APPENDIX 4E

Preliminary Final Report

Year ended 30 June 2011

Name of Entity: ING Real Estate Community Living Group

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

Results for announcement to the market

	$'000	
Revenues from continuing operations	up 2% to 28,858	
Profit from ordinary activities after tax attributable to members	up 119% to a profit of 13,051	
Net profit for the period attributable to members	up 119% to a profit of 13,051	
Operating income from continuing operations	down 60% to 6,101	
Operating income	Down 62% to 6,889	
	30 June 2011	**30 June 2010**
Net asset value per unit	$0.26	$0.25

Distributions	**Amount per unit (cents)**	**$m**
Interim - 30 September 2009	Nil	Nil
Interim - 31 December 2009	Nil	Nil
Interim - 31 March 2010	Nil	Nil
Final - 30 June 2010	Nil	Nil
Final - 30 June 2011	Nil	Nil
Total	Nil	Nil
Previous Corresponding Period	Nil	Nil

Note : Franked amount per unit is not applicable

Other significant information and commentary on results
See attached ASX announcement

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

- Directors' report
- Audited financial report
- Results presentation and Media Release

Company Secretary

26 August 2011

ING REAL ESTATE COMMUNITY LIVING GROUP

FINANCIAL & ASSOCIATED REPORTS

YEAR ENDED 30 JUNE 2011

REAL ESTATE INVESTMENT MANAGEMENT

ING

www.ingrealestate.com.au

ING Real Estate Community Living Group
Financial & associated reports
Year ended 30 June 2011

Contents

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

A description of the nature of the schemes' operations and their principal activities is included in the accompanying directors' report.

The registered office and principal place of business of the Responsible Entity is located at level 6, 345 George Street, Sydney, New South Wales.

The financial report was authorised for issue by the directors of the Responsible Entity on 26 August 2011. The Fund and the Trust have the power to amend and reissue the financial report.

ING Real Estate Community Living Group
Directors' report
Year ended 30 June 2011

The ING Real Estate Community Living Group (the "Group") was formed on 11 January 2007 by the stapling of the units in two property trusts, ING Real Estate Community Living Fund (the "Fund") and ING Real Estate Community Living Management Trust ("ILMT") (collectively the "Trusts"). The Responsible Entity for both Trusts is ING Management Limited, which now presents its report together with the financial report for the year ended 30 June 2011 and the auditor's report thereon.

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

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

Directors

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

Michael Coleman	Chairman; appointed 1 July 2011
Hein Brand	Appointed 31 May 2011
Philip Clark AM	
Michael Easson AM	
Richard Colless AM	Resigned 22 September 2010
Scott MacDonald	Appointed 4 April 2011; resigned 14 July 2011
Kevin McCann AM	Appointed 23 September 2010; resigned 30 June 2011
Paul Scully	Resigned 30 June 2011
Christophe Tanghe	Resigned 31 May 2011

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

Principal activity

The principal activity of the Fund is investment in real estate. The principal activities of ILMT are the development, management and operation of the Fund's real estate assets. There was no significant change in the nature of either Trust's activities during the financial year.

Operating and financial review

A summary of the Trusts' results for the financial year is:

	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
	2011	2010	2011	2010
Profit/(loss) from continuing operations	14,455	(50,508)	9,868	(15,634)
Net profit/(loss) attributable to unitholders ($'000)	13,051	(67,717)	9,854	(25,939)
Operating income from continuing operations ($'000)	6,101	15,189	(3,994)	(2,449)
Distributions per unit (cents)	-	-	-	-
Basic and diluted earnings per stapled unit from continuing operations (cents)	3.3	(11.5)	na	na
Basic and diluted earnings per stapled unit	3.0	(15.4)	na	na
Operating income from continuing operations per stapled unit (cents)	1.4	3.4	na	na
Operating income per stapled unit (cents)	1.6	4.1	na	na

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

ING Real Estate Community Living Group
Directors' report
Year ended 30 June 2011

Operating income for the financial year has been calculated as follows:

	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Net profit/(loss) attributable to unitholders	13,051	(67,717)	9,854	(25,939)
Adjusted for:				
Net foreign exchange (gain)/loss	503	1,298	(19)	-
Net gain on disposal of investment property	(2,256)	-	-	-
Net (gain)/loss on change in fair value of:				
Investment properties	(612)	21,488	(14,128)	(4,123)
Derivatives	2,149	(14,045)	-	-
Retirement village residents' loans	(182)	7,825	(182)	7,825
Investment properties included in share of net profit of equity accounted investments	(9,310)	39,936	(216)	-
Gain on revaluation of newly constructed retirement villages	2,743	3,456	2,072	3,687
Deferred income tax (benefit)/expense	(1,389)	5,796	(1,389)	5,796
Loss from discontinued operations	1,404	17,209	14	10,305
Other	-	(57)	-	-
Operating income from continuing operations	6,101	15,189	(3,994)	(2,449)
Operating income from discontinuing operations	788	3,071	-	1,382
Operating income	6,889	18,260	(3,994)	(1,067)

Operating income for the 2011 financial year decreased by 62% to $6,889,000 from $18,260,000 for the 2010 financial year. This was largely due to the sale in the 2010 financial year of the United States Seniors Meridian portfolio (included in continuing operations because it formed part of a segment) and Canadian seniors Regency portfolio (included in discontinuing operations). Operating income per unit for the 2011 financial year was down 61% to 1.6 cents, compared to 4.1 cents per unit previously.

The Group made no distributions during either the 2010 and 2011 financial years.

Earnings per unit as calculated under applicable accounting standards for the year ended 30 June 2011 were a gain of 3.0 cents per stapled unit, compared to a loss of 15.4 cents per stapled unit for the previous financial year. In addition to changes in operating income, this was largely due to a reduced loss from changes in fair value of investment properties, the related retirement village residents' loans and derivatives.

Total assets decreased by $73,621,000 or 15% to $420,657,000 over the year primarily due to disposals and revaluations. A major contributor to the decrease was the partial sale of the United States Students portfolio. Net asset value per unit increased slightly from 25 cents per unit at 30 June 2010 to 26 cents per unit at 30 June 2011, reflecting retained earnings and firming valuations, partially offset by an appreciation of the Australian dollar against the United States dollar.

Capital management

The capital position of the Group at 30 June 2011 is considerably improved following a series of asset sales combined with growing asset level performance. Overall look-through gearing for the Fund decreased to 69% compared to 73% as at 30 June 2010. A major contributor to the reduction was the sale of five non-core properties from the Garden Villages portfolio, the proceeds of which were applied to debt reduction.

Asset management

The Group's portfolio remains focused on its core Australian and United States seniors markets.

ING Real Estate Community Living Group
Directors' report
Year ended 30 June 2011

Within the Garden Villages rental portfolio, initiatives to drive occupancy growth including increasing sales lead conversions, providing sales training to front line staff and improved product presentation have resulted in occupancy increasing to 81% from approximately 73% a year ago. The core focus of management with Garden Villages is to grow the occupancy rate to the long term maintainable target of 89%.

The Settlers deferred management fee ("DMF") portfolio located in and around Perth and Brisbane has been adversely affected by soft residential property markets affecting price growth and time on market. Notwithstanding these challenging circumstances, occupancy remains firm at 95%.

The DMF conversion strategy launched across three villages in Queensland in late 2010 continues to build momentum. The Gladstone village on the Central Queensland coast has experienced strong demand in particular and feasibility planning is advanced to add an additional 20 units on adjacent land already owned by the Group. Building on the success of the project to date, management is also assessing the conversion of an additional rental village to the DMF model with expectations of launch in 2012.

The United States seniors portfolio is tracking well with unit refurbishments and reconfigurations continuing to drive occupancies and meet market demand. The Bristal (New York) portfolio had an occupancy rate of 91.9%, up 0.2% from six months ago while the non-Bristal portfolio had an occupancy rate of 85.8%, down 1% from 6 months ago.

The New Zealand student portfolio has seen a decline in student occupancy levels largely because of a fall in international student numbers and a reduction in government funding of tertiary education. Despite this, the earnings remain underpinned by an income guarantee from Victoria University of Wellington (VUW) referable to occupancy of 90% throughout the student academic year. Management is progressing discussions with VUW for the renewal of the contracts that expire in 2012 and 2013. It is anticipated that, as part of entering into these new long-term contracts, VUW will require the Group to commit to considerable capital expenditure to improve the buildings and meet the increasing expectations of its students. This capital expenditure has been taken into account in the 30 June 2011 property valuations.

Development pipeline

ILF now has an internal development pipeline attached to existing villages, including the three existing DMF conversion villages, with an end value of $95 million. The expansion of existing villages typically offers a higher risk adjusted return on capital compared to commencing a new greenfields village due to existing infrastructure, existing wait lists and an established presence in the local community.

The timely build-through and sell-down of this development pipeline, subject to rigorous return thresholds, will be a key focus of management over the coming year and is expected to be a significant contributor to earnings and cash flows over the next five years.

ING Real Estate Community Living Group
Directors' report
Year ended 30 June 2011

Significant changes in the state of affairs

In the opinion of the directors of the Responsible Entity, there were no significant changes in the state of affairs of either Trust that occurred during the financial year.

Events subsequent to reporting date

On 19 July 2011, the Group announced that it had contracted to sell its 50% interest in 15 of its 21 US Seniors communities the (non-New York assets) to its joint venture partner, Chartwell Seniors Housing Real Estate Investment Trust for $160 million (at 30 June 2011 exchange rate). The sale price is in line with the December 2010 book value and settlement of this transaction is anticipated in October 2011, pending regulatory and property debt approvals. The debt associated with these properties is included in this sale transaction. After this sale, the Group's sole United States seniors exposure will be six properties located on Long Island, New York.

Likely developments

In June 2010, ING Group (ING) announced that it was conducting a strategic review of its global real estate investment management (REIM) platform, and its position within the broader ING banking business. The Australian real estate investment management operation, ING Real Estate Investment Management Australia (REIMA), was included in this review. In February 2011, ING announced that as a result of the evaluation it would undertake a phased withdrawal from the REIMA business in a timely and controlled manner. To date the ING Industrial Fund, ING Office Fund and ING Healthcare Fund have changed either ownership or management structures. ING will continue to provide full support to REIMA as it completes the transition of the business.

On a continuing portfolio basis, the Group forecasts improved operating cash flows over the course of the next financial year. Key drivers of this performance include:

- accelerating sell down of DMF conversion units across the Gladstone, Forest Lake and Rockhampton conversion villages;
- continuing growth in the occupancy rate across the Garden Villages rental portfolio; and
- reduced interest expense due to reduced debt and a significant reduction in margin once the Australian loan to value ratio falls below 40%.

Management is continuing to explore options with various parties to unlock the remaining value within the United States Seniors and New Zealand students portfolios. These discussions are in preliminary stages.

No distribution is currently forecast for the next financial year due to banking covenants. However, the distribution policy is currently being assessed in the context of the Group's financial position after settlement of the Unites States Seniors non-New York assets. Any payment of distributions would need to be balanced against the Group's existing capital requirements.

Overall, the Group remains focused on providing unitholders with exposure to a quality, high performing portfolio of Seniors communities in Australia and the United States.

Environmental regulation

The Trusts' operations are not subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory.

ING Real Estate Community Living Group
Directors' report
Year ended 30 June 2011

Indemnities

The Trusts have not indemnified, nor paid any insurance premiums for, a person who is or has been an officer of the Responsible Entity or an auditor of the Fund.

Interests of directors of the Responsible Entity

Units in the Fund held by directors of the Responsible Entity as at 30 June 2011 were:

	Number of units
Paul Scully	20,352
Philip Clark	90,151

The other directors of the Responsible Entity did not hold any units in the Fund at that date.

Other information

Fees paid to the Responsible Entity and its associates, and the number of units in the Fund held by the Responsible Entity and its associates as at the end of the financial year; are set out in note 23 in the financial report.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6.

Rounding of amounts

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

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

Michael Coleman
Chairman
Sydney
26 August 2011

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

In relation to our audit of the financial report of ING Real Estate Community Living Fund and its controlled entities and the ING Real Estate Community Living Management Trust and its controlled entities for the financial year ended 30 June 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Chris Lawton
Partner
26 August 2011

ING Real Estate Community Living Group
Consolidated income statements
Year ended 30 June 2011

	Note	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
		2011	2010	2011	2010
		$'000	$'000	$'000	$'000
Revenue					
Rental income		21,225	19,849	21,225	19,796
Deferred management fee		4,256	4,937	4,256	4,937
Other property income		2,908	3,042	2,908	3,041
Interest income		469	463	80	358
		28,858	28,291	28,469	28,132
Other income					
Net foreign exchange gain/(loss)		(448)	(1,271)	81	(6)
Net gain on disposal of investment properties		2,256	-	-	-
Net gain/(loss) on change in fair value of:					
Investment properties		612	(21,488)	14,128	4,123
Derivatives		(2,149)	14,045	-	-
Retirement village residents' loans		182	(7,825)	182	(7,825)
Expenses					
Property expenses		(19,242)	(19,286)	(30,166)	(29,589)
Finance costs	4	(8,737)	(3,666)	(3,899)	(3,540)
Responsible Entity's fees	23	(1,836)	(3,274)	(379)	(342)
Other		(1,498)	(3,268)	(220)	(791)
Share of net profit/(loss) of equity accounted investments	11	15,137	(26,954)	284	-
Profit/(loss) from continuing operations before income tax		13,135	(44,696)	8,480	(9,838)
Income tax benefit/(expense)	5	1,320	(5,812)	1,388	(5,796)
Profit/(loss) from continuing operations		14,455	(50,508)	9,868	(15,634)
Loss from discontinued operations	6	(1,404)	(17,209)	(14)	(10,305)
Net profit/(loss) attributable to unitholders		13,051	(67,717)	9,854	(25,939)
Attributable to unit holders of:					
ING Real Estate Community Living Fund		3,197	(41,778)	-	-
ING Real Estate Community Living Management Trust		9,854	(25,939)	9,854	(25,939)
		13,051	(67,717)	9,854	(25,939)

ING Real Estate Community Living Group
Consolidated income statements
Year ended 30 June 2011

	Note	ING Real Estate Community Living Group 2011 Cents	ING Real Estate Community Living Group 2010 Cents	ING Real Estate Community Living Management Trust 2011 Cents	ING Real Estate Community Living Management Trust 2010 Cents
Distributions per unit		-	-	-	-
Basic and diluted earnings per unit from continuing operations (cents)					
Per stapled unit	3	3.3	(11.5)	na	na
Per unit of each Trust	3	1.1	(8.0)	2.2	(3.5)
Basic and diluted earnings per unit					
Per stapled unit	3	3.0	(15.4)	na	na
Per unit of each Trust	3	0.8	(9.6)	2.2	(5.8)

Consolidated statements of comprehensive income
Year ended 30 June 2011

	Note	ING Real Estate Community Living Group 2011 $'000	ING Real Estate Community Living Group 2010 $'000	ING Real Estate Community Living Management Trust 2011 $'000	ING Real Estate Community Living Management Trust 2010 $'000
Net profit/(loss) for the year		13,051	(67,717)	9,854	(25,939)
Other comprehensive income:					
Exchange differences on translation of foreign operations	16	(8,759)	71	1,837	(252)
Total comprehensive income/(loss) for the year		4,292	(67,646)	11,691	(26,191)
Total comprehensive income for the year is attributable to:					
ING Real Estate Community Living Fund		(7,399)	(41,455)	-	-
ING Real Estate Community Living Management Trust		11,691	(26,191)	11,691	(26,191)
		4,292	(67,646)	11,691	(26,191)

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

ING Real Estate Community Living Group
Consolidated balance sheets
As at 30 June 2011

	Note	ING Real Estate Community Living Group 2011 $'000	ING Real Estate Community Living Group 2010 $'000	ING Real Estate Community Living Management Trust 2011 $'000	ING Real Estate Community Living Management Trust 2010 $'000
Current assets					
Cash and cash equivalents	7	14,855	19,731	3,105	3,230
Trade and other receivables	8	4,252	5,531	3,709	12,370
Derivatives	9	-	2,418	-	-
Assets of discontinued operations	6	10,047	58,233	-	100
		29,154	85,913	6,814	15,700
Non-current assets					
Trade and other receivables	8	1,297	2,104	4,810	2,303
Investment properties	10	344,490	352,823	241,845	206,712
Plant and equipment		309	228	309	228
Equity accounted investments	11	45,407	53,210	913	-
		391,503	408,365	247,877	209,243
Total assets		420,657	494,278	254,691	224,943
Current liabilities					
Payables	12	19,597	39,183	8,808	13,603
Retirement village residents loans	20(l)	150,761	140,945	150,761	140,945
Borrowings	13	266	-	27,521	1,247
Derivatives	9	213	141	-	-
Liabilities of discontinued operations	6	5,675	62,143	-	4,347
		176,512	242,412	187,090	160,142
Non-current liabilities					
Borrowings	13	121,515	131,798	60,088	67,591
Derivatives	9	269	611	-	-
Deferred tax liabilities	14	8,047	9,435	8,047	9,435
		129,831	141,844	68,135	77,026
Total liabilities		306,343	384,256	255,225	237,168
Net assets / (liabilities)		114,314	110,022	(534)	(12,225)
Unitholders' interest					
Issued units	15	490,044	490,044	3,351	3,351
Reserves	16	(20,240)	(11,481)	(560)	(2,397)
Accumulated losses	17	(355,490)	(368,541)	(3,325)	(13,179)
Unitholders' interest		114,314	110,022	(534)	(12,225)
Attributable to unit holders of:					
ING Real Estate Community Living Fund					
Issued units	15	486,693	486,693	-	-
Reserves	16	(19,680)	(9,084)	-	-
Accumulated losses	17	(352,165)	(355,362)	-	-
		114,848	122,247	-	-
ING Real Estate Community Living Management Trust		(534)	(12,225)	(534)	(12,225)
		114,314	110,022	(534)	(12,225)
Net asset value per unit		$0.26	$0.25	$0.00	-$0.03

ING Real Estate Community Living Group
Consolidated cash flow statements
Year ended 30 June 2011

	Note	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
		2011	2010	2011	2010
		$'000	$'000	$'000	$'000
Cash flows from operating activities	27				
Rental and other property income		30,270	38,220	30,121	22,010
Property and other expenses		(27,753)	(37,207)	(29,967)	(32,362)
Proceeds from residents' loans		11,622	18,915	11,622	18,915
Repayment of residents' loans		(2,951)	(1,034)	(2,951)	(1,034)
Distributions received from equity accounted investments		3,801	5,891	17	743
Interest received		471	688	80	358
Borrowing costs paid		(6,912)	(10,895)	(1,834)	(2,322)
Goods and services taxes recovered from investing and financing activities		85	55	-	-
		8,633	14,633	7,088	6,308
Cash flows from investing activities					
Additions to investment properties		(7,759)	(4,972)	(6,915)	(4,082)
Proceeds from sale of investment properties		12,738	8,134	-	-
Purchase of equity accounted investments		-	(7,786)	-	(418)
Return of capital from equity accounted investments		766	44,177	-	
		5,745	39,553	(6,915)	(4,500)
Cash flows from financing activities					
Termination of derivatives		(16,020)	-	-	-
Proceeds from borrowings		19,870	139,068	-	-
Repayment of borrowings		(22,806)	(186,286)	(267)	(1,028)
		(18,956)	(47,218)	(267)	(1,028)
Net increase/(decrease) in cash		(4,578)	6,968	(94)	780
Cash at the beginning of the year		20,246	13,233	3,230	2,371
Effects of exchange rate changes on cash		(627)	45	(31)	79
Cash at the end of the year		15,041	20,246	3,105	3,230

ING Real Estate Community Living Group
Statements of changes in unitholders' interest
Year ended 30 June 2011

	Note	ING Real Estate Community Living Group			
		Issued Capital	Reserves	Retained accumulated losses	Total
		$'000	$'000	$'000	$'000
Carrying amounts at 1 July 2009		490,187	(11,552)	(300,967)	177,668
Net loss for the year		-	-	(67,717)	(67,717)
Other comprehensive income		-	71	-	71
Total comprehensive income for the year		-	71	(67,717)	(67,646)
Transactions with unitholders in their capacity as equity holders:					
Borrowing cost amortisation returned		(143)	-	143	-
Carrying amounts at 30 June 2010		490,044	(11,481)	(368,541)	110,022
Net profit for the year		-	-	13,051	13,051
Other comprehensive loss		-	(8,759)	-	(8,759)
Total comprehensive income for the year		-	(8,759)	13,051	4,292
Transactions with unitholders in their capacity as equity holders		-	-	-	-
Carrying amounts at 30 June 2011		490,044	(20,240)	(355,490)	114,314

	Note	ING Real Estate Community Living Management Trust			
		Issued Capital	Reserves	Retained accumulated losses	Total
		$'000	$'000	$'000	$'000
Carrying amounts at 1 July 2009		3,351	(2,145)	12,760	13,966
Net loss for the year		-	-	(25,939)	(25,939)
Other comprehensive loss		-	(252)	-	(252)
Total comprehensive income for the year		-	(252)	(25,939)	(26,191)
Transactions with unitholders in their capacity as equity holders		-	-	-	-
Carrying amounts at 30 June 2010		3,351	(2,397)	(13,179)	(12,225)
Net profit for the year		-	-	9,854	9,854
Other comprehensive income		-	1,837	-	1,837
Total comprehensive income for the year		-	1,837	9,854	11,691
Transactions with unitholders in their capacity as equity holders		-	-	-	-
Carrying amounts at 30 June 2011		3,351	(560)	(3,325)	(534)

ING Real Estate Community Living Group
Notes to the financial statements
Year ended 30 June 2011

1. Summary of significant accounting policies

(a) The Group

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

The Responsible Entity for both trusts is ING Management Limited. ING Management Limited is an Australian domiciled company and is a wholly owned company within the ING Groep NV group of companies.

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

The constitutions of the Trusts ensure that, for as long as the Trusts remain jointly quoted on the Australian Stock Exchange, the number of units in each trust shall remain equal and that unitholders in each trust shall be identical.

The stapling structure will cease to operate on the first to occur of:

(a) either of the Trusts resolving by special resolution in accordance with its constitution to terminate the stapling provisions; or
(b) the commencement of the winding up of either of the Trusts.

(b) Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards ("AASB"), Australian Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (the "AAS Board") and the Corporations Act 2001.

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

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

The financial report complies with Australian Accounting Standards as issued by the AAS Board and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IAS Board").

The financial report is presented in Australian dollars.

The financial report is prepared on the historical cost basis, except for investment properties, retirement village residents' loans and derivative financial instruments, which are measured at fair value.

ILMT has a deficiency of net assets on a consolidated basis. The going concern basis is nevertheless appropriate for this trust because the Fund has provided a letter of financial support for the 12 months from the date of this report.

ING Real Estate Community Living Group
Notes to the financial statements
Year ended 30 June 2011

1. Summary of significant accounting policies (continued)

(c) Adoption of new and revised accounting standards

In the current year the Group has adopted all the new and revised standards and interpretations issued by the AAS Board that are relevant to its operations and effective for the current annual reporting period. There was no material effect on the financial statements.

(d) Principles of consolidation

The Fund's consolidated financial statements comprise the Parent and its subsidiaries (including ILMT and its subsidiaries) as at 30 June 2011 (the "Group"). ILMT's consolidated financial statements comprise ILMT and its subsidiaries as at 30 June 2011 (the "ILMT Group"). Subsidiaries are all those entities (including special purpose entities) whose financial and operating policies the Trusts have the power to govern, so as to obtain benefits from their activities.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent, using consistent accounting policies. Adjustments are made to bring into line dissimilar accounting policies. Inter-company balances and transactions, including unrealised profits, have been eliminated.

Subsidiaries are consolidated from the date on which the Parent obtains control. They are de-consolidated from the date that control ceases.

Non-controlling interests represent the interests in subsidiaries not held by the Group.

Investments in subsidiaries are carried at cost in the Parent's financial statements.

(e) Discontinued operations and assets held for sale

The Group has classified certain components as discontinued operations. A discontinued operation represents a separate major line of business, or geographical area of operations, which is a component of the entity that has been disposed of or is classified as held for sale. There must also be a co-ordinated plan to dispose of this line of business or area of operations. The results of discontinued operations are presented separately on the face of the income statement.

Components of the entity are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as investment property carried at fair value.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

Details of discontinued operations and disposal groups are given at note 6.

(f) Distributions

A liability for distribution for any distribution declared on or before the end of the reporting period is recognised on the balance sheet in the reporting period to which the distribution pertains.

ING Real Estate Community Living Group
Notes to the financial statements
Year ended 30 June 2011

1. Summary of significant accounting policies (continued)

(g) Foreign currency

(i) Functional and presentation currencies

The functional currency and presentation currency of the Group (with the exception of its foreign subsidiaries) is the Australian dollar.

(ii) Translation of foreign currency transactions

Transactions in foreign currency are initially recorded in the functional currency at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are retranslated at the rate of exchange prevailing at the balance date. All differences in the consolidated financial report are taken to the income statement with the exception of differences on foreign currency borrowings designated as a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment at which time they are recognised in the income statement.

A non-monetary item that is measured at fair value in a foreign currency is translated using the exchange rates at the date when the fair value was determined.

(iii) Translation of financial statements of foreign subsidiaries

The functional currency of certain subsidiaries is not the Australian dollar. At reporting date, the assets and liabilities of these entities are translated into the presentation currency of the Group at the rate of exchange prevailing at balance date. Financial performance is translated at the average exchange rate prevailing during the reporting period. The exchange differences arising on translation are taken directly to the foreign currency translation reserve in equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that foreign operation is recognised in the income statement.

(h) Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Leases where the lessor retains substantially all the risk and benefits of ownership are classified as operating leases. For operating leases for which the Group is lessor, initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the term of the lease on the same basis as the lease income.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the term of the lease.

ING Real Estate Community Living Group
Notes to the financial statements
Year ended 30 June 2011

1. Summary of significant accounting policies (continued)

(i) Financial assets and liabilities

Current and non-current financial assets and liabilities within the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as at fair value through profit or loss; loans and receivables; held-to-maturity investments; or as available-for-sale. The Group determines the classification of its financial assets and liabilities at initial recognition with the classification depending on the purpose for which the asset or liability was acquired or issued. Financial assets and liabilities are initially recognised at fair value, plus directly attributable transaction costs unless their classification is at fair value through profit or loss. They are subsequently measured at fair value or amortised cost using the effective interest method. Changes in fair value of available-for-sale financial assets are recorded directly in equity. Changes in fair values of financial assets and liabilities classified as at fair value through profit or loss are recorded in the income statement.

The fair values of financial instruments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date. For those with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

(j) Impairment of non-financial assets

Assets other than investment property and financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Non-financial assets that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(k) Cash and cash equivalents

Cash and cash equivalents in the balance sheet and cash flow statement comprise cash at bank and in hand and short-term deposits that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

(l) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. An allowance for impairment is made when there is objective evidence that collection of the full amount is no longer probable.

(m) Derivative financial instruments

The Group uses derivative financial instruments such as foreign currency contracts and interest rate swaps to hedge its risks associated with foreign currency and interest rate fluctuations. The Group may also invest in derivatives related to listed property equities and indices and may issue derivatives related to its own units. Such derivative financial instruments are initially recognised at fair value on the date in which the derivative contract is entered into and are subsequently remeasured to fair value.

ING Real Estate Community Living Group
Notes to the financial statements
Year ended 30 June 2011

1. Summary of significant accounting policies (continued)

For hedge accounting, hedges are classified as fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability; cash flow hedges where they hedge exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability or to a forecast transaction; or hedges of a net investment in a foreign operation.

Any gain or loss arising from measuring fair value hedges that meet the conditions for hedge accounting is recognised in the income statement. Any gain or loss on the hedged item attributable to the hedged risk is adjusted against the carrying amount of the relevant financial instrument.

Any gain or loss arising on cash flow hedges which hedge firm commitments and which qualify for hedge accounting are recognised directly in equity. Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss.

Any gain or loss arising on hedges of a net investment in a foreign operation, which qualify for hedge accounting, are recognised directly in equity in foreign currency translation reserve. On disposal of the foreign operation, the cumulative amount of any such gains and losses is transferred to profit or loss.

For derivatives that do not meet the documentation requirements to qualify for hedge accounting and for the ineffective portion of qualifying hedges, any gains or losses arising from changes in fair value are recognised in the income statement.

Hedge accounting is discontinued when the hedge instrument expires, is sold, exercised, terminated or no longer deemed effective. Any cumulative gains or losses relating to the hedge that were previously recognised in equity are transferred to the income statement.

(n) Investment property

Land and buildings have the function of an investment and are regarded as composite assets. In accordance with applicable accounting standards, the buildings, including plant & equipment, are not depreciated.

Investment property includes property under construction.

It is the Group's policy to have all investment properties externally valued at intervals of not more than three years and that such valuation be reflected in the financial reports of the Group. It is the policy of the Responsible Entity to review the fair value of each investment property every six months and to cause investment properties to be revalued to fair values whenever their carrying value differs materially to their fair values.

Fair value represents the amount at which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation. It is based on current prices in an active market for similar property in the same location and condition and subject to similar lease and other contracts, adjusted for any differences in the nature, location or condition of the property, or in the contractual terms of the leases and other contracts relating to the property.

In the absence of current prices in an active market, the Responsible Entity considers information from a variety of sources, including current prices in an active market for properties of different nature, condition or location, adjusted to reflect those differences, recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices, and discounted cash flow projections based on reliable estimates of future cash flows, using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

ING Real Estate Community Living Group
Notes to the financial statements
Year ended 30 June 2011

1. Summary of significant accounting policies (continued)

In determining fair values, expected net cash flows are discounted to their present value using a market determined risk adjusted discount rate. The assessment of fair value of investment properties does not take into account potential capital gains tax assessable. Changes in the fair value of an investment property are recorded in the income statement.

(o) Equity accounted investments

A jointly controlled entity is a joint venture that involves the establishment of a corporation, partnership or other entity in which each venturer has an interest. A contractual arrangement between the venturers establishes joint control over the economic activity of the entity. Associates are those entities over which the Group has significant influence, but not control. Jointly controlled entities and associates, and investments in those entities, are referred to as “equity accounted investments”. Equity accounted investments are accounted for in the Parent’s financial statements using the cost method and in the consolidated financial statements using the equity method. The Group’s share of net profit is recognised in the consolidated income statement and its share of any movement in reserves is recognised in reserves in the consolidated balance sheet. The accumulation of post-acquisition movements in the Group’s share of net assets is adjusted against the carrying value of the investment. Distributions received or receivable are recognised in the Parent’s income statement and reduce the carrying value of the investment in the consolidated financial statements.

(p) Payables

Trade and other payables are carried at amortised cost and due to their short-term nature are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and are recognised when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 60 days of recognition.

(q) Retirement village residents’ loans

These loans, which are repayable on the departure of the resident, are classified as financial liabilities at fair value through profit and loss with resulting fair value adjustments recognised in the income statement. The fair value of the obligation is measured as the ingoing contribution plus the resident's share of capital appreciation to reporting date. Although the expected average residency term is around eleven years, these obligations are classified as current liabilities, as required by Accounting Standards, because the Group does not have an unconditional right to defer settlement to more than twelve months after reporting date.

This liability is stated net of deferred management fee accrued to reporting date, because the Group’s contracts with residents require net settlement of those obligations.

For more information on these loans, see note 20(k) and 20(l).

(r) Borrowings

Borrowings are initially recorded at the fair value of the consideration received less directly attributable transaction costs associated with the borrowings. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest rate method. Under this method fees, costs, discounts and premiums that are yield related are included as part of the carrying amount of the borrowing and amortised over its expected life.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

ING Real Estate Community Living Group
Notes to the financial statements
Year ended 30 June 2011

1. Summary of significant accounting policies (continued)

Borrowing costs are expensed as incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. When this is the case, they are capitalised as part of the acquisition cost of that asset.

(s) Issued units

Issued and paid up units are recognised at the fair value of the consideration received by the Fund. Any transaction costs arising on issue of ordinary units are recognised directly in unitholders' interest as a reduction of the units proceeds received.

(t) Revenue

Revenue from rents, interest and distributions is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue brought to account but not received at balance date is recognised as a receivable.

Rental income from operating leases is recognised on a straight-line basis over the lease term. Contingent rentals are recognised as income in the financial year that they are earned. Fixed rental increases that do not represent direct compensation for underlying cost increases or capital expenditures are recognised on a straight-line basis until the next market review date.

Reflecting this accounting policy, deferred management fee income is calculated as the expected fee to be earned on a resident's ingoing loan, allocated pro-rata over the resident's expected tenure, together with any share of capital appreciation that has occurred at reporting date.

Interest income is recognised as the interest accrues using the effective interest method.

(u) Income tax

(i) Current income tax

Under the current tax legislation, the Fund is not liable to pay Australian income tax provided that its taxable income (including any assessable capital gains) is fully distributed to unitholders each year. Tax allowances for building and fixtures depreciation are distributed to unitholders in the form of the tax deferred component of distributions.

However, ING Real Estate Community Living Management Trust and its subsidiaries are subject to Australian income tax.

The subsidiaries that hold the Group's foreign properties may be subject to corporate income tax and withholding tax in the countries in which they operate. Under current Australian income tax legislation, unitholders may be entitled to receive a foreign tax credit for this withholding tax.

(ii) Deferred income tax

Deferred income tax represents income tax (including withholding tax) expected to be payable or recoverable by taxable entities on the differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised through continuing use or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at reporting date. Income taxes related to items recognised directly in equity are recognised in equity and not against income.

(v) Earnings per unit

Basic earnings per unit is calculated as net profit attributable to unitholders of the Fund divided by the weighted average number of issued units. As there are no potentially dilutive units on issue, diluted earnings per unit is the same as basic earnings per unit.

ING Real Estate Community Living Group
Notes to the financial statements
Year ended 30 June 2011

1. Summary of significant accounting policies (continued)

(w) Goods and services tax ("GST")

Revenue, expenses and assets (with the exception of receivables) are recognised net of the amount of GST to the extent that the GST is recoverable from the taxation authority. Where GST is not recoverable, it is recognised as part of the cost of the acquisition, or as an expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from or payable to the tax authority is included in the balance sheet as an asset or liability.

Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from or payable to the tax authorities, are classified as operating cash flows.

(x) Pending Accounting Standards

IFRS 10 *Consolidated Financial Statements* is applicable to annual reporting periods beginning on or after 1 January 2013. The Group has not early adopted this standard. It establishes a new control model that broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations. It may lead to more entities being consolidated into the Group.

IFRS 12 *Disclosure of Interests in Other Entities* is applicable to annual reporting periods beginning on or after 1 January 2013. The Group has not early adopted this standard. It includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.

IFRS 13 *Fair Value Measurement* is applicable to annual reporting periods beginning on or after 1 January 2013. The Group has not early adopted this standard. It establishes a single source of guidance under IFRS for determining the fair value of assets and liabilities. It does not change when an entity is required to use fair value, but rather provides guidance on how to determine fair value under IFRS when fair value is required or permitted by IFRS. Application of this guidance may result in different fair values being determined for the relevant assets, particularly the Group's investment property; the precise impact is not known at this time. IFRS 13 also expands the disclosure requirements for all assets or liabilities carried at fair value.

The Board is expected to promulgate IFRS 10, 12 and 13 as Australian Accounting Standards in due course.

Other new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for the current reporting period. These are not expected to have any material impact on the Fund's financial report in future reporting periods.

ING Real Estate Community Living Group
Notes to the financial statements
Year ended 30 June 2011

2. Accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires the Responsible Entity to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates, by definition, will seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The Group had investment properties with a carrying amount of $344,490,000 (ILMT Group: $241,845,000) (2010: Group $352,823,000; ILMT Group $206,712,000) (see note 10), and retirement village residents' loans with a carrying amount of $150,761,000 (Group & ILMT Group) (2010: Group & ILMT Group $140,945,000) representing estimated fair value. In addition, the carrying amount of the Group's equity accounted investments of $45,407,000 (ILMT Group: $913,000) (2010: Group $53,210,000; ILMT Group: nil) (see note 11) also reflects investment properties carried at fair value. These carrying amounts reflect certain assumptions about expected future rentals, rent-free periods, operating costs, expected residents' tenure and appropriate discount and capitalisation rates. In forming these assumptions, the Responsible Entity considered information about current and recent sales activity, current market rents and discount and capitalisation rates, for properties similar to those owned by the Group, as well as independent valuations of the Group's property.

(b) Critical judgements in applying the entity's accounting policies

There were no judgements, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies that had a significant effect on the amounts recognised in the financial report.

ING Real Estate Community Living Group
Notes to the financial statements
Year ended 30 June 2011

3. Earnings per unit

	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
	2011	2010	2011	2010
(a) Per stapled unit				
Profit/(loss) from continuing operations ($'000)	14,455	(50,508)	na	na
Loss from discontinuing operations ($'000)	(1,404)	(17,209)	na	na
Weighted average number of units outstanding (thousands)	441,029	441,029	na	na
Basic and diluted earnings per unit from continuing operations (cents)	3.3	(11.5)	na	na
Basic and diluted earning per unit from discontinuing operations (cents)	(0.3)	(3.9)	na	na
Basic and diluted earnings per unit	3.0	(15.4)	na	na
(b) Per unit of each Trust				
Profit/(loss) from continuing operations ($'000)	4,587	(34,874)	9,868	(15,634)
Loss from discontinuing operations ($'000)	(1,390)	(6,904)	(14)	(10,305)
Weighted average number of units outstanding (thousands)	441,029	441,029	441,029	441,029
Basic and diluted earnings per unit from continuing operations (cents)	1.1	(8.0)	2.2	(3.5)
Basic earning per unit from discontinuing operations (cents)	(0.3)	(1.6)	-	(2.3)
Basic and diluted earnings per unit	0.8	(9.6)	2.2	(5.8)

4. Finance costs

	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Interest paid or payable	11,430	10,950	4,026	3,688
Less cross currency swap interest received	(2,513)	(7,031)	-	-
Less interest capitalised	(180)	(253)	(127)	(148)
	8,737	3,666	3,899	3,540

The rate used to capitalise finance costs to qualifying assets was 8.4% (2010: 8.4%).

ING Real Estate Community Living Group
Notes to the financial statements
Year ended 30 June 2011

5. Income tax expense

	Note	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
		2011	2010	2011	2010
		$'000	$'000	$'000	$'000
(a) Income tax (benefit)/expense					
Current tax		69	16	1	-
Increase/(decrease) in deferred tax liabilities	14	(1,389)	5,796	(1,389)	5,796
		(1,320)	5,812	(1,388)	5,796
(b) Reconciliation between tax expense and pre-tax net profit					
Profit/(loss) before income tax		13,135	(44,696)	8,480	(9,838)
Income tax at the Australian tax rate of 30% (2010: 30%)		3,941	(13,409)	2,544	(2,951)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:					
Australian income		196	9,273	(2,995)	7,255
Foreign tax law and rate adjustment		(5,457)	9,948	(937)	1,492
Income tax (benefit)/expense		(1,320)	5,812	(1,388)	5,796

6. Discontinued operations

(a) Details of discontinued operations

On 7 December 2009, the Group entered into an agreement to sell its Canadian Seniors business. The sale of this business settled in June 2010.

On 23 November 2009, the Group announced that it would cease to provide financial support to its United States Students business which previously enabled that business to meet interest and principal payments on debt. This resulted in a breach of the related borrowing agreements. The Group is in discussions with the debt providers to effectively dispose of this business by means of the debt providers taking over the properties through a deed-in-lieu process. The debt providers have no recourse to the other assets of the Group except in limited circumstances.

The Group's 90% interest in ING NZ Subsidiary Trust No.1 has also been classified as a discontinued operation, consistent with the Group's previously announced policy to focus on its Seniors business in Australia and the United States.

ING Real Estate Community Living Group
Notes to the financial statements
Year ended 30 June 2011

6. Discontinued operations (continued)

(b) Financial performance

The financial performance of components of the Trusts disposed of or classified as discontinued operations at 30 June 2011 was:

	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Revenue	4,390	12,664	-	-
Net gain/(loss) on change in fair value of				
Borrowings	-	27,131	-	
Investment properties	3,302	(37,366)	-	163
Other income	293	655	-	-
Expenses	(5,069)	(16,798)	-	(232)
Share of net profit/(loss) of equity accounted investments	(4,310)	(4,967)	(14)	(10,638)
Loss from operating activities before income tax	(1,394)	(18,681)	(14)	(10,707)
Income tax benefit/(expense)	(10)	1,472	-	402
Loss from discontinued operations for the year	(1,404)	(17,209)	(14)	(10,305)

(c) Cash flows

The cash flows of components of the Trusts disposed of or classified as discontinued operations at 30 June 2011 were:

	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Net cash flow from operating activities	85	(4,305)	-	670
Net cash flows from investing activities:				
Proceeds on sale of discontinued operations	-	15,569	-	-
Other	(340)	(1,598)	-	-
Net cash flow from financing activities	-	(14,848)	-	(743)
Net cash flows from discontinued operations	(255)	(5,182)	-	(73)

ING Real Estate Community Living Group
Notes to the financial statements
Year ended 30 June 2011

6. Discontinued operations (continued)

(d) Assets and liabilities

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

	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Assets				
Cash and cash equivalents	186	515	-	-
Trade and other receivables	662	1,444	-	100
Investment properties	5,325	56,274	-	-
Equity accounted investments	3,874	-	-	-
Total assets	10,047	58,233	-	100
Liabilities				
Payables	114	1,432	-	-
Borrowings	5,561	60,711	-	4,347
	5,675	62,143	-	4,347
Net assets of disposal groups	4,372	(3,910)	-	(4,247)

(e) Details of disposals

During the year the Fund disposed of investment properties within seven US Student LLCs with a carrying amount of $42,294,000 in exchange for discharge of the associated interest bearing liabilities.

7. Cash and cash equivalents

	Note	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
		2011	2010	2011	2010
		$'000	$'000	$'000	$'000
Cash at bank and in hand	20	8,398	7,041	3,095	3,069
Short term deposits	20	6,457	12,690	10	161
		14,855	19,731	3,105	3,230
Reconciliation to statement of cash flows					
For the purposes of the statement of cash flows, cash and cash equivalents include the following:					
Cash at bank and in hand attributable to discontinued operations		186	515	-	-
		15,041	20,246	3,105	3,230

ING Real Estate Community Living Group
Notes to the financial statements
Year ended 30 June 2011

8. Trade and other receivables

		ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
		2011	2010	2011	2010
		$'000	$'000	$'000	$'000
Current	20				
Rental and other amounts due		116	140	116	140
Amounts receivable from stapled entity		-	-	-	9,535
Accrued income, prepayments and deposits		4,136	5,391	3,593	2,695
		4,252	5,531	3,709	12,370
Non-current					
Amounts receivable from stapled entity		-	-	2,320	-
Accrued income, prepayments and deposits		1,297	2,104	2,490	2,303
		1,297	2,104	4,810	2,303

Rental and other amounts due are receivable within 30 days.

9. Derivatives

	Note	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
		2011	2010	2011	2010
		$'000	$'000	$'000	$'000
Current assets	20				
Cross currency swap contracts		-	2,418	-	-
Current liabilities	20				
Interest rate swap contracts		213	141	-	-
Non-current liabilities	20				
Interest rate swap contracts		269	611	-	-

10. Investment properties
(a) Summary of carrying amounts

	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Completed properties	342,820	346,163	241,545	203,152
Properties under construction	1,670	6,660	300	3,560
	344,490	352,823	241,845	206,712

ING Real Estate Community Living Group
Notes to the financial statements
Year ended 30 June 2011

10. Investment properties (continued)
(b) Individual valuations and carrying amounts

Property	Date of purchase	Cost to date	Latest external valuation		Carrying amount		Capitalisation rate	
			Date	Valuation	2011	2010	2011	2010
		$'000		$'000	$'000	$'000	%	%
Investment property [(1) (2)]								
Non-current								
Garden Villages								
Albany	Jun 04	5,957	Jun 11	3,870	3,870	4,850	10.0%	8.8%
Mardross Gardens	Jun 04	5,576	Dec 09	3,850	2,830	3,850	10.3%	9.3%
Seville Grove Gardens	Jun 04	4,065	Dec 10	3,100	3,410	3,550	10.0%	9.0%
Hertford Gardens	Jun 04	3,737	Dec 09	2,400	2,140	2,400	10.0%	8.8%
Carey Park Gardens	Jun 04	4,886	Jun 11	3,840	3,840	3,450	10.0%	8.8%
Jefferis Gardens	Jun 04	5,094	Dec 09	2,500	2,669	2,500	10.0%	7.8%
Cessnock Gardens	Jun 04	5,652	Dec 09	4,570	3,290	4,570	10.0%	9.0%
Claremont Gardens	Jun 04	4,716	Dec 09	4,570	3,520	2,900	10.0%	9.0%
Taloumbi Gardens	Jun 04	4,963	Dec 10	3,730	4,160	4,150	10.3%	9.0%
Davenport Gardens	Jun 04	4,246	Dec 09	2,350	3,220	2,350	10.0%	8.3%
Wheelers Gardens	Jun 04	4,629	Dec 09	3,000	2,768	3,000	10.3%	9.3%
Elphinwood Gardens	Jun 04	4,578	Dec 10	3,600	3,840	3,100	10.0%	9.0%
Glenorchy Gardens	Jun 05	4,360	Dec 09	3,500	3,350	3,500	10.0%	9.0%
Chatsbury Gardens	Jun 04	4,982	Dec 09	3,200	3,212	3,200	10.0%	9.0%

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10. Investment properties (continued)

Property	Date of purchase	Cost to date	Latest external valuation		Carrying amount		Capitalisation rate	
			Date	Valuation	2011	2010	2011	2010
		$'000		$'000	$'000	$'000	%	%
Grovedale Gardens	Jun 05	5,436	Dec 10	3,400	3,200	3,550	10.3%	9.3%
Horsham Gardens	Jun 04	4,629	Dec 09	2,800	3,280	2,800	10.0%	9.0%
Ipswich Gardens	Jun 04	-	Dec 09	1,950	-	901	-	9.5%
Kingston Gardens	Jun 05	-	Dec 09	2,250	-	2,250	-	8.8%
Lovely Banks Gardens	Jun 05	5,946	Dec 09	3,750	2,649	3,750	10.0%	9.0%
Sea Scape Gardens	Jun 04	4,531	Jun 11	4,060	4,060	3,850	10.0%	9.3%
Marsden Gardens	Jun 05	8,867	Dec 10	7,300	8,680	8,340	10.0%	9.5%
Coburns Gardens	Jun 04	4,343	Dec 09	2,350	2,380	2,350	10.0%	9.0%
Brooklyn Gardens	Jun 04	4,243	Dec 09	2,500	1,680	2,500	10.5%	9.5%
Oxley Gardens	Jun 04	4,602	Jun 11	2,720	2,720	2,600	10.0%	8.0%
Townsend Gardens	Jun 04	4,982	Dec 09	3,100	2,830	3,100	10.0%	9.0%
St Albans Park Gardens	Jun 04	4,995	Dec 09	3,250	2,840	3,250	10.0%	9.0%
Swan View Gardens	Jan 06	7,192	Dec 10	6,130	6,210	7,000	10.0%	9.0%
Taree Gardens	Dec 04	4,653	Jun 11	2,990	2,768	2,800	10.0%	8.0%
Toowoomba Gardens	Dec 04	-	Dec 09	3,000	-	3,000	-	8.5%
Newtown Gardens	Jun 04	-	Dec 09	3,450	-	3,450	-	9.3%
Glenvale Gardens	Jun 04	-	Dec 09	2,250	-	2,250	-	5.3%
US Seniors								
Lynbrook, New York	Dec 07	27,773	Dec 09	23,667	21,130	23,667	7.3%	9.0%
Garden Villages DMF Conversions (3) (4)							**Discount rate**	
Forest Lake Gardens	Nov 05	13,856	Jun 11	10,124	10,124	11,050	16.6%	9.3%
South Gladstone Gardens	Nov 05	8,356	Jun 11	9,344	9,044	5,260	22.9%	8.0%
Rockhampton Gardens	Nov 05	10,740	Dec 09	6,800	10,770	6,800	15.1%	8.0%

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Notes to the financial statements
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10. Investment properties (continued)

Property	Date of purchase	Cost to date	Latest external valuation		Carrying amount		Capitalisation rate	
			Date	Valuation	2011	2010	2011	2010
		$'000		$'000	$'000	$'000	%	%
Settlers [3]							**Discount rate**	
Lakeside	Apr 07	69,692	Jun 11	79,099	79,099	75,120	13.5%	13.5%
Noyea Park	Apr 07	2,463	Dec 10	741	741	1,327	14.0%	13.5%
Meadow Springs	Apr 07	20,885	Jun 11	17,472	17,472	17,367	14.0%	13.5%
Ridgewood	Apr 07	85,215	Jun 11	105,024	105,024	100,461	13.3%	13.5%
		370,840		357,601	342,820	346,163		
Total completed properties		370,840		357,601	342,820	346,163		
Property under construction								
Non-current								
Garden Villages								
Lovely Banks Gardens - land	Jun 05	862	Dec 09	310	310	310	-	-
Settlers					-			
Noyea Park	Apr 07	-	Dec 09	-	-	-	-	13.5%
Ridgewood	Apr 07	-	Dec 09	3,040	-	3,040	-	13.5%
Lakeside	Apr 07	-	Dec 09	1,350	-	1,350	-	13.5%
Meadow Springs	Apr 07	2,470	Dec 09	1,960	1,360	1,960	-	13.5%
		3,332		6,660	1,670	6,660		
Total all investment properties		374,172		364,261	344,490	352,823		

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Notes to the financial statements
Year ended 30 June 2011

10. Investment properties (continued)

(1) Investment property that has not been valued by external valuers at reporting date is carried at the Responsible Entity's estimate of fair value in accordance with the accounting policy detailed at note 1(n). Properties acquired during the period are held at cost, which is reflective of the estimate of fair value.

(2) Valuations made in a foreign currency have been converted at the rate of exchange ruling at reporting date.

(3) Valuations of retirement villages are provided to the Group net of residents' loans (after deducting any accrued deferred management fees). For presentation in this note, the external valuations shown are stated before deducting this liability to reflect its separate balance sheet presentation. The carrying amounts include the fair value of units completed since the date of the external valuation.

(4) The Garden Villages DMF Conversion villages were converted from a rental model to a deferred management fee model in December 2010 and June 2011. June 2010 comparatives are reflective of the rental valuation and the capitalisation rate.

(c) Movements in carrying amounts

	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Completed investment property				
Carrying amount at beginning of year	346,163	462,931	203,152	197,757
Exchange rate fluctuations	(5,309)	(1,800)	(5,309)	(1,800)
Additions to existing property	1,640	1,202	21,160	1,085
Transferred from property under construction	8,605	3,547	6,782	2,970
Disposals	(10,482)	(1,394)	-	-
Transferred to discontinued operations	-	(97,965)	-	-
Net change in fair value	2,203	(20,358)	15,760	3,140
Carrying amount at end of year	342,820	346,163	241,545	203,152
Property under construction				
Carrying amount at beginning of year	6,660	8,575	3,560	2,680
Additions	5,700	2,972	5,647	2,867
Disposals	-	(312)	-	-
Net change in fair value	(2,085)	(1,028)	(2,125)	983
Transferred to investment property	(8,605)	(3,547)	(6,782)	(2,970)
Carrying amount at end of year	1,670	6,660	300	3,560

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11. Equity accounted investments

(a) Details of investments

Name	Principal activity	Ownership interest 2011	Ownership interest 2010
ING Real Estate Community Living Fund			
CSH - INGRE LLC	Real estate investment	49%	49%
ING NZ Subsidiary Trust No 1 [1,4]	Real estate investment	-	90%
ING Real Estate CC Trust No 1 [1,2]	Real estate investment	-	90%
ING Real Estate Community Living Management Trust			
CSH - INGRE LLC [3]	Real estate investment	1%	-

(1) Although the Group has the economic interest shown, it does not hold a controlling interest in the voting rights of this company. Consequently, the Responsible Entity has determined that the Group's ownership interest does not give the Group the capacity to control the company but rather the power to exercise significant influence.

(2) During the year ILMT acquired the interest in ING Real Estate CC Trust No 1 not held by the Fund for $10 and as a result the entity is now a subsidiary in the Group's financial statements.

(3) During the year, ILMT acquired its interest in CSH – INGRE LLC. ILMT holds 1% series A voting common shares which entitles ILMT to a 1% share of distributions and 50% of voting rights.

(4) This investment is now classified as a discontinued operation and a disposal group – see note 6.

	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
(b) Share of assets and liabilities				
Total assets	272,783	355,199	5,456	-
Total liabilities	(227,376)	(301,989)	(4,543)	-
Net assets	45,407	53,210	913	-
(c) Share of results				
Revenue	64,888	90,879	729	-
Gain/(loss) on change in fair value of:				
Investment properties	9,310	(39,936)	216	-
Derivatives	-	-	-	-
Expenses	(59,061)	(77,897)	(661)	-
Profit/(loss) before income tax	15,137	(26,954)	284	-
Income tax expense	-	-	-	-
Profit/(loss) for the year	15,137	(26,954)	284	-

ING Real Estate Community Living Group
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12. Payables

	ING Real Estate Community Living Group 2011 $'000	ING Real Estate Community Living Group 2010 $'000	ING Real Estate Community Living Management Trust 2011 $'000	ING Real Estate Community Living Management Trust 2010 $'000
Current liabilities				
Trade payables	19,597	39,183	8,808	13,603

13. Borrowings

	Note	ING Real Estate Community Living Group 2011 $'000	ING Real Estate Community Living Group 2010 $'000	ING Real Estate Community Living Management Trust 2011 $'000	ING Real Estate Community Living Management Trust 2010 $'000
Current liabilities	20				
Other external debt	(b)	266	-	266	-
Finance leases	(c)	-	-	2,876	1,247
Loans from stapled entity	(d)	-	-	24,379	-
		266	-	27,521	1,247
Non-current liabilities					
Bank debt	(a)	96,161	98,800	-	-
Other external debt	(b)	25,354	32,998	25,354	32,999
Finance leases	(c)	-	-	34,734	16,300
Loans from stapled entity	(d)	-	-	-	18,292
		121,515	131,798	60,088	67,591

(a) Bank debt

The Australian dollar denominated bank debt of $96,161,000 (2010: $98,800,000) is a variable rate facility expiring in February 2013. The main financial covenants to be maintained include:

- loan to value ratios of 65% for completed rental villages and 50% for deferred management fee villages and properties under construction;
- a total leverage ratio (calculated on a look-through basis) of less than 85%, reducing to 80% from 1 January 2012; and
- an interest cover ratio of net income from mortgaged properties (including distributions from foreign assets) to facility interest expense of at least 1.4.

The Group may not make distributions without prior consent of the bank (unless pursuant to a distribution reinvestment plan approved by the bank) until:

- following a capital raising and the loan to value ratio is not more than 50% and the interest cover ratio is at least 1.75; or
- without a capital raising and the loan to value ratio is not more than 40% and the interest cover ratio is at least 1.75.

The carrying value net of resident liabilities at reporting date of the Group's Australian properties pledged as security is $172,599,000 (2010: $188,211,000) (ILMT Group $69,954,000; 2010: $42,099,000).

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Notes to the financial statements
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13. Borrowings (continued)

(b) Other external debt

The other external debt comprises two bonds whose terms exceed five years. The bonds are secured against a United States property with a carrying value of $21,130,000 (2010: $23,667,000).

(c) Finance agreements

Subsidiaries of ILMT have entered into agreements with subsidiaries of the Fund. The subject of each agreement is to lease a retirement village. The remaining term of each agreement varies between 95 and 99 years. There are no purchase options.

Minimum payments under the agreements and their present values are:

	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Minimum lease payments:				
Within one year	-	-	3,003	1,298
Later than one year but not later than five years	-	-	12,011	5,192
Later than five years	-	-	275,616	117,904
Total minimum lease payments	-	-	290,630	124,394
Future finance charges	-	-	(253,020)	(106,847)
Present value of minimum lease payments	-	-	37,610	17,547
Present value of minimum lease payments:				
Within one year	-	-	2,876	1,247
Later than one year but not later than five years	-	-	9,461	733
Later than five years	-	-	25,273	15,567
	-	-	37,610	17,547

(d) Loans from stapled entity

The ILMT Group has a number of outstanding borrowings from the Fund and its subsidiaries. The loans are unsecured and either repayable within the next financial year or are at call.

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14. Deferred tax liabilities

	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
The balance comprises temporary differences attributable to:				
Investment properties	8,047	9,435	8,047	9,435
Deferred tax (benefit)/expense recognised in the income statement in respect of deferred tax liabilities is attributable to temporary differences arising from:				
Investment properties	(1,389)	5,796	(1,389)	5,796
Deductible temporary differences for which no deferred tax asset has been recognised	117,383	161,847	-	-
Potential tax benefit	37,983	54,669	-	-

15. Issued units

(a) Carrying amounts

	Note	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
		2011	2010	2011	2010
		$'000	$'000	$'000	$'000
At beginning of year		490,044	490,187	3,351	3,351
Borrowing cost amortisation returned	(d)	-	(143)	-	-
At end of year		490,044	490,044	3,351	3,351
The closing balance is attributable to the unitholders of:					
ING Real Estate Community Living		486,693	486,693	-	-
ING Real Estate Community Living Management Trust		3,351	3,351	3,351	3,351
		490,044	490,044	3,351	3,351

(b) Number of issued units

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

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15. Issued Units (continued)

(c) Terms of units

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

(d) Borrowing cost amortisation

As set out in the Product Disclosure Statement lodged with the Australian Securities and Investment Commission on 21 May 2004, the Group has transferred to retained profits for possible distribution an amount equal to amortisation of debt issue costs.

16. Reserves

	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Foreign currency translation				
Balance at beginning of year	(11,481)	(11,552)	(2,397)	(2,145)
Translation differences arising during the year	(8,759)	71	1,837	(252)
Balance at end of year	(20,240)	(11,481)	(560)	(2,397)
Total reserves at end of year	(20,240)	(11,481)	(560)	(2,397)
The closing balance is attributable to the unitholders of:				
ING Real Estate Community Living Fund	(19,680)	(9,084)	-	-
ING Real Estate Community Living Management Trust	(560)	(2,397)	(560)	(2,397)
	(20,240)	(11,481)	(560)	(2,397)

The foreign currency translation reserve records exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to record the effect of hedging net investments in foreign operations.

17. Accumulated losses

	Note	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
		2011 $'000	2010 $'000	2011 $'000	2010 $'000
Balance at beginning of year		(368,541)	(300,967)	(13,179)	12,760
Net profit/(loss) for the year		13,051	(67,717)	9,854	(25,939)
Borrowing cost amortisation returned	15(d)	-	143	-	-
Balance at end of year		(355,490)	(368,541)	(3,325)	(13,179)

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18. Commitments

There were no commitments for capital expenditure on investment property, contracted but not provided for, at reporting date (2010: $4,709,000, all payable within one year).

19. Capital management

The Group aims to meet its strategic objectives and operational needs and to maximise returns to unitholders through the appropriate use of debt and equity, while taking account of the additional financial risks of higher debt levels.

In determining the optimal capital structure, the Group takes into account a number of factors, including the views of investors and the market in general, the capital needs of its portfolio, the relative cost of debt versus equity, the execution risk of raising equity or debt, and the additional financial risks of debt including increased volatility of earnings due to exposure to interest rate movements, the liquidity risk of maturing debt facilities and the potential for acceleration prior to maturity.

In assessing this risk, the Group takes into account the relative security of its income flows, the predictability of its expenses, its debt profile, the degree of hedging and the overall level of debt as measured by gearing.

The actual capital structure at a point in time is the product of a number of factors, many of which are market driven and to various degrees outside of the control of the Group, particularly the impact of revaluations on gearing levels, the availability of new equity and the liquidity in real estate markets. While the Group periodically determines the optimal capital structure, the ability to achieve the optimal structure may be impacted by market conditions and the actual position may often differ from the optimal position.

The Group's capital position is primarily monitored through its ratio of total liabilities to total assets ("Leverage Ratio"), calculated on a look-through basis, in which the Group's interest in its joint ventures and associates are proportionately consolidated based on the Group's ownership interest. The Group's medium term strategy is to maintain the Leverage Ratio in the range of 45% - 55%. At 30 June 2011, the Leverage Ratio was 82.4%, compared to 86.2% at 30 June 2010, calculated as follows:

	ING Real Estate Community Living Group	
	2011 $'000	2010 $'000
Total consolidated liabilities	306,343	384,256
Plus share of liabilities of equity accounted investments	227,376	301,989
Total look-through liabilities	533,719	686,245
Total consolidated assets	420,657	494,278
Less equity accounted investments	(45,407)	(53,210)
Plus share of assets of equity accounted investments	272,783	355,199
Total look-through assets	648,033	796,267
Leverage ratio	82.4%	86.2%

ING Real Estate Community Living Group
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19. Capital management (continued)

In addition, the Group monitors the ratio of debt to total assets ("Gearing Ratio"), calculated on a look-through basis. At 30 June 2011, the Gearing Ratio was 69.3%, compared to 73.2% at 30 June 2010, calculated as follows:

	ING Real Estate Community Living	
	2011	**2010**
	$'000	**$'000**
Total consolidated borrowings	127,342	192,509
Less cash & cash equivalents (including associates)	(20,180)	(23,332)
Net consolidated debt	107,162	169,177
Plus share of debt of equity accounted investments	235,035	293,310
Net look-through debt	342,197	462,487
Total consolidated assets	420,657	494,278
Less cash & cash equivalents	(15,041)	(20,246)
Less retirements village residents loans	(150,761)	(140,945)
Less equity accounted investments	(49,281)	(53,210)
Plus share of assets of equity accounted investments	293,425	355,199
Less cash & cash equivalents of equity accounted investments	(5,139)	(3,086)
Total look-through assets	493,860	631,990
Gearing ratio	69.3%	73.2%

As part of a stapled entity, the ILMT Group's capital is not separately managed. Any capital changes for the Group may result in consequential changes for the ILMT Group.

20. Financial instruments

(a) Introduction

The Group's principal financial instruments comprise receivables, payables, interest bearing liabilities, other financial liabilities, cash and short-term deposits and derivative financial instruments.

The main risks arising from the Group's financial instruments are interest rate risk, foreign exchange risk, credit risk and liquidity risk. The Group manages its exposure to these risks primarily through its Treasury Policy. The policy sets out various targets aimed at restricting the financial risk taken by the Group. Management reviews actual positions of the Group against these targets on a regular basis. If the target is not achieved, or forecast not to be achieved, a plan of action is, where appropriate, put in place with the aim of meeting the target within an agreed timeframe. Depending on the circumstances of the Group at a point in time, it may be that positions outside of the Treasury Policy are accepted and no plan of action is put in place to meet the Treasury targets, because, for example, the risks associated with bringing the Group into compliance outweigh the benefits. The adequacy of the Treasury Policy in addressing the risks arising from the Group's financial instruments is reviewed on a regular basis.

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20. Financial instruments (continued)

While the Group aims to meet its Treasury Policy targets, many factors influence its performance, and it is probable that at any one time it will not meet all its targets. For example, the Group may be unable to negotiate the extension of bank facilities sufficiently ahead of time, so that it fails to achieve its liquidity target. When refinancing loans it may be unable to achieve the desired maturity profile or the desired level of flexibility of financial covenants, because of the cost of such terms or their unavailability. Hedging instruments may not be available, or their cost may outweigh the benefit of risk reduction or they may introduce other risks such as mark to market valuation risk. Changes in market conditions may limit the Group's ability to raise capital through the issue of units or sale of properties.

The main risks arising from the ILMT Group's financial instruments are interest rate risk, foreign exchange risk, credit risk and liquidity risk. As part of a stapled entity, these risks are not separately managed. Management of these risks for the Group may result in consequential changes for the ILMT Group.

(b) Interest rate risk

The Group's exposure to the risk of changes in market interest rates arises primarily from its use of borrowings. The main consequence of adverse changes in market interest rates is higher interest costs, reducing the Group's profit. In addition, one or more of the Group's loan agreements may include minimum interest cover covenants. Higher interest costs resulting from increases in market interest rates may result in these covenants being breached, providing the lender the right to call in the loan or to increase the interest rate applied to the loan.

The Group manages the risk of changes in market interest rates by maintaining an appropriate mix of fixed and floating rate borrowings. Fixed rate debt is achieved either through fixed rate debt funding or through derivative financial instruments permitted under the Treasury Policy. The policy sets minimum and maximum levels of fixed rate exposure over a ten-year time horizon.

As part of a stapled entity, the ILMT Group's interest rate risk is not separately managed. Management of this risk for the Group may result in consequential changes for the ILMT Group.

At 30 June 2011, after taking into account the effect of interest rate swaps, approximately 70% of the Group's borrowings are at a fixed rate of interest (30 June 2010: 100%) (ILMT Group: 100%; 30 June 2010: 73%).

Exposure to changes in market interest rates also arises from financial assets such as cash deposits and loan receivables subject to floating interest rate terms. Changes in market interest rates will also change the fair value of any interest rate hedges.

ING Real Estate Community Living Group
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20. Financial instruments (continued)

(c) Interest rate risk exposure

The Group's exposure to interest rate risk and the effective interest rates on financial instruments at reporting date was:

30 June 2011	ING Real Estate Community Living Group				
	Floating	Fixed interest maturing in:			Total
	interest rate	Less than 1 year	1 to 5 years	More than 5 years	
Principal amounts $'000					
Financial assets					
Cash at bank	8,398	-	-	-	8,398
Short term deposits	6,457	-	-	-	6,457
Financial liabilities					
Bank debt denominated in AUD	96,161	-	-	-	96,161
Other external debt denominated in USD	-	266	1,250	24,104	25,620
Interest rate swaps:					
- denominated in AUD; Group pays fixed rate	(60,000)	60,000	-	-	-
Weighted average interest rates					
Financial assets					
Cash at bank	4.3%	-	-	-	na
Short term deposits	4.7%	-	-	-	na
Financial liabilities					
Bank debt denominated in AUD	6.7%	-	-	-	na
Other external debt denominated in USD	-	6.0%	6.0%	6.5%	na
Interest rate swaps:					
- denominated in AUD; Group pays fixed rate	4.9%	5.5%	-	-	na

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20. Financial instruments (continued)

The Group's exposure to interest rate risk and the effective interest rates on financial instruments at the end of the previous financial year was:

30 June 2010	ING Real Estate Community Living Group				
	Floating	Fixed interest maturing in:			Total
	interest rate	Less than 1 year	1 to 5 years	More than 5 years	
Principal amounts $'000					
Financial assets					
Cash at bank	7,041	-	-	-	7,041
Short term deposits	12,690	-	-	-	12,690
Financial liabilities					
Bank debt denominated in AUD	98,800	-	-	-	98,800
Other external debt denominated in USD	-	327	1,499	31,172	32,998
Cross currency swaps - receive AUD	(103,495)	(95,275)	-	-	(198,770)
Cross currency swaps - pay USD	-	219,857	-	-	219,857
Interest rate swaps:					
- denominated in AUD; Group pays fixed rate	(60,000)	60,000	-	-	-
Weighted average interest rates					
Financial assets					
Cash at bank	1.3%	-	-	-	na
Short term deposits	3.8%	-	-	-	na
Financial liabilities					
Bank debt denominated in AUD	6.5%	-	-	-	na
Bank debt denominated in USD	3.8%	-	-	-	na
Other external debt denominated in USD	-	6.0%	6.0%	6.5%	na
Interest rate swaps:					
- denominated in AUD; Group pays fixed rate	2.8%	5.5%	-	-	na

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20. Financial instruments (continued)

The ILMT Group's exposure to interest rate risk and the effective interest rates on financial instruments at reporting date was:

30 June 2011	**ING Real Estate Community Living Management**				
	Floating interest rate	**Fixed interest maturing in: Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Principal amounts $'000					
Financial assets					
Cash at bank	3,095	-	-	-	3,095
Short term deposits	10	-	-	-	10
Financial liabilities					
Finance leases	-	2,876	9,461	25,273	37,610
Other external debt denominated in USD	-	266	1,250	24,104	25,620
Weighted average interest rates					
Financial assets					
Cash at bank	4.3%	-	-	-	na
Short term deposits	4.7%	-	-	-	na
Financial liabilities					
Finance leases	-	8.0%	8.0%	8.0%	na

Other financial instruments of the Group not included in the above tables are non-interest bearing and are therefore not subject to interest rate risk.

ING Real Estate Community Living Group
Notes to the financial statements
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20. Financial instruments (continued)

The ILMT Group's exposure to interest rate risk and the effective interest rates on financial instruments at the end of the previous financial year was:

30 June 2010	ING Real Estate Community Living Management Trust				
	Floating interest rate	Fixed interest maturing in: Less than 1 year	1 to 5 years	More than 5 years	Total
Principal amounts $'000					
Financial assets					
Cash at bank	3,069	-	-	-	3,069
Short term deposits	161	-	-	-	161
Financial liabilities					
Finance leases	-	1,247	733	15,567	17,547
Other external debt denominated in USD	-	327	1,499	31,173	32,999
Loan from stapled entity	18,292	-	-	-	18,292
Weighted average interest rates					
Financial assets					
Cash at bank	1.3%	-	-	-	na
Short term deposits	3.8%	-	-	-	na
Loan to stapled entity	4.9%	-	-	-	na
Financial liabilities					
Finance leases	-	7.4%	7.4%	7.4%	na
Other external debt denominated in USD	-	6.5%	6.5%	6.5%	na

Other financial instruments of the Group not included in the above tables are non-interest bearing and are therefore not subject to interest rate risk.

(d) Interest rate sensitivity analysis

The impact of an increase or decrease in average interest rates of 1% (100 basis points) at reporting date, with all other variables held constant, is illustrated in the tables below. This analysis is based on the interest rate risk exposures in existence at balance sheet date. As the Group has no derivatives that meet the documentation requirements to qualify for hedge accounting, there would be no impact on unitholders' interest (apart from the effect on profit).

ING Real Estate Community Living Group
Notes to the financial statements
Year ended 30 June 2011

20. Financial instruments (continued)

(i) Increase in average interest rates of 1%

The effect on net interest expense for one year would have been:

	Effect on profit after tax			
	ING Real Estate Community Living Group Higher/(lower)		ING Real Estate Community Living Management Trust Higher/(lower)	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Variable interest rate instruments denominated in:				
Australian dollars	(288)	(257)	-	-

The effect on change in fair value of derivatives would have been:

	Effect on profit after tax			
	ING Real Estate Community Living Group Higher/(lower)		ING Real Estate Community Living Management Trust Higher/(lower)	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Fixed interest rate instruments denominated in:				
Australian dollars	973	1,273	-	-

(ii) Decrease in average interest rates of 1%

The effect on net interest expense for one year would have been:

	Effect on profit after tax			
	ING Real Estate Community Living Group Higher/(lower)		ING Real Estate Community Living Management Trust Higher/(lower)	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Variable interest rate instruments denominated in:				
Australian dollars	288	257	-	-

The effect on change in fair value of derivatives would have been:

	Effect on profit after tax			
	ING Real Estate Community Living Group Higher/(lower)		ING Real Estate Community Living Management Trust Higher/(lower)	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Fixed interest rate instruments denominated in:				
Australian dollars	(979)	(1,292)	-	-

ING Real Estate Community Living Group
Notes to the financial statements
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20. Financial instruments (continued)

(e) Foreign exchange risk

By holding properties in offshore markets, the Group is exposed to the risk of movements in foreign exchange rates. Foreign exchange rate movements may reduce the Australian dollar equivalent of the carrying value of the Group's offshore properties, and may result in lower Australian dollar equivalent proceeds when an offshore property is sold. In addition, foreign exchange rate movements may reduce the Australian dollar equivalent of the earnings from the offshore properties while they are owned by the Group.

The Group reduces its exposure to the foreign exchange risk inherent in the carrying value of its offshore properties and interests in offshore investments by partly or wholly funding their acquisition using borrowings denominated in the particular offshore currency, and by using derivatives. The Treasury Policy sets a target for minimum and maximum hedging of the carrying value of its offshore properties.

The Group's exposure to the impact of exchange rate movements on its earnings from its offshore properties is partly mitigated by the foreign denominated interest expense of its foreign denominated borrowings and any derivative hedges. The Group aims to reduce any residual exposure to its earnings arising because of its investment in offshore markets by using forward exchange contracts. The Treasury Policy sets out targets of minimum and maximum hedging of its earnings from offshore properties over a five-year time horizon.

As part of a stapled entity, the ILMT Group's foreign exchange risk is not separately managed. Management of this risk for the Group may result in consequential changes for the ILMT Group.

(f) Net foreign currency exposure

The Group's net foreign currency monetary exposure, after taking into account the effect of foreign exchange derivatives, as at reporting date is shown in the following table. The net foreign currency exposure reported is of foreign currencies held by entities whose functional currency is the Australian dollar. It excludes assets and liabilities of entities, including the Group's Canadian and United States subsidiaries and equity accounted investments, whose functional currency is not the Australian dollar.

	Net foreign currency asset/(liability)			
	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
United States dollars	4,065	1,884	-	-
Canadian dollars	-	313	-	-
New Zealand dollars	3	4	-	-
	4,068	2,201	-	-

ING Real Estate Community Living Group
Notes to the financial statements
Year ended 30 June 2011

20. Financial instruments (continued)

(g) Foreign exchange sensitivity analysis

The impact of an increase or decrease in average foreign exchange rates of 10% at reporting date, with all other variables held constant, is illustrated in the tables below. This analysis is based on the foreign exchange risk exposures in existence at balance sheet date. In these tables, the effect on unitholders' interest excludes the effect on profit after tax.

(i) Effect of appreciation in Australian dollar of 10%:

	Effect on profit after tax			
	ING Real Estate Community Living Group Higher/(lower)		ING Real Estate Community Living Management Trust Higher/(lower)	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Foreign exchange risk exposures denominated in:				
United States dollars	(407)	(183)	-	-

(ii) Effect of depreciation in Australian dollar of 10%:

	Effect on profit after tax			
	ING Real Estate Community Living Group Higher/(lower)		ING Real Estate Community Living Management Trust Higher/(lower)	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Foreign exchange risk exposures denominated in:				
United States dollars	407	223	-	-

The Responsible Entity believes that the reporting date risk exposures are representative of the risk exposure inherent in the Group's financial instruments.

These tables do not show the effect on equity that would occur from the translation of the financial statements of foreign operations because of the assumed 10% change in exchange rates.

(h) Foreign exchange derivatives held

The following tables detail the forward exchange contracts, options and foreign exchange swaps outstanding at reporting date. These have been taken out to mitigate the effect of foreign exchange movements on the financial statements.

At balance sheet date, none of the following foreign exchange derivatives qualifies for hedge accounting and gains and losses arising from changes in fair value have been taken to the income statement. The consolidated gain for the year ended 30 June 2011 was $Nil (2010: $14,045,000 gain).

ING Real Estate Community Living Group
Notes to the financial statements
Year ended 30 June 2011

20. Financial instruments (continued)

Cross currency exchange contracts to receive Australian dollars and pay United States dollars were:

Maturing	Weighted average exchange rate 2011	Weighted average exchange rate 2010	Principal amount 2011 AUD m	Principal amount 2011 USD m	Principal amount 2010 AUD m	Principal amount 2010 USD m
			ING Real Estate Community Living Group			
Within one year	-	0.9300	-	-	198,770	184,856

(i) Credit risk

Credit risk refers to the risk that a counterparty defaults on its contractual obligations resulting in a financial loss to either Group.

The major credit risk for both Groups is default by tenants, resulting in a loss of rental income while a replacement tenant is secured and further loss if the rent level agreed with the replacement tenant is below that previously paid by the defaulting tenant. In addition, a default of one the Groups' major tenants may trigger the right for one or more of the lenders to the Group to review or call in its loan.

Both Groups assess the credit risk of prospective tenants, the credit risk of in-place tenants when acquiring properties and the credit risk of existing tenants renewing upon the expiry of their leases. Factors taken into account when assessing credit risk include the aggregate exposure the Groups may have to the prospective tenant if the counterparty is already a tenant in the Groups' portfolio; the strength of the prospective tenant's business; the level of its commitment to locating in the Groups' property; and any form of security, for example a rental bond, to be provided.

The decision to accept the credit risk associated with leasing space to a particular tenant is balanced against the risk of the potential financial loss of not leasing up vacant space.

Rent receivable balances are monitored on an ongoing basis and arrears actively followed up in order to reduce, where possible, the extent of any losses should the tenant subsequently default.

The Responsible Entity believes that both Groups' receivables that are neither past due nor impaired do not give rise to any significant credit risk.

Credit risk also arises from deposits placed with financial institutions and derivatives contracts that may have a positive value to the Group. Both Groups' Treasury Policy sets target limits for credit risk exposure with financial institutions and minimum counterparty credit ratings. Counterparty exposure is measured as the aggregate of all obligations of any single legal entity or economic entity to the Group, after allowing for appropriate set offs which are legally enforceable.

Both Groups' maximum exposure to credit risk at reporting date in relation to each class of financial instrument is its carrying amount as reported in the balance sheet.

(j) Liquidity risk

The main objective of liquidity risk management is to reduce the risk that the Group does not have the resources available to meet its financial obligations and working capital and committed capital expenditure requirements. The Group's Treasury Policy sets a target for the level of cash and available undrawn debt facilities to cover future committed expenditure in the next year, loan maturities within the next year and an allowance for unforeseen events such as tenant default.

ING Real Estate Community Living Group
Notes to the financial statements
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20. Financial instruments (continued)

The Group may also be exposed to contingent liquidity risk under its term loan facilities, where term loan facilities include covenants which if breached give the lender the right to call in the loan, thereby accelerating a cash flow which otherwise was scheduled for the loan maturity. The Group monitors adherence to loan covenants on a regular basis, and the Treasury Policy sets targets based on the ability to withstand adverse market movements and remain within loan covenant limits.

The Group monitors its debt expiry profile and aims to achieve staggered maturities, where possible, to reduce refinance risk in any one year.

As part of a stapled entity, the ILMT Group's liquidity risk is not separately managed. Management of this risk for the Group may result in consequential changes for the ILMT Group.

The contractual maturities of the Group's non-derivative financial liabilities at reporting date are reflected in the following table. It shows the undiscounted contractual cash flows required to discharge the liabilities including interest at market rates. Foreign currencies have been converted at rates of exchange ruling at reporting date.

Although the expected average residency term is around eleven years, retirement village residents' loans are classified as current liabilities, as required by Accounting Standards, because the Group does not have an unconditional right to defer settlement to more than twelve months after reporting date.

	ING Real Estate Community Living Group 2011			
	Less than 1 year $'000	**1 to 5 years $'000**	**More than 5 years $'000**	**Total $'000**
Trade & other payables	19,597	-	-	19,597
Retirement village residents loans	150,761	-	-	150,761
Borrowings	10,607	110,194	31,526	152,327
	180,965	110,194	31,526	322,685

	ING Real Estate Community Living Group 2010			
	Less than 1 year $'000	**1 to 5 years $'000**	**More than 5 years $'000**	**Total $'000**
Trade & other payables	39,183	-	-	39,183
Retirement village residents loans	140,945	-	-	140,945
Borrowings	6,698	124,470	45,334	176,502
	186,826	124,470	45,334	356,630

ING Real Estate Community Living Group
Notes to the financial statements
Year ended 30 June 2011

20. Financial instruments (continued)

The contractual maturities of the ILMT Group's non-derivative financial liabilities at reporting date, on the same basis, were:

	ING Real Estate Community Living Management Trust 2011			
	Less than 1 year $'000	1 to 5 years $'000	More than 5 years $'000	Total $'000
Trade & other payables	8,808	-	-	8,808
Retirement village residents loans	150,761	-	-	150,761
Borrowings	1,937	7,717	31,526	41,180
	161,506	7,717	31,526	200,749

	ING Real Estate Community Living Management Trust 2010			
	Less than 1 year $'000	1 to 5 years $'000	More than 5 years $'000	Total $'000
Trade & other payables	13,603	-	-	13,603
Retirement village residents loans	140,945	-	-	140,945
Borrowings	2,284	9,847	45,334	57,465
	156,832	9,847	45,334	212,013

The contractual maturities of the Group's derivative financial liabilities at reporting date are reflected in the following table. It shows the undiscounted contractual cash flows required to discharge the instruments including interest at market rates. Foreign currencies have been converted at rates of exchange ruling at reporting date.

	ING Real Estate Community Living Group 2011			
	Less than 1 year $'000	1 to 5 years $'000	More than 5 years $'000	Total $'000
Liabilities				
Derivative liabilities - net settled	261	112	-	373

ING Real Estate Community Living Group
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Year ended 30 June 2011

20. Financial instruments (continued)

The contractual maturities of the Group's derivative financial liabilities at 30 June 2010, on the same basis, were:

	ING Real Estate Community Living Group 2010			
	Less than 1 year $'000	1 to 5 years $'000	More than 5 years $'000	Total $'000
Liabilities				
Derivative liabilities - net settled	219	453	-	672
Derivative liabilities - gross settled				
Outlows	223,921	-	-	223,921
Inflows	(203,260)	-	-	(203,260)
	20,880	453	-	21,333

(k) Other financial instrument risk

The Group carries retirement village residents' loans at fair value with resulting fair value adjustments recognised in the income statement. The fair value of these loans is dependent on market prices for the related retirement village units. The impact of an increase or decrease in these market prices of 10% at reporting date, with all other variables held constant, is shown in the table below. This analysis is based on the retirement village residents' loans in existence at reporting date.

	Effect on profit after tax			
	ING Real Estate Community Living Group Higher/(lower)		ING Real Estate Community Living Management Trust Higher/(lower)	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Increase in market prices of retirement village units of 10%	(14,700)	(13,743)	(14,700)	(13,743)
Decrease in market prices of retirement village units of 10%	14,700	13,743	14,700	13,743

The effect on unitholders' interest would have been the same as the effect on profit.

(l) Fair value

The Group uses the following fair value measurement hierarchy:

Level 1: fair value is calculated using quoted prices in active markets;

Level 2: fair value is calculated using inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: fair value is calculated using inputs for the asset or liability that are not based on observable market data.

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs.

ING Real Estate Community Living Group
Notes to the financial statements
Year ended 30 June 2011

20. Financial instruments (continued)

The fair value of derivatives was calculated as the net present value of future payment obligations discounted at market rates adjusted for the Group's credit risk. The fair value of retirement village residents' loans was measured as the ingoing resident's contribution plus the resident's share of capital appreciation to reporting date, less deferred management fee accrued to reporting date. These valuation techniques use both observable and unobservable market inputs.

Financial instruments that use valuation techniques with only observable market inputs or unobservable inputs that are not significant to the overall valuation include derivatives.

The fair value of retirement village residents loans are based on valuation techniques using some data that is not observable. The amount of retirement village residents' loans at any point in time is a function of the current market value of the independent living units on which it arises. Factors considered in estimating that current market value include recently settled transactions for units in the village, likely transactions (where the company has either signed an unconditional contract or has taken a deposit), pricing of competitors in the locality of the village and pricing of residential property in the locality of the village.

The following tables present the Group's and the ILMT Group's financial instruments that were measured and recognised at fair value at reporting date.

	ING Real Estate Community Living Group 2011			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial liabilities				
Retirement village residents' loans	-	-	150,761	150,761
Derivatives	-	482	-	482
	-	482	150,761	151,243

	ING Real Estate Community Living Management Trust 2011			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial liabilities				
Retirement village residents' loans	-	-	150,761	150,761

ING Real Estate Community Living Group
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20. Financial instruments (continued)

The following tables present both Groups' financial instruments that were measured and recognised at fair value at 30 June 2010.

	ING Real Estate Community Living Group 2010			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Derivatives	-	2,418	-	2,418
Financial liabilities				
Retirement village residents' loans	-	-	140,945	140,945
Derivatives	-	752	-	752
	-	752	140,945	141,697

	ING Real Estate Community Living Management Trust 2010			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial liabilities				
Retirement village residents' loans	-	-	140,945	140,945

The following table presents the changes in the Group's level 3 instruments for each financial year.

	ING Real Estate Community Living Group Retirement village residents' loans	
	2011 $'000	2010 $'000
Opening balance	140,945	119,569
Gains & losses recognised in profit or loss	(182)	3,310
Net movement	9,998	18,066
Closing balance	150,761	140,945

The changes in ILMT's level 3 instruments were the same as the Group's.

The current market value of the independent living units is an input to the valuation of retirement village residents loans. Changing the value used for this input by an increase of 10% would increase the fair value of these loans by $14,700,000 (2010: $13,743,000).

The change has been calculated in accordance with the formula set out in the contracts with the residents and incorporates the market value of the property and the expected tenure of each resident.

ING Real Estate Community Living Group
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20. Financial instruments (continued)

The carrying amounts of the Groups' other financial instruments approximate their fair values, except for fixed rate debt as follows:

	ING Real Estate Community Living Group			
	2011		2010	
	Fair value $'000	Carrying amount $'000	Fair value $'000	Carrying amount $'000
Other external debt	24,075	25,620	32,552	32,998

	ING Real Estate Community Living Management Trust			
	2011		2010	
	Fair value $'000	Carrying amount $'000	Fair value $'000	Carrying amount $'000
Other external debt	24,075	25,620	32,552	32,998

These fair values have been calculated by discounting the expected future cash flows at prevailing market interest rates.

21. Auditor's remuneration

	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
	2011 $	2010 $	2011 $	2010 $
Amounts received or receivable by Ernst & Young for:				
Audit or review of financial reports of the Fund and any other entity in the consolidated entity	332,220	220,884	-	-
Other services - assurance related	6,338	6,150	-	-
	338,558	227,034	-	-

22. Contingencies

ILMT has guaranteed the bank debt of the Fund amounting to $96,161,000 at 30 June 2011 (2010: $98,800,000) and amounts owing by the Fund under derivative contracts, the fair value of which at 30 June 2011 was $482,000 (2010: $16,772,000).

Due to ILMT being in a net asset deficient position at 30 June 2011, the Fund has granted ILMT a letter of financial support to ensure that ILMT can meet its financial obligations as and when they fall due for the next twelve months.

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Year ended 30 June 2011

23. Related parties

(a) Responsible Entity

The Responsible Entity of the Fund is ING Management Limited ("IML"), a member of the ING group of companies for which the ultimate holding company is ING Groep NV, a company incorporated in the Netherlands.

(b) Fees of the Responsible Entity and its related parties

	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
	2011	2010	2011	2010
	$	$	$	$
ING Management Limited:				
Asset management fees	1,836,014	3,273,906	379,000	342,000

The amount accrued and recognised but unpaid at reporting date was:

	ING Real Estate Community Living Group		ING Real Estate Community Living	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Asset management fees	10,513,449	9,597,172	913,791	669,000

The Responsible Entity waived its right to asset management fees as follows:

- all fees before 1 October 2006;
- year ended 30 June 2008, $305,000; and
- year ended 30 June 2009, $724,000.

(c) Holdings of the Responsible Entity and its related parties

Holdings in each Trust of the Responsible Entity and its related parties (including managed investment schemes for which a related party is the Responsible Entity) as at 30 June 2011 were:

Name	Number of units held
ING Real Estate International Investments III BV	28,285,706

That holding is unchanged from 30 June 2010. There were no distributions received or receivable by that party in either financial year.

ING Real Estate Community Living Group
Notes to the financial statements
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23. Related parties (continued)

(d) Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of the Responsible Entity.

The names of the directors of the Responsible Entity, and their dates of appointment or resignation if they were not directors for all of the financial year, are:

Michael Coleman	Chairman; appointed 1 July 2011
Hein Brand	Appointed 31 May 2011
Philip Clark AM	
Michael Easson AM	
Richard Colless AM	Resigned 22 September 2010
Scott MacDonald	Appointed 4 April 2011; resigned 14 July 2011
Kevin McCann AM	Appointed 23 September 2010; resigned 30 June 2011
Paul Scully	Resigned 30 June 2011
Christophe Tanghe	Resigned 31 May 2011

The names of other key management personnel, and their dates of appointment or resignation if they did not occupy their position for all of the financial year, are:

Denis Hickey	IML Chief Executive Officer
Danny Agnoletto	IML Chief Financial Officer
Simon Owen	Fund Chief Executive Officer

Key management personnel do not receive any remuneration directly from the Group. They receive remuneration from the Responsible Entity in their capacity as directors or employees of the Responsible Entity or its related parties. Consequently, the Group does not pay any compensation as defined in Accounting Standard AASB 124 *Related Parties* to its key management personnel.

Units held directly, indirectly or beneficially in the Fund by each key management person, including their related parties, were:

	2011	2010
Paul Scully		
Held at the beginning and end of the financial year	20,352	20,352
Philip Clark		
Held at the beginning of the financial year	90,151	30,000
Acquisitions	-	60,151
Held at the end of the financial year	90,151	90,151
Simon Owen		
Held at the beginning of the financial year	367,600	-
Acquisitions	-	367,600
Held at the end of the financial year	367,600	367,600

There were no distributions received or receivable by those parties in either financial year.

In addition to the above persons, key management personnel as defined in the Accounting Standards includes the Responsible Entity. Details of the remuneration of the Responsible Entity are given at note (b) above. Details of its holdings in the Fund are given at note (c) above.

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24. Parent financial information

Summary financial information about the Parent of each Group is:

	ING Real Estate Community Living Fund		ING Real Estate Community Living Management Trust	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Current assets	24,974	41,228	8,269	914
Total assets	207,802	232,817	9,178	3,276
Current liabilities	10,861	26,494	1,734	951
Total liabilities	109,922	125,905	9,713	951
Unitholders equity:				
Issued units	486,694	486,694	3,351	3,351
Accumulated losses	(388,814)	(379,782)	(3,886)	(1,026)
Total unitholders' equity	97,880	106,912	(535)	2,325
Net loss attributable to unitholders of each Trust	(9,032)	(59,561)	(2,860)	(663)
Total comprehensive income	(9,032)	(59,561)	(2,860)	(663)

25. Subsidiaries

(a) Names of subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(d):

Name	Country of residence	Ownership interest 2011	2010
		%	%
Subsidiaries of ING Real Estate Community Living Fund			
Bridge Street Trust	Australia	100	100
Browns Plains Road Trust	Australia	100	100
Casuarina Road Trust	Australia	100	100
Edinburgh Drive Trust	Australia	100	100
ILF Regency Subsidiary Trust	Australia	100	100
ING Community Living Fund Inc	United States of America	100	100
ING Community Living LLC	United States of America	100	100
ING Community Living Oak Tree Subsidiary Trust No.1	Australia	100	100
ING Community Living Subsidiary Trust No. 1	Australia	100	100
ING Community Living Subsidiary Trust No. 2	Australia	100	100
ING Kiwi Communities Subsidiary Trust No. 1	Australia	100	100
ING Real Estate Community Living Regency Subsidiary Trust	Australia	100	100
ING Sunny Trust	Australia	100	100

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25. Subsidiaries (continued)

Name	Country of residence	Ownership interest 2011 %	Ownership interest 2010 %
ING US Students No. 1, LLC	United States of America	100	100
ING US Students No. 2, LLC	United States of America	100	100
ING US Students No. 3, LLC	United States of America	100	100
ING US Students No. 4, LLC	United States of America	100	100
ING US Students No. 5, LLC	United States of America	100	100
ING US Students No. 6, LLC	United States of America	100	100
ING US Students No. 7, LLC	United States of America	100	100
ING US Students No. 8, LLC	United States of America	100	100
ING US Students No. 9, LLC	United States of America	100	100
ING US Students No. 10, LLC	United States of America	100	100
ING US Students No. 11, LLC	United States of America	100	100
ING US Students No. 12, LLC	United States of America	100	100
ING US Students No. 13, LLC	United States of America	100	100
ING US Students No. 14, LLC	United States of America	100	100
Jefferis Street Trust	Australia	100	100
Lovett Street Trust	Australia	100	100
Settlers Subsidiary Trust	Australia	100	100
SunnyCove Gladstone Unit Trust	Australia	100	100
SunnyCove Rockhampton Unit Trust	Australia	100	100
Taylor Street (1) Trust	Australia	100	100
Taylor Street (2) Trust	Australia	100	100
Subsidiaries of ING Real Estate Community Living Management Trust:			
CSH Lynbrook GP LLC	United States of America	100	100
CSH Lynbrook LP	United States of America	100	100
ING Community Living II LLC	United States of America	100	100
ING Community Living Lynbrook Trust	Australia	100	100
ING Community Living Oak Tree Subsidiary Trust No.2	Australia	100	100
ING Real Estate Community Living Regency Operations Trust	Australia	100	100
Lynbrook Freer Street Member LLC	United States of America	100	100
Lynbrook Management, LLC	United States of America	100	100
Settlers Operations Trust	Australia	100	100
Garden Villages Management Trust	Australia	100	100
ING Real Estate CC Trust No. 1	Australia	100	-

The Group’s voting interest in its subsidiaries is the same as its ownership interest.

ING Real Estate Community Living Group
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26. Segment information

(a) Description of segments

The Fund invests in seniors accommodation properties located in Australia and the United States. The rental properties in Australia are the Garden Villages segment, the deferred management fee properties in Australia are the Settlers segment and the rental properties in the United States are the United States Seniors segment. The Fund has identified its operating segments based on internal reporting to the chief operating decision maker. Other parts of the Group are neither an operating segment nor part of an operating segment. Assets that do not belong to an operating segment are described below as "unallocated".

	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
(b) Segment revenue				
Revenues from external customers:				
Garden Villages	21,643	20,434	21,643	20,380
Settlers	4,804	5,670	4,804	5,670
United States Seniors	1,942	1,724	1,942	1,724
Total segment revenue	28,389	27,828	28,389	27,774
Interest income	469	463	80	358
Total revenue	28,858	28,291	28,469	28,132
(c) Segment result				
Garden Villages	7,214	5,235	(5,146)	(5,865)
Settlers	2,822	5,027	3,515	5,260
United States Seniors	7,681	21,041	1,994	1,684
Total segment result	17,717	31,303	363	1,079
Interest income	469	-	80	-
Net foreign exchange loss	(448)	(1,298)	81	-
Net gain on disposal of investment properties	2,256	-	-	-
Net gain on change in fair value of:				
Investment properties	612	(21,488)	14,128	4,123
Derivatives	(2,149)	14,045	-	-
Retirement village residents' loans	182	(7,825)	182	(7,825)
Investment properties included in share of net profit of equity accounted investments:	9,310	- (39,936)	216	-
Finance costs	(8,737)	(10,404)	(3,899)	(3,182)
Responsible Entity's fees	(1,836)	(3,274)	(379)	(342)
Other expenses	(1,498)	(2,420)	(220)	(4)
Gain on revaluation of newly constructed retirement villages	(2,743)	(3,456)	(2,072)	(3,687)
Borrowing cost amortisation returned	-	(143)	-	-
Discount on deferred purchase consideration included in share of net profit of equity accounted investments	-	200	-	-
Income tax (benefit)/expense	1,320	(5,812)	1,388	(5,796)
Profit/(loss) from continuing operations	14,455	(50,508)	9,868	(15,634)

ING Real Estate Community Living Group
Notes to the financial statements
Year ended 30 June 2011

26. Segment information (continued)

	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
(d) Segment assets				
Garden Villages	124,270	132,770	34,384	1,689
Settlers	205,015	203,104	192,093	185,516
United States Seniors	69,634	71,859	25,019	27,268
Total segment assets	398,919	407,733	251,496	214,473
Now discontinued	10,047	67,628	-	100
Unallocated	11,691	18,917	3,195	10,370
	420,657	494,278	254,691	224,943
(e) Other information				
Share of net profit of equity accounted investments:				
United States Seniors	15,137	(26,954)	284	-
Net gain on change in fair value of investment property:				
Garden Villages	(50)	(22,902)	8,747	-
Settlers	(2,138)	9,011	2,581	11,720
United States Seniors	2,800	(7,597)	2,800	(7,597)
	612	(21,488)	14,128	4,123
Carrying amount of equity accounted investments:				
United States Seniors	45,407	43,865	913	-
Additions to investment properties and equity accounted investments:				
Garden Villages	1,669	541	21,191	-
Settlers	5,671	3,257	5,616	3,257
United States Seniors	763	7,562	-	892

ING Real Estate Community Living Group
Notes to the financial statements
Year ended 30 June 2011

27. Notes to the cash flow statements

(a) Reconciliation of profit to net cash flows from operations

	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Net profit/(loss) for the year	13,051	(67,717)	9,854	(25,939)
Adjustments for:				
Realised translation reserve on disposal	-	6,964	-	(163)
Unrealised foreign exchange (gain)/loss	653	(196)	(46)	6
Net gain on disposal of investment properties	(2,256)	-	-	-
Net (gain)/loss on change in fair value of:				
Investment properties - continuing	(612)	21,488	(14,128)	(4,123)
Investment properties - discontinued	(1,673)	30,388	-	-
Derivatives	2,149	(14,045)	-	-
Retirement village residents' loans	(182)	7,825	(182)	7,825
Equity accounted investments - discontinued	(205)	(11,676)	14	11,661
Debt - discontinued	-	(27,131)	-	-
Excess/(deficit) of distributions received from equity accounted investments over share of profits				
Continuing	(11,342)	34,856	(267)	-
Discontinued	4,310	14,646	-	(280)
Deferred income tax expense				
Continuing	(1,389)	5,796	(1,389)	5,796
Discontinued	-	(1,551)		(402)
Net cash movement before changes in working capital	2,504	(353)	(6,144)	(5,619)
Changes in working capital:				
(Increase)/decrease in receivables	(1,956)	2,296	1,358	(1,681)
Increase in retirement village residents' loans	8,675	13,551	9,150	13,551
Increase/(decrease) in other payables	(590)	(861)	2,724	57
Net cash provided by operating activities	8,633	14,633	7,088	6,308

28. Subsequent events

On 19 July 2011, the Group announced that it had contracted to sell its 50% interest in 15 of its 21 United States seniors communities to its joint venture partner, Chartwell Seniors Housing Real Estate Investment Trust for $160.0 million. The sale price is in line with the December 2010 book value and settlement of this transaction is anticipated in October 2011, pending regulatory and property debt approvals. The debt associated with these properties is included in this sale transaction. After this sale, the Group's sole United States seniors exposure will be the remaining six properties located on Long Island, New York.

ING Real Estate Community Living Group
Directors' declaration
Year ended 30 June 2011

In accordance with a resolution of the directors of ING Management Limited, I state that:

1. In the opinion of the directors:

   (a) the financial statements and notes of ING Real Estate Community Living Group and of ING Real Estate Community Living Management Trust are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of each Group's financial position as at 30 June 2011 and of their performance for the year ended on that date; and

      (ii) complying with Accounting Standards and the *Corporations Regulations 2001*; and

   (b) there are reasonable grounds to believe that ING Real Estate Community Living Group and ING Real Estate Community Living Management Trust will be able to pay their debts as and when they become due and payable.

2. The notes to the financial statements include an explicit and unreserved statement of compliance with international financial reporting standards at note 1.

3. This declaration has been made after receiving the declarations required to be made by the chief executive officer and chief financial officer to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2011.

On behalf of the directors

Michael Coleman
Chairman
Sydney, 26 August 2011

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Independent auditor's report to the stapled security holders of ING Real Estate Community Living Fund and ING Real Estate Community Living Management Trust ("the Trusts")

Report on the Financial Report

We have audited the accompanying financial report which has been prepared in accordance with ASIC class order 05/642 and comprises:

- the consolidated balance sheet as at 30 June 2011, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in unitholders' interest and the consolidated cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated stapled entity (the "ING Real Estate Community Living Group") comprising both ING Real Estate Community Living Fund and the entities it controlled, and ING Real Estate Community Living Management Trust and the entities it controlled year end or from time to time during the financial year.

- the consolidated balance sheet as at 30 June 2011, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in unitholders' interest and the consolidated cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of ING Real Estate Community Living Management Trust, comprising ING Real Estate Community Living Management Trust and the entities it controlled at the year end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of ING Management Limited as Responsible Entity of the Trusts are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(b), the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Responsible Entity, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the Responsible Entity of the Trusts a written Auditor's Independence Declaration, a copy of which follows the directors' report.

Auditor's Opinion

In our opinion:

1. the financial report of ING Real Estate Community Living Group and ING Real Estate Community Living Management Trust is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of ING Real Estate Community Living Group and ING Real Estate Community Living Management Trust as at 30 June 2011 and of their performance for the year ended on that date; and

   ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board as disclosed in Note 1(b).

Ernst & Young

Chris Lawton
Partner
Sydney
26 August 2011