

ASX Release

\$510 million acquisition of David Jones flagship Sydney CBD store 22 December 2020

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Charter Hall Group (ASX: CHC) (Charter Hall or the Group) announces that a consortia of Charter Hall managed funds/partnerships has exchange contracts to purchase the David Jones flagship "Elizabeth Street store", located at 86-108 Castlereagh Street, Sydney with frontages to Elizabeth, Castlereagh and Market Streets, for a purchase price of \$510 million.

This iconic Sydney CBD property comprises 12 levels on a strategic 3,530sqm prime CBD retail site, prominently located overlooking Hyde Park with views to Sydney Harbour. The building comprises large floorplates of up to 2,92sqm, with excellent natural light to 3 elevations.

David Jones, as vendor, has in recent years completed a significant capital works program which has created a world class showcase of department store retailing.

The Charter Hall managed consortia acquired the property on a sale and leaseback transaction with David Jones, which will provide a 20-year, triple-net (NNN) lease, with minimum 2.5% per annum annual rent increases supplemented by an agreed turnover rent linked to sales performance.

The Charter Hall managed consortia comprises a 50% interest held by the Charter Hall Long WALE REIT (ASX:CLW), a 25% interest held by the Charter Hall DVP partnership (DVP) and 25% held by the Group. The Group's investment is \$71 million held in a partnership with DVP, which together have secured a 5-year debt facility. CLW will fund its 50% from its existing available capacity.

Settlement is conditional upon approval from the Foreign Investment Review Board for David Jones entry into the lease. The purchase price reflects a 5% initial yield based on the initial annual net rent of \$25.5 million, reflecting approximately \$800sqm of lettable area.

Charter Hall Group CEO and Managing Director, David Harrison stated: "This acquisition is consistent with our strategy in so many ways, namely: securing long WALE NNN leased assets, combining the appetite of our managed funds and partnerships to partner with the Group on high conviction prime real estate acquisitions, co investing Group capital alongside our partners to secure attractive earnings growth from our Property Investment portfolio, whilst also expanding the Group's FUM platform."

"Combined with other recently announced acquisitions and pre-leased development projects across office and industrial sectors, we expect the Group's FUM to exceed \$45 billion as at 31 December 2020", added Mr Harrison.

Announcement Authorised by the Chair of the Board and Group Managing Director and CEO.

Charter Hall Group (ASX: [CHC](#))

With over 29 years' experience in property investment and funds management, we're one of Australia's leading fully integrated property groups. We use our property expertise to access, deploy, manage and invest equity across our core sectors - office, industrial & logistics, retail and social infrastructure.

Operating with prudence, we've carefully curated a \$45 billion diverse portfolio of over 1,300 high quality, long leased properties. Partnership and financial discipline are at the heart of our approach. Acting in the best interest of customers and communities, we combine insight and inventiveness to unlock hidden value. Taking a long term view, our \$6.8 billion development pipeline delivers sustainable, technologically enabled projects for our customers.

The impacts of what we do are far-reaching. From helping businesses succeed by supporting their evolving workplace needs, to providing investors with superior returns for a better retirement, we're powered by the drive to go further.

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