



Discovery Investment Services

Chevron Renaissance Property Trust



Quarterly Performance Report For the quarter ended 31 December 2006

Chevron Renaissance Property Trust
ARSN 112 310 380

Quarterly Performance Report

As at 31 December 2006

Introduction

The performance for the December quarter demonstrates that the Chevron Renaissance Shopping Centre (“the Centre”) continues to perform in line with expectations.

In addition to the 2.075 cents per unit income distribution, a capital return of 10 cents per unit was made to investors based on the improved capital position of the Trust.

On 27 December 2006, following the revaluation of the Centre from \$91.65 million to \$95 million, the unit price increased 7.4% to \$1.3796.

The Centre continues to trade strongly and is well positioned to take advantage of an expected improvement in retail spending in 2007. The Centre is well managed and maintained, and compares favourably to its competitors in the Surfers Paradise market.

If you have any feedback, comments or queries regarding this report, please contact us using the details supplied on the back page.



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Trust performance summary

Chevron Renaissance Property Trust

Unit Price	\$1.3796
Trust Size	\$96.7m
Distribution (quarter) cents per unit ¹	12.0750c
Distribution (rolling 12 months) cents per unit	18.3000c
Distribution Yield (rolling 12 months) ²	18.30%

¹ Includes 10 CPU capital return on 30/10/2006.

² Returns are net of all management fees and Trust expenses. Past performance is no indication of future performance.






SAITeysMcMahon investment outlook

Despite the 25 basis point increase in the official interest rate in November, the outlook for commercial property in Australia remains positive. Quarterly core inflation measures have eased from recent quarters, allowing both annual core and headline inflation to be held between 2 – 3%. Although inflationary risks are still apparent, we believe that the RBA will be content to hold interest rates in 2007.

Commercial property is expected to continue to see record high investor demand, despite macroeconomic issues and governing constraints.

In traditional sectors such as office, further tightening of investment yields is expected as increases in rental income look likely to continue across many markets, particularly where a lack of supply exists. Overall momentum is also expected to continue for high quality, well located retail property, such as the Chevron Renaissance Shopping Centre.

Key influences summary

	Trend	Fund comment
Interest rates 	<ul style="list-style-type: none"> ■ The Reserve Bank of Australia lifted the official cash rate by 0.25% to 6.25% on 8 November and retained a tightening bias for the official interest rate, in response to increasing demand and inflationary pressures. 	<p>The Fund's debt exposure has predominately been fixed to take advantage of low interest rates, and to minimise downside performance risk.</p> <p>The current interest rate environment is expected to support a continuation of solid retail spending at the Centre.</p>
Availability of suitable assets 	<ul style="list-style-type: none"> ■ Greater competition for quality retail assets. ■ Increased focus on quality retail operators by Centre management. ■ Improved demographic influences and demands (e.g. baby boomers and lifestyle locations) to prevail. 	<p>The weight of money in the market, coupled with the lack of suitable quality investment property are expected to underpin the appeal of quality retail property in prime locations.</p> <p>The opportunity to further re-mix the Centre with a clearly defined retail tenancy portfolio, supports increased trading volumes and consumer demand. This is expected to enhance the overall investment proposition.</p>
Forecast market impacts on performance 	<ul style="list-style-type: none"> ■ Generally strong investment climate for commercial property. ■ Correction of decade-long underweight property allocation to continue. 	<p>Strong continuing market conditions are likely to drive asset values up and yields down across the board.</p> <p>Strong continuing retail trading and management capability should benefit the Centre.</p>

Retail property market update*

New supply

New supply was strong this quarter, particularly in Queensland. Of the 25 completions (354,300m²), South East Queensland accounted for more than one third, with the balance taken up by Sydney and Melbourne.

There is approximately 900,000m² of new supply under construction nationally, with major projects including the Rouse Hill Town Centre in Sydney, Waterfront City in Melbourne, and Ipswich Riverlink Shopping Centre in South East Queensland. Plans lodged included an extensive retail expansion at the Ryde Shopping Centre, Sydney.

Consumer sentiment

A fall of 9.7% saw the Consumer Sentiment Index hit 95.00 in November. Although this represented the second lowest level since 2001, reflecting the interest rate rise of 25 basis points, sentiment recovered solidly to 106.2 in December. This recovery was in response to easing petrol prices and the strong labour market.

Retail turnover

Retail turnover was moderately low over the quarter, with the exception of October, which bounced back with growth of 0.8% (seasonally adjusted). The main contributors to the uptick were growth in clothing, soft goods and food retailing. All states except Tasmania recorded increases, with WA the standout over the period.

Rent growth

Growth of retail rents rose steadily across all markets. Once again Perth experienced higher levels of growth than other markets, with a rent increase of 5% in the bulky goods sector.

Investment activity

Sales activity remained strong, with 30 transactions totalling approximately \$1.3 billion. NSW accounted for more than 50% of that figure. Notable deals included the acquisition of a half stake in the Broadway Shopping Centre (\$430 million) and the Rhodes Shopping Centre (\$198 million) in Sydney, by Mirvac and Perron Investments at initial yields of 5.60% and 5.75% respectively.

Yields

Yields remained firm on the back of strong demand for retail assets. Further tightening of yields impacted some markets, with Perth recording the largest compression, of approximately 25 basis points.

* Source: Jones Lang LaSalle Research's Real Estate Intelligence Service. December 2006.

Trust review

As at the quarter ended 31 December 2006

Unit Price	\$1.3796
Portfolio Size ¹	\$96.7m
Distribution (quarter) cents per unit ²	12.0750c
Distribution (rolling 12 months) cents per unit	18.3000c
Distribution Yield (rolling 12 months)	18.30%

¹ Total value of the Fund's investments including proportionate interest held via wholesale investments in intermediate trusts.

² Includes 10 CPU capital return on 30/10/2006.

Performance data

	Distribution yield (%)	Capital growth (%)	Total return ³ (%)	Tax effective ⁴ (%)
1 Year (annualised)	18.30	37.96	56.26	100.00

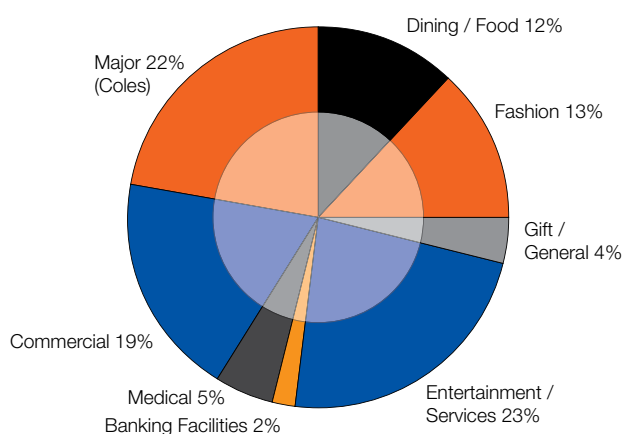
³ Returns are net of all management fees and Trust expenses. Past performance is no indication of future performance.

⁴ Tax effective figures are based on the year ended 30 June 2006.

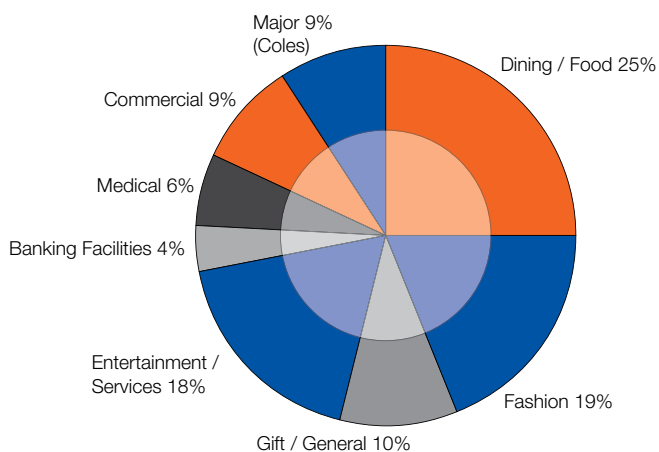
Tenancy mix

	Size	By net lettable area (%)	By gross income (%)
Coles	2,867m ²	21.90	9.00
Lion Parking	300 car bays	N/A	4.30
Retail - Specialised	7,344m ²	56.20	75.80
Offices	2,852m ²	21.80	10.50
Retail - other (e.g. ATM's)	4m ²	0.10	0.40
Total	13,067m²	100	100

Specialty tenancy mix as at 31 December 2006 (by lettable area)



Specialty tenancy mix as at 31 December 2006 (by gross income)



Property and Centre management review

In response to interest rate rises, national retail spending in the period up to October 2006 moderated. In Queensland, however, there was some growth over the December quarter, reflecting positively on the trading results of the Chevron Renaissance Shopping Centre.

Growth in food retailing, hospitals and related services indicate improving national trends and with the price of fuel decreasing by 8.9% in September (and a stable price outlook generally), we are confident that the turnover for Coles and the other speciality tenants of Chevron Renaissance will remain positive.

Tenants in focus

Major leasing arrangements finalised during the quarter included 292.4m² let to Austy Pty Ltd, a Japanese wedding company that has been trading in Surfers Paradise for more than 8 years. The rental is 13.7% higher than the previous lessee's. Another 171.10m² of office space (that will become vacant in January) was leased to the National College of Fitness, an existing Centre lessee, with a rental increase of 23.29%.

The lease for Style Avenue Hair on level one was negotiated for a period of 5 years, with a further 5 year option, and a rental increase of 12.3%. T.O.Y Fashion, the tenant in shop G54, exercised their 5 year option and requested a further 5 year option, with a rental increase of 4.0%. A new agreement was negotiated for Shop G6, which will be leased to Dracula's Entertainment Pty Ltd, with a rental increase of 3.6%.

As at 30 November 2006, the Centre was 98% leased. Overall interest has been excellent, with two new tenants taking up leases in the tenancy previously occupied by Ice Design. Lightweight Traveller, a supplier of travel goods and attire with branches in both Noosa and Tasmania, has taken 80m². Darje, a manufacturing jeweller, has taken 36m².

Warner Brothers will reduce in size to accommodate the opening of R.M. Williams. In addition to an upmarket retail store, R.M. Williams will also house a booking office for their very successful entertainment show "Outback Adventure". This popular performance will further enhance the general traffic flow at the Centre.

For further information,
please contact your PIS financial adviser
or call SAITeysMcMahon on 1800 008 494

www.saiteysmcmahon.com

Chevron Renaissance Property Trust

ARSN 112 310 380

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