CHARTER HALL

14 March 2006

The Manager
Company Notices Section
Australian Stock Exchange Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir

CHARTER HALL PROPERTY TRUST INTERIM FINANCIAL REPORT

Please find attached the interim financial report of Charter Hall Property Trust ("CHPT") for the period ended 31 December 2005.

CHPT forms part of the Charter Hall Group (ASX: CHCCA). The units in CHPT are 'stapled' to the shares in Charter Hall Limited to form the stapled group. The December 2005 interim financial report of the Charter Hall Group was lodged with the ASX on 16 February 2006.

Please do not hesitate to contact the undersigned if you require further information.

Yours faithfully

Nathan Francis
Chief Financial Officer

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CHARTER HALL PROPERTY TRUST
ARSN 113 339 147
and its controlled entities

INTERIM FINANCIAL REPORT

FOR THE PERIOD 23 MARCH 2005 TO 31 DECEMBER 2005

Contents

Charter Hall Property Trust

Directors' Report

The Directors of Charter Hall Funds Management Limited (the Responsible Entity), the responsible entity of Charter Hall Property Trust (the Trust) present their Report, together with the interim Financial Report of the Trust for the period ended 31 December 2005, and the Independent Review Report thereon.

The first financial period of the Trust is 23 March 2005 to 31 December 2006 therefore no comparative information is presented. Whilst the period commences 23 March 2005 trading activity did not commence until 6 June 2005 (allotment of securities under the Initial Public Offering).

DIRECTORS

The Directors of the Responsible Entity in office at any time during the financial period or since the end of the financial period are set out below. Each Director was in office for the whole of the financial period unless stated otherwise:

K Roxburgh (Chairman)
R Woodhouse (Deputy Chairman)
A Biet
P Derrington
G Fraser
C Fuchs
C McGowan
P McMahon

DISTRIBUTIONS

Distributions paid or declared by the Trust to unit holders were:

	2006 **$'000**
Interim distribution of 3.73 cents per unit payable.	10,083

In the Group accounts this distribution is reduced for amounts paid under the employee incentive scheme. Distributions are estimated to be tax deferred to the extent of 25% of the amount distributed.

REVIEW OF OPERATIONS

The consolidated net profit was $10,166,000. After taking into account adjustments of $9,664,000 required under Australian equivalents to International Financial Reporting Standards (AIFRS) the reported profit was $502,000.

As widely reported the introduction of AIFRS has created significant volatility to reported results.

Rounding off of amounts

The Trust is of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded to the nearest thousand dollars, in accordance with that class order, unless otherwise indicated.

Auditor

PricewaterhouseCoopers have been appointed as auditors for the Trust in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of the directors.

Kerry Roxburgh
Chairman Sydney 13 March 2006

PRICEWATERHOUSECOOPERS

Auditor's independence declaration

As lead auditor for the review of Charter Hall Property Trust for the period ended 31 December 2005, 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 review; and
b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Charter Hall Property Trust.

PricewaterhouseCoopers

Brian Hunter
Partner

Sydney
13 March 2006

Consolidated Income Statement
For the period 23 March 2005 to 31 December 2005

	Notes	Consolidated 23 March 2005 to 31 December 2005 $'000
Revenue from continuing operations		14,630
Investment property expenses		(2,502)
Finance costs – net		(1,677)
Other expenses		(285)
Profit before income tax and fair value adjustments		**10,166**
Net losses from fair value adjustments on investment property	*	(9,664)
Profit before income tax		502
Income tax		-
Net profit after income tax attributable to unit holders of Charter Hall Property Trust		502
		Cents per unit
Distributions and dividends paid and payable		3.73c
Basic earnings per unit excluding fair value adjustments	2	3.76c
Diluted earnings per unit excluding fair value adjustments	2	3.76c
Basic earnings per unit	2	0.19c
Diluted earnings per unit	2	0.19c

* The write off of property acquisition costs is required by AASB 140 Investment Property. Under previous GAAP such costs were capitalised to the carrying value of the property.

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

Consolidated Balance Sheet
As at 31 December 2005

	Notes	Consolidated 31 December 2005 $'000
ASSETS		
Current assets		
Cash and cash equivalents		6,550
Receivables		126,001
Other assets		1,902
Total current assets		134,453
Non-current assets		
Other financial assets		2,400
Investment properties		240,088
Total non-current assets		242,488
Total assets		376,941
LIABILITIES		
Current liabilities		
Payables		13,711
Total current liabilities		13,711
Non-current liabilities		
Interest bearing liabilities		116,666
Derivative financial instruments		1,003
Total non-current liabilities		117,669
Total liabilities		131,380
Net assets		**245,561**
Equity		
Contributed equity	4	256,145
Reserves	4	(1,003)
Accumulated losses	4	(9,581)
Total equity	4	**245,561**

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

Consolidated Cash Flow Statement
For the period 23 March 2005 to 31 December 2005

	Notes	Consolidated 23 March 2005 to 31 December 2005 $'000
Cash flows from operating activities		
Receipts from customers		11,042
Payments to suppliers		(4,578)
Interest received		2,421
Interest paid		(847)
Net cash inflow from operating activities		**8,038**
Cash flows from investing activities		
Payments for acquisition of investment properties		(249,753)
Payments for unlisted trust units		(2,400)
Net cash (outflow) from investing activities		**(252,153)**
Cash flows from financing activities		
Net proceeds from issue of shares and other equity securities		190,346
Proceeds from borrowings		116,841
Borrowing costs		(199)
Loan to related parties		(56,323)
Net cash inflow from financing activities		**250,665**
Net increase in cash and cash equivalents held		6,550
Cash and cash equivalents at the beginning of the financial period		-
Cash and cash equivalents at the end of the financial period		**6,550**

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

Consolidated Statement of Changes in Equity
For the period 23 March 2005 to 31 December 2005

	Notes	Consolidated 23 March 2005 to 31 December 2005 $'000
Total equity at the beginning of the period		-
Cash flow hedges		(1,003)
Net loss recognised directly in equity		(1,003)
Profit for the period		502
Total recognised income and expenses for the period		**(501)**
Transactions with security holders in their capacity as security holders:		
Contributions of equity, net of transaction costs		256,145
Distribution provided for or paid		(10,083)
		246,062
Total equity at the end of the period	4	**245,561**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report for the reporting period ended 31 December 2005 has been prepared in accordance with Accounting Standard AASB 134, Interim Financial Reporting and the Corporations Act 2001. The Charter Hall Property Trust financial report represents the consolidated financial report of Charter Hall Property Trust and its subsidiaries and controlled entities.

The interim financial report does not include all notes normally included in an annual financial report. Accordingly, this report should be read in conjunction with any public announcements made by Charter Hall Property Trust during the period 10 June 2005 to 31 December 2005 in accordance with the continuous disclosure requirements of the Listing Rules of the Australian Stock Exchange.

(a) BASIS OF PREPARATION OF INTERIM FINANCIAL REPORT

The principal accounting policies adopted in the preparation of the financial report are set out below.

The Australian Equivalents to International Financial Reporting Standards (AIFRS) have been applied from the commencement of the Trust. The financial report does not include notes on the transition to AIFRS as the Trust was formed on 23 March 2005 and hence has prepared the financial report in accordance with AIFRS from that date.

The financial statements have been prepared on the basis of historical costs as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

(b) PRINCIPLES OF CONSOLIDATION

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries and controlled entities of Charter Hall Property Trust as at 31 December 2005 and the results of all subsidiaries and controlled entities for the period then ended. Charter Hall Property Trust and its subsidiaries and controlled entities together are referred to in this financial report as the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Trust 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 Trust controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Trust. They are de-consolidated from the date that control ceases. On 23 December 2005 the Trust acquired 100% of the issued units in Charter Hall Core Plus Office Fund. The acquired business contributed revenues of $142,167 and net loss of $49,042 to the Trust for the period 23 December 2005 to 31 December 2005.

(ii) Associated entities, partnerships and joint venture entities

Investments in associated entities, partnerships and joint venture entities are accounted for in the consolidated financial statements using the equity method except as noted below. Under this method, the Trust's share of the profits or losses of associates, partnerships and joint venture entities is recognised in the consolidated income statement, and its share of movements in reserves is recognised in consolidated reserves. Associates are those entities over which the Trust exercises significant influence, or joint control, but not control.

Investments in associates by the Trust have been measured at net market value. Changes in net market value are recognised as revenue or expenses in the income statement in the financial period in which the change has occurred.

Unrealised gains/losses resulting from transactions with associates and joint ventures are eliminated to the extent of the Trust's interest.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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) REVENUE RECOGNITION

(i) Rental Income

Rental income from operating leases is recognised in income 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) Interest Income

Interest income is brought to account on an accruals basis using the effective interest method and, if not received at balance date is reflected in the balance sheet as a receivable.

(iii) Investment Income

Investment income is brought to account on an accruals basis and, if not received at balance date is reflected in the balance sheet as a receivable.

(iv) Income Guarantee

Income guarantee provided by vendors is recognised in the income statement in the period for which it is granted.

(e) CASH AND CASH EQUIVALENTS

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.

(f) INVESTMENT PROPERTIES

(i) Investment properties

Investment properties comprise investment interests in land and buildings held for long term rental yields and not occupied by the Trust. All investment properties were valued externally for the PDS. The Trust aims to have properties valued in line with market practice.

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 other income.

(ii) Investment properties under development

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

(g) TRADE RECEIVABLES

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 Trust will not be able to collect all amounts due. 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 effective interest rate.

(h) ACQUISITIONS OF ASSETS

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their market price as at the acquisition date. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(i) TRADE AND OTHER CREDITORS

Trade and other creditors represent liabilities for goods and services provided prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(j) PROVISIONS

Provisions are recognised when the Trust has a present legal or constructive obligation as a result of past events; and it is more likely than not 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.

(k) LEASE INCENTIVES

Prospective lessees may be offered incentives as an inducement to enter into non-cancellable operating leases. These incentives may take various forms including, up front cash payments, rent free periods, or a contribution to certain lessee costs such as fit out costs or relocation costs. As these incentives are repaid out of future lease payments, they are recognised as an asset in the consolidated balance sheet as a component of the carrying amount of investment properties and amortised over the lease period.

(l) BORROWINGS AND BORROWING COSTS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between proceeds (net of transaction costs) and redemption is recognised in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Trust has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. Borrowing costs incurred for construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for intended use or sale. Other borrowing costs are expensed.

(m) DERIVATIVES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Trust designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges).

The Trust documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Trust 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 cash flows of hedged items.

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.

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.

(n) TAXATION

Under current income tax legislation, Charter Hall Property Trust is not liable for income tax, provided that the taxable income is fully distributed each year including any taxable capital gain derived from the sale of an asset.

(o) EQUITY

Ordinary units 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. The units in the Trust are 'stapled' to the shares in Charter Hall Limited. A stapled security comprises one Company share and one Trust unit. The stapled securities cannot be traded or dealt with separately.

(p) EARNINGS PER UNIT

(i) Basic earnings per unit

Basic earnings per unit is determined by dividing the net profit after income tax attributable to the unit holders of Charter Hall Property Trust, excluding any costs of servicing equity other than ordinary units, by the weighted average number of units outstanding during the period, adjusted for bonus elements in units, if any, issued during the period.

(ii) Diluted earnings per unit

Diluted earnings per unit adjusts the figures used in the determination of basic earnings per unit by taking into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary units and the weighted average number of units assumed to have been issued for no consideration in relation to the dilutive potential ordinary units.

(q) DISTRIBUTIONS

Provision is made for the amount of any distribution declared on or before the end of the period but not distributed at balance date.

NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 DECEMBER 2005

(r) ROUNDING OF AMOUNTS

The Trust is of a kind referred to in Class Order 98/100 dated 10 July 1998 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, to the nearest dollar.

2. EARNINGS PER UNIT

	Consolidated 31 December 2005	Consolidated 31 December 2005 before fair value adjustments
Basic - earnings per unit	0.19 cents	3.76 cents
Diluted - earnings per unit	0.19 cents	3.76 cents

Earnings reconciliation

	$'000	$'000
Basic earnings per unit:		
Net profit after tax	502	10,166
Diluted earnings per unit:		
Net profit after tax	502	10,166

The weighted average number of units on issue used in the calculation of basic ordinary earnings per unit was 270,045,677 units.

The weighted average number of units on issue used in the calculation of diluted ordinary earnings per unit was 270,045,677 units.

3. DISTRIBUTIONS

Distributions recognised in the current period are:

December 2005	Payment per Unit	Total Amount $'000	Date of Payment	Approximate Tax Deferred %
Units				
Interim distribution	3.73 cents	10,083	28.2.06	25%
Total distribution	3.73 cents	10,083		

4. EQUITY

	Notes	Consolidated 23 March 2005 to 31 December 2005 $'000
Contributed equity		256,145
Reserves	4(a)	(1,003)
Accumulated losses	4(b)	(9,581)
Total equity		245,561

(a) Reserves

Hedging Reserve	(1,003)
Total Reserves – unit holders	(1,003)

(b) Accumulated losses comprises:

Accumulated losses at beginning of financial period	-
Net profit attributable to unit holders	502
Distributions recognised during the period	(10,083)
Accumulated losses at end of financial period	**(9,581)**

5. EQUITY SECURITIES ISSUED

	23 March 2005 to 31 December 2005 Units '000	23 March 2005 to 31 December 2005 $'000
Issues of Units during the period		
Initial public offering	255,857	187,953
Employee share scheme issue	14,422	10,119
	270,279	198,072

6. CONTINGENT LIABILITIES

Details and estimated maximum amounts of contingent liabilities (for which no amounts are recognised in the financial statements) are as follows:

The consolidated entity has given a bank guarantee of $2.25 Million. No liability is expected to arise.

7. SEGMENT REPORTING

The consolidated entity's only business is investing in property. Consequently there are no separately reportable segments.

The consolidated entity operates wholly within Australia.

8. EVENTS OCCURING AFTER THE BALANCE SHEET DATE

There have been no significant events or transactions that have arisen since the end of the financial period which, in the opinion of the Directors, would significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity.

Charter Hall Property Trust

Directors' Declaration

For the period ended 31 December 2005

In the directors' opinion:

(a) the financial statements and notes set out on pages 3 to 16 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 consolidated entity's financial position as at 31 December 2005 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the period ended on that date; and

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

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

Kerry Roxburgh
Chairman
Sydney
13 March 2006

PRICEWATERHOUSECOOPERS

Independent review report to the unit holders of Charter Hall Property Trust

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Charter Hall Property Trust:

- does not give a true and fair view, as required by the Corporations Act 2001 in Australia, of the financial position of the Charter Hall Property Trust Group (defined below) as at 31 December 2005 and of its performance for the period ended on that date, and
- is not presented in accordance with the Corporations Act 2001, Accounting Standard AASB 134: *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, and the Corporations Regulations 2001.

This statement must be read in conjunction with the rest of our review report.

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for the Charter Hall Property Trust Group (the consolidated entity) for the period ended 31 December 2005. The consolidated entity comprises Charter Hall Property Trust and the entities it controlled during the period ended 31 December 2005.

The directors of Charter Hall Funds Management Limited (the responsible entity) are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review in order for the responsible entity to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements. For further explanation of a review, visit our website http://www.pwc.com/au/financialstatementaudit.

We performed procedures in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report does not present fairly, in accordance with the Corporations Act 2001, Accounting Standard AASB 134: *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the consolidated entity's financial position, and its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which included:

- inquiries of the responsible entity's personnel, and
- analytical procedures applied to financial data.

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

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

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

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

PricewaterhouseCoopers

Brian Hunter
Partner

Sydney
13 March 2006