



MACQUARIE
ACN 002 574 923

Macquarie Private Wealth

Snapshot

Charter Hall Office Reit

Business Description

Charter Hall Office REIT (CQO, formerly Macquarie Office Trust) is a sector specific AREIT offering exposure solely to Grade A office properties in Australia, the US, Europe and Japan. The responsible entity of the trust is Charter Hall after the sale of the manager in 2010 to the Charter Hall group.

Strategy Analysis

CQO seeks to provide unitholders with a secure, growing income stream and the prospect of capital growth by achieving scale in a portfolio of Australian 'A' grade CBD and suburban office property investments. Growth is supported by active asset management, to maintain high occupancy levels and extend the weighted average lease expiry, refurbishment and development to match customer demand. CQO is on-track to finalise its exit of non-core markets (US and Europe) and distribute net proceeds by the end of FY12. Charter Hall Office REIT reported NPAT of \$69.4m for the year ended 30 June 2011. The reported profit for the year reflects the improved market conditions with net property valuation gains of \$21.9m on a look-through basis compared to net property valuation losses of \$280.7m in the prior year; however, offset by the loss on re-measurement of the investment in the US JV of \$54.5m. Revenues from ordinary activities were \$201.1m, up 6.1% from last year. Basic and Diluted EPS was 14.09 cents compared to (19.0) cents last year. Net operating cash flow was \$69.2m compared to \$79.1m last year. The final dividend declared was 11.0 cents, taking the full year dividend to 20.25 cents compared with 18.5 cents last year.

27 January 2012

Recommendation

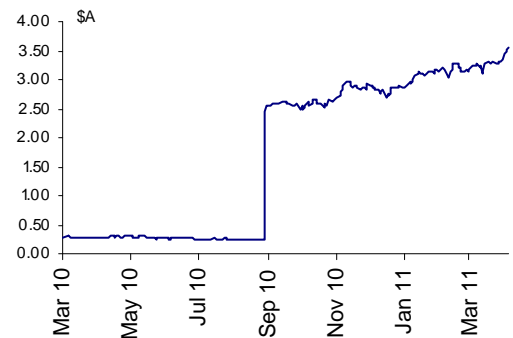
Recommendation: BLANK
Relative to: All Ind (ex Fins)

Investment Fundamentals

ASX code: CQO
Stock price: \$3.56
Market cap: \$1,756m

| Y/E | 30/06/2012 | 2012e | 2013e | 2014e | 2015e |
|--------------|------------|-------|-------|-------|-------|
| Reported e | \$m | 112.9 | 92.1 | 95.2 | 91.7 |
| Adjusted e | \$m | 112.9 | 92.1 | 95.2 | 91.7 |
| EPS adjusted | ¢ | 22.9 | 18.7 | 19.3 | 18.6 |
| EPS growth | % | -15.6 | -18.4 | 3.3 | -3.7 |
| PE | x | 15.6 | 19.1 | 18.5 | 19.2 |
| PE relative | x | 1.2 | 1.6 | 1.6 | 1.7 |
| DPS | ¢ | 71.9 | 68.0 | 14.5 | 13.9 |
| Yield | % | 20.2 | 19.1 | 4.1 | 3.9 |
| Franking | % | 0.0 | 0.0 | 0.0 | |

Share Price



Source: ASX and Company accounts

| Segment Performance | Annual Shareholders' Return |
|---------------------------|---------------------------------------|
| Property Portfolio | (%) 1 year 21.0% |
| Start Results | 100.0 3 year 33.0% |
| Total | 100.0 5 year -19.0% |
| | 10 year -4.0% |
| Property Types | |
| Industrial | 100.0 Dividend Reinvestment Plan Yes |
| Total | 100.0 Shareholder Discounts No |

Company contact details:

Charter Hall Office REIT
Level 11, 333 George St
Sydney NSW 2000
Tel: +61 2 8908 4000

www.charterhall.com.au/cqo

If you have any queries regarding this Research information or with any aspect of your legal super account please call legal super on 1800 060 312 (freecall) or email mail@legalsuper.com.au

Disclosure: In accordance with Section 849 of the Corporations Law, Macquarie Equities Limited states that The Macquarie Group acted as financial adviser and broker to Charter Hall Office REIT in relation to the Small Parcel and Small Unitholding Sale Facility as announced 15 September 2010. The Macquarie Group is a substantial securities holder in Charter Hall Office REIT (CQO:ASX). Macquarie and its affiliates collectively and beneficially own or control 1% or more of any class of Charter Hall Office REIT's equity securities. The Macquarie Group acted as Joint Lead Manager and Underwriter to Charter Hall Group in respect of its Entitlement Offer and Placement as announced 12 February 2010. The Macquarie Group is acting as the arranger of a Consortium of investors that have lodged a non-binding indicative offer to privatise the Charter Hall Office REIT (CQO). Macquarie is also acting as Financial Advisor and equity underwriter to the Consortium, as announced on 29 August 2011. Within the last 12 months, Macquarie Group has received compensation for investment advisory services from Charter Hall Group.

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