



ASX ANNOUNCEMENT

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO US PERSONS

CHARTER HALL ANNOUNCES \$118 MILLION RAISING WITH STRATEGIC INVESTMENT FROM GANDEL GROUP

Wednesday, 27 May 2009

Charter Hall Group (“CHC” or “Charter Hall”) announces a \$73 million listed equity raising. Gandel Group (“Gandel”) will invest up to \$37 million in CHC as part of this raising. In addition, Gandel has agreed to acquire \$30 million of CHC’s existing co-investment in the Core Plus Office Fund (“CPOF”) and will also commit \$15 million to the Special Situations Fund (“SSF”), CHC’s proposed new unlisted fund initiative.

The listed equity raising of \$73 million comprises a placement to Gandel of \$24 million and a fully underwritten 2 for 7 accelerated non-renounceable entitlement offer to raise \$49 million at \$0.33 per security (together the “Offer”).

CHC will raise \$118 million in total, with Gandel contributing up to \$82 million as is outlined in the table below:

Investment	Total	CHC Investors	Gandel
Placement	\$24m	-	\$24m
Underwritten Entitlement Offer	\$49m	\$49m	\$13m (underwrite ¹)
Total equity raising	\$73m	\$49m	\$37m
CPOF unit sale	\$30m	-	\$30m
SSF Commitment	\$15m		\$15m
Total funds	\$118m	\$49m	\$82m

¹ Gandel will not be eligible to participate in the entitlement offer but will underwrite \$12.6 million of the retail component of this entitlement offer. CHC has undertaken to use its reasonable endeavours to ensure that Gandel is able to achieve a holding of 15% of the enlarged capital base following the Offer.



Strategic investment by Gandel

Gandel's investment of up to \$82 million in CHC and its managed funds comprises:

- An investment of \$24 million in new CHC stapled securities via a private placement at a price of \$0.33 per security
- A \$12.6 million commitment to underwrite approximately 65% of the retail component of the entitlement offer
- An agreement to acquire \$30 million of CHC's existing co-investment in the unlisted CPOF
- A \$15 million equity commitment to SSF.

Gandel's holding in CHC following completion of the Offer will be a maximum of 15%, depending on retail securityholder participation in the entitlement offer. As part of these arrangements, Gandel will be invited to appoint a nominee to the board of CHC following completion of its investment in CHC stapled securities.

Gandel is an investment group, with a predominant focus on property. Gandel's key investments include a 17% ownership of the listed Colonial Retail Trust (ASX code: CFX) and a 50% ownership of Chadstone and Northlands shopping centres in Victoria, with combined values of approximately \$2.5 billion. Gandel has been active in the property market for many decades and listed the Gandel Retail Trust in 1994 (now CFX).

Purpose of the equity raising

The Offer and sale of CPOF units form part of Charter Hall's ongoing commitment to prudent capital management. CHC also recently announced extension and renewal of debt facilities in the Core Plus funds and continues implementing a strategic asset sales program. These initiatives will help reduce gearing to a target 40% in the Core Plus funds.

The net proceeds of the Offer and sale of CPOF units will provide CHC with financial flexibility. Charter Hall will repay existing balance sheet debt and CHC intends to minimise debt secured against co-investments going forward. The equity raising will:

- Reduce CHC balance sheet pro forma gearing to nil;
- Provide positive cash reserves; and
- Reduce look-through pro forma gearing to 34.1%.



Commenting on the transaction Kerry Roxburgh, Chairman of CHC said: “We are delighted to welcome the Gandel Group as a substantial strategic investor in Charter Hall and its managed funds. We believe Gandel’s investment in CHC and its funds is a strong endorsement of the Charter Hall business model and management team”.

Mr John Gandel, founder and Chairman of the Gandel Group said “The team at Charter Hall has a strong track record and is highly regarded in the market. We look forward to a long term strategic relationship with CHC”.

Joint Managing Directors of Charter Hall, David Harrison and David Southon further added “the combination of various capital management initiatives, continued strong banking relationships and our property team’s focus on tenant customers and property fundamentals, provides an excellent platform to navigate a challenging market, which will present opportunities for Charter Hall. We look forward to working with the Gandel Group and other wholesale and retail investors to grow Charter Hall and strengthen our market penetration”.

Under the Entitlement Offer, eligible securityholders are invited to participate on a pro-rata basis by subscribing for 2 new Charter Hall securities, at a price of \$0.33 per security, for every 7 securities owned at 7.00pm on 1 June 2009. All new securities will rank equally with existing securities from allotment and will be entitled to the 2H FY09 distribution. CHC reconfirms distribution guidance of 1.0 cents per security for this period.

The offer price of \$0.33 per new security represents:

- 12.0% discount to the close price of \$0.38 on 26 May 2009
- 15.1% discount to the 5 day VWAP of \$0.39
- 9.6% discount to TERP of \$0.37 based on 26 May 2009 close price.

Indicative Timetable²

Institutional offer (and private placement)

Institutional offer opens	10.30am (AEST), 27 May 2009
Institutional offer closes	6.00pm (AEST), 27 May 2009
Record date under the entitlement offer	7.00pm (AEST), 1 June 2009
Settlement of institutional offer (and placement to Gandel)	11 June 2009
Allotment of new securities under the institutional offer (and placement to Gandel) and trading commences of these new securities	12 June 2009

Retail offer

Record date under the entitlement offer	7.00pm (AEST), 1 June 2009
Retail offer opens	3 June 2009
Initial close for the retail offer (BPAY® only)	5.00pm, 10 June 2009
Settlement of early application received by initial close	11 June 2009
Initial allotment of new securities under the retail offer and trading commences of these new securities	12 June 2009
Retail offer closes	5.00pm, 18 June 2009
Settlement of retail offer (final close)	26 June 2009
Final allotment	29 June 2009
Trading commences of new securities allotted under the final allotment	30 June 2009

Eligible retail securityholders will be sent details of the retail entitlement offer shortly. Retail securityholders with questions about the entitlement offer should contact the Link Market Services Information Line on 1300 664 498 between 7.00am and 8.30pm (Monday to Friday).

² Note: This timetable is subject to variation. CHC (in conjunction with the underwriters) reserves the right to amend any or all of these dates and times, subject to the Corporations Act 2001, the ASX Listing Rules and other applicable laws.



ENDS

For further enquiries or to arrange a media interview, please contact:

David Harrison

Joint Managing Director

0412 259 751

davidh@charterhall.com.au

David Southon

Joint Managing Director

0418 479 155

davids@charterhall.com.au

Jo Stiles

Marketing & Communications Manager

0414 499 199

jos@charterhall.com.au

About the Charter Hall Group:

Charter Hall Group is a property funds management and development company, based in Sydney with offices in Melbourne, Brisbane, Perth and Auckland. Established in 1991 and listed on the ASX in 2005 as a stapled security under the code CHC, Charter Hall Group combines Charter Hall Limited with Charter Hall Property Trust. The Charter Hall Group has achieved a solid track record across its activities demonstrating a 13 year history of managing wholesale capital, making it one of Australia's leading property fund managers. Charter Hall's success has been underpinned by a highly skilled and motivated management team with diverse expertise across property sectors and risk-return profiles.

Important Information:

This announcement does not constitute an offer, invitation or recommendation to subscribe for or purchase any security and neither this announcement nor anything contained in it shall form the basis of any contract or commitment. In particular, this announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or to any "U.S. person" (as defined in Regulation S under the Securities Act of 1933, as amended (the "U.S. Securities Act")) ("U.S. Person"). This document may not be distributed or released in the United States or to any U.S. Person. The securities in the capital raising have not been and will not be registered under the U.S. Securities Act, or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the securities in the capital raising may not be offered, or sold, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. Persons, except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any applicable securities laws of any state or other jurisdiction of the United States.