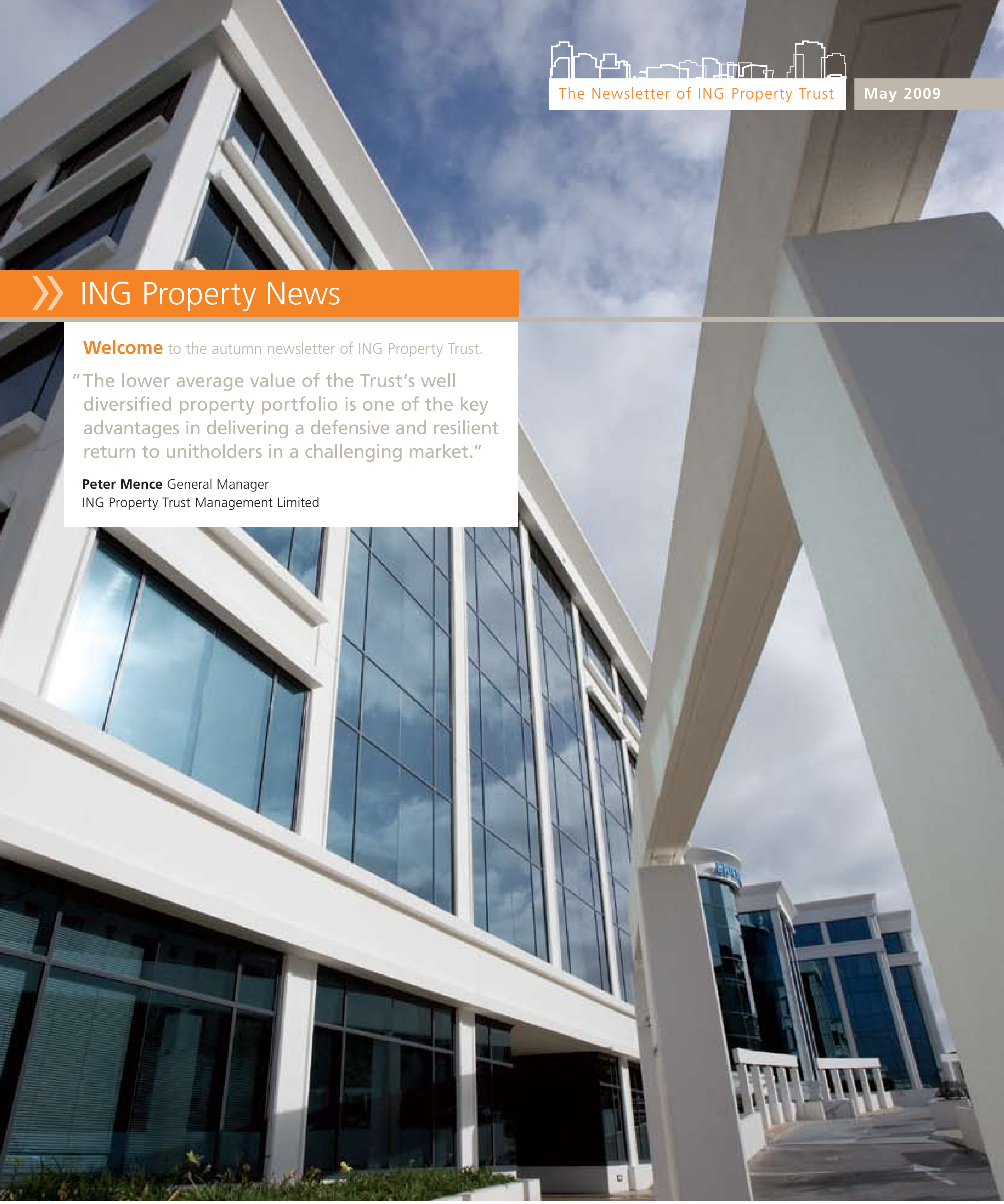


The Newsletter of ING Property Trust

May 2009

ING Property News

Welcome to the autumn newsletter of ING Property Trust.

"The lower average value of the Trust's well diversified property portfolio is one of the key advantages in delivering a defensive and resilient return to unitholders in a challenging market."

Peter Mence General Manager
ING Property Trust Management Limited

Investor presentation series

During March, Peter Mence, General Manager, ING Property Trust Management Limited, the manager of the Trust, and Chief Financial Officer, Stuart Harrison, toured 13 cities in New Zealand and gave a presentation on the Trust, its current position and direction and shared the current strategy and views of the future for property in New Zealand.

The presentations were well received in spite of the poor unit price at the time. At time of writing, the Trust's unit price had closed the day at 59 cents which while still poor, is at least better than the 54 cents we had to report during the presentations.

The timing of the presentations always attracts some comment and we will never pick a time that suits everyone. There will also always be some milestone approaching in the Trust's calendar for which we could justify a delay, before preparing our presentation. This series was timed to fall between the interim results announcement and the annual meeting because we consider the gap in communicating with investors was otherwise too long.

While the key purpose of the series is to report to investors, it is invaluable for us to get feedback from you too. It was great to meet so many investors and to have the chance to hear first hand your views and concerns. It has, of course, been a very difficult time in the investment markets over the last two years, however it was rewarding to see a number of investors still with us from the first presentation series three years ago.

Our people | **Marilyn Storey**

Development Manager

Marilyn joined the ING Real Estate team in 2007 and carries the responsibility for ING Property Trust's Manawatu Business Park project. Marilyn has developed a new business plan for the project and is working to maximise the opportunities this initiative offers. In addition, Marilyn is Asset Manager for a portfolio of properties in both Christchurch and Auckland.

Well qualified with a Master of Business Administration and a Bachelor degree in both property and commerce, Marilyn joined ING Property Trust Management Limited after operating her own property projects consulting business. Prior to her own business, her work experience included valuation, asset management and project management in the property industry over the last 17 years.

Putting the Trust into ING Property Trust

There is often debate about the relative merits of a trust structure as opposed to a company structure as an investment vehicle for property assets, and clearly there are advantages and disadvantages with both.

With a Trust structure, the Trustee is empowered to guard the interests of unitholders and to effectively hold the title of the property assets and the cheque book for the expenses. This provides an additional layer of protection to unitholders. The manager of the Trust is required to seek the approval of the Trustee prior to committing to any major transactions or commitments.

We are often asked if the Trust's assets and unitholders' funds can be effected by changes in the manager's business.

As described in the change of ownership article, ING Property Trust is managed by ING Property Trust Management Limited, part of the Real Estate division of ING (NZ) Ltd. ING (NZ) Ltd comprises three separately operated divisions - Insurance, Managed Funds and Real Estate. This means that any business dealings in the Real Estate division are completely separate from any of investment funds (including the oft reported Diversified Yield and Regular Income funds) in the Managed Funds division and is similar in name alone by virtue of the management company.

Recently the Trust announced the results for the revaluation of its property portfolio as at 31 March 2009. The value of the portfolio was 8.3% less than it was at 31 March 2008 representing a drop in value of $85 million. This includes the 1.3% decline recorded at the interim assessment of the portfolio completed in June.

Property Portfolio Revaluations

There are a few important things to note from the revaluation process when comparing it to figures reported by other listed property entities.

1. ***The level of decline is less than reported results from the others.***
2. ***The valuations are based on actual evidence of sales in the market.***
3. ***The capitalisation rates are relatively conservative when compared with similar investment vehicles.***

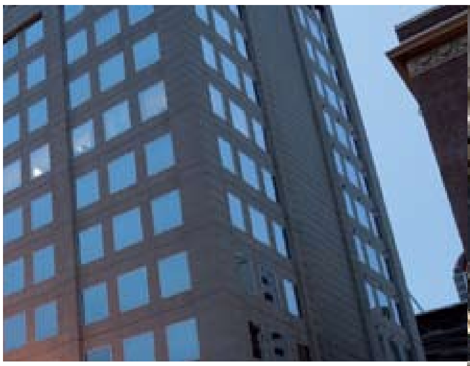
One of the key differentiators of the ING Property Trust is that the well diversified property portfolio has by nature a lower average value of property. While in the past many commentators have regarded this as a disadvantage and a mark of a lower quality property portfolio, it is now abundantly clear that in a challenging market such as we see today, this very factor has turned into one of our key advantages in delivering a defensive and resilient return to unitholders. The reality is that in this market we can still sell property to manage the balance sheet of the trust to ensure that unitholders' funds are not put at unnecessary risk. We know that there is an active market at these levels because we have sold 16 properties for a total of $112 million.

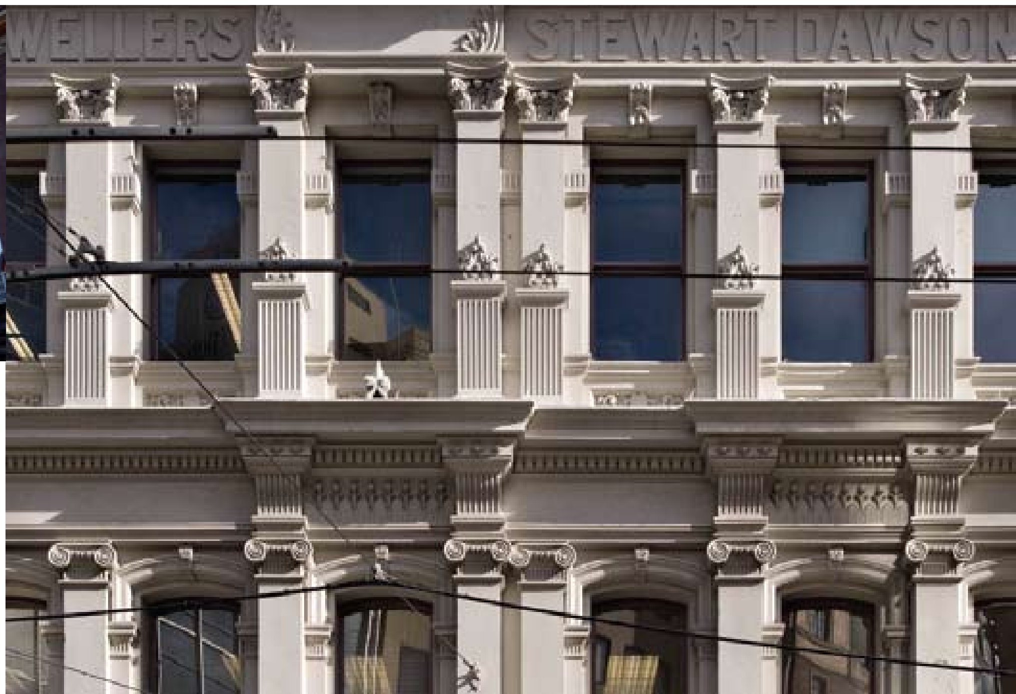
The level of decline is noticeably less than that of other listed property entities which are generally showing declines closer to 10%. Again, this is to a large extent due to the liquidity provided by property of lower average value.

There is a substantial amount of discussion in the market over the lack of evidence of property values because there is a lack of sales activity. This is certainly true of the larger sized assets of say $100m and over, where there is a complete lack of transactional activity. This is sometimes used to argue that there is no evidence to suggest a decline in values in this asset class. Where it is not true, is for property of less than $20m in value where there is a substantial amount of evidence from associated sales and sale price and consequently there is little doubt of the market levels.

Following the revaluation, the market rentals across the portfolio represent a return of over 9.1% of the total property portfolio value. This "capitalisation rate" is stronger than the figures arrived at by the valuation of many other property investment vehicles.

Put simply, the revaluations are believable, conservative, and are backed up by evidence from activity in the market.





Property sales programme

In response to the global credit issues and the increased focus on debt levels with property values being questioned in the recessionary domestic and global economy, it was appropriate to reduce the funding risk of the Trust. A programme to complete a number of asset sales and apply the proceeds to debt reduction was considered to be in the best interests of unitholders.

At the annual meeting we announced that the Trust was negotiating the sale of some assets and that we wished to manage a reduction in our targeted debt levels from 40% to 35% in the medium term.

As a result, from September 2008 the Trust finalised the sale of 16 properties at an average of 96% of the 31 March 2008 book values. The property sales together with the sale of the Trusts interest in sister company ING Medical Properties Trust, reduced the debt from 42% to 36% prior to the revaluations of the property portfolio as at 31 March 2009.

Following the revaluation of the property portfolio (see article on the previous page), the debt levels have increased to 39% and consequently we will continue to progress some further asset sale initiatives in the coming months.

The successful sale of property to date and the values at which they were transacted in a relatively weak investment market are a reflection of the good quality assets that the Trust has in its portfolio and the strengths of the lower average value and consequently more liquid property portfolio.

Properties that have been sold are as follows:

Woolworths, Taupo • 127 Newton Rd, Auckland • Countdown, Hamilton • Countdown, Napier • 11 McCormack Place, Wellington • 1 The Strand, Auckland • 12 Hawkestone Street, Wellington • 101 Garnett Ave, Hamilton • 2-6 Park Avenue, Auckland • Woolworths, Masterton • Woolworths, Palmerston North • 12 Henderson Place, Auckland • 59-63 Druces Rd, Auckland • 477 Great South Road, Auckland • Countdown, Hastings • 1 Elizabeth St, Tauranga

Change of ownership of the Manager

During the last few months there has been some press coverage and releases to the stock exchange around the changes to the ownership of the management company of the Trust. There is of course no change to the Trust itself, or the Trustee, only the ownership of the business that is contracted to complete the management of the Trust. That business is called ING Property Trust Management Limited (INGPTML).

The management company has until 2 February 2009, been owned 50% by ING (NZ) Limited and 50% by Symphony Investment (2007) Ltd. The current change is that ING (NZ) Limited now owns 100% of the management company.

Simply put, this means that there is no change for investors and no change for the Trustee.

Contact

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