

REAL ESTATE INVESTMENT MANAGEMENT

Date

26 April 2012

Fund

ING Real Estate Community Living Group

Unitholders to vote on ILF Group management internalisation

Key highlights:

- **Unitholder meeting to vote on internalisation proposal to be held on 31 May 2012**
- **Independent Expert concludes proposal is fair and reasonable and in the best interest of non-associated unitholders, in the absence of a superior proposal**
- **IML Independent Directors unanimously recommend the proposal**

The Independent Directors of ING Management Limited (IML or Current RE), the responsible entity for the ILF Group, have today issued a Notice of Unitholders' Meetings and Explanatory Memorandum, and Ingenia Communities Holdings Limited has issued a separate Prospectus, detailing the proposal to internalise management of ING Real Estate Community Living Group (ASX ticker code: ILF).

The unitholder meeting will be held on 31 May 2012 at The Grace Hotel (Kirralaa-Jarara room), 77 York Street, Sydney.

Following considerable analysis of alternate strategies for the Fund, the Independent Directors of the Current RE unanimously recommend that unitholders vote in favour of the proposal, in the absence of a superior alternative.

IML Independent Chairman Michael Coleman said: "The IML Board believes that the internalisation of management is the best available alternative for the future management of the ILF Group. The Independent Board Committee appointed an Independent Expert, Deloitte Corporate Finance Pty Limited, who concluded that the proposal is fair and reasonable and in the best interests of non-associated unitholders, in the absence of a superior proposal".

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

- Elimination of any perceived conflicts of interest that may arise between the manager and investors;
- Greater alignment of interests between investors, the board and management;

- Enhanced board accountability as investors with sufficient majority may appoint and remove directors in certain circumstances; and
- Unitholders will have the ability to vote (in a non-binding resolution) in certain circumstances on the remuneration structure for directors and key management personnel.

No consideration will be paid to ING by the new RE or ILF Group for management rights of the Fund. This proposal also includes financial support valued by ING at \$4.1 million which will enable ILF to smoothly transition into the new internalised vehicle. In determining that the proposal is fair and reasonable and in the best interest of non-associated unitholders, in the absence of a superior proposal, the Independent Expert valued the financial support at \$3.4 million - \$3.9 million, and also took into account the \$1.4 million of internalisation transaction costs that will be borne by ILF. The Independent Directors also valued the financial support at \$3.4 million - \$3.9 million.

Further information on the benefits of internalisation can be found in the Meeting Booklet, which includes the Independent Expert's Report.

The future of the internalised group

The internalisation of ILF Group will result in the transfer of existing key executives and the appointment of a new board that is highly experienced in the retirement and finance sectors. Mr Simon Owen, the current Chief Executive Officer, will be a member of the new board.

Incoming Independent Chairman Jim Hazel said: "I am pleased to present to unitholders the prospectus in connection with the ILF Group management internalisation. Upon the implementation of this proposal, ILF Group will be renamed to 'Ingenia Communities'. The new Board and I have endorsed the strategy for Ingenia Communities adopted by the Current RE including:

- Provide superior unitholder returns through unit price growth and a potential reinstatement of distributions in 2012 where earnings and cashflow permit;
- Explore options to unlock remaining value within the Fund's US Seniors and NZ Students portfolios;
- Continue to build and refine Ingenia Communities' operational and development capabilities; and
- Develop, acquire, and seed growth opportunities organically and through rigorously assessed bolt-on acquisitions with attractive risk-adjusted returns.

Unitholders will also be asked to vote in favour of a new long-term incentive scheme as part of Chief Executive Officer Simon Owen's remuneration package. This proposed long-term incentive is aimed at increasing the alignment between management and unitholders.

The new Board and I look forward to meeting all unitholders at the upcoming meeting regarding the proposal."



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Rebranding ILF to Ingenia Communities

If the proposal is approved by ILF Group unitholders on the Unitholders' Meeting date and all other conditions are met in connection with the proposal, ILF Group will be rebranded to Ingenia Communities. Ingenia Communities will commence trading on ASX under the code of INA.

The newly created brand – Ingenia Communities - is derived from the word ingenuity which reflects management's philosophy of operating with resourcefulness and strength. The deliberate use of 'ING' provides for a link to our brand heritage.

Unitholders to receive Meeting Booklet early May

Unitholders are advised to consider the contents of the Meeting Booklet carefully. All questions can be directed to the unitholder information line on 1300 653 497 (within Australia) or +61 2 8280 7057 (outside Australia). Alternatively unitholders may visit the website at www.ingrealestate.com.au which will contain information on the proposal. Unitholders will receive the Meeting Booklet in early May.

For further information, please contact

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About ING Real Estate Community Living Group

ING Real Estate Community Living Group (ASX code: ILF) is a stapled group comprising two externally managed ASX-listed real estate investment trust that own, manage and develop a diversified portfolio of seniors housing communities. Together the stapled group has total look-through assets under management of \$562 million with operations located predominantly throughout Australia and the United States.