

**APPENDIX 4D**  
**Half-year Report**  
**Half-year ended 31 December 2009**

<b>Name of Entity:</b>	<b>ING Real Estate Community Living Group</b>
<b>ARSN:</b>	<b>ING Real Estate Community Living Group comprising ING Real Estate Community Living Group ARSN 107 459 576 and ING Real Estate Community Living Management Trust ARSN 122 928 410</b>

**Results for announcement to the market**

<b>\$'000</b>	
Revenues from continuing operations	down 6.8% to 13,641
Profit from ordinary activities after tax attributable to members	Up 79% to a loss of 51,579
Net profit for the period attributable to members	Up 79% to a loss of 51,579
Operating income from continuing operations	down 36% to 8,802
Operating income	down 29% to 10,700
	<b>31 December</b>
	<b>2009</b>
	<b>30 June</b>
	<b>2009</b>
Net tangible assets per unit (excluding outside equity interest)	\$0.26
	\$0.40

<b>Distributions</b>	<b>Amount per unit (cents)</b>	<b>\$m</b>
Interim - 31 December 2009	Nil	Nil
Previous Corresponding Period	1.5	6.615
Record date for determining entitlements to the distribution	n/a	
Details of any distribution reinvestment plan in operation	na	
Last date for receipt of an election notice for participation in any distribution reinvestment plan	n/a	

Note : Franked amount per unit is not applicable

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

- ASX announcement/Media release
- Directors' report
- Financial report
- Results presentation



Mark Lamb  
Company Secretary

26 February 2010



# **ING REAL ESTATE COMMUNITY LIVING GROUP**

**INTERIM REPORT**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

# ING Real Estate Community Living Group

## Interim report

### For the half-year ended 31 December 2009

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The ING Real Estate Community Living Group ("the 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 the Trusts, is incorporated and domiciled in Australia.

This condensed interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial reports for the year ended 30 June 2009 and any public announcements made by the Trusts during the half-year in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

## ING Real Estate Community Living Group

### Directors' report

#### For the half-year ended 31 December 2009

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 and ING Real Estate Community Living Management Trust (the "Management Trust") (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 half-year ended 31 December 2009 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 ING Real Estate Community Living Fund has been identified as the parent for preparing consolidated financial reports. Consequently, the consolidated financial statements of the ING Real Estate Community Living Fund present the combined financial results of both Trusts.

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

#### Directors

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

Richard Colless AM	Chairman
Philip Clark AM	
Michael Easson AM	
George Jautze	Appointed 1 September 2009
Philip Redmond	
Paul Scully	
Christophe Tanghe	Appointed 1 September 2009

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

#### Review and results of operations

A summary of the Fund's result for the half-year is:

	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
	2009	2008	2009	2008
Profit/(loss) from continuing operations for the half-year (\$'000)	(42,364)	(216,675)	(9,843)	3,899
Net profit/(loss) attributable to unitholders of the Fund (\$'000)	(51,579)	(242,409)	(7,859)	6,097
Operating income from continuing operations (\$'000)	8,802	13,776	(170)	(931)
Distributions per unit (cents)	-	1.50	-	-
Operating income per unit (cents)	2.4	3.4	0.1	(0.1)
Earnings per stapled unit from continuing operations - basic and diluted (cents)	(9.6)	(49.1)	na	na
Earnings per stapled unit - basic and diluted (cents)	(11.7)	(55.0)	na	na

## ING Real Estate Community Living Group

### Directors' report

### For the half-year ended 31 December 2009

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

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

	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Net profit/(loss) attributable to unitholders	(51,579)	(242,409)	(7,859)	6,097
Adjusted for:				
Profit/(loss) from discontinued operations for the half-year	9,215	25,734	(1,984)	(2,198)
Net foreign exchange loss	119	109	-	-
Net (gain)/loss on change in fair value of:				
Investment properties	29,944	8,420	4,203	(7,890)
Derivatives	(18,113)	103,687	-	-
Retirement village residents' loans	813	(2,058)	813	(2,058)
Items included in share of net profit of equity accounted investments:				
Investment properties	34,844	98,167	-	-
Gain on revaluation of newly constructed retirement villages	2,210	2,672	3,609	2,672
Borrowing costs amortisation returned	207	92	-	-
Impairment loss on:				
Receivables	-	21,112	-	-
Equity accounted investments	-	21,263	-	602
Other items included in share of net profit of equity accounted investments:				
Discount on deferred purchase price	60	260	-	-
Deferred income tax (benefit)/expense	1,082	(26,111)	1,048	1,844
Asset manager termination costs	-	2,838	-	-
Operating income from continuing operations	8,802	13,776	(170)	(931)
Operating income from discontinued operations	1,898	1,244	673	665
Operating income	10,700	15,020	503	(266)

Operating income from continuing operations decreased by 36% to \$8,802,000 from \$13,776,000 for the December 2008 half-year. The decrease is largely attributable to the non-recurrence of the termination payment received in the comparable period, a reduction in the share of profit from associates and increases in operating costs.

Operating income per unit for the 2009 half-year was down 29% to 2.4 cents, compared to 3.4 cents per unit previously.

Earnings per unit as calculated under applicable accounting standards for the half-year ended 31 December 2009 were up 79% to a loss of 11.7 cents, compared to a loss of 55.0 cents per unit for the previous half-year.

**ING Real Estate Community Living Group  
Directors' report  
For the half-year ended 31 December 2009**

Total assets decreased by \$114,956,000 or 18% to \$517,490,000 over the half-year primarily due to investment property devaluations. Investment property devaluations during the half-year were \$113,949,000 (including share of revaluations of equity accounted investments and discontinued operations), decreasing net tangible assets per unit by \$0.25.

**Subsequent events**

On 26 February 2010, the Group executed a new Australian bank facility agreement to replace its expiring facility. Major terms of the new facility include a facility limit of \$131,000,000 and a term of three years. Distributions may only be made if certain financial ratio tests are met. Further details are given in note 10.

**Auditor's independence declaration**

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

**Rounding of amounts**

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

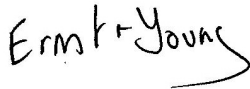
Signed in accordance with a resolution of the directors of the Responsible Entity



Philip Clark AM  
Director  
Sydney  
26 February 2010

## **Auditor's Independence Declaration to the Directors of ING Management Limited as Responsible Entity for the ING Real Estate Community Living Group**

In relation to our review of the financial report of ING Real Estate Community Living Fund and the controlled entities within its stapled group and the ING Real Estate Community Living Management Trust and its controlled entities for the half year ended 31 December 2009, 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



Douglas Bain  
Partner  
Sydney  
26 February 2010

**[ING Real Estate Community Living Group  
Consolidated income statements  
For the half-year ended 31 December 2009**

	Note	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>Revenue from continuing operations</b>					
Rental income		9,750	9,972	9,697	7,694
Deferred management fee		2,163	1,681	2,163	1,681
Other property income		1,482	1,497	1,482	1,464
Interest income		246	1,485	110	202
		<u>13,641</u>	<u>14,635</u>	<u>13,452</u>	<u>11,041</u>
<b>Other income</b>					
Net foreign exchange gain/(loss)		41	(120)	2	-
Net gain/(loss) on change in fair value of:					
Investment properties		(29,944)	(8,420)	(4,203)	7,890
Derivatives		18,113	(103,687)	-	-
Retirement village residents' loans		(813)	2,058	(813)	2,058
<b>Expenses</b>					
Property expenses		(9,902)	(11,309)	(15,033)	(13,093)
Finance costs		(712)	(356)	(1,750)	(933)
Responsible Entity's fees		(1,692)	(1,715)	-	-
Impairment loss on:					
Receivables		-	(21,112)	-	-
Equity accounted investments		-	(21,263)	-	(602)
Other		(1,866)	(955)	(450)	(90)
Share of net loss of equity accounted investments	5	(28,148)	(90,542)	-	(528)
<b>Profit/(loss) before income tax</b>		<u>(41,282)</u>	<u>(242,786)</u>	<u>(8,795)</u>	<u>5,743</u>
Income tax benefit/(expense)		(1,082)	26,111	(1,048)	(1,844)
<b>Profit/(loss) from continuing operations for the half-year</b>		<u>(42,364)</u>	<u>(216,675)</u>	<u>(9,843)</u>	<u>3,899</u>
Profit/(loss) from discontinued operations for the half-year	8	(9,215)	(25,734)	1,984	2,198
<b>Net profit/(loss) attributable to unitholders of the Fund</b>		<u>(51,579)</u>	<u>(242,409)</u>	<u>(7,859)</u>	<u>6,097</u>
Attributable to unit holders of:					
ING Real Estate Community Living Trust		(43,720)	(248,506)	-	-
ING Real Estate Community Living Management Trust		<u>(7,859)</u>	<u>6,097</u>	<u>(7,859)</u>	<u>6,097</u>
		<u>(51,579)</u>	<u>(242,409)</u>	<u>(7,859)</u>	<u>6,097</u>

**ING Real Estate Community Living Group**  
**Consolidated income statements (continued)**  
**For the half-year ended 31 December 2009**

	Note	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
		2009 Cents	2008 Cents	2009 Cents	2008 Cents
Distributions per unit	2	-	1.50	-	-
Earnings per unit from continuing operations - basic and diluted:					
Per unit of each Trust	3	(7.4)	(50.0)	(2.2)	0.9
Per stapled unit	3	(9.6)	(49.1)	na	na
Earnings per unit - basic and diluted:					
Per unit of each Trust	3	(9.9)	(56.3)	(1.8)	1.4
Per stapled unit	3	(11.7)	(55.0)	na	na

**Consolidated statements of comprehensive income**  
**For the half-year ended 31 December 2009**

	Note	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>Net profit/(loss) for the half-year</b>		(51,579)	(242,409)	(7,859)	6,097
<b>Other comprehensive income:</b>					
Exchange differences on translation of foreign operations		(10,007)	79,109	(110)	(1,111)
Share of other comprehensive income of equity accounted investments		-	(3,648)	-	(1,613)
<b>Total comprehensive income for the half- year</b>		(61,586)	(166,948)	(7,969)	3,373
Total comprehensive income for the half-year is attributable to:					
ING Real Estate Community Living Trust		(53,617)	(170,321)	-	-
ING Real Estate Community Living Management Trust		(7,969)	3,373	(7,969)	3,373
		(61,586)	(166,948)	(7,969)	3,373

**ING Real Estate Community Living Group**  
**Consolidated balance sheets**  
**As at 31 December 2009**

	Note	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
		31 Dec 2009 \$'000	30 Jun 2009 \$'000	31 Dec 2009 \$'000	30 Jun 2009 \$'000
<b>Current assets</b>					
Cash and cash equivalents		14,407	13,233	1,725	2,371
Trade and other receivables		5,307	9,830	3,454	13,397
Derivatives		296	301	-	-
Investment properties	4	-	33,922	-	-
Assets of discontinued operations	8	77,532	-	11,248	-
		<b>97,542</b>	<b>57,286</b>	<b>16,427</b>	<b>15,768</b>
<b>Non-current assets</b>					
Trade and other receivables		2,612	2,087	2,149	1,727
Investment properties	4	335,767	429,009	194,784	197,757
Properties under construction	4	7,160	8,575	1,992	2,680
Plant and equipment		356	743	356	743
Equity accounted investments	5	74,053	134,746	-	10,406
		<b>419,948</b>	<b>575,160</b>	<b>199,281</b>	<b>213,313</b>
<b>Total assets</b>		<b>517,490</b>	<b>632,446</b>	<b>215,708</b>	<b>229,081</b>
<b>Current liabilities</b>					
Payables		32,332	25,983	25,338	15,016
Retirement village residents' loans		130,999	119,569	130,999	119,569
Borrowings		139,474	167,219	-	181
Derivatives		769	8,130	-	-
Liabilities of discontinued operations	8	62,095	-	82	-
		<b>365,669</b>	<b>320,901</b>	<b>156,419</b>	<b>134,766</b>
<b>Non-current liabilities</b>					
Borrowings		31,052	108,094	48,605	76,301
Derivatives		-	20,569	-	-
Deferred tax liabilities		4,687	5,214	4,687	4,048
		<b>35,739</b>	<b>133,877</b>	<b>53,292</b>	<b>80,349</b>
<b>Total liabilities</b>		<b>401,408</b>	<b>454,778</b>	<b>209,711</b>	<b>215,115</b>
<b>Net assets</b>		<b>116,082</b>	<b>177,668</b>	<b>5,997</b>	<b>13,966</b>
<b>Unitholders' interest</b>					
Issued units	6	490,042	490,186	3,351	3,351
Reserves		(21,559)	(11,552)	(2,255)	(2,145)
Retained earnings		(352,401)	(300,966)	4,901	12,760
<b>Total unitholders' interest</b>		<b>116,082</b>	<b>177,668</b>	<b>5,997</b>	<b>13,966</b>
<b>Attributable to unit holders of:</b>					
ING Real Estate Community Living Trust					
Issued units		486,691	486,835	-	-
Reserves		(19,304)	(9,407)	-	-
Retained earnings		(357,302)	(313,726)	-	-
		<b>110,085</b>	<b>163,702</b>	<b>-</b>	<b>-</b>
ING Real Estate Community Living Management Trust					
		5,997	13,966	5,997	13,966
		<b>116,082</b>	<b>177,668</b>	<b>5,997</b>	<b>13,966</b>
Net tangible assets per unit		\$0.26	\$0.40	\$0.01	\$0.03

**ING Real Estate Community Living Group**  
**Consolidated statements of changes in unitholders' interest**  
**As at 31 December 2009**

	Note	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>Total unitholders' interest at the beginning of the half-year</b>		177,668	415,682	13,966	16,384
Total comprehensive income for the half-year attributable to:					
ING Real Estate Community Living Trust		(53,617)	(170,321)	-	-
ING Real Estate Community Living Management Trust		(7,969)	3,373	(7,969)	3,373
Transactions with unitholders in their capacity as equity holders:					
Distributions paid or payable	2	-	(6,615)	-	-
<b>Total unitholders' interest at the end of the half-year</b>		<b>116,082</b>	<b>242,119</b>	<b>5,997</b>	<b>19,757</b>

**ING Real Estate Community Living Group**  
**Consolidated cash flow statements**  
**For the half-year ended 31 December 2009**

	Note	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>Cash flows from operating activities</b>					
Rental and other property income		11,284	16,976	9,119	9,456
Proceeds from residents' loans		12,282	7,725	12,282	7,725
Property and other expenses		(11,120)	(11,250)	(17,305)	(14,246)
Distributions received from equity accounted investments		4,068	4,285	-	-
Interest received		225	142	110	202
Borrowing costs paid		(1,351)	(510)	(1,175)	(127)
Income taxes paid		(34)	(66)	-	-
Goods and services and value added taxes recovered from investing and financing activities		-	193	-	372
		<u>15,354</u>	<u>17,495</u>	<u>3,031</u>	<u>3,382</u>
<b>Cash flows from investing activities</b>					
Additions to investment properties and properties under construction		(4,138)	(14,037)	(3,476)	(11,452)
Proceeds from sale of investment properties		2,010	-	-	-
Purchase of equity accounted investments	5	(6,453)	(9,639)	-	-
		<u>(8,581)</u>	<u>(23,676)</u>	<u>(3,476)</u>	<u>(11,452)</u>
<b>Cash flows from financing activities</b>					
Distributions to unitholders	2	-	(17,255)	-	-
Proceeds from borrowings		6,533	10,891	-	4,715
Repayment of borrowings		(9,113)	(5,805)	(136)	-
		<u>(2,580)</u>	<u>(12,169)</u>	<u>(136)</u>	<u>4,715</u>
<b>Net increase/(decrease) in cash</b>					
Cash at the beginning of the half-year		10,478	28,379	2,371	6,522
Effects of exchange rate changes on cash		(264)	(2,873)	(65)	(38)
Cash at the end of the half-year		<u>14,407</u>	<u>7,156</u>	<u>1,725</u>	<u>3,129</u>

# ING Real Estate Community Living Group

## Notes to the financial statements

### For the half-year ended 31 December 2009

#### 1. Basis of preparation

##### (a) The Group

The ING Real Estate Community Living Group (the "Group") was formed on 11 January 2007 by the stapling of the units in two property trusts, ING Real Estate Community Living Fund and ING Real Estate Community Living Management Trust (the "Management Trust") (collectively the "Trusts").

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

##### (a) General

This general purpose financial report for the half-year ended 31 December 2009 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* (the "Act").

In accordance with Accounting Standard AASB 3 *Business Combinations*, the stapling arrangement discussed above is regarded as a business combination and ING Real Estate Community Living Fund has been identified as the parent for preparing consolidated financial reports. Consequently, the consolidated financial statements of the ING Real Estate Community Living Fund present the combined financial results of both Trusts.

As permitted by Class Order 05/642, issued by the Australian Securities and Investments Commission, this interim financial report is a combined interim 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 ING Real Estate Community Living Fund) and the ING Real Estate Community Living Management Trust.

This condensed interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial reports for the year ended 30 June 2009 and any public announcements made by the Trusts during the interim reporting period in accordance with the continuous disclosure requirements of the Act.

##### (b) Going concern

On 26 February, the Group completed the refinancing of its Australian bank debt as disclosed at note 10. The revised facility agreement imposes for the first time a requirement for the Group to maintain a total leverage ratio (calculated on a look-through basis) below 85%. At 31 December 2009, that ratio stood at 84.7%.

The Group has contracted to sell its Canadian Seniors business and the Meridian portfolio (which is part of its United States Seniors business), and is in discussions with the debt providers to effectively dispose of the United States Students business by means of the debt providers taking over the properties through a deed-in-lieu process. In the event that these sales do not complete, the total leverage ratio covenant will be breached. If these disposals had been completed at 31 December 2009 for their carrying amounts, the total leverage ratio would have been 77%. The contracts for sale of the Canadian Seniors business and Meridian portfolio are only subject to final loan assumption confirmation by the lender to the Meridian portfolio, and loan assumption confirmation together with regulatory license transfer approval for the Canadian Seniors business.

Accordingly, the directors consider that the going concern basis is appropriate.

## ING Real Estate Community Living Group

### Notes to the financial statements

#### For the half-year ended 31 December 2009

#### 1. Basis of preparation (continued)

##### (c) Changes in accounting policies

##### (i) *Presentation of financial statements*

The Group has applied the revised Accounting Standard AASB 101 *Presentation of Financial Statements* which became effective as of 1 July 2009. As a result, the Group presents in the consolidated statement of changes in unitholders' interest all owner changes in unitholders' interest, whilst all non-owner changes in unitholders' interest are presented in the statement of comprehensive income. Previously, the statement of changes in unitholders' interest included both owner and non-owner changes in unitholders' interest. Comparative information in this interim financial report has been amended accordingly. There was no impact on amounts recognised in the financial statements.

##### (ii) *Classification of derivatives*

The Group has applied the amendments to Accounting Standard AASB 101 *Presentation of Financial Statements* made by AASB 2009-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project*. Previously, derivatives were classified as current assets or current liabilities. With retrospective effect from 30 June 2009, derivative assets and liabilities are apportioned between current and non-current based on the contractual timing of expected cash flows. Amounts recognised in respect of cash flows that are contracted to occur up to twelve months after reporting date are classified as current, whilst amounts recognised in respect of cash flows that are contracted to occur more than twelve months after reporting date are classified as non-current.

The effect of this change is:

	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
	31 Dec 2009 \$'000	30 Jun 2009 \$'000	31 Dec 2009 \$'000	30 Jun 2009 \$'000
Decrease in current liabilities and increase in non-current liabilities	-	20,569	-	-

##### (iii) *Property under construction*

The Group has applied the amendments to Accounting Standard AASB 140 *Investment Property* and to paragraphs 5 and 81E of AASB 116 *Property, Plant and Equipment* made by AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project*. Before 1 July 2009, properties under construction were regarded as property, plant and equipment and measured at cost. From that date, properties under construction are regarded as investment properties and measured at fair value, with changes in fair value recorded in the income statement. Since the fair values of properties under construction at both 1 July and 31 December 2009 were below cost, and these properties have been written down to those fair values, there was no impact on the financial statements.

# ING Real Estate Community Living Group

## Notes to the financial statements

### For the half-year ended 31 December 2009

#### 1. Basis of preparation (continued)

##### (iv) Discontinued operations

The Group has for the first time classified certain components as discontinued operations. A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations or is part of a single co-ordinated plan to dispose of such a 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 continuing 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 derecognition.

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 8.

##### (v) Other changes

The Group has also applied AASB 8 *Operating Segments* and other new and revised accounting standards which are applicable from 1 July 2009. There was no significant impact on amounts recognised in the financial statements. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented.

#### 2. Distributions

##### (a) Rates and amounts of distributions

Distributions have been paid or are payable in respect of the following periods at the following rates (in cents per unit):

Quarter ended 30 September

ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
2009 Cents	2008 Cents	2009 Cents	2008 Cents
-	1.50	-	-
\$'000	\$'000	\$'000	\$'000
-	6,615	-	-

The total amounts of these distributions were:

Quarter ended 30 September

**ING Real Estate Community Living Group**  
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**3. Earnings per unit**

	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
	2009	2008	2009	2008
<b>(a) Per unit of each Trust</b>				
Profit/(loss) attributable to unitholders from continuing operations - \$'000	(32,521)	(220,574)	(9,843)	3,899
Profit/(loss) attributable to unitholders - \$'000	(43,720)	(248,506)	(7,859)	6,097
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	(7.4)	(50.0)	(2.2)	0.9
Basic and diluted earnings per unit - cents	(9.9)	(56.3)	(1.8)	1.4
<b>(b) Per stapled unit</b>				
Profit/(loss) attributable to unitholders from continuing operations - \$'000	(42,364)	(216,675)	na	na
Profit/(loss) attributable to unitholders - \$'000	(51,579)	(242,409)	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	(9.6)	(49.1)	na	na
Basic and diluted earnings per unit - cents	(11.7)	(55.0)	na	na

**4. Investment properties**

**(a) Summary of carrying amounts**

	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
	31 Dec 2009 \$'000	30 Jun 2009 \$'000	31 Dec 2009 \$'000	30 Jun 2009 \$'000
Completed investment properties:				
Current	-	33,922	-	-
Non-current	335,767	429,009	194,784	197,757
Properties under construction (non-current)	7,160	8,575	1,992	2,680
	342,927	471,506	196,776	200,437

**ING Real Estate Community Living Group**  
**Notes to the financial statements**  
**For the half-year ended 31 December 2009**

**4. Investment properties (continued)**

**(b) Individual valuations and carrying amounts**

Property	Cost to date \$'000	Latest external valuation		Carrying amount		Capitalisation rate	
		Date	Valuation \$'000	31 Dec 2009 \$'000	30 Jun 2009 \$'000	31 Dec 2009 %	30 Jun 2009 %
<b>Completed investment properties</b>							
<b>Current <sup>(1)</sup></b>							
<b>Garden Villages</b>							
Bendigo 1	-	-	-	-	260	-	8.0%
Bendigo 2	-	-	-	-	260	-	8.0%
Caboolture 2	-	-	-	-	260	-	8.0%
Salisbury	-	-	-	-	290	-	8.0%
Toowoomba 1	-	-	-	-	285	-	8.0%
Wynnum 2	-	-	-	-	285	-	8.0%
<b>US Students</b>							
34 Fairview Street	-	-	-	-	1,175	-	8.7%
45 Oakwood Ave.	-	-	-	-	852	-	8.3%
Hunting Lodge Apartments	-	-	-	-	5,952	-	8.4%
The Preserve <sup>6</sup>	-	30 Jun 09	-	-	24,303	-	8.8%
	-		-	-	33,922		
<b>Non-current</b>							
<b>Garden Villages</b>							
Yakamia Gardens	5,944	31 Dec 09	4,850	4,850	5,350	8.8%	8.3%
Mardross Gardens	5,570	31 Dec 09	3,850	3,850	5,300	9.3%	8.0%
Seville Grove Gardens	4,039	31 Dec 09	3,550	3,550	3,800	9.0%	8.0%
Hertford Gardens	3,720	31 Dec 09	2,400	2,400	3,050	8.8%	8.5%
Carey Park Gardens	4,863	31 Dec 09	3,450	3,450	3,950	8.8%	8.3%
Jefferis Gardens	5,102	31 Dec 09	2,500	2,500	3,750	7.8%	8.5%
Cessnock Gardens	5,630	31 Dec 09	4,570	4,570	5,430	9.0%	8.0%

**ING Real Estate Community Living Group**  
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**4. Investment properties (continued)**

Property	Cost	Latest		Carrying amount		Capitalisation rate	
	to date	external valuation		31 Dec	30 Jun	31 Dec	30 Jun
	\$'000	Date	Valuation	2009	2009	2009	2009
	\$'000		\$'000	\$'000	\$'000	%	%
Claremont Gardens	4,701	31 Dec 09	2,900	2,900	3,550	9.0%	8.5%
Taloumbi Gardens	4,949	31 Dec 09	4,150	4,150	4,750	9.0%	8.3%
Davenport Gardens	4,215	31 Dec 09	2,350	2,350	3,150	8.3%	8.8%
Wheelers Gardens	4,616	31 Dec 09	3,000	3,000	3,900	9.3%	8.3%
Elphinwood Gardens	4,565	31 Dec 09	3,100	3,100	3,800	9.0%	8.5%
Glenorchy Gardens	4,360	31 Dec 09	3,500	3,500	4,000	9.0%	8.0%
Chatsbury Gardens	4,976	31 Dec 09	3,200	3,200	3,800	9.0%	8.3%
Grovedale Gardens	5,432	31 Dec 09	3,550	3,550	4,500	9.3%	8.0%
Horsham Gardens	4,625	31 Dec 09	2,800	2,800	4,350	9.0%	8.0%
Ipswich Gardens	4,911	31 Dec 09	1,950	1,950	2,400	9.5%	8.0%
Kingston Gardens	4,504	31 Dec 09	2,250	2,250	2,799	8.8%	8.8%
Lovely Banks Gardens	5,929	31 Dec 09	3,750	3,750	4,100	9.0%	8.5%
Sea Scape Gardens	4,481	31 Dec 09	3,850	3,850	4,300	9.3%	8.5%
Marsden Gardens	8,792	31 Dec 09	8,341	8,341	8,550	9.5%	8.5%
Coburns Gardens	4,323	31 Dec 09	2,350	2,350	3,150	9.0%	8.5%
Brooklyn Gardens	4,237	31 Dec 09	2,500	2,500	3,050	9.5%	8.5%
Oxley Gardens	4,582	31 Dec 09	2,600	2,600	3,550	8.0%	8.5%
Townsend Gardens	4,976	31 Dec 09	3,100	3,100	3,500	9.0%	8.5%
St Albans Park Gardens	4,983	31 Dec 09	3,250	3,250	3,850	9.0%	8.5%
Swan View Gardens	7,142	31 Dec 09	7,000	7,000	7,100	9.0%	8.3%
Taree Gardens	4,639	31 Dec 09	2,799	2,799	4,150	8.0%	8.5%
Toowoomba Gardens	3,976	31 Dec 09	3,000	3,000	3,600	8.5%	8.8%
Newtown Gardens	4,418	31 Dec 09	3,450	3,450	3,950	9.3%	8.8%
Glenvale Gardens	3,970	31 Dec 09	2,250	2,250	2,700	5.3%	8.8%

**ING Real Estate Community Living Group**  
**Notes to the financial statements**  
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**4. Investment properties (continued)**

Property	Cost	Latest		Carrying amount		Capitalisation rate	
	to date	external valuation		31 Dec	30 Jun	31 Dec	30 Jun
	\$'000	Date	Valuation	2009	2009	2009	2009
	\$'000		\$'000	\$'000	\$'000	%	%
Forest Lake Gardens	13,466	31 Dec 09	11,050	11,050	10,650	9.3%	8.3%
South Gladstone Gardens	7,950	31 Dec 09	5,260	5,260	5,460	8.0%	8.3%
Rockhampton Gardens	10,304	31 Dec 09	6,800	6,800	7,350	8.0%	8.3%
<b>US Students<sup>6</sup></b>							
Ashford Hills Apartments	-	30 Jun 09	-	-	1,550	-	9.4%
Campus View	-	30 Jun 09	-	-	4,805	-	8.7%
Clubhouse Apartments	-	30 Jun 09	-	-	3,968	-	8.7%
Kelly Gardens Apartments	-	30 Jun 09	-	-	2,077	-	10.4%
Knollwood Apartments	-	30 Jun 09	-	-	7,068	-	8.6%
Maplewood Apartments	-	30 Jun 09	-	-	2,573	-	8.7%
Millbrook Apartmetns	-	30 Jun 09	-	-	775	-	9.3%
Oakridge	-	30 Jun 09	-	-	1,859	-	9.5%
Oakwood	-	30 Jun 09	-	-	434	-	9.1%
Orchard Acres Apartments	-	30 Jun 09	-	-	4,865	-	8.9%
Perry Hill estates	-	30 Jun 09	-	-	2,883	-	8.9%
Renwood Apartments	-	30 Jun 09	-	-	4,338	-	9.2%
Ridgeview heights	-	30 Jun 09	-	-	2,976	-	9.0%
Springwood Apartments	-	30 Jun 09	-	-	3,162	-	10.4%
Willington Oaks Apartments	-	30 Jun 09	-	-	10,818	-	8.9%
Campus Club	-	30 Jun 09	-	-	11,531	-	8.0%
<b>US Seniors</b>							
Lynbrook, New York	27,803	31 Dec 09	22,167	22,167	32,238	9.0%	8.3%

**ING Real Estate Community Living Group**  
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**4. Investment properties (continued)**

Property	Cost to date \$'000	Latest external valuation Date	Valuation \$'000	Carrying amount		Capitalisation rate	
				31 Dec 2009 \$'000	30 Jun 2009 \$'000	31 Dec 2009 %	30 Jun 2009 %
<b>Settlers <sup>(2)</sup></b>						<b>Discount rate</b>	
Lakeside	69,675	31 Dec 09	71,691	71,691	73,975	13.5%	13.0%
Noyea Park	2,463	31 Dec 09	1,551	1,551	2,497	13.5%	13.0%
Meadow Springs	20,200	31 Dec 09	17,185	17,185	17,822	13.5%	13.0%
Ridgewood	77,312	31 Dec 09	93,903	93,903	86,156	13.5%	13.0%
	<u>382,343</u>		<u>335,767</u>	<u>335,767</u>	<u>429,009</u>		
<b>Total completed investment properties</b>				<u>382,343</u>	<u>335,767</u>	<u>335,767</u>	<u>462,931</u>
<b>Properties under construction <sup>(3)</sup></b>							
<b>Garden Villages Portfolio</b>							
Lovely Banks Gardens - land	862	31 Dec 09	310	310	330	-	-
Wangaratta - land	-		-	-	311	-	-
<b>Settlers</b>							
Noyea Park	500	31 Dec 09	-	-	500	13.5%	13.0%
Ridgewood	3,520	31 Dec 09	3,040	3,040	4,037	13.5%	13.0%
Lakeside	-	31 Dec 09	1,350	1,350	-	13.5%	-
Meadow Springs	3,403	31 Dec 09	2,460	2,460	3,397	13.5%	13.0%
	<u>8,285</u>		<u>7,160</u>	<u>7,160</u>	<u>8,575</u>		
<b>Total investment properties</b>				<u>390,628</u>	<u>342,927</u>	<u>342,927</u>	<u>471,506</u>

(1) Investment properties that are held for sale and are expected to be realised within twelve months after the reporting date are classified as current.

(2) 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.

**ING Real Estate Community Living Group**  
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**4. Investment properties (continued)**

- (3) Valuations of these properties under construction were as at an earlier stage of development and thus are no longer comparable to the carrying amounts shown.
- (4) Investment property that has not been valued by external valuers at reporting date is carried at the Responsible Entity's estimate of fair value in accordance with the Fund's accounting policy.
- (5) Valuations made in a foreign currency have been converted at the rate of exchange ruling at reporting date.
- (6) These Investment properties are now included discontinued operations.

**(c) Movements in carrying amounts**

	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>Completed investment properties</b>				
Carrying amount at beginning of half-year	462,931	504,910	197,757	181,327
Exchange rate fluctuations	(3,300)	56,695	(2,933)	7,327
Additions to existing property	1,156	10,697	703	5,553
Transferred from property under construction	3,494	8,767	2,913	7,568
Disposals	(2,105)	-	-	-
Transferred to discontinued operations	(96,887)	-	-	-
Net change in fair value	(29,522)	(36,637)	(3,656)	7,890
Carrying amount at end of half-year	335,767	544,432	194,784	209,665
<b>Properties under construction</b>				
Carrying amount at beginning of half-year	8,575	12,742	2,680	3,683
Additions	2,982	6,886	2,772	6,775
Disposals	(310)	-	-	-
Transferred to completed investment properties	(3,494)	(8,767)	(2,913)	(7,568)
Net change in fair value	(593)	-	(547)	-
Carrying amount at end of half-year	7,160	10,861	1,992	2,890

**ING Real Estate Community Living Group**  
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**5. Equity accounted investments**

**(a) Details of investments**

Name	Principal activity	Ownership interest	
		31 December 2009	2008
<b>ING Real Estate Community Living Trust</b>			
Chartwell ING Regency Master LP	Real estate investment	50%	50%
CSH - INGRE LLC	Real estate investment	49%	49%
ING NZ Subsidiary Trust No 1 <sup>(1)</sup>	Real estate investment	90%	90%
ING Real Estate CC Trust No 1 <sup>(1)</sup>	Real estate investment	90%	90%
Oak Tree Property Holdings Pty Ltd	Real estate investment	-	50%
<b>ING Real Estate Community Living Management Trust</b>			
Oak Tree Retirement Villages Pty Ltd	Retirement village operator	-	50%
Regency LTC Operating LP	Operator of long term care facilities	50%	50%

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

	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
	31 Dec 2009 \$'000	30 June 2009 \$'000	31 Dec 2009 \$'000	30 June 2009 \$'000
<b>(b) Share of assets and liabilities</b>				
Total assets	425,370	645,248	-	14,630
Total liabilities	(351,317)	(510,502)	-	(4,224)
Net assets	74,053	134,746	-	10,406

**(c) Share of results**

Revenue	47,440	55,884	-	22
Loss on change in fair value of Investment properties	(34,844)	(98,167)	-	-
Expenses	(40,744)	(48,259)	-	(550)
Loss before income tax	(28,148)	(90,542)	-	(528)
Income tax expense	-	-	-	-
Loss for the year	(28,148)	(90,542)	-	(528)

**ING Real Estate Community Living Group**  
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**6. Issued units**

**(a) Carrying amounts**

	<b>ING Real Estate Community Living Group</b>		<b>ING Real Estate Community Living Management Trust</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
At beginning of half-year	490,186	490,371	3,351	3,351
Borrowing cost amortisation returned (note (c))	(144)	(92)	-	-
At end of half-year	490,042	490,279	3,351	3,351

**(b) Number of issued units**

	<b>thousands</b>	<b>thousands</b>	<b>thousands</b>	<b>thousands</b>
At beginning and end of half-year	441,029	441,029	441,029	441,029

**(c) Borrowing cost amortisation**

As set out in the Product Disclosure Statement lodged with the Australian Securities and Investments Commission on 21 May 2004, the Group has transferred amortisation of debt issue costs to retained earnings.

**7. Segment information**

**(a) Description of segments**

***Garden Villages***

The Garden Villages portfolio comprises 34 properties located in geographically diverse regions across Australia. The properties are situated in well developed residential neighbourhoods where a high proportion of the population is aged over 65.

***Settlers***

The Settlers portfolio comprises four lifestyle retirement villages, three of which are located in Western Australia and one in Queensland.

***United States Seniors***

The United States Seniors portfolio comprises 27 assets primarily located in areas where there is solid demand for Seniors Housing. The Group has a 49% interest in 26 assets though a joint venture with Chartwell Real Estate Investment Trust, a leading seniors housing REIT, whilst the remaining asset is wholly owned by the Group.

**ING Real Estate Community Living Group**  
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**7. Segment information (continued)**

**(b) Segment financial data**

	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<b>Segment revenue</b>				
Garden Villages	10,148	11,212	10,095	8,901
Settlers	2,455	1,938	2,455	1,938
United States Seniors	792	-	792	-
	<u>13,395</u>	<u>13,150</u>	<u>13,342</u>	<u>10,839</u>
Interest income	246	1,485	110	202
Total revenue	<u>13,641</u>	<u>14,635</u>	<u>13,452</u>	<u>11,041</u>
<b>Segment result</b>				
Garden Villages	(20,524)	(8,840)	(2,515)	(2,258)
Settlers	(1,190)	(6,250)	2,608	884
Oaktree	-	(558)	-	(529)
United States Seniors	(35,390)	(81,132)	(6,800)	9,069
	<u>(57,104)</u>	<u>(96,780)</u>	<u>(6,707)</u>	<u>7,166</u>
Interest income	246	1,485	110	202
Net foreign exchange gain/(loss)	41	(120)	2	-
Net gain/(loss) on change in fair value of derivatives	18,113	(103,687)	-	-
Finance costs	(712)	(356)	(1,750)	(933)
Other expenses	(1,866)	(43,328)	(450)	(692)
Profit/(loss) from continuing operations for the half-year	<u>(41,282)</u>	<u>(242,786)</u>	<u>(8,795)</u>	<u>5,743</u>
	<b>31 Dec</b>	<b>30 Jun</b>	<b>31 Dec</b>	<b>30 Jun</b>
	<b>2009</b>	<b>2009</b>	<b>2009</b>	<b>2009</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Segment assets</b>				
Garden Villages	95,656	130,617	2,027	1,153
Settlers	227,520	219,701	175,551	173,288
United States Seniors	100,527	129,353	26,064	36,838
Now discontinued	-	106,249	-	13,676
Unallocated	16,255	46,526	818	4,126
	<u>439,958</u>	<u>632,446</u>	<u>204,460</u>	<u>229,081</u>

## ING Real Estate Community Living Group

### Notes to the financial statements

#### For the half-year ended 31 December 2009

### 8. 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 is expected to settle in April 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 which 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 is actively seeking a buyer for its New Zealand Students business.

These disposals are consistent with the Group's previously announced policy to focus on its Seniors business in Australia and the United States.

#### (b) Financial performance

The financial performance of components of the Fund disposed of or classified as discontinued operations at 31 December 2009 was:

	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Revenue	7,128	11,149	-	-
Net gain/(loss) on change in fair value of investment properties	(4,291)	(28,217)	-	-
Other income	-	-	-	111
Expenses	(8,061)	(12,474)	-	-
Share of net profit/(loss) of equity accounted investments	(5,463)	(5,975)	1,582	2,129
<b>Profit/(loss) from operating activities before income tax</b>	<b>(10,687)</b>	<b>(35,517)</b>	<b>1,582</b>	<b>2,240</b>
Income tax benefit/(expense)	1,472	9,783	402	(42)
<b>Profit/(loss) from discontinued operations for the half-year</b>	<b>(9,215)</b>	<b>(25,734)</b>	<b>1,984</b>	<b>2,198</b>

**ING Real Estate Community Living Group**  
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**8. Discontinued operations (continued)**

**(c) Cash flows**

The cash flows of components of the Fund disposed of or classified as discontinued operations at 31 December 2009 were:

	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Net cash flow from operating activities	(1,259)	2,779	-	-
Net cash flows from investing activities:	5,425	(6,858)	-	-
Net cash flow from financing activities	(4,465)	708	-	-
<b>Net cash flows from discontinued operations</b>	<b>(299)</b>	<b>(3,371)</b>	<b>-</b>	<b>-</b>

**(d) Assets and liabilities**

The assets and liabilities of components of the Fund classified as discontinued operations at each reporting date were:

	ING Real Estate Community Living Group		ING Real Estate Community Living Management Trust	
	31 Dec 2009 \$'000	30 Jun 2009 \$'000	31 Dec 2009 \$'000	30 Jun 2009 \$'000
<b>Assets</b>				
Cash and cash equivalents	2,386	-	-	-
Trade and other receivables	4,009	-	-	-
Investment properties	53,336	-	-	-
Equity accounted investments	17,801	-	11,248	-
<b>Total assets</b>	<b>77,532</b>	<b>-</b>	<b>11,248</b>	<b>-</b>
<b>Liabilities</b>				
Payables	3,799	-	82	-
Borrowings	58,296	-	-	-
	<b>62,095</b>	<b>-</b>	<b>82</b>	<b>-</b>
<b>Net assets of disposal groups</b>	<b>15,437</b>	<b>-</b>	<b>11,166</b>	<b>-</b>

## **ING Real Estate Community Living Group**

### **Notes to the financial statements**

#### **For the half-year ended 31 December 2009**

#### **9. Changes in contingencies**

The Responsible Entity, ING Management Limited, has undertaken that it will not seek payment of part of its fees for the six months ended 31 December 2009 totalling \$935,000 until such time it is removed as the Responsible Entity or it considers the Fund's capital position is appropriate, whichever occurs first. Consequently, this amount has not been recognised as a liability.

#### **10. Subsequent events**

In January 2010, the Group entered into agreements with a derivative counter-party to terminate a number of cross-currency swap transactions. The agreements crystallise a liability of \$6,207,000 that is payable in November 2010. In the financial report at 31 December 2009, these derivatives have been recorded at their fair value.

This liability is in addition to a liability of \$9,812,000 at 31 December 2009, to terminate the remainder of the cross-currency swap transactions.

On 26 February 2010, the Group executed a new Australian bank facility agreement to replace its expiring facility. Major terms of the new facility include a facility limit of \$131,000,000 and a term of three years. 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.

**ING Real Estate Community Living Group  
Directors' declaration  
For the half-year ended 31 December 2009**

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

- (a) the financial statements and notes are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Trusts' financial position as at 31 December 2009 and of their performance, as represented by the results of their operations, changes in equity and their cash flows, for the half-year ended on that date; and
  - (ii) complying with accounting standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Trusts will be able to pay their debts as and when they become due and payable.

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



Philip Clark AM  
Director  
Sydney  
26 February 2010

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

## Report on the Interim Financial Report

We have reviewed the accompanying interim financial report which has been prepared in accordance with ASIC Class Order 05/642 and comprises:

- the balance sheet as at 31 December 2009, income statement, statement of changes in equity and cash flow statement for the six months ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration for the consolidated stapled entity (the "Group" and "ING Living Fund") comprising both ING Real Estate Community Living Fund and the entities it controlled during the period, and ING Real Estate Community Management Trust and the entities it controlled during the period; and
- the balance sheet as at 31 December 2009, income statement, statement of changes in equity and cash flow statement for the six months ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration for ING Real Estate Community Living Management Trust and the entities it controlled during the period.

## Directors' Responsibility for the Interim Financial Report

The directors of ING Management Limited, the Responsible Entity of the Funds, are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entities' financial position as at 31 December 2009 and their performance for the six months ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of ING Community Living Group and the entities it controlled during the period, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

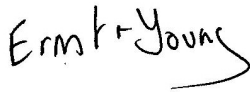
## Independence

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

## Conclusion

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

- (i) giving a true and fair view of the consolidated entities' financial position as at 31 December 2009 and of their performance for the six months ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive, stylized font.

Ernst & Young

A handwritten signature in black ink that reads 'Douglas Bain' in a cursive, stylized font.

Douglas Bain  
Partner  
Sydney  
26 February 2010