

ING Office Fund

Homer acquisition and Fund update



ING 
REAL ESTATE

12 May 2005

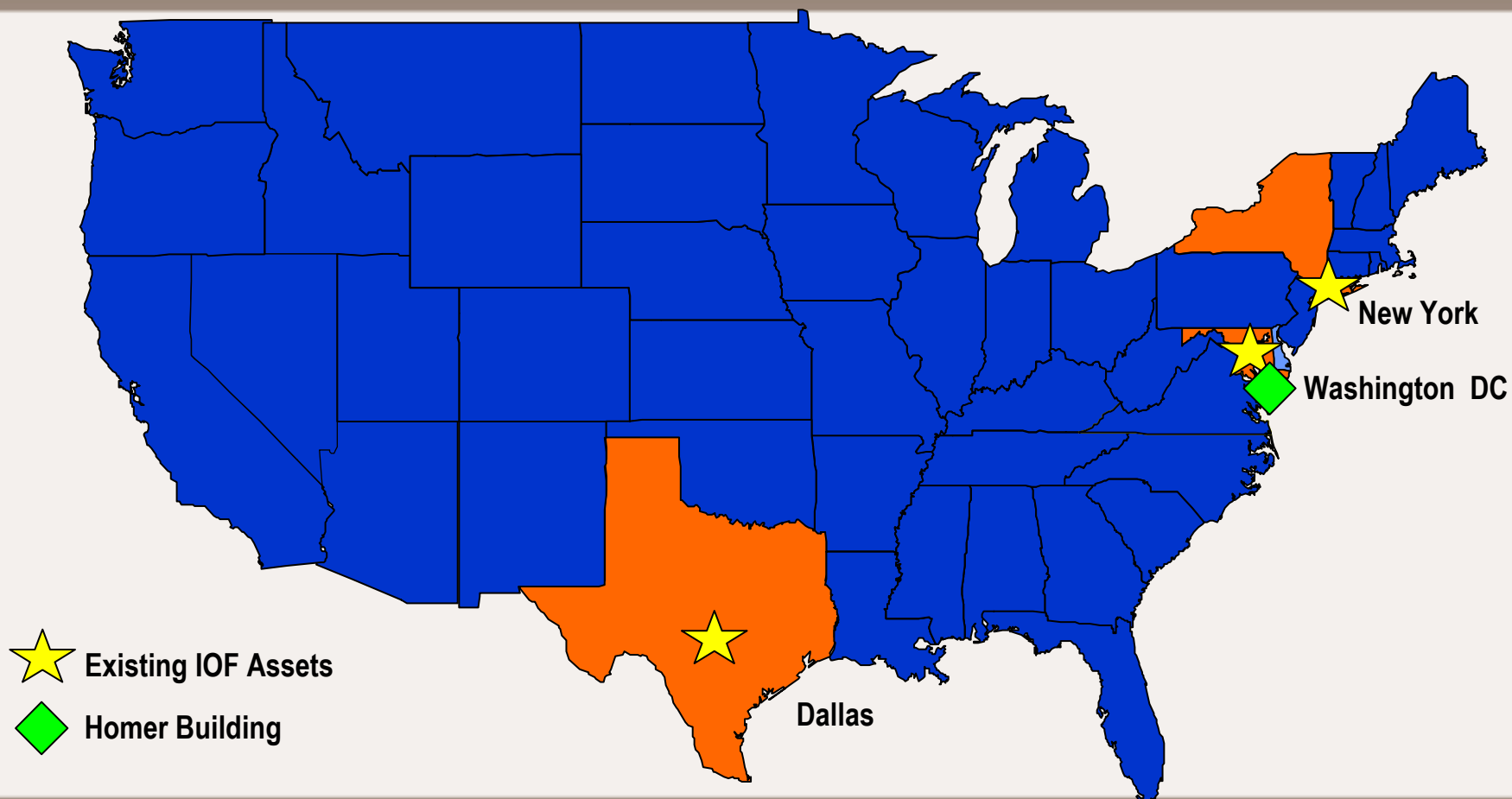
Transaction summary

Key benefits

- One of Washington DC's most prominent and finest office buildings
- Outstanding location
- Improves the Fund's earnings
- Increases the Fund's weighting to Washington DC
- Offers value add / leasing opportunity in short term
- Attractive guaranteed initial yield with solid growth prospects

Transaction summary

Location



Transaction summary

Property details

| | |
|------------------------|--------------------------------------------|
| Location: | 601 13 th Street, Washington DC |
| Interest: | 50% (leasehold) |
| Ground lease: | 99 years |
| Purchase price (100%): | USD 210.4m (\$503sqf) |
| Minimum year 1 yield*: | 6.5% |
| Market rent: | \$35sqf (net) |
| Passing rent: | \$32sqf (net) |
| Occupancy: | 100% |

* Guaranteed minimum NOI yield of 6.5% for years 1 - 3

Transaction summary

Acquisition funding (50%)

| Source of funds | AUD* | USD |
|------------------------------|---------------|---------------|
| Existing property level debt | 87.19m | 66.7m |
| New entity level debt | 52.81m | 40.4m |
| | 140.0m | 107.1m |

Application of funds

| | | |
|-------------------------|---------------|----------------|
| Property purchase price | 137.50m | 105.19m |
| Acquisition costs | 2.50m | 1.91m |
| | 140.0m | 107.10m |

* AUD/USD spot = 0.765

The Homer Building



Skylight twelve-storey atrium



Tenancy foyer

The Homer Building

Property details

| | |
|----------------------------|------------------------------------------|
| Type: | Class A office |
| Tenants: | 26 office tenancies & 6 retail tenancies |
| Average lease expiry: | 3.7 years |
| Net rentable area: | 418,373sqf |
| Land area: | 43,243sqf (0.99 acres) |
| Height: | 12 storeys |
| Average office floor size: | 38,000sqf |
| Parking: | 282 undercover |

The Homer Building

Comparable sales and pending sales (Washington DC)

| Address | Price | Cap rate | NRA(sqf) | \$ / NRA |
|----------------------------------|-----------------|--------------|----------------|--------------|
| The Homer Building (100%) | \$210.4m | 6.5%* | 418,373 | \$503 |
| 701 13 th Street | \$220.0m | 6.2% | 421,264 | \$570 |
| 1900 K Street | \$219.5m | 6.2% | 337,286 | \$651 |
| 555 11 th Street | \$265.0m | 5.9% | 404,000 | \$656 |
| 1111 Pennsylvania Ave | \$160.0m | 5.8% | 331,226 | \$483 |
| 1875 K Street | \$113.1m | 5.8% | 187,627 | \$603 |
| 1001 Pennsylvania Ave | \$484.2m | 5.4% | 772,841 | \$627 |

* Minimum NOI yield for years for 1-3

The Homer Building

Location

- Approx 3 blocks from White House
- Situated above Metro Centre
- High profile East End location
- Strong gov't presence
- Retail and entertainment precinct
- Consistently high occupancy



Washington DC office market

Summary and outlook

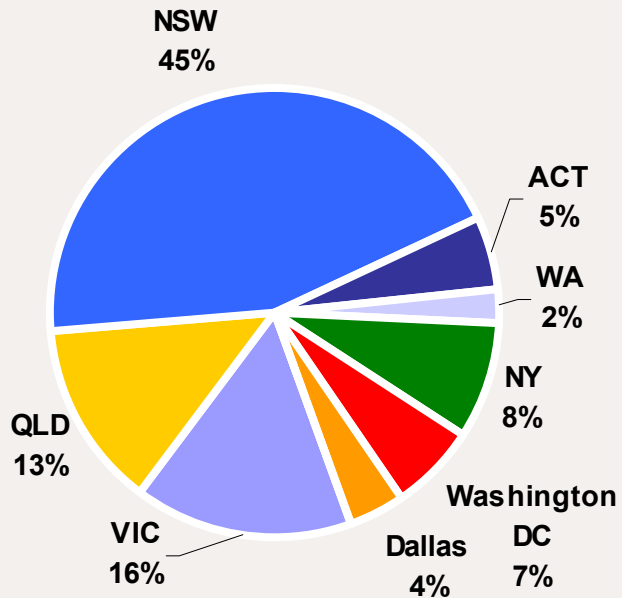
- Strong barriers to entry and planning restrictions limit new supply
- Net absorption of 4.6msqf in 2003 increased to 10.3msqf in 2004
- Unemployment rate of 3.2% among the lowest in the US
- Consistent office employment growth forecast at 2.0% p.a. for next 5 years
- Current vacancy rate of 10.3% forecast to fall to 6.6% by 2009
- Strong consensus forecast rental growth for next 5 years

Source: Torto Wheaton, Economy.com, ING Real Estate

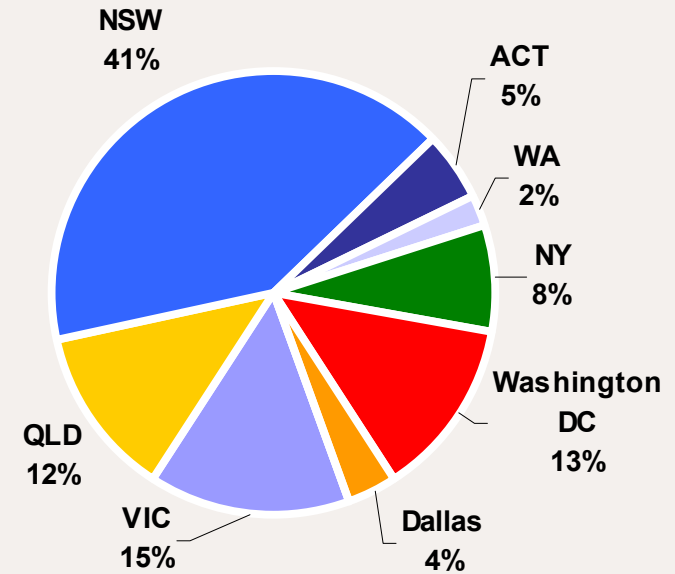
Portfolio Impact

Geographic diversification

Pre transaction



Post transaction



Fund Impact

Balance sheet and gearing

| | 31 Dec 04 | Proforma |
|-----------------------------------|------------|------------|
| | AUD | AUD* |
| Total Australian assets | \$1,510.7m | \$1,510.7m |
| Total US assets | \$335.4m | \$475.4m |
| Total assets | \$1,846.1m | \$1,986.1m |
| Total entity AUD denominated debt | \$338.2m | \$338.2m |
| Total entity USD denominated debt | \$119.2m | \$172.0m |
| Total USD property level debt | \$222.6m | \$309.8m |
| Total debt | \$680.0m | \$820.0m |
| Gearing ratio (look through) | 36.8% | 41.3%** |

* USD/AUD spot = 0.765

** DRP to be introduced from Jun-05 quarter

Fund Impact

FX and interest rate hedging for acquisition

| | Amount | | |
|-------------------------|---------------|-------------|-----------------|
| | USD | Rate | Duration |
| Property level USD debt | 100% | 3.6% | 2.2 years |
| Entity level USD debt | 100% | 5.3% | 5.0 years |
| USD income hedge* | 100% | 0.726c | 5.0 years |

* USD/AUD spot = 0.765

Indicative rates only. Include margins.

Acquisition summary

- EPU accretive from year 1
- Premier asset in outstanding location and office market
 - 3 blocks from the White House and National Mall
 - desirable East End sub market
- Enhances and complements existing portfolio
 - strong prospects for growth
 - opportunity for value add
- Fully hedged income and capital positions

Leasing update

1 Adelaide Terrace, Perth WA

| | Area* (sqm) | Lease start # | Lease end | Rent reviews |
|--------------------------------------|--------------------|----------------------|------------------|---------------------|
| WA Government (Minister of Works) | 6,500 | Mar 05 | Feb 15 | 3.5% pa |
| Lycopodium Engineering Limited | 5,603 | Mar 05 | Feb 08 | 5% pa |
| B Digital Limited | 3,829 | Apr 05 | Mar 11 | 3.75% pa |
| Swiftel Limited | 994 | Mar 05 | Feb 08 | 2.75% pa |
| Rental Guarantee | 2,397 | Mar 05 | Feb 06 | - |

* Estimates subject to survey

subject to change

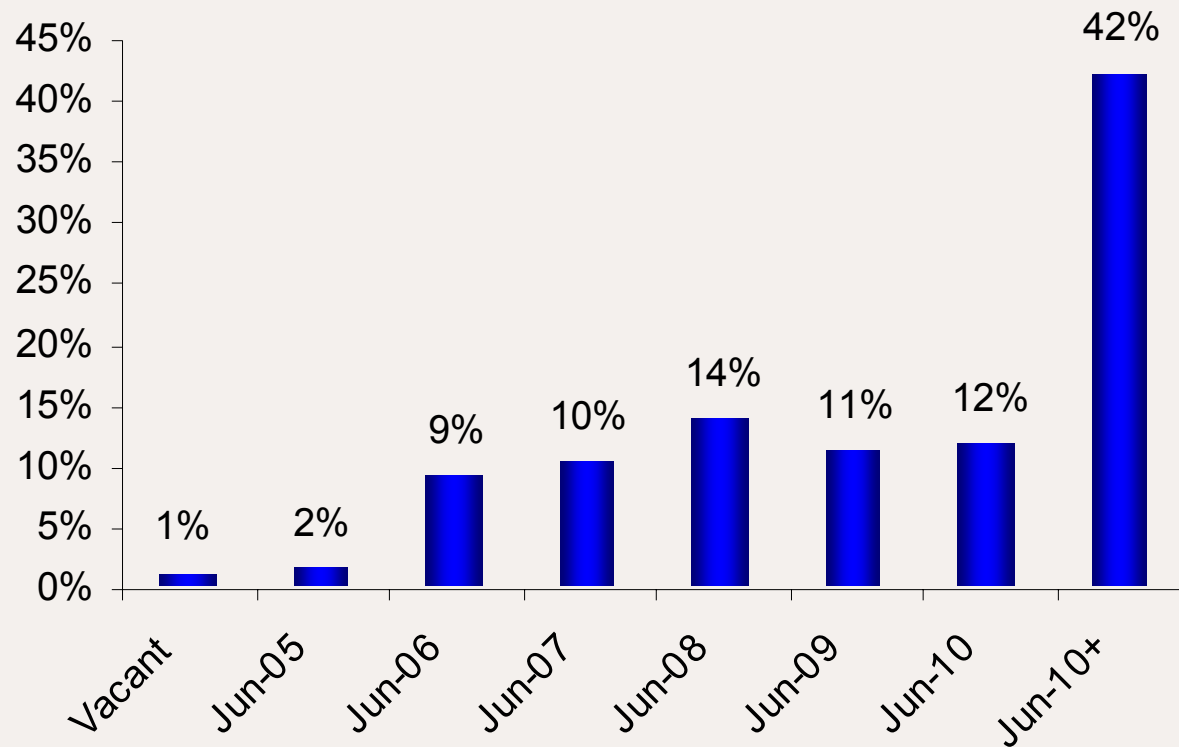
Leasing update

1 Adelaide Terrace stacking plan

| Level | Proposed Signage to B Digital or People Telecom | Expiry |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| 7 | Lease to Minister for Works (3,179.40m ²) | 28-Feb-15 |
| 6 | Lease to Minister for Works (3,307.90m ²) | 28-Feb-15 |
| 5 | Sub-Lease to Lycopodium (approx 3,487.8 m ²) | 11-Feb-08 |
| 4 | <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;">Lease to B-Digital Limited (685.8 m²)</div> <div style="width: 70%;">Sub-Lease to Lycopodium (approx 3,487.8 m²)</div> </div> | 31-Mar-11 & 11-Feb-08 |
| 3 | Rental Guarantee (approx 2,397.1 m ²) | 28-Feb-06 |
| 2 | <div style="display: flex; justify-content: space-between;"> <div style="width: 70%;">Lease to B-Digital Limited (1,628.8 m²)</div> <div style="width: 30%;">Proposed Café Approx (200m²)</div> </div> | 31-Mar-11 & 31-May-11 |
| 1 | <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;">Sub-Lease to Swiftel approx 996 m²</div> <div style="width: 70%;">Lease to Bdigital Limited (1,652.2m²)</div> </div> | 11-Feb-08 & 31-Mar-11 |
| Basement | Car Parking (164 car spaces) | Storage |

Portfolio summary

Average lease term by income



Average lease term remains strong at 5.6 years

Portfolio summary

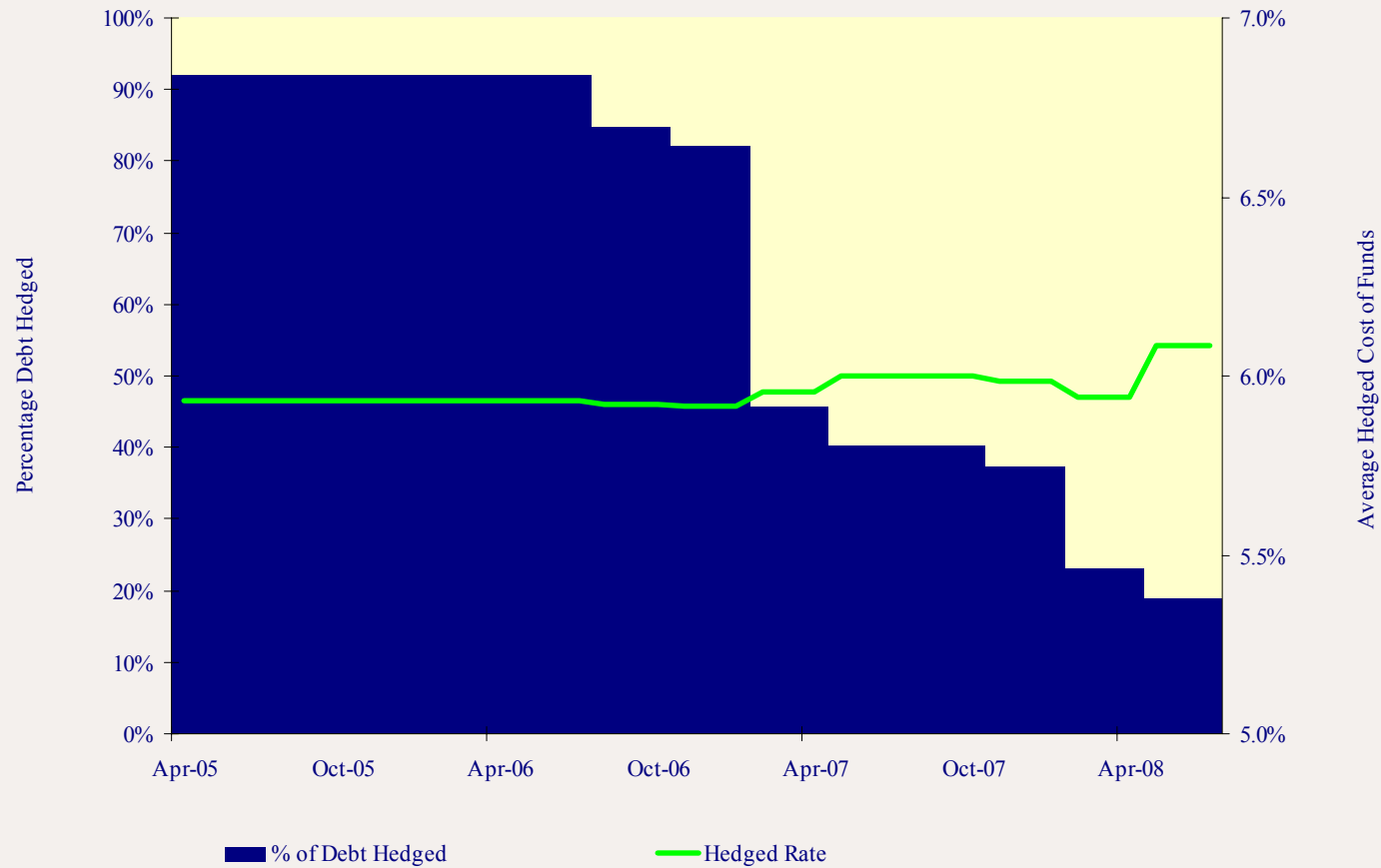
Leasing focus

| Tenant | Property | FY06 | FY07 | FY08 |
|---------------------------|-------------------------------------------|-----------|------------|------------|
| Citipower / VIC Workcover | 628 Bourke St, VIC | 1% | | |
| Centrelink | Terrica Place, QLD | 1% | | |
| AGL | 111 Pacific Highway, NSW | 2% | | |
| White & Case | 601 13 th St Washington DC | 2% | | |
| ATO | 40 Cameron Avenue, ACT | | 3% | |
| Common. of Aust. | Royal Mint Centre, VIC | | 2% | |
| ATO | Terrica Place, QLD | | 2% | |
| Zweig Advisors | 900 Third Avenue, NY | | 1% | |
| MLC | 105 – 151 Miller St, NSW | | | 4% |
| DEST | 16 – 18 Mort Street, ACT | | | 3% |
| Kroll Associates | 900 Third Avenue, NY | | | 1% |
| Jenner & Block | 601 13 th Street Washington DC | | | 1% |
| Major expiries | | 6% | 8% | 9% |
| Total expiries | | 9% | 10% | 14% |

Manageable expiries

Portfolio summary

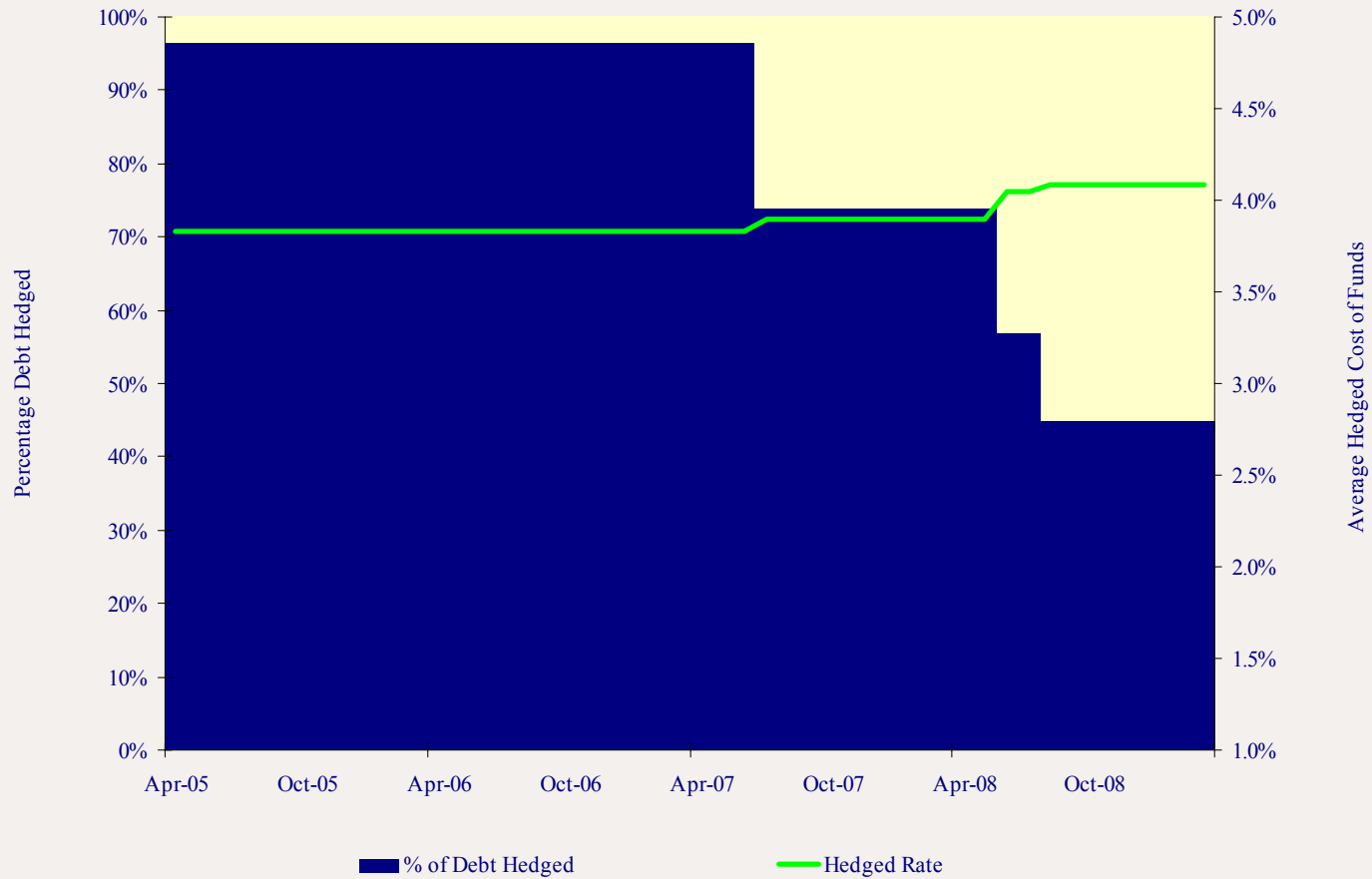
AUD interest rate hedging



92% hedged for average of 2.4 years @ 5.9%

Portfolio summary

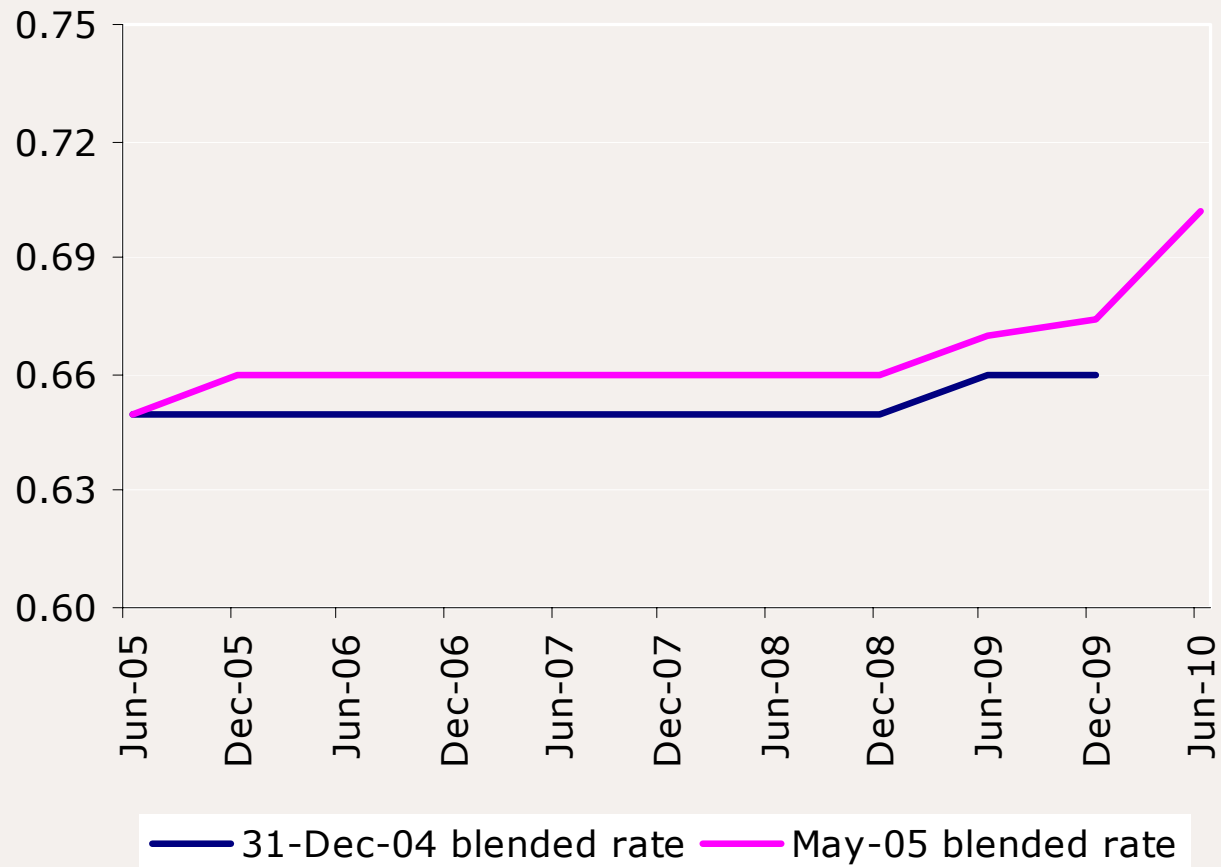
USD interest rate hedging



96% hedged for average of 3.5 years @ 3.8%

Portfolio summary

USD FX hedging



100% hedged for the next five years

Summary

- Portfolio in strong position with little risk
- Commitment to improving earnings;
 - Active asset management/retention/leasing
 - Increased US asset allocation
 - Value add opportunities locally and US
 - ING Real Estate global platform
- Prudently address 2006 – 2009 lease expiries
- Deliver growth

ING Real Estate

Global network



Global assets under management AUD 90 billion