

ING Real Estate Healthcare Fund Half Year Review

31 December 2007

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ING Real Estate Healthcare Fund (IHF) is a listed property trust which invests in healthcare properties including hospitals, specialist medical office buildings, medical centres, rehabilitation facilities, residential aged care, medical laboratories and other purpose-built healthcare facilities.

The Fund presently owns a diversified Australian portfolio of seven properties, and aims to provide a stable and growing income for unitholders through astute investment in quality healthcare real estate. IHF is the only ASX listed healthcare property trust.

ACHIEVEMENTS

EPWORTH FREEMASONS PRIVATE HOSPITAL, MELBOURNE, VIC

Strong performance with **distributable income up 53%** to \$2.2m and a 3.6% increase in distributions compared to the same period last year

Acquired a further **quality investment** in Victoria – Frankston Private

Continued **strong progress** on the Australian Red Cross Blood Service (ARCBS) Queensland Headquarters which is on schedule, on budget and nearing completion

Advanced development options on two existing properties in conjunction with Epworth Healthcare

Achieved an **occupancy level of 100%** over the total portfolio with a weighted average lease term of nine years

Benefited from **solid rental growth** with an average increase of 2.9% on rent reviews undertaken during the period

KEY FINANCIAL DATA

31 DECEMBER	2007	2006
ASX closing price	\$1.10	\$1.06
Total distributions (cents per unit)	4.35	4.20
Distributable income (cents per unit)	4.5	4.8
Tax deferred component	77% ¹	85%
Six month total return	2.1%	11.5%
Net asset value per unit	\$1.23	\$1.00
Market capitalisation	\$54.9m	\$32.3m
Retained earnings	\$0.6m	\$0.3m
Total assets (look through)	\$205.1m	\$76.3m
Gearing ratio (debt to total assets)	66.6% ²	49%
Units on issue	49.8m	30.5m
Number of unitholders	2,947	2,526

1) Estimate only

2) Construction funding for ARCBS Queensland Headquarters, Kelvin Grove is included.
If excluded the gearing ratio would be at 52.1%

EPWORTH FREEMASONS PRIVATE HOSPITAL AND MEDICAL CENTRE, MELBOURNE, VIC

"IHF's sole investment focus is on the healthcare sector and given the high quality of our Australian assets and stable nature of our tenants, we are confident that the Fund will continue to provide secure, long term cashflows."

MILES WENTWORTH
CHIEF EXECUTIVE OFFICER
ING REAL ESTATE HEALTHCARE FUND

Dear Unitholder,

I am pleased to provide you with this update on the performance of ING Real Estate Healthcare Fund for the six month period ending 31 December 2007.

The last six months have shown a solid performance with distributable earnings and distributions meeting forecast. The Fund has declared a half year distribution of 4.35 cents per unit representing a 3.6% increase on last year's half year distribution. Distributable income has increased by 53% to a \$2.2 million profit for the six months to 31 December 2007.

This half year the Fund has further diversified its portfolio through the acquisition, in August 2007, of a 50% interest in Frankston Private in southern metropolitan Melbourne. Purpose built in 2006, Frankston Private is a high quality private hospital providing day surgical, diagnostic and cancer services.

We are ple

As a result of the sub-prime issues in the United States and the deteriorating performance of its economy, global stock markets have been experiencing a significant degree of volatility. We strongly believe that healthcare property remains a low risk proposition for investors, due to the sector's traditional defensive characteristics. The Fund's sole investment focus is on the healthcare sector and given the high quality of our Australian based assets and stable nature of our tenants, we are confident that the Fund will continue to provide secure long term cashflows.

As you are aware the health sector is a "needs-based" industry. This, combined with the considerable demand drivers of an increasing and ageing population (which will continue to occur regardless of the domestic or global economic climate), indicates that expenditure on health products and services has a high degree of immunity from economic cycles.

The portfolio curasi ins hrsssfocmanUZUZUUUZUURUU&PSQq1NTTDecember 2007. TD.

PERFORMANCE

Distributable income increased by 53% to \$2.2 million for the half year to 31 December 2007. This was primarily as a result of the acquisition of Pacific Private in Queensland and the Harvester Centre in Victoria (in February 2007) and the purchase of a 50% interest in Frankston Private (in August 2007).

Distributions per unit increased by 3.6% to 4.35 cents (from 4.20 cents) for the half year.

Net asset value per unit increased from \$1.05 at 30 June 2007 to \$1.23 at 31 December 2007.

This increase was primarily due to an uplift in the value of investment properties and contracted interest rate swaps. Excluding the value associated with the interest rate swaps the net tangible assets per unit was \$1.13 per unit at 31 December 2007.

The graph below depicts the performance of the S&P/ASX 300 Property Trust Index against the Fund during the six months to 31 December 2007. As you can see, volatility of the Fund's unit price was significantly less than that of the property sector index. This in part is a reflection of the market's view on healthcare property and its relative insulation to overall economic conditions.

PERFORMANCE OF IHF TO ACCUMULATED PROPERTY INDEX



FUND UPDATE

PORTFOLIO UPDATE

FRANKSTON PRIVATE, FRANKSTON, VIC

THE ACQUISITION OF FRANKSTON PRIVATE

The acquisition of Frankston Private in August 2007 highlights the Fund's clear strategy of investing in high quality healthcare property with a strong tenant profile.

Completed in August 2006, Frankston Private is a purpose built hospital and medical facility situated approximately 42 kilometres from Melbourne's CBD at the gateway to the Mornington Peninsula.

Frankston Private was a highly attractive purchase for the Fund, acquiring a 50% share in the facility for \$15.05 million providing an initial yield of 8.1%. A first-rate facility, it increased the Fund's asset diversification geographically, by healthcare service type and tenant profile.

Frankston Private provides a broad range of healthcare services within the one facility, with a particular focus on cancer services. The facility comprises a three theatre/17 bed day surgery facility, a two bunker radiotherapy unit, day oncology, pathology, radiology services and medical consulting.

Key tenants in the facility include Radiation Oncology Victoria, MIA (a wholly owned subsidiary of DCA Group), Sonic Healthcare and the businesses of the other two shareholders (who own a combined 50% interest in the building) namely, the Frankston Private Day Surgery and Peninsula Oncology Centre.

The facility is well positioned with its broader catchment extending across areas designated for residential expansion. The catchment area is therefore experiencing considerable growth in the number of households and population projections are continuing to show a steady increase in population numbers.

We are pleased to report that the Kelvin Grove development in Queensland is due to be completed in early April 2008, in accordance with the scheduled construction program. This facility will accommodate the Queensland Headquarters of the Australian Red Cross Blood Service (ARCBS) which provides an essential health support service. This is a significant building with a highly specialised purpose built fit-out, which the tenant has funded, to accommodate the State's requirements for blood services including blood processing, testing, storage and distribution.

The ARCBS will accommodate 39% of the floor area of the building. The other major tenant will be the Queensland University of Technology (QUT) which will house its Centre for Health, Physical Activity and Clinical Education, comprising 41% of the building.

This new building is an A-grade facility with the ARCBS having a 20 year lease and QUT an 80 year lease, providing an exceptionally high quality cash flow. The two main tenancies are government funded and secured by long term leases, providing the Fund with an excellent source of long term income.

Baulderstone Hornibrook have taken a five year lease over the building's commercial space (comprising an area of 3,270m² or 16% of NLA). The remaining area of the building is designated for retail uses (comprising 726m² or 4% of the NLA). Part of the retail area has already been leased, with the balance subject to a 12 month rental guarantee from the date of practical completion. As a result, all but 3%

ORGANIC GROWTH OPPORTUNITIES

In addition to seeking new acquisitions to enhance IHF's portfolio, we maintain a value-adding philosophy where we are constantly seeking ways of improving the Fund's existing assets.

By improving the efficiency of building platforms for our tenants, we allow them to maximise their financial performance, which in turn has a strong connection to our investment returns.

Management have therefore been actively progressing the organic growth opportunities at Epworth Rehabilitation Camberwell (in Melbourne's eastern suburbs) and the Epworth Freemasons Clarendon Street campus in East Melbourne.

At Epworth Rehabilitation Camberwell, schematic development plans have been prepared, indicating additional floor space of approximately 2,500 square metres which can accommodate 60 new beds. The expansion would complement the existing services that are currently provided on-site and would be physically inter-linked with the existing building. Project costs for this development are currently estimated at between \$25 to \$30 million.

At Clarendon Street, East Melbourne, we continue to investigate the options for the development of a scale integrated health campus in conjunction with Epworth Healthcare. There are exciting development options for this significant site which we will continue to refine over the next six months.

Both sites provide substantial growth opportunities for the Fund and continue to build on our solid partnership with Epworth.

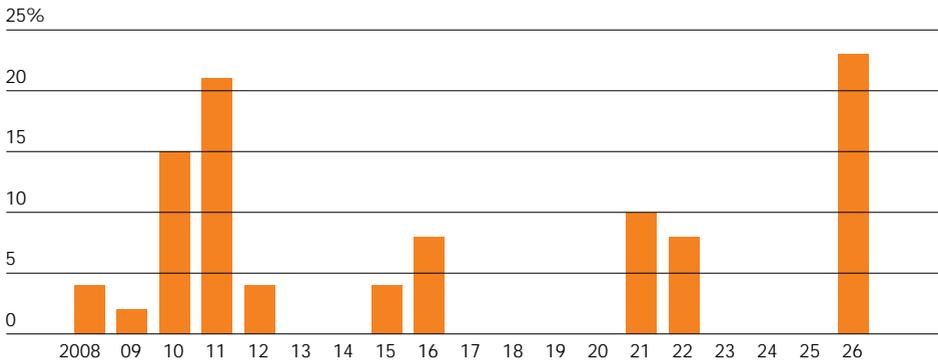
STABLE AND LONG DATED LEASING INCOME

The Fund's weighted average lease term to expiry was nine years at 31 December 2007, which on completion of the ARCBS is due to significantly increase to 13.5 years.

Not only are the Fund's tenants stable with long leases, the nature of the industry also provides a substantially lower risk proposition. Healthcare as a specialist asset class typically attracts longer term occupancy, for several reasons.

Tenants are often strongly linked to a facility by their specific building requirements and specialised fit-outs required to perform their services. Well-established connections to a local customer base provide another reason to stay in one location over the longer term. Longer term occupancy means that healthcare property is less cyclical and is therefore characterised by lower volatility than other property sectors.

LEASE EXPIRY BY INCOME



FUND UPDATE

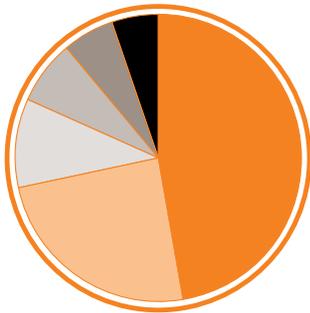
In the period 1 July 2007 to 31 December 2007, 36 rent reviews were undertaken. 34 of which were undertaken to CPI or fixed rates, with an average increase of 2.5% in net rental income. Two rent reviews were connected to lease renewals which resulted in a review to market rates. We are pleased to report a positive result from these market reviews, achieving rental increases stepped to an average 29.9% increase.

The overall increase in net rental income, as a result of rent reviews for the six month period, was 2.9%.

DEBT & INTEREST RATE MANAGEMENT

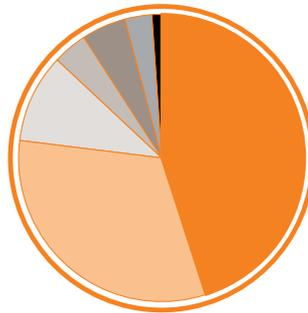
The Fund has total borrowings of \$136.6 million across several facilities, with a weighted average term of all debt facilities to 1.1 years. With total assets of \$205.1 million, this represents a debt to asset ratio (gearing) of 66.6%. The Fund intends to refinance the ARCBS construction debt with a combination of longer term debt and equity, with the aim of reducing gearing to under 60%.

INCOME BY SERVICE TYPE



- MEDICAL CONSULTING & OTHER 47%
- SURGICAL HOSPITAL 24%
- REHABILITATION HOSPITAL 11%
- DIAGNOSTICS 7%
- RADIOTHERAPY / ONCOLOGY 6%
- MATERNITY HOSPITAL 5%

NET PROPERTY INCOME BY TENANT



- EPWORTH 45%
- OTHER 32%
- HEALTHSCOPE 10%
- MELBOURNE HEALTH 4%
- SYMBION GROUP 5%
- RADIATION ONCOLOGY VICTORIA 3%
- SONIC HEALTHCARE 1%

In order to reduce the risks associated with interest rate movements, the Fund has contracted fixed interest rate loans for approximately 82% of its debt, for an average term of 4.5 years. This conservative management of the Fund's debt portfolio helps to mitigate the risks associated with a fluctuating credit market and maintain a secure and growing income for investors.

SUMMARY

The Fund currently has its asset base wholly in Australia with the properties leased to a range of highly regarded and experienced healthcare operators. The Fund has strong diversification of tenants both by service provision and their funding base including major not-for-profit entities, federally and state funded organisations, publicly listed companies, private businesses and specialist medical consultants.

We believe our diversification of tenants and strength of income stream, together with a long lease profile, provides the Fund with attractive risk-adjusted returns.

We continue to look for opportunities to grow the Fund through an astute acquisition programme, considered expansion and enhancement strategies within the portfolio, and an active management approach to deliver value added outcomes to both our tenants and investors.

With the long dated and considerable growth in demand for health services in Australia, the sector continues to provide a significant pipeline of organic and new developments. IHF is the only ASX listed property trust specialising in healthcare real estate and is well positioned to take advantage of these opportunities.

INVESTOR RELATIONS

INVESTOR RELATIONS

Information relating to ING Real Estate Healthcare Fund can be found at www.ingrealestate.com.au/investment

The website is a useful source of information about the Fund and its property portfolio. The site allows unitholders to access their investment details including holding balance and payment history. Copies of the most recent Annual Report and Half Year Reviews may be downloaded from the site. ASX Announcements are also posted to the site.

DISTRIBUTION PAYMENTS

Distributions are paid at the end of each calendar half year in February and August.

Enquiries relating to ING Real Estate Healthcare Fund can be directed to:

UNIT REGISTRY

Link Market Services Limited

Level 12, 680 George Street
Sydney NSW 2000
Locked Bag A14
Sydney South NSW 1235

Telephone: 1300 653 497
(local call cost) or from outside
Australia +61 2 8280 7057
Facsimile: +61 2 9287 0303
Email: ingrealestate@linkmarketservices.com.au

PRIVACY POLICY

ING Management Limited is committed to ensuring the confidentiality and security of your personal information. The ING Privacy Policy, detailing our handling of personal information, is available to view on our website www.ingrealestate.com.au/investment

COMPLAINTS

ING Management Limited is a member of an independent dispute resolution scheme, the Financial Industry Complaints Service. Any unitholder wishing to register a complaint should direct it, in the first instance, to:

ING Management Limited

Level 6, 345 George Street
Sydney NSW 2000

Telephone: +61 2 9033 1035

Facsimile: +61 2 9033 1059

Email: ingrealestate@ingrealestate.com

2008 UNITHOLDER CALENDAR

Distribution paid for the half year ended 31 December 2007	29 February 2008
Distribution paid for the half year ended 30 June 2008	29 August 2008
Tax statement for the year ended 30 June 2008	29 August 2008
Annual Report published	30 September 2008

The above dates are indicative only and are subject to change.
An ASX Announcement will be lodged prior to each period confirming the dates of distribution payments.

FINANCIAL REPORT

The half year financial report will be sent to unitholders on request, free of charge, by calling the Unit Registry:

Telephone: 1300 653 497
(local call cost) or from outside Australia +61 2 8280 7057.

Alternatively you can access the financial report via the internet at our website:
www.ingrealestate.com.au/investment

ING REAL ESTATE HEALTHCARE FUND

ARSN 118 712 584

RESPONSIBLE ENTITY

ING Management Limited

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OTHER INVESTMENT OPPORTUNITIES

ING Real Estate in Australia is recognised as one of the leading property fund managers. In addition to ING Real Estate Healthcare Fund we manage both listed and unlisted funds across all major property sectors – office, industrial, retail, entertainment and seniors and students housing. Information relating to these funds can be found at www.ingrealstate.com.au/investment.

ING REAL ESTATE ENTERTAINMENT FUND IEF



TOTAL ASSETS	\$512m
PROPERTIES	54
TAX DEFERRED ¹	54%
UNITHOLDERS	2,665

ING Real Estate Entertainment Fund is a listed property trust that invests in entertainment and leisure venues. IEF delivers value to unitholders by investing in assets that demonstrate the potential for growth in earnings through active management. The Fund's investment strategy combines the depth, experience and resources of ING Real Estate with the trading experience of proven operators within the hospitality and leisure sector.

ING INDUSTRIAL FUND IIF



TOTAL ASSETS	\$6.0b
PROPERTIES	>500
TAX DEFERRED ¹	35%
UNITHOLDERS	21,266

ING Industrial Fund is a listed property trust included in the S&P/ASX 100 index. IIF is a full service industrial space provider in key global markets, based on an operating model of 'develop, own and manage'. The Fund owns a highly diversified industrial property portfolio located throughout Australia, Canada and Western Europe, and with investments of \$6.0 billion, is the largest industrial property trust listed in Australia. The Fund's assets demonstrate potential for income and capital growth over the medium to long term, and the Fund has a substantial development pipeline to attract new companies to its portfolio.

1) Estimate only

ING REAL ESTATE COMMUNITY LIVING GROUP ILF



TOTAL ASSETS	\$1.3b
PROPERTIES	126
TAX DEFERRED ¹	77%
UNITHOLDERS	6,101

ILF has an interest in 126 seniors and student housing communities valued at \$1.2 billion. The Fund offers a diversified investment across Australia, Canada, New Zealand and the United States and unitholder returns are underpinned by secure income streams from high quality rental assets and development profits from its expansive pipeline. The Fund leverages the local expertise and experienced management of its joint venture relationships to drive earnings growth for investors.

ING OFFICE FUND IOF



TOTAL ASSETS	\$3.9b
PROPERTIES	25
TAX DEFERRED ¹	30%
UNITHOLDERS	27,250

ING Office Fund invests in office buildings located in key markets throughout the world and receives rental income from long-term leases to blue-chip tenants. The Fund is a publicly traded property trust on the Australian Securities Exchange (ASX) and is one of the top 100 listed entities on the ASX. IOF has assets across three continents – Australia, Europe and the United States, with total assets of approximately \$3.9 billion. The Fund has an average lease term to expiry of 5.3 years and a 97% occupancy rate.

ING REAL ESTATE INVESTMENT
MANAGEMENT AUSTRALIA

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ING REAL ESTATE GLOBAL NETWORK

AUSTRALIA	HUNGARY	SPAIN
BELGIUM	ITALY	SWEDEN
CANADA	JAPAN	TAIWAN
CHINA	KOREA	THAILAND
CZECH REPUBLIC	POLAND	THE NETHERLANDS
FRANCE	ROMANIA	UK
GERMANY	SINGAPORE	USA