ASX Announcement

REAL ESTATE INVESTMENT MANAGEMENT

Date

18 August 2010

Fund

ING Office Fund

2010 ANNUAL RESULTS

ING Office Fund (IOF) today announced its results for the year to 30 June 2010, with the Fund reporting a statutory net profit of $42.5 million largely influenced by negative asset revaluations in the first half of the year.

Key financial metrics:

- Statutory net profit of $42.5million (including fair value movements);
- Operating income of $151.2 million;
- Operating income per unit of 5.6 cents;
- Distributions per unit of 3.9 cents;
- Balance sheet gearing[1] of 15.8% (look-through gearing is 23.2%);
- NTA per unit of $0.74; and
- Interest cover ratio (look-through) of 5.3 times.

Commenting on the result, Mr Tino Tanfara, CEO ING Office Fund said, “The operating environment over the past 12 months has been challenging; however we believe that IOF has delivered a very sound result.

“Our pro-active approach to asset management and strong focus on operational performance has resulted in significant leasing success across the whole portfolio.”

Portfolio Overview

Key portfolio achievements during the year include:

- Portfolio occupancy of 93%[2] (Australia 98%, Europe 92% and US 84%);
- Tenant retention of 60% (Australia 57%, Europe 100% and US 63%); and
- Like-for-like net property income (NPI) growth of 1.0% (Australia +2.7%, Europe +5.9% and US 8.7%)

[1] Debt to total assets basis

[2] Including leasing deals completed up to August 2010 and excluding 10-20 Bond St, Sydney (currently under refurbishment)

Leasing

IOF achieved solid leasing success during the year with total leasing activity of over 52,000sqm in Australia and 300,000sqft[3] in the US.

In Australia, this included the successful re-letting of a number of significant expiries in the portfolio with little or no downtime. Key transactions included:

- A new lease with QR for circa 15,000sqm at 295 Ann St, Brisbane;
- Retention of Department of Transport and Main Roads (DTMR) at 140 Creek St Brisbane which was previously the Fund's largest expiry in Brisbane over the next four years; and
- New 10,500sqm lease to Westpac at 151 Clarence St, Sydney with no downtime.

In the US, management continued to take an active and targeted approach to leasing vacancies and secured a number of key lease deals[4]:

- 140,000sqft leased at 900 Third Avenue in New York during the year (now 92% occupied);
- 46,000sqft leased at 890 Winter St, Waltham Woods during the year (now 100% occupied); and
- 107,000sqft of the vacancy at 880 Winter St Waltham Woods, Boston leased to two new tenants in August 2010 (now 50% occupied).

Revaluations

Over the year 98% of IOF's portfolio was externally valued and the Fund's weighted average capitalisation rate (WACR) remained steady at 7.5%.

Management believes there are clear signs that asset values have stabilised and in some instances upward improvements in value are evident. These positive improvements are attributable to both solid occupational conditions in select Australian markets and improved investment demand in select US locations.

The WACR for the portfolio is currently:

Region	WACR 30 Jun 2010	Change on 31 Dec 2009
Australia	8.0%	Nil
United States	6.9%	40bps firming
Europe	6.4%	Nil
Total Portfolio	7.5%	Nil

[3] Includes 107,000sqft of leases at Waltham Woods, Boston finalised in August 2010
[4] 100% share

Redevelopments

The Fund's two refurbishment projects are progressing on time and on budget:

- 10-20 Bond St, Sydney: The project will be fully completed by March 2011 and is currently tracking in line with budget on both a leasing and development basis. The first lease in this redevelopment has been agreed and Management remains confident of securing further quality tenants before completion; and
- 295 Ann St, Brisbane: The first tranche of space has been successfully refurbished and delivered to QR. The bulk of the remaining QR space is on schedule to be completed and delivered by October 2010. On completion, QR will occupy 15,000sqm in the building.

Capital Management

The Fund has no debt expiry until June 2012 and Management is assessing various options to refinance and diversify IOF's funding sources at the opportune time. It is likely that refinancing the debt facility will increase the interest margin payable by the Fund from its existing favourable margin which was negotiated in June 2007. The Fund's look through gearing is currently 23%.

Strategy

The Fund has realigned its strategic focus to concentrate on Australia and will conduct a phased withdrawal from its current off-shore markets over time.

Mr Tino Tanfara said, "The decision to concentrate on the Australian CBD office market has been well thought through and is based on two key drivers. Firstly, the strategy focuses our investment into markets where IOF has strong internal capability to actively drive performance; and secondly, we believe that over the longer term Australia will provide better risk adjusted returns.

"We believe that the Fund will be well placed to drive value in its office portfolio by leveraging its strong leasing and redevelopment capabilities to deliver consistent superior returns to our unitholders.

"In order to maximise unitholder returns from our off-shore investments, we will only sell these assets after taking into account market conditions and expected future returns. Management has already commenced the implementation of this strategy as demonstrated by the recently announced conditional sale of Park Tower, Northern Virginia which is expected to be sold at a premium to book value."

Additionally, the Fund is continuing discussions to divest part of its €251.0 million investment in the Dutch Office Fund (DOF).

Mr Tanfara commented that, "We continue to be in discussions with potential acquirers of our units in DOF, in line with our strategy to divest this investment at the appropriate price and redeploy proceeds to Australian CBD assets."

Outlook

The Fund's key priorities are:

- Continue to drive operational performance across the existing portfolio;
- Increase Australian CBD asset weighting as opportunities arise;
- Phased withdrawal from offshore markets when acceptable values can be achieved; and
- Complete the refurbishment and leasing of 10-20 Bond Street, Sydney.

The Fund's earnings and distribution guidance for the year to 30 June 2011 is:

- Operating income per unit of 5.2 cents; and
- Distributions per unit of 3.9 cents.

Further information can be found in the Fund's Full Year Results presentation and webcast at www.ingrealestate.com.au

For further information, please contact

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About ING Office Fund

ING Office Fund (ASX code: IOF) is an externally managed ASX listed real estate investment trust and is included in the S&P/ASX100 index. The Fund is a leading owner and manager of investment grade office buildings and receives rental income from a tenant register comprised predominately of Government and blue chip tenants. IOF has total assets under management of $2.7 billion with investments located in core business markets throughout Australia, US and Europe.

About the ING Real Estate Investment Management

ING Office Fund is one of five listed real estate investment trusts that are managed by ING Real Estate Investment Management Australia on behalf of 60,000 investors.

Globally, ING Real Estate Investment Management focuses on the investment management of quality real estate in all major global markets with a total portfolio of more than EUR 71.1 billion. ING Real Estate Investment Management is one of the leading investment management companies and serves a broad client base from five continents, Europe, North America and South America, Asia and Australia.

ING Real Estate Investment Management is part of ING Group, a global financial institution of Dutch origin offering banking, investments, life insurance and retirement services to over 85 million private, corporate and institutional clients in more than 40 countries.