

Charter Hall Office REIT

Charter Hall
Office REIT



Unitholder Meeting

15 March 2012



Important information

Charter Hall Office Management Limited ABN 75 006 765 206; AFSL 247075 ("CHOML") is the responsible entity of Charter Hall Office REIT ARSN 093 016 838 ("CQO").

Performance Disclaimer

Past performance is not a reliable indicator of future performance. Due care and attention has been exercised in the preparation of forecast information, however, forecasts, by their very nature, are subject to uncertainty and contingencies, many of which are outside the control of CHOML. Actual results may vary from any forecasts and any variation may be materially positive or negative.

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CHOML does not receive fees in respect of the general financial product advice it may provide, however it will receive fees for operating CQO which, in accordance with CQO's constitution, are calculated by reference to the value of the assets and the performance of CQO. Entities within the Charter Hall Group may also receive fees for managing the assets of, and providing resources to CQO. For more details on fees, see CQO's latest annual report. To contact us, call 1300 365 585 (local call cost).

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For full details of qualifications, assumptions, disclosure and information referenced in this presentation it is important that you refer to the Explanatory Memorandum dated 10 February 2012 released to ASX on 13 February 2012 and announcements released to ASX after that date.

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01

Welcome

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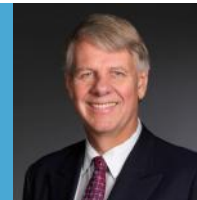


Agenda

- ◆ Welcome
- ◆ Update on recent performance of CQO
- ◆ Overview and background of the Proposal
- ◆ Reasons for Independent Directors' unanimous recommendation to vote in favour of the Proposal, in the absence of a Superior Proposal
- ◆ Conclusion of the Independent Expert
- ◆ Formal business of the meeting

Board of directors and management team

Roger Davis
Chairman



James Broadbent
Independent Director



Andrew Love
Independent Director



David Harrison
Director



David Southon
Director



Adrian Taylor
Chief Executive Officer



Jill Rikard-Bell
Chief Operating Officer



Alex Pritchard
Chief Financial Officer



CQO's recent performance

Key financial results – 6 months to or as at, 31 December 2011:

- ◆ Statutory loss of (\$59.9) million, resulting from offshore asset sales and non-cash items
- ◆ Operating earnings of \$65.0 million or 13.2 cents per unit
- ◆ Distribution of 11.0 cents per unit (99% tax deferred)
- ◆ Look-through gearing (net of cash) reduced from 42.9% to 38.6%

Key portfolio results - 6 months to or as at, 31 December 2011:

- ◆ Increased Australian portfolio occupancy to 97%
- ◆ Agreed lease terms on 46,151 square metres, or 12%, of the Australian portfolio
- ◆ Australian portfolio value of \$1,848 million with an average cap rate of 7.79%

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Chairman's Address

Purpose of meeting

- ◆ To consider the Proposal by Reco Ambrosia Pte Ltd (an affiliate of Government of Singapore Investment Corporation Pte Ltd), the Public Sector Pension Investment Board of Canada and a member of the Charter Hall Group (ASX:CHC) (together, the Bidders) to acquire (either themselves or through their respective Nominees) all the units in CQO except certain of those held by the Bidders or their associates (the Proposal)
- ◆ To consider the RE Fees Resolution
- ◆ The Bidders' Proposal is not conditional on Unitholders approving the RE Fees Resolution

Overview of the Proposal

- ◆ If the Proposal is approved, and the other conditions precedent are satisfied, Scheme Unitholders will receive:
 - \$2.49 per unit comprising:
 - Scheme Cash Consideration of approximately \$1.84 per Scheme Unit on the Implementation Date or as soon as reasonably practical thereafter;
 - Implementation Distributions of approximately \$0.65 per CQO Unit on the Implementation Date or as soon as reasonably practical thereafter;
 - US Sales Distributions of an aggregate amount estimated to be at least \$0.96 per CQO Unit paid on or before the Implementation Date, noting that a first US Sales Distribution of \$0.48 per CQO Unit held on the distribution record date of 5.00pm on 1 March 2012 was paid on or about 8 March 2012; and
 - Scheme Contingent Consideration of up to approximately \$0.15 per CQO Unit, paid not earlier than 6 months after the Implementation Date
- ◆ Total payments including the \$0.48 per unit already paid, are estimated to amount to approximately \$3.60 per unit.

Resolutions

- ◆ The Proposal is subject to a number of conditions, including that Scheme Unitholders approve:
 - Amendments to the CQO Constitution (Resolution 1) to allow the Proposal to be implemented;
 - The acquisition of all Scheme Units by the Bidders or their Nominees
- ◆ A number of conditions precedent to implementation of the Proposal, including the completion of the US asset sales, have not yet been satisfied – completion of the US asset sales expected by end of March 2012
- ◆ If approved, implementation is expected to occur approximately two weeks after settlement of the sale of the final US asset
- ◆ In addition, Unitholders will be asked to approve a special resolution (Resolution 3) amending the CQO Constitution to enable CHOML to receive base management fees for the period up until the Implementation Date. The Proposal is not conditional upon this resolution being passed

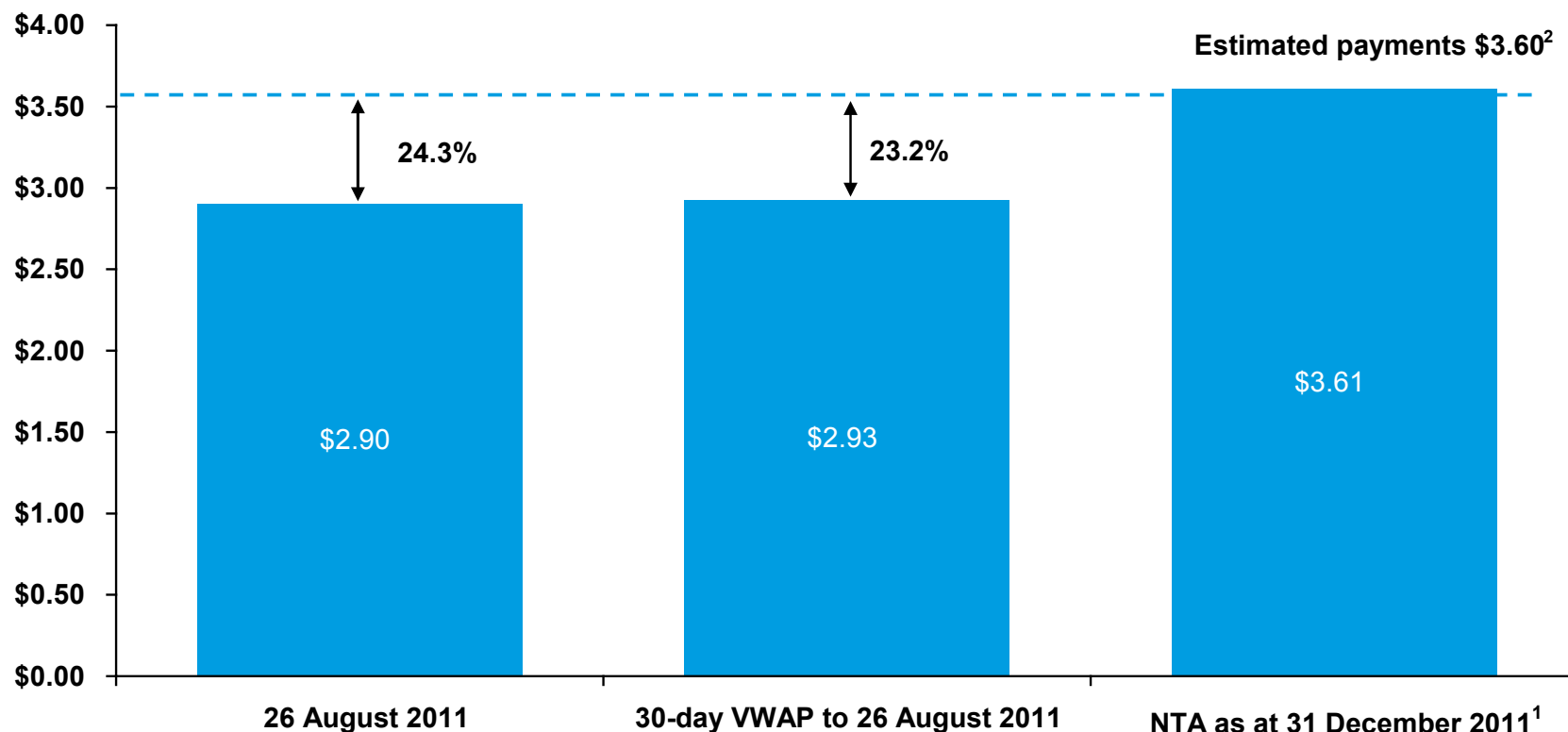
Background to the Proposal

- ◆ Shortly after the announcement by CHOML of the US Asset Sales in August 2011, CHOML was approached with a highly conditional proposal for CQO's Australian portfolio for \$2.39 per CQO unit
- ◆ CHOML formed an Independent Directors Committee (IDC) to consider the Proposal due to the potential conflict of interest with Charter Hall Group (CHC)
- ◆ Following intensive negotiations, the IDC was able to improve the offer by \$0.10 to \$2.49 per CQO unit
- ◆ On 31 December 2011, CHOML entered into a Scheme Implementation Agreement with the Bidders under which the parties agreed to pursue the Proposal

Consideration of alternatives

- ◆ The Independent Directors Committee examined a range of strategic options which could reasonably be considered to maximise value for CQO unitholders. These were:
 - confidentially approaching a broad range of potential acquirers to assess their willingness to make an alternative proposal;
 - considering a sale of the Australian assets and subsequent wind-up of CQO; and
 - retaining CQO as an ASX listed entity.
- ◆ There is no certainty that the alternative strategies, as listed above would provide Scheme Unitholders with greater value than the Proposal

Reasons for independent directors' recommendation



Source: IRESS

1. Adjusted for exchange rate of USD1.08=AUD1.00. Prior disclosed NTA as at 31 December 2011 was \$3.66 per unit based on USD1.02 = AUD1.00
2. Assumes exchange rate of USD:1.08=AUD1.00

Independent directors' unanimously recommend the Proposal

- ◆ After careful consideration of the Proposal, each Independent Director has concluded that the Proposal offers the most compelling and certain value proposition currently available to Unitholders and is in the best interests of Unitholders and therefore:
 - **recommends that Unitholders vote in favour of the Scheme Resolutions; and**
 - **intends to vote his CQO units in favour of the Proposal.**

Independent Expert's Report

- ◆ The Independent Expert has concluded that the Proposal is fair and reasonable to, and in the best interests of, Scheme Unitholders in the absence of a Superior Proposal

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Formal Business of Meeting

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Procedural matters

- ◆ If there are any Unitholders who are eligible to vote who have not received their **yellow** voting card, please see a representative from Link Market Services at the registration desk
- ◆ Unitholders holding a **red card** are not eligible to vote but can speak at the meeting
- ◆ Visitors holding a **blue card** are not eligible to vote or speak at the meeting
- ◆ Where permitted to do so, the Chairman of the meeting will vote all open proxies 'for' each item
- ◆ Voting on all resolutions will be decided on a poll

Resolution 1: Approval of amendments to CQO constitution

- ◆ To consider and, if thought fit, to pass a special resolution of Charter Hall Office REIT in the following terms:

“That, subject to the passing of Resolution 2 in the Notice of Meeting convening this meeting, the constitution of Charter Hall Office REIT is amended in accordance with the provisions of the supplemental deed poll in the form tabled at the meeting and initialled by the Chairman of the meeting for the purposes of identification (Supplemental Deed), and the responsible entity of Charter Hall Office REIT is authorised to execute and lodge the Supplemental Deed with the Australian Securities and Investments Commission.”

Resolution 1 is a special resolution, and will be approved if passed by at least 75% of the votes cast by Unitholders entitled to vote on the resolution.

Resolution 1 - Proxies

FOR:	302,304,322	95.57%
OPEN:	2,173,120	0.69%
AGAINST:	11,830,923	3.74%
ABSTAIN:	1,924,911	

Note: In accordance with the Corporations Act, the number of votes was calculated on the basis of 1 vote for each dollar of value of CQO units issued. The value of CQO units is the last sale price on ASX on 14 March 2012, being the day before the poll

Resolution 2: Approval of the acquisition of Scheme Units



- ◆ To consider and, if thought fit, to pass an ordinary resolution of Charter Hall Office REIT in the following terms:

“That, subject to the passing of Resolution 1 in the Notice of Meeting convening this meeting, the proposal described in the Explanatory Memorandum accompanying the Notice of Meeting convening this meeting as the “Proposal” (including, if applicable, as amended by any supplementary Explanatory Memorandum), under which the Bidders or their Nominees will acquire the Scheme Units, on the terms and subject to the conditions of the Proposal, is approved for all purposes including for the purposes of item 7 of section 611 of the Corporations Act.”

Resolution 2 is an ordinary resolution, and will be approved if passed by at least 50% of the votes cast by Unitholders entitled to vote on the resolution.

Resolution 2 - Proxies

FOR:	302,255,260	95.56%
OPEN:	2,204,157	0.70%
AGAINST:	11,832,343	3.74%
ABSTAIN:	1,941,516	

Note: In accordance with the Corporations Act, the number of votes was calculated on the basis of 1 vote for each dollar of value of CQO units issued. The value of CQO units is the last sale price on ASX on 14 March 2012, being the day before the poll

Resolution 3: Approval of the RE Fees Resolution

- ◆ To consider and, if thought fit, to pass a special resolution of Charter Hall Office REIT in the following terms:

“That, subject to the passing of Resolutions 1 and 2 in the Notice of Meeting convening this meeting and the Proposal becoming Effective (each as defined in the Explanatory Memorandum accompanying the Notice of Meeting), the constitution of Charter Hall Office REIT is amended in accordance with the provisions of the supplemental deed poll in the form tabled at the meeting and initialled by the Chairman of the meeting for the purposes of identification (Supplemental Deed (RE Fees)), and the responsible entity of Charter Hall Office REIT is authorised to execute and lodge the Supplemental Deed (RE Fees) with the Australian Securities and Investments Commission .”

Resolution 3 is a special resolution, and will be approved if passed by at least 75% of the votes cast by Unitholders entitled to vote on the resolution.

Resolution 3 - Proxies

FOR:	302,705,989	95.72%
OPEN:	2,219,359	0.70%
AGAINST:	11,326,688	3.58%
ABSTAIN:	1,981,240	

Note: In accordance with the Corporations Act, the number of votes was calculated on the basis of 1 vote for each dollar of value of CQO units issued. The value of CQO units is the last sale price on ASX on 14 March 2012, being the day before the poll



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