

APPENDIX 4D
Half-year Report
Half-year ended 31 December 2006

Name of Entity: ING Real Estate Healthcare Fund ARSN: 118 712 584
--

Results for announcement to the market

	\$000's	
Revenues from ordinary activities	2,769	
Profit from ordinary activities after tax attributable to members	2,090	
Net profit for the period attributable to members	2,090	
Net realised income distributable to members	1,453	
Net tangible assets per unit (excluding outside equity interest)	31 December 2006 \$1.00	30 June 2006 \$0.97

Note: This is the Funds first interim report since listing in May 2006, therefore prior period comparatives are not available.

Distributions	Amount per unit (cents)	\$000's
Interim - 31 December 2006	4.20	1,280
Previous Corresponding Period	n/a	n/a
Record date for determining entitlements to the distribution	29 December 2006	

Note : Franked amount per unit is not applicable

IHF Half Year results – 31 December 2006

ING Management Limited, as Responsible Entity for the ING Real Estate Healthcare Fund (“IHF” or “the Fund”) today announced the half year performance of IHF for the six months ended 31 December 2006. A webcast will be available via www.ingrealestate.com.au/investment from 9.00am today.

Highlights and achievements include:

Performed

- Successful launch of the Fund in May 2006, with the Initial Public Offer closing oversubscribed. There has been strong interest in the Fund and it has attracted a broad base of investors.
- The Fund and its experienced management team have already established a positive reputation, which has resulted in a strong flow of diverse opportunities.
- Since its launch, the Fund’s portfolio has grown and diversified from a geographical, sub-sector and tenant perspective.
-

- Management has commenced the 2007 calendar year by securing two key acquisitions:
 - Pacific Private Clinic on the Gold Coast, Queensland, an established medical facility accommodating a surgical hospital, day oncology, pathology, radiology, pharmacy and a number of specialist associated medical consulting services. The tenant covenants are considered particularly strong, with approximately 75% of income derived from subsidiaries of significant industry providers including Healthscope Limited, DCA Group and Symbion Health Limited.
 - Harvester Centre, Sunshine, Melbourne, a two level medical office building leased to various public and community health providers, with 74% of the rent roll derived from either government owned or government funded tenants.
- The 2007 first calendar quarter acquisitions will expand the portfolio to five standing investment properties, the tenant base to 45 and total assets to approximately \$130 million.
- Through its recent acquisitions, the Fund has formed relationships with major healthcare providers including Healthscope, DCA Group, Symbion Health Limited, Melbourne Health and the Australian Red Cross Blood Service.

Managed

- Appointed three senior executives to the Fund in August 2006, with over 35 years collective health property specific experience, to create the leading healthcare property team.
- Entered into a 15 year lease with Epworth Foundation for Epworth Rehabilitation Camberwell.
- Occupancy level of 99.4% over the total portfolio with a weighted average lease term of 12.7 years (as at 31 December 2006).

Outlook

The provision of healthcare is a rapidly growing sector, driven by increasing life expectancy, an ageing population and significant advances in medical procedures and technologies. The Fund is the only ASX-listed property trust specialising in healthcare real estate, and as such is well placed to capitalise on the significant growth opportunities within this dynamic sector.

Commenting on the six month result, Miles Wentworth, Chief Executive Officer of IHF said, "I am pleased to announce the performance of the Fund over the last six months has been very positive on all fronts. We have made several acquisitions over the period, in addition to establishing key partnerships with scale healthcare providers. The Fund expects to continue this positive trend in 2007 with Management looking to derive additional value through active management of the current portfolio, organic growth opportunities from within the current portfolio and strategic acquisitions, with the ongoing strategy of providing long dated and growing income for investors."

For further details, please refer to the following documents:

- Directors' report
- Financial report
- Results presentation
- Fund review document

A handwritten signature in black ink, appearing to read 'Anna Crawford', written in a cursive style.

Anna Crawford
Company Secretary

26 February 2007



ING REAL ESTATE HEALTHCARE FUND

INTERIM REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

ING Real Estate Healthcare Fund
Interim report
For the half-year ended 31 December 2006

Contents

	Page
Directors' report	1
Interim financial report	
Consolidated income statement	4
Consolidated balance sheet	5
Consolidated cash flow statement	6
Consolidated statement of changes in equity	7
Note 1 Basis of preparation	8
Note 2 Distributions	9
Note 3 Earnings per unit	10
Note 4 Investment properties	10
Note 5 Issued units	12
Note 6 Subsequent events	12
Directors' declaration	13
Independent review report	14

ING Real Estate Healthcare Fund (ARSN 118 712 584) is an Australian registered scheme. ING Management Limited, the Responsible Entity of the Fund, is incorporated and domiciled in Australia.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 30 June 2006 and any public announcements made by the Fund during the half-year in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

ING Real Estate Healthcare Fund Directors' report For the half-year ended 31 December 2006

The directors of ING Management Limited, the Responsible Entity of the ING Real Estate Healthcare Fund (the "Fund"), present their report together with the Fund's financial report for the half-year ended 31 December 2006 and the independent auditor's review report thereon.

Directors

The directors of the Responsible Entity at any time during or since the end of the half-year were:

Richard Colless AM	Chairman
David Blight	
Michael Easson AM	
Philip Clark	
Paul Scully	
Phillip Redmond	Appointed 17 August 2006
Hugh Thomson	Alternate director for David Blight
Adrian Astridge	Alternate director for David Blight

Except as noted, they were directors of the Responsible Entity during the whole of the half-year and up to the date of this report.

Review and results of operations

The Responsible Entity uses the Fund's distributable income as a guide to the level of distributions to be paid to unitholders. Distributable income does not take into account certain items recognised in the income statement including unrealised gains or losses on the revaluation of the Fund's investment properties and financial instruments.

The Fund was constituted on 12 December 2005, but did not commence operations until May 2006. Accordingly, there is no comparative data for the half-year ended 31 December 2005.

Distributable income was \$1,453,000 for the December 2006 half-year. Distributable income per unit for the 2006 half-year was 4.8 cents. This result is higher than the Product Disclosure Statement ("PDS") forecast primarily due to the acquisition of Cedar Court Rehabilitation Hospital.

Distribution per unit for the half-year is 4.2 cents, which is consistent with the PDS forecast.

Earnings per unit as calculated under applicable accounting standards for the half-year ended 31 December 2006 were 6.9 cents.

Total assets increased by \$29,402,000 or 62.6% to \$76,345,000 over the half-year as a result of acquisition of Cedar Court Rehabilitation Hospital, Camberwell, Victoria, and the construction of Australian Red Cross Blood Service building at Kelvin Grove, Queensland.

Net asset value per unit increased by 3.1% to \$1.00 as a result of revaluations of the Fund's derivative financial instruments.

No additional units were issued during the half year. Closing units on issue totalled 30,500,000.

**ING Real Estate Healthcare Fund
Directors' report
For the half-year ended 31 December 2006**

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 3.

Rounding of amounts

The Fund is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars.

Signed in accordance with a resolution of the directors of the Responsible Entity.



Hugh S Thomson
Director
Sydney
26 February 2007



PITCHER PARTNERS

ACCOUNTANTS AUDITORS & ADVISORS

Level 3
60 Castlereagh Street
Sydney NSW 2000
Australia

Tel: 02 9221 2099
Fax: 02 9223 1762

www.pitcher.com.au
partners@pitcher-nsw.com.au

Pitcher Partners is an association of independent firms
| Melbourne | Sydney | Brisbane | Perth | Adelaide

W M WILSON
N K BANKS
D A CARTWRIGHT
C J CHIRGWIN
K J CRANFIELD
A W ELKERTON
M A GODLEWSKI
D M HODGKINSON
D S MCGILL
C R MILLINGTON
Y E PIETSCH
R M SHANLEY
D W STAPLES
D G YOUNG

CONSULTANTS:
J S YOUNG
D G BARNSDALL
P S ROWE

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of ING Real Estate Healthcare Fund

As lead audit partner for the review of the consolidated financial statements of ING Real Estate Healthcare Fund for the six months to 31 December 2006, to the best of my knowledge and belief there have been:

no circumstances that are inconsistent with the requirements of the Corporations Act 2001; and

Mark Godlewski
MARK A GODLEWSKI

ING Real Estate Healthcare Fund
Consolidated income statement
For the half-year ended 31 December 2006

	Notes	Half-year ended 31 December 2006 \$'000
Revenue		
Rental income		2,678
Interest income		91
		<u>2,769</u>
Other income		
Net gain on fair value adjustments to derivatives		637
Expenses		
Property expenses		(460)
Finance costs		(588)
Responsible Entity's fees		(155)
Other		(113)
		<u>2,090</u>
Net profit attributable to unitholders of the Fund		
		<u>2,090</u>
		Cents
Distributions per unit	2	4.2
Distributable income per unit	3	4.8
Earnings per unit - basic and diluted	3	6.9

ING Real Estate Healthcare Fund
Consolidated balance sheet
As at 31 December 2006

		31 December	30 June
		2006	2006
	Notes	\$'000	\$'000
Current assets			
Cash		2,326	1,542
Receivables		70	3,817
		2,396	5,359
Non-current assets			
Investment properties	4	58,556	41,470
Properties under construction	4	14,334	-
Derivatives		751	114
Other		308	-
		73,949	55,841

ING Real Estate Healthcare Fund
Consolidated cash flow statement
For the half-year ended 31 December 2006

	Half-year ended 31 December 2006 \$'000
Cash flows from operating activities	
Rental and other property income	2,901
Property and other expenses	(658)
Interest received	89
Borrowing costs paid	(1,430)
Goods and services tax refunded from investing and financing activities	4,554
	<u>5,456</u>
Cash flows from investing activities	
Purchase of and additions to investment properties and property under construction	<u>(29,742)</u>
Cash flows from financing activities	
Distributions to unitholders	(397)
Proceeds from borrowings	25,467
	<u>25,070</u>
Net increase/(decrease) in cash	784
Cash at the beginning of the half-year	1,542
Cash at the end of the half-year	<u>2,326</u>

ING Real Estate Healthcare Fund
Consolidated statement of changes in equity
For the half-year ended 31 December 2006

	Half-year ended 31 December 2006 \$'000
Notes	<u> </u>
Total unitholders' interest at the beginning of the half-year	29,660
Net profit for the half-year	<u>2,090</u>
Total recognised income and expense for the half-year	<u>2,090</u>
Transactions with unitholders in their capacity as equity holders:	
Distributions paid or payable	2 <u>(1,280)</u>
	<u>(1,280)</u>
Total unitholders' interest at the end of the half-year	<u>30,470</u>

**ING Real Estate Healthcare Fund
Notes to the financial statements
For the half-year ended 31 December 2006**

1. Basis of preparation

This general purpose financial report for the half-year ended 31 December 2006 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* (the "Act").

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 30 June 2006 and any public announcements made by the Fund during the interim reporting period in accordance with the continuous disclosure requirements of the Act.

The accounting policies adopted are consistent with those of the previous financial year.

The Fund was constituted on 12 December 2005, but did not commence operations until May 2006. Accordingly, there is no comparative data for the half-year ended 31 December 2005.

The Fund is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in financial reports. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars.

ING Real Estate Healthcare Fund
Notes to the financial statements
For the half-year ended 31 December 2006

2. Distributions

	Half-year ended 31 December 2006 Cents
	<u> </u>
(a) Rates and amounts of distributions	
Distributions have been paid or are payable in respect of the following periods in the half-year at the following rates (in cents per unit):	
Half-year ended 31 December	4.2
	<u> </u>
	Half-year ended 31 December 2006 \$'000
	<u> </u>
The total amounts of these distributions were:	
Half-year ended 31 December	1,280
	<u> </u>
(b) Distributable income	
Distributable income is calculated as follows:	
Net profit for half-year attributable to unitholders	2,090
Adjusted for unrealised gains and losses:	
Net gain on fair value adjustments to derivatives	(637)
Distributable income	<u>1,453</u>
Distributable income brought forward	114
Distributions paid or payable	<u>(1,280)</u>
Distributable income carried forward	<u>287</u>

ING Real Estate Healthcare Fund
Notes to the financial statements
For the half-year ended 31 December 2006

3. Earnings per unit

	Half-year ended 31 December 2006
Distributable income - \$'000	1,453
Profit attributable to unitholders - \$'000	2,090
Weighted average number of units outstanding - '000	30,500
Distributable income per unit - cents	4.8
Basic and diluted earnings per unit - cents	6.9

4. Investment properties and properties under construction

(a) Summary of carrying amounts

	31 December 2006 \$'000	30 June 2006 \$'000
Investment properties (non-current)	58,556	41,470
Properties under construction (non-current)	14,334	-
	72,890	41,470

ING Real Estate Healthcare Fund
Notes to the financial statements
For the half-year ended 31 December 2006

(b) Individual valuations and carrying amounts

Property	Cost to date \$'000	Latest external valuation		Carrying amount	
		Date	Valuation \$'000	31 Dec 2006 \$'000	30 Jun 2006 \$'000
Cedar Court Rehabilitation Hospital Cnr Toorak & Burke Roads Camberwell Vic	16,808	4/8/06	15,850	16,808	-
Epworth Freemasons Maternity Hospital & Medical Centre Victoria Parade East Melbourne Vic (1)	26,034	1/4/06	34,200	26,034	25,822
Epworth Freemasons Private Hospital Clarendon Street East Melbourne Vic	15,714	1/4/06	14,300	15,714	15,648
	<u>58,556</u>		<u>64,350</u>	<u>58,556</u>	<u>41,470</u>
Total investment properties	<u>58,556</u>		<u>64,350</u>	<u>58,556</u>	<u>41,470</u>
Property under construction					
ARCBS Facility Cnr Musk Avenue & Blamey Street Kelvin Grove Brisbane Qld (2)	14,334		-	14,334	-
Total properties under construction	<u>14,334</u>		<u>-</u>	<u>14,334</u>	<u>-</u>

4. Investment properties and properties under construction (continued)

- (1) Valuation assumes settlement of the freehold contract. The Fund currently holds the property under leasehold with settlement of the \$10.7m freehold contract expected upon subdivision of the property.
- (2) The Australian Red Cross Blood Service (ARCBS) Queensland Headquarters is currently being constructed. The Fund has taken an 80 year ground lease over the land and is currently developing the facilities with agreements to lease in place with ARCBS and Queen University of Technology which will commence on practical completion, estimated to be April 2008. Total acquisition price before costs is \$63.5 million.

Investment property has not been valued by external valuers at reporting date and is carried at the Responsible Entity's estimate of fair value in accordance with the accounting policy detailed at note 1(d) of the 30 June 2006 financial report.

ING Real Estate Healthcare Fund
Notes to the financial statements
For the half-year ended 31 December 2006

(c) Movements in carrying amount

	Half-year ended 31 December 2006 \$'000
Carrying amount at beginning of half-year	41,470
Additions	17,086
Additions to property under construction	14,334
Carrying amount at end of half-year	<u>72,890</u>

5. Issued units

(a) Carrying amounts

At beginning and end of half-year	<u>29,432</u>
-----------------------------------	---------------

(b) Number of issued units

	Half-year ended 31 December 2006 '000
At beginning and end of half-year	<u>30,500</u>

(c) Terms of units

All units are fully paid and rank equally with each other for all purposes. Each unit entitles the holder to one vote, in person or by proxy, at a meeting of unitholders.

6. Subsequent events

On 15 January 2007 the Fund announced it had contracted to acquire the freehold interest in two additional healthcare properties, Pacific Private Clinic, Queensland and Harvesters Centre, Victoria, for a combined total of \$45.2 million. Settlement of the acquisitions occurred on 5 February 2007 funded through debt. A Product Disclosure Statement was lodged with the Australian Securities and Investments Commission on 13 February 2007 to raise \$20,925,000 of equity by a combination of a non-renounceable 1 for 2 rights issue and a public offer. The net proceeds from the offer will be used to reduce debt.

**ING Real Estate Healthcare Fund
Directors' declaration
For the half-year ended 31 December 2006**

In the opinion of the directors of ING Management Limited, the Responsible Entity of ING Real Estate Healthcare Fund:

- (a) the consolidated financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Fund's consolidated financial position as at 31 December 2006 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; and
 - (ii) complying with accounting standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors of the Responsible Entity.

Hugh S Thomson
Director
Sydney
26 February 2007



PITCHER PARTNERS

ACCOUNTANTS AUDITORS & ADVISORS

Level 3
60 Castlereagh Street
Sydney NSW 2000
Australia

Tel: 02 9221 2099
Fax: 02 9223 1762

www.pitcher.com.au
partners@pitcher-nsw.com.au

Pitcher Partners is an association of independent firms
| Melbourne | Sydney | Brisbane | Perth | Adelaide

W M WILSON
N K BANKS
D A CARTWRIGHT
C J CHIRGWIN
K J CRANFIELD
A W ELKERTON
M A GODLEWSKI
D M HODGKINSON
D S MCGILL
C R MILLINGTON
Y E PIETSCH
R M SHANLEY
D W STAPLES
D G YOUNG

CONSULTANTS:
J S YOUNG
D G BARNSDALL
P S ROWE

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF ING REAL ESTATE HEALTHCARE FUND

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of the consolidated entity which comprises the condensed balance sheet as at 31 December 2006, condensed income statement,

**INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF ING REAL ESTATE HEALTHCARE FUND**

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the consolidated entity is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and

_____ the Accounting Standard AASB 124 Interim Financial Reporting and

Mark Godlewski
ODLEWSKI _____
