REAL ESTATE INVESTMENT MANAGEMENT

ASX ANNOUNCEMENT

ING REAL ESTATE ENTERTAINMENT FUND (IEF)

22 February 2010

HALF YEAR RESULTS AND UNITHOLDER BRIEFING PRESENTATION

ING Real Estate Entertainment Fund announced today its results for the half year ended 31 December 2009.

Commenting on the result, IEF Chief Executive Officer, Daniel Hargraves said, "The operating environment continues to be challenging and has impacted the Fund's performance. Our focus over the past six months has been centred on resolving key capital risks. Reducing gearing through assets sales, working closely with tenants to assist in strengthening their operating business and refinancing expiring debt facilities have been the Fund's key activities in this process."

Key Financial Metrics

- Statutory loss of $24.4m
- Operating income of $6.3m
- Executed an extension of a $180 million five year senior debt facility
- Net Tangible Assets (NTA) per unit of $0.65
- Reduction in total debt from $255.7 million to $232.6 million

The 9% decline in operating income was largely attributable to asset divestments, re-leasing of a number of assets and the effects of higher borrowing costs in the period. The Fund's statutory result and NTA were negatively impacted by a decline in investment property values of $27.7 million.

Refinance and Debt Facilities

As announced to the market today, IEF negotiated the extension of its $180 million secured debt facility for up to a five year term. Key terms agreed include:

- Term extended up to five years with an expiry in February 2015
- An all in cost of debt of 8.6%[(1)]
- LVR covenant of 70% until 30 December 2010 and then reducing to 60% thereafter
- IEF cannot pay cash distributions until the LVR is at or below 50%[2]

1. Fund all-in cost of debt includes weighted average of fixed interest rate hedges, margin, line fees and amortisation of establishment fees for the refinanced Australian and New Zealand facilities
2. Under the terms of the facility agreement distribution payments can be made to unitholders provided there is an approved underwritten distribution reinvestment plan in place

Whilst the debt facility documents have been executed, the agreements are subject to a number of conditions that need to be completed by 15 March 2010 before the loan agreement is unconditional. This includes the completion of agreements on a number of collateral documents in relation to a 'profit improvement plan' for Icon Hospitality Management (Icon), the Fund's largest tenant. The majority of these documents are significantly progressed, however final completion requires third party agreement. The parties are pro-actively working towards resolution of these agreements as a priority however, failure to achieve the completion of agreements by 15 March 2010 will constitute a breach of IEF's refinancing conditions.

The remaining 2010 debt expiries, including the Convertible Loan Securities ($19.6 million) and the second secured debt facility ($32.9 million), mature in July and September 2010 respectively. Discussions to refinance these facilities are underway with lenders.

Portfolio Update

Tenants within the portfolio have faced challenging conditions throughout 2009, resulting from regulatory pressure, tighter credit markets and dampened consumer spending. Management has been working with our tenants to improve operating performance and this still remains a key focus.

Notable portfolio achievements during the period include:

- Asset sales of $24.5 million on a weighted average cap rate of 9.4%.
- The Fund and its lender working with Icon to create a profit improvement plan that is designed to enhance IEF venues and improve their performance
- Successful re-leasing of Lawson Hotel and Hibernian Hotel to a highly experienced operator, Australian Leisure Group
- Refurbishment and successful re-leasing of the Courthouse in Cairns

Valuations

The weighted average capitalisation rate of the property portfolio increased 50 basis points to 9.1%, resulting in a decrease in asset value of $27.7million (10%). Management believes that capitalisation rates may expand further in the short term before stabilising, however, we have extended the LVR covenant levels as part of the new debt facility providing additional covenant headroom is in place should there be further negative revaluations.

Outlook

"IEF faces a number of immediate challenges. By completing the revised commercial agreements in place with Icon as part of refinancing the Fund's senior debt facility, the Fund's capital structure uncertainty will be reduced. This will allow management to focus on other capital activities that further stabilise the Fund." said Mr Hargraves.

The Fund's immediate operational objectives include:

- Achieving refinancing conditions including completion of the revised commercial agreements with Icon by 15 March 2010
- Resolving Convertible Loan Security and second secured debt facility expiries

- Reducing the LVR level to enable the re-instatement of distribution payments to investors
- Initiating Icon capital expenditure programme to underpin operational performance and value
- Reviewing Fund structure opportunities

The introduction of new equity is also being considered as a possible strategy to accelerate the deleveraging process and strengthen the Fund's balance sheet. As communicated previously, introducing new equity to the Fund will only be pursued if it is determined to be in the interests of unitholders.

Further information can be found in the enclosed Unitholder Briefing presentation or on our website www.ingrealestate.com.au

>End<

About ING Real Estate Entertainment Fund
ING Real Estate Entertainment Fund is a publicly listed property trust which invests in the freehold of entertainment and leisure venues throughout Australia and New Zealand.

About ING Real Estate Investment Management
ING Real Estate Entertainment Fund is one of six property trusts managed by ING Real Estate Investment Management Australia (INGREIMA) on behalf of 60,000 investors. INGREIMA meets the needs of both institutional and retail investors through listed and unlisted Funds. The Funds operate in key real estate sectors including office, industrial, retail, seniors housing, entertainment and healthcare property. INGREIMA is part of the global ING Real Estate Investment Management platform. With over 70 Funds, offices in 21 countries and more than 1500 employees across the globe, ING Real Estate Investment Management is one of the world's leading property investment managers.

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Chairman's speech

I want to welcome everyone to today's unitholder briefing for the ING Real Estate Entertainment Fund.

Typically, this meeting is held sometime in November. We decided late last year however, to defer holding the meeting because management was involved in negotiations on a major refinancing proposal on behalf of the Fund.

We took the view that it was better to be able to come to this meeting with the matter resolved. I will briefly talk to this in a moment.

Firstly, can I introduce the independent directors of ING Management Limited.

- Paul Scully (Compliance & Sustainability)
- Philip Clark (Audit)
- Michael Easson
- Phillip Redmond

I apologise on behalf of Denis Hickey, CEO of ING Real Estate Australia, who is unfortunately overseas on ING business.

Also present is the senior staff of the Fund and auditors Ernst and Young.

The format today, is that I will shortly hand over to Daniel Hargraves, the CEO of the Fund, who will provide you with an update on its activities, but also the outlook for its future and the sector as a whole.

We will then move to answering your questions. I want to emphasise in advance that we have virtually an unlimited amount of time to address these.

Before handing over to Daniel, I think it's important to make the point that the Fund faces a number of immediate challenges.

However, by completing the revised commercial agreements in place with the Fund's largest tenant , Icon, as part of refinancing the Fund's senior debt facility (about which I referred to in my introduction), the Fund's capital structure uncertainty will be reduced.

This will then allow management to shift its focus to the resolution of other critically important capital activities.

These include:

- Achieving refinancing conditions, including completion of revised commercial agreements with icon, by 15 March 2010;
- Resolving convertible loan security and second secured debt facility expiries;
- Reducing the Fund's loan to ratio level to enable the reinstatement of distribution payments to investors; and
- Initiating a capital expenditure program with Icon to underpin that businesses operational performance value.

I think it is also appropriate that I also say that subject, obviously to it being in the best interest of unitholders, the introduction of new equity is also being considered as a possible strategy to accelerate the deleveraging process and strengthen the funds balance sheet.

I think you are all aware of the Fund's commitment to sustainability. Rather than duplicate what is covered in the Annual Report. Please feel free to raise any questions in this regard after the Fund update.

On that note, I will now ask the Fund CEO, Daniel Hargraves to come forward.

>End<

Chief Executive Officer address:

Thank you Richard,

Good afternoon ladies and gentlemen my name is Daniel Hargraves.

I would like to thank unitholders for your attendance this afternoon and for your patience in waiting longer than usual for this annual meeting.

Traditionally, the meeting is held in early December, however we delayed it until today so we could conclude a number of capital management initiatives in our attempt to stabilise the Fund's capital position.

It is important that I acknowledge the disappointing results IEF has delivered in its investment performance.

I understand this acutely; I am an investor in the Fund and I can assure you we are taking very serious steps to restore both performance and value.

We have worked hard to try to put the Fund on a more stable footing and we have made progress on this front. I will talk about this in more detail later.

In this afternoon's presentation I will take you through the activities of the Fund over the past 12 months, provide a capital management update and outline the Fund performance for the half year ended 31 December 2009 before concluding with our outlook for the IEF business in the short term.

THE YEAR IN REVIEW

Market conditions

As I am sure many of you are aware 2009 has been a difficult year in investment and financial markets and one which was categorised by:

- constrained and expensive debt; and
- wide-scale deleveraging in real estate markets via asset sales programmes and a large number of substantial equity raisings (AREITS raised a total of $11.9 billion in new equity in 2009).

Funds have focussed capital management strategies including reducing debt and gearing levels and strengthening balance sheets to de-risk portfolio's and stabilise structures.

These factors have led to shifts in investor sentiment and a retreat from A-REITs as investor concerns about high debt levels, refinancing risks, and earnings have mounted.

2009 also proved a difficult period for the pub sector and our operator performance has been impacted by a number of factors:

- adverse shifts in consumer spending;
- restricted access to finance to fund growth; and
- consecutive interest rates rises and employment uncertainty at a consumer level.

This has led to decrease in revenue across the sector and as a result both rents and values have come under pressure.

IEF has clearly experienced the full effect of the difficult conditions which is evident in our unit price and overall performance.

However, I would like to assure you that we have remained proactive in our attempts to address these challenges, and stabilise IEF's capital structure and earnings during this time.

Specifically, capital management has been a major focus over the last 12 months.

We have secured refinancing for $180 million of Fund debt which is a vital step in stabilising the Funds capital structure and helps establish a more solid footing.

Asset sales over the last 12 months have reduced total debt by $45 million, or 17%. The Fund has two remaining debt facilities expiring in 2010 which are an immediate focus for us and which I will discuss further into the presentation.

To address operational challenges, we have been pro-actively working with our operators, and specifically our largest tenant Icon, to develop a strategy aimed at stabilising performance and underpinning profitability. We are also working with other key tenants to navigate the challenges they face.

Resolving these challenges will help us achieve our overall objective of restoring value by reinstating distributions and bridging the NTA discount in the unit price and positioning the Fund to take advantage of growth opportunities that may eventuate going forward.

IEF performance impacted

The chart provides a general overview of the performance of the broader real estate accumulative index relative to the pub sector at a macro level.

The property index is represented by the dark blue line, IEF's performance over the last five, or so, years is illustrated by the orange line. Below that is the Redcape Property Fund (ex HLG), and the ALE Property Group is shown by the grey line at the top.

The real estate sector overall has suffered over the last few years as conditions have deteriorated, and IEF has, as you can see, tracked generally in line with movements in the index, although IEF's performance has also been affected by a variety of factors at both a macro and Fund level.

In addition to the broader sector issues, IEF's value has been impacted by issues at the operational level in the Fund itself, specifically around refinancing and earnings risks.

Key risks

Specific issues that have impacted value and which have been a key focus over the last 12 months can be categorised as:

- Refinancing risks - the level of debt within the Fund and our ability to maintain compliance with debt covenants, and to refinance maturing facilities are key concerns for unitholders.

  We have two facilities remaining to be refinanced, which I will discuss in detail shortly, however the recent refinancing of our major secured debt facility assists in alleviating some of these concerns.

- Earnings uncertainty stemming from the challenging conditions facing our operators presents challenges for the Fund and we have been pro-actively working with our operators to minimise the impact of these conditions on our performance.
- Asset values and balance sheet strength has been a key focus. IEF's portfolio value has declined as investors retreated from the market, reducing demand and pushing up capitalisation rates. While we believe the worst of this has passed and values appear to be stabilising, it is possible we may continue to see further declines into 2010.
- IEF's size has limited the capital options available as investors sought more liquid or more tradable investment options in order to protect their capital positions.

Immediate Challenges

Short term challenges we are focussed on resolving are:

Securing refinancing of our primary senior debt facility was a significant first step and will assist with our other objectives – but we now need to meet some conditions around the refinancing. Specifically there are a number of documents which capture the agreement between the Fund and Icon regarding a capital works programme which I will discuss further in the presentation.

These agreements are required to be completed by 15 March 2010 under the terms of the facility, but I can say that the parties are working co-operatively towards resolution and at this point there is no reason to believe we will not hit this target.

We need to deal with the remaining debt facilities due to expire at various points during the year. We are acutely alert to this issue and we have been working with the lenders to progress this objective.

Finally our focus is ongoing management of operator performance and more importantly its potential effect on the performance of the Fund. As I mentioned earlier, the challenging operating conditions have the potential to impact both the Funds revenue and the value of its assets. We are working proactively with key tenants to develop strategies to minimise these issues.

As I have said, resolution of these objectives holds the key to stabilising the Fund and restoring unitholder value.

KEY FINANCIALS

Fund financial performance over the last six months reflects the difficulties in the operating environment we have faced.

The Fund has recorded a statutory loss of $24.4 million for the six months to 31 December predominantly as a result of adverse movements in asset values.

At the operational level, property income has declined by 16% primarily as a consequence of asset sales, rental variations and deferrals for key tenants.

Operating Income for the period declined by 9% to $6.3 million, or, 3.6 cents per unit.

There were no distributions for the period, with cash from the business applied to our efforts to manage repaying debt, maintain compliance with debt covenants

Further softening of capitalisation rates has resulted in a 17% decline in the Funds NTA to 65 cents per unit, although I should note that we are beginning to see some improvement in transaction volumes and initial signs of stability in this area.

CAPITAL MANAGEMENT

Debt status

At 31 December 2008, IEF's total debt was $280.5 million, however our efforts to deleverage during the year have reduced secured debt by approximately 20% at 31 December 2009, IEF's secured debt stood at a total of $212 million, and total debt at just over $230 million including the CLS.

As a result of refinancing our $180 million facility, or 77% of our core debt, for a new five year term we have increased our weighted average debt maturity to four years and significantly assisted efforts to stabilise the Fund's capital position.

Our immediate focus now shifts to the resolution of the CLS maturing in July 2010 and our secondary senior debt facility which expires in September 2010. Discussions are well underway in these areas.

Financial covenants have been a key focus and we have successfully maintained compliance with these obligations throughout the downturn in the market, a fact that has been well received by our lenders and which has contributed to our refinancing achievements.

$180 million secured debt facility

In terms of the refinancing itself – lengthy negotiations over the last 12 months have concluded with the successful refinance of the Fund's largest debt facility based on the key terms outlined here:

- The facility will be for a five year term;
- an all in cost of debt of 8.6% which includes margin, our existing interest rate hedges and establishment fees amortised over the period.

Covenants under the new facility have been amended to assist the Fund as it navigates the current environment:

- LVR increases to 70% for the 12 months to 31 December 2010 after which it reverts to 60%.
- Interest cover ratio is 1.4 times until 30 June 2011 before reverting back to 1.5 times.
- Net worth to tangible assets, which is a measure of gearing in the Fund will be reduced from 35% to 30%.

These changes demonstrate the support our lenders have provided and their willingness to work with the Fund through the cycle, rather than demanding an asset sale programme to opportunistic buyers at the low point in the market.

Additional requirements for IEF to meet under the terms include:

- Immediate conditions include agreement and execution of documents required to give effect to a refurbishment programme to be undertaken on IEF's Icon tenanted venues. As mentioned, these agreements are required to be resolved by 15 March 2010 for the Fund to remain in compliance with its facilities. As I have previously advised, we are working co-operatively toward a resolution, and we remain confident of achieving this outcome.
- In an effort to continue with our deleveraging objectives we have provided an undertaking to our lender that distributions will be retained in the Fund until the LVR is at or below 50%.
- And finally, assuming we achieve agreement on the documents noted above, we intend to undertake the Icon profit improvement plan as a key step in stabilising our largest tenant, and in turn Fund revenue.

Icon – Profit Improvement Plan

As mentioned, we have been proactively working to manage operator risks, and to minimise the adverse impact on the Fund.

Working in conjunction with Icon and our lender we have developed a strategy to undertake refurbishment works across the Icon portfolio aimed at improving asset performance, enhance venue quality and ultimately to restore long term growth and revenue sustainability.

The strategy includes a number of components as follows:

- IEF will invest $8 million on its Icon venues over the next three years to refurbish Icon venues to improve venue quality and customer amenity.
- Icon's rent will be reduced by $1 million, increases for the next three years will be waived and they will have the benefit of a three month rental deferral to rebase their rent expenses within the business.
- IEF will take a call option over approximately 50% of Icon's business which can be exercised at any time over the next five years, which allows the Fund to participate in the forecast improvements in operating performance and leasehold value.
- IEF will take a put/call options over Icon's FF&E which will enable us to preserve operational assets in the site in the event there is any default in the future. This removes a significant amount of continuity risk and ensures we can preserve the going concern integrity of the assets should circumstances demand.

The strategy is firmly about investing in Fund assets, and our cornerstone tenant, to strengthen performance and underpin long term value.

PORTFOLIO UPDATE

Portfolio snapshot

At 31 December 2009 IEF retains a balanced portfolio diversified by both geography and operators.

Key portfolio metrics include:

- A 13% decrease in total assets from $413.3 million to $359.6 million as a result of asset sales and valuation movements.
- The weighted average capitalisation rate for the portfolio increased from 8.6% at 30 June 2009 to 9.2% at 31 December 2009.
- Weighted average lease term remains at just over 11 years
- And the number of Fund properties has declined as a consequence of divestments undertaken during the year.

Major tenant update - Icon

Icon accounts for 38% of the Fund's revenue and it is a cornerstone tenant of the Fund.

The group has a proven operating capability, however performance has suffered as consequence of a number of factors:

- Tightening legislative requirements, specifically smoking;
- Economic factors such as shifts in consumer spending and saving patterns; and
- Most significantly, high debt levels that have restricted ongoing investment in the business which if not addressed will further impact market share and long term performance.

Icon has received a credit approved term sheet for a five year extension to its current facility and is in the process of finalising documentation.

The provision of capital through the refurbishment strategy aims to unlock long term growth in the business which will help to underpin IEF's income over the long term.

Major tenant update - Panthers

Panthers has met the challenges in the sector head-on and has re-tooled their business to enhance venue quality and extract operational efficiencies.

Panthers have invested in major works throughout 2009 at their Penrith site which added 5,000 sqm of building area including two new restaurants, alfresco bar and gaming areas, a bistro food court and new function centres.

Long term opportunities for growth remain:

- The Club holds significant land banks for future development;
- Upgrading and enhancement of venues to drive growth; and
- Consolidation within the business will extract efficiencies and further improve group performance

Other tenants

Key matters to note across the balance of the portfolio:

- The Courthouse Hotel in Cairns was fully refurbished and re-tenanted during 2009 which has stabilised the asset.

- As recently announced, Alchemy Hotel Group was placed in voluntary administration in January 2010. IEF is still receiving rental income and has been working with the operators to find the best outcome for all stakeholders.
- Club Swans' performance has not met expectations of either the Club or IEF. Given the peculiarities of the market in which it is located there is no quick fix option available. We are continuing to work with the Club's management to find a sustainable solution, but in the mean time, rental concessions based on affordability are required while we continue to pursue alternative options.
- Consistent with the rest of the global economy, New Zealand has suffered a significant economic downturn which will limit growth opportunities available in the future, and as such we will be examining divestment options for this portfolio.
- Lawson Park Hotel in Mudgee and the Hibernian Hotel in Goulburn have both been recently released to the Aust Leisure Group on competitive rental terms. Lawson Park in particular has rebounded well under the new operating structure with revenues increasing by approximately 25% since the change in operator occurred.

Over the next 12 months IEF will continue to refine the portfolio and will work with operators to minimise any adverse impacts on the Fund stemming from the challenging trading conditions.

STRATEGY & OUTLOOK

Pub industry will remain challenging

In our view, some of the main themes that dominated 2009 are likely to persist.

Capital continues to be challenge for the sector as banks remain risk averse and finance costs continue to increase. Debt is difficult to secure and investors are demanding lower gearing levels which is promoting ongoing deleveraging initiatives across the sector.

Operator performance remains uncertain. Whilst the sector continues to recover from the affects of the smoking bans but recovery has been softened by the broader economic issues we are experiencing. At a legislative level, gaming taxes in NSW and the pending outcomes from the Productivity Commission report into gambling have yet to be clarified which is compounding uncertainty for values.

Until these factors are settled it is expected that capitalisation rates and asset values across the sector will remain under some pressure.

There is some good news – recent transactions in the market highlight that investor activity remains and seems to be progressively improving. Although we are noticing the emphasis of owner/operators in acquisitions points to a potential migration to freehold going concern ownership structures.

Short term priorities

Within this environment, our focus has remains on stabilising the Fund and resolving the short term challenges that we have identified:

- Immediate focus on resolution of the conditions subsequent to our refinancing terms;
- We will continue to explore asset divestment as a key part of our deleveraging objectives, although it should be acknowledged that the addition of new equity, under the right circumstances, would assist this aim;
- As mentioned, resolving remaining debt facilities is a key short term imperative and discussions are well underway on this front.
- Once the agreements are in place we will begin roll out of the Icon refurbishment plan; and
- We are also reviewing structural alternatives for the Fund as part of our longer term strategy.

In conclusion, we are continuing our efforts to resolve these issues which is the key to improving IEF's performance, with the aim of restoring sustainable earnings, restoring investor confidence and, in turn, restoring value to the Fund.

That concludes this afternoon's update. Thank you for your attention.

ING Real Estate Entertainment Fund

Unitholder Briefing
Half Year Results 31 December 2009

AUSTRALIA

22 FEBRUARY 2010

Exchange Hotel, QLD

REAL ESTATE INVESTMENT MANAGEMENT

ING

www.ingrealestate.com.au

Agenda

Market conditions

2009

> Investment values negatively impacted by constrained debt and wide scale deleveraging
> Broad retreat by A-REIT investors
> Challenging operating environment for IEF tenants resulting from economic and regulatory pressures

FUND PERFORMANCE

CAPITAL MANAGEMENT

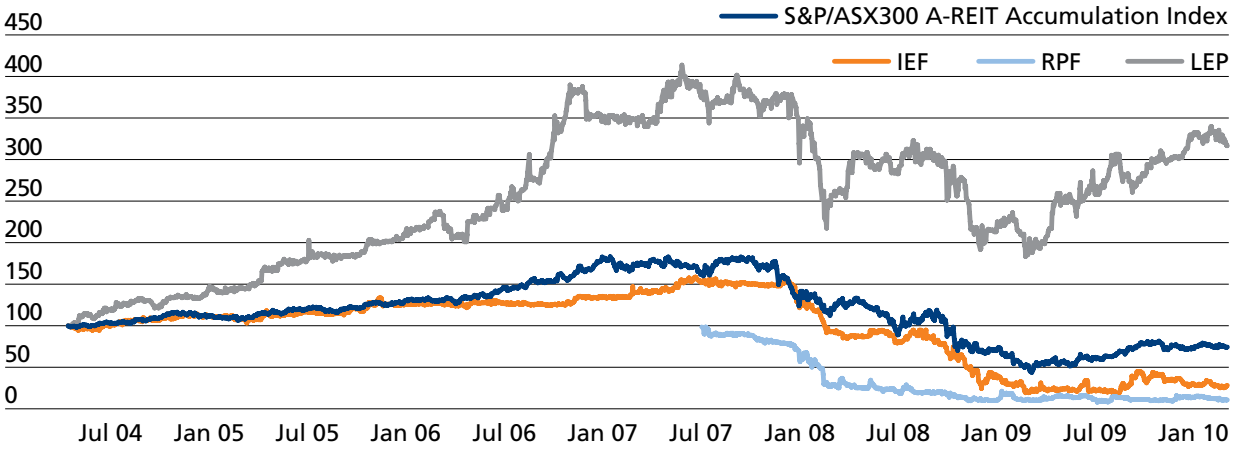
> $180 million debt facility refinanced (subject to conditions subsequent)
> $45 million of asset sales achieved in order to reduce debt
> 17% reduction in overall fund debt since 31 December 2008
> CLS and remaining secured debt facilities to be resolved

OPERATIONAL

> Established plan with Icon to provide more certainty and stability
> Working with key tenants to stabilise and strengthen operating business

IEF performance impacted

IEF Performance Since Listing



Source: IRESS, 19 February 2010

> Sector impacted by a variety of economic, operational and legislative factors

> Resolving key risks will reduce uncertainty and restore Fund performance

Key risks – progress

REFINANCING RISK	EARNINGS RISK	ASSET VALUATION RISK	LOW LIQUIDITY
Debt and refinancing risk remains although some progress achieved	Earnings uncertainty stemming from challenging conditions for operators	Potential for further softening of asset values	Small fund with low liquidity for investors to enter/exit stock and limited access to capital

Immediate challenges

Issue	Description	Action
Managing subsequent conditions to refinancing	> Completion of revised commercial agreements with Icon by 15 March 2010	> Parties are working towards resolution of the issues as a priority however failure to achieve agreement by 15 March will result in IEF breaching conditions of refinancing
Debt expiry	> CLS $20m expires July 2010 > Secured debt $33m expires Sept 2010	> Discussion underway with lenders to resolve
Operator performance	> Challenging operating environment has impacted sector performance and could impact the Fund's revenue performance in the future	> IEF is working with key tenants to develop solutions that minimise adverse impacts on the Fund

Key financials

Courthouse Hotel, QLD

Key financials

Results summary – financial metrics	31 Dec 2009	31 Dec 2008
Statutory (loss) ($m)	(24.4)	(28.9)
Property income ($m) [1]	11.4	13.6
Operating income ($m) [2]	6.3	6.9
Operating income per unit (cents)	3.6	4.1
Distribution per unit (cents) [3]	—	2.75
NTA per unit ($)	0.65	0.79

> Decline in property income primarily attributable to asset sales, rental variations and deferrals

> Net Tangible Assets fell as a result of revaluation of investment properties

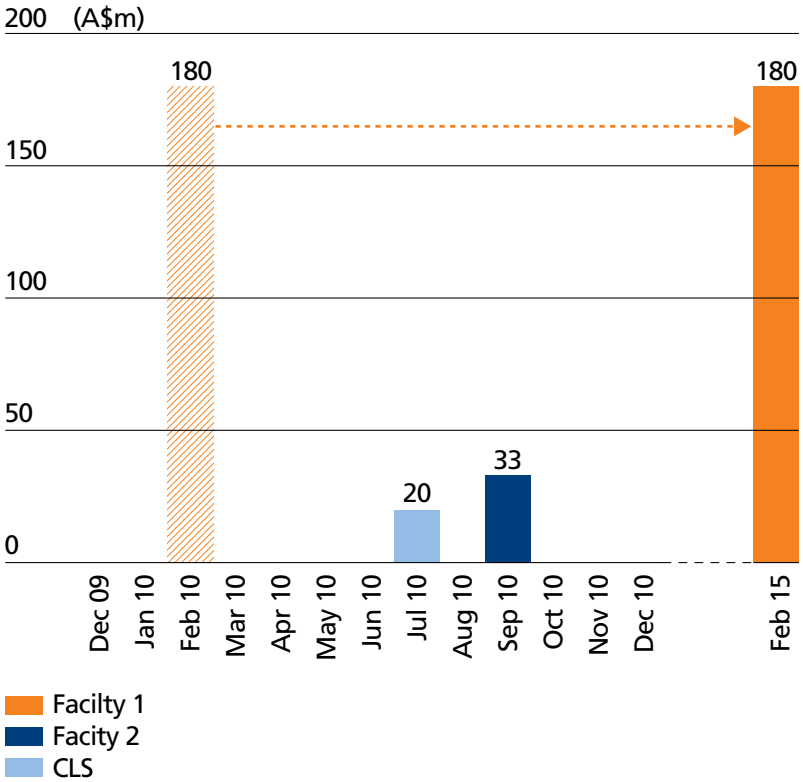
1) Property income excluded unrealised rental straight lining, discount on initial recognition deferred lease revenue
2) Refer to Appendix 3 for items included in Operating Income
3) Distributions were not paid during the period to 31 Dec 09

Capital Management

Panthers, Port Macquarie, NSW

Capital management

Debt maturity profile



Debt status

> 77% of IEF's total debt refinanced on a new 5 year term (subject to certain conditions)

> Debt expiry profile now 4.0 years

> Maintained compliance with all covenants

> Discussions underway to extend Facility 2 and resolve CLS expiry

Finance covenant analysis	Facility 1	Facility 2
Expiry	February 2015	September 2010
Loan to valuation ratio (LVR)	59.4%	60.1%
LVR Covenant	70.0%	65.0%
Net worth to total tangible assets	35.1%	N/A
Covenant	>30%	
Interest Cover Ratio	1.80	1.74
Covenant	1.5x	1.5x

Capital management

IEF has agreed to an extension of the $180 million secured debt facility on the following terms:

Extended term	Up to 5 yrs (expiring Feb 2015)
Fund all-in cost of debt	8.6%[1]
Covenants	> LVR 70% until 31 Dec 2010 then 60% thereafter > ICR 1.4 x until 30 June 2011 1.5 x thereafter > Net worth to tangible assets > 30%
Refinance conditions	> Agreement on a number of collateral documents in relation to the Icon PIP by 15 March 2010[2] > Distributions retained in Fund until LVR at or below 50% > Icon Profit Improvement Plan (PIP)

1) Fund all-in cost of debt includes weighted average of fixed interest rate hedges, margin, line fees and amortisation of establishment fees
2) While most of these documents are significantly progressed, final completion requires third party agreement to these documents. The parties are working towards resolution of this agreement as a priority however failure to achieve the outcome by 15 March 2010 will constitute a breach of IEF refinancing conditions.

Icon

Management has proactively worked with its lender and Icon (IEF's major tenant) on a plan to improve Icon venues and operational performance – underpinning IEF's long term rental stream and asset values

Improve assets	$8.0 million capital expenditure program over the next three years on Icon venues within the Fund
Rebase cost base	IEF will provide Icon with a $1.0 million rent reduction and will waive rent increases until 30 June 2014, in order to rebase Icon's rent
Improve liquidity	IEF will defer three months of Icon's rent with repayment over two years
Equity upside	Five year call option in favour of IEF for 49.9% of Icon's business to allow the Fund to participate in the forecast improvements in operating performance and leasehold value
Business continuity	IEF have a call/put option negotiated with Icon's lenders over Icon's operating FF&E to secure operational continuity upon termination of the lease

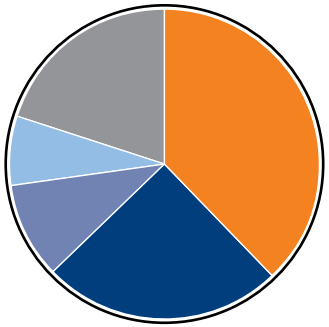
Portfolio update

Woolwich Pier Hotel, NSW

Portfolio update

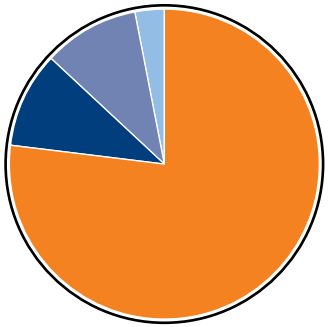
Fund snapshot	31 December 09	30 June 09
Total assets ($m)	$359.6	$413.3
Weighted average capitalisation rate	9.1%	8.6%
Weighted average lease duration	11.1 yrs	11.7 yrs
Number of properties	47	51

Rent by Operator (%)



- Icon Hospitality Management 38%
- Panthers Entertainment Group 25%
- Equity Partners Hotel Group 10%
- Allied Hospitality 7%
- Other 20%

Rent by Geography (%)



- New South Wales 77%
- New Zealand 10%
- Queensland 10%
- Western Australia 3%

Portfolio update

Major tenant update – Icon

> Proven capability but operating performance has been impacted by:
  - Regulatory pressures (particularly smoking bans)
  - Adverse shift in consumer spending
  - High debt levels within business which has restricted reinvestment into operations

> Icon has received a credit approved term sheet for a five year extension to its current facility and is in the process of finalising documentation

> Provision of capital to undertake refurbishment works is forecast to unlock long term growth in the business and underpin IEF's rental stream

icon HOSPITALITY GROUP

THE BOURBON + THE CROSS

COMMODORE HOTEL

the dolphin

Woolwich Pier Hotel

Portfolio update

Major tenant update – Panthers

PANTHERSGROUP

> 14 clubs located in Sydney metropolitan area and larger regional centres

> Panthers has recently completed a $30m capital works to Penrith has significantly enhanced venue quality and operational efficiency

- Addition of 5,000 sqm of building area including two new restaurants, alfresco bar and gaming area, bistro food court, and function facility
- Total gross floor area now 26,700 sqm over three levels

> Long term opportunities for growth:

- Club holds significant land banks for development
- Upgrade and enhancement to existing venues
- Consolidation will further improve group performance
- Strong membership base

Other tenants – focus on operating performance

Venue	Status	Outcome
Courthouse	Undergone successful refurbishment and re-leasing	Stabilised property investment return
Premier Hotel/ M.J Finnegan's	Alchemy Hotel Group in voluntary administration. IEF receiving rental income and working with the operator to find optimal solution	Minor short term earnings risk
Club Swans	Performance remains well below expectations. No quick fix option, rental concessions based on affordability likely to continue until alternative tenancy arrangement in place	Evaluating divestment or tenant replacement option
New Zealand Portfolio	Not meeting long term growth target and geographical focus	Exploring divestment opportunities
Lawson Park/ Hibernian Hotel	New tenant (Australian Leisure Group) secured for both hotels on competitive rental terms > Lawson Park Hotel revenue has increased 25% under the newly appointed operators	Quality tenant, stabilised property investment return

Strategy and outlook

Dolphin Hotel, NSW

Pub and club industry will remain challenging

Capital structure	> Banks more conservative and finance more expensive > Debt remains restricted at both fund and operator level > Investors demanding lower gearing levels > Sector deleveraging will continue in the near term
Operator performance	> Levels of uncertainty remain > Smoking ban recovery ongoing but dented by broader economic climate > Tax review creates uncertainty in gaming revenue > Productivity commission report has potential for further disruption
Asset prices	> Recent sales achieved by sector peers highlights liquidity and investment demand is improving > Sector shift towards freehold going concerns seems to be occurring > Capitalisation rate volatility likely until regulatory and economic environment settled

Strategy and outlook

Short term priorities:

> Achieving refinancing conditions

> Maintaining considered asset disposal and potential new equity will assist:
- Achieving LVR targets
- Reinstatement of distributions

> Resolving Convertible Loan Security and remaining secured debt expiry
- Discussions well underway with both parties

> Initiating Icon capex programme to underpin operational performance

> Continue to review the portfolio to selectively target assets for further divestment

The objective in resolving these issues is to restore Fund earnings, reinstate distributions and bridge the NTA discount to trading price over the medium term

Questions

Thank you

A copy of this presentation will be made available on www.ingrealestate.com.au

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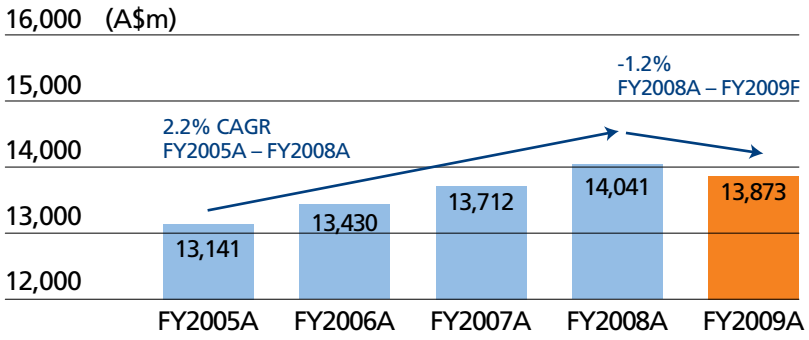
Appendices

Cambridge Hotel, NZ

Appendices – contents

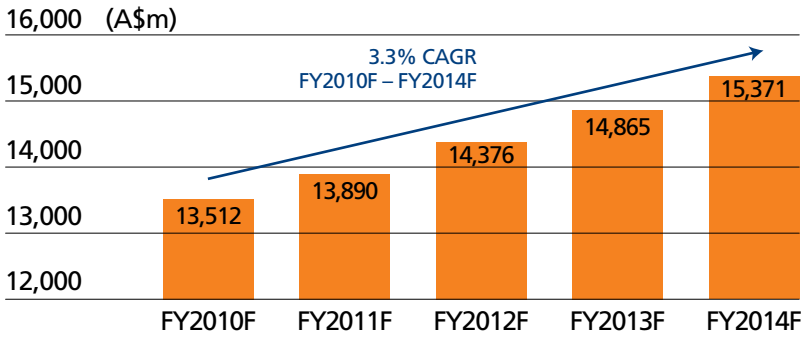
Industry revenue outlook – pub sector

Industry Revenue



Source: IBIS Pubs, Taverns and Bars Australia

Industry Revenue Forecast



Source: IBIS Pubs, Taverns and Bars Australia

> A gaming recovery is emerging as outdoor facilities improve gaming participation

> The current subdued environment is forecast to continue in the short to medium term, however long term growth is forecast to be ~3.3%

Simplified operating income

	Dec 09 ($000)	Dec 08 ($000)
Revenue		
Rental income	12,469	14,620
Interest income	3,459	3,691
	15,928	**18,311**
Expenses		
Property expenses	(381)	(239)
Finance costs	(8,449)	(9,341)
Responsible Entity's fees	(600)	(600)
Other	(215)	(1,226)
Operating income	**6,283**	**6,905**

Note: Simplified operating income on a look through basis including share of associates' revenue and expenses – refer to Appendix 3 for items included in operating income

Operating income reconciliation

	Dec 09 ($000)	Dec 08 ($000)
Statutory (loss)	(24,441)	(28,916)
Adjustments:		
Rental straight lining	(1,896)	(2,721)
Lease revenue discounted on initial recognition	887	—
Net loss on disposal of investment property	—	167
Net loss on property revaluations	27,693	2,760
Net (gain)/loss on derivatives revaluation	(2,467)	35,033
CLS borrowing costs amortisation	184	170
Aborted due diligence costs	—	247
Write back of provision for aborted due diligence	(300)	—
Impairment loss on loans	3,851	—
Net loss on investment properties included in share of profits from equity accounted investments	2,772	—
Deferred income tax expense	—	165
Operating income	**6,283**	**6,905**

Simplified balance sheet

	Dec 09 ($'000)	Jun 09 ($'000)
Current assets		
Cash and cash equivalents	2,017	2,281
Receivables and other assets	72,248	73,576
Equity accounted investments	23,666	26,398
Investment properties	260,718	307,898
Derivatives	924	2,684
Other	—	462
Total Assets	**359,573**	**413,299**
Liabilities		
Payables	4,157	6,017
Borrowings	232,596	255,701
Derivatives	8,690	12,898
Total liabilities	**245,443**	**274,616**
Net assets	**114,130**	**138,683**
Unitholders interest		
Issued units	182,332	182,425
Reserves	(210)	(191)
Retained earnings & reserves	(67,992)	(43,551)
Total unitholders' interest	**114,130**	**138,683**
Net tangible asset per unit – diluted	$0.65	$0.79

Valuation summary

As finance becomes more readily available and investors return to the markets, it is expected that there will be more demand for freehold hotels – which should underpin values

		Book value 31 Dec 2009 ($m)	Weighted average capitalisation rate %	30 June 2009 comparison
Externally revalued	47.9%	165.2	9.2%	8.7%
Externally valued NZ	8.9%	30.6	9.9%	9.8%
Internally revalued	43.2%	148.9	9.0%	8.3%
Total	**100%**	**344.7**	**9.1%**	**8.6%**

> 47.9% of properties externally valued in last 12 months
> WACR expanded by 54 basis points since 30 June 2009

Appendix 6

Portfolio overview

Property	Address	Suburb	State/ Country	31 Dec 09 valuation ($,000)	31 Dec 2009 Cap rate	30 June 09 valuation ($,000)	30 June 2009 Cap rate
Ambarvale Tavern	57 Woodhouse Drive	Ambarvale	NSW	14,200	9.80%	16,000	8.49%
Bidwill Hotel	Cnr Carlisle Ave & Tongariro Tce	Bidwill	NSW	6,600	8.54%	6,900	7.96%
Bourbon Hotel	22-26 Darlinghurst Road	Kings Cross	NSW	18,600	11.01%	23,000	8.76%
Bowral Hotel	408-412 Bong Bong Street	Bowral	NSW	6,400	8.53%	6,100	8.81%
Commodore Hotel	206 Blues Point Road	North Sydney	NSW	19,100	9.27%	21,100	8.25%
Dolphin Hotel	412-416 Crown Street	Surry Hills	NSW	11,750	7.69%	11,900	7.47%
El Toro Hotel	6 Homepride Avenue	Liverpool	NSW	16,800	8.74%	16,500	8.76%
Empire Hotel	103A Parramatta Road	Annandale	NSW	4,900	9.89%	4,900	9.74%
Five Dock Hotel	74 Great North Road	Five Dock	NSW	13,700	7.64%	13,800	7.47%
General Gordon Hotel	20 Swain Street	Sydenham	NSW	14,000	8.91%	14,900	8.23%
Hibernian Hotel	145 Auburn Street	Goulburn	NSW	2,800	5.23%	3,100	10.86%
Lawson Park Hotel	1 Church Street	Mudgee	NSW	3,100	4.72%	4,000	9.89%
M.J. Finnegans	21-23 Derby Street	Newcastle	NSW	4,000	7.12%	4,400	6.37%
Panthers	14 sites		NSW	84,000	9.25%	89,489	8.71%
Premier Hotel	1 Brunker Road	Broadmeadow	NSW	3,800	7.50%	3,800	7.39%
Sydney Aussie Rules Social Club	26 & 28 Dalringhurst Road	Kings Cross	NSW	12,100	9.00%	13,100	9.16%
Three Weeds Hotel	193-199 Evans Road	Rozelle	NSW	6,300	8.57%	6,600	8.05%
Uncle Bucks Hotel	13 Mount Street	Mount Druitt	NSW	12,800	9.66%	15,000	8.98%
Uncle Bucks Retail Centre	13 Mount Street	Mount Druitt	NSW	5,200	9.92%	7,000	7.43%
Woolwich Pier Hotel	2 Gale Street	Woolwich	NSW	9,200	9.27%	9,800	8.49%
Empire Hotel, NZ	532 Main Street	Palmerston North	NZ	3,146	10.18%	3,123	10.03%
Waikanae Hotel & Super Liquor, NZ	34 Main Road	Waikanae	NZ	4,388	7.76%	4,356	7.88%
Cambridge Hotel, NZ	28 Cambridge Tce	Wellington	NZ	5,799	9.60%	5,758	9.46%
Alberts Sports Bar, NZ	692 Main Street	Palmerston North	NZ	2,525	9.38%	2,506	9.24%
Turks Bar, NZ	5 Napier Road	Havelock North	NZ	2,065	10.83%	2,050	10.67%
Murphy's Law, NZ	479 Main Street	Palmerston North	NZ	1,460	11.11%	1,449	10.95%
Exchange Hotel, NZ	132 Queens Drive	Lower Hutt	NZ	3,976	10.37%	3,948	10.21%
The Office, NZ	514 Main Street	Palmerston North	NZ	1,847	12.11%	1,834	11.93%
Tote Hotel, NZ	74 Ararino Street	Trentham	NZ	2,718	10.27%	2,699	10.12%
Realm Hotel, NZ	9-17 Moxham Ave	Hataitai	NZ	2,694	10.05%	2,675	9.90%
Exchange Hotel	131 Edward Street	Brisbane	QLD	19,300	9.48%	19,000	9.45%
GPO Hotel	Ann & Ballow Streets	Fortitiude Valley	QLD	3,000	8.22%	4,000	6.05%
Courthouse Hotel	38 Abbott Street	Cairns	QLD	6,100	9.33%	6,300	8.50%
Central Hotel	18 Targo Street	Bundaberg	QLD	3,350	10.65%	4,000	8.82%
The Brisbane Hotel	292 Beaufort Street	Perth	WA	13,000	7.75%	13,700	7.52%
				344,718	**9.14%**	**368,786**	**8.60%**