

ING Office Fund

Investor briefing ING Dutch Office Fund (DOF)



5 December 2006

Transaction summary

Key benefits

- ▶ Attractive returns
 - superior net yield in European context
 - strong forecast total return
- ▶ High quality assets and largest diversified office portfolio in The Netherlands
- ▶ Potential upside in returns
 - better than projected rental growth
 - higher occupancy
 - yield re-rating in line with other European office markets
- ▶ Local management expertise and record of outperformance from DOF
- ▶ Unique investment opportunity utilising the global ING Real Estate platform

(1) Euro bond 3.8%

Transaction summary




Overview

- ▶ IOF will acquire a 20% interest in DOF for €267m (A\$446m⁽¹⁾)
 - at net asset value (NAV) at 30 Sep 06⁽²⁾
 - partially funded with a placement of A\$190m
- ▶ The interest is being acquired from the ING Group
- ▶ The acquisition will require IOF unitholder approval
- ▶ Independent Expert considers the transaction to be fair & reasonable⁽³⁾

(1) € / A\$ = 0.60, (2) Adjusted for accrued return to 13 December 2006 of 6.7% p/a. IOF to receive full December 2006 quarter distribution, (3) Concluded to be fair and reasonable to non-associated unitholders

Transaction summary

Impact on IOF

- ▶ Enhances IOF's long term total return prospects
- ▶ EPU  3.5% in Yr-1 (annualised⁽¹⁾) and  by 6.5% in Yr-3
- ▶ DPU  2.9% in Yr-1 to 10.70 cents (annualised⁽¹⁾)
- ▶ European weighting increases from 7% to 23%, offshore to 48%
- ▶ No material change to WALE – 5.7yrs
- ▶ Gearing increases from 42% to 45%

(1) From 1 January 2007

The Netherlands

Overview

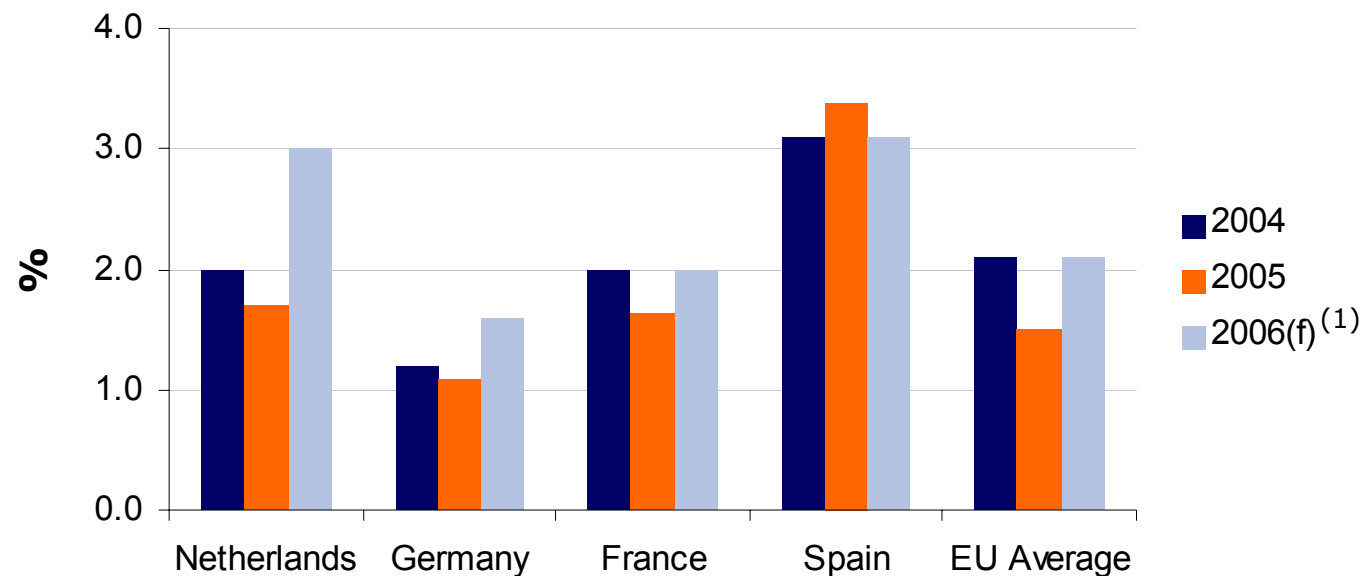
- ▶ 6th largest country in Continental Europe by population (16 million⁽¹⁾)
- ▶ Ranked fifth in the world in 2004 in terms of living standards⁽¹⁾
- ▶ Major trading partner is Germany and increasingly Central & Eastern Europe
- ▶ Trade gateway into Europe



(1) Netherlands Information Centre

The Netherlands

Comparison of European economic growth



Source: EIU and ING Economic Department (The Netherlands)

- ▶ Dutch economic growth compares favourably with major European economies
- ▶ Leading indicators for Dutch economic growth continue to improve

(1) Comprised of actual and forecast

The Netherlands

Economic drivers

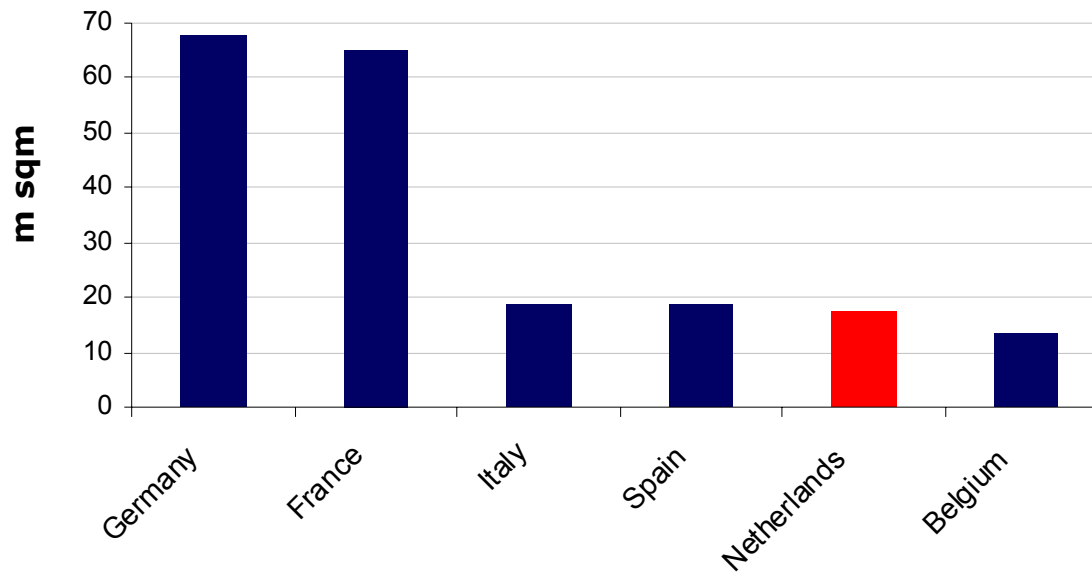
- ▶ Economic recovery driven by increased world demand
- ▶ Corporate tax reduced (29.6% to 25.5%⁽¹⁾) and competitive in European context
- ▶ Dutch government fiscal position is now amongst the strongest in Europe
- ▶ U/E rate has declined from 4.9% to 4.5% YoY with 3.9% forecast for 2007⁽²⁾
- ▶ 86,000 net new jobs were recorded YTD 2006 and 100,000 are forecast for 2007⁽³⁾

(1) Effective 1-Jan-07 according to Netherlands Foreign Investment Agency

(2) EUROSTAT, (3) OECD

Dutch office market

Major European office markets by size

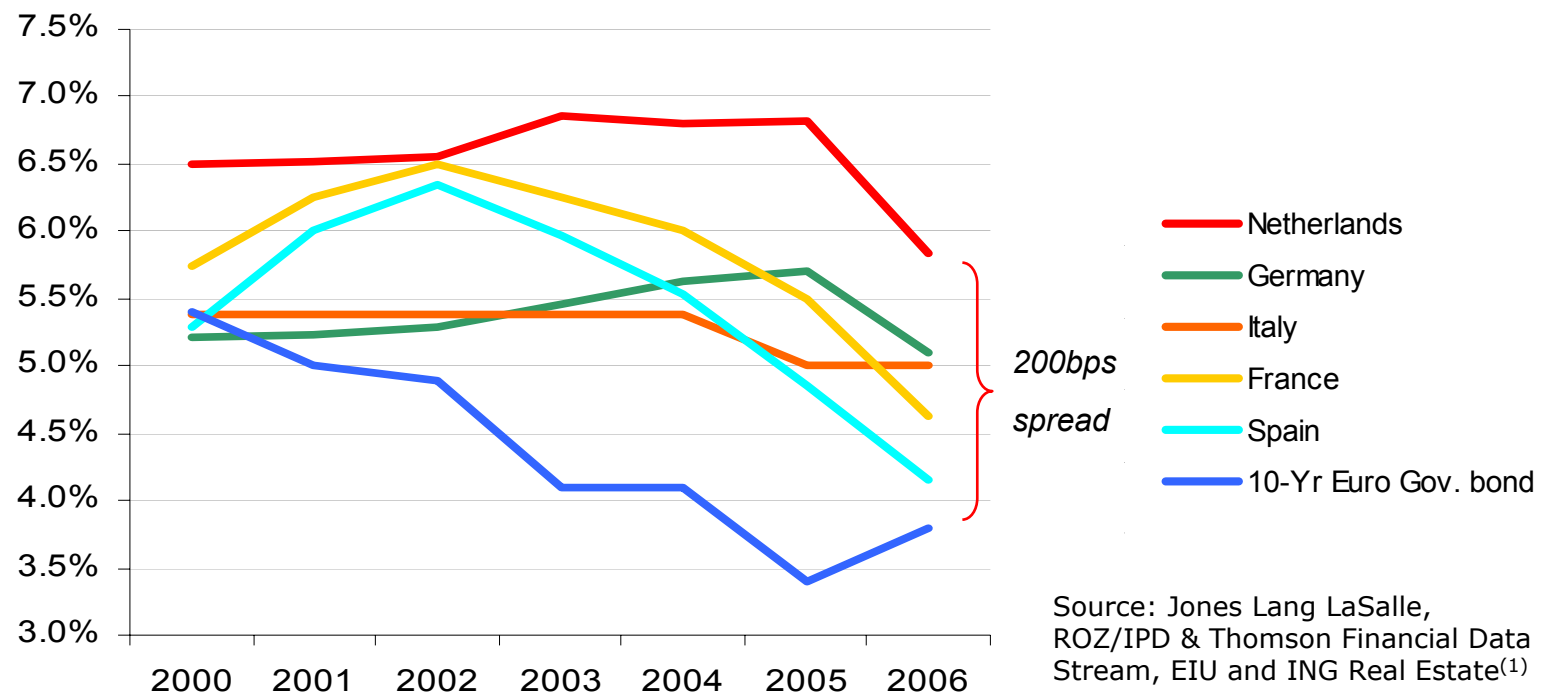


Source: PMA and Jones Lang LaSalle, includes major cities only

- ▶ The Netherlands is Continental Europe's fifth largest office market (17.3m sqm)
- ▶ Dutch office market recovery has lagged that of other European markets

Dutch office market

Average prime yields for major European office markets

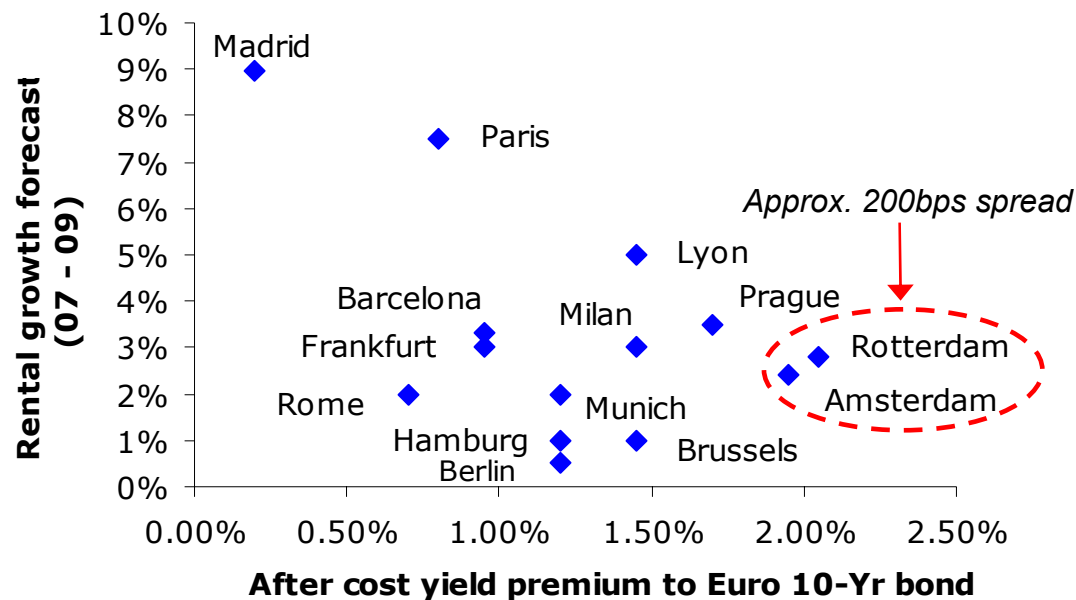


- ▶ Dutch office yields are high relative to the Euro bond
- ▶ Dutch yields have yet to fully re-rate when compared with other European markets

(1) Yields have been adjusted to reflect acquisition costs

Dutch office market

Yields spreads and rental growth across Europe

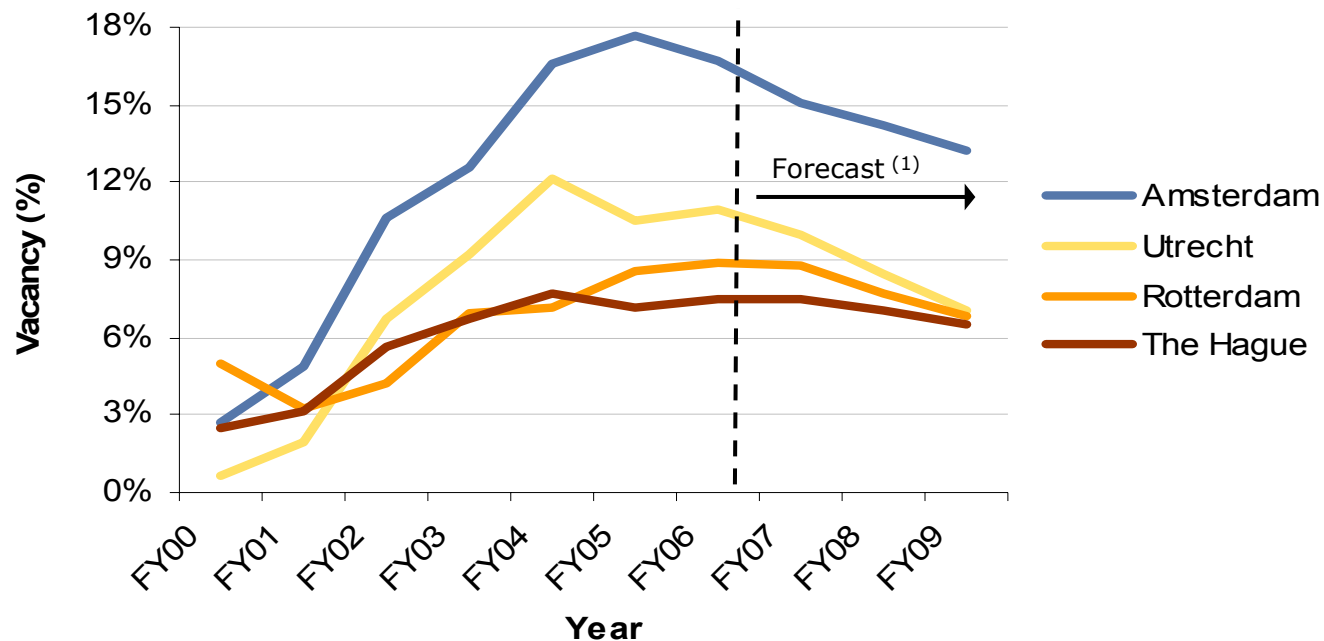


Source: PMA, ING Real Estate

- ▶ Dutch office market yields now represent an outlier in a European context
- ▶ Strong possibility of yield re-rating as investors recognise the recovery story

Dutch office market

Vacancy rate by major market

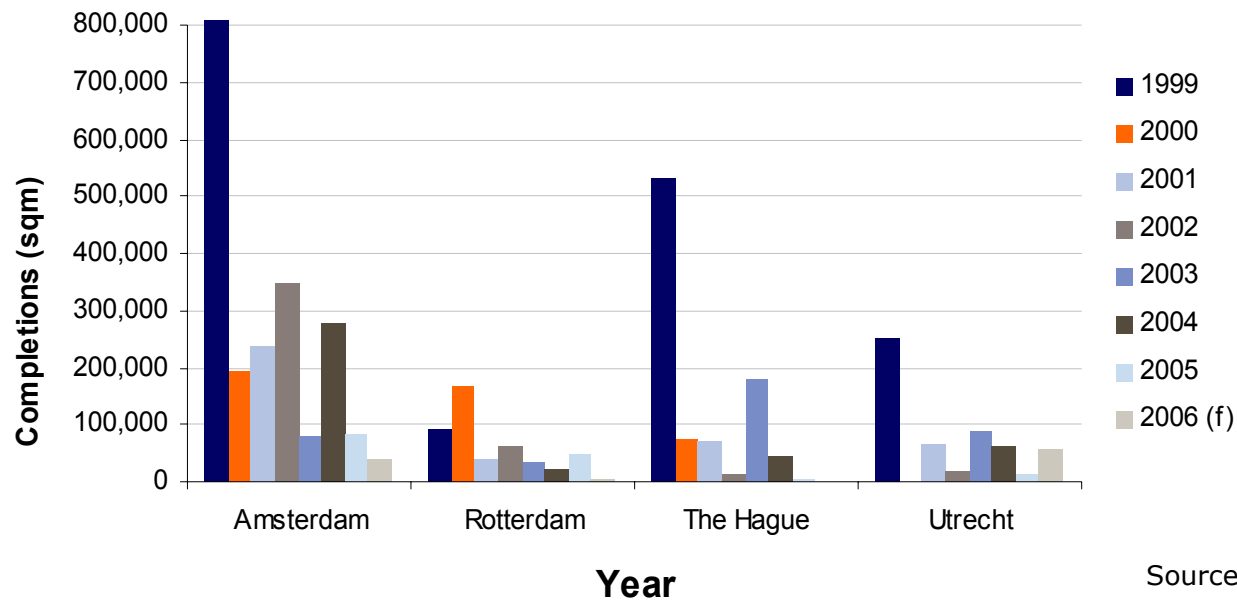


Source: PMA and Jones Lang LaSalle, (1) ING Real Estate

- ▶ After several years of stagnation there are positive signs of recovery
- ▶ Recovery is being driven by the strength of the Dutch economy

Dutch office market

Construction cycle



- ▶ Construction boom of 1999/2000 caused material over supply
- ▶ Economic rents are approximately 20% higher than current market rents

Dutch office market

Recent sales in The Netherlands

Building	Location	Date	€Value	Area	€/sqm	Net Yield
DOF portfolio	Various	Nov-06	1,670m	734,285	2,261	6.4%
Nike HQ	Amsterdam/Utrecht	Jul-06	90m	31,539	2,854	6.3%
Haagse Poort	The Hague	Mar-06	203m	70,000	2,900	5.4%
Zilveren Toren	The Hague	Apr-06	81m	27,216	2,976	5.8%
Mercurius & Minerva	Amsterdam	Jan-06	99m	23,800	4,160	4.8%
Jupiter Building	Amsterdam South	Jul-06	44m	9,125	4,822	6.0%

Source: ING Real Estate

- ▶ Limited transactional evidence although DOF compares favourably with recent individual sales

Dutch office market

International yield and total return comparison

	EUROZONE	DOF	AUS	USA	JPY
Mid-point yield (after costs)	5.00%	6.40%	5.75%	5.75%	4.00%
5-Yr swap rate	3.9%	3.9%	6.2%	4.9%	1.3%
Premium to swap	1.1%	2.5%	(0.4%)	0.8%	2.7%
Indicative 10-Yr IRR ⁽¹⁾	7.00%	7.70%	7.75%	7.75%	5.50%
10-yr bond	3.8%	3.8%	5.5%	4.5%	1.6%
Premium to bond	3.2%	3.9%	2.2%	3.2%	3.9%

(1) Excl. leverage and any forecast yield shift

Dutch office market

Summary and outlook

- ▶ Dutch office yields and total returns are attractive in an international context
- ▶ Strong possibility of yield re-rating as investors recognise the recovery story
- ▶ Labour market dynamics have improved materially
- ▶ New construction has slowed materially and planning has tightened
- ▶ Economic rents are approximately 20% higher than current market rents

Dutch Office Fund

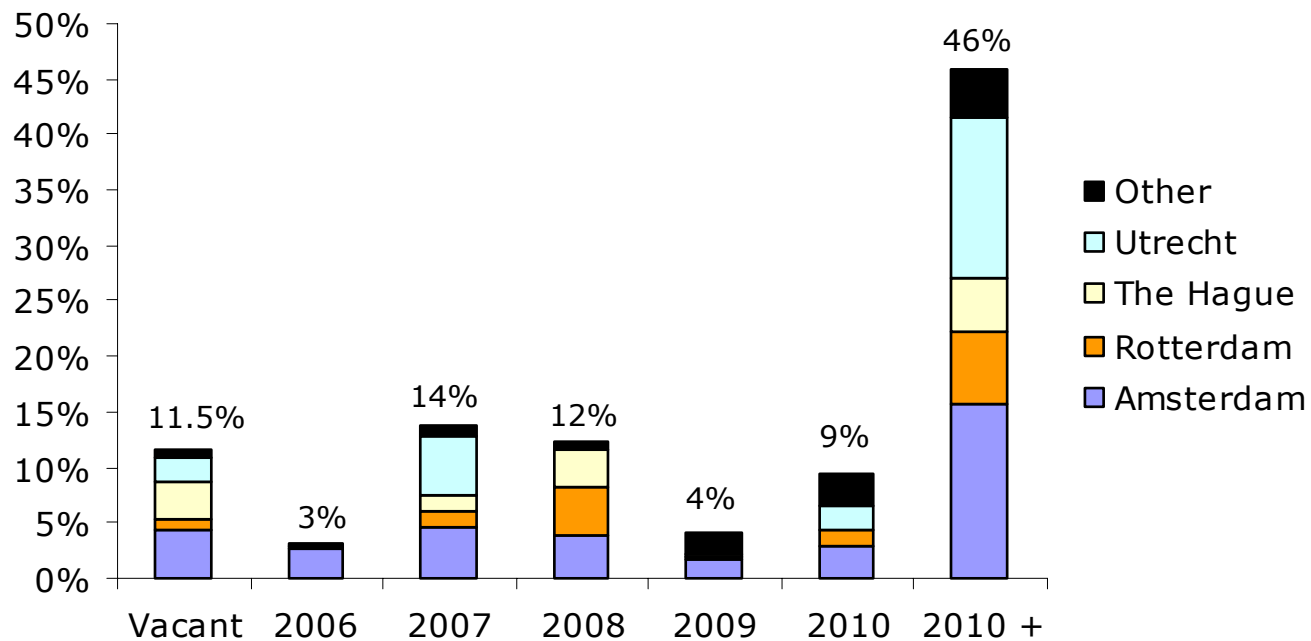
Portfolio metrics

Total assets:	€1.66b (A\$2.77b)
No. of properties:	78
GLA:	734,285 sqm
Current portfolio net yield ⁽¹⁾ :	6.4%
WALE:	4.2 yrs
Occupancy:	88.5%
Gearing:	12.9%
Over/(under) renting:	4.5%

(1) Before leverage and MER

Dutch Office Fund

Lease expiry profile by income

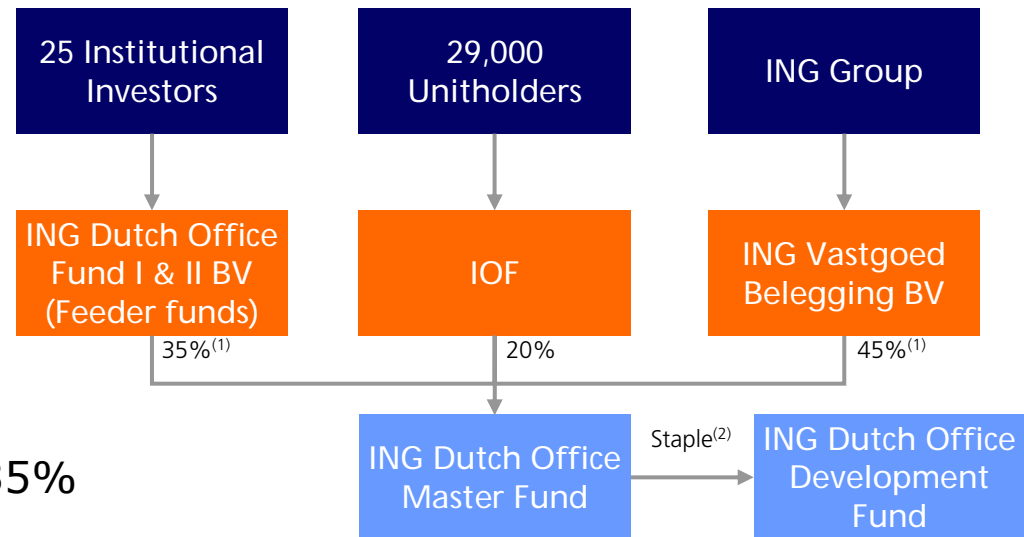


- ▶ No material change in vacancy forecast in 2007, 2008 and 2009
- ▶ Moderate 2009 expiries provide further earnings upside

Dutch Office Fund

Ownership structure post transaction

- ▶ IOF – 20%
- ▶ ING Group – 45%
- ▶ ING managed Feeder funds – 35%



(1) ING Group may be slightly higher and Feeder Funds may be slightly lower, (2) Referred to as ING Dutch Office Fund

Dutch Office Fund

Performance history (1999 – 2005)

	DOF⁽¹⁾	Benchmark⁽²⁾	Excess return
IRR since inception (before leverage and fees)	11.8% p/a	10.3% p/a	1.5%
Yield	8.2% p/a	8.0% p/a	0.2%
Capital growth	3.6% p/a	2.3% p/a	1.3%

- ▶ The DOF portfolio has materially outperformed the benchmark index
- ▶ Annual out-performance for seven consecutive years since inception

(1) Based on investments held for a full year

(2) ROZ/IPD Dutch office market total return index

Dutch Office Fund

IRR sensitivity matrix (terminal yield and rental growth)

Rent growth \ Terminal yield	1.0%	1.5%	2.5%
5.4%	9.6%	10.1%	11.1%
6.4%	8.5%	9.0%	10.0%
7.4%	7.2%	7.7%	8.7%

- ▶ Varying rental growth and terminal yield shows upside to forecast total return
- ▶ Assuming 6.4% terminal yield and rental growth with inflation shows IRR of 10%⁽¹⁾

Source: ING Real Estate, (1) Excl. leverage




Dutch Office Fund

Liquidity for unlisted Funds

- ▶ Liquidity continues to increase due to strong investor demand and limited supply
- ▶ Relatively limited number of new vehicles launched in H1 2006
- ▶ “Blind” capital raisings have been common and well supported by investors
- ▶ Established vehicles with record of outperformance such as DOF in strong demand
- ▶ Sector and country specific Funds command a premium from institutional investors

DOF acquisition summary

▶ Attractive yield and total return prospects

- superior net yield of 6.4% (260 bpt spread to Euro-bond)
- strong total return prospects of 7.7%+ (390 bpt spread to Euro-bond)
- EPU  3.5% in Yr-1 (annualised⁽¹⁾) and  6.5% by Yr-3
- DPU  2.9% in Yr-1 to 10.70 cents (annualised⁽¹⁾)

▶ Access to a high quality, well diversified portfolio in one line

▶ Potential upside in returns

▶ Unique investment opportunity utilising the global ING Real Estate platform

(1) From 1 January 2007

IOF update

Offshore acquisition performance

Property/location	Acquisition date	Acquisition price	Current value⁽¹⁾
900 Third Avenue, New York (49%)	August 2003	US\$107.7 million	US\$157.0 million
Computer Associates Plaza, Plano, Texas	August 2004	US\$53.5 million	US\$57.0 million
Mitretek Systems Headquarters, Falls Church, Virginia (Washington DC)	August 2004	US\$92.8 million	US\$105.0 million
The Homer Building, Washington DC (80%)	November 2005	US\$168.2 million ⁽²⁾	US\$190.6 million
Waltham Woods, Massachusetts (50%)	November 2005	US\$65.0 million	US\$68.5 million

(1) Based on 30 June 2006 fair values. (2) Adjusted for current 80% ownership

IOF update

Leasing focus

Tenant	Property	Vacant	FY07	FY08	FY09
Zweig Advisors	900 Third Ave		1%		
GSA	Homer Building		1%		
DEST	16-18 Mort St			3%	
Lycopodium Engineering	1 Adelaide Tce			1%	
Jenner & Block	Homer Building			2%	
Crime & Misconduct	Terrica Place			1%	
BMC Software	Waltham Woods				2%
AMP	151 Clarence St				1%
DPP (Commonwealth)	15 Adelaide St				1%
Aust Customs Services	Terrica Place				1%
Major expiries			2%	7%	5%
Total expiries			4%	11%	8%

IOF summary

- ▶ Total return focus without compromising security of underlying earnings
- ▶ Further global diversification utilising ING Real Estate global platform
- ▶ Continued portfolio enhancement and recycling of capital
 - Penrith and Belconnen
- ▶ Debt refinancing
 - CMBS and Homer
- ▶ Active asset management to capture rental growth

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