

Macquarie Direct Property Management Limited

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19 February 2010



Dear Unitholder

SALE OF THE MANAGER OF MACQUARIE DIRECT PROPERTY FUND

I am writing to advise of a change to the owner of Macquarie Direct Property Management Limited (“**MDPML**”), the manager of Macquarie Direct Property Fund (“**MDPF**” or “**the Fund**”), and what this means for you as an investor in the Fund.

On 12 February 2010, Charter Hall Group (“**Charter Hall**”) and Macquarie Group Limited (“**Macquarie**”) announced that Charter Hall would be acquiring the majority of Macquarie’s core real estate funds management platform. This includes the acquisition of 100% of the shares of MDPML and 3.5% of the units in MDPF.

While the transaction is between Macquarie and Charter Hall, and MDPML is not a party to the agreement, the independent directors¹ of MDPML have undertaken enquiries to identify any potential adverse consequences as a result of the change in ownership of the manager.

Review Process

When MDPML was informed of the proposed transaction it established an Independent Board Committee (“**IBC**”) which appointed Mallesons Stephen Jaques and Ernst & Young to provide advice to the IBC in relation to the transaction.

Matters taken into account include:

- If the transaction would lead to any adverse consequences from existing joint venture or financing agreements having regard to the support arrangements provided by Macquarie;
- Whether Charter Hall has, or is expected to have, the resources and capabilities to operate MDPF effectively and in an appropriate manner in line with MDPF’s current investment strategy;
- Charter Hall’s intentions in relation to the fees payable by MDPF and related party approval processes; and
- Whether any costs of the transaction would be borne by MDPF.

¹ The independence of directors is assessed annually in accordance with MDPML’s published criteria which are available at http://www.macquarie.com.au/mdpf/corporate_governance.htm. None of the MDPML directors are independent under the ASX Corporate Governance Principles and Recommendations.

Macquarie Direct Property Management Limited

Having assessed the sale of MDPML to Charter Hall including the factors identified above, the IBC has formed the view that overall the transaction does not appear to be adverse to the interests of the unitholders of MDPF.

However, the IBC notes that this is a transformational transaction for Charter Hall and it is not without some risk to unitholders including business integration and transition execution risk.

Management continuity

One of the critical factors for the IBC when we considered the transaction was whether the Fund's management team would mostly remain the same.

MDPML CEO, Mr Richard Stacker, has entered into an employment agreement with Charter Hall and will continue as CEO of the MDPML Funds and the Charter Hall Unlisted Retail Funds. In addition, most of the Fund's management team (who are currently employees of Macquarie) will be offered employment with Charter Hall. The transition and integration of the existing management team has been a key focus, to ensure that there is no disruption to the operations of the Fund.

Fund strategy

I would like to reassure investors that our strategy remains the same. MDPF will continue to focus on asset management that will provide the best medium term opportunities for investors. While MDPF remains on hold, it is well placed for future growth and returns. We have commenced discussions with MDPF's lenders during this quarter to negotiate the renewal of the Fund's main debt facility, which is currently due to expire in September 2010. Upon renegotiation of this facility, expected prior to September 2010, we will update investors on the strategy to reopen the Fund for applications and on a revised liquidity mechanism that will better suit the changed economic environment.

Further details on the transaction are contained in the letter from Charter Hall which accompanies this letter.

An information phone line for unitholders is available on 1300 768 799 to answer any questions you may have. In addition you can also view our press release on our website www.macquarie.com.au/mdpf.

We will continue to update you as the transaction reaches completion, which is currently expected to be in early March 2010.

Yours faithfully

Macquarie Direct Property Management Limited



Ian Pratt

Lead Independent Director



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Charter Hall Funds
Management Limited
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17 February 2010

Dear Investor

Charter Hall Group (Charter Hall) announced on 12 February 2010 that an agreement has been reached with Macquarie Group Limited (Macquarie) to acquire the majority of Macquarie's core real estate management platform (the Platform).

This will involve Charter Hall acquiring the management business associated with two listed and three unlisted real estate funds and the majority of Macquarie's co-investment holdings in three of these funds. The Platform consists of the following real estate funds:

- Macquarie Office Trust (MOF);
- Macquarie CountryWide Trust (MCW);
- Macquarie Direct Property Fund (MDPF);
- Macquarie Martin Place Trust (MMPT); and
- Macquarie Property Income Fund (MPIF) (together, the Funds).

I am writing to introduce you to Charter Hall and advise what this planned acquisition means for you as an investor in one or more of these Funds.

Background

Charter Hall is a specialist real estate fund manager that provides management services across the full spectrum of real estate investment and development activities. We have an established reputation and a solid track record in managing investor capital during our 19 year history. Charter Hall's success has been underpinned by a highly skilled and motivated management team with diverse expertise across property sectors and risk-return profiles.

Charter Hall is pleased to have announced the acquisition of the Platform, which consists of five real estate funds with strong management teams and high quality properties, largely in Australia, in the office and retail markets.

The transaction enables the Platform to transfer with its management teams intact, ensuring that the existing specialist knowledge and expertise within the Funds are preserved for unitholders.

The combination of Charter Hall's specialist property capabilities and the continuity of Macquarie's management team provides an enhanced offering to unitholders through an expanded management capability across each property fund.

Funds Management

Importantly, the team managing your Fund is joining Charter Hall to ensure continuity of management. Key personnel have already executed employment contracts with Charter Hall, including the MOF CEO Mr Adrian Taylor, the MCW CEO Mr Steven Sewell, Macquarie Direct CEO Mr Richard Stacker and the head of US asset management Mr Paul Sorensen. The vast majority of other employees in the acquired businesses have also been given offers of employment to consider.

With the benefit of the management team moving to Charter Hall, there is no current intention to change the Funds' existing strategies and there will be no disruption to the operation of the Funds.

As part of the acquisition, Charter Hall will also acquire Macquarie's asset services and property management businesses which will continue to service the portfolios of high quality properties owned by the Funds.

Co-investment Strategy

Charter Hall's long term commitment to the Funds is underpinned by its acquisition of the majority of Macquarie's co-investment holdings in the Funds. Charter Hall will be acquiring from Macquarie a 7.5% interest in each of MOF and MCW, a 3.5% interest in MDPF and will have a first right of refusal should Macquarie wish to divest the remainder of its holdings in these Funds.

Macquarie will hold a 10% strategic investment in Charter Hall, demonstrating its support for the Charter Hall business model. In addition, Macquarie has committed to hold its remaining units in MOF and MCW for the next 12 months.

About Charter Hall Group

Charter Hall Group is a property funds management and development company based in Sydney with offices in Melbourne, Brisbane, Adelaide, Perth and Auckland. Established in 1991 and listed on the ASX in 2005 as a stapled security under the code CHC, Charter Hall Group combines Charter Hall Limited with Charter Hall Property Trust.

Following the acquisition of the Platform, Charter Hall Group will become one of Australia's largest specialist real estate fund managers with more than \$10 billion of assets under management and exposure to both listed and unlisted, wholesale and retail equity sources. Charter Hall will be managing property funds for over 50,000 investors following completion of the Platform transaction.

Conclusion

Charter Hall is excited about the acquisition and we believe that the Platform represents a strong strategic fit to our existing business and a significant opportunity for growth in the future. Our strong track record of managing real estate funds, strong balance sheet and our clear vision for the future will ensure we create value for Fund unitholders.

An information phone line for Fund investors has been established on 1300 768 799 and is now open to answer any questions you may have. In addition, the ASX releases are available on the Funds' websites and at the Charter Hall website (www.charterhall.com.au) where you can also learn more about us.

We will continue to keep you informed as the acquisition reaches completion.

Yours sincerely,



Kerry Roxburgh
Chairman
Charter Hall Group