MARKET RELEASE

Auckland, 23 August 2010

Chairman's address

Meeting of unitholders of ING Property Trust on 23 August 2010

The following is the address of the Chairman of the Manager to the ING Property Trust Annual Meeting held at 3.00pm at the Hall of Legends, Eden Park, Auckland on Monday 23 August 2010.

My key messages for this year's meeting remain largely unchanged from those last year. The strategy that was adopted to guide the Trust through a difficult time in the market has been proven to be effective in delivering a solid result to unitholders.

The strategy we outlined last year was focused on three key areas:
• Risk mitigation – both income and value
• Capital Management or more specifically - debt reduction, and
• Portfolio structuring for the future.

The Directors and Management have remained focused on these key areas during the year and it is intended that these remain the primary focus for the year to come.
While the markets both domestically and globally are showing signs that are more positive than when we met last year, the global financial crisis is not yet over and the Trust's prudent strategy will reflect a cautious approach for some time to come.

Risk mitigation

The Trust ended the year with strong occupancy levels and an increased average lease term. While there were some tenant failures during the year, they were more than offset by good work by management in restructuring and renegotiating leases, where the Trust had lease expiries that were considered to carry a higher level of risk. Much of the year's success was due to forewarning of potential issues and the implementation of strategies to manage occupancy levels.

Debt reduction or capital management

The Trust's capital base was successfully managed without the need to raise capital in a manner that would have been dilutive to unitholders, who were unwilling or unable to participate on a pro rata basis. Sales of property at, or in excess of, the level of the valuations completed at 31 March 2009 reduced debt levels to almost the targeted 35% of the Trust's total property value immediately prior to the 31 March 2010 year end. A disappointing negative revaluation at year end saw this eroded.

Despite the devaluation, we consider the sales programme of the last two years to be successful, and the results have provided a strong endorsement of the strategy relative to any alternatives for unitholders.

The Board considers the valuations at balance date to be conservative, relative to market activity, and believe that a significant decline from these levels is unlikely. This view has been reinforced by the fact that the few property sales that have been contracted since 31 March 2010 have all been made at a price above the 31 March 2009 valuations. In the event that further declines become a potential risk during the year, additional sales activity can be instigated should it be prudent to do so. The speed with which this was addressed two years ago provides confidence that this flexibility will be available again, if needed. Indeed this is a graphic illustration of one of the strengths of the Trust's property portfolio.

While strategic focus remains on capital management, sales and acquisitions will be addressed as part of normal asset management processes unless there is sufficient economic pressure to warrant a change to this strategy.

Portfolio structuring for the future

The investment quality of the Trust's property portfolio has been enhanced by the sale of those assets generally of lower quality or with a higher risk profile than the remainder of the portfolio. As a result the Trust is well positioned to deliver strong returns to unitholders as the market inevitably recovers. The portfolio is now of higher quality and carries a lower risk profile than at last year's balance date due to the sales programme as well as the active management of the portfolio's lease profile.

The commercial environment

This has certainly been a challenging time. For a third year we need to look at the global financial crisis and a domestic recession in order to review the activities and performance of the property market.

The listed property market in New Zealand has fared significantly better than most other property markets in general and the main players, including the Trust, have emerged with their balance sheets intact. The Trust's position is enhanced by virtue of its low risk, diversified portfolio and modest average property values.

The debt issues that have plagued the rest of the world have resulted in higher costs and less availability of debt funding, which has an ongoing negative pressure on asset prices. Among this, property in general, and New Zealand property in particular, has again shown the characteristics that has set it apart from many other sectors. Property continues to produce income returns that have provided many investors with continuing income returns in spite of the volatility of asset prices and the seemingly unpredictable variances of the stock market.

The Directors were pleased to confirm new debt financing arrangements for a three year period provided by a syndicate of three banks led by ANZ National Bank Limited. The financing arrangements were tendered to the market and the decision made by the Board was based entirely on the terms offered.
It is also pleasing to observe that the unit price for the Trust has shown solid performance for the year relative to our peers in the listed market, albeit that this was from a relatively low base.

The positive unit price performance over the year can be seen as an illustration of the Trust's delivery of results based on an effective strategy.

Deferred Tax

Following the release of the Trust's annual results, the Government Budget announced the removal of the ability to claim depreciation on building structure, together with a provision that the Inland Revenue Department would determine what constituted building structure.

Initially it appeared that the intention was that plant and equipment and fixed fitout and services would be categorised as building structure. Clearly this would have been detrimental to unitholder returns and values.

The Directors, Management and the Property Council of New Zealand used every available avenue at both political and official level to ensure that the consequences of such a move were recognised.

It is pleasing to note that the Policy Advice division of Inland Revenue and the Treasury have recently released findings as part of their review which involves acceptance that for non-residential buildings, the definition of building structure should not include plant and equipment, or fixed fitout and services. Accordingly, if the Government adopts the advice from Inland Revenue and Treasury, then depreciation on plant and equipment and fixed fitout and services will continue to be tax deductible.

The removal of the ability to claim depreciation on building structures, gives rise to a deferred tax liability of almost $100 million which will be recognised in the accounts of the Trust for the year ending 31 March 2011. This non-cash adjustment will have no impact on distributions to unitholders or on the Trust's banking covenants. Under current legislation, this deferred tax liability will never be required to be paid to the Inland Revenue Department.

Looking ahead

There is little doubt the market – specifically the commercial office sector – will continue to be challenging for the year ahead in spite of positive signs of recovery in the domestic economy. The Trust remains advantageously positioned with a well diversified portfolio of good quality property in strong locations. The income streams from the portfolio are diversified by use and by tenant, contributing rental returns that have remained resilient in a difficult environment.

Property valuations in the commercial office sector may be affected by reduced market rental levels as planned new buildings are completed. The degree to which these changes are already priced into the current asset values will be largely dependent on the speed with which the demand for office space improves and the timing of delivery of new stock to the market.

The Directors are conscious of the effect on returns of the financial markets over the last three years and that unitholders will be concerned over the level of return they can expect from their units over coming years. Reduced valuations of the portfolio do not affect the operating earnings, and after allowing for the increased bank fees and margins the Directors previously advised that a cash dividend of 7.0cpu for the current financial year could be expected. By including in distributable income some of the profits from the sale of properties, the Directors of the Manager are able to confirm today that the Trust still expects to be in a position to pay a total cash dividend for the year ending 31 March 2011 of 7.0cpu.

I can confirm that the Directors have today agreed on a distribution of 1.75cpu plus 0.19cpu of imputation credits for the quarter ending 30 June 2010.

International and domestic economies continue to face challenges and the speed, strength and nature of recovery is yet to be determined. The Trust's portfolio is however well positioned for this environment and the well diversified nature of the portfolio and its income stream provide a relatively sound base to generate positive income returns.

The Directors would like to thank all unitholders for their ongoing support. We look forward to continuing our work for and with you in the year ahead.

Enquiries
Stuart Harrison
Company Secretary
ING Property Trust Management Ltd
T 09 362 2332
E stuart.harrison@ingnz.com

ING Property Trust
ING Property Trust is the most diversified property trust listed on the New Zealand Stock Exchange. It has a $926 million portfolio of 81 properties, with 294 tenants across the retail, commercial and industrial sectors. The Trust has a low risk focus on quality properties where value can be added and properties modernised to extend their effective utilisation.

ING Property Trust Management Limited (the 'Manager'), which is wholly owned by ANZ National Bank Limited, is the manager of the ING Property Trust (the 'Trust'). The Manager and the Trust have a licence from ING Corporate Services Pty Limited enabling them and related companies of the Manager to use the ING brand and certain trademarks owned by ING Group or its subsidiaries while transitioning to a new brand, which is expected to be by the end of 2010.