

APPENDIX 4D
Half-year Report
Half-year ended 31 December 2008

Name of Entity:	ING Industrial Fund
ARSN:	089 038 175

Results for announcement to the market

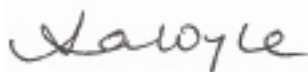
	\$m	
Revenues from ordinary activities	up 7.1% to 150.3	
Profit from ordinary activities after tax attributable to members	down 295% to (449.5)	
Net profit for the period attributable to members	down 295% to (449.5)	
Net operating income	down 10.5% to 88.4	
	31 December	30 June
	2008	2008
Net asset value per unit (excluding outside equity interest)	\$1.66	\$2.09

Distributions	Amount per unit (cents)	\$m
Interim - 30 September 2008	4.30	48.5
Interim - 31 December 2008	1.00	11.3
Total	5.30	59.8
Previous Corresponding Period	8.90	99.2
Record date for determining entitlements to the distribution	31 December 2008	
Details of any distribution reinvestment plan in operation	The distribution reinvestment plan is not in operation	
Last date for receipt of an election notice for participation in any distribution reinvestment plan	31 December 2008	

Note : Franked amount per unit is not applicable

For further details, please refer to the following attached documents:

- Directors' report
- Financial report



Anna Wyke
Company Secretary

27 February 2009



ING INDUSTRIAL FUND

INTERIM REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

ING Industrial Fund
Interim report
For the half-year ended 31 December 2008

Contents

	Page
Directors' report	1
Condensed interim financial report	
Consolidated income statement	5
Consolidated balance sheet	6
Consolidated cash flow statement	7
Consolidated statement of changes in unitholders' interest	8
Note 1 Basis of preparation	9
Note 2 Distributions	11
Note 3 Earnings per unit	11
Note 4 Investment properties	12
Note 5 Equity accounted investments	17
Note 6 Issued units	18
Note 7 Segment information	19
Directors' declaration	20
Independent review report	21

ING Industrial Fund (ARSN 089 038 175) (the "Fund") is an Australian registered scheme. ING Management Limited (ABN 15 006 065 032; AFS licence number 237534), the Responsible Entity of the Fund, is incorporated and domiciled in Australia.

This condensed interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 30 June 2008 and any public announcements made by the Fund during the half-year in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

ING Industrial Fund

Directors' report

For the half-year ended 31 December 2008

The directors of ING Management Limited, the Responsible Entity of the ING Industrial Fund (the "Fund"), present their report together with the Fund's financial report for the half-year ended 31 December 2008 and the independent auditor's review report thereon.

Directors

The directors of the Responsible Entity at any time during or since the end of the half-year were:

Richard Colless AM	Chairman
Philip Clark AM	
Michael Easson AM	
Philip Redmond	
Paul Scully	
David Blight	Resigned 1 December 2008
Hugh Thomson	Alternate director for David Blight – ceased 1 December 2008
Adrian Astridge	Alternate director for David Blight – ceased 1 December 2008

These persons were directors of the Responsible Entity during the whole of the half-year and up to the date of this report, except as noted.

Review and results of operations

The Responsible Entity uses the Fund's net operating income as an additional performance indicator. Net operating income does not take into account certain items recognised in the income statement including unrealised gains or losses on the revaluation of the Fund's investment properties and derivatives.

A summary of the Fund's result for the half-year is:

	2008	2007
Net profit/(loss) attributable to unitholders of the Fund (\$ million)	(449.5)	230.1
Net operating income (\$ million)	88.4	98.8
Distributions per unit (cents)	5.30	8.90
Net operating income per unit (cents)	7.8	8.9
Earnings per unit - basic and diluted	(39.8)	20.7

ING Industrial Fund

Directors' report

For the half-year ended 31 December 2008

Net operating income for the half-year has been calculated as follows:

	2008 \$m	2007 \$m
Net profit/(loss) attributable to unitholders	(449.5)	230.1
Adjusted for:		
Straight line lease revenue recognition	(3.9)	(3.9)
Net foreign exchange (gain)/loss	16.6	(25.7)
Net (gain)/loss on change in fair value of:		
Investment properties	170.0	(181.2)
Derivatives	216.6	82.6
Investment properties included in share of net profit of equity accounted investments	156.7	(2.4)
Impairment loss on:		
Inventories held by equity accounted investments	3.4	-
Loans	5.8	-
Other non-current assets	4.5	-
Deferred income tax expense	(31.8)	(0.7)
Net operating income	<u>88.4</u>	<u>98.8</u>

Net operating income decreased by 11% to \$88.4 million from \$98.8 million for the December 2007 half-year.

Net operating income per unit for the 2008 half-year was down 12% to 7.8 cents, compared to 8.9 cents per unit previously. Distributions per unit were 5.30 cents for the half-year, compared to 8.90 cents previously.

Earnings per unit as calculated under applicable accounting standards for the half-year ended 31 December 2008 were a loss of 39.8 cents, compared to 20.7 cents per unit for the previous half-year.

Total assets decreased by \$136.5 million or 2.8% to \$4,678.9 million over the half-year primarily as a result of changes in fair values of investment properties and derivatives. Devaluations of investment properties (including that held by equity accounted investments) during the 2008 half-year were \$326.7 million, whilst devaluation of derivatives were \$216.6 million. Net asset value per unit decreased by 21% to \$1.66.

A total of \$10.6 million of new equity (before costs) was raised during the year. The new equity was raised in the following manner:

Distribution reinvestment plan	\$9.6 million
Preference units converted	\$1.0 million

As a result, issued units increased by 8.2 million to 1,132.5 million.

Outlook

The economic outlook for Australia and the world is very uncertain, and performance of the Fund's property portfolio is likely to be impacted in some form. All types of property have been adversely impacted by tightening credit conditions; which have reduced the availability of debt and increased its cost when it is available. This in turn has reduced the ability to transact real estate and has been a major factor in decreased property valuations.

The Fund is unlikely to be immune from these market conditions, notwithstanding the pleasing rental growth achieved in the half-year. While the Fund's existing debt facilities do not start to expire until December 2010, the possibility of acceleration of repayment due to loan covenant breaches remains a key risk which requires the Responsible Entity's focus.

**ING Industrial Fund
Directors' report
For the half-year ended 31 December 2008**

The Responsible Entity considered this issue in reviewing the applicability of the going concern concept and the Fund's ability to pay its debts as and when they fall due. Further information is provided in note 1(b) in the financial report.

Having regard to further deterioration in market conditions in recent months and the Fund's current covenant gearing level relative to the limit under its loan agreements, the Responsible Entity has reviewed the distribution policy for the Fund. The result of this review is that the Fund's distribution will be determined on a quarter by quarter basis commencing with the March 2009 quarter. In determining the distribution for each respective period, the key considerations will include the Fund's prevailing covenant ratios, taxation requirements and the underlying earnings for the Fund.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

Rounding of amounts

The Fund is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in this report and the financial report. Amounts in these reports have been rounded off in accordance with that Class Order to the nearest hundred thousand dollars.

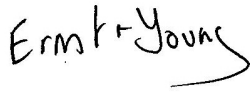
Signed in accordance with a resolution of the directors of the Responsible Entity

A handwritten signature in black ink, appearing to be 'Richard Colless', written in a cursive style.

Richard Colless AM
Chairman
Sydney
27 February 2009

Auditor's Independence Declaration to the Directors of ING Management Limited as Responsible Entity for the Industrial Fund

In relation to our review of the financial report of ING Industrial Fund for the half year ended 31 December 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Douglas Bain'.

Douglas Bain
Partner
Sydney

27 February 2009

ING Industrial Fund
Consolidated income statement
For the half-year ended 31 December 2008

	Note	2008 \$m	2007 \$m
Revenue			
Rental income		122.9	118.0
Other property income		17.8	15.6
Interest income		9.6	6.7
		150.3	140.3
Other income			
Net foreign exchange gain/(loss)		(16.4)	26.3
Net gain/(loss) on change in fair value of:			
Investment properties		(170.0)	181.2
Derivatives		(216.6)	(82.6)
Expenses			
Property expenses		(24.1)	(20.3)
Finance costs		(49.2)	(37.0)
Responsible Entity's fees		(4.1)	(4.8)
Impairment loss on:			
Loans		(5.8)	-
Other non-current assets		(4.5)	-
Other		(2.1)	(0.9)
Share of net profit/(loss) of equity accounted investments	5	(124.2)	41.7
Profit/(loss) before income tax		(466.7)	243.9
Income tax benefit		31.3	0.3
Net profit/(loss) for the half-year		(435.4)	244.2
Net profit attributable to preference unitholders		(14.1)	(14.1)
Net profit/(loss) attributable to unitholders of the Fund		(449.5)	230.1
		Cents	Cents
Distributions per unit	2	5.30	8.90
Earnings per unit - basic and diluted	3	(39.8)	20.7
Net operating income per unit	3	7.8	8.9

ING Industrial Fund
Consolidated balance sheet
As at 31 December 2008

	Note	31 December 2008 \$m	30 June 2008 \$m
Current assets			
Cash and cash equivalents		12.3	53.6
Trade and other receivables		28.6	17.9
Investment properties	4	28.1	60.6
Derivatives		-	92.5
		69.0	224.6
Non-current assets			
Trade and other receivables		131.2	134.3
Investment properties	4	3,398.0	3,413.1
Equity accounted investments	5	1,074.0	1,034.5
Deferred tax assets		6.7	5.2
Other		-	3.7
		4,609.9	4,590.8
Total assets		4,678.9	4,815.4
Current liabilities			
Payables		39.7	35.6
Borrowings		66.2	3.2
Derivatives		213.3	32.8
Provision for distribution		11.3	50.6
		330.5	122.2
Non-current liabilities			
Payables		1.2	0.5
Borrowings		2,043.5	1,897.7
Deferred tax liabilities		53.9	72.8
		2,098.6	1,971.0
Total liabilities		2,429.1	2,093.2
Net assets		2,249.8	2,722.2
Unitholders' interest			
Issued units	6	1,869.1	1,858.5
Reserves		(80.8)	(78.6)
Retained earnings		86.4	566.2
Parent equity		1,874.7	2,346.1
Preference units		375.1	376.1
Total unitholders' interest		2,249.8	2,722.2
Net asset value per unit		\$1.66	\$2.09

ING Industrial Fund
Consolidated cash flow statement
For the half-year ended 31 December 2008

	Note	2008 \$m	2007 \$m
Cash flows from operating activities			
Rental and other property income		151.4	128.8
Property and other expenses		(17.6)	(22.6)
Proceeds/(payments) on termination of derivatives		(17.7)	27.7
Distributions received from equity accounted investments		31.2	-
Interest received		3.1	1.0
Borrowing costs paid		(60.0)	(55.2)
Goods and services and value added taxes recovered/(paid) from investing and financing activities		(20.4)	2.2
		<u>70.0</u>	<u>81.9</u>
Cash flows from investing activities			
Purchase of and additions to investment properties and properties under construction		(61.8)	(127.4)
Proceeds from sale of investment properties		106.0	-
Investment in subsidiaries		(2.2)	-
Purchase of equity accounted investments	5	(46.7)	(9.2)
Equity returned from equity accounted investments		1.3	-
Loan to equity accounted investments		(16.3)	(38.7)
Other loans made		0.5	(1.7)
		<u>(19.2)</u>	<u>(177.0)</u>
Cash flows from financing activities			
Preference unit issue costs		-	(10.8)
Distributions to ordinary unitholders	2	(89.3)	(74.1)
Distributions on preference units	2	(14.1)	(14.1)
Proceeds from borrowings		515.5	2,874.0
Repayment of borrowings		(508.0)	(2,681.6)
		<u>(95.9)</u>	<u>93.4</u>
Net decrease in cash		(45.1)	(1.7)
Cash at the beginning of the half-year		53.6	25.1
Effects of exchange rate changes on cash		3.8	0.3
Cash at the end of the half-year		<u>12.3</u>	<u>23.7</u>

ING Industrial Fund
Consolidated statement of changes in unitholders' interest
For the half-year ended 31 December 2008

	Note	2008 \$m	2007 \$m
Total unitholders' interest at the beginning of the half-year		2,722.2	2,863.7
Adjustment on early adoption of amendment to Accounting Standard AASB 140 <i>Investment Properties</i>	1(c)	29.5	-
Revised unitholders' interest at the beginning of the half-year		<u>2,751.7</u>	<u>2,863.7</u>
Exchange differences on translation of foreign operations		(2.3)	(15.3)
Share of net gain/(loss) on cash flow hedge held by equity accounted investment		0.1	(2.9)
Net income recognised directly in unitholders' interest		(2.2)	(18.2)
Net profit/(loss) for the half-year		(435.4)	244.2
Total recognised income and expense for the half-year		<u>(437.6)</u>	<u>226.0</u>
Transactions with unitholders in their capacity as equity holders:			
Issue of ordinary units	6	10.6	23.6
Preference units converted	6	(1.0)	-
Preference unit issue costs		-	(0.7)
Distributions paid or payable	2	(73.9)	(113.3)
		<u>(64.3)</u>	<u>(90.4)</u>
Total unitholders' interest at the end of the half-year		<u>2,249.8</u>	<u>2,999.3</u>
Total recognised income and expense for the half-year is attributable to:			
Unitholders of the Fund		(451.7)	211.9
Preference unitholders		14.1	14.1
		<u>(437.6)</u>	<u>226.0</u>

ING Industrial Fund

Notes to the financial statements

For the half-year ended 31 December 2008

1. Basis of preparation

(a) General

This general purpose financial report for the half-year ended 31 December 2008 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* (the "Act").

This condensed interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 30 June 2008 and any public announcements made by the Fund during the interim reporting period in accordance with the continuous disclosure requirements of the Act.

(b) Going concern

At 31 December 2008, the amount drawn under the Fund's syndicated bank facilities was \$1,653.4 million. The facility limits total \$1,785.0 million and the facilities are repayable on 6 December 2010 (\$1,460.0 million) and 17 April 2011 (\$325.0 million).

The facility agreements impose covenants for the maintenance of certain financial ratios. These include a requirement that the ratio of total look-through liabilities to total look-through assets (the "Total Leverage Ratio") will not exceed 55% at each reporting date of 30 June and 31 December. However, the facility agreements provide that, in certain circumstances, that limit is, in effect, temporarily increased to 60%, but reverts to 55% as at the next reporting (being, in this case, 30 June 2009). The directors are of the view that the conditions for the availability of that additional headroom have been satisfied as at the reporting date of 31 December 2008.

At 31 December 2008, the Total Leverage Ratio stood at 59.8%.

The Fund and the banking syndicates are presently negotiating revised facility agreements which are likely to provide for security to be given over certain of the Fund's assets, including its investment properties, and for an increase to the limit for the Total Leverage Ratio.

The fair value of liabilities to syndicate members under interest rate and foreign currency derivative agreements at 31 December 2008 was \$206.0 million. Payments under the derivative agreements extend to 16 January 2017, but may be accelerated in the circumstances described below.

The Fund expects to be able to pay its debts as and when they fall due in the ordinary course of business for the next twelve months.

As mentioned, the original facility agreements require the Total Leverage Ratio to reduce to 55% by 30 June 2009 (being the next reporting date). If the Fund is not able to reach a suitable agreement with the syndicate members to change the Total Leverage Ratio, the directors are of the opinion that the conditions required for the Fund to meet the 55% Total Leverage Ratio will make it very difficult to achieve by 30 June 2009.

In addition, because the Total Leverage Ratio is so close to the limit, continued compliance with the original or revised facility agreements is dependent on future market conditions including fair values of investment properties, foreign currency exchange rates and interest rates. An adverse change in any of these market conditions could put pressure on this financial ratio covenant or one or more of the other financial covenants.

ING Industrial Fund
Notes to the financial statements
For the half-year ended 31 December 2008

1. Basis of preparation (continued)

If the Total Leverage Ratio is not changed as part of the revised facility agreements presently being negotiated, or if a breach were to threaten or to occur, that breach could be waived by the syndicate members, or be prevented or rectified by a capital raising or by significant asset sales. The magnitude of the likely required capital raising or asset sales is such that there can be no assurance that these could be achieved. That magnitude is even greater if the financial ratios were to remain as currently stated. If a breach occurred and was not waived or rectified to the satisfaction of the bank syndicates, they would have the right to require immediate repayment of total syndicate debt and the closing out of derivatives entered into with syndicate members. If the bank syndicates exercised those rights, it is likely that assets would not be realised, and liabilities would not be discharged, in the ordinary course of business.

Despite these significant uncertainties, the directors have concluded that there are reasonable grounds to believe that the going concern basis is appropriate.

(c) Change in accounting policies

The Fund has early adopted the amendments to Accounting Standard AASB 140 *Investment Property* and to paragraphs 5 and 81E of AASB 116 *Property, Plant and Equipment* made by AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project*. Before 1 July 2008, properties under construction were regarded as property, plant and equipment and measured at cost. From that date, properties under construction are regarded as investment properties and measured at fair value, with changes in fair value recorded in the income statement. The effect of this change is to:

- ♦ at 1 July 2008:
 - ♦ reduce properties under construction by \$215.0 million;
 - ♦ increase investment properties by \$244.5 million;
 - ♦ increase retained earnings, parent equity and total unitholders' interest by \$29.5 million;
- ♦ for the half-year ended 31 December 2008:
 - ♦ increase net loss on change in fair value of investment properties by \$15.4 million;
 - ♦ increase loss attributable to unitholders of the Fund by \$15.4 million; and
- ♦ at 31 December 2008:
 - ♦ reduce properties under construction by \$147.6 million;
 - ♦ increase investment properties by \$161.7 million;
 - ♦ increase retained earnings, parent equity and total unitholders' interest by \$14.1 million.

Apart from this, the accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

ING Industrial Fund
Notes to the financial statements
For the half-year ended 31 December 2008

2. Distributions

	2008	2007
	Cents	Cents
(a) Rates and amounts of distributions		
Distributions have been paid or are payable in respect of the following periods at the following rates (in cents per unit):		
Quarter ended 30 September	4.30	4.45
Quarter ended 31 December	1.00	4.45
	<u>5.30</u>	<u>8.90</u>
	\$m	\$m
The total amounts of these distributions were:		
Quarter ended 30 September	48.5	49.5
Quarter ended 31 December	11.3	49.7
	<u>59.8</u>	<u>99.2</u>
Distributions on preference units	14.1	14.1
Total distributions paid or payable	<u>73.9</u>	<u>113.3</u>

(b) Net operating income

Net operating income is calculated as follows:

Net profit/(loss) attributable to unitholders	(449.5)	230.1
Adjusted for:		
Straight line lease revenue recognition	(3.9)	(3.9)
Net foreign exchange (gain)/loss	16.6	(25.7)
Net (gain)/loss on change in fair value of:		
Investment properties	170.0	(181.2)
Derivatives	216.6	82.6
Investment properties included in share of net profit of equity accounted investments	156.7	(2.4)
Impairment loss on:		
Inventories held by equity accounted investments	3.4	-
Loans	5.8	-
Other non-current assets	4.5	-
Deferred income tax benefit	(31.8)	(0.7)
Net operating income	<u>88.4</u>	<u>98.8</u>

3. Earnings per unit

	2008	2007
Net operating income - \$ million	88.4	98.8
Profit/(loss) attributable to unitholders - \$ million	(449.5)	230.1
Weighted average number of ordinary and dilutive potential ordinary outstanding - millions	1,128.0	1,112.2
Net operating income per unit - cents	7.8	8.9
Basic and diluted earnings per unit - cents	(39.8)	20.7

ING Industrial Fund
Notes to the financial statements
For the half-year ended 31 December 2008

4. Investment properties

(a) Summary of carrying amounts

	31 December 2008	30 June 2008
	\$m	\$m
Current - completed properties	28.1	60.6
Non-current		
Completed properties	3,236.3	3,198.1
Properties under construction	161.7	215.0
	<u>3,398.0</u>	<u>3,413.1</u>
	<u>3,426.1</u>	<u>3,473.7</u>

(b) Individual valuations and carrying amounts

Property	Cost to date	Latest		Carrying amount	
		Date	Valuation	31 Dec 2008	30 Jun 2008
	\$m		\$m	\$m	\$m
Completed investment properties					
Current					
Discovery Business Park					
Banksmeadow NSW	-	31 Dec 07	14.1	-	12.7
Green Square Business Park					
Alexandria NSW	12.2	31 Dec 07	19.8	17.5	17.5
Kingsford Smith Corporate Park					
Eagle Farm Qld	-	31 Dec 07	18.5	-	17.5
Somersby Distribution Centre					
Somersby NSW	-	31 Dec 07	14.3	-	12.9
Wingfield Distribution Centre					
Wingfield SA	8.7	31 Dec 07	12.3	10.6	-
	<u>20.9</u>		<u>79.0</u>	<u>28.1</u>	<u>60.6</u>
Non-current					
19 - 33 Kent Rd					
Mascot NSW	16.7	31 Dec 07	22.2	21.5	21.1
Lot 34, 354 Eastern Valley Way					
Chatswood NSW	0.6	-	-	0.6	-
Acacia Park					
Acacia Ridge Qld	-	-	-	-	27.0
Airlink Business Park					
Mascot NSW	23.1	31 Dec 07	25.1	22.6	24.5
BD Campus					
North Ryde NSW	14.1	31 Dec 08	19.5	19.5	21.0
Blacktown Distribution Centre					
Blacktown NSW	31.3	31 Dec 07	48.3	45.7	46.3
Braeside Distribution Centre North					
Braeside Vic	30.5	30 Jun 08	34.1	29.9	34.1
Campbelltown Distribution Centre					
Campbelltown NSW	14.2	31 Dec 08	15.7	15.7	16.9
Catalyst Business Park					
North Ryde NSW	59.3	31 Dec 07	65.0	59.8	64.7

ING Industrial Fund
Notes to the financial statements
For the half-year ended 31 December 2008

4. Investment properties (continued)

Property	Cost to date \$m	Latest external valuation		Carrying amount	
		Date	Valuation \$m	31 Dec 2008 \$m	30 Jun 2008 \$m
Chullora Industrial Estate Chullora NSW	23.2	31 Dec 07	27.2	22.3	24.4
City Views Business Park North Ryde NSW	45.2	30 Jun 06	23.0	48.0	33.6
Dockside Business Park Port Melbourne Vic	37.1	31 Dec 08	50.9	50.9	54.5
Euston Business Centre Alexandria NSW	-	-	-	-	10.6
Everglade Campus North Ryde NSW	36.3	30 Jun 08	51.3	51.4	51.3
Foothills Distribution Centre Arndell Park NSW	8.5	31 Dec 08	7.4	7.4	8.1
Forest Lake Distribution Centre Forest Lake Qld	34.9	31 Dec 07	62.5	62.5	66.7
Global Business Park North Ryde NSW	31.5	30 Jun 05	16.3	21.0	25.0
Great Western Business Centre Arndell Park NSW	18.3	31 Dec 07	19.7	18.1	19.7
Green Central Rosebery NSW	38.3	31 Dec 07	51.4	46.5	51.4
Greenhills Industrial Estate Moorebank NSW	9.3	30 Jun 08	14.0	12.8	14.0
Harcourt Business Park Rosebery NSW	19.9	30 Jun 08	35.6	33.3	35.6
Heritage Business Centre Mascot NSW	34.4	30 Jun 08	35.5	35.5	35.5
Huntingwood Business Centre Huntingwood NSW	45.8	30 Jun 08	42.5	39.4	42.5
Huntley Business Park Alexandria NSW	23.6	31 Dec 07	24.7	22.9	24.2
Ingleburn Industrial Estate Ingleburn NSW	16.5	31 Dec 07	26.0	23.0	25.0
Interchange Park Stage 1 Eastern Creek NSW ⁽¹⁾	83.1	31 Dec 08	84.0	84.0	44.0
Keylink Industrial Centre Stage 1 Minto NSW ⁽¹⁾	59.6	31 Dec 07	64.3	62.7	65.4
Kings Business Park Kings Park NSW	13.7	30 Jun 08	17.8	16.4	17.8
Knoxfield Distribution Centre Knoxfield Vic	44.7	30 Jun 07	23.0	43.1	25.5
Laverton Distribution Centre Laverton Vic	38.1	30 Jun 08	71.7	64.7	71.7
Lidcombe Distribution Centre Lidcombe NSW	-	-	-	-	18.4

ING Industrial Fund
Notes to the financial statements
For the half-year ended 31 December 2008

4. Investment properties (continued)

Property	Cost to date \$m	Latest external valuation		Carrying amount	
		Date	Valuation \$m	31 Dec 2008 \$m	30 Jun 2008 \$m
Loganlea Distribution Centre					
Loganlea Qld	25.4	31 Dec 08	37.0	37.0	38.7
Microsoft Campus					
North Ryde NSW	42.3	31 Dec 07	71.7	64.1	70.5
Millennium Court Industrial Estate					
Matraville NSW	59.9	31 Dec 07	108.0	97.5	105.8
Minto Distribution Centre					
Minto NSW	10.0	31 Dec 07	12.5	11.8	11.8
Moorebank Business Park					
Moorebank NSW					
- Stage 1	93.1	30 Jun 08	94.5	94.9	94.5
- Stage 2	11.8	31 Dec 06	13.6	15.4	15.4
Moorebank Distribution Centre					
Moorebank NSW	20.7	31 Dec 08	28.0	28.0	22.7
Newington Business Park					
Newington NSW	41.7	31 Dec 08	50.0	50.0	55.0
Newington Distribution Centre					
Silverwater NSW	34.5	31 Dec 08	52.3	52.3	53.0
Northpoint Business Park					
Baulkham Hills NSW	12.2	31 Dec 07	20.5	17.1	18.6
Parkwest Industrial Estate					
Ardeer Vic	143.4	31 Dec 07	212.3	207.7	206.9
Port Air Industrial Estate					
Botany NSW	96.4	31 Dec 07	175.0	173.5	173.6
Port Melbourne Industrial Estate					
Port Melbourne Vic	54.5	30 Jun 08	112.9	101.3	112.9
Richlands Distribution Centre					
Richlands Qld	-	-	-	-	12.5
Riverwood Business Park					
Riverwood NSW	49.4	31 Dec 07	65.4	53.5	62.5
Rosehill Industrial Estate					
Rosehill NSW	113.6	31 Dec 07	150.0	145.8	145.5
Seaford Industrial Estate					
Seaford Vic	12.1	31 Dec 08	11.7	11.7	11.6
Seven Hills Industrial Estate					
Seven Hills NSW	12.7	30 Jun 08	22.1	20.9	22.1
Southgate Industrial Park					
Banksmeadow NSW	73.0	31 Dec 08	83.4	83.4	90.9
The Park					
North Ryde NSW	50.4	31 Dec 08	63.0	63.0	63.6
TransLink Logistics Park					
Banksmeadow NSW	22.9	31 Dec 07	46.0	45.4	45.4
Unisys Campus, Rhodes					
Corporate Park Rhodes NSW	41.9	31 Dec 07	61.0	60.1	60.1

ING Industrial Fund
Notes to the financial statements
For the half-year ended 31 December 2008

4. Investment properties (continued)

Property	Cost to date \$m	Latest external valuation		Carrying amount	
		Date	Valuation \$m	31 Dec	30 Jun
				2008 \$m	2008 \$m
Villawood Industrial Estate					
Villawood NSW	17.6	30 Jun 08	20.3	19.1	20.3
Westland Industrial Estate					
Erskine Park NSW	28.0	31 Dec 08	26.9	26.9	24.2
Westpark Industrial Estate Stage 1					
Erskine Park NSW ⁽¹⁾	96.4	31 Dec 08	100.5	100.5	58.9
Wingfield Distribution Centre					
Wingfield SA	-	-	-	-	11.5
Puurs Distribution Centre					
Puurs Belgium	61.6	30 Jun 08	56.1	56.2	46.4
Bautzner Distribution Centre					
Leipzig Germany	4.9	31 Dec 07	7.3	6.8	5.6
Brieselang Distribution Centre					
Brieselang Germany	93.3	31 Dec 07	104.7	100.0	82.6
Burstadt Distribution Centre					
Burstadt Germany	19.1	31 Dec 08	21.9	21.9	16.3
Erfurt PDLZ Distribution Centre					
Erfurt, Germany	34.0	31 Dec 07	39.0	37.4	30.9
Groß Machnow Distribution Centre					
Groß Machnow Germany	36.6	31 Dec 08	46.7	46.7	40.4
Großbeeren Distribution Centre					
Großbeeren Germany	28.0	30 Jun 08	33.5	33.5	27.7
Huchting Distribution Centre					
Bremen Germany	10.3	31 Dec 07	11.5	10.9	9.0
Lahr Distribution Centre					
Lahr Germany	49.1	31 Dec 07	57.5	53.7	44.4
Port Bremen East Distribution Centre					
Bremen Germany	50.6	31 Dec 07	57.0	54.5	45.0
Port Bremen West Distribution Centre					
Bremen Germany	21.1	31 Dec 08	24.9	24.9	23.3
Sehnde Distribution Centre					
Hannover-Sehnde, Germany	16.2	31 Dec 08	16.5	16.5	14.5
Les Tulipes Distribution Centre,					
Gonesse (Paris), France	55.3	30 Jun 08	51.7	45.7	42.7
Daganzo II Industrial Estate					
Daganzo (Madrid), Spain	41.6	31 Dec 08	36.4	36.4	30.1
Great Northern Distribution Centre					
Quer (Madrid) Spain	95.4	31 Dec 08	88.8	88.8	73.6
Quer II Distribution Centre					
Quer (Madrid) Spain	32.5	31 Dec 08	29.2	29.2	27.1
Valdemoro Distribution Centre					
Valdemoro Spain	13.0	31 Dec 08	11.1	11.1	9.5
	<u>2,678.3</u>		<u>3,311.1</u>	<u>3,236.3</u>	<u>3,198.1</u>
Total completed properties	<u>2,699.2</u>		<u>3,390.1</u>	<u>3,264.4</u>	<u>3,258.7</u>

ING Industrial Fund
Notes to the financial statements
For the half-year ended 31 December 2008

4. Investment properties (continued)

Property	Cost to date \$m	Latest external valuation		Carrying amount	
		Date	Valuation \$m	31 Dec 2008 \$m	30 Jun 2008 \$m
<i>Properties under construction</i> ⁽²⁾					
Interchange Park Stage 2 Eastern Creek NSW ⁽¹⁾	103.8	31 Jan 04	40.4	108.0	141.6
Keylink Industrial Centre Stage 2 Minto NSW ⁽¹⁾	18.9	31 Jan 03 & 30 Jun 02	16.8	26.9	18.6
Redbank River Park Redbank Qld	6.9	-	-	6.9	6.9
Westpark Industrial Estate Stage 2 Erskine Park NSW ⁽¹⁾	17.7	10 Mar 05	18.3	18.3	47.9
59 Smith Street Redbank Qld	1.6	31 Dec 08	1.7	1.6	-
	<u>148.9</u>		<u>77.2</u>	<u>161.7</u>	<u>215.0</u>
<i>Total all investment properties</i>	<u>2,848.1</u>		<u>3,467.3</u>	<u>3,426.1</u>	<u>3,473.7</u>

- (1) These properties are currently being developed in stages. The first stage for each of these developments has reached practical completion and has been transferred to completed property, the second stage is under development. The external valuation shown in properties under construction is for land value of the second stage development site.
- (2) Until 30 June 2008, properties under construction were measured at cost. From 1 July 2008, they are measured at fair value. See note 1(c).
- (3) Investment property that has not been valued by external valuers at reporting date is carried at the Responsible Entity's estimate of fair value in accordance with the Fund's accounting policy.
- (4) Valuations made in a foreign currency have been converted at the rate of exchange ruling at reporting date.
- (5) Investment properties that are held for sale and are expected to be realised within twelve months after the reporting date are classified as current.

ING Industrial Fund
Notes to the financial statements
For the half-year ended 31 December 2008

4. Investment properties (continued)

(c) Movements in carrying amounts

	2008	2007
	\$m	\$m
Completed properties		
Carrying amount at beginning of half-year	3,258.7	3,028.3
Exchange rate fluctuations	119.7	26.3
Additions - initial acquisitions	0.6	-
Additions - to existing property	58.8	46.2
Transferred from properties under construction	89.0	149.0
Disposals	(106.0)	-
Amortisation of tenant incentives and leasing commissions	(1.8)	(1.6)
Net change in fair value	(154.6)	181.2
Carrying amount at end of half-year	<u>3,264.4</u>	<u>3,429.4</u>
Properties under construction		
Carrying amount at beginning of half-year	215.0	241.3
Additions - initial acquisition	1.6	-
Additions - to existing property	20.0	99.7
Transferred to completed properties	(89.0)	(149.0)
Net increase in fair value at 1 July 2008 on transition to new accounting policy (note 1(c))	29.5	-
Net change in fair value for half-year ended 31 December 2008	(15.4)	-
Carrying amount at end of half-year	<u>161.7</u>	<u>192.0</u>

5. Equity accounted investments

(a) Details of investments

Name	Principal activity	Ownership interest	
		31 December	
		2008	2007
ING Norwest Pty Ltd	Property development	49%	49%
ING Real Estate Banksmeadow Pty Ltd ⁽¹⁾	Property development	90%	90%
ING Real Estate Canada Trust	Investment in real estate	50%	50%
ING Real Estate Redbank River Park Pty Ltd	Property development	49%	49%
ING Real Estate Wyndham Industrial Estate Pty Ltd	Property development	49%	49%
ING Retail Fund LP	Investment in real estate	50%	50%
ING Summit Industrial Fund LP	Investment in real estate	50%	50%
Ricketts Rd Mt Waverley Pty Ltd	Property development	49%	49%
West Industry Park Pty Ltd	Property development	49%	49%

- (1) Although the Fund has the economic interest shown, it does not hold a controlling interest in the voting rights of this company. Consequently, the Responsible Entity has determined that the Fund's ownership interest does not give the Fund the capacity to control the company but rather the power to exercise significant influence.

ING Industrial Fund
Notes to the financial statements
For the half-year ended 31 December 2008

5. Equity accounted investments (continued)

(b) Share of net profit/(loss)

	2008	2007
	\$m	\$m
Share of net profit/(loss) of:		
ING Norwest Pty Ltd	(0.9)	-
ING Real Estate Banksmeadow Pty Ltd	-	-
ING Real Estate Canada Trust group ⁽²⁾	(118.9)	41.1
ING Real Estate Redbank River Park Pty Ltd	-	-
ING Real Estate Wyndham Industrial Estate Pty Ltd	(1.0)	0.7
Ricketts Rd Mt Waverley Pty Ltd	-	-
West Industry Park Pty Ltd	(3.4)	(0.1)
	<u>(124.2)</u>	<u>41.7</u>

(2) Including ING Retail Fund LP and ING Summit Industrial Fund LP.

6. Issued units

(a) Carrying amounts

	2008	2007
	\$m	\$m
At beginning of half-year	1,858.5	1,818.9
Issued during the half-year:		
Distribution reinvestment plan	9.6	23.6
Preference units converted	1.0	-
Transfer to net operating income (note (c))	-	(0.2)
At end of half-year	<u>1,869.1</u>	<u>1,842.3</u>

(b) Number of issued units

	millions	millions
At beginning of half-year	1,124.3	1,107.4
Issued during the half-year:		
Distribution reinvestment plan	7.9	9.5
Preference units converted	0.3	-
At end of half-year	<u>1,132.5</u>	<u>1,116.9</u>

(c) Transfer to net operating income

The transfer to net operating income represents the portion of distributions paid to holders of new units for that part of the period to which the distribution relates that occurred before the issue of the units.

ING Industrial Fund
Notes to the financial statements
For the half-year ended 31 December 2008

7. Segment information

	ING Industrial Fund	
	2008	2007
	\$m	\$m
Segment revenue		
Australia	111.7	111.5
Europe	29.0	22.1
Canada	-	-
	<u>140.7</u>	<u>133.6</u>
Interest income	9.6	6.7
Total revenue	<u>150.3</u>	<u>140.3</u>
Segment result		
Australia	(60.4)	267.8
Europe	(1.6)	21.9
Canada	-	-
	<u>(62.0)</u>	<u>289.7</u>
Share of net profit/(loss) of equity accounted investments		
Australia	(5.3)	0.6
Canada	(118.9)	41.1
	<u>(124.2)</u>	<u>41.7</u>
Interest income	9.6	6.7
Net foreign exchange gain/(loss)	(16.4)	26.3
Net loss on change in fair value of derivatives	(216.6)	(82.6)
Finance costs	(49.2)	(37.0)
Impairment loss on loans	(5.8)	-
Other expenses	(2.1)	(0.9)
Profit/(loss) before income tax	<u>(466.7)</u>	<u>243.9</u>

ING Industrial Fund
Directors' declaration
For the half-year ended 31 December 2008

In the opinion of the directors of ING Management Limited, the Responsible Entity of ING Industrial Fund:

- (a) the financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Fund's financial position as at 31 December 2008 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; and
 - (ii) complying with accounting standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable. In reaching this conclusion, the directors considered the matters discussed at note 1(b).

Signed in accordance with a resolution of the directors of the Responsible Entity

A handwritten signature in black ink, appearing to be 'Richard Colless', written in a cursive style.

Richard Colless AM
Chairman
Sydney
27 February 2009

To the Unitholders of ING Industrial Fund

Report on the Interim Financial Report

We have reviewed the accompanying interim financial report of ING Industrial Fund (the "Fund") which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the six months ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the Fund and the entities it controlled at the period end or from time to time during the period.

Directors' Responsibility for the Interim Financial Report

The directors of ING Management Limited, as the Responsible Entity of the Fund, are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the six months ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of ING Industrial Fund and the entities it controlled during the period, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the Responsible Entity a written Auditor's Independence Declaration, a copy of which follows the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of ING Industrial Fund is not in accordance with the *Corporations Act 2001*, including:

- i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the six months ended on that date; and
- ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

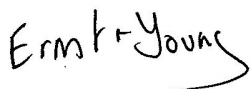
Significant Uncertainty as to Going Concern

Without qualifying our conclusion, we draw attention to Note 1 (b) in the interim financial report which indicates that if the Fund is not able to reach suitable revised agreements with the banking syndicate members, the conditions required for the Fund to meet the 55% Total Leverage Ratio will make it very difficult to achieve by 30 June 2009.

Continued compliance with the original or revised facility agreements is also dependent on future market conditions including fair values of investment properties, foreign currency exchange rates and interest rates. An adverse change in any of these market conditions could put pressure on this financial ratio covenant or one or more of the other financial covenants.

If the Total Leverage Ratio is not changed as part of the revised facility agreements presently being negotiated, or if a breach were to threaten or to occur, that breach could be waived by the syndicate members, or be prevented or rectified by a capital raising or by significant asset sales. The magnitude of the likely required capital raising or asset sales is such that there can be no assurance that these could be achieved. That magnitude is even greater if the financial ratios were to remain as currently stated. If a breach occurred and was not waived or rectified to the satisfaction of the bank syndicates, they would have the right to require immediate repayment of total syndicate debt and the closing out of derivatives entered into with syndicate members.

If the banking syndicates exercised those rights, then the Fund would not be able to continue as a going concern, and therefore there is uncertainty as to whether it will realise its assets and extinguish its liabilities in the ordinary course of business and at the amounts stated in the interim financial report. The interim financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the fund not continue as a going concern.



Ernst & Young



Douglas Bain
Partner
Sydney
27 February 2009