ING Property Trust

ANNUAL REPORT 2009

Highlights

» $3.2m

Net property increase

Net property income increased by $3.2 million during the year and assessments by the independent valuers show the portfolio is 7.9% under-rented providing potential for rental growth in the year ahead

Contents

Front cover and above: Citigroup, Customs Street, Auckland

4.2yrs
WALT
A weighted average lease term of 4.2 years, providing strong rental security

8.0c
Distribution
A cash dividend of 8.0 cents per unit for the 12 months to 31 March 2009, meeting guidance

$1.1b
Portfolio
The most diversified NZX-listed property vehicle, with a portfolio of 95 buildings valued at $1.1 billion and over 290 tenants. The average size of the properties is $11.1 million, which is well within the liquid end of the property market

17
Properties sold
Taking advantage of the continued demand for investment property assets under $20 million with the sale of 17 properties for $116.0 million

» Active portfolio management and the remoulding of the property portfolio continued to ensure investors benefit from sound rental returns across the property cycle

$16.5m
Investment sold
The sale of the stake in ING Medical Properties Trust for $16.5 million, with the proceeds used to repay debt

98%
Occupancy
Occupancy in a difficult leasing environment is at 98%

» Chairman's report

In times of economic stress the fundamental investment principle of diversification becomes more important. ING Property Trust is diversified by sector, location, tenant mix and individual tenant. In this way the risk of a single tenant failure will not on its own have a major effect on the rental income from the property portfolio.

The strategy and resulting activity of the Trust during the year has been dominated by the worsening international economic situation and continuing recession in New Zealand. The Trust has ended the year in good shape and able to illustrate some of the advantages of its low risk diversified property investment and management strategy.

Importantly compared with its peers, the lower average value of the property assets in the Trust's portfolio allowed a successful sales campaign to meet our target of reducing the half year level of bank debt from 42% of total assets to a target of 36% prior to the annual revaluations. The difficult investment markets and the domestic recession both took a toll on property values and a devaluation of 8.1% in property value was announced at year end. This resulted in bank debt of 39.7% at year end and notwithstanding this, the sales strategy was a successful initiative.

The Trust's strategy over this difficult time is focused on three key areas:

- Risk mitigation – both income and value;
- Debt reduction; and
- Portfolio structuring for the future.

Risk mitigation, especially in an economic downturn, is an essential part of the Trusts activities. It is important to manage tenant relationships to identify as early as is possible any potential issues that may arise as a result of a tenant's business becoming financially stressed and consequently eroding the income levels of the Trust's portfolio. As directors, the earlier we become aware of a potential issue the better our opportunity to achieve a result that is in the best interests of both unitholders and tenants.

It is important to ensure that the correct investment management decisions are made in order to preserve and enhance the value of individual properties in the portfolio.

Debt reduction is the significant theme of most businesses in the world economy. What has been referred to as the great de-leveraging is a reversal of the last decade where the relatively cheap and easy access to debt has been a common way of enhancing returns to investors in most investment vehicles.

The potential for reduced availability of debt funding has rightly caused a strong focus on gearing levels and investment managers are looking to reduce the risk profile of their vehicles by reducing the level of gearing. The Trust has a focus on gearing levels and, albeit that the New Zealand market has been conservatively geared relative to international examples, a reduction to a targeted 35% gearing ratio is a key component of the Trust's overall strategy.

Portfolio structuring for the future is in recognition that while there is a need to concentrate on the immediacy of the current economic malaise, it is of fundamental importance to position the Trust well for the future as the dark recessionary clouds inevitably retreat. The portfolio should be positioned to enable the Trust to deliver strong and reliable returns to unitholders from well located and well managed property investments. There will be lessons learned from the recession and potentially the strengths of the diversified portfolio of the Trust will be better recognised and rewarded as the results of the recession are consigned to history.

In the current economic climate, the value of the Trust's properties declined by 8.1% for the year to 31 March 2009. This includes the 1.3% write down adopted in the interim accounts at 30 September 2008. An interim adjustment to values is not normal, however as the extent of the global downturn became increasingly evident the board considered that unitholders should be afforded as much information as possible and that an assessment was not just warranted but prudent.

The valuation announcements at year end carried two key messages.

- Property with lower average values remain liquid; and
- Values were supported by actual sale price levels achieved by the Trust.

The reduction in the property values still leaves the unit price at a heavy discount to the asset backing.

During the year there was a change in ownership of the management company. The management company is owned and operated independently of the Trust.

The management company was 50% owned by ING (NZ) Limited with the other 50% owned by Symphony Investments (2007) Limited. The entire management company is now owned by ING (NZ) Limited. The board acknowledge and thank Symphony Group for its contribution to the Trust from its inception.

Overall, in spite of a difficult environment, the Trust's portfolio remains in excellent shape and is well positioned to deliver good returns for the coming year. Investors can expect to see a continuation of its strategy to preserve and grow long term value from the property portfolio.

The occupancy level in the portfolio remains strong at 98%, and the 85% tenant retention rate and 4.2 year weighted average lease term remain attractive. We continue to be convinced that a well diversified portfolio of good quality and well located properties will deliver solid returns from a relatively conservative risk platform.

We wish to thank all investors for their ongoing support and we look forward to continuing our work for and with you in the year ahead.

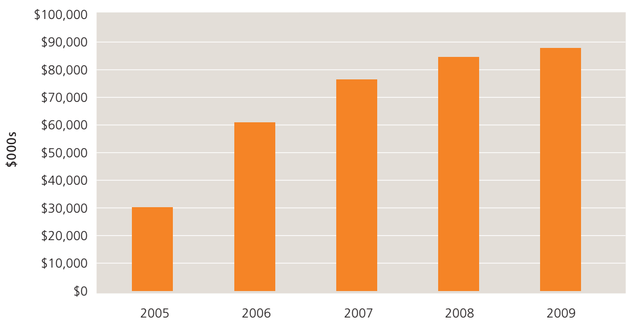
Michael Smith
Chairman, ING Property Trust Management Limited

	2005 (NZ GAAP) $000s	2006 (NZ GAAP) $000s	2007 (NZ IFRS) $000s	2008 (NZ IFRS) $000s	2009 (NZ IFRS) $000s
Financial summary					
Net property income	30,302	61,023	76,514	84,657	**87,838**
Profit before financial income/(expenses) and other gains/(losses)	26,672	53,545	73,039	75,272	**77,484**
Revaluation gain/(loss)	13,126	49,530	87,236	43,041	**(89,901)**
Profit/(loss) for the year (after taxation)	32,498	91,415	102,330	71,748	**(63,094)**
Earnings per unit – cents per unit	10.76	10.25	19.06	13.49	**-12.15**
Investment properties, plant & equipment	351,291	862,425	1,042,354	1,167,317	**1,059,343**
Total assets	356,043	915,444	1,103,468	1,214,115	**1,081,807**
Debt-to-total-assets ratio	25.0%	31.5%	32.0%	37.7%	**39.7%**
Cash Distribution to unitholders – cents per unit	8.14	9.39	8.67	8.70	**8.00**
Net assets backing per unit – cents per unit	109	117	130	136	**109**
Total equity	262,175	614,831	706,941	700,528	**577,076**

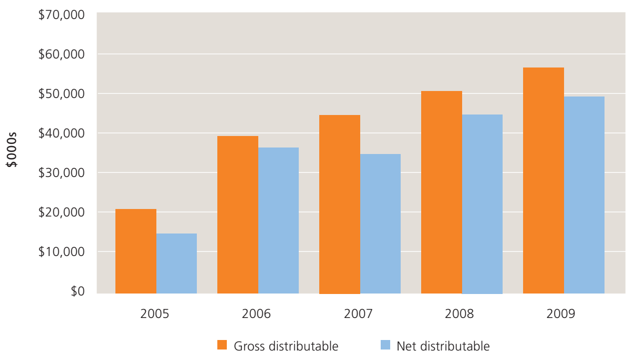
Note: – 2005 and 2006 were reported under NZ GAAP.

	2005	2006	2007	2008	2009
Property metrics					
Occupancy factor (sqm)	99.3%	99.4%	99.8%	99.1%	**97.8%**
Weighted average lease term	5.00	4.81	4.79	4.65	**4.24**
Number of tenants	165	350	361	336	**286**
Number of properties	43	95	97	104	**93**
Average property size ($m's)	$8.17	$9.08	$10.55	$10.69	**$10.36**
Net lettable area (sqm)	204,740	511,800	540,756	593,267	**582,962**

Net property income



Distributable income



» Manager’s report

The Trust's diversified property portfolio of lower average value properties provide strengths with flexibility because the market for property in this size range remains relatively liquid and earnings security resulting from the strongly diversified cash-flow characteristics.

With the continuing difficult economic environment, the relative benefit of the Trust’s property portfolio can be seen.

The last year has seen the realisation of many fears over the depth of the worldwide economic fallout with many domestic economies around the world in substantial difficulty.

It is to some extent true that risks are generally most recognised when they are faced. The year under review has seen some of the risks that are associated with property ownership realised. There have been reductions in property values and decreased liquidity in the markets. There have been increased vacancy levels and in some cases negative growth in market rental levels. Overall it has been a difficult market in which to operate a property investment portfolio. It is though, a market where the risk averse nature of the ING Property Trust portfolio has some key strengths. The portfolio ended the year with strong occupancy levels, good tenant retention ratios and solid income figures. There remain economic challenges ahead but the Trust’s property portfolio remains relatively well positioned to meet these challenges.

The similarities and the differences to the 1987 property crash in the current property market are notable and provide perspective, wisdom and comfort when considering the management of the portfolio now and the planning for its future.

What we refer to as the property cycle is in real terms the length of time it takes the property market in general to respond to the demand drivers from the economy. The less excess capacity, the faster the property market will respond and as a result the sooner an equilibrium position is attained.

The big issue with the 1987 crash was the addition of large quantities of additional space to a weak and declining market. Increased supply in the face of declining demand was clearly not a great economic strategy.

One of the benefits in the timing of the current recession is that there is little new supply that has been or is being added to the market. This means that the negative rental growth that is fuelled by the level of vacancy in the market will be more modest.

Sales

With the focus on debt levels, asset sales that had been proposed for future years were brought forward to reduce the portfolio weighting to the retail sector and to reduce the Trust’s debt levels in line with the conservative property management strategy. During the year the Trust sold 17 properties for a total of $116.0 million.

The sale of 16 properties was achieved in the last six months of the financial year. This was a time when the investment markets were in poor shape, at sale prices all within 10% of the valuations as at 31 March 2008. This is a graphic illustration of the strength of the lower average property value of the Trust’s property portfolio.

Property sold

Address	Sector	Sales price	Settlement date
2-14 Railway Street, Auckland	Commercial	$6,500,000	19/6/08
127 Newton Road, Auckland	Industrial	$3,700,000	11/12/08
Cnr Spa Road & Tongariro Street, Taupo	Retail	$8,585,000	18/12/08
Cnr Worksop & Queen Streets, Masterton	Retail	$4,720,000	30/1/09
11 McCormack Place, Wellington	Commercial	$4,950,000	19/2/09
2-6 Park Avenue, Auckland	Commercial	$8,700,000	26/2/09
Cnr Bridge & Anglesea Streets, Hamilton	Retail	$4,563,000	27/2/09
477 Great South Road, Auckland	Industrial	$5,300,000	27/2/09
12 Henderson Place, Auckland	Industrial	$2,970,000	12/3/09
Cnr Queen Street West & King Street North, Hastings	Retail	$6,750,000	20/3/09
Cnr Main & Albert Streets, Palmerston North	Retail	$3,700,000	20/3/09
101 Garnet Avenue, Hamilton	Commercial	$8,875,000	24/3/09
1-11 The Strand, Parnell, Auckland	Commercial	$11,850,000	26/3/09
12-22 Hawkestone Street, Wellington	Commercial	$15,300,000	26/3/09
1 Elizabeth Street, Tauranga	Commercial	$10,250,000	27/3/09
59-63 Druces Road, Auckland	Industrial	$3,750,000	31/3/09

In addition, cnr Munroe and Dickens Streets, Napier was sold with settlement after 31 March 2009.

Property purchased

Address	Sector	Purchase price	Settlement date
7 Wagener Place, St Lukes, Auckland	Retail	$19,000,000	11/4/08
32 Bell Avenue, Mt Wellington, Auckland	Industrial	$9,082,000	20/6/08
9 Ride Way, Albany, Auckland	Industrial	$17,000,000	24/7/08
308 Port Hills Road, Christchurch	Industrial	$7,578,600	1/8/08

Acquisitions

While the Trust has been a net seller of assets over the year, as an active manager there has also been modest acquisition activity. During the early part of the year and as predicated in the last annual report, the Trust acquired a new industrial property at Port Hills Rd in Christchurch and a well located bulk retail property in Wagener Place adjacent to the Westfield St Luke's Shopping Centre. The Wagener Place property is being redeveloped in stages and will upon completion provide a good quality asset in a very sought after retail location.

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 where appropriate and ensuring the future return/risk profile of an asset meets the Trust's ongoing criteria. Part of the Trust's strategy is to acquire portfolios to re-position and rationalise over time. In addition, the Manager will review the strategy for individual property assets from time to time and where appropriate will recommend the disposal of properties.

With the decreasing economic activity levels during the year, management has increased focus on tenant retention and mitigating risk levels in the portfolio. Tenant retention has been assisted by the change in the nature of the demand where tenants have not only become more cost conscious and are reluctant to commit to the expenditure required to relocate, but are also aware of their corporate image and do not wish in many circumstances to present themselves in an environment that could be considered overly opulent. This trend has effected some changes in the management and upgrade plans for assets within the portfolio and has in general been of some assistance in working with tenants to fit the buildings to suit their future wants and needs.

Looking ahead

There is little doubt that the market will continue to be challenging for the year ahead. The Trust is however, positioned with a well diversified property portfolio of good quality property in strong locations. The income streams from the portfolio are diversified by use and by tenant contributing rental returns that remain resilient in a difficult environment.

We expect that there will be a degree of negative rental growth in the market and that this will naturally be focused principally on the areas where the vacancy is more pronounced. In addition, there are affordability issues related to the retail sector where some occupiers will require the temporary co-operation of their landlords in order to survive to fight another day.

The international and domestic economies continue to face challenges but the Trust's portfolio is well positioned for this environment and the well diversified nature of the portfolio and its income stream provide a relatively sound base to generate positive returns in the year ahead.

	2005 (NZ GAAP) $000s	2006 (NZ GAAP) $000s	2007 (NZ IFRS) $000s	2008 (NZ IFRS) $000s	2009 (NZ IFRS) $000s
Distributable income					
(Loss)/profit before income tax	25,608	44,884	139,595	90,993	**(64,418)**
Adjusted for:					
Revaluation losses/(gains)	–	–	(87,236)	(43,041)	**89,901**
Investment properties disposal loss/(gain)	(4,243)	(6,911)	(6,672)	183	**9,610**
Capital gain/(losses) on disposal	–	1,335	(1,681)	1,534	**12,432**
Investment disposal loss	–	–	–	–	**3,829**
Derivative fair value adjustment	–	–	(129)	223	**4,472**
Management right amortisation	–	549	1,317	1,317	**1,317**
Gross distributable	21,365	39,857	45,194	51,209	**57,143**
Current tax	6,243	3,000	9,798	8,070	**7,836**
Other tax adjustment	–	–	93	(2,182)	**(557)**
Net distributable	15,122	36,857	35,303	45,321	**49,864**

Note: – 2005 and 2006 were reported under NZ GAAP.

» Board of Directors

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.

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, and was Director of the parent company for a number of years. Mr Smith is a director of a number of public and private companies including Hauraki Private Equity No. 2 Fund, ING (NZ) Holdings Limited (Chairman) and Maui Capital Limited. Mr Smith is also the Chairman of The Lion Foundation. Mr Smith's previous directorships include Lion Nathan Limited, Fonterra Co-Operative Group Limited, Auckland International Airport Limited and Fisher & Paykel Healthcare Corporation Limited.

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 Limited, Whitestone Cheese Limited and Harraway and Sons Limited. In addition, Mr Scott is a member of the Advisory Board of Marsh NZ Limited and a Director of the New Zealand Seed Fund, Neuron Pharmaceuticals Limited and several other private companies.

Mr Scott was inducted into the New Zealand Business Hall of Fame in 2007.

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, ING Medical Properties Limited, Burger Fuel Worldwide Limited and several other private companies.

The Hon Philip Burdon Director

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. 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 the current Chairman of the Asia 2000 Foundation and the past Chairman of the APEC Business Advisory Council, and is a member of the International Advisory Board for the Hong Kong Policy Research Institute.

David McClatchy Director

Mr McClatchy is Chief Executive Officer of ING Investment Management Limited (an Australian company). Mr McClatchy has 23 years' experience investing in property, fixed income and equities in Australia, New Zealand and internationally. In his current position, Mr McClatchy has responsibility for all domestic and international investment management activities for ING Investment Management Limited. He has been with the ING Group for the past 16 years managing equity and fixed income mandates and 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.

Andrew Evans Director

Mr Evans is an accomplished executive who is highly experienced across the fields of commercial real estate and asset management, having held the position of Managing Director of the Manager for four years until stepping down in 2007. Prior to this, Mr Evans was responsible for the direct property mandates at ING (NZ) Limited, where he was the General Manager, Property. Other governance roles held by Mr Evans are with ING Medical Properties Limited and Holmes Group Limited where he is a director. In addition Mr Evans is a past National President of the Property Council of New Zealand and a foundation member of the New Zealand Property Institute.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Our people

As ING Group is the world's second largest real estate management firm[1], the Trust benefits from having all the expertise of a global real estate group at its fingertips.

When you do business with or invest in ING, you are dealing with an international organisation whose stability and strength offer you the assurance that we have the expertise and skills to meet your needs. The ING Group has significant experience in developing, financing and managing property, with over US$106 billion of property assets worldwide.

We believe that our people are an integral part of our business. The ING (NZ) Limited Real Estate team is made up of 18 well-qualified and experienced property professionals who perform at the highest level in the industry. They are supported by an equally committed and competent administration and accounting staff of 10.

The business principles of the Trust are based on the values of ING (NZ) Limited: entrepreneurship, professionalism, teamwork, responsiveness and integrity. We encourage our team to apply these principles to every aspect of their work.

1 Peter Mence
2 Stuart Harrison
3 Warren Cate
4 Bridget Spraggon
5 Brett Plummer
6 Marilyn Storey
7 Tony Frost
8 Saatyesh Bhana

[1] Pensions and Investments (December 2008)

Our team

Peter Mence General Manager

Peter's property career spans over a quarter of a century working with firms like Progressive Enterprises, Challenge Properties, Green & McCahill and CB Richard Ellis. Peter joined ING (NZ) Ltd (then Armstrong Jones) in 1994 and was appointed General Manager of ING Property Trust Management in 2007. He has been an integral part of the management of ING Property Trust since ING commenced management of the Trust in 2003.

An engineer by background, Peter has responsibility for the activities and the performance of the Trust.

Stuart Harrison

Chief Financial Officer and Company Secretary

Stuart commenced with the Real Estate division of ING (NZ) Ltd in September 2008 and is responsible for overseeing the financial and corporate functions of the Trust.

Along with a Bachelor of Commerce and Chartered Accountant qualifications, Stuart has 24 years of financial reporting and management experience within the Chartered Accountancy, utilities and hospitality/property industries. Most recently he was the Vice President-Finance for NZX listed Millennium and Copthorne Hotels New Zealand Ltd and subsidiaries, which also include CDL Investments New Zealand Ltd.

Bridget Spraggon

Marketing and Communications Manager

Joining the Real Estate team in January 2008, Bridget is responsible for the marketing and communications for all ING (NZ) Limited's Real Estate business.

Suitably qualified with an MA and a Postgraduate Diploma in Business Administration (Marketing) from Auckland University, Bridget brings a wide range of experience from the publishing and wine industries. Bridget joined ING (NZ) Ltd in 2007, as a Communications Executive.

Warren Cate Asset Manager

Warren is responsible for a wide variety of properties in the Trust's portfolio. In addition to strategic management and financial performance accountabilities, Warren's extensive property industry experience is utilised to good effect in the investigation and analysis of many of the Trust's property acquisition initiatives.

Graduating from Auckland University with a Bachelor of Engineering, Warren has held a wide variety of roles over 20 years in the industry including a general management position at DB Breweries, Property. Warren joined the Real Estate team at ING (NZ) Ltd in 1995, making him one of the longest serving members of the property team.

Tony Frost Asset Manager

Tony's property career spans over 30 years and includes a wide variety of property and development management roles in private and public sector entities. Reflecting his experience in the industry, many of the development projects he completed while working for previous employers are now assets held within the Trust's portfolio.

Tony joined the ING (NZ) Ltd Real Estate team in 2007 and has responsibility for a varied portfolio of the Trust's properties.

In addition to strategic management and financial performance accountabilities Tony is particularly effective at investigating and analysing development projects, using his extensive property industry experience to enhance many of the Trust's portfolio initiatives.

Marilyn Storey Asset Manager

Marilyn has recently been appointed to the ING (NZ) Ltd Real Estate team and carries the responsibility for the Trust's Manawatu Business Park project. Marilyn is developing a new business plan for the project and is working to maximise the opportunities this exciting initiative offers.

Well qualified with a Master of Business Administration and a bachelor degree in both property and commerce, Marilyn joined ING after operating her own property projects consulting business. Her work experience beyond her own business includes a period working in property, operational and change management for Babcocks at the Devonport Naval Dockyard in Auckland.

Saatyesh Bhana Asset Manager

Saatyesh is responsible for the strategic management and financial performance of a portfolio of properties predominantly located in the Wellington region. He is also the Trust's New Zealand Green Building Council Champion. Saatyesh began his property career in his home town of Wellington 12 years ago, and has worked with a wide variety of private sector and listed property businesses. Joining ING (NZ) Ltd in 2005 initially as cover for parental leave, Saatyesh has been a valuable addition to the property team.

Saatyesh graduated from Massey University in 1996 with a Bachelor of Business Studies (Valuation and Property Management).

Lawrence Morgan Senior Property Manager

Lawrence is responsible for the strategic management and financial performance of a portfolio of properties. He also is responsible for two full-time Property Managers who administer the day-to-day requirements of the property portfolio and tenants.

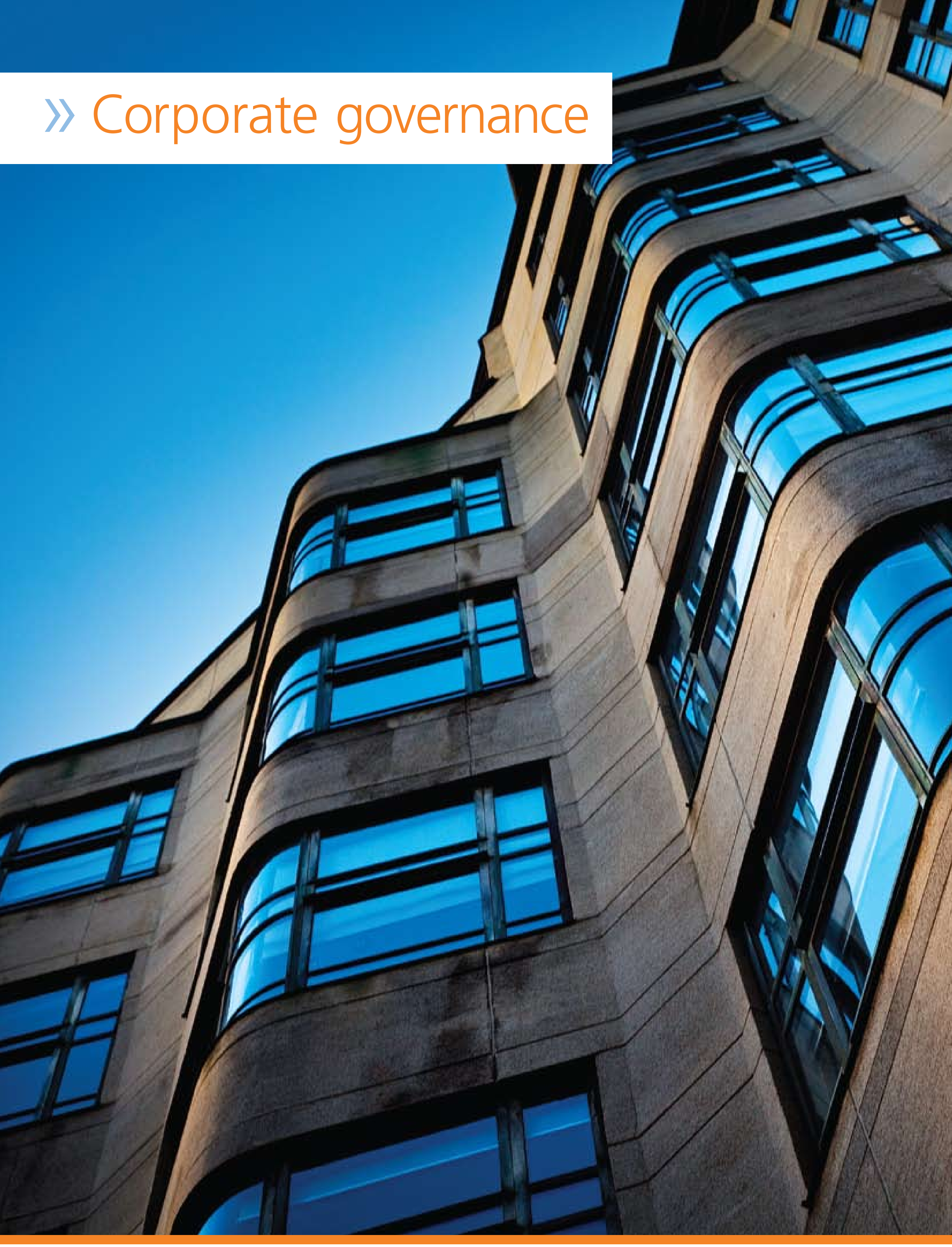
Graduating from Auckland University with a Bachelor of Property in Valuations, Property Management and Building Technology in 1988, Lawrence's career has included both public and private sector exposure. This has been dominated by a 10-year period with ASB Bank where he gained experience in all areas of building and property management. Lawrence joined the ING (NZ) Ltd team in 2007 as a Senior Property Manager.

Brett Plummer Senior Property Manager

Brett is currently responsible for the strategic management and financial performance of a portfolio of properties. Brett has held various property management, development and investment management positions during his 17 years in the property industry, in New Zealand and in the United Kingdom.

A graduate of Lincoln University with a Bachelor of Commerce in Valuation and Property Management, Brett gained valuable experience working in a variety of private and public sector organisations, including a brief period at ING Barings in London, before joining ING (NZ) Ltd in 2007.

» Corporate governance



Te Puni Kokiri, Wellington

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, 17 October 2006 and 17 December 2008.

ING Property Trust units are listed on the New Zealand Stock Exchange (NZX code: ING).

A copy of the amended Trust Deed is available from ING Property Trust Management Limited (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 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 has certain discretions and powers to approve investment and divestment proposals recommended to it by the Manager.

The Trustee is entitled to receive fees in respect of its services not exceeding 0.075% per annum of the average of the Gross Value of the Trust Fund plus reasonable reimbursement for special attendances.

The Manager

The Manager of the Trust is ING Property Trust Management Limited, a company owned 100% by ING (NZ) Limited. On 4 February 2009 ING (NZ) Limited acquired the remaining 50% of the shares in the manager from Symphony Investments (2007) 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.

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.

Stipulated within the Trust Deed is the basis on which the Manager is entitled to receive management fees and incentive fees. Management fees are charged at 0.6% per annum of the average of the Gross Value of the assets of the Trust Fund. The Incentive Fee is 10% per annum of the amount of outperformance. When outperformance exceeds 15%, the excess is carried forward to the next quarter and when performance does not exceed the 10% threshold, a deficit is carried forward to the next quarter. Excesses and deficits can only be carried forward for up to 24 months. The remuneration of the Manager includes the remuneration of the general manager and management team.

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 (NZX Code) and the Securities Commission's Principles of Corporate Governance and Guidelines, 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, maintaining confidentiality of information, 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 Constitution of the Manager provides for there to be not more than six Directors. All the members of the Board are Non-Executive Directors. The members of the Board are listed below and their brief resumés are included under "The Board of Directors" on pages 8 and 9.

Attendance of Directors

Director	Meetings attended
Michael Smith (Chair)	9 of 10
Andrew Evans	10 of 10
David McClatchy	7 of 10
Hon. Philip Burdon	9 of 10
Peter Brook	10 of 10
Trevor Scott	9 of 10

The Board does not impose a restriction on the tenure of any Director as it considers that such a restriction may lead to the loss of experience and expertise from the Board.

Independent Directors

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. The procedures in place for determining independence is whether the Director is independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement. As required under Rule 3.3.1A, the Board has determined that Peter Brook and Trevor Scott are considered to be Independent Directors under the NZSX Listing Rules as neither has a Disqualifying Relationship with the Trust. 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 Rule 3.3.1. This is a significant innovation and was a first for the listed property trust sector in New Zealand. Unitholders are 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.

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.

Insider Trading and Restricted Persons Trading

The Manager's Directors, officers and employees, their families and related parties must comply with the Insider Trading policy and the Restricted Persons Trading policy. Amongst other requirements this identifies two "black out periods" where trading in the Trust's units is prohibited, namely between 1 March until the day following the full year announcement date and from 31 August until the day following the half year announcement date each year. Ongoing fixed trading by participation in the Dividend Reinvestment Plan (DRP) is available throughout the year. At all other times trading requires that an application is made and approval obtained from any two Directors or a Director and the Chief Financial Officer in order to buy or sell units. The holdings of directors of the manager is disclosed in the section headed Directors' Disclosures on page 71.

Directors and officers indemnification and insurance

The Trust has arranged directors and officers liability insurance covering Directors, senior executives and employees for their personal liability arising out of duties as Directors and officers and reimburse the Trust where it has indemnified its Directors.

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.

Remuneration Committee

The Board 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 of $252,500 each year. However, this limit cannot be increased without the approval of unitholders.

Nominations Committee

The Board does not maintain a Nomination Committee as it is not deemed necessary as Directors are appointed in accordance with the Manager's constitution.

Audit Committee

The Board has established an Audit Committee, which is responsible for overseeing the financial and accounting responsibilities 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 with particular reference to financial matters, 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 interim financial statements prior to submission for Board approvals;
- Reviewing the performance and independence of the external auditor; and
- Monitoring compliance with the Unit Trusts Act 1960, Financial Reporting Act 1993, Companies Act 1993 and the NZSX Listing Rules.

Attendance at Audit Committee

Director	Meetings attended
Trevor Scott (Chair)	4 of 4
Michael Smith	3 of 4
Peter Brook	4 of 4

External audit firm guidelines

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.

The Audit Committee is responsible for recommending the appointment of the external auditor and maintaining procedures for the rotation of the external audit engagement partner. Under the Audit Charter, the external audit engagement partner must be rotated every five years.

The charter covers provision of non-audit services with the general principle being applied that the external auditor should not have any involvement in the production of financial information or preparation of financial statements such that they might be perceived as auditing their own work. It is however appropriate for the external auditor to provide services of due diligence on proposed transactions and accounting policy advice.

External Audit for ING Property Trust – following careful consideration and recommendation from the Audit Committee, the Board appointed the firm of Deloittes as the Trust's statutory and compliance auditor.

External Audit of the Manager – the firm of Ernst & Young has been appointed as the auditor of the Manager – ING Property Trust Management Limited.

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 interim 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 investor roadshow; and
- The Trust's website **www.ingproperty.co.nz**.

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.

» Strategy

The current investment markets are anything but usual and as a consequence the Trust's strategy while unchanged in the long term, has seen some changes in the more immediate term as a result of the increased focus on debt and the worldwide focus on debt funding.

Great South Road, Auckland

The immediate strategy is concentrated in three key areas as covered in the Chairman's report on page 2. In summary, the three key areas of focus currently are:

Risk mitigation – both income and value;

Debt reduction; and

Portfolio structuring for the future.

Risk mitigation
It is important to manage tenant relationships to identify as early as is possible any potential issues that may arise as a result of a tenant's business becoming financially stressed and consequently eroding the income levels for the Trust's portfolio. As managers, the earlier we become aware of a potential issue the better our opportunity to achieve a result that is in the best interests of both unitholder and tenant.

It is also important to ensure that the correct investment management decisions are made in order to preserve and enhance the value of individual properties in the portfolio.

Debt reduction
The potential for reduced availability of debt funding has caused a strong focus on gearing levels. The Trust has a focus on gearing levels and a reduction to a 35% gearing ratio is a key target.

Portfolio structuring for the future
The portfolio should be positioned to enable the Trust to deliver strong and reliable returns to unitholders from well located and well managed property investments.

An interim adjustment to property values is not normal, however the board considered that unitholders should be afforded as much information as possible and that an assessment may be prudent.

The long term investment strategy of the Trust remains unchanged however and of key importance is the degree to which individual assets meet the current and the potential future wants and needs of tenants in the target market. One key aspect is the property location and the relative attractiveness of one location over another has again been shown to be a fundamental issue in the performance of a property asset in the current, more challenging economic environment.

An asset such as the Trust owned Stewart Dawsons Corner in Wellington will never be in the wrong location and clearly represents a quality investment, in spite of being well over 100 years old. Buildings such as the Citigroup Centre in Auckland's central business district are now in a better location than when the property was acquired by the Trust, due to the change in location preference of occupiers to focus on the Waitemata Harbour and the city's transport hub.

Active management philosophy

The Manager actively manages the existing portfolio to ensure that the quality of the portfolio is maintained and, where possible, enhanced. Key facets of this philosophy are both a divestment and acquisition programme, and actively managing and investing in existing assets to improve investment quality levels.

It is essential to manage the tenancy relationship to ensure that tenants are appropriately treated and that any opportunities to add value or security to the income from lease are acted on. In a difficult economic period this approach is unlikely to be solely focused on rental income. It is likely that the Trust's unitholders would be better served by an holistic approach to the income stream with other issues considered such as lease term, security of tenure, and future rental growth potential.

Diversification

The Manager will continue to develop a well balanced, diversified portfolio by actively identifying types of property, tenant, or business that are either under or over represented in the portfolio, having regard for changes, or potential changes, to risk weightings effected by the domestic and international economic environment.

Value range

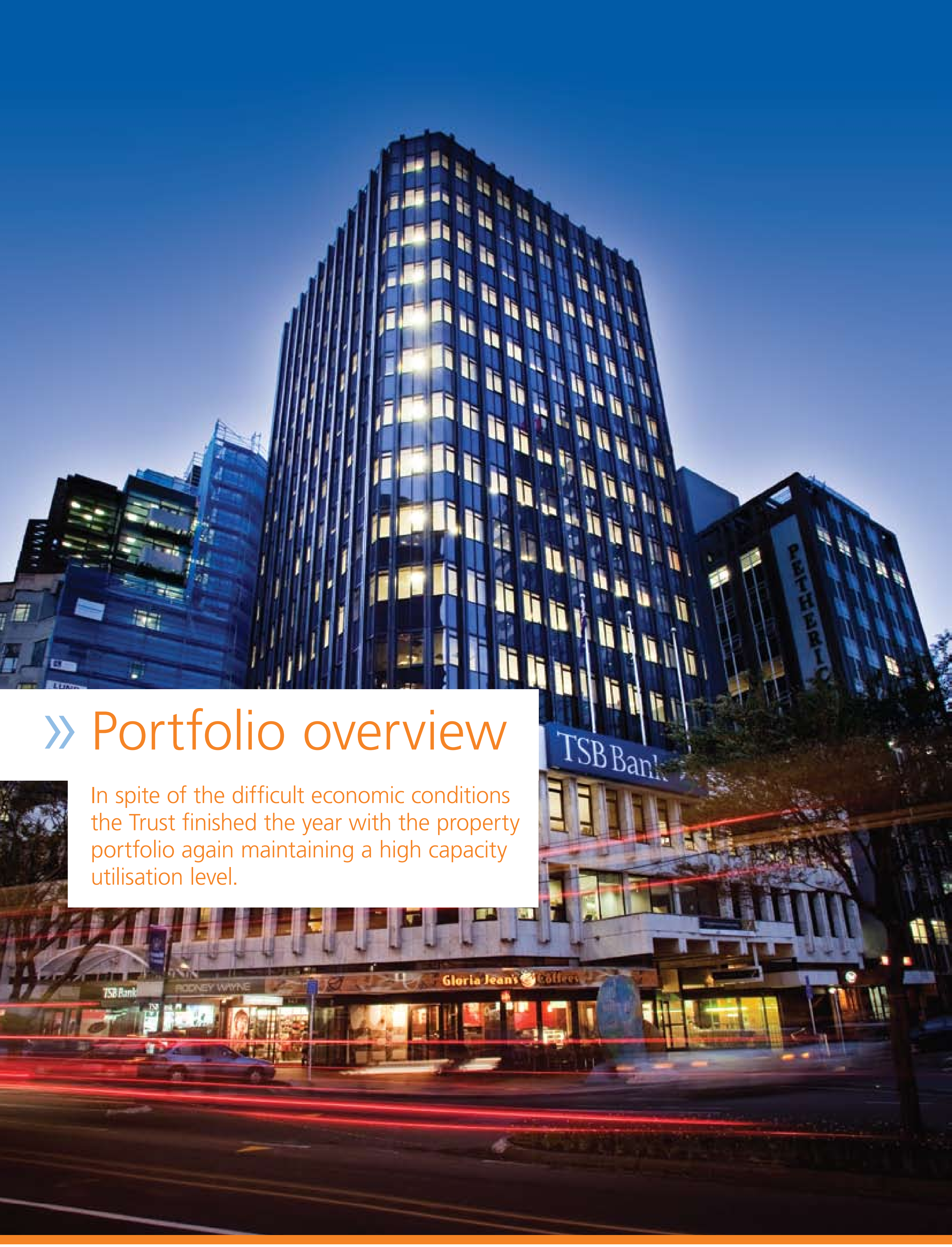
The Manager targets the acquisition of properties having a value between $10 million and $100 million. The Manager will also consider larger portfolio and corporate acquisitions and properties that have strategic benefit to the Trust.

It is considered appropriate to maintain an appropriate number of assets in the portfolio at the lower end of this range to ensure that the Trust continues to have the best chance of being able to transact in the area of the market that remains relatively liquid in an economic recession.

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 when it is producing a less than commercial return, at the time of purchase.

This initiative has improved the position of the Trust in the current environment.



» Portfolio overview

In spite of the difficult economic conditions the Trust finished the year with the property portfolio again maintaining a high capacity utilisation level.

Waring Taylor Street, Wellington

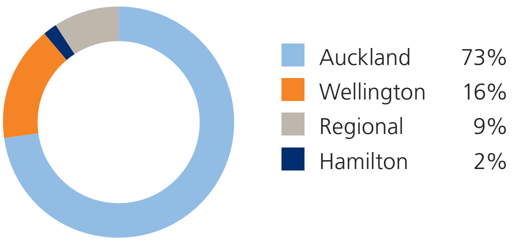
Portfolio statistics

	Total properties	Commercial	Industrial	Retail
Number of buildings	93	23	47	23
Market value of assets ($m)	$963.7	$326.0	$337.3	$302.4
Net lettable area (sqm)	582,962	100,405	340,156	142,401
Vacancy factor (sqm)	2.20%	6.58%	0.97%	2.22%
Weighted average lease term (years)	4.24	3.74	4.82	4.51
Average value ($m)	$10.4	$14.2	$8.3	$13.1
Passing yield	8.51%	8.66%	8.90%	7.96%

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.

Total portfolio by region



Total portfolio by sector

Portfolio occupancy and tenant retention

In spite of the difficult economic conditions the Trust finished the year with the property portfolio again maintaining a high capacity utilisation level. Occupancy at year end was 98%, a slight decrease on the 99% that had been maintained for the prior four years but a very strong level none the less. Over the coming year there is a further 14.8% of leases that are due to expire and this area always requires constant focus. The property management team is in discussion with tenants whose leases are due to expire over the next 24 months 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 85% during the year. In real terms this equates to 38 tenants being retained, representing 61,000 sqm of space and $9.3 million of annual rental.

In the current environment it is likely that tenants will be more likely to remain in their premises but will increasingly look for shorter lease terms and renewal periods due to their focus on costs and the general uncertainty.

Portfolio weighted average lease term. (WALT)

The weighted average lease term ended the year at 4.2 years, the slight reduction from last year's 4.7 years being a reflection of the trend mentioned earlier for tenants to be more disposed to renew existing leases on shorter terms reflecting the uncertainty of the current economic situation. The 4.2 years weighted average lease term is a solid result from a risk management perspective especially when recognition is given to the breadth and depth of the portfolio as well as the highly diversified nature of the buildings, tenants and locations.

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

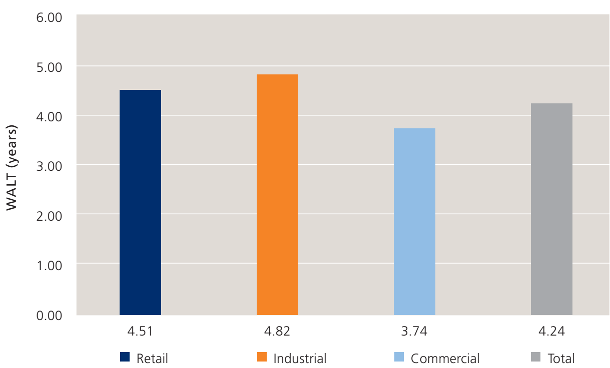
Rental reviews and new leases

It has been another successful 12 month period in terms of rental reviews. During the reporting period, rental increases were achieved, accounting for a total of $2.6 million of additional rental income at an average increase of 8.4%. On an annualised basis this equates to an increase of 4.2%.

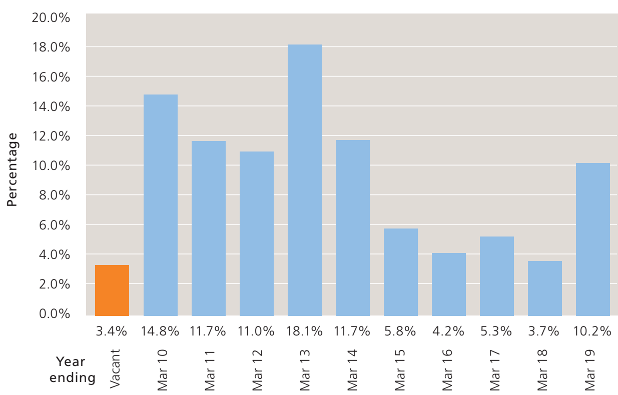
Over the financial year, 111 rental reviews have been completed which account for a total of $2.6 million of additional rental income. While this equates to an annualised increase of 4.2%, the portfolio is assessed as being under-rented by 7.9%.

The Manager has maintained focus on actively managing tenants and upcoming vacancies to ensure that a high level of portfolio occupancy is maintained. During the period 70 new leases were entered into. This represents 138,450 sqm leased to new tenants, producing $16.6 million of net rental per annum. The average lease term from the new leases is an attractive 5.9 years.

WALT holding by sector



Lease expiry by rent



New leases and lease extensions

Sector	Floor area (sqm)	Average lease term (years)
Commercial	12,930	6.63
Industrial	87,449	3.51
Retail	38,071	8.18
TOTAL	138,450	5.95

Rent reviews

Sector	Number of reviews	Annualised rent increase
Commercial	53	6.0%
Industrial	20	3.0%
Retail	38	2.7%
TOTAL	111	4.2%

Valuations

Clearly with the global economic torment, there was potential for a devaluation of the property portfolio at year end, and the Trust's portfolio was assessed as being 8.1% lower in value than at the same time last year. This includes the 1.3% decline taken at the interim results in September 2008. While an interim valuation is unusual and is not required the Board took the step of having values at the half year reassessed based on the changes then evident in the market in order to provide unitholders with the most up to date relevant information at the time.

There are two key points to be taken from the revaluation at year end. Firstly, the level of decline was not as much as had been suggested by others in the market, (and in particular with the unit price trading at a much greater level of discount), and secondly, that the values arrived at were backed up by a number of transactions. This again lends strength to the Trust's strategy of investing in diversified and lower average value assets.

The revaluation, when combined with the taxation implications has effected a change to the Trust's net asset backing per unit, reducing from $1.33 to $1.08.

Properties are held at current market value, as assessed by an independent valuer. The valuation policy of the Manager is that independent registered valuers complete property valuations of each property of the Trust, in each financial year. The same valuer does not value a building for more than two consecutive years, resulting in a rotation of valuers on a regular basis.

The Trust's portfolio has an average yield on contract rental of 8.51% and a yield on market income of 9.18%, notably softer than the 8.15% recorded at the end of last year.

The difference between the yield on contract income and the yield on market income is evidence of the contract rentals being assessed as being beneath the current market levels and irrespective of the future rental growth profile, this is clearly a relatively strong position to be in.

» Industrial portfolio

The Trust has been fortunate in being able to maintain good occupancy levels with vacated space being committed to new tenants with little loss of income through vacancy periods.

Occupancy within the industrial sector has shown increasing vacancy during the year through business contraction, and in some cases failure, particularly where these businesses were highly geared or financially stretched beyond sustainable levels. However much of this space has been absorbed by businesses that are expanding or establishing themselves in the market.

Of note is that the current demand is for space of lesser areas than has been the case over the last decade and as a consequence, some larger spaces have required division to accommodate two or more tenants in the same property.

Property address	Net lettable area (sqm)	Vacant space (sqm)	Vacant space (%)	Current value
2 Carmont Place, Mt Wellington, Auckland	4,104	0	0.00%	$4,920,000
67 Dalgety Drive, Manukau City, Auckland	6,998	0	0.00%	$4,280,000
Springs Junction, East Tamaki, Auckland	27,338	0	0.00%	$27,400,000
19 Richard Pearse Drive, Mangere, Auckland	4,529	0	0.00%	$6,200,000
26 Ascot Ave, Mangere, Auckland				
94 Cryers Road, East Tamaki, Auckland	3,128	0	0.00%	$3,550,000
Cnr William Pickering Drive & Bush Road, Albany, Auckland	5,037	0	0.00%	$7,180,000
Forge Way, Panmure, Auckland	4,231	0	0.00%	$13,425,000
10 Transport Place, East Tamaki, Auckland	13,281	0	0.00%	$20,850,000
6 Zelanian Drive, East Tamaki, Auckland	5,072	0	0.00%	$4,000,000
Cnr Wakefield, Taranaki & Cable Streets, Wellington	3,307	0	0.00%	$14,400,000
205-221 Wakefield Street, Wellington	1,460	0	0.00%	$5,500,000
William Pickering Drive, Albany, Auckland	51,702	0	0.00%	$62,200,000
5 Unity Drive, Albany, Auckland	3,046	3,046	100.00%	$3,140,000
7-9 Niall Burgess Drive, Mt Wellington, Auckland	23,565	0	0.00%	$20,000,000
Cnr Lambie & Cavendish Drives, Manukau City, Auckland	6,004	0	0.00%	$6,000,000
4 Henderson Place, Onehunga, Auckland	11,696	0	0.00%	$10,700,000
1 Pandora Road, Napier	26,330	0	0.00%	$8,500,000
8 Foundry Drive, Woolston, Christchurch	11,360	0	0.00%	$12,900,000
308 Port Hills Road, Port Hills, Christchurch	7,071	0	0.00%	$6,850,000
12-32 Bell Avenue, Mt Wellington, Auckland	32,942	0	0.00%	$32,000,000
960 Great South Road, Penrose, Auckland	3,676	0	0.00%	$4,200,000
Mayo Road, Wiri, Auckland	13,796	0	0.00%	$11,400,000
42 Sir William Drive, East Tamaki, Auckland	4,369	0	0.00%	$5,000,000
1478 Omahu Road, Hastings	10,945	0	0.00%	$9,800,000
Rewarewa Road, Whangarei	27,704	0	0.00%	$11,490,000
Total industrial portfolio (excludes NEIL 50% joint venture)	**312,688**	**3,046**	**0.97%**	**$315,885,000**

The Trust has been fortunate in being able to maintain good occupancy levels with vacated space being committed to new tenants with little loss of income through vacancy periods.

Growth in market rentals has been constrained while this "re-balancing" of the portfolio continues however the Trust has seen some growth in contract rentals as reviews and releasing capture some historic growth.

As always there remain opportunities to add value in the industrial sector by effectively managing the physical attributes of each property to match as closely as is possible the requirements of tenants. Particularly during difficult economic periods there are opportunities in restructuring existing leases and managing vacancy and renewal activity.

The Trust's industrial assets are very well located, good quality assets that have been shown to meet the needs of today's tenants well.

Net contract rental	Passing yield	Major tenant
$458,000	9.31%	Downer EDI Engineering Limited
$355,000	8.29%	RLA Polymers PTY Limited
$2,443,431	8.92%	Fisher & Paykel Appliances Limited
$459,993	7.42%	MG Logistics Limited
$341,142	9.61%	Summit Manufacturing (NZ) Limited
$587,000	8.18%	Dick Smith Electronics
$1,315,657	9.80%	Truck Leasing Limited (Esanda)
$1,805,084	8.66%	Easy Logistics Limited
$430,000	10.75%	Robinhood Limited
$864,480	6.00%	BP Oil (NZ) Limited
$285,920	5.20%	General Distributors
$5,417,350	8.71%	Critic Investments Limited
$0	0.00%	Vacant - ex Alto Packaging
$2,110,000	10.55%	Deutshe Post World Net
$450,415	7.51%	AB Equipment Limited
$983,614	9.19%	Redeal Limited
$958,100	11.27%	Fonterra Co Operative Group Limited
$1,292,000	10.02%	Polarcold Stores Limited
$599,294	8.75%	McKenzie Balfour & Associates Limited
$3,055,159	9.55%	Peter Baker Transport Limited
$350,072	8.34%	Gough Gough & Hamer
$1,178,097	10.33%	Kmart
$421,976	8.44%	Textile Bonding
$965,420	9.85%	Crasborn Supply Limited
$1,007,339	8.77%	United Carriers Limited
$28,134,542	**8.91%**	

Industrial portfolio

Top 10

industrial tenants by percentage of rental income

- Deutsche Post World Net
- Easy Logistics Limited
- Amcor Packaging
- New Wave Logistics (Australia) Pty Limited
- HP Packaging
- Bunnings Limited (Retail)
- Truck Leasing Limited (Esanda)
- Kmart
- Home & Leisure Group Limited
- United Carriers Limited
- Other

1. Forge Way, Panmure, Auckland

Net lettable area 4,231 sqm

Vacant space 0.00%

Book value $13,425,000

Net contract rental $1,315,657

Passing yield 9.80%

Major tenant Truck Leasing Ltd (Esanda)

2. Cnr Wakefield, Taranaki and Cable Streets, Wellington

Net lettable area 3,307 sqm

Vacant space 0.00%

Book value $14,400,000

Net contract rental $864,480

Passing yield 6.00%

Major tenant BP Oil (NZ) Limited

> The Trust's industrial assets are very well located, good quality assets that have been shown to meet the needs of today's tenants well.

3. 106 Springs Road, East Tamaki Auckland

Net lettable area 3,846 sqm

Vacant space 0.00%

Book value $4,575,000

Net contract rental $366,203

Passing yield 8.00%

Major tenant Henkel & Schwarkopf

1

There remain opportunities to add value in the industrial sector by effectively managing the physical attributes of each property to match as closely as is possible the requirements of tenants.

2

3

» Commercial portfolio

The commercial office sector has seen a significant shift in demand during the year with a move in demand levels to a less demonstrably opulent style of accommodation.

Many of the larger international tenants have reduced in size and are carrying a level of excess capacity in their existing space. Some have sublet part of their premises to smaller tenants. Tenant relocations have reduced with many tenants showing themselves to be unwilling to incur the often substantial costs of relocating and are equally reticent to commit to longer lease terms due to the tighter economy and their lack of certainty over what impact the future may have on their business.

The strong market rental growth over recent years has given way to a period of consolidation with market rentals reducing for some of the central business district space that was in such short supply in prior years as a result of the increasing vacancy levels and excess capacity.

Property address	Net lettable area (sqm)	Vacant space (sqm)	Vacant space (%)	Current value
99-107 Khyber Pass Road, Auckland	2,463	0	0.00%	$6,850,000
18 London Street, Hamilton	4,117	0	0.00%	$7,600,000
8 Pacific Rise, Mt Wellington, Auckland	3,638	473	13.00%	$9,850,000
143 Lambton Quay, Wellington	6,216	0	0.00%	$18,000,000
43 College Hill, Ponsonby, Auckland	4,146	1,116	26.91%	$7,600,000
25 College Hill, Ponsonby, Auckland	3,122	0	0.00%	$11,800,000
Old City Markets, 39 Market Place, Auckland	10,478	426	4.06%	$35,700,000
105 Carlton Gore Road, Newmarket, Auckland	5,367	0	0.00%	$23,850,000
56 Cawley Street, Ellerslie, Auckland	4,930	0	0.00%	$12,900,000
302 Great South Road, Greenlane, Auckland	1,890	0	0.00%	$5,300,000
308 Great South Road, Greenlane, Auckland	1,565	0	0.00%	$3,620,000
626 Great South Road, Penrose, Auckland	2,647	0	0.00%	$6,850,000
632 Great South Road, Penrose, Auckland	2,995	0	0.00%	$7,000,000
25 Nugent Street, Grafton, Auckland	3,038	0	0.00%	$5,900,000
65 Upper Queen Street, Auckland	2,356	0	0.00%	$6,400,000
Stewart Dawsons Corner, Wellington	1,800	0	0.00%	$14,750,000
46 Waring Taylor Street, Wellington	8,994	0	0.00%	$34,500,000
107 Carlton Gore Road, Newmarket, Auckland	6,136	0	0.00%	$23,400,000
Citigroup Centre, Auckland	9,624	0	0.00%	$35,250,000
269 Khyber Pass Road, Newmarket, Auckland	1,696	1,318	77.73%	$3,700,000
369 Khyber Pass Road, Newmarket, Auckland	1,764	1,286	72.87%	$4,050,000
Manpower House, 8-14 Willis Street, Wellington	5,233	1,991	38.05%	$16,800,000
IBM Centre, 5 Wyndham Street, Auckland	6,190	0	0.00%	$24,300,000
Total commercial portfolio	100,405	6,610	6.58%	$325,970,000

The Trust's commercial portfolio in Auckland includes the very well located Citigroup Centre in Customs St East, the IBM Auckland office and the historic Old City Markets building in the Viaduct Harbour. A number of well located city fringe buildings give the portfolio a good balance of property including the newly upgraded national headquarters for McDonald's Restaurants in Greenlane, and two near new office buildings opposite the Auckland Domain in Carlton Gore Road.

The Wellington office portfolio is dominated by government sector tenants including the head offices for the Inland Revenue, Te Puni Kokiri, and the Department of Internal Affairs, all in buildings in excellent locations with top quality tenant covenants.

Tenant quality across the sector is of a very high calibre including the United States Government, Citigroup, ANZ, IBM and NIWA in addition to New Zealand Government tenants. With recent strong growth in this sector and the density of energy usage, the commercial sector has been influenced by the global move to Environmentally Sustainable Design (ESD) initiatives. ING Property Trust's ESD philosophy is detailed on pages 36 and 37 of this report.

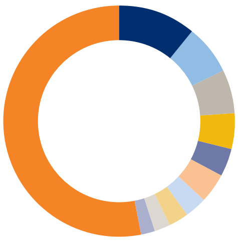
The commercial office sector is expected to continue to consolidate in the year ahead and some declines in market rentals are likely as the vacancy rates dictate a more competitive environment for building owners. The Trust's portfolio remains well positioned with the type of space well suited to the expected nature of the demand.

Net contract rental	Passing yield	Major tenant
$657,359	9.60%	Nu Skin NZ Inc
$732,765	9.64%	Accident Compensation Corporation
$819,232	8.32%	AsureQuality Limited
$1,789,098	9.94%	Te Puni Kokiri
$480,549	6.32%	Mentum Group
$1,062,332	9.00%	ProvencoCadmus Limited
$3,367,570	9.43%	NIWA
$2,056,691	8.62%	Tonkin & Taylor Limited
$1,232,411	9.55%	James & Wells
$456,723	8.62%	McDonalds Restuarants (NZ) Limited
$378,850	10.47%	Pacific Brands Holdings
$528,080	7.71%	International Accreditation New Zealand
$764,429	10.92%	Yellow Pages Group Limited
$595,565	10.09%	Schindler Lifts NZ Limited
$725,578	11.34%	Jasmax Limited
$1,235,694	8.38%	Dymocks
$2,839,592	8.23%	Department of Internal Affairs
$1,975,865	8.44%	ANZ Bank (NZ) Limited
$2,986,815	8.47%	Citibank/US Embassy
$50,089	1.35%	Eastern Hi Fi
$51,337	1.27%	McGreals Furniture
$1,278,444	7.61%	ING (NZ) Limited
$2,154,904	8.87%	IBM New Zealand Limited
$28,219,972	**8.66%**	

Commercial portfolio

Top 10

commercial tenants by percentage of rental income



- Department of Internal Affairs
- ANZ Bank (NZ) Limited
- Te Puni Kokiri
- IBM New Zealand Limited
- Tonkin & Taylor Limited
- ProvencoCadmus
- NIWA
- Yellow Pages Group Limited
- Contact Energy
- Dymocks
- Other tenants

1. Citigroup Centre, Auckland

Net lettable area 9,624 sqm

Vacant space 0.00%

Book value $35,250,000

Net contract rental $2,986,815

Passing yield 8.47%

Major tenant Citibank/US Embassy

2. Stewart Dawsons Corner, Wellington

Net lettable area 1,800 sqm

Vacant space 0.00%

Book value $14,750,000

Net contract rental $1,235,694

Passing yield 8.38%

Major tenant Dymocks

» Tenant quality across the sector is of a very high calibre.

3. Manpower House, 8-14 Willis Street, Wellington

Net lettable area 5,233 sqm

Vacant space 38.05%

Book value $16,800,000

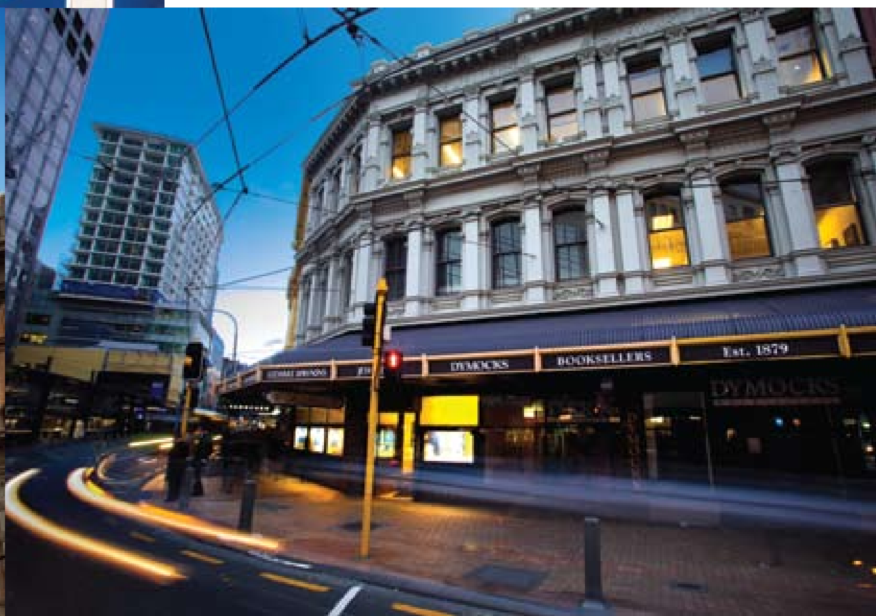
Net contract rental $1,278,444

Passing yield 7.61%

Major tenant ING (NZ) Limited

1

A number of well located city fringe buildings give the portfolio a good balance of property.



2

3

» Retail portfolio

In a recessionary environment the retail sector will always face challenges and the last year has been no exception.

The retail sector that had been characterised by the activities of Australian retailers entering the New Zealand market has seen a reversal of this trend with few chains looking to expand and some of the less successful brands retreating. Many retail businesses have used the franchise model to facilitate business expansion and some franchisees have found that anxiousness to expand has come at expense of a sound and sustainable business model. A number of less successful locations have

Property address	Net lettable area (sqm)	Vacant space (sqm)	Vacant space (%)	Current value
Rebel Sports, Main Street, Palmerston North	1,467	0	0.00%	$2,780,000
Waitakere Mega Centre, Auckland	17,101	0	0.00%	$45,300,000
28-30 Catherine Street, Henderson, Auckland	2,427	0	0.00%	$6,300,000
Albany Mega Centre, Albany, Auckland	24,445	0	0.00%	$77,500,000
Cnr Taniwha & Paora Hape Streets, Taupo	4,186	0	0.00%	$7,500,000
320 Ti Rakau Drive, East Tamaki, Auckland	28,259	0	0.00%	$37,200,000
3-5 Croftfield Lane, Wairau Park, Auckland	5,294	0	0.00%	$13,500,000
Briscoes, Main Street, Palmerston North	2,340	0	0.00%	$4,050,000
10 Tutu Place, Porirua, Wellington	2,347	0	0.00%	$3,000,000
7 Wagener Place, St Lukes, Auckland	3,188	0	0.00%	$15,800,000
39 Cavendish Drive, Manukau City, Auckland	8,171	0	0.00%	$15,200,000
Ti Rakau Drive, cr East Tamaki Road, East Tamaki, Auckland	3,085	0	0.00%	$6,650,000
Annie Huggan Grove, Wellington	6,409	0	0.00%	$8,700,000
180-202 Hutt Road, Kaiwharawhara	6,132	0	0.00%	$8,800,000
2-10 Semple Street, Porirua, Wellington	6,585	911	13.83%	$14,800,000
9 Tutu Place, Porirua, Wellington	6,918	0	0.00%	$7,225,000
7 Maui Street, Hamilton	1,410	0	0.00%	$2,270,000
9 Maui Street, Hamilton	1,021	0	0.00%	$1,900,000
11 Maui Street, Hamilton	1,034	0	0.00%	$1,800,000
15 Maui Street, Hamilton	1,446	1,346	93.08%	$1,980,000
792 Great South Road, Manukau City, Auckland	3,812	912	23.92%	$10,250,000
5 Tutu Place, Porirua, Wellington	3,781	0	0.00%	$4,750,000
3 Semple Street, Porirua, Wellington	1,543	0	0.00%	$3,150,000
Total retail portfolio	142,401	3,168	2.22%	$300,405,000

seen vacancy levels increase with a corresponding reduction in market rentals as property owners reflect the increased risk of vacancy.

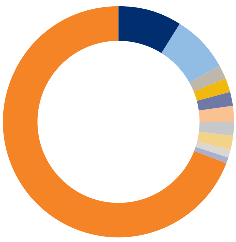
The next year is unlikely to show significant recovery for the retail sector and growth in market rental levels is unlikely. Those who, like the Trust, have focused retail ownership on sound locations and good quality tenants should in the main continue to deliver solid rental returns.

Net contract rental	Passing yield	Major tenant
$226,208	8.14%	Rebel Sports
$3,477,715	7.68%	KMart NZ Limited
$455,711	7.23%	The Warehouse
$6,135,056	7.92%	Various Major Retailers
$620,000	8.27%	The Warehouse
$2,984,064	8.02%	Bunnings Retail
$1,114,481	8.26%	Noel Leeming Group Limited
$318,000	7.85%	Briscoes NZ Limited
$250,660	8.36%	William & Adams Limited
$1,242,264	7.86%	Discount Shoe Warehouse Limited
$1,204,000	7.92%	The Warehouse Limited
$565,400	8.50%	Danske Mobler
$830,760	9.55%	The Warehouse Limited
$788,309	8.96%	Placemakers
$1,117,335	7.55%	LV Martin & Son Limited
$479,348	6.63%	Spotlight
$225,600	9.94%	Redpaths NZ Limited
$169,675	8.93%	RPF Trading Co (Bedpost)
$170,000	9.44%	Weatherell Appliances (Betta Electrical)
$0	0.00%	n/a
$782,576	7.63%	Balymena Hospitality
$374,639	7.89%	Inland Revenue Department
$248,003	7.87%	Placemakers
$23,779,804	7.92%	

Retail portfolio

Top 10

retail tenants by percentage of rental income



- The Warehouse Limited
- Briscoes Group Limited
- Fletcher Distribution Limited
- KMART
- Progressive Enterprises
- Danske Mobler
- Farmers
- Noel Leeming Group Limited
- North Beach Trading Limited
- JB Hifi Group (NZ) Ltd
- Other tenants

1. 2-10 Semple Street, Porirua, Wellington

Net lettable area 6,585 sqm

Vacant space 13.83%

Book value $14,800,000

Net contract rental $1,177,335

Passing yield 7.55%

Major tenant LV Martin & Son Ltd

2. Albany Mega Centre, Albany, Auckland

Net lettable area 24,445 sqm

Vacant space 0.00%

Book value $77,500,000

Net contract rental $6,135,056

Passing yield 7.92%

Major tenant Various major retailers

> The Trust's retail portfolio is characterised by high profile national retailers and low vacancy rates that add further weight to a diversified portfolio.

3. Annie Huggan Grove, Wellington

Net lettable area 6,409 sqm

Vacant space 0.00%

Book value $8,700,000

Net contract rental $830,760

Passing yield 9.55%

Major tenant The Warehouse Limited

1

2

3

The Trust has focused its retail ownership on sound locations and good quality tenants that should in the main continue to deliver solid rental returns.

» Environmental statement

ING Property Trust Management Limited, as a part of the global ING Group subscribes to the ING Group environmental statement.

We recognise that certain natural resources are finite and must therefore be used responsibly.

The protection of the environment has become more important. Scarce resources must be preserved for future generations. At the same time, there is a growing awareness that many environmental issues do not stand alone, but are intertwined with broader social and political developments.

ING Group is a large global financial services institution with operations in over 50 countries. We are committed to conducting our business responsibly and environmental protection is a fundamental part of this commitment.

As described in the ING Business Principles, which can be found on the ING corporate website, ING Group supports the thesis that healthy economic growth and environmental care are two sides of the same coin. We believe that globally active companies like ING have an important role to play in contributing to sustainable development.

Group environmental statement

This statement describes ING's approach to prevent, manage and, where possible, reduce the environmental impact caused by its operations. ING complies with all relevant environmental protection laws in the countries where it does business. In addition, we have identified three areas we believe we can control most effectively in order to reduce our impact on the environment. They are energy consumption, business travel and paper consumption.

Energy consumption

Most of our in-house energy use is generated through burning fossil fuels. This leads to emissions of greenhouse gasses like carbon dioxide, which are thought to be a leading factor inducing climate change. Given the international debate on climate change, the rationale for ING's focus on energy consumption is to reduce carbon dioxide emissions.

The most effective measure to cut costs and reduce emissions is to limit consumption. The Board therefore supports the importance of further implementing in-house energy efficiency programmes. In addition, the Board encourages all business units world wide to purchase renewable energy if, and where, available and feasible.

Business travel

Energy used for business travel is mainly generated through the burning of fossil fuels. Reducing business travel is the most effective way to reduce costs and carbon emissions. It is ING's policy to only make business trips if other forms of communication, such as video conferencing, e-mail, fax messages or telephone calls, are inadequate.

Paper consumption

Raw materials (natural wood) and the use of bleaching chemicals make the production of paper harmful to the environment. ING Group uses vast quantities of paper for its internal and external communications. To limit our impact on the environment ING aims to reduce paper consumption, by making greater use of electronic communications like the internet, intranet and document imaging. The Board encourages business units to use environmentally friendly paper that is non-bleached (ECF and TCF) and originates from sustainable sources.

Communication and reporting

All ING business units are expected to raise employee awareness of environmental issues and encourage environmentally responsible behaviour. ING Group publishes an annual corporate responsibility report that includes statistics about our care for the environment and describes our progress in preventing, managing and reducing our environmental impact. ING Property Trust Management Limited uses a range of environmentally responsible paper stock for all printed unitholder publications.

Called Novatech, it is manufactured using Elemental Chlorine Free pulp sourced from sustainable, well-managed forests. Oxygen bleached, dioxin and acid free, Novatech is produced by Nordland Papier, a company certified under ISO 14001 environmental management systems and registered under the European Union's Eco-Management and Audit (EMA) scheme.

Printing companies used by ING Property Trust use the latest in vegetable oil-based and mineral oil-free inks for all printed publications. These inks contain less chemicals, are more biodegradable and more carbon efficient than their synthetically produced counterparts.

Our building management policy

ING Property Trust Management Limited, as a responsible investor, is keen to ensure that each of its investments has initiatives to achieve environmentally sustainable features in the individual building strategic plans. We consider the initiative to produce environmentally responsible developments a fundamental requirement of any project, be it a new development or a retro-fit.

This view is supported by tenant demand for green accommodation that:

- Provides a reduction in operating costs;
- Provides an improved environment for the occupants;
- Mitigates the functional obsolescence of an investment; and
- Results in increased tenant demand for our buildings, and an increase in the property value.

The Manager is committed to finding new and innovative ways of making the Trust's new and existing buildings more environmentally sound and sustainable. ING (NZ) Limited is a member of the New Zealand Green Building Council, the non-government organisation made up of industry leaders who are committed to developing market based solutions that help deliver efficient, healthier, innovative buildings for New Zealand.

To date, these initiatives include:

Rainwater harvesting

Having the ability to harvest rainwater from the building allows us to reduce water consumption and control storm water run off from the site.

Bike racks

Building design incorporating on-site bike racks to encourage staff to choose a more carbon neutral mode of transport. Showers are also being installed as standard in most fit outs and developments as a further incentive to choose bike or foot power.

Solar power

With current and proposed new building upgrade and development initiatives we will incorporate, where feasible, solar power generation for interior and exterior lighting.

Efficient and effective services

The services within a building must run in an effective and energy efficient way. When upgrading or refurbishing a building we take the opportunity to overhaul essential services such as the lifts, airconditioning systems, emergency generator, security and staff amenities (changing rooms, toilets, kitchens) and bring them in line with green operating standards.

» Financial statements

105 Carlton Gore Road, Auckland

Contents

Balance sheets

As at 31 March 2009

	Note	Group 2009 $000s	Trust 2009 $000s	Group 2008 $000s	Trust 2008 $000s
Non-current assets					
Investment properties	5	963,660	–	1,111,487	–
Property, plant and equipment	6	87,928	–	55,830	–
Investments	7	–	–	18,665	–
Derivative financial instruments	8	–	–	6,483	6,094
Other non-current assets	9	8,731	878,328	11,789	935,156
Deferred tax	17	–	11,915	–	–
Total non-current assets		1,060,319	890,243	1,204,254	941,250
Current assets					
Cash and cash equivalents		1,070	47	707	26
Trade and other receivables	10	3,640	97	4,316	123
Other current assets	11	9,023	–	3,544	174
Derivative financial instruments	8	–	–	1,294	1,294
Taxation receivable		–	2,636	–	3,614
		13,733	2,780	9,861	5,231
Non-current assets classified as held for sale	12	7,755	–	–	–
Total current assets		21,488	2,780	9,861	5,231
Total assets		1,081,807	893,023	1,214,115	946,481
Unitholders' funds					
Units on issue	13	531,574	531,574	522,876	522,876
Hedging reserves	14	(23,027)	(23,027)	4,974	4,974
Retained earnings	15	68,529	(66,522)	172,678	(29,441)
Total unitholders' funds		577,076	442,025	700,528	498,409
Non-current liabilities					
Borrowings	16	410,750	410,570	457,413	440,848
Derivative financial instruments	8	35,295	34,045	509	509
Deferred tax	17	22,501	–	44,265	2,440
Total non-current liabilities		468,546	444,615	502,187	443,797
Current liabilities					
Borrowings	16	18,234	–	–	–
Trade and other payables	18	11,374	3,993	9,313	4,119
Derivative financial instruments	8	2,456	2,390	224	156
Taxation payable		1,973	–	1,091	–
Other current liabilities		2,148	–	772	–
Total current liabilities		36,185	6,383	11,400	4,275
Total liabilities		504,731	450,998	513,587	448,072
Total unitholders' funds and liabilities		1,081,807	893,023	1,214,115	946,481

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

Michael Smith, Chairman   **Trevor Scott,** Director   22 May 2009

The notes on pages 43–68 form part of and are to be read in conjunction with these financial statements.

Income statements

For the year ended 31 March 2009

	Note	Group 2009 $000s	Trust 2009 $000s	Group 2008 $000s	Trust 2008 $000s
Gross property income from rentals	4	93,349	–	89,622	–
Gross property income from expense recoveries	4	14,247	26	13,751	21
Property expenses		(19,758)	81	(18,716)	(116)
Net property income	4	87,838	107	84,657	(95)
Recharges charged to subsidiaries		–	47,013	–	36,772
Distribution received from available-for-sale investment	7	1,083	–	1,225	–
Distribution received from subsidiaries		–	9,533	–	43,900
Other income	19	–	–	173	–
Total income		88,921	56,653	86,055	80,577
Administration expenses	21	11,437	12,942	10,254	8,555
Other expenses	19	13,439	–	356	–
Total expenses before finance income/(expenses) and other gains/(losses)		24,876	12,942	10,610	8,555
Profit before financial income/(expenses) and other gains/(losses)		64,045	43,711	75,445	72,022
Financial income/(expense)					
Finance expense	20	(39,501)	(40,155)	(28,215)	(29,044)
Finance income	20	939	23	721	69
		(38,562)	(40,132)	(27,493)	(28,975)
Other gains/(losses)					
Revaluation (losses)/gains on investment property	5	(89,127)	–	42,092	–
Revaluation (losses)/gains on joint venture investment property	5	(804)	–	750	–
Unrealised gain on construction	5	30	–	199	–
		(89,901)	–	43,041	–
(Loss)/profit before income tax		(64,418)	3,579	90,993	43,047
Taxation	22	(1,324)	(2,107)	19,245	(387)
(Loss)/profit for the year		(63,094)	5,686	71,748	43,434
(Loss)/earnings per unit					
Basic and diluted earnings per unit (cents)	24	(12.15)		13.49	

All amounts are from continuing operations

The notes on pages 43–68 form part of and are to be read in conjunction with these financial statements.

Statements of changes in unitholders' funds

For the year ended 31 March 2009

	Note	Group 2009 $000s	Trust 2009 $000s	Group 2008 $000s	Trust 2008 $000s
Unitholders' funds at the beginning of the year		700,528	498,409	706,941	531,444
(Loss)/profit for the year		(63,094)	5,686	71,748	43,434
Fair value (losses) on cash flow hedges		(28,001)	(28,001)	(381)	(381)
Fair value loss – units in ING Medical Properties Trust	15	1,712	–	(1,712)	–
Prior period adjustment		–	–	19	–
Total recognised income and expense for the year		(89,383)	(22,315)	69,674	43,053
Contributions by unitholders					
Issue of units from Dividend Reinvestment Plan	13	13,202	13,202	4,821	4,821
Issue costs of units		(146)	(146)	(82)	(82)
Units purchased in buyback	13	(4,358)	(4,358)	(35,594)	(35,594)
Distributions to unitholders	15	(42,767)	(42,767)	(45,232)	(45,232)
Unitholders' funds at the end of the year		577,076	442,025	700,528	498,409

The notes on pages 43–68 form part of and are to be read in conjunction with these financial statements.

Statements of cash flows

For the year ended 31 March 2009

	Note	Group 2009 $000s	Trust 2009 $000s	Group 2008 $000s	Trust 2008 $000s
Cash flows from operating activities					
Cash was provided from:					
Property income		109,351	–	105,254	–
Interest received		462	22	587	69
Distributions received		1,083	–	1,225	–
Cash was applied to:					
Property expenses		(21,686)	(430)	(18,448)	(196)
Management and Trustee fees		(7,612)	(7,612)	(7,577)	(6,763)
Interest paid		(38,931)	(37,336)	(27,241)	(29,105)
Tax paid		(7,286)	(3,568)	(5,769)	(2,407)
Other trust expenses		(2,003)	(1,992)	(1,795)	(2,436)
Net cash from operating activities	23	33,378	(50,916)	46,236	(40,838)
Cash flows from investing activities					
Cash was provided from:					
Sale of properties		107,855	–	22,275	–
Sale of units in ING Medical Properties Trust		16,549	–	–	–
Repayment of advance from related party		705	–	–	–
Short-term receivable		–	–	13,453	–
Cash was applied to:					
Acquisition costs		–	–	(1,774)	–
Advance to related party		–	–	(1,809)	–
Loan to North East Industrial Limited		(1,823)	–	–	–
Capital additions on investment properties		(13,293)	–	(13,774)	–
Purchase of properties		(51,093)	–	(52,563)	–
Expenditure on property, plant and equipment		(29,936)	–	(39,925)	–
Purchase of units in ING Medical Properties Trust		–	–	(744)	–
Net cash used in investing activities		28,964	–	(74,861)	–
Cash flows from financing activities					
Cash was provided from:					
Debt drawdown		96,729	93,894	121,954	117,319
Issue of units (net of issue costs)		8,823	8,823	4,515	4,515
Advances from subsidiaries		–	114,770	–	17,211
Cash was applied to:					
Repayment of debt		(124,413)	(123,432)	(17,593)	(17,593)
Distributions paid to unitholders		(38,539)	(38,539)	(45,232)	(45,232)
Buyback of units		(4,579)	(4,579)	(35,371)	(35,371)
Net cash from financing activities		(61,979)	50,937	28,273	40,849
Net increase/(decrease) in cash and cash equivalents		363	21	(352)	11
Cash and cash equivalents at the beginning of the year		707	26	1,059	15
Cash and cash equivalents at the end of the year		1,070	47	707	26

The notes on pages 43–68 form part of and are to be read in conjunction with these financial statements.

Notes to the financial statements

1. General information

ING Property Trust ("INGPT" or "the Trust") is a unit trust established under the Unit Trusts Act 1960 by a Trust Deed dated 30 October 2002 as amended by a Deed of Variation and Reinstatement dated 30 September 2004, 17 October 2006 and 17 December 2008. The Trust is an issuer in terms of the Financial Reporting Act 1993. INGPT is incorporated and domiciled in New Zealand.

INGPT's principal activity is investment in properties which include commercial, retail and industrial properties throughout New Zealand. The Trust is managed by ING Property Trust Management Limited ("the Manager"), which is a wholly owned subsidiary of ING (NZ) Limited. The ownership of the Manager changed when ING (NZ) Limited purchased Symphony Investment (2007) Limited's shareholding on 3 February 2009.

INGPT is involved in a joint venture arrangement, owning a 50% interest in the Manawatu Business Park in Palmerston North, also known as North East Industrial Limited ("NEIL").

These financial statements include those of ING Property Trust and its subsidiaries ("the Group") and the Group's interest in associated and jointly controlled entities.

The financial statements are presented in New Zealand dollars which is the Trust's functional currency.

These financial statements were approved by the Board of Directors of the Manager on 22 May 2009.

2. Basis of preparation

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). The accounting policies applied in these financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Interpretations Committee (NZ IFRIC) interpretations issued and effective at the time of preparing these statements as applicable to the Trust as a profit-oriented entity. The Trust and Group financial statements also comply with International Financial Reporting Standards (IFRS).

The financial statements have been prepared on the historical cost basis except for derivative financial instruments and investment properties which are measured at fair value.

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates that affect the application of policies and reported amount of assets and liabilities, income and expenses. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

Note 5 – valuation of investment property
Note 6 – valuation of property, plant and equipment
Note 8 – valuation of derivative financial instruments
Note 17 – deferred tax (and taxation in note 22)

Change in accounting policies

The accounting policies have been applied consistently to all periods presented in these financial statements.

3. Significant accounting policies

Basis of consolidation

The Group's financial statements incorporate the financial statements of INGPT and its controlled subsidiaries accounted for using the purchase method. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of the subsidiaries are included in the consolidated income statement 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
ING Properties Limited

The Trust's joint venture is:

North East Industrial Limited (NEIL)

Interests in joint ventures

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. The Group reports its interest in jointly controlled entities using proportionate consolidation. Any goodwill arising on the acquisition of a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising on acquisition of a subsidiary.

Property, plant and equipment

Recognition and measurement

Land and buildings comprise development properties which are being developed for future use as investment properties. Land and buildings are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the assets. The cost of development properties includes the cost of materials and direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use. No depreciation is charged as all property is under development.

Reclassification to investment properties

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete, at which time it is remeasured to fair value and reclassified as investment property. Any gain or loss arising on remeasurement is recognised in the income statement.

Notes to the financial statements (cont.)

Investment properties

Investment property is property held either to earn rental income or for capital appreciation or for both. Investment property is measured at fair value with any change therein recognised in the income statement. When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting. Initial direct costs incurred in negotiating and arranging operating leases and lease incentives granted are added to the carrying amount of the leased asset.

In accordance with the valuation policy of the Trust, complete property valuations are carried out at least annually by independent registered valuers. The valuation policy stipulates that the same valuer may not value a building for more than two consecutive years. The fair values are based on market values being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the absence of current prices in an active market, the valuations are prepared using a discounted cash flow methodology based on the estimated rental cash flows expected to be received from the property adjusted by a discount rate that appropriately reflects the risks inherent in the expected cash flows.

Investment properties are derecognised when they have been disposed of and any gains or losses incurred on disposal are recognised in the income statement in the year of derecognition.

Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures. Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognised immediately in the income statement. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Statement of cash flows

The statement of cash flows is prepared on a GST exclusive basis, which is consistent with the income statement.

The following terms are used in the statement of cash flows:

Operating activities are the principal revenue producing activities of the Group and other activities that are not investing or financing activities.

Investing activities are the acquisition and disposal of long term assets and other investments not included in cash equivalents.

Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the equity.

Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments, trade and other receivables, cash and cash equivalents, borrowings and trade and other payables.

Non-derivative financial instruments are recognised and derecognised on trade date where the purchase or sale of investment is under a contract whose terms require delivery of the financial instrument within the timeframe established by the market concerned, and are initially measured at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and demand deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Investments (available for sale)

Available for sale equity instruments are stated at fair value. Fair value is determined in the manner described in note 7. Gains and losses arising from changes in fair value are recognised directly in equity. Dividends on available for sale equity instruments are recognised in profit and loss when the Group's right to receive the dividends is established.

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference being recognised in profit and loss over the period of the borrowing using the effective interest rate method.

Borrowing costs

Borrowing costs directly attributable to property under development are capitalised as part of the cost of those assets in note 6.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Derivative financial instruments

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 expense in the income statement.

Cash flow hedge

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at subsequent reporting dates. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in profit or loss. The Group designates hedges of both firm commitments and highly probable forecast transactions as cash flow hedges.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised in the income statement when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Fair value hedge

The Group designates hedges of the fair value of recognised assets and liabilities as fair value hedges. These include hedges of borrowings issued at fixed interest rates which expose the group to fair value interest rate risk. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Derivatives that do not qualify for hedge accounting

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in profit or loss as they arise.

Fair value estimation

The fair value of interest rate swaps is the estimated amount that the group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

Recognition of income

Rental income from investment property is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Operating expenses borne by tenants are offset by recoveries from tenants. Operating expenses not borne by tenants are offset by rental income.

Dividend revenue from investments is recognised when the Group’s right to receive the payment has been established.

Management fees are recognised in the period in which the services are performed.

Financial income and expenses

Finance income comprises interest income.

Finance expenses comprise interest expense on borrowings and gains and losses on hedging instruments that are recognised in profit or loss. All borrowing costs are recognised in the income statement using the effective interest method.

Taxation

Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affect neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised.

Notes to the financial statements (cont.)

Operating lease commitments

INGPT has entered into commercial property leases on its investment properties. INGPT has determined that it retains all significant risks and rewards of ownership of these properties and has thus classified the leases as operating leases.

Segmental reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's principal business is to invest in New Zealand properties in the retail, commercial and industrial sectors which are its primary reporting format. Since the Group owns property only in New Zealand there are no separate segments on a geographic basis.

Standards and interpretations in issue not yet effective

At the date of authorisation of these financial statements the following Standards and Interpretations were in issue but not yet effective, which are not expected to have a material impact but may effect presentation and disclosure:

NZ IAS 23 (Amendment) Borrowing costs (effective for accounting periods beginning on or after 1 January 2009);

NZ IFRS 3 (Revised) Business Combinations (effective for accounting periods beginning on or after 1 July 2009);

NZ IFRS 8 Operating Segments (effective for accounting periods beginning on or after 1 January 2009);

NZ IAS 27 (Revised) Consolidated and Separate Financial Statements (effective for accounting periods beginning on or after 1 July 2009);

NZ IAS 1 (Revised) Presentation of Financial Statements (effective for accounting periods beginning on or after 1 January 2009);

NZ IAS 32 & NZ IAS 1 (Revised Amendments) Puttable Financial Instruments (effective for accounting periods beginning on or after 1 January 2009);

NZ IAS 39 (Amendment) Financial Instruments: Recognition and Measurement – Eligible Hedged items (Effective for accounting periods beginning on or after 1 July 2009);

NZ IFRIC15 Agreements for the Construction of Real Estate (effective for accounting periods beginning on or after 1 January 2009); and

NZ IAS40 (Amendment) Investment Property has been amended to treat property that is being constructed or developed for future use as investment property to be measured at fair value.

The above Standards and Interpretations in issue but not yet effective are not expected to have an impact in the financial statements of the Group and Trust in the period of initial application.

Comparative balances

Where necessary, comparative balances have been adjusted to conform with changes in presentation in the financial statements.

4. Segment information

The principal business activity of the Trust and its subsidiaries is to invest in New Zealand properties. Properties are divided into three business sectors; industrial, commercial and retail which are the Group's primary reporting formats.

The segment results for the year ended 31 March 2009 are as follows:

	Industrial $000s	Commercial $000s	Retail $000s	Unallocated $000s	Total $000s
Revenue	**36,092**	**41,345**	**28,888**	**1,271**	**107,596**
Segment result	**31,436**	**31,404**	**24,283**	**715**	**87,838**
Segment assets	**337,285**	**325,970**	**367,161**	**51,391**	**1,081,807**
Segment liabilities	**28,939**	**33,624**	**19,734**	**422,434**	**504,731**
Acquisition of segment assets	**36,032**	**–**	**19,062**	**–**	**55,094**

The segment results for the year ended 31 March 2008 are as follows:

	Industrial $000s	Commercial $000s	Retail $000s	Unallocated $000s	Total $000s
Revenue	31,809	43,039	27,236	1,289	103,373
Segment result	27,772	33,302	22,548	1,035	84,657
Segment assets	414,122	399,622	355,670	44,701	1,214,115
Segment liabilities	680	1,078	3,430	508,399	513,587
Acquisition of segment assets	48,701	3,710	362	24,440	77,213

There have been no inter-segment transfers and sales during the year (2008: nil).

Notes to the financial statements (cont.)

5. Investment properties

	Group 2009 $000s	Trust 2009 $000s	Group 2008 $000s	Trust 2008 $000s
Balance at the beginning of the year	1,087,949	–	1,006,462	–
Acquisition of properties	52,892	–	52,773	–
Capitalised costs	4,437	–	7,754	–
Disposals	(117,813)	–	(21,132)	–
Change in fair value	(89,127)	–	42,092	–
Closing balance	938,338	–	1,087,949	–
Deferred initial direct costs/lease incentives				
Opening balance	3,413	–	2,403	–
Change during the year	509	–	1,010	–
Closing balance	3,922	–	3,413	–
Share of joint venture investment properties				
Opening balance	20,125	–	14,405	–
Transfer from development properties	2,051	–	4,746	–
Revaluation (losses)/gains on investment property	(804)	–	750	–
Unrealised gain on construction	30	–	199	–
Deferred lease incentive change	(2)	–	25	–
Closing balance	21,400	–	20,125	–
Fair value of investment property at the end of the year	963,660	–	1,111,487	–
Fair value of investment property at the beginning of the year	1,111,487	–	1,023,270	–

Deferred initial direct costs/lease incentives

This amount represents costs incurred with the negotiation of operating leases for the Group's investment property portfolio and which are being amortised over the term of those leases.

The Trust holds the freehold to all investment properties other than 39 Market Place, Auckland.

Investment properties purchased during the year are as follows:

Acquisition of properties				
7 Wagener Place, Auckland	19,062	–	–	–
32 Bell Avenue, Auckland	9,126	–	–	–
9 Ride Way, Albany	17,043	–	–	–
308 Port Hills Road, Christchurch	7,661	–	–	–
1 Pandora Road, Napier	–	–	7,168	–
211 Albany Highway, Auckland	–	–	17,129	–
80 Springs Road, Auckland	–	–	9,832	–
245–247 Queen Street, Masterton	–	–	362	–
10 Tutu Place, Porirua	–	–	3,710	–
8 Foundry Drive, Christchurch	–	–	14,572	–
	52,892	–	52,773	–

Notes to the financial statements (cont.)

5. Investment properties (cont.)

Investment properties disposed of during the year are as follows:

	Group 2009 $000s	Trust 2009 $000s	Group 2008 $000s	Trust 2008 $000s
Disposal of properties				
2–14 Railway Street, Auckland	5,967	–	–	–
127 Newton Road, Auckland	3,825	–	–	–
Cnr Spa Road & Tongariro Street, Taupo	8,594	–	–	–
Cnr Worksop & Queen Streets, Masterton	5,250	–	–	–
11 McCormack Place, Wellington	5,500	–	–	–
2–6 Park Avenue, Auckland	9,739	–	–	–
477 Great South Road, Auckland	5,750	–	–	–
Cnr Bridge & Anglesea Streets, Hamilton	5,070	–	–	–
101 Garnet Avenue, Hamilton	9,497	–	–	–
Cnr Main & Albert Streets, Palmerston North	3,950	–	–	–
12–22 Hawkestone Street, Wellington	17,460	–	–	–
1–11 The Strand, Auckland	13,166	–	–	–
12 Henderson Place, Auckland	2,961	–	–	–
59–63 Druces Road, Auckland	4,301	–	–	–
Cnr Queen Street West & King Street North, Hastings	7,475	–	–	–
1 Elizabeth Street, Tauranga	9,308	–	–	–
10 Cawley Street, Auckland	–	–	4,180	–
306 Neilson Street, Auckland	–	–	5,700	–
27 Zelanian Drive, Auckland	–	–	6,900	–
36 Vestey Drive, Auckland	–	–	1,820	–
7–11 Parkway Drive, Auckland	–	–	2,532	–
	117,813	–	21,132	–
Sale proceeds of properties disposed of	108,260	–	20,949	–
Net (Loss) on disposal	(9,553)	–	(183)	–

Valuation of investment properties

All investment properties (2008: with the exception of Foundry Drive, Christchurch, which was independently valued at acquisition and Railway Street, Papakura which was subject to a sale and purchase agreement at balance date) were independently valued as at 31 March 2009. The valuations were prepared by independent registered valuers Jones Lang LaSalle, DTZ New Zealand, CB Richard Ellis and Colliers International New Zealand. The total value per valuer was as follows:

	Group 2009 $000s	Trust 2009 $000s	Group 2008 $000s	Trust 2008 $000s
DTZ New Zealand Limited	513,655	–	546,445	–
CB Richard Ellis Limited	–	–	187,245	–
Colliers International New Zealand Limited	218,410	–	203,470	–
Jones Lang LaSalle	231,595	–	168,360	–
Properties not revalued	–	–	5,967	–
	963,660	–	1,111,487	–

Notes to the financial statements (cont.)

5. Investment properties (cont.)

Investment properties are stated at fair value by independent valuers supported by market evidence of property sale transactions and leasing activity. The most common and accepted methods for assessing the current market value are the Capitalisation of Contract and Market Income approaches and the Discounted Cash Flow approach. The major inputs and assumptions that are used in the valuation that require judgement include forecasts of the current and expected future market rentals and growth, maintenance and capital expenditure requirements, vacancy and leasing costs.

Principal assumptions, which are unchanged from last year, in establishing the valuation include the capitalisation rate, occupancy and the lease term with the below table identifying the respective levels adopted by the valuers within the Trusts sectors:

Investment properties for the year ended 31 March 2009 are as follows:

		Industrial	Commercial	Retail	Joint Venture	Total
Contract capitalisation rate	– Average	8.91%	8.66%	7.92%	8.81%	8.51%
	– Maximum	11.27%	11.34%	9.94%	9.26%	11.34%
	– Minimum	5.20%	1.27%	6.63%	7.79%	1.27%
Market capitalisation rate	– Average	9.12%	9.82%	8.58%	8.80%	9.18%
	– Maximum	11.27%	11.53%	11.20%	9.34%	11.53%
	– Minimum	6.97%	8.41%	7.25%	7.74%	6.97%
Occupancy		99.03%	93.42%	97.78%	100.00%	97.80%
Weighted average lease term		4.64	3.74	4.51	7.70	4.24
Number of buildings		38	23	23	9	93
Fair value total ($000s)		315,885	325,970	300,405	21,400	963,660

Investment properties for the year ended 31 March 2008 are as follows:

		Industrial	Commercial	Retail	Joint Venture	Total
Contract capitalisation rate	– Average	7.59%	8.18%	7.05%	8.53%	7.65%
	– Maximum	9.00%	9.33%	9.75%	9.01%	9.75%
	– Minimum	6.96%	6.71%	6.24%	7.79%	6.24%
Market capitalisation rate	– Average	8.12%	8.84%	7.35%	8.44%	8.15%
	– Maximum	14.26%	10.59%	8.89%	9.13%	10.59%
	– Minimum	6.96%	7.50%	6.63%	7.59%	6.96%
Occupancy		98.09%	99.46%	99.29%	100.00%	99.13%
Weighted average lease term		5.03	3.60	3.77	8.83	4.65
Number of buildings		40	28	29	7	104
Fair value total ($000s)		363,425	394,795	333,142	20,125	1,111,487

In deriving a market value under each approach, all assumptions are based where possible, on market based evidence and transactions for properties with similar locations, conditions and quality of construction and fitout. The market value adopted is a weighted combination of the Capitalisation of Contract or Market Income and Discounted Cash Flow approaches.

Notes to the financial statements (cont.)

6. Property, plant and equipment

	Group 2009 $000s	Trust 2009 $000s	Group 2008 $000s	Trust 2008 $000s
Investment property under development				
Opening balance	**55,830**	–	19,084	–
Purchase of land and ground lease	**2,202**	–	24,440	–
Capitalised costs	**28,221**	–	16,582	–
Interest capitalised	**3,726**	–	1,439	–
Transfer to investment property	**(2,051)**	–	(5,715)	–
Total property, plant and equipment	**87,928**	–	55,830	–

The weighted average capitalisation rate on funds borrowed for construction generally are 7.23% p.a. (2008: 7.27% p.a.) for the Trust and 7.16% p.a (2008: 7.65% p.a.) for NEIL joint venture.

When considering impairment of property, plant and equipment we have considered all the contractual relationships relating to the parcels of land collectively to support the current carrying value.

7. Investments

	Group 2009 $000s	Trust 2009 $000s	Group 2008 $000s	Trust 2008 $000s
Investment in ING Medical Properties Trust	–	–	18,665	–
Total investments	–	–	18,665	–

The investments of ING Medical Properties Trust have been classified as an available-for-sale financial instrument. The investment was disposed of on 17 December 2008 for $16,956,378. The cumulative loss has been transferred to the income statement from available-for-sale financial assets reserve on sale of the investment.

During the year, the dividend received from the investment was $1,082,894 (2008: $1,225,186).

8. Financial instruments

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

Maturity profile of financial instruments

The following table details the Group's exposure to liquidity and interest rate risk as at 31 March 2009 as the contractual maturity of financial instruments:

	Less than 1 year $000	1–2 years $000	2–3 years $000	3–4 years $000	4–5 years $000	5+ years $000	Total $000
Financial liabilities							
Revolving credit facility							
– ANZ National Bank Limited	(14,326)	(418,473)	–	–	–	–	(432,799)
– Bank of New Zealand Limited	(18,751)	–	–	–	–	–	(18,751)
Trade and other payables	(11,374)	–	–	–	–	–	(11,374)
Derivative financial instruments	(17,654)	(13,175)	(10,856)	(9,392)	(8,313)	(5,769)	(65,159)
	(62,105)	(431,648)	(10,856)	(9,392)	(8,313)	(5,769)	(528,083)

Notes to the financial statements (cont.)

8. Financial instruments (cont.)

	Less than 1 year $000	1–2 years $000	2–3 years $000	3–4 years $000	4–5 years $000	5+ years $000	Total $000

The following table details the Group's exposure to liquidity and interest rate risk as at 31 March 2008:

	Less than 1 year $000	1–2 years $000	2–3 years $000	3–4 years $000	4–5 years $000	5+ years $000	Total $000
Financial liabilities							
Revolving credit facility							
– ANZ National Bank Limited	(39,844)	(39,844)	(480,692)	–	–	–	(560,380)
– Bank of New Zealand Limited	(1,518)	(1,518)	(18,083)	–	–	–	(21,119)
Trade and other payables	(9,313)	–	–	–	–	–	(9,313)
Derivative financial instruments	(733)	–	–	–	–	–	(733)
	(51,408)	(41,362)	(498,775)	–	–	–	(591,545)

The following table details the Trust's exposure to liquidity and interest rate risk as at 31 March 2009:

	Less than 1 year $000	1–2 years $000	2–3 years $000	3–4 years $000	4–5 years $000	5+ years $000	Total $000
Financial liabilities							
Revolving credit facility							
– ANZ National Bank Limited	(14,326)	(418,473)	–	–	–	–	(432,799)
Trade and other payables	(3,993)	–	–	–	–	–	(3,993)
Derivative financial instruments	(17,106)	(12,751)	(10,423)	(8,998)	(8,018)	(5,437)	(62,733)
	(35,425)	(431,224)	(10,423)	(8,998)	(8,018)	(5,437)	(499,525)

The following table details the Trust's exposure to liquidity and interest rate risk as at 31 March 2008:

	Less than 1 year $000	1–2 years $000	2–3 years $000	3–4 years $000	4–5 years $000	5+ years $000	Total $000
Financial liabilities							
Revolving credit facility							
– ANZ National Bank Limited	(39,844)	(39,844)	(480,692)	–	–	–	(560,380)
Trade and other payables	(4,119)	–	–	–	–	–	(4,119)
Derivative financial instruments	(665)	–	–	–	–	–	(665)
	(44,628)	(39,844)	(480,692)	–	–	–	(565,164)

Categories of financial instruments

The following table details the Group's categories of financial instruments as at 31 March 2009:

	Derivatives held for trading $000	Loans and receivables $000	Available-for-sale financial assets $000	Derivatives used for hedging $000	Financial liabilities at amortised cost $000	Total $000
Financial assets						
Cash and cash equivalents	–	1,070	–	–	–	1,070
Trade and other receivables	–	3,640	–	–	–	3,640
Other current assets	–	3,407	–	–	–	3,407
Loan to NEIL	–	1,823	–	–	–	1,823
Non-current asset held for sale	–	7,755	–	–	–	7,755
	–	17,695	–	–	–	17,695
Financial liabilities						
Revolving credit facility – ANZ National Bank Limited	–	–	–	–	(410,570)	(410,570)
– Bank of New Zealand Limited	–	–	–	–	(18,414)	(18,414)
Trade and other payables	–	–	–	–	(11,374)	(11,374)
Derivative financial instruments	(3,140)	–	–	(34,611)	–	(37,751)
	(3,140)	–	–	(34,611)	(440,358)	(478,109)

Notes to the financial statements (cont.)

8. Financial instruments (cont.)

Categories of financial instruments

	Derivatives held for trading $000	Loans and receivables $000	Available-for-sale financial assets $000	Derivatives used for hedging $000	Financial liabilities at amortised cost $000	Total $000
The following table details the Group's categories of financial instruments as at 31 March 2008:						
Financial assets						
Cash and cash equivalents	–	707	–	–	–	707
Trade and other receivables	–	4,316	–	–	–	4,316
Investment in ING Medical Properties Trust	–	–	18,665	–	–	18,665
Derivative financial instruments	4,598	–	–	3,179	–	7,777
	4,598	5,023	18,665	3,179	–	31,465
Financial liabilities						
Revolving credit facility – ANZ National Bank Limited	–	–	–		(440,848)	(440,848)
– Bank of New Zealand Limited	–	–	–	–	(16,565)	(16,565)
Trade and other payables	–	–	–	–	(9,313)	(9,313)
Derivative financial instruments	(224)	–	–	(509)	–	(733)
	(224)	–	–	(509)	(466,726)	(467,459)
The following table details the Trust's categories of financial instruments as at 31 March 2009:						
Financial assets						
Cash and cash equivalents	–	47	–	–	–	47
Trade and other receivables	–	97	–	–	–	97
Advances to subsidiaries	–	878,328	–	–	–	878,328
	–	878,472	–	–	–	878,472
Financial liabilities						
Revolving credit facility – ANZ National Bank Limited	–	–	–	–	(410,570)	(410,570)
Trade and other payables	–	–	–	–	(3,993)	(3,993)
Derivative financial instruments	(1,824)	–	–	(34,611)	–	(36,435)
	(1,824)	–	–	(34,611)	(414,563)	(450,998)
The following table details the Trust's categories of financial instruments as at 31 March 2008:						
Financial assets						
Cash and cash equivalents	–	26	–	–	–	26
Trade and other receivables	–	123	–	–	–	123
Derivative financial instruments	4,209	–	–	3,179	–	7,388
Advances to subsidiaries	–	935,054	–	–	–	935,054
	4,209	935,203	–	3,179	–	942,591
Financial liabilities						
Revolving credit facility – ANZ National Bank Limited	–	–	–	–	(440,848)	(440,848)
Trade and other payables	–	–	–	–	(4,119)	(4,119)
Derivative financial instruments	(156)	–	–	(509)	–	(665)
	(156)	–	–	(509)	(444,967)	(445,632)

Notes to the financial statements (cont.)

8. Financial instruments (cont.)

Credit risk

In the normal course of business the Group and Trust incurs credit risk from debtors and transactions with financial institutions. The risk associated with trade debtors is managed with a credit policy which includes performing credit evaluations on customers requiring credit. Generally collateral is not required. The risk from financial institutions is managed by placing cash and deposits with high credit quality financial institutions only. The Group and Trust places its cash deposits with the ANZ National Bank Limited. The maximum exposures to credit risk are outlined in the preceding tables.

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 hedging strategy by entering into interest rate swap contracts that have a range of maturities. The contract details at balance date were:

	Group 2009		Trust 2009		Group 2008		Trust 2008	
Maturing	Nominal value	Contracted interest rate	Nominal value	Contracted interest rate	Nominal value	Contracted interest rate	Nominal value	Contracted interest rate
2009	93,000,000	6.93%	90,000,000	6.92%	193,000,000	6.43%	190,000,000	6.41%
2010	45,000,000	6.44%	45,000,000	6.44%	90,000,000	6.83%	90,000,000	6.83%
2011	15,000,000	6.45%	15,000,000	6.45%	15,000,000	6.91%	15,000,000	6.91%
2012	20,000,000	7.34%	20,000,000	7.34%	20,000,000	7.34%	20,000,000	7.34%
2013	28,500,000	6.87%	20,000,000	6.91%	28,500,000	7.78%	20,000,000	8.21%
2014	60,000,000	7.61%	60,000,000	7.61%	30,000,000	7.95%	30,000,000	7.95%
2015	210,500,000	7.33%	205,000,000	7.33%	–		–	
	472,000,000		455,000,000		376,500,000		365,000,000	

Credit facilities

As at 31 March 2009 the Trust has a revolving credit facility with ANZ National Bank Limited of $600,075,000 (2008: $600,075,000). As at 31 March 2009 $411,309,971 (2008: $440,847,799) had been drawn-down. The contractual interest rate was 3.48% (2008: 7.45%).

As at 31 March 2009 the Joint Venture has a revolving credit facility with Bank of New Zealand Limited of $50,000,000 (2008: $50,000,000). As at 31 March 2009 $36,840,000 (2008: $33,130,000) had been drawn-down. The contractual interest rate was 3.59% (2008: 7.64%).

Fair value

The carrying value of cash and cash equivalents, trade and other receivables, advances to subsidiaries, loan to NEIL, trade and other payables and borrowings are equivalent to their fair value.

Notes to the financial statements (cont.)

8. Financial instruments (cont.)

The fair value of interest rate swaps at 31 March 2009 was as follows:

	Group 2009 $000s	Trust 2009 $000s	Group 2008 $000s	Trust 2008 $000s
Current assets				
Interest rate swaps – cash flow hedges	–	–	1,171	1,171
Interest rate swaps – held for trading	–	–	123	123
	–	–	1,294	1,294
Non-current asset				
Interest rate swaps – cash flow hedges	–	–	2,008	2,008
Interest rate swaps – held for trading	–	–	4,475	4,086
	–	–	6,483	6,094
Current liability				
Interest rate swaps – cash flow hedges	566	566	–	–
Interest rate swaps – held for trading	1,890	1,824	224	156
	2,456	2,390	224	156
Non-current liability				
Interest rate swaps – cash flow hedges	34,045	34,045	509	509
Interest rate swaps – held for trading	1,250	–	–	–
	35,295	34,045	509	509
Balance	(37,751)	(36,435)	7,044	6,723
Nominal value of interest rate swaps	472,000	455,000	376,500	365,000
Average fixed interest rate	7.15%	7.15%	7.11%	7.12%
Floating rates based on NZD BBR	3.49%	3.48%	9.05%	9.04%

Cash flow hedge

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at subsequent reporting dates. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in profit or loss. The Group designates hedges of both firm commitments and highly probable forecast transactions as cash flow hedges.

Fair value hedge

The Group designates hedges of the fair value of recognised assets and liabilities as fair value hedges. These include hedges of borrowings issued at fixed interest rates which expose the group to fair value interest rate risk. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated charge taking place at the beginning of the financial year and held constant throughout the reporting period. The sensitivity analyses include interest expense and the fair value of the swap portfolio. A 200 basis point increase or 100 basis point decrease represents management's assessment of the possible change in interest rates.

At 31 March 2009, if interest rates had been 200 basis points higher and all other variables were held constant:

- the Group's net profit would increase by $1,499,638;
- the Trust's net profit would increase by $277,170;
- other equity reserves would increase by $30,318,787.

At 31 March 2009, if interest rates had been 100 basis points lower and all other variables were held constant:

- the Group's net profit would decrease by $811,359;
- the Trust's net profit would decrease by $144,980;
- other equity reserves would decrease by $16,599,709.

8. Financial instruments (cont.)

Financial risk management

The Group's activities expose it primarily to the financial risks of changes in credit risk, and interest rates. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy. The significant interest rate risk arises from bank loans. The Group's policy is to convert a proportion of its floating rate debt to fixed rates. The Group designates these as cash flow hedges of interest rate risk. The Group does not use derivative financial instruments for speculative purposes.

(i) Credit risk

The Group has no significant concentrations of credit risk. Credit risk with respect to trade receivables is limited due to the large number of tenants included in the Group's property rental portfolio. Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any financial institution.

(ii) Interest rate risk

The Group's cash flow interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Group policy is to maintain approximately 85% of its borrowings in fixed rate instruments. At 31 March 2009 88% (2008: 82%) of borrowings were at fixed rates.

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market position. Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available.

9. Other non-current assets

	Group 2009 $000s	Trust 2009 $000s	Group 2008 $000s	Trust 2008 $000s
Management fee buyout	8,671	102	9,989	102
Advances to subsidiaries	–	878,226	–	935,054
Other	60	–	1,800	–
Total other non-current assets	8,731	878,328	11,789	935,156

The unitholders of the Trust agreed to terminate contracts relating to the management of properties held by ING Properties Limited (formerly Urbus Properties Limited), a wholly-owned subsidiary of the Trust, at a meeting of unitholders on 13 October 2005, as indicated in the Urbus takeover documents. The termination of the management contracts enabled ING Properties Limited to be charged management fees on a basis consistent with the other Trust subsidiaries and has resulted in the capitalisation of the cost of buying out the previous management contract. The contracts are being amortised over a period of 10 years.

Notes to the financial statements (cont.)

10. Trade and other receivables

	Group 2009 $000s	Trust 2009 $000s	Group 2008 $000s	Trust 2008 $000s
Trade receivables	2,165	–	2,807	18
Share of joint venture trade receivables	1,699	–	1,930	–
Allowance for doubtful debts	(426)	–	(454)	–
	3,438	–	4,283	18
Amount receivable from unsettled sales of properties	202	–	33	–
GST receivable	–	97	–	105
Total trade and other receivables	3,640	97	4,316	123

The average credit period on receivables is 16 days. The Group is entitled to charge interest on trade receivables as determined in each individual lease agreement. Interest is charged on receivables over 90 days on a case by case basis at the Group's effective interest rate plus 5% per annum. The Group has provided for 50% of all receivables over 90 days. This amount increases to 100% of any receivable that is determined as being not recoverable. Trade receivables less than 90 days are provided for based on estimated irrecoverable amounts, determined by reference to past default experience.

Aged past due but not impaired trade receivables				
30–60 Days	254	–	277	–
60–90 Days	64	–	173	–
Beyond 90 days	155	–	36	–
	473	–	486	–

Included in the Trust's trade receivable balance are debtors with a carrying amount of $472,542 (2008: $485,743) which are past due at the reporting date, for which the Trust has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Movement in the allowance for doubtful debts				
Balance at the beginning of the year	454	–	117	–
Amounts written off as uncollectible	(267)	–	(46)	–
Increase in allowance recognised in profit or loss	279	–	395	–
Amounts recovered during the year	(40)	–	(12)	–
Balance at end of the year	426	–	454	–

11. Other current assets

	Group 2009 $000s	Trust 2009 $000s	Group 2008 $000s	Trust 2008 $000s
Capitalised interest accrued	3,941	–	–	–
Prepayments	76	–	185	10
Preliminary development expense	3,183	–	3,183	–
Loan to NEIL	1,823	–	–	–
Other current assets	–	–	176	164
Total other current assets	9,023	–	3,544	174

12. Property held for sale

The retail investment property at Cnr Munroe and Dickens Streets, Napier was subject to a sale and purchase agreement at balance date. The valuation of the property was based on the agreed purchase price less disposal costs, which approximates to its fair value at 31 March 2009.

Notes to the financial statements (cont.)

13. Units

	Group 2009 $000s	Trust 2009 $000s	Group 2008 $000s	Trust 2008 $000s
Balance at the beginning of the year	522,876	522,876	553,732	553,732
Purchase of units through buyback	(4,358)	(4,358)	(35,595)	(35,595)
Issue of units from Dividend Reinvestment Plan	4,230	4,230	4,821	4,821
Issue of units to underwriter	8,972	8,972	–	–
Issue costs of units	(146)	(146)	(82)	(82)
Balance at the end of the year	**531,574**	**531,574**	522,876	522,876

The number of units on issue at 31 March 2009 was 529,704,173 (2008: 514,275,088). The units have no par value and are fully paid. Fully paid ordinary units carry one vote per unit and carry the right to distributions.

Reconciliation of number of units

	Group 2009 000s	Trust 2009 000s	Group 2008 000s	Trust 2008 000s
Balance at the beginning of the year	514,275	514,275	541,738	541,738
Purchase of units through buyback	(4,942)	(4,942)	(31,338)	(31,338)
Issue of units from Dividend Reinvestment Plan	6,732	6,732	3,875	3,875
Issue of units to underwriter	13,639	13,639	–	–
Balance at the end of the year	**529,704**	**529,704**	514,275	514,275

Capital risk management

The Group's capital includes units, reserves and retained earnings with total unitholders' funds sitting at $577.1m (2008: $700.5m).

The Group maintains a strong capital base so as to maintain investor, creditor and market confidence and to sustain the Group's future on-going activities and development of the business. The impact of the level of capital on unitholder returns is also recognised along with the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Group is subject to imposed capital requirements arising from the Trust Deed.

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors. There have been no material changes in the Group's overall strategy during the year.

14. Hedging reserves

	Group 2009 $000s	Trust 2009 $000s	Group 2008 $000s	Trust 2008 $000s
Balance at the beginning of the year	4,974	4,974	5,355	5,355
Loss recognised on cash flow hedges	(39,359)	(39,359)	(568)	(568)
Transferred to finance expense	(962)	(962)	–	–
Effect on reserve balance due to change in income tax rate from 33% to 30%	224	224	–	–
Tax on fair value (losses)/gains on cash flow hedges	12,096	12,096	187	187
Balance at the end of the year	**(23,027)**	**(23,027)**	4,974	4,974

The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised in profit or loss when the hedged transaction impacts the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

Notes to the financial statements (cont.)

15. Retained earnings

	Group 2009 $000s	Trust 2009 $000s	Group 2008 $000s	Trust 2008 $000s
Balance at the beginning of the year	172,678	(29,441)	147,854	(27,643)
(Loss)/profit for the year	(63,094)	5,686	71,748	43,434
Distributions to unitholders	(42,767)	(42,767)	(45,232)	(45,232)
Fair Value loss – units in ING Medical Properties Trust	1,712	–	(1,712)	–
Prior period adjustment	–	–	19	–
Balance at the end of the year	68,529	(66,522)	172,678	(29,441)
Available-for-sale reserve (included in retained earnings)				
Balance at the beginning of the year	1,712	–	–	–
Decrease arising on revaluation of available-for-sale financial assets	2,117	–	1,712	–
Cumulative loss charged to the income statement on sale of available-for-sale financial assets	(3,829)	–	–	–
Balance at the end of the year	–	–	1,712	–

	Group & Trust 2009 cents per unit	Group & Trust 2008 cents per unit
Distributions to unitholders		
Interim		
Cash	6.06	6.52
Imputation credits	1.02	0.79
	7.08	7.31
Final		
Cash	1.94	2.19
Imputation credits	0.39	0.36
	2.33	2.55
Total		
Cash	8.00	8.70
Imputation credits	1.41	1.15
	9.41	9.85

After 31 March 2009 the final distribution was declared by the Directors. The distribution has not been provided for and there are no income tax consequences.

16. Borrowings

	Group 2009 $000s	Trust 2009 $000s	Group 2008 $000s	Trust 2008 $000s
ANZ National Bank Limited	411,310	411,310	440,848	440,848
Bank of New Zealand – share of joint venture borrowings	18,420	–	16,565	–
Borrowing costs	(746)	(740)	–	–
Total non-current liabilities	428,984	410,570	457,413	440,848
Shown as:				
Current	18,234	–	–	–
Term	410,750	410,570	457,413	440,848

Notes to the financial statements (cont.)

16. Borrowings (cont.)

The Trust has a revolving credit facility with the ANZ National Bank Limited of $600,075,000 (2008: $600,075,000) secured by way of mortgage over the investment properties of the Trust. The facility has a term of three years and expires on 30 September 2010.

The contractual interest rate on the borrowings as at 31 March 2009 was 6.98% per annum (2008: 7.45%). The Trust also pays a line fee of 0.3875% per annum on the total facility.

The joint venture has a committed cash advance facility with the Bank of New Zealand of $50,000,000 (2008: $50,000,000) secured by way of mortgage over the properties of the joint venture. The facility has a term of three years and expires on 30 June 2009.

The contractual interest rate on the joint venture borrowings as at 31 March 2009 was 6.20% per annum (2008: 7.64%). The joint venture also paid a commitment fee of $145,000 (2008: $75,000), being 0.29% per annum on the total facility.

17. Deferred tax

The following are the major deferred tax liabilities and assets are recognised by the Group, and the movements thereon during the current and prior reporting years:

	Group 2009 $000s	Trust 2009 $000s	Group 2008 $000s	Trust 2008 $000s
Balance at the beginning of the year	**44,265**	**2,440**	33,257	2,621
Deferred tax on depreciation	**6,234**	**–**	6,302	–
Deferred tax on unrealised fair value hedge	**(1,456)**	**(1,061)**	–	–
Unrealised (losses)/gains on revaluation of buildings	**(16,584)**	**–**	7,986	–
Unrealised losses on swap revaluations	**(12,319)**	**(12,319)**	(187)	(187)
Impact of change in tax rate to 30%	**–**	**–**	(3,023)	–
Loss carried forward in joint venture	**(237)**	**–**	–	–
Other	**2,598**	**(975)**	(69)	6
Deferred tax liability/(asset) at the end of the year	**22,501**	**(11,915)**	44,265	2,440

The following are the major deferred tax liabilities and assets recognised by the Group, and the movements thereon during the current and prior reporting years:

	Loss carried forward in joint venture $000s	Interest rate swaps $000s	Revaluation of building $000s	Accruals $000s	Total $000s
At 1 April 2008	–	2,450	41,939	(124)	44,265
Credit to unitholders' funds for the year	–	(12,319)	–	–	(12,319)
Charge/(credit) to profit and loss for the year	48	(1,456)	(10,350)	2,598	(9,160)
Loss carried forward in joint venture	(285)	–	–	–	(285)
At 31 March 2009	(237)	(11,325)	31,589	2,474	22,501
At 1 April 2007	–	2,637	30,675	(55)	33,257
Credit to unitholders' funds for the year	–	(187)	–	–	(187)
Charge/(credit) to profit and loss for the year	–	–	11,264	(69)	11,195
At 31 March 2008	–	2,450	41,939	(124)	44,265

Notes to the financial statements (cont.)

17. Deferred tax (cont.)

The following are the major deferred tax liabilities and assets recognised by the Trust, and the movements thereon during the current and prior reporting years:

	Interest rate swaps $000s	Revaluation of building $000s	Accruals $000s	Total $000s
At 1 April 2008	2,450	–	(10)	2,440
Credit to unitholders' funds for the year	(12,319)	–	–	(12,319)
(Credit) to profit and loss for the year	(1,061)	–	(975)	(2,036)
At 31 March 2009	(10,930)	–	(985)	(11,915)
At 1 April 2007	2,637	–	(16)	2,621
Credit to unitholders' funds for the year	(187)	–	–	(187)
Charge/(credit) to profit and loss for the year	–	–	6	6
At 31 March 2008	2,450	–	(10)	2,440

Key assumptions used in calculating income tax:

Deferred tax on depreciation – Deferred tax is provided in respect of depreciation claimed. Depreciation is claimed at Inland Revenue Department approved rates.

Deferred tax on changes in fair value of investment properties – Deferred tax is provided on the building components of the fair value change to investment properties, being the taxable temporary difference. Investment properties are valued each year by independent valuers (as outlined in Note 5). These values include an allocation of the valuation between the land and building components.
The calculation of deferred tax on the building component places reliance on the split provided by the valuers.

18. Trade and other payables

	Group 2009 $000s	Trust 2009 $000s	Group 2008 $000s	Trust 2008 $000s
Interest accrued on non-current liabilities	**2,668**	**2,668**	2,686	2,686
Manager's fee accrued	**650**	**650**	570	570
GST payable	**527**	–	–	–
Other creditors and accruals	**7,529**	**675**	6,057	863
Total trade and other payables	**11,374**	**3,993**	9,313	4,119

19. Other income/expenses

	Group 2009 $000s	Trust 2009 $000s	Group 2008 $000s	Trust 2008 $000s
Income				
Gain on disposal of investment properties	–	–	173	–
	–	–	173	–
Expenses				
Selling costs	–	–	356	–
Loss on disposal of investment properties	**9,610**	–	–	–
Loss on disposal of investment	**3,829**	–	–	–
	13,439	–	356	–

Notes to the financial statements (cont.)

20. Finance/income/(expenses)

	Group 2009 $000s	Trust 2009 $000s	Group 2008 $000s	Trust 2008 $000s
Income				
Interest income	939	23	721	69
Expense				
Interest expense	(38,755)	(37,318)	(29,431)	(28,500)
Less amount capitalised to property, plant and equipment	3,726	–	1,439	–
Total interest expense	(35,029)	(37,318)	(27,992)	(28,500)
Interest rate swaps – held for trading				
Loss arising on derivative financial instruments held for trading	(5,434)	(3,799)	(223)	(544)
Transfer from hedge reserve	962	962	–	–
Total loss arising on derivative financial instruments	(4,472)	(2,837)	(223)	(544)
Total finance expense	(39,501)	(40,155)	(28,215)	(29,044)

21. Administration expenses

	Note	Group 2009 $000s	Trust 2009 $000s	Group 2008 $000s	Trust 2008 $000s
Auditors' remuneration:					
Audit of the statutory financial statements		209	209	246	246
Audit-related services		2	2	15	15
Non audit-related services		–	–	2	2
Other trust expenses		1,790	1,790	1,531	1,531
Doubtful debts provision		(28)	3,247	335	–
Bad debts		452	–	46	–
Amortisation of management contract cancellation costs	9	1,317	–	1,317	–
Management fees		7,347	7,347	6,443	6,443
Trustee fees		348	347	319	319
		11,437	12,942	10,254	8,555

Notes to the financial statements (cont.)

22. Taxation

	Group 2009 $000s	Trust 2009 $000s	Group 2008 $000s	Trust 2008 $000s
Profit before tax for the year	(64,418)	3,579	90,993	43,047
Taxation charge (30% for 2009, 33% for 2008)	(19,325)	1,074	30,028	14,205
Depreciation charges	(6,456)	–	(7,088)	–
Non-deductible loss on sales	4,032	–	58	–
Tax exempt loss/(gains)	26,865	–	(14,204)	–
Tax on revaluation of investment properties	(10,350)	–	14,287	–
Tax paid distributions from subsidiaries	–	(2,860)	–	(14,487)
Impact of change in tax rate to 30%	–	–	(3,023)	–
Other adjustments	3,910	(321)	(813)	(105)
Taxation charge	(1,324)	(2,107)	19,245	(387)
Deferred tax recognised directly in unitholders' funds				
Derivatives	(9,869)	(9,869)	2,450	2,450
The taxation charge is made up as follows:				
Current taxation	7,836	(71)	8,070	(393)
Deferred taxation	(9,160)	(2,036)	14,198	6
Impact of change in tax rate to 30%	–	–	(3,023)	–
Total taxation charge	(1,324)	(2,107)	19,245	(387)

The tax rate used for the 2009 reconciliation above is the tax rate of 30% payable by New Zealand corporate entities on taxable profits under New Zealand law. The corporate tax rate in New Zealand was changed from 33% to 30% with effect from 1 January 2008. The tax rate used for 2008 was 33%, however the deferred tax of 2008 has taken into account the tax rate change impact in the measurement at the end of the 2008 reporting period.

	Group 2009 $000s	Trust 2009 $000s	Group 2008 $000s	Trust 2008 $000s
Imputation credits				
Imputation credits at beginning of year	–	–	2,693	2,693
Prior period adjustment	554	554	224	224
New Zealand tax payments, net of refunds	6,382	6,382	6,111	6,111
Imputation credits attached to dividends received	96	96	304	304
Imputation credits attached to dividends paid	(7,013)	(7,013)	(9,332)	(9,332)
Imputation credits at end of year	19	19	–	–

Notes to the financial statements (cont.)

23. Reconciliation of surplus after taxation with cash flows from operating activities

	Group 2009 $000s	Trust 2009 $000s	Group 2008 $000s	Trust 2008 $000s
Profit after tax for the year	(63,094)	5,686	71,748	43,434
Adjustments for non-cash items				
Change in fair value of investment properties	89,901	–	(43,041)	–
Fair value losses on derivative financial instruments	4,473	2,837	223	544
Loss on disposal of properties	9,610	–	183	–
Loss on disposal of investment	3,828	–	–	–
Non cash inter-entity distributions	–	(9,533)	–	(43,900)
Non cash inter-entity recharges	–	(47,013)	–	(36,772)
Other non-cash items	(3,683)	(593)	1,195	(12,325)
Operating cash flow before changes in working capital	41,035	(48,616)	30,308	(49,019)
Change in trade and other payables	(148)	109	1,825	(1,248)
Change in taxation payable	(8,609)	(5,674)	13,476	9,442
Change in other current liabilities	1,691	–	(7)	–
Change in trade and other receivables	(591)	3,265	633	(13)
Net cash from operating activities	33,378	(50,916)	46,236	(40,838)

During the 2009 year, distributions of $4,230,251 (2008: nil) have been reinvested under the Dividend Reinvestment Plan (DRP), which is excluded from investing and financing activities.

24. Earnings/(loss) per unit

Basic and diluted earnings/(loss) per unit is calculated by dividing the profit attributable to unitholders of the Trust by the weighted average number of ordinary units on issue during the year.

	Group 2009 $000s	Group 2008 $000s
Profit attributable to unitholders of the Trust	(63,094)	71,748
Weighted average number of units on issue	519,138	531,843
Basic and undiluted (loss)/earnings per unit (cents)	(12.15)	13.49

On 19 May 2009 a final gross distribution of 2.335 cents per unit was announced by the Trust. Continuation of the DRP programme will increase the number of units on issue.

25. Investment in subsidiaries and joint ventures

The Trust has control over the following subsidiaries:

Name of Subsidiary	Principal activity	Place of incorporation and operation	Holding 2009	Holding 2008
ING Property Trust No.1 Limited	Property investment	NZ	100%	100%
ING Property Trust No.4 Limited	Property investment	NZ	100%	100%
ING Property Trust Holdings Limited	Holding company	NZ	100%	100%
ING Property Trust Investments Limited	Holding company	NZ	100%	100%
ING Properties Limited	Property investment	NZ	100%	100%
ING No.1 Trust	Property investment	NZ	100%	100%

The subsidiaries have the same reporting date as the Trust.

Notes to the financial statements (cont.)

25. Investment in subsidiaries and joint ventures (cont.)

The Group has the following significant interests in joint ventures:

Name of Subsidiary	Principal activity	Place of incorporation and operation	Holding 2009	Holding 2008
North East Industrial Limited	Property investment	NZ	50%	50%

The following amounts are included in the Group financial statements as a result of the proportionate consolidation of North East Industrial Limited:

	Group 2009 $000s	Group 2008 $000s
Current assets	1,701	1,922
Non-current assets	42,897	38,781
Current liabilities	(2,074)	(252)
Non-current liabilities	(18,972)	(16,705)
Total income	1,605	1,266
Other (loss)/gain	(449)	950
Total expense	(1,258)	(227)
(Loss)/profit after tax	(102)	1,989

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 year was $627,000 (2008: $627,000). The annual ground lease commitment is $627,000 and is fully recoverable from tenants in proportion to their area of occupancy. The lease is renewable in perpetuity with the next renewable date in 2012. Given these factors the total value of the commitment beyond 2010 has not been calculated.

The Trust committed to make ground rental payment to E Block, Albany from 25 June 2008. The full commencement ground rental is $1.14 million payable in stages. From June 2010 the rental is determined by an agreed formula and increased on an annual basis at the rate of change in the consumer price index plus 1%. Given these factors the total value of the commitment beyond June 2010 has not been calculated.

	Group 2009 $000s	Trust 2009 $000s	Group 2008 $000s	Trust 2008 $000s
Payments recognised as an expense/development costs				
Minimum lease payments as expense	627	–	627	–
Minimum lease payments as development costs	305	–	–	–
	932	–	627	–
Non-cancellable operating lease commitments				
Not later than one year	1,187	–	938	–
Later than one year and not later than five years	1,406	–	2,587	–
Later than five years	–	–	–	–
	2,593	–	3,525	–

Notes to the financial statements (cont.)

26. Commitments (cont.)

Building upgrades

Estimated capital commitments contracted for building projects not yet completed at balance date but not provided for were $8,649,309 (2008: $41,165,318).

There were no other commitments as at 31 March 2009 (2008: nil).

Rental Underwriting

Upon the sale of 1 The Strand, INGPT agreed to underwrite for a period of 12 months from the date of settlement (26 March 2009) the rental of $69,020 pa, plus operating expenses for the 210 sqm of vacancy and associated 8 car parks in the building.

Non-cancellable operating lease receivable

Operating leases relate to the investment properties owned by the Group with the leases expiring between 2010 and 2025. The leasee does not have an option to purchase the property at the expiry of the period.

	Group 2009 $000s	Trust 2009 $000s	Group 2008 $000s	Trust 2008 $000s
Within one year	**86,910**	–	85,436	–
One year or later and not later than five years	**225,672**	–	227,220	–
Later than five years	**110,608**	–	104,167	–
	423,190	–	416,823	–

There were no contingent rents recognised as income during the year.

27. Contingencies

There were no contingencies as at 31 March 2009 (2008: nil).

28. Subsequent events

On 19 May 2009 a final gross distribution of 2.335 cents per unit was announced by the Trust. The record date for the final distribution is 5 June 2009 and a payment is scheduled to unitholders on 19 June 2009. Imputation credits of 0.394 per unit are attached to the distribution.

On 22 April 2009, the Trust settled the sale of the property at Cnr Munroe and Dickens Streets, Napier for $7,900,000.

On 8 April 2009, the Trust cancelled $100 million of interest rate swaps at a cost of $12 million, which had a fixed rate of 7.26%, and a duration of 5.7 years.

On 8 April 2009, the Trust reduced the facility limit on its revolving credit facility held with ANZ National Bank Limited from $600,075,000 down to $500,075,000.

29. Related party transactions

Details of transactions between the Group and other related parties are disclosed below.

Fees paid to the Manager

The Trust is managed by ING Property Trust Management Limited (the Manager). The ownership of the Manager has been changed from owned equally by ING (NZ) Limited and Symphony Investments (2007) Limited to a wholly owned subsidiary of ING (NZ) Limited from 3 February 2009.

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.

Notes to the financial statements (cont.)

29. Related party transactions (cont.)

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.

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

	Group 2009 $000s	Trust 2009 $000s	Group 2008 $000s	Trust 2008 $000s
Total fees incurred				
Management fees	7,347	7,347	6,443	6,443
Directors' fees	230	230	200	200
Due diligence fees	–	–	400	400
	7,577	7,577	7,043	7,043
Amounts outstanding				
Management fees	578	578	570	570
Incentive fees	–	–	–	–
	578	578	570	570

Properties owned by the Trust have been managed on normal commercial terms by ING (NZ) Limited. Property management fees charged are either included in property expenses or capitalised. The amount paid to ING (NZ) Limited was $2,115,299 (2008: $1,877,407). The amount not recovered from tenants was $1,206,184 (2008: $1,258,362).

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 year was $210,724 (2008: $151,242).

The Trust, through ING Property Trust Investments Limited, disposed of its unitholding in the ING Medical Properties Trust on 17 December 2008.

The tenancy of Symphony Properties Limited (a Symphony Group company) in GE Capital Building expired on 1 December 2008. The total payment made by Symphony Properties Limited for rental, naming rights, storage, and car parks during the year was $21,067 (2008: $31,601).

The Trust paid Symphony Projects Management Limited (a Symphony Group Company) management fees to manage the development at E Block, Albany. The total amount paid in the year was $880,000 (2008: $615,000).

Symphony Projects Management Limited sourced a development opportunity at 7 Wagener Place for which the Trust paid a fee of $330,000.

The Trust paid ING (NZ) Limited a management fee for the time spent on managing the project at E Block, Albany. The total fees during the year was $357,142 (2008: $142,857).

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 year was $1,975,865 (2008: $1,975,865).

The Trust has a revolving credit facility with ANZ National Bank Limited of $600,075,000 (2008: $600,075,000). As at 31 March 2009 $411,309,971 (2008: $440,847,799) had been drawn-down.

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 year was $1,235,209 (2008: $1,284,363).

ING Property Trust No.4 Limited (a subsidiary of ING Property Trust) advanced a loan of $3,646,653 to North East Industrial Limited on 14 July 2008 at an interest rate of 10.00% per annum. The total interest received from North East Industrial Limited during this year was $242,110 and a further $15,194 interest accrual was included in the income statement.

Properties owned by the North East Industrial Limited 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 $74,016 (2008: $59,695).

Notes to the financial statements (cont.)

29. Related party transactions (cont.)

The following transactions occurred between the Trust and its subsidiaries during the year:

	Group 2009 $000s	Trust 2009 $000s	Group 2008 $000s	Trust 2008 $000s
Advances to subsidiaries	–	878,226	–	935,054
Fees recharged to subsidiaries:	–	9,695	–	8,270
Interest recharged to subsidiaries:	–	37,318	–	28,502
Distributions from subsidiaries	–	9,533	–	43,900
	–	934,772	–	1,015,726

No related party debts have been written off or forgiven during the year. The Trust has provided $3,247,484 for intercompany receivable. (2008: Nil).

The Manager held no units in the Trust as at 31 March 2009 and 31 March 2008.

30. Trust deed

The terms of the Trust are set out in the Trust Deed dated 30 October 2002. The Trust Deed was amended on 30 September 2004, 17 October 2006 and 17 December 2008.

The following is a summary of the principal changes to the Trust Deed:

1. The clause relating to the provision of accounts and auditor's reports to the Trustee and unitholders was amended so as to require the Manager to:
   (a) send a copy of the annual accounts of the Trust Fund and the Auditor's report to the Trustee and to each unitholder each year;
   (b) in accordance with the Listing Rules:
      (i) make available a copy of the semi-annual accounts of the Trust Fund to each unitholder; and
      (ii) send a copy of the semi-annual accounts of the Trust Fund to the Trustee.
2. The notice provisions were amended to allow unitholders to elect to receive any notice, communication or other information by email.

31. 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

32. 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;

32. NZX waivers (cont.)

(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.

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.

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 Joint Venture and (ii) entering into a development agreement with Symphony Projects Management Limited ("Symphony") 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 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.

Auditor's report

Deloitte.

To the unitholders of ING Property Trust

We have audited the financial statements on pages 39 to 68. The financial statements provide information about the past financial performance and financial position of the Trust and Group as at 31 March 2009. This information is stated in accordance with the accounting policies set out on pages 43 to 46.

This report is made solely to the Trust's unitholders, as a body. Our audit has been undertaken so that we might state to ING Property Trust's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than ING Property Trust's unitholders as a body for our audit work, for this report, or for the opinions we have formed.

Manager's Responsibilities

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 2009 and of the results of operations and cash flows for the year ended on that date.

Auditor's Responsibilities

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

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 judgments made by the Manager in the preparation of the financial statements, and
- whether the accounting policies are appropriate to the Trust 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, 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 as far as appears from our examination of those records; and
- The financial statements on pages 39 to 68:
  - comply with generally accepted accounting practice in New Zealand;
  - comply with International Financial Reporting Standards; and
  - give a true and fair view of the financial position of ING Property Trust and Group as at 31 March 2009 and the results of their operations and cash flows for the year ended on that date.

Our audit was completed on 22 May 2009 and our unqualified opinion is expressed as at that date.

Deloitte

Chartered Accountants
AUCKLAND, NEW ZEALAND

Unitholder statistics

Twenty largest security holders as at 5 June 2009

Unitholders	No of units	% of total issued units
MFL Mutual Fund Limited	152,720,267	28.83%
Accident Compensation Corporation	23,420,264	4.42%
HSBC Nominees (New Zealand) Limited	21,323,288	4.02%
Investment Custodial Services Limited	15,754,537	2.97%
Premier Nominees Limited - ING Property Securities Fund	15,038,284	2.83%
FNZ Custodians Limited	9,277,122	1.75%
Forsyth Barr Custodians Limited	6,205,844	1.17%
Citibank Nominees (New Zealand) Limited	6,146,304	1.16%
New Zealand Superannuation Fund Nominees Limited	5,337,338	1.00%
Jarden Custodians Limited	5,278,253	0.99%
National Nominees New Zealand Limited	5,255,395	0.99%
Albany Power Centre Limited (in liquidation)	5,038,434	0.95%
HSBC Nominees (New Zealand) Limited	4,817,031	0.90%
Forsyth Barr Custodians Limited	4,726,713	0.89%
Peter John Whiting & Janet Graham Whiting & Wayne Derek Anderson	3,631,000	0.68%
University of Otago Foundation Trust	3,500,000	0.66%
BT NZ Unit Trust Nominees Limited	3,179,491	0.60%
James Harvey Mansell & Christine Anne Mansell & Douglas Tony Brown	3,086,653	0.58%
Superannuation Investments Limited - SIL Mutual Fund	3,061,403	0.57%
Public Trust	2,977,959	0.56%
Total	**299,775,580**	**56.52%**
Total units on issue	**529,704,173**	

Substantial security holders as at 5 June 2009

The following security holders had filed substantial security holder notices in accordance with the Securities Markets Act 1988.

Unitholders	Date notice filed	No of units	% of total issued units
MFL Mutual Fund Limited	2 Feb 2009	150,634,274	28.51%

The total number of units on issue in the Trust as at 5 June 2009 was 529,704,173

Distribution of security holders and security holdings as at 5 June 2009

Unitholders	No of unitholders	Total units	% of total issued units
0-99	8	322	0.00%
100 - 199	4	653	0.00%
200 - 499	17	6,560	0.00%
500 - 999	75	54,452	0.01%
1,000 - 1,999	221	306,414	0.06%
2,000 - 4,999	1,197	4,256,992	0.80%
5,000 - 9,999	1,767	12,750,173	2.41%
10,000 - 49,999	3,796	81,887,838	15.46%
50,000 - 99,999	501	33,464,615	6.32%
100,000 - 499,999	280	48,068,479	9.07%
500,000 - 999,999	24	16,170,878	3.05%
1,000,000 +	42	332,736,797	62.82%
Total	**7,932**	**529,704,173**	**100.00%**

Holdings of directors of the Manager as at 5 June 2009

	Holdings (number of units)		
Directors	Non-beneficial	Beneficial	Associated person
Trevor Scott	5,513,167	2,750,000	–
Peter Brook	304,389	59,967	–
Michael Smith	–	100,000	–
Andrew Evans	39,338	–	–
David McClatchy	–	–	–
Hon. Philip Burdon	–	–	–

Directory

Registrar

Computershare Investor Services Limited
159 Hurstmere Road
North Shore
Private bag 92119
Auckland 1020
Telephone: (09) 488 8777
Facsimile: (09) 488 8787

Manager

ING Property Trust Management Limited
ASB Bank Centre
135 Albert Street
PO Box 7149, Wellesley Street
Auckland 1036
Telephone: (09) 357 1800
Facsimile: (09) 357 1801
www.ingproperty.co.nz

Directors of the Manager

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

Trustee

The New Zealand Guardian Trust Company Limited
Vero Centre
48 Shortland Street
PO Box 1934
Auckland 1015
Telephone: (09) 377 7300
Facsimile: (09) 377 7477

Auditor

Deloitte
Deloitte House
8 Nelson Street
PO Box 33
Auckland
Telephone: (09) 309 4944
Facsimile: (09) 309 4947

Legal advisers to the Manager

Harmos Horton Lusk
Vero Centre
48 Shortland Street
PO Box 28
Auckland 1015
Telephone: (09) 921 4300
Facsimile: (09) 921 4319

Bell Gully
Vero Centre
48 Shortland Street
PO Box 4199
Auckland
Telephone: (09) 916 8800
Facsimile: (09) 916 8801

Legal advisers to the Trustee

Richard Hanna
Level 3
149–155 Parnell Road
PO Box 37 670
Parnell
Auckland 1015
Telephone: (09) 358 1774
Facsimile: (09) 359 9054

Bankers to the Trust

ANZ National Bank Limited
ANZ House
23–29 Albert Street
PO Box 6334
Auckland 1141
Telephone: 0800 103 123