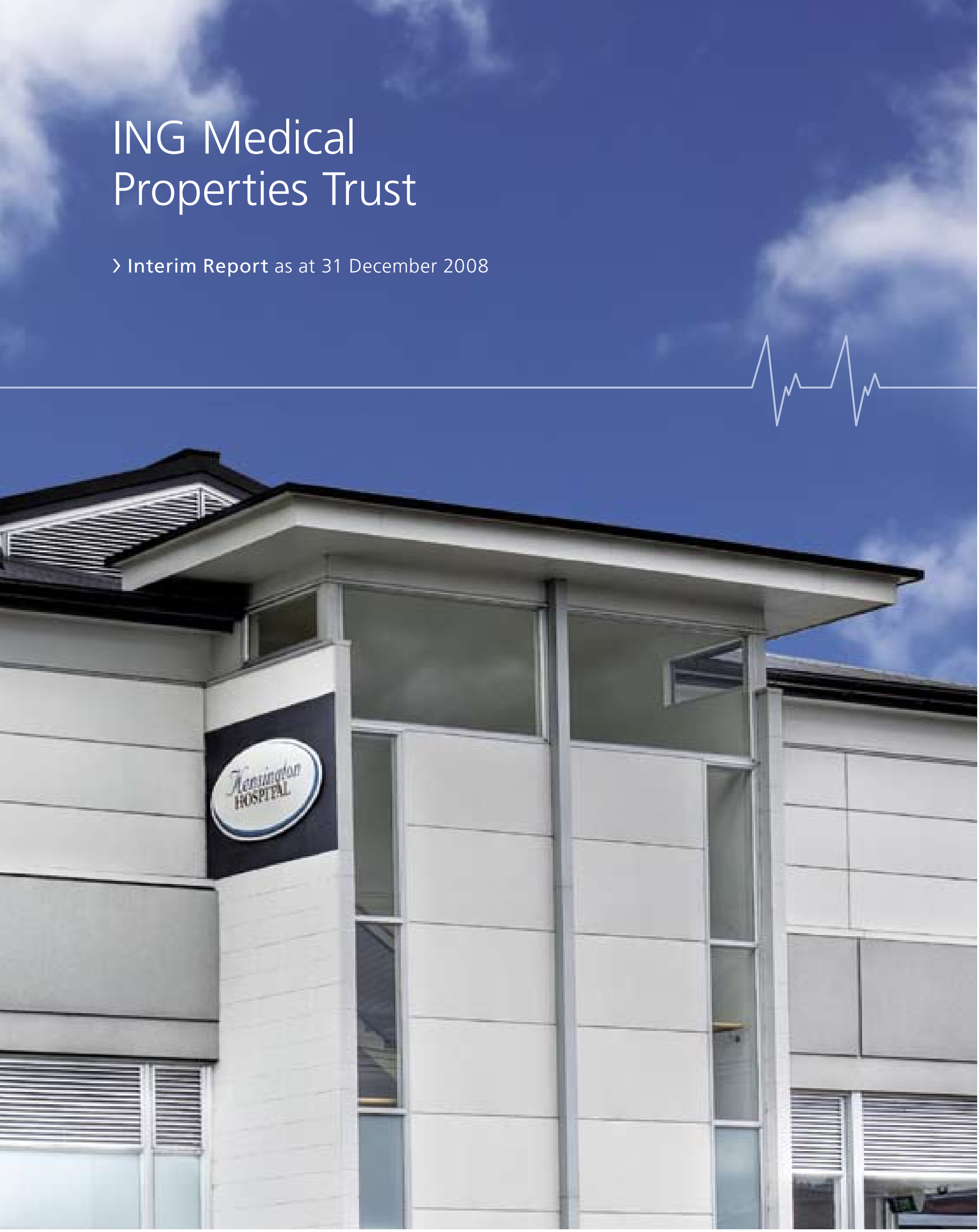
ING Medical Properties Trust

› **Interim Report** as at 31 December 2008



ING

Contents

Highlights

No.1

performing New Zealand listed property trust*

No.2

on the NZX Gross Property Index for three years

No.3

performing entity on the NZX50 Gross Index*

75%

occupancy at Ascot Central, increased by 25%†

96.4%

portfolio occupancy, up 2%†

9.1years

weighted average lease term

3%

portfolio lease expiry profile‡, down from 9.3%

8.5cents

per unit full year cash distribution guidance‡

Oct 08

www.ingmedicalproperties.co.nz re-launched

*12 months to 31 December 2008 †six months to 31 December 2008 ‡to 30 June 2009

Chairman and Manager's Report

William (Bill) Thurston
Chairman
ING Medical Properties Limited

David Carr
General Manager
ING Medical Properties Limited

Dear Unitholders

We continue to see extreme volatility in local and global markets. In a climate of such uncertainty it is important to recognise that ING Medical Properties Trust continues to remain relatively insulated due to the medical and healthcare activities of the Trust's tenants, providing a high degree of occupational and rental income certainty as the demand for medical and healthcare services continues to expand. This, in conjunction with Australasia's aging demographic profile, increased public health expenditure and growing numbers of people taking out private medical insurance, places the Trust in a more defensive and resilient position.

The Trust's resilience has been reflected in its unit price performance for the 12 months to 31 December 2008. The Trust was the top performing New Zealand Stock Exchange listed property stock, with a positive gross return of 1.1%, compared to the sector average gross return of minus 20.8%. The Trust also outperformed all Australian listed property entities during the period and was the third best performing stock in the NZX50 Gross Index.

This performance is a reflection that the Trust's portfolio remains well established against the ongoing headwinds of a weak economic climate, and this is clearly supported by the improvement in occupancy levels by over 2% since June 2008.

Financial performance

For the six months to December 2008 gross rental income was $11.8m, an increase of 12.6% on the prior period. The Trust's operating profit was down 10.1% to $5.9m primarily as a result of the increase in the Trust's cost of debt and the staged leasing up of Ascot Central over the period.

As a result of the mark-to-market adjustments on interest rate hedges and foreign currency positions in accordance with international financial reporting standards, the Trust has reported a net loss of $2.8m for the period largely due to an unrealised foreign exchange gain of $4.7m countered by an unrealised interest rate swap loss of $15.7m. It is however important to note that the accounting treatment of these unrealised items will have no effect on the Trust's cash flow position or cash distributions to unitholders for the year ending 30 June 2009.

As part of the Trust's conservative treasury management profile the banking facility with the ANZ National Bank is committed through to March 2011, providing investors with confidence that the bank fully supports the Trust and its activities. Also, during the period the proceeds of $4.3m received from the deferred settlement of the Waitemata land sale have been used to reduce the Trust's debt-to-total-assets ratio to 33.9%.

Portfolio overview

Following the excellent progress on leasing at Ascot Central, the Trust's total portfolio occupancy levels increased from 94.3% to 96.4% over the six month period to 31 December 2008.

The Trust has a portfolio of quality assets with excellent tenant covenants, long-term secure lease structures and sustainable rental growth. The majority of the Trust's rentals are reviewed to the Consumer Price Index (CPI) on an annual basis with key highlights for the period including:

- The Trust's sector-leading 9.1 year weighted average lease term as at 31 December 2008 (9.3 years as at 30 June 2008) provides a strong measure of contractual rental certainty for the Trust's investors.
- Through strong and proactive management only 3.0% of the Trust's leases (by income) are due to expire in the period to 30 June 2009, down from 9.3% as at 30 June 2008.
- Looking ahead, the lease expiry profile for the years to 30 June 2010 and 30 June 2011 is approximately 2.0% for each year. This represents one of the lowest lease expiry profiles in the New Zealand Listed Property Sector and provides the Trust and investors with a high level of continuity of contracted rental income in the medium-term.
- A total of 22 rent reviews were completed in the six months to 31 December 2008. Of these, 19 were CPI based reviews, which achieved an average increase over the passing rent of 4.9%. The Trust has 35 rent reviews remaining for the period ending 30 June 2009, with approximately 80% to be reviewed by CPI.

Ascot Central

Ascot Central occupancy is at 75%, with ongoing lease enquiry for the few remaining areas available, primarily from medical tenants. The final round of the Green Star Design Rating assessment for Ascot Central is with the New Zealand Green Building Council, with an announcement expected shortly on the final design rating.

The successful completion and integration of Ascot Central into the overall Ascot campus, which includes Ascot Hospital, has allowed, and continues to allow the Trust to accommodate the organic growth demands of existing tenants and also introduce a number of new tenants to the portfolio.

Outlook

In accordance with the provisions of the Trust Deed, the Manager will shortly instruct independent external valuation firms to undertake current market valuations of the Trust's total portfolio as at 30 June 2009.

The Trust is firmly positioned to capitalise on the opportunities in the sector, including current discussions with a number of the Trust's existing tenants about making provision for their future growth and occupancy requirements.

We continue to proactively manage the portfolio and the board and management team remain focused on ensuring that the overall portfolio remains defensively positioned in the current uncertain economic climate.

The board has also reaffirmed the Trust's 30 June 2009 full year cash distribution guidance of 8.5 cents per unit.

Unitholder communications remain a key focus, with the next investor newsletter to be sent out late April 2009. The investor roadshow will be held in late May 2009, with invitations detailing venue locations, dates and times being sent out with the April newsletter.

The board and manager wish to thank unitholders for their ongoing support of the Trust and we look forward to a productive six months through to the 30 June 2009 year end.

William (Bill) Thurston
Chairman
ING Medical Properties Limited

David Carr
General Manager
ING Medical Properties Limited

Interim
Financial Statements

As at 31 December 2008

Condensed consolidated interim balance sheet

As at 31 December 2008

	Note	Group 31 December 2008 (unaudited) $000s	Group 31 December 2007 (unaudited) $000s	Group 30 June 2008 (audited) $000s
Non-current assets				
Investment properties	4	**293,723**	269,845	297,801
Derivative financial instruments	5	**–**	2,705	3,602
Other non-current assets		**948**	229	994
Total non-current assets		**294,671**	272,779	302,397
Current assets				
Cash and cash equivalents		**807**	1,453	801
Trade and other receivables		**672**	736	575
Income tax receivable		**906**	–	1,771
Other current assets		**83**	4,338	4,394
Derivative financial instruments	5	**–**	–	125
Total current assets		**2,468**	6,527	7,666
Total assets		**297,139**	279,306	310,063
Unitholders' funds				
Units on issue	6	**149,623**	148,295	149,173
Foreign currency translation reserve		**(444)**	346	3,772
Retained earnings		**10,166**	21,446	19,087
Total unitholders' funds		**159,345**	170,087	172,032
Non-current liabilities				
Borrowings	7	**100,828**	81,144	108,157
Derivative financial instruments	5	**11,800**	–	–
Deferred tax		**23,139**	25,612	27,052
Total non-current liabilities		**135,767**	106,756	135,209
Current liabilities				
Trade and other payables		**1,968**	2,463	2,822
Derivative financial instruments	5	**59**	–	–
Total current liabilities		**2,027**	2,463	2,822
Total liabilities		**137,794**	109,219	138,031
Total unitholders' funds and liabilities		**297,139**	279,306	310,063

For and on behalf of the Manager, ING Medical Properties Limited

W G Thurston
Chairman
24 February 2009

P C Brook
Director

The notes on pages 10 to 20 form part of and are to be read in conjunction with these condensed consolidated interim financial statements.

Condensed consolidated interim income statement

For the six months ended 31 December 2008

	Note	Group 31 December 2008 (unaudited) $000s	Group 31 December 2007 (unaudited) $000s
Gross property income from rentals		**11,787**	10,472
Gross property income from expense recoveries		**1,435**	1,137
Property expenses		**(1,889)**	(1,547)
Net property income		**11,333**	10,062
Other income		**3**	2
Total income		**11,336**	10,064
Administration expenses		**1,421**	1,221
Other expenses		**212**	130
Total expenses before finance income/(expense) and unrealised gains/(losses)		**1,633**	1,351
Profit before finance income/(expense) and unrealised gains/(losses)		**9,703**	8,713
Financial income/(expense)			
Finance expense		**(4,092)**	(2,618)
Finance income		**254**	426
		(3,838)	(2,192)
Operating profit before income tax and unrealised gains/(losses)		**5,865**	6,521
Unrealised foreign exchange gain		**4,658**	207
Unrealised interest rate swaps (loss)/gain		**(15,734)**	1,270
		(11,076)	1,477
(Loss)/profit before income tax		**(5,211)**	7,998
Taxation	8	**2,384**	(2,948)
(Loss)/profit for the period		**(2,827)**	5,050
Earnings per unit			
Basic and diluted earnings per unit (cents)	11	**(2.01)**	3.62

The notes on pages 10 to 20 form part of and are to be read in conjunction with these condensed consolidated interim financial statements.

Condensed consolidated interim statement of changes in unitholders' funds

For the six months ended 31 December 2008

	Group 31 December 2008 (unaudited) $000s	Group 31 December 2007 (unaudited) $000s
Unitholders' funds at the beginning of the period	**172,032**	168,708
(Loss)/profit for the period	**(2,827)**	5,050
Change in foreign currency translation reserve	**(4,216)**	1,502
Total recognised income and expense for the period	**(7,043)**	6,552
Contributions by and distributions to unitholders		
Minimum holding buyback	**(5)**	–
Units issued under the distribution reinvestment plan	**474**	–
Capitalised costs	**(19)**	–
Distributions to unitholders	**(6,094)**	(5,173)
Unitholders' funds at the end of the period	**159,345**	170,087

The notes on pages 10 to 20 form part of and are to be read in conjunction with these condensed consolidated interim financial statements.

Condensed consolidated interim statement of cash flows

For the six months ended 31 December 2008

	Note	Group 31 December 2008 (unaudited) $000s	Group 31 December 2007 (unaudited) $000s
Cash flows from operating activities			
Cash was provided from:			
Property income		**11,717**	10,191
Interest received		**254**	427
Recovery of property expenses		**1,435**	1,137
Other income		**3**	2
Cash was applied to:			
Property expenses		**(1,602)**	(1,503)
Management and trustee fees		**(1,179)**	(1,040)
Interest paid		**(4,720)**	(2,592)
Tax paid		**(1)**	(1,377)
Other trust expenses		**(1,076)**	(360)
Net cash from operating activities	9	**4,831**	4,885
Cash flows from investing activities			
Cash was provided from:			
Loan advances		**–**	762
Sale of investment properties - deferred since 2004		**4,325**	–
Cash was applied to:			
Purchase of and costs capitalised to investment property		**–**	(23,239)
Capital expenditure on investment properties		**(1,612)**	(536)
New lease costs		**(33)**	–
Net cash from/(used in) investing activities		**2,680**	(23,013)
Cash flows from financing activities			
Cash was provided from:			
Debt drawdown		**46,155**	28,704
Loan repayments from tenants		**34**	–
Cash was applied to:			
Repayment of debt		**(48,057)**	(5,324)
Units bought back and costs associated with distribution reinvestment plan		**(24)**	–
Distributions paid to unitholders		**(5,620)**	(5,173)
Net cash (used in)/from financing activities		**(7,512)**	18,207
Net (decrease)/increase in cash and cash equivalents		**(1)**	79
Effect of exchange rate changes on cash and cash equivalents		**7**	(27)
Cash and cash equivalents at the beginning of the period		**801**	1,401
Cash and cash equivalents at the end of the period		**807**	1,453

The notes on pages 10 to 20 form part of and are to be read in conjunction with these condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements

1. General information

ING Medical Properties Trust (the "Trust") is a unit trust established under the Unit Trust Act 1960 by a Trust Deed dated 11 February 1994 which was amended and replaced by Deed of Trust dated 1 September 1999 and which was subsequently amended by Deeds of Amendments dated 10 November 2003, 12 November 2007, 12 December 2007 and 5 August 2008. The Trust is an issuer under the Financial Reporting Act 1993. The Trust is incorporated and domiciled in New Zealand.

The Trust's principal activity is the investment in high quality Health Sector related properties. The Trust is managed by ING Medical Properties Limited (the "Manager") which is owned by ING Property Trust Management Limited ("INGPTML"). INGPTML was owned equally by ING (NZ) Limited and Symphony Investments (2007) Limited. On 4 February 2009, ING (NZ) Limited purchased the shareholding in INGPTML previously owned by Symphony Investments (2007) Limited.

These condensed consolidated interim financial statements include those of the Trust and its controlled subsidiaries (the "Group").

These condensed consolidated interim financial statements were approved by the Board of Directors of the Manager on 24 February 2009.

2. Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). The accounting policies applied in these condensed consolidated interim financial statements comply with NZ IAS 34 Interim Financial Reporting and International Financial Reporting Interpretations Committee ("NZ IFRIC") interpretations issued and effective at the time of preparing these statements as applicable to the Trust as a profit-orientated entity. The Group condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Statements. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements.

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

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

These condensed consolidated interim financial statements should be read in conjunction with the 2008 Annual Report. There has been no changes in accounting polices except as detailed below and all policies have been applied on a consistent basis with those used in the 2008 Annual Report.

The preparation of financial statement in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:
Note 4 – valuation of investment property
Note 5 – valuation of derivative financial instruments

Notes to the condensed consolidated interim financial statements (continued)

3. Segment information

The Group operates in one industry sector, investing in high quality Health Sector related properties. The Group operates in both Australia and New Zealand. Segment information is therefore shown on a geographic basis.

	Australia $000s	New Zealand $000s	Unallocated $000s	Total $000s
The segment results for the period ended 31 December 2008 are as follows:				
Segment revenue	**4,001**	**7,786**	**–**	**11,787**
Segment result	**3,521**	**6,727**	**(13,075)**	**(2,827)**
Segment assets	**100,518**	**195,715**	**906**	**297,139**
Segment liabilities	**(6,255)**	**(7,572)**	**(123,967)**	**(137,794)**
Net assets	**94,263**	**188,143**	**(123,061)**	**159,345**
The segment results for the period ended 31 December 2007 are as follows:				
Segment revenue	3,622	6,850	–	10,472
Segment result	3,121	5,924	(3,995)	5,050
Segment fixed asset additions	–	23,000	–	23,000
Segment assets	95,502	181,099	2,705	279,306
Segment liabilities	(976)	(1,487)	(106,756)	(109,219)
Net assets	94,526	179,612	(104,051)	170,087

Notes to the condensed consolidated interim financial statements (continued)

4. Investment properties

	Group 31 December 2008 (unaudited) $000s	Group 31 December 2007 (unaudited) $000s
Balance at the beginning of the period - fair value of investment properties	295,470	240,017
Acquisition of properties	–	23,000
Capitalised costs	1,291	796
Foreign exchange translation difference	(5,651)	3,605
Fair value of investment property	291,110	267,418
Deferred initial direct costs/lease incentives		
Opening balance	2,331	2,431
Change during the period	282	(4)
Closing balance	2,613	2,427
Balance at the end of the period	293,723	269,845
Balance at the beginning of the period	297,801	242,448

Deferred initial direct costs/lease incentives

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

The Group holds the freehold to all properties except the car parks at the rear of Ascot Hospital and Ascot Central. The total value of leasehold property at 31 December 2008 was $2,550,000 (31 December 2007: $1,340,000).

5. Derivative financial instruments

	Group 31 December 2008 (unaudited) $000s	Group 31 December 2007 (unaudited) $000s
Nominal value of interest rate swaps – AUD	75,000,000	66,500,000
Nominal value of interest rate swaps – NZD	4,000,000	–
Average fixed interest rate including margin	7.24%	6.78%
Floating rates based on NZD bank bill rate	8.02%	8.78%

Notes to the condensed consolidated interim financial statements (continued)

6. Units on issue

	Group 31 December 2008 (unaudited) $000s	Group 31 December 2007 (unaudited) $000s
Balance at the beginning of the period	**149,173**	148,295
Minimum holding buyback	**(5)**	–
Units issued under the distribution reinvestment plan	**474**	–
Capitalised costs	**(19)**	–
Balance at the end of the period	**149,623**	148,295

The number of units on issue at 31 December 2008 was 141,239,704 (31 December 2007: 140,009,647). The units have no par value and are fully paid up. Fully paid units carry one vote per unit and carry the right to distributions as declared by the Trust.

Reconciliation of number of units

	Group 31 December 2008 (unaudited) $000s	Group 31 December 2007 (unaudited) $000s
Balance at the beginning of the period	**140,010**	139,065
Issue of units to satisfy Manager's incentive fee	**791**	945
Minimum holding buyback	**(5)**	–
Units issued under the distribution reinvestment plan	**444**	–
Balance at the end of the period	**141,240**	140,010

On 3 September 2008, 791,423 units were issued against the 2008 Manager's incentive fee of $878,321 (31 December 2007: 944,568 units against the 2007 incentive fee of $1,259,960).

On 28 July 2008, the Trust bought back 4,702 units from unitholders who held less than 200 units in the Trust for a consideration of $5,182.

Distribution reinvestment plan units were issued on 8 September 2008 (217,435 units) and on 8 December 2008 (225,901 units).

Notes to the condensed consolidated interim financial statements (continued)

7. Borrowings

	Group 31 December 2008 (unaudited) $000s	Group 31 December 2007 (unaudited) $000s
AUD denominated loans	**96,786**	78,304
NZD denominated loans	**4,042**	2,840
ANZ National Bank Limited	**100,828**	81,144

The Group has borrowings from the ANZ National Bank Limited in New Zealand and Australia. The NZD135,000,000 facility is a multi-currency revolving credit facility (31 December 2007: NZD100,000,000) currently due to expire on 31 March 2011.

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, a subsidiary of the Trust, and fixed and floating charges over the assets and undertakings of ING Medical Australian Properties Pty Limited, as trustee for ING Medical Australian Properties Trust.

The effective interest rate on the borrowings as at 31 December 2008 was 7.28% per annum including margin (31 December 2007: 6.78%).

Notes to the condensed consolidated interim financial statements (continued)

8. Taxation

	Group 31 December 2008 (unaudited) $000s	Group 31 December 2007 (unaudited) $000s
(Loss)/profit before tax for the period	**(5,211)**	7,998
Taxation charge (30%/33%)	**(1,563)**	2,639
Effect of tax rates in foreign jurisdictions	**–**	(82)
Tax on foreign exchange translation difference on intercompany account	**(925)**	–
Tax exempt income	**62**	24
Non deductible expenses	**(3)**	(5)
Other adjustments	**45**	372
Taxation charge	**(2,384)**	2,948
The taxation charge is made up as follows:		
Current taxation	**865**	1,213
Deferred taxation	**(3,249)**	1,735
Total taxation charge	**(2,384)**	2,948
Imputation credits		
Imputation credits at beginning of the period	**258**	546
New Zealand tax payments, net of refunds	**–**	967
Imputation credits attached to distributions paid:		
Current period	**–**	(551)
Prior periods	**(753)**	(1,115)
Imputation credits at the end of the period	**(495)**	(153)

Imputation credits attached to the distribution for the quarter ended 31 December 2008 was nil (31 December 2007: $483,411).

The tax rate used for the 31 December 2007 reconciliation above is the tax rate of 33% payable by New Zealand corporate entities on taxable profits under New Zealand law. The corporation tax rate in New Zealand was changed from 33% to 30% with effect from accounting periods commencing after 1 January 2008 and, hence, 30% is used in the calculation of taxation on the result for the period ending 31 December 2008.

Notes to the condensed consolidated interim financial statements (continued)

9. Reconciliation of (loss)/profit after taxation with cash flows from operating activities

	Group 31 December 2008 (unaudited) $000s	Group 31 December 2007 (unaudited) $000s
(Loss)/profit after tax for the period	**(2,827)**	5,050
Adjustments for non-cash items		
Unrealised interest rate swaps loss/(gain)	**15,734**	(1,270)
Depreciation	**1**	–
Amortisation of loan amendment costs	**103**	–
Other adjustments	**(59)**	–
Unrealised foreign exchange gain	**(4,658)**	(207)
Effect of exchange rate changes on cash balances	**(7)**	27
Operating cash flow before changes in working capital	**8,287**	3,600
Change in trade and other payables	**(936)**	36
Change in tax provision and deferred tax	**(2,388)**	1,571
Change in trade and other receivables	**(132)**	(322)
Net cash from operating activities	**4,831**	4,885

10. Reconciliation of distributable income

	Group 31 December 2008 (unaudited) $000s	Group 31 December 2007 (unaudited) $000s
(Loss)/profit before income tax	**(5,211)**	7,998
Unrealised foreign exchange gain	**(4,658)**	(207)
Unrealised interest rate swaps loss/(gain)	**15,734**	(1,270)
Imputation credits	**–**	(1,034)
Distributable income for the period	**5,865**	5,487

Notes to the condensed consolidated interim financial statements (continued)

11. Earnings per unit

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

	Group 31 December 2008 (unaudited)	Group 31 December 2007 (unaudited)
(Loss)/profit attributable to unitholders of the Trust ($000s)	**(2,827)**	5,050
Weighted average number of units on issue (000s)	**140,680**	139,635
Basic earnings per unit (cents)	**(2.01)**	3.62
Weighted average number of units		
Issued units at beginning of period (000s)	**140,010**	139,065
Issued units at end of period (000s)	**141,240**	140,010
Weighted average number of units (000s)	**140,680**	139,635

12. Commitments

Capital Commitments

	Group 31 December 2008 (unaudited) $000s	Group 31 December 2007 (unaudited) $000s
The Group was party to contracts to purchase, construct or improve property for the following amounts:	**621**	22,500

At 31 December 2007, the Group was committed to capital expenditure under a development and purchase agreement on the Ascot Central development, a five-level building that was being constructed on land formerly owned by the Trust at Ascot Hospital.

Notes to the condensed consolidated interim financial statements (continued)

12. Commitments (continued)

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 car park at Ascot Hospital and Ascot Central) which are payable as follows:

	Group 31 December 2008 (unaudited) $000s	Group 31 December 2007 (unaudited) $000s
Within one year	**185**	138
More than one year and less than five years	**740**	578
More than five years	**973**	1,010
	1,898	1,726

The property rental income earned by the Group from its investment property, all of which is leased out under operating leases, is set out in the table below:

	Group 31 December 2008 (unaudited) $000s	Group 31 December 2007 (unaudited) $000s
Within one year	**22,207**	21,320
More than one year and less than five years	**97,221**	72,275
More than five years	**91,630**	109,554
	211,058	203,149

13. Contingencies

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

14. Subsequent events

On 3 February 2009, the Trust announced an interim gross distribution of 2.125 cents per unit. The record date for the final distribution was 24 February 2009 and a payment is to be made to unitholders on 10 March 2009. There were no imputation credits attached to the distribution.

On 4 February, ING (NZ) Limited took full ownership and control of the Manager by way of acquiring the 50% holding Symphony Investments (2007) Limited owned in ING Property Trust Management Limited, the parent company of the Manager.

Notes to the condensed consolidated interim financial statements (continued)

15. Related party transactions

The Manager is related to the Trust and its subsidiaries as the manager of the Trust.

Other related parties by virtue of common ownership and/or ownership and/or directorship to the Manager of the Trust include ING (NZ) Limited.

Transactions with related parties include:

	Group 31 December 2008 (unaudited) $000s	Group 31 December 2007 (unaudited) $000s
Costs included in the income statement		
Management fees	**1,088**	966
Expenses charged by ING Medical Properties Limited	**27**	34
Expenses charged by ING (NZ) Limited	**76**	90
	1,191	1,090
Amounts outstanding		
Management fees	**60**	61
Expenses charged by ING Medical Properties Limited	**–**	4
Expenses charged by ING (NZ) Limited	**–**	21
	60	86

Expenses charged by related parties include salary, computer equipment purchase recovery and other property related costs.

	Group 31 December 2008 (unaudited) $000s	Group 31 December 2007 (unaudited) $000s
Expenses capitalised to projects		
ING Medical Properties Limited	**–**	230
ING (NZ) Limited	**5**	–
	5	230

Notes to the condensed consolidated interim financial statements (continued)

There are no amounts outstanding at 31 December 2008 for expenses capitalised to projects (31 December 2007: nil).

The Group has a revolving multi-currency credit facility with ANZ National Bank Limited (a 49% shareholder of the parent company of ING (NZ) Limited) in both New Zealand and Australia of NZD135,000,000 (31 December 2007: NZD100,000,000). As at 31 December 2008, NZD101,288,841 (31 December 2007: NZD81,144,361) had been drawn-down. The Group paid NZD5,011,669 (31 December 2007: NZD2,468,995) in interest and fees to ANZ National Bank Limited during the period.

Remuneration of Manager

The provisions of the Trust Deed provide that the Manager's fee (in respect of its management services) shall comprise a base fee equal to 0.75% of the gross value of the Trust. The Manager shall also be entitled to an incentive fee equal to 10% of the three year rolling average change in the Trust's revaluation reserve. Any incentive fee will be paid to the Manager by subscribing for new units in the Trust. The fee shall not exceed an amount equal to 1.75% per annum of the gross value of the Trust.

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Directors of the Manager
William Thurston – Chairman
Graeme Horsley
Peter Brook
Andrew Evans

Trustee

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Banker to the Trust

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