

MEDIA/ASX ANNOUNCEMENT

CHARTER HALL LAUNCHES A \$400M WHOLESALE INDUSTRIAL PARTNERSHIP

Monday, 11 February 2013

Charter Hall Group (ASX:CHC) has established a new wholesale core industrial partnership with two Australian institutional investors for the acquisition and management of predominantly core Australian logistics properties. The new vehicle, the Core Logistics Partnership (CLP), has acquired two seed assets totaling \$103.1 million.

Charter Hall Group has committed \$14 million, which represents an approximate 5.3% co-investment commitment to CLP. CLP will deploy its equity commitments first and then secure debt finance with a target 30% gearing ratio. Seed assets for CLP include:

- The 36,213 square metre AMCOR logistics facility at Scoresby in Melbourne, which was acquired from AMCOR Limited on a 10 year sale and leaseback for \$39.6 million, with the lease having fixed annual reviews of 3%. The acquisition reflects an initial yield of approximately 8%; and
- A 50% tenants in common interest in the Metcash Distribution Centre at Canning Vale, Perth for \$63.5 million, acquired from the Australian Unity Diversified Property Fund at a yield of 8.7%. The approximately 100,000 square metre facility is 100% leased to a wholly owned subsidiary of Metcash and has a weighted average lease expiry (WALE) of 11 years and annual CPI increases. The property is co-owned with Charter Hall's managed wholesale pooled fund, Core Plus Industrial Fund (CPIF), which acquired 50% of the property in March 2012.

The seed portfolio of CLP has a weighted average lease expiry of 10.6 years and is 100% occupied. Charter Hall will provide all investment, property, leasing and financial management services to CLP.

Joint Managing Director, David Harrison, said: "Given the industrial sector's strong property fundamentals, we have been increasing our investment into this sector for some time and are pleased to be partnering with two high quality Australian institutional investors for this new, growing industrial portfolio.

"We expect to see continued acquisition opportunities across the industrial market over the next year and with the available capital, combined with debt capacity, CLP will look to grow this portfolio throughout 2013. Once CLP's current equity is fully deployed the partnership may also consider further growth beyond 2013," Mr Harrison said.

The acquisition of CLP's seed assets has increased Charter Hall's managed Australian industrial portfolio to approximately \$1.0 billion, with 48 tenants, 680,824 square metres of lettable area, an average WALE of 11.2 years and occupancy of 99.7%.

The transaction is expected to be marginally earnings accretive for the Group.

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About the Charter Hall Group:

Charter Hall Group (ASX:CHC) is one of Australia's leading fully integrated property groups, with over 21 years' experience managing high quality property on behalf of institutional, wholesale and retail clients. Charter Hall has circa \$9.6 billion of funds under management across the office, retail, industrial and residential 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.