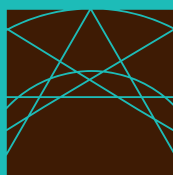




Charter Hall Group

Positioned to perform



CHARTER HALL

ANNUAL REPORT 2007

PERFORMANCE ACTIVITY

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POSITIONED TO PERFORM As one of Australia's leading property investment fund managers, Charter Hall's objective is to enhance its performance by adopting a vertically integrated business model. This approach provides a solid platform for significant growth and enabled us to deliver total returns of 118% in the year to 30 June 2007.



275 GEORGE STREET AND NORTHBANK PLAZA, BRISBANE, QLD

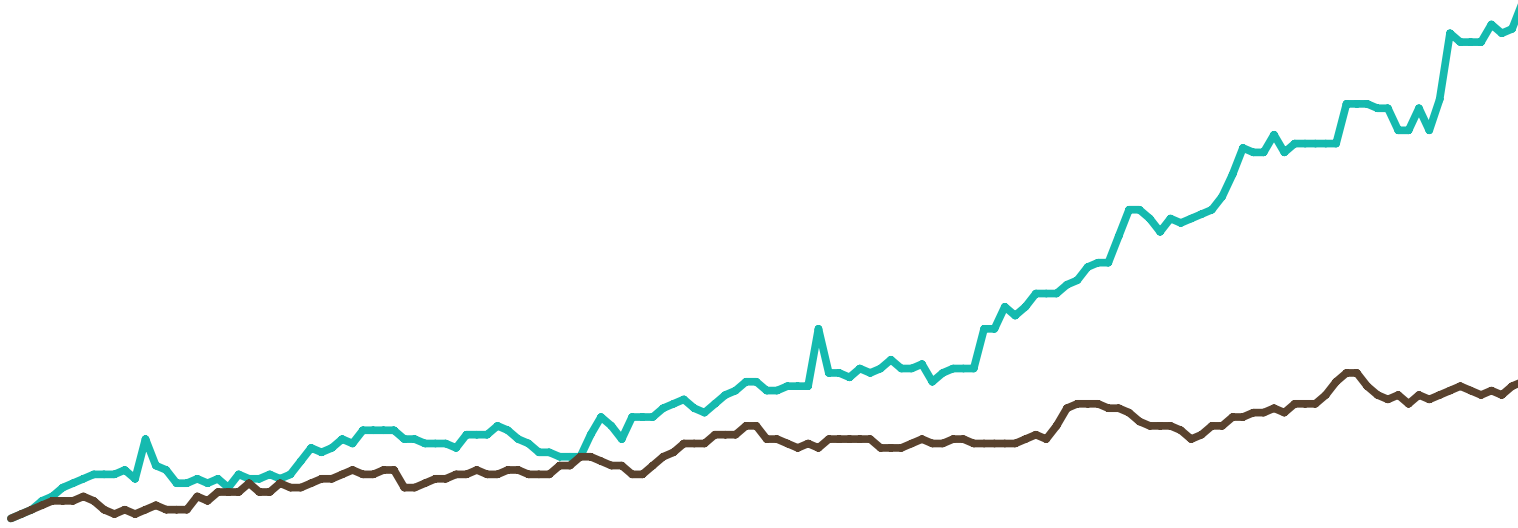
PERFORMANCE ACTIVITY

2007 KEY HIGHLIGHTS

- FUM increased by **108%** to \$2.8 billion
- FY07 DPS 10.44cps – a **47%** increase on FY06 DPS
- **118%** TSR to CHC security holders – 12 months to 30 June 07
- **2** additional wholesale funds successfully launched – CHOF5 and CPIF raised \$650 million in equity
- Crystallised profits for **3** development projects
- **26** investment assets acquired valued at **\$1.53 billion**

PERFORMANCE MILESTONES

SECURITY PRICE PERFORMANCE



JULY 2006

- CHOF4 acquires Alluvion in Mounts Bay Road, Perth for \$200 million office project
- PDF3 disposes of Zone Sites 6 & 7 at Sydney Olympic Park NSW site for \$9+ million
- DA lodged for CHOF4 QLD project 275 George St Brisbane, a 41,600m² CBD office tower with an end value of \$400+ million (JV)
- Major lease secured for CHPT with The Good Guys at Home HQ, Nunawading, Vic

AUGUST 2006

- \$500 million of equity commitments raised for CPOF
- \$36.5 million office asset acquired by CPOF at 126-144 Stirling St Northbridge, Perth
- CHOF4 project 420 George Street, Brisbane on-sold for \$17.4 million realising 97% equity IRR
- PDP3 asset 151 Pirie Street, Adelaide completed
- Major leasing deals completed for CHPT with JB Hi Fi, Howard's Storage and a national furniture retailer at Home HQ, Nunawading, Vic
- CPOF acquired 333 George Street, Sydney CBD office tower for \$69 million

SEPTEMBER 2006

- CPOF acquired 225 St Georges Terrace, Perth CBD, BHP HQ for \$61.5 million
- CPOF acquired St George Bank portfolio for \$126 million including their HQ in Kogarah, Sydney and an office building in the Adelaide CBD
- Acquired a 83,000m² Coles Myer Distribution Centre, Perth Airport for \$180 million (CPIF 75% / DPF 25%)

OCTOBER 2006

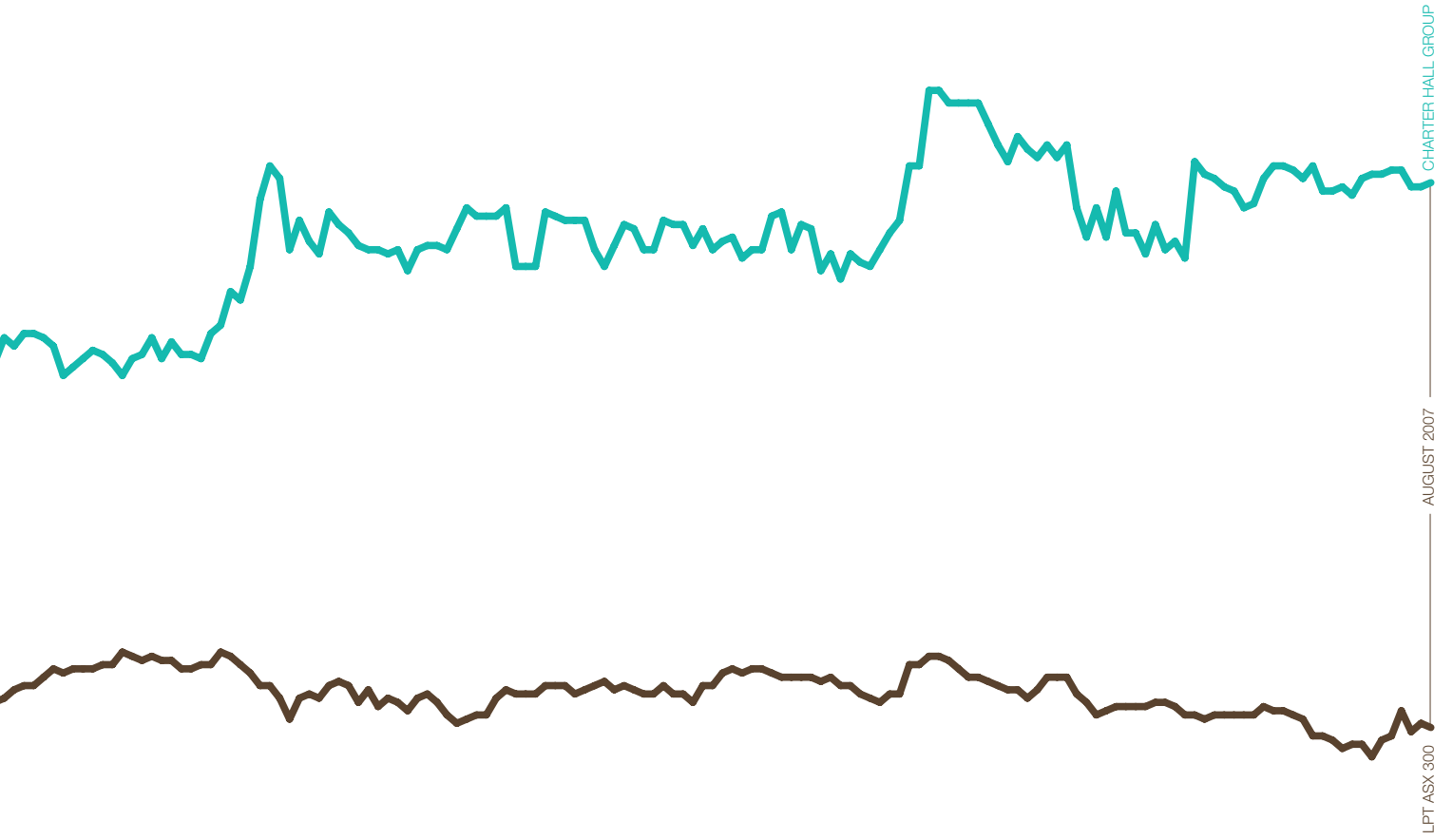
- CHL made a strategic investment of \$5 million in Axiom Properties Limited and secured a joint venture development right in an Adelaide based project and a second right of refusal on all future development projects initiated by the Pivot Group, the controlling shareholder of Axiom.

NOVEMBER 2006

- Site acquired by CHOF4 for Home HQ North Shore, Sydney, a 23,500m² bulky goods centre with an estimated end value of approximately \$140 million
- PDP3 sold 151 Pirie St, Adelaide CBD for \$61 million realising 48% equity IRR
- PDP3 development Home HQ Nunawading, Vic commenced trading

DECEMBER 2006

- CPOF acquired 50% of Northbank Plaza in Brisbane CBD, \$180 million project value
- CPOF acquired 50% of 275 George Street, Brisbane CBD. Estimated \$400 million project end value
- CPOF acquired 331 George St, Sydney CBD for \$7.5 million



LPT ASX 300

AUGUST 2007

CHARTER HALL GROUP

- CPOF/CHOF4 secured the 8 year (5,800m²) lease on Northbank Plaza in Brisbane CBD to Parsons Brinckerhoff
- CPIF acquired Geebung industrial property in Brisbane for \$7.5 million
- CPIF acquired Toll leased distribution centre in Brisbane for \$9.5 million
- CPIF acquired \$10.4 million Pinkenba, Brisbane industrial site for \$25 million JV project with CIP
- CPOF & CHOF4 secured 10 year lease of 50,000m² to 275 George St/ Northbank Plaza Brisbane CBD to Telstra, the largest ever Brisbane CBD office pre lease.

JANUARY 2007

- CPRF acquires Bunnings property in Bendigo, Vic for \$8.7 million
- CPRF acquires Bunnings property in Kalgoorlie, WA for \$6.2 million

FEBRUARY 2007

- CPRF acquires first acquisition in New Zealand, \$NZ18 million Harvey Norman property in Dunedin
- Charter Hall Group enters partnership with National Australia Bank to create the Charter Hall Umbrella Fund (CHUF)
- Charter Hall Group relocates to 333 George Street, Sydney

MARCH 2007

- CPOF raises a further \$125 million of equity for future acquisitions

APRIL 2007

- CHOF4/CPOF announces commencement of \$400 million office development at 275 George Street, Brisbane
- DPF acquires 3 industrial buildings for \$10.65 million
- CPIF established with \$350 million of equity commitments

MAY 2007

- DPF acquires Cremorne office building for \$10.3 million
- Financial Close of Charter Hall Opportunity Fund No.5 requiring scaling back to maximum total equity commitments of \$300 million. CHOF5 is the largest opportunistic property fund in Australia.

JUNE 2007

- CPRF acquires Foodtown property in Auckland CBD for NZ\$28 million
- CPRF acquires Australia-wide Bunnings portfolio comprising 6 properties
- CPOF acquires Macquarie House in Sydney CBD for \$90.7 million
- DPF acquires Mitcham property in Melbourne for \$5.1 million
- Charter Hall Group announces 50% investment in CIP for \$40 million. Funded from proceeds of \$133 million capital raising

JULY 2007

- CPOF acquires 34 Hunter Street in Sydney CBD for \$41 million
- CPIF acquires 772 Boundary Road, Richlands, Brisbane for \$6.9 million (completion value \$20 million) from CIP

PERFORMANCE MILESTONES

FUND	CHC %	# Assets	Asset Capacity	Equity Committed	Allocated	Year Est.	Status
CHARTER HALL OPPORTUNITY FUND 5 (CHOF5)	15%	0	\$1,000m	\$300m	0%	07	Closed Ended
CHARTER HALL OPPORTUNITY FUND 4 (CHOF4)	3%	5	\$500m	\$165m	88%	05	Closed Ended
CORE PLUS OFFICE FUND (CPOF)	23%	12	\$1,250m	\$625m	62%	06	Open Ended
CORE PLUS INDUSTRIAL FUND (CPIF)	32%	7	\$700m	\$350m	40%	07	Open Ended
CORE PLUS RETAIL FUND (CPRF)*	20%	14	\$700m	\$350m*	50%	08	Open Ended
CHARTER HALL UMBRELLA FUND (CHUF)*	0-20%	Multiple	\$150m	\$150m*	TBA	07	Open Ended
DIVERSIFIED PROPERTY FUND (DPF)	0-20%	11	\$125m	\$53m	100%	05	Open Ended
CHARTER HALL INVESTMENT FUNDS 2-6 (CHIF2-6)	0%	10	\$124m	\$70m	100%	96-05	Closed Ended
CHARTER HALL PROPERTY TRUST (CHPT)*	100%	3	\$750m	\$460m**	100%	05	
TOTAL Post Current Raisings		62	\$5,274m	\$2,453m			

* Subject to successful capital raising of CHUF and CPRF

** Accounts for \$380 million of assets being sold down into CPRF

	FY07	FY06	Variance
DPS	10.44cps	7.10cps	+47%
NPAT	\$43.2m	\$17.5m	+147%
Tax Deferred	51%	39.1%	+23%
Underlying EPS*	9.51cps	6.47cps	+47%
AUM**	\$2.81bn	\$1.35bn	+108%
Gearing	24.4%	27.7%	-3.3%

* Underlying EPS is after adding back AIFRS non-cash expenses (mainly the share based remuneration expense and tax expense on the unrealised gain in the investment in Axiom Properties Limited)

** Measured on a completed basis



SYDNEY WHARF, PYRMONT, NSW · ATRIUM, 50 UNION STREET, SYDNEY, NSW · ST. GEORGE BANK, KOGARAH, NSW
167 MACQUARIE STREET, SYDNEY, NSW · 225 ST GEORGES TERRACE, PERTH, WA · 34 HUNTER STREET, SYDNEY, NSW
HOME HQ, NUNAWADING, VIC · COLES GROUP LTD REGIONAL DISTRIBUTION CENTRE, PERTH AIRPORT WA · FOODTOWN, AUCKLAND, NZ

PERFORMANCE PLATFORM

CHAIRMAN'S LETTER



“The Group’s total income increased by \$28.6 million to reach \$60.8 million, an increase of 89% on last year.”

Dear Investor,

On behalf of the Board of the Charter Hall Group, I am pleased to present the Annual Report for our second year as a listed Group. The Group recorded a strong \$43.2 million operating result, up 147% on the previous corresponding period. Since 30 June 2006 the price of the stapled securities of the Group improved by 110%, ending the 2006/7 financial year at \$2.84.

In 2006/7, the Group experienced solid growth in its funds management business and our financial results exceeded our expectations. I am delighted to say Charter Hall is now rated one of Australia's best performing property investment fund managers.

The Group's total income increased by \$28.6 million to reach \$60.8 million, an increase of 89% on last year. It also achieved numerous key milestones over the past year, including:

- Net profit after tax of \$43.2 million compared to \$17.5 million in the previous corresponding period.
- 108% growth in assets under management during the year from \$1.3 billion to \$2.8 billion, providing the Group with significant additional recurring earnings.
- Acquisition of 26 investment assets valued at \$1.53 billion.
- The establishment of two additional wholesale funds: Charter Hall Opportunity Fund No. 5 (CHOF5) and the Charter Hall Core Plus Industrial Fund (CPIF), raising aggregate equity of \$650 million.
- An eleventh acquisition by the Core Plus Office Fund (CPOF), bringing its assets to approximately \$1 billion.

A major highlight was the closure of CHOF5. This was Australia's largest opportunistic property fund raising requiring a scaling back to a self-imposed maximum of \$300 million in committed equity.

Charter Hall's objective is to enhance its performance by adopting a vertically integrated business model that provides a solid platform for significant growth. Investors have benefited from this approach with the model delivering a total return, including distributions, of 118% in the year to 30 June 2007. The full-year distribution to CHC Security Holders of 10.44 cents per security was 47% higher than last year.

In addition to its investment strategy, the success of Charter Hall is underpinned by an energetic and highly experienced executive and management team led by Joint Managing Directors David Harrison and David Southon. This year has seen 18 new executive appointments around Australasia and the opening of new offices in Brisbane, Perth and Auckland. These steps will further improve the Group's access to capital and are an essential part of building our capacity to deliver future performance.

During the 2006/7 year, Charter Hall acquired a 50% interest in national developer Commercial and Industrial Property Pty Limited (CIP). This acquisition is strategic for Charter Hall and enables the Group to leverage CIP's industrial sector relationships and expertise. CIP will improve Charter Hall's access to commercial and industrial deal flow throughout Australia and assist with the growth in funds under management across a number of the Group's managed funds.

On behalf of all Security Holders and investors in Charter Hall's suite of unlisted products, I express the Board's appreciation for the outstanding contribution made by the entire Charter Hall team. I also recognise and thank my fellow Board members for their invaluable contribution and support.

As Charter Hall continues to grow and perform, we look forward to another exciting and successful year ahead.

Yours sincerely,



Kerry Roxburgh
Chairman

PERFORMANCE PLATFORM

JOINT MANAGING DIRECTORS' REPORT

“Charter Hall Group successfully expanded its diverse sources of equity, providing wholesale, retail and high net worth clients with access to new products.”



The past year has been exceptionally strong for the Charter Hall Group (CHC). The Group has capitalised on the post-IPO momentum created by our diversified business model return on equity focus. This has translated into outstanding business growth and excellent total returns to Security Holders.

During the 2006/7 year, assets under management increased by 108% compared to the previous corresponding period. The Group also raised an impressive \$835 million in additional equity from unlisted investors and \$133 million of additional CHC equity.

The Charter Hall Property Trust (the Trust) continued its transformation from owning assets directly to owning cornerstone co-investments within Charter Hall unlisted managed funds. This strategy has improved the weighted average lease term to expiry (WALE) of the Trust to 9 years and enhanced the potential for growth in distributions. Charter Hall Group also successfully expanded its diverse sources of equity, providing wholesale, retail and high net worth clients with access to new products. Together, these steps provide a robust platform for future performance.

With the \$300 million close of the Charter Hall Opportunity Fund No. 5 (CHOF5) in June 2007, the Group achieved a record equity raising for an Australian opportunity fund. A further \$350 million was raised by the Core Plus Industrial Fund (CPIF), taking total Core Plus equity commitments to \$975 million in 12 months.

The Core Plus Office Fund (CPOF) achieved an inaugural gross IRR of 19% with excellent asset diversity, geographic spread and a high-calibre tenant covenant profile. Major tenants with 10, 12, 15 and 20 year leases within the Core Plus funds include American Express, BHP Billiton, Coles Group, Myer Group, St. George Bank, Toll Holdings, Bunnings and Telstra.

Due to the success of CPOF, CPIF and demand from wholesale clients, Charter Hall also launched the Core Plus Retail Fund (CPRF).

This retail fund is targeting \$350 million in equity with an asset capacity of \$700 million. The seed portfolio assembled by the Group includes tenants such as Woolworths over 20 years, Bunnings over 12 years, Harvey Norman over 12 years and various national brand tenancies providing a WALE of 9 years.

Our opportunistic funds successfully completed several projects and acquired 3 new projects, with a total value on completion exceeding \$900 million. The range of projects is diverse, with 2 Brisbane CBD office developments, a Perth CBD office project, a bulky goods retail project on Sydney's North Shore and a New Zealand bulky goods retail project. The success of Charter Hall Opportunity Fund No. 4 (CHOF4), with projected returns on equity in excess of 30% per annum, laid the foundation for the successful equity raising for CHOF5.

The Group's goals for the 2007/8 financial year include completing the CPRF equity raising, expanding the existing unlisted Core Plus and opportunistic funds, and using increased debt capacity, post the CPRF equity raising, to secure further assets for new fund initiatives.

Due to the continued expansion of funds under management, diversified development activities and new business locations, we are confident Charter Hall will further capitalise on its growth prospects.

We would like to take this opportunity to thank everyone in the Charter Hall team, our valued tenants and investor partners for their role in assisting the Group prosper over the 2006/7 Year. We are excited about the potential for the Group to continue to outperform having now established a significant platform for further growth.



David Harrison
Joint Managing Director
Charter Hall Limited



David Southon
Joint Managing Director
Charter Hall Limited

CHARTER HALL GROUP

“The Charter Hall Group is one of Australia’s best performing fund managers and property developers.”

Established in 1991 and listed on the ASX in 2005 as a stapled security, Charter Hall Group (CHC) comprises Charter Hall Limited and Charter Hall Property Trust. Over the past 16 years, it has continued to build on its competitive position and expand its platform for growth. Today the Group has funds under management of more than \$2.8 billion and a market capitalisation of over \$1.2 billion.

Charter Hall’s success has been underpinned by its innovative and highly experienced management team, which has enabled the Group to source, develop and effectively manage its funds and development portfolios. Charter Hall has earned a strong reputation for innovation and high performance in property investment and managing external equity.

The Charter Hall Group believes that in order to outperform its peers it must manage its portfolios more actively, continue to source acquisitions off-market through its strong relationships with development companies and large corporations across the country, and leverage off its depth of experience in implementing innovative property transactions and projects to enhance returns for investors.

FUNDS MANAGEMENT

The Funds Management Division structures and manages investment and opportunity funds and the assets of Charter Hall Property Trust. The investment product suite spans a broad risk/return spectrum and has a reputation for innovation and performance in managing external equity.

The Group’s balance sheet capacity underpins funds management activities. In addition, Charter Hall has access to wholesale, high-net-worth and retail investors through its unlisted funds. Enjoying strong investor relationships, the Group’s funds have historically delivered attractive returns. In turn, a large proportion of investors re-invest.

One of the Group’s strengths is its proven ability to source cross-sector, geographically diverse and off-market deals. Deep industry relationships with vendors, agents and strategic partners are leveraged to identify acquisition opportunities, resulting in consistent strong returns and growth in assets under management.

PROPERTY DEVELOPMENT

On behalf of its managed funds, the development division has developed, or is in the process of developing more than 20 projects with an estimated completion value in excess of \$2 billion.

With skills and a proven track record in developing large-scale, institutional-grade development projects, a number of completed projects have been acquired by listed or wholesale property investment groups. Several of these developments have received numerous awards.

PROPERTY INVESTMENT BANKING

The Property Investment Banking Division focuses on providing the financial structuring and strategic property advice including acquisitions and divestment strategies, transaction structuring, investment product structuring, portfolio optimisation and financing.

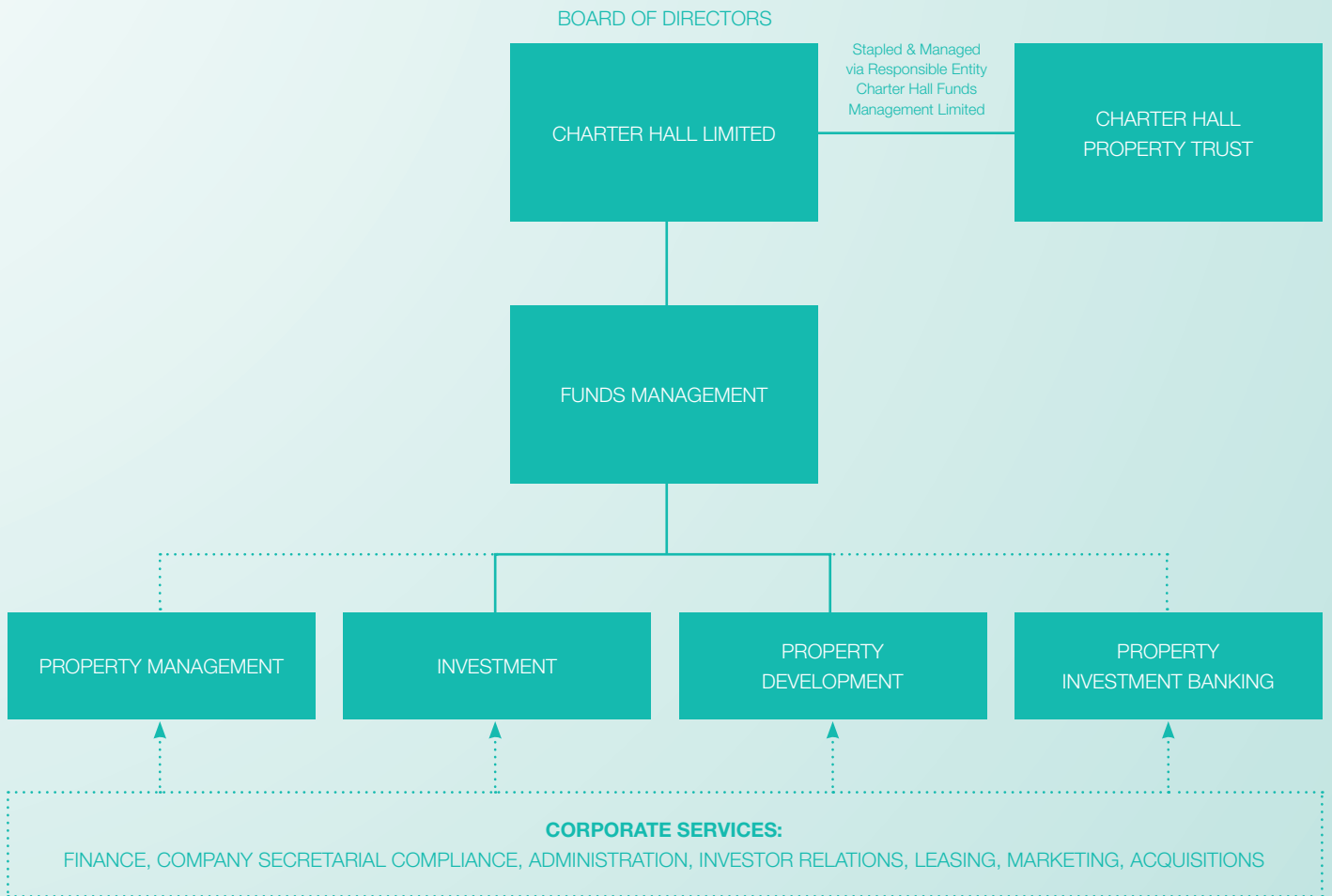
Using the extensive in-house expertise, the Property Investment Banking Division has assisted external clients balance sheet capital committed to property into their core business activities or realise profit on asset divestment.

PROPERTY MANAGEMENT

The Property Management Division provides a range of property management services across the commercial, industrial sectors, for assets held by Charter Hall funds as well as selected external clients. Services include market analysis, risk management, occupancy maximisation, environmental and engineering management and information management.

CHARTER HALL GROUP

CORPORATE STRUCTURE



CHARTER HALL GROUP

“Charter Hall believes that in order to outperform its peers it must manage its portfolios more actively.”

Charter Hall's strength lies in the diversity of its activities, combining fund management across the risk spectrum with property development and management. Since its inception, the Group has achieved a solid track record across its activities, underpinned by a highly skilled, incentivised and motivated management team with diverse expertise across property sectors and risk-return profiles. Charter Hall's track record is reflected in:

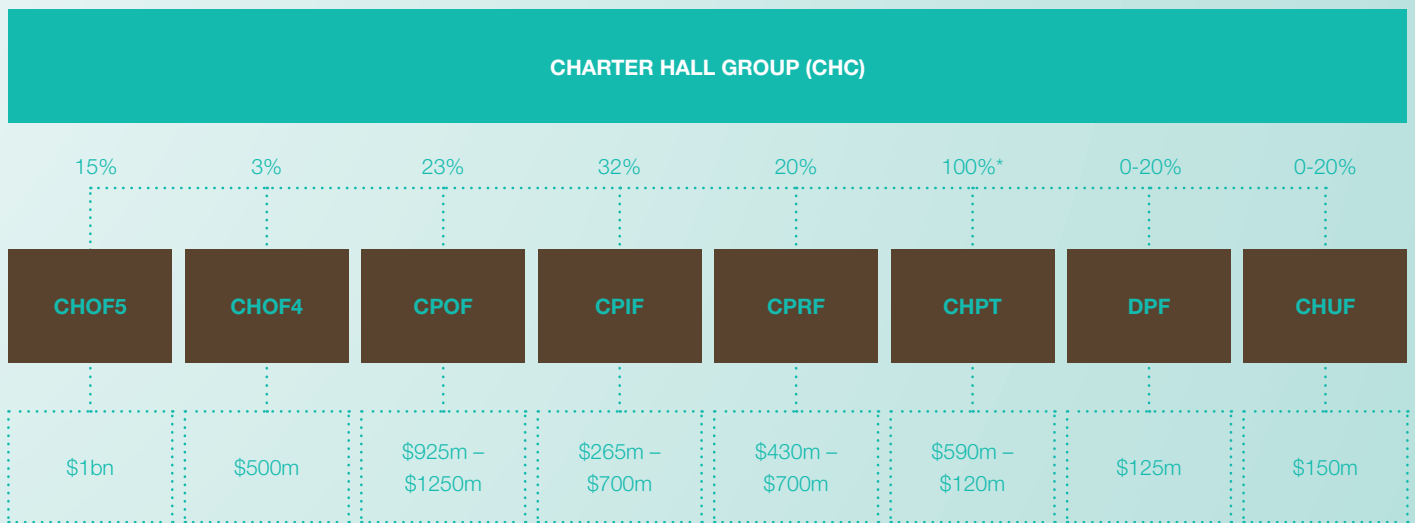
- its funds management activities across the risk-return spectrum;
- very significant co-investments in all of its unlisted property funds;
- deal sourcing of investment opportunities predominantly off-market;
- its historical strong track-record of performance; and
- its highly regarded property funds management team, which currently manages the largest series of opportunistic and core plus property funds in Australia.

The Group's 16-year history of managing investor capital comprises seven wholesale and six retail unlisted property funds. The Group's reputation of strong performance and corporate governance has attracted investment by many of the largest Australian Superannuation Funds in addition to investment master trusts and offshore investment institutions. Charter Hall will continue to build on its successful business model while expanding its reach nationally across Australia and more recently into New Zealand.

CHARTER HALL GROUP

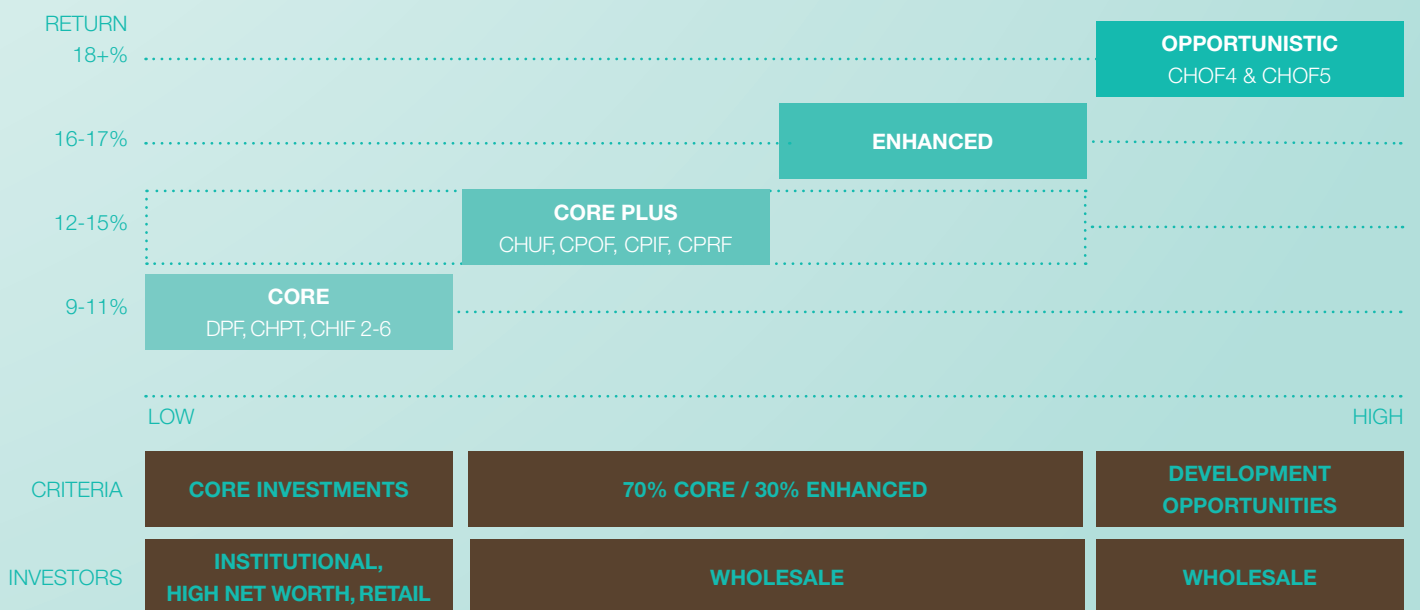
CO-INVESTMENT PHILOSOPHY

The Charter Hall Group strongly believes in aligning its interests with those of its investors. This is achieved by targeting an initial 20% co-investment in each of its unlisted property funds.



* Co-Investment percentage represents target co-investment level. CHPT refers to the Group's direct property portfolio. Actual levels of co-investment may change over time.

INVESTMENT PRODUCT SPECTRUM



CHARTER HALL GROUP

GEOGRAPHICAL DIVERSITY OF ASSETS

- Charter Hall Offices
- Charter Hall Property

19%

WESTERN AUSTRALIA
9 properties

PERTH



1%

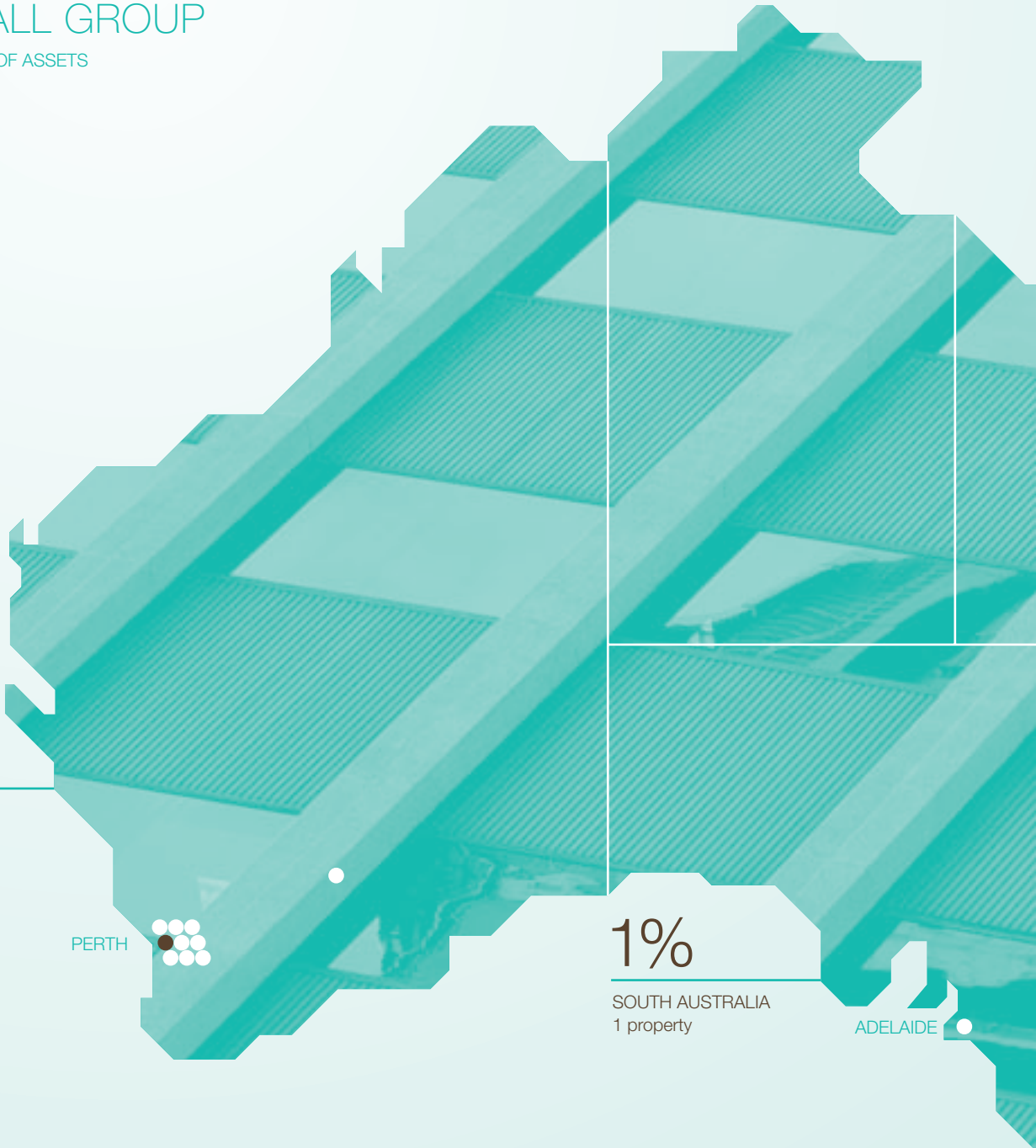
SOUTH AUSTRALIA
1 property

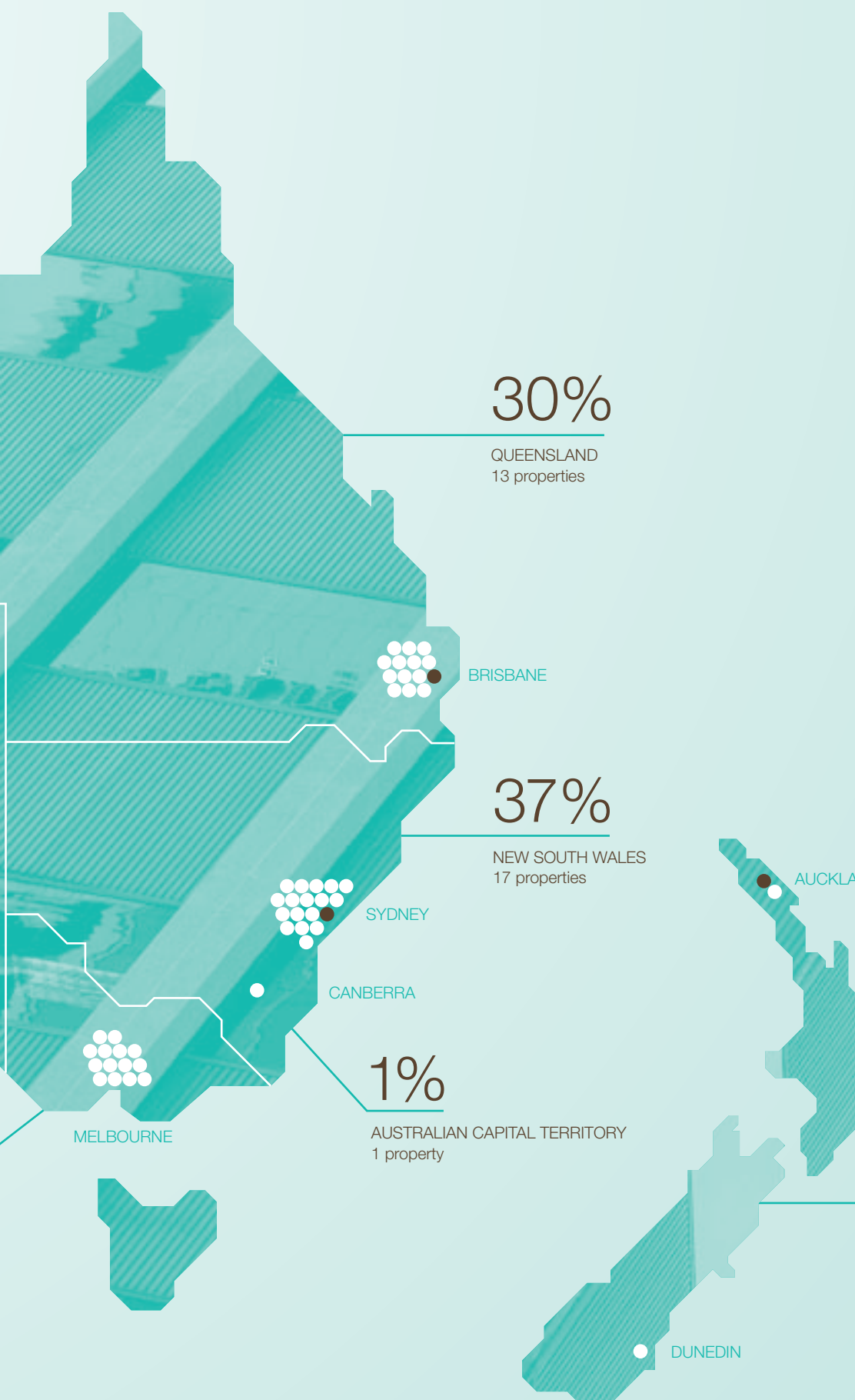
ADELAIDE



11%

VICTORIA
14 properties





30%

QUEENSLAND
13 properties

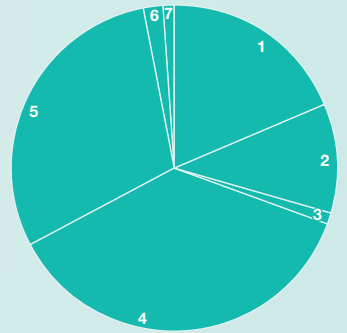
37%

NEW SOUTH WALES
17 properties

1%

AUSTRALIAN CAPITAL TERRITORY
1 property

PERCENTAGE OF PORTFOLIO BY REGION



1. Western Australia	19%
2. Victoria	11%
3. South Australia	1%
4. New South Wales	37%
5. Queensland	30%
6. New Zealand	2%
7. Australian Capital Territory	1%

TOP TENANTS INCLUDE:

- Telstra
- Coles Myer
- St George Bank
- Bunnings
- American Express
- Harvey Norman
- Central Qld University
- Parsons Brinkerhoff
- Foodtown
- Hatch
- BHP Billiton
- Gresham Partners
- Woolworths



VIEW FROM 167 MACQUARIE STREET, SYDNEY, NSW

CHARTER HALL GROUP

GROWTH IN ASSETS UNDER MANAGEMENT

Charter Hall Group has historically demonstrated its deal sourcing capabilities by executing 53 transactions totalling \$2.6 billion completed in the FY05–FY07 period (80% off-market) across property sectors in most Australian states. Its integrated business model, industry relationships, proven track record of successful joint venture relationships and an experienced acquisition team promote greater market penetration and off-market deal flow.



□ CPOF, CPIF, CHOF & CPRF* Remaining Acquisition Capacity

■ Opportunistic Assets (completion value)

■ Core and Core Plus Assets

* Subject to capital raised for CPRF





CHARTER HALL PROPERTY TRUST UPDATE

Charter Hall's \$600 million property portfolio consists of interests in properties diversified across the office, retail, bulky goods retail and industrial sectors.



56 ANZAC STREET, CHULLORA, NSW

CHARTER HALL PROPERTY TRUST

FUND UPDATE

CHARTER HALL PROPERTY TRUST UPDATE

Charter Hall Property Trust's \$600 million property portfolio consists of interests in properties diversified across the office, retail, bulky goods retail and industrial sectors. The Trust comprises 17 investment grade properties located across Australia and New Zealand and co-investment stakes in the Core Plus Office Fund (CPOF), the Core Plus Industrial Fund (CPIF) and the Diversified Property Fund (DPF).

Total net property income of 26.3 million was generated in the 12 months to 30 June 2007.

INVESTMENT STRATEGY

The Trust's strategy is to invest in a diversified portfolio of properties through Charter Hall's various managed funds and acquire properties appropriate to seed future unlisted funds to be managed by the Group. Assets and investments are selected for the Trust that are forecast to provide stable and growing investment income and capital growth. The opportunity to add value through active asset management increases potential returns.

Geographically, the preference is to acquire properties in the major markets of Australia and more recently New Zealand. However, emerging sectors within that market may also be considered for investment purposes.

PORTFOLIO UPDATE

Over the past financial year the Trust has acquired a number of retail properties, which in addition to the existing retail assets held by the Trust, will seed the Core Plus Retail Fund (CPRF). Assets acquired include:

BUNNINGS PORTFOLIO (AUSTRALIA WIDE)

The Trust acquired 2 Bunnings properties in late 2006 and settled on a further 6 properties in July 2007. All properties have been constructed recently and leased to Bunnings Group Ltd on long-term leases. Each property is in close proximity to established shopping centres and has strong exposure to major road and transport networks, enjoying high visibility from passing traffic. They provide solid long-term capital growth and future re-development opportunities.

BLUEWATER PLAZA, REDCLIFFE, BRISBANE, QLD

Currently under development, the Redcliffe Neighbourhood Shopping Centre has been acquired on a forward funding basis, with the Trust (and subsequently CPRF) receiving a coupon rate of 7.5% per annum on all development costs to completion. Woolworths has committed to a 20 year lease. The property has been acquired off-market and is expected to be completed in late 2008, with an estimated value on completion of \$67 million.

NEW ZEALAND

In early 2007, Charter Hall initiated its New Zealand property portfolio with the acquisition of 2 assets off-market in Auckland and Dunedin for a total value of \$43 million. The Auckland asset is a retail flagship supermarket located in the Auckland CBD and leased for an initial term of 15 years to General Distributors Ltd, trading as Foodtown.

The second acquisition is of a prominent bulky goods retail outlet located in Dunedin, with the majority of the centre leased to Harvey Norman. The property enjoys a high profile landmark corner location on the periphery of the CBD and represents a strategic acquisition in the tightly held Dunedin property market.

“12 retail assets acquired over the year with a total value of \$300 million, brings total retail assets to \$480 million.”

CHARTER HALL PROPERTY TRUST

FUND UPDATE

HOME HQ, NUNAWADING, MELBOURNE, VIC

The centre opened in late 2006, anchored by the Good Guys, Nick Scali and JB Hi Fi, with subsequent commitments to Provincial Living, Double One, Double One Platinum, Sleepy's, Godfrey's and Workout World.

MENAI, SYDNEY, NSW

There has been a re-mixing of the Centre following favourable amendments to the Local Environment Plan. New tenants include a large format fruit and vegetable retailer.

MENTONE SHOWROOMS, MENTONE, VIC

On the acquisition of the Centre, a lease was entered into with A-Mart Sports. This resulted in a fully let centre with other tenants including Subaru, Ray's Tent City, Retravision and Super Cheap Auto.

570 BOURKE STREET, MELBOURNE, VIC

Lease renewals across two levels and a new four-year lease to the Victorian Government on the whole of level 20 has seen 570 Bourke Street enjoy full occupancy throughout the reporting year. With the next expiry not due until the end of May 2008, 570 Bourke Street is set to deliver strong income returns in 2008 and well positioned to take advantage of rental growth within the Melbourne market.

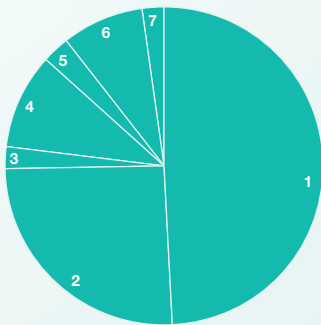
SUMMARY OF THE TRUST'S OTHER INTERESTS

Charter Hall Property Trust has expanded its diversification through substantial investments in Charter Hall managed funds including CPOF (\$80 million), CPIF (\$42 million), CHOF5 and CHOF4 (\$4 million) and DPF (\$5 million). It is intended that the Trust will retain a stake of at least 20% in CPRF at financial close. Until CPRF raises external equity the retail assets are directly owned by CHPT or its subsidiaries. It is anticipated that the Trust will also hold stakes in other products launched by the Group.

CHARTER HALL PROPERTY TRUST

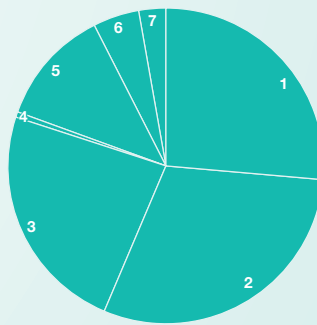
PORTFOLIO METRICS

ASSET DIVERSIFICATION BY VALUE



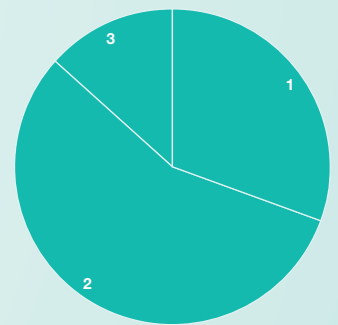
1. CPRF	49.4%
2. CPOF	25.4%
3. DPF	2.3%
4. CPIF	9.6%
5. Kent St, NSW	3.0%
6. Bourke St, VIC	8.1%
7. Chullora, NSW	2.2%

GEOGRAPHIC DIVERSIFICATION BY VALUE



1. New South Wales	26.6%
2. Victoria	29.8%
3. Queensland	23.7%
4. South Australia	0.5%
5. Western Australia	12.0%
6. New Zealand	4.7%
7. Australian Capital Territory	2.7%

SECTOR WEIGHTING BY NET INCOME

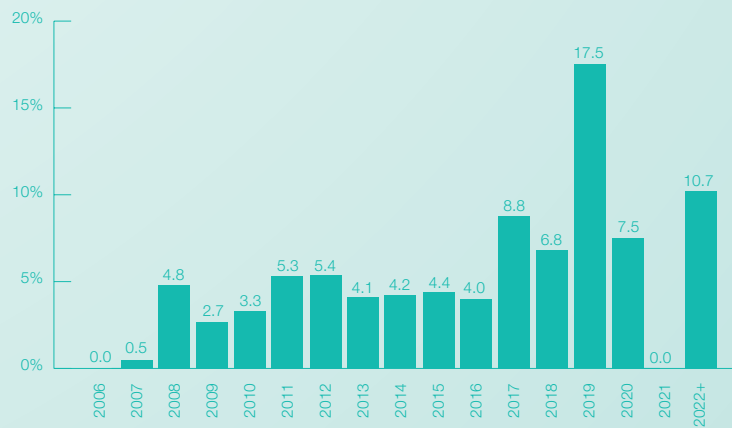


1. Office	29.9%
2. Retail/Bulky Goods	54.3%
3. Industrial	12.8%

WEIGHTED AVERAGE LEASE EXPIRIES BY NET INCOME



ANNUAL LEASE EXPIRIES BY NET INCOME





INVESTMENT FUNDS UPDATE

Charter Hall's Core Plus Office Fund is the largest of the Core Plus series of wholesale funds. It achieved a strong inaugural financial year with a gross equity IRR of 19.1%.



ONE30 STIRLING STREET, PERTH, WA

CORE PLUS OFFICE FUND

FUND UPDATE

CORE PLUS OFFICE FUND

Charter Hall's Core Plus Office Fund (CPOF) is the largest of the Core Plus series of wholesale funds. Launched in December 2005, the Fund achieved its target equity commitment of \$500 million and was officially closed in July 2006. In line with the Group's co-investment strategy, Charter Hall Property Trust has taken an initial \$115 million stake and will maintain its initial 20% commitment to the fund.

PERFORMANCE HIGHLIGHTS

- CPOF has achieved a strong inaugural result for the year to 30 June 2007, delivering a gross equity Internal Rate of Return (IRR) of 19.1% pa.
- Revaluation of the Fund's assets at Kogarah, 333 George Street in Sydney and 225 St Georges Terrace in Perth resulted in a net uplift of \$28 million. This resulted in a 9.66 cent increase to the unit price at 30 June 2007, which closed at \$1.0966.
- Charter Hall committed 75% of the initial \$500 million CPOF equity commitment, investing in 11 high quality assets diversified throughout the Sydney, Brisbane, Adelaide and Perth office markets.
- Management provided an opportunity for Unit Holders to increase their respective commitments to the Fund by 25% in March 2006, which resulted in committed equity to the Fund rising from \$500 million to \$625 million. This provides for \$1.25 billion in gross asset value capacity.

INVESTMENT STRATEGY

CPOF targets the office property sector in the major capital city and fringe markets by incorporating a mix of core and enhanced investment grade assets, and holding those assets in the medium to long term. On a fully invested basis, the Fund is expected to hold approximately 70% in stabilised core assets and 30% in enhanced, value-add property assets. In doing so CPOF aims to achieve total returns in excess of 12% pa, in which case the Charter Hall Group will be entitled to earn performance fees. Fund management fees are payable applied to gross assets of CPOF.

“Committed equity in CPOF rose from \$500 million to \$625 million; providing \$1.25 billion in gross asset value capacity.”

CORE PLUS OFFICE FUND

FUND UPDATE

PORTFOLIO UPDATE

50 UNION STREET, PYRMONT, NSW

Located in Pyrmont on the western fringe of the Sydney CBD, Atrium is a newly completed 19,800m² A-Grade office tower and retail arcade. Atrium's office tower is 100% leased to American Express, while the retail area is anchored by a Coles supermarket.

333 GEORGE STREET, SYDNEY, NSW

Prominently located at the western end of Martin Place in Sydney's CBD, the property comprises a 15-level commercial office tower built in 1971 which was substantially refurbished in 2003/4 at a cost of approximately \$11 million.

In January 2007, CPOF acquired the adjoining property at 331 George Street. This strategic acquisition is part of a medium-term plan to capitalise on the prime location of this asset which would see the building completely redeveloped as a high quality A-grade office building with premium retail facilities along the George Street frontage.

126 STIRLING STREET, PERTH, WA

The property is located approximately 800m from Perth's GPO, in an area which is attracting major office users as it offers a high amenity, affordable alternative to Perth's CBD, while having excellent access to all modes of transport.

ONE30 STIRLING STREET, PERTH, WA

Located approximately 800m from Perth's CBD, this site was secured for \$5 million as part of the acquisition of the adjacent 'Hatch' office building in Stirling Street. This property is being developed within the mandate of CPOF and the architects, Woods Bagot, have designed the building to achieve a 4.5 Star Australian Building Greenhouse Rating (ABGR) and Green Building Council of Australia (GBCA) 4 star Green Star Rating. Works will commence in September 2007 and building completion is scheduled for mid-2009.

ST. GEORGE BANK HQ, KOGARAH, NSW

Fully leased to St. George Bank until 2020, the property is well positioned along the south/southwest rail network, providing the bank with an excellent ability to tap into the large southern Sydney workforce, which generally has limited alternative major local office employment options.

BANK SA HQ (ST. GEORGE BANK), SA

Fully leased to St. George Bank until 2020, the property comprises a basement vault, ground and mezzanine level banking branch, and an office building over 8 upper levels. The building also includes a gymnasium and squash courts which are located on the roof area. The total NLA for the building is 15,115m², which incorporates the banking branch area of 3,555m².

225 ST GEORGES TERRACE, PERTH, WA

The property is located on St Georges Terrace, the primary office address within the Perth CBD and is situated opposite the Woodside building and diagonally opposite QV1, 2 of the most prestigious buildings in Perth. CPOF acquired this property via an off-market negotiation with Wyllie Group in December 2006. In the period to 30 June 2007, strong market rental growth and moderate firming of the capitalisation rate has delivered strong capital returns of approximately 21%.

275 GEORGE STREET, BRISBANE, QLD

CPOF acquired 275 George Street Brisbane at an early stage of its development, following its pre-commitment to Telstra on a 10 year lease. This significantly enhanced returns to CPOF through a combination of savings on initial acquisitions costs and development profit which is expected to provide significant returns on capital invested through to completion.

Designed by award winning architectural firm Crone Partners, 275 George Street will be a state of the art energy efficient office tower accommodating approximately 40,000m² of modern office space and 1,600m² of retail. Construction commenced in March 2007, with completion expected mid-2009.

NORTHBANK PLAZA, BRISBANE, QLD

The building comprises 26,736m² of contiguous office space, with floor plates of 1,180–1,250m². The majority of floors feature expansive river, mountain and CBD views and the entire building is currently being comprehensively refurbished and repositioned with A-grade services, with completion scheduled for July 2008.

167 MACQUARIE ST, SYDNEY, NSW

Located in the prestigious financial core of Sydney's CBD, Macquarie House is a recently refurbished A-grade office tower offering spectacular views across the Royal Botanic Gardens and Sydney Harbour. The building spans 19 levels with a total net lettable area of 9,734m², consisting of 2 ground level retail tenancies.

34 HUNTER ST, SYDNEY, NSW

34 Hunter Street is ideally positioned on an island site with frontages to Pitt, Hunter, Curtin and Hamilton Streets in the heart of Sydney's financial core precinct. It is positioned 200 metres north of the GPO and a further 100 metres north from Australia's premier retail strip – Pitt Street Mall. The site is centrally located on the Circular Quay to Pitt Street Mall "Ant Track".



ONE30 STIRLING STREET, PERTH, WA · ST. GEORGE BANK, KOGARAH, NSW · ATRIUM, 50 UNION STREET, SYDNEY, NSW
 333 GEORGE STREET, SYDNEY, NSW · 275 GEORGE STREET, BRISBANE, QLD · 225 ST GEORGES TERRACE, PERTH, WA
 34 HUNTER STREET, SYDNEY, NSW · 126 STIRLING STREET, PERTH, WA · VIEW FROM 167 MACQUARIE STREET, SYDNEY, NSW

“CPOF aims to achieve total returns in excess of 12% pa.”

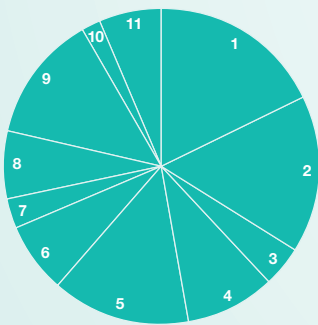


167 MACQUARIE STREET, SYDNEY, NSW

CORE PLUS OFFICE FUND

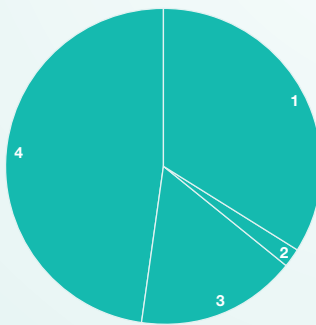
PORTFOLIO METRICS

ASSET DIVERSIFICATION BY VALUE



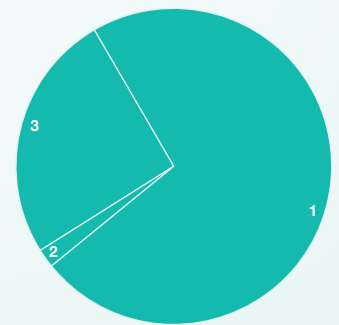
1. Northbank Plaza, QLD	17.9%
2. 275 George St, QLD	16.0%
3. 34 Hunter St, NSW	4.2%
4. 167 Macquarie St, NSW	9.3%
5. Atrium, NSW	14.2%
6. 333 George St, NSW	7.1%
7. ONE30 Stirling St, WA	3.2%
8. Stirling St, Stage 2, WA	6.9%
9. Kogarah, NSW	12.9%
10. Adelaide, SA	2.0%
11. St Georges Tce, WA	6.3%

GEOGRAPHIC DIVERSIFICATION BY ACQUISITION PRICE



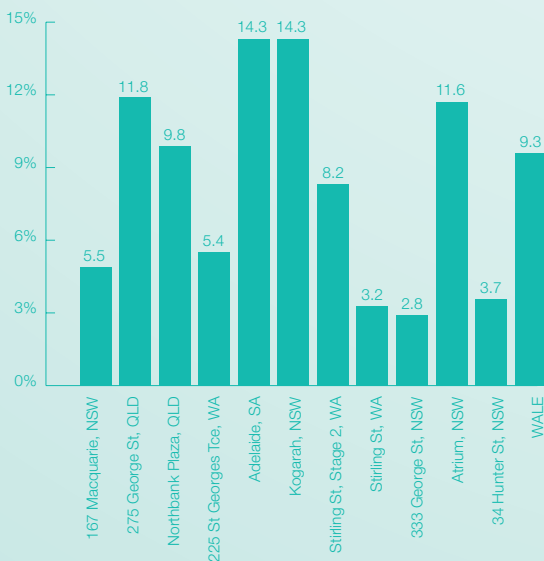
1. Queensland	33.9%
2. South Australia	2.0%
3. Western Australia	16.5%
4. New South Wales	47.6%

TENANT TYPE BY NET INCOME

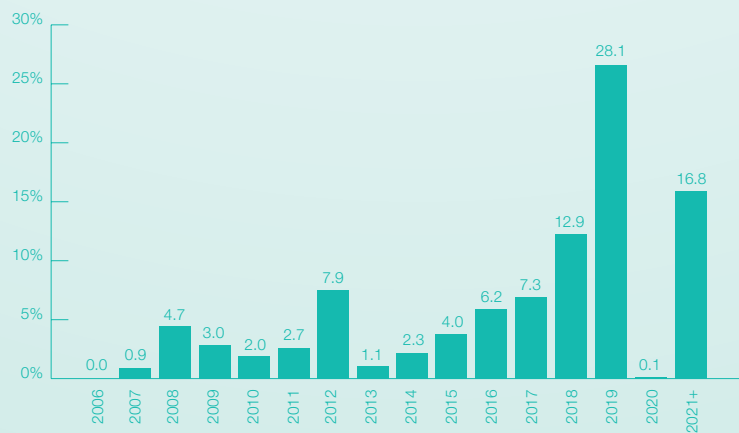


1. National, International & Retail Chain	71.3%
2. Gov't & Gov't Related	1.9%
3. Other	25.1%

WEIGHTED AVERAGE LEASE EXPIRIES BY INCOME



ANNUAL LEASE EXPIRIES BY NET INCOME



CORE PLUS INDUSTRIAL FUND

FUND UPDATE

Earlier this year Charter Hall announced the establishment of the Core Plus Industrial Fund (CPIF) with \$350 million in equity commitments. This was seen as a significant raising and was sourced from a mix of institutional investors from Australia, Singapore and Germany.

The Fund currently consists of eight properties throughout Australia and has 40% of committed equity allocated for the acquisition of 6 high quality core investment assets and 2 enhanced site opportunities in the Melbourne, Brisbane and Perth industrial markets.

A key feature of the Fund is the 70%/30% spread between 'core/stabilised' assets and 'enhanced' assets. This feature provides the opportunity for the CPIF to target a broader spectrum of assets than if it existed as a one dimensional 'core only' or 'enhanced only' fund. Acting as a blend of core and enhanced assets allows for even greater market penetration and provides a catalyst for outperformance.

PERFORMANCE HIGHLIGHTS

- Completed the first close of its capital raising.
- Increased assets (on a completed basis) from \$155 million to \$248 million, which has further increased to \$268 million including the July acquisition of Richlands, Brisbane.
- Secured a 14,400m² (\$23 million) expansion of the Coles Regional Distribution Centre in Perth, taking the total area to 87,000m² and making it one of the largest industrial buildings in the country.
- Reached Practical Completion for the two buildings at Melbourne Airport Business Park and secured Primus as the tenant for the third warehouse tenancy upon completion of the building.
- Reached Practical Completion on the 6,500m² Toll logistics facility at Brisbane Airport Business Park.
- Acquired a 3.2 hectare development site in Pinkenba (Brisbane) and entered into a joint venture with Commercial & Industrial Property Pty Ltd to develop an 18,000m² distribution centre.
- Acquired a \$32 million Distribution Centre leased to Myer, Woolworths and national logistics firm, SCT in Kewdale, (Perth).
- Acquired the property adjoining CPIF's existing holding at 160 Robinson Road, Geebung, creating a \$26 million Business Park comprising 5 buildings and a strong tenancy profile.
- Contracted to acquire a 2.3 hectare development site in Richlands, Brisbane and entered into a joint venture with Commercial & Industrial Property Ltd to develop a circa 13,500m² (\$20 million) distribution facility.

INVESTMENT STRATEGY

CPIF's strategy is to focus predominantly on industrial/logistics sectors in major capital city markets of Australia and to source a mix of core and enhanced investment grade property assets.

On a fully invested basis, the Fund is targeting a weighted average lease expiry (WALE) of between 7–10 years and a target 10-year equity IRR of 11% net of fees. The CPIF team will work diligently to enhance the Fund's portfolio through the introduction of newly developed product and accretive acquisitions.

“A blend of core and enhanced assets allows for even greater market penetration and provides a catalyst for outperformance.”



COLES GROUP LTD REGIONAL DISTRIBUTION CENTRE, HORRIE MILLER DRIVE, PERTH AIRPORT WA

CORE PLUS INDUSTRIAL FUND

FUND UPDATE

PORTFOLIO UPDATE

Coles Group Regional Distribution Centre, Horrie Miller Drive, Perth Airport WA. Strategically situated close to Perth Airport, the 25-hectare site was acquired with an agreement for an 87,000m² purpose built facility to be developed by Commercial & Industrial Property Pty Ltd and Australand, with a target completion date of May 2008 and an on-completion value of \$178 million. Coles has committed to lease the property for an initial term of 20 years, with five further terms each of five years.

123 KEWDALE ROAD, KEWDALE, PERTH WA
123 Kewdale Road was secured off market for \$31.8 million in March 2007. Kewdale is one of Perth's premier industrial precincts, situated 8 kilometres north east of Perth CBD and adjoins the Kewdale freight terminal, a proven transport and distribution location. The 4.5 hectare site contains a former Woolworth's distribution centre, comprising approximately 2,013m² of office and 27,942m² of warehouse space. The property is anchored by a 12-year lease to Myer, in addition to leases to Woolworths and national logistics firm SCT.

7 VIOLA PLACE, BRISBANE AIRPORT BUSINESS PARK, QLD

7 Viola Place is a newly completed industrial building comprising 6,549m² of office and warehouse space located within the newly developed Brisbane Airport Business Park. The property was secured for \$9.5 million. Viola Place is also set to benefit from future upgrades to the surrounding road network. The property is leased to Toll Holdings for an initial term of 10 years.

140-150 ROBINSON ROAD, GEEBUNG, QLD

140-150 Robinson Road was secured for \$18.3 million and comprises a site of 2.75 hectares within the core industrial precinct of Geebung. Geebung is located within close proximity to the airport and Gateway Motorway. The major tenant is TJM Products and they represent approximately 66% of the current net income. TJM have 7.25 years remaining on the lease. The acquisition of this property creates a \$26 million business park as it adjoins the 160 Robinson Road property acquired in 2006.

160 ROBINSON ROAD, GEEBUNG, QLD

The property comprises a 10,380m² site improved with a newly constructed purpose built industrial building, providing two levels of office/showroom accommodation totalling 703m² and warehouse accommodation of 3,693m², completed in December 2006.

The property is leased to Protector Alsaf Pty Limited (a subsidiary of Wesfarmers) for 10 years.

55-65 SKY ROAD AND 130-138 LINK ROAD, MELBOURNE AIRPORT BUSINESS PARK, VIC

The property comprises two industrial facilities each located within the Melbourne Airport Business Park which is located to the southern confines of Tullamarine Airport. The first building facility was pre-committed to Kathmandu on a 10-year lease. The second was pre-committed to Caterpillar Logistics (CAT) for a five year term.

200 HOLT STREET, PINKENBA, BRISBANE, QLD

The property comprises a 31,380m² site, an existing office building (2,062m²), and it is proposed to construct new industrial buildings, providing a total GLA of circa 18,000m². The project will be delivered under a Development Agreement with Commercial & Industrial Property Pty Ltd. The property represents one of the last remaining large scale freehold industrial development sites in the precinct and provides for drive around access from dual entry/exit ports.

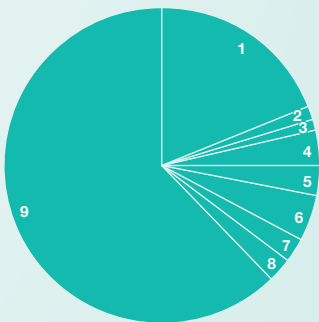
772 BOUNDARY ROAD, RICHLANDS, BRISBANE, QLD

The property comprises a 23,050m² development site, and it is proposed to construct a new industrial building, providing circa 500m² of office and a 12,312m² distribution style warehouse, to meet the needs of the current strong demand by corporate industrial users in this location. The Richlands industrial precinct is one of Brisbane's traditional and sought after south western industrial precincts which is benefiting from Queensland's strong economy and infrastructure upgrades. The project will be delivered under a development agreement with Commercial & Industrial Property Pty Ltd, which will provide CPIF with a funding return of 15% on equity, until a pre-commitment is secured.

CORE PLUS INDUSTRIAL FUND

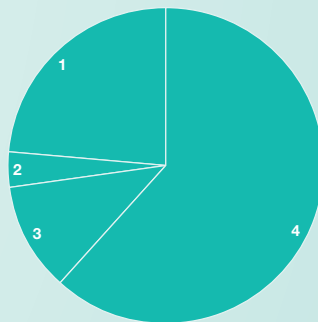
PORTFOLIO METRICS

ASSET DIVERSIFICATION
BY ACQUISITION PRICE



Coles, WA	19.0%
Toll, QLD	1.4%
Geebung, QLD	1.1%
Tullamarine, VIC	3.5%
Pinkenba, QLD	3.3%
Kewdale, WA	4.5%
Robinson Rd, QLD	2.6%
Richlands, QLD	2.6%
Future	61.9%

GEOGRAPHIC DIVERSIFICATION
BY ACQUISITION PRICE



1. Western Australia	23.6%
2. Victoria	3.5%
3. Queensland	11.3%
4. Future	61.6%

WEIGHTED AVERAGE LEASE EXPIRIES
BY NET INCOME





181 ST GEORGE'S TERRACE, PERTH, WA

DIVERSIFIED PROPERTY FUND

FUND UPDATE

The Diversified Property Fund (DPF) is an unlisted, open-ended fund with a broad investment mandate. Since its launch in September 2005, DPF has acquired 11 properties across 4 states with a total value of approximately \$125 million, with approximately \$70 million acquired in financial year 2007.

Additional acquisitions throughout the year have maintained the high quality status of the portfolio. DPF has 94% of its tenants being either government, national or international, and the Fund has one of the highest weighted average lease expiries in the industry at above 10 years.

PERFORMANCE HIGHLIGHTS:

- DPF provided an 8% distribution yield (8.25% for wholesale investors) in the 2006/7 financial year, and 100% of the income was tax deferred.
- DPF remains on track to deliver on its long-term objective to outperform a 10-year equity IRR of 10%.
- DPF is listed on the retail investment Wrap platforms offered by Macquarie (including the Macquarie Super wrap), BT Financial, MLC Masterkey and Avanteos. DPF also maintained its upper recommended product rating by Lonsec.

INVESTMENT STRATEGY

DPF's mandate is to acquire and actively manage quality investment properties across the office, retail and industrial sectors generally in the range of \$5 million to \$30 million across Australia.

“DPF remains on track to deliver on its long-term objective to outperform a 10-year equity IRR of 10%.”

DIVERSIFIED PROPERTY FUND

PORTFOLIO UPDATE

**COLES MYER DISTRIBUTION CENTRE,
HORRIE HILLER DRIVE, PERTH AIRPORT, WA**
Acquired in August 2006 for approximately \$178 million, DPF owns a 25% interest (approximately \$44.4 million) in an industrial leasehold property to accommodate a new Coles Myer distribution centre adjacent to Perth Airport comprising an area of 87,242m². This is a significant anchor property and tenant for DPF and the anticipated completion date is mid-2008. Coles Myer has taken a 20 year lease from completion plus 5, 5-year option periods.

**65 SOUTH CENTRE ROAD & 1-15 JETS
COURT, TULLAMARINE, VIC**
Acquired in April 2007 for approximately \$10.65 million, DPF owns a portfolio of 3 industrial leasehold investments in the new Melbourne Airport Business Park, with a total combined area of 10,462m². The properties comprise a stand alone office/warehouse building leased to Bax Global, and a separate facility comprising 2 adjoining office/warehouse properties, leased to Jets Transport and Gibson Freight.

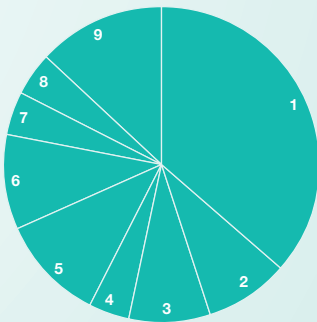
98-100 GLOVER STREET, CREMORNE, NSW
Acquired in May 2007 for \$10.45 million, DPF owns a boutique 3 level office building on the Lower North Shore of Sydney. The building is leased to EMI Music Australia as their Australian head office, and they have occupied the building for approximately 20 years.

**615-619 MAROONDAH HIGHWAY,
MITCHAM, VIC**
Acquired in June 2007 for \$5.1 million, DPF owns a prominent single tenanted retail showroom with off street parking along one of Melbourne's most established showroom/bulky goods locations.

DIVERSIFIED PROPERTY FUND

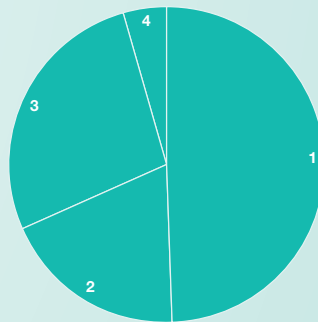
PORTFOLIO METRICS

ASSET DIVERSIFICATION
BY VALUE



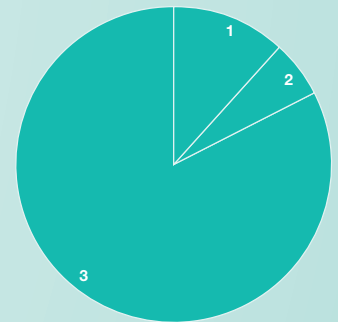
1. Perth Airport, WA	36.6%
2. Tullamarine, VIC	8.6%
3. Cremorne, NSW	8.4%
4. Mitcham, VIC	4.1%
5. Kent Street, NSW	10.7%
6. Corio, VIC	9.7%
7. St Pauls Tce, QLD	4.4%
8. Mulgrave, VIC	4.6%
9. St Georges Tce, WA	12.9%

GEOGRAPHIC DIVERSIFICATION
BY ACQUISITION PRICE



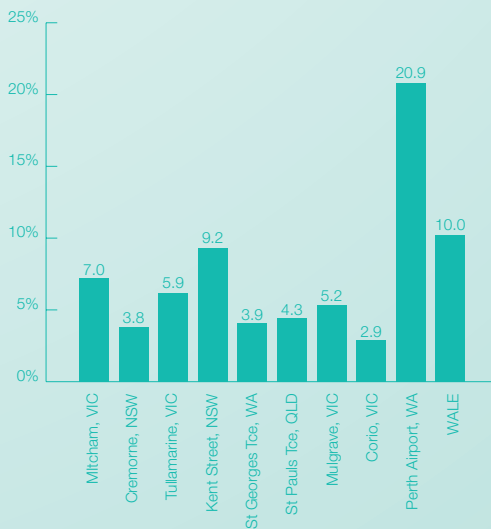
1. Western Australia	49.5%
2. New South Wales	19.1%
3. Victoria	27.0%
4. Queensland	4.4%

TENANT TYPE
BY NET INCOME



1. Government	11.9%
2. Other	5.7%
3. National & International	82.4%

WEIGHTED AVERAGE LEASE EXPIRIES
BY INCOME



CHARTER HALL INVESTMENT FUND 1 & 6

CHARTER HALL INVESTMENT FUND 1 (CHIF1)

CHIF1 was the first of six discrete Charter Hall investment funds and comprised a single tenanted industrial property at 8 Aquatic Drive, Frenchs Forest. This was acquired for \$3.2 million in 1996 and sold in early 2007 for \$6.3 million. The sale delivered investors an IRR on equity of approximately 24.8% before fund management and performance fees, or approximately 21.5% post fund management and performance fees, exceeding the original target IRR for the fund of 15%.

CHARTER HALL INVESTMENT FUND 6 (CHIF6)

Acquired in late 2004 for \$14.6 million, 436 Elgar Road, Box Hill, formed part of a three-property investment fund. It was sold in mid 2007 for \$18 million. During the relatively short period of ownership, this office building in suburban Melbourne delivered investors an IRR on equity of approximately 19%, exceeding the original target IRR for the fund of 11%.



400 KENT STREET, SYDNEY, NSW



BUNNINGS, KALGOORLIE, WA · HOME HQ, NUNAWADING, VIC · FOODTOWN, AUCKLAND, NZ
34 HUNTER STREET, SYDNEY, NSW · 400 KENT STREET, SYDNEY, NSW · 167 MACQUARIE STREET, SYDNEY, NSW
VIOLA PLACE, BRISBANE AIRPORT, QLD · COLES GROUP LTD REGIONAL DISTRIBUTION CENTRE, PERTH AIRPORT WA · 140 ROBINSON ROAD, GEEBUNG, QLD

CHARTER HALL UMBRELLA FUND

FUND UPDATE

Charter Hall has created a new managed fund called the Charter Hall Umbrella Fund (CHUF), to provide retail investors with a unique opportunity to invest across a suite of Charter Hall property funds, the assets of which include commercial properties in the office, industrial and retail markets.


The portfolio of Charter Hall funds that CHUF will invest in comprises more than 55 assets with a secure weighted average lease expiry profile. Charter Hall's nationwide tenant list includes American Express, BHP Billiton, Bunnings, Coles, St. George Bank, Harvey Norman, Telstra, Toll Holdings, Myer, Wesfarmers and Woolworths, demonstrating the diversity of the Fund's underlying cash flow.

KEY FEATURES OF THE FUND

- The Fund's portfolio will include investments in the Charter Hall Core Plus Industrial, Retail and Office Funds. It will also invest in the Charter Hall Opportunity Fund No.5, the Charter Hall Diversified Property Fund, unlisted property funds operated by third-party managers and a portfolio of LPTs through a mandate which will be actively managed by UBS Global Asset Management.
- A forecast net cash yield of 7.99% pa in FY08 and 8.09% pa for FY09 for initial investors that acquire Units without using the instalment option available.
- Quarterly distributions targeted to be tax deferred to 100% for FY08 and FY09 for Initial Investors.
- A Limited Liquidity Facility provided by Charter Hall Limited that gives Investors the opportunity to apply to sell Units to CHPT subject to certain conditions.
- The Offer is fully underwritten by NAB.

Historically over 90% of the capital raised and invested in Charter Hall's unlisted property funds has been sourced from the wholesale market, being large superannuation funds and institutional investors. The Charter Hall Umbrella Fund provides retail investors with an unprecedented opportunity to invest across Charter Hall's range of property funds, which own a variety of quality warehouses, logistics distribution centres, office towers, bulky good showrooms and neighbourhood shopping centres.





OPPORTUNITY FUNDS UPDATE

Charter Hall's Opportunity Fund 4 is currently 88% allocated with approximately \$20 million of equity remaining available for investment.

CHARTER HALL OPPORTUNITY FUND 4

FUND UPDATE

CHARTER HALL OPPORTUNITY FUND 4

CHOF4 is still in its investment and delivery phase and is on track to deliver the highest return of the Charter Hall series of opportunistic funds to date. The performance is underpinned by the result achieved on 420 George Street, Brisbane and major office developments in progress at Mounts Bay Road in Perth and Northbank Plaza and 275 George Street in Brisbane, in addition to a significant bulky goods development in Artarmon on Sydney's North Shore.

INVESTMENT STRATEGY

The ongoing CHOF4 strategy is to identify, acquire and deliver property development and value-add opportunities across various sectors within the Manager's existing skill base. This will include commercial, industrial, retail, bulky goods retail and infill residential sectors located primarily in the major cities on the Eastern Seaboard of Australia that aim to deliver an IRR on equity above 20%.

DEVELOPMENT UPDATE

420 GEORGE STREET, BRISBANE, QLD

This property on the corner of George and Tank Streets was originally intended for refurbishing, repositioning, releasing and divesting. Development Consent was obtained and, following an off-market approach, the property was sold delivering an outstanding result for CHOF4 Unit Holders, 10 months ahead of schedule with an IRR on equity of 97.4%.

NORTHBANK PLAZA, BRISBANE, QLD

This project is a 50/50 joint venture between CHOF4 and CPOF and involves the refurbishment of a 26,300m² building to an A-grade standard. The building is approximately 90% pre-leased to Telstra – Levels 6–20 (17,965m²) and Parsons Brinkerhoff – Levels 1–5 (5,808m²). CPOF has now acquired CHOF4's 50% economic interest in the project on a forward-funded basis, allowing both equity and approximately 70% of the profit to be returned to investors.

ALLUVION, 58 MOUNTS BAY ROAD, PERTH, WA

Located in the heart of Perth's CBD, CHOF4's third asset is a 50/50 joint venture with a local property group. Development Consent has been secured for a 21,000m² A-grade office building for the site, which fronts onto Mounts Bay Road and has access to its office lobby from St Georges Terrace. The Buchan Group has designed the building to achieve a 4.5 star Australian Building Greenhouse Rating (ABGR) and Green Building Council of Australia (GBCA) 4 Green Star Rating.

275 GEORGE STREET, BRISBANE, QLD

This project is a 50/50 joint venture between CHOF4 and CPOF and involves the development of a 41,400m² A-grade office tower, which has been designed to achieve a 5 Green Star Rating. Construction has commenced with completion expected mid-2009. Telstra has committed to 30,800m² on a 10-year term, which represents 78% of the office area. The balance of the building is currently being marketed for lease with several parties expressing interest.

HOME HQ, NORTH SHORE, ARTARMON, NSW

Home HQ North Shore is CHOF4's fifth investment. It involves the adaptive reuse of a heritage warehouse building into an integrated bulky goods retail complex of approximately 23,500m² plus parking for 515 cars. The project is expected to attract strong interest from bulky goods retailers due to the large estimated trade area within close proximity to the site and the lack of other bulky goods sites on the lower North Shore.

OUTLOOK

CHOF4 is currently 88% allocated, with approximately \$20 million of equity remaining available for investment. This remaining equity is likely to be allocated in the second quarter of FY08 and provides capacity for a \$50-60 million final project for this fund.



275 GEORGE STREET AND NORTHBANK PLAZA, BRISBANE, QLD

CHARTER HALL OPPORTUNITY FUND 5 & PROPERTY DEVELOPMENT PORTFOLIO 3

FUND UPDATE

CHARTER HALL OPPORTUNITY FUND 5

Charter Hall Group announced earlier this year the close of Australia's largest wholesale opportunistic property fund, Charter Hall Opportunity Fund 5 (CHOF5).

The response to CHOF5 was extremely positive with applications to the fund being significantly oversubscribed. This required an allocation scale back to the Fund's self imposed maximum cap of \$300 million in committed equity. CHOF5 follows the successful CHOF4 capital raising of \$165 million in 2005 and represents the largest wholesale capital raising in Australia to date for an Australian opportunistic property fund. The completed value of projects that may be delivered by CHOF5 is anticipated to approximate \$1 billion over the next 5 years.

CHOF5's mandate has expanded from the previous 4 funds to include up to 20% of its equity in opportunistic investments in New Zealand. The geographic expansion of CHOF5's mandate follows Charter Hall's establishment of offices in Auckland, Brisbane and Perth.

CHOF5 has an objective of delivering an equity IRR in excess of 20% pa over its fixed-term life. The Charter Hall Group, both directly and through one of its managed funds, has committed to a \$50 million co-investment in CHOF5. This further aligns the interest of the Group with its wholesale investors and provides its listed investors with access to attractive opportunistic returns on this co-investment together with fund management, development management and performance fees from the Fund.

PROPERTY DEVELOPMENT PORTFOLIO 3

PDP3 is the third and final opportunistic fund in the series jointly managed with AMP Capital Investors. There are 2 remaining projects in this Fund as outlined below.

ZONE AT SYDNEY OLYMPIC PARK, NSW
Zone at Sydney Olympic Park comprises 3 A-grade commercial office building totalling approximately 56,000m² of commercial office space, with ground floor retail and parking for 900 cars.

In March 2007, the leasehold interests in Sites 6 and 7 were sold and an uplift payment was achieved in relation to additional floor space. Practical Completion for the Site 5 building was achieved in August 2007 and the Commonwealth Bank, which pre-committed to lease 100% of the office and part of the retail area, has completed its fitout and commenced occupation.

Occupation of the building will be undertaken in a staged manner from September 2007. The leasehold interests in Site 5 were pre-sold to 2 Colonial First State Property investment funds as part of the Commonwealth Bank pre-commitment.

SYDNEY WHARF, PYRMONT, NSW

The Sydney Wharf project consists of 104 luxury waterfront apartments on Wharves 8 and 9, a café and marina office, a private 54-berth marina and boardwalks surrounding the apartment complex. The breathtaking view of Sydney City can be enjoyed from the apartments on Wharf 8, while Wharf 9 receives uninterrupted views across the marina to Darling Island and Pyrmont. The project was designed by PTW Architects with interiors by SJB.

Since August 2006, Multiplex Constructions has been working on the \$300 million Sydney Wharf project. Construction remains ahead of programme and is scheduled for completion 1st quarter 2008. The marketing of this project has been highly successful with over 90% of the apartments pre-sold.

The development is a joint venture between an investment syndicate managed by Babcock & Brown and PDP3 jointly managed by AMP Capital Investors and Charter Hall.



ZONE, SYDNEY OLYMPIC PARK, NSW





BOARD OF DIRECTORS

Charter Hall's objective is to enhance its performance by adopting a vertically integrated business model that provides a solid platform for significant growth.

BOARD OF DIRECTORS

KERRY ROXBURGH NON EXECUTIVE INDEPENDENT CHAIRMAN

Kerry is an SDIA Practitioner Member and holds positions on the boards of several listed and unlisted companies. He is the Chairman of Babcock & Brown Capital and of Asian Express Airlines. He is also a director of Ramsay Health Care, Everest Babcock & Brown, PNG Sustainable Energy, the LawCover Group, the Medical Indemnity Protection Society Group and Professional Insurance Australia. Until it was acquired by the ANZ in June this year, he was Chairman of E*TRADE Australia where he had previously served as CEO until July 2000. In the past 10 years, Kerry's prior public company directorships were at J.Boag & Son and Climax Mining. Before joining E*TRADE he spent 10 years as an Executive Director of the Hong Kong Bank of Australia Group, including roles as Executive Chairman at James Capel Australia and five years as Managing Director of the bank's corporate finance subsidiary.

ROY WOODHOUSE NON EXECUTIVE DEPUTY CHAIRMAN

Roy has been the Deputy Chairman of Charter Hall since July 2004 and is a member of Transfield Holdings Advisory Committee. Roy worked for the Baillieu family for 30 years in various senior executive capacities commencing in 1975, including Director L.J. Hooker, Managing Director Knight Frank Australia and Chairman Knight Frank Australia. Roy co-founded KFPW, a joint venture with PricewaterhouseCoopers specialising in outsourcing and is a qualified valuer. Roy is a Director of Stephenson Mansell, an executive development company and Chair of National Recycling Company, a waste recycling company. Roy was a Fellow of the Australian Institute of Valuers and a Fellow of the Institute of Company Directors.

CEDRIC FUCHS EXECUTIVE DIRECTOR

Cedric is a co-founder of Charter Hall with over 40 years of experience in the fields of property investment banking and financial services. He is responsible for the Group's funds management business and is a member of the Investment Committee for all of Charter Hall's wholesale and retail property funds. Prior to co-founding Charter Hall in 1991, he worked with the Heine Group's property arm (now part of ING) and Leighton Properties where he was involved in the development and investment activities of those companies.

GLENN FRASER NON EXECUTIVE DIRECTOR

A member of Transfield Holdings Advisory Board, Glenn was instrumental in Transfield Holdings' acquisition of its interest in Charter Hall and has substantial experience in the project finance industry. He specialises in infrastructure and property projects and joined Transfield Holdings in 1996. Glenn has previously held positions of Chief Financial Officer and was General Manager – Finance, Project Development, where he was responsible for the financial elements of Transfield Holdings' infrastructure and property projects. Preceding his time with Transfield Holdings, Glenn was a principal of a project finance advisory business, Perry Development Finance Pty Limited, which was sold to Hambros Corporate Finance Limited in 1995. Glenn holds a Bachelor of Commerce, is a member of the Institute of Chartered Accountants and the Australian Institute of Company Directors.



BOARD OF DIRECTORS



DAVID HARRISON
JOINT MANAGING DIRECTOR

David heads the Funds Management Division & Property Management Division and has more than 19 years of experience in the Australian commercial property markets. His role entails responsibility for the strategic growth of the funds management business with particular focus on investment sourcing, capital raisings and structuring of transactions. Prior to joining Charter Hall in 2004, David was Managing Director of Savills in Australia. Savills is an international commercial real estate agency business. David has transacted approximately \$6 billion of commercial, retail and industrial property assets across all capital city of Australia over the past 10 years. David holds a Land Economics degree from the University of Western Sydney, a graduate Diploma in Applied Finance from SIA and is a Fellow of the Australian Property Institute.

DAVID SOUTHON
JOINT MANAGING DIRECTOR

David is a co-founder of Charter Hall. As Joint Managing Director, David heads the Development Division and Property Investment Banking Division and has over 20 years of property industry experience. He is responsible for overseeing project origination, project strategy development and management of projects and resources while also being involved in the procurement of investment properties. Prior to co-founding Charter Hall in 1991, David was a Development Manager with the Heine Group's property arm (now part of ING) and Leighton Properties. David received a Business Degree (Land Economy) from the University of Western Sydney.

COLIN MCGOWAN
NON EXECUTIVE INDEPENDENT DIRECTOR

Colin was formerly CEO of the listed AMP Diversified Property Trust, Executive Vice President of Bankers Trust (Australia), founding Fund Manager of the BT Property Trust and founding Fund Manager of Advance Property Fund. He is a qualified valuer, a Fellow of the Australian Property Institute and a Senior Fellow of the Financial Services Institute of Australasia (formally SIA). Colin was the honorary SIA National Principal Lecturer and Task Force Chairman for the Graduate Diploma's Property Investment Analysis course – a position held for 10 years until 2003. Colin is a member of the Remuneration and Nomination Committee and is chairman and member of a number of Charter Hall Group Investment Committees.

PATRICE DERRINGTON
NON EXECUTIVE INDEPENDENT DIRECTOR

Patrice is currently CEO of Penrith Lakes Development Corporation Limited. She was previously the executive responsible for the economics and funding of the revitalisation effort led by the Lower Manhattan Development Corporation (a Governor-appointed state agency) following the September 11, 2001 terrorist attacks on New York City. Prior positions have included Managing Director at the US asset management firm, Spears, Benzak, Salomon and Farrell, Vice President in the Real Estate Finance Group at Chemical Bank (now, JPMorgan Chase) and in 1997 founded the Victory Real Estate Investment Fund. Patrice is a recipient of the prestigious Harkness Fellowship, studying at the University of California, Berkeley for her Ph.D. in architecture/civil engineering, and holds a MBA from Harvard University.

ANDRÉ BIET
NON EXECUTIVE DIRECTOR

Andre was co-founder and Managing Director of the Charter Hall Group from its inception in 1991 until 2005. Prior to that he was Managing Director of the Heine Group's property arm (now part of ING) and previously Director of Operations for Leighton Properties. He remains a non executive director of Charter Hall and is also a director of Metrix Capital Partners. Andre is a Fellow of the Australian Institute of Company Directors and a Fellow of the Australian Property Institute. He has a degree in Economics and an MBA.



OUTPERFORMANCE

2007 FINANCIAL STATEMENTS

OUTPERFORMANCE

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DIRECTORS' REPORT

Your Directors present their report on the consolidated entity (referred to hereafter as the Group or Charter Hall Group) consisting of Charter Hall Limited (the Company) and the entities it controlled at the end of, or during, the period ended 30 June 2007.

The Group includes Charter Hall Funds Management Limited as the Responsible Entity of Charter Hall Property Trust (the Trust). Charter Hall Limited and Charter Hall Funds Management Limited have identical Boards of Directors. The term Board hereafter should be read as references to both these Boards.

DIRECTORS

The following persons were Directors of Charter Hall Limited during the whole of the period and up to the date of this report:

K Roxburgh - Chairman
 R Woodhouse - Deputy Chairman
 A Biet
 P Derrington
 G Fraser
 C Fuchs - Executive Director
 D Harrison - Joint Managing Director (Appointed 30/8/06)
 C McGowan
 P McMahon (Resigned 30/8/06)
 D Southon - Joint Managing Director (Appointed 30/8/06)

PRINCIPAL ACTIVITIES

During the period the principal continuing activities of the Group consisted of:

- (a) Property investment
- (b) Funds management
- (c) Development management
- (d) Property investment banking and property management

No significant changes in the nature of the activities of the Group occurred during the period.

DISTRIBUTIONS - CHARTER HALL GROUP

Distributions paid / declared to members during the period were as follows:

	2007	2006
	\$'000	\$'000
- Interim ordinary distribution for the period ended 31 December 2006 of 4.77 cents per security paid on 28 February 2007	17,440	-
- Final ordinary distribution for the 6 months ended 30 June 2007 of 5.67 cents per security expected to be paid on 31 August 2007	20,632	-
- Interim ordinary distribution for the period ended 31 December 2005 of 3.73 cents per security paid on 28 February 2006	-	9,849
- Final ordinary distribution for the 6 months ended 30 June 2006 of 3.82 cents per security paid on 30 August 2006	-	10,182
	38,072	20,031

RESULTS

The Group has reported a solid financial result for the year to 30 June 2007. The distribution per security of 10.44c for the 12 months to 30 June 2007 (30 June 2006: 7.55c) is 9.5% above the forecast of 9.53c provided in the PDS/Prospectus dated 19 May 2006.

The financial report includes separate financial statements for Charter Hall Limited (CHL) as an individual entity and the consolidated entity consisting of CHL and its subsidiaries and controlled entities including Charter Hall Funds Management Limited as Responsible Entity for Charter Hall Property Trust (CHPT). CHL was incorporated on 24 March 2005 therefore the comparative financial results of the parent company in this financial report are from 24 March 2005 to 30 June 2006. CHL and CHPT commenced on 24 March 2005 but there was no activity until 6 June 2005 when the listing occurred and Charter Hall Holdings Pty Limited (CHH) was purchased by CHL. The comparative consolidated financial results are for the period 24 March 2005 to 30 June 2006 but include CHH from 6 June 2005.

DISTRIBUTION

The distribution for the year is 10.44 cents per security (30 June 2006: 7.55 cents per security).

DIRECTORS' REPORT (CONTINUED)**FINANCIAL PERFORMANCE - 1 JULY 2006 TO 30 JUNE 2007**

The Group recorded a net profit after tax for the financial year of \$31.7 million (before fair value adjustments) (2006: \$18.0 million). After adjusting for income tax expense on an unrealised gain in the Group's investment in Axiom Properties Limited, the net profit after tax was \$32.5 million, or 4.4% above the PDS/Prospectus (PDS) dated 19 May 2006. Under Australian equivalents to International Financial Reporting Standards (AIFRS) the Group is required to revalue properties and write off property acquisition costs through the income statement. After adjusting for revaluations and acquisition costs totalling a net gain of \$11.5 million (30 June 2006: \$5.6 million net loss) the AIFRS reported Group result is a profit after tax for the period of \$43.2 million (2006: \$12.4 million). This was \$13.3 million higher than the income statement forecast for the period 1 July 2006 to 30 June 2007 that was included in the PDS. The Group recorded solid gains in its directly owned properties and its investments in Charter Hall managed funds (Charter Hall Core Plus Office Fund (CPOF), Charter Hall Core Plus Industrial Fund (CPIF) and Charter Hall Diversified Property Fund (DPF)).

Three properties have been independently externally revalued as at 30 June 2007 namely 570 Bourke Street, Melbourne, 56 Anzac Street, Chullora and Menai Central, Menai. The Bunnings portfolio properties that were purchased on 20 June 2007 and 27 June 2007 are carried at the valuation that was completed on 1 June 2007 (refer note 18).

Significant gains were recorded on the Group's investments in Charter Hall managed unlisted funds and in its investment in Axiom Properties Limited (Axiom).

- the value of the group's 23.0% investment in CPOF increased \$7 million (19% annualised) to \$80.0 million
- the value of the group's 32.1% investment in CPIF increased \$1 million (10% annualised) to \$46.0 million
- the value of the group's 4.9% investment in Axiom increased \$2.8 million (75% annualised) to \$7.9 million
- the value of the group's 11.7% investment in DPF increased \$0.2 million (4% for the full year) to \$5.2 million

The 30 June 2007 financial results with comparatives can be summarised as follows:

	Notes	2007	2006
Gross revenue (\$m)	(i)	61	38
Net profit after tax (\$m)	(i)	43	12
Distribution (\$m)	(i)	38	20
AIFRS earnings per stapled security including fair value adjustments (cents)	(i),(ii)	12.00	4.61
Underlying EPS excluding fair value adjustments		9.51	6.47
Distribution per stapled security (cents)	(ii),(iii)	10.44	7.55
Total Assets (\$m)		650	505
Total Liabilities (\$m)		189	226
Net Assets (\$m)		461	279
NTA per security (\$)	(iii)	1.12	0.85
Gearing – borrowings to total assets		24.4%	27.7%
Assets under Management (\$bn)		2.8	1.3

(i) Comparative period is 6 June 2005 to 30 June 2006.

(ii) DPS reflects distribution of CHPT (the trust) profit only and nil dividends from CHL (the company). CHL recorded a loss for the period and hence reduces Group EPS.

(iii) excludes stapled securities issued under LTI Plan in accordance with AASB 2.

(iv) comparative period is 1 July 2005 to 20 June 2007

DISTRIBUTION RE-INVESTMENT PLAN (DRP)

The DRP is currently de-activated.

DIRECTORS' REPORT (CONTINUED)

REVIEW OF OPERATIONS

During the period the Group launched 4 new property funds comprising Charter Hall Opportunity Fund No.5 (CHOF5) and three additional investment funds Charter Hall Core Plus Industrial Fund (CPIF), Charter Hall Core Plus Retail Fund (CPRF) and Charter Hall Umbrella Fund (CHUF). The Group has further expanded its diverse sources of equity, providing institutional, wholesale, retail and high net worth clients with these new products.

CHUF is a retail fund in which Charter Hall Property Trust (CHPT) holds a 47% interest and a major financial institution holds 50%.

The \$300 million oversubscribed raising for CHOF5 reinforced Charter Hall's position as the pre-eminent opportunity fund manager in Australia and reinforced the Group's access to wholesale equity. In addition \$350 million in equity has been raised for CPIF from wholesale investors. CPRF is currently 100% owned by CHPT with assets of \$165 million which including CHPT directly owned retail assets comprise a \$400 million seed portfolio of CPRF assets, which are intended to go off CHPT balance sheet during FY08.

The Group raised \$350 million in equity for CPIF in April 2007 which at 30 June 2007 had been called to 40% to purchase industrial assets.

The Group raised \$133 million in June 2007 via a placement offer, the proceeds of which have provided funding for additional seed assets for CPRF and the purchase of 50% of Commercial and Industrial Property Pty Ltd.

CPOF, in which CHPT holds a 23% interest, recently acquired its 11th asset bringing the total asset value to nearly \$1 billion (on a fully developed basis) having increased from \$140 million at 1 July 2006.

DPF, in which CHPT holds a 12% interest, recently acquired its 11th property which in total are valued at approximately \$123 million.

CPIF, in which CHPT holds a 32% interest, recently acquired its 8th asset bringing the total fund size to \$270 million (on a fully developed basis).

The Group entered the New Zealand market for the first time during the year, agreed to purchase 2 properties within CPRF for a combined total of \$41 million. The Group intends to raise wholesale equity during FY08, consistent with the strategy of seeding assets before selling down interests to external investors. The Group will retain an interest of at least 20% in CPRF.

Total assets under management as at 30 June 2007 have grown to \$2.8 billion. As foreshadowed in the PDS/Prospectus, Charter Hall Group has utilised its balance sheet capacity to secure and warehouse a number of quality assets for new investment funds, such as CPIF and CPRF as well as investing \$5 million in Axiom Properties Limited to secure development deal flow. This has underpinned the success of these new funds and will accelerate the growth in the Group's funds under management, with a continued focus on security holder returns.

ENVIRONMENTAL REGULATION

The principal activities of the group are property investment, funds management and development management. Funds management involves minimal environmental impact. The group ensures compliance with applicable environmental standards and regulations in its property investment and development management activities.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Group during the period, in addition to the review of operations, above were as follows:

- The Group raised \$133 million in June 2007 via the placement of 44,444,445 securities at \$3.00 per security.

MATTERS SUBSEQUENT TO THE END OF THE PERIOD

Since 30 June 2007 CHPT has completed the following transactions:

- Settlement of Foodtown Auckland for NZ\$28 million on 4 July 2007
- Settlement of Ipswich Super Centre site for \$8 million in CPRF on 14 August 2007
- The purchase of 50% of Commercial and Industrial Property Pty Ltd for \$40 million

Except for the matters discussed above, no other matter or circumstance has arisen since 30 June 2007 that has significantly affected, or may significantly affect:

- (a) the Group's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Group's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Further information on likely developments in the operations of the Group and the expected results of operations have not been included in this annual financial report because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

DIRECTORS' REPORT (CONTINUED)**INFORMATION ON DIRECTORS****K Roxburgh** Chairman - Non-Executive. Age 65**EXPERIENCE AND EXPERTISE**

Kerry is an SDIA Practitioner Member and holds positions on the boards of several listed and unlisted companies. He is the Chairman of Babcock & Brown Capital and of Asian Express Airlines. He is also a director of Ramsay Health Care, Everest Babcock & Brown, PNG Sustainable Energy, the LawCover Group, the Medical Indemnity Protection Society Group and Professional Insurance Australia. Until it was acquired by the ANZ in June this year, he was Chairman of E*TRADE Australia where he had previously served as CEO until July 2000. In the past 10 years, Kerry's prior public company directorships were at J.Boag & Son and Climax Mining. Before joining E*TRADE he spent 10 years as an Executive Director of the Hong Kong Bank of Australia Group, including roles as Executive Chairman at James Capel Australia and five years as Managing Director of the bank's corporate finance subsidiary.

OTHER CURRENT LISTED COMPANY DIRECTORSHIPS

Babcock and Brown Capital Limited (since February 2006)

Non-Executive Director of Ramsay Health Care Ltd (since 1997)

Non-Executive Director of Everest Babcock and Brown Group (since 2005).

FORMER LISTED COMPANY DIRECTORSHIPS IN LAST 3 YEARS

Non-Executive Chairman of E*TRADE Australia (from 1996 until June 2007)

Everest Babcock and Brown Alternative Investment Trust (2005-2006)

SPECIAL RESPONSIBILITIES

Chairman of the Board.

Chairman of remuneration and nominations committee.

Member of the audit risk and compliance committee

INTERESTS IN SECURITIES

50,000 securities in Charter Hall Group.

R Woodhouse Deputy Chairman - Non-Executive. Age 60**EXPERIENCE AND EXPERTISE**

Roy has been the Deputy Chairman of Charter Hall since July 2004 and is a member of Transfield Holdings Advisory Committee. Roy worked for the Baillieu family for 30 years in various senior executive capacities commencing in 1975, including Director L.J. Hooker, Managing Director Knight Frank Australia and Chairman Knight Frank Australia. Roy co-founded KFPW, a joint venture with PricewaterhouseCoopers specialising in outsourcing and is a qualified valuer. Roy is a Director of Stephenson Mansell, an executive development company and Chair of National Recycling Company, a waste recycling company. Roy was a Fellow of the Australian Institute of Valuers and a Fellow of the Institute of Company Directors.

OTHER CURRENT LISTED COMPANY DIRECTORSHIPS

Nil

FORMER LISTED COMPANY DIRECTORSHIPS IN LAST 3 YEARS

Nil

SPECIAL RESPONSIBILITIES

Deputy Chairman of the Board

Member of remuneration and nominations committee

INTERESTS IN SECURITIES

366,666 securities in Charter Hall Group.

C McGowan Independent Non-Executive Director. Age 61**EXPERIENCE AND EXPERTISE**

Colin was formerly CEO of the listed AMP Diversified Property Trust, Executive Vice President of Bankers Trust (Australia), founding Fund Manager of the BT Property Trust and founding Fund Manager of Advance Property Fund. He is a qualified valuer, a Fellow of the Australian Property Institute and a Senior Fellow of the Financial Services Institute of Australasia (formally SIA). Colin was the honorary SIA National Principal Lecturer and Task Force Chairman for the Graduate Diploma's Property Investment Analysis course – a position held for 10 years until 2003. Colin is a member of the Remuneration and Nomination Committee and is chairman and member of a number of Charter Hall Group Investment Committees.

OTHER CURRENT LISTED COMPANY DIRECTORSHIPS

Nil

FORMER LISTED COMPANY DIRECTORSHIPS IN LAST 3 YEARS

Nil

SPECIAL RESPONSIBILITIES

Member of remuneration and nominations committee

INTERESTS IN SECURITIES

Nil securities in Charter Hall Group.

INFORMATION ON DIRECTORS (CONTINUED)

A Biet Non-Executive Director. Age 58

EXPERIENCE AND EXPERTISE

Andre was co-founder and Managing Director of the Charter Hall Group from its inception in 1991 until 2005. Prior to that he was Managing Director of the Heine Group's property arm (now part of ING) and previously Director of Operations for Leighton Properties. He remains a non executive director of Charter Hall and is also a director of Metrix Capital Partners. Andre is a Fellow of the Australian Institute of Company Directors and a Fellow of the Australian Property Institute. He has a degree in Economics and an MBA.

OTHER CURRENT LISTED COMPANY DIRECTORSHIPS

Nil

FORMER LISTED COMPANY DIRECTORSHIPS IN LAST 3 YEARS

Nil

SPECIAL RESPONSIBILITIES

Nil

INTERESTS IN SECURITIES

5,559,724 securities in Charter Hall Group via direct and indirect interests including 350,000 vested securities in the Charter Hall Executive Loan Security Plan.

P Derrington Independent Non-Executive Director. Age 51

EXPERIENCE AND EXPERTISE

Patrice is currently CEO of Penrith Lakes Development Corporation Limited. She was previously the executive responsible for the economics and funding of the revitalisation effort led by the Lower Manhattan Development Corporation (a Governor-appointed state agency) following the September 11, 2001 terrorist attacks on New York City. Prior positions have included Managing Director at the US asset management firm, Spears, Benzak, Salomon and Farrell, Vice President in the Real Estate Finance Group at Chemical Bank (now, JPMorgan Chase) and in 1997 founded the Victory Real Estate Investment Fund. Patrice is a recipient of the prestigious Harkness Fellowship, studying at the University of California, Berkeley for her Ph.D. in architecture/civil engineering, and holds a MBA from Harvard University.

OTHER CURRENT LISTED COMPANY DIRECTORSHIPS

Nil

FORMER LISTED COMPANY DIRECTORSHIPS IN LAST 3 YEARS

Non-Executive Director of AmeriVest Properties based in Denver, Colorado. Commenced in 2003.

SPECIAL RESPONSIBILITIES

Chair of audit, risk and compliance committee.

INTERESTS IN SECURITIES

Nil securities in Charter Hall Group.

G Fraser Non-Executive Director. Age 50

EXPERIENCE AND EXPERTISE

A member of Transfield Holdings Advisory Board, Glenn was instrumental in Transfield Holdings' acquisition of its interest in Charter Hall and has substantial experience in the project finance industry. He specialises in infrastructure and property projects and joined Transfield Holdings in 1996. Glenn has previously held positions of Chief Financial Officer and was General Manager – Finance, Project Development, where he was responsible for the financial elements of Transfield Holdings' infrastructure and property projects. Preceding his time with Transfield Holdings, Glenn was a principal of a project finance advisory business, Perry Development Finance Pty Limited, which was sold to Hambros Corporate Finance Limited in 1995. Glenn holds a Bachelor of Commerce, is a member of the Institute of Chartered Accountants and the Australian Institute of Company Directors.

OTHER CURRENT LISTED COMPANY DIRECTORSHIPS

Nil

FORMER LISTED COMPANY DIRECTORSHIPS IN LAST 3 YEARS

Nil

SPECIAL RESPONSIBILITIES

Member of audit, risk and compliance committee.

INTERESTS IN SECURITIES

225,000 securities in Charter Hall Group via direct and indirect interests.

DIRECTORS' REPORT (CONTINUED)**INFORMATION ON DIRECTORS (CONTINUED)****C Fuchs** Executive Director. Age 63**EXPERIENCE AND EXPERTISE**

Cedric is a co-founder of Charter Hall with over 40 years of experience in the fields of property investment banking and financial services. He is responsible for the Group's funds management business and is a member of the Investment Committee for all of Charter Hall's wholesale and retail property funds. Prior to co-founding Charter Hall in 1991, he worked with the Heine Group's property arm (now part of ING) and Leighton Properties where he was involved in the development and investment activities of those companies.

OTHER CURRENT LISTED COMPANY DIRECTORSHIPS

Nil

FORMER LISTED COMPANY DIRECTORSHIPS IN LAST 3 YEARS

Nil

SPECIAL RESPONSIBILITIES

Nil

INTERESTS IN SECURITIES

5,486,595 securities in Charter Hall Group via direct and indirect interests including 350,000 securities in the Charter Hall Executive Loan Security Plan which have vested. A further interest in 1,456,019 securities in the Plan which will vest upon the satisfaction of performance and service criteria. The issue of 362,319 securities in the Plan is subject to security holder approval at the Annual General Meeting.

D Southon Joint Managing Director. Age 41 (appointed 30/8/06)**EXPERIENCE AND EXPERTISE**

David is a co-founder of Charter Hall. As Joint Managing Director, David heads the Development Division and Property Investment Banking Division and has over 20 years of property industry experience. He is responsible for overseeing project origination, project strategy development and management of projects and resources while also being involved in the procurement of investment properties. Prior to co-founding Charter Hall in 1991, David was a Development Manager with the Heine Group's property arm (now part of ING) and Leighton Properties. David received a Business Degree (Land Economy) from the University of Western Sydney.

OTHER CURRENT LISTED COMPANY DIRECTORSHIPS

Nil

FORMER LISTED COMPANY DIRECTORSHIPS IN LAST 3 YEARS

Nil

SPECIAL RESPONSIBILITIES

Nil

INTERESTS IN SECURITIES

8,754,870 securities in Charter Hall Group via direct and indirect interests including 491,667 securities in the Charter Hall Executive Loan Security Plan which have vested. A further interest in 4,817,456 securities in the Plan will vest upon the satisfaction of performance and service criteria. The issue of 2,717,391 securities in the Plan is subject to security holder approval at the Annual General Meeting.

D Harrison Joint Managing Director, Age 41

David heads the Funds Management Division & Property Management Division and has more than 19 years of experience in the Australian commercial property markets. His role entails responsibility for the strategic growth of the funds management business with particular focus on investment sourcing, capital raisings and structuring of transactions. Prior to joining Charter Hall in 2004, David was Managing Director of Savills in Australia. Savills is an international commercial real estate agency business. David has transacted approximately \$6 billion of commercial, retail and industrial property assets across all capital city of Australia over the past 10 years. David holds a Land Economics degree from the University of Western Sydney, a graduate Diploma in Applied Finance from SIA and is a Fellow of the Australian Property Institute.

OTHER CURRENT LISTED COMPANY DIRECTORSHIPS

Nil

FORMER LISTED COMPANY DIRECTORSHIPS IN LAST 3 YEARS

Nil

SPECIAL RESPONSIBILITIES

Nil

INTERESTS IN SECURITIES

8,666,809 securities in Charter Hall Group via direct and indirect interests including 491,667 securities in the Charter Hall Executive Loan Security Plan which have vested. A further interest in 4,837,141 securities in the Plan will vest upon the satisfaction of performance and service criteria. The issue of 2,717,391 securities in the Plan is subject to security holder approval at the Annual General Meeting.

COMPANY SECRETARY

The company secretary is Mr N Francis, a member of the Institute of Chartered Accountants in Australia who was appointed to the position of Company Secretary of the Group on 6 April 2005. Before joining Charter Hall Group he was the Finance and Asset Manager at Quantum Property Group and prior to that gained seven years experience with PricewaterhouseCoopers in audit and transactions services.

DIRECTORS' REPORT (CONTINUED)**MEETINGS OF DIRECTORS**

	Full meetings of Directors		Meetings of committees							
	A	B	Investment		Audit		Remuneration		Nominations	
			A	B	A	B	A	B	A	B
K Roxburgh	10	10	6	12	4	4	1	1	1	1
R Woodhouse	10	10	11	12	*	*	1	1	1	1
A Biet	9	10	11	12	*	*	*	*	*	*
P Derrington	9	10	1	12	5	5	*	*	*	*
G Fraser	10	10	5	12	5	5	*	*	*	*
C Fuchs	10	10	7	12	*	*	*	*	*	*
C McGowan	10	10	12	12	*	*	1	1	1	1
P McMahon (Resigned 30/8/06)	1	2	0	0	1	1	*	*	*	*
D Harrison (Appointed 30/8/06)	8	8	12	12	*	*	*	*	*	*
D Southon (Appointed 30/8/06)	8	8	9	12	*	*	*	*	*	*

A = Number of meetings attended

B = Number of meetings held during the time the Director held office or was a member of the committee during the year

* = Not a member of the relevant committee

The investment committee is made up of A Biet, C Fuchs, C McGowan, R Woodhouse, D Harrison and D Southon.

Remuneration report

The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration
- C Service agreements
- D Security-based compensation
- E Additional information.

The information provided under headings A-D includes remuneration disclosures that are required under Accounting Standard AASB 124 *Related Party Disclosures*. These disclosures have been transferred from the financial report and have been audited. The disclosures in Section E are additional disclosures required by the Corporations Act 2001 and the *Corporations Regulations 2001* which have not been audited.

A Principles used to determine the nature and amount of remuneration (audited)

The objective of the Group's Executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for securityholders, and conforms with market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to security holders
- performance linkage / alignment of executive compensation
- transparency
- capital management.

In consultation with external remuneration consultants, the Group has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

Alignment to security holders' interests:

- has economic profit as a core component of plan design
- focuses on sustained growth in security holder wealth, consisting of distributions and dividends and growth in security price, and delivering constant return on assets as well as focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executives.

DIRECTORS' REPORT (CONTINUED)

Alignment to program participants' interests:

- rewards capability and experience
- reflects competitive reward for contribution to growth in security holder wealth
- provides a clear structure for earning rewards
- provides recognition for contribution.

The framework provides a mix of fixed and variable pay, and a blend of short and long-term incentives. As executives gain seniority with the Group, the balance of this mix shifts to a higher proportion of "at risk" rewards.

Non-Executive Directors

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-Executive Directors' fees and payments will be reviewed annually by the Board. The Board has also reviewed independent remuneration research to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of Non-Executive Directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration. Non-Executive Directors are not a part of the Charter Hall Limited Executive Loan Security Plan.

Directors' fees

The current base remuneration was last reviewed with effect from 1 July 2006. Non-Executive Directors who are part of a committee receive additional yearly fees.

Retirement allowances for Directors

There are no retirement allowances for Non-Executive Directors.

Executive pay

The executive pay and reward framework has four components:

- base pay and other benefits
- short-term performance incentives (STI)
- long-term incentives (LTI) through participation in the Charter Hall Limited Executive Loan Security Plan, and
- other remuneration such as superannuation.

The combination of these comprises the executive's total remuneration. The Group intends to revisit its long-term equity-linked performance incentives specifically for executives during the year ending 30 June 2008.

Base pay

Executives are offered a competitive base pay where reference is made to latest salary trends and salary surveys to ensure base pay is set to reflect the market for a comparable role. Other benefits include provision of car parking spaces at the office location.

There are no guaranteed base pay increases included in any senior executives' contracts.

Short-term incentives (STI)

Cash incentives (bonuses) are payable in July depending on Group and individual performance for the year to 30 June. Executives have a target STI opportunity depending on the accountabilities of the role and impact on the organisation.

Each year, the remuneration committee and Managing Directors will consider the appropriate targets and key performance indicators (KPI's) to link the STI plan and the level of payout if targets are met. This includes setting any maximum payout under the STI plan, and minimum levels of performance to trigger payment of STI.

For the period ended 30 June 2007, the KPI's linked to STI plans were based on group and personal objectives. The KPI's required performance in achieving specific targets.

The Managing Directors and remuneration committee are responsible for assessing whether the KPI's are met. To help make this assessment, the committee receives detailed reports on performance from management.

The short term bonus payments may be adjusted up or down in line with under or over achievement against the target performance levels. This is at the discretion of the remuneration committee.

The STI target annual payment is reviewed annually.

STI - Executive Directors

The Executive Directors (Cedric Fuchs, David Harrison and David Southon) short term incentive is linked to a percentage of distribution growth above the relevant PDS/Prospectus forecast or Board approved budget. The Remuneration Committee has approved an FY07 bonus for the Executive Directors of 15% in the aggregate (6% David Harrison, 6% David Southon, 3% Cedric Fuchs) of the amount that the distribution for the 12 months to 30 June 2007 exceeds the distribution forecast in the most recent PDS/Prospectus dated 19 May 2006. Once the 30 June 2007 distribution is approved by the Board the bonus will be able to be calculated and paid in FY08.

For the year to 30 June 2006 Andre Biet, Cedric Fuchs, David Harrison and David Southon were entitled to a bonus of 20% (to be shared evenly) of the amount that the distribution for the 12 months to 30 June 2006 exceeded the distribution forecast in the IPO PDS/Prospectus dated 27 May 2005. The total amount of the bonus was \$212,235, expensed in FY06.

Charter Hall Limited Executive Loan Security Plan

Information on the Charter Hall Limited Executive Loan Security Plan is set out in note 38 to the financial statements.

B Details of remuneration (audited)

Amounts of remuneration

Details of the remuneration of the Directors and the key management personnel (as defined in AASB 124 *Related Party Disclosures*) of Charter Hall Group are set out in the following tables.

The key management personnel of Charter Hall Group includes the Directors as per pages 6 - 9 above and the following executive officers, who with the Executive Directors are also the 5 highest paid executives of the Group:

- M Winnem – *Fund Manager and Development Director*
- R Champion – *Fund Manager and Retail Director*

The cash bonuses are dependent on the satisfaction of performance conditions as set out in the section headed Short term incentives above. All other elements of remuneration are not directly related to performance.

Key management personnel of the Group

Name	Short-term benefits		Post-employment benefits	Security-based payment	Total
	Cash salary and fees	Cash bonus	Super-annuation	Securities	
	\$	\$	\$	\$	
Non-Executive Directors					
K Roxburgh, Chairman	106,422	-	9,376	-	115,798
R Woodhouse, Deputy Chairman**	13,761	-	826	-	14,587
P Derrington	59,174	-	5,326	-	64,500
G Fraser**	13,761	-	826	-	14,587
C McGowan	22,019	-	48,981	-	71,000
P McMahon	14,220	-	1,280	-	15,500
A Biet (from 1/1/07)*	22,892	-	4,579	-	27,471
Sub-total Non-Executive Directors	252,249	-	71,194	-	323,443
Executive Directors					
A Biet (until 31/12/06)*	335,742	-	40,000	33,904	409,646
C Fuchs	183,813	-	103,500	70,813	358,126
D Harrison	437,314	-	12,686	156,509	606,509
D Southon	437,314	-	12,686	152,448	602,448
Other key management personnel					
R Champion	343,702	60,000	12,686	51,673	468,061
M Winnem	237,314	60,000	12,686	22,146	332,146
Totals	2,227,448	120,000	265,438	487,493	3,100,379

* Remuneration period is 1 July 2006 to 30 June 2007. Short term benefits to Non-Executive Directors include Director and committee fees. A Biet transitioned from Executive to Non-Executive Director on 31 December 2006 and was paid an eligible termination payment of \$300,000 upon termination of his contract. The table above divides the remuneration received by A Biet into that received as an Executive Director and as a Non-Executive Director.

** Roy Woodhouse and Glenn Fraser had agreed to waive Director and Committee Fees for a period of 2 years from the date they were appointed as Directors of the Board (6 April 2005).

DIRECTORS' REPORT (CONTINUED)**Key management personnel of the Group**

2006 Name	Short-term benefits		Post- employment benefits	Security- based payment	Total
	Cash salary and fees	Cash bonus	Super- annuation	Securities	
	\$	\$	\$	\$	\$
Non-Executive Directors					
K Roxburgh, Chairman	77,895	-	7,011	-	84,906
R Woodhouse Deputy Chairman*	-	-	-	-	-
P Derrington	58,046	-	5,224	-	63,270
G Fraser*	-	-	-	-	-
C McGowan	60,550	-	5,450	-	66,000
P McMahan	59,046	-	5,314	-	64,360
Sub total Non-Executive Directors	255,537	-	22,999	-	278,536
Executive Directors					
A Biet	181,510	53,059	35,968	28,031	298,568
C Fuchs	168,182	53,059	81,818	28,031	331,090
Other key management personnel					
D Harrison	337,861	53,059	12,139	39,378	442,437
D Southon	337,861	53,059	12,139	39,378	442,437
M Winnem	210,000	40,000	12,139	-	262,139
Totals	1,490,951	252,236	177,202	134,818	2,055,207

* Roy Woodhouse and Glenn Fraser agreed to waive Director and Committee Fees for a period of 2 years from the date they were appointed as Directors of the Board (6 April 2005)

The remuneration for Charter Hall Limited is identical to that shown above as Charter Hall Limited does not have employees.

C Service agreements (unaudited)

The Managing Directors, David Harrison and David Southon signed 3 year agreements expiring on 18 October 2007 and 1 July 2007, respectively which related to the purchase of 50% of Charter Hall Holdings Pty Limited by Transfield (CHG) Limited on 1 July 2004. Updated agreements have not been pursued because the un-vested component of the Charter Hall Limited Executive Loan Security Plan provides a strong incentive for continuity of employment.

D Employee security scheme (unaudited)

The Charter Hall Limited Loan Security Plan (LSP) is designed to develop a clear line of sight between business objectives and reward. It is an incentive plan aimed at creating a stronger link between executive performance and reward and increasing securityholder value by enabling plan participants to have a greater involvement with, and share in the future growth and profitability of the Group.

Participants are offered limited recourse loans to acquire securities under the plan with interest charged at the distribution yield. If the performance and vesting conditions are satisfied, the securities become available to the plan participants after repayment of any loan obligations outstanding.

Non-Executive Directors do not participate in the LSP.

2005 Offers: issued 5,900,000 securities on 6 June 2005 at \$1.00 per security and issued 300,000 securities on 11 November at \$1.0731 per security.

Service conditions: the plan participants must be an employee at 30 September each year which is the time of vesting.

Performance conditions: for the period ended 30 June 2006 at least meet the forecast distribution per security per the PDS/Prospectus dated 11 May 2005 and at least 5% growth in like for like distributions per security for each of the years ended 30 June 2007 and 30 June 2008.

Vesting conditions: securities may vest in three tranches. Subject to the satisfaction of the performance and service conditions above, one-third of the securities provided under the plan may vest after the end of the forecast period and one-third will vest after 30 June 2007 and one-third after 30 June 2008.

Loans totalling \$6,200,000 under the 2005 offer were provided by Charter Hall Limited to participants.

2006 Offers: issued 6,299,212 securities on 3 July 2006 at \$1.27 per security, 352,564 securities on 5 October at \$1.56, 807,453 securities on 16 October 2006 at \$1.61, 50,000 securities on 15 December 2006 at \$2.00 and 202,428 securities on 7 March 2006 at \$2.47.

Performance conditions: for the period ended 30 June 2007 at least meet the forecast distribution per security per the PDS/Prospectus dated 19 May 2006 and at least 5% growth in like for like distributions per security for each of the years ended 30 June 2008 and 30 June 2009.

Vesting conditions: securities will vest in three tranches. Subject to the satisfaction of the performance and service conditions above, one-third of the securities provided under the plan will vest after the end of the forecast period and one-third will vest after 30 June 2008 and one-third after 30 June 2009. Loans totalling \$10,449,997 under the offer were provided by Charter Hall Limited to participants.

2007 Offer: issued 10,041,015 securities on 2 July 2007 at \$2.76 per security.

Performance conditions: for the period ended 30 June 2008 at least meet the Board approved budgeted DPS and at least 5% growth in like for like distributions per security for each of the years ended 30 June 2009 and 30 June 2010.

Vesting conditions: securities will vest in three tranches. Subject to the satisfaction of the performance and service conditions above, one-third of the securities provided under the plan will vest after the end of the 30 June 2008, one-third will vest after 30 June 2009 and one-third after 30 June 2010. Loans totalling \$27,713,201 under the offer were provided by Charter Hall Limited to participants.

The Executive Directors of Charter Hall Group and other key management personnel of the Group received the following vested securities during the period from the company's employee security scheme:

Name	LSP Securities Issued in 2005	LSP Securities Issued in 2006	LSP Securities Issued in 2007	LSP Securities Forfeited in 2007	Total securities	LSP Securities Vested in 2007
Executive Directors						
A Biet	1,050,000	- -		(700,000)	350,000	350,000
C Fuchs	1,050,000	393,700	362,319*	-	1,806,019	350,000
D Harrison	1,475,000	1,161,417	2,717,391*	-	5,353,808	491,667
D Southon	1,475,000	1,118,110	2,717,391*	-	5,310,501	491,667
Key management personnel						
M Winnem	-	236,220	289,855	-	526,075	N/A
R Champion	N/A	N/A	326,087	-	326,087	N/A

* Subject to securityholder approval at the 2007 AGM

Andre Biet's securities were forfeited when he became a Non-Executive Director as the service criteria could not be met as a Non-Executive Director.

E Additional information (unaudited)

Loans to Directors and executives

Information on loans to Directors and executives, including amounts, interest rates and repayment terms are set out in note 29 to the financial statements.

Insurance of officers

During the period, Charter Hall Group paid a premium of \$163,809 (2006: \$65,425) to insure the Director and secretaries of the company and its Australian based controlled entities.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

DIRECTORS' REPORT (CONTINUED)**Proceedings on behalf of the company**

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the Group are important.

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the period are set out below.

The board of Directors has considered the position and, in accordance with the advice received from the audit, risk and compliance committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non audit services have been reviewed by the audit, risk and compliance committee to ensure they do not impact the impartiality and objectivity of the auditor.
- none of the services undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

During the period the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non related audit firms:

	Consolidated		Parent entity	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
(a) Assurance services				
Audit services				
PricewaterhouseCoopers Australian firm				
Audit and review of financial reports and other audit work under the <i>Corporations Act 2001</i>	207,887	157,500	-	-
Non PricewaterhouseCoopers audit firms for the audit or review of financial reports of any entity in the Group	33,290	29,000	-	-
Total remuneration for audit services	241,177	186,500	-	-
Other assurance services				
PricewaterhouseCoopers Australian firm				
Investigating Accountants Reports – IPO / equity raising	-	446,577	-	-
Total remuneration for other assurance services	-	446,577	-	-
Total remuneration for assurance services	241,177	633,077	-	-
(b) Taxation services				
PricewaterhouseCoopers Australian firm				
Tax compliance services, including review of company income tax returns	37,610	52,700	-	10,000
Tax advice on IPO / equity raising	97,123	200,622	-	-
Total remuneration for taxation services	134,733	253,322	-	10,000
(c) Advisory Services				
PricewaterhouseCoopers Australian firm				
Long term incentive plan structure	38,500	-	-	-
Legal advice	-	42,123	-	-
Total remuneration for advisory services	38,500	42,123	-	-

Auditors' independence declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 72.

Rounding of amounts

The company 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 the Directors' report. Amounts in the Directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors.



K Roxburgh
Chairman

Sydney
20 August 2007



PricewaterhouseCoopers
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Auditors' Independence Declaration

As lead auditor for the audit of Charter Hall Group for the period ended 30 June 2007, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (a) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Charter Hall Group comprising Charter Hall Limited, and the entities it controlled during the period, including Charter Hall Property Trust.

A handwritten signature in black ink, appearing to read 'B K Hunter'.

B K Hunter
Partner

Sydney
20 August 2007

CHARTER HALL GROUP CORPORATE GOVERNANCE STATEMENT

CORPORATE GOVERNANCE STATEMENT

The Group reviews its corporate governance framework on an ongoing basis. This review takes into account best practice recommendations of the Australian Securities Exchange (ASX) Corporate Governance Council. The appropriate practice recommendations have been adopted so as to reflect the Group's commitment to the highest standards of corporate governance practice.

This Corporate Governance Statement has been prepared in a manner consistent with the reporting recommendations of the ASX. Additional corporate governance information may be found on the Group's website www.charterhall.com.au or by contacting the Chief Financial Officer.

Board of Directors

The Board is comprised of 9 members appointed with a view to providing appropriate skills and experience likely to add value to the Group's activities.

Name		Independent (Yes/No)	First Appointed
Kerry Roxburgh	Chairman	Yes	12 April 2005
Roy Woodhouse	Deputy Chairman	No	6 April 2005
André Biet	Non-Executive Director	No	6 April 2005
Cedric Fuchs	Executive Director	No	6 April 2005
Patrice Derrington	Non-Executive Director	Yes	6 April 2005
Glenn Fraser	Non-Executive Director	No	6 April 2005
Colin McGowan	Non-Executive Director	Yes	6 April 2005
David Harrison	Joint Managing Director	No	30 August 2006
David Southon	Joint Managing Director	No	30 August 2006

The Board operates in accordance with a formal charter which establishes its duties and responsibilities.

Details of the Directors' qualifications, experience, other responsibilities, number of meetings attended and holdings of Securities in the Group can be found in the Directors Report.

Directors' Independence

The Board has adopted specific principles in relation to determining Directors' independence. These principles are subject to specific materiality tests which are determined on both quantitative and qualitative bases. An amount exceeding 5% of annual turnover of the Group or 5% of a Director's net worth, is considered material for this purpose. Furthermore, any transaction and all relationships are deemed material if they impact a security holder's understanding of a Director's performance.

Independent Advice

The terms of each Director's letter of appointment permits him or her to seek independent professional advice, including, but not limited to, legal, accounting and financial advice, at the Group's expense or any matter connected with the discharge of his or her responsibilities. The cost, nature and details of such advice must first be approved by the Chairman.

Security Trading Policy

The Group has in place a formal Security Trading Policy which regulates the manner in which Directors and employees can buy or sell Securities in the Group. It requires that they conduct their personal investment activities in a manner that is lawful and avoids conflicts between their own interests and those of the Group.

The policy specifies trading windows as the periods during which trading Securities can occur. Trading is prohibited despite a window being open if the relevant person is in possession of non-public price sensitive information regarding the Group.

A copy of the Security Trading Policy is available on the Group's website.

CHARTER HALL GROUP CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Audit, Risk and Compliance Committee

The Audit Risk and Compliance Committee assists the Board in fulfilling its corporate governance and oversight responsibilities relating to financial accounting practices, risk management and internal control systems, external reporting, compliance and the external audit function.

The Committee is comprised of Patrice Derrington (Chair), Kerry Roxburgh and Glenn Fraser, who are all Non-Executive Directors. The members have comprehensive financial and property industry expertise. The Committee met on five occasions during the year to 30 June 2007. Please refer to the Directors Report for information on attendance by members.

A copy of the Audit, Risk and Compliance Committee Charter is available on the Group's website.

Continuous Disclosure Policy

The Group has a Continuous Disclosure Policy consistent with the continuous disclosure obligations of the ASX and Corporations Act. The policy is designed to ensure that all investors have equal and timely access to information concerning the Group, and to ensure that price-sensitive information from any part of the Group is immediately notified to the ASX in a complete, balanced and timely manner.

A copy of the Continuous Disclosure Policy is available on the Group's website.

Communication with Investors

The Group is committed to communicating with its investors in an effective and timely manner so as to provide them with ready access to information relating to the Group. In addition to the Continuous Disclosure Policy, the Group maintains a website (www.charterhall.com.au) providing access to information likely to be of interest to security holders. The Group encourages security holders to utilise its website as their primary tool to access information and disclosures.

Risk Management

The Board, through the Audit, Risk and Compliance Committee, ensures that strategic, operational, legal, reputation and financial risks are identified, effectively assessed, and efficiently managed and monitored so as to achieve the Group's objectives.

Considerable importance is placed on maintaining a strong control environment through an organisation structure with clearly drawn lines of accountability and authority. Adherence to the Code of Conduct is required at all times and the Board actively promotes a culture of honesty and integrity.

At this point in time the Directors are of the opinion that the size of the Group does not warrant an internal audit function. This policy is subject to ongoing review.

Performance Evaluation

Board members are subject to an annual self-assessment of their performance. The performance of all levels of management is conducted annually in conjunction with remuneration reviews undertaken by the Remuneration Committee and Joint Managing Directors.

On 21 August 2006 the Board resolved to establish the Nominations Committee which has a Charter to assess the competency of Board members, review the succession plans that are in place and review the performance of the Board. The Committee consists of the Chairman Kerry Roxburgh, Roy Woodhouse and Colin McGowan.

Remuneration

The Board has established a Remuneration Committee to assist it in achieving fairness and transparency in relation to remuneration issues and overseeing the remuneration and human resource policies and practices of the Group. The Remuneration Committee endeavours to ensure that the Group's remuneration policies and outcomes strike an appropriate balance between the interests of investors and rewarding and motivating the Group's management.

Fees paid to Non-Executive Directors are set by the Board, within an aggregate limit set by security holders. The total remuneration paid to Non-Executive Directors to 30 June 2007 is set out in the Remuneration Report.

Directors' fees are reviewed annually and are benchmarked against fees paid to Directors of similar organisations.

CHARTER HALL GROUP CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Non-Executive Directors are not provided with retirement benefits other than statutory superannuation and do not participate in staff security plans, receive options or bonus payments.

The Remuneration Committee comprises three Non-Executive Directors being Kerry Roxburgh (Chairman), Colin McGowan and Roy Woodhouse (please refer to the Directors Report for information on the number of meetings and the attendance by members). A copy of the Remuneration Committee Charter is available on the Group's website.

Recognition of the Interest of Stakeholders

The Group recognises the need to observe the highest standards of corporate practice and business conduct. In order to ensure that these standards are met, the Group has established a formal Code of Conduct which forms the basis for ethical behaviour by all Group personnel and is the framework that provides the foundation for maintaining and enhancing the Group's reputation. The objective of the Code is to ensure that employees, suppliers, clients, competitors and the community in general can be confident that the Group conducts its affairs honestly in accordance with ethical values and practices.

All employees of the Group are required to comply with both the spirit as well as the letter of the relevant laws which govern the operations of the Group.

INCOME STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	Notes	Consolidated		Parent entity	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Revenue from continuing operations	5	60,829	37,812	4,089	4,500
Other income	6	35	8	-	-
Investment property expenses		(7,120)	(5,065)	-	-
Employee benefits expense		(9,893)	(5,553)	-	-
Depreciation	7	(197)	(94)	-	-
Other expenses		(4,084)	(3,628)	(82)	(21)
Finance costs	7	(6,496)	(5,929)	(14,163)	(7,813)
Share of net profit/(loss) of associates accounted for using the equity method		287	(22)	-	-
Net gain/(loss) on financial assets held by Charter Hall Limited	12	-	-	287	(22)
		33,361	17,529	(9,869)	(3,356)
Net profit/(loss) from fair value adjustments		11,493	(5,564)	-	-
Profit/(loss) before income tax		44,854	11,965	(9,869)	(3,356)
Income tax gain / (expense)	8	(1,686)	430	3,540	1,764
Net profit/(loss) after income tax attributable to stapled security holders of Charter Hall Group		43,168	12,395	(6,329)	(1,592)
Attributable to:					
Equity holders of Charter Hall Limited		1,239	868	(6,329)	(1,592)
Equity holders of Charter Hall Property Trust (minority interest)		41,929	11,527	-	-
Profit/(loss) attributable to stapled security holders of Charter Hall Group		43,168	12,395	(6,329)	(1,592)
		Cents	Cents		
Group earnings per stapled security					
Basic earnings per security	37	12.00	4.61		
Diluted earnings per security	37	11.94	4.65		

The above income statements should be read in conjunction with the accompanying notes.

BALANCE SHEETS AS AT 30 JUNE 2007

	Notes	Consolidated		Parent entity	
		2007	2006	2007	2006
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Current assets					
Cash and cash equivalents	9	26,507	168,370	168	1,151
Trade and other receivables	10	26,564	30,529	-	1
Financial assets available for sale	11	218	5,120	-	5,050
Deferred tax assets	19	641	642	2,843	-
Total current assets		53,930	204,661	3,011	6,202
Non-current assets					
Trade and other receivables	14	7,405	4,153	12,424	4,153
Investments accounted for using the equity method	15	760	497	-	-
Financial assets at fair value through the profit and loss	12	149,945	3,988	760	497
Other financial assets	16	-	3,240	1,600	1,600
Property, plant and equipment	17	1,355	307	-	-
Investment properties	18	430,701	284,788	-	-
Derivative financial instruments	13	5,345	2,482	-	-
Deferred tax assets	19	642	642	2,844	1,929
Other assets		295	300	295	294
Total non-current assets		596,448	300,397	17,923	8,473
Total assets		650,378	505,058	20,934	14,675
LIABILITIES					
Current liabilities					
Trade and other payables	20	28,043	84,454	5	9,691
Provisions	21	149	48	-	-
Total current liabilities		28,192	84,502	5	9,691
Non-current liabilities					
Borrowings	22	158,572	140,119	75,351	55,050
Deferred tax liabilities	23	2,562	884	368	155
Provisions	24	41	83	-	-
Total non-current liabilities		161,175	141,086	75,719	55,205
Total liabilities		189,367	225,588	75,724	64,896
Net assets		461,011	279,470	(54,790)	(50,221)
EQUITY					
Equity holders of Charter Hall Limited					
Contributed equity	25	5,131	3,371	5,131	3,371
Reserves	26(a)	(50,952)	(51,835)	(52,000)	(52,000)
Retained profits / (accumulated losses)	26(b)	207	(2,576)	(7,921)	(1,592)
Parent entity interest		(45,614)	(51,040)	(54,790)	(50,221)
Equity holders of Charter Hall Property Trust (minority interest)	27	506,625	330,510	-	-
Total equity		461,011	279,470	(54,790)	(50,221)

The above balance sheets should be read in conjunction with the accompanying notes.

STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD 1 JULY 2006 TO 30 JUNE 2007

	Notes	Consolidated		Parent entity	
		2007	2006	2007	2006
		\$'000	\$'000	\$'000	\$'000
Total equity at the beginning of the period		279,470	-	(50,221)	-
Changes in the fair value of cash flow hedges, net of tax	13,26	(1,340)	2,482	-	-
Net loss recognised directly in equity		(1,340)	2,482	-	-
Profit / (loss) for the period		43,168	12,395	(6,329)	(1,592)
Total recognised income and expense for the period		41,828	14,877	(6,329)	(1,592)
Foreign currency reserve movement	26	22	-	-	-
Business combination reserve movement	26	-	(52,000)	-	(52,000)
Movement in reserves		22	(52,000)	-	(52,000)
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity, net of transaction costs *	25	177,138	336,459	1,760	3,371
Distributions provided for or paid *	28	(38,072)	(20,031)	-	-
Other		(254)	-	-	-
Security based payments reserve	26	883	165	-	-
		139,691	316,593	1,760	3,371
Total equity at the end of the period		461,011	279,470	(54,790)	(50,221)
Total recognised income and expense for the period:					
Equity holders of Charter Hall Limited		1,238	(2,576)	(6,329)	(1,592)
Equity holders of Charter Hall Property Trust (minority interest)		40,590	17,453	-	-
		41,828	14,877	(6,329)	(1,592)

* The equity and distributions for Charter Hall Limited and Charter Hall Property Trust are combined as the two entities are stapled together and have the same investors. As outlined in note 1, for accounting purposes, equity attributable to Charter Hall Property Trust is considered attributable to minority interest. Refer to note 27 for a breakdown of the minority interest in equity.

The above statement of changes in equity should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	Notes	Consolidated		Parent entity	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		78,099	44,995	5,050	1,381
Payments to suppliers and employees (inclusive of goods and services tax)		(43,380)	(28,534)	(77)	(608)
		34,719	16,461	4,973	773
Interest paid		(6,506)	(5,054)	(14,163)	(4,580)
Income taxes paid		-	(10)	-	-
Net cash inflow / (outflow) from operating activities	36	28,213	11,397	(9,190)	(3,807)
Cash flows from investing activities					
Payment for purchase of subsidiary, net of cash acquired		(9,691)	(39,129)	(9,691)	(41,303)
Payments for property, plant and equipment		(1,244)	(108)	-	-
Payments for investment property		(248,173)	(290,352)	-	-
Payments for other financial assets		-	(8,320)	-	(5,050)
Loans to key employees		(2,936)	(3,877)	(2,936)	(3,877)
Investment in associates		(134,091)	(4,417)	(875)	(529)
Fund establishment costs for CHOF4 & CPOF		-	(2,614)	-	-
Loans from related parties		-	-	-	48,947
Loans to associates		(9,081)	(544)	-	-
Loans to subsidiaries		-	-	(5,019)	-
Dividends received		-	-	4,222	3,000
Distributions received		2,931	194	-	10
Interest received		5,043	5,615	450	429
Net cash (outflow) inflow from investing activities		(397,242)	(343,552)	(13,849)	1,627
Cash flows from financing activities					
Proceeds from issues of securities and other equity securities		201,584	319,479	1,755	3,443
Proceeds from CPOF investors for units to be issued		(58,318)	58,275	-	-
Proceeds from borrowings		116,357	140,062	20,301	-
Security issue and buy back transaction costs		(4,621)	(7,442)	-	(112)
Distributions paid to security holders		(27,836)	(9,849)	-	-
Net cash inflow (outflow) from financing activities		227,166	500,525	22,056	3,331
Net increase / (decrease) in cash and cash equivalents		(141,863)	168,370	(983)	1,151
Cash and cash equivalents at the beginning of the period		168,370	-	1,151	-
Cash and cash equivalents at end of period	9	26,507	168,370	168	1,151

The above cash flow statements should be read in conjunction with the accompanying notes.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. The financial report includes separate financial statements for Charter Hall Limited (CHL) as an individual entity and the consolidated entity consisting of CHL and its subsidiaries and controlled entities including Charter Hall Funds Management Limited as Responsible Entity for Charter Hall Property Trust (CHPT). For the purposes of AASB Interpretation 1002 Post date of transition stapling arrangements (AASB I – 1002), CHL has been identified as the parent entity in relation to the stapling that occurred on 6 June 2005 which is the date of the initial public offering (IPO). CHL was incorporated on 24 March 2005 so the comparative period of the parent company in this financial report is from 24 March 2005 to 30 June 2006. In accordance with AASB I - 1002 the results and equity, not directly owned by CHL, of CHPT have been treated and disclosed as minority interest. Whilst the results and equity of CHPT are disclosed as minority interest, the stapled security holders of CHL are the same as the stapled security holders of CHPT.

On 6 June 2005 CHL acquired Charter Hall Holdings Pty Ltd (CHH). Under the terms of AASB 3 Business Combinations CHH was deemed to be the accounting acquirer in this business combination. This transaction has therefore been accounted for as a reverse acquisition under AASB 3. Accordingly the consolidated financial statements of CHG have been prepared as a continuation of the consolidated financial statements of CHH. CHH as the deemed acquirer, has acquisition accounted for CHL as at 6 June 2005.

(A) BASIS OF PREPARATION

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

Compliance with IFRSs

Australian Accounting Standards include AIFRSs. Compliance with AIFRSs ensures that the financial report complies with International Financial Reporting Standards (IFRSs) in accordance with AASB 101 Presentation of financial statements.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property, financial assets and liabilities (derivative financial instruments) at fair value through the profit and loss.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

(B) PRINCIPLES OF CONSOLIDATION

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Charter Hall Limited ("company" or "parent entity") including CHPT, as at 30 June 2007 and the results of all subsidiaries for the period then ended. Charter Hall Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 1(g)).

Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of identifiable net assets of the subsidiary.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction involves impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Charter Hall Limited.

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements as financial assets at fair value through the profit and loss and in the consolidated financial statements using the equity method of accounting except as noted below, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (refer to note 34).

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post acquisition movements in reserves is recognised in reserves. The cumulative post acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's income statement, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in associates held by CHPT are accounted for as financial assets at fair value through the profit and loss. Investments are initially and in subsequent periods carried at fair value. Gain or losses arising from changes in the fair value of the "financial assets at fair value through the profit or loss" category are presented in the income statement within fair value gains / (losses) in the period in which they arise. Distribution income from financial assets accounted at fair value through the profit and loss is recognised in the income statement as part of revenue.

(C) SEGMENT REPORTING

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(D) FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency

The financial statements are presented in Australian Dollars which is Charter Hall Limited's functional and presentation currency.

(ii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings are taken to a separate component of equity.

(E) REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows:

(i) Rental income

Rental income from operating leases is recognised on a straight-line basis over the lease term. Rental income relating to straight lining is included as a component of the net gain from fair value adjustments on investment property. An asset is recognised to represent the portion of operating lease income in a reporting period relating to fixed increases in operating lease rentals in future periods. Such assets are recognised as a component of the carrying amount of investment properties in the balance sheet.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Management fees

Management fees are brought to account on an accruals basis and, if not received at the balance sheet date are reflected in the Balance sheet as a receivable. In the case of performance fees receivable a judgement on the likelihood of receipt is made under a percentage of completion basis method based on the actual service provided as a percentage of the services to be provided.

Where management fees are derived in respect of an acquisition or disposal of property the fees are recognised where it is probable that criteria for entitlement will be met.

(iii) Interest income

Interest income is recognised on a time proportion basis using the effective interest method, see note 1(k). When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(iv) Dividends

Dividends are recognised as revenue when the right to receive payment is established.

(F) INCOME TAX

The period's income tax expense or revenue is the tax payable on the current period's taxable income based on the national income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation legislation

On 22 August 2005 Charter Hall Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation.

The head entity, Charter Hall Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Charter Hall Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group. Details about the tax funding agreement are disclosed in note 8.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(G) BUSINESS COMBINATIONS

The purchase method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, securities issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

(H) IMPAIRMENT OF ASSETS

Assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(I) CASH AND CASH EQUIVALENTS

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(J) TRADE RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement.

(K) INVESTMENTS AND OTHER FINANCIAL ASSETS

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for long term investment. Their treatment is discussed at Note 1b(ii). Derivatives are also categorised as held for trading unless they are designated as hedges.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet (notes 10 and 14).

(iii) Held-to-maturity investments

Held-to-maturity investments are non derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Regular purchases and sales of investments are recognised on trade-date - the-date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Available for sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held to maturity investments are carried at amortised cost using the effective interest method. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category, excluding interest and dividend income, are presented in the income statement within other income or other expenses in the period in which they arise.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity specific inputs.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available for sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

(L) DERIVATIVES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either; (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 13. Movements in the hedging reserve in securityholders' equity are shown in note 26.

(i) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within other income or other expense.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within 'finance costs'. However, when the forecast transaction that is hedged results in the recognition of a non financial asset (for example, inventory) or a non financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement and are included in fair value adjustment gains / (losses). The fair value previously recognised for hedges which are no longer effective is amortised over the remaining period of the hedge.

(M) FAIR VALUE ESTIMATION

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(N) PLANT AND EQUIPMENT

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Furniture, fittings and equipment	3-8 years
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The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(h)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(O) INVESTMENT PROPERTY

(i) Investment properties

Investment properties comprise investment interests in land and buildings held for long-term rental yields and not occupied by the Group. Investment property is carried at fair value, which is based on active market prices, adjusted, if necessary, for any differences in the nature, location and condition of the specific asset. The group aims to have properties valued externally on a regular basis.

The carrying amount of investment properties recorded in the balance sheet includes components relating to lease incentives and assets relating to fixed increases in operating lease rentals in future periods. Changes in fair values are recorded in the income statement as part of fair value adjustments.

(ii) Investment properties under development

Investment properties under development are valued at the lower of cost and recoverable amount. An independent valuation is undertaken at practical completion of each investment property in order to assess the completion value.

(P) TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Group prior to the end of period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(Q) BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(R) BORROWING COSTS

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(S) PROVISIONS

Provisions for legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

(T) EMPLOYEE BENEFITS

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

Liabilities for other employee entitlements which are not expected to be paid or settled within 12 months of balance date are accrued in respect of all employees at present values of future amounts expected to be paid, based on a projected weighted average increase in wage and salary rates. Expected future payments are discounted using interest rates on national government securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(iii) Retirement benefit obligations

Contributions to employee defined contribution superannuation funds are recognised as an expense as they become payable.

(iv) Security-based payments

Security-based compensation benefits are provided to employees via the Charter Hall Limited Executive Loan Security Plan. Information relating to these schemes is set out in note 38.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the security price at grant date and expected price volatility of the underlying security, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the securities granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of securities that are expected to vest. At each balance sheet date, the entity revises its estimate of the number of securities that are expected to vest. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the vesting of securities, the balance of the security-based payments reserve relating to those securities is transferred to equity and the proceeds received, net of any directly attributable transaction costs, are credited to equity.

(v) Bonus plans

The Group recognises a liability and an expense. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(U) CONTRIBUTED EQUITY

Ordinary stapled securities are classified as equity. Incremental costs directly attributable to the issue of new securities or options are shown in equity as a deduction, net of tax, from the proceeds.

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2007**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(V) DISTRIBUTIONS**

Provision is made for the amount of any distribution or dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the period but not distributed at balance date.

(W) EARNINGS PER SECURITY**(i) Basic earnings per security**

Basic earnings per security is calculated by dividing the profit attributable to equity holders of CHG, excluding any costs of servicing equity other than ordinary stapled securities, by the weighted average number of ordinary securities outstanding during the period, adjusted for bonus elements in ordinary stapled securities issued during the year.

(ii) Diluted earnings per security

Diluted earnings per security adjusts the figures used in the determination of basic earnings per stapled security to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary securities and the weighted average number of stapled securities assumed to have been issued in relation to dilutive potential stapled securities.

(X) GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(Y) ROUNDING OF AMOUNTS

The company is of a kind referred to in Class order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(Z) NEW ACCOUNTING STANDARDS AND UIG INTERPRETATIONS

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 30 June 2007 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 7 Financial Instruments: Disclosures and AASB 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]

AASB 7 and AASB 2005-10 are applicable to annual reporting periods beginning on or after 1 January 2007. The Group has not adopted the standards early. Application of the standards will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Group's financial instruments.

(ii) Revised AASB 101 Presentation of Financial Statements

A revised AASB 101 was issued in October 2006 and is applicable to annual reporting periods beginning on or after 1 January 2007. The Group has not adopted the standard early. Application of the revised standard will not affect any of the amounts recognised in the financial statements.

(iii) AASB-I 11 AASB 2 - Group and Treasury Share Transactions and AASB 2007-1

Amendments to Australian Accounting Standards arising from AASB Interpretation 11 AASB-I 11 and AASB 2007-1 are effective for annual reporting periods commencing on or after 1 March 2007. AASB-I 11 addresses whether certain types of share-based payment transactions should be accounted for as equity-settled or as cash settled transactions and specifies the accounting in a subsidiary's financial statements for share-based payment arrangements involving equity instruments of the parent. The Group will apply AASB-I 11 from 1 July 2007, but it is not expected to have any impact on the Group's financial statements.

(iv) AASB 8 Operating Segments and AASB 2007-3

Amendments to Australian Accounting Standards arising from AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a "management approach" to reporting on the financial performance. The information being reported will be based on what the key decision-makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Group has not yet decided when to adopt AASB 8. Application of AASB 8 may result in different segments, segment results and different type of information being reported in the segment note of the financial report. However, it will not affect any of the amounts recognised in the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iv) Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]

The revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. It has removed the option to expense all borrowing costs and - when adopted - will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. This is consistent with the Group's current accounting policy. The Group will apply the revised AASB 123 from 1 July 2009 and capitalise its borrowing costs relating to all qualifying assets for which the commencement date for capitalisation is on or after this date. There is not expected to be an impact on the financial statements in the first year of application.

(AA) LEASES

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (note 31). Payments made under operating leases are charged to the income statement on a straight-line basis.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

(AB) GOING CONCERN

Although the parent entity shows net liabilities there is no reason to believe that it will not be able to pay its liabilities as and when they fall due. The deficiency relates to a debit to a business combination reserve as a result of \$52 million paid by CHL to acquire Charter Hall Holdings Pty Ltd.

2. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks; market risk (fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as interest rate swaps to hedge certain risk exposures.

Risk management is carried out by the Joint Managing Directors in discussion with the Board of Directors. The Managing Directors identify, evaluate and hedge financial risks in close co-operation with the finance department. The Board provides guidance for overall risk management, as well as covering specific areas, such as mitigating interest rate, price and credit risks, use of derivative financial instruments and investing excess liquidity.

(A) MARKET RISK

(i) Price risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified on the balance sheet as at fair value through the profit or loss.

(ii) Fair value interest rate risk

Refer to (d) below.

(B) CREDIT RISK

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of services are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any one financial institution.

(C) LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

(D) CASH FLOW AND FAIR VALUE INTEREST RATE RISK

As the Group has no significant long term interest-bearing assets, the Group's income and operating cash flows are not materially exposed to changes in market interest rates.

The Group's interest-rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk. Group policy is to fix the rates for up to 100% of its long term borrowings (when appropriate). At year end 70% of debt had fixed rates.

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly. Under the interest-rate swaps, the Group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2007**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgements are continually evaluated and are based on experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(A) CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Estimated value of investments

Critical judgements are made by the Group in respect of the fair value of investments in associates (Note 12) and investment properties (Note 18). These investments are reviewed regularly for impairment by reference to external independent property valuations and market conditions, using generally accepted market practices.

4. SEGMENT INFORMATION**(A) DESCRIPTION OF SEGMENTS****Business Segments**

The consolidated entity is organised into the following divisions:

Property investment

Has interests in investment properties and unlisted funds.

Funds management and corporate

Responsible for funds management, development management, property investment banking and property management.

	Property Investment \$'000	Funds management and corporate \$'000	Inter-segment eliminations unallocated \$'000	Consolidated \$'000
2007				
Revenue	49,379	25,648	(14,163)	60,864
Intersegment sales (note (ii))	-	1,997	(1,997)	-
Total sales revenue	49,379	27,645	(16,160)	60,864
Share of net profit of associates (note (iii))	-	287	-	287
Total segment revenue/income	49,379	27,932	(16,160)	61,151
Segment result before interest expense	41,005	14,307	(15,455)	39,857
Interest expense	(6,496)	(14,163)	14,163	(6,496)
Segment result after interest expense	34,509	144	(1,292)	33,361
Fair value adjustments	7,363	2,838	1,292	11,493
Profit before income tax	41,872	2,982	-	44,854
Income tax expense	57	(1,743)	-	(1,686)
Profit for the period	41,929	1,239	-	43,168
Segment assets	690,301	36,740	(76,663)	650,378
Segment liabilities (note (ii))	184,170	81,860	(76,663)	189,367
Investments in associates (note (iii))	142,096	760	-	142,856
Acquisitions of plant and equipment and other non-current segment assets	145,913	1,245	-	147,158
Depreciation and amortisation expense	-	(197)	-	(197)
Non-cash expenses	-	(883)	-	(883)

4. SEGMENT INFORMATION (CONTINUED)

2006	Property Investment \$'000	Funds management and corporate \$'000	Inter-segment eliminations unallocated \$'000	Consolidated \$'000
Revenue	31,769	13,864	(7,813)	37,820
Intersegment sales (note (ii))	-	1,589	(1,589)	-
Total sales revenue	31,769	15,453	(9,402)	37,820
Share of net loss of associates (note (iii))	-	(22)	-	(22)
Total segment revenue/income	31,769	15,431	(9,402)	37,798
Segment result before interest expense	25,978	6,350	(8,870)	23,458
Interest expense	(5,929)	(7,813)	7,813	(5,929)
Segment result after interest expense	20,049	(1,463)	(1,057)	17,529
Fair value adjustments	(6,621)	-	1,057	(5,564)
Profit/(loss) before income tax	13,428	(1,463)	-	11,965
Income tax expense	-	430	-	430
Profit for the period	13,428	(1,033)	-	12,395
Segment assets	484,458	20,823	(223)	505,058
Segment liabilities (note (ii))	159,191	66,620	(223)	225,588
Investments in associates (note (iii))	3,888	497	-	4,385
Acquisitions of plant and equipment and other non-current segment assets	288,028	307	-	228,335
Depreciation and amortisation expense	-	(94)	-	(94)
Non-cash expenses	-	(165)	-	(165)

(B) NOTES TO AND FORMING PART OF THE SEGMENT INFORMATION

(i) Accounting policies

Segment information is prepared in conformity with the accounting policies of the entity as disclosed in note 1 and accounting standard AASB 114 *Segment Reporting*.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, investment properties, property, plant and equipment net of related provisions. While most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are allocated based on reasonable estimates of usage. Segment liabilities consist primarily of trade and other creditors, employee benefits and provisions. Segment assets and liabilities include income taxes.

(ii) Inter-segment transfers

Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an "arm's length" basis and are eliminated on consolidation.

(iii) Investments in associates

The Group owns approximately 11.7% of Charter Hall Diversified Property Fund, 23.0% of Charter Hall Core Plus Office Fund, 32.1% of Charter Hall Core Plus Industrial Fund and 47.3% of Charter Hall Umbrella Fund which are all accounted for at fair value and are allocated to the property investment segment. Investments of 3.03% in Charter Hall Opportunity Fund No 4 and 20.0% in Charter Hall Opportunity Fund No 5 are equity accounted and allocated to the funds management and corporate segment.

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2007

5. REVENUE

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Sales Revenue				
Gross rental income	26,726	18,354	-	-
Management and performance fees	24,977	12,637	-	585
Other revenue	-	745	-	210
	51,703	31,736	-	795
Other revenue				
Interest	5,043	5,892	766	705
Distributions	4,083	184	3,323	3,000
	60,829	37,812	4,089	4,500

6. OTHER INCOME

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Other	35	8	-	-
	35	8	-	-

7. EXPENSES

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Profit before income tax includes the following specific expenses:				
Depreciation				
Plant and equipment	197	94	-	-
Finance costs				
Interest and finance charges paid/payable	6,496	5,929	14,163	7,813
Defined contribution superannuation	654	453	-	-
Rent expense relating to operating leases				
Minimum lease payments	349	329	-	-

8. INCOME TAX EXPENSE

	Consolidated		Parent entity	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
(A) INCOME TAX EXPENSE / (GAIN)				
Current tax	(180)	(30)	-	-
Deferred tax	1,674	(400)	(3,545)	(1,774)
Under provided in prior years	192	-	5	10
	1,686	(430)	(3,540)	(1,764)

Deferred income tax (revenue) expense included in income tax expense comprises:

Decrease (increase) in deferred tax assets (note 19)	(4)	(1,284)	(3,758)	(1,929)
(Decrease) increase in deferred tax liabilities (note 23)	1,678	884	213	155
	1,674	(400)	(3,545)	(1,774)

(B) NUMERICAL RECONCILIATION OF INCOME TAX EXPENSE TO PRIMA FACIE TAX PAYABLE

Profit before income tax expense	44,854	11,965	(9,869)	(3,356)
Tax at the Australian tax rate of 30%	13,456	3,590	(2,961)	(1,007)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Charter Hall Property Trust income	(12,562)	(4,028)	-	-
Entertainment	7	6	-	-
Interest on LTI securities excluded from accounts	341	-	341	156
Reversal of tax losses previously recognised	131	-	131	-
Non taxable dividends	-	-	(997)	(900)
Adjustments to current tax of prior periods	192	-	5	10
Sundry items	121	2	(59)	(23)
	1,686	(430)	(3,540)	(1,764)

(C) AMOUNT RECOGNISED DIRECTLY IN EQUITY

Net deferred tax debited directly to equity (note 25)	5	-	-	-
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(D) TAX CONSOLIDATION LEGISLATION

Charter Hall Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation of 1 July 2003. The accounting policy in relation to this legislation is set out in note 1(f).

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, Charter Hall Limited.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Charter Hall Limited for any current tax payable assumed and are compensated by Charter Hall Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Charter Hall Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables (see note 32).

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2007**9. CURRENT ASSETS - CASH AND CASH EQUIVALENTS**

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Cash at bank and in hand	3,808	113,177	168	854
Deposits at call	22,699	55,193	-	297
	26,507	168,370	168	1,151

(A) CASH AT BANK AND ON HAND

These amounts earn between 5.5% and 5.8% (2006: 5.4% and 5.6%).

(B) DEPOSITS AT CALL

The deposits are bearing floating interest rates between 6.0% and 6.3% (2006: 5.5% and 5.9%). These deposits have an average maturity of 25 days.

10. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Trade receivables	9,715	2,484	-	-
Provision for doubtful debts	(290)	(100)	-	-
	9,425	2,384	-	-
Loans to associates	9,283	536	-	-
GST receivable	33	2,259	-	1
Other receivables	4,173	924	-	-
Call receivable	-	21,682	-	-
Prepayments	3,650	2,744	-	-
	26,564	30,529	-	1

Further information relating to loans to associates is set out in note 32.

(A) BAD AND DOUBTFUL TRADE RECEIVABLES

The Group has recognised a loss of \$190,000 (2006: \$116,000) in respect of bad and doubtful trade receivables during the period ended 30 June 2007. The loss has been included in 'other expenses' in the income statement.

(B) EFFECTIVE INTEREST RATES AND CREDIT RISK

Information concerning the effective interest rate and credit risk of both current and non-current receivables is set out in the non-current receivables note (note 14).

(C) CALL RECEIVABLE

The call receivable represented the final instalment of 25c remaining payable on partly paid securities at 30 June 2006. All of this amount outstanding was received by 10 August 2006.

11. CURRENT ASSETS - FINANCIAL ASSETS

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Nunawading performance fee right	-	5,050	-	5,050
Other assets	218	70	-	-
	218	5,120	-	5,050

Charter Hall Limited purchased from Pivot Group Limited the right to a share in the performance fee from the development of 372 Whitehorse Road, Nunawading. The fee was realised in October 2006.

12. NON-CURRENT ASSETS – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Opening balance	3,988	-	497	-
Additions	134,990	3,988	-	-
Reallocation	(100)	-	-	-
Revaluation	11,067	-	263	497
Closing balance	149,945	3,988	760	497
Share and units in associates (note 34)	142,096	3,988	760	497
Shares in listed securities	7,849	-	-	-
	149,945	3,988	760	497

Changes in fair values of other financial assets at fair value through profit or loss are recorded in fair value gains / (losses) in the income statement.

13. DERIVATIVE FINANCIAL INSTRUMENTS

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Interest rate swap contracts	5,345	-	-	-
Interest rate swap contracts – cash flow hedges	-	2,482	-	-
Total non-current derivative financial instrument assets	5,345	2,482	-	-

(A) INSTRUMENTS USED BY THE GROUP

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates in accordance with the Group's financial risk management policies (refer to note 2).

Interest rate swap contracts

It is policy to protect up to 100% of bank loans from exposure to increasing interest rates. Accordingly, the Group has entered into interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates.

Swaps currently in place cover 70% (2006: 96%) of the loan principal outstanding and are timed to expire as each loan repayment falls due. The fixed interest rates range between 6.02% and 6.70%. Hedging is at 70% to allow for the raising of external equity in the Charter Hall Core Plus Retail Fund which is currently a wholly owned subsidiary.

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2007**13. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)**

At 30 June 2007, the notional principal amounts and periods of expiry of the interest rate swap contracts are as follows:

	2007	2006
	\$'000	\$'000
3 - 4 years	47,000	-
4 - 5 years	-	47,000
5 - 6 years	63,450	-
6 - 7 years	-	87,000
	110,450	134,000

The contracts require settlement of net interest receivable or payable each 90 days for the \$47 million swap and 30 days for the \$63.45 million swap. The settlement dates coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

The gain or loss from remeasuring the hedging instruments at fair value was previously deferred in equity in the hedging reserve. With the hedge no longer tested for effectiveness \$1,331,000 was recorded in equity at 31 December 2006 and is currently being amortised to fair value adjustments over the period of the hedge remaining. The amount amortised in the year ended 30 June 2007 was \$189,000. The amount of the hedge recorded directly in fair value adjustments in the profit and loss statement was \$4,014,000.

(B) CREDIT RISK EXPOSURES

Credit risk arises from the potential failure of counterparties to meet their obligations under the respective contracts at maturity. This arises with amounts receivable from unrealised gains on derivative financial instruments.

The Group undertakes 100% of its transactions in interest rate contracts with financial institutions.

(C) INTEREST RATE RISK EXPOSURES

Refer to note 22 (c) for the Group's exposure to interest rate risk on interest rate swaps.

14. NON-CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Loans to key management personnel	7,062	3,964	7,062	3,964
Loans to subsidiaries	-	-	5,019	-
Other receivables	343	189	343	189
	7,405	4,153	12,424	4,153

Further information relating to loans to key management personnel is set out in note 29.

(A) FAIR VALUES

The fair values and carrying values of non-current receivables of the Group are as follows:

	2007	2007	2006	2006
	Carrying amount	Fair value	Carrying amount	Fair value
	\$'000	\$'000	\$'000	\$'000
Loans to key management personnel	7,062	7,062	3,964	3,964
Other receivables	343	343	189	189
	7,405	7,405	4,153	4,153

14. NON-CURRENT ASSETS – TRADE AND OTHER RECEIVABLES (CONTINUED)**(B) INTEREST RATE RISK**

The Group's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following tables.

2007	Fixed interest maturing in:								Total \$'000
	Floating interest rate \$'000	1 year or less \$'000	Over 1 to 2 years \$'000	Over 2 to 3 years \$'000	Over 3 to 4 years \$'000	Over 4 to 5 years \$'000	Over 5 years \$'000	Non- interest bearing \$'000	
	Trade receivables	-	-	-	-	-	-	-	
Loans to associates	-	7,901	-	-	-	-	-	1,382	9,283
Loans to others	-	-	-	-	343	-	-	-	343
Loans to key management personnel	-	-	-	-	7,062	-	-	-	7,062
Other receivables	-	-	-	-	-	-	-	7,856	7,856
	-	7,901	-	-	7,405	-	-	18,663	33,969
Weighted average interest rate	-	8.75%	-	-	10.44%	-	-	-	

2006	Fixed interest maturing in:								Total \$'000
	Floating interest rate \$'000	1 year or less \$'000	Over 1 to 2 years \$'000	Over 2 to 3 years \$'000	Over 3 to 4 years \$'000	Over 4 to 5 years \$'000	Over 5 years \$'000	Non- interest bearing \$'000	
	Trade receivables	-	-	-	-	-	-	-	
Loans to associates	-	519	-	-	-	-	-	17	536
Loans to others	-	150	-	-	-	-	-	-	150
Loans to key management personnel	-	-	-	-	-	3,964	-	-	3,964
Other receivables	-	-	-	-	-	189	-	27,459	27,648
	-	669	-	-	-	4,153	-	29,860	34,682
Weighted average interest rate	-	8.75%	-	-	-	8.34%	-	-	

(C) CREDIT RISK

There is no concentration of credit risk with respect to current and non-current receivables, as the Group has a large number of customers. Refer to note 2 for more information on the risk management policy of the Group.

15. NON-CURRENT ASSETS - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Consolidated	
	2007 \$'000	2006 \$'000
Units in associates (note 33)	760	497
	760	497

(A) UNITS IN ASSOCIATES

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting and are carried at fair value by the parent entity.

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2007

16. NON-CURRENT ASSETS – OTHER FINANCIAL ASSETS

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Shares and units in subsidiaries (note 33)	-	-	1,600	1,600
333 George Street deposit paid	-	2,178	-	-
Option fee paid on investment property	-	1,062	-	-
	-	3,240	1,600	1,600

These financial assets are carried at cost.

17. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

Consolidated	Furniture, fittings and equipment	Fixtures	Total
	\$'000	\$'000	\$'000
Period ended 30 June 2006			
Opening net book amount	293	-	293
Additions	108	-	108
Depreciation charge	(94)	-	(94)
Closing net book amount	307	-	307
At 30 June 2006			
Cost	659	-	659
Accumulated depreciation	(352)	-	(352)
Net book amount	307	-	307
Period ended 30 June 2007			
Opening net book amount	307	-	307
Additions	211	1,034	1,245
Depreciation charge	(111)	(86)	(197)
Closing net book amount	407	948	1,355
At 30 June 2007			
Cost	870	1,034	1,904
Accumulated depreciation	(463)	(86)	(549)
Net book amount	407	948	1,355

18. NON-CURRENT ASSETS – INVESTMENT PROPERTIES

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
At Fair value				
Opening balance	284,788	-	-	-
Acquisitions	250,144	289,207	-	-
Capitalised subsequent expenditure	5,133	1,145	-	-
Lease incentives paid	2,957	-	-	-
Lease incentives amortised	(211)	-	-	-
Asset removed on deconsolidation	(106,780)	-	-	-
Net gain / (loss) from fair value adjustment	(5,330)	(5,564)	-	-
Closing balance at 30 June	430,701	284,788	-	-

18. NON-CURRENT ASSETS – INVESTMENT PROPERTIES (CONTINUED)

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
(A) AMOUNTS RECOGNISED IN PROFIT AND LOSS FOR INVESTMENT PROPERTY				
Rental income	26,726	18,354	-	-
Direct operating expenses from property that generated rental income	(7,120)	(5,065)	-	-
	19,606	13,289	-	-

Property	Type	% Owned	Date acquired	Cost incl additions \$'000	Independent valuation date	Independent valuation amount \$'000	Valuer	Book value 2007 \$'000	Book value 2006 \$'000
61 Nepean Hwy, Mentone [#]	Bulky retail	50	15/6/05	25,371	12/4/05	22,500	Savills	23,615	23,464
570 Bourke St, Melbourne	Office	50	20/6/05	66,723	30/6/07	72,000	CBRE	72,000	65,000
56 Anzac St, Chullora	Industrial	100	21/6/05	18,589	30/6/07	19,250	Savills	19,250	17,650
Menai Central, Menai	Retail	100	4/7/05	40,860	30/6/07	38,000	CBRE	36,746	38,222
400 Kent St, Sydney	Office	50	28/7/05	25,267	30/9/06	26,650	Savills	26,650	23,961
60 Union St, Pyrmont [^]	Office	100	22/12/05	-	20/12/05	134,000	Savills	-	106,780
372 Whitehorse Rd, Nunawading ⁺	Bulky retail	100	31/10/06	71,752	5/10/06	66,300	Colliers	67,931	9,711
25 Nepean Hwy, Mentone	Bulky retail	100	21/7/06	23,341	1/7/06	21,900	Savills	21,900	-
CPRF properties									
Bunnings, Kalgoorlie	Bulky retail	100	20/12/06	6,566	13/11/06	6,200	CBRE	6,200	-
Bunnings, Bendigo	Bulky retail	100	20/12/06	9,208	1/11/06	8,700	CBRE	8,700	-
Harvey Norman, Dunedin, NZ	Bulky retail	100	2/2/07	16,351	2/2/07	16,343	CBRE	16,343	-
Bunnings, Box Hill	Bulky retail	100	20/6/07	27,677	1/6/07	26,220	Colliers	26,220	-
Bunnings, Nerang	Bulky retail	100	20/6/07	20,013	1/6/07	19,100	Colliers	19,100	-
Bunnings, Nowra	Bulky retail	100	20/6/07	14,543	1/6/07	13,720	Colliers	13,720	-
Bunnings, Penrith	Bulky retail	100	20/6/07	27,974	1/6/07	26,520	Colliers	26,520	-
Bunnings, Stafford	Bulky retail	100	20/6/07	21,623	1/6/07	20,640	Colliers	20,640	-
Bunnings, Belconnen	Bulky retail	100	27/6/07	25,428	1/6/07	23,800	Colliers	23,800	-
Foodtown, Auckland, NZ [*]	Retail	100	N/A	1,307	N/A	N/A	N/A	1,271	-
Bluewater Square, Redcliffe [*]	Retail	100	N/A	95	N/A	N/A	N/A	95	-
				442,688				430,701	284,788

[#] Development assets

[^] Owned in GPOF which ceased to be a wholly owned sub-trust on 1 July 2006.

⁺ Valuation is based on a capitalised value of \$70.8m less an allowance for incentives required to be paid for the property to be fully leased.

^{*} Deposit paid

CPRF properties are properties held in a wholly owned sub-trust of CHPT

(A) VALUATION BASIS

The basis of the valuation of investment properties is fair value being based on a discounted cash flow calculation or capitalisation approach. The 2007 revaluations were based on a combination of Directors' valuations and independent valuations.

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2007

19. NON-CURRENT ASSETS – DEFERRED TAX ASSETS

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
The balance comprises temporary differences attributable to:				
Prepayments	15	-	210	-
Employee benefits	247	90	-	-
Other provisions	256	230	-	-
Fund establishment costs	214	214	-	-
Tax losses	551	750	5,477	1,929
	1,283	1,284	5,687	1,929
Movements:				
Opening balance	1,284	-	1,929	-
Credited to the income statement (note 8)	4	1,284	3,758	1,929
Amounts recognised in equity	(5)	-	-	-
Closing balance at 30 June	1,283	1,284	5,687	1,929
Deferred tax assets to be recovered after more than 12 months	642	642	2,844	1,929
Deferred tax assets to be recovered within 12 months	641	642	2,843	-
	1,283	1,284	5,687	1,929

20. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Trade payables	2,991	645	5	-
Deposits	86	154	-	-
Accruals	4,268	2,322	-	-
Charter Hall Holdings Pty Ltd purchase price payable	-	9,691	-	9,691
Development agreement payable	-	1,337	-	-
Cash received from Core Plus Office Fund investors for units to be issued	-	58,275	-	-
Underwriting fee payable for initial public offering	-	1,771	-	-
Distribution payable	20,677	10,182	-	-
Other payables	21	77	-	-
	28,043	84,454	5	9,691

21. CURRENT LIABILITIES – PROVISIONS

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Employee benefits – long service leave	149	48	-	-
	149	48	-	-

(A) MOVEMENTS IN PROVISIONS

Refer to Note 24 for the movement in provisions and split between current and non-current.

22. NON- CURRENT LIABILITIES – BORROWINGS

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Unsecured				
Bank loans	158,572	140,119	-	-
Loan – Charter Hall Property Trust	-	-	75,351	55,050
Total unsecured non-current borrowings	158,572	140,119	75,351	55,050

(A) TOTAL UNSECURED LIABILITIES

The total unsecured liabilities (current and non-current) are as follows:

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Bank loans	158,572	140,119	-	-
Loan – Charter Hall Property Trust	-	-	75,351	55,050
Total unsecured liabilities	158,572	140,119	75,351	55,050

(B) FINANCING ARRANGEMENTS

Unrestricted access was available at balance date to the following lines of credit:

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Total facilities	160,000	225,500	150,000	75,000
Used at balance date	158,572	140,119	75,351	55,050
Unused at balance date	1,428	85,381	74,649	19,950

The consolidated entity has access to a National Australia Bank evergreen facility. Subject to the continuance of satisfactory loan covenants and credit ratings, the bank loan facilities may be drawn at any time.

The facility limit was increased to \$260 million on 5 July 2007.

The Parent entity has a facility given by Charter Hall Property Trust.

The current interest rates are 7.0% on the bill facility and 16.4% on the loan from Charter Hall Property Trust.

(C) INTEREST RATE RISK EXPOSURES

The following table sets out the Group's exposure to interest rate risk, including the contractual repricing dates and the effective weighted average interest rate by maturity periods.

Exposures arise predominantly from liabilities bearing variable interest rates as the Group intends to hold fixed rate liabilities to maturity.

2007 Consolidated	Fixed interest rate:							
	Floating interest rate	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Bank and other loans	158,572	-	-	-	-	-	-	158,572
Interest rate swaps*	(110,450)	-	-	-	47,000	-	63,450	-
	48,122	-	-	-	47,000	-	63,450	158,572
Weighted average interest rate	7.02%				6.02%		6.52%	

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2007

22. NON-CURRENT LIABILITIES – BORROWINGS (CONTINUED)

2007 Parent	Fixed interest rate:							Total
	Floating interest rate	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Loan from CHPT	-	-	-	-	-	-	75,351	75,351
	-	-	-	-	-	-	75,351	75,351
Weighted average interest rate								16.41%

2006 Consolidated	Fixed interest rate:							Total
	Floating interest rate	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Bank and other loans	140,119	-	-	-	-	-	-	140,119
Interest rate swaps*	(134,000)	-	-	-	-	-	134,000	-
	6,119	-	-	-	-	-	134,000	140,119
Weighted average interest rate	6.24%						5.99%	

2006 Parent	Fixed interest rate:							Total
	Floating interest rate	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Loan from CHPT	-	-	-	-	-	-	55,050	55,050
							55,050	55,050
Weighted average interest rate								13.17%

* Notional principal amounts

(D) FAIR VALUE

The carrying amounts and fair values of borrowings at balance date are:

	2007		2007 Parent	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$'000	\$'000	\$'000	\$'000
On-balance sheet				
Non-traded financial liabilities				
Bank loans	158,572	158,572	-	-
Other loans	-	-	75,351	75,351

Fair value is inclusive of costs which would be incurred on settlement of a liability.

22. NON-CURRENT LIABILITIES – BORROWINGS (CONTINUED)

(i) On-balance sheet

The fair value of borrowings is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for liabilities with similar risk profiles.

(ii) Off-balance sheet

There are no off-balance sheet liabilities

23. NON CURRENT LIABILITIES – DEFERRED TAX LIABILITIES

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
The balance comprises temporary differences attributable to:				
Financial assets at fair value through profit and loss	832	-	-	-
Prepayments	16	170	-	155
Fund establishment costs	946	714	-	-
Accrued revenue	367	-	367	-
Other	401	-	1	-
	2,562	884	368	155
Movements:				
Opening balance	884	-	155	-
Charged/(credited) to the income statement (note 8)	1,678	884	213	155
Closing balance at 30 June	2,562	884	368	155
Deferred tax liabilities to be settled after more than 12 months	2,562	884	368	155
Deferred tax liabilities to be settled within 12 months	-	-	-	-
	2,562	884	368	155

24. NON-CURRENT LIABILITIES – PROVISIONS

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Employee benefits – long service leave	41	83	-	-

(A) MOVEMENTS IN PROVISIONS

Movements in employee benefits provisions are set out below:

	Consolidated	
	2007	2006
	\$'000	\$'000
Long service leave		
Opening balance	131	82
Additional provisions recognised	59	49
Carrying amount at end of period	190	131
Current	149	48
Non-current	41	83
Total	190	131

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2007

25. CONTRIBUTED EQUITY

	Notes	Parent		Parent	
		2007 Securities	2006 Securities	2007 \$'000	2006 \$'000
(A) SECURITY CAPITAL*					
Ordinary securities	(b),(c)				
Fully paid		420,965,611	242,457,179	513,597	257,852
Partly paid		-	92,928,962	-	56,925
Final instalment to be paid		-	-	-	21,682
		420,965,611	335,386,141	513,597	336,459

(B) MOVEMENTS IN ORDINARY SECURITY CAPITAL:

Details	Notes	Number of Securities	Issue price	\$'000
Initial allotment		100	\$1.0000	-
Initial public offering		264,078,910	\$0.7500	198,059
Dividend reinvestment plan issues	(d)	8,089,980	\$0.8936	7,229
Employee security scheme issue	(e)	5,900,000	\$0.7500	4,425
Employee security scheme issue	(e)	300,000	\$0.8231	247
Final call of \$0.25 on 278,368,890 partly paid securities				69,592
Entitlement issue	(f)	57,017,151	\$1.2700	72,412
		335,386,141		351,964
Less: Transaction costs on security issues		-		(9,283)
Less: LTI securities reversed		(6,200,000)		(6,222)
Balance at 30 June 2006		329,186,141		336,459
Addback LTI securities reversed last year		6,200,000		6,222
Entitlement issue	(f)	15,423,367	\$1.2700	19,588
Employee security scheme issue	(e)	6,299,213	\$1.2700	8,000
Employee security scheme issue	(e)	352,564	\$1.5600	550
Employee security scheme issue	(e)	807,453	\$1.6100	1,300
Employee security scheme issue	(e)	50,000	\$2.0000	100
Employee security scheme issue	(e)	202,428	\$2.4700	500
Securities issued to Wyllie as part of asset purchase	(g)	18,000,000	\$1.4869	26,764
Placement	(h)	44,444,445	\$3.0000	133,333
Balance at 30 June 2007		420,965,611		532,816
Less: Transaction costs on security issues		-		(4,621)
Less: LTI securities reversed		(11,844,991)		(14,598)
Balance per accounts at 30 June 2007		409,120,620		513,597
Charter Hall Limited				5,131
Charter Hall Property Trust				508,466

* This includes security capital of Charter Hall Limited and Charter Hall Property Trust which are stapled. Refer to note 1 for details of the accounting for this stapling arrangement.

25. CONTRIBUTED EQUITY (CONTINUED)

In 2006 the issued capital of \$336,459,000 was divided between Charter Hall Limited (\$3,371,000) and Charter Hall Property Trust (\$333,088,000)

(C) ORDINARY SECURITIES

Ordinary securities entitle the holder to participate in distributions/dividends and the proceeds on winding up of the trust/company in proportion to the number of and amounts paid on the securities held. The securities issued under the placement are fully paid with no entitlement to the distribution for 30 June 2007.

On a show of hands every holder of ordinary securities present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each security is entitled to one vote.

(D) DISTRIBUTION REINVESTMENT PLAN

The company has established a distribution reinvestment plan (DRP) under which holders of ordinary securities may elect to have all or part of their distribution satisfied by the issue of new ordinary securities rather than by being paid in cash. Securities are issued under the plan at a discount to the market price. The DRP was active for the December 2005 distribution however it was deactivated for the 30 June 2006 distribution and remains deactivated.

(E) EMPLOYEE SECURITY SCHEME

Information on the employee security scheme, including details of securities issued under the scheme, is set out in note 38.

(F) ENTITLEMENT, PLACEMENT AND PUBLIC OFFER

On 19 May 2006 the company invited its securityholders to subscribe to a entitlement, placement and public offer of 61.8 million ordinary securities at an issue price of \$1.27 per security on the basis of 2 securities for every 9 fully or partly paid ordinary securities held, such securities to be issued on 15 June 2006 or 3 July 2006 and rank for distributions/dividends after 30 June 2006. Securities not taken up under the entitlement offer were subscribed for under a placement and public offer.

(G) WYLLIE ISSUE

On 11 December 2006, 18,000,000 securities were issued to Wyllie Group and \$26,764,000 was received as proceeds. This was part of the purchase of 225 St Georges Terrace, Perth by Charter Hall Core Plus Office Fund.

(H) PLACEMENT

On 6 June 2007 44,444,445 securities were issued at \$3.00 partially used to fund the acquisition of the Bunnings Portfolio and a 50% interest in Commercial and Industrial Property Pty Limited. The securities were not entitled to the distribution for the six months ended 30 June 2007.

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2007

26. RESERVES AND RETAINED PROFITS

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
(A) RESERVES				
Hedging reserve - cash flow hedges	1,142	2,482	-	-
Business combination reserve	(52,000)	(52,000)	(52,000)	(52,000)
Security-based payments reserve	1,048	165	-	-
Foreign currency reserve	22	-	-	-
	(49,788)	(49,353)	(52,000)	(52,000)
Charter Hall Limited	(50,952)	(51,835)		
Charter Hall Property Trust	1,164	2,482		
	(49,788)	(49,353)		

Movements:**Hedging reserve - cash flow hedges**

Opening balance	2,482	-	-	-
Hedge novated to Charter Hall Core Plus Fund	(1,512)			
Revaluation (note 13)	361	2,482	-	-
Amortisation	(189)	-	-	-
Closing balance	1,142	2,482	-	-

Security-based payments reserve

Opening balance	165	-	-	-
Expense relating to LTI scheme	883	165	-	-
Closing balance 30 June	1,048	165	-	-

Business combination reserve

Opening balance	(52,000)	(52,000)	-	-
Amount paid for Charter Hall Holdings Pty Limited	-	-	(52,000)	(52,000)
Closing balance	(52,000)	(52,000)	(52,000)	(52,000)

Foreign currency reserve

Opening balance	-	-	-	-
Translation	22	-	-	-
Closing balance	22	-	-	-

26. RESERVES AND RETAINED PROFITS (CONTINUED)**(B) RETAINED PROFITS / (ACCUMULATED LOSSES)**

Movements in retained profits were as follows:

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Opening balance	(7,636)	-	(1,592)	-
Net profit / (loss) for the period	43,168	12,395	(6,329)	(1,592)
Distributions / dividends	(38,074)	(20,031)	-	-
Other	(256)	-	-	-
Balance 30 June	(2,798)	(7,636)	(7,921)	(1,592)
Charter Hall Limited	207	(2,576)		
Charter Hall Property Trust	(3,005)	(5,060)		
	(2,798)	(7,636)		

(i) Hedging reserve - cash flow hedges

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity, as described in note 1(i).

(ii) Security-based payments reserve

The security-based payments reserve is used to recognise the fair value of securities issued to the Charter Hall Limited Executive Loan Security Plan but not issued to employees.

(iii) Business combination reserve

This reserve relates to the reverse acquisition at IPO as described in note 1. This is the amount that relates to the investment in CHH that is not eliminated by paid in capital. No goodwill is recognised as this transaction is the result of a reverse acquisition.

27. MINORITY INTEREST

The financial report includes separate financial statements for Charter Hall Limited (CHL) as an individual entity and the consolidated entity consisting of Charter Hall Limited and its subsidiaries and controlled entities including Charter Hall Property Trust (CHPT). For the purposes of AASB Interpretation 1002 *Post date of transition stapling arrangements* (AASB I - 1002), Charter Hall Limited has been identified as the Parent Entity in relation to the stapling. In accordance with AASB I - 1002 the results and equity, not directly owned by CHL, of CHPT have been treated and disclosed as minority interest. Whilst the results and equity of CHPT are disclosed as minority interest, the stapled security holders of CHL are the same as the stapled security holders of CHPT.

	Notes	Consolidated		Parent entity	
		2007	2006	2007	2006
		\$'000	\$'000	\$'000	\$'000
Interest in:					
Contributed equity	25	508,466	333,088	-	-
Reserves	26(a)	1,164	2,482	-	-
Retained profits	26(b)	(3,005)	(5,060)	-	-
		506,625	330,510	-	-

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2007

28. DISTRIBUTIONS

	Consolidated Entity	
	2007	2006
	\$'000	\$'000
(A) ORDINARY SECURITIES		
- Final distribution for the period ended 30 June 2006 of 3.8288 cents per partly paid security paid on 28 August 2006	-	10,420
- Interim distribution for the period ended 31 December 2005 of 3.281 cents per partly paid security paid 28 February 2006	-	8,868
- Interim distribution for the period ended 30 June 2005 of 0.449 cents per partly paid security paid 28 February 2006	-	1,215
- Interim ordinary distribution for the period ended 31 December 2006 of 4.77 cents per security paid on 28 February 2007	17,950	-
- Final ordinary distribution for the period ended 30 June 2007 of 5.67 cents per security payable on 31 August 2007	21,349	-
Total distributions provided for or paid	39,299	20,503
Less: distributions paid to holders of LTI securities	(1,227)	(472)
	38,072	20,031
Distributions paid in cash or satisfied by the issue of securities under the distribution reinvestment plan during the period ended 30 June were as follows:		
Paid in cash	39,299	13,274
Satisfied by issue of securities	-	7,229
	39,299	20,503

29. KEY MANAGEMENT PERSONNEL DISCLOSURES

(A) DIRECTORS

The following persons were Directors of Charter Hall Limited during the period:

(i) Chairman - Non-Executive

K Roxburgh

(ii) Executive Directors

C Fuchs

D Harrison (appointed 30/8/06)

D Southon (appointed 30/8/06)

(iii) Non-Executive Directors

R Woodhouse (Deputy Chairman)

A Biet

P Derrington

G Fraser

C McGowan

P McMahon (resigned 30/8/06)

(B) OTHER KEY MANAGEMENT PERSONNEL

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the period:

Name	Position	Employer
R Champion	Fund Manager and Retail Director	Charter Hall Holdings Pty Ltd
M Winnem	Fund Manager and Development Director	Charter Hall Holdings Pty Ltd

(C) KEY MANAGEMENT PERSONNEL COMPENSATION

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Short-term employee benefits	2,347,448	1,743,187	-	-
Post-employment benefits	265,438	177,202	-	-
Security-based payment	487,493	134,818	-	-
	3,100,379	2,055,207	-	-

The company has taken advantage of the relief provided by ASIC Class Order 06/50 and has transferred the detailed remuneration disclosures to the Directors' report. The relevant information can be found in sections A C of the remuneration report on pages 9 to 13.

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2007**29. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)****(D) EQUITY INSTRUMENT DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL****(i) Security holdings**

The numbers of securities in the company held during the period by each Director of Charter Hall Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no securities granted during the reporting period as compensation.

2007

Name	Opening balance	Purchased / (sold) during the period	LTI securities vesting during the period	Balance at the end of the period
Directors of Charter Hall Limited				
Ordinary securities				
A Biet	5,729,724	(520,000)	350,000	5,559,724
P Derrington	-	-	-	-
G Fraser	156,262	68,738	-	225,000
C Fuchs	5,656,595	(520,000)	350,000	5,486,595
D Harrison	5,899,117	2,276,025	491,667	8,666,809
C McGowan	-	-	-	-
K Roxburgh	50,000	-	-	50,000
D Southon	4,608,795	3,654,408	491,667	8,754,870
R Woodhouse	366,666	-	-	366,666
Other key management personnel of the Group				
Ordinary securities				
M Winnem	1,482,982	171,566	-	1,654,548
R Champion	-	-	-	-

29. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

2006

Name	Opening balance	Purchased during the period	Balance at the end of the period
Directors of Charter Hall Limited			
Ordinary securities			
A Biet	5,576,595	153,129	5,729,724
P Derrington	-	-	-
G Fraser	156,262	-	156,262
C Fuchs	5,656,595	-	5,656,595
C McGowan	-	-	-
P McMahon	55,073	-	55,073
K Roxburgh	50,000	-	50,000
R Woodhouse	366,666	-	366,666
Other key management personnel of the Group			
Ordinary securities			
D Harrison	5,339,208	559,909	5,899,117
D Southon	4,424,092	184,703	4,608,795
M Winnem	1,482,982	-	1,482,982

(E) LOANS TO KEY MANAGEMENT PERSONNEL

Details of loans made to Directors of Charter Hall Limited and other key management personnel of the Group, including their personally related parties, are set out below.

(i) Aggregates for key management personnel

Group	Balance at the start of the period	Interest paid and payable for the period	Balance at the end of the period	Number in Group at the end of the period
	\$	\$	\$	
2007	3,964,504	378,946	7,062,280	4
2006	6,758,366	534,647	3,964,504	3

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2007

29. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(ii) Individuals with loans above \$100,000 during the period

2007

Name	Balance at the start of the period	Interest paid and payable for the period	Balance at the end of the period	Highest indebtedness during the period
	\$	\$	\$	\$
D Harrison	1,970,720	312,330	3,161,295	3,161,295
D Southon	1,970,720	312,330	3,161,295	3,161,295
C Fuchs	-	36,540	369,845	369,845
A Biet	-	36,540	369,845	369,845

2006

Name	Balance at the start of the period	Interest paid and payable for the period	Balance at the end of the period	Highest indebtedness during the period
	\$	\$	\$	\$
D Harrison	4,004,400	230,365	1,970,720	4,004,400
D Southon	1,875,000	190,548	1,970,720	1,970,720
M Winnem	370,746	48,660	23,064	370,746

Loans to key management personnel are for periods of 5 years at interest rates equivalent to the distribution, and are secured by mortgages over the securities that have been purchased with the loan.

30. REMUNERATION OF AUDITORS

During the period the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non related audit firms:

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
(A) ASSURANCE SERVICES				
Audit services				
PricewaterhouseCoopers Australian firm				
Audit and review of financial reports and other audit work under the Corporations Act 2001	207,887	157,500	-	-
Non PricewaterhouseCoopers audit firms for the audit or review of financial reports of any entity in the Group	33,290	29,000	-	-
Total remuneration for audit services	241,177	186,500	-	-
Other assurance services				
PricewaterhouseCoopers Australian firm				
Investigating Accountants Reports	-	446,577	-	-
Total remuneration for other assurance services	-	446,577	-	-
Total remuneration for assurance services	241,177	633,077	-	-
(B) TAXATION SERVICES				
PricewaterhouseCoopers Australian firm				
Tax compliance services, including review of company income tax returns	37,610	52,700	-	10,000
Tax advice on IPO / equity raising	97,123	200,622	-	-
Total remuneration for taxation services	134,733	253,322	-	10,000
(C) ADVISORY SERVICES				
PricewaterhouseCoopers Australian firm				
Long term incentive plan	38,500	-	-	-
Legal fees	-	42,123	-	-
Total remuneration for advisory services	38,500	42,123	-	-

The Group's policy to employ PricewaterhouseCoopers (PwC) on assignments additional to their statutory audit duties where PwC's expertise and experience with the Group are important. These assignments are principally tax advice and Investigating Accountants Reports reporting on acquisitions, or where PwC is awarded assignments on a competitive basis. It is the Group's policy to seek competitive tenders for all major consulting projects.

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2007**31. COMMITMENTS****(A) CAPITAL COMMITMENTS**

Expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Investment property				
Payable:				
Within one year	-	165,885	-	-
Within one year	-	-	-	-
Later than one year but not later than five years	-	-	-	-
Later than five years	-	-	-	-
	-	165,885	-	-

(B) LEASE COMMITMENTS : GROUP AS LESSEE

Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Within one year	-	313	-	-
Later than one year but not later than five years	1,506	1,075	-	-
Later than five years	1,173	-	-	-
	2,679	1,388	-	-

32. RELATED PARTIES**(A) PARENT ENTITY**

The parent entity within the Group is Charter Hall Limited.

(B) SUBSIDIARIES

Interests in subsidiaries are set out in note 33.

(C) KEY MANAGEMENT PERSONNEL

Disclosures relating to key management personnel are set out in note 29.

32. RELATED PARTIES (CONTINUED)**(D) TRANSACTIONS WITH RELATED PARTIES**

The following transactions occurred with related parties:

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Sales of services				
Management fees from associates	15,296,464	1,936,226	-	-
Procurement fees from associates	2,008,273	3,050,422	-	-
Commitment fees from associates	173,218	300,000	-	-
Staff loan establishment and spotters fee received from subsidiary	-	-	-	285,400
Tax consolidation legislation				
Current tax payable assumed from wholly owned tax consolidated entities	-	-	4,901,957	1,158,182
Dividend revenue				
Subsidiaries	-	-	3,322,674	3,000,000

(E) LOANS TO/FROM RELATED PARTIES

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Loans to associates				
Beginning of the period	536,197	-	-	-
Loans advanced	57,492,387	11,401,476	-	-
Loan repayments received	(49,051,395)	(10,930,697)	-	-
Interest charged	1,152,920	211,631	-	-
Interest received	(846,803)	(146,213)	-	-
End of period	9,283,306	536,197	-	-
Loans to subsidiaries				
Loans advanced	-	-	5,010,000	-
Interest charged	-	-	8,510	-
	-	-	5,018,510	-
Loans from subsidiaries				
Beginning of the period	-	-	55,049,981	-
Loans received	-	-	20,027,776	55,570,475
Loan repayments paid	-	-	(2,939,812)	(4,333,708)
Interest charged	-	-	14,162,749	7,393,582
Interest paid	-	-	(10,950,000)	(3,580,368)
End of period	-	-	75,350,694	55,049,981

No provisions for doubtful debts have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2007**33. SUBSIDIARIES**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name of entity	Country of incorporation	Class of securities	Equity holding	
			2007 %	2006 %
Charter Hall Holdings Pty Limited	Australia	Ordinary	100	100
Charter Hall (NZ) Pty Limited (formerly Atrium Pyrmont Pty Limited)	Australia	Ordinary	100	100
CH Management Australia Pty Limited	Australia	Ordinary	100	N/A
Charter Hall Funds Management Limited	Australia	Ordinary	100	100
Bowvilla Pty Limited	Australia	Ordinary	100	100
Charter Hall Holdings Real Estate Pty Limited	Australia	Ordinary	100	100
Frolish Pty Limited	Australia	Ordinary	100	100
Stelridge Pty Limited	Australia	Ordinary	100	100
Visokoi Pty Limited	Australia	Ordinary	100	100
Bieson Pty Limited	Australia	Ordinary	100	100
Sandkilt (No 2) Pty Limited	Australia	Ordinary	100	100
Charter Hall Holdings Real Estate (Vic) Pty Limited	Australia	Ordinary	100	100
333 George Street Trust	Australia	Ordinary	*	100
Charter Hall Core Plus Office Fund	Australia	Ordinary	*	100
Atrium Trust	Australia	Ordinary	*	100
Stirling Street Trust	Australia	Ordinary	*	100
Charter Hall Investment Fund No. 15	Australia	Ordinary	100	N/A
Charter Hall Core Plus Retail Fund	Australia	Ordinary	100	N/A
Charter Hall Core Plus Retail Fund (NZ)	Australia	Ordinary	100	N/A
Redcliffe Retail Property Trust	Australia	Ordinary	100	N/A
Belconnen Retail Warehouse Trust	Australia	Ordinary	100	N/A
Box Hill Retail Warehouse Trust	Australia	Ordinary	100	N/A
Nerang Retail Warehouse Trust	Australia	Ordinary	100	N/A
Nowra Warehouse Trust	Australia	Ordinary	100	N/A
Penrith Warehouse Trust	Australia	Ordinary	100	N/A
Stafford Retail Warehouse Trust	Australia	Ordinary	100	N/A

* The holding in these Trusts has been reduced to 23% with the raising of external equity resulting in a dilution from 100%.

34. INVESTMENTS IN ASSOCIATES

(A) CARRYING AMOUNTS

Information relating to associates is set out below.

Name of company	Principal activity	Ownership Interest		Consolidated		Parent entity	
		2007	2006	2007	2006	2007	2006
		%	%	\$'000	\$'000	\$'000	\$'000
Unlisted							
Charter Hall Diversified Property Fund	Property Investment	11.7%	19.9%	5,179	3,888	-	-
Charter Hall Opportunity Fund No 4	Property Development	3.03%	3.03%	662	497	-	-
Charter Hall Core Plus Office Fund	Property Investment	23%	100%	80,058	-	-	-
Charter Hall Core Plus Industrial Fund	Property Investment	32.1%	N/A	45,986	-	-	-
Charter Hall Umbrella Fund	Property Investment	47.3%	N/A	10,873	-	-	-
Charter Hall Opportunity Fund No 5	Property Development	20%	N/A	98	-	-	-

The above associates are incorporated in Australia. The investments in Charter Hall Opportunity Fund Nos 4 & 5 are held by Charter Hall Limited are equity accounted in the consolidated financial statements and as financial assets at fair value through the profit and loss in the parent financial statements. The investments in Charter Hall Diversified Property Fund, Charter Hall Core Plus Office Fund, Charter Hall Core Plus Industrial Fund and Charter Hall Umbrella Fund are held by Charter Hall Property Trust and as such are accounted for at fair value.

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2007

34. INVESTMENTS IN ASSOCIATES (CONTINUED)

	Consolidated	
	2007	2006
	\$'000	\$'000
(B) MOVEMENTS IN CARRYING AMOUNTS		
Charter Hall Diversified Property Fund		
Opening balance	3,888	-
Investment	1,096	3,888
Fair value increase	195	-
Closing balance	5,179	3,888
Distributions on this investment of \$399k (2006 \$184k) are in the income statement		
Charter Hall Opportunity Fund No 4		
Opening balance	497	
Investment	777	529
Share of profit/(loss) after income tax	287	(22)
Distributions received/receivable	(899)	(10)
Carrying amount at the end of the period	662	497
Charter Hall Core Plus Office Fund		
Opening balance (Eliminated on consolidation last year)	10,000	-
Investment	63,011	-
Fair value increase	7,047	-
	80,058	
Charter Hall Core Plus Industrial Fund		
Investment	45,000	-
Fair value increase	986	-
	45,986	-
Charter Hall Umbrella Fund		
Investment and closing balance	10,873	-
Charter Hall Opportunity Fund No 5		
Investment and closing balance	98	-
(C) FAIR VALUE OF UNLISTED INVESTMENTS IN ASSOCIATES		
Charter Hall Diversified Property Fund	5,179	3,888
Charter Hall Opportunity Fund No 4	662	497
Charter Hall Core Plus Office Fund	80,058	-
Charter Hall Core Plus Industrial Fund	45,986	-
Charter Hall Umbrella Fund	10,873	-
Charter Hall Opportunity Fund No 5	98	-
(D) SHARE OF ASSOCIATES' PROFITS OR LOSSES		
Profit / (loss) before income tax	287	(31)
Income tax expense	-	9
Profit / (loss) after income tax	287	(22)

34. INVESTMENTS IN ASSOCIATES (CONTINUED)**(E) SUMMARISED FINANCIAL INFORMATION OF ASSOCIATES**

	Group's share of:			
	Assets \$'000	Liabilities \$'000	Revenues \$'000	Profit/(Loss) \$'000
2007				
Charter Hall Diversified Property Fund	8,647	3,697	599	637
Charter Hall Opportunity Fund No 4	1,245	594	1,034	287
Charter Hall Core Plus Office Fund	153,291	78,971	6,379	4,386
Charter Hall Core Plus Industrial Fund	62,926	13,042	1,119	448
Charter Hall Umbrella Fund	10,873	-	95	95
Charter Hall Opportunity Fund No 5	98	-	-	-

35. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

- (a) Charter Hall Core Plus Retail Fund (CPRF) completed the purchase of Foodtown, Auckland on 4 July 2007 for \$25 million.
- (b) CPRF completed the \$8 million purchase of the Ipswich Super Centre on 14 August 2007.
- (c) The purchase of 50% of Commercial and Industrial Property Pty Ltd initially for \$40 million on 20 July 2007.

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2007

36. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH FLOW INFLOW FROM OPERATING ACTIVITIES

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Profit for the period	43,168	12,395	(6,329)	(1,592)
Depreciation and amortisation	197	94	-	-
Non-cash employee benefits expense - security-based payments	883	165	-	-
Dividend and interest income	(9,126)	(6,075)	(4,089)	(3,705)
Fair value adjustments	(11,493)	5,564	-	-
Share of profits of associates not received as dividends	(287)	22	-	-
Net gain/(loss) on financial assets held by Charter Hall Limited	-	-	(287)	22
Change in operating assets and liabilities, net of effects from purchase of controlled entity				
Decrease / (increase) in trade debtors	4,721	(3,763)	5,050	-
Decrease / (increase) in accrued revenue	602	-	-	-
Decrease / (increase) in other operating assets	124	-	-	-
Increase / (decrease) in trade creditors	(2,347)	-	-	-
Increase / (decrease) in accrued expenses	(184)	-	-	-
Increase / (decrease) in other operating liabilities	327	3,106	5	3,232
Increase / (decrease) in provision for income taxes payable	-	1,938	-	(1,764)
Increase / (decrease) in provision for deferred income tax	1,686	(2,379)	(3,540)	-
Increase in other provisions	(58)	330	-	-
Net cash inflow / (outflow) from operating activities	28,213	11,397	(9,190)	(3,807)

37. EARNINGS PER SECURITY

	Consolidated	
	2007	2006
	Cents	Cents
(A) BASIC EARNINGS / (LOSS) PER SECURITY		
Profit before fair value adjustments	8.80	6.67
Fair value adjustments	3.20	(2.06)
Profit attributable to the ordinary equity holders of the Group	12.00	4.61
(B) DILUTED EARNINGS / (LOSS) PER SECURITY		
Profit before fair value adjustments	8.84	6.67
Fair value adjustments	3.10	(2.02)
Profit attributable to the ordinary equity holders of the Group	11.94	4.65

37. EARNINGS PER SECURITY (CONTINUED)**(C) RECONCILIATIONS OF EARNINGS USED IN CALCULATING EARNINGS PER SECURITY**

	Consolidated	
	2007	2006
	\$'000	\$'000
Basic earnings per security		
Profit / (loss) before fair value adjustments	31,675	17,959
Fair value adjustment (gains) / losses	11,493	(5,564)
Profit / (loss) attributable to the ordinary equity holders of the consolidated entity used in calculating basic earnings per security	43,168	12,395
Diluted earnings per security		
Profit / (loss)	43,168	12,395
Interest received from LTI securities	1,136	404
Profit / (loss) attributable to the ordinary equity holders of the consolidated entity used in calculating diluted earnings per security	44,304	12,799
Fair value adjustment (gains) / losses	(11,493)	5,564
Profit / (loss) attributable to the ordinary equity holders of the consolidated entity used in calculating diluted earnings per security before fair value adjustments	32,811	18,363

(D) WEIGHTED AVERAGE NUMBER OF SECURITIES USED AS THE DENOMINATOR

	Consolidated	
	2007	2006
	Number	Number
Weighted average number of ordinary securities used as the denominator in calculating basic earnings per security	359,384,110	269,115,828
Adjustments for calculation of diluted earnings per security:		
Securities issued to the Charter Hall Limited Executive Loan Security Plan	11,298,942	6,078,462
Weighted average number of ordinary securities and potential ordinary securities used as the denominator in calculating diluted earnings per security	370,683,052	275,194,290

(E) INFORMATION CONCERNING THE CLASSIFICATION OF SECURITIES**(i) Securities issued under the Charter Hall Limited Executive Loan Security Plan**

Securities issued under the Charter Hall Limited Executive Loan Security Plan have been issued in trust and have a corresponding loan given to the employee. Under AIFRS the loan, securities, interest received on the loan and the distribution paid and payable are derecognised for the preparation of the financial report but recognised for the calculation of diluted earnings per security.

38. SECURITY-BASED PAYMENTS

(A) EMPLOYEE SECURITY PLAN

The establishment of the Charter Hall Limited Executive Loan Security Plan was approved by the Board in the process of the initial public offering. Staff who are eligible to participate in the plan are determined by the Joint Managing Directors in discussion with the Board. Please refer to the Remuneration Report for details relating to vesting conditions.

Securities are granted under the plan at market value and are purchased with a loan to the employee. Recourse on the loan is limited to the value of the securities. The securities are intended to vest over a three year period in equal portions. The amount of interest due on the loan is equivalent to the amount of the distribution receivable on the underlying securities.

Set out below are summaries of securities granted under the plan:

	Consolidated		Parent entity	
	2007	2006	2007	2006
Number of securities issued under the plan to participating employees on 3 July 2006 at \$1.27 (6 June 2005 at \$1.00)	6,318,898	6,200,000	6,318,898	6,200,000
Number of securities issued on 5 October 2006 at \$1.56	352,564	-	352,564	-
Number of securities issued on 16 October 2006 at \$1.61	807,453	-	807,453	-
Number of securities issued on 15 December 2006 at \$2.00	50,000	-	50,000	-
Number of securities issued on 7 March 2007 at \$2.47	202,428	-	202,428	-
	7,731,343	6,200,000	7,731,343	6,200,000

(B) EXPENSES ARISING FROM SECURITY BASED PAYMENT TRANSACTIONS

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Securities issued under employee security plan	883	165	-	-

CHARTER HALL GROUP DIRECTORS' DECLARATION 30 JUNE 2007

In the Directors' opinion:

(a) the financial statements and notes set out on pages 20 to 64 are in accordance with the *Corporations Act 2001*, including:

- (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (ii) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(c) the audited remuneration disclosures set out on pages 9 to 13 of the Directors' report comply with Accounting Standard AASB 124 *Related Party Disclosures* and the *Corporations Regulations 2001*.

The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.



K Roxburgh
Chairman

Sydney
20 August 2007



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Independent auditor's report to the stapled security holders of Charter Hall Group

Report on the financial report and the AASB 124 Remuneration disclosures contained in the Directors' report

We have audited the accompanying financial report of Charter Hall Limited (the company), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Directors' declaration for both Charter Hall Limited and the Charter Hall Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

We have also audited the remuneration disclosures contained in the Directors' report. As permitted by the *Corporations Regulations 2001*, the company has disclosed information about the remuneration of Directors and Executives ("remuneration disclosures"), required by Accounting Standard AASB 124 *Related Party Disclosures*, under the heading "remuneration report" in pages 9 to 12 of the Directors' report and not in the financial report.

Director responsibility for the financial report and the AASB 124 Remuneration disclosures contained in the Directors' report

The Directors of the company are responsible for the preparation and fair presentation of the 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 control relevant to the preparation and fair presentation of the 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. In Note 1a, the Directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

The Directors of the company are also responsible for the remuneration disclosures contained in the Directors' report.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our responsibility is to also express an opinion on the remuneration disclosures contained in the Directors' report based on our audit.



CHARTER HALL GROUP SHAREHOLDER INFORMATION 30 JUNE 2007

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and the remuneration disclosures contained in the Directors' report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report and the remuneration disclosures contained in the Directors' report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report and the remuneration disclosures contained in the Directors' report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report and the remuneration disclosures contained in the Directors' report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

For further explanation of an audit, visit our website

<http://www.pwc.com/au/financialstatementaudit>

Our audit did not involve an analysis of the prudence of business decisions made by Directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion on the financial report

In our opinion:

(a) the financial report of Charter Hall Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1a.

Auditor's opinion on the AASB 124 Remuneration disclosures contained in the Directors' report

In our opinion, the remuneration disclosures that are contained in pages 9 to 12 of the Directors' report comply with Accounting Standard AASB 124.

PricewaterhouseCoopers

B K Hunter

Partner

Sydney

20 August 2007

The shareholder information set out below was applicable as at 30 June 2007.

(A) DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of equity security holders by size of holding:

	Ordinary Securities
1 - 1000	40,329
1,001 - 5,000	764,379
5,001 - 10,000	2,150,799
10,001 - 100,000	21,172,380
100,001 and over	396,837,724
	420,965,611

(B) EQUITY SECURITY HOLDERS

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Ordinary securities	
	Number held	Percentage of issued securities
HSBC Custody Nominees (Australia) Limited	70,724,748	16.80
Transfield (CHG) Limited	66,235,131	15.73
National Nominees Limited	60,301,070	14.32
J P Morgan Nominees Australia Limited	34,842,037	8.28
ANZ Nominees Limited	19,424,865	4.61
Wyllie Group Pty Ltd	18,000,000	4.27
CHL Executive Loan Security Plan Managers Pty Limited	13,678,325	3.56
Cogent Nominees Pty Limited	10,894,532	2.59
Doverville Holdings Pty Limited	10,760,040	2.56
Citicorp Nominees Pty Limited (CFSIL Cw/wh Property 1)	7,052,044	1.68
Bond Street Custodians Pty Limited	6,448,226	1.53
Citicorp Nominees Pty Limited (CFSIL Cw/wh Property 2)	6,370,876	1.51
Cogent Nominees <SMP Accounts> Limited	6,246,548	1.48
Portmist Pty Limited	5,562,117	1.32
AMP Life Limited	4,816,552	1.14
Southon Family Trust	4,608,795	1.09
Citicorp Nominees Pty Limited <CFSIL Cw/wh Property 6 A/C>	3,352,319	0.80
Citicorp Nominees Pty Limited <CFS Future Leaders Fund A/C>	2,915,330	0.69
David William Harrison	2,613,025	0.62
RBC Dexia Investor Services Australia Nominees Pty Limited (PIPOOLED A/C)	1,999,202	0.47
	360,953,782	85.05

(C) SUBSTANTIAL HOLDERS

Substantial holders in the group are set out below:

Name	Ordinary securities	
	Number held	Percentage of issued securities
Ordinary securities		
Transfield (CHG) Pty Limited	66,235,131	15.73%
UBS Global Asset Management	38,294,509	9.10%
BT Financial Group	20,077,669	5.48%

(D) VOTING RIGHTS

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.



CORPORATE DIRECTORY

Charter Hall Group
Charter Hall Limited and Charter Hall Funds
Management Limited as Responsible Entity for
the Charter Hall Property Trust

DIRECTORS

Kerry Roxburgh – Chairman
Roy Woodhouse – Deputy Chairman
André Biet – Non-Executive Director
Cedric Fuchs – Executive Director
Patrice Derrington –
Non-Executive Independent Director
Glenn Fraser – Non-Executive Director
Colin McGowan –
Non-Executive Independent Director
David Harrison – Joint Managing Directors
David Southon – Joint Managing Directors
Nathan Francis – Company Secretary

PRINCIPAL REGISTERED OFFICE

Level 11, 333 George Street
Sydney NSW 2000
PO Box 2404 Sydney NSW 2011
Telephone: +61 2 8908 4000
Fax: +61 2 8908 4040

WEBSITE

www.charterhall.com.au

ASX LISTING DETAILS

Charter Hall Group is listed on the Australian
Securities Exchange (ASX) as a stapled entity
with the code 'CHC'.

Stapled securities are traded weekdays on
the ASX between the hours of 10.00am and
4:00pm (AEST).

REGISTRY

Charter Hall Group's stapled security
registration and distribution communication is
managed by Link Market Services. Any queries
regarding change of details, mailing address,
distribution and communication instructions
should be forwarded to:

Link Market Services
Level 8, 580 George Street
Sydney NSW 2000
Telephone: 1300 664 498
Fax: +61 2 9287 0303
Fax: +61 2 9287 0309 (for proxy voting)
Email: registrars@linkmarketservices.com.au
Website: www.linkmarketservices.com.au

AUDITOR

PricewaterhouseCoopers
Darling Park Tower 2
201 Sussex Street
Sydney NSW 2000

LEGAL ADVISERS

Allens Arthur Robinson
Level 28, Deutsche Bank Place
Corner of Hunter & Phillip Streets
Sydney NSW 2000

BANKERS

National Australia Bank
Level 24, NAB House
255 George Street
Sydney NSW 2000

THE ANNUAL GENERAL MEETING OF CHARTER HALL GROUP WILL BE HELD AT:

Hilton Hotel
Level 4, Room 1
488 George Street, Sydney, NSW 2000
Date: 25 October, 2007
Time: 2.00pm





SYDNEY · BRISBANE · PERTH · AUCKLAND

www.charterhall.com.au