

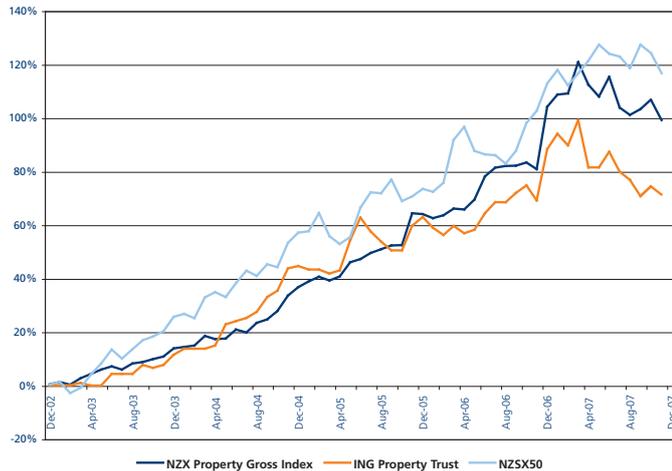
ING Property News

The Newsletter of ING Property Trust

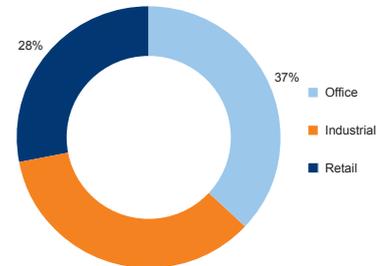
December 2007

At a glance

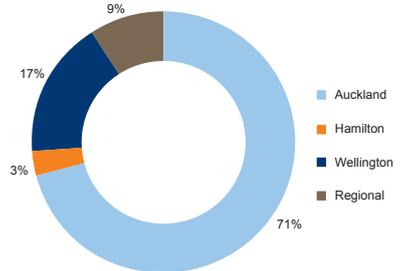
ING Returns v NZSX50 & NZ Property Gross Index



Total portfolio by sector



Total portfolio by region



Mitre 10 Mega at Albany



The last six months have seen some exciting progress at the Albany land purchased in July. Development of the 4.8ha leasehold site commenced in October. Mitre 10 Mega have anchored the development and will be open for trade before Christmas 2008. Bulk retail and specialty stores fronting Corban Avenue, are to follow in early 2009.

There has also been significant activity on the surrounding sites, most notably Westfield's opening of the country's largest shopping centre. The rapid growth of the Albany City area is adding greatly to the appeal of the Trust's land holdings in the area.

The project is a joint venture with developer Symphony Projects Management Limited who carry the leasing risk for the project. The project is currently 60% leased and any space that remains vacant at the completion of the development is to be leased for six years by Symphony. Profit from the development is split

30% to the Trust and 70% to the developer although the Trust's portion is on a first call basis.

Construction is being completed by Canam Construction Limited who are on a fixed price contract to build the Ignite Architecture designed building.

Performance to 31 October 2007

Cash yield

INGPT	8.0%
Benchmark	6.87%

Portfolio statistics as at 31 October 2007

Portfolio value:	\$1.05 billion
Number of properties:	77
Average property size:	\$13.7 million
Number of tenants:	333
Portfolio vacancy factor:	0.4%
Portfolio weighted average lease term:	4.9 years

Portfolio activity between 1 April 2007 and 30 September 2007

New leases completed

- 23, accounting for 39,360 sqm of space & \$9 million of rental

Rental reviews

- 25, resulting in an additional \$865k of rental income per annum

Acquisitions include

- 1 Pandora Rd, Napier
- 211 Albany Highway, Albany
- 80 Springs Road, East Tamaki
- Block E, Oteha Valley Rd, Albany
- 245-247 Queen St, Palmerston North
- 10 Tutu Place, Porirua

Sales

- Three properties for \$36 million, realising gains of \$7.5 million

Important dates this quarter

- December: Interim report
Dividend paid

That Credit Crunch

We have all heard of the difficulties in the debt market with the well publicised failure of some finance companies with investors potentially losing everything in the resultant receiverships. Naturally enough this has had some influence on the property market with secondary and mezzanine debt becoming difficult to achieve. While the Trust does not use second tier funding, we are affected by the knock on effect of pressure on fees, margins and interest rates which all contribute to a more challenging financial environment.

The Trust's policy in managing the forward interest rates means that investors have been largely insulated from the potential costs of the changes. Interest has cost the Trust 7.25% over the last six months, against a current bank bill rate of over 8.75%. Over the next six months,

these costs are expected to be between 7.3% and 7.4%.

In the wider property market however, there have been changes that are evident in the broader investment arena. Many highly geared and perhaps less experienced investors have been left holding a property asset that is relatively less attractive than they had anticipated because of the increased costs of funding that investment. This results in fewer purchasers actively in the market and more stock available. However these prospective purchasers are now factoring the risks of potential vacancy and upgrade requirements into their assessments. As this has always been our approach, we now have increased opportunity to acquire property at prices that add value to unit-holders.

Old City Markets leasings

In a story of turning adversity to advantage, the space that is due to be vacated by GE Money in the middle of 2008 has been re-leased to two top quality tenants, both on attractive 12-year leases.

In a well publicised move GE Money had advised their intent to relocate from the Trust's Old City Markets building in order to meet their growing needs. Their agreement with the



developer provided that their existing lease commitments to the Trust would be taken over by the developer upon their vacation. While this sort of arrangement occurs from time to time it is often to the disadvantage of the landlord because developers will place short term

tenants into the space to mitigate their costs. In this instance the developer, Manson Development, was co-operative and a surrender of the lease was negotiated in return for a \$2.5m cash payment to the Trust. In the interim all of the space currently occupied by GE Money has been committed to blue chip tenants, both for 12-year terms. One of the new leases is to an existing tenant of the Trust, The National Institute of Water and Atmosphere Research (NIWA). NIWA currently occupies premises on the corner of Khyber Pass and Mountain Road in Newmarket, Auckland and has done so for the past 12 years. In July 2008, NIWA will relocate and the Khyber Pass building will undergo a much needed upgrade.

Chief Executive of NIWA John Morgan said, "NIWA's activities in water and atmosphere research, and its associated services, are growing in the Auckland region. The new location allows us to provide a quality work environment for staff with excellent public transport connections and close proximity to many of our existing customers. NIWA has had an excellent relationship with ING Property Trust, which we are pleased to continue."

The second 12-year lease is to a blue chip NZX listed entity whose identity is currently confidential. They are a new tenant for the Trust.

The normalised increase (excluding a 14 year ground rental review and a nil review) equates to a 7.8% increase, which on an annualised basis an increase of 4.3%.

Our People

Peter Mence, General Manager, ING Property Trust



In June of this year, Peter Mence was appointed General Manager of the ING Property Trust.

Peter's property career spans over a quarter of century working with firms like Progressive Enterprises, Challenge Properties, Green & McCahill and CB Richard Ellis. Peter joined ING (then known as Armstrong Jones) in 1994 and has been an integral part of the management of the ING Property Trust since ING commenced management of the trust in 2003.

An engineer by education, Peter has responsibility for the activities and the performance of the Trust. Supported by a great team of property professionals, Peter enjoys his work and looks forward to the challenges and rewards of leading the Trust into the future. Married with a teenage son, when not at work Peter enjoys motorsport and has been known to participate in classic events in his own car, however we are assured that the ING Renault team are safe as this is very much for fun.

If you are a unitholder in the Trust and have an enquiry relating to your investment holding, your personal details, distributions, etc., please contact:

Computershare Investor Services Limited
Private Bag 92119, Auckland 1020
Telephone: 09 488 8777
Fax: 09 488 8787

If you have an enquiry relating to any other aspect of the Trust, please contact:

ING Property Trust Management Limited
PO Box 7149, Wellesley Street, Auckland
Telephone: 09 357 1800
Facsimile: 09 357 1801
Email: service@ingproperty.co.nz

In brief

Increased income

Leasing has been especially active this half-year with sixteen new leases and 25 rental reviews completed over the period. The rental reviews account for a total of \$865,000 of additional rental income at an average increase of 13.2%.