



MACQUARIE
ACN 002 574 923

Macquarie Private Wealth

Snapshot

ING Industrial Fund

Business Description

ING Industrial Fund (IIF) invests in industrial properties in key global markets. Its portfolio is primarily made up of Industrial Properties and Business Parks. As at December 2009, IIF's portfolio comprises interests in 484 properties with book value of approximately \$3.7bn. Properties are located in Australia, Canada and Europe. The fund is managed by ING Real Estate Australia.

Strategy Analysis

IIF's short-term focus is on fixing damage done in previous years. The sale of Summit in Canada reduced gearing to conservative levels. Exit from Europe will also help. Proceeds will reduce gearing and allow increased development and acquisitions in Australia. Exit from offshore markets comes only a few years after expanding into these markets at the peak of the cycle and represents a huge destruction of unit holder value. Asset sales into weak markets will not receive favourable pricing. IIF's general business strategy is to invest in well located industrial properties displaying potential for income and capital growth over the medium to long term. It seeks properties that will further diversify its portfolio by location within Australia, tenant, lease maturity and rent review type. Future developments will require tenant pre-commitments. ING Industrial Fund reported a net loss of \$449.5m for the half-year ended 31 December 2008. Net Operating income increased 11% to \$88.4m, excluded among other things, change in value of properties and derivatives and impairment losses. Revenue from ordinary activities were \$150.3m, up 7.1% from the same period last year. Basic and Diluted EPS were (39.8) cents compared to 20.7 cents last year. Net operating cash flow was \$70m compared to \$81.9m last year. The interim distribution declared was 5.3 cents compared with 8.9 cents last year.

07 September 2010

Recommendation

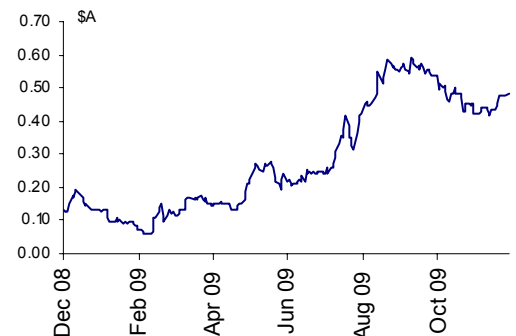
Recommendation: Neutral
Relative to: All Ind (ex Fins)

Investment Fundamentals

ASX code: IIF
Stock price: \$0.47
Market cap: \$1,205m

Y/E 30/06/2010	2011e	2012e	2013e	2014e
Reported e \$m	21.7	116.2	117.7	120.3
Adjusted e \$m	105.0	107.3	107.8	110.4
EPS adjusted ¢	4.1	4.1	4.2	4.3
EPS growth %	-2.6	2.2	0.5	2.4
PE x	11.5	11.2	11.2	10.9
PE relative x	0.9	0.9	1.0	1.0
DPS ¢	3.2	3.3	3.3	3.4
Yield %	6.9	7.1	7.2	7.3
Franking %	20.0	0.0	0.0	

Share Price



Source: ASX and Company accounts

Segment Performance

	Annual Shareholders' Return (%)	1 year	3 year	5 year	10 year
Property Portfolio		-14.0%	-39.0%	-21.0%	-2.0%
Others	62.6				
Parkwest Industrial Estate	6.3				
Port Air Industrial Estate	5.4				
Rosehill Industrial Estate	4.7				
Westpark Industrial Estate Stage 1	3.3	Dividend Reinvestment			
Millennium Court Industrial Estate	3.2	Plan	No		
Port Melbourne Industrial Estate	3.2	Shareholder			
Interchange Park - Eastern Creek NSW	3.1	Discounts	No		
Moorebank Business Park - Stage 1	2.9				
Interchange Park Stage 1	2.8				
Laverton Distribution Centre	2.8				
Total	100.3				
Property Types					
Other	71.3				
Industrial	26.0				
Distribution	2.8				
Total	100.1				

Company contact details:

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