

REAL ESTATE INVESTMENT MANAGEMENT

Date

18 August 2010

Fund

ING Real Estate Healthcare Fund

IHF Delivers Solid and Consistent Result

ING Real Estate Healthcare Fund (IHF) today announced its full year results for the 12 months ended 30 June 2010.

Key highlights for the year include:

- Statutory profit of \$5.9m for FY10 compared to \$(4.4)m loss for FY09;
- Net operating income of \$5.6m up slightly from \$5.5m in the prior year;
- Operating income per unit of 8.6 cents down from 10.9 cents in the prior year primarily due to new units issued as part of the equity raising during the year;
- Debt to total assets reduced to 52% from 65% in FY09 as a result of capital management initiatives;
- Continued high occupancy ending the year at 99.9%;
- Extended weighted average lease expiry profile to 12.0 years;
- Net Tangible Assets per unit of \$0.98 following stable revaluations; and
- Full year distribution of 7.65 cents per unit in line with guidance.

Financial Highlights

During the year the Fund undertook a number of capital management initiatives in order to reduce debt and strengthen the balance sheet including:

- Successfully completed a recapitalisation of the Fund's balance sheet via;
 - o Unit Purchase Plan and a Placement raising \$13.1 million; and
 - o Sale of Epworth Rehabilitation Hospital at Camberwell for \$18.5 million
- Derisked debt profile by successfully refinancing two facilities totalling \$69 million for new 3 year period
- Entered into a joint venture arrangement with Epworth Foundation resulting in the sale of a 50% interest in Epworth Freemasons Clarendon St.

CEO of ING Real Estate Healthcare Fund, Miles Wentworth said "Management has been active in pursuing these capital management initiatives and their successful achievement has resulted in an enhanced risk return profile for unitholders and a stronger capital position with the recapitalised balance sheet".

Operating income per unit for the year was 8.6 cents compared to 10.9 cents for the prior year. With new units being issued for the capital raising, the operating income per unit reduced reflecting an enhanced risk return profile.

The Fund successfully reduced debt to total assets during the year to 52% from 65% for the prior year.

Portfolio Update

As a result of management's active management approach and knowledge of our tenant base, IHF's occupancy levels remained consistently high at 99.9% as a result of 97% tenant retention and leases to four new tenants.

The income of the fund is secured by high quality tenants and a solid rent review profile. As a result IHF achieved like for like rental growth of 3.1% over the year.

One of the key initiatives which has unlocked both income and capital value for our unitholders is the joint venture agreement with Epworth Foundation, over Epworth Freemasons Clarendon Street. The headline lease for the property was extended by 12 years to 2026, this further increased an already long dated lease expiry profile for the Fund to 12.0 years up from 11.5 years at 31 December 2009.

The Fund's NTA per unit has remained stable at \$0.98 compared to \$1.01 at 31 December 2009 supported by stable property valuations. Two of the Fund's six properties were externally revalued at 30 June 2010 while the remainder of portfolio was internally revalued. Epworth Freemasons Clarendon St valuation increased by 16% reflecting the extended lease terms.

Overall the portfolio demonstrated the defensive nature of the health sector with long lease terms, high tenant retention and stable property income.

With regards to Clarendon Street, the joint venture owners, Epworth and IHF are actively pursuing a significant upgrade and expansion of the existing hospital which would provide a facility with 270 inpatient beds and 10 operating theatres. The \$120m redevelopment is expected to be lodged for town planning in late 2010 and remains subject to a number of pre-conditions prior to commencement.

Strategy and Outlook

The Fund is focussed on providing unitholders with attractive risk adjusted returns generated by a high quality, diversified portfolio of healthcare properties.

Three key priorities to deliver this return are:

- Maximise value from the current portfolio of high quality assets which are diversified by location, tenant and service type,
- Deliver growth and diversification opportunities to provide IHF with greater scale and liquidity,



- Be the pre-eminent healthcare REIT within Australian and New Zealand markets drawing on demonstrated management expertise.

Key activities over next 12 months include; actively progressing the Clarendon Street Joint Venture redevelopment to town planning, continuing the management team's strong asset management to drive rental growth, and concluding the refinance of the \$40m debt facility due to expire in April 2011.

Management expect earnings for FY11 will be challenged as debt refinancings are marked to market resulting in increased margins, and forecast a distribution of 3.825 cents per unit for the half year to 31 December 2010. Management will continue to investigate growth and diversification opportunities for the Fund.

The Fund's portfolio continues to have strong fundamental characteristics including high quality assets, long lease terms to quality tenants, majority of leases with either annual CPI or fixed rental reviews, and consistently high occupancy levels along with good tenant retention.

A detailed results presentation for IHF is available on our website: www.ingrealestate.com.au

For further information, please contact

Miles Wentworth

Chief Executive Officer -

ING Real Estate Healthcare Fund
ING Real Estate Investment Management
Australia
T: +61 3 8628 6022

Angela Reade

Investor Relations Manager

ING Real Estate Investment Management
Australia
T: +61 2 9033 1039

About ING Real Estate Healthcare Fund

ING Real Estate Healthcare Fund (ASX code: IHF) is Australia's only externally managed ASX listed real estate investment trust that invests in healthcare properties. The portfolio of six properties includes hospitals, medical centres, rehabilitation facilities, laboratories and other purpose-built healthcare facilities. The Fund partners with high quality healthcare tenants with strongly diversified income streams. IHF has total assets under management of \$178 million with investments located in Victoria and Queensland.

About ING Real Estate Investment Management

ING real Estate Healthcare Fund is one of five listed real estate investment trusts that are managed by ING Real Estate Investment Management Australia on behalf of 60,000 investors.

Globally, ING Real Estate Investment Management focuses on the investment management of quality real estate in all major global markets with a total portfolio of more than A\$100 billion. ING Real Estate Investment Management is one of the leading investment management companies and serves a broad client base from four continents, Europe, North America and South America, Asia and Australia.

ING Real Estate Investment Management is part of ING Group, a global financial institution of Dutch origin offering banking, investments, life insurance and retirement services to over 85 million private, corporate and institutional clients in more than 40 countries