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ASX/MEDIA ANNOUNCEMENT

CHC INCREASES ITS INTEREST IN CQO BY 3.3% TO 13.3%

Tuesday, 21 June 2011

Charter Hall Group (ASX:CHC) ('CHC') today announces that it has entered into a Unit Transfer Agreement ('UTA') to acquire an additional 3.3% stake in Charter Hall Office REIT (the 'Sale Units') (ASX:CQO) ('CQO') from New York based hedge fund Fir Tree Capital. The stake acquired under the UTA and CHC's existing stake brings total CHC ownership in CQO to 13.3%[1]. CHC remains CQO's single largest unitholder, further aligning the interest between CHC and CQO.

Under the UTA, settlement and completion of the transfer of the CQO Sale Units will be effected when at least 80% of the proceeds from the Charter Hall Office Management Limited announced CQO US asset sale program are returned to CQO unitholders. Fir Tree Capital will receive any return of capital implemented by CQO prior to settlement under the UTA. In the event that up to 20% of the US assets by value have not been sold and the net proceeds from the assets sold have been returned to unitholders, Fir Tree Capital will receive its pro rata share of the 30 June 2011 net book value for the unsold assets together with any subsequent adjustment based on the realised value of those assets.

The acquisition price of the CQO Sale Units under the UTA will represent a 5.64% discount to CQO's proforma Australian NTA as at 30 June 2011. Under the UTA CHC has the right to direct Fir Tree Capital's voting rights over the Sale Units with effect immediately.

CHC will fund the acquisition through either existing liquidity or proceeds received from the CQO US asset sale and subsequent return of capital. CHC currently intends allocating its share of the US return of capital toward investing in CQO units to further align itself with CQO unitholders and capture the income and capital growth potential of the CQO Australian portfolio. The acquisition of Sale Units is expected to be marginally accretive to CHC's FY12 operating earnings.

The increase in CHC's co-investment in CQO to 13.3% underpins CHC's view that delivering CQO's Australian strategy will maximise total investor returns, as recently announced to the market 16 June 2011.

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[1] Per the substantial holder notice lodged 21 June 2011 CHC's total relevant interest in CQO is 13.44% which includes 600,000 CQO units held by Charter Hall Property Securities Fund, as announced on 16 June 2011. CHC does not have voting rights over these units.

"In line with its existing investment allocation strategy, CHC expects to maintain an appropriate co-ownership level across CQO and other CHC managed listed and wholesale unlisted funds of 10 to 20%. This acquisition further highlights CHC's financial and resource commitment to CQO unitholders, utilising the depth of asset management experience and governance within the Group to capture the future growth within the Australian portfolio post the successful execution of the US sale process," said David Harrison, Joint Managing Director of CHC.

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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.