

ASX ANNOUNCEMENT
ING REAL ESTATE HEALTHCARE FUND (IHF)
18 AUGUST 2008

IHF DELIVERS

ING Real Estate Healthcare Fund (IHF) today announced its full year result for the year ended 30 June 2008. Highlights for the period include:

Distributable income of \$5.1 million representing an increase of 50% over the previous corresponding period's of \$3.4 million.

Distributable income per unit was 10.2 cents up 6.3% from 9.6 cents in the prior period.

Distributions for the year of 8.70 cents per unit, up 3.6% on the 8.4 cents per unit for the prior year.

Successful on time and on budget completion and full refinance of the \$83 million A-Grade Red Cross project.

Enhanced average lease term to 12.5 years and continued strength of portfolio with 99.7% occupancy.

Commenting on the results, Miles Wentworth, IHF CEO said "This is a particularly strong result and highlights the strength of Management's considered acquisition approach, active asset and development management and a focus on increasing investor returns. We are particularly pleased with the successful completion of the Australian Red Cross Blood Service project which was finished on time and on budget, and its subsequent on-completion revaluation of \$69.5 million, an increase of 9.4% to the (pre-acquisition costs) project cost, which highlights the excellent quality of this asset."

Miles Wentworth went on to say "Post balance date the Fund extended its NAB \$20.75m cash advance facility that was due to expire in April 2009. The facility has been extended through to February 2010 to align with our other NAB facilities. The Fund now has no facilities expiring until 2010. What this clearly demonstrates is that IHF has, and continues to receive, strong support from its debt funding partners."

The volatility of the earnings and distributions of Australian listed property entities has prompted an investor shift to entities that are transparent and simple in structure. A "traditional property trust" with the majority of the Fund's income derived from rent, is exactly what IHF is.

The IHF portfolio has strong fundamental characteristics of:

- investment in high quality Australian assets;
- long lease terms to high quality tenants;
- all leases with either annual CPI or fixed reviews;
- very high occupancy;
- particularly high tenant retention; and
- strong support from its bankers

and all in a sector that is a NEED not a want.

Mr Wentworth said “Despite the market volatility and the increasing cost of debt, IHF’s unique characteristics are such that Management is confident in forecasting a distribution of 8.7 cents per unit for the 2009 financial year, unchanged from 2008.”

ING Real Estate Healthcare Fund is the only ASX listed property trust which invests exclusively in healthcare real estate and is supported by the global ING Real Estate network. As such, the Fund is well positioned to cater for the increased healthcare services required by Australia’s ageing and growing population.

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 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 is an integrated real estate group focused on investment management, development and financing of quality real estate in all major global markets with a total portfolio of over A\$170 billion. ING Real Estate ranks among the world’s leading real estate companies and serves a broad client base from offices in 22 countries in Europe, North America, Asia and Australia.

ING Real Estate is part of ING group, a global financial institution of Dutch origin offering banking, insurance and asset management to over 75 million private, corporate and institutional clients in more than 50 countries.

For further information, please contact:

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ING Real Estate Healthcare Fund Annual Results

30 June 2008

Investor Presentation

18 August 2008
www.ingrealestate.com.au

Agenda

- Key achievements
- Financial performance
- Portfolio performance
- Australian Red Cross Blood Service (ARCBS) Queensland Headquarters
- Portfolio profile
- Value opportunities
- Summary/outlook



Key achievements

- D** Strong financial result with distributable income up 50%
- D** Solid rent reviews from a well positioned portfolio
- D** Enhanced WALTE to 12.5 years and continued strength of portfolio with 99.7% occupancy
- D** The \$63.5m ARCBS construction project delivered on time/on budget (valued at \$69.5m)
- D** Continued strong bank support with the full refinance of ARCBS construction debt
- D** High quality acquisition with a 50% interest in Frankston Private (purchased for \$15.1m)
- D** Post balance date extension of the NAB \$20.75m facility to February 2010

Solid financial performance for the year ended 30 June

	2008	2007	Change
Net profit (\$m)	16.0	6.1	162% ▲
Distributable income (\$m)	5.1	3.4	50% ▲
Distributable income per unit (cents)	10.2	9.6	6.3% ▲
Distributions per unit (cents)	8.7	8.4	3.6% ▲
Tax deferred component (%)	86.1 ¹	80.6	6.8% ▲
Debt to total assets (%)	64.7	59.2	5.5% ▲
NAV per unit ² (\$)	1.17	1.00	17% ▲
Total assets (\$m)	210.2	152.8	38% ▲

¹ Estimate only – tax statements to be mailed out on or around 29 August 2008

² Excluding mark-to-market of derivatives

Strong portfolio performance

- D** Net property income grew by 71%
- D** 89% of lease renewal options (2% of rental income) taken up
- D** 100% of lease expiries (1% of rental income) entered into new leases
- D** “Same property year on year”¹ rental growth of 4.7%² (\$440,000)

	Annualised 2007 rental	2008 \$ rental growth	% of \$ rental growth	% average rental growth
Epworth Freemasons Clarendon St, Vic	\$1,298,000	26,000	5.9%	2.0%
Epworth Freemasons Victoria Pde, Vic	\$3,451,000	111,000	25.3%	3.2% ³
Epworth Rehabilitation Camberwell, Vic	\$1,100,000	23,000	5.3%	2.1%
Harvester Centre, Vic	\$1,075,000	21,000	4.8%	2.0%
Pacific Private Clinic, Qld	\$2,330,000	257,000	58.7%	11.0%
	\$9,254,000	438,000	100.00%	4.7%

¹ 38% of the rental associated with the “same property year on year” was not subject to review, adjusting for this the increase was 7.7%

² Rental income comparison for property that was in the portfolio at both 30 June 2007 & 2008 (comparing change in the June annualised rental from one year to the next)

³ Rental growth excluding the Epworth Foundation (68% of the building) was 9.8% (given the Epworth rental is not subject to annual review until May 2009)

Strong portfolio performance (cont'd.)

Portfolio revaluations

	\$ m	CPU
Epworth Freemasons Clarendon St, Vic	0.1	0.2
Epworth Freemasons Victoria Pde, Vic	6.6	13.2
ARCBS, Qld	3.3	6.6
Epworth Rehabilitation Camberwell, Vic	0.3	0.6
Frankston Private, Vic ¹	(1.2)	(2.4)
Pacific Private Clinic, Qld ¹	(2.2)	(4.4)
Harvester Centre, Vic	-	-
Lease revenue recognition	(0.4)	(0.8)
	6.5	13.0

The revaluations demonstrate the defensiveness of healthcare property as an investment class

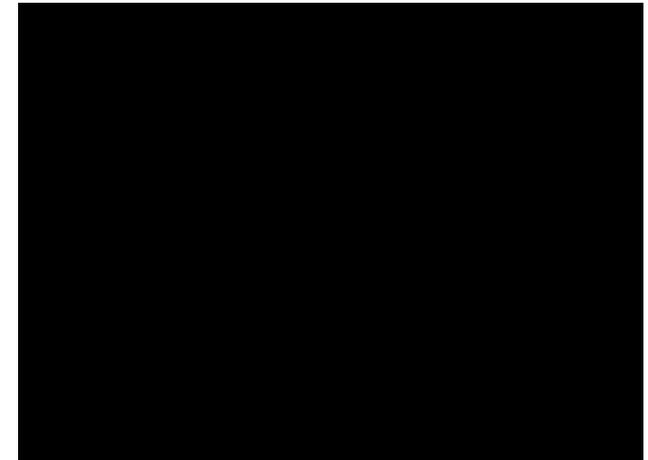
¹ The write-down associated with these properties relates to a write off of the acquisition costs, i.e the valuation being the same as at the date of purchase

Australian Red Cross Blood Service

Queensland Headquarters

Recently completed A-grade facility

- Anchored by 20 year tenancy to government funded tenant
- Annual rent reviews to the higher of CPI or 3%
- Weighted average lease term 21.7 years
- Continued strong bank support with the construction debt fully refinanced in April 2008
- 86% of the \$44.5m core term debt against the property hedged for 10 years
- 98% leased with the remaining 2% subject to a one year rental guarantee from April 2008



Australian Red Cross Blood Service

Queensland Headquarters

Tenant	Annual rental	Lease term	Rent reviews	% of floor area
Australian Red Cross Blood Service (ARCBS)	\$2,412,000	20 yrs	> CPI or 3% pa. 10 yr market reviews with 10% cap and collar	39%
Queensland University of Technology (QUT) ¹	\$647,000	80 yrs	> CPI or 3% pa	41%
Boulderstone Hornibrook	\$1,379,000	5 yrs	> CPI or 3.5%. Market reviews at renewal	16%
Various retail tenancies	\$190,000	5 – 10 yrs	3.5 – 4% pa fixed	2%
Rental guarantee	\$210,000	1 yr		2%
Total	\$4,838,000²			

¹ QUT effectively own (through an 80 year lease pre-payment) their exclusive space and lease common area and car parks from the Fund

² The property is subject to an 80 year ground rent with an initial market rental of \$324,000

High quality acquisition

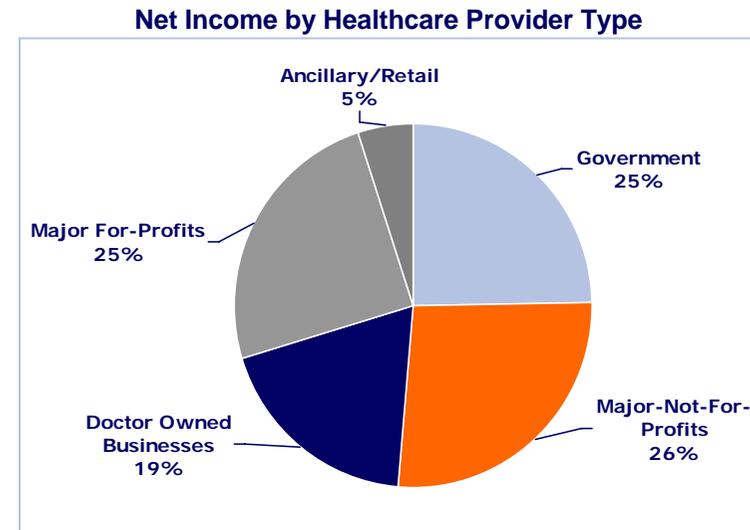
50% interest in Frankston Private for \$15.1m

- Acquired interest in August 2007
- Located in Frankston, VIC, 42kms south of Melbourne's CBD
- First class four level, 4,539sqm building located 400m from Frankston Public Hospital
- J/V partners are two doctor shareholders that are also significant tenants
- Integrated health services include:
 - 3 theatre, 17 bed day surgery unit
 - 2 bunker radiotherapy unit
 - Day oncology, pathology collection and lab, CT and MRI radiology



High quality portfolio with secure cashflows

- High quality tenant profile consisting of market leaders
- Long dated weighted average lease expiry of 12.5 years
- Predictable and solid rent review profile of CPI and fixed increases
- Strength of current and future cashflows gives management and debt funders a high degree of comfort for debt serviceability
- Health sector has unique demand drivers = insulation from economic cycles



High quality portfolio with secure cashflows

Health sector property is well positioned to sustain its value in volatile markets

*“Colliers International are of the opinion that there will be a general softening of real estate yields across all asset classes. It is considered that **there are factors peculiar to health care properties which will mitigate the changing market conditions** in relation to these assets. We are of this view because of the continuing support by the Australian Government for private health insurance, Australia’s ageing population, increasing demand for higher acuity procedures and investor’s better understanding of this market. Further the sector yield had a 2% margin above the composite real estate yield at the peak of the market.”*

Graeme Martin, National Healthcare Consultant, Colliers International, April 2008

Debt funding

Debt to gross assets currently 64.7%...

IHF has had, and continues to have, strong support from its debt providers, due to:

- Long dated leases to high quality tenants
- Current and future cashflows predictable through CPI and fixed rent reviews
- Very high level of tenant retention
- Health sector and therefore the Fund's cashflows insulated from economic cycles
- Health sector property well positioned to sustain its value in volatile markets

Value opportunities

Organic growth

Management, with its health specific development skill set, proven experience and successful track record, are currently considering the following organic opportunities to drive out-performance:

\$30m Epworth Rehabilitation Camberwell expansion advances to town planning stage (approx 12 months)

Epworth Freemasons Private Hospital, Clarendon Street, redevelopment options continue to be refined

Growth in number of births at Epworth Freemason Private Hospital and Medical Centre in Victoria Parade provides potential opportunities for expansion

Future opportunities

The market continues to provide opportunities for Management to carefully consider for value-add potential to the Fund. These opportunities arise for IHF through:

- Increasing demand for healthcare services, resulting in new and reworked infrastructure
- The Fund has an excellent reputation for its experienced management team, strong partnerships with healthcare operators and value-add approach

Summary / Outlook

- Simple and transparent structure (traditional rent-only LPT)
- Future rent growth through CPI and fixed reviews for 100% of the portfolio
- Strong organic growth value within the portfolio
- Experienced management to secure value-adding opportunities and out-performance of existing portfolio
- Health sector, and therefore the Fund's cashflows, insulated from economic cycles

Summary / Outlook (cont.)

Management forecasts a FY09 distribution of

8.7 cpu

Unchanged from FY08

Appendices



APPENDIX A

Distributable Income Statement for the year ended 30 June

	2008 (\$m)	2007 (\$m)
Revenue		
– Net property income	11,332	6,250
	11,332	6,250
Expenses		
– Finance costs	(5,342)	(2,322)
– Responsible Entity's fees	(560)	(301)
– Other	(337)	(224)
Distributable income	5,093	3,403

APPENDIX A

Simplified¹ Balance Sheet as at 30 June

	2008 (\$m)	2007 (\$m)
Current assets		
– Cash and cash equivalents	2,744	2,156
– Trade and other receivables	993	1,037
– Work in progress	-	14,790
	3,737	17,983
Non-current assets		
– Investment properties/property under construction ²	200,817	132,074
	200,817	132,074
Total assets	204,554	150,057
Current liabilities		
– Payables	7,876	7,632
– Borrowings	17,450	34,494
– Provision for distribution	2,170	2,095
	27,496	44,221
Non-current liabilities		
– Borrowings	118,565	56,036
– Provision for performance fee	-	14
	118,565	56,050
Total liabilities	146,061	100,271
Net assets	58,493	49,786
Unitholders' interest		
– Issued units	49,214	49,255
– Retained earnings	9,279	531
Total unitholders' interest	58,493	49,786
Net asset value per unit	\$1.17	\$1.00



¹ Excluding fair value of derivatives

² Includes share of Frankston Private

APPENDIX A

Cashflow Statement for the year ended 30 June

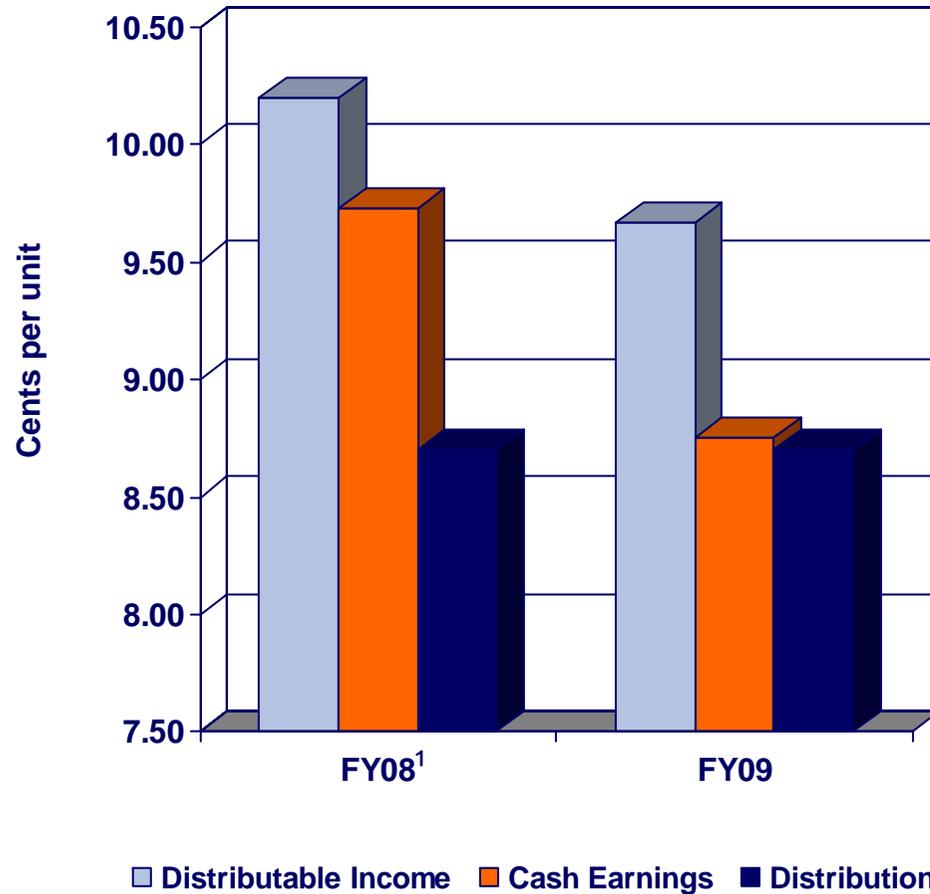
	2008 (\$m)	2007 (\$m)
Operating		
– Rental income	14.8	7.9
– Interest	(4.9)	(1.9)
– Finance lease (net)	2.5	(14.8)
– Other	0.8	1.4
Investing		
– Property under construction	(37.6)	(88.0)
– Equity accounted investment	(16.4)	-
Financing		
– Net proceeds from borrowings	45.7	78.5
– Distributions	(4.3)	(1.7)
– Equity raising (net proceeds)	-	19.2
Net cash increase/(decrease) in cash	0.6	0.6
Cash at the beginning of the year	2.1	1.6
Cash at the end of the year	2.7	2.2

APPENDIX A

Distribution Statement Reconciliation for the year ended 30 June

	2008 (\$m)	2007 (\$m)
Statutory net profit	16.0	6.1
Adjustments:		
– Net gain on derivatives revaluation	(2.9)	(2.7)
– Revaluation of Frankston Private	1.2	-
– Property revaluation gain	(7.8)	-
– Profit on sale and leaseback	(1.0)	-
– Rental straight lining	(0.4)	-
	(10.9)	(2.7)
Distributable income	5.1	3.4

Distributable Income v Cash Earnings v Distributions



¹ FY08 cash earnings includes a one-off early occupation benefit at ARCBS of approximately \$250,000

APPENDIX A

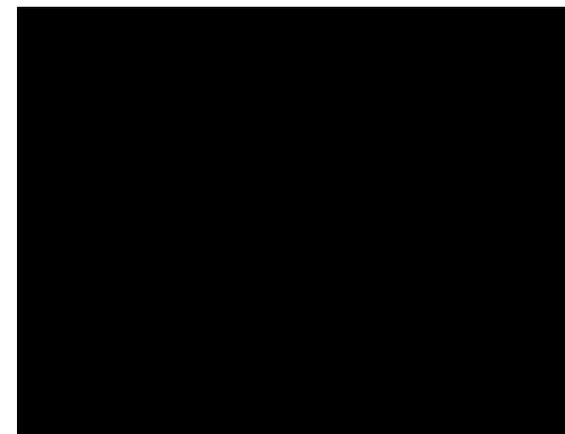
Debt profile

	Facility 1	Facility 2	Facility 3	Facility 4
Bank	NAB/ING	NAB	NAB	St George
Borrower	Head Trust	Joint Venture	Head Trust	Sub Trust
Limit (\$m)	66.0	9.1	20.75	44.5
Amount drawn (\$m)	65.1	9.1	17.45	44.5
Loan to value ratio (LVR) actual	56.1%	59.7%	71.7%	64.0%
LVR bank covenant	65%	65%	77%	65%
Interest cover ratio (ICR) actual	2.01x	1.80x	1.41x	1.83x
ICR bank covenant	1.5x	1.5x	1.2x	1.5x
% Hedged	98%	70%	-	86%
Facility expiry	Feb 2010	Feb 2010	Feb 2010 ¹	April 2011

¹ As at 30 June 2008, the expiry was April 2009. Post balance date the Fund entered into an extension with NAB to February 2010

Australian Red Cross Blood Service Facility (ARCBS)

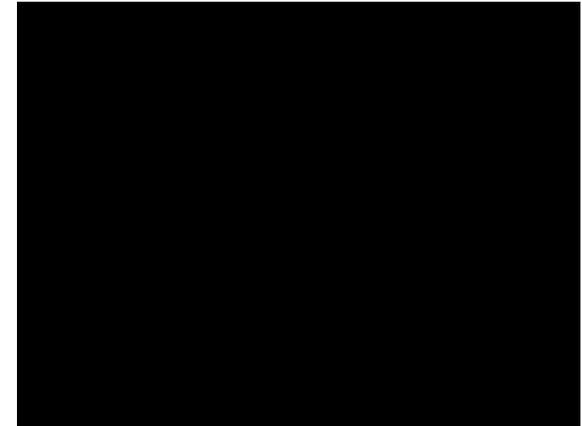
Location	Brisbane, QUEENSLAND
Description	Blood testing, processing and distribution centre Part of University Medical School
Built	2008
Independent valuation	\$69.5 million
Valuation date	February 2008
Major tenant	ARCBS
WALTE	21.7 years
Site area	7,000m ²
GLA	20,000m ²
Occupancy	98% leased (plus balance 2% with 1 yr rental guarantee from April 2008)
Rental reviews	Higher of CPI or 3% and mid term market reviews



This facility is the Queensland State Headquarters for the ARCBS where they undertake testing, processing and distribution of all blood products to the public and private health systems for the State. In addition, a major university occupies the building for their schools of Biomechanics and Optometry.

Epworth Freemasons Private Hospital & Medical Centre

Location	Melbourne, VICTORIA
Description	Maternity Hospital, Day Surgery, Medical Consulting & Ancillary Services
Built	1980s
Independent valuation	\$34.0 million ¹
Valuation date	December 2007
Major tenant	Epworth Foundation
WALTE	12.5 years
Site area	4,490m ²
GLA	10,000m ²
Occupancy	100%
Rental reviews	Combination of CPI, fixed and market reviews



This facility is located within the exclusive inner suburb of East Melbourne and is a leading provider of maternity services in Melbourne. In addition the facility houses a significant day surgery and medical consulting tenancies.

¹ Leasehold interest

APPENDIX B - IHF PORTFOLIO

Epworth Freemasons Private Hospital (Clarendon Street)

Location	Melbourne, VICTORIA
Description	Hospital with ancillary diagnostic and cancer services
Built	1935, with extensions 1950s, 60s, 70s, 90s and 2007
Independent valuation	\$18.0 million
Valuation date	December 2007
Major tenant	Epworth Foundation
WALTE¹	2.8 years
Site area	9,178m ²
GLA	13,990m ²
Beds	173
Occupancy	100%
Rental review	CPI Reviews from May 2009 to 2011

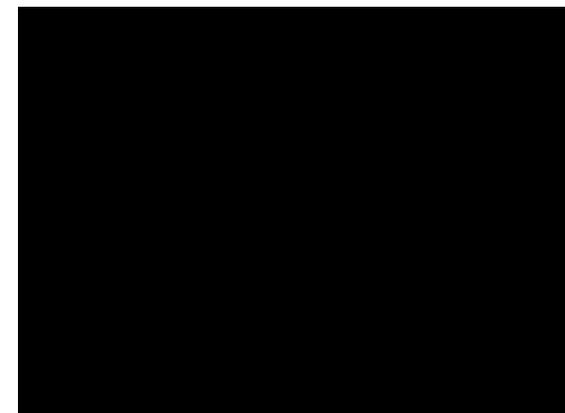


This facility is a 173 bed hospital and associated uses including radiotherapy located in the prime inner suburb of East Melbourne. IHF and the hospital operator are currently progressing a major redevelopment of the site.

¹ A Development Deed with the hospital operator provides for a redevelopment of the site and a new lease

Epworth Rehabilitation Camberwell

Location	Melbourne, VICTORIA
Description	Rehabilitation Hospital
Built	1970 with extension in 1995
Independent valuation	\$17.5 million ¹
Valuation date	June 2008
Major tenant	Epworth Foundation
WALTE	13.3 years
Site area	7,114m ²
GLA	6,275m ²
Beds	74
Occupancy	100%
Rental reviews	CPI and 7 yearly market reviews



This facility is a 74 bed specialist rehabilitation hospital including gym and hydrotherapy pool, and provides physio, occupational therapy, speech therapy and psychological services. Three ancillary buildings adjoin the main hospital and are scheduled for redevelopment by IHF and the main tenant.

¹ Includes \$3.4 million of development land

APPENDIX B - IHF PORTFOLIO
Harvester Centre

Location	Melbourne, VICTORIA
Description	Medical Office Building
Built	Complete Building Refurbishment and Extension 2007
Independent valuation	\$13.7 million
Valuation date	January 2007
Major tenant	Melbourne Health (state government)
WALTE	4.5 years
Site area	5,021m ²
GLA	4,412m ²
Occupancy	100%
Rental reviews	Combination of CPI, fixed and market reviews



This building has undergone a recent extension and full refurbishment and is anchored by a State Government health provider delivering community mental health and aged care services to Melbourne's western suburbs. The building houses 12 tenants.

APPENDIX B - IHF PORTFOLIO
Pacific Private Clinic

Location	Gold Coast, QUEENSLAND
Description	Surgical & Medical Office Building
Built	2000
Independent valuation	\$32.0 million
Valuation date	February 2007
Major tenant	Healthscope Limited (ASX listed)
WALTE	5.9 years
Site area	3,723m ²
NLA	7,954m ²
Occupancy	100%
Rental reviews	Combination of CPI, fixed and market reviews



Pacific Private is a high profile medical office building strategically located in a designated health precinct and directly opposite the main public hospital. The building houses 27 tenants, comprising a key hospital tenant, diagnostic and retail providers and consulting doctors.

APPENDIX B - IHF PORTFOLIO
Frankston Private

Location	Frankston, VICTORIA
Description	Day surgery, cancer services, diagnostic and medical office
Built	2006
Independent valuation (50%)	\$15.25 million
Valuation date	June 2008
Major tenants	Doctor owned day surgery, day oncology and radiotherapy
WALTE	6.3 years
Site area	3,916m ²
GLA	4,539m ²
Occupancy	100%
Rental reviews	Combination of CPI, fixed and market reviews

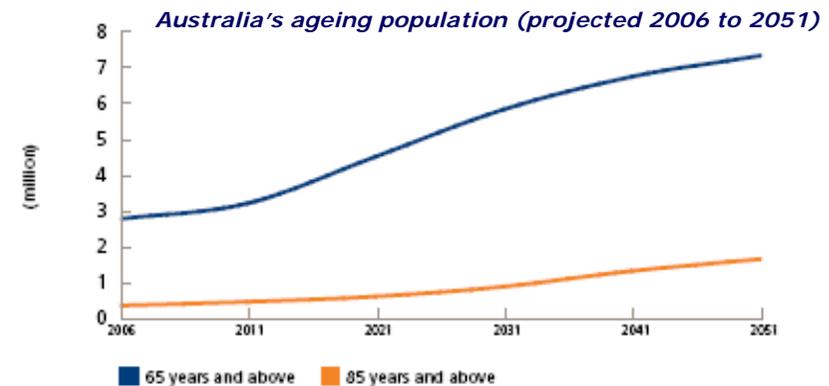
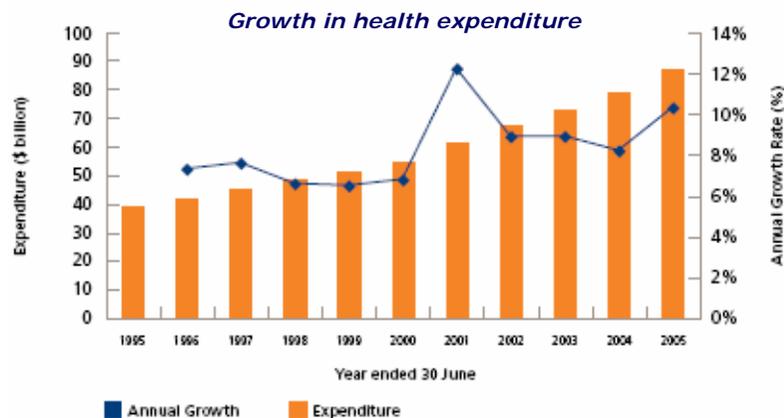


IHF has a 50% interest in this private facility being an integrated outpatient cancer facility including radiotherapy, day oncology and day surgery. The facility is strategically located within 400 metres of the region's major public hospital and within a developing medical precinct.

APPENDIX C

Health Sector overview

- Healthcare spending of \$87 billion in 2005/2006
 - 67% federal and state government, 33% insurance, private pay and other non-government
- Health expenditure nominal growth of 8.3% (real 5.1% pa) for the 10 years to 2005/2006
- Expenditure is forecast to increase to 16% of GDP by 2022, from current level of 9%
- Defensive characteristics
 - Health is a NEED not a want
 - High proportion of funding from Government agencies
 - Insulated to economic cycles
- Unique set of demand drivers
 - Ageing and growing population with increasing life expectancy
 - Technological advances and increasing consumer awareness
 - Strong growth in expenditure (public and private)

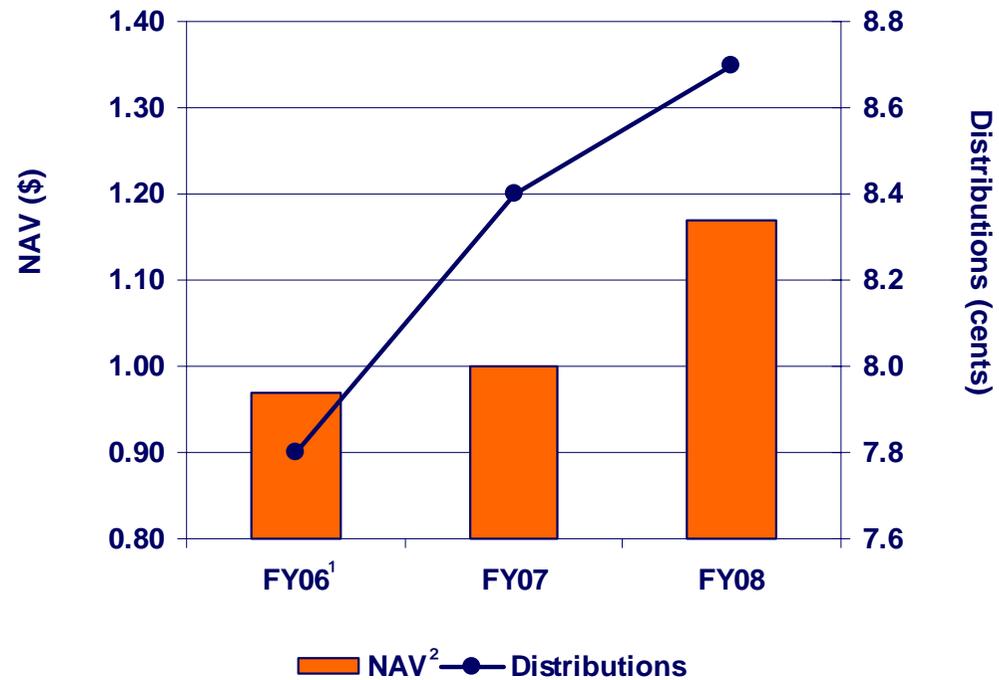


Source: Australian Bureau of Statistics, Cat 3222.0 Series B, November 2005.

APPENDIX D

IHF performance overview

Net Asset Value and Distributions per Unit



¹ The distribution was for a part period and therefore annualised

² Excluding mark-to-market derivatives

Health asset performance

- Health property yields have compressed in relative terms more than traditional property reflecting greater market understanding of the asset class and risk
- Current yields are above traditional sectors, but low level of risk provides an attractive alternative investment

*“CB Richard Ellis has noted a reduced amount of transaction activity to date in 2008. The expectation for the remainder of the year is a general yield softening across most asset classes with prime stock least effected. Institutional investors in the healthcare real estate sector have been very selective in their acquisition programs. Assets acquired typically are modern or refurbished buildings with long term leases in place to recognised operators. These assets have quality and lease characteristics akin to quality well leased office buildings, which, in the main centres have shown yield levels at sub 6% in recent times. The health sector is also supported by increased levels of both patient activity and private healthcare insurance. Quality healthcare assets have showed yield firming to a band of 7% to 8%. With these indicative yield levels at the start point of a market contraction, **the sector is expected to show more resilience to the current market conditions than other prime assets that firmed to a sub 6% yield level.**”*

Brent McGregor, Regional Director Australia & New Zealand

CB Richard Ellis Valuation & Advisory Services

This presentation was prepared by ING Management Limited (ABN 15 006 065 032) (the "Responsible Entity") in respect of ING Real Estate Healthcare Fund (ARSN 118 712 584) ("IHF"). Information contained in this presentation is current as at 18 August 2008. This presentation is provided for information purposes only and has been prepared without taking account of any particular reader's financial situation, objectives or