2007

ING Property Trust

[Annual Report]

ING

Contents

Te Puni Kokiri, Wellington

Cover shot: ASB, Albany MegaCentre

Highlights

Record profit result in 2007

Full-year operating surplus of $51.4 million before tax, an increase of 15% on the previous year.

Annual distribution

The Trust paid a gross dividend of 10.5 cents per unit for the 12 months to 31 March 2007.

Total 12-month return

A total unitholder return of 22.6% for the 12 months to 31 March 2007.

Occupancy and tenant retention

A strong focus by management on leasing saw the property portfolio maintain a near 100% occupancy at year end and achieve an 87% tenant retention rate.

Weighted average lease term

A weighted average lease term of 4.8 years, providing strong rental security.

Scale and diversification

The Trust is the largest diversified property vehicle listed on the New Zealand stock exchange with a portfolio of 97 buildings valued at $1 billion. The Trust provides space solutions for over 350 tenants.

Land development

The acquisition of a 50% interest in the 70 hectare Manawatu Business Park in Palmerston North and subsequent confirmation of five new tenants for a total of 10,000 sqm of new space.

Property revaluations

The largest ever property revaluation gain experienced by the Trust at $78 million saw the net asset backing per unit increase to $1.30 at 31 March 2007.

Rationalisation

Taking advantage of the continued strength in demand for investment property assets with the sale of three properties for $36 million.

Active management

Active portfolio management and the remoulding of the property portfolio (through acquisition and disposal) continued to ensure investors benefited from sound financial returns across the entire property portfolio.

15%
increase in operating surplus

22.6%
unitholder return

4.8yrs
weighted average lease term

$36m
property sales

Chairman's Report

Michael Smith

As part of the active management of ING Property Trust, the Board of Directors continually looks at ways to achieve value growth for unitholders.

The current investment strategy for ING Property Trust is focused on three key areas of value creation for unitholders:

- Active management of the current property portfolio and tenants;
- Rebalancing of the portfolio through a divestment and acquisition programme; and
- Property portfolio and corporate acquisitions.

After an extensive review of market conditions, in particular noting the changing characteristics of the industrial market, it was determined that an additional area of value creation should be added to the Trust's investment strategy, to further strengthen and enhance potential returns going forward. The Board announced the initiative to invest in bare land for further development by the Trust, limiting the level of investment so that no more than 5% of the property portfolio by value would be held in land development opportunities. In early 2006 the Trust was able to secure, in an off-market transaction, an ideal property asset that met the Board's strict requirements of a land project that would provide a pipeline of new investment property, without the risk associated with a traditional long-term development scenario.

In July 2006, the Trust acquired a 50% interest in the company that owns the Manawatu Business Park ("the Park"). The Park comprises 70 hectares of industrial and commercial zoned land in Palmerston North and is gaining real momentum with tenant commitment for five new buildings achieved since July 2006. The Park, as it is progressively developed, will provide stable and growing returns to ING Property Trust unitholders. Due to the significance of this investment we have included more details on the Park in the report, which we hope unitholders will find of interest.

The Trust also announced a further major land development opportunity at Albany on Auckland's North Shore. This will be developed in conjunction with Symphony Projects Management Limited and on completion will comprise three bulk retail centres with a value of around $150 million. More details are provided on pages 26 and 27.

The New Zealand real estate market has continued to re-rate upwards as local investors have recognised the appealing characteristics of property investment. International investors have also been active buyers as they view the New Zealand market place as providing excellent value. As the year has progressed we have seen a greater number of offshore investors buying New Zealand property assets.

The Board and management have reviewed the investment strategy of the Trust to ensure it meets our goal of providing the best possible returns for unitholders within acceptable risk parameters. It was announced near year-end that in recognition of property markets becoming increasingly global, with cross-border property transactions now a common occurrence, the Trust was actively investigating international expansion.

Given the significance of the proposal, meetings were held with the Trust's largest investors to obtain feedback on the proposal. The feedback has been helpful in the Board's consideration and has highlighted that consensus amongst investors on the suggested initiative does not currently exist. Accordingly, the Board has determined to defer active offshore investment until a greater level of consensus can be achieved. This has been invaluable in understanding the requirements of our largest investors however we have also been disappointed at the impact on the unit price following the initial announcement. We believe the market reaction to the announcement has been extreme, resulting in the units in the Trust being over-sold. With this strong conviction the Board have determined that it is in the best interest of all unitholders to undertake a unit buy-back. The buy-back commenced on 8 June 2007. This sends a strong signal to all investors that the Directors believe the prospects for the Trust going forward are positive.

For some time the Board has been in discussions with the independent directors of the manager of Calan Healthcare Properties Trust with respect to the merger of the two entities. As agreement could not be reached on the appropriate pricing of the respective entities, it was determined that the best interest of our unitholders is served by not progressing with this initiative.

The Trust's core property portfolio has again experienced a high level of activity. The Management team has maintained a portfolio occupancy rate of over 99.5% and the weighted average lease term of the portfolio has also been maintained at 4.8 years. This is appealing considering the extremely diversified nature of the portfolio. Strong rental growth has also been achieved over the year.

In May it was announced that Andrew Evans, Managing Director of ING Property Trust Management Limited (the "Manager"), the manager of ING Property Trust, will step back from the day to day running of the Trust to concentrate on the development of ING New Zealand's overall real estate business. Peter Mence, previously ING's Property Services Manager will take over responsibility for the running of the Trust. Peter has considerable industry experience, including 14 years with ING where he has been closely involved with the Trust.

Finally, the Board would like to thank all investors for their ongoing support.

Michael Smith
Chairman

ING Property Trust Management Limited

Chairman's Report – Financial Summary

	Actual Group 31 Mar 2007 $000s	Actual Group 31 Mar 2006 $000s
Net property income	75,775	61,023
Operating surplus before taxation	51,465	44,884
Taxation	9,742	2,999
Surplus after taxation	41,723	41,885
Unrealised net change in value of investment properties	77,610	49,530
Share of profits in North East Industrial Limited	1,613	–
Surplus for the year	120,946	91,415
Units on issue	541,737	525,454
Earnings per units (cents) before non-operating expenses, revaluations and taxation	10.25	10.25
Distributions either made or declared for the period:		
Cash distributions (cents per unit)	8.67	9.39
Imputation credits (cents per unit)	1.83	0.56
Gross distribution (cents per unit)	10.50	9.95
% imputed	42.9%	12.0%

	Actual Group 31 Mar 2007 $000s	Actual Group 31 Mar 2006 $000s
Total current assets	21,727	19,871
Total non-current assets	1,034,376	895,573
Total assets	1,056,103	915,444
Total current liabilities	9,684	12,295
Term loan	341,123	288,318
Total liabilities	350,807	300,613
Equity	705,296	614,831
Net tangible assets per unit (cents)	130.2	117.0
Debt to total assets	32.3%	31.5%

Manager's Report to Unitholders

Adding value

This year there has been significant opportunity to add value to ING Property Trust at all levels. We have seen the recent passing of new tax legislation that has significant benefits for ING Property Trust unitholders. The government passed the Taxation (Savings Investments and Miscellaneous Provisions) Act 2006 on 12 December 2006 with the legislation taking effect from 1 October 2007. This significant piece of legislation will provide a considerable enhancement in after tax returns for most of ING Property Trust's New Zealand resident investors. For most offshore investors the amount of tax paid in New Zealand will decrease. The table below illustrates the net distribution, pre and post the portfolio investment entity ("PIE") regime, based upon our 31 March 2007 distributions.

Net income to investors (cents per unit)

	NZ marginal tax rate				Non-resident[1]
	39.0%	33.0%	19.5%	0.0%	15.0%
Current	6.41	7.04	8.45	8.67	7.93
PIE	8.67	8.67	9.42	8.67	8.67
% change	**35%**	**23%**	**11%**	**0%**	**9%**

Note:

1 Further tax may be payable in the non-resident's tax jurisdiction.

At the strategic level the Trust announced in 2006 that it would invest in bare land and projects to provide a pipeline of new investment properties. This was followed by the announcement that the Trust had acquired a 50% interest in North East Industrial Limited, which owns 70 hectares of industrial zoned land in Palmerston North, recently renamed the Manawatu Business Park. The acquisition includes three brand-new investment properties leased on long-term contracts to strong tenants. Since the initial acquisition in July 2006 a further five tenants have signed agreements for new buildings to be constructed for them at the Manawatu Business Park. Upon completion, these new buildings will add an additional $1 million of rental income and deliver property yields of between 8.7% and 10.0%.

Post balance date the Trust announced the strategic acquisition of a perpetual leasehold interest in a 4.7 hectare block of land in the Albany City precinct for $24.44 million. The site has four street frontages and will be developed in three stages to accommodate retail and bulk retail activities. The total value of the developments upon completion is expected to be in the order of $150 million. A case study is provided later in this report on the Manawatu Business Park and recent Albany acquisition.

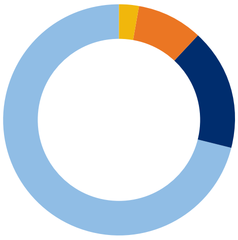
Another strategic initiative was the proposal to investigate international expansion. The economics of investing into the Japanese real estate market are compelling, more so with the property recovery and emergence of the rent growth cycle that is occurring. Despite the enhanced returns this strategy was projected to deliver, some unitholders were of the view that the additional risk of offshore investment did not justify the return. After reviewing all feedback, the Board of the Manager determined to defer offshore investment by the Trust.

Within the portfolio itself, the Manager has seen a continued focus on adding value through relationships with tenants and through executing specific building opportunities as they occur. Examples include the $7 million capital expenditure on constructing a new cool-storage facility at the rear of an existing building owned by the Trust and lease restructuring and building upgrades which have significantly enhanced the value of those property assets.

Direct property portfolio snapshot

	Total portfolio	Commercial	Industrial	Retail	Disposal properties
Number of buildings	97	24	30	25	18
Market value of assets ($m)	$1,023	$301	$296	$284	$142
NLA (sqm)	540,756	99,817	239,607	120,660	80,672
Vacancy factor (sqm)	0.18%	0.72%	0.00%	0.06%	0.08%
WALT (years)	4.8	3.6	5.9	4.9	3.4
Average value ($m)	$10.5	$12.5	$9.9	$11.4	$7.9
Yield	8.0%	8.2%	7.8%	7.8%	8.7%

ING total portfolio locations ($)



ING total portfolio sector ($)

Active portfolio management

The active management of the property portfolio and tenants continues to be a primary focus of the Trust's property management team. Active portfolio management incorporates portfolio rebalancing and the recycling of capital by way of asset sales when it is determined that value has been maximised, or the future risk/return profile of an asset does not meet the Trust's ongoing criteria.

As previously identified, the strong market conditions continued over the year with a high level of demand from private buyers for smaller real estate investments as well as from larger offshore purchasers for more significant assets.

The Trust took advantage of the high level of demand by unconditionally selling three assets for $36 million, which realised gains of $7.5 million for the Trust.

Sales

Address	Sector	Sale price
Farmers, Rotorua	Retail	$2,900,000
50 Grafton Rd, Grafton	Commercial	$6,075,000
Farmers, Hamilton	Retail	$27,165,456
Total		**$36,140,456**

In addition to the core hold portfolio, 18 properties have been identified by management for future sale. A number of these properties will require renovating or lease re-engineering prior to being taken to market. Through this process we will be able to maximise the return for our unitholders.

Acquisitions

During the year properties with a combined value of just over $75 million were acquired. The acquisitions include the 50% interest in North East Industrial Limited, the four level IBM office building located on Wyndham Street close to Auckland's Viaduct Basin, and a new purpose-built distribution centre in Whangarei for United Carriers. The United Carriers property was acquired in an off-market transaction and is subject to a 15 year lease.

Other acquisitions include a 17-unit convenience retail centre at 792 Great South Road, Manakau, adjacent to the new Telstra Events Centre, the purchase of the land interest in the Woolworths Hamilton property not already owned by the Trust, and the purchase of 19 car parks in the purpose-built car park building adjacent to the Citibank building in downtown Auckland.

Post balance date the Trust has acquired a major land development opportunity at Albany and an industrial building in Napier that is earmarked for conversion to bulk retail. The Napier project, commencing with site rezoning, is currently underway. Further details of the larger acquisitions can be found on page 16 of the report.

Management continues to review and progress other potential acquisitions, however, none is at a stage where an announcement can be made to investors or the market.

Acquisitions

Property acquisitions	Sector	Purchase price
Woolworths, Hamilton	Additional land	$1,370,000
Citibank Centre, Auckland	Carparks	$1,125,000
792 Gt South Rd, Manukau	Retail	$16,354,237
North East Industrial Limited	Industrial	$20,247,000
IBM – 5 Wyndham St	Commercial	$24,500,000
United Carriers, Whangarei	Industrial	$11,621,818
Total		**$75,218,055**

Capital improvements

There remains a strong focus on upgrading and improving the Trust's property assets, whilst maximising the value-added opportunities inherent in the portfolio.

Over the year, in excess of $12 million has been invested back into Trust properties to ensure the assets are of the highest possible standard and best able to meet the ongoing needs of tenants.

A number of significant building projects are either underway or were completed during the year. These include construction of a new purpose-built cool-store facility in East Tamaki, the construction of an additional retail unit in previously redundant space at the Waitakere Mega Centre and lease restructuring and adding value in conjunction with building upgrades.

These building works and property redevelopments were largely completed in conjunction with new long-term leases. Through this development structure, the risks associated with property development are considerably reduced with returns of up to 1.0% to 2.0% higher than are achieved by buying developed assets on market.

Management continues to investigate other redevelopment and value-add opportunities within the portfolio. This will remain a core focus and capital will continue to be spent on the Trust's buildings to ensure the properties are maintained to the highest standard. Management expects annual capital expenditure to be between $10 and $15 million on projects, with returns averaging from 8.5% to 9.0%.

Portfolio occupancy and tenant retention

It has been another strong year for occupancy, maintaining a high capacity utilisation level within the property portfolio.

The portfolio began the financial year with a record-high occupancy rate of 99.4% (3,325 sqm vacant). By year-end the property management team had improved this record with the Trust experiencing a new record-high occupancy rate of 99.8% (983 sqm vacant as at 31 March 2007).

With only 7.6% of the leases due to expire over the next 12 months, occupancy levels should remain at their current level. Around 20% of leases are due to expire over the next two years. Management is in discussion with these tenants and is focused on ensuring the Trust maintains a high tenant retention rate.

Due to the strong focus on active tenant and building management, the Trust achieved a tenant retention rate of 87% in 2007. This equates to 31 tenants being retained, representing 47,000 sqm of space and $7.2 million of annual rental. New tenants have been secured for the space that has been vacated and the ingoing rental is typically higher than the rental paid by the outgoing tenant.

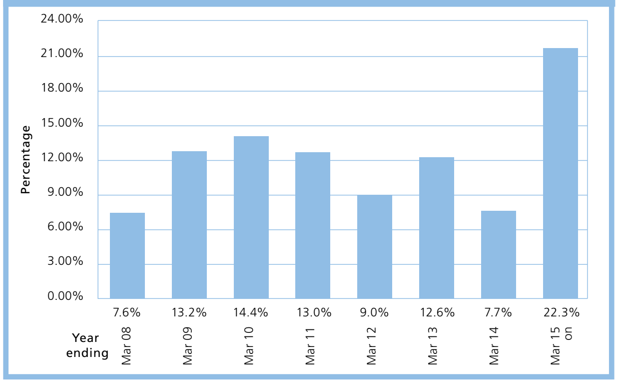
Portfolio Weighted Average Lease Term (WALT)

The WALT for the entire portfolio has been maintained at 4.8 years. This is particularly pleasing from a risk management perspective given the breadth and depth of the portfolio as well as the highly diversified nature of the buildings, tenants and locations.

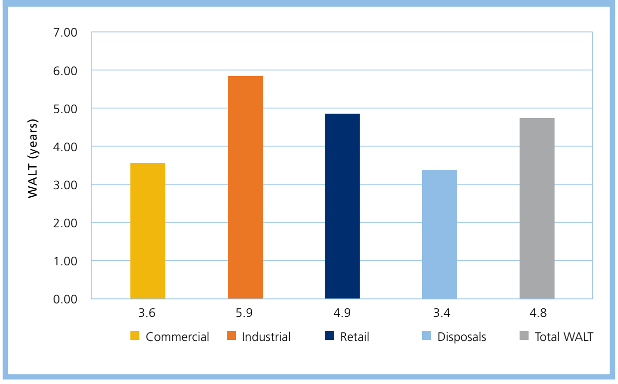
The WALT means that on average there is 4.8 years of rental security over the entire property portfolio.

The WALT is represented in the various portfolio sectors in the chart below.

ING lease expiry by rent



WALT holding by sector



New leasings

Management has maintained the focus on actively managing tenants and upcoming vacancies to ensure that a high level of portfolio occupancy is maintained. During the period, 50 new leases and rights of renewal were completed. This represents 56,840 sqm leased to new tenants producing $9.7 million of net rental per annum. The average lease term from the new leases is an attractive 6.3 years.

Significant leasing transactions (new leases and rights of renewal) which were completed during the year, are detailed in the table below.

Rental reviews and rental levels

It has been another successful year for rental reviews. During the reporting period, 110 rental reviews were completed, accounting for a total of $2,490,857 of additional rental income at an average increase of 8.6%. On an annualised basis this equates to an increase of 3.6%.

The reviews between each asset class are detailed below:

Rent reviews

Sector	Number of reviews	Annualised rental increase
Industrial	17	3.6%
Commercial	55	3.8%
Retail	38	3.4%
TOTAL	110	3.6%

Over the next 12 months, 90 rental reviews are due to be concluded.

As at 31 March 2007, the property portfolio in aggregate is 4.5% under-rented. This suggests there are excellent prospects for natural rental growth to flow through over the next 12 months.

Valuations

The valuation policy of the Trust is to complete full property valuations by independent registered valuers as at 31 March of each year. The valuation policy further stipulates that the same valuer may not value a building for more than two consecutive years, resulting in a rotation of valuers on a regular basis.

The core long-term 'hold' properties in the portfolio are held at current market value, as assessed by an independent valuer, less an allowance for disposal cost.

The year-end property revaluations were the highest ever achieved by the Trust, with an increase of $77.6 million. The revaluation gains had a positive impact on the Trust's net asset backing per unit, which rose from $1.17 as at 31 March 2006 to $1.30, an increase of 11.1%.

The properties identified on the disposal list are held in the Trust's accounts at the lower of cost or net realisable value. The Trust achieved a further $13.7 million of valuation gains from the properties identified for future sale.

New leases and lease extensions

Property address	Sector	Tenant	Floor area (sqm)	Lease term (years)
42 Sir William Dr, East Tamaki	Industrial	Textile Bonding	4,369	3.00
Albany Mega Centre	Retail	Farmers Trading Co	3,307	3.00
Woolworths, Hamilton	Retail	General Distributors Ltd	3,271	12.00
5 Allens Rd, East Tamaki	Industrial	Biolab Scientific	2,664	6.00
65 Upper Queen St, Auckland	Commercial	Jasmax	1,741	1.50
18 London St, Hamilton	Commercial	Accident Compensation Corporation	1,536	6.00
28 Catherine St, Henderson	Retail	Appliance Shed	1,479	10.00
15 Maui St, Hamilton	Retail	Urban Mews Ltd	1,446	8.00
302 Great South Rd, Penrose	Commercial	McDonalds Restaurants	1,194	12.10
8 Pacific Rise, Penrose	Commercial	Agriquality NZ Ltd	1,191	3.00
43 College Hill, City	Commercial	Mentum Group	1,116	3.50
9 Tutu Pl, Wellington	Retail	Delarente Corp Ltd	1,065	3.00
1 Allens Rd, East Tamaki	Industrial	NZ Couriers	1,040	3.00

Interest rate management

The Trust's interest rate management strategy is to minimise interest rate costs while limiting the risk of future interest rate increases by utilising hedges and swaps. This approach is premised on a base philosophy that the Trust is not an interest rate speculator, and will seek to lock in tenancy margins and unitholder returns.

The Trust has entered into a series of 'laddered' interest rate swaps, with final maturities ranging from 2007 to 2013. The Trust has matched the interest rate swaps' final maturities with future lease expiries. The target hedge level is 85% of the forecast debt level of the Trust.

At balance date, the Trust had $341.1 million of drawn-down debt, of which the interest rate risk on $278 million was covered by way of swaps. The effective interest rate as at 31 March 2007 (including swaps and margins) was 6.95%.

Income distribution

The Manager's distribution policy is, over the long-term, to distribute on a quarterly basis all of the Trust's net profit after tax (excluding non-operating expenditure, gains on revaluations and profits on the realisation of properties sold), so long as it is prudent to do so, having regard to the Trust's operating requirements, gearing level, planned acquisitions and other relevant commercial considerations.

In determining the amount of distributions, the Manager will have regard to the foregoing factors and, in particular, will only make distributions if, and to the extent that, immediately following the distribution, the Trust would (as if it were a company), satisfy the solvency test set out in section 4 of the Companies Act 1993. If any question arises as to whether any money or property is available for distribution by the Trust, it will be determined by the Manager in consultation with the Trust's auditors.

The Manager may elect to include some or all of the profits on realisation of properties sold in any quarterly distribution.

For the purposes of the distribution policy, non-operating expenditure means any expenditure incurred by the Trust that is not in the ordinary course of the Trust's business. This includes, but is not limited to, amortisation of goodwill and intangible assets, transaction costs of any takeover offer and any abnormal items. Each quarterly payment is based on the financial results for the quarters ended June, September, December and March.

The announcement of the distribution to unitholders is made within three months of quarter end and is followed by actual payment shortly thereafter.

The Trust declared gross distributions totalling 10.50 cents per unit for the 12-month period to 31 March 2007. The distributions declared had imputation credits of 1.83 cents per unit attached. A gross distribution for the quarter ended 31 March 2007 of 3.00 cents per unit was declared on 28 May 2007. The record date for the distribution was 15 June 2007, and it was paid on 22 June 2007.

Property overview

Over the past 12 months the New Zealand property market has shown a high level of resilience despite the continued rises in the official cash rate by the Reserve Bank of New Zealand (from 6.75% to 8.00% over the past two years). Generally we have seen improving occupancy rates, rising rental levels and firming yields. This has reflected both the prevailing positive sentiment towards property as well as a rebound in the underlying economic drivers.

Property dynamics across the sector remain compelling. Building vacancy levels across most sectors remain at historic lows providing landlords with the ability to increase rental levels. Construction costs, which have seen significant increases over the past few years, are still positive although they have now started to moderate. The high cost for tenants to relocate has assisted with the tenant retention rate within the Trust's portfolio.

Commercial

The office sector continued its strong performance over the year, particularly the Auckland and Wellington CBD areas and regional locations. Vacancy rates have been maintained at historic lows in both the Wellington and Auckland CBD office markets. Over the past year there has been an increase in buyer activity from offshore investors who despite the recent strong price increases, still see New Zealand assets as providing good value for money. Investors from Germany and Australia have been active in the market. Yields for prime office properties are in the 6.5% to 6.75% range, while good-quality properties can yield 7.5% to 8.0%.

Hamilton and Tauranga, where we have several office buildings, continue to show good rental growth with lower market yields driving strong value increases.

A high-quality office building in Auckland was acquired during the year, taking advantage of the strong growth in this sector.

Industrial

A characteristic of the industrial markets over the past 12 months has been the strong investor demand for all types of property, especially investment assets subject to long-term leases. Recent sales transactions have shown yields at or around 7.0% for smaller assets and 7.0% to 7.5% for larger assets.

Tenant enquiry levels remain sound and the low vacancy rate in the industrial sector is beneficial to the Trust as it creates a barrier to tenants relocating and vacating existing space.

Land values have again performed strongly over the past year and continue to rise, setting new benchmarks in many locations.

Retail

This sector continued to perform well and has experienced a high level of demand for any investment that comes to the market. Offshore buyers have been particularly dominant in the sector, especially in larger shopping centre assets. Their interest has driven property prices up strongly as demonstrated by recent sales transactions where yields under 6.0% have been achieved.

The Trust prefers investment in this sector to be in bulk retail format which offers retailers larger stores with lower operating costs. The Albany Mega Centre has performed extremely well during the past 12 months with strong tenant demand and rental growth coming through. The major Westfield Shopping Centre under construction in Albany, due to open in late 2007, together with other new commercial and retail activity in the area, will further cement the location as the pre-eminent shopping destination on the North Shore.

Looking ahead

We continue to have a positive view on the New Zealand property sector. The fundamentals at the asset level remain compelling and there is little evidence of exuberance or over building in any particular area, which has been a contributing factor in previous property downturns. With the positive supply and demand balance, rental growth is set to continue, however we expect to see some moderation in the rate of rental growth in the retail and industrial sectors as the economy slows and the effect of the high New Zealand dollar impacts business. The office sector is the most robust with the lack of new supply and cost of new development pushing rents up.

The high level of demand for real estate investment property experienced over the past 12 months is expected to continue. Likewise the investor base will continue to broaden with a greater influence from offshore buyers willing to push property pricing up.

We have highlighted a further 18 properties for sale over the 2008 financial year. We believe these properties do not fit the ING Property Trust mix and positioning. Sales will only occur when the value of each of the assets has been maximised.

One of the key strengths of the Trust is the breadth and depth of properties and tenants, and the associated diversification benefits they bring. With this also comes opportunities to undertake building expansion works and other value-add projects to satisfy the occupancy requirements of tenants from within the portfolio. Seeking to add value through active building and tenant management remains a core focus.

With the increasingly competitive local investment environment we will continue to seek opportunities both off-market utilising existing clients and contacts, and through joint ventures and development arrangements. The success of the Manawatu Business Park joint venture is an example of the types of development that the Trust will target going forward. A critical aspect of the transaction is the mitigation of development risk with a land return being paid to the Trust's unitholders until new developments are completed.

We remain confident that property sector growth will be positive over the coming 12 months with the property portfolio well positioned to benefit from the strength in the local market.

Strategy

Investment policy

The Trust's investment policy is to invest primarily in a diversified portfolio of good-quality, well-tenanted properties and to actively seek to grow the income of the Trust through active management of the existing portfolio, including single property and corporate acquisitions and acquisitions of land for future greenfields development.

Investment strategies

The Manager has adopted the following investment strategies in order to achieve the Trust's objective of providing the Trust's unitholders with appropriate returns.

Active management philosophy

The Manager actively manages the Trust's portfolio to ensure that the quality of the portfolio is maintained and where possible, enhanced.

Disciplined financial criteria

At all times, the overriding imperative of the Manager is to provide a return to the Trust's unitholders that adequately reflects the risks of the Trust's portfolio and represents an appropriate return on capital.

Diversification

The Manager will continue to develop a well-balanced diversified portfolio by actively reviewing the composition of the Trust's portfolio (by use, type of building, tenants and location) to identify types of property that are under-represented in the portfolio.

Focus investment on quality properties

Ideally, the Manager seeks acquisition opportunities involving new, recently refurbished and well-maintained properties, as these properties typically have reduced capital expenditure requirements and attractive cash flow characteristics.

Value range

The Manager targets the acquisition of properties having a value between $10 million and $100 million. The Manager will also consider larger portfolio and corporate acquisitions, and properties that have a strategic benefit to the Trust.

Land

The Manager aims to invest in land and complete its own developments, although in a structure that reduces development risk for the Trust. No more than 5% of the portfolio value will be held in land development opportunities when the land is not income producing or where it is producing a less than commercial return, at the time of purchase.

Offshore assets

The Manager will seek to acquire offshore assets which provide an appropriate return for the Trust's unitholders, in countries with stable economic and political environments. The investment strategies in these individual markets will result in the investment policy being modified to reflect local market practices, the cross-border nature of the transactions and the different risks that need to be considered.

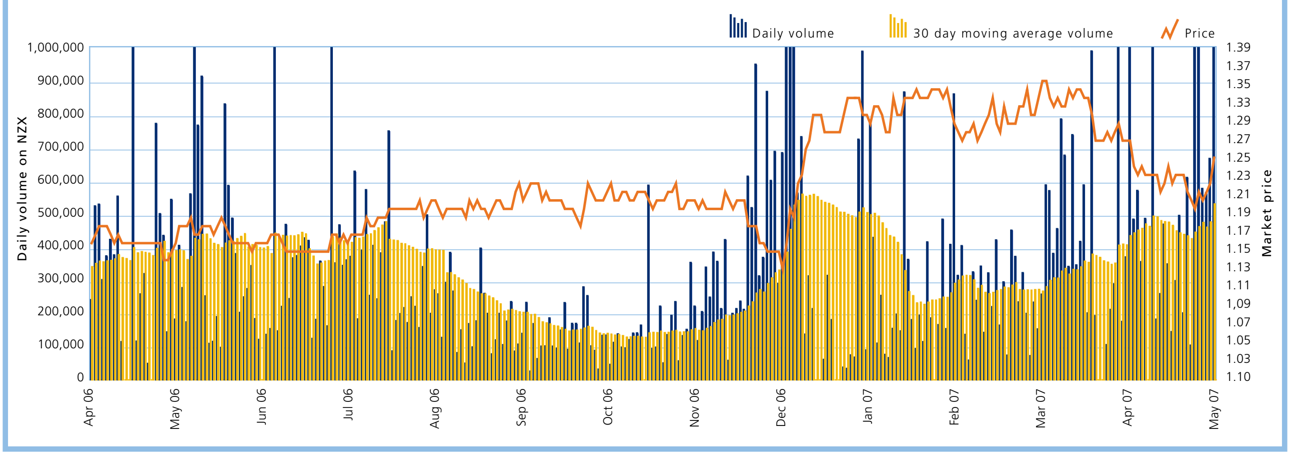
Management objectives

In order to meet the Trust's strategic objective, the Manager will:

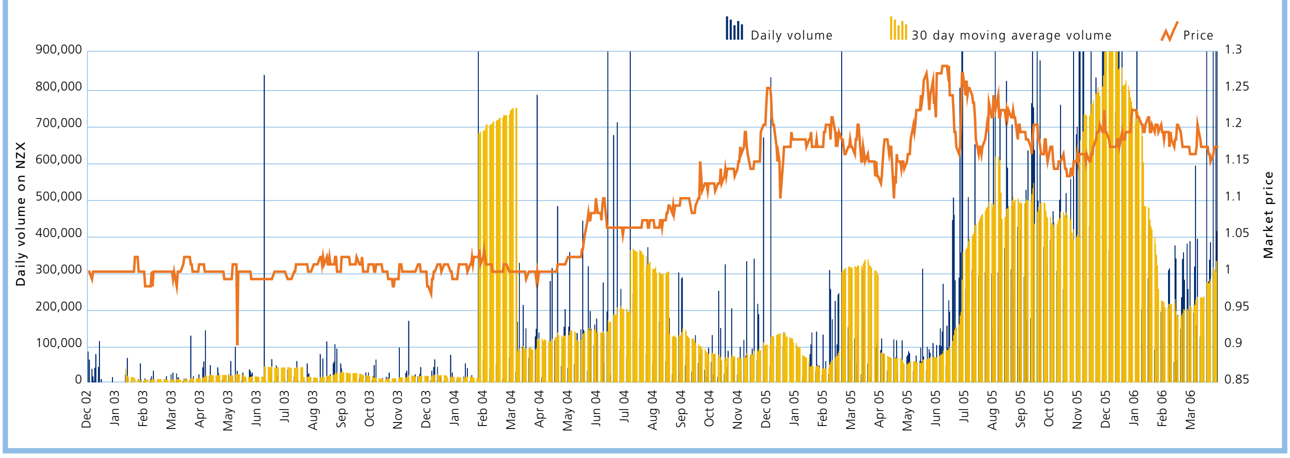
- Actively market any vacant properties to tenants and look at new marketing initiatives to ensure the buildings are kept at the forefront of property offerings
- Proactively target lease expiries that are occurring 12–24 months out in order to retain the tenant or commence early marketing
- Actively work with existing tenants to ensure opportunities for lease re-engineering and/or tenant re-locations are maximised
- Actively manage the disposal programme to ensure maximum values are obtained for the properties identified on the disposal list
- Continue to target acquisition opportunities, including books of assets and company acquisitions
- Continue to invest in the physical assets to ensure the quality of the building portfolio is maintained
- Keenly focus on maintaining the income yield from the property assets in order to meet forecast distributions, while also seeking to capture the value-added opportunities from the portfolio.

NZSX Trading

ING Property Trust – April 2006 to May 2007



ING Property Trust – December 2002 to March 2006



1 the Strand, Auckland

Property List As at 31 March 2007

Property address	NLA (sqm)	Vacant space (sqm)	Vacant space (%)	Market value 31-3-07
Industrial Portfolio				
90–104 Springs Rd, East Tamaki, Auckland	3,875			$3,450,000
11 McCormack Pl, Wellington	3,528			$5,320,000
19 Richard Pearse Dve & 26 Ascot Ave, Auckland	5,660			$6,100,000
94 Cryers Rd, Auckland	3,128			$4,350,000
Cnr William Pickering Dve & Bush Rd, Auckland	5,037			$7,630,000
Forge Way, Panmure, Auckland	4,231			$13,310,000
10 Transport Pl, East Tamaki, Auckland	13,281			$18,750,000
Cnr Wakefield, Taranaki & Cable Sts, Wellington	3,307			$15,340,000
205–221 Wakefield St, Wellington	1,460			$5,330,000
1 Rothwell Ave, Albany, Auckland	12,774			$13,090,000
7–9 Niall Burgess Dve, Mt Wellington, Auckland	23,565			$21,900,000
Cnr Lambie & Cavendish Dves, Manukau City, Auckland	6,004			$6,050,000
4 Henderson Pl, Onehunga, Auckland	11,687			$10,450,000
320 Ti Rakau Dve, East Tamaki, Auckland	28,259			$40,500,000
1–3 Unity Dve, Albany, Auckland	6,204			$8,550,000
5 Unity Dve, Albany, Auckland	3,046			$4,200,000
1 Allens Rd, East Tamaki, Auckland	1,791			$3,020,000
5 Allens Rd, East Tamaki, Auckland	2,664			$2,700,000
2 & 12 Allens Rd & 106 Springs Rd, East Tamaki, Auckland	9,177			$10,500,000
12–16 Bell Ave, Penrose, Auckland	15,087			$17,000,000
18–20 Bell Ave, Penrose, Auckland	8,998			$10,000,000
Mayo Rd, Wiri, Auckland	13,796			$12,400,000
Cnr William Pickering Dve & Rothwell Ave, Albany, Auckland	7,484			$9,670,000
42 Sir William Dve, East Tamaki, Auckland	4,369			$5,200,000
1478 Omahu Rd, Hastings	10,945			$9,900,000
5 Tutu Pl, Porirua	3,781			$5,250,000
Rewarewa Rd, Whangarei	10,117			$11,950,000
Leisureplex, Palmerston North*	1,808			$2,240,000
Ezibuy, Palmerston North*	13,625			$10,875,000
Allflex, Palmerston North*	921			$1,290,000
Total Industrial portfolio	**239,607**			**$296,315,000**
Commercial Portfolio				
1 The Strand, Auckland	4,361			$12,850,000
Regency House, 1 Elizabeth St, Tauranga	5,184			$9,150,000
99–107 Khyber Pass Rd, Auckland	2,463			$7,350,000
18 London St, Hamilton	4,102			$7,750,000
8 Pacific Rise, Mt Wellington, Auckland	3,638			$9,570,000
143 Lambton Quay, Wellington	6,216			$18,500,000
43 College Hill, Auckland	3,877	846	21.82%	$8,820,000
25 College Hill, Auckland	4,239			$12,410,000
105 Carlton Gore Rd, Newmarket, Auckland	5,368			$25,700,000
Liggins Institute, 2–6 Park Ave, Auckland	3,892			$9,325,000
302 Great South Rd, Greenlane, Auckland	1,890			$5,100,000
308 Great South Rd, Greenlane, Auckland	1,565			$4,400,000

* These amounts represent the Trust's 50% shareholding in North East Industrial Limited.

**Net contract rental does not include any allowance for unrecoverable property expenses.

Net contract** rental	Passing yield	WALT	Average lease expiry	Major tenants
$255,000	7.39%	5.42	31/8/12	South Pacific Tyres
$390,155	7.33%	3.27	5/7/10	Foodstuffs
$444,255	7.28%	1.99	3/7/09	Mondiale, Aotearoa Fisheries Ltd
$330,045	7.59%	2.40	24/8/09	AcePET Ltd
$587,000	7.69%	5.01	31/3/12	Dick Smith Electronics
$1,244,891	9.35%	0.47	17/9/07	Truck Leasing Ltd
$1,660,732	8.86%	15.18	1/6/22	Easy Logistics Ltd
$352,337	2.30%	2.06	9/1/13	BP Oil NZ Ltd
$285,920	5.36%	2.00	31/3/09	General Distributors
$1,019,898	7.79%	9.01	31/3/16	Home & Leisure
$2,110,000	9.63%	1.59	31/10/08	Deutsche Post World Net
$425,000	7.02%	5.17	31/5/12	AB Equipment
$932,379	8.92%	2.80	11/6/10	Redeal
$2,835,087	7.00%	9.91	9/8/13	Bunnings, Supa Cheap Autos
$667,474	7.81%	5.43	1/9/12	Alto Packaging
$335,000	7.98%	5.13	14/5/12	Alfred Holt
$227,981	7.55%	4.86	25/7/11	NZ Couriers, Bayleys
$212,000	7.85%	5.67	30/11/12	Biolab
$734,729	7.00%	6.42	12/4/12	Henkel, Schwarkopf & Nuplex
$1,336,039	7.86%	3.81	21/1/11	New Wave Transport Ltd
$765,152	7.65%	4.11	9/5/11	Peter Baker Transport
$1,178,096	9.50%	2.76	31/12/09	Kmart
$726,000	7.51%	8.31	31/7/15	Maxwell Winches
$397,379	7.64%	8.34	31/7/15	Textile Bonding
$910,000	9.19%	6.34	31/7/13	Crasborn Supply Ltd
$377,439	7.19%	5.07	25/4/12	Inland Revenue Dept
$958,800	8.02%	14.95	8/3/22	United Carriers Ltd
$200,000	8.93%	11.30	17/7/18	Valor Ideal
$939,250	8.64%	8.92	29/2/16	Ezibuy
$112,589	8.73%	9.70	8/12/16	Allflex
$22,950,626	**7.75%**	**5.91**		

$1,056,164	8.22%	4.34	18/5/12	Volvo, Young and Rubicam
$749,006	8.19%	3.02	8/1/10	Inland Revenue Dept
$599,207	8.15%	1.59	6/11/08	Nu Skin NZ Inc
$657,733	8.49%	3.28	23/11/09	Accident Compensation Corporation
$865,543	9.04%	3.58	17/8/10	AgriQuality
$1,704,508	9.21%	3.49	24/9/10	Te Puni Kokiri
$573,213	6.50%	3.11	30/8/10	RFD Ltd, Optimation
$979,603	7.89%	4.30	1/2/13	Provenco
$2,041,281	7.94%	5.88	25/11/11	Tonkin & Taylor
$833,500	8.94%	5.59	31/10/12	University of Auckland
$448,232	8.79%	8.54	30/12/12	McDonalds Restaurants (NZ) Ltd
$355,218	8.07%	2.44	31/7/09	Pacific Brands

Property List (cont.)

Property address	NLA (sqm)	Vacant space (sqm)	Vacant space (%)	Market value 31-3-07
Commercial Portfolio (cont.)				
626 Great South Rd, Penrose, Auckland	2,647			$7,250,000
632 Great South Rd, Penrose, Auckland	2,995			$8,550,000
25 Nugent St, Grafton, Auckland	3,038			$6,400,000
65 Upper Queen St, Auckland	2,653			$6,900,000
46 Waring Taylor St, Wellington	8,990			$27,700,000
107 Carlton Gore Rd, Newmarket, Auckland	6,136			$25,200,000
Citibank Centre, 23 Customs St East, Auckland	9,797			$34,000,000
269 Khyber Pass, Newmarket, Auckland	1,696			$4,450,000
369 Khyber Pass, Newmarket, Auckland	1,764			$4,900,000
127 Newton Rd, Newton, Auckland	1,884			$3,425,000
8–14 Willis St, Wellington	5,232			$14,500,000
IBM Centre, 5 Wyndham St, Auckland	6,190			$26,700,000
Total Commercial portfolio	**99,817**	**907**	**0.72%**	**$300,900,000**
Retail Portfolio				
Countdown, Napier	4,587			$7,200,000
Countdown, Hastings	3,300			$6,040,000
Countdown, Hamilton	3,341			$4,800,000
Woolworths, Main St, Palmerston North	2,236			$3,530,000
Rebel Sports, Main St, Palmerston North	1,467			$2,510,000
Woolworths, Masterton	3,493			$4,850,000
Woolworths, Taupo	2,913			$8,725,000
Waitakere Mega Centre, Auckland	16,551			$45,200,000
28–30 Catherine St, Auckland	2,434			$4,900,000
Albany Mega Centre, Auckland	24,445			$78,500,000
Cnr Taniwha & Paora Hape Sts, Taupo	4,186			$7,250,000
Briscoes, Main St, Palmerston North	2,340			$3,610,000
39 Cavendish Dve, Manukau City, Auckland	8,171			$14,800,000
Ti Rakau Dve, Cnr East Tamaki Rd, East Tamaki, Auckland	3,085			$7,000,000
Annie Huggan Grove, Wellington	6,409			$9,310,000
180–202 Hutt Rd, Kaiwharawhara, Wellington	6,132			$8,860,000
Stewart Dawsons Cnr, Wellington	1,800			$15,100,000
2–10 Semple St, Porirua	6,585			$15,350,000
9 Tutu Pl, Porirua (incl. Bevan Land)	6,918			$7,600,000
7 Maui St, Hamilton	1,410			$2,683,825
9 Maui St, Hamilton	1,021			$2,074,315
11 Maui St, Hamilton	1,034			$1,858,035
15 Maui St, Hamilton	1,446			$2,683,825
792 Great South Rd, Manukau City, Auckland	3,812	76	2.00%	$16,400,000
Placemakers, Semple St, Porirua	1,543			$3,360,000
Total Retail Portfolio	**120,660**	**76**	**0.06%**	**$284,195,000**
18 properties on the disposal list	**80,672**	**61**	**0.08%**	**$141,500,000**
Total Trust Portfolio	**542,127**	**983**	**0.18%**	**$1,022,910,000**

Net contract** rental	Passing yield	WALT	Average lease expiry	Major tenants
$590,121	8.14%	3.42	5/4/11	Testing Laboratory
$702,050	8.21%	2.92	28/2/10	Telecom Directories
$492,170	7.69%	3.43	11/7/10	Schindler, Sony
$647,112	9.38%	1.93	19/8/09	Jasmax
$2,107,242	7.61%	2.25	24/12/10	Department of Internal Affairs
$1,975,865	7.84%	6.15	22/5/13	ANZ Bank
$2,752,860	8.10%	3.13	18/8/10	Citibank, US Embassy
$344,480	7.74%	4.65	15/5/12	NIWA & Eastern Hi-fi
$431,262	8.80%	2.86	6/3/10	NIWA & Arrow International
$499,654	14.59%	1.17	31/5/08	The Internet Group (IHUG)
$1,122,943	7.74%	1.94	19/1/10	Westpac, Pagani Clothing
$2,149,961	8.05%	3.29	31/5/10	IBM New Zealand Ltd
$24,678,928	**8.20%**	**3.60**		
$556,500	7.73%	3.41	28/8/10	Progressive Enterprises
$481,800	7.98%	3.41	28/8/10	Progressive Enterprises
$386,250	8.05%	11.76	1/1/19	General Distributors
$265,960	7.53%	2.42	31/8/09	Woolworths (NZ) Ltd
$210,000	8.37%	3.92	28/2/11	The Sports Authority Ltd
$350,000	7.22%	2.00	30/3/09	Woolworths (NZ) Ltd
$843,858	9.67%	9.26	30/6/16	Woolworths (NZ) Ltd
$3,283,216	7.26%	6.59	28/6/13	K Mart, Rebel Sports, Briscoes
$442,075	9.02%	10.34	26/7/17	Appliance Shed, Warehouse Stationery
$5,776,285	7.36%	4.77	17/10/11	Various major retailers
$578,922	7.99%	5.85	3/2/13	The Warehouse
$314,913	8.72%	1.42	31/8/08	Briscoes
$1,204,000	8.14%	2.84	31/1/10	The Warehouse
$525,000	7.50%	2.76	31/12/09	Danske Mobler
$830,760	8.92%	3.92	28/2/11	The Warehouse
$722,000	8.15%	5.38	15/8/12	Fletcher Distribution Ltd
$1,128,892	7.48%	6.71	10/4/11	Various major retailers
$1,344,803	8.76%	3.75	17/2/11	Various major retailers
$599,918	7.89%	3.40	18/1/10	Fletcher Distribution Ltd
$225,600	8.41%	2.67	30/11/09	Redpaths
$169,675	8.18%	6.67	30/11/13	Bedpost
$156,000	8.40%	3.75	30/12/10	Betta Electrical
$218,000	8.12%	7.59	31/10/14	Furniture Court
$1,371,011	8.36%	7.90	28/9/14	Breakers NZ, Lone Star, The Bog
$253,000	7.53%	0.08	31/5/08	Placemakers
$22,238,437	**7.83%**	**4.90**		
$12,239,311	**8.65%**	**3.41**	**18/5/10**	
$82,107,302	**8.03%**	**4.80**		

Acquisitions

Rewarewa Road, Whangarei

A new purpose-built, high-quality warehouse and office facility occupying an elevated position in an established industrial suburb of Whangarei, approximately one kilometre from SH1. The property includes surplus land allowing for the expansion of the building as the business grows. The acquisition was made off-market and the Trust was able to negotiate directly with the tenant to structure favourable sale and lease-back terms.

Net lettable area	10,117 sqm
Asset class	Industrial
Current occupancy	100%
Major tenant (%)	United Carriers Limited (100%)
Passing net rental income per annum	$958,800
Purchase price	$11,621,818
Yield on purchase price	8.3%
WALT at acquisition	15 years

IBM Centre, 5 Wyndham Street, Auckland

A modern four-level strata commercial office building occupying a prominent corner position close to Auckland's Viaduct Basin. The property has a number of attractive features including large floor plates (+1,500 sqm each), high stud office environment, and a highly favourable car parking ratio (1 per 40 sqm). In addition the tenants have preset rental increases included in their leases which ensures a growing asset value.

Net lettable area	6,190 sqm
Asset class	Commercial
Current occupancy	100%
Major tenants (%)	IBM (75%), Boffa Miskell (25%)
Passing net rental income per annum	$2,149,961
Purchase price	$24,500,000
Yield on purchase price	8.8%
WALT at acquisition	4.1 years

1 Pandora Road, Napier

An off-market acquisition in Napier, the building has the potential to be redeveloped to a large format retail centre (projected additional costs for the scheme are $15.25 million). The property occupies a prominent corner position with good visibility to passing vehicle traffic and lends itself for conversion to retail. The property is currently occupied on short-term leases providing a holding income and the risks of the development are off-set by teaming up with an experienced local developer.

Net lettable area	4,910 sqm
Asset class	Retail
Current occupancy	70%
Major tenants (%)	Elders (64%), Kanuaka Dvpts (20%)
Passing net rental income per annum	$437,000
Purchase price	$7,125,000
Yield on purchase price	6.1%
WALT at acquisition	0.2 years

Before

After

Industrial Portfolio

1] 320 Ti Rakau Drive, East Tamaki, Auckland

Net lettable area (sqm)	28,259
Vacant space (%)	0.00%
Market value	$40,500,000
Net contract rental	$2,835,087
Passing yield	7.00%
WALT	9.91 yrs
Major tenant	Bunnings

2] 7–9 Niall Burgess Drive, Mt Wellington, Auckland

Net lettable area (sqm)	23,565
Vacant space (%)	0.00%
Market value	$21,900,000
Net contract rental	$2,110,000
Passing yield	9.63%
WALT	1.59 yrs
Major tenant	Deutsche Post World Net

3] 10 Transport Place, East Tamaki, Auckland

Net lettable area (sqm)	13,281
Vacant space (%)	0.00%
Market value	$18,750,000
Net contract rental	$1,660,732
Passing yield	8.86%
WALT	15.18 yrs
Major tenant	Easy Logistics Ltd

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4] 12–16 Bell Avenue, Penrose, Auckland

Net lettable area (sqm)	15,087
Vacant space (%)	0.00%
Market value	$17,000,000
Net contract rental	$1,336,039
Passing yield	7.86%
WALT	3.81 yrs
Major tenant	New Wave Transport Ltd

5] Cnr Wakefield, Taranaki & Cable Streets, Wellington

Net lettable area (sqm)	3,307
Vacant space (%)	0.00%
Market value	$15,340,000
Net contract rental	$352,337
Passing yield	2.30%
WALT	2.06 yrs
Major tenant	BP Oil NZ Ltd

6] 1 Rothwell Avenue, Albany, Auckland

Net lettable area (sqm)	12,774
Vacant space (%)	0.00%
Market value	$13,090,000
Net contract rental	$1,019,898
Passing yield	7.79%
WALT	9.01 yrs
Major tenant	Home & Leisure

7] Forge Way, Panmure, Auckland

Net lettable area (sqm)	4,231
Vacant space (%)	0.00%
Market value	$13,310,000
Net contract rental	$1,244,891
Passing yield	9.35%
WALT	0.47 yrs
Major tenant	Truck Leasing Ltd

8] Mayo Road, Wiri, Auckland

Net lettable area (sqm)	13,796
Vacant space (%)	0.00%
Market value	$12,400,000
Net contract rental	$1,178,096
Passing yield	9.50%
WALT	2.76 yrs
Major tenant	Kmart


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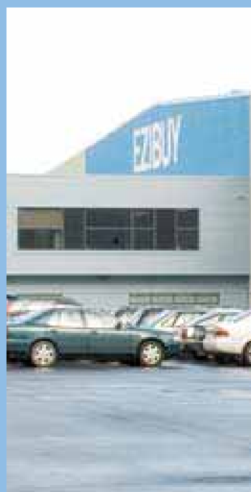

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9] Rewarewa Road, Whangarei

Net lettable area (sqm)	10,117
Vacant space (%)	0.00%
Market value	$11,950,000
Net contract rental	$958,800
Passing yield	8.02%
WALT	14.95 yrs
Major tenant	United Carriers Ltd

10] Ezibuy, Palmerston North*

Net lettable area (sqm)	27,250
Vacant space (%)	0.00%
Market value	$21,750,000
Net contract rental	$1,878,500
Passing yield	8.64%
WALT	8.92 yrs
Major tenant	Ezibuy

*100% of interest shown.

Commercial Portfolio

1] 39 Market Place, Auckland

Net lettable area (sqm)	10,485
Vacant space (%)	0.58%
Market value	$35,700,000
Net contract rental	$3,325,687
Passing yield	9.32%
WALT	4.46 yrs
Major tenant	GE Capital

2] Citibank Centre, 23 Customs Street East, Auckland

Net lettable area (sqm)	9,797
Vacant space (%)	0.00%
Market value	$34,000,000
Net contract rental	$2,752,860
Passing yield	8.10%
WALT	3.13 yrs
Major tenant	Citibank

3] 46 Waring Taylor Street, Wellington

Net lettable area (sqm)	8,990
Vacant space (%)	0.00%
Market value	$27,700,000
Net contract rental	$2,107,242
Passing yield	7.61%
WALT	2.25 yrs
Major tenant	Department of Internal Affairs

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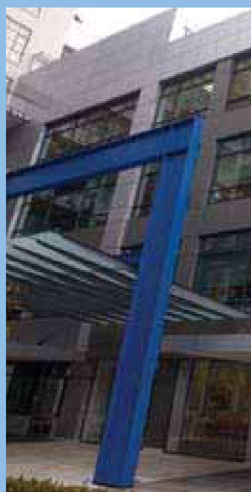

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4] IBM Centre, 5 Wyndham Street, Auckland

Net lettable area (sqm)	6,190
Vacant space (%)	0.00%
Market value	$26,700,000
Net contract rental	$2,149,961
Passing yield	8.05%
WALT	3.29 yrs
Major tenant	IBM NZ

5] 105 Carlton Gore Road, Newmarket, Auckland

Net lettable area (sqm)	5,368
Vacant space (%)	0.00%
Market value	$25,700,000
Net contract rental	$2,041,281
Passing yield	7.94%
WALT	5.88 yrs
Major tenant	Tonkin & Taylor

6] 107 Carlton Gore Road, Newmarket, Auckland

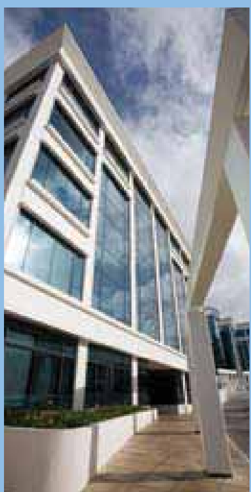
Net lettable area (sqm)	6,136
Vacant space (%)	0.00%
Market value	$25,200,000
Net contract rental	$1,975,865
Passing yield	7.84%
WALT	6.15 yrs
Major tenant	ANZ Bank

7] 143 Lambton Quay, Wellington

Net lettable area (sqm)	6,216
Vacant space (%)	0.00%
Market value	$18,500,000
Net contract rental	$1,704,508
Passing yield	9.21%
WALT	3.49 yrs
Major tenant	Te Puni Kokiri

8] 8–14 Willis Street, Wellington

Net lettable area (sqm)	5,232
Vacant space (%)	0.00%
Market value	$14,500,000
Net contract rental	$1,122,943
Passing yield	7.74%
WALT	1.94 yrs
Major tenant	Westpac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9] 12–22 Hawkestone Street, Wellington

Net lettable area (sqm)	6,039
Vacant space (%)	0.00%
Market value	$13,000,000
Net contract rental	$1,371,645
Passing yield	10.55%
WALT	1.17 yrs
Major tenant	Inland Revenue Department

10] 1 The Strand, Auckland

Net lettable area (sqm)	4,361
Vacant space (%)	0.00%
Market value	$12,850,000
Net contract rental	$1,056,164
Passing yield	8.22%
WALT	4.34 yrs
Major tenant	Young & Rubicam

Retail Portfolio

1] Albany Mega Centre, Auckland

Net lettable area (sqm)	24,445
Vacant space (%)	0.00%
Market value	$78,500,000
Net contract rental	$5,776,285
Passing yield	7.36%
WALT	4.77 yrs
Major tenant	Various major retailers

2] Waitakere Mega Centre, Auckland

Net lettable area (sqm)	16,551
Vacant space (%)	0.00%
Market value	$45,200,000
Net contract rental	$3,283,216
Passing yield	7.26%
WALT	6.59 yrs
Major tenant	K Mart

3] 792 Great South Road, Manukau City, Auckland

Net lettable area (sqm)	3,812
Vacant space (%)	2.00%
Market value	$16,400,000
Net contract rental	$1,371,011
Passing yield	8.36%
WALT	7.90 yrs
Major tenant	Breakers NZ

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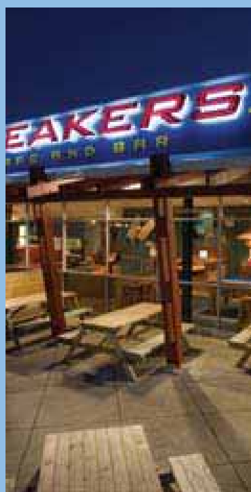

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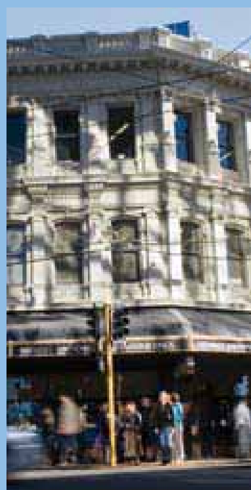

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4] 2–10 Semple Street, Porirua

Net lettable area (sqm)	6,585
Vacant space (%)	0.00%
Market value	$15,350,000
Net contract rental	$1,344,803
Passing yield	8.76%
WALT	3.75 yrs
Major tenant	Various major retailers

5] Stewart Dawsons Cnr, Wellington

Net lettable area (sqm)	1,800
Vacant space (%)	0.00%
Market value	$15,100,000
Net contract rental	$1,128,892
Passing yield	7.48%
WALT	6.71 yrs
Major tenant	Various major retailers

6] 39 Cavendish Drive, Manukau City, Auckland

Net lettable area (sqm)	8,171
Vacant space (%)	0.00%
Market value	$14,800,000
Net contract rental	$1,204,000
Passing yield	8.14%
WALT	2.84 yrs
Major tenant	The Warehouse

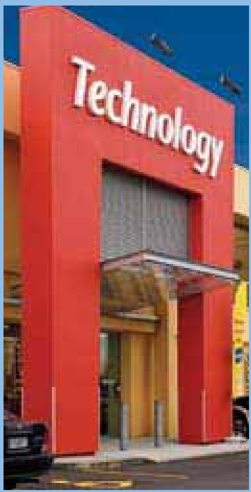
7] 3–5 Croftfield Lane, Wairau Park, Auckland

Net lettable area (sqm)	5,294
Vacant space (%)	0.00%
Market value	$14,200,000
Net contract rental	$1,114,481
Passing yield	7.85%
WALT	5.12 yrs
Major tenant	Pacific Retail Group

8] Annie Huggan Grove, Wellington

Net lettable area (sqm)	6,409
Vacant space (%)	0.00%
Market value	$9,310,000
Net contract rental	$830,760
Passing yield	8.92%
WALT	3.92 yrs
Major tenant	The Warehouse

6



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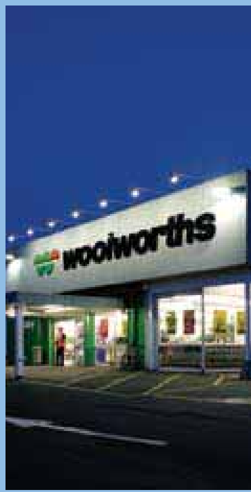

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9] 180–202 Hutt Road, Kaiwharawhara, Wellington

Net lettable area (sqm)	6,132
Vacant space (%)	0.00%
Market value	$8,860,000
Net contract rental	$722,000
Passing yield	8.15%
WALT	5.38 yrs
Major tenant	Fletcher Distribution Ltd

10] Woolworths, Taupo

Net lettable area (sqm)	2,913
Vacant space (%)	0.00%
Market value	$8,725,000
Net contract rental	$843,858
Passing yield	9.67%
WALT	9.26 yrs
Major tenant	Woolworths (NZ) Ltd

Case Studies – Adding Value

Case Study – Manawatu Business Park

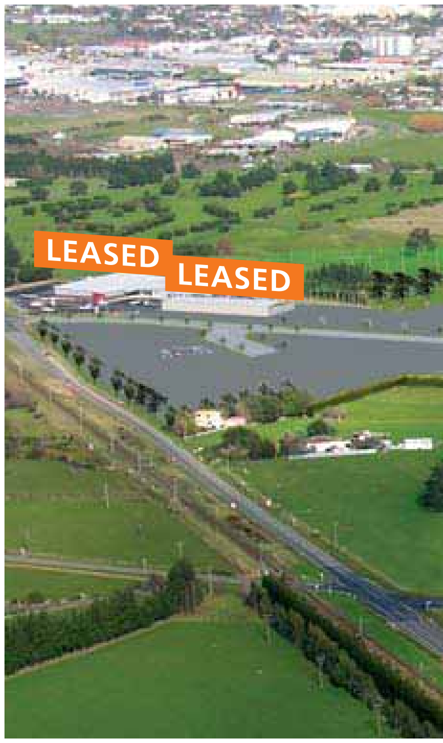
In July 2006, ING Property Trust entered into a joint venture with North East Industrial Limited, acquiring a 50% interest in the Manawatu Business Park ("the Park") in Palmerston North. The Park comprises 70 hectares of industrial-zoned land including landscaping zones, roading and water reservoirs. The joint venture will provide the Trust with significant benefits and opportunities for growth.

Of the 70 hectares at the Park, approximately 44 hectares are considered ready for development. At the time of acquisition, three high-quality buildings had recently been completed, occupying 7.5 hectares of land. Of the remaining land, an additional four hectares has already been committed to.

On completion of the first stage of development, the Park will be generating nearly $4 million of rental income per annum from tenants occupying new high-quality buildings, on secure long-term leases.

Under the joint venture agreement the Trust receives an 8% return on the undeveloped land from the joint venture partners, until new developments are completed and become income-producing.

The Park's proximity to the airport, railway and city centre makes it the ideal location for a range of commercial and industrial businesses, and the zoning allows tenants to operate largely unrestricted '24/7'. Palmerston North is recognised as a key distribution hub and strategic location for the lower North Island, with a catchment of some 1,000,000 people within a 2.5 hour drive.



The developments purchased or constructed to date include the following:

EziBuy

EziBuy's state-of-the-art distribution centre occupies approximately 27,000 square metres (on a 5.9 hectare site), with an additional 2.5 hectares of expansion land reserved for potential growth. EziBuy is Australasia's largest fashion clothing and homeware catalogue company. Founded in Palmerston North in 1978, it expanded into Australia in 1992. It now employs over 650 staff and dispatches an average of 9,000 parcels a day. In February 2006 EziBuy signed a 10-year lease, with structured rental growth tied to CPI.

Building area	27,250 sqm
WALT	8.9 years

Allflex

The Allflex (NZ) Limited development comprises office and warehouse facilities occupying 3,800 square metres of land and was completed in December 2006. Allflex is an industry leader in livestock management systems, incorporating the latest design technologies, materials and manufacturing processes and have been operating for nearly 40 years. The 10-year lease has two-yearly reviews to CPI.

Building area	1,842 sqm
WALT	9.70 years

Leisureplex

This is a new multi-tenanted building, housing leisure-related businesses and activities including a café, golf pro-shop, golf driving range, ten-pin bowling alley, mini golf, and dive school. There is a 12-year lease in place to the joint venture partner (who manages the complex) with three-yearly CPI reviews.

Building area	3,615 sqm
WALT	11.30 years

Independent Manawatu Producers

A new 3,000 sqm office and warehouse building on a one hectare site for Independent Manawatu Producers was completed in May 2007. This is a 10-year lease with two-yearly CPI reviews.

Building area	2,970 sqm
WALT	10 years

Significant progress has been made with the ongoing development of the Park. The Trust has now either commenced construction on or agreed terms with the following tenants:

Hooker Bros. Holdings Limited

(trading as "Hooker Pacific")
Hooker Pacific is one of New Zealand's oldest and largest independent transport operators. The Trust has an agreement to construct a warehouse building for Hooker Pacific at the Park with the aim of having the project completed in September 2007. Upon completion, Hooker Pacific will sign a 12-year lease, producing a yield on cost of approximately 8.75% with structured rent reviews every two years. The new building will be situated on 1.3 hectares of land and will include approximately 2,800 sqm of corporate offices, warehouse and canopies, together with substantial yard areas for truck parking and container storage.

Keegan Contracting Limited

In May 2007 the Trust confirmed that it has an unconditional agreement with Keegan Contracting for a 2,100 sqm warehouse, office and depot facility on 6,000 sqm of land at the Manawatu Business Park.

The lease with Keegan Contracting is for a 10-year term, with two-yearly rent reviews to CPI, producing a return on cost of 8.7%.

Budget Plastics Limited

Construction of the Budget Plastics Limited warehouse and office facility comprising 1,600 sqm of building area commenced in May 2007, with practical completion targeted for August 2007.

The lease with Budget Plastics Limited is for a 10-year term, with yearly fixed rental growth from year three. The initial property yield is 8.7%.

Ongoing enquiry

Management currently has ongoing enquiry or is in negotiations with a number of other potential tenants. All tenants have excellent lease covenants, and have indicated a willingness to sign long-term leases with sound growth provisions.

Case Studies – Adding Value (cont.)

Case Study – Albany

In June 2007, ING Property Trust acquired the ground sub-lessee's interest in a 4.78 hectare undeveloped site in Albany, North Shore City from Albany City Holdings Limited (the nominee of the Albany City Joint Venture, an unincorporated joint venture owned by interests associated with the Symphony Group and the St Laurence Group). The property occupies a high-profile corner site at the northern extremity of the Albany central area, which is predominantly undeveloped leasehold land, although currently experiencing high tenant demand.

This site has four street frontages and is in close proximity to North Harbour Stadium, the new $200 million Westfield retail centre (currently under development) and the Albany Mega Centre, already owned by the Trust.

It is intended the site will be developed for retail use through a development agreement with Symphony Projects Management Limited (SPML).

Called Gateway Albany, the development has been designed over two sites spanning a private road. The centre will have the convenience of more than 1,000 car parks to service the 19,000 sqm of bulk and showroom retail space, over 6,000 sqm of commercial space and over 7,500 sqm of specialty retail space.

Development

SPML will construct three separate but complementary developments on the Block E land (pictured right). The first development, E2 (pictured), is well advanced and we expect to receive details of the other proposed developments soon.

Under the development agreement, SPML will be responsible for all site development and a completed development proposal for each of the three sites must be presented to the Trust for approval. The proposal must include feasibility, pre-lease level, lease type, building design, and local and territorial authority approvals.

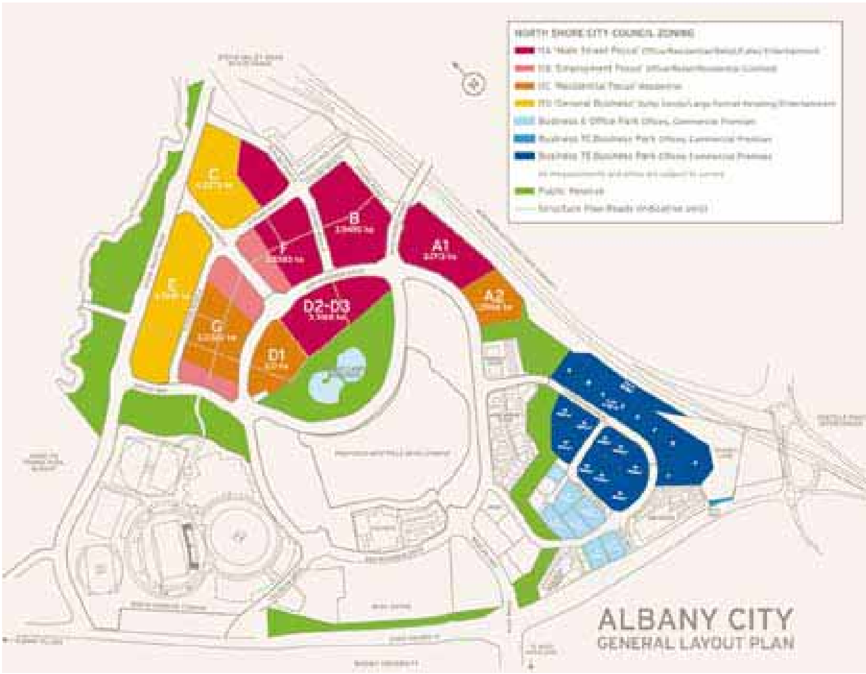
While SPML will also have prime responsibility to source tenants, all tenants and tenancy agreements are again subject to the absolute approval of the Trust.

The development agreement is to be reviewed after five years and the Trust has the right to require SPML to purchase back any land that has not been developed.

Development profit (appraisal-based end value less cost) from each of the three developments is to be allocated 30% to the Trust and 70% to SPML.

This is based on profits projected in the agreed feasibility study for each project, less all costs and the Trust's 8% p.a. return on the land. Any profit beyond the level projected will be split 50/50 between the Trust and SPML.

Directly above: architect's rendition of the proposed E1 and E2 developments.



Returns

The sub-lessee's interest is to be held under an initial 21-year ground lease from June 2005 until 22 June 2026, with an option for a second ground lease for perpetually renewable terms of 35 years thereafter.

The initial ground lease rental payable is to be set as a proportion of the net rental income received from the property. This is a significant departure from a traditional ground lease contract and means that should a tenancy become vacant, the Trust will not be obliged to make the ground rental payment, as the rental starts when a new tenant is found.

From settlement, a land return of 8% p.a. on the leasehold purchase price will accrue and will become a development cost credited to the Trust prior to the distribution of any profits. This ensures the land acquisition is achieving an 8% return from settlement.

The full commencement ground rental is $1,221,800 p.a. set at June 2005 and will be increased on an annual basis at the rate of change in the CPI +1%. The ground rental payments are commenced in stages, with no rental payable until 31 May 2008. Ground rental is paid for 33% of the site from May 2008 until May 2009, and for 50% of the site from May 2009 to May 2010. Full ground rental is payable from 1 June 2010 and has yet to be determined.

The price the Trust will pay for each completed development is the lesser of the appraised current market value or the value equating to a minimum 9.0% internal rate of return over a 10-year horizon.

Independent valuation advice from Jones Lang LaSalle has confirmed a current market value of $24,500,000 as a leasehold interest under the terms of the ground leases.

Corporate Governance

Changes to Trust Governance

On 17 February 2006 ING Property Trust ("Trust") and its Manager, ING Property Trust Management Limited, announced a proposal to adopt governance practices that lead the market in New Zealand for listed property trusts. The measures have been taken by the Manager on its own initiative to increase the involvement of unitholders in the governance of the Trust, and to more closely align the rights of unitholders with the rights of shareholders of listed public companies.

Summary of Trust Deed amendments

The Trust Deed constituting the Trust was amended during the year. The following is a summary of the principal changes to the Trust Deed:

1. In accordance with the extraordinary resolution of unitholders passed at the meeting of unitholders held on 30 August 2006, the Trust Deed was amended so as to:
   - (a) require an annual meeting of unitholders be held no later than 6 months after the end of each financial year of the Trust, and no later than 15 months after the last annual meeting;
   - (b) reduce the threshold for unitholder(s) to requisition meetings from persons holding 10% of units on issue to 5%;
   - (c) allow unitholder proposals and resolutions to be considered at unitholder meetings; and
   - (d) 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 Trustee or the Manager.

   A more detailed summary of the above amendments can be found in the notice of meeting of unitholders dated 15 August 2006.

2. At the annual meeting of unitholders held on 30 August 2006, the Trustee and the Manager were authorised to make amendments to the Trust Deed that they considered necessary or desirable (i) in order to enable the Trust to be a portfolio investment entity or (ii) to ensure that after the adoption of New Zealand International Financial Reporting Standards, any relevant provision of the Trust Deed continues to be interpreted as if the New Zealand International Financial Reporting Standards had not been adopted. A more detailed summary of the rationale for the foregoing authority provided to the Trustee and the Manager can be found in the notice of meeting of unitholders dated 15 August 2006.

   In anticipation of adoption by the Trust of New Zealand International Financial Reporting Standards, the Trustee and the Manager agreed to amend the Trust Deed so as to:
   - (a) replace the Trust's finite life of 80 years with a perpetuity period of 80 years;
   - (b) provide that the Trust will not automatically terminate at the end of that 80 year perpetuity period; and
   - (c) provide that units may not be issued or redeemed after that perpetuity period if that issue or redemption would breach the rule against perpetuities.

3. The Trustee and the Manager agreed to make two amendments to the Trust Deed which were of a formal or technical nature. The definition of "Management Agreement" and the clause reference in clause 28.7 were updated.

A copy of the amended Trust Deed is available from the Manager on request or can be viewed at the Manager's registered office at Level 27, ASB Bank Centre, 135 Albert Street, Auckland, during normal business hours. A copy has also been filed with the Companies Office of the Ministry of Economic Development and may be viewed, on payment of a nominal fee, on the Companies Office website at www.companies.govt.nz.

The Trust

ING Property Trust is a unit trust established under the Unit Trust Act 1960 by a Trust Deed dated 30 October 2002, as amended by Deeds of Variation and Restatement dated 30 September 2004 and 17 October 2006.

ING Property Trust units are listed on the New Zealand Stock Exchange.

The Trustee

The Trustee of the Trust is The New Zealand Guardian Trust Company Limited ("Guardian Trust").

Guardian Trust is authorised to act as a trustee company under the Trustee Companies Act 1967, and acts as trustee for unit trusts under the Unit Trust Act 1960.

The role of the Trustee is to supervise the administration and management of the Trust in accordance with the Trust Deed, and to ensure that the Manager complies with its duties and responsibilities under the Trust Deed. Where the approval of the Trustee is required, the Trustee is to have regard to the interests of unitholders and has the explicit obligation to veto any proposal that it does not consider to be in the interests of unitholders. The Trustee must also be satisfied that any proposal involves an investment of a type authorised under the Trust Deed and within the investment policies of the Trust.

The Trustee holds title to the assets of the Trust in trust for the unitholders, upon and subject to the terms and conditions of the Trust Deed. The Trustee also reviews all investment and divestment proposals recommended to it by the Manager.

The Manager

The Manager of the Trust is ING Property Trust Management Limited, a company owned 50% by ING (NZ) Limited and 50% by Symphony Investments Limited.

The Manager has responsibility for the management of the Trust in accordance with the Trust Deed.

The Manager provides professional management expertise in selecting assets and managing them on behalf of unitholders. The Manager's role and duties extend to the overall strategic direction of the Trust, portfolio management, selection and review, negotiation of acquisition and disposal of assets, treasury and funding management, property management, ensuring adherence to financial and reporting requirements, and liaison with unitholders.

The day-to-day management of the properties in the portfolio is carried out by ING (NZ) Limited, which provides tenancy management, account management, building management, risk management and property investigation services in respect of the Trust's properties pursuant to a Property Management Agreement with the Manager.

The Board of Directors of the Manager

The Board of Directors of the Manager (the "Board") has overall responsibility for the management of the Trust.

The Board reviews all aspects of portfolio, asset and financial management strategy, formulates and reviews compliance programmes, and approves transactions and capital expenditures. The Trust's performance against budget is monitored by the Board, as is the performance of the responsibilities delegated by the Board to various parties.

The Board currently comprises six members, all of whom bring a significant level of expertise to the Trust. Their experience includes property investment, management and development, finance, law and corporate management. Two of these directors are considered by the Board to be independent under the NZSX listing rules.

Brief profiles of the directors of the Manager are set out below:

Michael Smith, Chairman

Mr Smith was employed by Lion Nathan Limited for 29 years, and during that time held a number of senior executive positions with the Lion Nathan Group, including those of Finance Director and Executive Director. Mr Smith is a director of a number of public and private companies including Auckland International Airport Limited, Fisher & Paykel Healthcare Corporation Limited, Hauraki Private Equity No. 1 Fund, Hauraki Private Equity No. 2 Fund, BrainZ Instruments Limited (Chairman), Tru-Test Corporation Limited (Chairman) and ING (NZ) Holdings Limited (Chairman). Mr Smith is also the Chairman of The Lion Foundation. Mr Smith's previous directorships include Lion Nathan Limited and Fonterra Co-Operative Group Limited.

Andrew Evans

Mr Evans is a registered valuer with over 20 years' experience in the property industry, principally with multi-disciplinary property companies in New Zealand and the United Kingdom. A large part of Mr Evans' career has covered the provision of property-based advice over the spread of property asset types, including retail investments, commercial offices and industrial investments.

Mr Evans was the Managing Director of the Manager for four years until stepping down on 28 May 2007, with Peter Mence taking over as General Manager of the Manager. Prior to this, Mr Evans was responsible for direct property mandates at ING (NZ) Limited, where he held the position of General Manager, Property for eight years. Mr Evans' new role at ING will focus on the strategic growth of ING New Zealand's real estate business. In addition, he is a past president of the Property Council of New Zealand and a foundation member of the New Zealand Property Institute.

Peter Brook, Independent Director

Mr Brook has 20 years' experience in the investment banking industry, during which time he held the positions of Head of Research, Head of Investment Banking and Managing Director of Merrill Lynch (New Zealand) Limited. Mr Brook retired from Merrill Lynch to pursue his own business and consultancy activities at the end of 2000. He is also a Trustee of the Melanesian Mission Trust Board, a member of the Institute of Finance Professionals New Zealand Inc., a director of Trust Investments Management Limited, Albany City Property Investments Limited and several other private companies.

Corporate Governance (cont.)

The Hon Philip Burdon
Mr Burdon holds positions on the boards of several New Zealand and Australian corporates. These include chairman of Superannuation Investments Limited and MFL Mutual Fund Limited, deputy chairman of BIL International Limited, and director of IAG New Zealand Limited, ANZCO Limited, OPUS International Consultants Limited, Sealord Group Limited and Meadow Mushrooms Limited.

Elected to Parliament as the National Party member for his local electorate in 1981, Mr Burdon was appointed to the New Zealand Cabinet in 1990, and held a number of senior Ministerial portfolios including Minister of Commerce, Minister for State-Owned Enterprises and Minister for Trade Negotiations, until his retirement from politics in 1996. Mr Burdon is also a past chairman of the Asia 2000 Foundation and the APEC Business Advisory Council, and is a member of the International Advisory Board for Hong Kong Policy Research Institute.

David McClatchy
Mr McClatchy is Chief Investment Officer and Deputy Chief Executive officer of ING Investment Management Limited (an Australian company). Mr McClatchy has 20 years' experience investing in property, fixed income and equities in Australia, New Zealand and the United Kingdom. In his current positions, Mr McClatchy has responsibility for all investment management activities across ING Investment Management Limited's domestic and international asset classes. He has been with the ING Group for the past 13 years managing equity and fixed income mandates and until recently was Chief Investment Officer of ING (NZ) Limited. Prior to joining ING, Mr McClatchy held various roles in the banking and securities industry in New Zealand and the United Kingdom. Mr McClatchy is a member of the New Zealand Institute of Chartered Accountants and of New Zealand's Society of Investment Professionals.

Trevor Scott, Independent Director
Mr Scott is a Dunedin-based Chartered Accountant in public practice and Chairman of Arthur Barnett Limited, Mercy Hospital Dunedin Limited, Tamahine Holdings and Harraway and Sons Limited. In addition, Mr Scott is a director of the New Zealand Seed Fund, Neuron Pharmaceuticals Limited, Scott Technology Limited and several other private companies.

Corporate Governance philosophy

Ultimate responsibility for corporate governance of the Trust resides with the Board of Directors of the Manager. The Board sees strong corporate governance and stewardship as fundamental to the strong performance of the Trust and, accordingly, their commitment is to the highest standards of business behaviour and accountability.

Outlined below are the main corporate governance practices in place throughout the year, which, in the Board's opinion materially comply with the NZX Corporate Governance Best Practice Code and the Securities Commission's Principles on Corporate Governance, unless otherwise stated.

Ethical standards

The Board has adopted a Code of Ethics, which sets out the ethical and behavioural standards expected of the Manager's Directors, officers and employees. The purpose of the Code of Ethics is to uphold the highest ethical standards, acting in good faith and in the best interests of unitholders at all times. The Code of Ethics outlines the Manager's policies in respect of conflicts of interest, fair dealing, compliance with applicable laws and regulations, dealing with Trust assets and use of Trust information. Procedures for dealing with breaches of these policies are contained in the Code of Ethics, which forms part of every employee's conditions of employment with the Manager.

Composition of the Board

The Manager is committed to having a Board whose members have the capacity to act independently and have the composite skills to optimise the financial performance of the Trust and returns to unitholders. The Board currently comprises five Non-Executive Directors and the Chairman. The members of the Board are listed under "The Board of Directors of the Manager" on pages 29 and 30, together with their brief resumés.

The Manager recognises that Independent Directors are important in assuring unitholders that the Board is properly fulfilling its role and is diligent in holding management accountable for its performance. Peter Brook and Trevor Scott are considered by the Board to be independent under the NZSX Listing Rules. Michael Smith, Andrew Evans, the Hon Philip Burdon and David McClatchy are considered not to be independent.

In February 2006, the Manager announced a policy which provides unitholders with the opportunity to nominate the two independent directors of the Manager required by the NZSX Listing Rules. This is a significant innovation and is a first for the listed property trust sector in New Zealand.

From the 2007 annual meeting of the Trust, unitholders will be able to nominate and vote on one independent director of the Manager each year. The nominee receiving the most votes will be approved as a director of the Manager by the Manager's shareholders, and will hold the position for a two-year term. Nominations from unitholders for the position of independent director of the Manager needed to be received by the Manager by 25 June 2007.

Allowing unitholders to nominate directors to represent their interests on the Board of the Manager represents a major advance in governance in the New Zealand listed unit trust sector.

Board committees

Board committees assist with the execution of the Board's responsibilities to unitholders. Each committee operates under a charter agreed by the Board, setting out its role, responsibilities, authority, relationship with the Board, reporting requirements, composition, structure and membership.

The Manager does not maintain a remuneration committee as the Manager pays the remuneration of the Directors and the senior executives, rather than the Trust. The Manager does have the right under the Trust Deed to be reimbursed for fees payable to Directors up to a specified limit each year. However this limit cannot be increased without the approval of unitholders. A nomination committee is not deemed necessary as Directors are appointed in accordance with the Manager's constitution.

The Audit Committee

The Board has established an Audit Committee, which is responsible for overseeing the financial and accounting activities of the Trust. The minimum number of members on the Audit Committee is three. All members must be Directors, the majority must be Independent Directors and at least one member must have an accounting or financial background.

The members of the Audit Committee are Trevor Scott (Chairman), Michael Smith and Peter Brook.

The Audit Committee assists the Board in fulfilling its corporate governance and disclosure responsibilities in relation to financial reporting and internal and external audit, and is specifically responsible for:

- The appointment of the external auditor of the Trust;
- Supervising and monitoring external audit requirements;
- Reviewing annual and semi-annual financial statements prior to submission for Board approvals; and
- Reviewing the performance and independence of the external auditor.

In addition to the formal charter under which the Audit Committee operates, the Audit Committee has also developed a charter of audit independence, which sets out the procedures that need to be followed to ensure the independence of the Trust's external auditor.

A further corporate governance initiative announced by the Manager is that the Manager has agreed to appoint a different auditor to that appointed by the Trust to avoid any potential conflicts of interest.

Board and Director performance

The Board has a formal annual performance self-assessment, carried out under the direction of the Chairman. The self-assessment process involves reviewing the performance of the Board and its committees, together with setting forth the goals and objectives of the Trust for the upcoming year.

Assessment of individual Directors' performance is a process determined by the Chairman, taking into account attendance, contribution and experience of each individual Director concerned.

Unitholder relations

The Board aims to ensure that unitholders are informed of all information necessary to assess the Trust's performance. It does so through a communication strategy which includes:

- Periodic and continuous disclosure to NZX;
- Information provided to analysts and media;
- Annual and half-yearly reports distributed to all unitholders;
- The annual unitholders' meeting and any other meetings called to obtain approval for Manager actions as appropriate;
- Notices and explanatory memoranda for annual and special meetings;
- Trust newsletters; and
- The Trust's website.

Unitholders may raise matters for discussion at annual and special meetings and have the opportunity to question Directors and the external auditor at such meetings.

Financial Information

Group 2007 $000s	Trust 2007 $000s	Group 2006 $000s	Trust 2006 $000s
73,735	26	57,226	–
530	58	222	7
1,254	–	142	–
(8,100)	(9,030)	(5,355)	(4,893)
(23,644)	(19,791)	(12,980)	(11,748)
(6,890)	(4,856)	(4,480)	(3,848)
(1,175)	(322)	(1,174)	(1,050)
35,710	(33,915)	33,601	(21,532)

105 Carlton Gore Rd Newmarket, Auckland

Statement of Financial Performance

For the year ended 31 March 2007

	Note	Group 2007 $000s	Trust 2007 $000s	Group 2006 $000s	Trust 2006 $000s
Gross property income from rentals		80,876	–	66,273	–
Gross property income from expense recoveries		13,593	–	12,561	–
Property expenses		(18,694)	–	(17,811)	–
Net property income		75,775	–	61,023	–
Fees and interest charged to subsidiaries	5	–	31,916	–	18,856
Interest received		530	58	222	7
Dividends / distributions received		1,254	44,470	142	37,000
Gains on disposal of properties (net of disposal costs)		7,531	–	6,911	–
Total income		85,090	76,444	68,298	55,863
Audit fees		223	223	160	160
Bad debts written off		–	–	1	1
Doubtful debts provision		118	–	–	–
Management fees	22	8,743	8,743	5,139	4,631
Trustee fees	25	287	287	269	262
Interest expense		21,362	21,716	15,794	12,911
Other Trust expenses		963	877	950	844
Amortisation of management contract cancellation costs	12	1,317	–	549	–
Acquisition costs written off		612	361	552	–
Total expenses		33,625	32,207	23,414	18,809
Operating surplus before taxation		51,465	44,237	44,884	37,054
Taxation	15	9,742	(77)	2,999	18
Surplus after taxation		41,723	44,314	41,885	37,036
Unrealised net change in value of investment properties	3	77,610	–	49,530	–
Share of profits in North East Industrial Limited	11	1,613	–	–	–
Surplus for the year		120,946	44,314	91,415	37,036

Statement of Movements in Equity

For the year ended 31 March 2007

	Note	Group 2007 $000s	Trust 2007 $000s	Group 2006 $000s	Trust 2006 $000s
Equity at the start of the year		614,831	512,415	262,175	214,138
Surplus for the year		120,946	44,314	91,415	37,036
Total recognised revenue and expenses		120,946	44,314	91,415	37,036
Other equity movements					
Issue of new units (less cost of issue)	2	18,799	18,799	295,016	295,016
Distributions to unitholders		(49,280)	(49,280)	(33,775)	(33,775)
Total added to equity		90,465	13,833	352,656	298,277
Equity at the end of the year		705,296	526,248	614,831	512,415

The notes on pages 36–52 form part of and are to be read in conjunction with these financial statements.

Statement of Financial Position

As at 31 March 2007

	Note	Group 2007 $000s	Trust 2007 $000s	Group 2006 $000s	Trust 2006 $000s
Equity					
Units on issue	2	553,732	553,732	534,933	534,933
Revaluation reserve	3	144,446	–	65,843	–
Retained earnings	4	7,118	(27,484)	14,055	(22,518)
Total Unitholders' Funds		705,296	526,248	614,831	512,415
Represented by:					
Assets					
Current assets					
Cash & deposits		1,006	15	1,055	93
Accounts receivable	9	5,310	211	14,237	149
Taxation refund		1,190	13,050	4,089	8,126
Other current assets	10	14,221	130	490	137
Total current assets		21,727	13,406	19,871	8,505
Non-current assets					
Advances to subsidiaries	5	–	859,316	–	796,205
Investment properties	6	853,958	–	769,378	–
Properties intended for sale	7	125,462	–	54,829	–
Investment property under development	8	–	–	38,218	–
Investments	11	41,409	–	18,712	–
Other non-current assets	12	13,547	102	14,436	146
Total non-current assets		1,034,376	859,418	895,573	796,351
Total assets		1,056,103	872,824	915,444	804,856
Liabilities					
Current liabilities					
Accounts payable & accruals	13	8,925	5,453	10,099	2,708
Other current liabilities		759	–	2,196	1,415
Total current liabilities		9,684	5,453	12,295	4,123
Non-current liabilities					
Term loan	14	341,123	341,123	288,318	288,318
Total non-current liabilities		341,123	341,123	288,318	288,318
Total liabilities		350,807	346,576	300,613	292,441
Net Assets		705,296	526,248	614,831	512,415

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

Michael Smith
Chairman

Trevor Scott
Director

Date: 20 June 2007

The notes on pages 36–52 form part of and are to be read in conjunction with these financial statements.

Statement of Cash Flows

For the year ended 31 March 2007

	Note	Group 2007 $000s	Trust 2007 $000s	Group 2006 $000s	Trust 2006 $000s
Cash flows from operating activities					
Cash provided from:					
Net property income		73,735	26	57,226	–
Interest received		530	58	222	7
Dividends / distributions received		1,254	–	142	–
Cash applied to:					
Management and trustee fees		(8,100)	(9,030)	(5,355)	(4,893)
Interest expense		(23,644)	(19,791)	(12,980)	(11,748)
Taxation		(6,890)	(4,856)	(4,480)	(3,848)
Other trust expenses		(1,175)	(322)	(1,174)	(1,050)
Net cash from (applied to) operating activities	17	35,710	(33,915)	33,601	(21,532)
Cash flows from investing activities					
Cash provided from:					
Sale of properties		44,796	–	34,000	–
Cash acquired on acquisition of Urbus Properties Limited		–	–	483	–
Cash applied to:					
Acquisition costs		(24)	–	(2,636)	–
Capital additions		(9,852)	–	(13,286)	–
Purchase of properties		(54,298)	–	(43,666)	–
Expenditure on development properties		(2,394)	–	(6,922)	–
Purchase of units in Calan Healthcare Properties Trust		(922)	–	(18,712)	–
Purchase of 50% interest in North East Industrial Limited		(20,116)	–	–	–
Short term receivable		(13,857)	(360)	–	–
Cancellation of management contract		–	–	(13,172)	–
Net cash (applied to) investing activities		(56,667)	(360)	(63,911)	–
Cash flows from financing activities					
Cash provided from:					
Debt drawdown		108,262	108,262	249,638	249,638
Issue of units		18,874	18,874	35,000	35,000
Advances from subsidiaries		–	13,289	–	–
Cash applied to:					
Advances to subsidiaries		–	–	–	(174,343)
Distributions to unitholders		(50,694)	(50,694)	(38,089)	(38,089)
Debt repaid		(55,459)	(55,459)	(217,829)	(50,329)
Cost of issuing units		(75)	(75)	(295)	(295)
Net cash from financing activities		20,908	34,197	28,425	21,582
Net (decrease) increase in cash		(49)	(78)	(1,885)	50
Opening cash brought forward		1,055	93	2,940	43
Ending cash carried forward		1,006	15	1,055	93

The notes on pages 36–52 form part of and are to be read in conjunction with these financial statements.

Notes to the Financial Statements

For the year ended 31 March 2007

1. Statement of accounting policies

The following accounting policies have been adopted in the preparation of these financial statements:

(a) Reporting entity

ING Property Trust is a unit trust established under the Unit Trust Act 1960 by a Trust Deed dated 30 October 2002, as amended by Deeds of Variation and Restatement dated 30 September 2004 and 17 October 2006. ING Property Trust is an issuer for the purposes of the Financial Reporting Act 1993. The financial statements are those of ING Property Trust and its subsidiaries (the "Group") and have been prepared in accordance with the Financial Reporting Act 1993, the Unit Trust Act 1960 and the Trust Deed.

(b) Measurement base

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on historical cost basis are followed by the Group and the Trust, modified to include revaluation of the investment properties.

(c) Specific accounting policies

The following specific accounting policies which materially affect the measurement of financial performance and the financial position have been applied:

(i) Consolidation of Group financial statements

The Group financial statements include those of the parent 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

(ii) Discount on acquisition

Discount arising on acquisition of a subsidiary is accounted for by reducing proportionately the fair values of the non-monetary assets of the subsidiary for the purposes of the Group financial statements. Any amount remaining is recognised as revenue in the Statement of Financial Performance.

(iii) Property

Investment properties are initially recorded at cost (including acquisition costs, if any). In each subsequent year the properties are stated at net current value (current market value as determined by an independent registered valuer, less an allowance for disposal costs, if any). Any unrealised increases or decreases in value of the properties are taken to the Statement of Financial Performance and subsequently transferred to the revaluation reserve.

Properties intended for sale are classified under non-current assets. They are stated at the lower of cost or net realisable value.

Titles to all properties are restricted by mortgages in favour of the financier.

(iv) Depreciation

No depreciation on the investment properties has been charged in the Group financial statements as the annual valuation takes into account the state of each investment property as at balance date. In calculating taxation the allowable rates for depreciation have been used.

(v) Recognition of income

Lease agreements with tenants provide for regular monthly payments of rental and outgoings. All income is recognised as earned. Operating expenses borne by tenants are offset by recoveries from tenants. Operating expenses not borne by tenants are offset by rental income.

Gains or losses on the sale of properties intended for sale are recognised in the period in which the sale and purchase agreement becomes unconditional, provided settlement takes place before the end of the month following balance date.

(vi) Taxation

The income tax expense charged to the Statement of Financial Performance includes both the current period's taxation provision and the income tax effect of timing differences calculated using the liability method. Tax effect accounting is applied on a partial basis to those timing differences expected to reverse in the foreseeable future. A debit balance in the deferred tax account, arising from timing differences is only recognised if there is virtual certainty of realisation. No deferred tax liability is recognised in respect of tax depreciation timing differences as it is the Manager's intention to hold the investment properties indefinitely. Should certain of the properties be sold there may be tax payable on any depreciation recovered or profit made on sale.

(vii) Provision for dividend

A provision for distributions is recorded in the financial statements when they are declared. Distributions declared after balance date are not accrued.

(viii) Accounts receivable

Accounts receivable have been valued at an estimated realisable value after making provision for doubtful debts.

(ix) Statement of Cash Flows

The Statement of Cash Flows is prepared on a GST exclusive basis, which is consistent with the Statement of Financial Performance.

(x) Definitions of the terms used in the Statement of Cash Flows

Cash includes coins and notes, demand deposits and other highly liquid investments readily convertible into cash, used by the Group and Trust in its day to day cash management.

Investing activities are those activities relating to the acquisition and disposal of investment property and other non-current assets.

Financing activities are those activities relating to changes in the equity and debt capital structure of the Trust and those activities relating to the cost of servicing the Trust's equity capital, including dividend payments.

Operating activities include all transactions and other events that are not investing or financing activities.

(xi) Investments

Investments are valued at historical cost, adjusted for any diminution in value. The investment in North East Industrial Limited is valued using the equity method where the investment is initially recorded at cost and adjusted thereafter for the post-acquisition change in the Trust's share of North East Industrial Limited's net assets.

(xii) Financial instruments

Financial instruments carried on the Statement of Financial Position include cash and deposits, accounts receivable, accounts payable and accruals, and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial instruments with off-balance sheet risk are entered into for the primary purpose of reducing exposure to interest rate fluctuations. While financial instruments are subject to risk that market rates may change subsequent to acquisition, such changes would generally be offset by opposite effects on the items hedged.

Interest rate swaps are entered into to manage interest rate exposure. For interest rate swaps, the net differential paid or received is recognised as a component of interest in the Statement of Financial Performance.

(xiii) Goods and Services Tax (GST)

The Statement of Financial Performance has been prepared so that all components are stated exclusive of GST.

(d) Changes in accounting policies

No changes have been made to the above accounting policies during the period.

Notes to the Financial Statements (cont.)

2. Units

	Group and Trust 2007 No. of Units	Group and Trust 2007 $	Group and Trust 2006 No. of Units	Group and Trust 2006 $
Opening balance 1 April 2006	525,454,189	534,933,287	240,432,381	239,917,317
Issue of units from unit purchase plan	10,239,638	11,662,946	–	–
Issue of units from dividend reinvestment plan	6,043,651	7,210,569	–	–
Issue of units as consideration for purchase of properties	–	–	694,225	797,500
Issue of units as consideration for securities in Urbus Properties Ltd	–	–	252,937,449	259,513,823
Issue of units for cash	–	–	31,390,134	35,000,000
Issue cost of units	–	(74,600)	–	(295,353)
	16,283,289	18,798,915	285,021,808	295,015,970
Closing balance as at 31 March 2007	541,737,478	553,732,202	525,454,189	534,933,287

All units rank equally in respect of voting rights, distribution rights and rights on winding up of the Trust.

3. Revaluation reserve

	Group 2007 $000s	Trust 2007 $000s	Group 2006 $000s	Trust 2006 $000s
Opening balance 1 April 2006	65,843	–	16,313	–
Change in value of investment properties	77,610	–	49,530	–
Transfer from retained earnings on disposal of investment properties	993	–	–	–
Closing balance as at 31 March 2007	144,446	–	65,843	–

4. Retained earnings

	Group 2007 $000s	Trust 2007 $000s	Group 2006 $000s	Trust 2006 $000s
Opening balance 1 April 2006	14,055	(22,518)	5,945	(25,779)
Surplus after taxation	41,723	44,314	41,885	37,036
Share of profits in North East Industrial Limited	1,613	–	–	–
Transfer to revaluation reserve on disposal of investment properties	(993)	–	–	–
Distributions to unitholders	(49,280)	(49,280)	(33,775)	(33,775)
Closing balance as at 31 March 2007	7,118	(27,484)	14,055	(22,518)

5. Advances to subsidiaries

Advances have been made by ING Property Trust to its subsidiaries to finance the purchases of investment properties and to fund working capital requirements when necessary. The subsidiaries have returned money to ING Property Trust upon the settlement of properties intended for sale and at other times when working capital requirements allow.

The Trust re-charges expenses, including management fees and interest, to the subsidiaries.

6. Investment properties

All investment properties, with the exception of United Carriers, Whangarei which was independently valued at acquisition, were independently valued as at 31 March 2007 (2006: 31 March 2006) less provision for disposal costs.

The valuations were prepared by independent registered valuers DTZ, CB Richard Ellis and Colliers. The total net current value of valuations valued by each valuer was as follows:

	Group 2007 $000s	Trust 2007 $000s	Group 2006 $000s	Trust 2006 $000s
DTZ	**420,575**	–	332,551	–
CB Richard Ellis	**314,808**	–	271,656	–
Colliers	**118,575**	–	–	–
Jones Lang LaSalle	–	–	161,017	–
Other	–	–	4,154	–
	853,958	–	769,378	–

A provision for disposal costs of $13,046,734 (2006: $11,201,135) has been deducted in the calculation of net current value of the investment properties.

During the period the Trust purchased three properties, the ground lessor's interest in an existing property and 19 carpark spaces in the carpark adjoining the Trust's Citibank building for $55,175,976 (2006: 9 properties, $43,666,132).

During the period the Trust unconditionally sold three properties for $36,140,456 (2006: 10 properties, $47,480,000). The Trust settled five properties during the period for $44,795,976 (2006: 7 properties, $34,065,000).

The vendors of the buildings at 39 Market Place, Auckland, and 105 Carlton Gore Road, Newmarket, Auckland have undertaken to reimburse the Trust for disposal costs associated with the sale of the properties to a maximum of 1% of the purchase price paid, for a period of five years from December 2002.

7. Properties intended for sale

All properties intended for sale are valued at the lower of cost or net realisable value. As at balance date, there were 18 properties intended for sale with a value of $125,462,280 (2006: 15 properties, $54,829,443). The market value of properties intended for sale at balance date was $139,235,684 (2006: $59,400,000).

8. Investment property under development

As at balance date, there were no properties under development (2006: $38,218,408).

9. Accounts receivable

	Group 2007 $000s	Trust 2007 $000s	Group 2006 $000s	Trust 2006 $000s
Trade receivables	**2,447**	**6**	827	–
Amount receivable from unsettled sale of properties	**1,359**	–	10,580	–
GST receivable	**1,327**	**191**	2,720	149
Prepayments	**177**	**14**	110	–
Total accounts receivable	**5,310**	**211**	14,237	149

Notes to the Financial Statements (cont.)

10. Other current assets

	Group 2007 $000s	Trust 2007 $000s	Group 2006 $000s	Trust 2006 $000s
Current portion of capitalised lease incentives	163	–	314	–
Accrued income	400	–	–	–
Short-term receivable	13,453	–	–	–
Other	205	130	176	137
Total other current assets	14,221	130	490	137

The short term receivable was repaid to the Trust on 31 May 2007.

11. Investments

	Group 2007 $000s	Trust 2007 $000s	Group 2006 $000s	Trust 2006 $000s
Investment in Calan Healthcare Properties Trust	19,635	–	18,712	–
Investment in North East Industrial Limited	21,774	–	–	–
	41,409	–	18,712	–

As at 31 March 2007, the Trust held 15,724,246 units (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 at balance date was $23,114,642 (2006; $17,821,999).

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 was 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.

12. Other non-current assets

	Group 2007 $000s	Trust 2007 $000s	Group 2006 $000s	Trust 2006 $000s
Capitalised lease incentives	2,240	–	814	–
Management contract	11,306	102	12,623	–
Other	1	–	999	146
Total other non-current assets	13,547	102	14,436	146

The unitholders of the Trust agreed to buy-out contracts relating to the management of properties held by Urbus Properties Limited ("Urbus"), which is wholly-owned by the Trust, at a meeting of unitholders on 13 October 2005, as indicated in the Urbus takeover documents. The buy-out of the management contracts enabled Urbus to be charged management fees on a basis consistent with the other Trust subsidiaries (as disclosed in note 22) 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 leases. The management contract is amortised over a period of ten years.

13. Accounts payable & accruals

	Group 2007 $000s	Trust 2007 $000s	Group 2006 $000s	Trust 2006 $000s
Interest accrued on non-current liabilities	1,935	1,935	1,622	1,622
Manager's fee payable	1,372	1,372	439	439
Deposits received on property disposals	–	–	300	–
Other creditors and accruals	5,618	2,146	7,738	647
Total accounts payable and accruals	8,925	5,453	10,099	2,708

14. Non-current liabilities

	Group 2007 $000s	Trust 2007 $000s	Group 2006 $000s	Trust 2006 $000s
ANZ National Bank Limited	341,123	341,123	288,318	288,318
Total non-current liabilities	341,123	341,123	288,318	288,318

The Trust has a revolving credit facility with the ANZ National Bank Limited of $370,000,000 (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 31 March 2007 was 6.95% per annum including margin (2006: 6.55%). The Trust also pays a line fee of 0.20% per annum on the total facility.

15. Taxation

	Group 2007 $000s	Trust 2007 $000s	Group 2006 $000s	Trust 2006 $000s
Operating surplus before taxation	51,465	44,237	44,884	37,054
Deduct depreciation	(20,877)	–	(18,752)	–
Deduct non-taxable gain on sale of property	(1,840)	–	(2,275)	–
Deduct management contract cancellation fees	–	–	(13,000)	–
Other adjustments	1,169	–	(1,710)	–
Gross up of imputation credits attached to distributions received	195	–	29	–
Tax paid distributions from subsidiaries	–	(44,470)	–	(37,000)
Taxable income	30,112	(233)	9,176	54
Taxation at 33%	9,937	(77)	3,028	18
Less imputation credits	(195)	–	(29)	–
Taxation charge	9,742	(77)	2,999	18
The taxation charge is made up as follows:				
Current taxation	9,789	(69)	3,000	19
Deferred taxation	(47)	(8)	(1)	(1)
Total taxation charge	9,742	(77)	2,999	18

As explained in the Statement of Accounting Policies, tax depreciation is claimed but no deferred liability is recognised in respect of depreciation recoverable on investment properties as it is not expected to reverse in the foreseeable future. The total tax liability that would arise if all investment properties were sold as at current carrying value would be $17,175,407 ($2006: $11,564,151).

Notes to the Financial Statements (cont.)

16. Imputation credit account

	Group 2007 $000s	Trust 2007 $000s	Group 2006 $000s	Trust 2006 $000s
Opening balance 1 April 2006	89	89	10	10
Prior period adjustment	(5)	(5)	5	5
Imputation credits lost due to unitholding changes	–	–	(27)	(27)
Taxation paid during the year	6,890	6,890	4,642	4,642
Imputation credits attached to distributions received	195	195	29	29
Imputation credits attached to distributions to unitholders	(4,476)	(4,476)	(4,570)	(4,570)
Closing balance as at 31 March 2007	2,693	2,693	89	89

17. Reconciliation of surplus after taxation with net cash from (applied to) operating activities

	Group 2007 $000s	Trust 2007 $000s	Group 2006 $000s	Trust 2006 $000s
Surplus after taxation	41,723	44,314	41,885	37,036
Add (less) movements in:				
Trade payables, accruals and other payables	(1,061)	2,704	9,133	1,118
Rent in advance	(24)	–	94	–
Taxation receivable	2,852	(4,933)	(5,912)	(3,831)
Trade receivables, prepayments and other receivables	(1,969)	(6)	(27,415)	–
Net working capital of subsidiary acquired	–	–	(1,341)	–
Add (less) items classified as investing/financing activities:	(7,531)	–	16,608	–
Add (less) non-cash items:	1,720	(75,994)	549	(55,855)
Net cash from (applied to) operating activities	35,710	(33,915)	33,601	(21,532)

18. Financial instruments

The following financial assets and liabilities which potentially subject the Group and Trust to financial risk have been recognised in the financial statements:

	Group 2007 $000s	Trust 2007 $000s	Group 2006 $000s	Trust 2006 $000s
Cash and deposits	1,006	15	1,055	93
Accounts receivable	2,446	6	827	–
Revolving credit facility	(341,123)	(341,123)	(288,318)	(288,318)
Accounts payable & accruals	(8,925)	(5,453)	(10,099)	(2,708)
Units in Calan Healthcare Properties Trust	19,635	–	18,712	–
Investment in North East Industrial Limited	21,774	–	–	–
Short-term receivable	13,453	–	–	–
Net carrying amount of recognised financial instruments	(291,734)	(346,554)	(277,823)	(290,933)

Credit risk

In the normal course of business the Group and Trust incurs credit risk from debtors. The Group and Trust places its cash deposits with the ANZ National Bank Limited.

Currency risk

There are no amounts receivable or payable in foreign currencies.

Interest rate risk

The Group and Trust's revolving credit facility is subject to market risk in the event of interest rate changes. To manage this risk, the Group and Trust has implemented a laddered hedging strategy by entering into interest rate swap contracts that have a range of maturities, intended to match the Group's tenancy expiries. The contract details at balance date were:

	Group and Trust		Group and Trust	
	2007	2007	2006	2006
Maturing	Nominal value	Effective interest rate	Nominal value	Effective interest rate
2006	–	–	$10,000,000	5.97%
2007	$10,000,000	6.28%	$36,000,000	6.02%
2008	$33,000,000	6.66%	$33,000,000	6.66%
2009	$80,000,000	6.22%	$80,000,000	6.22%
2010	$45,000,000	6.44%	$45,000,000	6.44%
2011	$15,000,000	6.45%	$15,000,000	6.45%
2012	$45,000,000	6.95%	$25,000,000	6.64%
2013	$50,000,000	6.88%	–	–
	$278,000,000		$244,000,000	

Credit facilities

The Group and Trust has a revolving credit facility with ANZ National Bank Limited of $370,000,000. As at 31 March 2007 $341,122,608 (2006: $288,318,113) had been drawn-down. The effective interest rate was 6.95% (2006: 6.55%).

Fair value

The carrying value of cash, accounts receivable, accounts payable, bank loan and accruals is equivalent to their fair value.
The fair value of interest rate swaps at balance date is a gain of $7,835,046 (2006: $997,269).
The fair value of units held in Calan Healthcare Properties Trust at balance date is $23,114,642 (2006: $17,821,999).

Notes to the Financial Statements (cont.)

19. Earnings per unit

	Group 2007	Trust 2007	Group 2006	Trust 2006
Gross earnings per unit (cents)	9.89	9.89	10.00	10.00

The gross earnings per unit is calculated on the operating surplus before taxation plus the share of profits in North East Industrial Limited. It does not include the unrealised net change in the value of investment properties.

20. Principal business activity & 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.

21. Subsidiaries

The Trust has control over the following subsidiaries:

Name of subsidiary	Principal activity	Holding 2007	Holding 2006
ING Property Trust No. 1 Limited	Property investment	100%	100%
ING Property Trust No. 4 Limited	Property investment	100%	100%
ING Property Trust Holdings Limited	Holding company	100%	100%
ING Property Trust Investments Limited	Holding company	100%	100%
Urbus Properties Limited	Property investment	100%	100%

ING Property Trust No. 4 Limited is the corporate trustee of ING No. 1 Trust. ING Property Trust has control over ING No. 1 Trust as defined by FRS-37. ING Property Trust is therefore required to consolidate ING No. 1 Trust in its group financial statements.

On 14 April 2005, ING Property Trust Holdings Limited, a company wholly-owned by ING Property Trust, gave notice of a full offer under the Takeovers Code for all of the ordinary shares ("Urbus Shares"), convertible notes ("Urbus CNs") and mandatory convertible notes ("Urbus MCNs") of Urbus, a company investing in a diversified portfolio of properties. The acquisition was completed in July 2005. The consideration offered to Urbus security holders was ordinary units in ING Property Trust (ING Units) in accordance with the ratios set out below:

Urbus equity security	Conversion ratio (number of ING units per Urbus security)
Urbus Shares	0.980
Urbus CNs	0.980
Urbus MCNs Class 10	0.982
Urbus MCNs Class 11	1.001
Urbus MCNs Class 12	1.007
Urbus MCNs Class 13	1.026
Urbus MCNs Class 14	1.134

Total purchase consideration for the acquisition was $263,266,675, after adjusting for distributions paid of $5,729,033 and received of $1,976,181 relating to the prior period acquisition. A total acquisition discount after acquisition costs of $4,198,293 was applied to reduce the fair values of recognised identifiable non-monetary assets.

The contribution of Urbus to the consolidated net surplus for the period from 1 July 2005 to 31 March 2006 was $57,682,560 (after the elimination of intra-Group transactions).

The acquisition had the following effect on the consolidated financial position:

	Group	
	2007 $000s	2006 $000s
Current assets		
Cash & deposits	–	483
Accounts receivable	–	379
Taxation receivable	–	4,431
Other current assets	–	425
Total current assets	–	5,718
Investment properties	–	412,156
Investment property under development	–	27,717
Total non-current assets	–	439,873
Total assets	–	445,591
Current liabilities		
Accounts payable & accruals	–	5,855
Other current liabilities	–	708
Total current liabilities	–	6,563
Non-current liabilities		
Term loan	–	167,500
Total non-current liabilities	–	167,500
Total liabilities	–	174,063
Net assets	–	271,528
Total purchase consideration	–	263,267
Acquisition costs	–	4,063
Discount arising on acquisition	–	4,198

On 31 January 2006, ING Property Trust Investments Limited, a company wholly owned by ING Property Trust, gave notice pursuant to the NZSX Listing Rules, of its intention to make an offer under the NZSX Listing Rules to purchase all of the units in Calan Healthcare Properties Trust ("Calan"). On 9 March 2006, following the release of a report by Ferrier Hodgson in response to the offer proposal, the Trust determined not to proceed with that offer. All costs related to the takeover offer were written off. The total amount written off was $551,872.

22. Transactions with related parties

Fees paid to the Manager

The Trust is managed by ING Property Trust Management Limited ("the Manager"). The Manager is owned equally by ING (NZ) Limited and Symphony Investments Limited.

The Trust paid management fees and incentive fees to the Manager. The calculation of management fees and incentive fees is stipulated in the Trust Deed. Management fees have been charged at 0.6% of the gross value of the assets of the Trust. Incentive fees are payable when the unitholder returns exceed a 10% threshold in the relevant quarter. The incentive fee is 10% of the amount of the outperformance. When outperformance exceeds 15%, the excess is carried forward to the next quarter. Where performance does not exceed the 10% threshold, a deficit is carried forward to the next quarter. Any excess or deficit carried forward shall be added to or subtracted from unitholder returns in subsequent quarters. Excesses and deficits can only be carried forward for up to 24 months.

The Trust also reimbursed the Manager for fees paid to the Manager's directors and shareholders. These fees include directors' fees. The maximum aggregate amount of directors' fees the Trust will reimburse the Manager is $252,500 plus GST (if any) per annum.

Notes to the Financial Statements (cont.)

22. Transactions with related parties (cont.)

The total fees incurred for the period and the amounts outstanding as at balance date are shown below:

	2007 $000s	2006 $000s
Total fees incurred		
Management fees	5,504	3,504
Incentive fees	3,238	1,127
Directors' fees	190	173
Due diligence fees	16	450
	8,948	5,254
Amounts outstanding		
Management fees	524	439
Incentive fees	864	–
	1,388	439

Properties owned by the Trust have been managed on normal commercial terms by ING (NZ) Limited. Property management fees charged are included in property expenses. The amount paid to ING (NZ) Limited and not recovered from tenants was $1,674,358 (2006: $478,889).

Management fees of Urbus

Urbus, which is wholly owned by the Trust, was managed by Urbus Corporate Management Limited ("UCML") and Urbus Property Management Limited ("UPML"). The management agreements between Urbus and UCML and UPML were cancelled on 3 February 2006 with effect from 14 October 2005. From 14 October 2005, management fees for Urbus have been included in the fees charged to the Trust as shown above. UCML and UPML are owned by ING Property (Urbus) Management Limited, which was owned equally by ING (NZ) Limited and Symphony Investments UML Limited until its shares were sold to the Manager on 3 February 2006.

UCML and UPML acted as the corporate manager and property manager for Urbus. The corporate manager undertook all management and administration functions on behalf of Urbus for which fees were payable in accordance with the corporate management agreement. The property manager undertook all property management activities for Urbus for which fees were payable in accordance with the property management agreement.

For the period when Urbus results were included in the Trust's consolidated financial statements, Urbus incurred the following management fees:

	2007 $000s	2006 $000s
Corporate management fees	–	507
Property management fees	–	402
Project management fees	–	1,374
Facility management fees	–	283
Other management fees	–	192
Total fees incurred	–	2,758

The total amount of fees outstanding for Urbus as at 31 March 2007 was nil (2006: nil).

Other related party transactions

ING (NZ) Limited paid for rental and car parks within the building at 8–14 Willis Street, Wellington. The total paid by ING (NZ) Limited for the period was $37,811 (2006: nil).

Symphony Properties Limited (a Symphony Group company) paid for rental, naming rights, storage and car parks within the GE Capital Building. The total paid by Symphony Properties Limited for the period was $54,695 (2006: $704,438).

Waimarie Limited (a Symphony Group company) paid for rental within the GE Capital Building. The total paid by Waimarie Limited for the period was $41,758 (2006: $250,546).

ANZ National Bank Limited (a 49% shareholder of the parent company of ING (NZ) Limited) paid for rental and car parks within 107 Carlton Gore Rd. The total paid by ANZ National Bank Limited for the period was $1,975,865 (2006: $1,975,865).

As approved by an ordinary unitholder resolution at the Annual Meeting held on 13 October 2005, Urbus entered into an agreement to cancel the management agreements with UCML and UPML. The total amount paid by Urbus to UCML and UPML for the cancellation was $13,000,000.

Valor Ideal Limited is associated with the Trust's joint venture partner in North East Industrial Limited.

Valor Ideal Limited paid for services provided by the Trust in relation to the Manawatu Business Park. The total paid by Valor Ideal Limited for the period was $999,308 (2006: nil). This amount was outstanding at balance date and was received on 23 April 2007.

No related party debts have been written off or forgiven during the period.

The Manager held no units in the Trust as at 31 March 2007 (2006: nil).

23. Other fees paid to auditors

During the period the Trust paid Deloitte $21,403 (2006: $71,559) for non audit services, in relation to assurance services for due diligence performed.

24. Trust Deed

The terms of the Trust are set out in the Trust Deed dated 30 October 2002, as amended by Deeds of Variation and Restatement dated 30 September 2004 and 17 October 2006.

A summary of the amendments made to the Trust Deed on 17 October 2006 is included on page 28 of this report.

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 one independent director of the Manager at each annual meeting of the Trust;
- the Manager will appoint an auditor who is different from the Trust's auditor.

25. Trustee information

The Trustee is The New Zealand Guardian Trust Company Limited. In accordance with the Trust Deed, the Trustee will receive from the Trust a fee to a maximum of 0.075% per annum of the gross value of the Trust fund, or such lesser percentage as is agreed between the Manager and Trustee from time to time.

The Trustee and the Manager have currently agreed an annual fee based on the gross value of the assets of the Trust as follows:

- $250,000 per annum on the first $750 million of gross assets
- 0.020% per annum on the gross assets above $750 million.

Notes to the Financial Statements (cont.)

26. 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 $627,001 (2006: $626,178). The annual ground lease commitment is $627,001 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 $5,083,154 (2006: $5,401,965).

There were no other commitments as at 31 March 2007 (2006: nil).

27. Contingencies

There were no contingencies as at 31 March 2007 (2006: nil).

28. Events subsequent to balance date

During April 2007, the Trust acquired a property at 1 Pandora Rd, Napier for $8,008,273. The purchase was settled on 19 April 2007.

On 25 May 2007, a final gross dividend of 3.00 cents per unit was announced by the Trust. The record date for the final dividend was 15 June 2007 and payment to unitholders will be made on 22 June 2007. Imputation credits of 0.99 cents per units were attached to the dividend.

Since 31 March 2007, the government has announced that the company tax rate will reduce from 33% to 30% effective for years beginning on or after 1 April 2008. The financial effects of the change in tax rate have not been brought to account in the financial statements for the year ended 31 March 2007. Had the financial effect of the change in tax rate been recognised at 31 March 2007, there would have been a reduction in the balances of deferred tax assets by $4,292 and a decrease in income tax expense by $965,656.

On 28 May 2007, the Trust announced the conditional acquisition of the ground sub-lessee's interest in a 4.78 hectare, undeveloped site in Albany for $24.44 million. It is the intention of the Trust to take part in a new development initiative on the land with an expected end value in excess of $150 million.

On 5 June 2007, the Trust announced that merger discussions with the board of directors of the manager of Calan Healthcare Properties Trust had ended. The Trust also announced that it intended to undertake an on-market buyback of its units on the following terms:

- unit purchases may occur during the period commencing 8 June 2007 and, if the unit buyback programme has not been completed or suspended earlier, concluding on 4 June 2008;
- the Trust may acquire up to a maximum of $54,173,747 units (being 10% of the current number of units in the Trust on issue); and
- the units purchased shall be deemed cancelled under repurchase. As at 15 June 2007, 3,089,789 units had been repurchased by the Manager on behalf of the Trust.

On 5 June 2007, the Trust announced the off-market acquisition for $17,130,000 of the property at 211 Albany Highway. The transaction involved swapping three of the Trust's smaller industrial properties for the larger single asset. The value attributed to the three smaller properties was $16,651,500 with the remainder of the purchase price being paid in cash. Settlement occurred on 7 June 2007.

On 5 June 2007, the Trust announced the acquisition of an industrial property at 80 Springs Road, East Tamaki. The acquisition, for $9,802,500, is a sale and leaseback arrangement with Fisher & Paykel Appliances. Settlement is scheduled to occur on 29 June 2007.

29. Transition to New Zealand equivalents to International Financial Reporting Standards

For reporting periods commencing on or after 1 January 2007, the Trust must comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The adoption of NZ IFRS will require a number of changes to the Trust's current accounting policies. The new standards are continuing to be interpreted and reviewed by the Trust and the industry. The key potential implications of the conversion to NZ IFRS on the Trust are identified below. The actual impact of adopting NZ IFRS may vary from the information presented, and that the variation to the estimates shown below may be material.

1. 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 taken to the Statement of Financial Performance and subsequently transferred 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 $13,046,734 (based on the property portfolio as at 31 March 2007).

2. 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 $17,175,407 being recognised.

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. NZ IFRS does not require a deferred tax liability to be recognised on property held for sale, even though these gains will be taxable.

3. 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. The impact of this change is unable to be reliably measured at this time.

4. 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, (i) the Trust's finite life has been replaced with a perpetuity period of 80 years; (ii) The Trust will not automatically terminate at the end of that 80-year perpetuity period; and (iii) units may not be issued or redeemed after that perpetuity period if that issue or redemption would breach the rule against perpetuities.

5. Investments

Under NZ IFRS, investments are required to be measured at fair value. The impact of this change is unable to be reliably measured at this time.

6. Business combinations

Under NZ IFRS, any discount on acquisition of a subsidiary is to be recognised in the Statement of Financial Performance. At this time no reliable estimates can be made as there are currently no business combinations expected to occur.

The Trust proposes to adopt NZ IFRS for the financial year starting 1 April 2007. The manager of the Trust is part of the ING Group which is considering the conversion to NZ IFRS and has established a formal project monitored by a steering committee to achieve the transition to reporting under NZ IFRS.

Notes to the Financial Statements (cont.)

30. NZX waivers

The following waivers from the NZX Listing Rules ("Listing Rules") were applicable as at balance date.

Management fees

In 2002, prior to the initial public offer of units in the Trust, the Trust obtained a waiver from the requirement to seek unitholder approval under Listing Rule 9.2 to the extent that the amounts payable to the Manager under the Trust Deed, or to ING (NZ) Limited ("ING (NZ)") under the Property Management Agreement, exceed the thresholds set out in Listing Rule 9.2. This waiver was granted on conditions described (and satisfied) in the prospectus in relation to the initial public offer of units in the Trust dated 31 October 2002.

Corporate governance

On 25 May 2005, NZX granted the Trust waivers in respect of 3.1.1(a), 3.3.1B(a), 3.3.2 to 3.3.12 and 3.4.3 in relation to the application of the Listing Rules to the Trust's corporate governance structure, in light of the fact that those Listing Rules are not readily applicable to an issuer which is a unit trust where the directors for the purposes of the Listing Rules are the directors of the Manager. The waivers provided for the following:

(a) 3.1.1(a): to exempt the Trust from incorporating in its Trust Deed those Listing Rules for which waivers outlined in the decision were granted;

(b) 3.3.1B(a): to exempt the Trust and the Manager from identifying which directors are independent no later than 10 business days following the Trust's annual meeting. The waiver was granted on the condition that the Manager announce to the market, within 10 business days of such determination, the names of those directors of the Manager deemed to be independent;

(c) 3.3.2 to 3.3.12: to exempt the Trust from compliance with such Listing Rules which relate to the process for the appointment of an issuer's directors. The waiver was granted on the basis that since listing, the Trust, nor any other listed unit trust, has been required to comply with these provisions; and

(d) 3.4.3: the directors of the Manager who are "interested", solely due to being a director of the Manager, may vote on transactions which the Manager is entering into for the purposes of the day-to-day management of the Trust. This waiver is conditional upon a director abstaining from voting on a transaction entered into by the Manager, on behalf of the Trust with another entity, in respect of which the director would otherwise be interested.

Unit purchase plan

On 30 March 2006, NZX granted the Trust a waiver from Listing Rules 7.3.4(ba) and 9.2.1 in respect of the Trust's Unit Purchase Plan ("UPP") allowing New Zealand resident unitholders to purchase up to $5,000 in new units. The waiver from Listing Rule 7.4.3(ba) allowed:

(a) the Trust to restrict the offer to participate in the UPP to New Zealand resident unitholders only (excluding overseas unitholders). This waiver was granted on the condition that the Trust may extend the UPP to overseas unitholders where the Trust would not be in breach of any legal requirement of the relevant jurisdiction;

(b) custodians holding units as nominee for a number of beneficial holders to subscribe for units pursuant to the UPP having an aggregate consideration in excess of $5,000 but up to a limit of $5,000 in respect of each beneficial holder. This waiver was granted on the condition that:

   (i) the offer is made to all unitholders (except those resident outside New Zealand), including custodians;

   (ii) the scaling of allotments (if any) is done proportionately for unitholders and beneficial unitholders;

   (iii) the certification requirements in respect of custodians contained in the Securities Act (NZX-Share and Unit Purchase Plans) Exemption Notice 2005 ("Exemption Notice") are clearly set out in the offer document distributed to unitholders;

   (iv) the offer document complies with the Exemption Notice; and

   (v) the offer document is approved by NZX.

The waiver from Listing Rule 9.2.1 provided that the issue of units to related parties pursuant to the UPP did not require unitholder approval. The waiver was granted on the basis that the involvement and personal interest of unitholders who were related parties had not, and were unlikely to have, influenced the promotion of the UPP and that all unitholders would be treated the same under the offer (excluding overseas unitholders).

Takeover offer for Urbus Properties Limited

On 11 October 2005, the Trust obtained a waiver from Listing Rule 9.3 in respect of the takeover offer for Urbus, to enable the trustee companies for MFL and SIL to vote on the cancellation of the Urbus Management Agreements. This waiver was granted on the condition that:

(a) the directors of MFL and SIL (excluding the Hon Philip Burdon, Paul Butler and David Atkins) certify that neither ING(NZ) nor the Manager influenced their voting, the board decisions were made without the input of the Hon Philip Burdon, Paul Butler and David Atkins, ING(NZ), the Manager or any associated persons of ING(NZ) and the Manager, and the boards of MFL and SIL (excluding the Hon Philip Burdon, Paul Butler and David Atkins) are independent of ING(NZ); and

(b) there is nothing in the management contracts for MFL and SIL or any other documents that prevent MFL and SIL from voting against the cancellation of the Urbus Management Agreements, or in any way cause detriment to MFL and/or SIL if either of them decided to vote against the cancellation proposal.

The Urbus Management Agreements were terminated on 3 February 2006, with effect from 14 October 2005.

Takeover of Calan Healthcare Properties Trust ("Calan")

On 1 December 2005, the Trust obtained a waiver from the requirements of Listing Rule 9.2.1 to allow it to acquire Calan units from ING (NZ)-managed funds as part of any takeover offer for Calan. The waiver was granted on the condition that:

(a) the Manager produce certificates from the independent directors of the Manager confirming that (i) ING(NZ)'s funds management division is at arm's length to the Manager and has no representation or influence on the board of the Manager; (ii) ING(NZ) will learn of the takeover offer at the same time as other Calan unitholders; (iii) the Hon Philip Burdon has no involvement in the decision to make the takeover offer; (iv) effective Chinese Walls are put in place between the Trust and ING(NZ); and (v) the takeover offer is in the best interests of unitholders of the Trust; and

(b) if ING(NZ) sells units it does so on the same terms and price as every other person selling Calan units; and

(c) there are no material changes to the transaction.

On 15 February 2006, NZX granted the Trust a waiver from Listing Rule 4.6.2(b) to enable the takeover offer to:

(a) provide cash only consideration for overseas Calan unitholders by way of a nominee/resale facility; and

(b) include alternative consideration (being the cash amount the unitholder would be entitled to under the takeover offer together with a cash equivalent of the Trust's units the unitholder would be entitled to under the takeover offer) for those Calan unitholders who, in accepting the offer in respect of all of their Calan units, would hold less than 200 units in the Trust.

Dividend Reinvestment Plan

On 14 September 2006, the Trust obtained a waiver from Listing Rule 7.11.1 to allow units to be allotted, pursuant to its dividend reinvestment plan ("DRP"), later than five business days after applications to participate in the DRP are required to be submitted.

Applications to participate in the DRP are required to be submitted by the Record Date (being 5pm on the date fixed by the Manager to determine unitholder entitlements to a distribution). Under the terms of the DRP, the price per unit is determined with reference to the period of seven days immediately following the Record Date for the relevant distribution, or if no sale occurs during that period, the net asset value per unit on the day immediately following the Record Date. On the strict application of Listing Rule 7.11.1, units to be allotted under the DRP would need to be allotted within five business days of the Record Date, which would be before the price for the units had been determined.

The waiver was granted subject to the following conditions:

(a) that the Trust will allot units pursuant to the DRP within two business days of payment of the relevant distribution; and

(b) that if the DRP does not proceed to allotment, and monies are returned to subscribers, the Trust will refund any interest accrued on such monies between the latest date on which applications for units close and the date of the refund.

Notes to the Financial Statements (cont.)

30. NZX waivers (cont.)

Acquisition and development of Block E, Albany

On 17 May 2007, the Trust obtained a waiver from the requirement to seek unitholder approval under Listing Rule 9.2 in respect of a transaction involving the Trust (i) acquiring a leasehold interest in Block E, Albany on Auckland's North Shore from the Albany City Holdings Limited (the nominee of the Albany City Joint Venture, an unincorporated joint venture owned by interests associated with the Symphony Group and the St Laurence Group) and (ii) entering into a development agreement with Symphony Projects Management Limited pursuant to which Symphony will develop the land (together the "Transaction"). The leasehold acquisition and development arrangements constitute a related series of transactions which include a "Material Transaction" of the Trust for the purposes of Listing Rule 9.2.2.

The waiver was granted subject to the following conditions:

(a) that each director of the Manager, other than Mr P C Brook, certify that:

   (i) the directors are satisfied that the personal connections with, involvement or personal interests of Symphony Group Limited (which owns 50% of the Manager through its ownership of Symphony Investments Limited) are immaterial and have not influenced the promotion of the Transaction or its terms and conditions;

   (ii) Symphony has not used its shareholding in the Manager to appoint nominees or representatives to the Manager's Board or to influence the day to day operation, management or decision making of the Trust;

   (iii) Mr CW Reynolds has not provided any advice to the Board of the Manager in respect of the Transaction;

   (iv) the Transaction and its terms will be undertaken on an arms length and commercial basis;

   (v) they consider entering into the Transaction to be in the best interests of the Trust's unitholders not associated with Symphony; and

   (vi) each of the development proposals under the development agreement will be approved by the Trustee.

(b) that at the time the Manager decides to proceed with a proposal for development pursuant to the development agreement (the "Development Proposal"), each director of the Manager, other than Mr P C Brook, certify that:

   (i) the directors are satisfied that the personal connections with, involvement or personal interests of Symphony are immaterial and have not influenced the promotion of the Development Proposal or its terms and conditions;

   (ii) the Development Proposal and its terms will be undertaken on an arms length and commercial basis; and

   (iii) they consider entering into the Development Proposal to be in the best interests of the Trust's unitholders not associated with Symphony.

(c) that each Development Proposal is approved by the Trustee in reliance on a report from a qualified adviser who is independent from Symphony and its associated persons.

Auditors' Report

Deloitte.

To the unitholders of ING Property Trust

We have audited the financial statements on pages 33 to 52. The financial statements provide information about the past financial performance and financial position of ING Property Trust and group as at 31 March 2007. This information is stated in accordance with the accounting policies set out on pages 36 to 37.

Board of Directors' Responsibilities

The Board of Directors of the Manager is responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of financial statements which give a true and fair view of the financial position of ING Property Trust and group as at 31 March 2007 and of the results of operations and cash flows for the year ended on that date.

Auditors' Responsibilities

It is our responsibility to express to you an independent opinion on the financial statements presented by the Board of Directors.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Board of Directors in the preparation of the financial statements, and
- whether the accounting policies are appropriate to the company and group circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. 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 obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor and the provision of due diligence services, we have no relationship with or interests in ING Property Trust or any of its subsidiaries.

Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by ING Property Trust and group as far as appears from our examination of those records; and
- the financial statements on pages 33 to 52:
  - comply with generally accepted accounting practice in New Zealand;
  - give a true and fair view of the financial position of ING Property Trust and group as at 31 March 2007 and the results of their operations and cash flows for the year ended on that date.

Our audit was completed on 20 June 2007 and our unqualified opinion is expressed as at that date.

Deloitte

Chartered Accountants
AUCKLAND, NEW ZEALAND

This audit report relates to the financial statements of the ING Property Trust for the year ended 31 March 2007 included on ING Property Trust's website. The ING Property Trust's Board of Directors is responsible for the maintenance and integrity of ING Property Trust's website. We have not been engaged to report on the integrity of the ING Property Trust's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 20 June 2007 to confirm the information included in the audited financial statements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Unitholder Statistics

Twenty largest unitholders

As at 30 April 2007

Unitholders	No of units	% of total issued units
MFL Mutual Fund Limited	173,444,475	32.02%
Premier Nominees Limited – ING Property Securities Fund	38,899,094	7.18%
Investment Custodial Services Limited	20,838,329	3.85%
HSBC Nominees (New Zealand) Limited	20,619,062	3.81%
National Nominees New Zealand Limited	10,267,549	1.90%
Accident Compensation Corporation	8,164,623	1.51%
Forsyth Barr Custodians Limited	7,367,602	1.36%
FNZ Custodians Limited	6,818,961	1.26%
ANZ Nominees Limited	6,523,457	1.20%
Forsyth Barr Custodians Limited	5,978,349	1.10%
Albany Power Centre Limited (in liquidation)	5,038,434	0.93%
Jarden Custodians Limited	4,400,000	0.81%
Custody and Investment Nominees Limited	4,152,399	0.77%
BT NZ Unit Trust Nominees Limited	3,794,991	0.70%
Custodial Services Limited	3,272,453	0.60%
Public Trust – Gif 46	3,000,059	0.55%
University of Otago	2,920,134	0.54%
Superannuation Investments Ltd – SIL Mutual Fund	2,916,298	0.54%
Sovereign Assurance Company Limited	2,505,699	0.46%
Asset Custodian Nominees Limited	1,776,191	0.33%
Total	**332,698,159**	**61.41%**
Total units on issue	**541,737,478**	

Substantial security holders

As at 30 April 2007

The following information is provided pursuant to section 26 of the Securities Markets Act 1988.

Unitholders	No of units	% of total issued units
MFL Mutual Fund Limited	173,444,475	32.02%
Premier Nominees Limited – ING Property Securities Fund	38,899,094	7.18%

The total number of units on issue in the Trust as at 30 April 2007 was 541,737,478.

Distribution of unitholders and holdings

As at 30 April 2007

	No of unitholders	Total units	% of total issued units
0 – 99	9	353	0.00%
100 – 199	5	816	0.00%
200 – 499	28	10,305	0.00%
500 – 999	97	75,170	0.01%
1,000 – 1,999	250	353,262	0.07%
2,000 – 4,999	1,420	5,080,860	0.94%
5,000 – 9,999	2,075	15,130,874	2.79%
10,000 – 49,999	4,211	89,746,668	16.57%
50,000 – 99,999	498	32,736,437	6.04%
100,000 – 499,999	228	36,165,385	6.68%
500,000 – 999,999	14	9,888,832	1.83%
1,000,000+	35	352,548,516	65.08%
Total	**8,870**	**541,737,478**	**100.00%**

Holdings of directors of the Manager (and their associates)

As at 30 April 2007

	Holdings (number of units)		
Directors	Non-beneficial	Beneficial	Associated person
Trevor Scott	4,583,301	1,004,389	–
Peter Brook	200,000	54,389	–
Michael Smith	–	100,000	–
Andrew Evans	35,111	–	–
David McClatchy	–	–	–
Hon. Philip Burdon	–	–	–

Directory

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Andrew Hardwick Evans, Auckland
Peter Clynton Brook, Auckland
Hon. Philip Ralph Burdon, Christchurch
David Malcolm McClatchy, Sydney
Trevor Donald Scott, Dunedin

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