

ING Property Trust

Investor update presentation – March 2009

Peter Mence – General Manager
Stuart Harrison – Chief Financial Officer



Agenda

1. Financial position
2. Unit price
3. Economic headwinds
4. Is there any good news?
5. Property values
6. What is the market like?
7. What about the risk?
8. The next 24 months



Financial performance

	Sep 08	Sep 07	Change
Net rental income	\$43.7m	\$41.5m	5.4%
Distributions received	\$0.7m	\$0.6m	23.8%
Interest expense	\$18.0m	\$13.3m	(36.0%)
Gain / (loss) on derivatives	(\$1.8m)	\$0.1m	-
Revaluations	(\$14.1m)	\$0.0m	-
Operating surplus (pre tax)	\$5.7m	\$23.9m	(76.4%)
Operating surplus (post tax)	\$0.3m	\$18.9m	-
Gross distribution per unit (cents)	4.83	4.75	1.7%



Income

- Under the Portfolio Investment Entity (“PIE”) regime distributions now comprise of two components:
 - » Fully imputed income
 - » Excluded income
- Distributions to date for the 2009 financial year are as follows:

	1 st qtr	2 nd qtr	3 rd qtr	4 th qtr (projected)	2009 total
Cash distribution	2.175	1.942	1.942	1.942	8.000
Imputation credits	0.417	0.300	0.297	0.297	1.311
Total distribution	2.592	2.242	2.239	2.239	9.311
<i>Consisting of:</i>					
Fully imputed / gross distribution	1.391	1.000	0.990	0.990	4.371
Excluded distribution	1.201	1.242	1.249	1.249	4.940

Tax – frequently asked questions

Do we have to elect the tax rate to apply? Do you need our Personal Investor Rate (PIR)?

No. As the Trust is listed on the stock exchange, we are not required to retain PIRs. PIRs are solely utilised for determining individuals tax obligations from unlisted or managed funds.

Why does the amount of imputation credits attached to a distribution vary from one quarter to another ?

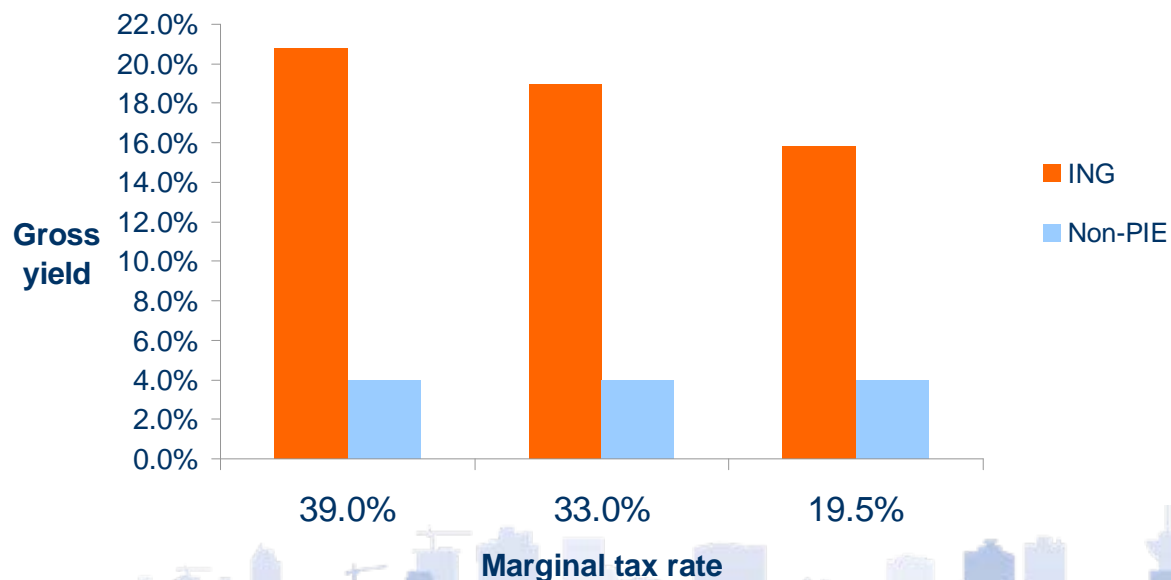
Under the PIE rules the Trust attaches any imputation credits, which it reasonably believes to be available over the year, to the distributions made. The quantity of imputation credits available therefore is determined by the timing and amounts of payments made to or refunds received from the IRD.

Distributions comprise of two components:

- » Fully imputed income – eg Qtr 3 = 0.990 cents with imputation credits of 0.297 cents
- » Excluded income – eg Qtr 3 = 1.248

Income

- Gross distribution yield from ING Property Trust (based on an ING unit price of \$0.63) compared to non-PIE investment (based on a 12 month term deposit returning 4.0%).

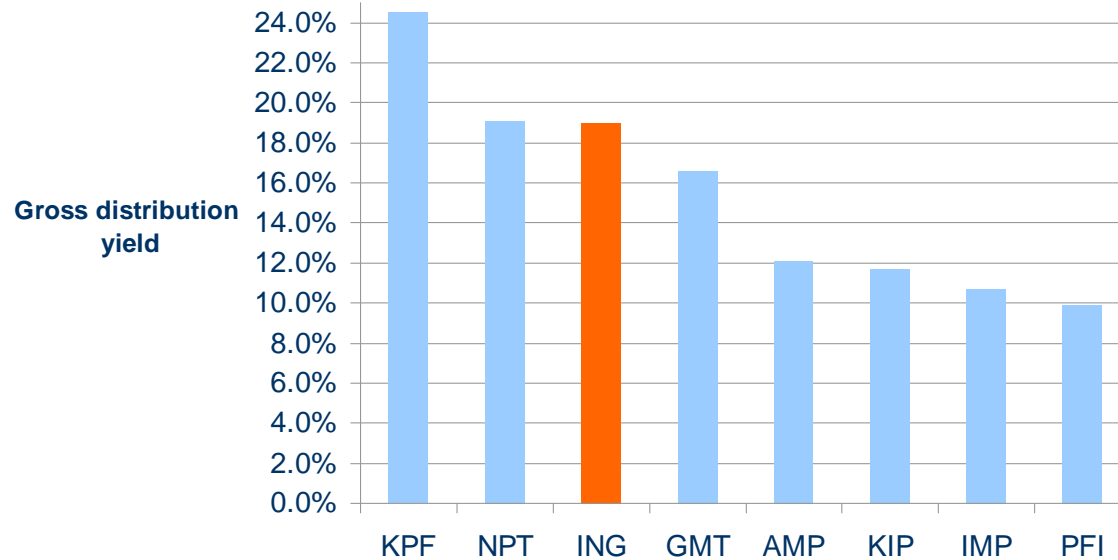


Source: Forsyth Barr NZ Listed Property Sector Monthly Review – 13 February 2009

Trading bank website for 12 month term deposit rate

Income

- The gross distribution yield for the New Zealand listed property sector (average of 15%).



Financial position

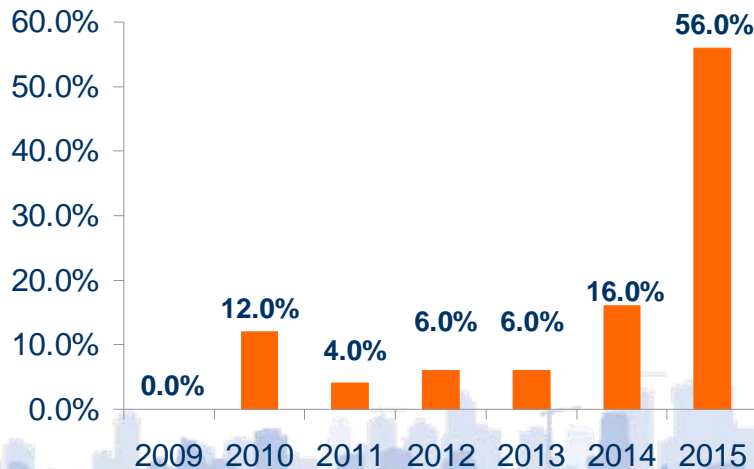
	Sep 08	Sep 07	Change
Net asset backing per unit (cents)	\$1.28	\$1.32	(3.3%)
Net asset backing per unit (excluding deferred tax on revaluation gains)	\$1.31	\$1.35	(2.3%)
Securities on issue	526.2m	535.4m	(1.7%)
Unitholders' funds	\$673.1m	\$708.0m	(4.9%)
Debt to total assets ratio	42.0%	34.6%	21.5%
Total property value	\$1,223.3m	\$1,091.9m	12.0%
Bank debt	\$531.8m	\$396.4m	34.2%



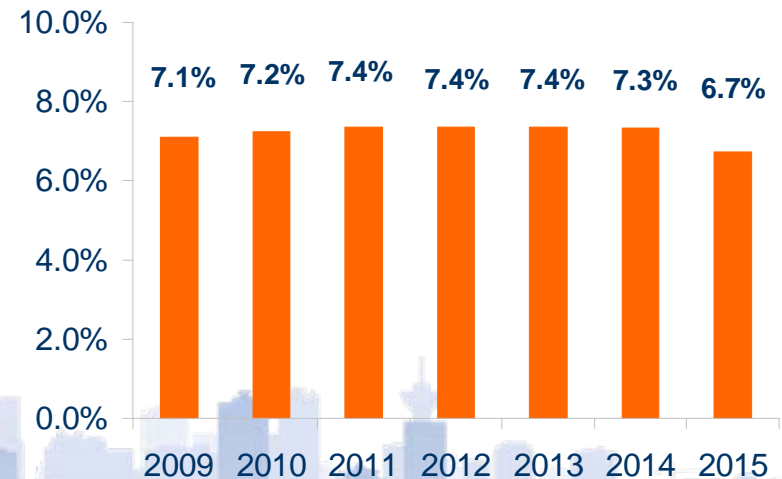
Interest rate management

- Currently 73.9% of the Trust's debt is hedged.
- Following asset sales, 83.8% of the Trust's debt will be hedged
- The trust's effective interest rate paid (including margin and fees) is 7.71% for the period.
- The swaps have, on average, 5.3 years until expiry – nothing until 2010.
- The banking facility committed through to 30 September 2010.

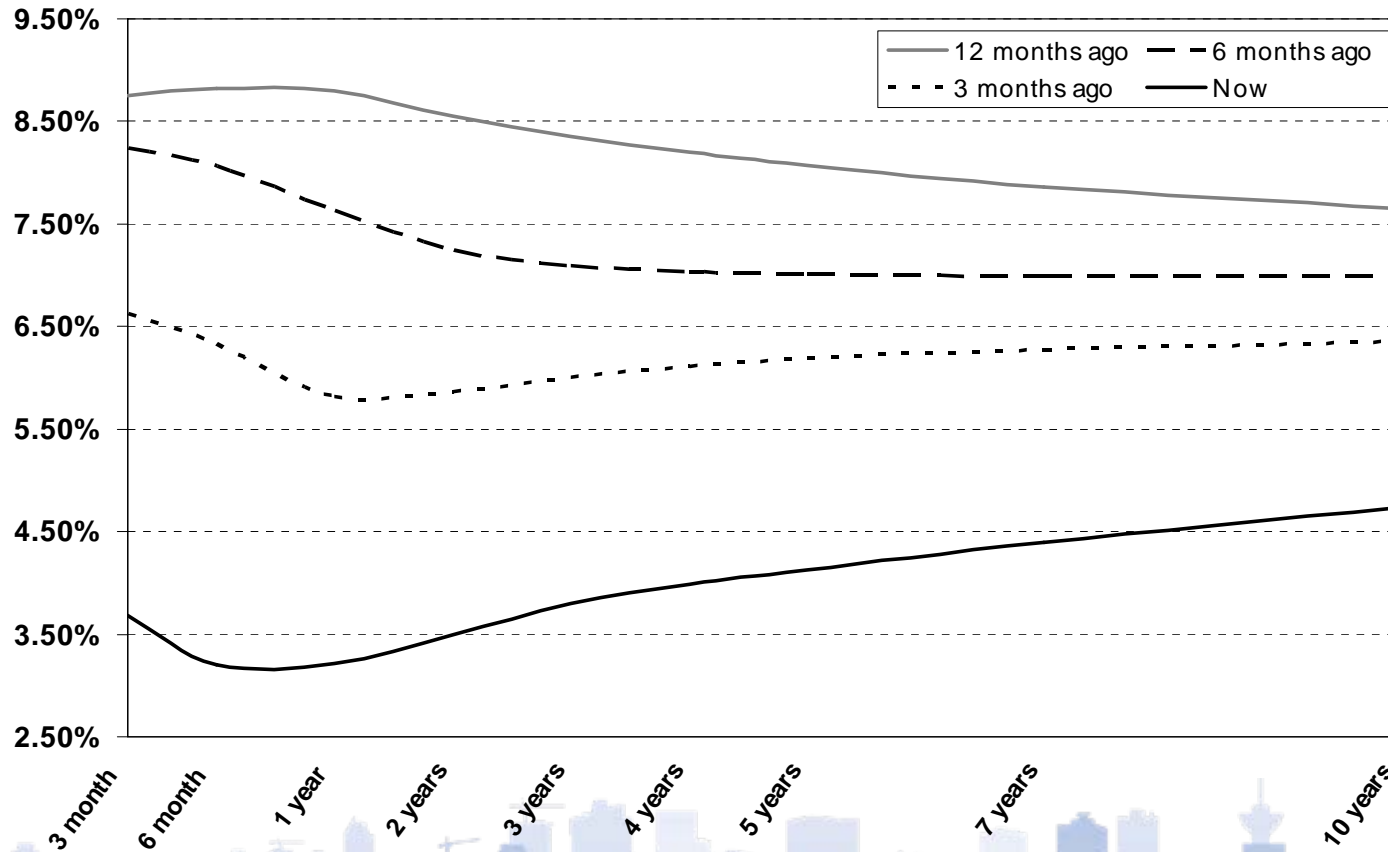
Hedge expiry by calendar year



Average hedge rate



NZD Swap rate movements



Covenants

Trust Deed

HY09

Total money borrowed

\$531.8m

Borrowing limitation

- Gross value of Trust fund

\$1266.5m

Not to exceed 50%

42.0%

Bank loan facility - ANZ

Loan to valuation ratio - based on -

- Fair market value of properties

\$1203.7m

- Total money borrowed from ANZ

\$513.4m

Not to exceed 45%

42.7%

Interest cover ratio - based on 12 months -

- Net interest expense

\$33.4m

- Operating surplus

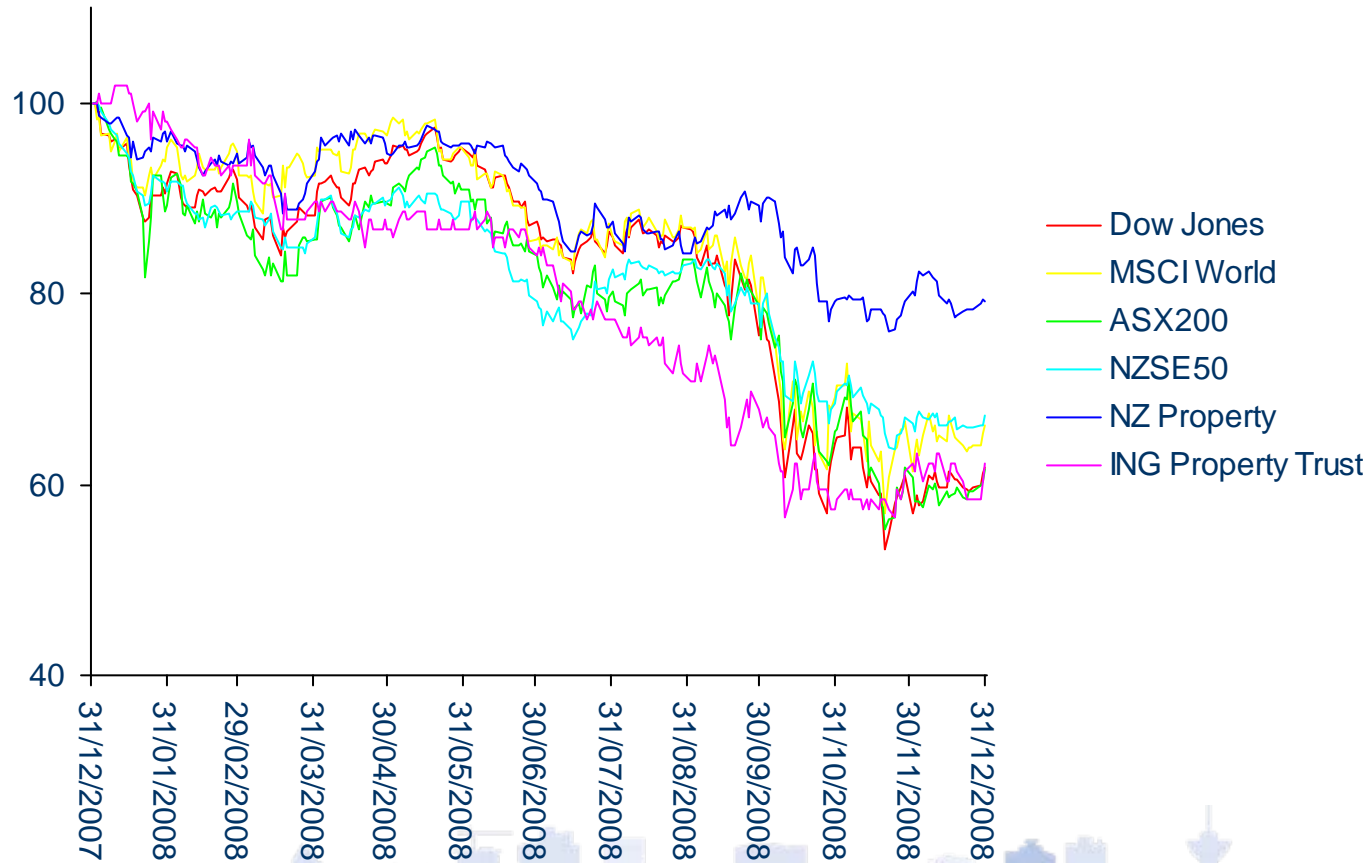
\$78.2m

- Equal or exceed 2.00 times

2.34 x



Unit price



Unit price

- Units are currently trading at a discount to Net Asset Backing
- Net Asset Backing is \$1.28
- Why the discount and why so large?
 - » Global credit issues
 - » Expectation of softening property values
 - » Negative pressure on income from domestic recession
 - » View that our portfolio will suffer more than others



Economic headwinds in New Zealand

- Domestic recession
 - » Now fuelled by credit crisis
- Unemployment
- Migration negative
- Vacancy increased and expected to increase further
- Consumption down



Is there any good news?

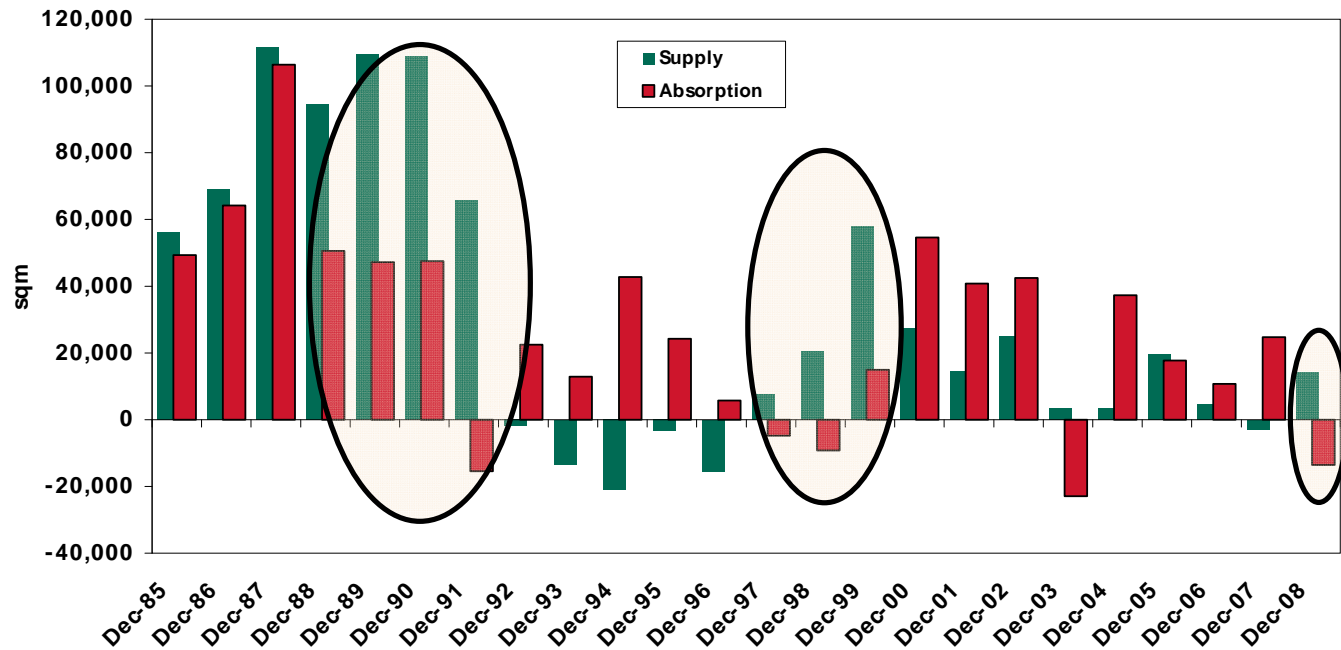
- Vacancy is coming from historic lows
- NZ is a “soft commodity” exporter
- Property values were not (in general) pushed as far as offshore
- Gearing levels in general lower than offshore
- The exchange rate



Previous Cycles – Supply vs Demand

... leaving supply as the major vacancy driver

Auckland CBD Office Supply vs Absorption

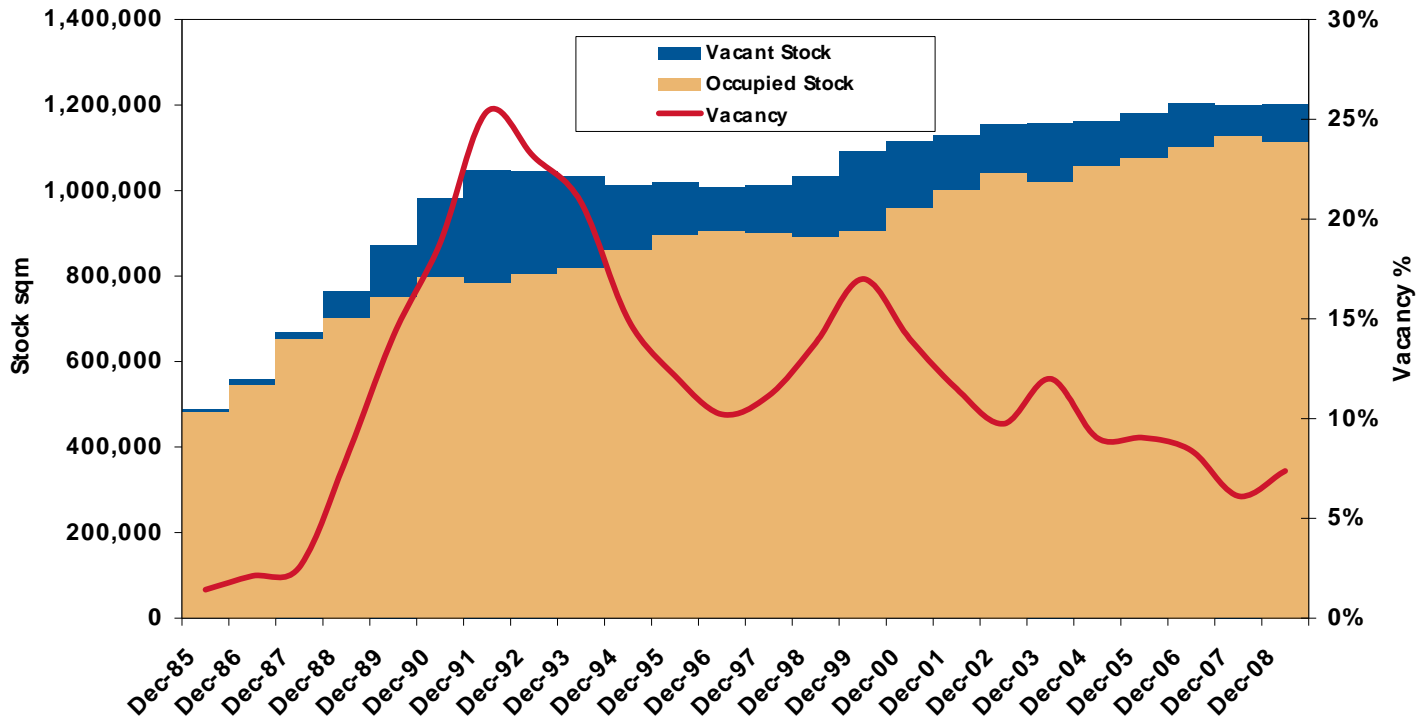


Source: CBRE Research & Consulting

Previous Cycles – Supply vs Demand

...with a double whammy added during the odd period of negative absorption

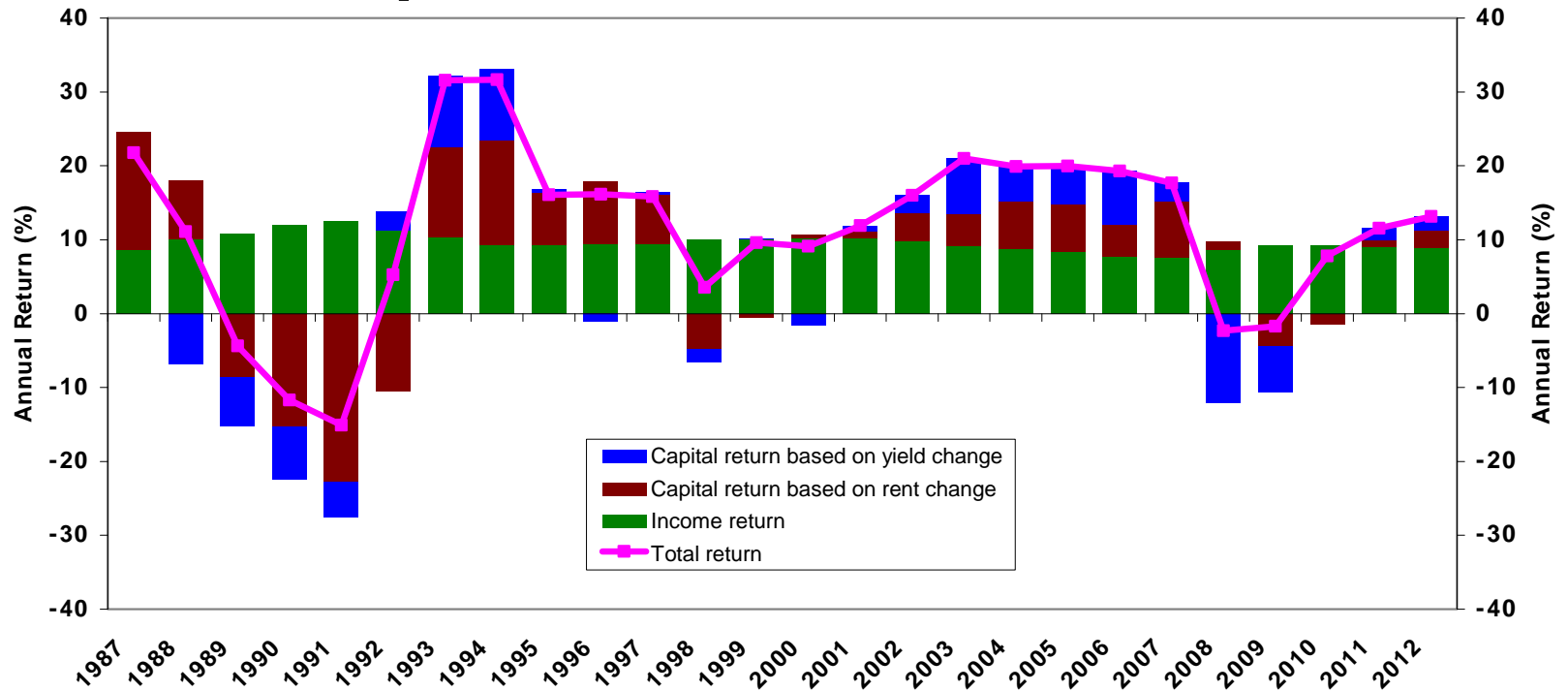
Auckland CBD Office Stock & Vacancy



Source: CBRE Research & Consulting

CBRE market forecasts

CBRE Composite Property Component Investment Returns



Property values

- September 2008 interims reassessment negative by 1.3%
- Sales to date illustrate
 - » Market is stronger than analysts expected
 - » Little quality stock on the market
 - » Size does matter
- Full revaluation 31 March 2009



What is the market like?

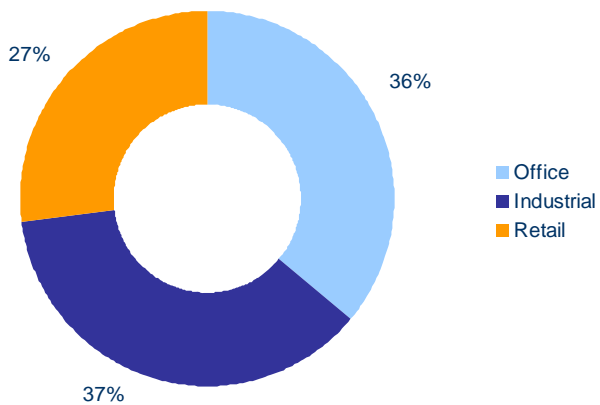
- Similar to 1987 (but different)
 - » Purchaser activity
 - » Occupancy characteristics
 - » Nature of sales
 - » Vendor activity
 - » Excess capacity and over building



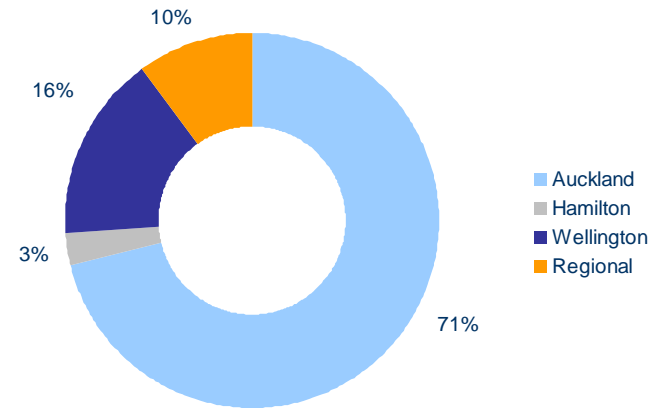
What about the risk?

- Diversification by location and sector

Assets by sector



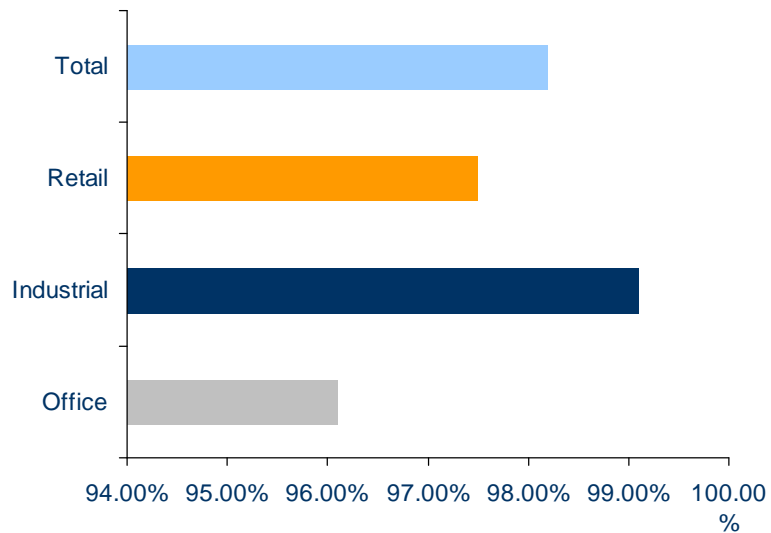
Assets by region



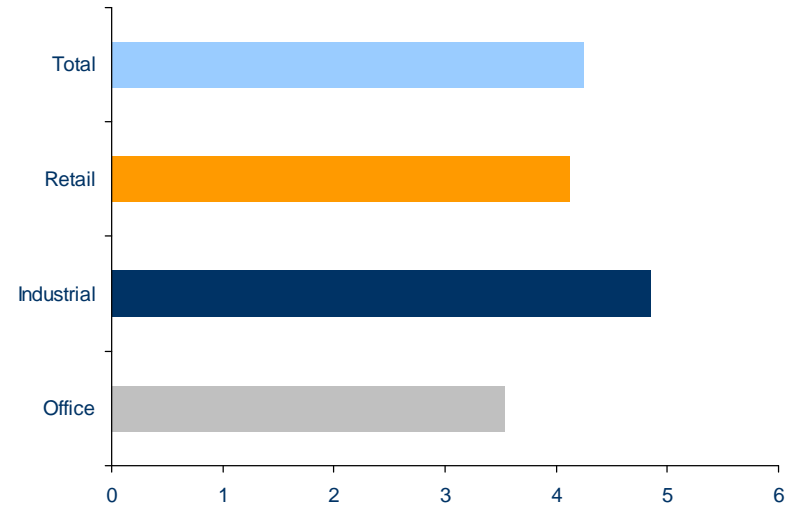
What about the risk?

- Strong occupancy and weighted average lease term

Occupancy by sector

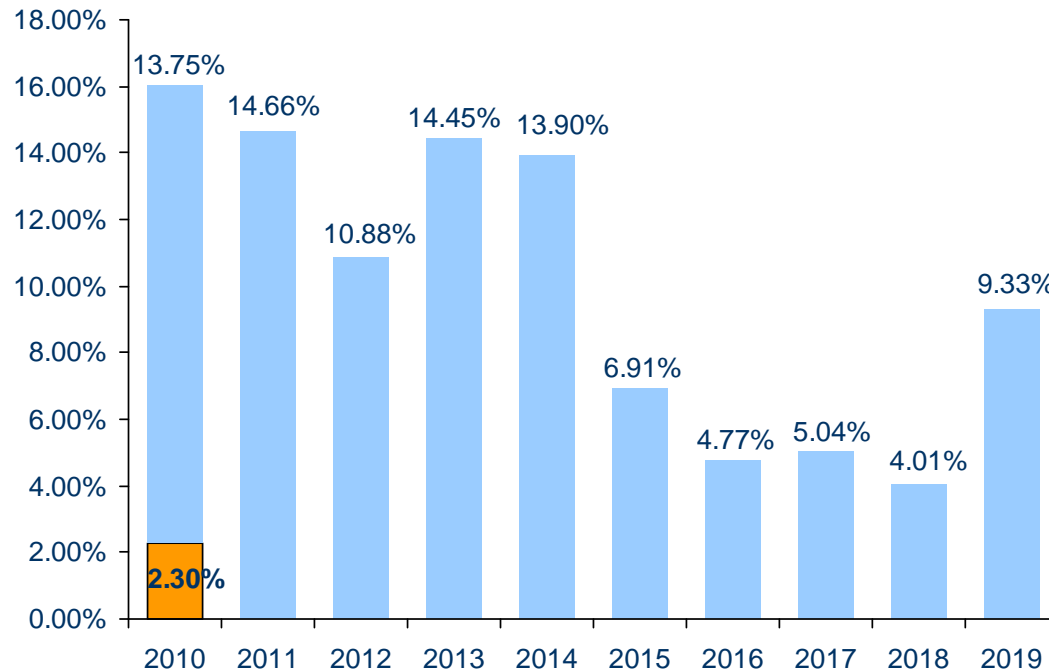


WALT by sector

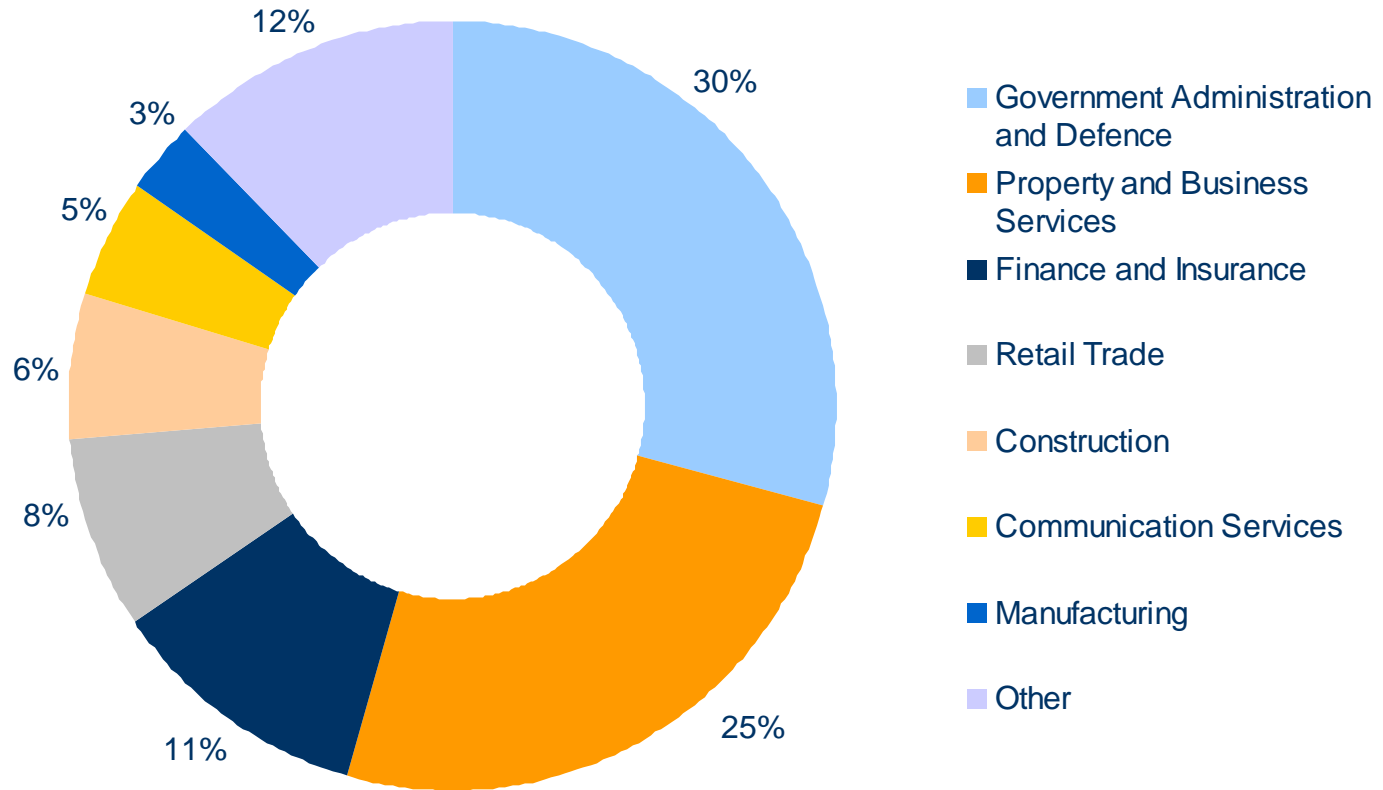


What about the risk?

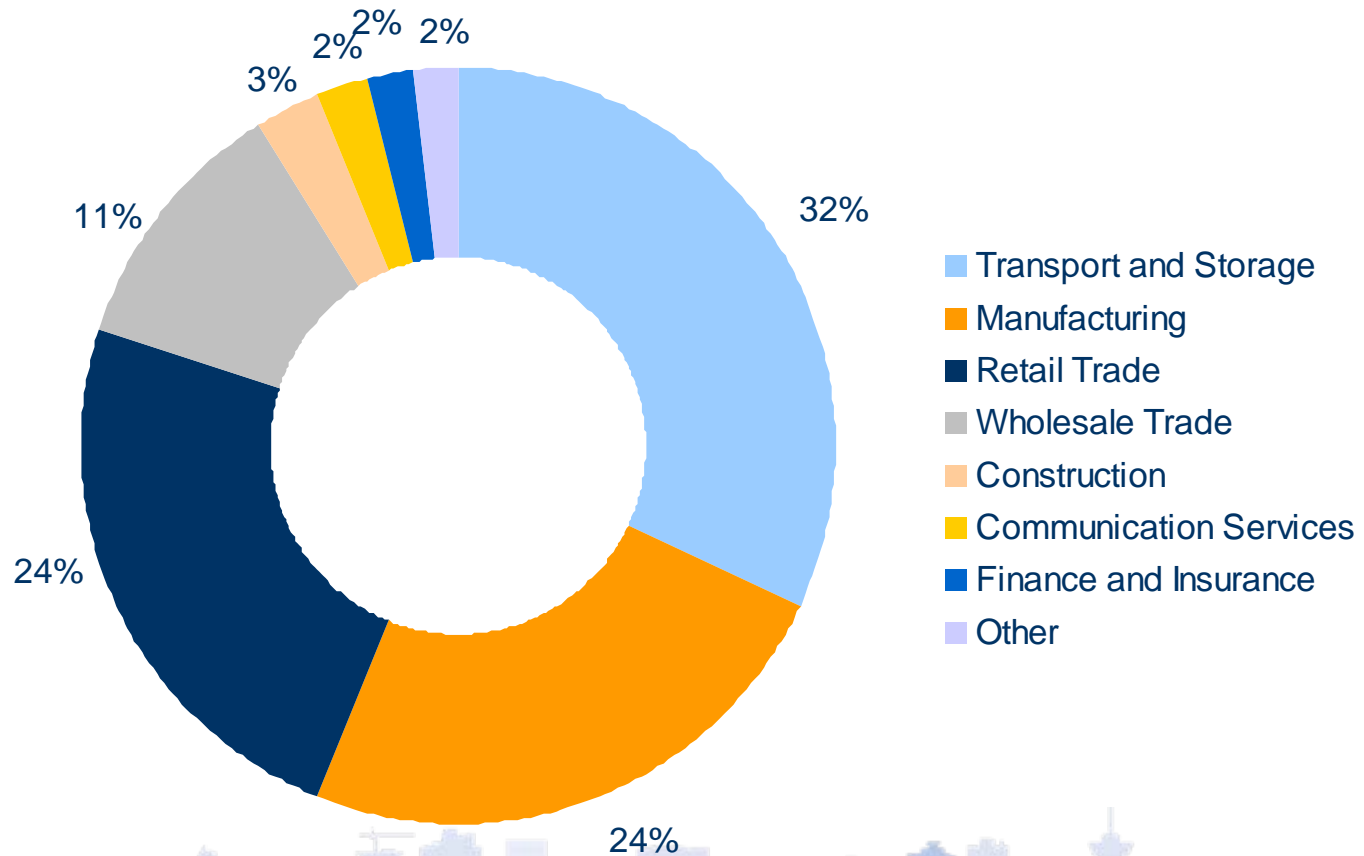
- Diversification by lease maturity



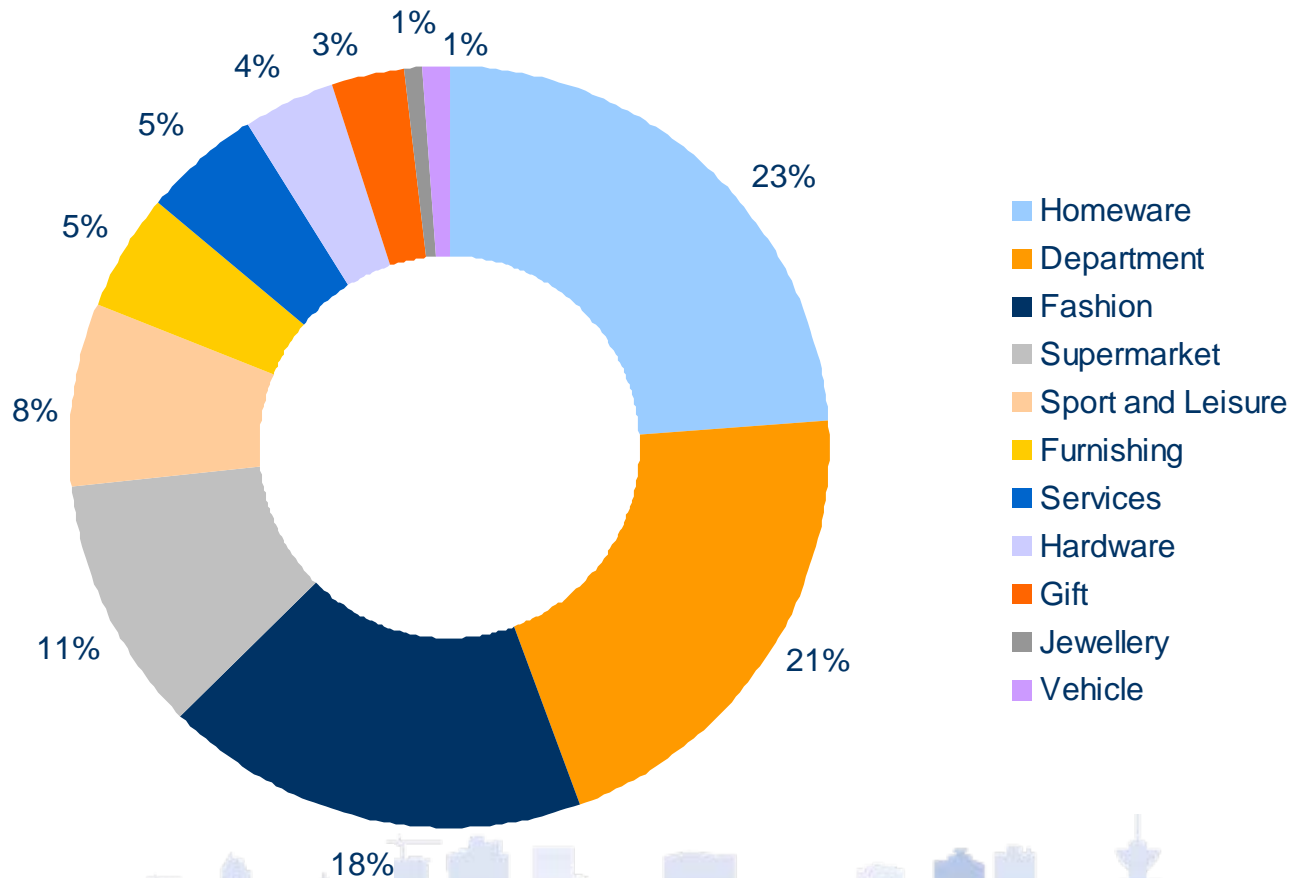
Tenant diversification - commercial



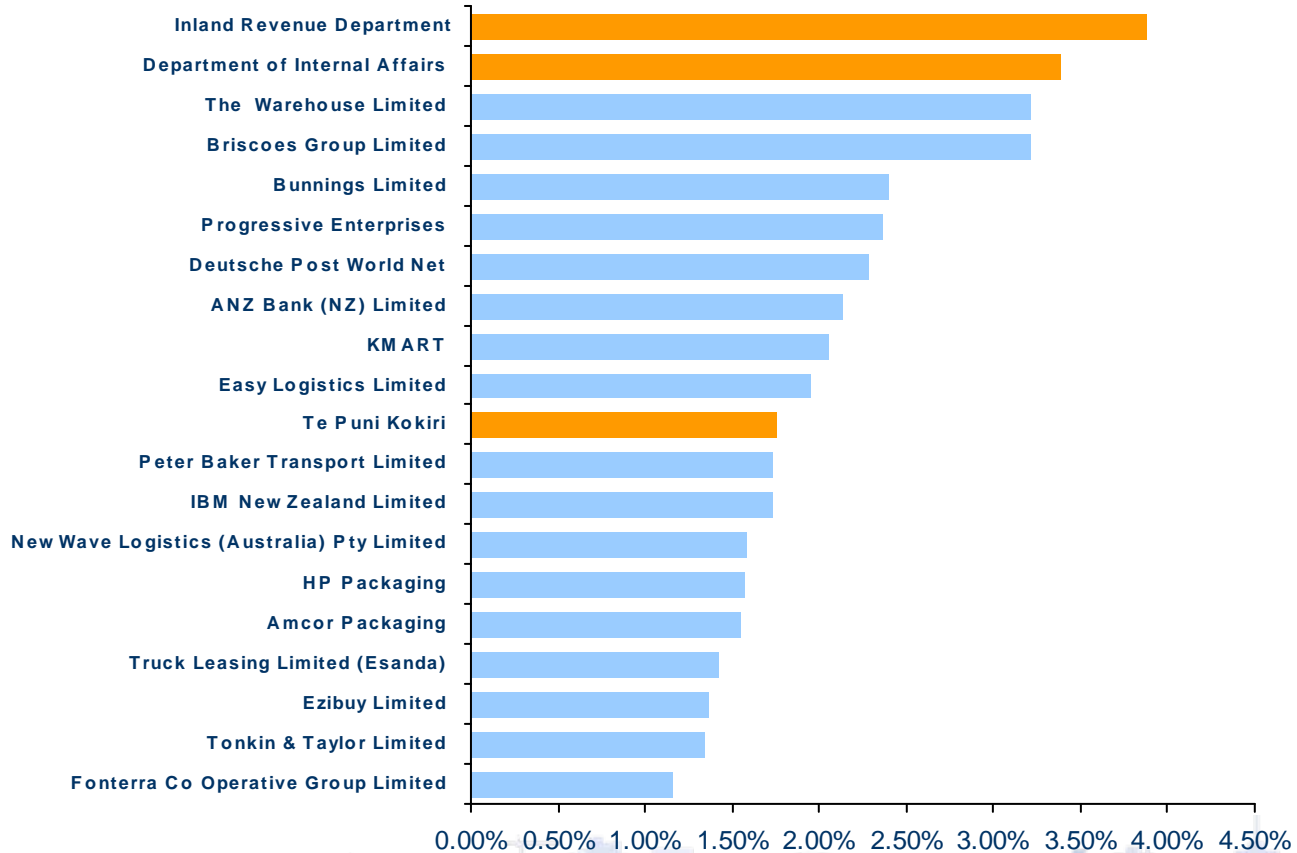
Tenant diversification - industrial



Tenant diversification - retail



Tenant diversification

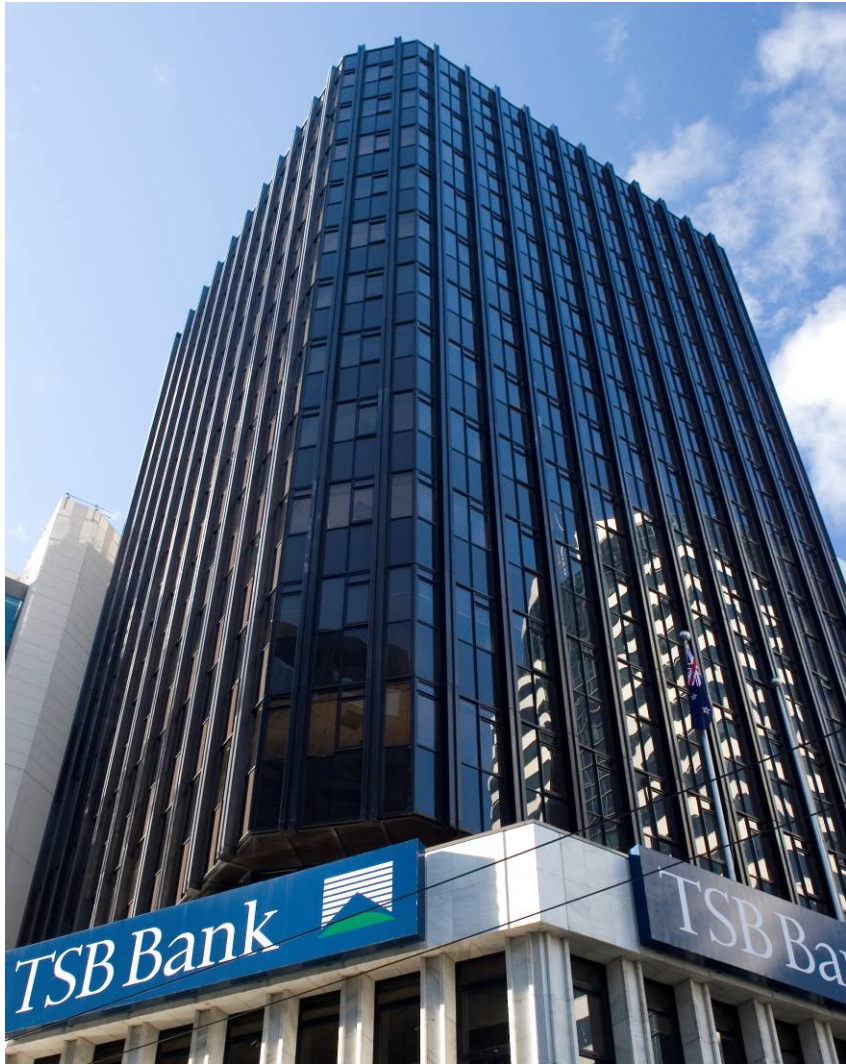


Top 20 tenants

Tenant name	Rent %
Inland Revenue Department	3.88%
Department of Internal Affairs	3.39%
The Warehouse Limited	3.21%
Briscoes Group Limited	3.21%
Bunnings Limited	2.40%
Progressive Enterprises	2.37%
Deutsche Post World Net	2.28%
ANZ Bank (NZ) Limited	2.14%
Kmart Limited	2.06%
Easy Logistics Limited	1.95%

Tenant name	Rent %
Te Puni Kokiri	1.76%
Peter Baker Transport Limited	1.73%
IBM New Zealand Limited	1.73%
New Wave Transport Limited	1.58%
HP Packaging	1.57%
Amtor Packaging	1.55%
Truck Leasing Limited (Esanda)	1.42%
Ezibuy Limited	1.37%
Tonkin & Taylor Limited	1.34%
Fonterra Co Operative Group Limited	1.16%
Total	42.10%

Commercial



Retail



Industrial



The next 24 months

Retail



ING



Office



ING



Industrial



ING



Albany



Conclusion

NTA	\$ 1.31		Price / NTA discount	45.8%
Cash dividend	8.00		Net dividend yield	13.3%
Gearing	42.0%		Gearing ex asset sales	36.3%
Current cap rate	8.60%		Implied cap rate	11.90%
			Implied portfolio value change	-28%



Conclusion

- The market remains uncertain.
- The ING Property Trust portfolio remains in good shape
- Diversified nature of portfolio and its average size is risk averse in nature
- Provides good return especially at current prices
- Current unit price factors in substantial negatives for the future



Things to watch

- Over-building
- Over-reaction
- Education
- Start up business successes
- Migration numbers



Questions

For further information on the activities of the Trust visit:

www.ingproperty.co.nz



Our team



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2 March 2009

