MARKET RELEASE

Auckland, 19 May 2008

ING Property Trust announces annual result

ING Property Trust (the "Trust") today announced an unaudited after tax loss of $63.1 million for the year ended 31 March 2009. The result includes independent property devaluations of $89.9 million driven by the softer global and domestic economy.

Michael Smith, Chairman of ING Property Trust Management Limited (the "Manager"), said "The Trust has had a satisfactory year, in terms of operating performance, in a challenging environment. The Trust's diversified portfolio of good quality investments is well positioned, relative to the market. The Trust has been able to manage its debt ratios through the sale of 17 properties with an average sale price of $6.8 million. This illustrates an ability to transact in the area of the property market that remains active and liquid and provides demonstrable confidence to asset values. Encouragingly, sales activity since year end is at or above the current book values."

The Trust's core operating profit before interest and disposals was $77.5 million, 2.5% higher than the $75.6 million recorded in 2008. The after tax loss of $63.1 million compares to an after tax profit of $71.7 million in 2008. The value of the Trust's property portfolio fell by $89.9 million in 2009, compared to a gain of $43.0 million in 2008.

As at 31 March 2009 the Trust's total assets were $1,082 million and the Trust s debt was $429 million. The 39.6% debt-to-total-assets ratio remains below the Trust Deed limit of 50% and banking covenant of 45%. The Directors recently reduced the limit of the Trust's banking facility from $600 million to $500 million as a result of its successful asset sales program. The ANZ facility has a renewal date of September 2010.

The Trust's net asset backing has fallen to $1.09 (from $1.36 as at 31 March 2008) through declines in property valuations of $89.9 million and declines in interest rate swap valuations of $44.8 million.

Highlights

- A gross dividend of 8.0 cents per unit for the 12 months to 31 March 2009, meeting guidance
- In a difficult leasing environment the property portfolio occupancy at year-end was 98%
- A weighted average lease term of 4.2 years, providing strong rental security
- Net property income increased by $3.2 million during the year and assessments by the independent valuers show the portfolio is 7.9% under-rented providing potential for rental growth in the year ahead
- The most diversified property vehicle listed on the New Zealand stock exchange with a portfolio of 95 buildings valued at $1.1 billion with over 290 tenants. The average size of the properties is $11.1 million, which is well within the liquid end of the property market.
- Taking advantage of the continued demand for investment property assets under $20 million with the sale of 17 properties for $116.2 million
- The sale of the stake in ING Medical Properties Trust for $16.5 million, with the proceeds used to repay debt
- Active portfolio management and the remoulding of the property portfolio continued to ensure investors benefit from sound rental returns across the property cycle

More challenging environment

The property market remains challenged. The current key market factors include:

- The market for property under $20 million in value remains liquid.
- The retail sector has faced some challenges with a worsening consumer environment and these challenges are likely to continue during 2009.
- The commercial office sector is facing pressures from global credit issues together with recessionary environments both domestically and in the economies of our trading partners.
- The industrial sector continues to have low vacancies with little excess capacity. This will result in some rental growth still being available for assets that are well located.

Peter Mence, General Manager of the Manager said that "With current market activity, the Trust's diversified property portfolio provides flexibility as the market for property in its size range remains relatively liquid. Through the sale of non-core assets, the Trust's valuations have been shown to be realistic. The exposure to the retail sector has decreased during the year."

Mr Mence added that "The portfolio enjoys strong occupancy levels, good tenant retention ratios and solid income figures. The low-risk approach to undeveloped assets has meant that the Trust holds very little land that is not income earning. Although economic challenges remain ahead, the Trust's property portfolio is well positioned to meet these challenges."

Strategy

The Trust's strategy while unchanged in the long-term has been revised in the more immediate term. The immediate strategy is focused in three key areas:

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

Risk mitigation is important in an economic downturn. Active management of tenant relationships allows the early identification of any potential issues that may arise from a tenant's business becoming financially stressed and consequently eroding the Trust's income levels. Early awareness of any potential issue provides a better opportunity to achieve a result that is in the best interests of both the Trust and the tenant. Equally, with the values of all investments being questioned, it is important to ensure that the correct investment management decisions are made in order to preserve and enhance the value of individual properties in the portfolio.

Capital management, including debt reduction, is a significant strategy for the Trust. The Trust has an objective of reducing gearing levels to a conservative medium-term target gearing ratio of 35%. It is the intention of the Trust to reach this target by the realisation of property assets and the deferral of acquisition activity. Property sales of approximately $100 million, will be supplemented by the continuation of the dividend reinvestment plan. The long-term investment growth strategy of the Trust remains unchanged.

Sales

With the focus on debt levels, asset sales have been completed to reduce the Trust's debt levels and to reduce the weighting to the retail sector. With the sale of 17 non-core properties for $116.2 million in the last six months of the financial year, the Trust has illustrated flexibility in being able to manage weightings and covenants by virtue of the lower average property value of the Trust's property portfolio.

The Trust currently has seven properties subject to conditional sale contracts with an aggregate sales price of $46 million.

Portfolio management

The active management of the property portfolio and tenants continues to be a primary focus of the Trust's property management team. With lower economic activity levels, management remains focused on tenant retention and mitigating risk levels in the portfolio. Tenant retention is assisted by the change in the nature of the demand where tenants are reluctant to commit to relocation expenditure.

The property portfolio maintains a high capacity utilisation level with occupancy as at 31 March 2009 of 98% and a weighted average lease term is 4.2 years. This is a sound result when recognition is given to the highly diversified nature of the buildings, tenants and locations. Due to the emphasis on active tenant and building management, 22 tenants have been retained, representing 32,000 sqm of space and $8.3 million of annual rental.

Over the financial year, 111 rental reviews have been completed which account for a total of $2.6 million of additional rental income. This equates to an annualised increase of 4.2%. While the portfolio is assessed as being under-rented by 7.9%.

Valuations

The revaluation, when combined with the interest rate swap revaluations and taxation implications has reduced the Trust's net asset backing per unit from $1.36 as at 31 March 2008 to $1.09 as at 31 March 2009. The valuation policy of the Manager is that independent registered valuers complete property valuations of each investment property of the Trust, in each financial year. The same valuer does not value a building for more than two consecutive years, resulting in a rotation of valuers on a regular basis.

The Trust's portfolio has a conservative average yield on contract rental of 8.5% and a yield on market income of 9.2%. The difference between the yield on contract income and the yield on market income is evidence of the contract rentals being assessed as being beneath the current market levels.

Distribution

The Trust will pay a final net distribution for the 2009 financial year of 1.941 cents per unit. Its components are:

- A fully imputed distribution of 1.314 cents per unit with imputation credits of 0.394 cents per unit attached; and
- An excluded distribution of 1.021 cents per unit.

The record date for the final distribution is 5 June 2009 and the payment date is 19 June 2009. In addition, the dividend reinvestment plan will continue with a discount for the quarter of 2.5%.

Looking ahead

There is little doubt that the market will continue to be challenging for the year ahead, however, the Trust is well positioned with a diversified property portfolio of good quality property in desirable locations. The income streams from the portfolio are diversified by use and by tenant.

Mr Smith said that "The strategy to reduce the Trust's debt is appropriate given the current conditions, however, it will impact the Trust's distribution levels. The Manager expects that the 2010 cash distribution will be in the order of 7.5 cents per unit."

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