

ASX Release

Charter Hall's CPOF acquires 50% interest in Adelaide CBD prime office building

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Charter Hall today announced its \$1.9 billion wholesale Core Plus Office Fund (CPOF) has purchased a 50% interest in the Franklin Street Property Trust (FSPT) from Aspen for approximately \$30 million.

FSPT owns the 2013 completed ATO Building in Adelaide and, as part of the transaction, FSPT has entered into a conditional agreement to acquire the adjoining Adelaide GPO and surrounding development land, known as City Central for \$12 million from an Aspen subsidiary. The initial \$29.5 million equity investment reflects a gross asset value of \$99.5 million based on the Trust's current book value of \$199 million.

Located in the centre of Adelaide's CBD, the 37,313 square metre A-grade building is fully leased with the majority let for an initial 15 year lease term to the Commonwealth Government for use by the Australian Tax Office and the remaining 15% occupied by Australia Post on a 10 year initial term. The building was completed in late 2012 and boasts an As Built 5 star Green Star rating.

Charter Hall Group will take on the asset and property management for the ATO Building whilst also taking a development management role over the GPO and surrounding development sites. The joint owner of FSPT will continue to be Telstra Super.

David Harrison, Charter Hall's Joint Managing Director, said: "This acquisition is in line with CPOF's investment mandate to own well located, long term leased, institutional quality assets with value add opportunities. The City Central site is also one of Adelaide's key strategic mixed use development sites. The total gross assets of FSPT will be \$211 million inclusive of the GPO and adjoining development sites, providing an approximate 2% increase in the Group's funds under management.

"We are pleased to expand our relationship with Telstra Super through this acquisition. CPOF and Telstra Super jointly acquired the 61,000 square metre Brisbane Square office building in 2010 for \$300 million which has been the best performing asset for CPOF over that three and a half year period," Mr Harrison added.

CPOF Fund Manager, Chris Forbes, said: "The ATO building extends CPOF's weighted average lease expiry from 5.1 to 5.6 years, provides earnings accretion and further enhances the fund's prime asset weighting to 94.2%".

The acquisition will be funded using existing debt capacity. The City Central site acquisition is subject to a 12 month delayed settlement. The ATO Building transaction is also conditional upon approval of the financier of the existing debt associated with the property and other consents. It is currently expected that this condition would be satisfied in coming weeks, leading to settlement by no later than 30 April 2014.

**About Charter Hall**

Charter Hall Group (ASX:CHC) is one of Australia's leading fully integrated property groups, with over 22 years' experience managing high quality property on behalf of institutional, wholesale and retail clients. Charter Hall has over \$10.8 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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