

ING REAL ESTATE HEALTHCARE FUND

30 JUNE 2007 ANNUAL RESULTS

Agenda

- ▶ **FY07 Achievements**
- ▶ **Portfolio Update**
- ▶ **Growth Strategy and Outlook**

FY07 Achievements

▶ Strong performance

- > Exceeded the IPO PDS earnings per unit forecast by 9%
- > Total return since listing 20.9% (annualised)

▶ Achieved \$124m of value-enhancing acquisitions

▶ Expansion of investor base through oversubscribed follow-on issue

▶ Strong asset management achieving 100% occupancy with WALTE of 10 years

Results summary

	30 June 07	IPO March 06	Change	
Distributable income	\$3.4m	\$2.8m	21%	↑
Distributable income per unit	9.6 cents	9.0 cents	7%	↑
Distribution per unit	8.4 cents	8.4 cents	-	
		30 June 06		
Retained earnings	\$3.3m	\$0.2m	\$3.1m	↑
NAV per unit	\$1.05	\$0.97	8%	↑
Total Assets	\$152.8m	\$46.9m	226%	↑
Gearing ratio	59%	26%	+33%	
Number of unitholders	3,013	2,599	16%	↑

Capital Management

- ▶ **New equity of \$20.9m raised in February 2007 @\$1.08, offer closed oversubscribed**
- ▶ **New debt facility of \$66m negotiated (joint NAB/ING Bank)**
 - > Currently drawn to \$56m
 - > 96% of debt interest rate hedged
 - > Weighted average hedge duration 5.1 years
 - > Weighted average interest rate (including line and margin fees) of 6.93%

IHF Acquisitions

Acquisitions throughout the year		\$m
Aug 06	Australian Red Cross Blood Service*	63.5
Oct 06	Epworth Rehabilitation Camberwell	15.7
Feb 07	Pacific Private Clinic	31.6
Feb 07	Harvester Centre	13.6
Total		124.4

*Construction project with estimated practical completion of April 2008

Portfolio Update



Portfolio Summary



#Includes ARCBS Facility

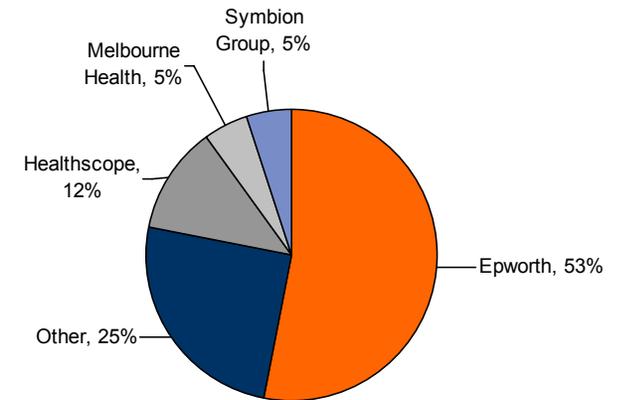
Property	Latest external valuation \$m
Epworth Freemasons Private Hospital, VIC	14.3
Epworth Freemasons Private Hospital & Medical Centre, VIC	23.5
Epworth Rehabilitation, VIC	15.9
Harvester Centre, VIC	13.7
Pacific Private Clinic, QLD	32.0
	99.4
Under construction:	
Australian Red Cross Blood Service Facility, QLD	63.5 [^]
Total	162.9

[^]Net contracted ING refinance amount

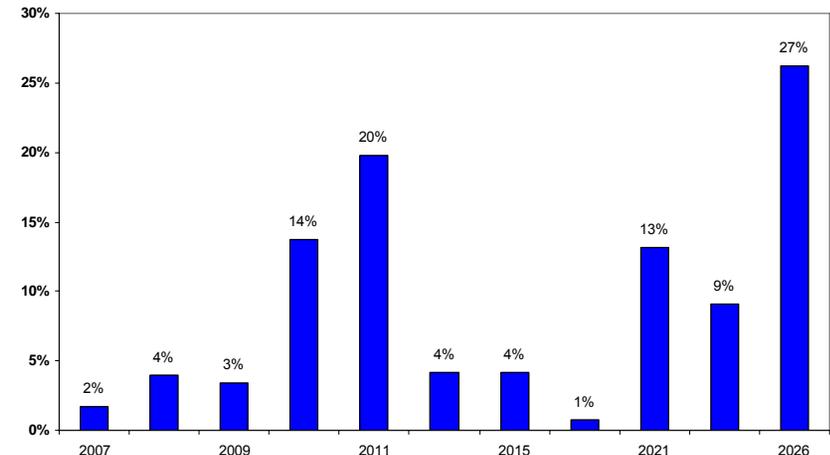
Portfolio Summary

- ▶ 45 tenants across 5 properties
(2006 – 26 tenants across 2 properties)
- ▶ 100% occupancy (2006 - 98.6%)
- ▶ Portfolio WALTE of 10.0 years
- ▶ Same tenant YoY rent reviews delivered an average increase of 3%
- ▶ Only 3 renewals during year (18% increase on previous net rents)
- ▶ 1 new lease at full market rent
- ▶ Healthcare tenants are typically characterised by stability, loyalty and connections to a facility

Net Property Income by Tenant



Lease Expiry Profile by Income (at 30 June 2007)



Work in Progress

“A grade” investment coming on line

Australian Red Cross Blood Service, Qld

Completed	55%
Purchase price	\$63.5m
Practical completion	April 2008
Tenants	
>Australian Red Cross	39%
>QUT (lease premium)	41%
>Commercial	16%
>Retail	4%
Leased/sold	81%
Rental guarantee*	19%

*one year rental guarantee from practical completion



Organic Growth Opportunities

Site	\$ Potential
Epworth Freemasons Private Hospital, Clarendon Street	\$150m-\$200m
Epworth Rehabilitation Camberwell	\$20m-\$25m
Epworth Freemasons Private Hospital & Medical Centre, Victoria Parade	\$4m-\$5m
	Total \$174m-\$230m

Growth Strategy and Outlook



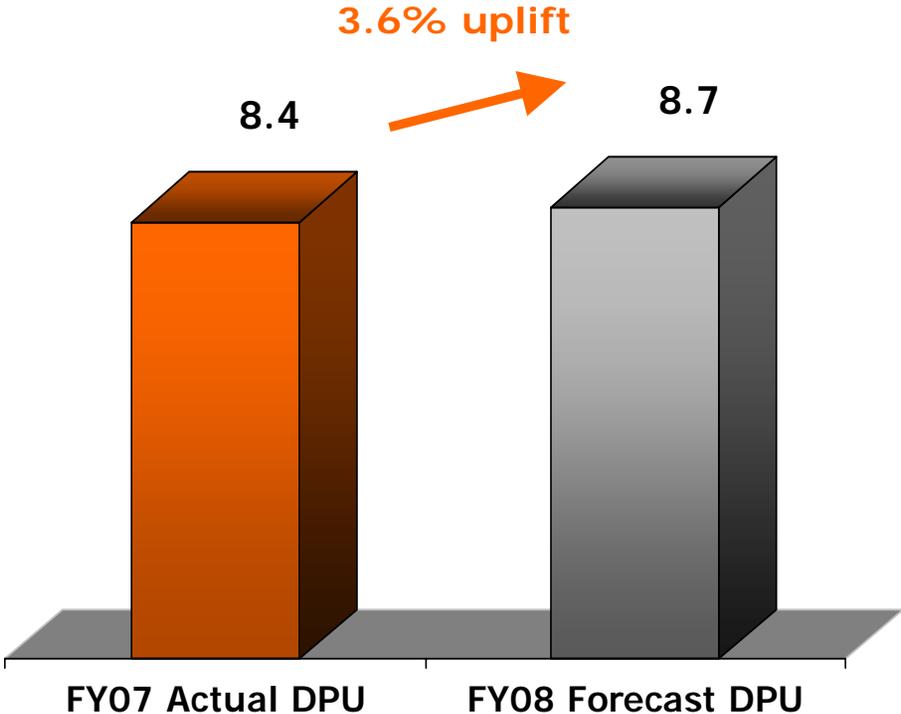
Growth Strategy

Potential to enhance earnings through:

- ▶ Strong organic growth development opportunities within the portfolio
- ▶ Potential for future value-add/domestic acquisitions
- ▶ Asset management initiatives
- ▶ Strategic offshore acquisitions, leveraging off ING Real Estate's global platform

Distribution growth

DPU forecast (cents per unit)



Outlook

- ▶ Stable earnings underpinned by long term leases and rent review structure
- ▶ Potential to outperform through organic growth development opportunities
- ▶ Growth in health spending set to continue, providing investment opportunities
- ▶ Competitive advantage through the experienced management team and being the only dedicated healthcare property fund
- ▶ Reaffirm 2008 DPU forecast of 8.7 cents (3.6% increase on 2007)

Thank you

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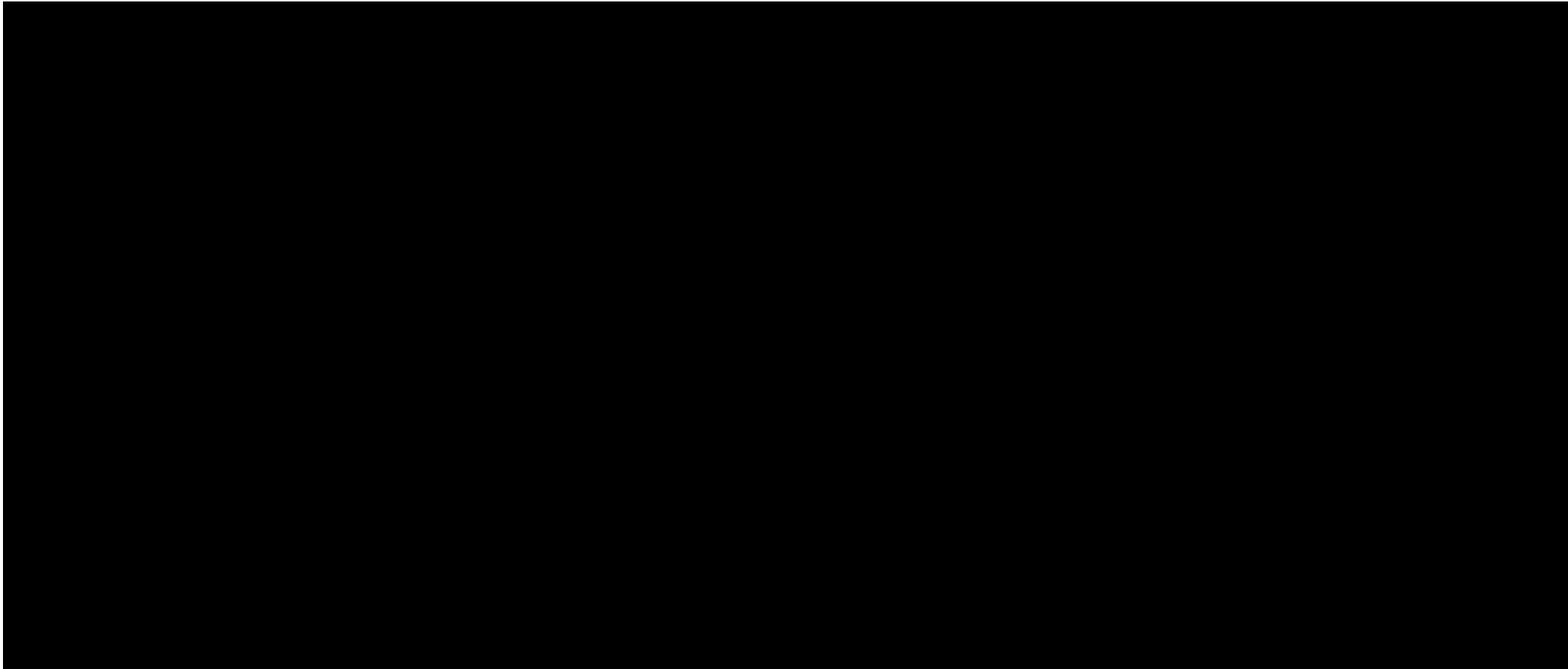
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Appendices

Appendices

- ▶ Overview of IHF and its Strategy
- ▶ Health Sector/IHF Fundamentals
- ▶ The Manager
- ▶ Results Summary



Health Sector Fundamentals

- ▶ Health sector has strong built-in demand drivers
 - > Ageing population, growing population and people living longer
 - > Advances in medical technology and procedures
 - > Consumer expectations
 - > Strong growth in healthcare expenditure
- ▶ Complex sector (commercial, social, political, regulatory)
 - > IHF has a uniquely experienced management team
- ▶ IHF invests in the properties (not the underlying business)
- ▶ Long term leases to quality operators
- ▶ Attractive, risk-adjusted income return
 - > FY08 forecast trading yield 7.8%

The Manager

- ▶ Specialist healthcare unit of ING Real Estate Australia, with three key executives
- ▶ Collectively in excess of 35 years directly in health property including acquisitions, green and brownfield developments, and specialised Fund and asset management
- ▶ Strong health asset management skills and sector operational knowledge
- ▶ Track record of delivery and success
- ▶ Management hold a philosophy of partnership and transparency, which is a key attribute to working within the sector

Results Summary

Income Statement – year ended 30 June 2007

	Actual \$m	Feb 07 PDS Forecast \$m	Movement
Rental income	7.2	7.2	-
Interest income	0.2	0.1	+100%
Gain on derivative fair value	2.7	-	-
Total income	10.1	7.3	+38%
Property Expenses	(0.9)	(1.0)	+10%
Interest expense	(2.5)	(2.5)	-
Other expenses	(0.6)	(0.6)	-
Net profit	6.1	3.2	+91%
Earnings per unit	17.1	9.2	+86%

Results Summary

Distribution Statement - year ended 30 June 2007

	Actual \$m	Feb 2007 PDS \$m	Comment
Net profit	6.1	3.2	Includes revaluations as revenue under AIFRS.
Adjustments to net profit:			
• Net gain on derivative revaluation	(2.7)	-	Revaluation of financial derivatives recognised as income under AIFRS.
• Provision for Performance fee	-	-	
Distributable income	3.4	3.2	Distributable income after AIFRS adjustments.
Distributable income per unit (cents)	9.6	9.2	
Distributions per unit (cents)	8.4	8.4	
Distributable Income carried forward	0.5	0.4	

Results Summary

Balance Sheet

	30 June 07 \$m	30 June 06 \$m	Movement
Total assets	152.8	46.9	+226%
Total liabilities	100.2	17.2	
Net assets	52.6	29.7	+77%
Gearing (borrowings/total assets) <i>(excluding Kelvin Grove)</i>	49%	26%	
Gearing <i>(inc. Kelvin Grove)</i>	59%	26%	
Units on issue	49,875	30,500	
NAV per unit	\$1.05	\$0.97	