ING Property Trust

Annual results presentation – May 2009

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ING

Agenda

- » Highlights and performance
- » Financial overview
- » Strategy
- » Valuations
- » Market risks
- » Back to the future

Highlights

- The most diversified property vehicle listed on the New Zealand stock exchange with a portfolio of 95 buildings valued at $1.1 billion. The Trust provides space solutions for over 290 tenants
- In a difficult leasing environment the property portfolio occupancy at year-end was 98%
- A weighted average lease term of 4.2 years, providing strong rental security
- Net property income increased by $3.2m during the year and assessments by the independent valuers show the portfolio is 7.9% under-rented providing some potential for rental growth in the year ahead
- The Trust's average property size of $10m allows it to take advantage of the continued demand for investment property assets under $20m with the sale of 17 properties for $116.2m
- Yield on market rental for the portfolio is 9.1%, which is 7.9% under-rented
- The sale of the stake in ING Medical Properties Trust for $16.5m, with the proceeds used to repay debt

Financial performance

	FY09	FY08	Change
Net rental income	$87.8m	$84.6m	3.8%
Interest expense	$35.0m	$28.0m	-25.1%
Operating surplus (pre disposals, revals & tax)	$77.5m	$75.6m	2.5%
(Loss)/gain on disposal of properties (IFRS)	$(9.6m)	$0.2m	$(9.8m)
(Loss)/gain on disposal of investment	$(3.8m)	$0.0m	$(3.8m)
Revaluations	$(89.9m)	$43.0m	$(132.9m)
Operating surplus/(deficit) (pre tax)	$(64.4m)	$90.1m	$(154.5m)
Deferred taxation	$(9.2)m	$14.2m	$23.4m
Operating surplus (post tax)	$(63.1m)	$71.7m	$(134.8m)
Post tax earnings per units (cents)	(12.2)	13.5	-29.3%

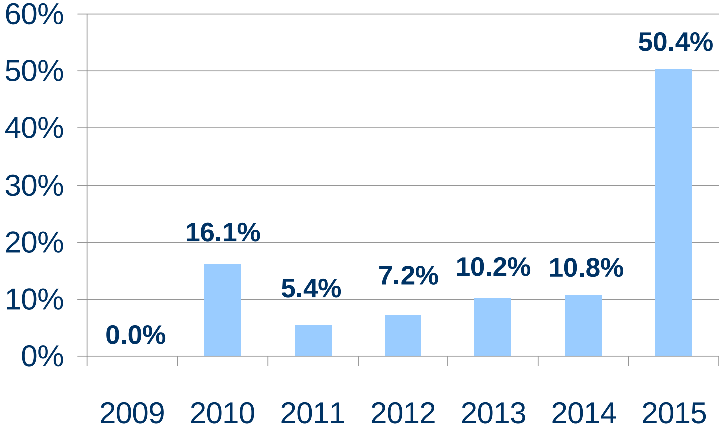
Financial position

	FY09	FY08	Change
Net asset backing per unit (cents)	108.9c	136.2c	-20.0%
Securities on issue	529.7m	514.3m	3.0%
Unitholders’ funds	$577.1m	$700.5m	-17.6%
Debt-to-total-assets ratio	39.7%	37.7%	-5.3%
Total property value	$1,051.6m	$1,167.3m	-9.9%
Bank debt	$429.8m	$457.3m	6.2%

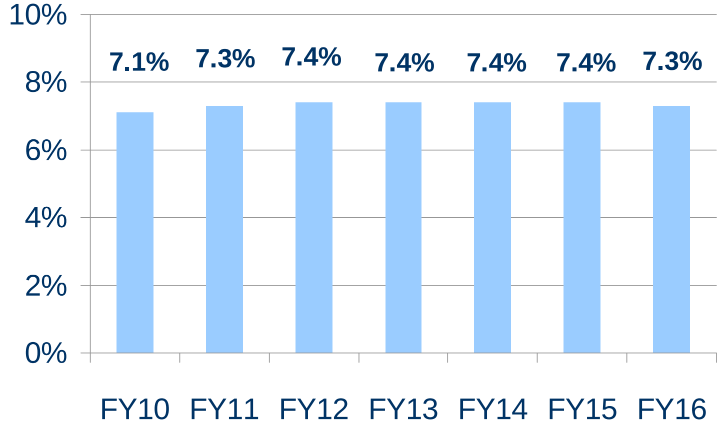
Interest rate management

- Main facility was reduced post year end by $100m to $500m following the close-out of $100m of interest rate swaps.
- Weighted duration of facilities of 1.45 years.
- Debt hedged 88.2% at 31 March 2009, reduced to 64.3% by 30 April 2009.
- Interest rate paid (incl margins and fees) in FY09 was 7.01% (compared with 7.20% in FY08).
- Duration of hedge portfolio was 5.1 years, reducing to 4.7 years by 30 April 2009.

Hedge expiry by calendar year



Average swap rate



Covenants

Trust Deed	FY09
Total money borrowed	$429.8m
Borrowing limitation	
• Gross value of Trust fund	$ 1,081.8m
Not to exceed 50%	39.7%
Bank loan facility - ANZ	
Loan to valuation ratio - based on -	
• Fair market value of properties	$1016.4m
• Total money borrowed from ANZ	$411.3m
Not to exceed 45%	40.5%
Interest cover ratio - based on 12 months -	
• Net interest expense	$37.3m
• Operating surplus	$79.7m
• Equal or exceed 2.00 times	2.14 x

Distributable income

	FY09	FY08	Change
Profit before tax	$(64.4m)	$90.9m	
Adjust for:			
Plus revaluations losses/(gains)	$89.9m	$(43.0m)	
Plus property sales IFRS adjustment*	$11.5m	$3.5m	
Plus investment disposal	$3.8m	$0.0m	
Plus/minus derivative fair value adjustment	$4.5m	$0.2m	
Plus management rights amortisation	$1.3m	$1.3m	
Gross distributable income	$46.6m	$52.9m	
Current tax	-$7.3m	-$8.0m	
Net distributable income	$39.3m	$44.9m	
Gross distributable income per unit (cents)	9.41c	9.95c	-5.4%
Net distributable income per unit (cents)	8.00c	8.44c	5.2%

** The difference between gains on disposal of properties calculated under NZIFRS and old NZGAAP.*

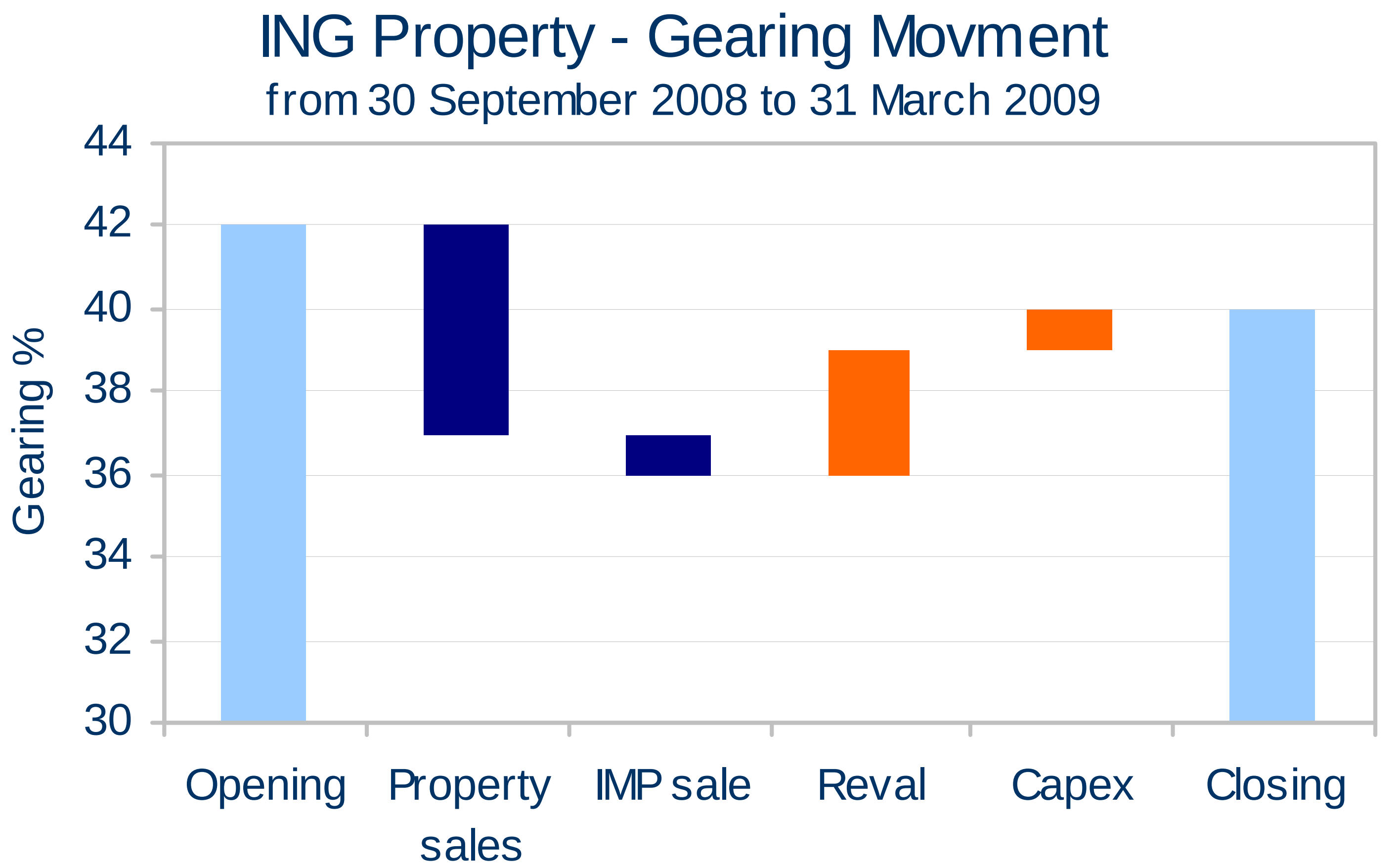
Distribution

The full year gross distribution target sustained at 8.0 cents per unit.

Distribution (cpu)	FY08 June	September	December	March	Total
Cash Distribution	2.375	2.030	2.110	2.187	**8.702**
Imputation Credits	0.0	0.345	0.440	0.363	**1.148**
Gross Distribution	2.375	2.375	2.550	2.550	**9.850**

Distribution (cpu)	FY09 June	September	December	March	Total
Cash Distribution	2.175	1.942	1.942	1.941	**8.000**
Imputation Credits	0.417	0.300	0.297	0.394	**1.408**
Gross Distribution	2.592	2.242	2.239	2.335	**9.408**

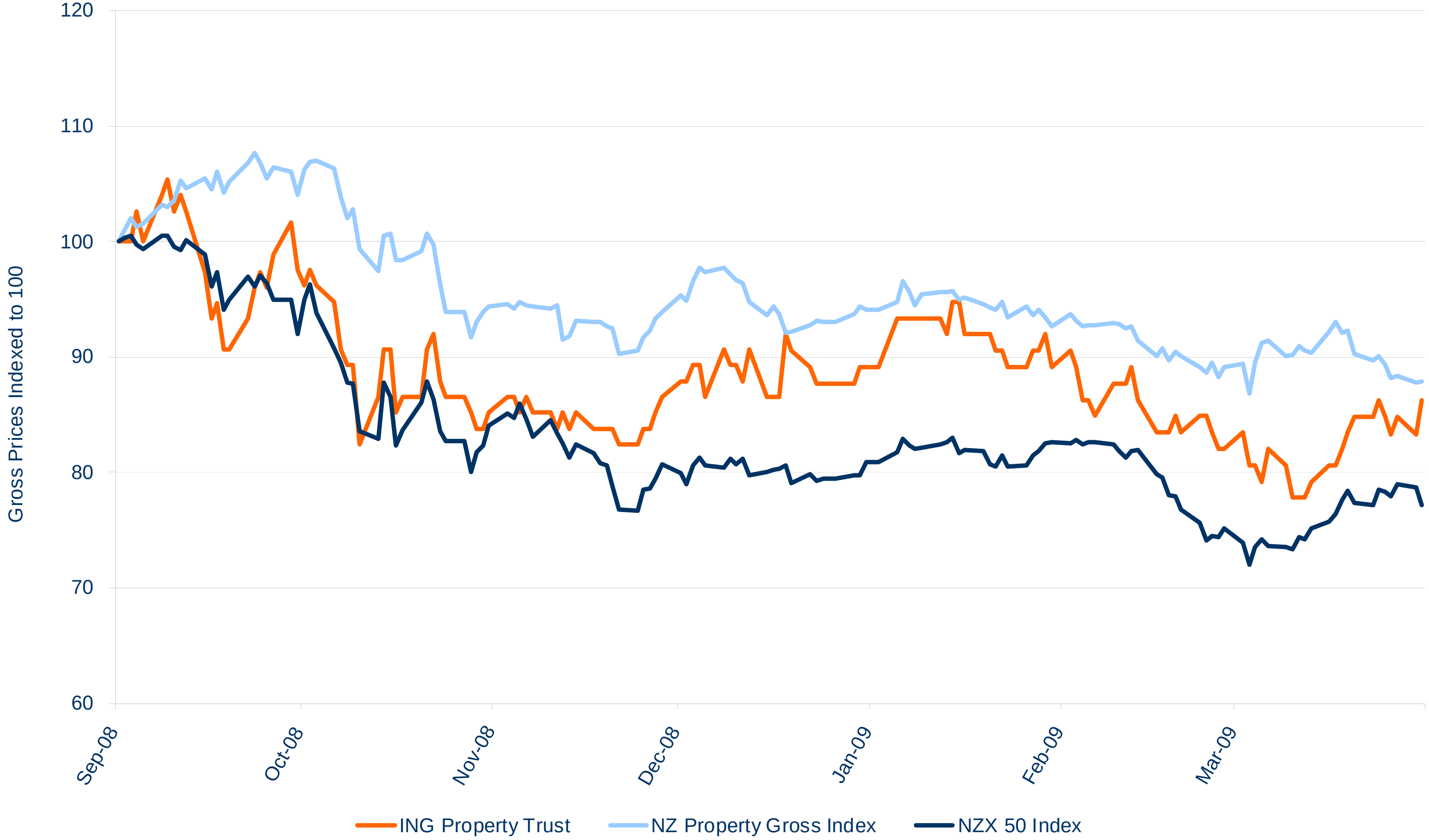
Gearing


ING Property - Gearing Movment
from 30 September 2008 to 31 March 2009
Gearing %
44
42
40
38
36
34
32
30
Opening
Property sales
IMP sale
Reval
Capex
Closing

Investment properties - profile

		Industrial	Commercial	Retail	Total
Market capitalisation rate	Average	9.12%	9.82%.	8.58%	9.18%
Contract capitalisation rate	Average	8.91%	8.66%	7.92%	8.51%
	Maximum	11.27%	11.34%	9.94%	11.34%
	Minimum	5.20%	1.27%	6.63%	1.27%
Occupancy	2009	99.0%	93.4%	97.8%	97.8%
	2008	98.1%	99.5%	99.3%	99.1%
Weighted average lease term	2009	4.64	3.74	4.51	4.24
	2008	5.03	3.60	3.77	4.65

Unit price



120
110
100
90
80
70
60
Gross Prices Indexed to 100
Sep-08
Oct-08
Nov-08
Dec-08
Jan-09
Feb-09
Mar-09
ING Property Trust
NZ Property Gross Index
NZX 50 Index

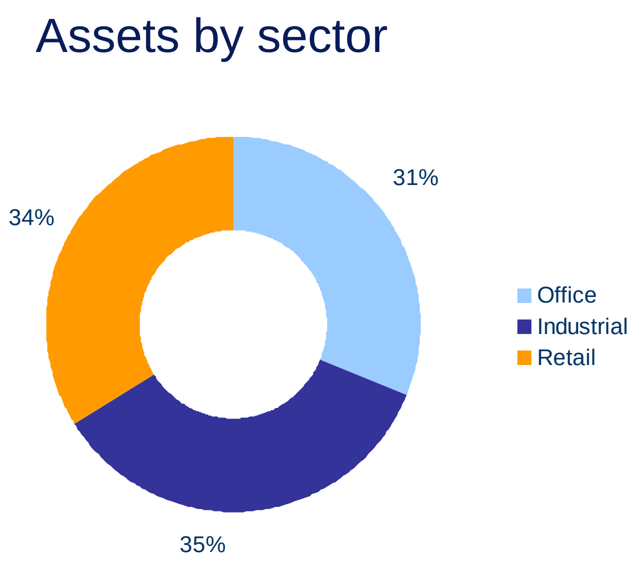
Strategy

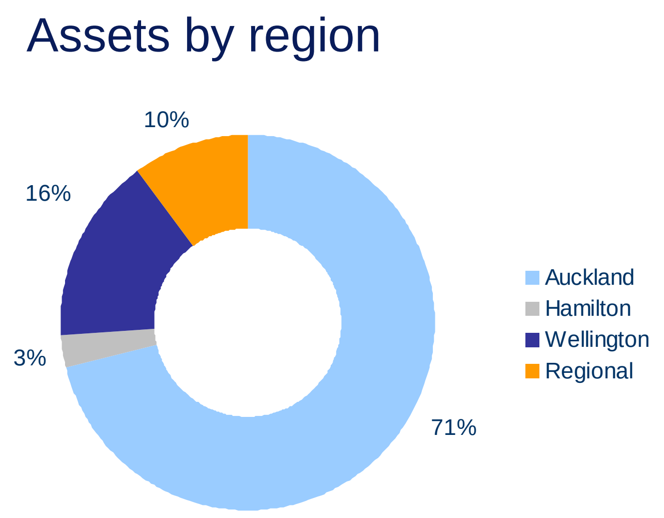
The Trust's strategy, while unchanged in the long term, has been revised in the more immediate term. The current strategy is focused on three key areas:

- Risk mitigation – both income and value
- Capital management – debt reduction
- Portfolio structuring for the future

Risk mitigation

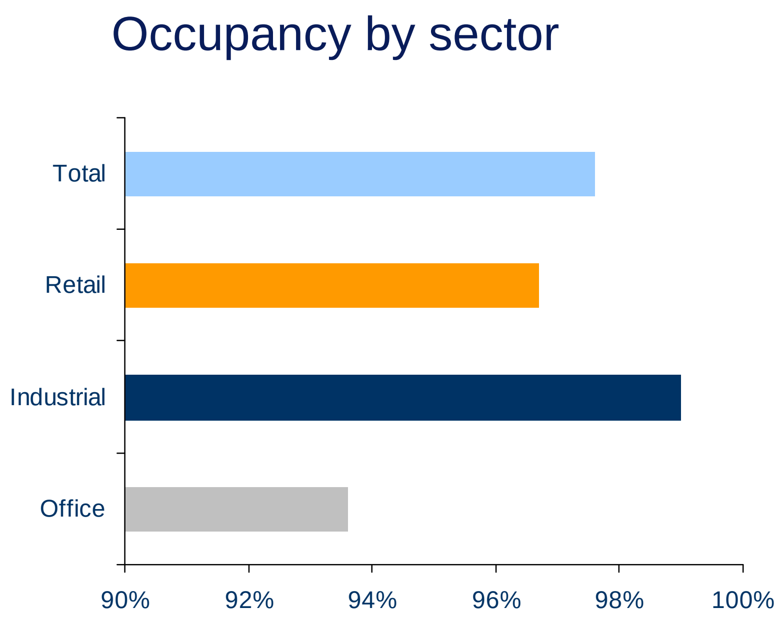
Diversification by location and sector

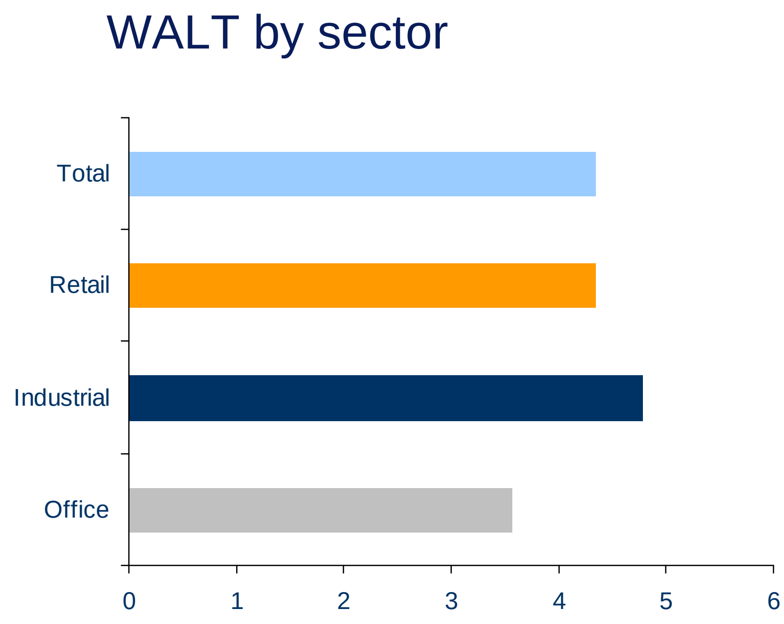




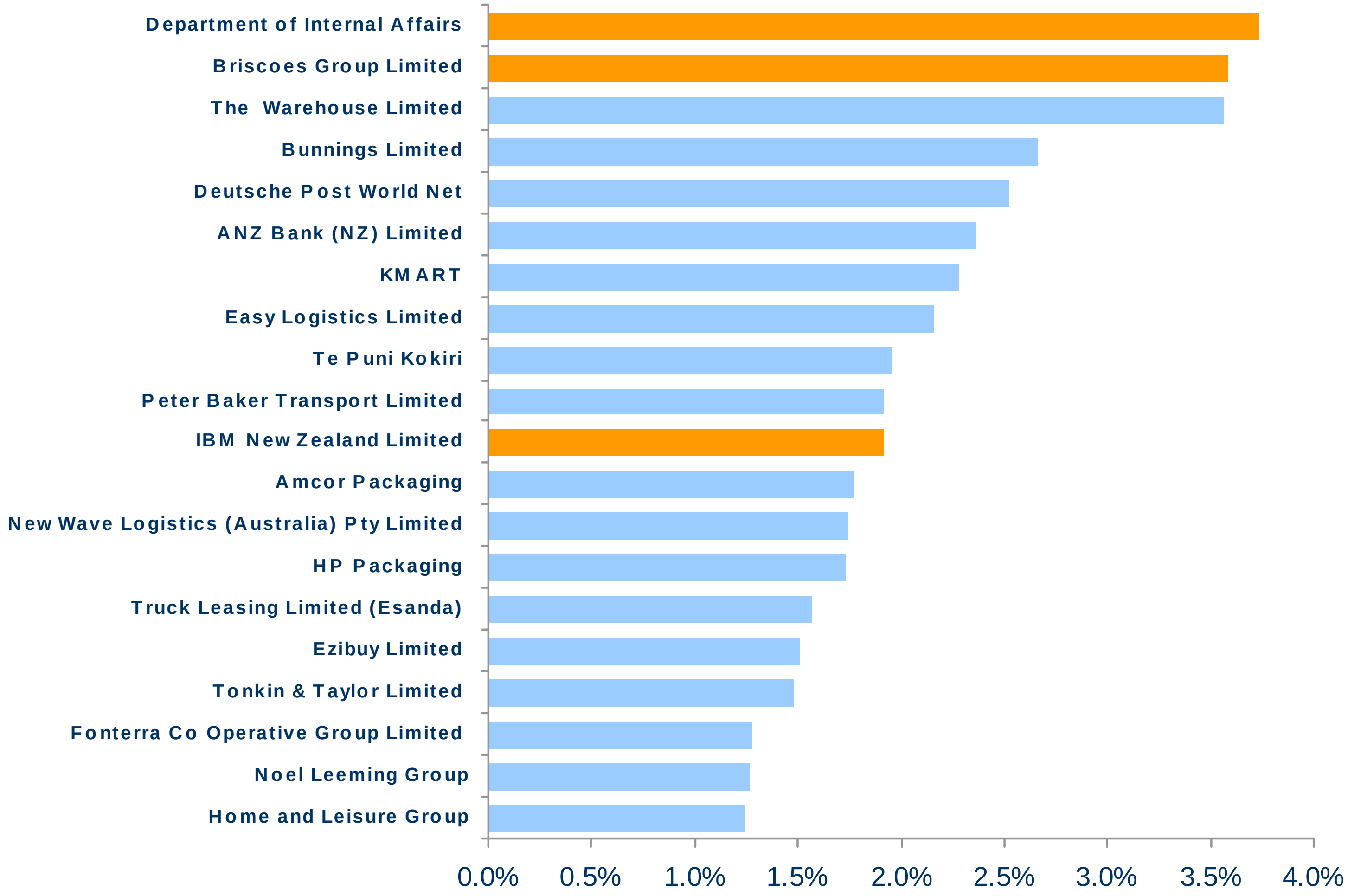
Risk mitigation

Strong occupancy and weighted average lease term



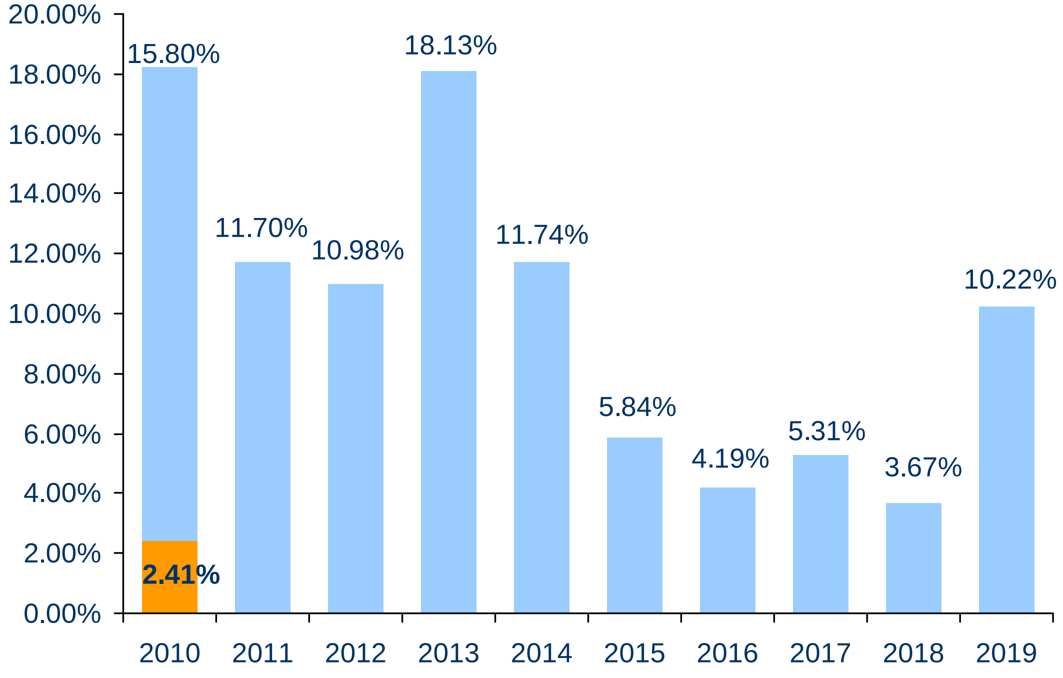


Diversification by tenant



Risk mitigation

Diversification by lease maturity



Capital management – debt reduction

- 17 property sales for $116.2m
- Liquidity under $20m
- Activity from high net worth individuals, syndicators and owner occupiers
- Little quality stock on the market in the right price range
- Enquiry levels have improved
- $100m target for FY2010
- $46m of conditional sales contracts

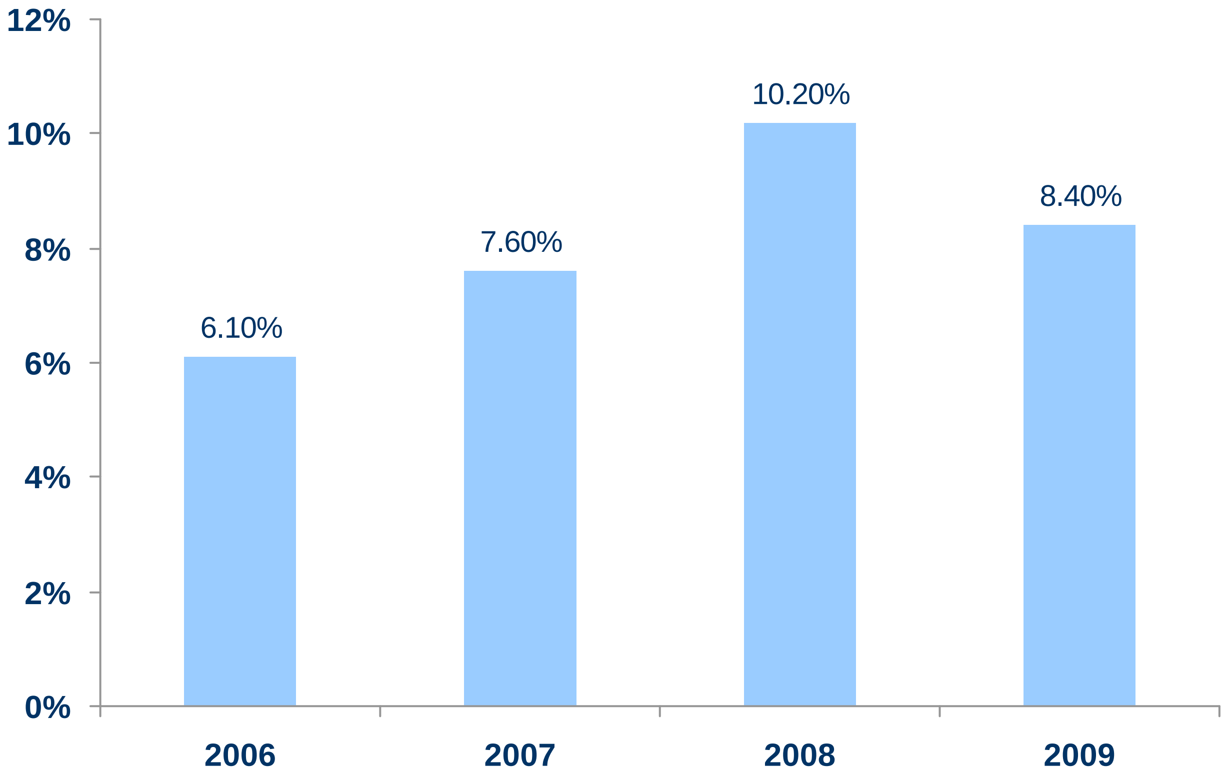
Capital management

- Assets held at realistic values – backed up by sales
- Liquidity in market for assets under $20m
- Unitholder dilution issues
- Debt issues can be managed by sales without requirement to raise capital
- Loan to value target is 35%
- Intention to sell $100m of property in current financial year

Valuations

- Decline of 8.3% at year end, including 1.3% interim decline
- Liquid part of the market – less than $20m
- Current market activity suggests values to be stable at this level
- Little quality stock on the market has helped sales activity
- Yield on market rentals over 9.1%
- Valuations completed by DTZ New Zealand, Jones Lang LaSalle and Colliers International

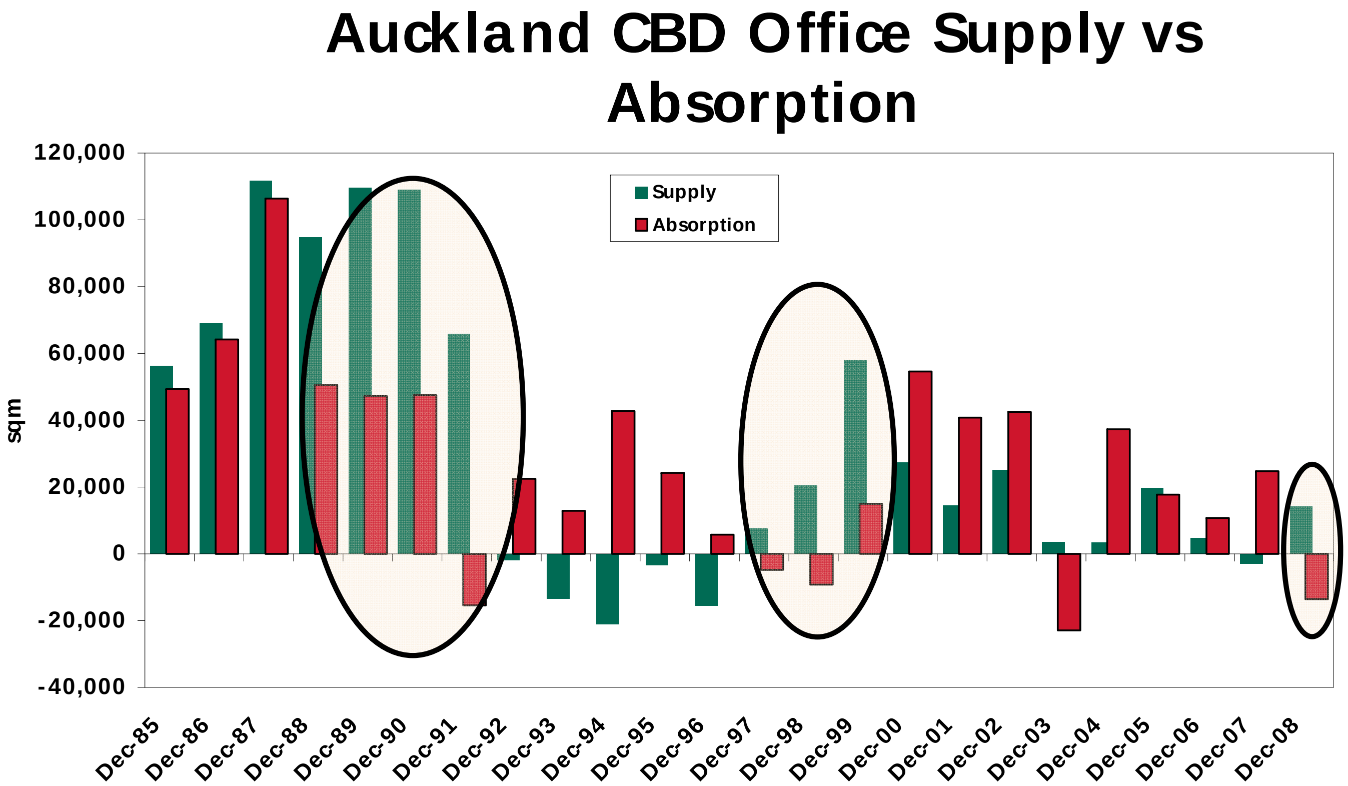
Rent reviews – rental growth



Growth of rentals actually reviewed during the year.

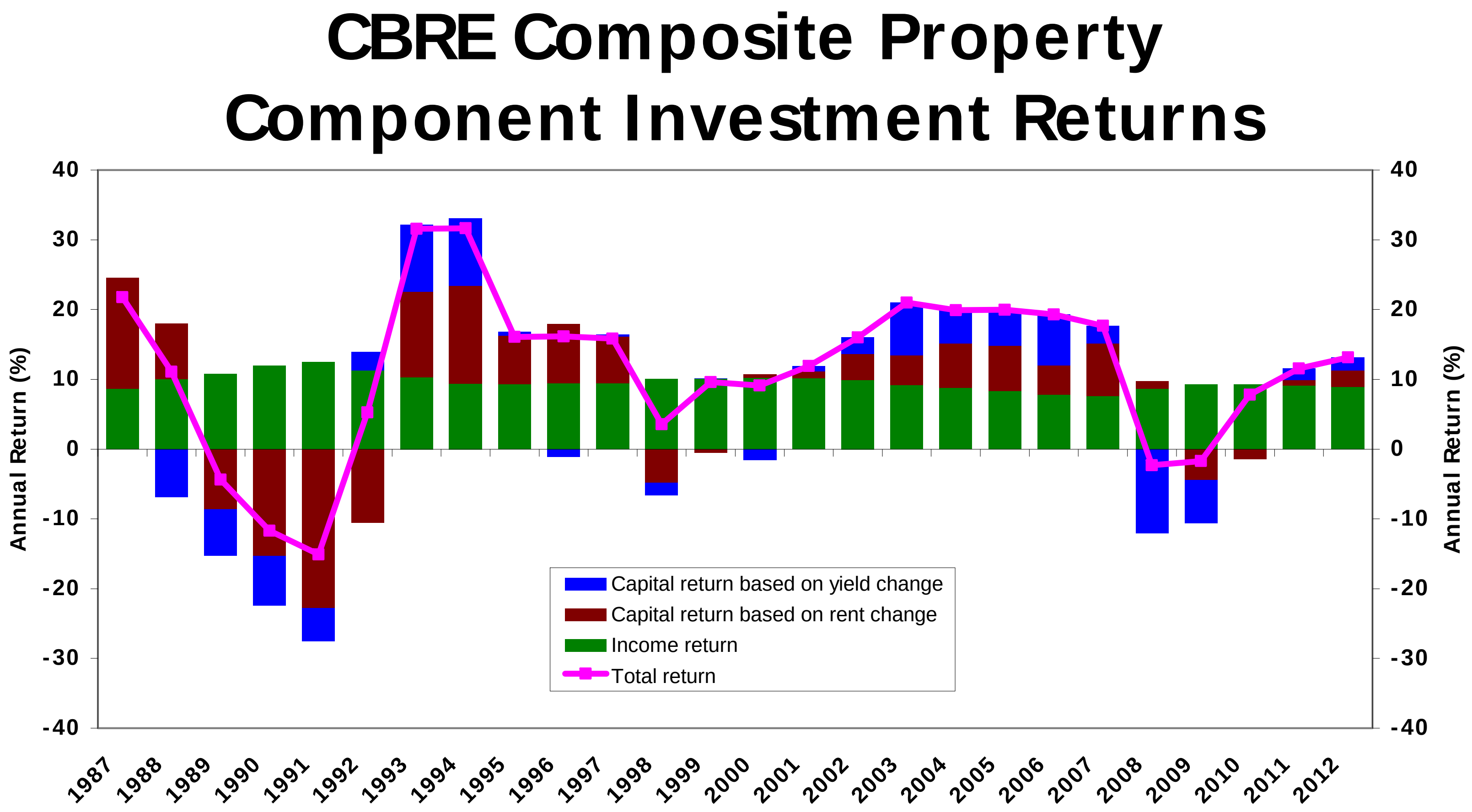
Previous Cycles – Supply vs Demand

… leaving supply as the major vacancy driver



Source: CBRE Research & Consulting

CBRE market forecasts



Conclusion

- The market remains uncertain.
- Occupancy issues remain key
- The ING Property Trust portfolio is in good shape and relatively well positioned
- Average size $10m – big advantage in this market in sales and leasing
- Strong diversification – gives good risk profile
- Current unit price factors in substantial negatives

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20 May 2009