



ING PROPERTY TRUST

Interim Financial Statements

30 September 2005

CHAIRMAN'S REPORT

As signalled in the Annual Report, the Trust has completed a solid phase of its growth objectives over the period under review – 1 April to 30 September 2005. Of most significance was the merging of Urbus Properties Limited and ING Property Trust. This was completed on 21 July, creating the second-largest listed property entity on the NZX by market capitalisation, and the country's largest fully diversified listed property trust.

The merger has created a range of benefits for unitholders through the strongly enhanced diversification, size and scale of the portfolio – as well as reduced vacancy risk, lease expiry and income risk. In addition, there is considerably more liquidity in the units than ever before.

As at 30 September 2005, the Trust comprised 96 properties with a book value of \$810 million. During the period, three further acquisitions were made. These include a new four-unit bulk retail development in Hamilton acquired for \$8.5 million and a value-added opportunity – being the Spotlight building in Porirua, adjoining the Trust's existing Placemakers property; these two properties are to be redeveloped into a masterplanned bulk retail centre.

In addition, the Trust purchased 8-14 Willis Street, an 8-level office building adjoining the Trust's Stewart Dawson's building in Wellington. The acquisition of this property unlocks the opportunity for further intensive development of the combined properties at some time in the future.

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CORPORATE DIRECTORY	BC

The Trust is also progressing a number of value-added opportunities from within the portfolio. The \$16 million redevelopment of Waitakere Plaza is well on track; other major developments include a new \$2 million warehouse under construction for Building Materials in Albany and a \$5 million expansion of the existing Bunnings distribution centre in East Tamaki.

Four properties were sold over the period for \$24.1 million at an average increase over book value of 15% after disposal costs.

The vacancy rate for the entire portfolio remains at under 1.0% and the tenant retention rate is over 95%. This reflects the consistent nature and quality of the portfolio, as well as the superior level of service provided by our property managers to tenants.

In addition, 51 new leaseings were completed over the period, resulting in an average lease term for the entire portfolio of 4.9 years.

Following the merger of the Trust and Urbus, and following balance date, a full review of the enlarged portfolio was completed. Fifteen properties with a value of \$50 million have been identified as not meeting the long-term criteria of the Trust. At the appropriate time, these assets will be sold.

The Trust is also currently investigating a number of growth options that will strengthen and enhance unitholder returns going forward. As well as investing capital back into the existing portfolio (by way of upgrades and expansion), the Trust will

look to invest in 'bare land' and complete its own developments – though in a structure that minimises the development risk for the Trust. In respect of the latter, the Board has determined that no more than 5% of the portfolio by value would be held in land development opportunities.

Although outside the period under review, the Trust successfully raised \$35 million through a placement of units to institutional investors to part-repay existing bank debt of the Trust and to fund acquisitions. The new units will rank equally in all respects with existing units, but will not participate in the Trust's second-quarter distribution.

The Trust also intends to implement a unit purchase plan of \$5,000 per unitholder to allow all of the Trust's unitholders to participate in the capital raising and growth initiatives. More details of the proposed unit purchase price will be announced in due course.

Looking forward, our objective is to continue to provide superior returns for all investors and to further strengthen the Trust's position as a leading property investment vehicle in New Zealand.

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



Michael Smith
CHAIRMAN
ING PROPERTY TRUST
MANAGEMENT LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

Note	Group (unaudited)	Group (unaudited)	Group (audited)
	Six months to 30 September 2005 \$000s	Six months to 30 September 2004 \$000s	Twelve months to 31 March 2005 \$000s
Gross property income from rentals	27,973	16,177	33,036
Gross property income from expense recoveries	4,223	2,598	5,439
Property expenses	(7,504)	(3,845)	(8,173)
Net property income	24,692	14,930	30,302
Gains on disposal of properties (net of disposal costs)	1,294	3,338	4,243
Interest received	82	27	84
Total income	26,068	18,295	34,629
Audit fees	47	39	85
Bad debts written off	4	-	240
Doubtful debts provision	-	-	(238)
Management fees	2,034	1,423	2,707
Trustee fees	134	76	155
Interest expense	6,207	2,421	5,391
Other trust expenses	311	239	681
Total expenses	8,737	4,198	9,021
Operating surplus before taxation	17,331	14,097	25,608
Taxation	8	3,021	6,236
Surplus after taxation	14,310	11,082	19,372
Unrealised net change in value of investment properties	3	-	13,126
Surplus for the period	14,310	11,082	32,498

The notes on pages 8-15 form part of and are to be read in conjunction with the financial statements.

CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY

		Group (unaudited)	Group (unaudited)	Group (audited)
	Note	Six months to 30 September 2005 \$000s	Six months to 30 September 2004 \$000s	Twelve months to 31 March 2005 \$000s
Equity at the start of the period		262,175	246,735	246,735
Contributions by Unitholders				
Equity issued as consideration for the purchase of investment properties	2	-	-	3,045
Equity issued as consideration for shares in Urbus Properties Ltd	2	259,514	-	-
Total recognised revenue and expenses				
Surplus for the period		14,310	11,082	32,498
Distributions to Unitholders				
Dividends to Unitholders		(10,103)	(10,217)	(20,103)
Added to equity		263,721	865	15,440
Equity at the end of the period		525,896	247,600	262,175

The notes on pages 8-15 form part of and are to be read in conjunction with the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Group (unaudited)	Group (unaudited)	Group (audited)
	Note	Six months to 30 September 2005 \$000s	Six months to 30 September 2004 \$000s	Twelve months to 31 March 2005 \$000s
Equity				
Units on issue	2	499,431	236,872	239,917
Revaluation reserve	3	16,313	3,187	16,313
Retained earnings	4	10,152	7,541	5,945
TOTAL UNITHOLDERS' FUNDS		525,896	247,600	262,175
<i>Represented by:</i>				
Assets				
Current assets				
Cash & deposits		1,476	580	2,940
Accounts receivable		1,371	800	349
Properties intended for sale	5	34,845	59,456	27,544
Other current assets		78	-	1,463
Taxation receivable		3,290	-	-
Total current assets		41,060	60,836	32,296
Investment properties	5	743,608	273,854	323,747
Investment property under development	5	31,280	-	-
Total non-current assets		774,888	273,854	323,747
Total assets		815,948	334,690	356,043
Current liabilities				
Accounts payable & accruals	6	9,494	2,588	3,132
Taxation payable		-	455	1,821
Total current liabilities		9,494	3,043	4,953
Non-current liabilities	7	280,558	84,047	88,915
Total liabilities		290,052	87,090	93,868
NET ASSETS		525,896	247,600	262,175

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



Michael Smith
Chairman



Trevor Scott
Director

22 November 2005

The notes on pages 8-15 form part of and are to be read in conjunction with the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Group (unaudited)	Group (unaudited)	Group (audited)
Note	Six months to 30 September 2005 \$000s	Six months to 30 September 2004 \$000s	Twelve months to 31 March 2005 \$000s
Cash flows from operating activities			
<i>Cash was provided from:</i>			
Net property income	23,922	14,841	30,510
Interest received	82	27	67
<i>Cash was applied to:</i>			
Management and trustee fees	(2,124)	(1,442)	(3,113)
Interest expense	(6,359)	(2,405)	(5,447)
Taxation	(3,701)	(2,142)	(3,988)
Other trust expenses	(1,144)	(313)	(209)
Net cash flows from operating activities	9	8,566	17,820
Cash flows from investing activities			
<i>Cash was provided from:</i>			
Sale of properties	16,469	30,645	41,552
Cash acquired on merger with Urbus Properties Limited	483	-	-
<i>Cash was applied to:</i>			
Acquisition costs	(1,027)	-	(1,080)
Capital additions	(8,570)	(597)	(2,564)
Purchase of properties	(29,035)	(51,489)	(61,221)
Net cash flows applied to investing activities	(21,680)	(21,441)	(23,313)
Cash flows from financing activities			
<i>Cash was provided from:</i>			
Debt drawdown	199,865	64,437	86,486
<i>Cash was applied to:</i>			
Distributions	(14,604)	(10,217)	(20,103)
Debt repaid	(175,721)	(41,516)	(58,696)
Cost of issuing units	-	-	(5)
Net cash flows from financing activities	9,540	12,704	7,682
Net increase/(decrease) in cash	(1,464)	(171)	2,189
Opening cash brought forward	2,940	751	751
Ending cash carried forward	1,476	580	2,940

The notes on pages 8-15 form part of and are to be read in conjunction with the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 STATEMENT OF ACCOUNTING POLICIES

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

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

The Trust's subsidiaries are:

ING Property Trust No.1 Limited

ING Property Trust No.4 Limited as corporate trustee of ING No.1 Trust

ING Property Trust Holdings Limited

Urbus Properties Limited

During the period, the Trust took over Urbus Properties Limited ("Urbus") as per the terms set out in Note 15 below. The results of Urbus were included in the group financial statements from 1 July 2005. On consolidation, the Trust recognised a discount on acquisition of \$4,137,393.

2 UNITS

	Group (unaudited)	Group (unaudited)	Group (audited)
	Six months to 30 September 2005 \$000s	Six months to 30 September 2004 \$000s	Twelve months to 31 March 2005 \$000s
Opening balance 1 April 2005	239,917	236,872	236,872
Issue of units as consideration for part payment of purchase of Porirua Mega Centre	-	-	3,050
Issue of units as consideration for shares in Urbus Properties Ltd	259,514	-	-
Issue cost of units	-	-	(5)
Closing balance as at 30 September 2005	499,431	236,872	239,917

The number of units on issue at 30 September 2005 was 493,369,830 (30 September 2004: 237,743,000; 31 March 2005: 240,432,381).

3 REVALUATION RESERVE

	Group (unaudited)	Group (unaudited)	Group (audited)
	Six months to 30 September 2005 \$000s	Six months to 30 September 2004 \$000s	Twelve months to 31 March 2005 \$000s
Opening balance 1 April 2005	16,313	3,187	3,187
Change in value of investment properties	-	-	13,126
Closing balance as at 30 September 2005	16,313	3,187	16,313

NOTES TO THE FINANCIAL STATEMENTS

4 RETAINED EARNINGS

	Group (unaudited)	Group (unaudited)	Group (audited)
	Six months to 30 September 2005 \$000s	Six months to 30 September 2004 \$000s	Twelve months to 31 March 2005 \$000s
Opening balance 1 April 2005	5,945	6,676	6,676
Net surplus after taxation	14,310	11,082	19,372
Distributions to Unitholders	(10,103)	(10,217)	(20,103)
Closing balance as at 30 September 2005	10,152	7,541	5,945

5 INVESTMENT PROPERTIES

	Group (unaudited)	Group (unaudited)	Group (audited)
	Six months to 30 September 2005 \$000s	Six months to 30 September 2004 \$000s	Twelve months to 31 March 2005 \$000s
GE Capital Building, 39 Market Pl, Auckland (Leasehold)	34,661	36,156	34,503
Ericsson House, 105 Carlton Gore Rd, Newmarket, Auckland	21,900	21,350	21,900
Liggins Institute Building, Park Ave, Grafton, Auckland	8,168	7,970	8,167
1 and 5 Allens Rd, East Tamaki, Auckland	4,335	3,544	4,326
2 and 12 Allens Rd, and 106 Springs Rd, East Tamaki, Auckland	8,436	5,748	7,553
12-20 Bell Ave, Mt Wellington, Auckland	22,500	20,366	22,530
39 Cavendish Dr, Manukau City	12,375	11,435	12,375
56 Cawley St, Ellerslie, Auckland	10,283	9,999	10,222
302 and 308 Great South Rd, Greenlane, Auckland	7,045	6,864	7,045
626 and 632 Great South Rd, Penrose, Auckland	12,998	12,128	13,009
706 Great South Rd, Penrose, Auckland	-	2,721	2,524
960 Great South Rd, Penrose, Auckland	3,465	3,128	3,465
17 Mayo Rd, Wiri	9,900	9,603	9,900
306 Neilson St, Onehunga, Auckland	4,014	3,416	4,053
25 Nugent St, Grafton, Auckland	4,894	3,910	4,877
Ti Rakau Dr, cnr East Tamaki Rd, Botany, Auckland	5,792	5,029	5,792
65 Upper Queen St, Auckland	5,930	5,593	5,904
Cnr William Pickering Dr & Rothwell Ave, Albany	5,620	5,515	5,445
Annie Huggan Grove, Wellington	8,455	7,722	8,455
180-202 Hutt Rd, Kaiwharawhara, Wellington	7,733	7,128	7,722
Stewart Dawson's cnr, Wellington	11,682	11,187	11,682
46 Waring Taylor St, Wellington	22,578	21,587	22,046
107 Carlton Gore Rd, Newmarket, Auckland	22,479	21,250	22,473
Citibank Centre, 23 Custom St East, Auckland	30,395	30,505	30,393
Units 1,2 & 3, 477 Great South Rd, Penrose, Auckland	4,277	-	4,277
269 Khyber Pass, Newmarket, Auckland	3,755	-	3,734
369 Khyber Pass, Newmarket, Auckland	4,460	-	4,426
127 Newton Rd, Newton, Auckland	2,822	-	2,822
42 Sir William Dr, East Tamaki, Auckland	4,287	-	4,287
27 Zelanian Dr, East Tamaki, Auckland	5,267	-	5,267

NOTES TO THE FINANCIAL STATEMENTS

	Group (unaudited)	Group (unaudited)	Group (audited)
	Six months to 30 September 2005 \$000s	Six months to 30 September 2004 \$000s	Twelve months to 31 March 2005 \$000s
Porirua Mega Centre, Porirua	12,584	-	12,573
8-14 Willis St, Wellington	13,114	-	-
Porirua Spotlight, Porirua	7,286	-	-
7-15 Maui St, Hamilton	8,557	-	-
1 The Strand, Parnell, Auckland	9,266	-	-
7 Parkway Dr, Auckland	1,906	-	-
1 Elizabeth St, Tauranga	7,491	-	-
2 Carmont Pl, Auckland	3,878	-	-
99 Khyber Pass, Newmarket, Auckland	6,211	-	-
Countdown, Napier	5,794	-	-
Countdown, Hastings	5,064	-	-
18 London St, Hamilton	6,163	-	-
Woolworths, Hamilton	2,919	-	-
67 Dalgety Dr, Auckland	3,436	-	-
Farmers Centre, Hamilton	21,007	-	-
Woolworths, Palmerston North	2,641	-	-
Rebel Sports, Palmerston North	1,932	-	-
Woolworths, Masterton	3,612	-	-
8 Pacific Rise, Mt Wellington, Auckland	7,551	-	-
Woolworths, Taupo	8,777	-	-
IRD, Garnett Ave, Hamilton	6,950	-	-
12 Henderson Pl, Onehunga, Auckland	2,183	-	-
8 Goodman Pl, Onehunga, Auckland	2,968	-	-
90-104 Springs Rd, East Tamaki, Auckland	2,810	-	-
Toops, McCormick Pl, Wellington	4,106	-	-
19 Richard Pearse Dr, Auckland	4,240	-	-
36 Vesty Dr, Mt Wellington, Auckland	1,470	-	-
94 Cryers Rd, East Tamaki, Auckland	3,376	-	-
59-63 Druces Rd, Manukau	3,098	-	-
10 Cawley St, Ellerslie, Auckland	3,435	-	-
Cnr William Pickering Dr & Bush Rd, Albany	6,281	-	-
Warehouse Stationery, Henderson	3,118	-	-
Albany Mega Centre, Albany, Auckland	64,091	-	-
Esanda Building, Forge Way, Auckland	12,809	-	-
10 Transport Pl, East Tamaki, Auckland	7,705	-	-
6 Zelanian Dr, East Tamaki, Auckland	4,260	-	-
89 Captain Springs Rd, Auckland	2,542	-	-
91 Captain Springs Rd, Auckland	2,384	-	-
BP Taranaki St, Wellington	10,729	-	-
Caltex Wakefield St, Wellington	3,804	-	-
221 Albany Highway, Albany	8,609	-	-
7-9 Niall Burgess Rd, Mt Wellington	21,142	-	-
143 Lambton Quay, Wellington	15,926	-	-
Warehouse, Taupo	6,047	-	-
Cnr Lambie and Cavendish Ave, Auckland	4,620	-	-

NOTES TO THE FINANCIAL STATEMENTS

	Group (unaudited)	Group (unaudited)	Group (audited)
	Six months to 30 September 2005 \$000s	Six months to 30 September 2004 \$000s	Twelve months to 31 March 2005 \$000s
4 Henderson Pl Henderson, Auckland	9,416	-	-
320 Ti Rakau Dr, East Tamaki, Auckland	25,890	-	-
1-3 Unity Dr, Albany	7,151	-	-
5 Unity Dr, Albany	3,207	-	-
5-7 Croftfield Lane, Wairau Park, Takapuna	12,312	-	-
2-14 Railway St West, Papakura	5,806	-	-
43 College Hill, Ponsonby, Auckland	7,197	-	-
25 College Hill, Ponsonby, Auckland	10,860	-	-
Briscoes, 537 Main St, Palmerston North	3,373	-	-
Net current value as at 30 September 2005	743,608	273,854	323,747

All investment properties, with the exception of 8-14 Willis Street, Porirua Spotlight and 7-15 Maui Street, which were recorded at acquisition cost, were valued as at 31 March 2005 (30 September 2004: 31 March 2004) less provision for disposal costs.

As at balance date, there were 8 properties intended for sale with a value of \$34,845,465 (30 September 2004: 16 properties, \$59,455,980; 31 March 2005: 6 properties, \$27,544,271). One property was under development with a value of \$31,280,116 (30 September 2004: nil; 31 March 2005: nil).

During the period the Trust unconditionally sold 4 properties for \$24,095,000 (30 September 2004: 7 properties, \$20,215,000; 31 March 2005: 9 properties, \$26,485,000). Of the unconditional sales the Trust settled 2 properties during the period for \$16,745,000 (30 September 2004: 10 properties, \$31,202,208; 31 March 2005: 14 properties, \$42,049,028). At balance date, the Trust had entered into a conditional sales contract for one property for \$3,200,000 (30 September 2004: nil; 31 March 2005: nil).

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

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

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

6 ACCOUNTS PAYABLE AND ACCRUALS

	Group (unaudited)	Group (unaudited)	Group (audited)
	Six months to 30 September 2005 \$000s	Six months to 30 September 2004 \$000s	Twelve months to 31 March 2005 \$000s
Interest accrued on non-current liabilities	3,228	587	515
Manager's fee accrued	415	510	201
Deposits received on property disposals	-	205	-
Other creditors and accruals	5,851	1,286	2,416
Balance as at 30 September 2005	9,494	2,588	3,132

NOTES TO THE FINANCIAL STATEMENTS

7 NON-CURRENT LIABILITIES

	Group (unaudited)	Group (unaudited)	Group (audited)
	Six months to 30 September 2005 \$000s	Six months to 30 September 2004 \$000s	Twelve months to 31 March 2005 \$000s
ANZ National Bank Limited	280,558	84,047	88,915
Total non-current liabilities	280,558	84,047	88,915

The Trust has a revolving credit facility with the ANZ National Bank Limited of \$350,000,000 (30 September 2004: \$140,000,000; 31 March 2005: \$140,000,000) secured by way of mortgage over the properties of the Trust. The facility has a term of 3 years and expires on 27 September 2008.

The effective interest rate on the borrowings as at 30 September 2005 was 6.53% per annum including margin (30 September 2004: 6.59%; 31 March 2005: 6.29%). The Trust also pays a line fee of 0.20% per annum on the total facility.

8 INCOME TAX

	Group (unaudited)	Group (unaudited)	Group (audited)
	Six months to 30 September 2005 \$000s	Six months to 30 September 2004 \$000s	Twelve months to 31 March 2005 \$000s
Operating surplus before taxation	17,331	14,097	25,608
Deduct depreciation	(7,935)	(4,960)	(10,609)
Deduct non-assessable gain on sale of property	(243)	-	308
Add taxable gain on transfer of properties	-	-	3,589
Taxable income	9,153	9,137	18,896
Taxation at 33%	3,021	3,015	6,236
<i>The taxation charge is made up as follows:</i>			
Current taxation	3,021	3,015	6,243
Deferred taxation	-	-	(7)
Total taxation charge	3,021	3,015	6,236

NOTES TO THE FINANCIAL STATEMENTS

9 RECONCILIATION OF SURPLUS AFTER TAXATION WITH CASH FLOWS FROM OPERATING ACTIVITIES

	Group (unaudited)	Group (unaudited)	Group (audited)
	Six months to 30 September 2005 \$000s	Six months to 30 September 2004 \$000s	Twelve months to 31 March 2005 \$000s
Net cash flows from operating activities	10,676	8,566	17,820
<i>Movements in:</i>			
Accounts payable & accruals	1,735	(1,062)	(1,099)
Rent in advance	(170)	-	-
Provision for taxation	681	(873)	(2,239)
Accounts receivable	94	485	(108)
Unrealised net change in value of investment properties	-	-	13,126
Gains on disposal of properties	1,294	3,966	4,998
Surplus after taxation	14,310	11,082	32,498

10 EARNINGS PER UNIT

	Group (unaudited)	Group (unaudited)	Group (audited)
	Six months to 30 September 2005	Six months to 30 September 2004	Twelve months to 31 March 2005
Basic earnings per unit (cents)	3.74	4.66	10.76

11 PRINCIPAL BUSINESS ACTIVITY & SEGMENT INFORMATION

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

12 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.

The Trust terminates after a period of 80 years on 29 October 2082.

13 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 \$312,677 (30 September 2004: \$140,660; 31 March 2005: \$368,565). The annual ground lease commitment is \$627,000 and is fully recoverable from tenants in proportion to their area of occupancy. The lease is renewable in perpetuity. Given these factors the total value of the commitment has not been calculated.

Building upgrades

Estimated capital commitments contracted for building projects not yet completed at balance date but not provided for were \$6,222,792 (30 September 2004: \$1,127,881; 31 March 2005: \$1,477,388).

There were no other commitments as at 30 September 2005 (30 September 2004: nil; 31 March 2005: nil)

14 CONTINGENCIES

There were no contingencies as at 30 September 2005 (30 September 2004: nil; 31 March 2005: nil).

15 TAKEOVER OF URBUS PROPERTIES LIMITED

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

Urbus Equity Security	Conversion Ratio (Number of ING Units per Urbus security)
Urbus Shares	0.980
Urbus CNs	0.980
Urbus MCNs Class 10	0.982
Urbus MCNs Class 11	1.001
Urbus MCNs Class 12	1.007
Urbus MCNs Class 13	1.026
Urbus MCNs Class 14	1.134

On 21 July 2005, Urbus became wholly-owned by the Trust.

16 SUBSEQUENT EVENTS

In the Annual General Meeting held on 13 October 2005, two ordinary unitholder resolutions were passed to the effect that:

- (i) the maximum aggregate fees payable to Directors of the Manager in their capacities as such for which the trustee and the Manager are each entitled to be reimbursed out of the Trust Fund be increased to \$252,500 plus GST (if any) per annum.
- (ii) Urbus Properties Limited, a company wholly-owned and controlled by the Trust, be authorised to enter into an agreement with Urbus Corporate Management Limited and Urbus Property Management Limited to cancel the management agreements between those companies and Urbus Properties Limited in consideration for a payment of \$13 million plus GST (if any) by the Trust to Urbus Corporate Management Limited and Urbus Property Management Limited.

On 17 November 2005, the Trust successfully raised \$35 million through a placement of units to institutional investors to part-repay existing bank debt of the Trust and to fund acquisitions.

17 TRANSITION TO NEW ZEALAND EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

The adoption of NZ IFRS will require a number of changes to the Trust's current accounting policies. The new standards are continuing to be interpreted and reviewed by the Trust and the industry. At this stage, the Trust is not able to reliably quantify the impacts of the new standards. The key potential implications of the conversion to NZ IFRS on the Trust are identified below. However, changes continue to be made to NZ IFRS and therefore there may be further changes to the information disclosed.

- a. NZ IAS 39 will require the Trust's interest rate swaps to be classified as 'trading securities' and recognised in the Statement of Financial Position at fair value, with changes in fair value during the period recognised in the Statement of Financial Performance, unless they can qualify as effective hedging instruments. Under hedge accounting, changes in fair value of both the hedging instrument and the hedged item are recognised in the Statement of Financial Performance of the same financial period. Hedge accounting is permitted provided the hedging relationship is clearly defined, measurable and actually effective. The Trust is reviewing its hedging strategy to determine the designation of the interest rate swaps.
- b. Under NZ IAS 40 investment properties are to be measured at fair value, with the change in fair value recognised in the Statement of Financial Performance. In addition, under NZ IAS 40 there is no requirement to account for estimated costs of disposal.
- c. Under NZ IAS 12, accounting for income tax will require adoption of a balance sheet approach instead of the current income statement approach.
- d. NZ IAS 32 will potentially require units in the Trust to be classified as financial liabilities due to the fact that the Trust has a fixed life. However, this may be subject to future developments as the International Accounting Standards Board is currently reviewing this standard.

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

ING PROPERTY TRUST

CORPORATE DIRECTORY

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Peter Clynton Brook	Auckland
The Hon Philip Ralph Burdon	Christchurch
David Malcolm McClatchy	Sydney
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