



Calan Healthcare
Properties Trust

A year of **solid** achievement 2006 Annual Report



Contents

Manager's Report	2
Property Portfolio	7
Standing Investments	10
Board of Directors	12
Corporate Governance	13
Investor Relations	16
Financial Statements	17
Audit Report	18
NZSX Listing Rules Disclosures	33
Directory	36

- Rental income up \$4.2 million (29%) to \$18.52 million following the completion of Epworth Eastern.
- Operating surplus before tax of \$12.4 million for the twelve months to 30 June 2006, up 6.2%.
- An 8.2% increase in the pre tax distribution for the twelve months from 8.5 cents per unit to 9.2 cents per unit.
- A \$0.11 increase (9.2%) in the net tangible assets per unit to \$1.30.
- A 9.8% increase in the value of properties valued as at 30 June 2006.
- Entered into a conditional contract with McConnell Properties for the sale of the Ascot Clinics at \$3.9 million plus 50% of the development margin.
- Initiated a 15-bed extension to Ascot Hospital which will generate a 9.5% return on cost.

Highlights





Manager's Report

Financial Performance

The 2006 operating surplus before tax was \$12.4 million, which represents an increase of 6.2% on the 2005 result of \$11.7 million.

The 2006 net surplus after tax was \$10.6 million, which represents an increase of 1.0% on the 2005 result of \$10.5 million.

A pre tax distribution of 9.2 cents per unit was paid to Unit Holders for the year ended 30 June 2006 (30 June 2005 – 8.5 cents), an increase of 8.2%.

The completion of Epworth Eastern in Melbourne in May 2005 and subsequent rental stream, accompanied by rental increases, saw rental income increase by 29.0% to \$18.52 million.

Operating expenses at \$2.58 million were up \$516,000. This was primarily a result of costs incurred during the ING Takeover defence (\$315,000) and costs incurred in investigating new opportunities which did not crystallise and that were expensed (\$179,000).

Net borrowing costs were up \$1.04 million reflecting a full years interest on the debt drawn to fund Epworth Eastern and the 2005 borrowing costs being lower (in comparison) due to interest costs that were capitalised to Epworth Eastern.

BRUCE DAVIDSON



MILES WENTWORTH



Financial Position

Total assets increased by \$21.9 million to \$239.8 million, up 10.1%. The increase was the result of:

- the carrying value of the Australian assets having appreciated by approximately \$NZ9.2 million when converted into New Zealand dollars. This is due to the exchange rate movement from \$0.92 in 2005 to \$0.82 in 2006, and
- the property portfolio having increased in value (\$10.8 million) following scheduled revaluations.

Bank debt has increased by \$8.4 million to \$57.9 million of which \$5.8 million can be attributed to the change in exchange rate. The majority of the Trust's debt is denominated in Australian dollars in order to provide a natural hedge against fluctuation in the value of the Australian assets. Additional debt of \$2.6 million has been drawn in order to fund the run off payments for Epworth Eastern, the refurbishment works at Epworth Eastern Medical Centre and the 15 bed extension at Ascot Hospital.

The debt to total asset ratio increased slightly to 24.2% from 22.7% the year before. With a gearing cap of 35%, the current ratio allows substantial headroom to take advantage of future investment opportunities as they arise.

The net tangible asset backing for each unit increased to \$1.30 from \$1.19. This increase reflects appreciation in value of all the properties within the portfolio.

Property Portfolio

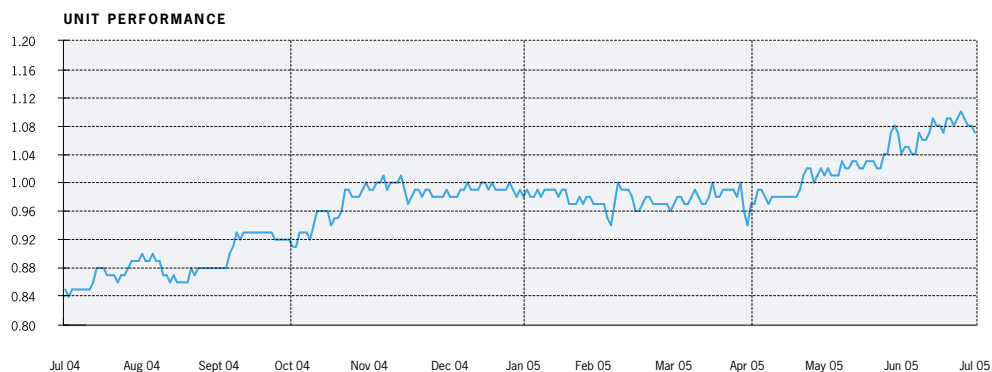
Property Revaluations

The portfolio has continued to experience strong appreciation over the past year with the total value of the portfolio increasing to \$224.3 million from last years value of \$204.3 million. This revaluation gain of \$20 million represents an increase of 9.8% over the last twelve months. Approximately half of the gain is due to the change in the exchange rate.

The valuation increases are the result of a combination of higher rentals through rent reviews, higher underlying land values and the further lowering of capitalisation rates due to the continuing strong demand for property as an investment asset.

Valuation increases of note were:

- Hospital Laundry and Sterilisation Facility in Auckland, which increased in value by \$909,000 (10.1%)
- Hospital Laundry Spare Land in Auckland, which increased in value by \$808,000 (74.6%)
- Kensington Hospital in Whangarei, which increased in value by \$1.57 million (14.6%)
- Epworth Rehabilitation Brighton in Melbourne, which increased by \$992,000 (7.0%)
- The Ascot Hospital in Auckland, which increased by \$2.48 million (3.4%)
- The Epworth Eastern Campus in Melbourne, which increased in value by \$2.58 million (3.6%)



Occupancy

Occupancy levels have increased slightly over the last twelve months to 99.2% with only two small vacant tenancies, one of which is under contract to lease following refurbishment.

Rent Reviews

75% of the portfolio, by value, was subject to annual Consumer Price Index (CPI) based rental reviews with a further five leases subject to market based reviews and two leases subject to turnover based reviews.

The average increase of the rents reviewed was 2.23% giving a total increase over the portfolio of 1.93%.

Lease Profile

Nine minor leases expired over the last twelve months, eight at Ascot Hospital and one at 188 Medical Centre, but all were renewed by the existing tenants on terms of up to four years.

With a weighted average lease term to expiry of 10.76 years the Trust maintains the longest weighted average term of any property entity listed on the New Zealand Exchange.

Work in Progress

Ascot Clinics Site

Following the announcement made to the market on 15 February 2006 that Calan had entered into a Heads of Agreement with McConnell Properties for the development of the Ascot Clinics site, full conditional

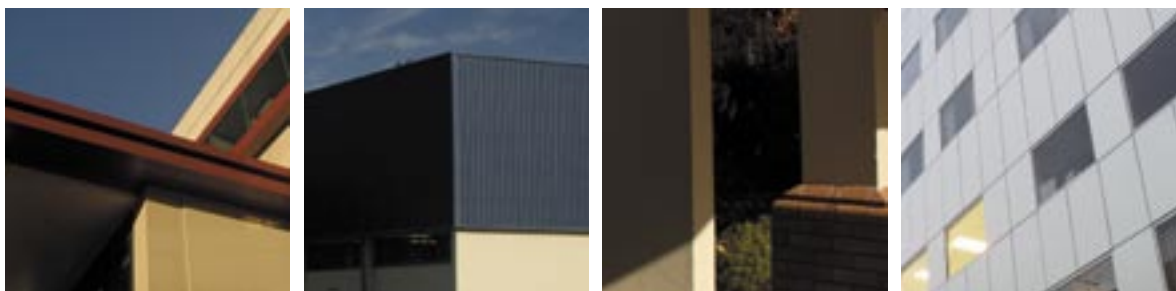
contractual documents have recently been executed. The contracts record the following key matters:

- Calan will sell to McConnell the freehold interest in the site and the leasehold interest in 176 carparks on an adjacent site. The sale price is to consist of two amounts, an initial amount of \$3.9 million (plus GST) plus a further amount to be referenced to 50% of the development margin. The further amount is estimated to be in excess of \$1 million. This is against a current carrying value of \$2.9 million overall.
- A commitment from Calan to acquire the Ground Floor of the completed building. The Ground Floor consists of a net lettable floor area of 900 square metres. Calan will market this space to health related tenants.
- Calan has an option to acquire the first floor of the building, which consists of a net lettable floor area of 969 square metres.

The contract with McConnell is conditional upon Council granting Resource Consent, McConnell's obtaining funding for the project and approval of construction documentation by Calan.

From construction start Calan will earn a holding cost on the initial sale price of \$3.9 million at the rate of 6.5% until practical completion of the building. Settlement of all cashflows will occur on practical completion of the building.

McConnell has initiated marketing sale or lease of the opportunity to the market and is hoping for a construction start by early 2007.



15 Bed Extension at Ascot Hospital

The number of beds at Ascot Hospital is being increased by 15, taking the total number of beds to 86. This is the direct result of the continued growth in demand for private surgery.

The Trust is funding the building shell with the hospital operator MercyAscot funding the building fitout. The Trust has committed to fund up to \$1.5 million, which will generate a rental return of 9.5% on cost (inclusive of funding costs during construction).

It is anticipated that the extension will be completed by the end of September in time for the busy fourth quarter of the calendar year.

Stand in the Market and Takeover Bid by ING Property Trust

On 26 January 2006 ING Property Trust, through its wholly owned subsidiary ING Property Trust Investments Limited ("ING"), launched a stand in the market to acquire up to 9.7% of the units in Calan for cash of \$1.25 per unit. ING stated that a successful market stand was a precursor to the filing of a Restricted Transfer Notice with Calan in respect of an offer for all the remaining units in Calan. On 31 January 2006, ING issued a Restricted Transfer Notice to Calan advising of its intention to make a takeover offer. The proposed offer was to be for \$0.63 cash plus 0.528 units in ING Property Trust, to be adjusted for any Calan distributions, for each Calan unit.

ING's market stand closed on 1 February 2006 having acquired 7.426 million units, equivalent to 5.4% of Calan units on issue.

On receipt of the Restricted Transfer Notice the Calan Independent Directors commissioned an independent

appraisal report from Ferrier Hodgson on the proposed offer. The Ferrier Hodgson's valuation range was \$1.41 to \$1.55 per unit, with a mid point of \$1.48 per unit. A copy of the Ferrier Hodgson report was forwarded on 20 February 2006 to all unitholders with a recommendation from the Independent Directors not to accept the proposed offer.

On 9 March 2006 ING announced it would not proceed with the offer.

Also on 9 March 2006 ING purchased an additional 7.55 million units in Calan for \$1.24 per unit taking its total beneficial holding in Calan to 14.765 million units, equivalent to 10.83% of Calan units on issue. At the date of this report ING's holding is 15.710 million units (11.3%).

Change of Ownership for the Management Companies of Calan Healthcare Properties Trust

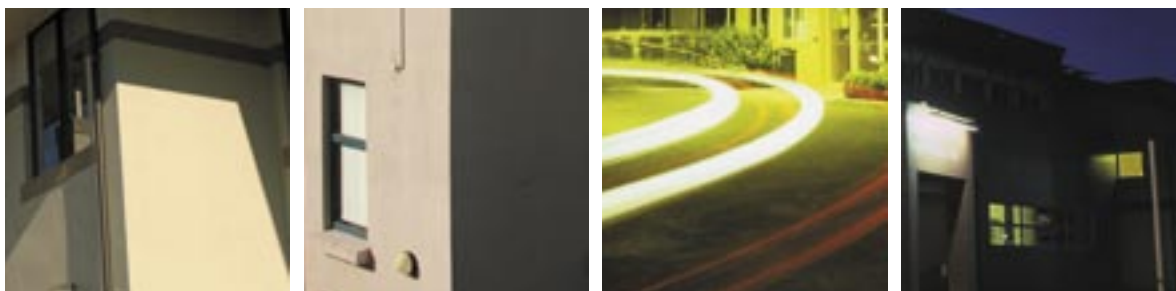
On 9 March 2006, the shareholders of the management companies of Calan Healthcare Properties Trust announced that they had entered into a conditional agreement to sell all of the shares in the management companies to ING Property Trust Management Limited, the Manager of ING Property Trust.

On 16 June 2006 the shareholders of the management companies announced that the agreement for the sale of the shares was unconditional.

Financial settlement of the sale of the shares and change of the ownership of the management companies was completed on 31 July 2006.

Board Changes

Following the sale of the management companies to ING Property Trust Management Limited, Martin



Lyttelton and Brian Freestone the founding Directors / Shareholders of Calan resigned as Directors. The Board would like to extend their thanks to both Martin and Brian for their contribution since the Trusts inception in 1994. Martin Lyttelton was Managing Director for 9 years and Brian Freestone an Executive Director for 8 years. Calan Healthcare is a quality investment opportunity that has delivered first class health infrastructure and this achievement would not have been possible without their vision, foresight and commitment over the last 12 years.

Miles Wentworth, Chief Executive and Director has agreed to remain with the company until 30 September 2006 in order to facilitate a smooth transition across to ING's management. Miles has been with Calan for 10 years, initially as Chief Financial Officer, then the Chief Operating Officer and for the last three years the Chief Executive. The Board would like to extend its appreciation to Miles for his contribution in his various roles and commend the professional manner he has conducted his role including the change over process. The Board is currently reviewing the options for the appointment of a new Chief Executive Officer.

2006 Annual Meeting

The adopted policy for Annual Meetings is to:

- Take the meeting to Unit Holders to enable the Board and Management to present and to field questions to / from as many of the Unit Holders as possible and
- To hold the Annual Meeting in Auckland every third year with each intervening period in another city of New Zealand.

In 2004 the Annual Meeting was held in Tauranga and in 2005 it was Christchurch. Given this, the 2006 meeting will be held in Auckland. We are yet to set a date and venue for the meeting but we do look forward to seeing as many of you that are able to attend.

Looking Forward

Following the acquisition of the management companies by ING Property Trust Management Limited on 31 July 2006 an announcement was made to the market on 9 August 2006. This announcement stated that following discussions between the Directors of the respective entities that it had been agreed to investigate a potential merger of the portfolios of the two property Trusts. A principal consideration for such an investigation is the potential for higher returns to Unit Holders from a much larger and more liquid stock exchange listed entity.

The Board of Calan Healthcare Properties Limited have formed a subcommittee consisting of the Independent Directors to investigate a potential merger and have retained Macquarie New Zealand as its adviser.

The Directors are clear that for any transaction to proceed it needs to be beneficial for Calan Unit Holders.

The Trust remains in a healthy position with excellent assets and quality tenants with long leases. Barring unforeseen circumstances the Board is projecting a slightly enhanced performance and distribution for the 2006/2007 year.

Bruce Davidson Chairman

Miles Wentworth Chief Executive

Property Portfolio

Ascot Hospital and Clinics **Auckland**



BUILDING TYPE	Surgical & Medical
VALUATION 30/6/06	NZ\$74,250,000
ANNUALISED NET INCOME	NZ\$6,757,704
PROPERTY YIELD	9.00%
NET LETTABLE AREA	11,043 Sqm
OCCUPANCY	100%
WEIGHTED AVE LEASE EXPIRY (YRS)	9.55

Biomed Laboratory **Auckland**



BUILDING TYPE	Health Support Services
VALUATION 31/12/05	NZ\$2,205,000
ANNUALISED NET INCOME	NZ\$219,473
PROPERTY YIELD	9.75%
NET LETTABLE AREA	1,812 Sqm
OCCUPANCY	100%
WEIGHTED AVE LEASE EXPIRY (YRS)	1.71

Central Hawkes Bay Health Centre **Waipukurau**



BUILDING TYPE	Surgical & Medical
VALUATION 31/12/05	NZ\$4,140,000
ANNUALISED NET INCOME	NZ\$414,244
PROPERTY YIELD	9.80%
NET LETTABLE AREA	1,892 Sqm
OCCUPANCY	100%
WEIGHTED AVE LEASE EXPIRY (YRS)	8.49

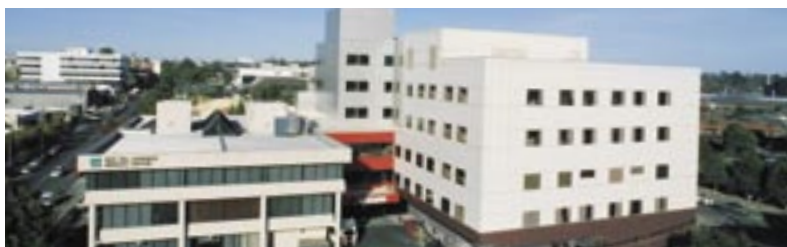
Property Portfolio

Eastmed St Heliers **Auckland**



BUILDING TYPE	Primary Care
VALUATION 31/12/05	NZ\$7,090,000
ANNUALISED NET INCOME	NZ\$559,569
MARKET YIELD	9.97%
NET LETTABLE AREA	2,175 Sqm
OCCUPANCY	82%
WEIGHTED AVE LEASE EXPIRY (YRS)	8.81

Epworth Eastern Campus **Melbourne**



BUILDING TYPE	Surgical & Medical
VALUATION 30/6/06	NZ\$73,427,000
ANNUALISED NET INCOME	NZ\$5,962,779
PROPERTY YIELD	8.05%
NET LETTABLE AREA	14,567 Sqm
OCCUPANCY	100%
WEIGHTED AVE LEASE EXPIRY (YRS)	15.60

Epworth Rehabilitation Brighton **Melbourne**



BUILDING TYPE	Surgical & Medical
VALUATION 30/6/06	NZ\$15,192,000
ANNUALISED NET INCOME	NZ\$1,314,976
PROPERTY YIELD	9.50%
NET LETTABLE AREA	2,688 Sqm
OCCUPANCY	100%
WEIGHTED AVE LEASE EXPIRY (YRS)	7.64

Hibiscus Coast Community Health Centre **Whangaparaoa**



BUILDING TYPE	Surgical & Medical
VALUATION 31/12/05	NZ\$3,743,000
ANNUALISED NET INCOME	NZ\$321,370
PROPERTY YIELD	8.79%
NET LETTABLE AREA	1,462 Sqm
OCCUPANCY	100%
WEIGHTED AVE LEASE EXPIRY (YRS)	5.00

Hospital Laundry and Sterilisation Facility **Auckland**



BUILDING TYPE	Health Support Services
VALUATION 30/6/06	NZ\$9,887,000
ANNUALISED NET INCOME	NZ\$886,585
PROPERTY YIELD	8.82%
NET LETTABLE AREA	9,524 Sqm
OCCUPANCY	100%
WEIGHTED AVE LEASE EXPIRY (YRS)	8.42

Kensington Hospital **Whangarei**



BUILDING TYPE	Surgical & Medical
VALUATION 31/12/05	NZ\$12,313,000
ANNUALISED NET INCOME	NZ\$1,013,631
PROPERTY YIELD	8.11%
NET LETTABLE AREA	2,666 Sqm
OCCUPANCY	100%
WEIGHTED AVE LEASE EXPIRY (YRS)	14.71

Napier Health Centre **Napier**



BUILDING TYPE	Surgical & Medical
VALUATION 31/12/05	NZ\$13,400,000
ANNUALISED NET INCOME	NZ\$1,265,000
PROPERTY YIELD	9.30%
NET LETTABLE AREA	4,295 Sqm
OCCUPANCY	100%
WEIGHTED AVE LEASE EXPIRY (YRS)	5.48

Pitman House **Auckland**



BUILDING TYPE	Health Support Services
VALUATION 31/12/05	NZ\$4,605,000
ANNUALISED NET INCOME	NZ\$445,970
PROPERTY YIELD	9.49%
NET LETTABLE AREA	1,834 Sqm
OCCUPANCY	100%
WEIGHTED AVE LEASE EXPIRY (YRS)	3.05

Standing Investments as at 30 June 2006

PROPERTIES	PURCHASE DATE	LATEST VALUATION ('000'S)	LATEST VALUATION YIELD	
Surgical & Medical				
Ascot Hospital & Clinics, Auckland ¹	Sep 1997	\$74,250	9.00%	
Ascot Carpark, Auckland ²		\$1,435	–	
Epworth Rehabilitation Brighton, Melbourne ¹	Feb 1999	\$15,192	9.50%	
Central Hawkes Bay Health Centre, Waipukurau ¹	Aug 1999	\$4,140	9.80%	
Epworth Eastern Campus, Melbourne ¹	Apr 1999	\$73,427	8.05%	
Kensington Hospital, Whangarei ¹	Jan 2000	\$12,313	8.11%	
Napier Health Centre, Napier ¹	Oct 1998	\$13,400	9.30%	
Health Support Services				
Biomed Laboratory, Auckland	Mar 1998	\$2,205	9.75%	
Spare Land	Mar 1998	\$715		
Hibiscus Coast Community Health Centre, Whangaparaoa	May 1995	\$3,743	8.79%	
Hospital Laundry and Sterilisation Facility, Auckland	Jun 1996	\$9,887	8.82%	
Spare Land	Jun 1996	\$1,891		
Pitman House, Auckland	Mar 1998	\$4,605	9.49%	
Primary Care Facility				
Eastmed St Heliers, Auckland ³	Dec 1999	\$7,090	9.97% ⁴	
Total Standing Investments		\$224,293		

Investment Properties For Construction

USE OF PROPERTY	PURCHASE DATE	ESTIMATED COST (\$'000)	COST TO DATE (\$'000)	
Surgical & Medical				
Ascot Hospital, Auckland – 8 bed extension	Sep 2006	\$1,500	\$345	
Total Investment Properties For Construction			\$345	

Investment Properties Intended for Sale

USE OF PROPERTY	PURCHASE DATE		BOOK VALUE (\$'000)	
Surgical & Medical				
Ascot Clinics, Auckland	Sep 1997		\$2,934	
Total Investment Properties Intended for Sale			\$2,934	

1 These properties are subject to Annual CPI rental adjustments

2 The Ascot Carpark is subject to a ground lease with the Auckland Racing Club

3 A leasing programme for part of the centre is currently being undertaken

4 Yield calculated on market rental

VALUATION DATE	ANNUAL CONTRACT RENT	NEXT MARKET RENT REVIEW	LEASE EXPIRY DATE	RIGHTS OF RENEWAL	OCCUPANCY	FLOOR AREA (SQ. M)	LAND AREA (SQ. M)
Jun 2006	\$6,757,704	Various	Various	Various	100%	11,043	12,700
	–	–	–	–	100%	–	–
Jun 2006	\$1,314,976	–	19 Feb 2014	Three of 5 years	100%	2,688	4,802
Dec 2005	\$414,244	Dec 2010	23 Dec 2014	Three of 6 years	100%	1,892	9,407
Jun 2006	\$5,962,779	Various	Various	Various	100%	14,567	9,203
Dec 2005	\$1,013,631	Mar 2007	11 Mar 2021	One of 20 years	100%	2,666	4,675
Dec 2005	\$1,265,000	Dec 2010	22 Dec 2011	Three of 6 years	100%	4,295	7,172
Dec 2005	\$219,473	Mar 2008	15 Mar 2008	Two of 5 years	100%	1,812	7,285
							3,250
Dec 2005	\$321,370	Jun 2007	28 Jun 2011	One of 5 years	100%	1,462	4,322
Jun 2006	\$886,585	Nov 2007	29 Nov 2014	Two of 5 years	100%	9,524	19,966
							5,338
Dec 2005	\$445,970	Jul 2007	19 Jul 2009	Three of 3 years	100%	1,834	4,580
Dec 2005	\$559,569	Various	Various	Various	82%	2,175	6,355
						57,208	

VALUATION DATE	PERCENTAGE COMPLETE	ESTIMATED DATE OF COMPLETION	PERCENTAGE LEASED	INITIAL LEASE TERM	OCCUPANCY	FLOOR AREA (SQ. M)	LAND AREA (SQ. M)
Jun 2006	22.60%	Sep 2006	100%	12 Years	100%	286	–

						FLOOR AREA (SQ. M)	LAND AREA (SQ. M)
						4,663	3,000

Valuations are carried out on all properties in the portfolio within 12 months of the date of acquisition and annually thereafter at either June or December

Valuations shown represent open market value less estimated costs of disposal

Australian property values and rentals are subject to fluctuations in the AUD exchange rate

Purchase dates relate to the purchase of the land not the completion date of the building in relation to construction projects

All monetary figures on this table are exclusive of GST

Bruce Davidson

LLB, Notary Public. F Inst D

Mr Bruce Davidson was appointed Independent Chairman, Calan Healthcare Properties Limited, effective 1 July 2002. He brings extensive experience in corporate governance, law and property to the role. Previously Chairman of CDL Hotels New Zealand Limited and associated companies for over ten years, Mr Davidson is presently Chairman of Telco Asset Management Limited, Mahony & Co Ltd, Waimangu Volcanic Valley Limited, Vision Securities Limited, Vision Senior Living Ltd and the Registration Board of the Property Institute of New Zealand.

Mr Davidson was a partner of law firm Phillips Fox for 20 years and held the positions of national Managing Partner and Australasian Board member for that firm. He is a past President of the Institute of Directors in New Zealand and both a Fellow and an Accredited Director of the Institute.

Miles Wentworth

B.Com, CA

Mr Miles Wentworth was appointed as the Chief Executive and a Director of Calan Healthcare Properties Limited with effect from 1 July 2003. Prior to this appointment Mr Wentworth was the Chief Operating Officer and prior to that the Chief Financial Officer for the company. Prior to joining Calan Healthcare in 1996, Mr Wentworth held a number of senior financial roles within a diverse range of industry segments. Mr Wentworth is also a Director of CHPT No. 1 Limited, the Trust's asset owning company CHPT No. 1 Limited, Ascot Radiology Limited and ING Healthcare Pty Limited.



Board of Directors

Timothy Saunders

MBA (Columbia), B.Com (Economics), F Inst D

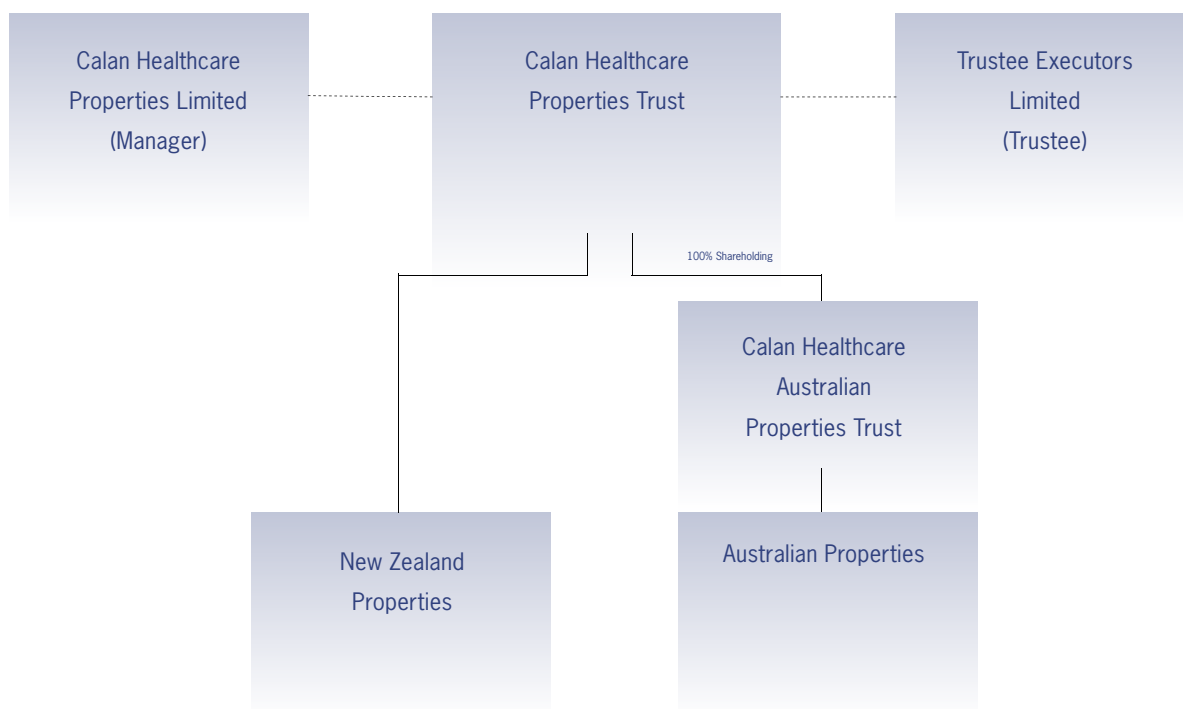
Mr Tim Saunders was appointed as an Independent Director of Calan Healthcare Properties Limited, effective 1 July 2002. He has also assumed the role of Chairman of the Audit Committee. Mr Saunders acts as a consultant to Northington Partners Limited and is a member of the Australasian Board of LEK Consulting. Mr Saunders is currently Chairman of Feltex Carpets Limited and Solid Energy New Zealand Ltd. He is also a Director of a number of companies including Contact Energy Limited and Pyne Gould Corporation Limited. Mr Saunders was an adviser to New Zealand Treasury from 1987 to 1996. His experience encompasses corporate governance, corporate strategy and public sector reform.

Jock Irvine

O.N.Z.M., LLB, Notary Public

Mr Jock Irvine was appointed to the Board of Calan Healthcare Properties Limited as an Independent Director, effective 9 August 2002. Formerly a property law partner with Simpson Grierson and now a consultant, Mr Irvine has considerable experience in advising on commercial and residential property development. Mr Irvine is a Director of a number of publicly listed companies. He is Honorary Consul for South Africa in Auckland and a founding Trustee of Sport Auckland, Mr Irvine is also Chairman of the Board of Trustees for the Sky City Community Trust and a member of the Norfolk Island Gaming Authority. Honoured in the 1997 Queen's Birthday List, Mr Irvine was made an Officer of the New Zealand Order of Merit for services to the legal profession.

The structure of the Trust and Manager is outlined below:



Corporate Governance

Structure

Calan Healthcare Properties Trust (the Trust) is a New Zealand Unit Trust registered under the Unit Trusts Act 1960. The Trust was established under a Trust Deed dated 1 September 1999, which replaced the Trust Deed dated 11 February 1994 as amended. Under the terms of the Trust Deed, Calan Healthcare Properties Limited is the Manager of the Trust and Trustees Executors Limited (the Trustee) is the trustee. The Board of Directors of the Manager (the Board) and the Trustee assume corporate governance of the Trust. The Manager oversees the business and affairs of the Trust, establishes the strategies and financial objectives to be implemented by management and monitors the performance of management.

In fulfilling their obligations, the Board and the Trustee acknowledge the need for the highest standards of corporate governance and ethical conduct.

Calan Healthcare Properties Trust's securities (Units) are listed on the New Zealand Exchange using the ticker CHP.

The Trustee's Role

Trustees Executors Limited was incorporated in New Zealand in 1881 as The Trustees Executors and Agency Company of New Zealand Limited, is empowered as a statutory trust company by its own Act of Parliament and has been re-registered under the Companies Act 1993.

The role of the Trustee is to supervise the administration and the maintenance of the Trust and to ensure that the interests of Unit Holders are safeguarded at all times, subject to the provisions of the Trust Deed.

The Trustee has the powers, authorities and discretions to exercise as if it were the absolute and beneficial owner of the Trust Fund. The Trustee holds all the assets of the Trust on behalf of Unit Holders and reviews and approves all investment and divestment proposals recommended by the Manager and reviews and authorises all payments made by the Trust.

The Manager's Role

Calan Healthcare Properties Limited has overall responsibility for the management of the Trust. The scope of this management responsibility extends to setting the overall strategic direction, determination of portfolio mix, property selection, analysis, review and negotiation of property acquisitions and disposals, portfolio, property and construction management, financial and treasury management, distribution payments and liaison with Unit Holders.

Board of Directors of the Manager

The ultimate responsibility for corporate governance lies with the Board of Directors of the Manager. The Board of Calan Healthcare Properties Limited is committed to the highest standards of corporate governance, business behaviour and accountability.

The Board of Directors of the Manager is responsible for overseeing the direction and supervision of the Trust's business on behalf of all Unit Holders. Its principal objectives and functions are:

- To maximise the return to Unit Holders consistent with the objective of stable, long-term growth of the property portfolio;
- To build the Trust's capital base and increase property values through rental growth and sound management policies;
- To provide Unit Holders with access to scale properties in a diversified portfolio;
- To review and approve the financial performance of the Trust and monitor the performance of management;
- To approve all transactions relating to acquisitions and divestments, prior to seeking Trustee approval;
- To appoint auditors, communicate with and report to Unit Holders, and monitor regulatory compliance;
- To recruit Directors, regularly review and assess collective and individual Board performance, and establish and review processes to assist with the effective operation of the Board.

Board Membership

The Board of the Manager comprises four Directors: an Independent Chairman, two Independent Directors and one Director. The names and profiles of the Directors are set out on pages 12 of this report.

The Board seeks to appoint Directors with complementary experience and knowledge who will at all times act in accordance with the highest ethical standards.

Interests register

Section 189 (1)(c) of the Companies Act 1993 requires the Manager to keep a Register of Directors' Interests and this has been extended to include interests in the Trust. Each Director is required to disclose the following information and have that information entered into the Register of Interests as soon as they become aware of it:

- Particulars of board appointments;
- Particulars of interests in transactions of the Trust;
- Disclosure or use of Trust information acquired by virtue of office or employment by the Manager;
- Share dealings in the Trust;
- Particulars of Board approved payments and loans and guarantees of the debts of Directors, or contracts to do any of these things.

In considering any share dealings in the Trust, the Directors must observe the Insider Trading Policy. Directors must notify and obtain approval of the Manager before trading in the Trust's units and are only permitted to trade in two window periods. That is, from one day after the interim or annual results are announced up to five months after the end of the financial year or four months after the end of the half-year accounting period as the case may be.

Directors' and Officers' Liability Insurance

The Manager maintains Directors' and Officers' Liability Insurance and indemnifies the directors and officers of the Manager against all liabilities which arise out of the performance of normal duties as directors or officers, unless the liability relates to conduct involving a lack of good faith. This includes indemnity of costs

and expenses incurred in defending an action that falls within the scope of the indemnity.

Board Committees

The Board may establish committees to assist in the execution of its duties and to allow detailed consideration of complex issues.

Audit Committee

The Board has formally constituted an Audit Committee which addresses financial authorities, primary and specific responsibilities, and reporting requirements. The Audit Committee operates in accordance with the Audit Committee Charter. The committee is chaired by Mr Tim Saunders with the other member being Mr Jock Irvine. Mr Saunders and Mr Irvine are Independent Directors.

Specifically the Audit Committee is responsible for:

- Monitoring the systems of corporate governance;
- Supervising and monitoring external audit requirements;
- Reviewing and approving quarterly distributions, with recommendation of the same to the Board;
- Reviewing annual and half-yearly financial statements prior to submission to the Board for approval;
- Reviewing the performance of the external auditors.

Delegation of Authority

The formulation and implementation of policies and reporting procedures, other than those set out above, have been delegated to the management of the Manager. In particular, the management of the Trust's day-to-day affairs has been delegated to Mr Miles Wentworth, Chief Executive. The Board of the Manager monitors those delegations as part of the formal business of each Board meeting.

Related Party Transactions

In accordance with the terms of the Trust Deed, the Manager is entitled to a management fee equal to 0.75% of gross assets. In addition the Manager has the right to be reimbursed for certain expenses or services. These include costs incurred in connection with the acquisition, development, custody, ownership, leasing of tenancies, disposing of an asset of the Trust, costs of holding meetings of Unit Holders, auditors fees, valuation fees and leasing commissions. Any such services are provided by the Manager or an associate of the Manager on an 'arms length' basis at normal commercial rates and are disclosed as related party transactions in the notes to the financial statements.

Continuous Disclosure

The NZSX Listing Rules require that a Listed Property Trust disclose to the market matters which could be expected to have a material effect on the price or value of the Trust's securities. Management processes are in place through the Trust to ensure that all material matters, which may potentially require disclosure, are promptly reported to the Fund Manager through established reporting lines. Matters reported are assessed and where required by the NZSX Listing Rules, advised to the market. The Company Secretary is responsible for communications with the New Zealand Exchange and for ensuring that such information is not released to any person until the New Zealand Exchange has confirmed it has been released to the market.

A summary of the Company's corporate governance principles and practices, including a statement setting out the extent to which these materially differ from the principles contained in the NZSX Corporate Governance Best Practice Code can be found in the Governance section of the Company's website at www.calan.co.nz.

Operating Structure

Calan Healthcare Properties Trust is a unit trust. We invest in the health property sector in New Zealand and Australia, and our focus is on holding quality, income generating assets.

The Trust is listed on the New Zealand Exchange (NZX), and our trading code is CHP. Investors in Calan Healthcare Properties hold units rather than shares.

We are a low risk, medium return investment that looks to deliver a growing return to investors.

The Trust operates under a trust deed between the Manager of the Trust (Calan Healthcare Properties Limited, a privately owned company) and the Trustee (Trustees Executors Limited) who represent unit holders.

The trust deed prescribes strict guidelines for the Manager to follow, and the Trustee is required by law to monitor the Managers compliance. The Trustee holds title to all assets on behalf of unit holders, and reviews and approves all investment and divestment proposals.

The Manager appoints Directors, and the staff that manage the Trust on a day to day basis are employees of the Manager. The Manager receives a fee for the services they provide. The fee is calculated at 0.75% of the Trust's Gross Assets.

Information About Calan Healthcare Properties

In addition to media statements about the financial results, and the annual and half year reports, Calan Healthcare Properties:

- Advises the New Zealand Exchange by way of statement on all matters it regards could affect unit price. These statements are immediately posted on our web site www.calan.co.nz
- Updates its web site www.calan.co.nz regularly. On the web site investors have access to a wealth of information about the Trust, including historical issues of media statements and reports.

Distributions

Distribution payments are made by direct credit to nominated New Zealand bank accounts, or by cheque.

Direct credit authorisation forms can be obtained from the Unit Registrar.

Making Contact

Contact details of the Secretary to the Manager, the Manager, the Trustee and the Unit Registrar are included on the inside back cover of this report.

QUARTER ENDED	DATE PAID	GROSS DIVIDEND (CPU)	IMPUTATION CREDITS (CPU)	RESIDENT WITHHOLDING TAX (CPU)	NET DIVIDEND (CPU)
September 2005	December 2005	2.3000	0.3792	0.3798	1.5410
December 2005	March 2006	2.3000	0.3904	0.3686	1.5410
March 2006	June 2006	2.3000	0.3146	0.4444	1.5410
June 2006	September 2006	2.3000	0.2164	0.5426	1.5410
		9.2000	1.3006	1.7354	6.1640

Financial Calendar

The Trust operates to a 30 June financial year.

- Financial result announced mid August
- Annual report released late September
- Annual meeting held mid November
- Half year result announced mid February
- Half year report released late March
- Distribution four times a year for quarters ending 30 September, 31 December, 31 March, 30 June



Consolidated Financial Statements for year ended 30 June 2006

Auditors' Report	18
Statement of Financial Performance	19
Statement of Movements in Unit Holders' Funds	20
Statement of Financial Position	21
Statement of Cash Flows	22
Statement of Accounting Policies	23 to 24
Notes to the Financial Statements	25 to 32

Audit report

To the unit holders of Calan Healthcare Properties Trust

We have audited the financial statements on pages 19 to 32. The financial statements provide information about the past financial performance of the Trust and Group and its financial position as at 30 June 2006. This information is stated in accordance with the accounting policies set out on pages 23 to 24.

Directors' responsibilities

The Directors are responsible for the preparation of financial statements which give a true and fair view of the financial position of the Trust and Group as at 30 June 2006 and the results of its operations and cash flows for the year ended on that date.

Auditors' responsibilities

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

Basis of opinion

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

- the significant estimates and judgments made by the Directors in the preparation of the financial statements;
- whether the accounting policies are appropriate to the Trust's and Group's 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.

Our firm has also provided other services to the Trust and certain Group companies in relation to taxation and general accounting services. These matters have not impaired our independence as auditors of the Trust and Group. The firm has no other relationship with, or interest in, the Trust or any Group companies.

Unqualified opinion

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

In our opinion:

- proper accounting records have been kept by the Trust and Group as far as appears from our examination of those records;
- the financial statements on pages 19 to 32:
 - comply with New Zealand generally accepted accounting practice;
 - give a true and fair view of the financial position of the Trust and Group as at 30 June 2006 and the results of its operations and cash flows for the year ended on that date.

Our audit was completed on 21 August 2006 and our unqualified opinion is expressed as at that date.

Auckland

Statement of Financial Performance

FOR THE YEAR ENDED 30 JUNE 2006

	NOTE	CONSOLIDATED 30 JUN 2006 \$000	30 JUN 2005 \$000	TRUST 30 JUN 2006 \$000	30 JUN 2005 \$000
Operating Revenue					
Rental		18,522	14,360	–	–
Other income		15	1,619	–	–
Dividend from subsidiary company	15	–	–	11,565	9,787
Total Property Revenue		18,537	15,979	11,565	9,787
Less:					
Direct property related expenses	11	562	280	–	–
		562	280	–	–
Net Property Revenue		17,975	15,699	11,565	9,787
Operating Expenses					
Audit fees		74	33	64	23
Fees for other services provided by auditor		14	37	8	30
Manager's fees	14	1,675	1,596	1,058	1,052
Property acquisition and investment evaluation costs	10	179	9	56	9
Registry fees		56	48	56	48
Trustee's fees		149	147	149	147
Unit Holder communication costs		61	124	61	124
Takeover defence costs in relation to ING bid		315	–	294	–
Other operating expenses		53	66	34	35
Total Operating Expenses Before Interest		2,576	2,060	1,780	1,468
Operating Surplus Before Interest		15,399	13,639	9,785	8,319
Interest received		541	403	4	–
Less interest expensed		(3,518)	(2,342)	–	–
Net Borrowing Costs		(2,977)	(1,939)	4	–
Operating Surplus Before Income Tax		12,422	11,700	9,789	8,319
Unrealised net change in the value of investments	8	259	816	–	–
Unrealised return on investment properties under construction		–	1,290	–	–
Gain on sale of equity investments	8	–	253	–	–
Loss on sale of investment properties		–	(1,646)	–	–
Net Surplus Before Income Tax		12,681	12,413	9,789	8,319
Less income tax expense	3	(2,033)	(1,869)	556	480
Net Surplus After Income Tax		10,648	10,544	10,345	8,799

Statement of Movements in Unit Holders' Funds

FOR THE YEAR ENDED 30 JUNE 2006

		30 JUN 2006 \$000	CONSOLIDATED 30 JUN 2005 \$000	30 JUN 2006 \$000	TRUST 30 JUN 2005 \$000
	NOTE				
Total Recognised Revenues and Expenses					
Surplus and Revaluations					
Net surplus after income tax	7	10,648	10,544	10,345	8,799
Net revaluation of investment properties	5	10,783	12,169	–	–
Foreign currency translation reserve movement	6	2,796	105	–	–
		24,227	22,818	10,345	8,799
Other Movements					
Units issued to satisfy manager's incentive fee	4, 14	911	535	911	535
Cash distributions made during the year		(10,762)	(8,762)	(10,762)	(8,762)
		(9,851)	(8,227)	(9,851)	(8,227)
Movement in Unit Holders' Funds for the Year		14,376	14,591	494	572
Unit Holders' Funds at the Beginning of the Year		164,623	150,032	148,047	147,475
Unit Holders' Funds at the End of the Year		178,999	164,623	148,541	148,047

Statement of Financial Position

AS AT 30 JUNE 2006

		CONSOLIDATED		TRUST	
	NOTE	30 JUN 2006 \$000	30 JUN 2005 \$000	30 JUN 2006 \$000	30 JUN 2005 \$000
Unit Holders' Funds					
Units subscribed	4	147,035	146,124	147,035	146,124
Revaluation reserve	5	27,625	16,842	–	–
Foreign currency translation reserve	6	1,827	(969)	–	–
Proposed distribution at the end of the year	7	2,956	2,635	2,956	2,635
Undistributed (deficit)/surplus	7	(444)	(9)	(1,450)	(712)
Total Unit Holders' Funds		178,999	164,623	148,541	148,047
Represented by:					
Current Assets					
Bank		927	654	4	4
Receivables		843	2,295	43	46
Investments	8	1,199	–	–	–
Loan advances		766	–	–	–
Properties intended for sale		2,934	–	–	–
Income tax receivable		507	364	507	364
		7,176	3,313	554	414
Non Current Assets					
Investments	8	–	912	–	–
Investment in subsidiaries	8	–	–	65,204	65,204
Investment properties	9	224,293	204,306	–	–
Investment properties for construction		345	2,775	–	–
Amounts receivable from subsidiaries	15	–	–	83,133	82,790
Property acquisition and investment evaluation costs	10	517	445	230	203
Deferred settlements		4,325	5,078	–	–
Receivables		382	1,027	–	–
Loan advances		163	–	–	–
Deferred rental		2,572	17	–	–
		232,597	214,560	148,567	148,197
Total Assets		239,773	217,873	149,121	148,611
Current Liabilities					
Accounts payable and accrued expenses		2,823	3,723	580	564
		2,823	3,723	580	564
Non Current Liabilities					
Borrowings	12, 19	57,951	49,527	–	–
Net Assets		178,999	164,623	148,541	148,047
Net tangible assets per unit		\$1.30	\$1.19	\$1.08	\$1.07



BC Davidson, Chairman
For and on behalf of the Manager
Calan Healthcare Properties Limited



MP Wentworth, Chief Executive
For and on behalf of the Manager
Calan Healthcare Properties Limited

21 August 2006

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2006

		CONSOLIDATED		TRUST	
	NOTE	30 JUN 2006 \$000	30 JUN 2005 \$000	30 JUN 2006 \$000	30 JUN 2005 \$000
Cash Flows From Operating Activities					
Cash was provided from:					
Receipts from tenants		16,660	15,850	–	–
Interest received		613	403	4	–
Other income		1,800	313	–	–
Net goods and services tax received		35	–	3	–
Net income tax received		83	–	–	380
Dividends received from subsidiary		–	–	11,565	9,787
		19,191	16,566	11,572	10,167
Cash was applied to:					
Payments to suppliers		(2,771)	(2,427)	(1,788)	(1,402)
Net income tax paid		(1,954)	(1,969)	718	–
Interest paid		(3,485)	(2,286)	–	–
		(8,210)	(6,682)	(1,070)	(1,402)
Net cash flows from operating activities	18	10,981	9,884	10,502	8,765
Cash Flows From Investing Activities					
Cash was provided from:					
Sale of investment properties		–	11,610	–	–
Sale of investments		–	7,011	–	–
Loan advances		–	203	–	–
		–	18,824	–	–
Cash was applied to:					
Purchase of and costs capitalised to investment properties		(266)	–	–	–
Capitalisation of interest		–	(1,351)	–	–
Expenditure on investment properties for construction		(1,794)	(12,032)	–	–
Expenditure on investment properties intended for sale		(159)	–	–	–
Property acquisition and investment evaluation costs		(234)	(143)	(83)	(169)
Purchase of and costs capitalised to investments		(22)	–	–	–
Loan advances		(123)	–	–	–
Advances to subsidiaries		–	–	266	167
		(2,598)	(13,526)	183	(2)
Net cash flows used in investing activities		(2,598)	5,298	183	(2)
Cash Flows From Financing Activities					
Cash was provided from:					
Net proceeds from borrowings		2,575	–	–	–
		2,575	–	–	–
Cash was applied to:					
Net repayment of borrowings		–	(6,128)	–	–
Distributions to unit holders		(10,685)	(8,762)	(10,685)	(8,762)
		(10,685)	(14,890)	(10,685)	(8,762)
Net cash flows used in financing activities		(8,110)	(14,890)	(10,685)	(8,762)
Net increase/(decrease) in cash		273	292	–	1
Add opening cash brought forward		654	362	4	3
Closing Cash Carried Forward		927	654	4	4

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2006

1 Statement of Accounting Policies

The financial statements presented here are for the reporting entity Calan Healthcare Properties Trust and the consolidated financial statements of the Group comprising Calan Healthcare Properties Trust and its subsidiaries.

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993. The reporting entity is an issuer under the Financial Reporting Act 1993.

The financial statements have been prepared on the basis of historical cost with the exception of certain items for which specific accounting policies are identified.

Certain reclassifications of prior period information have been made to conform to current period classifications.

Particular Accounting Policies

The particular accounting policies adopted having a significant effect on the results and financial position are as follows:

Principles of Consolidation

The consolidated financial statements include those of the Trust and its subsidiaries listed in Note 8. The financial statements of subsidiaries are included in the Group financial statements using the purchase method of consolidation. All significant inter entity transactions have been eliminated on consolidation.

Income Tax

Income tax expense charged in the Statement of Financial Performance includes both current and deferred tax. Deferred tax has been calculated using the partial liability method where only timing differences expected to reverse in the foreseeable future are brought to account.

As investment properties are intended to be held long term, timing differences arising from tax depreciation are not expected to reverse in the foreseeable future. Accordingly deferred taxation is not brought to account on these timing differences unless a property is sold.

Establishment, Capital Raising and Listing Costs

Establishment, capital raising and listing costs, such as legal fees for preparing the Trust Deed, Listing Profile, Prospectus, underwriting fees and brokerage are deducted from Unit Holders' Funds as permitted by the Trust Deed.

Investments

Investments in shares/units in subsidiaries or other companies/unit trusts are carried at the lower of cost or net realisable value, unless an independent valuation has been obtained.

Dividend income is recognised in the Statement of Financial Performance when the dividend is declared.

Investment Properties

Investment properties are initially recorded at cost and then on an annual basis revalued to net current value. Individual properties are valued at June or December each year. Depreciation is not provided for on investment properties. Net increments in the value of properties on a portfolio basis are transferred directly to the revaluation reserve. Net decrements on a portfolio basis are transferred to the revaluation reserve unless the reserve is insufficient to cover a deficit. In such a case the amount of the deficit will be taken to the Statement of Financial Performance. If the net effect of revaluing the property investment is a revaluation increment, to the extent that the increment reverses a revaluation decrement previously taken to the Statement of Financial Performance, the increment is credited to the Statement of Financial Performance.

Properties Intended for Sale

Development properties intended for sale are recorded at the lower of cost or net realisable value. Properties previously accounted for as

Investment Properties now intended for sale are recorded at the carrying amount from the date of intent of sale except where the carrying amount is greater than the net realisable value, in which case it is written down to the net realisable value and the difference charged to the Statement of Financial Performance.

Investment Properties for Construction

This category includes properties where construction is planned or is underway, and the carrying value includes all costs incurred to date. The unrealised returns on investment properties for construction are accounted for in accordance with SSAP 17. An estimated surplus, being the excess of an independent valuation (net of disposal costs) over expected completed cost, is recognised in the Statement of Financial Performance on a percentage of completion basis. If a deficit is expected between the independent valuation and expected completed cost, then the full deficit is recognised in the Statement of Financial Performance as soon as a loss is identified. Interest relating to the funding of property is included as a component of cost to the extent that there is an estimated surplus. The Directors, at their discretion, may distribute a portion of the unrealised return on investment properties for construction to Unit Holders.

Property Acquisition and Investment Evaluation Costs

Costs in respect of the acquisition of potential investment properties are capitalised until such time as the property is purchased. They are then capitalised to the cost of the property. If the purchase does not proceed they are expensed to the Statement of Financial Performance.

Goods and Services Tax (GST)

The Statement of Financial Performance and Statement of Cash Flows have been prepared so that all components are stated exclusive of GST to the extent that GST is recoverable. All items in the Statement of Financial Position are stated net of GST with the exception of receivables and payables, which include GST invoiced.

Manager's Incentive Fee

Where a Manager's incentive fee is payable, then the amount payable is satisfied by an issue of units in the following year in accordance with the Trust Deed. The amount of the incentive fee net of applicable taxes is charged against the revaluation reserve. The incentive fee is calculated and satisfied annually in accordance with the terms detailed in the Trust Deed.

Financial Instruments

Financial Instruments are carried at their estimated fair value. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

The Group uses derivative financial instruments such as interest rate swaps to reduce its exposure to fluctuations in interest rates.

Financial instruments that are designated as hedges of specific items or economic exposures are recognised on the same basis as the underlying hedged items. The net differential paid or received on interest rate swaps is recognised as a component of interest expense or income over the term of the agreement.

Full disclosure of information about financial instruments is provided in Note 19.

Operating Leases

Payments made under operating leases are recognised in the Statement of Financial Performance on a basis representative of the pattern of benefits expected to be derived from the leased asset.

Recognition of Income

Rental income from investment properties is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives are recognised over the lease period to ensure a consistent return on investment. Lease incentives are recognised in current receivables and deferred rental.

Foreign Currency

Foreign currency transactions are translated to New Zealand currency at the exchange rates ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the exchange rates ruling at that date. Exchange differences arising on the translation of amounts receivable and payable in foreign currencies are recognised in the Statement of Financial Performance.

The assets and liabilities of subsidiaries incorporated overseas, being independent foreign operations, are translated at the rates of exchange ruling at balance date. The revenues and expenses of these entities are translated at rates approximating the exchange rates ruling at the dates of the transactions. Exchange differences arising on translation are taken directly to equity.

Changes in Accounting Policies and Disclosures

There have been no changes in accounting policies during the year. All other policies have been applied on bases consistent with prior years.

Impact of adopting New Zealand Equivalents to International Financial Reporting Standards

All New Zealand entities are required to adopt New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) for reporting periods beginning on or after 1 January 2007, with the option to adopt early for periods beginning on or after 1 January 2005.

It is the current intention of the group to adopt NZ IFRS from 1 July 2007. The adoption of NZ IFRS will be first reflected in the group's interim report for the six-month period ending 31 December 2007. To comply with NZ IFRS for the first time the group will need to restate the comparative balances applying NZ IFRS. This will affect the statement of financial performance, financial position and cashflow statements. However, most of the adjustments required on transition to NZ IFRS will be made through opening retained earnings.

The group has commenced a 'NZ IFRS conversion project' to assess the key differences in accounting policies between NZ IFRS, and current NZ GAAP with a view to determine the impacts on the financial statements that are expected to arise on transition. The group engaged professional advisors to assist in understanding the significant differences which are likely to arise on transitioning to NZ IFRS.

Significant differences in accounting policies identified by the group are outlined below. The group has not yet completed an exercise to quantify the effects of the differences in accounting policies discussed below, and therefore currently are unable to provide reliable estimatable information about the impacts on the financial statements, which arise from transitioning to NZ IFRS. The actual impact of adopting NZ IFRSs may vary from the information presented, and the variation may be material.

Key differences in accounting policies on transitioning to NZ IFRS

1. Investment Properties

Treatment of Revaluations

The group's current policy is for investment properties to be revalued on an annual basis with the net increments in the value of properties on a portfolio basis to be transferred directly to the revaluation reserve. Net decrements are transferred to the revaluation reserve unless the reserve is insufficient to cover a deficit. In such case the deficit will be taken to the Statement of Financial Performance.

Under NZ IFRS, all revaluation increments and decrements will be recorded in the Statement of Financial Performance.

Disposal Costs

Investment properties are valued at market value less an allowance for disposal costs. Under NZ IFRS, the recognition of disposal costs on the valuation is not allowed. This will increase the carrying value of investment properties.

Manager's Incentive Fees

The manager's incentive fee is calculated in accordance with the trust deed and is based on the movement in the revaluation reserve plus gains and losses on equity investments. The incentive fee is charged against the revaluation reserve. Under NZ IFRS, this charge will be taken to the Statement of Financial Performance. The terms for calculating the manager's incentive fee will have to be revised by the trustees, as the revaluation reserve will no longer exist.

2. Investment Properties Under Construction

The group's current accounting policy for property under construction includes the capitalisation of all development costs incurred to date. An estimated surplus, being the excess of an independent valuation over expected completion costs, is recognised in the Statement of Financial Performance on a percentage of completion basis.

Under NZ IFRS, a self-constructed investment property will be accounted for as property, plant and equipment using the cost model, and will only be transferred to investment properties upon completion of construction. The transfer will be made at fair value and any gain or loss on revaluation will be recognised in the Statement of Financial Performance.

3. Deferred Tax

Under the group's current accounting policy deferred tax is calculated on an income statement approach and the group recognises deferred taxation on a partial basis.

Under NZ IFRS, deferred tax will be calculated on a 'balance sheet approach' and deferred tax assets are recognised when it is "probable" they will be utilised, rather than "virtually certain" as under NZ GAAP. Deferred tax will no longer be recognised on a partial basis. It is expected that the change in approach will lead to more deferred tax liabilities being recognised by the group.

4. Financial Instruments

The group currently use interest rate swaps to protect against interest rate movements on the debt facility. Under NZ IFRS, the interest rate swaps are expected to qualify for hedge accounting with the interest rate derivatives being recognised on the balance sheet at their fair value. Changes in the fair value will be recognised in a reserve until the interest flows occur.

5. Investments

The investment in Ascot Radiology will be accounted for as a financial asset held at fair value. As at 30 June 2006 this investment was revalued by way of an independent valuation to fair value (refer to note 8) in line with the group's current accounting policy. A revaluation will now be performed on an annual basis, changes in fair value will be recognised in the statement of financial performance.

6. Unit Holders' Funds

The Trust was formed on 11 February 1994 with an expiry date for the Trust of 80 years less one day from the date of the Deed (note 2). Under NZ IFRS, as the Trust has a defined termination date, Units in the Trust are likely to meet the definition of a financial liability. This would have a significant impact as Units would be reclassified from equity to debt.

The Trust, together with others within the industry, is working with the Financial Reporting Standards Board and other advisors to resolve this issue prior to adoption of NZ IFRS.

2 Nature of Business

The Trust was formed on 11 February 1994 with an expiry date for the Trust of 80 years less one day from the date of the Deed. The Trust was formed to invest in high quality "Health Sector" related properties.

3 Income Tax

	CONSOLIDATED		TRUST	
	2006 \$000	2005 \$000	2006 \$000	2005 \$000
Operating surplus before income tax	12,681	12,413	9,789	8,319
Permanent differences	(259)	(2,106)	(11,565)	(9,787)
Timing differences not recognised	(3,569)	(2,652)	23	15
Australian profits not recognised	(2,635)	(1,991)	–	–
Taxable income	6,218	5,664	(1,753)	(1,453)
Taxation at 33%	2,052	1,869	(578)	(480)
Over provision prior year	(19)	–	22	–
Total income tax expense/(benefit)	2,033	1,869	(556)	(480)
Comprised of:				
Current tax	2,033	1,869	(556)	(480)
Deferred tax	–	–	–	–
	2,033	1,869	(556)	(480)
Deferred tax				
Balance at beginning of year	–	–	–	–
Tax expense for the year	–	–	–	–
Balance at end of year	–	–	–	–

	2006 \$000	2005 \$000
Consolidated Imputation Credit Memorandum Account		
The imputation credits are available to unit holders of the group as follows:		
Through the trust	815	653
Through the subsidiaries	11	11
	826	664
Trust Imputation Credit Memorandum Account		
Balance at beginning of year	653	472
Taxation paid including RWT	1,847	1,969
Imputation credits attached to unit holder distributions paid	(1,685)	(1,788)
Balance at end of year	815	653

The Trust provides for deferred taxation using the partial liability method where only timing differences expected to reverse in the foreseeable future are brought to account. The tax effect of the timing difference liability not recognised for the Group at 30 June 2006 was \$12,586,897 (2005: \$11,373,797).

Distributable income received from Calan Healthcare Australian Properties Trust (“CHAPT”) is subject to Australian income tax deducted from the operating surplus at the rate of 30% if CHAPT is in a tax payable position in Australia. Deferred tax will no longer be recognised on a partial basis. Foreign dividend withholding tax will not be payable in New Zealand provided that CHAPT is liable to tax in Australia. CHAPT has tax losses of AUD3,783,598 (2005: AUD2,547,438) to carry forward, subject to certain Australian tax requirements.

4 Units Subscribed

4 Units Subscribed		2006		2005	
	NOTE	NUMBER ISSUED 000'S	VALUE \$000	NUMBER ISSUED 000'S	VALUE \$000
Consolidated and Trust					
Opening balance		137,823	146,124	136,743	144,659
Issue of units to satisfy manager's incentive fee	14	494	911	60	535
Distributions reinvested		–	–	1,020	930
Closing balance		138,317	147,035	137,823	146,124

The issue of 493,357 units to satisfy the manager's incentive fee relates to the incentive fee accrual of \$535,516 in 2005. Subsequent to year end units have been issued against the manager's incentive fee of \$911,491.

5 Revaluation Reserve

	CONSOLIDATED	2005
	2006 \$000	\$000
Opening balance	16,842	4,673
Revaluation of investment properties	11,391	12,527
Manager's incentive fee, net of tax	(608)	(358)
Closing balance	27,625	16,842

6 Foreign Currency Translation Reserve

	CONSOLIDATED	2005
	2006 \$000	\$000
Opening balance	(969)	(1,074)
Translation of independent foreign operations	2,796	105
Closing balance	1,827	(969)

7 Undistributed (Deficit) / Surplus

	CONSOLIDATED	2005	TRUST	2005
	2006 \$000	\$000	2006 \$000	\$000
Opening balance	(9)	(548)	(712)	494
Net surplus after income tax	10,648	10,544	10,345	8,799
Distributions made during the year	(8,127)	(7,370)	(8,127)	(7,370)
Proposed distribution at the end of the year	(2,956)	(2,635)	(2,956)	(2,635)
Closing balance	(444)	(9)	(1,450)	(712)

8 Investments and Investments in Subsidiaries

Investments

Calan Healthcare Properties Trust, through its asset owning company CHPT No.1 Limited, entered into an option agreement in October 2004, in order to realise its 20% equity interest in Ascot Radiology Limited. The consideration is based on the full year performance of Ascot Radiology for the year ended 31 March 2007, calculated on an Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) earn out formula. The Option Agreement will be renegotiated should the EBITDA for the year ended March 2007 fall below an agreed level.

In line with the Group's policy the equity interest in Ascot Radiology has been valued by an Independent valuer as at 30 June 2006. This has resulted in an increase to the carrying value of the investment by \$259,000 (2005: \$816,000). The investment is held as a current asset as the option agreement will be settled in the next 12 months.

Calan Healthcare Properties Trust through CHPT No.1 Limited sold its investment in The Ascot Hospital and Clinics Limited in April 2005 for the sum of \$7,200,000 producing a gain on sale of \$252,570.

Entities Consolidated in the Group Comprise

NAME OF ENTITY	PRINCIPAL ACTIVITIES	% INTEREST HELD	
		2006	2005
Calan Healthcare Australian Properties Trust	Health sector property investment	100	100
CHPT No.1 Limited	Health sector property investment	100	100

The balance dates of Calan Healthcare Australian Properties Trust and CHPT No.1 Limited are 30 June.

9 Investment Properties

	CONSOLIDATED	
	2006	2005
	\$000	\$000
Registered valuer		
DTZ New Zealand Limited	14,615	20,381
Colliers International New Zealand Limited	91,742	79,589
Colliers International Consultancy and Valuation Pty Limited	88,618	63,405
CB Richard Ellis Limited	29,318	28,300
Knight Frank	–	12,631
	224,293	204,306

The Trust Deed requires that no individual property be valued by the same valuer (or any member of their company) for more than two consecutive years. A detailed schedule of properties, valuations, tenancies and other property information is included in the annual report.

10 Property Acquisition and Investment Evaluation Costs

	CONSOLIDATED		TRUST	
	2006	2005	2006	2005
	\$000	\$000	\$000	\$000
Opening balance	445	311	203	43
Net costs incurred	251	143	83	169
Costs expensed to the Statement of Financial Performance	(179)	(9)	(56)	(9)
Closing balance	517	445	230	203

11 Direct Property Related Expenses

This expense item includes building maintenance and operating expenses not recoverable from tenants, property valuation fees, and property leasing costs. It also includes operating lease expenses of \$114,652 (2005: \$108,162).

12 Borrowings

	CONSOLIDATED	
	2006 \$000	2005 \$000
Non current secured bank loans	57,951	49,527

The Group has borrowings from the ANZ National Bank Limited in New Zealand and Australia. The \$NZ75,000,000 facility is a 3 year multi currency revolving facility.

Borrowings are secured by first ranking mortgages over the respective investment properties by a General Security Deed over the assets and undertakings of CHPT No.1 Limited and fixed and floating charges over the assets and undertakings of Calan Healthcare Australian Properties Limited, as trustee for Calan Healthcare Australian Properties Trust.

All borrowings are classified as non current, and include various bills with floating interest rates and rollover terms of less than 6 months. Interest on the bills is set at the current market rate at each rollover, the current rates are disclosed in Note 19.

13 Trust Deed

There were no amendments made to the Trust Deed during the year.

14 Transactions With Related Parties

Calan Healthcare Properties Limited ("CHPL") is related to Calan Healthcare Properties Trust and its subsidiaries as the Manager of the Trust.

Other related parties by virtue of common ownership and / or directorship to the Manager of the Trust, CHPL, include Calan Group Services Limited ("CGSL") and Calan Healthcare Australian Properties Limited ("CHAPL").

Transactions include:

- The Group paid a Manager's fee of \$1,674,850 (2005: \$1,595,687) to CHPL and CHAPL, including \$1,057,549 (2005: \$1,051,689) paid by the Trust to CHPL.
- The Trust incurred a Manager's incentive fee during the year of \$922,457 (2005: \$534,516), which was satisfied by an issue of units to CHPL. The current figure has been offset by an adjustment of \$10,966 which relates to the 2005 year.

COMPANY	CAPITALISED TO PROJECTS \$	2006		TOTAL \$
		COSTS REIMBURSED \$	EXPENSED TO P&L \$	
Calan Healthcare Properties Limited	132,423	226,426	10,893	369,742
Calan Healthcare Australian Properties Limited	72,049	—	—	72,049
Calan Group Services Limited	—	—	—	—
Total	204,472	226,426	10,893	441,791

COMPANY	CAPITALISED TO PROJECTS \$	2005		TOTAL \$
		COSTS REIMBURSED \$	EXPENSED TO P&L \$	
Calan Healthcare Properties Limited	279,893	266,225	—	546,118
Calan Healthcare Australian Properties Limited	109,208	—	—	109,208
Calan Group Services Limited	120,230	—	—	120,230
Total	509,331	266,225	—	775,556

14 Transactions With Related Parties (continued)

Other charges from related parties:

During the year the Trust and its subsidiaries made various payments to related parties. The payments can be separated into 3 categories. They are:

Capitalised to projects – services such as feasibility and acquisition advice, due diligence, leasing, project and construction management which have been provided during the year.

Costs reimbursed – related entities have paid costs on behalf of the Trust with these costs having been reimbursed during the year. The vast majority of costs reimbursed are project related costs which are capitalised to projects.

Costs expensed to the Statement of Financial Performance – these are property related costs incurred during the year on projects which have not proceeded.

15 Transactions With Subsidiary

CHPT has a wholly owned subsidiary, CHPT No. 1 Limited. CHPT No. 1 Limited holds title to all of the Trust's real estate. Transactions between CHPT and CHPT No. 1 Limited include:

- (a) CHPT No.1 Limited has declared and paid dividends to its parent, the Trust, totalling \$11,564,917 for the year ended 30 June 2006 (2005: \$9,787,410).
- (b) Cash transfers from the Trust to its subsidiary CHPT No. 1 Limited and the payment of expenses by the Trust on behalf of CHPT No.1 Limited of \$13,811,958 (2005: \$11,817,091).
- (c) As at 30 June 2006 the Trust had advanced \$83,132,638 (2005: \$82,790,241) to its wholly owned subsidiary CHPT No.1 Limited. The loan is interest free and repayable on demand.

Amounts outstanding in respect of items (a) to (c) are included in accounts payable and accrued expenses.

16 Commitments

Capital Commitments

The Group was party to contracts to construct property for the following amounts:

	CONSOLIDATED AND TRUST 2006 \$000	2005 \$000
Total capital expenditure contracted but not provided for in the accounts	1,155	–

Lease Commitments

CHPT No.1 Limited has non-cancellable operating lease rentals (these relate to a ground lease from the Auckland Racing Club on the rear carpark at Ascot Hospital) which are payable as follows:

	CONSOLIDATED 2006 \$000	2005 \$000
Within one year	115	115
More than one year but less than two years	115	115
More than two years but less than five years	365	358
More than five years	1,086	1,207

17 Contingent Liabilities

The group has no contingent liabilities as at 30 June 2006 (2005:Nil).

18 Reconciliation of Operating Result for the Year With Net Cash Flows From Operating Activities

	2006 \$000	2005 \$000
(i) Consolidated		
Net surplus after income taxation	10,648	10,544
Items not involving cash flows		
Decrease in value of investment properties for construction	–	–
Property acquisition and investment evaluation costs written off	179	9
Unrealised return on construction	–	(1,290)
Unrealised gain on investment	(259)	(816)
Loan interest	96	56
Loss on sale of investment properties	–	1,646
Gain on sale of investment	–	(253)
Unrealised foreign currency	–	219
	16	(429)
Add/(Deduct):		
Movements in working capital items relating to operating cash flow		
(Increase)/Decrease in receivables	(147)	1,504
Decrease/(Increase) in accounts payable and accrued expenses	303	(1,635)
Decrease/(Increase) in income tax receivable	161	(100)
	317	(231)
Net Cash Flows From Operating Activities	10,981	9,884
(ii) Trust		
Net surplus after income taxation	10,345	8,799
Items not involving cash flows		
Property acquisition and investment evaluation costs written off	56	9
Add/(deduct):		
Movements in working capital items relating to operating cash flow		
Decrease/(Increase) in receivables	3	(18)
(Increase)/Decrease in accounts payable and accrued expenses	(63)	75
Decrease/(Increase) in income tax receivable	161	(100)
	101	(43)
Net Cash Flows From Operating Activities	10,502	8,765

19 Financial Instruments

The following methods and assumptions were used to estimate the fair values of each class of financial instrument of which it is practical to estimate that value. Book value equals fair value for all financial instruments not mentioned.

Bank

The carrying amounts of these items are equivalent to their fair value.

Receivables, advances to/from subsidiaries, lease receivables, income tax payable, loan advances, accounts payable and accrued expenses

The carrying amounts of these financial instruments are invoiced amounts taking account of any amounts considered irrecoverable and are equivalent to their fair value.

Borrowings

All borrowings are on less than six month rollovers and therefore their book value is equivalent to their market value.

Swaps

The fair value of the interest rate swaps is a receivable of AUD295,540 (2005: AUD772,681 payable).

Credit risk

Credit risk is the risk that an outside party will not be able to meet its obligations to the Trust or its subsidiaries. Financial assets which potentially subject the Group to concentrations of credit risk consist principally of cash at bank, monies held in trust, receivables and amounts due from property sales. The Trust and the Group places its cash with high credit quality financial institutions with lease deposits being held in a solicitors' trust account as is standard commercial practice.

Interest rate risk

Interest rate risk is the risk that interest rates will change, increasing or decreasing the cost of borrowing or lending. To manage interest risk exposure, CHPT No.1 Limited has fixed interest rates on some borrowings by use of interest rate swaps.

Short term deposits are invested on call at call interest rates.

The principal or contract amounts of derivative financial instruments outstanding at balance date were:

	2006 \$000	2005 \$000
Interest Rate Swaps AUD45,000,000 (2005: AUD45,000,000)	54,778	49,073

Repricing Analysis

The following table identifies the period in which the financial instruments that are interest rate risk sensitive reprice.

Consolidated

ON BALANCE SHEET	EFFECTIVE INT. RATE	TOTAL \$000	6 MTHS OR LESS \$000	6 – 12 MTHS \$000	1 – 2 YRS \$000	2 – 5 YRS \$000	5 – 10 YRS \$000
30 June 06							
Deposits							
Bank and Trust Accounts	5.00%	927	927	–	–	–	–
Borrowings	6.0%–7.78%	57,951	57,971	–	–	–	–
30 June 05							
Deposits							
Bank and Trust Accounts	2.75–6.75%	654	654	–	–	–	–
Borrowings	5.69–7.18%	49,527	49,527	–	–	–	–

Trust

ON BALANCE SHEET	EFFECTIVE INT. RATE	TOTAL \$000	6 MTHS OR LESS \$000	6 – 12 MTHS \$000	1 – 2 YRS \$000	2 – 5 YRS \$000	5 – 10 YRS \$000
30 June 06							
Deposits							
Bank and Trust Accounts	–	4	4	–	–	–	–
30 June 05							
Deposits							
Bank and Trust Accounts	–	4	4	–	–	–	–

19 Financial Instruments (continued)

Consolidated

OFF BALANCE SHEET

		TOTAL \$000	6 MTHS OR LESS \$000	6 – 12 MTHS \$000	1 – 2 YRS \$000	2 – 5 YRS \$000	5 – 10 YRS \$000
30 June 2006 – AUD							
Asset – Interest rate swap	5.91%	45,000	–	5,000	–	15,000	25,000
Liability – Interest rate swap	6.54%	45,000	45,000	–	–	–	–
30 June 2005 – AUD							
Asset – Interest rate swap	6.58%	45,000	–	5,000	–	25,000	15,000
Liability – Interest rate swap	6.21%	45,000	45,000	–	–	–	–

Currency risk

Currency risk is the risk that amounts receivable or payable in foreign currencies will change due to movements in exchange rates.

The Group's exposure to currency risk is in relation to its Australian operations. The Group holds Australian dollar borrowings of AUD45,376,000 (2005: AUD45,416,000). This AUD borrowing is held by CHAPT. CHPT's equity investment in CHAPT is translated at the year end exchange rate with any changes going to the Foreign Currency Translation Reserve in the Statement of Financial Position.

20 Segmental Information

	2006 \$000	2005 \$000	2006 \$000	2005 \$000	2006 \$000	2005 \$000
GEOGRAPHICAL SEGMENTS	NEW ZEALAND		AUSTRALIA		CONSOLIDATED	
Operating revenue – external	11,955	11,647	6,567	2,713	18,522	14,360
Unallocated revenue	–	–	–	–	556	2,022
Total revenue	11,955	11,647	6,567	2,713	19,078	16,382
Operating expenses	2,314	1,635	824	705	3,138	2,340
Unallocated expenses	–	–	–	–	5,551	4,211
Total expenses including tax	2,314	1,635	824	705	8,689	6,551
Unrealised Net Change in the Value of Investments	259	816	–	–	259	816
Unrealised return on construction	–	–	–	1,290	–	1,290
Loss on sale of investment properties	–	(1,876)	–	230	–	(1,646)
Gain on sale of equity investments	–	253	–	–	–	253
Net surplus after tax	9,900	9,205	5,743	3,528	10,648	10,544
Segment assets	146,616	138,941	92,230	78,278	238,846	217,219
Unallocated assets	–	–	–	–	927	654
Total assets	146,616	138,941	92,230	78,278	239,773	217,873

The Group operates in one industry, investing in high quality "Health Sector" related properties.

20 Events Subsequent to Balance Date

On 31 July 2006 the sale of the Calan management companies, Calan Healthcare Properties Limited and Calan Healthcare Australian Properties Limited, to ING Property Trust Management Limited settled. On 11 August 2006 the Board of Calan Healthcare Properties Limited announced that following discussions with the Directors of the Manager of ING Property Trust it had agreed to investigate a potential merger of portfolios of the respective Trusts. The Board of Calan Healthcare Properties Limited has formed a sub committee consisting of its Independent Directors to investigate the potential merger and appointed Macquarie New Zealand Limited as its adviser.

NZSX Listing Rules Disclosures

TWENTY LARGEST REGISTERED UNIT HOLDERS AS AT 23 AUGUST 2006

UNIT HOLDER NAME	NUMBER OF UNITS	% OF TOTAL UNITS
New Zealand Central Securities Depository Limited	28,656,766	20.60
Ing Property Trust Investments Limited	15,710,494	11.29
Investment Custodial Services Limited	8,348,995	6.00
First NZ Capital Custodians Limited	5,327,109	3.83
Investment Custodial Services Limited	1,509,836	1.08
Custodial Services Limited	1,321,188	0.95
Custodial Services Limited	1,166,428	0.83
Forbar Custodians Limited	529,277	0.38
Superlife Trustee Limited	528,626	0.38
Custodial Services Limited	447,580	0.32
Forbar Custodians Limited	402,315	0.28
Sven Olaf Lars Fagerstrom & Jocelyn Nancy Fagerstrom	246,000	0.17
Awarua Oyster Company Limited	225,000	0.16
Employers & Manufactures Association (Central) Incorporated	220,000	0.15
Mary Franceline Cutts & Dorothy Margaret Cutts	212,866	0.15
Forbar Custodians Limited	209,273	0.15
Asset Custodian Nominees Limited	205,868	0.14
First NZ Capital Custodians Limited	200,740	0.14
Prudent Investments Limited	200,000	0.14
W R Mellars Limited	200,000	0.14
	65,868,361	47.28

- 1 New Zealand Central Securities Depository Limited provides a custodial depository service to financial institutions and does not have a beneficial interest in these Units.
- 2 Investment Custodial Services Limited acts as custodian for all clients whose assets are held within the AEGIS service. All units of the Trust are held by the custodian on behalf of the client as bare trustee.

NZSX Listing Rules Disclosures (continued)

NZCSD HOLDINGS AS AT 23 AUGUST 2006

New Zealand Central Securities Depository Limited provides a custodial service to institutional Unit Holders and does not have a beneficial interest in these Units. The details of this holding are as follows:

UNIT HOLDER NAME	NUMBER OF UNITS	% OF TOTAL UNITS
Premier Nominees Limited Armstrong Jones Property Securities Fund – NZCSD	6,868,625	4.94
Westpac Banking Corporation – Client Assets No 2 – A/c NZCSD	6,274,036	4.51
MFL Mutual Fund Limited – NZCSD	2,953,362	2.12
Custody and Investment Nominees Limited – A/c NZCSD	1,944,923	1.40
ANZ Nominees Limited – A/c NZCSD	1,628,076	1.17
National Nominees New Zealand Limited – A/c NZCSD	1,375,147	0.99
Accident Compensation Corporation – NZCSD	1,348,424	0.97
Public Trust – Gif 46 – NZCSD A/c	1,106,210	0.80
Tea Custodians Limited – A/c NZCSD	948,282	0.68
Sovereign Assurance Company Limited – NZCSD A/c	893,900	0.64
Tea Custodians Ltd No.2 Account <NZCSD>	807,661	0.58
Citibank Nominees (New Zealand) Limited – A/c NZCSD	535,412	0.39
New Zealand Pension Plans (Life) Limited – NZCSD	355,777	0.26
Guardian Trust Investment Nominees (RWT) Limited – A/c NZCSD	332,101	0.24
AMP Superannuation Tracker Fund – A/c NZCSD	308,500	0.22
NZ Superannuation Fund Nominees Limited – A/c NZCSD	267,759	0.19
Public Trust – Ptif No 61 – A/c NZCSD	200,000	0.14
Public Trust – Pti66 – NZCSD A/c	200,000	0.14
BT NZ Unit Trust Nominees Limited – A/c NZCSD	107,891	0.08
Tracker Nominees – Amp Investments – A/c NZCSD	102,158	0.07
T E A Custodians Limited – Balanced Growth Trust – A/c NZCSD	41,295	0.03
Public Trust – A/c Gif No 41 – A/c NZCSD	38,780	0.03
NZ Guardian Trust Investment Nominees Limited – A/c NZCSD	18,447	0.01
	139,065,079	20.61

NZSX Listing Rules Disclosures (continued)

ANALYSIS OF SHAREHOLDING AS AT 23 AUGUST 2006

HOLDING		NUMBER OF UNIT HOLDERS	NUMBER OF UNITS	% OF TOTAL UNITS
1 to	99	58	3,035	–
100 to	199	49	7,371	0.01
200 to	499	52	15,200	0.01
500 to	999	52	34,830	0.03
1,000 to	1,999	101	124,980	0.09
2,000 to	4,999	533	1,974,265	1.42
5,000 to	9,999	1,261	9,031,698	6.49
10,000 to	49,999	2,238	45,428,648	32.67
50,000 to	99,999	186	11,886,076	8.55
100,000 to	499,999	56	9,432,965	6.78
500,000 to	999,999	6	4,243,158	3.05
1,000,000 and over		14	56,882,853	40.9
Total		4,606	139,065,079	100.00

SUBSTANTIAL SECURITY HOLDERS AS AT 23 AUGUST 2006

UNIT HOLDER NAME	NUMBER OF UNITS	% OF TOTAL UNITS
ING (NZ) Limited	12,255,929	9.12
AXA Asia Pacific Holdings Limited	7,541,451	5.65

As at 23 August 2005 the Trust had 137,823,746 Units on issue. At the date of the most recent Substantial Security Holder notice on 1 August 2003 filed by ING (NZ) Limited the Trust had 134,454,000 Units on issue.

UNITS IN WHICH DIRECTORS OF THE MANAGER AND ASSOCIATED PERSONS HAVE A RELEVANT INTEREST FOR THE PURPOSES OF THE SECURITIES MARKETS ACT 1988 AS AT 30 JUNE 2006

DIRECTORS	NUMBER OF UNITS
Bruce Charles Davidson (Independent Chairman)	Nil
Brian James Freestone	30,763
Ronald MacGregor Irvine (Independent Director)	Nil
Martin Victor Lyttelton	Nil
Timothy Ernest Corbett Saunders (Independent Director)	Nil
Miles Peter Wentworth	Nil

Directory

Directors of the Manager of the Trust

Bruce Charles Davidson – Chairman
Ronald MacGregor Irvine
Timothy Ernest Corbett Saunders
Miles Peter Wentworth

Secretary to the Manager of the Trust

Vicki Sherree Harrison

Manager of the Trust

Calan Healthcare Properties Limited
Level 16, 209 Queen Street
PO Box 6945, Wellesley Street
Auckland 1035
New Zealand
Telephone (09) 303 0532
Facsimile (09) 303 0178
Email enquiry@calan.co.nz
www.calan.co.nz

Trustee

Trustees Executors Limited
Level 12, 45 Queen Street
PO Box 4197
Auckland

Auditors

KPMG
18 Viaduct Harbour Avenue
Auckland

Bankers

ANZ – part of ANZ National Bank Limited

Solicitors

To the Trust and the Manager:
Bell Gully, Auckland
To the Trustee:
Buddle Findlay, Auckland

Valuation Panel

New Zealand

CB Richard Ellis Limited
Colliers International New Zealand Limited
DTZ New Zealand Limited
R.A. Purdy & Co. Limited
Seagar & Partners (Auckland) Limited

Australia

CB Richard Ellis Pty Limited
Colliers International Consultancy and
Valuation Pty Limited
Knight Frank

Unit Registrar

Computershare Investor Services Limited
Level 2, 159 Hurstmere Road
Takapuna
Private Bag 92119
Auckland 1020
New Zealand
Telephone (09) 488 8777
Facsimile (09) 488 8787
Email enquiry@computershare.co.nz
www.computershare.com