

11 September 2008

Dear Unitholder,

### **ING Real Estate Healthcare Fund Annual Results and 2009 Update**

I am writing to you to provide a brief update on ING Real Estate Healthcare Fund for the financial year ended 30 June 2008. Further information will be included in the Fund's Annual Report which will be mailed out by the end of the month to those investors who have previously elected to receive it. For those investors who have not elected to receive the annual report, a copy will be available on the ING Real Estate website at [www.ingrealestate.com.au](http://www.ingrealestate.com.au)

Following what has been a turbulent time in the debt and capital markets over the past twelve months, I am pleased to be able to report that your investment is in good health.

The annual result for the 12 months to 30 June 2008 has been a particularly pleasing one. Net profit was \$16 million up 162% on the prior year, distributable income was \$5.1m up 50%, distributions to investors were 8.7 cents per unit up 3.6% and the net asset value of the Fund was \$1.17<sup>1</sup> up 17%.

In April we saw the successful on time/on budget completion of the \$63.5 million Red Cross facility in Queensland. With capital markets not conducive to an equity raising, despite the exceptional quality of the asset, we fully repaid the construction debt through a combination of three year term debt from St George Bank and a cash advance facility from NAB expiring in February 2010.

This has resulted in the Fund not having any debt expiries in 2009 calendar year. Given this, the Fund's debt to gross asset ratio of 64.7% at 30 June is at the higher end of the 50% to 65% long term objective.

As you are aware the Fund invests exclusively into health property which has very unique demand drivers providing insulation to economic cycles. In addition, the portfolio's strong fundamental characteristics of:

- long weighed average lease term of 12.5 years;
- occupancy at 99.7%;
- 100% of leases subject to either CPI or fixed reviews; and
- high tenant retention

provide management and our debt funding partners with strong comfort on debt servicing.

The Fund is in particularly good health despite the challenging environment around us and your investment is well placed with ING Real Estate Healthcare Fund.

<sup>1</sup> Excluding embedded profit within interest rate hedges

The 2008 year has seen a very solid performance for the Fund, and market conditions permitting we look forward to delivering investors a sound total return in 2009. Recognising the status of healthcare as a need not a want, Management are confident in forecasting the Fund's 2009 earnings, and a distribution of 8.7 cents per unit.

On behalf of the Board and Management I would like to extend my thanks for your continued and ongoing support, which is very much appreciated. We look forward to working diligently for you to positively drive the performance of the Fund.

A handwritten signature in black ink, appearing to read 'Miles Wentworth'. The signature is stylized with a large, sweeping initial 'M' and a horizontal line extending from the end.

**Miles Wentworth**  
Chief Executive Officer  
ING Real Estate Healthcare Fund