Charter Hall

Charter Hall Group
Annual Report 2009

Well Positioned

The Charter Hall Group is well positioned as a specialist property fund manager with no debt on balance sheet and a strong reputation in managing wholesale and retail investor capital.

Front cover: 275 George Street, Brisbane Qld (CPOF and CHOF4)

Performance Highlights

Successfully
refinanced major
debt facilities for both
CPOF and CPIF

Inclusion in the
S&P/ASX 200 AREIT Index

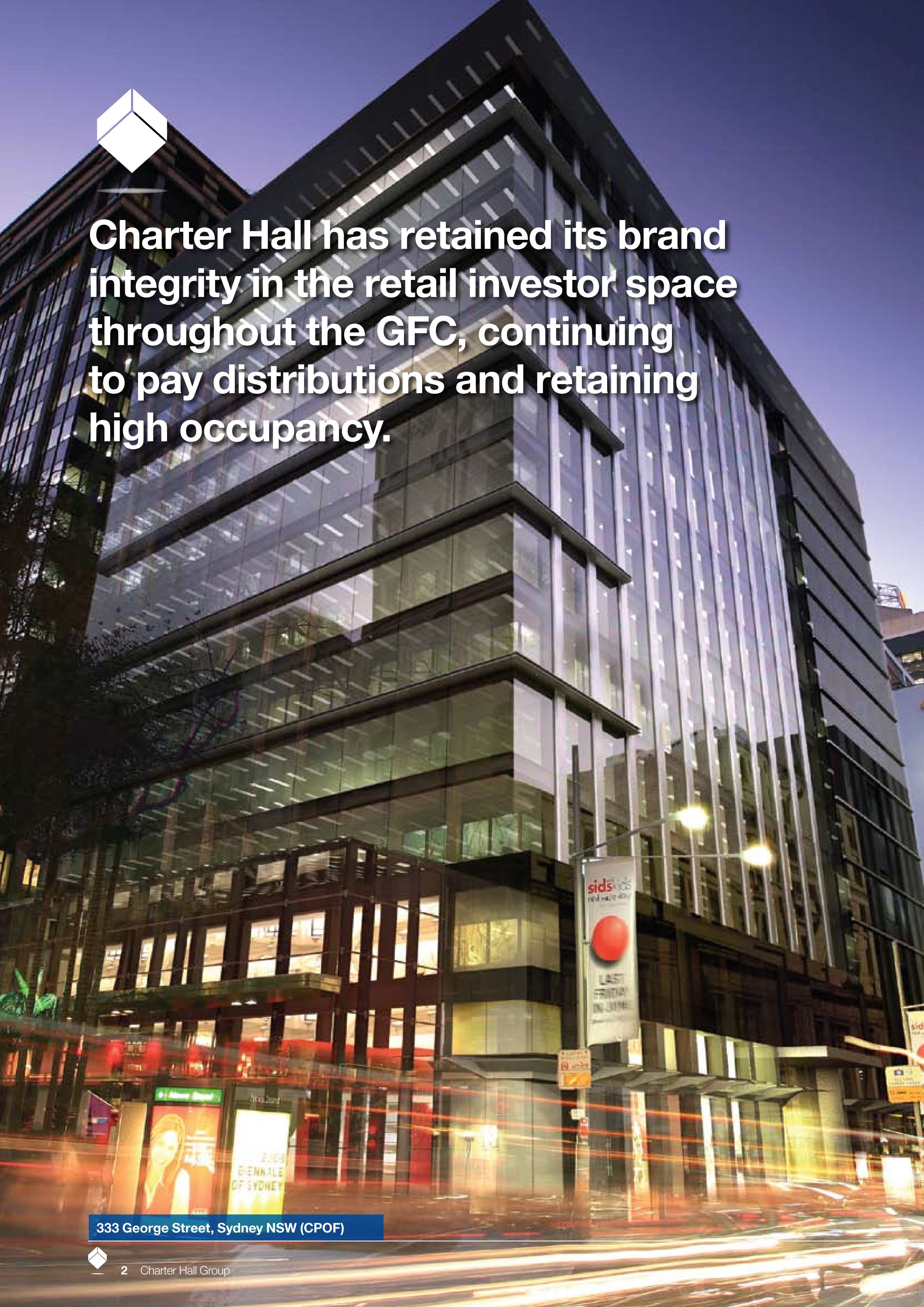
$3.4 billion
assets under
management

Lease up or
extension of over
75,000m²
across funds

$75 million
investment by the
Gandel Group

8.2 year WALE
above industry average

Charter Hall has retained its brand integrity in the retail investor space throughout the GFC, continuing to pay distributions and retaining high occupancy.



333 George Street, Sydney NSW (CPOF)

Chairman's Letter

Dear Investor,

on behalf of the Charter Hall Group Board, it is my pleasure to present the 2009 Annual Report, for the first time as an ASX200 listed group.

Strong focus on capital management

Despite challenging conditions, the Group has worked hard to position Charter Hall and its managed funds to "weather the storm" of the Global Financial Crisis (GFC) and to provide a foundation for growth as the property market recovers. The Group also implemented a number of capital management initiatives over the past 12 months.

Strategic investment from Gandel and a successful capital raising

Earlier this year, Charter Hall announced a capital raising that eliminated debt from its own balance sheet. As part of the capital raising, the Gandel Group made a strategic investment in Charter Hall, together with an investment commitment to two of our unlisted managed funds, being the Core Plus Office Fund (CPOF) and the Special Situations Office Fund (the SSF Office Fund). We welcome Gandel's investment in Charter Hall and its managed funds and look forward to a long term strategic relationship with this well established and highly regarded Australian property group.

Maintaining brand integrity with wholesale and retail investors

In addition to raising new equity commitments for CPOF, Charter Hall is currently raising equity for the SSF Office Fund. This Fund has been established to take advantage of favourable pricing opportunities created by the dislocation of domestic credit markets and provides a platform for investors to access the property skills of Charter Hall in one of the best buying markets we have experienced over the last 15 years. In relation to our retail investor products, the Diversified Property Fund (DPF) and the Charter Hall Umbrella Fund (CHUF) have delivered a solid performance relative to our peers in this space. Charter Hall has retained its brand integrity in the retail investor space throughout the GFC, continuing to pay distributions and retaining high occupancy.

Performance on a relative basis, compared with peers, has been sound and the Group looks forward to raising new equity across its retail funds management business to take advantage of current market conditions in the current financial year.

Well positioned

Charter Hall, as a wholesale and retail property funds manager, is well positioned for growth over the coming years.

Early signs suggest that Australia is emerging from the effects of the economic downturn and is well placed to recover more quickly than most other regions. In addition, the property fundamentals remain attractive in Australia, with record low interest rates, a slowdown in property supply due to the economic downturn, a recovering economy and capitalisation rates for prime property that have expanded by more than 100 basis points.

Compulsory superannuation contributions in Australia currently provides a net inflow of funds, some of which will be invested in property products managed by a select group of highly regarded, specialist property fund managers. We have positioned Charter Hall to maintain and strengthen its core capabilities as one of these managers.

On behalf of all securityholders and investors, it is my pleasure to recognise and thank my fellow Board members and the entire Charter Hall team for their continued support and efforts through what has been a very challenging year.

Yours sincerely,

Kerry Roxburgh
Chairman

Joint Managing Directors' Report

Dear Investor,

After facing many challenges from the GFC, we are very pleased to report that the Charter Hall Group has strengthened its balance sheet and successfully implemented capital management initiatives across its suite of managed funds during FY09. These initiatives have positioned the Group to participate in the recovery of the Australasian property markets and the inevitable re-emergence of capital flows in to unlisted real estate investment.

Charter Hall, as a specialist property funds management, development and property services group, has continued to implement an active asset management and development approach, which has added value to high quality annuity income streams.

The active asset and property management skills within the business has contained asset value declines in each fund, despite the continuation of challenging economic and property market conditions. Our highly professional and experienced in-house development and property investment teams have responded to the challenging market conditions through a proactive and agile approach to funding, project delivery, leasing and asset management, ensuring that our various fund portfolios remain healthy in all respects.

Over FY09, we substantially de-risked the Group's and managed funds' balance sheets through a combination of refinancing approximately $1.1 billion of debt facilities, including extending maturity dates; improving headroom in debt covenants; eliminating headstock debt through a strategic capital raising; and achieving asset sales of $228 million.

Assets under management reduced by 12.8% to $3.4 billion. Despite an accounting loss of $82 million due mainly to writedowns in asset values, the Group continued to deliver positive underlying earnings of $34.8 million, equating to underlying earnings per security of 7.61 cents. Charter Hall made a full year distribution of 4.96 cents per security, which was in line with guidance provided at the half year results presentation in February this year.

A significant milestone during FY09 was the Group's inclusion in the S&P/ASX200 Index and AREIT 200 Index. This followed our capital raising in June that included a strategic investment by the Gandel Group in the headstock, together with an investment in two of the Group's unlisted managed funds, being the Core Plus Office Fund and our latest wholesale fund initiative, the Special Situations Office Fund.

In total, the Gandel Group invested or committed $75 million with Charter Hall and its managed funds, resulting in a 12.2% investment in the Charter Hall Group. This investment provided a strong endorsement of the Group and its diversified property funds management business model. We are delighted to welcome Gandel's CEO, Peter Kahan, to the Charter Hall Board and look forward to a long strategic business relationship with the Gandel Group.

In recognition of the need for restraint from management given the market conditions, a salary freeze for FY10 has been implemented and the Remuneration Committee endorsed the recommendation of Executive Directors to waive their entitlement to any FY09 bonus.

The Charter Hall Property Trust (CHPT) continues to generate stable property investment income through its co-investments in each of the unlisted funds managed by Charter Hall. Again this year, property rental income was a significant contributor to the Group's earnings, generated from a diverse portfolio of assets leased predominantly to Government, national and multi-national tenants. The portfolio has a weighted average lease expiry (WALE) profile of 8.2 years, which remains substantially above industry averages.

The balance of the Group's revenue, derived through performance fees, transaction fees and development dividends from both its co-investment in Opportunity funds and from the 50% ownership of CIP, was abnormally low over FY09 due to depressed market conditions. However, management believes that the Group is well positioned for a recovery in these revenue streams in future years.

Although market conditions remain challenging, Charter Hall has the capacity to grow the size of its existing funds and to expand its property funds management platform. The Group is well capitalised and has equity capacity through its managed funds to participate in attractive acquisition opportunities. We believe Charter Hall's "brand quality" has remained strong amongst wholesale and retail investors, ensuring ongoing support for existing funds and future fund initiatives as equity flows re-emerge and gather momentum.

We are encouraged by the more positive economic outlook in the Asia Pacific Region and remain focused on identifying and creating value in the Australasian property markets with offices and in-house, highly skilled property professionals in Sydney, Melbourne, Brisbane, Adelaide, Perth and Auckland.

We look forward to further capitalising on the Group's strong financial position and reputation with investors to grow our funds management platform. We appreciate the ongoing support of both our listed and unlisted investors and of our tenant customers and take this opportunity to thank them for their continuing support.

Charter Hall will continue to strive to retain its position as one of Australasia's pre-eminent specialist property fund managers and service providers.

We look forward to further capitalising on the Group's strong financial position and reputation with investors to grow our funds management platform.

Yours sincerely,

David Harrison

Joint Managing Director

David Southon

Joint Managing Director

About Charter Hall Group

Charter Hall is one of Australia's leading specialist property fund managers, with $3.4 billion funds under management. The Group skillfully manages a portfolio of over 60 diversified properties across Australia and New Zealand.

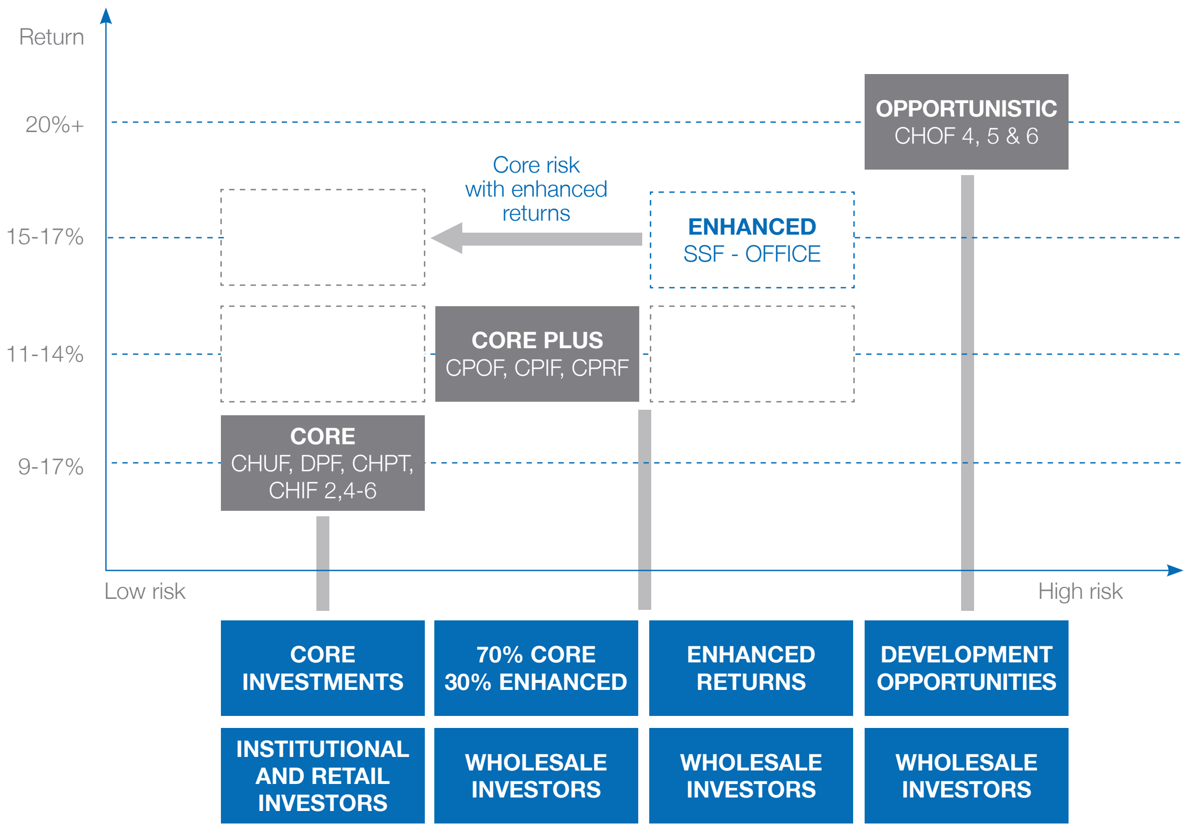
Established in 1991, the Group has achieved a strong track record in property funds management and development management with $3.4 billion in funds under management, invested across a range of specialist unlisted property funds. Charter Hall has offices located in Sydney, Melbourne, Brisbane, Perth, Adelaide and Auckland.

Charter Hall has established a reputation for innovation and performance in managing funds for wholesale and retail clients. The funds management division structures, initiates and manages a series of opportunity and core investment funds on behalf of a range of institutional and retail investors.

The Group's Funds remain well positioned in the current market environment, withstanding challenges created by the Global Financial Crisis, largely due to astute asset selection and a diversified portfolio construction process. In addition, the Group's Funds remain well diversified, with a focus on quality assets, quality tenant covenants and long lease durations.

Charter Hall adds value for investors through its:

- funds management activities across the risk/return spectrum;
- significant co-investments in all of its unlisted property funds;
- deal sourcing of investment opportunities predominantly off-market;
- historical strong track-record of performance;
- focus on long-lease assets;
- strong corporate governance principles evidenced by the Group's 14 year history in managing pension fund capital for many of Australia's leading Superannuation Funds; and
- highly regarded property funds management and in-house development team, which currently manages the largest series of Opportunistic and Core Plus property funds in Australia.



Funds Under Management

The Group's balance sheet strength continues to underpin its funds management activities. In addition to listed capital, Charter Hall has access to wholesale, high-net worth and retail investors through its unlisted funds.

Funds Under Management (FUM) Charter Hall FUM $3,384 million

Wholesale Investor Funds $2,848 million

Opportunistic $781million

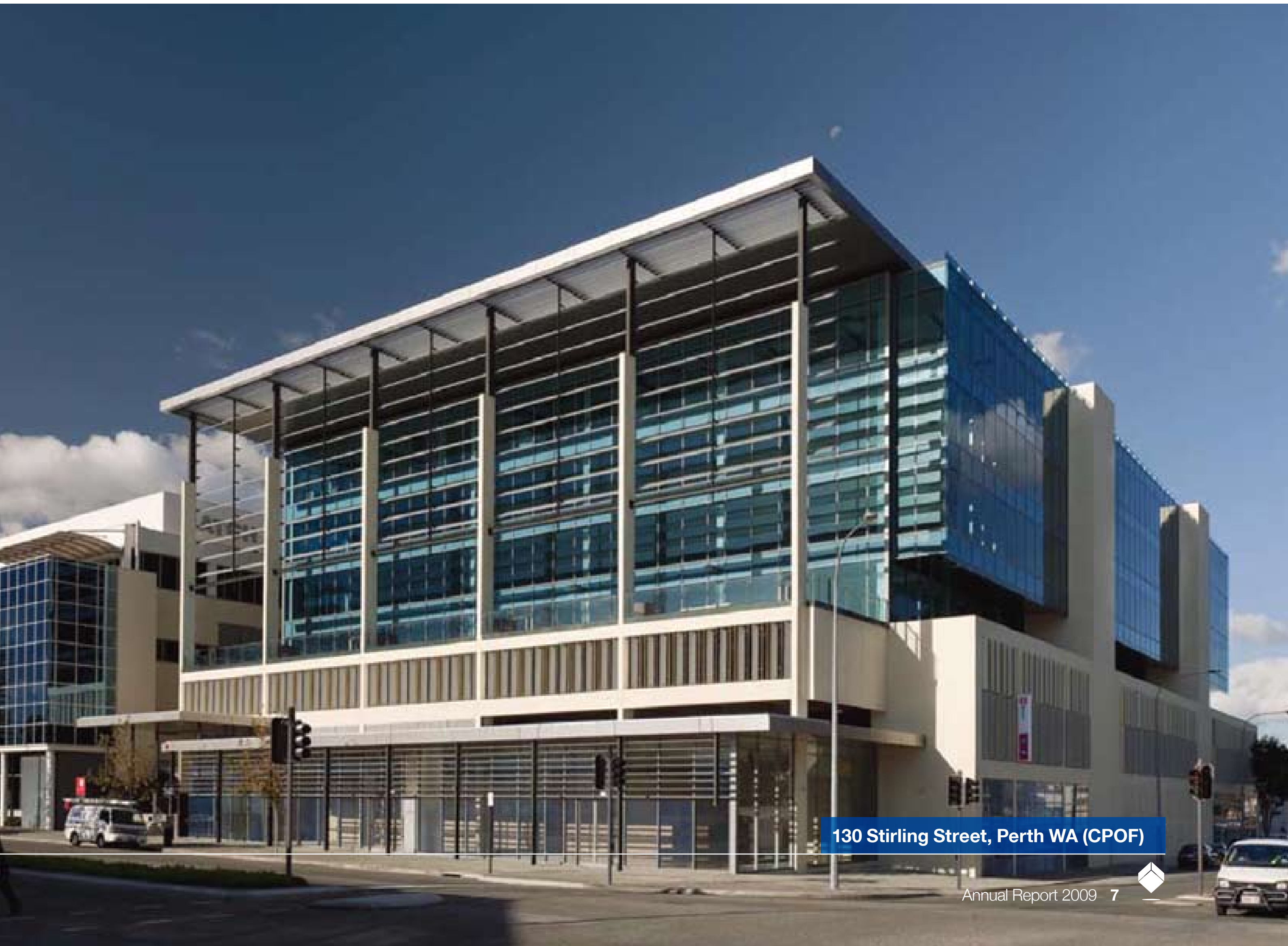
CHOF4	CHOF5
$423m	$358m

Core Plus $2,067 million

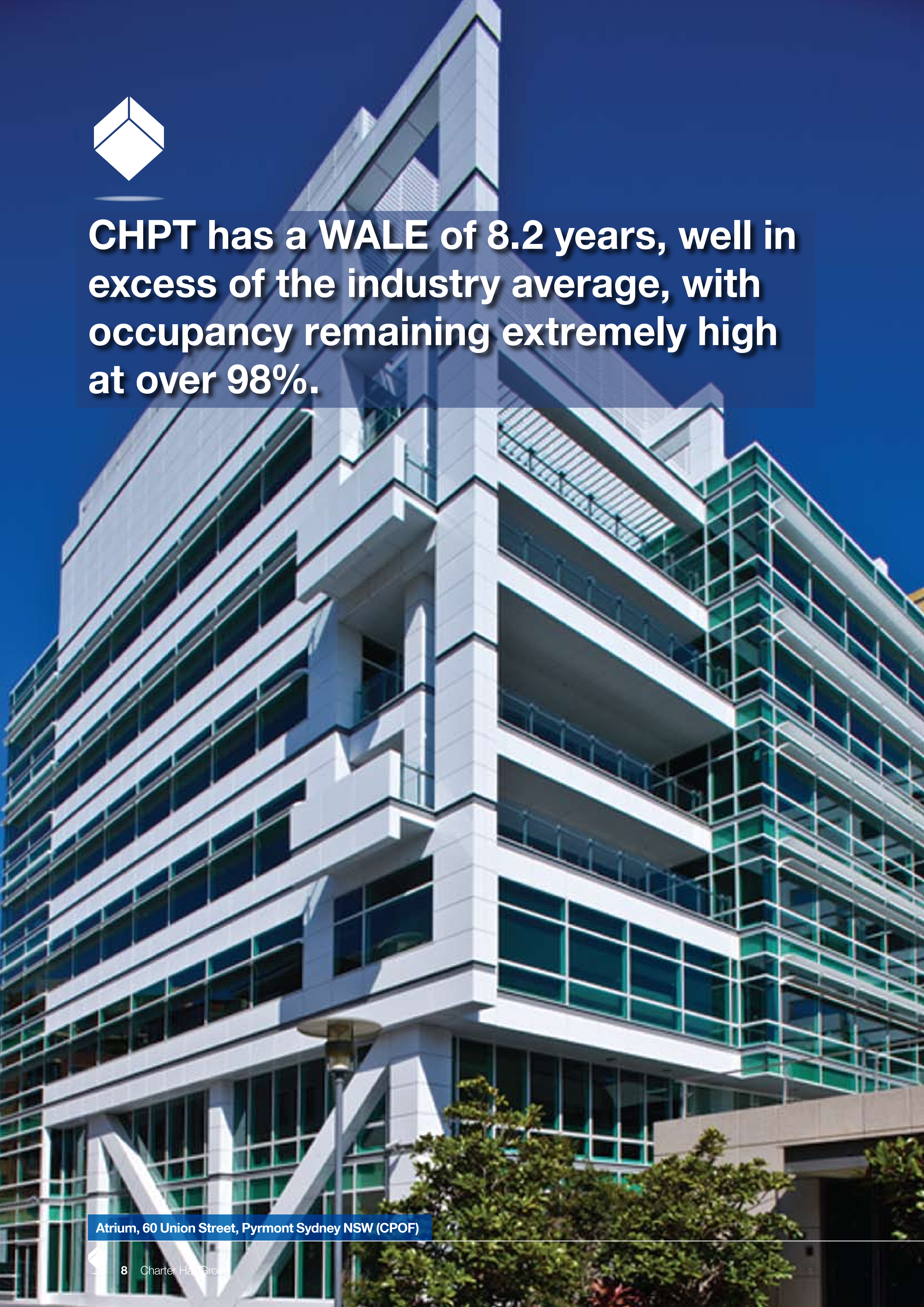
CPOF	CPIF	CPRF
$1,390m	$374m	$303m

Retail Investor Funds $536 million

DPF	CHUF	CHIFs
$194m	$195m	$147m



130 Stirling Street, Perth WA (CPOF)



CHPT has a WALE of 8.2 years, well in excess of the industry average, with occupancy remaining extremely high at over 98%.

Atrium, 60 Union Street, Pyrmont Sydney NSW (CPOF)

Charter Hall Property Trust

The Charter Hall Property Trust's (CHPT) strategy is to invest in a diversified portfolio of properties through Charter Hall's various managed funds.

Charter Hall benefits from generating fees from the management of the property funds in which it invests, enhancing its return on equity significantly above that available from the underlying property assets.

The majority of CHPT's property holdings are diversified across the Manager's Core Plus Office Fund (CPOF), Core Plus Industrial Fund (CPIF) and Core Plus Retail Fund (CPRF) with smaller holdings in the Diversified Property Fund (DPF) and the Charter Hall Umbrella Fund (CHUF). The Group's investments in Charter Hall Opportunity Fund No.4 (CHOF4) and Charter Hall Opportunity Fund No.5 (CHOF5), are held through Charter Hall Limited.

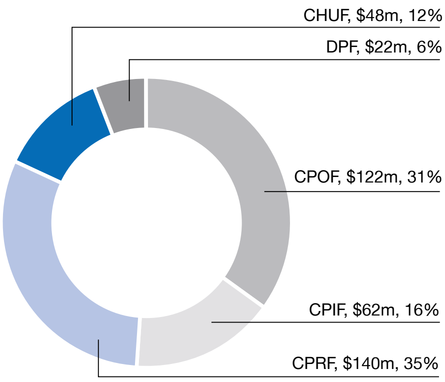
CHPT has successfully implemented its strategy of down-weighting its allocation to direct holdings, replaced by investments across Charter Hall's stable of unlisted property funds.

Management is pleased to report that throughout the GFC, the CHPT portfolio withstood significant economic headwinds. CHPT has a WALE of 8.2 years, well in excess of the industry average, with occupancy remaining extremely high at over 98%. Furthermore, short term lease expiry risk in the next few years is minimal. The portfolio benefits from weighted fixed minimum rent increases in excess of 3.5pc per annum, which has served to increase underlying rental earnings in a volatile environment.

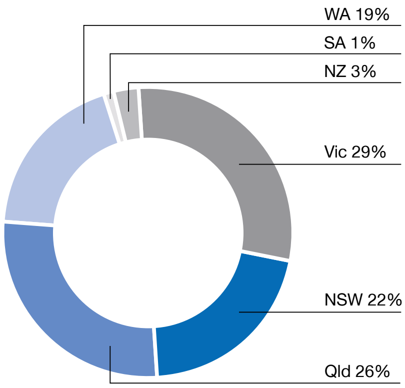
Tenancy quality remains very high, with the portfolio's top 20 tenants dominated by major listed Australian companies, Federal and State Government, national companies and international conglomerates. Rent arrears remains negligible, with Management in discussions with many existing tenants regarding lease renewal, space expansion and new pre-leased development opportunities.

Charter Hall's strong focus on tenant relationships has further boosted productivity of the overall portfolio and will continue to deliver enhanced returns for investors.

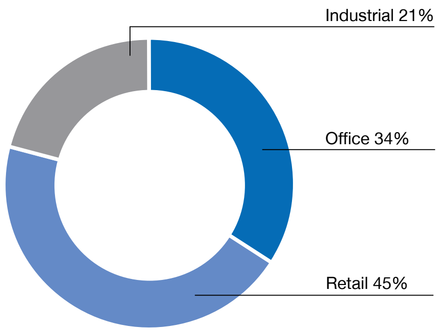
Asset Diversification (by value)



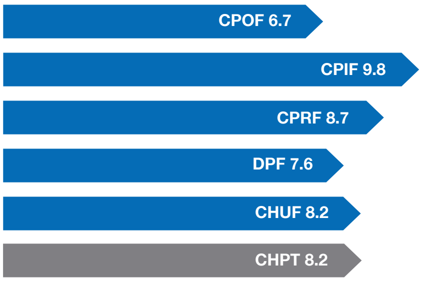
Geographical Diversification (by value)



Sector Diversification (by value)



Weighted Average Lease Expiry
(years, by net income)



Our Funds

Charter Hall is one of the largest managers of Core Plus and Opportunistic property funds in Australia.

Wholesale Funds

Charter Hall's wholesale funds have delivered strong outperformance since inception. Wholesale investors, with an investment upwards of $5 million (average $30 to $50 million), have the opportunity to invest in a diversified range of Core Plus and Opportunistic investment strategies, including the Core Plus Office, Industrial and Retail Funds, in addition to Charter Hall Opportunity Fund No.4 and Charter Hall Opportunity Fund No.5.

Charter Hall's Opportunistic funds include:

Charter Hall Opportunity Fund No.4 (CHOF4)

Charter Hall's Opportunity Fund No.4 (CHOF4) was launched in 2005. The Fund's mandate is to identify, acquire and deliver property development and value-add opportunities across various sectors within the Manager's existing skill base, including commercial, industrial, retail, bulky goods retail and infill residential sectors across Australia.

Charter Hall Opportunity Fund No.5 (CHOF5)

Charter Hall's Opportunity Fund No.5 (CHOF5) was launched in early 2007. The Fund's mandate is to identify, acquire and deliver property development and value-add opportunities across various sectors within the Manager's existing skill base, including commercial, industrial, retail, bulky goods retail and infill residential sectors located primarily in capital cities and metropolitan markets across Australia and New Zealand.

Charter Hall's Core Plus funds include:

Core Plus Office Fund

Charter Hall's Core Plus Office Fund (CPOF) is the largest of the Core Plus series of wholesale funds with approximately $1.4 billion of assets. Launched in December 2005, the Fund predominantly targets the office property sector in the major capital city and fringe markets of Australia. The Fund owns 17 Assets with an average value of $81.7 million.

Core Plus Industrial Fund

Charter Hall's Core Plus Industrial Fund (CPIF) was launched in April 2007 and has approximately $374 million of assets. The Fund predominantly targets industrial and logistics sectors in major capital city markets of Australia and sources a mix of core and enhanced investment grade property assets. The Fund owns 13 assets with an average value of $27 million (including land retained for the enhanced portion of the portfolio).

Core Plus Retail Fund (CPRF)

Charter Hall's Core Plus Retail Fund (CPRF) is the third in a series of sector specific core plus investment vehicles. The Fund's mandate is to actively acquire retail properties throughout Australia and New Zealand, targeting both core and enhanced retail holdings. The Fund owns 14 assets with an average value of $27 million.

Retail Funds

Retail investors, with a minimum investment value of $5,000, have the opportunity to invest in a diversified range of property assets (office, retail and industrial) located across Australia and expertly managed by the Charter Hall Group, via the Charter Hall Diversified Property Fund and Charter Hall Umbrella Fund. These funds retain a portfolio of quality tenants, including large national, government and international tenants and long weighted average lease expiry profiles.

Charter Hall's retail funds include:

Charter Hall Umbrella Fund

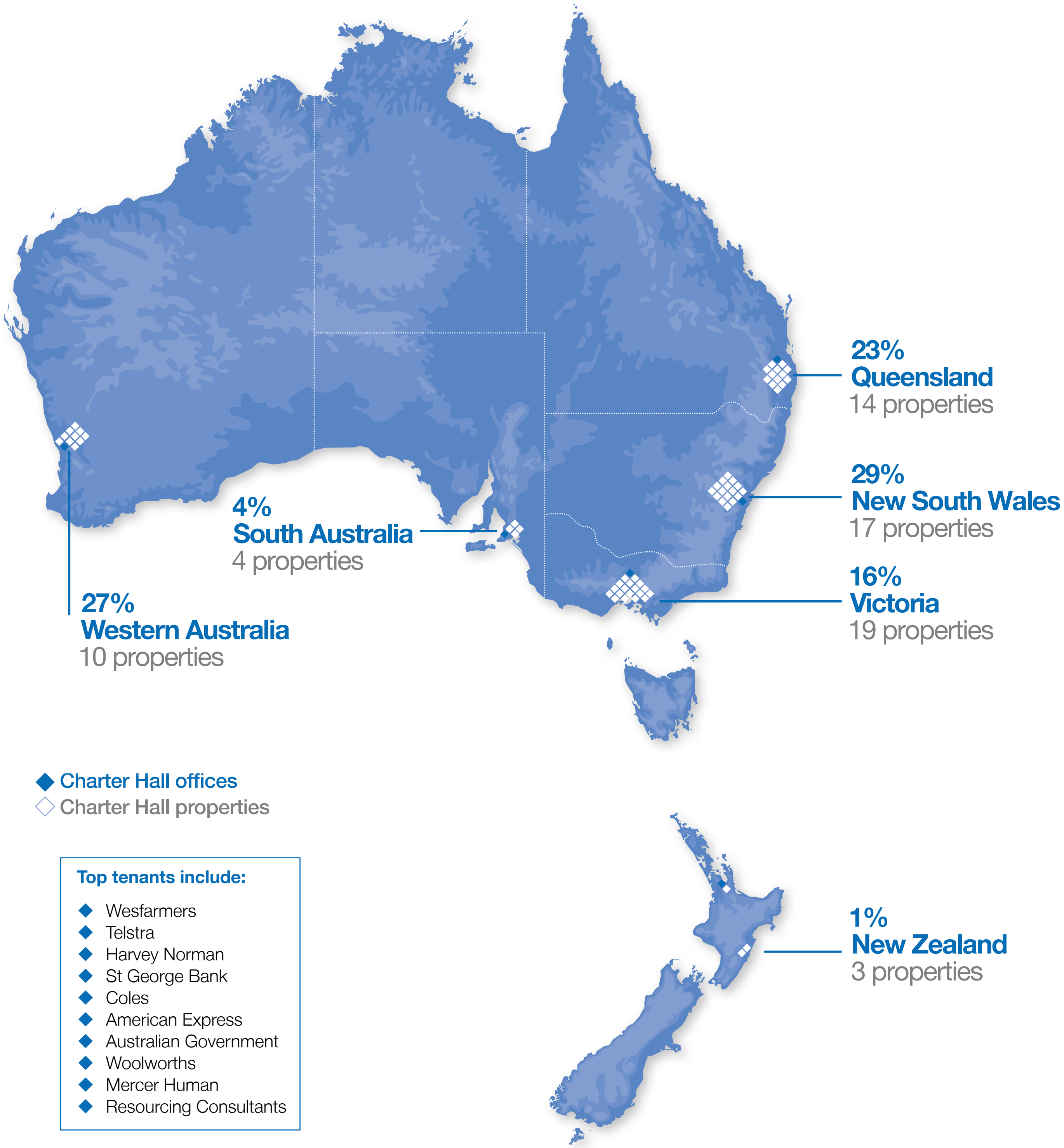
Launched in 2007, the Charter Hall Umbrella Fund (CHUF), provides retail investors with an opportunity to invest across a suite of wholesale property funds, across office, industrial and retail markets. The portfolio of Charter Hall funds that CHUF invests in comprises of more than 60 assets with a secure 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.

Diversified Property Fund

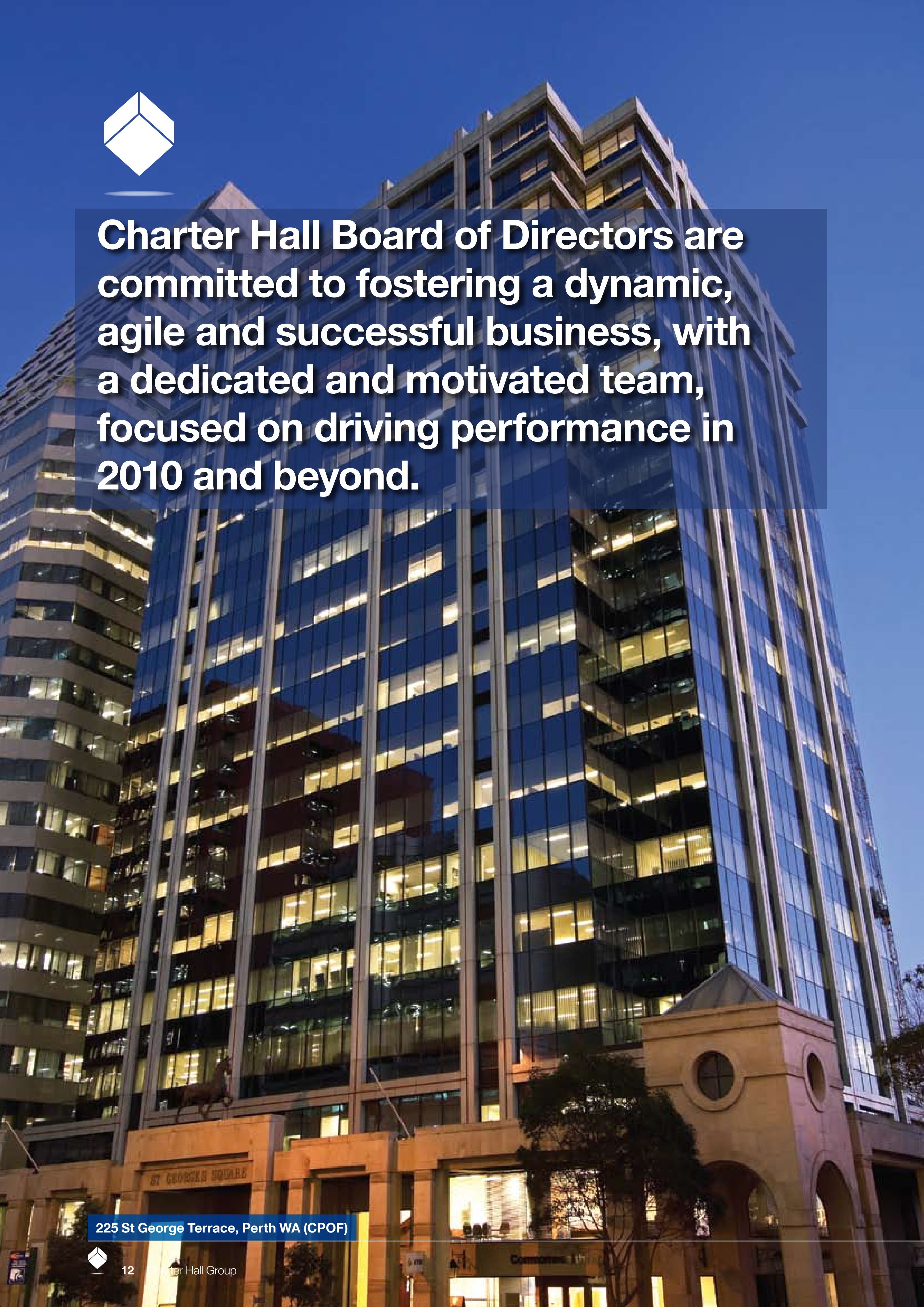
The Diversified Property Fund (DPF), launched in November 2005, is an unlisted open-ended fund that invests in quality assets across office, retail and industrial sectors throughout Australia, with properties generally in the range of $5 million to $30 million in value. The Fund's investment objective is to provide stable distribution returns for investors with capital growth over the medium term from a well diversified portfolio of assets, with a high proportion of tax advantaged distributions.

Geographical Diversity of Assets



Top tenants include:

- Wesfarmers
- Telstra
- Harvey Norman
- St George Bank
- Coles
- American Express
- Australian Government
- Woolworths
- Mercer Human
- Resourcing Consultants



Charter Hall Board of Directors are committed to fostering a dynamic, agile and successful business, with a dedicated and motivated team, focused on driving performance in 2010 and beyond.

225 St George Terrace, Perth WA (CPOF)

Board of Directors

Kerry Roxburgh
Chairman
– Independent Non-Executive Director

Kerry is an SDIA Practitioner Member. He holds positions on the boards of several listed and unlisted companies.

He is the non-executive Chairman of Eircom Holdings and of Tasman Cargo Airlines. He is also a non-executive director of Ramsay Health Care, Money Switch Ltd., the LawCover Group, the Medical Indemnity Protection Society Group and Professional Insurance Australia. Until it was acquired by the ANZ in June 2007, 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 Everest Financial Group 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
Deputy Chairman
– Independent Non-Executive Director

Roy has been the Deputy Chairman of Charter Hall since July 2004 and is a member of Transfield Holdings Advisory Board.

Roy worked for the Baillieu family for 30 years in various senior executive capacities including Director of L.J. Hooker, Managing Director of Knight Frank Australia and Chairman of Knight Frank Australia. Roy co-founded KFPW, a joint venture with PricewaterhouseCoopers specialising in outsourcing.

Roy is Chairman of Stephenson Mansell, an executive development and leadership company and Chairman 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, development and financial services. He 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. Cedric holds a degree in Business Management.

Board of Directors (Continued)

Glenn Fraser
Independent Non-Executive Director

A member of Transfield Holdings Advisory Board, Glenn was instrumental in Transfield Holdings' acquisition of its interest in Charter Hall and its expansion and listing in 2005.

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.

David Harrison
Joint Managing Director

David heads the Funds Management and Property Management Divisions of Charter Hall. 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.

David has more than 20 years of experience in the Australian commercial property markets and prior to joining Charter Hall in 2004, David was Managing Director of Savills in Australia, an international commercial real estate agency business. David has transacted approximately $10 billion of commercial, retail and industrial property assets across all capital cities of Australia over the past 10 years for both Charter Hall and Savills. David holds a Land Economics degree from the University of Western Sydney, and a graduate Diploma in Applied Finance from the Securities Institute of Australia, whilst also being 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 is on the Investment Committees of the Group's series of opportunity funds and certain investment funds.

He has over 20 years of property industry experience and is responsible for overseeing project origination, project strategy, development management and resourcing of projects. He is also involved in the procurement and divestment 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 holds a Bachelor of Business Degree (Land Economy) from the University of Western Sydney and is a Fellow Member of the Australian Property Institute (FAPI).

Board of Directors

Patrice Derrington
Independent Non-Executive Director

Patrice is a senior property executive with recent roles including CEO of Penrith Lakes Development Corporation Limited and CEO of Campus Living; and she has also been nominated to the Board of ABC Learning.

She was previously the executive responsible for the economics and funding of the revitalisation effort led by the Lower Manhattan Development Corporation following the September 11, 2001 attacks on New York City. Prior positions have included Managing Director at the New York fund management and advisory firm, Spears, Benzak, Salomon and Farrell, Vice President in the Real Estate Finance Group at Chemical Bank (now JP Morgan Chase) and in 1997 founded the Victory Real Estate Investment Fund, a portfolio of traded property securities. Patrice has a Bachelor of Architecture from University of Queensland; was a recipient of the prestigious Harkness Fellowship, studying at the University of California, Berkeley for her Ph.D. in architecture/civil engineering; and she holds a MBA from Harvard University.

Colin McGowan
Independent Non-Executive 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 he held for 11 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.

Corporate Governance Statement

This statement has been prepared in a manner consistent with the revised Corporate Governance Principles and Recommendations released by the Australian Securities Exchange (ASX) Corporate Governance Council on 2 August 2007.

The appropriate practice recommendations have been adopted so as to reflect the Group's commitment to the highest standards of corporate governance practice. The Group reviews its corporate governance framework on an ongoing basis and has reviewed each Recommendation in detail in the lead up to the preparation of this statement. Additional corporate governance information may be found on the Group's website www.charterhall.com.au or by contacting the Company Secretary.

Principle 1: Lay Solid Foundations for Management and Oversight

Recommendation 1.1: Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.

The Board operates in accordance with a formal charter which establishes its duties and responsibilities and the scope of the functions and authority delegated to senior executives.

In summary, the Board's charter states that the Board has responsibility to provide strategic guidance to the Group, monitor the operational and financial position of the Group, and ensure appropriate risk management systems are in place, among other duties. Senior Management is responsible for the day to day management of the Group, which includes developing business plans, budgets and strategies for consideration by the Board; identifying and managing risks and, where those risks could have a material impact on the Group's businesses, formulating strategies for managing these risks, among other responsibilities.

The Board Charter (which includes the full detail of matters reserved by the Board and those delegated to Senior Management) can be found on the Corporate Governance section of the Group's website.

Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior management.

The performance of all levels of management is evaluated annually in conjunction with remuneration reviews undertaken by the Remuneration and Nomination Committees and Joint Managing Directors.

The process for performing this evaluation consists of setting Key Performance Indicators (agreed with the employee), which encompass financial and non-financial objectives, and evaluating performance against those. The process is formally recorded and tracked. During this financial year, senior executives were evaluated in line with this process.

Principle 2: Structure the board to add value

Board of Directors

The Board is comprised of eight 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	Yes	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	Yes	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

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.

Recommendation 2.1: A majority of the Board should be independent directors.

As shown in the table above, the Board comprises a majority of independent directors. Five out of the eight members of the Board independent directors in accordance with the criteria set by Board in relation to determining directors' independence. These principles are guided by the criteria set by the ASX and 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 securityholder's understanding of a director's performance.

Recommendation 2.2: The chair should be an independent director.

Recommendation 2.3: The roles of chair and chief executive officer should not be exercised by the same individual.

Mr Kerry Roxburgh is the Chair of the Board. Mr Roxburgh is a non-executive, independent member of the Board (in accordance with the criteria described above). The role of CEO – or Managing Director – is carried out jointly by Mr Harrison and Mr Southon, two executive directors of the group.

Recommendation 2.4: The board should establish a nomination committee.

The Board has established a Nomination Committee which consists of the Group Chairman Kerry Roxburgh (Committee Chairman), Roy Woodhouse and Colin McGowan, who are all independent, non executive directors. Details of the committee members experience and the number of meetings held and attended can be found in the Directors Report. A copy of the Nomination Committee Charter which sets out the competencies of the Committee is available on the Group's website.

Recommendation 2.5: Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

Board and Committee members are subject to an annual self-assessment of their performance via completion of a questionnaire prepared by the Chair. The process is run on calendar year basis. The results of the appraisals are aggregated and reviewed by the Board to assess Board and Committees overall performance and issues that require attention. This process is underway for the year ended 31 December 2008 and is to due to be completed by early October 2009, to coincide with the review of Non-executive Directors' fees and nominations for re-election (as required), which are undertaken prior to the Annual General Meeting. The review was completed during the reporting period in respect of the previous calendar year.

The process for the selection and re-election of candidates for directorship positions is outlined in the Nomination Committee Charter (which can be viewed in the Corporate Governance section of the Group's website), and includes making proposals to the Board based on its evaluation on whether the Board's composition is appropriate for the circumstances and incorporates a variety of perspectives and skills. The Nomination Committee has carriage for the selection and appointment process of Directors.

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.

Principle 3: Promote Ethical and Responsible Decision Making

Recommendation 3.1: Companies should establish a code of conduct and disclose the code or a summary of the code to guide key executives as to:

- *The practices necessary to maintain the confidence in the company's integrity*
- *The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders*
- *The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.*

The Group recognises the need to observe the highest standards of corporate practice and business conduct. For this purpose, the Group has established a formal Code of Conduct for its Directors (Directors' Code of Conduct), as well as a separate Code of Conduct for employees (Charter Hall Code of Conduct), which form the basis for ethical behaviour. The Codes form the framework that provides the foundation for maintaining and enhancing the Group's integrity. The objective of the Codes is to ensure that staff, directors and stakeholders can be confident that the Group conducts its affairs honestly in accordance with the law, ethical values and practices and that there is clearly defined responsibility and accountability for maintaining these standards. As part of Charter Hall's corporate governance strategy, the Charter Hall Code of Conduct has been reviewed and updated, with a new version of the Code being adopted by the Board in December 2008.

All Directors and employees of the Group are provided with the Code of Conduct at induction and are required to comply with both the spirit as well as the letter of the relevant laws which govern the operations of the Group.

In addition to this, in order to deal specifically with the responsibility and accountability of individuals for reporting and investigating reports of fraudulent and unethical practices, Charter Hall has adopted a Fraud Risk Management Policy which addresses these matters. A full copy of this policy is posted on the Corporate Governance section of the Group's website.

A full copy of the Directors' Code of Conduct and a summary of the Charter Hall Code of Conduct can be obtained from the Corporate Governance section of the Group's website. A full copy of the Charter Hall Code of Conduct is also available upon request from the Company Secretary.

Recommendation 3.2: Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.

The Group has in place a formal Security Trading Policy which regulates the manner in which Directors, senior executives and employees can deal with 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 blackouts as the periods during which trading Securities cannot occur. Trading is always prohibited if the relevant person is in procession of non-public price sensitive information regarding the Group.

The policy has been formally reviewed and updated by the Board in April 2009. A copy of the current Security Trading Policy is available on the Group's website.

Corporate Governance Statement (continued)

Principle 4: Safeguard integrity in financial reporting

Recommendation 4.1: The board should establish an audit committee.

Recommendation 4.2: Structure the audit committee so that it:

- ***consists only of non-executive directors***
- ***consists of a majority of independent directors***
- ***is chaired by an independent chair, who is not chair of the board***
- ***has at least three members.***

The Audit, Risk and Compliance Committee assists the Board in fulfilling its corporate governance and has 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 independent Directors. The members have comprehensive financial and property industry expertise. The Committee met on six occasions during the year to 30 June 2009. Please refer to the Directors Report for more information on members, including attendance at committee meetings.

Recommendation 4.3: The audit committee should have a formal charter

The Audit, Risk and Compliance Committee reports to the Board and has adopted a formal Charter which sets out the Committee's role and responsibilities, composition, structure and membership requirements. Responsibilities include the assessment of the internal control and compliance systems, monitoring the integrity of the financial statements, reviewing the financial reporting processes and continuous disclosure, selection and appointment of external auditors, and the rotation of external audit engagement partners, as well as monitoring their performance.

The Charter is reviewed regularly and was last updated in April 2009. A copy of the Charter is available on the Corporate Governance section on the Group's website.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance and disclose those policies or a summary of those policies.

The Group has a Continuous Disclosure and Communications Policy consistent with the continuous disclosure obligations of the ASX Listing Rules and Corporations Act 2001. The policy has been formally reviewed and up-dated by the Board in February 2009. The policy is designed to ensure that all investors and stakeholders 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. It also describes the processes by which senior executives are involved in ensuring the Policy is adhered to and sets out their responsibilities and accountability. The Charter Hall Code of Conduct and the Compliance Manual also deal with Continuous Disclosure.

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

Principle 6: Respect the rights of shareholders

Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

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.
The Group's communication's strategy is outlined and disclosed in the Continuous Disclosure and Communications Policy, mentioned above, which encourages participation of securityholders at the AGMs.

In addition to this, the Group maintains a website (www.charterhall.com.au) providing access to information likely to be of interest to securityholders, including a Corporate Governance Section, Investor Centre, and News Centre. The Group encourages securityholders to utilise its website, which is regularly updated, as their primary tool to access information and disclosures.

Principle 7: Recognise and manage risk

Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

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.

During this financial year, Charter Hall has conducted a thorough review of its risk management framework and as a result a revised Risk Management Policy has been put in place and adopted by the Board to deal with the Group's material business risks. Internal processes and documents have also been updated to make them more relevant to the Group's operation and to ensure material business risks are appropriately identified and managed. The Risk Management Policy is available on the Corporate Governance Section of Charter Hall's website.

Recommendation 7.2: The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.

As requested by the Board, Management has put in place risk management and internal control systems which have been reviewed by Board. An external party was engaged to conduct a full review of the Group's risk management process and findings and recommendations were reported to the Audit, Risk and Compliance Committee in the first instance and further escalated to the Board. The Audit, Risk and Compliance Committee has been allocated the specific responsibility of providing guidance and oversight to the Board on risk management activities, whilst the ultimate responsibility for risk oversight and risk management rests with the Board.

Management has reported to the Board on the effectiveness of the company's management of its material business risks.

Recommendation 7.3: The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects.

The Joint Managing Directors and the Chief Financial Officer confirm in writing to the Board that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1: The Board should establish a remuneration committee.

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 aims 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.

The Remuneration Committee comprises three non-executive, independent directors being Roy Woodhouse (Chairman), Colin McGowan and Kerry Roxburgh (please refer to the Directors Report for information in regards to the members and the number of meetings held and attended).

The Remuneration Committee obtain the advice of independent experts to ensure the Group's remuneration policies are appropriate and follow best practice and address the requirements of the Group's stakeholders.

For further information in regards to the Group's Remuneration policies and framework please refer to the Remuneration Report, including a detailed description of the structure of non-executive directors' remuneration and executive directors' and senior executives' remuneration.

A copy of the Remuneration Committee Charter is available on the Group's website. The Security Trading Policy, also posted on the website, deals with the Group's policy on entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration scheme.

Recommendation 8.2: Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives

Fees paid to Non-Executive Directors are set by the Board in consultation with remuneration experts, within an aggregate limit approved by securityholders. The total remuneration paid to Non-Executive Directors to 30 June 2009 is set out in the Remuneration Report.

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

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.

Executive Directors', as well as senior executives', remuneration packages comprise salary, short term incentives (i.e. bonus) and long term incentives. Further details on Executive Directors' packages are set out in the Remuneration 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 (Company or CHL) and the entities it controlled at the end of, or during, the year ended 30 June 2009. Charter Hall group is a stapled group comprising CHL and its controlled entities and Charter Hall Property Trust (Trust or CHPT) and its controlled entities.

The Group includes Charter Hall Funds Management Limited (CHFML) as the responsible entity of CHPT. CHL and CHFML 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 the Group during the whole of the year and up to the date of this report, unless noted otherwise:

K Roxburgh – Chairman - Independent Non-Executive Director
R Woodhouse – Deputy Chairman - Independent Non-Executive Director
P Derrington – Independent Non Executive Director
G Fraser – Independent Non Executive Director
C Fuchs – Executive Director
D Harrison – Joint Managing Director
C McGowan – Independent Non Executive Director
D Southon – Joint Managing Director

Principal activities

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

(a) Property investment
(b) Funds management
(c) Development management
(d) Property management

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

Distributions - Charter Hall Group

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

	2009 $'000	2008 $'000
- Interim ordinary distribution for the 6 months ended 31 December 2008 of 3.96 cents per security paid on 27 February 2009	**17,679**	-
- Final ordinary distribution for the 6 months ended 30 June 2009 of 1.00 cent per security expected to be paid on 28 August 2009	**6,980**	-
- Interim ordinary distribution for the 6 months ended 31 December 2007 of 6.30 cents per security paid on 29 February 2008	**-**	26,448
- Final ordinary distribution for the 6 months ended 30 June 2008 of 6.30 cents per security paid on 29 August 2008	**-**	25,669
	24,659	52,117

Results
The Group recorded a statutory loss for the financial year of $82.2 million compared to a profit of $67.5 million in 2008. The result was adversely impacted by fair value adjustments, predominantly downward property revaluations within the Group's managed funds and impairment of the Group's 50% investment in Commercial and Industrial Property Pty Ltd (CIP). After adding back fair value adjustments, impairment and other non cash items such as the mark to market of derivatives, the Group generated an Underlying Profit of $34.8 million compared to $52.7 million in 2008.

The reduction in Underlying Profit was due mainly to the following factors:

- lower performance fees and transaction fees
- lower contribution from the 50% owned CIP

Underlying Earnings per Security (EPS) of 7.61 cents fell from 12.74 cents in 2008 due to the reasons outlined above. As a result the Distribution per Security (DPS) fell from 12.60 cents to 4.96 cents.

Net Tangible Assets per Security (NTA) has reduced from $1.19 at 30 June 2008 to $0.71 as a result of additional securities issued as part of the recent capital raising and due to devaluations and impairment of investments.

Funds under Management (FUM) has fallen from $3.9 billion at 30 June 2008 to $3.4 billion as a result of valuation reductions and asset sales.

Gearing has reduced significantly from 31.2% at 30 June 2008 to 2.4% at 30 June 2009 as a result of repayment of debt utilising proceeds from the selldown of ownership in the Charter Hall Core Plus Retail Fund in July 2008 and the June 2009 capital raising.

The financial report includes separate financial statements for CHL as an individual entity and the consolidated entity consisting of CHL and its subsidiaries and controlled entities including CHFML as responsible entity for CHPT.

The 30 June 2009 financial results with comparatives are summarised as follows:

		2009	2008
Gross revenue ($m)		**61**	91
Net profit/(loss) after tax ($m)		**(82)**	67
Underlying profit		**35**	53
Distributions ($m)		**25**	52
Underlying EPS (UEPS) (cents)	**(i), (ii)**	**7.61**	12.74
Statutory earnings per stapled security (EPS) (cents)		**(17.98)**	16.31
Distribution per stapled security (cents)	**(ii)**	**4.96**	12.60
Total assets ($m)		**524**	802
Total liabilities ($m)		**30**	310
Net assets ($m)		**494**	492
NTA per security ($)	**(ii)**	**0.71**	1.19
Gearing – borrowings to total assets	**(iii)**	**2.4%**	31.2%
Funds under management ($bn)		**3.4**	3.9

(i) – Excludes AASB 140 fair value adjustments on investment property and financial assets, impairment of assets, gains on sale of investments and non cash AIFRS charges such as share based payments expense, amortisation and tax benefit.

(ii) – Calculation excludes stapled securities issued under the Executive Loan Security Plan in accordance with AASB2 *Share Based Payments.*

(iii) – Calculation is net of cash.

Distribution Re-investment Plan (DRP)
The DRP is currently activated.

Review of operations

The Group has maintained focus on its strategy to de-risk both its managed funds and the listed balance-sheet, making substantial progress over the last six months in this regard including:

- The capital raising and Gandel's strategic investment;
- Strong progress with its asset sales program to reduce the leverage in the investment funds;
- Successfully refinanced the major debt facilities for both CPOF and CPIF; and
- The lease up or extension of leases on approximately 74,700m^2 of space across the funds.

The Group is also pleased to advise that following the recent capital raising, the Group gained inclusion in the S&P/ASX 200 index, representing a significant milestone for the Group.

In accordance with the Group's valuation policy, all asset valuations in the investment funds' portfolios are reviewed quarterly. As a result of this process, valuations on 54% of the assets in these portfolios (by value) have been written down since 31 December 2008, based on independent valuations or directors' valuations. Including the 31 December 2008 valuations, 100% of all investment funds' portfolios have been revalued over the last six months. The reduction in the current portfolio carrying values represent a movement in capitalisation rate, on a like-for-like basis, of 74 basis points (bps) since 30 June 2008. The Group's successful de-risking strategy has ensured that, despite the reduction in values across portfolios, the Group has not breached covenants in any of the finance facilities across the funds, with headroom remaining in these facilities.

The Group's on-balance sheet portfolio of equity stakes in its managed investment funds shows an occupancy level of 98%, weighted average lease expiry (WALE) of eight years and a weighted average capitalisation rate of 7.66%.

The Group continues to pursue its announced asset sales program as part of a Group-wide initiative to reduce gearing in the investment funds. The Group announced target asset sales of $430 million in May and has now exchanged contracts on sales totalling $228 million, including the recently secured sale of Bunnings Penrith from the CPRF portfolio on 9 July for $21.8 million.

Over the previous half year, the Group has implemented a number of capital management initiatives, providing the Group with strong financial flexibility. Gandel Group has made a strategic investment of $75 million in the Group. This comprises an investment of $30 million in the Group, the commitment to acquire $30 million of CPOF units from the Group and a $15 million equity commitment to the new Charter Hall Group managed Special Situations Fund.

Other initiatives over the period include the $49 million entitlement offer, as well as the significant progress made on the asset sale program across managed funds. As previously announced, the Group also successfully refinanced the major portfolio finance facilities for both Charter Hall Core Plus Office Fund and Charter Hall Core Plus Retail Fund, securing new three year terms at market pricing. Both facilities continue to be non-recourse to all investors, including the Group.

Core Plus Office Fund (CPOF) - $1,452 million FUM, CHPT interest 23%

After a review of the entire CPOF portfolio in both the March and June quarters of this financial year, valuations on the portfolio were written down, resulting in a current weighted average cap rate of 7.60%. Including the 31 December 2008 valuations, 100% of this portfolio has now been revalued over the last six months.

The CPOF portfolio has a high occupancy of 96.4% and one of the longest WALE's in the office sector at seven years. CPOF's tenant mix remains of the highest quality, with 87% of the portfolio leased to government bodies and nationally or internationally recognised tenants.

Core Plus Industrial Fund (CPIF) - $358 million FUM, CHPT interest 25%

CPIF has also undertaken March and June quarterly reviews of its entire portfolio, with valuations on 38% of the portfolio (by value) being written down. Including the 31 December 2008 valuations, 100% of the portfolio has now been revalued over the last six months. The current weighted average cap rate of the portfolio is 7.82%. Current CPIF occupancy is 96.5% with a WALE of 9.4 years, underpinned by strong tenant covenants with, for example, 18 and 15 year leases to Coles and Smorgon Steel respectively.

CPIF has demonstrated a solid performance in the current challenging market environment. CPIF continues to secure lease renewals and extensions above forecast rental levels and is progressing the delivery of its enhanced activity.

Core Plus Retail Fund (CPRF) - $302 million FUM, CHPT interest 65%

Following the recently announced asset sales, the CPRF portfolio will consist of nine properties with a current weighted average cap rate of 7.59%. After both March and June quarterly reviews of the entire CPRF portfolio, 57% of the current portfolio (by value) was written down, bringing the percentage of the portfolio revalued in the last six months to 100%, including the 31 December 2008 valuations.

After completion of the announced asset sales, CPRF has an exposure of 69% to bulky goods and 31% to neighbourhood shopping centres anchored by Woolworths and Coles.

A long dated WALE of 8.8 years backs the current occupancy of 100% (including rental guarantees) and provides income stability into the future, with no significant lease expiries until 2013.

Diversified Property Fund (DPF) - $194 million FUM, CHPT interest 26%

After a review of the entire DPF portfolio in both the March and June quarters of this financial year, 27% of the portfolio was written down resulting in a current weighted average cap rate of 7.95%. Including the 31 December 2008 valuations, 100% of this portfolio has now been de-valued over the last six months.

During the June quarter, DPF management was able to renew five leases that were nearing their lease expiry, extending the WALE of the portfolio to 7.5 years. The DPF portfolio currently has an occupancy rate of 98%.

Charter Hall Umbrella Fund (CHUF) - $195 million FUM, CHPT interest 25%

CHUF is a fund with investments predominately in Charter Hall Group managed funds. CHUF has effectively had 50% of its portfolio written down over the March and June quarters of this financial year, and 100% of the portfolio including the 31 December 2008 valuations. CHUF continues to outperform its peers, principally as a result of its overweight position in the unlisted property sector, which has provided exposure to high quality assets with a WALE of 8.2 years and a current occupancy of 98%.

Opportunity Funds Update

The market remains challenging for development and re-positioning projects due to the tight credit markets, reduction in asset values and a decline in demand for space due to the economic downturn.

Charter Hall Opportunity Fund 4 (CHOF4) - $415 million FUM, CHL interest 3%

Construction of 275 George Street, the Group's landmark office tower in Brisbane, reached Practical Completion on 6 April 2009, approximately three months ahead of schedule. This project was undertaken as 50/50 Joint Venture between CHOF4 and CPOF. 275 George Street comprises 40,000m^2 of prime office space, which is now 98% leased on 10 year lease terms to Telstra and Queensland Gas Corporation (a subsidiary of British Gas), with the retail area now 47% leased.

The Gepps Cross Centre, a 32,000m^2 bulky retail project in Adelaide, reached Practical Completion as scheduled on 5 June 2009. This project was undertaken as a 50/50 Joint Venture between CHOF4 and Axiom. The Centre currently has leases executed and terms agreed over 75% of the space, and is now open and trading strongly.

Construction works are continuing on Home HQ North Shore, an integrated 22,000m^2 bulky goods centre in Artarmon, with completion expected in November this year. Lease documentation has been executed with key anchor tenants including The Good Guys, JB Hi Fi and Barbeques Galore. Heads of Agreement have also been signed with a number of major tenants including Freedom, Bay Leather Republic and Snooze. As these and other tenants are finalised, the Centre will be 55% leased, with the balance of the centre under negotiation.

Construction of the Perth CBD A-grade office tower, 'Alluvion', 58 Mounts Bay Road, is progressing well with completion remaining on schedule for April 2010. This project was undertaken as a 50/50 Joint Venture between the Group and Cape Bouvard Investments. Agreements for Lease have been signed on approximately 95% of the 22,400m^2 of prime office space.

Charter Hall Opportunity Fund 5 (CHOF5) - $335 million FUM, CHL interest 15%

The refurbishment works at 40 Creek Street, a 12,444m^2 office tower in Brisbane, reached Practical Completion on 29 June 2009. To date, two tenants have executed Agreements for Lease for levels 16 and 17 respectively, with terms agreed for a large portion of the retail space. The focus remains on leasing the balance of the available space in this well located property in the heart of Brisbane's CBD.

The Little Bay development, an 11.4 hectare master-planned residential project in Sydney's east, recently lodged its Stage 1 Master Plan Application with Randwick City Council. This application establishes the design controls for the site and once approved will enable the remediation and infrastructure works to proceed, creating 10 development super-lots across the site.

CHOF5's Home HQ Hastings project includes an approval for an 18,000m^2 bulky goods centre in New Zealand. Terms have now been agreed with Whakatu Coldstores for a new five year lease over their current premises, situated on a portion of the site. It is anticipated that this section of the site will be offered to the market during the next quarter, with negotiations continuing with anchor tenants for the remaining bulky good centre.

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 year, in addition to the review of operations above, were as follows:

- As previously mentioned the Group raised $76 million via an entitlement offer and Placement to Gandel Group in June 2009 through the issue of 229.9 million securities at 33 cents per security. As part of this raising Gandel Group has invested $30 million in Charter Hall Group equating to a 12.2% interest.
- CHPT sold down 38% of its holding in CPRF in July 2008 and repurchased 3% from CHUF in June 2009.
- The sale of 372 Whitehorse Rd, Nunawading VIC and 25 Nepean Hwy, Mentone VIC to CPRF for $93.6 million in July 2008.
- With the proceeds from the selldown of its CPRF interest CHPT repaid debt and reduced its debt facility limit to $100 million with an expiry of July 2011.
- CHPT invested $50 million in CHUF in August 2008 equating to an interest of 22%. Further purchases under the liquidity facility have brought the ownership to 25%.

Matters subsequent to the end of the period

Since 30 June 2009 CHPT has completed the following transactions:

- Received commitments from existing CPOF unitholders to purchase 39 million CPOF units from CHPT for $30 million on 31 August 2009. Once this transaction is completed CHPT's ownership interest in CPOF will fall from 23% to 17%.

Except for the matters discussed above, no other matter or circumstance has arisen since 30 June 2009 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.

INFORMATION ON DIRECTORS

<table>
<tr><td>

K ROXBURGH Chairman – Independent Non-Executive Director

Experience and expertise

Independent non-executive director and Chairman appointed 12 April 2005. One of the founders of E*TRADE in Australia, Board Member for 11 years to 2007, Chief Executive Officer from 1998 to 2000 then Chairman until its takeover by the ANZ Bank in 2007. For 10 years from 1986 to 1995, he was an Executive Director at the Hong Kong Bank of Australia Group, Chairman of their stockbroker, James Capel Australia and Managing Director of their corporate finance subsidiary. Between 1964 to 1986 practiced as a Chartered Accountant for 4 years at Arthur Andersen followed by 18 years as a partner at Mann Judd in Sydney. Experienced in the financial markets and the financial management of the insurance, healthcare, technology, property and resource sectors. Bachelor of Commerce, MBA and Practitioner Member of the Securities & Derivatives Institute of Australia.

Interests in securities

64,285 securities in Charter Hall Group.

</td><td>

Other current listed company directorships

Non-executive Chairman of Eircom Holdings Limited (since 2006)

Non-executive director of Ramsay Health Care Ltd (since 1997)

Former listed company directorships in last 3 years

E*TRADE Australia (Retired in June 2007)

Everest Finance Group (from 2005 - 2009)

Special responsibilities

Chairman of the Board

Chairman of Nomination Committee

Member of Remuneration Committee

Member of Audit, Risk and Compliance Committee

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R WOODHOUSE Deputy Chairman – Independent Non-Executive Director

Experience and expertise

Appointed non-executive director and deputy Chairman of the Group on 6 April 2005. Worked for the Ballieu family for 30 years in senior executive capacities from 1975 including Director L.J. Hooker, Managing Director Knight Frank Australia and Chairman Knight Frank Australia. Fellow of the Institute of Company Directors.

Interests in securities

85,713 securities in Charter Hall Group.

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Other current listed company directorships

Nil

Former listed company directorships in last 3 years

Nil

Special responsibilities

Deputy Chairman of the Board

Member of Nomination Committee

Chairman of Remuneration Committee

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C McGOWAN – Independent Non-Executive Director

Experience and expertise

Independent non-executive director since 6 April 2005. 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 the Advance Property Fund. Fellow of the Australian Property Institute and Senior Fellow of the Financial Services Institute of Australasia.

Interests in securities

Nil securities in Charter Hall Group.

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Other current listed company directorships

Nil

Former listed company directorships in last 3 years

Nil

Special responsibilities

Member of Remuneration Committee

Member of Nomination Committee

Member of the Valuation Committee

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P DERRINGTON – Independent Non-Executive Director

Experience and expertise

Independent non-executive director since 6 April 2005. Formerly the CEO of Penrith Lakes Development Corporation Limited and Managing Director of the US asset management firm Spears, Benzak, Salomon and Farrell, Patrice was also formerly the Vice President in the Real Estate Finance Group at Chemical Bank (now J.P. Morgan Chase) and in 1997 founded the Victory Real Estate Investment Fund. Holds an MBA from Harvard University and a Ph. D from U.C. Berkeley.

Interests in securities

Nil securities in Charter Hall Group.

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Other current listed company directorships

Nil

Former listed company directorships in last 3 years

Nil

Special responsibilities

Chair of Audit, Risk and Compliance Committee

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G FRASER – Independent Non-Executive Director **Experience and expertise** Non-executive director of the Group since 6 April 2005. Joined Transfield Holdings in 1996 where he was formerly the CFO and General Manager – Finance, Project Development and is currently a member of its Advisory Board. Previously was the principal of a finance advisory business Perry Development Finance Pty Limited. Member of the Institute of Chartered Accountants in Australia and the Institute of Company Directors. **Interests in securities** 823,792 securities in Charter Hall Group.	**Other current listed company directorships** Nil **Former listed company directorships in last 3 years** Nil **Special responsibilities** Member of Audit, Risk and Compliance Committee
C FUCHS – Executive Director **Experience and expertise** Co-founder of Charter Hall in 1991. Executive director of the Group since 6 April 2005. Has over 40 years experience in property investment and financial services. Is involved in the Group's funds management business and is a member of the Investment Committee for various Charter Hall managed funds. Previously worked at the Heine Group's property arm and Leighton Properties. **Interests in securities** 8,105,997 securities in Charter Hall Group via direct and indirect interests including 2,671,404 securities in the Charter Hall Executive Loan Security Plan. In addition Mr Fuchs holds 50,481 performance rights in the Charter Hall Performance Rights and Options Plan. Securities in the Plans may vest upon the satisfaction of performance and service criteria.	**Other current listed company directorships** Nil **Former listed company directorships in last 3 years** Nil **Special responsibilities** Member of the Valuation Committee
D HARRISON – Joint Managing Director **Experience and expertise** Joint Managing Director and head of the Funds Management Division and Property Management Division. Has more than 20 years of experience in the Australian commercial property markets. Prior to joining Charter Hall in 2004, was the Managing Director of Savills in Australia. Holds a Land Economics degree from the University of Western Sydney, a graduate Diploma in Applied Finance and is a Fellow of the Australian Property Institute. **Interests in securities** 20,070,203 securities in Charter Hall Group via direct and indirect interests including 12,276,884 securities in the Charter Hall Executive Loan Securities Plan. In addition Mr Harrison holds 403,846 performance rights in the Charter Hall Performance Rights and Options Plan. Securities in the Plans may vest upon the satisfaction of performance and service criteria.	**Other current listed company directorships** Nil **Former listed company directorships in last 3 years** Nil **Special responsibilities** Member of the Valuation Committee

D SOUTHON – Joint Managing Director

Experience and expertise

David is a founding member of Charter Hall. He is Joint Managing Director and head of the Development Division and has over 20 years of property industry experience. Prior to co-founding Charter Hall in 1991 worked at the Heine Group's property arm (now part of ING) and Leighton Properties. Holds a Land Economics degree from the University of Western Sydney.

Interests in securities

20,427,012 securities in Charter Hall Group via direct interests including 12,233,577 securities in the Charter Hall Executive Loan Security Plan. In addition Mr Southon holds 403,846 performance rights in the Charter Hall Performance Rights and Options Plan. Securities in the Plans may vest upon the satisfaction of performance and service criteria.

Other current listed company directorships
Nil

Former listed company directorships in last 3 years
Nil

Special responsibilities
Member of the Valuation Committee

Company Secretary

The company secretary is Mr N Francis, a member of the Institute of Chartered Accountants in Australia and Chartered Secretaries Australia. 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. He also holds a Bachelor of Business degree from the University of Technology, Sydney.

Meetings of directors

The numbers of meetings of the Group's board of directors and of each board committee held during the year ended 30 June 2009, and the numbers of meetings attended by each director were:

	Full meetings of the Board of Directors		Audit, Risk and Compliance Committee		Nomination Committee		Remuneration Committee	
	A	**B**	**A**	**B**	**A**	**B**	**A**	**B**
K Roxburgh	12	12	6	6	1	1	3	3
R Woodhouse	12	12	*	*	1	1	3	3
P Derrington	12	12	6	6	*	*	*	*
G Fraser	11	12	5	6	*	*	*	*
C Fuchs	11	12	*	*	*	*	*	*
C McGowan	12	12	*	*	1	1	3	3
D Harrison	12	12	*	*	*	*	*	*
D Southon	12	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

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 in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

A Principles used to determine the nature and amount of remuneration

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 securityholders
- 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 securityholders' interests:

- has economic profit as a core component of plan design
- focuses on sustained growth in securityholder 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.

Alignment to program participants' interests:

- rewards capability and experience
- reflects competitive reward for contribution to growth in securityholder 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.

The Board has established a Remuneration Committee which provides advice on remuneration and incentive policies and practices and specific recommendations on remuneration packages and other terms of employment. The Corporate Governance Statement provides further information on the role of this committee.

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 are reviewed annually by the Remuneration Committee. The Remuneration Committee 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. Non executive directors are not a part of the Charter Hall Limited Executive Loan Security Plan or the Charter Hall Performance Rights and Option Plan.

Directors' fees

The current base remuneration was last reviewed with effect from 1 July 2008. The base remuneration will be reviewed early in the year ending 30 June 2010 to determine its appropriateness.

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 the Performance Rights and Options plan, and
- other remuneration such as superannuation.

The combination of these comprises the executive's total remuneration.

Base pay
Executives are offered a market based 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.

Given the underperformance of the property sector over the past 12 months and the continued challenging economic environment expected for FY10, there is a salary freeze for the 2010 financial year.

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

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

Each year, the Remuneration Committee and Joint 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 year ended 30 June 2009, the KPI's linked to STI plans were based on group and personal objectives. The KPI's required performance in achieving specific targets.

The Joint Managing Directors and Remuneration Committee are responsible for assessing whether the KPI's are met. To help make this assessment, the committee receives 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
As from 1 July 2008 the Joint Managing Directors bonus was subject to individual KPI's and Group Performance targets. The Executive Directors bonus for the 12 months to 30 June 2009 is nil as not all of the individual and Group targets were met.

The Executive Directors FY08 short term incentive was linked to a percentage of distribution growth above the Board approved budget distribution. The Remuneration Committee approved a year ending 30 June 2008 bonus for the Executive Directors of 15% in aggregate (6% David Harrison, 6% David Southon, 3% Cedric Fuchs) of the amount that the distribution for the 12 months to 30 June 2008 exceeded the distribution forecast in the Board approved budget.

In order to bring the Joint Managing Directors in line with market levels and to acknowledge the earnings outperformance of the Group in 2008 the Remuneration Committee approved an additional payment of $275,000 each for David Harrison and David Southon.

Charter Hall Limited Executive Loan Security Plan
Information on the Charter Hall Limited Executive Loan Security Plan is set out in note 39 to the financial statements.

B Details of remuneration

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 25 to 27 and the following executive officers, who with the executive directors include the 5 highest paid executives of the Group:

- J Bakker – Chief Financial Officer
- R Champion – Fund Manager and Retail Director
- N Kelly – Wholesale Funds Director
- M Winnem – Fund Manager and Development Director

The cash bonuses are dependent on the satisfaction of performance conditions as set out in the section headed *Short-term incentives* above.

Key management personnel of the Group

2009	Short-term benefits		Post-employment benefits	Security-based payment	Long-term benefits	
Name	Cash salary and fees $	Cash bonus $	Superannuation $	Securities $	Long service leave $	Total $
Non-executive directors						
K Roxburgh – Chairman	144,008	-	12,862	-	-	156,870
R Woodhouse – Deputy Chairman	76,516	-	6,886	-	-	83,402
P Derrington	77,953	-	7,016	-	-	84,969
G Fraser	72,993	-	6,569	-	-	79,562
C McGowan	79,269	-	7,134	-	-	86,403
Sub total non-executive directors	**450,739**	**-**	**40,467**	**-**	**-**	**491,206**
Executive directors						
C Fuchs	249,847	-	100,000	22,301	-	372,148
D Harrison	699,651	-	50,000	49,904	-	799,555
D Southon	735,557	-	13,745	48,046	-	797,348
Other key management personnel						
J Bakker^	408,774	40,000	13,745	(2,137)	-	460,382
R Champion*	346,140	-	5,727	-	-	351,867
N Kelly	366,679	35,000	25,745	10,407	-	437,831
M Winnem	386,255	30,000	13,745	8,726	1,860	440,586
Totals	**3,643,642**	**105,000**	**263,174**	**137,247**	**1,860**	**4,150,923**

* R Champion ceased to be an employee of Charter Hall Group on 14/11/08 and was paid an eligible termination payment of $171,356 which is included in cash salary and fees above.

^ J Bakker has a negative security-based payment amount as the performance vesting conditions make the amount of the benefit received less than previously forecast.

Key management personnel of the Group

2008	Short-term benefits		Post-employment benefits	Security-based payment	Long-term benefits	
Name	**Cash salary and fees**	**Cash bonus**	**Superannuation**	**Securities**	**Long service leave**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Non-executive directors						
K Roxburgh – Chairman	125,344	-	11,281	-	-	136,625
R Woodhouse – Deputy Chairman	75,102	-	6,759	-	-	81,861
P Derrington	78,784	-	7,091	-	-	85,875
G Fraser	73,624	-	6,626	-	-	80,250
C McGowan	24,861	-	60,000	-	-	84,861
A Biet (to 25/10/07)	23,867	-	2,148	-	-	26,015
Sub total non executive directors	**401,582**	**-**	**93,905**	**-**	**-**	**495,487**
Executive directors						
C Fuchs	181,420	101,000	98,580	136,208	-	517,208
D Harrison	484,684	477,000	13,129	700,811	-	1,675,624
D Southon	486,871	477,000	13,129	697,997	-	1,674,997
Other key management personnel						
J Bakker	334,962	100,000	13,129	59,324	-	507,415
R Champion	386,871	60,000	13,129	89,222	-	549,222
M Winnem	295,332	80,000	12,886	62,814	12,325	463,357
Totals	**2,571,722**	**1,295,000**	**257,887**	**1,746,376**	**12,325**	**5,883,310**

The bonus for the year ended 30 June 2007 paid to the executive directors (being $102,000 for each of the Joint Managing Director's and $51,000 for C Fuchs) was not accrued in 2007 and was consequently included in the 30 June 2008 year together with the 2008 bonus. Bonuses relating to the 30 June 2008 year were $375,000 for each of the Joint Managing Director's and $50,000 for C Fuchs

C Service agreements

The Joint Managing Directors, David Harrison and David Southon signed 3 year agreements which expired 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 and Performance Rights and Options Plan provides a strong incentive for continuity of employment. Base salary for all KMPs is reviewed annually by the Remuneration Committee.

D Employee security scheme

The Charter Hall Limited Loan Security Plan (LSP) and Performance Rights and Options Plan (PROP) are designed to develop a clear line of sight between business objectives and reward. They are incentive plans aimed at creating a strong 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.

LSP participants are offered non-recourse loans to acquire securities under the plan with interest charged at the Charter Hall Group distribution yield. If the performance and service conditions are satisfied, the securities become available to the plan participants after repayment of any loan obligations outstanding. PROP participants are granted rights/options which may be exercised depending upon performance and service conditions being satisfied.

Non-executive directors do not participate in the LSP or the PROP.

The following table shows securities issued under the LSP since inception of the plan. The issue prices range from $1.00 to $2.94 compared to the security price at 30 June 2009 of $0.52.

Year of issue (calendar year)	Securities	Issue Price	Vesting conditions
2005	6,200,000	$1.00 to $1.07	Meet the PDS forecast DPS of 6.56 in FY06 and 5% growth in FY07 and FY08
2006	7,534,230	$1.27 to $2.00	UEPS must increase by 5% in each year from FY06 or have achieved 5% compound annual growth on FY06
2007	10,729,304	$2.47 to $2.94	UEPS must increase by 5% in each year from FY07 or have achieved 5% compound annual growth on FY07
2008	31,712,129	$1.04 to $1.67	UEPS must increase by 5% in each year from FY08 or have achieved 5% compound annual growth on FY08
2009*	nil	n/a	
Total LSP issued	56,175,663		
Transferred, sold, forfeited **	(5,832,068)		
Total LSP securities on issue^	**50,343,595**		

* 1 January 2009 to date of this report.

** Securities can be sold direct from the plan or transferred to members once securities vest. Unvested securities are forfeited when an employee ceases employment.

^ Whilst the securities are legally issued and are quoted securities they are not recognised for accounting (EPS/DPS/NTA) purposes until they are exercised (per AASB 2 Share Based Payments). Options are exercised when executives pay the exercise price of the option (i.e. repay the loan that is recognised for tax and legal purposes). This is consistent with the fact that unvested and vested shares continue to be held by the employee share trust until the employee loan is repaid.

Underlying EPS since the inception of the Charter Hall Group are shown below:

	FY06 (cps)	FY07 (cps)	FY08 (cps)	FY09 (cps)
UEPS	6.47	9.51	12.74	7.61
UEPS growth on previous year		47%	34%	(40%)

As noted above there has been a significant reduction in earnings in FY09 equating to an underlying EPS of 7.61 cps compared to 12.74 cps in FY08.

Under AASB 2 there is a requirement to "true up" at each reporting date to determine the appropriate share based payment expense based on the number of unvested securities which are estimated to vest. The Group has re-assessed the likelihood of vesting in light of the earnings reductions and hence the share based payments expense has fallen significantly compared to 2008. This is reflected in the remuneration disclosures overleaf where there has been a significant reduction of LTI based remuneration of key management employees compared to 30 June 2008.

Of the 50 million LTI securities on issue approximately 11 million are vested securities, with the balance of 39 million securities being unvested securities.

The performance condition under the LSP is set at 5% growth per annum in Underlying EPS. The performance condition was amended at the 2008 AGM as the previous DPS measure was not considered appropriate. For the 2008 LSP offer the base year for the Underlying EPS measure is 30 June 2008 resulting in a base Underlying EPS of 12.74cps.

Performance Rights and Options Plan

Since the initial public offering in June 2005, Charter Hall Group has operated the LSP as the long term incentive component of an executive's remuneration arrangements to align reward with long term performance. The LSP is described above.

In early 2008, the Board engaged external advisers to gain a market perspective on LTI arrangements. In particular, the key issues explored and conclusions reached by the Board are outlined below:

- ***Alignment of reward and performance.*** Introducing a performance rights plan to replace a proportion of the ELSP for future years, would provide a better balance between risk and reward;
- ***Market prevalence of various LTI instruments.*** It was found that among Australian listed companies and direct peers, Performance Rights plans were regularly used, particularly in conjunction with other instruments;
- ***Financial and potential dilution impact on Charter Hall Group.*** A Performance Rights plan would potentially result in less dilution to existing Securityholders, compared to other forms of equity (for example, options);
- ***External stakeholder perspectives.*** It was found that external stakeholders look favourably upon Performance Rights plans.

The Board, in consultation with independent remuneration consultants, resolved that LTI for the 2009 year would be delivered through a combination of the existing LSP and the new PROP.

The Board has introduced the PROP as a key component of the Group's broader strategy for rewarding and retaining key talent. The PROP is a long term 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.

The Performance Rights are unquoted securities and conversion of Performance Rights to stapled securities, and vesting to executives, is subject to the same service and performance conditions as the LSP.

The performance condition is based on the achievement of a 5% compound annual growth rate, over a 3 year period, above FY08 Underlying EPS of 12.74 cents per security.

The total number of Performance Rights granted was 1,628,789 (no options have been granted under the PROP). Of this total 858,173 Performance Rights were granted to the Executive Directors following securityholder approval at the November 2008 Annual General Meeting. The balance of Performance Rights relates to grants to senior executives of the Group.

The executive directors of Charter Hall Group and other key management personnel of the Group received the following vested securities during the year from the company's LSP:

	LSP Securities Issued in 2006	LSP Securities Issued in 2007	LSP Securities Issued in 2008	LSP Securities Forfeited in 2008	LSP Securities Issued in 2009	LSP Securities Forfeited in 2009	Total LSP Securities that can vest
Issue price	$1.00	$1.27	$2.76		$1.04		
Executive Directors							
C Fuchs	1,050,000	393,700	362,319	-	865,385	-	2,671,404
D Harrison	1,475,000	1,161,417	2,717,391	-	6,923,076	-	12,276,884
D Southon	1,475,000	1,118,110	2,717,391	-	6,923,076	-	12,233,577
Key management personnel							
J Bakker^	-	621,118	362,319	-	865,384	-	1,848,821
R Champion	-	551,181	326,087	-	721,153	(1,122,271)	476,150
N Kelly^	-	186,335	289,855	-	865,384	-	1,341,574
M Winnem	-	236,220	289,855	-	865,384	-	1,391,459

None of the above securities were exercised during FY08 or FY09.

	Total LSP Securities that can vest	LSP Securities vested in 2007#	LSP Securities vested in 2008#	LSP Securities vested in 2009#	LSP unvested securities 30/6/09
Executive Directors					
C Fuchs	2,671,404	(350,000)	(481,233)	(602,007)	1,238,164
D Harrison	12,276,884	(491,667)	(878,806)	(1,784,602)	9,121,809
D Southon	12,233,577	(491,667)	(864,370)	(1,770,167)	9,107,373
Key management personnel					
J Bakker^	1,848,821	-	(207,039)	(327,813)	1,313,969
R Champion	476,150	-	(183,727)	(292,423)	-
N Kelly^	1,341,574	-	(62,112)	(158,730)	1,120,732
M Winnem	1,391,459	-	(78,740)	(175,358)	1,137,361

^ J Bakker and Nick Kelly's 2007 securities were issued at a price of $1.61.
# Securities that have vested but have not been exercised by repayment of the loan and removal from the LTI plan.

The executive directors of Charter Hall Group and other key management personnel of the Group received the following rights during the year from the company's PROP:

	Total PROP rights
Executive Directors	
C Fuchs	50,481
D Harrison	403,846
D Southon	403,846
Key management personnel	
J Bakker	50,480
R Champion	-
N Kelly	50,480
M Winnem	50,480

The model inputs for the Black-Scholes method for assessing the fair value at loan date for the LSP securities and PROP rights issued during the year ended 30 June 2009 include the following:

Grant date	7/8/08	10/10/08	19/11/08	22/12/08
Security price at grant date	$0.865	$0.66	$0.41	$0.30
Loan value per security	$1.04	$1.04	$1.04	$1.04
Expiry of loan	6/8/13	9/8/13	18/11/13	21/12/13
Expected price volatility	23.68%	22.75%	58.06%	59.49%
Expected distribution yield	9.47%	9.47%	9.47%	9.47%
Risk-free interest rate	5.85%	4.28%	3.72%	3.19%

E Additional information

Details of the short term incentives and the vesting of the securities are shown above. The table below shows the percentage of securities forfeited for not satisfying the service and performance criteria that make up the vesting conditions. No options will vest if the conditions are not satisfied. The maximum value of the options yet to vest has been determined as the amount of the grant date fair value of the options that is yet to be expensed.

Name	Financial year granted	Vested %	Forfeited %	Minimum total value of grant yet to vest $	Maximum total value of grant yet to vest $
C Fuchs	2009	-	-	nil	2,354
	2008	33%	-	nil	4,543
	2007	66%	-	nil	1,246
	2006	100%	-	nil	-
D Harrison	2009	-	-	nil	18,823
	2008	33%	-	nil	34,066
	2007	66%	-	nil	6,125
	2006	100%	-	nil	-
D Southon	2009	-	-	nil	18,823
	2008	33%	-	nil	34,066
	2007	66%	-	nil	5,896
	2006	100%	-	nil	-
J Bakker	2009	-	-	nil	2,152
	2008	33%	-	nil	2,726
	2007	66%	-	nil	4,684
N Kelly	2009	-	-	nil	2,152
	2008	33%	-	nil	2,181
	2007	66%	-	nil	1,045
M Winnem	2009	-	-	nil	2,152
	2008	33%	-	nil	2,181
	2007	66%	-	nil	1,246

Further details relating to the LSP securities issued during the year ended 30 June 2009 are set out below:

Name	Remuneration consisting of LSP	Value at grant date $	Value at 30 June 2009 $
C Fuchs	6.0%	-	-
D Harrison	6.2%	-	-
D Southon	6.0%	-	-
J Bakker	0.0%	-	-
R Champion	0.0%	-	-
N Kelly	2.4%	-	-
M Winnem	2.0%	-	-

The value of securities at grant date is nil as the grant value is equivalent to the loan provided. The securities were issued at grant date at $1.04 with the value at 30 June 2009 being $0.52.

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 year, Charter Hall Group paid a premium of $103,953 (2008: $72,300) to insure the directors and secretary 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.

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 year 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.*

During the year the following fees were paid or payable for services provided by the auditor of the Group and other non related audit firms:

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
(a) Assurance services				
Audit services				
PricewaterhouseCoopers Australian firm				
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	**236,092**	206,901	**-**	-
Non PricewaterhouseCoopers audit firms for the audit or review of financial reports of any entity in the Group				
W F White & Co	**4,770**	51,942	**-**	-
Ernst & Young	**-**	4,475	**-**	-
Total remuneration for audit services	**240,862**	263,318	**-**	-
Other assurance services				
PricewaterhouseCoopers Australian firm				
Investigating Accountants Reports – equity raising	**70,000**	219,000	**-**	-
Total remuneration for other assurance services	**70,000**	219,000	**-**	-
Total remuneration for assurance services	**310,862**	482,318	**-**	-
(b) Taxation services				
PricewaterhouseCoopers Australian firm Tax compliance services, including review of company income tax returns	**13,920**	21,090	**-**	-
Non-PricewaterhouseCoopers firms for taxation services (Ernst & Young)	**141,075**	-	**20,600**	-
Total remuneration for taxation services	**154,995**	21,090	**20,600**	-
(c) Advisory services				
PricewaterhouseCoopers Australian firm Long term incentive plan structure	**21,538**	-	**-**	-
Non-PricewaterhouseCoopers firms for advisory services				
Ernst & Young	**69,806**	-	**-**	-
KMPG	**15,300**	-	**15,300**	-
Total remuneration for advisory services	**106,644**	-	**15,300**	-

Directors' Report (Continued)

30 June 2009

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 39.

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
24 August 2009

Auditor’s Independence Declaration

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Auditor’s Independence Declaration

As lead auditor for the audit of Charter Hall Limited for the year ended 30 June 2009, 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

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

B K Hunter
Partner
PricewaterhouseCoopers

Sydney
24 August 2009

Financial Report

30 June 2009

Income Statements

For the year ended 30 June 2009

	Notes	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
Revenue	6	**61,249**	91,060	**25,098**	16,398
Gain on sale of investments		**1,339**	838	**-**	-
Investment property expenses		**(3,168)**	(8,275)	**-**	-
Employee benefits expense		**(16,663)**	(17,412)	**-**	(66)
Depreciation	8	**(285)**	(252)	**-**	-
Other expenses		**(4,733)**	(5,052)	**(20)**	(2)
Finance costs	8	**(7,403)**	(20,111)	**(21,890)**	(27,548)
Foreign exchange gain		**-**	922	**-**	-
Share of net profit/(loss) of associates accounted for using the equity method		**(2,154)**	7,534	**-**	-
		28,182	49,252	**3,188**	(11,218)
Impairment of investment accounted for using the equity method		**(17,644)**	-	**(15,530)**	-
Fair value adjustments	7	**(93,982)**	15,287	**-**	-
Profit/(loss) before income tax		**(83,444)**	64,539	**(12,342)**	(11,218)
Income tax benefit	9	**1,222**	2,959	**4,993**	7,834
Net profit/(loss) after income tax attributable to stapled security holders of Charter Hall Group		**(82,222)**	67,498	**(7,349)**	(3,384)
Attributable to:					
Equity holders of Charter Hall Limited		**(32,848)**	(3,888)	**(7,349)**	(3,384)
Equity holders of Charter Hall Property Trust (minority interest)		**(49,374)**	71,386	**-**	-
Profit/(loss) attributable to stapled securityholders of Charter Hall Group		**(82,222)**	**67,498**	**(7,349)**	**(3,384)**
		Cents	Cents		
Group earnings per stapled security					
Basic earnings per security	38	**(17.98)**	16.31		
Diluted earnings per security	38	**(15.85)**	16.14		

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

Balance Sheets

As at 30 June 2009

		Consolidated		Parent entity	
		2009	2008	**2009**	2008
	Notes	**$'000**	$'000	**$'000**	$'000
ASSETS					
Current assets					
Cash and cash equivalents	11	**1,923**	16,183	**741**	328
Trade and other receivables	12	**17,082**	32,344	**1,751**	64
Total current assets		**19,005**	48,527	**2,492**	392
Non-current assets					
Trade and other receivables	15	**5,307**	5,082	**18,691**	13,763
Investments accounted for using the equity method	16	**43,258**	50,340	**-**	-
Financial assets at fair value through the profit and loss	13	**433,621**	227,283	**-**	-
Other financial assets	17	**-**	18,182	**102,301**	100,693
Property, plant and equipment	18	**2,304**	1,577	**-**	-
Investment properties	19	**15,770**	439,645	**-**	-
Derivative financial instruments	14	**-**	5,880	**-**	-
Deferred tax assets	20	**3,946**	5,110	**10,265**	10,105
Other assets		**295**	295	**295**	295
Total non-current assets		**504,501**	753,394	**131,552**	124,856
Total assets		**523,506**	801,921	**134,044**	125,248
LIABILITIES					
Current liabilities					
Trade and other payables	21	**14,221**	42,491	**-**	58
Provisions	22	**222**	109	**-**	-
Total current liabilities		**14,443**	42,600	**-**	58
Non-current liabilities					
Borrowings	23	**14,220**	260,981	**144,355**	129,008
Deferred tax liabilities	24	**852**	3,408	**243**	555
Financial liabilities	19	**-**	2,462	**-**	-
Provisions	25	**25**	150	**-**	-
Total non-current liabilities		**15,097**	267,001	**144,598**	129,563
Total liabilities		**29,540**	309,601	**144,598**	129,621
Net assets/(liabilities)		**493,966**	492,320	**(10,554)**	(4,373)
EQUITY					
Equity holders of Charter Hall Limited					
Contributed equity	26	**6,383**	5,272	**6,383**	5,272
Reserves	27(a)	**(45,997)**	(46,679)	**1,717**	1,660
Accumulated losses	27(b)	**(36,530)**	(3,683)	**(18,654)**	(11,305)
Parent entity interest		**(76,144)**	(45,090)	**(10,554)**	(4,373)
Equity holders of Charter Hall Property Trust (minority interest)	28	**570,110**	537,410	**-**	-
Total equity		**493,966**	492,320	**(10,554)**	(4,373)

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

Statements of Changes in Equity

For the year ended 30 June 2009

		Consolidated		Parent entity	
		2009	2008	**2009**	2008
	Notes	**$'000**	$'000	**$'000**	$'000
Total equity at the beginning of the year		**492,320**	461,011	**(4,373)**	(2,790)
Changes in the fair value of cash flow hedges, net of tax	14,27	**(763)**	(379)	**-**	-
Foreign currency reserve movement	27	1,188	(1,257)	57	(57)
Net loss recognised directly in equity		**425**	(1,636)	**57**	(57)
Profit / (loss) for the year		**(82,222)**	67,498	**(7,349)**	(3,384)
Total recognised income and expense for the year		**(81,797)**	65,862	**(7,292)**	(3,441)
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity, net of transaction costs*	26	**107,486**	13,225	**1,111**	141
Distributions provided for or paid*	10	**(24,659)**	(52,117)	**-**	-
Other		**-**	(47)	**-**	-
Security based payments reserve	27	**616**	4,386	**-**	1,717
		83,443	(34,553)	**1,111**	**1,858**
Total equity at the end of the year		**493,966**	492,320	**(10,554)**	(4,373)
Total recognised income and expense for the year					
Equity holders of Charter Hall Limited		**(32,782)**	(4,001)	**(7,292)**	(3,441)
Equity holders of Charter Hall Property Trust (minority interest)		**(49,015)**	69,863	**-**	-
		(81,797)	65,862	**(7,292)**	(3,441)

* 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 28 for a breakdown of the minority interest in equity.

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

Cash Flow Statements

For the year ended 30 June 2009

	Notes	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		**50,455**	80,456	**61**	53
Payments to suppliers and employees (inclusive of goods and services tax)		**(30,025)**	(37,933)	**(71)**	(16)
		20,430	42,523	**(10)**	37
Interest paid		**(12,746)**	(17,323)	**(21,890)**	(27,498)
Distributions and dividends from investments		**28,367**	13,990	**24,499**	15,642
Interest received		**5,089**	6,092	**369**	1,166
Net cash inflow / (outflow) from operating activities	37	**41,140**	45,282	**2,968**	(10,653)
Cash flows from investing activities					
Payments for property, plant and equipment		**(1,016)**	(377)	**-**	-
Payments for investment property		**-**	(102,829)	**-**	-
Proceeds on disposal of investment property		**23,270**	98,943	**-**	-
Payments for other financial assets		**-**	(18,182)	**-**	-
Loans to employees		**-**	(3,894)		(3,945)
Investment in associates		**(129,114)**	(113,715)	**(17,080)**	(5,944)
Proceeds on disposal of investments in associates		**-**	41,700	**-**	-
Investment in joint venture		**-**	(25,510)	**-**	(25,510)
Repayments from / (loans to) associates		**(1,985)**	9,115	**(1,897)**	-
Receipts from sale of subsidiary net of cash		**55,800**	-	**-**	-
Net cash outflow from investing activities		**(53,045)**	(114,749)	**(18,977)**	(35,399)
Cash flows from financing activities					
Proceeds from issues of securities and other equity securities		**93,085**	4,337	**1,074**	189
Proceeds from forfeited LTI securities		**-**	-	**-**	1,717
Proceeds from borrowings		**181,876**	209,187	**15,348**	44,306
Repayment of borrowings		**(246,999)**	(106,921)	**-**	-
Payout of hedge derivatives		**(3,353)**	-	**-**	-
Security issue and transaction costs		**(2,219)**	(380)	**-**	-
Distributions paid to securityholders		**(24,745)**	(47,080)	**-**	-
Net cash inflow / (outflow) from financing activities		**(2,355)**	59,143	**16,422**	46,212
Net increase / (decrease) in cash and cash equivalents		**(14,260)**	(10,324)	**413**	160
Cash and cash equivalents at the beginning of the year		**16,183**	26,507	**328**	168
Cash and cash equivalents at the end of the year	11	**1,923**	16,183	**741**	328

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

Notes to the Financial Statements

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Notes to the Financial Statements

For the year ended 30 June 2009

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). In accordance with AASB Interpretation 1002 the results and equity, not directly owned by CHL, of CHPT have been treated and disclosed as a minority interest. Whilst the results and equity of CHPT are disclosed as minority interest, the stapled securityholders of CHL are the same as the stapled securityholders 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 Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Compliance with IFRSs
The financial report of Charter Hall Group also complies with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

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 (including derivative financial instruments) at fair value through profit or 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.

Correction of error in recording investment in subsidiary

In error the purchase price paid by Charter Hall Limited for Charter Hall Holdings Pty Limited has been shown in the parent entity as a business combination reserve rather than as an other financial asset. This error has had the effect of understating CHL's (the parent entity) other financial assets by $52 million and overstating CHL's (the parent entity) business combination reserve by $52 million as at 30 June 2008.

The error has been corrected by restating each of the affected financial statement line items for the prior year, as described above.

There was no impact on the consolidated entity's financial statements.

(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 2009 and the results of all subsidiaries for the year 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(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 using the cost method and in the consolidated financial statements using the equity method of accounting except as noted below in relation to CHPT investments, after initially being recognised at cost.

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 profit or 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 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 or loss is recognised in the income statement as part of revenue.

(iii) Joint ventures

The interest in a joint venture is accounted for in the consolidated financial statements using the equity method and is carried at cost by the parent entity. Under the equity method, the share of the profits or losses is recognised in the income statement, and the share of movements in reserves is recognised in the reserves in the balance sheet. Details relating to the joint venture are set out in note 35.

(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 (NZ$1 for A$0.8046 for 30 June 2009)
- income and expenses for each income statement are translated at average exchange rates (NZ$1 for A$0.816); 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:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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. Performance fees are only recognised when realised.

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 / Distributions
Dividends / distributions 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 9.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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 12 and 15).

(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 14. Movements in the hedging reserve in securityholders' equity are shown in note 27.

(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.

(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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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

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

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.

(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.

(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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 and annual leave
Liabilities for wages and salaries, including non monetary benefits and annual 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 and the Charter Hall Performance Rights and Options Plan. Information relating to these schemes is set out in note 39.

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 and repayment of the loan, 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.

(vi) Termination benefits
Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to present value.

(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.

(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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 (with the exception of receivables) 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.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

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 98/100, 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 2009 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8
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 will adopt AASB 8 from 1 July 2009. Application of AASB 8 is not expected to result in different segments, segment results and different type of information being reported in the segment note of the financial report.

(ii) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101
A revised AASB 101 was issued in September 2007 and is applicable to annual reporting periods beginning on or after 1 January 2009. It ensures the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. The Group intends to apply the revised standard from 1 July 2009.

(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. CHL has a loan facility provided by CHPT which has significant net assets.

Notes to the Financial Statements

For the year ended 30 June 2009

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) Unlisted units price risk

The Group is exposed to unlisted units price risk. This arises from an investment in unlisted property funds managed by the Group. These funds invest in direct property. Charter Hall manage all the funds that the Group invests in and its staff have an excellent understanding of the underlying property values and trends that give rise to price risk. The carrying value of the financial assets at fair value through the profit and loss is determined with reference to the fund's unit price which is determined in accordance with the fund's constitution. The key determinant of the unit price is the underlying property values which are approved by the Board and the Valuation Sub-Committee of the Board.

The table below illustrates the potential impact a change in unlisted unit prices by +/-10% would have on the Group's profit and equity. The movement in the price variable has been determined based on management's best estimate, having regard to a number of factors, including historical levels of price movement, historical correlation of the Group's investments with the relevant benchmark and market volatility. However, actual movements in the price may be greater or less than anticipated due to a number of factors. As a result, historic price variations are not a definitive indicator of future price variations.

		-10%		+10%	
2009	**Carrying amount Profit $'000**	**Profit $'000**	**Equity $'000**	**Profit $'000**	**Equity**
Assets					
Unlisted units	433,621	(43,362)	(43,362)	43,362	43,362
Total increase/(decrease)		(43,362)	(43,362)	43,362	43,362

		-10%		+10%	
2008	**Carrying amount Profit $'000**	**Profit $'000**	**Equity $'000**	**Profit $'000**	**Equity**
Assets					
Unlisted units	225,279	(22,528)	(22,528)	22,528	22,528
Total increase/(decrease)		(22,528)	(22,528)	22,528	22,528

(ii) 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 receipts are not materially exposed to changes in market interest rates.

The Group's interest rate risk arises from long term borrowings of $14,220,000 (2008: $260,981,000). 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 0% (2008: 75%) of debt had fixed interest rates through the use of derivatives. After the selldown of $30 million of units in CPOF in August 2009 Charter Hall Group will have no debt. As at 30 June 2009, no derivatives were in place.

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. Refer to note 15(c) for interest rate sensitivity analysis on assets and note 23(d) for sensitivity analysis for liabilities.

2. FINANCIAL RISK MANAGMENT (CONTINUED)

(iii) Foreign exchange risk

The foreign exchange risk that the Group is exposed to is not material.

(b) Credit risk

The Group has policies in place to ensure that sales of services are made to customers with an appropriate credit history. The vast majority of transactions are with related parties and the Trust's exposure is limited to two tenants. Refer to note 15(d) for more information on credit risk.

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, Treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, except for interest rate swaps:

Maturities of financial liabilities

2009 Consolidated	Carrying Amount $'000	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total cash flow $'000
Non-interest bearing	14,221	14,221	-	-	-	14,221
Bank and other loans	14,220	558	558	14,547	-	15,663
	28,441	14,779	558	14,547	-	29,884

2008 Consolidated	Carrying Amount $'000	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total cash flow $'000
Non-interest bearing	42,491	42,491	-	-	-	42,491
Bank and other loans	260,981	22,430	283,411	-	-	305,841
Interest rate swaps	(5,880)	(2,901)	(2,868)	-	-	(5,769)
	297,592	62,020	280,543	-	-	342,563

2009 Parent	Carrying Amount $'000	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total cash flow $'000
Bank and other loans	144,355	12,947	12,947	38,841	220,428	285,163
	144,355	12,947	12,947	38,841	220,428	285,163

2008 Parent	Carrying Amount $'000	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total cash flow $'000
Non-interest bearing	58	58	-	-	-	58
Bank and other loans	129,008	30,014	30,014	90,042	228,299	378,369
	129,066	30,072	30,014	90,042	228,299	378,427

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 34) and investment properties (note 19). These investments are reviewed regularly for impairment by reference to external independent property valuations and market conditions, using generally accepted market practices. KPMG have been engaged to provide an independent indicative estimate of the investment in Commercial and Industrial Property Pty Ltd as discussed in note 35.

(ii) Estimated performance fees

Critical judgements are made by the Group in respect of recognising performance fee revenue. Performance fees are only recognised when a fee is received.

(iii) De-consolidation of investment in Charter Hall Core Plus Retail Fund (CPRF)

In accordance with note 1(b)(i) subsidiaries are de-consolidated from the date that control ceases. CHPT sold down its investment in Charter Hall Core Plus Retail Fund (CPRF) and its sub-trusts and appointed the Investment Committee (IC) on 30 July 2008 when equity was raised. Whilst CHPT still owns a 65% direct interest and a 5% indirect interest in CPRF (CHPT has a 25% investment in CHUF and CHUF holds a 21% investment in CPRF) it does not have the power to govern the financial and operating policies of CPRF and therefore CHPT does not control the Fund. For this reason the financial accounts of CPRF are not consolidated into CHPT's financial accounts.

The financial and operating policies of CPRF are determined by its IC. The IC comprises 2 Charter Hall representatives and two independent members. All decisions of the IC require the unanimous approval of all IC members and thus Charter Hall cannot dominate decision making. The IC, amongst other duties monitor and manage the investment activities of CPRF and approve asset opportunities and disposal of assets.

4. UNDERLYING EARNINGS PER SECURITY

The Responsible Entity does not consider it appropriate to use profit under certain Australian Accounting Standards to determine distributions to securityholders. The table below outlines the Responsible Entity's adjustments to profit under Australian Accounting Standards to determine the amount the Responsible Entity believes should be available for distribution for the current year. The Responsible Entity uses this amount as guidance for determination.

Underlying earnings is a financial measure which is not prescribed by Australian Accounting Standards and represents the profit under Australian Accounting Standards adjusted for certain unrealised and non-cash items. Per the Trust Constitution, the adjustments, and therefore the amount distributed to securityholders are at the discretion of the Responsible Entity. The Responsible Entity will use the underlying earnings calculated as a guide to assessing an appropriate distribution to declare.

The adjustments made to profit under Australian Accounting Standards in order to solely determine underlying earnings may change from time to time depending on future changes to accounting standards and the Responsible Entity's assessment as to whether non-recurring or infrequent items (such as realised gains on the sale of properties) will be distributed to securityholders.

	Consolidated	
	2009	2008
Earning per security per note 38 (cents)	**(17.98)**	16.31
Underlying earning per security (cents)	**7.61**	12.74
Earnings used in the calculation of underlying earnings per security ('000s)	**34,828**	52,742
Weighted average number of ordinary securities used in the calculation of underlying earnings per security ('000s) (note 38)	**457,410**	413,905
	$'000	$'000
Net profit attributable to stapled securityholders of the Group	**(82,222)**	67,498
Fair value adjustments	**93,982**	(15,287)
Impairment of assets	**17,644**	-
Foreign exchange gain	**-**	(922)
Inventory write downs in CHOF4 and CHOF5 (equity accounted investments)	**3,625**	-
Gains on sale of investments	**(1,339)**	(838)
Tax benefit on unrealised gains or losses	**(1,222)**	(1,552)
Non cash long term incentive plan expense	**616**	2,669
Amortisation of fees paid for raising of wholesale equity	**744**	755
Amortisation of lease incentives	**-**	419
Performance fee accrual reversal	**3,000**	-
Underlying earnings	**34,828**	**52,742**
Distribution paid/payable	**24,659**	52,117
Distribution paid/payable per security (cents)	**4.96**	12.60

5. 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 property funds.

Funds management and corporate
Property funds management, development management and property management.

2009	**Property Investment $'000**	**Funds management and corporate $'000**	**Inter-segment eliminations/ unallocated $'000**	**Consolidated $'000**
Revenue	55,922	27,217	(21,890)	61,249
Inter-segment sales (note (ii))	-	3,525	(3,525)	-
Total sales revenue	55,922	30,742	(25,415)	61,249
Gain on sale of Investments	1,358	(19)	-	1,339
Share of net profit of associates and joint ventures (note (iii))	-	(2,154)	-	(2,154)
Total segment revenue/income	57,280	28,569	(25,415)	60,434
Segment result before interest expense	50,624	6,849	(21,890)	35,583
Interest expense	(7,335)	(21,958)	21,890	(7,403)
Segment result after interest expense	43,289	(15,107)	-	28,180
Impairment of equity accounted investments	-	(17,644)	-	(17,644)
Fair value adjustments	(92,663)	(1,319)	-	(93,982
Profit before income tax	(49,374)	(34,070)	-	(83,444)
Income tax benefit	-	1,222	-	1,222
Loss for the year	(49,374)	(32,848)	-	(82,222)
Segment assets	599,141	68,720	(144,355)	523,506
Segment liabilities (note (ii))	29,031	144,864	(144,355)	29,540
Investments in associates and joint ventures (note (iii))	433,621	43,258	-	476,879
Acquisitions of plant and equipment and other non current segment assets	-	1,012	-	1,012
Depreciation and amortisation expense	-	285	-	285
Long Term Incentive expenses	-	616	-	616

5. SEGMENT INFORMATION (CONTINUED)

2008	**Property Investment $'000**	**Funds management and corporate $'000**	**Inter-segment eliminations/ unallocated $'000**	**Consolidated $'000**
Revenue	78,394	40,214	(27,548)	91,060
Inter-segment sales (note (ii))	-	745	(745)	-
Total sales revenue	78,394	40,959	(28,293)	91,060
Gain on sale of Investments	838	-	-	838
Share of net profit of associates and joint ventures (note (iii))	-	7,534	-	7,534
Total segment revenue/income	79,232	48,493	(28,293)	99,432
Segment result before interest expense	70,566	26,345	(27,548)	69,363
Interest expense	(20,109)	(27,550)	27,548	(20,111)
Segment result after interest expense	50,457	(1,205)	-	49,252
Fair value adjustments	21,132	(5,845)	-	15,287
Profit before income tax	71,589	(7,050)	-	64,539
Income tax expense	(203)	3,162	-	2,959
Profit/(loss) for the year	71,386	(3,888)	-	67,498
Segment assets	842,817	93,762	(134,658)	801,921
Segment liabilities (note (ii))	299,758	144,501	(134,658)	309,601
Investments in associates and joint ventures (note (iii))	225,279	52,344	-	277,623
Acquisitions of plant and equipment and other non-current segment assets	8,944	474	-	9,418
Depreciation and amortisation expense	-	(252)	-	(252)
Long term incentive expenses	-	(2,669)	-	(2,669)

(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 26% of the Charter Hall Diversified Property Fund, 23% of Charter Hall Core Plus Office Fund, 25% of Charter Hall Core Plus Industrial Fund, 65% of the Charter Hall Core Plus Retail Fund and 25% of the Charter Hall Umbrella Fund which are all accounted for at fair value and are allocated to the property investment segment (refer note 35). Investments of 3% in the Charter Hall Opportunity Fund No 4, 15% in Charter Hall Opportunity Fund No 5 and 50% of Commercial and Industrial Property Pty Ltd are equity accounted and allocated to the funds management and corporate segment.

6. REVENUE

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Sales revenue				
Gross rental income	**5,187**	36,548	**-**	
Management and performance fees	**26,594**	39,570	**5**	49
	31,781	76,118	**5**	49
Other revenue				
Interest	**5,089**	5,401	**594**	707
Distributions / dividends	**24,379**	9,541	**24,499**	15,642
	29,468	14,942	**25,093**	16,349
Total revenue	**61,249**	91,060	**25,098**	16,398

7. FAIR VALUE ADJUSTMENTS

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Investment properties	**(2,085)**	4,156	**-**	-
Financial assets at fair value through profit and loss	**(82,663)**	10,218	**-**	-
Derivative financial instruments	**(9,234)**	913	**-**	-
	(93,982)	15,287	**-**	-

8. EXPENSES

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Profit before income tax includes the following specific expenses:				
Depreciation				
Plant and equipment	**285**	252	**-**	-
Finance costs				
Interest and finance charges paid/payable	**7,403**	20,111	**21,890**	27,548
Defined contribution superannuation expense	**1,223**	1,046	**-**	-
Rent expense relating to operating leases				
Minimum lease payments	**630**	444	**-**	-
Impairment losses – Financial assets (refer to note 35)	**17,644**	-	**15,530**	-
Doubtful debts				
Trade receivables	**(300)**	300	**-**	-

9. INCOME TAX EXPENSE

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
(a) Income tax benefit				
Current tax	**(591)**	(165)	**(5,172)**	(3,623)
Deferred tax	**(1,392)**	(2,981)	**(472)**	(4,231)
Under provided in prior years	**761**	187	**651**	20
	(1,222)	(2,959)	**(4,993)**	(7,834)
Deferred income tax expense / (revenue) included in income tax benefit comprises:				
Decrease/(increase) in deferred tax assets (note 20)	**1,164**	(3,827)	**(160)**	(4,418)
Increase/(decrease) in deferred tax liabilities (note 24)	**(2,556)**	846	**(312)**	187
	(1,392)	(2,981)	**(472)**	(4,231)
(b) Numerical reconciliation of income tax benefit to prima facie tax payable Profit before income tax expense	**(83,444)**	64,539	**(12,342)**	(11,218)
Tax at the Australian tax rate of 30%	**(25,034)**	19,362	**(3,702)**	(3,365)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Charter Hall Property Trust income	**14,812**	(21,321)	**-**	-
Entertainment	**11**	16	**-**	-
Share based payments expense	**185**	801	**-**	-
Non taxable dividends	**646**	(2,167)	**(7,350)**	(4,599)
Tax on LTI interest	**749**	-	**749**	-
Adjustments to current tax of prior periods	**761**	187	**651**	20
Impairment loss	**5,293**	-	**4,659**	-
Loss on sale of financial asset at fair value through profit or loss	**1,303**	-	**-**	-
Sundry items	**52**	163	**-**	110
	(1,222)	(2,959)	**(4,993)**	(7,834)

(c) 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).

10. DISTRIBUTIONS

	Consolidated entity	
	2009	2008
	$'000	$'000
(a) Ordinary securities		
- Interim ordinary distribution for the 6 months ended 31 December 2008 of 3.96 cents per security paid on 27 February 2009	**19,672**	-
- Final ordinary distribution for the 6 months ended 30 June 2009 of 1.00 cent per security expected to be paid on 28 August 2009	**7,484**	-
- Interim ordinary distribution for the 6 months ended 31 December 2008 of 6.30 cents per security paid on 29 February 2008	**-**	27,512
- Final ordinary distribution for the 6 months ended 30 June 2008 of 6.30 cents per security paid on 29 August 2008	**-**	27,562
Total distributions provided for or paid	**27,156**	55,074
Less: distributions paid to holders of LTI securities	**(2,497)**	(2,957)
	24,659	52,117
Distributions paid in cash or satisfied by the issue of securities under the distribution reinvestment plan for the year ended 30 June were as follows:		
Paid in cash	**19,858**	27,512
Satisfied by issue of securities	**7,298**	27,562
	27,156	55,074

Franking credits available in the parent entity for subsequent financial years based on a tax rate of 30% (2008: 30%) are $2,765,000 (2008 $1,766,000).

11. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Cash at bank and in hand	**1,923**	16,153	**741**	328
Deposits at call	**-**	30	**-**	-
	1,923	16,183	**741**	328

(a) Cash at bank and on hand
These amounts earn between 2.5% and 2.9% (2008: 6.8% and 7.2%).

(b) Deposits at call
The deposits earned floating interest rates of 7.3% and 7.4% in 2008.
These deposits had an average maturity of 28 days in 2008.

12. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Trade receivables	**6,381**	19,529	**1**	-
Provision for doubtful debts	**-**	(300)	**-**	-
	6,381	19,229	**1**	-
Loans to joint ventures	**1,750**	-	**1,750**	-
Loans to associates	**24**	-	**-**	-
Other receivables	**6,191**	9,936	**-**	64
Prepayments	**2,736**	3,179	**-**	-
	17,082	32,344	**1,751**	64

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

(a) Bad and doubtful trade receivables

The Group has recognised a gain of $300,000 (2008: loss of $300,000) in respect of reversing a provision for bad and doubtful trade receivables during the period ended 30 June 2009. The gain has been included in 'other expenses' in the income statement.

Movements in the provision for impairments of receivables are as follows:

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Opening balance	**(300)**	(290)	**-**	-
Provision for impairment recognised during the year	**300**	(300)	**-**	-
Receivables written off during the year	**-**	290	**-**	-
	-	(300)	**-**	-

(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 15).

13. NON-CURRENT ASSETS – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Opening balance	**227,283**	149,945	**-**	-
Additions	**289,686**	102,862	**-**	-
Revaluation / (devaluation)	**(82,663)**	12,120	**-**	-
Disposals	**(685)**	(37,644)	**-**	-
Closing balance	**433,621**	227,283	**-**	-
Share and units in associates (note 34)	**433,621**	225,279	**-**	-
Shares in listed securities	**-**	2,004	**-**	-
	433,621	227,283	**-**	-

Changes in fair values of financial assets at fair value through profit or loss are recorded in fair value adjustments in the income statement.

These investments have been designated at fair value through profit or loss.

Information about the Group's and parent entity's material exposure to security price risk is provided in note 2(a)(i)

Shares in listed securities (16.7 million shares held in Axiom Properties Limited) were sold on 3 March 2009 for $668,000.

14. DERIVATIVE FINANCIAL INSTRUMENTS

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Non-current assets				
Interest rate swap contracts	**-**	5,880	**-**	-
Total non-current derivative financial instrument assets	**-**	5,880	**-**	-

(a) Instruments used by the Group

The Group was 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 had entered into interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates. At the point of deconsolidation of CPRF, 3 hedges ($40 million, $40 million and NZ$45 million) were novated to CPRF. With debt further reducing following the CPRF selldown and the recent capital raising the remaining 2 swaps ($47 million and $33 million) were closed out.

Swaps currently in place cover 0% (2008: 75%) of the loan principal outstanding. The fixed interest rates in 2008 ranged between 6.55% and 7.74% for $AUD swaps (including margin and line fees). There was one $NZ swap in 2008 which had a rate of 8.56%.

At 30 June 2009, the notional principal amounts and periods of expiry of the interest rate swap contracts are as follows:

	2009	2008
	$'000	$'000
1 - 2 years	**-**	47,000
3 - 4 years	**-**	33,000
6 - 7 years	**-**	40,000
9 - 10 years	**-**	40,000
11 - 12 years	**-**	35,598
	-	195,598

14. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

The contracts required settlement of net interest receivable or payable each 90 days. The settlement dates coincided with the dates on which interest is payable on the underlying debt. The contracts were 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 was being amortised to fair value adjustments over the period of the hedge remaining. With the hedge now repaid the remaining amount of $763,000 (2008: $379,000) has been amortised in the year ended 30 June 2009. The amount of fair value adjustments on hedges recorded directly in the profit and loss statement was a loss of $9,234,000 (2008: profit of $913,000).

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

15. NON-CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Loans to key management personnel	**5,307**	5,082	**5,307**	5,082
Loans to subsidiaries	**-**	-	**13,384**	8,681
	5,307	5,082	**18,691**	13,763

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 and Parent entity are as follows:

	2009		2008	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	$'000	**$'000**	$'000	$'000
Loans to key management personnel	**5,307**	**5,307**	5,082	5,082
Loans to subsidiaries	**13,384**	**13,384**	8,681	8,681
	18,691	**18,691**	13,763	13,763

(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.

Consolidated 2009		Fixed interest maturing in:							
	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**	**Total $'000**
Cash	1,923	-	-	-	-	-	-	-	1,923
Trade receivables	-	-	-	-	-	-	-	6,381	6,381
Loans to key management personnel	-	-	5,307	-	-	-	-	-	5,307
Loans to joint ventures	-	1,750	-	-	-	-	-	-	1,750
Loans to associates	-	-	-	-	-	-	-	24	24
Other receivables	-	-	-	-	-	-	-	6,191	6,191
	1,923	1,750	5,307	-	-	-	-	12,596	21,576
Weighted average interest rate	2.5%	12.00%	4.96%	-	-	-	-	-	

15. NON-CURRENT ASSETS – TRADE AND OTHER RECEIVABLES (CONTINUED)

Consolidated 2008 — Fixed interest maturing in:

	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	Total $'000
Cash	16,183	-	-	-	-	-	-	-	16,183
Trade receivables	-	-	-	-	-	-	-	19,229	19,229
Loans to key management personnel	-	-	-	5,082	-	-	-	-	5,082
Other receivables	-	-	-	-	-	-	-	9,936	9,936
	16,183	-	-	5,082	-	-	-	29,165	50,430
Weighted average interest rate	7.15%	-	-	12.60%	-	-	-	-	

Parent 2009 — Fixed interest maturing in:

	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	Total $'000
Cash	741	-	-	-	-	-	-	-	741
Trade receivables	-	-	-	-	-	-	-	1	1
Loans to key management personnel	-	-	5,307	-	-	-	-	-	5,307
Loans to subsidiaries	-	-	-	-	-	-	13,384	-	13,384
Loans to joint ventures	-	1,750	-	-	-	-	-	-	1,750
	741	1,750	5,307	-	-	-	13,384	1	21,183
Weighted average interest rate	2.5%	12.00%	4.96%	-	-	-	1%	-	

Parent 2008 — Fixed interest maturing in:

	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	Total $'000
Cash	328	-	-	-	-	-	-	-	328
Loans to key management personnel	-	-	-	5,082	-	-	-	-	5,082
Loans to subsidiaries	-	-	-	-	-	-	8,681	-	8,681
Other receivables	-	-	-	-	-	-	-	64	64
	328	-	-	5,082	-	-	8,681	64	14,155
Weighted average interest rate	7.15%	-	-	12.60%	-	-	1%	-	

15. NON-CURRENT ASSETS – TRADE AND OTHER RECEIVABLES (CONTINUED)

(c) Interest rate sensitivity analysis

The following table illustrates the potential impact a change in interest rates by +/-1% would have on the Group's profit after tax and equity.

Consolidated 2009	Carrying amount $'000	-1% Profit $'000	-1% Equity $'000	+1% Profit $'000	+1% Equity $'000
Assets					
Cash and cash equivalents	1,923	(19)	(19)	19	19
Total increase/(decrease)		(19)	(19)	19	19

Consolidated 2008	Carrying amount $'000	-1% Profit $'000	-1% Equity $'000	+1% Profit $'000	+1% Equity $'000
Assets					
Cash and cash equivalents	16,183	(162)	(162)	162	162
Derivative financial instruments	5,880	(9,579)	(9,579)	9,006	9,006
Total increase/(decrease)		(9,741)	(9,741)	9,168	9,168

Parent 2009	Carrying amount $'000	-1% Profit $'000	-1% Equity $'000	+1% Profit $'000	+1% Equity $'000
Assets					
Cash and cash equivalents	741	(5)	(5)	5	5
Total increase/(decrease)		(5)	(5)	5	5

Parent 2008	Carrying amount $'000	-1% Profit $'000	-1% Equity $'000	+1% Profit $'000	+1% Equity $'000
Assets					
Cash and cash equivalents	328	(2)	(2)	2	2
Total increase/(decrease)		(2)	(2)	2	2

(d) Credit risk

There is a limited 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.

The ageing of trade receivables at the reporting date was as follows:

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
1 to 3 months	**5,400**	19,133	**1**	-
3 to 6 months	**981**	96	**-**	-
	6,381	19,229	**1**	-

The receivables that are aged 1 to 6 months are considered past due but not impaired while the receivables aged more than 6 months are considered to be impaired and are provided for in addition to other provisions required.

The carrying value approximates fair value.

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

	Consolidated	
	2009	2008
	$'000	$'000
Units in associates (note 34)	**18,279**	6,502
Shares in joint venture entity (note 35)	**24,979**	43,838
	43,258	50,340

(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 cost by the parent entity.

(b) Shares in joint venture entity

The interest in Commercial and Industrial Property Pty Ltd is accounted for in the consolidated financial statements using the equity method of accounting and is carried at cost (adjusted for impairment) by the parent entity using a 30 June 2009 valuation prepared by KPMG.

17. NON-CURRENT ASSETS – OTHER FINANCIAL ASSETS

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Shares and units in subsidiaries (note 33)	**-**	-	**53,600**	53,600
Shares and units in associates (note 34)	**-**	-	**23,722**	6,584
Shares in joint venture (note 35)	**-**	-	**24,979**	40,509
Units to be issued for equity contributed	**-**	18,182	**-**	-
	-	18,182	**102,301**	100,693

These financial assets are carried at cost.
$18,182,000 was invested by CHPT into CPOF on 27 June 2008 with units not being issued until 1 July 2008

Movements in other financial assets				
Opening balance	**18,182**	-	**100,693**	54,360
Additions / (units issued)	**(18,182)**	18,182	**17,138**	46,333
Impairment	**-**	-	**(15,530)**	-
Closing balance	**-**	18,182	**102,301**	100,693

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

Consolidated	Furniture, fittings and equipment $'000	Fixtures $'000	Software $'000	Total $'000
Year ended 30 June 2008				
Opening net book amount	407	948	-	1,355
Additions	472	2	-	474
Depreciation charge	(217)	(35)	-	(252)
Closing net book amount	662	915	-	1,577
At 30 June 2008			-	
Cost	1,207	1,073	-	2,280
Accumulated depreciation	(545)	(158)	-	(703)
Net book amount	662	915	-	1,577
Year ended 30 June 2009				
Opening net book amount	662	915	-	1,577
Additions	246	-	766	1,012
Depreciation charge	(203)	(82)	-	(285)
Closing net book amount	705	833	766	2,304
At 30 June 2009				
Cost	1,458	1,073	766	3,297
Accumulated depreciation	(753)	(240)	-	(993)
Net book amount	705	833	766	2,304

19. NON-CURRENT ASSETS – INVESTMENT PROPERTIES

	Consolidated		Parent entity	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
At fair value				
Opening balance	**439,645**	430,701	**-**	-
Acquisitions and additions	**39**	103,563	**-**	-
Lease incentives paid	**-**	761	**-**	-
Lease incentives amortised	**-**	(419)	**-**	-
Asset deconsolidated	**(301,404)**	-	**-**	-
Disposals	**(120,425)**	(99,117)	**-**	-
Net gain / (loss) from fair value adjustment	**(2,085)**	4,156	**-**	-
Closing balance at 30 June	**15,770**	439,645	**-**	-
(a) Amounts recognised in profit and loss for investment property				
Rental income	**5,187**	36,548	**-**	-
Direct operating expenses from property that generated rental income	**(3,168)**	(8,275)	**-**	-
	2,019	28,273	**-**	-

Notes to the Financial Statements

For the year ended 30 June 2009

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

Property	Type	% Owned	Date acquired	Cost incl additions $'000	Independent valuation $'000	Independent valuation	Valuer	**Book value $'000**	Book value 2009 $'000
61 Nepean Hwy, Mentone^^	Residential	50	15/6/05	27,399	31/12/07	27,595	Savills	**770**	27,595
56 Anzac St, Chullora	Industrial	100	21/6/05	18,589	30/4/09	15,000	Savills	**15,000**	17,150
372 Whitehorse Rd, Nunawading^	Bulky retail	100	31/10/06	72,922	30/6/08^	69,000^	Savills	-	69,000
25 Nepean Hwy, Mentone^	Bulky retail	100	21/7/06	23,059	30/6/08^	24,600^	Savills	-	24,600
CPRF properties[1]									
Bunnings, Kalgoorlie	Bulky retail	N/A	20/12/06	6,571	30/6/08*	6,600*	CBRE	-	6,600
Bunnings, Bendigo	Bulky retail	N/A	20/12/06	9,213	30/6/08*	9,100*	CBRE	-	9,100
Harvey Norman, Dunedin, NZ	Bulky retail	N/A	2/2/07	14,253	30/6/08*	14,239*	CBRE	-	14,239
Bunnings, Box Hill	Bulky retail	N/A	20/6/07	27,722	30/6/08*	25,400*	Colliers	-	25,400
Bunnings, Nerang	Bulky retail	N/A	20/6/07	20,058	30/6/08*	18,750*	Colliers	-	18,750
Bunnings, Nowra	Bulky retail	N/A	20/6/07	14,588	30/6/08*	13,800*	Colliers	-	13,800
Bunnings, Penrith	Bulky retail	N/A	20/6/07	28,020	30/6/08*	25,600*	Colliers	-	25,600
Bunnings, Stafford	Bulky retail	N/A	20/6/07	21,669	30/6/08*	21,250*	Colliers	-	21,250
Bunnings, Belconnen	Bulky retail	N/A	27/6/07	25,475	30/6/08*	23,500*	Colliers	-	23,500
Foodtown, Auckland, NZ(c)	Retail	N/A	6/7/07	24,643	30/6/08*	22,150*	Colliers	-	24,613
Home HQ, Ipswich	Retail	N/A	14/8/07	12,547	30/6/08*	12,547*	Knight Frank	-	11,047
Home HQ, Rothwell	Bulky Retail	N/A	28/9/07	17,923	30/6/08*	17,300*	Savills	-	17,300
Menai Central, Menai @	Retail	N/A	4/7/05	224	30/6/08*	39,000*	CBRE	-	39,000
Bluewater Square, Redcliffe	Retail	N/A	9/11/07	53,217	30/6/08*	53,217*	CBRE	-	51,101
				418,092				**15,770**	439,645

@ Menai Central was purchased by CHPT on 4 July 2005. A lease transferred ownership to Charter Hall MMN Trust a subsidiary of CPRF on 22 February 2008.

1 CHPT sold 38% of its units in CPRF on 30 July 2008 and no longer consolidates the CPRF properties in its accounts as it does not control CPRF.

^ Ownership of 372 Whitehorse Rd, Nunawading and 25 Nepean Hwy Mentone was transferred to MSN Property Trust a subsidiary of CPRF on 4 July 2008. The valuation information is included for comparative only as new valuations have been obtained.

^^ The carrying value of 61 Nepean Hwy Mentone previously included 3 adjacent residential properties. With the sale of 61 Nepean Hwy to CPRF the residential properties have been retained.

* Valuation information is included for comparative only as these properties were deconsolidated from 30/7/08.

(b) 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 2008 revaluations were based on a combination of directors' valuations and independent valuations. The 2009 valuations were based on director's valuations with the key assumptions for Chullora being a capitalisation rate of 9.25%, a vacancy rate of 0% and a weighted average rent review of 3.63%.

(c) Foodtown financial liability

The independent valuation reflects the net property value after deducting the Foodtown ground rent lease value $2,462,000 from the valuation of total income to be received. This asset is owned by CPRF and was deconsolidated on 30 July 2008.

	Consolidated 2009 $'000	**Consolidated 2008 $'000**	**Parent entity 2009 $'000**	**Parent entity 2008 $'000**
Foodtown financial liability	-	2,462	-	-

20. NON-CURRENT ASSETS – DEFERRED TAX ASSETS

	Consolidated		Parent entity	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
The balance comprises temporary differences attributable to:				
Employee benefits	**232**	256	**-**	-
Other provisions	**3**	26	**-**	-
Financial assets at fair value through profit or loss	**-**	902	**-**	-
Tax losses	**3,711**	3,926	**10,265**	10,105
	3,946	5,110	**10,265**	10,105
Movements:				
Opening balance	**5,110**	1,283	**10,105**	5,687
Charged to the income statement (note 9)	**(1,164)**	3,827	**160**	4,418
Closing balance at 30 June	**3,946**	5,110	**10,265**	10,105
Deferred tax assets to be recovered after more than 12 months	**3,946**	5,110	**10,265**	10,105
Deferred tax assets to be recovered within 12 months	**-**	-	**-**	-
	3,946	5,110	**10,265**	10,105

21. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Trade payables	**4,283**	1,002	**-**	53
Accruals	**73**	11,705	**-**	-
Distribution payable	**6,980**	25,670	**-**	-
GST payables	**695**	2,083	**-**	5
Annual leave payable	**525**	595	**-**	-
Other payables	**1,665**	1,436	**-**	-
	14,221	42,491	**-**	58

All current liabilities are expected to be settled within 12 months.

22. CURRENT LIABILITIES – PROVISIONS

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Employee benefits – long service leave	**222**	109	**-**	-
	222	109	**-**	-

(a) Movements in provisions

Refer to note 25 for the movement in provisions and split between current and non-current.

23. NON-CURRENT LIABILITIES – BORROWINGS

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Unsecured				
Bank loans	**14,220**	260,981	**-**	-
Loan – Charter Hall Property Trust	**-**	-	**144,355**	129,008
Total unsecured non-current borrowings	**14,220**	260,981	**144,355**	129,008

(a) Total unsecured liabilities

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

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Bank loans	**14,220**	260,981	**-**	-
Loan – Charter Hall Property Trust	**-**	-	**144,355**	129,008
Total unsecured liabilities	**14,220**	260,981	**144,355**	129,008

(b) Financing arrangements

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

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Total facilities	**100,000**	304,079	**150,000**	150,000
Used at balance date	**14,220**	260,981	**144,355**	129,008
Unused at balance date	**85,780**	43,098	**5,645**	20,992

In July 2008 following the selldown of its interest in CPRF from 100% to 62% CHPT obtained a new $100 million NAB debt facility that expires in July 2011.

The Parent entity has a debt facility provided by CHPT.

(c) Interest rate risk exposures

The following table sets out the Group's exposure to interest rate risk, including 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.

23. NON-CURRENT LIABILITIES – BORROWINGS (CONTINUED)

Consolidated 2009

		Fixed interest maturing in:						
	Floating interest $'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**	**Total rate $'000**
Bank and other loans	14,220	-	-	-	-	-	-	14,220
	14,220	-	-	-	-	-	-	14,220
Weighted average interest rate	6.04%	-	-	-	-	-	-	-

Consolidated 2008

		Fixed interest maturing in:						
	Floating interest $'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**	**Total rate $'000**
Bank and other loans	260,981	-	-	-	-	-	-	260,981
Interest rate swaps	(195,598)	-	47,000	33,000	-	-	115,598	-
	65,383	-	47,000	33,000	-	-	115,598	260,981
Weighted average interest rate	8.46%	-	6.55%	7.44%	-	-	7.99%	

Parent 2009

		Fixed interest maturing in:						
	Floating interest $'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**	**Total rate $'000**
Bank and other loans	144,355	-	-	-	-	-	-	144,335
	144,355	-	-	-	-	-	-	144,335
Weighted average interest rate	11.05%	-	-	-	-	-	-	-

Parent 2008

		Fixed interest maturing in:						
	Floating interest $'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**	**Total rate $'000**
Bank and other loans	129,008	-	-	-	-	-	-	129,008
	129,008	-	-	-	-	-	-	129,008
Weighted average interest rate	17.32%	-	-	-	-	-	-	-

23. NON-CURRENT LIABILITIES – BORROWINGS (CONTINUED)

(d) Interest rate sensitivity analysis

The following table illustrates the potential impact a change in interest rates by +/-1% would have on the Group's profit after tax and equity.

Consolidated 2009	Carrying amount $'000	-1% Profit $'000	-1% Equity $'000	+1% Profit $'000	+1% Equity $'000
Liabilities					
Trade and other payables	14,221	-	-	-	-
Borrowings	14,220	142	142	(142)	(142)
Total increase/(decrease)		142	142	(142)	(142)

Consolidated 2008	Carrying amount $'000	-1% Profit $'000	-1% Equity $'000	+1% Profit $'000	+1% Equity $'000
Liabilities					
Trade and other payables	42,491	-	-	-	-
Financial liabilities	2,462	-	-	-	-
Borrowings	260,981	654	654	(654)	(654)
Total increase/(decrease)		654	654	(654)	(654)

Parent 2009	Carrying amount $'000	-1% Profit $'000	-1% Equity $'000	+1% Profit $'000	+1% Equity $'000
Liabilities					
Borrowings	144,355	1,452	1,452	(1,452)	(1,452)
Total increase/(decrease)		1,452	1,452	(1,452)	(1,452)

Parent 2008	Carrying amount $'000	-1% Profit $'000	-1% Equity $'000	+1% Profit $'000	+1% Equity $'000
Liabilities					
Trade and other payables	58	-	-	-	-
Borrowings	129,008	1,178	1,178	(1,178)	(1,178)
Total increase/(decrease)		1,178	1,178	(1,178)	(1,178)

23. NON-CURRENT LIABILITIES – BORROWINGS (CONTINUED)

(e) Fair value

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

	2009 Consolidated		2009 Parent	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
On balance sheet				
Non traded financial liabilities				
Bank loans	**14,220**	**14,220**	**-**	**-**
Other loans	**-**	**-**	**144,355**	**144,355**

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

(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

(f) Capital risk management

Gearing is a measure used to monitor levels of debt capital used by the business to fund its operations. This ratio is calculated as interest bearing debt divided by tangible assets with both net of cash and cash equivalents.

The gearing ratios at 30 June 2009 and 30 June 2008 were 2.4% and 31.2% respectively. Debt covenants are monitored regularly to ensure compliance and reported to the debt provider on a 6 monthly basis. The Group has appointed a Treasurer who is responsible for negotiating new debt facilities and compliance with covenants.

24. NON-CURRENT LIABILITIES – DEFERRED TAX LIABILITIES

	Consolidated		Parent entity	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
The balance comprises temporary differences attributable to:				
Prepayments	**-**	11	**-**	-
Fund establishment costs	**516**	739	**-**	-
Accrued revenue	**243**	2,370	**243**	555
Depreciation on New Zealand property plant and equipment	**-**	288	**-**	-
Other	**93**			
	852	3,408	**243**	555
Movements:				
Opening balance	**3,408**	2,562	**555**	368
Charged/(credited) to the income statement (note 9)	**(2,556)**	846	**(312)**	187
Closing balance at 30 June	**852**	3,408	**243**	555
Deferred tax liabilities to be settled after more than 12 months	**852**	3,408	**243**	555
Deferred tax liabilities to be settled within 12 months	**-**	-	**-**	-
	852	3,408	**243**	555

25. NON-CURRENT LIABILITIES – PROVISIONS

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Employee benefits – long service leave	**25**	150	-	-

(a) Movements in provisions

Movements in employee benefits provisions are set out below:

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Long service leave				
Opening balance	**259**	190	**-**	-
Additional provisions recognised/(utilised)	**(12)**	69	**-**	-
Carrying amount at end of period	**247**	259	**-**	-
Current	**222**	109	**-**	-
Non-current	**25**	150	**-**	-
Total	**247**	259	**-**	-

26. CONTRIBUTED EQUITY

	Notes	Parent 2009 $'000	Parent 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
(a) Security capital*					
Ordinary securities	(b),(c)				
Fully paid		**698,040,044**	413,983,609	**634,308**	526,822
		698,040,044	413,983,609	**634,308**	526,822

(b) Movements in ordinary security capital:

Details	Notes	**Number of securities**	**Issue price**	**$'000**
Opening balance		409,120,620		513,597
Addback LTI securities reversed last year		11,844,991		14,598
Employee security scheme issue	(e)	10,041,015	$2.76	27,713
Issue for purchase of CIP	(h)	5,599,098	$2.68	15,000
Employee gift issue	(i)	23,320	$2.83	66
Security purchase plan	(j)	68,976	$3.00	207
Employee security scheme issue	(e)	793,701	$1.51	1,198
Balance at 30 June 2008		437,491,721		572,379
Less: Transaction costs on security issues		-		(246)
Less: LTI securities reversed		(23,508,112)		(45,311)
Balance per accounts at 30 June 2008		413,983,609		526,822
Addback LTI securities reversed last year		23,508,112		45,311
Employee security scheme issue	(e)	15,321,360	$1.04	15,934
Distribution reinvestment plan issue August 2008	(d)	32,459,346	$0.8489	27,555
Employee security scheme issue	(e)	11,508,812	$1.04	11,969
Distribution reinvestment plan issue February 2009	(d)	21,723,725	$0.2879	6,254
Placement	(g)	81,735,340	$0.33	26,973
Entitlement offer	(f)	138,532,553	$0.33	45,716
Gandel underwriting	(k)	9,610,782	$0.33	3,172
Balance at 30 June 2009		748,383,639		709,706
Less: Transaction costs on security issues		-		(2,219)
Less: LTI securities reversed		(50,343,595)		(73,179)
Balance per accounts at 30 June 2009		698,040,044		634,308
Charter Hall Limited				6,383
Charter Hall Property Trust				627,925

* 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.

In 2008 the issued capital of $526,822,000 was divided between Charter Hall Limited $5,272,000 and Charter Hall Property Trust $521,550,000.

(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 2009.

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.

26. CONTRIBUTED EQUITY (CONTINUED)

(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 activated for the 31 December 2008 and 30 June 2009 distributions.

(e) Employee security scheme

Information on the employee security scheme, including details of securities issued under the scheme, is set out in note 39.

(f) Entitlement offer

On 27 May 2009 the company invited securityholders to subscribe to a entitlement offer of 148.1 million ordinary securities at an issue price of $0.33 per security on the basis of 2 securities for every 7 fully paid ordinary securities held, such securities to be issued on 12 June 2009 or 29 June 2009 and be entitled to distributions/dividends from 30 June 2009.

(g) Placement

On 11 June 2009 72,847,275 securities were issued at $0.33 to Gandel Group. The securities are entitled to the distribution for the six months ended 30 June 2009. An additional 8,888,065 securities were issued to Gandel Group as part of a top up placement also at $0.33.

(h) Issue for purchase of CIP

On 20 July 2007 5,599,098 securities were issued at $2.68 as part payment for the purchase of a 50% interest in Commercial and Industrial Property Pty Limited.

(i) Gift to employees

On 23 July 2007 23,320 securities were issued at $2.83 to employees of the Group to mark the market capitalisation of CHG reaching $1 billion. 530 securities per employee were granted to 44 employees and are subject to escrow conditions governing the sale of the securities.

(j) Security purchase plan

As a part of the 2007 placement all securityholders were given the opportunity to purchase securities in the Group at $3.00. As a result on 23 July 2007 68,976 securities were issued at $3.00 per security.

(k) Gandel underwriting

The retail security offer was underwritten by Gandel Group with 9,610,782 securities not taken up by retail securityholders issued at $0.33.

27. RESERVES AND RETAINED PROFITS

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
(a) Reserves				
Hedging reserve - cash flow hedges	**-**	763	**-**	-
Business combination reserve	**(52,000)**	(52,000)	**-**	-
Security based payments reserve	**6,050**	5,434	**1,717**	1,717
Foreign currency reserve	**(47)**	(1,235)	**-**	(57)
	(45,997)	(47,038)	**1,717**	1,660
Charter Hall Limited and controlled entities	**(45,997)**	(46,679)		
Charter Hall Property Trust	**-**	(359)		
	(45,997)	(47,038)		

27. RESERVES AND RETAINED PROFITS (CONTINUED)

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Movements:				
Hedging reserve - cash flow hedges				
Opening balance	**763**	1,142	**-**	-
Amortisation (in full as swap paid out) (note 14)	**(763)**	(379)	**-**	-
Closing balance	**-**	763	**-**	-
Security based payments reserve				
Opening balance	**5,434**	1,048	**1,717**	-
Expense relating to LTI scheme	**616**	4,386	**-**	1,717
Closing balance 30 June	**6,050**	5,434	**1,717**	1,717
Business combination reserve				
Opening and closing balance	**(52,000)**	(52,000)	**-**	-
Foreign currency reserve				
Opening balance	**(1,235)**	22	**(57)**	-
Translation	**1,188**	(1,257)	**57**	(57)
Closing balance	**(47)**	(1,235)	**-**	(57)

(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(l).

(ii) Security based payments reserve

The security based payments reserve is used to recognise the fair value of securities issued to the LSP but not issued to employees and rights issued under the PROP.

(iii) Business combination reserve

This reserve relates to the reverse acquisition at IPO. 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.

(iv) Foreign currency reserve

This relates to a loan between Charter Hall Holdings Pty Limited and Charter Hall Holdings (NZ) Pty Limited.

(b) Retained profits / (accumulated losses)

Movements in retained profits were as follows:

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Opening balance	**12,536**	(2,798)	**(11,305)**	(7,921)
Net profit / (loss) for the year	**(82,222)**	67,498	**(7,349)**	(3,384)
Distributions / dividends	**(24,659)**	(52,117)	**-**	-
Other	**-**	(47)	**-**	-
Balance 30 June	**(94,345)**	12,536	**(18,654)**	(11,305)
Charter Hall Limited and controlled entities	**(36,530)**	(3,683)		
Charter Hall Property Trust	**(57,815)**	16,219		
	(94,345)	12,536		

28. MINORITY INTEREST

The financial report includes separate financial statements for 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 securityholders of CHL are the same as the stapled securityholders of CHPT.

		Consolidated		Parent entity	
		2009	2008	**2009**	2008
	Notes	**$'000**	$'000	**$'000**	$'000
Interest in:					
Contributed equity	**26(b)**	**627,925**	521,550	-	-
Reserves	**27(a)**	**-**	(359)	-	-
Retained profits	**27(a)**	**(57,815)**	16,219	-	-
		570,110	537,410	-	-

29. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Directors

The following persons were directors of Charter Hall Limited during the year:

(i) *Chairman – non executive*
K Roxburgh

(ii) *Executive directors*
C Fuchs
D Harrison (Joint Managing Director)
D Southon (Joint Managing Director)

(iii) *Non executive directors*
R Woodhouse (Deputy Chairman)
P Derrington
G Fraser
C McGowan

(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 year:

Name	Position	Employer
J Bakker	Chief Financial Officer	Charter Hall Holdings Pty Ltd
R Champion	Fund Manager and Retail Director	Charter Hall Holdings Pty Ltd
N Kelly	Wholesale Funds 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	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Short term employee benefits	**3,748,642**	3,866,722	**-**	-
Post employment benefits	**263,174**	257,887	**-**	-
Security-based payment	**137,247**	1,746,376	**-**	-
	4,149,063	5,870,985	**-**	-

Detailed remuneration disclosures are provided in sections A-C of the remuneration report on pages 27 to 31.

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 year by each director of CHL and other key management personnel of the Group, including their personally related parties, are set out below.

2009 Name	Opening balance	Purchased / (sold) during the period	LTI securities vesting/ (forfeited) during the period	Closing balance#
Directors of Charter Hall Limited **Ordinary securities**				
P Derrington	-	-	-	-
G Fraser	350,000	473,792	-	823,792
C Fuchs	5,887,828	377,999	602,006	6,867,833
D Harrison	7,897,420	1,291,371	1,784,603	10,973,394
C McGowan	-	-	-	-
K Roxburgh	50,000	14,285	-	64,285
D Southon	8,129,240	1,420,232	1,770,167	11,319,639
R Woodhouse	66,666	19,047	-	85,713
Other key management personnel of the Group **Ordinary securities**				
J Bakker	222,235	(2,241)	327,812	547,806
R Champion^	184,259	-	(183,729)	530
N Kelly	62,642	-	158,730	221,372
M Winnem	357,932	76,445	175,358	609,735

This total includes securities that have vested but have not been exercised by repayment of the loan and removal from the LTI plan. Unvested securities are excluded from the balance. The vested securities were issued with loans varying from $1.00 to $2.76 per security which are significantly higher than the security price at 30 June 2009 of $0.52.

^ The balance for Richard Champion when he ceased employment was 530 securities. After this time his holding has not been monitored.

2008 Name	Opening balance	Purchased / (sold) during the period	LTI securities vesting during the period	Closing balance
Directors of Charter Hall Limited Ordinary securities				
A Biet (resigned 24/10/07)*	5,559,724	(350,000)	-	5,209,724
P Derrington	-	-	-	-
G Fraser	225,000	125,000	-	350,000
C Fuchs	5,486,595	(80,000)	481,233	5,887,828
D Harrison	8,666,809	(1,648,195)	878,806	7,897,420
C McGowan	-	-	-	-
K Roxburgh	50,000	-	-	50,000
D Southon	8,754,870	(1,490,000)	864,370	8,129,240
R Woodhouse	366,666	(300,000)	-	66,666
Other key management personnel of the Group Ordinary securities				
J Bakker	14,666	530	207,039	222,235
M Winnem	-	530	183,727	184,257
R Champion	1,654,548	(1,349,109)	52,493	357,932

* The balance for Andre Biet when he resigned as a director was 5,209,724 securities. After this time his holding was not monitored.

29. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(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 $
2009	**9,928,333**	**248,000**	**5,306,500**	**2**
2008	7,062,280	1,134,126	9,928,333	6

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

2009 Name	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 $
D Harrison	2,657,500	124,000	2,781,500	2,781,500
D Southon	2,657,500	124,000	2,525,000	2,756,500

2009 Name	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 $
D Harrison	3,161,295	315,000	2,541,064	2,657,500
D Southon	3,161,295	315,000	2,541,064	2,657,500
C Fuchs	369,845	-	-	-
A Biet resigned 25/10/07)	369,845	-	-	

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

As predicated in the Product Disclosure Statement dated 11 May 2005, on 6 June 2005 the Joint Managing Directors, David Harrison and David Southon entered into loan agreements, which are full recourse, with CHL. Loans of $2.5 million each were provided to acquire Charter Hall Group securities. The interest on the loans is equivalent to the Charter Hall Group distribution paid in respect of the securities purchased using the loan proceeds. The provision of the loans further aligns the Joint Managing Directors interests with those of the Group and Securityholders. The loans, which were for a period of three years, were extended in 2008 for a further three years until 6 June 2011, under the same terms and conditions, by resolution of the Board.

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	
	2009	2008	**2009**	2008
	$'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*	**236,092**	206,901	**-**	-
Non PricewaterhouseCoopers audit firms for the audit or review of financial reports of any entity in the Group				
W F White & Co	**4,770**	51,942	**-**	-
Ernst & Young	**-**	4,475	**-**	-
Total remuneration for audit services	**240,862**	263,318	**-**	-
Other assurance services				
PricewaterhouseCoopers Australian firm				
Investigating Accountants Reports – equity raising	**70,000**	219,000	**-**	-
Total remuneration for other assurance services	**70,000**	219,000	**-**	-
Total remuneration for assurance services	**310,862**	482,318	**-**	-
(b) Taxation services				
PricewaterhouseCoopers Australian firm				
Tax compliance services, including review of company income tax returns	**13,920**	21,090	**-**	-
Non-PricewaterhouseCoopers firms for taxation services (Ernst & Young)	**141,075**	-	**20,600**	-
Total remuneration for taxation services	**154,995**	21,090	**20,600**	-
(c) Advisory services				
PricewaterhouseCoopers Australian firm				
Long term incentive plan structure	**21,538**	-	**-**	-
Non-PricewaterhouseCoopers firms for advisory services				
Ernst & Young	**69,806**	-	**-**	-
KMPG	**15,300**	-	**15,300**	-
Total remuneration for advisory services	**106,644**	-	**15,300**	-

The Group's policy is 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.

31. COMMITMENTS

(a) Capital Commitments

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

	Consolidated		**Parent entity**	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Investment property				
Payable:				
Within one year	**-**	6,054	**-**	-
Later than one year but not later than five years	**-**	-	**-**	-
Later than five years	**-**	-	**-**	-
	-	6,054	**-**	-

(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**	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Within one year	**617**	124	**-**	-
Later than one year but not later than five years	**2,815**	2,210	**-**	-
Later than five years	**-**	153	**-**	-
	3,432	2,487	**-**	-

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.

(d) Transactions with related parties

The following transactions occurred with related parties:

	Consolidated		**Parent entity**	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Sales of services				
Management and performance fees from associates	**24,077,334**	29,135,241	**-**	-
Acquisition fees from associates	**359,173**	6,513,024	**-**	-
Commitment fees from associates	**180,225**	180,225	**-**	-
Property management fees from associates	**755,674**	-	**-**	-
Tax consolidation legislation				
Current tax payable assumed from wholly owned tax consolidated entities	**-**	-	**4,566,089**	3,612,254
Dividend revenue				
Subsidiaries	**-**	-	**20,078,304**	11,354,988

Sales of investment properties to related parties are disclosed in note 19.

Transactions with associates and joint ventures are disclosed in note 34 and note 35 respectively.

32. RELATED PARTIES (CONTINUED)

(e) Loans to/from related parties

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Loans to associates				
Beginning of the period	**-**	9,283,306	**-**	-
Loans advanced	**-**	-	**-**	-
Loan repayments received	**-**	(9,283,306)	**-**	-
Interest charged	**-**	144,670	**-**	-
Interest received	**-**	(144,670)	**-**	-
End of period	**-**	-	**-**	-
Loans to subsidiaries				
Beginning of the period	**-**	-	**8,681,489**	5,018,510
Loans advanced	**-**	-	**5,317,790**	3,612,254
Loan repayments received	**-**	-	**(668,000)**	-
Interest charged	**-**	-	**52,839**	50,725
End of period	**-**	-	**13,384,118**	8,681,489
Loans to joint ventures				
Beginning of the period	**-**	-	**-**	-
Loans advanced	**1,750,000**	-	**1,750,000**	-
Loan repayments received	**-**	-	**-**	-
Interest charged	**177,205**	-	**177,205**	-
Interest received	**(177,205)**	-	**(177,205)**	-
End of period	**1,750,000**	-	**1,750,000**	-
Loans from subsidiaries				
Beginning of the period	**-**	-	**129,007,038**	75,350,694
Loans received	**-**	-	**20,272,587**	42,297,921
Loan repayments paid	**-**	-	**(4,924,803)**	-
Interest charged	**-**	-	**21,890,455**	27,548,475
Interest paid	**-**	-	**(21,890,455)**	(16,190,052)
End of period	**-**	-	**144,354,822**	129,007,038

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

For the year ended 30 June 2009

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 2009 %	Equity holding 2008 %
Controlled entities of Charter Hall Limited				
Charter Hall Holdings Pty Limited	Australia	Ordinary	100	100
Charter Hall CUB Pty Ltd	Australia	Ordinary	100	100
Controlled entities of Charter Hall Holdings Pty Ltd				
Charter Hall (NZ) Pty Limited	Australia	Ordinary	100	100
CH Management Australia Pty Limited	Australia	Ordinary	100	100
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
Controlled entities of Charter Hall Holdings Real Estate Pty Ltd				
Charter Hall Holdings Real Estate (Vic) Pty Limited	Australia	Ordinary	100	100
Controlled Entities of Charter Hall Property Trust				
Charter Hall Investment Fund No. 15	Australia	Ordinary	100	100
Charter Hall Core Plus Retail Fund*	Australia	Ordinary	N/A	100
Controlled entities of Charter Hall Core Plus Retail Fund				
Core Plus Retail Fund New Zealand	Australia	Ordinary	N/A	100
Redcliffe Retail Property Trust	Australia	Ordinary	N/A	100
Belconnen Retail Warehouse Trust	Australia	Ordinary	N/A	100
Box Hill Retail Warehouse Trust	Australia	Ordinary	N/A	100
Nerang Retail Warehouse Trust	Australia	Ordinary	N/A	100
Nowra Retail Warehouse Trust	Australia	Ordinary	N/A	100
Penrith Retail Warehouse Trust	Australia	Ordinary	N/A	100
Stafford Retail Warehouse Trust	Australia	Ordinary	N/A	100
Ipswich Retail Property Trust	Australia	Ordinary	N/A	100
Rothwell Retail Property Trust	Australia	Ordinary	N/A	100
Mentone Property Trust	Australia	Ordinary	N/A	100
Charter Hall MMN Property Trust	Australia	Ordinary	N/A	100
CPRF Gepps X Trust	Australia	Ordinary	N/A	100
CPRF Gepps 109 Trust	Australia	Ordinary	N/A	100
CPRF MSN Property Trust	Australia	Ordinary	N/A	100

* CHPT sold down its interest in CPRF in July 2008 from 100% to 62% (current interest is 65%). As outlined on the cover page of this report CHPT does not control the fund and therefore does not consolidate CPRF into its financial statements.

The CPRF Investment Committee (IC), consisting of two independent members and two executive directors of Charter Hall, controls CPRF as it has the power to govern the financial and operating policies of CPRF. All decisions of the IC require the unanimous approval of all IC members. The IC, amongst other duties monitor and manage the investment activities of CPRF and approve asset opportunities and disposal of assets.

34. INVESTMENT IN ASSOCIATES

(a) Carrying amounts

Information relating to associates is set out below.

Name of company	Principal activity	Ownership Interest		Consolidated		Parent entity	
		2009 %	2008 %	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000
Unlisted							
Charter Hall Diversified Property Fund	Property Investment	**25.7%**	23.3%	**22,319**	24,332	**-**	-
Charter Hall Core Plus Office Fund	Property Investment	**23.4%**	20.0%	**161,376**	143,178	**-**	-
Charter Hall Core Plus Industrial Fund	Property Investment	**25.0%**	25.0%	**61,989**	57,698	**-**	-
Charter Hall Core Plus Retail Fund	Property Investment	**65.3%**	N/A	**139,888**	-	**-**	-
Charter Hall Umbrella Fund	Property Investment	**24.9%**	<1.0%	**48,049**	71	**-**	-
				433,621	225,279	**-**	-
Charter Hall Opportunity Fund 4	Property Development	**3.0%**	3.0%	**2,951**	3,214	**3,643**	3,115
Charter Hall Opportunity Fund 5	Property Development	**15.0%**	15.0%	**15,328**	3,288	**20,079**	3,469
				18,279	6,502	**23,722**	6,584

The above associates are incorporated in Australia. The investments in Charter Hall Opportunity Fund. 4 and 5 held by Charter Hall Limited are equity accounted in the consolidated financial statements and are other financial assets in the parent financial statements (note 16 and 17).

The investments in Charter Hall Diversified Property Fund, Charter Hall Core Plus Office Fund, Charter Hall Core Plus Industrial Fund, Charter hall Core Plus Retail Fund and Charter Hall Umbrella Fund are held by Charter Hall Property Trust and as such are accounted for at fair value through the profit or loss (note 13).

The investment in Charter Hall Diversified Property Fund consists of units which consist of a 19.7% interest but also an additional investment in the form of bridging equity of $9 million.

34. INVESTMENT IN ASSOCIATES (CONTINUED)

	Consolidated 2009 $'000	2008 $'000
(b) Movements in carrying amounts		
Charter Hall Diversified Property Fund		
Opening balance	**24,332**	5,179
Investment	**2,835**	18,184
Fair value adjustment	**(4,848)**	969
Closing balance	**22,319**	24,332
Charter Hall Core Plus Office Fund		
Opening balance	**143,178**	80,058
Investment	**50,000**	67,002
Fair value adjustment	**(31,802)**	12,516
Disposal of units	**-**	(16,398)
Closing balance	**161,376**	143,178
Charter Hall Core Plus Industrial Fund		
Opening balance	**57,698**	45,986
Investment	**12,503**	18,754
Fair value adjustment	**(8,212)**	3,404
Disposal of units	**-**	(10,446)
Closing balance	**61,989**	57,698
Charter Hall Core Plus Retail Fund		
Investment	**163,635**	-
Fair value adjustment	**(23,747)**	-
Closing balance	**139,888**	-
Charter Hall Umbrella Fund		
Opening balance	**71**	10,873
Investment	**58,563**	11,030
Disposal of units	**-**	(21,828)
Fair value adjustment	**(10,585)**	(4)
Closing balance	**48,049**	71
Charter Hall Opportunity Fund 4		
Opening balance	**3,214**	662
Investment	**522**	2,458
Share of profit/(loss) after income tax	**(538)**	454
Distributions received/receivable	**(252)**	(360)
Reserves	**5**	-
Closing balance	**2,951**	3,214
Charter Hall Opportunity Fund 5		
Opening balance	**3,288**	98
Investment	**16,558**	3,486
Share of loss after income tax	**(3,733)**	(142)
Distributions received/receivable	**(837)**	(38)
Reserves	**52**	(116)
Closing Balance	**15,328**	3,288

34. INVESTMENT IN ASSOCIATES (CONTINUED)

(c) Fair value of unlisted investments in associates

Charter Hall Diversified Property Fund	**22,319**	24,332
Charter Hall Core Plus Office Fund	**161,376**	143,178
Charter Hall Core Plus Industrial Fund	**61,989**	57,698
Charter Hall Core Plus Retail Fund	**139,888**	-
Charter Hall Umbrella Fund	**48,049**	74
Carrying value of equity accounted associates		
Charter Hall Opportunity Fund 4	**2,951**	3,214
Charter Hall Opportunity Fund 5	**15,328**	3,288

(d) Share of associates' profits or losses

Profit before income tax	**(87,926)**	312
Income tax expense	**1,540**	-
Profit after income tax	**(86,386)**	312

(e) Summarised financial information of associates

	Group's share of:			
	Assets $'000	**Liabilities $'000**	**Revenues $'000**	**Profit/(loss) $'000**
2009				
Charter Hall Diversified Property Fund	35,362	21,194	3,504	(4,788)
Charter Hall Core Plus Office Fund	329,296	182,585	24,591	(33,887)
Charter Hall Core Plus Industrial Fund	106,106	44,674	9,415	(9,550)
Charter Hall Core Plus Retail Fund	248,963	124,308	20,151	(25,951)
Charter Hall Umbrella Fund	44,143	841	3,345	(7,941)
Charter Hall Opportunity Fund 4	9,884	6,898	60	(536)
Charter Hall Opportunity Fund 5	41,535	26,240	573	(3,733)

(f) Charter Hall Core Plus Retail Fund's revenue, expenses and results

The summary income statement and balance sheet of CPRF are shown below. Whilst CHPT still owns a 65% direct interest and a 5% indirect interest in CPRF (CHPT has a 25% investment in CHUF and CHUF holds a 21% investment in CPRF) it does not have the power to govern the financial and operating policies of CPRF and therefore CHPT does not control the Fund. Therefore the financial accounts of CPRF are not consolidated into CHPT's financial accounts.

The CPRF Investment Committee (IC), comprises two Charter Hall representatives and two independent members. All decisions of the IC require the unanimous approval of all IC members and thus Charter Hall cannot dominate decision making. The IC, amongst other duties monitor and manage the investment activities of CPRF and approve asset opportunities and disposal of assets.

Of CPRF's $103.6 million current assets shown below $91.5m relates to assets held for sale (exchanged contracts). As at the date of this report CPRF has settled $75.2 million of these assets which has reduced CPRF's bank debt from $168 million to $105 million. Following settlement of another asset CPRF's debt will fall to approximately $90 million, reducing gearing from 43% to 31%.

	Consolidated	
	2009 $'000	2008 $'000
Revenues	**30,845**	16,831
Expenses	**(19,064)**	(14,909)
Profit before adjustments and tax	**11,781**	1,922
Income tax expense	**(179)**	(203)
Fair value adjustments/losses on sale	**(51,249)**	(2,029)
Profit after income tax	**(39,647)**	(310)

34. INVESTMENT IN ASSOCIATES (CONTINUED)

(g) Charter Hall Core Plus Retail Fund's assets and liabilities

Current assets	**103,645**	3,717
Non-current assets	**277,654**	305,067
Total assets	**381,299**	308,784
Current liabilities	**7,614**	2,484
Non-current liabilities	**182,800**	226,202
Total liabilities	**190,414**	228,686
Net assets	**190,885**	80,098

35. INVESTMENT IN JOINT VENTURE

(a) Carrying amounts

Information relating to joint ventures is set out below and at note 17.

Name of company	Principal activity	Ownership Interest		Consolidated		Parent entity	
		2009 %	2008 %	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000
Unlisted							
Commercial and Industrial Property Pty Ltd	Property Development	50%	50%	24,979	43,838	24,979	40,509

	Consolidated	
	2009 $'000	2008 $'000
(b) Movements in carrying amounts		
Commercial and Industrial Property Pty Limited		
Opening balance	**43,838**	-
Investment	**-**	40,510
Share of profit after income tax	**2,116**	7,222
Dividends received/receivable	**(3,331)**	(3,894)
Impairment of investment	**(17,644)**	-
Closing balance	**24,979**	43,838

	Consolidated	
	2009 $'000	2008 $'000
(c) Fair value of joint venture entity		
Commercial and Industrial Property Pty Ltd	**24,979**	43,838

35. INVESTMENT IN JOINT VENTURE (CONTINUED)

KPMG were engaged to provide an indicative estimate of Charter Hall Limited's 50% equity investment in Commercial and Industrial Property Pty Ltd as at 30 June 2009. The valuation methodology used was Value In Use (VIU) (in accordance with the requirements of AASB 136) and three different scenarios in relation to growth prospects were considered. Management adopted the base case scenario which had a value in use of $24,979,044.

Consideration was given to the fair value less cost to sell (FVLCTS) method but management believe VIU gives the most accurate recoverable amount. In accordance with our accounting policy (note 1(h)) consideration was given to FVLCS, however VIU resulted in a higher recoverable amount which is required to be taken up in accordance with AASB 136.

The base case scenario includes a decrease in gross profit of 47% in FY10 and then subsequently reflecting growth in gross profit to FY13 and maintaining real growth in gross profit of 4% beyond FY13 up to the end of the forecast period in FY19.

A weighted average cost of capital of 11.6% was used to reflect the current market assessments of the time value of money and the risks specific to the investment and the net debt position was calculated as $6,630,000 being the forecast debt of $8,490,000 and forecast cash of $1,960,000 as at 30 June 2009.

	Consolidated	
	2009	2008
	$'000	$'000
(d) Share of joint venture's revenue, expenses and results		
Revenues	**28,871**	19,129
Expenses	**(25,842)**	(8,829)
Profit before income tax	**3,029**	10,300
(e) Share of joint venture's assets and liabilities		
Current assets	**10,507**	6,017
Non-current assets	**2,511**	4,166
Total assets	**13,018**	10,183
Current liabilities	**5,843**	1,862
Non-current liabilities	**2,591**	2,492
Total liabilities	**8,434**	4,354
Net assets	**4,584**	5,829

36. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Since 30 June 2009 CHPT has completed the following transactions:

- Received commitments from existing CPOF unitholders to purchase 39M CPOF units from CHPT for $30 million on 31 August 2009. Once this transaction is completed CHPT's ownership interest in CPOF will fall from 23% to 17%.

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

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Profit / (loss) for the year	**(82,222)**	67,498	**(7,349)**	(3,384)
Depreciation and amortisation	**285**	252	**-**	-
Non cash employee benefits expense security based payments	**616**	2,669	**-**	-
Gain on sale of investments	**(1,339)**	(838)	**-**	-
Fair value adjustments	**93,982**	(15,287)	**-**	-
Impairment of investment accounted for using the equity method	**17,644**	-	**15,530**	-
Change in operating assets and liabilities, net of effects from purchase of controlled entity				
Decrease / (increase) in trade debtors	**10,569**	(11,683)	**63**	515
Decrease / (increase) in accrued revenue	**627**	(5,548)	**(225)**	-
Decrease / (increase) in other operating assets	**6,460**	(142)	**-**	-
Increase / (decrease) in trade creditors	**(632)**	1,988	**-**	-
Increase / (decrease) in accrued expenses	**(3,656)**	9,167	**-**	-
Increase / (decrease) in other operating liabilities	**28**	165	**(58)**	50
Decrease in provision for deferred income tax	**(1,222)**	(2,959)	**(4,993)**	(7,834)
Net cash inflow / (outflow) from operating activities	**41,140**	45,282	**2,968**	(10,653)

Dividend and interest income received on investments has been classified as cash flow from operating activities.

38. EARNINGS PER SECURITY

	Consolidated	
	2009	2008
	$'000	$'000
(a) Basic earnings per security		
Profit before fair value adjustments and impairment	**6.43**	12.61
Fair value adjustments and impairment	**(24.41)**	3.70
Profit / (loss) attributable to the ordinary equity holders of the Group	**(17.98)**	16.31
(b) Diluted earnings per security		
Profit before fair value adjustments and impairment	**6.34**	12.64
Fair value adjustments and impairment	**(22.19)**	3.50
Profit / (loss) attributable to the ordinary equity holders of the Group	**(15.85)**	16.14

(c) Underlying earnings per security

Refer to note 4 for further details.

38. EARNINGS PER SECURITY (CONTINUED)

(d) Reconciliations of earnings used in calculating earnings per security

	Consolidated	
	2009	2008
	$'000	$'000
Basic earnings per security		
Profit before fair value adjustments and impairment	**29,404**	52,211
Fair value adjustments and impairment	**(111,626)**	15,287
Profit attributable to the ordinary equity holders of the consolidated entity used in calculating basic earnings per security	**(82,222)**	67,498
Diluted earnings per security		
Profit	**(82,222)**	67,498
Interest received from LTI securities	**2,497**	2,957
Profit attributable to the ordinary equity holders of the consolidated entity used in calculating diluted earnings per security	**(79,725)**	70,455
Fair value adjustments and impairment	**111,626**	(15,287)
Profit attributable to the ordinary equity holders of the consolidated entity used in calculating diluted earnings per security before fair value adjustments and impairment	**31,901**	55,168

(e) Weighted average number of securities used as the denominator

	Consolidated	
	2009	2008
	Number	Number
Weighted average number of ordinary securities used as the denominator in calculating basic earnings per security	**457,410,018**	413,905,265
Adjustments for calculation of diluted earnings per security:		
Performance rights	**1,214,696**	-
Securities issued to the Charter Hall Limited Executive Loan Security Plan	**44,265,783**	22,711,623
Weighted average number of ordinary securities and potential ordinary securities used as the denominator in calculating diluted earnings per security	**502,890,497**	436,616,888

(f) 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.

(i) Performance rights issued under the Charter Hall Performance Rights and Options Plan

The Performance Rights are unquoted securities and conversion of Performance Rights to stapled securities, and vesting to executives, is subject to the same service and performance conditions as the LSP.

39. SECURITY-BASED PAYMENTS

(a) Employee Security Plan

The establishment of the Charter Hall Limited Executive Loan Security Plan (LSP) 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 subject to performance and service conditions. The amount of interest due on the loan is equivalent to the amount of the distribution receivable on the underlying securities.

Distributions on the loan securities are paid to Charter Hall Limited as interest receivable on the loan provided to employees.

As LSP members do not hold securities in their own name the plan manager seeks instructions from plan members on their voting intentions. The plan manager distributed a voting instruction form to collate responses and completes the LSP's proxy form for lodgement with the share registry.

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

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Opening balance (number of securities)	**23,508,112**	13,931,343	**23,508,112**	13,931,343
Number of securities issued on 02/07/07 at $2.76	**-**	10,041,016	**-**	10,041,016
Number of securities purchased on market on 06/08/07 at $2.84	**-**	70,534	**-**	70,534
Number of securities purchased on market on 30/08/07 at $2.80	**-**	35,714	**-**	35,714
Number of securities purchased on market on 05/02/08 at $1.67	**-**	54,970	**-**	54,970
Number of securities purchased on market on 11/02/08 at $1.49	**-**	100,376	**-**	100,376
Number of securities purchased on market on 19/02/08 at $1.53	**-**	197,180	**-**	197,180
Number of securities issued on 19/02/08 at $1.51	**-**	793,701	**-**	793,701
Number of securities issued on 07/08/08 at $1.04	**15,321,360**	-	**15,321,360**	-
Number of securities issued on 19/11/08 at $1.04	**11,508,812**	-	**11,508,812**	-
Other	**5,311**	-	**5,311**	-
Number of securities forfeited or transferred out during the year	**-**	(1,716,722)	**-**	(1,716,722)
	50,343,595	23,508,112	**50,343,595**	23,508,112

Charter Hall Performance Rights and Options Plan (PROP)

In early 2008, the Board engaged external advisers to gain a market perspective on LTI arrangements. The Board, in consultation with the independent remuneration consultants, resolved that LTI for the 2009 year would be delivered through a combination of the existing LSP and the new PROP.

The Performance Rights are unquoted securities and conversion of Performance Rights to stapled securities, and vesting to executives, is subject to the same service and performance conditions as the LSP which are discussed in the Remuneration Report.

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Number of rights issued on 22/12/08 at $1.04	**1,628,789**	-	**1,628,789**	-
	1,628,789	-	**1,628,789**	-

39. SECURITY-BASED PAYMENTS (CONTINUED)

(c) Expenses arising from security-based payment transactions

Total expenses arising from security based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Securities issued under employee security plan	**616**	2,669	**-**	-

The model inputs for the Black-Scholes method for assessing the fair value at loan date for the LSP securities and PROP rights issued during the year ended 30 June 2009 include the following:

Grant date	**7/8/08**	**10/10/08**	**19/11/08**	**22/12/08**
Security price at grant date	$0.865	$0.66	$0.41	$0.30
Loan value per security	$1.04	$1.04	$1.04	$1.04
Expiry of loan	6/8/13	9/8/13	18/11/13	21/12/13
Expected price volatility	23.68%	22.75%	58.06%	59.49%
Expected distribution yield	9.47%	9.47%	9.47%	9.47%
Risk-free interest rate	5.85%	4.28%	3.72%	3.19%

Directors' Declaration

30 June 2009

In the directors' opinion:

(a) the financial statements and notes set out on pages 41 to 95 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 2009 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.

The directors have been given the declarations by the Joint Managing Directors 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
24 August 2009

Independent Auditor's Report

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Independent auditor's report to the members of Charter Hall Limited

Report on the financial report

We have audited the accompanying financial report of Charter Hall Limited (the company), which comprises the balance sheet as at 30 June 2009, 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.

Directors' responsibility for the financial 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 controls 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 1, 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.

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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial 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 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.

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

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.

Independent Auditor's Report

PRICEWATERHOUSECOOPERS

Independence

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

Auditor's opinion

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 2009 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 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 27 to 37 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion
In our opinion, the Remuneration Report of Charter Hall Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001.*

PricewaterhouseCoopers

B K Hunter
Partner

Sydney
24 August 2009

Charter Hall Group
Securityholder Information
As at 30 June 2009

The shareholder information set out below was applicable as at 30 June 2009.

A. Distribution of equity securities

Analysis of numbers of equity securityholders by size of holding:

	Ordinary Securities
1 - 1000	76,902
1,001- 5,000	1,209,496
5,001 - 10,000	3,323,450
10,001 - 100,000	39,589,946
100,001 - and over	704,183,845

B. Equity securityholders

Twenty largest quoted equity securityholders

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

Name	Ordinary securities Number held	Ordinary securities Percentage of issued securities
National Nominees Limited	165,565,163	22.12%
Alphabridge Pty Ltd	91,346,122	12.21%
HSBC Custody Nominees (Australia) Limited	85,164,036	11.38%
J P Morgan Nominees Australia Limited	57,824,472	7.73%
CHL Executive Loan Security Plan Managers Pty Ltd	50,343,595	6.72%
Wyllie Group Pty Ltd	23,000,000	3.07%
Citicorp Nominees Pty Limited <CFS WSLE Property Secs A/C>	20,206,180	2.70%
Transfield (CHG) Pty Ltd	17,571,577	2.35%
Citicorp Nominees Pty Limited <CFS Future Leaders Fund A/C>	12,192,899	1.63%
Citicorp Nominees Pty Limited <DRP Account>	12,022,726	1.61%
Citicorp Nominees Pty Limited	8,140,070	1.09%
Cogent Nominees Pty Limited	6,349,546	0.85%
AMP Life Limited	6,222,139	0.83%
Portmist Pty Limited	5,784,973	0.77%
Cedayu Pty Ltd <Fuchs Family A/C>	5,533,734	0.74%
Citicorp Nominees Pty Limited <CFS Developing Companies A/C>	5,142,857	0.69%
Queensland Investment Corporation	5,003,504	0.67%
Citicorp Nominees Pty Limited <CFSIL CWLTH Property 6 A/C>	4,543,885	0.61%
Santilli Nominees Pty Ltd <The Remo Santilli Family A/C>	3,599,420	0.48%
ANZ Nominees Limited <Cash Income A/C>	3,363,219	0.45%

C. Substantial holders

Substantial holders in the group are set out below:

	Number held	Percentage
Ordinary securities		
Alphabridge Pty Ltd	91,346,122	12.21%
Commonwealth Bank of Australia and its subsidiaries	71,948,162	9.61%
UBS Nominees Pty Ltd and its related bodies corporate	52,701,457	7.04%
Quest Asset Partners Pty Ltd	41,944,763	5.60%

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.

Core Plus Retail Fund Consolidation Note[1]

Charter Hall Property Trust (CHPT) currently holds a 65% interest in the Core Plus Retail Fund (CPRF).

In preparing Charter Hall's Financial Report, Charter Hall formed the view that it was appropriate for CPRF to not be consolidated in the CHPT accounts, given CHPT does not control CPRF (see notes 3 and 34 (f) in the Financial Report). Charter Hall received advice from PriceWaterhouseCoopers (PwC) confirming the treatment of CPRF by CHPT was appropriate. Charter Hall's Financial Report was prepared and signed off by PwC as auditors on this basis.

Charter Hall received a letter from ASIC, dated 6 October 2009, in which ASIC states that it has some preliminary concerns with the non-consolidation of CPRF in the accounts of CHPT.

ASIC is still making enquiries of CHPT and has not expressed a definitive view at this stage as to whether Charter Hall's Financial Report, as lodged with the ASX on 25 August 2009 and included in this annual report, complies with the accounting standards regarding consolidation.

Although Charter Hall is of the view it is not appropriate to consolidate CPRF in the CHPT accounts, given ASIC's concerns expressed to Charter Hall, we have prepared the below table with the key financials for the Group with CPRF consolidated in the CHPT accounts.

Key Financials – 30 June 2009

	As reported in the Audited Financial Report	With CPRF consolidated in CHPT accounts[2]	Note
AIFRS Loss after tax	($82.2m)	($94.7m)	3
Underlying Earnings	$34.8m	$30.7m	4
Underlying EPS (cents per security)	7.61c	6.72c	5
DPS (cents per security)	4.96c	4.96c	
Total Assets	$524m	$760m	
Total Debt	$14m	$182m	6
Total Liabilities	$30m	$215m	
Net Assets	$494m	$478m	7
NTA per security	$0.71	$0.69	
Gearing	2%	23%	8
Look through gearing	42.8%	42.8%	9

Notes:

1. This Consolidation Note does not form part of the audited 30 June 2009 statutory financial report as lodged with ASX on 25 August 2009 and contained within this annual report.
2. The net assets and profit/loss on a consolidated basis exclude the minority interest (35%) in net assets and profit/loss.
3. The consolidated AIFRS loss has increased partly due to the fact that CPRF incurred an AIFRS loss of $14.1 million in relation to mark to market of derivatives.
4. Excludes AASB 140 fair value adjustments on investment property and financial assets, impairment of assets, gains on sale of investments and non cash AIFRS charges such as share based payments expense, amortisation and tax benefit. Underlying Earnings is $4.1 million lower if CPRF is consolidated in CHPT's accounts mainly because of de-recognition of interest income recognised by CHPT at de-consolidation of CPRF. In addition certain management fees charged by CHPT to CPRF are eliminated.
5. Calculation excludes stapled securities issued under the Executive Loan Security Plan in accordance with AASB2 Share Based Payments.
6. The increase in total debt of $168 million if CPRF is consolidated in CHPT's accounts relates to the debt balance of CPRF as at 30 June 2009. Note that this debt is secured by the assets in CPRF and there is no recourse to the investors in CPRF, including CHPT. Consolidation of CPRF by CHPT would have no impact on the compliance of either entity with debt facility covenants.
7. Charter Hall's net asset balance is $16 million lower if CPRF is consolidated. This difference is mainly due to the fact that under consolidation, CHPT accounts for 65% of the net assets of CPRF rather than recognising a 65% investment at the 30 June 2009 CPRF unit price.
8. Gearing is calculated as total debt net of cash to total assets net of cash.
9. Look through gearing is calculated taking into account Charter Hall's investment in each of the funds and the level of gearing in those funds. As such consolidating CPRF in CHPT's accounts has no impact on the look through gearing for the Group. Note that look through gearing on a proforma basis (adjusted for the sale of 56 Anzac Street, Chullora and the sale of $30 million of CPOF units) reduces to 32.8%.

Corporate Directory

Directors

Kerry Roxburgh
Chairman – Independent Non-Executive Director

Roy Woodhouse
Deputy Chairman – Independent Non-Executive Director

Cedric Fuchs
Executive Director

Glenn Fraser
Independent Non-Executive Director

David Harrison
Joint Managing Director

David Southon
Joint Managing Director

Patrice Derrington
Independent Non-Executive Director

Colin McGowan
Independent Non-Executive Director

Jelte Bakker
Chief Financial Officer

Nathan Francis
Deputy Chief Financial Officer and Company Secretary

Notice of Annual General Meeting
The Annual General Meeting of Charter Hall Group will be held at:

Location	Westin Hotel, 1 Martin Place, Sydney
Time	2.30pm
Date	11 November 2009

Principal registered office in Australia
Level 11, 333 George Street
Sydney NSW 2000
+61 2 8908 4000

Registry
Link Market Services
Level 8, 580 George Street
Sydney NSW 2000
1300 664 498

Auditor
PricewaterhouseCoopers
Darling Park Tower 2
201 Sussex Street
Sydney NSW 1171

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

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

Stock Exchange listings
Charter Hall Group stapled securities are listed on the Australian Securities Exchange (code CHC).

Website address
www.charterhall.com.au

charterhall.com.au

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