

MARKET RELEASE

Auckland, 24 November 2009

ING Property Trust announces interim results

ING Property Trust has reported Comprehensive Income (after tax) of \$2.2 million for the six month period ended 30 September 2009 which compares to a loss of \$10.6m over the same period in 2008. Comprehensive Income takes into account a number of financial reporting standards requirements including unrealised movements in interest rate hedges, property valuations and construction.

The core property portfolio generated \$40.9m (2008: \$43.7m) of property income and produced a profit before financial income/(expenses), other gains/(losses) and tax of \$34.4m (2008: \$39.4). The reduced property income and earnings arise as a result of implementing the strategy of debt reduction through a controlled property disposal programme.

Unit price performance

The unit price has performed well for the first half of the year, out-performing the NZX50 and the NZX Property Index. In fact the ING unit price out-performed all other listed property stocks for the 6 months to 30 September 2009 (and indeed over the 12 month period).

Delivery on strategy has progressed well

While the property market has continued to be challenged in responding to the constrained requirements of tenants, good progress has been made in the half year to delivery on the three key areas of strategy outlined in the annual results:

- **Risk mitigation**
- **Debt reduction**
- **Portfolio positioning for the future**

Risk Mitigation

Tenant retention rates have remained strong through the first half of the year and most of the space that has been vacated has been readily re-leased reflecting the quality of the portfolio and the market desirability of the space. The effective management of tenant needs and relationships remains a key management focus, more so in the current economic environment.

The vacant properties at 269 and 369 Khyber Pass Road, Auckland have been sold at book value to an owner occupier, removing the need for the Trust to complete a necessary \$4.5m refit of these buildings.

In addition negotiations are well progressed to sell a significant part of the Manawatu Business Park in Palmerston North, held under the North East Industrial Limited joint venture arrangement.

The strong diversification characteristics in the portfolio have been maintained through the property sales process to ensure concentration risk is controlled and the low risk nature of the portfolio is maintained.

Debt Reduction

ING Property Trust by virtue of its highly diversified portfolio has a large number of smaller assets and consequently investors have benefited from the Trusts ability to address debt levels by asset sales rather than a capital raising that would be highly dilutive to those unitholders not able to participate.

Despite widespread concerns over the state of the property market, 20 properties have been unconditionally sold since December 2008. Of these 14 were sold with average sale prices 102% of the levels set by the 31 March 2009 revaluations.

While the sale of property reduces the rental income generated from the portfolio, following the settlement of all unconditional property sales, the gearing will reduce to 37.5% of the property portfolio value. This is well below the banking covenant of 45%. With the high level of portfolio liquidity, as demonstrated by the sales programme, the board is very comfortable that the Trust's debt is, and will be appropriately managed.

Positioning the portfolio for the future

Many leases have been renegotiated during the first half of the year, including 27 lease extensions, increasing the weighted average lease term of the portfolio to over 5 years. In addition, a number of new leases have been completed in a difficult leasing environment.

The recent leasing of the distribution and warehouse building at 17 Mayo Road, Wiri, Auckland to Dick Smith Electronics on a new eight year lease has been confirmed prior to the vacation of the property by Kmart. The new lease provides an opportunity to add further value to the property.

With property sales at an average of 102% of the 31 March 2009 book values and sales enquiry continuing, the Board of Directors has sufficient confidence in the 31 March 2009 valuations to avoid the cost of a mid year revaluation assessment of the total portfolio.

The Albany Mitre 10 property in Auckland was completed and valued for the first time during the 6 month period and this resulted in a decline in value of \$1.5m over cost. The adjoining undeveloped land was also valued and this resulted in a decline in value of \$13.6m over cost.

Outlook

While both the global and the domestic economy are beginning to show some positive signs of moving towards recovery, the property market, as accommodation providers to the nation's businesses, has continued to show the signs of strain.

ING Property Trust has a low risk diversified investment strategy that has provided flexibility in an extraordinary economic time and maintained a solid return to unitholders.

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Press enquiries

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ING Property Trust

ING Property Trust is the most diversified property trust listed on the New Zealand Stock Exchange. It has a \$1.0 billion portfolio of 86 properties, with 280 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.