

MARKET RELEASE

Auckland, 17 February 2010

IMP announces 15.3% increase in half year operating profit, but possible removal of depreciation allowances remain a concern

ING Medical Properties Trust (NZSX ticker: IMP), the only NZSX-listed specialist medical and healthcare property entity, today announced an unaudited interim operating profit before tax of \$6.76m for the six months ended 31 December 2009, a 15.3% increase on the same period to 31 December 2008.

David Carr, General Manager of ING Medical Properties Limited, the Manager of the Trust, said that "on top of the increased interim operating profit the Trust produced a sound 12 month total return to investors of 18.5%, comparing favourably to the NZX Gross Property Index which had a total return of 12.9% for the same period according to Forsyth Barr research. The Trust remains the top performing New Zealand Listed Property entity on a total return basis over three and five year periods".

"The strong interim result is a reflection of the clearly articulated direction and delivery of the Trust's strategy over recent years. The Trust's defensive and diversified medical and healthcare asset class now has a proven performance record in a sector where a clear investment appetite exists for a differentiated real estate investment product".

Carr said "at the heart of the Trust's performance and stability are the core portfolio metrics that continued to remain resilient during and after the impact of the global financial crisis. Large parts of the commercial property sector are now facing the impact of the lag effect of the global financial crisis, with increasing vacancy levels and downward pressure on rents. Conversely, due to the underlying demographics supporting medical and healthcare sector growth trends, the impact of this lag effect is not as prevalent in the Trust's activities to date where for example, portfolio occupancy levels have in fact increased by over 2.5% on a year ago, with occupancy now at 99%".

The Chairman of the Manager, Mr Bill Thurston said that while he was relieved that the Government's proposed tax reforms announced last week would not include land tax and capital gains tax, the potential for the removal of building depreciation remained a concern. Fortunately for the Trust, approximately one third of its portfolio is in Australia so the impact of eliminating depreciation will be diminished for the Trust.

"This is not just about the impact on the Trust specifically but the likely negative effect it will have on the Trust's tenants, and the thousands of Kiwi mum and dad and institutional investors we have. Of real concern also is the further isolation of New Zealand from the already highly competitive global markets for offshore capital and business investment, which is essential in supporting economic growth in New Zealand".

Mr Thurston also believes that denying depreciation on medical and healthcare property assets would impact on all private sector investment in healthcare infrastructure in New Zealand. As a result we may see increased margins and thresholds for investment returns in order to offset the net tax cost, which unfortunately would likely be passed through to the healthcare sector operators and ultimately their patients and clients.

Mr Thurston said that notwithstanding the potential impact of these external influences the Trust remains well positioned to actively consider opportunities in the sector in both New Zealand and Australia. Of particular interest are strategic acquisitions that continue to enhance the Trust's scale and diversification. Any opportunities will be rigidly assessed against key criteria and will be expected to align with the Trust's strategy and enhance unitholder returns.

Financial performance

Gross rental income for the period was \$12.36m (2008: \$11.79m), an increase of 4.9% on the prior period. The Trust's operating profit before tax was up 15.3% to \$6.76m (2008: \$5.87m) primarily as a result of increased rental income as occupancy levels improved over the period and reduced interest expense as a result of lower interest rates.

Mark-to-market adjustments on interest rate hedges and foreign currency positions are made in accordance with International Financial Reporting Standards. The Trust has reported a net operating profit after tax of \$6.78m (2008: loss of \$2.8m) for the period partly due to an unrealised foreign exchange gain of \$0.39m (2008: gain of \$4.7m) plus an unrealised interest rate swap gain of \$1.75m (2008: loss of \$15.7m). The accounting treatment of these unrealised items has no effect on the Trust's cash distributions to unitholders.

The Trust's second quarter distribution of 2.125 cents in cash and 0.2394 imputation credits is due for payment on Tuesday 16 March 2010. The Board has reaffirmed its 30 June 2010 year end cash distribution guidance of 8.4 to 8.6 cents per unit.

Portfolio activities

Highlights of the Trust's activities include:

- Portfolio occupancy levels improved by over 2.5% for the 12 months to 31 December 2009, to 99.0% occupancy (1.0% improvement for the 6 months to 31 December 2009).
- Key occupancy gains were at Eastmed, St Heliers and Ascot Central, Greenlane, with less than 700 square metres of floor space available for lease throughout the total portfolio.
- Sector-leading 8.5 year weighted average lease term - a sound indicator of contracted rental income certainty for the Trust.
- 1,920 square metres of lease renewals and new leases for the 6 months to 31 December, generating or maintaining annualised income of \$795,000 per annum.
- 100% tenant retention rate.
- 1.4% of the Trust's leases by income are due to expire in the remaining 6 month period to 30 June 2010, down from 2.6% as at 30 June 2009.
- Looking beyond the current period, for the 12 months to 30 June 2011 the Trust's lease expiry profile is 2.3%, a solid and defensive position for the Trust during any period of continued market volatility.
- A total of 17, majority CPI based rent reviews were completed in the six months to 31 December 2009 resulting in an average increase over the passing rent of 5.04%. The Trust has 51 rent reviews remaining for the 6 months to 30 June 2010, with approximately 70% to be reviewed by CPI, providing built in future rental growth.

Divestments

Following the settlement of the sale of two of the Trust's non-core, lower value assets last year the Board continues to consider divestment opportunities of similar non strategic assets. The net proceeds from the two asset sales have been applied to reduce bank debt, with the Trust's debt-to-total-assets ratio at 34.0% as at 31 December 2009, in line with the listed property sector average of 33.9% according to Forsyth Barr research.

Revaluations

As a result of the relative stabilisation in capitalisation rates over the latter part of 2009, in addition to the defensive overall position of the Trust properties, the Board does not consider that there has been any material movement in the current market value of the Trust's assets as at 31 December 2009. On that basis the Board formed the view that revaluations will not be commissioned for the half year results. The Manager will however shortly instruct independent external valuation firms to undertake current market valuations of the Trust's total portfolio as at 30 June 2010.

Unitholder communications

Unitholder communications remain a key focus. The newsletter will continue to be published twice a year and the annual investor roadshow is scheduled to be held in early May 2010 throughout the country. Further information about the roadshow, including dates and venues, will be sent out with the March distribution statement.

Unitholders also now have the opportunity to elect to receive reports and publications from the Trust electronically, with the upcoming interim report being the first of the Trust's publications sent via email to unitholders who have requested this option.

Outlook

The Trust remains resiliently positioned to confront any ongoing economic or financial market hangover resulting from the global financial crisis. The strength of the tenant covenants, consistent rental growth, low risk lease expiry profile and overall portfolio diversification are key facets of the Trust's future underlying stability. In addition, the Trust currently has no speculative land holdings or development risk within the portfolio.

It is this foundation that will facilitate the growth and diversification of the Trust when key strategic opportunities arise in what remains a competitive and tightly held investment market for assets of similar quality to the Trust's.

Appendix 1

	HY2010	HY2009	
	\$000s	\$000s	
Reconciliation of Operating Profit			
Profit/(loss) before income tax	8,896	(5,211)	
<i>Deduct/(Add back):</i>			
Unrealised foreign exchange gain	388	4,658	
Unrealised revaluation gain/(loss) on Interest rate swaps	1,748	(15,734)	
Operating Profit	6,760	5,865	15.26%
Realised loss on sale of properties	14	Nil	
Gross Distributable Income	6,774	5,865	

ENDS

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ING Medical Properties Trust

ING Medical Properties Trust (NZX ticker: IMP) is New Zealand's only NZSX listed specialist medical and healthcare property entity. The Trust has a total portfolio value of NZD\$286m, with 14 properties and 100 tenants in New Zealand and Australia, including Ascot Hospital in Auckland and Epworth Eastern Hospital in Box Hill, Melbourne.

ING Medical Properties Limited (the 'Manager'), which is wholly owned by ANZ National Bank Limited, is the manager of the ING Medical Properties Trust (the 'Trust'). The Manager and the Trust have a licence from ING Corporate Services Pty Limited enabling them and related companies of the Manager to use the ING brand, certain trademarks and other brand indicia owned by ING Group or its subsidiaries while transitioning to a new brand, which is expected to be by the end of 2010.