

25 October 2011

Stephanie So
Advisor, Issuers (Sydney)
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Charter Hall Limited
ABN 57 113 531 150

Charter Hall Funds
Management Limited
ABN 31 082 991 786

Level 11, 333 George Street
Sydney NSW 2000
GPO Box 2704
Sydney NSW 2001

Tel +61 2 8908 4000
Fax +61 2 8908 4040
charterhall.com.au

Dear Ms So

NOTICE OF MEETING

We enclose Charter Hall Group's (ASX: CHC) Notice of Meeting and related materials regarding its Annual General Meeting to be held on Thursday, 24 November 2011 at 2.30pm (Sydney time) at The Westin Hotel, Level 6, Heritage Ballroom, 1 Martin Place, Sydney NSW 2000.

We confirm that the attached documents are being sent to securityholders today.

Please do not hesitate to contact the undersigned if you require further information.

Yours faithfully



Nathan Francis
Company Secretary

Charter Hall Group*

Notice of 2011 Annual General Meeting and Explanatory Memorandum

For a Meeting to be held on
Thursday, 24 November 2011 at 2.30pm
The Westin Hotel, Level 6, Heritage Ballroom
1 Martin Place, Sydney NSW 2000

*Charter Hall Limited (ACN 113 531 150)

*Charter Hall Property Trust (ARSN 113 339 147)



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Charter Hall Limited (ACN 113 531 150)
Charter Hall Property Trust (ARSN 113 339 147)

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This is an important document. Please read it carefully.

If you are unable to attend the Meeting please complete the proxy form and return it in accordance with the instructions.

25 October 2011

Level 11, 333 George Street
Sydney NSW 2000
GPO Box 2704
Sydney NSW 2001

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www.charterhall.com.au

Charter Hall Limited
ACN 113 531 150

Charter Hall Property Trust
ARSN 113 339 147

Dear Securityholder,

Charter Hall Limited and Charter Hall Property Trust (Charter Hall Group) - Annual General Meeting

It is with pleasure that I invite you to the 2011 Annual General Meeting of the Charter Hall Group.

The Meeting will be held on Thursday, 24 November 2011 at 2.30pm (Sydney time) at The Westin Hotel, Level 6, Heritage Ballroom, 1 Martin Place, Sydney NSW 2000.

Please find enclosed the Notice of Meeting, Explanatory Memorandum, proxy form, question form and business reply envelope.

If you are attending the Meeting, please bring the attached proxy form with you as the barcode will assist in the registration process. If you are unable to attend, please complete and return your proxy form to Link Market Services Limited at Level 12, 680 George Street, Sydney NSW 2000, or the Charter Hall Group at the address shown above or by facsimile to +612 9287 0309 or online at www.linkmarketservices.com.au to be received no later than 2.30pm (Sydney time) on Tuesday, 22 November 2011.

Attached for Securityholders is a question form to give the opportunity to submit questions and/or to address questions to me (as Chairman) and/or our external auditor, PricewaterhouseCoopers (PwC), prior to the Meeting. PwC will be present at the Meeting to respond to the questions received and to any additional questions. Please note that written questions must be sent to Link Market Services or Charter Hall Group and received no later than 5.00pm on Thursday, 17 November 2011.

If you require further information or have questions, please contact the Charter Hall Group Registry on 1300 664 498 (within Australia) or +61 2 8280 7787 (outside Australia).

I look forward to your attendance at the Meeting.

Yours sincerely



Kerry Roxburgh
CHAIRMAN

Location of the Meeting

The Meeting of the Securityholders of Charter Hall Group will be held at:

The Westin Hotel
Level 6, Heritage Ballroom, 1 Martin Place, Sydney NSW 2000

Commencing
2.30pm, Thursday, 24 November 2011



The Westin Hotel

The hotel is conveniently situated in the middle of the Sydney CBD. Wynyard Station, only one block from the hotel, offers easy metro rail connections to the entire city. The city's ferry, train, bus, metro network, and taxi facilities make all of Sydney easily accessible, and private car service can also be arranged. Privately run bus services and a public train are also both available. Martin Place Railway Station, with service on all intercity and suburban trains, is conveniently located just a short walk away from the hotel.

By Taxi

A taxi rank is located directly outside the hotel entrance on Pitt Street. The nearest cross street is King Street.

By Car

Self and valet parking are available on-site in an underground garage. Alternative self-parking is offered through Wilson Parking at Angel Place. Self-parking and valet rates are available upon request.

By Train

Martin Place Railway Station is within walking distance from the hotel. This station offers service on all intercity and suburban trains and is a five-minute train ride to Central Station—the main station for all train service in Sydney.

By Bus

Buses are available from George Street and Elizabeth Street to most major locations within the city and surrounding suburbs. Tickets are required and must be pre-purchased prior to boarding. The Concierge can advise on the appropriate ticket and the closest location for ticket purchase.



Meeting Agenda

Thursday 24 November 2011

2.00pm	Registration begins
2.15pm	Afternoon tea
2.30pm	Meeting commences
	Welcome to Securityholders – Chairman
	Joint Managing Directors presentation
	Items of Business

How business will be conducted at the meeting

The Meeting is an important event and we encourage Securityholders to actively participate.

Important information about the conduct of the Meeting is set out below.

Discussions and asking questions

Discussion will take place on all the items of business as set out on pages 6-8.

The Explanatory Memorandum also provides further information relating to the items of business.

Securityholders will have the opportunity to ask questions at the Meeting (including an opportunity to ask questions of the Auditor).

To ensure that as many Securityholders as possible have the opportunity to speak, Securityholders are requested to observe the following guidelines:

- ◆ Please keep questions as brief as possible and relevant to the matters being discussed;
- ◆ If a Securityholder has more than one question, please ask all questions at the one time;

Securityholders who are unable to attend the Meeting or who may prefer to register a question in advance are invited to do so. A question form is attached.

An opportunity for discussion will be provided on each item of business prior to Securityholders being asked to vote.

Webcast and Photography

For those that may not be able to attend the Meeting we expect to make a delayed broadcast available via a webcast which will be able to be viewed at www.charterhall.com.au.

For the safety and security of all those present at the Meeting, cameras and recording devices are not permitted.

Notice is hereby given that the annual general meeting of CHL Shareholders and general meeting of CHPT Unitholders will be held at The Westin Hotel, Level 6, Heritage Ballroom, 1 Martin Place, Sydney NSW 2000 at 2.30pm on Thursday, 24 November 2011.

Important Information:

- 1) The resolutions should be read in conjunction with the Explanatory Memorandum which follows.
- 2) Certain terms and abbreviations used below are defined in the Glossary at pages 25-26 of this Notice of Meeting.
- 3) As explained in the 'voting exclusion' paragraphs below, certain Securityholders are excluded from voting in relation to particular resolutions and Charter Hall Group must disregard votes cast by those Securityholders. Please do not vote if your vote must be disregarded or if you must not vote as outlined in the paragraphs below.

The business of the Meeting is as follows:

Business:

Item 1 – Annual Report

To receive and consider the Annual Report, financial report and Directors' report and Auditor's report for the year ended 30 June 2011.

Note: There is no requirement for Securityholders to approve these reports

Item 2 - Re-election of Directors

To consider, and if thought fit, pass the following ordinary resolutions of CHL:

"That Mr Kerry Roxburgh, a Director of CHL retiring in accordance with the CHL Constitution, is re-elected as a Director of CHL."

"That Mr Roy Woodhouse, a Director of CHL retiring in accordance with the CHL Constitution, is re-elected as a Director of CHL."

Item 3 - Adoption of Remuneration Report

To consider, and if thought fit, pass the following ordinary resolution of CHL:

"That the Remuneration Report included in the Annual Report for the year ended 30 June 2011 be adopted."

Note: The vote on this resolution is advisory only and does not bind Charter Hall Group or the Directors.

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Securityholders will be required to vote at the second of those annual general meetings on a resolution that another meeting be held within 90 days at which all of the Directors (other than the Managing Director) must be up for re-election (Spill Meeting). Charter Hall Group currently employs Joint Managing Directors, namely David Southon and David Harrison. If a Spill Meeting were to be called, only one Joint Managing Director would be subject to re-election.

Voting exclusions

No votes may be cast on this resolution by Key Management Personnel whose remuneration details are included in the Remuneration Report or their Closely Related Parties (or any person voting on their behalf). However, a vote may be cast by such a person if:

- ◆ it is cast by the person as proxy for a person who is entitled to vote on this resolution, in accordance with the directions on the proxy form; or
- ◆ it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote on this resolution, in accordance with a direction on the proxy form.

Please refer to the instructions in the Explanatory Memorandum in relation to this Item of business on how to appoint a proxy for this resolution.

Item 4 - Remuneration of Non-Executive Directors

To consider, and if thought fit, pass the following ordinary resolution of CHL:

"That, for the purposes of Rule 43(b) of the CHL Constitution and Listing Rule 10.17, the maximum aggregate remuneration that may be paid to all of the Non-Executive Directors of CHL for their services as Non-Executive Directors of CHL be increased by \$200,000, from \$800,000 per annum to \$1,000,000 per annum."

Voting exclusions

CHL will disregard any votes cast on this resolution by:

- ◆ any Director of CHL; or
- ◆ any associate of such a Director,

and any person voting on their behalf. However, CHL need not disregard the vote if:

- ◆ it is cast by a person as proxy for a person who is entitled to vote on this resolution, in accordance with the directions on the proxy form; or
- ◆ it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote on this resolution, in accordance with a direction on the proxy form to vote as the proxy decides.

Item 5 - Issue of performance rights to Mr David Southon and Mr David Harrison (Performance Rights and Options Plan)

To consider, and if thought fit, pass the following ordinary resolutions of CHL and CHPT:

5.1 *"That approval is given for all purposes under the Corporations Act and the Listing Rules (in particular, Listing Rule 10.14) for the issue of 564,516 performance rights to Mr David Southon as described in the Explanatory Memorandum."*

5.2 *"That approval is given for all purposes under the Corporations Act and the Listing Rules (in particular, Listing Rule 10.14) for the issue of 564,516 performance rights to Mr David Harrison as described in the Explanatory Memorandum."*

Voting exclusions

CHL and CHFML will disregard any votes cast on these resolutions by:

- ◆ any Director who is eligible to participate in any employee incentive scheme in relation to Charter Hall Group (i.e. any Executive Director); or
- ◆ any associate of such a Director,

and any person voting on their behalf. However CHL and CHFML need not disregard the vote if:

- ◆ it is cast by a person as proxy for a person who is entitled to vote on these resolutions, in accordance with the directions on the proxy form; or
- ◆ it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote on these resolutions, in accordance with a direction on the proxy form to vote as the proxy decides.

In accordance with section 253E of the Corporations Act, CHFML and its associates are not entitled to vote their interests (if any) on these resolutions at a meeting of CHPT Unitholders if they have an interest in these resolutions or matters other than as a CHPT Unitholder.

Item 6 - Issue of service rights to Mr David Southon and Mr David Harrison (Performance Rights and Options Plan)

To consider, and if thought fit, pass the following ordinary resolutions of CHL and CHPT:

- 6.1 *“That approval is given for all purposes under the Corporations Act and the Listing Rules (in particular, Listing Rule 10.14) for the issue of up to 85,731 service rights to Mr David Southon as described in the Explanatory Memorandum.”*
- 6.2 *“That approval is given for all purposes under the Corporations Act and the Listing Rules (in particular, Listing Rule 10.14) for the issue of up to 85,731 service rights to Mr David Harrison as described in the Explanatory Memorandum.”*

Voting exclusions

CHL and CHFML will disregard any votes cast on these resolutions by:

- ◆ any Director who is eligible to participate in any employee incentive scheme in relation to Charter Hall Group (i.e. any Executive Director); or
- ◆ any associate of such a Director,

and any person voting on their behalf. However CHL and CHFML need not disregard the vote if:

- ◆ it is cast by a person as proxy for a person who is entitled to vote on these resolutions, in accordance with the directions on the proxy form; or
- ◆ it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote on these resolutions, in accordance with a direction on the proxy form to vote as the proxy decides.

In accordance with section 253E of the Corporations Act, CHFML and its associates are not entitled to vote their interests (if any) on these resolutions at a meeting of CHPT Unitholders if they have an interest in these resolutions or matters other than as a CHPT Unitholder.

Item 7 - Buy-back and cancellation of securities held within the Charter Hall Executive Loan Security Plan

To consider, and if thought fit, pass the following special resolutions of CHL and CHPT:

Approval of buy-back of up to 12,585,899 CHL Shares

7.1 *“That, subject to the passing of a resolution by CHPT Unitholders in respect of a corresponding buy-back of CHPT Units stapled to CHL Shares, the terms and conditions of the selective buy-back agreement relating to the off-market buy-back by CHL of up to 12,585,899 CHL Shares held by CHL Executive Loan Security Plan Managers Pty Limited as trustee for the Charter Hall Executive Loan Security Plan Trust, as described in the Explanatory Memorandum, be approved, in accordance with Section 257D of the Corporations Act.”*

Approval of buy-back of up to 12,585,899 CHPT Units

7.2 *“That, subject to the passing of a resolution by CHL Shareholders in respect of a corresponding buy-back of CHL Shares stapled to CHPT Units, the terms and conditions of the selective buy-back agreement relating to the off-market buy-back by CHFML of up to 12,585,899 CHPT Units held by CHL Executive Loan Security Plan Managers Pty Limited as trustee for the Charter Hall Executive Loan Security Plan Trust, as described in the Explanatory Memorandum, be approved.”*

Voting exclusions

The Corporations Act and the ASIC relief (described in the Explanatory Memorandum in relation to this Item of business) require no votes to be cast in favour of the resolutions in Item 7 by a person whose CHL Shares or CHPT Units are proposed to be bought back, or by their associates.

Accordingly, CHL and CHFML will disregard any votes cast in favour of the resolutions in Item 7 by:

- ◆ the ELSP Trustee; and
- ◆ any person whose CHL Shares and CHPT Units are proposed to be bought back under the Proposed Buy-Back,

and the associates of any such persons. However, CHL and CHFML need not disregard a vote if:

- ◆ it is cast by a person as a proxy for a person who is entitled to vote on the resolutions, in accordance with the directions on the proxy form; or
- ◆ it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote on the resolutions, in accordance with a direction on the proxy form to vote as the proxy decides.

In accordance with section 253E of the Corporations Act, CHFML and its associates are not entitled to vote their interests (if any) on any resolution at a meeting of CHPT Unitholders if they have an interest in the resolution or matter other than as a CHPT Unitholder.

Item 8 - Capital reallocation

(a) Amendment to the CHL and CHPT Constitutions to enable capital reallocation from CHPT to CHL

8.1 To consider and, if thought fit, pass the following as a special resolution of CHPT:

“That the Constitution of CHPT be amended in accordance with the provisions of the CHPT Supplemental Deed Poll in the form tabled at the Meeting and initialled by the Chairman of the Meeting for the purpose of identification, and that CHFML is authorised to execute the CHPT Supplemental Deed Poll and lodge it with the ASIC to give effect to these amendments to the Constitution of CHPT.”

8.2 To consider and, if thought fit, pass the following as a special resolution of CHL:

“That the Constitution of CHL be amended with effect on and from the date that this resolution is passed by inserting the following clause after clause 72:

“72A Capital reallocation

*If, at any time, the RE makes a distribution of capital of the Trust to Unitholders in accordance with clause 16.4A of the constitution of the Trust on terms that the amount to be distributed in respect of each Unit (the **Capital Reallocation Amount**) is to be paid at the direction of the Unitholder to the Company as an additional capital payment in respect of the Share to which that Unit is stapled, then that Unitholder, as a holder of a Stapled Security, is:*

- (i) taken to have directed the Company to accept the Capital Reallocation Amount as an additional capital payment in respect of the Share to which that Unit is Stapled; and*
- (ii) deemed to have appointed the Company as its attorney and agent to do all things the Company considers necessary to give effect to the receipt of the Capital Reallocation Amount by the Company,*

and the Company shall be deemed to receive the Capital Reallocation Amount as an additional capital payment in respect of the Share to which that Unit is Stapled.”

(b) Reallocation from CHPT to CHL

8.3 To consider and, if thought fit, pass the following as an ordinary resolution of CHPT:

“That, subject to the resolutions in Items 8.1 and 8.2 in the Notice of Meeting convening the Meeting each being approved and the amendments to the Constitution of CHPT referred to in the Item 8.1 resolution taking effect, at any time prior to 30 June 2012, CHFML is authorised to make a distribution of capital of CHPT under clause 16.4A in the amount of up to \$0.66 per CHPT Unit, being a total amount of up to \$200,000,000, which is to be applied by CHFML as agent for and on behalf of the CHPT Unitholders by paying that amount at the direction of each CHPT Unitholder to CHL as an additional capital payment in respect of the CHL Share already issued to which that CHPT Unit is stapled.”

8.4 To consider and, if thought fit, pass the following as an ordinary resolution of CHL:

*“That, subject to the resolutions in Items 8.1, 8.2 and 8.3 in the Notice of Meeting convening the Meeting each being approved and the amendments to the Constitution of CHL referred to in the Item 8.2 resolution taking effect, if, at any time prior to 30 June 2012, CHFML makes a distribution of capital of CHPT in the amount of up to \$0.66 per CHPT Unit (**Capital Reallocation Amount**), being a total amount of up to \$200,000,000, which is applied as an additional capital payment in respect of each CHL Share to which a CHPT Unit is stapled, then CHL will receive and accept the Capital Reallocation Amount in accordance with clause 72A of the Constitution of CHL.”*

Entitlement to Attend and Vote

The Directors have determined that the holding of each Securityholder for the purposes of ascertaining the voting entitlements for the Meeting will be as it appears in the Register at 7.00pm on 22 November 2011.

At the Meeting, each Securityholder (in their capacity as a CHL Shareholder):

- (a) on a show of hands, has 1 vote; and
- (b) on a poll, has 1 vote for each CHL Share they hold.

At the Meeting, each Securityholder (in their capacity as a CHPT Unitholder):

- (a) on a show of hands, has 1 vote; and
- (b) on a poll, has 1 vote for each dollar of the value of the total interests they have in CHPT.

Voting by Proxy

A Securityholder is entitled to appoint a proxy to attend and vote on behalf of the Securityholder at the Meeting. A proxy need not be a Securityholder of Charter Hall Group.

Securityholders wishing to appoint a Director (including the Chairman of the Meeting) or other member of the Key Management Personnel of the Charter Hall Group as their proxy should read carefully the instructions on the proxy form and mark the relevant box to ensure their votes are not disregarded.

A Securityholder entitled to cast two or more votes at the Meeting may appoint two proxies and specify the proportion or number of votes each proxy is appointed to exercise. If the Securityholder appoints two proxies and does not specify the proportion or number of votes each proxy may exercise, then each proxy may exercise half of the votes.

A proxy form is attached to this Notice of Meeting. To be valid:

1. Proxy forms must be received at the office of Link Market Services Limited; or at the registered office of Charter Hall Group, being the place designated by Charter Hall Group for that purpose; or at the facsimile number of Link Market Services Limited (+612 9287 0309) or Charter Hall Group (+612 8908 4040) by no later than 2.30pm (Sydney time) on Tuesday, 22 November 2011.
2. The authority under which any form appointing a proxy is signed, or a certified copy of that authority, must be received at the office or facsimile number of Link Market Services Limited or Charter Hall Group by no later than 2.30pm (Sydney time) on Tuesday, 22 November 2011.

The office of Link Market Services Limited is on Level 12, 680 George Street, Sydney, and the facsimile number is +61 2 9287 0309.

The registered office of Charter Hall Group is on Level 11, 333 George Street, Sydney, and the facsimile number is +61 2 8908 4040.

Alternatively, Securityholders may vote online at www.linkmarketservices.com.au, by entering your holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, Securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).

If you return your proxy form but do not nominate a representative, the Chairman of the Meeting will be your proxy and will vote on your behalf as you direct on the proxy form. If your nominated representative does not attend the Meeting then your proxy will revert to the Chairman of the Meeting and he may vote as he thinks fit (subject to the note below regarding Item 3) in relation to any motion or resolution other than those (if any) in respect of which an indication of the manner of voting is given on your proxy form.

Undirected Proxies

Where permitted, the Chairman of the Meeting in respect of each item of business intends to vote undirected proxies in favour of each of the items of business in the Notice of Meeting.

If the Chairman of the Meeting is appointed, or taken to be appointed, as a proxy, the Securityholder can direct the Chairman of the Meeting to vote for or against, or to abstain from voting on, the resolution on Item 3 (Adoption of Remuneration Report) by marking the appropriate box opposite Item 3 in the proxy form. However, if the Chairman of the Meeting is a proxy and the relevant Securityholder does not mark any of the boxes opposite Item 3, the relevant Securityholder will be directing the Chairman of the Meeting to vote in favour of the resolution on that Item.

If the Chairman of the Meeting is appointed, or taken to be appointed, as a proxy and the Securityholder does not wish to direct the proxy how to vote as proxy in respect of the resolution in Item 4 (Remuneration of Non-Executive Directors), the Securityholder will need to place a mark in the box in Step 3 in the proxy form. By marking this box, the Securityholder acknowledges that the Chairman of the Meeting may exercise the proxy even though he has an interest in the outcome of that Item and that votes cast by him for that Item, other than as proxyholder, would be disregarded because of that interest. If the Securityholder does not mark this box, and has not directed the proxy how to vote, the Chairman of the Meeting will not cast the Securityholder's votes on Item 4 and those votes will not be counted in calculating the required majority if a poll is called on this Item.

If a Director or other member of the Key Management Personnel (or their Closely Related Parties), other than the Chairman, is appointed as proxy and the Securityholder does not wish to direct the proxy in respect of resolutions 3, 4, 5.1, 5.2, 6.1 and 6.2, the votes cast by the proxy for those resolutions will not be counted in working out a percentage of votes cast.

If a person that is not a member of the Key Management Personnel (or their Closely Related Parties) or a Director, is appointed as proxy and the Securityholder does not wish to direct the proxy how to vote as proxy in respect of any resolution, that proxy may vote as he/she sees fit on each resolution.

Voting by Attorney

A Securityholder may appoint an attorney to vote on his/her behalf. For an appointment to be effective for the Meeting, the instrument effecting the appointment (or a certified copy of it) must be received by Charter Hall Group at its registered office or one of the addresses listed above for the receipt of proxy appointments at least 48 hours before the Meeting.

Corporate Representatives

A body corporate which is a Securityholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the Meeting. The appointment must comply with the requirements of sections 250D and 253B of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed, unless it has previously been given to Charter Hall Group.

By order of the Board



Nathan Francis
Company Secretary
25 October 2011

Explanatory Memorandum

Item 1 - Annual Report

No resolution is required for this item of business.

A copy of Charter Hall Group's 2011 Annual Report is available at www.charterhall.com.au. A copy of the Annual Report has been sent to those Securityholders that requested one. Securityholders who wish to receive a hard copy should contact Link Market Services.

During this item of business an opportunity will be given to Securityholders to ask questions about, or make comments on, the management of Charter Hall Group.

Similarly, a reasonable opportunity will be given to Securityholders, as a whole, to ask the Auditor questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by Charter Hall Group in relation to the preparation of its financial statements and the independence of the auditor in relation to the audit for the year ended 30 June 2011.

Securityholders may also submit written questions directed to PwC using the form attached. Relevant written questions for PwC must be received by no later than 5.00pm (Sydney time) on Thursday, 17 November 2011.

Item 2 - Re-election of Directors

In order to comply with the Listing Rules and the CHL Constitution, the Board has resolved that each of Mr Kerry Roxburgh and Mr Roy Woodhouse will retire from office of Director.

Listing Rule 14.4 provides that a director must not hold office (without re-election) past the third annual general meeting following the director's appointment or three years, whichever is longer. It also provides that an entity must hold an election of directors each year. These provisions are replicated in Rule 42 of the CHL Constitution.

Each of Mr Kerry Roxburgh and Mr Roy Woodhouse is eligible to be re-elected as a Director and each offers himself for re-election.

Mr Kerry Roxburgh – Chairman - Independent Non-Executive Director

Kerry is a Practitioner Member of the Stockbrokers Association of Australia. He holds positions on the boards of several listed and unlisted companies.

He is also the non-executive Chairman of Tasman Cargo Airlines and of Tyro Payments Ltd. In addition, he is a non-executive director of Ramsay Health Care, the Medical Indemnity Protection Society Group and Marshall Investments Pty Limited. Until it was acquired by the ANZ in June 2007, he was Chairman of E*TRADE Australia where he had previously served as CEO until July 2000.

In the past 10 years, Kerry's prior public company directorships were at Everest Financial Group, Climax Mining and Eircom Holdings Limited. Before joining E*TRADE he spent 10 years as an executive director of the Hong Kong Bank of Australia Group, including roles as Executive Chairman at James Capel Australia and five years as managing director of the bank's corporate finance subsidiary.

Kerry holds a Bachelor of Commerce and an MBA.

Mr Roy Woodhouse – Deputy Chairman - Independent Non-Executive Director

Roy has been the Deputy Chairman of Charter Hall Group since July 2004 and is a member of Transfield Holdings Advisory Board.

Roy worked for the Baillieu family for 30 years in various senior executive capacities including director of L.J.Hooker, managing director of Knight Frank Australia and Chairman of Knight Frank Australia. Roy co-founded KFPW, a joint venture with PricewaterhouseCoopers specialising in outsourcing.

Roy is Chairman of National Recycling Company, a waste recycling company. He is also a principal shareholder of Stephenson Mansell, an executive leadership company. Roy was a Fellow of the Australian Institute of Valuers and is a Fellow of the Institute of Company Directors.

Recommendation

The Directors (other than Mr Roxburgh and Mr Woodhouse) unanimously endorse the re-election of Mr Roxburgh and Mr Woodhouse as Directors.

Item 3 - Adoption of Remuneration Report

As required by the Corporations Act, the Board is presenting the Remuneration Report to Securityholders for consideration and adoption.

The resolution is advisory only and does not bind the Directors. However, under changes to the Corporations Act which came into effect on 1 July 2011, if at least 25% of the votes cast on the resolution are voted against adoption of the Remuneration Report at the Meeting, and then again at the 2012 annual general meeting, at the 2012 annual general meeting Charter Hall Group will be required to put to Securityholders a resolution proposing the calling of an extraordinary general meeting, to consider the re-election of Directors of Charter Hall Group (**Spill Resolution**).

Under the Corporations Act, if more than 50% of those present and voting at the 2012 annual general meeting vote in favour of the Spill Resolution, Charter Hall Group must convene an extraordinary general meeting (**Spill Meeting**) within 90 days of the 2012 annual general meeting. All of the Directors who were in office when the 2012 Directors' report was approved, other than the Managing Director, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Charter Hall Group employs Joint Managing Directors, namely David Southon and David Harrison. If a Spill Meeting were to be called, only one Joint Managing Director would be subject to re-election. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of Charter Hall Group.

The Remuneration Report provides Securityholders with an understanding of:

- ◆ Charter Hall Group's remuneration policies as they relate to Key Management Personnel as defined under the Corporations Act.
- ◆ The link between remuneration and Charter Hall Group's performance.
- ◆ Individual outcomes for Charter Hall Group's executives and Directors.

The Remuneration Report forms part of the Annual Report and is available by contacting the Company's Registry or by visiting the Charter Hall Group's website.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting.

In relation to proxies:

- ◆ Any undirected proxy in relation to the Item 3 resolution given to a Director, an associate of a Director or other member of the Key Management Personnel of Charter Hall Group (or any of their Closely Related Parties) other than the Chairman, whose remuneration details are set out in the Remuneration Report, will not be voted on the Item 3 resolution. To allow such a proxy to vote on the Item 3 resolution, Securityholders must specify how the proxy should vote by ticking "For", "Against" or "Abstain" opposite that resolution on the proxy form.
- ◆ If a Securityholder appoints the Chairman as the Securityholder's proxy in relation to the Item 3 resolution, but does not complete any of the boxes "For", "Against" or "Abstain" opposite that resolution on the proxy form, the Securityholder will be directing the Chairman to vote in favour of the Item 3 resolution, and the Chairman will vote in this way. If a Securityholder wishes to appoint the Chairman as proxy with a direction to vote against, or abstain from voting on the Item 3 resolution, the Securityholder should specify this by completing the "Against" or "Abstain" box on the proxy form.

Recommendation

The Directors recommend that Securityholders vote in favour of Item 3.

Item 4 - Remuneration of Non-Executive Directors

In accordance with Listing Rule 10.17, Securityholders are being asked to approve an increase in the maximum aggregate sum which may be paid as Non-Executive Directors' fees ("fee pool") by 25% (i.e. \$200,000) from \$800,000 to \$1,000,000 per annum. The current maximum aggregate amount of \$800,000 was adopted by Securityholders at the 2010 annual general meeting.

Fees and payments to Non-Executive Directors reflect the demands which are made upon and the responsibilities of these Directors and enable the Charter Hall Group to attract and retain high calibre directors. Non-Executive Directors' fees and payments are reviewed annually by the Remuneration Committee. The Chairman's fees are determined independently of the fees of Non-Executive Directors. The Board's performance, a market comparison and independent advice are all considered in the review process.

In June this year, the Remuneration Committee commissioned an independent remuneration benchmarking report to determine whether Charter Hall Group's Non-Executive Directors' fees and payments are appropriate and comparable with similar enterprises.

Currently there are six Non-Executive Directors, one of whom represents a substantial Securityholder who became entitled to earn a Director's fee from 1 October 2011.

The base annual Director's fee is currently \$100,000 with a loading of 100% for the Chairman. The Deputy Chairman currently has no loading. Fees are also paid to committee members.

The increase in the maximum aggregate is proposed for the following reasons:

- ◆ the current maximum aggregate was based on five Non-Executive Directors, as one Director, as mentioned above, is only entitled to earn fees from 1 October 2011.
- ◆ to set fees at market levels, including appropriate chairman and deputy chairman fee loadings. The recent independent expert report identifies that Charter Hall Group fees were either at, or below, the median compared to the comparator entities.
- ◆ the Remuneration and Human Resources and the Nomination Committees were separated in 2010 and now attract separate fees.
- ◆ to provide flexibility as part of an active Board renewal and succession planning process, and/or implement additional committees.

The remuneration provided to each Non-Executive Director for the year ended 30 June 2011 is detailed in the Remuneration Report in the Annual Report. The total value of remuneration paid to all Non-Executive Directors during the 2011 financial year was \$746,452.

Securityholders should note that the proposed increase in Non-Executive Directors' remuneration does not include salaries paid to Executive Directors in their capacity as executives of Charter Hall Group. Executive Directors do not receive remuneration in the form of Directors' fees in addition to their remuneration as executives.

Recommendation

The Directors make no recommendation to Securityholders on Item 4.

Item 5 - Issue of performance rights to Mr David Southon and Mr David Harrison (Performance Rights and Options Plan)

In accordance with Listing Rule 10.14 which requires Securityholder approval for Directors to participate in an employee incentive scheme under which he or she acquires, or may acquire securities, Charter Hall Group is seeking approval of Securityholders for the proposed allocation of performance rights to Mr David Southon and Mr David Harrison (each, a Joint Managing Director) under the PROP.

Details of the proposed allocation of performance rights under the PROP

In respect of the 2011/2012 financial year, Securityholder approval is sought for an allocation of performance rights as a LTI for each of the Joint Managing Directors, at no cost to them, at the relevant award or vesting date.

The proposed issues are:

- ◆ 564,516 performance rights to Mr David Southon; and
- ◆ 564,516 performance rights to Mr David Harrison;

based upon an LTI aggregate accounting value measured at 1 July, 2011 of \$525,000 for each of the Joint Managing Directors.

From 1 July 2011, only performance rights are being granted in respect of the 2011/2012 financial year and beyond, as opposed to performance rights and options.

(a) Price of the performance rights

No amount is payable on the grant of an award of performance rights under the PROP. In addition, no amount is payable to exercise a performance right once it vests. Please refer to the information in paragraphs (d) and (e) below in relation to the relevant vesting conditions of performance rights.

If the applicable vesting conditions are met, a Joint Managing Director will be entitled to receive one fully paid Stapled Security in the Charter Hall Group in respect of each vested performance right (subject to adjustment in accordance with the Listing Rules in the event of a reorganisation of the issued ordinary share capital of CHL or issued unit capital of CHPT, or as otherwise contemplated by the PROP rules).

(b) Date the performance rights will be issued

If the resolutions in Item 5 are approved by Securityholders, the performance rights are proposed to be issued to each of Mr Harrison and Mr Southon as soon as practicable after the Meeting, but in any case, no later than 23 November 2012 (the Issue Date).

(c) Maximum number of performance rights to be provided

Up until 1 July 2014, the maximum number of performance rights that may be acquired by each of the Joint Managing Directors pursuant to the resolutions proposed in Item 5 is 564,516 for each Joint Managing Director based upon a valuation of \$0.93 per performance right.

(d) Vesting conditions

The vesting of performance rights under the PROP is subject to service and performance conditions.

Subject to the service and performance conditions, any performance rights issued on or after 1 July 2011 may vest on 1 July 2014, equating to a three year vesting period.

The performance conditions are based on absolute and relative total shareholder return (TSR) hurdles in equal proportions as follows:

Absolute TSR performance condition

The percentage that may vest on 1 July 2014 if the TSR from 1 July 2011 is in between 10% and 12% per annum, determined on a linear basis starting with 50% vesting at the lower end of the range, moving to 100% vesting at the top of the range.

Relative TSR performance condition

The percentage that may vest on 1 July 2014 if the total compounded return is in between the total compounded return of the S&P/ASX 200 A-REIT Accumulation Index (XPJAI) and 1.10 times the total compounded return of XPJAI, will be determined on a linear basis. Vesting will start at 50% at the lower end of the range moving to 100% that will vest at the top of the range.

50% of performance rights are subject to the absolute TSR measure and 50% are subject to the relative TSR measure.

Any performance rights that fail to vest on 1 July 2014 are forfeited.

The Board considered that TSR is an appropriate performance hurdle because it ensures that a proportion of each participant's remuneration is linked to the market absolute value of

Charter Hall Group securities, ensuring that participants only receive a benefit where there is a corresponding direct benefit to Securityholders. The absolute TSR hurdle ensures there is no entitlement unless there is a positive TSR of between 10% per annum and 12% per annum for Securityholders.

However, in response to the expression of strong investor preferences, effective from 1 July 2012 Charter Hall Group intends to move away from the current 50:50 "absolute" and "relative" securityholder return vesting measures to a combination of relative return and another measure. The Board will likely consider a cumulative operating EPS growth target that also targets strong positive growth before vesting hurdles are achieved.

Absent any unusual circumstances where Board discretion ought to be exercised, in order to meet the service condition all PROP participants must be employed by Charter Hall Group on the relevant vesting date of performance rights.

(e) Vesting period

For this proposed offer the absolute and relative return will be calculated over the period 1 July 2011 to 30 June 2014. The base price of Charter Hall Group's securities for calculation of the total return is the VWAP for the month of July 2011, namely \$2.15.

With respect to last year's grant half of the instruments issued had a vesting period of two years with the remaining half are subject to a vesting period of three years. To align with market practice and the recommendations of an independent remuneration expert, the Board has now increased the vesting period, for all performance rights issued, to three years.

(f) Basis for the quantum of the proposed issue of performance rights to the Joint Managing Directors

The Remuneration Framework of the Joint Managing Directors is described in the Remuneration Report section of the Annual Report. In summary it comprises base pay and benefits, a STI and a LTI.

When granted, the LTI cost to Charter Hall Group recognised in the consolidated income statement is a non-cash accounting expense. A Monte Carlo simulation has been utilised to arrive at the fair value of an LTI right and the associated aggregate accounting expense for FY12. Its value in the remuneration framework is the aggregate amount recognised under the accounting standards in Charter Hall Group's income statement over the applicable service period.

To determine the quantum of the Joint Managing Directors' remuneration and its composition, this financial year, the Board engaged an independent expert to benchmark and receive recommendations as to the appropriate, market based level and composition of the Joint Managing Directors' remuneration.

The quantum of performance rights that are proposed to be granted are based upon the LTI award at 1 July 2011 of \$525,000 (for each Joint Managing Director) adopting an accounting valuation per right at that date of \$0.93. This calculation was made by Deloitte Touche Tohmatsu.

(g) Securities held

The number of Stapled Securities, options and performance rights currently held by the Executive Directors is contained in the Annual Report.

(h) Other matters

There are no loans to be granted by CHL or CHFML to either of the Joint Managing Directors in relation to the acquisition of the performance rights under the proposed grant in Item 5.

The PROP was first introduced in 2008. The performance rights and options granted to a Director or an associate of a Director since Securityholders approved the PROP in November 2010 (in accordance with ASX Listing 10.14) are:

- ◆ the issue of 504,808 options to each Joint Managing Director with an exercise price of \$2.44;
- ◆ the issue of 201,923 performance rights to each Joint Managing Director, with a nil exercise price; and
- ◆ the issue of 153,847 options with an exercise price of \$2.44 and the issue of 61,539 performance rights, with a nil exercise price to Mr Cedric Fuchs.

Apart from the Executive Directors, no Directors or associates of Directors are participants in the PROP or have been invited to participate in the PROP.

Rationale

The Directors (other than Mr Southon and Mr Harrison (as relevant)) believe that the issue of performance rights on the above terms is an appropriately designed equity based incentive for these Directors having regard to their roles and responsibilities, and further that if the performance hurdles described above are met this will result in benefits for the Charter Hall Group as a whole.

The performance rights are an important incentive-based remuneration tool which aligns the interests of Securityholders and those of Charter Hall Group executives and is an important mechanism for the retention of key executives and for driving the improved performance of Charter Hall Group.

Recommendation

The Directors (other than Mr Southon and Mr Harrison) unanimously recommend that Securityholders vote in favour of the Item 5 resolutions.

Item 6 - Issue of service rights to Mr David Southon and Mr David Harrison (Performance Rights and Options Plan)

In accordance with Listing Rule 10.14, which requires securityholder approval for Directors to participate in an employee incentive scheme under which he or she acquires, or may acquire securities, Charter Hall Group is seeking approval of Securityholders for a proposed allocation of service rights to each of the Joint Managing Directors under the PROP.

Details of proposed allocation of service rights under the PROP

In respect of the 2010/2011 financial year, Securityholder approval is sought for an allocation of service rights being the deferred 50% of the 2010/2011 STI for each Joint Managing Director. The proposed allocations are up to a maximum of :

- ◆ 85,731 service rights to Mr David Southon; and
- ◆ 85,731 service rights to Mr David Harrison.

The basis for the quantum of the proposed issue of service rights is explained in paragraph (e).

(a) Price of the service rights

If the resolutions in Item 6 are approved, the Joint Managing Directors will receive the service rights in lieu of receiving in cash, 50% of their STI entitlement for FY11, being \$131,250, for each of the Joint Managing Directors.

The only vesting condition is that the Joint Managing Director is employed by the Charter Hall Group on 29 August 2012, at which time each service right will convert into a Stapled Security. The number of Stapled Securities that each Director will be entitled to will be determined by dividing \$131,250 by the volume-weighted average price (VWAP) of a Stapled Security over the 5 working days prior to 29 August 2011 (ie: \$1.71) equating to 76,754 Stapled Securities to each of the Joint Managing Directors and, a maximum of 8,977 securities that may be added for each of the Joint Managing Directors in respect of any distribution entitlement that arises between the date of this approval and the vesting date.

(b) Date the service rights will be issued

If the resolutions in Item 6 are approved by Securityholders, the service rights are proposed to be issued to Mr Harrison and Mr Southon as soon as practicable after the Meeting, but in any case, no later than 29 August 2012 (the Issue Date).

Each service right will convert into a fully paid Stapled Security on 29 August 2012 if the relevant vesting condition is met.

If the resolutions in Item 6 are not approved by Securityholders, the deferred STI entitlement will vest on 1 July 2012, with a gross cash remuneration entitlement to be paid no later than 29 August 2012.

(c) Maximum number of service rights to be provided

The maximum number of service rights that may be awarded to a Joint Managing Director pursuant to the resolutions proposed in Item 6 is 85,731 service rights.

(d) Vesting conditions of service rights

If a Joint Managing Director ceases to be employed by the Charter Hall Group before 29 August 2012, the service rights or cash pay rights (depending on whether the resolutions in Item 6 were approved by Securityholders) will be forfeited.

(e) Basis for the quantum of the proposed issue of service rights to the Joint Managing Directors

STI Overview

In respect of FY11 the STI amount is subject to achieving a gateway of greater than 95% of the target annual operating EPS. STI payments for FY11 related to the Charter Hall Group achievement of a target EPS of 20.00 cents. This was exceeded by 0.60cps or 3% outperformance.

Once the EPS condition is reached, individual performance against other objectives becomes the basis for determining what STI payments are to be made to individuals, if any. The Board, in consultation with Remuneration and Human Resources Committee, assessed the performance of the Joint Managing Directors against their individual performance measures established for FY11. The Board also retains the discretion to increase/decrease the STI amount available based on its assessment of overall performance.

Individual performance objectives for the Joint Managing Directors were based on a number of quantitative and qualitative measures under three main headings, as follows:

- ◆ Financial Measures comprising EPS at each of Charter Hall Group, Charter Hall Office REIT & Charter Hall Retail REIT & development investment earnings weighted at 50%
- ◆ Integration, Risk Management, Governance and Business Improvement and People Management measures weighted at 20%
- ◆ Additional Equity Targets and Business Development measures weighted at 30%

These performance measures were selected as they establish a clear link between executive reward and Charter Hall Group performance.

FY11 STI achievement

The Board determined that the Joint Managing Directors achieved 50% of their target STI amount being \$262,500 or 25% of their fixed remuneration. This was a substantial reduction from the 133% "stretch" award in FY10 which predominantly reflected securing in that year the Macquarie real estate funds management platform. This acquisition resulted in a significant absolute TSR outperformance by the Charter Hall Group during FY10 of 26.4%.

Deferral of 50% of their FY11 STI

50% of the STI entitlement for FY11 (\$131,250, for each of the Joint Managing Directors) will be deferred into 12 month service rights. There are no performance conditions attaching to service rights (as they have already been satisfied in respect of FY11).

(f) Other Matters

There are no loans to be granted by CHL or CHFML to either Joint Managing Director in relation to the acquisition of the service rights under the proposed grant in Item 6. The PROP was first introduced in 2008. No service rights have been granted to a Director or an associate of a Director under the PROP since it was first introduced (for the purposes of Listing Rule 10.14).

Apart from the Executive Directors, no Directors or associates of Directors are participants in the PROP or have been invited to participate in the PROP.

Recommendation

The Directors (other than Mr Southon and Mr Harrison) unanimously recommend that Securityholders vote in favour of the Item 6 resolutions.

Item 7 - Proposed Buy-Back and cancellation of Stapled Securities held within the Charter Hall Executive Loan Security Plan

Background

Charter Hall Group is seeking to terminate one of its existing incentive schemes for executives and other employees, known as the Charter Hall Executive Loan Security Plan (ELSP). It proposes to do so by buying-back the 12,585,899 Stapled Securities currently held within the ELSP.

Between its initial public offering in June 2005 and 2008, Charter Hall Group invited selected executives and other employees to participate in the ELSP. Although the ELSP is still in operation, Charter Hall Group no longer invites employees to participate in that scheme because the PROP is now the sole employee incentive scheme offered by Charter Hall Group. The last issue of Stapled Securities from the ELSP was in 2008.

Under the ELSP, participants were provided loans to acquire units in a special purpose employee incentive plan trust, known as the ELSP Trust. The ELSP operates through the ELSP Trust. The trustee of the ELSP Trust is the ELSP Trustee (which is not part of the Charter Hall Group). One ELSP Unit represents one Stapled Security, which is held by the ELSP Trustee on trust for the ELSP participants and is subject to performance and service conditions before vesting. Participants acquired ELSP Units which were issued at the prevailing market value of Stapled Securities (at the time invitations to participants in the ELSP were made) and paid for out of a loan (each, an Employee Loan) provided to the participants by the ELSP Trustee. The Employee Loan bears interest equal to the distribution yield on Stapled Securities for the relevant period. Charter Hall Group provided loan funds to the ELSP Trustee (each, a Trustee Loan) for the purpose of the Employee Loans. Under the Trustee Loans, Charter Hall Group does not have recourse to receive any more than the amount received by the ELSP Trustee as a result of the repayment of the Employee Loans.

As mentioned above, the ELSP Units are subject to certain performance and service conditions. If those conditions are satisfied, a participating employee may exercise his or her entitlement to obtain the underlying Stapled Securities held on his or her behalf, subject to repayment of his or her Employee Loan. Upon exercising that entitlement, the ELSP Units held by that participating employee are cancelled and the employee is entitled to the distribution of the underlying Stapled Securities, subject to repayment of the Employee Loan. If the ELSP Units do not vest because the performance and service conditions are not satisfied or the Employee Loan matures, the amount repayable by the employee is no more than the prevailing market value of the Stapled Securities corresponding to that employee's ELSP Units. The ELSP Trustee is entitled to set-off, against the value of the underlying Stapled Securities to be distributed to an employee upon the cancellation of his or her ELSP Units, the value of any monies borrowed by the employee. Those Stapled Securities that are subject to this set-off remain within the ELSP.

If the ELSP Units are cancelled, the Trustee Loan becomes payable by the ELSP Trustee. However, as the Trustee Loan is limited recourse, CHL does not have recourse to receive any more than the amount received by the ELSP Trustee as a result of the repayment of the relevant Employee Loans.

Reasons for the Proposed Buy-Back

The number of Stapled Securities issued under the ELSP is 12,585,899. As the total number of Stapled Securities on issue is currently 308,040,283, this means approximately 4% of total Stapled Securities on issue are held within the ELSP Trust. However, for the following reasons, it is now highly unlikely that any of those Stapled Securities will ever be distributed to participating Charter Hall Group employees:

- ◆ the majority of the Stapled Securities issued under the ELSP are no longer able to be transferred to the Charter Hall Group employees that hold the equivalent ELSP Units because: (i) the performance conditions attaching to the ELSP Units were not met, resulting in the ELSP Units having failed to vest, (ii) the service conditions attaching to the ELSP Units were not met, resulting in the ELSP Units having failed to vest, or (iii) the ELSP Units have not been 'exercised' (or cancelled) at the loan maturity date and are no longer able to be exercised; and/or
- ◆ even if the relevant performance and service conditions have been satisfied (resulting in the underlying Stapled Securities having vested), the exercise price (i.e. the amount owing under each Employee Loan) is significantly greater than the current market value of Stapled Securities, meaning that participating employees are highly unlikely to exercise their entitlement to obtain the underlying Stapled Securities before the maturity of their loans.

This essentially means that the ELSP is 'defunct' (as the Stapled Securities held within the ELSP are 'redundant') and the ELSP is no longer fulfilling its intended purpose, that is, to incentivise employees and create a stronger link between executive performance and reward.

Of the total 12,585,899 Stapled Securities held within the ELSP Trust, approximately 11.8 million related ELSP Units have not vested as the performance or service conditions have not been met or the related loans to ELSP participants have matured. Whilst the remaining (approximately) 0.8 million ELSP Units have vested, it is unlikely that they will be exercised given that the exercise price (i.e. the amount owing under the Employee Loan) is substantially higher than the current Stapled Security market price (the exercise prices range from \$10.90 to \$11.76 compared to the Stapled Security price of approximately \$1.80). In any event, the Employee Loans mature in July 2012, at which time the related ELSP Units will be forfeited.

For the reasons set out in the section headed "Can the ELSP be terminated without buying-back the Stapled Securities?" Charter Hall Group wishes to terminate the ELSP by effecting an off-market buy-back of the 12,585,899 Stapled Securities that are currently held within the ELSP Trust and cancelling the Employee Loans and Trustee Loans.

Summary of the terms of the Proposed Buy-Back

It is proposed that the Proposed Buy-Back will be implemented as a selective off-market buy-back of the Stapled Securities held within the ELSP Trust, as follows:

- ◆ Charter Hall Group will offer to buy all of the Stapled Securities that the ELSP Trustee holds on behalf of participating employees in the ELSP. The selective buy-back will be conducted in accordance with the requirements of the Corporations Act and the ASIC relief, referred to below.

- ◆ There will be two parallel buy-back offers made in respect of those Stapled Securities – the first from CHL in respect of the CHL Shares and the second from CHFML in respect of the CHPT Units.
- ◆ The consideration for the Proposed Buy-Back will be the market value of the Stapled Securities as at the date of that transaction, but this will not involve the payment of any cash by Charter Hall Group. Instead, the consideration for the Stapled Securities will be offset against the Trustee Loans owing to Charter Hall Group and the Trustee Loans (and Employee Loans) will be discharged in full.
- ◆ The Stapled Securities will be cancelled as soon as reasonably practicable after they are bought back.
- ◆ Simultaneously with the implementation of the Proposed Buy-Back, the ELSP Trustee will arrange for the cancellation of all of the ELSP Units on issue in accordance with the procedures under the ELSP rules.
- ◆ Following the cancellation of the ELSP Units, the disposal of the Stapled Securities through the Proposed Buy-Back and the discharge of the Trustee Loans and the Employee Loans, the ELSP Trustee will terminate the ELSP.

How will Charter Hall Group fund the Proposed Buy-Back?

The funds for the Proposed Buy-Back are not required to be provided through existing cash reserves or through implementing other funding alternatives, as the consideration for the underlying Stapled Securities will be off-set against the outstanding Trustee Loans receivable to CHL. The selective buy-back of all of the Stapled Securities held by the ELSP Trustee (and the cancellation of the ELSP Units) will extinguish the Trustee Loans.

What is the financial effect of the Proposed Buy-Back on Charter Hall Group?

As stated above, the Proposed Buy-Back will not require any payment of cash from Charter Hall Group.

The Stapled Securities held within the ELSP Trust are not recognised for accounting purposes, in accordance with accounting standard AASB 2 Share Based Payments. Therefore, neither the market nor Charter Hall Group includes those securities in calculations of Charter Hall Group's earnings, distributions or net tangible assets per security. Similarly, the CHL receivable created by the Trustee Loans is not recognised for accounting purposes. Hence the cancellation of that receivable will not impact on the balance sheet of Charter Hall Group or, as a result, reduce the assets of the Charter Hall Group.

For the reasons set out above, the Proposed Buy-Back and cancellation will have no impact on Charter Hall Group's assets, liabilities, equity, NTA, earnings, EPS or DPS. Accordingly, the Proposed Buy-Back will not adversely impact the rights of Charter Hall Group's creditors or the ability of Charter Hall Group to pay its debts as and when they fall due.

The Proposed Buy-Back will have no taxation implications for Charter Hall Group.

Can the ELSP be terminated without buying-back the Stapled Securities?

Charter Hall Group has considered a number of different ways of effecting the release of the redundant Stapled Securities in connection with the termination of the ELSP (other than through a selective off-market buy-back of the Stapled Securities held by the ELSP Trustee). These alternatives included:

- ◆ an on-market sale of the Stapled Securities held through the ELSP to third parties (which is contemplated under the ELSP rules); and
- ◆ an on-market offer to buy-back the Stapled Securities held through the ELSP.

For the reasons set out below, Charter Hall Group has concluded that an off-market selective buy-back is in the best interests of members of the Charter Hall Group and is also the most commercially feasible option.

(a) On-market sale of Stapled Securities

As stated above, under the relevant accounting standard, AASB2 Share Based Payments, Stapled Securities allocated to the ELSP Units are treated as options until the corresponding ELSP Units are exercised. Therefore, whilst Stapled Securities are legally issued and held under the ELSP they are not recognised for accounting purposes. Neither the market nor Charter Hall Group includes these securities in calculations of Charter Hall Group's earnings, distributions or net tangible assets per security.

If the ELSP Trustee were to release the Stapled Securities from the ELSP by selling them on-market and using the sale proceeds to repay the Trustee Loans, this would result in those securities being recognised for accounting purposes. The unintended consequence of this would be an effective capital raising of approximately \$22 million at the current market value of Stapled Securities and an increase in the number of those Stapled Securities on issue which are recognised for accounting purposes, neither of which is intended by the termination of the ELSP.

(b) On-market buy-back of Stapled Securities

Average daily trading in Stapled Securities over the last 6 months is approximately 1.1 million Stapled Securities. To release the 12,585,899 Stapled Securities held within the ELSP Trust through an on-market buy-back (where typically listed entities do not try to acquire more than 20 – 30% of a normal day's trading on no more than three days in each week of trading) would take a considerable time (i.e. approximately 6 months).

Offering an on-market buy-back of Stapled Securities would also enable other Securityholders to sell their Stapled Securities into the buy back. Charter Hall Group does not wish for the termination of the ELSP to involve the cancellation of any Stapled Securities other than those which are held through the ELSP.

An on-market buy-back over an extended period of time might also potentially distort the market for Stapled Securities, which is undesirable from a regulatory perspective and not in the best interests of Charter Hall Group Securityholders.

What are the potential advantages of the Proposed Buy-Back?

The Non-Executive Directors have identified the following advantages of the Proposed Buy-Back for Securityholders:

1. it will not require any payment of cash by Charter Hall Group as the consideration for the underlying Stapled Securities will be off-set against the outstanding Trustee Loans receivable to CHL;
2. the Proposed Buy-Back will enable Charter Hall Group to terminate the ELSP and release the redundant Stapled Securities from the ELSP without:
 - (a) unintentionally increasing the number of Stapled Securities recognised for accounting (EPS, DPS and NTA per security) purposes and being traded on the ASX;
 - (b) raising additional capital through an unintended capital raising;
 - (c) diluting the interests of existing Securityholders;
 - (d) distorting the operation of the market in relation to Stapled Securities or confusing existing Securityholders; and
 - (e) impacting the current market price of Stapled Securities;
3. it assists in achieving a more streamlined, less complex long term executive remuneration framework for Charter Hall Group under the PROP.

What other factors should Securityholders consider in voting on the Proposed Buy-Back?

The Non-Executive Directors do not believe that the Proposed Buy-Back poses any significant disadvantages to Securityholders. However, in making their decision, Securityholders should consider the following factors:

1. although the Directors believe it will not have a material impact, the other large Securityholders in Charter Hall Group will be in a position to exercise greater voting power in respect of the business and activities of the Charter Hall Group;
2. if the Proposed Buy-Back proceeds, Charter Hall Group expects to incur approximately \$75,000 of total transaction costs. Approximately \$40,000 of those costs have already been incurred by Charter Hall Group at the date of this Notice of Meeting. Therefore, if the Proposed Buy-Back proceeds, Charter Hall Group expects to incur approximately \$35,000 in additional costs; and
3. Charter Hall Group will not receive cash proceeds as would be the case if there was an on-market sale of the Stapled Securities.

In the opinion of the Non-Executive Directors, the advantages of the Proposed Buy-Back materially outweigh the disadvantages.

ASIC relief

Section 257A of the Corporations Act authorises an Australian company, such as CHL, to buy-back its own shares if the buy-back does not materially prejudice the company's ability to pay its creditors and it follows the procedures set out in Division 2 of Part 2J.1 of the Corporations Act. However, the

Corporations Act does not contain equivalent provisions for interests in managed investment schemes, such as the CHPT Units and, therefore, specific ASIC relief is required. The selective buyback of the Stapled Securities can proceed only if the ASIC relief sought is obtained.

Accordingly, in order to implement the Proposed Buy-Back, Charter Hall Group applied to ASIC for relief from certain provisions of the Corporations Act to enable a selective buy-back of CHPT Units on the same basis as the selective buy-back of CHL Shares. This ASIC relief includes:

- ◆ an exemption from section 601FC(1)(d) of the Corporations Act to the extent that it requires CHFML to treat members who hold interests of the same class equally, in the case of a selective off-market buy-back of interests in CHPT;
- ◆ an exemption from section 601GA(4) of the Corporations Act to enable CHFML to conduct a selective off-market buy-back of interests in CHPT without complying with the withdrawal procedures set out in the CHPT Constitution; and
- ◆ an exemption from Part 5C.6 of the Corporations Act to enable CHFML to conduct a selective off-market buy-back of interests in CHPT without complying with the withdrawal procedures for non-liquid schemes set out in that part.

ASIC has agreed in principle to grant the relief sought.

When will the Proposed Buy-Back take place?

The Directors intend to undertake the Proposed Buy-Back as soon as practicable and in any event prior to 31 December 2012 (assuming the resolutions in Item 7 are passed). Matters impacting on timing of implementation include obtaining the necessary ASIC relief (described above) and obtaining any necessary third party consents.

How will the Proposed Buy-Back affect the control of Charter Hall Group?

The Proposed Buy-Back would, if approved, result in the transfer of Stapled Securities to Charter Hall Group, and cancellation of those Stapled Securities in accordance with the Corporations Act and the ASIC relief. Accordingly, the Proposed Buy-Back would impact the securityholdings in Charter Hall Group. At the date of this Notice of Meeting, the total number of Stapled Securities on issue was 308,040,283. Upon completion of the Proposed Buy-Back and cancellation of the Stapled Securities, the total issued capital of Charter Hall Group will be reduced by 12,585,899 Stapled Securities, resulting in there being a total of 295,454,384 Stapled Securities on issue upon completion of the Proposed Buy-Back and cancellation of the Stapled Securities. The number of Stapled Securities held by Securityholders (other than the ELSP Trustee) would remain the same following the Proposed Buy-Back. However these Securityholders' percentage ownership of Charter Hall Group would increase slightly.

The Proposed Buy-Back is therefore not expected to have a material effect on the control of the Charter Hall Group, Charter Hall Group's largest substantial holder at 12 October 2011 had relevant interest in 16.30% of the Stapled Securities on issue*. Following the successful completion of the Proposed Buy-Back Charter Hall Group's largest Securityholder will hold 17.00% of the Stapled Securities on issue.

Interests of Directors

The interest of each Director in Stapled Securities held by the ELSP Trustee (by virtue of their holding of ELSP Units), as notified by the Directors to ASX is:

Director	No. of Stapled Securities in which Director has an interest (as at 12 October 2011)
David Harrison	226,449
David Southon	226,449
Cedric Fuchs	30,194

The above balances exclude units previously forfeited by the Executive Directors

Recommendation

The Non-Executive Directors unanimously recommend that Securityholders vote in favour of the Item 7 resolutions.

Item 8 - Capital Reallocation Proposal

This section of the Explanatory Memorandum sets out information in relation to resolutions set out in Items 8.1, 8.2, 8.3 and 8.4 of the Notice of Meeting which relate to the proposed capital reallocation from CHPT to the CHL.

Please read this section of the Explanatory Memorandum in its entirety so that you can assess the merits of the Capital Reallocation Resolutions.

Section 1. Overview

1.1 Background to the Capital Reallocation Proposal

Formation of the Charter Hall Group

Charter Hall Group was listed on the ASX on 9 June 2005 in conjunction with a \$264 million equity raising. Equity raised at the time of the listing was split between CHPT and CHL on a 99:1 basis.

Strategy and Growth of Charter Hall Group

Charter Hall Group is one of Australia's leading fully integrated property groups, with 20 years' experience in property management. Since its listing in 2005, Charter Hall Group's stated business strategy has been to manage high quality property on behalf of institutional, wholesale and retail clients. Charter Hall Group has over \$10 billion of funds under management across the office, retail, industrial and residential sectors.

Charter Hall 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, Charter Hall Group makes a difference to its people, customers and the environment.

Charter Hall Group provides management services across the full spectrum of real estate investment and development activities and has more than 250 personnel.

*Based on latest substantial holding notices received by Charter Hall Group on 11 October 2011

Charter Hall Group adds value for investors through its:

- ◆ asset, property and development management activities across the risk/return spectrum;
- ◆ significant co-investments in its listed and many of its unlisted property funds;
- ◆ deal sourcing of investment opportunities, predominantly off-market;
- ◆ track-record of consistent performance through economic cycles;
- ◆ focus on securing long lease assets and portfolios;
- ◆ strong corporate governance principles evidenced by its 20 year history in managing pension fund capital for many of Australia's leading superannuation funds; and
- ◆ highly regarded property funds management and in-house development team, which currently manages the largest series of Opportunistic and Core Plus property funds in Australia.

Since 2005, Charter Hall Group has raised approximately \$750 million of new equity. In accordance with industry practice, this new equity has been allocated between CHPT and CHL on the basis of fair value. Based on the respective net asset positions of CHPT and CHL, the new equity raised has been allocated on a 99:1 basis.

Investments by CHL

CHL has made significant long term investments and it is not sustainable to fund these investments almost solely from borrowings from CHPT. A summary of the investments and the original cost of these investments is set out below.

Investment	Original Cost (A\$m)
Co-investment in Development Funds (CHOFs)	38.7
Commercial and Industrial Property Pty Ltd	40.5
Management rights acquired from Macquarie Group	119.2
Other co-investments in funds managed by the Company	43.7
Total	242.1

1.2 Proposal to rebalance capital allocations across Charter Hall Group

Charter Hall Group is proposing to reallocate up to \$200 million of CHPT's capital to CHL. This will result in Charter Hall Group's capital allocation being rebalanced such that approximately 22% will be in CHL and 78% in CHPT. As a consequence, any future new equity will be able to be allocated more appropriately between CHL and CHPT.

The capital reallocation is to be achieved through the implementation of the Capital Reallocation Proposal described in this section of the Explanatory Memorandum.

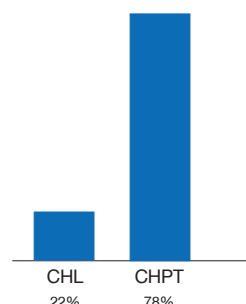
Current Capital Structure

The capital of Charter Hall Group is approximately \$944 million. The approximate allocation of this capital across the CHL and the CHPT is shown in the diagram below.



Desired Capital Structure

Following the implementation of the Capital Reallocation Proposal, the capital of Charter Hall Group will remain unchanged. However the approximate allocation of this capital across CHL and CHPT will change to that shown in the diagram below.



1.3 The Capital Reallocation Proposal

Under the Capital Reallocation Proposal, CHPT will reallocate up to \$200 million of its existing capital to CHL. The Capital Reallocation Proposal will involve the following steps:

1. CHPT will make a distribution of capital in respect of each CHPT Unit by up to \$0.66 per CHPT Unit, (Capital Reallocation Amount) which will be allocated to CHPT Unitholders.
2. The CHPT Unitholders will, under the CHPT Constitution, have directed CHFML to pay that amount to CHL as an additional capital contribution of up to \$0.66 per CHL Share to which that CHPT Unit is stapled, or up to \$200 million in total.

The steps to implement the Capital Reallocation Proposal are shown in section 1.5.

Importantly:

- ◆ the Capital Reallocation Proposal will not impact on the current distribution payout guidance of 80% of operating earnings.
- ◆ all Securityholders will be treated equally under the Capital Reallocation Proposal and the contributions to CHL will be on a pro-rata basis such that there will be no change in voting rights or control of either of CHL or CHPT.
- ◆ Stapled Securities will be quoted on the same basis before and after the Capital Reallocation Proposal.
- ◆ the Capital Reallocation Proposal will not result in a change in the NTA per Stapled Security (the only change will be a reduction in the NTA allocated to the CHPT Unit component and a corresponding increase in the NTA allocated to the CHL Share component).
- ◆ the number of CHPT Units and the number of CHL Shares will remain the same following implementation of the Capital Reallocation Proposal.

Further information in relation to the Capital Reallocation Proposal and the approvals required is set out in Section 3 - resolutions.

1.4 Conditions to the Capital Reallocation Proposal proceeding

The Capital Reallocation Proposal will only be implemented if:

- ◆ Charter Hall Group continues to be satisfied at the time the Capital Reallocation Proposal is to be implemented that the capital distribution by CHPT is fair and reasonable to all CHPT Unitholders as a whole and does not materially prejudice CHPT's ability to pay its creditors; and
- ◆ the Capital Reallocation Resolutions are approved by the requisite Securityholder majorities at the Meeting.

Further details of the tax impacts of the Capital Reallocation Proposal for Australian resident investors holding their Charter Hall Group Stapled Securities on the capital account are set out in Section 5 - Taxation Section.

1.5 Steps to implement the Capital Reallocation Proposal

The Capital Reallocation Proposal involves a reallocation of capital of Charter Hall Group from CHPT to the CHL. This reallocation will be effected by the following four steps.

Step 1

Securityholders approve the relevant amendments to the Constitution of CHPT and CHL and approve a distribution in respect of each CHPT Unit of up to \$0.66 per CHPT Unit.

Step 2

If the Directors of CHFML determine, CHPT will make a distribution of capital in accordance with the CHPT Unitholders' resolution and the Constitution of CHPT.

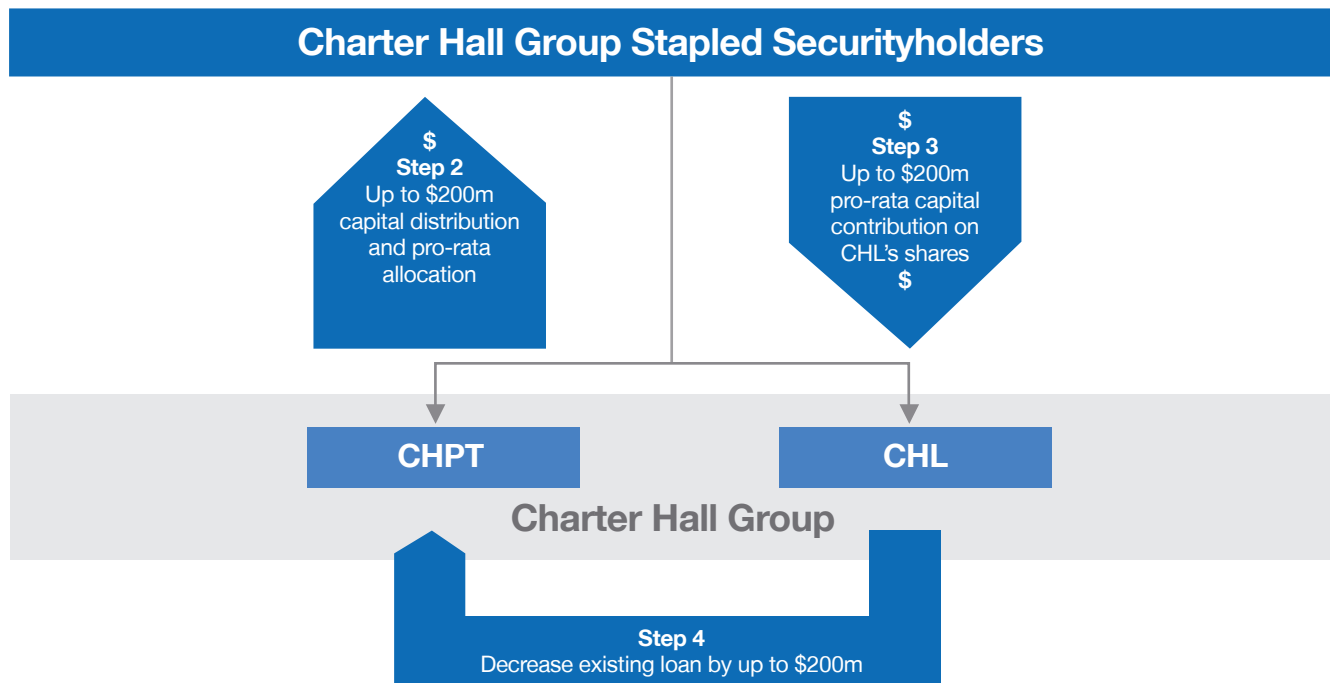
Step 3

Under the proposed amendments to CHPT's Constitution, each CHPT Unitholder will have directed that amount to be paid to CHL as an additional capital contribution in respect of each CHL Share they hold.

Step 4

CHL will use the capital contribution payments it receives under Step 3 to repay part of an existing loan from CHPT.

Steps 2, 3 and 4 are shown diagrammatically below.



1.6 Securityholder approvals required

The Capital Reallocation Proposal cannot be implemented unless the proposed amendments to the Constitutions of CHPT and CHL are approved. These proposed amendments require the approval of CHPT Unitholders under the Item 8.1 resolution and CHL Shareholders under the Item 8.2 resolution.

In addition, the Capital Reallocation Proposal itself requires the approval of CHPT Unitholders under the Item 8.3 resolution and CHL Shareholders under the Item 8.4 resolution.

1.7 When will the Capital Reallocation Proposal be implemented?

If the Capital Reallocation Proposal is undertaken, the Directors of CHFML intend that it occur as soon as practicable and in any event prior to 30 June 2012 (assuming the Capital Reallocation Resolutions are passed). Matters impacting the timing of implementation are:

- ◆ obtaining relevant regulatory (e.g. ASX, ASIC) approvals if necessary;
- ◆ obtaining any third party consents if necessary; and
- ◆ review of the proposed Managed Investment Trust rules when introduced by federal government.

Notwithstanding the passing of the resolutions in Items 8.1, 8.2, 8.3 and 8.4, CHFML is not obligated to make a distribution of capital under clause 16.4A of the CHPT Constitution or to otherwise implement the Capital Reallocation Proposal.

Section 2. Evaluation of Proposal

2.1 Reasons for the Capital Reallocation Proposal

The following reasons outline why the Directors recommend that you vote in favour of the Capital Reallocation Resolutions:

- ◆ The Capital Reallocation Proposal will result in a balance sheet of CHL that provides a more desirable debt equity mix for sustainable long term growth.
- ◆ The Capital Reallocation Proposal will result in the total allocation of equity across Charter Hall Group being more closely aligned with its strategy. This includes allocating equity to the long term investments of CHL.
- ◆ If any future capital raisings are undertaken, equity will be more appropriately allocated between CHPT and CHL.

2.2 Arguments against the Capital Reallocation Proposal

Possible tax implications for Securityholders

Securityholders who have a cost base in each of their CHPT Units which is less than the amount which is distributed by CHPT in respect of each CHPT Unit (i.e. up to \$0.66 per CHPT Unit, being the Capital Reallocation Amount) will be required to take account of the amount of the excess of the capital return over the cost base in their CHPT Units when considering their tax position for the taxation year in which the Capital Reallocation Proposal is implemented.

The precise tax consequences for an individual Securityholder in this position will depend upon their individual tax circumstances including whether they hold the CHPT Units on revenue or capital account, the availability of the CGT concession and the applicable tax rate.

2.3 What if the Capital Reallocation Proposal is not approved?

If the Capital Reallocation Proposal is not approved, there will be no change to the capital structure of CHPT and CHL.

In addition, if a capital raising is undertaken in the future, in accordance with industry practice, the capital raised will be allocated to CHPT and CHL on the basis of fair value. At current levels approximately 99% of this capital would be allocated to CHPT. This will be the case even where this capital is more appropriately required by CHL.

Section 3. Resolutions

Item 8.1: The Proposed Amendment to the CHPT Constitution

What is the resolution?

The resolution in Item 8.1 provides for the amendment of the CHPT Constitution in order to facilitate the Capital Reallocation Proposal, and subsequent capital reallocations, to be effected. The resolution in Item 8.1 is required under section 601GC of the Corporations Act. Section 601GC permits CHPT's Constitution to be amended by special resolution of CHPT Unitholders.

The amendment will result in the following being inserted after clause 16.4 of CHPT's Constitution:

16.4A Capital distributions for capital reallocation issue

- (a) *The RE may at any time, with the approval by ordinary resolution of Unit Holders (the **Capital Reallocation Resolution**), distribute capital of the Trust to the Unit Holders on terms that the amount distributed in respect of each Unit is to be applied by the RE as agent for and on behalf of the Unit Holders by paying that amount at the direction of each Unit Holder to the Stapled Company as an additional capital payment in respect of the share in the Stapled Company already issued to which that Unit is Stapled.*
- (b) *Subject to the rights, obligations and restrictions attaching to any particular Unit or Class, a Unit Holder is entitled to that proportion of the capital to be distributed under this clause 16.4A as is equal to the number of Units held by that Unit Holder on a date determined by the RE divided by the number of Units on the Register on that date as at the end of the day.*

and the following being inserted after clause 16:

16A Capital Reallocation

*If at any time the RE distributes capital of the Trust to the Unit Holders under clause 16.4A on terms that the amount distributed in respect of each Unit (the **Capital Reallocation Amount**) is to be paid by the RE as agent for and on behalf of the Unit Holder to the Stapled Company as an additional capital payment in respect of the Share to which that Unit is stapled, then:*

- (i) *each Unit Holder is taken to have directed the RE to pay the Capital Reallocation Amount to the Stapled Company on that basis;*
- (ii) *the RE must pay the Capital Reallocation Amount to the Stapled Company on that basis and in accordance with the Capital Reallocation Resolution; and*
- (iii) *each Unit Holder will be deemed to have irrevocably (subject to clause 25) appointed the RE as its attorney and agent to do all things the RE considers necessary to give effect to the Capital Reallocation Resolution.*

Details of the resolution

Amendments are proposed to be made to the CHPT Constitution in order to facilitate the Capital Reallocation Proposal. The amendments will provide that if CHPT makes a distribution of its capital to CHPT Unitholders on terms where the amount distributed is to be paid by CHFML as agent for and on behalf of the CHPT Unitholders to CHL, then:

- (a) each CHPT Unitholder will be taken to have directed CHFML to pay that amount to CHL as an additional capital payment in respect of each CHL Share it holds;
- (b) CHFML shall pay up to \$200 million to CHL in accordance with the CHPT Unitholders' resolution; and
- (c) each CHPT Unitholder shall be deemed to have appointed CHFML as its attorney and agent to do all things CHFML considers necessary to give effect to the CHPT Unitholders' resolution.

Item 8.2: The Proposed Amendment to the CHL Constitution

What is the resolution?

The resolution in Item 8.2 approves an amendment to the CHL Constitution to facilitate capital reallocations from CHPT to CHL.

The amendment will result in the following being inserted after clause 72 of the CHL Constitution:

72A Capital reallocation

If, at any time, the RE makes a distribution of capital of the Trust to Unitholders in accordance with clause 16.4A of the constitution of the Trust on terms that the amount to be distributed in respect of each Unit (the Capital Reallocation Amount) is to be paid at the direction of the Unitholder to the Company as an additional capital payment in respect of the Share to which that Unit is stapled, then that Unitholder, as a holder of a Stapled Security is:

- (i) taken to have directed the Company to accept the Capital Reallocation Amount as an additional capital payment in respect of the Share to which that Unit is Stapled; and*
- (ii) deemed to have appointed the Company as its attorney and agent to do all things the Company considers necessary to give effect to the receipt of the Capital Reallocation Amount by the Company,*

and the Company shall be deemed to receive the Capital Reallocation Amount as an additional capital payment in respect of the Share to which that Unit is Stapled.

Details of the resolution

Amendments are proposed to be made to the CHL Constitution in order to facilitate the Capital Reallocation Proposal. The amendments will provide that if CHPT makes a distribution of its capital on terms where the amount distributed is to be paid at the direction of each CHPT Unitholder to CHL as an additional capital payment in respect of each CHL Share, then each CHPT Unitholder, as a Securityholder:

- (a) is taken to have directed CHL to accept the amount distributed as an additional capital payment in respect of each CHL Share; and
- (b) shall be deemed to have appointed CHL as its attorney and agent to do all things CHL considers necessary to give effect to the receipt by CHL of the distributed amount.

The Directors recommend that Securityholders vote in favour of the resolutions in Items 8.1 and 8.2.

Items 8.3 and 8.4: The Capital Reallocation Proposal

What are the resolutions?

The resolutions in Items 8.3 and 8.4 seek Securityholder approval of the Capital Reallocation Proposal. The Capital Reallocation Proposal cannot proceed, and the resolutions in Items 8.3 and 8.4 will not be put to Securityholders, if the resolutions in Items 8.1 and 8.2 are not approved.

The Directors recommend that Securityholders vote in favour of the resolutions in Items 8.3 and 8.4.

Section 4. Financial Information

The financial information below comprises pro-forma balance sheets for each of CHL, CHPT and the consolidated Charter Hall Group as at 30 June 2011.

The financial information in respect of the consolidated Charter Hall Group has been compiled from the audited 30 June 2011 consolidated financial statements. The financial information in respect of CHL and CHPT has been compiled from the unaudited trial balances of those entities. The financial information has been subject to a number of pro-forma adjustments to represent the impact of the Capital Reallocation Proposal had it occurred on 30 June 2011. Financial information for CHL and CHPT has been included as these are the two entities which are directly impacted by this Capital Reallocation Proposal. Financial information for the consolidated Charter Hall Group has been included to illustrate the impact of the Capital Reallocation Proposal on the Charter Hall Group after elimination of the inter entity transactions and balances arising as a result of the Capital Reallocation Proposal.

The financial information has been prepared in accordance with the measurement and recognition criteria of Australian Accounting Standards and Charter Hall Group's accounting policies. It is presented in abbreviated form and does not include the disclosures and notes required in an annual financial report prepared in accordance with Australian Accounting Standards and the Corporations Act.

The key assumption upon which the pro forma financial information below is based are a capital reallocation of approximately \$200 million from CHPT invested as additional equity in CHL.

Pro Forma as at 30 June 2011

(all amounts in millions of Australian dollars)

	CHL Parent*	CHPT Parent*	Charter Hall Consolidated**
Balance Sheets			
As at 30 June 2011			
<i>Prior to Capital Reallocation</i>			
Total Assets	308	841	958
Total Liabilities	(356)	(62)	(176)
Net Assets	(48)	779	782
<i>Post Capital Reallocation</i>			
<i>Capital Reallocation</i>			
	200	(200)	0
Total Assets	308	641	958
Total Liabilities	(156)	(62)	(176)
Net Assets	152	579	782

* Represents legal entities on a stand alone basis (i.e. without consolidating controlled entities).

** Represents Charter Hall on a consolidated basis (i.e. including the Company and the Trust, and all of their controlled entities).

Discussion on impact of Capital Reallocation Proposal

Charter Hall Group's consolidated profit before tax is unchanged by the implementation of the Capital Reallocation Proposal. On a stand alone basis, the profit before tax of CHL should increase by the interest savings which would otherwise be payable on the loan from CHPT. Similarly, the accounting profit of CHPT will decrease by the amount of this interest.

The consolidated net assets of Charter Hall Group will be unchanged by the Capital Reallocation Proposal. The effect of the Capital Reallocation Proposal will be to reduce the net assets of CHPT by up to \$200 million whilst increasing the net assets of CHL by the same amount. These inter entity balances are eliminated on consolidation.

Section 5. Taxation Section

This section is a general summary of the Australian income tax implications arising to Securityholders as a result of the Capital Reallocation Proposal.

This summary is based on the provisions of the Tax Act and ATO practice applicable as at the date of this document. This summary does not address the consequences that arise for Securityholders that hold their Stapled Securities on revenue account or as trading stock or who are non-residents of Australia for income tax purposes.

The summary does not apply to Securityholders that have made an election for TOFA purposes that affects the recognition of income in respect of securities.

5.1 No tax advice

You should seek your own independent taxation advice based upon your specific circumstances.

5.2 Income

The distribution of capital by CHPT should not be included in your assessable income as ordinary income.

Each Stapled Security is made up of a CHPT Unit and a CHL Share. Notwithstanding the fact that these assets cannot be traded separately, they are treated as separate assets for CGT purposes.

5.3 Cost base – the CHPT Units

Under the Capital Reallocation Proposal, your cost base in each of your CHPT Units will be reduced by the lesser of your existing cost base and the Capital Reallocation Amount of up to \$0.66 per CHPT Unit.

To the extent that the Capital Reallocation Amount of up to \$0.66 per CHPT Unit exceeds your cost base in each of your CHPT Units, you will make a capital gain equal to that excess. This capital gain will be disregarded if you acquired the relevant CHPT Units on or before 19 September 1985. If you have held CHPT Units for at least 12 months, your capital gain will be reduced by 50% (for individuals and trusts) or 33.33% (for complying superannuation funds). A company is not eligible to reduce its capital gain arising from the capital payment.

Generally, your cost base in a CHPT Unit will be a specific proportion of the cost of acquisition of the Stapled Security in which it is included, reduced by tax deferred distributions by CHPT in respect of that CHPT Unit.

The proportion of the overall cost of a security allocated to a CHPT Unit should be based on the NTA ratio each entity at the time of acquisition. Details of historical issue prices and NTA weighting are set out on the Charter Hall Group's website at www.charterhall.com.au, in the Investor Centre.

Based on an analysis of the historical trading price of the securities and previous tax deferred distributions, Charter Hall Group considers that a small number of securityholders could make a capital gain as a result of the Capital Reallocation Proposal.

All Securityholders will have their cost bases in the CHPT Units reduced. This may cause some Securityholders to make a capital gain as a result of future tax deferred distributions by CHPT at a slightly earlier time than would have occurred, but for the Capital Reallocation Proposal.

5.4 Cost base – CHL Shares

Under the Capital Reallocation Proposal, your cost base in your CHL Shares should be increased by the capital contribution attributable to CHL. As no new CHL Shares will be issued by CHL, this will be an adjustment to your cost base in the existing CHL Shares.

If you do not make a capital gain in respect of your CHPT Units, the sum of the decreases in your cost base in your CHPT Units should be equal to the sum of the increases in your cost base in your CHL Shares. Accordingly, the overall cost base of each security should remain the same.

If you do make a capital gain in respect of your CHPT Units, your overall cost base of your securities should increase by the amount of the gross capital gain (i.e. before the application of the CGT discount, if available). That is, a future capital gain on disposal of your securities that would otherwise have been realised would be reduced by the amount of the capital gain resulting from the Capital Reallocation Proposal.

Glossary

Annual Report	the annual report of Charter Hall Group that includes the financial report, the Directors' report and the independent audit report for the year ended 30 June 2011
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited (ACN 008 624 691)
ATO	Australian Taxation Office
Auditor or PwC	PricewaterhouseCoopers
Board	board of Directors of CHL and/or CHFML, as appropriate
Capital Reallocation Amount	the distribution of capital by CHPT in respect of each CHPT Unit of up to \$0.66 per CHPT Unit
Capital Reallocation Proposal	the proposed reallocation of up to \$200 million of CHPT's capital to CHL
Capital Reallocation Resolutions	the resolutions set out in Items 8.1, 8.2, 8.3 and 8.4 of the Notice of Meeting which relate to the Capital Reallocation Proposal
Charter Hall Group	CHL and CHPT and, where appropriate, their controlled entities
CHFML	Charter Hall Funds Management Limited (ACN 082 991 786; AFSL 262861) as responsible entity of CHPT
CHL or the Company	Charter Hall Limited (ACN 113 531 150)
CHL Share	a share in CHL
CHL Shareholder	a registered holder of a CHL Share
CHPT or the Trust	Charter Hall Property Trust (ASRN 113 339 147)
CHPT Unit	a unit in CHPT
CHPT Unitholder	a registered holder of a CHPT Unit
CGT	capital gains tax
Closely Related Party or Closely Related Parties	has the meaning given in the Corporations Act
Constitution	the constitution of CHL and/or CHPT as appropriate
Corporations Act	the Corporations Act 2001 (Cth)
Directors	the directors of CHL and/or CHFML as appropriate
DPS	distribution per Stapled Security
ELSP	Executive Loan Security Plan of Charter Hall Group
ELSP Trust	Charter Hall Executive Loan Security Plan Trust, established under the unit trust deed dated June 2005
ELSP Units	units in the ELSP Trust
ELSP Trustee	CHL Executive Loan Security Plan Managers Pty Limited (ACN 114 579 823)

Glossary

EPS	Earnings per Stapled Security
Executive Directors	David Harrison, David Southon and Cedric Fuchs
Explanatory Memorandum	the explanatory memorandum that accompanies this Notice of Meeting
FY	financial year, starting 1 July and ending 30 June
Joint Managing Directors	David Harrison and David Southon
Key Management Personnel	has the meaning given in the Corporations Act
Listing Rules	Listing Rules of ASX
LTI	long term incentive
Meetings	the 2011 annual general meeting of CHL Shareholders and the general meeting of CHPT Unitholders to be held together on 9 November 2011
Non-Executive Directors	the Directors other than the Executive Directors, namely Kerry Roxburgh, Roy Woodhouse, Anne Brennan, Glenn Fraser, Colin McGowan and Peter Kahan
Notice of Meetings	this notice of meetings and any notice of any adjournment of the meetings
NTA	net tangible assets
PROP	Performance Rights and Options Plan of Charter Hall Group
Proposed Buy-Back	a proposed buy-back by Charter Hall Group of Stapled Securities held within the ELSP, in accordance with a resolution of Securityholders made at the Meeting
Securityholders	registered holders of Stapled Securities
Stapled Security	a share in CHL and a unit in CHPT
STI	short term incentive
Tax Act	<i>the Income Tax Assessment Act 1936 (Cth) and the Income Tax Assessment Act 1997 (Cth)</i>
TOFA	taxation of financial arrangements
TSR	total shareholder return
VWAP	volume weighted average price

Corporate Directory

Corporate head office and registered office

Charter Hall Funds Management Limited
ACN 082 991 786
AFSL No. 262 861

Charter Hall Limited
ACN 113 531 150

Level 11
333 George Street
Sydney NSW 2000

Telephone: +61 2 8908 4000
Facsimile: +61 2 8908 4040

Lawyers

Allens Arthur Robison
Deutsche Bank Place
Corner Hunter and Phillip Streets
Sydney NSW 2000

Auditor

PricewaterhouseCoopers
Darling Park Tower 2
201 Sussex Street
Sydney NSW 2000

Principal Register

Link Market Services
Level 12
680 George Street
Sydney NSW 2000

Telephone: 1300 664 498
Facsimile: +61 2 9287 0303
Proxy Facsimile: +61 2 9287 0309

Directors

Kerry Roxburgh
Roy Woodhouse
Anne Brennan
Glenn Fraser
Cedric Fuchs
David Harrison
Peter Kahan
Colin McGowan
David Southon

Company Secretary

Nathan Francis

Securities Exchange

Australian Securities Exchange Limited





By mail:
 Charter Hall Group
 C/- Link Market Services Limited
 Locked Bag A14
 Sydney South NSW 1235 Australia



By fax: +61 2 9287 0309



All enquiries to: Telephone: 1300 664 498 **Overseas:** +61 2 8280 7787

Charter Hall Limited
 ACN 113 531 150
Charter Hall Funds Management Limited
 ACN 082 991 786
 AFSL 262 861
as Responsible Entity for Charter Hall Property Trust
 ARSN 113 339 147

SECURITYHOLDER VOTING FORM

I/We being a Securityholder(s) of Charter Hall Group and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

the Chairman
of the Meetings
(mark box)

OR if you are **NOT** appointing the Chairman of the Meetings (Meeting) as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy and to vote for me/us on my/our behalf and to vote in accordance with the following instructions (or if no directions have been given, as the proxy sees fit) at the Meeting to be held at **2:30pm on Thursday, 24 November 2011, at The Westin Hotel, Heritage Ballroom, 1 Martin Place, Sydney NSW 2000** and at any adjournment or postponement of the Meeting.

The Chairman of the Meeting intends to vote all undirected proxies in favour of all Resolutions.

Direction to Chairman of Meeting for Remuneration Report: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman of the Meeting becomes my/our proxy by default) in relation to Resolution 3 (Adoption of Remuneration Report) but I/we have not marked any of the boxes opposite that resolution below, I/we nevertheless hereby direct the Chairman of the Meeting to vote in favour of the resolution.

Chairman authorised to exercise proxies on remuneration related matters: If I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman of the Meeting becomes my/our proxy by default), I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy in respect of Resolutions 3, 4, 5.1, 5.2, 6.1 and 6.2 even though the Chairman of the Meeting is, and those items are connected directly or indirectly with the remuneration of, a member of Key Management Personnel for the Charter Hall Group.

Proxies will only be valid and accepted by the Charter Hall Group if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an

STEP 2

VOTING DIRECTIONS

Items of Business

	For	Against	Abstain*		For	Against	Abstain*
2.1 Re-election of Mr Kerry Roxburgh	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6.2 Issue of service rights to Mr David Harrison under the PROP	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.2 Re-election of Mr Roy Woodhouse	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7.1 Approval of buy-back of up to 12,585,899 CHL Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Adoption of Remuneration Report**	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7.2 Approval of buy-back of up to 12,585,899 CHPT Units	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Remuneration of Non-Executive Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8.1 Amendment to the CHPT Constitution to facilitate the Capital Reallocation Proposal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.1 Issue of performance rights to Mr David Southon under the PROP	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8.2 Amendment to the CHL Constitution to facilitate the Capital Reallocation Proposal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.2 Issue of performance rights to Mr David Harrison under the PROP	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8.3 Approval of the Capital Reallocation Proposal by CHPT Unitholders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.1 Issue of service rights to Mr David Southon under the PROP	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8.4 Approval of the Capital Reallocation Proposal by CHL Shareholders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

i * If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

** If you have appointed the Chairman of the Meeting as your proxy (or the Chairman of the Meeting becomes your proxy by default), you can direct the Chairman of the Meeting to vote for or against, or to abstain from voting on, Resolution 3 (Adoption of Remuneration Report) by marking the appropriate box opposite Resolution 3. However, note that under STEP 1, if the Chairman of the Meetings is your proxy and you do not mark any of the boxes opposite Resolution 3, you are directing the Chairman to vote in favour of the Resolution on that Item.

STEP 3

IMPORTANT - VOTING EXCLUSIONS

If the Chairman of the Meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of Resolution 4 above, please place a mark in this box. By marking this box, you acknowledge that the Chairman of the Meeting may exercise your proxy even though he has an interest in the outcome of that Resolution and that votes cast by him for that Resolution, other than as proxyholder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Resolution 4 and your votes will not be counted in calculating the required majority if a poll is called on this Resolution. The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 4.

STEP 4

SIGNATURE OF SECURITYHOLDERS - THIS MUST BE COMPLETED

Securityholder 1 (Individual)

Joint Securityholder 2 (Individual)

Joint Securityholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the Securityholder. If a joint holding, either Securityholder may sign. If signed by the Securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).



HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on Charter Hall Group's security register. If this information is incorrect, please make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your securities using this form.**

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you leave this section blank, or your named proxy does not attend the Meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a Securityholder. A proxy may be an individual or a body corporate.

Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you mark more than one box on an item your vote on that item will be invalid.

If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you wish to appoint a Director (other than the Chairman) or other member of the Key Management Personnel of the Charter Hall Group whose remuneration details are set out in the Remuneration Report of the 2011 Annual Report, or their Closely Related Parties as your proxy you must specify how they should vote on Resolutions 3, 4, 5.1, 5.2, 6.1 and 6.2, by completing the "For", "Against" or "Abstain" boxes on the proxy form. If you do not do that, your proxy will not be able to exercise your vote on your behalf for those Resolutions. The Chairman will be able to exercise your vote on your behalf on Resolutions 4, 5.1, 5.2, 6.1 and 6.2 as he sees fit, if you appoint the Chairman as your proxy in accordance with Step 1 of the proxy form, but do not direct him how to vote. If you appoint the Chairman as your proxy in relation to Resolution 3, but do not complete any of the boxes "For", "Against" or "Abstain" opposite that resolution on the proxy form, you will be directing the Chairman to vote in favour of Resolution 3. If you wish to appoint the Chairman as proxy with a direction to vote against, or to abstain from voting on Resolution 3, you should specify this by completing the "Against" or "Abstain" boxes on the proxy form.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning Charter Hall Group's security registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first proxy form and the second proxy form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either securityholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Charter Hall Group's security registry.

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **2:30pm on Tuesday, 22 November 2011**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, Securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).



by mail:

Charter Hall Group
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



by fax:

+61 2 9287 0309



by hand:

delivering it to Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000.

If you would like to attend and vote at the Meeting, please bring this form with you.
This will assist in registering your attendance.



Charter Hall Limited
 ACN 113 531 150
Charter Hall Funds Management Limited
 ACN 082 991 786
 AFSL 262 861
as Responsible Entity for Charter Hall Property Trust
 ARSN 113 339 147

LODGE YOUR QUESTIONS

ONLINE > www.linkmarketservices.com.au

By mail:
 Charter Hall Group
 C/- Link Market Services Limited
 Locked Bag A14
 Sydney South NSW 1235 Australia

By fax: +61 2 9287 0309

All enquiries to: Telephone: 1300 664 498 **Overseas:** +61 2 8280 7787

AREAS OF INTEREST TO SECURITYHOLDERS

Your concerns as Securityholders are important to us. Please use this form to submit any questions about Charter Hall Group that you would like us to respond to at the 2011 Annual General Meeting. Your questions should relate to matters that are relevant to the business of the Meeting, as outlined in the accompanying Notice of Meeting and Explanatory Memorandum. If your question is for the Auditor it should be relevant to the content of the Auditor’s Report, or the conduct of the audit of the Financial Report.

This form must be received by the Charter Hall Group’s security registrar, Link Market Services Limited, by **5:00pm on Thursday, 17 November 2011.**

Questions will be collated. During the course of the Annual General Meeting, the Chairman of the Meeting will endeavour to address as many of the more frequently raised Securityholder topics as possible and, where appropriate, will give a representative of the Auditor, the opportunity to answer any written questions submitted to the Auditor. However, there may not be sufficient time available at the Meeting to address all topics raised. Please note that individual responses will not be sent to Securityholders.

Question(s)

1. Question is for the Chairman or Auditor

2. Question is for the Chairman or Auditor

3. Question is for the Chairman or Auditor
