



CHARTER HALL

ASX Announcement – CHCCA

Thursday, 22nd December 2005

Charter Hall launches Core Plus Fund with initial \$139 million Pymont acquisition

Charter Hall Group has launched an unlisted wholesale property fund known as “Core Plus”. The Core Plus fund has acquired “The Atrium” office and retail development currently under construction at Pymont which has been 96% pre leased to American Express International Inc. and Coles Supermarkets Australia Pty Ltd.

The total cost of the project upon completion in October 2006 is expected to be \$139 million. The vendor is an unlisted development fund jointly managed by Charter Hall Group and AMP Capital Investors.

The attached Investor presentation provides details of this property acquisition and product features of the unlisted Charter Hall Core Plus Fund.

“Charter Hall’s listed Property Trust (CHPT) is facilitating this acquisition on behalf of the new Core Plus Fund, which will ultimately be 20% owned by CHPT”, said Charter Hall joint CEO, David Harrison. “The acquisition is expected to be marginally earnings accretive for the listed property trust in the current financial year and the Core Plus fund will crystallise fund management fee income in FY07 and subsequent years after external equity has been raised”.

“The launch of Core Plus further demonstrates Charter Hall’s commitment to the wholesale sector. Charter Hall Property Trust’s co-investment is an opportunity to participate in the attractive distribution growth anticipated from Core Plus”, said Mr. Harrison.

As noted in the recent Atrium lease announcement, Charter Hall will earn a substantial proportion of the total performance fee from the Atrium project in FY06.

Charter Hall confirms that the forecast performance fees for FY06 anticipated in the PDS have now been earned. Charter Hall may become entitled to further performance fees at the time properties are sold by any of the opportunity funds it manages.

Charter Hall remains on track to achieve its FY06 earnings forecast in the PDS released earlier this year.

ENDS



CHARTER HALL

ASX RELEASE

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About the Charter Hall Group:

Charter Hall Group is a leading Australian diversified property group, listed on the Australian Stock Exchange in June 2005 as a stapled security (CHCCA). The Charter Hall Group comprises Charter Hall Limited and Charter Hall Property Trust, operating across the core business activities of property funds management, property development, property investment banking, property management and property investment.

Since its inception the Group has developed, or is in the process of developing, property with an estimated completion value of more than \$1 billion, diversified across the various commercial and residential sectors, on behalf of private and institutional investors, principally through its Opportunity Funds.

Realised projects to date have delivered a weighted average equity IRR in excess of 20%. The Group also manages approximately \$420 million of investment property within eight core investment funds, including the Charter Hall Property Trust's \$256 million portfolio comprising interests in six investment grade properties diversified across the bulky goods retail, retail, office and industrial sectors in New South Wales and Victoria.

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CHARTER HALL CORE PLUS FUND

LAUNCH OF FUND AND INITIAL PROPERTY ACQUISITION



CHARTER HALL

DECEMBER 2005

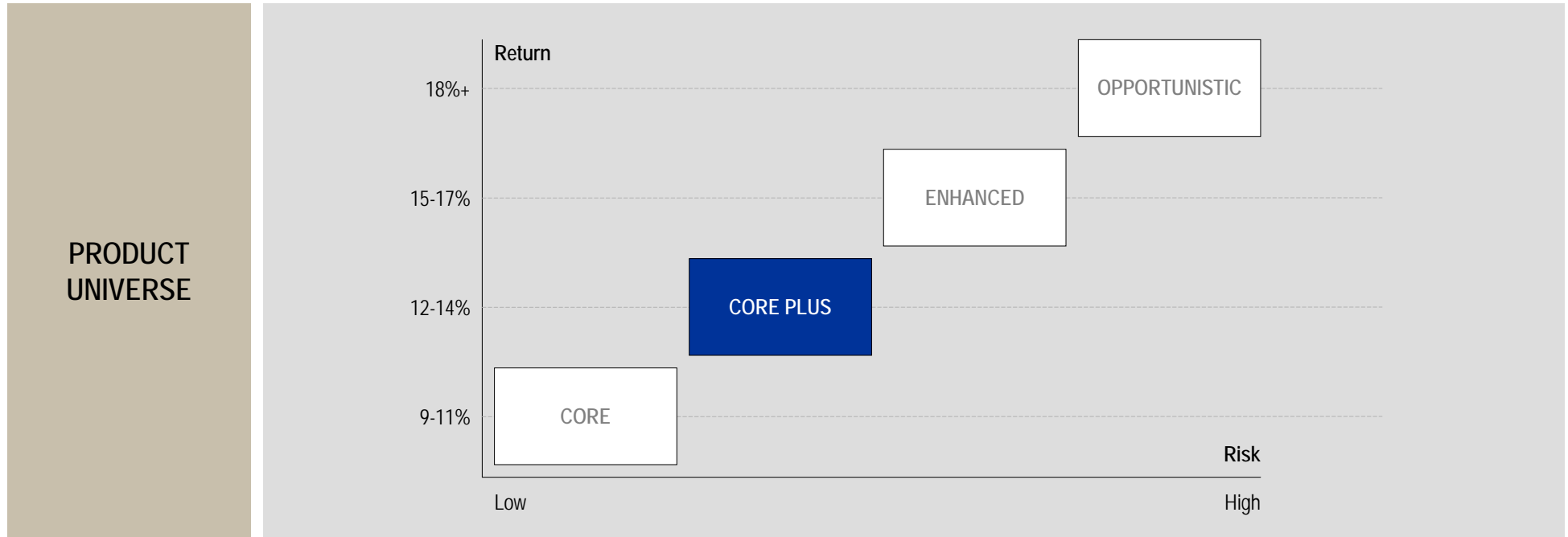
INTRODUCTION



- ✓ Charter Hall is launching a new core investment fund called Charter Hall Core Plus Fund, targeting wholesale investors
- ✓ Consistent with Charter Hall's strategy of expanding funds management platform and increasing annuity style funds management income
- ✓ Fund will have a predominantly core investment strategy with up to 30% of the portfolio invested in assets with the potential to provide enhanced returns
- ✓ Initial asset is Atrium - \$137m*, purchased from an unlisted opportunity fund managed by Charter Hall and AMP, leased to AMEX and Coles Supermarkets
- ✓ Charter Hall Property Trust will provide bridging facility to Core Plus and co-invest seed equity
- ✓ Debt secured for the Atrium property hedged for 7 years

* Excludes \$2.2 million refurbished and re-constructed retail/commercial terrace building which will be subdivided and sold

CORE PLUS POSITIONING



	CORE	CORE PLUS	ENHANCED	OPPORTUNISTIC
INVESTMENT CRITERIA	Passive investments	70% passive property assets 30% enhanced return investments for long term ownership	Trading and repositioning opportunities	Development opportunities
INVESTORS	Institutional HNWIs Retail	Institutional		Institutional
CHARTER HALL PRODUCTS	Charter Hall Property Trust Charter Hall Diversified Property Fund Charter Hall Investment Funds 1-6	Charter Hall Core Plus Fund		Charter Hall Opportunity Fund 4 PDPs 1,2,3 (JV with AMP)

CORE PLUS PRODUCT FEATURES



FEATURE	DESCRIPTION
STRUCTURE	<ul style="list-style-type: none"> ➤ Open ended property fund with 7 year review ➤ Predominantly office assets ➤ First close Q2 2006, Second Close (if required) Q3 2006 ➤ Existing investors have priority over new equity issuance
SIZE	<ul style="list-style-type: none"> ➤ Target initial raising >\$250 million (partly paid structure) ➤ Target portfolio size >\$550 million ➤ Fund gearing : 50-55%, max 65% on individual assets – all debt non recourse. ➤ Debt level appropriate to each asset's risk profile
INVESTMENT CRITERIA	<ul style="list-style-type: none"> ➤ Target 70% passive property assets and 30% enhanced investments ➤ Target locations: Major capital city markets, both CBD and Metropolitan ➤ Predominantly office assets ➤ Individual assets not to exceed 25% of the Fund when fully invested
MANAGER ALIGNMENTS	<ul style="list-style-type: none"> ➤ Charter Hall co-investing minimum \$50m into Core Plus, targeting long term holding of 20% ➤ Charter Hall may co-invest with Core Plus on larger assets ➤ Reward based performance fees plus Base Fund Management fee

INITIAL PROPERTY ACQUISITION – INVESTOR BENEFITS



- ✓ Excellent seed asset with weighted average lease expiry exceeding 14 years
- ✓ 7 year hedged debt costs, providing strong distribution growth for Core Plus investors
- ✓ Highlights Core Plus focus on quality office assets with long lease duration and guaranteed rental growth
- ✓ Consistent with fund mandate and is projected to deliver target IRR of 11-13%
- ✓ Stable, secure and growing distribution yields to investors
- ✓ Provides platform for subsequent investment in enhanced return assets (leasing, expansion or repositioning)



INITIAL PROPERTY ACQUISITION – OVERVIEW

- ✓ Well located on Sydney CBD's Darling Harbour precinct at Pyrmont
- ✓ New A-Grade office building
 - Approx 20,000sqm of office and retail lettable area
 - 188 car parking spaces
 - 2,000sqm floor plates with excellent retail services and staff amenities
 - Includes \$2.2 million refurbished and re-constructed retail/commercial terrace building which will be subdivided and sold, with settlement likely to coincide with practical completion
- ✓ Natural light to all sides, with excellent views and signage
- ✓ The whole of the office tower has been pre-leased to **AMEX on a 12-year lease** agreement and the majority of the retail has been pre-leased to a **Coles Supermarkets on a 20-year lease**
- ✓ Currently under construction and due to be completed in October 2006
- ✓ Charter Hall and AMP Capital Investors managed fund as developer/vendor provides 7.75% coupon on land and progress payments
- ✓ The AMEX lease provides for 4% pa fixed annual increases throughout initial 12 year term
- ✓ Coles lease provides for fixed annual increases and potential for turnover rent

IMPACT ON CHARTER HALL



- ✓ Consistent with strategy of expanding funds management platform and increasing annuity style funds management income
- ✓ Diversification across the product offering risk/return spectrum
- ✓ Improved exposure to passive assets through co-investment in Core Plus fund with potential for attractive 'Core Plus'-style returns
- ✓ Demonstrates Charter Hall's deep market penetration and skills in sourcing predominantly off-market transactions

APPENDIX



CHARTER HALL

DECEMBER 2005

PROPERTY DETAILS



- ✓ Atrium is located at Pyrmont, approximately 1 kilometre from the Sydney Central Business District and accessible via modern road infrastructure, Pyrmont footbridge, and both monorail and light rail networks.
- ✓ Pyrmont major office tenants include IAG, Collex, Channel 10, Nokia, Sprint, Channel 7, Village Roadshow and now AMEX and a Coles supermarket
- ✓ Surrounding developments comprise the Star City Casino, Wharf 10, adjoining Mirvac owned IAG office building, Darling Island, Nokia Building, Harbourside retail centre, Maritime Museum and Darling Harbour Convention Centre.
- ✓ Pyrmont has undergone a transformation over the past decade with the re-development of medium and high density residential developments, major hotels and tourist facilities. In addition, the area has become increasingly popular for commercial use with over 200,000m² of A grade office space within the precinct
- ✓ Pyrmont is now considered to have comparable A-Grade office supply to many other CBD fringe office markets in Australia such as Southbank in Melbourne and Brisbane

PROPERTY DETAILS



CHARTER HALL CORE PLUS FUND . INITIAL PROPERTY ACQUISITION

General

Location	60 Union Street, Pyrmont
CHCPF Ownership	100%
Acquisition Price (\$'000)	139,200 ¹
Acquisition Price (excl. \$2.2m terrace to be sold)	137,000 ²
Acquisition Date	22 December 2005
Expected Completion Date	October 2006

Property Breakdown

Sector	Office
Total NLA (sqm)	19,832
Carspaces	188
Average Floor Plate (sqm)	1,965
Acquisition Yield	6.47%
Interest Coupon until PC	7.75%

Valuation on a Completed Basis³

Valuation –includes Acq cost savings	138,620
On Completion Valuation (full acq. costs)	134,000
Valuer	Savills (NSW) Pty Limited
Valuation Date	20 December 2005
Valuation/sqm of NLA (\$) office	\$6,250
Equated Market Capitalisation Rate	6.62%
Property IRR	8.81%

Tenancy Statistics

No. of Tenants	2 major, 4 specialties
Occupancy by Income	95.9%
Weighted Average Lease Expiry by Income	12.58 years

Tenants	Area (sqm)	% Net Income
Coles Supermarkets Australia Pty Limited	2,500	10.7%
American Express Australia Limited	16,828	85.2%

1. Includes the \$2.2m refurbished office building which is to be sold at practical completion.
2. Excludes the value attributable to the refurbished office building
3. The Valuations exclude the \$2.2m refurbished office building to be sold