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12 July 2012

Dear Securityholder

## **IMPLEMENTATION OF CAPITAL REALLOCATION**

We refer to the Capital Reallocation Proposal approved by securityholders of Charter Hall Group (CHC) at the 2011 Annual General Meeting held on 24 November 2011.

The Capital Reallocation Proposal was set out in the CHC Notice of 2011 Annual General Meeting and Explanatory Memorandum dated 25 October 2011 a copy of which is available on the Charter Hall website at [www.charterhall.com.au](http://www.charterhall.com.au) within the website's Investor Centre section. The capital reallocation aims to ensure a more appropriate allocation of capital between Charter Hall Property Trust (CHPT) and Charter Hall Limited (CHL) (which together trade on the Australian Securities Exchange as Charter Hall Group), which is more closely aligned with CHC's long term growth strategy.

Under the capital reallocation proposal, CHPT made capital payments of \$200 million (equivalent to \$0.67 per unit) which were compulsorily applied as a capital contribution for existing shares of CHL. Prior to implementing the capital reallocation we remained satisfied that the proposal was fair and reasonable to all CHPT unitholders as a whole and does not materially prejudice CHPT's ability to pay its creditors.

Importantly, CHC securityholders will not receive any cash as part of the capital reallocation. You continue to hold the same number of CHC securities and they are quoted on the same basis as before the capital reallocation. In addition, there is no change to the net tangible assets (NTA) per CHC security as a result of the capital reallocation.

The cost base of your units in CHPT will however, reduce by the lesser of:

- the capital payment by CHPT of approximately \$0.67 cents per unit; and
- the existing cost base of your CHPT units (in these circumstances, a capital gain may also arise equal to the difference between the capital payment of approximately \$0.67 cents per unit and the existing cost base of your CHPT units).

The cost base of your shares in CHL will be increased by a corresponding amount of approximately \$0.67 cents per share.

Further information enabling you to adjust the cost bases of your CHC securities will be included in your 2012 Annual Tax Statement expected to be distributed to securityholders in August 2012. The new NTA split for CHC securities will also be included within the Investor Centre section of Charter Hall's website at [www.charterhall.com.au](http://www.charterhall.com.au).

Should you have further questions on your tax position we recommend you speak with your financial or tax advisor.

For any other matters discussed in this letter, please contact our Investor Relations information line on 1300 365 585 or if calling from overseas +61 2 8908 4000.

Yours sincerely



**David Harrison**  
Joint Managing Director



**David Southon**  
Joint Managing Director