

ASX/MEDIA ANNOUNCEMENT

CHARTER HALL GROUP PROPOSAL FOR MANAGEMENT OF PFA

Thursday, 28 June 2012

Charter Hall Group (ASX:CHC) (the Group or Charter Hall) has entered into an Implementation Deed with various entities of Australian Property Growth Fund (APGF) for the retirement of APGF Management Limited (APGFM) (a wholly owned subsidiary of APGF) as responsible entity of PFA Diversified Property Trust (PFA or Trust) and the appointment of Charter Hall Direct Property Management Limited (CHDPML) (a wholly owned subsidiary of Charter Hall). The change in responsible entity is subject to PFA Unitholder approval.

PFA is a diversified property trust comprising \$444.5 million¹ of predominantly office assets located nationally. A summary of PFA's key metrics are appended to this announcement.

The Implementation Deed

APGF recently undertook a strategic review of its business and as part of this review, APGF invited proposals from selected market participants for the role of responsible entity of PFA. Charter Hall participated in this process and has been chosen by APGF as the preferred responsible entity of PFA, subject to PFA unitholder approval, based on its proposed strategy for the Trust which offers investors:

- Access to a national integrated property group and an established "retail investor" Direct Property business with \$1.3 billion² in assets under management;
- Improved bank financing terms³ negotiated by Charter Hall that decreases the risk for PFA investors;
- A proposed annual liquidity program funded by PFA which may allow investors to reduce or exit their investment in an orderly manner; and
- Introduction of a proposed major liquidity review date of 30 June 2018 which may allow investors to elect to exit or reduce their investment in PFA.

Under the terms of the Implementation Deed, Charter Hall will pay upon completion a \$5 million facilitation fee to APGF on the appointment of CHDPML as responsible entity of PFA. The Board of Directors of APGFM, the current responsible entity of PFA, has unanimously recommended the appointment of CHDPML as the responsible entity to PFA unitholders.

If the resolution is approved by PFA unitholders and CHDPML is appointed as responsible entity of PFA, Charter Hall Group's assets under management will increase by \$444.5 million⁴. The transaction is expected to be marginally earnings accretive for Charter Hall and expands the Group's retail investor network through the addition of 4,178 PFA investors.

¹ As at 31 May 2012 (including cash and receivables)

² As at 31 December 2011, adjusted for DRF asset sales

³ The credit committees of ANZ and NAB have approved amendments to PFA's \$228m debt facility, which are subject to documentation and appointment of CHDPML as responsible entity of PFA

⁴ As at 31 May 2012



The appointment of Charter Hall as manager of PFA will position Charter Hall's Direct Property business as one of the largest retail investor focused property funds management businesses in Australia. The Direct portfolio will increase from \$1.3 billion² to \$1.7 billion⁵ and as a result increases the Group's total assets under management to \$9.5 billion⁶. The appointment will also further diversify Charter Hall's equity sources by increasing access to an additional investor base through new advisory network relationships, further strengthening existing distribution networks.

Joint Managing Director of Charter Hall, David Harrison said: "The proposed appointment of Charter Hall as the responsible entity of PFA demonstrates the Group's commitment to retail investors and our confidence in commercial real estate within the current environment of positive income yield spreads compared with bond yields and cash deposit rates."

Richard Stacker, Head of Charter Hall's Direct Property business said: "As part of Charter Hall's integrated business, Charter Hall Direct Property is well resourced to deliver best in class funds management, asset management, property management, transaction, leasing and development services to PFA. If appointed, we will implement a strategy to provide PFA unitholders a number of benefits including improved debt financing terms, the introduction of liquidity, maximised income and capital returns and best practice corporate governance."

The Resolution for the change of responsible entity of PFA will be voted upon on 25 July 2012 at a meeting of PFA unitholders.

For further information, please contact:

David Harrison

Joint Managing Director
Tel: +61 2 8908 4033
david.harrison@charterhall.com.au

David Southon

Joint Managing Director
Tel: +61 2 8908 4025
david.southon@charterhall.com.au

Investor enquiries:

Kylie Ramsden

Head of Listed Investor Relations
Tel: +61 2 8295 1016
kylie.ramsden@charterhall.com.au

Media enquiries:

Rachel Mornington-West

Head of Marketing and Communications
Tel: +61 2 8908 4093
rachel.mornington-west@charterhall.com.au

About the Charter Hall Group:

Charter Hall Group (ASX:CHC) is one of Australia's leading fully integrated property groups, with over 20 years' experience managing high quality property on behalf of institutional, wholesale and retail clients. Charter Hall has over \$9 billion of funds under management across the office, retail, industrial and residential sectors. The Group has offices in Sydney, Melbourne, Brisbane, Adelaide, Perth, Warsaw and Chicago.

The Group's success is underpinned by a highly skilled and motivated team with diverse expertise across property sectors and risk-return profiles. Sustainability is a key element of its business approach and by ensuring its actions are commercially sound and make a difference to its people, customers and the environment, Charter Hall can make a positive impact for its investors, the community and the Group.

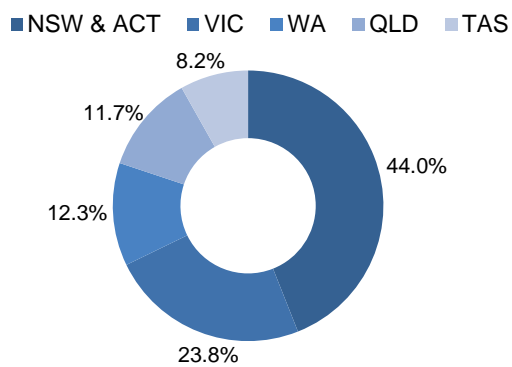
⁵ Pro-forma as at 31 December 2012, adjusted for DRF asset sales

⁶ Pro-forma as at 31 December 2012, adjusted for DRF asset sales and post PFA

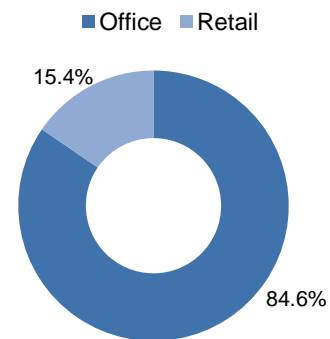
ANNEXURE 1

PFA Fund Metrics Summary

Asset Geography⁷



Asset Sector⁷



Key metrics of the fund are shown below:

Key Fund Metrics (31 May 2012)	
Net Tangible Assets per Unit (c/unit)	82.5
FY12 Distribution per unit (c/unit)	7.25
LVR (%)	54.0%
Gearing (%) ⁸	57.9%
Number of Investors	4,178

⁷ As at 31 May 2012

⁸ Total assets divided by total liabilities

PFA Portfolio as at 31 May 2012

Asset	State	Sector	Valuation	Capitalisation rate (%)	Valuer
Civic Tower, 66 Goulburn Street, Sydney	NSW	Office	65,750,000	7.60%	Knight Frank
The Octagon, 110 George Street, Parramatta	NSW	Office	34,125,000	9.50%	Knight Frank
706 Mowbray Road, Lane Cove	NSW	Office	23,500,000	9.50%	Colliers
657 Pacific Highway, St Leonards	NSW	Office	17,200,000	8.75%	CBRE
390 St Kilda Road, Melbourne	VIC	Office	55,000,000	8.50%	Charter Keck Cramer
Foxtel Building, 1-21 Dean Street, Moonee Ponds	VIC	Office	26,600,000	8.50%	CBRE
AAPT Centre, Richmond	VIC	Office	19,000,000	9.00%	CBRE
Anzac Square, Brisbane	QLD	Office	29,500,000	9.00%	JLL
Sevenoaks, 303 Sevenoaks Street, Carrington	WA	Office	52,000,000	9.75%	CBRE
The Lands Building, 134 Macquarie Street, Hobart	TAS	Office	34,500,000	9.50%	Knight Frank
Riverdale Centre, 49-55 Macquarie Street, Dubbo	NSW	Retail	12,250,000	9.75%	LandMark White
Cairns Hypermarket, Cairns	QLD	Retail	20,000,000	9.00%	Knight Frank
Homeworld Centre, Tuggeranong	ACT	Retail	33,000,000	8.75%	LandMark White
Total/Weighted Average			422,425,000	8.88%	