

ASX Release

Charter Hall Funds Acquire \$140 million of Assets and the Group Underwrites a New Retail Syndicate

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Charter Hall Group (ASX:CHC) (Charter Hall or the Charter Hall Group) today announced a multi-asset transaction with Australia's largest automotive retailer, the ASX listed Automotive Holdings Group (ASX:AHG).

Extending the Group's focus on partnering with high quality tenants that enjoy strong market share within their sector, Charter Hall has acquired three high profile retail properties to seed a new \$100 million retail syndicate. The syndicate has been underwritten by the Group and a Product Disclosure Statement will be registered for the retail equity raising.

The new syndicate, called Charter Hall Direct Automotive Trust (DAT) will, upon settlement on 30 September 2015, own three retail assets summarised below:

| Property | Price | Gross Lettable Area | Lease Term |
|------------------|----------------|---------------------|------------|
| Castle Hill, NSW | \$65.5 million | 12,419sqm | 12 Years |
| Kirrawee, NSW | \$24.8 million | 3,772sqm | 15 Years |
| Brisbane, Qld | \$12.0 million | 2,715sqm | 15 Years |

The Kirrawee and Brisbane properties were acquired from AHG, and the Castle Hill property was acquired from an API managed syndicate established in 2012.

In a further extension of the relationship with AHG, the Charter Hall managed wholesale industrial fund has acquired an industrial site from AHG at Prestons in Sydney for \$13,755,000, subject to a 15 year pre-lease. The land is to be developed into the AHG East Coast head office and distribution facility and, upon completion in mid-2016, has a forecast development cost of approximately \$43 million.

All AHG sale and leaseback properties have annual rent reviews of CPI +0.5% and lease terms reflective of modern single tenant assets.

"Once finalised, the DAT syndicate will increase the Charter Hall Direct business FUM to \$1.9 billion benefitting from a weighted average lease expiry (WALE) of 9.5 years across its suite of long-leased portfolios," said Richard Stacker, Head of Charter Hall's Direct Property business.



Charter Hall's Head of Wholesale Funds, Adrian Taylor said, "Upon completion of the Prestons development and recent acquisitions, CPIF will increase its portfolio to \$1.25 billion with a WALE of 8 years, whilst the Group's managed industrial platform now exceeds \$3 billion."

AHG Managing Director Bronte Howson said, "The transaction is part of our normal capital management strategy to maintain capacity in our balance sheet to fund growth opportunities. It creates a partnership between AHG and Charter Hall, an institutional property manager which provides the scale and access to equity, and which allows us to look at future opportunities across our automotive dealership and logistics businesses."

Charter Hall's Joint Managing Director, David Harrison said, "We are excited about forging a relationship with another high quality ASX listed group and hope that the AHG relationship will develop our mutual interests across the retail and industrial sectors. Charter Hall continues to drive momentum in its investment themes, including long WALE industrial and retail assets leased to quality tenant customers providing resilience and certain rental growth".

About Charter Hall

Charter Hall Group (ASX:CHC) is one of Australia's leading fully integrated property groups, with over 24 years' experience managing high quality property on behalf of institutional, wholesale and retail clients. Charter Hall has over \$12.7 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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