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ING Medical Properties Trust announces interim profit increase of 24%

ING Medical Properties Trust (the Trust) today announced it has recorded an unaudited net profit after tax of $5.3 million for the six-month period to 31 December 2007. This is an increase of 24% over the same period last year (excluding unrealised currency and interest rate swap movements).

Total property revenue has increased to $10.5 million, 8.3% above the $9.7 million for the same period last year. At period end, the net tangible asset backing is $1.29 per unit, up from $1.28 as at 30 June 2007 (excluding deferred tax on revaluation gains on capital account property). The increase can be attributed to the exchange rate movement over the period. The Trust's debt-to-total-assets ratio remains conservative at 29% (which will increase to 33% after the completion of Ascot Central).

David Carr, General Manager of the Manager of the Trust says that "the Trust has been actively managing the existing portfolio while pursuing a number of opportunities in the healthcare property sector. The result reflects the strength of this strategy".

The pre-tax income distribution for the six months to 31 December 2007 increased 4.3% to 4.9 cents per unit from 4.7 cents for the half year to 31 December 2006. Based on a unit price of $1.16, the equivalent gross yield is 10.7% for 33% marginal tax payers and 11.7% for 39% marginal tax payers.

Highlights for the period include:

- Total property revenue increased by 8.3%
- 4.3% increase in interim distributions
- Portfolio occupancy of 99.5%
- Upcoming lease expiries of less than 1% in the balance of the financial year
- Acquisition of the Apollo Health and Wellness Centre
- Completion of Kensington Hospital, Whangarei Endoscopy unit extension
- New eight-year lease term agreed with Biomed, Pt Chevalier, Auckland
- Exposure to rises in interest rates minimised
- Reduction in bank fees
- Unitholder approval of an increase in the maximum gearing ratio
- Improved corporate governance, including:
  - Unitholders to nominate and vote on independent Directors
  - Lower threshold for unitholders to request an extraordinary meeting of the Trust to unitholders holding 5% or more of the units
  - Separate auditor for the Manager and the Trust

Operating overview

The Trust has a low risk portfolio of quality assets with excellent tenant covenants, long-term secure lease structures with earnings resilience and sustainable rental growth. The Trust's weighted average lease term remains by far the longest of the New Zealand Listed Property sector, at 9.4 years (the New Zealand Listed Property Trust average as at 31 December 2007 was 5.8 years), providing strong core earnings underpinned by secure lease contracts.

The defensive nature of the assets that make up the property portfolio is further supported by a very secure interest rate and capital management position. Of the Trusts' drawn debt, 94% is hedged by interest rate swaps. The swaps have a weighted average interest rate of 6.38% (excluding fees) and a duration of 4.8 years. There are no swap expiries in the next twelve months.

As at 31 December 2007, portfolio vacancy levels remain at less than 1%. The total portfolio vacancy will increase to approximately 5% following the settlement of Ascot Central in March 2008, which is currently 40% pre-leased. Following a period of light leasing activity in late 2007 and early 2008, the Manager is now pursuing a number of new leasing opportunities.

In October 2007, the Trust acquired the Apollo Health and Wellness Centre in Albany, on Auckland's North Shore. Apollo is an integrated primary healthcare facility and is recognised nationally as the favoured model for the provision of primary healthcare in New Zealand. The $23m acquisition has a substantial and diversified medical and healthcare tenant pool.

Outlook

Notwithstanding historic and forecast economic conditions, the underlying fundamentals of the Trust and its property portfolio remain solid and defensively positioned. The Trust has strong, long-term income streams secured by lease contracts and a well-insulated interest rate and capital management profile.

Underlying health sector fundamentals are robust, and retain a positive outlook. A number of industry statistics support the solid health and medical sector growth in both New Zealand and Australia, particularly in the provision of private sector healthcare services.

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