UNITHOLDER UPDATE

ING Real Estate Healthcare Fund

12 FEBRUARY 2009

DEAR UNITHOLDER,

I am writing to you to provide an update on ING Real Estate Healthcare Fund for the six month period ended 31 December 2008. Further information is included in the Fund's half year announcement and presentation, available on the ING Real Estate website: **www.ingrealestate.com.au**

The last six months has seen a robust performance from the Fund with net operating income up 11% to $2.5 million. The solid result reflects the Fund's quality portfolio of Australian healthcare assets from which the Fund derives rental income, and is underpinned by the defensive nature of healthcare property which has continued to outperform in times of significant economic uncertainty.

THE ECONOMIC ENVIRONMENT

The financial markets have been exceptionally turbulent and challenging over the reporting period following the sub-prime fallout in the United States, with further challenges facing local and world economies in the months and possibly years to come. Equity prices, especially listed property stocks, have been severely impacted in the past twelve months, with a key focus of the market being the exposure of listed entities to maturing debt in an environment where refinancing is more difficult and significantly more costly.

To date governments have reacted swiftly and positively in order to cushion the economic impact, announcing measures to strengthen their financial systems given the severity of the economic downturn.

Given the demand for health services are less impacted by the economic challenges we face, the Fund's sole focus on specialised healthcare property assets places it in a stronger position when compared to traditional property classes. The Fund's long dated leases and forecast stable and growing cashflows reflect the defensive nature of healthcare.

FINANCIAL PERFORMANCE FOR THE HALF YEAR

Net operating income increased 11% to $2.5 million for the half year to 31 December 2008, up from $2.2 million in 2007. The other financial highlights of the half year include:

> Net operating income per unit up 9% to 4.9 cents
> Distributions per unit steady at 4.35 cents
> Property net asset value per unit [1] $1.33 up from $1.17 at 30 June 2008

[1] Excludes mark-to-market of derivatives. The statutory (inclusive of mark-to-market of derivatives) net asset value per unit was $1.10 and $1.29 at 31 December 2008 and 30 June 2008 respectively

	2008 HALF YEAR	2007 HALF YEAR	% CHANGE
Net operating income ($m)	2.5	2.2	↑ 11%
Net operating income per unit (cpu)	4.9	4.5	↑ 9%
Distributions per unit (cents)	4.35	4.35	→ —
Tax deferred component [1] (%)	86.0	86.1	
Property net asset value [2] ($)	1.33	1.13	↑ 18%
Total assets ($m)	216.6	205.0	↑ 6%
Total debt ($m)	136.3	135.6	↑ 0.5%

[1] Estimate only for 31 December 2008. The tax deferred percentage under the 2007 Half Year heading is the actual annual figure for the year to 30 June 2008

[2] Excludes mark-to-market of derivatives. The statutory (inclusive of mark-to-market of derivatives) net asset value per unit was $1.10 and $1.29 at 31 December 2008 and 30 June 2008 respectively

Following the completion of the $63.5m (net purchase price, pre-acquisition costs) Australian Red Cross Blood Service (ARCBS) building in Brisbane in April 2008 and a full six months contribution from Frankston Private in Frankston, net property income increased to $6.69 million, up 52% on the prior period ($4.45 million). Both ARCBS and Frankston Private were debt funded, resulting in interest expense

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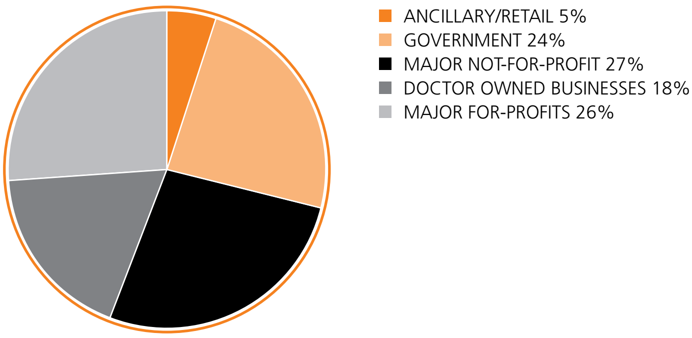
NET INCOME BY HEALTHCARE PROVIDER TYPE (AT 31 DECEMBER 2008)



REVALUATIONS

Four of the Fund's seven properties were independently valued at 31 December 2008 to $111.6 million, with a net increase in value of those properties of $8 million or 13% (16 cents per unit) on the previous independent valuations. The Fund experienced some softening of yields but this was more than compensated by strong rental growth and the lease renegotiation at Epworth Freemasons Clarendon Street campus.

The lease changes at Clarendon Street included a three year extension to the existing lease (which had 2.5 years to run) to 2014 and improved rent review provisions.

As a result of the above valuation increases, two of the Fund's four debt facilities' loan to valuation ratios reduced, resulting in additional covenant head room to that already had.

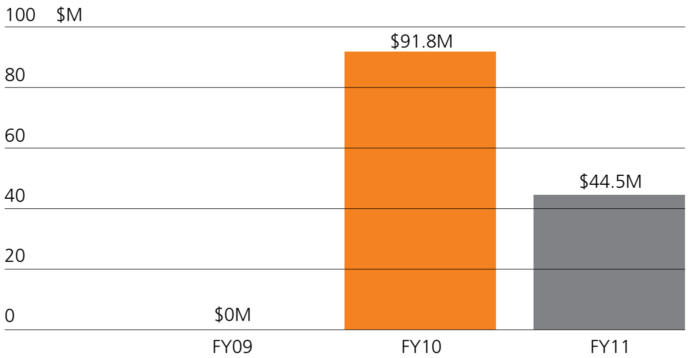
DEBT

The Fund has no debt facility expiries until February 2010 and has 80% of its debt hedged against increases in interest rates. Of the 20% that is un-hedged (circa $30m) the Fund is currently benefiting from the rapidly decreasing interest rate environment within the Australian market.

Management has regular and positive dialogue with the Fund's banks to ensure they fully understand the business, its drivers and its defensive characteristics, and to maintain a strong mutual relationship. Discussions have already been initiated with lenders regarding renegotiations for the 2010 debt maturities.

The debt maturity profile for the Fund is illustrated in the following graph:

DEBT MATURITY PROFILE



COMPLETION OF RED CROSS BLOOD SERVICE FACILITY

With the successful completion of the new Australian Red Cross Blood Service (ARCBS) Queensland State Headquarters in April, the Fund received a full six months contribution to income from the facility.

This asset represents 32% of the total gross assets of the Fund, and its individual weighted average lease term to expiry of 21.7 years as at 31 December 2008 further enhanced the Fund's already long-dated lease profile.

Annual rent reviews are a combination of fixed increases between 3.5 - 4% or increases to the greater of CPI or 3 - 4%, supported by market rent reviews over the medium term. The tenant covenants on this asset are extremely attractive with key Government funded tenants (ARCBS and Queensland University of Technology), and leading contractor, Baulderstone, representing 91% of net income.

WORK IN PROGRESS

The Fund continues to evaluate medium term value-add opportunities for two existing assets within the portfolio in a very considered manner. These opportunities will only be progressed to construction commencement on the basis of a highly robust business case and a suitable funding environment for the Fund. These are:

> an extension to the existing Epworth Rehabilitation Camberwell Hospital in Melbourne which has progressed to town planning (this is expected to take around 12 months to process). This represents a strong opportunity to enhance the value of the existing asset.

> a significant redevelopment of the Epworth Freemasons Clarendon Street campus. This project is currently awaiting the outcome of Epworth's strategic planning for the site and is also subject to master planning of the property.

OUTLOOK

The economic outlook for Australia and the world is very uncertain, and performance of the Fund's property portfolio is likely to be impacted in some form, notwithstanding that the health sector is needs-based and less influenced by economic cycles. All types of property are being adversely impacted by tightening credit conditions, which reduces the availability of debt and increases its cost when it is available.

Having said this, your Fund is invested in a sector that represents 9% of the Australian economy, with expenditure on healthcare services growing at a nominal (including inflation) rate of 8.4% per annum, and the sector exhibiting significant defensive characteristics.

In addition, the Fund represents a simple and transparent structure, enjoys a portfolio of high quality tenants with a lengthy weighted average lease term to expiry of 12.4 years, 99.6% occupancy and solid underlying rental growth mechanisms.

As such Management believes the Fund is well positioned and continues to manage your portfolio in a prudent and diligent manner, seeking to add value and source opportunities where possible.

We thank you for your continued and ongoing support.

MILES WENTWORTH

Chief Executive Officer
ING Real Estate Healthcare Fund