ING Office Fund
Annual Report

INVESTING

30 JUNE 2010

REAL ESTATE INVESTMENT MANAGEMENT

ING

www.ingrealestate.com.au

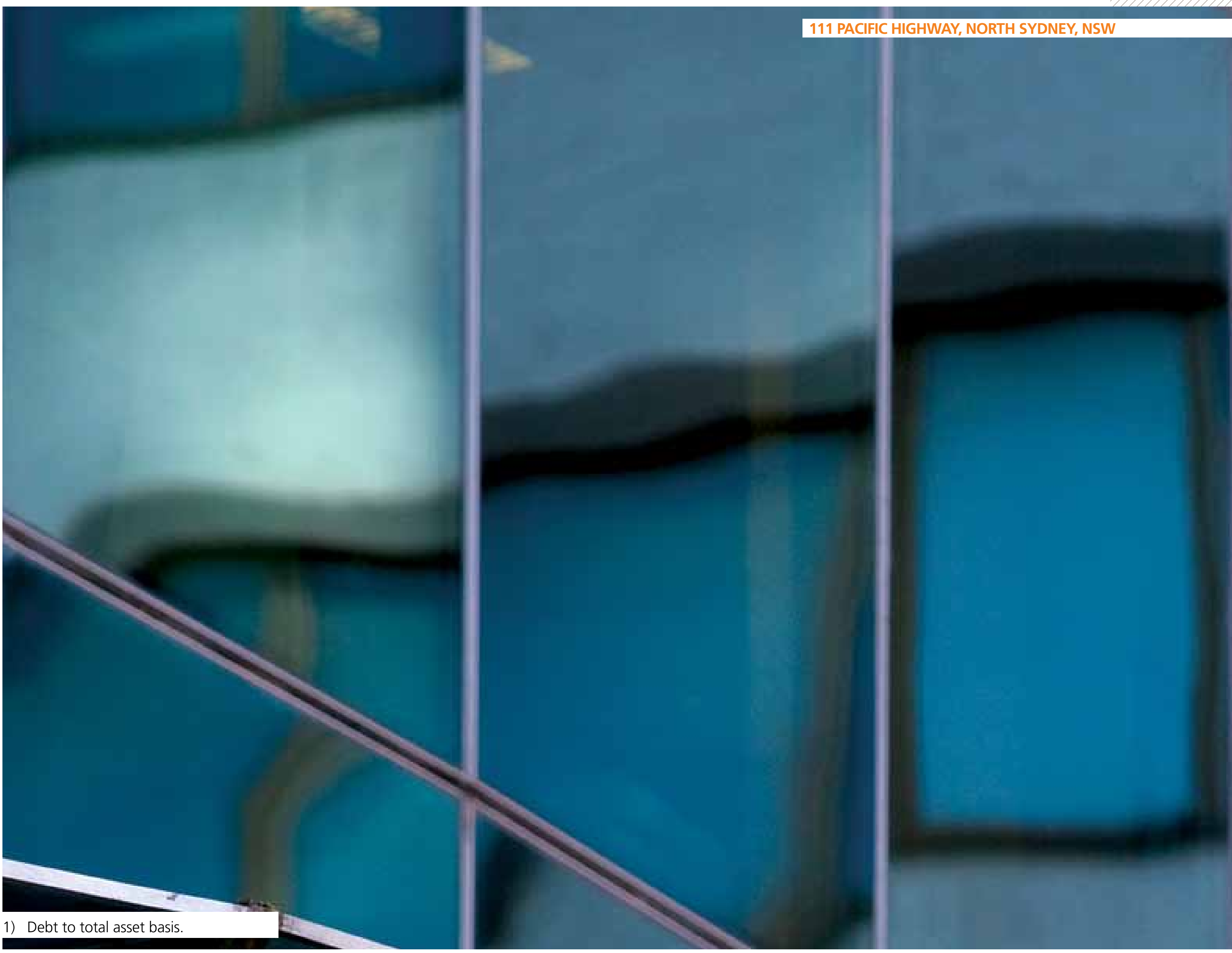
IOF

93% PORTFOLIO OCCUPANCY

5.1 YEARS WEIGHTED AVERAGE LEASE EXPIRY

$0.74 NET TANGIBLE ASSETS PER UNIT

15.8% GEARING[1]



111 PACIFIC HIGHWAY, NORTH SYDNEY, NSW

1) Debt to total asset basis.

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 $2.9 billion with investments located in core business markets throughout Australia, US and Europe.

ABOUT ING REAL ESTATE INVESTMENT MANAGEMENT

ING Office Fund is one of five listed real estate investment trusts (A-REITs) that are managed by ING Real Estate Investment Management Australia (ING REIMA) on behalf of 60,000 investors. The Funds operate in key real estate sectors including office, industrial, seniors housing, entertainment and healthcare property.

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 A$100 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, South America, Asia and Australia.

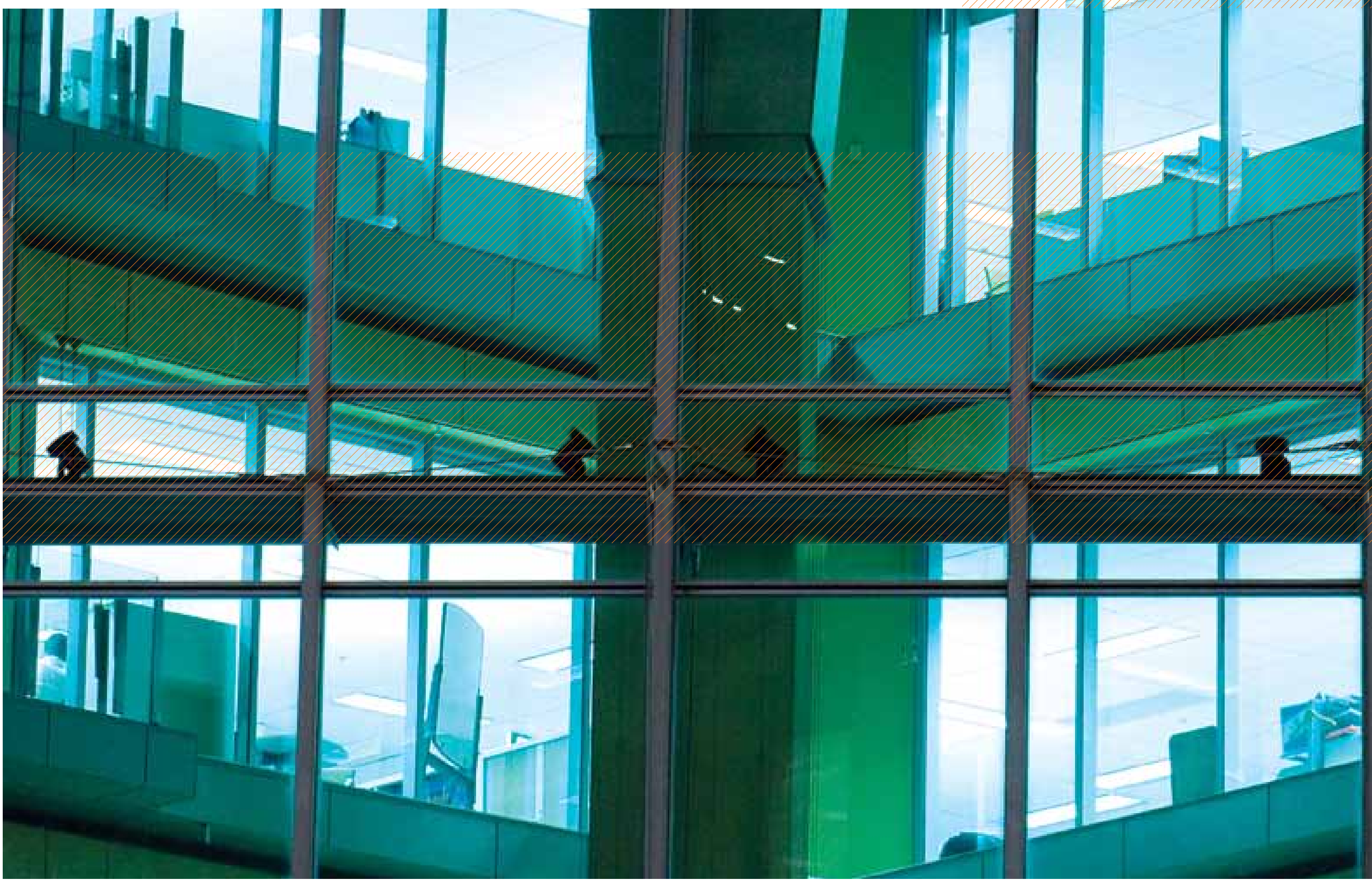
STRATEGY

IOF's investment strategy

The Fund's mission is to provide unitholders with a diverse portfolio of well-leased investment grade office assets in core markets where it can drive performance. IOF's strategy is to focus on A grade assets in Australian CBD office markets where it can deliver enhanced returns via its active leasing skills, pro-active asset management, repositioning/upgrading assets and recycling assets through market cycles.

To achieve this, the Fund's core focus is to build strong relationships with tenants to ensure we fully understand their needs as they grow and evolve. This approach has historically helped the Fund achieve high levels of retention and occupancy while continuously assessing value-add and repositioning opportunities within the portfolio.

The Fund currently has assets in key Australian, North American and European markets, however it will undertake a phased withdrawal from these international markets over time in order to redeploy the proceeds in Australian CBD office markets. In the meantime, these offshore assets will continue to be actively managed by the on-the-ground teams and key executives in Australia.



RESULTS

388 GEORGE STREET, SYDNEY, NSW

Financial position

	30 JUNE 2010	30 JUNE 2009
Total Assets	$2,872.8m	$2,968.9m
Total Liabilities	$826.4m	$1,158.5m
Gearing (Balance sheet)	15.8%	18.8%
Gearing (Look-through)[1]	23.2%	25.7%[2]
Number of units on issue	2,729m	1,806m
Net Tangible Assets per unit	$0.74	$0.80[1]
Market capitalisation	$1,583m	$831m

Financial performance

	30 JUNE 2010	30 JUNE 2009
Statutory Profit/(Loss)	$42.5m	($764.2)m
Operating Income	$151.2m	$146.9m
Operating Income per unit	5.6c	9.6c
Distributions per unit	3.9c	9.6c
Tax deferred component	80.6%	82.9%

1) Look through gearing includes the Fund's proportionate share of total debt within its associates and joint ventures divided by total asses calculated on the same basis.
2) 30 June 2009 proforma (post July 2009 equity raising and non core asset sales).

Despite the challenging operating environment, IOF has delivered a very sound operational result for the year. Our pro-active approach to asset management and strong focus on operational performance has resulted in significant leasing success across the whole portfolio.

Tino Tanfara
Chief Executive Officer, ING Office Fund

CEO

383 LATROBE STREET, MELBOURNE, VIC

FOYER 347 KENT STREET, SYDNEY, NSW

Dear Unitholder,

The Australian economy has weathered the global financial crisis remarkably well primarily due to our strong financial system, robust regulatory framework, coupled with growing demand for our commodities from our primary trading partners. A domestic recovery appears to be underway and we are beginning to see this flow through to property markets. As a consequence, the challenging operating conditions of the past 12-18 months are beginning to moderate and there is evidence that capital values have stabilised and tenant demand is improving.

Despite the challenging operating environment, IOF has delivered a very sound operational result for the year. Our pro-active approach to asset management and strong focus on operational performance have resulted in significant leasing success across the whole portfolio.

The Fund reported a statutory net profit for the year to 30 June 2010 of $42.5 million (including fair value movements) compared with a loss of $764.2 million for the prior year. Importantly, operating income (excluding fair value movements and other non cash adjustments) was $151.2 million compared with $146.9 million for the previous year.

Key portfolio achievements during the year include:

- Over 52,000sqm leased in Australia with occupancy increased to 98%;
- Over 300,000sqft leased in the US with occupancy increased to 84%;
- European occupancy steady at 92%; and
- Like for like net property income growth of 1% (Australia +2.7%, Europe +5.9%, US -8.7%).

Over the year, 98% of the Fund's portfolio was externally valued. Encouragingly, valuations have stabilised and in some instances we are seeing a slight improvement, with the net tangible assets (NTA) per unit of the Fund remaining steady in the second half of the year at $0.74.

The Fund has recently realigned its strategic focus to concentrate solely on Australia and will conduct a phased withdrawal from its investments in offshore markets over time. The decision to concentrate on core Australian CBD office markets 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 the Australian office investments will provide better total returns with lower risk.

In order to enhance value and maximise unitholder returns from our offshore investments, we will only divest these assets after taking into account investment and capital market conditions, additional value-add opportunities and expected future returns.

We have already commenced the implementation of this strategy as demonstrated by the recently announced sale of Park Tower, Northern Virginia at a 30% premium to book value. The realignment of the portfolio is expected to be phased and occur over a number of years.

The Fund's key priorities for the next 12 months are to:

- Continue to drive operational performance across the existing portfolio;
- Increase Australian CBD asset weighting as opportunities arise;
- Undertake a 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 has a strong balance sheet with look-through gearing of 23.2% and surplus liquidity to take advantage of appropriate opportunities over the year ahead.

We expect to deliver stable distributions of 3.9 cents per unit for the year ending 30 June 2011, subject to prevailing market conditions

The Directors and the Fund's management team would like to thank unitholders for their support during these challenging times and we look forward to your continued support in the future.

Yours sincerely,

TINO TANFARA

Chief Executive Officer

ING Office Fund

Fund Update

FINANCIAL PERFORMANCE

The Fund reported a statutory net profit of $42.5 million which was a significant turnaround on the previous year's statutory net loss of $764.2 million. The main driver for this change was the materially lower negative valuation movements as a result of stabilising asset values.

The more important measure of our performance is operating profit which was $151.2 million, a solid increase above $146.9 million on the prior year. Revenue at a property level remained resilient, notwithstanding some impact from lower US occupancy during the year.

However, the Fund's earnings and distributions were negatively affected by necessary capital management initiatives that included:

- Completion of the $415 million equity raising in July 2009; and
- Divestment of approximately $240 million in non-core assets.

The impact of the capital raising initiatives on operating income was partially offset by reduced finance costs (interest expense) associated with lower debt levels. These factors are illustrated on a per unit basis in the chart below.

The Fund's distribution policy is to distribute 70-80% of operating income or 100% of taxable income, whichever is greater. This ensures that IOF is able to fund its forecast maintenance capital expenditure from underlying cash earnings without reliance on incremental debt. As a result, the Fund paid an annual distribution of 3.9 cents per unit to unitholders in FY2010 which was inline with guidance provided.

CAPITAL MANAGEMENT

We undertook a number of proactive capital management initiatives during the past 12 months to steer the Fund through the challenges of the global financial crisis (GFC).

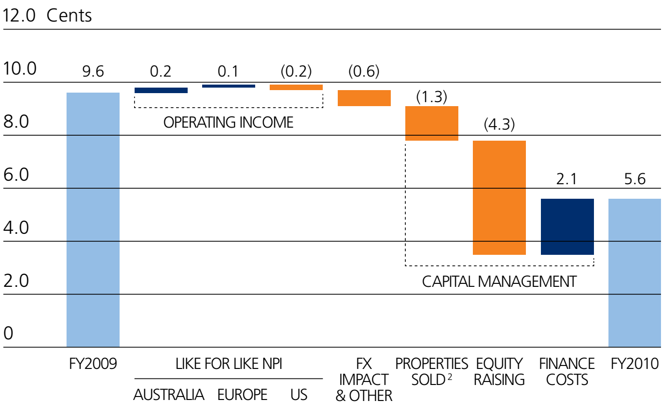
While we understand that these initiatives have collectively impacted unitholders' returns, we believe these were necessary in order to navigate through the crisis. IOF is now operating from a position of financial strength and balance sheet flexibility which allow it to take advantage of market opportunities as they emerge.

The Fund is in a strong capital position with look through gearing of 23.2%, an interest cover ratio (ICR) of 5.3 times, weighted average debt duration of 3.7 years and an all-in weighted average debt cost of 5.2%.

As can be seen by the chart below, the Fund has no debt expiry until 2012. We are assessing various options with regards to diversifying IOF's debt funding sources and lengthening the maturity profile based on the strength of the underlying portfolio. We are also in the process of evaluating a credit rating for the Fund, which will enable IOF to invest in the Corporate Bond market when the time is right, to reduce risk by spreading any debt maturities over time. We expect the cost of debt to increase at the time of refinance as a result of higher debt margins prevailing in the post-GFC period.

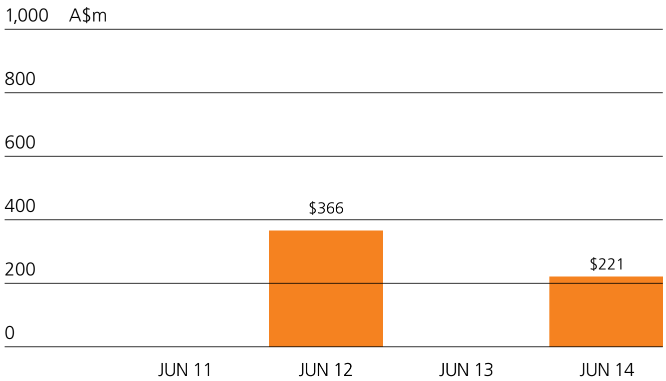
OPERATING INCOME PER UNIT [1]

Portfolio income growth is positive. Proactive capital management required to stabilise the Fund.



DEBT MATURITY PROFILE

The Fund has comfortable levels of debt with no near term expiry.



1) Based on constant FY2010 FX rates at US$0.8768 and Euro 0.6267.
2) Includes non-like for like NPI.

A targeted and active leasing approach within the portfolio ensured occupancy levels remained high in most markets.

PORTFOLIO UPDATE

Total portfolio occupancy of 93%[1] (Australia 98%, Europe 92% and US 84%);

Despite challenging leasing market conditions the high quality of IOF's portfolio produced a resilient occupancy rate of 93% and an increase in weighted average lease term to expiry (WALE) to 5.1 years from 4.9 years in the prior period.

The portfolio's solid performance is demonstrated by the like for like net property Income (NPI) growth of 1.0% over the year prior. A positive uplift was achieved in both Europe (5.9%) and Australia (2.7%). However, higher vacancy in the US portfolio during the year resulted in negative like for like NPI growth of 8.7%.

ASSET MANAGEMENT AND LEASING

Active leasing within the portfolio ensured occupancy levels remained high in most markets. Results were underpinned by solid levels of tenant demand and limited new supply in the domestic markets.

The portfolio continues to be underpinned by a strong tenant covenants with approximately 70% being government or tenants with an investment grade credit rating.

The Fund has secure underlying organic rental growth reflecting a highly structured rent review profile, as demonstrated by the chart below.

Australia

The Fund successfully leased 52,000sqm in Australia with key activity in the Brisbane market. A new lease was signed with government tenant QR for 15,000sqm at 295 Ann Street. Additionally, in Brisbane the Fund expanded the area leased to Department of Transport and Main Roads at 140 Creek Street, taking their total occupancy to 9,000sqm. Both transactions resulted in an increased WALE at the Australian Government Business Centre (in which these two properties form part) from 2.4 years to 5.7 years.

These leasing deals were the two largest leasing deals in Brisbane for FY2010 and collectively resolved a significant proportion of FY2010 expiry.

US

After a period of low demand and increased vacancy management successfully leased more than 300,000sqft during the year. Highlights include leasing of 46,000sqft at 890 Winter St, Waltham Woods, Boston. Post 30 June 2010 a further 107,000sqft have been leased and the asset (880 and 890 Winter St) is now 75% occupied.

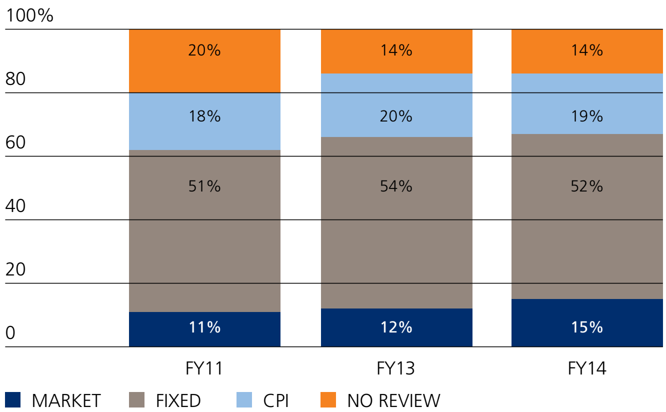
An active and targeted approach saw management secure 140,000sqft of leasing deals at 900 Third Avenue in New York. The building's occupancy is now 92%.

Pro-active asset management in the US also extends to the conditional sale of Park Tower, Washington DC to an owner-occupier at 30% above book value.

The Fund's total portfolio has low levels of lease expiry over the next few years as shown below. We will continue to focus on improving occupancy and proactively addressing lease expiries over the year ahead.

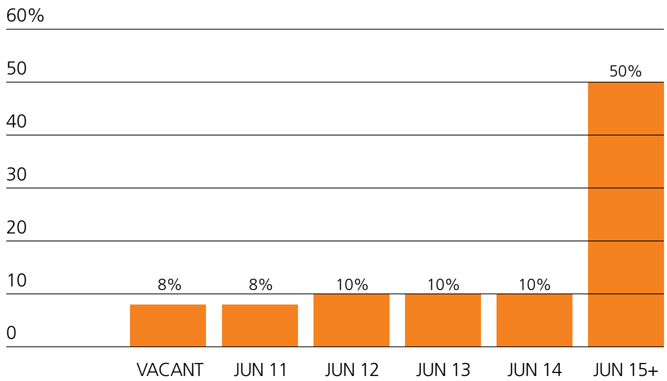
PORTFOLIO INCOME BY REVIEW TYPE

More than 75% of reviews are fixed with minimum 4% p.a rental increases.



PORTFOLIO LEASE EXPIRY PROFILE

Security of portfolio income underpinned by low levels of near term expiry.



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

REVALUATIONS

External valuations were undertaken on 98% of the portfolio in the year to 30 June 2010. The portfolio experienced a modest like for like uplift in value of $14.3 million in the past six months as a result of both improving operating conditions and investment confidence especially in Australia and the US.

Revaluations	Total Movement (A$)	Change	WACR 30 Jun 2010
Australia	$13.1m	0.8%	8.0%
United States	$8.4m	1.6%	6.9%
Europe	($7.2m)	(1.3%)	6.4%
Total	**$14.3m**	**0.5%** ↑	**7.5%**

Australia

June 2010 valuations reflected a positive movement of 0.5% on prior book value. Despite the Australian portfolio weighted average capitalisation rate remaining unchanged, improved tenant demand resulted in more favourable reletting assumptions in Sydney and Melbourne. The most notable move in the domestic portfolio was an almost 10% value improvement at 151 Clarence Street, Sydney, following the leasing to Westpac which lifted building occupancy to 100%. The property's weighted average capitalisation rate was stable compared to 31 December 2009 at 8.0%.

US

June 2010 valuations recorded a positive movement of 1.6% on prior book value primarily driven by a firming of 40 basis points in the weighted average capitalisation rates due to a lower interest rate environment and hence an improved investment market for commercial property. This positive effect on values was partially offset by a moderate decline in rental forecasts in New York and Washington DC.

Europe

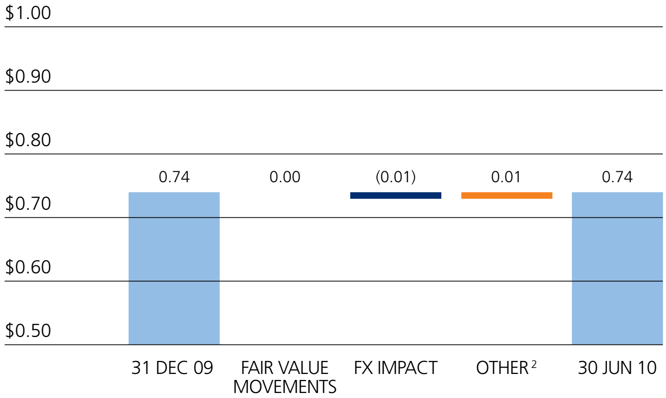
A negative $7.2 million June 2010 valuation movement was recorded on prior book values, driven by a decline in the value of DOF of 1.3% due to lower occupancy and more conservative reletting assumptions. The average capitalisation rate for the Fund's European portfolio remained steady at 6.4%.

NTA

In relation to the whole portfolio, the Fund's NTA per unit reduced from $0.80 per unit (proforma[1] at 30 June 2009) to $0.74 per unit, a 7.5% reduction. This was driven primarily by property devaluations in the first half of the financial year, with NTA remaining stable since 31 December 2009 reflecting an overall stabilisation in asset values.

NTA PER UNIT

Valuations have stabilised in the second half of the year. 98% of the portfolio ordinarily revalued during the year.



1) Proforma based on completion of July 09 equity raising and asset sales.
2) Other movements include fair value movements on derivatives, movements in deferred tax liabilities and operating income not distributed.

The Fund will undertake a phased withdrawal from offshore assets over time as value can be maximised. Returns will be redeployed toward domestic opportunities where the Fund can actively drive value and earnings.

HITACHI COMPLEX, BRISBANE, QLD

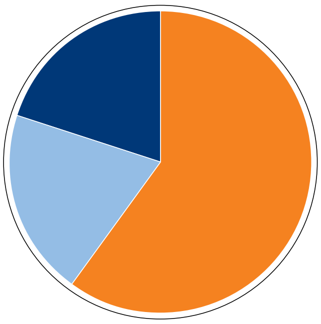
DIVESTMENTS

In line with a revised investment strategy, the Fund will be undertaking a phased withdrawal from its offshore investments over time to focus on core Australian markets. This process is likely to take a number of years to allow the Fund to maximise value and the Fund will also continue to recycle non Australian assets.

Key aspects of the divestment decision that will be taken in to account include:

- Investment demand;
- Expected/forecast investment returns from the asset; and
- Capital redeployment opportunities.

GEOGRAPHIC DIVERSITY



AUSTRALIA 60%
SYDNEY 32%
BRISBANE 16%
MELBOURNE 8%
PERTH 2%
CANBERRA 2%

EUROPE 20%
NETHERLANDS 14%
BRUSSELS 4%
PARIS 2%

UNITED STATES 20%
WASHINGTON DC 10%
NEW YORK 6%
DALLAS 2%
BOSTON 2%

DURING THE PERIOD THE FUND DISPOSED OF FOUR PROPERTIES, ACHIEVING A COMBINED SALE PRICE OF $230.8 MILLION

Property	Sale price	Sale date	30 June 2009 Book value	Acquisition date
412 St Kilda Road, Melbourne, Vic.	A$42.0m	Jul 2009	A$39.0m	Jun 1996
Budejovicka Alej, Czech Republic.	€31.3m	Aug 2009	€31.3m	Jun 2006
990 Whitehorse Road, Box Hill, Vic.	A$43.8m	Aug 2009	A$42.5m	Jun 1992
Noblis Headquarters, USA.	US$73.0m	Oct 2009	US$72.0m	Aug 2004

OFFICE MARKET OUTLOOK

Australia

The recent improvement in the Australian economy, with GDP expanding by 1.2% in the June quarter, has translated to the underlying fundamentals of the office market showing positive signs of recovery.

White collar employment growth, the main driver of demand for office accommodation, was positive for the first half of 2010 and encouragingly is expected to increase between 3.0-3.5% for the 2010 calendar year. Increased tenant demand is supported by healthy levels of net absorption that was recorded in major CBD office markets during the first six months of calendar year 2010.

Additionally, with the exception of the Brisbane CBD where there has been increased supply, vacancy rates in all of our major CBD markets declined over June 2009. Generally the outlook is positive and management expects vacancy rates to have peaked across most major CBD markets.

As a result of low supply and an improvement in the outlook for office employment, rental levels are expected to increase in the next 12 months. In terms of IOF's key markets: Melbourne and Sydney are expected to lead the recovery in effective rents reflecting the concentration of the finance and insurance sector in both markets and the reaction of these sectors to the business cycle, while Brisbane will lag due to the oversupply of office space.

Investment demand has improved providing positive sentiment and confidence to the market. Yields and capital values have stabilised across all IOF's markets and management expects further yield compression to occur during calendar year 2011.

United States

Conditions in the US office market remained challenging during the year, although IOF's investments are located in markets where employment levels have largely stabilised and positive job growth is beginning to emerge. Boston, Washington DC and New York have all recorded a positive change in employment levels during 2010.

Leasing activity has improved with IOF's investment markets now recording more healthy levels of enquiry. Positive net absorption was recorded for the first half of calendar year 2010 for both the Boston and Washington DC markets, while New York recorded negative levels but an improvement from 12 months ago.

However, it is still a "tenants' market" with patchy leasing conditions (relative to Australia) still evident. Tenants are currently more focused on upgrading to higher quality space as opposed to expanding. With limited new supply coming into the market and recovery in demand anticipated, management expects to see some effective rental growth over the next 12 months should the economy show consistent signs of improvement.

Recent transactions indicate investor confidence has returned with values stabilised and yields firming over the last six months for well-leased prime assets in major markets.

Europe

The recent sovereign debt crisis in the Eurozone has affected investor sentiment. While a number of European countries remain in recession and are experiencing challenging levels of unemployment, there are a number which have improved in the past 12 months. IOF's office assets are located in Paris, Belgium and The Netherlands which have not been as negatively affected over the past 12 months and are not in a recessionary environment.

Despite this relative stability, tenant demand remains weak as companies are focused on achieving greater efficiencies and consolidation with limited expansion taking place. While Paris and the Netherlands recorded positive net absorption in the first half of calendar year 2010, the outlook is cautious.

Although new development remains in check, market indicators are mixed with vacancy rates generally increasing in Paris, Brussels and The Netherlands. Management expects the Continental European office market to stabilise over 2011 with vacancy rates experiencing only moderate increases or peaking in some instances and effective rents flattening out to sustainable levels.

Investor demand has improved in 2010. Recent transactions indicate stability in yields and in some cases firming as competition for quality stock increases. Prime assets that display security of income with long lease terms may see further firming in yields over the next 12 months.

PROPERTY STRATEGY UPDATE

The Fund has redefined its strategy to focus on Australian CBD A grade office locations and undertake a phased withdrawal from overseas markets. This is based on the strategy to focus on the Fund's proven core competencies and target markets expected to deliver the best comparative returns.

Management believes that A grade assets offer greater opportunities to create value due to:

- Strong market depth as 40% of CBD assets are A grade (by area);
- Robust and deep tenant market drives positive demand (the A grade market has not had negative net absorption in seven years);
- Diversity of work space users results in no reliance on any one sector for demand growth; and
- Higher income returns and yield ranges provide repositioning opportunities.

347 KENT STREET, SYDNEY, NSW

DEVELOPMENT

$25m REFURBISHMENT

5.7yrs WALE – UP FROM 2.4 YRS

5-star TARGETED NABERS ENERGY RATING

295 Ann Street, Brisbane, Qld

Active Releasing and Repositioning

295 Ann Street, Brisbane, was purpose built more than 35 years ago for the then government tenant, the Department of Social Security. The building has been an asset of IOF's portfolio since 1999 and together with two other office towers (140 Creek street, 232 Adelaide Street) forms part of the Australian Government Centre.

Given the lease expiry of a number of government tenants, the management plan of the asset included a comprehensive refurbishment program to upgrade the services and office accommodation to the equivalent of a new A grade standard. The Fund embarked on a $25 million staged upgrade that commenced in 2009 and will be fully completed by 2013.

The redevelopment will not only enhance the lifecycle of the property and services but will assist in repositioning the asset ensuring its ongoing competitiveness within the Brisbane office market. The works will improve the building's NABERS energy rating to 5 stars.

As a result of the refurbishment program, and despite challenging market conditions, IOF secured a new cornerstone tenant, QR (Queensland Rail), to the property for 15,000sqm during the period. In addition, the Fund leased 9,000sqm to the Department of Transport and Main Roads which involved taking new space and an early extension of the tenant's existing lease.

The impact of both major leasing transactions increased the WALE at the Australian Government Centre from 2.4 years to 5.7 years and substantially reduced the short term lease expiry in the building from 40% to approximately nil.

Key components of the works include:

- Refurbishment to approximately 20,000sqm resulting in high quality commercial office space and upgraded building services to A grade standard;
- Foyer upgrade and improved to the external façade;
- Upgrade and modernisation of all lifts including the provision of disabled functions;
- Upgrade the building services to achieve an increase in the NABERS rating to 4.5 stars. The building received a $500,000 government grant to assist with the energy efficiency upgrades;
- Installation of a new Building Management System to achieve cost efficiencies and reduce energy consumption;
- Construct new disabled facilities on each floor; and
- Upgrading the base building plant which had reached the end if its serviceable life.

The redevelopment program is tracking according to timeline and budget.

$60m REFURBISHMENT

100% EXPECTED OCCUPANCY

5-star TARGETED NABERS ENERGY RATING

10-20 Bond Street, Sydney, NSW
Redevelopment update

IOF acquired this landmark 30 level office tower with approximately 28,500sqm of lettable space in 1989 and in 2004 divested a 50% interest in the asset to Mirvac for $136.2 million. In February 2010, a $60 million refurbishment program was initiated to reposition 20 Bond Street as an A grade property with premium services and a 5-star NABERS energy rating.

The upgrade will enhance the building and capitalise on its key location. By offering services and facilities that compete with Sydney's new premium office stock the property will be positioned to attract quality tenants and ultimately achieve improved capital value.

An extensive program of works is underway including:

- A striking new glass lobby area, creating a new entrance to the building;
- Refurbishment of existing office space comprising new carpets, tiles, ceiling grid and lighting systems, lift landings;
- Upgrade and modernisation of the lifts with latest lift technology;
- Active chilled beam air conditioning throughout refurbished floors;
- Refurbishment of the retail area;
- Upgrade to the mechanical plant and equipment; and
- Installation of a tri-generation plant (gas powered electricity generator).

The property is receiving good enquiry levels from multiple sectors and the Fund is in advanced discussions with a number of prospective tenants. The Fund also recently signed its first lease with a tenant for four floors of space. It is anticipated the property will be 70% leased by the end of 2011 and 100% occupied by mid 2012.

It is expected that new occupiers who are not only seeking a prestigious address but a building that offers high levels of performance and leading green credentials will be attracted to 20 Bond Street. After completion of the refurbishment and when fully leased, the property is expected to be valued at $8,500-$9,000sqm showing an uplift of 15-20% in value when compared with total cost to complete.

Valuation Metrics	10-20 Bond Street
Current Book value	$5,000 per sqm
Budgeted expenditure (remaining)	$2,500 per sqm
Book value plus expenditure	$7,500 per sqm
Forecast market value fully leased	$8,500–$9,000 per sqm

A key outcome of the smart metering program has been the continued measurement of resource usage and to assist in the fine tuning of building operations.

23% WATER CONSUMPTION

13% CO_2 EMISSIONS

16% ENERGY CONSUMPTION

Sustainable asset and property management are integral to management's focused operation of the portfolio. Key initiatives to maximise the operating efficiency of our assets include refining our property management practices, capital improvements and full building services upgrades as buildings become available at lease expiry. The 20 Bond Street refurbishment will target a 5 star NABERS energy rating.

Parallel to this we have continued with the smart metering program in the Australian portfolio. This has provided valuable monitoring of energy usage and intelligence to improve usage of plant and equipment. In conjunction with systematically upgrading services in a building as and when the tenant lease allows, the Fund has produced substantial gains in energy efficiency over time.

TOP LINE RESULTS

High level results produced by the Fund's smart metering program and subsequent refining of operational management have achieved the following:[1]

- Reduce water consumption by 23% or 64 million litres;
- Reduce overall CO_2 emissions by 13%; and
- Reduce overall energy consumption by 16%.

The overall reduction in energy consumption consists of:

- Reduction in electricity consumption by 13%; and
- Reduce gas consumption by 28%.

From the commencement of the smart metering program, these reductions equate to cumulative savings of approximately $1.3 million in operational costs.[2]

2009 WASTAGE AND RECYCLING REPORT CARD.

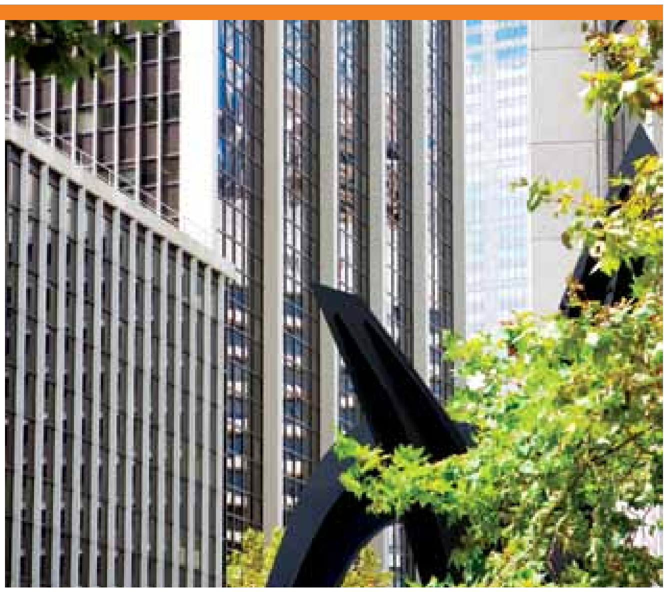
Waste recycling is also an important component of our sustainable strategy for the management of IOF's portfolio. This is aimed at reducing the proportion of waste to landfill produced by the tenants in our buildings each year. In this regard, management works closely with the Fund's tenants and contracting waste and recycling companies to implement programs across the portfolio. During FY2010, approximately 600 tonnes of paper and cardboard have been recycled across our portfolio which has resulted in:

- Prevention of approximately 2,399m of waste to landfill[3]; and
- Saving of approximately 7,795 trees[3].

1) % reductions are comparisons between FY2010 and FY2008 (baseline year).
2) EP&T ING Office Edge Global Report – June 2010. Includes nine domestic buildings with smart meters.
3) Source: Great Forests Australia.

"Sustainability is not only a corporate and social responsibility but also an important part of asset management and a form of risk management. Through ongoing efficiency and upgrade programs, both operational and capital, IOF has continued to reduce its environmental footprint for the benefit of all stakeholders."

PAUL SCULLY, INDEPENDENT DIRECTOR, ING MANAGEMENT LIMITED
AND CHAIRMAN OF SUSTAINABILITY COMMITTEE



GREEN BUILDING FUND

Reaffirming IOF's progress in incorporating sustainability initiatives, to date the Fund has received a total of $2.25 million in federal government funds (Green Building Fund) for sustainability related projects across eight buildings. Projects relating to the Funding include:

- Installation of smart metering (as per our smart metering program);
- Building Management Control Systems Upgrades;
- Mechanical Services Upgrades;
- Lighting Control Systems Upgrades;
- Solar Hot Water Installations; and
- Full Building Services Upgrades including Tri-generation.

These activities will not only assist with improving the efficiency of natural resource use but at a broader level improve the marketability of the property to new tenants. The impact of some of these upgrades can be seen in the reduction in both energy and water usage reported above.

NABERS ENERGY

Over a number of years, IOF has obtained NABERS Energy Ratings across the majority of the Australian portfolio. A program has been put in place to progressively improve these ratings in conjunction with buildings lifecycle upgrades – typically implemented at the end of major tenant leases to ensure the most optimal financial returns on capital invested.

As at 30 June 2009 the portfolio average NABERS rating was 2.9 stars. Through a combination of operational and capital improvements, management expect to lift the portfolio average rating to 3.5 stars in the short term predominately due to the upgrade and refurbishment of 10-20 Bond St, Sydney and 295 Ann St, Brisbane.

Management's sustainability strategy and objective is to continuously improve the portfolio quality and NABERS rating over time by proactively planning and determining the opportune time to achieve the most effective suitability outcome complemented by the most efficient financial outcome. Each asset in the portfolio has a business plan which is regularly updated to reflect this strategy.

For more information on works currently underway at 10-20 Bond St, Sydney and 295 Ann St, Brisbane please see the case studies on pages 12–13.

Senior Management Profile

LEFT TO RIGHT: **BEN BRAYSHAW, TINO TANFARA, GHAZALEH NORGARD**

Tino Tanfara
Chief Executive Officer ING Office Fund

With over 20 years' experience in the property funds management and financial services industry, Tino has the overall responsibility for the day to day management and performance of ING Office Fund and its property portfolio. His responsibilities include formulating and implementing the overall strategic direction of the Fund and executing efficient investment, portfolio management and capital management strategies to ensure returns to investors are maximised and the Fund's mission and objectives are met. Tino holds a Bachelor of Business (Accounting) and is a member of the Australian Society of CPAs.

Ben Brayshaw
Head of Asset Management

Ben has seven years' experience in the property funds management industry. Ben's role incorporates responsibility for the asset management operations and strategic investment analysis of the Fund's property portfolio, in addition to general management functions including managerial reporting and Fund communications. Ben holds a Bachelor of Finance, a Bachelor of Business (Property) and a Company Directors Course Diploma from the Australian Institute of Company Directors. Ben is also actively involved with the Property Council of Australia in relation to the promotion and education of property capital markets.

Ghazaleh Norgard
Financial Controller

Ghazaleh has over nine years' experience in finance, the last four of that within the property industry. Ghazaleh is responsible for the Fund's internal and external financial reporting requirements which incorporate accounting, tax and treasury functions. Ghazaleh holds a Bachelor of Commerce and is a member of the Institute of Chartered Accountants.

Michael Carabetta
Head of Property Services and Capital Transactions

Michael is responsible for the execution and delivery of strategic repositioning, refurbishment and leasing projects, as well as other major property initiatives including sustainability. He is also responsible for the execution of all acquisition and disposal activity across the Australian portfolio.

Robert Greer
US Portfolio Management

Rob has over 25 years' of real estate experience in all phases of private market portfolio management and is also manager of ING Real Estate's Washington DC office. Rob has responsibility for the Portfolio Management of the Fund's US property portfolio, and in executing the Fund's US investment strategy. Rob holds a Bachelor of Science in Civil Engineering and Masters of Business Administration degree.

Myles Sanger
European Portfolio Management

Myles has 17 years' experience in the property industry in the areas of valuation, asset management, acquisitions and funds management. He has responsibility for the Portfolio Management of the Fund's European property portfolio, and in executing the Fund's European investment strategy. Myles holds a Bachelor of Business (Land Economy), an EMBA AGSM and is an Associate Member of the Australian Property Institute.

ING Office Fund's senior management team comprises experienced and committed industry professionals with experience covering asset management, portfolio management, acquisitions, finance and research. It is this experience that ensures a level head in times of volatility and the ability to think and plan long-term.

111 PACIFIC HIGHWAY, NORTH SYDNEY, NSW

PEOPLE

Strengthening the Corporate Services Platform

The ING Real Estate Investment Management Australia (REIMA) corporate services platform has been restructured and strengthened over the past 12 months. There have been a number of appointments across the platform including new REIMA Chief Executive Officer, Denis Hickey. The changes have added significant corporate capability to the business and assist in delivering on the brand promise – to be recognised as one of Australia's leading real estate investment managers.

Our Executive Management team's mandate is to deliver robust thinking and decision making in key 'core' group functions and underpin value creation for the REIMA suite of Funds. Our corporate services platform brings together a range of skills including finance and treasury, investor relations and marketing, business development strategy, human resources, legal and risk management.

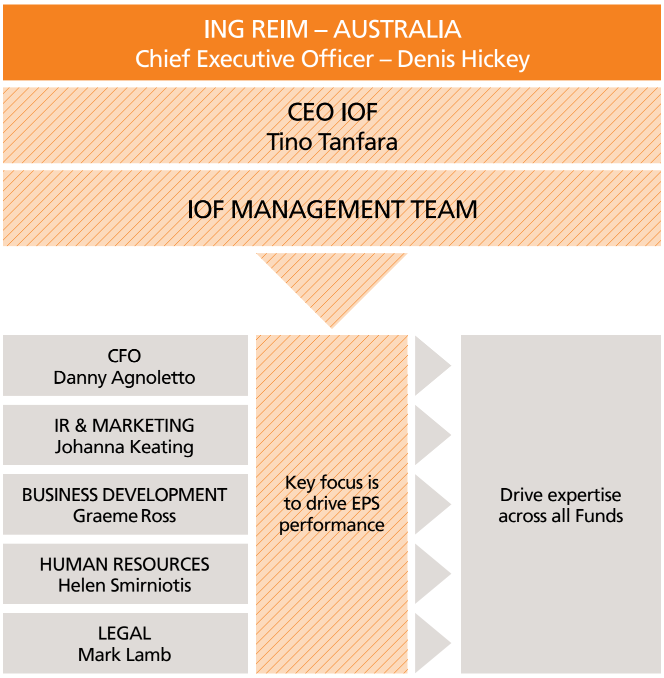
By having a high calibre corporate services team in place to drive core business functions the dedicated IOF Fund team can concentrate on what they do best – active portfolio and asset management that provides unitholders with long term sustainable and growing investment returns.

ENHANCED MANAGEMENT PROCESSES DRIVE FUND PERFORMANCE

In line with key personnel changes, there has also been an improvement in the way the teams collaborate with one another – Key areas that have been streamlined and improved include the:

- Executive Committee – consisting of core group functions and Fund CEOs, this group meets to discuss market activity, the performance of both REIMA and the Funds, as well as progress key action items driven from Board and Management team meetings;
- Leadership Team – consisting of key leaders across all business units. This group is designed to play a leadership role in the development and execution of our wider Group strategic plans and support the implementation of our values, principles and culture throughout the business; and
- Investment Committee – its charter is to review all capital transactions and broader asset specific financial issues across the suite of Funds. Robust review processes are in place that assist our Funds when making decisions about investment strategies, capital expenditure and maximising relevant structures. Members include CEO REIMA, CFO and selected Group function and Fund CEOs.

These people and process changes have added significant value to IOF's ability to execute on strategy and focus on managing key operational activities. And in doing so, optimise value creation for unitholders of the Fund.



Delivering robust solutions in the management of IOF's multi-billion dollar property portfolio.

DIRECTOR INFORMATION

1 Richard Colless AM
Independent Director and Chairman
Appointed 30 May 2002
Richard is the Chairman of the ING Management Limited Board. He has considerable experience in funds management and property sectors. He sits on a number of public and private company, sporting and government boards including Events NSW.

2 Philip Clark AM
Independent Director, Chairman of the Audit Committee
Appointed 21 February 2006
Acting most recently as Managing Partner and CEO of Minter Ellison, Philip has experience in a wide variety of sectors including: legal, funds management, property, and education. During his career Philip led the successful growth and development of Minter Ellison and Mallesons Stephen Jaques, Australia's two largest law firms. Philip also sits on a number of public and private boards.

3 Michael Easson AM
Independent Director
Appointed 11 November 2004
Michael is co-founder and Executive Chairman of EG Property Group. Michael has a wealth of experience in high–level strategic consulting in both the private sector and government. Michael also sits on a number of public and private boards.

4 Paul Scully
Independent Director,
Chairman of the Board Compliance Committee
Appointed 30 May 2002
Paul has over 30 years' experience in investment management and many aspects of financial services. Paul now maintains a portfolio of non-executive directorships and related activities, is a visiting lecturer at Macquarie University and provides a broad range of consulting services.

5 Christophe Tanghe
Director
Appointed 1 September 2009
Christophe has more than 25 years' of experience in real estate investment, development and advisory work in Europe, US and Asia. Christophe joined ING in 2007 and is a member of the Global Management Board of ING Real Estate Investment Management as Head of Strategy. Christophe has management responsibility for ING's Australian and Canadian real estate investment management businesses.

Mark Lamb
Company Secretary, General Counsel
Appointed 23 October 2009
As well as Company Secretary, Mark is General Counsel for ING Real Estate Investment Management Australia and is responsible for all property investment and funds management legal activities. Mark has over 20 years' legal and property experience.

Sarah Wiesener
Company Secretary
Appointed 23 October 2009
Sarah is the Company Secretary for ING Real Estate Investment Management Australia. Sarah is a practicing solicitor and has over 15 years' experience within the Banking and Finance sector.

RESIGNATIONS

George Jautze
Director
Appointed 1 September 2009
George resigned as Director effective 31 May 2010 upon his retirement from ING Real Estate Investment Management.

Philip Redmond
Independent Director
Appointed 17 August 2006
Philip resigned as a Director effective 12 April 2010.

Hugh Thomson
Company Secretary
Appointed 20 December 2002
Hugh resigned as Company Secretary effective 23 October 2009.

This statement outlines the main corporate governance practices currently in place for ING Management Limited (IML), the Responsible Entity of the ING Office Fund (the Fund) comprising Armstrong Jones Office Fund (AJO Fund) and Prime Credit Property Trust (PCP Trust)) and addresses the ASX Corporate Governance Council Corporate Governance Principles and Recommendations, 2nd edition and the extent of compliance with these recommendations. The Board of the Responsible Entity has followed all of the recommendations, except that it has not established a nomination committee or a remuneration committee or other recommendations related to disclosure of remuneration or executive performance, for the reasons set out in this Corporate Governance Statement.

CONSTITUTIONS FOR ING OFFICE FUND

The corporate governance structure established by IML reflects its role as the Responsible Entity of a listed property trust. This is different to the corporate governance structure adopted for a listed company. IML's primary responsibility is to operate the Fund and perform functions conferred on it by the Fund Constitution, ASX Listing Rules and Corporations Act 2001 (Cth) (the Law). Most importantly, IML must ensure it acts in the best interests of unitholders and ensure that the activities of the Fund are conducted in a proper and efficient manner.

The ING Office Fund comprises two trusts, each with its own Constitution. Each Constitution has been lodged with Australian Securities and Investment Commission (ASIC) and a copy may be obtained from IML upon request.

Constitution for Armstrong Jones Office Fund

The Armstrong Jones Office Fund (AJO Fund) is governed by a Constitution dated 21 September 1984, as amended. The AJO Fund has been registered with ASIC as a managed investment scheme under Chapter 5C of the Corporations Act.

The following is a summary of the key features of the Constitution of the AJO Fund.

Responsible Entity
As the Responsible Entity of the AJO Fund, IML is responsible to unitholders for its operation and owes duties under Chapter 5C of the Corporations Act and also fiduciary duties as trustee of the AJO Fund. IML may retire as the Responsible Entity of the Fund as permitted by law, and must retire when required by law. Unitholders may remove IML by complying with the procedures set out in section 601FM of the Corporations Act.

Powers of the Responsible Entity
As the Responsible Entity, IML has all the powers in respect of the AJO Fund that it is possible under the law to confer on a trustee as though it were the absolute owner of the assets of the Fund and acting in its personal capacity. IML may appoint a person, including an Associate of IML, as its delegate, attorney or agent to exercise its powers and perform its obligations.

Remuneration of the Responsible Entity
IML is entitled under the Constitution to receive fees for acting as the Responsible Entity of the AJO Fund and to be paid or reimbursed for certain expenses, out of the assets of the AJO Fund, incurred in the proper performance of its duties in relation to the AJO Fund.

Limitation on liability
Subject to the Corporations Act, the liability of the Responsible Entity to a unitholder or any person in respect of the AJO Fund is limited to IML's ability to be indemnified from the assets of the AJO Fund.

Termination of the AJO Fund
The AJO Fund terminates on the earlier of:

- the date determined by the Responsible Entity in a notice given to unitholders as the date on which the AJO Fund is to be terminated; and
- the date on which the AJO Fund is terminated in accordance with the Constitution or by Law.

Beneficial interest in the AJO Fund
The beneficial interest in the AJO Fund is divided into units which may be fully or partly paid units.

Issue of units
The power to issue units in the AJO Fund is governed by the provisions of the Corporations Act, the Constitution and the ASX Listing Rules.

Redemption
The Responsible Entity is not obliged to redeem units while the Fund is listed.

Transfer of units
Subject only to restrictions imposed by Law, the Constitution and the ASX Listing Rules, units in the AJO Fund may be transferred.

Stapling
The Constitution provides for the stapling of a unit to a unit in another trust.

Distribution of income
The distributable income of the AJO Fund is determined by the Responsible Entity and allocated to unitholders in accordance with the Constitution.

Meeting of unitholders
Every unitholder is entitled to receive notices of unitholder meetings, to attend those meetings and subject to certain restrictions on voting by interested parties, to vote at those meetings.

Amendments
Subject to the Corporations Act, the Responsible Entity may by deed amend the Constitution.

Constitution for Prime Credit Property Trust
The Prime Credit Property Trust (PCP Trust) is governed by a Constitution dated 12 October 1989, as amended. The rights and obligations of unitholders and IML are governed by the Constitution and the Corporations Act. The Constitution has been lodged with ASIC and a copy may be obtained from IML upon request.

The terms of the PCP Trust are broadly similar to the terms of the Constitution of the AJO Fund.

Compliance Plan and Compliance Committee
In accordance with the Corporations Act requirements, the Responsible Entity has registered a Compliance Plan with ASIC. The Compliance Plan for the Fund describes the procedures that the Responsible Entity will apply in operating the Fund to ensure compliance with the Corporations Act and the Constitutions.

A Board Compliance Committee has been established and is responsible for monitoring IML's compliance with the Compliance Plan and reporting on its findings to the Board. Further details are provided in 7.2.

ROLE OF BOARD AND MANAGEMENT

1.1 Role of the Board
ING Management Limited (IML) is wholly owned by ING Bank NV. IML has a Board Charter which details the functions and responsibilities of the Board and Management. A copy of the Board Charter is available on ING Real Estate Investment Management Australia's website. IML's activities are confined to managing real estate based investment funds in its role as Responsible Entity.

ING Real Estate Investment Management Australia is responsible for providing the resources, including experienced and skilled staff, to enable IML to appropriately and adequately conduct its funds management operations and to administer its affairs.

The Board of IML oversees these activities and provides strategic guidance.

Key responsibilities of the Board include:

- assisting ING Real Estate Investment Management Australia in determining the composition and structure of the IML Board;
- reviewing the performance of Management, including the CEO and the adequacy of resources allocated by ING Real Estate Investment Management Australia to IML;
- providing input into and final approval of Management's strategy and performance objectives for the Fund;
- reviewing and if appropriate approving significant transactions;
- overseeing the administration of IML, including risk and compliance monitoring functions;
- reviewing the appropriateness of Management's risk management processes;
- reviewing IML's Code of Conduct, unitholder communications procedures and Continuous Disclosure Policy annually; and
- establishing various formal committees to assist in discharging its responsibilities, e.g. Compliance and Audit Committees.

1.2 Role of Management

Management is responsible for all matters not specifically the responsibility of the Board and is responsible for implementing the strategy and performance objectives of the Fund and the day to day operations of the Fund.

BOARD STRUCTURE

2.1 Structure of the Board

The Constitution of IML provides for a minimum of three directors and not more than 12 directors. As at 30 June 2010, the Board comprised four independent directors and one non independent executive director.

Directors' appointment and selection

The Board's policy and procedure for selection and appointment of directors is included in the Board Charter. Directors are appointed by the indirect shareholder ING Bank NV, with the aim of ensuring the Board has:

- an appropriate range of skills, experience and expertise;
- a proper understanding of, and competence to deal with current and emerging issues in real estate and the funds management industry;
- the ability to effectively review and challenge the performance of Management and exercise independent judgement; and
- a majority of independent directors.

The Board assists ING Bank NV in the process of appointing new directors by recommending and reviewing candidates when vacancies arise and by performing an annual review that covers, among other matters, the adequacy of the Board's composition and the independence of existing directors.

Board meetings

There are 11 scheduled Board meetings each year.

The agenda for each meeting is prepared by the Company Secretary in conjunction with the Chairman and CEO.

2.2 Director Independence

As at 30 June 2010, four of the directors of the IML Board were independent.

The IML Board has adopted the following procedures for assessing the independence of each director, with the aim of ensuring that the majority of the IML Board remains independent.

Test for independence

The criterion in place for determining independence is whether the director is independent of Management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

Materiality

The IML Board has determined that where an assessment of materiality is required to determine whether a director is independent, this will be determined on a case by case basis taking into account all of the facts available at the time.

Annual performance reviews

The IML Board assesses directors' independence annually in conjunction with the Board's annual performance evaluation and a review of their register of interests and directorships.

Disclosure of directors who are independent

Those directors who are assessed to be independent are identified in the Corporate Governance section of the Annual Report. In the event an existing director is assessed to no longer be independent, IML, on behalf of the Fund, will disclose this fact to the ASX as soon as practicable after the assessment has been made.

Independent decision making
Directors of the Board have individually and collectively the right to seek independent professional advice on matters relating to the Fund, including matters relating to the discharge of their obligations under a Fund's Constitution and the Law. The cost of such may be borne by IML or, where permitted, by the Fund.

Directors must notify the Company Secretary if they are seeking independent professional advice, and as soon as possible provide an estimate of the likely cost.

Conflicts of Interest and Directors' Standing Notice Register
Directors owe a duty to avoid any conflicts of interest that may arise. A conflict may arise through a personal interest or a duty to some third party.

Therefore, if faced with a possible conflict of interest i.e. a material personal interest in a matter, the director should make full disclosure to the directors' meeting as soon as possible or contact the Company Secretary.

A Register of interests is maintained for each director and all directors are required to disclose any personal interests. The Board then considers the Register provided and decides on a collective basis whether the personal interest is material or not i.e. whether in the Board's opinion, a reasonable disinterested party would be considered likely to take it into account in exercising judgement or making a decision. This is noted on the Directors' Standing Notice Register which forms a permanent agenda item at all Board meetings.

In the event a conflict or potential conflict situation exists, the conflicted director is absent from the meeting while the Board discusses the matter and may not vote on the matter, unless the other directors, who do not have a material personal interest in the matter, are satisfied that the interest should not disqualify the director from voting or being present.

2.3 Role of the Chair
The role of the Chairman and CEO are not exercised by the same individual.

ING Bank NV has appointed an independent Chairman, Mr Richard Colless. In selecting the Chairman, due consideration has been given to his expertise and skills to ensure they complement those of the existing Board as well as reputation and standing in the market.

2.4 Board Nomination and Remuneration Committee

Nomination Committee
The existing size of the Board and the frequency of Board meetings are such that the Board's role in assisting in the appointment process can be undertaken in an efficient manner by the Board itself, without the need for a separate Nomination Committee.

Remuneration Committee
The fees of the directors of IML and the remuneration of its staff are determined and paid by ING Bank NV, and not by the Fund itself. For this reason no Remuneration Committee has been established.

The remuneration of IML in its capacity as Responsible Entity during the year was regulated by the Fund's Constitution. IML and the management company have a right to be paid a fee or reimbursed an expense from the Fund only in relation to the proper performance of their duties.

Executive performance and remuneration
As stated above, ING Bank NV, and not the Fund itself, is responsible for the remuneration and performance of any staff. However, the Board is responsible for reviewing the adequacy of the resources, including remuneration and incentive structures for key executives, and for making any recommendations to ING Bank NV it feels necessary.

Associates of IML are entitled to fees for the provision of property management, development and project management services to the Fund's properties. Formal arm's length agreements are in place to regulate these arrangements and these fees are based on normal commercial terms. The fees paid for these services are set out in the Financial Report of the Fund.

2.5 Board education and performance evaluation

IML undertakes a review of the Board's performance annually, covering among other matters, the adequacy of the Board's composition and the independence of existing directors.

The Board performance evaluation is conducted by way of a questionnaire that assesses:

- the performance of the Board and each of its committees against the requirements of their respective charters;
- the individual performance of the Chairman and each director; and
- the procedures in place for dealing with the Responsible Entity's continuous disclosure obligations under the Corporations Act and the ASX Listing Rules, as well as compliance and corporate governance procedures.

The questionnaire is completed by each director and the responses collated. The results of the questionnaire are provided to all directors for discussion at the Board meetings.

Board education and strategy days

Directors have the opportunity to visit the Fund's properties and to meet with Management to gain a better understanding of the Fund's operations. The Board also conducts Fund Strategy days to inform directors about current issues concerning the Fund and corporate strategies.

PROMOTING RESPONSIBLE AND ETHICAL BEHAVIOUR

3.1 Code of Conduct

IML has established a Code of Conduct in accordance with the ING Business Principles, which outlines acceptable standards of behaviour and attitudes expected from staff to promote and maintain the confidence and trust of all those dealing with ING Real Estate Investment Management Australia. The Code of Conduct covers among other matters:

- Insider trading prohibitions and personal trading
- Personal conduct
- Dealing with conflict of interests
- Whistleblower procedures
- Privacy
- Environment

In accordance with the Whistleblower Procedures set out in the ING Real Estate Investment Management Australia Whistleblower Policy, staff are expected to report any serious issues in the knowledge that these will be investigated fairly. Individuals who report serious issues in good faith are appropriately protected. A copy of IML's Code of Conduct is available on ING Real Estate Investment Management Australia's website.

3.2 Personal Trading Policy

A Personal Trading Policy is in place which sets out the approval procedures to be followed by all ING Real Estate Investment Management Australia staff members and directors wishing to buy or sell units in the Fund and other listed real estate securities. The purpose of this policy is to satisfy the relevant legal requirements and protect the reputation and integrity of ING Real Estate Investment Management.

Any director wishing to purchase or sell units in ING Real Estate Investment Management Listed Funds is required to notify the Board Compliance Committee Chairman (or in his absence, the Chairman of Board) prior to the trade taking place.

At the commencement of employment or appointment each staff member and director must sign a declaration that he/she will abide by the Policy.

An extract of the Personal Trading Policy for directors and staff is available on the ING Real Estate Investment Management Australia website in the Code of Conduct section.

FINANCIAL REPORTING

4.1 Review and authorisation

In accordance with section 295A of the Corporations Act, the CEO and CFO have declared in writing to the Board that the financial records of the Fund for the financial year have been properly maintained in accordance with section 286 of the Corporations Act and the Fund's financial reports present a true and fair view of the Fund's financial position and performance and are in accordance with relevant accounting standards.

4.2 Board Audit Committee and Charter

The Audit Committee operates under a Board approved Charter which is available in the corporate governance section of the ING Real Estate Investment Management Australia website.

The purpose of the Board Audit Committee is to verify and safeguard the integrity of the Fund's financial reporting, oversee the independence of the external auditors and maintain the internal control framework.

The Committee consists of three members, all of which are non-executive directors, including an independent Chairman, who is not the Chairman of the Board. The Audit Committee meets four times a year, or more frequently if required.

As at 30 June 2010, the members of the Audit Committee were Philip Clark (Chairman), Richard Colless and Michael Easson.

4.3 External audit firm guidelines
The Board Audit Committee is responsible for recommending the initial appointment of the external auditor, the appointment of a new external auditor when any vacancy arises and removal of external auditors. The Audit Committee is also responsible for maintaining procedures for the rotation of the external audit engagement partner.

Under the Audit Committee Charter, the external audit engagement partner must be rotated every five years and the statutory Fund audit must be tendered at least every seven years.

The Fund's statutory and compliance plan audit was put out to tender in 2007 and following careful consideration of all the proposals and recommendations from the Audit Sub Committee, the Board appointed Ernst & Young as the Fund's Financial & Compliance Plan Auditor for the year ended 30 June 2008. The next tender process will take place in 2012 or prior.

CONTINUOUS DISCLOSURE

5.1 Continuous Disclosure
As the Responsible Entity of listed funds, IML must comply with the continuous disclosure provisions of the ASX Listing Rules.

Broadly, IML is required to immediately notify the ASX of any information concerning the Fund of which it is or becomes aware of, which a reasonable person would expect to have a material effect on the price or value of units in the Fund, subject to certain limited exceptions, including but not limited to confidential information.

IML has established a written policy document that deals with:

- information that needs to be disclosed to the market;
- responsibility for responding to market rumours or speculation;
- communications with analysts and major investors; and
- procedures for dealing with the media.

The Company Secretary has been appointed as the person responsible for communicating with the ASX. The Head of Investor Relations and Marketing, in conjunction with the Company Secretary, is responsible for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules.

INVESTOR COMMUNICATIONS

6.1 Unitholder meetings
IML may convene a unitholder meeting during the year at a time and place that is considered convenient for the majority of its unitholders.

The Fund will place a copy of the most recent notice of meeting and any accompanying explanatory memorandum on its website when released to the ASX, under the ASX Announcements section.

The Chairman at the unitholder meeting ensures that a reasonable opportunity exists for unitholders to ask questions relating to the operations of the Fund and if applicable, the resolutions being voted on.

Unitholders are encouraged to attend all unitholder meetings.

Auditor attendance at unitholder meetings

If the Responsible Entity convenes a unitholder meeting, the Company Secretary will request the external auditor or a qualified representative of the auditor to attend the unitholder meeting and be available to answer any unitholder questions about the conduct of the audit, the auditor's independence, accounting policies, and the preparation and content of the auditor's report.

6.2 Communication with unitholders
The ASX Corporate Governance guidelines state that listed entities must respect the rights of unitholders and facilitate the effective exercise of those rights.

This means the listed entity should have procedures in place for communicating with its unitholders, give them access to balanced and understandable information about the listed entity and make it easy for them to participate in unitholder meetings.

The Fund has procedures in place to ensure that all unitholders and other interested stakeholders have access to balanced, understandable and timely information concerning the operations of the Fund.

The Head of Investor Relations and Marketing, in conjunction with the Company Secretary and CEO, is primarily responsible for ensuring communications with unitholders are delivered in accordance with these procedures and the guidelines relating to continuous disclosure.

In addition to the formal requirements of half year and annual financial statements, the Fund aims to keep unitholders informed about new developments within the Fund by making copies of all ASX Announcements and presentations available on the ING Real Estate Investment Management Australia website, circulating Fund Updates and encouraging participation of unitholders in unitholder meetings.

Further details on the unitholder communication procedures may be obtained by accessing the ING Real Estate Investment Management Australia website at www.ingrealestate.com.au

The website provides information specific to each Fund, as well as information relevant to existing or prospective unitholders.

This website is regularly updated and contains recent announcements, webcasts, presentations, past and current reports to unitholders and answers to frequently asked questions. Analyst and investor roadshow presentations released to the ASX are included on the website.

The website also contains:

- a corporate overview on ING Real Estate Investment Management Australia;
- IML's corporate governance policies;
- profiles of senior management and IML's Board; and
- other relevant corporate information.

RISK MANAGEMENT AND COMPLIANCE PROCEDURES

7.1 Risk management framework

The Board and Management recognise that having a well developed system in place for risk management is an integral part of good management practice. ING Real Estate Investment Management Australia actively promotes a culture of compliance and risk management awareness with the aim of ensuring all activities comply with laws, regulations, codes and in-house policies and procedures.

An Operational Risk Committee (ORC) has been established, made up of key management executives and key risk management personnel, with the objective of promoting and facilitating the development of effective risk management processes.

The ORC meets regularly and assists the Board by identifying, measuring and monitoring key risks affecting ING Real Estate Investment Management Australia and the Fund, as well as taking appropriate action to control and mitigate the level of risks.

In line with the ING Group guidelines, Integrated Risk Assessment sessions are conducted. The purposes of the sessions are:

- to identify key risks that could lead to an operational loss, reputational damage or regulatory sanctions;
- assess the risk and identify any risk exposures; and
- put in place appropriate mitigation measures to address the risks including developing adequate procedures.

The key risks identified through the workshops are primarily risks associated with managing property as well as risks arising from the general business environment including, but not limited to, general market, capital management, financial reporting, operational and compliance risks. Management puts in place adequate internal controls including specific policies and procedure manuals that are in sufficient detail for individual staff members to refer to in performing their daily duties.

Compliance Plan

Each of the AJO Fund and PCP Trust has a formal Compliance Plan in place which has been lodged with ASIC. The purpose of each Compliance Plan is to set out key processes, systems and measures the Responsible Entity will apply to ensure compliance with:

- the Corporations Act (Cth) 2001;
- Constitution of the relevant fund;
- industry practice standards relevant to the particular fund; and
- internal policies and procedures.

Each Compliance Plan is a 'how to' document and has been designed to meet the Responsible Entity's key obligations under the Act and Constitution.

Each Compliance Plan describes the key obligations that must be met by the Responsible Entity, the measures in place to comply with these obligations and how compliance with these measures will be monitored. In addition, each Compliance Plan details the risk of not complying with these obligations, and how breaches are to be reported and addressed.

Each year Ernst & Young conducts an Annual Compliance Plan audit and reports to ASIC on:

- whether the procedures and controls set out in the Compliance Plans sufficiently address the requirements of the Act; and
- if the controls and procedures described in the Compliance Plans have been in place and operating effectively over the year.

Risk management review and reporting to the Board and its Committees

The ORC reports to the Board and its Committees regularly on the effectiveness of the management of material business risks. The Board undertakes a review annually on whether Management's risk management processes and internal controls are appropriate, including whether management's procedures for monitoring the effectiveness of the risk management processes are adequate.

The CEO and the CFO confirm in writing to the Board, at the time the financial statements are being considered for approval by the Board, that in all material respects:

- the financial statements present a true and fair view;
- that this assertion is founded on a sound system of financial risk management and internal compliance and control which implements the policies adopted by the Board; and
- that the Fund's financial risk management and internal compliance and control systems are operating efficiently and effectively in all material respects in relation to financial reporting risks.

7.2 Board Compliance Committee

The Board places a strong emphasis on compliance and has established a Compliance Committee that operates under an approved charter. A copy of the charter is available in the corporate governance section of the ING Real Estate Investment Management Australia website.

Under the managed investments regime, the Responsible Entity is required to register a Compliance Plan with ASIC on behalf of each fund. Each Compliance Plan outlines the measures which are to be applied by the Responsible Entity to ensure compliance with the Corporations Act, the relevant Fund's Constitution and other regulatory requirements.

The Compliance Committee is responsible for:

- monitoring the Responsible Entity's compliance with the Compliance Plan and reporting on its findings to the Board; and
- assessing at regular intervals whether the Fund's Compliance Plan is adequate to ensure compliance with the Law and the Fund's constitution, and to monitor the extent to which the Responsible Entity complies with the Fund's Compliance Plan.

As at 30 June 2010 the members of the Compliance Committee comprised Paul Scully (Chairman), Richard Colless and Danny Agnoletto. Three meetings were held during the year. The Compliance Committee reports to the Board after each meeting and otherwise as required.

SUSTAINABILITY

8.1 Board Sustainability Committee

The Board recognises that a sustainable future for its business depends upon the environmental sustainability of the communities, economies and societies in which it operates. As such the Board has established a Board Sustainability Committee to address sustainability issues.

As at 30 June 2010 the members of the Sustainability Committee comprised Paul Scully (Chairman), Richard Colless and Danny Agnoletto. Three meetings were held during the year. The Sustainability Committee reports to the Board after each meeting and otherwise as required.

CORPORATE GOVERNANCE DOCUMENTS

In accordance with the ASX Corporate Governance Guidelines, the following documents are available in the Corporate Governance section of the ING Real Estate Investment Management Australia website:

- Board Charter
- Board Compliance Committee Charter
- Board Audit Committee Charter
- Code of Conduct
- Investor Communications Procedures
- IML Company Constitution

Financial Information

Year ended 30 June 2010

The ING Office Fund has been formed by the stapling of the units in two Australian registered schemes, Armstrong Jones Office Fund (ARSN 090 242 229) and Prime Credit Property Trust (ARSN 089 849 196). ING Management Limited (ABN 15 006 065 032; AFS licence number 237534), the Responsible Entity of both schemes, is incorporated and domiciled in Australia.

A description of the nature of the schemes' operations and their principal activities is included in the accompanying directors' report.

The registered office and principal place of business of the Responsible Entity is located at Level 6, 345 George Street, Sydney, New South Wales.

The financial report was authorised for issue by the directors of the Responsible Entity on 18 August 2010. The Trusts have the power to amend and reissue the financial report.

Directors' Report

The ING Office Fund (the Group) was formed by the stapling of the units in two trusts, Armstrong Jones Office Fund (the Fund) and Prime Credit Property Trust (Prime) (collectively the Trusts). The Responsible Entity for both Trusts is ING Management Limited, which now presents its report together with the Trusts' financial report for the year ended 30 June 2010 and the auditor's report thereon.

In accordance with Accounting Standard AASB 3 *Business Combinations*, the stapling arrangement discussed above is regarded as a business combination and the Fund has been identified as the parent for preparing consolidated financial reports.

The directors' report is a combined directors' report that covers both Trusts. The financial information given for the Group is taken from the consolidated financial statements and notes of the Fund.

Directors
The directors of the Responsible Entity at any time during or since the end of the financial year were:

Richard Colless AM	Chairman
Philip Clark AM	
Michael Easson AM	
Paul Scully	
Christophe Tanghe	Appointed 1 September 2009
George Jautze	Appointed 1 September 2009; resigned 31 May 2010
Philip Redmond	Resigned 12 April 2010

Except as stated, these persons were directors of the Responsible Entity during the whole of the financial year and up to the date of this report.

Principal activity
The principal activity of the Trusts is investment in real estate. There was no significant change in the nature of either Trusts' activities during the financial year.

Operating and financial review

A summary of the Trusts' results for the financial year is:

	ING Office Fund		Prime Credit Property Trust	
	2010	2009	2010	2009
Net profit/(loss) attributable to unitholders ($ million)	42.5	(764.2)	5.4	(463.3)
Operating income ($ million)	151.2	146.9	66.2	74.8
Distributions per unit (cents)	3.90	9.65	1.65	2.99
Per stapled unit:				
– Basic and diluted earnings per unit (cents)	1.6	(49.8)	na	na
– Operating income per unit (cents)	5.6	9.6	na	na

The Responsible Entity uses the Trusts' operating income as an additional performance indicator. Operating income does not take into account certain items recognised in the income statement including unrealised gains or losses on the revaluation of the Trusts' properties and derivatives.

Operating income for the financial year has been calculated as follows:

	ING Office Fund		Prime Credit Property Trust	
	2010 $m	2009 $m	2010 $m	2009 $m
Net profit/(loss) attributable to unitholders	42.5	(764.2)	5.4	(463.3)
Adjusted for:				
– Straight line lease revenue recognition	(4.0)	(4.4)	(0.9)	(3.0)
– Net foreign exchange (gain)/loss	(25.9)	37.0	(1.6)	19.8
– Net loss on change in fair value of:				
– Investment properties	73.6	494.7	37.3	310.3
– Derivatives	15.3	153.9	11.1	75.5
– Items included in share of net profit/(loss) of equity accounted investments:				
– Investment properties	49.8	301.0	6.7	208.1
– Derivatives	6.7	17.6	5.4	13.2
– Minorities' share of gain/(loss) on change in fair value of investment properties	2.1	(15.2)	2.1	(15.2)
– Deferred income tax (benefit)/expense	(9.0)	(71.3)	0.7	(70.6)
– Deferred income tax included in share of net profit/(loss) of equity accounted investments	0.1	(2.2)	—	—
Operating income	**151.2**	146.9	66.2	74.8

Operating income for the 2010 financial year increased by 2.9% to $151.2 million from $146.9 million for the 2009 financial year. The increase is mainly due to a reduction in finance costs partially offset by a reduction in income from the property portfolio as a result of asset sales during the year.

Operating income per unit for the 2010 financial year was down 42% to 5.6 cents, compared to 9.6 cents per unit previously. This was mainly due to the increase in units on issue following the December 2008 and July 2009 capital raisings.

Distributions have reduced by 60% to 3.9 cents for the 2010 financial year from 9.6 cents in 2009 due to the increase in units on issue following the December 2008 and July 2009 capital raisings and a change to the Group's distribution policy, which is now to distribute the greater of 70%-80% of operating income and 100% of taxable income.

Earnings per unit as calculated under applicable accounting standards for the year ended 30 June 2010 were up 103% to a profit of 1.6 cents, compared to a loss of 49.8 cents per unit for the previous financial year due to a reduction in asset devaluations.

Total assets decreased by $415.8 million or 14% to $2,553.1 million over the year. Asset revaluations (including share of devaluations of equity accounted investments) and disposals contributed $123.4 million and $214.7 million respectively to the decrease. The basis of the valuations is described in note 1 in the financial report.

A total of $401.5 million of new equity (after costs) was raised during the year. As a result, issued units increased by 922.6 million to 2,729.1 million.

Net tangible assets per unit at 30 June 2010 stood at $0.74 per stapled unit.

Portfolio Overview

Key portfolio achievements during the year include:

- portfolio occupancy of 93%[1] (Australia 98%, Europe 92% and United States 84%);
- tenant retention of 60% (Australia 57%, Europe 100% and US 63%); and
- like-for-like net property income growth of 1.0% (Australia +2.7%, Europe +5.9% and United States -8.7%).

Leasing

The Group achieved solid leasing success during the year with total leasing activity of over 52,000 square metres in Australia and 300,000 square feet[2] in the United States. This included the successful re-letting of a number of significant expiries in Australia with little or no downtime in the United States. The Group continued to take an active and targeted approach to leasing vacancies and secured a number of key lease deals.

Revaluations

Over the year 98% of the Group's portfolio was externally valued. The Group's weighted average capitalisation rate remained steady at 7.5%.

The Group 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 United States locations.

Redevelopments

The Group's two refurbishment projects are progressing on time and on budget. 10-20 Bond St, Sydney 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 the Group remains confident of securing further quality tenants before completion.

The first tranche of space at 295 Ann St, Brisbane has been successfully refurbished and delivered to the tenant, QR. The bulk of the remaining QR space is on schedule to be completed and delivered by October 2010.

Capital Management

The Group's gearing ratio[3] stands at 23%. The Group has no debt expiry until June 2012 and the Group is assessing various options to refinance and diversify its funding sources at the opportune time. It is likely that refinancing the debt facility will increase the interest margin payable by the Group from its existing favourable margin, which was negotiated in June 2007.

Strategy

The Group has realigned its strategic focus to concentrate on Australian A grade central business district (CBD) office markets and will conduct a phased withdrawal from its current off-shore markets over time. This decision to concentrate on the Australian CBD office market is based on two key drivers. Firstly, the strategy focuses the Group's investment into markets where it has strong internal capability to actively drive performance; and secondly, the Group believes that over the longer term Australia will provide better risk adjusted returns.

The Group believes it 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 unitholders.

1) Including leasing deals completed up to August 2010 and excluding 10-20 Bond Street, Sydney (currently undergoing refurbishment).
2) Includes over 100,000sq ft of leases at 880 Waltham Woods, Boston finalised in August 2010.
3) On the basis of look-through debt to total look-through assets.

In order to maximise unitholder returns from the Group's off-shore investments, the Group will only sell these assets after taking into account market conditions and expected future returns. The Group 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 investment in the Dutch Office Fund.

Distributions
Details of distributions are given in note 3 in the financial report.

Significant changes in the state of affairs
In the opinion of the directors of the Responsible Entity, there were no significant changes in the state of affairs of the Trusts that occurred during the financial year.

Events subsequent to reporting date
There has not arisen, in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Group, the result of those operations or the state of affairs of the Group, in future financial years.

Likely developments
The Group's key priorities are to:

- 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 Group expects operating income per unit of 5.2 cents for the year ended 30 June 2011 and distributions for that year of 3.9 cents per stapled unit.

Environmental regulation
The Trusts' operations are not subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Indemnities
The Trusts have not indemnified, nor paid any insurance premiums for, a person who is or has been an officer of the Responsible Entity or an auditor of the Trusts.

Interests of directors of the Responsible Entity
Units in each Trust held by directors of the Responsible Entity as at 30 June 2010 were:

	Number of units
Paul Scully	42,214

The other directors of the Responsible Entity did not hold any units in either Trust at that date.

Other information
Fees paid to the Responsible Entity and its associates, and the number of units in the Trusts held by the Responsible Entity and its associates as at the end of the financial year, are set out in note 21 in the financial report.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 34.

Rounding of amounts
The Trusts are of a kind referred to in Class Order 98/100, issued by the ASIC, relating to the ''rounding off" of amounts in this report and in the financial report. Amounts in these reports have been rounded off in accordance with that Class Order to the nearest hundred thousand dollars or in certain cases the nearest thousand dollars.

Signed in accordance with a resolution of the directors of the Responsible Entity.

Michael Easson AM
Director

Sydney
18 August 2010

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Auditor's Independence Declaration to the Directors of ING Management Limited as Responsible Entity for the Armstrong Jones Office Fund and the Prime Credit Property Trust

In relation to our audit of the financial report of the Armstrong Jones Office Fund and its controlled entities and the Prime Credit Property Trust and its controlled entities for the financial year ended 30 June 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Douglas Bain
Partner
18 August 2010

Consolidated Income Statements

Year ended 30 June 2010

	Note	ING Office Fund 2010 $m	ING Office Fund 2009 $m	Prime Credit Property Trust 2010 $m	Prime Credit Property Trust 2009 $m
Revenue					
Rental income		180.7	203.7	99.8	121.3
Other property income		25.3	28.5	16.7	18.7
Interest income		6.0	7.3	0.4	1.3
		212.0	**239.5**	**116.9**	**141.3**
Other income					
Net foreign exchange gain/(loss)		28.7	(38.3)	1.6	(19.6)
Net loss on change in fair value of:					
– Investment properties		(73.6)	(494.7)	(37.3)	(310.3)
– Derivatives		(15.3)	(153.9)	(11.1)	(75.5)
Expenses					
Property expenses		(56.4)	(61.3)	(38.9)	(43.5)
Finance costs		(21.7)	(52.9)	(10.7)	(22.4)
Responsible Entity's fees	21	(8.4)	(10.8)	(3.7)	(5.3)
Other		(3.1)	(3.1)	(1.5)	(2.7)
Share of net loss of equity accounted investments	10	(23.0)	(274.3)	(6.8)	(209.2)
Profit/(loss) before income tax		39.2	(849.8)	8.5	(547.2)
Income tax benefit	5	6.5	71.4	0.1	69.7
Net profit/(loss) for the year		45.7	(778.4)	8.6	(477.5)
Net (profit)/loss attributable to external non-controlling interests		(3.2)	14.2	(3.2)	14.2
Net profit/(loss) attributable to unitholders		**42.5**	**(764.2)**	**5.4**	**(463.3)**
Attributable to unit holders of:					
– Armstrong Jones Office Fund		37.1	(300.9)	—	—
– Prime Credit Property Trust		5.4	(463.3)	5.4	(463.3)
		42.5	**(764.2)**	**5.4**	**(463.3)**

	Note	Cents	Cents	Cents	Cents
Distributions per unit	3	3.90	9.65	1.65	2.99
Basic and diluted earnings per unit (cents)					
– Per stapled unit	4	1.6	(49.8)	na	na
– Per unit of each Trust	4	1.4	(19.6)	0.2	(30.2)

Consolidated Statements of Comprehensive Income

Year ended 30 June 2010

		ING Office Fund		Prime Credit Property Trust	
	Note	2010 $m	2009 $m	2010 $m	2009 $m
Net profit/(loss) for the year		45.7	(778.4)	8.6	(477.5)
Other comprehensive income:					
Exchange differences on translation of foreign operations:					
– Unitholders	15	(103.0)	2.5	(20.5)	(24.5)
– External non-controlling interests		(0.8)	5.8	(0.8)	5.8
Share of other comprehensive income of equity accounted investments	15	(0.1)	(2.7)	—	—
Total comprehensive income for the year		**(58.2)**	**(772.8)**	**(12.7)**	**(496.2)**
Total comprehensive income for the year is attributable to:					
– Armstrong Jones Office Fund		(45.5)	(276.6)	—	—
– Prime Credit Property Trust		(15.1)	(487.8)	(15.1)	(487.8)
– External non-controlling interests		2.4	(8.4)	2.4	(8.4)
		(58.2)	**(772.8)**	**(12.7)**	**(496.2)**

The components of other comprehensive income shown above are presented net of related income tax effects.

Consolidated Balance Sheets

30 June 2010

		ING Office Fund		Prime Credit Property Trust	
	Note	2010 $m	2009 $m	2010 $m	2009 $m
Current assets					
Cash and cash equivalents	6	28.8	18.8	18.5	8.9
Trade and other receivables	7	6.5	9.2	3.8	3.5
Derivatives	8	3.4	0.7	0.6	0.7
Investment properties	9	—	37.9	—	37.9
		38.7	**66.6**	**22.9**	**51.0**
Non-current assets					
Trade and other receivables	7	73.4	87.7	198.6	—
Investment properties	9	1,923.8	2,158.2	1,033.3	1,198.6
Equity accounted investments	10	510.4	656.4	99.2	111.1
Derivatives	8	6.8	—	0.2	—
		2,514.4	**2,902.3**	**1,331.3**	**1,309.7**
Total assets		**2,553.1**	**2,968.9**	**1,354.2**	**1,360.7**
Current liabilities					
Payables	11	29.9	23.4	14.6	23.3
Derivatives	8	5.1	24.6	—	2.8
Distribution payable	3	26.6	38.4	26.6	11.9
		61.6	**86.4**	**41.2**	**38.0**
Non-current liabilities					
Payables	11	—	0.7	—	—
Borrowings	12	402.6	1,002.6	186.8	332.4
Derivatives	8	20.0	32.5	11.1	17.3
Deferred tax liabilities	13	22.5	36.3	22.5	22.6
		445.1	**1,072.1**	**220.4**	**372.3**
Total liabilities		**506.7**	**1,158.5**	**261.6**	**410.3**
Net assets		**2,046.4**	**1,810.4**	**1,092.6**	**950.4**
Equity					
Issued units	14	2,308.2	1,906.7	1,282.9	1,082.1
Reserves	15	(152.0)	(48.9)	(94.7)	(74.2)
Accumulated losses	16	(130.0)	(66.1)	(115.8)	(76.2)
Unitholders' interest		2,026.2	1,791.7	1,072.4	931.7
External non-controlling interests		20.2	18.7	20.2	18.7
Total equity		**2,046.4**	**1,810.4**	**1,092.6**	**950.4**
Attributable to unit holders of:					
Armstrong Jones Office Fund					
– Issued units	14	1,025.3	824.6	—	—
– Reserves	15	(57.3)	25.3	—	—
– Retained earnings/(accumulated losses)	16	(14.2)	10.1	—	—
		953.8	860.0	—	—
Prime Credit Property Trust		1,072.4	931.7	1,072.4	931.7
External non-controlling interest		20.2	18.7	20.2	18.7
		2,046.4	**1,810.4**	**1,092.6**	**950.4**
Net tangible assets per unit		$0.74	$0.99	$0.39	$0.52

Consolidated Cash Flow Statements

Year ended 30 June 2010

	Note	ING Office Fund 2010 $m	ING Office Fund 2009 $m	Prime Credit Property Trust 2010 $m	Prime Credit Property Trust 2009 $m
Cash flows from operating activities	25				
Rental and other property income		205.3	244.4	117.2	145.2
Property and other expenses		(63.9)	(75.7)	(40.9)	(52.9)
Proceeds from termination of derivatives		3.1	1.9	1.4	—
Payments on termination of derivatives		(56.8)	(73.0)	(20.2)	(58.9)
Distributions received from equity accounted investments		31.9	23.3	0.1	6.6
Interest received		6.0	7.3	0.4	1.3
Borrowing costs paid		(23.6)	(52.6)	(11.1)	(21.0)
		102.0	**75.6**	**46.9**	**20.3**
Cash flows from investing activities					
Additions to investment properties		(37.2)	(52.1)	(20.0)	(17.7)
Proceeds from sale of investment properties		164.8	—	164.8	—
Proceeds from sale of subsidiary, net of cash disposed	23	49.9	—	—	—
Repayment of loans to equity accounted investments		3.1	—	—	—
Loan to stapled entity		—	—	(209.5)	—
Loan repaid by stapled entity		—	—	—	161.0
		180.6	**(52.1)**	**(64.7)**	**143.3**
Cash flows from financing activities					
Proceeds from issue of units	14	415.2	414.5	207.6	207.2
Unit issue costs	14	(13.7)	(13.5)	(6.8)	(6.7)
Distributions to unitholders	3	(118.2)	(128.2)	(30.3)	(48.2)
Distributions to external non-controlling interests	3	(0.9)	(0.8)	(0.9)	(0.8)
Proceeds from borrowings		201.9	191.7	—	132.3
Repayment of borrowings		(751.8)	(499.9)	(139.0)	(459.0)
		(267.5)	**(36.2)**	**30.6**	**(175.2)**
Net increase/(decrease) in cash		15.1	(12.7)	12.8	(11.6)
Cash at the beginning of the year		18.8	31.3	8.9	21.1
Effects of exchange rate changes on cash		(5.1)	0.2	(3.2)	(0.6)
Cash at the end of the year		**28.8**	**18.8**	**18.5**	**8.9**

Consolidated Statements of Changes In Equity

Year ended 30 June 2010

		ING Office Fund					
		Attributable to unitholders				External non-controlling interests	Total equity
	Note	Issued capital $m	Reserves $m	Retained earnings $m	Total $m	$m	$m
Carrying amounts at 1 July 2008		**1,494.0**	**(48.7)**	**842.3**	**2,287.6**	**27.1**	**2,314.7**
Net loss for the year		—	—	(764.2)	(764.2)	(14.2)	(778.4)
Other comprehensive income		—	(0.2)	—	(0.2)	5.8	5.6
Total comprehensive income for the year		**—**	**(0.2)**	**(764.2)**	**(764.4)**	**(8.4)**	**(772.8)**
Transactions with unitholders in their capacity as equity holders:							
– Issue of units	14	413.1	—	—	413.1	0.8	413.9
– Distributions paid or payable	3	(0.4)	—	(144.2)	(144.6)	(0.8)	(145.4)
		412.7	**—**	**(144.2)**	**268.5**	**—**	**268.5**
Carrying amounts at 30 June 2009		**1,906.7**	**(48.9)**	**(66.1)**	**1,791.7**	**18.7**	**1,810.4**
Net profit for the year		—	—	42.5	42.5	3.2	45.7
Other comprehensive income		—	(103.1)	—	(103.1)	(0.8)	(103.9)
Total comprehensive income for the year		**—**	**(103.1)**	**42.5**	**(60.6)**	**2.4**	**(58.2)**
Transactions with unitholders in their capacity as equity holders:							
– Issue of units	14	401.5	—	—	401.5	—	401.5
– Distributions paid or payable	3	—	—	(106.4)	(106.4)	(0.9)	(107.3)
		401.5	**—**	**(106.4)**	**295.1**	**(0.9)**	**294.2**
Carrying amounts at 30 June 2010		**2,308.2**	**(152.0)**	**(130.0)**	**2,026.2**	**20.2**	**2,046.4**

Consolidated Statements of Changes In Equity

Year ended 30 June 2010

		Prime Credit Property Trust					
		Attributable to unitholders					
	Note	Issued capital $m	Reserves $m	Retained earnings $m	Total $m	External non-controlling interests $m	Total equity $m
Carrying amounts at 1 July 2008		**875.6**	**(49.7)**	**431.8**	**1,257.7**	**27.1**	**1,284.8**
Net loss for the year		—	—	(463.3)	(463.3)	(14.2)	(477.5)
Other comprehensive income		—	(24.5)	—	(24.5)	5.8	(18.7)
Total comprehensive income for the year		**—**	**(24.5)**	**(463.3)**	**(487.8)**	**(8.4)**	**(496.2)**
Transactions with unitholders in their capacity as equity holders:							
– Issue of units	14	206.6	—	—	206.6	0.8	207.4
– Distributions paid or payable	3	(0.1)	—	(44.7)	(44.8)	(0.8)	(45.6)
		206.5	—	**(44.7)**	**161.8**	—	**161.8**
Carrying amounts at 30 June 2009		**1,082.1**	**(74.2)**	**(76.2)**	**931.7**	**18.7**	**950.4**
Net profit for the year		—	—	5.4	5.4	3.2	8.6
Other comprehensive income		—	(20.5)	—	(20.5)	(0.8)	(21.3)
Total comprehensive income for the year		**—**	**(20.5)**	**5.4**	**(15.1)**	**2.4**	**(12.7)**
Transactions with unitholders in their capacity as equity holders:							
– Issue of units	14	200.8	—	—	200.8	—	200.8
– Distributions paid or payable	3	—	—	(45.0)	(45.0)	(0.9)	(45.9)
		200.8	—	**(45.0)**	**155.8**	**(0.9)**	**154.9**
Carrying amounts at 30 June 2010		**1,282.9**	**(94.7)**	**(115.8)**	**1,072.4**	**20.2**	**1,092.6**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) The Group

The ING Office Fund (the Group) was formed on 1 January 2000 by the stapling of the units in two Australian registered schemes, Armstrong Jones Office Fund (the Fund or the Parent) and Prime Credit Property Trust (Prime) (collectively the Trusts). The Fund and Prime were constituted on 23 September 1984 and 12 October 1989, respectively.

The Responsible Entity for both Trusts is ING Management Limited. ING Management Limited is an Australian domiciled company and is a wholly owned company within the ING Groep NV group of companies.

The two Trusts have common business objectives and operate as an economic entity collectively known as ING Office Fund.

The stapling structure will cease to operate on the first to occur of:

i) either of the Trusts resolving by special resolution in accordance with its constitution to terminate the stapling provisions; or

ii) the commencement of the winding up of either of the Trusts.

The ASX reserves the right (but without limiting its absolute discretion) to remove one or both of the Trusts from the official list if any of their units cease to be stapled together, or any equity securities are issued by one Trust which are not stapled to equivalent securities in the other Trust.

b) Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (AASB), Australian Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (the Board) and the Corporations Act 2001.

In accordance with Accounting Standard AASB 3 *Business Combinations*, the stapling arrangement discussed above is regarded as a business combination and the Fund has been identified as the parent for preparing consolidated financial reports.

As permitted by Class Order 05/642, issued by the ASIC, this financial report is a combined financial report that presents the financial statements and accompanying notes of both the ING Office Fund (being the consolidated financial statements and notes of the Fund) and Prime.

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The financial report is presented in Australian dollars.

The financial report is prepared on the historical cost basis, except for investment properties and derivative financial instruments, which are measured at fair value.

c) Adoption of new and revised accounting standards

i) Presentation of financial statements

The Group has applied the revised Accounting Standard AASB 101 *Presentation of Financial Statements* that became effective as of 1 July 2009. As a result, the Group presents in the statement of changes in unitholders' interest all owner changes in unitholders' interest, while all non-owner changes in unitholders' interest are presented in the statement of comprehensive income. Previously, the statement of changes in unitholders' interest included both owner and non-owner changes in unitholders' interest. Comparative information in this report has been amended accordingly. There was no impact on amounts recognised in the financial statements.

ii) Business combinations

Before 1 July 2009, AASB Interpretation 1013 *Consolidated Financial Reports in relation to Pre-Date-of-Transition Stapling Arrangements* provided guidance on how to account for the stapling arrangement identified in note 1(a) above. It allowed the consolidated financial report to be the combined financial report of the entities whose securities are stapled. From 1 July 2009, the revised AASB 3 *Business Combinations* supersedes AASB Interpretation 1013. As a result, the equity presentation in the consolidated financial statements of the Group has been changed. The underlying results attributable to stapled unitholders are not affected and the change is presentational only. Comparative financial information presented has been restated to be consistent with the current period disclosure.

iii) Classification of derivatives

The Group has applied the amendments to Accounting Standard AASB 101 *Presentation of Financial Statements* made by AASB 2009-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project*. Previously, derivatives were classified as current assets or current liabilities. With retrospective effect from 30 June 2009, derivative assets and liabilities are apportioned between current and non-current based on the contractual timing of expected cash flows. Amounts recognised in respect of cash flows that are contracted to occur up to twelve months after reporting date are classified as current, while amounts recognised in respect of cash flows that are contracted to occur more than twelve months after reporting date are classified as non-current.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The effect of this change is:

	ING Office Fund		Prime Credit Property Trust	
	2010 $m	2009 $m	2010 $m	2009 $m
Decrease in current assets & increase in non-current assets	6.8	—	0.2	—
Decrease in current liabilities & increase in non-current liabilities	20.0	32.5	11.1	17.3

iv) Other changes
The Group has applied AASB 8 *Operating Segments* that is applicable from 1 July 2009. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. AASB 8 only caused presentation changes in the segment note. There was no impact on amounts recognised in the financial statements.

The Group has adopted certain amendments to AASB 7 *Financial Instruments: Disclosures* effective as of 1 July 2009. The amendments only affect certain of the disclosures given in note 19 Financial Instruments.

The Group has early adopted the amendments to Accounting Standard AASB 101 *Presentation of Financial Statements* made by AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*. This amendment classifies the Board's intention that details of each item of other comprehensive income may be presented in the notes to the financial statements rather than the statement of changes in unitholders' interest. Without this amendment, details of each item of other comprehensive income would have had to be presented in that statement.

In the current year the Group has adopted all of the other new and revised standards and interpretations issued by the Board that are relevant to its operations and effective for the current annual reporting period. There was no material effect on the financial statements.

d) Principles of consolidation
The Fund's consolidated financial statements comprise the Parent and its subsidiaries (including Prime and its subsidiaries) as at 30 June 2010 (the Group). Prime's consolidated financial statements comprise Prime and its subsidiaries as at 30 June 2010 (the Prime Group). Subsidiaries are all those entities (including special purpose entities) whose financial and operating policies the Fund has the power to govern, which generally accompanies a shareholding of more than one-half of the voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent, using consistent accounting policies. Adjustments are made to bring into line dissimilar accounting policies. Inter-company balances and transactions including unrealised profits have been eliminated.

Subsidiaries are consolidated from the date on which control is transferred to the Parent. They are de-consolidated from the date that control ceases.

External non-controlling interests represent the interests in subsidiaries not held by the Group.

Investments in subsidiaries are carried at cost in the Parent's financial statements.

e) Distribution policy
A liability for any distribution declared on or before the end of the reporting period is recognised on the balance sheet in the reporting period to which the distribution pertains.

f) Foreign currency
i) Functional and presentation currencies
The functional currency and presentation currency of the Group (with the exception of its foreign subsidiaries) is the Australian dollar.

ii) Translation of foreign currency transactions
Transactions in foreign currency are initially recorded in the functional currency at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are retranslated at the rate of exchange prevailing at the balance date. All differences in the consolidated financial report are taken to the income statement with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment at which time they are recognised in the income statement.

A non-monetary item that is measured at fair value in a foreign currency is translated using the exchange rates at the date when the fair value was determined.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

iii) Translation of financial statements of foreign subsidiaries

The functional currency of certain subsidiaries is not the Australian dollar. At reporting date, the assets and liabilities of these entities are translated into the presentation currency of the Group at the rate of exchange prevailing at balance date. Financial performance is translated at the average exchange rate prevailing during the reporting period. The exchange differences arising on translation are taken directly to the foreign currency translation reserve in equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that foreign operation is recognised in the income statement.

g) Leases

Leases where the lessor retains substantially all the risk and benefits of ownership are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the term of the lease on the same basis as the lease income. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the term of the lease.

Incentives may be provided to tenants to enter into an operating lease. These incentives may be in the form of cash, rent-free periods, lessee or lessor owned fit-outs. The incentive is amortised over the term of the lease as a reduction in rental income. The unamortised carrying amount of the incentive is reflected in the carrying value of the investment property.

Leasing fees that are directly associated with the negotiation and execution of a lease agreement (including commissions, legal fees and costs of preparing and processing documentation) are capitalised as part of the carrying value of the property.

Leasing fees in relation to the initial leasing of the investment property after a redevelopment are capitalised to the carrying value of the property as a cost of bringing the investment property to completion and intended use.

h) Financial assets and liabilities

Current and non-current financial assets and liabilities within the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as at fair value through profit or loss; loans and receivables; held-to-maturity investments; or as available-for-sale. The Group determines the classification of its financial assets and liabilities at initial recognition with the classification depending on the purpose for which the asset or liability was acquired or issued. Financial assets and liabilities are initially recognised at fair value, plus directly attributable transaction costs unless their classification is at fair value through profit or loss. They are subsequently measured at fair value or amortised cost using the effective interest method. Changes in fair value of available-for-sale financial assets are recorded directly in equity. Changes in fair values of financial assets and liabilities classified as fair value through profit or loss are recorded in the income statement.

The fair values of financial instruments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date. For those with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

i) Impairment of non-financial assets

Assets other than investment property and financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Non-financial assets that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

j) Cash and cash equivalents

Cash and cash equivalents in the balance sheet and cash flow statement comprise cash at bank and in hand and short-term deposits that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. An allowance for impairment is made when there is objective evidence that collection of the full amount is no longer probable.

l) Derivative financial instruments

The Group uses derivative financial instruments such as foreign currency contracts and interest rate swaps to hedge its risks associated with foreign currency and interest rate fluctuations. The Group may also invest in derivatives related to listed property equities and indices and may issue derivatives related to its own units. Such derivative financial instruments are initially recognised at fair value on the date in which the derivative contract is entered into and are subsequently remeasured to fair value.

For hedge accounting, hedges are classified as fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability; cash flow hedges where they hedge exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability or to a forecast transaction; or hedges of a net investment in a foreign operation.

Any gain or loss arising from measuring fair value hedges that meet the conditions for hedge accounting is recognised in the income statement. Any gain or loss on the hedged item attributable to the hedged risk is adjusted against the carrying amount of the relevant financial instrument.

Any gain or loss arising on cash flow hedges which hedge firm commitments and which qualify for hedge accounting are recognised directly in equity. Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss.

Any gain or loss arising on hedges of a net investment in a foreign operation, which qualify for hedge accounting, are recognised directly in equity in foreign currency translation reserve. On disposal of the foreign operation, the cumulative amount of any such gains and losses is transferred to profit or loss.

For derivatives that do not meet the documentation requirements to qualify for hedge accounting and for the ineffective portion of qualifying hedges, any gains or losses arising from changes in fair value are recognised in the income statement.

Hedge accounting is discontinued when the hedge instrument expires, is sold, exercised, terminated or no longer deemed effective. Any cumulative gains or losses relating to the hedge that were previously recognised in equity are transferred to the income statement.

m) Investment property

Land and buildings have the function of an investment and are regarded as composite assets. In accordance with applicable accounting standards, the buildings, including plant and equipment, are not depreciated.

It is the Group's policy to have all investment properties externally valued at intervals of not more than three years and that such valuation be reflected in the financial reports of the Group. It is the policy of the Responsible Entity to review the fair value of each investment property every six months and to cause investment properties to be revalued to fair values whenever their carrying value differs materially to their fair values.

Fair value represents the amount at which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation. It is based on current prices in an active market for similar property in the same location and condition and subject to similar lease and other contracts, adjusted for any differences in the nature, location or condition of the property, or in the contractual terms of the leases and other contracts relating to the property.

In the absence of current prices in an active market, the Responsible Entity considers information from a variety of sources, including current prices in an active market for properties of different nature, condition or location, adjusted to reflect those differences, recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices, and discounted cash flow projections based on reliable estimates of future cash flows, using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

In determining fair values, expected net cash flows are discounted to their present value using a market determined risk adjusted discount rate. The assessment of fair value of investment properties does not take into account potential capital gains tax assessable. Changes in the fair value of an investment property are recorded in the income statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n) Equity accounted investments

A jointly controlled entity is a joint venture that involves the establishment of a corporation, partnership or other entity in which each venturer has an interest. A contractual arrangement between the venturers establishes joint control over the economic activity of the entity. Associates are those entities over which the Group has significant influence, but not control. Jointly controlled entities and associates, and investments in those entities, are referred to as "equity accounted investments". Equity accounted investments are accounted for in the Parent's financial statements using the cost method and in the consolidated financial statements using the equity method. The Group's share of net profit is recognised in the consolidated income statement and its share of any movement in reserves is recognised in reserves in the consolidated balance sheet. The accumulation of post-acquisition movements in the Group's share of net assets is adjusted against the carrying value of the investment. Distributions received or receivable are recognised in the Parent's income statement and reduce the carrying value of the investment in the consolidated financial statements.

o) Payables

Trade and other payables are carried at amortised cost and due to their short-term nature are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and are recognised when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 60 days of recognition.

p) Financial guarantees

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

q) Borrowings

Borrowings are initially recorded at the fair value of the consideration received less directly attributable transaction costs associated with the borrowings. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest rate method. Under this method fees, costs, discounts and premiums that are yield related are included as part of the carrying amount of the borrowing and amortised over its expected life.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs are expensed as incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. When this is the case, they are capitalised as part of the acquisition cost of that asset.

r) Issued units

Issued and paid up units are recognised at the fair value of the consideration received by the Group. Any transaction costs arising on issue of ordinary units are recognised directly in unitholders' interest as a reduction of the units proceeds received.

s) Revenue

Revenue from rents, interest and distributions is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue brought to account but not received at the balance sheet date is recognised as a receivable.

Rental income from operating leases is recognised on a straight-line basis over the lease term. Contingent rentals are recognised as income in the financial year that they are earned. Fixed rental increases that do not represent direct compensation for underlying cost increases or capital expenditures are recognised on a straight-line basis until the next market review date.

Interest income is recognised as the interest accrues using the effective interest method.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

t) Income tax

i) Current income tax

Under the current tax legislation, the Group is not liable to pay Australian income tax if its taxable income (including any assessable capital gains) is fully distributed to unitholders each year. Tax allowances for building and fixtures depreciation are distributed to unitholders in the form of the tax-deferred component of distributions.

The subsidiaries that hold the Group's foreign properties may be subject to corporate income tax and withholding tax in the countries in which they operate. Under current Australian income tax legislation, unitholders may be entitled to receive a foreign tax credit for this withholding tax.

ii) Deferred income tax

Deferred income tax represents foreign tax (including withholding tax) expected to be payable or recoverable by foreign taxable entities on the differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised through continuing use or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at reporting date. Income taxes related to items recognised directly in equity are recognised in equity and not against income.

u) Earnings per unit

Basic earnings per unit is calculated as net profit attributable to unitholders of the Group divided by the weighted average number of issued units.

As there are no potentially dilutive units on issue, diluted earnings per unit is the same as basic earnings per unit.

v) Goods and services tax (GST) and value added tax (VAT)

Revenue, expenses and assets (with the exception of receivables) are recognised net of the amount of GST and VAT to the extent that the GST and VAT is recoverable from the taxation authority. Where GST or VAT is not recoverable, it is recognised as part of the cost of the acquisition, or as an expense.

Receivables and payables are stated inclusive of GST and VAT. The net amount of GST and VAT recoverable from or payable to the tax authority is included in the balance sheet as an asset or liability.

Cash flows are included in the cash flow statement on a gross basis. The GST and VAT components of cash flows arising from investing and financing activities, which are recoverable from or payable to the tax authorities, are classified as operating cash flows.

w) Pending Accounting Standards

AASB 2009-5 *Further Amendments to Australian Accounting Standards Arising from the Annual Improvements Project* amended AASB 117 *Leases* with effect from 1 July 2010. The amendment removed the specific guidance on the classification of leases of land, leaving only the general guidance. The Group leases the land on which one of its investment properties is built; the lease has a remaining term of 94 years and future minimum lease rentals payable as of 1 July 2010 of $147.5 million. Because of the amendment, the Group will classify the lease as a finance lease at that date and recognise a borrowing for the finance lease payable, and an investment property, measured at the fair value of the land. The difference between that fair value and the minimum lease rentals will be recognised as interest expense over the remaining term of the lease.

AASB 9 *Financial Instruments* and AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* address the classification and measurement of financial assets and are likely to affect the Group's accounting for its financial assets. The standards are not applicable until 1 July 2013. The Group is yet to assess the full impact.

Other new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for the current reporting period. These are not expected to have any material impact on the Fund's financial report in future reporting periods.

2. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires the Responsible Entity to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed over the page.

2. ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates, by definition, will seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The Group had investment properties with a carrying amount of $1,923.8 million (Prime Group: $1,033.3 million) (2009: Group $2,196.1 million; Prime Group $1,236.5 million) (see note 9), representing estimated fair value. In addition, the carrying amount of the Group's equity accounted investments of $510.4 million (Prime Group: $99.2 million) (2009: Group $656.4 million; Prime Group: $111.1 million) (see note 10(b)) also reflects investment properties carried at fair value. These carrying amounts reflect certain assumptions about expected future rentals, rent-free periods, operating costs and appropriate discount and capitalisation rates. In forming these assumptions, the Responsible Entity considered information about current and recent sales activity, current market rents, and discount and capitalisation rates, for properties similar to those owned by the Group, as well as independent valuations of the Group's property.

b) Critical judgements in applying the entity's accounting policies

There were no judgements, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies that had a significant effect on the amounts recognised in the financial report.

3. DISTRIBUTIONS

	ING Office Fund		Prime Credit Property Trust	
	2010 Cents	2009 Cents	2010 Cents	2009 Cents
a) Rates and amounts of distributions				
Distributions have been paid or are payable in respect of the following periods at the following rates (in cents per unit):				
– Quarter ended 30 September	0.975	2.700	0.673	0.837
– Quarter ended 31 December	0.975	2.700	—	0.837
– Quarter ended 31 March	0.975	2.125	—	0.659
– Quarter ended 30 June	0.975	2.125	0.975	0.659
	3.900	**9.650**	**1.648**	**2.992**
	$m	$m	$m	$m
The total amounts of these distributions were:				
– Quarter ended 30 September	26.6	34.1	18.4	10.6
– Quarter ended 31 December	26.6	34.1	—	10.6
– Quarter ended 31 March	26.6	38.0	—	11.7
– Quarter ended 30 June	26.6	38.4	26.6	11.9
	106.4	**144.6**	**45.0**	**44.8**
Distributions to external non-controlling interest	0.9	0.8	0.9	0.8
Total distributions paid or payable	**107.3**	**145.4**	**45.9**	**45.6**

The distribution for the quarter ended 30 June 2009 was recognised in the 2009 financial year and paid on 31 August 2009. The distribution for the quarter ended 30 June 2010 was recognised in the 2010 financial year and will be paid on 31 August 2010.

4. EARNINGS PER UNIT

	ING Office Fund		Prime Credit Property Trust	
	2010	2009	2010	2009
a) Per stapled unit				
Profit/(loss) attributable to unitholders ($ million)	42.5	(764.2)	na	na
Weighted average number of units outstanding (millions)	2,707.0	1,534.8	na	na
Basic and diluted earnings per unit (cents)	1.6	(49.8)	na	na
b) Per unit of each Trust				
Profit/(loss) attributable to unitholders ($ million)	37.1	(300.9)	5.4	(463.3)
Weighted average number of units outstanding (millions)	2,707.0	1,534.8	2,707.0	1,534.8
Basic and diluted earning per unit (cents)	1.4	(19.6)	0.2	(30.2)

5. INCOME TAX EXPENSE

		ING Office Fund		Prime Credit Property Trust	
	Note	2010 $m	2009 $m	2010 $m	2009 $m
a) Income tax benefit					
Current tax		2.5	(0.1)	(0.8)	0.9
Increase/(decrease) in deferred tax liabilities	13	(9.0)	(71.3)	0.7	(70.6)
		(6.5)	**(71.4)**	**(0.1)**	**(69.7)**
b) Reconciliation between tax expense and pre-tax net profit					
Profit/(loss) before income tax		39.2	(849.8)	8.5	(547.2)
Income tax at the Australian tax rate of 30% (2009: 30%)		11.8	(254.9)	2.6	(164.2)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:					
– Australian income		(14.6)	130.9	(0.8)	65.3
– Other non-taxable income		(4.3)	23.4	(4.1)	—
– Difference between Australian and foreign tax rates		1.0	19.3	1.3	19.3
– Movement in deferred tax assets not recognised		(0.4)	9.9	0.9	9.9
Income tax benefit		**(6.5)**	**(71.4)**	**(0.1)**	**(69.7)**

6. CASH AND CASH EQUIVALENTS

		ING Office Fund		Prime Credit Property Trust	
	Note	2010 $m	2009 $m	2010 $m	2009 $m
Cash at bank and in hand	19	26.0	15.8	17.7	7.1
Short term deposits	19	2.8	3.0	0.8	1.8
		28.8	**18.8**	**18.5**	**8.9**

7. TRADE AND OTHER RECEIVABLES

		ING Office Fund		Prime Credit Property Trust	
	Note	2010 $m	2009 $m	2010 $m	2009 $m
Current	19				
Rental and other amounts due[1]		5.6	7.5	3.1	2.8
Receivables from equity accounted investments	21	0.9	1.6	0.7	0.7
Allowance for impairment loss		(0.3)	(0.3)	(0.2)	(0.1)
Accrued income, prepayments and deposits		0.3	0.4	0.2	0.1
		6.5	**9.2**	**3.8**	**3.5**
Non-current	19				
Loan to equity accounted investments	21	73.4	87.7	—	—
Loan to stapled entity[2]		—	—	198.6	—
		73.4	**87.7**	**198.6**	—

1) Rental and other amounts due are receivable within 30 days.
2) The loan to Armstrong Jones Office Fund is interest free and payable on demand.

8. DERIVATIVES

		ING Office Fund		Prime Credit Property Trust	
	Note	2010 $m	2009 $m	2010 $m	2009 $m
Current assets	19				
Forward foreign exchange contracts		3.4	0.7	0.6	0.7
Non-current assets	19				
Forward foreign exchange contracts		6.8	—	0.2	—
Current liabilities	19				
Forward foreign exchange contracts		—	3.8	—	—
Interest rate swap contracts		5.1	20.8	—	2.8
		5.1	**24.6**	—	**2.8**
Non-current liabilities	19				
Forward foreign exchange contracts		0.3	—	0.3	—
Interest rate swap contracts		19.7	32.5	10.8	17.3
		20.0	**32.5**	**11.1**	**17.3**

9. INVESTMENT PROPERTIES

a) Summary of carrying amounts

	ING Office Fund		Prime Credit Property Trust	
	2010 $m	2009 $m	2010 $m	2009 $m
Current	—	37.9	—	37.9
Non-current	1,923.8	2,158.2	1,033.3	1,198.6
	1,923.8	**2,196.1**	**1,033.3**	**1,236.5**

b) Individual valuations and carrying amounts

Property	Date of purchase	Cost to date $m	Latest external valuation Date	Latest external valuation Valuation $m	Carrying amount 2010 $m	Carrying amount 2009 $m	Capitalisation rate 2010 %	Capitalisation rate 2009 %	Discount rate 2010 %	Discount rate 2009 %
Current										
Prime Credit Property Trust [1]										
412 St Kilda Rd – Melbourne Vic	Jun 96	—	—	—	—	37.9	—	8.5%	—	9.5%
		—		—	—	**37.9**	—	**8.5%**	—	**9.5%**
Non-current										
Armstrong Jones Office Fund										
10-20 Bond St – Sydney NSW [5]	Jun 89	366.1	Dec 09	85.0	96.5	109.0	7.5%	7.3%	9.3%	9.3%
Hitachi Complex – Brisbane Qld	Jul 98	120.7	Jun 10	178.5	178.5	188.5	8.8%	8.5%	9.5%	9.5%
347 Kent St – Sydney NSW	Jan 99	190.0	Jun 10	250.0	250.0	244.0	6.8%	6.8%	9.0%	9.0%
Times Square – 16-18 Mort St Canberra ACT	Mar 01	57.3	Dec 09	48.1	45.4	48.1	9.0%	9.5%	9.8%	9.5%
QBE House – 628 Bourke St Melbourne Vic	Oct 01	80.1	Dec 09	82.6	82.6	85.0	8.5%	8.8%	9.5%	9.8%
Wellington Central – Perth WA	Sep 07	83.9	Jun 10	62.5	62.5	60.0	8.5%	8.8%	9.8%	9.8%
NRMA Centre – 388 George St Sydney NSW	Oct 02	158.6	Jun 10	175.0	175.0	170.5	7.0%	7.0%	9.0%	9.0%
Budejovicka Alej – Prague Czech Republic	Jun 06	—	—	—	—	54.5	—	6.8%	—	9.8%
		1,056.7		**881.7**	**890.5**	**959.6**	**7.7%**	**7.7%**	**9.3%**	**9.3%**

9. INVESTMENT PROPERTIES (CONTINUED)

Property	Date of purchase	Cost to date $m	Latest external valuation Date	Latest external valuation Valuation $m	Carrying amount 2010 $m	Carrying amount 2009 $m	Capitalisation rate 2010 %	Capitalisation rate 2009 %	Discount rate 2010 %	Discount rate 2009 %
Prime Credit Property Trust										
990 Whitehorse Rd – Box Hill Vic	Jun 92	—	—	—	—	42.5	—	9.0%	—	9.5%
Royal Mint Centre – 383 Latrobe St Melbourne Vic	Feb 94	33.7	Jun 10	47.5	47.5	47.2	9.5%	9.0%	9.8%	9.8%
1230 Nepean Hwy – Cheltenham Vic	Jul 94	38.6	Dec 09	21.5	21.5	22.7	9.3%	9.0%	9.8%	9.3%
Coles Group Headquarters – 800 Toorak Rd Tooronga Vic	Jun 97	61.4	Jun 10	60.0	60.0	61.8	8.8%	8.0%	9.3%	9.3%
Australian Government Centre – Brisbane Qld	May 98	147.4	Dec 09	246.0	255.0	263.0	8.6%	8.5%	9.4%	9.3%
Campus MLC 105-151 Miller St – North Sydney NSW	Dec 98	116.2	Jun 10	141.0	141.0	149.0	8.3%	7.8%	9.5%	9.0%
151 Clarence St – Sydney NSW	Nov 02	59.6	Jun 10	76.5	76.5	74.8	8.0%	8.3%	9.3%	9.3%
111 Pacific Hwy – North Sydney NSW	May 04	113.5	Dec 09	102.7	103.7	108.8	8.3%	8.0%	9.8%	9.3%
Computer Associates Plaza – Plano Texas USA	Aug 04	66.5	Jun 09	49.8	42.1	51.9	8.5%	9.0%	9.0%	9.5%
Noblis Headquarters – Falls Church Wash DC USA	Aug 04	—	—	—	—	89.3	—	7.9%	—	8.5%
Homer Building – 601 13th St Wash DC USA	May 05[6]	280.3	Dec 09	277.2	286.0	287.6	7.1%	7.1%	8.0%	8.0%
		917.2		**1,022.2**	**1,033.3**	**1,198.6**	**8.1%**	**8.0%**	**9.1%**	**8.9%**
		1,973.9		**1,903.9**	**1,923.8**	**2,158.2**	**7.9%**	**7.9%**	**9.1%**	**9.1%**
Total investment properties		**1,973.9**		**1,903.9**	**1,923.8**	**2,196.1**	**7.9%**	**7.9%**	**9.1%**	**9.1%**

1) Investment properties that are held for sale and are expected to be realised within twelve months after the reporting date are classified as current.
2) Investment property that has not been valued by external valuers at reporting date is carried at the Responsible Entity's estimate of fair value in accordance with the accounting policy detailed at note 1(m). The cost of a property acquired during the year approximates its fair value.
3) Valuations made in a foreign currency have been converted at the rate of exchange ruling at reporting date.
4) Weighted average capitalisation and discount rates exclude properties for which no rate is cited.
5) Tenants occupying approximately 80% of 10-20 Bond Street vacated at the end of December 2009. Assumptions included in the determination of the fair value of this property include re-leasing in three equal stages commencing in January 2011 and completing in June 2012.
6) An additional 30% interest in the partnership owning this property was acquired in November 2005.

9. INVESTMENT PROPERTIES (CONTINUED)

c) Movements in carrying amounts

	ING Office Fund		Prime Credit Property Trust	
	2010 $m	2009 $m	2010 $m	2009 $m
Completed investment property				
Carrying amount at beginning of year	2,196.1	2,481.5	1,236.5	1,432.9
Exchange rate fluctuations	(22.9)	105.6	(21.8)	101.2
Additions to existing property	42.0	25.4	22.2	17.1
Transferred from property under construction	—	82.7	—	—
Disposals	(214.7)	—	(161.3)	—
Amortisation of tenant incentives	(6.7)	(8.5)	(5.9)	(7.1)
Straight line lease revenue recognition	3.6	4.1	0.9	2.7
Net change in fair value	(73.6)	(494.7)	(37.3)	(310.3)
Carrying amount at end of year	**1,923.8**	**2,196.1**	**1,033.3**	**1,236.5**
Property under construction				
Carrying amount at beginning of year	—	56.3	—	—
Additions	—	26.4	—	—
Transferred to investment property	—	(82.7)	—	—
Carrying amount at end of year	—	—	—	—

d) Tenant incentives and leasing commissions

	ING Office Fund		Prime Credit Property Trust	
	2010 $m	2009 $m	2010 $m	2009 $m
Cost	64.0	59.5	54.8	52.9
Accumulated amortisation	(24.9)	(17.3)	(21.5)	(14.8)
	39.1	**42.2**	**33.3**	**38.1**

e) Leasing arrangements

	ING Office Fund		Prime Credit Property Trust	
	2010 $m	2009 $m	2010 $m	2009 $m
Within one year	146.7	191.4	79.0	124.6
Later than one year but not later than five years	491.1	500.4	209.6	308.5
Later than five years	208.9	324.2	71.6	125.6
	846.7	**1,016.0**	**360.2**	**558.7**

10. EQUITY ACCOUNTED INVESTMENTS

a) Details of investments

Name	Principal activity	Ownership interest 2010	Ownership interest 2009
Armstrong Jones Office Fund			
DOF Master Fund CV[1]	Real estate investment	13.4%	13.4%
DOF Master Fund CVII[1]	Real estate investment	13.4%	13.4%
DOF Development Fund CV[1]	Real estate investment	13.4%	13.4%
ING Reboi SA	Real estate investment	50.0%	50.0%
Neuilly Victor Hugo	Real estate investment	50.0%	50.0%
Prime Credit Property Trust			
2980 Fairview Park LLC	Real estate investment	50.0%	50.0%
900 Third Avenue LP[2]	Real estate investment	49.0%	49.0%
Waltham Winter Street group	Real estate investment	50.0%	50.0%

1) This investment is equity accounted because the Group retains significant influence by reason of its participation in policy-making processes, particularly decisions about financing and distributions.

2) The loan to value ratio on this property level facility is greater than the percentage specified by the loan agreement, however this does not constitute an event of default. The loan agreement allows for a twelve-month cure period from the test date of November 2009 to reduce the loan to value ratio, that is, November 2010. Terms have been agreed with the debt providers for waiver of the loan to value ratio covenant until March 2012.

	ING Office Fund		Prime Credit Property Trust	
	2010 $m	2009 $m	2010 $m	2009 $m
b) Share of assets and liabilities				
Total assets	910.3	1,091.1	274.2	289.5
Total liabilities	(399.9)	(434.7)	(175.0)	(178.4)
Net assets	**510.4**	**656.4**	**99.2**	**111.1**
c) Share of results				
Revenue	88.5	107.3	29.1	40.3
Gain/(loss) on change in fair value of:				
– Investment properties	(49.8)	(301.0)	(6.7)	(208.1)
– Derivatives	(6.7)	(17.6)	(5.4)	(13.2)
Expenses	(54.9)	(65.2)	(23.8)	(28.2)
Loss before income tax	(22.9)	(276.5)	(6.8)	(209.2)
Income tax benefit/(expense)	(0.1)	2.2	—	—
Loss for the year	**(23.0)**	**(274.3)**	**(6.8)**	**(209.2)**

11. PAYABLES

	Note	ING Office Fund 2010 $m	ING Office Fund 2009 $m	Prime Credit Property Trust 2010 $m	Prime Credit Property Trust 2009 $m
Current liabilities					
Trade payables		17.6	14.8	12.0	12.3
Payables to equity accounted investments	21	5.9	4.4	—	—
Loan from stapled entity [1]		—	—	—	11.0
Other payables		6.4	4.2	2.6	—
		29.9	**23.4**	**14.6**	**23.3**
Non-current liabilities					
Other payables		—	**0.7**	—	—

1) The loan from Armstrong Jones Office Fund is interest free and payable on demand.

12. BORROWINGS

	Note	ING Office Fund 2010 $m	ING Office Fund 2009 $m	Prime Credit Property Trust 2010 $m	Prime Credit Property Trust 2009 $m
Non-current liabilities					
Syndicated bank debt	(a)	215.8	768.8	—	138.5
Other external debt	(b)	186.8	233.8	186.8	193.9
		402.6	**1,002.6**	**186.8**	**332.4**

a) Bank debt

The syndicated bank debt had two tranches: the first had a limit of $570.0 million expiring in June 2010, and the second has a limit of $855.0 million expiring in June 2012. The first Tranche was cancelled during the year. The undrawn facility at 30 June 2010 was $638.8 million (2009: $86.2 million) for the remaining tranche. The borrowing at reporting date was $26.6 million denominated in Australian dollars and $189.2 million denominated in Euros (2009: $147.6 million and $621.2 million respectively). Prime Group borrowings under the syndicated bank debt was nil at reporting date (2009: $138.5 million denominated in Australian dollars).

The facility has a number of market standard terms and conditions including a negative pledge and undertakings that include the maintenance of the following financial ratios:

i) total look-through liabilities will not exceed 50% of look-through total tangible assets; and

ii) earnings before borrowing costs and taxation will not be less than 2.5 times borrowing costs.

b) Other external debt

This formerly comprised two loans. The liability under the first loan at reporting date was nil (2009: $39.9 million), denominated in Euros. The subsidiary that is the borrower was sold on 11 August 2009.

The liability under the other loan was $186.8 million (2009: $193.9 million), including minority interest share, denominated in United States dollars. The Homer Building in Washington, DC that is pledged as security for this loan had a carrying amount at reporting date of $286.0 million (2009: $287.6 million), including minority interest share. This loan matures in January 2012.

13. DEFERRED TAX

	ING Office Fund		Prime Credit Property Trust	
	2010 $m	2009 $m	2010 $m	2009 $m
The balance comprises temporary differences attributable to investment properties	22.5	36.3	22.5	22.6
Deferred tax (benefit)/expense recognised in the income statement in respect of deferred tax liabilities is attributable to temporary differences arising from investment properties	(9.0)	(71.3)	0.7	(70.6)
Deductible temporary differences for which no deferred tax asset has been recognised	47.2	31.7	47.2	31.7
Potential tax benefit	**7.1**	**4.8**	**7.1**	**4.8**

14. ISSUED UNITS

a) Carrying amounts

		ING Office Fund		Prime Credit Property Trust	
	Note	2010 $m	2009 $m	2010 $m	2009 $m
At beginning of year		1,906.7	1,494.0	1,082.1	875.6
Issued during the year:					
– Placements and rights issues		415.2	414.5	207.6	207.2
– Distribution reinvestment plan		—	12.1	—	6.1
– Unit issue costs		(13.7)	(13.5)	(6.8)	(6.7)
– Transfer to retained profits	(d)	—	(0.4)	—	(0.1)
At end of year		**2,308.2**	**1,906.7**	**1,282.9**	**1,082.1**
The closing balance is attributable to the unitholders of:					
– Armstrong Jones Office Fund		1,025.3	824.6	—	—
– Prime Credit Property Trust		1,282.9	1,082.1	1,282.9	1,082.1
		2,308.2	**1,906.7**	**1,282.9**	**1,082.1**

b) Number of issued units

	ING Office Fund		Prime Credit Property Trust	
	2010 millions	2009 millions	2010 millions	2009 millions
At beginning of year	1,806.5	1,263.3	1,806.5	1,263.3
Issued during the year:				
– Placements and rights issues	922.6	518.1	922.6	518.1
– Distribution reinvestment plan	—	25.1	—	25.1
At beginning and end of year	**2,729.1**	**1,806.5**	**2,729.1**	**1,806.5**

14. ISSUED UNITS (CONTINUED)

c) Terms of units

All units are fully paid and rank equally with each other for all purposes. Each unit entitles the holder to one vote, in person or by proxy, at a meeting of unitholders.

d) Transfer to retained profits

The transfer to retained profits represents the portion of distributions paid to holders of new units for that part of the period to which the distribution relates that occurred before the issue of the units.

15. RESERVES

	ING Office Fund		Prime Credit Property Trust	
	2010 $m	2009 $m	2010 $m	2009 $m
Foreign currency translation				
Balance at beginning of year	(46.2)	(48.7)	(74.2)	(49.7)
Translation differences arising during the year	(103.0)	2.5	(20.5)	(24.5)
Balance at end of year	**(149.2)**	**(46.2)**	**(94.7)**	**(74.2)**
Share of reserve for net loss on cash flow hedge held by equity accounted investment				
Balance at beginning of year	(2.7)	—	—	—
Transfer to reserve	(0.1)	(2.7)	—	—
Balance at end of year	**(2.8)**	**(2.7)**	—	—
Total reserves at end of year	**(152.0)**	**(48.9)**	**(94.7)**	**(74.2)**
The closing balance is attributable to the unitholders of:				
– Armstrong Jones Office Fund	(57.3)	25.3	—	—
– Prime Credit Property Trust	(94.7)	(74.2)	(94.7)	(74.2)
	(152.0)	**(48.9)**	**(94.7)**	**(74.2)**

The foreign currency translation reserve records exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to record the effect of hedging net investments in foreign operations.

The share of reserve for net loss on cash flow hedge held by equity accounted investments is used to record the Group's share of the equity accounted investment's loss on a hedge instrument in a cash flow hedge that is determined to be an effective hedge.

16. RETAINED EARNINGS

		ING Office Fund		Prime Credit Property Trust	
	Note	2010 $m	2009 $m	2010 $m	2009 $m
Balance at beginning of year		(66.1)	842.3	(76.2)	431.8
Net profit/(loss) for the year		42.5	(764.2)	5.4	(463.3)
Transfer from issued units	14	—	0.4	—	0.1
– Distributions paid or payable	3	(106.4)	(144.6)	(45.0)	(44.8)
Balance at end of year		**(130.0)**	**(66.1)**	**(115.8)**	**(76.2)**

17. COMMITMENTS

Commitments for capital expenditure on investment property contracted but not provided for at reporting date were payable as follows:

	ING Office Fund		Prime Credit Property Trust	
	2010 $m	2009 $m	2010 $m	2009 $m
Within one year	56.3	24.5	29.8	17.6
Later than one year but not later than five years	10.7	5.4	10.7	4.2
Later than five years	—	0.5	—	0.5
	67.0	**30.4**	**40.5**	**22.3**

The Group leases the land on which one of its investment properties is built; the lease has a remaining term of 94 years.

Future minimum rental payments under the non-cancellable operating lease at reporting date were:

	2010 $m	2009 $m
Within one year	1.6	1.6
Later than one year but not later than five years	6.3	6.3
Later than five years	139.6	141.2
	147.5	**149.1**

18. CAPITAL MANAGEMENT

The Group aims to meet its strategic objectives and operational needs and to maximise returns to unitholders through the appropriate use of debt and equity, while taking account of the additional financial risks of higher debt levels.

In determining the optimal capital structure, the Group takes into account a number of factors, including the views of investors and the market in general, the capital needs of its portfolio, the relative cost of debt versus equity, the execution risk of raising equity or debt, and the additional financial risks of debt including increased volatility of earnings due to exposure to interest rate movements, the liquidity risk of maturing debt facilities and the potential for acceleration prior to maturity.

In assessing this risk, the Group takes into account the relative security of its income flows, the predictability of its expenses, its debt profile, the degree of hedging and the overall level of debt as measured by gearing.

The actual capital structure at a point in time is the product of a number of factors, many of which are market driven and to various degrees outside of the control of the Group, particularly the impact of revaluations on gearing levels, the availability of new equity and the liquidity in real estate markets. While the Group periodically determines the optimal capital structure, the ability to achieve the optimal structure may be impacted by market conditions and the actual position may often differ from the optimal position. The Group's capital position is primarily monitored through its ratio of total liabilities to total assets ("Leverage Ratio"), calculated on a look-through basis, in which the Group's interest in its joint ventures and associates are proportionately consolidated based on the Group's ownership interest. The Group's medium term strategy is to maintain the Leverage Ratio in the range of 25% to 35%. At 30 June 2010, the Leverage Ratio was 28.8%, compared to 45.3% at 30 June 2009, calculated as follows:

	ING Office Fund	
	2010 $m	2009 $m
Total consolidated liabilities	506.7	1,158.5
Plus share of liabilities of equity accounted investments	399.9	434.7
Less elimination of receivables from and payables to equity accounted investments	(80.2)	(93.7)
Total look-through liabilities	**826.4**	**1,499.5**
Total consolidated assets	2,553.1	2,968.9
Less equity accounted investments	(510.4)	(656.4)
Plus share of assets of equity accounted investments	910.3	1,091.1
Less elimination of receivables from and payables to equity accounted investments	(80.2)	(93.7)
Total look-through assets	**2,872.8**	**3,309.9**
Leverage ratio	**28.8%**	**45.3%**

18. CAPITAL MANAGEMENT (CONTINUED)

In addition, the Group monitors the ratio of debt to total assets ("Gearing Ratio"), calculated on a proportional consolidation basis. At 30 June 2010, the gearing ratio was 23.2%, compared to 39.2% at 30 June 2009, calculated as follows:

	ING Office Fund	
	2010 $m	2009 $m
Total consolidated borrowings	402.6	1,002.6
Plus share of debt of equity accounted investments	289.3	309.8
Less external non-controlling interest share of property level debt	(37.6)	(38.8)
Net look-through debt	**654.3**	**1,273.6**
Total consolidated assets	2,553.1	2,968.9
Less equity accounted investments	(510.4)	(656.4)
Plus share of assets of equity accounted investments	910.3	1,091.1
Less external non-controlling interest in assets	(57.4)	(57.5)
Less elimination of receivables from and payables to equity accounted investments	(80.2)	(93.7)
Total look-through assets	**2,815.4**	**3,252.4**
Gearing ratio	**23.2%**	**39.2%**

As part of a stapled entity, the Prime Group's capital is not separately managed. Any capital changes for the Group may result in consequential changes for the Prime Group.

19. FINANCIAL INSTRUMENTS

a) Introduction

The Group's principal financial instruments comprise receivables, payables, interest bearing liabilities, other financial liabilities, cash and short-term deposits and derivative financial instruments.

The main risks arising from the Group's financial instruments are interest rate risk, foreign exchange risk, credit risk and liquidity risk. The Group manages its exposure to these risks primarily through its Treasury Policy. The policy sets out various targets aimed at restricting the financial risk taken by the Group. Management reviews actual positions of the Group against these targets on a regular basis. If the target is not achieved, or forecast not to be achieved, a plan of action is, where appropriate, put in place with the aim of meeting the target within an agreed timeframe. Depending on the circumstances of the Group at a point in time, it may be that positions outside of the Treasury Policy are accepted and no plan of action is put in place to meet the Treasury targets, because, for example, the risks associated with bringing the Group into compliance outweigh the benefits. The adequacy of the Treasury Policy in addressing the risks arising from the Group's financial instruments is reviewed on a regular basis.

While the Group aims to meet its Treasury Policy targets, many factors influence their performance, and it is probable that at any one time it will not meet all its targets. For example, the Group may be unable to negotiate the extension of bank facilities sufficiently ahead of time, so that it fails to achieve its liquidity target. When refinancing loans it may be unable to achieve the desired maturity profile or the desired level of flexibility of financial covenants, because of the cost of such terms or their unavailability. Hedging instruments may not be available, or their cost may outweigh the benefit of risk reduction or they may introduce other risks such as mark to market risk. Changes in market conditions may limit the Group's ability to raise capital through the issue of units or sale of properties.

The main risks arising from the Prime Group's financial instruments are interest rate risk, foreign exchange risk, credit risk and liquidity risk. As part of a stapled entity, these risks are not separately managed. Management of these risks for the Group may result in consequential changes for the Prime Group.

19. FINANCIAL INSTRUMENTS (CONTINUED)

b) Interest rate risk

The Group's exposure to the risk of changes in market interest rates arises primarily from their use of borrowings. The main consequence of adverse changes in market interest rates is higher interest costs, reducing the Group's profits. In addition, one or more of the Group's loan agreements may include minimum interest cover covenants. Higher interest costs resulting from increases in market interest rates may result in these covenants being breached, providing the lender the right to call in the loan or to increase the interest rate applied to the loan.

The Group manages the risk of changes in market interest rates by maintaining an appropriate mix of fixed and floating rate borrowings. Fixed rate debt is achieved either through fixed rate debt funding or through derivative financial instruments permitted under the Treasury Policy. The policy sets minimum and maximum levels of fixed rate exposure over a ten-year time horizon.

As part of a stapled entity, the Prime Group's interest rate risk is not separately managed. Management of this risk for the Group may result in consequential changes for the Prime Group.

At 30 June 2010, after taking into account the effect of interest rate swaps, approximately 93% of the Group's borrowings are at a fixed rate of interest (30 June 2009: 87%) (Prime Group: 100%; 30 June 2009: 58%).

Exposure to changes in market interest rates also arises from financial assets such as cash deposits and loan receivables subject to floating interest rate terms. Changes in market interest rates will also change the fair value of any interest rate hedges.

c) Interest rate risk exposure

The Group's exposure to interest rate risk and the effective interest rates on financial instruments at reporting date was:

	ING Office Fund				
		Fixed interest maturing in:			
30 June 2010	Floating interest rate	Less than 1 year	1 to 5 years	More than 5 years	Total
Principal amounts $m					
Financial assets					
Cash at bank	26.0	—	—	—	26.0
Short term deposits	2.8	—	—	—	2.8
Loans to equity accounted investments	—	—	—	73.4	73.4
Financial liabilities					
Bank debt denominated in AUD	26.6	—	—	26.6	
Bank debt denominated in €	189.2	—	—	—	189.2
Other external debt denominated in USD	—	—	186.8	—	186.8
Interest rate swaps:					
– denominated in USD; Groups pay fixed rate [1]	(118.9)	—	118.9	—	—
– denominated in €; Groups pay fixed rate	(189.2)	—	189.2	—	—
Weighted average interest rates					
Financial assets					
Cash at bank	3.5%	—	—	—	na
Short term deposits	4.5%	—	—	—	na
Loans to equity accounted investments	—	—	—	6.0%	na
Financial liabilities					
Bank debt denominated in AUD	5.3%	—	—	—	na
Bank debt denominated in €	1.3%	—	—	—	na
Other external debt denominated in USD	—	—	5.4%	—	na
Interest rate swaps:					
– denominated in USD; Fund pays fixed rate	0.5%	—	4.7%	—	na
– denominated in €; Fund pays fixed rate	0.8%	—	3.9%	—	na

1) This is a forward start interest rate swap for 100 million United States dollars commencing on 19 February 2012 for a term of seven years at a fixed rate of 4.67%.

19. FINANCIAL INSTRUMENTS (CONTINUED)

Other financial instruments of the Group not included in the above tables are non-interest bearing and are therefore not subject to interest rate risk.

The Group's exposure to interest rate risk and the effective interest rates on financial instruments at the end of the previous financial year was:

	ING Office Fund				
		Fixed interest maturing in:			
30 June 2009	Floating interest rate	Less than 1 year	1 to 5 years	More than 5 years	Total
Principal amounts $m					
Financial assets					
Cash at bank	15.8	—	—	—	15.8
Short term deposits	3.0	—	—	—	3.0
Loans to equity accounted investments	—	—	—	87.7	87.7
Financial liabilities					
Bank debt denominated in AUD	147.6	—	—	—	147.6
Bank debt denominated in €	621.2	—	—	—	621.2
Other external debt denominated in USD	—	—	193.9	—	193.9
Other external debt denominated in €	39.9	—	—	—	39.9
Interest rate swaps:					
– denominated in USD; Groups pay fixed rate [1]	(241.8)	—	241.8	—	—
– denominated in €; Groups pay fixed rate	(678.2)	—	678.2	—	—
Weighted average interest rates					
Financial assets					
Cash at bank	2.7%	—	—	—	na
Short term deposits	3.0%	—	—	—	na
Loans to equity accounted investments	—	—	—	6.0%	na
Financial liabilities					
Bank debt denominated in AUD	3.8%	—	—	—	na
Bank debt denominated in €	1.3%	—	—	—	na
Other external debt denominated in USD	—	—	5.4%	—	na
Other external debt denominated in €	1.1%	—	—	—	na
Interest rate swaps:					
– denominated in USD; Fund pays fixed rate	0.6%	—	4.8%	—	na
– denominated in €; Fund pays fixed rate	1.1%	—	3.9%	—	na

1) This was made up of two forward start interest rate swaps, the first is for 95 million United States dollars commencing on 19 August 2009 for a term of five years at a fixed rate of 4.99%, the second is for 100 million United States dollars commencing on 19 May 2010 for a term of seven years at a fixed rate of 4.67%.

19. FINANCIAL INSTRUMENTS (CONTINUED)

The Prime Group's exposure to interest rate risk and the effective interest rates on financial instruments at reporting date was:

	Prime Credit Property Trust				
		Fixed interest maturing in:			
30 June 2010	Floating interest rate	Less than 1 year	1 to 5 years	More than 5 years	Total
Principal amounts $m					
Financial assets					
Cash at bank	17.7	—	—	—	17.7
Short term deposits	0.8	—	—	—	0.8
Financial liabilities					
Other external debt denominated in USD	—	—	186.8	—	186.8
Interest rate swaps:					
– denominated in USD; Group pays fixed rate [1]	(118.9)	—	118.9	—	—
Weighted average interest rates					
Financial assets					
Cash at bank	3.9%	—	—	—	na
Short term deposits	4.5%	—	—	—	na
Financial liabilities					
Other external debt denominated in USD	—	—	5.4%	—	na
Interest rate swaps:					
– denominated in USD; Fund pays fixed rate	0.5%	—	4.7%	—	na

1) This is a forward start interest rate swap for 100 million United States dollars commencing on 19 February 2012 for a term of seven years at a fixed rate of 4.67%.

19. FINANCIAL INSTRUMENTS (CONTINUED)

The Prime Group's exposure to interest rate risk and the effective interest rates on financial instruments at the end of the previous financial year was:

	Prime Credit Property Trust				
		Fixed interest maturing in:			
30 June 2009	Floating interest rate	Less than 1 year	1 to 5 years	More than 5 years	Total
Principal amounts $m					
Financial assets					
Cash at bank	7.1	—	—	—	7.1
Short term deposits	1.8	—	—	—	1.8
Financial liabilities					
Bank debt denominated in AUD	138.5	—	—	—	138.5
Other external debt denominated in USD	—	—	193.9	—	193.9
Interest rate swaps:					
– denominated in USD; Group pays fixed rate (1)	(241.8)	—	241.8	—	—
Weighted average interest rates					
Financial assets					
Cash at bank	2.7%	—	—	—	na
Short term deposits	3.0%	—	—	—	na
Financial liabilities					
Bank debt denominated in AUD	3.8%	—	—	—	na
Other external debt denominated in USD	—	—	5.4%	—	na
Interest rate swaps:					
– denominated in USD; Fund pays fixed rate	—	—	4.8%	—	na

1) This was made up of two forward start interest rate swaps, the first is for 95 million United States dollars commencing on 19 August 2009 for a term of five years at a fixed rate of 4.99%, the second is for 100 million United States dollars commencing on 19 May 2010 for a term of seven years at a fixed rate of 4.67%.

d) Interest rate sensitivity analysis

The impact of an increase or decrease in average interest rates of 1% (100 basis points) at reporting date, with all other variables held constant, is illustrated in the tables below. This analysis is based on the interest rate risk exposures in existence at balance sheet date. As both Groups have no derivatives that meet the documentation requirements to qualify for hedge accounting, there would be no impact on unitholders' interest (apart from the effect on profit).

19. FINANCIAL INSTRUMENTS (CONTINUED)

i) Increase in average interest rates of 1%

The effect on net interest expense for one year would have been:

	ING Office Fund		Prime Credit Property Trust	
	Effect on profit after tax Higher/(lower)			
	2010 $m	2009 $m	2010 $m	2009 $m
Variable interest rate instruments denominated in:				
Australian dollars	(0.1)	(1.4)	—	(1.3)
Euros	—	(0.9)	—	—
	(0.1)	**(2.3)**	—	**(1.3)**

The effect on change in fair value of derivatives would have been:

	ING Office Fund		Prime Credit Property Trust	
	Effect on profit after tax Higher/(lower)			
	2010 $m	2009 $m	2010 $m	2009 $m
Variable interest rate instruments denominated in:				
Euros	5.8	21.7	—	—
United States dollars	3.6	11.0	3.6	11.0
	9.4	**32.7**	**3.6**	**11.0**

19. FINANCIAL INSTRUMENTS (CONTINUED)

ii) Decrease in average interest rates of 1%

The effect on net interest expense for one year would have been:

	ING Office Fund		Prime Credit Property Trust	
	Effect on profit after tax Higher/(lower)			
	2010 $m	2009 $m	2010 $m	2009 $m
Variable interest rate instruments denominated in:				
Australian dollars	0.1	1.4	—	1.3
Euros	—	0.9	—	—
	0.1	**2.3**	—	**1.3**

The effect on change in fair value of derivatives would have been:

	ING Office Fund		Prime Credit Property Trust	
	Effect on profit after tax Higher/(lower)			
	2010 $m	2009 $m	2010 $m	2009 $m
Variable interest rate instruments denominated in:				
Euros	(6.2)	(22.8)	—	—
United States dollars	(3.8)	(11.6)	(3.8)	(11.6)
	(10.0)	**(34.4)**	**(3.8)**	**(11.6)**

19. FINANCIAL INSTRUMENTS (CONTINUED)

e) Foreign exchange risk

By holding properties in offshore markets, the Group is exposed to the risk of movements in foreign exchange rates. Foreign exchange rate movements may reduce the Australian dollar equivalent of the carrying value of the Group's offshore properties, and may result in lower Australian dollar equivalent proceeds when an offshore property is sold. In addition, foreign exchange rate movements may reduce the Australian dollar equivalent of the earnings from the offshore properties while they are owned by the Group.

The Group reduces its exposure to the foreign exchange risk inherent in the carrying value of their offshore properties and interests in offshore investments by partly or wholly funding their acquisition using borrowings denominated in the particular offshore currency, and by using derivatives. The Group's Treasury Policy sets a target for minimum and maximum hedging of the carrying value of its offshore properties.

Fully hedging the value of offshore properties and interests in offshore investments exposes the Group to the risk that foreign exchange rate movements cause the Group's Leverage Ratios to increase. To reduce this risk, the Group has closed out their foreign exchange derivatives and redenominated their foreign currency borrowings under their syndicated bank facilities. As a result, the foreign exchange risk inherent in the carrying value of its offshore properties is now hedged solely by the offshore liabilities of the Group and of its equity accounted investments, leaving the equity value of the Group's investments in Europe and the United States of America exposed to adverse movements in foreign exchange rates.

The Group's exposure to the impact of exchange rate movements on its earnings from its offshore properties is partly mitigated by the foreign denominated interest expense of its foreign denominated borrowings and any derivative hedges. The Group aims to reduce any residual exposure to its earnings arising because of its investment in offshore markets by using forward exchange contracts. The Treasury Policy sets out targets of minimum and maximum hedging of its earnings from offshore properties over a five-year time horizon.

As part of a stapled entity, the Prime Group's foreign exchange risk is not separately managed. Management of this risk for the Group may result in consequential changes for the Prime Group.

f) Net foreign currency exposure

The Group's net foreign currency monetary exposure, after taking into account the effect of foreign exchange derivatives, as at reporting date is shown in the following table. The net foreign currency exposure reported is of foreign currencies held by entities whose functional currency is the Australian dollar. It excludes assets and liabilities of entities, including the Group's European and United States subsidiaries and equity accounted investments, whose functional currency is not the Australian dollar.

	ING Office Fund		Prime Credit Property Trust	
	Net foreign currency asset/(liability)			
	2010 $m	2009 $m	2010 $m	2009 $m
Euros	(120.4)	(269.9)	—	—
United States dollars	0.2	0.3	0.2	0.3
	(120.2)	**(269.6)**	**0.2**	**0.3**

19. FINANCIAL INSTRUMENTS (CONTINUED)

g) Foreign exchange sensitivity analysis

The impact of an increase or decrease in average foreign exchange rates of 10% at reporting date, with all other variables held constant, is illustrated in the tables below. This analysis is based on the foreign exchange risk exposures in existence at balance sheet date. In these tables, the effect on unitholders' interest excludes the effect on profit after tax.

i) Effect of appreciation in Australian dollar of 10%:

	ING Office Fund		Prime Credit Property Trust	
	Effect on profit after tax Higher/(lower)			
	2010 $m	2009 $m	2010 $m	2009 $m
Foreign exchange risk exposures denominated in:				
Euros	22.8	(3.5)	—	—
United States dollars	1.1	1.5	1.1	1.5
	23.9	**(2.0)**	**1.1**	**1.5**

ii) Effect of depreciation in Australian dollar of 10%:

	ING Office Fund		Prime Credit Property Trust	
	Effect on profit after tax Higher/(lower)			
	2010 $m	2009 $m	2010 $m	2009 $m
Foreign exchange risk exposures denominated in:				
Euros	(23.7)	10.4	—	—
United States dollars	(1.3)	(1.8)	(1.3)	(1.8)
	(25.0)	**8.6**	**(1.3)**	**(1.8)**

The Responsible Entity believes that the reporting date risk exposures are representative of the risk exposure inherent in the Group's financial instruments.

19. FINANCIAL INSTRUMENTS (CONTINUED)

These tables do not show the effect on equity that would occur from the translation of the financial statements of foreign operations because of the assumed 10% change in exchange rates.

h) Foreign exchange derivatives held

The following tables detail the forward exchange contracts, options and foreign exchange swaps outstanding at reporting date. These have been taken out to mitigate the effect of foreign exchange movements on the financial statements.

At balance sheet date, none of the following foreign exchange derivatives qualifies for hedge accounting and gains and losses arising from changes in fair value have been taken to the income statement. The consolidated gain for the year ended 30 June 2010 was $13.0 million (Prime Group $0.2 million loss) (30 June 2009: $51.8 million loss; Prime Group $37.3 million loss).

Forward foreign exchange contracts to receive Australian dollars and pay United States dollars were:

	Weighted average exchange rate		Principal amount			
Maturing	2010	2009	2010 AUD m	2010 USD m	2009 AUD m	2009 USD m
			ING Office Fund			
Within one year	0.6940	0.6940	3.9	2.7	6.1	4.2
Later than one year but not later than five years	0.7878	0.7616	9.9	7.8	13.7	10.4
			13.8	**10.5**	**19.8**	**14.6**
			Prime Credit Property Trust			
Within one year	0.6940	0.6940	3.9	2.7	6.1	4.2
Later than one year but not later than five years	0.7878	0.7616	9.9	7.8	13.7	10.4
			13.8	**10.5**	**19.8**	**14.6**

Forward foreign exchange contracts to receive Australian dollars and pay Euros were:

	Weighted average exchange rate		Principal amount			
Maturing	2010	2009	2010 AUD m	2010 EUR m	2009 AUD m	2009 EUR m
			ING Office Fund			
Within one year	0.5551	0.5669	16.6	9.2	399.5	226.5
Later than one year but not later than five years	0.5164	0.5179	41.8	21.6	45.0	23.3
			58.4	**30.8**	**444.5**	**249.8**

19. FINANCIAL INSTRUMENTS (CONTINUED)

i) Credit risk

Credit risk refers to the risk that a counterparty defaults on its contractual obligations resulting in a financial loss to each Group.

The major credit risk for both Groups is default by tenants, resulting in a loss of rental income while a replacement tenant is secured and further loss if the rent level agreed with the replacement tenant is below that previously paid by the defaulting tenant. In addition, a default of one the Groups' major tenants may trigger the right for one or more of the lenders to either Group to review or call in its loan.

Both Groups assess the credit risk of prospective tenants, the credit risk of in-place tenants when acquiring properties and the credit risk of existing tenants renewing upon expiry of their leases. Factors taken into account when assessing credit risk include the aggregate exposure the Groups may have to the prospective tenant if the counterparty is already a tenant in the portfolio; the strength of the prospective tenant's business; the level of its commitment to locating in the Groups' property; and any form of security, for example a rental bond, to be provided.

The decision to accept the credit risk associated with leasing space to a particular tenant is balanced against the risk of the potential financial loss of not leasing up vacant space.

Rent receivable balances are monitored on an ongoing basis and arrears actively followed up in order to reduce, where possible, the extent of any losses should the tenant subsequently default.

The Responsible Entity believes that both Groups' receivables that are neither past due nor impaired do not give rise to any significant credit risk.

Credit risk also arises from deposits placed with financial institutions and derivatives contracts that may have a positive value. Both Groups' Treasury Policy sets target limits for credit risk exposure with financial institutions and minimum counterparty credit ratings. Counterparty exposure is measured as the aggregate of all obligations of any single legal entity or economic entity to both Groups, after allowing for appropriate set offs which are legally enforceable.

Both Groups' maximum exposure to credit risk at reporting date in relation to each class of financial instrument is its carrying amount as reported in the balance sheet.

19. FINANCIAL INSTRUMENTS (CONTINUED)

j) Liquidity risk

The main objective of liquidity risk management is to reduce the risk that the Group does not have the resources available to meet its financial obligations and working capital and committed capital expenditure requirements. The Group's Treasury Policy sets a target for the level of cash and available undrawn debt facilities to cover future committed expenditure in the next year, loan maturities within the next six months and an allowance for unforeseen events such as tenant default.

The Group may also be exposed to contingent liquidity risk under its term loan facilities, where term loan facilities include covenants which if breached give the lender the right to call in the loan, thereby accelerating a cash flow which otherwise was scheduled for the loan maturity. The Group monitors adherence to loan covenants on a regular basis, and the Treasury Policy sets targets based on the ability to withstand adverse market movements and remain within loan covenant limits.

The Group monitors its debt expiry profile and aims to achieve staggered maturities, where possible, to reduce refinance risk in any one year. At present, the Group has not achieved the desired level of staggered maturities.

As part of a stapled entity, the Prime Group's liquidity risk is not separately managed. Management of this risk for the Group may result in consequential changes for the Prime Group.

The contractual maturities of the Group's non-derivative financial liabilities at reporting date are reflected in the following table. It shows the undiscounted contractual cash flows required to discharge the liabilities including interest at market rates. Foreign currencies have been converted at rates of exchange ruling at reporting date.

	ING Office Fund			
	Less than 1 year $m	1 to 5 years $m	More than 5 years $m	Total $m
		2010		
Trade & other payables	29.9	—	—	29.9
Borrowings	14.9	414.4	—	429.3
	44.8	**414.4**	**—**	**459.2**
		2009		
Trade & other payables	23.4	0.7	—	24.1
Borrowings	30.1	1,070.0	14.9	1,115.0
	53.5	**1,070.7**	**14.9**	**1,139.1**

19. FINANCIAL INSTRUMENTS (CONTINUED)

The contractual maturities of the Prime Group's non-derivative financial liabilities at reporting date, on the same basis, were:

	Prime Credit Property Trust			
	Less than 1 year $m	1 to 5 years $m	More than 5 years $m	Total $m
			2010	
Trade & other payables	14.6	—	—	14.6
Borrowings	10.3	193.4	—	203.7
	24.9	**193.4**	**—**	**218.3**
			2009	
Trade & other payables	23.3	—	—	23.3
Borrowings	16.6	369.5	—	386.1
	39.9	**369.5**	**—**	**409.4**

As of 1 July 2009, the Group has adopted the amendment to AASB 7 *Financial Instruments: Disclosures*, which requires separate disclosure of the contractual maturities of the Group's derivative liabilities and related derivative assets. These are reflected in the following table. It shows the undiscounted contractual cash flows required to discharge the liabilities including interest at market rates. Foreign currencies have been converted at rates of exchange ruling at reporting date. Comparative information has not been provided as permitted by the transitional provisions of the new rules.

	ING Office Fund			
	Less than 1 year $m	1 to 5 years $m	More than 5 years $m	Total $m
			2010	
Liabilities				
Derivative liabilities –net settled	(5.2)	(21.3)	(0.6)	(27.1)
Derivative liabilities –gross settled				
– Outflows	—	(7.2)	—	(7.2)
– Inflows	—	7.5	—	7.5
	(5.2)	**(21.0)**	**(0.6)**	**(26.8)**
Assets				
Derivative assets –gross settled				
– Outflows	(16.6)	(33.5)	—	(50.1)
– Inflows	20.4	44.2	—	64.6
	3.8	**10.7**	**—**	**14.5**

19. FINANCIAL INSTRUMENTS (CONTINUED)

The contractual maturities of Prime Group's derivative financial liabilities at reporting date, on the same basis, were:

	Prime Credit Property Trust			
	2010			
	Less than 1 year $m	1 to 5 years $m	More than 5 years $m	Total $m
Liabilities				
Derivative liabilities –net settled	—	(9.1)	(0.6)	(9.7)
Derivative liabilities –gross settled				
– Outflows	—	(7.2)	—	(7.2)
– Inflows	—	7.5	—	7.5
	—	**(8.8)**	**(0.6)**	**(9.4)**
Assets				
Derivative assets –gross settled				
– Outflows	(3.2)	(2.0)	—	(5.2)
– Inflows	3.8	2.3	—	6.1
	0.6	**0.3**	**—**	**0.9**

k) Fair value of financial assets and liabilities

As of 1 July 2009, the Group has adopted the amendment to AASB 7 *Financial Instruments: Disclosures*, which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Level 1: fair value is calculated using quoted prices in active markets;

Level 2: fair value is calculated using inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: fair value is calculated using inputs for the asset or liability that are not based on observable market data.

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs. The fair value of the listed equity investments are based on quoted market prices.

For financial instruments not quoted in active markets, the Group uses valuation techniques such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

Financial instruments that use valuation techniques with only observable market inputs or unobservable inputs that are not significant to the overall valuation include forward foreign exchange contract and interest rate swaps.

The Group does not have any level 3 instruments.

The following tables present both Groups' financial instruments that were measured and recognised at fair value at 30 June 2010. Comparative information has not been provided as permitted by the transitional provisions of the new rules.

19. FINANCIAL INSTRUMENTS (CONTINUED)

	ING Office Fund			
	2010			
	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Financial assets				
Derivatives	—	10.2	—	10.2
Financial liabilities				
Derivatives	—	(25.1)	—	(25.1)

	Prime Credit Property Trust			
	2010			
	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Financial assets				
Derivatives	—	0.8	—	0.8
Financial liabilities				
Derivatives	—	(11.1)	—	(11.1)

The carrying amounts of the Group's other financial instruments approximate their fair values, except for fixed rate debt as follows:

	ING Office Fund			
	2010		2009	
	Fair value $m	Carrying amount $m	Fair value $m	Carrying amount $m
Other external debt	200.7	186.8	214.3	193.9

	Prime Credit Property Trust			
	2010		2009	
	Fair value $m	Carrying amount $m	Fair value $m	Carrying amount $m
Other external debt	200.7	186.8	214.3	193.9

These fair values have been calculated by discounting the expected future cash flows at prevailing market interest rates varying from 1% to 3% (30 June 2009: 1.5% to 4.2%), depending on the type of borrowing.

20. AUDITOR'S REMUNERATION

	ING Office Fund		Prime Credit Property Trust	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Amounts received or receivable by Ernst & Young for:				
– Audit or review of financial reports of the Fund and any other entity in the consolidated entity	224	316	112	203
– Other services – assurance related	8	29	4	18
	232	**345**	**116**	**221**

21. RELATED PARTIES

a) Responsible Entity

The Responsible Entity of the Trusts is ING Management Limited ("IML"), a member of the ING group of companies for which the ultimate holding company is ING Groep NV, a company incorporated in the Netherlands.

b) Fees of the Responsible Entity and its related parties

		ING Office Fund		Prime Credit Property Trust	
	Note	2010 $'000	2009 $'000	2010 $'000	2009 $'000
ING Management Limited:	(i)				
– Responsible Entity's fees		8,420	10,768	3,691	5,291
– Property management and leasing fees		429	720	227	402
ING Clarion Partners LLC:	(ii)				
– Asset management fees		2,355	3,812	2,355	3,812
– Asset disposition fee		403	—	403	—
– Performance fee		343	(1,619)	343	(1,619)
Other ING subsidiaries:	(iii)				
– Property management and leasing fees		1,437	1,924	—	—

i) IML receives a base fee of 0.52% per annum of total Australian assets up to a value of $1.5 billion, together with 0.45% per annum of total Australian assets in excess of that amount. In addition, it receives property management and leasing fees at commercial rates.

ii) ING Clarion Partners LLC ("Clarion") receives a base fee of 0.45% of the fair value of United States properties and may receive property management and leasing fees at commercial rates. In addition, Clarion may receive income and capital performance fees if property performance exceeds nominated benchmarks.

iii) ING Real Estate Investment Management France and ING Real Estate Investment Management Belgium receive a fee of 0.45% of the fair value of the respective properties they manage.

21. RELATED PARTIES (CONTINUED)

c) Holdings of the Responsible Entity and its related parties

Holdings in each Trust of the Responsible Entity and its related parties (including managed investment schemes for which a related party is the Responsible Entity) as at 30 June 2010, and distributions receivable for the year then ended, were:

	Number of units held	Distributions Receivable	
		ING Office Fund	Prime Credit Property Trust
	2010	2010	2010
Name	000s	$'000	$'000
ING Australia Holdings Limited	15,000	646	193
ING Clarion	132,675	2,906	1,376
ING Fund Management Limited	10,800	489	152
ING Investment Management Limited	3,603	275	56
ING Life Limited	—	28	7
ING Real Estate International Investments III BV	63,611	1,371	683
ING Investment LLC	63,191	1,536	659
ING Luxembourg S.A.	2,775	67	29
ING Real Estate Co Investment Pty Limited	4,282	42	42
	295,937	**7,360**	**3,197**

Holdings of those parties as at 30 June 2009, and distributions received or receivable for the year then ended, were:

	Number of units held	Distributions Receivable	
		ING Office Fund	Prime Credit Property Trust
	2009	2009	2009
Name	000s	$'000	$'000
ING Australia Holdings Limited	21,629	2,087	647
ING Clarion	578	12	4
ING Fund Management Limited	7,762	1,080	335
ING Investment Management Limited	1,868	84	26
ING Life Limited	3,662	477	148
ING New Zealand	6,544	404	125
ING Real Estate Income Fund	4,282	413	128
ING Real Estate International Investments III BV	63,358	6,083	1,886
	109,683	**10,640**	**3,299**

21. RELATED PARTIES (CONTINUED)

d) Other transactions with the Responsible Entity and its related parties

The Group has borrowings at reporting date totalling $13.8 million (Prime Group: nil) (2009: $67.5 million; Prime Group: $12.2 million) from ING Real Estate Finance, a division of ING, as part of the Group's syndicated bank facility. Interest expense on the borrowing for the financial year was $0.2 million (Prime Group: nil) (2009: $3.3 million; Prime Group: $0.9 million). Further details of the loan are given at notes 12 and 19. In addition, the Group has entered into an interest rate swap with ING Bank N.V, which had a negative fair value at reporting date of $14.1 million (2009: negative $13.7 million).

e) Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of the Responsible Entity.

The names of the directors of the Responsible Entity, and their dates of appointment or resignation if they were not directors for all of the financial year, are:

Richard Colless AM	Chairman
Philip Clark AM	
Michael Easson AM	
Paul Scully	
Christophe Tanghe	Appointed 1 September 2009
George Jautze	Appointed 1 September 2009; resigned 31 May 2010
Philip Redmond	Resigned 12 April 2010

The names of other key management personnel, and their dates of appointment or resignation if they did not occupy their position for all of the financial year, are:

Denis Hickey	IML Chief Executive Officer; appointed 1 September 2009
Valentino Tanfara	Fund Chief Executive Officer
Danny Agnoletto	IML Chief Financial Officer; appointed 16 November 2009
Hugh Thomson	IML Chief Executive Officer; ceased 31 August 2009
David Hunt	IML Chief Financial Officer; ceased 15 November 2009

Key management personnel do not receive any remuneration directly from the Group. They receive remuneration from the Responsible Entity in their capacity as directors or employees of the Responsible Entity or its related parties. Consequently, the Group does not pay any compensation as defined in Accounting Standard AASB 124 *Related Parties* to its key management personnel.

21. RELATED PARTIES (CONTINUED)

Units held directly, indirectly or beneficially in each Trust by each key management person, including their related parties, were:

	2010 000s	2009 000s
Paul Scully		
– Held at the beginning of the financial year	31	23
– Acquisitions	11	8
– Held at the end of the financial year	42	31
Valentino Tanfara		
– Held at the beginning of the financial year	—	500
– Disposals	—	(500)
– Held at the end of the financial year	—	—
Philip Redmond		
– Held at the beginning of the financial year	26	26
– Acquisitions	10	—
– Held at the date of cessation as a key management person or at the end of the financial year	36	26
Hugh Thomson		
– Held at the beginning of the financial year	—	394
– Disposals	—	(394)
– Held at the date of cessation as a key management person or at the end of the financial year	—	—
David Hunt		
– Held at the beginning of the financial year	175	175
– Disposals	(8)	—
– Held at the date of cessation as a key management person or at the end of the financial year	167	175

Distributions received or receivable from the Trusts by each key management person were:

	ING Office Fund		Prime Credit Property Trust	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Paul Scully	2	3	1	1
Philip Redmond	1	2	—	1
David Hunt	2	17	1	5
	5	**22**	**2**	**7**

In addition to the above persons, key management personnel as defined in the Accounting Standards includes the Responsible Entity. Details of the remuneration of the Responsible Entity are given at note (b) above. Details of its holdings in the Fund are given at note (c) above.

21. RELATED PARTIES (CONTINUED)

f) Transactions with equity accounted investments

The Group has lent to and borrowed from its equity accounted investments on normal commercial terms. Amounts recognised were:

	ING Office Fund		Prime Credit Property Trust	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Amounts receivable at reporting date	74,316	89,378	652	691
Amounts payable at reporting date	5,922	4,426	—	—
Interest income	4,844	5,380	—	—
Interest expense	195	81	—	—

22. PARENT FINANCIAL INFORMATION

Summary financial information about the parent of each Group is:

	Armstrong Jones Office Fund		Prime Credit Property Trust	
	2010 $m	2009 $m	2010 $m	2009 $m
Current assets	75.7	34.3	272.9	93.7
Total assets	1,478.4	1,455.9	1,136.9	1,134.1
Current liabilities	19.0	243.8	33.1	45.2
Total liabilities	327.5	525.6	44.2	183.7
Unitholders equity:				
– Issued units	1,025.3	824.6	1,282.9	1,082.1
– Foreign currency translation reserve	—	—	(10.4)	(10.4)
– Retained earnings/(accumulated losses)	125.6	105.7	(179.9)	(121.3)
– **Total unitholders' equity**	**1,150.9**	**930.3**	**1,092.6**	**950.4**
Net profit/(loss) attributable to unitholders	77.2	(172.7)	13.5	(364.7)
Total comprehensive income	77.2	(167.5)	13.5	(375.1)

Commitments for capital expenditure on investment property contracted for by the parent of each Group but not provided for at reporting date were payable as follows:

	Armstrong Jones Office Fund		Prime Credit Property Trust	
	2010 $m	2009 $m	2010 $m	2009 $m
Within one year	26.4	7.0	6.0	5.4
Later than one year but not later than five years	—	1.2	1.2	0.5
	26.4	**8.2**	**7.2**	**5.9**

23. SUBSIDIARIES

a) Names of subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(d):

Name	Country of residence	Ownership interest 2010 %	Ownership interest 2009 %
Subsidiaries of Armstrong Jones Office Fund			
Dutch Office Investments Subsidiary Trust	Australia	100	100
George Street Sydney Subsidiary Trust	Australia	100	100
George Street Sydney Trust	Australia	100	100
IOF European Trust No 1	Australia	100	100
IOF European Trust No 2	Australia	100	100
ING Reboi SA	Brussels	100	100
ING Budejovicka Alej as	Czech Republic	—	100
SCI IOF Holding	France	100	100
ING Office Real Estate France Sarl	Luxembourg	100	100
ING Office Real Estate Luxembourg Sarl	Luxembourg	100	100
ING Office Malta 1 Limited	Malta	100	100
ING Office Malta 2 Limited	Malta	100	100
Subsidiaries of Prime Credit Property Trust			
Clarence Street Sydney Subsidiary Trust	Australia	100	100
Clarence Street Sydney Trust	Australia	100	100
ING Office Finance Pty Ltd	Australia	50	50
Miller Street North Sydney Trust	Australia	100	100
Prime Credit Subsidiary Property Trust No.2	Australia	100	100
Toorak Road Toorak Trust	Australia	100	100
2980 Fairview Park LLC	United States of America	100	100
601 Thirteenth Street NW Associates LP	United States of America	80	80
ING UOC 900 Third Avenue 1 LP LLC	United States of America	100	100
ING UOC 900 Third Avenue 2 GP LLC	United States of America	100	100
ING UOC Falls Church GP LLC	United States of America	100	100
ING UOC Falls Church LP	United States of America	100	100
ING UOC Homer GP LLC	United States of America	100	100
ING UOC Homer LP	United States of America	100	100
ING UOC Plano GP LLC	United States of America	100	100
ING UOC Plano LP	United States of America	100	100
ING UOC Waltham GP LLC	United States of America	100	100
ING UOC Waltham LP	United States of America	100	100
ING US Office Corporation	United States of America	100	100

The Groups' voting interest in their subsidiaries is the same as their ownership interest.

23. SUBSIDIARIES (CONTINUED)

b) Disposal of subsidiaries

On 11 August 2009, the Group sold all of the capital of ING Budejovicka Alej as ("the Company"). The carrying amounts of the assets and liabilities of the Company and its subsidiaries at the date of sale were:

	2010 $m
Cash	3.2
Receivables	0.5
Property investments	53.4
Payables	(2.5)
Loan payable to related entity	(4.7)
Net assets	**49.9**
Net cash inflow on sale:	
Cash consideration	53.3
Less cash balance in subsidiary at date of disposal	3.2
Less other costs of disposal paid in cash	0.2
Net cash inflow on sale	**49.9**

24. SEGMENT INFORMATION

a) Description of segments

The Group invests in office property located in Australia, United States of America and Europe, each of which leases the properties it owns. Both Groups have identified their operating segments as being these regions, based on internal reporting to the chief operating decision maker. The Group is organised around functions, but distinguishes these regions in its internal reporting.

	ING Office Fund		Prime Credit Property Trust	
	2010 $m	2009 $m	2010 $m	2009 $m
b) Segment revenue				
Revenues from external customers:				
– Australia	164.0	172.0	75.7	85.2
– United States	40.8	54.8	40.8	54.8
– Europe	1.2	5.4	—	—
	206.0	232.2	116.5	140.0
Interest income	6.0	7.3	0.4	1.3
Total revenue	**212.0**	**239.5**	**116.9**	**141.3**

24. SEGMENT INFORMATION (CONTINUED)

	ING Office Fund		Prime Credit Property Trust	
	2010 $m	2009 $m	2010 $m	2009 $m
c) Segment result				
Australia	125.8	132.8	57.5	63.7
United States	36.7	53.4	36.7	53.4
Europe	38.5	45.0	—	—
	201.0	231.2	94.2	117.1
Interest income	6.0	7.3	0.4	1.3
Finance costs	(39.1)	(72.7)	(20.0)	(33.0)
Responsible Entity's fees	(8.4)	(10.8)	(3.7)	(5.3)
Other expenses	(7.5)	(5.9)	(4.4)	(3.6)
Lease revenue recognition	4.0	4.4	0.9	3.0
Net foreign exchange gain/(loss)	28.7	(38.3)	1.6	(19.6)
Net loss on change in fair value of:				
– Investment properties	(73.6)	(494.7)	(37.3)	(310.3)
– Derivatives	(15.3)	(153.9)	(11.1)	(75.5)
– Items included in share of net profit of equity accounted investments:				
– Investment properties	(49.8)	(301.0)	(6.7)	(208.1)
– Derivatives	(6.7)	(17.6)	(5.4)	(13.2)
Deferred income tax (benefit)/expense included in share of net profit of equity accounted investments	(0.1)	2.2	—	—
Profit/(loss) before income tax	**39.2**	**(849.8)**	**8.5**	**(547.2)**
d) Segment assets				
Australia	1,611.9	1,481.2	898.9	801.4
United States	436.0	549.7	436.0	549.7
Europe	466.2	918.5	—	—
Unallocated	39.0	19.5	19.3	9.6
	2,553.1	**2,968.9**	**1,354.2**	**1,360.7**

24. SEGMENT INFORMATION (CONTINUED)

	ING Office Fund		Prime Credit Property Trust	
	2010 $m	2009 $m	2010 $m	2009 $m
e) Other information				
Share of net profit of equity accounted investments:				
– United States	(6.8)	(209.2)	(6.8)	(209.2)
– Europe	(16.2)	(65.1)	—	—
	(23.0)	**(274.3)**	**(6.8)**	**(209.2)**
Net gain on change in fair value of investment property:				
– Australia	(76.5)	(350.8)	(40.2)	(177.7)
– United States	2.9	(132.6)	2.9	(132.6)
– Europe	—	(11.3)	—	—
	(73.6)	**(494.7)**	**(37.3)**	**(310.3)**
Carrying amount of equity accounted investments:				
– United States	99.2	111.1	99.2	111.1
– Europe	411.2	545.3	—	—
	510.4	**656.4**	**99.2**	**111.1**
Additions to investment properties and equity accounted investments:				
– Australia	41.5	41.4	21.7	6.7
– United States	4.9	19.1	4.9	19.1
– Europe	1.1	2.2	—	—
	47.5	**62.7**	**26.6**	**25.8**

25. NOTES TO THE CASH FLOW STATEMENTS

a) Reconciliation of profit to net cash flows from operations

	ING Office Fund		Prime Credit Property Trust	
	2010 $m	2009 $m	2010 $m	2009 $m
Net profit/(loss) for the year	45.7	(778.4)	8.6	(477.5)
Adjustments for:				
– Straight line lease revenue recognition	(3.6)	(4.1)	(0.9)	(2.7)
– Unrealised foreign exchange (gain)/loss	(82.0)	32.5	(20.0)	14.6
– Net loss on change in fair value of:				
– Investment properties	73.6	494.7	37.3	310.3
– Derivatives	15.3	89.6	11.1	22.7
– Amortisation of tenant incentives	6.7	8.5	5.9	7.1
– Excess of distributions received from equity accounted investments over share of profits	54.9	297.6	6.8	215.8
– Deferred income tax (benefit)/expense	(9.0)	(71.3)	0.7	(70.6)
– Other non-cash items	(4.3)	0.6	(1.6)	0.2
Operating profit for the year before changes in working capital	97.3	69.7	47.9	19.9
Changes in working capital:				
– (Increase)/decrease in receivables	1.6	9.1	(0.2)	4.1
– Decrease in interest payable	(0.2)	(1.1)	(0.2)	(1.4)
– Increase/(decrease) in other payables	3.3	(2.1)	(0.6)	(2.3)
Net cash provided by operating activities	**102.0**	**75.6**	**46.9**	**20.3**

b) Non-cash financing and investing activities

	ING Office Fund		Prime Credit Property Trust	
	2010 $m	2009 $m	2010 $m	2009 $m
Re-investment of distributions pursuant to Distribution Investment Plan	—	12.1	—	6.1

Directors' Declaration

Year ended 30 June 2010

In accordance with a resolution of the directors of ING Management Limited, I state that:

1. In the opinion of the directors:

a) the financial statements and notes of Armstrong Jones Office Fund and of Prime Credit Property Trust are in accordance with the Corporations Act 2001, including:

   i) giving a true and fair view of each Group's financial position as at 30 June 2010 and of their performance for the year ended on that date; and

   ii) complying with Accounting Standards and Corporations Regulations 2001; and

b) there are reasonable grounds to believe that each of Armstrong Jones Office Fund and Prime Credit Property Trust will be able to pay their debts as and when they become due and payable.

2. The notes to the financial statements include an explicit and unreserved statement of compliance with international financial reporting standards at note 1(b).

3. This declaration has been made after receiving the declarations required to be made by the Chief Executive Officer and Chief Financial Officer to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2010.

On behalf of the directors

Michael Easson AM
Director

Sydney
18 August 2010

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Sydney NSW 2000 Australia
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Independent auditor's report to the stapled security holders of Armstrong Jones Office Fund and Prime Credit Property Trust ("the Trusts")

Report on the Financial Report

We have audited the accompanying financial report which has been prepared in accordance with ASIC Class Order 05/642 and comprises:

- the balance sheet as at 30 June 2010, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated stapled entity (the "Group" or "ING Office Fund"), comprising both Armstrong Jones Office Fund and the entities it controlled, and Prime Credit Property Trust and the entities it controlled year end or from time to time during the year.

- the balance sheet as at 30 June 2010, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of Prime Credit Property Trust, comprising both the Prime Credit Property Trust and the entities it controlled at the year end or from time to time during the year.

Directors' Responsibility for the Financial Report

The directors ING Management Limited as Responsible Entity of the Trusts are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1(b), the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Responsible Entity, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the Responsible Entity of the Trusts a written Auditor's Independence Declaration, a copy of which follows the directors' report. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion:

1. the financial report of the ING Office Fund and the Prime Credit Property Trust is in accordance with the *Corporations Act 2001*, including:

    i giving a true and fair view of the financial position of the ING Office Fund and the Prime Credit Property Trust at 30 June 2010 and of their performance for the year ended on that date; and

    ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board as disclosed in Note 1(b).

Ernst + Young

Ernst & Young

Douglas Bain
Partner
Sydney
18 August 2010

Top 20 Unitholders

Rank	Name of Unitholder	Number of Units held at 31 Aug 2010	%
1	HSBC Custody Nominees (Australia) Limited	830,745,663	30.44%
2	National Nominees Limited	432,506,416	15.85%
3	J P Morgan Nominees Australia Limited	407,977,778	14.95%
4	Citicorp Nominees Pty Limited	91,254,001	3.34%
5	ING Real Estate International Investments III B V	63,611,048	2.33%
6	Cogent Nominees Pty Limited	58,545,213	2.15%
7	RBC Dexia Investor Services Australia Nominees Pty Limited <APN A/C>	43,085,475	1.58%
8	AMP Life Limited	35,942,825	1.32%
9	Cogent Nominees Pty Limited <SMP Accounts>	27,836,741	1.02%
10	Questor Financial Services Limited <TPS RF A/C>	23,097,353	0.85%
11	Citicorp Nominees Pty Limited <CFS WSLE Property Secs A/C>	21,590,044	0.79%
12	ANZ Nominees Limited <Cash Income A/C>	20,330,040	0.74%
13	Equity Trustees Limited <EQT SGH Property Inc Fund>	18,890,076	0.69%
14	Citicorp Nominees Pty Limited <CFSIL Cwlth Property 1 A/C>	18,454,223	0.68%
15	Bond Street Custodians Limited <ENH Property Securities A/C>	15,377,748	0.56%
16	ING Australia Holdings Limited	15,000,000	0.55%
17	Citicorp Nominees Pty Limited <CFSIL CFS WS Indx Prop A/C>	13,510,803	0.50%
18	RBC Dexia Investor Services Australia Nominees Pty Limited <Bkcust A/C>	12,976,608	0.48%
19	RBC Dexia Investor Services Australia Nominees Pty Ltd <PISELECT A/C>	8,719,385	0.32%
20	Australian Reward Investment Alliance	8,046,931	0.29%
Total		**2,167,498,371**	**79.43%**

RANGE OF UNITHOLDERS

Range	Number of holders	Number of units	%
1 to 1000	2,298	1,228,845	0.04
1,001 to 5,000	6,149	16,700,703	0.61
5,001 to 10,000	4,415	34,018,610	1.25
10,001 to 100,000	11,709	312,219,821	11.44
100,001 and Over	443	2,364,903,233	86.66
Total	**25,014**	**2,729,071,212**	**100**

SUBSTANTIAL HOLDER NOTICES

The table below gives details of the last notice for each substantial unitholder lodged with the Australian Securities Exchange to 31 August 2010.

Effective Date	Name	Number of units	%
08-Oct-09	ING Group	170,783,121	6.26%
11-Feb-10	Commonwealth Bank Group	170,734,253	6.26%
19-Jan-10	The Vanguard Group Inc	139,262,690	5.02%

Investor Relations

Enquiries relating to ING Office Fund can be directed to the ING Real Estate Investor Services line on 1300 653 497 (or from outside Australia +61 2 8280 7057). This service is available from 8.30am to 5.30pm (Sydney time) on all business days.

WWW.INGREALESTATE.COM.AU

You can visit the ING Real Estate website to find information on the Fund, its property portfolio and recent unit price. While visiting the site unitholders can access their investment details including holding balance and payment history. Recent Annual and Half Year reports along with all ASX announcements are also available.

INVESTOR BENEFITS

ING Real Estate is pleased to offer an Investor Benefits program offering investors the opportunity to purchase from entertainment and lifestyle providers at special discount and promotional rates. To participate in this program you need to go online to www.ingrealestate.com.au and access 'My Unitholding' within the Investor Centre section. Further details of how to log in to the benefits program can be found on this page.

DISTRIBUTION PAYMENTS AND ANNUAL TAXATION STATEMENT

Distributions are paid quarterly in October, February, April and August. You can view your 2009/2010 Annual Taxation Statement online by visiting www.ingrealestate.com.au and accessing 'My Unitholding' within the Investor Centre section.

DISTRIBUTION REINVESTMENT PLAN

The distribution reinvestment plan (DRP) is currently switched off. Should this change, an ASX Announcement will be made to the market and participation forms will be send to investors.

2010/2011 UNITHOLDER CALENDAR [1]

Annual Unitholder Meeting	December 2010
Distribution payment for the quarter ending 30 September 2010	29 October 2010
Distribution payment for the quarter ending 31 December 2010	28 February 2011
Distribution payment for the quarter ending 31 March 2011	29 April 2011
Distribution paid for the quarter ending 30 June 2011	31 August 2011
Annual Taxation Statement for 2010/2011 financial year	31 August 2011
2011 Annual Report	30 September 2011

PRIVACY POLICY

ING Management Limited is committed to ensuring the confidentiality and security of your personal information. The ING Privacy Policy, detailing our handling of personal information, is available on our website www.ingrealestate.com.au

COMPLAINTS

Any unitholder wishing to register a complaint should direct it to Investor Services in the first instance, at the Responsible Entity's address listed previously in this Report.

ING Management Limited is a member of an independent dispute resolution scheme, the Financial Ombudsman Service (FOS). If a unitholder feels that a complaint remains unresolved or wishes it to be investigated further, FOS can be contacted as below:

By telephone: 1300 780 808
In writing: Financial Ombudsman Service
GPO Box 3, Melbourne VIC 3007
By email: info@fos.org.au
Website: www.fos.org.au

1) These dates are indicative only and subject to change.

DISCLAIMER

This report was prepared by ING Management Limited (ABN 15 006 065 032) (the "Responsible Entity") in respect of ING Office Fund (Comprising Armstrong Jones Office Fund ARSN 090 242 229 & Prime Credit Property Trust ARSN 089 849 196) ("IOF"). Information contained in this report is current as at 30 June 2010. This report is provided for information purposes only and has been prepared without taking account of any particular reader's financial situation, objectives or needs. Nothing contained in this report constitutes investment, legal, tax or other advice. Accordingly, readers should, before acting on any information in this report, consider its appropriateness, having regard to their objectives, financial situation and needs, and seek the assistance of their financial or other licensed professional adviser before making any investment decision. This report does not constitute an offer, invitation, solicitation or recommendation with respect to the subscription for, purchase or sale of any security, nor does it form the basis of any contract or commitment.

ING OFFICE FUND

Armstrong Jones Office Fund
ARSN 090 242 229

Prime Credit Property Trust
ARSN 089 849 196

RESPONSIBLE ENTITY

ING Management Limited
ABN 15 006 065 032
AFS Licence No: 237534

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R Colless AM (Chairman)
P Clark AM
M Easson AM
P Scully
C Tanghe

SECRETARY

M Lamb
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ING REAL ESTATE GLOBAL NETWORK

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