

# ING UK Real Estate Income Trust Limited (REIT) Q1 2010 NEWSLETTER



UK  
INVESTING

QUARTERLY REVIEW  
1Q10

## FACTS & FIGURES

(At 31<sup>st</sup> March 2010)

### Launch Date

> 25 October 2005

### Shares in issue

> 330.4 million

### Share Price

> 48 pence

### Dividend

> 1 pence per share paid  
26/02/2010

### Market Capitalisation

> GBP 158.6 million

### Net Asset Value

> GBP 186.3 million

### Property Value

> GBP 352.4 million

### Net Asset Value per Share

> 56 pence

### Number of Properties

> 41

### Average Lot Size

> GBP 8.60 million

### Average Lease Length

> 8.13 years

### Net Gearing\*

> 41.1%

### Weighted Average Cost of Debt\*\*

> 4.88%

### Current Debt\*\*\*

> GBP 175 million

### Financial Year End

> 31 December 2010

### Half Year

> 30 June 2010

### Dividend Payment Dates

> Aug/Nov/Feb/May

### Total Expense Ratio

> 1.00% Annualised to 31/03/10

\* Net gearing is calculated as total debt less cash deposits as a proportion of gross property asset value.

\*\* Excluding loan arrangement costs

\*\*\* This figure ignores the liquidity facility of GBP 10.9 million.

## KEY HIGHLIGHTS

- > Increase of GBP 7.2 million in the underlying property portfolio value over the quarter, representing an increase of 2.1% on a like-for-like basis.
- > Rise in NAV per share of approximately 2.9% over the quarter, reflecting an increase of c. 1 pence per share.
- > Repayment of GBP 15 million of securitised debt over the quarter, at a 5% discount to the nominal value.
- > Disposal of office asset at a 19% premium to the December 2009 valuation.
- > Announcement of offer for Rugby REIT plc following the end of the quarter.

## ABOUT THE COMPANY

The Company is a closed-ended, Guernsey registered investment company. The Company was launched on the London and Channel Islands' Stock Exchanges on 25 October 2005. The property portfolio is managed by ING Real Estate Investment Management (UK) Limited, a member of the ING Group.

## INVESTMENT OBJECTIVES

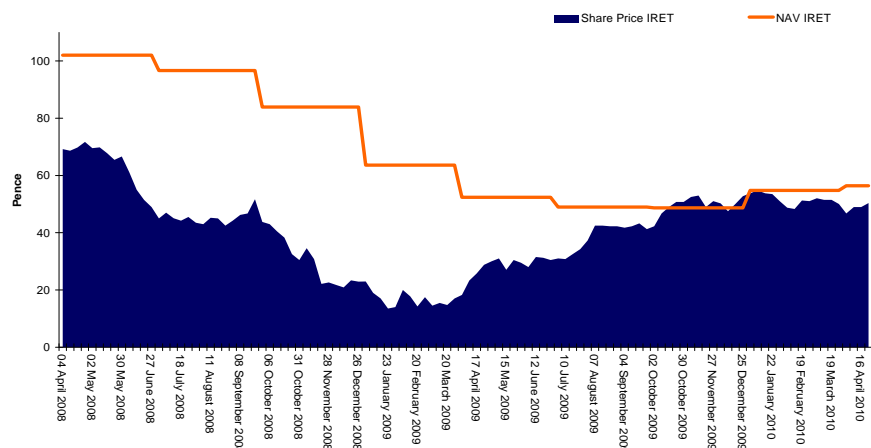
The Company's aim is to provide shareholders with an attractive level of income together with the potential for capital growth, through investment both directly and indirectly in UK commercial real estate.

The Company can invest in commercial real estate in the UK, the Isle of Man and the Channel Islands. It can invest principally in five commercial property sectors: office, retail, retail warehousing, industrial and leisure. It also has the ability to invest in other property funds and the residential sector.

## PERFORMANCE

As at 31<sup>st</sup> March 2010 the Net Asset Value of the Company was GBP 186.3 million, reflecting c. 56 pence per share. The underlying property portfolio saw a capital increase of 2.1%, which combined with a negative mark to market movement in the swap valuation, resulted in an increase in the NAV of c. 2.9% over the quarter.

IRET NAV & Share Price



## CHANGES IN CAPITAL STRUCTURE

In January 2010 the Company pre-paid GBP 15 million of its securitised loan at a discount to its nominal value, reducing the total debt outstanding under the facility to GBP 175 million.



**IMPORTANT INFORMATION**

This newsletter is issued by ING UK Real Estate Income Trust Limited ("IRET"). It is based on information supplied by the Investment and Property Manager, ING Real Estate Investment Management (UK) Limited. This newsletter is intended for shareholders of IRET only. It is not a recommendation to deal or refrain from dealing in the shares of IRET. This newsletter should not be passed to any person other than an existing shareholder in IRET or their professional adviser. Any shareholder who requires advice on their investment in IRET should contact their stock broker, bank or independent financial adviser.

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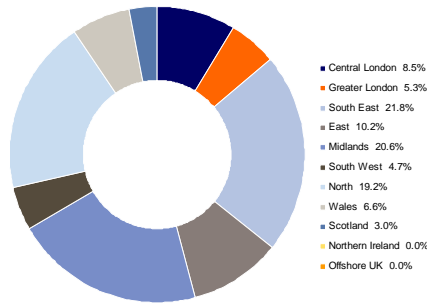
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**Website**

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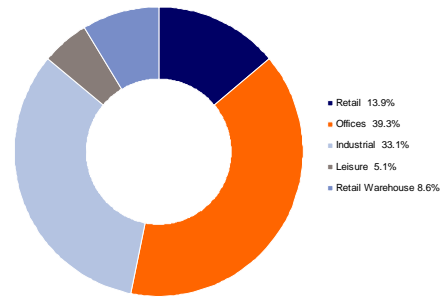
**DIVERSIFICATION**

**Geographical**



(Source: ING REIM Mar 2010)

**Sector**



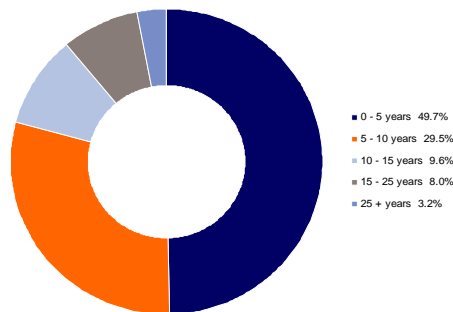
(Source: ING REIM Mar 2010)

**SECURITY OF INCOME**

The property portfolio has an average unexpired lease term of 8.1 years. As a percentage of current net annual rent, the length of the lease to the first termination is summarised below.

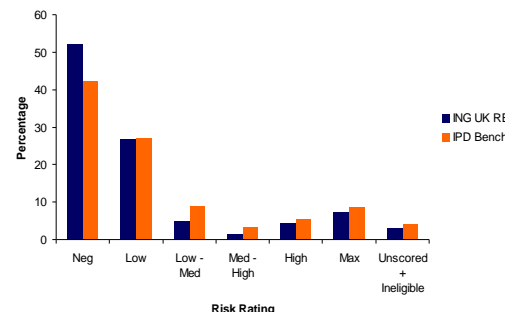
The covenant strength, based as a percentage of current passing rent by risk rating, is stronger than the IPD average, and is shown in the chart below. The Company also holds GBP 1.2 million in rental deposits.

**Lease Length**



(Source: ING REIM Mar 2010)

**Covenant Strength**



(Source: IPD Dec 2009)

**ACQUISITIONS AND DISPOSALS**

Over the quarter no acquisitions were made. The Company completed on the disposal of Bath Road, Slough for a total consideration of GBP 8.91 million, reflecting a 19% premium to the December 2009 valuation.

**FUND MANAGERS COMMENTARY**

The IPD Monthly Index delivered strong capital growth over the quarter of 3.9%, albeit this was substantially lower than the record rise seen in the last quarter of 2009. The rate of rental value declines in each sector also slowed markedly over the period, and in March the Office sector returned its first positive rental growth for 2 years. The void rate on the Index decreased over the quarter, and at the end of March stood at 10.8%.

On a like-for-like basis, the Company's property portfolio rose in value by GBP 7.2 million over the 3 months.

Notable transactions over the period included a new letting at Northampton Business Park to Ricoh at a rent of GBP 350,000 pa; and the agreement to accept a surrender on its Farringdon building for over GBP 4 million- these monies will in part allow the building to be refurbished and relet.

Following the period end the Company announced that it had made an offer for Rugby REIT plc. More details are available on the Company's website.