



ING Office Fund Annual Unitholder Meeting

2008

Sydney – 7 November 2008
www.ingrealestate.com.au

REAL ESTATE



View from 111 Pacific Hwy, North Sydney NSW

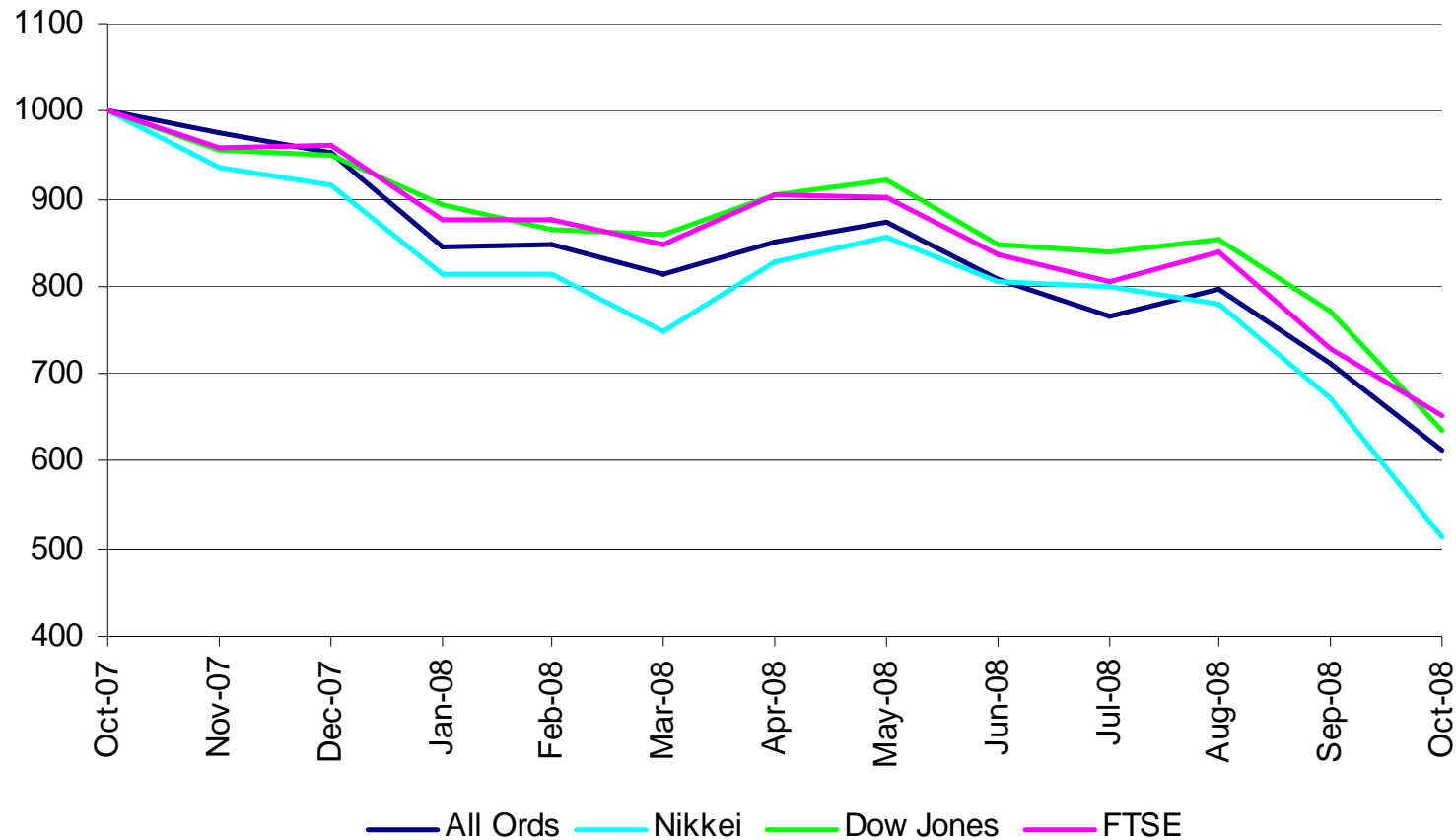
Impacts of global credit crisis

- Global credit crisis has deepened
- Many banks being recapitalised/nationalised
- Governments guaranteeing bank deposits and inter bank lending
- Economic growth slowing globally
- Negative impacts across all sectors and asset classes
- Equity markets pricing in global economic slowdown/recession

Effects on Australian Real Estate Investment Trust (A-REIT) market

- Limited and expensive availability of credit
- Increased number of sellers and growing list of assets for sale
- Transactions have slowed and no price clarity
- Office market fundamentals in healthy position - historically low vacancies and limited new supply
- Currently a financial issue (balance sheet/debt) not an office supply/demand issue

Global equity markets

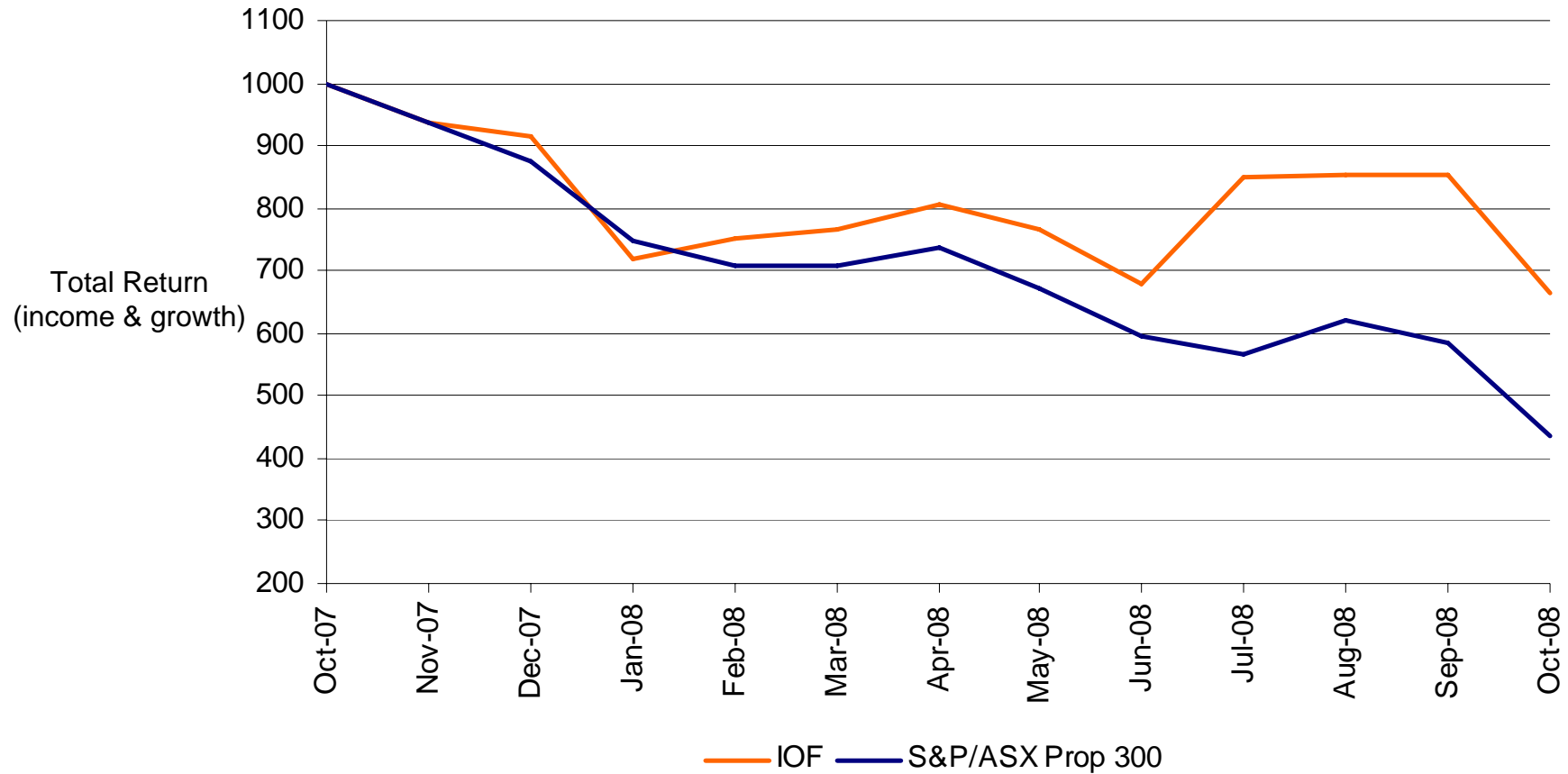


- Global equity markets have been hit hard

Source: UBS
Based on local currency returns



IOF vs. A-REIT sector performance

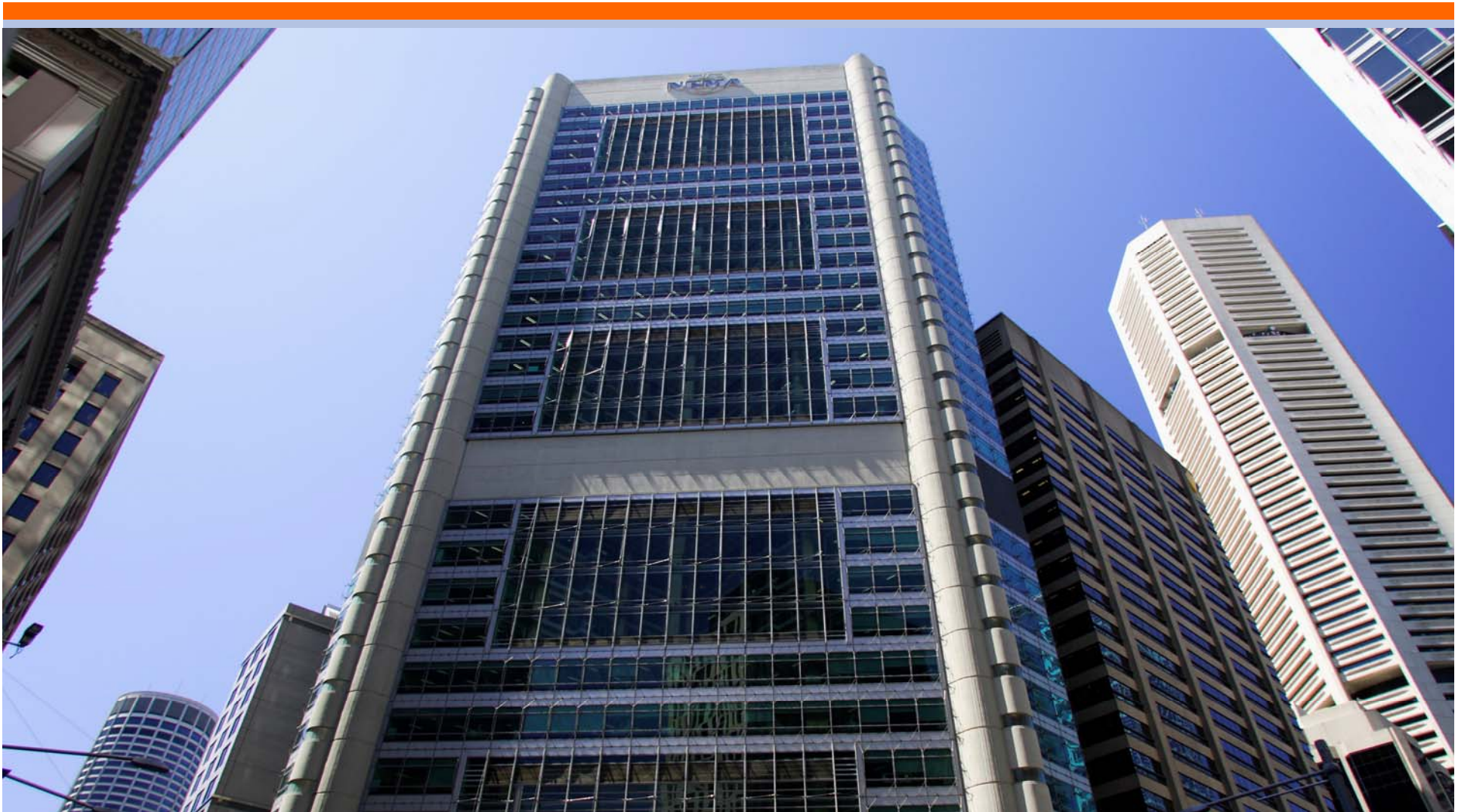


- IOF has held up well against the A-REIT sector

Source: UBS



2008 Results summary



388 George Street, Sydney NSW



Financial performance

	Jun-08	Jun-07	
Distributable income	\$135.5m	\$124.3m	↑
Distributable income per unit	10.9c	10.8c	↑
Distributions per unit	10.75c	10.55c ⁽¹⁾	↑
Net asset value per unit (NAV) ⁽²⁾	\$1.81	\$1.73	↑

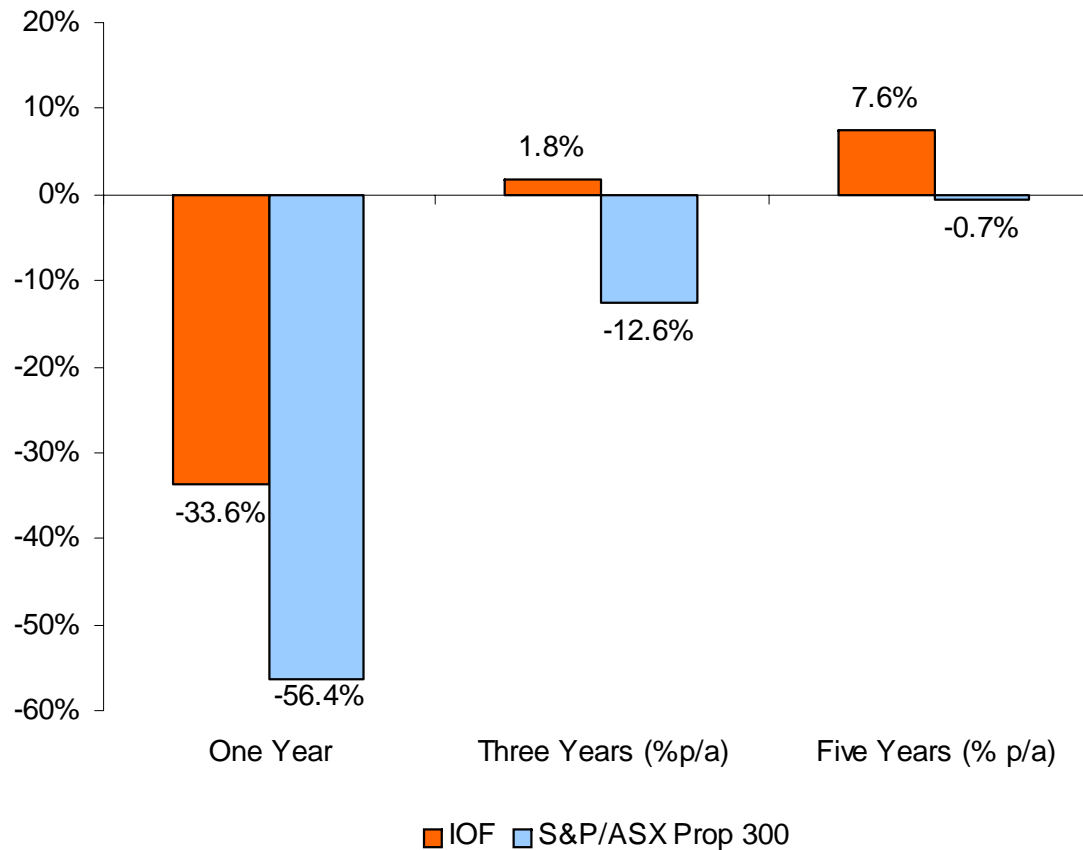
(1) Figure shown is normalised figure. Actual figure was 11.55 cents which included a 1.00 cent special distribution

(2) Includes deferred tax liability of \$85m or 6cpu

Portfolio achievements

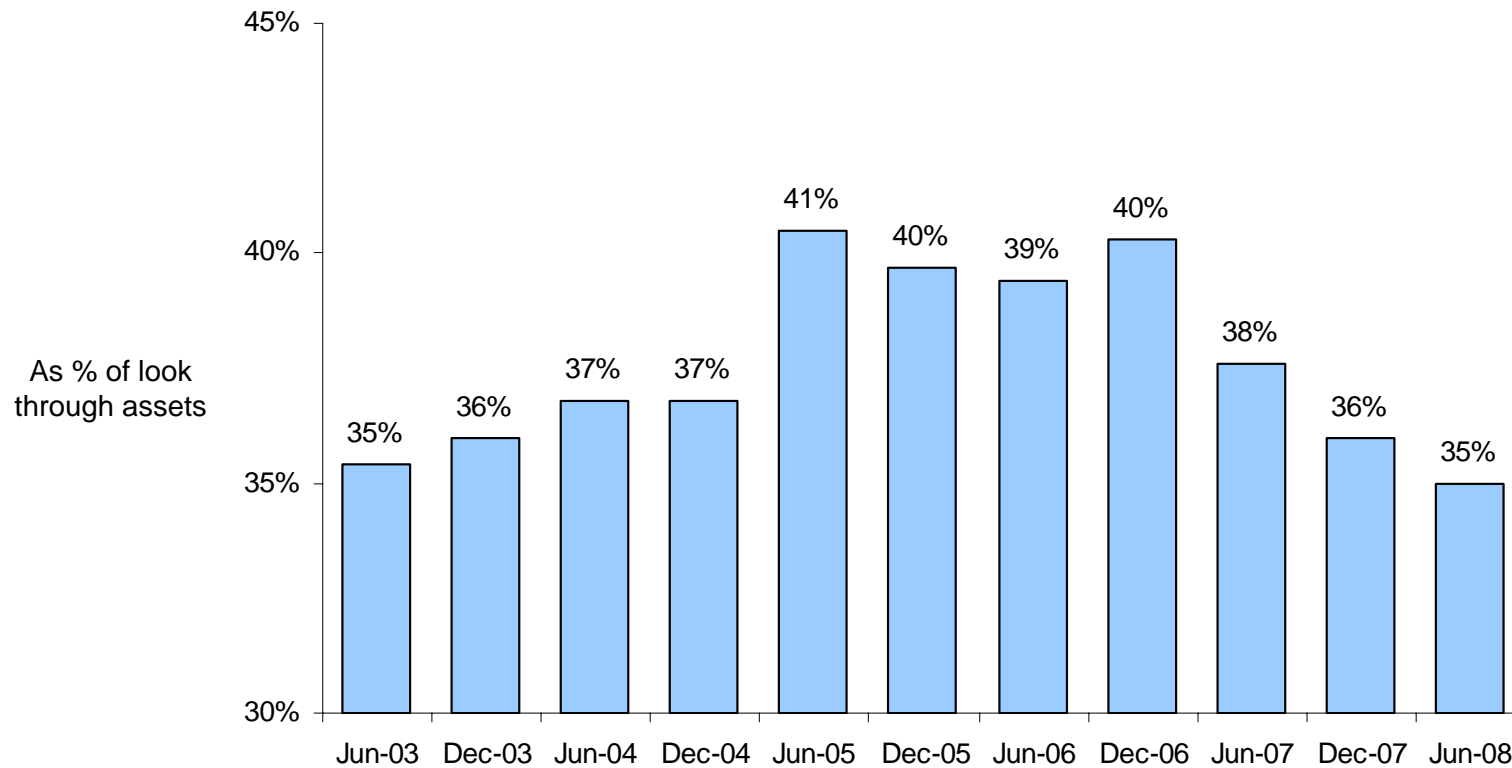
- ✓ Leased over **41,000sqm** during the year
- ✓ Increased portfolio occupancy to **97%**
- ✓ Maintained long average lease term of **5.3 years**
- ✓ Concluded market reviews securing an extra **\$6.4m** p/a of income
- ✓ Solid tenant retention of **66%**

IOF Total returns to 31 October 2008



- Performance has been better than A-REIT sector over long term

Look through debt/gearing



- Prudent management of debt over time

As at 30 June 2008



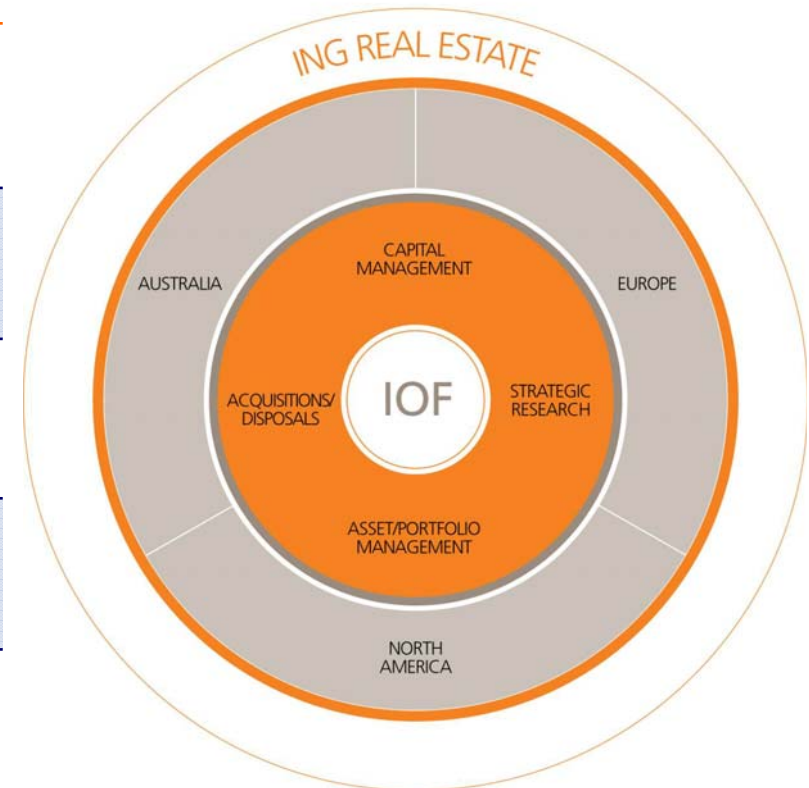
Debt facilities

Debt	Limit	Drawn	Undrawn	Expiry
Fund level loans	\$1,425m	\$877m	\$538m	Jun-10 & Jun-12
Property level loans	\$377m	\$377m	-	Jun-11 to Nov-17
Total	\$1,802m	\$1,264m	\$538m	

- Long debt maturities and surplus undrawn credit available

Acquisitions & disposals

	Asset	Price
Disposal	1 Adelaide Tce Perth	A\$87.0m
Acquisition	Wellington Central West Perth	A\$81.5m
Acquisition	2980 Fairview (50%) Washington DC	US\$52.5m
Acquisition	Bastion Tower (50%) Brussels	€71.2m



- Continued active portfolio management into core assets and markets

Overseas investment returns

Property	Acquisition date	Acquisition price	Value at 30 June 2008	Total return ⁽¹⁾
900 Third Avenue (49%) New York	Aug 2003	US\$107.7m	US\$235.2m	16.4% p/a
Computer Associates Plaza Dallas	Aug 2004	US\$53.5m	US\$48.9m	5.7% p/a
Noblis Headquarters Washington DC	Aug 2004	US\$92.8m	US\$106.6m	8.4% p/a
Homer Building (80%) Washington DC	Nov 2005	US\$168.2m	US\$224.0m	22.2% p/a
Waltham Woods (50%) Boston	Nov 2005	US\$65.0m	US\$76.3m	10.1% p/a
ING Dutch Office Fund (13.4%) Netherlands	Dec 2006	€267.5m	€297.6m	14.0% p/a

- Strong total returns on overseas assets

(1) Deleveraged and after all fees payable to 30 June 2008



Distribution policy

- As announced, distributable income will be based on effective rents, i.e. incentives and leasing commissions funded out of operating earnings
- Earnings impact for 2008/09 to be offset by underlying growth
- DRP reactivated from December 2008, 2.0% discount
- Will continue to monitor having regard to prevailing market conditions

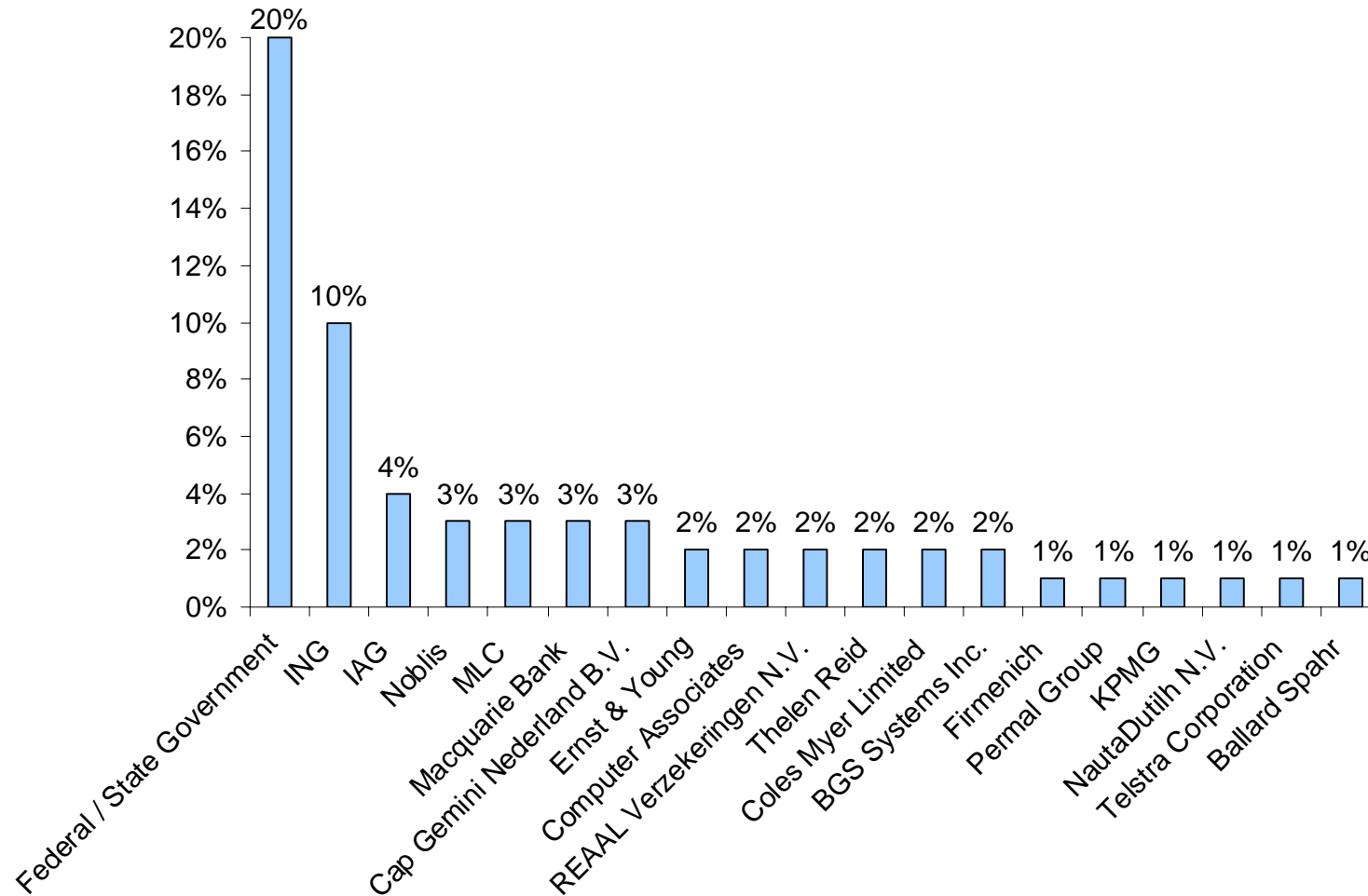
Portfolio update



347 Kent Street, Sydney, NSW



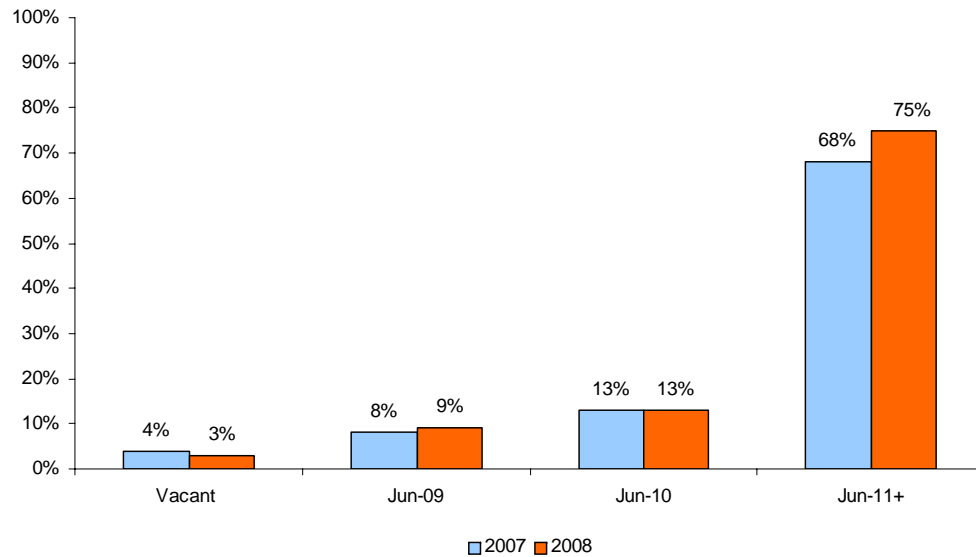
Top tenants (by income)



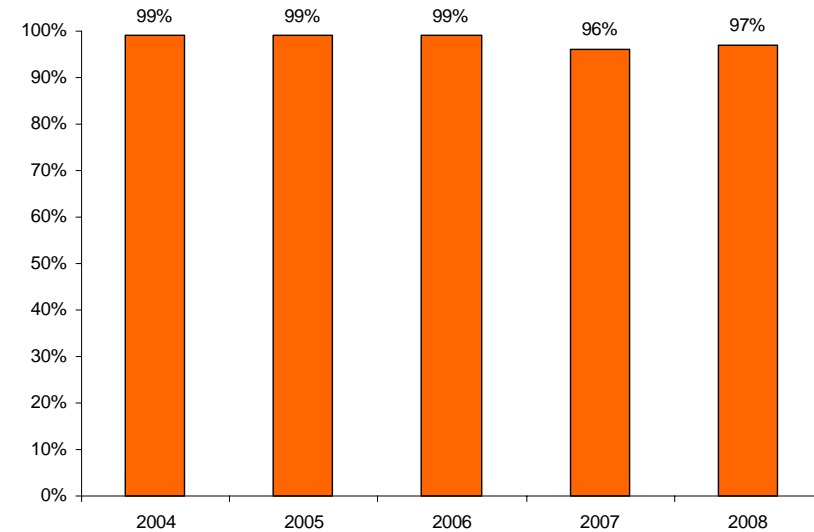
- Australian government and blue-chip tenants represent 64% of IOF's income

Portfolio lease expiry & occupancy

IOF portfolio lease expiry profile

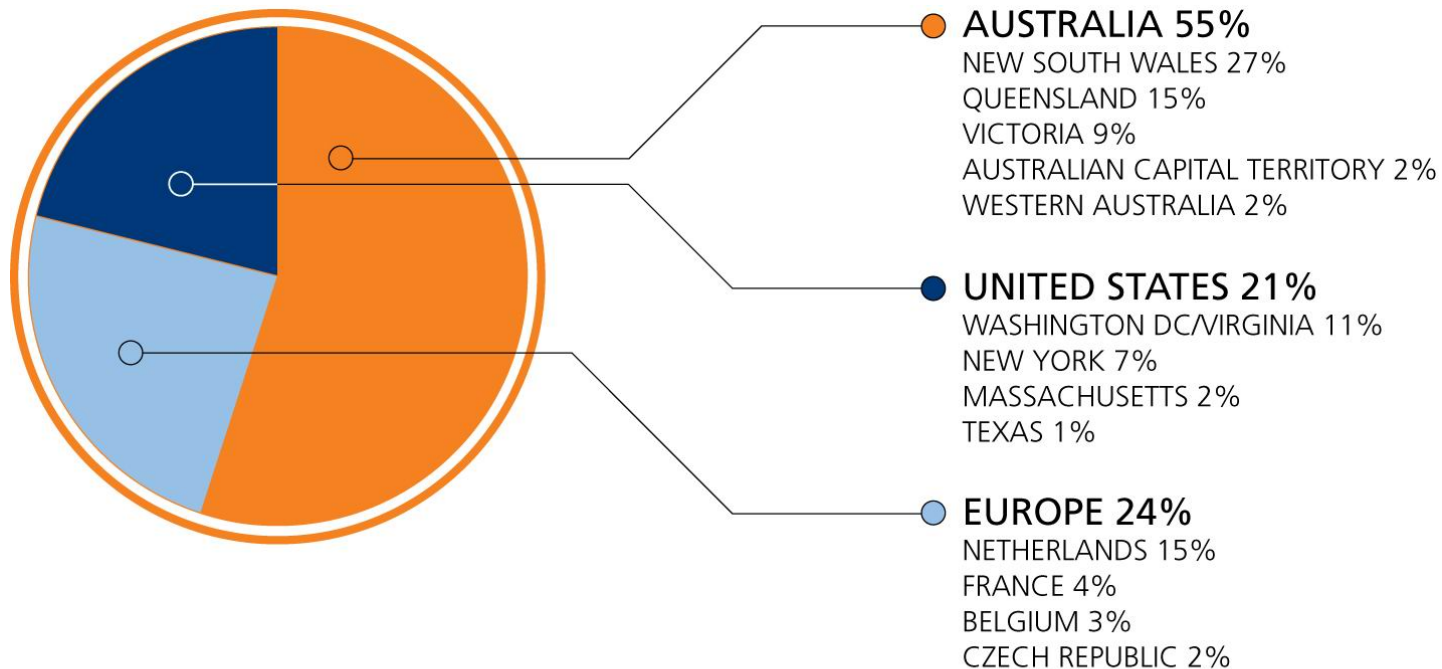


IOF historic occupancy rates



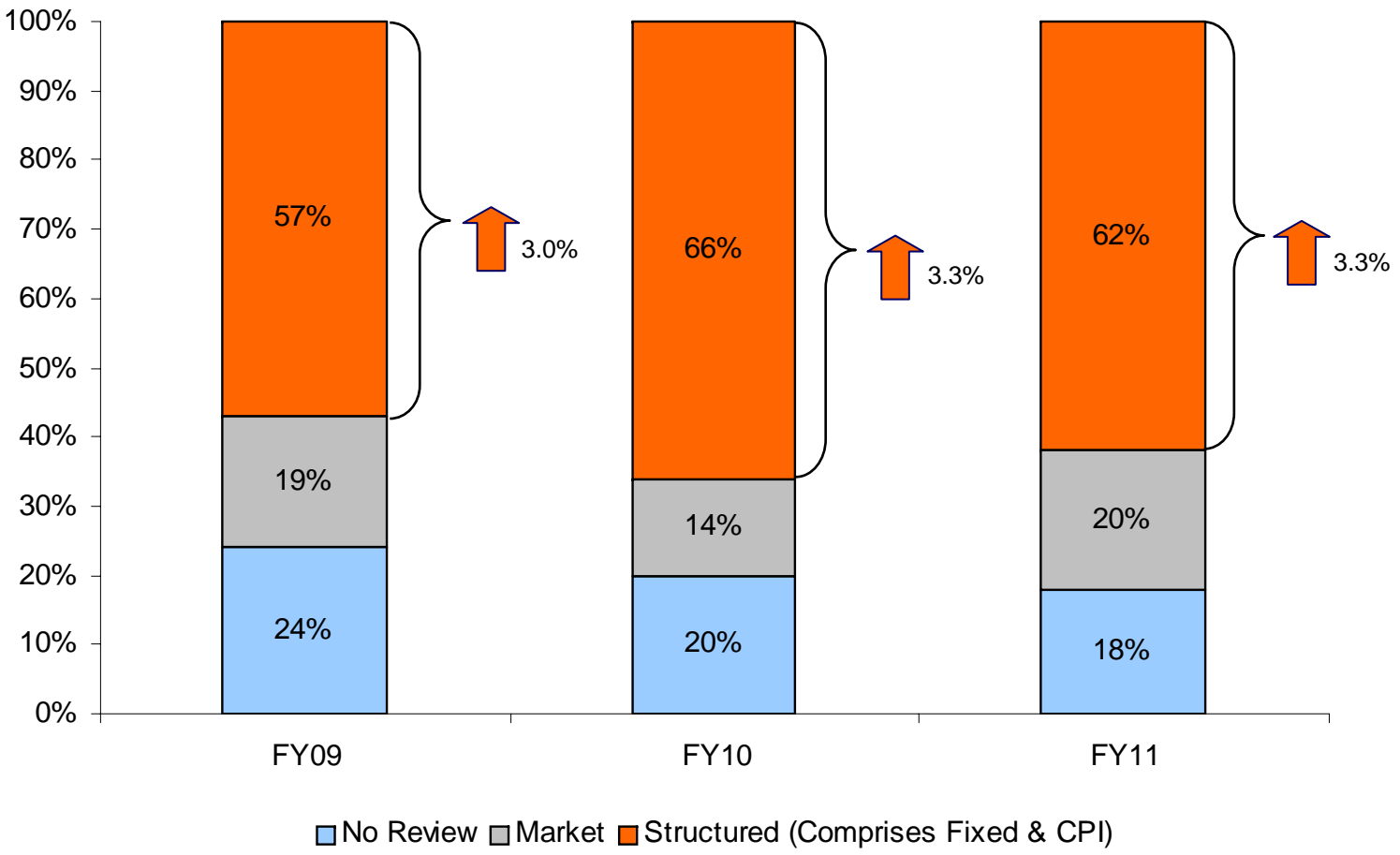
- Long average lease term of 5.3 years and consistently high occupancy rates

Geographic diversity



- Diversified property portfolio with majority weighting to Australia and other core global office markets

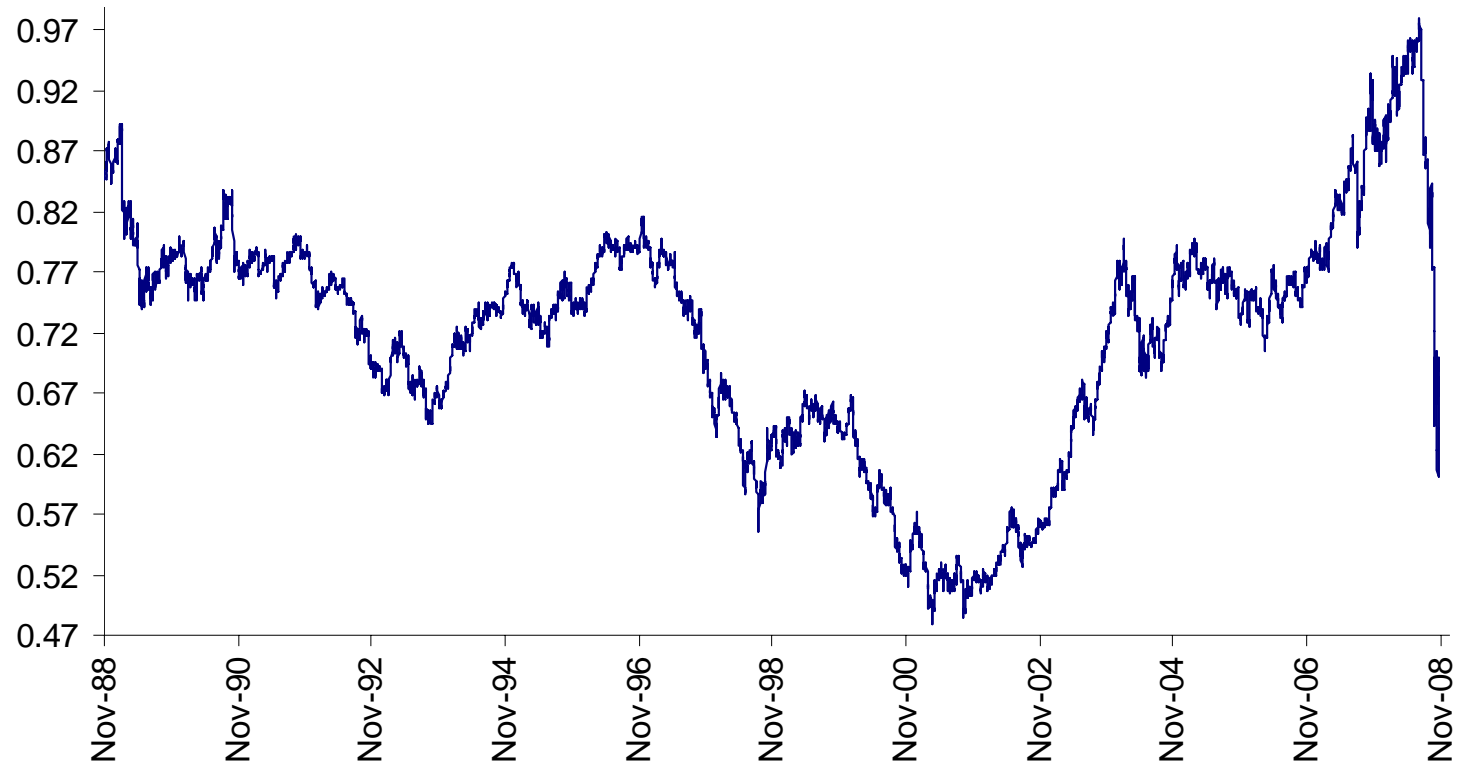
Income by review



- Fixed increases in income from structured rent reviews



Historical performance of A\$ vs. US\$



- Sharp depreciation of A\$ has been unprecedented in 20 years

Source: Bloomberg



Foreign exchange risk management

- Foreign exchange risk is minimised through currency hedging and using foreign denominated liabilities (predominantly debt)
- Movements in the A\$ result in an increase/decrease in total foreign assets (in A\$ terms) matched by an increase/decrease in total foreign liabilities (in A\$ terms)
- This results in minimal impact on the Fund's NAV, net equity and distributable earnings
- However, due to the increases/decreases in total foreign liabilities, the Fund's overall gearing ratio increases/decreases

Outlook



10-20 Bond Street, Sydney NSW

Outlook

- Credit crisis will continue to impact across all sectors
- A-REIT market likely to remain volatile
- Pressure on the A-REIT sector to maintain strong balance sheet (i.e. lower gearing, surplus debt capacity, extended debt maturities)
- Current A-REIT pricing is reflecting a very bearish scenario for property values
- This is caused by the number of assets currently for sale with limited transactions/buyers, hence uncertainty about values
- Office markets remain relatively healthy through:
 - Low vacancy levels
 - Limited new supply
 - Stalled development activity

Summary

- IOF is well positioned to navigate through the current volatile environment
 - Sound balance sheet with surplus debt capacity
 - Diverse and strong tenant roll
 - Manageable lease expiries and structured rent reviews
- Currently forecasting distributions of 10.8cpu for 2008/09, subject to prevailing market conditions

Questions?



Thank You

A copy of this presentation will be made available on

www.ingrealestate.com.au

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