)	3,012	(3,325)
Total unitholders' interest		146,340	114,314	5,670	(534)
Attributable to unit holders of:					
ING Real Estate Community Living Fund					
- Issued units	4	486,693	486,693	-	-
- Reserves		(16,667)	(19,680)	-	-
- Accumulated losses		(329,356)	(352,165)	-	-
		140,670	114,848	-	-
ING Real Estate Community Living Management Trust					
		5,670	(534)	5,670	(534)
		146,340	114,314	5,670	(534)
Net asset value per unit					
		\$0.33	\$0.26		

ING Real Estate Community Living Group
Consolidated statements of changes in unitholders' interest
For the half-year ended 31 December 2011

	ING Real Estate Community Living Group			
	Issued Capital	Reserve	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amounts at 1 July 2010	490,044	(11,481)	(368,541)	110,022
Net profit for the half-year	-	-	10,342	10,342
Other comprehensive income	-	(6,883)	-	(6,883)
Total comprehensive income for the half-year	-	(6,883)	10,342	3,459
Carrying amounts at 31 December 2010	490,044	(18,364)	(358,199)	113,481
Carrying amounts at 1 July 2011	490,044	(20,240)	(355,490)	114,314
Net profit for the half-year	-	-	29,146	29,146
Other comprehensive income	-	2,880	-	2,880
Total comprehensive income for the half-year	-	2,880	29,146	32,026
Carrying amounts at 31 December 2011	490,044	(17,360)	(326,344)	146,340

	ING Real Estate Community Living Management Trust			
	Issued Capital	Reserve	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amounts at 1 July 2010	3,351	(2,397)	(13,179)	(12,225)
Net profit for the half-year	-	-	6,185	6,185
Other comprehensive income	-	1,690	-	1,690
Total comprehensive income for the half-year	-	1,690	6,185	7,875
Carrying amounts at 31 December 2010	3,351	(707)	(6,994)	(4,350)
Carrying amounts at 1 July 2011	3,351	(560)	(3,325)	(534)
Net profit for the half-year	-	-	6,337	6,337
Other comprehensive income	-	(133)	-	(133)
Total comprehensive income for the half-year	-	(133)	6,337	6,204
Carrying amounts at 31 December 2011	3,351	(693)	3,012	5,670

ING Real Estate Community Living Group
Consolidated cash flow statements
For the half-year ended 31 December 2011

	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Rental and other property income	15,987	16,168	10,471	11,195
Property and other expenses	(13,694)	(15,039)	(15,891)	(10,602)
Proceeds from residents' loans	9,367	4,869	9,367	4,869
Repayment of residents' loans	(1,439)	(2,017)	(1,439)	(2,017)
Payment of management fees (including backlog)	(3,186)	(1,056)	(196)	(134)
Income taxes paid	(58)	-	(38)	-
Distributions received from equity accounted investments	1,086	1,422	40	-
Interest received	275	305	47	38
Borrowing costs paid	(5,163)	(379)	(857)	(977)
Goods and services taxes recovered from investing and financing activities	12	-	-	-
	3,187	4,273	1,504	2,372
Cash flows from investing activities				
Additions to investment properties	(1,390)	(3,882)	(626)	(3,142)
Proceeds from sale of investment properties	-	2,991	-	-
Proceeds from sale of equity accounted investments	29,400	-	473	-
Return of capital from equity accounted investments	-	766	-	-
	28,010	(125)	(153)	(3,142)
Cash flows from financing activities				
Termination of derivatives	-	(16,020)	-	-
Proceeds from borrowings	2,646	17,030	-	-
Repayment of borrowings	(15,206)	(13,241)	(138)	(135)
	(12,560)	(12,231)	(138)	(135)
Net increase/(decrease) in cash	18,637	(8,083)	1,213	(905)
Cash at the beginning of the half-year	15,041	20,246	3,105	3,230
Effects of exchange rate changes on cash	369	(468)	12	(42)
Cash at the end of the half-year	34,047	11,695	4,330	2,283

ING Real Estate Community Living Group

Notes to the financial statements

For the half-year ended 31 December 2011

1. Basis of preparation

(a) The Group

The ING Real Estate Community Living Group (the "Group") was formed on 11 January 2007 by the stapling of the units in two property trusts, ING Real Estate Community Living Fund (the "Fund or "Parent") and ING Real Estate Community Living Management Trust ("ILMT") (collectively the "Trusts"). The Fund and ILMT were constituted on 22 November 2003 and 24 November 2006, respectively.

The two Trusts have common business objectives and operate as an economic entity collectively known as ING Real Estate Community Living Group.

(b) General

This general purpose financial report for the half-year ended 31 December 2011 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* (the "Act").

In accordance with Accounting Standard AASB 3 *Business Combinations*, the stapling arrangement discussed above is regarded as a business combination and the Fund has been identified as the parent for preparing consolidated financial reports.

As permitted by Class Order 05/642, issued by the Australian Securities and Investments Commission, this financial report is a combined financial report that presents the financial statements and accompanying notes of both the Group (being the consolidated financial statements and notes of the Fund) and ILMT.

This condensed interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 30 June 2011 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the Act.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

ING Real Estate Community Living Group
Notes to the financial statements
For the half-year ended 31 December 2011

2. Earnings per unit

	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
	2011	2010	2011	2010
(a) Per stapled unit				
Loss from continuing operations (\$'000)	(336)	(7,281)	na	na
Profit from discontinued operations (\$'000)	29,482	17,623	na	na
Weighted average number of units outstanding (thousands)	441,029	441,029	na	na
Basic and diluted earnings per unit from continuing operations (cents)	(0.1)	(1.7)	na	na
Basic and diluted earnings per unit from discontinued operations (cents)	6.7	4.0	na	na
Basic and diluted earnings per unit (cents)	6.6	2.3	na	na
(b) Per unit of each Trust				
Profit/(loss) from continuing operations (\$'000)	(830)	(10,500)	494	3,219
Profit from discontinued operations (\$'000)	23,639	14,657	5,843	2,966
Weighted average number of units outstanding (thousands)	441,029	441,029	441,029	441,029
Basic and diluted earnings per unit from continuing operations (cents)	(0.2)	(2.4)	0.1	0.7
Basic earning per unit from discontinued operations (cents)	5.4	3.3	1.3	0.7
Basic and diluted earnings per unit (cents)	5.2	0.9	1.4	1.4

3. Investment properties

(a) Summary of carrying amounts

	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
	31 Dec 2011 \$'000	30 Jun 2011 \$'000	31 Dec 2011 \$'000	30 Jun 2011 \$'000
Investment property	325,053	342,820	225,691	241,545
Property under construction	1,670	1,670	370	300
	326,723	344,490	226,061	241,845

ING Real Estate Community Living Group
Notes to the financial statements
For the half-year ended 31 December 2011

3. Investment properties (continued)

(b) Individual valuations and carrying amounts

Property	Date of purchase	Cost to date \$'000	Latest external valuation		Carrying amount		Capitalisation rate	
			Date	Valuation \$'000	31 Dec 2011 \$'000	30 Jun 2011 \$'000	31 Dec 2011 %	30 Jun 2011 %
Investment Property ^{(1) (2)}								
Garden Villages								
Albany	Jun 04	5,970	Jun 11	3,870	3,370	3,870	10.0%	10.0%
Mardross Gardens	Jun 04	5,584	Dec 09	3,850	2,440	2,830	10.3%	10.3%
Seville Grove Gardens	Jun 04	4,076	Dec 10	3,100	3,280	3,410	10.0%	10.0%
Hertford Gardens	Jun 04	3,737	Dec 09	2,400	2,190	2,140	10.0%	10.0%
Carey Park Gardens	Jun 04	4,907	Jun 11	3,840	3,640	3,840	10.0%	10.0%
Jefferis Gardens	Jun 04	5,100	Dec 11	2,450	2,450	2,669	10.0%	10.0%
Cessnock Gardens	Jun 04	5,665	Dec 09	4,570	3,005	3,290	10.0%	10.0%
Claremont Gardens	Jun 04	4,732	Dec 11	3,690	3,690	3,520	10.0%	10.0%
Taloumbi Gardens	Jun 04	4,985	Dec 10	3,730	4,010	4,160	10.3%	10.3%
Davenport Gardens	Jun 04	4,262	Dec 09	2,350	3,100	3,220	10.0%	10.0%
Whealers Gardens	Jun 04	4,639	Dec 11	3,520	3,520	2,768	10.0%	10.3%
Elphinwood Gardens	Jun 04	4,577	Dec 10	3,600	3,460	3,840	10.0%	10.0%
Glenorchy Gardens	Jun 05	4,367	Dec 11	3,130	3,130	3,350	10.0%	10.0%
Chatsbury Gardens	Jun 04	4,990	Dec 11	2,970	2,970	3,212	10.0%	10.0%
Grovedale Gardens	Jun 05	5,441	Dec 10	3,400	3,035	3,200	10.3%	10.3%
Horsham Gardens	Jun 04	4,632	Dec 09	2,800	3,430	3,280	10.0%	10.0%
Lovely Banks Gardens	Jun 05	5,946	Dec 09	3,750	2,630	2,649	10.0%	10.0%
Sea Scape Gardens	Jun 04	4,553	Jun 11	4,060	4,160	4,060	10.0%	10.0%

ING Real Estate Community Living Group
Notes to the financial statements
For the half-year ended 31 December 2011

3. Investment properties (continued)

Property	Date of purchase	Cost to date \$'000	Latest external valuation		Carrying amount		Capitalisation rate	
			Date	Valuation \$'000	31 Dec 2011 \$'000	30 Jun 2011 \$'000	31 Dec 2011 %	30 Jun 2011 %
Marsden Gardens	Jun 05	8,876	Dec 10	7,300	8,950	8,680	10.0%	10.0%
Coburns Gardens	Jun 04	4,343	Dec 09	2,350	2,280	2,380	10.0%	10.0%
Brooklyn Gardens	Jun 04	4,243	Dec 09	2,500	1,550	1,680	10.5%	10.5%
Oxley Gardens	Jun 04	4,606	Jun 11	2,720	2,690	2,720	10.0%	10.0%
Townsend Gardens	Jun 04	4,993	Dec 09	3,100	3,360	2,830	10.0%	10.0%
St Albans Park Gardens	Jun 04	5,004	Dec 09	3,250	3,690	2,840	10.0%	10.0%
Swan View Gardens	Jan 06	7,215	Dec 10	6,130	5,675	6,210	10.0%	10.0%
Taree Gardens	Dec 04	4,665	Jun 11	2,990	2,270	2,768	10.0%	10.0%
US Seniors								
Lynbrook, New York ⁽⁵⁾	Dec 07	27,803	Dec 11	28,062	-	21,130	-	7.3%
Garden Villages DMF Conversions ^{(3) (4)}							Discount rate	
Forest Lake Gardens	Nov 05	13,953	Jun 11	10,124	11,093	10,124	19.1%	16.6%
South Gladstone Gardens	Nov 05	8,479	Jun 11	9,344	10,315	9,044	13.9%	22.9%
Rockhampton Gardens	Nov 05	10,808	Dec 11	10,929	10,929	10,770	20.0%	15.1%
Settlers ⁽³⁾							Discount rate	
Lakeside	Apr 07	69,695	Jun 11	79,099	80,273	79,099	13.0%	13.5%
Noyea Park	Apr 07	2,471	Dec 10	741	1,003	741	14.0%	14.0%
Meadow Springs	Apr 07	20,892	Jun 11	17,472	17,693	17,472	14.0%	14.0%
Ridgewood	Apr 07	85,239	Jun 11	105,024	105,771	105,024	13.0%	13.3%
Total completed properties		371,448		352,215	325,053	342,820		

ING Real Estate Community Living Group
Notes to the financial statements
For the half-year ended 31 December 2011

3. Investment properties (continued)

Property	Date of purchase	Cost to date \$'000	Latest external valuation		Carrying amount	
			Date	Valuation \$'000	31 Dec	30 Jun
					2011 \$'000	2011 \$'000
<i>Property under construction</i>						
<i>Non-current</i>						
<i>Garden Villages</i>						
Lovely Banks Gardens - land	Jun 05	862	Dec 09	310	310	310
<i>Settlers</i>						
Meadow Springs	Apr 07	2,470	Dec 10	1,500	1,360	1,360
		3,332		1,810	1,670	1,670
<i>Total all investment properties</i>		374,780		354,025	326,723	344,490

- (1) Investment property that has not been valued by external valuers at reporting date is carried at the Responsible Entity's estimate of fair value in accordance with the Fund's accounting policy. Properties acquired during the period are held at cost, which is reflective of the estimate of fair value.
- (2) Valuations made in a foreign currency have been converted at the rate of exchange ruling at reporting date.
- (3) Valuations of retirement villages are provided net of residents' loans (after deducting any accrued deferred management fees). For presentation in this note, the external valuations shown are stated before deducting this liability to reflect its separate balance sheet presentation. The carrying amounts include the fair value of units completed since the date of the external valuation.
- (4) The Garden Villages DMF Conversion villages started converting from a rental to a deferred management fee model from January 2011. The discount rate reflects a combination of development risk on vacant units and DMF from both occupied and vacant units. Over time, the Garden Villages DMF Conversion properties' discount rate will likely revert towards Settlers' discount rates as project risk diminishes.
- (5) Lynbrook has been reclassified as a discontinued operation with the rest of the US Seniors segment from the December 2011 balance date.

ING Real Estate Community Living Group
Notes to the financial statements
For the half-year ended 31 December 2011

3. Investment properties (continued)

(c) Movements in carrying amounts

	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
<i>Completed investment property</i>				
Carrying amount at beginning of half-year	342,820	346,163	241,545	203,152
Exchange rate fluctuations	-	(4,301)	-	(4,301)
Additions to existing property	716	1,038	542	763
Disposals	-	(2,250)	-	-
Transferred to discontinued operations	(21,130)	-	(21,130)	-
Transferred from property under construction	42	3,928	42	2,942
Net change in fair value	2,605	(4,774)	4,692	8,099
Carrying amount at end of half-year	325,053	339,804	225,691	210,655
<i>Property under construction</i>				
Carrying amount at beginning of half-year	1,670	6,660	300	3,560
Additions	349	5,700	349	2,346
Transferred to investment property	(42)	(3,928)	(42)	(2,942)
Net change in fair value	(307)	(653)	(237)	(974)
Carrying amount at end of half-year	1,670	7,779	370	1,990

ING Real Estate Community Living Group
Notes to the financial statements
For the half-year ended 31 December 2011

4. Issued units

(a) Carrying amounts

	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
At beginning and end of half-year	490,044	490,044	3,351	3,351
The closing balance is attributable to the unitholders of:				
- ING Real Estate Community Living Fund	486,693	486,693	-	-
- ING Real Estate Community Living Management Trust	3,351	3,351	3,351	3,351
	490,044	490,044	3,351	3,351

(b) Number of issued units

	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
	2011	2010	2011	2010
	thousands	thousands	thousands	thousands
At beginning and end of half-year	441,029	441,029	441,029	441,029

(c) Terms of units

All units are fully paid and rank equally with each other for all purposes. Each unit entitles the holder to one vote, in person or by proxy, at a meeting of unitholders.

ING Real Estate Community Living Group
Notes to the financial statements
For the half-year ended 31 December 2011

5. Segment information

(a) Description of segments

The Fund invests in seniors accommodation properties located in Australia. The rental properties in Australia are the Garden Villages segment, the rental villages that are moving to a deferred management fee structure are the DMF Conversion segment and the deferred management fee properties are the Settlers segment. The group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision maker) in assessing performance and in determining the allocation of resources.. Other parts of the Group are neither an operating segment nor part of an operating segment. Assets that do not belong to an operating segment are described below as “unallocated”.

	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
(b) Segment revenue				
Revenues from external customers:				
- Garden Villages	9,594	10,892	9,414	10,887
- DMF Conversion	752	-	752	-
- Settlers	2,519	2,433	2,519	2,433
Total segment revenue	12,865	13,325	12,685	13,320
Interest income	273	303	47	37
Total revenue	13,138	13,628	12,732	13,357

ING Real Estate Community Living Group
Notes to the financial statements
For the half-year ended 31 December 2011

5. Segment information (continued)

	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
(c) Segment result				
- Garden Villages	3,849	2,704	(475)	(2,701)
- DMF Conversion	2,659	-	(834)	-
- Settlers	868	1,681	1,201	2,197
Total segment result	7,376	4,385	(108)	(504)
Interest income	273	303	47	37
Net foreign exchange gain/(loss)	(255)	(292)	(123)	46
Net gain/(loss) on disposal of investment properties	(35)	739	-	-
Net gain/(loss) on change in fair value of:				
- Investment properties	2,298	(7,399)	4,455	5,153
- Derivatives	(725)	(1,716)	-	-
- Retirement village residents' loans	(42)	63	(42)	63
Finance costs	(4,594)	(1,982)	(2,515)	(605)
Responsible Entity's fees	(882)	(706)	(246)	(146)
Other unallocated expenses	(485)	(404)	(85)	(51)
Gain on revaluation of newly completed retirement villages	(3,119)	(845)	(743)	(1,361)
Profit/(loss) from continuing operations before tax	(190)	(7,854)	640	2,632
Income tax benefit/(expense)	(146)	573	(146)	587
Profit/(loss) from continuing operations	(336)	(7,281)	494	3,219

	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
	31 Dec	30 Jun	31 Dec	30 Jun
	2011	2011	2011	2011
	\$'000	\$'000	\$'000	\$'000
(d) Segment assets				
Garden Villages	90,345	94,332	4,864	4,446
DMF Conversion	33,179	29,938	33,179	29,938
Settlers	212,558	205,015	195,700	192,093
Total segment assets	336,082	329,285	233,743	226,477
Discontinued	82,587	79,564	31,835	25,023
Unallocated	27,296	11,808	2,948	3,191
Total assets	445,965	420,657	268,526	254,691

ING Real Estate Community Living Group **Notes to the financial statements** **For the half-year ended 31 December 2011**

6. Discontinued operations

(a) Details of discontinued operations

On 23 November 2009, the Group announced that it would cease to provide financial support to its United States Students business which previously enabled that business to meet its interest and principal payments on debt, which resulted in a breach of borrowing agreements. Since then management has worked with debt holders to dispose of all of the US Students properties. The final property was the subject of a successful foreclosure sale on 9 February 2012.

The Group's investment in its New Zealand Students business (U-Stay) was classified as a discontinued operation at 30 June 2011, consistent with the Group's previously announced strategy to focus on transitioning to an actively managed Australian seniors living business. This investment comprises a 90% interest in three facilities in Wellington, New Zealand which provide student accommodation under a minimum rental guarantee to Victoria University of Wellington (VUW).

Similarly, the Group's investment in the US Seniors Living portfolio (the Bristals) has now been classified as a discontinued operation at 31 December 2011. As previously advised, the Group is currently assessing several offers for the Bristol portfolio but has yet to conclude any transaction. This investment comprises a 50% interest in five seniors living communities and a 100% interest in one community, all located on Long Island, New York.

In applying the Group's accounting policies, when a component of the entity is classified as a discontinued operation, the comparative financial data is restated in the income statements. Balance sheets and cash flow statements are not restated.

(b) Financial performance

The financial performance of components of the Trusts disposed of or classified as discontinued operations at 31 December were:

	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Revenue	1,870	3,446	1,028	934
Net gain on change in fair value of investment properties	5,651	2,946	5,780	2,772
Loss on disposal of equity investments	(3,969)	(36)	(73)	(14)
Other income	1,217	202	-	-
Expenses	(2,107)	(4,123)	(863)	(997)
Share of gain of equity accounted investments ⁽¹⁾	28,318	15,241	567	271
Profit from discontinued activities before income tax	30,980	17,676	6,439	2,966
Income tax expense	(1,498)	(53)	(596)	-
Profit from discontinued operations for the half-year	29,482	17,623	5,843	2,966

⁽¹⁾ Included in the current half year is a gain of \$25,876,000 from changes in the fair value of investment properties, as compared to a gain of \$11,412,000 in the previous corresponding period ended December 2010.

ING Real Estate Community Living Group
Notes to the financial statements
For the half-year ended 31 December 2011

6. Discontinued operations (continued)

(c) Cash flows

The cash flows of components of the Trusts disposed of or classified as discontinued operations at 31 December 2011 were:

	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Net cash flow from operating activities	1,139	1,574	185	(453)
Net cash flows from investing activities	29,132	(48)	598	-
Net cash flow from financing activities	(138)	-	(138)	-
Net cash flows from discontinued operations	30,133	1,526	645	(453)

ING Real Estate Community Living Group **Notes to the financial statements** **For the half-year ended 31 December 2011**

(d) Assets and liabilities

The assets and liabilities of components of the Trusts classified as disposal groups at each reporting date were:

	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
	31 Dec 2011 \$'000	30 Jun 2011 \$'000	31 Dec 2011 \$'000	30 Jun 2011 \$'000
Assets				
Cash and cash equivalents	189	186	11	-
Trade and other receivables	6,814	662	3,015	-
Investment properties	33,540	5,325	28,062	-
Investments in jointly controlled entities	42,044	3,874	747	-
Total assets	82,587	10,047	31,835	-
Liabilities				
Payables	458	114	352	-
Borrowings	32,326	5,561	26,910	-
Deferred tax liabilities	1,436	-	554	-
Total liabilities	34,220	5,675	27,816	-
Net assets of disposal groups	48,367	4,372	4,019	-

(e) Details of disposals

ILF disposed of investment properties within two US Student LLCs during the period for no consideration which had investment property carried at USD 1,172,000 and interest bearing liabilities of USD 1,172,000.

ILF also disposed a 50% interest in 15 of their 21 US Seniors communities to its joint venture partner Chartwell Seniors Housing Real Estate Investment Trust. This transaction settled on 4th November 2011 and leaves the Fund with a 100% interest in Lynbrook and 50% in 5 other properties located on Long Island, New York. This transaction was completed at a \$3,969,000 loss and resulted in net cash proceeds of \$29,400,000.

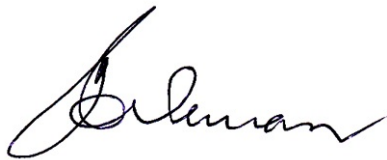
ING Real Estate Community Living Group
Directors' declaration
For the half-year ended 31 December 2011

In the opinion of the directors of ING Management Limited, the Responsible Entity of ING Real Estate Community Living Fund and ING Real Estate Community Living Management Trust (the "Trusts"):

- (a) the financial statements and notes of the Trusts are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Trusts' financial position as at 31 December 2011 and of their performance, as represented by the results of their operations, changes in equity and their cash flows, for the half-year ended on that date; and
 - (ii) complying with accounting standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that each Trust will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors of the Responsible Entity

On behalf of the directors

A handwritten signature in black ink, appearing to read 'Michael Coleman', with a stylized flourish at the end.

Michael Coleman
Chairman
Sydney, 23 February 2012

To the stapled security holders of ING Real Estate Community Living Fund and ING Real Estate Community Living Management Trust ("The Trusts")

Report on the Interim Financial Reports

We have reviewed the accompanying interim financial report of ING Real Estate Community Living Group (the consolidated stapled entity or the Group), comprising both ING Real Estate Community Living Fund and ING Real Estate Community Living Management Trust and the entities they controlled, and the interim financial report of ING Real Estate Community Living Management Trust and the entities it controlled, which comprise the balance sheets as at 31 December 2011, the income statements, the statements of comprehensive income, the statements of changes in unitholders' interest and the cash flow statements for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Trusts and the entities they controlled at the half-year or from time to time during the half-year.

Directors' Responsibility for the Financial Reports

The directors of ING Management Limited, as the Responsible Entity of the Trusts are responsible for the preparation of the interim financial reports that give a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the interim financial reports that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial reports based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial reports are not in accordance with the *Corporations Act 2001* including: giving a true and fair view of each consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of ING Real Estate Community Living Fund and the entities it controlled during the period, and ING Real Estate Community Living Management Trust and the entities it controlled during the period, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the Responsible Entity a written Auditor's Independence Declaration, a copy of which is attached to the Directors' Report.

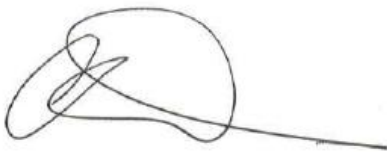
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial reports of ING Real Estate Community Living Group and ING Real Estate Community Living Management Trust are not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of each consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script, likely belonging to Chris Lawton.

Chris Lawton
Partner
Sydney
23 February 2012