

ING Office Fund

European acquisition – Prague, Czech Republic “Budejovicka Alej”



3 July 2006

Transaction summary

Key benefits

- ⇒ Improves the Fund's earnings and growth prospects
- ⇒ New, fully leased, high quality building
- ⇒ Blue chip multi-national and national tenants
- ⇒ Strategically located on key transport nodes
- ⇒ Attractive total return outlook
- ⇒ Geographic diversification into European Union (450million people)

Transaction summary

Property details

- Location: Prague 4 (midtown)
- Purchase price: €37.0m
- Appraisal: €37.0m
- Initial yield: 5.8%
- Net initial yield (after costs): 5.5%
- Market rent: €174sqm (net)
- Passing rent: €174sqm (net)
- Occupancy: 99%



Entrance to underground car park at Budejovicka Alej

Transaction summary

Property details (ctd)

- ⇒ Type: Grade A (completed 2005)
- ⇒ Major tenants: Shell, Nissan, Deloitte, SG Equipment, AT Kearney
- ⇒ Leases: Western style, euro denominated, annual CPI indexation, 3-7yr terms
- ⇒ Average lease expiry: 4.5 years
- ⇒ Net rentable area: 11,673sqm (9 storeys)
- ⇒ Parking: 156 underground and 8 surface spaces
- ⇒ Land area: 6,307sqm
- ⇒ Ownership: Freehold

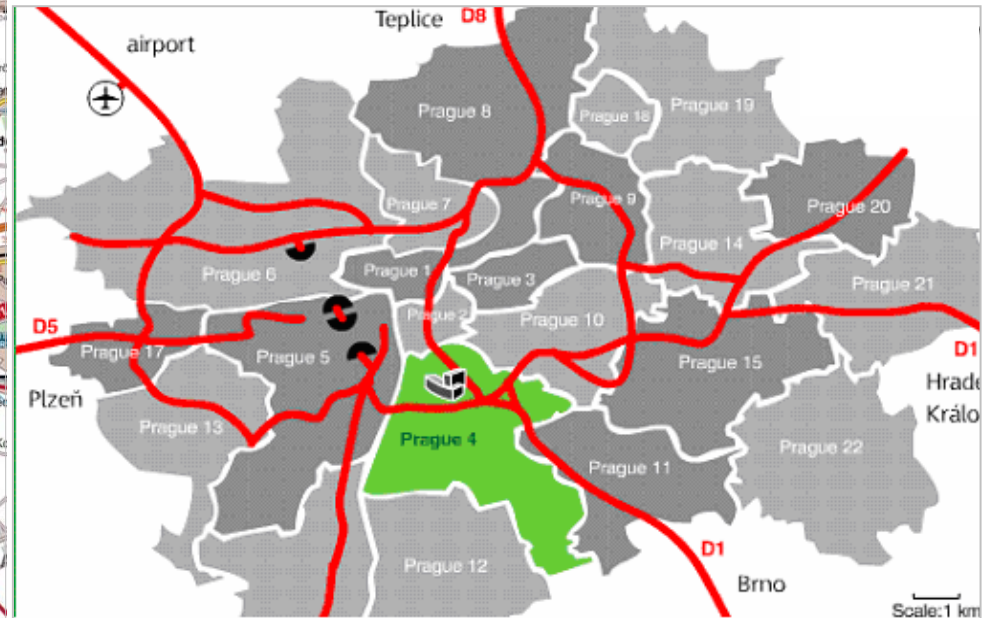
The Building

Location

- Situated in major commercial district of Prague 4 – an important centre of commerce
 - most sought after and established submarket
 - attracts high calibre multinational and national tenants
- Strategically located on key transport nodes
 - excellent public transport access via Metro
 - direct private transport access from main highway connecting north & south of city
 - Bus arrival and departure stations adjoin the property

The Building

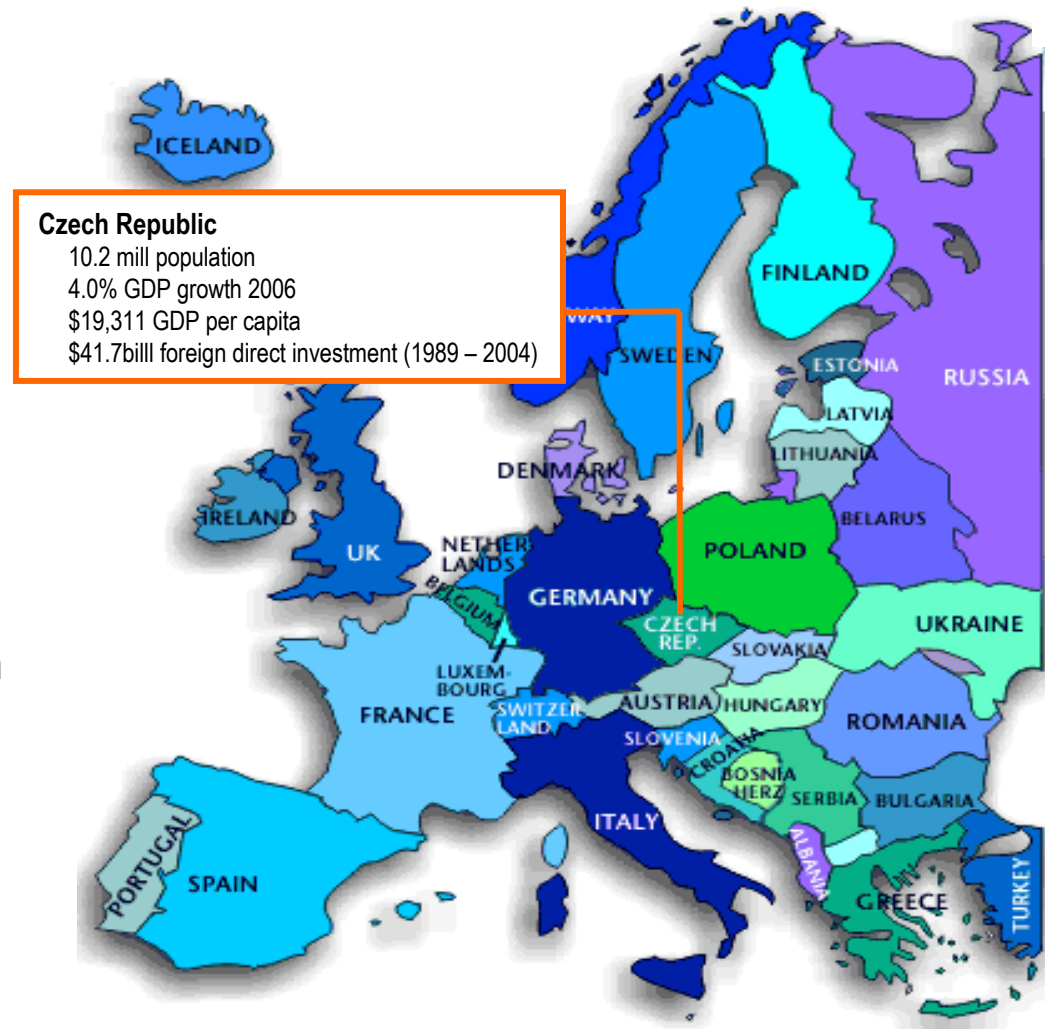
Location



Czech Republic

Overview

- Highly liberalised and dynamic economy growing above EU average.
- Abundant supply of well educated, technically skilled multi-lingual workers
- Low company taxes complement low wages, attracting material foreign investment
- Western style accommodation at Central European rents



Source: Business Week, Cushman and Wakefield.

Note: map adapted from AFR.

Czech Republic

Emerging Europe's top commercial property markets

Country	2005	2004
Czech Republic	1	1
Hungary	2	2
Poland	3	3
Slovakia	4	4
Estonia	5	5
Russia	6	7
Latvia	7	8
Lithuania	8	6
Romania	9	12
Bulgaria	10	10
Croatia	11	11
Slovenia	12	9
Turkey	13	13

Ranking by

- ➔ **Macro Factors** – (EU accession, Politics, Economic & foreign investment)
- ➔ **Property Market Activity** – (maturity, occupier and investment activity and values)
- ➔ **Property Market Structure** – (transparency, foreign ownership, leases, property taxes & costs, legal structure & planning)

Source: 2004 Emerging Europe report, C&W/H&B

Prague office market

Overview

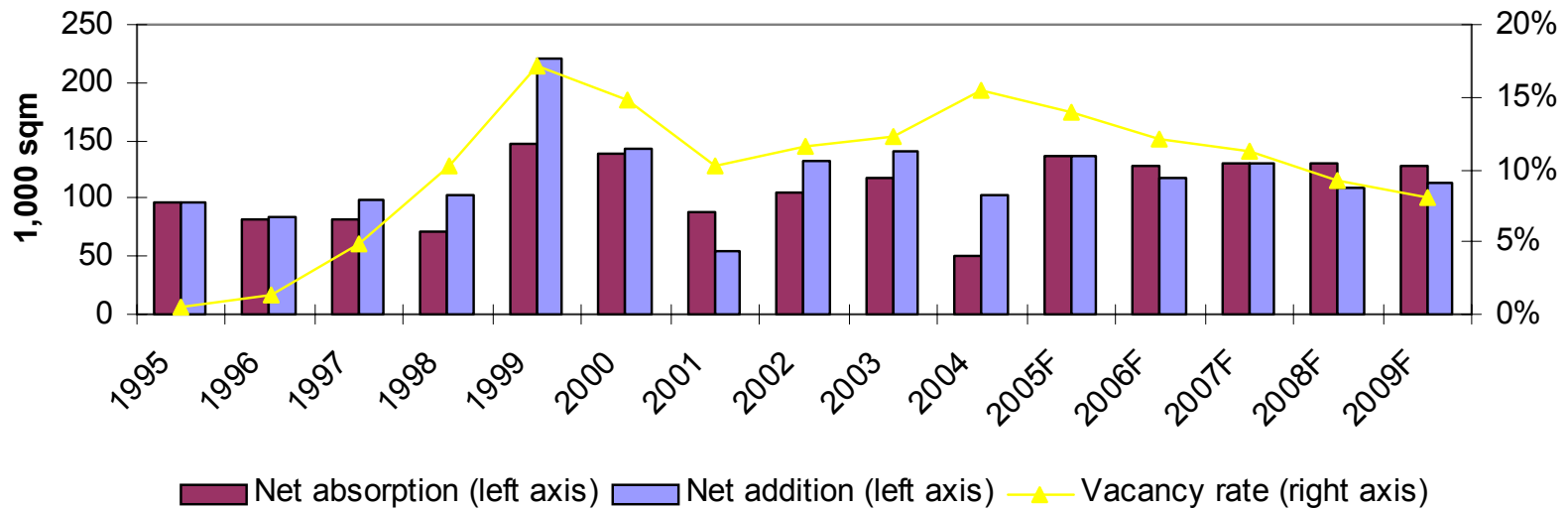
- Total office stock of 1.8million sqm
- Annual five year net absorption of 99,000sqm (5.5% of current stock)*
- Net absorption expected to remain at stable and high levels
- Increasing land values and construction costs have pushed up economic rents
- Forecast rental growth for 2007 – 2009 of 4% p/a**
- Further yield convergence with Western Europe expected

* Cushman & Wakefield Healey and Baker

** PMA

Prague office market

Key metrics

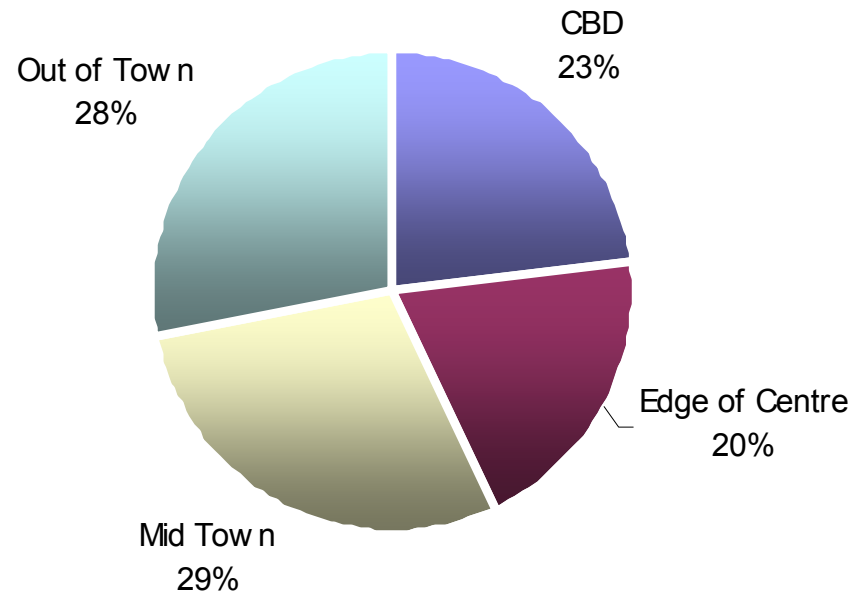


- ➔ Current overall vacancy of 12% and falling
- ➔ Solid forecast net absorption

Source: PMA

Prague office market

Sub markets



- ➔ CBD covers old city of Prague
- ➔ Budejovicka Alej located in midtown (largest sub market)
- ➔ Future growth focused in out of town locations

Source: CBRE

The transaction

Acquisition funding

	A\$*	€
Source of funds		
New property level debt	44.8m	26.0m
New entity level debt	20.4m	11.8m
	<u>65.2m</u>	<u>37.8m</u>
Application of funds		
Property	63.8m	37.0m
Acquisition costs	1.4m	0.8m
	<u>65.2m</u>	<u>37.8m</u>

* A\$/ € spot = 0.58

The transaction

FX and interest rate hedging

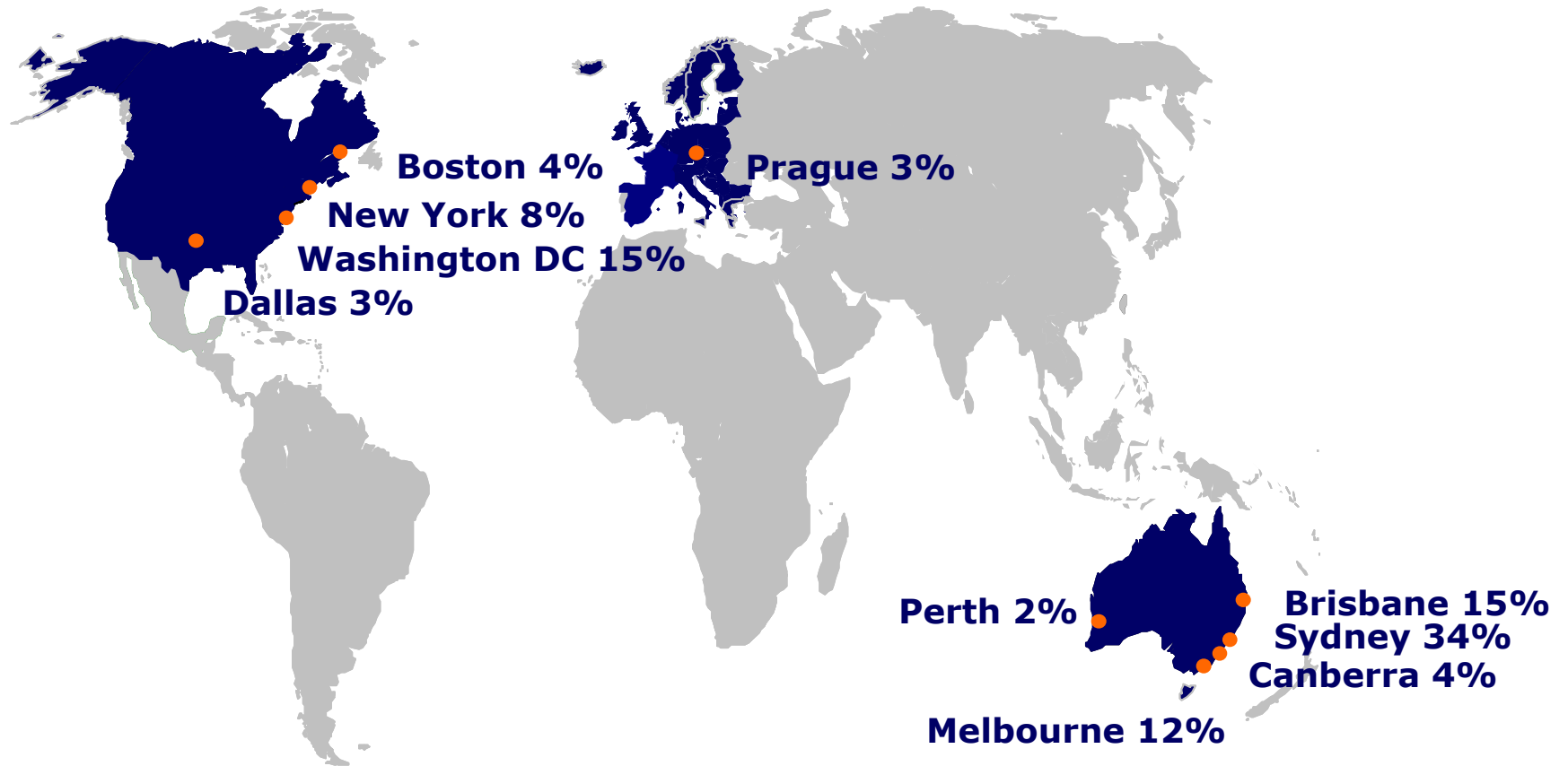
	Hedged	Rate	Duration
Property level debt	100%	4.8%	5.0 yrs
Entity level debt	100%	4.7%	5.0 yrs
EURO income hedge*	100%	0.55	5.0 yrs

* €/A\$ spot = 0.58

Indicative rates, incl. margins

Transaction summary

Global diversification



Summary

- Improves the Fund's earnings and growth prospects
- Highly sought after commercial property market in Central Europe
- New, fully leased, high quality building
- Blue chip multi-national and national tenants
- Strategically located on key transport nodes
- Solid rental growth outlook expected to deliver attractive total returns
- Geographic diversification into key European Union market