

ING Office Fund - US Market and Portfolio Overview

June 1, 2010



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IOF Key US Markets - Office Market Insights

Dr. Tim Wang, Research & Investment Strategy, ING Clarion



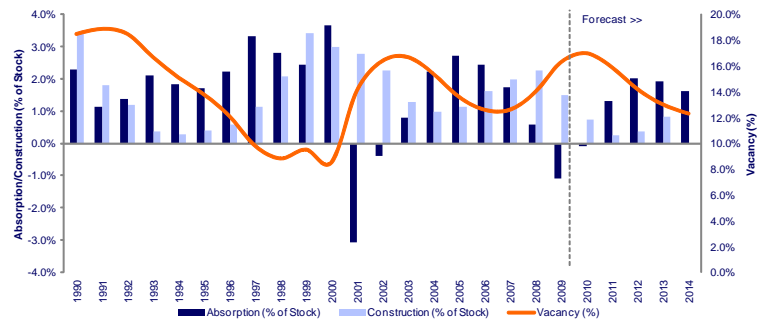
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Office Supply & Demand History/Forecast

- Office vacancy is projected to reach 18% in 2010, but a strong recovery is expected in 2013-2014.
- Certain CBDs such as NYC and DC have benefited disproportionately from the government bailouts and could rebound more quickly than other CBDs and most suburban markets.



Source: ING Clarion Research & Investment Strategy, CBRE-EA, March 2010.
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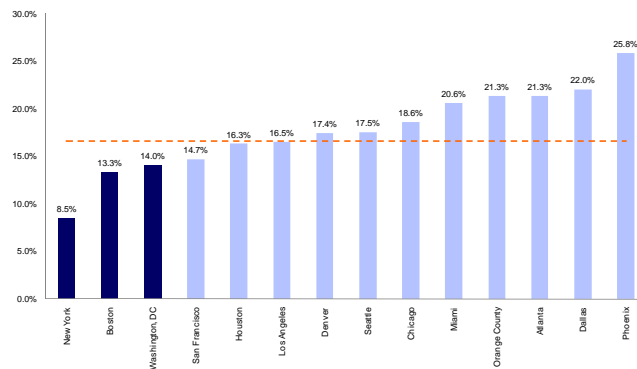
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Office Vacancy

- New York, Boston, and Washington, DC have 3 of the lowest office vacancy rates among large US metro areas.

Office Vacancy Rates for Selected Metro Area First Quarter 2010



Source: ING Clarion Research & Investment Strategy, CBRE-EA, 2010Q1.
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1) New York City Office Market Outlook

- New York is the largest office market in the US, with total employment of over 5 million workers. The average per capita personal income is \$54,364, approximately 38% above the national average.
- The unemployment rate in New York City reached 9.9% in March, a combination of new losses and more workers returning to the labor market. Office employment has not returned to the peak reached in 2000, and has declined 4.7% over the last 12 months.
- Since the start of the recession, more than 7 million square feet of space has been returned to the market. Unlike in the 2001 recession, when failed dot-com firms dumped blocks of space on the market en masse, the availability of sublease space has been more limited as corporate tenants downsize offices.
- Space consolidation is likely to continue through 2010, with AIG and Merrill Lynch in the process of rolling out their plans over coming months. The continued consolidations will be enough to keep New York's office absorption negative through 2010.
- Although bonuses increased in 2009 and job losses in financial services appear to have bottomed out, financial regulatory reform could pose additional challenges for Wall Street.
- Over the long run, New York City's mature economy and weak population growth will render it a below-average performer as measured by job growth vis-à-vis the nation. It will retain its status as a global financial hub, keeping income growth above average.

Source: ING Clarion Research & Investment Strategy, CBRE-EA.
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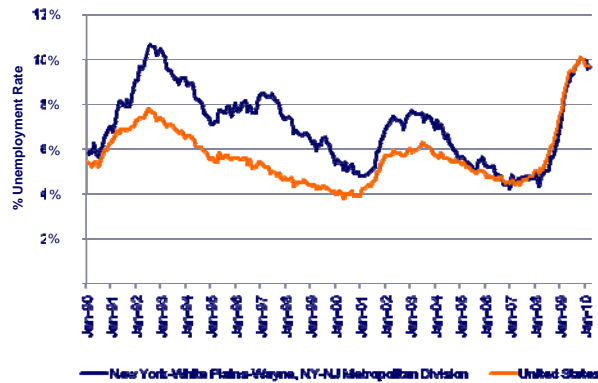
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Unemployment Rate (NYC vs. US)

- Historically, unemployment in New York City has exceeded the national rate; over the last 3 years, however, unemployment has been in line with the US.



Source: ING Clarion Research & Investment Strategy, Economy.com March 2010.
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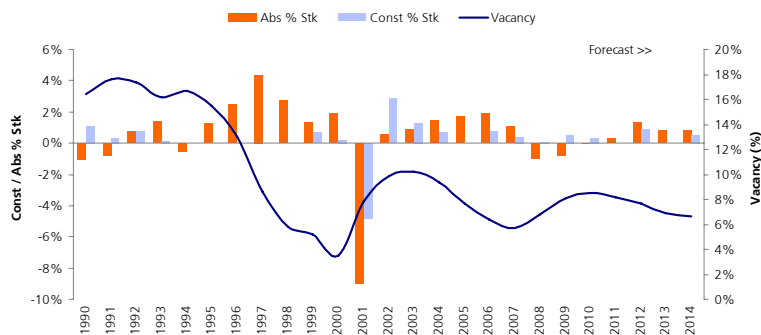
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NYC Office Market Supply & Demand Trends

- Office stock totals over 440 million square feet. Over the next 5 years, net absorption is expected to average 2.9 million square feet per year while supply is expected to average 1.6 million square feet.
- The direct vacancy rate stands at 8.5%, 240 basis points over the market's pre-recessionary low.



Source: ING Clarion Research & Investment Strategy, CBRE-EA, Economy.com, REIS, Costar March 2010.
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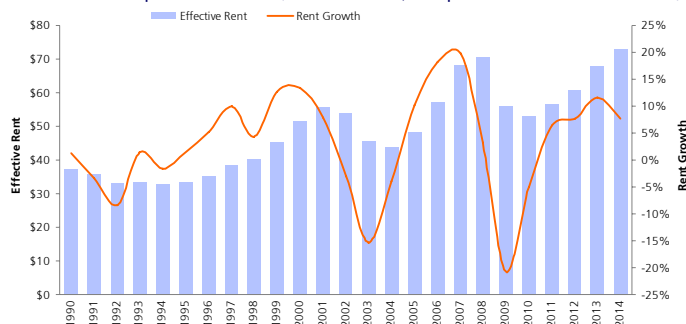
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NYC Office Market Rent Growth

- Rent growth averaged 19.1% between 2006 and 2007 before slowing in 2008. Rents dropped 20.7% in 2009 and are projected to decline another 5.0% in 2010.
- Rent growth is expected to average 5.7% annually over the next 5 years, with a strong rebound beginning in 2011.
- Gross effective rent is expected to reach \$73.27 in 2014, compared to the current rent of \$55.65.



Source: ING Clarion Research & Investment Strategy, CBRE-EA, Economy.com, REIS, Costar March 2010.
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2) Washington DC Office Market Outlook

- With 2.9 million payroll jobs, the Washington metro area is the fourth largest job base among US metro areas.
- Although still quite elevated by historic standards, the jobless rate has stabilized at 6.9%, well below the current U.S. rate of 9.7%, due in large part to the stabilizing effect of the federal government.
- The federal government generates approximately one-third of the Washington metro GRP. Hiring stemming from federal procurement spending and infrastructure development projects will place the Washington economy on the road to recovery during 2010.
- Forecasted population growth over the next 5 years is 1.3%, exceeding the historical average due to the area's attractive employment prospects relative to the metro's Northeast counterparts.
- Washington, DC has a highly educated workforce with a median household income of \$88,000, 73% higher than the national figure. The metro area has 10 of the 25 wealthiest US counties, including the top 3 counties.
- Longer term, growing high-tech industries will reduce the metro area's reliance on the federal government, although federal activity will always remain an important component of the Washington, DC economy.
- Washington has outperformed the NCREIF office sub-index 76.0% of the time since 1985. The 1Q 2010 total return of the Washington index was 2.0% compared to the national total return of 0.9%.

ING Clarion Research & Strategy, Economy.com; March 2010.
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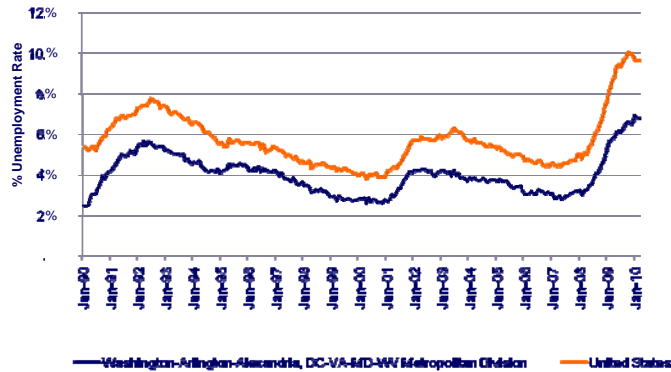
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Unemployment Rate (DC vs. US)

- Although the unemployment rate has risen 150 bps in the last year, it remains the lowest rate among comparable metros and well below the national average.



Source: ING Clarion Research & Investment Strategy, Economy.com March 2010.
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Impact of the Federal Government

- Approximately one-third of the Washington metro GRP is generated by the federal government.
- Total Federal spending in the Washington metro area totaled \$148.8 billion in 2009.

Washington Metro Area Core Economic Sectors

GRP in Billions	2009	
	\$	% of GRP
Total Federal \$s	\$148.8	36.7%
<i>Portion Procurement</i>	\$78.5	19.4%
Technology	\$57.8	14.2%
Building Industry	\$21.7	5.4%
Int'l Business	\$18.6	4.6%
Hospitality	\$7.7	1.9%
Other	\$150.9	37.2%
Total GRP	\$405.5	100.0%

Source: Delta Associates; March 2010. Figures are estimates in current year dollars.
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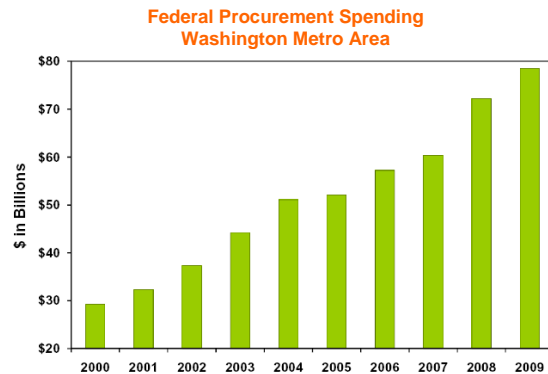
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Federal Spending Supports Private Sector Growth

- Federal procurement spending, the government's purchase of goods and services from the private sector, increased notably during 2009 by 8.7% to \$78.5 billion – above the 15-year annual average of 7.5%.



Source: Delta Associates; March 2010.
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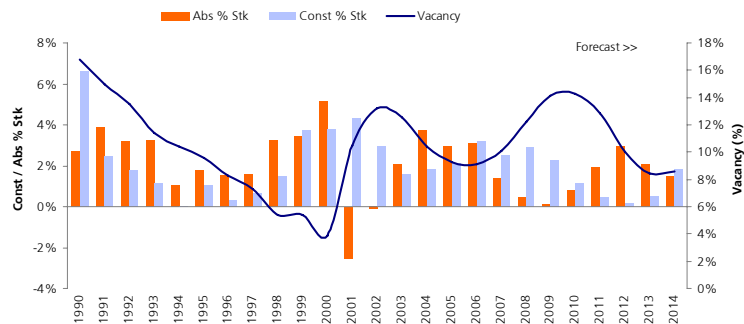
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DC Office Market Supply & Demand Trends

- The investment-grade Washington, DC office market, including Northern Virginia and Suburban Maryland, totals nearly 293 million sq. ft. including more than 6.6 million sq. ft. that delivered in 2009.
- Another 3.4 million sq. ft. is under construction and expected to deliver in 2010.
- Vacancy is 14.0% as of March 31, 2010, up from 13.0% at year-end 2009, and 11.4% one year ago.



Source: ING Clarion Research & Investment Strategy, CBRE-EA, Economy.com, REIS, Costar March 2010.
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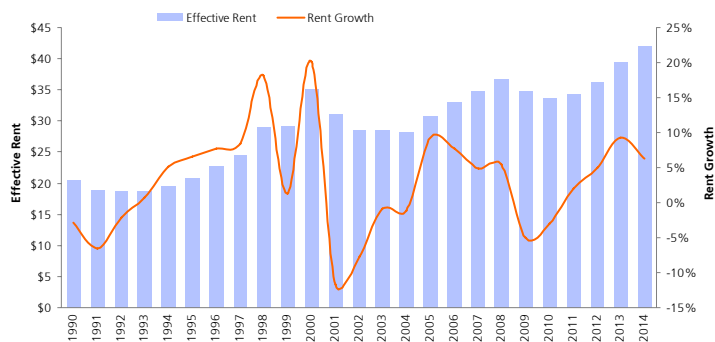
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DC Office Market Rent Growth

- Average gross asking rents declined by just 3.1% over the past year to end 2009 at \$31.66. Class A rents declined by 4.3%. Average effective rents (all classes) declined by 5.1%, one of the smallest declines nationally.



Source: ING Clarion Research & Investment Strategy, CBRE-EA, Economy.com, REIS, Costar March 2010. Please refer to the important disclosures at the end of this presentation.

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3) Boston Office Market Outlook

- Boston is the fifth largest office market in the US, with a total population of 2.86 million workers. The average per capital personal income is \$52,346, approximately 33% above the national average.
- The impact of the recent recession on office market fundamentals has been mild in comparison to the 2001 recession, which ravaged Boston's high-tech base. In 2001, office employers trimmed 12.6% of their payrolls and rents declined by nearly 50% peak-to-trough. To date, about 5.2 million less SF of space has been returned to the market than during 2001.
- Shadow vacancy must be filled before pricing power shifts back to landlords. There is measurable slack in the leasing market - tenants are allocating nearly 230 SF per worker - well above the long-term average of just over 200 SF.
- The office vacancy rate, currently at 13.3%, has increased 230 basis points since the start of the recession. While this figure compares favorably to the national average of 410 bps, enough slack has accumulated in the market that effective rents are down 15.2% from their pre-recessionary peaks.
- Employment in financial activities in Boston is down by 14,000, or 11%, from its cyclical peak in 2007. The drag on consumer spending from these job cuts is being partially offset by the high wages in the tech industry, which is positioned for strong growth. Spending on tech equipment was soft even during the expansion, creating pent up demand, and investment in this sector should be substantial coming out of the recession.
- Boston will benefit from the area's research institutions and very well-educated population.

Source: ING Clarion Research & Investment Strategy, CBRE-EA. Please refer to the important disclosures at the end of this presentation.

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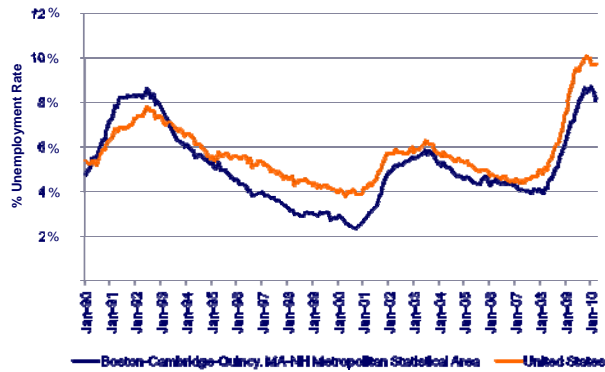
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Unemployment Rate (Boston vs. US)

- Historically, unemployment in the Boston metro area has been lower than the US rate.



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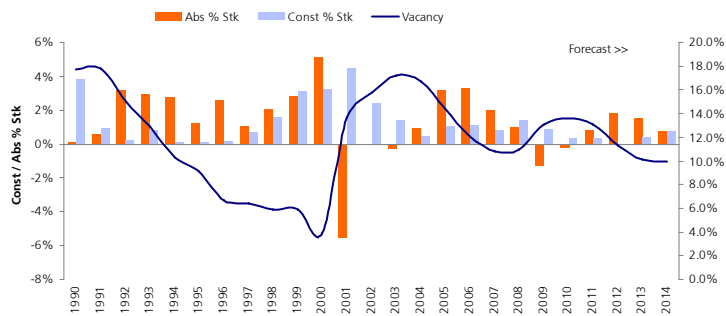
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Boston Office Market Supply & Demand Trends

- Office stock totals over 162 million square feet. Over the next 5 years, net absorption is expected to average 1.5 million square feet per year while supply is expected to average 0.6 million square feet.
- The vacancy rate currently stands at 13.3%, 250 basis points over the market's pre-recessionary low.



Source: ING Clarion Research & Investment Strategy, CBRE-EA, Economy.com, REIS, Costar March 2010.
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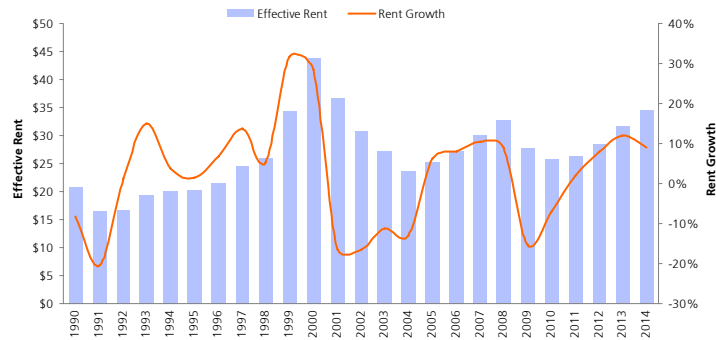
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Boston Office Market Rent Growth

- Rent growth averaged 8.5% between 2005 and 2008 before dropping 15.2% in 2009. Rents are projected to decline another 7.0% in 2010.
- Rent growth is expected to average 4.8% annually over the next 5 years, with a strong rebound beginning in 2012.



Source: ING Clarion Research & Investment Strategy, CBRE-EA, Economy.com, REIS, Costar March 2010.
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IOF US Portfolio Overview

Rob Greer, ING Office Fund US Portfolio Manager



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ING Office Fund Property located in key markets



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ING Office Fund U.S. Portfolio concentrated in DC and New York

- The U.S. portfolio was comprised of five assets totaling 1.95 million square feet with a gross asset value of \$436.9 million (at share) with a weighted average portfolio cap rate of 7.6%
- 82% of the U.S. portfolio GAV is concentrated in Washington, DC and New York
- Washington DC (51%) continues to be the strongest and most stable market in the US
 - Federal government generates one-third of business activity
 - East End sub-market is a premier CBD location
 - Northern Virginia generates the majority of MSA's new jobs
 - Outlook for continued real rental growth
- New York (31%) near a bottom; prospects are improving
 - Office rent dynamics highly cyclical; trend will be positive beyond 2010
 - Minimal new construction during next two years (0.2% of stock)
 - Office-using employment is projected to increase 1.0% in 2010
 - Financial sector has stabilized

Source: ING Clarion Research & Investment Strategy, Economy.com March 2010.
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900 Third Avenue



Location:	New York, NY
Submarket:	Third Avenue
Property Size:	590,161 sq. ft. (36 Stories)
Year Built:	1984
Occupancy:	87% as of 31/12/09
Year Acquired:	2003
Ownership:	49%
Partner:	Paramount Group
Gross Asset Value:	\$137.2m (at 49% share)
GAV per Sq. Ft.:	\$475 (at 100%)

- Class A, multi-tenant office property located in the Third Avenue submarket of Midtown Manhattan.
- Caters to full and multi-floor tenants in the financial services and legal industries (floorplates are 17,000 sq. ft.).
- Approximately 14,000 sq. ft. is occupied by subtenants with minimal area available for sublease.
- Leasing activity in 2H FY10 will lead to improved occupancy at 30/6/10.
- Market rents in the submarket declined over 20% in 2009. Rebound expected in 2011.
- Improve occupancy and maintain high retention.

Source: ING Clarion Research & Investment Strategy.
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Homer Building



Location:	Washington, DC
Submarket:	East End
Property Size:	421,100 sq. ft. (12 Stories)
Year Built:	1990
Occupancy:	93% as of 31/12/09
Year Acquired:	Developed in 1990
Ownership:	80%
Partners:	Akridge Companies and Kann & Sons
Gross Asset Value:	\$186.4m (at 80% share)
GAV per Sq. Ft.:	\$553 (at 100%)

- One of Washington, DC's premier trophy office buildings.
- Building amenities include a fitness center, rooftop terrace, underground parking with 400 spaces, ground floor retail, and immediate access to the city's Metro system.
- Largest tenants include Amgen, Barbour Griffith, Ballard Spahr, Toyota, and Brown Rudnick Berlack Isreals.
- Renovation of the fitness center will begin in late June 2010.
- Minimal expiries with consistently high occupancy and above market rents.

Source: ING Clarion Research & Investment Strategy.
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Park Tower



Location:	Northern Virginia
Submarket:	Falls Church / Merrifield
Property Size:	336,450 sq. ft (14 stories)
Year Built:	1991
Occupancy:	31% as of 31/12/09
Year Acquired:	2007
Ownership:	50%
Partner:	Tennessee Consolidated Retirement System
Gross Asset Value:	\$35.0m (at 50% share)
GAV per Sq. Ft.:	\$208 (at 100%)

- Located in premier Washington, DC submarket with excellent access to major transportation routes: I-495, Routes 50 and 29, I-66, and the Dulles Toll Road.
- Verizon will finalize vacating the building in September 2010.
- Asset is recognized by the brokerage community as one of a handful of premier office towers that can offer large (>200,000 sq. ft.) blocks of contiguous Class A space.
- Leasing enquiry improving for government contractors.
- Building being repositioned to multi-tenant use.

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Waltham Woods



Location:	Boston, MA
Submarket:	Waltham
Property Size:	391,654 sq. ft
Year Built:	1998-1999
Occupancy:	880 Winter St 50% as of 31/12/09 890 Winter St 100% as of 31/12/09
Year Acquired:	2005
Ownership:	50%
Partner:	Tennessee Consolidated Retirement System
Gross Asset Value:	\$42.2m (at 50% share)
GAV per Sq. Ft.:	\$215 (at 100%)

- Premier office campus with two 3-story office buildings with parking ratio of 3.3 spaces per 1,000 sq. ft.
- Each building boasts three-story atrium lobbies with 30 foot column spacing which maximizes corner office layouts and views of Boston and area woodlands.
- The City of Waltham is a hub of life science, technology and business services well located along the Route 128 beltway.
- Major tenants of the property include Spectra Energy, Microsoft, Atlas Ventures, and Avaya.
- Consistent leasing enquiry due to diverse economic drivers of Boston.
- Focus to drive occupancy at 880.

Source: ING Clarion Research & Investment Strategy.

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Computer Associates



Location:	Dallas, TX
Submarket:	Far North Dallas / Plano
Property Size:	215,499 sq. ft. (6 Stories)
Year Built:	2001
Occupancy:	100% as of 31/12/09
Year Acquired:	2004
Ownership:	100%
Gross Asset Value:	\$36.1m
GAV per Sq. Ft:	\$168 (at 100%)

- Located less than a mile from the Dallas North Tollway.
- Legacy Business Park is an important part of the Dallas metropolitan office market – the fifth largest in the United States.
- It comprises seven stories of Class A office accommodation as well as staff-friendly features such as a fitness centre, cafeteria and day care centre.
- CA, Inc. leases 100% of the property. The lease runs until 2017 (break clause 2012).
- No new development in the pipeline for submarket.
- Working toward a lease reorganisation in 2012.

Source: ING Clarion Research & Investment Strategy.
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