

# ING Property Trust

Annual Meeting 2008



# Agenda

1. Financial matters
2. Valuations
3. The New Zealand property market
4. Risk
5. Interest rate management
6. Investment activity
7. Current focus
8. Conclusion



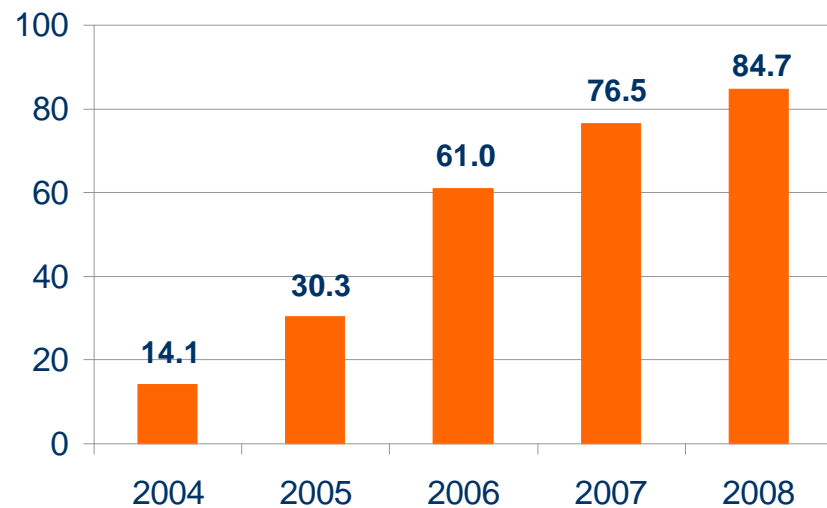
# Financial and operating highlights

- Distributable profit up 2.7% to \$44.9m
- Full year cash distribution up 0.4% to 8.7 cents per unit
- Net profit after tax (NZ IFRS) of \$71.7m
- Net portfolio valuation gain of \$43.0m
- Total assets increase by \$110.6m to \$1.2b
- Bank debt representing 37.7% of total assets
- Weighted average term to maturity of bank debt facilities of 2.5 years
- NZ IFRS adjusted NTA up 7 cents to \$1.40 per unit
- Portfolio occupancy remains high at over 99%

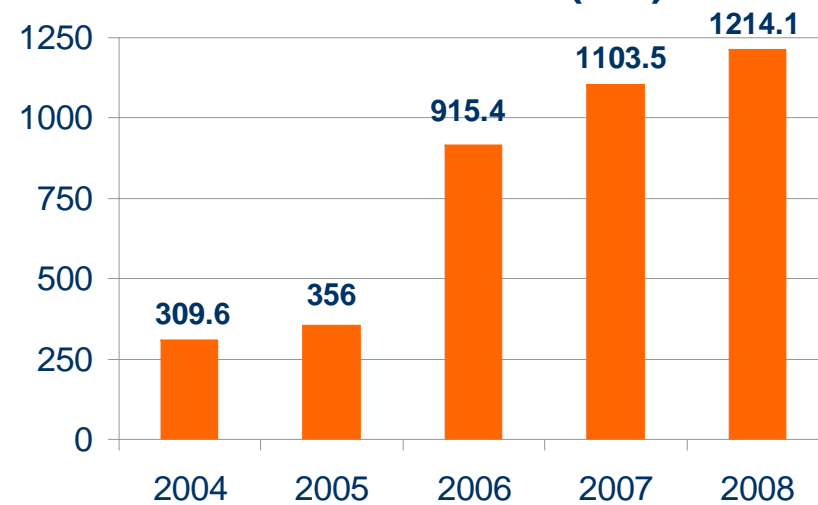


# Financial and operating highlights

**Net rental income (\$m)**



**Total assets (\$m)**



# Income

- More cash in investors hands – The PIE regime shows benefits
- 33% marginal taxpayer is 32% better off

Comparison of 2008 financial year distributions	Investors' marginal tax rate			
	39.0%	33.0%	19.5%	0.0%
Old tax rules	6.001	6.600	7.929	9.172
PIE regime	8.702	8.702	9.172	9.172
% Change	45%	32%	16%	0%



# 2008 valuation results

- \$43 million increase – all as a result of increases in the income from the property portfolio
- Capitalisation rates on the market income remained flat at 8.3%
- So the property is worth more because we are getting more rental from it
- In spite of this, the portfolio is under rented by a larger margin than the same time last year, so there is further rental growth expected

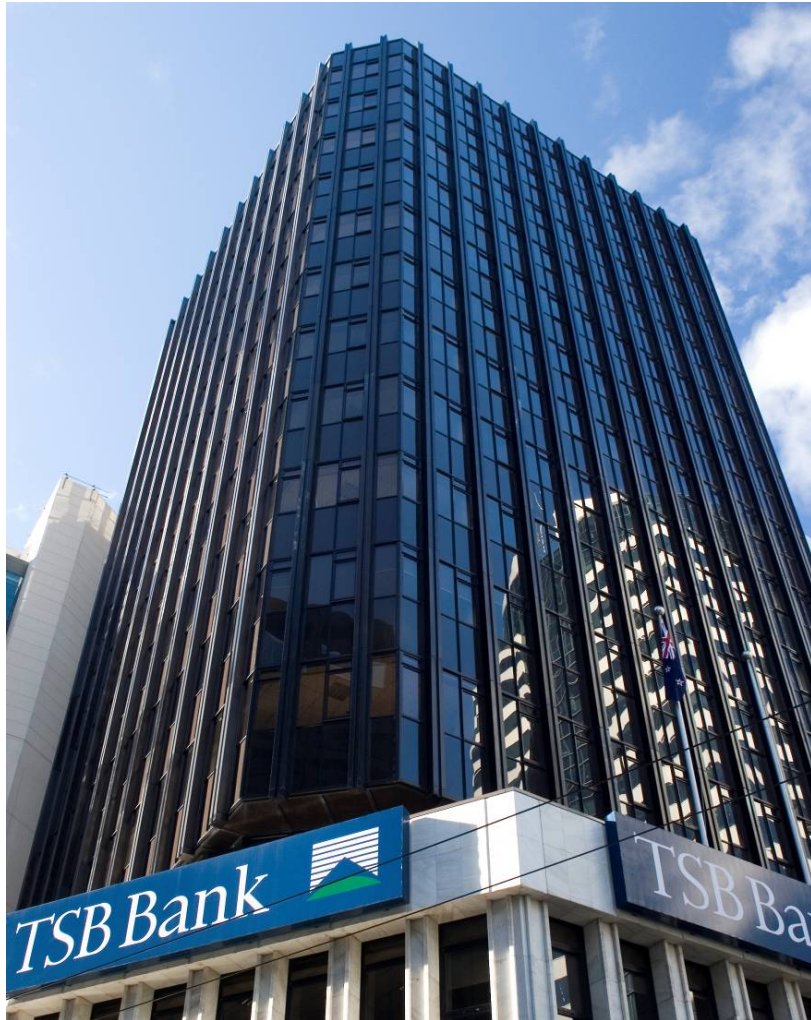


# Valuations – key determinants

- Supply and demand of space
- Income – rentals
- Interest rates
- Value of returns and risk relative to other asset classes
- Sentiment, negative across all asset classes
- ING's smaller average size means number of buyers is greater providing increased flexibility



# Commercial





# Retail



# Industrial



# The next 24 months

Retail



ING



Office



ING



Industrial



ING



# What about the risk?

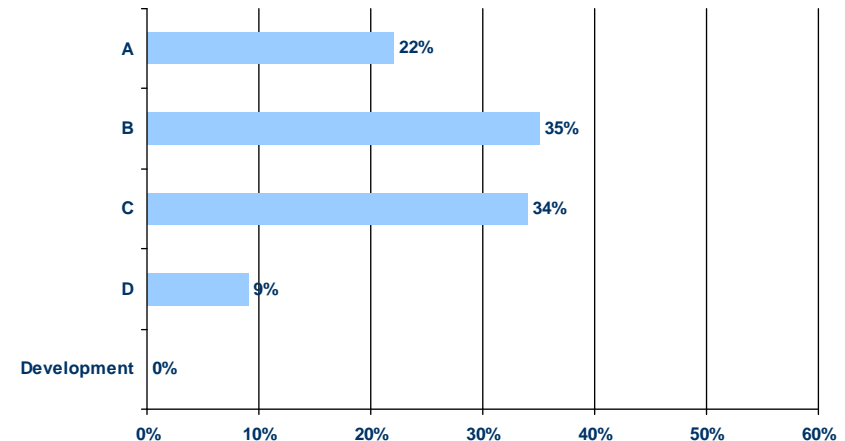
- There is a level of risk
- But the underlying assets are physical properties
- Manage - mitigate - remove
- Diversification by asset sector, location, tenant



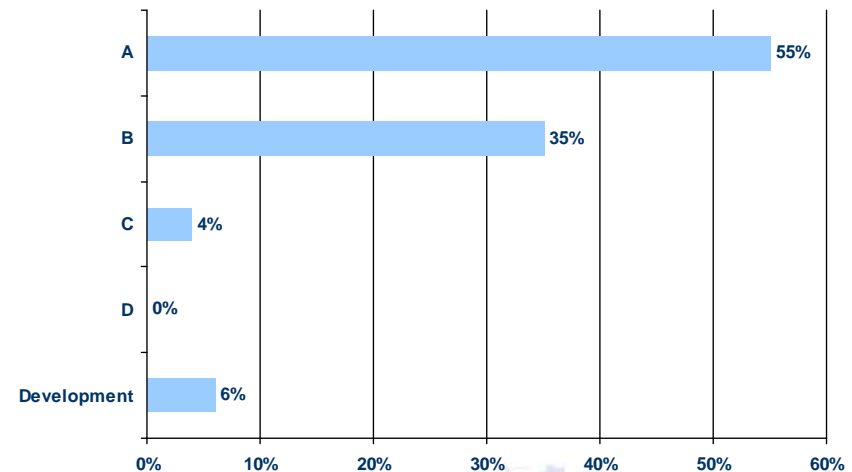
# Investment quality

- Quality of the investments held has improved through acquisition, development and rationalisation plans
- Almost no secondary quality assets remaining
- Investments are now predominantly A-grade
- Focus on adding to investment quality of portfolio

Building quality grade 2004

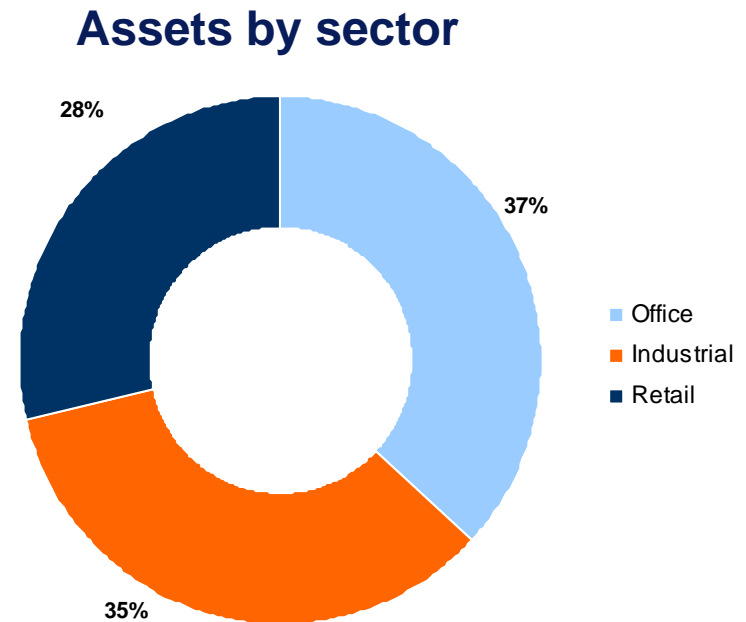
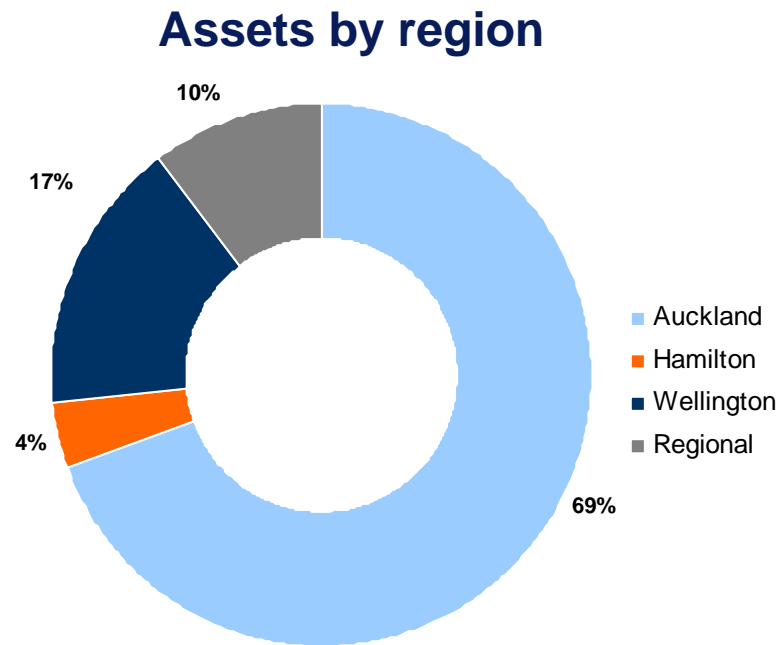


Building quality grade 2008



# What about the risk?

## Diversification by location and sector



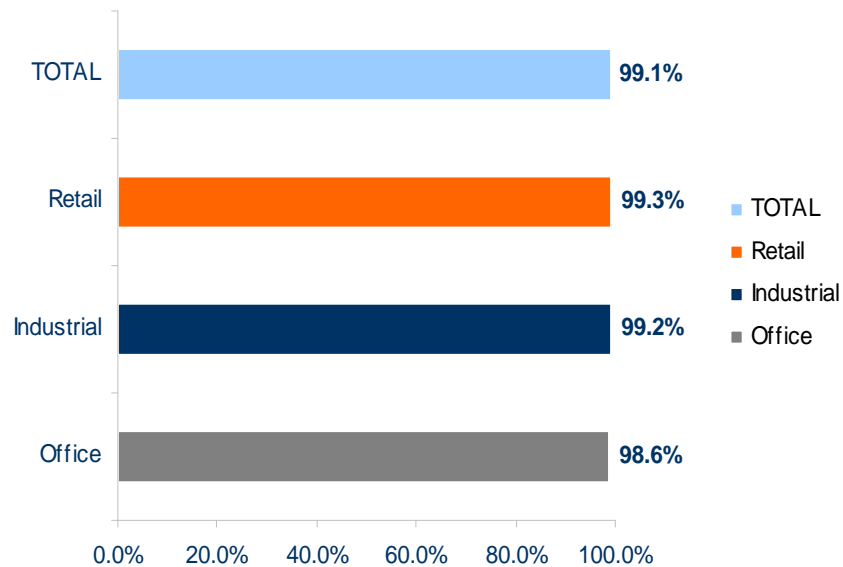
As at 31 March 2008



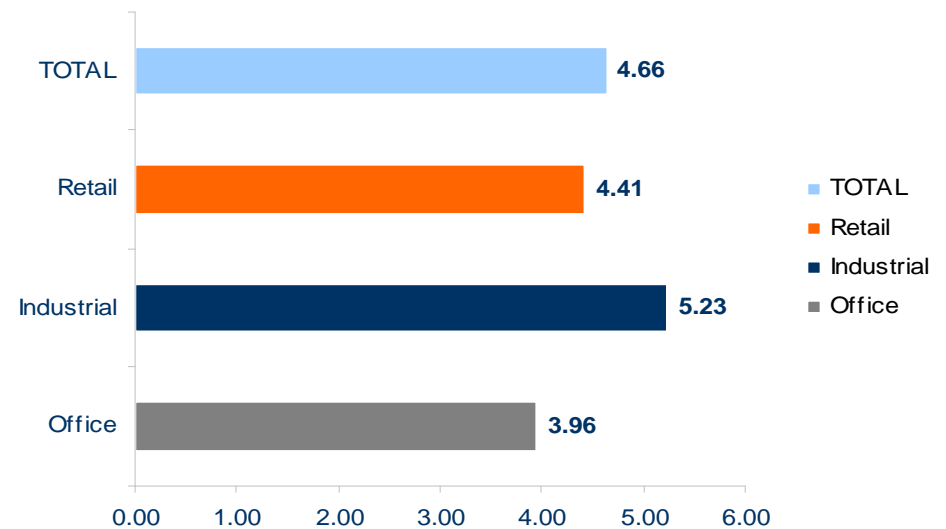
# What about the risk?

Strong occupancy and weighted average lease term

## Occupancy by sector



## WALT by sector



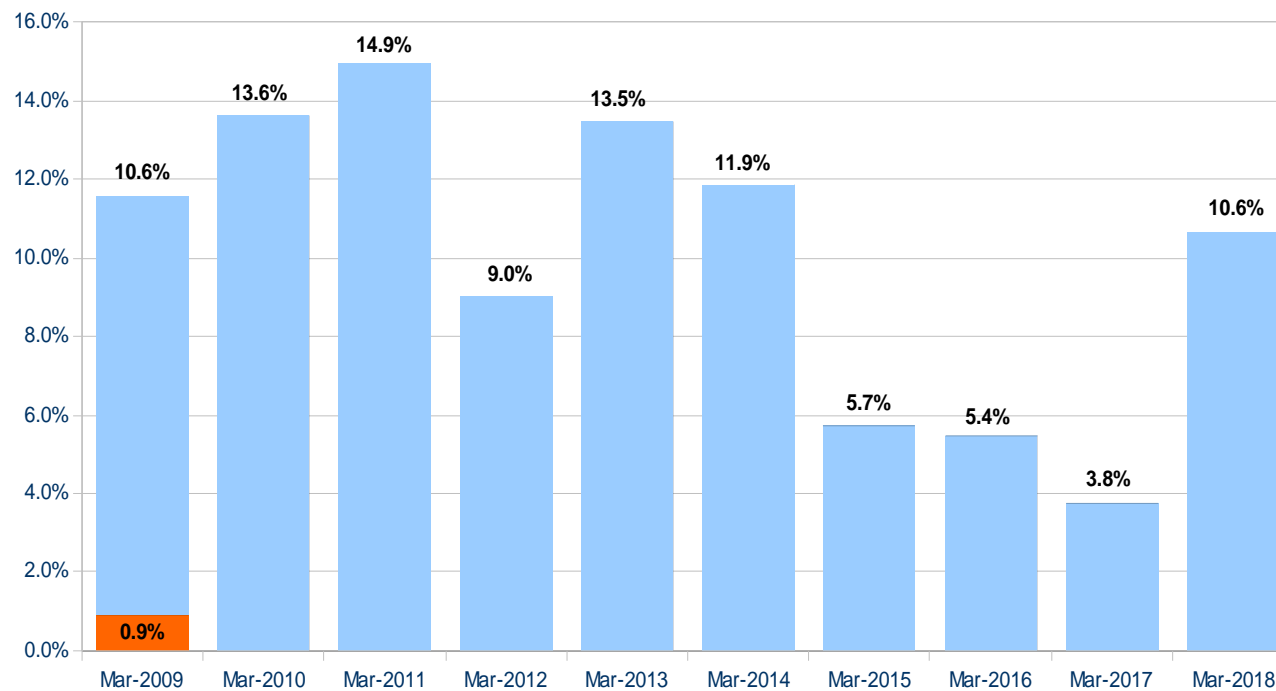
As at 31 March 2008





# What about the risk?

## Diversification by lease maturity



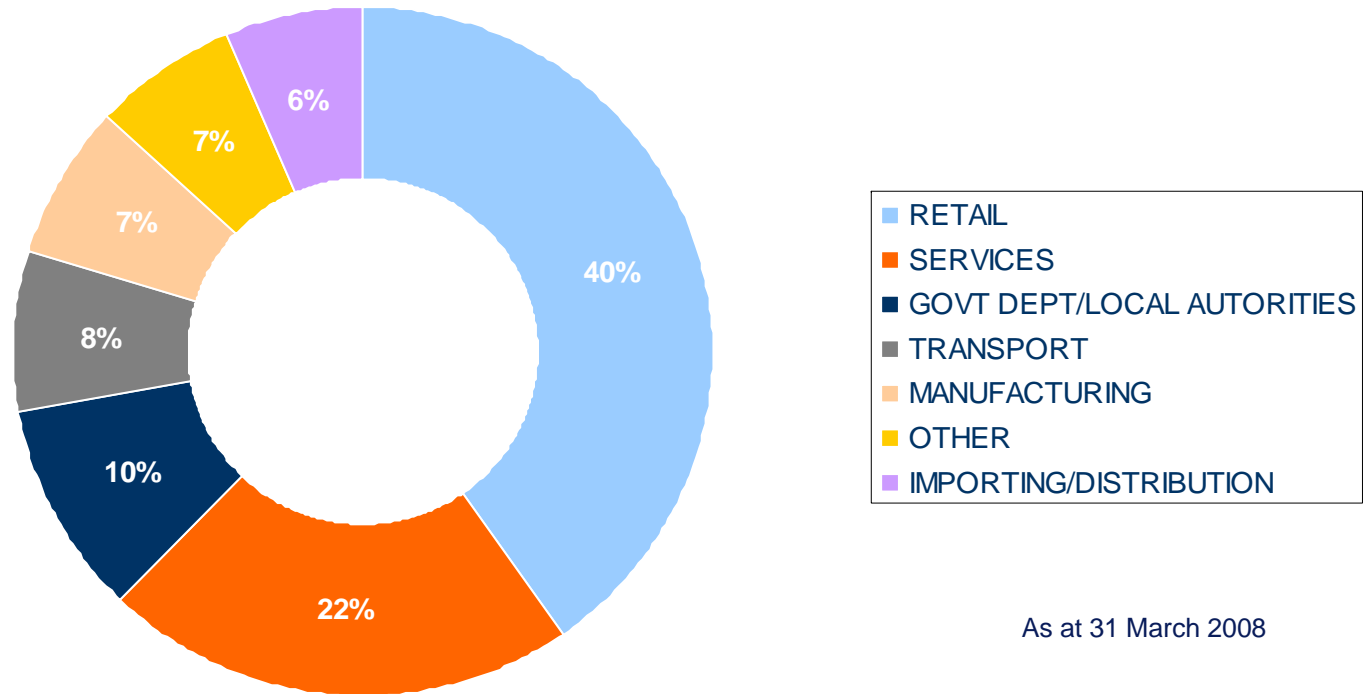
As at 31 March 2008





# Tenant diversification

Total property portfolio by business type -  
rental per annum

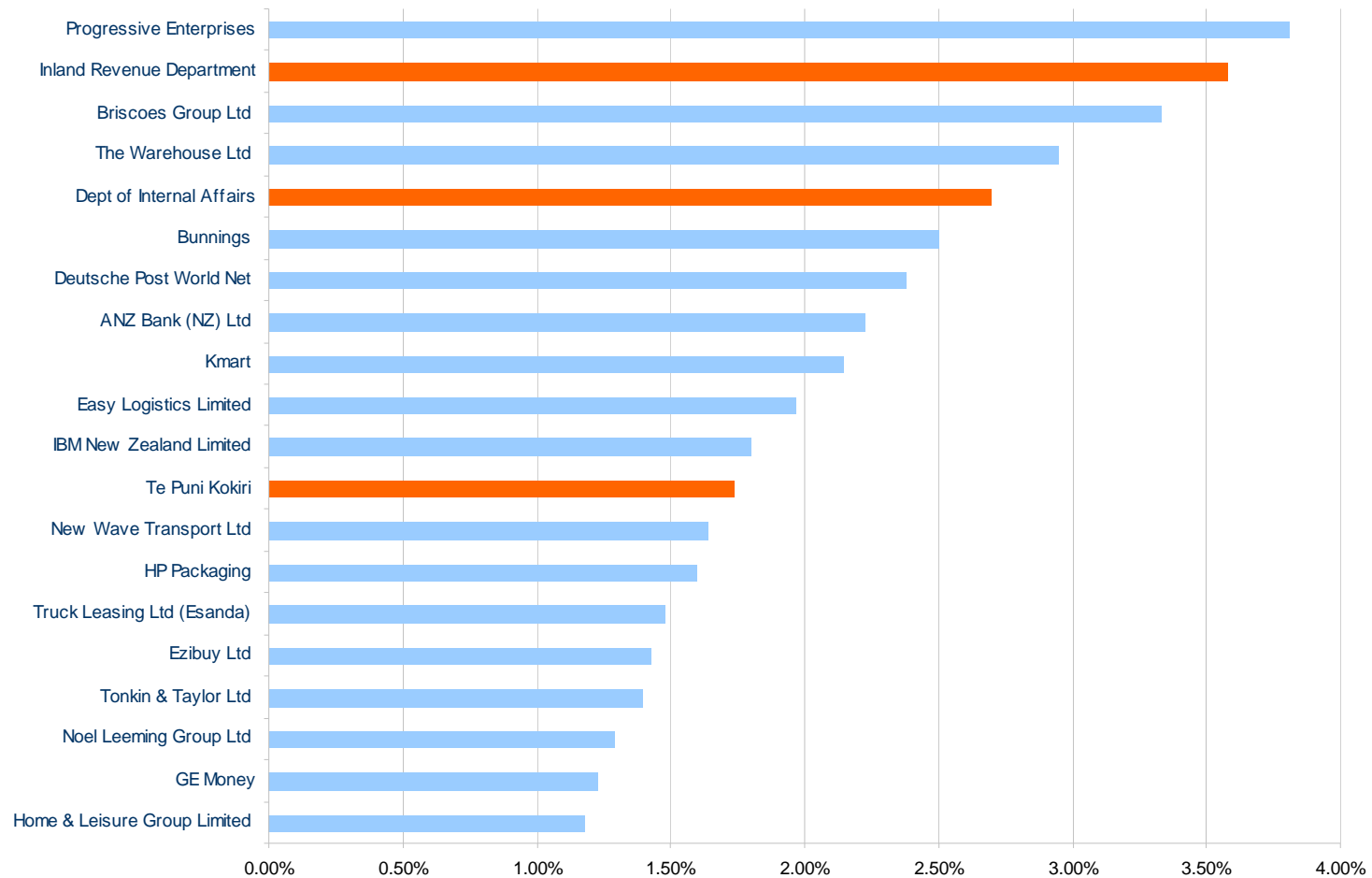


As at 31 March 2008



# Top 20 tenants

By gross rent (% of portfolio)



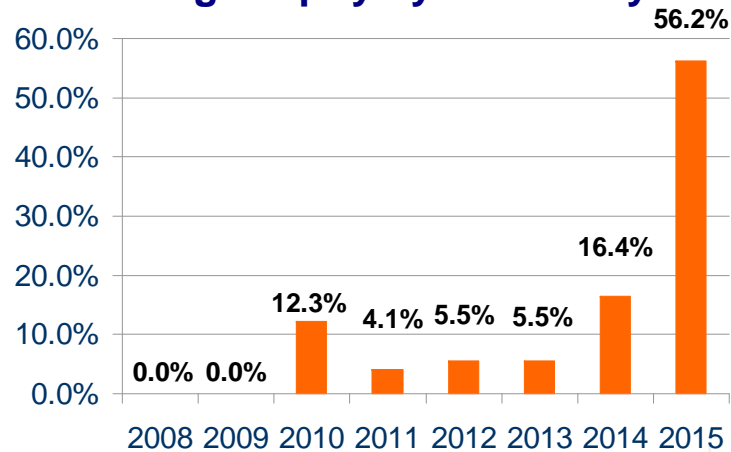
# Quality tenants



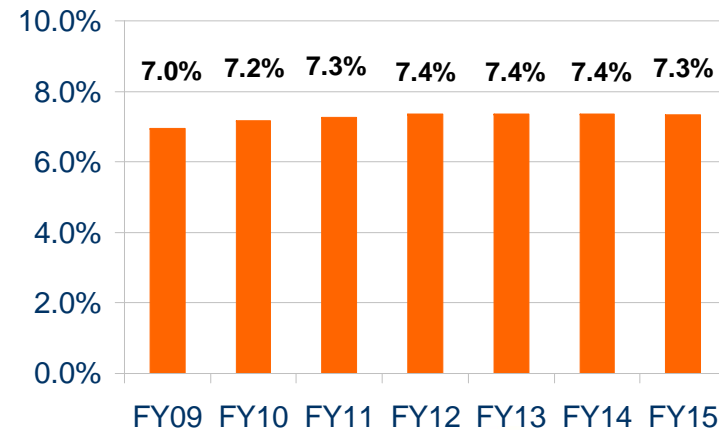
# Interest rate management

- The credit crunch has impacted the cost of debt both locally and globally
- Current debt facility does not expire until Sept 2010
- To minimise the impact of the credit crunch, 82% of the Trust's debt is managed through the use of interest rate hedges
- Due to the Trust's interest rate management policy, the interest rate paid over the last 12 months (including margin and fees) is 7.4%
- The hedges have, on average, 5.9 years until expiry

**Hedge expiry by calendar year**



**Average hedge rate**



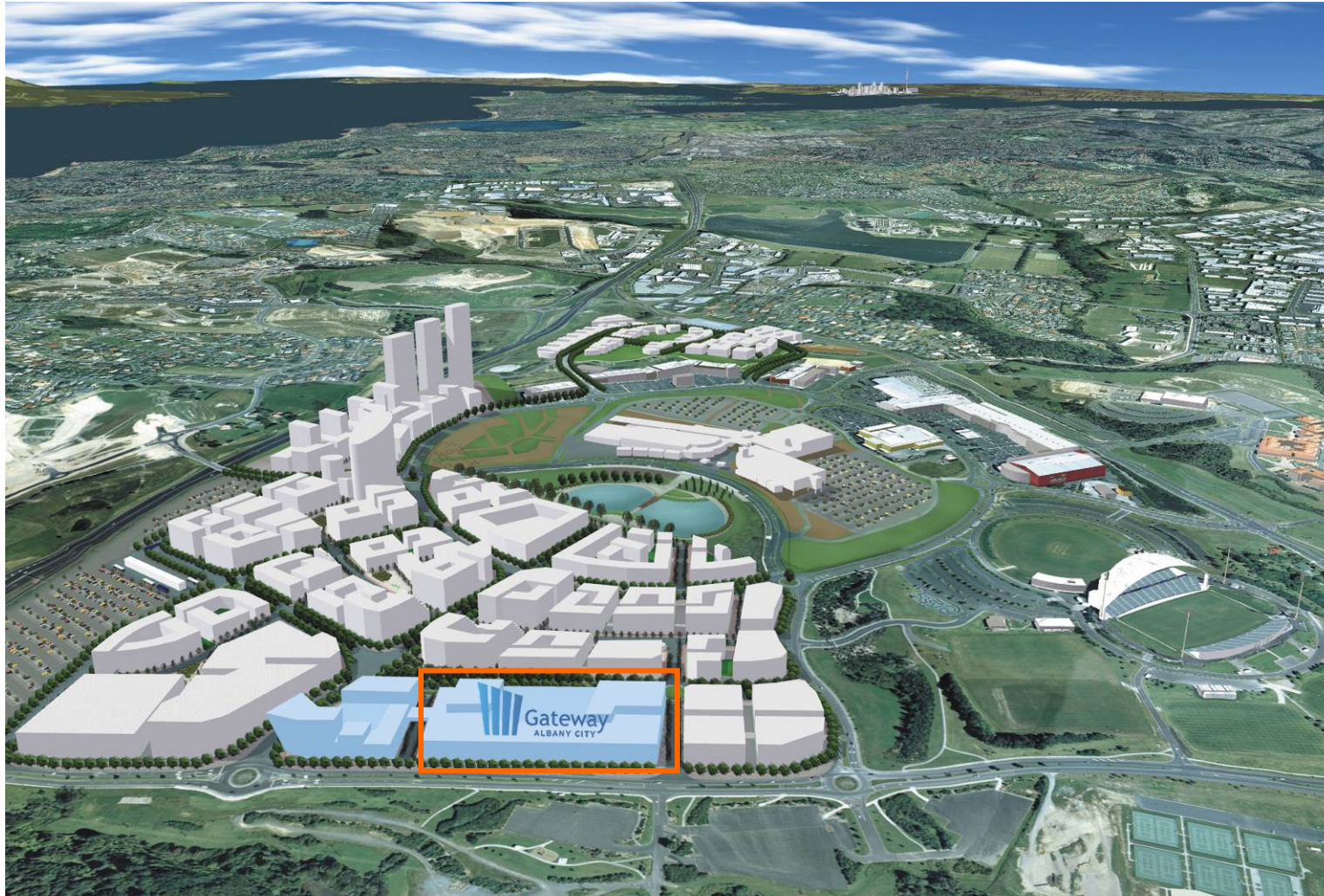
# Manawatu Business Park



MANAWATU  BUSINESS PARK



# Albany City general layout plan





# Albany, The Gateway Block E



# Current focus

- Maintain control of debt, ensuring that the Trust is not compromised by any potential decline in asset values
- Asset sales of over \$60m under negotiation close to the 31 March 2008 book values
- Strong focus on core property management through leasing, rental reviews, building maintenance and value add upgrades
- Tenant focus – we are fundamentally a service provider – but underwritten with real assets
- Unlikely to see – acquisitions, development activity carrying any significant risk





# Conclusion

- ING Property Trust portfolio is in good shape
- Diversified, low risk portfolio of quality properties
- Market has failed to recognise adequately the strengths of the Trust
- Units trading at a substantial discount, and offer a very attractive return particularly at current levels



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25 August 2008

