

ASX/MEDIA ANNOUNCEMENT

CHARTER HALL ACQUIRES 50% INTEREST IN DOCKLANDS OFFICE DEVELOPMENT OPPORTUNITY

Wednesday, 25 May 2011

Charter Hall Group (ASX:CHC) (the 'Group') is pleased to announce that it has finalised the acquisition of a 50% interest in an office development site at 685 LaTrobe Street, Melbourne from Flagship (Latrobe) Pty Ltd ('Flagship') for \$5 million and has entered into a Development Agreement with Flagship to jointly undertake the development of this project once a substantial leasing pre-commitment has been secured.

Charter Hall and Flagship will develop a prime grade 35,000 square metre, 12 level office building on the Docklands precinct site. The development scheme, which has recently received planning approval, is targeting a 5 Star Green Star As-Built and 4.5 Star NABERS Energy rating and will also include over 1,000 square metres of retail space and 151 car parks.

The Group has acquired a 50% interest in the site in accordance with its recently stated strategy of incubating high quality development opportunities with a view to raising third party capital to partner on the delivery of the project.

Charter Hall's Joint Managing Director, David Southon, said: "Today's announcement reinforces the potential we see in the current market to achieve opportunistic style returns and create the potential for third party equity partners to participate in these returns, and in some cases secure a pre-emptive ownership position in a high quality, environmentally rated office asset.

"The development is the Group's second high quality office development project currently underway in Melbourne, following the recent commencement of Charter Hall Office REIT and Cbus Property's 33,000 square metre premium grade office building at 171 Collins Street, of which approximately 12,000 square metre was pre-leased to BHP Billiton. Melbourne has been Australia's most active office market in recent years with tenants seeking high quality space. We expect demand for new, efficient office space with environmentally sustainable credentials to remain strong in the medium term, with a number of large scale requirements in this market yet to be satisfied.



“685 LaTrobe Street provides an excellent opportunity to increase our exposure to this market and we are very pleased to be partnering with Flagship, a highly experienced property developer, to deliver this project,” Mr Southon added.

Flagship’s Director, Steve Wise, said: “We have been looking to bring an experienced office specialist with proven delivery credentials on board and look forward to working with Charter Hall to deliver a high quality development on one of the Dockland’s last remaining commercial sites.

“685 LaTrobe will offer Melbourne a new efficient building with large flexible floor plates of over 3,000 square metres within a five minute walk of Southern Cross Station,” Mr Wise said.

685 LaTrobe Street is well located at the western end of Latrobe Street and adjacent to the northern concourse of Etihad Stadium. The site is currently vacant and construction will commence following a leasing pre-commitment. Charter Hall and Flagship are currently in initial discussions with a number of prospective high-calibre tenants for the property.

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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 20 years’ experience managing high quality property on behalf of institutional, wholesale and retail clients. Charter Hall has over \$10 billion of funds under management across the office, retail, industrial and residential sectors. The Group has offices in Sydney, Melbourne, Brisbane, Adelaide, Perth, Warsaw and Chicago.

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.