

ING
PROPERTY
TRUST

INTERIM FINANCIAL STATEMENTS
30 SEPTEMBER 2006

06

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CHAIRMAN'S REPORT

Since the beginning of the Trust's new financial year (1 April 2006), there has been excellent progress on a number of the strategic initiatives identified for 2007.

The joint venture acquisition of the 70-hectare Manawatu Business Park in Palmerston North is a significant step in providing a pipeline of 'new build' development opportunities on land owned by the Trust. Market reaction to the acquisition by ING Property Trust has been very positive, and new lease deals have been or are now close to being concluded for three new buildings on the site. These will complement the existing high-quality industrial buildings that have been developed and completed at the park over the past 18 months.

Further property acquisitions over the period include settlement of the new 17-unit convenience retail centre at 792 Great South Road, Manakau City (strategically located next

to the Telstra Clear Pacific Events Centre), purchase of the IBM building (close to the Viaduct Basin on Auckland's waterfront), and a brand new distribution warehouse purpose built for United Carriers in Whangarei. The latter building is due for completion in February 2007, at which time settlement will occur.

All of these assets have strengthened and enhanced the quality of the Trust's property portfolio.

Management takes an active approach to reviewing all the real estate assets held by the Trust. It is our role to determine the long-term optimal portfolio mix and to identify assets that no longer meet the Trust's investment criteria.

Management also continues to explore other innovative ways of improving the quality of the property portfolio by leveraging off those properties in the non-core portfolio.

The reinvestment of capital into the existing portfolio continues with two major refurbishment and redevelopment projects, being the Bunnings distribution centre in East Tamaki and West Auckland's Waitakere Plaza Mega Centre project, completed over the period.

A further \$6 million has been committed to the extension of an industrial building in East Tamaki, with the tenant signing up for a new 15-year lease upon completion of the building.

As at 30 September 2006, the Trust comprised 95 properties with a total property value of \$922 million (made up of investment properties, properties intended for sale and other property investments). These numbers exclude the IBM Centre and United Carriers (total value \$36 million) – both of which are scheduled to settle post 30 September 2006.

The vacancy rate for the entire portfolio remains at under one percent and the tenant retention rate has been maintained at over 95 percent. This reflects the consistent nature of the portfolio, as well as the superior level of service provided by our property managers to tenants.

In addition, 23 new leasing and 53 rental reviews were completed over the period. The rental reviews account for a total of \$1 million of additional rental income at an average increase of 9.0 percent. The average lease term for the entire portfolio has been maintained at 4.8 years.

At the annual meeting of the Trust held on 30 August 2006, unitholders voted unanimously for the resolutions put forward by ING Property Trust Management Limited ("INGPTML"), designed to significantly strengthen the Trust's corporate governance practice.

The main changes include allowing unitholders to participate in the appointment of the independent directors of the board of INGPTML and the increased ability for unitholders to request the Manager to convene an extraordinary meeting of the Trust. Unitholders

were also advised that INGPTML would appoint an auditor that is different from the auditor of the Trust. I believe these changes create a new benchmark for the governance and stewardship of listed property trusts in New Zealand.

After receiving a significant number of enquiries, the Trust has implemented a dividend reinvestment plan ("DRP"), which took effect from the March 2006 distribution. The DRP provides the opportunity for unitholders to increase their investment in the Trust at a small discount to the current trading price, with no brokerage fees payable. The plan has been very well supported to date.

Finally, in August, it was announced by your directors that they had agreed with the directors of the manager of Calan Healthcare Properties Trust to investigate a potential merger of the two portfolios. As at the date of preparing this report, these discussions are continuing.

Looking forward, for the balance of the current financial year, the Trust is well positioned to deliver on its objectives of further strengthening the quality of the property portfolio, and unitholder returns and advancing the development of the Manawatu Business Park.

On behalf of my fellow Directors, I thank you for your continued support.



Michael Smith
Chairman
ING Property Trust Management Limited

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

for the six months ended 30 September 2006

	GROUP (UNAUDITED) SIX MONTHS TO 30 SEPTEMBER 2006 \$'000	GROUP (UNAUDITED) SIX MONTHS TO 30 SEPTEMBER 2005 \$'000	GROUP (AUDITED) TWELVE MONTHS TO 31 MARCH 2006 \$'000
	NOTE		
Gross property income from rentals	39,170	27,973	66,273
Gross property income from expense recoveries	6,772	4,223	12,561
Property expenses	(9,061)	(7,504)	(17,811)
Net property income	36,881	24,692	61,023
Gains on disposal of properties (net of disposal costs)	12	1,294	6,911
Interest received	255	82	222
Distributions received	625	-	142
Other income	60	-	-
Total income	37,833	26,068	68,298
Audit fees	93	47	160
Bad debts written off	-	4	1
Management fees	4,242	2,034	5,139
Trustee fees	142	134	269
Interest expense	10,211	6,207	15,794
Other Trust expenses	460	311	950
Amortisation of management contract cancellation costs	650	-	549
Acquisition costs written off	-	-	552
Total expenses	15,798	8,737	23,414
Operating surplus before taxation	22,035	17,331	44,884
Taxation expense	4,208	3,021	2,999
	11		
Net surplus after taxation	17,827	14,310	41,885
Unrealised net change in value of investment properties	3	-	49,530
Share of profits in North East Industrial Limited	39	-	-
Net surplus for the period	17,866	14,310	91,415

The notes on pages 7 to 16 form part of and are to be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY

for the six months ended 30 September 2006

	NOTE	GROUP (UNAUDITED) SIX MONTHS TO 30 SEPTEMBER 2006 \$000	GROUP (UNAUDITED) SIX MONTHS TO 30 SEPTEMBER 2005 \$000	GROUP (AUDITED) TWELVE MONTHS TO 31 MARCH 2006 \$000
Equity at the beginning of the period		614,831	262,175	262,175
Contributions by unitholders				
Issue of new units (less cost of issue)	2	17,174	259,514	295,016
Total recognised revenue and expenses				
Net surplus for the period		17,866	14,310	91,415
Distributions to unitholders				
Distributions to unitholders		(25,179)	(10,103)	(33,775)
Added to equity		9,861	263,721	352,656
Equity at the end of the period		624,692	525,896	614,831

The notes on pages 7 to 16 form part of and are to be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2006

		GROUP (UNAUDITED) 30 SEPTEMBER 2006 \$000	GROUP (UNAUDITED) 30 SEPTEMBER 2005 \$000	GROUP (AUDITED) 31 MARCH 2006 \$000
	NOTE			
Equity				
Units on issue	2	552,107	499,431	534,933
Revaluation reserve	3	66,165	16,313	65,843
Retained earnings	4	6,420	10,152	14,055
Total unitholders' funds		624,692	525,896	614,831
<i>Represented by:</i>				
Assets				
Current assets				
Cash and deposits		1,430	1,476	1,055
Accounts receivable	6	1,608	1,371	14,237
Properties intended for sale	5	52,101	34,845	54,829
Other current assets		630	78	490
Taxation receivable		1,681	3,290	4,089
Total current assets		57,450	41,060	74,700
Non-current assets				
Investment properties	5	830,251	743,608	769,378
Investment property under development	5	-	31,280	38,218
Investments	7	39,923	-	18,712
Other non-current assets	9	16,565	-	14,436
Total non-current assets		886,739	774,888	840,744
Total assets		944,189	815,948	915,444
Liabilities				
Current liabilities				
Accounts payable and accruals	8	3,977	6,509	10,099
Other current liabilities		2,518	2,985	2,196
Total current liabilities		6,495	9,494	12,295
Non-current liabilities	10	313,002	280,558	288,318
Total liabilities		319,497	290,052	300,613
Net assets		624,692	525,896	614,831

For and on behalf of the Manager, ING Property Trust Management Limited



Michael Smith
Chairman



Trevor Scott
Director

Date: 27 November 2006

The notes on pages 7 to 16 form part of and are to be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 September 2006

NOTE	GROUP (UNAUDITED) SIX MONTHS TO 30 SEPTEMBER 2006 \$000	GROUP (UNAUDITED) SIX MONTHS TO 30 SEPTEMBER 2005 \$000	GROUP (AUDITED) TWELVE MONTHS TO 31 MARCH 2006 \$000
Cash flows from operating activities			
<i>Cash was provided from:</i>			
Net property income	31,999	23,922	57,226
Interest received	255	82	222
Distributions received	625	-	142
Other income	60	-	-
<i>Cash was applied to:</i>			
Management and trustee fees	(4,409)	(2,124)	(5,355)
Interest expense	(10,188)	(6,359)	(12,980)
Taxation	(1,801)	(3,701)	(4,480)
Other Trust expenses	(583)	(1,144)	(1,174)
Net cash flows from operating activities 12	15,958	10,676	33,601
Cash flows from investing activities			
<i>Cash was provided from:</i>			
Sale of properties	13,397	16,469	34,000
Cash acquired on merger with Urbus Properties Limited	-	483	483
<i>Cash was applied to:</i>			
Acquisition costs	(1,430)	(1,027)	(2,636)
Capital additions	(3,679)	(8,570)	(13,286)
Purchase of properties	(17,724)	(29,035)	(43,666)
Expenditure on development properties	(1,402)	-	(6,922)
Purchase of 50% interest in North East Industrial Limited	(20,206)	-	-
Purchase of units in Calan Healthcare Properties Trust	(922)	-	(18,712)
Cancellation of management contract	-	-	(13,172)
Net cash flows applied to investing activities	(31,966)	(21,680)	(63,911)
Cash flows from financing activities			
<i>Cash was provided from:</i>			
Debt drawdown	48,289	199,865	249,638
Issue of units	17,220	-	35,000
<i>Cash was applied to:</i>			
Distributions	(25,475)	(14,604)	(38,089)
Debt repaid	(23,605)	(175,721)	(217,829)
Cost of issuing units	(46)	-	(295)
Net cash flows from financing activities	16,383	9,540	28,425
Net increase/(decrease) in cash	375	(1,464)	(1,885)
Cash balance at the beginning of the period	1,055	2,940	2,940
Cash balance at the end of the period	1,430	1,476	1,055

The notes on pages 7 to 16 form part of and are to be read in conjunction with these financial statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six months ended 30 September 2006

1. STATEMENT OF ACCOUNTING POLICIES

These interim financial statements have been prepared in accordance with FRS 24: *Interim Financial Statements*, and should be read in conjunction with the previous annual report. The accounting policies used are consistent with those used in the previous annual report.

The group financial statements include those of ING Property Trust (the "Trust") and its controlled subsidiaries accounted for using the purchase method. The results of the subsidiaries are included in the group statement of financial position from the date of acquisition which is the date the Trust became entitled to income from the subsidiaries acquired. All significant intercompany transactions are eliminated on consolidation.

The Trust's subsidiaries are:

- ING Property Trust No. 1 Limited
- ING Property Trust No. 4 Limited as corporate trustee of ING No. 1 Trust
- ING Property Trust Holdings Limited
- ING Property Trust Investments Limited
- Urbus Properties Limited.

2. UNITS

	GROUP (UNAUDITED) 30 SEPTEMBER 2006 \$000	GROUP (UNAUDITED) 30 SEPTEMBER 2005 \$000	GROUP (AUDITED) 31 MARCH 2006 \$000
Balance at the beginning of the period	534,933	239,917	239,917
Issue of units from Unit Purchase Plan	11,663	-	-
Issue of units from Dividend Reinvestment Plan	5,557	-	-
Issue of units as consideration for part payment of purchase of properties	-	-	798
Issue of units as consideration for shares in Urbus Properties Limited	-	259,514	259,514
Issue of units for cash	-	-	35,000
Issue cost of units	(46)	-	(295)
Balance at the end of the period	552,107	499,431	534,933

The number of units on issue at 30 September 2006 was 540,358,433 (30 September 2005: 493,369,830; 31 March 2006: 525,454,189).

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONT.)

3. REVALUATION RESERVE

	GROUP (UNAUDITED) 30 SEPTEMBER 2006 \$000	GROUP (UNAUDITED) 30 SEPTEMBER 2005 \$000	GROUP (AUDITED) 31 MARCH 2006 \$000
Balance at the beginning of the period	65,843	16,313	16,313
Change in value of investment properties	-	-	49,530
Transfer from retained earnings on disposal of investment properties	322	-	-
Balance at the end of the period	66,165	16,313	65,843

4. RETAINED EARNINGS

	GROUP (UNAUDITED) 30 SEPTEMBER 2006 \$000	GROUP (UNAUDITED) 30 SEPTEMBER 2005 \$000	GROUP (AUDITED) 31 MARCH 2006 \$000
Balance at the beginning of the period	14,055	5,945	5,945
Net surplus for the period	17,866	14,310	41,885
Transfer to revaluation reserve on disposal of investment properties	(322)	-	-
Distributions to unitholders	(25,179)	(10,103)	(33,775)
Balance at the end of the period	6,420	10,152	14,055

5. INVESTMENT PROPERTIES

	GROUP (UNAUDITED) 30 SEPTEMBER 2006 \$000	GROUP (UNAUDITED) 30 SEPTEMBER 2005 \$000	GROUP (AUDITED) 31 MARCH 2006 \$000
GE Capital Building, 39 Market Pl, Auckland (leasehold)	35,178	34,661	35,031
105 Carlton Gore Rd, Newmarket, Auckland	23,279	21,900	23,120
Liggins Institute Building, Park Ave, Grafton, Auckland	8,875	8,168	8,875
1 and 5 Allens Rd, East Tamaki, Auckland	4,705	4,335	4,705
2 and 12 Allens Rd, and 106 Springs Rd, East Tamaki, Auckland	9,010	8,436	9,010
12-20 Bell Ave, Mt Wellington, Auckland	23,730	22,500	23,730
39 Cavendish Dr, Manukau City	12,935	12,375	12,935
56 Cawley St, Ellerslie, Auckland	10,539	10,283	10,275
302 and 308 Great South Rd, Greenlane, Auckland	8,437	7,045	8,430
626 and 632 Great South Rd, Penrose, Auckland	13,989	12,998	13,920
960 Great South Rd, Penrose, Auckland	-	3,465	-
17 Mayo Rd, Wiri, Auckland	10,325	9,900	10,325
306 Neilson St, Onehunga, Auckland	5,033	4,014	5,000
25 Nugent St, Grafton, Auckland	5,220	4,894	5,220
Ti Rakau Dr, Cnr East Tamaki Rd, Botany, Auckland	6,485	5,792	6,485
65 Upper Queen St, Auckland	6,580	5,930	6,580
Cnr William Pickering Dr & Rothwell Ave, Albany, Auckland	8,582	5,620	8,570

Annie Huggan Grove, Petone, Wellington	9,016	8,455	9,016
180-202 Hutt Rd, Kaiwharawhara, Wellington	8,380	7,733	8,380
Stewart Dawson's Cnr, Wellington	12,000	11,682	12,000
46 Waring Taylor St, Wellington	24,302	22,578	24,260
107 Carlton Gore Rd, Newmarket, Auckland	23,275	22,479	23,275
Citibank Centre, 23 Customs St East, Auckland	31,175	30,395	31,175
Units 1, 2 & 3, 477 Great Sth Rd, Penrose, Auckland	4,840	4,277	4,840
269 Khyber Pass Rd, Newmarket, Auckland	3,925	3,755	3,910
369 Khyber Pass Rd, Newmarket, Auckland	4,110	4,460	4,110
127 Newton Rd, Newton, Auckland	3,160	2,822	3,160
42 Sir William Ave, East Tamaki, Auckland	4,520	4,287	4,520
27 Zelanian Dr, East Tamaki, Auckland	5,780	5,267	5,780
Porirua Mega Centre, Porirua, Wellington	14,255	12,584	14,255
8-14 Willis St, Wellington	13,094	13,114	13,070
Porirua Spotlight, Porirua, Wellington	7,305	7,286	7,305
7-15 Maui St, Hamilton	8,600	8,557	8,600
1 The Strand, Parnell, Auckland	10,301	9,266	10,300
7 Parkway Dr, Milford, Auckland	-	1,906	-
1 Elizabeth St, Tauranga	8,398	7,491	8,360
2 Carmont Pl, Mt Wellington, Auckland	-	3,878	-
99 Khyber Pass Rd, Auckland	6,800	6,211	6,800
Countdown, Napier	6,180	5,794	6,180
Countdown, Hastings	5,450	5,064	5,450
18 London St, Hamilton	6,837	6,163	6,800
Woolworths, Hamilton	4,465	2,919	3,096
67 Dalgety Dr, East Tamaki, Auckland	-	3,436	-
Farmers Centre, Hamilton	20,462	21,007	20,450
Woolworths, Palmerston North	-	2,641	-
Rebel Sports, Palmerston North	2,250	1,932	2,250
Woolworths, Masterton	-	3,612	-
8 Pacific Rise, Mt Wellington, Auckland	7,812	7,551	7,795
Woolworths, Taupo	9,189	8,777	9,030
IRD, Garnett Ave, Hamilton	7,200	6,950	7,200
12 Henderson Pl, Onehunga, Auckland	-	2,183	-
8 Goodman Pl, Onehunga, Auckland	-	2,968	-
90-104 Springs Rd, East Tamaki, Auckland	3,090	2,810	3,090
Toops, McCormick Pl, Wellington	4,520	4,106	4,520
19 Richard Pearse Dr, Airport Oaks, Auckland	4,600	4,240	4,600
36 Vesty Dr, Mt Wellington, Auckland	-	1,470	-
94 Cryers Rd, East Tamaki, Auckland	3,750	3,376	3,750
59-63 Druces Rd, Manukau	-	3,098	-
10 Cawley St, Ellerslie, Auckland	-	3,435	-
Cnr William Pickering Dr & Bush Rd, Auckland	6,880	6,281	6,880
Warehouse Stationery, Henderson, Auckland	-	3,118	-
Albany Mega Centre, Albany, Auckland	70,402	64,091	70,389
Esanda Building, Forge Way, Auckland	13,090	12,809	13,090

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONT.)

5. INVESTMENT PROPERTIES (CONT.)

	GROUP (UNAUDITED) 30 SEPTEMBER 2006 \$'000	GROUP (UNAUDITED) 30 SEPTEMBER 2005 \$'000	GROUP (AUDITED) 31 MARCH 2006 \$'000
10 Transport Pl, East Tamaki, Auckland	8,595	7,705	8,590
6 Zelanian Dr, East Tamaki, Auckland	-	4,260	-
89 Captain Springs Rd, Auckland	-	2,542	-
91 Captain Springs Rd, Auckland	-	2,384	-
BP Taranaki St, Wellington	13,690	10,729	13,690
Caltex Wakefield St, Wellington	5,030	3,804	5,030
221 Albany Highway, Albany, Auckland	-	8,609	-
7-9 Niall Burgess Rd, Mt Wellington, Auckland	21,450	21,142	21,450
143 Lambton Quay, Wellington	16,720	15,926	16,720
Warehouse, Taupo	6,574	6,047	6,574
Cnr Lambie and Cavendish Dr, Auckland	5,250	4,620	5,250
4 Henderson Pl, Henderson, Auckland	9,836	9,416	9,800
320 Ti Rakau Dr, East Tamaki, Auckland	32,420	25,890	30,286
1-3 Unity Dr, Albany, Auckland	7,450	7,151	7,450
5 Unity Dr, Albany, Auckland	3,480	3,207	3,480
5-7 Croftfield Lane, Wairau Park, Takapuna, Auckland	12,930	12,312	12,930
2-14 Railway St West, Papakura	5,296	5,806	5,300
43 College Hill, Ponsonby, Auckland	7,654	7,197	7,650
25 College Hill, Ponsonby, Auckland	11,810	10,860	11,800
Briscoes, 537 Main St, Palmerston North	3,430	3,373	3,430
1 Rothwell Ave, Albany, Auckland	12,651	-	12,356
1478 Omaha Rd, Hastings	9,420	-	9,420
26 Ascot Rd, Mangere, Auckland	940	-	940
5 Tutu Pl, Porirua, Wellington	4,155	-	4,155
Placemakers, Semple St, Porirua, Wellington	3,180	-	3,180
792 Great South Rd, Auckland	16,354	-	-
Waitakere Plaza, Auckland	39,621	-	-
Net current value as at 30 September 2006	830,251	743,608	769,378

All investment properties were independently valued as at 31 March 2006 (30 September 2005; 31 March 2005) less provision for disposal costs with the exception of 5 Tutu Pl, Porirua (acquired in February 2006) and 792 Great South Road, Auckland (acquired in July 2006), which are recorded at acquisition cost.

As at balance date, there were 14 properties intended for sale with a value of \$52,100,658 (30 September 2005: eight properties, \$34,845,465; 31 March 2006: 15 properties, \$54,829,443). There were no properties under development (30 September 2005: one property, \$31,280,116; 31 March 2006: one property, \$38,218,408).

During the period the Trust purchased one property and the ground lessor's interest in an existing property for \$17,724,237 (30 September 2005: six properties, \$29,035,866; 31 March 2006: nine properties, \$43,666,132). As at 30 September 2006, the Trust had unconditionally purchased two properties: the IBM Centre, 5 Wyndham St, Auckland for \$24,500,000 which will settle on

15 December 2006, and a warehouse property in Whangarei for \$11,800,000, which is expected to settle in February 2007.

During the period the Trust unconditionally sold and settled one property for \$2,900,000 (30 September 2005: four properties, \$24,095,000; 31 March 2006: 10 properties, \$47,480,000). The Trust also settled two sales that had been unconditionally sold as at 31 March 2006 for \$13,397,000 (30 September 2005: two properties, \$16,745,000; 31 March 2006: seven properties, \$34,065,000). As at balance date, the Trust had not entered into any conditional sales (30 September 2005: one property, \$3,200,000; 31 March 2006: nil).

The Trust holds the freehold to all properties unless otherwise stated.

All properties intended for sale are valued at the lower of cost or net realisable value.

Adjoining properties have been aggregated for the purpose of the table above.

6. ACCOUNTS RECEIVABLE

	GROUP (UNAUDITED) 30 SEPTEMBER 2006 \$000	GROUP (UNAUDITED) 30 SEPTEMBER 2005 \$000	GROUP (AUDITED) 31 MARCH 2006 \$000
Trade receivables	1,332	1,371	827
Amount receivable from unsettled sales of properties	-	-	10,580
GST receivable	-	-	2,720
Prepayments	276	-	110
Total accounts receivable	1,608	1,371	14,237

7. INVESTMENTS

	GROUP (UNAUDITED) 30 SEPTEMBER 2006 \$000	GROUP (UNAUDITED) 30 SEPTEMBER 2005 \$000	GROUP (AUDITED) 31 MARCH 2006 \$000
Investment in Calan Healthcare Properties Limited	19,635	-	18,712
Investment in North East Industrial Limited	20,289	-	-
Total investments	39,923	-	18,712

As at 30 September 2006, the Trust held 15,724,246 units (30 September 2005: nil; 31 March 2006: 14,976,470) in Calan Healthcare Properties Trust. The investment is carried at cost and the market value on the NZX of the units as at 30 September 2006 was \$20,756,005 (30 September 2005: nil; 31 March 2006: \$17,821,999). As at 27 November 2006, the market value on the NZX of the units was \$20,127,035.

On 18 July 2006, ING Property Trust purchased 50% of the share capital of North East Industrial Limited ("NEIL"), the owner of 70 hectares of industrial-zoned land in Palmerston North, known as the Manawatu Business Park. The investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the Trust's share of the profit or loss of the investee after the date of acquisition. The Trust's share of the profit or loss of NEIL is recognised in the Statement of Financial Performance. On acquisition, NEIL comprised \$60,625,800 of property and \$21,000,000 of debt.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONT.)

8. ACCOUNTS PAYABLE AND ACCRUALS

	GROUP (UNAUDITED) 30 SEPTEMBER 2006 \$000	GROUP (UNAUDITED) 30 SEPTEMBER 2005 \$000	GROUP (AUDITED) 31 MARCH 2006 \$000
Interest accrued on non-current liabilities	1,645	3,228	1,622
Manager's fee accrued	527	415	439
Deposits received on property disposals	-	-	300
Other creditors and accruals	1,805	2,866	7,738
Total accounts payable and accruals	3,977	6,509	10,099

9. OTHER NON-CURRENT ASSETS

	GROUP (UNAUDITED) 30 SEPTEMBER 2006 \$000	GROUP (UNAUDITED) 30 SEPTEMBER 2005 \$000	GROUP (AUDITED) 31 MARCH 2006 \$000
Capitalised lease incentives	2,209	-	814
Management fee buyout	11,973	-	12,623
Other	2,383	-	999
Total other non-current assets	16,565	-	14,436

The unitholders of the Trust agreed to terminate contracts relating to the management of properties held by Urbus Properties Limited ("Urbus"), a wholly-owned subsidiary of the Trust, at a meeting of unitholders on 13 October 2005, as indicated in the Urbus takeover documents. The termination of the management contracts enabled Urbus Properties Limited to be charged management fees on a basis consistent with the other Trust subsidiaries and has resulted in the capitalisation of the cost of buying out the previous management contract.

Tenant incentives are capitalised and amortised over the term of the respective leases.

10. NON-CURRENT LIABILITIES

	GROUP (UNAUDITED) 30 SEPTEMBER 2006 \$000	GROUP (UNAUDITED) 30 SEPTEMBER 2005 \$000	GROUP (AUDITED) 31 MARCH 2006 \$000
ANZ National Bank Limited	313,002	280,558	288,318
Total non-current liabilities	313,002	280,558	288,318

The Trust has a revolving credit facility with the ANZ National Bank Limited of \$350,000,000 (30 September 2005: \$350,000,000; 31 March 2006: \$350,000,000) secured by way of mortgage over the properties of the Trust. The facility has a term of three years and expires on 27 September 2008.

The effective interest rate on the borrowings as at 30 September 2006 was 6.62% per annum including margin (30 September 2005: 6.53%; 31 March 2006: 6.55%). The Trust also pays a line fee of 0.20% per annum on the total facility.

11. TAXATION

	GROUP (UNAUDITED) SIX MONTHS TO 30 SEPTEMBER 2006 \$000	GROUP (UNAUDITED) SIX MONTHS TO 30 SEPTEMBER 2005 \$000	GROUP (AUDITED) TWELVE MONTHS TO 31 MARCH 2006 \$000
Operating surplus before taxation	22,035	17,331	44,884
Deduct depreciation	(9,762)	(7,935)	(18,752)
Deduct non-assessable gain on sale of property	-	(243)	(2,275)
Deduct management contract cancellation fees	-	-	(13,000)
Other adjustments	650	-	(1,710)
Gross up of imputation credits attached to distributions received	85	-	29
Taxable income	13,008	9,153	9,176
Taxation at 33%	4,293	3,021	3,028
Less imputation credits	(85)	-	(29)
Taxation charge	4,208	3,021	2,999
<i>The taxation charge is made up as follows:</i>			
Current taxation	4,208	3,021	3,000
Deferred taxation	-	-	(1)
Total taxation charge	4,208	3,021	2,999

12. RECONCILIATION OF NET SURPLUS FOR THE PERIOD WITH NET CASH FLOWS FROM OPERATING ACTIVITIES

	GROUP (UNAUDITED) SIX MONTHS TO 30 SEPTEMBER 2006 \$000	GROUP (UNAUDITED) SIX MONTHS TO 30 SEPTEMBER 2005 \$000	GROUP (AUDITED) TWELVE MONTHS TO 31 MARCH 2006 \$000
Net cash flows from operating activities	15,958	10,676	33,601
<i>Add/(less) movements in:</i>			
Accounts payable and accruals	2,858	1,735	(9,133)
Rent in advance	(75)	(170)	(94)
Provision for taxation	(2,407)	681	5,912
Accounts receivable	2,163	94	27,415
Net working capital of subsidiary acquired	-	-	1,341
Unrealised net change in value of investment properties	-	-	49,530
Gains on disposal of properties	12	1,294	(16,608)
<i>Add/(less) non-cash items:</i>	(643)	-	(549)
Net surplus for the period	17,866	14,310	91,415

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONT.)

13. EARNINGS PER UNIT

	GROUP (UNAUDITED) SIX MONTHS TO 30 SEPTEMBER 2006 \$000	GROUP (UNAUDITED) SIX MONTHS TO 30 SEPTEMBER 2005 \$000	GROUP (AUDITED) TWELVE MONTHS TO 31 MARCH 2006 \$000
Gross earnings per unit (cents)	4.14	4.19	10.00

14. PRINCIPAL BUSINESS ACTIVITY AND SEGMENT INFORMATION

The principal business activity of the Trust and its subsidiaries is to invest in New Zealand properties. Property investments are mainly located in Auckland, Hamilton, Wellington and provincial North Island cities.

15. TRUST DEED

The terms of the Trust are set out in the Trust Deed dated 30 October 2002. The Trust Deed was amended on 17 October 2006.

The amendments include:

- Alterations approved by unitholders at the annual meeting on 30 August 2006 which:
 - require an annual meeting of unitholders be held no later than six months after the end of each financial year of the Trust, and no later than 15 months after the last annual meeting;
 - reduce the threshold required for unitholder(s) to requisition meetings from 10% to 5%;
 - allow unitholder proposals and resolutions to be considered at unitholder meetings; and
 - formalise the opportunity for unitholders to discuss the management of the Trust at unitholder meetings although (as is the case in respect of listed companies) resolutions of unitholders relating to the management of the Trust will not be binding on the Manager.
- Technical amendments approved by the Manager and the Trustee in anticipation of the adoption by the Trust of the New Zealand International Financial Reporting Standards. The Manager and the Trustee were authorised by an extraordinary resolution of unitholders passed at the annual meeting on 30 August 2006 to make amendments of this nature. These amendments include:
 - replacing the Trust's finite life of 80 years with a perpetuity period of 80 years;
 - providing that the Trust will not automatically terminate at the end of that perpetuity period; and
 - providing that units may not be issued or redeemed after that perpetuity period if that issue or redemption would breach the rule against perpetuities.

In addition to the changes to the Trust Deed, the following changes were made to the governance of the Trust:

- unitholders can nominate and vote on the independent directors who will be on the board of ING Property Trust Management Limited; and
- ING Property Trust Management Limited will appoint an auditor who is different from the Trust's auditor.

16. COMMITMENTS

Ground rent

Ground leases exist over the GE Capital Building in the Viaduct Harbour. The amount paid in respect of ground leases during the period was \$313,500 (30 September 2005: \$312,677; 31 March 2006: \$626,178). The annual ground lease commitment is \$627,000 and is fully recoverable from tenants in proportion to their area of occupancy. The lease is renewable in perpetuity. Given these factors, the total value of the commitment has not been calculated.

Building upgrades

Estimated Capital Commitments contracted for building projects not yet completed at balance date but not provided for were \$15,921,054 (30 September 2005: \$6,222,792; 31 March 2006: \$5,401,965).

The Trust unconditionally purchased 18 carpark spaces in the carpark building adjoining the Trust owned Citibank Building for \$1,125,000. The purchase is expected to settle in December 2006.

There were no other commitments as at 30 September 2006 (30 September 2005: nil; 31 March 2006: nil).

17. CONTINGENCIES

There were no contingencies as at 30 September 2006 (30 September 2005: nil; 31 March 2006: nil).

18. SUBSEQUENT EVENTS

On 14 November 2006, the sale of 110 Stanley Street, Auckland settled for \$6.075 million. The Trust made a realised gain on the sale of the property of \$1.8 million.

19. TRANSITION TO NEW ZEALAND EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Investment property

Investment property revaluations

The Trust's current policy is for investment properties to be revalued on an annual basis with the net increments in the value of the properties to be transferred directly to the revaluation reserve. Under NZ IFRS, revaluation movements are recognised, in the period in which they arise, as part of net income in the Statement of Financial Performance.

Disposal costs

Investment properties are valued at market value less an allowance for disposal costs. Under NZ IFRS, the recognition of disposal costs on the valuation is not allowed. All investment property must be measured at fair value. This will result in an increase in the carrying value of investment properties of approximately \$13 million (based on the property portfolio as at 30 September 2006).

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONT.)

19. TRANSITION TO NEW ZEALAND EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONT.)

Income tax

Depreciation

The Trust does not currently recognise deferred tax in respect of tax depreciation claimed on investment properties as the investment properties are not intended for sale. Under NZ IFRS, depreciation claimed for tax purposes is considered a temporary difference resulting in a deferred tax liability of approximately \$14.8 million being recognised (based on the property portfolio as at 30 September 2006).

Investment property revaluations

The Trust does not currently recognise a deferred tax liability on the building component of investment property revaluations in excess of cost, as such gains are not taxable. NZ IFRS requires the recognition of a deferred tax liability on such gains. This will result in a deferred tax liability of approximately \$21.8 million (based on the revaluation reserve as at 30 September 2006). NZ IFRS does not require a deferred tax liability to be recognised on property held for sale, even though these gains will be taxable.

Financial instruments

The Trust currently uses interest rate swaps to protect against interest rate movements on the debt facility. Under NZ IFRS, there is a requirement to recognise on balance sheet all derivative instruments at fair value. The Trust's interest rate swaps are intended to qualify for cash flow hedge accounting with any mark to market revaluations being recognised directly within the Statement of Movements in Equity, then released to the Statement of Financial Performance in accordance with the movements in the underlying hedged instrument.

Unitholders' funds

Under NZ IFRS, units in trusts with a defined termination date will be classified as a financial liability. Following the amendment to the Trust Deed on 17 October, 2006, the Trust's finite life has been replaced with a perpetuity period of 80 years, meaning that units in the Trust will continue to meet the definition of equity.

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