



» ING Property Trust

Unitholder update 2010

Agenda

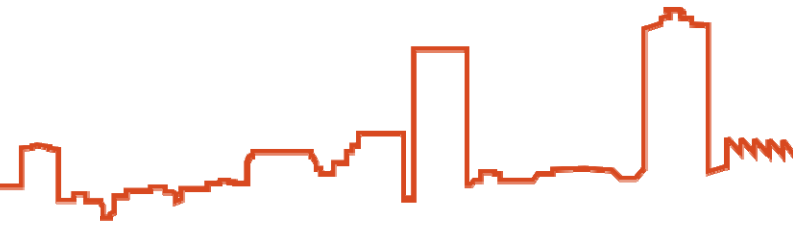
- » Highlights
- » Financial performance
- » Unit price
- » Strategy
- » Valuations
- » Conclusion

Highlights

Great South Road, Auckland

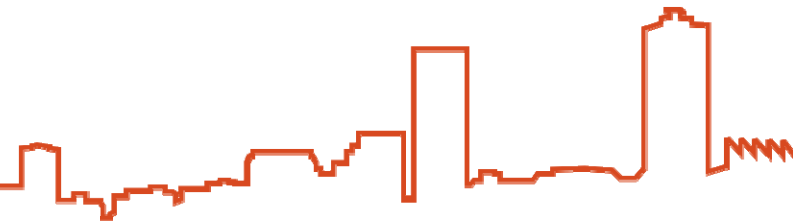


Highlights



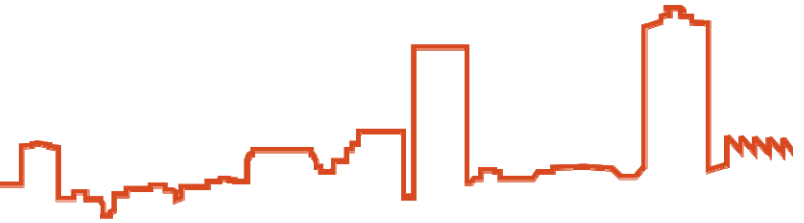
- » \$1.0 billion portfolio, 80 properties, 276 tenants - the most diversified property vehicle on the NZX
- » 96.6% occupancy – in a difficult leasing environment
- » 3.2m increase in net property income – rent reviews
- » 4.9 years weighted average lease term – provides strong rental security
- » 9.1% yield on market rental
- » \$12.0m average individual property value – provides advantage of continued demand
- » \$102.9m from the sale of 15 properties

Summary statistics



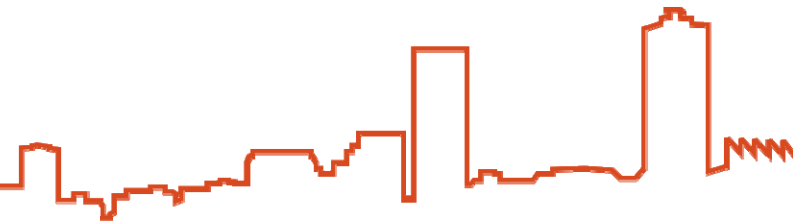
As at 31 January 2010	
Book Value of Properties	\$956,138,000
Number of Properties	80
Average Value of Properties	\$11,952,000
Vacancy by area	2.24%
Vacancy by rental	3.37%
Weighted Average Lease term	4.91 years
Number of tenants	276

The property cycle



- » At a fundamental level the property industry is a service provider. It provides accommodation to businesses active in the economy within which it operates.
- » It follows that the fortunes of the property market are governed by the supply and demand for that accommodation.
- » What we call the property cycle is the ability of the property market to respond with sufficient speed to changes in the economy.

Property values



How do we derive them?

Triangulation of three approaches:

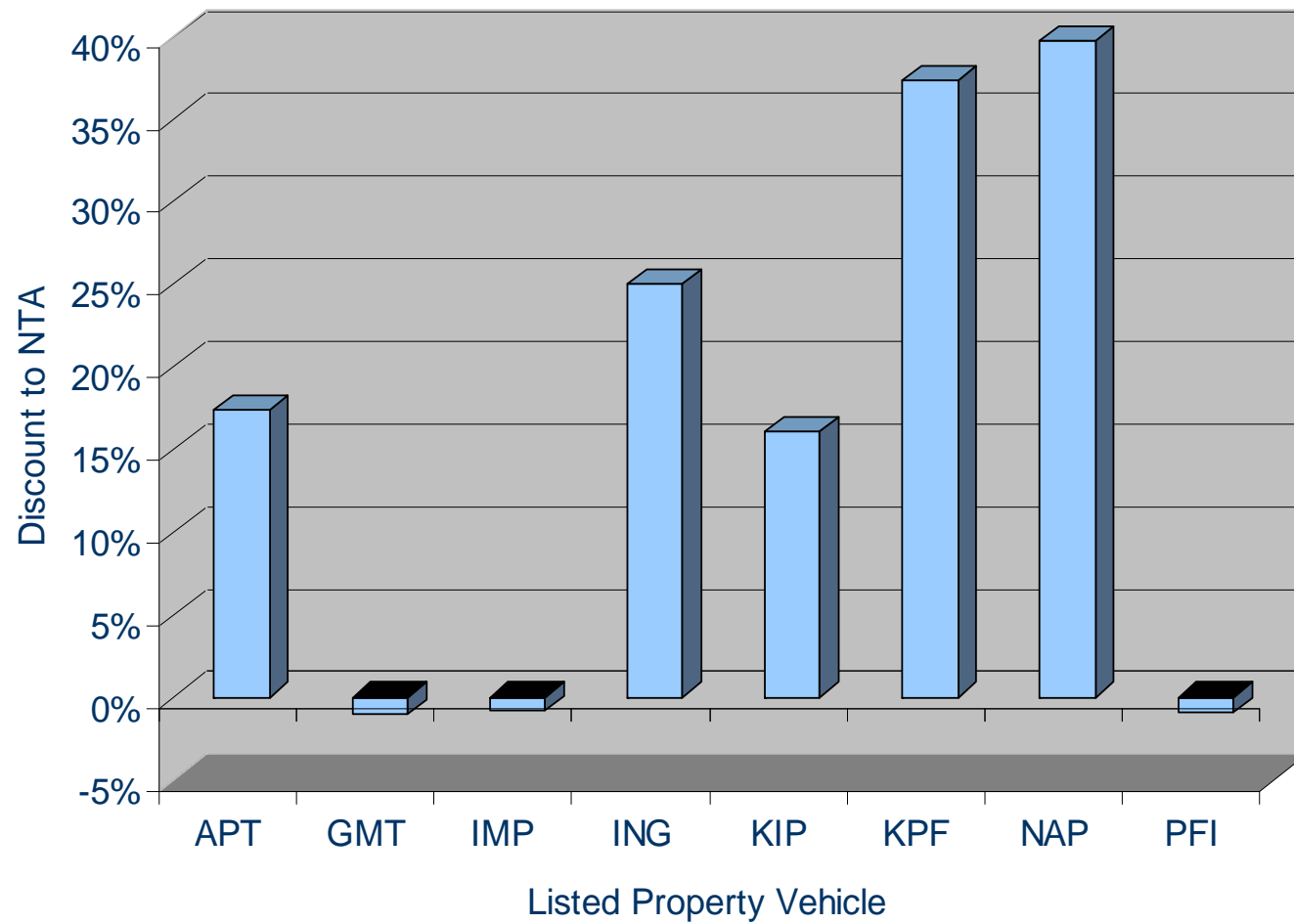
1. Capitalisation of contract income
2. Capitalisation of market income – with the addition of super-rent or deduction of shortfall
3. Discounted cash-flow assessment - Net Present Value (NPV) or Internal Rate of Return (IRR)

Principal drivers of property activity

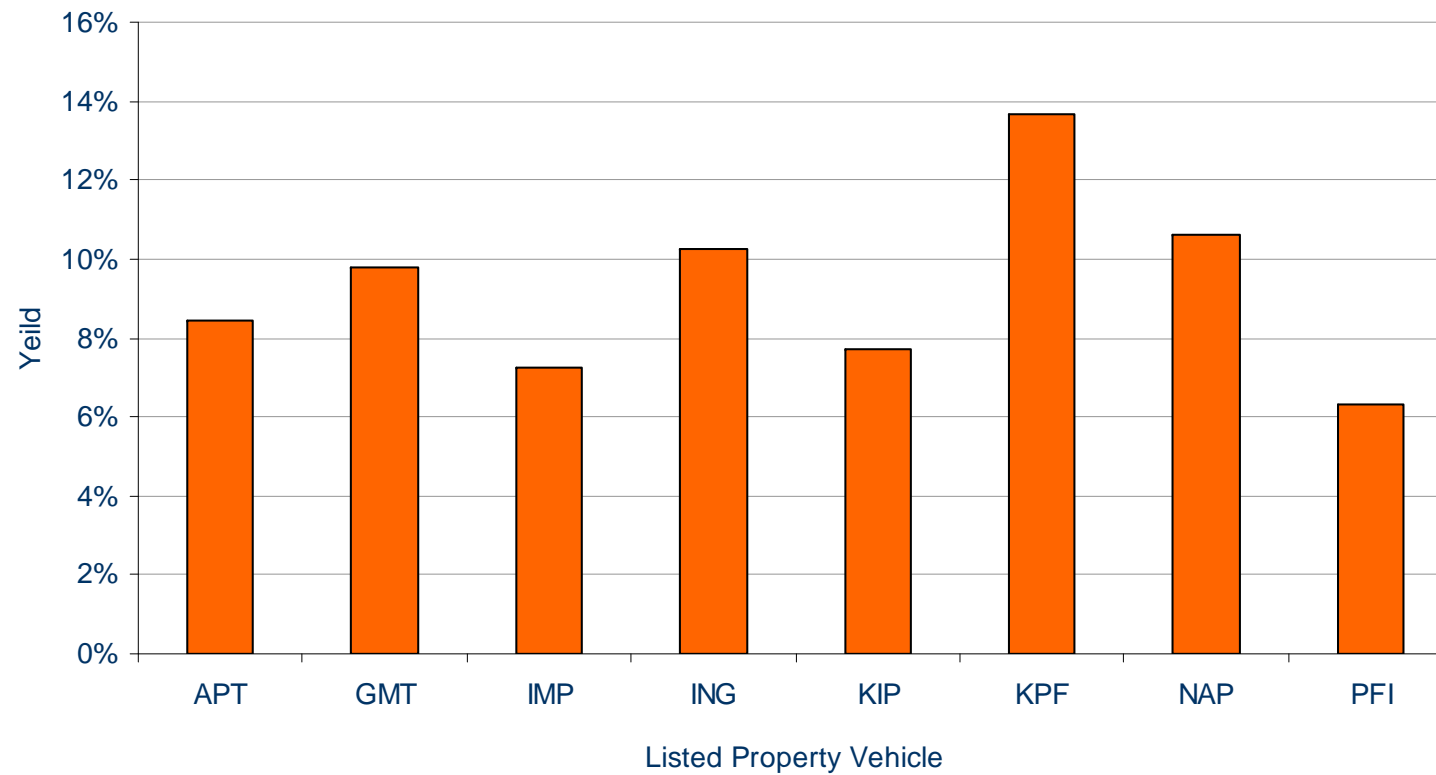


- » Demand – Net absorption
- » Supply – and potential supply
- » Fashion – Trends

LPV discount to NTA



Yield as at February 2010

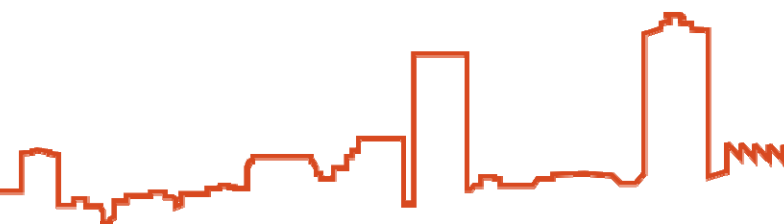


Financial performance



Upper Queen Street, Auckland

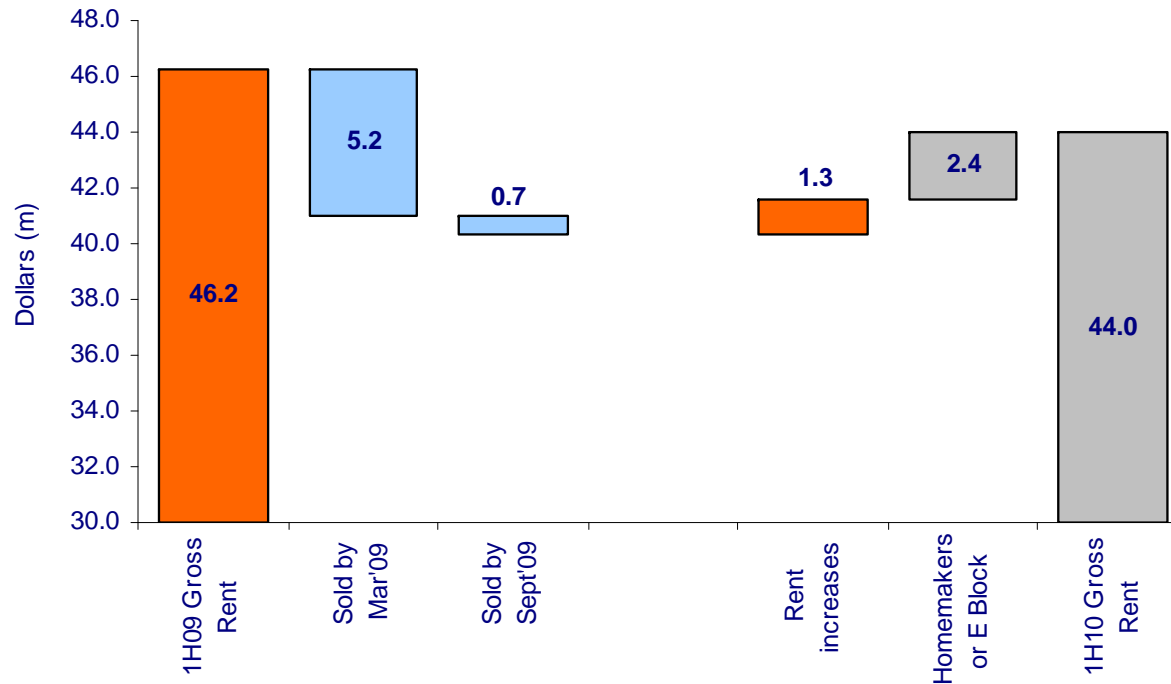
Financial performance



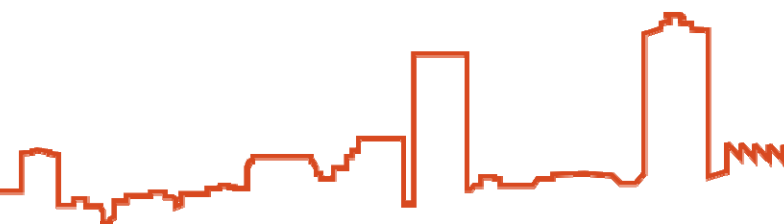
	HY10	HY09	Change
Net rental income	\$40.9m	\$43.7m	-6.3%
Interest expense	\$13.5m	\$18.0m	25.4%
Loss on derivatives	\$ 7.3m	\$ 1.8m	
Revaluation losses – on investment property	\$13.6m	\$14.2m	
- on construction	\$ 1.5m	-\$ 0.1m	
Operating surplus (pre disposals, revals & tax)	\$34.4m	\$39.4m	-12.7%
(Loss)/profit before income tax	\$(1.1m)	\$ 5.7m	\$ (6.8m)
(Loss)/profit for the period	\$ (5.6m)	\$ 0.3m	\$ (5.9m)
(Loss)/profit for the period - Comprehensive	\$ 2.2m	\$(10.6m)	\$ 12.8m

Gross rental income

In the period 30 September 2008 to 30 September 2009 there was \$150m of property sales settled. The following highlights the impact this has had on Gross Rental Income:

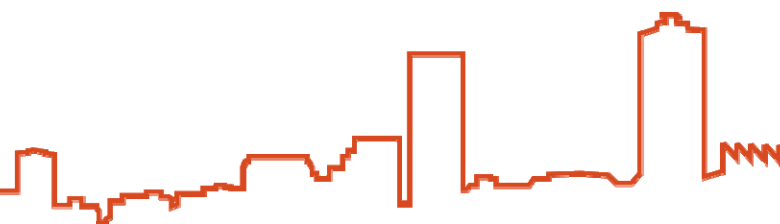


Distributable income



	HY10	HY09
(Loss)/profit before income tax	\$(1.1m)	\$5.7m
Adjust for:		
Revaluations losses/(gains) – property	\$13.6m	\$14.2m
Revaluations losses/(gains) – construction	\$1.5m	\$(0.1m)
Investment disposal gains/(losses)	\$0.1m	\$(0.4m)
Derivative fair value adjustment	\$7.3m	\$1.8m
Management rights amortisation	\$0.7m	\$0.7m
Gross distributable income	\$21.9m	\$21.9m
Current tax	-\$0.9m	-\$2.8m
Net distributable income	\$21.0m	\$19.0m
Gross distributable income per unit (cents)	4.13c	4.28c
Net distributable income per unit (cents)	3.95c	3.73c

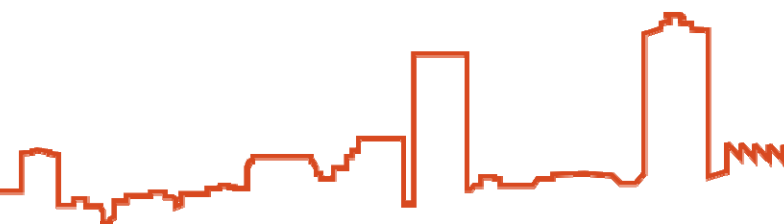
Financial position



	HY10	FY09	HY09	Change HY10 v 09
Securities on issue	534.2m	531.5m	526.2m	0.9%
Unitholders' funds	\$561.7m	\$577.1m	\$673.1m	-16.5%
Net asset backing per unit (cents)	105.8c	108.9c	131.7c	-19.7%

Total property value	\$1,006.9m	\$1,059.3m	\$1,223.3m	-17.7%
Bank debt	\$404.9m	\$429.0m	\$431.8m	23.9%
Debt-to-total-assets ratio	39.6%	40.5%	42.0%	5.7%

Property sales

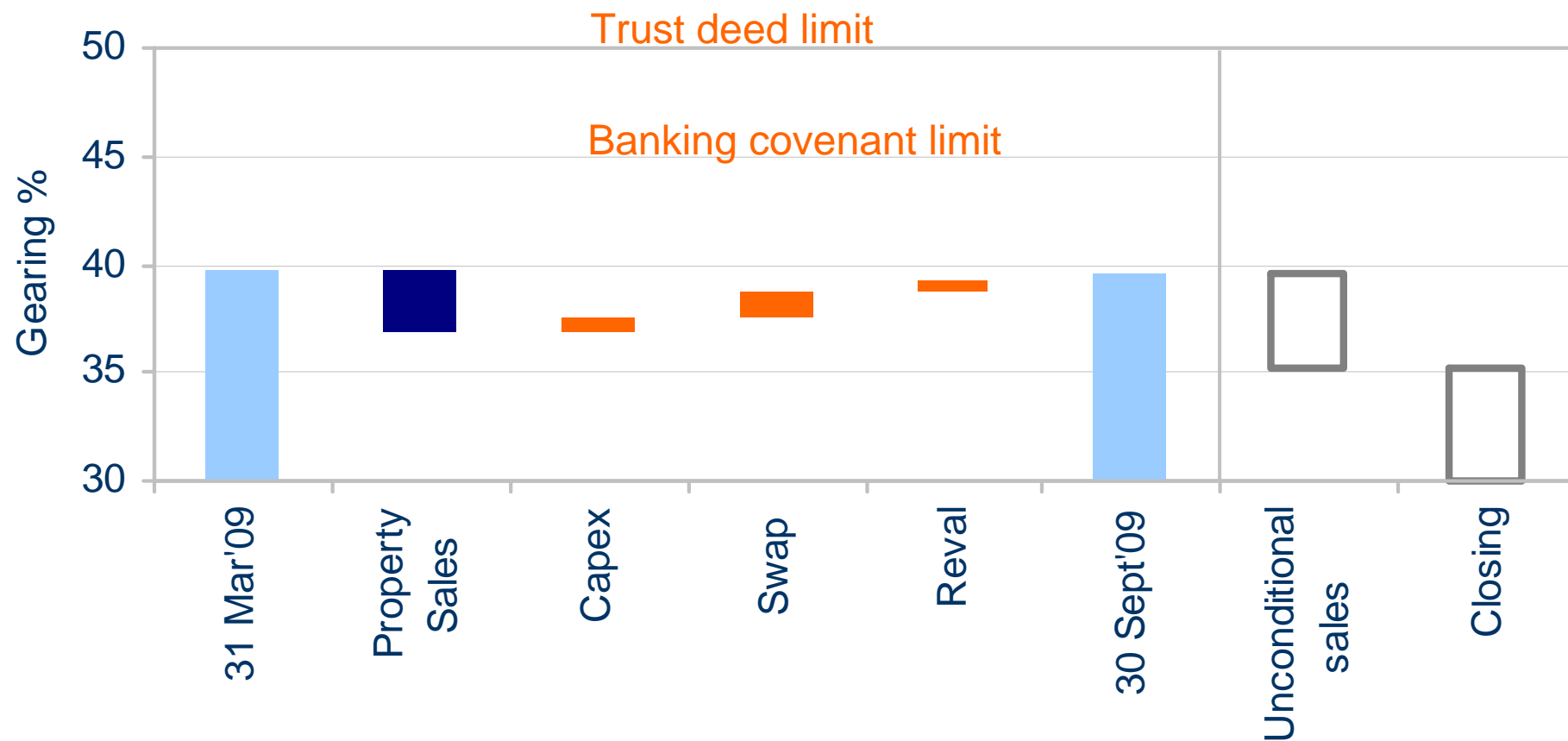


Property	Market value as at 31/03/09	Sale Price	Settlement date or expected settlement date	Proportion of book value
College Hill, Auckland (pending vacancy)	\$7,600,000	\$7,854,000	19 Jun 2009	103%
Cavendish Drive, Manukau	\$6,000,000	\$6,000,000	01 Dec 2009	100%
London Street, Hamilton	\$7,600,000	\$7,600,000	31 Jul 2009	100%
Annie Huggan Grove, Wellington	\$8,950,000	\$10,000,000	03 Aug 2009	112%
Great South Road, Auckland (vacant)	\$7,060,000	\$7,000,000	31 Aug 2009	99%
Sir William Drive, East Auckland	\$5,000,000	\$5,000,000	21 Aug 2009	100%
Maui Street, Hamilton	\$1,800,000	\$1,850,000	11 Sep 2009	103%
Cryers Road, Auckland (pending vacancy)	\$3,550,000	\$3,550,000	30 Sep 2009	100%
Maui Street, Hamilton (vacant)	\$1,730,000	\$1,750,000	02 Nov 2009	101%
Port Hills Road, Christchurch	\$6,850,000	\$6,850,000	31 Mar 2010	100%
Maui Street, Hamilton (pending vacancy)	\$1,900,000	\$2,000,000	19 Oct 2009	105%
Khyber Pass Road (vacant)	\$3,700,000	\$3,700,000	20 Jan 2010	100%
Khyber Pass Road (vacant)	\$4,050,000	\$4,050,000	20 Jan 2010	100%
Croftfield Lane, Auckland	\$13,700,000	\$13,700,000	06 Dec 2009	100%
Niall Burgess Drive, Auckland	\$20,000,000	\$22,000,000	22 Dec 2009	110%
	\$99,490,000	\$102,904,000		103%

Gearing

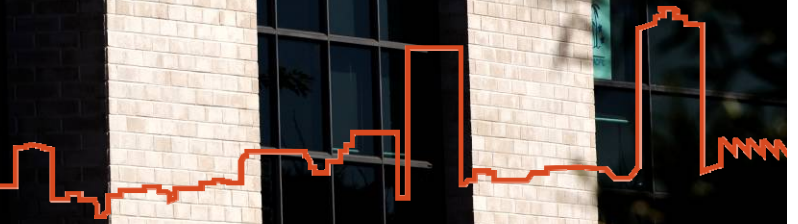
31 March to 30 September 2009

Post 30 September 2009

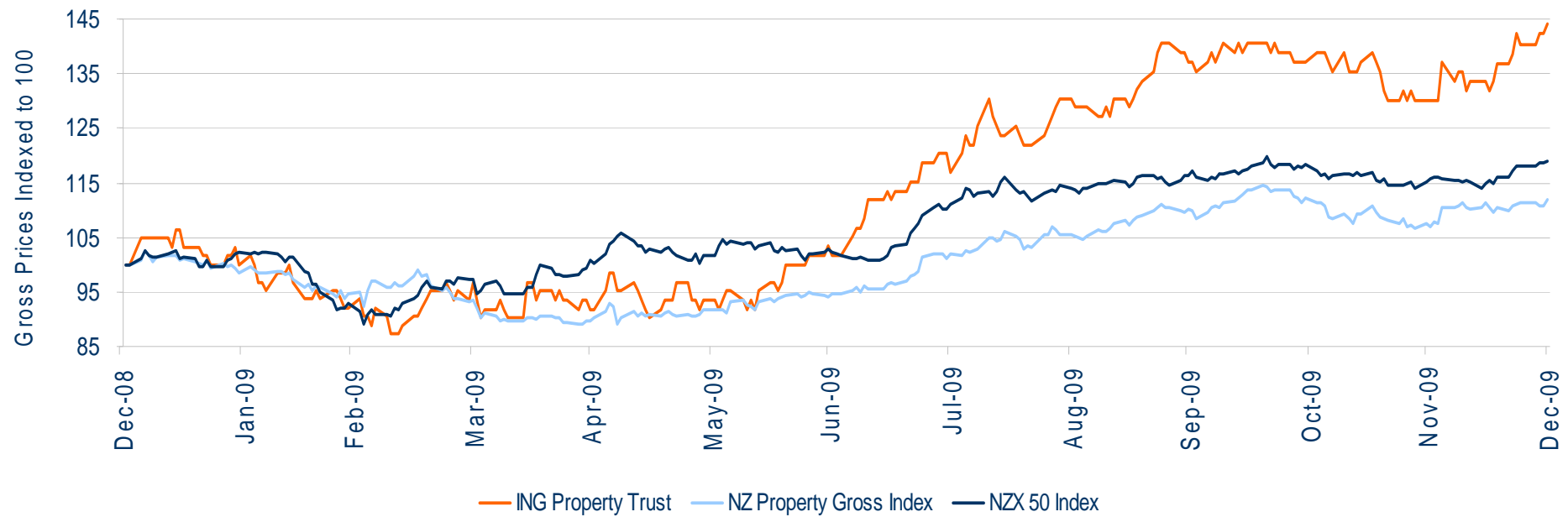


Unit price

Richard Pearse Drive, Auckland



12 months to 31 December 2009

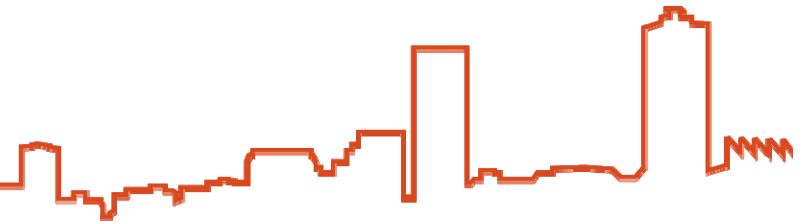


Strategy



Bell Avenue, Auckland

Strategy

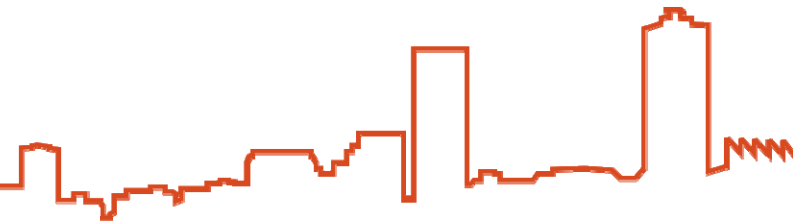


The Trust's long term strategy is unchanged.

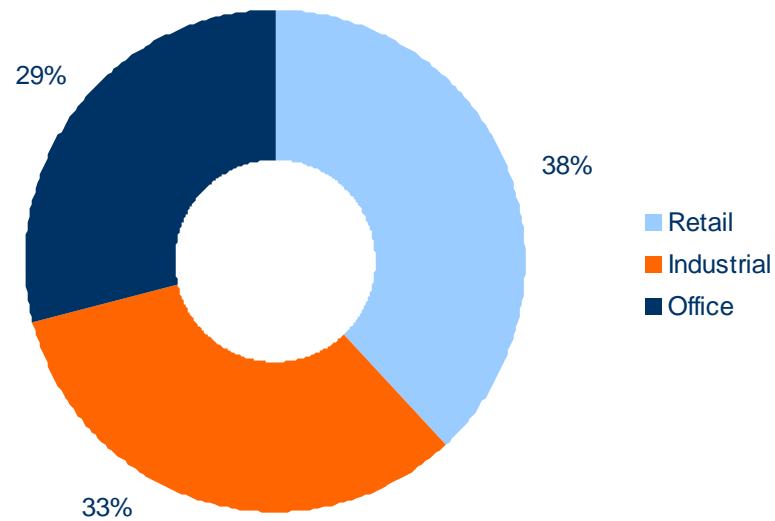
In recognition of the investment environment, the current strategy is focused on three key areas:

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

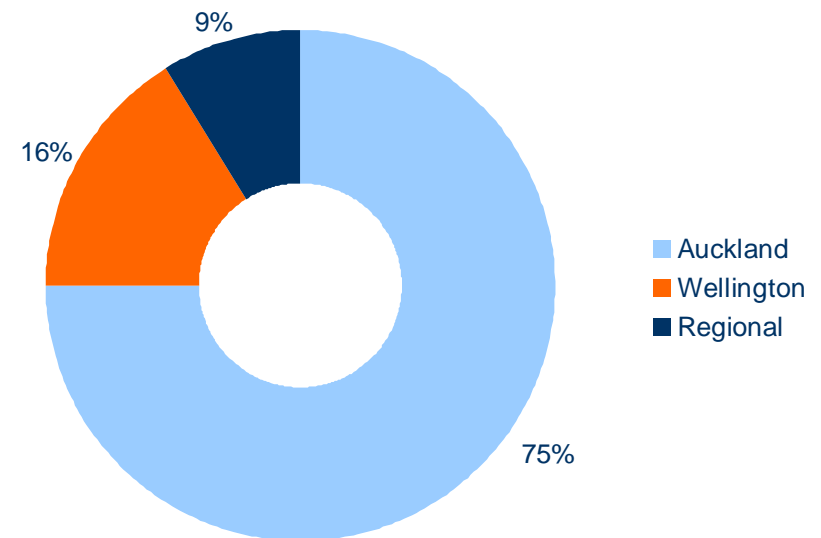
Risk mitigation



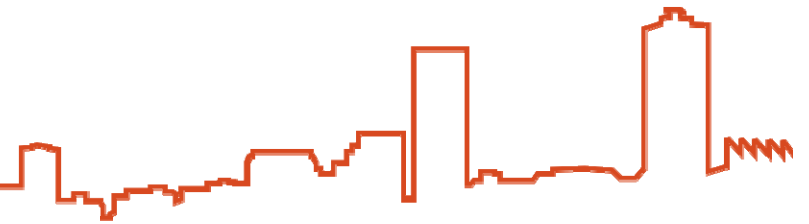
Sector



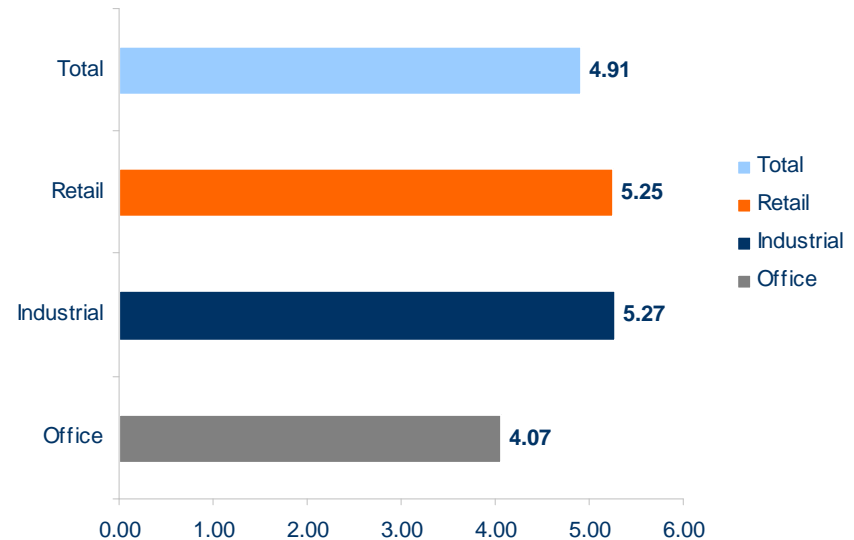
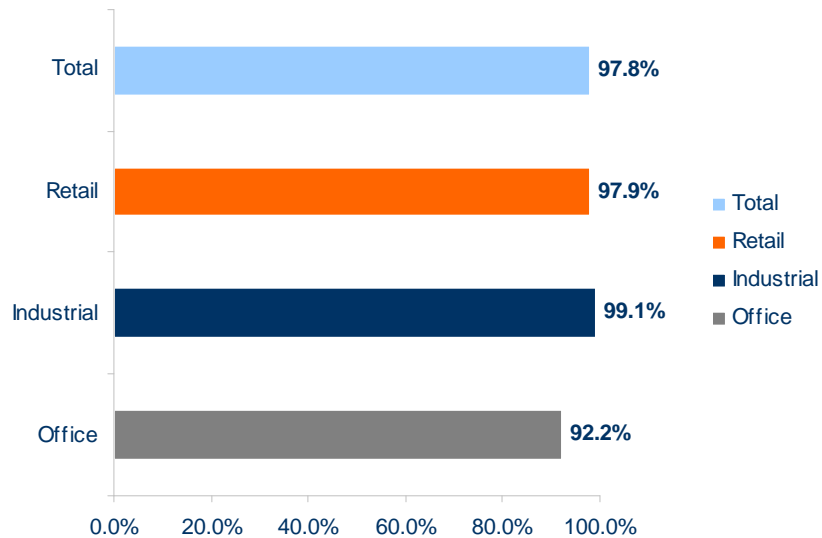
Region



Risk mitigation

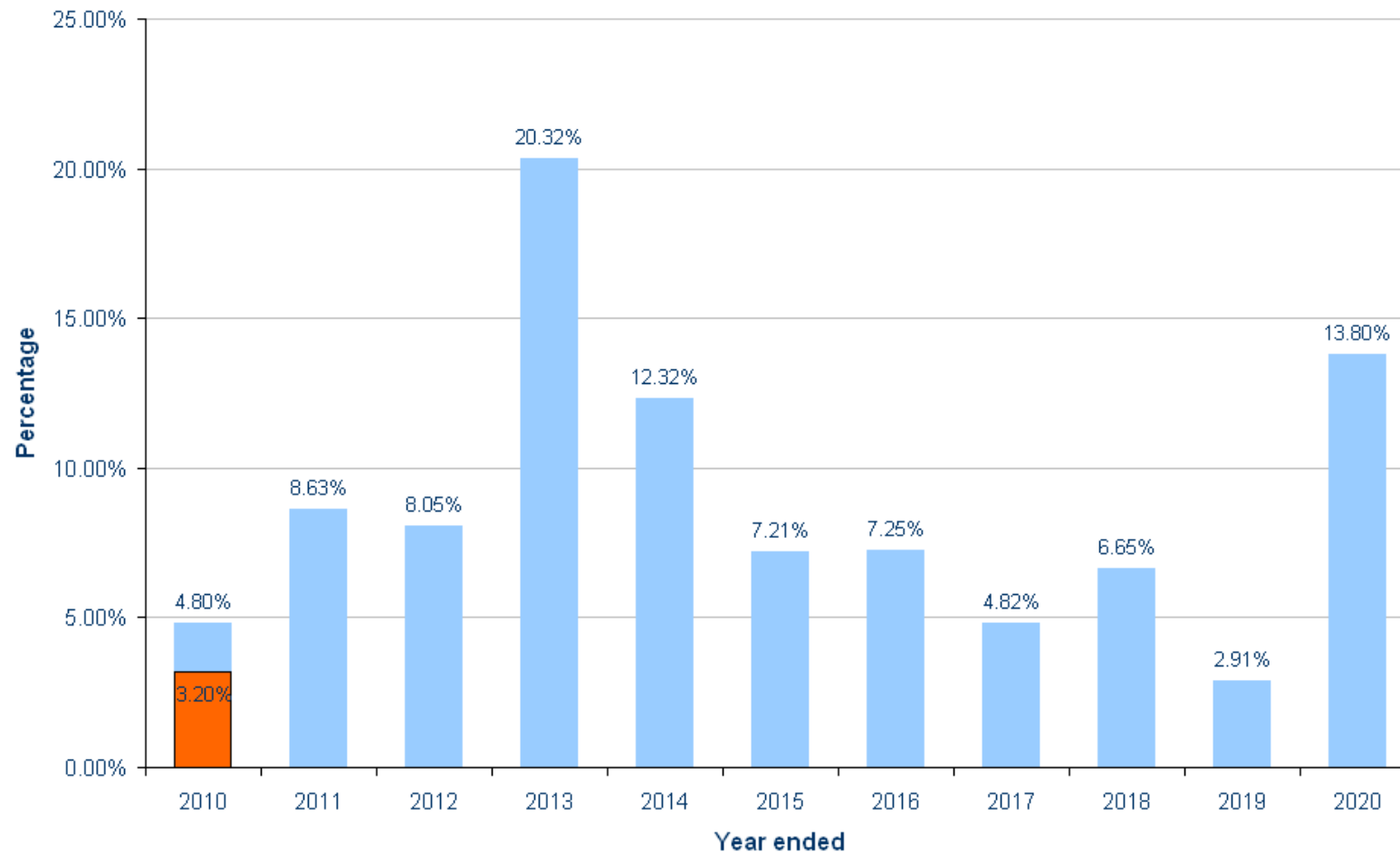


» Strong occupancy and weighted average lease term

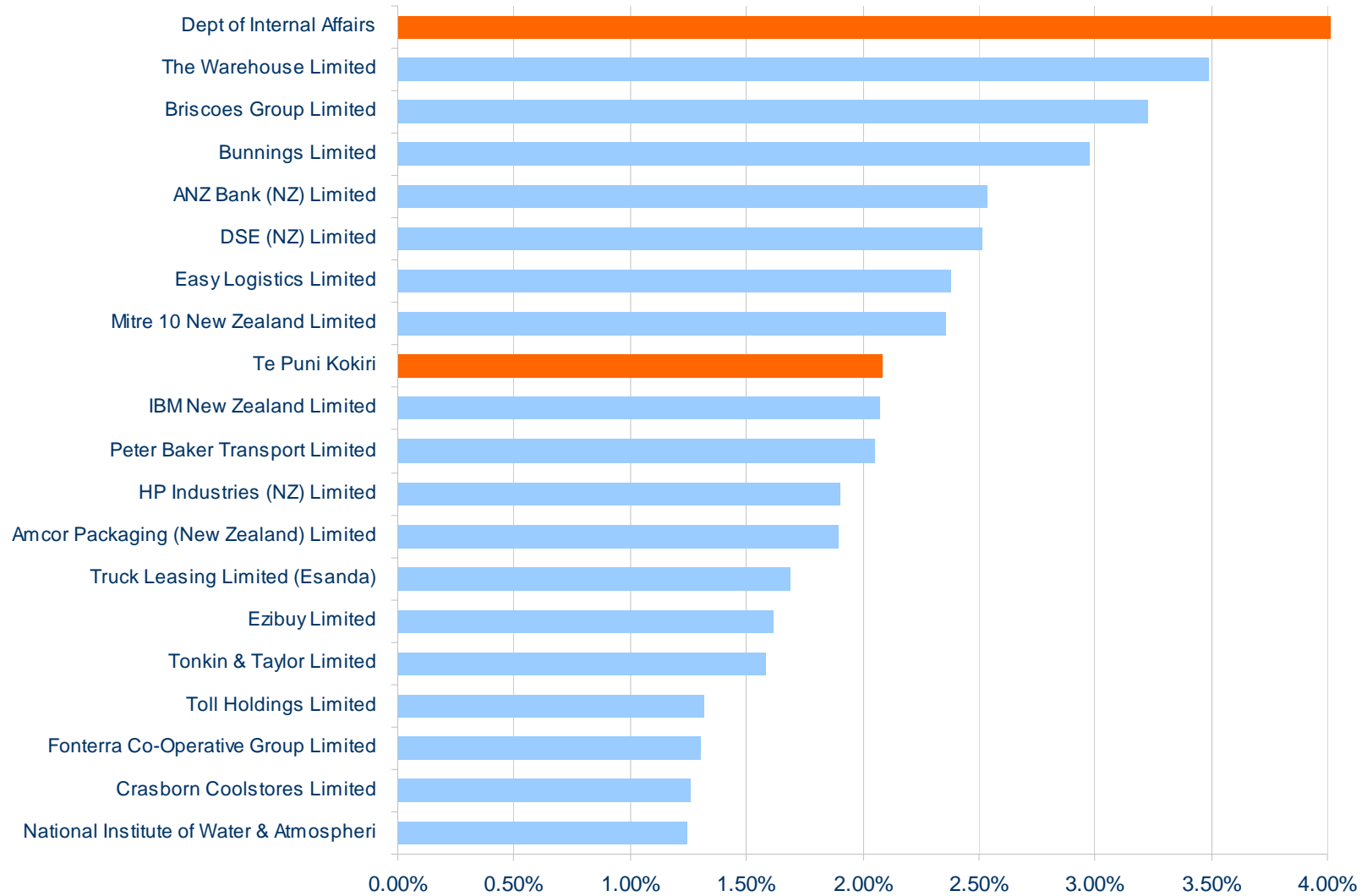


Risk mitigation

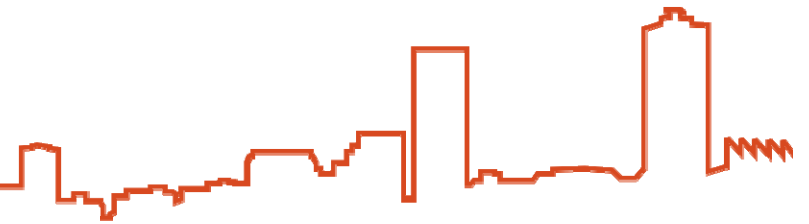
Diversification by lease maturity



Risk mitigation



The next 24 months



Retail



INGPT



Office



INGPT



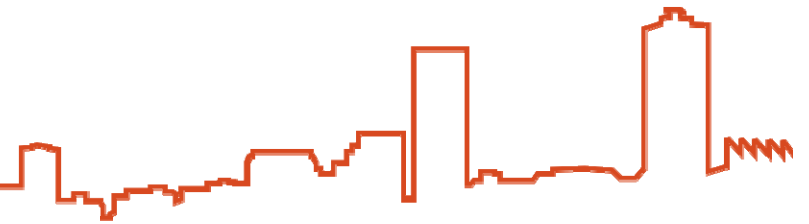
Industrial



INGPT

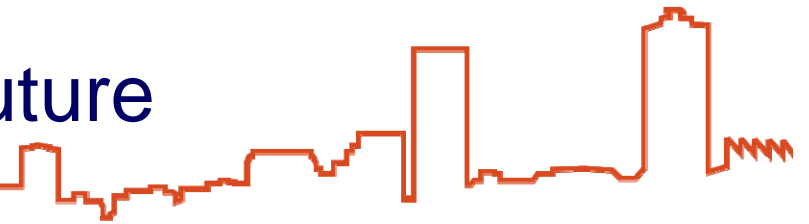


Capital management



- » Intention to sell \$100m of property in current financial year
- » \$103m unconditional sales before Christmas
- » \$250m sold since onset of global financial crisis – liquid portfolio
- » Assets held at market-proven values – backed up by sales
- » Debt issues can be managed by sales without requirement to raise capital

Portfolio structuring for the future



- » Right stock
 - › Right property
 - › Right location
 - › Right price

- » Diversification
 - › Sector
 - › Location
 - › Tenancy mix
 - › Lease expiry

Positioning the portfolio for the future



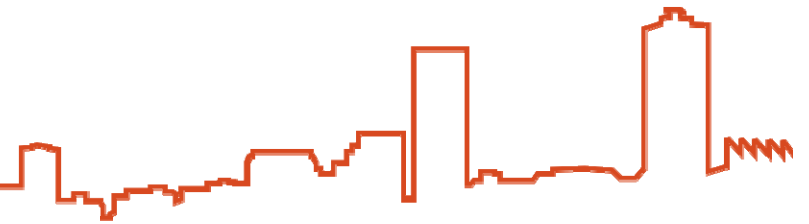
- » 18 new leases
- » 27 lease extensions
- » Sales of vacant property
- » Sale of higher risk property

Valuations



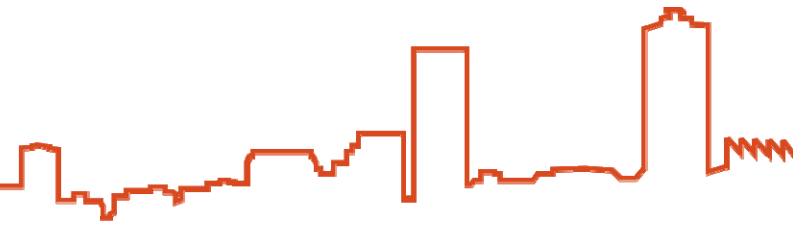
Te Puni Kokiri, Wellington

Valuations



- » Decline of 8.3% at year end, including 1.3% interim decline
- » Liquid part of the market – less than \$20m
- » Market activity demonstrates stable values for our portfolio
- » Yield on market rentals over 9.1%
- » Valuations completed by DTZ New Zealand, Jones Lang LaSalle and Colliers International

Tax working group



Issues that affect the property industry:

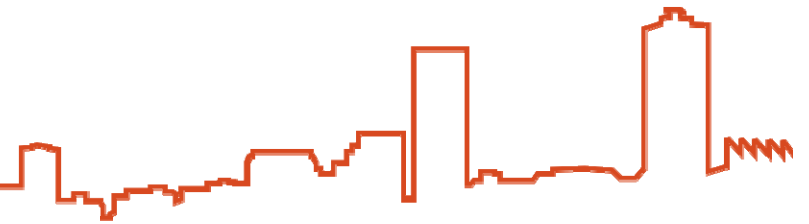
- » Land tax – *comprehensive* land tax ruled out
- » Depreciation – focus is on residential investment BUT commercial is still on the table
- » Unintended consequences – disincentive to superannuation savers and reduction in international competitiveness of our tenants.
- » Model seems flawed – they won't get as much as they are counting on

Conclusion



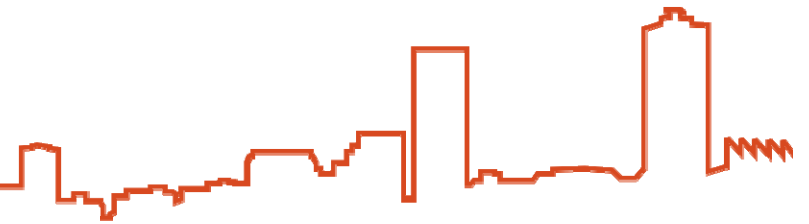
Wyndam Street, Auckland

Conclusion



NTA	\$ 1.06		Price / NTA discount	72.6%
Cash dividend	7.50		Net dividend yield	9.7%
Gearing	39.6%		Gearing ex asset sales	35.2%
Current cap rate	9.10%		Implied cap rate	10.20%
			Implied portfolio value change	-11%

Conclusion



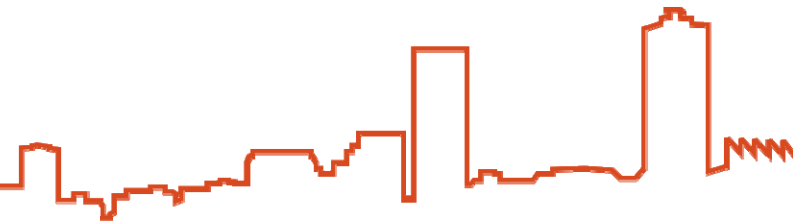
- » The economic market remains fragile, but domestic recession is over and international market is showing signs of improvement
- » Occupancy remains key focus
- » The ING Property Trust portfolio is in good shape and is well positioned
- » Lower value – big advantage in this market with sales and leasing
- » Strong diversification – gives good risk profile
- » Well progressed with delivery on a clear strategy

Thank you



Albany MegaCentre, Auckland

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09 March 2010

Questions

College Hill, Auckland

