

Charter Hall Office Management Limited

ABN 75 006 765 206

AFS Licence No. 247075

as responsible entity of

Charter Hall Office REIT

ASX/MEDIA ANNOUNCEMENT

CONDITIONAL AGREEMENT REACHED ON IMPROVED CONSORTIUM PROPOSAL

Monday, 5 December 2011

The Independent Director Committee (IDC) of Charter Hall Office Management Limited (CHOML), the responsible entity of Charter Hall Office REIT (ASX:CQO) (CQO), provides the following update on the approach from a consortium first announced to the market on 29 August 2011.

The IDC advises it has entered into a conditional agreement with Reco Ambrosia Pte Ltd (an affiliate of Government of Singapore Investment Corporation Pte Ltd) and the Public Sector Pension Investment Board of Canada (collectively known as the Consortium) under which the Consortium would enter into an Implementation Agreement to acquire all the units in CQO except those held by Charter Hall Group (ASX:CHC) (CHC) and its subsidiaries (Proposal).

Under the Proposal, CQO unitholders will receive \$2.49 per CQO unit for the Australian assets (Offer) (via a combination of cash and a special distribution). In accordance with the Proposal, CQO unitholders are also entitled to the distribution for the half year ending 31 December 2011 relating to the Australian portfolio of \$0.072 per unit. The Offer represents an increase of \$0.10 per unit over the Consortium's initial approach and reflects a discount of 4.2% to the pro forma estimated Australian NTA of \$2.60 or a 2.8% discount to the estimated pro forma gross Australian assets. A reconciliation of the estimated pro forma NTA of the Australian assets is contained in Annexure "A". CQO unitholders also will remain entitled to the net proceeds¹ from the sale of the US assets as announced in August 2011 and any accrued earnings from the US assets.

The IDC has been advised that the Consortium and CHC have reached agreement on terms relating to CHC's ongoing management of CQO and ongoing co-investment in CQO, post privatisation. The IDC

¹ Charter Hall Office Management Limited is not in a position to give, and does not give, any assurance as to the quantum or timing of receipt of net sale proceeds.

understands that these arrangements are subject to final documentation being agreed and executed and there being no superior proposal.

The Proposal remains subject to a number of conditions, including:

- (i) final documentation being agreed and executed between the Consortium and CHC in relation to ongoing management of CQO and ongoing co-investment in CQO, post privatisation;
- (ii) execution of a binding Implementation Agreement on or before 22 December 2011;
- (iii) the Consortium satisfactorily concluding its confirmatory due diligence on CQO;
- (iv) the Consortium executing definitive agreements reflecting the consortium and debt documentation;
- (v) CQO unitholder approval of a trust scheme;
- (vi) the Court granting judicial advice in connection with the implementation of the Proposal;
- (vii) completion of the US asset sale; and
- (viii) implementation of the Proposal prior to 31 March 2012.

The IDC has unanimously recommended the Proposal, in the absence of a superior proposal and subject to the Independent Expert finding the Proposal to be in the best interests of CQO unitholders, other than CHC and its subsidiaries. The IDC has also agreed to certain interim exclusivity arrangements with the Consortium. These arrangements, and the conditions of the Proposal, are set out in the Process Agreement, a copy of which is attached.

Provided an Implementation Agreement is entered into by 22 December 2011, the IDC intends to appoint an Independent Expert to evaluate the Proposal. It is envisaged that the transaction would be effected by a trust scheme and a meeting of CQO unitholders would be convened in early March 2012 to consider the Proposal.

Roger Davis, the independent Chairman of CHOML, said: "Throughout this process, the IDC has been focused on achieving the best outcome for CQO unitholders. The IDC, through negotiations with the Consortium, has been able to improve the original bid which was at a 9.1% discount to Australian NTA by \$0.10 per unit, to the current bid which is at a 4.2% discount to estimated Australian NTA."

“Given the Proposal remains at a discount to NTA, albeit small, the IDC considered a range of strategic options to maximise CQO unitholder value, together with the risks associated with each alternative. Having regard to the present instability in capital markets both globally and domestically, and having regard to other alternatives available to CQO, the IDC has concluded that the all cash Proposal offers the most compelling and certain value proposition for CQO unitholders and we believe this should be placed before unitholders for their consideration.”

Income Distribution – 31 December 2011

CQO unitholders will receive a distribution of income for the half year ended 31 December 2011. In accordance with the Proposal, CQO unitholders are entitled to the distribution for the half year ending 31 December 2011 relating to the Australian portfolio of \$0.072 per unit. In addition, CQO unitholders will receive an income distribution arising from the US portfolio. An announcement in respect of the total distribution is expected to be made in late December 2011.

Distribution of net US sale proceeds

Separately, CQO unitholders will receive one or more distributions representing the net proceeds from the sale of the US portfolio, as well as any accrued earnings from the US portfolio up to the scheme implementation date. The quantum and timing of these distributions will be communicated as the US portfolio sale nears completion.

The IDC is being advised by Merrill Lynch International (Australia) Limited.

For further information please contact:

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About Charter Hall Office REIT

Charter Hall Office REIT is a leading listed real estate investment trust focused on investing in high grade office buildings predominantly located in major business districts across Australia and the United States (the US portfolio is under contract for sale). A customer focused approach to asset management drives the leasing and refurbishment initiatives with a view to maximising returns of the underlying assets.

Charter Hall Office REIT is managed by Charter Hall Group (ASX:CHC) is one of Australia's leading fully integrated property groups, with 20 years' experience managing high quality property on behalf of institutional, wholesale and retail clients. Charter Hall has over \$10 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.

For further information on Charter Hall Group and Charter Hall Office REIT go to www.charterhall.com.au.

Annexure A – Estimated Pro forma NTA for Australian assets

	\$m	\$ per unit
Pro forma Australian NTA as at 30 June 2011		2.63
Adjusted for:		
Changes to working capital (30 September 2011)	5.0	0.01
Derivative mark-to-market movements (30 November 2011)	(17.3)	(0.04)
Adjusted pro forma Australian NTA ¹		2.60

¹ Unaudited and subject to change and market movements

Date	5 December 2011
Parties	<ol style="list-style-type: none"> 1. Charter Hall Office Management Limited (ACN 006 765 206) in its capacity as Responsible Entity of Charter Hall Office REIT (ARSN 093 016 838) of Level 11, 333 George Street, Sydney, NSW 2000 (CQO). 2. Reco Ambrosia Pte Ltd of 168 Robinson Road, #37-01, Capital Tower, Singapore 068912 (Reco); and 3. Public Sector Pension Investment Board of 1250, Rene-Levesque Blvd West, Suite 900, Montreal, Quebec, Canada H3B 4W8 (PSP), (Reco and PSP together comprising the Consortium).
Recitals	<ol style="list-style-type: none"> A The Consortium has submitted a proposal to CQO under which the Consortium would acquire 100% of the CQO Units (other than those held by CHC and its Subsidiaries). B Subject to the terms and conditions of this Agreement, CQO and the Consortium have agreed to negotiate with a view to finalising an implementation agreement for the proposal, such agreement to contain (along with other customary terms) the key terms set out in clause 2.5 of this Agreement.

It is agreed as follows.

1. Defined Terms and Interpretation

1.1 Defined terms

In this Agreement, the following definitions apply unless the context requires otherwise.

Adviser means, in relation to an entity, a financier, financial adviser, corporate adviser, legal adviser, or technical or other expert adviser or consultant who provides advisory services in a professional capacity to the market in general and who has been engaged by that entity.

Affiliate of any person means a Related Body Corporate of the person or any other person that directly, or indirectly through one of more intermediaries, controls, or is controlled by, or under common control with, such person and "control" (including the terms "controlled by" and "under common control with") means the possession, direct or indirect, of the power to determine the outcome of decisions about the person's financial and operating policies, provided that:

- (a) in relation to Reco, Affiliate is limited in meaning to:

- (i) Government of Singapore Investment Corporation Private Limited, each of its Subsidiaries and each other person that it controls, either directly or indirectly through one or more intermediaries; and
- (ii) Government of Singapore Investment Corporation (Realty) Pte Ltd, each of its Subsidiaries and each other person that it controls, either directly or indirectly through one or more intermediaries; and
- (b) in relation to PSP, Affiliate is limited in meaning to The Public Sector Pension Investment Board, each of its Subsidiaries and each other person that it controls, either directly or indirectly through one or more intermediaries.

ASIC means the Australian Securities and Investment Commission.

ASX means the Australian Securities Exchange.

Business Day means a day not being a Saturday, Sunday or public holiday in Sydney, New South Wales.

CHC means Charter Hall Limited (ABN 57 113 531 150).

CHOML means Charter Hall Office Management Limited (ACN 006 765 206) in its capacity as responsible entity of Charter Hall Office REIT.

Competing Transaction means a transaction which:

- (a) if completed, would mean that a person would:
 - (i) directly or indirectly acquire an interest in, a Relevant Interest in, or become a holder of 20% or more of the Units; or
 - (ii) directly or indirectly acquire an interest in (other than through a direct or indirect acquisition of, or Relevant Interest in, the Units) all or a material part of the business or assets of CQO or its Subsidiaries (other than through the Units),
including by way of takeover offer, merger, sale of assets, sale or issue of interests, amalgamation, trust scheme, business combination, liquidation, dissolution, recapitalisation or otherwise;
- (b) if completed, would mean that CHOML ceases to be the responsible entity of CQO or that there would be a change of control of CHOML; or
- (c) may otherwise compete with, or be inconsistent in any material respect with the consummation of, the Proposed Transaction.

For the purposes of sub-sub-paragraph (a)(ii) of this definition, the acquisition of an interest in part of the business or assets of the CQO will be material if:

- (a) the relevant business or businesses contribute 50% or more of the consolidated net profit of CQO and is or are not located in the United States of America; or
- (b) the assets represent 50% or more of the consolidated total assets of CQO and are not located in the United States of America.

Confidentiality Deed means the Confidentiality Deed dated on or about 21 September 2011 between CQO, Reco and PSP (among others).



Confirmatory Due Diligence Information means the list of due diligence information titled 'Confirmatory Due Diligence Information' initialled by the parties for identification on or around the date of this Agreement, together with answers to reasonable requests for further information arising out of the review by the Consortium and its advisers of the listed information.

Corporations Act means the *Corporations Act 2001* (Cth).

Court means the Supreme Court of New South Wales or such other court of competent jurisdiction as the Consortium and CHOML may agree in writing.

CQO IDC means the Independent Director Committee of CQO.

CQO Unit means a fully paid unit in CQO.

CQO Unitholder means a registered holder of one or more CQO Units.

Effective means the coming into effect of the Supplemental Deed under section 601GC(2) of the Corporations Act.

External Costs means the aggregate amount of external costs and expenses incurred by the Consortium, from and including the date of this Agreement until and including the day the Agreement is terminated in accordance with clause 6(a), in relation to the investigation, consideration, negotiation or implementation of the Proposed Transaction, including legal, tax, property and accounting due diligence costs and all advisers' costs in relation to intra-Consortium agreements or arrangements or the Consortium's debt arrangements, up to a cap of \$4 million.

First Judicial Advice Date means the first day of hearing of an application made to the Court by CHOML for orders, pursuant to section 411(1) of the Corporations Act, for the grant of the First Judicial Advice or, if the hearing of such application is adjourned for any reason, means the first day of the adjourned hearing.

First Judicial Advice means confirmation from the Court under section 63 of the Trustee Act 1925 (NSW) that CHOML would be justified in convening the Scheme Meeting and proceeding on the basis that amending the Trust Constitution as set out in the Supplemental Deed would be within the powers of alteration conferred by the Trust Constitution and section 601GC of the Corporations Act.

Government Agency means any government or representative of a government or any governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, tribunal, agency, competition authority or entity in any part of the world. It includes the Australian Securities and Investments Commission and ASX (and any other stock exchange).

Implementation Agreement has the meaning given in clause 2.4(a).

Independent Expert means the independent expert to be engaged by the independent directors of CQO in relation to the Scheme.

Proposed Transaction means the acquisition by the Consortium of the CQO Units (other than those held by CHC and its Subsidiaries) on the key terms referred to in clause 2.5.

Related Body Corporate has the meaning given in section 50 of the Corporations Act.

Relevant Interest has the meaning given in the Corporations Act.



Representative means, in relation to a party:

- (a) any Affiliate of that party;
- (b) any employee, officer or director of that person or an Affiliate of that party;
- (c) any legal, accounting, tax, financial or other adviser, consultant or agent to the party or any Affiliate of the party, who is providing services in connection with the Proposed Transaction; and
- (d) any prospective or actual debt financier or equity investor of the party in connection with the Proposed Transaction.

Responsible Entity has the meaning given in the Corporations Act.

Scheme has the meaning given in clause 2.5(a).

Scheme Booklet means the Scheme Booklet in respect of the Scheme, to be prepared by CQO in accordance with the Implementation Agreement.

Scheme Meeting means the meeting of CQO Unitholders to be held to consider and, if thought fit, approve the resolutions of CQO Unitholders to approve the Scheme.

Scheme Participants mean all CQO Unitholders as at the record date in relation to the Scheme, other than the Consortium and CHC and its Subsidiaries.

Scheme Resolutions means the following resolutions of the CQO Unitholders:

- (a) an ordinary resolution for the purpose of item 7 of section 611 of the Corporations Act to approve the acquisition by Bidder or a Related Body Corporate of Bidder of a relevant interest in all of the CQO Units held by Scheme Participants; and
- (b) a special resolution for the purpose of section 601GC(1) of the Corporation Act to approve the amendments to the Trust Constitution as set out in the Supplemental Deed and to authorise CHOML to execute and lodge with ASIC the Supplemental Deed to give effect to those amendments.

Second Judicial Advice Date means the first day of hearing of an application made to the Court by CHOML for the Second Judicial Advice or, if the hearing of such application is adjourned for any reason, means the first day of the adjourned hearing.

Second Judicial Advice means confirmation from the Court under section 63 of the Trustee Act 1925 (NSW) that, subject to CQO Unitholders passing the Scheme Resolutions, CHOML would be justified in acting upon the Scheme Resolutions in doing all things and taking all necessary steps to put the Scheme into effect.

Second Phase DD Period means the period until 22 December 2011, or such later date as may be agreed between the parties.

Subsidiary has the meaning given in the Corporations Act.

Supplemental Deed means the deed setting out the amendments to the CQO constitution required to implement the Scheme.

Trust Constitution means the deed poll establishing CQO, as amended from time to time.

US Sale Proceeds means return of capital by way of one or more pro-rata special distributions to CQO Unitholders of the net proceeds received from the completion of the US Sale Process.



US Sale Process means the sale of 100% of CQO's interest in the United States portfolio of assets for a gross price of US\$1.71 billion to entities associated with Beacon Capital Partners LLC as disclosed on behalf of CQO to the ASX by announcement dated 3 August 2011.

1.2 Interpretation

The interpretation clause set out in Schedule 1 of the Confidentiality Deed apply to this Agreement, with references to the Confidentiality Deed to be read as references to this Agreement.

1.3 Consents and approvals

If the doing of any act, matter or thing under this Agreement is dependent on the consent or approval of a party or is within the discretion of a party, such consent or approval may be given or such discretion may be exercised conditionally or unconditionally or withheld by the party in its absolute discretion (unless this Agreement specifies otherwise).

2. Timing and Key Terms of Proposed Transaction

2.1 CQO IDC recommendation

Subject to clause 6, CQO undertakes that the CQO IDC will unanimously recommend that CQO Unitholders vote in favour of the Scheme at the Scheme Meeting, in the absence of a superior proposal and subject to:

- (a) the Independent Expert concluding that the Proposed Transaction is in the best interests of Scheme Participants; and
- (b) the CQO IDC being reasonably satisfied at the time the Implementation Agreement is executed that the Consortium is adequately funded to meet its obligations under the Scheme.

The CQO IDC must not change its recommendation based on a Competing Transaction which has arisen as a result of a breach of clause 3.

2.2 Contemporaneous agreements

At the time of executing this agreement, the Consortium has advised CQO that it requires the following to be executed or agreed between the relevant parties:

- (a) a Consortium Agreement with CHC (and potentially one or more of its Related Bodies Corporate) regarding their collaboration with the Consortium;
- (b) a Term Sheet governing the operation of CQO post-privatisation and detailing the terms upon which CHC will retain their existing investment and continue to manage CQO; and
- (c) a credit approved Debt Term Sheet providing debt financing for the Proposed Transaction.

2.3 Proposed transaction for Australian portfolio only

CQO and the Consortium acknowledge the Proposed Transaction is for CQO's Australian portfolio. Any net assets and income associated with the US portfolio, will be for the account of CQO Unitholders and will be distributed to CQO Unitholders prior to implementation of the Scheme. For the avoidance of doubt this will include any interest saved on Australian debt or earned on US



proceeds temporarily sitting in Australia following the repatriation of US Sale Proceeds before being paid to CQO Unitholders as a special distribution.

2.4 Conditions

- (a) Subject to paragraph (c) and clause 6, CQO and the Consortium agree to negotiate in good faith with a view to finalising an Implementation Agreement to implement the Proposed Transaction, which will contain the key terms set out in clause 2.5 and such other terms and conditions as may be agreed by the parties.
- (b) CQO will provide a first draft of the Implementation Agreement to the Consortium as soon as practicable after the date of this Agreement.
- (c) Entry into the Implementation Agreement by the Consortium is conditional on:
 - (i) the completion of the confirmatory due diligence referred to in clause 4 to the satisfaction of the Consortium; and
 - (ii) agreement of definitive agreements reflecting the consortium and debt documentation referred to in clause 2.2.
- (d) The Consortium must promptly notify CQO if the conditions referred to in paragraph (c) have been satisfied, or if they become incapable of being satisfied.

2.5 Key terms

The parties agree that the Implementation Agreement will incorporate the following.

- (a) **(Trust Scheme)** The Proposed Transaction is to be effected by way of a trust scheme in accordance with 'Guidance Note 15: Listed Trusts and Managed Investment Scheme Mergers' issued by the Takeovers Panel of Australia, under which the Consortium would acquire all of the CQO Units held by Scheme Participants (the *Scheme*), that is facilitated by amendments to the CQO constitution set out in the Supplemental Deed and a resolution pursuant to section 611 item 7 of the Corporations Act.
- (b) **(Consideration)**
 - (i) The consideration to be provided by the Consortium under the Scheme (or under any special distribution which is conditional on the Scheme) will be \$2.49 for each CQO Unit (other than those held by CHC and its Subsidiaries). The structure of this consideration is to be finalised but will include a special distribution of \$0.02 per CQO Unit.
 - (ii) CQO Unitholders will be entitled to receive the December 2011 distribution for the first half of the 2012 financial year relating to the Australian earnings, which will be an amount per unit not exceeding \$0.072 per CQO Unit, having regard to the usual distribution payout ratio range for CQO.
 - (iii) CQO Unitholders will be entitled to receive distributions of the net proceeds of the US asset sales and any earnings derived from the US assets, including any interest saved on Australian debt or accruing on cash proceeds from the US asset sales temporarily sitting in Australia following repatriation of US Sale Proceeds and before being paid to CQO Unitholders as a special distribution.

- (c) **(CQO IDC recommendation)** There are to be provisions relating to the recommendation of the CQO IDC in relation to the Proposed Transaction which are substantially on the same terms as those provisions set out in clause 2.1.
- (d) **(Conditions)** The Scheme will be subject to the satisfaction of the following conditions:
 - (i) **(Distribution of US Sale Proceeds)** at or prior to 8.00am on the Second Judicial Advice Date the US Sale Process has fully completed and all the US Sale Proceeds, and any accrued earnings from the US portfolio have been distributed to the CQO Unitholders (or CQO Unitholders will have a right to receive those US Sale Proceeds following implementation of the Scheme);
 - (ii) **(Regulatory approvals)** the receipt of all Australian regulatory approvals which are necessary to implement the Scheme, including approval from the Federal Treasurer or his delegate under the *Foreign Acquisitions and Takeovers Act 1975* (Cth);
 - (iii) **(CQO Unitholder approvals)** the approval by CQO Unitholders of the Scheme and amendments to the CQO constitution set out in the Supplemental Deed, in each case by the requisite majorities of CQO Unitholders;
 - (iv) **(No CQO Material Adverse Change or CQO Prescribed Occurrence)** that after the date of the Implementation Agreement no event occurs which would:
 - (A) fall within the definition (to be agreed) of either a CQO Material Adverse Change or a CQO Prescribed Occurrence; or
 - (B) constitute a material breach of a CQO Representation (definition to be agreed).
 - (v) **(ASIC modifications)** before the date of the Scheme Meeting, ASIC:
 - (A) has granted a modification of item 7 of section 611 of the Corporations Act, allowing CQO Unitholders to vote in favour of the Scheme for the purpose of item 7 of section 611 of the Corporations Act or indicated in writing that such a modification is not required;
 - (B) has granted a modification to section 601FC(1)(d) of the Corporations Act to the extent necessary to allow CHOML to treat the Excluded Unitholders (as defined in the Implementation Agreement) differently from other holders of CQO Units under the Scheme by excluding the CQO Units held by the Excluded Unitholders from the Scheme;
 - (vi) **(Independent Expert's Report)** the Independent Expert provides the Independent Expert's Report to CHOML, stating that in its opinion, the Scheme is in the best interests of Scheme Participants and the Independent Expert does not change its conclusion that the Scheme is in the best interests of Scheme Participants by notice in writing to CHOML prior to the conclusion of the Scheme Meeting;
 - (vii) **(Judicial Advice)** the Court grants:
 - (A) the First Judicial Advice on the first Judicial Advice Date; and
 - (B) the Second Judicial Advice on the Second Judicial Advice Date;



- (viii) **(Execution and lodgement of the Supplemental Deed)** CHOML executes the Supplemental Deed and lodges a copy of the executed Supplemental Deed with ASIC;
- (ix) **(Closing certificates)** at or prior to 8.00am on the Second Judicial Advice Date, the Consortium's bid vehicle provides CHOML and CHOML provides to the Consortium's bid vehicle certificates in the form agreed upon between the Consortium and CHOML stating that where appropriate the Conditions have been satisfied or waived.
- (e) **(Conduct of business)** During the term of the Implementation Agreement, CQO must conduct its business in a manner to be agreed in the Implementation Agreement which will include a requirement to conduct its businesses in the ordinary course and consistent with past practice, with certain exceptions including for matters which have previously been disclosed to the ASX or to the Consortium.
- (f) **(Exclusivity and break fee arrangements)** There are to be customary exclusivity arrangements (including no-shop, no-talk, no due diligence and matching rights provisions) which are to operate for such period that is no longer than is reasonable having regard to relevant regulatory policies, including a break fee of \$11 million payable on customary triggers.
- (g) **(Sunset date)** Each party shall have the right to terminate the Merger Implementation Agreement if the Scheme has not become Effective by **31 March 2012** (or by such later date as may be agreed).

2.6 CHC collaboration with the Consortium

CQO acknowledges and agrees that:

- (a) CHC and potentially one or more of its Related Bodies Corporate may become members of the Consortium, or otherwise agree to collaborate with the Consortium in relation to the Proposed Transaction; and
- (b) where paragraph (a) applies, CHC and its applicable Related Bodies Corporate will be treated as members of the Consortium for the purposes of this Agreement.

3. Exclusivity

3.1 No-shop restriction

- (a) During the term of this Agreement, CQO must ensure that neither it nor any of its Representatives directly or indirectly solicits, invites, encourages or initiates any enquiries, negotiations or discussions, or communicates any intention to do any of these things, with a view to obtaining any expression of interest, offer or proposal from any person in relation to a Competing Transaction.
- (b) Nothing in paragraph (a) prevents CQO from continuing to make normal presentations to, and to respond to, enquiries from, brokers, portfolio investors and analysts in the ordinary course in relation to the Proposed Transaction or its business generally.



3.2 No-talk restriction

Subject always to clause 3.5, during the term of this Agreement, CQO must ensure that neither it nor any of its Representatives negotiates or enters into, continues or participates in negotiations or discussions with any other person regarding a Competing Transaction, even if:

- (a) that person's Competing Transaction was not directly or indirectly solicited, initiated, or encouraged by CQO or any of its Representatives; or
- (b) that person has publicly announced their Competing Transaction.

3.3 No due diligence

Without limiting the general nature of clause 3.2, but subject always to clause 3.5, during the term of this Agreement, CQO must not:

- (a) solicit, invite, facilitate or encourage any party (other than the Consortium members or their Representatives) to undertake a due diligence investigation on CQO or any of its Related Bodies Corporate; or
- (b) make available to any person (other than the Consortium members or their Representatives) or permit any such person to receive any non-public information relating to CQO or any of its related bodies corporate.

This clause 3.3 does not prevent CQO providing information to the ASX or CQO's auditors and advisers acting in that capacity in the ordinary course of business or to otherwise effect the negotiation and entry into the Implementation Agreement.

3.4 Notification

Subject always to clause 3.5, during the term of this Agreement, CQO must immediately inform the Consortium if CQO is approached by any person to engage in any activity that would breach its obligations in clause 3.1, 3.2 or 3.3 (or would breach its obligations in clause 3.1, 3.2 or 3.3 if it were not for clause 3.5) and as soon as reasonably practicable provide in writing to the Consortium:

- (a) the identity of that person; and
- (b) details of the expression of interest and/or proposal or proposed Competing Transaction made by the person making the approach.

3.5 Exceptions

The restrictions in clauses 3.2 and 3.3 and the notification obligations in clause 3.4 do not apply to the extent that they restrict CQO or the CQO IDC from taking or refusing to take any action with respect to a bona fide Competing Transaction (which was not encouraged, solicited, invited, facilitated or initiated by CQO or the CQO IDC in contravention of clause 3.1), or to the extent that they require CQO to provide the notification referred to in clause 3.4, provided that the CQO IDC has determined, in good faith and acting reasonably, that:

- (a) the Competing Transaction is a superior proposal to the Proposed Transaction, or is reasonably capable of becoming a superior proposal to the Proposed Transaction; and
- (b) failing to respond to such bona fide Competing Transaction or providing the notification referred to in clause 3.4 (as applicable) would be likely to constitute a breach of the CQO IDC member's fiduciary or statutory obligations.



4. Confirmatory Due Diligence

- (a) The Consortium will conduct confirmatory due diligence enquiries on CQO and its assets. It is agreed by the parties that such confirmatory due diligence enquiries will be completed by no later than the end of the Second Phase DD Period.
- (b) CQO must make available the Confirmatory Due Diligence Information as soon as practicable after the date of this Agreement and, in any event, in sufficient time to permit the Consortium to complete its due diligence enquiries by no later than the end of the Second Phase DD Period.
- (c) Subject to complying with its obligations under clause 2.4(a), the Consortium may at any time, in its sole discretion, promptly notify CQO that it does not wish to proceed with the Proposed Transaction and this Agreement is terminated in accordance with clause 6.

5. Sole Remedy

- (a) If CQO is in material breach of this Agreement, it will pay to the Consortium as liquidated damages an amount equal to the External Costs, and the Consortium will have no further remedy against CQO in respect of such breach.
- (b) CQO can only ever be liable to make a payment under this clause 5 once.
- (c) If any amount is payable by CQO under this clause 5, CQO must pay that amount without set-off or withholding within 10 Business Days of receipt from the Consortium of evidence to the satisfaction of CQO (acting reasonably) of the amount of the External Costs actually incurred.

6. Term of Agreement

- (a) Subject to paragraph (b), this Agreement, and the parties' obligations under it, will terminate upon the earliest of the following to occur:
 - (i) 22 December 2011 (or such later date as may be agreed);
 - (ii) termination by the Consortium under clause 4(c); or
 - (iii) the entry by the parties into an Implementation Agreement.
- (b) Any obligation on CQO to pay an amount under clause 5 which arises in connection with a breach which occurs prior to termination of this Agreement under paragraph (a)(i) survives termination of this Agreement.

7. Announcements

- (a) As soon as reasonably practicable after the entry into this Agreement, CQO must release to the ASX the form of announcement initialled by the parties for identification on or around the date of this Agreement.



- (b) Subject to paragraph (c), each of the Consortium and CQO must use its best endeavours to consult with the other prior to making any other public announcements in connection with the Proposed Transaction.
- (c) Where a party is required by applicable law, the ASX Listing Rules or any other applicable stock exchange regulation to make any announcement or make any disclosure relating to the Proposed Transaction, it may do so only after it has given the other party as much notice as is reasonably practicable including in the context of any deadlines imposed by law or a Government Agency and, where reasonably practicable, has consulted with the other party as to the content of that announcement or disclosure.

8. Warranties

Each party represents and warrants to the other that, at the date of this Agreement:

- (a) it is duly incorporated under the laws of the place of its incorporation;
- (b) it has the power and authority to sign this Agreement and perform and observe all its terms;
- (c) this Agreement has been duly executed and is a legal, valid and binding agreement, enforceable against it in accordance with its terms; and
- (d) it is not bound by any contract which may restrict its right or ability to enter into or perform this Agreement.

9. Miscellaneous

9.1 Notices

- (a) **(Address)** A notice, consent, request or any other communication under this Agreement must be in writing and must be left at the address of the addressee, or sent by prepaid post (airmail if posted to or from a place outside Australia) to the address of the addressee, or sent by facsimile to the facsimile number of the addressee specified below or any other address or facsimile number the addressee requests (in all cases with a copy to be sent by email to email address or address specified).

CQO

Attention: Adrian Taylor
Address: Level 11, 333 George Street, Sydney, NSW 2000
Facsimile: +61 2 8908 4040
Email: Adrian.Taylor@charterhall.com.au

Reco

Attention: Cai Wenzheng, Esther Teo
Address: 168 Robinson Road, #37-01, Capital Tower, Singapore 068912
Facsimile: +65 6889 6869
Email: caiwenzheng@gic.com.sg, estherteo@gic.com.sg

(for legal notices) with an additional copy to:

c/o Government of Singapore Investment Corporation Pte Ltd,
168 Robinson Road, #37-01 Capital Tower, Singapore 068912,
Attn: General Counsel.

PSP

Attention: First Vice President, Real Estate Investments; Copy to: First Vice President and Chief Legal Officer

Address: 1250, Rene-Levesque Blvd West, Suite 900, Montreal, Quebec, Canada H3B 4W8

Facsimile: 514-937-0390; Copy to: 514-937-0403

Email: ncunningham@investpsp.ca; Copy to: legalnotices@investpsp.ca

(b) **(Communication)** A notice, consent, request or any other communication is taken to be received:

- (i) if by delivery, when it is delivered;
- (ii) if a letter, three days after posting (seven, if posted to or from a place outside Australia); and
- (iii) if a facsimile, at the time of dispatch if the sender received a transmission report which confirms that the facsimile was sent in its entirety to the facsimile number of the relevant party.

9.2 Entire agreement

This Agreement contains the entire agreement between the parties with respect to its subject matter. It sets out the only conduct, representations, warranties, covenants, conditions, agreements or understandings (collectively *Conduct*) relied on by the parties and supersedes all earlier Conduct by or between the parties in connection with its subject matter. None of the parties have relied on or are relying on any other Conduct in entering into this Agreement and completing the transactions contemplated by it.

9.3 Amendment

This Agreement may be amended only by another agreement executed by all the parties.

9.4 Assignment

The rights and obligations of each party under this Agreement are personal. They cannot be assigned, charged or otherwise dealt with, and no party shall attempt or purport to do so, without the prior written consent of all the parties.

9.5 Severance

Each of the terms of this Agreement is several and distinct, and to the extent any such provision shall be found by any court or administrative body of competent jurisdiction to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall not affect any other part of that provision or the other provisions of this Agreement which shall remain in full force and

effect, and the said provisions (to the extent possible) shall be given effect to in such reduced form as may be decided by any court of competent jurisdiction.

9.6 No waiver

A failure to exercise or a delay in exercising any right, power or remedy under this Agreement does not operate as a waiver. A single or partial exercise or waiver of the exercise of any right, power or remedy does not preclude any other or further exercise of that or any other right, power or remedy. A waiver is not valid or binding on the party granting that waiver unless made in writing.

9.7 Costs and expenses

Subject to clause 5, each party will pay its own costs and expenses in connection with:

- (a) the negotiation, preparation, execution, and performance of this Agreement; and
- (b) the proposed, attempted or actual implementation of this Agreement.

9.8 Governing law

This Agreement is governed by the laws of New South Wales, Australia. The parties submit to the non-exclusive jurisdiction of courts exercising jurisdiction there.

9.9 Counterparts

This Agreement may be executed in any number of counterparts. All counterparts taken together will be taken to constitute one agreement.

Process Agreement

Allens Arthur Robinson



Executed as an agreement.

Signed and delivered by Charter Hall Office
Management Limited in its capacity as
responsible entity of Charter Hall Office REIT.
The Common Seal of the company was hereto
affixed in accordance with its Constitution by:



Director Signature
Adrian Taylor


Print Name



Director/Secretary Signature
NATALIE ALLEN

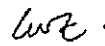
Print Name

Signed for Reco Ambrosia Pte Ltd by its
authorized representative:



Signature of authorized representative
CHUA HIANG LIAN

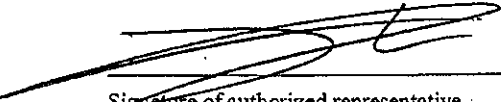
Name of authorized representative (print)



Signature of authorized representative
CAI WENZHENG

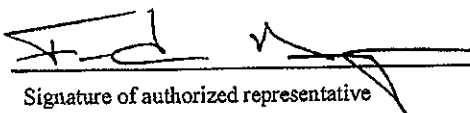
Name of witness (print)

Signed for Public Sector Pension Investment
Board by its authorised representatives:



Signature of authorized representative
JEROME FOULON

Name of authorized representative (print)



Signature of authorized representative
FREDERIC DESPARS

Name of authorized representative (print)