

ASX Release

Charter Hall Group announces \$94 million acquisition of three Brisbane CBD retail/office assets 27 July 2018

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Charter Hall Group (ASX:CHC) (Charter Hall or the Group) has announced that it has exchanged contracts to purchase a three building amalgamated holding on Queen Street Mall known as No. 1 Brisbane, located in Brisbane's CBD, for a net price of \$93.96 million. The purchase price represents a core cap rate of 7.45% and a fully let passing yield (including income support) of 7.9%.

No.1 Brisbane comprises three adjoining retail/office buildings extending to a total lettable area of over 10,000sqm. The buildings are located on three separate titles with three separate frontages to Queen Street Mall, George Street and Burnett Lane, comprising 217 George Street, 60 Queen Street and 231 George Street as detailed below:

- 217 George Street - Prime corner frontage to Queen Street Mall and George Street, located one block from the new Queen Street Wharf Casino/Entertainment precinct. The property comprises ground floor retail shops (626sqm NLA), 11 levels of office space (3,423sqm NLA) with natural light to the three street frontages. Key tenants include St George Bank and SLF Lawyers.
- 60 Queen Street - Direct Queen St Mall frontage with a further Burnett Lane frontage. The property comprises prime ground, upper and lower ground retail space (2,326sqm NLA) plus a further level 1 retail/office component (798sqm NLA). Key tenants include Chemist Warehouse and The Reject Shop.
- 231 George - Prime corner frontage to George Street and Burnett Lane. The property comprises ground and lower ground retail (448sqm NLA) and 10 upper levels of office space (2,559sqm NLA). Key tenants include 7-Eleven and the Heritage Building Society.

Charter Hall Group CEO and Managing Director David Harrison commented on the strategic acquisition: "This is a rare opportunity to acquire three prime retail/office buildings, at close to office values per square metre, that have created a fantastic amalgamated future redevelopment opportunity which can be held over the medium term in a CBD undergoing significant infrastructure improvements. This acquisition will be used as a seed asset for a new investment strategy.

"These acquisitions give us and our future capital partners optionality, given an existing 81-storey approved tower scheme, to consider either redevelopment longer term whilst we actively manage and lease up vacancies. Eventually our vision would see a new development like the successful 333 George Street project in Sydney CBD opposite Martin Place completed." Mr Harrison said.

The revitalisation of the George Street spine has seen the riverfront precinct evolve into a premium location, now home to leading corporate and government agency tenants including Santos, Suncorp, Brisbane City Council, Shell, Telstra and the recently committed QSuper.

**About Charter Hall**

Charter Hall Group (ASX:CHC) is one of Australia's leading fully integrated property groups, with over 25 years' experience managing and investing in high quality property on behalf of institutional, wholesale and retail clients. Charter Hall has \$22.5 billion of funds under management across the office, retail and industrial sectors. The Group has offices in Sydney, Melbourne, Brisbane, Adelaide and Perth.

The Group's success is underpinned by a highly skilled and motivated team with diverse expertise across property sectors and risk-return profiles. Sustainability is a key element of its business approach and by ensuring its actions are commercially sound and make a difference to its people, customers and the environment, Charter Hall can make a positive impact for its investors, the community and the Group.

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