



ING Mortgage and Income Plus Funds – Additional Information

30 November 2008

In this document, the terms 'we' and 'our' refer to ING Funds Management limited (INGFM).

This document contains important information for investors in ING's Mortgage and Income Plus funds. This document sets out additional information that may assist you to better understand your investment in the relevant fund. This information will be updated quarterly and will be posted in the 'Product updates' section of the ANZ website.

ING Mortgage and Income Plus Funds

The ING Mortgage and Income Plus funds invest in ING's Mortgage Pool ARSN 089 455 425 (**Fund**). The investment funds listed below have at least 50% exposure to the Fund:

Investment fund	Constitutional name	Benchmark allocation to ING Mortgage Pool
ING Mortgages	ANZ OA ING Mortgage Trust	100%
ANZ Mortgage Fund (Series 1 and 2)*	ANZ Mortgage fund	100%
ING Income Plus	ANZ OA ING Income Plus Trust	50%
ING Original Income Plus*	ANZ OA ING Income Plus trust	50%

* These funds are closed to new investments.

The above funds are collectively referred in this document as Mortgage and Income Plus funds.

Unless stated otherwise, the information in this document relates to the **Fund**.

Investors in ING Income Plus and ING Original Income Plus should note that the information provided in this document relates only to the mortgages component of their investment and not the Australian shares and property securities assets.

Temporary Suspension of the Fund

Recently, there was a significant increase in withdrawal requests to the Fund, due to the uncertainty created by the Federal Government's decision to provide an unlimited guarantee on bank deposits. On 24 October 2008, we decided to suspend withdrawals from (and applications into) the Fund and all Mortgage and Income Plus funds. This action has been taken to protect the best interests of all investors and is not a reflection of the strength or quality of these funds. As a result of this, withdrawals (including switch requests) from the Mortgage and Income Plus funds can only be made after we make an offer of withdrawal.

We expect that we will be able to offer withdrawals from the Mortgage and Income Plus funds each quarter. We will determine the amount available for withdrawals based on our estimate of the available liquidity in the Mortgage and Income Plus funds and market conditions that prevail at that time.

At the time of making such an offer, we will write to you to explain the process for submitting a withdrawal request and to inform you of the total amount available for withdrawals. If withdrawal requests submitted exceed the amount available for a particular offer, then requests will be satisfied proportionally in accordance with the Corporations Act. The method of dealing with oversubscribed withdrawal requests is required under the Corporations Act to be determined as follows:

$$\text{Amount of money available} \quad \times \quad \frac{\text{Amount requested by unitholder}}{\text{Total of all amounts unitholders request to withdraw}}$$

That is, the actual withdrawal amount paid to each investor will depend on the value of all withdrawal requests received during the withdrawal offer period and the level of cash available within the relevant fund to meet the requests at that time. All withdrawal requests will receive the same proportion of their request, irrespective of when the request is received.

Liquidity

Liquidity refers to the proportion of cash or cash equivalents within the Fund. Typically these cash assets are used to meet the Fund's short-term commitments. There are numerous factors that impact on the liquidity of the Fund, including the value of:

- > investments into the Fund
- > monthly interest payments by borrowers
- > loans repaid by borrowers
- > redemptions from the Fund
- > new loans
- > any undrawn loans
- > market conditions

We maintain and update cash flow estimates for the Fund on a regular basis by taking into account all of the above factors. These estimates are used to ensure the Fund has enough liquid assets to meet its projected cash needs for at least the next 3 months.

We have currently suspended withdrawals from (and applications into) all Mortgage and Income Plus funds until further notice. This action has been taken to protect the best interests of all the investors in the Fund

Borrowing

The Fund does not borrow funds or use credit facilities for any purpose.

Portfolio diversification

The Fund's portfolio of loans is well diversified across geographic region, property type, loan type and borrowers. The policies governing the lending of the Fund's assets specify limits for each of these elements, ensuring a conservative approach to lending.

This section provides information on the portfolio's diversification using data as at 26 November 2008 (unless otherwise specified).

Class of Activity – (Property Type)

Property Type		
Type	Number	\$'000
Commercial Office	117	488,630
Residential	48	212,875
Retail	76	193,410
Industrial	125	285,578
Vacant Land	30	146,062
Other	13	53,519
Total	409	1,380,074

A full review of mortgage portfolio Key Risk Indicators (KRIs) is undertaken in May annually and current exposures within each of the above property types are within approved KRI.

Geographic Region

Geographic Region		
Location	Number	\$'000
NSW	170	473,892
VIC	156	541,086
QLD	73	311,294
WA	4	24,966
ACT/NT/TAS/SA	6	28,836
Total	409	1,380,074

A full review of mortgage portfolio Key Risk Indicators (KRIs) is undertaken in May annually and current exposures within each of the above property regions are within approved KRI.

Defaults

Loans that are in material Default		
	Number	\$'000
Default	6	43,050
Total	6	43,050

Security Type

All loans are secured by a Registered First Mortgage over investment and owner occupied industrial, retail, commercial office, vacant land and residential property. Joint & several guarantees are generally required from all shareholder/directors of the borrowing entity and any corporate shareholder of the borrowing entity. Guarantees may be required from other corporate entities controlled by the borrower or any guarantor if the income from those entities is to be relied upon for loan servicing.

Borrower Concentration – Largest Borrower and Largest Group exposure as a percentage of Mortgages under Management

Borrower Concentration	
	%
Largest Borrower	6.16
10 Largest Borrowers	26.84
Largest Group Exposure	6.16

Undrawn Loan Commitments – the amount that can be drawn down under Approved Limits

Undrawn Loan Commitments		
	Number	\$'000
Approved Limits	33	122,036
Undrawn Portion of Approved Limits		32,012

Maturity profile

Maturity Profile		
Maturity in Months	Number	\$'000
Matured	22	59,541
0 – 3 months	34	100,361
3 – 6 months	25	105,428
6 - 12 months	48	155,300
1 – 2 years	117	327,549
2 - 3 years	90	449,273
3 - 4 years	31	71,089
4 – 5 years	42	111,533
Total	409	1,380,074

Loan to Security Valuation Ratios

Loan Valuation Ratios		
Loan to Value Ratio	Number	\$'000
0.00% - 50.00%	124	413,865
50.01% - 60.00%	87	258,647
60.01% - 66.00%	66	346,971
66.01 - 70.00%	106	258,108
70.01% - 75.00%	26	102,483
Total	409	1,380,074

Interest Rates

Interest Rates		
Interest rate mix	Number	\$'000
0.00% - 5.99%	3	22,260
6.00% - 6.49%	3	2,631
6.50% - 6.99%	7	145,689
7.00% - 7.49%	42	187,079
7.50% - 7.99%	13	24,237
8.00% - 8.49%	113	358,920
8.50% - 8.99%	182	501,667
9.00% - 9.49%	27	72,689
9.50% +	19	64,902
Total	409	1,380,074

Interest Capitalisation Loans – Loans that interest is capitalised within the Approved Limits

Capitalisation		
Loans capitalised	Number	\$'000
Approved Limits	32	236,735
Undrawn Portion of Approved Limits		19,479

Related party transactions

The Fund does not lend any assets to related parties.

A portion of the Fund's non-loan assets are invested with ANZ, who own 49% of ING Australia Limited (INGA) – the parent company of INGFM. These investments are made on commercial terms into ANZ's banking products.

Valuations

The properties used as security for loans within the Fund. Valuations on properties (excluding development properties) are based on their current state ('as is'). For development properties, valuations are based on "as is" and "on completion" basis.

Valuations are obtained prior to loan approval and properties are revalued after three years if applicable. Valuations may be no more than 90 days old on the date of settlement.

Valuations for the Fund are conducted by valuers selected from a panel of registered valuers and must comply with industry standards and codes. One valuer cannot conduct more than 1/3 of valuations for the Fund by dollar value.

ING maintains a panel of external valuers (formally reviewed by ING each 6 months) that are used to value security properties. The panel comprises mainly large independent firms with a national presence, as well as more specialist valuers selected on their known level of experience in the type of property being valued. All valuations must be conducted pursuant to ING's Valuation Policy, under ING instructions and must be counter-signed by a director if the valuer is not a director. Valuations may be no more than 90 days old on the date of loan settlement. There can be no more than two consecutive valuations that may be conducted by the same valuation firm or the individual valuer on the same security property. Vacant possession value is adopted where security property is substantially owner occupied. For loan rollovers, valuation may be waived in some circumstances provided an up to date rental income schedule is provided and verified by ING and security property is re-inspected by an ING Mortgage Investment team member or a panel valuer.

Lending principles - loan-to-valuation ratios

A loan-to-valuation ratio (**LVR**) is determined by dividing the loan amount by the property's value. The higher the LVR, the greater the risk that the Fund will not be able to fully recover the loan amount if property prices reduce. The maximum LVR on the Fund's loans is 75%, with the standard LVR being 70%.

For construction loans (where the property is being developed for future use or sale) the maximum LVR is limited to the lesser of 80% of Total Development Costs or 70% of the "as if complete" or Net Realisable value.

The initial advance should not exceed 65% of the site value, including reasonable value attributed to the development application or permit by the INGA Panel Valuer. This is provided that presales/pre lease requirements are satisfied at the time of the initial advance otherwise maximum initial advance is limited to 60%.

These loans stipulate that monies are only released on a cost to complete basis as certified by INGA's appointed Panel Quantity Surveyor.

Distributions

Monthly distributions from the Fund are provided to investors based solely on the level of income earned in the month. This income is derived from the monthly interest paid on the Fund's loans, as well as interest and movements in capital value of the Fund's cash and fixed interest assets.

Distributions from the investment funds that invest in the Fund (refer to page 1) are made from income they receive from the Fund. For ING Income Plus and ING Original Income Plus, monthly distributions also take into account an estimate of income earned by share and property assets, as well as any capital gains within the funds.

Withdrawals

The constitution sets out your ability and INGFM's obligations in relation to withdrawing from the Mortgage and Income Plus funds. When the ING Mortgage and Income Plus funds are liquid, INGFM is required to pay a withdrawal request within the time prescribed by the constitution. That time period is different for each fund and INGFM may have the power, in certain circumstances, to extend that timeframe to a further period as authorised by the relevant constitution.

Investment fund	Constitutional name	When the fund is liquid, period when a redemption request must be paid
ING Mortgages	ANZ OA ING Mortgage Trust	within 30 days
ANZ Mortgage Fund (Series 1 and 2)	ANZ Mortgage fund	within 90 days
ING Income Plus	ANZ OA ING Income Plus Trust	within 30 days We have the power to extend that time by an additional 28 days under certain circumstances.
ING Original Income Plus	ANZ OA ING Income Plus trust	within 30 days. We have the power to extend that time by an additional 28 days under certain circumstances.

The information contained in this update is current as at November 2008 and may be subject to change. This update is provided by ING Funds Management Limited ABN 21 003 002 800 AFSL 238342 (INGFM) and should be regarded as general information only, rather than as advice. It has been prepared without taking any person's objectives, financial situation or needs into account. Therefore, before making a decision based on this information, a potential investor should consider its appropriateness having regard to their objectives, financial situation and needs. INGFM is the issuer of interests in the Fund and the Mortgage and Income Plus funds. The Fund and the Mortgage and Income Plus funds are closed to new investments. ANZ OneAnswer Investment Portfolio and ANZ OneAnswer Investment Portfolio//Select are issued by INGFM. Before acquiring the product, or deciding whether to continue to hold the product, investors should consider the relevant Product Disclosure Statement (PDS) which is available at www.anz.com or by calling Customer Services on 13 38 63.