ING Property Trust

Annual Report 2008

Highlights

Solid profit result in 2008

Core operating profit before interest of $74.1m, up 3.3% on the previous year.

Annual distribution

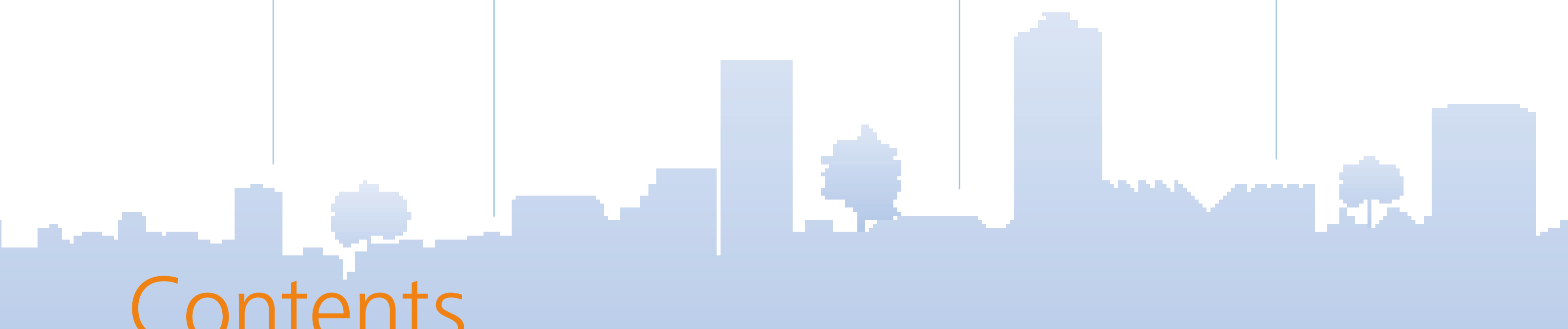
The Trust paid a gross dividend of 9.85 cents per unit for the 12 months to 31 March 2008.

Occupancy and tenant retention

A strong focus by management on leasing saw the property portfolio maintain a near 100% occupancy at year end and achieve an 85% tenant retention rate.

Weighted average lease term

A weighted average lease term of 4.7 years, providing strong rental security.



Contents

Scale and diversification

The Trust is the largest diversified property vehicle listed on the New Zealand Stock Exchange, with a portfolio of 79 buildings valued at $1.2 billion. The Trust provides space solutions for over 330 tenants.

Property development

Total development activity on low risk projects and existing property of $56m.

Property revaluations

An increase of $43m in property values, driven by rental growth and transactional activity.

Rental growth prospects

At balance date, the portfolio is under rented by 6.7%, up from 4.5% in the previous year.

Active management

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

Chairman’s report

The investment environment has seen substantial change since the last annual report. Stock prices across the world, in most asset classes, have seen negative returns.

One of the key ways of managing risks in any investment is that of diversification, and ING Property Trust is the most diversified listed property vehicle on the New Zealand stock exchange. The Trust is diversified by sector, location and tenant mix, with the largest tenant in the portfolio representing less than 3.8% of the total income of the portfolio. This diversification means the Trust is a low risk proposition, a strategy we actively pursue.

The low risk strategy of the Trust is important in a climate when uncertainty is prevalent across many sectors.

In spite of this we have seen a lack of appreciation of the key strengths of the Trust and the unit price has not shown the sort of performance that could have been expected. The Trust currently offers a high level of return from good quality investments. We believe that the unit price has been inappropriately discounted due to investor sentiment driven potentially by some negativity surrounding the sector in general, and the stock in particular. It is our view that the heavily discounted price will reverse in due course as the benefits of the diversification strategy of the Trust are better recognised.

The investment strategy of the Trust remains focused on three key areas of value creation for unitholders:

- Active management of the property portfolio and tenants;
- Maintaining appropriate balance in the portfolio with the acquisition and divestment programme; and
- The investigation of portfolio acquisitions.

All of these areas are part of a risk management strategy to ensure that the diversified low risk nature of the Trust is preserved and where possible enhanced. Our investment strategy is discussed on page 19 of this report.

Investment markets move in cycles and the best time to buy is when the cycle is down rather than at its peak. This is true with the property market, where the Trust has been able to secure acquisitions at a substantially better rate of return than would have been possible 12 months ago.

It is against this backdrop, from an occupancy and demand perspective, that the property market in New Zealand is able to display very good fundamentals. The Trust is showing very low vacancy figures across sectors and locations and little if any excess capacity or over building.

The Board was pleased to announce to the market the results of the revaluation of the property portfolio showing a $43 million increase in the value of the assets. This gain was driven by the capitalisation of the increase in rental income from rental reviews and from leasing activity, rather than from any firming in the capital values. Although rental growth has been successfully captured in the reviews that have occurred over the year, the portfolio is now assessed at being under market rental levels by a higher level than last year. This means that further rental growth will be available in the year ahead.

The Trust's portfolio has again experienced a high degree of positive activity, with new leases and renewals totalling $12.8 million completed since the end of the last financial year. Occupancy of the portfolio has been maintained at a level in excess of 99% and market rental income is currently showing 8.3% of the value of assets. The weighted average lease term of the portfolio is currently a positive 4.7 years with only 11% of space due to expire in the year to 31 March 2009. See pages 20 to 35 for a detailed overview of the portfolio.

The Trust's joint venture investment in the Manawatu Business Park has continued to progress well during the year with five new leases involving the development of a further 3ha of the land. Undeveloped land continues to attract income at 8% p.a. of the purchase cost providing a welcome mitigation of the carrying risks normally associated with vacant land.

Forward enquiry remains positive and this initiative is expected to continue to contribute well to the return of the Trust going forward.

The Albany Gateway project is well underway with the first development on the land, (approximately 50% of the total area of the site), now well advanced. The Mitre 10-anchored development is scheduled to be completed in March 2009. As with other activity in the Trust, much of the development risk is carried by the developer, rather than the Trust.

It is especially pleasing to see that the portfolio is in excellent shape to weather a period of lesser economic activity with few issues of any concern over the next reporting period.

Lastly we wish to thank all investors for their ongoing support and we look forward to being able to work for you in the year ahead.

P.M. Smith

Michael Smith
Chairman, ING Property Trust Management Limited

Manager's report

The income returns from the Trust remain in good shape and provide an encouraging story based on a good-quality diversified income stream.

During the year we have seen the onset of the credit crunch throw international finance markets into a period of substantial challenge. This has resulted in a change in the business environment for New Zealand industry and subsequently, a change for the property sector.

There is a raft of commentary currently available offering varying opinions on the market and the current and likely future effects of finance market changes on New Zealand. What we do know is that the market has slowed since July 2007 and most commentators agree that it is unlikely to show any significant improvement until the end of 2008. Property valuers suggest that the firming of capitalisation rates so evident from April to July 2007 has since been eroded and they are consequently now applying rates last applicable in March 2007.

It is against this somewhat negative backdrop that the ING Property Trust has reported a revaluation increase of approximately $43 million. Significantly, the increase is solely due to greater net income from rental reviews and lease transactional activity. There remains further opportunity for income growth because on average, current rental levels in the portfolio are assessed as being below the market by 6.7%, a larger figure than the 4.5% assessed at the 2007 revaluation. The average yield on market rentals from the Trust's property portfolio is an attractive 8.3%.

While there is little absolute certainty over the future values of property assets, there is a benefit in a strong future income stream from a diverse base of quality tenants. The income streams from the ING Property Trust portfolio are the most diversified of New Zealand listed property vehicles and we believe that the Trust offers a good return from a relatively low risk asset base.

Traditionally, an election year brings with it a period of uncertainty and we have in the past seen inactivity in the property markets during these times, relating to both occupancy and investment areas. This combined with the current market climate, means that we are expecting a relatively quiet property market for the remainder of the calendar year.

The negligible vacancies in the portfolio combined with the excellent tenant retention rate and the strong diversified investment strategy, provide a comforting picture of a soundly positioned property portfolio.

The Trust's portfolio is showcased on pages 20 to 35 of this report.

Acquisitions

During the year the Trust acquired five properties and two development sites, with a combined value of just over $77 million. These include:

- Pandora Road – an industrial building in Napier that is earmarked for conversion to an industrial showroom facility.
- 211 Albany Highway – a good-quality building in a strong North Shore location adjoining an existing asset of the Trust.
- 80 Springs Road – a well-located Auckland asset with future added-value potential when combined with the adjoining three assets of the Trust.
- Foundry Drive – a modern and well-located quality industrial property in Christchurch.

Subsequent to balance date, the Trust has purchased a well-located bulk retail property at Wagener Place, Auckland, adjacent to the Westfield St Luke's Shopping Centre. The Trust has also contracted to purchase an industrial property at Port Hills in Christchurch.

Acquisition of property adjoining existing assets is favoured for the potential to add value in the future.

Property sold	Sector	Sales price
10 Cawley Street, Auckland	Industrial	4,051,500
306 Neilson Street, Auckland	Industrial	5,622,500
27 Zelanian Drive, Auckland	Industrial	6,957,500
36 Vestey Drive, Auckland	Industrial	2,019,000
7–11 Parkway Drive, Auckland	Commercial	2,635,458
TOTAL		21,285,958

Property acquisitions	Sector	Purchase price
Pandora Rd, Napier	Industrial	7,125,000
211 Albany Highway, Auckland	Industrial	17,076,000
80 Springs Road, Auckland	Industrial	9,802,500
245–247 Queen Street, Masterton	Retail	355,000
10 Tutu Place, Porirua	Commercial	3,705,258
8 Foundry Drive, Christchurch	Industrial	14,550,000
E Block, Albany, Auckland	Vacant land	24,440,000
TOTAL		77,053,758

Sales

The Trust contracted to sell six properties during the year, realising gains of $3.9 million over acquisition price. Property held for sale is now held at market value under the new New Zealand equivalents to International Financial Reporting Standards rather than at the lesser of current market value or acquisition cost as under the previous GAAP standards.

Investor returns

While the finance and capital markets remain in a state of uncertainty with apparently little in the way of reliable direction signals, the income returns from the Trust remain in good shape and provide an encouraging story based on a good-quality diversified-income stream.

The cash yield of the Trust is amongst the highest of the listed property stocks in New Zealand and is driven from the most diversified property portfolio.

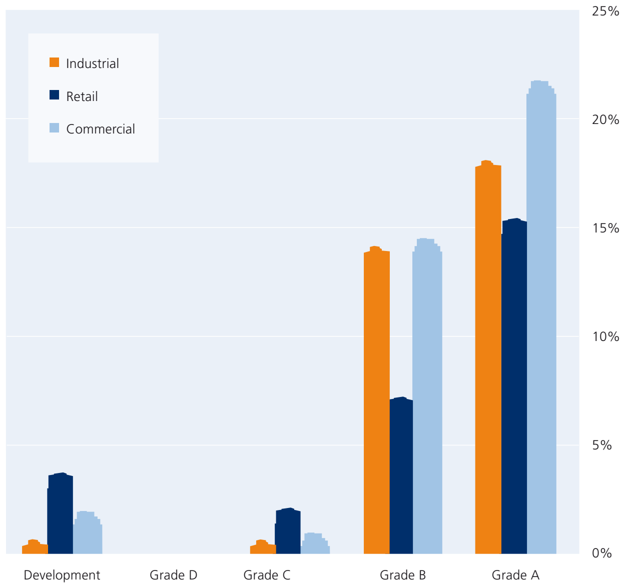
Investment quality

The Trust's portfolio is characterised predominantly by grade A and B property.

Since 2004, Management has been working to improve the overall investment quality of the portfolio through a sales and acquisition programme and by actively managing and investing in assets to improve quality levels.

The Trust's investment portfolio is shown graphically below:

Property grade in relevant market in 2008



Active portfolio management

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

For the first half of the year the strong market conditions provided a high level of demand from private buyers for smaller real estate investments through to large offshore purchasers for more significant assets. In total, five properties were sold and settled during the year for $21.3 million, which realised net gains of $3.3 million over acquisition price, for the Trust.

In addition, the Trust has also unconditionally sold a property at Railway Street, Papakura for $6.5 million which is expected to settle in June, resulting in a realised gain over acquisition price of approximately $0.6 million.

Looking ahead

While we are currently experiencing a difficult investment environment and little clear direction for capital values, the property market in general, and the ING Property Trust in particular, is showing strong fundamentals with occupancy rates and income levels looking very secure for the foreseeable future.

We expect that income growth from the Trust's under-rented position will continue to occur and that given the position in the market of the Trust's portfolio any potential downside to asset valuations will be minimal.

The property market shows little excess capacity and will be able to respond quickly to any changes in the New Zealand economy.

The positive effects of reduced new supply to the market and lower bare land values will provide an environment for future growth when conditions improve. The value of experienced and professional property and asset management is always better recognised in a more challenging market and we expect tenants to be increasingly cognisant of the quality of their landlord.

The Manager remains confident that property occupancy fundamentals will be positive over the coming 12 months with the property portfolio well positioned to benefit from the rental growth in the local market.

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 Fisher & Paykel Healthcare Corporation Limited, 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 and Auckland International Airport Limited.

Andrew Evans Director

Mr Evans is a property professional and registered valuer with over 20 years' experience in the property industry, principally with multi-national property companies in New Zealand and the United Kingdom. A large part of Mr Evans' career has covered the provision of property-related advice over the spread of property assets ranging from retail investments, high rise office buildings and industrial investments through to more specialised assets. Mr Evans held the position of Managing Director of the Manager for four years until stepping down on 28 May 2007. Prior to this, Mr Evans was responsible for the direct property mandates at ING (NZ) Limited, where he was the General Manager, Property. In addition, he is a past National President of the Property Council of New Zealand and a foundation member of the New Zealand Property Institute.

Peter Brook Independent Director

Mr Brook has 20 years' experience in the investment banking industry, during which time he held the positions of Head of Research, Head of Investment Banking and Managing Director of Merrill Lynch (New Zealand) Limited. Mr Brook retired from Merrill Lynch to pursue his own business and consultancy activities at the end of 2000. He is also a Trustee of the Melanesian Mission Trust Board, a member of the Institute of Finance Professionals New Zealand Inc., a director of Trust Investments Management Limited, Albany City Property Investments Limited, 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 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 Investment Officer and Chief Executive officer of ING Investment Management Limited (an Australian company). Mr McClatchy has 20 years' experience investing in property, fixed income and equities in Australia, New Zealand and the United Kingdom. In his current positions, Mr McClatchy has responsibility for all investment management activities across ING Investment Management Limited's domestic and international asset classes. He has been with the ING Group for the past 13 years managing equity and fixed income mandates and was Chief Investment Officer of ING (NZ) Limited. Prior to joining ING, Mr McClatchy held various roles in the banking and securities industry in New Zealand and the United Kingdom. Mr McClatchy is a member of the New Zealand Institute of Chartered Accountants and of New Zealand's Society of Investment Professionals.

Trevor Scott Independent Director

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

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

Our people

We believe that our people are an integral part of our business.

Tony Frost, Lawrence Morgan, Bridget Spraggon, Peter Mence, Warren Cate, Jeremy Nicoll, Saatyesh Bhana and Marilyn Storey.

As ING Group is the world's largest real estate management firm*, 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$114.6 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 12 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 11.

*Pensions and Investments (October 2007)

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.

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 (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.

Jeremy Nicoll

Chief Financial Officer and Company Secretary

Jeremy is responsible for overseeing all of the financial and corporate functions of both ING Property Trust and ING Medical Properties Trust.

A qualified chartered accountant, Jeremy has 14 years' experience in the financial services industry, specialising in property and funds management roles, and has been with ING since 1999.

Jeremy has recently been promoted to Managing Director of the Real Estate division of ING (NZ) Ltd. A replacement for Chief Financial Officer and Company Secretary will be announced in the near future.

Bridget Spraggon

Marketing and Communications Manager

Joining the Real Estate team in January 2008, Bridget is the newest addition to ING Property Trust Management, and 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 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 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 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.

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.

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 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 five 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 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) Limited in 2007.

Marilyn Storey Development Manager

Marilyn has recently been appointed to the ING 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 Property Trust Management 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.

Corporate governance

1 The Strand, Auckland

The Trust

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

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

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 Manager

The Manager of the Trust is ING Property Trust Management Limited, a company owned 50% by ING (NZ) Limited and 50% by Symphony Investments (2007) Limited. Symphony Investments Limited, the previous owner of 50% of the Manager, was struck off the register of companies following amalgamation with Symphony Investments (2007) Limited (formerly called, Heritage (Hobson Street) Holdings Limited) on 9 January 2008. Symphony Investments (2007) Limited is ultimately owned by the same persons who owned Symphony Investments Limited.

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

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

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

Corporate governance philosophy

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

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

Ethical standards

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

Composition of the Board

The Manager is committed to having a Board whose members have the capacity to act independently and have the composite skills to optimise the financial performance of the Trust and returns to unitholders. All the members of the Board are Non-Executive Directors. The members of the Board are listed under "The Board of Directors" on pages 8 and 9, together with their brief resumés.

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

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

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. Nominations from unitholders for the position of independent director of the Manager, to be voted on at the 2008 annual meeting, needed to be received by the Manager by 23 June 2008.

Board committees

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

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

The Audit Committee

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

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

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

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

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

Board and Director performance

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

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

Unitholder relations

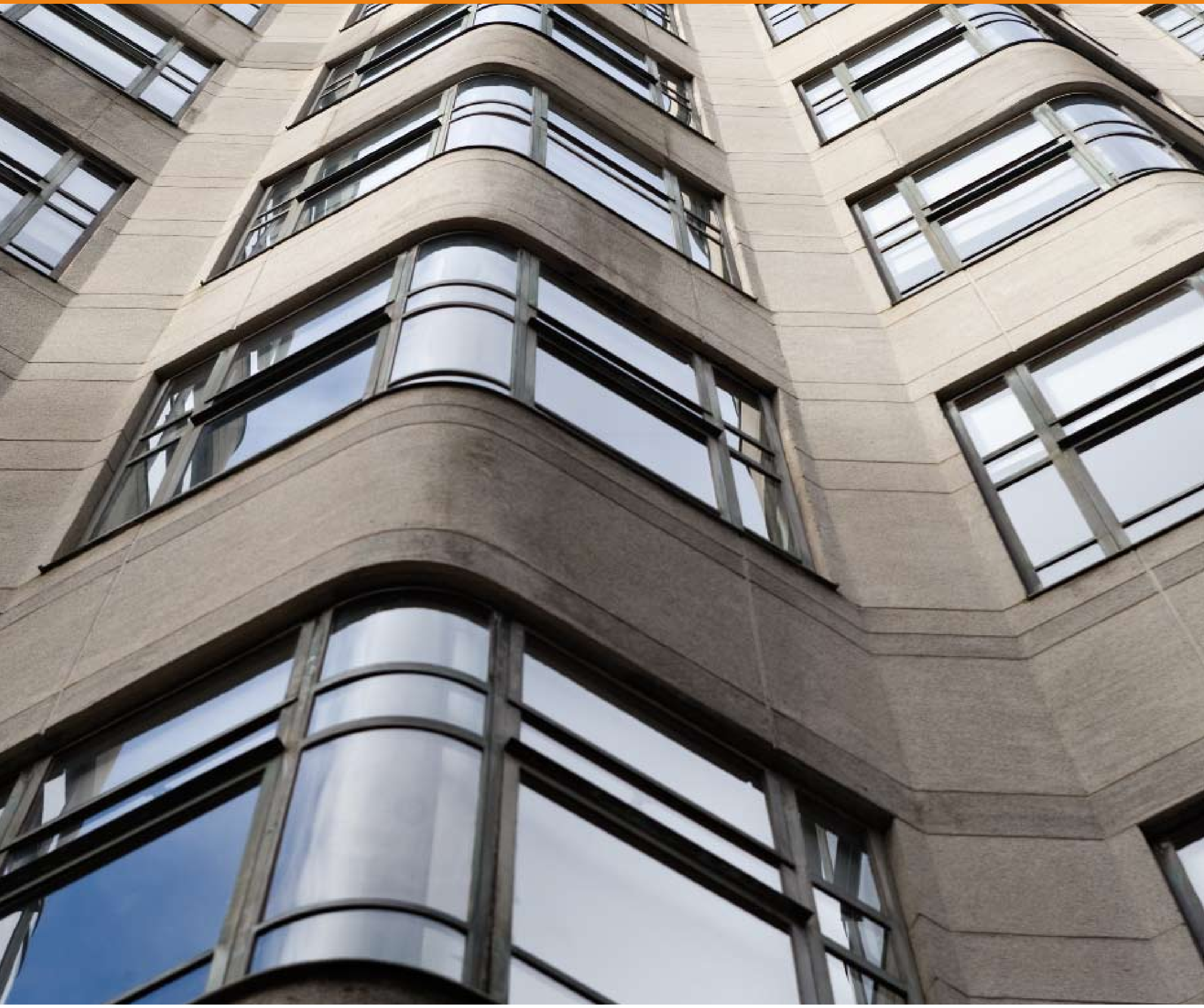
The Board aims to ensure that unitholders are informed of all information necessary to assess the Trust's performance. It does so through a communication strategy which includes:

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

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

Strategy

Management has been working to improve the overall investment quality of the portfolio, through a sales and acquisition programme and by actively managing and investing in assets to improve quality levels.



143 Lambton Quay, Wellington

Investment strategy

The Trust's portfolio is made up of 79 high quality investment properties with an average value of approximately $14 million. With the recent difficulties facing the financial markets there has been a focus by investors and analysts on quality investment.

Of key importance is the degree to which each asset meets the wants and needs of the tenant. What is always important is of course the location of a property. An asset such as the Trust owned Stewart Dawson Corner, 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.

As the property sector is essentially an accommodation provider for business, Management also has an obligation to understand the economic environment in which its tenants operate. The better this is understood, the more equipped the Manager is to meet both current and future needs of its tenants, both existing and potential. By fully understanding the market the Manager is able to add value to unitholders beyond the market and show the sort of results evidenced by this year's revaluation results.

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.

Disciplined financial criteria

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

Diversification

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

Focus investment on quality properties

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

Value range

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

Land

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

Portfolio overview

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

320 Ti Rakau Drive, East Tamaki, Auckland

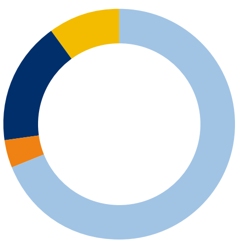
Portfolio statistics

	Total portfolio	Office	Industrial	Retail	Disposal
Number of buildings	79	21	26	19	13
Market value of assets ($m)	$1,111	$390	$346	$278	$97
NLA (sqm)	593,267	117,810	294,546	125,559	55,352
Vacancy factor (sqm)	0.87%	1.52%	0.00%	0.00%	6.12%
WALT (years)	4.7	4.1	5.9	4.3	3.4
Average value ($m)	$14.1	$18.6	$13.3	$14.7	$7.5
Market yield	7.8%	7.9%	7.9%	7.6%	7.9%

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

It has been another strong year, with the property portfolio maintaining a high capacity utilisation level. For the third year in a row the portfolio has achieved an occupancy rate in excess of 99%.

With only 11% of leases due to expire over the next 12 months, occupancy rates should remain at their current high level. Between 14% and 15% of leases are due to expire in each of the following two years. 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.

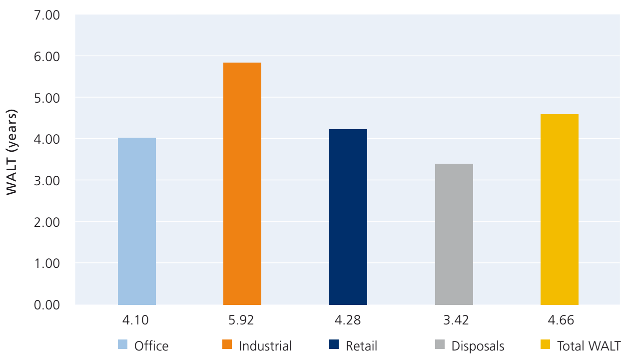
Due to the strong focus on active tenant and building management, the Trust achieved a tenant retention rate of 85% during the year. In real terms this equates to 22 tenants being retained, representing 32,000 sqm of space and $8.3 million of annual rental. Of the space that has been vacated in the portfolio, new tenants have been secured and the ingoing rental is typically higher than that paid by the outgoing tenant.

Portfolio weighted average lease term (WALT)

The weighted average lease term for the entire portfolio has been maintained at 4.7 years at year end. This is particularly pleasing from a risk management perspective 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.

WALT holding by sector



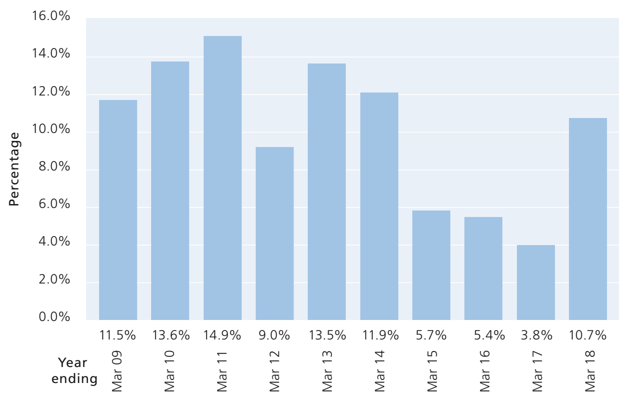
Rental reviews and new leases

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 $2.0 million of additional rental income at an average increase of 10.4%. On an annualised basis this equates to an increase of 3.9%.

Over the next 12 months, 113 rental reviews are due to be concluded. With the portfolio assessed at being 6.7% under rented, another good year of rental growth is expected.

The Manager also has maintained the focus on actively managing tenants and upcoming vacancies to ensure that a high level of portfolio occupancy is maintained. During the period 36 new leases were entered into. This represents 48,700 sqm leased to new tenants, producing $10.8 million of net rental per annum. The average lease term from the new leases is an attractive 5.8 years.

Lease expiry by rent



New leases and lease extensions

Sector	Floor area (sqm)	Average lease term (years)
Commercial	31,906	4.62
Industrial	12,838	6.60
Retail	3,986	8.14
TOTAL	**48,730**	**5.75**

Rent reviews

Sector	Number of reviews	Annualised rental increase
Commercial	28	7.73%
Industrial	20	6.02%
Retail	22	3.62%
TOTAL	**70**	**3.86%**

Valuations

Management was very pleased with the year end revaluation results showing a $43.0 million value uplift driven primarily by rental growth from reviews and transactional activity during the year. The revaluation gains when combined with the Trust's unit buy back programme had a positive impact on the Trust's adjusted net asset backing per unit, which rose to $1.40.

The 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 contract capitalisation rate of 7.8% and a market capitalisation rate maintained at 8.3%, which is the same as the prior year. As a result of the under-rented position, the Trust has the basis for further growth in rental income.

At time of print, at the market price of $0.92, the Trust's units are trading at a 34% discount to its adjusted net asset backing per unit. The Directors of the Manager do not believe that this price gives appropriate recognition to the diversified nature of the portfolio and its attractive yield.

Industrial portfolio

The industrial sector is facing a number of economic issues that may result in variable performance across the sector.

Common to all operators are the effects of rising oil prices on transportation costs, be it domestic distribution or import and export costs. Exporters have had a difficult time with the high exchange rate.

The sector is also currently characterised by constrained land supply. Geographical and regulatory controls have meant that

Property address	Net lettable area (sqm)	Vacant space (sqm)	Vacant space (%)	Current value
11 McCormack Place, Wellington	3,528			$5,500,000
19 Richard Pearse Drive & 26 Ascot Avenue, Mangere, Auckland	4,494			$6,320,000
94 Cryers Road, East Tamaki, Auckland	3,128			$4,225,000
Cnr William Pickering Drive & Bush Road, Albany, Auckland	5,037			$7,725,000
Forge Way, Panmure, Auckland	4,231			$15,000,000
10 Transport Place, East Tamaki, Auckland	13,281			$22,050,000
Cnr Wakefield, Taranaki & Cable Streets, Wellington	3,307			$14,900,000
William Pickering Drive, Albany, Auckland	45,271			$54,400,000
7–9 Niall Burgess Drive, Mt Wellington, Auckland	23,565			$21,000,000
4 Henderson Place, Onehunga, Auckland	11,687			$11,150,000
320 Ti Rakau Drive, East Tamaki, Auckland	28,259			$42,400,000
1 Pandora Road, Napier	4,255			$7,125,000
8 Foundry Drive, Woolston, Christchurch	11,360			$14,900,000
Springs Junction, East Tamaki, Auckland	27,338			$30,750,000
12–20 Bell Avenue, Penrose, Auckland	24,085			$27,800,000
Mayo Road, Wiri, Auckland	13,796			$12,800,000
42 Sir William Drive, East Tamaki, Auckland	4,369			$5,350,000
1478 Omahu Road, Hastings	10,945			$10,550,000
Rewarewa Road, Whangarei	27,704			$12,100,000
Leisureplex, Palmerston North (50%)*	1,808			$2,690,000
Ezibuy, Palmerston North (50%)*	13,625			$11,500,000
Allflex, Palmerston North (50%)*	921			$1,250,000
Budget Plastics, Palmerston North (50%)*	1,332			$520,000
Independent Manawatu Producers, Palmerston North (50%)*	3,233			$1,760,000
Hooker Bros, Palmerston North (50%)*	2,790			$1,775,000
Vestas, Palmerston North (50%)*	1,200			$630,000
Total industrial portfolio	**294,546**	**0**	**0%**	**$346,170,000**

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

there is little industrial land available for greenfields development. This has pushed bare land prices up at a rapid rate.

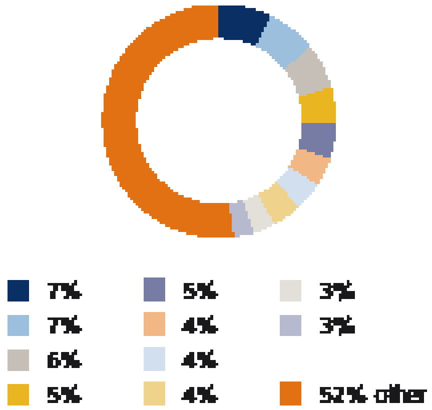
Overall, the sector remains in good shape with historically very low vacancies and little excess capacity. We expect that tenants will display a reluctance to relocate and commit to new premises, giving positive weight to tenant retention rates. The industrial sector is showing good stability and in spite of a period of lower rental growth there are still gains to be made by effectively managing lease structuring and renewal activity. While there are negative factors still to address with the sector, the risks remain manageable and good growth is expected on a long-term basis.

The Trust's industrial assets are very well located quality assets, many with longer-term redevelopment potential.

Net contract rental	Passing yield	WALT	Lease expiry	Major tenant
$447,276	8.13%	2.26	5/7/10	Foodstuffs
$341,689	5.41%	3.17	30/9/12	Mondiale Freight
$330,045	7.81%	1.40	24/8/09	AcePET Limited
$587,000	7.60%	4.00	31/3/12	Dick Smith Electronics
$1,315,660	8.77%	5.47	17/9/13	Truck Leasing Limited (Esanda)
$1,746,299	7.92%	14.18	3/6/22	Easy Logistics Limited
$864,480	5.80%	8.79	17/1/13	BP Oil NZ Limited
$4,190,087	7.70%	6.08	29/4/14	HP Packaging
$2,110,000	10.05%	0.59	31/10/08	Deutsche Post World Net
$923,688	8.28%	1.80	11/6/10	Redeal
$2,958,016	6.98%	9.00	9/8/13	Bunnings Retail
$260,077	3.65%	0.09	6/5/08	Kanuka Developments Limited
$1,292,000	8.67%	3.88	30/1/12	Polarcold Stores Limited
$2,403,119	7.82%	4.69	1/9/12	Fisher & Paykel Appliances Limited
$2,221,503	7.99%	2.91	16/3/11	New Wave Transport Limited
$1,178,096	9.20%	1.75	31/12/09	Kmart
$397,379	7.43%	7.34	31/7/15	Textile Bonding
$928,200	8.80%	5.34	31/7/13	Crasborn Supply Limited
$982,770	8.12%	13.95	8/3/22	United Carriers Limited
$220,000	8.18%	10.30	17/7/18	Valor Ideal
$994,895	8.65%	7.92	29/2/16	Ezibuy
$112,589	9.01%	8.70	8/12/16	Allflex
$40,500	7.79%	17.68	30/11/25	Budget Plastics
$146,582	8.33%	9.13	14/5/17	Independent Manawatu Producers
$149,000	8.39%	11.54	11/10/19	Hooker Bros
$53,000	8.41%	4.94	9/3/13	Vestas
$27,193,950	**7.86%**	**5.92**		

Industrial portfolio

Top 10 industrial tenants by percentage of rental income



1. 7–9 Niall Burgess Road, Mt Wellington

Net lettable area 23,565 sqm

Vacant space 0.00%

Market value $21,000,000

Net contract rental $2,110,000

Passing yield 10.05%

WALT 0.59 years

Major tenant Deutsche Post World Net

2. 10 Transport Place, East Tamaki

Net lettable area 13,281 sqm

Vacant space 0.00%

Market value $22,050,000

Net contract rental $1,746,299

Passing yield 7.92%

WALT 14.18 years

Major tenant Easy Logistics

3. William Pickering Drive, Albany

Net lettable area 45,271 sqm

Vacant space 0.00%

Market value $54,400,000

Net contract rental $4,190,087

Passing yield 7.70%

WALT 6.08 years

Major tenant HP Packaging


easy
-Ambient

Commercial portfolio

The office sector is displaying positive growth, with demand exceeding supply and replacement costs in many cases well above current values.

In each of the main centres there has been a noticeable shift in focus from a building-centric central business district, to one with a focus more on an environmental feature. Auckland and Wellington, for example, have moved towards their respective harbours, and Christchurch and to a lesser extent Hamilton toward their rivers. This has left an area of each city that has become comparatively less attractive than the newly focused area.

The key investment feature of this sector over the last 24 months has been the strong growth in market rental levels. The restricted supply of properties together with the continuing demand for well-located space will see this trend continue in the near future. The difficulties the financial markets are currently experiencing has to some extent underpinned future rental growth, particularly in the Auckland market where some of the potential developments that had been proposed have been postponed or cancelled.

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

Property address	Net Lettable area (sqm)	Vacant space (sqm)	Vacant space (%)	Current value
1 The Strand, Parnell, Auckland	4,361			$13,100,000
Regency House, 1 Elizabeth Street, Tauranga	5,184			$8,850,000
99–107 Khyber Pass Road, Newmarket, Auckland	2,463			$7,500,000
18 London Street, Hamilton	4,117			$8,450,000
8 Pacific Rise, Mt Wellington, Auckland	3,638	473	13.00%	$10,500,000
143 Lambton Quay, Wellington	6,216			$20,600,000
College Hill, Ponsonby, Auckland	8,061	1,116	13.84%	$21,500,000
39 Market Place, Old City Markets, Auckland	10,486	197	1.88%	$37,900,000
Carlton Gore Road, Newmarket, Auckland	11,504			$52,650,000
Liggins Institute, 2–6 Park Avenue, Grafton, Auckland	3,892			$9,650,000
302–308 Great South Road, Greenlane, Auckland	3,455			$9,870,000
626–632 Great South Road, Penrose, Auckland	5,642			$15,900,000
25 Nugent Street, Grafton, Auckland	3,038			$6,400,000
65 Upper Queen Street, Auckland	2,356			$7,450,000
46 Waring Taylor Street, Wellington	8,994			$31,900,000
Citigroup Centre, Auckland	9,797			$35,850,000
269 Khyber Pass, Newmarket, Auckland	3,460			$9,400,000
127 Newton Road, Newton, Auckland	1,884			$3,825,000
Stewart Dawsons Cnr, Wellington	7,033			$33,700,000
IBM Centre, 5 Wyndham Street, Auckland	6,190			$27,700,000
12–22 Hawkestone Street, Wellington	6,039			$17,000,000
Total commercial portfolio	**117,810**	**1,786**	**1.52%**	**$389,695,000**

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 Rd.

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 very high calibre including the United States Government, Citigroup, ANZ, IBM and NIWA in addition to New Zealand Government tenants.

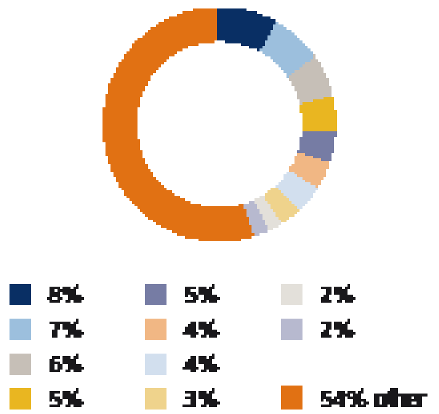
With recent strong growth in this sector and the density of energy usage, the commercial sector has been influenced by the global move to Environmentally Sustainable Design (ESD) initiatives. ING Property Trust's ESD philosophy is detailed on pages 36 and 37 of this report.

The commercial office sector is expected to continue to show market rental growth over the year ahead and the Trust's portfolio is well placed to capture growth already evident in the market due to the timing of the rental reviews.

Net contract rental	Passing yield	WALT	Lease expiry	Major tenant
$1,062,641	8.11%	5.53	14/9/13	Giltrap Group Holdings Limited
$775,120	8.76%	2.45	9/10/10	Inland Revenue Department
$602,327	8.03%	0.75	8/11/08	Nu Skin NZ Inc
$707,214	8.37%	3.79	4/8/11	ACC
$789,600	7.52%	2.89	30/12/10	AsureQuality
$1,704,508	8.27%	2.48	24/9/10	Te Puni Kokiri
$1,474,731	6.86%	2.94	23/2/10	Provenco
$3,184,562	8.40%	6.82	5/1/12	GE Capital
$4,017,146	7.63%	5.01	24/2/12	Tonkin & Taylor
$833,500	8.64%	4.59	1/11/12	University of Auckland
$772,634	7.83%	4.78	18/8/11	McDonald's Restaurants (NZ) Limited
$1,379,862	8.68%	2.16	7/2/11	Telecom Directories Limited
$528,812	8.26%	2.90	10/12/10	Schindler
$720,281	9.67%	1.47	18/4/10	Jasmax
$2,162,427	6.78%	4.59	25/11/12	Department of Internal Affairs
$2,846,888	7.94%	4.47	10/11/10	Citibank/US Embassy
$803,362	8.55%	2.74	20/1/11	NIWA
$499,654	13.06%	1.00	31/3/09	IHUG
$2,259,460	6.70%	4.51	2/11/11	Dymocks
$2,166,712	7.82%	2.33	22/11/09	IBM New Zealand Limited
$1,400,845	8.24%	6.17	31/5/14	Inland Revenue Department
$30,692,286	**7.88%**	**4.10**		

Commercial portfolio

Top 10 commercial tenants by percentage of rental income



1. Citigroup, 23 Customs Street East, Auckland

Net lettable area 9,797 sqm

Vacant space 0.00%

Market value $35,850,000

Net contract rental $2,846,888

Passing yield 7.94%

WALT 4.47 years

Major tenant Citibank/US Embassy

2. 143 Lambton Quay, Wellington

Net lettable area 6,216 sqm

Vacant space 0.00%

Market value $20,600,000

Net contract rental $1,704,508

Passing yield 8.27%

WALT 2.48 years

Major tenant Te Puni Kokiri

3. 46 Waring Taylor, Wellington

Net lettable area 8,994 sqm

Vacant space 0.00%

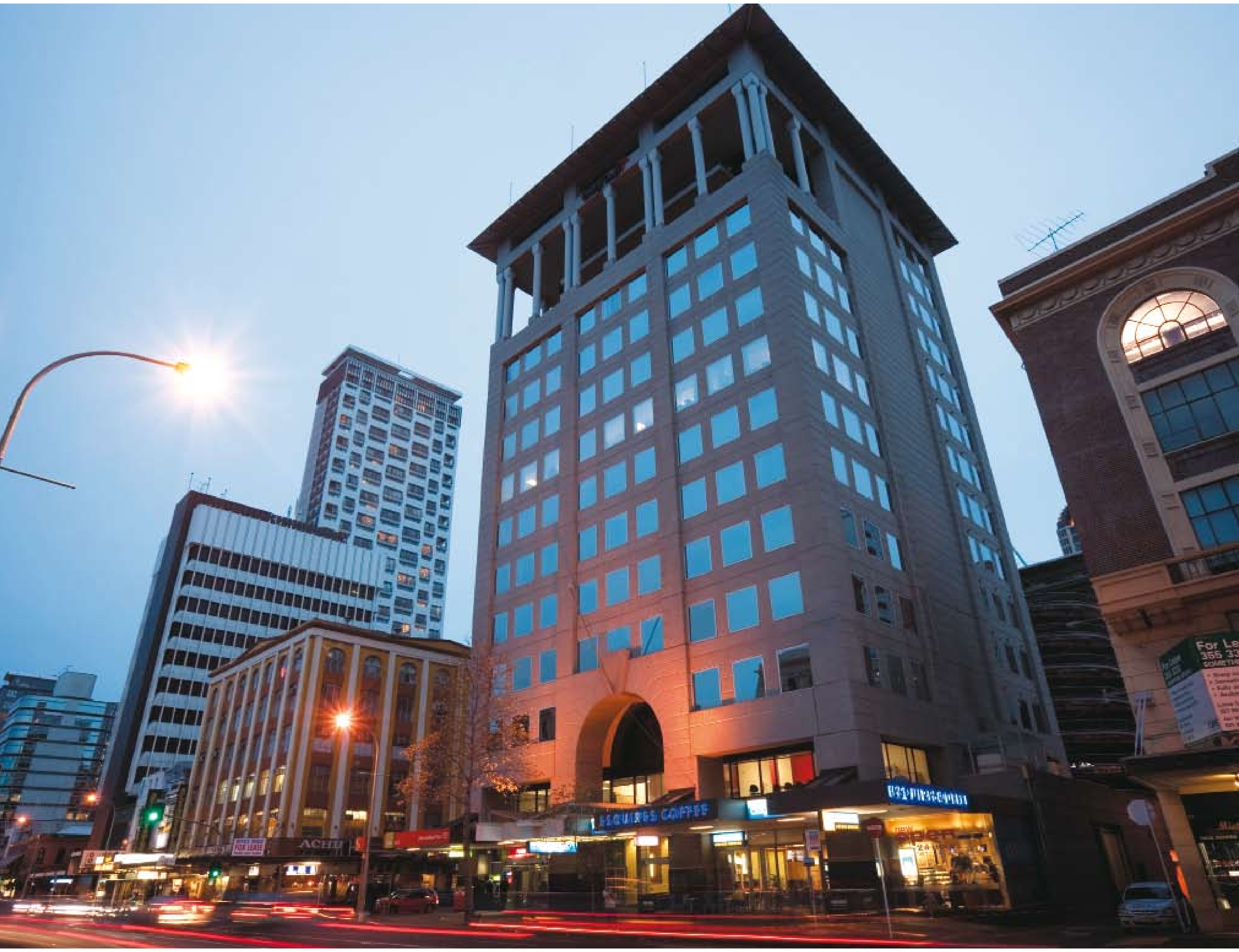
Market value $31,900,000

Net contract rental $2,162,427

Passing yield 6.78%

WALT 4.59 years

Major tenant Department of Internal Affairs



Retail portfolio

If retail expansion continues in the year ahead, the sector will continue to show rental growth.

In recent years the retail sector has been characterised by the number of retailers from offshore locations looking to expand into the New Zealand market. In a bid to achieve sufficient critical mass in New Zealand, these new entrants have increased the demand for retail space. This means that rental rates have increased faster than CPI. If this retail expansion continues in the year ahead, the sector will continue to show rental growth.

Property address	Net Lettable area (sqm)	Vacant space (sqm)	Vacant space (%)	Current value
Countdown, Napier	4,062			$8,700,000
Countdown, Hastings	3,300			$7,475,000
Woolworths, Hamilton	3,341			$5,070,000
Woolworths, Main Street, Palmerston North	2,236			$3,950,000
Rebel Sports, Main Street, Palmerston North	1,467			$2,750,000
Woolworths, Masterton	3,635			$5,250,000
Woolworths, Taupo	2,913			$8,575,000
Waitakere Mega Centre, Henderson, Auckland	17,101			$46,750,000
28–30 Catherine Street, Henderson, Auckland	2,434			$6,700,000
Albany Mega Centre, Albany, Auckland	24,445			$80,500,000
Cnr Taniwha & Paora Hape Streets, Taupo	4,186			$7,800,000
Cnr Lambie & Cavendish Drives, Manukau City, Auckland	6,004			$6,650,000
Railway Street, Papakura, Auckland	3,122			$5,966,999
Briscoes, Main Street, Palmerston North	2,340			$3,840,000
39 Cavendish Drive, Manukau City, Auckland	8,171			$15,400,000
Ti Rakau Drive, Cnr East Tamaki Road, East Tamaki, Auckland	3,085			$7,250,000
Annie Huggan Grove, Wellington	6,409			$10,190,000
180–202 Hutt Road, Kaiwharawhara	6,132			$9,280,000
Porirua Mega Centre, Porirua	21,174			$36,260,000
Total retail portfolio	125,559	0	0%	$278,356,999

Over the coming 24 months there will be a strong focus on the quality and the strength of tenants and their business sector. Consumer discretionary spending will naturally be more affected by the reduction in disposable income than the retail of essential commodities.

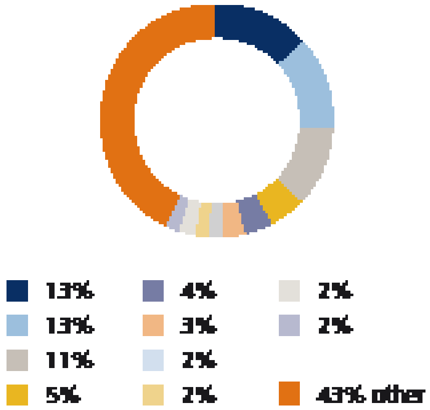
Overall we expect that growth in market rentals for retail property will be limited over the coming 24 months and management will maintain close contact with tenants.

The Trust's retail portfolio is, in general, well placed to weather this period. Our tenants are, in the main, of national size and prime quality. The largest retail tenants in the portfolio are hardware sector heavyweights, Bunnings, Placemakers and Mitre 10 along with major iconic groups like The Warehouse, Stewart Dawsons and Dymocks Booksellers.

Net contract rental	Passing yield	WALT	Lease expiry	Major tenant
$652,000	7.49%	2.41	28/8/10	Progressive Enterprises
$544,500	7.28%	2.41	28/8/10	Progressive Enterprises
$400,000	7.89%	10.76	31/12/18	Woolworths NZ
$305,300	7.73%	1.42	31/8/09	Woolworths NZ
$210,000	7.64%	2.92	28/2/11	Rebel Sports
$361,480	6.89%	1.00	15/4/09	Woolworths NZ
$843,858	9.84%	8.25	30/6/16	Woolworths NZ
$3,406,985	7.29%	5.58	26/6/13	KMart NZ Limited
$445,153	6.64%	9.38	6/8/17	The Warehouse
$5,964,840	7.41%	4.77	10/6/12	Various major retailers
$567,174	7.27%	4.85	3/2/13	The Warehouse
$425,000	6.39%	4.17	31/5/12	AB Equipment
$495,716	8.31%	3.41	2/9/11	Pacific Retail Group
$314,913	8.20%	0.42	31/8/08	Briscoes
$1,204,000	7.82%	1.84	31/1/10	The Warehouse
$565,400	7.80%	1.87	13/2/10	Danske Mobler
$830,760	8.15%	2.92	28/2/11	The Warehouse
$722,000	7.78%	4.38	15/8/12	Placemakers
$2,859,161	7.89%	2.81	19/2/11	Various major retailers
$21,118,240	**7.59%**	**4.28**		

Retail portfolio

Top 10 retail tenants by percentage of rental income



1. 180-202 Hutt Road, Kaiwharawhara

Net lettable area 6,132 sqm

Vacant space 0.00%

Market value $9,280,000

Net contract rental $722,000

Passing yield 7.78%

WALT 4.38 years

Major tenant Placemakers

2. Porirua Mega Centre, Porirua

Net lettable area 21,174 sqm

Vacant space 0.00%

Market value $36,260,000

Net contract rental $2,859,161

Passing yield 7.89%

WALT 2.81 years

Major tenant Various major retailers

3. Albany Mega Centre, Albany

Net lettable area 24,445 sqm

Vacant space 0.00%

Market value $80,500,000

Net contract rental $5,964,840

Passing yield 7.41%

WALT 4.77 years

Major tenant Various major retailers


ASB


Lighting Direct
Think Lighting - Think Lighting Direct
www.lightingdirect.co.nz
sale 50


PlaceMakers
SERVICE CENTRE
BULK 3250563 BASE COURSE
BULK 3250776 BUILDERS MIX

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 cost 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 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 new range of environmentally responsible paper stock for all printed unitholder publications.

The range, called Novatech, 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 Scheme.

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.

We are committed to finding new and innovative ways of making our new and existing buildings more environmentally sound. 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. We have implemented a project to put solar powered signage outside each of our commercial properties. The signs have been developed with new solar technology.

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.

Project updates

Manawatu Business Park

The Trust is pleased with progress made at Manawatu Business Park during the year. Five new leases (as shown below) equalling a combined total of close to three hectares were agreed during the period. The total amount of land currently committed to is in excess of 11 hectares, ahead of initial projected leasing targets.

Enquiries for the remaining land are still steady and there is a strong indication that key national businesses will be committing to the Park over the next few months.

Post balance date

The joint venture has purchased three additional parcels of land adjacent to the Park. All three sections are subject to the same industrial zoning as the Park and make a combined total of 9.9422 hectares at an average price of $58 per square metre.

When these three sites are combined with the existing Manawatu Business Park land holdings, independent valuation advice indicates a net positive gain of $27 per square metre.

1. Budget Plastics

Site area 3,400 sqm

Building area 1,600 sqm

Lease term 10 years

Rental $81,000

Rent reviews Fixed growth from year three

2. Fliway

Site area 3,475 sqm

Building area 780 sqm

Lease term 10 years

Rental $106,352

Rent reviews Market reviews every three years

3. Hooker Pacific

Site area 12,852 sqm

Building area 2,790 sqm

Lease term 12 years

Rental $298,000

Rent reviews Fixed annual growth reviewed every two years

4. Vestas

Site area 2,588 sqm

Building area 1,200 sqm

Lease term 5 years

Rental $106,000

Rent reviews Annual CPI

5. Keegan Contractors Ltd

Site area 6,000 sqm

Building area 2,100 sqm

Lease term 10 years

Rental $164,000

Rent reviews Two year reviews to CPI

Above: The Mitre 10 construction site.

Above: Architect's rendition of the proposed developments.

Albany development

Albany Gateway

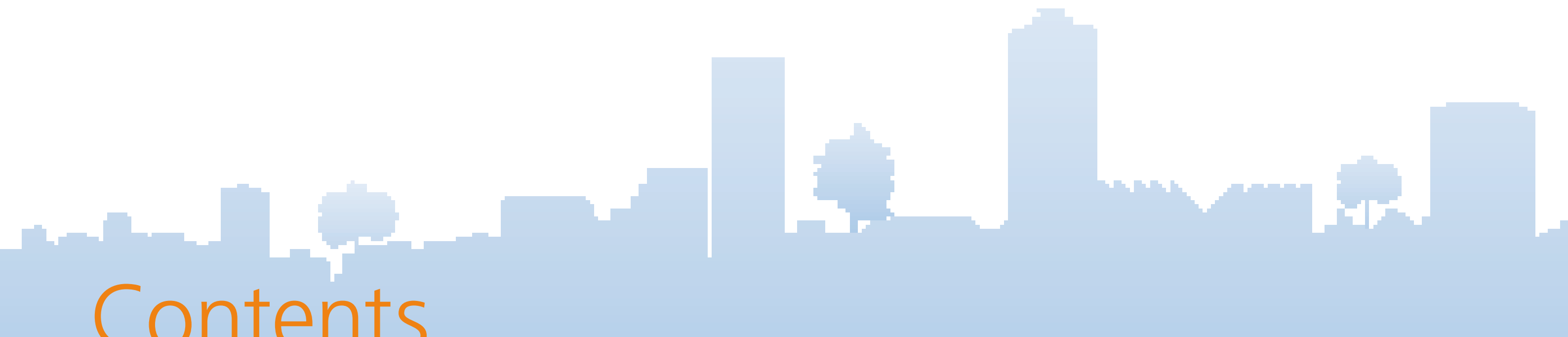
The Gateway bulk retail project provides for the ultimate development of three separate sites within one block bounded by Oteha Valley Road, Appian Way, Corban Ave and Munroe Lane.

Since acquiring the Albany retail site in October 2007, progress with the Mitre 10 store and associated development has been excellent. While construction is on target to have Mitre 10 operational in time for Christmas 2008, the scale of the development is becoming more apparent as construction progresses. Construction is on time and on budget.

An additional 2,000 square metre mezzanine floor extension of the Mitre 10 store has also been negotiated. The extension will accommodate an in-store cafe and furniture department and will be accessed by escalators and two lifts.

Leasing of the balance of the development has also progressed well with major national tenants such as Warehouse Stationery, Retravision and Freedom Furniture committing to the site.

Financial statements



Contents

Balance Sheets
As at 31 March 2008

	Note	Group 2008 $000s	Trust 2008 $000s	Group 2007 $000s	Trust 2007 $000s
Non-current assets					
Investment properties	6	1,111,487	–	1,023,270	–
Property, plant and equipment	7	55,830	–	19,084	–
Investments	8	18,665	–	19,635	–
Derivative financial instruments	9	6,483	6,094	7,692	7,692
Other non-current assets	10	11,789	935,156	11,308	859,418
Total non-current assets		1,204,254	941,250	1,080,989	867,110
Current assets					
Cash and cash equivalents		707	26	1,059	15
Trade and other receivables	11	4,316	123	18,880	197
Other current assets	12	3,544	174	729	126
Derivative financial instruments	9	1,294	1,294	621	621
Taxation receivable		–	3,614	1,190	13,050
Total current assets		9,861	5,231	22,479	14,009
Total assets		1,214,115	946,481	1,103,468	881,119
Unitholders’ funds					
Units on issue	13	522,876	522,876	553,732	553,732
Hedging reserve	14	4,974	4,974	5,355	5,355
Retained earnings	15	172,678	(29,441)	147,854	(27,643)
Total unitholders’ funds		700,528	498,409	706,941	531,444
Non-current liabilities					
Borrowings	16	457,413	440,848	353,053	341,123
Derivative financial instruments	9	509	509	479	479
Deferred tax	17	44,265	2,440	33,257	2,621
Total non-current liabilities		502,187	443,797	386,789	344,223
Current liabilities					
Trade and other payables	18	9,313	4,119	8,979	5,452
Derivative financial instruments	9	224	156	–	–
Taxation payable		1,091	–	–	–
Other current liabilities		772	–	759	–
Total current liabilities		11,400	4,275	9,738	5,452
Total liabilities		513,587	448,072	396,527	349,675
Total unitholders’ funds and liabilities		1,214,115	946,481	1,103,468	881,119

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

Michael Smith
Chairman

Trevor Scott
Director

24 June 2008

The notes on pages 45–80 form part of, and are to be read in conjunction with, these financial statements.

Income Statements

For the year ended 31 March 2008

	Note	Group 2008 $000s	Trust 2008 $000s	Group 2007 $000s	Trust 2007 $000s
Gross property income from rentals	5	89,622	–	81,676	–
Gross property income from expense recoveries		13,751	21	13,593	–
Property expenses		(18,716)	(116)	(18,755)	–
Net property income	5	84,657	(95)	76,514	–
Fees and recharges charged to subsidiaries		–	36,772	–	31,916
Distributions received		1,225	43,900	1,254	44,470
Other income	19	173	–	7,587	–
Total income		86,055	80,577	85,355	76,386
Administration expenses	21	10,254	8,555	11,704	10,130
Other expenses	19	356	–	612	360
Total expenses before finance income/(expenses) and other gains/(losses)		10,610	8,555	12,316	10,490
Profit before finance income/(expenses) and other gains/(losses)		75,445	72,022	73,039	65,896
Finance income/(expenses)					
Finance expense	20	(28,215)	(29,044)	(21,211)	(21,671)
Finance income	20	721	69	531	58
		(27,493)	(28,975)	(20,680)	(21,613)
Other gains					
Revaluation gains on investment property	6	42,092	–	87,236	–
Revaluation gains on joint venture investment property		750	–	–	–
Unrealised gain on construction		199	–	–	–
		43,041	–	87,236	–
Profit before income tax		90,933	43,047	139,595	44,283
Taxation	22	19,245	(387)	37,265	(77)
Profit for the year		71,748	43,434	102,330	44,360
Earnings per unit					
Basic and diluted earnings per unit (cents)	24	13.49		19.06	

The notes on pages 45–80 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 2008

	Group 2008 $000s	Trust 2008 $000s	Group 2007 $000s	Trust 2007 $000s
Unitholders' funds at the beginning of the year	706,941	531,444	630,611	513,084
Profit for the year	71,748	43,434	102,330	44,360
Fair value (losses)/gains on cashflow hedges	(381)	(381)	4,481	4,481
Fair value loss – units in ING Medical Properties Trust	(1,712)	–	–	–
Prior period adjustment	19	–	–	–
Total recognised income and expense for the year	69,674	43,053	106,811	48,841
Contributions by unitholders				
Issue of units from Unit Purchase Plan	–	–	11,663	11,663
Issue of units from Dividend Reinvestment Plan	4,821	4,821	7,211	7,211
Issue costs of units	(82)	(82)	(75)	(75)
Units purchased in buy back	(35,594)	(35,594)	–	–
Distributions to unitholders	(45,232)	(45,232)	(49,280)	(49,280)
Unitholders' funds at the end of the year	700,528	498,409	706,941	531,444

The notes on pages 45–80 form part of, and are to be read in conjunction with, these financial statements.

Statements of cash flows

For the year ended 31 March 2008

	Note	Group 2008 $000s	Trust 2008 $000s	Group 2007 $000s	Trust 2007 $000s
Cash flows from operating activities					
Cash was provided from:					
Property income		105,254	–	92,901	26
Interest received		587	69	552	58
Distributions received		1,225	–	1,254	–
Cash was applied to:					
Property expenses		(18,448)	(196)	(18,579)	–
Management and trustee fees		(7,577)	(6,763)	(8,100)	(9,030)
Interest paid		(27,241)	(29,105)	(23,644)	(19,791)
Tax paid		(5,769)	(2,407)	(6,890)	(4,856)
Other trust expenses		(1,795)	(2,436)	(2,290)	(322)
Net cash from operating activities	23	46,236	(40,838)	35,204	(33,915)
Cash flows from investing activities					
Cash was provided from:					
Sale of properties		22,275	–	44,796	–
Short-term receivable		13,453	–	–	–
Cash was applied to:					
Acquisition costs		(1,774)	–	(24)	–
Advance to related party		(1,809)	–	–	–
Capital additions		(13,774)	–	(12,249)	–
Purchase of properties		(52,563)	–	(54,298)	–
Expenditure on property, plant & equipment		(39,925)	–	(2,424)	–
Purchase of 50% interest in North East Industrial Limited		–	–	(19,985)	–
Purchase of units in ING Medical Properties Trust		(744)	–	(922)	–
Short-term receivable		–	–	(13,857)	(360)
Net cash used in investing activities		(74,861)	–	(58,963)	(360)
Cash flows from financing activities					
Cash was provided from:					
Debt drawdown		121,954	117,319	111,117	108,262
Issue of units (net of issue costs)		4,515	4,515	18,799	18,799
Advances from subsidiaries		–	17,211	–	13,289
Cash was applied to:					
Repayment of debt		(17,593)	(17,593)	(55,459)	(55,459)
Distributions paid to unitholders		(45,232)	(45,232)	(50,694)	(50,694)
Buy back of units		(35,371)	(35,371)	–	–
Net cash from financing activities		28,273	40,849	23,763	34,197
Net (decrease)/increase in cash and cash equivalents		(352)	11	4	(78)
Cash and cash equivalents at the beginning of the year		1,059	15	1,055	93
Cash and cash equivalents at the end of the year		707	26	1,059	15

The notes on pages 45–80 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 Trust Act 1960 by a Trust Deed dated 30 October 2002 as amended by Deeds of Variation and Restatement dated 30 September 2004 and 17 October 2006. 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 owned equally by ING (NZ) Limited and Symphony Investments (2007) Limited.

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 24 June 2008.

2. Basis of preparation

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They have been prepared in accordance with NZ IFRS 1 First-Time Adoption of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) because they are the Group's first annual NZ IFRS financial statements. The accounting policies applied in these financial statements comply with NZ IFRS and NZ IFRIC interpretations issued and effective at the time of preparing these statements as applicable to the Trust as a profit-orientated entity. The Trust and Group financial statements also comply with International Financial Reporting Standards (IFRS).

The preparation of the financial statements resulted in changes in the accounting policies as compared with the most recent annual financial statements prepared under previous NZ GAAP. The accounting policies described below have been applied consistently to all periods presented in these financial statements and in preparing an opening NZ IFRS balance sheet at 1 April 2006 for the purposes of transition to NZ IFRS. Reconciliations and description of the effect of the transition from previous NZ GAAP to NZ IFRS on the Group and Trust's equity and its net income and cash flows are provided in note 34.

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. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. 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 34(l)	–	business combinations
Note 6	–	valuation of investment property
Note 9	–	valuation of derivative financial instruments

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 inter-company 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
North East Industrial Limited

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 joint controlled entity is accounted for in accordance with the Group's accounting policy 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 expenditures that are 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 since it is intended that all development property will be transferred to investment property on completion.

Reclassification to investment property

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 profit or loss.

Investment property

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 profit or loss. 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 cashflow 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 profit or loss. 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 entity.

Financial instruments

Non-derivative financial instruments

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

Non-derivative financial instruments are recognised initially 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 purposes 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 8. 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.

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 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 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.

Finance 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 profit or loss 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.

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 formats. 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 adopted

At the date of authorisation of these financial statements the following Standards and Interpretations were in issue but not yet effective:

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 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); and

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

The IASB has passed amendments to NZ IAS 16 and NZ IAS 40 which will require development property being developed for future use as investment property to be accounted for at fair value under NZ IAS 40. The financial impact of these amendments has not been quantified.

The above Standards and Interpretations are expected to have no material impact on the financial statements of the Group and Trust in the period of initial application.

4. 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 programme 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 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.

5. 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 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

The segment results for the year ended 31 March 2007 are as follows:

	Industrial $000s	Commercial $000s	Retail $000s	Unallocated $000s	Total $000s
Revenue	27,825	37,530	25,972	3,942	95,269
Segment result	24,096	28,469	21,639	2,310	76,514
Segment assets	369,504	370,294	303,963	59,708	1,103,468
Segment liabilities	1,693	431	544	393,859	39,526
Acquisition of segment assets	11,689	24,671	16,393	–	52,753

6. Investment properties

	Group 2008 $000s	Trust 2008 $000s	Group 2007 $000s	Trust 2007 $000s
Balance at the beginning of the year	1,006,462	–	880,405	–
Acquisition of properties	52,773	–	52,753	–
Capitalised costs	7,754	–	14,971	–
Disposals	(21,132)	–	(28,903)	–
Change in fair value	42,092	–	87,236	–
Fair value of investment property	1,087,949	–	1,006,462	–
Deferred initial direct costs/lease incentives				
Opening balance	2,403	–	1,128	–
Change during the year	1,010	–	1,275	–
Closing balance	3,413	–	2,403	–
Share of joint venture investment properties	20,125	–	14,405	–
Balance at the end of the year	1,111,487	–	1,023,270	–
Balance at beginning of year	1,023,270	–	881,533	–

6. Investment properties (cont.)

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 and E Block, Albany.

Investment properties purchased and disposed of during the period are as follows:

	Group 2008 $000s	Trust 2008 $000s	Group 2007 $000s	Trust 2007 $000s
Acquisition of properties				
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	–	–	–
792 Great South Road, Auckland	–	–	16,393	–
United Carriers, Rewarewa, Whangarei	–	–	11,689	–
IBM Centre, 5 Wyndham Street, Auckland	–	–	24,671	–
	52,773	–	52,753	–
Disposal of properties				
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	–	–	–
Farmers, Rotorua	–	–	2,900	–
50 Grafton Road, Auckland	–	–	4,512	–
Farmers, Hamilton	–	–	21,491	–
	21,132	–	28,903	–
Sale proceeds of properties disposed of	20,949	–	35,575	–
Net (Loss)/gain on disposal	(183)	–	6,672	–

Valuation of investment properties

All investment properties 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 2008. The valuations were prepared by independent registered valuers JLL, DTZ, CB Richard Ellis and Colliers. The total value per valuer was as follows:

	Group 2008 $000s	Trust 2008 $000s	Group 2007 $000s	Trust 2007 $000s
DTZ New Zealand Limited	546,445	–	517,330	–
CB Richard Ellis Limited	187,245	–	328,330	–
Colliers International New Zealand Limited	203,470	–	177,610	–
Jones Lang LaSalle	168,360	–	–	–
Properties not revalued	5,967	–	–	–
	1,111,487	–	1,023,270	–

7. Property, plant and equipment

	Group 2008 $000s	Trust 2008 $000s	Group 2007 $000s	Trust 2007 $000s
Investment property under development				
Opening balance	19,084	–	–	–
Acquisition of joint venture	–	–	17,928	–
Purchase of investment property	24,440	–	–	–
Capitalised costs	18,021	–	2,424	–
Transfer to investment property[1]	(5,715)	–	(1,290)	–
Change in fair value	–	–	22	–
Total property, plant and equipment	55,830	–	19,084	–

[1.] Transfer to investment property has been included in the share of joint venture investment properties in note 6.

8. Investments

	Group 2008 $000s	Trust 2008 $000s	Group 2007 $000s	Trust 2007 $000s
Investment in ING Medical Properties Trust	18,665	–	19,635	–
Total investments	18,665	–	19,635	–

As at 31 March 2008, the Trust held 16,152,401 units (2007: 15,724,246) in ING Medical Properties Trust. The fair value of the investment is determined by the unit price on the NZSX at balance date.

9. 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 interest rate risk as at 31 March 2008:

	Weighted average effective interest rate %	Less than 1 year $000s	1–2 years $000s	2–3 years $000s	3–4 years $000s	5+ years $000s	Total $000s
Financial liabilities							
Revolving credit facility							
– ANZ National Bank Limited	7.45%	(32,843)	(32,843)	(473,691)	–	–	(539,377)
– Bank of New Zealand Limited	7.64%	(1,266)	(1,266)	(17,831)	–	–	(20,363)
Accounts payable and accruals		(9,313)	–	–	–	–	(9,313)
Derivative financial instruments		(733)	–	–	–	–	(733)
		(44,155)	(34,109)	(491,522)	–	–	(569,786)

9. Financial instruments (cont.)

The following table details the Group's exposure to interest rate risk as at 31 March 2007:

	Weighted average effective interest rate %	Less than 1 year $000s	1–2 years $000s	2–3 years $000s	3–4 years $000s	5+ years $000s	Total $000s
Financial liabilities							
Revolving credit facility							
– ANZ National Bank Limited	6.95%	(23,708)	(23,708)	(364,831)	–	–	(412,247)
– Bank of New Zealand Limited	7.18%	(857)	(857)	(12,787)	–	–	(14,501)
Accounts payable and accruals		(8,979)	–	–	–	–	(8,979)
Derivative financial instruments		(479)	–	–	–	–	(479)
		(34,023)	(24,565)	(377,618)	–	–	(436,206)

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

Financial liabilities							
Revolving credit facility							
– ANZ National Bank Limited	7.45%	(32,843)	(32,843)	(473,691)	–	–	(539,377)
Accounts payable and accruals		(4,119)	–	–	–	–	(4,119)
Derivative financial instruments		(665)	–	–	–	–	(665)
		(37,627)	(32,843)	(473,691)	–	–	(544,161)

The following table details the Trust's exposure to interest rate risk as at 31 March 2007:

Financial liabilities							
Revolving credit facility							
– ANZ National Bank Limited	6.95%	(23,708)	(23,708)	(364,831)	–	–	(412,247)
Accounts payable and accruals		(5,453)	–	–	–	–	(5,453)
Derivative financial instruments		(479)	–	–	–	–	(479)
		(29,640)	(23,708)	(364,831)	–	–	(418,179)

Categories of financial instruments

The following table details the Group's categories of financial instruments as at 31 March 2008:

	Loans and receivables $000s	Available-for-sale financial assets $000s	Derivatives used for hedging $000s	Total $000s
Financial assets				
Cash and deposits	707	–	–	707
Trade and other receivables	4,316	–	–	4,316
Units in ING Medical Properties Trust	–	18,665	–	18,665
Derivative financial instruments	–	–	7,777	7,777
	5,023	18,665	7,777	31,465
Financial liabilities				
Revolving credit facility – ANZ National Bank Limited	(440,848)	–	–	(440,848)
– Bank of New Zealand Limited	(16,565)	–	–	(16,565)
Accounts payable and accruals	(9,313)	–	–	(9,313)
Derivative financial instruments	–	–	(733)	(733)
	(466,726)	–	(733)	(467,459)

The following table details the Group's categories of financial instruments as at 31 March 2007:

	Loans and receivables $000s	Available-for-sale financial assets $000s	Derivatives used for hedging $000s	Total $000s
Financial assets				
Cash and deposits	1,059	–	–	1,059
Trade and other receivables	18,880	–	–	18,880
Units in ING Medical Properties Trust	–	19,635	–	19,635
Derivative financial instruments	–	–	8,313	8,313
	19,939	19,635	8,313	47,887
Financial liabilities				
Revolving credit facility – ANZ National Bank Limited	(341,123)	–	–	(341,123)
– Bank of New Zealand Limited	(11,930)	–	–	(11,930)
Accounts payable and accruals	(8,979)	–	–	(8,979)
Derivative financial instruments	–	–	(479)	(479)
	(362,032)	–	(479)	(362,511)

The following table details the Trust's categories of financial instruments as at 31 March 2008:

	Loans and receivables $000s	Available-for-sale financial assets $000s	Derivatives used for hedging $000s	Total $000s
Financial assets				
Cash and deposits	26	–	–	26
Trade and other receivables	123	–	–	123
Derivative financial instruments	–	–	7,388	7,388
	149	–	7,388	7,537
Financial liabilities				
Revolving credit facility – ANZ National Bank Limited	(440,848)	–	–	(440,848)
Accounts payable and accruals	(4,119)	–	–	(4,119)
Derivative financial instruments	–	–	(665)	(665)
	(444,967)	–	(665)	(445,632)

9. Financial instruments (cont.)

The following table details the Trust's categories of financial instruments as at 31 March 2007:

	Loans and receivables $000s	Available-for-sale financial assets $000s	Derivatives used for hedging $000s	Total $000s
Financial assets				
Cash and deposits	15	–	–	15
Trade and other receivables	197	–	–	197
Derivative financial instruments	–	–	8,313	8,313
	212	–	8,313	8,525
Financial liabilities				
Revolving credit facility – ANZ National Bank Limited	(341,123)	–	–	(341,123)
Accounts payable and accruals	(5,453)	–	–	(5,453)
Derivative financial instruments	–	–	(479)	(479)
	(346,576)	–	(479)	(347,055)

Within loans and receivables are financial liabilities at amortised cost.

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 and the Bank of New Zealand 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 have 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 2008		Trust 2008		Group 2007		Trust 2007	
Maturing	Nominal value	Effective interest rate	Nominal value	Effective interest rate	Nominal value	Effective interest rate	Nominal value	Effective interest rate
2007	–	–	–	–	10,000,000	6.28%	10,000,000	6.28%
2008	–	–	–	–	33,000,000	6.66%	33,000,000	6.66%
2009	**193,000,000**	**6.43%**	**190,000,000**	**6.41%**	80,000,000	6.22%	80,000,000	6.22%
2010	**90,000,000**	**6.83%**	**90,000,000**	**6.83%**	45,000,000	6.44%	45,000,000	6.44%
2011	**15,000,000**	**6.91%**	**15,000,000**	**6.91%**	15,000,000	6.45%	15,000,000	6.45%
2012	**20,000,000**	**7.34%**	**20,000,000**	**7.34%**	45,000,000	6.95%	45,000,000	6.95%
2013	**28,500,000**	**7.78%**	**20,000,000**	**8.21%**	58,500,000	6.87%	50,000,000	6.88%
2014	**30,000,000**	**7.95%**	**30,000,000**	**7.95%**	–	–	–	–
	376,500,000		**365,000,000**		286,500,000		278,000,000	

Other price risks

The Group is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

Credit facilities

The Trust has a revolving credit facility with ANZ National Bank Limited of $600,000,000. As at 31 March 2008 $440,847,799 (2007: $341,122,608) had been drawn-down. The effective interest rate was 7.45% (2007: 6.95%).

The Joint Venture has a revolving credit facility with Bank of New Zealand Limited of $50,000,000. As at 31 March 2008 $33,130,000 (2007: $23,860,000) had been drawn-down. The effective interest rate was 7.64% (2007: 7.18%).

Fair value

The carrying value of cash, accounts receivable, accounts payable, bank loan and accruals is equivalent to their fair value.

The fair value of interest rate swaps at 31 March 2008 was as follows:

	Group 2008 $000s	Trust 2008 $000s	Group 2007 $000s	Trust 2007 $000s
Current assets				
Interest rate swaps – cash flow hedges	1,171	1,171	621	621
Interest rate swaps – held for trading	123	123	–	–
	1,294	1,294	621	621
Non-current asset				
Interest rate swaps – cash flow hedges	2,008	2,008	7,371	7,371
Interest rate swaps – held for trading	4,475	4,086	321	321
	6,483	6,094	7,692	7,692
Current liability				
Interest rate swaps – held for trading	224	156	–	–
	224	156	–	–
Non-current liability				
Interest rate swaps – cash flow hedges	509	509	–	–
Interest rate swaps – held for trading	–	–	479	479
	509	509	479	479
Balance	7,044	6,723	7,834	7,834
Nominal value of interest rate swaps	376,500	365,000	286,500	278,000
Average fixed interest rate	7.11%	7.12%	6.71%	6.71%
Floating rates based on NZD BBR	9.05%	9.04%	8.04%	8.03%

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 change 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 100 basis point increase or decrease represents management's assessment of the possible change in interest rates.

At 31 March 2008, if interest rates had been 100 basis points higher and all other variables were held constant:

- the Group's net profit would increase by $1,163,715;
- the Trust's net profit would increase by $376,868;
- other equity reserves would increase by $5,390,605.

At 31 March 2008, if interest rates had been 100 basis points lower and all other variables were held constant:

- the Group's net profit would decrease by $1,235,796;
- the Trust's net profit would decrease by $398,492;
- other equity reserves would decrease by $5,610,872.

10. Other non-current assets

	Group 2008 $000s	Trust 2008 $000s	Group 2007 $000s	Trust 2007 $000s
Management fee buyout	9,989	102	11,306	102
Capitalised tenant incentives	25	–	–	–
Advances to subsidiaries	–	935,054	–	859,316
Other	1,775	–	2	–
Total other non-current assets	11,789	935,156	11,308	859,418

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 Urbus Properties Limited to be charged management fees on a basis consistent with the other Trust subsidiaries and has resulted in the capitalisation of the cost of buying out the previous management contract. The contracts are being amortised over a period of 10 years.

11. Trade and other receivables

	Group 2008 $000s	Trust 2008 $000s	Group 2007 $000s	Trust 2007 $000s
Trade receivables	2,353	18	2,447	6
Share of joint venture trade receivables	1,930	–	294	–
Amount receivable from unsettled sales of properties	33	–	1,359	–
GST receivable	–	105	1,327	191
Short-term receivables	–	–	13,453	–
Total trade and other receivables	4,316	123	18,880	197

12. Other current assets

	Group 2008 $000s	Trust 2008 $000s	Group 2007 $000s	Trust 2007 $000s
Accrued income	–	–	400	–
Share of joint venture other current assets	–	–	3	–
Prepayments	185	10	177	14
Preliminary development expense	3,183	–	–	–
Other current assets	176	164	149	112
Total other current assets	3,544	174	729	126

13. Units

	Group 2008 $000s	Trust 2008 $000s	Group 2007 $000s	Trust 2007 $000s
Balance at the beginning of the year	553,732	553,732	534,933	534,933
Purchase of units from buy back	(35,595)	(35,595)	–	–
Issue of units from Unit Purchase Plan	–	–	11,663	11,663
Issue of units from Dividend Reinvestment Plan	4,821	4,821	7,211	7,211
Issue cost of units	(82)	(82)	(75)	(75)
Balance at the end of the year	522,876	522,876	553,732	553,732

The number of units on issue at 31 March 2008 was 514,275,088 (2007: 541,737,478). The units have no par value and are fully paid. Fully paid units carry one vote per unit and carry the right to distributions.

Reconciliation of number of units

(in thousands of units)	Group 2008 000s	Trust 2008 000s	Group 2007 000s	Trust 2007 000s
Balance at the beginning of the year	541,738	541,738	525,454	525,454
Purchase of units from buy back	(31,338)	(31,338)	–	–
Issue of units from Unit Purchase Plan	–	–	10,240	10,240
Issue of units from Dividend Reinvestment Plan	3,875	3,875	6,044	6,044
Balance at the end of the year	514,275	514,275	541,738	541,738

14. Hedging reserve

	Group 2008 $000s	Trust 2008 $000s	Group 2007 $000s	Trust 2007 $000s
Balance at the beginning of the year	5,355	5,355	874	874
Fair value (losses)/gains during the year	(568)	(568)	6,687	6,687
Tax on fair value (losses)/gains	187	187	(2,206)	(2,206)
Balance at the end of the year	4,974	4,974	5,355	5,355

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.

15. Retained earnings

	Group 2008 $000s	Trust 2008 $000s	Group 2007 $000s	Trust 2007 $000s
Balance at the beginning of the year	147,854	(27,643)	94,804	(22,723)
Net surplus after taxation	71,748	43,434	102,330	44,360
Distributions to unitholders	(45,232)	(45,232)	(49,280)	(49,280)
Fair value loss – units in ING Medical Properties Trust	(1,712)	–	–	–
Prior period adjustment	19	–	–	–
Balance at the end of the year	172,678	(29,441)	147,854	(27,643)

	Group & Trust 2008 CPU	Group & Trust 2007 CPU
Distributions to unitholders		
Interim		
Cash	6.52	6.66
Imputation credits	0.79	0.84
Final		
Cash	2.19	2.01
Imputation credits	0.36	0.99
Total		
Cash	8.70	8.67
Imputation credits	1.15	1.83
	9.85	10.50

16. Borrowings

	Group 2008 $000s	Trust 2008 $000s	Group 2007 $000s	Trust 2007 $000s
ANZ National Bank Limited	440,848	440,848	341,123	341,123
Bank of New Zealand Limited – Share of joint venture borrowings	16,565	–	11,930	–
Total non-current liabilities	457,413	440,848	353,053	341,123

The Trust has a revolving credit facility with the ANZ National Bank Limited of $600,000,000 (2007: $370,000,000) secured by way of mortgage over the properties of the Trust. The facility has a term of three years and expires on 30 September 2010.

The effective interest rate on the borrowings as at 31 March 2008 was 7.45% per annum (2007: 6.95%). The Trust also pays a line fee of 0.20% per annum on the total facility.

The joint venture has a committed cash advance facility with the Bank of New Zealand Limited of $50,000,000 (2007: $30,000,000) 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 effective interest rate on the joint venture borrowings as at 31 March 2008 was 7.64% per annum (2007: 7.18%). The joint venture also paid a commitment fee of $75,000 (2007: $37,500) being 0.25% per annum on the total facility.

17. Deferred tax

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

	Group 2008 $000s	Trust 2008 $000s	Group 2007 $000s	Trust 2007 $000s
Balance at the beginning of the year	**33,257**	**2,621**	3,219	330
Acquisition of joint venture	–	–	440	–
Deferred tax on depreciation	**6,302**	–	15,567	–
Unrealised gains on revaluation of buildings	**7,986**	–	11,779	–
Unrealised gains on SWAP revaluations	**(187)**	**(187)**	2,307	2,307
Impact of change in tax rate to 30%	**(3,023)**	–	–	–
Other	**(69)**	**6**	(55)	(16)
Balance at the end of the year	**44,265**	**2,440**	33,257	2,621

The accumulated deferred tax related to the unrealised gain on building revaluations is $16,417,293 (2007: $11,838,192).

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

	Interest rate swaps $000s	Revaluation of building $000s	Accruals $000s	Total $000s
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
At 1 April 2006	330	2,889	–	3,219
Acquisition of joint venture	–	440	–	440
Credit to unitholders' funds for the year	2,206	–	–	2,206
Charge/(credit) to profit and loss for the year	101	27,346	(55)	27,392
At 31 March 2007	2,637	30,675	(55)	33,257

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

At 1 April 2007	2,637	–	(16)	2,621
Credit to unitholders' funds for the year	(187)	–	–	(187)
Charge to profit and loss for the year	–	–	6	6
At 31 March 2008	2,450	–	(10)	2,440
At 1 April 2006	330	–	–	330
Acquisition of joint venture	–	–	–	–
Credit to unitholders' funds for the year	2,206	–	–	2,206
Charge/(credit) to profit and loss for the year	101	–	(17)	85
At 31 March 2007	2,637	–	(17)	2,621

18. Trade and other payables

	Group 2008 $000s	Trust 2008 $000s	Group 2007 $000s	Trust 2007 $000s
Interest accrued on non-current liabilities	2,686	2,686	1,935	1,935
Manager's fee accrued	570	570	1,372	1,372
Other creditors and accruals	6,057	863	5,672	2,145
Total trade and other payables	9,313	4,119	8,979	5,452

19. Other income/(expenses)

	Group 2008 $000s	Trust 2008 $000s	Group 2007 $000s	Trust 2007 $000s
Income				
Gain on disposal of investment properties	173	–	6,672	–
Fair value difference on acquisition of joint venture – negative goodwill	–	–	915	–
	173	–	7,587	–
Expenses				
Acquisition costs written off	–	–	(612)	(360)
Selling costs	(356)	–	–	–
	(356)	–	(612)	(360)

In 2007, costs relating to the proposed merger with ING Medical Properties Trust (formerly Calan Healthcare Properties Trust) and the proposed investment in Japan were written off.

20. Finance income/(expenses)

	Group 2008 $000s	Trust 2008 $000s	Group 2007 $000s	Trust 2007 $000s
Income				
Interest income	630	69	531	58
Other	91	–	–	–
	721	69	531	58
Expense				
Interest expense	(27,992)	(28,500)	(21,340)	(21,716)
Interest rate swaps – held for trading	(223)	(544)	129	45
	(28,215)	(29,044)	(21,211)	(21,671)

21. Administration expenses

	Note	Group 2008 $000s	Trust 2008 $000s	Group 2007 $000s	Trust 2007 $000s
Auditor's remuneration:					
Audit		246	246	205	202
Audit-related services		15	15	–	–
Non audit-related services		2	2	21	21
Other trust expenses		1,531	1,531	989	877
Doubtful debts provision		381	–	118	–
Amortisation of management contract cancellation costs	10	1,317	–	1,317	–
Management fees		6,443	6,443	8,767	8,743
Trustee fees		319	319	287	287
		10,254	8,555	11,704	10,130

22. Taxation

	Group 2008 $000s	Trust 2008 $000s	Group 2007 $000s	Trust 2007 $000s
Profit before tax for the year	90,993	43,047	139,595	44,283
Taxation charge (33%)	30,028	14,205	46,066	14,613
Depreciation charges	(7,088)	–	(6,889)	–
Tax exempt income	(14,204)	–	(29,661)	–
Tax on revaluation of investment properties	14,287	–	28,479	–
Tax paid distributions from subsidiaries	–	(14,487)	–	(14,675)
Impact of change in tax rate to 30%	(3,023)	–	–	–
Other adjustments	(755)	(105)	(730)	(15)
Taxation charge	19,245	(387)	37,265	(77)
Deferred tax recognised directly in unitholders' funds				
Derivatives	2,450	2,450	2,206	2,206
The taxation charge is made up as follows:				
Current taxation	8,070	(393)	9,798	(69)
Deferred taxation	14,198	6	27,467	(8)
Impact of change in tax rate to 30%	(3,023)	–	–	–
Total taxation charge	19,245	(387)	37,265	(77)
Imputation credits				
Imputation credits at beginning of year	2,693	2,693	89	89
Prior period adjustment	224	224	(5)	(5)
New Zealand tax payments, net of refunds	6,111	6,111	6,890	6,890
Imputation credits attached to dividends received	304	304	195	195
Imputation credits attached to dividends paid	(9,332)	(9,332)	(4,476)	(4,476)
Imputation credits at end of year	–	–	2,693	2,693

The tax rate used for the 2008 and 2007 reconciliations above is the tax rate of 33% 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. This revised rate has not impacted the current tax payable but will do so in future periods. However, the impact of the tax rate has been taken into account in the measurement of deferred taxes at the end of the reporting period.

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

	Group 2008 $000s	Trust 2008 $000s	Group 2007 $000s	Trust 2007 $000s
Profit after tax for the year	71,748	43,434	102,330	44,360
Adjustments for non-cash items				
Change in fair value of investment properties	(43,041)	–	(87,236)	–
Fair value gains on derivative financial instruments	223	544	(129)	(129)
Loss/(gain) on disposal of properties	183	–	(6,672)	–
Non-cash inter-entity distributions	–	(43,900)	–	(44,470)
Non-cash inter-entity recharges	–	(36,772)	–	(31,916)
Other non-cash items	1,195	(12,325)	(237)	475
Operating cash flow before changes in working capital	30,308	(49,019)	8,056	(31,680)
Change in trade and other payables	1,825	(1,248)	(1,166)	2,704
Change in rent in advance	(7)	–	(24)	–
Provision for taxation	13,476	9,442	30,300	(4,933)
Change in trade and other receivables	633	(13)	(1,962)	(6)
Net cash from operating activities	46,236	(40,838)	35,204	(33,915)

24. Earnings per unit

Basic earnings 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 2008	Trust 2008	Group 2007	Trust 2007
Profit attributable to unitholders of the Trust ($000s)	71,748	–	102,330	–
Weighted average number of units on issue (000s)	531,843	–	536,790	–
Basic earnings per unit (cents)	13.49	–	19.06	–

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 2008	Holding 2007
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 Property Trust No.4 Limited is the corporate trustee of ING No.1 Trust. ING Property Trust has control over ING No.1 Trust as defined by NZ IFRS-27. ING Property Trust is therefore required to consolidate ING No.1 Trust in its Group financial statements.

The Group has the following significant interests in joint ventures:

Name of subsidiary	Principal activity	Place of incorporation and operation	Holding 2008	Holding 2007
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 2008 $000s	Group 2007 $000s
Current assets	1,922	351
Non-current assets	38,781	33,489
Current liabilities	(252)	(54)
Non-current liabilities	(16,705)	(12,050)
Profit/(loss) after tax	1,989	(39)

26. Commitments

Ground rent

Ground leases exist over the GE Capital Building in the Viaduct Harbour. The amount paid in respect of ground leases during the period was $627,000 (31 March 2007: $626,178). The annual ground lease commitment is $627,001 and is fully recoverable from tenants in proportion to their area of occupancy. The lease is renewable in perpetuity with the next renewal date in 2012. Given these factors the total value of the commitment beyond five years has not been calculated.

The Trust is committed to make ground rental payments for E Block, Albany from 31 May 2008. The full commencement ground rental is $1.22 million, payable in stages and increased on an annual basis at the rate of change in the consumer price index plus 1%. From June 2010 the rental is determined by an agreed formula. Given these factors, the total value of the commitment beyond 2010 has not been calculated.

	Group 2008 $000s	Trust 2008 $000s	Group 2007 $000s	Trust 2007 $000s
Payments recognised as an expense				
Minimum lease payments	627	–	627	–
	627	–	627	–
Non-cancellable operating lease commitments				
Not later than one year	938	–	627	–
Later than one year and not later than five years	2,587	–	1,881	–
Later than five years	–	–	–	–
	3,525	–	2,508	–

Building upgrades

Estimated capital commitments contracted for building projects not yet completed at balance date but not provided for were $41,165,318 (2007: $5,083,154).

There were no other commitments as at 31 March 2008 (2007: nil).

27. Contingencies

There were no contingencies as at 31 March 2008 (2007: nil).

28. Subsequent events

On 10 April 2008, the Trust acquired a property at 7 Wagener Place, St Lukes, Auckland, for $19,000,000.

On 27 May 2008 a final gross distribution of 2.55 cents per unit was announced by the Trust. The record date for the final distribution was 11 June 2008 and a payment was made to unitholders on 18 June 2008. Imputation credits of 0.363 cents per unit were attached to the distribution.

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 Manager is owned equally by ING (NZ) Limited and Symphony Investments (2007) Limited.

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

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

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

	Group 2008 $000s	Trust 2008 $000s	Group 2007 $000s	Trust 2007 $000s
Total fees incurred				
Management fees	6,443	6,443	5,504	5,504
Incentive fees	–	–	3,238	5,238
Directors' fees	200	200	190	190
Due diligence fees	400	400	16	16
	7,043	7,043	8,948	8,948
Amounts outstanding				
Management fees	570	570	524	524
Incentive fees	–	–	864	864
	570	570	1,388	1,388

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 $1,877,407 (2007: $1,689,416). The amount not recovered from tenants was $1,258,362 (2007: $832,408).

Other related party transactions

On 4 July 2007, the Trust acquired a perpetual leasehold interest in a 4.8 hectare undeveloped site in Albany, Auckland for $24.44 million from Albany City Holdings Limited ("ACHL"). ACHL is associated with the St Laurence group and Symphony Investments Limited.

The Trust has also entered into a development agreement with Symphony Projects Management Limited ("SPML") in connection with the Albany land, the subject of the leasehold interest referred to above. In October 2007, under the development agreement, the Trust accepted a proposal put forward by SPML for the development of a Mitre 10 Mega Store on the Albany land. Further details of the Albany development can be located on page 39 of this report.

The Trust, through ING Property Trust Investments Limited, increased its unit holding in the ING Medical Properties Trust from 15,724,246 units to 16,152,401 units.

ING (NZ) Limited paid for rental and car parks within the building at 8–14 Willis Street, Wellington. The total paid by ING (NZ) Limited for the period was $151,242 (2007: $37,811).

Symphony Properties Limited (a Symphony Group company) paid for rental, naming rights, storage and car parks within the GE Capital Building. The total paid by Symphony Properties Limited for the period was $31,601 (2007: $54,695).

Waimarie Limited (a Symphony Group company) paid for rental within the GE Capital Building. The total paid by Waimarie Limited for the period was nil (2007: $41,758).

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 period was $615,000 (2007: nil).

The Trust paid ING (NZ) Limited a management fee for the time spent on managing the project at E Block, Albany. The total paid during the period was $142,857 (2007: nil).

ANZ National Bank Limited (a 49% shareholder of the parent company of ING (NZ) Limited) paid for rental and car parks within 107 Carlton Gore Rd. The total paid by ANZ National Bank Limited for the period was $1,975,865 (2007: $1,975,865).

The Trust has a revolving credit facility with ANZ National Bank Limited of $600,000,000. As at 31 March 2008 $440,847,799 (2007: $341,122,608) 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 period was $1,284,363 (2007: $999,308).

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 $59,695 (2007: $32,201).

The following transactions occurred between the Trust and its subsidiaries:

	Group 2008 $000s	Trust 2008 $000s	Group 2007 $000s	Trust 2007 $000s
Advances to subsidiaries	–	935,054	–	859,316
Fees recharged to subsidiaries	–	8,270	–	10,200
Interest recharged to subsidiaries	–	28,502	–	21,716
Distributions from subsidiaries	–	43,900	–	44,470
	–	1,015,726	–	935,702

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

The Manager held no units in the Trust as at 31 March 2008 and 31 March 2007.

30. Other fees paid to auditors

During the year the Trust paid Deloitte $2,000 (2007: $21,403) for non-audit services, in relation to assurance services for due diligence performed.

31. 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 and 17 October 2006.

32. 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

33. NZX waivers

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

Management fees

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

Corporate governance

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

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

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

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

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

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 Holdings Limited (which is the nominee of the Albany City Joint Venture (an unincorporated joint venture owned by interests associated with the Symphony group and the St Laurence group) and (ii) entering into a development agreement with Symphony Projects Management Limited pursuant to which Symphony will develop the land (together the Transaction). The leasehold acquisition and development arrangements constitute a related series of transactions which include a Material Transaction of the Trust for the purposes of Listing Rule 9.2.2.

The waiver was granted subject to the following conditions:

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

- (i) the directors are satisfied that the personal connections with, involvement or personal interests of Symphony Group Limited (which owns 50% of the Manager through its ownership of Symphony Investments Limited) are immaterial and have not influenced the promotion of the Transaction or its terms and conditions;
- (ii) Symphony has not used its shareholding in the Manager to appoint nominees or representatives to the Manager's Board or to influence the day to day operation, management or decision making of the Trust;
- (iii) Mr C W 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; and

(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.

34. Adoption of New Zealand equivalents to international financial reporting standards (NZ IFRS)

The Group's financial statements for the year ended 31 March 2008 will be the Group's first annual statements that comply with NZ IFRS.

In adopting NZ IFRS the Group has applied NZ IFRS 1 which requires an entity to use the same accounting policies in its opening NZ IFRS balance sheet and throughout all periods presented in its first NZ IFRS financial statements. As such prior year comparatives have been restated except where NZ IFRS 1 has allowed exemptions. In preparing its opening NZ IFRS balance sheet, the Group has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (previous NZ GAAP).
An explanation of how the transition from previous NZ GAAP to NZ IFRS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Reconciliation between previous NZ GAAP and NZ IFRS

Reconciliation of Group balance sheet

As at 1 April 2006

	Note	Previous NZ GAAP $000s	Effect of transition to NZ IFRS $000s	NZ IFRS $000s
Non-current assets				
Investment properties	a	769,378	112,155	881,533
Property, plant and equipment	b	38,218	(38,218)	–
Investments	c	18,712	–	18,712
Properties intended for sale	e	54,829	(54,829)	–
Derivative financial instruments	f	–	1,230	1,230
Other non-current assets	d	14,436	(814)	13,622
Total non-current assets		895,573	19,524	915,097
Current assets				
Cash and cash equivalents		1,055	–	1,055
Trade and other receivables		14,237	–	14,237
Other current assets	d	490	(314)	176
Derivative financial instruments	f	–	339	339
Taxation receivable		4,090	–	4,090
Total current assets		19,872	25	19,897
Total assets		915,445	19,549	934,994
Unitholders' funds				
Units on issue		534,933	–	534,933
Revaluation reserve	h	65,843	(65,843)	–
Hedging reserve	i	–	874	874
Retained earnings	j	14,056	80,728	94,784
Total unitholders' funds		614,832	15,759	630,591
Non-current liabilities				
Borrowings		288,318	–	288,318
Deferred tax	g	–	3,219	3,219
Total non-current liabilities		288,318	3,219	291,537
Current liabilities				
Trade and other payables		10,099	–	10,099
Derivative financial instruments	f	–	571	571
Other current liabilities		2,196	–	2,196
Total current liabilities		12,295	571	12,866
Total liabilities		300,613	3,790	304,403
Total unitholders' funds and liabilities		915,445	19,549	934,994

34. Adoption of New Zealand equivalents to international financial reporting standards (NZ IFRS) (cont.)

Reconciliation between previous NZ GAAP and NZ IFRS

Reconciliation of Trust balance sheet

As at 1 April 2006

	Note	Previous NZ GAAP $000	Effect of transition to NZ IFRS $000s	NZ IFRS $000s
Non-current assets				
Derivative financial instruments	f	–	1,230	1,230
Other non-current assets		796,351	–	796,351
Total non-current assets		796,351	1,230	797,581
Current assets				
Cash and cash equivalents		93	–	93
Trade and other receivables		149	–	149
Other current assets		137	–	137
Derivative financial instruments	f	–	339	339
Taxation receivable		8,126	–	8,126
Total current assets		8,505	339	8,844
Total assets		804,856	1,569	806,425
Unitholders' funds				
Units on issue		534,933	–	534,933
Hedging reserve	i	–	874	874
Retained earnings	j	(22,518)	(205)	(22,723)
Total unitholders' funds		512,415	669	513,084
Non-current liabilities				
Borrowings		288,318	–	288,318
Deferred tax	g	–	330	330
Total non-current liabilities		288,318	330	288,648
Current liabilities				
Trade and other payables		2,708	–	2,708
Derivative financial instruments	f	–	571	571
Other current liabilities		1,415	–	1,415
Total current liabilities		4,123	571	4,694
Total liabilities		292,441	901	293,342
Total unitholders' funds and liabilities		804,856	1,569	806,425

Reconciliation between previous NZ GAAP and NZ IFRS

Reconciliation of Group balance sheet

As at 31 March 2007

	Note	Previous NZ GAAP $000s	Effect of transition to NZ IFRS $000s	Acquisition of joint venture $000s	NZ IFRS $000s
Non-current assets					
Investment properties	a	853,958	154,907	14,405	1,023,270
Property, plant and equipment	b	–	–	19,084	19,084
Investments	c	41,409	–	(21,774)	19,635
Properties intended for sale	e	125,462	(125,462)	–	–
Derivative financial instruments	f	–	7,692	–	7,692
Other non-current assets	d	13,547	(2,239)	–	11,308
Total non-current assets		1,034,376	34,898	11,715	1,080,989
Current assets					
Cash and cash equivalents		1,006	–	53	1,059
Trade and other receivables		18,586	–	294	18,880
Other current assets	d	889	(163)	3	729
Derivative financial instruments	f	–	621	–	621
Taxation receivable		1,190	–	–	1,190
Total current assets		21,671	458	350	22,479
Total assets		1,056,047	35,356	12,065	1,103,468
Unitholders' funds					
Units on issue		553,732	–	–	553,732
Revaluation reserve	h	144,446	(144,446)	–	–
Hedging reserve	i	–	5,355	–	5,355
Retained earnings	j	7,118	140,775	(39)	147,854
Total unitholders' funds		705,296	1,684	(39)	706,941
Non-current liabilities					
Borrowings		341,123	–	11,930	353,053
Derivative financial instruments	f	–	479	–	479
Deferred tax	g	(55)	33,192	120	33,257
Total non-current liabilities		341,068	33,671	12,050	386,789
Current liabilities					
Trade and other payables		8,925	–	54	8,979
Taxation payable		–	–	–	–
Other current liabilities		759	–	–	759
Total current liabilities		9,684	–	54	9,738
Total liabilities		350,752	33,671	12,104	396,527
Total unitholders' funds and liabilities		1,056,047	35,356	12,065	1,103,468

34. Adoption of New Zealand equivalents to international financial reporting standards (NZ IFRS) (cont.)

Reconciliation Between Previous NZ GAAP and NZ IFRS

Reconciliation of Trust balance sheet

As at 31 March 2007

	Note	Previous NZ GAAP $000	Effect of transition to NZ IFRS $000s	NZ IFRS $000s
Non-current assets				
Derivative financial instruments	f	–	7,692	7,692
Other non-current assets		859,418	–	859,418
Total non-current assets		859,418	7,692	867,110
Current assets				
Cash and cash equivalents		15	–	15
Trade and other receivables		197	–	197
Other current assets		126	–	126
Derivative financial instruments	f	–	621	621
Taxation receivable		13,050	–	13,050
Total current assets		13,388	621	14,009
Total assets		872,806	8,313	881,119
Unitholders' funds				
Units on issue		553,732	–	553,732
Hedging reserve	i	–	5,355	5,355
Retained earnings	j	(27,484)	(159)	(27,643)
Total unitholders' funds		526,248	5,196	531,444
Non-current liabilities				
Borrowings		341,123	–	341,123
Derivative financial instruments	f	–	479	479
Deferred tax	g	(17)	2,638	2,621
Total non-current liabilities		341,106	3,117	344,223
Current liabilities				
Trade and other payables		5,452	–	5,452
Total current liabilities		5,452	–	5,452
Total liabilities		346,558	3,117	349,675
Total unitholders' funds and liabilities		872,806	8,313	881,119

Reconciliation between previous NZ GAAP and NZ IFRS

Reconciliation of Group income statement

For the year ended 31 March 2007

	Note	Previous NZ GAAP $000s	Effect of transition to NZ IFRS $000s	Acquisition of joint venture $000s	NZ IFRS $000s
Gross property income from rentals		80,876	–	800	81,676
Gross property income from expense recoveries		13,593	–	–	13,593
Property expenses		(18,694)	–	(61)	(18,755)
Net property income		75,775	–	739	76,514
Dividends received		1,254	–	–	1,254
Other income		7,531	(859)	915	7,587
Total income		84,560	(859)	1,654	85,355
Additional expenses		11,651	–	53	11,704
Other expenses		612	–	–	612
Total expenses before finance income/(expenses) and other gains/(losses)		12,263	–	53	12,316
Profit before finance income/(expenses) and other gains/(losses)		72,297	(859)	1,601	73,039
Finance income/(expenses)					
Finance expense		(21,362)	129	22	(21,221)
Finance income		530	–	1	531
		(20,832)	129	23	(20,680)
Other gains/(losses)					
Revaluation gains/(losses) on investment property		77,610	9,921	(295)	87,236
Share of profits in North East Industrial Limited		1,613	–	(1,613)	–
Profit before tax		130,688	9,191	(284)	139,595
Taxation	k	9,742	27,768	(245)	37,265
Profit after tax		120,946	(18,577)	(39)	102,330

34. Adoption of New Zealand equivalents to international financial reporting standards (NZ IFRS) (cont.)

Reconciliation Between Previous NZ GAAP and NZ IFRS

Reconciliation of Trust income statement

For the year ended 31 March 2007

	Previous NZ GAAP $000	Effect of transition to NZ IFRS $000s	NZ IFRS $000s
Gross property income from rentals	–	–	–
Gross property income from expense recoveries	–	–	–
Property expenses	–	–	–
Net property income	–	–	–
Fees and interest charged to subsidiaries	31,916	–	31,916
Dividends received	44,470	–	44,470
Administration expenses	10,130	–	10,130
Other expenses	360	–	360
Total expenses before finance income/(expenses) and other gains/(losses)	10,490	–	10,490
Profit before finance income/(expenses) and other gains/(losses)	65,896	–	65,896
Finance income/(expenses)			
Finance expense	(21,716)	45	(21,671)
Finance income	58	–	58
	(21,658)	45	(21,613)
Profit before tax	44,238	45	44,283
Taxation	(77)	–	(77)
Profit after tax	44,315	45	44,360

Reconciliation between previous NZ GAAP and NZ IFRS

Reconciliation of Group cash flow statement

For year ended 31 March 2007

	Note	Previous NZ GAAP $000s	Effect of transition to NZ IFRS $000s	Acquisition of joint venture $000s	NZ IFRS $000s
Profit after tax for the year		41,723	(18,577)	(39)	23,107
Unrealised net change in value of investment properties		77,610	–	–	77,610
Share of profits in North East Industrial Limited		1,613	–	–	1,613
Adjusted profit after tax for the year		120,946	(18,577)	(39)	102,330
Adjustments for non-cash items					
Change in fair value of investment properties		(77,610)	(9,921)	295	(89,236)
Fair value gains on derivative financial instruments	k	–	(129)	–	(129)
Loss/(gain) on disposal of properties	k	(7,531)	859	–	(6,672)
Write-off of negative goodwill		–	–	(915)	(915)
Share of profits in North East Industrial Limited		(1,613)	–	1,613	–
Other non-cash items		1,720	–	(1,042)	678
Operating cash before changes in working capital		35,912	(27,768)	(88)	8,056
Change in trade and other payables		(1,061)	–	(105)	(1,166)
Change in rent in advance		(24)	–	–	(24)
Change in tax provision		2,852	27,768	(320)	30,300
Change in trade and other receivables		(1,969)	–	7	(1,962)
Net cash from operating activities		35,710	–	(506)	35,204
Net cash used in investing activities		(56,667)	–	(2,296)	(58,963)
Net cash from financing activities		20,908	–	2,855	23,763
Net increase in cash and cash equivalents		(49)	–	53	4

34. Adoption of New Zealand equivalents to international financial reporting standards (NZ IFRS) (cont.)

Reconciliation Between Previous NZ GAAP and NZ IFRS

Reconciliation of Trust cash flow statement

For year ended 31 March 2007

	Previous NZ GAAP $000	Effect of transition to NZ IFRS $000s	NZ IFRS $000s
Profit after tax for the year	44,314	46	44,360
Adjustments for non-cash items			
Fair value gains on derivative financial instruments	–	(46)	(46)
Other non-cash items	(75,994)	–	(75,994)
Operating cash before changes in working capital	(31,680)	–	(31,680)
Change in trade and other payables	2,704	–	2,704
Change in tax provision	(4,933)	–	(4,933)
Change in trade and other receivables	(6)	–	(6)
Net cash from operating activities	(33,915)	–	(33,915)
Net cash used in investing activities	(360)	–	(360)
Net cash from financing activities	34,197	–	34,197
Net increase in cash and cash equivalents	(78)	–	(78)

a) Investment properties

	Group 31 March 2007 $000s	Trust 31 March 2007 $000s	Group 1 April 2006 $000s	Trust 1 April 2006 $000s
Reversal of disposal provision (1)	13,040	–	13,040	–
Revaluation of investment properties (2)	14,861	–	4,940	–
Reclassification of properties intended for sale (3) (e)	125,462	–	54,829	–
Reclassification of development property (4) (b)	–	–	38,218	–
Reclassification of capitalised lease incentives (5) (d)	2,403	–	1,128	–
Correction of prior year valuations	(859)	–	–	–
	154,907	–	112,155	–
Acquisition of joint venture (6)	14,405	–	–	–
Total impact – changes to investment properties	169,312	–	112,155	–
Income statement impact gain/(expense) (k)	12,029	–	–	–

(1) Previously the fair value of investment properties were recorded net of a provision for disposal costs. Under NZ IFRS investment properties should be measured at fair value.

(2) Properties intended for sale should remain part of investment properties until such time as the property is derecognised. Previously properties intended for sale were not revalued. Since these properties are classified as investment properties under NZ IFRS they are required to be adjusted to market value.

(3) Properties intended for sale should not be categorised separately from investment properties. The previous policy was to retain properties intended for sale at the book value at the date of transfer. Under NZ IFRS they are categorised as investment properties and as such are required to be measured at fair value.

(4) Development properties are reported as property, plant and equipment and include only land and buildings being developed for future use as an investment property. Any existing investment properties being redeveloped for continued future use as investment property remains as investment property. Properties classified as development properties are being developed for continued future use and as such should be reclassified to investment properties.

(5) Capitalised lease incentives should be included as part of the component of the investment property carrying value. Previously these were separately classified as current and non-current assets.

(6) Previously the method for accounting for the joint venture was the equity method. Under NZ IFRS, the joint venture is proportionately consolidated. The option to use the equity method was still available under NZ IFRS.

b) Investment property under development

	Group 31 March 2007 $000s	Trust 31 March 2007 $000s	Group 1 April 2006 $000s	Trust 1 April 2006 $000s
Reclass to investment properties (a) (1)	–	–	(38,218)	–
Acquisition of joint venture	19,084	–	–	–
Total impact – changes to investment property under development	19,084	–	(38,218)	–

(1) Under NZ IFRS any existing investment properties being redeveloped for continued future use as investment property remain as investment property. Properties classified as development properties are being developed for continued future use and as such would be reclassified to investment properties.

34. Adoption of New Zealand equivalents to international financial reporting standards (NZ IFRS) (cont.)

c) Accounting change for joint ventures

	Group 31 March 2007 $000s	Trust 31 March 2007 $000s	Group 1 April 2006 $000s	Trust 1 April 2006 $000s
Investments				
Joint venture (1)	(21,774)	–	–	–
Total impact – Investments	(21,774)	–	–	–
Income statement impact:				
Reverse share of profits under equity accounting	(1,613)	–	–	–
Add 50% income and expenses on a line by line basis	(90)	–	–	–
Change in valuation of investment properties	749	–	–	–
Negative goodwill written off (l)	915	–	–	–
Net income per income statement reconciliation	(39)	–	–	–

(1) The joint venture was accounted for as an equity accounted investee. ING has elected to account for the joint venture by proportionate consolidation. Thus 50% of the joint venture assets liabilities, income and expenses are included in the financial statements as per note 34(l).

d) Reclass lease incentives to investment properties

	Group 31 March 2007 $000s	Trust 31 March 2007 $000s	Group 1 April 2006 $000s	Trust 1 April 2006 $000s
Reclass from non-current assets	2,239	–	814	–
Reclass from current assets	163	–	314	–
Total impact – investment properties (a)	2,402	–	1,128	–

Lease incentives were recorded as either current or non-current assets. Under NZ IFRS they form part of the value of investment properties.

e) Reclass property intended for resale to investment properties

	Group 31 March 2007 $000s	Trust 31 March 2007 $000s	Group 1 April 2006 $000s	Trust 1 April 2006 $000s
Properties intended for resale reclassed to investment property (a)	(125,462)	–	(54,829)	–

f) Derivative financial instruments

	Group 31 March 2007 $000s	Trust 31 March 2007 $000s	Group 1 April 2006 $000s	Trust 1 April 2006 $000s
Classified as current assets	621	621	339	339
Classified as non-current assets	7,692	7,692	1,230	1,230
Classified as liabilities	(479)	(479)	(571)	(571)
Total impact – derivative financial instruments	7,834	7,834	998	998
Classification				
Cash flow hedges – in unitholders' funds (i)	7,992	7,992	1,305	1,305
Fair value hedges – through profit and loss	(158)	(158)	(307)	(307)
	7,834	7,834	998	998

Derivative financial instruments which consist of interest rate swaps used to hedge interest paid on bank borrowings were not previously recorded in the financial statements other than as a note to the accounts. Under NZ IFRS the fair value of derivative financial instruments is required to be recorded in the financial statements.

g) Deferred tax (note 17)

The above changes increased/(decreased) deferred tax as follows based on a tax rate of 33%.

	Group 31 March 2007 $000s	Trust 31 March 2007 $000s	Group 1 April 2006 $000s	Trust 1 April 2006 $000s
Revaluation of investment property (h)	30,555	–	2,889	–
Set off – deferred tax asset – joint venture	(352)	–	–	–
Revaluation of investment property – joint venture	472	–	–	–
Deferred tax on derivative financial instruments (i)	2,637	2,637	330	330
Total impact – deferred tax	33,312	2,637	3,219	330
Total impact – income statement	221	431	–	–
Total impact – revaluation investment properties	27,686	–	–	–
Total impact – hedging reserve	2,206	2,206	–	–

h) Revaluation reserve (transferred to retained earnings)

	Group 31 March 2007 $000s	Trust 31 March 2007 $000s	Group 1 April 2006 $000s	Trust 1 April 2006 $000s
Balance of revaluation reserve transferred to retained earnings (j)	144,446	–	65,843	–

Under NZ IFRS the revaluation reserve relates solely to revaluations of property, plant and equipment. Revaluations of investment property is debited/credited in the income statement and forms part of retained earnings.

i) Hedging reserve (note 14)

	Group 31 March 2007 $000s	Trust 31 March 2007 $000s	Group 1 April 2006 $000s	Trust 1 April 2006 $000s
Cash flow hedges (f)	7,992	7,992	1,305	1,305
Deferred tax on cash flow hedges (33%) (g)	(2,637)	(2,637)	(330)	(330)
Deferred tax on fair value hedges – opening adjustment (j)	–	–	(101)	(101)
Total impact – hedge reserve	5,355	5,355	874	874

j) Retained earnings (note 15)

	Group 31 March 2007 $000s	Trust 31 March 2007 $000s	Group 1 April 2006 $000s	Trust 1 April 2006 $000s
Transfer from revaluation reserve (h)	144,446	–	65,843	–
Reversal of opening disposal provision (a)	13,040	–	13,040	–
Revaluation to fair value of properties intended for sale (a)	4,940	–	4,939	–
Impact of capitalised tenant incentives	(2,403)	–	–	–
Change in fair value for the year/period (a,k)	12,029	–	–	–
Change in disposal provision for the year/period	–	–	–	–
Deferred tax on revaluation of properties (g)	(30,555)	–	(2,889)	–
Fair value hedges – opening	(307)	(307)	(307)	(307)
Deferred tax on fair value hedges opening adjustment (i)	102	102	102	102
Profit effect of adjustments	(556)	46	–	–
Total impact – retained earnings	140,736	(159)	80,728	(205)

33. Adoption of New Zealand equivalents to international financial reporting standards (NZ IFRS) (cont.)

k) Income statement

	Group 31 March 2007 $000s	Trust 31 March 2007 $000s	Group 1 April 2006 $000s	Trust 1 April 2006 $000s
Gain/(loss) on derivative trading – finance expense	129	129	–	–
Correction of prior year valuations	(859)	–	–	–
Negative goodwill on joint venture	915	–	–	–
Income statement effect of joint venture accounting (1)	(905)	–	–	–
Revaluation of investment property (a)	9,626	–	–	–
Taxation	8,906	129	–	–
Reversal of opening tax adjustment	(101)	(101)	–	–
Joint venture taxation	245	–	–	–
Deferred tax on revaluation of investment property (g)	(27,666)	–	–	–
	(27,522)	(101)	–	–
Total impact – income statement	(18,616)	28	–	–

(1) Incomes statement effect of joint venture

Share of operating costs of joint venture	685	–
Share of finance income expenses of joint venture	23	–
Deduct share of profits as previously recorded	(1,613)	–
	(905)	–

l) Business combinations

Acquisition of 50% North East Industrial Limited

Effect of change in accounting from equity accounting to proportional consolidation

The fair value of the North East Industrial Limited assets and liabilities acquired was as follows:

	NZ IFRS $000s	Previous NZ GAAP $000s
Current assets	872	872
Investment and development properties	60,626	34,013
Current liabilities	(317)	(317)
Deferred tax	(880)	–
Term loan	(18,150)	(18,150)
Net assets acquired	42,151	16,418
50% share attributable to ING Property Trust	21,075	–
Fair value of consideration		
Cash paid	20,116	
Acquisition costs	44	
Total consideration	20,160	
Negative goodwill on acquisition written off to income statement	915	

The re-opening of the business combination for the purchase of the joint venture and the change in accounting from equity to proportional consolidation resulted in a net assets value (after NZ IFRS adjustments) of $21,075,000. This difference between the net assets acquired and the consideration paid of $20,160,000 is negative goodwill which has been immediately recognised in the income statement in accordance with NZ IFRS 3.

Auditor's report

Deloitte.

To the unitholders of ING Property Trust

We have audited the financial statements on pages 41 to 80. The financial statements provide information about the past financial performance and financial position of the ING Property Trust and Group as at 31 March 2008. This information is stated in accordance with the accounting policies set out on page 45 to 48.

This report is made solely to the Trust's unitholders, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our audit has been undertaken so that we might state to the 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 the Trust's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Board of Directors' Responsibilities

The Board of Directors 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 the ING Property Trust and Group as at 31 March 2008 and of the results of operations and cash flows for the year ended on that date.

Auditors' Responsibilities

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

Basis of Opinion

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

- the significant estimates and judgements made by the Board of Directors in the preparation of the financial statements, and
- whether the accounting policies are appropriate to the 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 the ING Property Trust as far as appears from our examination of those records; and
- the financial statements on pages 41 to 80:
  - 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 the ING Property Trust as at 31 March 2008 and the results of its operations and cash flows for the year ended on that date.

Our audit was completed on 24 June 2008 and our unqualified opinion is expressed as at that date.

Deloitte

Chartered Accountants
AUCKLAND, NEW ZEALAND

This audit report relates to the financial statements of ING Property Trust for the year ended 31 March 2008 included on ING Property Trust's website. The ING Property Trust Board of Directors is responsible for the maintenance and integrity of the ING Property Trust website. We have not been engaged to report on the integrity of ING Property Trust's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 24 June 2004 to confirm the information included in the audited financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Unitholder statistics

Twenty largest security holders as at 30 April 2008

Unitholders	No of units	% of total issued units
MFL Mutual Fund Limited	172,994,204	33.74%
Premier Nominees Limited - ING Property Securities Fund	28,369,306	5.53%
Investment Custodial Services Limited	16,093,073	3.14%
HSBC Nominees (New Zealand) Limited	14,993,949	2.92%
Accident Compensation Corporation	11,499,321	2.24%
FNZ Custodians Limited	9,725,312	1.90%
Forsyth Barr Custodians Limited	5,877,619	1.15%
Forsyth Barr Custodians Limited	5,252,511	1.02%
Albany Power Centre Limited (in liquidation)	5,038,434	0.98%
Mint Nominees Limited	4,423,465	0.86%
Jarden Custodians Limited	4,400,000	0.86%
Citibank Nominees (New Zealand) Limited	4,233,890	0.83%
Custody and Investment Nominees Limited	4,220,873	0.82%
University of Otago	3,500,000	0.68%
BT NZ Unit Trust Nominees Limited	3,479,491	0.68%
NZ Superannuation Fund Nominees Limited	3,433,010	0.67%
Superannuation Investments Limited – SIL Mutual Fund	2,963,418	0.58%
National Nominees New Zealand Limited	2,950,339	0.58%
HSBC Nominees (New Zealand) Limited	2,710,480	0.53%
Public Trust – GIF 46	2,689,259	0.52%
Total	308,847,954	60.24%
Total units on issue	512,705,861	

Substantial security holders as at 30 April 2008

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

Unitholders	No of units	% of total issued units
MFL Mutual Fund Limited	172,994,204	33.74%
Premier Nominees Limited – ING Property Securities Fund	28,369,306	5.53%

The total number of units on issue in the Trust as at 30 April 2008 was $512,705,861.

Distribution of security holders and security holdings as at 30 April 2008

	No of unitholders	Total units	% of total issued units
0 – 99	8	290	0.00%
100 – 199	3	493	0.00%
200 – 499	24	8,808	0.00%
500 – 999	81	60,762	0.01%
1,000 – 1,999	225	313,650	0.06%
2,000 – 4,999	1,303	4,610,255	0.90%
5,000 – 9,999	1,901	13,763,834	2.68%
10,000 – 49,999	3,938	84,308,971	16.44%
50,000 – 99,999	465	30,507,734	5.95%
100,000 – 499,999	232	36,886,900	7.19%
500,000 – 999,999	15	9,344,300	1.82%
1,000,000+	34	332,899,864	64.93%
Total	8,229	512,705,861	100.00%

Holdings of directors of the Manager as at 31 March 2008

	Holdings (number of units)		
Directors	Non-beneficial	Beneficial	Associated person
Trevor Scott	4,583,301	1,004,389	–
Peter Brook	200,000	54,389	–
Michael Smith	–	100,000	–
Andrew Evans	34,174	–	–
David McClatchy	–	–	–
Hon. Philip Burdon	–	–	–

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