Company Registration Number: 5616128 (England & Wales)

ING (UK) LISTED REAL ESTATE ISSUER PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

ING (UK) LISTED REAL ESTATE ISSUER PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

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DIRECTORS AND COMPANY INFORMATION

Directors	Mark Filer Robin Baker Wilmington Trust SP Services (London) Limited
Company secretary	Wilmington Trust SP Services (London) Limited
Registered office	c/o Wilmington Trust SP Services (London) Limited Tower 42 (Level 11), 25 Old Broad Street, London EC2N 1HQ
Auditors	Deloitte & Touche LLP Regency Court Glategny Esplanade St Peter Port Guernsey GY1 3HW

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2007

The directors present their report and the audited financial statements of the company for the year ended 31 December 2007 The comparative figures are for the period from incorporation on 8 November 2005 to 31 December 2006

PRINCIPAL ACTIVITIES

The principal objects of the company are set out in its memorandum of association and permit the company, among other things, to lend money and give credit, secured or unsecured, to borrow or raise money and to grant security over its property for the performance of its obligations or the payment of money The company is a limited liability company established specifically for its purpose as a special purpose company

BUSINESS REVIEW

On 20 December 2005 the company issued a primary tranche of notes (the "Primary Tranche") amounting to £200m at the Irish Stock Exchange and used the proceeds to make an advance (the "Initial Loan") under an Issuer-Borrower Loan Agreement ("IBLA") to Northern Trust Fiduciary Services (Guernsey) Limited as trustee of ING (UK) Listed Real Estate, a property unit trust established in Guernsey (the "Borrower")

The company also issued a reserve tranche (the "Reserve Tranche") of notes amounting to £25m on 20 December 2005 at the Irish Stock Exchange which would allow the company to grant the Borrower a reserve loan (the ("Reserve Loan") should a request be made within certain time limits On issue the Reserve Tranche was immediately repurchased by the company as no request for a Reserve Loan was received from the Borrower

In July 2006 the Borrower requested a Reserve Loan and the company re-sold the Reserve Tranche and applied the net proceeds from the sale in funding the Reserve Loan

Principal amounts payable on the Initial Loan and Reserve Loan (together the "Term Loan") are not scheduled to amortise and consequently, subject to any prepayments, principal amounts payable will become due and payable on the loan payment date falling in January 2013 However, the Borrower may prepay all or part of the Term Loan on any loan payment date in accordance with the terms of the IBLA and on the giving of at least five days' prior notice

The company's key financial performance indicator during the year was as follows

	2007	2006
Net loan interest margin	**2 bps**	159 bps
Net interest margin	**7 bps**	139 bps

The net loan interest margin is calculated based on the income received on the loan, together with the swap income, against the interest cost of the floating rate notes The net interest margin includes the income and costs associated with issue of the floating rate notes and interest received on bank deposits

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements The profit on ordinary activities before taxation for the year was £16,560 (2006 £190,100) The directors have not recommended a dividend

The directors expect that the present level of activity will be sustained in the near future

ING (UK) LISTED REAL ESTATE ISSUER PLC

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2007

PRINCIPAL RISKS

Business risks – These are the risks caused from the occurrence of external events
The company is a special purpose financing entity with no business operations other than the issue of the Notes, the entering into of certain agreements including the IBLA, the Swap Agreements and the Liquidity Facility Agreement, the making of the loans and the transactions ancillary thereto

The principal business risks of the company are set out in a number of asset and non asset trigger events in the documentation surrounding the issue of the primary and reserve tranches of notes The occurrence of trigger events would lead to the early redemption of the notes in accordance with the established priorities

There have been no such trigger events since the issue of the primary and reserve tranche of notes

Interest rate risk – This is the risk of the rate of interest payable becoming more than the interest receivable
The company has entered into an interest rate swap transaction in order to protect the company against interest rate risk on the notes The risk arises as a result of the Borrower paying a fixed rate of interest under the IBLA, while the company is required to pay floating rates of interest on the notes

Liquidity risk – This is the risk that insufficient funds are available to meet the ongoing obligations of the Company The company has entered into a 364-day committed facility (the "Liquidity Facility") which will allow the company, subject to certain conditions, to make drawings under the Liquidity Facility, to cover shortfalls in the amount of funds available to cover certain expenses which are payable under the terms of the issuance of the notes The Liquidity Facility will be renewable with the consent of the Liquidity Facility provider

Credit risk – The principal credit risk to the company is that the borrower will not be able to meet their obligations as they fall due The ability of the company to meet its obligations under the notes will be dependent on the receipt by it of principal and interest from the Borrower under the IBLA and the receipt of funds (if due) from the Swap Counterparty under the Swap Agreements The ability of the Borrower to meet its obligations under the IBLA will depend on the receipt by it of (i) rental income (ii) income generated by indirect property investments and (iii) disposal proceeds following the sale of a property Other than the foregoing, prior to the enforcement of the Borrower security, the Borrower is not expected to have any other funds available to it to meet its obligations under the IBLA

Enforcement under the Borrower security may not result in immediate realisation of the properties or indirect property investments which are the subject of the Borrower security There can be no assurance that the Borrower security trustee would recover all amounts secured upon enforcement of the Borrower security and, accordingly, sufficient funds may not be realised or available to make all required payments to the company and, accordingly, the company (or the Issuer Security Trustee if it has taken enforcement action against the company or the Issuer Security) may not have sufficient funds available to make all required payments to the noteholders

FINANCIAL INSTRUMENTS

The company's financial instruments, other than derivatives, comprise of a loan to the Borrower, cash and liquid resources, interest-bearing borrowings and various receivables and payables that arise directly from its operations The main purpose of these financial instruments is to raise finance for the Borrower

The company also enters into derivative transactions (interest rate swaps) The purpose of such transactions is to manage the interest rate risks arising from the company's operations and its sources of finance It is, and has been throughout the period under review, the company's policy that no trading in financial instruments is undertaken

RESULTS

The results for the year are set out on page 8

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows

Mark Filer	
Robin Baker	(Resigned 28 February 2008)
Wilmington Trust SP Services (London) Limited	
Jean-Christophe Schroeder	(Appointed 28 February 2008)

Ordinary shares of £1 in the company	**No. of shares held 31 Dec 2007**	No of shares held 31 Dec 2006
Wilmington Trust SP Services (London) Limited	1	1

The share held by Wilmington Trust SP Services (London) Limited in the company is held under a Nominee Declaration of Trust for ING (UK) Real Estate Parent Limited Other than the above, the directors do not hold or have the right to subscribe for shares or debentures in any other group companies The directors do not have any service contracts nor material contracts with the Company

CREDITOR PAYMENT POLICY

The company's policy concerning the payment of its creditors is to pay in accordance with its contractual and other legal obligations Payments are made quarterly on the interest payment dates falling due in January, April, July and October The company does not follow any other code or standard on payment practice

DIVIDENDS

The directors do not recommend the payment of a dividend for the year ended 31 December 2007 (2006 £nil)

DISCLOSURE OF INFORMATION TO THE AUDITORS

Each of the person who is a director at the date of approval of this report confirm that there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s2342A of the Companies Act 1985

AUDITORS

A resolution to re-appoint Deloitte & Touche LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

By order of the Board

Sunil Masson
Authorised Signatory

On behalf of Wilmington Trust SP Services (London) Limited
Director
Date 17 June 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable laws and regulations

Company law requires the directors to prepare such financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) The financial statements are required by law to be properly prepared in accordance with IFRSs, the Companies Act 1985 and Article 4 of IAS Regulation

International Accounting Standards 1 require that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's Framework for the Preparation and Presentation of Financial Statements In virtually all circumstances, a fair presentation will be achievable by compliance with all applicable IFRSs However, directors are also required to

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understanding information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the company's ability to continue as a going concern

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985 They are also responsible for the system of internal control, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ING (UK) LISTED REAL ESTATE ISSUER PLC

We have audited the financial statements of ING (UK) Listed Real Estate Issuer Plc for the year ended 31 December 2007 which comprise the Income Statement, Balance Sheet, Cash Flow Statement and the related notes 1 to 17 These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the company's member, as a body, in accordance with section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies within the Financial Statements

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed

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 give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

OPINION

In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Deloitte & Touche LLP
Chartered Accountants and
Registered Auditors
Guernsey, Channel Islands

17 June 2008

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2007

Continuing activities	Note	1 Jan 2007 to 31 Dec 2007 £	8 Nov 2005 to 31 Dec 2006 £
Interest receivable and similar income	3	**13,919,483**	11,600,956
Interest payable and similar charges	4	**(13,902,923)**	(11,410,856)
Net interest income		**16,560**	190,100
Other income		**204,256**	226,078
Operating expenses	5	**(204,256)**	(226,078)
Profit before tax for the year/period	6	**16,560**	190,100
Income tax expense	7	**5,608**	(36,119)
Retained profit for the year/period		**10,952**	153,981

All activities are derived from continuing operations

There are no recognised income or expenses for the current year or preceding period other than as stated in the income statement Accordingly no statement of recognised income and expense has been prepared

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2007

	Share Capital £	Hedge Reserve £	Retained Earnings £	Total £
Balance at 8 November 2005	-	-	-	-
Shares issued	12,501	-	-	12,501
Fair value adjustment	-	8,166,951	-	8,166,951
Profit for the period	-	-	153,981	153,981
Balance at 31 December 2006	12,501	8,166,951	153,981	8,333,433
Balance at 31 December 2006	**12,501**	**8,166,951**	**153,981**	**8,333,433**
Shares issued	**-**	**-**	**-**	**-**
Fair value adjustment	**-**	**(2,777,786)**	**-**	**(2,777,786)**
Profit for the year	**-**	**-**	**10,952**	**10,952**
Balance at 31 December 2007	**12,501**	**5,389,165**	**164,933**	**5,566,599**

The notes on pages 11 to 24 form part of these financial statements

BALANCE SHEET

AS AT 31 DECEMBER 2007

	Note	2007 £	2006 £
Assets			
Loans receivable	8	225,000,000	225,000,000
Total non-current assets			
Assets			
Other receivables	9	2,782,655	2,383,245
Derivative asset	11	5,389,165	8,166,951
Cash and cash equivalents	10	53,514	28,072
Total current assets		8,225,334	10,578,268
Total assets		233,225,334	235,578,268
Equity			
Issued capital	11	12,501	12,501
Hedge reserve	11	5,389,165	8,166,951
Retained earnings	11	164,933	153,981
Total equity	11	5,566,599	8,333,433
Non-current liabilities			
Interest bearing loans and borrowings	12	226,250,036	225,589,713
Total non-current liabilities		226,250,036	225,589,713
Current liabilities			
Other payables	13	1,405,552	1,619,003
Current tax liability	7(c)	3,147	36,119
Total current liabilities		1,408,699	1,655,122
Total liabilities		227,658,735	227,244,835
Total equity and liabilities		233,225,334	235,578,268

These financial statements were approved by the board of directors on 17 June 2008 and are signed on their behalf by

Sunil Masson
Authorised Signatory

On behalf of Wilmington Trust SP Services (London) Limited
Director

The notes on pages 11 to 24 form part of these financial statements

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2007

		2007 £	2006 £
Cash flows from operating activities			
Profit before tax for the year/period		**16,560**	190,100
Adjustments for			
Amortisation of issue costs	4	**244,461**	222,103
Amortisation of facility fees	3	**(204,235)**	(202,321)
Amortisation of premium	3	**(41,317)**	(20,262)
Interest income	3	**(10,948,468)**	(10,542,789)
Interest expense	4	**13,658,462**	11,188,753
Cash generated from operations		**2,725,463**	835,584
Interest received		**10,948,186**	8,504,167
Interest paid		**(13,242,600)**	(9,110,840)
Increase in other receivables	9	**(399,127)**	(344,623)
Increase in other payables	13	**32,101**	124,163
Net cash from operating activities		**64,023**	8,451
Tax paid for the year		**(38,581)**	-
Net cash from operating activities after tax		**25,442**	8,451
Cash flows from investing activities			
Loans granted		-	(225,000,000)
Facility fee received		-	1,445,639
Premium received		-	271,784
Net cash from investing activities		-	(223,282,577)
Cash flows from financing activities			
Issue of floating rate notes		-	225,000,000
Issue costs		-	(1,710,303)
Issue of ordinary share capital		-	12,501
Net cash from financing activities		-	223,302,198
Net increase in cash		**25,442**	28,072
Cash and cash equivalents at start of year/period	10	**28,072**	-
Cash and cash equivalent at end of year/period	10	**53,514**	28,072

All withdrawals from the Company's bank accounts are restricted by the detailed priority of payments set out in the securitisation agreements and as such the cash and cash equivalents are not freely available to be used for other purposes

The notes on pages 11 to 24 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

1. COMPANY INFORMATION

ING (UK) Listed Real Estate Issuer Plc was incorporated under the United Kingdom laws with registered number 5616128 on 8 November 2005 The Company has issued loan notes amounting to £225,000,000 at the Irish Stock Exchange (the "ISE") The proceeds were used to make an advance to Northern Trust Fiduciary Services (Guernsey) Limited as trustee of ING (UK) Listed Real Estate, a Guernsey property unit trust set up to hold properties, on behalf of ING UK Real Estate Income Trust Limited, a Guernsey investment company listed on the London Stock Exchange

These financial statements are presented in Pounds Sterling being the currency of the primary economic environment in which the entity operates

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies set out below have been applied for the year ended 31 December 2007

Statement of compliance

The financial statements for the year ended 31 December 2007 have been prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations as endorsed by the European Union ("EU") and effective at 31 December 2007 and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee ("IASC"), that remain in effect, together with applicable legal and regulatory requirements

Standards issued but not adopted

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective

IFRS 8 'Operating Segments' effective for years beginning on or after 1 January 2009

IAS 23 'Borrowing Costs' effective for years beginning on or after 1 January 2009

IAS 27 (Revised) 'Consolidated and Separate Financial Statements' effective for years beginning on or after 10 January 2008

IFRIC 12 'Service Concession Arrangements' effective for years beginning on or after 1 January 2008

IFRIC 13 'Customer Loyalty programmes' effective for years beginning on or after 1 July 2008

IFRIC 14 'Limit on a defined Benefit Asset, Minimum Funding Requirements and their Interaction' effective for years beginning on or after 1 January 2008

The directors do not anticipate the adoption of these Standards and Interpretations will have a material impact on the Company's financial statements in the period of initial application

The directors believe that other pronouncements which are in issue but not yet operative or adopted by the Company will not have a material impact on the financial statements

Adoption of new and revised standards

The Company is required to adopt IFRIC 9 'Reassessment of Embedded Derivatives' (IFRIC 9) for the first time in the current financial year This Interpretation does not have a material impact on the Financial Statements of the Company

The Company is also required to adopt International Financial Reporting Standard 7 'Financial Instruments Disclosures' (IFRS 7) for the first time and the resulting changes to International Accounting Standard 1 'Presentation of Financial Statements' (IAS 1) The impact of the adoption of IFRS 7 and the changes to IAS 1 has been to expand the disclosures provided in these Financial Statements regarding the Group's financial instruments and management of capital (note 13)

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Basis of preparation
In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2007 The adoption of these new and revised Standards and Interpretations has not resulted in any changes to the Company's accounting policies However, the adoption of IFRS 7 Financial Instruments Disclosures, has led to expanding the disclosures provided in these financial statements regarding the Company's financial instruments

The financial statements are presented in Pounds Sterling and have been prepared on the historical cost basis (except that derivative financial instruments and the interest rate element of the fixed rate loan are stated at their fair value), and on a going concern basis The company's functional and presentation currency is Pounds Sterling

For the purpose of the effective yield calculation, it has been assumed that the average expected life of the notes in issue will end at the date of the first step-up in interest rates, based on the payment experience to date This may not be the case in practice

The swap which has been purchased to hedge interest rate risks arising on the Notes has been valued by discounting future cash flows The valuation method is consistent with commonly used market techniques All inputs into valuation models adopted by the entity are obtained from observable market data

The most significantly affected components of the financial statements and associated critical judgements are as follows

Critical accounting judgements and key sources of estimation uncertainty
The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources Actual results may differ from these estimates used in the financial statements

The estimates and underlying assumptions are reviewed on an ongoing basis Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods

Valuation of derivatives
The Directors use their judgement in selecting an appropriate valuation technique for financial instruments Valuation techniques commonly used by market practitioners are applied For derivative instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument Derivatives are valued in these financial statements based on the valuation received from the issuer of the swap

Loan receivable
Loans receivable are initially measured at fair value with subsequent measurement being at amortised cost using the effective interest method The effective interest on the loan to originator is calculated with reference to the interest earned on the loans

The loans are subject to impairment reviews in accordance with International Accounting Standard 36 'Impairment of Assets' A charge for impairment would be recognised where there is a risk that the income on the loan will be significantly reduced

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Cash and cash equivalents
The bank accounts are held in the company's name and meet the definition of cash and cash equivalents but their use is restricted by a detailed priority of payments set out in the securitisation transaction agreements As the cash can only be used to meet certain specific liabilities and is not available to be used with discretion, it is viewed as restricted cash

Interest bearing borrowings
Interest bearing borrowings are recognised initially at fair value less attributable transaction costs Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis

Interest receivable and interest payable
Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' and 'interest expense' in the income statement using the effective interest method The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability using the effective interest rate, and allocating the resulting interest income or interest expense over the relevant duration of the financial instrument

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses

The calculation includes, all fees and commissions paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts

Income tax
Income tax on the profit or loss for the year comprises current and deferred tax Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity
Under special rules issued by the HM Revenue & Customs for securitisation companies, the company's charge for taxation for 2007 is based on the taxable profits calculated on an un-modified United Kingdom Generally Accepted Accounting Practice ("UK GAAP") basis but disclosed in accordance with International Accounting Standard 12 'Income Taxes'

Principles for cash flow statement
The Cash Flow Statement has been drawn up according to the indirect method, separating the cash flows from operating activities, investing activities and financing activities The net result has been adjusted for amounts in the Income Statement and movements in the Balance Sheet which have not resulted in cash income or expenditure in the year
The cash amounts in the Cash Flow Statement include those assets that can be converted into cash without any restrictions and without any material risk of decreases in value as a result of the transaction Dividends that have been proposed and declared are included in the cash flow from financing activities

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Derivative financial instruments
The company uses derivative financial instruments to hedge its exposure to interest rate risk arising from operational, financing and investment activities In accordance with its policy, the company does not hold or issue derivative financial instruments for trading purposes However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments

International Accounting Standard 39 'Financial Instruments Recognition and Measurements' requires all derivative financial instruments to be recognised initially at cost on the balance sheet Subsequent to initial recognition, derivatives are remeasured to fair value The gain or loss on remeasurement to fair value is recognised immediately in profit and loss However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged Where a fair value hedge is documented, the fair value movements of the swap may be offset in the income statement against the fair value movements for the risk being hedged on the hedged item

In order to qualify for hedge accounting, the company is required to document in advance the relationship between the item being hedged and the hedging instrument The company is also required to demonstrate that the hedge will be highly effective on an ongoing basis This effectiveness testing is re-performed at each period end to ensure that the hedge remains highly effective

Gains or losses on cash flow hedges that are regarded as highly effective are recognised in equity Where the forecast transaction results in a financial asset or liability, gains or losses previously recognised in equity are reclassified to profit or loss in the same period as the asset or liability affects profit or loss Where the forecasted transaction or commitment results in a non-financial asset or liability, gains or losses previously deferred in equity are included in the carrying amount of the related asset or liability If the forecasted transaction or commitment results in a future income or expenditure, gains or losses deferred in equity are transferred to the income statement in the same period as the underlying income or expenditure The ineffective portions of the gain or loss on the hedging instrument are not recognised in equity, rather they are recognised immediately in profit or loss

The fair value of interest rate swaps is the estimated amount that the company would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties

3. INTEREST RECEIVABLE AND SIMILAR INCOME

Interest receivable and similar income represents the interest receivable on the loans receivable, other associated income and interest on bank deposits

	1 Jan 2007 to 31 Dec 2007	8 Nov 2005 to 31 Dec 2006
	£	£
Interest receivable on loans receivable	**10,948,468**	10,542,789
Swap income	**2,713,180**	826,584
Bank interest receivable	**12,283**	9,000
Amortisation of facility fees	**204,235**	202,321
Amortisation of premium	**41,317**	20,262
	13,919,483	11,600,956
Geographic		
United Kingdom	**13,919,483**	11,600,956

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2007

4 INTEREST PAYABLE AND SIMILAR CHARGES

	1 Jan 2007 to 31 Dec 2007	8 Nov 2005 to 31 Dec 2006
	£	£
Interest on floating rate notes	13,658,462	11,188,753
Amortisation of issue costs	244,461	222,103
	13,902,923	11,410,856

5. OPERATING EXPENSES

The profit on ordinary activities before taxation is stated after charging

	1 Jan 2007 to 31 Dec 2007	8 Nov 2005 to 31 Dec 2006
	£	£
Fees payable to the company's auditors for the audit of the company's annual accounts	15,000	15,000
Fees payable to the company's tax agent - tax services	10,450	6,000
ISE fees	4	73,668
Rating agency fees	60,016	3,992
Liquidity fees	28,051	28,793
Management fees (Note 13)	18,870	19,336
Servicing fees	55,596	63,256
Cash manager fees	8,022	8,501
Trustee fees	8,247	7,532
	204,256	226,078

Under the term of Corporate Services Agreement, Wilmington Trust SP Services (London) Limited receives remuneration for administration and accounting services The management fee is payable on the following note payment date of the preceding quarter and is equal to the aggregate of the initial fee, annual administration fee and a fee for preparing the annual accounts These fees are hence broken down as follows

	1 Jan 2007 to 31 Dec 2007	8 Nov 2005 to 31 Dec 2006
	£	£
Administration fee	12,995	13,461
Accountancy fee	5,875	5,875
	18,870	19,336

6. PROFIT BEFORE TAX FOR THE YEAR

The profit before tax for the year/period is stated after charging

	1 Jan 2007 to 31 Dec 2007	8 Nov 2005 to 31 Dec 2006
	£	£
Auditors' remuneration for audit work	15,000	15,000
Auditors' remuneration for taxation services	10,450	6,000

The company has no employees Other than the fees paid to Wilmington Trust SP Services (London) Limited for management services of £18,870 (2006 £19,336), the directors received no remuneration during the year (2006 Nil)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2007

7. INCOME TAX EXPENSE

(a) Analysis of charge in the year/period

	1 Jan 2007 to 31 Dec 2007 £	8 Nov 2005 to 31 Dec 2006 £
Current tax:		
Under provision for previous period	2,461	-
Corporation tax charge for the year/period	3,147	36,119
Total current tax	5,608	36,119

(b) Reconciliation of effective tax rate

The tax assessed on the profit on ordinary activities for the year is the same as the standard rate of corporation tax in the UK for small companies of 19%

	1 Jan 2007 to 31 Dec 2007 £	8 Nov 2005 to 31 Dec 2006 £
Profit before tax	16,560	190,100
Profit before tax multiplied by the standard rate of corporation tax in the UK for small companies of 19%	3,147	36,119
Under provision for previous period	2,461	-
Total tax in income statement	5,608	36,119

(c) Current tax liability

	2007 £	2006 £
Current tax liability	3,147	36,119

8. LOAN RECEIVABLE

	2007 £	2006 £
Loan granted	225,000,000	225,000,000
At 31 December 2007	225,000,000	225,000,000

Subject to any prepayments, principal amounts payable on the loan will become due and payable on the loan payment date falling due in January 2013 The loan has a fixed interest rate of 4 805% The loan has been made to Northern Trust Fiduciary Services (Guernsey) Limited as trustee of ING (UK) Listed Real Estate, a property unit trust established in Guernsey The loan is secured against the assets of the unit trust

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2007

9. OTHER RECEIVABLES

	2007	2006
	£	£
Interest receivable on the loans	2,038,903	2,038,621
Accrued fees receivable	117,683	124,162
Swap income accrued	626,069	220,462
	2,782,655	2,383,245

The Directors consider that the carrying amount of accounts receivables approximates their fair value

10 CASH AND CASH EQUIVALENTS

All withdrawals from the subsidiaries bank accounts are restricted by the detailed priority of payments set out in the securitisation agreements

	2007	2006
	€	€
Cash and bank current accounts	4,334	4,228
Bank deposit accounts	49,180	23,844
	53,514	28,072

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates Short-term deposits are made for varying periods of between one day and one month depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates

The carrying amounts of these assets approximate their fair value

11. TOTAL EQUITY

Reconciliation of movement in capital and reserves

	Share capital	Hedge reserve	Retained earnings	Total
	£	£	£	£
At 31 December 2006	12,501	8,166,951	153,981	8,333,433
Shares issued	-	-	-	-
Fair value adjustment	-	(2,777,786)	-	(2,777,786)
Profit for the year	-	-	10,952	10,952
At 31 December 2007	12,501	5,389,165	164,933	5,566,599

There are 50,000 authorised ordinary shares of £1 each During the period 2 shares of £1 each were issued fully paid and a further 49,998 £1 ordinary shares of which 25p was called up and paid

The company only has one class of share The shares have no rights to any fixed dividend and entitle the holder to one vote per share at meetings of the company

The hedge reserve is the fair value of the interest rate swap Interest payable on the loan notes has been fixed using interest rate swaps, as described in note 12

The interest rate swaps mature on the same dates as the associated borrowings

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2007

12. INTEREST BEARING LOANS AND BORROWINGS

The floating rate notes fall due for repayment in full on 30 January 2013 and comprised, at issue, £200m AAA rated seven year loan notes issued on 20 December 2005 The interest payable on these notes is fixed at 4 795% by means of an interest rate swap On 6 July 2006 a further £25m of loan notes were issued on the same terms, with the interest payable fixed at 5 3804% by means of a further swap It is anticipated that, based on certain assumptions, the notes will be fully redeemed on or before the note payment date falling due on 30 January 2013 The notes bear interest at a rate equal to LIBOR for three month sterling deposits plus 25 basis points Interest on the notes is paid quarterly in arrears on 30 January, 30 April, 30 July and 30 October The floating rate loan notes are secured by means of a fixed and floating charge over the company's assets

	2007	2006
Non-current liabilities	**£**	£
Floating rate notes	**225,000,000**	225,000,000
Unamortised issue costs	**(1,243,739)**	(1,488,200)
	223,756,261	223,511,800
Current liabilities		
Interest payable	**2,493,775**	2,077,913
Total	**226,250,036**	225,589,713

The loan agreement for the floating rate notes states that for the securitised pool of assets the Loan to Value ratio should not exceed 50% and the Interest Cover Ratio should be a minimum of 1 50

The Group has not breached any of the loan covenants either in the current year or in the previous accounting period

13 OTHER PAYABLES

	2007	2006
Current liabilities	**£**	£
Accruals	**117,683**	124,162
Other creditors	**38,581**	-
Deferred income	**1,249,288**	1,494,841
	1,405,552	1,619,003

The Directors consider that the carrying amount of accounts payable and accruals approximates their fair value

14. FINANCIAL RISK MANAGEMENT

The principal risks and uncertainties are set out in the Directors' Report on page 3 The Board reviews and agrees policies for managing each of these risks

The loans and financial instruments comprise a loan receivable, cash and liquid resources, derivatives, interest-bearing loans and borrowings and various receivables and payables that arise directly from its operations The main risk arising from the company's financial instruments are interest rate risk, liquidity risk and credit risk

Credit risk

Credit risk is the risk that a counterparty will be unable or unwilling to meet a commitment that it has entered into with the Company The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties Credit exposure is controlled by counterparty limits that are reviewed regularly

The carrying amount of the financial assets best represent the maximum credit risk exposure at the balance sheet date

14. FINANCIAL RISK MANAGEMENT (continued)

As at 31 December 2007, the Company's financial assets exposed to credit risk amounted to the following

31 December 2007	Note	Derivative investments in designated hedge accounting relationships €	Financial assets and liabilities at amortised cost €	Total €
Financial assets				
Loan receivables	8	-	225,000,000	225,000,000
Other receivables	9	-	2,782,655	2,782,655
Derivatives assets	11	5,389,165	-	5,389,165
Cash and cash equivalents	10	-	53,514	53,514
Total		5,389,165	227,836,169	233,225,334
Financial liabilities				
Loans and borrowings	12	-	226,250,036	226,250,036
Accruals	7(c), 13	-	1,408,699	1,408,699
Total		-	227,658,735	227,658,735

31 December 2006	Note	Derivative investments in designated hedge accounting relationships €	Financial assets and liabilities at amortised cost €	Total €
Financial assets				
Loan receivables	8	-	225,000,000	225,000,000
Other receivables	9	-	2,383,245	2,383,245
Derivatives assets	11	8,166,951	-	8,166,951
Cash and cash equivalents	10	-	28,072	28,072
Total		8,166,951	227,411,317	235,578,268
Financial liabilities				
Loans and borrowings	12	-	225,589,713	225,589,713
Accruals	7(c), 13	-	1,655,122	1,655,122
Total		-	227,244,835	227,244,835

Loan receivables comprise amounts due from ING (UK) Listed Real Estate (the "GPUT"), a Guernsey property unit trust which is part of the ING UK Real Estate Income Trust Ltd Group (ING REIT) Bankruptcy or insolvency of the GPUT and / or ING REIT, on whose behalf the properties are held, may result in non-recovery of the loan ING REIT has entered into a securitisation agreement with JP Morgan Chase Bank JP Morgan Chase Bank has a Fitch credit rating of AA-

There have been no loan defaults or breaches during the current year or prior period

The carrying amount of financial assets recorded in the Financial Statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk The Directors continues to monitor the Company's exposure to credit risk

The Company's main cash balances are held with the Bank of New York Bankruptcy or insolvency of the bank holding cash balances may cause the Company's rights with respect to the cash held by them to be delayed or limited The Company manages its risk by monitoring the credit quality of its bankers on an ongoing basis The Bank of New York is also rated by all major rating agencies If the credit quality of the bank deteriorates, the Company would look to move the short term deposits or cash to another bank

14 FINANCIAL RISK MANAGEMENT (continued)

The Company is exposed to credit risk from counterparties used to value the interest rate swaps which are financial assets as at 31 December 2007 The risk is mitigated by the Company only engaging with creditworthy counterparties The counterparty for the interest rate swap is JP Morgan Chase Bank, who have a credit rating of AA- as noted above

Capital risk management
The Company's overall strategy remains unchanged since 2006

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 12, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings The Directors continue to monitor the balance of the overall capital structure by ensuring that the borrowing restrictions are adhered to and that the debt is serviced promptly to ensure that it continues to be available for the foreseeable future

The Company is not subject to any external capital requirements

Interest rate risk
All of the company's financial liabilities are floating rate and carry interest rates based on the relevant three-month LIBOR rate At the period end, the three month LIBOR rate was 4 678% (2006 3 723%)

Interest rate risk management
Interest risk arises on interest payable on the floating rate loans and borrowings The Directors manage this risk by use of interest rate swaps The risk arises as a result of the GPUT paying a fixed rate of interest, while the Company is required to pay floating rates of interest on the notes issued The Company's exposure to interest rate risk with respect to the interest rate swap is monitored and reviewed by the Directors on a regular basis

The following table details the Company's remaining contractual maturity for its non-derivative financial assets and liabilities The tables below have been drawn up based on the undiscounted contractual maturities of the financial liabilities, including interest that will accrue to those liabilities except where the Company is entitled and intends to repay the liability before its maturity

31 December 2007	**Effective Weighted average effective interest rate (%)**	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Loans receivable	**4 805**	**-**	**-**	**225,000,000**	**225,000,000**
Cash and cash equivalents	**4.272**	**53,514**	**-**	**-**	**53,514**
Loans and borrowings	**5.437**	**-**	**-**	**226,250,036**	**226,250,036**
Total		**53,514**	**-**	**451,250,036**	**451,303,550**

31 December 2006	Effective Weighted average effective interest rate (%)	Less than 1 year	1 to 5 years	More than 5 years	Total
Loans receivable	4 805	-	-	225,000,000	225,000,000
Cash and cash equivalents	4 272	28,072	-	-	28,072
Loans and borrowings	5 437	-	-	225,589,713	225,589,713
Total		28,072	-	450,589,713	450,617,785

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2007

14. FINANCIAL RISK MANAGEMENT (continued)

The following table details the company's liquidity analysis for its derivative financial instruments, and have been drawn up based on the undiscounted net cash inflows / (outflows) on the derivative instruments,

31 December 2007	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Interest rate swap	**2,713,180**	**-**	**-**	**2,713,180**

31 December 2006	Less than 1 year	1 to 5 years	More than 5 years	Total
Interest rate swap	826,584	-	-	826,584

Interest rate swap contracts
Interest rate swap contracts enable the Company to mitigate the risk of changing interest rates and cashflow exposures on the floating rate debt held The fair values of interest rate swaps at the year end are the marked to market values supplied by the issuer of the swap This value is based on the future cashflows relating to the outstanding balances at the start of the financial year at the relevant interest rate

The following table detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at the reporting date

	Average contracted fixed interest rate		**Notional principal amount**		**Fair value**	
	31 Dec 2007 %	31 Dec 2006 %	**31 Dec 2007 £'000**	31 Dec 2006 £'000	**31 Dec 2007 £'000**	31 Dec 2006 £'000
Outstanding						
Less than 1 year	-	-	-	-	-	-
1 to 2 years	-	-	-	-	-	-
2 to 5 years	-	-	-	-	-	-
More than 5 years	**4.805**	4 805	**225,000,000**	225,000,000	**225,000,000**	225,000,000
			225,000,000	225,000,000	**225,000,000**	225,000,000

The actual movement in the valuation of the swaps and the actual impact on the hedge reserve is shown below,

	£
Initial swap valuation	-
Movement in valuation through the hedge reserve to 31 December 2006	**8,166,951**
Market value of swaps as at 31 December 2006	**8,166,951**
Movement in valuation through the hedge reserve to 31 December 2007	**(2,777,786)**
Market value of swaps as at 31 December 2007	**5,389,165**

Currency risk
The Company has no exposure to foreign currency risk

Concentration risk
The Company has provided financing to the ING REIT Group whose investments are in the UK and Isle of Man ING REIT Group is exposed to macroeconomic changes in the UK and Isle of Man economies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2007

14. FINANCIAL RISK MANAGEMENT (continued)

Effective interest rates and re-pricing analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at 31 December 2007 and the periods in which floating rate assets and liabilities re-price

2007	Effective interest rate (%)	Total £	Fixed rate £	Floating rate < 1 month £	Floating rate 1-3 months £	Non interest bearing £
Assets						
Loans receivable	4.805	225,000,000	225,000,000	-	-	-
Other receivables	-	2,782,655	-	-	-	2,782,655
Derivative assets	-	5,389,165	-	-	-	5,389,165
Cash at bank	4.272	53,514	-	53,514	-	-
		233,225,334	225,000,000	53,514	-	8,171,820
Liabilities						
Floating rate notes	5.437	225,000,000	-	-	225,000,000	-
Unamortised issue costs	-	(1,243,739)	-	-	-	(1,243,739)
Interest payable	-	2,493,775	-	-	-	2,493,775
Other payables	-	1,408,699	-	-	-	1,408,699
		227,658,735	-	-	225,000,000	2,658,735

2006	Effective interest rate (%)	Total £	Fixed rate £	Floating rate < 1 month £	Floating rate 1-3 months £	Non interest bearing £
Assets						
Loans receivable	4 805	225,000,000	225,000,000	-	-	-
Other receivables	-	2,383,245	-	-	-	2,383,245
Derivative assets	-	8,166,951	-	-	-	8,166,951
Cash at bank	4 272	28,072	-	28,072	-	-
		235,578,268	225,000,000	28,072	-	10,550,196
Liabilities						
Floating rate notes	5 437	225,000,000	-	-	225,000,000	-
Unamortised issue costs	-	(1,488,200)	-	-	-	(1,488,200)
Interest payable	-	2,077,913	-	-	-	2,077,913
Other payables	-	1,619,003	-	-	-	1,619,003
		227,208,716	-	-	225,000,000	2,208,716

Fair values

The fair values of assets and liabilities are considered to equal their carrying amounts shown in the balance sheet

Liquidity risk

The Company's policy is to manage liquidity risk through its use of its start-up loan and excess spread, a reserve fund and an over-collateralisation of mortgage loans underlying the loan to ING (UK) Listed Real Estate As the length of the loan notes is designed to match the length of the mortgage loans underlying the loan to ING (UK) Listed Real Estate, there are deemed to be limited liquidity risks facing the Company

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2007

14. FINANCIAL RISK MANAGEMENT (continued)

2007	**Less than 1 year**	**1 – 5 years**	**More than 5 years**	**Total**
	£	**£**	**£**	**£**
Liabilities				
Floating rate loan notes	-	-	**225,000,000**	**225,000,000**
Unamortised issue costs	-	-	**(1,243,739)**	**(1,243,739)**
Interest payable	**2,493,775**	-	-	**2,493,775**
Accruals	**117,682**	-	-	**117,682**
Tax payable	**3,146**	-	-	**3,146**
Total liabilities	**2,614,603**	-	**223,756,261**	**226,370,864**

2006	Less than 1 year	1 – 5 years	More than 5 years	Total
	£	£	£	£
Liabilities				
Floating rate loan notes	-	-	225,000,000	225,000,000
Unamortised issue costs	-	-	(1,488,200)	(1,488,200)
Interest payable	2,077,913	-	-	2,077,913
Accruals	124,162	-	-	124,162
Tax payable	36,119	-	-	36,119
Total liabilities	2,238,194	-	223,511,800	225,749,994

Interest rate sensitivity
The sensitivity analysis below has been determined on the Company's exposure to interest rates for interest bearing assets and liabilities at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates and has been based on managements assessment of the possible changes in interest rates

At the reporting date, if interest rates had been 25 basis points higher and all other variables held constant, net assets attributable to equity shareholders for the year ended 31 December 2007 would have been £56 higher (2006 £56 higher) Similarly, if interest rates had been 25 basis points lower and all other variables held constant, net assets attributable to equity shareholders for the year ended 31 December 2007 would have been lower by £56 (2006 £56 lower)

15. RELATED PARTY TRANSACTIONS

The company has identified the following transactions which are required to be disclosed under the terms of IAS 24 Related Party Disclosures

During the year administration and accounting services were provided by Wilmington Trust SP Services (London) Limited for which they received a fee of £18,870 (2006 £19,336) At 31 December 2007 £8,063 (2006 £7,177) of these fees were outstanding

Mr M Filer who is a director of the company is also a director of Wilmington Trust SP Services (London) Limited Mr R Baker, who is a director of the company, is an employee of Wilmington Trust SP Services (London) Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2007

16. ULTIMATE CONTROLLING PARTY

The dırectors consıder ING (UK) Real Estate Parent Lımıted to be the ultımate controllıng party The shares of ING (UK) Real Estate Parent Lımıted are held by Wılmıngton Trust SP Servıces (London) Lımıted under a Declaratıon of Trust for charıtable purposes Ultımate control of the company rests wıth the dırectors and shareholders

The results of the company have been consolıdated ınto the Fınancıal Statements of ING (UK) Real Estate Parent Ltd

17. CONTINGENCIES AND CAPITAL COMMITMENTS

As at 31 December 2007 the Company dıd not enter ınto any capıtal commıtments The Company dıd not have any contıngent lıabılıtıes or legal claıms outstandıng or made agaınst ıt (2006 nıl)