

PRESS RELEASE

Auckland, 27 August 2008

ING Medical Properties Trust announces an 8.4% increase in full year operating profit to 30 June 2008

ING Medical Properties Trust (the 'Trust') today announced an unaudited operating profit of \$12.1m (\$11.1m in 2007) for the financial year ended 30 June 2008. The net tangible asset backing of the Trust firmed slightly from \$1.28 per unit as at 30 June 2007 to \$1.30 per unit as at 30 June 2008 (excluding allowance for deferred tax on revaluation gains).

The Trust's fourth quarter distribution is 2.45 cents per unit, including imputation credits of 0.24 cents per unit. This lifts the total gross distribution for the year to 9.8 cents per unit, an increase of 3.2% from the 9.5 cents per unit distribution in 2007. The cash distribution of 8.5 cents per unit was up 11.8% on the 2007 cash distribution. The distribution represents a gross yield of 11.5% for a 33% marginal tax paying investor.

"The trust has outperformed the NZX Gross Property Index by 7.0%, and the NZX top 50 index by 10.7% during the 12 months to 31 July 2008," said Bill Thurston, Chairman of ING Medical Properties Limited, Manager of the Trust. "This performance demonstrates the resilience of the Trust during tough economic times with difficult credit market trading conditions both locally and globally. The Trust is well positioned to see through the negative sentiment around the medium term outlook".

"The Trust's unique medical and healthcare focus generally insulates it from mainstream economic issues, as it has very little exposure to the retail, office and industrial sectors. The burgeoning public and private healthcare system and an aging population also provides the Trust with a defensive and stable rental income stream sought by existing unitholders and new investors," said Mr Thurston.

Highlights

- Weighted average lease term of 9.3 years, the longest in the New Zealand listed property sector;
- Outperformed New Zealand Gross Property Index for the 12 months to 31 July 2008 by 7.0%;
- Net tangible asset backing at \$1.30 per unit (excluding allowance for deferred tax on revaluation gains);
- Cash distributions increased 11.8% to 8.5 cents per unit;
- Gross rental income up 12.3% to \$21.7m;
- Average increase in rents reviewed of 4.2%, reflecting stable underlying growth and the low risk nature of the Trust;
- Acquisition of Apollo Health and Wellness Centre, Albany, Auckland;
- Settlement of Ascot Central, Greenlane, Auckland;
- Successful completion of Kensington Hospital endoscopy theatre development, providing a total return on cost in excess of 11%;
- Bank facility extended to March 2011;
- Re-introduction of the Distribution Reinvestment Plan from September 2008; and

- Improvements to the corporate governance of the Trust.

Financial performance

Gross rental income increased 12.3% to \$21.7m, as a result of the completion of the Kensington Hospital extension; rental increases from rent reviews, and the acquisitions of the Apollo Health and Wellness Centre and Ascot Central.

The Trust's operating profit increased 8.4% to \$12.1m (2007: \$11.1m). In calculating operating profit, any unrealised items are removed from the Trust's profit before tax. A reconciliation of operating profit is provided as a footnote.

Following a slight market-driven decline in portfolio revaluations of \$1.5m, the 2008 operating surplus before tax is \$10.5m. In 2007, the then buoyant property market assisted in recording \$13.5m of revaluation gains, and as a result the Trust reported an operating surplus of \$26.9m.

"The 8.4% increase in operating profit, which is the measure taken before revaluation gains or losses is a sound financial result and provides confidence that the fundamental underlying cashflow of the Trust is strong, as this number is a true and reliable indication of the actual operating performance of the Trust," Mr Thurston said.

Financial position

Total assets increased by \$57.3m to \$308.3m, up 22.8%. The increase was mainly due to:

- The acquisition of Apollo Health and Wellness Centre and Ascot Central, both in Auckland, at a combined value of \$42.6m (excluding acquisition costs).
- The exchange rate over the financial year decreasing from \$0.91 on 30 June 2007 to \$0.79 on 30 June 2008 and as a result the exchange rate gain on the carrying value of the Australian property assets is \$13.5m. This gain will be posted directly to reserves, which is partly offset by an increase in the carrying value of the Australian dollar debt of \$11.4m (of which \$4.1m is posted in the Income Statement and \$7.3m is posted to reserves).

Bank debt has increased by \$52.2m to \$108.2m, which is a result of the change in exchange rate and new acquisitions. The majority of the Trust's debt is denominated in Australian dollars in order to provide a natural hedge against fluctuations in the value of the Australian assets.

The debt-to-total-asset ratio moved to 35.1% from 22.3% at 30 June 2007. At the 2007 annual meeting unitholders approved an increase in the maximum permitted ratio to 50.0% with the intention to maintain a target debt-to-total-asset ratio at 40.0% over the medium to long term, however recognising the current market conditions, over the near term a lower debt-to-total-asset ratio will be targeted.

The net tangible asset backing of the Trust firmed slightly from \$1.28 per unit at 30 June 2007 to \$1.30 per unit as at 30 June 2008 (excluding allowance for deferred tax on revaluation gains), providing solid underlying asset backing for investors in the Trust.

Property revaluations

The portfolio has performed very well in what has become a tough commercial property investment climate. The Trust's consistent rental growth profile with a large proportion of leases being reviewed annually to CPI ensures stable underlying growth in income through the portfolio.

The independent property valuations completed as at 30 June 2008 show the aggregate value of the Trust's portfolio at \$297.8m (as revised under NZ IFRS accounting rules) and reflects a split in the value of the New Zealand properties of \$192.8m and \$105.0m for the Australian properties.

In real terms, excluding the effect of currency movements, the portfolio on a 'like for like' basis has seen a slight decline of less than 0.5% of asset value, or \$1.5m. The revaluation result reflects a marginal softening in the aggregate portfolio capitalisation rate from 8.20% to 8.38% at 30 June 2008. However, this revaluation was largely offset by the CPI-linked rental growth provisions in many of the leases and the income certainty backed by the Trust's weighted average lease term of 9.3 years.

David Carr, General Manager of ING Medical Properties Limited, the manager of the Trust said, "Recognising the current domestic and international economic uncertainties and difficult global credit market conditions, this is a solid revaluation result and highlights the uniquely defensive nature of the health and medical property assets held by the Trust."

"The valuation result is a great endorsement of the consistent income profile and stable nature of the Trust's assets and the underlying growth in medical and healthcare services, which is further supported by the ageing populations of both New Zealand and Australia," Carr continued.

Occupancy

As at 30 June 2008, portfolio occupancy was 94.3%. The Manager has completed a number of significant and substantial new lease transactions over the previous 12 months. As a result of these activities approximately 2,850 square metres of space has been leased providing additional annualised rental income of \$935,000 per annum and a weighted average lease term on the new leases of 11.06 years, well in excess of the portfolio weighted average lease term of 9.3 years.

Post balance date the Manager is pleased to announce that it has agreed conditional terms for approximately 720 square metres at Ascot Central, which would increase the total portfolio occupancy rate to 95.5%. The Manager is also working on a number of new lease proposals which will further improve the portfolio occupancy levels over coming months.

Rent reviews

A total of 58 rent reviews were completed to 30 June 2008. Of these, 50 were annual Consumer Price Index (CPI) based reviews. The average increase over the passing rent was 4.2%.

Lease expiry profile

The Manager also continued to focus on lease expiries. There were six lease expiries over the last 12 months, with all but one lease being renewed.

With a weighted average lease term of 9.3 years to 30 June 2008 the Trust maintains the longest weighted average term of any property entity listed on the New Zealand Stock Exchange. The weighted average lease term provides a strong measure of contractual rental certainty and cash flow for the Trust's investors.

For the year to 30 June 2009, the Trust has approximately 9% of the portfolio with lease expiries. The Manager is currently working on a number of these, with a large proportion of tenants having invested significant infrastructure and goodwill into their businesses in the current premises therefore providing a very high renewal rate probability, which has historically tracked at 90%.

Looking ahead, the lease expiry profile for the year to 30 June 2010 is approximately 3%, and then 2% for the year ending 30 June 2011. This represents a very benign lease expiry profile and provides the Trust with a high level of continuity of contracted rental income in the near term.

Ascot Central

The settlement of the Ascot Central development occurred in March 2008, with the building being 40% leased at settlement to medical and surgical consulting practices.

As at 30 June 2008 a further 10% of the building was leased to mainly medical related tenants. Post balance date that Manager is pleased to report that it has now agreed conditional terms for a further 720 square metres, which will increase the building occupancy rate to 65%, with the remaining vacancy representing approximately 2.50% of the total net lettable area of the Trust's portfolio.

A consistent level of enquiry remains for space in the building and the Manager continues to work with a number of potential tenants on securing further lease commitments.

Lease terms negotiated to date range from four to fifteen years and include annual rent reviews to CPI and mid-term reviews to market.

Thames Street development, Box Hill, Melbourne

Having secured the 1,800 square metre site, specialist medical and healthcare real estate agents Apelbaum and Co in Melbourne continue to market the development project. Planning approval for a three-level, 13-suite medical consulting building is in place. Commencement of the development remains subject to securing an appropriate level of tenant pre-commitment and all options for the site are being considered.

Banking arrangements

The Trust has also announced that it has extended the term of its existing debt facility, which will now expire on 31 March 2011. The Trust's interest rate management policy protected earnings from interest rate volatility. Of the existing drawn debt 87% is covered by a number of interest rate hedges, with the first expiry not falling due until June 2009. The Trust's average interest rate was 7.40% (inclusive of bank fees).

Incentive fee

An incentive fee of \$0.88m is payable to the Manager for the year to 30 June 2008 (2007: \$1.26m). The fee is paid by issuing units in the Trust.

Corporate governance

A number of improvements were made to the Trust's corporate governance in late 2007. These include:

- Amending the Trust Deed to include the meeting provisions of listed companies;
- Amending the Trust Deed to ensure that the Trust and the Manager will have different auditors; and
- Giving unitholders the ability to nominate and vote on the appointment of independent directors to the Board of the Manager.

The Manager has also increased and improved unitholder communications, including the successful inaugural investor roadshow, held in May 2008 throughout the country. The Trust's new website is expected to be launched shortly, providing existing and potential investors with an opportunity to find out more about the activities, initiatives and announcements relating to the Trust.

In accordance with the improved corporate governance structure, independent director, Mr Graeme Horsley is due to retire by rotation and has offered himself for re-election. Nominations for the appointment of an independent director will close on 8 October 2008.

Outlook

The Manager remains confident that the Trust is in a strong position to capitalise on the opportunities in the medical and healthcare property sector, including continued discussions with a number of the Trust's existing tenants about their future occupancy requirements, whilst recognising a conservative and prudent approach to asset and Trust management is required in these uncertain times.

The core portfolio is expected to perform well over the coming year, and notwithstanding abnormal economic pressures this should lead to a cash distribution at least in line with the cash distribution for the 2008 financial year of 8.5 cents per unit.

Footnotes:

1.

Reconciliation of Operating Profit	2008	2007	
Profit before income tax	10,453	26,896	
Add back:			
Revaluation (gain) on construction	(2,134)	(964)	
Unrealised revaluation (gain)/loss on investment properties	1,514	(13,566)	
Unrealised foreign exchange (gain)/loss	4,225	(128)	
Unrealised revaluation (gain) on Interest rate swaps	(2,004)	(1,115)	
Operating Profit	12,054	11,123	8.4%

2. All values and figures quoted are in New Zealand dollars unless otherwise stated.

ENDS

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Profile ING:

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