

ASX Announcement

ING Real Estate Healthcare Fund (“IHF”)

IHF Half Year results – 31 December 2006

ING Management Limited, as Responsible Entity for the ING Real Estate Healthcare Fund (“IHF” or “the Fund”) today announced the half year performance of IHF for the six months ended 31 December 2006. A webcast will be available via www.ingrealestate.com.au/investment from 9.00am today.

Highlights and achievements include:

Performed

- Successful launch of the Fund in May 2006, with the Initial Public Offer closing oversubscribed. There has been strong interest in the Fund and it has attracted a broad base of investors.
- The Fund and its experienced management team have already established a positive reputation, which has resulted in a strong flow of diverse opportunities.
- Since its launch, the Fund’s portfolio has grown and diversified from a geographical, sub-sector and tenant perspective.
- Distributable income of \$1.45 million which is 5.4% ahead of the forecast at launch.

Acquired

- During the six month period the Fund acquired Epworth Rehabilitation Camberwell (previously known as Cedar Court Rehabilitation Hospital), a 74 bed rehabilitation hospital in East Melbourne, for \$15.7 million (plus costs).
- The Fund has contracted to acquire the purpose-built Australian Red Cross Blood Service Queensland Headquarters in Kelvin Grove, Brisbane (construction due for completion in April 2008) for a net price of \$63.5 million.
- Management has commenced the 2007 calendar year by securing two key acquisitions:
 - Pacific Private Clinic on the Gold Coast, Queensland, an established medical facility accommodating a surgical hospital, day oncology, pathology, radiology, pharmacy and a number of specialist associated medical consulting services. The tenant covenants are considered particularly strong, with approximately 75% of income derived from subsidiaries of significant industry providers including Healthscope Limited, DCA Group and Symbion Health Limited.

- Harvester Centre, Sunshine, Melbourne, a two level medical office building leased to various public and community health providers, with 74% of the rent roll derived from either government owned or government funded tenants.
- The 2007 first calendar quarter acquisitions will expand the portfolio to five standing investment properties, the tenant base to 45 and total assets to approximately \$130 million.
- Through its recent acquisitions, the Fund has formed relationships with major healthcare providers including Healthscope, DCA Group, Symbion Health Limited, Melbourne Health and the Australian Red Cross Blood Service.

Managed

- Appointed three senior executives to the Fund in August 2006, with over 35 years collective health property specific experience, to create the leading healthcare property team.
- Entered into a 15 year lease with Epworth Foundation for Epworth Rehabilitation Camberwell.
- Occupancy level of 99.4% over the total portfolio with a weighted average lease term of 12.7 years (as at 31 December 2006).

Outlook

The provision of healthcare is a rapidly growing sector, driven by increasing life expectancy, an ageing population and significant advances in medical procedures and technologies. The Fund is the only ASX-listed property trust specialising in healthcare real estate, and as such is well placed to capitalise on the significant growth opportunities within this dynamic sector.

Commenting on the six month result, Miles Wentworth, Chief Executive Officer of IHF said, “I am pleased to announce the performance of the Fund over the last six months has been very positive on all fronts. We have made several acquisitions over the period, in addition to establishing key partnerships with scale healthcare providers. The Fund expects to continue this positive trend in 2007 with Management looking to derive additional value through active management of the current portfolio, organic growth opportunities from within the current portfolio and strategic acquisitions, with the ongoing strategy of providing long dated and growing income for investors.”

For further information, please contact:

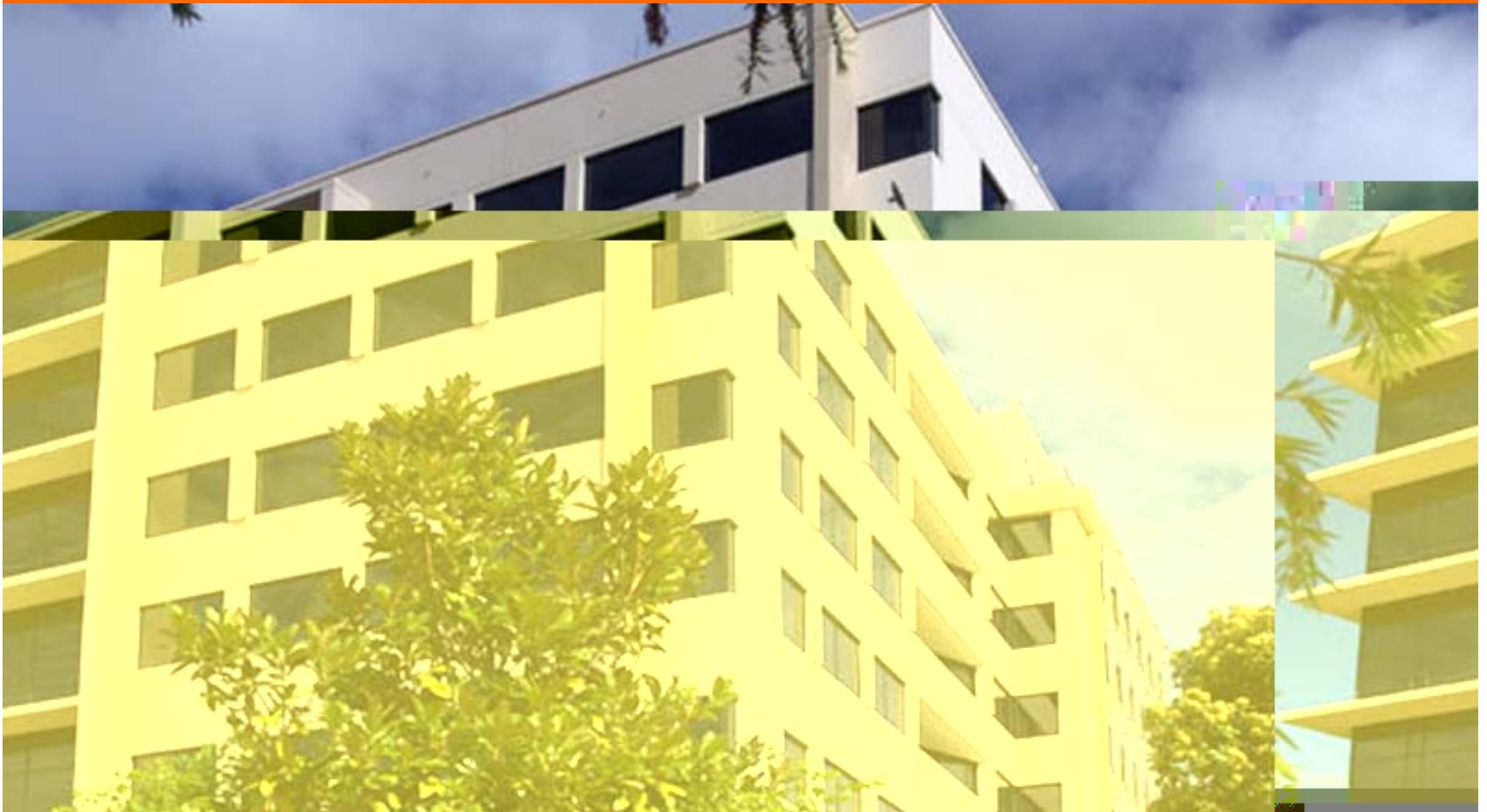
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About ING Real Estate Healthcare Fund

ING Real Estate Healthcare Fund (IHF) is a publicly listed property trust in Australia. The Fund's strategy is to invest in healthcare related property both in Australia and offshore, including hospitals, specialist medical office buildings, medical centres, rehabilitation facilities, residential aged care, laboratories and other related purpose-built healthcare facilities. The Fund is the only listed healthcare property trust on the ASX.

About ING Real Estate

ING REAL ESTATE HEALTHCARE FUND HALF YEAR RESULTS - 31 DECEMBER 2006



26 February 2007

Miles Wentworth - Chief Executive Officer, IHF



OVERVIEW

- ▶ Successful launch attracting a broad investor base
- ▶ Strong management team secured
- ▶ Converting our first mover advantage
 - > Raising Fund profile in the market
 - > Long-term owner and partnering approach
 - > Strong level of deal flow
- ▶ Four acquisitions, introducing new customers with potential for flow-on opportunities
- ▶ Half Year results ahead of Initial Public Offer forecast

RESULTS SUMMARY



RESULTS SUMMARY

Performance Measures

6 months to 31 December 2006 compared to IPO PDS forecast

Distributable Income	↑	5% to \$1.45m
Distributable Income per Unit	↑	5% to 4.8 cents
Net Asset Value	↑	3% to \$1.00
Total Return (Income & Capital May'06-Feb'07)		18.5%

RESULTS SUMMARY

Summary Level Statement of Financial Performance for 6 months ended 31 December 2006

	ACT \$m	PDS \$m	Change \$m
Income			
Rental Income	2.68	2.50	0.18
Other Income	0.10	-	0.10
Total Income	<u>2.78</u>	<u>2.50</u>	
Expenses			
Property Expenses	0.46	0.42	(0.04)
Interest Expense	0.59	0.48	(0.11)
Offer Costs	0.28	0.23	(0.05)
Total Expenses	<u>1.33</u>	<u>1.13</u>	
Distributable Income	<u>1.45</u>	<u>1.37</u>	0.08

RESULTS SUMMARY

Earnings (6 months to 31 December 2006)

Listed in May 2006 – The 6 month comparative is therefore to the PDS forecast

Net result - Distributable Income up 5% (\$74,000) at \$1.45m

- ▶ Rental Income up 7% (\$180,000) to \$2.7m
 - > Epworth Rehabilitation Camberwell acquisition in October 2006 added \$238,000
 - > Partially offset by lower Epworth Clarendon Street expenditure and therefore return on Capex not resulting
- ▶ Finance Costs up 23% (\$109,000) to \$588,000
 - > Debt of \$14.1m to fund the acquisition of Epworth Rehabilitation Camberwell resulted in increased interest of \$171,000
 - > Partial offset from deferred capital expenditure delivering an interest saving of \$40,000

RESULTS SUMMARY

Summary Level Balance Sheet as at 31 December 2006

	\$m
Total Assets	76.3
Total Liabilities	45.9
Net Assets	30.5
Number of Units on Issue	30.5
Net Asset Value per Unit	\$1.00

RESULTS SUMMARY

Position Statement

Investment Properties up 34% (\$15m) to \$59m

- ▶ Acquisition of Epworth Camberwell \$16.8m
- ▶ Less \$2.2m of deferred forecast capital expenditure associated with Epworth Clarendon Street and Victoria Parade

Properties Under Construction up 100% to \$14m

- ▶ Contracted ARCBS project in August 2006
- ▶ Consists of construction spend incurred to date

Borrowings up 163% (\$23m) to \$37m:

- ▶ Acquisition of Epworth Camberwell \$14.1m
- ▶ Contracted ARCBS project in August 2006 – associated construction spend to 31 Dec 06 \$11.3m
- ▶ Less \$2.2m of deferred forecast capital expenditure

PERFORMANCE SINCE LISTING

Total Return

Income Return

Distribution for the 2 months to 30 June 2006	1.3cpu
Distribution for the 6 months to 31 December 2006	4.2cpu
Total Income	5.5cpu
<i>Return based on issue price</i>	5.5%

Capital Return

Initial Issue Price (May 2006)	\$1.00
Current Stock Price (as at 19 Feb 2007)	\$1.13
<i>Total Capital Return</i>	13%

Total Return

18.5%

THE FUND



ABOUT THE FUND

- ▶ Only ASX-listed property fund focusing solely on healthcare
- ▶ Health is a scale sector with a defensible set of demand drivers
- ▶ Management – 35 years of health property experience collectively
- ▶ Part of ING global network
- ▶ Initial focus Australia and New Zealand but have a global mandate
- ▶ Portfolio currently consists of 5 quality assets located in Victoria and Queensland, 45 tenants and an average lease term of 10.4 years
- ▶ Attractive risk-adjusted financial returns in a sector which all investors inherently understand
- ▶ Defensive (health is a NEED not a want) investment qualities with long term leases
- ▶ Strong organic growth opportunities

THE HEALTH SECTOR

- ▶ Currently 9.8% of Australia's Gross Domestic product and forecast to grow to 16% within the next 15 years
- ▶ Demand drivers consist of:
 - > A rapidly ageing population
 - > A growing population
 - >

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MANAGEMENT

- ▶ On 17 August 2006, IHF announced the appointment of three senior executives:
 - > Miles Wentworth – Chief Executive Officer
 - > Chris Adams – Director, Acquisitions & Developments
 - > Neil Dickson – Director, Investments & Risk
- ▶ Collectively Management has in excess of 35 years of specialist health property experience, having been involved in numerous acquisitions, divestments and green and brownfield developments
- ▶ Management hold a philosophy of partnership and transparency, which is a key attribute to work within the sector

STRATEGY AND OUTLOOK



STRATEGY AND OUTLOOK

- ▶ To generate and grow the Fund's earnings from within the existing portfolio:
 - > Organic development opportunities in Clarendon Street, Victoria Parade and Epworth Camberwell
 - > Deliver a fully leased portfolio
 - > Drive strong rental growth from the health destinations created/owned
- ▶ To grow the portfolio with acquisitions that deliver unitholders:
 - > Additional geographic, tenant and asset type diversification
 - > Earnings growth in the distributions paid to investors
 - > Economies of scale through enhanced purchasing power
 - > Quality assets through government tenancies requiring health research and education facilities

STRATEGY AND OUTLOOK

- ▶ The outlook for the Fund is very positive:
 - > IHF has first mover advantage and is well placed to take advantage of opportunities
 - > The health sector is a scale sector that requires significant funding moving forward
 - > Management has the knowledge, track record and sector contacts to deliver value to both the Fund's investors and its tenants
 - > The ING global platform will present opportunities that enhance unitholder value

Disclaimer

This presentation contains a summary of the half year results for the six months ended 31 December 2006 but does not set out the risks associated with an investment in the Fund or the relative advantages of alternate investments.

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