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MARKET RELEASE

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ING Property Trust announces interim results

ING Property Trust (the Trust) today announced its core property portfolio produced an improved performance over the six months to 30 September 2008, with earnings before interest and tax rising 8.9% to $39.4 million (2007: $36.2 million).

The Trust recorded an unaudited profit before tax of $5.7 million for the six month period to 30 September 2008 (2007: $23.9 million). This is less than the previous six month period due to the interim revision of valuations, which showed a loss of $14.2m (2007: nil).

As at 30 September 2008 the Trust's total assets were $1.3 billion and the Trust's debt was $0.5 billion. The net asset backing of the Trust of $1.28 cents per unit remains well in excess of the current market-traded unit price.

"It is pleasing to see improved core earnings in what has been a challenging six month period. The low-risk profile of the portfolio means that in spite of a difficult market the portfolio is still in a very strong position with 88 buildings and 333 tenants." said Mike Smith, Chairman.

Portfolio position and management

The fully diversified nature of the Trust allowed the portfolio to preserve strong portfolio statistics for the first half of the year in spite of the recessionary environment in New Zealand. With occupancy levels at 99%, a strong weighted average lease term of 4.5 years and only 13.2% of leases are due to expire in the next 12 months, the future cash-flows of the Trust remain robust.

In the current financial year, 79 rental reviews have been completed which account for a total of $2.0 million of additional rental income. This is an annualised increase of 4.9%. Also, 40 new leases have been completed with an average lease term of 5.6 years.

Portfolio valuations

The global financial crisis has provided challenges to asset values around the world and our own portfolio has not been immune from this. The Trust commissioned a review of its property portfolio valuations by independent valuation company DTZ New Zealand. The review did not include full property inspections or new reports but examined the likely affect on value of the softer investment environment as a result of the weaker domestic economy and the global financial markets.

The review showed a slight decline in the value of the portfolio by 1.3% or $14.2 million and a resulting increase in the yield on market rentals from 8.3% to 8.6%. Rental growth since the 31 March 2008 balance date and the lower average value of the property in the portfolio has mitigated the value decline. Following the positive affects of relatively strong rental growth realised during the period, the average yield from the portfolio has moved out to 8.6% on market and 8.2% on contract income.

Balance Sheet Management

Taking into account the current credit environment, the Trust will target a debt-to-assets level of 35% in the short-term. This will be achieved by:

- continuing with the asset sales programme for non-core assets;
- revision of the Trust's distribution policy;
- continuation of the distribution reinvestment plan; and
- deferment of acquisition activity.

The Directors are comfortable with the Trust's current banking arrangements with ANZ, which do not require review until September 2010.

Asset sales

As announced at the annual meeting an initial target of $60 million of asset sales was set. To date four properties have been unconditionally sold for $25 million. An additional eight properties are subject to conditional contracts.

Distribution policy

A portion of the gains from the sale of assets have previously supplemented the distributions paid to investors. With the worsening economic situation the Board has reviewed the distribution policy of the Trust. For the current financial year, the projected distribution will now only comprise of the current financial year's core distributable earnings plus any undistributed earnings from prior financial years. As such, the projected full year cash distribution target will be 8.0 cents per unit (previously 8.7 cents per unit).

The Board has also undertaken to review the distribution policy for future years. The Board will provide the market with guidance on the policy and projected distribution level once the asset sales process is further advanced.

Single property acquisitions

The Trust acquired two properties during the period for a total of $26.1 million. Both acquisitions were adjoining properties already owned by the Trust and have strategic importance.

Distribution

The Trust will pay a net distribution of 1.942 cents per unit. Its components are:

- a fully imputed distribution of 1.00 cents per unit with imputation credits of 0.30 cents per unit attached; and
- an excluded distribution of 1.242 cents per unit.

The record date for the distribution is 4 December 2008 and the payment date is 18 December 2008.

In addition, this quarter's distribution reinvestment plan ("DRP") will not be underwritten. The DRP discount for the quarter will be 2.5%.

Outlook

Looking ahead it is accepted that the economic environment will remain challenging and that as a result rental growth beyond modest levels will be harder to achieve. The asset sales programme for non core assets will remain in place with a focus on debt reduction. In the current environment, the market liquidity is expected to continue for lower value assets. Acquisition of property in anything other than exceptional circumstances will not be made.

In summary we expect that the remainder of the year will continue to present challenges and a cautious outlook is appropriate. However the property portfolio is well positioned and the strengths of a lower average value fully diversified portfolio are expected to allow delivery of continued strong cash-flows to the Trust.

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