

## MARKET RELEASE

13 October, Auckland

### **Chairman's address, ING Medical Properties Trust annual meeting 2009**

**The following is the address of the Chairman of the Manager to the ING Medical Properties Trust Annual Meeting held at 11am at the Ellerslie Event Centre, Greenlane, Auckland.**

ING Medical Properties Trust is New Zealand's only NZX-listed specialist medical and healthcare property investment vehicle.

It remains a defensive and differentiated investment entity when compared to other commercial real estate asset classes, with the Trust's activities and strategy supported by a robust and expanding medical and healthcare industry with sound underlying fundamentals.

Over the last 12 months you will have all seen and heard about the continuation of the global financial crisis, however there have been signs over recent months of global equity markets rebounding and some commentators hinting at 'green shoots' re-appearing, with the recovery underway.

Whether this occurs in reality or not is pure speculation and only time will tell. The Board's view is that financial and economic conditions may remain somewhat subdued or unsettled for some time yet.

Irrespective of the range of views and speculation regarding a recovery, the constant through the last 12, if not 24 months of volatility, is that the Trust has outperformed the wider market and delivered on the forecast cash distribution guidance we provided 12 months ago of 8.5 cents per unit.

Not only that, but the Trust's unit price over the year to 30 June 2009 also improved from \$1.09 to \$1.21, with the cumulative effect of the cash distributions and unit price performance resulting in a total return to unitholders for the 12 months to 30 June 2009 of 19.1%. When compared to the NZX gross property index, which produced a total negative return of 18.6%, this is clearly an outstanding result.

The Trust was also the top performing of the 8 New Zealand listed property vehicles on a total return basis to 30 June 2009.

These results clearly answer the question "how did the Trust perform over the last 12 months"? However of equal importance and subsequently what I will review next is "why the Trust has performed so well"?

Without a doubt the key focus of the Board and Manager was enhancing the core portfolio metrics and ensuring that the Trust retained a conservative capital management position and profile.

I am firmly of the view that we successfully managed our way through the recent period of volatility and we will continue to proactively manage the critical aspects of the business to further cement the Trust's overall position to protect and stabilise earnings notwithstanding the global financial crisis and any ongoing instability in financial markets.

David Carr in his presentation will cover in greater detail the key improvements in the Trust's portfolio statistics, however in light of the economic conditions it was great to see that a number of core metrics were enhanced over the year.

From my perspective one of the most impressive and substantive improvements was the Trust's occupancy levels improving by over 4%, with occupancy now in excess of 98%.

Occupancy gains and other core enhanced portfolio metrics were also supported by the independent asset valuations as at 30 June 2009 recording a small overall 'like for like' decline of 2.4% or \$7.1m.

Whilst no one likes to see declines, this is a favourable result when compared to many other listed property vehicles over the last 12 to 18 months that have experienced revaluation declines in the order of 10%.

In light of the global financial crisis it is evident that investors and markets worldwide remain concerned about the impact of gearing levels as a result of softening property values.

The Board made a conscious decision in the early stages of the crisis to ensure that gearing did not fluctuate significantly above 35%, which was in line with listed property sector average gearing levels.

Due to the speed with which market evidence was filtering through reflecting higher capitalisation rates and softening property values we activated an earlier strategic review that isolated and highlighted properties that were lower value, more liquid assets or considered non-core and therefore were the least aligned with the Trust's long term portfolio strategy.

The implementation of this strategy resulted in the sale of two of the Trust's assets, Thames Street in Melbourne, the Trust's only development asset and the Biomed property in Point Chevalier, the Trust's lowest value investment asset.

Following settlement of both sales, all proceeds have been used to repay debt, with the Trust's gearing now reduced to 33.7%.

The Board and Manager continue to review and monitor other potential lower value or non-core assets sales as part of the prudent and conservative overall capital management strategy of the Trust moving forward.

The Board however also recognises that this is an opportunistic market and the future ongoing stability and performance of the Trust also requires further diversification of the portfolio as a key strategy, particularly in order to mitigate medium to long term tenant concentration issues. On that basis we continue to assess opportunities that will provide greater portfolio diversification and enhanced returns to unitholders.

The Board and Manager continue to recognise the importance of frequent, transparent and accessible communications about the activities of the Trust, something that has become even more important in light of the last 24 months.

In addition to the production of the annual and interim reports we also issued two investor newsletters and David and Stuart held the highly successful investor roadshow in May 2009 in 10 centres around New Zealand with over 400 investors attending the presentations. The roadshow will again form part of the calendar of events in 2010 and at this stage is planned for late May.

Also, the Trust's website, which was completely upgraded and re-launched in late 2008, has recently been rated the 9<sup>th</sup> best website of all NZX50 companies in the Wired Internet Group Best Investor Website Awards for 2009. This is a significant improvement of 26 places on the 2008 ranking. The Awards look at the unitholder or investor experience of the site, including the ease of use and relevance of information.

This is a noteworthy, independent endorsement that the Trust's website is one of the best in the NZX50 and if you haven't already I encourage you to have a look at the Trust's top ten ranked website.

On a related, but slightly different note, you may be aware of the recent announcement that ANZ Banking Group will buy ING Group's 51% shareholding in ING New Zealand (ING NZ) and ING Australia. The acquisition is expected to be completed by the end of this year, subject to regulatory approvals.

On completion, ING NZ will become a wholly owned subsidiary of ANZ National Bank Limited, which is part of ANZ Banking Group. ANZ National already has a 49% shareholding, so this acquisition is a natural evolution of ANZ National's current relationship with ING NZ.

The Board assures you that it is very much 'business as usual'; that is, there will be no immediate changes to the way we work with you, and the Manager will continue to manage the Trust as it always has.

However, one likely change is to the ING branding. It is still early days in this process but we will work to ensure that any brand change is as seamless and straightforward as possible for all of our unitholders.

ANZ Banking Group is one of the largest financial services companies in Australasia and one of only 11 banks in the world with an AA credit rating from Standard & Poor's. In New Zealand, ANZ National is the country's largest financial services organisation, with over 9,000 staff.

As the transaction only occurred just over 2 weeks ago, we are as yet unable to expand on any of the details, however we will update unitholders once further information is available.

## **[Outlook]**

As I alluded to at the start of my presentation, notwithstanding the current state of markets and any continuation of the global financial crisis we have applied, and will continue to apply a disciplined, prudent and conservative approach to the management of the Trust.

I am confident that as a result of the efforts over the last 12 months the Trust's current position has stabilised its overall profile which has been reflected in its performance.

This now enables us to potentially capitalise on any opportunities that may arise in the medical and healthcare property sector moving forward, including continued discussions with a number of the Trust's existing tenants regarding their future occupancy requirements.

Notwithstanding the Trust's currently stable position the Board has taken a conservative approach to the year ahead in light of any ongoing fragility in global financial markets and has guided a cash distribution range of between 8.4 and 8.6 cents per unit, however will target maintaining the cash distribution at 8.5 cents per unit for the 12 months ending 30 June 2010.

**[Close]**

In closing, I'd like to thank all unitholders for your continued support, and I confirm the Board and management remain fully focused in delivering the best possible returns for unitholders.

I will now ask David Carr to present the Manager's overview of the last 12 months including an update of the first quarter activities of the Trust. There will be opportunities for questions after David's presentation.

**ENDS**

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David Carr  
General Manager  
ING Medical Properties Limited  
T 09 357 1818  
E david.carr@ingnz.com

**ING Medical Properties Trust**

ING Medical Properties Trust (NZX ticker: IMP) is New Zealand's only NZX listed specialist medical and healthcare property entity. The Trust has a total portfolio value of NZD\$286m, with 16 properties and 98 tenants in New Zealand and Australia, including Ascot Hospital in Auckland and Epworth Eastern Hospital in Box Hill, Melbourne.