

ASX Release

Charter Hall acquires \$197m Campbelltown Mall for new partnership

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Charter Hall Group (ASX:CHC) (the Group) has created a new wholesale property partnership for retail shopping centre assets, by co-investing with one of Australia's largest super funds MTAA Super, who were advised by JGS Property, to acquire Campbelltown Mall in an off market transaction for a total purchase price of \$197 million, reflecting a market capitalisation rate of 6.00%.

Charter Hall will manage the partnership, to be known as the Charter Hall Prime Retail Fund (CPRF), and the Group has committed to co-invest \$46 million towards the acquisition of the property, representing an initial 38% investment with initial gearing at 45%.

Charter Hall's Head of Retail, Greg Chubb said: "We are proud to welcome MTAA Super as our fifth institutional capital partner to our \$2.3 billion retail wholesale funds management business. Our ability to acquire high quality properties off market and our position as a leading property investment and funds management business continues to see us attract new capital partners.

"The property is the seed asset for CPRF, which will focus on acquiring and actively managing larger convenience based retail centres with strong growth potential via leveraging Charter Hall's extensive retail management platform," Mr Chubb added.

Campbelltown Mall is located in the core of one of Sydney's largest south western suburban business districts and comprises an established, strongly performing convenience based shopping centre. The property is anchored by Coles, Woolworths, Kmart, Target and Aldi together with 10 mini majors and 84 specialty tenancies, with a 98% occupancy and 4.7 year weighted average lease expiry.

The sub-regional shopping centre has a total gross lettable area of more than 42,200sqm and occupies a prominent 7.2 hectare site, providing very good vehicle accessibility with convenient car parking for 1,788 vehicles.

Charter Hall Wholesale Fund Manager, Ben Ellis explained that the property satisfies the wholesale retail investment strategy of acquiring larger convenience based retail assets located in metropolitan areas with favourable demographics with potential to enhance income via tenancy remixing and/or expansion.

"As the outer metropolitan areas of our major cities become more urbanised, traditional sub-regional non-discretionary shopping centres are providing a renewed and strong growth investment opportunity, as density and population increases. Campbelltown Mall is uniquely positioned to benefit from its location in the Macarthur region which is forecast to increase retail expenditure, in the main trade area, at an average annual rate of 3.8% per annum to 2026."

The acquisition is due to complete in October 2016 and will increase the value of Charter Hall's retail asset property portfolio to over \$5 billion and more than 1.2 million sqm of GLA.

"The Group has invested \$46 million as a long term co-investment in CPRF which represents 38% of total equity, however this investment is expected to fall toward the targeted 10% level as new equity is



invested in CPRF, which we expect to grow as capital is attracted to the opportunities secured,” according to David Harrison Group CEO and Managing Director.

The transaction is accretive to Group operating earnings as it utilises cash surpluses.

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 \$17.5 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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