

Navigating in Stormy Waters



Researched-based Investment Process

Global Strategy and Research team of 62 analysts

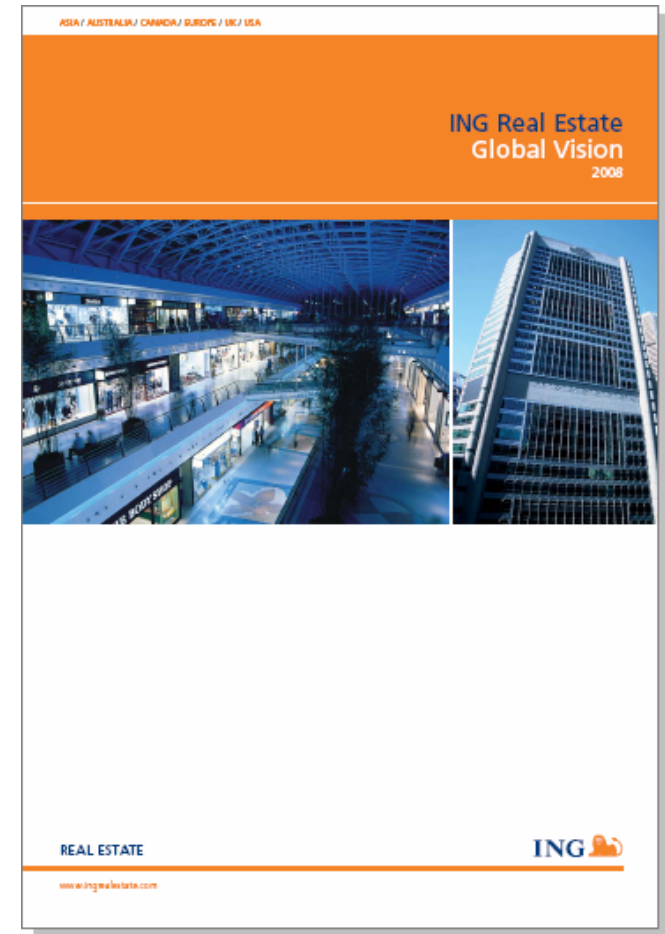
- Market targeting/timing
- Projection of occupancies and rents for underwriting
- Market pricing



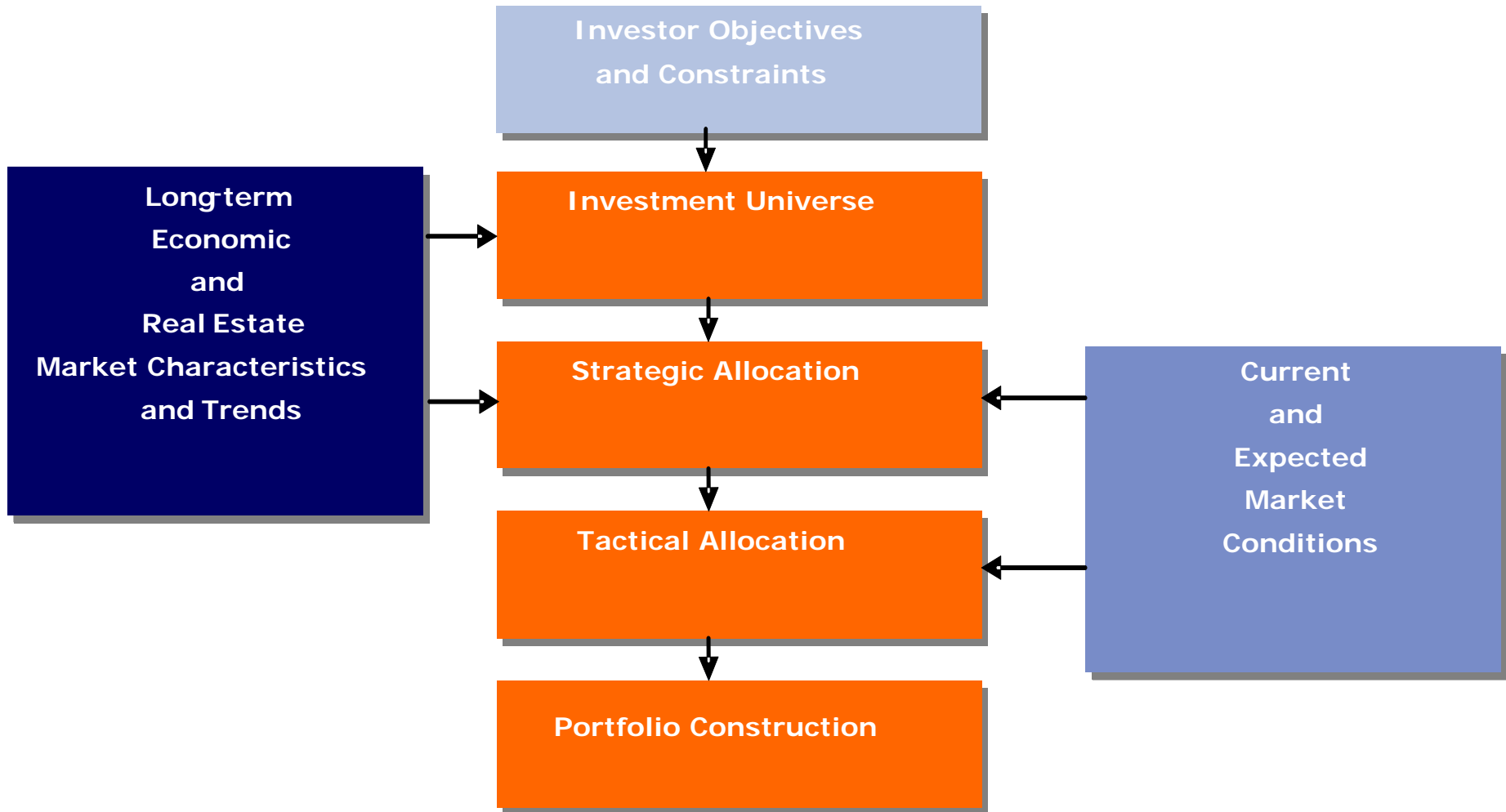
- Portfolio construction
- Strategic allocations
- Tactical allocations
- Investment themes

- Monitor local market conditions
- Competitive analysis
- Property business plans

Source: ING Real Estate Research & Strategy as of April 2008

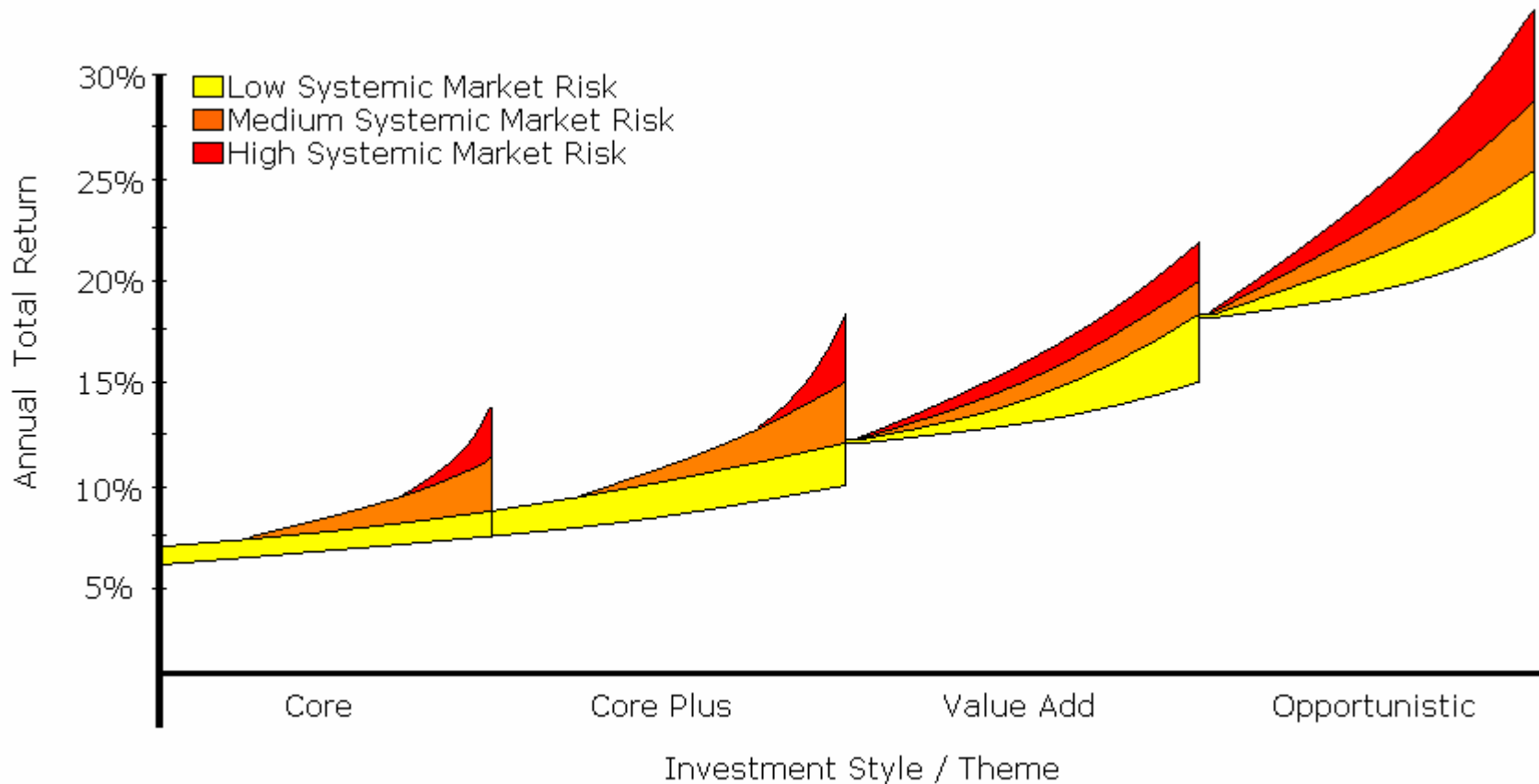


Portfolio Construction Process



Source: ING Real Estate Research & Strategy

What Should Investors be Looking For?



Typical Objectives for a Core/Core Plus Investor

- Target returns? 8-10% net IRR after fees and taxes
- Risk appetite? Low/Medium
- Diversification? Global diversification (ex. home market)
- Diversification? All sectors
- Holding period? Long-term (open-ended)
- Lot sizes? Large (Euro 75-100m)
- Concentration? Minimum of 3 assets in a market
- Gearing? 50% at a portfolio level

Strategic Framework

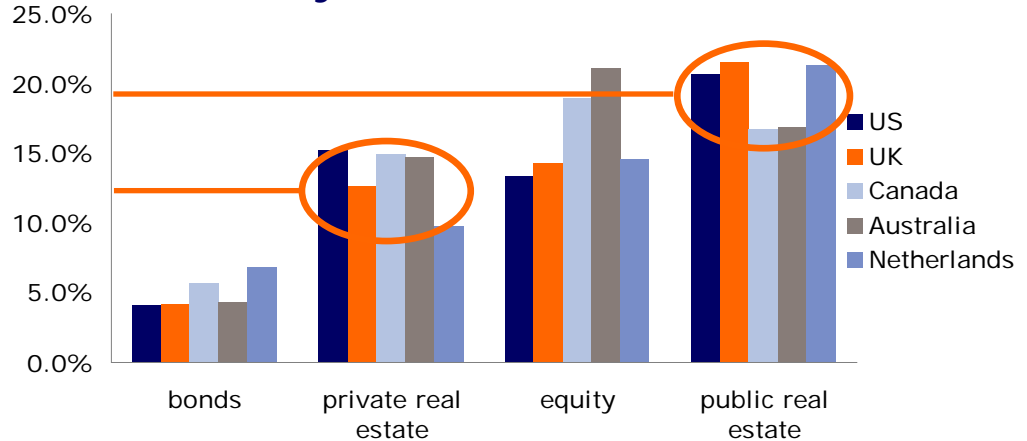


Real Estate - Delivers a Strong Performance

Over the last five years, real estate has delivered exceptional total returns:

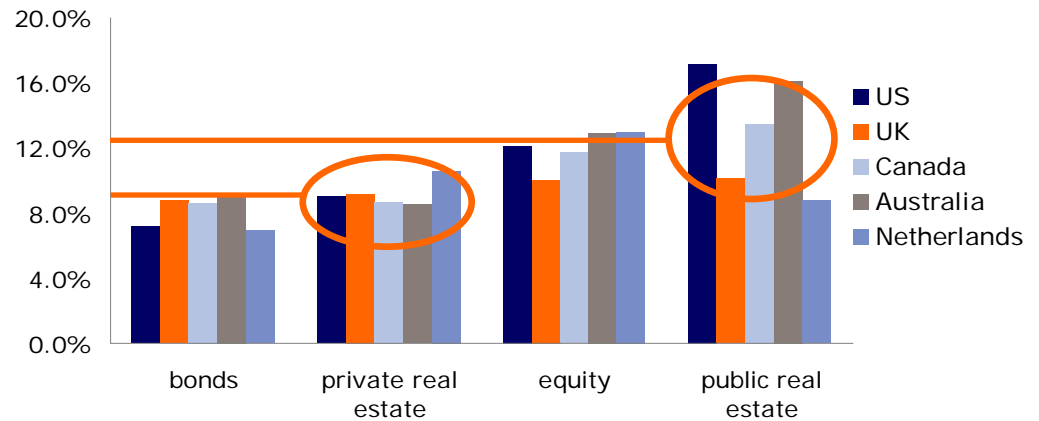
- 15- 20% for public
- 10 -15% for private

5-year total returns



Over a 18-year period, private real estate has delivered attractive total returns between equities and bonds

20-year total returns



Sources: IPD, NCREIF, EPRA, Ecwin and Datastream (MSCI, WGBI), as of April 2008
 Note: 15 years for Canadian Public Real Estate.

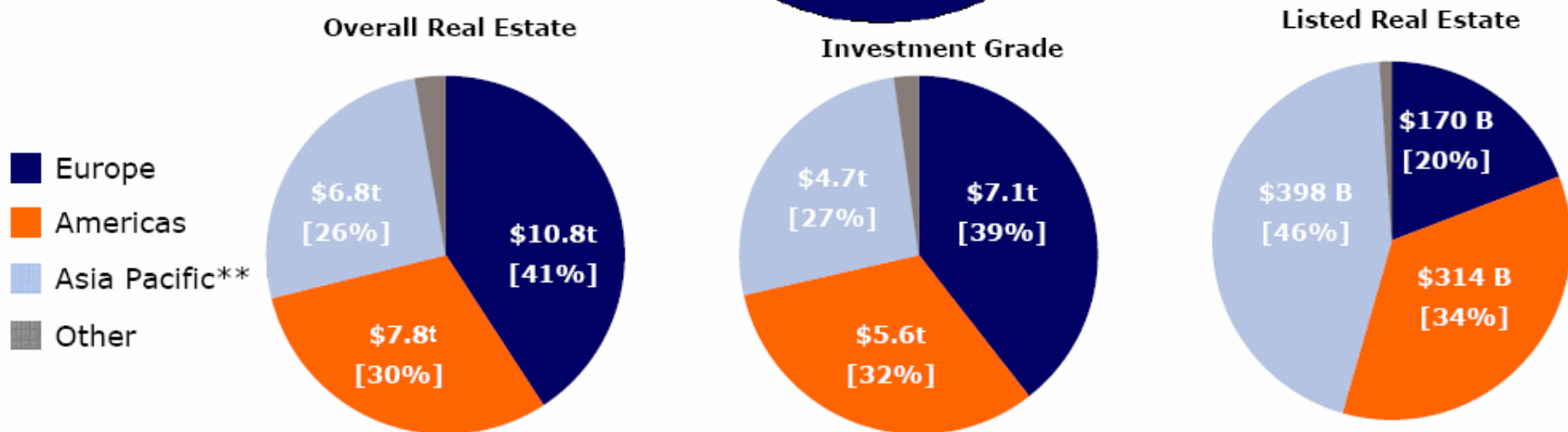
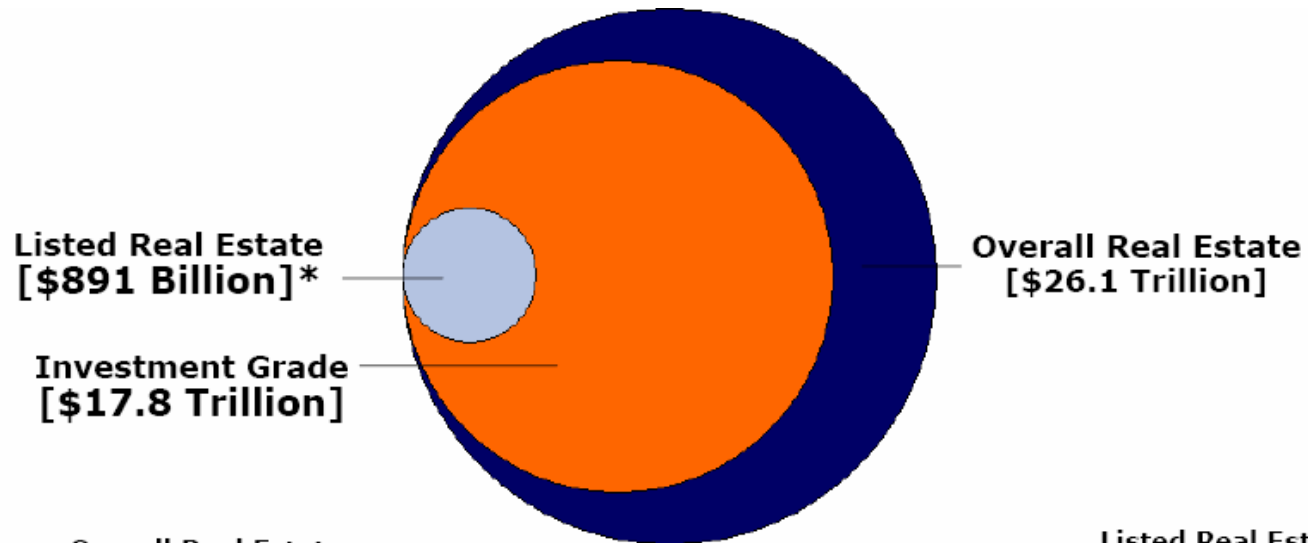
Retail and Industrial Provide Stable Returns

	Retail	Logistics	Serviced Apartment	Office	Residential	Hotel
Income return	H	HH	=	L	L	L
Capital growth	L	LL	=	=	H	L
Volatility	LL	L	H	H	HH	HH

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Stable
Cyclical

Source: ING Real Estate Research & Strategy as of April 2008

Investment Grade Real Estate Universe – 2007E



Source: ING Real Estate Research & Strategy. S&P/Citigroup Global Property Index for listed real estate (*Float market cap as of April 18th 2008, Broad Market Index – Global Property) ** Pan Asia Property Index for Listed Real Estate in Asia Pacific

ING REIM Risk Rating Results 2007

Low Risk 89%	Medium Risk 5%	High Risk 5%		Very High Risk (Unrated) 1%
Ultra Low Risk	South Korea	China	Philippines	All other countries incl. Venezuela***
US	Mexico	Brazil	Lithuania*	
UK	Taiwan	Russia	Bahrain*	
France	Greece	Saudi Arabia*	Morocco*	
Canada	South Africa	Israel*	Bulgaria*	
Very Low Risk	Chile**	India	Estonia*	
Germany	Poland	Turkey	Vietnam	
Italy	Malaysia	Argentina	Tunisia*	
Netherlands	Czech Republic	Qatar*	Latvia*	
Singapore	Hungary	Kuwait*	Puerto Rico*	
Sweden	Slovakia	UAE*	Macau*	
Low Risk	Slovenia	Thailand	Cyprus*	
Japan	Iceland*	Indonesia	Oman*	
Spain	Malta*	Colombia	Botswana*	
Australia		Romania	Panama*	
Belgium		Kazakhstan*	Trinidad & Tobago*	
Hong Kong		Ukraine*	Costa Rica*	
Switzerland		Peru	Namibia*	
Norway		Croatia*	Bahamas*	
Denmark			Mauritius*	
Ireland				
Finland				
Austria				
Portugal				
New Zealand				
Luxembourg*				

Notes: Countries ranked by market capitalization within each risk tier * indicates countries rated for the first time, ** indicates upgraded markets since 2006, *** indicates downgrades

Source: ING Real Estate Research & Strategy as of August 2007

Most Real Estate is in Low Risk Markets

Ultra Low 45%

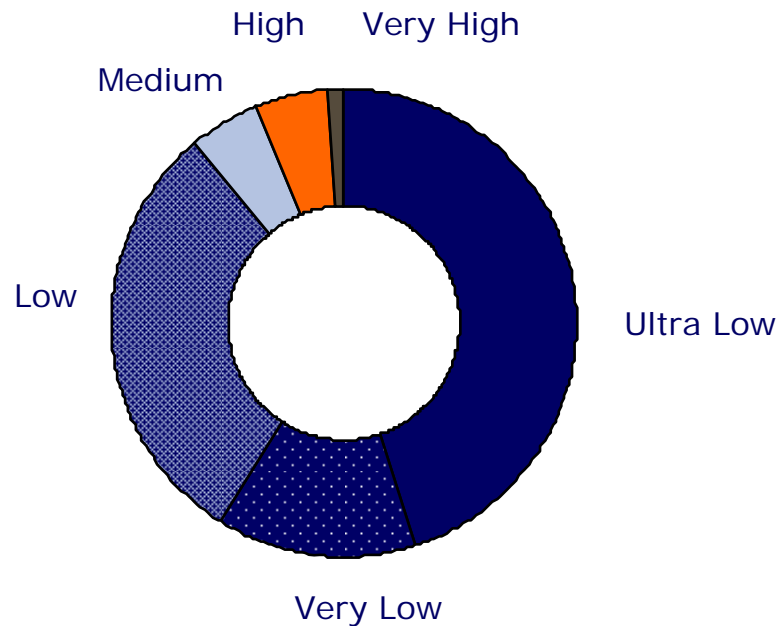
- US
- UK
- France
- Canada

Very Low 14%

- Germany
- Singapore

Low 30%

- Japan
- Australia
- New Zealand
- Hong Kong



High 5%

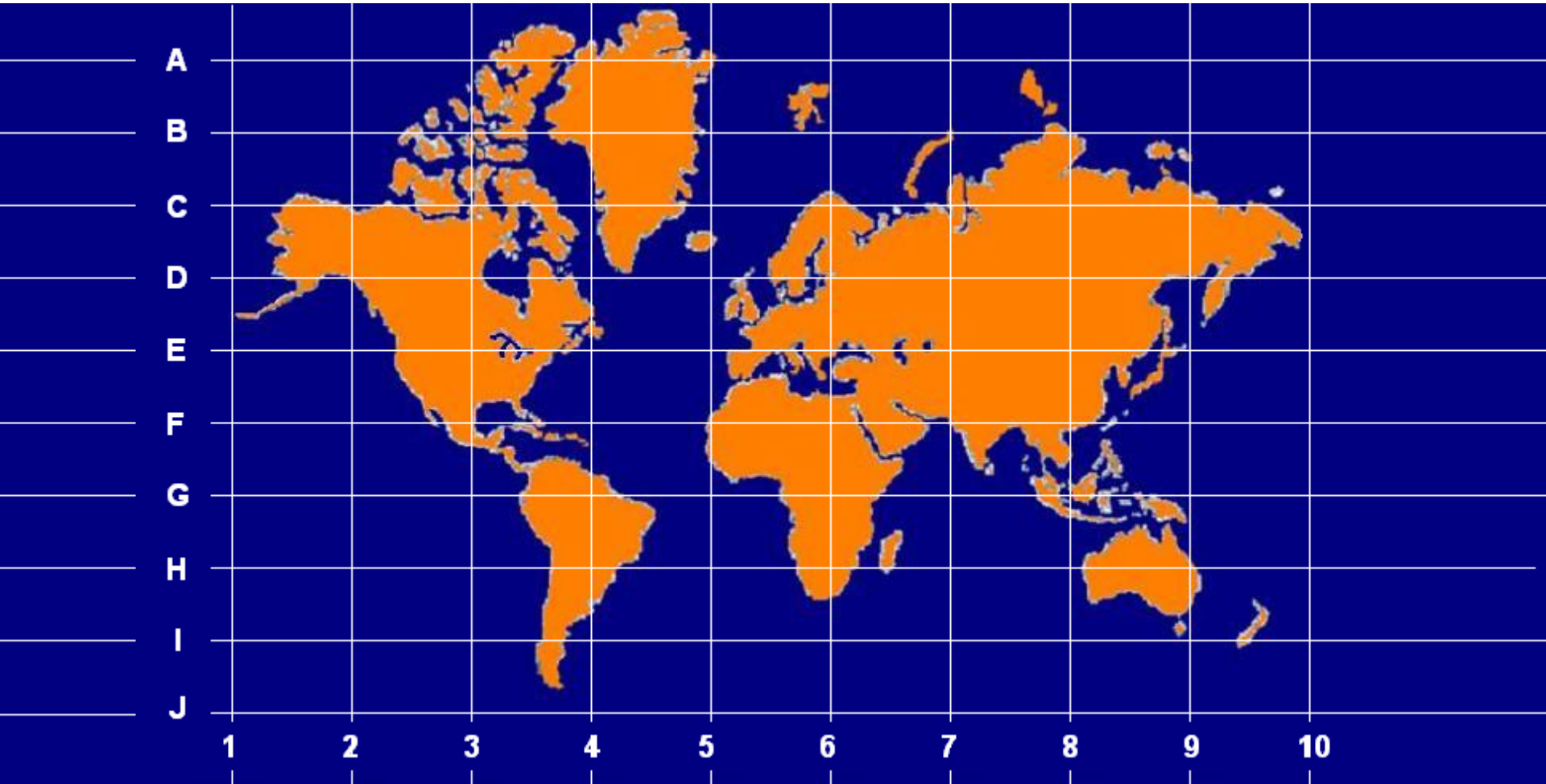
- China
- Turkey
- Venezuela

Medium 5%

- Korea
- South Africa
- Czech Republic

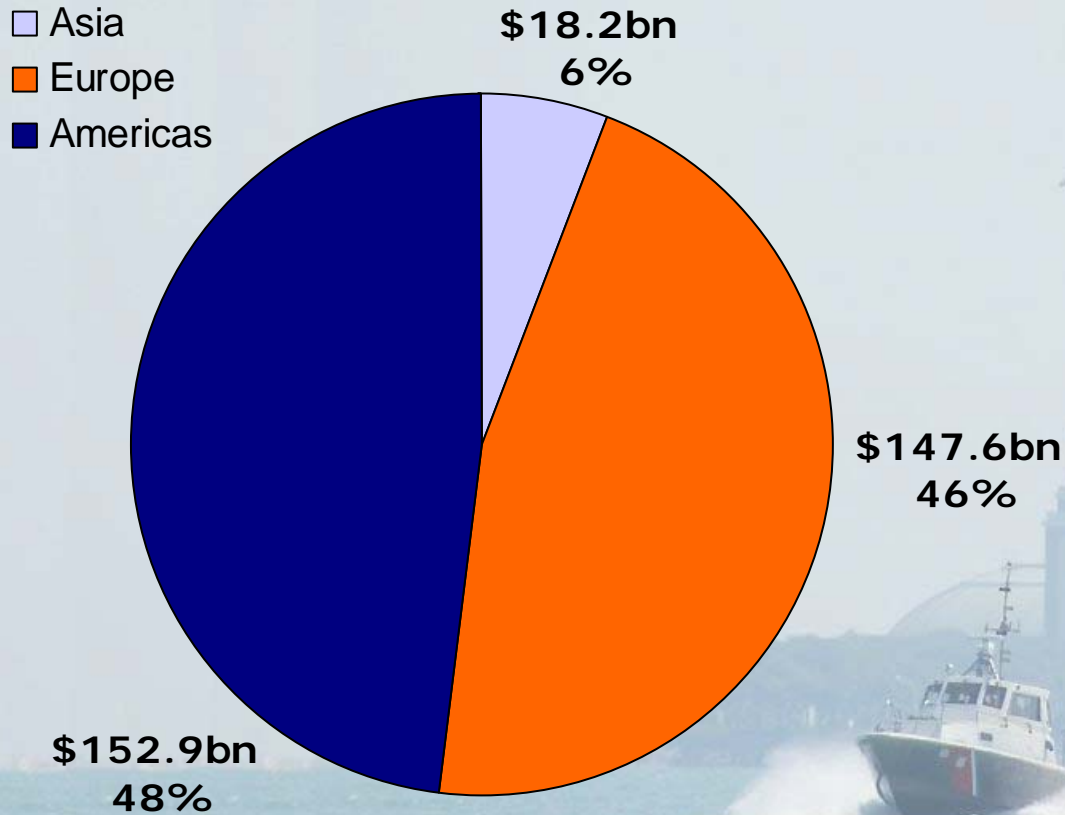
Source: ING Real Estate Research & Strategy as of May 2007

Tactical Recommendations



There's a Hole In My Bucket Dear Liza

Credit Turmoil Bank Losses Since Beginning of 2007

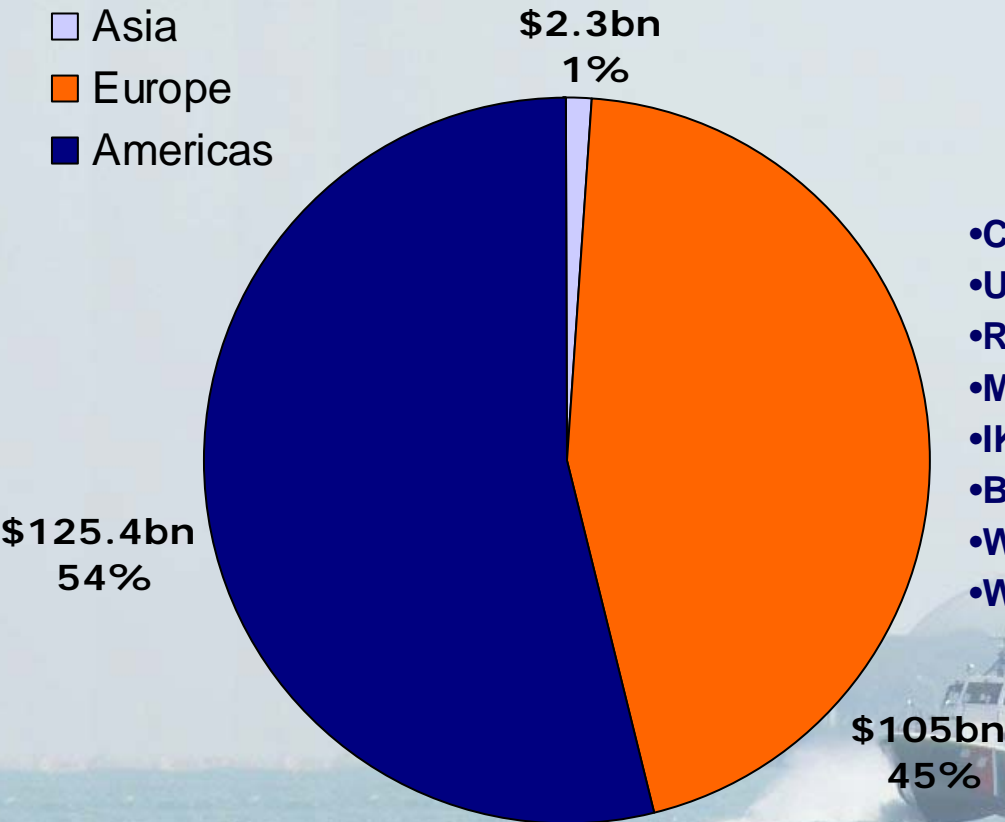


Source: IIF as of May 2008
Note: All funds in \$US dollars

So Fix It Dear Henry.....

Capital Raised by Banks Since Beginning of 2007

- Asia
- Europe
- Americas

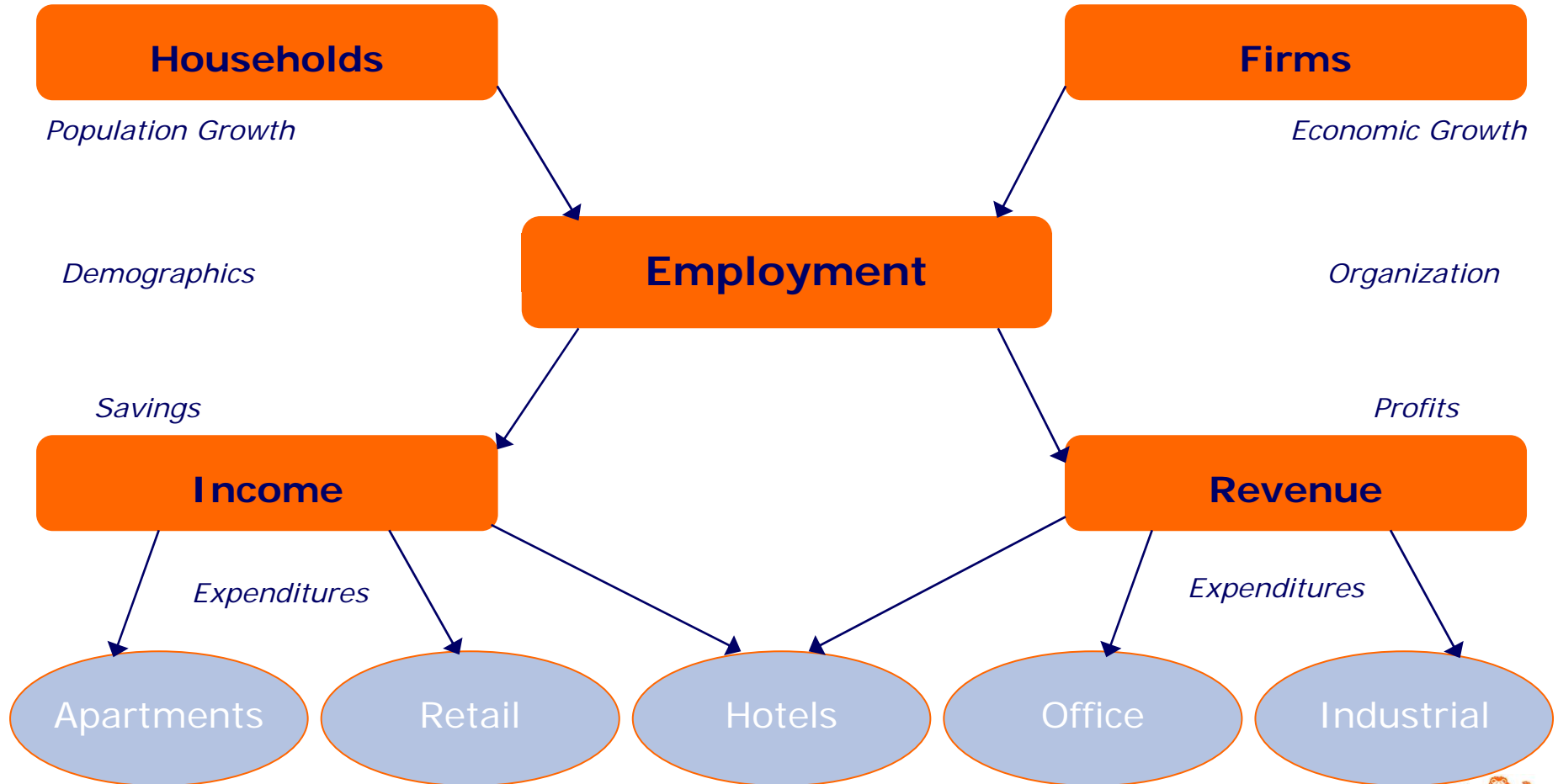


- Citigroup: \$41.7bn
- UBS: \$26.9bn
- RBS: \$23.6bn
- Merrill Lynch: \$16.1bn
- IKB: \$13.2bn
- Bank of America: \$17bn
- Wachovia: \$10.5bn
- WaMu: \$10bn
- Barclays: \$9.7bn
- National City: \$8.9bn
- Societe Generale: \$8.6bn
- HBOS: \$7.9bn
- WestLB: \$7.8bn
- JPMorgan Chase: \$6bn
- Morgan Stanley: \$5bn
- Lehman Brothers: \$4bn

Source: IIF as of May 2008
Note: All funds in \$US dollars

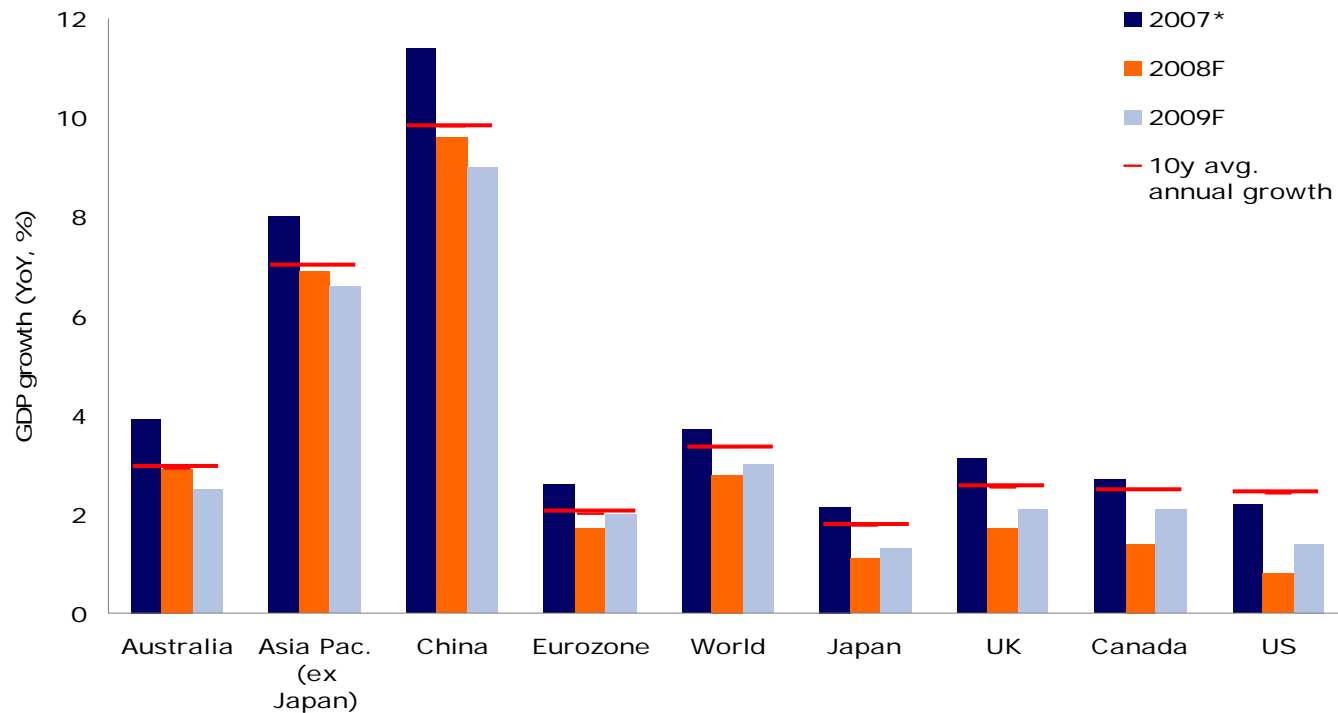
It's Not All Capital Markets - Analyse Demand!

A finer grained analysis of the demand-side will help us to understand better the niche opportunities that can be exploited



Economic Growth: Calmer Conditions in Asia

- Asia Pacific (especially China) will grow fastest
- Asia Pacific (especially China) will be most above trend in 2008
- Americas (especially US and Canada) will improve most by 2009



Sources: Economist Intelligence Unit, ING Real Estate Research and Strategy as of 23rd April 2008

Note: Countries and regions are ranked, left to right, by the difference between their forecast GDP growth rate of 2008 and their long-term average annual growth rate. 10-year average annual growth rate is defined as a blended 10-year average of growth rates between 2001 and 2012F. Growth rates for years 2008 to 2012 are forecast and are not indicative of future performance.

*Growth rates for 2007 are estimates for Asia Pacific (ex Japan), Canada, the Eurozone and the World, and actuals for Australia, China, Japan, the UK and the US

Short Term Real Estate Market Outlook (1)

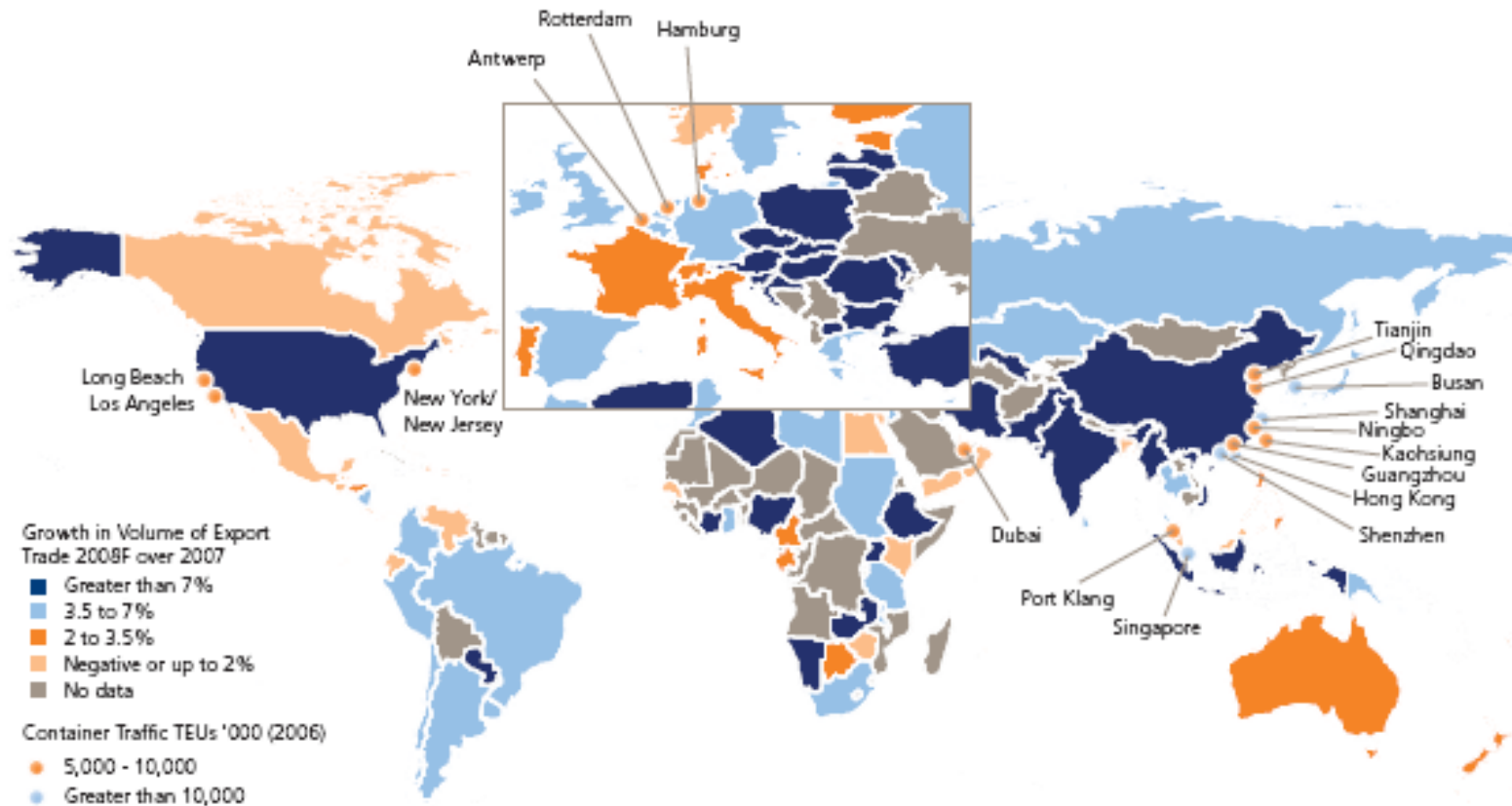
- Rising energy costs and a slowing global economy are inhibiting growth in global trade volumes
- Well located modern logistics facilities remain in strong demand but rental growth is weak
- Consumer led slowdown in the US, Australia and United Kingdom is leading to weaker demand – convenience centres will hold up best
- Retail remains buoyant in many Asian and Continental European markets with limited construction



Source: ING Real Estate Research & Strategy as of April 2008

Industrial: The Pattern of Global Trade is Changing

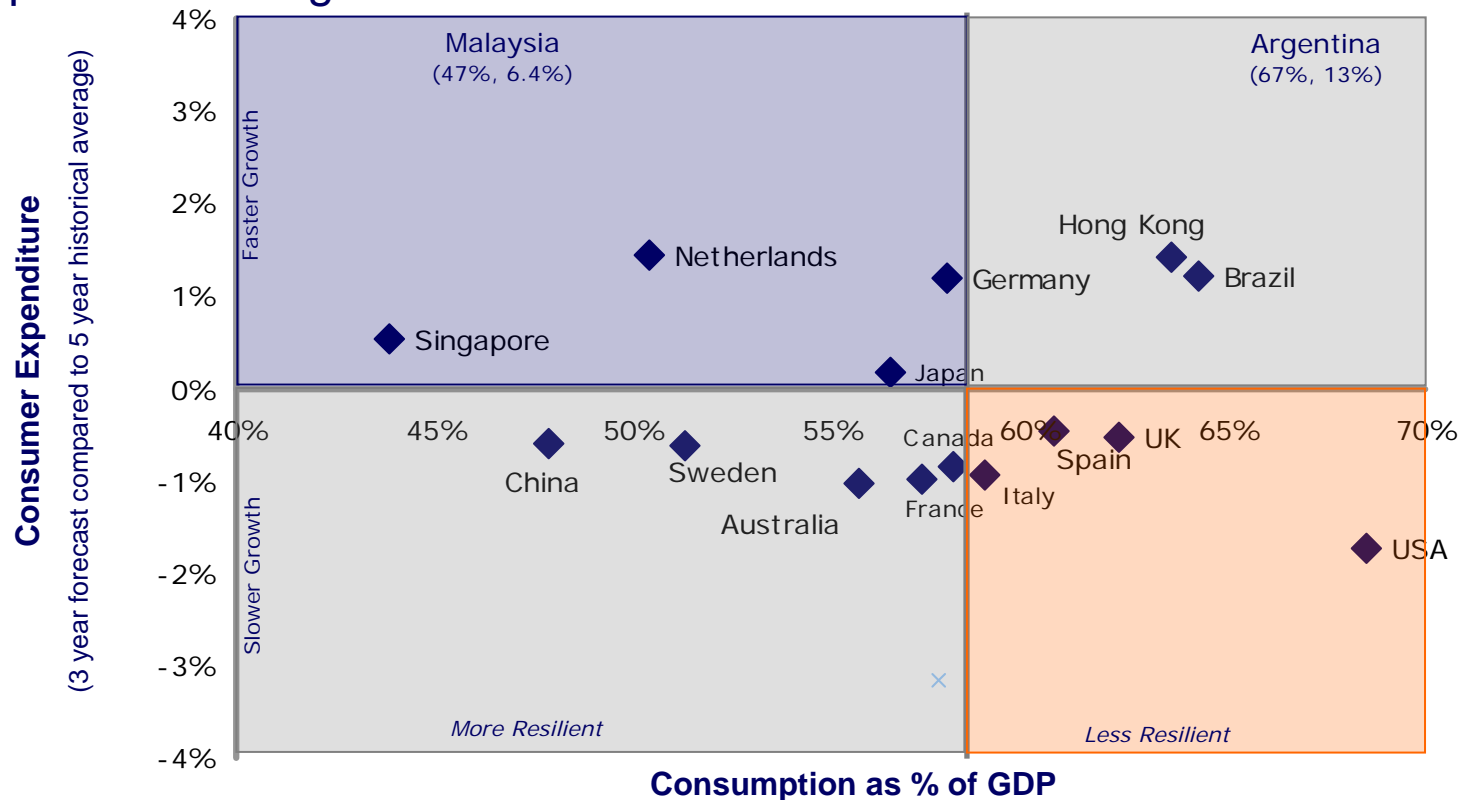
Global Export Volume Growth 2008F over 2007



Sources: EIU, Shipping Statistics Yearbook 2007, Containerisation International Yearbook 2006 and ING Real Estate Research & Strategy as of April 2008

Retail: Fast Growing / Low Consumption Attractive

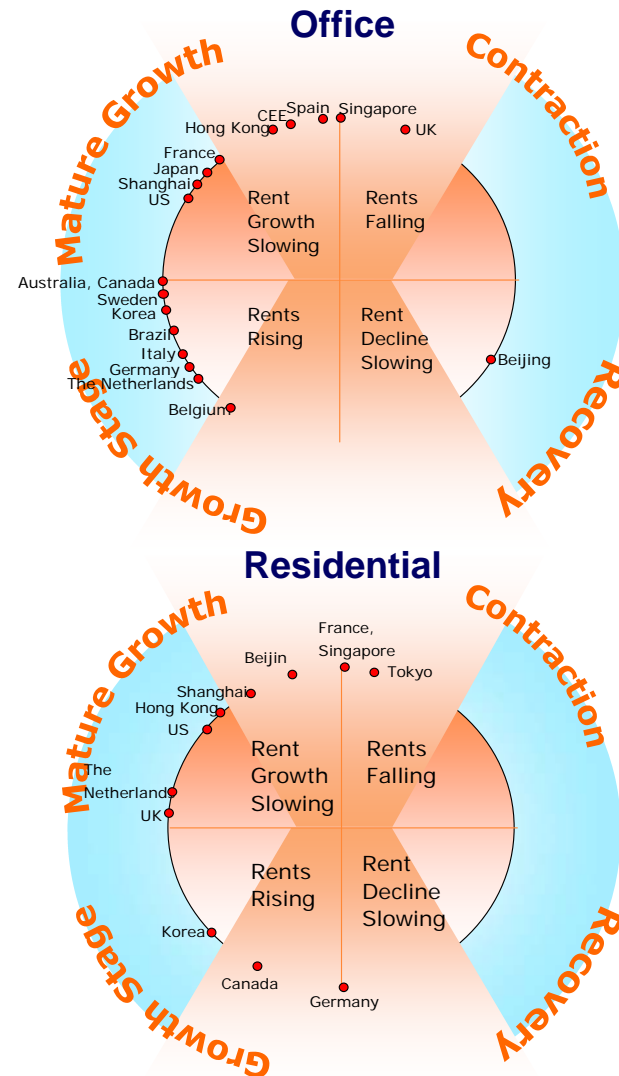
- Countries like the Netherlands, Singapore, Malaysia where consumption is forecast to grow faster than the historic average but where the economies are not overly dependent on consumption are potentially more attractive opportunities long-term



Source: EIU, ING Real Estate Research & Strategy as of May 12th 2008

Short Term Real Estate Market Outlook (2)

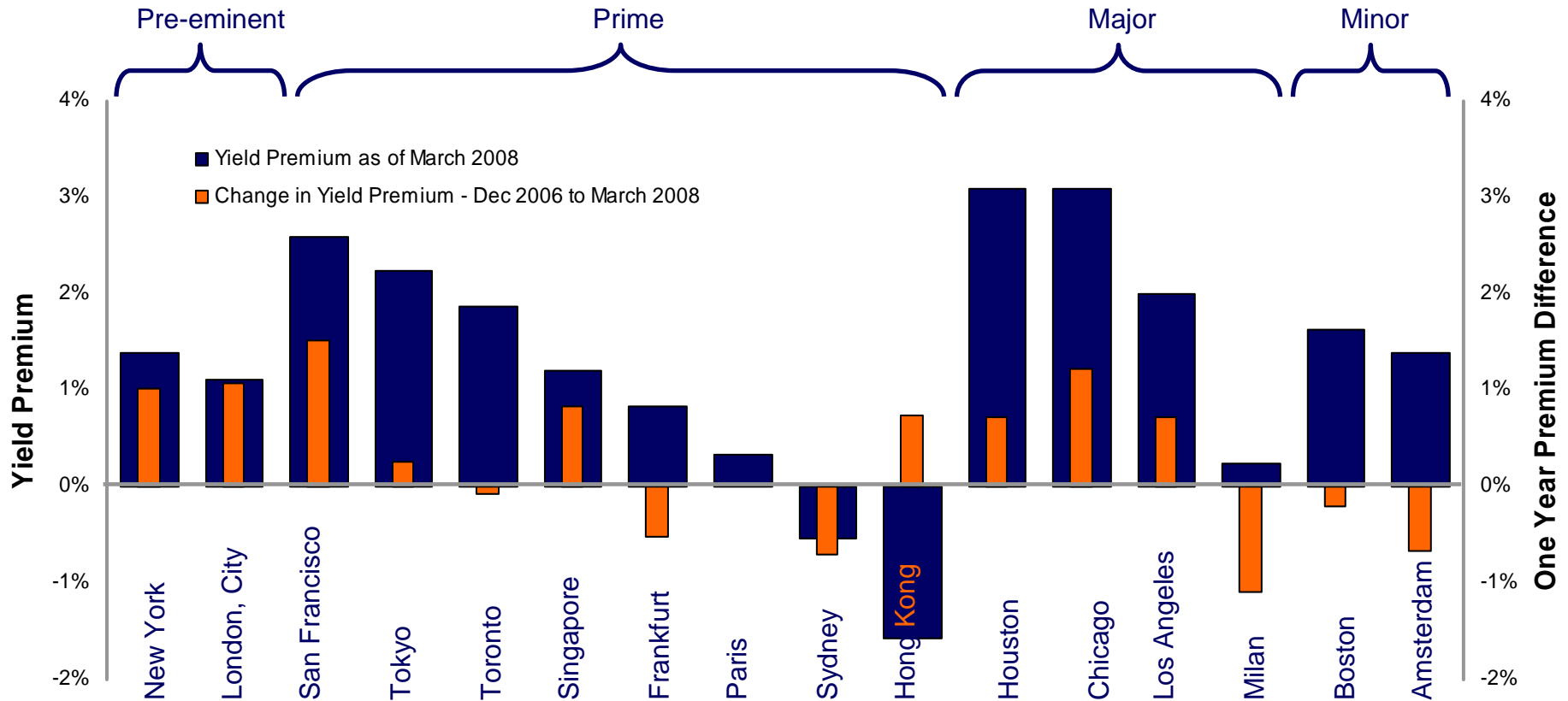
- Prices have corrected by 50-125 bps and a further fall is expected in 2008
- Demand remains strong so far but is expected to weaken resulting in slower rental growth - especially in major financial centres
- Important to distinguish between for sale housing and rental properties – the demand for rental property should hold up in locations where house prices are falling
- Housing in Asia and in emerging markets remains in strong demand



Source: ING Real Estate Research & Strategy as of April 2008

Office: Re-establishing Yield/Cap Rate Premiums

Yield/Cap Rate Premiums Over National Long Term Bonds



Sources: Bloomberg, Colliers International, JLL, PMA, ING Real Estate Research & Strategy as of May 2008

Note: City labels refer to relative importance in financial markets based on a study by BEAVERBROOK, SMITH AND TAYLOR. Toronto data as of Dec 2007.

Residential: Globally Markets Remain Vulnerable

Vulnerability Ranking Based on Demand-Side Factors

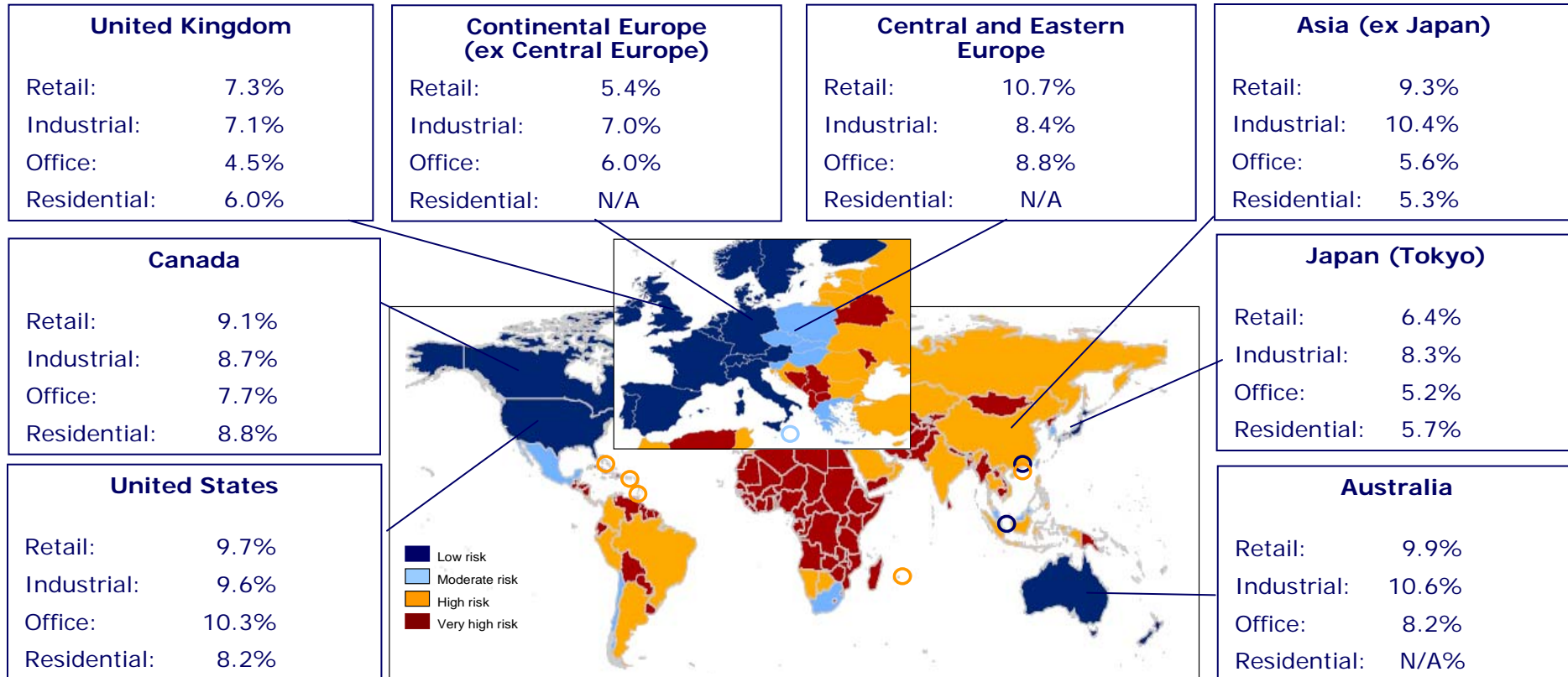
	Overall Ranking	Price to Income Ratio*	Misery Index*	Inequality
Finland	1	5	5	5
Korea	2	2	6	8
Japan	3	3	12	2
Denmark	4	15	2	1
Germany**	5	1	14	6
Norway	6	10	8	4
Italy	7	7	3	15
Sweden	8	8	17	3
Canada	9	9	11	9
Switzerland	10	4	15	11
Spain	11	16	1	13
Australia	12	12	4	14
Netherlands	13	18	9	7
France	14	11	13	10
Ireland	15	13	10	12
United States	16	6	16	18
New Zealand	17	17	8	17
United Kingdom	18	14	18	16

Source: IMF, World Economic Outlook Database October 2007, OECD Economic Outlook 2008, OECD Economic Database, UN Development Report 2007, ING Real Estate Research & Strategy as of May 2008

Note: Inequality is measured by the Gini Index *Over long term average **2006 Price to income ratio

Return to Long-term Average Returns - 2009-11

- Forecasts of unleveraged private core real estate total returns 2009-2011– (adjusted for C.E and Asia to reflect prime property data series)



- Unleveraged private real estate total returns will moderate to 5% to 10% per annum – below the 10 and 20 - year average but generally attractive compared to equities or bonds

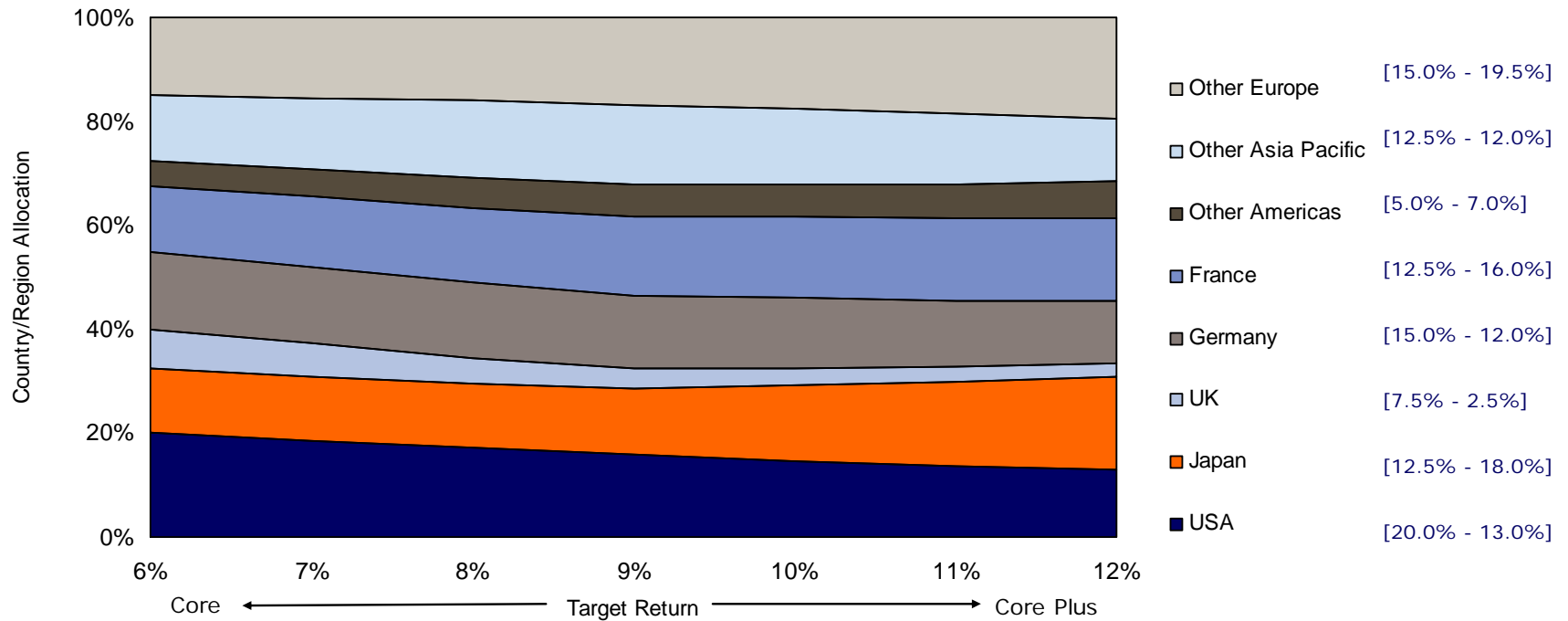
Source: ING Real Estate Research & Strategy as of March 2008

Core/core plus recommendations

Region	Investment Grade Real Estate	Strategic Regional Limit	Tactical Regional Limit	Tactical Recommendation
Americas	33%	20% - 40%	20% - 25%	Underweight Moderate medium-term growth prospects and real estate returns but potential for downward pressure on values if yields increase and risks to the US economic outlook worsen
Asia Pacific	28%	20% - 40%	25% - 30%	Mild Underweight/Marketweight Attractive long-term economic growth potential and short and medium term real estate return prospects especially in Australia and China and potential to use leverage in Japan
Europe	37%	30% - 50%	45% - 50%	Strong Overweight Attractive short-term economic and real estate return prospects in Continental Europe with stable yields but weak prospects in the UK
Other	2%	0% - 5%	0%	Underweight Markets are generally small and high or very high risk

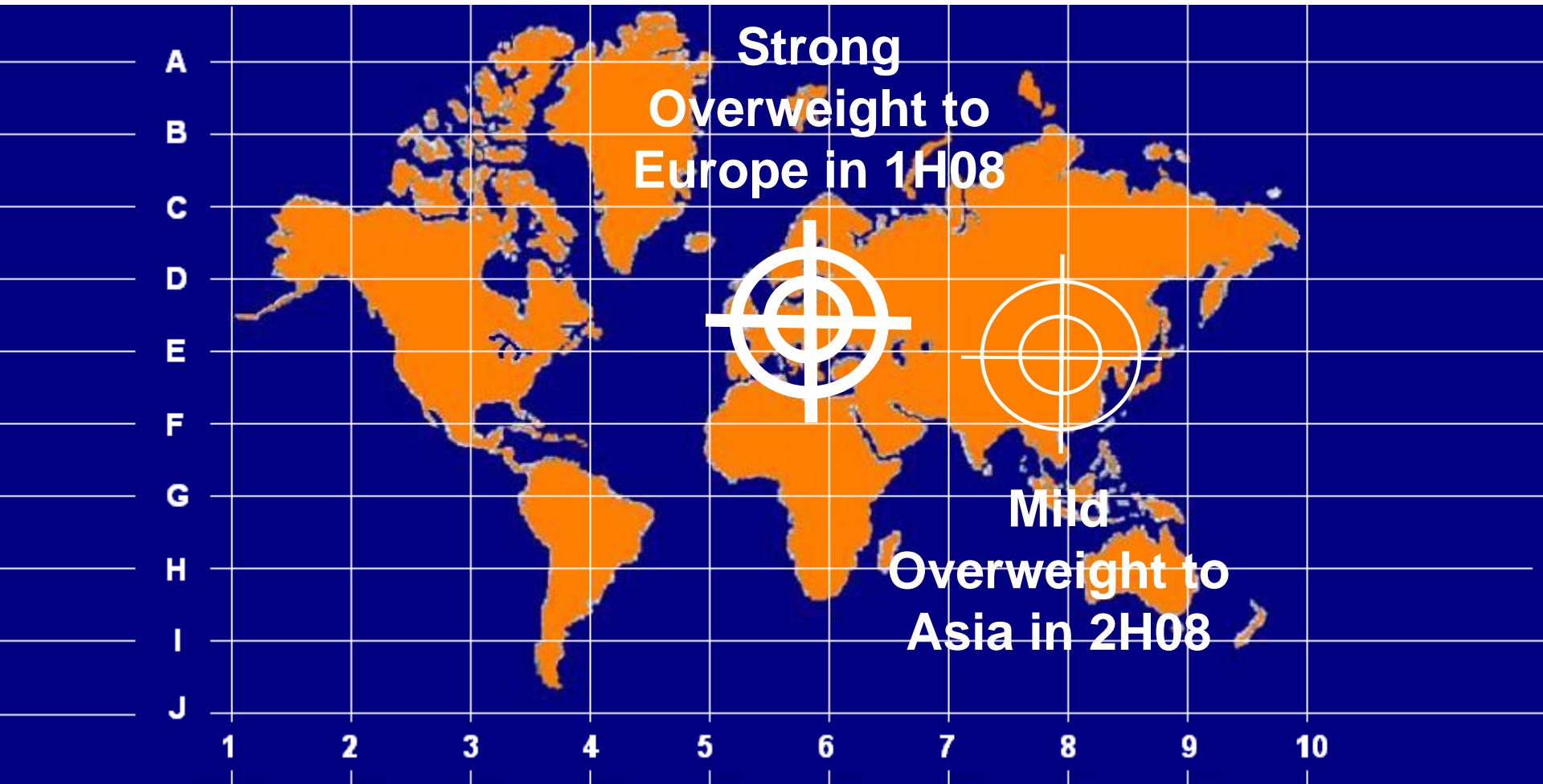
Source: ING Real Estate Research & Strategy as of December 2007

Core/core plus strategy recommendations 2008



Source: ING Real Estate Research & Strategy as of December 2007

Shifting Our Target in 2H08



Source: ING Real Estate Research & Strategy as of April 2008

Maintain Targets for Existing Capital

- Overweight Europe (especially Continental Europe)
- Core investors should maintain a mild underweight to Americas and Asia Pacific
- Core Plus investors should adopt a strong underweight to the Americas and marketweight position to Asia Pacific (using leverage in Japan)
- Underweight offices, slight underweight to residential and slight overweight to retail, industrial and alternatives



Source: ING Real Estate Research & Strategy as of April 2008

Adjust Targets for New Capital in 2H08



Source: ING Real Estate Research & Strategy as of April 2008

- Mild Overweight to Asia (underweight Americas and market weight Europe)
- Overweight industrial, market weight retail, residential and alternatives and underweight offices
- More closely focus on low risk markets for low risk investors
- Overweight core/core plus and opportunistic and underweight value-add

Navigating in Stormy Waters

For more information please contact:
Tim Bellman, Global Head of Research and Strategy
timothy.bellman@ingrealestate.com

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