2007

ING Medical Properties Trust

Annual Report

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Hibiscus Coast Community Health Centre, Whangaparaoa

Cover shot: Epworth Eastern Campus, Melbourne

Highlights

Annual distribution

The Trust paid a gross distribution of 9.5 cents per unit for the 12 months to 30 June 2007.

Total 12-month return

A total unitholder return of 20.1% for the 12 months to 30 June 2007.

Increased NTA

The net tangible asset backing of the Trust increased by 6c to $1.36 per unit.

Portfolio occupancy

A strong focus by management on leasing saw the property portfolio maintain over 99% occupancy at year end.

Weighted average lease term

A weighted average lease term of 10 years, the longest in the New Zealand listed property sector.

Rental growth

Rental income increased by 4.4% to $19.3 million.

Development

Completion of the 15-bed extension at Ascot Hospital and a contract to acquire Ascot Central on completion.

Property revaluations

Strong revaluation gains of $14.9 million were achieved for the 12 months to 30 June 2007.

Portfolio Investment Entity

Elected into the Portfolio Investment Entity (PIE) regime from 1 October 2007.

Chairman's Report

Bill Thurston

ING Medical Properties Trust (the "Trust") is well positioned for organic growth within the existing portfolio and continues to focus on the growth and enhancement of unitholder returns through expert and active specialist investment management.

I am pleased to be presenting my first Annual Report as Chairman of the Trust's Manager, having assumed the role following financial year end. The Annual Report focuses on the year ending 30 June 2007 and I hope unitholders will enjoy reading about the solid activity in every area of the Trust's business over the period and also the significant changes that were announced post 30 June. These changes will provide a secure platform to strengthen and grow unitholder returns going forward.

The Trust's performance was set against a backdrop of a strong economy with solid fundamentals. Market commentators are predicting a slow down in growth and household spending over the next few years. However, the nature and characteristics of the assets in the Trust means that it is less affected by economic conditions. More importantly, the New Zealand and Australian populations are increasingly taking out private medical insurance which, with an ageing population, provides great opportunities and support for the Trust's core business. The changes that have been introduced as a result of the strategic review of the Trust's activities and position in the market, have all been undertaken with the objective of strengthening the value prospects of the Trust in the future.

As part of the review, a new name for the Trust has been introduced. ING Medical Properties Limited (as Manager) and Trustees Executors Limited (as the Trustee of the Trust) have agreed that the name of Calan Healthcare Properties Trust change to ING Medical Properties Trust with effect from Monday 20 August 2007. The NZX ticker code changed from 'CHP' to 'IMP' on Monday 27 August 2007.

The change identifies the Trust as part of the global ING Group, giving both existing and potential investors and tenants assurance that the Trust's properties are managed by a stable, established and experienced property manager of considerable size and strength. Currently, ING Group is one of the world's largest financial services companies, and is responsible for the management of more than $120 billion in property assets worldwide.

Also, as a result of the review, a new board was formed to give direction to and oversee the implementation of the new initiatives and strategic direction. Joining me on the new board are Graeme Horsley, Peter Brook and Andrew Evans. Brief biographies of each of the Board members are on page 15 of this report.

It has been another year of consistent performance across all areas of the Trust's business. Occupancy levels have been retained at nearly 100%, positive rental reviews have resulted in solid rental growth, and acquisitions and development within the portfolio has strengthened the Trust's tenant mix, diversity and income profile.

The Trust paid a record gross distribution of 9.5 cents per unit (up from 9.2 cents per unit) and has also recorded total property revaluation gains of approximately $14.9 million (pre currency movements). This increases the value of the Trust's property assets to $235.8 million as at 30 June 2007. This is a reflection of the demand for quality investment assets and recognition of the consistent and stable rental growth profile and the 10-year weighted average lease term of the Trust's assets. This has resulted in the Trust's net tangible asset backing as at 30 June 2007, increasing by 6 cents per unit to $1.36 compared to $1.30 as at 30 June 2006. The total gross return to shareholders over the year was 20.1%.

After several months of negotiations, merger discussions with ING Property Trust ended as commercially acceptable terms could not be agreed. The Trust will now operate as a stand-alone entity, with its own manager and Board and a new strategy for growth and value enhancement.

With an ageing population in New Zealand and Australia, the strategy recognises that opportunities are becoming available in the medical and healthcare sector, and the Trust is well positioned to take advantage of these. The opportunities are being driven not only by increased spending and demand in the public sector, but through direct private spending on personal medical care and an increase in private health insurance expenditure. The result is a growing demand for medical and healthcare investment assets to meet operational and growth requirements in the sector.

The Trust will be actively targeting these investment opportunities, focussing on core medical, surgical and primary care facilities as well as related support service investment assets. In addition the Manager will continue to focus on enhancement and added-value opportunities within the Trust's existing portfolio.

The Trust is New Zealand's leading medical and healthcare property investor and as such benefits from key relationships within the sector. The Trust continues to work closely with these strategic partners in identifying and establishing a pipeline of activity, both within and outside the current portfolio.

We recognise the importance to unitholders of ensuring that we align ourselves with, and protect and enhance the rights of, unitholders. In that regard the Manager has undertaken to allow unitholders to nominate and vote on the independent directors for appointment to the Board of the Manager commencing in 2008. In addition there will be a requirement for the Manager and the Trust to have different auditors.

Unitholders will be invited to vote on several proposals at the Annual Meeting to be held in November this year. The proposals will include formalising the requirement to hold an annual meeting of unitholders and lowering the threshold for unitholders to request an extraordinary meeting of the Trust to unitholders holding 5% or more of the units (this was previously a 10% threshold). The Trust Deed will also be updated to incorporate the most significant NZX listing rules.

In addition to the above corporate governance changes, unitholders will be invited to vote at the Annual Meeting on lifting the Trust's maximum permitted debt-to-total-asset ratio to 50% from 35%, with the intention of maintaining its target debt-to-total-asset ratio at 40% over the medium to long term. The higher gearing ratio is necessary for the Trust to readily expand through acquisition and its own organic development opportunities. Further details on this proposal will be provided closer to the Annual Meeting.

One of the other positive outcomes post balance date has been that the Manager has negotiated a substantial reduction in bank fees the Trust pays on its current loan facility.

I am also pleased to confirm the acquisition of a new community health and wellness centre known as the Apollo Health and Wellness Centre, in Albany, Auckland, for $23 million, at a yield of 7.64%.

Finally, I would like to acknowledge the achievements of the retiring Board. Under the guidance of the previous Chairman, Bruce C Davidson, the Board provided sound leadership and stewardship for five years, successfully overseeing the restoration of the Trust to its current position. The hand over to the new Board has taken place, with the Trust positioned to enhance unitholder returns.

As your new chairman, I look forward to meeting you at the Annual Meeting and hearing your views on the Trust. The Board would also like to express their thanks for unitholders' ongoing support.

Bill Thurston, Chairman
ING Medical Properties Limited

Chairman's Report – Financial Summary

	Actual Consolidated 30 June 2007 $000	Actual Consolidated 30 June 2006 $000
Net property revenue	18,820	17,975
Operating surplus before income tax	12,297	12,422
Unrealised foreign exchange gain	128	–
Unrealised net change in value of investments	–	259
Gain on sale of equity investments	86	–
Income tax expense	(2,277)	(2,033)
Net surplus after income tax	10,234	10,648
Number of units on issue	139,065	138,317
Earnings per unit (cents)	7.36	7.70
Distributions either made or declared for the year:		
Cash distributions (cents per unit)	7.64	7.90
Imputation credits (cents per unit)	1.86	1.30
Gross distribution (cents per unit)	9.50	9.20
% imputed	49.4%	33.4%
Total current assets	2,788	7,176
Total non-current assets	245,546	232,597
Total assets	248,334	239,773
Total current liabilities	2,600	2,823
Total non-current liabilities	56,029	57,951
Total liabilities	58,629	60,774
Unitholders' funds	189,705	178,999
Net tangible assets per unit	$1.36	$1.30
Debt-to-total-assets	22.6%	24.2%

Manager's Report

Financial performance

The 2007 operating surplus before tax was $12.3 million, a decrease of 0.8% on the 2006 result of $12.4 million, while the after-tax surplus decreased by 3.9% from $10.6 million in 2006.

The decrease was due largely to one-off costs, including expenditure associated with the proposed merger with ING Property Trust ($0.5 million) and costs for historic property initiatives that did not proceed ($0.4 million).

However the gross distribution for the year ended 30 June 2007 increased by 3.3% to 9.5 cents per unit.

The rental stream that came on line as a result of the completion of the 15-bed extension at Ascot Hospital in October 2006, combined with portfolio-wide rental increases, saw rental income increase by 4.4% to $19.3 million.

Net borrowing costs were marginally higher by $0.4 million. In a rising interest rate environment, this reflects the strength of the Trust's interest rate swap portfolio. The swaps protect earnings from interest rate volatility. The Trust had total borrowings of $56.0 million at balance date, of which $51.0 million was covered by way of swaps at an average interest rate of 6.67% (inclusive of bank fees).

Financial position

Total assets increased by $8.5 million to $248.3 million, up 3.5%. The increase was the result of:

- The property portfolio increasing in value by $14.9 million following the revaluation of all the Trust's properties. This is notwithstanding the carrying value of the Australian assets being reduced by approximately $8.7 million when converted into New Zealand dollars, due to the exchange rate moving from $0.82 in 2006 to $0.91 in 2007; and
- The acquisition of the Thames Street, Melbourne site for $3.2 million.

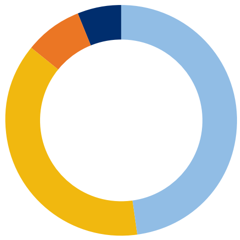
Bank debt has decreased by $1.9 million to $56.0 million which can be attributed to the change in the exchange rate. The majority of the Trust's debt is denominated in Australian dollars in order to provide a natural hedge against exchange rate fluctuations.

The debt-to-total-asset ratio reduced slightly to 22.6% from 24.2% in 2006. The existing maximum debt-to-total-assets permitted in the Trust Deed is 35.0%. This limits the Trust's ability to take advantage of future investment opportunities as they arise and to implement the recently announced strategic initiatives. Unitholders will be asked to approve an increase in the maximum permitted ratio to 50.0% at the 2007 Annual Meeting with the intention of maintaining a target debt-to-total-asset ratio at 40.0% over the medium to long term. The increase will allow the Trust to expand through acquisition and its own organic development opportunities.

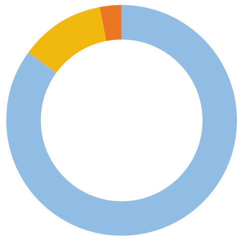
After the settlement of the upcoming acquisitions of Ascot Central in Greenlane and the Apollo Health and Wellness Centre in Albany, it is estimated that the Trust will have a debt-to-total-asset ratio of 33.3%.

The net tangible asset backing for each unit increased to $1.36 from $1.30.

ING Medical Properties Trust portfolio by region



ING Medical Properties Trust portfolio by sector



Property revaluations

The portfolio has continued to experience value growth over the past year with the total value of the property portfolio increasing to $235.8 million from $224.3 million. This growth of $11.5 million, which represents an increase of 5.1% over the last twelve months, includes revaluation gains of $14.9 million, the acquisition of the Thames Street, Melbourne site for $3.2 million, and capital improvements of $2.1 million all of which have been offset by a decrease of $8.7 million due to the negative movements in the exchange rate between Australia and New Zealand.

The valuation increases are the result of higher rentals through rent reviews, quality tenant covenants and long lease terms at the Trust's properties and the further tightening of capitalisation rates due to the continuing strong demand for quality property.

Full year valuation increases of note were (in resident currency):

- Epworth Rehabilitation, Brighton, Melbourne, increased by $1.2 million (9.4%)
- Ascot Hospital, Auckland, increased by $4.8 million (6.4%)
- The Epworth Eastern Campus, Melbourne, increased by $5.4 million (8.8%)
- Hospital Laundry and Sterilisation Facility, Auckland, increased by $1.05 million (10.4%).

Occupancy

The portfolio occupancy rate has been maintained at near capacity over the last twelve months at 99.4%. The only property with vacancy as at 30 June 2007 was at 188 Eastmed in St Heliers, Auckland.

Rent reviews

It has been another busy year with a total of 62 rent reviews completed to 30 June 2007, adding a further $400,000 of rental income to the property portfolio. Of these, 59 were subject to Consumer Price Index (CPI) based reviews, with a further two leases subject to a market review and one subject to a turnover rent mechanism.

The average increase of the rents reviewed was 2.8%.

Lease profile

The Manager also continued to focus on lease expiries. There were eight lease expiries over the last 12 months; five of these were at Epworth Medical Centre in Melbourne and the remaining three at 188 Eastmed in St Heliers, Auckland. All but one lease was renewed.

With a weighted average lease term of 10 years the Trust maintains the longest weighted average term of any property entity listed on the New Zealand Stock Exchange. The weighted average lease term provides a strong measure of contractual rental certainty for investors.

For the year to 30 June 2008, the Trust has a very low level of lease expiries, equating to under 2.0% of the portfolio.

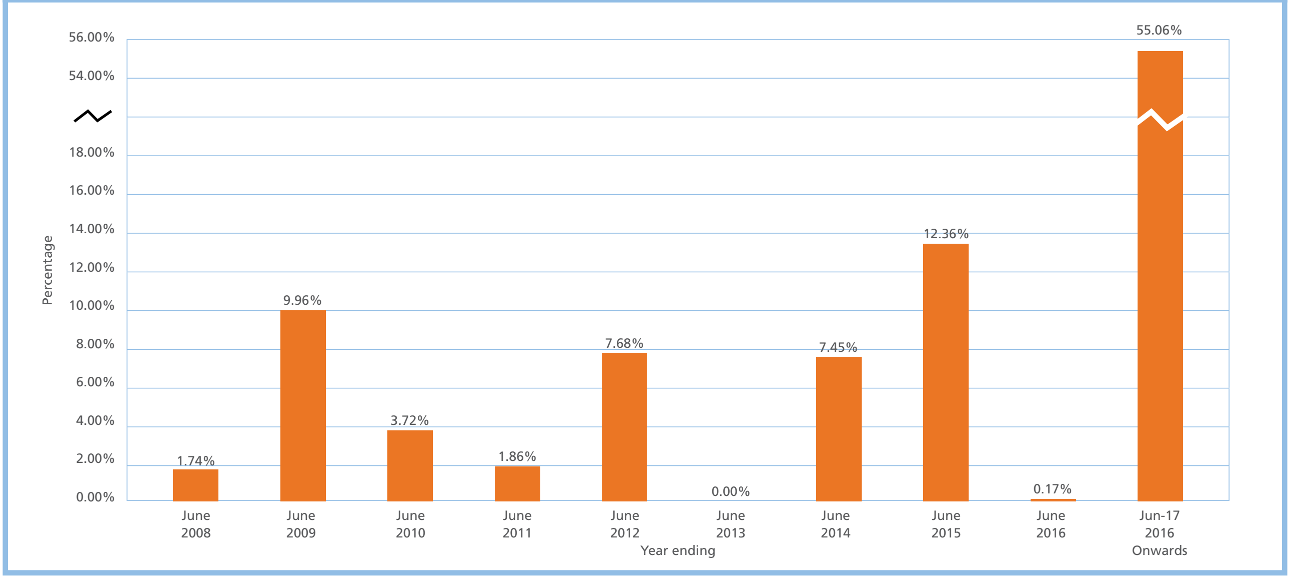
Post balance date, the Trust has secured an extended lease term for Biomed, now expiring in 2014, rather than 2012. The extended lease term was agreed well in advance of the actual lease expiry date of March 2008.

Ascot Central

The Ascot Central development is on target for practical completion in the first quarter of 2008. Final negotiations are proceeding that will result in lease commitments for 40% of the building. Negotiations with other interested parties are continuing, with a particular focus on medical and surgical consulting practices.

Lease terms negotiated to date range from six to 15 years and include annual rent reviews to CPI and mid-term reviews to market.

Lease expiry schedule as a percentage of rent (as at 30 June 2007)



Thames Street, Melbourne

In early 2007 the Trust acquired 116–118 Thames Street, Box Hill, Melbourne, for $3.2 million. This is a small acquisition relative to the total property portfolio. However, the property is strategically situated near two of the Trust's other Melbourne properties, Epworth Eastern Hospital and Epworth Medical Centre, and is immediately adjacent to the Box Hill Public Hospital.

The site, comprising 1,800 square metres, is currently an income-producing carpark and has planning approval for a three-level, 13-suite medical consulting building.

Having secured the site, specialist medical and healthcare real estate agents, Apelbaum and Co, in Melbourne, are reviewing the marketing for the project.

Ascot Hospital 15-bed extension

As a direct result of growth in demand for private surgery a further 15 beds have been added to the Ascot Hospital. This takes the total number of beds to 86. The extension was successfully completed in October 2006, in time for the busy fourth quarter.

The Trust has funded the capital costs of the building extensions, receiving a 9.5% return from the investment.

The extension reflects the current business position of the Ascot Hospital and highlights the strengthening of its position as a leading private hospital provider.

Apollo Health and Wellness Centre

The Trust announced on 21 September 2007 that it has unconditionally agreed to acquire the Apollo Health and Wellness Centre, a modern, integrated community healthcare facility on the corner of Apollo Drive and Rosedale Road, in the rapidly growing Auckland suburb of Albany. The $23 million off-market acquisition is a milestone for the Trust and the first significant passive acquisition the Trust has made in recent years.

The impressive two-level building, comprising 4,900 square metres of floor area and over 210 carparks, was designed by Jasmax Architects and is less than three years old. The property is 100% leased, with the largest tenant being Medical Centre @ Apollo, a family practice with 17 local GPs. Other tenants include radiology, ophthalmology, women's health, physiotherapy, psychotherapy and audiology practices. The medical centre has 19 tenancies, most of which are medical and health-related, and a weighted average lease term of 8.3 years, with the majority of rentals subject to two-yearly rent reviews. The property was acquired on a yield of 7.64%.

Strategic review

The Manager announced on 20 August that it had completed a full strategic review of all of the Trust's assets and activities.

The review shows that the medical and healthcare property sector in general and the Trust in particular, is entering a new phase of growth and opportunity. The Trust is well positioned to identify and take advantage of medical and health sector property investments and related activities. The Trust will continue to focus on investing in medical, surgical, primary care and related support service property assets.

The continued ageing of the New Zealand and Australian populations, combined with the trend for increased spending in the public and private healthcare sector (directly and by way of private insurance cover), is likely to result in a greater demand for medical and health-related services. This will lead to an increased requirement for medical and healthcare investment assets. While these opportunities will be active investment targets for the Trust, a focus will remain on the enhancement and added-value opportunities of the Trust's existing portfolio.

The Trust has a substantial portfolio of high-quality medical and health-related assets, with outstanding lease covenants, low vacancy rates, structured rental growth provisions and a weighted average lease term of 10 years, nearly double the New Zealand listed property sector average of 5.6 years. The quality of the portfolio provides a strong platform for creating further unitholder wealth by identifying and developing the opportunities now arising in the medical and health sector.

The primary focus of the strategic review was on further extending the highly favourable and defensive position of the Trust's portfolio, with a number of initiatives being incorporated into the strategy going forward.

As part of a renewed focus on new acquisition initiatives, the Manager has established a number of key medical and health sector relationships in New Zealand and Australia. In addition, the Trust continues to work closely with its existing partners to identify and establish a medium to long-term pipeline of activity that will add value and enhance unitholder returns.

The Manager will look to acquire for the Trust passive but accretive investment properties as well as assets with further development opportunities that will benefit from the Trust's existing relationships and the sector skills of the Manager.

Reduction in bank fees

The Manager has also reviewed the banking arrangements of the Trust, and has negotiated a substantial reduction in the fees the Trust pays on its current loan facility.

Incentive fee

An incentive fee of $1.2m is payable to the Manager. The fee is paid to the Manager by issuing units in the Trust.

Change of Directors

As part of the new strategy, a new board of ING Medical Properties Limited has been introduced.

The new board comprises two independent directors: Bill Thurston (as Chairman), a former Chairman of law firm Bell Gully and current Chairman of The University of Auckland Business School Advancement Group; and Graeme Horsley, a Life Fellow of the New Zealand Institute of Valuers, now the Property Institute of New Zealand and Deputy Chairman of the Bay of Plenty District Health Board.

The other new directors are: Peter Brook, former Managing Director of Merrill Lynch (New Zealand) Limited; and Andrew Evans, Managing Director of ING's real estate business in New Zealand.

The Directors' biographies are presented on page 15 of this report.

Portfolio Investment Entities ("PIEs")

The passing of new taxation legislation has significant benefits for unitholders. This legislation alters the way in which the Trust's distributions are taxed, providing a considerable increase in after-tax returns for many New Zealand resident investors.

The Trust formally elected to become a PIE in July, in anticipation of the legislation coming into effect on 1 October 2007. The first distribution under the new PIE rules will be the December 2007 payment.

Under the PIE regime, investors in the Trust will get the same benefits currently given to private investors. This means that tax allowances, such as depreciation, and any tax free capital gains obtained by the Trust, will effectively be passed onto investors. Each investor's personal tax circumstances and the Trust's effective tax rate will determine the extent of the benefit for investors. Most investors will see an increase in the after-tax distribution, even though there will be no effect on the Trust's gross distribution.

The table below shows the amount of cash (on an after-tax basis) that investors would receive under the current rules and under the PIE rules. The example is based on an assumed distribution of 9.5 cents per unit, made up of 8.0 cents per unit of cash and 1.5 per unit of imputation credits. Here, the cash component of the distribution increases by between 13% and 38% for New Zealand resident tax-payers and depends upon the individual's tax rate.

Looking ahead

The Manager remains confident that the Trust is in a strong position to capitalise on the opportunities in the medical and healthcare property sector. The core portfolio is performing well and this should lead to a further improvement in the distribution to unitholders in the 2008 financial year.

Net income to investors (cents per unit)

	NZ marginal tax rate				**Non-resident**
	39.0%	33.0%	19.5%	0.0%	15%
Current	5.80	6.37	7.65	8.00	7.25
PIE	8.00	8.00	8.61	8.00	8.00
% change	**+38%**	**+26%**	**+13%**	**+0%**	**+10%**

Notes

1. Always verify your personal tax position with an independent tax adviser.
2. Further tax may be payable in the non-resident's tax jurisdiction.
3. For investors on the 19.5% marginal tax rate, the PIE return is effectively 8.61. The additional 0.61 is excess imputation credits which may be used to offset the tax liability on other income.

Property List As at 30 June 2007

Properties	Market value 30 June 2007	Annual contract rent
Surgical & Medical		
Ascot Hospital & Clinics, Auckland	$79,800,000	$7,032,002
Ascot Carpark, Auckland (Ground lease)	$1,340,000	$112,815
Epworth Rehabilitation, Brighton, Melbourne	$15,264,728	$1,234,066
Central Hawkes Bay Health Centre, Waipukurau	$4,500,000	$427,314
Epworth Eastern Campus, Melbourne	$72,699,638	$5,728,199
Kensington Hospital, Whangarei	$14,150,000	$1,040,795
Napier Health Centre, Napier	$14,500,000	$1,304,912
Total Surgical & Medical portfolio	$202,254,366	$16,880,102
Primary Care		
Eastmed St Heliers, Auckland	$8,000,000	$577,756
Total Primary Care portfolio	$8,000,000	$577,756
Health Support		
Biomed Laboratory, Auckland	$2,450,000	$229,704
Spare Land	$440,000	n/a
Hibiscus Coast Community Health Centre, Whangaparaoa	$4,100,000	$359,335
Hospital Laundry and Sterilisation Facility, Auckland	$11,100,000	$886,585
Spare Land	$2,150,000	n/a
Pitman House, Auckland	$5,000,000	$445,970
Thames Street, Melbourne	$3,201,469	$92,028
Total Health Support portfolio	$28,441,469	$2,013,622
TOTAL PROPERTY PORTFOLIO	$238,695,836	$19,471,480

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

Valuations shown represent market value as at 30 June 2007 with the exception of Thames Street which is valued at cost.

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

All monetary figures on this table are exclusive of GST, and are shown in New Zealand dollars.

Passing yield	WALT (yrs)	Floor area (sqm)	Occupancy	Major tenant
8.81%	9.0	11,113	100%	Ascot Hospital & Clinics
8.42%	11.7	n/a	100%	Ascot Hospital & Clinics
8.08%	6.6	3,297	100%	Epworth Foundation
9.50%	7.5	1,892	100%	Hawkes Bay District Health Board
7.88%	14.4	14,793	100%	Epworth Foundation
7.36%	13.7	2,357	100%	Kensington Hospital
9.00%	4.5	4,295	100%	Hawkes Bay District Health Board
8.35%	**10.6**	**37,747**	**100%**	
7.22%	8.1	1,908	83%	Eastmed GP's
7.22%	**8.1**	**1,908**	**83%**	
9.38%	6.7	1,812	100%	Biomed Laboratory
n/a	n/a	n/a	n/a	n/a
8.76%	4.0	1,430	100%	Waitemata District Health Board
7.99%	7.4	9,293	100%	Taylors Group Limited
n/a	n/a	n/a	n/a	n/a
8.92%	2.1	1,689	100%	Waitemata District Health Board
2.87%	0.5	1,800	100%	Epworth Hospital
7.08%	**5.5**	**16,024**	**100%**	
8.16%	**10.0**	**55,679**	**99%**	

Property Portfolio

1] Ascot Hospital and Clinics, Auckland

Building type	Surgical and Medical
Net lettable area	11,113(sqm)
Occupancy	100%
Market value	$79,800,000
Net contract rental	$7,032,002
Passing yield	8.81%
WALT	9.0 yrs
Major tenant	Ascot Hospital and Clinics

2] Epworth Eastern Campus, Melbourne

Building type	Surgical and Medical
Net lettable area	14,793(sqm)
Occupancy	100%
Market value	$72,699,638
Net contract rental	$5,728,199
Passing yield	7.88%
WALT	14.4 yrs
Major tenant	Epworth Foundation

3] Epworth Rehabilitation, Brighton, Melbourne

Building type	Surgical and Medical
Net lettable area	3,297(sqm)
Occupancy	100%
Market value	$15,264,728
Net contract rental	$1,234,066
Passing yield	8.08%
WALT	6.6 yrs
Major tenant	Epworth Foundation

4] Napier Health Centre, Napier

Building type	Surgical and Medical
Net lettable area	4,295(sqm)
Occupancy	100%
Market value	$14,500,000
Net contract rental	$1,304,912
Passing yield	9.00%
WALT	4.5 yrs
Major tenant	Hawkes Bay District Health Board

5] Kensington Hospital, Whangarei

Building type	Surgical and Medical
Net lettable area	2,357(sqm)
Occupancy	100%
Market value	$14,150,000
Net contract rental	$1,040,795
Passing yield	7.36%
WALT	13.7 yrs
Major tenant	Kensington Hospital

6] Central Hawkes Bay Health Centre, Waipukurau

Building type	Surgical and Medical
Net lettable area	1,892(sqm)
Occupancy	100%
Market value	$4,500,000
Net contract rental	$427,314
Passing yield	9.50%
WALT	7.5 yrs
Major tenant	Hawkes Bay District Health Board

7] Eastmed St Heliers, Auckland

Building type	Primary Care Facility
Net lettable area	1,908(sqm)
Occupancy	83%
Market value	$8,000,000
Net contract rental	$577,756
Passing yield	7.22%
WALT	8.1 yrs
Major tenant	Eastmed GP's

8] Hospital Laundry & Sterilisation Facility, Auckland

Building type	Health Support Services
Net lettable area	9,293(sqm)
Occupancy	100%
Market value	$11,100,000
Net contract rental	$886,585
Passing yield	7.99%
WALT	7.4 yrs
Major tenant	Taylors Group Limited

Property Portfolio (cont.)

9] Pitman House, Auckland

Building type	Health Support Services
Net lettable area	1,689(sqm)
Occupancy	100%
Market value	$5,000,000
Net contract rental	$445,970
Passing yield	8.92%
WALT	2.1 yrs
Major tenant	Waitemata District Health Board

10] Hibiscus Coast Community Health Centre, Whangaparaoa

Building type	Health Support Services
Net lettable area	1,430(sqm)
Occupancy	100%
Market value	$4,100,000
Net contract rental	$359,335
Passing yield	8.76%
WALT	4.0 yrs
Major tenant	Waitemata District Health Board

11] Thames Street, Melbourne

Building type	Health Support Services
Net lettable area	1,800(sqm) – land only
Occupancy	100% – carpark licences
Market value	$3,201,469
Net contract rental	$92,028
Passing yield	2.87%
WALT	0.5 yrs
Major tenant	Epworth Hospital

* Indicative perspective of end development.

12] Biomed Laboratory, Auckland

Building type	Health Support Services
Net lettable area	1,812(sqm)
Occupancy	100%
Market value	$2,450,000
Net contract rental	$229,704
Passing yield	9.38%
WALT	6.7 yrs
Major tenant	Biomed Laboratory

Board of Directors of the Manager

William (Bill) Thurston Chairman

Bill Thurston has 40 years' legal experience including General Counsel for Fletcher Challenge Limited and a former Chairman of lawyers Bell Gully. He is the current Chairman of The University of Auckland Business School Advancement Group and also the Chairman of Tonkin & Taylor, Consulting Engineers. In April this year, Bill was appointed as an independent director to the New Zealand Rugby Union and is currently a member of the NZX Appeals Panel. Bill has extensive corporate governance, legal and property expertise both in New Zealand and overseas markets. As Chairman of The University of Auckland Business School Advancement Group, Bill has been pivotal in that programme to raise $75m for investment into new buildings and people, raising $70m to date.

Graeme Horsley Independent Director

Graeme Horsley has 40 years' property valuation and consultancy experience, including 14 years with Ernst & Young New Zealand where he was National Director of the Real Estate Group. Graeme is a Life Fellow of the New Zealand Institute of Valuers (now the Property Institute of New Zealand), a member of the American Society of Real Estate Counsellors, and a Government appointee and Deputy Chairman of the Bay of Plenty District Health Board. Graeme has extensive experience in the valuation of specialised property and infrastructure assets, and the establishment and implementation of corporate real estate strategies. He has written and presented extensively on public and private sector real estate matters, including the World Bank. Graeme is an Accredited Fellow of the Institute of Directors in New Zealand, and is currently a Director of AMP New Zealand Office Trust and Chairman of Ngati Whatua o Orakei Corporation.

Peter Brook Non-Executive Director

Peter Brook had 20 years' experience in the investment banking industry and was Managing Director of Merrill Lynch (New Zealand) Limited before retiring at the end of 2000 to pursue his own business and consultancy activities. He is also a Director of ING Property Trust Management Limited, Trust Investments Management Limited, Albany City Property Investments Limited and Chairman of Burgerfuel Worldwide Limited. Peter is also a Trustee of the Melanesian Mission Trust Board and a director of several other private companies.

Andrew Evans Non-Executive Director

Andrew Evans is a registered valuer with 20 years' experience in the property industry, principally with multi-disciplinary property companies in New Zealand and the United Kingdom. A large part of Andrew's career has covered the provision of property based advice over the spread of property asset types. Andrew is Managing Director of ING (NZ) Limited's Property Division and a Director of ING Property Trust Management Limited. Andrew is a member of the ING (NZ) Limited executive team. He was previously the National President of the Property Council of New Zealand.

Corporate Governance

Changes to Trust Governance

On 20 August 2007, ING Medical Properties Limited (the "Manager") and Trustees Executors Limited (as Trustee of the Trust), announced a proposal to improve corporate governance practices of the Trust.

Some of the measures have been taken by the Manager on its own initiative to increase the involvement of unitholders in the governance of the Trust, and to more closely align the rights of unitholders with the rights of shareholders of listed public companies.

The proposal initiated by the Manager provides for unitholders to:

- Nominate and vote on independent Directors for appointment to the board of the Manager commencing 2008; and
- Require the Manager and the Trust to have different auditors.

Unitholders will be invited to vote on several proposals at the Annual Meeting of the Trust that will:

- Lower the threshold for unitholders to request an extraordinary meeting of the Trust to those holding 5% or more of the units; and
- Formalise the requirement to hold an Annual Meeting of unitholders.

The Trust Deed will also be updated to incorporate the most significant NZSX listing rules, the others to be incorporated by reference.

Proposals to amend the Trust Deed will be put to ING Medical Properties Trust unitholders for approval at the Trust's next Annual Meeting in late November 2007. If approved, the new governance package will become effective after that meeting.

The Trust

ING Medical Properties Trust is a unit trust established under the Unit Trusts Act 1960 by a Trust Deed dated 11 February 1994, which was amended 1 September 1999.

ING Medical Properties Trust units are listed on the New Zealand Stock Exchange using the ticker 'IMP'.

There have been no amendments to the Trust Deed in the financial year ended 30 June 2007. However on 15 August 2007, the Manager and the Trustee agreed to change the name of the Trust to ING Medical Properties Trust.

The Trustee

The Trustee of the Trust is Trustees Executors Limited which was incorporated in New Zealand in 1881 as The Trustees Executors and Agency Company of New Zealand Limited. The Trustee 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 management of the Trust in accordance with the Trust Deed, and to ensure that the Manager complies with its duties and responsibilities under the Trust Deed. Where the approval of the Trustee is required, the Trustee is to have regard to the interests of unitholders and has the explicit obligation to veto any proposal that it does not consider to be in the interests of unitholders. The Trustee must also be satisfied that any proposal involves an investment of a type authorised under the Trust Deed and within the investment policies of the Trust.

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

The Manager

The Manager of the Trust, ING Medical Properties Limited, has overall responsibility for the management of the Trust in accordance with the Trust Deed.

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

The Board of Directors of the Manager

The Board of Directors of the Manager (the "Board") has overall responsibility for the management of the Trust. Its principal objectives and functions are:

- To maximise the return to unitholders 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 unitholders 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 unitholders, and monitor regulatory compliance; and
- 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.

The names and brief profiles of the Directors are set out on page 15 of this report.

Corporate Governance philosophy

The Manager takes responsibility for corporate governance of the Trust. The Board is committed to the highest standards of business behaviour and accountability.

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

Composition of the Board

The Manager is committed to appointing Directors with complementary skills and knowledge who will at all times act in accordance with the highest ethical standards. The Board currently comprises four members, all of whom bring a significant level of expertise to the Trust.

The Manager recognises that Independent Directors are important in assuring unitholders that the Board is properly fulfilling its role and is diligent in holding management accountable for its performance. Bill Thurston (Chairman) and Graeme Horsley are considered to be independent under the NZSX Listing Rules. Peter Brook and Andrew Evans are considered not to be independent.

Board Committees

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

The Audit Committee

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

The members of the Audit Committee are Peter Brook (Chairman), Graeme Horsley and Bill Thurston.

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

- The appointment of the external auditor;
- Monitoring the systems of corporate governance;
- Reviewing and approving quarterly distributions, with recommendation of the same to the Board;
- Reviewing annual and half-yearly financial statements prior to submission for Board approvals; and
- Reviewing the performance and independence of the external auditor.

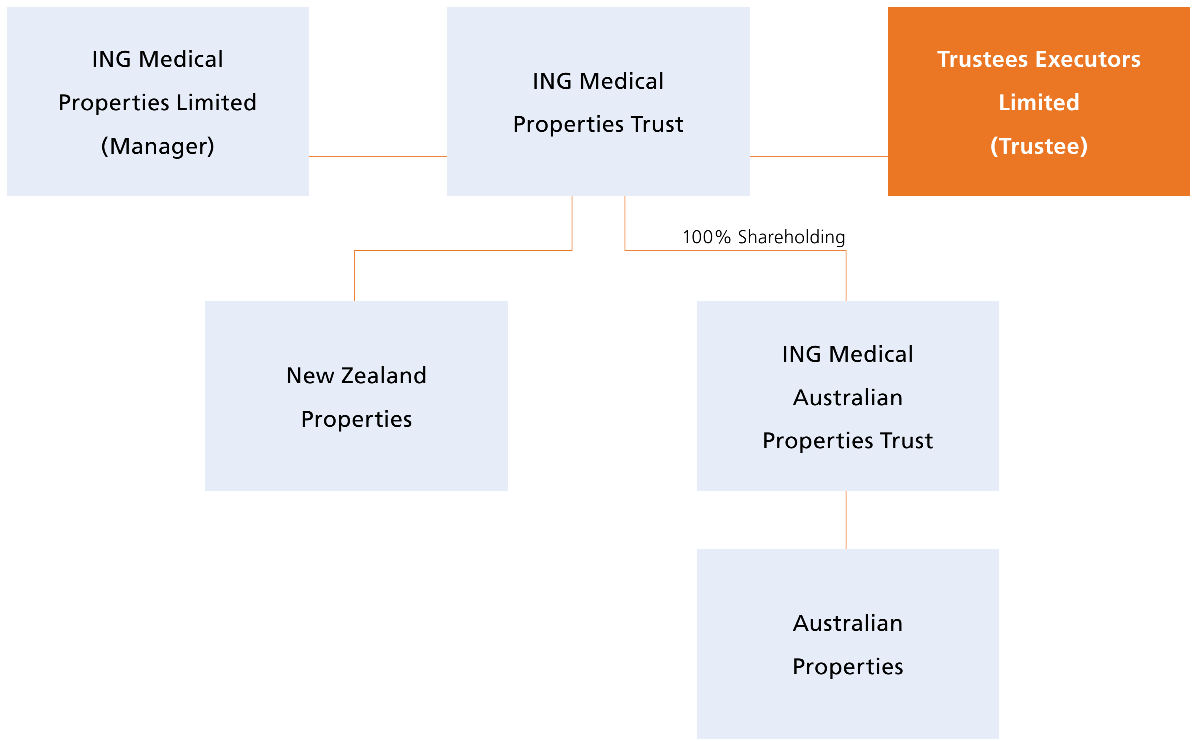
Unitholder relations

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

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

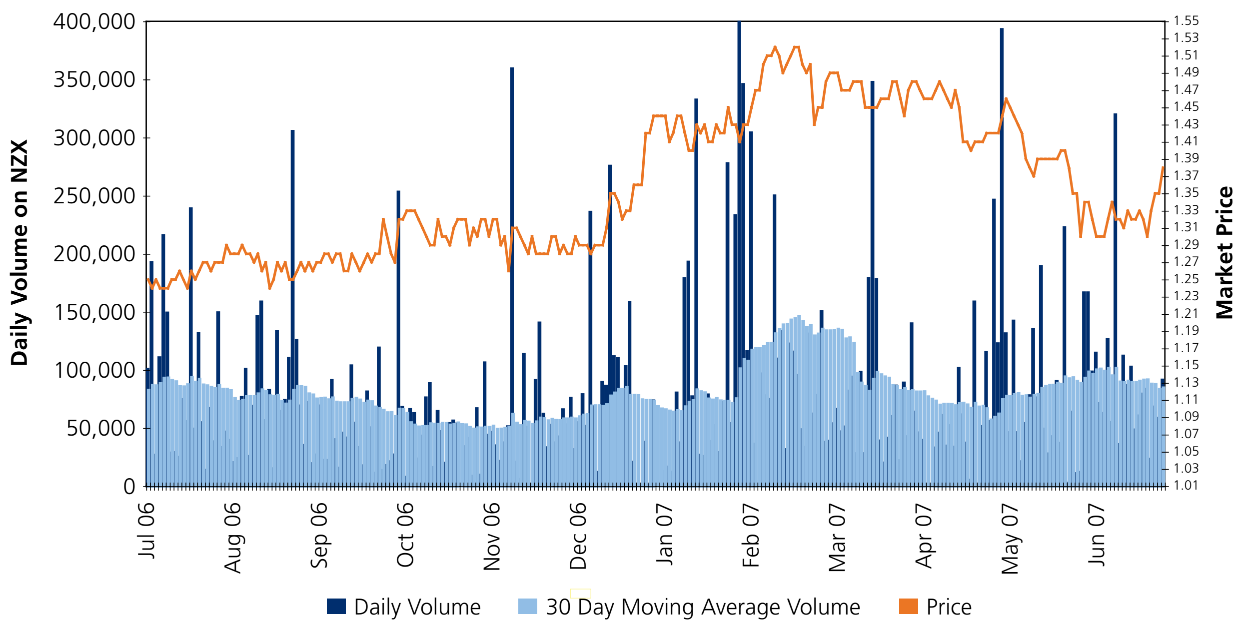
Unitholders may raise matters for discussion at annual and special meetings and have the opportunity to question Directors and the external auditor at such meetings.

The structure of the Trust and Manager is outlined below:



NZSX Trading

ING Medical Properties Trust for year ended 30 June 2007



Financial Information

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Ascot, Auckland

Audit Report

KPMG

To the unitholders of ING Medical Properties Trust

We have audited the financial statements on pages 21 to 38. The financial statements provide information about the past financial performance and financial position of the Trust and Group as at 30 June 2007. This information is stated in accordance with the accounting policies set out on pages 25 to 28.

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 2007 and the results of their 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 Directors 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 of its subsidiaries 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 of its subsidiaries.

Unqualified opinion

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

In our opinion:

- proper accounting records have been kept by the Trust and Group as far as appears from our examination of those records;
- the financial statements on pages 21 to 38:
  - 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 2007 and the results of their operations and cash flows for the year ended on that date.

Our audit was completed on 28 August 2007 and our unqualified opinion is expressed as at that date.

KPMG

Auckland

Statement of Financial Performance

For the year ended 30 June 2007

	Note	Consolidated 30 June 2007 $000	Consolidated 30 June 2006 $000	Trust 30 June 2007 $000	Trust 30 June 2006 $000
Operating revenue					
Rental		19,328	18,522	–	–
Other income		12	15	–	–
Dividend from investment company		160	–	–	–
Dividend from subsidiary company	15	–	–	12,026	11,565
Total property revenue		19,500	18,537	12,026	11,565
Less:					
Direct property-related expenses	11	680	562	–	–
Bad debts		(1)	–	–	–
		680	562	–	–
Net property revenue		18,820	17,975	12,026	11,565
Operating expenses					
Audit fees		63	74	54	64
Fees for other services provided by auditor		32	14	23	8
Manager's fees	14	1,795	1,675	1,123	1,058
Property acquisition and investment evaluation costs	10	417	179	216	56
Registry fees		45	56	45	56
Trustee's fees		153	149	153	149
Unitholder communication costs		29	61	29	61
Takeover defence costs in relation to ING bid		519	315	517	294
Other operating expenses		138	53	60	34
Total operating expenses before interest		3,191	2,576	2,220	1,780
Operating surplus before interest		15,629	15,399	9,806	9,785
Interest received		479	541	40	4
Less interest expensed		(3,811)	(3,518)	(8)	–
Net borrowing costs		(3,332)	(2,977)	32	4
Operating surplus before income tax		12,297	12,422	9,838	9,789
Unrealised foreign exchange gain		128	–	–	–
Unrealised net change in value of investments	8	–	259	–	–
Gain on sale of equity investments	8	86	–	–	–
Net surplus before income tax		12,511	12,681	9,838	9,789
Less income tax expense	3	(2,277)	(2,033)	478	556
Net surplus after income tax		10,234	10,648	10,316	10,345

Statement of Movements in Unitholders' Funds

For the year ended 30 June 2007

	Note	Consolidated 30 June 2007 $000	Consolidated 30 June 2006 $000	Trust 30 June 2007 $000	Trust 30 June 2006 $000
Total recognised revenues and expenses					
Surplus and revaluations					
Net surplus after income tax	7	**10,234**	10,648	**10,316**	10,345
Net revaluation of investment properties	5	**13,273**	10,783	**–**	–
Foreign currency translation reserve movement	6	**(2,819)**	2,796	**–**	–
		20,688	24,227	**10,316**	10,345
Other movements					
Units issued to satisfy Manager's incentive fee	4, 14	**1,260**	911	**1,260**	911
Cash distributions made during the year		**(11,242)**	(10,762)	**(11,242)**	(10,762)
		(9,982)	(9,851)	**(9,982)**	(9,851)
Movement in unitholders' funds for the year		**10,706**	14,376	**334**	494
Unitholders' funds at the beginning of year		**178,999**	164,623	**148,541**	148,047
Unitholders' funds at the end of year		**189,705**	178,999	**148,875**	148,541

Statement of Financial Position

As at 30 June 2007

	Note	Consolidated 30 June 2007 $000	Consolidated 30 June 2006 $000	Trust 30 June 2007 $000	Trust 30 June 2006 $000
Unitholders' funds					
Units subscribed	4	148,295	147,035	148,295	147,035
Revaluation reserve	5	40,898	27,625	–	–
Foreign currency translation reserve	6	(992)	1,827	–	–
Proposed distribution at the end of the year	7	2,282	2,956	2,282	2,956
Undistributed (deficit)	7	(778)	(444)	(1,702)	(1,450)
Total unitholders' funds		189,705	178,999	148,875	148,541
Represented by:					
Current assets					
Bank		1,401	927	–	4
Receivables		573	843	11	43
Investments	8	–	1,199	–	–
Amounts receivable from subsidiaries	15	–	–	84,156	83,133
Loan advances		766	766	–	–
Properties intended for sale		–	2,934	–	–
Income tax receivable		48	507	48	507
		2,788	7,176	84,215	83,687
Non-current assets					
Investment in subsidiaries	8	–	–	65,204	65,204
Investment properties	9	235,861	224,293	–	–
Investment properties held for construction		2,936	345	–	–
Property acquisition and investment evaluation costs	10	101	517	14	230
Deferred settlements		4,325	4,325	–	–
Receivables		–	382	–	–
Loan advances		134	163	–	–
Deferred rental		2,189	2,572	–	–
		245,546	232,597	65,218	65,434
Total assets		248,334	239,773	149,433	149,121
Current liabilities					
Accounts payable and accrued expenses		2,600	2,823	558	580
		2,600	2,823	558	580
Non-current liabilities					
Borrowings	12, 19	56,029	57,951	–	–
		56,029	57,951	–	–
Net assets		189,705	178,999	148,875	148,541
Net tangible assets per unit ($)		1.36	1.30	1.07	1.08

W G Thurston, Chairman
For and on behalf of the Manager, ING Medical Properties Limited
28 August 2007

P C Brook, Director
For and on behalf of the Manager, ING Medical Properties Limited
28 August 2007

Statement of Cash Flows

For the year ended 30 June 2007

	Note	Consolidated 30 June 2007 $000	Consolidated 30 June 2006 $000	Trust 30 June 2007 $000	Trust 30 June 2006 $000
Cash flows from operating activities					
Cash was provided from:					
Receipts from tenants		20,244	16,660	–	–
Interest received		479	613	40	4
Other income		12	1,800	–	–
Net goods and services tax received		–	35	–	3
Net income tax received		578	83	1,352	–
Dividends received from investments		160	–	–	–
Dividends received from subsidiary		–	–	12,026	11,565
		21,473	19,191	13,418	11,572
Cash was applied to:					
Payments to suppliers		(3,776)	(2,764)	(1,967)	(1,788)
Net income tax paid		(1,980)	(1,954)	–	718
Interest paid		(3,694)	(3,485)	–	–
Net goods and services tax paid		–	–	(10)	–
		(9,450)	(8,203)	(1,977)	(1,070)
Net cash flows from operating activities	18	12,023	10,988	11,441	10,502
Cash flows from investing activities					
Cash was provided from:					
Sale of investment properties		282	–	–	–
Sale of investments		1,279	–	–	–
Reimbursement of property and investment evaluation costs		36	–	–	–
Loan advances		61	–	–	–
		1,658	–	–	–
Cash was applied to:					
Purchase of and costs capitalised to investment properties		(4,749)	(266)	–	–
Capitalisation of interest		(18)	–	–	–
Expenditure on investment properties for construction		(873)	(1,794)	–	–
Expenditure on investment properties intended for sale		–	(159)	–	–
Property acquisition and investment evaluation costs		–	(234)	–	(83)
Purchase of and costs capitalised to investments		–	(22)	–	–
Loan advances		–	(123)	–	–
Advances to subsidiaries		–	–	(178)	266
		(5,640)	(2,598)	(178)	183
Net cash flows used in investing activities		(3,982)	(2,598)	(178)	183
Cash flows from financing activities					
Cash was provided from:					
Net proceeds from borrowings		3,673	2,575	–	–
		3,673	2,575	–	–
Cash was applied to:					
Distributions to unitholders		(11,267)	(10,685)	(11,267)	(10,685)
		(11,267)	(10,685)	(11,267)	(10,685)
Net cash flows used in financing activities		(7,594)	(8,110)	(11,267)	(10,685)
Net increase/(decrease) in cash		447	280	(4)	–
Plus: opening cash brought forward		927	654	4	4
Effect of exchange rate fluctuations on cash balances		27	(7)	–	–
Closing cash carried forward		1,401	927	–	4

Notes to the Financial Statements

For the year ended 30 June 2007

1. Statement of accounting policies

The financial statements presented here are for the reporting entity ING Medical Properties Trust (the "Trust") and the consolidated financial statements of the Group comprising the 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.

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 unitholders' 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, except for during the year of acquisition. Individual properties are valued at June 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 and 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 held 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

Notes to the Financial Statements (cont.)

For the year ended 30 June 2007

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 unitholders.

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, except for interest rate swaps. 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 Statement of Financial Performance 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.

Transition to 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.

The Group will 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 figures applying NZ IFRS. This will affect the Statements of Financial Performance, Financial Position and Cash Flow. Most of the adjustments required on transition to NZ IFRS will be made through opening retained earnings.

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

1. Investment properties

Investment property revaluations

The Trust's current policy is for investment properties to be revalued on an annual basis with net increments in the value of the properties transferred directly to the revaluation reserve. Net decrements are transferred to the revaluation reserve. If the reserve is insufficient to cover a deficit, the deficit is recorded in the Statement of Financial Performance.

Under NZ IFRS, revaluation movements are recognised in the period in which they arise, as part of net income in the Statement of Financial Performance. This will result in an increase in the operating surplus of $14.9m, which is the revaluation movement for the year ended 30 June 2007.

Disposal costs

Investment properties are valued at market value less an allowance for disposal costs. Under NZ IFRS, the recognition of disposal costs is not permitted. All investment properties must be measured at fair value. This will result in an increase in the carrying value of investment properties of $2.8m (based on the property portfolio as at 30 June 2007).

Lease incentives

The Trust's current policy is to capitalise lease incentives provided to tenants and subsequently amortise the capitalised asset over the term of the lease. The unamortised portion of the asset is recognised as the non-current asset in 'Deferred Rental'.

Conversion to NZ IFRS will result in a reduction of total assets and retained earnings of $2.2m.

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, net of income tax, 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. For the year ending 30 June 2007, the manager's incentive fee net of income tax, amounted to $0.8m.

Management incentive fees are paid through the issue of units in the Trust. As the units will be classified as equity under NZ IFRS these incentive fees may be classified as a share-based payment in accordance with NZ IFRS 2 and will be required to be measured as at grant date.

2. Investment properties held for 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. Income tax

The Trust currently adopts the partial method of accounting for tax. This is no longer permitted under NZ IFRS which requires a balance sheet approach and deferred tax is recognised for all temporary differences. In particular the Trust does not currently recognise deferred tax in respect of tax depreciation on investment property and investment property revaluation.

Depreciation

The Trust does not currently recognise deferred tax in respect of tax depreciation claimed on investment properties as the investment properties are not intended for sale. Under NZ IFRS, depreciation claimed for tax purposes is considered a temporary difference resulting in a deferred tax liability of $13.7m being recognised.

Notes to the Financial Statements (cont.)

For the year ended 30 June 2007

Investment property revaluations

The Trust does not currently recognise a deferred tax liability on the building component of investment property revaluations in excess of cost, as such gains are not taxable. NZ IFRS requires the recognition of a deferred tax liability on such gains. This will result in an increase to deferred tax liability of $12.5m.

Australian income tax losses

The Trust does not currently recognise a deferred tax asset on the carry forward of unused tax losses of its Australian subsidiary ING Medical Australian Properties Trust ("IMAPT"). NZ IFRS requires the recognition of a deferred tax asset on such carry forward losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. IMAPT is generating taxable profits, and is forecast to continue to generate taxable profits. Therefore under NZ IFRS the deferred tax asset associated with its carry forward tax losses of AUD2.8m at 30 June 2007 will be recognised. This will amount to $0.9m.

4. Financial instruments

The Trust currently uses interest rate swaps to protect against interest rate movements on the debt facility. Under NZ IFRS, interest rate swaps are recognised on the balance sheet at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the Statement of Financial Performance, unless the swap qualifies for hedge accounting, when the resultant gain or loss is recognised in a reserve until the interest flows occur. Presently the Trust does not qualify for hedge accounting. This will result in an increase to the operating surplus of $1.0m, which is the increase in swap receivables for the year ended 30 June 2007.

5. Foreign currency translation reserve

The Trust's foreign currency translation reserve ("FCTR") records exchange differences arising from the translation of the financial statements of its Australian subsidiary IMAPT. Under NZ IFRS, the Trust has the option of retaining the opening FCTR balance or combining it with retained earnings. It is the intention of the Trust to retain the FCTR upon full implementation of NZ IFRS.

6. Unitholders' 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 Trust Deed. 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. It is the intention of the manager of the Trust, to amend the Trust Deed so that the Trust will no longer have a defined termination date.

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 Trust Deed. The Trust was formed to invest in high quality "Health Sector" related properties.

3. Income tax

	Consolidated		Trust	
	2007 $000	2006 $000	2007 $000	2006 $000
Operating surplus before income tax	**12,511**	12,681	**9,838**	9,789
Permanent differences	**662**	(259)	**(11,293)**	(11,565)
Timing differences not recognised	**(3,372)**	(3,569)	**(20)**	23
Australian losses not recognised	**(2,674)**	(2,635)	**–**	–
Taxable income	**7,127**	6,218	**(1,475)**	(1,753)
Taxation at 33%	**2,352**	2,052	**(487)**	(578)
Over provision prior year	**(75)**	(19)	**9**	22
Total income tax expense/(benefit)	**2,277**	2,033	**(478)**	(556)
Comprised of:				
Current tax	**2,277**	2,033	**(478)**	(556)
Deferred tax	**–**	–	**–**	–
	2,277	2,033	**(478)**	(556)
Deferred tax				
Balance at beginning of year	**–**	–	**–**	–
Tax expense for the year	**–**	–	**–**	–
Balance at end of year	**–**	–	**–**	–

	2007 $000	2006 $000
Consolidated imputation credit memorandum account		
Imputation credits are available to unitholders of the Group as follows:		
Through the trust	**535**	815
Through the subsidiaries	**11**	11
	546	826
Trust imputation credit memorandum account		
Balance at beginning of year	**815**	653
Taxation paid including RWT	**1,380**	1,847
Imputation credits attached to dividends received	**79**	–
Imputation credits attached to unitholder distributions paid	**(1,739)**	(1,685)
Balance at end of year	**535**	815

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 2007 was $13,725,340 (2006: $12,586,897).

Distributable income received from IMAPT is subject to Australian income tax deducted from the operating surplus at the rate of 30% if IMAPT is in a tax payable position in Australia. Foreign dividend withholding tax will not be payable in New Zealand provided that IMAPT is liable to tax in Australia. IMAPT has tax losses of AUD2,754,427 (2006: AUD3,783,598) to carry forward, subject to certain Australian tax requirements.

Notes to the Financial Statements (cont.)

For the year ended 30 June 2007

4. Units subscribed

	Note	2007 Number issued 000's	2007 Value $000	2006 Number issued 000's	2006 Value $000
Consolidated and Trust					
Opening balance		**138,317**	**147,035**	137,823	146,124
Issue of units to satisfy Manager's incentive fee	14	**748**	**1,260**	494	911
Closing balance		**139,065**	**148,295**	138,317	147,035

The issue of 747,776 units to satisfy the Manager's incentive fee relates to the incentive fee accrual of $911,491 in 2006. Subsequent to year end units have been issued against the Manager's incentive fee of $1,259,960.

5. Revaluation reserve

	Consolidated 2007 $000	Consolidated 2006 $000
Opening balance	**27,625**	16,842
Revaluation of investment properties	**14,944**	10,882
Exchange variance on IMAPT revaluation reserve	**(827)**	509
Manager's incentive fee, net of tax	**(844)**	(608)
Closing balance	**40,898**	27,625

6. Foreign currency translation reserve

	Consolidated 2007 $000	Consolidated 2006 $000
Opening balance	**1,827**	(969)
Translation of independent foreign operations	**(2,819)**	2,796
Closing balance	**(992)**	1,827

7. Undistributed (deficit)

	Consolidated 2007 $000	Consolidated 2006 $000	Trust 2007 $000	Trust 2006 $000
Opening balance	**(444)**	(9)	**(1,450)**	(712)
Net surplus after income tax	**10,234**	10,648	**10,316**	10,345
Distributions made during the year	**(8,286)**	(8,127)	**(8,286)**	(8,127)
Proposed distribution at the end of the year	**(2,282)**	(2,956)	**(2,282)**	(2,956)
Closing balance	**(778)**	(444)	**(1,702)**	(1,450)

8. Investments and investments in subsidaries

Investments

The Trust through CHPT No.1 Limited sold its 20% equity interest in Ascot Radiology Limited in June 2007 for the sum of $1,285,000 producing a gain on sale of $86,008.

Entities consolidated in the Group comprise:

Name of entity	Country of incorporation	Principal activities	% interest held 2007	2006
ING Medical Australian Properties Trust	Australia	Health sector property investment	100	100
CHPT No.1 Limited	New Zealand	Health sector property investment	100	100
Colma Services Limited	New Zealand	Health sector property investment	100	100

The balance dates of ING Medical Australian Properties Trust, CHPT No.1 Limited and Colma Services Limited are 30 June.

9. Investment Properties

	Consolidated 2007 $000	2006 $000
Registered valuer		
DTZ New Zealand Limited	26,420	14,615
Colliers International New Zealand Limited	17,976	91,742
Colliers International Consultancy and Valuation Pty Limited	–	88,618
CB Richard Ellis Limited	101,166	29,318
CB Richard Ellis Pty Limited	87,097	–
	232,659	224,293
Thames St (at cost)	3,202	–
Total Investment Properties	235,861	224,293

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 and other property information is included on pages 10 and 11 of the annual report.

10. Property acquisition and investment evaluation costs

	Consolidated		Trust	
	2007 $000	2006 $000	2007 $000	2006 $000
Opening balance	517	445	230	203
Net costs incurred	40	251	–	83
Transfers to investment properties	(39)	–	–	–
Costs expensed to the Statement of Financial Performance	(417)	(179)	(216)	(56)
Closing balance	101	517	14	230

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 $135,070 (2006: $114,652).

12. Borrowings

	Consolidated	
	2007 $000	2006 $000
Non-current secured bank loans	56,029	57,951

The Group has borrowings from the ANZ National Bank Limited in New Zealand and Australia. The $NZ75,000,000 facility is a three-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 ING Medical Australian Properties Pty Limited ("IMAPL"), as trustee for IMAPT.

All borrowings are classified as non-current, and include various bills with floating interest rates and rollover terms of less than six 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

ING Medical Properties Limited is related to the 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 include ING (NZ) Limited and IMAPL.

14. Transactions with related parties (cont.)

Transactions include:

(a) The Group paid a manager's fee of $1,795,133 (2006: $1,674,850) to the Manager and IMAPL, including $1,123,084 (2006: $1,057,549) paid by the Trust to the Manager.

(b) The Trust incurred a manager's incentive fee during the year of $1,259,960 (2006: $922,457), which was satisfied by an issue of units to the Manager. The comparative figure has been offset by an adjustment of $10,966 which relates to the 2005 year.

Other charges from related parties during the year included salary and computer equipment purchase recovery and other property related costs. These are:

Company	2007 Capitalised to projects $	2007 Expensed to P&L $	2007 Total $	2006 Capitalised to projects $	2006 Expensed to P&L $	2006 Total $
ING Medical Properties Limited	8,030	96,656	104,686	132,423	237,319	369,742
ING Medical Australian Properties Limited	–	2,198	2,198	72,049	–	72,049
ING (NZ) Limited	–	115,146	115,146	–	–	–
Total	8,030	214,000	222,030	204,472	237,319	441,791

15. Transactions with subsidiary

The Trust 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 the Trust and CHPT No. 1 Limited include:

(a) CHPT No.1 Limited has declared and paid dividends to its parent, the Trust, totalling $12,026,220 for the year ended 30 June 2007 (2006: $11,564,917).

(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 $13,759,016 (2006: $13,811,958).

(c) As at 30 June 2007 the Trust had advanced $84,154,583 (2006: $83,132,638) 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 (b) are included in accounts payable and accrued expenses. Amounts outstanding in respect of item (c) are shown separately in current assets.

Notes to the Financial Statements (cont.)

For the year ended 30 June 2007

16. Commitments

Capital commitments

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

	Consolidated and Trust 2007 $000	2006 $000
Total capital expenditure contracted but not provided for in the accounts	22,021	1,155

The Trust is committed to capital expenditure to purchase Ascot Central, a five-level building that is being constructed on land formerly owned by the Trust, adjacent to Ascot Hospital.

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 2007 $000	2006 $000
Within one year	134	115
More than one year but less than two years	141	115
More than two years but less than five years	433	365
More than five years	1,085	1,086

17. Contingent liabilities

The Group has no contingent liabilities as at 30 June 2007 (2006: Nil).

18. Reconciliation of operating result for the year with net cash flows from operating activities

	2007 $000	2006 $000
(i) Consolidated		
Net surplus after income tax	10,234	10,648
Items not involving cash flows		
Property acquisition and investment evaluation costs written off	380	179
Write off capitalised property assets	118	–
Unrealised gain on investment	–	(259)
Loan interest	–	96
Gain on sale of investment	(86)	–
Unrealised foreign exchange gain	(128)	–
Effect of exchange rate fluctuations on cash balances	(27)	7
	257	23
Add/(deduct):		
Movements in working capital items relating to operating cash flow		
Decrease/(increase) in receivables	938	(147)
(Increase)/decrease in accounts payable and accrued expenses	(281)	303
Decrease in income tax receivable	875	161
	1,532	317
Net cash flows from operating activities	12,023	10,988
(ii) Trust		
Net surplus after income tax	10,316	10,345
Items not involving cash flows		
Property acquisition and investment evaluation costs written off	216	56
Add/(deduct):		
Movements in working capital items relating to operating cash flow		
(Increase)/decrease in receivables	(10)	3
Decrease/(increase) in accounts payable and accrued expenses	44	(63)
Decrease in income tax receivable	875	161
	909	101
Net cash flows from operating activities	11,441	10,502

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.

19. Financial instruments (cont.)

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 AUD1,287,032 (2006: AUD295,540 receivable).

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:

	2007 $000	2006 $000
Interest rate swaps AUD46,500,000 (2006: AUD45,000,000)	51,065	54,778

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 interest 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 2007							
Deposits							
Bank and trust accounts	–	1,401	1,401	–	–	–	–
Borrowings	6.67% – 8.71%	56,029	56,029	–	–	–	–
30 June 2006							
Deposits							
Bank and trust accounts	5.00%	927	927	–	–	–	–
Borrowings	6.00% – 7.78%	57,951	57,951	–	–	–	–

19. Financial instruments (cont.)

Trust

On balance sheet	Effective interest 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 2007							
Deposits							
Bank and trust accounts	–	–	–	–	–	–	–
30 June 2006							
Deposits							
Bank and trust accounts	–	4	4	–	–	–	–

Consolidated

Off balance sheet	Effective interest 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 2007 – AUD							
Asset – interest rate swap	6.74%	46,500	46,500	–	–	–	–
Liability – interest rate swap	6.67%	46,500	–	–	5,000	26,500	15,000
30 June 2006 – AUD							
Asset – interest rate swap	6.54%	45,000	45,000	–	–	–	–
Liability – interest rate swap	5.91%	45,000	–	5,000	–	15,000	25,000

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 borrowings in Australian currency. The Group holds total Australian dollar borrowings of AUD50,336,500 (2006: AUD45,376,000). Of this IMAPT holds AUD45,900,000 (2006: AUD45,376,000). The Trust's equity investment in IMAPT is translated at the year end exchange rate with any changes going to the Foreign Currency Translation Reserve in the Statement of Financial Position. The balance of AUD4,436,500 is held by CHPT No.1 Limited. The CHPT No. 1 Limited AUD borrowings are translated at the year end exchange rate with any changes going to the Statement of Financial Performance.

Notes to the Financial Statements (cont.)

For the year ended 30 June 2007

20. Segmental information

Geographical segments	New Zealand 2007 $000	New Zealand 2006 $000	Australia 2007 $000	Australia 2006 $000	Consolidated 2007 $000	Consolidated 2006 $000
Operating revenue – external	12,337	11,955	6,991	6,567	19,328	18,522
Unallocated revenue	–	–	–	–	651	556
Total revenue	12,337	11,955	6,991	6,567	19,979	19,078
Operating expenses	2,801	2,314	1,070	824	3,871	3,138
Unallocated expenses	–	–	–	–	6,088	5,551
Total expenses including tax	2,801	2,314	1,070	824	9,959	8,689
Unrealised foreign exchange gain	128	–	–	–	128	–
Unrealised net change in the value of investments	–	259	–	–	–	259
Gain on sale of equity investments	86	–	–	–	86	–
Net surplus after tax	9,750	9,900	5,921	5,743	10,234	10,648
Segment assets	154,277	146,616	92,656	92,230	246,933	238,846
Unallocated assets	–	–	–	–	1,401	927
Total assets	154,277	146,616	92,656	92,230	248,334	239,773

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

21. Earnings per unit

	Consolidated 2007	Consolidated 2006	Trust 2007	Trust 2006
Gross earnings per unit (cents)	7.36	7.70	7.42	7.48

The gross earnings per unit is calculated on the net surplus after income tax.

22. Subsequent events

On 20 August 2007 the name of Calan Healthcare Properties Trust was changed to ING Medical Properties Trust.

NZSX Listing Rules Disclosures

As at 31 August 2007

Twenty Largest Security Holders as at 31 August 2007

Unitholders	No. of units	% of total issued units
ING Property Trust Investments Limited	15,724,246	11.3%
Premier Nominees Limited Armstrong Jones Property Securities Fund – NZCSD	8,284,499	6.0%
Investment Custodial Services Limited	8,128,171	5.8%
FNZ Custodians Limited	6,740,250	4.8%
HSBC Nominees (New Zealand) Limited – A/C NZCSD	4,052,242	2.9%
MFL Mutual Fund Limited – NZCSD	3,369,362	2.4%
Custodial Services Limited	3,137,215	2.3%
Custody and Investment Nominees Limited – A/C NZCSD	2,495,031	1.8%
Custodial Services Limited	1,749,120	1.3%
National Nominees New Zealand Limited – A/C NZCSD	1,531,915	1.1%
Accident Compensation Corporation – NZCSD	1,512,555	1.1%
Citibank Nominees (New Zealand) Limited – A/C NZCSD	1,398,323	1.0%
Investment Custodial Services Limted	1,321,640	1.0%
Public Trust – Gif 46 – NZCSD A/C	973,710	0.7%
Forsyth Barr Custodians Limited	955,476	0.7%
ANZ Nominees Limited – A/C NZCSD	888,562	0.6%
Sovereign Assurance Company Limited – NZCSD A/C	684,900	0.5%
Superlife Trustee Limited	647,595	0.5%
Tea Custodians Limited – A/C NZCSD	600,000	0.4%
Custodial Services Limited	510,533	0.4%
Number of units held by the top 20 holders	**64,705,345**	**46.5%**

Substantial Security Holders as at 31 August 2007

Unitholders	No. of units	% of total issued units
ING Property Trust Investments Limited	15,724,246	11.3%
Premier Nominees Limited Armstrong Jones Property Securities Fund – NZCSD	8,284,499	6.0%

The total number of units on issue in the Trust as at 31 August 2007 was 139,065,079.

NZSX Listing Rules Disclosures (cont.)

As at 31 August 2007

Distribution of Security Holders as at 31 August 2007

	No. of unitholders	Total units	% of total issued units
0 – 99	52	2,614	0.00%
100 – 199	45	6,720	0.00%
200 – 499	45	13,203	0.01%
500 – 999	50	32,764	0.02%
1,000 – 1,999	120	151,208	0.11%
2,000 – 4,999	575	2,079,780	1.50%
5,000 – 9,999	1,245	8,868,813	6.38%
10,000 – 49,999	2,128	43,128,008	31.01%
50,000 – 99,999	170	10,866,978	7.81%
100,000 – 499,999	55	9,209,646	6.62%
500,000 – 999,999	7	5,260,776	3.78%
1,000,000 +	13	59,444,569	42.76%
Total	4,505	139,065,079	100.00%

Holdings of Directors of the Manager as at 31 August 2007

	Holdings (No. of units)		
Directors	Non-beneficial	Beneficial	Associated Person
William (Bill) Thurston	–	–	–
Graeme Horsley	–	–	–
Peter Brook	198,798	–	–
Andrew Evans	–	–	–

Directory

Directors of the Manager of the Trust

William Thurston – Chairman
Graeme Horsley
Peter Brook
Andrew Evans

Secretary to the Manager of the Trust

Jeremy Nicoll

Manager of the Trust

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