ING UK Real Estate Income Trust Limited
Annual Report and Consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2009

UK

INVESTING

ANNUAL REPORT 2009

REAL ESTATE

ING

Boundary House, Jewry Street, London EC3
Front cover: 1-3 Chancery Lane, London WC1

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Facts and Figures

GROUP SUMMARY

ING UK Real Estate Income Trust Limited ("the Company") is a closed-ended, Guernsey registered investment company, launched on the London and Channel Islands' Stock Exchanges on the 25 October 2005. With approximately 900 investors, the Company, together with several subsidiaries including a Guernsey unit trust and four Jersey unit trusts which beneficially hold title to the properties, comprise "the Group".

GROUP OBJECTIVE

The Group aims to provide shareholders with an attractive level of income together with the potential for capital growth. It can invest both directly and indirectly in an investment portfolio comprising UK, Isle of Man and Channel Islands properties. The Group's focus is on five principal commercial property sectors: office, retail, retail warehouse, industrial and leisure. Maximum borrowings are limited to 65% of gross assets. The investment portfolio is managed by ING Real Estate Investment Management (UK) Limited.

FINANCIAL HIGHLIGHTS

- Net Asset Value of £181.1 million or 55 pence per share.
- Income profit for the year, prior to payment of dividends and excluding revaluation, of £12.0 million.
- Dividends totalling £9.9 million, or 3 pence per share, paid in the year.
- £35 million of debt repaid during the year.
- Operation of covered dividend policy.
- Total expense ratio of 1.17% (calculated as total expenses as a proportion of the average property assets).

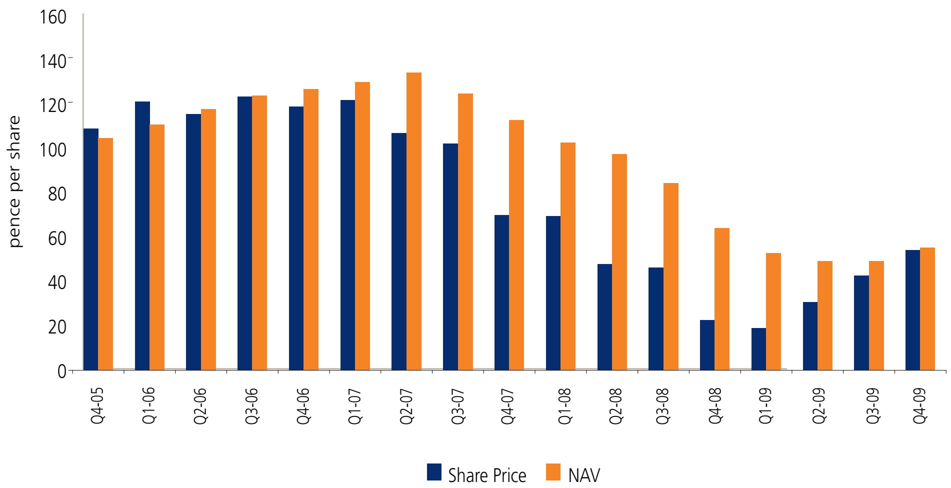
OPERATIONAL HIGHLIGHTS

- Successful restructuring of the securitised loan facility providing loan to value headroom and cash management flexibility.
- Proactive sales programme with net proceeds totalling £53 million to remain covenant compliant and facilitate debt repayment.
- Investment management contract amended to align Investment Manager on a Net Asset Value fee basis.
- Sale of largest single void asset within the portfolio and improvement in occupancy levels.

	Year ended 31 December 2009	Year ended 31 December 2008
Net asset value	£181.1 million	£210.3 million
Net asset value per share	55 pence	64 pence
Dividends paid	£9.9 million	£18.8 million
Net income for the year	£12.0 million	£17.9 million
Pre-tax (loss)/profit (including unrealised (losses)/gains)	£(19.3) million	£(140.4) million
(Loss)/earnings per share	(5.9) pence	(42.5) pence
Gain/(loss) on interest rate swaps	£0.6 million	£(19.7) million
Gain/(loss) on revaluation of portfolio	£(25.3) million	£(141.2) million
Gearing*	43.5%	47.2%
Share price	53.8 pence	22.5 pence
Net asset value total return	(8.8)%	(39.3)%
Shareholder total return	162%	(63.1)%
Total Expense Ratio	1.17%	1.42%

*Calculated as total debt less cash as a proportion of gross property asset value

NET ASSET VALUE AND SHARE PRICE FROM INCEPTION



Northampton Business Park, 800 Pavilion Drive, Northampton

Chairman's Statement

2009 was a challenging year for all UK real estate companies. The rapid deterioration in the market at the start of the year was unprecedented, set against a backdrop of global financial crisis and the UK economy in recession.

Financial stimulus measures that were put in place in March, combined with a more rational outlook, have had the effect of stabilising the underlying market. Increased direct investor interest in the sector towards the latter half of the year led to the strongest recorded capital growth on record in the final quarter. A significant and rapid turnaround.

The effect of this extreme volatility over the year has not been without its challenges. At the start of the year, the Company undertook a restructuring of its securitised debt position to withstand the uncertainties created by the financial and real estate markets. Following a programme of asset disposals, £35 million of debt was repaid during the course of the year. The Company has continued to further de-risk the capital structure and most recently, in January 2010, it repurchased £15 million of debt at a discount to its par value, thereby further improving dividend cover and underlying Net Asset Value.

Despite strengthening investor sentiment in the sector, occupational risks still remain, and in particular over the year we have witnessed pressure on underlying rental levels, in part a reflection of the weakness in the underlying UK economy and occupier demand. However, the breadth of the Company's investment portfolio, which is diversified geographically, across sectors and tenants, has enabled the Company to withstand the occupational shocks of the year. Looking further ahead, as the development supply pipeline remains constrained, opportunities for rental growth will follow as the economic position improves.

Proactive management has been key to managing these occupier risks, in what remains a fragile market. The successful sale of the Company's largest void asset and a number of significant lease restructurings over the year demonstrate this and have led to a reduction in the loss of income due from empty premises.

Over the year the Company successfully renegotiated its management contract with the Investment Manager moving to a Net Asset Value fee basis, which the Board believes provides greater alignment with shareholders' interests. I am pleased to report the appointment of Roger Lewis as a non-executive director, with effect from 31 March 2010, and with his strong real estate background, I am confident he will be a valuable addition to our decision making process.

In share price terms the Company was one of the best performing Investment Companies in 2009, and although we are in no way complacent, this is recognition of the results of the stabilisation of the Company and also the improved outlook for UK real estate.

Whilst risks and uncertainties undoubtedly remain, not least with a forthcoming general election and potential changes in government economic policy and strategy, I am confident that the Company is well positioned to be able to benefit from market opportunities. The Company will continue to recycle capital where the proceeds can be better re-invested, and equally there remains a continued focus on de-risking both cashflow and capital structure. The Company is also now in a position to look at opportunities that enhance shareholder value and create a stronger, cashflow driven, investment vehicle.

In that vein, I am pleased to be able to confirm that today we are separately announcing our offer for Rugby Estates Investment Trust Plc, a diversified Real Estate Investment Trust, listed on the London Stock Exchange. We believe that this is an attractive opportunity for both our existing shareholders and Rugby Estates Investment Trust Plc shareholders that choose to become part of the enlarged entity. We look forward to explaining the transaction to shareholders in the coming weeks.

Nicholas Thompson
Chairman
14 April 2010

Responsibility Statement

We confirm to the best of our knowledge:

(a) the Financial Statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole as required by Disclosure and Transparency Rules ('DTR') 4.1.12 R; and

(b) the Investment Manager's Report includes a fair review of development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face as required by DTR 4.1.12 R.

By order of the Board

Nicholas Thompson
14 April 2010

Lincoln Place, Farringdon Road, London EC1

Investment Manager's Report

ECONOMIC OVERVIEW

The UK economy remained in recession for the first three quarters of 2009, with the first quarter registering the worst quarterly decline in output since records began in the 1950s.

The UK base rate started the year at 2%, and saw further cuts by the Bank of England to a historic low of 0.5% in March; the base rate remains at this very low level. As well as drastically cutting base rates, the Bank of England introduced Quantitative Easing ('QE') in March 2009.

To date a total of £200 billion has been injected into the economy through the QE programme. Despite such low rates of interest and the QE programme, inflation continued to decline for the first nine months of the year to just 1.1% as measured by the Consumer Price Index.

The final quarter saw inflation pick-up however, to 2.9% by the year end. Unemployment continued to increase throughout 2009, from 6.6% at the start of the year to 7.9% by end November (ILO measure). However, employment saw only a very marginal fall.

2009 was undoubtedly a dire year for UK economic growth. However, the final quarter marked the end of the six quarter recession. The return to growth of 0.3% quarter-on-quarter was relatively muted; however it exceeded most economists' expectations of 0.2%growth and there is the likelihood of further upward revisions to the data. ING Financial Markets expects the UK to see a steady recovery back towards 2% GDP growth by the end of 2011.

STRATEGY

2009 was very much a year of two halves insofar as the property market was concerned.

Twelve months ago capital values were falling sharply and there was little investor appetite in the sector as the fallout from the financial crisis became ever more apparent.

In the six months to June 2009, capital values fell by approximately 12.4% according to the IPD Quarterly Index, with some of the worst monthly and quarterly recorded capital falls on record.

With the realisation that financial armageddon had been avoided, and with interest rates at record lows, the relative attractiveness of UK real estate became apparent, particularly compared to other asset classes.

By June 2009, the property market had fallen by 42.4% since June 2007 and, with an initial yield of over 7.7%, looked attractive, especially against negligible returns on cash. This resulted in an increasing investor demand for real estate, albeit primarily focussed towards assets with secure and longer term cash flows.

As we reached a 'trough' point in the market in August, purchasing opportunities became more scarce and with the IPD Monthly Index showing the first recorded capital gain in 25 consecutive months, it soon became apparent that this would attract significant inflows into the real estate sector.

In the final quarter of 2009 more than £2.5 billion was raised by UK Pooled Property Funds. This represented more than a 10-fold increase on the amount raised in the third quarter. As such, in the final two quarters of 2009, we saw quarterly capital gains of 1.5% and 8.1% respectively, the latter being the largest quarterly gain recorded in the Index's 23 year history.

The positive picture painted in the second half of the year masks two important factors.

Firstly, throughout the year both cashflow and rental values have remained under pressure. In terms of cashflow, whilst the number of administrations and liquidations appeared to recede as the year progressed, occupational distress has had a negative impact on cashflows. The IPD void rate increased from 10.4% to 12.1% between December 2008 and December 2009.

In turn, these unexpected voids, combined with an immediate weakening of occupier demand as a result of the economic uncertainty, has led to greater supply than demand in many occupational markets. This, combined with the cashflow impact of empty rates liabilities, has led to short term pressure on rental values which have contributed to negative property performance throughout the year.

Finally, it is worth highlighting the range of returns across the IPD subsectors. For example, retail warehousing, with a 12 month return of 8.4%, was the best performing subsector, while shopping centres were the worst, delivering -8.5% over the year. The volatility in the market and divergence of returns has led to a significant valuation gap between well secured bond type assets and those with more property specific fundamentals, where market valuations still remain depressed, and in many instances close to construction costs.

UNDERLYING PERFORMANCE

In share price terms, the Company had an exceptional year. The share price rebounded strongly following the loan restructuring and improved investor sentiment towards the sector as a whole. The share price rose by 139% over the period from 22.5p to 53.8p.

The Net Asset Value fell over the period by approximately 14%. This was primarily a reflection of the overall reduction in capital values over the twelve month period, and the adverse effect of gearing over the first six months of the year. However, it did start to deliver strong positive performance towards the end of the year.

At an underlying property level, the portfolio delivered a total return of 1.7%, against the IPD benchmark at 2.8%. The portfolio outperformed for the first six months delivering an -8.4% return, against the benchmark which delivered -9.2%. In the final six months the portfolio delivered weaker capital growth than the market, which in part may be a reflection of the slightly shorter income profile against the benchmark. The portfolio's total return for the second half of 2009 was 11.0% against the benchmark return of 13.3%.

As a result, no performance fee is payable to the Manager for 2009.

The portfolio has, however, outperformed the benchmark both since inception and on a rolling three year basis, the latter being the longer term measure by which future performance fees will be measured.

As at 31 December 2009, the property portfolio had an annualised rental income of approximately £28.1 million, which reflected a gross initial yield of 8.1%. If fully leased, the property portfolio would have an annualised reversionary income of £31.7 million, reflecting a gross reversionary yield of 9.0%.

The Company is entitled to receive a further annualised £1.5 million of additional income during the course of 2010 as contracted rental commitments commence, following the expiration of rent free periods.

OFFICE

The Group's largest exposure is to the office sector which represents over 40% of the portfolio by value.

As at 31 December the Group held 19 office assets, with a value of £143 million and reflecting a capital value of approximately £155 per sq ft. The office portfolio is leased to 137 tenants and had an occupancy rate of 90.2%.

Notable transactions over the year included the lease regear to Texas Instruments in Northampton, which involved downsizing their space requirements and facilitating a further letting which completed following the year end. This increased the income from the asset from £550,000 to £696,000 per annum, following expiry of the rent free periods.

Investment Manager's Report
(continued)

INDUSTRIAL

The Group's exposure to the industrial sector is 32%. This comprises six distribution warehouses and five multi-let industrial estates.

As at 31 December the Group held 11 industrial assets with a value of £114 million and reflecting a capital value of £59 per sq ft. The industrial portfolio is leased to 52 tenants and had an occupancy rate of 96%.

There were no significant transactions in the industrial portfolio during the year, but we achieved lettings in three of our industrial estates, totalling £145,000 per annum, and maintained a stable occupancy rate over the period.

RETAIL

The Group's retail exposure totals 22% which is split between high street retail and retail warehousing, representing 13.7% and 8.4% of the total portfolio respectively.

As at 31 December, the Group held 10 retail assets with a value of £78 million. The retail portfolio is leased to 49 tenants and had an occupancy rate of 92%.

This sector was the most affected by tenant defaults and in common with the sector as a whole led to a rising vacancy rate over the period from 6% to 8%.

Notable transactions over the year included the success in securing Barclays Bank for 15 years in Bristol, which involved changes to the planning consent and our leasehold interest. Equally, we retained Phones 4 U in the adjacent unit at a time when retail demand was thin.

In Huddersfield, following Mark One entering administration in 2008, we re-let their accommodation on flexible terms allowing us later in 2009 to take back accommodation, thus enabling a regear to an existing tenant, Argos, in an adjacent unit. This active management activity increases the rental income from £123,000 to £150,000 in 2012 and secures an additional 10 years on the lease from 2012.

ACQUISITIONS AND DISPOSALS

The Group made no acquisitions during the course of 2009.

The Group made a number of disposals during the early part of 2009, crucially to ensure that it remained compliant with its principal loan obligations, in what at the time was a rapidly deteriorating underlying market.

In ten separate transactions, approximately £53 million of net proceeds was realised from asset disposals. The proceeds of these disposals were used to repay £35 million of debt in July, an integral part of our restructuring negotiations. In addition, the proceeds were also utilised following the year end to further reduce the overall indebtedness of the Group.

Seven of the disposals were in the office sector where there was an ongoing effort to rebalance our office weightings. Additionally, there was one retail disposal, one industrial disposal, and also the disposal of a small car park at Scots Corner, Birmingham.

At a time when there was limited investor interest and liquidity in the market, three disposals were achieved through sales to existing owner occupiers.

Our most significant disposal was a vacant office asset in Watford which was sold to a national charity for its own future occupation. Not only was this our largest single rental void, but the asset had been vacant for some time in what was a relatively weak occupier market. Importantly, this transaction was structured in such a way that there is an element of deferred payment which accrues at a rate of 4.75% per annum, which will further enhance the sale price when payment is due later in 2010.

DEBT

As at 31 December, the Group had £190 million of AAA rated loan notes in the debt market with interest payable on £165 million at 4.795% and a further £25 million at 5.3804%, both fixed by way of interest rate swaps. These loan notes are repayable on 31 January 2013. Further details are included in Note 16.

The principal covenants in respect of the loan are that currently the loan-to-value ratio must not exceed 60%, and the interest cover must be greater than 1.75 times.

As at the 31 December testing date, the loan-to-value was 48.0% and the interest cover was 2.55 times.

The most significant impact on the Group's performance in 2009 was the restructuring of this securitised loan. The ING UK Listed Real Estate Issuer Plc transaction was one of the first consensual loan amendments to occur in the UK market since the market downturn began in 2007. The success of this loan restructuring was fundamental in a number of ways.

Firstly, the restructuring provided much needed headroom against the loan-to-value covenant at a time when there was limited market liquidity to rectify any potential breach through asset disposals.

Secondly, by restructuring this transaction, the Group was able to repay a portion of the debt early with the proceeds from the disposals. This removed the detrimental effect on the dividend cover of holding cash earning little interest, whilst at the same time having to service the underlying debt.

Thirdly, the restructuring was negotiated in such a way as to provide the Group with the ability to repay debt in future through a purchase and cancellation of loan notes in the secondary market. £15 million of debt was repaid following the period end in this manner, with the notes being purchased at a discount to their nominal value. As such, this transaction was accretive to both the Net Asset Value and the income return.

Finally, the restructuring was achieved without any change to either the ongoing interest costs or any consent fee for the revised arrangements.

OCCUPANCY

The portfolio occupancy rate improved in 2009 from 92% to 93% at a time when the overall market witnessed a deterioration in occupancy levels.

Most significantly, the asset with the largest rental void within the portfolio was sold to an owner occupier as detailed above.

With a weak economic backdrop, there were a number of tenants which went into administration or liquidation over the year, and this had the effect of reducing occupancy in what would have otherwise been a more successful year.

With the cashflow driven nature of the Group, we are mindful of reducing voids wherever possible, with particular emphasis on mitigating the holdings costs of empty properties which are a burden for all real estate companies.

Investment Manager's Report
(continued)

OUTLOOK

Having passed the nadir in the market in 2009, the outlook is more positive, although risks to any straight line recovery remain.

Despite a peak to trough decline of over 45%, the speed of the rebound has taken most commentators by surprise and this appears to have been driven by weight of money, combined with below average investment volumes.

This sharp rise appears to be stabilising and property performance is likely to be more 'income' driven until economic conditions improve.

We have now been in a prolonged period of negative rental growth and rising occupancy rates. This position will change and as it does rental growth will start to further enhance asset values. On a more medium term view, the lack of development starts and constrained supply should lead to a more robust rental growth recovery when occupier demand starts to improve.

In the meantime we will continue with our 'income focus' philosophy which has led to strong relative underlying performance. We continue to remain focussed on providing a fully covered dividend, maintaining a cashflow driven product and enhancing value wherever possible.

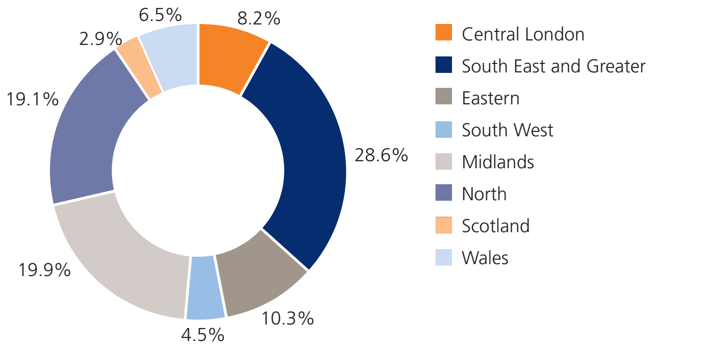
ING Real Estate Investment Management (UK) Limited
14 April 2010

Regency Wharf, Broad Street, Birmingham

Portfolio Analysis

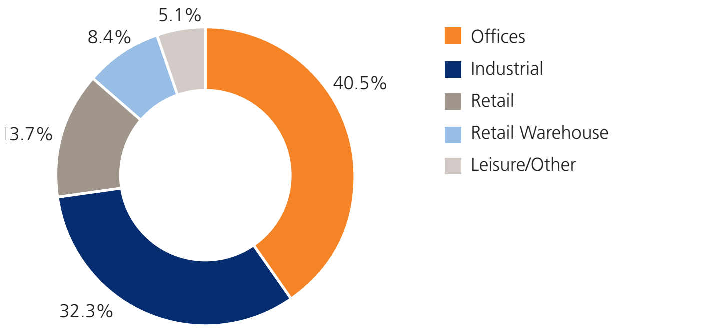
GEOGRAPHICAL

As at 31 December 2009 the regional weightings of the Property Portfolio, as a percentage of current portfolio value, are summarised as follows:



SECTOR

As at 31 December 2009 the sector weightings of the Property Portfolio, as a percentage of current portfolio value, are summarised as follows:

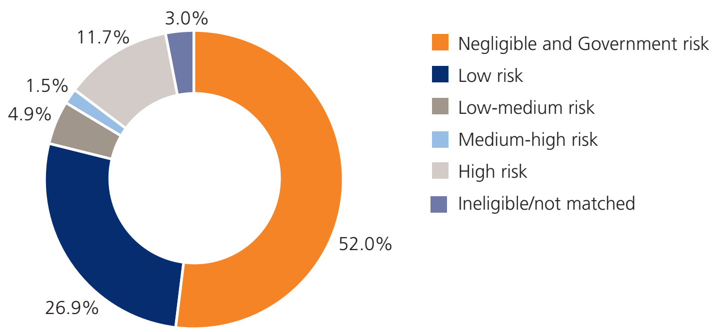


COVENANT STRENGTH

The covenant strength, based as a percentage of current passing rent by risk rating, as at 31 December 2009 is summarised as follows:

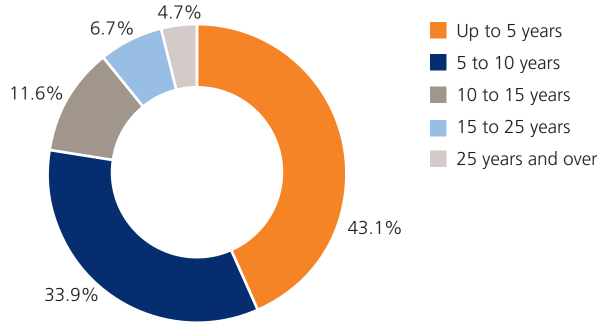
Covenant strength data is produced by Investment Property Databank (IPD).

The Group held a total of £1.3 million of rental deposits at 31 December 2009.



LONGEVITY OF INCOME

As at 31 December 2009 the regional weightings of the Property Portfolio, as a percentage of current portfolio value, are summarised as follows:



TOP TEN TENANTS

The top ten tenants, based as a percentage of current passing rent, as at 31 December 2009 is summarised as follows:

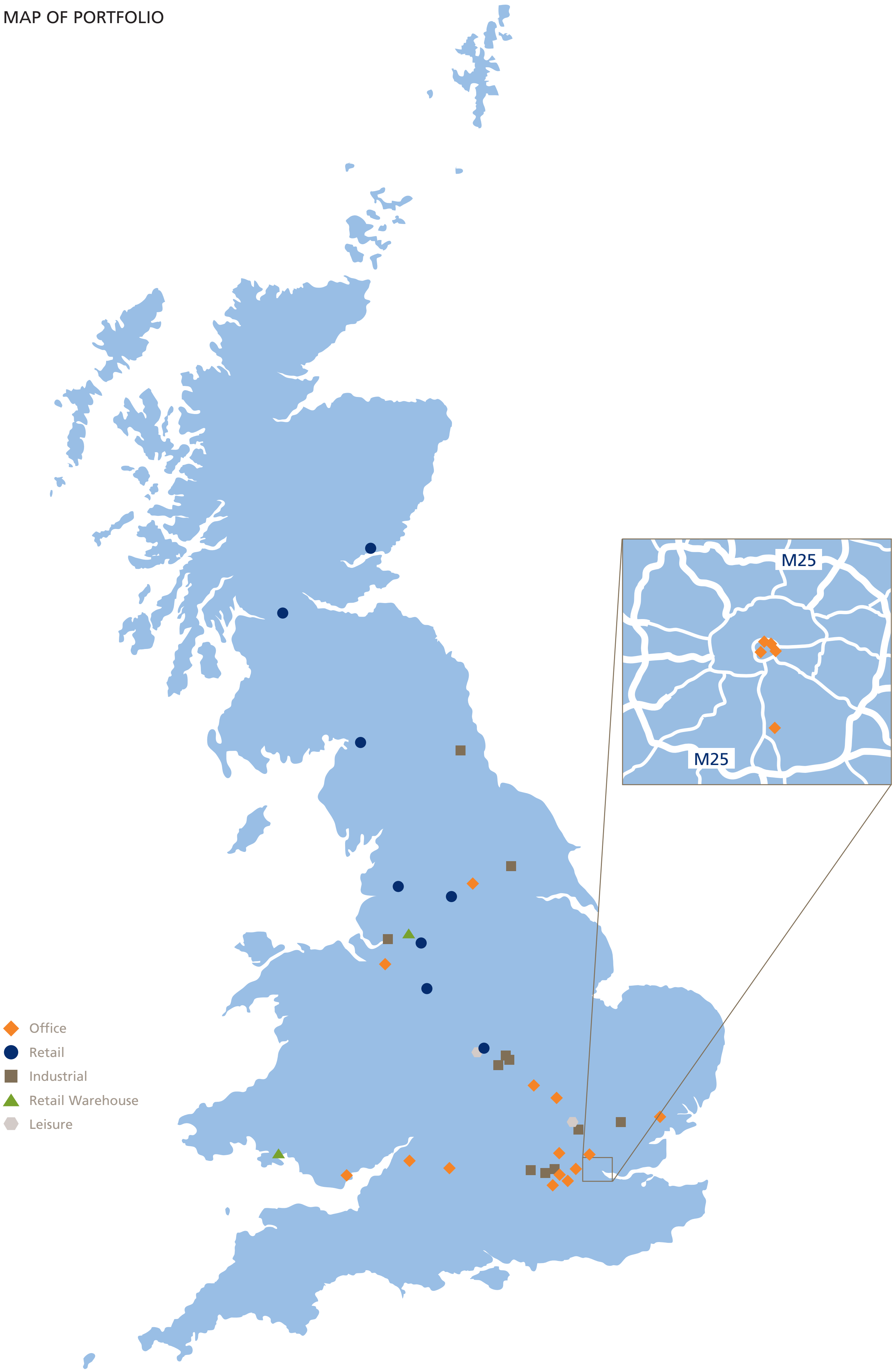
	% of Passing Rent
TNT UK Limited	10.0%
Merrill Lynch Europe Plc	4.1%
Cadence Design Systems Limited	3.4%
Tanfield Group Plc	3.0%
Menzies Hotels Property No.20 Limited	3.0%
Exel UK Limited	3.0%
BT Telecommunications Plc	2.7%
Asda Stores Limited	2.1%
Alcan Packaging UK Limited	1.9%
RHM Group Limited	1.7%
	34.9%

Portfolio Analysis
(continued)

VALUATION SCHEDULE AS AT 31 DECEMBER 2009

	Sector
Properties valued in excess of £20 million	
Unit 5320, Magna Park, Lutterworth, Leics.	Industrial
Units A-G2, River Way Industrial Estate, Harlow, Essex	Industrial
Properties valued between £15 million and £20 million	
Phase II, Parc Tawe, Link Road, Swansea	Retail Warehouse
Properties valued between £10 million and £15 million	
Colchester Business Park, The Crescent, Colchester, Essex	Office
Angouleme Way Retail Park, Bury, Greater Manchester	Retail Warehouse
56,Castle Street, 2/12 English Street and 12-21 St Cuthberts Lane, Carlisle, Cumbria	Retail
Lincoln Place (Block 2), Farringdon Road, London EC1	Office
401 Grafton Gate East, Milton Keynes, Bucks.	Office
Vigo 250, Birtley Road, Washington, Tyne and Wear	Industrial
Properties valued between £5 million and £10 million	
L'Avenir, Opladen Way, Westwick, Bracknell, Berks.	Office
Boundary House, Jewry Street, London EC3	Office
City Link House & Tolley House, Addiscombe Road, Croydon	Office
Unit 3220, Magna Park, Lutterworth, Leics.	Industrial
Strathmore Hotel, Arndale Centre, Luton, Beds.	Leisure
17/19 Fishergate, Preston	Retail
1-3 Chancery Lane, London WC2	Office
Regency Wharf , Broad Street, Birmingham	Leisure
Angel Gate Office Village, City Road, London EC1	Office
Units 1-13 Dencora Way, Sundon Park, Luton, Beds.	Industrial
53/55/57 Broadmead, Bristol	Retail
The Business Centre, Molly Millars Lane, Wokingham, Berks.	Industrial
Westlea Campus, Chelmsford Road, Swindon, Wilts.	Office
171 Bath Road, Slough, Berks.	Office
Scots Corner, High Street/Institute Road, Birmingham	Retail
Lawson Mardon Buildings, Kettlestring Lane, York	Industrial
Queens House, 17/29 St Vincent Place, Glasgow	Office
Northampton Business Park, 800 Pavilion Drive, Northampton	Office
Sentinel House, Ancells Business Park, Fleet, Hants.	Office
Waterside Park, Longshot Lane, Bracknell, Berks.	Office
Haynes Way, Swift Valley Industrial Estate, Rugby, Warwickshire	Industrial
Longcross Court, Newport Road, Cardiff	Office
Easter Court, Gemini Park, Warrington	Industrial
Properties valued under £5 million	
Trident House, 42/48 Victoria Street, St Albans, Herts.	Office
Zenith, Downmill Road, Bracknell, Berks.	Industrial
Waterside House, Kirkstall Road, Leeds	Office
6/12 Parliament Row, Hanley, Worcs.	Retail
72/78 Murraygate, Dundee	Retail
Atlas, Third Avenue, Globe Park, Marlow, Bucks.	Office
Units 1- 3, 18/28 Victoria Lane, Huddersfield, West Yorks.	Retail
Merchants House, Crook Street, Chester	Office
7&9 Warren Street, Stockport	Retail
Heron Industrial Estate, Spencers Wood, Reading	Industrial

MAP OF PORTFOLIO



401 Grafton Gate East, Milton Keynes

Corporate Governance Report

THE COMBINED CODE

The UK Listing Authority requires listed companies to disclose how they have applied the principles and complied with the provisions of the revised Combined Code on Corporate Governance ("the Code") which was issued in 2008 by the Financial Reporting Council. However it only requires corporate governance disclosure and compliance with the Code by those listed companies incorporated in the United Kingdom.

The Company is not incorporated in the United Kingdom and as such it has availed itself of the exemption, as an overseas company, under the Listing Rules not to comply with the requirements of the Code. However, the Board has chosen to adopt where possible the principles of the Code and the Turnbull guidance and has sought to comply throughout the year, insofar as the principles can sensibly be applied to a company of this nature.

The Company complies with the corporate governance guidelines issued by the Guernsey Financial Services Commission on 10 December 2004, whose underlying principles are the same as those of the Code. In addition the Directors believe that the Group has complied with the provisions of the Code where appropriate, and that it has complied throughout the year with the provisions where the requirements are of a continuing nature, except that a separate Nominations Committee has not been established. These duties are performed by the Board for practical reasons. Board members are nominated by a quorum of the Board, being a minimum of two Directors. The number of Directors shall be not less than two nor more than ten. At no time shall a majority of Directors be resident in the United Kingdom. In addition a Senior Independent Director has not been appointed given that the majority of the Directors are considered to be independent.

THE BOARD

The Board meets regularly, normally quarterly, and more frequently if necessary, and retains full responsibility for the direction and control of the Company. Details of the Board including biographies can be found at the end of the Directors' Report. John Gibbon resigned from the Board on 30 March 2009. Roger Lewis was appointed to the Board on 31 March 2010.

The Company is led and controlled by a Board comprising of non-executive Directors, all of whom have wide experience and four of whom were considered to be independent during the year, and three following the resignation of John Gibbon. Tjeerd Borstlap is not considered to be independent due to being an employee of ING Real Estate Investment Management. Notwithstanding Trevor Ash's directorship of ING Global Real Estate Securities Limited, the Board considers him to be independent in character and judgement and does not believe that there are any relationships or circumstances which are likely to affect, or could appear to affect, his judgement.

The Board believes that it is in the shareholders' best interests for the Chairman to be the point of contact for all matters relating to the governance of the Company and as such has not appointed a senior independent non-executive Director for the purposes of the Code. The appointment of Directors is considered by the Board. The Articles of Association stipulate that all new Directors shall retire at their first Annual General Meeting and offer themselves for re-appointment. One third, or the number nearest to but not exceeding one third, of the Directors shall retire and offer themselves for re-appointment at each subsequent Annual General Meeting.

The Board has reviewed its performance and composition, and is satisfied on both subjects. In addition, following the informal evaluation of the performance of the Board, its Committees and individual Directors, it is considered that the performance of all Directors continues to be effective and that they have demonstrated commitment to their roles.

The Board is responsible for establishing, maintaining and monitoring the effectiveness of the Group's system of internal, financial and other controls. The internal financial controls operated by the Board include the authorisation of the investment strategy and regular reviews of the financial results and investment performance. The system of internal financial controls can provide only reasonable and not absolute assurance against material misstatement or loss.

Corporate Governance Report
(continued)

The Board has contractually delegated to ING Real Estate Investment Management (UK) Limited the investment management of the Group's properties and Northern Trust International Fund Administration Services (Guernsey) Limited is contracted to provide the Company's administration, registrar and secretarial functions. The Board reviews regularly the performance of the services provided by these companies. During the year the contract with the Investment Manager was reviewed, with the result of changing the basis of fees from a Gross Asset Value basis to a Net Asset Value basis, with a performance element which is capped. This is detailed further in note 5 to the Financial Statements. Other than this, the Board does not intend to make any changes to the current arrangements.

The performance of the Board is evaluated on an annual basis. The last evaluation was completed in November 2009. A Director's Performance Evaluation questionnaire was circulated to the Board for completion by the individual Board members. The Secretary collated these questionnaires and the results were discussed by the Board. During 2010 it is intended to carry out an external evaluation of the Board as it is three years since the last such review was undertaken.

The Company maintains Directors' and Officers' liability insurance which provides insurance cover for the Directors against certain personal liabilities which they may incur by reason of their duties as Directors.

The Company has a procedure whereby the Board is entitled to obtain independent advice where relevant.

All Directors of the Company are non-executive and Directors' fees are recommended by the Board. The emoluments of the Directors for the year were as follows:

	Year ended 31 December 2009 £	Year ended 31 December 2008 £
Nicholas Thompson	55,000	40,000
Robert Sinclair	36,000	28,000
Trevor Ash	28,000	23,000
John Gibbon	5,750	23,000
Tjeerd Borstlap	-	-

The figures above represent emoluments earned as Directors during the financial year. The annual emoluments for each Director were independently reviewed during 2007 by New Bridge Street Consultants, with the effect of increasing the annual emoluments of each of the Directors in line with market rates with effect from 1 October 2007. As previously stated a further external review will be undertaken on the third anniversary in October 2010.

The Directors receive no other remuneration or benefits from the Group other than the fees stated above. The Directors have no service contracts or interests in any material contracts with the Group.

ATTENDANCE AT BOARD MEETINGS

	Attendance (11 meetings)
Nicholas Thompson	8
Robert Sinclair	11
Trevor Ash	10
John Gibbon	2
Tjeerd Borstlap	8

AUDIT COMMITTEE

The Board has established an Audit Committee (Chairman: Robert Sinclair) which meets when necessary, but at least twice a year, with the auditors of the Group with a view to providing further assurance of the quality and reliability of, inter-alia, the financial information used by the Board in these Financial Statements.

The members of the Committee are all the Directors of the Company other than Tjeerd Borstlap.

ATTENDANCE AT AUDIT COMMITTEE MEETINGS

	Attendance (2 meetings)
Nicholas Thompson	2
Robert Sinclair	2
Trevor Ash	2
John Gibbon	-

REMUNERATION COMMITTEE

A Remuneration Committee has been established (Chairman: Tjeerd Borstlap) to consider Directors' remuneration.

The members of the Committee are all the Directors of the Company.

The Committee met at the year end to consider whether the Directors should receive compensation for the additional work performed by them during 2009 as a result of the difficult market conditions. The Committee agreed that the following amounts would be paid, evidenced by time records held with the Company's Administrator:

Trevor Ash	£5,000
Robert Sinclair	£8,000
Nicholas Thompson	£15,000

The Committee noted that the total remuneration in respect of 2009 remained within the limit of £200,000 set by the Company's Articles.

Corporate Governance Report
(continued)

MANAGEMENT ENGAGEMENT COMMITTEE

In addition, the Board has established a Management Engagement Committee (Chairman: Trevor Ash) to monitor the Investment Manager's compliance with the Investment Management Agreement.

The members of the Committee are all the Directors of the Company other than Tjeerd Borstlap.

PROPERTY VALUATION COMMITTEE

A Property Valuation Committee (Chairman: Nicholas Thompson) exists to oversee the valuation process.

The members of the Committee are all the Directors of the Company.

Trevor Ash currently sits on the Audit, Management Engagement and Property Valuation Committees of the Board. The Board considers Trevor Ash to be independent for the purposes of continuing to be a member of these Committees.

RELATIONS WITH SHAREHOLDERS

In conjunction with the Board, the Administrator keeps under review the register of members of the Company. All shareholders are encouraged to participate in the Company's Annual General Meeting. All Directors normally attend the Annual General Meeting, at which shareholders have the opportunity to ask questions and discuss matters with the Directors and the Investment Manager. Investors are able to direct any questions for the Board via the Secretary.

The Chairman regularly attends analyst meetings and road shows to meet investors. The outcome of these meetings is communicated to the rest of the Board at Board meetings.

It is recognised that the Code requires notice of Annual General Meetings to be dispatched at least 20 working days before the meeting. The Company intends to comply with the Code provision in 2010.

ACCOUNTABILITY AND AUDIT

DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The Directors have responsibility for ensuring that the Group keeps accounting records which disclose with reasonable accuracy at any time the financial position of the Group and which enables them to ensure that the Financial Statements comply with the Companies (Guernsey) Law, 2008. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

STATEMENT OF GOING CONCERN

Market conditions led to the Group breaching its loan to value covenant during the year. This was subsequently remedied during the remedy period allowed under the loan documentation. Further information on the actions taken are detailed in the Debt section of the Investment Manager's Report.

After due consideration, the Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future.

INTERNAL CONTROL

The Directors acknowledge that they are responsible for establishing and maintaining the Group's system of internal controls and reviewing its effectiveness. Internal control systems are designed to manage rather than eliminate the failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. They have therefore established an ongoing process designed to meet the particular needs of the Group in managing the risks to which it is exposed consistent with the guidance provided by the Turnbull Committee. Such review procedures have been in place throughout the full financial year and up to the date of the approval of the Financial Statements and the Board is satisfied with their effectiveness.

This process involves a review by the Board of the control environment within the Group's service providers to ensure that the Group's requirements are met.

The Group, in common with other similar groups, does not have an internal audit function. The Board has considered the need for an internal audit function but has decided to place reliance on the Administrator's and Investment Manager's systems and internal audit procedures.

These systems are designed to ensure effectiveness and efficient operations, internal control and compliance with laws and regulations. In establishing the systems of internal control regard is paid to the materiality of relevant risks, the likelihood of costs being incurred and costs of control. It follows therefore that the systems of internal control can only provide reasonable but not absolute assurance against the risk of material misstatement or loss.

The effectiveness of the internal control systems is reviewed annually by the Board and the Audit Committee. The Audit Committee has a discussion annually with the auditor to ensure that there are no issues of concern in relation to the audit opinion on the Financial Statements and, if necessary, representatives of the Investment Manager would be excluded from that discussion.

Corporate Governance Report
(continued)

RISK MANAGEMENT

There are a number of potential risks and uncertainties which could have a material impact on the Group's long-term performance and could cause actual results to differ materially from expected and historic results. The main risks and how they are mitigated are summarised below.

Issue	Risk	Mitigation
Market risk	The Group operates in the property sector which is known to be cyclical.	The Investment Manager undertakes significant research to ensure that the strategy of the Group can be constantly amended to take account of changes in the prevailing market.
Geographical risk	Property market returns can vary significantly between geographical areas.	By maintaining a diversified portfolio the Investment Manager can minimise exposure to one particular market.
Investment risk	Identifying good investments ahead of competitors.	The Investment Manager has a dedicated and experienced team which assists in identifying, negotiating and completing acquisitions and sales according to strict returns criteria.
Letting risk	The risk of being unable to let the majority of lettable space.	The Investment Manager maintains close contact with leasing agents and utilises its research team to ensure exposure to less favourable markets is minimised.
Valuation risk	The property portfolio is susceptible to fluctuations in property valuations.	By maintaining a diversified portfolio the Investment Manager may spread the risk of a large downturn in a specific class of asset
Expertise risk	The risk of being unable to attract appropriate individuals to manage the portfolio.	The Investment Manager has a policy of ensuring that remuneration is linked to the market. The Investment Manager's agreement is regularly reviewed by the Board.
Liquidity risk	The risk that insufficient funds are available for operating costs, maintenance of debt and asset management initiatives.	Cash flows are continuously monitored and detailed forecasts prepared to ensure sufficient resources exist. Covenant requirements are also continually monitored and reported regularly to the Board.
Interest rate risk	The risk of fluctuation of interest rates on loans.	Interest payable on floating rate loans are fixed by way of interest rate swaps to minimise exposure.
Credit risk	The risk of default by tenants.	The Investment Manager has a policy of only dealing with creditworthy counterparties. Counterparty limits are regularly reviewed. Trade debtors consist of a large number of tenants spread across diverse industries and geographical areas.
Cash flow risk	The risk of a shortfall in funds to operate the Group.	The Investment Manager monitors cash flows and assesses all capital and operational expenditure. The Board are regularly updated on major cash flows.

INVESTMENT RESTRICTIONS

The Company's investment restrictions are as follows:

- The Company must manage its investments in a manner which is consistent with its published investment policy;
- Distributable income will be principally derived from investments. Neither the Company nor any member of the Group will undertake a trading activity which is significant in the context of the Group as a whole;
- Other than for the purpose of funding other members of the Group and except for the holding of units in and funding of the GPUT (see note 11), not more than 20% of the Gross Assets of the Group will be lent to or invested in the securities of any one company or group (including loans to or shares in the Company's own subsidiaries) at the time when the investment or loan is made; for this purpose any existing holding in the company concerned will be aggregated with the proposed new investment;
- Dividends will not be paid unless they are covered by income received from underlying investments and for this purpose, a share of profit of an associated company is unavailable unless and until distributed to the Company;
- The distribution as dividend of surpluses arising from the realisation of investments will be prohibited;
- The Company will be a passive investor and will not (save in respect of subsidiary undertakings which may be established from time to time) seek to control, or be actively involved in the management of, any companies or businesses in which it invests; and
- The Company will not be a dealer in investments.
- No single property (including all adjacent or contiguous properties) shall constitute more than 15% of the Gross Assets of the Group;
- Income receivable from any single tenant, or tenants within the same group, in any one financial year should not exceed 20% of the total rental income of the Group in that financial year;
- At least 90% by value of properties held by the Group shall be in the form of freehold or long leasehold properties or the equivalent;
- The proportion of the Group's property portfolio which is unoccupied or not producing income or which is in the course of substantial development, redevelopment or refurbishment shall not exceed 25% of the value of the portfolio; and
- The Company shall not retain more than 15% of its net profits, before gains and losses on the disposal of properties and other investments.

Corporate Governance Report
(continued)

- The Group shall not invest more than 10% of its Gross Assets in residential property. For this purpose, the Board views student and key worker accommodation as commercial property where there is a single overriding lease to a single covenant or a guarantee for a period in excess of one year;
- The Group shall not invest more than 20% of its Gross Assets in other property investment funds, save for funds wholly owned within the Group; this restriction shall not apply to special purposes vehicles and joint ventures;
- The Group shall not invest more than 15% of its Gross Assets in other ING Group managed funds;
- Any purchase or sale of assets from or to any member of the ING Group or any entity managed by any member of the ING Group with consideration in excess of £50,000 will require prior Board approval; and
- The Group's borrowings shall be restricted so that the aggregate principal borrowings outstanding at the time of the drawdown shall not at any time exceed 65% of its Gross Assets.

CORPORATE RESPONSIBILITY

The Board is responsible for setting the values and standards of the Group, including leadership on environmental and social issues.

Since the Group has no employees other than the Directors, the Board has ensured that the Investment Manager adheres to the corporate responsibility policies of the ING Real Estate Group, as disclosed in their most recent Annual Report.

Angel Gate Office Village, City Road, London EC1

Directors' Report

The Directors of ING UK Real Estate Income Trust Limited present their Annual Report and audited Financial Statements for the year ended 31 December 2009.

The Company is a closed ended investment company and is registered under the provisions of the Companies (Guernsey) Law, 2008.

PRINCIPAL ACTIVITY

The principal activity of the Company is property investment with the objective of providing shareholders with an attractive level of income together with the potential for capital growth, by investing in a diversified UK commercial property portfolio.

With effect from 29 October 2008, the Company became regulated under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended). Under this regulation, the Company was deemed to be authorised by the Guernsey Financial Services Commission (GFSC) on or before 15 April 2009.

RESULTS AND DIVIDENDS

The results for the year are set out in the Consolidated Statement of Comprehensive Income. Details of dividends paid and proposed are set out in note 9 to the Consolidated Financial Statements.

LISTINGS

The Company is listed on the London and Channel Islands' Stock Exchanges.

SHARE CAPITAL

The issued share capital of the Company as at 31 December 2009 was 330,401,300 (31 December 2008: 330,401,300) ordinary shares of no par value.

The Directors have authority to buy back up to 14.99% of the Company's ordinary shares in issue subject to the annual renewal of this authority from shareholders. Any buy back of ordinary shares is and will be made subject to Guernsey law, and the making and timing of any buy backs are at the absolute discretion of the Board.

SUBSTANTIAL SHAREHOLDINGS

The Company has received notification that the following shareholders had a beneficial interest of 3% or more of the Company's issued share capital as at 24 March 2010.

	% of issued share capital
Rathbone Investment Management	7.9%
Rensburg Sheppards Investment Management Limited	6.6%
Scottish Widows Investment Partnership	6.0%
Schroder Investment Management Limited	5.5%
Legal & General Investment Management Limited	4.2%
Merrill Lynch International Bank Limited	3.9%
Goldman Sachs International	3.7%
Newton Investment Management Limited	3.5%
BlackRock Inc.	3.2%

DIRECTORS AND DIRECTORS' INTERESTS

The current Directors of the Company are set out in the Company Information on page 31. All Directors served throughout the year with the exception of John Gibbon, resigned on 30 March 2009, and Roger Lewis, who was appointed on 31 March 2010.

The Directors' interests in the shares of the Company as at 31 December 2009 are set out below:

	Ordinary Shares	% of issued share capital
Nicholas Thompson	11,993	0.004%
Robert Sinclair	15,000	0.005%

In addition, Mrs Elizabeth Thompson, wife of Nicholas Thompson, owns 21,666 shares, or 0.007% of the issued share capital of the Group.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law they have elected to prepare the Financial Statements in accordance with International Financial Reporting Standards and applicable law.

The Financial Statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements comply with the Companies (Guernsey) Law, 2008. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITORS

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

During the year, and following a tender process, Deloitte LLP resigned as auditor of the Company. The Board of ING UK Real Estate Income Trust Limited appointed KPMG Channel Islands Limited ("the Auditor") as Auditor of the Group for the year.

Deloitte LLP have not reported any matters that they wish to bring to shareholders' attention relevant to their resignation.

By Order of the Board

Robert Sinclair **Trevor Ash**
14 April 2010

Company Information

DIRECTORS

Nicholas Thompson (Chairman) - Age 61, was formerly Director and Head of Fund and Investment Management at Prudential Property Investment Management He is currently Chairman of IPD's Performance Analysis Service Consultative Group and their Index Consultative Group , Chairman of the Property Forum of the Association Investment Companies, a Director of the Lend Lease Retail Partnership, a Board Member of West Northants Development Corporation, a Governor of the Cambridge International Land Institute and a member of the investment committee of Clare College, Cambridge. He is a Fellow of the Royal Institution of Chartered Surveyors.

Trevor Ash - Age 62, was formerly Managing Director of Rothschild Asset Management (CI) Limited (until 1999) and a non-executive Director of Rothschild Asset Management Limited. He retired as a Director of NM Rothschild & Sons (CI) Limited in 2007. He is a Director of a number of funds managed by Merrill Lynch, Thames River Capital, Dexion Capital Management and ING. He is a Fellow of the Securities & Investment Institute.

Robert Sinclair (Chairman of the Audit Committee) - Age 60, is Managing Director of the Guernsey based Artemis Group and a Director of a number of investment fund management companies and investment funds associated with clients of that Group. Robert is Chairman of Schroder Oriental Income Fund Limited and also a Director of Gottex Market Neutral Trust Limited, both companies listed on the London Stock Exchange. He is a Fellow of the Institute of Chartered Accountants in England and Wales.

Tjeerd Borstlap - Age 55, is Chief Financial Officer of ING Real Estate Investment Management located in The Hague, The Netherlands. In this capacity he is responsible for Finance, Treasury and Risk. Prior to joining ING Real Estate Investment Management in 2003, Tjeerd held various senior financial management positions within the ING Group. He graduated in Business Economics at the Erasmus University in Rotterdam and subsequently qualified as a Registered Auditor through the auditing profession with Peat Marwick & Mitchell, now KPMG.

Roger Lewis (appointed 31 March 2010) - Age 62, has extensive experience in the property sector, most recently as a director of Berkeley Group Holdings plc for over 15 years, the last eight of which was as Chairman, a position from which he retired at the end of July 2007. He currently acts as a consultant to the Berkeley Group and is a director of Berkeley Residential Property Investments Limited, a Jersey based subsidiary company of the Berkeley Group. Prior to this, he was group chief executive officer of Crest Nicholson Group PLC from 1983 to 1991. He is also currently a director of Camper & Nicholsons Marina Investments Limited and Grand Harbour Marina Plc (Malta).

MANAGERS AND ADVISERS

DIRECTORS

Nicholas Thompson (Chairman)
Trevor Ash
Tjeerd Borstlap
John Gibbon (resigned 30 March 2009)
Roger Lewis (appointed 31 March 2010)
Robert Sinclair

INVESTMENT MANAGER

ING Real Estate Investment Management (UK) Limited
60 London Wall
London
EC2M 5TQ

ADMINISTRATOR, REGISTRAR AND SECRETARY

Northern Trust International Fund Administration
Services (Guernsey) Limited
PO Box 255, Trafalgar Court
Les Banques
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Guernsey
GY1 3QL

RECEIVING AGENT AND UK TRANSFER/PAYING AGENT

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BROKERS

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TAX ADVISERS

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COMPANY WEBSITE

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AUDITOR

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PROPERTY VALUERS

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W1B 5NH

SOLICITORS TO THE GROUP:

As to English Law
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Freshfields Bruckhaus Deringer
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EC4Y 1HS

As to Guernsey Law
Carey Olsen
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St Peter Port
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GY1 4BZ

Independent Auditor's Report

to the Members of ING UK Real Estate Income Trust Limited ("The Company")

We have audited the Group Financial Statements (the "Financial Statements") of ING UK Real Estate Income Trust Limited (the "Company") for the year ended 31 December 2009 which comprise of the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the related notes. These Financial Statements have been prepared under the accounting policies set out therein. The Financial Statements of the Company as of 31 December 2008 were audited by another auditor whose report dated 29 April 2009 expressed an unqualified opinion on these statements.

This report is made solely to the Company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors' responsibilities for preparing the Financial Statements which give a true and fair view and are in accordance with International Financial Reporting Standards and are in compliance with applicable Guernsey law are set out in the Statement of Directors' Responsibilities on page 29.

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Financial Statements give a true and fair view, are in accordance with International Financial Reporting Standards and comply with the Companies (Guernsey) Law, 2008. We also report to you if, in our opinion, the Company has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information accompanying the Financial Statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

OPINION

In our opinion the Financial Statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2009 and of its loss for the year then ended;
- are in accordance with International Financial Reporting Standards; and
- comply with the Companies (Guernsey) Law, 2008.

E McGill
For and on behalf of KPMG Channel Islands Limited
Chartered Accountants
14 April 2010

Independent Valuer's Report

King Sturge

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RB/ jr

25 January 2010

ING UK Real Estate Income Trust Ltd
c/o P O Box 255
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Les Banques
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GY1 3QL

Dear Sirs

VALUATION OF PROPERTIES

In accordance with your instructions we have valued the freehold and long leasehold properties held by the Trust as at the Valuation Date, 31 December 2009. This valuation report has been prepared for Balance Sheet Purposes.

The properties have been valued individually on the basis of "Market Value" in accordance with the RICS Valuation Standards Sixth Edition. No allowance has been made for expenses of realisation nor any taxation that may arise. Our valuations are expressed exclusive of Value Added Tax.

Having regard to foregoing we are of the opinion that the aggregate of the individual values as at 31 December 2009 of the respective freehold and long leasehold interests, subject to and with the benefit of the various occupational leases described, as summarised in the schedules, is in the sum of **£352,700,000 (Three Hundred and Fifty Two Million Seven Hundred Thousand Pounds).** The properties are, we understand, all held as investments and accordingly, no other categorisation is made. A full breakdown of the valuation has been provided to you.

Yours faithfully

ROBERT BALDWIN
Partner
King Sturge LLP

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Angouleme Way Retail Park, Bury

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2009

In thousands of pounds	Notes	Income	Capital	2009 Total	2008 Total
Income					
Rental income	3	31,949	-	31,949	35,812
Service charges recharged to tenants		5,219	-	5,219	4,284
Other operating income		779	-	779	5,522
Total operating income		**37,947**	**-**	**37,947**	**45,618**
Gains and losses on investments					
Realised (losses)/ gains arising on disposal of investment properties	12	-	(6,580)	(6,580)	2,524
Unrealised losses on revaluation of investment properties	12	-	(25,339)	(25,339)	(141,161)
Total gains and losses on investments		**-**	**(31,919)**	**(31,919)**	**(138,637)**
Expenses					
Property operating expenses	12	(4,481)	-	(4,481)	(4,027)
Service charge costs		(5,219)	-	(5,219)	(4,284)
Management expenses	5	(3,172)	-	(3,172)	(5,345)
Other operating expenses	6	(3,019)	-	(3,019)	(2,667)
Total operating expenses		**(15,891)**	**-**	**(15,891)**	**(16,323)**
Profit/(loss) before finance costs and tax		**22,056**	**(31,919)**	**(9,863)**	**(109,342)**
Financing					
Interest receivable	7	311	-	311	2,663
Interest payable	7	(10,399)	-	(10,399)	(14,059)
Realised gains on disposal of interest rate swaps	7	-	259	259	-
Unrealised losses on revaluation of interest rate swaps	7	-	363	363	(19,677)
Total finance costs		**(10,088)**	**622**	**(9,466)**	**(31,073)**
Total comprehensive profit/(loss) for the year		**11,968**	**(31,297)**	**(19,329)**	**(140,415)**
Tax	8	(8)	-	(8)	-
Profit/(loss) for the year		**11,960**	**(31,297)**	**(19,337)**	**(140,415)**
Loss per share					
Basic and diluted	10	3.6p	(9.5)p	(5.9)p	(42.5)p

There is no comprehensive income other than the loss for the year.

The total column of this statement represents the Group's Consolidated Statement of Comprehensive Income. The supplementary income return and capital return columns are both prepared under guidance published by the Association of Investment Companies. All items in the above statement derive from continuing operations.

All income is attributable to the equity holders of the parent Company. There are no minority interests. Notes 1 to 25 form part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2009

In thousands of pounds	Notes	Share Capital	Share Premium Account	Distributable Reserve	Retained Earnings	Total
Balance as at 31 December 2007		**-**	**31,389**	**297,776**	**40,352**	**369,517**
Net loss for the year		-	-	-	(140,415)	(140,415)
Dividends paid	9	-	-	(893)	(17,899)	(18,792)
Balance as at 31 December 2008		**-**	**31,389**	**296,883**	**(117,962)**	**210,310**
Net loss for the year		-	-	-	(19,337)	(19,337)
Dividends paid	9	-	-	-	(9,912)	(9,912)
Balance as at 31 December 2009		**-**	**31,389**	**296,883**	**(147,211)**	**181,061**

Notes 1 to 25 form part of these Consolidated Financial Statements.

Consolidated Balance Sheet

As at 31 December 2009

In thousands of pounds	Notes	2009	2008
Non-current assets			
Investment properties	12	352,599	436,005
Total non-current assets		**352,599**	**436,005**
Current assets			
Accounts receivable	13	8,810	8,488
Cash and cash equivalents	14	50,569	20,084
Total current assets		**59,379**	**28,572**
Total assets		**411,978**	**464,577**
Current liabilities			
Accounts payable and accruals	15	(13,562)	(13,210))
Total current liabilities		**(13,562)**	**(13,210)**
Non-current liabilities			
Loans and borrowings	16	(217,355)	(241,057)
Total non-current liabilities		**(217,355)**	**(241,057)**
Total liabilities		**(230,917)**	**(254,267)**
Net assets		**181,061**	**210,310**
Equity			
Ordinary share capital	18	-	-
Share premium account	19	31,389	31,389
Distributable reserve	19	296,883	296,883
Retained earnings		(147,211)	(117,962)
Total equity		**181,061**	**210,310**
Net asset value per share	21	**0.55**	**0.64**

These Consolidated Financial Statements were approved by the Board of Directors on 14 April 2010 and signed on its behalf by:

Robert Sinclair
Director

Trevor Ash
Director

Notes 1 to 25 form part of these Consolidated Financial Statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2009

In thousands of pounds	Notes	2009	2008
Loss before tax		**(19,329)**	**(140,415)**
Adjusted for			
Interest receivable	7	(311)	(2,663)
Interest payable	7	10,399	14,059
Realised and unrealised gains and losses		31,297	158,313
Amortisation of finance costs	13	479	705
Income tax expense	8	(8)	-
Cash flows from operating profit before working capital changes		**22,527**	**29,999**
Decrease/(increase) in trade and other receivables		2,575	(2,470)
Increase/(decrease) in trade and other payables		708	(4,990)
Net cash flows from operating activities		**25,810**	**22,539**
Cash flows from investing activities			
Purchase of investment properties	12	(1,701)	(2,806)
Disposal of investment properties		49,492	61,370
Interest received	7	311	2,663
Net cash flows from investing activities		**48,102**	**61,227**
Cash flows from financing activities			
Proceeds from long term borrowings	16	14,000	-
Repayment of long term borrowings	16	(34,950)	(81,981)
Disposal of interest rate swaps	7	(1,830)	-
Interest paid on loans		(10,735)	(14,059)
Dividends paid	9	**(9,912)**	(18,792)
Net cash flows from financing activities		**(43,427)**	**(114,832)**
Net increase/ (decrease) in cash and cash equivalents		**30,485**	**(31,066)**
Cash and cash equivalents at beginning of year		20,084	51,150
Cash and cash equivalents at end of year	14	**50,569**	**20,084**

Notes 1 to 25 form part of these Consolidated Financial Statements.

Notes to the Financial Statements

For the year ended 31 December 2009

1. GENERAL INFORMATION

ING UK Real Estate Income Trust Limited was incorporated on 15 September 2005 and is registered as a closed ended Guernsey investment company. The Consolidated Financial Statements are prepared for the year ended 31 December 2009 with comparatives for the year ended 31 December 2008.

2. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The Financial Statements have been prepared under the historical cost convention, they give a true and fair view, have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are in compliance with the Companies (Guernsey) Law, 2008.

BASIS OF ACCOUNTING

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new and amended standards and interpretations as of 1 January 2009:

- IAS 1 Presentation of Financial Statements
- IAS 40 Investment Property - Amended
- IFRS 8 Operating Segments
- IAS 23 Borrowing Costs (Revised)
- Amendment to IFRS 7 Financial Instruments: Disclosures

The principal effects of these changes are as follows:

IAS 1 Presentation of Financial Statements

Effective 1 January 2009, the Group has applied revised IAS 1 'Presentation of Financial Statements' (2007). The revised Standard requires all owner changes in equity to be presented in the Statement of Changes in Equity, whereas all non-owner changes in equity are presented in the Statement of Comprehensive Income. The application of the revised Standard did not have any impact on the Group's Financial Statements as the Group has no components of comprehensive income other than the profit or loss for the period.

IAS 40 Investment Property - Amended

IAS 40 has been amended to bring within its scope investment property under construction. Consequently such property is measured at fair value in line with completed investment properties. This amendment has not had any effect on the Financial Statements of the Group in this, or prior, reporting periods.

IFRS 8 Operating Segments

IFRS 8 replaces IAS 14 Segment Reporting. The Board have concluded that the Group operates in a single reporting segment determined in accordance with IAS 14 and this remains valid under the amended criteria outlined under IFRS 8. No amendments are therefore required to the Financial Statements of this, or prior, reporting periods.

IAS 23 Borrowing Costs (Revised)

The revised IAS 23 requires capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, but only if such assets are not measured at fair value. As the Group has not commenced any such projects subsequent to the adoption of this Standard no adjustments to the Financial Statements in this, or prior, reporting periods are required.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amendment to IFRS 7 Financial Instruments: Disclosures

The amendment to the Standard requires an entity to provide a quantitative and qualitative analysis of those instruments recognised at fair value based on a three-level measurement hierarchy. Furthermore, for those instruments which have a significant unobservable input (classified as level 3), the amendments require disclosure of the transfers into and out of level 3, a reconciliation of the opening and closing balances, total gains and losses for the period split between those recognised in other comprehensive income and, purchases, sales issues and settlements, and sensitivity analysis of reasonably possible changes in assumptions. In addition, disclosure is required of the movement between different levels of the fair value hierarchy and the reason for those movements. Finally, the Standard amends the previous liquidity risk disclosures as required under IFRS 7 for non derivative and derivative financial liabilities.

NEW STANDARDS AND INTERPRETATIONS NOT APPLIED

The IASB and IFRIC have issued a number of standards and interpretations with an effective date after the date of these Financial Statements. The Board have set out below only those which may have a material impact on the Financial Statements in future periods.

IAS 17 Leases – amendment

This amendment is effective for financial periods beginning on or after 1 January 2010.

This amendment deletes much of the existing wording in the Standard to the effect all leases of land (where title does not pass) were operating leases. The amendment requires that in determining whether the lease of land (either separately or in combination with other property) is an operating or finance lease, the same criteria are applied as for any other asset. This may have the impact in the future that more leases of land will be treated as finance leases rather than operating leases.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of Financial Statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years. Where such judgements are made they are discussed below.

FAIR VALUE OF DERIVATIVES

The Directors use their judgement in selecting an appropriate valuation technique for financial instruments. Valuation techniques commonly used by market practitioners are applied. For derivative instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Derivatives are valued in these Financial Statements based on the valuation received from the issuer of the swap.

Notes to the Financial Statements
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FAIR VALUE OF INVESTMENT PROPERTIES

The fair value of the Group's investment properties is a key source of estimated uncertainty; however, in accordance with the accounting policy of the Group, investment properties have been valued on the basis of market value and market rental value by external valuers.

Market value is defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The Group ensures the use of suitable qualified external valuers valuing the investment properties held by the Group.

BASIS OF CONSOLIDATION

The Consolidated Financial Statements incorporate the Financial Statements of the Company and entities controlled by the Company made up to 31 December. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The results of ING (UK) Listed Real Estate Issuer PLC are consolidated in accordance with SIC 12, 'Consolidation – Special Purpose Entities'.

BUSINESS COMBINATIONS

The acquisition of subsidiaries is accounted for using the purchase method. The cost of acquisition is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 'Business Combinations' are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 'Non Current Assets Held for Sale and Discontinued Operations', which are recognised and measured at fair value less costs to sell.

PRESENTATION OF THE STATEMENT OF COMPREHENSIVE INCOME

In order to better reflect the activities of an Investment Company and in accordance with guidance issued by the AIC, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the Statement of Comprehensive Income.

INVESTMENT PROPERTIES

Freehold property held by the Group to earn income or for capital appreciation or both is classified as investment property in accordance with IAS 40 'Investment Property'. Property held under finance leases for similar purposes is also classified as investment property. Investment property is initially recognised at purchase cost plus directly attributable acquisition expenses. Investment properties are carried at a revalued amount which is stated at its fair value as determined on an open market basis as at the Balance Sheet date. The fair value of investment property is based on valuation by an independent valuer who holds a recognised and relevant professional qualification and who has recent experience in the location and category of the investment property being valued. Gains and losses arising from changes in fair value are included in the Statement of Comprehensive Income in the year in which they arise. Purchases and sales of investment property are recognised when contracts have been unconditionally exchanged during the year and the significant risks and rewards of ownership have been transferred.

An item of investment property is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Statement of Comprehensive Income in the year the item is derecognised. Investment properties are not depreciated.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Realised and unrealised gains in investment properties have been presented as capital items within the Statement of Comprehensive Income.

The loan has a first ranking mortgage over all the properties, see note 16. In line with industry practice, investment properties are held in nominee companies.

LEASES

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item are capitalised at the inception of the lease at the fair value of the leased property or, if lower, the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

An operating lease is a lease other than a finance lease. Lease income is recognised in income on a straight-line basis over the lease term. Indirect costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The Financial Statements reflect the requirements of SIC 15, 'Operating Leases – Incentives' to the extent that they are material. Premiums received on the surrender of leases are recorded as income immediately if there are no relevant conditions attached to the surrender.

CASH AND CASH EQUIVALENTS

Cash includes cash in hand and cash with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities in three months' or less and that are subject to an insignificant risk of change in value.

INCOME AND EXPENSES

Income and expenses are included in the Statement of Comprehensive Income on an accruals basis. All of the Group's income and expenses are derived from continuing operations.

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured.

Property operating costs include the costs of professional fees on letting and other non-recoverable costs.

The income charged to tenants for property service charges and the costs associated with such service charges are shown separately in the Statement of Comprehensive Income to reflect that notwithstanding this money is held on behalf of tenants occupying the properties, the ultimate risk for paying and recovering these costs rests with the property owner.

DIVIDENDS

Dividends are recognised in the period in which they are paid.

FINANCIAL LIABILITIES AND EQUITY

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Notes to the Financial Statements
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DERIVATIVE FINANCIAL INSTRUMENTS

The Group's activities expose it to the financial risks of changes in interest rates. The Group uses interest rate swap contracts to mitigate this exposure. The Group does not use derivative financial instruments for speculative purposes.

Changes in the fair value of derivative financial instruments are recognised in the Statement of Comprehensive Income as they arise. These derivatives are categorised as held for trading under IAS 39, 'Financial Instruments: Recognition and Measurement' and are held only to mitigate the risk of changes in interest rates as disclosed in note 23.

TRADE RECEIVABLES

Trade receivables are stated at their nominal amount as reduced by appropriate allowances for estimated irrecoverable amounts.

LOANS AND BORROWINGS

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses are recognised in the Statement of Comprehensive Income when the liabilities are derecognised, as well as through the amortisation process.

OTHER ASSETS AND LIABILITIES

Other assets and liabilities are not interest bearing and are stated at their nominal value.

TAXATION

The Directors conduct the affairs of the Group such that the management and control of the Group is not exercised in the United Kingdom and that the Group does not carry on a trade in the United Kingdom. Accordingly the Group will not be liable to United Kingdom taxation on its income or capital gains arising in the United Kingdom and the Isle of Man, other than certain income deriving from a United Kingdom source.

The Group is subject to United Kingdom taxation on income arising on the investment properties after deduction of allowable debt financing costs and allowable expenses.

The Group is tax exempt in Guernsey for the year ended 31 December 2009.

PRINCIPLES FOR THE CASH FLOW STATEMENT

The Cash Flow Statement has been drawn up according to the indirect method, separating the cash flows from operating activities, investing activities and financing activities. The net result has been adjusted for amounts in the Statement of Comprehensive Income and movements in the Balance Sheet which have not resulted in cash income or expenditure in the year.

The cash amounts in the Cash Flow Statement include those assets that can be converted into cash without any restrictions and without any material risk of decreases in value as a result of the transaction. Dividends that have been paid and declared are included in the cash flow from financing activities.

3. RENTAL INCOME

Rent receivable is stated exclusive of Value Added Tax and arose wholly from continuing operations in the United Kingdom and the Isle of Man.

4. BUSINESS AND GEOGRAPHICAL SEGMENTS

The Directors are the chief operating decision makers. The Board is charged with setting the Company's investment strategy in accordance with the Prospectus. They have delegated the day to day implementation of this strategy to its Investment Manager but retain responsibility to ensure that adequate resources of the Company are directed in accordance with their decisions. The investment decisions of the Investment Manager are reviewed on a regular basis to ensure compliance with the policies and legal responsibilities of the Board. The Investment Manager has been given full authority to act on behalf of the Company. Under the terms of the Investment Management Agreement, subject to the overall supervision of the Board, the Investment Manager advises on the general allocation of the assets of the Company between different investments, advises the Company on its borrowing policy and geared investment position, manages the investment of the Company's subscription proceeds and short term liquidity in fixed income instruments, and advises on the use of (and manage) derivatives and hedging by the Company. Whilst the Investment Manager may make the investment decisions on a day to day basis regarding the allocation of funds to different investments, any changes to the investment strategy or major allocation decisions have to be approved by the Board, even though they may be proposed by the Investment Manager. The Board therefore retains full responsibility as to the major allocations decisions made on an ongoing basis. The Investment Manager will always act under the terms of the Prospectus and the Investment Management Agreement which cannot be radically changed without the approval of the Board.

The Board has considered the requirements of IFRS 8 ' Operating Segments". The Board is of the opinion that the Group, through its subsidiary undertakings, operates in one reportable industry segment, namely real estate investment, and across one primary geographical area, namely the United Kingdom and the Isle of Man and therefore no segmental reporting is required. The portfolio consists of 42 commercial properties, which are in the office, retail, retail warehouse, industrial and leisure sectors.

5. MANAGEMENT EXPENSES

In thousands of pounds	2009	2008
Investment Manager's fees	3,172	5,345

Under the terms of the Investment Management Agreement, ING Real Estate Investment Management (UK) Limited (the "Investment Manager") receives remuneration for property management and administration services. For the first half of the year, the management fee was payable quarterly in arrears and was equal to the aggregate of the following:

a) one quarter of 90 basis points of gross property assets up to and including £600 million
b) one quarter of 82.5 basis points of gross property assets in excess of £600 million and up to and including £800 million
c) one quarter of 75 basis points of gross property assets in excess of £800 million
d) one quarter of 40 basis points of cash assets

With effect from 1 July 2009 a revised management fee was agreed between the Directors and the Investment Manager. The agreed revised terms are as follows;

- The base management fees will be payable quarterly in arrears and will be equal to one quarter of 145 basis points of the Net Asset Value;

Notes to the Financial Statements
(continued)

5. MANAGEMENT EXPENSES (CONTINUED)

- A performance fee will be calculated and payable annually (as at 31 December), calculated on the basis on which the property assets have outperformed the IPD All Quarterly and Monthly Valued Funds Benchmark on a rolling three year basis. The percentage outperformance will be multiplied to the base management fee to calculate the performance element. The performance fee in the first year will be determined by reference to the entire calendar year (but calculated at 50%), and for the second year on the average of the first and second year results. In the event that the Investment Management Agreement is terminated in a quarter other than ending on 31 December in any year, the performance fee will be calculated on the average of the two preceding years and annualised in the year that contract is terminated and a pro rata adjustment made in that relevant year;
- Administration services will no longer be paid for by the Investment Manager;
- The notice period will remain the same meaning that the contract may be determined by either party on not less than 12 months notice in writing; and
- The fees payable will not exceed those calculated in accordance with the Investment Management Agreement and summarised above.

6. OTHER OPERATING EXPENSES

	2009	2008
Valuation expenses	117	169
Audit fees	108	100
Amortisation of finance costs (note 13)	479	705
Other expenses	2,315	1,693
	3,019	**2,667**

Audit fees for the year ended 31 December 2009 include an under accrual relating to the prior year of £19,000.

Other expenses include costs of £1.5 million relating to the amendment to the loan documents and loan prepayment.

The Group has no employees other than the Directors. See the Corporate Governance Report for details of Directors' emoluments.

7. FINANCE COSTS/INCOME

	2009	2008
Interest receivable from financial assets that are not at fair value through profit or loss	311	2,663
Interest payable on loans at amortised cost	(10,399)	(14,059)
Realised gains on disposal of interest rate swaps	259	-
Unrealised gains/ (losses) on revaluation of interest rate swaps at fair value through profit or loss (note 23)	363	(19,677)
	(9,466)	**(31,073)**

As a result of loan note repayments made during the year (see note 16) interest rate swaps were partly closed for cancellation payments of £1,830,000, representing a gain of £259,000 compared to their prior year liability.

8. TAX

The charge for the year is:

	2009	2008
UK corporation tax at 21%	8	-

During the year there was a corporation tax liability of £8,000 in respect of ING (UK) Listed Real Estate Issuer Plc (31 December 2008: £ nil). (See note 11)

The Group is exempt from Guernsey taxation. The Directors conduct the affairs of the Group such that the management and control of the Group is not exercised in the United Kingdom and that the Group does not carry on a trade in the United Kingdom. Accordingly the Group will not be liable to United Kingdom taxation on its income or capital gains other than certain income deriving from a United Kingdom source. The Group is subject to United Kingdom taxation on income arising on the investment properties after deduction of allowable debt financing costs and allowable expenses.

9. DIVIDENDS

Declared and paid	2009	2008
Interim dividend for the period ended 30 December 2007: 1.5625 pence	-	5,163
Interim dividend for the period ended 31 March 2008: 1.5625 pence	-	5,163
Interim dividend for the period ended 30 June 2008: 1.5625 pence	-	5,163
Interim dividend for the period ended 30 September 2008: 1 pence	-	3,303
Interim dividend for the period ended 31 December 2008: 1 pence	3,304	-
Interim dividend for the period ended 30 June 2009: 1 pence	3,304	-
Interim dividend for the period ended 30 September 2009: 1 pence	3,304	-
	9,912	**18,792**

There was no dividend paid in respect of the quarter to 31 March 2009.

The interim dividend of 1 pence per ordinary share in respect of the period ended 31 December 2009 has not been recognised as a liability as it was declared after the year end. A dividend of £3,304,000 was paid on 26 February 2010.

Under Guernsey law, companies can pay dividends in excess of accounting profit provided they satisfy the solvency test prescribed under the Companies (Guernsey) Law, 2008. The solvency test considers whether a company is able to pay its debts when they fall due; and whether the value of a company's assets is greater than its liabilities. The Company passed the solvency test for each dividend payment in 2009.

10. LOSS PER SHARE

Basic loss per share is calculated by dividing the net loss for the year attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares in issue during the year. The following reflects the loss and share data used in the basic and diluted loss per share calculations:

	2009	2008
Net loss attributable to ordinary shareholders of the Company from continuing operations (£000)	(19,337)	(140,415)
Weighted average number of ordinary shares for basic and diluted loss per share	330,401,300	331,401,300

Notes to the Financial Statements
(continued)

11. INVESTMENTS IN SUBSIDIARIES

The Company had the following principal subsidiaries and sub-subsidiaries as at 31 December 2009 and as at 31 December 2008.

Name	Place of incorporation	Ownership proportion
ING UK Real Estate (Property) Limited	Guernsey	100%
ING (UK) REIT (SPV) Limited	Guernsey	100%
ING (UK) Listed Real Estate	Guernsey	100%
ING UK Real Estate (Property) No 2 Limited	Guernsey	100%
ING (UK) REIT (SPV No 2) Limited	Guernsey	100%
ING (UK) Listed Real Estate Limited	Guernsey	100%
Merbrook Business Property Unit Trust*	Jersey	100%
Merbrook Prime Retail Property Unit Trust*	Jersey	100%
Merbrook Bristol Property Unit Trust*	Jersey	100%
Merbrook Swindon Property Unit Trust*	Jersey	100%
ING (UK) Listed Real Estate Issuer PLC	England & Wales	-

* - ("the JPUTS")

The results of the above entities are consolidated within the Group Financial Statements.

ING UK Real Estate (Property) Limited and ING (UK) REIT (SPV) Limited own 100% of the units in ING (UK) Listed Real Estate, a Guernsey unit trust ("the GPUT").

At the year end the GPUT owned the majority of the units in the JPUTs, which are each registered as Jersey unit trusts. The remaining units are held by ING (UK) Listed Real Estate Limited, which in turn is owned in equal shares by ING (UK) Listed Real Estate Nominee (No.1) Limited ("Nominee 1") and the GPUT. Shares in Nominee 1 are held in trust by Admiral Nominees Limited and Nelson Representatives Limited on behalf on the Company.

The subsidiaries were incorporated to provide a tax efficient structure for the Company to invest in the underlying property investments.

Under the principles of SIC 12 the Group has consolidated the results of ING (UK) Listed Real Estate Issuer PLC, a Special Purpose Entity (the "SPE"), that provides funding to the Group. Under the terms of the securitisation documents the Group has an obligation to the SPE in respect of any amounts due or payable under the swap agreements and hence accounts for movements in the fair value of these swaps through the Statement of Comprehensive Income. The Group does not own any of the share capital of the SPE, see note 16.

12. INVESTMENT PROPERTIES

	2009	2008
Balance at start of year	436,005	633,206
Additions	1,701	2,806
Disposals	(53,188)	(61,370)
Realised gains/(losses) on disposal	(6,580)	2,524
Change in fair value	(25,339)	(141,161)
Balance at end of year	**352,599**	**436,005**
Historic cost at 31 December	**488,321**	**572,493**

The carrying value of investment properties reconciles to the Market Value at 31 December as follows:

	2009	2008
Appraised value	352,700	434,250
Valuation of assets held under finance leases	1,643	1,755
Lease incentives held as debtors	(1,744)	-
	352,599	**436,005**

The investment properties were valued by King Sturge LLP, Chartered Surveyors, as at 31 December 2009, on the basis of Market Value in accordance with RICS Valuation Standards.

The Group's borrowings (note 16) are secured by a first ranking fixed charge over the investment properties held.

Rental income and property expenses arise from the properties shown above.

13. ACCOUNTS RECEIVABLE

	2009	2008
Tenant debtors	4,613	7,186
Other debtors	3,375	-
Capitalised finance costs	822	1,302
	8,810	**8,488**

Other debtors comprise the balance of proceeds from the disposal of 3 The Boulevard, Watford, which is due to be received on 6 December 2010.

The loan arrangement costs as at 31 December 2009 are £2,296,000 (31 December 2008: £2,296,000). These are amortised over the lives of the loans. For the year ended 31 December 2009 £479,000 (31 December 2008: £705,000) of these costs were written off to the Statement of Comprehensive Income, including the unamortised proportion of loan costs attributable to the loan notes prepaid in the period.

The Directors consider that the carrying amount of accounts receivable approximates their fair value.

Notes to the Financial Statements
(continued)

14. CASH AND CASH EQUIVALENTS

	2009	2008
Cash at bank and in hand	8,318	9,882
Short-term deposits	42,251	10,202
	50,569	**20,084**

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and one month depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The carrying amounts of these assets approximate their fair value.

Short term deposits includes £14 million drawdown from the liquidity facility (see note 16).

15. ACCOUNTS PAYABLE AND ACCRUALS

	2009	2008
Accruals	3,298	3,445
Deferred rental income	6,549	6,892
VAT liability	1,277	1,027
Trade creditors	-	53
Other creditors	2,328	1,662
Obligations under finance leases (note 20)	110	131
	13,562	**13,210**

The Directors consider that the carrying amount of accounts payable and accruals approximates their fair value.

16. LOANS AND BORROWINGS

	Maturity	2009	2008
Floating rate notes	31 January 2013	190,050	225,000
Liquidity facility	31 January 2013	14,000	-
Interest rate swaps (note 23)		11,577	14,029
Obligations under finance leases (note 20)		1,728	2,028
		217,355	**241,057**

On 20 December 2005 the Group issued £200 million of AAA rated seven year loan notes to the debt market. The interest payable on these notes is fixed at 4.795% by means of an interest rate swap. On 6 July 2006 a further £25 million of loan notes were issued on the same terms, with the interest payable fixed at 5.3804% by means of a further swap. The interest rate swaps mature on the same dates as the associated borrowings. A total of £35 million of these loan notes were prepaid on 31 July 2009. The weighted average interest rate paid on the Group's borrowings for the year was 4.87% (31 December 2008: 4.86%).

The loan notes are secured over the investment properties held by the GPUT and the JPUTs, and are repayable on 31 January 2013. The loan notes were issued by ING (UK) Listed Real Estate Issuer PLC, a Special Purpose Entity that is consolidated under the principles of SIC 12, see note 11.

16. LOANS AND BORROWINGS (CONTINUED)

On 17 April 2009 the Group announced it had breached the loan to value ("LTV") covenant on its securitised loan facility. The covenant states that the LTV of the property portfolio must not exceed 50%. As at 17 April 2009 the loan to value was 53.4%. The loan documents allow for a 30 day remedy period from the date of breach of a covenant.

A meeting of Noteholders was held on 15 May 2009, when the following measures were approved;

- Increase the LTV covenant from 50 per cent to 60 per cent until January 2012, when it will reduce to 55 per cent, falling back to 50 per cent in July 2012;
- Increase the interest cover ratio from 1.5 times to 1.75 times until maturity of the loan notes in January 2013;
- Prepayment of £35 million of the principal amount outstanding of the £225 million loan notes to be made by January 2010 through one or more tender offers, with the first tender offer being held in July 2009 for a minimum of £15 million principal amount of notes. The tender offers will be at par.

The LTV breach was therefore resolved. The Group is in compliance with all loan covenants at the date of reporting.

The Group's securitised debt facility has a Liquidity Facility of £14 million, provided by Barclays Bank Limited ("Barclays") which is controlled by ING (UK) Listed Real Estate Issuer PLC. This is a standard feature designed to cover short term income shortfalls between interest received and interest paid under the loan. The Liquidity Facility Agreement required Barclays to have a minimum credit rating with Fitch of AA+, which was breached during the year when Barclays were downgraded by Fitch to AA-. The breach required the Liquidity Facility to be drawn down in full, and the funds are placed on deposit. Interest is payable on the facility at LIBOR plus a margin of 0.4%. This has had the effect of inflating the debt position of the Group, and has led to a corresponding increase in cash balances. This has no overall impact on the Net Asset Value of the Group, however as a result interest costs have risen by a nominal amount.

The fair value of the loans may be lower than the book value given that, at the present time, lenders are less willing to provide financing for the type of assets held by the Group at the interest annually paid by the Group. The Board do not believe the difference between fair value and book value to be materially different. See the Investment Manager's Report for further discussion on the debt position of the Group.

On 30 January 2010 the Group repaid £15 million of loan notes, and £3.1 million of the liquidity facility (see note 25).

17. CONTINGENCIES AND CAPITAL COMMITMENTS

The Group has entered into contracts at Queens House, Glasgow and Pavilion Drive, Northampton with commitments outstanding at 31 December 2009 of approximately £1.7 million (31 December 2008: £0.1 million). There are no other contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements as at 31 December 2009.

Notes to the Financial Statements
(continued)

18. ORDINARY SHARE CAPITAL

	2009	2008
Authorised:		
Unlimited number of ordinary shares of no par value	-	-
Issued and fully paid:		
330,401,300 ordinary shares of no par value (31 December 2008: 330,401,300)	-	-

The Company has one class of ordinary shares which carry no right to fixed income.

The Company issued 252.2 million ordinary shares of no par value at an issue price of £1 per share by means of an initial public offering on 25 October 2005. The Company also issued a further 52.8 million ordinary shares of no par value at £1 per share on the same date as consideration for the GPUT.

The Company issued a further 26.5 million Ordinary Shares of no par value at an issue price of 121.5 pence by means of a placing on 7 November 2006.

The Directors have authority to buy back up to 14.99% of the Company's ordinary shares in issue subject to the annual renewal of the authority from shareholders. During the current and prior years no shares were bought, however during 2007 the Company bought 1,098,700 of its ordinary shares of no par value for cancellation at an average price of 75.9 pence per share.

Any buy back of ordinary shares will be made subject to Guernsey law, and the making and timing of any buy backs will be at the absolute discretion of the Board.

19. SHARE PREMIUM AND DISTRIBUTABLE RESERVE

	Share Premium	Distributable Reserve
Balance at 31 December 2007	**31,389**	**297,776**
Dividends paid	-	(893)
Balance at 31 December 2008	**31,389**	**296,883**
Dividends paid	-	-
Balance at 31 December 2009	**31,389**	**296,883**

By way of a special resolution dated 30 September 2005, the amount standing to the credit of the share premium account was cancelled and transferred to a distributable reserve. Royal Court approval was obtained on 17 October 2005. Distributable reserves may be used for the purpose of paying dividends or buying back shares. During the previous year a proportion of the dividend was paid out of the distributable reserve.

20. OBLIGATIONS UNDER FINANCE LEASES

	2009	2008
Future minimum payments due	117	139
Within one year	582	695
In the second to fifth years inclusive	8,344	10,998
After five years	**9,043**	**11,832**
Less: finance charges allocated to future periods	(7,205)	(9,673)
Present value of minimum lease payments	**1,838**	**2,159**
The present value of minimum lease payments is analysed as follows;		
Within one year	110	131
In the second to fifth years inclusive	548	653
After five years	1,180	1,375
	1,838	**2,159**

OPERATING LEASES WHERE THE GROUP IS LESSOR

Property rental income earned during the year was £31.9 million. The investment properties are currently generating a net initial yield of 7.54%.

At the Balance Sheet date, the Group had contracted with tenants for the following annual lease payments:

	2009	2008
Within one year	31,895	33,882
In the second to fifth years inclusive	84,595	90,732
After five years	257,610	276,433
	374,100	**401,047**

21. NET ASSET VALUE

The net asset value per ordinary share is based on net assets at the year end and on 330,401,300 (31 December 2008: 330,401,300) ordinary shares, being the number of ordinary shares in issue at the year end.

At 31 December 2009, the Company had a net asset value per ordinary share of £0.55 (31 December 2008: £0.64).

Notes to the Financial Statements
(continued)

22. FINANCIAL INSTRUMENTS

CATEGORIES OF FINANCIAL INSTRUMENTS

31 December 2009	Notes	Held at fair value through profit or loss	Financial assets and liabilities at amortised cost	Total
Financial assets				
Cash and cash equivalents	14	-	50,569	50,569
Accounts receivable	13	-	8,810	8,810
		-	**59,379**	**59,379**
Financial liabilities				
Loans	16	-	204,050	204,050
Obligations under finance leases	20	-	1,838	1,838
Interest rate swaps	16	11,577	-	11,577
		11,577	**205,888**	**217,465**

31 December 2008	Notes	Held at fair value through profit or loss	Financial assets and liabilities at amortised cost	Total
Financial assets				
Cash and cash equivalents	14	-	20,084	20,084
Accounts receivable	13	-	8,488	8,488
		-	**28,572**	**28,572**
Financial liabilities				
Loans	16	-	225,000	225,000
Obligations under finance leases	20	-	2,159	2,159
Interest rate swaps	16	14,029	-	14,029
		14,029	**227,159**	**241,188**

FAIR VALUE HIERARCHY

The table below analyses financial instruments carried at fair value, by valuation method. The different levels that have been defined are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

22. FINANCIAL INSTRUMENTS (CONTINUED)

	Level 1	Level 2	Level 3	Total
31 December 2009				
Interest rate swaps	-	11,577	-	11,577
31 December 2008				
Interest rate swaps	-	14,029	-	14,029

23. RISK MANAGEMENT

The Group invests in commercial properties in the United Kingdom and the Isle of Man. The following describes the risks involved and the applied risk management. See the Investment Manager's section of this report for the detailed investment strategy restrictions of the Group. The Investment Manager reports regularly both verbally and formally to the Board to allow them to monitor and review all the risks noted below.

CAPITAL RISK MANAGEMENT

Since 2007 the Group's strategy has been focussed on reducing capital risks through debt repayment, set against a market backdrop of extreme volatility.

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the loans disclosed in note 16, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings. The Board continues to monitor the balance of the overall capital structure through the payment of dividends, new share issues, share buybacks as well as the issue of new debt or the redemption of existing debt. The Group is not subject to any external capital requirements.

The loan restructuring undertaken in May 2009 has further enabled the Group to manage its capital risks by providing the ability to make early repayments of its debt ahead of loan maturity as appropriate.

INTEREST RATE RISK MANAGEMENT

Interest risk arises on interest payable on the floating rate loans and borrowings. The Board manages this risk by use of interest rate swaps. Interest payable on the loan notes has therefore been fixed using interest rate swaps, as described in note 16. The Group's exposure to interest rate risk with respect to the interest rate swaps is monitored and reviewed by the Board on a regular basis.

INTEREST RATE RISK

The following table details the Group's remaining contractual maturity for its non-derivative financial assets and liabilities. The table below has been drawn up based on the undiscounted contractual maturities of the financial liabilities, including interest that will accrue to those liabilities except where the Group is entitled and intends to repay the liability before its maturity.

Notes to the Financial Statements
(continued)

23. RISK MANAGEMENT (CONTINUED)

	Weighted average effective interest rate %	Less than 1 year	1 to 5 years	More than 5 years	Total
2009					
Cash	0.50%	50,569	-	-	50,569
Finance lease liability		(117)	(582)	(1,139)	(1,838)
Fixed interest rate loans	4.87%	(9,255)	(18,845)	-	(28,100)
Floating interest rate facility	1.00%	(140)	(284)	-	(424)
2008					
Cash	1.00%	20,084	-	-	20,084
Finance lease liability		(139)	(695)	(1,325)	(2,159)
Fixed interest rate loans	4.86%	(10,935)	(33,200)	-	(44,135)

The following table details the Group's liquidity analysis for its derivative financial instruments and have been drawn up based on the undiscounted net cash inflows/(outflows) of those derivative instruments.

	Less than 1 year	1 to 5 years	More than 5 years	Total
2009				
Interest rate swaps	(4,061)	(8,461)	-	(12,522)
2008				
Interest rate swaps	(3,783)	(11,664)	-	(15,447)

Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

The Board regularly reviews the Group's position relating to interest rate swaps.

INTEREST RATE SWAP CONTRACTS

Interest rate swap contracts enable the Group to mitigate the risk of changing interest rates and cash flow exposures on the floating rate debt held. The fair values of interest rate swaps at the year end are the marked to market values supplied by the issuer of the swap. This value is based on the future cash flows relating to the outstanding balances at the start of the financial year at the relevant interest rate.

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at the reporting date:

	Average contracted fixed interest rate		Notional principal amount		Fair value	
	2009 %	2008 %	2009	2008	2009	2008
Outstanding						
Less than 1 year	-	-	-	-	-	-
1 to 2 years	-	-	-	-	-	-
2 to 5 years	4.87%	4.86%	190,050	225,000	(11,577)	(14,029)
More than 5 years	-	-	-	-	-	-
			190,050	**225,000**	**(11,577)**	**(14,029)**

23. RISK MANAGEMENT (CONTINUED)

SWAP CONTRACTS INTEREST RISK SENSITIVITY

The sensitivity analyses below have been determined based on the exposure to swap interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 100 basis point change is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates based on the swap movements over the past year.

At the reporting date, if swap interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's;

- Net profit would increase or decrease by £5,418,000 (2008: increase or decrease by £8,344,000 at 100 basis points higher or lower) and
- Other equity reserves would increase or decrease by £5,418,000 (2008: increase or decrease by £8,344,000 at 100 basis points higher or lower) mainly as a result of the changes in the fair value of interest rate swaps.

See note 16 for full details of all loans and swaps held.

CREDIT RISK

The following tables detail the balances held at the balance sheet date that may be affected by credit risk:

	Notes	Held at fair value through profit or loss	Financial assets and liabilities at amortised cost	Total
2009 Financial assets				
Cash and cash equivalents	14	-	50,569	50,569
Accounts receivable	13	-	8,810	8,810
		-	**59,379**	**59,379**
2008 Financial assets				
Cash and cash equivalents	14	-	20,084	20,084
Accounts receivable	13	-	8,488	8,488
		-	**28,572**	**28,572**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed regularly.

Trade debtors consist of a large number of tenants, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade debtors, and, where appropriate, credit guarantees are acquired. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. A provision of £652,000, (31 December 2008: £206,000) exists at the year end, in relation to debtors that are in administration.

Notes to the Financial Statements
(continued)

23. RISK MANAGEMENT (CONTINUED)

The carrying amount of financial assets recorded in the Financial Statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk. The Board continues to monitor the Group's exposure to credit risk. See the Investment Manager's Report for further information regarding the current position.

The Group's main cash balances are held with National Westminster Bank plc ("Natwest"), ING Bank ('ING') and Abbey National Bank plc ('Abbey'). Bankruptcy or insolvency of the bank holding cash balances may cause the Group's rights with respect to the cash held by them to be delayed or limited. The Group manages its risk by monitoring the credit quality of its bankers on an ongoing basis. Natwest, ING and Abbey are also rated by all major rating agencies. If the credit quality of these banks deteriorates, the Group would look to move the short term deposits or cash to another bank. Procedures exist to ensure that cash balances are split between banks to minimise exposure.

Other than the drawdown of the Liquidity Facility from Barclays, there has been no change in the fair values of cash, loans, swaps or receivables as a result of changes in credit risk in the current or prior periods, due to the actions taken to mitigate this risk, as stated above.

The Group is exposed to credit risk from counterparties used to value the interest rate swaps which are financial assets as at 31 December 2009. The risk is mitigated by the Group only engaging with creditworthy counterparties. The counterparty for the interest rate swaps is JP Morgan. They have a credit rating of AA-.

LIQUIDITY RISK

Ultimate responsibility for liquidity risk management rests with the Board, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table sets out the carrying amount, by maturity, of the Group's financial assets/ (liabilities).

31 December 2009	Less than 1 year	1 to 5 years	More than 5 years	Total
Floating				
Liquidity facility	-	(14,000)	-	(14,000)
Fixed using interest rate swaps				
Floating rate notes	-	(190,050)	-	(190,050)
	-	**(204,050)**	**-**	**(204,050)**

31 December 2008	Less than 1 year	1 to 5 years	More than 5 years	Total
Fixed using interest rate swaps				
Floating rate notes	-	(225,000)	-	(225,000)
	-	**(225,000)**	-	**(225,000)**

MARKET RISKS

The Group's activities are primarily within the real estate market, exposing it to very specific industry risks.

The yields available from investments in real estate depend primarily on the amount of revenue earned and capital appreciation generated by the relevant properties as well as expenses incurred. If properties do not generate sufficient revenues to meet operating expenses, including debt service and capital expenditure, the Group's revenue will be adversely affected.

23. RISK MANAGEMENT (CONTINUED)

Revenue from properties may be adversely affected by the general economic climate, local conditions such as oversupply of properties or a reduction in demand for properties in the market in which the Group operates, the attractiveness of the properties to tenants, the quality of the management, competition from other available properties and increased operating costs (including real estate taxes).

In addition, the Group's revenue would be adversely affected if a significant number of tenants were unable to pay rent or its properties could not be rented on favourable terms. Certain significant expenditure associated with each equity investment in real estate (such as external financing costs, real estate taxes and maintenance costs) generally are not reduced when circumstances cause a reduction in revenue from properties.

By diversifying in regions, sectors, risk categories and tenants, the Investment Manager expects to lower the risk profile of the portfolio. The Board continues to oversee the profile of the portfolio to ensure risks are managed. See the Investment Manager's report for the geographical spread and the analysis of the top ten tenants of the portfolio.

The valuation of the Group's property assets is subject to changes in market conditions. Such changes are taken to the Statement of Comprehensive Income and thus impact on the Group's net result. A 5% increase or decrease in property values would increase or decrease the Group's net result by £17.6 million.

CONCENTRATION RISK

As discussed above, all of the Group's investments are in the UK and therefore is exposed to macroeconomic changes in the UK economy. Furthermore, the Group places reliance on a limited number of tenants for its rental income.

CURRENCY RISK

The Group has no exposure to foreign currency risk.

24. RELATED PARTY TRANSACTIONS

During the year the Investment Manager was paid a total of £3,172,000 (31 December 2008: £5,345,000) in respect of the property management and administration services. As at 31 December 2009 the Group owed £655,000 to the Investment Manager (31 December 2008: £900,000).

The Group paid £756,000 to ING Bank N.V. during the period in connection with the amendment to the loan documents and loan prepayment, as detailed in the Investment Manager's Report. A further £250,000 was payable to ING Bank N.V. following the compliance of all loan covenants on 25 January 2010. The Investment Manager paid a contribution to the Group of £250,000 which has been offset against these costs.

The Group has one non-independent director, who is connected with the Investment Manager. The remuneration in respect of this appointment was waived.

ING UK Real Estate Income Trust Limited has no controlling parties.

Notes to the Financial Statements
(continued)

25. EVENTS AFTER THE BALANCE SHEET DATE

Following the Balance Sheet date further property sales totalling £8.9 million have been made.

On 30 January 2010 a payment of £14.3 million was made to loan note holders to repay £15 million loan notes at a discount to par value. £3.1 million of the liquidity facility was also repaid at that date.

The market value of the property portfolio as at 31 March 2010 was £352.4 million, a rise of £7.2 million (2.6%) excluding property sales since the Balance Sheet date.

The market value of the swaps as at 31 March 2010 was a deficit of £13.6 million, a fall of £2.0 million (17.3%) since the Balance Sheet date. Swap break costs of £1.1 million were paid in relation to the £15 million loan note repayment above.

As at 31 March 2010 the Loan to Value was 46.5% and the Interest Cover Ratio was 2.68.

A dividend of £3,304,000 (1 pence per share) was approved by the Board on 3 February 2010 and paid on 26 February 2010.

ING REAL ESTATE GLOBAL NETWORK

AUSTRALIA
BELGIUM
BRAZIL
CANADA
CHINA
CZECH REPUBLIC
FRANCE
GERMANY
HUNGARY
ITALY
JAPAN
THE NETHERLANDS
POLAND
ROMANIA
SINGAPORE
SOUTH KOREA
SPAIN
SWEDEN
TAIWAN
THAILAND
UNITED KINGDOM
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