Meeting Booklet

ING REAL ESTATE COMMUNITY LIVING GROUP
NOTICE OF MEETING

INGENIA COMMUNITIES HOLDING LIMITED
PROSPECTUS

Meeting Date
10am Thursday 31 May 2012
Kirralaa-Jarara Room
The Grace Hotel

ING

Ingenia COMMUNITIES

Cover images: Residents at our Garden Villages and Settlers villages across Australia.

Notice of Unitholders' Meetings and Explanatory Memorandum

ING REAL ESTATE COMMUNITY LIVING GROUP
COMPRISING **ING REAL ESTATE COMMUNITY LIVING FUND** AND
ING REAL ESTATE COMMUNITY LIVING MANAGEMENT TRUST

For a recommended proposal for the management of ING Real Estate Community Living Fund and ING Real Estate Community Management Trust (**ILF Group**) to be internalised through: (i) the issue of shares in Ingenia Communities Holdings Limited (**IGCH**) to unitholders of the ILF Group; (ii) the change of the responsible entity of the ILF Group from ING Management Limited (**IML**) to Ingenia Communities RE Limited (**New RE**) (a wholly owned subsidiary of IGCH); and (iii) the stapling of each share in IGCH to each existing stapled security in ILF Group to form a new stapled security (together, the **Proposal**).

To be held on Thursday 31 May 2012 at 10am Sydney time at The Grace Hotel, 77 York Street, Sydney, NSW 2000.

The IML Independent Directors unanimously recommend that Unitholders vote in favour of the Proposal Resolutions, in the absence of a superior alternative.

The IML Independent Directors also unanimously recommend that Unitholders vote in favour of Resolution Four to approve the long term incentive scheme for key executives of Ingenia Communities.

This document and the separate prospectus that accompanies this document are each an important document and requires your immediate attention. You should read this document and the separate prospectus in its entirety before deciding whether to vote in favour of the resolutions and consult your investment, tax, legal or other professional adviser if you are in any doubt about what to do. You may call the information line on 1300 653 497 (within Australia) or +61 2 8280 7057 (outside Australia) if you have any questions.

Issued by ING Management Limited (ACN 006 065 032; AFSL 237534) as responsible entity of each of ING Real Estate Community Living Fund (ARSN 107 459 576) and ING Real Estate Community Living Management Trust (ARSN 122 928 410)

Important Notices

Purpose of this notice of unitholders' meetings and explanatory memorandum (Explanatory Memorandum)

This Explanatory Memorandum, dated 26 April 2012, provides holders of stapled securities in the ILF Group (**Unitholders**) with information about the Proposal that if approved will result in the internalisation of the management of the ILF Group through: (i) the issue of shares in Ingenia Communities Holdings Limited (**IGCH**) to unitholders of the ILF Group (other than Foreign Resident Holders); (ii) the change of the responsible entity of the ILF Group from ING Management Limited to Ingenia Communities RE Limited (a wholly owned subsidiary of IGCH); and (iii) the stapling of each share in IGCH to each existing stapled security in ILF Group. This Explanatory Memorandum also contains information in relation to Resolution Four which seeks the approval of the grant of performance quantum rights and retention quantum rights to Managing Director, Simon Owen. In order to properly understand the Proposal and Resolution Four, this Explanatory Memorandum must be read in conjunction with the prospectus for shares in IGCH dated 26 April 2012 which has been provided with this Explanatory Memorandum by IML pursuant to an intermediary authorisation agreement with IGCH. This Explanatory Memorandum does not constitute an offer or recommendation of securities in any jurisdiction, or to any person to whom it would be unlawful to make such an offer.

You should consider the contents of this document carefully. Unitholders should read this Explanatory Memorandum in its entirety before making a decision as to how to vote on the resolutions to be considered at the Meeting. You may also wish to obtain independent advice, particularly about matters that concern you as an individual including taxation, financial planning and investment risk tolerance. If you have any questions, please contact the unitholder information line on 1300 653 497 (within Australia) or +61 2 8280 7057 (outside Australia). Alternatively you may visit the website at www.ingrealestate.com.au which contains information on the Proposal. We cannot provide any advice as to the effect the proposal may have on your personal circumstances.

The Proposal is subject to a number of conditions, including Unitholder approval of the Proposal Resolutions (see Sections 5.9, 6.1, and 7.1). If the Proposal is approved, it will be binding on every Unitholder (whether or not a Unitholder voted, and whether or not a Unitholder voted in favour of or against the Proposal).

Notice to persons in New Zealand

This Explanatory Memorandum will be applicable to any Unitholder resident in New Zealand. It is not a New Zealand prospectus or an investment statement and has not been registered, filed with, or approved by, any New Zealand regulatory authority or under or in accordance with the Securities Act 1978 (New Zealand) or any other relevant law in New Zealand. This Explanatory Memorandum may not contain all of the information that an investment statement or prospectus under New Zealand law is required to contain.

Securities are not being offered or sold to the public within New Zealand, and no member of the public in New Zealand may participate in the Proposal to which this document relates, other than persons, being existing holders of stapled securities in the ILF Group, who may participate in the Proposal to which this document relates in reliance on the Securities Act (ING Management Limited, Ingenia Communities Holdings Ltd and Ingenia Communities RE Ltd) Exemption Notice 2012. The process for the approval of the Proposal is governed by Australian law and may not be subject in all respects to New Zealand law.

Notice/Warning to persons in Hong Kong

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. Unitholders are advised to exercise caution in relation to the issue of IGCH shares under the Prospectus under the Proposal. If you are in any doubt about any of the contents of this Explanatory Memorandum, you should obtain independent professional advice.

The IGCH shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document other than in circumstances which do not result in this document being a 'prospectus' as defined in the Companies Ordinance (Cap 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that ordinance.

Further, no person shall issue or have in his/her possession for the purpose of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the IGCH shares, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to IGCH shares which are or are intended to be disposed of only to persons outside Hong Kong.

The information relating to the issue of IGCH shares under the Proposal contained herein may not be used other than by the person to whom it is addressed and may not be reproduced in any form or transferred to any person in Hong Kong.

The issue of IGCH shares under the Proposal is not an offer for sale to the public in Hong Kong and it is not the intention of IGCH that the IGCH shares be offered for sale to the public in Hong Kong.

Defined terms

Capitalised terms used in this Explanatory Memorandum are defined in the Glossary in Section 10 of this Explanatory Memorandum.

Date

This Explanatory Memorandum is dated 26 April 2012.

More important notices

Other important information in regards to the Proposal and this Explanatory Memorandum is found in Section 11 of this Explanatory Memorandum. You should have regard to this other important information when considering the contents of this Explanatory Memorandum.

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01 Key Dates and Meeting Location

1.1 Key Dates

Suspension of trading in Existing Stapled Securities	**Monday 28 May 2012**
Voting Record Date – Date and time to determine your eligibility to vote at the Meeting	**10am Tuesday 29 May 2012**
Last date and time to lodge Voting and Proxy Forms	**10am Tuesday 29 May 2012**
Meeting Date to approve the Proposal	**10am Thursday 31 May 2012**
If the Proposal is approved by ILF Group Unitholders on that Unitholders' Meeting date and all other conditions are met in connection with the Proposal:	
Record Date – date and time to determine your eligibility to receive new shares in IGCH and whether you are a Foreign Resident Holder	**4pm Friday 1 June 2012**
Management Internalisation is effective and Ingenia Communities is formed (Implementation Date)	**Monday 4 June 2012**
New Stapled Securities commence trading on ASX on a deferred settlement basis	**Tuesday 5 June 2012**
Despatch of holding statements to New Unitholders	**Thursday 7 June 2012**
New Stapled Securities end trading on ASX on a deferred settlement basis	**Thursday 7 June 2012**
New Stapled Securities commence trading on ASX on normal T+3 settlement basis	**Friday 8 June 2012**
Sale Agent to begin selling New Stapled Securities in respect of Foreign Resident Holders under Sale Facility	**Friday 8 June 2012**
Net proceeds of sale of New Stapled Securities under Sale Facility to be remitted to Link Market Services for payment to Foreign Resident Holders	**By Friday 6 July 2012**

Note: Dates and times are indicative only and subject to change. Unless otherwise specified, all times and dates refer to Sydney time. Any changes to the timetable will be notified to ASX and posted on ILF Group's website at www.ingrealestate.com.au.

1.2 Meeting Location

The Current RE notifies you that the Meeting will be held at:

Location

The Kirralaa-Jarara Room
The Grace Hotel
77 York Street
Sydney NSW 2000

Date

Thursday 31 May 2012

Time

10am

What do you need to do next?

Step 1 Carefully read this Explanatory Memorandum and the accompanying separate Prospectus

You should read this Explanatory Memorandum and the accompanying separate Prospectus in full before deciding how to vote. The frequently asked questions in Section 4 may help answer some of your questions. If you have any doubts about what action to take, you should seek your own independent financial, legal, tax or other professional advice before deciding how to vote at the Meeting.

Step 2 Vote on the resolutions

If you are a Unitholder on the Voting Record Date you are entitled to vote on the resolutions at the Meeting.

You can vote:

- by proxy, by completing and returning a Voting and Proxy Form; or
- in person, by attending the Meeting to be held at The Grace Hotel at 77 York Street, Sydney, NSW 2000, commencing at 10am on Thursday 31 May 2012.

To ensure your Voting and Proxy Form is valid, you should return it so that it is received by 10am on Tuesday 29 May 2012. Instructions for completing and returning your Voting and Proxy Form are in Section 8.

02
IML Chairman's Letter

26 April 2012

Dear Unitholder,

On 28 March 2012, the Independent Directors of ING Management Limited (**IML** or **Current RE**), the responsible entity for the ILF Group announced they had reached agreement with ING Real Estate Investment Management Australia Pty Ltd (**REIMA**) to internalise the management of the ING Real Estate Community Living Fund (**ILF Fund**) and the ING Real Estate Community Living Management Trust (**ILF Trust**) (together the **ILF Group**).

The Independent Directors believe the internalisation of management will result in a more transparent corporate structure which aligns management and Unitholders' interests thus enabling management to deliver on their business strategy for ILF Group and creating future value for Unitholders. If approved by Unitholders, and the other necessary conditions are satisfied, the internalisation will also result in a new board of directors and a new name for the stapled group: Ingenia Communities (**Ingenia Communities**).

The Proposal

Internalisation of management is to be effected through: (i) the issue of shares in Ingenia Communities Holdings Limited (**IGCH**) to Unitholders of the ILF Group; (ii) the change of the responsible entity of the ILF Group from IML to Ingenia Communities RE Limited (**New RE**) (a wholly owned subsidiary of IGCH); and (iii) the stapling of each share in IGCH to each existing stapled security in ILF Group (**Existing Stapled Security**) to form a new stapled security (**New Stapled Security**) (together, the **Proposal**).

The Proposal involves IML being replaced as responsible entity of ILF Trust and ILF Fund by New RE, which will be indirectly owned by Unitholders. This arrangement, where a fund's unitholders indirectly own the responsible entity that manages the fund, is commonly known as internalisation.

The Proposal has the support of the IML Independent Directors

The Independent Directors of the Current RE unanimously recommend that you vote in favour of the Proposal, in the absence of a superior alternative. The directors will vote the ILF securities they own or control in favour of the Proposal where they are entitled to vote, in the absence of a superior proposal.

In June 2010, ING Groep NV announced that it was conducting a strategic review of its global real estate investment management platform and its position within the broader ING banking business which culminated in February 2011 a decision by ING Bank NV (**ING**) to undertake a phased withdrawal from the Australian real estate investment management operation, REIMA.

The Proposal represents the best outcome currently available for Unitholders following a number of alternatives considered by the Independent Board Committee. These included offers for the Existing Stapled Securities in the ILF Group, mergers with another party, an orderly disposal of assets, a change of responsibility entity and an internalisation of management. Section 5.1 (d) of this Explanatory Memorandum describes in more detail the alternatives considered and Section 5.3 sets out the reasons supporting the Independent Board Committee's decision.

Favourable conclusion by the Independent Expert

The Explanatory Memorandum contains a copy of the Independent Expert's Report, prepared by Deloitte Corporate Finance Pty Ltd (**Independent Expert**). The Independent Expert has concluded that the Proposal is fair and reasonable and in the best interests of Non-Associated Unitholders in the absence of a superior proposal.

Other aspects of the Proposal

The key elements of the Proposal are:

- a Capital Distribution by ILF Fund to be applied towards the issue of shares in IGCH to Unitholders;
- the change of the responsible entity of the ILF Group from IML to New RE, a wholly owned subsidiary of IGCH; and
- the stapling of shares in IGCH to Existing Stapled Securities to form a New Stapled Security.

The Proposal will result in ILF Group being renamed to Ingenia Communities and the New Stapled Securities will trade on ASX under the code of INA. If the Proposal is approved, the ILF Fund will be renamed "Ingenia Communities Fund" and the ILF Trust, "Ingenia Communities Management Trust".

Ingenia Communities has secured an experienced board and management team

IGCH has secured quality leadership with the directors of IGCH and New RE, including Jim Hazel (Independent Non-Executive Chairman), Philip Clark and Amanda Heyworth (each as Independent Non-Executive Directors). Existing ILF Group Chief Executive Officer, Simon Owen, will become the Managing Director and Chief Executive Officer of Ingenia Communities.

In order to retain and incentivise key members of management an attractive remuneration package was required. An independent remuneration consultant recommended a package that, among other elements, includes a long term incentive component that will require Unitholders approval.

In addition to the Proposal, Unitholders are asked to vote on Resolution Four, to approve a long term incentive scheme for key executives of Ingenia Communities, including Simon Owen.

Financial Support from ING

As part of the Proposal, ING has agreed to financially support Ingenia Communities to a value estimated by ING to be \$4.1 million (**Financial Support**). The Independent Directors estimate the value of this Financial Support as between \$3.4 million to \$3.9 million. Importantly, no consideration will be paid by New RE or otherwise by the Unitholders of ILF Group for the management rights of the Current RE.

Foreign Resident Holders

Unitholders with an address on the Register of ILF Group outside of Australia, New Zealand and Hong Kong (**Foreign Resident Holders**) will not be eligible to be issued IGCH shares under the Proposal due to regulatory restrictions. Therefore any New Stapled Securities attributable to the Foreign Resident Holders will be sold by the Sale Agent on market and the proceeds of these sales forwarded to the Foreign Resident Holders.

Your Vote is Important

In order for the Proposal to proceed, ILF Group Unitholders must pass all Proposal Resolutions proposed at the Unitholders' Meeting.

Please read this Explanatory Memorandum and accompanying separate Prospectus carefully in their entirety before making your decision and voting (whether in person, by corporate representative or by proxy) at the Unitholders' Meeting on Thursday, 31 May 2012.

If you have any queries on the resolutions or material contained in the attached documents then please contact the Unitholder Information Line on **1300 653 497** (**within Australia**) or **+61 2 8280 7057** (**outside Australia**) or contact your financial adviser or accountant.

We look forward to your participation at the Unitholders' Meeting and encourage you to vote in favour of the Proposal.

Yours sincerely

Michael Coleman
Independent Chairman
ING Management Limited

03
Summary of the Proposal

3.1 Overview of the Proposal

The key elements of the Proposal are:

- a Capital Distribution by ILF Fund to be applied towards the issue of shares in IGCH to Unitholders of the ILF Group (other than Foreign Resident Holders);
- the change of the responsible entity of the ILF Group from IML to New RE (a wholly owned subsidiary of IGCH); and
- the stapling of each share in IGCH to each Existing Stapled Security in ILF Group to form the New Stapled Security.

3.2 Overview of IGCH and New RE

IGCH and New RE are both Australian public companies which have been established for the purposes of the Proposal. New RE is a wholly owned subsidiary of IGCH. If the Proposal is implemented, on the Implementation Date, Unitholders other than Foreign Resident Holders will become the shareholders of IGCH, being issued one IGCH share for every Existing Stapled Security they hold in ILF Group. The Proposal will result in ILF Group being renamed to Ingenia Communities and the New Stapled Securities will trade on ASX under the ASX code of INA.

As at the date of this Explanatory Memorandum, New RE has been provided with a draft AFSL by ASIC with the requisite authorisations to enable it to act as responsible entity of ILF Fund and ILF Trust. It is anticipated that New RE will be issued the final AFSL on Implementation Date. If this final AFSL is not granted to the New RE, implementation of the Proposal will not be possible and IML will continue as the responsible entity of ILF Group and the Existing Stapled Securities will continue to trade on ASX. For more information on what will occur if the Proposal is not implemented, see Sections 3.7 and 5.7 of this Explanatory Memorandum.

IGCH and New RE have secured Independent Directors and an executive team of a high calibre. The executive team will be comprised, in the majority, by existing management and led by Simon Owen. The directors of IGCH and New RE are identical and on the Implementation Date will comprise:

- Jim Hazel – Independent Non-Executive Chairman;
- Amanda Heyworth – Independent Non-Executive Director;
- Philip Clark – Independent Non-Executive Director; and
- Simon Owen – Managing Director and Chief Executive Officer.

The executive remuneration package recommended by the independent remuneration consultant appointed by IGCH includes elements that require the approval of Unitholders (Resolution Four). Key details of the remuneration of key management are included in Sections 9.1.9 and 9.1.10 of this Explanatory Memorandum.

The implementation of the Proposal is not conditional upon the passing of this Resolution Four.

More information on IGCH and New RE (including in relation to their proposed activities) can be found in Section 5.2 and Section 9 of this Explanatory Memorandum and in the separate Prospectus.

3.3 Summary of the reasons you should vote in favour of the Proposal

a) The Independent Directors consider the Proposal is in the best interests of Unitholders in the absence of a superior alternative.

b) The Independent Directors believe the key benefits from an internalised management structure include:

   - some investors consider internally managed structures eliminate any perceived conflicts of interest that may arise between the manager and the investors;

- some investors consider there is a greater alignment of interests between investors and the board and management in an internally managed vehicle;
- there is enhanced accountability to investors by the board as investors with a sufficient majority may appoint and remove IGCH directors in certain circumstances; and
- internalisation will also provide New Unitholders with the ability to vote (in a non binding resolution) in certain circumstances on the remuneration structure for IGCH directors and key management personnel.

c) The Proposal involves Financial Support of IGCH valued by ING at $4.1 million assisting a smooth transition for internalisation. The Independent Directors estimate the value of this Financial Support as between $3.4 million to $3.9 million.

d) The Independent Expert considers the Proposal is fair and reasonable and in the best interests of Non-Associated Unitholders in the absence of a superior proposal.

More information on the reasons why you should vote in favour of the Proposal is provided in Section 5.3 of this Explanatory Memorandum.

3.4 Summary of the reasons why you might vote against the Proposal

a) You may disagree with the conclusion of the Independent Directors.

b) You may disagree with the conclusion of the Independent Expert.

c) You may not think the Financial Support provided by IML and ING is sufficient to account for the expected future increases in costs for going forward.

d) You may think that the incremental cost base resulting from the Proposal will result in incremental operational leverage risk.

e) You may think that the incremental costs from internalisation may be higher

f) You may be concerned about the potential dilution resulting from the long-term incentive plan

g) You may consider that the loss of ING expertise and investment exposure will have a detrimental impact

h) You may consider that another responsible entity is better placed to manage ILF Group.

i) You may believe that your personal taxation position outweighs the benefits of the Proposal.

j) You may believe the Proposal disadvantages Foreign Resident Holders as their interests in Ingenia Communities will be sold shortly after the implementation of the Proposal.

k) You may consider that the risks associated with the Proposal outweigh any potential benefits.

More information on the reasons why you might vote against the Proposal is provided in Section 5.4 of this Explanatory Memorandum.

3.5 Independent Expert's Report

The Explanatory Memorandum contains a copy of the Independent Expert's Report, prepared by the Independent Expert, Deloitte Corporate Finance Pty Limited.

The Independent Expert has concluded that "the Proposed Transaction is fair and reasonable and is therefore in the best interests of Non-Associated Unitholders" in the absence of a superior proposal.

More information on the conclusions reached by the Independent Expert can be found in Section 5.5 of this Explanatory Memorandum and a full copy of the Independent Expert's Report can be found in Annexure A of this Explanatory Memorandum.

3.6 Summary of the Risks of the Proposal

There are a number of risks associated with the Proposal. Some of the risks associated with the Proposal are:

a) The costs borne by Ingenia Communities after the Proposal is implemented will exceed the management fee which the Current RE is entitled to charge (at least in the short term). The Financial Support provided by ING and IML will reduce Unitholders exposure to these increased costs.

b) There are inherent risks in changing the responsible entity of any fund as new systems are implemented and new directors become familiar with the assets. This risk has been managed by the continued support of Philip Clark as an Independent Director and the continuation of key management, including Simon Owen, the current Chief Executive Officer of ILF Group.

c) Some investors may consider the loss of ING's involvement to have a negative impact on the market's perception of ILF Group.

In addition to the risks described above, there are some risks associated with Ingenia Communities and also other general risks that Unitholders should be aware of. These are described in detail in Section 5.6 of this Explanatory Memorandum. Unitholders should also consider the information in the Prospectus in relation to risks associated with the issue of the shares in IGCH under the Proposal.

3.7 Summary of Implications if the Proposal is not approved

If the Proposal is not approved, in the short term:

- the Current RE will remain as the responsible entity for the ILF Group;
- the directors of the Current RE will remain in place and the management of ILF Group will continue to run the business;
- ILF Group Existing Stapled Securities will also continue to trade on ASX;
- Unitholders will not receive the anticipated benefits from the implementation of the Proposal, including the Financial Support;
- ING will continue to investigate alternatives to withdraw from the Australian real estate investment management market; and
- the Current RE may determine to increase the management fee that it currently receives (which is less than allowed under the ILF Constitution) to a higher amount as permitted under that Constitution. Under the ILF Constitution the responsible entity is entitled to a management fee of 0.5% of the gross assets per annum of ILF Group. The Current RE is presently charging less than this amount.

More information on the implications if the Proposal is not approved can be found in Section 5.7 of this Explanatory Memorandum.

3.8 Summary of the Implications if the Proposal is approved

If the Proposal is approved and is implemented:

- IML will retire as responsible entity of the ILF Group;
- New RE will become the responsible entity of Ingenia Communities;
- certain management of ILF Group will transfer to IGCH and New RE to assist with managing Ingenia Communities;
- Existing Stapled Securities of ILF Group will cease trading and New Stapled Securities of Ingenia Communities will commence trading on ASX under the code INA; and
- Unitholders will receive the anticipated benefits from the implementation of the Proposal.

More information on the implications if the Proposal is approved can be found in Section 5.8 of this Explanatory Memorandum.

3.9 Unitholders approvals sought for the Proposal

Unitholders will be asked to consider and vote on the Proposal Resolutions at the Meeting, all of which are required to be passed in order to implement the Proposal (being the Proposal Resolutions):

- Resolution One is an ordinary resolution that the Current RE retire as responsible entity of ILF Fund and ILF Trust and that the New RE be appointed as responsible entity of ILF Fund and ILF Trust in its place;
- Resolution Two is a special resolution approving amendments to the ILF Constitution to enable the implementation of the Proposal, which are set out in full in Annexure D of this Explanatory Memorandum; and
- Resolution Three is an ordinary resolution approving the Proposal and authorising the Current RE to give effect to the Proposal.

The Proposal Resolutions are conditional upon each other and are identical in form in respect of both ILF Fund and ILF Trust. This means if any one of Resolutions One, Two or Three is not passed the Proposal will not be approved.

More information on the Proposal Resolutions can be found in Sections 5.9, 6.1 and 7.1 of this Explanatory Memorandum.

3.10 Key conditions

The Proposal will not proceed unless the conditions precedent as set out in the Implementation Deed are all satisfied (see paragraph 1.4 in Annexure C of this Explanatory Memorandum).

The key conditions include:

a) New RE obtains an AFSL from ASIC in a form appropriate for acting as responsible entity of ILF Fund and ILF Trust;
b) the Proposal Resolutions approving the Proposal are passed by the Unitholders;
c) the Current RE continues to recommend that the Proposal is in the best interest of Unitholders;
d) all relevant ASIC relief has been granted, and in respect of any ASIC relief not granted, ASIC has indicated in writing that such relief is not required;
e) all relevant ASX waivers and confirmations have been granted, and in respect of any ASX waivers or confirmation not granted, ASX has indicated in writing that such waiver or confirmation is not required; and
f) there is no superior alternative arrangement to the Proposal, which the Current RE determines is more favourable to Unitholders than the Proposal.

3.11 Foreign Resident Holders

For the reasons outlined in Section 5.11 of this Explanatory Memorandum, IGCH shares will not be issued to any Unitholder who at 4pm on the Record Date has a registered address which is outside Australia and its external territories, New Zealand and Hong Kong, unless IGCH is satisfied that IGCH is not prevented from lawfully issuing IGCH shares to such Unitholders. Such Unitholders are referred to as Foreign Resident Holders. Under the Proposal, the Foreign Resident Holders' Existing Stapled Securities will be transferred to a nominee of RBS Morgans Limited (**Sale Agent**), being Berne No. 132 Nominees Pty Ltd (ACN 010 413 591). As a result of that transfer, the nominee will become the registered holder of those Existing Stapled Securities after the Record Date. The nominee will then be issued with IGCH shares in the same manner as other Unitholders. The Sale Agent will proceed to sell all New Stapled Securities held by the nominee in such manner as it considers appropriate within 15 ASX settlement days of commencement of quotation of the New Stapled Securities. Foreign Resident Holders will receive their proportionate share of the proceeds of sale of the New Stapled Securities which is equivalent to the proceeds realised by the Sale Agent from the sale of all New Stapled Securities, less a brokerage fee paid to the Sale Agent of 1.0% of the aggregate gross proceeds of sale plus any GST divided by the total number of such New Stapled Securities.

More information on the Sale Facility and the treatment of Foreign Resident Holders can be found in Section 5.11 of this Explanatory Memorandum.

04 Frequently Asked Questions

Question	Answer	Where to find more information
What is the Proposal?	The Proposal is Management Internalisation of the ILF Group which is to be effected through: (i) the issue of shares in IGCH to Unitholders of the ILF Group; (ii) the change of the responsible entity of the ILF Group from IML to New RE (a wholly owned subsidiary of IGCH); and (iii) the stapling of each share in IGCH to each Existing Stapled Security to form a New Stapled Security. The Proposal involves IML being replaced as responsible entity of ILF Trust and ILF Fund by New RE, which will be indirectly owned by Unitholders.	Sections 3.1 and 5.1
Who will manage IGCH and New RE if the Proposal is implemented?	The executive team comprises of existing key management led by Simon Owen. The directors of IGCH and New RE are identical to each other and will comprise: • Jim Hazel – Independent Non Executive Chairman; • Amanda Heyworth – Independent Non Executive Director; • Philip Clark – Independent Non Executive Director; and • Simon Owen – Managing Director and Chief Executive Officer.	Sections 3.2 and 5.2
Can the Proposal be terminated?	The Proposal can be terminated in a number of circumstances, including: • if a party breaches a term of the Implementation Deed that is material to the Proposal, and that party does not remedy the breach within the prescribed time; • if there is mutual agreement of the parties prior to the Implementation Date to terminate the Implementation Deed; • in the event that a condition precedent is not satisfied by the relevant date for its satisfaction (other than as a result of a breach or deliberate act or omission by the party seeking termination), if the New RE and the Current RE are unable to reach any agreement as to whether the Proposal may proceed by way of alternative means, or to extend the relevant date for satisfying the condition precedent, or to extend the termination date for the Implementation Deed and the relevant condition precedent (as outlined under 'Conditions Precedent' in paragraph 1.4 of Annexure C) has not been waived by the relevant date (in which case the Current RE or IGCH may terminate the Implementation Deed); and • if the Current RE determines that the implementation of the Proposal is no longer in the best interests of the Unitholders.	Paragraph 1.7 of Annexure C Paragraph 1.4 of Annexure C
Do the Independent Directors recommend that Unitholders vote in favour of the Proposal?	The Independent Directors of the Current RE unanimously recommend that you vote in favour of the Proposal, in the absence of a superior alternative.	Sections 3.3 and 5.3

Question	Answer	Where to find more information
What if an alternative proposal is received?	If an alternative proposal is received by ILF Group prior to the Meeting, the Current RE will consider the alternative proposal and take appropriate actions.	Sections 3.10, 5.10 and Annexure C
Who are the Independent Directors of the Current RE?	The Independent Directors of the Current RE are Michael Coleman, Philip Clark and Michael Easson. Only the Independent Directors have evaluated the Proposal for the purpose of making a recommendation to Unitholders.	Section 9.1.1
Who are the remaining directors of Current RE and are they making recommendations in relation to the Proposal?	The only remaining director of Current RE is Hein Brand who is ING's representative on the IML board. As a result of the related party nature of the Proposal, Mr Brand is not making any recommendation in relation to the Proposal.	Section 9.1.1
Can ING vote its 6.4% interest on the Proposal?	ING is able to vote on Resolution One. It is unable to vote on Resolutions Two, Three and Four. ING intends to vote in favour of Resolution One. ING have not formally decided on what it intends to do with its 6.4% interest in ILF Group.	Sections 5.1(a) and 5.9
What is the conclusion of the Independent Expert?	The Independent Expert has concluded that the Proposal is fair and reasonable and in the best interests of Non-Associated Unitholders in the absence of a superior proposal.	Sections 3,5, 5.5 and Annexure A
What will happen if the Independent Expert changes its conclusion?	If the Independent Expert changes its conclusion that the Proposal is fair and reasonable to, and in the best interests of, Non-Associated Unitholders, then the Independent Directors may change their recommendation or cause the termination of the Implementation Deed. If the Implementation Deed is terminated, the Proposal will not be implemented.	Annexure A
How does key management remuneration compare to market?	In line with advice from remuneration consultants appointed to inform the boards of both IML and IGCH, the fixed remuneration and potential short-term incentives of key management including Simon Owen following internalisation is to be significantly less than the commercial benchmark for comparable roles and this factor has been taken into account in determining long-term incentives.	Sections 9.1.9 and 9.1.10.
Why were retention incentives given to key management?	Ingenia Communities' small management team is particularly vulnerable to staff departures. Given the demonstrated performance of the management team, it was considered desirable to grant incentives to ensure their retention in the short-term.	Section 9.1.10
Will my interest as a Unitholder change on implementation of the Proposal?	Unless you are a Foreign Resident Holder, following implementation of the Proposal you will be issued with IGCH shares. You will hold the same number of IGCH shares as the number of Existing Stapled Securities you hold as at the Record Date. If you are a Foreign Resident Holder, the New Stapled Securities you would otherwise be entitled to under the Proposal will be sold under the Sale Facility and you will receive the net proceeds of such sale.	Sections 3.8 and 5.8

Question	Answer	Where to find more information
What if I do not vote on the resolutions or vote against either the Proposal Resolution or Resolution Four?	The majority required to approve the Proposal Resolutions is at least 50% of votes cast at the Meeting by Unitholders entitled to vote on the relevant resolution for Resolutions One and Three, and at least 75% of votes cast at the Meeting by Unitholders entitled to vote on the relevant resolution for Resolution Two. Resolution Four will be passed if at least 50% of votes cast at the Meeting by Unitholders entitled to vote on the resolution vote in favour of it. If the resolutions are approved by the requisite majorities, the Proposal will be implemented even if you did not vote on the resolutions or voted against the resolutions. Resolution Four however is not interconditional on the Proposal Resolutions.	Sections 6.1 and 7.1
What happens if the Proposal is not approved?	If the Proposal is not approved, then no changes will occur to the responsible entity of ILF Group. IML will remain as responsible entity of the ILF Group. Given ING's stated objective to withdraw from its real estate funds management business in Australia, the Current RE will continue to evaluate alternate strategies for the management of the ILF Group.	Sections 3.7 and 5.7
How are the Foreign Resident Unitholders to be treated under the Proposal?	If you are a Foreign Resident Holder, the New Stapled Securities you would otherwise be entitled to under the Proposal will be sold under the Sale Facility and you will receive the proceeds of such sale.	Sections 3.11 and 5.11
What happens if some of the Resolutions are approved but others aren't?	The Proposal Resolutions are inter conditional. Accordingly, if any one of the Proposal Resolutions is not approved, the Proposal will not occur. Resolution Four to approve the long term incentive plan for key executives is not interconditional with the Proposal Resolutions.	Sections 3.9, 5.9, 6.1 and 7.1
What costs are being incurred in connection with the Proposal?	If the Proposal is implemented, transaction costs of approximately $1.4 million will be borne by Ingenia Communities.	Section 5.1(e)
What costs will be incurred if the Proposal is not implemented?	If the Proposal is not implemented transaction costs of approximately $1.2 million will be borne by ILF.	Section 5.1(e)
When and where is the meeting?	The Meeting is scheduled for Thursday 31 May 2012 at The Kirralaa-Jarara Room, The Grace Hotel, 77 York Street, Sydney NSW 2000 commencing at 10am.	Sections 1, 6 and 7
Am I entitled to vote?	If you are a Unitholder on the register as at 10am on Tuesday 29 May 2012, you will be entitled to vote at the Meeting, unless you are otherwise excluded in the manner set out in the notices of Unitholders' meetings in Sections 6 and 7 of this Explanatory Memorandum.	Sections 1, 6 and 7
Where and when do I send my Voting and Proxy form?	In order to vote by proxy, you need to complete and return the Voting and Proxy Form accompanying this Explanatory Memorandum. Voting and Proxy Forms must be received by 10am on Tuesday 29 May 2012. Voting and Proxy Forms are to be sent to the following address: ING Real Estate Community Living Group C/– Link Market Services Limited Locked Bag A14 Sydney South, NSW 1235 Australia	Sections 1, 6 and 7
Any other questions?	You may call the offer information line on 1300 653 497 (within Australia) or +61 2 8280 7057 (outside Australia) if you have any questions.	Sections 1, 6 and 7

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Explanatory Memorandum

5.1 The Proposal

a) Background

In June 2010, ING announced that it was conducting a strategic review of its global real estate investment management platform and its position within the broader ING banking business. The Australian real estate operation, REIMA, was included in the review. In February 2011, ING announced that, as a result of the evaluation, it would undertake a phased withdrawal from the Australian real estate investment management market in a timely and controlled manner. ILF Group is the last remaining listed Australian real estate investment trust (REIT) managed by REIMA.

In parallel with the global strategic review undertaken by ING REIMA and IML independently explored various options for the ILF Group. The IML board formed an Independent Board Committee, and put in place governance protocols to ensure that any potential conflict of interest between REIMA and IML was appropriately and transparently managed. The Independent Board Committee comprised only directors who are independent of ING and independent of any potential conflict. The Independent Board Committee was advised by a financial adviser, RBS Morgans Corporate Limited and legal counsel, Minter Ellison. A related entity of RBS Morgans Corporate Limited, RBS Morgans Limited, is the Sale Agent for the Sale Facility. More information on the Sale Agent and Sale Facility can be found in Section 5.11.

ING have not formally decided on what it intends to do with its 6.4% interest in ILF Group.

b) Description of the Proposal

The Proposal involves the Management Internalisation of the ILF Group through:

- a Capital Distribution by ILF Fund to be applied towards the issue of shares in IGCH to Unitholders of ILF Group (other than Foreign Resident Holders);
- the change of the responsible entity of the ILF Group from the Current RE to New RE (a wholly owned subsidiary of IGCH); and
- the stapling of each share in IGCH to each Existing Stapled Security in ILF Group to form a New Stapled Security.

c) IGCH and New RE

If the Proposal is implemented, New RE will replace IML as the responsible entity for ILF Trust and ILF Fund and therefore there will be no payment of Management Fees from Ingenia Communities to any external party. This is because New Unitholders will own New RE (which will receive the Management Fees) through their holding of IGCH shares.

New Unitholders will be issued with shares in IGCH of which New RE and the Subsidiary Trustee Companies will be wholly owned subsidiaries. The units in each of ILF Trust and ILF Fund will be stapled to the shares in IGCH to form the New Stapled Securities of Ingenia Communities which will trade on ASX under the ASX code of INA.

The following diagram represents the current structure of ILF Group prior to the implementation of the Proposal:

The following diagram represents the structure upon completion of the implementation of the Proposal:

IGCH will own New RE and the subsidiary Trustee Companies and it is not proposed that IGCH will carry out any business activities itself. Further information about IGCH's proposed activities are set out in the Prospectus that accompanies this Explanatory Memorandum.

d) Other alternatives considered

REIMA and the Current RE have explored various options for ILF Group including:

▶ Offers for the Existing Stapled Securities in the ILF Group:

No cash or scrip offers to acquire all or substantially all of the Existing Stapled Securities in the ILF Group were received.

▶ Merger with another party:

The potential to merge with another party was explored but was considered difficult due to ILF Group's portfolio mix and lack of complementary merger partners. It was also considered unlikely to be in Unitholders interests.

▶ Orderly disposal of ILF Group assets:

A disposal of all of ILF Group's assets over time was considered inferior to the Proposal due to the significant time this option may take to execute and given advice that there is an extensive number of distressed retirement villages and portfolios currently for sale in the market.

▶ Change of responsible entity:

Discussions were held with six parties in relation to a proposed change of responsible entity. However REIMA and the Current RE considered that internalisation of management represented a better outcome for Unitholders and would therefore be more likely to be supported than a change of responsible entity without internalisation of management.

▶ Internalisation of management:

REIMA and the Current RE considered an internalisation of management, with IGCH and New RE continuing to invest in its retirement assets and grow the business.

The Independent Board Committee also considered all of the available options and after consultation with its advisers, the Independent Board Committee has concluded that the Proposal is in the best interests of Unitholders and recommends the Proposal to Unitholders in the absence of a superior alternative. Sections 5.3 and 5.4 set out why Unitholders might vote in favour of, or vote against the Proposal.

e) Financial impact of the Proposal

▶ Financial Support to be provided if the Proposal is implemented:

- **\$2.5 million waiver of accrued responsible entity Fees**: At 31 December 2011, ILF Group had accrued but unpaid management fees owing to the Current RE of \$8.0 million (excluding GST). Of these fees, \$5.5 million has been paid since that date, and the remaining \$2.5 million will be waived subject to Unitholders approving the Proposal and the Proposal being implemented.
- **\$0.6 million (REIMA's interest in New Zealand Students business)**: REIMA will transfer its 10% equity (and 100% of its voting power) in the NZ Trust to Ingenia Communities at nil consideration. The net asset value of this 10% interest has been estimated by ING at \$0.6 million.
- **\$0.6 million in Transitional Services**: REIMA and IML will provide the services of REIMA platform staff, and those current ILF Group staff not transferring to IGCH, for the period following completion of the Proposal and ending on 25 August 2012. The cost of these services is estimated by ING at \$0.6 million.
- **\$0.2 million in rental support**: REIMA will provide the existing office facilities at which ILF Group is currently headquartered to IGCH at nil consideration from the time the Proposal is approved to June 2013 inclusive, which ING has estimated to be valued at \$0.2 million on a pre-tax basis. In the event that REIMA is unable to provide these facilities, it will make a one off payment compensating for the time remaining to June 2013 on a pro-rata basis.

- **$0.1 million interest savings**: REIMA have previously agreed to defer payment of unpaid management fees from 2 November 2011, being the time at which ILF Group received the settlement proceeds from the United States seniors portfolio excluding New York and which was the time ILF Group could have afforded to pay the fees. This resulted in interest cost savings of approximately $0.1 million.
- **$0.1 million in information technology (IT) equipment**: REIMA will provide ING-owned IT equipment to Ingenia Communities, which has been estimated by ING at $0.1 million, at nil consideration.

This is summarised in the table below.

Financial Support Summary	ING Value A$m
Waiver of accrued management fees	2.5
REIMA's 10% interest in New Zealand Students business	0.6
Transitional services	0.6
Rental support	0.2
Interest savings	0.1
IT equipment	0.1
Total	**4.1**

Current RE estimates the present value of the financial support to be between $3.4 million and $3.9 million. These values are in line with those attributed to the Financial Support by the Independent Expert in their report set out in Annexure A.

▶ Ongoing management costs of internalisation if the Proposal is successful:

- Presently, the Current RE is entitled to receive a management fee of 0.5% per annum of ILF Group's total assets in return for performing its duties as responsible entity of the ILF Group (however, the management fees currently being charged by IML are less than this amount). It is also, broadly, entitled to recover from the assets of the ILF Group any expense properly incurred by it in the exercise of rights, powers and duties as responsible entity.
- If the internalisation is successful, the management and responsible entity function for Ingenia Communities will be internalised and the New RE will be appointed as the responsible entity of the ILF Group and will be entitled to receive the Management Fee (which will be approximately 0.5% per annum of total assets of ILF Group). Ingenia Communities will no longer pay management fees to an external party, the Current RE, and, the management fees received by New RE will remain within Ingenia Communities. Ingenia Communities will bear all incremental costs that will arise from the internal management structure, including directors' fees, staff costs and office costs. However, these incremental costs will be partially offset by the Financial Support that will be extended by REIMA to Ingenia Communities.
- The directors of New RE are taking action to ensure that this increased cost base is appropriate to an entity of Ingenia Communities' size and circumstances. In particular, IGCH will employ fewer staff to manage ILF Group than REIMA presently does and their average remuneration will be less.
- Nevertheless, the cost base of Ingenia Communities is forecast to increase above that of ILF Group if it were to remain externally managed by the Current RE (at least in the short term). Assuming the Implementation Date is before 30 June 2012, it is expected that Ingenia Communities' expenses (excluding the costs of the proposed long-term incentive scheme) for the financial year ended 30 June 2013 will be $0.2 million higher than if the Proposal was not implemented.

It is proposed that, if the Proposal is approved, a long-term incentive plan will be implemented under which New Stapled Security rights will be granted to certain key executives. This plan will result in a non-cash expense in Ingenia Communities' income statement. IGCH estimates the cost of the plan to be in a range whose midpoint is $0.2 to $0.3 million per annum from FY14.

These figures exclude the accounting charges to Ingenia Communities' income statement resulting from the rental support to be provided by REIMA and transitional services to be provided by REIMA and IML if the Proposal is successful. Although these components of the Financial Support are provided for no consideration, the application of accounting standards will result in this accounting charge. The details given below of the pro-forma adjustments made in preparing Ingenia Communities' pro-forma balance sheet provide more information on these accounting charges.

▶ Effect on financial position if the Proposal is successful:

Basis of preparation

The financial information contained in this Section has been prepared in accordance with the recognition and measurement principles of Australian accounting standards. However, it is presented in an abbreviated form and as it does not include all of the disclosures, statements or comparative information required by the Australian accounting standards applicable to annual financial reports prepared in accordance with the Corporations Act.

The accounting policies used in preparing the financial information are the same as those of ILF Group, which are given in its financial report for the year ended 30 June 2011.

The historical balance sheet of ILF Group was extracted from its 31 December 2011 interim financial report which was reviewed by Ernst & Young and on which an unqualified review conclusion was issued.

The pro-forma consolidated balance sheet of Ingenia Communities was compiled as if the Implementation Date was 31 December 2011. It was prepared as follows:

- other than the Proposal, there are no material transactions which have occurred, or are expected to occur, between the 31 December 2011 reporting date and the Implementation Date and consequently no adjustment was required for these; and
- adjustments were made for the financial effect of the implementation of the Proposal, which is accounted for as a business combination under accounting standard AASB 3 *Business Combinations*. As the stapling contemplated by the Proposal constitutes a reverse acquisition under AASB 3, ILF Fund has been identified as the acquiror of IGCH, but IGCH has been identified as the parent of Ingenia Communities for preparing the consolidated Ingenia Communities financial information.

▶ Costs of negotiating and implementing the Proposal:

The ILF Group will incur costs of approximately $1.4 million of which the ILF Fund will pay REIMA not more than $140,000 to reimburse it for expenses incurred in the negotiation and implementation of the Proposal. It was a condition of IML and REIMA providing the Financial Support that the ILF Group reimburse REIMA for these costs which comprise external services provided to REIMA. The IML directors considered that reimbursing these costs was on terms no less onerous than if they had been concluded on arm's length terms (and therefore would not require the approval of Unitholders) and that paying these costs to receive the greater Financial Support was in Unitholders' best interests.

If the Proposal is not implemented transaction costs of approximately $1.2 million will be borne by ILF Group.

These costs are included in the $1.4 million of transaction costs considered by the Independent Expert.

▶ Historical and pro-forma balance sheets

	ILF Group Actual as at 31 December 2011		Pro-forma adjustments	Ingenia Communities Pro-forma as at 31 December 2011
	$000s		$000s	$000s
Current assets				
Cash & cash equivalents	33,858	E	(1,400)	32,458
Trade & other receivables	2,259			2,259
Assets of discontinued operations	82,587	B	17,132	99,719
Intangible assets	–	C,D	800	800
	118,704		16,532	135,236
Non-current assets				
Investment properties	326,723			326,723
Other	538			538
	327,261			327,261
Total assets	445,965		16,532	462,497
Current liabilities				
Payables	14,767	A	(2,500)	12,267
Retirement village residents' loans	157,498			157,498
Derivatives	974			974
Liabilities of discontinued operations	34,220	B	16,545	50,765
	207,459		14,045	221,504
Non-current liabilities				
Borrowings	83,737			83,737
Derivatives	232			232
Deferred tax liabilities	8,197			8,197
	92,166			92,166
Total liabilities	299,625		14,045	313,670
Net assets	146,340	F	2,487	148,827
Net asset value (cents per unit)	33.2		0.5	33.7

Details of the pro-forma adjustments are:

A. Current RE will waive accrued management fees of $2,500,000, reducing current liabilities accordingly.

B. REIMA will transfer its 10% equity (and 100% voting power) in the New Zealand Students business to Ingenia Communities for no consideration. This will result in Ingenia Communities consolidating this entity (its prior 90% equity was accounted for as an investment). The entity already qualifies as an asset held for sale, and its total assets and total liabilities will be included in assets and liabilities of discontinued operations. The increase in net assets of $587,000 represents the fair value of the 10% interest to be acquired by Ingenia Communities.

	$000's
Increase in assets of discontinued operations	17,132
Increase in liabilities of discontinued operations	16,545
Increase in net assets	587

C. This increase of $600,000 in intangible assets represents the fair value of the Transitional Services to be provided by REIMA and IML. This will be amortised to the income statement over the term of the Transitional Services.

D. This increase of $200,000 in intangible assets represents the fair value of the rental support to be provided by REIMA. This will be amortised to the income statement over the term of the rental support.

E. This decrease in cash represents the internalisation transaction costs of $1,400,000.

F. The total of these adjustments will be taken to the income statement and thus will be reflected in accumulated losses.

		$000's
Waiver of accrued management fees	A	2,500
REIMA's 10% interest in New Zealand Students business	B	587
Transitional services	C	600
Rental support	D	200
Transaction costs	E	(1,400)
Decrease in accumulated losses	**F**	**2,487**

The fair value of the information technology equipment is not considered material and has been ignored.

5.2 Profile of IGCH and New RE

IGCH and New RE are two new entities that were established by REIMA in conjunction with ILF Group to implement the Proposal. New RE is a wholly owned subsidiary of IGCH.

Board and Management of IGCH and New RE

Jim Hazel
Independent Non-Executive Chairman

Mr Hazel has had an extensive corporate career in both the banking and retirement sectors. His retirement and village operations experience includes being Managing Director with Primelife Corporation Limited (now part of Lend Lease). Jim is currently a Non Executive Director of Bendigo and Adelaide Bank Limited, and also serves as a Director on the boards of Impedimed Limited, Motor Accident Commission, Coopers Brewery Limited and Centrex Metals Limited. He sits on a number of other boards, including the Council on the Ageing (SA) Inc.

Amanda Heyworth
Independent Non-Executive Director

Ms Heyworth is the Chief Executive Officer of Playford Capital. She has a wealth of experience in the finance, technology and government sectors. Ms Heyworth brings a finance and growth focus to the Group, having worked on many product launches and geographic expansions and over 40 capital raisings and M&A transactions. She sits on a number of public sector and private boards including SA Lotteries, the Australian Centre for Renewable Energy and the Phoenix Society.

Philip Clark AM
Independent Non-Executive Director

Mr Clark is a member of the J.P. Morgan Advisory Council, a Director of ING Management Limited and also chairs a number of government and private company boards. He was Managing Partner and CEO of Minter Ellison and worked with that firm from 1995 until June 2005. Prior to joining Minter Ellison, Mr Clark was Director and Head of Corporate with ABN Amro Australia and prior to that he was Managing Partner with Mallesons Stephen Jaques for 16 years.

Mr Clark will be appointed as a Director of IGCH on the Implementation Date.

Simon Owen
Managing Director/Chief Executive Officer

Simon joined the ILF Group in November 2009 as the Chief Executive Officer. Simon has the overall responsibility for the strategic direction of the ILF Group including, operational, financial and capital management.

Simon brings to the ILF Group in-depth experience in the retirement sector and is currently the National President of the Retirement Villages Association (RVA), the peak industry advocacy group in Australia. Simon's experience spans across multiple disciplines including finance, funds management, mergers and acquisitions, business development and sales and marketing. Prior to ING, Simon was the CEO of Aevum, a formerly listed retirement company. Simon is a qualified accountant (CPA) with post graduate diplomas in finance and investment, and advanced accounting.

Leanne Ralph
Company Secretary

Mrs Leanne Ralph has been appointed to the part-time position of Company Secretary. Leanne has over 21 years experience as Chief Financial Officer and Company Secretarial roles for various publicly listed and unlisted entities. Leanne is a member of Chartered Secretaries Australia, Australian Institute of Company Directors and CPA Australia. Leanne is the principal of Boardworx Australia Pty Ltd which supplies bespoke outsourced Company Secretarial services to a number of listed and unlisted companies.

Tania Betts
Chief Financial Officer

Tania is joining ILF Group in May 2012, after a 6 year career at Stockland Group where she held various positions including National Finance Manager within their Retirement Living Division. Tania's previous experience includes several years within the chartered accounting profession as well as working for a leading health care provider. She holds a Bachelor of Business in Accounting and Finance, is a member of both the Institute of Chartered Accountants, and the Institute of Chartered Secretaries and was the winner of the 2011 Urban Development Institute of Australia Young Developer Leadership Award.

Nikki Fisher
Chief Operating Officer

Nikki is responsible for the operations of ILF Group's Australian Seniors portfolio of Rental and DMF assets. She joined ING Real Estate in 2010. Nikki has 16 years' experience in the property and asset management industry. Her career spans across multiple asset classes including industrial, commercial and retail. Prior to ING, Nikki spent 10 years at Westfield Group where she held the position of Regional Manager QLD North, overseeing a portfolio in excess of $2 billion. She holds a Bachelor of Business in Accounting and Industry Economics.

Core Operations and Strategic Direction

Ingenia Communities operates across two core segments in the seniors living sector in Australia being:

- Australian Rental – provision of affordable quality rental accommodation to pension-supported seniors over the age of 55; and
- Australian Deferred Management Fee (**DMF**) – provision of quality seniors accommodation in secure residential communities to self-funded retirees over the age of 70.

IGCH's strategy for Ingenia Communities is consistent with ILF Group's adopted strategic direction, being:

- A focus on providing superior unitholder returns through unit price growth and a potential reinstatement of distributions in 2012 where earnings and cashflow permit;
- To explore options to unlock the remaining value within our US Seniors and NZ Students portfolios;
- To consolidate its position as a leading provider of accommodation and care to Australian Seniors;
- To continue to build and refine ILF Group's operational and development capabilities;
- To convert additional select rental villages to the DMF model to unlock earnings and cashflow; and
- To develop, acquire, and seed growth opportunities organically and through rigorously assessed bolt-on acquisitions with attractive risk-adjusted returns in existing and new markets.

The operations and strategy of Ingenia Communities will not be changed from those of ILF Group currently. With a rapidly ageing population in Australia driving the demand for seniors accommodation, IGCH will continue to strive to be at the forefront in providing New Unitholders with exposure to a quality, high performing portfolio of seniors communities, with significant development opportunities.

Company Details

IGCH and New RE are both Australian public companies which have been newly established for the purposes of the Proposal. New RE is a wholly owned subsidiary of IGCH. IGCH currently has one shareholder, being REIMA. If the Proposal is implemented, on the Implementation Date the shareholders of IGCH will consist of all Unitholders of ILF Group as at the Record Date (which will exclude Foreign Resident Holders as set out in Sections 3.11 and 5.11 of this Explanatory Memorandum) in the same proportion as their holdings of Existing Stapled Securities as at the Record Date, and REIMA will cease to own any shares in IGCH. IGCH will own New RE and the Subsidiary Trustee Companies and it is not proposed that IGCH will carry out any business activities itself. More detailed information about IGCH is set out in the Prospectus that accompanies this Explanatory Memorandum.

Australian Financial Services Licence

As at the date of this Explanatory Memorandum, New RE has been provided with a draft AFSL by ASIC with requisite authorisations to enable it to act as responsible entity of ILF Fund and ILF Trust. It is anticipated that New RE will be issued an AFSL on the Implementation Date of the Proposal to enable New RE to act as responsible entity of ILF Fund and ILF Trust following implementation of the Proposal. If this AFSL is not granted to New RE, implementation of the Proposal will not be possible and IML will continue as the responsible entity of ILF Group and ILF Group Units will continue to trade on ASX. For more information on what will occur if the Proposal is not implemented, see Sections 3.7 and 5.7 of this Explanatory Memorandum.

Incentive scheme

It is proposed that, if the Proposal is approved, a long-term incentive scheme will be implemented under which New Stapled Security rights will be granted to certain key executives.

Please refer to Sections 9.1.9 and 9.1.10 for more information on this scheme.

5.3 Reasons why you should vote in favour of the Proposal

This Section is a summary only and is not intended to address all the relevant issues for Unitholders in respect of the Proposal. This Section should be read in conjunction with the other Sections of this Explanatory Memorandum and the separate Prospectus.

a) The Independent Directors consider the Proposal is in the best interests of Unitholders, in the absence of a superior alternative

In light of ING's stated objective of withdrawing from its Australian real estate funds management activities, ING and REIMA have explored their exit options. In parallel to this process, the Current RE explored various options for the ILF Group. During this evaluation process, the Current RE board maintained an Independent Board Committee and put in place governance protocols to ensure that any potential conflict of interest between REIMA and the Current RE was appropriately and transparently managed. The Independent Board Committee comprised only Independent Directors of ING or any other potential conflict and was advised by financial and legal advisers.

The Independent Board Committee considered a range of options to secure the future of ILF Group, including offers for the Existing Stapled Securities in ILF Group, an orderly disposal of the assets, a merger with another party, a change of the responsible entity of ILF Group and internalisation of management (see Section 5.1(d) for a description of these alternatives). Following consideration of all available options and after consultation with its advisers, the Independent Board Committee has concluded that the Proposal is in the best interests of Unitholders and accordingly recommends the Proposal to Unitholders in the absence of a superior alternative.

b) The Independent Expert has concluded that the Proposal is fair and reasonable and in the best interests of Non-Associated Unitholders in the absence of a superior proposal

Deloitte Corporate Finance Pty Limited (Independent Expert) was engaged by the Independent Directors of the Current RE for the purposes of providing an assessment of the Proposal for the benefit of Unitholders. The conclusion reached by the Independent Expert was that:

> *In our opinion the Proposed Transaction is fair and reasonable and is therefore in the best interests of Non-Associated Unitholders, in the absence of a superior proposal. In particular, in addition to the net financial benefit expected as a result of internalisation, we consider that the Proposed Transaction is likely to result in clearer alignment of management, board and unitholder interests, enhance ILF Group's attractiveness in any future takeover offers and may trigger a positive market rerating of ILF Group's unit price in the short term as well as improve ILF Group's ability to access capital.*

A full copy of the Independent Expert's Report can be found in Annexure A of this Explanatory Memorandum

c) There are benefits from an internalised structure

Some investors prefer internally managed structures – they may consider internally managed structures to eliminate any perceived conflicts of interest that may arise between the manager and the investors.

Greater alignment of interests – the Proposal will allow better alignment of the interests of New Unitholders and IGCH and New RE management as the proposed remuneration arrangements relate directly to Ingenia Communities and will be solely focused on Ingenia Communities Group and its future performance. This is also conducive to longer term succession planning. If the Proposal is approved, the management team will be directly accountable to the IGCH board.

Enhanced board accountability – the requirement for periodic election will ensure that the IGCH board is directly accountable to New Unitholders for the performance of Ingenia Communities. Additionally internalisation will provide New Unitholders with the ability to vote in an advisory manner only on the appointment of and remunerations structure for IGCH directors and key management personnel.

d) The Proposal involves Financial Support for IGCH and provides a smooth transition for internalisation

The Financial Support being provided is summarised in Section 5.1(e).

The Proposal also allows a smooth transition for internalisation:

Management transferring on internalisation – Simon Owen (current Chief Executive Office of ILF Group) will become the Managing Director and Chief Executive Officer of IGCH and New RE. Nikki Fisher (current General Manager of the Australian Seniors business) will become Chief Operating Officer of IGCH and New RE.

Director transferring on internalisation – Independent Non Executive Director of IML, Mr Philip Clark, will transfer to the board of directors of IGCH if the Proposal is approved.

Occupancy and rental support – being provided for a period of one year.

Transitional Services support – including REIMA platform staff and ILF Group staff not transferring to IGCH for a period of up to three months following the Implementation Date.

REIMA and ING have advised that these benefits will not be available for the other alternatives considered by the Current RE.

e) No superior alternative has emerged

The Independent Board Committee has explored a number of strategic options, including an orderly disposal of assets, a merger with another party, a takeover by another party and a transfer of the management rights as alternatives to internalisation. No superior alternative emerged during this process.

5.4 Reasons why you might vote against Proposal

a) You may disagree with the conclusion of the Independent Directors

You may disagree with the conclusion of the Independent Directors that the Proposal secures the best outcome available for the ILF Group.

b) You may disagree with the conclusion of the Independent Expert

You may disagree with the conclusions of the Independent Expert that the Proposal is fair and reasonable and in the best interests of Non-Associated Unitholders in the absence of a superior proposal.

c) You may not think the Financial Support provided by IML and ING is sufficient to account for the expected future increases in costs for going forward

Following implementation of the Proposal, Ingenia Communities will no longer pay management fees to the Current RE. The Current RE is presently charging less than the amount allowed under the ILF Constitution (which is 0.5% per annum of the total assets of ILF Group). Instead, Ingenia Communities will pay management fees to New RE (which will be approximately 0.5% per annum of the total assets of ILF Group) and will bear all incremental costs that will arise from the internal management structure. However, these incremental costs will be partially offset by the Financial Support payments and services that will be extended by REIMA to Ingenia Communities. The cost base of Ingenia Communities is forecast to increase above that if ILF Group were to remain externally managed by the Current RE (at least in the short term). You may not think the Financial Support is sufficient to account for the expected future increases in costs for Ingenia Communities.

d) You may think that the incremental cost base resulting from the Proposal will result in incremental operational leverage risk

You may think that to the extent that Ingenia Communities unit price will be volatile the incremental cost base resulting from the Proposal will result in incremental operational leverage risk for Ingenia Communities since investment returns will be variable while costs will be largely fixed.

e) You may think that the incremental costs from internalisation may be higher

You may think that the incremental costs from internalisation may be higher than the costs currently estimated.

f) You may be concerned about the potential dilution resulting from the long-term incentive plan

After implementation Ingenia Communities will implement a long-term employee incentive scheme in the form of retention and performance quantum rights granted to key management. While this incentive plan will help align the interests of New Unitholders and management it will also have a dilutionary impact on Unitholders. These rights may result in the issuance of up to 5.7 million new units in financial years ending 2014 and 2015, compared to units currently on issue of approximately 441.0 million. A full vesting of the 5.7 million units would require a total shareholder return of at least 56% over the 3 year period to June 2015.

g) You may consider that the loss of ING expertise and investment exposure will have a detrimental impact

By implementing the Proposal, Ingenia Communities will no longer be part of ING and accordingly will lose the support and global reach provided by ING's network and brand.

h) You may consider that another responsible entity is better placed to manage the ILF Group

You may consider that a party other than New RE is better placed to manage ILF Group. The Current RE has received several indicative and preliminary proposals from various parties seeking to replace the Current RE as the responsible entity of ILF Group. The Independent Board Committee carefully reviewed the proposals received and considers the Proposal a better outcome for Unitholders.

i) You may believe that your personal taxation position outweighs the benefits of the Proposal

Implementation of the Proposal will result in a capital distribution of approximately 1.4 cents per ILF Fund unit which will be applied to reduce the cost base of your units in ILF Fund. Any excess of the distribution remaining after reducing your cost base to zero will give rise to a capital gain. This will occur if the cost base of your units in ILF Group is approximately 1.5 cents per stapled unit or less. In these circumstances, you may consider that your personal taxation consequences outweigh the benefits of the Proposal.

As the taxation implications of the Proposal will vary depending on the personal circumstances of each Unitholder, the directors of the Current RE recommend Unitholders seek their own tax advice relevant to their own specific circumstances.

A taxation report has been included at Annexure B of this Explanatory Memorandum.

j) You may believe the Proposal disadvantages Foreign Resident Holders as their interests in the Ingenia Communities will be compulsorily cashed out shortly after the Implementation Date

The inability of Foreign Resident Holders to receive IGCH shares (see Sections 3.11 and 5.11 of this Explanatory Memorandum for details on how Foreign Resident Holders are to be treated under the Proposal) means that the Foreign Resident Holders may consider the status quo as representing a better outcome than the Proposal.

k) You may consider that the risks associated with the Proposal outweigh any potential benefits

You should evaluate the potential benefits of the Proposal (see Section 5.3) against the risks associated with the Proposal (see Section 5.6). The risks include increased costs resulting from internalisation, the performance of IGCH and New RE as newly formed companies with no operating history and the cessation of ING's involvement having an adverse impact.

5.5 Independent Expert's Report

Deloitte Corporate Finance Pty Limited (Independent Expert) was engaged by the Independent Directors of the Current RE for the purposes of providing an assessment of the Proposal for the benefit of Non-Associated Unitholders. The conclusions reached by the Independent Expert include:

> *In our opinion the Proposed Transaction is fair and reasonable and is therefore in the best interests of Non-Associated Unitholders, in the absence of a superior proposal. In particular, in addition to the net financial benefit expected as a result of internalisation, we consider that the Proposed Transaction is likely to result in clearer alignment of management, board and Unitholder interests, enhance ILF Group's attractiveness in any future takeover offers and may trigger a positive market rerating of ILF Group's unit price in the short term as well as improve ILF Group's ability to access capital.*

A full copy of the Independent Expert's Report can be found in Annexure A of this Explanatory Memorandum.

5.6 Risks

There are a number of factors, both specific to Ingenia Communities and of a general nature which may affect the future operating and financial performance of Ingenia Communities and the outcome of an investment in Ingenia Communities. There can be no guarantees that Ingenia Communities will achieve its stated objectives, that forecasts will be met or that forward looking statements will be realised.

Given ILF Group Unitholders are already subject to the risks relevant to their investment in ILF Group, this Section describes the specific risks associated with the Proposal and which are unique to Ingenia Communities.

a) Internalisation risks

1. Increases in costs resulting from internalisation

Following implementation of the Proposal, ILF Group will no longer pay management fees to Current RE.

Instead, ILF Fund and ILF Trust will pay the management fees to the New RE such that Ingenia Communities will bear all costs including the incremental costs that will arise from the internal management structure. However, these incremental costs will be partially offset by the Financial Support payments and services that will be extended by REIMA to Ingenia Communities. The cost base of Ingenia Communities is forecast to increase above that if ILF Group were to remain externally managed by the Current RE (at least in the short term).

Whilst the IGCH Board has considered the potential costs and is broadly comfortable that the increases in costs will not materially adversely impact Ingenia Communities, there is a risk that the cost increase arising from internalisation may be higher than anticipated by the IGCH Board and this could adversely impact the financial performance of Ingenia Communities. However, Ingenia Communities management is seeking to control costs through a reduced headcount, simplified business operations, and lowering administration expenses.

2. Change of responsible entity

If the Proposal is implemented, there will be a change in the responsible entity of ILF Group. If the internalisation is approved, New RE will perform the duties of the responsible entity in place of the Current RE.

There are inherent risks associated with a change in responsible entity, such as ensuring that future management, directors, systems and other operational processes continue to satisfy the conditions inherent in the relevant AFSL. Both the Current RE and New RE believe that Ingenia Communities will have the appropriate governance and systems in place for New RE to perform its duties.

This risk is offset to some extent by the following factors:

- The majority of the existing management team of ILF Group, including its Chief Executive Officer Simon Owen and current General Manager of Australian Seniors, Nikki Fisher, will transfer to Ingenia Communities on the implementation of the Proposal;
- One of the existing directors of the Current RE, Mr Philip Clark, is transferring across to Ingenia Communities;
- The Transitional Services support which REIMA and the Current RE are providing to Ingenia Communities for up to three months post internalisation will mitigate this risk in the short term; and
- Directors of IGCH have extensive experience in the seniors living sector.

3. Loss of ING involvement

The internalisation will result in the removal of the Current RE as responsible entity to ILF Group, which removes ING from being involved in management of ILF Group. ING is a global financial institution with extensive operations across many countries and involving many different products and services. ING also has a very well recognised brand name.

There may be certain risks that could adversely impact Ingenia Communities as a result of the effective removal of ING involvement.

It could be argued that many of ILF Group's relationships with its residents, financiers, suppliers and other stakeholders have been assisted by the involvement of the ING brand.

Consequently, the removal of involvement of ING may adversely impact Ingenia Communities going forward.

Both the Current RE and IGCH are of the view however that this risk is manageable and therefore is unlikely to have a material adverse impact on the future operating and financial performance of Ingenia Communities.

It should also be noted that in light of ING's intention to undertake a phased withdrawal from the Australian real estate investment management market in a timely and controlled manner and since ILF Group is one of the last real estate funds managed by ING worldwide, the loss of ING involvement for ILF Group is likely at some stage in any event.

b) Ingenia Communities risks

1. Employees

Ingenia Communities will be reliant on retaining and attracting quality senior executives and other employees. The loss of the services of any of Ingenia Communities' senior management or key personnel, or the inability to attract new qualified personnel, could adversely affect Ingenia Communities' operations.

2. Taxation

Changes in taxation law (including goods and services taxes and stamp duties), or changes in the way tax laws are interpreted in the various jurisdictions in which Ingenia Communities operates, may impact the tax liabilities of Ingenia Communities and the trusts and joint ventures in which it holds an interest.

3. New RE financial requirements

If the Proposal is implemented, New RE will be capitalised by IGCH to an amount of $6 million. Under the current legislation New RE is required to hold at least $5 million in net tangible assets (**NTA**) to comply with the provisions of its AFSL. If this NTA requirement or other financial requirements are to change in the future, this could represent a risk to the ability of New RE to act as the responsible entity of ILF Fund and ILF Trust, as the ability of IGCH and/or New RE to obtain extra capital is limited. The only tangible assets of IGCH will be the shares that it holds in New RE and its shares in the Subsidiary Trustee Companies.

c) Other general risks

1. General economic conditions

Ingenia Communities' operating and financial performance, and the market price of New Stapled Securities, are influenced by a variety of general economic and business conditions, including the level of inflation, interest rates, exchange rates, commodity prices, ability to access funding, supply and demand conditions, government fiscal, monetary and regulatory policies, changes in gross domestic product and economic growth, employment levels and consumer spending, consumer and investment sentiment and property market volatility. Prolonged deterioration in these conditions, including an increase in interest rates, an increase in the cost of capital or a decrease in consumer demand, could have a materially adverse impact on Ingenia Communities' operating and financial performance.

2. Inflation

Higher than expected inflation rates generally or specific to the property sector could be expected to increase operating costs and development costs.

3. Residential Property Prices

Downward market pressure on housing prices could impact the ability to generate development and deferred management fee revenue.

4. Litigation and disputes

Disputes or litigation may arise from time to time in the course of business activities. There is a risk that material or costly disputes or litigation could adversely affect financial performance and security value.

5. Changes in accounting policy

Ingenia Communities will be subject to the usual business risk that there may be changes in accounting policies which have an adverse impact on Ingenia Communities.

6. Market Risks

The price that New Stapled Securities trade on ASX may be determined by a range of factors, including:

- Changes to local and international stock markets;
- Changes in interest rates;
- Changes to the relevant indices in which Ingenia Communities may participate, the weighting that Ingenia Communities has in the indices and the implication of those matters for institutional investors that impact their investment holdings in New Stapled Securities;
- Global geo-political events and hostilities;
- Investor perceptions;
- Changes in government, fiscal, monetary and regulatory policies; and
- Demand and supply of listed property trust securities.

In the future, one or more of these factors may cause New Stapled Securities to trade below current prices and may affect the revenue and expenses of Ingenia Communities. In addition, the stock market can experience price and volume fluctuations that may be unrelated or disproportionate to the operating performance of Ingenia Communities.

7. Other factors

Other factors that may impact on an entity's performance may include political, regulatory, legal or economic conditions, or disruptions to national or international financial markets, including as a result of terrorist attacks or war.

8. Forecast risks

Investors should note that the historical financial performance of ILF Group is no assurance or indicator of future financial performance of ILF Group or Ingenia Communities. Neither the Current RE nor IGCH guarantee any particular rate of return or the performance of ILF Group or Ingenia Communities nor do they guarantee the repayment of capital from ILF Group or Ingenia Communities or any particular tax treatment.

5.7 Implications if the Proposal is not approved

If the Proposal is not approved, in the short term:

- the Current RE will remain as the responsible entity for the ILF Group;
- the directors of the Current RE will remain in place and the management of ILF Group will continue to run the business;
- ILF Group's Existing Stapled Securities will also continue to trade on ASX;
- ILF Group will still incur transaction costs relating to the Proposal of approximately $1.2 million; and
- Unitholders will not receive the anticipated benefits from the Proposal, including the Financial Support.

On 9 December 2008, the Current RE announced to the ASX that "the RE fee charged by ING has been reduced to only cover ING's base operating costs of managing the Fund". If the Proposal is not approved, the Current RE expects that it would revert to charging the management and other fees permitted under the ILF Constitution.

In the longer term ING and the Current RE will assess ways in which the Current RE can cease to act as the responsible entity of the ILF Group.

5.8 Implications if the Proposal is approved

If the Proposal is approved and implemented:

- IML will retire as the responsible entity of the ILF Group;
- New RE will become the responsible entity of Ingenia Communities;
- Certain management of ILF Group will transfer to IGCH and New RE to assist with managing Ingenia Communities;
- Existing Stapled Securities of ILF Group will cease trading and New Stapled Securities of Ingenia Communities will commence trading on ASX under the ASX code INA; and
- Unitholders will receive the anticipated benefits from the Proposal.

The effect of section 601FS of the Corporations Act is that New RE will, upon becoming the responsible entity of ILF Trust and ILF Fund, acquire the rights, obligations and liabilities of the Current RE in relation to ILF Trust and ILF Fund, other than the right of IML to be paid management fees and be reimbursed for expenses incurred in respect of the period in which it was responsible entity and any liability for which IML could not be indemnified out of scheme property if it had remained responsible entity.

Under section 601FT of the Corporations Act, contracts entered into by the Current RE will be automatically novated to New RE. Therefore any agreements that the Current RE has made with service providers will continue on foot between New RE and the service providers if New RE becomes the responsible entity. The main bank facility of ILF Group will remain in place and IGCH will become a guarantor, as outlined in Section 1.8 of the Prospectus which accompanies this Explanatory Memorandum. Some key members of the management team that is currently responsible for ILF Group's operations will be transferring to Ingenia Communities, as outlined in Section 5.3(d).

REIMA and IML will be providing the Transitional Services (as outlined in paragraph 1.6 of Annexure C) up until August 2012 in order to continue some of the current management arrangements in the short term so that the changes to management arrangements take place in an orderly manner that minimises any detriment to New Unitholders. REIMA and IML will remain in existence for the period necessary to fulfil their obligations under the Implementation Deed, including the provision of the Transitional Services.

New RE will need to ensure that, when the Transitional Services cease to be available, ILF Group has access to those services that it needs to continue to maintain its operations and perform its functions effectively. In outsourcing any such services, New RE must have regard to its duty to act in the best interests of New Unitholders and ensure that the services are performed in a competent and cost effective manner.

5.9 Unitholder Approvals Sought

This Section summarises the resolutions that will be considered by Unitholders at the Meeting. For information regarding whether to vote for or against the resolutions, please see Sections 5.3, 5.4 and 9 of this Explanatory Memorandum.

Resolution One: Change of responsible entity

Unitholder approval is required under section 601FL of the Corporations Act in relation to the retirement of a responsible entity of a registered managed investment scheme. Section 601FL requires that a responsible entity explain its reasons for wanting to retire and requires Unitholders to vote on a resolution to choose a company to be the new responsible entity.

As set out in this Explanatory Memorandum, under the Proposal the Current RE has entered into a deed of retirement and appointment with New RE, under which the Current RE will retire as responsible entity of both the ILF Fund and the ILF Trust, and New RE will be appointed as the replacement responsible entity of the ILF Group, conditional upon the approval of the Proposal by Unitholders and the satisfaction of other conditions. The Current RE's reasons for retiring are set out in Section 5.1(a) of this Explanatory Memorandum.

Information about New RE may be found in Section 5.2 of this Explanatory Memorandum and the Prospectus which has been provided separately with this Explanatory Memorandum.

Resolution One will be decided by a poll. Resolution One must be passed by at least 50% of the votes cast at the Meeting by members entitled to vote on Resolution One.

ING is only able to vote on Resolution One and intends to vote in favour of it.

Resolution Two: Amendments to the constitution of ILF Group

Resolution Two authorises amendments to the ILF Constitutions to enable the Proposal to be implemented.

In summary, the proposed amendments to the ILF Constitutions provide that:

Implementation of the Proposal

- the responsible entity of the relevant trust has the power to implement the Proposal and is appointed the agent and attorney of each member for this purpose;
- each member and the responsible entity of the relevant trust must do all things necessary or desirable to give effect to the Proposal;
- the responsible entity of the relevant trust has the power to transfer all Existing Stapled Securities held by Foreign Resident Holders to a nominee of the Sale Agent as agent and attorney for each Foreign Resident Holder;
- the responsible entity of ILF Fund has the power to make a capital distribution from the assets of ILF Fund, to be held by the responsible entity of ILF Fund as agent for each member to be applied towards a subscription for IGCH shares on the Implementation Date;
- the responsible entity of the relevant trust will be indemnified out of the relevant trust provided there is no fraud, negligence or breach of trust;
- REIMA is to be reimbursed out of the assets of the relevant trust for certain costs and expenses it incurs in connection with the Proposal;
- the responsible entity of ILF Fund is irrevocably appointed as the agent and attorney of each member in relation to the implementation of the Proposal to receive and hold the proceeds of the distribution of capital, apply to IGCH for IGCH shares and execute all documents and do all things to effect the Proposal;
- each member who is issued IGCH shares under the Proposal agrees to become a member of IGCH and to be bound by the IGCH constitution;
- each member is required to provide information to the responsible entity of the relevant trust as reasonably required to comply with any law in respect of the Proposal;
- the responsible entity of the relevant trust may change the name of the trust following the implementation of the Proposal;

Stapling amendments

- the responsible entity of the relevant trust has the power to:
  - cause the stapling of any attached security and further securities to units;
  - implement stapling by applying for securities in the name of members, transferring securities to all members and making an in specie distribution of securities to all members;
  - act as the agent of each Unitholder to agree to obtain securities to be stapled, to be a member of the relevant stapled entity and to be bound by the constitution of the relevant stapled entity;
  - forfeit a unit which is part of a stapled security if the attached security is forfeited; and
  - determine that the stapling provisions of the relevant constitution will cease to apply;
- the same amendment must be made to the Constitution of each stapled entity before the stapling provisions may be varied;
- the responsible entity of the relevant trust must keep and maintain a stapled security register; and
- the representatives of stapled entities may attend and speak at the meeting of members of the relevant trust.

The amendments are set out in full in Annexure D of this Explanatory Memorandum.

Resolution Two is required under section 601GC(1) of the Corporations Act. Section 601GC(1) requires certain amendments to the ILF Constitution to be made by a special resolution of Unitholders. Resolution Two will be decided by a poll. Resolution Two must be passed as a 'special resolution', such that it must be passed by at least 75% of the votes cast at the Meeting by Unitholders entitled to vote on it.

Resolution Three: Approval of the Proposal

Resolution Three approves the Proposal and authorises the Current RE to give effect to the Proposal, including:

- the issue of IGCH shares to Unitholders; and
- the stapling of IGCH shares to units in ILF Fund and ILF Trust to form New Stapled Securities each consisting of a share in IGCH, a unit in ILF Fund and a unit in ILF Trust.

Resolution Three will be decided by a poll. Resolution Three must be passed by at least 50% of the votes cast at the Meeting on Resolution Three by members entitled to vote on Resolution Three.

Resolution Four: Grant of quantum rights to Simon Owen

Resolution Four approves (subject to and conditional on the implementation of the Proposal) for all purposes, including for the purposes of ASX Listing Rule 10.14, the acquisition by the Managing Director and Chief Executive Officer, Simon Owen, under the Ingenia Communities Long-term Incentive Scheme of each of the performance quantum rights and retention quantum rights no later than 12 months after the date of the Meeting and the New Stapled Securities on the vesting of some or all of those performance quantum rights and retention quantum rights on the terms set out in section 9.1.10.

Resolution Four will be decided by a poll. Resolution Four must be passed by at least 50% of the votes cast at the Meeting on Resolution Four by members entitled to vote on Resolution Four.

5.10 Key Conditions

The Proposal will not proceed unless the conditions precedent as set out in the Implementation Deed are all satisfied (see Annexure C which contains a summary of material documents including the conditions to implementation).

The key conditions include:

a) New RE obtains an AFSL from ASIC in a form appropriate for acting as responsible entity of ILF Fund and ILF Trust;

b) the Proposal Resolutions approving the Proposal are passed by the Unitholders;

c) the Current RE continues to recommend that the Proposal is in the best interest of Unitholders;

d) all relevant ASIC relief has been granted, and in respect of any ASIC relief not granted, ASIC has indicated in writing that such relief is not required;

e) all relevant ASX waivers and confirmations have been granted, and in respect of any ASX waivers or confirmation not granted, ASX has indicated in writing that such waiver or confirmation is not required; and

f) there is no superior alternative arrangement to the Proposal, which the Current RE determines is more favourable to Unitholders than the Proposal.

5.11 Foreign Securities Laws and Sale Facility for Foreign Unitholders

Implementation of the Proposal will result in Unitholders being issued with IGCH shares that will become part of New Stapled Securities. The Current RE has determined that restrictions in certain foreign countries make it impractical or unlawful to offer or receive IGCH shares in those countries. No action has been taken to register or qualify the IGCH shares or otherwise permit a public offering of such securities in any jurisdiction outside Australia, New Zealand and Hong Kong. Unitholders who hold Existing Stapled Securities on behalf of a beneficial owner resident outside Australia, New Zealand and Hong Kong should not forward this Explanatory Memorandum and separate Prospectus (or accompanying documents) to anyone outside these countries, as this may constitute a breach of foreign securities laws. It is the responsibility of all overseas Unitholders to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection with the internalisation, including obtaining any government approval, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

In order to ensure that IGCH shares are not issued in circumstances where foreign securities laws could be breached, existing Stapled Securities owned by Foreign Resident Holders will be transferred at 4pm on the Implementation Date to a nominee of the Sale Agent, Berne No. 132 Nominees Pty Ltd (ACN 010 413 591). The nominee for those Foreign Resident Holders will become the registered holder of those Existing Stapled Securities. The nominee will be issued with IGCH shares in the same manner as other Unitholders under the Proposal. The Sale Agent will proceed to sell all New Stapled Securities held by the nominee in such manner as it considers appropriate within 15 ASX settlement days of commencement of quotation on a normal settlement basis of the New Stapled Securities.

Foreign Resident Holders will receive their proportionate share of the proceeds of sale of the New Stapled Securities which is equivalent to the proceeds realised by the Sale Agent from the sale of all New Stapled Securities, less a brokerage fee paid to the Sale Agent of 1.0% of the aggregate gross proceeds of sale plus any GST divided by the total number of such New Stapled Securities. The brokerage fee is deducted from the proceeds of sale before remittance to Foreign Resident Holders.

The net proceeds of sale will be remitted to Foreign Resident Holders within 10 Business Days after settlement of all sales under the Sale Facility has occurred.

The market price of New Stapled Securities will be subject to change from time to time. Up-to-date information on the market price of New Stapled Securities can be obtained from the ASX website under ASX code INA. The sale price for the New Stapled Securities and the proceeds of sale that Foreign Resident Holders will receive cannot be guaranteed. The proceeds of sale from the Sale Facility will not necessarily be the highest price at which New Stapled Securities can be sold in the relevant period. The sale process will be conducted having regard to a range of factors including:

- the ASX Market Rules;
- the number of New Stapled Securities that are to be sold by the Sale Agent. If a large number of New Stapled Securities are to be sold, the sale price for those New Stapled Securities may be lower;
- the prevailing market conditions including the price of New Stapled Securities on ASX and the demand for New Stapled Securities offered by the Sale Agent;
- the need to maintain an orderly market for New Stapled Securities; and
- the period during which the sale process is undertaken.

The amount that a Foreign Resident Holder receives under the Sale Facility may be more or less than the actual sale price at which the New Stapled Securities (comprising the Existing Stapled Securities they previously held and IGCH shares) are sold.

As an alternative to participating in the sale by the Sale Agent under the Sale Facility, Unitholders who expect to be Foreign Resident Holders at the Record Date may choose to sell their Existing Stapled Securities on-market prior to the last day of trading of the Existing Stapled Securities before the Implementation Date.

There are a number of differences between selling Existing Stapled Securities on-market and participating in the Sale Facility, including:

- the price may be higher or lower;
- under the Sale Facility process, Foreign Resident Holders have no control over the proceeds of sale they will receive;
- Foreign Resident Holders will need to wait until the sale process to be undertaken by the Sale Agent is completed before they receive their proceeds of sale; and
- transfers and sales by the Sale Agent will only occur if the internalisation is implemented.

ASIC has given its in principle approval to grant relief necessary to allow the interests of Foreign Resident Holders to be dealt with in this manner.

5.12 Taxation Report

Moore Stephens Melbourne Pty Limited (**Moore Stephens**) was engaged by the Independent Directors of the Current RE to advise on the taxation consequences for Unitholders that will arise from implementation of the Proposal.

The Australian taxation consequences of the Proposal for Unitholders are set out in the taxation report in Annexure B of this Explanatory Memorandum.

Broadly, where a Unitholder is an Australian resident for Australian tax purposes, the taxation consequences of the Proposal will be as follows:

- Unitholders will need to reduce the cost base of their Existing Stapled Securities by an amount equal to the distribution of capital from ILF Group under the Proposal (**Capital Distribution**). If the cost base of a Unitholder's Stapled Securities in ILF Group is reduced to nil, any remaining amount of the Capital Distribution will give rise to a capital gain; and
- the cost base of the IGCH shares issued to Unitholders will include the Capital Distribution the Unitholders receive which is applied on their behalf by the Current RE for the issue of the IGCH shares.

Moore Stephens' report is attached as Annexure B. The directors of the Current RE recommend to Unitholders that they seek their own tax advice relevant to their own specific circumstances.

06 Notice of General Meeting of ILF Real Estate Community Living Management Trust

Notice is given by ING Management Limited (ABN 15 006 065 032) (AFSL 237534) that a meeting of the unitholders (**Meeting**) of the ING Real Estate Community Living Management Trust (ARSN 122 928 410) will be held at:

Location

The Kirralaa-Jarara Room
The Grace Hotel
77 York Street
Sydney NSW 2000

Date

Thursday 31 May 2012

Time

10am

Unitholders should read the Explanatory Memorandum and separate Prospectus for the proposal for the internalisation of management of the ILF Group (**Proposal**) dated 26 April 2012 accompanying this Notice of Unitholders' Meeting before voting.

6.1 Resolutions

SPECIAL BUSINESS – RESOLUTIONS

Resolution One: Change of responsible entity

To consider, and if thought fit, approve as an ordinary resolution:

> *"That, subject to and conditional on the passing of Resolutions Two and Three and the passing of Resolutions One, Two and Three as set out in the Notice of Unitholders' Meeting for ING Real Estate Community Living Fund (ARSN 107 459 576) dated 26 April 2012:*
>
> *a) ING Management Limited retire as responsible entity of ING Real Estate Community Living Management Trust;*
>
> *b) upon the retirement of ING Management Limited as responsible entity of ING Real Estate Community Living Management Trust, Ingenia Communities RE Limited be chosen as the new responsible entity of ING Real Estate Community Living Management Trust in accordance with section 601FL of the Corporations Act 2001 (Cth); and*
>
> *c) ING Management Limited as responsible entity of ING Real Estate Community Living Management Trust be authorised to do all things necessary to give effect to this resolution, including without limitation, lodge with the Australian Securities and Investments Commission a Form 5107 for ING Real Estate Community Living Management Trust in relation to the change of responsible entity referred to in paragraphs a) and b) of this resolution."*

Resolution Two: Amendments to the constitution of ILF Trust

To consider, and if thought fit, to pass the following resolution as a special resolution:

> *"That, subject to and conditional on the passing of Resolutions One and Three and the passing of Resolutions One, Two and Three as set out in the Notice of Unitholders' Meeting for ING Real Estate Community Living Fund (ARSN 107 459 576) dated 26 April 2012:*

*a) the constitution of ING Real Estate Community Living Management Trust be amended as set out in Attachment D of the Notice of Unitholders' Meetings and Explanatory Memorandum to unitholders dated 26 April 2012 (**Explanatory Memorandum**); and*

b) ING Management Limited as the responsible entity of ING Real Estate Community Living Management Trust be authorised to do all things necessary to give effect to this resolution, including without limitation, to execute and lodge with the Australian Securities and Investments Commission a supplemental deed in relation to the amendments referred to in paragraph a) of this resolution."

Resolution Three: Approval of the Proposal

To consider, and if thought fit, approve as an ordinary resolution:

> *"That, subject to and conditional on the passing of Resolutions One and Two and the passing of Resolutions One, Two and Three as set out in the Notice of Unitholders' Meeting for ING Real Estate Community Living Fund (ARSN 107 459 576) dated 26 April 2012, approval is given for the Proposal as outlined in the Explanatory Memorandum."*

Resolution Four: Grant of quantum rights to Simon Owen

To consider and, if thought fit, approve as an ordinary resolution:

> *"That, subject to and conditional on the implementation of the Proposal described in the Notice of Unitholders' Meetings and Explanatory Memorandum for ING Real Estate Community Living Group comprising ING Real Estate Community Living Fund (ARSN 107 459 576) and ING Real Estate Community Living Management Trust (ARSN 122 928 410) dated 26 April 2012, approval is given for all purposes, including for the purposes of ASX Listing Rule 10.14, to the acquisition by the Managing Director and Chief Executive Officer, Simon Owen, under the Ingenia Communities Long-term Incentive Scheme of each of the performance quantum rights and retention quantum rights no later than 12 months after the date of this meeting and the New Stapled Securities on the vesting of some or all of those performance quantum rights and retention quantum rights on the terms set out in the Notice of Unitholders' Meetings and Explanatory Memorandum for ING Real Estate Community Living Group comprising ING Real Estate Community Living Fund (ARSN 107 459 576) and ING Real Estate Community Living Management Trust (ARSN 122 928 410) dated 26 April 2012."*

Voting exclusion

The Current RE will disregard any votes cast on the proposed Resolution Four by any Director of the Current RE (except one who is ineligible to participate in any employee incentive scheme in relation to the Current RE), Mr Owen and any associate of any such persons. However, the Current RE need not disregard a vote if:

1. it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
2. it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy does.

In addition, no key management personnel of the Current RE or a closely related party of such a member may vote as a proxy on the proposed Resolution Four unless:

3. the person votes as a proxy appointed by writing that specifies how the person is to vote on the proposed Resolution Four; or
4. the person is the Chairman and votes as a proxy appointed by writing that authorises the Chairman to vote on the proposed Resolution Four even though that resolution is connected directly or indirectly with the remuneration of key management personnel of the Current RE.

The effects of the resolutions are described in the Explanatory Memorandum, which forms part of this Notice of Unitholders' Meeting and provides information relating to the resolutions. A copy of the supplemental deed referred to in Resolution Two will be initialled by the Chairperson of the meeting for identification.

Please see Section 8 for instructions and information in relation to completing the Voting and Proxy Form.

Terms and expressions used in this Notice of Unitholders' Meeting have, unless otherwise defined, the same meanings as set out in Explanatory Memorandum.

By order of the board of ING Management Limited as responsible entity of ING Real Estate Community Living Management Trust.

S Wiesener

Sarah Wiesener
Company Secretary
ING Management Limited
26 April 2012

07
Notice of General Meeting
of ILF Real Estate Community Living Fund

Notice is given by ING Management Limited (ABN 15 006 065 032) (AFSL 237534) that a meeting of the unitholders (**Meeting**) of the ING Real Estate Community Living Fund (ARSN 107 459 576) will be held at:

Location
The Kirralaa-Jarara Room
The Grace Hotel
77 York Street
Sydney NSW 2000

Date
Thursday 31 May 2012

Time
10am

Unitholders should read the Explanatory Memorandum and separate Prospectus for the proposal for the internalisation of management of the ILF Group (**Proposal**) dated 26 April 2012 accompanying this Notice of Unitholders' Meeting before voting.

7.1 Resolutions
SPECIAL BUSINESS — RESOLUTIONS
Resolution One: Change of responsible entity
To consider, and if thought fit, approve as an ordinary resolution:

"That, subject to and conditional on the passing of Resolutions Two and Three and the passing of Resolutions One, Two and Three as set out in the Notice of Unitholders' Meeting for ING Real Estate Community Living Management Trust (ARSN 122 928 410) dated 26 April 2012:

a) ING Management Limited retire as responsible entity of ING Real Estate Community Living Fund;

b) upon the retirement of ING Management Limited as responsible entity of ING Real Estate Community Living Fund, Ingenia Communities RE Limited be chosen as the new responsible entity of ING Real Estate Community Living Fund in accordance with section 601FL of the Corporations Act 2001 (Cth); and

c) ING Management Limited as responsible entity of ING Real Estate Community Living Fund be authorised to do all things necessary to give effect to this resolution, including without limitation, lodge with the Australian Securities and Investments Commission a Form 5107 for ING Real Estate Community Living Fund in relation to the change of responsible entity referred to in paragraphs a) and b) of this resolution."

Resolution Two: Amendment to the constitution of ILF Fund
To consider, and if thought fit, to pass the following resolution as a special resolution:

"That, subject to and conditional on the passing of Resolutions One and Three and the passing of Resolutions One, Two and Three as set out in the Notice of Unitholders' Meeting for ING Real Estate Community Living Management Trust (ARSN 122 928 410) dated 26 April 2012:

a) *the constitution of ING Real Estate Community Living Fund be amended as set out in Attachment D of the Notice of Unitholders' Meetings and Explanatory Memorandum to unitholders dated 26 April 2012 (**Explanatory Memorandum**); and*

b) *ING Management Limited as the responsible entity of ING Real Estate Community Living Fund be authorised to do all things necessary to give effect to this resolution, including without limitation, to execute and lodge with the Australian Securities and Investments Commission a supplemental deed in relation to the amendments referred to in paragraph a) of this resolution."*

Resolution Three: Approval of the Proposal

To consider, and if thought fit, approve as an ordinary resolution:

"That, subject to and conditional on the passing of Resolutions One and Two and the passing of Resolutions One, Two and Three as set out in the Notice of Unitholders' Meeting for ING Real Estate Community Living Management Trust (ARSN 122 928 410) dated 26 April 2012, approval is given for the Proposal."

Resolution Four: Grant of quantum rights to Simon Owen

To consider and, if thought fit, approve as an ordinary resolution:

"That, subject to and conditional on the implementation of the Proposal described in the Notice of Unitholders' Meetings and Explanatory Memorandum for ING Real Estate Community Living Group comprising ING Real Estate Community Living Fund (ARSN 107 459 576) and ING Real Estate Community Living Management Trust (ARSN 122 928 410) dated 26 April 2012, approval is given for all purposes, including for the purposes of ASX Listing Rule 10.14, to the acquisition by the Managing Director and Chief Executive Officer, Simon Owen, under the Ingenia Communities Long-term Incentive Scheme of each of the performance quantum rights and retention quantum rights no later than 12 months after the date of this meeting and the New Stapled Securities on the vesting of some or all of those performance quantum rights and retention quantum rights on the terms set out in the Notice of Unitholders' Meetings and Explanatory Memorandum for ING Real Estate Community Living Group comprising ING Real Estate Community Living Fund (ARSN 107 459 576) and ING Real Estate Community Living Management Trust (ARSN 122 928 410) dated 26 April 2012."

Voting exclusion

The Current RE will disregard any votes cast on the proposed Resolution Four by any Director of the Current RE (except one who is ineligible to participate in any employee incentive scheme in relation to the Current RE), Mr Owen and any associate of any such persons. However, the Current RE need not disregard a vote if:

1. it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
2 it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy does.

In addition, no key management personnel of the Current RE or a closely related party of such a member may vote as a proxy on the proposed Resolution Four unless:

3. the person votes as a proxy appointed by writing that specifies how the person is to vote on the proposed Resolution Four; or
4. the person is the Chairman and votes as a proxy appointed by writing that authorises the Chairman to vote on the proposed Resolution Four even though that resolution is connected directly or indirectly with the remuneration of key management personnel of the Current RE.

The effects of the resolutions are described in the Explanatory Memorandum, which forms part of this Notice of Unitholders' Meeting and provides information relating to the resolutions. A copy of the supplemental deed referred to in Resolution Two will be initialled by the Chairperson of the meeting for identification.

Please see Section 8 for instructions and information in relation to completing the Voting and Proxy Form.

Terms and expressions used in this Notice of Unitholders' Meeting have, unless otherwise defined, the same meanings as set out in Explanatory Memorandum.

By order of the board of ING Management Limited as responsible entity of ING Real Estate Community Living Fund.

S Wiesener

Sarah Wiesener
Company Secretary
ING Management Limited
26 April 2012

08

Voting Instructions and Information

Required majority

In order for the Proposal to proceed, all Proposal Resolutions must be approved.

- Resolution Two is a special resolution and voting must be conducted on a poll. Resolution Two will be passed if at least 75% of the total number of votes cast by Unitholders entitled to vote on Resolution Two are in favour of Resolution Two.
- Resolutions One, Three and Four are ordinary resolutions and will be conducted on a poll. Resolutions One, Three and Four will be passed if at least 50% of the total number of votes cast by Unitholders entitled to vote on a resolution are in favour of that resolution.
- Resolution Four is neither interconditional on the Proposal Resolutions nor is required to be passed for the Proposal to proceed.

All resolutions will be conducted on a poll.

You do not have to exercise all your votes in the same way, and you do not have to cast all of your votes.

Appointment of Chairperson

In accordance with section 252S of the Corporations Act and the ILF Constitutions, IML has appointed Michael Coleman to act as Chairperson of the Meeting. The Chairperson will not be able to vote any proxies appointing the Chairperson as proxy to the extent they do not specify how the proxy is to vote.

Right to appoint a proxy

A Unitholder has the right to appoint a proxy to attend and vote at the Meeting on their behalf. A proxy does not need to be a Unitholder in the ILF Group, and you may appoint the Chairperson of the Meeting as your proxy. A Unitholder may appoint two proxies, and if so, the Unitholder may specify the proportion or number of votes each proxy is appointed to exercise. The Voting and Proxy Form, which accompanies the Notices of Unitholders' Meetings, includes instructions on how to vote and appoint a proxy. If the proxy appointments do not specify the proportion of voting rights that each proxy may exercise, each proxy may exercise half of your votes. Fractions of votes will be disregarded. Where two or more persons are registered as Unitholders, either person may sign the proxy appointment.

Your proxy will have the same rights as you to speak during the Meeting. You may direct your proxy how to vote. If your proxy is not the Chairperson, he or she may choose whether or not to vote on the special resolution and ordinary resolutions on a poll. If he or she chooses to vote, whether on a show of hands or on a poll, he or she must do so as directed by you, unless you do not give any such direction to the proxy. If your proxy is the Chairperson, they must vote on the special resolution and ordinary resolutions on a poll as directed by you.

If the proxy appointment is signed under a power of attorney, Link Market Services Limited (or IML at its registered office) must receive a certified copy of the power of attorney before 10am on Tuesday 29 May 2012 (or at least 48 hours before any adjourned meeting) for the proxy appointment to be effective.

IT IS IMPORTANT THAT YOU COMPLETE THE VOTING AND PROXY FORM CORRECTLY TO ENSURE THAT YOUR VOTE IS VALID.

Please see below for instructions and information in relation to completing the Voting and Proxy Form.

Terms and expressions used in these voting instructions and information have, unless otherwise defined, the same meanings as set out in Explanatory Memorandum.

The Voting and Proxy Form that accompanies this Explanatory Memorandum relates to the resolutions and meetings of both ILF Fund and ILF Trust, which will be held simultaneously (**Meeting**). You only need to complete the one Voting and Proxy Form to make the relevant instructions for both ILF Fund and ILF Trust. The information below is provided in respect of the Voting and Proxy Form as it applies to the Meeting.

How to complete the Voting and Proxy Form

Step 1

Please either appoint the Chairperson as your proxy by marking the first box or nominate a person other than the Chairperson as your proxy. If you do not name a proxy or your named proxy does not attend the Meeting, the Chairperson will be appointed as your proxy.

Step 2

- If you wish to direct your proxy how to vote, you must mark the relevant box opposite the resolutions. If your proxy is not the Chairperson and you do not mark the boxes next to the individual resolutions, your proxy can vote as they see fit. If you have appointed the Chairperson as your proxy, you must mark the boxes next to the individual resolutions to indicate how you would like the Chairperson to vote, otherwise the Chairperson will not be entitled to vote as your proxy. It is therefore important for you to direct and specify how you would like the Chairperson to vote as your proxy; and
- Please ensure that you only mark one box for each resolution, otherwise your vote will not be valid.

Step 3

Sign the Voting and Proxy Form where indicated in accordance with the instructions on the reverse side of the Voting and Proxy Form.

Step 4

Place your Voting and Proxy Form in the reply paid envelope supplied and return it to Link Market Services Limited, or fax it to Link Market Services on +61 2 9287 0309.

To be valid, Link Market Services must receive your Voting and Proxy Form no later than 10am Sydney time on Tuesday 29 May 2012, that is, 48 hours before the Meeting.

Voting entitlement

Unitholders registered as holders of units in ILF Group as at 10am Sydney time on Tuesday 29 May 2012 will be entitled to attend and vote at the Meeting (subject to any applicable voting exclusion). If a transfer is registered after this time, the transferee may not be able to vote at the Meeting.

Under section 253E of the Corporations Act, the responsible entity of a registered managed investment scheme and its associates are not entitled to vote their interest on a resolution at a meeting of the scheme's unitholders if they have an interest in the resolution or matter other than as a unitholder. However, a responsible entity and its associates are entitled to vote their interest on a resolution to remove the responsible entity and choose a new responsible entity where the managed investment scheme is listed.

Accordingly, IML and its associates will be entitled to vote in respect of any units they hold on Resolution One. IML and its associates, however, will not be entitled to vote their interests in respect of Resolutions Two, Three and Four.

IML and its associates may vote as proxies for members who are entitled to vote if the proxy appointment specifies the way they are to vote and they vote that way.

Corporate representatives

A company wishing to appoint a person to act as its representative at the Meeting must provide that person with a letter or certificate executed in accordance with the company's constitution and the Corporations Act authorising him or her to act as the member's representative. The appointment must set out what the representative is authorised to do and may set out restrictions on the representative's powers in accordance with section 253B of the Corporations Act. If the appointment is by reference to a position held, the appointment must identify that position.

To be effective, the letter or certificate by which a representative is appointed by the company must be received by Link Market Services Limited at least 48 hours before the Meeting.

Voting by attorney

You have the right to appoint an attorney to attend the Meeting and vote for you.

If the proxy appointment is signed under a power of attorney, Link Market Services Limited (or IML at its registered office) must receive a certified copy of the power of attorney before 10am on Tuesday 29 May 2012 (or at least 48 hours before any adjourned Meeting) for the proxy appointment to be effective.

Quorum

A quorum of at least two individuals, being Unitholders of the ILF Group present in person or persons attending as proxies, body corporate representatives or attorneys, must be present throughout the Meeting (or any adjournment thereof). The Meeting will be adjourned if a quorum is not present within 30 minutes of the scheduled time for the Meeting.

09

Additional Information

9.1 Interests of directors

9.1.1 Interests of Current RE directors in the ILF Group

a) The directors of the Current RE are:
   (i) Michael Coleman;
   (ii) Michael Easson;
   (iii) Philip Clark; and
   (iv) Hein Brand.

b) The following table lists the Existing Stapled Securities held by or on behalf of each director of the Current RE as at the date of this Explanatory Memorandum.

Director	% of Existing Stapled Securities held	Number of Existing Stapled Securities held
Michael Coleman	0.00	0
Michael Easson	0.00	0
Philip Clark	0.02	90,151
Hein Brand	0.00	0

The directors of the Current RE, whether as directors, members, creditors or otherwise, have no material interest in the Proposal, the resolutions or any other arrangements or matters contemplated by this Explanatory Memorandum, except as members holding Existing Stapled Securities as set out above or as otherwise disclosed in this Explanatory Memorandum.

c) The effect of the Proposal on those interests is the same as its effect on the interests of other Unitholders.

9.1.2 Interest of Current RE directors in IGCH and New RE

No shares in IGCH or New RE are held by, or on behalf of, any director of the Current RE.

9.1.3 Interest of Current RE directors in agreements or arrangements relating to the Proposal

a) None of the directors of the Current RE has an interest in any contract entered into which is conditional on, or related to, the Proposal.

b) There is no agreement or arrangement between a director of the Current RE and another person in connection with or conditional on the implementation of the Proposal.

c) However, directors of the Current RE will be entitled to participate in the Proposal in respect of any securities held by or on behalf of them in the same way as other Unitholders and Mr Clark will be appointed as a Director of New RE on implementation of the Proposal.

9.1.4 Payments and other benefits to directors, secretaries, executive officers or related bodies corporate

No payment or other benefit is proposed to be made or given (in connection with or conditional on the Proposal) to any director, secretary or executive officer of the Current RE as compensation for loss of, or as consideration for or in connection with his or her retirement from office in the Current RE or their related bodies corporate.

Other than as set out in this Section 9 or elsewhere in this Explanatory Memorandum, no payment or other benefit is proposed to be made or given to any related body corporate of the Current RE in connection with or conditional on the Proposal.

Two directors of IGCH will be paid from the assets of ILF Group. Mr Hazel will receive $37,500 for the period from 1 March 2012 to the Implementation Date and Ms Heyworth approximately $8,750 for the period from 16 April, 2012 to the Implementation Date. These payments will be made irrespective of whether or not the Proposal is implemented.

9.1.5 Interests of New RE directors in the ILF Group

a) The directors of New RE will be:
   (i) Jim Hazel;
   (ii) Amanda Heyworth;
   (iii) Philip Clark; and
   (iv) Simon Owen.

b) The following table lists the Existing Stapled Securities held either directly or by an associate of that director of New RE as at the date of this Explanatory Memorandum.

Director or Proposed Director	% of Existing Stapled Securities held	Number of Existing Stapled Securities held
Jim Hazel	0.05	200,000
Amanda Heyworth	0.00	0
Philip Clark	0.02	90,151
Simon Owen	0.33	1,440,750

The directors or proposed director of New RE, whether as directors, members, creditors or otherwise, have no material interest in the Proposal, the resolutions or any other arrangements or matters contemplated by this Explanatory Memorandum, except as members holding securities as set out above or as otherwise disclosed in this Explanatory Memorandum.

c) The effect of the Proposal on those interests is the same as its effect on the interests of other Unitholders.

9.1.6 Interest of New RE directors in IGCH and New RE

No shares in IGCH or New RE are held by, or on behalf of, any director or proposed director of New RE.

9.1.7 Interest of New RE directors in agreements or arrangements relating to the Proposal

a) Simon Owen will be a Managing Director and Chief Executive Officer of IGCH and will have both short-term and long-term remuneration interests if the Proposal is implemented as set out in Sections 9.1.9 and 9.1.10.

b) Other than as set out in this Section 9 or elsewhere in this Explanatory Memorandum, none of the directors of New RE has an interest in any contract entered into which is conditional on, or related to, the Proposal.

c) Other than as set out in this Section 9 or elsewhere in this Explanatory Memorandum, there is no agreement or arrangement between a director of New RE and another person in connection with or conditional on the implementation of the Proposal.

d) However, directors of New RE will be entitled to vote in favour of the Proposal and receive shares in IGCH (or otherwise participate in the Proposal) in respect of any securities held by or on behalf of them to the extent permitted by law.

9.1.8 Remuneration of IGCH directors

The following table lists the remuneration for each of the current or proposed IGCH directors.

Director	Remuneration
Jim Hazel	$150,000
Amanda Heyworth	$70,000
Philip Clark	$70,000
Simon Owen	See below

9.1.9 Remuneration of IGCH senior management

The following table lists the remuneration for key management.

			At-risk STI		LTI	
Role	Incumbent	Base Package (Including Super)	%	Amount	Performance Quantum Rights	Deferred Quantum Rights
CEO and Managing Director	**Simon Owen**	$400,000	30%	$120,000	50%	$200,000
Chief Financial Officer	**Tania Betts**	$280,000	25%	$70,000	25%	$70,000
Chief Operating Officer	**Nikki Fisher**	$280,000	25%	$70,000	25%	$70,000

Key management are entitled to short-term incentives (STI) of up to the specified percentages of their base package, subject to the achievement of certain targets. Long-term incentives (LTI) are described in the next sub-section.

9.1.10 Ingenia Communities' Long-term incentive scheme

The terms of Mr Owen's employment contract with Ingenia Communities will entitle him to participate in the Ingenia Communities' Long-term Incentive Scheme (**LTI Scheme**). Mr Owen's employment contract provides that the maximum value of performance quantum rights that may be granted to him pursuant to the LTI Scheme is up to 50% of his fixed remuneration. Subject to Unitholder approval, Mr Owen will also be eligible for a one-off grant of retention quantum rights of up to 50% of his fixed remuneration.

The intention of the LTI Scheme is to align long-term New Unitholder returns of Ingenia Communities with the 'at-risk' compensation potentially payable to executive level employees and reward executives who remain in employment and perform at the required levels of performance.

Mr Owen's remuneration comprises the following components:

- fixed remuneration, including statutory superannuation of $400,000 per annum;
- an at-risk short term incentive of up to 30% of fixed remuneration subject to the achievement of specified targets;
- an at-risk long term incentive of up to 50% of fixed remuneration under the LTI Scheme (**performance quantum rights**); and
- a one-off retention bonus of up to 50% of fixed remuneration under the LTI Scheme (**retention quantum rights**).

In line with advice from remuneration consultants appointed to inform the boards of both IML and IGCH, the fixed remuneration of Mr Owen following internalisation is to be approximately 30% less than the commercial benchmark for comparable roles and this factor has been taken into account in setting the potential indicative benefits to which he may become entitled.

a) The LTI Scheme

The LTI Scheme encompasses two types of security rights: performance quantum rights and retention quantum rights.

Performance quantum rights vest based on Ingenia Communities' performance (as measured by total New Unitholder returns (**TSR**)) and retention quantum rights vest on completion of a period of service. The objective of the LTI Scheme is to align long-term New Unitholder returns with the 'at risk' compensation payable to executive level employees at equivalent organisations to Ingenia Communities.

Performance quantum rights

The LTI Scheme provides that performance quantum rights granted to Mr Owen are subject to a vesting period of three years. This means that he will not receive any New Stapled Securities until the vesting day at the end of the vesting period. The number of New Stapled Securities he may receive at the end of the vesting period is based on total New Unitholder return: the higher the return, the greater the benefits. For example, if TSR is less than 26%, then Mr Owen receives no benefit. He will only receive the full benefit if TSR is 56% or more. The percentage of performance quantum rights held by Mr Owen at the end of the vesting period of three years that may be converted into New Stapled Securities shall be determined in accordance with the table below:

Where Ingenia Communities' actual TSR over the vesting period is:	Percentage of Mr Owen's performance quantum rights that may vest:
Below 26% — below threshold performance	0%
26% (approximately 8% per annum compound) — on threshold performance	25%
At or above 26% but below 40% — performance between threshold and target performance	25% — 50%, in the same proportion as Ingenia Communities' actual TSR bears to the threshold and target performance
40% (approximately 12% per annum compound) — on target performance	50%
Above 40% but below 56% — performance between target and stretch performance	50% — 100%, in the same proportion as Ingenia Communities' actual TSR bears to the target and stretch performance
56% or above (approximately 16% per annum compound) — stretch performance	100%

Calculations of Ingenia Communities' TSR will be approved by the IGCH board. These figures will be published as part of the Remuneration Report that will be disclosed to the market.

In this way, Mr Owen's benefits are aligned with the interests of New Unitholders.

There are no circumstances where performance quantum rights will be vested to Mr Owen prior to the vesting day.

Retention quantum rights

Retention quantum rights granted to Mr Owen are subject to a retention period of two years. If he remains in employment with Ingenia Communities for that time, he is entitled to the value of those retention quantum rights, which is up to 50% of his annual remuneration. In this way, Mr Owen is incentivised to remain with the business during this very important transitional phase.

There are no circumstances where retention quantum rights will be vested to Mr Owen prior to the end of the retention period.

Termination of employment

If Mr Owen's employment is terminated for cause, then Mr Owen loses the benefit of his unvested quantum rights.

If Mr Owen resigns other than due to his illness or for a "good reason event" (which means, for example, if the business significantly changes his reporting structure or diminishes the scope of his duties or responsibilities), then this will also lead to the forfeiture of his unvested quantum rights unless the IGCH board exercises its discretion to allow otherwise (though such an exercise of this discretion may be subject to New Unitholder approval).

If Mr Owen's employment ends for any other reason, he will retain his quantum rights already granted (except those granted in the year in which his employment terminates) but he will not be entitled to the benefit of those quantum rights until the vesting day is reached. Where applicable, any performance hurdles must be satisfied, including that the New Stapled Securities price on the vesting date is higher than the date on which the employment had ended.

b) Unitholder approval

ASX Listing Rule 10.14 requires Unitholder approval before a director can acquire securities or rights to securities under an employee incentive scheme. Approval from Unitholders is being sought to grant performance quantum rights and retention quantum rights to Mr Owen under the LTI Scheme in respect of the period commencing on and from the date of this Meeting, with any performance quantum rights and retention quantum rights issued within 12 months of the date of this Meeting.

The approval of Resolutions One, Two and Three is not dependent on this Resolution 4 being approved.

c) Information required by ASX Listing Rule 10.15

ASX Listing Rule 10.15 requires the following information to be disclosed in relation to the performance quantum rights and retention quantum rights to be granted to Mr Owen under the LTI Scheme:

1. Maximum number of quantum rights and New Stapled Securities

The maximum number of performance quantum rights and retention quantum rights that may be granted to Mr Owen within 12 months of this Meeting is 3,330,000. This number is determined in accordance with the formulae set out below.

The maximum number of performance quantum rights is determined in accordance with the following formula:

> *Dividing Mr Owen's performance quantum right value (which is determined using a fixed percentage of his base remuneration at the time of the grant, excluding short -term incentives) by the price for each performance quantum right.*

Based on the above formula, the IGCH board has determined that Mr Owen could be entitled to a maximum of 2,260,000 performance quantum rights.

The maximum number of retention quantum rights is determined in accordance with the following formula:

> *Dividing Mr Owen's retention right value (which is determined using a fixed percentage of his base remuneration at the time of the grant, excluding short -term incentives) by the price for each retention quantum right.*

Based on the above formula, the IGCH board has determined that Mr Owen could be entitled to a maximum of 1,070,000 retention quantum rights.

After the grant of the performance quantum rights, the number of New Stapled Securities that Mr Owen may receive at the end of the vesting period on the vesting date will be determined by the following formula:

- number of performance quantum rights granted to Mr Owen; times
- a percentage depending upon the Ingenia Communities' TSR over the vesting period as described above in clause 9.1.10(a) above (for example, if the TSR was 40%, the number of performance quantum rights and retention quantum rights would be multiplied by 50%).

After the grant of the retention quantum rights, the number of New Stapled Securities that Mr Owen will receive will depend upon Mr Owen remaining as an employee of Ingenia Communities throughout the vesting period to the vesting date. The number of New Stapled Securities that Mr Owen may receive at the end of the vesting period on the vesting date will be equivalent to the number of the retention quantum rights granted to Mr Owen.

This means that each performance quantum right (adjusted by a percentage depending upon Ingenia Communities' TSR over the vesting period) and retention quantum right that vests with Mr Owen on the vesting day will convert into New Stapled Securities on a ratio of 1 to 1.

On vesting of both the performance quantum rights and retention quantum rights, the ICGH board will decide on or around the vesting day whether to purchase the amount of New Stapled Securities on market or to issue New Stapled Securities.

i. Price for each retention quantum right and performance quantum right (and the price for each Ingenia Communities stapled security that vests in Mr Owen)

The price for each retention quantum right is:

- the ILF Group unit price (using the volume weighted average price of ILF Group units traded on the ASX in the period of five trading days ending on the day two days prior to the date at which the price is to be set, that is, the date of the grant) (**ILF Price**); less
- the forecast dividends per stapled security; times
- the number of years in the vesting period.

The price for each performance quantum right is:

- the ILF Price (using the volume weighted average price of ILF Group units traded on the ASX in the period of five trading days ending on the day two days prior to the date at which the ILF Price is to be set, that is, the date of the grant); less
- the forecast dividends per stapled security; times
- the number of years in the vesting period; times
- the probability of vesting (which has been determined to be 50%).

No payment for the performance quantum rights and retention quantum rights is required by Mr Owen.

ii. Persons who received securities under the LTI Scheme since the last approval

No persons have previously received any rights under the LTI Scheme.

iii. Persons who are entitled to participate in the LTI Scheme

Simon Owen (Managing Director and Chief Executive Officer), Tania Betts (Chief Financial Officer) and Nikki Fisher (Chief Operating Officer) are entitled and eligible to participate in the LTI Scheme under the terms of their employment contracts.

iv. Terms of any related loan

There is no loan provided in relation to the acquisition of the performance quantum rights and retention quantum rights by Mr Owen.

v. Issue date of performance quantum rights and retention quantum rights

The performance quantum rights and retention quantum rights will be granted to Simon Owen no earlier than the date of this Meeting and no later than 26 April 2013, on the conditions described in the Notice of Unitholders' Meeting for ING Real Estate Community Living Management Trust (ARSN 122 928 410) and the Notice of Unitholders' Meeting for ING Real Estate Community Living Fund (ARSN 107 459 576) each dated 26 April 2012.

d) Directors' Recommendation

The IML Directors recommend that Unitholders vote in favour of Resolution Four.

9.2 Unitholders participating in the Proposal

a) For the purpose of identifying the Unitholders entitled to participate in the Proposal, if the Proposal is approved at the Meeting, and all other conditions are satisfied, dealings in Existing Stapled Securities will only be recognised if:
   (i) for dealings effected using CHESS (the computer system used by the ASX to effect the settlement of the purchase or sale of financial products), the transferee is registered in ILF Group's register of members as the holder of the relevant Existing Stapled Security at the Record Date; and
   (ii) for other types of dealings, dealings that occur before the close of business on the Meeting Date and in respect of which registrable transmission applications or transfers in registrable form in respect of those dealings are received at or before the Record Date at 4pm.

b) ILF Group will not accept for registration or recognise for any purpose any transmission application or transfer in respect of Existing Stapled Securities received after the times stated above.

9.3 Acquisition of New Stapled Securities by foreign persons

a) Under the *Foreign Acquisitions and Takeovers Act 1975* (Cth), it is compulsory to notify the Federal Treasurer of acquisitions of interests in Australian urban land by foreign persons and acquisitions of a substantial shareholding in an Australian company by foreign persons in certain circumstances. The acquisition of a New Stapled Security may constitute an acquisition of an interest in Australian urban land and an acquisition of a share in an Australian company. Investors who may be foreign persons for the purposes of the *Foreign Acquisitions and Takeovers Act 1975* (Cth) and are affected by these requirements include:
   (i) a natural person not ordinarily resident in Australia;
   (ii) a corporation in which a natural person not ordinarily resident in Australia or a foreign corporation alone or together with an associate or associates holds not less than 15% of the voting power in the corporation or holds interests in not less than 15% of the issued shares of the corporation;
   (iii) a corporation in which two or more persons, each of whom is a natural person not ordinarily resident in Australia, or a foreign corporation, alone or together with an associate or associates, hold not less than 40% of the voting power in the corporation or hold interests in not less than 40% of the issued shares of the corporation;
   (iv) the trustee of a trust estate in which a natural person not ordinarily resident in Australia or a foreign corporation alone, or together with an associate or associates, holds a beneficial interest in not less than 15% of the corpus or income of the trust estate; and
   (v) the trustee of a trust estate in which two or more persons, each of whom is either a natural person not ordinarily resident in Australia or a foreign corporation, alone or together with an associate or associates, hold, in the aggregate, beneficial interests in not less than 40% of the corpus or income of the trust estate.

b) Investors should consider whether notification under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) to the Federal Treasurer (through the Foreign Investment Review Board) is required in respect of a proposed investment or further investment in New Stapled Securities and should consult their professional adviser.

9.4 Continuous disclosure

a) ILF Group is a disclosing entity for the purposes of the Corporations Act and is subject to periodic reporting and disclosure obligations under the Corporations Act and the Listing Rules.

b) These obligations require ILF Group to notify the ASX of information about specified matters and events as they occur for the purpose of making that information available to the market.

c) In particular, ILF Group has an obligation (subject to limited exceptions) to notify the ASX immediately on becoming aware of any information which a reasonable person would expect to have a material effect on the price or value of an Existing Stapled Security.

d) Publicly disclosed information about all ASX-listed entities, including ILF Group, is available on the ASX website at www.asx.com.au.

9.5 Regulatory consents

9.5.1 ASIC relief

ASIC has decided to grant the following modifications and exemptions in relation to the operation of the Corporations Act as it applies to the Current RE, IGCH, the Sale Agent, IML and New RE:

Relief for issue of shares in IGCH

ASIC has granted the following relief:

a) (**Section 711(6) and 723(1) – prospectus content**) modifications to allow the Prospectus not to include an expiry date or an application form.

b) (**Section 734 – advertising provisions**) modifications to allow statements to be made in advertising and promotional materials without referring to the application form for IGCH shares or the availability of a disclosure document.

Relief for Foreign Resident Holders

ASIC has given its in principle approval to grant relief:

c) (**Paragraph 601FC(1)(d) – equal treatment**) to exempt the Current RE from the obligation to treat members who hold interests of the same class equally to allow the Current RE to operate the Sale Facility in respect of the Foreign Resident Holders' interests as described in Section 5.11.

d) (**Section 601ED – registration of Sale Facility**) to exempt the Sale Facility from the requirement to be registered.

e) (**Section 911A(1) – AFSL**) to exempt Current RE, New RE, the Sale Agent and its nominee from the requirement to hold an AFSL for the financial services that may be provided in connection with the Sale Facility.

f) (**Divisions 2 to 4 of Part 7.9 – disclosure and related obligations**) to exempt the Current RE, New RE, the Sale Agent and its nominee from the requirements of Divisions 2 to 4 of Part 7.9 in respect of the offering of the Sale Facility.

g) (**Division 5A of Part 7.9 – unsolicited offers**) to exempt the Current RE, New RE, the Sale Agent and its nominee from the requirements of Division 5A of Part 7.9 in respect of the acquisition of the Foreign Resident Holders' interests in the ILF Group pursuant to the Sale Facility.

Relief for stapling

ASIC has given its in principle approval to grant the following relief:

h) (**Sections 601FC(1)(c) and 601FD(1)(c) – best interests**) modifications to the Current RE's duty to act in the best interests of Unitholders to allow the Current RE and its officers to also have regard to the interests of Unitholders as holders of IGCH shares when acting in the best interests of Unitholders.

i) (**Sections 601FC(1)(e) – not to cause detriment**) modifications to the Current RE's duty not to cause detriment to Unitholders to allow the Current RE to have regard to the interests of Unitholders as holders of New Stapled Securities.

j) (**Sections 601LC – scheme property**) modifications to allow the Current RE to provide benefits from the scheme property of one trust in the ILF Group to the other trust in the ILF Group or to IGCH without security holder approval.

k) (**Part 6D.2 and 7.9 – dividend and distribution reinvestment plan (DRP)**) to exempt the Current RE, IGCH and New RE from the requirement to provide a product disclosure statement or prospectus for a DRP where the proceeds of dividends in respect of IGCH shares and distributions in respect of interests in the ILF Fund and ILF Trust are pooled and applied to acquire additional New Stapled Securities.

l) (**Section 1017E – application moneys**) relief to allow the application money received in relation to units in ILF Fund and ILF Trust to be combined with application money in relation to IGCH shares.

9.5.2 ASX waivers

ASX has provided an in-principle decision to grant waivers and confirmations of the following Listing Rules as they apply to IGCH, ILF Fund and ILF Trust:

Waivers

a) (**Listing Rule 1.1 condition 7 – spread requirements**) waiver to extent necessary not to require IGCH to comply with the spread requirements in that rule, on condition that each share in IGCH is stapled to a unit in ILF Fund and a unit in ILF Trust, and that ILF Group satisfies listing rule 12.4 at the time IGCH is admitted to the official list of ASX.

b) (**Listing Rule 1.1 condition 8 – asset test**) waiver to the extent necessary not to require IGCH to comply with listing rule 1.2 (profit test) and 1.3 (asset test), on condition that each share in IGCH is stapled to a unit in ILF Fund and a unit in ILF Trust, and ILF Group satisfies listing rules 12.1 and 12.2 at the time IGCH is admitted to the official list of ASX.

c) (**Listing Rule 2.1 condition 2 – issue price**) waiver to extent necessary to permit the issue price of shares in IGCH to be less than 20 cents in cash, on condition that each share in IGCH is stapled to a unit in ILF Fund and a unit in ILF Trust.

d) (**Listing Rule 6.24 – dividends and distributions**) waiver to the extent necessary that the rate of a dividend or distribution need not be advised to ASX when the dividend or distribution and record date is announced, on condition that an estimated dividend or distribution rate is advised to ASX and the actual rate is advised to ASX as soon as it becomes known.

e) (**Listing Rule 8.10 – register a transfer**) waiver to allow the New RE as responsible entity of ILF Fund and ILF Trust and IGCH to respectively refuse to register a transfer of a share or unit (as the case may be) if not accompanied by a corresponding transfer of a share or unit in the other entities that comprise the Ingenia Communities.

f) (**Listing Rule 10.1 – substantial asset to related party**) waiver to allow the transfer of substantial assets between IGCH, ILF Fund and the ILF Trust and their subsidiaries without security holder approval, on condition that each IGCH share is stapled to a unit in ILF Fund and a unit in ILF Trust, and IGCH, ILF Fund and ILF Trust do not issue any other securities that are not stapled to the corresponding number of securities of the other entities.

g) (**Listing Rule 10.14**) waiver to extent necessary to permit the issue of performance quantum rights and retention quantum rights to Mr Simon Owen under the Ingenia Communities Long-term Incentive Scheme, without shareholder approval, on condition that ILF Group Unitholders approve the issue of the performance quantum rights and retention quantum rights and each IGCH share is stapled to a unit in ILF Fund and a unit in ILF Trust.

Confirmations

h) (**Listing Rule 1.1 condition 1 – structure**) confirmation that the structure and operations of IGCH is appropriate for a listed entity.

i) (**Listing Rule 6.1 – terms of security**) confirmation that the terms applying to New Stapled Securities are appropriate and equitable.

j) (**Listing Rule 6.12.3 – divestment of security**) confirmation that the provisions of the constitutions for ILF Fund and ILF Trust relating to the divestment of units of Foreign Resident Holders are appropriate and equitable.

9.5.3 FMA Relief

The New Zealand Financial Markets Authority (**FMA**) has granted the following exemptions in relation to the operation of the Securities Act1978 (New Zealand) and the Securities Regulations 2009 (New Zealand) as it applies to the IML, IGCH and New RE:

Relief for issue of shares in IGCH

(a) (**Sections 37,37A,38A of the Securities Act and the Securities Regulations 2009 (except regulation 23) - certain obligations for the issue of securities**)– to exempt IGCH from certain obligations (including preparing a New Zealand registered prospectus and investment statement) prior to the issue of ordinary shares in IGCH to the holders of interests in ILF Fund and ILF Trust.

(b) (**Sections 51 to 54B of the Securities Act - administrative requirements**)– to exempt IGCH from certain on-going administrative obligations (such as keeping a register of unit holders and accounting information in New Zealand and sending information required under New Zealand law to investors).

Relief when varying the terms of existing securities of which IML and New RE is an issuer

(c) (**Section 33(3) of the Securities Act - participatory security requirements**)– to exempt the IML and New RE from certain requirements related to the issue of participatory securities (such as holding a specific New Zealand licence and registering the founding participation document in New Zealand).

(d) (**Sections 37,37A, 38A of the Securities Act and the Securities Regulations 2009 (except regulation 23) - certain obligations for the issue of securities**– to exempt IML and New RE from certain obligations (including preparing a New Zealand registered prospectus and investment statement) prior to the variation of existing securities of which IML and New RE is an issuer.

(e) (**Sections 51 to 54B of the Securities Act - administrative requirements**)– to exempt IML and New RE from certain on-going administrative obligations (such as keeping a register of unit holders and accounting information in New Zealand and sending information required under New Zealand law to investors).

9.6 Stamp Duty

Stamp Duty will generally be payable as a result of the change of responsible entity of the ILF Group at a nominal or fixed duty rate. The relevant documentation will need to be lodged for stamping with the revenue office in each relevant jurisdiction and will generally be exempt or subject to nominal duty.

Marketable securities duty will be payable in New South Wales on the transfer of those subsidiary trustee companies incorporated in NSW.

Total duty is expected to be less than $20,000 and is included in the implementation costs.

9.7 Consents and disclaimers

a) The following persons have given and have not, before the date of this Explanatory Memorandum, withdrawn their consent to:

(i) be named in this Explanatory Memorandum in the form and context in which they are named;

(ii) the inclusion of their respective reports or statements noted next to their names and the references to those reports or statements in the form and context in which they are included in this Explanatory Memorandum; and

(iii) the inclusion of other statements in this Explanatory Memorandum which are based on or referable to statements made in those reports or statements, or which are based on or referable to other statements made by those persons in the form and context in which they are included:

Name of person	Named as	Reports or statements
Deloitte Corporate Finance Pty Ltd	Independent Expert	Independent Expert's Report set out in Annexure A
Link Market Services Limited	Registry Manager	–
Minter Ellison	Legal counsel	–
Moore Stephens	Taxation expert	Taxation Report set out in Annexure B
RBS Morgans Corporate Limited and associated entities	Financial Adviser, Sale Agent and Nominee	–

b) Each of the above persons:

(i) does not make, or purport to make, any statement in this Explanatory Memorandum other than those statements referred to above and as consented to by that person; and

(ii) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Explanatory Memorandum other than as described in this Section 9.7 with the person's consent.

9.8 Directors' consent to lodgement

a) The issue of this Explanatory Memorandum has been authorised by the directors of Current RE.

b) The directors of the Current RE have given (and not withdrawn) their consent to lodgement of this Explanatory Memorandum with ASIC.

c) A copy of this Explanatory Memorandum has been lodged with ASIC and ASX. None of ASIC, ASX nor any of its officers takes any responsibility for the contents of this Explanatory Memorandum.

9.9 Updates to the Proposal

The terms of the Proposal may change from time to time. If the Current RE becomes aware of any significant change to the Proposal or significant new circumstance affecting the Proposal between the date of issue of this Explanatory Memorandum and the date of implementation of the Proposal (if approved at the Meeting), the Current RE will notify Unitholders in such a way as it determines is appropriate, which may include (but is not limited to) publishing information on its website, an announcement on the ASX, an announcement at the Meeting, the issue of a supplement to the Prospectus or the issue of a supplementary explanatory memorandum.

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Glossary

AFSL	an Australian Financial Services Licence
ASIC	the Australian Securities and Investments Commission or any replacement or successor authority
ASX	ASX Limited or the financial market operated by it, as the context requires
Business Day	a business day in Sydney
Capital Distribution	a distribution out of the capital of the ILF Fund of 1.3604542 cents per Existing Stapled Security (a total amount of $6,000,000) to all Unitholders as at the Record Date, which is held by the Current RE as agent for the Unitholders and applied by the Current RE towards one fully paid ordinary IGCH share to be issued to Unitholders (other than Foreign Resident Holders) for every one Existing Stapled Security they held as at the Record Date
Corporations Act	*Corporations Act 2001* (Cth)
Current RE	ING Management Limited (ACN 006 065 032) as responsible entity of each of ILF Fund and ILF Trust
DMF	deferred management fee
Effective Time	the date on which ASIC's record is altered to name the New RE as the responsible entity of each of ILF Fund and ILF Trust
Existing Stapled Security	a stapled security in the ILF Group, which comprises of a unit in ILF Fund and a unit in ILF Trust
Explanatory Memorandum	this notice of Unitholders' meetings and explanatory memorandum in relation to the Meeting relating to the Proposal
Financial Support	the financial support that REIMA and IML will provide to ILF Group on the Implementation Date if the Proposal is successful as more fully described in Section 5 of this Explanatory Memorandum
Foreign Resident Holder	a Unitholder at the Record Date with a registered address on the Register outside of the Commonwealth of Australia, New Zealand and Hong Kong
GST	has the same meaning as in the GST Law
GST Law	has the meaning given to that term in *A New Tax System (Goods and Services Tax) Act 1999* (Cth) and any other Act or regulation relating to the imposition or administration of GST
IGCH	Ingenia Communities Holdings Limited (ACN 154 444 925)
ILF Constitution	ILF Fund Constitution and ILF Trust Constitution and where the context requires, the constitution of either of them (as amended from time to time)

10 Glossary continued

ILF Fund	ING Real Estate Community Living Fund (ARSN 107 459 576)
ILF Fund Constitution	the constitution of ILF Fund dated 25 November 2003 (as amended from time to time)
ILF Group	ING Real Estate Community Living Group, a stapled vehicle made up of ILF Fund and ILF Trust and where the context requires, means ILF Fund and ILF Trust or either of them
ILF Trust	ING Real Estate Community Living Management Trust (ARSN 122 928 410)
ILF Trust Constitution	the constitution of ILF Fund dated 24 November 2006 (as amended from time to time)
IML	ING Management Limited (ACN 006 065 032)
Implementation Date	the date on which the Proposal is implemented in accordance with the implementation steps set out in the Implementation Deed
Implementation Deed	the deed between REIMA, IML in its own capacity, IML as responsible entity of ILF Fund, IML as responsible entity of ILF Trust, New RE, IGCH and RECS dated 27 March 2012 regarding the implementation of the Proposal, as amended from time to time
Independent Board Committee	the independent board committee established by the Current RE board of directors, comprised only of directors of the Current RE who are independent of ING or any other potential conflict, advised by a financial adviser and legal counsel
Independent Directors	the independent directors on the board of the Current RE as at the date of this Explanatory Memorandum, being Michael Coleman, Philip Clark and Michael Easson
Independent Expert	Deloitte Corporate Finance Pty Limited (ACN 003 833 127)
Independent Expert's Report	the report prepared by the Independent Expert dated 24 April 2012 attached as Annexure A of the Explanatory Memorandum
ING	ING Bank NV
Ingenia Communities	a stapled vehicle made up of ILF Fund, ILF Trust and IGCH and where the context requires, means IGCH, ILF Fund and ILF Trust or any of them
Listing Rules	the listing rules of ASX, as amended or replaced from time to time except to the extent of any express written waiver by ASX
Management Fees	in accordance with the relevant constitution, the management fees payable to the responsible entity of ILF Trust or ILF Fund, as applicable
Management Internalisation	where the New Unitholders of Ingenia Communities indirectly own the New RE that manages the ILF Group
Meeting	the simultaneous general meetings of unitholders in the ILF Fund and ILF Trust on Thursday 31 May 2012 convened by the Current RE to vote on whether to approve the resolutions together with any adjournment
Meeting Date	the date on which the Meeting is held or any adjournment of the Meeting
New RE	Ingenia Communities RE Limited (ACN 154 464 990) (AFSL 415862)
New Stapled Securities	a stapled security after implementation of the Proposal which comprises of a unit in ILF Fund, a unit in ILF Trust and a share in IGCH
New Unitholder	the registered holder of a New Stapled Security following implementation of the Proposal
Non-Associated Unitholders	the Unitholders of ILF Group whose votes are not to be disregarded in relation to the Proposal
NZ Trust	ING NZ Subsidiary Unit Trust No 1
Proposal	the proposed arrangements to internalise the management of ILF Group as set out in this Explanatory Memorandum in Section 5.1
Proposal Resolutions	the resolutions of Unitholders to be considered at the Meeting that are necessary to implement the Proposal, being Resolutions One, Two and Three as set out in Sections 3.9, 5.9, 6.1 and 7.1

Prospectus	the prospectus issued by IGCH in respect of the issue of shares in IGCH to Unitholders (other than Foreign Resident Holders) as amended from time to time
Record Date	4pm Friday 1 June 2012 being the date and time which determines the entitlements of Unitholders for implementation of the Proposal
RECS	ING Real Estate Corporate Services Pty Limited (ACN 006 475 449)
Register	the register or registers of the Unitholders of ILF Trust and ILF Fund
REIMA	ING Real Estate Investment Management Australia Pty Limited (ACN 096 136 202)
REIT	real estate investment trust
Resolution One	the resolution to approve the change of responsible entity of each of ILF Fund and ILF Trust as set out in Sections 3.9, 5.9, 6.1 and 7.1
Resolution Two	the resolution to make the amendments to the ILF Constitution as set out in Sections 3.9, 5.9, 6.1 and 7.1
Resolution Three	the resolution to approve the Proposal as set out in Sections 3.9, 5.9, 6.1 and 7.1
Resolution Four	the resolution to approve the grant of performance quantum rights and deferred quantum rights to Simon Owen as set out in Sections 3, 5, 6, and 9
Sale Agent	RBS Morgans Limited, being the agent appointed by the Current RE to conduct the Sale Facility (ACN 010 669 726)
Sale Facility	the facility established for the sale of New Stapled Securities on behalf of Foreign Resident Holders as described in the Sections 3.11 and 5.11
Subsidiary Trustee Companies	the subsidiary trustee companies of the ILF Group, being INA CC Holdings Pty Ltd (ACN 118 843 913), INA Management Pty Ltd (ACN 061 851 983), INA Regency Co Pty Ltd (ACN 125 006 484), INA Kiwi Communities Pty Ltd (ACN 118 882 358), INA Sunny Communities Pty Ltd (ACN 116 881 540), INA CC Pty Ltd (ACN 118 882 376), INA Settlers Co Pty Ltd (ACN 124 498 442), INA Garden Villages Pty Ltd (ACN 129 703 911) and IGC NZ Student Holdings Ltd (1792426).
Supplemental Deeds	the supplemental deed for the ILF Fund Constitution and the supplemental deed for the ILF Trust Constitution, which contain the constitutional amendments set out in Annexure D, as amended from time to time
Transitional Services	services to be provided by REIMA and IML following implementation of the Proposal as described in paragraph 1.6 of Annexure C of this Explanatory Memorandum
Unitholder	the registered holder of an Existing Stapled Security
Voting and Proxy Form	the form which accompanies this Explanatory Memorandum which provides for Unitholders to give voting instructions and appoint proxies for the Meeting
Voting Record Date	10am Tuesday 29 May 2012, the date and time when the holdings of Unitholders are ascertained for the purposes of attendance and voting at the Meeting

11 Other Important Information

Responsibility for this Explanatory Memorandum

Except as outlined below, ING Management Limited, in its capacity as responsible entity for ILF Fund and ILF Trust (**Current RE**), has provided its consent, and is responsible for, the information in this Explanatory Memorandum. Neither IGCH nor any of its respective directors, officers and advisers assume any responsibility for the accuracy or completeness of any such information. No party consenting has withdrawn their consent before the date of this Explanatory Memorandum.

The Current RE and its respective directors, officers and advisers do not assume any responsibility for the accuracy or completeness of the information relating to IGCH as set out in the prospectus which has been provided with this Explanatory Memorandum.

Deloitte Corporate Finance has prepared the Independent Expert's Report in relation to the Proposal contained in the Explanatory Memorandum and has provided its consent to the inclusion of the Independent Expert's Report, in the form and context in which it appears, and the summary of the Independent Expert's Report, in the form and context in which it appears, in Annexure A of this Explanatory Memorandum and takes responsibility for the Independent Expert's Report and the summary. Neither the Current RE nor any of its respective directors, officers and advisers assumes any responsibility for the accuracy or completeness of the Independent Expert's Report and the summary. Deloitte Corporate Finance does not assume any responsibility for the accuracy or completeness of the information contained in this Explanatory Memorandum other than that contained in the Independent Expert's Report and the summary.

No investment advice

This Explanatory Memorandum does not constitute financial product advice and has been prepared without reference to your investment objectives, financial situation, tax position or particular needs, or those of any other person. Your investment in the ILF Group is subject to investment and other risks, including possible delays in repayment and loss of income and principal invested. In particular, in considering the Proposal, it is important that you consider the risk factors identified in Section 5.6 and other information contained in this Explanatory Memorandum in light of your own particular circumstances. The Current RE does not give any guarantee or assurance as to the performance of the ILF Group or the repayment of capital. If you are in any doubt in relation to these matters, you should consult your investment, financial, taxation or other professional adviser.

Neither this Explanatory Memorandum nor the taxation report in Annexure B constitute tax advice. You will need to consult your own independent professional tax adviser regarding the consequences of the Proposal in light of your particular circumstances.

Forward looking statements

Certain statements in this Explanatory Memorandum relate to the future. The forward looking statements in this Explanatory Memorandum are not based on historical facts, but rather reflect the current expectations of the Current RE and the ILF Group concerning future results and events. These statements generally may be identified by the use of forward-looking words or phrases such as "believe", "aim", "expect", "anticipated", "intending", "foreseeing", "likely", "should", "planned", "may", "estimate", "potential", or other similar words and phrases. Similarly, statements that describe the Current RE's or ILF Group's objectives, plans, goals or expectations are or may be forward looking statements.

These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of ILF Group to be materially different from future results, performance or achievements expressed or implied by such statements. Such forward looking statements are based on numerous assumptions regarding present and future operating strategies and the environment in which ILF Group will operate in the future.

The risks described in the Explanatory Memorandum could affect future results of ILF Group, causing these results to differ materially from those expressed, implied or projected in any forward looking statements. These factors are by no means all of the important factors that could cause actual results to differ materially from those expressed in any forward looking statement. Other unknown factors could also have a material adverse effect on future results of ILF Group.

Forward looking statements should, therefore, be construed in light of such risks and undue reliance should not be placed on forward looking statements.

Unitholders should note that the historical financial performance of ILF Group is no assurance or indicator of future financial performance of ILF Group (whether or not the Proposal proceeds). The Current RE does not guarantee any particular rate of return or the performance of nor does it guarantee the repayment of capital or any particular tax treatment in respect of any investment in the ILF Group.

All subsequent written and oral forward looking statements attributable to the Current RE, New RE, ILF Fund, ILF Trust or any person acting on their behalf are qualified by this cautionary statement.

Other than as required by law, neither the Current RE nor any of its directors nor any other person gives any representation, assurance, warranty (whether express or implied) or guarantee that the accuracy, likelihood or occurrence of the events or results expressed or implied in any forward looking statements in this Explanatory Memorandum will actually occur.

The forward looking statements in this Explanatory Memorandum reflect views held only at the date of this Explanatory Memorandum. Subject to any continuing obligations under the ASX Listing Rules or the Corporations Act, the Current RE and its respective directors disclaim any obligation or undertaking to distribute after the date of this Explanatory Memorandum any updates or revisions to any forward-looking statements to reflect any change in expectations in relation thereto or any change in events, conditions or circumstances on which any such statement is based.

Updates to the Proposal

The terms of the Proposal may change from time to time. If the Current RE becomes aware of any significant change to the Proposal or significant new circumstance affecting the Proposal between the date of issue of this Explanatory Memorandum and the date of implementation of the Proposal (if approved at the Meeting), the Current RE will notify Unitholders in such a way as it determines is appropriate, which may include (but is not limited to) publishing information on its website, an announcement on the ASX or the issue of a supplementary explanatory memorandum.

Privacy and personal information

The Current RE and its respective registries may collect personal information in the process of implementing the Proposal. The personal information may include the names, addresses, other contact details, bank account details and details of the holdings of the Unitholders, and the names of individuals appointed by the Unitholders as proxies, corporate representatives or attorneys at the Meeting.

The collection of some of this information is required or authorised by the Corporations Act. Unitholders who are individuals and the other individuals in respect of whom personal information is collected as outlined above have certain rights to access the personal information collected in relation to them. Such individuals should contact ILF Group on 1300 653 497 (within Australia) or + 61 2 8280 7057 (outside Australia) in the first instance if they wish to request access to that personal information.

The personal information is collected for the primary purpose of assisting the Current RE to implement the Proposal and conduct the Meeting. The personal information may be disclosed to related bodies corporate of the Current RE, third party service providers, including print and mail service providers and parties otherwise involved in the conduct of the Meeting, professional advisers and to regulatory authorities, and also where disclosure is otherwise required or allowed by law. Personal information of the Unitholders may also be used to call them in relation to their Existing Stapled Securities, their New Stapled Securities (if applicable) or the Proposal.

Unitholders who appoint an individual as their proxy, corporate representative or attorney to vote at the Meeting should ensure that they inform such an individual of the matters outlined above.

Currency

Unless stated otherwise, all references to dollars, $, cents or c in this Explanatory Memorandum are to Australian currency.

Time

Unless stated otherwise, all references to time in this Explanatory Memorandum are to Australian Eastern Time, being the time in Sydney, Australia.

Regulatory information

A copy of this Explanatory Memorandum was lodged with ASIC on 26 April 2012 along with the Prospectus. Neither ASIC nor any of its officers takes any responsibility for the contents of this Explanatory Memorandum or the Prospectus.

Annexure A

Independent Expert's Report

Deloitte.

ING Real Estate Community Living Group

Independent expert's report and Financial Services Guide

24 April 2012

Deloitte.

Financial Services Guide

What is a Financial Services Guide?

This Financial Services Guide (FSG) provides important information to assist you in deciding whether to use our services. This FSG includes details of how we are remunerated and deal with complaints.

Where you have engaged us, we act on your behalf when providing financial services. Where you have not engaged us, we act on behalf of our client when providing these financial services, and are required to give you an FSG because you have received a report or other financial services from us.

What financial services are we licensed to provide?

We are authorised to provide general financial product advice or to arrange for another person to deal in financial products in relation to securities, interests in managed investment schemes and government debentures, stocks or bonds.

Our general financial product advice

Where we have issued a report, our report contains only general advice. This advice does not take into account your personal objectives, financial situation or needs. You should consider whether our advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is provided to you in connection with the acquisition of a financial product you should read the relevant offer document carefully before making any decision about whether to acquire that product.

How are we and all employees remunerated?

We will receive a fee of approximately $100,000 exclusive of GST in relation to the preparation of this report. This fee is not contingent upon the success or otherwise of the Proposed Transaction.

Other than our fees, we, our directors and officers, any related bodies corporate, affiliates or associates and their directors and officers, do not receive any commissions or other benefits.

All employees receive a salary and while eligible for annual salary increases and bonuses based on overall performance they do not receive any commissions or other benefits as a result of the services provided to you. The remuneration paid to our directors reflects their individual contribution to the organisation and covers all aspects of performance.

We do not pay commissions or provide other benefits to anyone who refers prospective clients to us.

Associations and relationships

We are ultimately owned by the Deloitte member firm in Australia (Deloitte Touche Tohmatsu). Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu.

The following represents a summary of work performed by Deloitte Touche Tohmatsu (and other entities related to Deloitte Touche Tohmatsu) (together Deloitte Australia) for ING Management Limited during the past two years:

- an independent expert's report in relation to the acquisition of the units in ING Industrial Fund by a consortium led by Goodman Group
- advice to the responsible entity of ING Real Estate Entertainment Fund in respect of two potential scenarios for the fund. In particular we were asked to comment on the fiduciary duty of the receiver, the possible actions of receivers and managers, and the potential impact on the fund of these actions under both scenarios.

The work described above was unrelated to the Proposed Transaction.

What should you do if you have a complaint?

If you have any concerns regarding our report or service, please contact us. Our complaint handling process is designed to respond to your concerns promptly and equitably. All complaints must be in writing to the address below.

If you are not satisfied with how we respond to your complaint, you may contact the Financial Ombudsman Service (FOS). FOS provides free advice and assistance to consumers to help them resolve complaints relating to the financial services industry. FOS' contact details are also set out below.

The Complaints Officer	Financial Ombudsman Services
PO Box N250	GPO Box 3
Grosvenor Place	Melbourne VIC 3001
Sydney NSW 1220	info@fos.org.au
complaints@deloitte.com.au	www.fos.org.au
Fax: +61 2 9255 8434	Tel: 1300 780 808
	Fax: +61 3 9613 6399

What compensation arrangements do we have?

Deloitte Australia holds professional indemnity insurance that covers the financial services provided by us. This insurance satisfies the compensation requirements of the Corporations Act 2001 (Cth).

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The Directors
ING Management Limited as responsible entity for
ING Real Estate Community Living Group
Level 6, 345 George Street
Sydney NSW 2000

24 April 2012

Dear Directors

Independent expert's report

Introduction

ING Real Estate Community Living Group (**ILF Group**) is an externally managed stapled real estate investment group (comprising two stapled trusts, ING Real Estate Community Living Fund (**ILF Fund**) and ING Real Estate Community Living Management Trust (**ILF Trust**)) listed on the Australian Securities Exchange (**ASX**) that owns, manages and develops a diversified portfolio of seniors housing communities with operations predominantly throughout Australia and the United States. As at 31 December 2011, ILF Group had total look-through assets under management of $562 million, including a $17.7 million investment in student accommodation assets in New Zealand.

ING Management Limited (**Current RE**) is the responsible entity of ILF Group and ING Real Estate Investment Management Australia Pty Limited (**REIMA**), which is ultimately owned by ING Group, is the manager of ILF Group. As at 31 December 2011, ILF Group owed Current RE $8.0 million in accrued responsible entity fees (the **Accrued RE Fees**).

Background to the Proposed Transaction

The global financial crisis resulted in a number of adverse consequences for the Australian real estate investment trust (**A-REIT**) sector, which had enhanced exposure to the declines in liquidity in debt and equity markets due to the relatively high levels of gearing employed and cyclical nature of the underlying asset values. Despite significant recapitalisations and divestment of overseas assets, as well as some economic recovery occurring since late 2009, most A-REITs continue to trade at discounts to their net tangible asset (**NTA**) value. ILF Group is currently trading at a discount of approximately 45.5% to its NTA.

Due to the scale of ILF Group and because it was previously managed by REIMA as part of a broader platform of funds (which REIMA no longer manages), the costs to manage ILF Group have exceeded the management fees earned by REIMA in recent years. In February 2011, REIMA stated its intention to make a phased withdrawal from the Australian market as part of ING Group's strategy to exit its real estate investment management business. This withdrawal has been substantially effected.

Against this backdrop, in 2011, the board of ING Management Limited conducted a strategic review which examined a range of initiatives designed to allow for a timely exit for REIMA while preserving and increasing value for ILF Group unitholders (**Strategic Review**). The Strategic Review was initiated in the context of significant volatility in the broader market and changing investor preferences, and investigated several alternatives including internalising ILF Group's management, orderly disposal of ILF Group's assets, sale to or merger of ILF Group with another fund and a sale of ILF Group's management rights.

As an outcome of the Strategic Review, ING Management Limited and REIMA entered into an implementation agreement on 27 March 2012 whereby the management and responsible entity functions of ILF Group would be internalised. It is proposed the internalisation would occur over a period during which REIMA would facilitate the internalisation process and provide certain financial support to ILF Group, the value of which has been estimated by REIMA at $4.1 million (the **Financial Support**) (the **Proposed Transaction**).

The Proposed Transaction will be implemented through the creation of a new company by REIMA, Ingenia Communities Holdings Limited (**IGCH**) and the issue of new securities in IGCH to ILF Group unitholders which will be stapled to existing ILF Group securities. Current RE will cease to be the responsible entity of ILF Group and a subsidiary of IGCH, (**New RE**), will become the new responsible entity of ILF Group. IGCH and ILF Group will collectively be known as Ingenia Communities (**IGC**).

Purpose of the report

Whilst an independent expert's report is not required to meet any statutory obligations, the independent directors of Current RE (the **Independent Directors**) have requested that Deloitte Corporate Finance Pty Limited (**Deloitte Corporate Finance**) to prepare an independent expert's report (**IER**) stating whether the Proposed Transaction is fair and reasonable to and accordingly whether it is in the best interests of unitholders of ILF Group whose votes are not to be disregarded (the **Non-Associated Unitholders**).

Basis of evaluation

Guidance

In evaluating whether the Proposed Transaction is fair and reasonable and in the best interests of Non-Associated Unitholders we have considered the ASX Listing Rules, Australian Securities and Investments Commission (**ASIC**) Regulatory Guides (in particular Regulatory Guide 111 (**RG 111**) in relation to the content of independent expert's reports) and common market practice.

RG 111 provides guidance in relation to the content of an independent expert's report prepared for various transactions. It does not provide specific guidance on the form and content of reports prepared in respect of internalisation of management rights. RG111 provides general guidance that an expert, in deciding the appropriate form of analysis for the report, should ensure that reasonably anticipated concerns of the people affected by the Proposed Transaction are adequately dealt with.

Approach

In our opinion the most appropriate basis on which to evaluate whether the Proposed Transaction is fair and reasonable and in the best interests of Non-Associated Unitholders is to consider the overall effect of the Proposed Transaction on Non-Associated Unitholders and form a view as to whether the expected benefits outweigh any disadvantages that may result from the Proposed Transaction. In this context, value is an important element, but not the only element of this assessment. Therefore, we have also considered various other factors relevant to the Proposed Transaction so far as Non-Associated Unitholders are concerned, including other alternatives that may be available.

In undertaking our analysis we have considered:

- whether the Proposed Transaction is fair by assessing the net financial impact of the Proposed Transaction to unitholders. In our assessment we have performed an analysis comparing the present value of the incremental costs that will be borne by IGCH pursuant to the internalisation, net of management fees that would otherwise be payable by ILF Group under its constitution (**Net Incremental Cash flows**), to the net present value of the Financial Support
- whether the Proposed Transaction is reasonable by assessing other advantages and disadvantages of the Proposed Transaction to Non-Associated Unitholders. In particular we have considered:
    - the costs of implementing the Proposed Transaction and other financial impacts of the Proposed Transaction, including the impact on ILF Group's pro-forma NTA per unit and earnings per unit (**EPU**)
    - implications for Non-Associated Unitholders of REIMA no longer being the manager of ILF Group
    - the impact on ILF Group if the Proposed Transaction does not proceed
    - other implications of the Proposed Transaction for Non-Associated Unitholders including other alternatives available.

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Opinion

We have concluded that the Proposed Transaction is fair and reasonable and in the best interests of Non-Associated Unitholders in the absence of a superior proposal. In arriving at this opinion we have considered the factors set out below.

The Proposed Transaction is fair

Under ILF Group's constitution, Current RE is entitled to an annual base management fee of 0.5% of ILF Group's gross assets. However, due to ILF Group's financial performance at the time, Current RE advised in December 2008 that the base fee would be reduced to only cover ING's base operating costs of managing the ILF Fund, and that these fees would not be paid until ILF Group's cash flow improved. As a result, fees charged by Current RE since then have been less than the amount allowed for under the constitution.

Current RE has stated that if the Proposed Transaction is not approved, the management fee arrangement for ILF Group will revert to the amount REIMA is entitled to as per the constitution.

If the Proposed Transaction is approved and becomes effective, ILF Group will no longer be externally managed and will have its management activities internalised. Consequently, IGCH will incur cash costs in respect of staff remuneration and administrative expenses (which have been estimated by management at approximately $2.3 million in FY13) in lieu of third party management fees that it would pay to REIMA under its constitutional management arrangements. In addition, IGCH will implement a long term executive incentive scheme, as discussed in Section 4.2.

Moreover, under the terms of the Proposed Transaction, REIMA will provide the Financial Support (the value of which was estimated by REIMA at $4.1 million) in order to facilitate the implementation of the Proposed Transaction.

The table below sets out the incremental financial impact of the Proposed Transaction to IGCH over the period to the 2021 financial year (**FY21**).

Table 1: Incremental financial impact of the Proposed Transaction ($ million)

	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Incremental costs[1]	(3.7)	(2.9)	(2.7)	(2.8)	(2.9)	(3.0)	(3.0)	(3.1)	(3.2)
Management fee savings	2.1	2.4	2.6	3.0	3.3	3.7	4.2	4.7	5.3
Net Incremental Cash Flows	**(1.6)**	**(0.5)**	**(0.1)**	**0.2**	**0.4**	**0.8**	**1.2**	**1.6**	**2.1**
Financial Support[1]	**3.7[2]**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Annual net financial impact	**2.1**	**(0.5)**	**(0.1)**	**0.2**	**0.4**	**0.8**	**1.2**	**1.6**	**2.1**
Cumulative net financial impact	**2.1**	**2.0**	**1.9**	**2.1**	**2.5**	**3.3**	**4.5**	**6.1**	**8.2**

Source: Current RE, Deloitte Corporate Finance analysis

Notes:

1. Internalisation implementation costs and the Financial Support will be paid in June 2012. However for the purpose of our comparisons to assess the net financial impact of the Proposed Transaction we have assumed that these cash flows occur in FY13 (July 2012).
2. Based on the midpoint of our estimate of the Financial Support, which we have estimated at between $3.4 million and $3.9 million.
3. Prospective financial information has been provided on the basis of assumptions and the achievement of prospective financial information is dependent on the outcome of the assumptions. This report expresses no opinion as to whether the prospective financial information will be achieved. Please refer to Appendix E for further important information about prospective financial information.

We note the following in relation to the above:

- in FY13, the Proposed Transaction is expected to result in incremental costs to IGCH of $3.4 million. These costs include staff remuneration and administrative expenses of $2.3 million as well as one-off internalisation implementation costs of $1.4 million which include advisory and legal fees
- incremental costs also include long-term employee incentives which IGCH will provide to its executive management, which will include rights that vest upon the completion of a predetermined service period as well as rights that vest subject to IGC achieving a certain performance level relative to designated benchmarks.

Based on our analysis, we have estimated the cost of the long term incentives to be nil in FY13, approximately $340,000 in FY14 and between $85,000 and $170,000 in FY15 and beyond

- IGCH's incremental costs in FY13 will be offset by the Financial Support that will be provided by REIMA, which comprises a waiver of accrued management fees, interest income, transfer of REIMA's 10% interest in the New Zealand Students (**NZS**) asset, rental and transitional support and IT equipment. We have estimated the net present value of the Financial Support to be between $3.4 million and $3.9 million
- given the growth profile of ILF Group's assets, management fee savings (calculated at 0.5% per annum of ILF Group's gross assets as per ILF Group's constitution) would exceed the incremental costs post FY15
- ILF Group's assets are projected to grow at a compounded annual growth rate (**CAGR**) of approximately 12% over the period to June 2021. This projected growth is expected to be influenced by the following factors:
    - increasing the occupancy in the Garden Villages rental portfolio
    - selling a further 48 to 60 units per annum from the deferred management fee (**DMF**) conversion portfolio as well as other non-core rental villages to improve operating cash flows and enhance core assets
    - expansion of existing DMF villages, convert existing rental villages to the DMF model and acquire and develop new DMF villages. ILF Group currently has a development pipeline with an end sales value of approximately $104.3 million. This consists of 255 units ($50.0 million) of active development within the Settlers and DMF Conversion villages as well as 294 units ($54.3 million) of development opportunities within the Settlers and the Australian rental portfolio, which will likely be developed over the next four to five years
    - this growth is expected to be funded through cash reserves, proceeds from asset sales and new debt facilities.

In order to assess the fairness of the Proposed Transaction, we have considered the net present value of the Net Incremental Cash flows associated with the Proposed Transaction (assuming differing terms of ILF Group's management arrangements) as well as that of the Financial Support (the value of which we have estimated at between $3.4 million and $3.9 million). In our present value analysis we have used a pre-tax discount rate range of between 16.0% and 18.0% (with a midpoint of 17.0%).

The financial impact to ILF Group unitholders will be dependent on a number of factors, in particular the expectations regarding ongoing costs, growth in ILF Group's asset base as well as the management fees which REIMA, or another third party, would require for it to earn an economic return on the services provided. Our analysis has also had regard to the fact that there is no fixed term to the existing fee arrangements.

Based on the analysis undertaken and ILF Group's expected growth profile as forecast by management, the financial impact of the Proposed Transaction at differing terms of the management arrangement is set out in the figure below.

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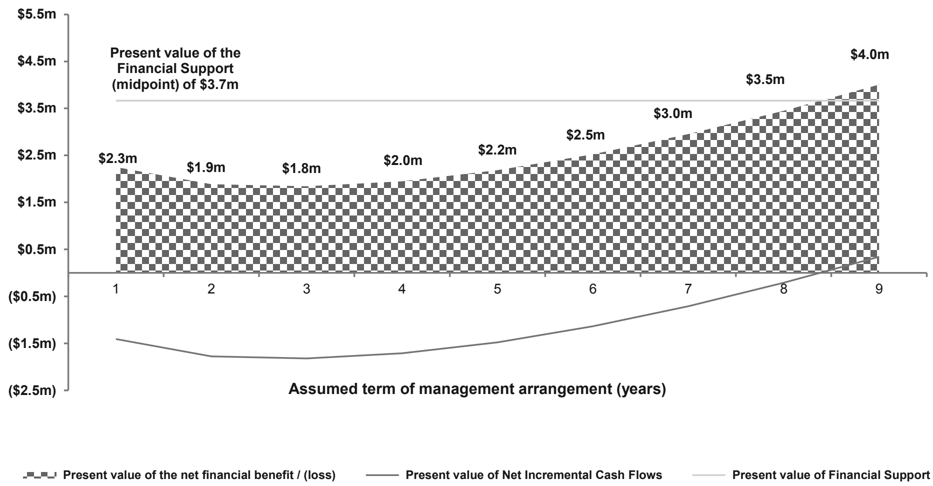
Figure 1: Net financial impact of the Proposed Transaction (present value basis)



Source: Current RE, Deloitte Corporate Finance analysis

Note: Prospective financial information has been provided on the basis of assumptions and the achievement of prospective financial information is dependent on the outcome of the assumptions. This report expresses no opinion as to whether the prospective financial information will be achieved. Please refer to Appendix E for further important information about prospective financial information.

As evident in the figure above, notwithstanding that the differing terms of the management arrangement have differential financial impacts, the net present value of the Net Incremental Cash flows together with the present value of the Financial Support represents a net financial benefit to ILF Group over any of these terms.

The table below sets out the sensitivity of the present value of the net financial benefit of the Proposed Transaction to the growth profile of ILF Group's assets **(CAGR)** and the term assumed for the management arrangements.

Table 2: Sensitivity of present value of net financial benefit to term of management arrangements and CAGR ($ million)

	Term in years								
CAGR	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
0%	2.1	1.5	1.0	0.5	0.0	(0.4)	(0.8)	(1.2)	(1.5)
1%	2.1	1.5	1.0	0.6	0.2	(0.2)	(0.5)	(0.9)	(1.2)
2%	2.2	1.5	1.1	0.7	0.3	0.0	(0.3)	(0.5)	(0.8)
3%	2.2	1.6	1.2	0.8	0.5	0.2	(0.0)	(0.2)	(0.4)
4%	2.2	1.6	1.2	0.9	0.7	0.5	0.3	0.1	0.0
5%	2.2	1.6	1.3	1.1	0.8	0.7	0.6	0.5	0.4
6%	2.2	1.7	1.4	1.2	1.0	0.9	0.9	0.9	0.9
7%	2.2	1.7	1.5	1.3	1.2	1.2	1.2	1.3	1.4
8%	2.2	1.7	1.5	1.4	1.4	1.4	1.5	1.7	1.8
9%	2.2	1.8	1.6	1.6	1.6	1.7	1.9	2.1	2.3
10%	2.2	1.8	1.7	1.7	1.8	2.0	2.2	2.5	2.9
11%	2.2	1.9	1.8	1.8	2.0	2.2	2.6	3.0	3.4
12%	**2.3**	**1.9**	**1.8**	**2.0**	**2.2**	**2.5**	**3.0**	**3.5**	**4.0**

Source: Deloitte Corporate Finance analysis

Note: Prospective financial information has been provided on the basis of assumptions and the achievement of prospective financial information is dependent on the outcome of the assumptions. This report expresses no opinion as to whether the prospective financial information will be achieved. Please refer to Appendix E for further important information about prospective financial information.

As set out above, provided ILF Group is able to achieve a CAGR greater than 3%, the Proposed Transaction would result in a net financial benefit to ILF Group unitholders (on a present value basis) over the terms assumed in the table above. If ILF Group's assets grow at low levels over an extended period of time, and if the term of the existing management arrangements exceeds five years, the Proposed Transaction would result in a net loss to Non-Associated Unitholders as the incremental costs of internalising would exceed the management fee savings.

Based on our analysis, and given the nature of the costs to be incurred by ILF Group and that the likelihood of the growth in ILF Group's properties occurring at rates below 3% over extended periods of time would appear low (having regard to the growth potential within ILF Group's portfolio), it is our opinion that the Proposed Transaction is fair.

The Proposed Transaction is reasonable

In accordance with RG 111 an offer is reasonable if it is fair. However, we have also considered the likely advantages and disadvantages to Unitholders of accepting the Proposed Transaction.

Advantages of the Proposed Transaction

The likely advantages to Non-Associated Unitholders if the Proposed Transaction is approved include:

The Proposed Transaction has limited execution risk compared to other alternatives

After considering potential alternatives available to ILF Group, Current RE has elected to pursue an internalisation of ILF Group's management as it views this course of action (in the absence of a superior proposal) as the most advantageous to unitholders, since an internalisation would achieve REIMA's target of exiting the marketplace while putting in place a structure for ILF Group to grow and develop its retirement business for the benefit of unitholders.

We consider the Proposed Transaction to have limited execution risk compared to other alternatives. In particular:

- the Proposed Transaction allows for the continuation of certain executive management and board members, which may not be possible under other alternatives
- sale of management rights (or transfer of Current RE) to a third party, particularly on acceptable terms, is considered improbable given that the current management arrangement (and therefore Current RE) is loss-making. Moreover, Current RE has explored this option with several potential purchasers over extended periods and no conclusive proposals have been forthcoming
- on 9 December 2008, REIMA announced to the market that 'the management fee charged by REIMA has been reduced to only cover ING's base operating costs of managing the ILF Fund'. If the Proposed Transaction is not approved, REIMA expects that it would revert to charging the management and other fees permitted under the ILF Group constitution, which would significantly increase the fees charged to the ILF Group. In the longer term and bearing in mind ING's stated objective of a phased withdrawal from its real estate funds management business in Australia, REIMA is likely to cease its involvement in acting as the manager of ILF Group, which may result in a wind down of ILF Group or a forced internalisation of management without any financial support from REIMA
- at the present time, few likely merger partners have been identified by Current RE, due to the nature of ILF Group's asset mix and to certain possible partners currently being in a sub-optimal financial position. Furthermore, the Proposed Transaction does not preclude any future merger or other corporate activity.

Proposed Transaction would be value accretive to unitholders

Based on ILF Group's pro-forma results as at 31 December 2011, if the Proposed Transaction proceeds it would be value accretive to unitholders. The table below summarises the impact of the Proposed Transaction on ILF Group's NTA per unit and EPU in FY13.

Table 3: Impact of the Proposed Transaction on ILF Group's NTA per unit and EPU in FY13

	Pre-Proposed Transaction	Post-Proposed Transaction	% change
NTA per unit ($)	0.33	0.34	2.0%
EPU (cents)	6.61	7.11	7.5%

Source: Deloitte Corporate Finance analysis
Notes:

1. The table above does not take into account the dilutionary impact of IGCH's proposed employee incentive scheme
2. Prospective financial information has been provided on the basis of assumptions and the achievement of prospective financial information is dependent on the outcome of the assumptions. This report expresses no opinion as to whether the prospective financial information will be achieved. Please refer to Appendix E for further important information about prospective financial information.

Enhanced alignment of interests

The Proposed Transaction is expected to result in clearer alignment of management, board and unitholder interests, as compensation and incentive schemes for management and the board of directors will be established in a more transparent structure that is linked to specific performance of ILF Group.

The Proposed Transaction should also result in an enhanced governance and accountability framework in respect of the management function in that unitholders will have direct input into the election of directors and company management policies.

The Proposed Transaction may enhance ILF Group's attractiveness to potential purchasers

ILF Group's attractiveness to potential buyers may currently be hindered by its externally-managed structure as well as the uncertainty regarding REIMA's exit from the Australian marketplace. If the Proposed Transaction proceeds, the resolution of these factors (and payment of accrued management fees) coupled with the internalised management structure of ILF Group should enhance ILF Group's attractiveness as a takeover target.

Reduction in volatility of earnings and cash flows of ILF Group

By approving the Proposed Transaction, unitholders will be exchanging a variable payment, which is based upon the asset value of ILF Group, for a more certain payment reflecting salary costs and other operational costs which are not based on asset values. This added certainty is expected to provide net incremental cash inflows to IGCH beyond FY15 provided that ILF Group executes on its growth strategy. However, this increased certainty is likely to be partially offset by the long term incentive scheme that will be granted to IGCH's executive management which will be measured relative to total shareholder return, which may be volatile and hence result in increased variability of this component of ILF Group's expenses.

Possible market rerating and enhanced ability to raise capital

The Proposed Transaction would transform ILF Group's management structure from an externally managed platform to an internalised management structure. Anecdotal evidence (including Current RE's discussions with certain institutional unitholders of ILF Group) indicates that institutional investors (particularly offshore investors) favour internalised management structures, and external management structures are becoming less common. For instance, of the five identified comparable retirement living operators listed on the ASX and the New Zealand Securities Exchange, none are managed by an external responsible entity. Furthermore, we note that listed A-REITs that are externally managed trade at an average discount to NTA of 29% as at 28 March 2012, which is higher than that for A-REITs with internal management structures of 19%.

In the case of ILF Group, internalisation of management should also remove the existing uncertainty regarding REIMA's intentions and the continuity of ILF Group's Responsible Entity as well as recovery of accrued management fees. Improved stability regarding ILF Group's operations and enhanced attractiveness to institutional investors may trigger a positive market rerating of ILF Group's unit price in the short term as well as enhance ILF Group's ability to access capital.

Provided ILF Group executes on its growth strategy, incremental costs from internalisation are likely to be lower than management fees under a commercial arm's length management agreement

REIMA is entitled to base management fees calculated as 0.5% per annum of ILF Group's gross assets.

However, base management fees payable to REIMA are currently calculated based on adjusted assets (assets net of cash and resident loans), since the base fee was temporarily reduced in 2009 to only cover REIMA's base operating costs of managing the ILF Fund. As a result of this and the current scale of ILF Group, the current management arrangements between ILF Group and REIMA are loss-making to REIMA (even if the fees allowed for in the constitution are charged).

If the external management of ILF Group was to be renegotiated or transferred to a third party, in order to ensure a commercial return is generated on the management of ILF Group, REIMA or such third party would likely negotiate management arrangements with ILF Group that would result in management fees that are higher than ILF Group's management fees based on its constitution and potentially higher than the internalised costs to ILF Group under the Proposed Transaction.

Existing fee structure may hinder ILF Group's future growth strategies

ILF Group's forecast management fees for FY13 are $0.9 million, calculated using the current methodology of adjusted assets as discussed above. If these fees were calculated based on gross assets as allowed for in ILF Group's constitution, FY13 management fees would be $2.1 million. As these fees represent a significant proportion of operating profit (circa 22% in the half-year to December 2011), ILF Group's constitutional fee structure may act as an impediment to ILF Group pursuing its future strategies given the additional strain that would place on ILF Group's cash flows.

Disadvantages of the Proposed Transaction

The likely disadvantages to Non-Associated Unitholders if the Proposed Transaction is approved include:

Additional costs and the potential for uncertainty regarding the ongoing costs of an internalised management model

Implementing the Proposed Transaction will result in a one-off cost of $1.4 million (the majority of which will be incurred prior to implementing the Proposed Transaction), additional operational and management costs of $2.3 million for the first twelve months, as well as potential disruption in ILF Group's focus as the Proposed Transaction is being implemented.

In addition, to the extent that ILF Group's unit price is volatile, the incremental cost base resulting from the Proposed Transaction will result in incremental operational leverage risk for ILF Group, since investment returns will be variable while costs will be largely fixed.

Furthermore, there is a risk that the incremental costs from internalisation may be higher than the costs currently estimated by ILF Group. However, this risk is partially mitigated by the nature of the incremental costs (i.e. being largely related to headcount) coupled with ILF Group's active management approach.

Potential dilution of Non-Associated Unitholders as a result of long term incentive plan

Under the internalised management structure, IGCH will implement a long-term employee incentive scheme in the form of deferred and performance based rights to its executive management, in particular the Chief Executive Officer (**CEO**), Chief Operating Officer (**COO**) and Chief Financial Officer (**CFO**). Participation in this plan may be extended to other staff at a later date if this is determined to be appropriate by the board of IGCH.

Rights will be awarded in the form of IGCH securities, and have been set based on the annual base salary of eligible employees, a long term incentive payout ratio, IGC's unit price, distributions and a predetermined vesting period.

While this incentive plan will help align the interests of ILF's unitholders and management, it will also have a dilutionary impact on unitholders. Based on ILF's analysis, these rights may result in the issuance of up to 1.8 million new units in June 2014 and 3.9 million new units in June 2015 to eligible staff, compared to units currently on issue of 441.0 million.

IGCH's proposed long term incentive plan is discussed in further detail in Section 4.2.

Loss of ING expertise and investment exposure

By implementing an internalised management model, ILF Group will no longer be part of the global ING Real Estate business, and accordingly will lose the support and global reach provided by ING's network and brand. Although the strategy for ILF Group is to focus its investments in the Australian market, it will be costly for it to develop the capabilities required for offshore investing, should it wish to expand its investments internationally in the future.

However, given ILF Group's strategy to gradually exit its offshore assets and focus on the Australian market, and that ING's global focus has typically been on traditional real estate markets and not senior living, such a disadvantage is not likely to have a significant impact on ILF Group's ongoing operations.

Excluded unitholders will be forced to sell their units

Unitholders with an address outside of Australia, New Zealand and Hong Kong will not be eligible to receive IGCH securities under the Proposed Transaction due to legal restrictions. As such, units to which these unitholders are entitled will be sold by the sale agent on the market. The proceeds of such sales will then be forwarded to those unitholders, net of any brokerage, taxes or other costs of sale (such amounts to be paid in Australian dollars (**AUD**)). These unitholders may be subject to capital gains or other taxes in their jurisdiction.

Based on ILF Group's shareholder register as at 31 March 2012, excluded unitholders held approximately 2.1% of the issued units of ILF Group.

There may be adverse tax consequences for some unitholders

The Proposed Transaction may result in adverse tax consequences for some unitholders. In particular Excluded unitholders may be exposed to capital gains or other taxes as mentioned above.

In addition, if the Proposed Transaction is implemented, New RE will be capitalised by IGCH to an amount of $6 million. This will result in a capital distribution of approximately 1.4 cents per ILF Fund unit which will be applied to reduce the existing cost base of the units. Unitholders will not receive the distribution as cash. Rather, it will be used to capitalise New RE. We are informed that any unitholder that has an existing cost base of less than the 1.6 cents per unit will be subject to capital gains tax. Based on our analysis of the trading in ILF Fund units and tax-deferred distributions declared it does not appear likely that a significant number of unitholders will have a tax cost base that will be subject to capital gains tax as a consequence of the capital distribution.

Other matters

Tax implications

Details on the tax implications of the Proposed Transaction to unitholders are set out in Section 5.12 and Appendix B of the Explanatory Memorandum. Except as otherwise noted above, based on the tax advice report received by Current RE, it is not expected that any adverse capital gain or income tax implication would result from the Proposed Transaction.

Conclusion

In our opinion the Proposed Transaction is fair and reasonable and is therefore in the best interests of Non-Associated Unitholders, in the absence of a superior proposal. In particular, in addition to the net financial benefit expected as a result of internalisation, we consider that the Proposed Transaction is likely to result in clearer alignment of management, board and unitholder interests, enhance ILF Group's attractiveness in any future takeover offers and may trigger a positive market rerating of ILF Group's unit price in the short term as well as improve ILF Group's ability to access capital.

Individual circumstances

We have evaluated the Proposed Transaction for Non-Associated Unitholders as a whole and have not considered the effect of the Proposed Transaction on the particular circumstances of individual Non-Associated Unitholders. Due to their particular circumstances, including their tax cost base and other factors, individual unitholders may place a different emphasis on various aspects of the Proposed Transaction from the one adopted in this report. Accordingly, individual unitholders may reach different conclusions to ours on whether the Proposed Transaction is fair and reasonable and therefore in their best interests. If in doubt, Non-Associated Unitholders should consult an independent adviser and/or seek tax advice.

Limitations and reliance on information

The opinion of Deloitte Corporate Finance is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time. This report should be read in conjunction with the declarations outlined in Appendix E.

Our procedures and enquiries do not include verification work nor constitute an audit or a review engagement in accordance with standards issued by the Auditing and Assurance Standards Board.

This engagement has been conducted in accordance with professional standard APES 225 Valuation Services issued by the Accounting Professional and Ethical Standards Board Limited (**APESB**).

This opinion should be read in conjunction with our detailed report which sets out our scope and findings.

Yours faithfully

DELOITTE CORPORATE FINANCE PTY LIMITED

R Foley-Lewis

Tapan Parekh	**Rachel Foley-Lewis**
Director	Director

Contents

1 The Proposed Transaction

1.1 Background to Proposed Transaction

In light of ING Group's intention to divest its Australian real estate platform (with the ILF Group platform being the only remaining funds management platform of Current RE), Current RE and REIMA conducted a strategic review of the ILF Group, pursuant to which both parties have entered into an implementation agreement on 27 March 2012 whereby the management of ILF Group would be internalised (the **Proposed Transaction**).

1.2 Overview

Currently, ILF Group is a dual-stapled security listed on the ASX comprising a unit in ING Real Estate Community Living Fund (**ILF Fund**) and ING Real Estate Community Living Management Trust (**ILF Trust**). Current RE is the responsible entity of both ILF Group and ILF Trust. The Proposed Transaction will be implemented through the creation of a new company by REIMA, Ingenia Communities Holdings Limited (**IGCH**), the issue of new securities in IGCH to unitholders which will be stapled to existing ILF Group securities. A subsidiary of IGCH (**New RE**) will become the new responsible entity of both the ILF Fund and ILF Trust. No consideration will be paid by ILF Group for the management rights.

The figures below set out ILF Group's simplified group structure before and after the Proposed Transaction.

Figure 2: ILF Group's current structure

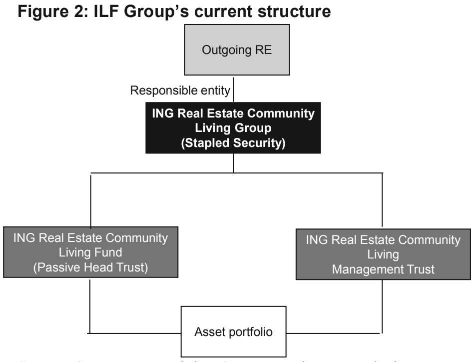
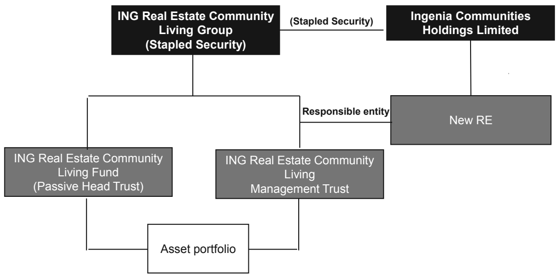


Figure 3: ILF Group's structure post Proposed Transaction



Source: Current RE, Deloitte Corporate Finance analysis

The terms of the Proposed Transaction are summarised below:

- REIMA is currently working with ILF Group's Management to obtain an Australian Financial Services Licence (**AFSL**) for New RE to enable it to act as the responsible entity for ILF Group post internalisation
- the internalisation will be effected by a stapling of the securities in IGCH to the units in ILF Group and cancelling the initial shares in IGCH owned by REIMA. This would involve a distribution from ILF Group of $6.0 million which would be applied to paying for new securities in IGCH (**Capital Distribution**)
- IGCH will in turn use the Capital Distribution to capitalise New RE to enable it to meet the 'Net Asset' requirement of its AFSL of $5.0 million, with the remaining $1.0 million being used for working capital
- REIMA will nominate two of the three proposed independent directors of IGCH who will be appointed prior to internalisation. IGCH will negotiate contracts with the proposed independent directors which will take effect when required. The third independent director will be appointed upon completion of the internalisation

- the proposed independent directors of IGCH will negotiate contracts with those current ILF Group staff members it will require after completing the internalisation. IGCH will be liable for any payments relating to these contracts. REIMA will pay ILF Group staff all outstanding compensation and redundancy payments to which they are entitled upon the termination of their employment with REIMA
- REIMA has agreed to provide certain financial support, the value of which REIMA has estimated at $4.1 million (the **Financial Support**), in order to help improve the financial rationale of the internalisation to IGCH. This support (as estimated by REIMA) includes the following:
  - **$2.5 million waiver of Accrued RE Fees**: At 31 December 2011, ILF Group had accrued but unpaid management fees owing to Current RE of $8.0 million (excluding GST), $5.5 million of which has been paid since that date. The remaining $2.5 million will be waived subject to Non-Associated Unitholders approving the Proposed Transaction
  - **$0.1 million interest savings**: REIMA / Current RE have previously agreed to defer payment of fees from 2 November 2011, being the time at which ILF Group received the settlement proceeds from the United States (**US**) non-Bristal portfolio and therefore had the funds available to pay the fees. This resulted in interest cost savings of approximately $0.1 million, based on an interest cost of 7.0% per annum
  - **$0.6 million (REIMA's interest in NZS)**: REIMA will transfer its 10% equity interest in NZS to IGCH at nil consideration. The net asset value of this investment has been estimated by REIMA at $0.6 million
  - **$0.2 million in rental support**: REIMA will provide the existing facilities at which ILF Group is currently headquartered to IGCH at nil consideration from the time the Proposed Transaction is approved to June 2013 inclusive, which REIMA have estimated to equate to a value of $0.2 million on a pre-tax basis
  - **$0.6 million in transitional services**: REIMA will provide the services of platform staff, and those current ILF Group staff not transferring to IGCH, for a period of up to three months following completion of the Proposed Transaction but not after 25 August 2012. The value of these services is estimated by REIMA at $0.6 million, which is based on the remuneration costs for these staff over the three-month period
  - **$0.1 million in information technology (IT) equipment**: REIMA will provide REIMA-owned IT equipment to IGCH, which has been estimated by REIMA at $0.1 million, at nil consideration.

The table below summarises the components of the Financial Support as estimated by REIMA:

Table 4: Summary of the Financial Support

	AUD million
Waiver of accrued management fees	2.5
Interest revenue	0.1
REIMA's 10% interest in NZS	0.6
Rental support	0.2
Transitional services	0.6
IT equipment	0.1
Total	**4.1**

Source: Current RE, Deloitte Corporate Finance analysis

As discussed in Section 4.3, we have estimated the present value of the Financial Support to be between $3.4 million and $3.9 million.

1.3 Conditions Precedent

The Proposed Transaction will not proceed unless the conditions precedent as set out in the Implementation Deed are all satisfied.

The key conditions precedent to the Proposed Transaction include:

- the New RE has obtained an AFSL from ASIC in a form appropriate for acting as responsible entity of the ILF Group and has complied with all conditions of the AFSL prior to 1 June 2012 (the **Implementation Date**)
- the Independent Expert's opinion that the Proposed Transaction is fair and reasonable to and in the best interests of Non-Associated Unitholders has not changed, been modified or been withdrawn prior to the Implementation Date
- Current RE continues to recommend that the Proposed Transaction is in the best interests of Non-Associated Unitholders
- none of the required ASIC reliefs obtained have been revoked
- none of the required ASX waivers and confirmations obtained have been revoked
- the resolutions approving the Proposed Transaction are passed by unitholders; and
- no competing alternative arrangement to the Proposed Transaction, which REIMA determines is more favourable than the Proposed Transaction, is offered before the Implementation Date.

1.4 Other considerations

Chartwell Senior Housing REIT (**Chartwell**), ILF Group's partner in the US Seniors joint venture (**JV**), is entitled to acquire ILF Group's 50% share in the JV when a 'change of control' is imminent. However, as part of the Proposed Transaction, Chartwell has waived its pre-emptive rights over ILF Group's share in the JV until 31 January 2013 in respect of a change of control arising from internalisation only.

2 Scope of the report

2.1 Purpose of the report

Whilst an independent expert's report is not required to meet any statutory obligations, the independent directors of Current RE (the **Independent Directors**) have requested that Deloitte Corporate Finance Pty Limited (**Deloitte Corporate Finance**) prepare an independent expert's report (**IER**) stating whether the Proposed Transaction is fair and reasonable to and in the best interests of unitholders of ILF Group whose votes are not to be disregarded (the **Non-Associated Unitholders**).

2.2 Basis of evaluation

2.2.1 Guidance

In evaluating the Proposed Transaction we have considered the ASX Listing Rules, ASIC Regulatory Guides (in particular RG 111) in relation to the content of independent expert's reports) and common market practice.

RG 111 provides guidance in relation to the content of IERs prepared for various transactions. It does not provide specific guidance on the form and content of reports prepared in respect of internalisation or related party transactions. RG111 provides general guidance that an expert, in deciding the appropriate form of analysis for the report, should ensure that reasonably anticipated concerns of the people affected by the Proposed Transaction are adequately dealt with.

2.2.2 Approach

If the Proposed Transaction is approved and becomes effective, ILF Group's manager and responsible entity function will be internalised. Following the implementation of the internalisation, ILF Group will no longer pay management fees to REIMA, and instead will bear all incremental costs that will arise from the internal management structure. However, these incremental costs will be to an extent offset by the Financial Support payments and services that will be extended by REIMA to IGCH.

In our opinion the most appropriate basis on which to evaluate whether the Proposed Transaction is fair and reasonable and accordingly whether it is in the best interests of Non-Associated Unitholders, is to consider the overall effect of the Proposed Transaction on Non-Associated Unitholders and form a view as to whether the expected benefits outweigh any disadvantages that may result from the Proposed Transaction.

In undertaking our analysis we have considered:

- whether the Proposed Transaction is fair by assessing the net financial impact of the Proposed Transaction to unitholders. In our assessment we have performed a present value analysis by comparing the net present value of the incremental costs that will be borne by IGCH pursuant to the internalisation, net of management fees that would be anyway payable by ILF Group under the constitutional management agreement with REIMA (**Net Incremental Cash flows**), to the present value of the Financial Support
- whether the Proposed Transaction is reasonable by assessing other advantages and disadvantages of the Proposed Transaction to Non-Associated Unitholders. In particular we have considered:
    - the costs and other financial impacts of the Proposed Transaction, including the impact on ILF Group's pro-forma NTA per unit and earnings per unit (**EPU**)
    - implications for Non-Associated Unitholders of REIMA no longer being the manager of ILF Group
    - the impact on ILF Group if the Proposed Transaction does not proceed
    - other implications of the Proposed Transaction for Non-Associated Unitholders including alternatives available.

2.3 Individual circumstances

We have evaluated the Proposed Transaction for Non-Associated Unitholders as a whole and have not considered the effect of the Proposed Transaction on the particular circumstances of individual Non-Associated Unitholders. Due to their particular circumstances, individual unitholders may place a different emphasis on various aspects of the Proposed Transaction from the one adopted in this report. Accordingly, individual unitholders may reach different conclusions to ours on whether the Proposed Transaction is fair and reasonable and whether it is in their best interests. If in doubt, unitholders should consult an independent adviser.

2.4 Limitations and reliance on information

The opinion of Deloitte is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time. This report should be read in conjunction with the declarations outlined in Appendix E.

This engagement has been conducted in accordance with professional standard APES 225 Valuation Services issued by the Accounting Professional and Ethical Standards Board Limited (**APESB**).

Our procedures and enquiries do not include verification work nor constitute an audit or a review engagement in accordance with standards issued by the Auditing and Assurance Standards Board.

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3 Profile of ILF Group

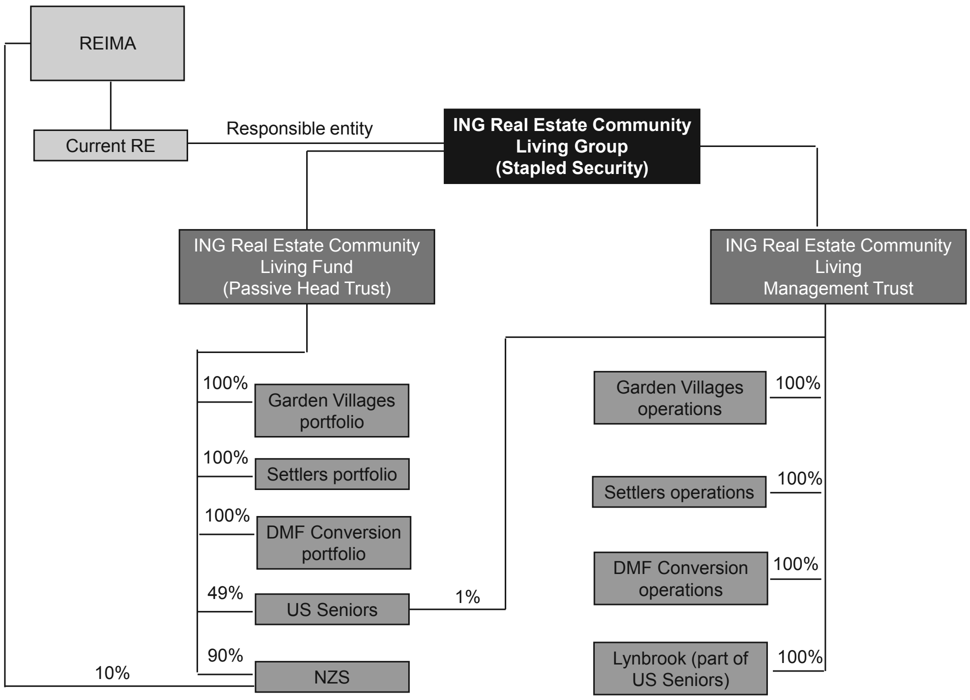
3.1 Overview

ILF Group is an externally managed ASX-listed real estate investment group (comprising two stapled trusts) that owns, manages and develops a diversified portfolio of seniors living facilities. ILF Group had a market capitalisation of $94.8 million as at 29 March 2012 and look-through assets of approximately $562 million with operations located predominantly throughout Australia and the US.

3.1.1 Group structure

The figure below sets out a simplified group structure for ILF Group.

Figure 4: ILF Group's group structure



Source: Current RE

3.1.2 Tax structure

Within ILF Group's group structure, the ILF Fund is a passive trust for Australian tax purposes and accordingly is not a taxable entity. ILF Trust develops, manages and operates ILF Group's properties and its income is taxable at the statutory rate of 30%, net of tax loss carry-forwards. Given the quantum of tax loss carry-forwards available for ILF Trust as part of its development operations, it is unlikely that ILF Trust will pay any income tax in the near future. ILF Group's deferred tax liabilities represent timing difference for tax purposes in respect of the Settlers operations and United States Seniors portfolio. ILF Group's tax structure is not expected to change as a result of the Proposed Transaction.

3.2 Property Portfolio

3.2.1 Overview

ILF Group's operations comprise the provision of rental and DMF retirement villages to seniors over the age of 55 in Australia, rental accommodation and care facilities to seniors over the age of 75 in the US and student accommodation in New Zealand. As part of its strategy going forward, ILF Group envisions exiting its offshore investments and focusing and expanding its Australian operations.

The DMF structure is more common in Australia, as opposed to a rental model. Under the DMF structure residents make an entry payment, also known as a resident loan, equal to the market value of the independent living unit they will occupy in the retirement village. During the term of the residency, the DMF is generally calculated as a predefined percentage of the incoming or outgoing property value and is offset against the resident loan. Upon exit, the resident loan is repaid, less any DMF paid to the retirement village operator, and any capital gains/losses are shared depending on the resident agreement.

ILF Group had 42 properties with an average occupancy of 86% as at 31 December 2011. ILF Group's operations comprise Australian rental retirement villages, Australian DMF retirement villages and US rental villages. ILF Group's Australian senior living portfolio is operated through the 'Garden Villages' and 'Settlers' brands, while the US rental villages are operated under the 'Bristal' brand. ILF Group also owns student accommodation in New Zealand (**NZ**) which is not considered part of its core business. The business of each of ILF Group's segments is:

- the ***Australian rental retirement villages*** segment includes the provision of affordable rental solutions to pension-supported seniors over the age of 55. These villages are represented by the Garden Villages portfolio
- the ***Australian DMF retirement villages*** segment includes the provision of senior living units in residential communities to self-funded retirees over the age of 55. These villages are represented by the Settlers portfolio as well as the DMF component of the Garden Villages portfolio. The DMF typically accrues at an average rate of 3.0% per annum (typically capped at 30 %) over tenures ranging between 11 and 15 years. However, variations to this scale occur both within and between villages
- the ***US rental villages*** segment includes the provision of rental accommodation and care facilities to self-funded as well as support-funded seniors over the age of 75
- the ***New Zealand students*** segment includes the provision of student accommodation and related services.

The table below summarises ILF Group's asset portfolios and their key metrics as at 31 December 2011.

Table 5: Summary of ILF Group's portfolio metrics

	Garden Villages (rental)	Garden Villages (DMF)	Settlers (DMF)	US Seniors[1]	NZ Students
ILFs ownership	100%	100%	100%	50% - 100%[2]	90%[4]
Number of properties	26	3	4	6	3
Number of units	1,388	216	677	916	359
Book value (ILF Group's share)[3] ($'m)	88.3	23.7	57.3	161.2	17.7
Capitalisation rate[6]	10.0%	18.1%	13.2%	7.1%	9.5%
Net property income[5] ($'m)	3.9	2.7	0.9	9.5	0.5
Development pipeline (units)[7]	70.0	412.0	67.0	n/a	n/a
Occupancy	80%	58%	96%	93%	90%

Source: Current RE

Notes

1. Excluding 15 non-New York assets that sold in November 2011
2. ILF Group owns 100% of Lynbrook and a 50% interest in the remaining assets through a joint venture with Chartwell Senior Housing REIT.
3. Book value as at 31 December 2011.
4. The remaining 10% is owned by REIMA and will be transferred to ILF Group for nil consideration if the Proposed Transaction proceeds.
5. For the 6 months ending 31 December 2011
6. Discount rate for DMF
7. Includes all development opportunities and unsold DMF stock.

Over the past eighteen months, ILF Group has undertaken a strategic refocus of the business to improve the operational capabilities of ILF Group and to transition from a passive structure to an active property manager. In particular, ILF Group has:

- converted three Queensland-based rental villages to the DMF model, which has resulted in the sale of 48 properties at total sale proceeds of $8.7 million. These villages are forecast to generate approximately $35.0 million in cash flows over the next three to five years
- improved the Garden Villages rental occupancy by circa 7% to 80.1% as at 31 December 2011 (relative to 30 June 2010)
- completed the sale of 15 non-core assets in the US Seniors portfolio, unlocking equity of $30 million to be partially used to retire debt in the Australian portfolios. Moreover, ILF Group's management envisages selling the remainder of ILF Group's offshore investments during FY13
- divested 5 non-core Australian rental villages at an average premium to book value of 22.0%
- exited its United States Students portfolio, with the last property divested in January 2012.

3.3 Responsible Entity fees

As per ILF Group's constitution, Current RE (as the Responsible Entity of ILF Group) is entitled to an annual base management fee of 0.5% of ILF Group's gross assets. However, due to ILF Group's financial performance at the time, Current RE advised in December 2008 that the base fee would be reduced to only cover ING's base operating costs of managing the ILF Fund, and that these fees would not be paid until ILF Group's cash flow improved. As a result, fees charged by Current RE since then were less than the constitutional amount. As at 31 December 2011, ILF Group owed Current RE $8.0 million in accrued management fees in relation to management fees for FY11 and prior.

Initially, the method used by Current RE to calculate its reduced fee produced significantly lower fees than those permitted by the constitution. Due to declining asset values and asset sales, this gap has reduced, but is expected to widen again over the next few years. For instance, the reduced base fee for FY13 is forecast to be $0.9 million, whilst the maximum base fee under the constitution is forecast to be $2.1 million.

In addition, Current RE is entitled under the constitution to additional fees for property management services, acting as a sales agent for the disposal of fund property, project management services, leasing services, property sourcing fees, refurbishment, co-ordination or development management fees, accounting and registry services, and finance procuration services. Current RE has not charged any of these additional fees.

Due to the current scale of the ILF Fund, the fees Current RE charges and the extent to which REIMA has chosen to resource its management of ILF Group, the current management arrangements are loss-making to REIMA. If management of ILF Group were to be transferred to or acquired by a third party, in order to ensure a commercial return, such party would likely revert to the constitutional basis for fees and charge the additional fees allowed under the constitution. It might also seek to negotiate management arrangements with ILF Group that would result in higher management fees than those permitted by the constitution.

3.4 Capital structure

3.4.1 Equity capital

As at 31 March 2012, ILF Group had 441,029,194 units on issue. The table below sets out ILF Group's top ten unitholders as at 31 March 2012.

Table 6: ILF Group's unitholding as at 31 March 2012

Unitholder	Units (million)	%
Allan Gray Investment Management[1]	62.9	14.3%
ING Real Estate Company Investments	28.3	6.4%
Mercantile Investment Company	24.3	5.5%
Mr Vasilios Votsaris	21.0	4.8%
Intelligent Investor Funds Management	19.5	4.4%
Renaissance Property Securities	17.6	4.0%
Mr Simon Marais	15.7	3.6%
Wilson Asset Management	12.9	2.9%
Mr Yun S Zhang	11.4	2.6%
Acorn Capital	9.1	2.1%
Total	**222.7**	**54.3%**
Other unitholders	218.3	49.5%
Total	**441.0**	**100.0%**

Source: Current RE

Note 1: Previously known as Orbis Investment Management.

ILF Group's unitholders primarily reside in Australia (approximately 96.0%) with the remainder residing in NZ (1.8%), South Africa (1.8%) and other countries (0.4%).

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3.4.2 Debt funding

As at 31 December 2011, ILF Group had total interest-bearing liabilities of $223.5 million. The table below summarises ILF Group's consolidated and associates' debt facilities along with their key metrics.

Table 7: Summary of ILF Group's debt facilities

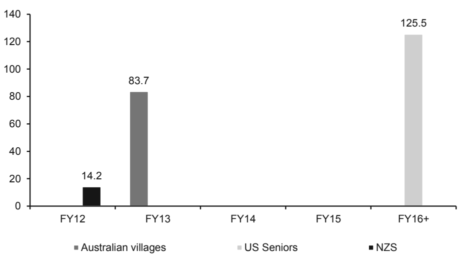
	Facility limit (AUD m)	Drawn down (AUD m)	ILF Group share (%)	ILF Group share (AUD m)	Type	Maturity
Consolidated debt						
Australian Seniors	98.7	83.7	100%	83.7	Variable	28/03/2013
US Seniors (Lynbrook)[1]	26.9	26.9	100%	26.9	Fixed	1/11/2017 and 1/11/2042
Associates debt						
US Seniors (JV)	197.2	197.2	50%	98.6	Fixed	1/03/2019
NZS	15.8	15.8	90%	14.2	Variable	31/08/2012
Total debt	**338.7**	**323.6**		**223.5**		

Source: Current RE

Note: This excludes debt related to the United States Students portfolio that was extinguished in January 2012.

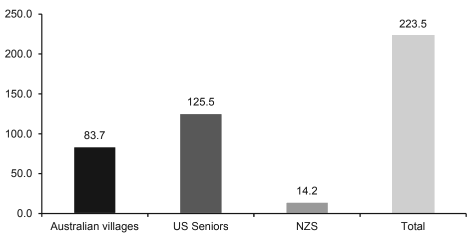
The figures below depict the debt maturity and look-through profiles of ILF Group's debt facilities.

Figure 5: ILF Group's debt maturity profile (AUD million)



Source: Current RE

Figure 6: ILF Group's look-through interest bearing liabilities



Source: Current RE

Note: The figures exclude debt related to the United States Students portfolio that was extinguished in January 2012.

As at 31 December 2011, ILF Group's look-through gearing decreased to 52% from 69% as at 30 June 2011. This was primarily driven by the completion of the sale of 15 US Seniors assets (non-New York assets) as well as the revaluation of the New York Bristal properties (up by $31.7 million). Look-through net debt as at 31 December 2011 was approximately $192.0 million.

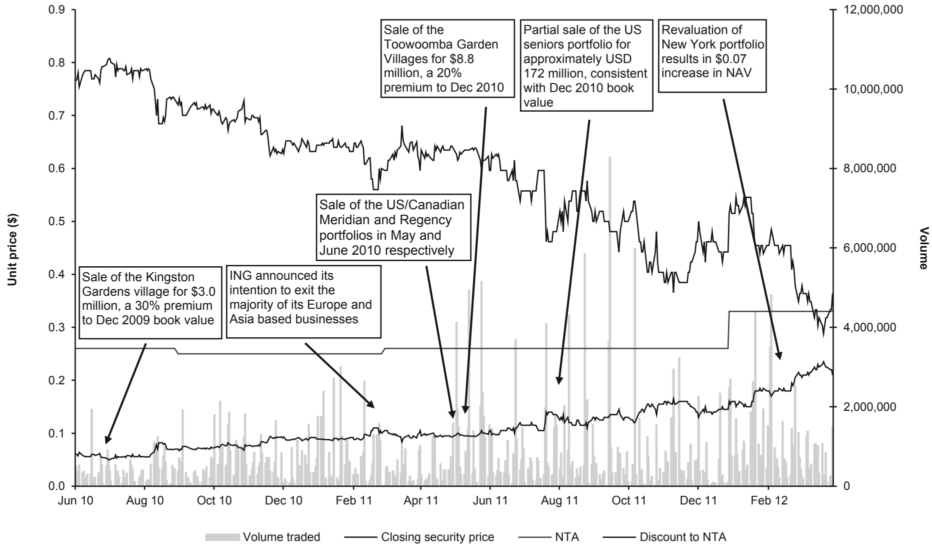
The debt related to the NZS portfolio was renegotiated to expire at the earlier of 31 August 2012 or the date the contract with the Victoria University of Wellington in NZ (which provides a rental occupancy guarantee of 90% for the 37 week student accommodation year) is renewed.

ILF Group has interest rate swap contracts in place with a notional amount of $60.0 million with a maturity of less than one year against ILF Group's corporate debt facilities. After taking into account this hedge arrangement, approximately 80.0% of ILF Group's debt facilities are fixed interest in nature.

3.5 Security trading history

The figure bellow sets out ILF Group's unit price performance over the period July 2010 to February 2012, compared to ILF Group's NTA per unit.

Figure 7: ILF Group's unit price performance



Source: Thomson Reuters, Deloitte Corporate Finance analysis

We note the following in relation to ILF Group's unit price performance:

- over the period June 2010 to March 2012 ILF Group's unit price has consistently traded at a significant discount to NTA that ranged from 76.5% as at 1 June 2010 to 33.3% as at 27 March 2012
- ILF Group's unit price discount to NTA gradually decreased over the period while trading activity in ILF Group units increased considerably in the second half of 2011 compared to the first, as a result of ILF Group's gradual sale of non-core and offshore assets while repositioning its Australian operations which has improved operating cash flows and reduced gearing levels. These initiatives as well as others planned by ILF Group are discussed further in Section 3.2.

3.6 Financial position

The table below sets out ILF Group's financial position as at 30 June 2010, 30 June 2011 and 31 December 2011.

Table 8: ILF Group's financial position

	30 June 2010 Audited (AUD'000)	30 June 2011 Audited (AUD'000)	31 December 2011 Reviewed (AUD'000)
Cash and equivalents	19,731	14,855	33,858
Trade and other receivables	5,531	4,252	2,259
Derivatives	2,418	-	
Assets of discontinued operations	58,233	10,047	82,857
Total current assets	**85,913**	**29,154**	**118,704**
Trade and other receivables	2,104	1,297	277
Investment properties	352,823	344,490	326,723
Plant and equipment	228	309	261
Equity accounted investments	53,210	45,407	-
Total non-current assets	**408,365**	**391,503**	**327,261**
Total assets	**494,278**	**420,657**	**445,965**
Payables	39,183	19,597	14,767
Retirement village residents loans	140,945	150,761	157,498
Borrowings	-	266	-
Derivatives	141	213	974
Liabilities of discontinued operations	62,143	5,675	34,220
Total current liabilities	**242,412**	**176,512**	**207,459**
Borrowings	131,798	121,515	83,737
Derivatives	611	269	232
Deferred tax liabilities	9,435	8,047	8,197
Total non-current liabilities	**141,844**	**129,831**	**92,166**
Total liabilities	**384,256**	**306,343**	**299,625**
Net assets	**110,022**	**114,314**	**146,340**
Net assets per unit	**0.24**	**0.26**	**0.33**
Look-through gearing	**73.0%**	**69.0%**	**52%**

Source: Current RE, ILF Group's financial reports

We note the following in respect of ILF Group's financial position:

- cash and equivalents as at 31 December 2011 comprises cash at bank of $5.5 million and $28.4 million in short term deposits
- assets and liabilities of discontinued operations relate to the investment properties and equity accounted investments, in relation to the Canadian Senior Living and US student assets previously held by ILF Group. Discounted operations as at 30 June 2011 relates to the NZ Student Portfolio and as at 31 December 2011 also includes the investment in US Seniors

- investment properties and equity accounted investments represent ILF Group's interests in villages and development properties, which are discussed in further detail in Section 3.2. Equity accounted investments include ILF Group's 50.0% interest in the US Seniors JV. These items are influenced by exchange rate fluctuations, asset disposals, purchases, revaluations and developments
- payables are trade payables associated with ILF Group's property and other expenses, and include unpaid management fees
- retirement village residents loans relate to loan agreements made with residents and results from their 'entry contribution' which in effect gives the ILF Group an interest free loan and the resident a licence to reside in the, village. These are measured as the fair value of residents' contributions and the residents' share of capital appreciation as at the reporting date, net of accrued deferred management fees
- borrowings relate to ILF Group's corporate and property debt facilities offset by interest received on derivative contracts. These are discussed further in Section 3.4.2.

3.7 Financial performance

The table below sets out ILF Group's income statement for the financial years ended 2010 and 2011 as well as the six months ended 31 December 2011.

Table 9: ILF Group's financial performance

	30 June 2010 Audited (AUD'000)	30 June 2011 Audited (AUD'000)	31 December 2011 Reviewed (AUD'000)
Rental income	19,849	21,225	9,036
DMF	4,937	4,256	2,234
Other property income	3,042	2,908	1,595
Interest income	463	469	273
Net foreign exchange gain (loss)	(1,271)	(448)	(255)
Net gain (loss) from disposal of investment properties	-	2,256	(35)
Net gain (loss) from changes in fair value	(15,268)	(1,355)	1,531
Property expenses	(19,286)	(19,242)	(8,301)
Finance costs	(3,666)	(8,737)	(4,594)
Management fees	(3,274)	(1,836)	(882)
Other expenses	(3,268)	(1,498)	(792)
Share in net profit (loss) from equity-accounted investments	(26,954)	15,137	-
Operating profit / (loss)	**(44,696)**	**13,135**	**(190)**
Income tax benefit (expense)	(5,812)	1,320	(146)
Net income	**(50,508)**	**14,455**	**(336)**
Income (loss) from discontinued operations	(17,209)	(1,404)	29,482
Net income attributable to unitholders	**(67,717)**	**13,051**	**29,146**
Earnings per share (EPS)	**(15.4)**	**3.0**	**6.6**
Dividends per share (DPS)	**-**	**-**	**-**

Source: Current RE, ILF Group's financial reports

Note : The US Seniors portfolio was classified as a discontinued operation as at 31 December 2011.

We note the following in respect of ILF Group's financial performance:

- ILF Group's operating income primarily comprises rental income and DMF revenue. Rental income relates to rent received from the Garden Villages and DMF Conversion portfolios. DMF revenue relates to management fees received from the units sold in the Settlers and DMF Conversion portfolios. Property expenses relate to costs associated with the provision of rental accommodation to seniors, which include village-related variable costs, dietary and housekeeping services and marketing costs. The table below sets out ILF Group's operating income for the period from ongoing and discontinued operations:

Table 10: ILF Group's operating income

	30 June 2010 Audited (AUD'000)	30 June 2011 Audited (AUD'000)	31 December 2011 Reviewed (AUD'000)
Operating income from continuing operations	15,189	6,101	1,716
Operating income from discontinued operations	3,071	788	2,372
Total operating income	**18,260**	**6,889**	**4,088**

Source: Current RE, ILF Group's financial reports

Notes:

1. The US Seniors portfolio was classified as a discontinued operation as at 31 December 2011
2. Operating income is calculated by adjusting for certain non-cash items such as changes in fair value of investment properties and derivatives, gains/(losses) from foreign exchange, disposal of properties and/or investments and movement in deferred tax liabilities.

- in the six months to 31 December 2011 operating income from continuing operations was adversely impacted by the loss of income from the investment in US Seniors (ILF Group's 50% interest in the Bristal portfolio in New York and the 100% interest in Lynbrook) which has been reclassified as a discontinued operation as at 31 December 2011. The decrease in operating income for that period was 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)
- income from changes in fair value in the six months to December 2011 mainly relate to a $2.3 million increase in the fair value of ILF Group's properties, offset by losses of $0.8 million from changes in the fair value of derivatives and resident loans
- finance costs relate to ILF Group's corporate and property debt facilities offset by interest received on derivative contracts. These are discussed further in Section 3.4.2
- management fees represent historical base management fees payable by ILF Group to Current RE. ILF Group's management fees are discussed in further detail in Section 3.3
- tax benefit / (expense) mainly represent the movement in ILF Group's deferred tax liabilities, which relate to temporary differences pertaining to investment properties. ILF Group's tax profile is discussed further in Section 3.1.2
- losses from discontinued operations in FY10 and FY11 relate to the sale of ILF Group's Canadian senior living business, as well as the disposition of assets within the US Students portfolio (which had a total carrying value of $42.3 million) which was transferred to debt providers in a deed-in-lieu process after the portfolio has breached its debt covenants. Moreover, ILF Group's 90% ownership in NZS was also classified as a discontinued operation
- income from discontinued operations in the six months to 31 December 2011 relates to the investment in US Seniors (ILF Group's 50% interest in the Bristal portfolio in New York and the 100% interest in Lynbrook) which has been reclassified as a discontinued operation as at 31 December 2011, and to NZS.

3.8 Industry factors and outlook

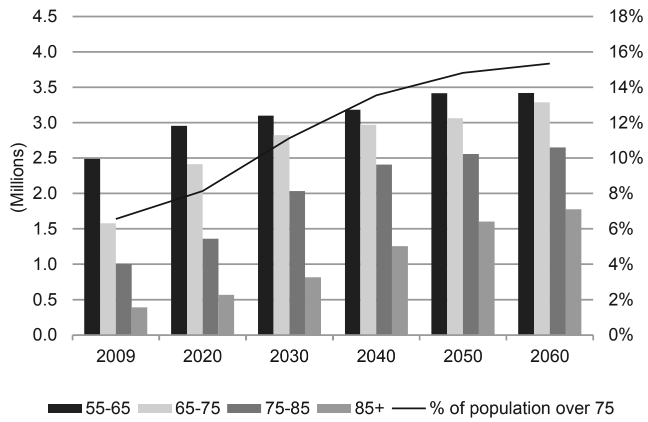
3.8.1 Australia

Future growth in the Australian senior living industry is expected to be influenced by the following factors.

Demographic factors

Australia, like many other developed countries, is experiencing an ageing of its population driven primarily by the ageing of the post-World War II 'baby boomers' as well as increased life expectancy. These factors are expected to contribute to the demographic shift in the structure of the population going forward as set out below:

Figure 8: Projected ageing of the Australian population



Source: Australian Bureau of Statistics (**ABS**)

According to the ABS, the average age of the Australian population is expected to increase steadily over the next 50 years, with more than four million people expected to be over 75 years old in 2060, representing 15% of the projected Australian population.

The over-65 age group is the fastest growing segment of the population, with the group projected to grow at rates of 36% and 26% over the ten year periods to 2021 and 2031, respectively[1]. According to the ABS, the largest increase from current levels is expected to be for the over 85 age group. In order to accommodate this expected ageing of the population, senior living facilities will need to increase capacity at similar rates, particularly if current or greater market penetration is achieved.

Economic factors

High levels of home ownership (in historically appreciating assets) and growing personal wealth (in real terms) amongst the ageing population is expected to lead to an increase in the number of seniors seeking the lifestyle benefits and improved care offered by senior living operators.

However, demand for senior living accommodation is also influenced by the supply and demand factors of the residential real estate market as the sale of the retiree's home typically forms the asset base from which the ingoing purchase price of a retirement village unit is paid.

[1] Source: Australian Institute of Health and Welfare

Whilst the property market in Australia has been largely insulated to the adverse impacts of the global credit crisis to date, growth in most residential markets has slowed in recent years after experiencing 8% capital growth in residential house prices in FY08. House prices have also been falling since the beginning of 2011. Auction clearance rates have eased to an average of below 50% in capital cities. Whilst movements in the broader residential market may not be fully reflected in the aged care industry given the services offered are generally demand-driven by need rather than a discretionary decision, movements in the residential market can influence a retiree's capacity to pay for living services.

The global financial crisis and the subsequent contraction in the debt and equity markets, together with the current global economic uncertainty, have had a significant impact on the availability and cost of debt financing. Within the senior living sector, market sentiment was relatively negative post the financial crisis with many industry participants delaying/abandoning development projects, implementing asset sale programs and/or undertaking significant capital raisings in an attempt to lower balance sheet gearing levels.

The residential property market stabilised in 2010 in line with improvements to domestic, economic and financial conditions, in particular after a period of large-scale recapitalisations and portfolio sales. However, more recently consumer sentiment has been relatively weak, with rising interest rates and low levels of dwelling commencements prevailing in the second half of the 2011 financial year, as well as concerns regarding the impact of the current European sovereign debt crisis on the general capital markets. Nonetheless, the market is showing signs of recovery.

3.8.2 The US market

IBISWorld forecasts a 2.4% real annual growth in industry revenue in the US in the five years to 2016, citing an improved economic environment, an ageing population, favourable healthcare reforms and new service offerings to support this growth. However, the outlook for the US community and senior living industry remains uncertain on the back of an uncertain economic environment. The performance of the US community and senior living industry was subdued after 2007 due mainly to costs associated with regulation compliance and depressed property values. However, there has been significant merger and acquisition activity in the past twelve months. On the supply side, the number of retirement living dwellings has been restricted due to limited construction activity associated with the weak economic environment in the US. In addition, limited access to funding remains an issue due to tight credit markets.

3.8.3 ILF Group's outlook

In the context of the above factors, ILF Group's management envisages undertaking the following initiatives to reposition the ILF Group and maximise unitholder value:

- undertaking certain strategic projects that include:
  - increasing the occupancy in the Garden Villages rental portfolio
  - selling a further 48 to 60 units per annum from the DMF Conversion portfolio as well as other non-core rental villages to improve operating cash flows and enhance core assets
  - expanding existing DMF villages, convert existing rental villages to the DMF model and acquire and develop land adjacent to existing villages. ILF Group has a development pipeline with an end sales value of approximately $104.3 million. This consists of 255 units ($50.0 million) active development within the Settlers and DMF Conversion villages as well as 294 units ($54.3 million) of development opportunities within the Settlers and the Australian rental portfolio, which will likely be developed over the next four to five years
  - exiting all offshore investments and optimise exposure to the Australian market.
- refinance its $98.7 million corporate debt facility with CBA at more favourable margins. We further note that the NZS debt facility's expiry date was extended to 31 August 2012 in anticipation of the sale of the asset prior to that date
- assess recommencement of distributions from recurrent earnings in 2012 and capital management initiatives including possible unit buy-back.

4 Evaluation of the Proposed Transaction

4.1 Fairness approach

If the Proposed Transaction is approved and becomes effective, ILF Group will no longer be externally managed and will have its management and responsible entity activities internalised. Consequently, IGCH will pay staff remuneration, administrative expenses and other costs in lieu of third party management fees that it currently pays to REIMA under its constitution. IGCH will also incur implementation costs related to the Proposed Transaction. Under the terms of the Proposed Transaction, REIMA is also proposing to provide the Financial Support to IGCH to facilitate the implementation of the Proposed Transaction.

In order to assess the fairness of the Proposed Transaction to Non-Associated Unitholders, we have prepared a present value analysis, based on the following:

- Management has prepared a detailed financial model which includes cash flow projections over the period 2013 to 2021 (the **Model**). The Model includes cash flow forecasts relating to both the existing business of ILF Group assuming that it is externally managed and management fees charged based on ILF Group's constitution (**As Is Scenario**) as well as an internalised management structure which includes the costs IGCH is likely to incur as a result of the internalisation of ILF Group's management (**Internalisation Scenario**)
- the likely finite term of the existing management arrangements and the lumpy nature of the asset values, costs and fee structure of ILF Group over the near term are most accurately captured by a present value analysis
- since Current RE is loss-making under the current management structure and no consideration is flowing to REIMA as a consequence of the Proposed Transaction, comparisons to any market benchmarks (such as earnings multiples or consideration as a percentage of assets under management) are not meaningful.

In our analysis we have had regard to:

- the terms of the management arrangement currently in place between REIMA and ILF Group, including potential term, fee calculations and termination provisions
- the method of calculating ILF Group's Responsible Entity fees based on gross assets in line with ILF Group's constitution
- ILF Group's projected operating performance and financial position
- the terms of the Proposed Transaction, including those relating to the Financial Support and the present value of its underlying cash flows.

Details of our analysis are set out below.

4.2 Net Incremental cash flows

4.2.1 Introduction

As the Proposed Transaction is not expected to have a significant impact on the long term operating performance and strategy of ILF Group's portfolio, both the As Is Scenario and the Internalisation Scenario have the same assumptions regarding ILF Group's projected operating performance and financial position. The As Is Scenario assumes that ILF Group would continue to be externally managed by REIMA as regulated by ILF Group's constitution. The Internalisation Scenario assumes that the management of ILF Group is internalised and ILF Group would no longer pay external management fees effective June 2012 (i.e. from the implementation of the Proposed Transaction), and would instead incur direct costs in respect of staff remuneration and other expenses.

We have performed an analysis of the Model that has included:

- meetings with Current RE's management, discussing the Model and its underlying assumptions
- an assessment of the main underlying assumptions relating to management fees, internalised costs, distributions to unitholders and operating expenses
- high level checks including limited procedures regarding the mathematical accuracy of the Model.

Our work did not constitute an Audit or review of the projections in accordance with AUASB or equivalent standards and accordingly we do not express any opinion as to the reliability of the projections or the reasonableness of the underlying assumptions. However, nothing has come to our attention as a result of our analysis that suggests that the assumptions on which the projections are based have not been prepared on a reasonable basis.

Since projections relate to the future, they may be affected by unforeseen events and they depend, in part, on the effectiveness of management's actions in implementing the projections. Accordingly, actual results are likely to be different from those projected because events and circumstances frequently do not occur as expected, and those differences may be material.

We have estimated the Net Incremental Cash Flows by deducting the incremental costs from the management fees which would otherwise be payable by ILF Group.

The assumptions underlying the Net Incremental Cost are summarised below.

4.2.2 Management fees under As Is Scenario

The main assumptions relating to management fees under the As Is Scenario are as follows:

- as discussed in Section 3.3, ILF Group's management fees are currently calculated at 0.5% of the value of adjusted assets (gross assets net of cash and resident loans). However, as per ILF Group's constitution, base management fees can be calculated as a percentage of gross assets and there is no legal impediment in doing so. Due to the scale of ILF Group, the level of staffing REIMA has implemented and the way management fees are currently charged, the management arrangement between Current RE and ILF Group is loss-making to Current RE. If REIMA were to continue these arrangements or the external management of ILF Group was to be transferred to a third party, in order to ensure a commercial return such party would likely charge management fees based on gross assets or otherwise negotiate management arrangements that would result in management fees that are higher than what ILF Group currently pays to REIMA. Having regard to the above factors, we have assumed that the base management fees going forward are calculated at 0.5% of gross assets in line with ILF Group's constitution
- the value of the US Seniors and Lynbrook portfolios is expected to remain in line with that as at 31 December 2011 and be sold in September 2012
- the Settlers portfolio assets are assumed to grow marginally at an average growth rate per annum of 0.3% over the period FY13 to FY21 primarily as a result of development activity
- Garden Villages is assumed to grow a CAGR of 3.0% per annum as a result of property revaluations
- the DMF Conversion Villages are assumed to grow at a CAGR of 7.6% per annum over the period to FY17, as a result of significant development activity as well as further conversions to DMF units, whereby approximately 54 new units will be converted. Growth is expected to stabilise thereafter
- brownfield assets of approximately $21 million are assumed to be purchased/developed in FY13 and to grow to approximately $170 million by FY21, as a result of development of these sites (400 additional units). Similarly, greenfield assets in the amount of approximately $6 million are assumed to be purchased in FY13 and grow to approximately $380 million over the same period, which represents the addition of circa 1,110 new units. These initiatives are assumed to be financed via operating cash flows as well as variable debt facilities with a combined amount of $132 million.

The table below summarises the projected management fees payable by ILF Group under the As Is Scenario over the period FY13 to FY21, based on both ILF Group's gross and adjusted assets.

Table 11: Projected management fees

	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Management fees (gross assets)	2.1	2.4	2.6	3.0	3.3	3.7	4.2	4.7	5.3
Management fees (adjusted assets)	0.9	1.0	1.2	1.3	1.4	1.4	1.5	1.5	1.6

Source: Current RE, Deloitte Corporate Finance analysis

Note: Prospective financial information has been provided on the basis of assumptions and the achievement of prospective financial information is dependent on the outcome of the assumptions. This report expresses no opinion as to whether the prospective financial information will be achieved. Please refer to Appendix E for further important information about prospective financial information.

We note that the difference between management fees calculated based on gross assets compared to those based on adjusted assets increases over the projection period due to the increase in the sales activity in DMF units under ILF Group's existing and planned retirement villages, which results in resident loans (which are netted against ILF Group's gross assets when calculating base management fees based on adjusted assets) representing an increasing proportion of the respective DMF assets.

4.2.3 Costs under Internalisation Scenario

The Internalisation Scenario assumes that the management of ILF Group would be internalised effective June 2012 and ILF Group would pay incremental management costs in lieu of the external management fees. The assumptions underlying the cash flows under this scenario are discussed below.

Internalisation implementation costs

Upon approving the Proposed Transaction by Non-Associated Unitholders, ILF Group will pay certain internalisation costs in June 2012, which are estimated at approximately $1.4 million and represent legal and advisory fees and other costs associated with the Proposed Transaction, including reimbursement of $0.1 million of direct transaction costs incurred by REIMA. We note that the majority of these costs will be incurred prior to implementing the Proposed Transaction.

Staff remuneration

Staff remuneration in FY13 is estimated at approximately $1.9 million to reflect seven REIMA employees whom IGCH will require after completing the internalisation. These employees will assume the executive, development, administration and back-office roles related to the management of the ILF Group. Staff remuneration is projected to grow at 3% per annum in line with inflation.

Long-term employee incentive plan

As part of staff compensation under the internalised management structure, IGCH will also grant long-term employee incentives in the form of deferred quantum rights (**DQRs**) and performance quantum rights (**DPRs**) to its executive management, being its CEO, COO and CFO. DQRs are rights that vest and are payable to eligible staff upon the completion of a predetermined service period, and PQRs are rights that vest and are payable subject to IGC achieving a certain performance relative to the designated benchmark of absolute total shareholder return.

Participation in this plan may be extended to other staff at a later date if this is determined to be appropriate by the board of IGCH. At the date of this report there were no plans to extend this plan to other IGCH staff. Rights will be based on eligible staff's annual salary and will be awarded in the form of a combination of IGC securities and cash, and will be set based on the annual base salary of eligible employees, a long term incentive payout ratio, IGC's unit price, distributions and a predetermined vesting period.

The expected value of these incentives is summarised in the table below.

Table 12: Long-term employee incentive plans

Value of rights as % of base salary	DQR			PQR		
	Value (AUD)	Vesting period (years)	Grant date	Value (AUD)	Vesting period (years)	Grant date
25% - 50%	340,000	2	1/6/2012	340,000	3	1/6/2012

Source: Current RE, Deloitte Corporate Finance analysis

An initial DQR grant will be offered to eligible staff as a retention plan. Other grants will comprise PQRs only, which will be offered in June from FY13 onwards. Units offered under both incentive forms will be calculated according to the following formula:

Number of units offered = value of rights / [{unit price on the date of the grant – (forecast dividends per unit * vesting period)} * probability of vesting]

Based on our analysis of information provided by Management and if all vesting criteria are met, ILF Group may issue up to 5.7 million new securities to ILF Group's executive management team (1.8 million new units in June 2014 and 3.9 million new units in June 2015), noting that performance rights would increase in line with the increase in the base salaries of these employees.

In our assessment of the long term incentive plans, we have made the following simplifying assumptions:

- eligible staff will remain employees of IGCH over the forecast period. Accordingly, both DQRs and PQRs will vest, subject to ILF meeting its performance benchmarks in the case of PQRs
- the probability of ILF meeting its performance benchmarks is between 25% and 75%
- the value of PQRs will grow in line with the growth in annual salaries, which is forecast at 3% per annum, in line with inflation.

Based on our analysis, we have estimated the present value of the long term incentives to be between $0.5 million to $1.1 million.

Other operating costs

As a consequence of an internalised structure, ILF Group will also pay additional costs that mainly include director compensation, insurance costs as well as rent from FY14 onwards. These costs are assumed to be $0.5 million for FY13 and are forecast to grow at 3% per annum in line with inflation.

The table below summarises the projected one-off and incremental costs payable by ILF Group under the Internalisation Scenario over the period FY13 to FY21 as forecast in the Model.

Table 13: Projected internalisation costs (AUD million)

	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Internalisations costs									
Implementation costs	1.4	-	-	-	-	-	-	-	-
Staff remuneration	1.8	1.8	1.9	1.9	2.0	2.0	2.1	2.2	2.2
Staff incentives(midpoint)	-	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Other operating costs	0.6	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8
Total	**3.7**	**2.9**	**2.7**	**2.8**	**2.9**	**3.0**	**3.0**	**3.1**	**3.2**

Source: Current RE, Deloitte Corporate Finance analysis

Note: Prospective financial information has been provided on the basis of assumptions and the achievement of prospective financial information is dependent on the outcome of the assumptions. This report expresses no opinion as to whether the prospective financial information will be achieved. Please refer to Appendix E for further important information about prospective financial information.

4.2.4 Other operating assumptions

Interest income

We have assumed that ILF Group would earn interest income on its surplus cash balances at an interest rate per annum of 4.5% in line with the current average interest rate earned on its cash at bank.

Other expenses

These include general corporate overheads which do not form part of the incremental cash flows under the Proposed Transaction and represent approximately 6% of ILF Group's projected revenues on average, and are projected to grow at 3% per annum in line with inflation.

Exchange rate

We have assumed USD/AUD and NZD/AUD exchange rates as at 7 March 2012 of 1.056 and 1.299, respectively.

4.2.5 Expected term of the management agreements

In our analysis of the management arrangements, we have considered the likely term over which management agreements with REIMA would remain in place, the likelihood of early termination of these agreements and the impact of such potential termination.

The management arrangement between REIMA and ILF Group may be terminated by an ordinary unitholder resolution and such termination would likely have no material 'change of control' implications (assuming relevant consents including bank consents were obtained). REIMA would not be entitled to any compensation in such an event, save for any accrued management fees.

Given that unitholders have the right to terminate Current RE as responsible entity and appoint a new one at any point in time, it can be argued that the valuation of the management arrangements (and therefore the net benefit to ILF Group of internalising its management) should be assessed over a relatively short period, due to uncertainty over the timing of such potential agreement terminations. Moreover, given that the current management arrangement is loss-making to REIMA, it is unlikely that REIMA would continue to manage ILF Group under such arrangement over the long term.

On the other hand, historical evidence shows that buyers of management agreements often price these arrangements assuming they would continue in place for periods longer than their legal life, albeit that generally applies for profitable management arrangements only.

Based on our analysis below and given that we have not factored in a terminal value assumption in our assessment of the financial impact of the Proposed Transaction, the period assumed is not a particularly sensitive input in the analysis as the Proposed Transaction results in a net financial benefit to unitholders (on a present value basis).

4.2.6 Discount rate

For the purpose of our analysis we have estimated a pre-tax discount rate for ILF Group of between 16.00% and 18.00%. We have selected a pre-tax discount rate as ILF Fund is a passive trust for Australian tax purposes and accordingly is not a taxable entity. Moreover, given the quantum of tax losses available for ING Real Estate Community Living Management Trust as part of its development operations, it is unlikely that ILF Group will pay any significant income tax over the projected period.

Details of our selected discount rate are set out in Appendix B.

4.2.7 Summary

The table below sets out the present value of the Net Incremental Cash flows (which exclude the impact of the Financial Support) assuming different terms for ILF Group's management arrangement.

Table 14: Present value of Net Incremental Cash flows

Term (years)	Low ($m)	High ($m)
FY13	(1.41)	(1.41)
FY14	(1.77)	(1.78)
FY15	(1.75)	(1.89)
FY16	(1.60)	(1.83)
FY17	(1.33)	(1.64)
FY18	(0.96)	(1.32)
FY19	(0.52)	(0.91)
FY20	(0.03)	(0.41)
FY21	0.52	0.16

Source: Deloitte Corporate Finance analysis
Note: Prospective financial information has been provided on the basis of assumptions and the achievement of prospective financial information is dependent on the outcome of the assumptions. This report expresses no opinion as to whether the prospective financial information will be achieved. Please refer to Appendix E for further important information about prospective financial information.

As set out above, we note that the incremental costs in FY13 are offset by the Financial Support. With the forecast growth profile for ILF Group's assets over the period, incremental internalisation costs on a present value basis would decrease over extended terms of ILF Group's management arrangements as a result of the management fee savings progressively exceeding the incremental cost to ILF Group from the internalisation.

4.2.8 Other considerations

AFSL commitment

As part of the Proposed Transaction, ILF Group will contribute the capital required for the purposes of meeting the initial AFSL 'net asset' requirements, which is expected to be $5.0 million, in addition to $1.0 million in working capital. This represents the capital required to be held by ILF Group to meet the liquidity/solvency requirements in respect of the proposed AFSL licence. This capital will be invested in short term deposit instruments which will earn a return of approximately 4.5%, which is largely in line with what ILF Group earns on its surplus cash balances.

Moreover, in the event that the Proposed Transaction is not approved, ILF Group will reimburse REIMA for any costs incurred in establishing and winding down IGCH and other structures that may be required.

Tax

ILF Fund will retain its flow-through status for its existing operations. ILF Trust will remain taxable. There may be some tax leakage in the new structure in respect of the fees charged less costs incurred by IGCH and New RE. This tax leakage is not expected to be significant (i.e. approximately $50,000 in FY13).

4.3 Financial Support

REIMA has agreed to provide certain financial support in order to improve the financial rationale for the internalisation. This includes the following.

Waiver of $2.5 million in Accrued RE Fees

At 31 December 2011, ILF Group had Accrued RE Fees owing to Current RE of $8.0 million. Of these fees, $5.5 million has been paid since that date. The remaining $2.5 million owing to REIMA will be waived subject to Non-Associated Unitholders approving the Proposed Transaction.

We further note that, in accordance with ILF Group's tax structure, the management fee waiver is likely to be treated as income to ILF Group for taxation purposes. However, as ILF Group is entitled to claim tax deductions in relation to accrued management fees, these deductions are expected to offset the management fee waiver of $2.5 million, resulting in a nil tax liability.

Interest income on deferred management fee

As mentioned above, as part of the Proposed Transaction, $5.5 million of accrued management fees payable has been deferred from 2 November 2011, being the time at which ILF Group received the settlement proceeds from the US non-Bristal portfolio and could have paid the fees. Given that the cash flow benefit from this deferral is likely to be invested in an interest-earning bank account, this would result in an interest income of approximately 0.06 million, which we have estimated based on the period from 2 November 2011 to the respective payment dates and an interest rate of 4.5% per annum, being ILF Group's average yield on surplus cash.

Transfer of REIMA's 10% interest in the NZS at no cost

REIMA estimates the equity value of its interest in the NZS portfolio at NZD0.6 million as at 31 December 2011. ILF Group owns the other 90% and intends to sell it in the near future.

In order to assess the value attributed to REIMA's 10% in NZS, we have reviewed Management's internal valuation of NZS at 31 December 2011. Based on our analysis we note that the internal valuation of NZS results in a property value of NZD37.7 million, based on FY12's budget net operating income of NZD3.6 million and a capitalisation rate of 9.5%. The enterprise value is reduced by assumed capital expenditures on the NZS properties of NZD11.9 million to arrive at a fair market value for NZS property of NZD25.8 million ($19.9 million). Allowing for working capital of NZD2.7 million and the NZS net debt of NZD20.8 million as at 31 December 2011 yields a fair market value of NZS's equity of NZD7.7 million (which reflects a $0.6 million valuation of REIMA's 10% interest in NZS at 31 December 2011). We consider Management's capitalisation rate assumption to be reasonable, based on our analysis of capitalisation rates of broadly comparable companies in NZ and internationally.

We understand that Current RE is currently in discussions with potential buyers and has received indicative offers that value the NZS portfolio at between NZD28.0 million and NZD29.0 million. Given the NZS portfolio's debt as at 31 December 2011 of NZD20.8 million, this implies an equity value for NZS of between NZD7.2 million and NZD8.2 million, or between NZD0.7 million and NZD0.8 million for REIMA's 10% interest in NZS ($0.6 million and $0.7 million based on an AUD/NZD exchange rate of 1.299 as at 7 March 2012). However, we note that the portfolio has been marketed for sale since late 2009 and any expressions of interest to acquire NZS were conditional on contract renewals with Victoria University of Wellington and debt refinancing.

Having regard to our analysis and the timeframe within which Management plans to sell the NZS asset as well as its high gearing, we have estimated an equity value of REIMA's 10% interest in NZS of between $0.4 million and $0.6 million.

Rental support

REIMA will provide rental support from the time the Proposed Transaction is approved to June 2013 inclusive. This is estimated at $0.2 million for that period, which is based on REIMA's existing lease arrangements which will allow ILF Group to utilise the existing premises on a rent-free basis for the remaining lease period. However, in the event that no rental support were provided by REIMA, the rent likely to be incurred by IGCH would be lower than that currently paid by REIMA for ILF Group's existing premises.

For the purpose of our analysis, we have estimated the benefit of the rental support to IGCH at between $0.1 million per annum (being the incremental rental cost in the absence of the Financial Support) and $0.2 million per annum (being REIMA's estimate based on its existing lease arrangements).

Transitional services

REIMA will provide the services of REIMA platform staff, and those current ILF Group staff not transferring to IGCH, for a period of up to three months following completing the Proposed Transaction but not after 25 August 2012. The value of these services is estimated at $0.60 million, which is based on the remuneration for ten staff over the three-month period.

IT equipment

REIMA will provide ING-owned IT equipment to IGCH at nil consideration. Given the size and depreciation of this equipment we have estimated the value of this equipment at between nil and REIMA's estimate of $0.1 million.

Summary

Based on the above, we have estimated the present value of the Financial Support to be between $3.4 million and $3.9 million, as set out in the table below.

Table 15: Present value of the Financial Support

	Low (AUD million)	High (AUD million)
Waiver of accrued management fees	2.5	2.5
Interest income on deferred management fee	0.1	0.1
REIMA's 10% interest in NZS	0.4	0.6
Rental support	0.1	0.2
Transitional services	0.4	0.4
IT equipment	0.0	0.1
Total	**3.4**	**3.9**

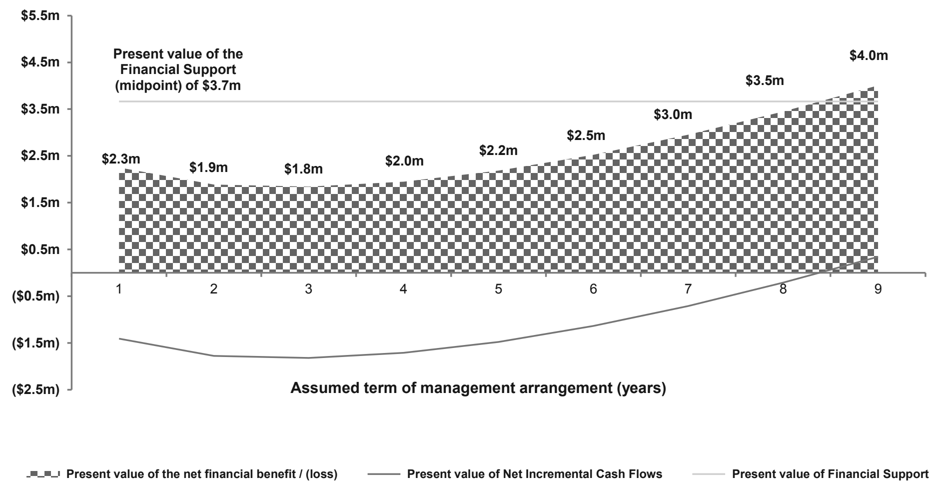
Source: Deloitte Corporate Finance analysis

Note: Prospective financial information has been provided on the basis of assumptions and the achievement of prospective financial information is dependent on the outcome of the assumptions. This report expresses no opinion as to whether the prospective financial information will be achieved. Please refer to Appendix E for further important information about prospective financial information.

4.4 Conclusion

Based on the analysis undertaken and ILF Group's expected growth profile as forecast by management, the internalisation of ILF Group's management would result in a net benefit to Non-Associated Unitholders, as set out in the figure below.

Figure 9: Net financial impact of the Proposed Transaction (present value basis)



Source: Current RE, Deloitte Corporate Finance analysis

Note: Prospective financial information has been provided on the basis of assumptions and the achievement of prospective financial information is dependent on the outcome of the assumptions. This report expresses no opinion as to whether the prospective financial information will be achieved. Please refer to Appendix E for further important information about prospective financial information.

As evident in the figure above, notwithstanding the differing terms of the management arrangement have differential financial impacts, the net present value of the Net Incremental Cash flows together with the net present value of the Financial Support represents a net financial benefit to ILF Group at any of these terms.

The table below sets out the sensitivity of the present value of the net financial benefit of the Proposed Transaction to the growth profile of ILF Group's assets (CAGR) and the term assumed for the management arrangements.

Table 16: Sensitivity of present value of net financial benefit to term of management arrangements and CAGR ($ million)

	Term in years								
CAGR	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
0%	2.1	1.5	1.0	0.5	0.0	(0.4)	(0.8)	(1.2)	(1.5)
1%	2.1	1.5	1.0	0.6	0.2	(0.2)	(0.5)	(0.9)	(1.2)
2%	2.2	1.5	1.1	0.7	0.3	0.0	(0.3)	(0.5)	(0.8)
3%	2.2	1.6	1.2	0.8	0.5	0.2	(0.0)	(0.2)	(0.4)
4%	2.2	1.6	1.2	0.9	0.7	0.5	0.3	0.1	0.0
5%	2.2	1.6	1.3	1.1	0.8	0.7	0.6	0.5	0.4
6%	2.2	1.7	1.4	1.2	1.0	0.9	0.9	0.9	0.9
7%	2.2	1.7	1.5	1.3	1.2	1.2	1.2	1.3	1.4
8%	2.2	1.7	1.5	1.4	1.4	1.4	1.5	1.7	1.8
9%	2.2	1.8	1.6	1.6	1.6	1.7	1.9	2.1	2.3
10%	2.2	1.8	1.7	1.7	1.8	2.0	2.2	2.5	2.9
11%	2.2	1.9	1.8	1.8	2.0	2.2	2.6	3.0	3.4
12%	**2.3**	**1.9**	**1.8**	**2.0**	**2.2**	**2.5**	**3.0**	**3.5**	**4.0**

Source: Deloitte Corporate Finance analysis

Note: Prospective financial information has been provided on the basis of assumptions and the achievement of prospective financial information is dependent on the outcome of the assumptions. This report expresses no opinion as to whether the prospective financial information will be achieved. Please refer to Appendix E for further important information about prospective financial information.

As set out above, provided ILF Group is able to achieve a CAGR greater than 3%, the Proposed Transaction would result in a net financial benefit to ILF Group unitholders (on a present value basis) over the terms assumed in the table above. If ILF Group's assets grow at low levels over an extended period of time, and if the term of the existing management arrangements exceeds five years, the Proposed Transaction would result in a net loss to Non-Associated Unitholders as the incremental costs of internalising would exceed the management fee savings.

Based on our analysis, and given the likelihood of the growth in ILF Group's properties occurring at rates below 3% over extended periods of time would, appear low having regard to the growth potential within ILF Group's portfolio, it is our opinion that the Proposed Transaction is fair.

Our assessment of the reasonableness of the Proposed Transaction is set out in the executive summary to this report.

Appendix A: Glossary

Term	Definition
Accrued RE Fees	Accrued responsible entity fees of $8.0 million which ILF Group owed Current RE as at 31 December 2011
AFSL	Australian Financial Services License
APESB	Accounting Professional and Ethical Standards Board Limited
A-REIT	Australian real estate investment trust
As Is Scenario	The status quo scenario of ILF Group
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
CAGR	Compounded annual growth rate
CBA	Commonwealth Bank of Australia
CEO	Chief executive officer
CFO	Chief financial officer
Chartwell	Chartwell Senior Housing REIT
COO	Chief operating officer
Current RE	ING Management Limited
DMF	Deferred Management Fee
DQR	Deferred quantum rights
EPU	Earnings per unit
Financial Support	The financial support and other benefits that will be provided by REIMA to ILF Group as part of the Proposed Transaction
FSG	Financial Services Guide
FY()	The (year) financial year
IER	Independent expert's report
ILF Group	ING Real Estate Community Living Group
IGC	Ingenia Communities
IGCH	Ingenia Communities Holdings Limited
Independent Directors	The independent directors of Current RE
Internalisation Scenario	ILF Group's operations assuming the Proposed Transaction is implemented
IT	Information technology
JV	Joint venture
Model	The model includes cash flow forecasts relating to both ILF Group's management fees and the incremental costs from the Proposed Transaction
Net Incremental Cash flows	The incremental costs that will be borne by ILF Group pursuant to the internalisation, net of management fees payable by ILF Group under the current management agreement with REIMA
New RE	New responsible entity of ILF Group
Non-Associated Unitholders	the unitholders of ILF Group whose votes are not to be disregarded in relation to the Proposed Transaction
NTA	Net tangible assets
NZS	New Zealand Students
Proposed Transaction	The proposed internalisation of ILF Group
PQR	Performance quantum rights
REIMA	ING Real Estate Investment Management Australia Pty Limited, and where the context requires, includes Current RE
Responsible Entity	ING Management Limited as the responsible entity of ILF Group
RG111	ASIC Regulatory Guide 111
Strategic Review	The go-forward business and ownership / management strategies for ILF Group considered by Current RE for ILF Group

Appendix B: Discount rate

The discount rate used to equate the future cash flows to their present value reflects the risk adjusted rate of return demanded by a hypothetical investor for the asset or business being valued.

Selecting an appropriate discount rate is a matter of judgement having regard to relevant available market pricing data and the risks and circumstances specific to the asset or business being valued.

Whilst the discount rate is in practice normally estimated based on a fundamental ground up analysis using one of the available models for estimating the cost of capital (such as the Capital Asset Pricing Model (CAPM)), market participants often use less precise methods for determining the cost of capital such as hurdle rates or target internal rates of return and often do not distinguish between investment type or region or vary over economic cycles.

Since our definition of fair market value is premised on the estimated value that a knowledgeable willing buyer would attribute to the asset or business, our selection of an appropriate discount rate needs to consider that buyers incorporate other alternatives to the typical CAPM approach in estimating the cost of capital.

For the purposes of this valuation, we have made the use of ILF Group's discount rate, rather than the discount rate of a stand-alone property investment manager as the management rights are also exposed to the same operational risks as ILF Group through asset values (i.e. developments and revaluations) and are exposed to the financial risks of ILF Group.

For ungeared cash flows, discount rates are determined based on the cost of an entity's debt and equity weighted by the proportion of debt and equity used. This is commonly referred to as the weighted average cost of capital (WACC).

The WACC can be derived using the following formula:

$$\boxed{WACC = \left(\frac{E}{V} * K_e\right) + \left(\frac{D}{V} * K_d(1 - t_c)\right)}$$

The components of the formula are:

Ke	=	cost of equity capital
Kd	=	cost of debt
tc	=	corporate tax rate
E/V	=	proportion of enterprise funded by equity
D/V	=	proportion of enterprise funded by debt

The adjustment of Kd by (1- tc) reflects the tax deductibility of interest payments on debt funding. The corporate tax rate has been assumed to be 30%, in line with the Australian corporate tax rate.

Cost of equity capital (Ke)

The cost of equity, Ke, is the rate of return that investors require to make an equity investment in a firm.

We have used the CAPM to estimate the Ke for ILF Group. CAPM calculates the minimum rate of return that the company must earn on the equity-financed portion of its capital to leave the market price of its shares unchanged. The CAPM is the most widely accepted and used methodology for determining the cost of equity capital.

The cost of equity capital under CAPM is determined using the following formula:

$$\boxed{K_e = R_f + \beta(R_m - R_f) + a}$$

The components of the formula are:

Ke	=	required return on equity
Rf	=	the risk free rate of return
Rm	=	the expected return on the market portfolio
β	=	beta, the systematic risk of a stock
α	=	specific company risk premium

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Each of the components in the above equation is discussed below.

Risk free rate (R_f)

The risk free rate compensates the investor for the time value of money and the expected inflation rate over the investment period. The frequently adopted proxy for the risk free rate is the long-term government bond rate.

In determining Rf we have taken the 5-day average of the zero coupon 10-year Australian Government Bond yield as at 20 April 2012 of 3.92%. The 10-year bond rate is a widely used and accepted benchmark for the risk free rate in Australia. This rate represents a nominal rate and thus includes inflation. Since there is no zero-coupon government bond issued by the Australian Government, we have utilised the zero coupon bond yield calculated by Thomson Reuters, which excludes the coupon payments from the 10-year Australian Government Bond.

Equity market risk premium (EMRP)

The EMRP ($R_m - R_f$) represents the risk associated with holding a market portfolio of investments, that is, the excess return a shareholder can expect to receive for the uncertainty of investing in equities as opposed to investing in a risk free alternative. The size of the EMRP is dictated by the risk aversion of investors – the lower (higher) an investor's risk aversion, the smaller (larger) the equity risk premium.

The EMRP is not readily observable in the market and therefore represents an estimate based on available data. There are generally two main approaches used to estimate the EMRP, the historical approach and the prospective approach, neither of which is theoretically more correct or without limitations. The former approach relies on historical share market returns relative to the returns on a risk free security; the latter is a forward looking approach which derives an estimated EMRP based on current share market values and assumptions regarding future dividends and growth.

In evaluating the EMRP, we have considered both the historically observed and prospective estimates of EMRP.

Selected EMRP

We have considered both the historically observed EMRP and the prospective approaches as a guideline in determining the appropriate EMRP to use in this report. Australian studies on the historical risk premium approach generally indicate that the EMRP would be in the range of 5% to 8%.

Having considered the various approaches and their limitations, we consider an EMRP of 7.0% to be appropriate.

Beta estimate (β)

Description

The beta coefficient measures the systematic risk or non-diversifiable risk of a company in comparison to the market as a whole. Systematic risk, as separate from specific risk as discussed below, measures the extent to which the return on the business or investment is correlated to market returns. A beta of 1.0 indicates that an equity investor can expect to earn the market return (i.e. the risk free rate plus the EMRP) from this investment (assuming no specific risks). A beta of greater than one indicates greater market related risk than average (and therefore higher required returns), while a beta of less than one indicates less risk than average (and therefore lower required returns).

Betas will primarily be affected by three factors which include:

- the degree of operating leverage employed by the firm in that companies with a relatively high fixed cost base will be more exposed to economic cycles and therefore have higher systematic risk compared to those with a more variable cost base
- the degree of financial leverage employed by a firm in that as additional debt is employed by a firm, equity investors will demand a higher return to compensate for the increased systematic risk associated with higher levels of debt
- correlation of revenues and cash flows to economic cycles, in that companies that are more exposed to economic cycles (such as retailers), will generally have higher levels of systematic risk (i.e. higher betas) relative to companies that are less exposed to economic cycles (such as regulated utilities).

The geared or equity beta can be estimated by regressing the returns of the business or investment against the returns of an index representing the market portfolio, over a reasonable time period. However, there are a number of issues that arise in measuring historical betas that can result in differences, sometimes significant, in the betas observed depending on the time period utilised, the benchmark index and the source of the beta estimate. For unlisted companies it is often preferable to have regard to sector averages or a pool of comparable companies rather than any single company's beta estimate due to the above measurement difficulties.

Market evidence

In estimating an appropriate beta for ILF Group we have considered the betas of listed companies that are comparable to ILF Group. These betas, which are presented below, have been calculated based on weekly and monthly returns, over a two and four year period, respectively, compared to a relevant domestic index.

Table 17: Analysis of betas for listed companies with comparable operations to ILF Group

Company name	Enterprise value[1] ($ million)	Debt to Enterprise Value[2] (%)	Two year weekly returns levered beta	Two year weekly returns unlevered beta	Four year monthly returns levered beta	Four year monthly returns unlevered beta	P/E ratio	Net income growth Current	Net income growth Forecast
ING Real Estate Community Living Group	361	69%	0.81	0.23	2.33	0.73	32.4x	n/a	n/a
Retirement village									
FKP Property Group	3,198	42%	1.01	0.70	3.30	2.09	7.7x	22%	24%
Ryman Healthcare Ltd	1,638	11%	0.64	0.59	0.89	0.80	14.7x	-6%	11%
Metlifecare Ltd	1,011	28%	0.24	0.17	1.25	0.88	16.3x	n/a	n/a
Summerset Group Holdings Ltd[3]	419	24%	0.87	0.72	n/a	n/a	n/m	n/m	n/m
Forest Place Group Ltd	467	10%	n/m	n/m	n/m	n/m	4.7x	n/a	n/a
Average		**23%**	**0.69**	**0.55**	**1.81**	**1.26**	**10.86**	**8%**	**18%**
Diversified REIT									
Stockland Corp Ltd	9,653	24%	0.67	0.57	1.04	0.84	9.5x	-2%	2%
Goodman Group	7,931	23%	1.10	0.90	2.82	1.84	14.1x	21%	11%
Mirvac Group	6,373	34%	0.81	0.63	1.55	1.11	22.9x	100%	3%
Australand Property Group	3,419	38%	0.78	0.58	2.22	1.49	10.9x	-1%	5%
Charter Hall Group	1,639	5%	0.64	0.62	2.46	2.32	13.0x	35%	-4%
Abacus Property Group	1,591	51%	0.62	0.48	1.63	1.07	48.1x	335%	5%
Aspen Group Ltd	485	40%	0.63	0.42	1.68	1.06	16.8x	115%	8%
Average		**31%**	**0.75**	**0.60**	**1.91**	**1.39**	**19.32**	**86%**	**4%**
Property fund managers									
Peet Ltd	547	51%	1.08	0.82	1.25	0.94	10.8x	-13%	56%
Centuria Capital Ltd	92	83%	0.42	0.10	1.32	0.24	-11.2x	n/a	n/a
APN Property Group Ltd	5	-	0.73	0.73	2.04	2.04	-5.2x	n/a	n/a
Average		**45%**	**0.74**	**0.55**	**1.54**	**1.07**	**-1.90**	**-13%**	**56%**

Source: Thomson Reuters, Financial reports, Deloitte Corporate Finance analysis
Notes:
1. Enterprise value converted to AUD at an NZD exchange rate of 0.78 as at 20 April 2012
2. As at 20 April 2012
3. Summerset was listed in late 2011. Beta has been calculated from November 2011 to 18 January 2012
4. n/a = not available. n/m = not meaningful
5. Prospective financial information has been provided on the basis of assumptions and the achievement of prospective financial information is dependent on the outcome of the assumptions. This report expresses no opinion as to whether the prospective financial information will be achieved. Please refer to Appendix E for further important information about prospective financial information.

Descriptions for each of the above companies are provided in Appendix C.

The observed beta is a function of the underlying risk of the cash flows of the company, together with the capital structure and tax position of that company. This is described as the levered beta.

The capital structure and tax position of the entities in the table above may not be the same as those of ILF Group. The levered beta is often adjusted for the effect of the capital structure and tax position. This adjusted beta is referred to as the unlevered beta. The unlevered beta is a reflection of the underlying risk of the pre-financing cash flows of the entity.

Selected beta (β)

In selecting an appropriate beta for ILF Group we have considered the following:

- in our selection of an appropriate beta to reflect the risk profile of the cash flows underlying ILF Group's management arrangements we have placed greater emphasis on senior living operators compared to property fund managers, given that ILF Group is the only remaining asset managed by REIMA which would likely result in REIMA's cash flows being directly correlated with and exposed to the same risk profile of ILF Group's cash flows
- given that ILF Group's future strategy focuses primarily on exiting its offshore investments and focus on the Australian senior living market, although limited, we have placed greater emphasis on the Australian comparable companies selected above. We consider that Forest Place Group (Forest), Ryman Healthcare Ltd (Ryman), Metlifecare Ltd (Metlifecare) and Summerset Group Holdings Ltd (Summerset) to be the most comparable to ILF Group, given their size and nature of operations. However, we note that Forest's stock is highly illiquid due to its small size and free float percentage, while Ryman, Metlifecare and Summerset are exposed to the New Zealand property market and have aged care exposure. The two year and four year average unlevered beta for the retirement villages that are comparable to ILF Group is 0.55 and 1.26, respectively
- FKP Property Group is primarily exposed to the Australian senior living market, however, has limited comparability to ILF Group due to its more diversified revenue base (with approximately 76% of revenue derived from other property related businesses), exposure to aged care facilities and its significantly larger size compared to ILF Group
- diversified REITs, like retirement villages, are influenced by the growth prospects of the property sector. However, diversified REITs consist of companies whose operations include property investment in other sectors, including residential, office, retail, industrial and hotels as well as property construction, development and investment management. As such, their revenue base is more diversified than ILF Group and is also impacted by factors such as retail spending, business confidence, construction activity and investment levels. The two year and four year average unlevered beta for the diversified REITs is 0.60 and 1.39, respectively
- estimating future cash flows for retirement villages is inherently uncertain as it requires long-term estimates of regional property growth and resident turnover which are difficult to predict with precision. This uncertainty and the associated volatility in future cash flows relative to other traditional property classes (which many of the comparables have significant operations in) is likely not fully reflected in the observed betas above
- we observe a significant difference in betas calculated over a two-year period compared to those calculated over a four-year period. This is primarily attributable to the economic turbulence over the period 2009-2010 associated with the global financial crisis and the resulting tightening in credit markets, distressed asset sales and recapitalisations as well as sharp declines in property valuations. In particular, we note that the average share price volatility for the comparable companies identified above over the four-year period was 61%, compared to an average volatility of 31% over the two-year period. While the betas calculated over a two-year period are more recent and reflect relative economic stability, we consider, given the current European sovereign debt crisis and the general global economic uncertainty, that there is an element of economic risk that is not reflected in these betas. Moreover, we consider that more recently the Australian equities market has been influenced by European and US markets and has been less correlated with stocks of property operators relative to other sectors (such as financial services and mining), resulting in lower betas which may not fully reflect the cash flow risk of senior living and diversified property operators. This

lower correlation may be attributed to the recent underperformance of A-REITs and the unfavourable sentiment towards them, which have resulted in less trading activity and slower recoveries in share prices

- based on the factors considered above and our professional judgement, we have assumed an unlevered beta in the range of 1.1 to 1.2, a corporate tax rate of 30% and the debt to enterprise value of ILF Group of 25%, resulting in a re-levered beta in the range of 1.24 to 1.32.

Specific company risk premium (α)

The specific company risk premium adjusts the cost of equity for company specific factors, including unsystematic risk factors such as company size , depth and quality of management and customer, supplier or other concentration risk.

The CAPM assumes, amongst other things, that rational investors seek to hold efficient portfolios, that is, portfolios that are fully diversified. One of the major conclusions of the CAPM is that investors do not have regard to specific company risks (often referred to as unsystematic risk).

There are several empirical studies that demonstrate that the investment market does not ignore specific company risks. In particular, studies show that on average, smaller companies have higher rates of return than larger companies (often referred to as the size premium)

We have selected a specific company risk premium of 0.50% to 1.50%. In determining this amount we have had regard to:

- ILF Group's enterprise value which is significantly less than the enterprise values of comparable companies
- key person risk
- high levels of growth expected, particularly from brownfield and greenfield projects which exposes ILF Group to a higher degree of downside risks relative to the comparable companies.

Dividend imputation

Dividends paid by Australian corporations may be franked, unfranked, or partly franked. A franked dividend is one that is paid out of company profits which have borne tax at the company rate, currently 30%. Where the shareholder is an Australian resident individual or complying superannuation fund, it will generally be entitled to a tax credit (called an imputation credit) in respect of the tax paid by the company on the profits out of which the dividend was paid. If the recipient of the dividend is another company, the dividend will give rise to a credit in that company's franking account thereby increasing the potential of the company to pay a franked dividend at a later stage.

We have not adjusted the cost of capital or the projected cashflows for the impact of dividend imputation due to the diverse views as to the value of imputation credits and the appropriate method that should be employed to calculate this value. Determining the value of franking credits requires an understanding of shareholders' personal tax profiles to determine the ability of shareholders to use franking credits to offset personal income. Furthermore, the observed EMRP already includes the value that shareholders ascribe to franking credits in the market as a whole. In our view, the evidence relating to the value that the market ascribes to imputation credits is inconclusive.

Conclusion on cost of equity

Based on the above factors we arrive at a cost of equity, K_e, as follows:

Table 18: K_e applied to valuation of ILF Group

Input	Low	High
Risk free rate (%)	3.92	3.92
EMRP (%)	7.00	7.00
Relevered beta	1.24	1.32
Specific company risk premium (%)	0.50	1.50
K_e – calculated (%)	**13.10**	**14.66**

Source: Deloitte Corporate Finance analysis

Cost of debt capital (Kd)

We have estimated ILF Group's cost of debt to be in the range of 7.0% to 8.0%, based on the following:

- ILF Group's average cost of debt for FY11 of 7.2%
- the cost of debt of comparable companies identified above
- ILF Group's expected debt margins over BBSW in respect of its refinanced CBA facility as well as its planned Brownfield and Greenfield development facilities
- our selected level of gearing, as discussed below.

Debt and equity mix

We have calculated the debt to enterprise value of ILF Group, as at the date of this report, to be 25.0%, having regard to the following:

- ILF Group's look-through gearing of approximately 52.0% as at 31 December 2011, noting that the current position is not expected to persist over the long term
- ILF Group's anticipated reduction in gearing as a result of its exit of its offshore investments in the US and NZ
- the average market gearing of the comparable retirement village companies and diversified REITs identified above of approximately 20% to 30%.

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Calculation of WACC

Based on the above, we have assessed the nominal pre-tax WACC for ILF Group as follows:

Table 19: WACC applied to valuation of ILF Group

Input	Low	High
Cost of equity capital (%)	13.10	14.66
Cost of debt capital (%)	7.00	8.00
Debt to enterprise value ratio (%)	25.00	25.00
Tax rate (%)	30.00	30.00
WACC (%)	**11.05**	**12.40**
Pre-tax WACC	**15.80**	**17.70**
Selected pre-tax WACC (%)	**16.00**	**18.00**

Source: Deloitte Corporate Finance analysis

We have estimated ILF Group's WACC on a pre-tax basis to reflect the tax-neutral nature of ILF Group's cash flows, given that ILF Group is a passive trust for Australian tax purposes and accordingly is not a taxable entity. Moreover, given the quantum of tax losses available for ING Real Estate Community Living Management Trust as part of its development operations, it is unlikely that ILF Group will pay any income tax over the projected period.

Appendix C: Comparable companies

FKP Property Group (FKP)

FKP is an Australian property and investment group. The company is involved in the development, construction and supply of land and residential, commercial and industrial property, owning and operating independent living units and services apartments and funds management.

Ryman Healthcare Ltd (Ryman)

Ryman owns, develops and manages retirement villages across New Zealand, providing a range of senior living options for over 5,000 retirees. According to its FY11 annual report, Ryman has1,861 independent living units and 1,025 serviced apartments. Ryman's facilities include independent townhouses, serviced apartments and care centres.

Metlifecare Ltd (Metlifecare)

Metlifecare owns, develops and operates retirement villages in New Zealand. Metlifecare operates villas, apartments and care beds, providing a continuum of care for over 3,300 residents. The company reports future developments of 247 independent living operations.

Summerset Group Holdings Ltd (Summerset)

Summerset is a New Zealand based developer and operator of retirement villages and aged care facilities. The company operates 13 retirement villages, comprising 1,364 retirement units and 323 care beds, with an additional 4 villages under development. The Company provides a range of services, which include support, on-demand, food and beverage and care packages.

Forest Place Group Ltd (FPG)

FPG is an Australian based owner, developer and operator of retirement villages and an aged care facility. The company owns 5 retirement villages including Albany Creek, Clayfield, Cleveland, Durack and Taringa, all located in in South East Queensland market. The Cleveland and Clayfield villages are owned by syndicates of investors.

Stockland Corp Ltd (Stockland)

Stockland is an Australian based diversified real estate company operating in Australia and the United Kingdom. It is involved in developing master planned and mixed use residential and income producing properties and developing and managing retirement villages.

Goodman Group (Goodman)

Goodman is an Australian based property group involved in the ownership, development and management of industrial property, in addition to funds management and property services. It invests primarily in business parks, office parks, industrial estates and warehouse and distribution centres. The company has operations in the Australia, New Zealand, Hong Kong, China and Japan, Continental Europe and the UK.

Mirvac Group (Mirvac)

Mirvac is an ASX-listed property group involved in real estate activities across Australia and New Zealand. The company invests in retail, office, industrial and hotels through Mirvac Property Trust, manages listed and unlisted property trusts as well as hotels and resorts, and develops residential, office, industrial and retail development projects.

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Australand Property Group (Australand)

Australand is an Australian based diversified property group. The company is involved in property investment and development and funds management. It operated in four segments, namely, residential, commercial, industrial and investment property.

Charter Hall Group (Charter Hall)

Charter Hall is an Australian based property investment and funds management company. It holds interests in investment properties and property funds and performs property development activities.

Abacus Property Group (Abacus)

Abacus is a diversified Australian property group. It is involved in the ownership and development of commercial, retail and industrial property and funds management. Moreover, it is involved in the provision of secured lending and property financing solutions.

Aspen Group Ltd (Aspen)

Aspen is an Australian based property company. It generates revenues through net rental income from properties held in its property trust and fees from funds management earned from the management of unlisted property funds and syndicates.

Peet Ltd (Peet)

Peet is an Australian company involved in three main segments; funds management/land syndication, which involves the acquisition of land funded by external equity capital, company-owned projects, which involve primarily the purchase and development of residential properties and the purchase, development and selling of land through joint ventures.

Centuria Capital Ltd (Centuria)

Centuria (previously known as Over Fifty Group Limited) is involved in two business lines, property funds, which specialise in the management and marketing of unlisted property investments, and financial services, which offers a range of investment products that include investment bonds, education plans, insurance products and mortgage lending.

APN Property Group Ltd (APN)

APN is an Australia based boutique real estate fund manager with operations in Australia and Europe. Its fund products are segmented into real estate securities funds, retail funds, real estate private funds and European real estate funds. In addition it provides registry services and earns revenue from property investment.

Appendix D: Sources of information

In preparing this report we have had access to the following principal sources of information:

- the term sheet, the explanatory memorandum and the implementation agreement related to the Proposed Transaction
- ILF Group's financial reports and management accounts
- annual reports for comparable companies
- relevant company websites
- publicly available information on comparable companies and market transactions published by ASIC, Thomson research, ThomsonReuters, SDC Platinum and Mergermarket
- IBIS World company and industry reports
- other publicly available information, media releases and brokers reports.

In addition, we have had discussions and correspondence with certain directors and executives, including Simon Owen, CEO; and Peter Day, Head of Finance, Operations and IT, in relation to the above information and current operations and prospects of ILF Group.

Appendix E: Qualifications, declarations and consents

The report has been prepared at the request of the Independent Directors of Current RE and is to be included in the Explanatory Memorandum to be given to Unitholders for approval of the Proposed Transaction. Accordingly, it has been prepared only for the benefit of the Independent Directors and those persons entitled to receive the Explanatory Memorandum in their assessment of the Proposed Transaction outlined in the report and should not be used for any other purpose. Neither Deloitte Corporate Finance, Deloitte Touche Tohmatsu, nor any member or employee thereof, undertakes responsibility to any person, other than the Unitholders and Current RE, in respect of this report, including any errors or omissions however caused. Further, recipients of this report should be aware that it has been prepared without taking account of their individual objectives, financial situation or needs. Accordingly, each recipient should consider these factors before acting on the Proposed Transaction. This engagement has been conducted in accordance with professional standard APES 225 Valuation Services issued by the APESB. The report represents solely the expression by Deloitte Corporate Finance of its opinion as to whether the Proposed Transaction is fair and/or reasonable and whether it is in the best interests of Non-Associated Unitholders.

Statements and opinions contained in this report are given in good faith but, in the preparation of this report, Deloitte Corporate Finance has relied upon the completeness of the information provided by Current RE and its officers, employees, agents or advisors which Deloitte Corporate Finance believes, on reasonable grounds, to be reliable, complete and not misleading. Deloitte Corporate Finance does not imply, nor should it be construed, that it has carried out any form of audit or verification on the information and records supplied to us. Drafts of our report were issued to Current RE management for confirmation of factual accuracy.

In recognition that Deloitte Corporate Finance may rely on information provided by Current RE and its officers, employees, agents or advisors, Current RE has agreed that it will not make any claim against Deloitte Corporate Finance to recover any loss or damage which Current RE may suffer as a result of that reliance and that it will indemnify Deloitte Corporate Finance against any liability that arises out of either Deloitte Corporate Finance's reliance on the information provided by Current RE and its officers, employees, agents or advisors or the failure by Current RE and its officers, employees, agents or advisors to provide Deloitte Corporate Finance with any material information relating to the Proposed Transaction.

To the extent that this report refers to prospective financial information we have considered the prospective financial information and the basis of the underlying assumptions. The procedures involved in Deloitte Corporate Finance's consideration of this information consisted of enquiries of Current RE personnel and analytical procedures applied to the financial data. These procedures and enquiries did not include verification work nor constitute an audit or a review engagement in accordance with standards issued by the AUASB or equivalent body and therefore the information used in undertaking our work may not be entirely reliable.

Based on these procedures and enquiries, Deloitte Corporate Finance considers that there are reasonable grounds to believe that the prospective financial information for Current RE included in this report has been prepared on a reasonable basis in accordance with ASIC Regulatory Guide 111. In relation to the prospective financial information, actual results may be different from the prospective financial information of Current RE referred to in this report since anticipated events frequently do not occur as expected and the variation may be material. The achievement of the prospective financial information is dependent on the outcome of the assumptions. Accordingly, we express no opinion as to whether the prospective financial information will be achieved.

Deloitte Corporate Finance holds the appropriate Australian Financial Services licence to issue this report and is owned by the Australian Partnership Deloitte Touche Tohmatsu. The employees of Deloitte Corporate Finance principally involved in the preparation of this report were Tapan Parekh, Director, B.Bus, M.Com, CA, F.Fin; Rachel Foley-Lewis, Director, B.Comm, CA, F.Fin; Dave Pearson, Senior Manager, B.Comm., CBV, CFA, CA; and Omar Safadi, Manager, BEc, CFA, CFM/CMA. Each has many years of experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of expert reports.

Neither Deloitte Corporate Finance, Deloitte Touche Tohmatsu, nor any partner or executive or employee thereof has any financial interest in the outcome of the proposed transaction which could be considered to affect our ability to render an unbiased opinion in this report. Deloitte Corporate Finance will receive a fee of approximately AUD100,000 exclusive of GST in relation to the preparation of this report. This fee is based upon time spent at our normal hourly rates and is not contingent upon the success or otherwise of the Proposed Transaction.

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17 April 2012

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The Directors
ING Management Limited as responsible entity for
ING Real Estate Community Living Group
Level 6
345 George Street
SYDNEY NSW 2000

Dear Directors

ING REAL ESTATE COMMUNITY LIVING GROUP ("ILF")
TAXATION REPORT

We detail below the Australian taxation consequences that will arise for ILF's stapled security holders as a consequence of ILF's proposed internalisation of management. This report should be read in conjunction with the Explanatory Memorandum.

Please note that as agreed, we have only considered the Australian Income Tax and Australian Goods and Services Tax ("GST") issues within the scope of our advice. We have not considered any other legal or commercial issues surrounding the transaction.

The following taxation commentary is based on the relevant taxation legislation as presently incorporated in the *Income Tax Assessment Act 1936*, *Income Tax Assessment Act 1997* and *A New Tax System (Goods and Services Tax) Act 1999* and is subject to any future changes to that legislation.

This taxation commentary is general in nature, as the circumstances of each investor may vary. Accordingly, we disclaim any responsibility to any investor who does not obtain independent advice from his or her own professional adviser.

This taxation commentary has been prepared for investors who hold their securities as capital assets. It does not deal with implications for investors that acquire their securities for the predominant purpose of resale at a profit or who conduct a business of trading in securities.

1. Facts and Assumptions

The facts upon which our advice is based are primarily contained in the Implementation Deed, including all accompanying schedules. Below we have listed all pertinent facts and assumptions:

a) ING Real Estate Investment Management Australia Pty Ltd ("REIMA") has established the following new companies:

    i) Ingenia Communities Holdings Limited ("IGCH"), which will initially be a wholly owned subsidiary of REIMA; and

    ii) A wholly-owned subsidiary of IGCH called Ingenia Communities RE Limited (the "New RE").

b) The New RE will obtain an Australian Financial Services Licence ("AFSL") with the requisite authorisations to enable it to become the responsible entity of the ING Real Estate Community Living Fund ("ILF Fund") and the ING Real Estate Community Living Management Trust ("ILF Trust") in place of ING Management Limited (the "Current RE");

c) IGCH will acquire 100% of the shares in the companies who act as trustees for the subsidiary trusts of ILF. The consideration for this acquisition will be nil or nominal;

d) REIMA will transfer its interests in the New Zealand Students portfolio to IGCH, consisting of:

   i) Units held in the ING NZ Subsidiary Unit Trust No.1; and

   ii) Shares held in ING NZ Community Pty Ltd.

e) ILF stapled security holders that have a registered address overseas other than in New Zealand and Hong Kong ("Foreign Resident Holders") will be required to sell their stapled securities via a Sale Facility. The Current RE, acting as agent and attorney, will transfer the stapled securities of such investors to a Nominee who will then sell the stapled securities on their behalf after the IGCH shares have been issued and stapled to units in ILF Fund and ILF Trust;

f) The Current RE will make a pro-rata return of capital (the "Capital Distribution") of $6 million to all ILF stapled security holders in its capacity as responsible entity for the ILF Fund. The Capital Distribution will be held by the Current RE as agent for each ILF stapled security holder;

g) The Current RE will de-staple the units of the ILF Fund and the ILF Trust;

h) ILF stapled security holders will be issued one fully-paid ordinary IGCH share for every one ILF stapled security held in exchange for an amount of share capital per IGCH share. This amount will be paid by the Current RE, as agent for each ILF stapled security holder. The Current RE will use the Capital Distribution mentioned at f) to fund the issue of IGCH shares to ILF stapled security holders;

i) IGCH will, in accordance with section 257D of the *Corporations Act*, buy-back the IGCH shares held by REIMA;

j) IGCH and the Current RE will staple together all units in the ILF Fund, all units in the ILF Trust and all shares in IGCH in the ratio of 1:1:1;

k) The Capital Distribution will be funded from the contributed equity capital account of the ILF Fund; and

l) We have assumed that REIMA and all other entities covered by this advice are residents of Australia for tax purposes.

If any of the abovementioned facts are incorrect or the assumptions made are not reasonable, please notify us as our advice may change.

DETAILED ADVICE

2. Taxation Treatment of the Capital Distribution

The Capital Distribution will not be included in the assessable income of ILF stapled security holders. However, ILF stapled security holders will need to reduce the cost base of their units in the ILF Fund by an amount equal to the Capital Distribution. If the cost base of an ILF stapled security holder's units in the ILF Fund is reduced to nil, any remaining amount of the Capital Distribution will give rise to a capital gain.

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3. Foreign Resident Holders – Sale Facility

When the stapled securities of a Foreign Resident Holder are disposed of on their behalf, the taxation consequences can generally be disregarded if the Foreign Resident Holder is also a foreign resident for Australian tax purposes (see Section 5 below).

If the Foreign Resident Holder is an Australian resident for Australian tax purposes, the Foreign Resident Holder will derive a capital gain to the extent that the capital proceeds from the sale exceed the cost base of their stapled securities. Alternatively, the Foreign Resident Holder will incur a capital loss to the extent that the capital proceeds from the sale are less than the reduced cost base of their stapled securities.

4. Taxation Treatment of Capital Gains

A taxpayer's assessable income for an income year includes their net capital gain for that income year.

A taxpayer's net capital gain for an income year is equal to their total capital gains for that income year reduced by:

i) Their total capital losses for that income year;

ii) Their total capital losses carried forward from previous income years;

iii) The applicable discount percentage of the amount remaining after ii); and

iv) The applicable small business concessions available in respect of an amount remaining after iii).

Any capital gain remaining after ii) may be eligible to be discounted, provided that the relevant asset has been held for 12 months or more. The applicable discount will depend on the ILF stapled security holder's classification. Individuals and trusts are entitled to a 50% discount. Complying superannuation funds are entitled to a 33% CGT discount. No discount is available to companies.

5. Exception for Foreign Residents

An ILF stapled security holder can disregard a capital gain or loss if:

i) They were a foreign resident for Australian tax purposes at the time that they derived the capital gain or incurred the capital loss; and

ii) They have a portfolio interest in the ILF Fund and the ILF Trust.

Broadly, a taxpayer has a portfolio interest in an entity if the sum of the direct and indirect ownership interests held by the taxpayer and their associates in that entity are less than 10% of the total ownership interests in that entity.

6. IGCH Shares issued to ILF Stapled Security Holders

The cost base of the IGCH shares issued to ILF stapled security holders will include the Capital Distribution the ILF stapled security holders receive which is applied on their behalf by the Current RE for the issue of the IGCH shares.

7. Goods and Services Tax

No goods and services tax applies on the issue of shares in IGCH or the Capital Distribution.

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8. Stapling/De-stapling of Securities

Stapling applies restrictions to the transferability of the individual securities that together make up the ILF stapled securities so that they cannot be sold separately. However, each individual security that makes up an ILF stapled security at any time retains its legal character and is a separate asset at law. Accordingly, the de-stapling and stapling of securities that is proposed to take place in the course of the internalisation of ILF's management will not trigger any tax events.

9. No Resettlement

Sometimes, changes to a trust are such that for income tax purposes the trust comes to an end to be replaced by another. This situation is often referred to as a resettlement. The consequences of terminating the trust include:

- Realisation at the trustee level of the trust property with associated CGT consequences;
- The loss of carried forward tax benefits such as tax losses; and
- The disposal by beneficiaries of their interests and an acquisition of interests in the new trust.

In our view, the arrangement considered herein will not, of itself, cause the ILF Fund or the ILF Trust to be resettled.

10. Disclaimer

As you are aware, the contents of this letter of advice pertain solely to the facts, circumstances and assumptions set out in this letter of advice, which you presented to us. Our conclusions may not be valid if there is any change in those facts, circumstances and assumptions. We believe that statements made in this letter of advice are accurate, but no warranty of accuracy or reliability is given other than where required by the Corporations Act 2001.

Accordingly, neither Moore Stephens Melbourne Pty Ltd nor any member or employee of Moore Stephens Melbourne Pty Ltd, undertakes responsibility arising in any way whatsoever to any persons other than Current RE acting in its capacity as Responsible Entity for ILF Fund and ILF Trust in respect of this letter of advice, for any error or omissions herein, arising through negligence or otherwise howsoever caused, other than where required by the Corporations Act 2001.

The letter of advice is not to be used for any purposes other than those specified herein, nor may extracts or quotations be made without our express written consent.

Our letter of advice is also based on the tax laws current at the date of this advice. We will not be obliged to update our advice for any future changes in the tax law unless specifically requested by you in writing.

Yours sincerely

Daren Yeoh
Director
MOORE STEPHENS
MELBOURNE PTY LTD

Annexure C

Summary of the Material Documents in connection with the Proposal

This Section summarises the relevant provisions of the material documents in connection with the Proposal.

1. Implementation Deed

An Implementation Deed dated 27 March 2012 was entered into by REIMA, the Current RE (in its personal capacity, in its capacity as responsible entity of ILF Fund, and in its capacity as responsible entity of ILF Trust), New RE, IGCH and RECS (the **Parties**) to set out the agreed terms on which the Proposal will be implemented.

A summary of the key terms of the Implementation Deed is set out below. **The terms of the Implementation Deed may be varied from time to time by its parties**.

1.1 Agreement to implement the Proposal

Each of the Parties must co-operate fully with each other in satisfying the requirements under the Implementation Deed and undertake to use their best endeavours to give effect to the Proposal, including:

a) satisfying the conditions precedent as outlined in paragraph 1.4;

b) completing all transaction steps and actions required to implement the Proposal as outlined in paragraph 1.5 below; and

c) procuring that their respective subsidiaries comply with their obligations under the Implementation Deed, as soon as reasonably practicable.

1.2 Obligations in relation to the Proposal

Payments and Fees

a) (**Payment for management rights**) Neither New RE nor IGCH will be required to make any payment in connection with the change in responsible entity of ILF Group or pay any fee in connection with the Proposal.

b) (**Management fees**) Current RE will be entitled to management fees payable to the responsible entity of ILF Group up to and including the Implementation Date (of which $2.5 million will be waived) and $1 million (plus applicable GST) was required to be paid within 2 Business Days of signing the Implementation Deed. After the Implementation Date the New RE will be entitled to management fees as the responsible entity of the ILF Group.

c) (**Reimbursement costs**) New RE agrees to pay REIMA out of the assets of ILF Group all costs and liabilities incurred by REIMA in connection with the Proposal.

d) (**Stamp duty**) New RE must pay all stamp duty arising in respect of the Implementation Deed.

e) (**Costs and expenses**) Except as otherwise provided, each Party must pay its own costs and expenses in connection with the Implementation Deed and the Proposal.

Undertaking of the Parties

f) (**General undertakings**) Each of the Parties must prepare and use best endeavours to assist in the preparation of documents in connection with the Proposal (including the Explanatory Memorandum and other transaction documents), ensure that those documents do not contain misleading or deceptive statements or material omissions and are compliant with applicable laws and regulatory policy, and must execute all documents and do all things within its power as may be necessary or desirable for the implementation of the Proposal.

g) (**Current RE's undertakings**) The Current RE must execute the Deed of Retirement and Appointment (**DRA**) for the change in responsible entity and deliver to New RE certain documents in relation to ILF Group as required by the DRA, prepare the Explanatory Memorandum (which needs to be submitted to ASX and ASIC for review and comply with Listing Rule and Corporations Act requirements) and obtain necessary approvals from the Parties as to the inclusion of their information in the Explanatory Memorandum, and use reasonable efforts to satisfy questions and any information required by IGCH or New RE.

h) (**IGCH's undertakings**) IGCH must procure that New RE executes the DRA, prepare the Prospectus (which needs to be submitted to ASX and ASIC for review) and obtain necessary approvals from the Parties for inclusion of their information in the Prospectus.

i) (**Transfer of units in NZ Trust**) REIMA must transfer its units in the NZ Trust to the New RE.

j) (**Transfer of sub-trustees**) Each of RECS, REIMA and IML must transfer their respective shares in the companies which are currently trustees of sub-trusts of the ILF Group to IGCH (the Sub Trustees Companies).

k) (**Execution of DRA**) New RE must execute the DRA at the signing of the Implementation Deed.

Conduct of business

During the interim period from when the Implementation Deed and DRA are both executed (being 27 March 2012) up to the Implementation Date, the Current RE must continue to act as the responsible entity of ILF Group and ensure that ILF Group and each of its subsidiaries and sub-trusts conduct their respective businesses in the ordinary and proper course of those businesses. The Current RE must not communicate with the financiers of ILF Group without providing New RE with the opportunity to be involved.

1.3 Indemnities

Each of the Parties indemnifies the other Party from all liabilities incurred by reason of:

a) any breach of any of the representations or warranties; and

b) subject to the Corporations Act, any statements in the Explanatory Memorandum and/or Prospectus which the indemnifying Party has consented to the inclusion of or is otherwise responsible for under the Implementation Deed, containing any false or misleading statement.

In addition, IGCH indemnifies REIMA against losses suffered in connection with any breach by IGCH of the provisions regarding the use of ING marks and licensed materials.

The maximum aggregate liability of REIMA, the Current RE, IML and RECS is $250,000 and written notice must be given within 10 days of the Party becoming aware of the claim.

1.4 Conditions Precedent

The obligations of the parties under the Implementation Deed are subject to and conditional upon the satisfaction or waiver of each of the following conditions precedent. Each of the Parties must use best endeavours to procure that each of the conditions precedent is satisfied.

The key conditions are:

a) (**AFSL**) New RE has obtained an AFSL from ASIC in a form appropriate for acting as responsible entity of ILF Fund and ILF Trust;

b) (**Independent Expert's Report**) the Independent Expert's Report concludes that the Proposal is fair and reasonable and is in the best interest of Unitholders and this opinion has not changed, been modified or been withdrawn;

c) (**Best interests**) the Current RE considers that the Proposal is in the best interest of Unitholders;

d) (**ASIC relief**) all relevant ASIC relief has been granted, and in respect of any ASIC relief not granted, ASIC has indicated in writing that such relief is not required;

e) (**ASX waivers**) all relevant ASX waivers and confirmations have been granted, and in respect of any ASX waivers or confirmation not granted, ASX has indicated in writing that such waiver or confirmation is not required;

f) (**Resolutions**) the Proposal Resolutions are passed by the Unitholders;

g) (**No superior proposal**) there is no competing proposal from a third party made before the Implementation Date that the Current RE determines is more favourable to the Unitholders than the current Proposal;

h) (**Regulatory action**) no regulatory authority (including ASIC, ASX or any other governmental or regulatory authority) or judicial entity or authority has taken any action or made any preliminary or final order or decree (or commencing or threatening to do so) which restrains or prohibits the implementation of the Proposal or any transaction contemplated by the Proposal;

i) (**Consents and approvals**) the Current RE receives on terms acceptable to it change of control consents from relevant third parties in relation to the Proposal, and such consents have not changed, been modified or withdrawn;

j) (**Buy-back approval**) REIMA has approved the selective buy-back of its shares in IGCH in accordance with section 257D of the Corporations Act that will occur on the Implementation Date;

k) (**No prescribed occurrence**) certain prescribed events do not occur, such events include an encumbrance being created over the business or property of ILF Group and the disposal of a substantial part of the business or property of ILF Group; and

l) (**Not insolvent**) IGCH, New RE, the Current RE, ILF Group, REIMA, IML or any subsidiaries of ILF Group do not become insolvent.

If there is a breach of a condition precedent or a condition precedent is not satisfied or will be prevented from being satisfied and in both circumstances the condition precedent has not been waived by the date specified for its satisfaction, then the Current RE and New RE must consult in good faith to determine whether the Proposal may proceed by way of alternative means or methods, or to extend the relevant dates for satisfaction of the conditions or the termination date of the Implementation Deed.

Despite any other provision in the Implementation Deed, if prior to the Meeting Date the Current RE determines that the implementation of the Proposal is no longer in the best interests of the Unitholders, the Proposal shall not be implemented and the Current RE may terminate the Implementation Deed without any liability to any other party.

1.5 Implementation Steps

The steps for implementation of the Proposal on the Implementation Date are as follows:

a) the Current RE, as agent for each Foreign Resident Holder, transfers Stapled Securities held by Foreign Resident Holders as at the Record Date to a nominee of the Sale Agent;

b) the Current RE makes a capital distribution to all Unitholders (on the register immediately following the transfer to a nominee of the Sale Agent under paragraph (a) above) which is then held by the Current RE as agent for the Unitholders;

c) ILF Fund units and ILF Trust units are unstapled;

d) the capital distribution made under paragraph (b) above is applied by the Current RE towards one fully paid ordinary IGCH share to be issued to Unitholders (other than Foreign Resident Holders) for every one Existing Stapled Security they held as at the Record Date;
e) after a transfer of their Existing Stapled Securities to a nominee of the Sale Agent under the Sale Facility (see paragraph (a) above), Foreign Resident Holders will not be Unitholders as at this Record Date and therefore not eligible to participate in the offer for shares in IGCH;
f) IGCH buys back (and then cancels) the one IGCH share held by REIMA;
g) units in ILF Fund, ILF Trust and all shares in IGCH are stapled in a ratio of 1:1:1;
h) RECS, IML and REIMA transfer full shareholding in each of the Subsidiary Trustee Companies to IGCH:
i) REIMA transfers its units in NZ Trust to the New RE;
j) the Current RE notifies ASIC of the change in responsible entity of ILF Fund and ILF Trust to New RE; and
k) New RE pays REIMA out of the assets of ILF Trust and/or ILF Fund the following:
    (i) all reasonable costs and expenses in applying for and obtaining an AFSL for the New RE;
    (ii) all reasonable costs and expenses in obtaining the Independent Expert's Report;
    (iii) all reasonable costs and expenses in connection with the appointment of directors to the IGCH board prior to the Implementation Date;
    (iv) all reasonable costs and expenses incurred in relation to new employment contracts with ILF Group staff;
    (v) all reasonable costs and expenses incurred in relation to extending REIMA's prospectus liability insurance to provide adequate cover in relation to the Prospectus; and
    (vi) all other reasonable costs, expenses and liabilities incurred by REIMA in connection with the Proposal.

1.6 Transitional Services

REIMA is to provide Transitional Services to Ingenia Communities following implementation of the Proposal as follows:

a) REIMA must provide the following from the Implementation Date to 31 August 2012:
    (i) (**IT infrastructure support services**) certain infrastructure, equipment and system access for the IT system to be utilised by Ingenia Communities; and
    (ii) (**reasonable assistance for IT infrastructure support services**) reasonable assistance requested by Ingenia Communities in relation to the services set out in paragraph above, provided such requests are timely, reasonable, clear and consistent with REIMA's obligations under the Implementation Deed;
b) REIMA will provide the following from the Implementation Date to 25 August 2012:
    (i) (**Dedicated staff**) the services of those ILF Group staff it presently employs that do not become Ingenia Communities staff;
    (ii) (**Preparation of documents**) reasonable assistance in relation to the preparation of:
        A) financial reports for ILF Group and Ingenia Communities and their subsidiaries for the financial year ending 30 June 2012;
        B) any necessary reports to Ingenia Communities' compliance committee and an audit of those compliance plans by the compliance plan auditor; and
        C) any document or report required to be prepared under the Implementation Deed in relation to the management representation procedure,

        as it relates to the period during which IML was the responsible entity of ILF Group; and
    (iii) (**Support and relevant information and records**) support from administration staff, compliance team, legal counsel, IT and communications staff, and access to compliance policies, compliance returns, IT and communications data, information relating to data transfer and conversion and other relevant information and records;
c) (**Resourcing levels**) REIMA must use reasonable endeavours to ensure that it has adequate resources and personnel available until 31 August 2012 to enable it to discharge its obligations under the Implementation Deed and under section 601FR of the Corporations Act; and
d) (**Indemnity**) Ingenia Communities agrees to indemnify REIMA from and against all liability which REIMA suffers or incurs by reason of the provision of the Transitional Services except where the liability is suffered or incurred in connection with REIMA's fraud, wilful misconduct or gross negligence.

1.7 Termination

The Implementation Deed may be terminated in the following circumstances:

a) if a party breaches a term of the Implementation Deed that is material to the Proposal, and that party does not remedy the breach within the prescribed time;
b) if there is mutual agreement of the parties prior to the Implementation Date to terminate the Implementation Deed;
c) in the event that a condition precedent is not satisfied by the relevant date for its satisfaction (other than as a result of a breach or deliberate act or omission by the party seeking termination), if the New RE and the Current RE are unable to reach any agreement, as to whether the Proposal may proceed by way of alternative means, or to extend

the relevant date for satisfying the condition precedent, or to extend the termination date for the Implementation Deed and the relevant condition precedent (as outlined under 'Conditions Precedent' in Section 1.4) has not been waived by the relevant date (in which case the Current RE or IGCH may terminate the Implementation Deed); and

d) if the Current RE determines that the implementation of the Proposal is no longer in the best interests of the Unitholders.

2. Deed of retirement and appointment of responsible entity

Current RE and New RE have entered into a deed of retirement and appointment (**DRA**) which provides for the terms on which the Current RE will retire and New RE will be appointed as responsible entity of ILF Fund and ILF Trust (provided that the Proposal is approved by Unitholders and all other conditions are satisfied).

Under the DRA:

- (**retirement and appointment**) the Current RE will retire as responsible entity of ILF Fund and ILF Trust and be replaced by New RE, in accordance with section 601FL of the Corporations Act, on and from the Effective Time;
- (**New RE's obligations**) New RE consents to act as the responsible entity of ILF Fund and ILF Trust and agrees to be bound by the provisions of ILF Fund Constitution and ILF Trust Constitution, on and from the Effective Time;
- (**Current RE's obligations**) Current RE will lodge with ASIC the necessary notices under section 601FL of the Corporations Act requesting that the records of registration be altered to name New RE as the responsible entity of ILF Fund and ILF Trust;
- (**rights, obligations and liabilities**) the rights, obligations and liabilities of Current RE in relation to ILF Group or any document to which the Current RE is a party will become that of New RE in accordance with sections 601FS and 601FT of the Corporations Act;
- (**indemnities**) the Current RE and New RE each provide respective indemnities in respect of losses resulting from performance or non-performance or breach of obligations and duties in relation to ILF Group;
- (**procedure on retirement**) each of the Current RE and New RE will do all such things and execute all such documents as may be reasonably required to give effect to the retirement of the Current RE and appointment of New RE, including the vesting of assets in New RE, delivery of records to New RE, and notification and cooperation with respect to any claims that may arise; and
- (**fees and duties**) the Current RE and New RE each have respective entitlements to fees in accordance with the ILF Fund Constitution and ILF Trust Constitution. The New RE agrees to pay stamp duty and other taxes of a similar nature payable in connection with the DRA or any transaction contemplated by the DRA.

3. IGCH constitution

The constitution of IGCH sets out the rights and benefits attaching to the IGCH shares that will be issued to Unitholders (other than Foreign Resident Holders) on the Implementation Date if the Proposal is implemented. The key provisions of the IGCH constitution include.

- (**Shares**) the directors of IGCH may issue and allot or dispose of IGCH shares or grant options over unissued IFLH shares.
- (**Capital reallocation**) for the purposes of a capital reallocation with an entity whose securities are stapled to IGCH shares (Stapled Entity), IGCH may issues IGCH shares (Capital Reallocation Shares) to a Stapled Entity if immediately following the issue, the Capital Reallocation Shares will be distributed pro rata to the holders of the New Stapled Securities or the Stapled Entity makes an application as agent for the holders of the New Stapled Securities and applies a distribution of capital paid by that Stapled Entity towards the acquisition.
- (**Transfer of shares**) an IGCH shareholder may transfer shares however the IGCH directors may refuse to register any transfer where the shares are not quoted by ASX. Where the shares are quoted by ASX, the directors of IGCH may refuse to register a transfer in any of the circumstances permitted by the Listing Rules. The IGCH directors must refuse to register any transfer of shares where they are required to do so by the Listing Rules and the IGCH constitution.
- (**Stapling**) IGCH may cause an IGCH share to be stapled and may forfeit IGCH shares after the security stapled to the relevant IGCH shares is forfeited under the constitution of the Stapled Entity. Transfers of a IGCH share must be accompanied by a transfer of the securities stapled to it and representatives of a Stapled Entity may attend and speak at any meeting of IGCH members.

  IGCH may also determine that unstapling may occur where each Stapled Entity makes a similar determination, an administrator, manager, receiver, liquidator or similar officer is appointed to any Stapled Entity, or by approval by a special resolution of the IGCH members and the members of each Stapled Entity.
- (**General meetings**) an IGCH director may call a meeting of shareholders and must call annual general meetings in accordance with the Corporations Act. The IGCH shareholders may also request or call and arrange to hold general meetings in accordance with the Corporations Act. Each shareholder is entitled to receive notice of general meetings and to receive all notices, financial statements and other IGCH documents required to be sent to them under the Corporations Act and Listing Rules.
- (**Votes of members**) at an IGCH general meeting, every IGCH shareholder has one vote on a show of hands and one vote for each fully paid IGCH share on a poll or a fraction of a vote equivalent to the proportion which the amount paid is of the total amounts paid.
- (**Appointment and removal of directors**) by resolution passed in a general meeting, an IGCH director may be removed and where that outgoing IGCH director is a non-executive director, another may be elected.

- (**Powers and duties of directors**) the IGCH directors may exercise all powers of the company that the IGCH constitution, Corporations Act or the Listing Rules do not require to be exercised by IGCH a general meeting. The powers of the IGCH directors include the power to borrow money, charge any property or business of IGCH, give a security, and to provide a guarantee.
- (**Dividends and reserves**) the IGCH directors may by resolution declare a dividend or determine a dividend is payable. The IGCH directors may also set aside an amount out of profits as a reserve before such declaration or determination.

  All fully paid IGCH shares are entitled to participate in dividends equally.

  The IGCH directors may:
  - deduct amounts payable by the relevant IGCH shareholder to IGCH from the dividend payable;
  - resolve to pay a dividend wholly or partly by the transfer or distribution of specific assets;
  - establish a plan under which IGCH shareholders may elect to reinvest cash dividends by subscribing for IGCH shares;
  - to the extent authorised by resolution in a general meeting, resolve that IGCH shareholders may elect to receive IGCH shares in lieu of dividends; and
  - resolve to capitalise IGCH's profits or reserves for distribution.
- (**Winding up**) the liquidator may, with the sanction of a special resolution, divide IGCH's assets amongst IGCH shareholders or vest all or any of IGCH's assets in a trustee.
- (**Shareholder disclosure**) where an IGCH shareholder enters into an arrangement restricting transfer or other disposal of IGCH shares and it is an arrangement which IGCH is required to disclose under the Listing Rules, then the IGCH shareholder must provide the required information to IGCH.

4. Sale Facility Agreement

The Current RE, the Sale Agent and a nominee of the Sale Agent, Berne No. 132 Nominees Pty Ltd (ACN 010 413 591) (**Nominee**) have entered into a sale facility agreement which sets out how Existing Stapled Securities and New Stapled Securities attributable to Foreign Resident Holders are to be dealt with under the Sale Facility (**Sale Facility Agreement**). The key provisions are set out below.

- (**Operation of the Sale Facility**) the Nominee agrees to acquire the Existing Stapled Securities of Foreign Resident Holders and, following the stapling of IGCH shares to Existing Stapled Securities, to make the New Stapled Securities available for sale. The Sale Agent is responsible for the sale of the New Stapled Securities of Foreign Resident Holders which includes:
  - arranging for the New Stapled Securities held by the Nominee to be sold in such manner it considers appropriate, within 15 ASX settlement days of commencement of quotation of the New Stapled Securities (on a normal settlement basis);
  - effecting the sale in such manner, at such price or prices and on such other terms as the Sale Agent determines in good faith with the objective of achieving the best price reasonably obtainable at the time of the sale bearing in mind:
    - the ASX Market Rules;
    - the total number of New Stapled Securities for sale;
    - the prevailing market conditions (including the prevailing price of New Stapled Securities on ASX);
    - the prevailing demand for New Stapled Securities;
    - the desire to maintain an orderly secondary market in New Stapled Securities; and
    - the period in which the sale of the New Sale Securities under the Sale Facility is to be completed;
  - effecting or procuring the delivery of the New Stapled Securities; and
  - within 10 Business Days after settlement of all sales under the Sale Facility has occurred, procuring that Link Market Services Limited:
    - remits the net proceeds of sale to the registry for payment to the Foreign Resident Holders; and
    - sends a transaction confirmation to each Foreign Resident Holder.
- (**Fees**) the Sale Agent is entitled to be paid a brokerage fee of 1.0% of the aggregate gross proceeds of the sale of the New Stapled Securities plus any taxes, stamp duty or third party charges. The brokerage fee is deducted from the gross proceeds before remittance. If the Sale Facility Agreement is terminated, the Sale Agent is not entitled to the brokerage fee other than what it has already received.
- (**Termination**) a party may terminate the Sale Facility Agreement by written notice where another party has breached its obligations under the Sale Facility Agreement and failed to remedy the breach within 2 business days of receiving a notice to do so. The obligation to remit the sale proceeds cannot be terminated. If the Sale Facility Agreement is terminated, the parties must use reasonable endeavours to agree steps required to terminate the Sale Facility in an orderly and timely basis. Termination of the Sale Facility Agreement does not affect any rights, liabilities or remedies of any party which accrued prior to termination.
- (**Compliance**) the Sale Agent, in operating the Sale Facility, must comply with all applicable laws and regulatory requirements including any ASIC relief relating to the Sale Facility, provided that it shall not be liable to the extent that any breach of such laws and regulatory requirements is caused or contributed to by the Current RE or its directors, officers, employees, agents or contractors.

Annexure D
Constitutional Amendments

ING Real Estate Community Living Fund

The constitution of the ING Real Estate Community Living Fund is proposed to be amended as follows:

- In clause 1.1:
  - (a) inserting the following definition after 'Associate':

    "'**Attached Security**' means a Security which is from time to time Stapled or to be Stapled to a Unit.";
  - (b) inserting the following definition after 'Corporations Act':

    "'**Corresponding Number**' in relation to an Attached Security at any time, means the number of those Attached Securities that are Stapled to an issued Unit at that time.";
  - (c) deleting the definition of 'Stapled Company' and replacing with the following new definition of 'Stapled Entity':

    "'**Stapled Entity**' means any trust, body corporate, managed investment scheme or other entity, Securities in or of which are Stapled to Units.";
  - (d) deleting the definition of 'Stapled Security' and replacing with the following new definition of 'Stapled Security':

    "'**Stapled Security**' means a Unit and each Attached Security which are Stapled together.";
  - (e) inserting the following definition after 'Stapled Security':

    "'**Stapled Security Register**' means the register of Stapled Securities to be established and maintained by or on behalf of the Responsible Entity under clause 37A.8.";
  - (f) deleting the definition of 'Stapling' and replacing with the following new definition of 'Staple, Stapled or Stapling':

    "'**Staple, Stapled or Stapling**' means in relation to a Unit and one or more Attached Securities, being linked together so that one may not be issued or transferred or otherwise dealt without the other or others.";
  - (g) deleting the definition of 'Stapling Date' and replacing with the following new definition of 'Stapling Date':

    "'**Stapling Date**' means the date the Fund is stapled to the Stapled Entity under clause 37.4 together with such other date as determined by the Responsible Entity from time to time.";
  - (h) deleting the definition of 'Stapling Provisions' and replacing with the following new definition of 'Stapling Provisions':

    "'**Stapling Provisions**' means all clauses in this Deed primarily relating to Stapling.";
  - (i) deleting the definition of 'Stapled Application Price' and replacing with the following new definition of 'Stapled Application Price':

    "'**Stapled Application Price**' means the distribution per Unit to be received by Unitholders under clause 37.2 which will be the amount required by Unitholders to subscribe for Stapled Securities."; and
  - (j) inserting the following definitions after 'Units in Issue':

    "'**Unstapled**' means, in relation to a Unit, not being Stapled to an Attached Security.'; and

    "'**Unstapling Date**' means the date determined by the Responsible Entity to be the Unstapling Date pursuant to clause 37A.7 or such other date as determined by the Responsible Entity from time to time."'.
- Deleting all references to 'identical number' in the Constitution and replacing them with the expression 'Corresponding Number'.
- Deleting all references in the Constitution to 'Stapled Company' and replacing them with the expression 'Stapled Entity'.
- Deleting all references to 'Stapled Share' in the Constitution and replacing them with the expression 'Attached Security' and deleting all references to 'Stapled Shares' in the Constitution and replacing them with the expression 'Attached Securities' (**ILF Fund Securities Reference Amendment**).
- After the ILF Fund Securities Reference Amendment is made, deleting at paragraph 6.7(c)(iv) the reference to 'Attached Securities' and replacing it with 'Stapled Securities'.
- In clause 5.4:
  - (a) deleting the reference to 'corresponding number' in the third line and replacing it with 'Corresponding Number'; and
  - (b) deleting the reference to 'an equal number' in the fourth line and replacing it with 'a Corresponding Number'.
- Inserting after clause 6.11 the following new clause 6.12 and clause 6.13:

'6.12 Partly-paid Units and Stapling

If the Responsible Entity allots or issues a Unit on the basis that the issue price is payable by instalments and the Unit is to be issued as part of a Stapled Security and the Attached Securities are to be partly paid, the Unit must also be issued with terms for the making and payment of calls and forfeiture which are compatible with the terms of issue of the Attached Securities.

6.13 Payment of calls and Stapling

While Stapling applies any issue of partly paid Units will be upon the basis that a call will not be regarded as having been validly paid unless any amount payable at the same time in relation to the partly paid Attached Securities is also paid.'

- Inserting after clause 7.7 the following new clause 7.8:

'7.8 Stapling

Where Stapling applies, the Responsible Entity may determine what part of the issue price of the Stapled Security is to represent the Issue Price of a Unit in its absolute discretion.'

- Inserting after 18.5 the following new clause 18.6:

'18.6 Joint certificates or joint holding statements

While Stapling applies, subject to the Listing Rules, the Responsible Entity may determine to issue joint certificates or joint holding statements for Stapled Securities.'

- Deleting subclause 21.27(b) and replacing it with the following new subclause 21.27(b):

  '(b) the Responsible Entity, the auditor of the Fund and the directors of the Stapled Entities (or directors of the Responsible Entity, if applicable) may attend and speak at any meeting, or invite any other person to attend and speak.'
- After the ILF Fund Securities Reference Amendment is made:
  (a) deleting at clause 23.8(a)(ii) the reference to 'Stapled Entity' and replacing it with 'Stapled Entities';
  (b) deleting at clause 23.8(b)(i) the reference to 'Stapled Entity' and replacing it with 'Stapled Entities';
  (c) deleting at clause 24.2(a) the reference to 'Stapled Entity' and replacing it with 'Stapled Entities';
  (d) deleting at clause 24.2(c) the reference to 'Stapled Entity' and replacing it with 'Stapled Entities'.
- In clause 30.10;
  (a) inserting the word 'a' before 'Stapled Entity' in the heading; and
  (b) deleting the word 'the' before 'Stapled Entity' and replace it with the word 'a' in the first line.
- Deleting clause 35.5 and replacing it with the following new clause 35.5:

  'While Stapling applies, an amendment to this Deed that modifies the terms on which a Unit is to be held is not effective unless the same amendments are made to the constitutions of the Stapled Entities.'
- In clause 37.3:
  (a) inserting the word 'a' before 'Stapled Entity' in the heading; and
  (b) deleting the word 'the' before 'Stapled Entity' and replace it with the word 'a' in the first line.

- Inserting after clause 37.5 the following new sub-clause 37.6:

'37.6 Operation of clause 37

Nothing in this clause 37 limits or affects in any way the operation of clause 37A or clause 38.' .

- Inserting after clause 37 the following new clauses 37A and 38:

'37A Stapling

37A.1 Operation of clause 37A

Subject to clause 37A.13, nothing in this clause 37A limits or affects in any way the operation of clause 37 or clause 38.

37A.2 Power to Staple

(a) Subject to the Corporations Act and the Listing Rules, the Responsible Entity may cause the Stapling of:

  (i) any Attached Security to the Units; and

  (ii) further Securities to the Units, whether or not those Securities are a different class of Securities of a Stapled Entity from those Stapled at the time or Securities of an entity that is not a Stapled Entity,

  so that while Stapling applies, in each case there is a Corresponding Number of issued Attached Securities to issued Units.

(b) While Stapling applies, to the maximum extent permitted by law and the Corporations Act, the Responsible Entity:

  (i) must use reasonable endeavours to ensure that Units are dealt with consistently with the constitutions of the other Stapled Entities; and

  (ii) will be taken to act in good faith in the best interests of the Scheme if they act in good faith in the best interests of the Scheme and each Stapled Entity as a whole.

37A.3 Implementing Stapling

(a) For the purposes of Stapling, the Responsible Entity may do all or any one or more of the following:
  (i) apply for Securities in the name of the Member;
  (ii) transfer Securities to all Members; and
  (iii) make an in specie distribution of Securities to all Members.

(b) If the Responsible Entity exercises its powers under clause 37A.3(a)(i) in respect of a Member, it must also exercise that power in the same way in respect of all other Members.

(c) The Responsible Entity must effect any transfer under clause 37A.3(a)(ii) and any distribution under clause 37A.3(a)(iii) to all Members in the same way and the Securities transferred or distributed to each Member must be of the same type, have the same rights and be fully paid.

(d) Where Securities are to be issued or transferred to Members for the purposes of Stapling, each Member authorises the Responsible Entity to act as the Member's agent:
  (i) to agree to obtain the Securities;
  (ii) to become a member of the relevant Stapled Entity; and
  (iii) to be bound by the constitution of the relevant Stapled Entity.

37A.4 Operation of Stapling provisions

Clause 37A.5 to 37A.13 inclusive apply only for so long as a Unit is a component Security of a Stapled Security.

37A.5 Units to be Stapled

(a) Each Unit is Stapled to an Attached Security in each Stapled Entity to form a Stapled Security and each Stapled Security must be registered in the Stapled Security Register as required by clause 37A.9, the intention being that a Unit and each Attached Security which are Stapled together are treated as one Security to the extent possible at law.

(b) The Responsible Entity may at any time Staple an Unstapled Unit to an Attached Security which is not Stapled.

(c) On and from the Stapling Date and prior to the Unstapling Date, the Responsible Entity must not issue Units unless the Responsible Entity is satisfied that each of those Units will be Stapled to a Corresponding Number of each Attached Security to form a Stapled Security.

(d) On and from the Stapling Date and prior to the Unstapling Date, the Responsible Entity and the Members must neither do any act, matter or thing nor refrain from doing any act, matter or thing if to do so or refrain from doing so (as the case may be) would result directly or indirectly in any Unit no longer being a component Security of a Stapled Security. In particular:
  (i) the Responsible Entity must not offer any Units for issue or sale unless an offer is made at the same time and to the same person for the Corresponding Number of Attached Securities for issue or sale;
  (ii) any offer of Units for issue or sale must require each offeree to apply for or buy the Corresponding Number of Attached Securities for each Unit applied for or bought;
  (iii) the Responsible Entity must not issue or sell any Units to any person unless the Corresponding Number of Attached Securities are also issued or sold to the same person at the same time;
  (iv) the Responsible Entity must not convert into a larger or smaller number, cancel, buy-back or otherwise reorganise any Units unless at the same time there is a corresponding conversion, cancellation, buy-back or other reorganisation of each Attached Security; and
  (v) the Responsible Entity must not register the transmission or transfer of Units pursuant to clause 16, unless it also causes the transmission or transfer (as the case may be) of a Corresponding Number of each Attached Security,

  but nothing in this clause 37A.5 prohibits the Responsible Entity from determining an Unstapling Date.

(e) While Stapling applies, the Responsible Entity must use every endeavour to procure that, if the Stapled Securities are Officially Quoted, the Stapled Securities are Officially Quoted as one joint Security and that Units are dealt with under this Constitution in a manner consistent with the provisions of the relevant Stapled Entity's constitution as regards Attached Securities Stapled with those Units.

37A.6 Forfeiting Stapled Unit

(a) The Responsible Entity may determine to forfeit a Unit which is part of a Stapled Security at any time after the Attached Security which is part of that Stapled Security is forfeited under the constitution of the relevant Stapled Entity.

(b) Promptly after a Unit which is part of a Stapled Security has been forfeited:
  (i) notice of the forfeiture must be given to the Member in whose name the Unit was registered immediately before its forfeiture; and
  (ii) the forfeiture and its date must be noted in the Stapled Security Register.

37A.7 Unstapling Date

(a) Stapling may cease to apply if the Responsible Entity provides a written notice that Stapling ceases to apply following any of the following events and the date of that notice is to be the Unstapling Date:

(i) the Responsible Entity determines that the Stapling Provisions of this Deed will cease to apply and each Stapled Entity makes a similar determination with respect to Stapling and that a particular date is to be the Unstapling Date;

(ii) the Members and members of each Stapled Entity approve a Special Resolution that the Stapling Provisions of this Constitution will cease to apply; or

(iii) an administrator, manager, receiver, liquidator or similar officer is appointed to a Stapled Entity.

(b) On and from the Unstapling Date, each Unit ceases to be Stapled to each Attached Security and the Responsible Entity must do all things reasonably necessary to procure that each Unit is Unstapled.

(c) If the Responsible Entity determines to Unstaple the Stapled Securities pursuant to this clause 37A.7, this does not prevent the Responsible Entity from:

(i) subsequently determining that the Stapling Provisions should recommence; and

(ii) Stapling an Unstapled Unit to each Attached Security which is not Stapled.

37A.8 Stapled Security Register

While Stapling applies to the Scheme, the Responsible Entity must cause to be kept and maintained a Stapled Security Register which:

(a) may incorporate or form part of the Register; and

(b) records the names of the Members, the number of Units held, the number of Attached Securities held by the Members to which each Member's Units are Stapled and any additional information required by the Corporations Act or Listing Rules (if applicable to the Scheme), or as determined from time to time by the Responsible Entity.

37A.9 Member meetings

(a) While Stapling applies to the Scheme, representatives of a Stapled Entity may attend and speak at any meeting of Members or invite any other person to attend and speak.

(b) Meetings of Members may be held in conjunction with the meetings of holders of Attached Securities and, subject to the Corporations Act, the Responsible Entity may make such rules for the conduct of such meetings as the Responsible Entity determines.

37A.10 Transfers of Stapled Securities

(a) A transfer of a Unit forming a component Security of a Stapled Security will only be accepted as a proper transfer in registrable form if, in addition to the requirements of clause 16, the transfer relates to, or is accompanied by, a transfer of the Attached Securities to which the Unit is Stapled to the same transferee.

(b) A transfer of a Unit which is not accompanied by a transfer of the Attached Securities to which the Unit is Stapled will be taken to authorise the Responsible Entity as agent for the transferor to effect a transfer of the Attached Securities to which the Unit is Stapled to the same transferee.

37A.11 Options

Any person applying for Units on the exercise of Options held by the person is taken:

(a) to apply for:

(i) the Units; and

(ii) the Corresponding Number of Attached Securities to which the Units are to be Stapled;

(b) to be bound by this Constitution and by the constitution of each Stapled Entity; and

(c) to agree to be issued Stapled Securities instead of the Units.

37A.12 Stapling Provisions paramount

Subject only to clauses 35.1, 35.2, 35.3, 35.4, 37A.4 and 38, this clause 37A has effect irrespective of any other provision of this Deed and subject to the Corporations Act, any provision of this Deed which is inconsistent with this clause 37A does not operate to the extent of the inconsistency.

38 Internalisation Proposal

(a) **Defined terms**

In this clause 38, these words and phrases have the following meaning unless the contrary intention appears:

AFSL Authorisation means all necessary authorisations given to IGC RE by ASIC to enable it to become the responsible entity of the Scheme and ILF Trust and to operate and manage the business and portfolio of assets of the Scheme and ILF Trust;

Foreign Resident Member means a Member at the Record Time with a registered address on the Register outside of the Commonwealth of Australia, New Zealand and Hong Kong unless the Responsible Entity determines otherwise;

IGC RE means Ingenia Communities RE Limited ACN 154 464 990;

IGCH means Ingenia Communities Holdings Limited ACN 154 444 925;

IGCH Shares means ordinary shares in IGCH to be issued to Members at an issue price of 1.3604542 cents per share in accordance with the Implementation Steps;

ILF Trust means ING Real Estate Community Living Management Trust ARSN 122 928 410;

ILF Staff means those staff that are currently employed by ING Group in relation to which IGC RE has made offers or has arranged to be made offers of employment effective on and from the Implementation Date;

IML means ING Management Limited (ACN 006 065 032);

Implementation Date means the date or dates for the implementation of the Proposal as determined by the Responsible Entity in accordance with the Implementation Deed;

Implementation Deed means the deed between the Responsible Entity in its own capacity, the Responsible Entity in its capacity as responsible entity of ING Real Estate Community Living Management Trust, the Responsible Entity in its capacity as responsible entity of the Scheme, REIMA, IGC RE, IGCH and ING Real Estate Corporate Services Pty Limited dated on or about 27 March 2012, as amended from time to time;

Implementation Steps means the implementation steps set out in Schedule 2 of the Implementation Deed, as amended from time to time;

Independent Expert Report means the independent expert's report to be provided to Members with the Meeting Documents;

ING Group means REIMA, IML and their related bodies corporate;

Meeting Documents means the combined Notice of Meeting and Explanatory Memorandum for the Scheme and ILF Fund in respect of the Meeting issued by the Responsible Entity and the responsible entity of the ILF Fund dated on or about 26 April 2012, and Prospectus for the offer of IGCH Shares issued by IGCH dated on or about 26 April 2012, as may be amended or supplemented;

Meeting means the meetings of Members of the Scheme and ILF Fund to be held on 31 May 2012 or such other date determined by the Responsible Entity and the responsible entity of ILF Fund (as may be postponed or adjourned);

Notice of Meeting and Explanatory Memorandum means the notice of meetings and explanatory memorandum in respect of the Meeting issued by the Responsible Entity;

Proposal means the proposal contemplated by the Implementation Deed and described in the Notice of Meeting and Explanatory Memorandum;

Prospectus means the prospectus to be issued by IGCH in respect of the issue of securities in IGCH to Members in connection with the Proposal (as may be supplemented or replaced);

Record Time means 4pm 1 June 2012 or such other date and time determined by the Responsible Entity;

REIMA means ING Real Estate Investment Management Australia Pty Limited ACN 096 136 202; and

Sale Agent Nominee means Berne No. 132 Nominees Pty Ltd or another entity nominated by the Responsible Entity to facilitate the security sale facility under the Proposal.

(b) **Power to implement the Proposal**

(i) The Responsible Entity has power to do, and is authorised to do, all things which it considers are necessary, desirable or reasonably incidental for the purpose of implementing or effecting the Proposal and the Implementation Deed and those powers apply notwithstanding, and are not limited by, any other provision of this Deed.

(ii) Without limiting clause 38(b)(i), the Responsible Entity has power to, and is authorised to:

(A) transfer on the Implementation Date all Units held by Foreign Resident Members to the Sale Agent Nominee as agent and attorney for each Foreign Resident Member in accordance with the Implementation Steps;

(B) amend the Register to record the Sale Agent Nominee as the holder of the Units transferred to the Sale Agent Nominee as agent and attorney for each Foreign Resident Member in accordance with clause 38(b)(ii)(A);

(C) make a distribution from the capital of the Scheme on the Implementation Date of an amount equal to 1.3604542 cents per Unit to each Member on the Register immediately following the amendment of the Register pursuant to clause 38(b)(ii)(B) to be held by the Responsible Entity as agent for each Member to be applied in accordance with clause 38(b)(ii)(D);

(D) pay and apply the proceeds of the capital distribution in clause 38(b)(ii)(C) above to the Responsible Entity as agent for each Member and to be applied in accordance with the Implementation Steps;

(E) determine that the Stapling Provisions of this Deed will cease to apply on the Implementation Date by nominating the Implementation Date as an Unstapling Date;

(F) apply to IGCH on the Implementation Date as agent for each Member on the Register immediately following the amendment of the Register pursuant to clause 38(b)(ii)(B) for the issue of IGCH Shares to such Members at an issue price of 1.3604542 cents per IGCH Share and to pay to IGCH, or pay as directed by IGCH in accordance with the Implementation Steps, as consideration for such IGCH Shares the proceeds of the capital distribution held by the Responsible Entity as agent for each member pursuant to clause 38(b)(ii)(D) in accordance with clause 38(b)(ii)(G);

(G) apply the proceeds of the capital distribution retained by the Responsible Entity under clause 38(b)(ii)(D) to IGCH, or as directed by IGCH in accordance with the Implementation Steps, as consideration for the issue of IGCH Shares to Members pursuant to clause 38(b)(ii)(F) in accordance with the Implementation Steps;

(H) determine that the Stapling Provisions should recommence on the Implementation Date (at a time after a determination is made under clause 38(b)(ii)(E) above) by stapling each Unit in the Scheme to one unit in the ILF Trust and one IGCH Share;

(I) create the Stapled Security Register to register the Stapled Securities created pursuant to clause 38(b)(ii)(H);

(J) in relation to the implementation of the Proposal to deal with any fractional entitlements to a cent or an IGCH Share in such manner as determined by the Responsible Entity;

(K) pay to REIMA out of the assets of the Scheme the following amounts in accordance with the Implementation Deed and Implementation Steps:

(I) all costs and expenses incurred by REIMA in applying for and obtaining the AFSL Authorisation for IGC RE;

(II) all costs and expenses incurred by REIMA in obtaining the Independent Expert Report to be given to Members with the Meeting Documents;

(III) all costs and expenses incurred by REIMA in connection with the appointment of directors to the IGCH board prior to the Implementation Date;

(IV) all costs and expenses incurred by REIMA in relation to the new employment contracts for the ILF Staff;

(V) all costs and expenses incurred by REIMA in relation to the extension of REIMA's current prospectus liability insurance to provide cover in respect of the Prospectus;

(VI) all other costs, expenses and liabilities incurred by REIMA in connection with the Proposal;

on the Implementation Date in accordance with the Implementation Deed; and

(L) reverse or unwind any action taken in relation to the implementation of the Proposal in circumstances where the Proposal is not completed.

(iii) Without limiting clause 38(b), the execution by the Responsible Entity of the Implementation Deed and any amending deed is authorised, approved and ratified.

(c) **Implementation of Proposal**

(i) Each Member and the Responsible Entity must do all things and execute all deeds, applications and other documents which the Responsible Entity considers necessary or desirable to give effect to the Proposal, the transaction contemplated by it and the Implementation Deed.

(ii) The Responsible Entity may do any act, matter or thing pursuant to this clause 38 notwithstanding that it has an interest in the act, matter or thing or any outcome or consequence thereof.

(iii) Without limiting clause 25.8, all costs, charges, expenses and outgoings reasonably and properly incurred by the Responsible Entity in relation to, and in connection with, the Proposal (including, without limitation, in circumstances where the Proposal does not proceed and is not completed) and/or the Implementation Deed are payable or reimbursable out of Scheme Property.

(d) **Responsible Entity's limitation of liability**

Subject to the Corporations Act, in addition to all other rights of the Responsible Entity under this Deed and at law the Responsible Entity will be indemnified out of the Scheme from and against any claim, demand, cost, expense, damage, loss and liability that may be suffered or incurred by it in relation to or arising out of the Proposal and/or the Implementation Deed, provided that the Responsible Entity acts without fraud, negligence or breach of trust.

(e) **Responsible Entity not liable**

Subject to the Corporations Act, notwithstanding any other provision of this Deed the Responsible Entity will not be liable to any Member in any way, arising, directly or indirectly, as a result of the Responsible Entity doing or refraining from doing any act (including the execution of documents) pursuant to or in connection with the Proposal or its implementation and/or the Implementation Deed, provided that the Responsible Entity acts without fraud, negligence or breach of trust.

(f) **Invalidity, ineffectiveness or unenforceability**

Clauses 38(d) and 38(e) extend to all liabilities, claims, demands, costs, expenses, damages and losses arising in connection with any invalidity, ineffectiveness or unenforceability of any aspect of the Proposal or its implementation, and/or the Implementation Deed, except to the extent that such loss is attributable to the Responsible Entity's negligence, fraud, or breach of trust.

(g) **Appointment of Responsible Entity as attorney and agent to effect the implementation of the Proposal**

(i) The Responsible Entity is irrevocably appointed as the agent and attorney of all Members in relation to the implementation of the Proposal to:

(A) receive and hold the proceeds of the distribution of capital as provided for by clause 38(b)(ii)(D) and apply the proceeds in accordance with the Implementation Steps; and

(B) apply to IGCH for IGCH Shares as provided for by clause 38(b)(ii)(F), agree to become a member of IGCH and agree to be bound by the terms of the IGCH constitution; and

(C) execute all documents and do all things which it considers necessary or desirable to be executed or done on behalf of such Members to effect the Proposal and the transaction contemplated by it or pursuant to clause 38(b)(ii)(L).

(ii) The Responsible Entity is irrevocably appointed as the agent and attorney for all Foreign Resident Members in relation to the implementation of the Proposal to transfer on the Implementation Date all Units held by the Foreign Resident Members to the Sale Agent Nominee as provided for by clause 38(b)(ii)(A).

(iii) The Responsible Entity as attorney and as agent of each Member may sub-delegate its functions, authorities or powers under this clause 38(g) to all or any of its directors and officers (jointly, severally, or jointly and severally).

(iv) The Responsible Entity is authorised to execute these documents and do these things without needing further authority or approval from any Member and the Responsible Entity accepts such appointment.

(v) Each Member who is issued IGCH Shares as provided for by clause 38(b)(ii)(F) agrees to become a member of IGCH and to be bound by the IGCH constitution.

(vi) Each Member consents to the Responsible Entity taking any action which the Responsible Entity considers necessary, desirable or incidental for the purpose of implementing or effecting the Proposal and the Implementation Deed.

(vii) Any appointment of the Responsible Entity as agent and attorney for the Members may be a joint appointment together with the appointment of the responsible entity of the ILF Trust as agent and attorney for the Member.

(h) **Provision of information**

Each Member is required to provide to the Responsible Entity such information as the Responsible Entity may reasonably require to comply with any law in respect of the Proposal and the transactions contemplated in this clause 38 and the Implementation Deed, including without limitation information in relation to any anti-money laundering requirements.

(i) **Paramountcy**

Subject only to clause 35, this clause 38 has effect irrespective of any other provision of this Deed and subject to the Corporations Act, any provision of this Deed which is inconsistent with this clause 38 does not operate to the extent of the inconsistency.

(j) **Amendments to this Deed**

The amendments to this Deed to give effect to the Proposal are binding on all Members including those Members who:

(i) did not attend the Meeting to consider the Proposal;

(ii) attended the Meeting, or whose proxy attended the Meeting, to consider the Proposal but did not vote on the Proposal;

(iii) attended the Meeting, or whose proxy attended the Meeting, to consider the Proposal but voted against the Proposal; and

(iv) were not Members at the time of the Meeting.

(k) **Change of name**

After the implementation of the Proposal the Responsible Entity is authorised to change the name of the Scheme to Ingenia Communities Fund. Once such name change has been effected, references in the Constitution to ING Real Estate Community Living Fund shall become references to Ingenia Communities Fund.

ING Real Estate Community Living Management Trust

The constitution of the ING Real Estate Community Living Management Trust is proposed to be amended as follows:

- In clause 1.1:
  - (a) inserting the following definition after 'ASX Market Rules':

    "'**Attached Security**' means a Security which is from time to time Stapled or to be Stapled to a Unit.";
  - (b) deleting the definition of 'Corresponding Number' and replacing with the following new definition of 'Corresponding Number':

    "'**Corresponding Number**' in relation to an Attached Security means at any time the number of those issued Attached Securities that are Stapled to the same number of issued Units at that time.";
  - (c) deleting the definition of 'Individual Property';
  - (d) deleting the definition of 'Replacement Constitution';
  - (e) deleting the definition of 'Stapling' and replacing with the following new definition of 'Staple, Stapled or Stapling':

    "'**Staple, Stapled** or **Stapling**' means in relation to a Unit and one or more Attached Securities, being linked together so that one may not be issued or transferred without the other or others.";
  - (f) deleting the definition of 'Stapled Application Price' and replacing with the following new definition of 'Stapled Application Price':

    "'**Stapled Application Price**' means the distribution per Unit to be received by Unitholders under clause 37.2 which will be the amount required by Unitholders to subscribe for Stapled Securities.";
  - (g) deleting the definition of 'Stapled Company' and replacing with the following new definition of 'Stapled Entity':

    "'**Stapled Entity**' means any trust, body corporate, managed investment scheme or other entity Securities in or of which are Stapled to Units.";
  - (h) deleting the definition of 'Stapled Security' and replacing with the following new definition of 'Stapled Security':

    "'**Stapled Security**' means a Unit and each Attached Security which are Stapled together.";
  - (i) inserting the following definition after 'Stapled Security':

    "'**Stapled Security Register**' means the register of Stapled Securities to be established and maintained by or on behalf of the Responsible Entity under clause 37A.7.";
  - (j) deleting the definition of 'Stapling Date' and replacing with the following new definition of 'Stapling Date':

    "'**Stapling Date**' means the date the Fund is stapled to the Stapled Entity under clause 37.4 together with such other date as determined by the Responsible Entity from time to time.";
  - (k) deleting the definition of 'Stapling Provisions' and replacing with the following new definition of 'Stapling Provisions':

    "'**Stapling Provisions**' means all clauses in this Deed primarily relating to Stapling.";
  - (l) inserting the following definition after 'Units in Issue':

    "'**Unstapled**' means, in relation to a Unit, not being Stapled to an Attached Security."; and
  - (m) deleting the definition of 'Unstapling Date' and replacing with the following new definition of 'Unstapling Date':

    "'**Unstapling Date**' means the date determined by the Responsible Entity to be the Unstapling Date pursuant to clause 37.6 or such other date as determined by the Responsible Entity from time to time.".
- Deleting all references in the Constitution to 'Stapled Company' and replacing them with the expression 'Stapled Entity'.
- Deleting all references in the Constitution to 'Stapled Unit' and replacing them with the expression 'Attached Security', deleting all references to 'Stapled Units' in the Constitution and replacing them with the expression 'Attached Securities', deleting all references to 'Stapled Share' in the Constitution and replacing them with the expression 'Attached Security' and deleting all references to 'Stapled Shares' in the Constitution and replacing them with the expression 'Attached Securities' (**ILF Trust Securities Reference Amendment**).
- In clause 5.4:
  - (a) deleting the reference to 'corresponding number' in the third line and replacing it with 'Corresponding Number'; and
  - (b) deleting the reference to 'an equal number' in the fourth line and replacing it with 'a Corresponding Number'.
- Inserting after clause 6.11 the following new clause 6.12 and clause 6.13:

'6.12 Partly-paid Units and Stapling

If the Responsible Entity allots or issues a Unit on the basis that the issue price is payable by instalments and the Unit is to be issued as part of a Stapled Security and the Attached Securities are to be partly paid, the Unit must also be issued with terms for the making and payment of calls and forfeiture which are compatible with the terms of issue of the Attached Securities.

6.13 Payment of calls and Stapling

While Stapling applies any issue of partly paid Units will be upon the basis that a call will not be regarded as having been validly paid unless any amount payable at the same time in relation to the partly paid Attached Securities is also paid.'

- In clause 7.3(b), deleting the words 'proposed Stapled Entity' and replacing them with 'Stapled Securities'.
- Deleting clause 7.3(e) and replacing it with the following:

  '(e) where the Scheme is Listed and Stapling applies, Units will form part of Stapled Securities and Stapled Securities are Officially Quoted and have not been suspended from Official Quotation (other than temporarily), Units at a price determined by the Responsible Entity provided that the aggregate of the Issue Price of that Unit and the issue price of any Attached Securities to which that Unit will be Stapled is equal to the Current Market Price for Stapled Securities on the Business Day prior to the day on which the offer or issue is made; and'.

- Inserting after clause 7.8 the following new clause 7.9:

'7.9 Stapling

Where Stapling applies, the Responsible Entity may determine what part of the issue price of the Stapled Security is to represent the Issue Price of a Unit in its absolute discretion.'

- After making the ILF Trust Securities Reference Amendment:
  (a) deleting at paragraph 16.9(a)(ii) the words 'each Attached Security' and replacing them with 'Attached Securities';
  (b) deleting at clause 23.8(b)(i) the reference to 'Stapled Entity' and replacing it with 'Stapled Entities';
  (c) deleting at clause 24.2(a) the reference to 'Stapled Entity' and replacing it with 'Stapled Entities'; and
  (d) deleting at clause 24.2(c) the reference to 'Stapled Entity' and replacing it with 'Stapled Entities'.

- Inserting after 18.5 the following new clause 18.6:

'18.6 Joint certificates or joint holding statements

While Stapling applies, subject to the Listing Rules, the Responsible Entity may determine to issue joint certificates or joint holding statements for Stapled Securities.'

- In clause 30.10:
  (a) inserting the word 'a' before 'Stapled Entity' in the heading;
  (b) deleting the word 'the' before 'Stapled Entity' and replacing it with the word 'a' in the first line; and
  (c) adding the words 'between a Unit and that Stapled Entity' after the word 'apply'.
- In clause 37.3;
  (a) inserting the word 'a' before 'Stapled Entity' in the heading; and
  (b) deleting the word 'the' before 'Stapled Entity' and replace it with the word 'a' in the first line.
- Deleting clause 35.5 and replacing it with the following new clause 35.5:

  'While Stapling applies, an amendment to this Deed that modifies the terms on which a Unit is to be held is not effective unless the same amendments are made to the constitutions of the Stapled Entities.'
- Deleting clause 37.6(a) and replacing it with the following new clause 37.6(a):

  'Stapling may cease to apply if the Responsible Entity provides a written notice that Stapling ceases to apply following any of the following events and the date of that notice is to be the Unstapling Date:
  (i) the Responsible Entity determines that the Stapling Provisions of this Deed will cease to apply and each Stapled Entity makes a similar determination with respect to Stapling; or
  (ii) an administrator, manager, receiver, liquidator or similar officer is appointed to a Stapled Entity.'

- Inserting after clause 37.8 the following new sub-clause 37.9:

'37.9 Operation of clause 37

Nothing in this clause 37 limits or affects in any way the operation of clause 37A or clause 38.'

- Inserting after clause 37 the following new clauses 37A and 38:

'37A Stapling

37A.1 Operation of clause 37A

Subject to clause 37A.13, nothing in this clause 37A limits or affects in any way the operation of clause 37 or clause 38.

37A.2 Power to Staple

(a) Subject to the Corporations Act and the Listing Rules, the Responsible Entity may cause the Stapling of:
  (i) any Attached Security to the Units; and
  (ii) further Securities to the Units, whether or not those Securities are a different class of Securities of a Stapled Entity from those Stapled at the time or Securities of an entity that is not a Stapled Entity,

  so that while Stapling applies, in each case there is a Corresponding Number of Attached Securities to issued Units.

(b) While Stapling applies, to the maximum extent permitted by law and the Corporations Act, the Responsible Entity:
   (i) must use reasonable endeavours to ensure that Units are dealt with consistently with the constitutions of the other Stapled Entities; and
   (ii) will be taken to act in good faith in the best interests of the Scheme if they act in good faith in the best interests of the Scheme and each Stapled Entity as a whole.

37A.3 Implementing Stapling

(a) For the purposes of Stapling, the Responsible Entity may do all or any one or more of the following:
   (i) apply for Securities in the name of the Member;
   (ii) transfer Securities to all Members; and
   (iii) make an in specie distribution of Securities to all Members.
(b) If the Responsible Entity exercises its powers under clause 37A.3(a)(i) in respect of a Member, it must also exercise that power in the same way in respect of all other Members.
(c) The Responsible Entity must effect any transfer under clause 37A.3(a)(ii) and any distribution under clause 37A.3(a)(iii) to all Members in the same way and the Securities transferred or distributed to each Member must be of the same type, have the same rights and be fully paid.
(d) Where Securities are to be issued or transferred to Members for the purposes of Stapling, each Member authorises the Responsible Entity to act as the Member's agent:
   (i) to agree to obtain the Securities;
   (ii) to become a member of the relevant Stapled Entity; and
   (iii) to be bound by the constitution of the relevant Stapled Entity.

37A.4 Operation of Stapling provisions

Clauses 37A.5 to 37A.13 inclusive apply only for so long as a Unit is a component Security of a Stapled Security.

37A.5 Units to be Stapled

(a) Each Unit is Stapled to an Attached Security in each Stapled Entity to form a Stapled Security and each Stapled Security must be registered in the Stapled Security Register as required by clause 37A.9, the intention being that a Unit and each Attached Security which are Stapled together are treated as one Security to the extent possible at law.
(b) The Responsible Entity may at any time Staple an Unstapled Unit to an Attached Security which is not Stapled.
(c) On and from the Stapling Date and prior to the Unstapling Date, the Responsible Entity must not issue Units unless the Responsible Entity is satisfied that each of those Units will be Stapled to a Corresponding Number of each Attached Security to form a Stapled Security.
(d) On and from the Stapling Date and prior to the Unstapling Date, the Responsible Entity and the Members must neither do any act, matter or thing nor refrain from doing any act, matter or thing if to do so or refrain from doing so (as the case may be) would result directly or indirectly in any Unit no longer being a component Security of a Stapled Security. In particular:
   (i) the Responsible Entity must not offer any Units for issue or sale unless an offer is made at the same time and to the same person for the Corresponding Number of Attached Securities for issue or sale;
   (ii) any offer of Units for issue or sale must require each offeree to apply for or buy the Corresponding Number of Attached Securities for each Unit applied for or bought;
   (iii) the Responsible Entity must not issue or sell any Units to any person unless the Corresponding Number of Attached Securities are also issued or sold to the same person at the same time;
   (iv) the Responsible Entity must not convert into a larger or smaller number, cancel, buy-back or otherwise reorganise any Units unless at the same time there is a corresponding conversion, cancellation, buy-back or other reorganisation of each Attached Security; and
   (v) the Responsible Entity must not register the transmission or transfer of Units pursuant to clause 16, unless it also causes the transmission or transfer (as the case may be) of a corresponding number of each Attached Security,

   but nothing in this clause 37A.5 prohibits the Responsible Entity from determining an Unstapling Date.
(e) While Stapling applies, the Responsible Entity must use every endeavour to procure that, if the Stapled Securities are Officially Quoted, the Stapled Securities are Officially Quoted as one joint Security and that Units are dealt with under this Deed in a manner consistent with the provisions of the relevant Stapled Entity's constitution as regards Attached Securities Stapled with those Units.

37A.6 Forfeiting Stapled Unit

(a) The Responsible Entity may determine to forfeit a Unit which is part of a Stapled Security at any time after the Attached Security which is part of that Stapled Security is forfeited under the constitution of the relevant Stapled Entity.
(b) Promptly after a Unit which is part of a Stapled Security has been forfeited:
   (i) notice of the forfeiture must be given to the Member in whose name the Unit was registered immediately before its forfeiture; and
   (ii) the forfeiture and its date must be noted in the Stapled Security Register.

37A.7 Unstapling Date

(a) Stapling may cease to apply if the Responsible Entity provides a written notice that Stapling ceases to apply following any of the following events and the date of that notice is to be the Unstapling Date:

(i) the Responsible Entity determines that the Stapling Provisions of this Deed will cease to apply and each Stapled Entity makes a similar determination with respect to Stapling and that a particular date is to be the Unstapling Date;

(ii) the Members and members of each Stapled Entity approve a Special Resolution that the Stapling Provisions of this Constitution will cease to apply; or

(iii) an administrator, manager, receiver, liquidator or similar officer is appointed to a Stapled Entity.

(b) On and from the Unstapling Date, each Unit ceases to be Stapled to each Attached Security and the Responsible Entity must do all things reasonably necessary to procure that each Unit is Unstapled.

(c) If the Responsible Entity determines to Unstaple the Stapled Securities pursuant to this clause 37A.7, this does not prevent the Responsible Entity from:

(i) subsequently determining that the Stapling Provisions should recommence; and

(ii) Stapling an Unstapled Unit to each Attached Security which is not Stapled.

37A.8 Stapled Security Register

While Stapling applies to the Scheme, the Responsible Entity must cause to be kept and maintained a Stapled Security Register which:

(a) may incorporate or form part of the Register; and

(b) records the names of the Members, the number of Units held, the number of Attached Securities held by the Members to which each Member's Units are Stapled and any additional information required by the Corporations Act or Listing Rules (if applicable to the Scheme), or as determined from time to time by the Responsible Entity.

37A.9 Member meetings

(a) While Stapling applies to the Scheme, representatives of a Stapled Entity may attend and speak at any meeting of Members or invite any other person to attend and speak.

(b) Meetings of Members may be held in conjunction with the meetings of holders of Attached Securities and, subject to the Corporations Act, the Responsible Entity may make such rules for the conduct of such meetings as the Responsible Entity determines.

37A.10 Transfers of Stapled Securities

(a) A transfer of a Unit forming a component Security of a Stapled Security will only be accepted as a proper transfer in registrable form if, in addition to the requirements of clause 16, the transfer relates to, or is accompanied by, a transfer of the Attached Securities to which the Unit is Stapled to the same transferee.

(b) A transfer of a Unit which is not accompanied by a transfer of the Attached Securities to which the Unit is Stapled will be taken to authorise the Responsible Entity as agent for the transferor to effect a transfer of the Attached Securities to which the Unit is Stapled to the same transferee.

37A.11 Options

Any person applying for Units on the exercise of Options held by the person is taken:

(a) to apply for:

(i) the Units; and

(ii) the Corresponding Number of Attached Securities to which the Units are to be Stapled;

(b) to be bound by this Deed and by the constitution of each Stapled Entity; and

(c) to agree to be issued Stapled Securities instead of the Units.

37A.12 Stapling Provisions paramount

Subject only to clauses 35.1, 35.2, 35.3, 35.4, 37A.4 and 38, this clause 37A has effect irrespective of any other provision of this Deed and subject to the Corporations Act, any provision of this Deed which is inconsistent with this clause 37A does not operate to the extent of the inconsistency.

38 Internalisation Proposal

(a) **Defined terms**

In this clause 38, these words and phrases have the following meaning unless the contrary intention appears:

AFSL Authorisation means all necessary authorisations given to IGC RE by ASIC to enable it to become the responsible entity of the Scheme and ILF Fund and to operate and manage the business and portfolio of assets of the Scheme and ILF Fund;

Foreign Resident Member means a Member at the Record Time with a registered address on the Register outside of the Commonwealth of Australia, New Zealand and Hong Kong unless the Responsible Entity determines otherwise;

IGC RE means Ingenia Communities RE Limited ACN 154 464 990;

IGCH means Ingenia Communities Holdings Limited ACN 154 444 925;

IGCH Shares means ordinary shares in IGCH to be issued to Members at an issue price of 1.3604542 cents per share in accordance with the Implementation Steps;

ILF Fund means ING Real Estate Community Living Fund ARSN 107 459 576;

ILF Staff means those staff that are currently employed by ING Group in relation to which IGC RE has made or has arranged to be made offers of employment effective on and from the Implementation Date;

IML means ING Management Limited (ACN 006 065 032);

Implementation Date means the date or dates for the implementation of the Proposal as determined by the Responsible Entity in accordance with the Implementation Deed;

Implementation Deed means the deed between the Responsible Entity in its own capacity, the Responsible Entity in its capacity as responsible entity of ING Real Estate Community Living Management Trust, the Responsible Entity in its capacity as responsible entity of the Scheme, REIMA, IGC RE, IGCH and ING Real Estate Corporate Services Pty Limited dated on or about 27 March 2012, as amended from time to time;

Implementation Steps means the implementation steps set out in Schedule 2 of the Implementation Deed, as amended from time to time;

Independent Expert Report means the independent expert's report to be provided to Members with the Meeting Documents;

ING Group means REIMA, IML and their related bodies corporate;

Meeting Documents means the combined Notice of Meeting and Explanatory Memorandum for the Scheme and ILF Fund in respect of the Meeting issued by the Responsible Entity and the responsible entity of the ILF Fund dated on or about 26 April 2012, and Prospectus for the offer of IGCH Shares issued by IGCH dated on or about 26 April 2012, as may be amended or supplemented;

Meeting means the meetings of Members of the Scheme and ILF Fund to be held on 31 May 2012 or such other date determined by the Responsible Entity and the responsible entity of ILF Fund (as may be postponed or adjourned);

Notice of Meeting and Explanatory Memorandum means the notice of meetings and explanatory memorandum in respect of the Meeting issued by the Responsible Entity;

Proposal means the proposal contemplated by the Implementation Deed and described in the Notice of Meeting and Explanatory Memorandum;

Prospectus means the prospectus to be issued by IGCH in respect of the issue of securities in IGCH to Members in connection with the Proposal (as may be supplemented or replaced);

Record Time means 4pm on 1 June 2012 or such other date and time determined by the Responsible Entity;

REIMA means ING Real Estate Investment Management Australia Pty Limited ACN 096 136 202; and

Sale Agent Nominee means Berne No. 132 Nominees Pty Ltd or another entity nominated by the Responsible Entity to facilitate the security sale facility under the Proposal.

(b) **Power to implement the Proposal**

(i) The Responsible Entity has power to do, and is authorised to do, all things which it considers are necessary, desirable or reasonably incidental for the purpose of implementing or effecting the Proposal and the Implementation Deed and those powers apply notwithstanding, and are not limited by, any other provision of this Deed.

(ii) Without limiting clause 38(b)(i), the Responsible Entity has power to, and is authorised to:

(A) transfer on the Implementation Date all Units held by Foreign Resident Members to the Sale Agent Nominee as agent and attorney for each Foreign Resident Member in accordance with the Implementation Steps;

(B) amend the Register to record the Sale Agent Nominee as the holder of the Units transferred to the Sale Agent Nominee as agent and attorney for each Foreign Resident Member in accordance with clause 38(b)(ii)(A);

(C) determine that the Stapling Provisions of this Deed will cease to apply on the Implementation Date by nominating the Implementation Date as an Unstapling Date;

(D) apply to IGCH on the Implementation Date as agent for each Member on the Register immediately following the amendment of the Register pursuant to clause 38(b)(ii)(B) for the issue of IGCH Shares to such Members;

(E) determine that the Stapling Provisions should recommence on the Implementation Date (at a time after a determination is made under clause 38(b)(ii)(C) above) by stapling each Unit in the Scheme to one unit in the ILF Fund and one IGCH Share;

(F) create the Stapled Security Register to register the Stapled Securities created pursuant to clause 38(b)(ii)(E);

(G) in relation to the implementation of the Proposal to deal with any fractional entitlements to a cent or an IGCH Share in such manner as determined by the Responsible Entity;

(H) pay to REIMA out of the assets of the Scheme the following amounts in accordance with the Implementation Deed and Implementation Steps:

(I) all costs and expenses incurred by REIMA in applying for and obtaining the AFSL Authorisation for IGC RE;

(II) all costs and expenses incurred by REIMA in obtaining the Independent Expert Report to be given to Members with the Meeting Documents;

(III) all costs and expenses incurred by REIMA in connection with the appointment of directors to the IGCH board prior to the Implementation Date;

(IV) all costs and expenses incurred by REIMA in relation to the new employment contracts for the ILF Staff;

(V) all costs and expenses incurred by REIMA in relation to the extension of REIMA's current prospectus liability insurance to provide cover in respect of the Prospectus;

(VI) all other costs, expenses and liabilities incurred by REIMA in connection with the Proposal;

on the Implementation Date in accordance with the Implementation Deed; and

(I) reverse or unwind any action taken in relation to the implementation of the Proposal in circumstances where the Proposal is not completed.

(iii) Without limiting clause 38(b), the execution by the Responsible Entity of the Implementation Deed and any amending deed is authorised, approved and ratified.

(c) **Implementation of Proposal**

(i) Each Member and the Responsible Entity must do all things and execute all deeds, applications and other documents which the Responsible Entity considers necessary or desirable to give effect to the Proposal, the transaction contemplated by it and the Implementation Deed.

(ii) The Responsible Entity may do any act, matter or thing pursuant to this clause 38 notwithstanding that it has an interest in the act, matter or thing or any outcome or consequence thereof.

(iii) Without limiting clause 25.8, all costs, charges, expenses and outgoings reasonably and properly incurred by the Responsible Entity in relation to, and in connection with, the Proposal (including, without limitation, in circumstances where the Proposal does not proceed and is not completed) and/or the Implementation Deed are payable or reimbursable out of Scheme Property.

(d) **Responsible Entity's limitation of liability**

Subject to the Corporations Act, in addition to all other rights of the Responsible Entity under this Deed and at law the Responsible Entity will be indemnified out of the Scheme from and against any claim, demand, cost, expense, damage, loss and liability that may be suffered or incurred by it in relation to or arising out of the Proposal and/or the Implementation Deed, provided that the Responsible Entity acts without fraud, negligence or breach of trust.

(e) **Responsible Entity not liable**

Subject to the Corporations Act, notwithstanding any other provision of this Deed the Responsible Entity will not be liable to any Member in any way, arising, directly or indirectly, as a result of the Responsible Entity doing or refraining from doing any act (including the execution of documents) pursuant to or in connection with the Proposal or its implementation and/or the Implementation Deed, provided that the Responsible Entity acts without fraud, negligence or breach of trust.

(f) **Invalidity, ineffectiveness or unenforceability**

Clauses 38(d) and 38(e) extend to all liabilities, claims, demands, costs, expenses, damages and losses arising in connection with any invalidity, ineffectiveness or unenforceability of any aspect of the Proposal or its implementation, and/or the Implementation Deed, except to the extent that such loss is attributable to the Responsible Entity's negligence, fraud, or breach of trust.

(g) **Appointment of Responsible Entity as attorney and agent to effect the implementation of the Proposal**

(i) The Responsible Entity is irrevocably appointed as the agent and attorney of all Members in relation to the implementation of the Proposal to:

(A) apply to IGCH for IGCH Shares as provided for by clause 38(b)(ii)(D), agree to become a member of IGCH and agree to be bound by the terms of the IGCH constitution; and

(B) execute all documents and do all things which it considers necessary or desirable to be executed or done on behalf of such Members to effect the Proposal and the transaction contemplated by it, or pursuant to clause 38(b)(ii)(I).

(ii) The Responsible Entity is irrevocably appointed as the agent and attorney for all Foreign Resident Members in relation to the implementation of the Proposal to transfer on the Implementation Date all Units held by the Foreign Resident Members to the Sale Agent Nominee as provided for by clause 38(b)(ii)(A).

(iii) The Responsible Entity as attorney and as agent of each Member may sub-delegate its functions, authorities or powers under this clause 38(g) to all or any of its directors and officers (jointly, severally, or jointly and severally).

(iv) The Responsible Entity is authorised to execute these documents and do these things without needing further authority or approval from any Member and the Responsible Entity accepts such appointment.

(v) Each Member who is issued IGCH Shares as provided for by clause 38(b)(ii)(D) agrees to become a member of IGCH and to be bound by the IGCH constitution.

(vi) Each Member consents to the Responsible Entity taking any action which the Responsible Entity considers necessary, desirable or incidental for the purpose of implementing or effecting the Proposal and the Implementation Deed.

(vii) Any appointment of the Responsible Entity as agent and attorney for the Members may be a joint appointment together with the appointment of the responsible entity of the ILF Fund as agent and attorney for the Member.

(h) **Provision of information**

Each Member is required to provide to the Responsible Entity such information as the Responsible Entity may reasonably require to comply with any law in respect of the Proposal and the transactions contemplated in this clause 38 and the Implementation Deed, including without limitation information in relation to any anti-money laundering requirements.

(i) **Paramountcy**

Subject only to clause 35, this clause 38 has effect irrespective of any other provision of this Deed and subject to the Corporations Act, any provision of this Deed which is inconsistent with this clause 38 does not operate to the extent of the inconsistency.

(j) **Amendments to this Deed**

The amendments to this Deed to give effect to the Proposal are binding on all Members including those Members who:

(i) did not attend the Meeting to consider the Proposal;

(ii) attended the Meeting, or whose proxy attended the Meeting, to consider the Proposal but did not vote on the Proposal;

(iii) attended the Meeting, or whose proxy attended the Meeting, to consider the Proposal but voted against the Proposal; and

(iv) were not Members at the time of the Meeting.

(k) **Change of name**

After the implementation of the Proposal the Responsible Entity is authorised to change the name of the Scheme to Ingenia Communities Management Trust. Once such name change has been effected, references in the Constitution to ING Real Estate Community Living Management Trust shall become references to Ingenia Communities Management Trust.'

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Corporate Directory

Responsible Entity

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ACN 006 065 032
AFS Licence No: 237534

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M Coleman (Chairman)
P Clark AM
M Easson AM
H Brand

Secretary

S Wiesener (Company Secretary)

Registry Manager

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Financial Adviser to the Proposal

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Sydney NSW 2000 Australia

Prospectus

INGENIA COMMUNITIES HOLDINGS LIMITED
ACN 154 444 925

Prospectus in respect of the issue of ordinary shares in Ingenia Communities Holdings Limited (IGCH) in relation to a proposal for the management of ING Real Estate Community Living Fund and ING Real Estate Community Management Trust (ILF Group) to be internalised through: (i) the issue of shares in IGCH to unitholders of the ILF Group; (ii) the change of the responsible entity of the ILF Group from ING Management Limited (IML) to Ingenia Communities RE Limited (a wholly owned subsidiary of IGCH); and (iii) the stapling of each share in IGCH to each Existing Stapled Security in ILF Group to form a new stapled security (together, the Proposal).

This and the separate notice of Unitholders' meetings and explanatory memorandum (**Explanatory Memorandum**) that accompany this document are each an important document and requires your immediate attention. You should read this document and the separate Notice of Unitholders' Meetings and Explanatory Memorandum in their entirety before deciding whether to vote in favour of the resolutions and consult your investment, tax, legal or other professional adviser, if you are in any doubt about what to do. You may call the offer information line on 1300 653 497 (within Australia) or +61 2 8280 7057 (outside Australia) if you have any questions.

Dated: 26 April 2012

Issued by Ingenia Communities Holdings Limited ACN 154 444 925

Important Notices

This Prospectus

This Prospectus dated 26 April 2012 is a prospectus issued by Ingenia Communities Holdings Limited (**IGCH**) for the purposes of Chapter 6D of the Corporations Act. It provides holders of stapled securities in the ILF Group (**Unitholders**) with information about the IGCH shares that will be issued to Unitholders (other than Foreign Resident Holders) under the Proposal if the Proposal is approved and implemented. In order to properly understand the context of this Prospectus under the Proposal, this Prospectus must be read in conjunction with the Explanatory Memorandum for the Proposal dated 26 April 2012 (**Explanatory Memorandum**) which has been provided with this Prospectus by Current RE. This Prospectus does not constitute an offer or recommendation of securities in any jurisdiction, or to any person to whom it would be unlawful to make such an offer.

This Prospectus was lodged with ASIC on 26 April 2012. No shares in IGCH will be issued on the basis of this Prospectus after the completion of the Proposal and, in any event, no shares in IGCH will be issued under this Prospectus more than 13 months after the date of this Prospectus. ASIC is not responsible for the contents of this Prospectus.

You should consider the contents of this document carefully. Unitholders should read this Prospectus in its entirety before making a decision as to how to vote on the resolutions set out in the Explanatory Memorandum. In particular, you should consider the risks outlined in Section 7 and the tax implications outlined in Sections 6 and 7. The potential tax effects of an investment in IGCH shares will vary between investors. You may also wish to obtain independent advice, particularly about individual matters as taxation, retirement planning and investment risk tolerance. If you have any questions, please contact the offer information line on 1300 653 497 (within Australia) or +61 2 8280 7057 (outside Australia).

Notice to persons in New Zealand

This Prospectus will be applicable to any offer made in New Zealand. It is not a New Zealand prospectus or an investment statement and has not been registered, filed with, or approved by, any New Zealand regulatory authority or under or in accordance with the *Securities Act 1978* (New Zealand) or any other relevant law in New Zealand. This Prospectus may not contain all of the information that an investment statement or prospectus under New Zealand law is required to contain.

Securities are not being offered or sold to the public within New Zealand, and no member of the public in New Zealand may accept the offer made under this offer document, other than persons, being existing holders of stapled securities in the ILF Group, to whom it is permissible for the offer under this offer document to be made in reliance on the Securities Act (ING Management Limited, Ingenia Communities Holdings Ltd and Ingenia Communities RE Ltd) Exemption Notice 2012.

Notice Warning to persons in Hong Kong

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. Unitholders are advised to exercise caution in relation to the offer of IGCH shares under the Prospectus pursuant to the Proposal. If you are in any doubt about any of the contents of this Prospectus, you should obtain independent professional advice.

The IGCH shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document other than in circumstances which do not result in this document being a 'prospectus' as defined in the Companies Ordinance (Cap 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that ordinance.

Further, no person shall issue or have in his/her possession for the purpose of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the IGCH shares, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to IGCH shares which are or are intended to be disposed of only to persons outside Hong Kong.

The information relating to the offering contained herein may not be used other than by the person to whom it is addressed and may not be reproduced in any form or transferred to any person in Hong Kong.

This offering is not an offer for sale to the public in Hong Kong and it is not the intention of IGCH that IGCH shares be offered for sale to the public in Hong Kong.

No investment advice

This Prospectus does not constitute financial product advice and has been prepared without reference to your investment objectives, financial situation, tax position or particular needs, or those of any other person. An investment in Ingenia Communities and in IGCH is subject to investment and other risks, including possible delays in repayment and loss of income and principal invested. In particular, in considering an investment in IGCH shares, it is important that you consider the risks identified in Section 7 and other information contained in this Prospectus in light of your own objectives, financial situation or needs. IGCH does not give any guarantee or assurance as to the performance of Ingenia Communities, IGCH or the IGCH shares or the repayment of capital. If you are in any doubt in relation to these matters, you should consult your investment, financial, taxation or other professional adviser.

IGCH is not licensed to provide financial product advice in relation to shares in IGCH. You should read the Prospectus in full before making a decision as to how to vote on the resolutions to be considered at the Meeting.

This Prospectus does not constitute tax advice. You will need to consult your own independent professional tax adviser regarding the consequences of an investment in IGCH shares in light of your particular circumstances.

No cooling-off rights

Cooling-off rights do not apply to the issue of IGCH shares pursuant to the Proposal. This means that, in most circumstances, you cannot withdraw your investment in IGCH shares.

Prospectus availability

Unitholders can obtain a copy of this Prospectus at any time before the Meeting on ILF Group's website at www.ingrealestate.com.au or by calling the offer information line on 1300 653 497 (within Australia) or +61 2 8280 7057 (outside Australia). If you access the electronic version of this Prospectus you should ensure that you download and read the entire Prospectus.

The offer of shares in IGCH under this Prospectus is only made to Unitholders as at the Record Date who have a registered address in Australia, New Zealand or Hong Kong.

More important notices

Other important information in regards to the offer of shares in IGCH and this Prospectus is found in Section 11 of this Prospectus. You should have regard to this other important information when considering the contents of this Prospectus.

Defined terms

Capitalised terms used in this Prospectus are defined in the Glossary in Section 10 of this Prospectus.

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Key Dates
in connection with the Proposal

Suspension of trading on ASX in Existing Stapled Securities	**Monday 28 May 2012**
Voting Record Date – Date and time to determine your eligibility to vote at the Meeting	**10am Tuesday 29 May 2012**
Last date and time to lodge Voting and Proxy Forms	**10am Tuesday 29 May 2012**
Meeting Date to approve the Proposal	**10am Thursday 31 May 2012**
If the Proposal is approved by ILF Group Unitholders on that Unitholders' Meeting date and all other conditions are met in connection with the Proposal:	
Record Date – date and time to determine your eligibility to receive new shares in IGCH and whether you are a Foreign Resident Holder	**4pm Friday 1 June 2012**
Management Internalisation is effective (including issue of IGCH shares) and Ingenia Communities is formed (Implementation Date)	**Monday 4 June 2012**
New Stapled Securities commence trading on ASX on a deferred settlement basis	**Tuesday 5 June 2012**
Despatch of holding statements to New Unitholders	**Thursday 7 June 2012**
New Stapled Securities end trading on ASX on a deferred settlement basis	**Thursday 7 June 2012**
New Stapled Securities commence trading on ASX on normal T+3 settlement basis	**Friday 8 June 2012**
Sale Agent to begin selling New Stapled Securities in respect of Foreign Resident Holders under Sale Facility	**Friday 8 June 2012**
Net proceeds of sale of New Stapled Securities under Sale Facility to be remitted to Link Market Services for payment to Foreign Resident Holders	**By Friday 6 July 2012**

Note: Dates and times are indicative only and subject to change. Unless otherwise specified, all times and dates refer to Sydney time. Any changes to the timetable will be notified to ASX and posted on ILF Group's website at www.ingrealestate.com.au.

IGCH Chairman's Letter

26 April 2012

Dear Unitholder,

This Prospectus is issued to accompany the Explanatory Memorandum issued by ING Management Limited (**Current RE**), the responsible entity of the ING Real Estate Community Living Fund (**ILF Fund**) and the ING Real Estate Community Living Management Trust (**ILF Trust**) (together the **ILF Group**) to approve the internalisation of management of the ILF Group (the **Proposal**).

The Proposal involves the following, if it is approved and implemented:

- the issue of shares in Ingenia Communities Holdings Limited (**IGCH**) to unitholders of the ILF Group (**Unitholders**);
- the change of the responsible entity of the ILF Group from ING Management Limited (**IML**) to Ingenia Communities RE Limited (**New RE**) (a wholly owned subsidiary of IGCH); and
- the stapling of each share in IGCH to each existing stapled security in ILF Group (**Existing Stapled Security**) to form a new stapled security (**New Stapled Security**).

This Prospectus involves the issue of shares in IGCH to Unitholders (other than for Foreign Resident Holders) at the Record Date on a one for one basis. Consideration for these shares will be provided from a Capital Distribution from the ILF Fund. Unitholders will appoint Current RE as their agent and will direct Current RE to apply these proceeds towards the subscription for fully paid up shares in IGCH.

The Proposal will result in ILF Group being renamed to Ingenia Communities (**Ingenia Communities**) and the New Stapled Securities will trade on ASX under the code of INA. If the Proposal is approved, the ILF Fund will be renamed "Ingenia Communities Fund" and the ILF Trust, "Ingenia Communities Management Trust".

No action is required by Unitholders under this Prospectus although the issue of shares discussed in it is conditional upon a sufficient majority of Unitholders voting in favour of the Proposal at the Meeting and certain other conditions being satisfied. Importantly if the Proposal is approved by Unitholders:

- **No cash payment is required from Unitholders** – the IGCH shares issued to Unitholders (other than for Foreign Resident Holders) under this Prospectus will be paid for from a Capital Distribution to be declared from the ILF Fund.
- **No application form is required by Unitholders** – the IGCH shares issued to Unitholders (other than for Foreign Resident Holders) under this Prospectus will be made on behalf of Unitholders if the Proposal is approved.

This Prospectus provides information on IGCH and its operations. Unitholders already have an interest in the assets of the ILF Group and by approving the Proposal, Unitholders will acquire an indirect interest in the management vehicle of the ILF Group, being the New RE.

I am pleased to confirm that upon implementation of the Proposal, Amanda Heyworth and Philip Clark will be joining me on the board of IGCH and New RE, each as Independent Directors, and Simon Owen as Managing Director and Chief Executive Officer.

IGCH Chairman's Letter continued

We have considered a remuneration package for Simon Owen, and based on advice of an independent remuneration consultant, the package includes the provision of long term incentives by way of performance quantum rights and deferred quantum rights, and a resolution to approve the issue of these rights is before Unitholders. We recommend Unitholders vote to approve the issue of these rights.

We have endorsed the strategy for Ingenia Communities adopted by the Current RE and being implemented by Simon Owen and his team including:

- a focus on providing superior unitholder returns through unit price growth and a potential reinstatement of distributions in 2012 where earnings and cashflow permit;
- exploring options to unlock the remaining value within our US Seniors and NZ Students portfolio;
- consolidating ILF Group's position as a leading provider of accommodation and care to Australian Seniors;
- continuing to build and refine Ingenia Communities' operational and development capabilities;
- converting additional select rental villages to the DMF model to unlock earnings and cashflow; and
- to develop, acquire, and seed growth opportunities organically and through rigorously assessed bolt-on acquisitions with attractive risk-adjusted returns in existing and new markets.

On behalf of the incoming board of directors of IGCH, I have pleasure in welcoming you as a shareholder in IGCH.

Yours faithfully,

Jim Hazel
Independent Non-Executive Chairman
Ingenia Communities Holdings Limited

01 Investment Overview

This Section provides a summary of key information in relation to the Prospectus only. It should be read in conjunction with the remainder of the Prospectus, including the detailed explanation of the risks associated with holding shares in IGCH, as set out in Section 7.

1.1 Key terms of the offer for new shares in Ingenia Communities Holdings Limited

The securities being offered under this prospectus are 441,029,194 new ordinary shares in Ingenia Communities Holdings Limited. These new shares will only be issued:

- to those Unitholders on the register at the Record Date that are not Foreign Resident Holders;
- if the Proposal is approved by a sufficient majority of Unitholders; and
- if the conditions precedent to the implementation of the Proposal are all met by the Implementation Date (see Section 3.3 for a description of these conditions).

Unitholders are not required to pay any new capital for the shares or to complete any application forms. Payment for these shares will be funded by a Capital Distribution from the ILF Fund. Unitholders will be issued one share for every one Existing Stapled Security they hold in the ILF Group at the Record Date. The price for these new shares will be 1.3604542 cents.

The new shares will be stapled to the units in ILF Fund and ILF Trust so that Unitholders may only trade all 3 securities together. The ILF Fund and ILF Trust will be renamed the Ingenia Communities Fund and Ingenia Communities Management Trust respectively.

While holders of the shares in IGCH would be entitled to any dividend declared payable by the board of IGCH, it is not intended that dividends will be paid on these shares for at least 3 years. However, this will not prevent the declaration of a distribution to New Unitholders from either the ILF Fund or ILF Trust.

More details on the key terms of the offer of IGCH shares can be found in Section 2 of this Prospectus.

1.2 What are IGCH and New RE and what is their purpose?

IGCH and New RE are both Australian public companies established for the purposes of the Proposal. New RE is a wholly owned subsidiary of IGCH. At the date of this Prospectus, REIMA is the sole shareholder of IGCH. If the Proposal is implemented, on the Implementation Date the shareholders of IGCH will be Unitholders as at the Record Date (other than Foreign Resident Holders). This is explained in more detail in Section 5 of this Prospectus.

IGCH is the parent of New RE and will be the holding company for the various sub-trustee entities that hold the assets of the ILF Group as trustee (**IGCH Group**). New RE will be appointed as responsible entity of ILF Fund and ILF Trust.

On the Implementation Date it is anticipated that New RE will hold an AFSL with all the requisite authorisations to enable it to act as responsible entity of the ILF Fund and ILF Trust. If this AFSL is not granted to New RE, implementation of the Proposal will not be possible and you will not be issued with shares in IGCH. IML will continue as the responsible entity of the ILF Group and Existing Stapled Securities will continue to trade on ASX (once any required suspension has ended). For more information on what will occur if the Proposal is not implemented, see Sections 3.7 and 5.7 of the Explanatory Memorandum.

The Capital Distribution from the ILF Fund applied to the application of shares in IGCH will be used by IGCH to capitalise New RE sufficiently for it to comply with its obligations under its AFSL and to hold the assets of the ILF Fund and ILF Trust itself rather than appointing a custodian to hold them.

More details on IGCH and New RE can be found in Section 5 of this Prospectus.

1.3 What is the financial position of IGCH and New RE?

As at the date of this Prospectus, IGCH does not have any assets other than nominal shareholder capital. It has no liabilities and no revenue. On the Implementation Date, IGCH will have capital of $6 million (from the Capital Distribution made from ILF Fund) and it will have no liabilities. IGCH will contribute this $6 million to New RE as New RE's capital. Under the current legislation New RE is required to hold at least $5 million to comply with the provisions of its AFSL and to hold the assets of the ILF Group itself (without appointing a custodian).

More details on the financial position of IGCH and New RE can be found in Sections 5 and 6 of this Prospectus.

1.4 What are the key assets of IGCH?

The assets essential to the IGCH Group include:

- New RE's AFSL which is expected to be granted to New RE on the Implementation Date; and
- the $6 million capital to be held by New RE if and when the Proposal is implemented.

1.5 What is IGCH's business model and expected financial performance?

IGCH's business model is to generate revenues from Management Fees payable from ILF Trust and ILF Fund. Unitholders should view its business model as a conduit to effect internalisation of the ILF Group, not a business set up to generate significant profitability.

On its appointment as responsible entity, New RE is entitled to receive the Management Fee. As at the date of the Prospectus, the Management Fee is 0.5% per annum of the gross assets of the ILF Group. New RE is also, broadly, entitled to recover from the assets of the ILF Group any expense properly incurred by it in the exercise of rights, powers and duties as responsible entity.

The expenses of IGCH and New RE will comprise the costs of the independent directors, a small management team (being some of the employees transferring from REIMA) and associated costs including office costs.

The Management Fee is governed by the terms of the constitutions of ILF Fund and ILF Trust. The terms of these constitutions may be amended by a special resolution of members of the relevant trust (who will also be Shareholders in IGCH) or by New RE in certain circumstances.

It is not expected that dividends will be paid on IGCH shares but this will not prevent the declaration of a distribution to New Unitholders from either of ILF Trust or ILF Fund.

More information on IGCH can be found in Sections 5 and 6 of this Prospectus.

1.6 What is IGCH's business plan in relation to Ingenia Communities?

IGCH's business plan is to provide a structure for Unitholders to indirectly acquire the management vehicles of the ILF Group generating the advantages recognised for internally managed REITs. These advantages may include:

- attracting new investors to the register as some investors prefer investing in internally managed REITs. This may drive increases in demand and liquidity of the stock, but there are no guarantees of this;
- greater alignment between the interests of the managers of the ILF Group and Unitholders;
- increased board accountability with New Unitholders capable of removing and appointing directors;
- greater transparency of the cost of managing Ingenia Communities;
- senior management salary packages have been aligned to market practice including short term and long term incentives based on the performance of Ingenia Communities; and
- Ingenia Communities will become a distinct group separate from ING and its associates and will be able to determine its future direction and strategy on its own terms.

IGCH will derive its revenue from the success of the ILF Group by ensuring that the ILF Group is at all times capable of paying a sufficient portion of the Management Fees to cover the expenses of IGCH.

IGCH's strategy for Ingenia Communities is consistent with ILF Group's adopted operations and strategic direction.

Ingenia Communities will operate across two core segments in the seniors living sector in Australia being:

- Australian Rental – provision of affordable quality rental accommodation to pension-supported seniors over the age of 55; and
- Australian Deferred Management Fee (**DMF**) – provision of quality seniors accommodation in secure residential communities to self-funded retirees over the age of 70.

IGCH's strategy for Ingenia Communities is consistent with ILF Group's adopted strategic direction, being:

- a focus on providing superior unitholder returns through unit price growth and a potential reinstatement of distributions in 2012 where earnings and cashflow permit;
- to explore options to unlock the remaining value within our US Seniors and NZ Students portfolio;
- consolidating its position as a leading provider of accommodation and care to Australian seniors;
- continuing to build and refine ILF Group's operational and development capabilities;
- converting additional select rental villages to the DMF model to unlock earnings and cashflow; and
- to develop, acquire, and seed growth opportunities organically and through rigorously assessed bolt-on acquisitions with attractive risk-adjusted returns in existing and new markets.

The operations and strategy of Ingenia Communities will not be changed from those of ILF Group currently. With a rapidly ageing population in Australia driving the demand for seniors accommodation, IGCH will continue to strive to be at the forefront in providing New Unitholders with exposure to a quality, high performing portfolio of seniors communities, with significant development opportunities.

More information on IGCH can be found in Section 5 of this Prospectus.

1.7 What are the risks associated with IGCH?

Specific risks associated with IGCH	Possible direct consequence
New Stapled Securities	Shares of IGCH form part of New Stapled Securities and the trading price of New Stapled Securities is subject to a number of risks which apply to the ILF Group and these are set out in the Explanatory Memorandum. This is a key risk as the value of the IGCH shares is necessarily tied to the value of the ILF Group for as long as the stapling provisions for New Stapled Securities apply.
ILF Fund and ILF Trust	To the extent that ILF Fund and ILF Trust are unable to pay the Management Fees to New RE the performance of IGCH may be adversely affected. This is a key risk as IGCH's operating income will be sourced only from the Management Fee to be paid by ILF Fund and ILF Trust.
Employees	The loss of the services of senior management or key personnel employed anywhere in Ingenia Communities or the inability to attract new qualified personnel, could adversely affect IGCH's operations or disrupt ILF Fund and ILF Trust's ability to pay the Management Fee.
Financial information	There is a risk that the assumptions in the financial information in this Prospectus may not be achieved, which could adversely impact IGCH.
Taxation	Changes in taxation law or changes in the way tax laws are interpreted in the various jurisdictions in which IGCH operates, may adversely impact IGCH.
Capital expenditure	The risk of unforeseen capital expenditure requirements may impact the returns to investors.
AFSL	If New RE breaches the conditions of its AFSL (eg it is unable to meet its AFSL financial adequacy requirements), there is a risk that its AFSL will be revoked and it will not be able to act as the responsible entity for ILF Fund and ILF Trust.
ASX listing	Admission by ASX of IGCH to listing on ASX imposes various listing obligations which IGCH must comply with on an ongoing basis and there can be no assurance that these obligations will be met on an ongoing basis.
Financing	IGCH will become a guarantor of ILF Group's main bank facility and provide all asset security to the facility provider. If there is an event of default on the realisation of the assets of IGCH, the facility provider's claims as a secured creditor will rank in priority to those of New Unitholders.
Seniors housing regulatory risk	Seniors housing is a highly regulated sector. Changes in regulations could impact on ILF Fund and ILF Trust's ability to profitably operate seniors housing communities which could affect IGCH's ability to recover responsible entity fees.
New RE financial requirements	If the financial requirements for responsible entities are to change in the future, there would be a risk that New RE could not act as the responsible entity of ILF Fund and ILF Trust, if it could not raise the required capital.

General risks associated with an investment in IGCH	Possible direct consequence
General economic conditions	IGCH's operating and financial performance may be influenced by a variety of general economic conditions which have the potential to adversely affect IGCH.
Inflation	Higher than expected inflation rates generally or specific to the property sector could increase operating and development costs.
Residential property prices	Downward market pressure on housing prices could impact the ability to generate development and deferred management fee revenue within the ILF Group affecting New RE's ability to recover its management fee. This is a key risk as the performance of ILF Fund and ILF Trust (and consequently, their ability to pay the Management Fee in the future) is significantly sensitive to these factors.
Litigation and disputes	There is a risk that material or costly disputes or litigation could adversely impact the financial performance of the ILF Group or the IGCH Group or the value of the New Stapled Securities.
Changes in accounting standards	Changes in accounting standards could adversely impact IGCH shares.
Market risks	The price at which New Stapled Securities (which include IGCH shares) trade on ASX is affected by a range of factors which have the potential to adversely impact New Unitholders.
Other factors	Other factors including political, regulatory, legal, economic or other factors including terrorism and war have the potential to adversely impact the value of New Stapled Securities.
Forecast risks	Investors should note that IGCH has no historical financial performance from which to draw conclusions. IGCH does not guarantee any particular rate of return or the performance of IGCH or Ingenia Communities nor does it guarantee the repayment of capital from IGCH or Ingenia Communities or any particular tax treatment.

More information on the risks associated with the offer are set out in Section 7.

1.8 What are the material agreements that IGCH has entered into?

1) Implementation Deed – IGCH has entered into the Implementation Deed in order to effect the Proposal if approved at the Meeting and all other conditions are satisfied.

2) Constitutions of ILF Fund and ILF Trust – On the Implementation Date, New RE will become the responsible entity of each of ILF Fund and ILF Trust and will be entitled to the Management Fees from that date under the terms of the constitutions of ILF Fund or ILF Trust.

3) Main bank facility – On the Implementation Date, IGCH will accede to the main bank facility of the ILF Group as a guarantor. This facility was drawn to $83.7 million as at 31 December 2011. IGCH will provide an all assets charge to the facility provider as security for its obligations under this guarantee. If an event of default occurs under this facility, then the facility provider may elect to accelerate the debt and enforce its security. On any realisation of the assets of IGCH, the facility provider's claims as a secured creditor will rank in priority to those of New Unitholders in respect of their rights under the shares. New RE will not accede to the facility nor grant security in its personal capacity.

4) IGCH constitution – The IGCH constitution sets out the rights of the IGCH shareholders and how IGCH is to be operated.

1.9 Who are the directors, company secretary and senior management of IGCH?

Directors and Secretary

Jim Hazel
Independent Non-Executive Chairman

Mr Hazel has had an extensive corporate career in both the banking and retirement sectors.

More details are provided in Section 8.

Amanda Heyworth
Independent Non-Executive Director

Ms Heyworth is the Chief Executive Officer of Playford Capital. She has a wealth of experience in the finance, technology and government sectors.

More details are provided in Section 8.

Philip Clark
Independent Non-Executive Director

Mr Clark will be appointed as a Director of IGCH on the Implementation Date.

From February 2006 to the Implementation Date Mr Clark has been an Independent Director of IML. Prior to that he was Managing Partner and CEO of Minter Ellison.

More details are provided in Section 8.

Simon Owen
Managing Director and Chief Executive Officer

Simon Owen has been CEO of ILF Group since November 2009. He has strong knowledge and experience in the retirement sector. Prior to joining ILF Group, Simon was CEO of Aevum, a publicly listed retirement company.

Simon is also the National President of the Retirement Village Association.

More details are provided in Section 8.

Leanne Ralph
Company Secretary

Leanne has over 21 years experience in Chief Financial Officer and Company Secretarial roles for various publicly listed and unlisted entities.

More details are provided in Section 8.

Senior Management

Tania Betts
Chief Financial Officer

Tania will join the ILF Group in May 2012, after a 6 year career at Stockland where she held various positions including National Finance Manager within their Retirement Living Division.

More details are provided in Section 8.

Nikki Fisher
Chief Operating Officer

Nikki joined ING Real Estate in 2010 and has over 16 years experience in the property and asset management industry. Her career spans across multiple asset classes including industrial, commercial and retail.

More details are provided in Section 8.

More information on the directors and senior management of IGCH is provided in Section 8 of this Prospectus.

02 Key Terms of the Offer

2.1 The Offer

Under this Prospectus, 441,029,194 shares are being offered to ILF Group Unitholders. The securities being offered under this Prospectus are new shares in IGCH. The offer is conditional upon implementation of the Proposal.

These new shares will only be issued on the Implementation Date:

- to those Unitholders on the register at the Record Date that are not Foreign Resident Holders;
- if the Proposal is approved by a sufficient majority of Unitholders; and
- if the conditions precedent to the implementation of the Proposal are all satisfied or waived (see Section 3.3 of this Prospectus for a description of these conditions).

2.2 The issue of shares

If the Proposal is approved and implemented, Unitholders are not required to pay any new capital for the shares nor complete any application form. Payment for these shares will be funded by a Capital Distribution to be made from the ILF Fund. Unitholders will appoint IML as their agent to receive the distribution and direct IML to apply the proceeds towards a subscription for shares in IGCH. Amendments to the Constitutions of ILF Fund and ILF Trust to facilitate these arrangements will be put to Unitholders for approval at the Meeting.

- Unitholders will be issued one share for every one stapled unit they hold in the ILF Group. The price for these new shares will be 1.3604542 cents.
- The new shares will be stapled to the units in ILF Fund and ILF Trust so that Unitholders may only trade all three securities together.
- While holders of the shares in IGCH will be entitled to a dividend, it is not intended that dividends will be paid on these shares for at least three years. This will not prevent the declaration of a distribution to New Unitholders from ILF Fund or ILF Trust.

2.3 Rights attaching to IGCH shares

Immediately after issue and allotment on the Implementation Date, the IGCH shares (that form part of the New Stapled Security) will be fully paid ordinary shares and will rank equally with all other ordinary shares on issue. The rights attaching to IGCH shares are set out in the IGCH constitution and are regulated by the Corporations Act, the Listing Rules and general law. A copy of the IGCH constitution can be obtained at no charge during the period of this Prospectus by contacting the offer information line on 1300 653 497 (within Australia) or +61 2 8280 7057 (outside Australia).

Subject to the stapling arrangements of Ingenia Communities, the rights attaching to IGCH shares are summarised below.

2.3.1 Entitlement

The directors may from time to time pay dividends to Shareholders out of the profits of IGCH. The directors may fix the amount, the date and the method of payment.

All fully paid IGCH shares on which any dividend is declared or paid are entitled to participate in that dividend equally. It is not expected that IGCH will pay dividends regularly.

2.3.2 General meetings

Each Shareholder is entitled to receive notices of general meetings of IGCH and to receive all notices, financial statements and other IGCH documents required to be sent to Shareholders under the IGCH constitution or the Corporations Act or Listing Rules.

2.3.3 Voting rights

At a general meeting of IGCH, every Shareholder has one vote on a show of hands and one vote for each fully paid IGCH share on a poll.

2.3.4 Issue of additional IGCH shares

The directors may (subject to the restrictions on the issue of IGCH shares imposed by the IGCH constitution, the Listing Rules and the Corporations Act) issue, allot or grant options over unissued IGCH shares, or otherwise dispose of any IGCH shares on any terms and conditions as they see fit.

2.3.5 Transferability of IGCH shares

While New Stapled Securities (which include IGCH shares) are quoted on ASX, Shareholders will generally be able to sell or transfer New Stapled Securities (which include IGCH shares) without restriction.

The directors may in their absolute discretion refuse to register any transfer of New Stapled Securities, IGCH shares or other securities in circumstances permitted by the Listing Rules and the IGCH constitution. The directors must refuse to register any transfer of IGCH shares where they are required to do so by the Listing Rules or the IGCH constitution.

2.3.6 Buy-backs

Subject to the stapling requirements in relation to New Stapled Securities, the directors may buy-back IGCH shares on the terms and at times determined by them, to the extent and in the manner permitted by the Corporations Act and Listing Rules.

2.3.7 Variation of class rights

The rights attached to any class of shares in IGCH, unless otherwise provided for by the terms of issue of those shares, may only be varied or cancelled with the consent in writing of the holders of 75% of the issued shares in the relevant class, or with the sanction of a special resolution passed at a meeting of the holders of the shares in that class.

2.3.8 Entitlement of IGCH shares on winding up

Subject to the IGCH constitution and to any special or preferential rights attaching to any class or classes of shares in IGCH, IGCH shares attract the right in a winding up to participate equally in the distribution of the assets of IGCH (both capital and surplus) in proportion to the amount of capital paid up. The IGCH constitution also gives Shareholders the right to approve by special resolution various alternative ways in which assets may be dealt with by the liquidator.

2.3.9 Amendments to the IGCH constitution

The Corporations Act provides that the constitution of a company may be modified or repealed by a special resolution passed by the Shareholders of the company (that is, passed by at least 75% of the votes cast by members entitled to vote on the resolution). The IGCH constitution does not provide for any further requirements to be complied with to effect a modification of, or to repeal, the constitution (except if the amendments affect the stapling of IGCH shares, in which case consent of each entity in the stapled group of which IGCH forms a part may need to be obtained).

2.4 Foreign Resident Holders and the Sale Facility

If you are a Unitholder with a registered address outside Australia, New Zealand or Hong Kong (**Foreign Resident Holder**), you are ineligible to receive the IGCH shares to which you would otherwise be entitled. The IGCH shares to which Foreign Resident Holders would otherwise be entitled will be sold as part of New Stapled Securities in accordance with the Sale Facility and the net proceeds of the Sale Facility will be remitted to Foreign Resident Holders.

More information on the Sale Facility is provided in Sections 3.11 and 5.11 in the separate Explanatory Memorandum.

03

Background to the Prospectus

regarding the Proposal

3.1 Description

As set out in the accompanying Explanatory Memorandum issued by Current RE, Unitholders are being asked to approve the Proposal, which involves the internalisation of management of the ILF Group.

If the Proposal is approved and implemented:

- New RE will become the responsible entity of the ILF Group. New RE is a wholly owned subsidiary of IGCH;
- a Capital Distribution will be declared from the ILF Fund, the proceeds of which will be applied by Current RE on behalf of Unitholders towards a subscription for shares in IGCH (other than for Foreign Resident Holders);
- Unitholders will be issued new shares in IGCH which will then be stapled to Unitholders' existing units in Existing Stapled Securities forming the New Stapled Securities; and
- ILF Group will be renamed Ingenia Communities and will trade on ASX under the code INA.

The issue of shares in IGCH to Unitholders will be determined by holdings of Existing Stapled Securities as at the Record Date on a one for one basis.

Foreign Resident Holders will be considered ineligible to receive the IGCH shares to which they would otherwise be entitled. The IGCH shares to which Foreign Resident Holders would otherwise be entitled will be sold as part of New Stapled Securities in accordance with the Sale Facility and the net proceeds of the Sale Facility will be remitted to Foreign Resident Holders.

3.2 Key implementation steps for the Proposal

The key implementation steps of the Proposal in relation to the subscription for shares in IGCH on behalf of Unitholders are:

- Current RE, as agent for each Foreign Resident Holder, will transfer to a nominee of the Sale Agent all Existing Stapled Securities held by Foreign Resident Holders;
- Current RE will declare a conditional Capital Distribution of $6 million to be made from the ILF Fund;
- Current RE will apply the Capital Distribution towards a subscription for fully-paid ordinary IGCH shares on behalf of Unitholders, on a one for one basis with regards to the number of Existing Stapled Securities held by each Unitholder as at the Record Date;
- After a transfer of their Existing Stapled Securities to a nominee of the Sale Agent under the Sale Facility, Foreign Resident Holders will not be Unitholders as at this Record Date and therefore not eligible to participate in the offer for shares in IGCH;
- the one existing IGCH share held by REIMA will be bought back by IGCH for $1;
- the shares in IGCH will be stapled to the units in ILF Trust and ILF Fund creating New Stapled Securities and the stapled entity known as Ingenia Communities, which will be listed on the ASX with ASX code INA;
- the shares in each of the Subsidiary Trustee Companies will be transferred to IGCH from the relevant ING subsidiary entities;
- REIMA will transfer its units in the NZ Trust to the New RE;
- Current RE will lodge a form with ASIC requesting that the responsible entity of both ILF Fund and ILF Trust be changed to New RE; and
- upon amendment of the register by ASIC, New RE will become the responsible entity of both ILF Fund and ILF Trust and they will be renamed respectively, Ingenia Communities Fund and Ingenia Communities Management Trust.

3.3 Conditions to the Proposal

The Proposal will not proceed, and IGCH shares will not be issued under this Prospectus, unless the conditions precedent as set out in the Implementation Deed are all satisfied.

The key conditions include:

- New RE obtains an AFSL from ASIC in a form appropriate for acting as responsible entity of the ILF Fund and ILF Trust;
- the opinion of the independent expert for the Proposal, Deloitte Corporate Finance Pty Limited, that the Proposal is fair and reasonable and is in the best interest of Unitholders has not changed, been modified or been withdrawn;
- Current RE continues to recommend that the Proposal is in the best interest of Unitholders;
- all relevant ASIC relief has been granted, and in respect of any ASIC relief not granted, ASIC has indicated in writing that such relief is not required;
- all relevant ASX waivers have been granted, and in respect of any ASX waivers or confirmation not granted, ASX has indicated in writing that such waiver or confirmation is not required;
- the Proposal Resolutions are passed by the Unitholders; and
- there is no superior alternative arrangement to the Proposal, which Current RE determines is more favourable to Unitholders than the Proposal.

04
Overview of the Industry

4.1 Overview

The ILF Group owns and operates a retirement living business with Total Look-Through Assets under management of $562 million with operations located predominantly throughout Australia but also in the United States. It also owns a student accommodation business in Wellington, New Zealand.

4.2 Australia retirement living sector outlook

Australia's ageing population

The number of Australian seniors aged over 65 years is forecast to increase significantly over the next 40 years from 3 million today to 8.1 million by 2050. As the first wave of baby boomers turn 65 years old in FY2012 it is anticipated that there will be an increase in demand for quality seniors housing. Australian intergenerational studies have indicated that the baby boomer generation will enter retirement with different expectations and aspirations, and are likely to demand higher quality and a greater range of services than previous generations.

According to the Australian Bureau of Statistics, approximately 15% of retirees in Australia continue to rely on the aged pension for all or part of their income. As the largest owner-operators of rental villages in Australia, ILF Group offers an affordable housing solution with community facilities.

Australian economic drivers pointing to recovery

Inflation levels at the date of this Prospectus are around 2.5 per cent, and are expected to remain close to this level for the 2013 financial year. This forecast, along with gross domestic product growth and unemployment rates at low levels, supports an expectation by the Reserve Bank of Australia that productivity growth will improve. Housing prices have shown some sign of stabilising recently, after having declined for most of 2011, but generally the housing market remains soft in many regions.

Demand for seniors housing to exceed supply

In recent years supply of new seniors housing remains significantly constrained due to the lack of development capital and access to new land issues. Present supply forecasts fall well short of the projected growth in demand for seniors housing.

Wide-spread ownership across the seniors housing sector

The retirement industry is dominated by both for-profit and not-for-profit operators. Despite recent consolidation of owners and operators in the sector the industry remains fragmented with the top 5 participants controlling less than 30% of the seniors housing market.

4.3 US retirement outlook

The number of senior citizens over the age of 65 in the US is forecast to increase from approximately 40 million people in 2011 to approximately 72 million people by 2030. Currently, in the US there are 10,000 people turning 65 every day. This rate of individuals turning 65 on a daily basis will continue to occur until 2030. As a result, quality, well located seniors housing assets in solid socio-economic demographic markets are likely to experience increased demand, and those in defensible market positions where there are significant barriers to new entrants, such as the ILF Group New York seniors housing portfolio, will likely enjoy very high levels of occupancy and price growth going forward.

05

Overview of IGCH

and its Operations

5.1 Overview of operations and structure of IGCH

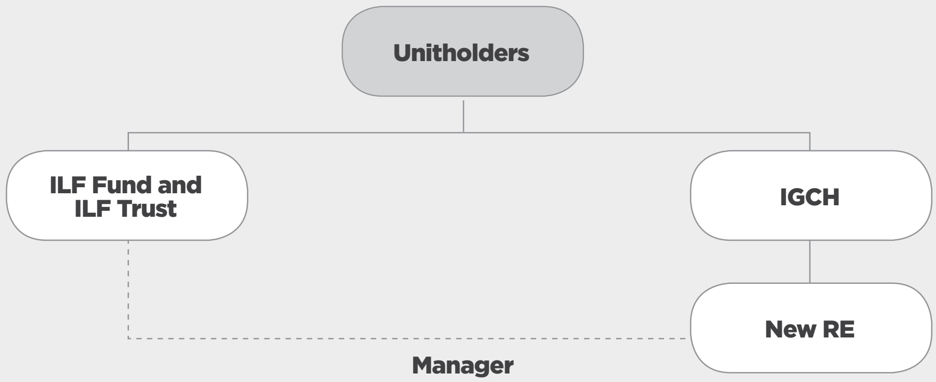
IGCH and New RE are both Australian public companies established for the purposes of the Proposal. New RE is a wholly owned subsidiary of IGCH. At the date of this Prospectus, REIMA is the sole shareholder of IGCH. If the Proposal is implemented, on the Implementation Date the shareholders of IGCH will be Unitholders (other than Foreign Resident Holders) as at the Record Date.

If the Proposal is approved by a sufficient number of Unitholders on the Implementation Date:

- New RE, IGCH's wholly owned subsidiary, will replace IML as the responsible entity for ILF Trust and ILF Fund;
- Unitholders (other than Foreign Resident Holders) will be issued with 100% of IGCH shares of which New RE and the Subsidiary Trustee Companies will be wholly owned subsidiaries; and
- ILF Fund and ILF Trust will be renamed Ingenia Communities Fund and Ingenia Communities Management Trust and will be stapled to the shares in IGCH to form the New Stapled Securities of Ingenia Communities, which will trade on ASX under the ASX code of INA.

The following diagram represents the current structure of ILF Group prior to the implementation of the Proposal:

The following diagram represents the structure upon completion of the implementation of the Proposal:



5.2 Management Fee

On its appointment as responsible entity, New RE is entitled to receive the Management Fee. As at the date of the Prospectus, the Management Fee is 0.5% per annum of the gross assets of the ILF Group. New RE is also, broadly, entitled to recover from the assets of the ILF Group any expense properly incurred by it in the exercise of rights, powers and duties as responsible entity.

5.3 Australian Financial Services Licence

As at the date of this Prospectus, New RE has been provided with a draft AFSL by ASIC with the requisite authorisations to enable it to act as responsible entity of ILF Fund and ILF Trust. It is anticipated that on the Implementation Date, New RE will satisfy the conditions to its draft AFSL and ASIC will issue the final licence enabling it to act as responsible entity of ILF Fund and ILF Trust. If this final AFSL is not granted to New RE, implementation of the Proposal will not be possible and IML will continue as the responsible entity of ILF Fund and ILF Trust and Existing Stapled Securities will continue to trade on ASX. For more information on what will occur if the Proposal is not implemented, see Sections 3.7 and 5.7 of the Explanatory Memorandum.

IGCH will use the proceeds of the issue of shares to Unitholders to subscribe for shares in New RE so that New RE will be capitalised to $6 million by way of working capital, to satisfy its financial adequacy obligations under its AFSL and allow it to hold the assets of the ILF Fund and ILF Trust without appointing a custodian. In order to maintain its AFSL in compliance New RE must maintain $5 million net tangible assets (calculated in accordance with ASIC's Regulatory Guide RG 166) at all times and this amount will not be available for distributions to Unitholders unless New RE ceases to be the responsible entity for any registered managed investment scheme or the laws that regulate the financial requirements for companies issued with an AFSL change.

5.4 Financing arrangements

IGCH will accede as a guarantor to the ILF Group main banking facility. This facility was drawn to $83.7 million as at 31 December 2011. IGCH will provide an all assets charge to secure its obligations under the guarantee of the facility.

If an event of default occurs under this facility, then the facility provider may elect to accelerate the debt and enforce its security including the IGCH charge. On any realisation of the assets of IGCH, the facility provider's claims as a secured creditor will rank in priority to those of Shareholders.

New RE will not accede to the facility in its personal capacity and accordingly its $6 million capital will be free from any security interest in favour of the facility provider.

5.5 Assets

Details of the assets of Ingenia Communities that IGCH will manage if the Proposal is implemented are as follows.

Australian Seniors Portfolio: provides rental and DMF model accommodation to seniors across QLD, NSW, VIC, WA and TAS. The portfolio currently comprises 1,388 rental units within 26 villages under the Garden Villages brand, three rental properties with 216 units currently being converted to DMF units and four DMF properties with 677 units under the Settlers Lifestyle brand. For the DMF model, a resident pays an entry price equivalent to the market value of the dwelling and in turn is granted a residence contract or exclusive right to reside. A weekly service fee is charged for the duration of occupancy and the DMF is paid upon departure. For the rental model, a resident pays a refundable bond and is charged a fortnightly rent in a residential lease arrangement ranging from 3 to 12 months. Residents can opt to include a meals package for a nominal weekly fee.

US Seniors Portfolio: provides rental accommodation and care services to seniors across six properties located on Long Island, New York comprising 916 units. Management is currently advancing negotiations regarding a possible sale of this portfolio at a premium to 31 December 2011 book value.

New Zealand Students Portfolio: provides off-campus accommodation for university students in the Central Business District of Wellington, New Zealand. The portfolio also offers budget short stay accommodation during the summer university break. The portfolio currently comprises 359 units within three properties.

06 Financial Information

6.1 Financial position

Basis of preparation

The financial information contained in this Section has been prepared in accordance with the recognition and measurement principles of Australian accounting standards. However, it is presented in an abbreviated form and does not include all of the disclosures, statements or comparative information required by the Australian accounting standards applicable to annual financial reports prepared in accordance with the Corporations Act.

The accounting policies used in preparing the financial information are the same as those of ILF Group, which are given in its financial report for the year ended 30 June 2011.

The consolidated historical and pro-forma balance sheets of IGCH include IGCH and its subsidiaries, New RE and the Subsidiary Trustee Companies.

The historical balance sheet of IGCH as at the date of this Prospectus was taken from its management accounts.

The pro-forma balance sheet of IGCH as at the Implementation Date was prepared as follows:

- other than the Proposal, there are no material transactions which are expected to occur between the date of this Prospectus and the Implementation Date and consequently no adjustment was required for these; and
- adjustments were made for the financial effect of the Proposal, which is accounted for as a business combination under accounting standard AASB 3 Business Combinations. As the stapling contemplated by the Proposal constitutes a reverse acquisition under AASB 3, ILF Fund has been identified as the acquiror of IGCH, but IGCH has been identified as the parent of Ingenia Communities for preparing consolidated Ingenia Communities financial information. However, the pro-forma balance sheet does not include ILF Fund or ILF Trust, so that Unitholders can understand the financial position of IGCH and New RE.

Historical and pro-forma balance sheets

	IGCH Actual as at the date of this Prospectus		Pro-forma adjustments	IGCH Pro-forma as at the Implementation Date
	$000s		**$000s**	**$000s**
Current assets				
Cash & cash equivalents (note 1)	–	A,B	6,000	6,000
Intangible assets		C,D	800	800
	–		6,800	6,800
Total assets	–		6,800	6,800
Net assets	–		6,800	6,800

Note 1: At the date of this Prospectus IGCH has cash and issued capital of $1.

Details of the pro-forma adjustments are:

A. IGCH will issue 441,029,194 shares for a total consideration of $6,000,000.
B. IGCH will buy back the 1 share held by REIMA for $1.
C. An increase of $600,000 in intangible assets represents the fair value of the Transitional Services to be provided by REIMA. This will be amortised to the income statement over the term of the Transitional Services.
D. An increase of $200,000 in intangible assets represents the fair value of the rental support to be provided by REIMA. This will be amortised to the income statement over the term of the rental support.

6.2 Financial performance

IGCH and New RE will not trade before the Implementation Date. The Subsidiary Trustee Companies do not derive revenue nor do they incur expenses. Consequently, there is no historical financial performance for these companies.

On its appointment as responsible entity, New RE is entitled to receive the Management Fee. As at the date of the Prospectus, the Management Fee is 0.5% per annum of the gross assets of the ILF Group. New RE is also, broadly, entitled to recover from the assets of the ILF Group any expense properly incurred by it in the exercise of rights, powers and duties as responsible entity.

The expenses of IGCH and New RE will comprise the costs of the independent directors, a small management team (being some of the employees transferring from REIMA) and associated costs including office costs.

The resulting net profit or loss is not expected to be material in the context of either ILF Group or Ingenia Communities. IGCH does not expect to pay dividends for at least three years and any accumulated profits will be retained within Ingenia Communities for the benefit of New Unitholders.

6.3 Taxation

The cost base of the IGCH shares issued to Unitholders will include the Capital Distribution the Unitholders receive which is applied on their behalf by the Current RE for the issue of IGCH shares.

07 Risks

This Section identifies the key risk factors associated with an investment in IGCH shares. You should carefully consider the risks described in this Section, as well as other information in this Prospectus, and consult your financial and other professional advisers before you decide to vote in favour of the Proposal thereby investing in IGCH shares. If any of the following risks actually occur, IGCH's business, financial condition and results of operations are likely to suffer. In this case, the trading price of a New Stapled Security (which includes an IGCH share) could decline, and you may lose all or part of your investment and / or the distributable income of Ingenia Communities (which includes IGCH) may be lower than expected or zero.

7.1 Business risks

New Stapled Securities

Given that IGCH shares will form part of New Stapled Securities, the trading value of IGCH shares will be dependent on the trading price of New Stapled Securities of Ingenia Communities on ASX under the ASX code INA. The trading price of INA is subject to a number of risks which apply to Ingenia Communities which are set out in the Explanatory Memorandum. This is a key risk as the value of IGCH shares is necessarily tied to the value of New Stapled Securities for as long as the stapling provisions for New Stapled Securities apply.

ILF Fund and ILF Trust

The entire business of IGCH and its subsidiary, New RE, will consist of New RE acting as responsible entity of ILF Fund and ILF Trust. To the extent that ILF Fund and ILF Trust are unable to pay the Management Fee to New RE or a sufficient proportion of the Management Fee to cover the liabilities of the IGCH, the performance of IGCH may be adversely affected. This is a key risk as IGCH's operating income will be sourced only from the Management Fee to be paid by ILF Fund and ILF Trust.

Employees

IGCH will be reliant on retaining and attracting quality senior executives and other employees to run ILF Fund and ILF Trust. The loss of the services of any senior management or key personnel, or the inability to attract new qualified personnel, could adversely affect IGCH's operations either directly or through the ILF Fund and ILF Trusts' ability to pay the Management Fee.

Financial information

There is a risk that the assumptions in the financial information in this Prospectus may not hold.

Taxation

Changes in taxation law (including goods and services taxes and stamp duties), or changes in the way tax laws are interpreted in the various jurisdictions in which IGCH operates, may impact the tax liabilities of IGCH.

Capital expenditure

The risk of unforeseen capital expenditure requirements may impact investors, including, for example, if ASIC changes the financial requirements necessary for companies that hold an AFSL increasing the amount needing to be reserved by New RE. New RE's financial requirements will not extend beyond $5 million under the changes to the financial requirements for holders of AFSLs that are responsible entities of registered schemes due to take effect in November 2012.

Dividends

The Management Fee payable to New RE under the Constitutions is expected to be less than the cost base of IGCH at least in the short term and accordingly, it is not intended that New RE or IGCH will pay any dividends to New Unitholders for at least three years.

AFSL

The entire business of IGCH will consist of New RE acting as responsible entity of Ingenia Communities. In order for the Proposal to be implemented, it is anticipated that New RE will be issued an AFSL on the Implementation Date with the necessary authorisations to allow it to act as responsible entity of ILF Fund and ILF Trust. In order to maintain its AFSL, New RE will need to meet certain financial and operational requirements. If New RE is unable to meet these requirements, there is a risk that its AFSL will be revoked and it will no longer be able to act as responsible entity of ILF Fund and ILF Trust.

ASX listing

The listing of IGCH on the ASX imposes various listing obligations with which IGCH must comply on an ongoing basis. Whilst IGCH will seek to comply with its listing obligations, there can be no assurance that the requirements necessary to maintain the listing of New Stapled Securities (which include IGCH shares) will continue to be met or will remain unchanged.

Financing

IGCH will become a guarantor of Ingenia Communities' main bank facility and provide all asset security to the facility provider. If there is an event of default on the realisation of the assets of IGCH, the facility provider's claims as a secured creditor will rank in priority to those of Shareholders.

Seniors housing regulatory risk

Seniors housing is a highly regulated sector. Changes in regulations could impact on IGCH's ability to profitably operate seniors housing communities which could affect IGCH's ability to recover responsible entity fees.

New RE financial requirements

If the Proposal is implemented, New RE will be capitalised by IGCH to an amount of $6 million. Under the current legislation New RE is required to hold at least $5 million in net tangible assets (**NTA**) to comply with the provisions of its AFSL and to hold the assets of the ILF Group itself (without appointing a custodian). If this NTA requirement, or other financial requirements are to increase in the future, this could represent a risk to the ability of New RE to act as the responsible entity of ILF Fund and ILF Trust.

7.2 General market risks

General economic conditions

IGCH's operating and financial performance is influenced by a variety of general economic and business conditions, including the level of inflation, interest rates, exchange rates, commodity prices, ability to access funding, oversupply and demand conditions, government fiscal, monetary and regulatory policies, changes in gross domestic product and economic growth, employment levels and consumer spending, consumer and investment sentiment and property market volatility. Prolonged deterioration in these conditions, including an increase in interest rates, an increase in the cost of capital or a decrease in consumer demand, could have a materially adverse impact on IGCH's operating and financial performance.

Inflation

Higher than expected inflation rates generally or specific to the property sector could be expected to increase operating costs and development costs.

Residential property prices

Downward market pressure on housing prices could impact the ability to generate development and deferred management fee revenue. This is a key risk as the performance of ILF Fund and ILF Trust (and consequently, their ability to pay the Management Fee in the future) is highly sensitive to these factors.

Litigation and disputes

Disputes or litigation may arise from time to time in the course of business activities. There is a risk that material or costly disputes or litigation could adversely affect financial performance and security value.

Changes in accounting standards or policy

IGCH will be subject to the usual business risk that there may be changes in accounting standards or its own accounting policies which have an adverse impact on IGCH.

Market risks

The price at which New Stapled Securities (which include IGCH shares) trade on ASX may be determined by a range of factors, in addition to those detailed above, for example:

- changes to local and international stock markets;
- changes in interest rates;
- changes to the relevant indices in which Ingenia Communities may participate, the weighting that Ingenia Communities has in the indices and the implication of those matters for institutional investors that impact their investment holdings in New Stapled Securities;
- global geo-political events and hostilities;
- investor perceptions;
- changes in government, fiscal, monetary and regulatory policies; and
- demand and supply of listed property trust securities.

In the future, one or more of these factors may cause New Stapled Securities to trade at lower prices and may affect the revenue and expenses of IGCH. In addition, the stock market can experience price and volume fluctuations that may be unrelated or disproportionate to the operating performance of IGCH.

Other factors

Other factors that may impact on an entity's performance include changes or disruptions to political, regulatory, legal or economic conditions or to the national or international financial markets including as a result of terrorist attacks or war.

Forecast risks

Investors should note that IGCH has no historical financial performance to draw conclusions from. IGCH does not guarantee any particular rate of return or the performance of IGCH or Ingenia Communities nor does it guarantee the repayment of capital from IGCH or Ingenia Communities or any particular tax treatment.

08

Key People

The key people involved in IGCH are as follows:

Directors and Secretary

Jim Hazel
Independent Non-Executive Chairman

Mr Hazel has had an extensive corporate career in both the banking and retirement sectors. His retirement and village operations experience includes being Managing Director with Primelife Corporation Limited (now part of Lend Lease). Jim is currently a Non-Executive Director of Bendigo and Adelaide Bank Limited, and also serves as a Director on the boards of Impedimed Limited, Motor Accident Commission, Coopers Brewery Limited and Centrex Metals Limited. He sits on a number of other boards, including the Council on the Ageing (SA) Inc.

Amanda Heyworth
Independent Non-Executive Director

Ms Heyworth is the Chief Executive Officer of Playford Capital. She has a wealth of experience in the finance, technology and government sectors. Ms Heyworth brings a finance and growth focus to the Group, having worked on many product launches and geographic expansions and over 40 capital raisings and M&A transactions. She sits on a number of public sector and private boards including SA Lotteries, the Australian Centre for Renewable Energy and the Phoenix Society.

Philip Clark
Independent Non-Executive Director

Mr Clark is a member of the J.P. Morgan Advisory Council, a Director of ING Management Limited and also chairs a number of government and private company boards. He was Managing Partner and CEO of Minter Ellison and worked with that firm from 1995 until June 2005. Prior to joining Minter Ellison, Mr Clark was Director and Head of Corporate with ABN Amro Australia and prior to that he was Managing Partner with Mallesons Stephen Jaques for 16 years

Mr Clark will be appointed as a Director of IGCH on the Implementation Date.

Simon Owen
Managing Director and Chief Executive Officer

Simon joined ILF Group in November 2009 as the Chief Executive Officer. Simon has the overall responsibility for the strategic direction of ILF Group including, operational, financial and capital management.

Simon brings to Ingenia Communities in-depth experience in the retirement sector and is currently the National President of the Retirement Villages Association (RVA), the peak industry advocacy group in Australia. Simon's experience spans across multiple disciplines including finance, funds management, mergers and acquisitions, business development and sales and marketing. Prior to ING, Simon was the CEO of Aevum, a formerly listed retirement company. Simon is a qualified accountant (CPA) with post graduate diplomas in finance and investment, and advanced accounting.

Leanne Ralph
Company Secretary

Mrs Leanne Ralph has been appointed to the part-time position of Company Secretary. Leanne has over 21 years experience as Chief Financial Officer and Company Secretarial roles for various publicly listed and unlisted entities. Leanne is a member of Chartered Secretaries Australia, Australian Institute of Company Directors and CPA Australia. Leanne is the principal of Boardworx Australia Pty Ltd which supplies bespoke outsourced Company Secretarial services to a number of listed and unlisted companies.

Senior Management

Nikki Fisher
Chief Operating Officer

Nikki is responsible for the operation of ILF Group's Australian Seniors portfolio of Rental and DMF assets. She joined ING Real Estate in 2010. Nikki has 16 years' experience in the property and asset management industry. Her career spans across multiple asset classes including industrial, commercial and retail. Prior to ING, Nikki spent 10 years at Westfield Group where she held the position of Regional Manager QLD North, overseeing a portfolio in excess of $2 billion. She holds a Bachelor of Business in Accounting and Industry Economics.

Tania Betts
Chief Financial Officer

Tania will join the ILF Group in May 2012, after a 6 year career at Stockland Group where she held various positions including National Finance Manager within their Retirement Living Division. Tania's previous experience includes several years within the chartered accounting profession as well as working for a leading health care provider. She holds a Bachelor of Business in Accounting and Finance, is a member of both the Institute of Chartered Accountants and the Institute of Chartered Secretaries and was the winner of the 2011 Urban Development Institute of Australia Young Developer Leadership Award.

09

Additional Information

9.1 Interests of directors

Interests of IGCH directors in IGCH or New RE

a) The directors of IGCH as at the date of this Prospectus are:
   i) Jim Hazel;
   ii) Amanda Heyworth; and
   iii) Simon Owen.

b) Philip Clark will be appointed on the Implementation Date.

c) As at the date of this Prospectus, REIMA is the sole shareholder of IGCH and no IGCH shares are held by or on behalf of each director or key management personnel of IGCH.

Other interests of directors

Other than as set out in this Section 9 or elsewhere in this Prospectus:

a) no director, proposed director or promoter of IGCH has, or has had at any time in the two years before the date of this Prospectus, any interests in:
   i) the formation or promotion of IGCH or New RE;
   ii) any property acquired or proposed to be acquired by IGCH or New RE in connection with its formation or promotion or the offer of shares in IGCH; or
   iii) the offer of shares in IGCH; and

b) no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to:
   i) any director, or proposed director, to induce him or her to become, or to qualify as, a director of IGCH; or
   ii) any director, proposed director or promoter of IGCH for services that he or she has provided in connection with either the formation or promotion of IGCH or New RE or the offer of shares in IGCH.

Independent directors

Each of the independent directors of IGCH, being Jim Hazel, Amanda Heyworth and Philip Clark (to be appointed on the Implementation Date) is free from any business or other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of that person's judgement.

9.2 Remuneration of directors

The directors and proposed directors of IGCH will be entitled to receive the following benefits:

Directors and Proposed Directors	Remuneration
Jim Hazel	$150,000
Amanda Heyworth	$70,000
Philip Clark	$70,000
Simon Owen	see below

9.3 Remuneration of senior management

The senior management of IGCH will be entitled to receive the following benefits:

Role	Incumbent	Base Package (Including Super)	At-risk STI		LTI	
			%	Amount	Performance Quantum Rights	Deferred Quantum Rights
CEO and Managing Director	Simon Owen	$400,000	30%	$120,000	50%	$200,000
Chief Financial Officer	Tania Betts	$280,000	25%	$70,000	25%	$70,000
Chief Operating Officer	Nikki Fisher	$280,000	25%	$70,000	25%	$70,000

Key management are entitled to short term incentives (STI) of up to the specified percentages of their base package, subject to the achievement of certain targets.

The long term incentives (LTI) comprise two types of rights, performance quantum rights and deferred quantum rights. Performance quantum rights vest based on Ingenia Communities performance and deferred quantum rights vest on completion of a period of service.

9.4 Interests of advisers

Interests of advisers

Other than as set out in this Section 9 or elsewhere in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus or a broker to the offer of IGCH shares:

a) has any interest, or has had any interest during the last two years before the date of this Prospectus, in the formation or promotion of IGCH or New RE, or any property acquired or proposed to be acquired by IGCH or New RE in connection with its formation or promotion or the offer of IGCH shares; or

b) has been paid or agreed to be paid any amount and no value or other benefit has been given or agreed to be given to any such person in connection with services provided by the person in connection with the formation or promotion of IGCH or New RE or the offer of IGCH shares.

Adviser fees

RBS Morgans Corporate Limited acted as Financial Adviser in relation to the Proposal. Notwithstanding the foregoing, RBS Morgans Corporate Limited is not in any way responsible for the contents of the Prospectus nor the offer of shares under this Prospectus. RBS Morgans Corporate Limited is entitled to receive a completion fee of $250,000 (excluding GST) in the event the Proposal is implemented. Additionally the Financial Adviser is entitled to a monthly fee of $30,000 for the period from November 2011 to the Proposal being implemented.

Minter Ellison has acted as legal adviser to IGCH in respect of the Proposal, including offer of IGCH shares and has performed work in relation to due diligence required on legal matters. Ingenia Communities will pay Minter Ellison an estimated fee of $500,000 (excluding GST) for such services to the date of this Prospectus. Further amounts may be paid to Minter Ellison in accordance with its usual time based charge out rates.

Moore Stephens have acted as tax advisers in relation to the offer of IGCH shares. In respect of work undertaken in relation to the Proposal, including the offer of IGCH shares, Ingenia Communities will pay Moore Stephens an estimated fee of $40,000 (excluding GST) for work up to the date of this Prospectus. Further amounts may be paid to Moore Stephens in accordance with their normal time based charges.

9.5 Corporate Governance

The board of directors of IGCH is responsible for the corporate governance of IGCH. IGCH will satisfy the best practice recommendations set by the ASX Corporate Governance Council regarding independent directors and chairmen as three of the four directors on the Implementation Date will be independent directors.

As ultimate responsibility for the corporate governance practices of IGCH rests with the board of directors, the board seeks to meet all its regulatory and ethical expectations and obligations. In addition, the board is responsible for identifying areas of significant business risk ensuring arrangements are in place to manage these risks.

9.6 Continuous disclosure

a) If the Proposal is implemented, IGCH will be a disclosing entity for the purposes of the Corporations Act and as such will be subject to periodic reporting and disclosure obligations under the Corporations Act and the Listing Rules.

b) These obligations will require IGCH to notify the ASX of information about specified matters and events as they occur for the purpose of making that information available to the market.

c) In particular, IGCH will have an obligation (subject to limited exceptions) to notify the ASX immediately on becoming aware of any information which a reasonable person would expect to have a material effect on the price or value of securities in IGCH.

d) Publicly disclosed information about all ASX-listed entities is available on the ASX website at www.asx.com.au.

9.7 Stapling

ASX reserves the right (but without limiting its absolute discretion) to remove IGCH and Ingenia Communities from the official list if New Stapled Securities cease to be stapled together, or if IGCH issues securities which are not stapled to equivalent units in the ILF Fund and ILF Trust.

9.8 ASX listing

IGCH is a registered company under the Corporations Act since 24 November 2011.

The directors have applied for quotation of New Stapled Securities after the Implementation Date (each of which consists of one unit in ILF Fund and one unit in ILF Trust and one IGCH share).

9.9 ASIC relief

ASIC has decided to grant the following modifications and exemptions in relation to the operation of the Corporations Act as it applies to Current RE, IGCH, the Sale Agent, IML and New RE as the new responsible entity of the ILF Fund and ILF Trust.

Relief for issue of shares in IGCH

ASIC has granted the following relief:

a) (**Section 711(6) and 723(1) – prospectus content**) modifications to allow the Prospectus not to include an expiry date or an application form.

b) (**Section 734 – advertising provisions**) modifications to allow statements to be made in advertising and promotional materials without referring to the application form for IGCH shares or the availability of a disclosure document.

Relief for Foreign Resident Holders

ASIC has given its in principle approval to grant relief:

c) (**Paragraph 601FC(1)(d)- equal treatment**) to exempt the Current RE from the obligation to treat members who hold interests of the same class equally to allow the Current RE to operate the Sale Facility in respect of the Foreign Resident Holders' interests as described in Section 5.1 1.

d) (**Section 601ED – registration of Sale Facility**) to exempt the Sale Facility from the requirement to be registered.

e) (**Section 911A(1) – AFSL**) to exempt Current RE, New RE, the Sale Agent and its nominee from the requirement to hold an AFSL for the financial services that may be provided in connection with the Sale Facility.

f) (**Divisions 2 to 4 of Part 7.9 – disclosure and related obligations**) to exempt Current RE, New RE, the Sale Agent and its nominee from the requirements of Divisions 2 to 4 of Part 7.9 in respect of the offering of the Sale Facility.

g) (**Division 5A of Part 7.9 – unsolicited offers**) to exempt Current RE, New RE, the Sale Agent and its nominee from the requirements of Division 5A of Part 7.9 in respect of the acquisition of the Foreign Resident Holders' interests in the ILF Group pursuant to the Sale Facility.

Relief for stapling

ASIC has given its in principle approval to grant the following relief:

h) (**Sections 601FC(1)(c) and 601FD(1)(c) - best interests**) modifications to the Current RE's duty to act in the best interests of Unitholders to allow the Current RE and its officers to also have regard to the interests of Unitholders as holders of IGCH shares when acting in the best interests of Unitholders.

i) (**Sections 601FC(1)(e) - not to cause detriment**) modifications to the Current RE's duty not to cause detriment to Unitholders to allow the Current RE to have regard to the interests of Unitholders as holders of New Stapled Securities.

j) (**Sections 601LC - scheme property**) modifications to allow the Current RE to provide benefits from the scheme property of one trust in the ILF Group to the other trust in the ILF Group or to IGCH without security holder approval.

k) (**Part 6D.2 and 7.9 – dividend and distribution reinvestment plan (DRP)**) to exempt Current RE, IGCH and New RE from the requirement to provide a product disclosure statement or prospectus for a DRP where the proceeds of dividends in respect of IGCH shares and distributions in respect of interests in the ILF Fund and ILF Trust are pooled and applied to acquire additional New Stapled Securities.

l) (**Section 1017E - application moneys**) – relief to allow application money received in relation to units in ILF Fund and ILF Trust to be combined with application money in relation to IGCH shares.

9.10 ASX waivers and confirmations

ASX has provided an in-principle decision to grant waivers from and confirmations of the following Listing Rules as they apply to IGCH, ILF Fund and ILF Trust.

Waivers

a) (**Listing Rule 1.1 condition 7 – spread requirements**) waiver to extent necessary not to require IGCH to comply with the spread requirements in that rule, on condition that each share in IGCH is stapled to a unit in ILF Fund and a unit in ILF Trust, and that ILF Group satisfies listing rule 12.4 at the time IGCH is admitted to the official list of ASX.

b) (**Listing Rule 1.1 condition 8 – asset test**) waiver to the extent necessary not to require IGCH to comply with listing rule 1.2 (profit test) and 1.3 (asset test), on condition that each share in IGCH is stapled to a unit in ILF Fund and a unit in ILF Trust, and ILF Group satisfied listing rules 12.1 and 12.2 at the time IGCH is admitted to the official list of ASX.

c) (**Listing Rule 2.1 condition 2 – issue price**) waiver to extent necessary to permit the issue price of shares in IGCH to be less than 20 cents in cash, on condition that each share in IGCH is stapled to a unit in ILF Fund and a unit in ILF Trust.

d) (**Listing Rule 6.24 – dividends and distributions**) waiver to allow a dividend or distribution and record date to be announced by Ingenia Communities without advising ASX of the actual rate and amount, on condition that an estimated dividend or distribution rate is advised to ASX and the actual rate is advised to ASX as soon as it becomes known.

e) (**Listing Rule 8.10 – register a transfer**) waiver to allow the New RE as responsible entity of ILF Fund and ILF Trust and IGCH to respectively refuse to register a transfer of a share or unit (as the case may be) if not accompanied by a corresponding transfer of a share or unit in the other entities that comprise Ingenia Communities.

f) (**Listing Rule 10.1 – substantial asset to related party**) waiver to allow the transfer of substantial assets between IGCH, ILF Fund and the ILF Trust and their subsidiaries without security holder approval, on condition that each IGCH share is stapled to a unit in ILF Fund and a unit in ILF Trust, and IGCH, ILF Fund and ILF Trust do not issue any other securities that are not stapled to the corresponding number of securities of the other entities.

g) (**Listing Rule 10.14**) waiver to extent necessary to permit the issue of rights to Mr Simon Owen under the Ingenia Communities Long-term Incentive Scheme, without shareholder approval, on condition that ILF Group Unitholders approve the issue of the performance rights and each IGCH share is stapled to a unit in ILF Fund and a unit in ILF Trust.

Confirmations

h) (**Listing Rule 1.1 condition 1 – structure**) confirmation that the structure and operations of IGCH are appropriate for a listed entity.

i) (**Listing Rule 6.1 – terms of security**) confirmation that the terms applying to New Stapled Securities are appropriate and equitable.

j) (**Listing Rule 6.12.3 – divestment of security**) confirmation that the provisions of the constitutions for ILF Fund and ILF Trust relating to the divestment of units of Foreign Resident Holders are appropriate and equitable.

9.11 FMA Relief

The New Zealand Financial Markets Authority (**FMA**) has granted the following exemptions in relation to the operation of the Securities Act 1978 (New Zealand) and the Securities Regulations 2009 (New Zealand) as it applies to the IML, IGCH and New RE:

Relief for issue of shares in IGCH

a) (**Sections 37,37A, 38A of the Securities Act and the Securities Regulations 2009 (except regulation 23) - certain obligations for the issue of securities**): to exempt IGCH from certain obligations (including preparing a New Zealand registered prospectus and investment statement) prior to the issue of ordinary shares in IGCH to the holders of interests in ILF Fund and ILF Trust.

b) (**Sections 51 to 54B of the Securities Act - administrative requirements**): to exempt IGCH from certain on-going administrative obligations (such as keeping a register of unit holders and accounting information in New Zealand and sending information required under New Zealand law to investors).

Relief when varying the terms of existing securities of which IML and New RE is an issuer

c) (**Section 33(3) of the Securities Act - participatory security requirements**): to exempt the IML and New RE from certain requirements related to the issue of participatory securities (such as holding a specific New Zealand licence and registering the founding participation document in New Zealand).

d) (**Sections 37,37A, 38A of the Securities Act and the Securities Regulations 2009 (except regulation 23) - certain obligations for the issue of securities**: to exempt IML and New RE from certain obligations (including preparing a New Zealand registered prospectus and investment statement) prior to the variation of existing securities of which IML and New RE is an issuer.

e) (**Sections 51 to 54B of the Securities Act - administrative requirements**): to exempt IML and New RE from certain on-going administrative obligations (such as keeping a register of unit holders and accounting information in New Zealand and sending information required under New Zealand law to investors).

9.12 Directors' consent to lodgement

The issue of this Prospectus has been authorised by each of the directors of IGCH.

This Prospectus is prepared by, or on behalf of, and is used by IGCH. IGCH is the person offering the shares. The information contained in this Prospectus may be limited having regard to the matters that Unitholders (except for Foreign Resident Holders) may reasonably be expected to know and the fact that certain matters may reasonably be expected to be known to likely investors' professional advisers.

Each of the directors of IGCH has given (and not withdrawn) their consent to lodgement of this Prospectus with ASIC.

9.13 Consents

The following persons have given and have not, before the date of this Prospectus, withdrawn their consent to be named in this Prospectus in the form and context in which all references to its name appear and takes no responsibility for any part of this Prospectus other than references to its name:

a) Link Market Services Limited;

b) Minter Ellison Lawyers;

c) Moore Stephens; and

d) RBS Morgans Corporate Limited and associated entities.

9.14 Expiry Date

No IGCH shares will be issued on the basis of this Prospectus after the completion of the Proposal and, in any event, no shares in IGCH will be issued under this Prospectus more than 13 months after the date of this Prospectus.

9.15 Legal Proceedings

IGCH was registered on 24 November 2011 and is not and has not been, during the 12 months preceding the date of this Prospectus, involved in any legal or arbitration proceedings which have had a significant effect on the financial position of IGCH. As far as the directors are aware, no such proceedings are threatened against IGCH.

9.16 Privacy

a) IGCH is committed to managing any personal information that they received in a way that complies with the *Privacy Act 1988* (Cth).

b) Such information may be used to assess your application, to service your needs as a securityholder, to provide facilities and services that you may request and to undertake appropriate administration.

c) Your personal information may be disclosed by IGCH, for purposes relating to your application and holding of securities only, to its agents, contractors or third party service providers, including:

    i) Link Market Services Limited, for ongoing administration of the register;

    ii) printing and mailing houses for the purposes of preparation and distribution of shareholder information and for handling of mail;

    iii) the related bodies corporate of IGCH; and

    iv) other persons authorised under the *Privacy Act 1988* (Cth).

d) IGCH aims to ensure that the personal information received from you is accurate, complete and up to date. If you wish to request access to your personal information, please contact the Unitholder Information Line on 1300 653 497 (within Australia) or + 61 2 8280 7057 (outside Australia).

10 Glossary

AFSL	an Australian Financial Services Licence
ASIC	the Australian Securities and Investments Commission or any replacement or successor authority
ASX	ASX Limited or the financial market operated by it, as the context requires
Business Day	a business day in Sydney
Capital Distribution	a distribution out of the capital of the ILF Fund of 1.3604542 cents per Existing Stapled Security (a total amount of $6,000,000) to all Unitholders as at the Record Date, which is to be held by the Current RE as agent for the Unitholders and applied by the Current RE towards one fully paid ordinary IGCH share to be issued to Unitholders (other than Foreign Resident Holders) for every one Existing Stapled Security they held as at the Record Date
Constitution	means the constitution of ILF Trust or ILF Fund or both of them
Corporations Act	*Corporations Act 2001 (Cth)*
Current RE	ING Management Limited (ACN 006 065 032) as responsible entity of each of ILF Fund and ILF Trust
DMF	deferred management fee
Existing Stapled Security	a stapled security in the ILF Group, which comprises of a unit in ILF Fund and a unit in ILF Trust
Explanatory Memorandum	the notice of Unitholders' meetings and explanatory memorandum in relation to the Meeting relating to the Proposal provided with this Prospectus, as amended from time to time
Foreign Resident Holder	a Unitholder at the Record Date with a registered address on the ILF unit register outside of the Commonwealth of Australia, New Zealand or Hong Kong
GST	has the same meaning as in the GST Law
GST Law	has the meaning given to that term in *A New Tax System* (*Goods and Services Tax*) *Act 1999* (Cth) and any other Act or regulation relating to the imposition or administration of GST
IGCH	Ingenia Communities Holdings Limited (ACN 154 444 925)
ILF Fund	ING Real Estate Community Living Fund (ARSN 107 459 576)
ILF Group	ING Real Estate Community Living Group, a stapled vehicle made up of ILF Fund and ILF Trust and where the context requires, means ILF Fund and ILF Trust or either of them
ILF Trust	ING Real Estate Community Living Management Trust (ARSN 122 928 410)

IGCH Group	IGCH and its subsidiaries, including New RE and the various sub-trustee entities that hold the assets of the ILF Group as trustee
IML	ING Management Limited (ACN 006 065 032)
Implementation Date	the date on which the Proposal is implemented in accordance with the implementation steps set out in the Implementation Deed
Implementation Deed	the deed between REIMA, IML in its own capacity, IML as responsible entity of ILF Fund, IML as responsible entity of ILF Trust, New RE, IGCH and RECS dated 27 March 2012 regarding the implementation of the Proposal, as amended from time to time
ING	ING Bank NV
Ingenia Communities	a stapled vehicle made up of IGCH, ILF Fund and ILF Trust and where the context requires, means IGCH, ILF Fund and ILF Trust or any of them
Listing Rules	the listing rules of ASX, as amended or replaced from time to time except to the extent of any express written waiver by ASX
Management Fees	in accordance with the relevant constitution, the management fees payable to and expenses recoverable by the responsible entity of the ILF Trust or the ILF Fund, as applicable
Management Internalisation	where the New Unitholders of Ingenia Communities indirectly own the New RE that manages the ILF Group
Meeting	the simultaneous general meetings of unitholders in the ILF Fund and ILF Trust on 31 May 2012 convened by Current RE to vote on whether to approve certain resolutions together with any adjournment
Meeting Date	the date on which the Meeting is held or any adjournment of the Meeting
New RE	Ingenia Communities RE Limited (ACN 154 464 990) (AFSL 415862)
New Stapled Securities	a stapled security which comprises of a unit in ILF Fund, a unit in ILF Trust and a share in IGCH
New Unitholder	the registered holder of a New Stapled Security
NZ Trust	ING NZ Subsidiary Unit Trust No 1
Proposal	the proposed arrangements to internalise the management of the ILF Group as set out in this Prospectus in the Section 3
Proposal Resolutions	the resolutions of Unitholders to be considered at the Meeting as necessary to implement the Proposal as set out in the Sections 3.9, 5.9, 6.1 and 7.1 of the Explanatory Memorandum
Prospectus	this prospectus issued by IGCH in respect of the issue of shares in IGCH as amended or supplemented from time to time
Record Date	4pm on 1 June 2012, the date and time when the holdings of Unitholders are ascertained for implementation
RECS	ING Real Estate Corporate Services Pty Limited (ACN 006 475 449)
REIMA	ING Real Estate Investment Management Australia Pty Limited (ACN 096 136 202)
REIT	real estate investment trust
Sale Agent	RBS Morgans Limited, being the agent appointed by Current RE to conduct the Sale Facility
Sale Facility	the facility established for the sale of New Stapled Securities on behalf of Foreign Resident Holders as described in the Sections 3.11 and 5.11 of the Explanatory Memorandum
Shareholder	the registered holder of a share in IGCH

Subsidiary Trustee Companies	the subsidiary trustee companies of the ILF Group, being INA CC Holdings Pty Ltd (ACN 118 843 913), INA Management Pty Ltd (ACN 061 851 983), INA Regency Co Pty Ltd (ACN 125 006 484), INA Kiwi Communities Pty Ltd (ACN 118 882 358), INA Sunny Communities Pty Ltd (ACN 116 881 540), INA CC Pty Ltd (ACN 118 882 376), INA Settlers Co Pty Ltd (ACN 124 498 442), INA Garden Villages Pty Ltd (ACN 129 703 911) and IGCH NZ Student Holdings Ltd
Total Look-Through Assets	Total assets calculated on a look-through basis, in which ILF Group's interests in its joint ventures and associates are proportionately consolidated based on its ownership interest. The calculation of Total Look-Through Assets as at 31 December 2011 is given in Appendix 2 of ILF Group's *Half Year Results Presentation 31 December 2011*, which was lodged with the ASX on 23 February 2012, and is also available on its website, www.ingrealestate.com.au.
Transitional Services	services to be provided by REIMA and IML following implementation of the Proposal as described in paragraph 1.6 of Annexure C of the Explanatory Memorandum
Unitholder	the registered holder of an Existing Stapled Security
Voting Record Date	10am on Tuesday 29 May 2012, the date and time when the holdings of Unitholders are ascertained for the purposes of attendance and voting at the Meeting

11
Important Notices

Forward looking statements

Certain statements in this Prospectus relate to the future. The forward looking statements in this Prospectus are not based on historical facts, but rather reflect the current expectations of IGCH concerning future results and events. These statements generally may be identified by the use of forward-looking words or phrases such as “believe”, “aim”, “expect”, “anticipated”, “intending”, “foreseeing”, “likely”, “should”, “planned”, “may”, “estimate”, “potential”, or other similar words and phrases. Similarly, statements that describe IGCH’s objectives, plans, goals or expectations are or may be forward-looking statements.

These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of IGCH to be materially different from future results, performance or achievements expressed or implied by such statements. Such forward looking statements are based on numerous assumptions regarding present and future operating strategies and the environment in which IGCH will operate in the future.

The risks described in the Prospectus could affect future results of IGCH, causing these results to differ materially from those expressed, implied or projected in any forward looking statements. These factors are by no means all of the important factors that could cause actual results to differ materially from those expressed in any forward looking statement. Other unknown factors could also have a material adverse effect on future results of IGCH.

Forward looking statements should, therefore, be construed in light of such risks and undue reliance should not be placed on forward looking statements.

Investors should note that IGCH and New RE are newly established entities and therefore have no historical financial performance to inform an investment in IGCH shares. IGCH does not guarantee any particular rate of return or the performance of nor does it guarantee the repayment of capital or any particular tax treatment in respect of any investment in IGCH.

All subsequent written and oral forward looking statements attributable to IGCH or any person acting on its behalf are qualified by this cautionary statement.

Other than as required by law, neither IGCH nor any of their directors nor any other person gives any representation, assurance, warranty (whether express or implied) or guarantee that the accuracy, likelihood or occurrence of the events or results expressed or implied in any forward looking statements in this Prospectus will actually occur.

The forward looking statements in this Prospectus reflect views held only at the date of this Prospectus. Subject to any continuing obligations under the ASX Listing Rules or the Corporations Act, IGCH and its respective directors disclaim any obligation or undertaking to distribute after the date of this Prospectus any updates or revisions to any forward-looking statements to reflect any change in expectations in relation thereto or any change in events, conditions or circumstances on which any such statement is based.

Disclaimer

No person is authorised to give any information or make any representation in connection with the offer of IGCH shares described in this Prospectus, which is not contained in either this Prospectus or the Explanatory Memorandum. Any information or representation not contained in this Prospectus or the Explanatory Memorandum may not be relied on as having been authorised by IGCH in connection with the offer of IGCH shares.

Privacy and personal information

IGCH and its registry may collect personal information in the process of issuing IGCH shares. The personal information may include the names, addresses, other contact details, bank account details and details of the holdings of the Unitholders.

The collection of some of this information is required or authorised by the Corporations Act. Unitholders who are individuals and the other individuals in respect of whom personal information is collected as outlined above have certain rights to access the personal information collected in relation to them. Such individuals should contact the Unitholder Information Line on 1300 653 497 (within Australia) or +61 2 8280 7057 (outside Australia) in the first instance if they wish to request access to that personal information.

The personal information is collected for the primary purpose of assisting IGCH to issue IGCH shares under the Proposal. The personal information may be disclosed to related bodies corporate of IGCH, third party service providers, including print and mail service providers and parties otherwise involved in the conduct of IGCH, professional advisers and to regulatory authorities, and also where disclosure is otherwise required or allowed by law.

Currency

Unless stated otherwise, all references to dollars, $, cents or c in this Prospectus are to Australian currency.

Date

Unless stated otherwise, all references to time in this Prospectus are to Australian Eastern Time, being the time in Sydney, Australia.

Regulatory information

A copy of this Prospectus was lodged with ASIC on 26 April 2012. Neither ASIC nor any of its officers takes any responsibility for the contents of this Prospectus.

IGCH has applied for the quotation of IGCH shares on ASX. A copy of this Prospectus has been provided to ASX. Neither ASX nor any of its officers takes any responsibility for the contents of this Prospectus.

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Corporate Directory

Directors of IGCH

Jim Hazel
– Independent Non-Executive Chairman

Amanda Heyworth
– Independent Non-Executive Director

Simon Owen
– Managing Director and Chief Executive Officer

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Australia

Telephone: +61 2 9033 1000
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Secretary

Leanne Ralph (Company Secretary)

Registry Manager

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Sydney NSW 2000
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NSW 1235, Australia.

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Lawyers

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Financial Adviser to the Proposal

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Level 9, Aurora Place, 88 Phillip Street
Sydney, NSW 2000 Australia