

ASX Release

Charter Hall grows funds under management by \$600 million

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Charter Hall Group (ASX: CHC) (Charter Hall or the Group) announces two transactions, increasing funds under management by \$600 million.

Charter Hall's Core Plus Office Fund (CPOF) has created a new wholesale trust with an investment vehicle sponsored by Morgan Stanley Real Estate Investing (MSREI), together acquiring 100% of One Shelley Street, Sydney for \$525 million.

The Group has also underwritten the purchase of an \$82 million portfolio of assets which form the basis of the Charter Hall Direct Automotive Trust 2 (DAT2), the second DAT retail syndication trust by Charter Hall's Direct Property business.

One Shelley Street, Sydney is a prominently positioned prime-grade office building located directly adjacent to the south side of Barangaroo, and benefits from the improved accessibility to the Wynyard bus/rail interchange, and the revitalised retail and restaurant precinct in the area. The office component is 100% leased to ASX-listed Macquarie Group, with the parking facilities leased to Secure Parking.

The site is secured with a weighted average lease expiry (WALE) of 7.5 years, and provides an attractive investment proposition for both CPOF and the investment vehicle sponsored by MSREI, who will jointly own and control the new trust. The new trust will be managed by Charter Hall, and has increased Charter Hall's total funds under management to \$17 billion¹, including over \$8 billion in the office sector.

Charter Hall's CPOF Fund Manager, Craig Newman said: "The acquisition of 1 Shelley Street secures for CPOF a strategic property in Sydney's fastest growing office precinct, improving the WALE and average building age of the CPOF portfolio, whilst also improving the average rental growth profile for the Fund, with One Shelley Street featuring annual 4% increases."

Charter Hall's Head of Office, Adrian Taylor said: "Following recent acquisitions, the \$2.7 billion CPOF continues its evolution into one of Australia's highest rated wholesale office funds, having delivered a 20.0% return in 2015, leading the returns of wholesale office funds according to the IPD/MSCI index."

Charter Hall's Group Managing Director and CEO David Harrison further noted that momentum across all sectors continues, with equity flows directed to high quality defensive real estate.

"Core office remains attractive to both local and international investors due to the current spread between Australian property income yields and bond yields. This investment environment will continue to drive strong investment in quality Australian commercial property assets."

Additionally, the Group has launched DAT2 which comprises a portfolio of four well located, established and new automotive dealerships, 100% leased by Automotive Holdings Group (ASX:AHG) on long term leases.

DAT2 seeks to raise \$48 million of equity and will offer an attractive and stable earnings stream with an initial distribution of 7.25% for years one and two, and the prospect of capital growth over the initial six year period.

¹ The \$17 billion FUM is post the acquisition of 1 Shelley Street and the portfolio of DAT2 assets



About Charter Hall

Charter Hall Group (ASX:CHC) is one of Australia's leading fully integrated property groups, with over 25 years' experience managing high quality property on behalf of institutional, wholesale and retail clients. Charter Hall has over \$17 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.

About Morgan Stanley Real Estate Investing

Morgan Stanley Real Estate Investing is a leading global real estate investment platform which has been one of the most active property investors in the world for more than two decades. MSREI employs a patient, disciplined investment approach to manage global opportunistic to core investment strategies on behalf of its clients. With offices throughout the U.S., Europe and Asia, regional teams of dedicated real estate professionals combine a unique global perspective with local presence and significant transaction execution expertise.

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