

## ASX/MEDIA ANNOUNCEMENT

### FINALISATION OF CONSORTIUM ARRANGEMENTS FOR CQO

Tuesday, 3 January 2012

Charter Hall Group (ASX:CHC) ('Charter Hall') is pleased to announce that it has agreed final documentation on a series of consortium arrangements in relation to the Charter Hall Office Trust ('CHOT'). These include the Management Agreement and Unitholders' Agreement that will govern Charter Hall's obligations and ongoing relationship with the other CHOT consortium members, being an entity owned by Public Sector Pension Investment Board and an affiliate of the Government of Singapore Investment Corporation (together with Charter Hall the 'Consortium'). In addition, Charter Hall and the other members of the Consortium have entered into the Scheme Implementation Agreement ('SIA') with Charter Hall Office REIT (ASX:CQO) ('CQO') under which the Consortium will acquire all of the issued units of CQO (except those held by the members of the Consortium or their associates).

Charter Hall notes the announcement by CQO that members of the Independent Director Committee of Charter Hall Office Management Limited have unanimously recommended the Proposal and intend to vote their CQO units in favour of the Scheme, in each case subject to a superior proposal not being made and to the Independent Expert finding the Proposal to be in the best interests of Eligible Unitholders.

The proposed trust scheme under which the Consortium will acquire all the units in CQO (except those held by the members of the Consortium or their associates) is expected to be implemented by the end of March, however, it is conditional on a number of matters set out in the SIA, including the completion of the US asset sale process.

As outlined in the ASX Announcement dated 5 December 2011, Charter Hall will continue to manage CQO on an unlisted basis with a similar fee structure and quantum had CQO remained a listed A-REIT. Charter Hall will have an initial investment of 15% of total consortium equity (approximately \$141 million), allowing Charter Hall to reduce its current co-investment and retain approximately A\$39 million, following receipt of CQO's special distribution(s) from the sale of its US portfolio<sup>1</sup>. This additional balance sheet capital will be available for debt reduction and / or re-investment by Charter Hall.

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<sup>1</sup> Assumes an exchange rate of AUD:USD of \$1.00 and Charter Hall receiving \$57.5m from the proceeds of the CQO US portfolio sale.



In the event this transaction is completed, Charter Hall will be reviewing the carrying value of the management rights of CQO to reflect CQO moving from a listed REIT to a wholesale unlisted trust.

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**About the Charter Hall Group:**

Charter Hall Group (ASX:CHC) is one of Australia's leading fully integrated property groups, with 20 years' experience managing high quality property on behalf of institutional, wholesale and retail clients. Charter Hall has over \$10 billion of funds under management across the office, retail, industrial and residential sectors. The Group has offices in Sydney, Melbourne, Brisbane, Adelaide, Perth, Warsaw and Chicago. 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.