

MARKET RELEASE

Auckland, 13 October 2009

General Manager's Address, Annual Meeting of ING Medical Properties Trust, 13 October 2009

The following is the address of the General Manager, David Carr, of ING Medical Properties Limited for the ING Medical Properties Trust Annual Meeting held at, Ellerslie Event Centre at 11am. on Tuesday 13 October 2009.

[SLIDE 5 – FRONT COVER]

Thank you Bill, and good morning ladies and gentlemen.

Today my presentation will cover an overview of the performance and activities of the Trust over the last 12 months, including an update for the first quarter of the current financial year and a summary of how we see things for the year ahead.

[SLIDE 6 – EQUITY MARKETS AND IMP PERFORMANCE]

We'll start by looking at the performance of the Trust in context of the volatility that has continued in global and local markets through the course of the year, and whilst cautious optimism prevails, there have certainly been signs of improved investor confidence and rebounding equity markets in recent months.

[SLIDE 7 – EQUITY MARKETS – 12 MONTHS TO 30 SEPTEMBER 2009]

To reflect back over the 12 months to 30 September 2009, as you can see there was a mixed bag of results and performance in the various markets shown, with the overall blend resulting in global total annual returns of negative 2.3%, which is well up on a year ago when returns were in the order of negative 40%.

Closer to home, and of greater relevance, the Australian listed property sector had total returns of negative 23.7%, but again improved from around minus 50% 12 months ago.

New Zealand markets have continued to perform relatively better than world markets as can be seen, with:

1. The NZX50 returning a positive 2.3%;
2. The NZX Gross Property Index not performing quite as well with a negative 0.3% return, and

3. Comparatively, the Trust achieving a positive 17.3% total return to 30 September 2009 which shows that the Trust has continued to outperform most other markets and sector

[SLIDE 8 – IMP 12 MONTH RELATIVE UNIT PRICE PERFORMANCE]

This chart clearly shows the Trust's relative unit price performance in orange against the NZX50 and NZX Gross Property Index over the 12 months to 30 September 2009.

If you look at the chart, around October 2008 all prices fell away quite sharply through to December, with the Trust's decline being less pronounced over the period.

From December the NZX50 Index remained essentially flat, although, along with the Property Index has shown good gains since mid July of this year.

What is also evident from mid December is that the Trust's unit price separated from the other two indices and continued a steady growth profile through to about July this year. It then remained relatively stable while the rest of the market catches up on the back of recent signs of improved investor confidence.

[SLIDE 9 – IMP FIVE YEAR CUMULATIVE PERFORMANCE]

This chart tracks the Trust's cumulative return in orange against both the NZX indices shown over a five year period.

Again looking at this chart, the first thing you notice is that the Trust has easily outperformed both indices over the last 5 years.

It is easy to see around May 2007 the wheels started falling off with an initial sharp adjustment to all returns, however it wasn't until around September 2007 that the Global Financial Crisis was in full swing and it is from that point the resilience of the Trust became clearly apparent with the Trust's unit price tracking away and strongly outperforming both indices over the last two years.

[SLIDE 10 – FINANCIAL OVERVIEW]

We'll now have a look at the key financial results of the Trust to 30 June 2009.

[SLIDE 11 – FINANCIAL OVERVIEW]

As Bill said we successfully delivered to unitholders the forecast we provided some 12 months ago for a full year 2009 cash distribution of 8.5 cents per unit.

Key to this was gross rental income increasing close to 10% as a result of receiving a full year's income for Apollo and the continued leasing of Ascot Central and this is forecast to improve further having now completed a number of additional lease transactions over recent months.

This growth in gross rental income assisted in delivering an operating profit of \$11.78m which was a slight decrease of 2.3% on the prior year and in light of the Global Financial Crisis and New Zealand recession the result reflects the overall resilience of the Trust in one of the toughest economic and financial periods in decades.

The Trust's net tangible asset backing or NTA declined over the 12 months to 30 June 2009 to \$1.17 per unit, and is primarily a reflection of the devaluation of both property assets and interest rate swaps, which are both 'non cash' items.

Whilst we saw a portfolio revaluation decline of 2.4%, this did not materially impact on the Trust's Balance Sheet with gearing at 35.7% as at 30 June 2009.

As you can see 86.4% of the Trust's debt is hedged, which secures the margin between the Trust's cost of debt and its rental income, with the Trust's effective interest rate paid at 7.26%. The bank facility with ANZ National Bank is also locked in until to March 2011, providing further security to the Trust's capital position.

The Trust did not pay any income tax during the year due to being entitled to a tax refund for the 2008 tax year and this resulted in no imputation credits being attached to the Trust's distributions for the 2009 financial year. For the 2010 year the Trust's effective income tax rate is expected to move to around 11%.

[SLIDE 12 - COVENANTS]

Critical in the current economic and financial climate and a focus of the Board and Manager has been the conservative management of the Trust's overall treasury position and to ensure that the Trust operates well below its Trust Deed and Banking covenants.

In essence, both the Trust Deed and the Bank facility provides that the Trust's gearing will not exceed 50% and as you can see as at 30 June 2009 gearing as calculated pursuant to both covenants was 35.7% and 36.9%, well below each of the 50% thresholds.

Another measure stipulated by the bank is the interest cover ratio where we have a requirement to maintain a ratio of 2.25 times cover and we currently have coverage of 2.60 times, well above the required ratio.

We will maintain a conservative position in relation to the Trust's financial covenants to minimise the Trust's exposure to any ongoing volatility in global and local financial markets.

[SLIDE 13 – PORTFOLIO OVERVIEW]

I'll now review the portfolio and asset management activities for the last 12 months, including a summary of any material updates for the first quarter of the 2010 financial year.

[SLIDE 14 – PORTFOLIO OVERVIEW]

Allowing for the two property sales, as at 30 June 2009 the Trust had a total portfolio value of \$286.2m, with 14 properties at an average value of \$20.4m.

I will talk more about revaluations next, but the 2.4% decline was partially offset by stable rental growth and improved portfolio occupancy levels.

Ascot Central continues to experience good occupancy gains in an otherwise tough leasing market, and is now 86% committed, with just 650 square metres remaining to be leased.

One of the notable highlights for the Trust over the year was Ascot Central being awarded a Green Star - Office Design 4 star rating from the New Zealand Green Building Council, the first building in Auckland's southern corridor to achieve the rating.

We also concluded a number of renewals or new leases of existing tenants that secured approximately \$3.2m net rental income per annum and resulted in the Trust's weighted average lease term holding firm, at a sector leading 9.0 years.

A very low 2.6% of the portfolio's leases are due to expire to 30 June 2010, and we have concluded a number of these already, something I'll talk more about shortly.

We had a busy year completing 54 rent reviews, of which 43 were linked to the Consumer Price Index, or CPI, with an average increase of 4.1% and to 30 June 2010 we have 73 rent reviews due, with 75% of these subject to review by CPI.

We also had the sale of two of the Trust's properties which I'll discuss in greater detail later in the presentation.

[SLIDE 15 – 30 JUNE 2009 ASSET VALUATIONS]

We'll now have a look at the 30 June 2009 asset valuations. Commercial real estate values have not gone unscathed in the last 24 months and this was reflected in many listed property vehicles showing market revaluation declines in the region of 10% over the last 12 months.

[SLIDE 16 – 30 JUNE 2009 ASSET VALUATIONS]

In accordance with the Trust Deed the entire portfolio was independently valued as at 30 June 2009, with a sound relative result showing an overall decline of 2.4% or \$7.1m.

The Trust's weighted average market capitalisation rate softened 40 basis points to 8.8% which recognises many of the defensive characteristics of the Trust's assets, but was specifically supported by stable CPI structured rental growth, high occupancy levels, the long weighted average lease term and strong tenant covenants that exist through the portfolio.

The two properties that experienced larger movements in value reflected the nature of the enhancements or medium term risks around each asset.

Specifically, we saw Ascot Hospital's value increase by \$4.35m, reflecting the stable rental growth, full occupancy and a number of lease renewals that were secured over the year, extending the weighted average lease term from 8.5 years to 9.0 years.

On the other hand, the Napier Health Centre value declined \$4.35m, recognising the potential vacancy in December 2011 and its over-rented position in light of softening market conditions over the last 12 months. Whilst the lease does not expire for over 2 years we are already in discussions with the Hawkes Bay District Health Board, the current tenant, about their long term requirements.

As a result of the revaluations the Trust's adjusted NTA reduced to \$1.17 per unit, but more importantly there was not a material impact or movement in the Trust's gearing, which ended up at 35.7% as at 30 June 2009, before any adjustment for unconditional property sales.

[SLIDE 17– CORE PORTFOLIO STATISTICS]

Over the next few slides I'll provide an overview of some of the key characteristics of the portfolio, which combined, place the Trust in a sound current position.

[SLIDE 18 – REGION AND ASSET DIVERSIFICATION]

These charts show the regional and asset diversification of the Trust, with the region chart on the left showing just over 50% of the portfolio in Auckland, 36% in Melbourne with the balance split between Kensington Hospital in Whangarei and two Hawkes Bay properties leased to the Hawkes Bay District Health Board.

The chart on the right represents the asset classes that we categorise the Trust's property assets into:

1. First, in light blue are the Surgical and Medical properties. These are the Trust's major hospital assets and represent a 70% portfolio weighting.
2. Primary & Community Care, shown in orange at 17% are essentially Integrated Family Health Centres and typically comprise a large GP practice as an anchor tenant, with other tenants such as pharmacies, physiotherapists and radiologists also occupying space within the building.
3. The Trust's Health Support Services properties shown in dark blue, represent 13% of the Trust's assets and include rehabilitation facilities and sector related industrial properties.

Whilst the Trust currently has some region and asset class concentrations shown in light blue in both charts, due to the generally defensive and insulated nature of the sector we do not consider there is any near term requirement to actively address these concentrations. However greater diversification within the Trust's stated sectors and markets does form part of our current and ongoing strategy.

[SLIDE 19 – PORTFOLIO OCCUPANCY PROFILE]

This chart shows the occupancy profile of the Trust's total portfolio in orange and its individual properties in blue as at 30 September.

The good news is that in the last few weeks we have secured a further 3 tenants and occupancy levels have now improved to 98.4%, as shown in orange on the above chart.

This is an improvement of over 4% since 30 June 2008, an outstanding result, particularly considering market conditions over the last year or so.

One of the key improvements has been at Ascot Central where we now have lease commitments for 86% of the property having just secured another medical tenant for 250 square metres, with two thirds of the building now leased to medical and healthcare tenants.

We are actively dealing with a number of potential tenants, and reasonably expect to further enhance overall occupancy levels over coming months.

[SLIDE 20 – NEW ZEALAND LISTED PROPERTY SECTOR – LEASE EXPIRY PROFILE]

The above chart provides a snapshot of the Trust's weighted average lease term (or WALT) as compared against the New Zealand listed property sector.

As you can see the Trust remains well ahead of the sector and with the leases completed over the year, we have sustained the Trust's WALT at 9 years, only a small decline from the 9.3 years as at 30 June 2008.

The Trust's long lease expiry profile, along with the strong tenant covenants in place is a key defensive characteristic of the Trust, particularly in the current economic climate and a significant competitive advantage we continue to focus on.

[SLIDE 21 – LEASE EXPIRY PROFILE TO 2025]

Now, drilling a bit deeper, this chart shows the lease expiry profile of the Trust over the next 15 years.

Each column in the chart represents the total percentage of lease expiries annually, with the number at the top of each column reflecting how many tenants have expiries each year. That part of each column shaded blue represents the largest single tenant expiry for that year.

As shown the first material single tenant expiry concentration is not until 2019 when the Ascot Hospital lease expires, with the next major expiry not until 2025 when the Epworth Hospital lease expires, I note however that both these tenants have rights of renewal of 20 years each. As you can see there are no other expiries of that scale over the next 15 years with the next single largest expiry equating to around 5% of the Trust's total rental income.

If you now cast your eyes to the lower left of the chart, you'll see that for the period to 30 June 2010 we have 16 tenants or just 2.6% of leases expiring.

The good news is that we have already secured 14 of the 16 tenants and reduced the 2.6% to approximately half of one percent, and are already focusing on the 2011 expiry profile, when just 10 tenants, or 2.3% of leases expire.

[SLIDE 22 – ASSET SALES]

In light of volatile market conditions during the Global Financial Crisis there were genuine concerns from the market around property values decreasing to such an extent that bank and Trust Deed covenants were in danger of being breached.

[SLIDE 23 – ASSET SALES]

In the early stages of the crisis we reviewed all capital options and after due consideration implemented a sales strategy that would ensure that the Trust continued to retain a moderate gearing profile during this period of volatility.

That review specifically identified lower value or non-core properties that would form part of a structured sales programme.

The initiation of the disposal strategy has to date resulted in the sale of the Thames Street development site in Melbourne for AUD\$2.8m and the Biomed property at Point Chevalier, Auckland, for \$2.821m.

Both sales have now settled, with all proceeds used to repay debt. As a result, the Trust's gearing as at 30 September 2009 now sits at 33.7%.

We will continue to give consideration to the future sale of non-core or lower value assets to conservatively manage the Trust's gearing levels in light of any ongoing volatility or instability in market conditions.

[SLIDE 24 – INVESTMENT STRATEGY]

I'll now run through the Trust's investment strategy, which is important to reaffirm as it has been the backbone of the Trust's performance and position over the last 24 months and will continue to be moving forward.

[SLIDE 25 – INVESTMENT STRATEGY]

The Trust is New Zealand's only specialist investor focusing solely on medical and healthcare property assets and backed by the generally defensive characteristics of the sector.

The Trust provides investors with access to scale properties, with an average property value of in excess of \$20m and a diversified portfolio across medical and healthcare sub-sectors, with a continued focus on New Zealand and Australian markets.

We will consider joint ventures where they provide access to sector specific opportunities that would not otherwise be available and we are working closely as a preferred property investment partner with operators who are consolidating medical and healthcare businesses in the primary healthcare sector which are now seen as viable commercial business opportunities.

We will retain a measured approach to acquisition and development, with the Trust not currently holding any land purely for development.

We have a proactive tenant and portfolio management approach and due to the nature of the type of activities taking place in the Trust's properties we continue to ensure that we provide our tenants and their customers and patients with superior facilities and high levels of amenity.

The Trust has a structured, low risk capital and treasury management profile as I covered earlier and has a traditional listed property trust structure with an income driven operating model and stable underlying operating earnings.

Again, supporting this overall strategy are the characteristics of the health sectors in both New Zealand and Australia, which to date have proved relatively resilient in an otherwise volatile market.

[SLIDE 26 – SUMMARY & OUTLOOK]

I'll now wrap up with the summary and outlook for the Trust over the next 12 months.

[SLIDE 27 – SUMMARY & OUTLOOK]

We believe markets will remain subdued through the balance of 2009, and at best we'll see a hesitant recovery in 2010, although there has certainly been some positive activity in investment markets over recent months on the back of improved investor confidence, however we, like many others, still remain cautiously optimistic.

Credit markets remain constrained and de-leveraging or maintaining a conservative, well capitalised balance sheet is a key focus and challenge in world markets, with global retrenchment evident in many sectors, including commercial real estate.

There are continued supportive underlying health sector characteristics, including an aging demographic and the recent 'push' from Government for DHB's to outsource elective surgical contracts to the private sector coming as great news, especially for the Trust's Hospital tenants.

This also potentially signals a devolution of services by the Government, so we are staying close to any developments in this area and remain in regular contact with the Ministry of Health policy team.

The pace with which capitalisation rates softened over the last 24 months has slowed, with a bias for further softening in the near term, but at a slower rate than we have seen to date.

The real pressure in commercial property markets is now on declining rentals and increasing vacancies and lease incentives. However as I have already noted the Trust has stable rental growth, a low risk lease expiry profile, long weighted average lease term, sound tenant covenants, high occupancy levels and quality assets which should see it relatively insulated through any continuing volatility in local and global markets.

In light of some uncertainty around further softening of capitalisation rates, we remain focussed on maintaining a strong financial position with a conservatively geared balance sheet. As noted we will consider future asset sales as one of a range of options to manage the Trust's overall capital position.

This is however an opportunistic market and we continue to consider strategic opportunities in New Zealand and Australia that will strengthen and diversify the Trust for the long term, whilst providing enhanced unitholder returns.

Tenant and investor relations and communications remain essential and we will ensure that this high level of interaction continues.

Finally, the Trust is firmly established and defensively positioned for low risk to earnings and distributions and on that basis, barring any material unforeseen economic or portfolio events, we are forecasting a full year 2010 cash distribution range of 8.4 to 8.6 cents per unit, with a target of 8.5 cents per unit.

[SLIDE 28 – THANK YOU & QUESTIONS]

Thank you ladies and gentlemen, that's the end of my presentation, I'll now pass you back to the Chairman.

ENDS

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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.