

# Securityholder Review 2014

Charter Hall Group







Total securityholder return

16.3%

171 Collins Street, Melbourne, Vic.

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### Annual General Meeting

The 2014 Annual General Meeting will be held at Charter Hall's Sydney office:

Level 20, No.1 Martin Place,  
Sydney on Wednesday,  
12 November 2014 at 2.30pm.

Cover image: Charter Hall  
Sydney office,  
No.1 Martin Place,  
Sydney NSW.



Gross equity inflows

\$1.45b

South Hedland Square, South Hedland WA



Operating earnings per security growth

10.4%

Charter Hall's head office, No.1 Martin Place, Sydney NSW

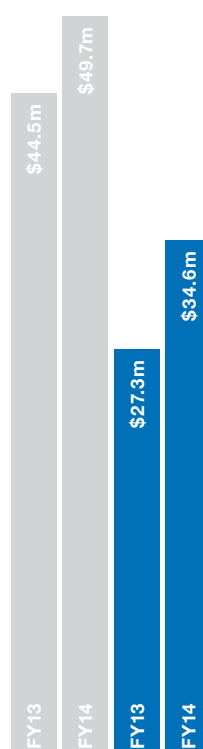


# We own and manage 209 commercial properties around Australia.

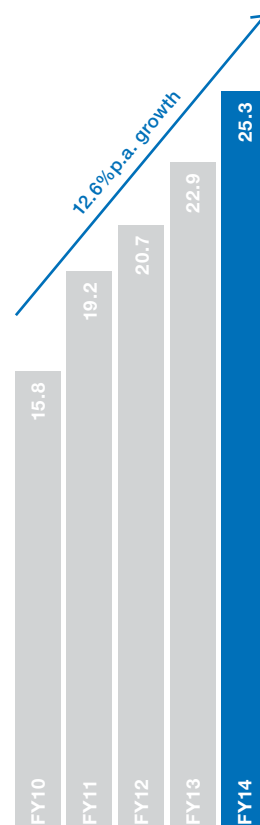


## Earnings composition

- Property Investment
- Property Funds Management



## Operating earnings per security growth (cps)



# About Us

## Our Vision

**To be the smart property choice.**

## Our Goal

**To be Australia's best and most highly regarded property investment and funds management business.**

Charter Hall Group has grown, since its launch in 1991, to become one of Australia's leading property groups, with a total managed property portfolio of \$11.5 billion. Post balance date, we have announced the acquisition of a further \$600 million of assets, taking the total portfolio to \$12.1 billion.

We own and manage 209 commercial properties around Australia, including office buildings, supermarket anchored retail centres, and a rapidly growing stable of industrial assets, on behalf of our institutional, wholesale and retail investors.

Our integrated business model, coupled with our highly skilled and motivated team across investment management, asset management, property management, and project delivery produces sustainable returns for our investors, and positive experiences for our tenants and the community.

As a Group, we listed on the Australian Securities Exchange (ASX) in 2005 under ASX Code: CHC. Charter Hall Group is a stapled security comprising a share in Charter Hall Limited (CHL), the operating business, and a unit in Charter Hall Property Trust (CHPT), which predominantly co-invests in the funds and partnerships the Group manages.

## Property funds management portfolio

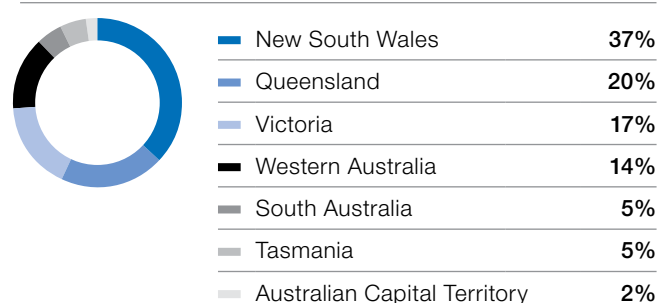
### Diversification by equity source June 2014



### Asset type diversification June 2014

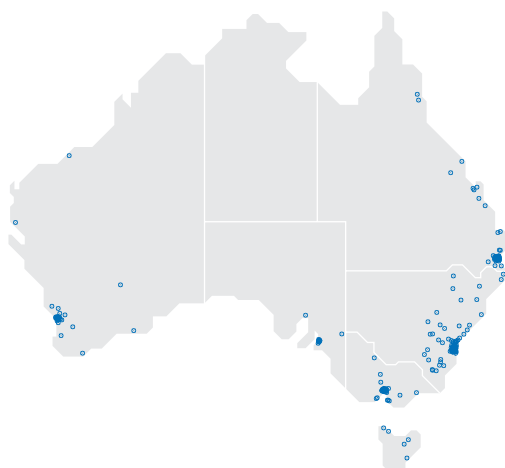


### Geographical diversification June 2014



## Number of Australian properties

**209**



# Our Strategy

Our strategy is focused on utilising our specialist property expertise to access, deploy, manage and invest equity in the core real estate sectors of office, retail and industrial, creating value and generating superior income and capital returns for our clients and Charter Hall securityholders.

Access to multiple equity sources

# Access

Creating value through attractive investment opportunities

# Deploy

Property funds management, asset and property management, leasing and development services

# Manage

Investing alongside our capital partners

# Invest

## Rosebud Plaza, Victoria



## \$88m

Charter Hall Retail REIT (CQR) raises \$88 million of new equity through an institutional placement (including Charter Hall Group's interest)

## \$100m

CQR acquires Rosebud Plaza for \$100 million

## Provide

Provides asset and property management and leasing services to the centre

## \$8m

Charter Hall invests an additional \$8 million into CQR to now hold 10.2%, with the investment delivering an annualised distribution yield of 7.2%



# Sector Overview

## Office

We are one of the largest managers of CBD office properties in Australia, with a \$6.5 billion office portfolio.

We manage over 1 million sqm of office space accommodating over 600 tenants, providing smart, long-term accommodation solutions for our tenants and delivering income and capital returns for our investors.

We adopt a proactive approach to enhance the quality, performance and value of our properties.

Office properties

55

Total occupancy

95.4%

Weighted average lease expiry

6.2 years



## Retail

With a focus on non-discretionary retail, we manage a \$2.9 billion Australian retail portfolio.

We optimise returns for our investors, and create enjoyable environments for the 100 million shopper visitations to our centres each year, by providing end-to-end property services for each centre. These services include everything from facilities management and leasing through to asset management.

We have a team of 150 retail property professionals and are focused on opportunities to enhance our existing properties through management initiatives and redevelopments.



Retail portfolio value

\$2.9b

## Industrial

We own and manage a \$2.1 billion portfolio of predominantly long-leased industrial properties, covering approximately 1.4 million sqm, in key growth areas around Australia.

Given the sector's strong property fundamentals and the increasing interest from both wholesale and retail investors, Charter Hall has been actively growing its industrial portfolio over the past number of years, increasing it to \$2.1 billion.

The Group also has an industrial development pipeline of approximately 368,000sqm, with an end value in excess of \$530 million.

Industrial properties

58

Total occupancy

99.4%

Weighted average lease expiry

9.9 years





Office portfolio value

\$6.5b

## Top 10 tenants by portfolio gross income

1	Governments	20.5%
2	Telstra	12.1%
3	Macquarie Group	6.0%
4	Commonwealth Bank	4.7%
5	Westpac Group	2.9%
6	Suncorp Group	2.3%
7	Wilson Parking	2.1%
8	Leighton Contractors	2.0%
9	Queensland Gas Company	1.8%
10	Citigroup	1.6%



Retail properties

96

Total occupancy

98.5%

Weighted average lease expiry

8.0 years

## Top 10 tenants by portfolio gross income

1	Wesfarmers subsidiaries	33.6%
2	Woolworths	23.8%
3	The Reject Shop	1.5%
4	Retail Food Group	1.1%
5	Australian Pharmaceutical Industries	1.1%
6	Westpac Group	1.0%
7	Commonwealth Bank	0.9%
8	John Wiley & Sons	0.5%
9	Bakers Delight	0.5%
10	Speciality Fashion Group	0.5%



Industrial portfolio value

\$2.1b

## Top 10 tenants by portfolio gross income

1	Wesfarmers subsidiaries	23.1%
2	Woolworths	8.4%
3	Metcash	6.3%
4	Toll	3.6%
5	Volkswagen	3.1%
6	CUB	3.1%
7	Governments	3.0%
8	Fastline	2.6%
9	Grace	2.6%
10	Australian Steel Company	2.5%



# Our Year in Review

## Office

### July – September 2013

Charter Hall Office Trust (CHOT) takes full ownership of No.1 Martin Place, Sydney, acquiring the remaining 50% interest.

Charter Hall Diversified Property Fund sells 53 Berry Street, North Sydney for \$19.75 million, with the net proceeds returned to investors.

### October – December 2013

Charter Hall Direct WorkZone Trust launches with a target average distribution over the initial two year forecast of over 9.00%. WorkZone is a new \$124.5 million A-grade building on Perth's CBD fringe. The syndicate closes oversubscribed, having raised the equity in just over 20 business days.

CHOT launches its 171 Collins Street, Melbourne office development, securing BHP Billiton, Evans & Partners and Egon Zehnder as key tenants.

### January – March 2014

Charter Hall moves its Sydney office into CHOT's No.1 Martin Place, Sydney, and international law firm, DLA Piper, signs a 10 year lease at the building.

Charter Hall sells 130 Stirling Street in Perth for \$90 million, with CHIF7 investors receiving a 16% p.a. return since the fund's launch. The 5 Star Green Star building was designed and developed by Charter Hall, with the property syndicated in 2010.

Core Plus Office Fund (CPOF) acquires a 50% equity interest in the Franklin Street Property Trust for \$30 million plus an additional 50% interest in the adjoining development sites, which have been secured on a 12 month delayed settlement.

CPOF's 100 Skyring Terrace in Brisbane, in which it has a 50% interest, achieves a 5 Star Green Star – Office Design v3 rating.

### April – June 2014

CHOT and its 50% joint owner secure new leases with QBE's Australian & New Zealand division, Metlife and Unilever at 2 Park Street, Sydney.

CPOF commences its \$250 million 333 George Street, Sydney redevelopment and the \$150 million redevelopment of 570 Bourke Street, Melbourne.

171 Collins Street, Melbourne, wins the 'Best Commercial High Rise Development Australia' at the Asia Pacific Property Awards and the 'Green Building' award at the UN Association of Australia World Environment Day Awards.

Charter Hall Direct VA Trust raises \$43.3 million and closes oversubscribed to complete the acquisition of Virgin Australia's Brisbane-based headquarters at 56 Edmonstone Road for \$65.98 million. The trust has an initial forecast distribution of 8.6% p.a. and 8.8% p.a. for the years to 31 March 2015 and 31 March 2016.



## Outlook

Office leasing remains challenging, although clear drivers for improvement are evident. Business confidence and conditions have risen over FY14, with improvement in corporate revenues and increases in the number of professional job advertisements, especially in New South Wales and Victoria. These factors have contributed to tenant demand recovering from the lows seen in 2013, however vacancy remains elevated with further supply due in 2015. Charter Hall has continued to focus on enhancing the tenancy profile across its portfolio and capitalising on the strong capital drivers evident for secure assets in the sector.



## Retail

### July – September 2013

Charter Hall Retail REIT (CQR) and Charter Hall's Direct Retail Fund (DRF) sell Home HQ Nunawading for \$48 million, in line with the 30 June 2013 independent valuation.

CQR acquires Secret Harbour Shopping Centre in Rockingham, Western Australia for \$33.2 million. This neighbourhood shopping centre, anchored by a Woolworths supermarket, includes 31,000sqm of development land, providing an opportunity for expansion of the centre.

### October – December 2013

CQR completes the second and final stage of its \$62 million redevelopment of Singleton Square in New South Wales and the \$16 million redevelopment of South Hedland Square in Western Australia.

CQR commences the redevelopment of its Caboolture and Lansell shopping centres, which have a total development cost of \$55.8 million.

CQR settles the sale of its Polish assets, with the net proceeds being redeployed to acquire Southgate Plaza in Morphett Vale, South Australia for \$60 million. The 15,844sqm sub-regional shopping centre is anchored by a Coles supermarket and Target DDS.

CQR raises \$80 million through an institutional placement, with proceeds partially funding the \$100 million acquisition of Rosebud Plaza, a 24,581sqm sub-regional shopping centre located on the Mornington Peninsula in Victoria, which is anchored by Coles, Woolworths, Kmart and Target.

### January – March 2014

Charter Hall Direct BW Trust closes oversubscribed, having raised \$36.4 million to acquire a \$67.85 million portfolio of Bunnings retail warehouses in New South Wales and Victoria. The trust has a weighted average lease expiry of 12 years and an initial forecast distribution of 8.2% p.a. and 8.3% p.a. for the years to 31 March 2015 and 31 March 2016.

CQR completes the sale of its last US asset.

### April – June 2014

Charter Hall establishes BP2 to acquire a \$127 million Bunnings portfolio.

CQR enters into a Put and Call option to acquire Coomera City Centre, a 9,431sqm neighbourhood shopping centre anchored by Woolworths and Dan Murphy's located in Coomera, Queensland, for \$59.2 million.

Post balance date, CQR sold its German and New Zealand assets, finalising the sell-down of its offshore portfolios, and settles on the acquisition of Coomera City Centre.

## Outlook

Retail trade in Australia showed a significant improvement over FY14, rising 4.6% on a rolling year basis, up from 3.1% the year prior. Improvement was evident across all categories, with Charter Hall's preferred retail exposures to supermarkets, and hardware and garden retailing, producing standout results, rising 5.3% and 7.2% respectively over the year according to the ABS. The long-term stability and performance of the food sector led to increased purchaser demand for supermarket anchored centres and was reflected in asset performance, with neighbourhood and sub-regional centres posting total returns over FY14 of 13.0% and 11.9% respectively, while larger format regional centres returned 8.6% according to Investment Property Databank.

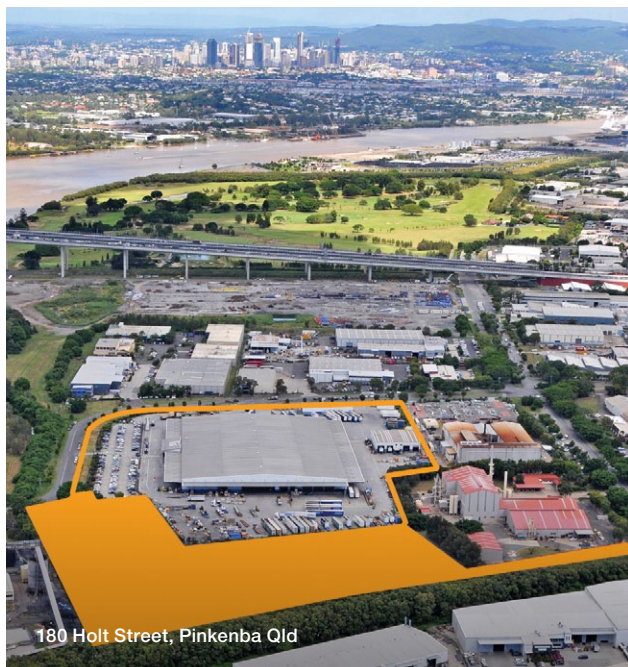


Southgate Plaza, Morphett Vale SA



Secret Harbour Shopping Centre, Rockingham WA

# Our Year in Review



## Industrial

### July – September 2013

Core Plus Industrial Fund (CPIF) acquires a \$23 million industrial park at 11-15 Huntingwood Drive, Huntingwood in Sydney, which comprises two freestanding logistics buildings and is underpinned by a 10 year lease to Home Timber and Hardware, a subsidiary company of Woolworths Limited.

CPIF acquires the 83,200sqm modern distribution centre at 2 Bannister Road, Canning Vale, Western Australia for \$70.5 million, which is leased to Kmart.

Core Logistics Partnership (CLP) acquires Somerton Logistics Centre in Melbourne for \$121 million—one of the premium industrial estates in Melbourne, incorporating 10 office/warehouse facilities and one showroom, with tenancies ranging in size from 2,000sqm–30,000sqm and a total gross lettable area of circa 128,000sqm. Subsequently, Charter Hall secures Chemist Warehouse on a seven year lease agreement for 28,000sqm, which represents one of the largest industrial leasing transactions in Melbourne this financial year.

Direct Industrial Fund No.2 (DIF2) successfully completes its equity raising, closing oversubscribed at \$135 million in equity, and acquires two OneSteel industrial facilities in New South Wales and Western Australia and a new logistics facility to be built for Toll in Queensland.

CLP acquires a new \$42.5 million 47,000sqm distribution centre at Truganina Victoria that comprises three tenancies, including a 10 year lease to Fastline Logistics, which is an existing tenant of our industrial business.

### October – December 2013

CPIF acquires two strategic industrial facilities:

- an 18,800sqm logistics facility with expansion potential leased to Toll at 180 Holt Street, Pinkenba Queensland for \$25 million;
- a 31,600sqm distribution facility located near the Port of Adelaide on a long-term triple net lease to Australian Wool Handlers.

CPIF's 16,500sqm distribution centre at 15 Long Street, Smithfield New South Wales reaches practical completion. The property is leased to Northline Logistics on an eight year lease.

CLP purchases the \$39.1 million AWH building at Tottenham, which comprises one of Melbourne's largest industrial buildings under one roof and is located on a strategic 16.5ha site.

CLP acquires a site at 14 Worth Street, Chullora for the development of a facility pre-leased to Australia Post for 10 years. CLP funds construction through to practical completion with an end value of \$19.7 million.

CLP acquires a site at 92 Kurrajong Avenue, Mt Druitt for the development of an industrial unit development with one unit pre-leased to Ancon for 12 years and a five year rent guarantee from the developer, CIP, over the second warehouse. CLP funds construction of these warehouses through to practical completion with an end value of \$12.1 million.

DIF2 acquires a new 17,700sqm logistics facility in Campbelltown New South Wales to be built for Grace Worldwide, which will occupy the property on a new 12 year lease on practical completion.





### January – March 2014

CLP acquires the following facilities:

- the Peters Ice Cream industrial facility in Mulgrave, Melbourne for \$62 million on a 20 year sale and leaseback agreement. As part of the acquisition, CLP will develop a new 2,500sqm office building and car park leased to Peters Ice Cream. The site also provides for immediate development capacity with master-planning well underway and a couple of large leasing enquiries progressed;
- a \$5.5 million site at Laverton and is developing a new facility due for completion in mid 2015, which will be leased to Woolworths for 20 years with an on completion value of \$70 million;
- a new \$26.5 million industrial facility at Lot 61 Diesel Drive, Mackay Queensland reaches practical completion. This has a new 15 year lease to Blackwoods, a subsidiary of Wesfarmers Limited;
- a \$17.5 million property at 386-400 Woodpark Road, Smithfield is fully leased to Manheim for five years. The property comprises predominantly concrete hardstand area to be used by the tenant for car storage.

### April – June 2014

CPIF acquires the following industrial facilities:

- 42 Airds Road in Minto, New South Wales for \$12.6 million, which is leased to VIP Plastic Packing for a further six years and comprises a generic 10,800sqm warehousing facility with surplus land with expansion potential;
- two industrial sites in Willawong, Brisbane, with new logistics and warehousing facilities to be developed on both sites with pre-lease agreements with PrixCar and Akzo Nobel for terms of 25 years and eight years respectively;
- a vacant industrial site in Dandenong South, Melbourne that has the capacity to provide approximately 35,000sqm of space with an estimated end value of \$35 million;
- a strategic 3.2ha site at 103 Welshpool Road, Welshpool, Western Australia for \$17 million which has a new 10 year triple net lease to Milne Feeds (part of the Milne Agrigroup) with fixed annual reviews of 3.5%.

DIF2 acquires a 24% share of the \$153 million Coles Regional Distribution Centre in Adelaide South Australia. The logistics facility comprises a modern 68,000sqm distribution centre on a site of 24.4ha with a weighted average lease expiry to Coles of 13 years.

Charter Hall launches the Charter Hall Direct CDC Trust and closes oversubscribed raising \$45.5 million. The trust has a 50% interest in the Coles Regional Distribution Centre in Adelaide with DIF2.



### Outlook

The industrial sector emerged as the top performing asset class according to Investment Property Databank, with an average total return of 12.1% over FY14. The sector saw a notable increase in purchaser demand for prime long leased assets given the appeal of fixed reviews amid the lacklustre employment market and low interest rate environment. Major leasing activity looks to be relatively in line with long-term averages this year, with 730,000sqm in major deals recorded to date and real development approvals, while rising, remaining below the 10 year average. Therefore the broad demand and supply balance is arguably the most attractive in property at present and a key reason for Charter Hall's increased weighting to the sector over recent years.

# Chairman's Review

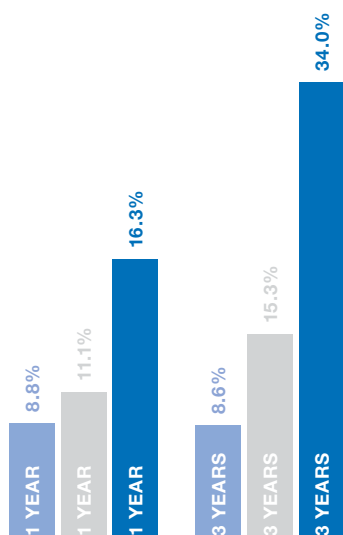


**The business accessed \$1.45 billion of gross equity across its managed funds during the year.**

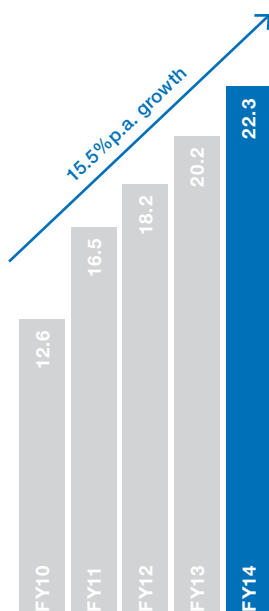
Kerry Roxburgh,  
Chairman

## Total performance over 1 and 3 years (%p.a.) to 30 June 2014

■ IPD Property Index  
■ ASX 200 Property Accumulation Index  
■ Charter Hall Group securityholders



## Distribution per security growth (cps)



**On behalf of the Board of Directors, I am pleased to present Charter Hall Group's 2014 Securityholder Review.**

The Charter Hall team has again successfully executed its strategy of accessing, deploying, managing and investing into quality Australian office, retail and industrial property, providing another solid result for our investors.

The Group delivered a total securityholder return for the 12 months to 30 June 2014 of 16.3%, and I am pleased that Charter Hall ranked as the best performing A-REIT in the ASX 200 Property Accumulation Index over the last three years, also outperforming the IPD Property Index over the same time period.

The business accessed \$1.45 billion of gross equity across its managed funds this year, building upon existing relationships with our investors and, importantly, establishing new partnerships to acquire \$1.8 billion of quality Australian investment property. This activity increased the Group's total funds under management to \$11.5 billion, with more than 350 property Charter Hall team members providing end-to-end management services for 209 assets and 2,289 tenants.

This year, we reported operating earnings of \$81.2 million, up 18.0% on the prior year, and the Board was pleased to make a full year distribution of 22.3 cents per security, up 10.4%. The final distribution was paid to all securityholders on 29 August.

## Building on our sustainability commitment

Charter Hall is always looking for new ways to deliver value to its stakeholders, and to ensure that we integrate sustainability opportunities into our overall strategy and operations. We are currently undertaking a review of our corporate responsibility and sustainability (CR&S) approach.

We have engaged with a number of internal and external stakeholders to assist us with this review and will be formalising our priorities for the coming year as part of this process. Our aim is to further embed CR&S into our everyday decision making so we create a better outcome for all customers.

Our review is still underway and we are looking forward to publishing our refreshed strategy as part of our CR&S Report later this year.

## Board renewal

In April this year, we announced the appointment of David Clarke as a non-executive independent director. David has over 30 years' experience in investment banking, funds management, property and retail banking and we were very pleased to welcome him to the Board.

In August, I announced my intention to retire as a Director of Charter Hall Group and as its Chairman at the conclusion of the Annual General meeting in November. David Clarke has been appointed 'Chairman elect'.



I have enjoyed a long and rewarding association with Charter Hall. It's been a privilege to serve as Chairman since Charter Hall's listing on the Australian Securities Exchange in June 2005. During that time, Charter Hall Group has become one of Australia's leading property investment and funds management groups. Since its listing, both its market capitalisation (currently exceeding \$1.5 billion) and the value of properties it manages have grown at a compound annual growth rate of 17%.

After nearly a decade in the chair, now is a good time to move on to concentrate on my other business interests and on my family activities. I am leaving Charter Hall in very capable hands. With an outstanding management team and a highly experienced Board, I am proud of what Charter Hall stands for and what it has achieved in the best interests of all our tenants, of our investors and for all our employees.

I am delighted to welcome David Clarke as my successor at Charter Hall. David has exceptional experience and expertise, with a deep understanding of the real estate sector and its management. I am confident that David will provide continuity of leadership for the Board, for all of our employees and for our investors. Securityholders will have the opportunity to meet David at our upcoming Annual General Meeting.

I would like to thank the Board, management and the Charter Hall team for their energy, their support and for their commitment to excellence during my almost 10 years with Charter Hall. Finally, I thank you, our securityholders and our customers, for the support you have all shown Charter Hall, with me as its Chairman.

#### Outlook

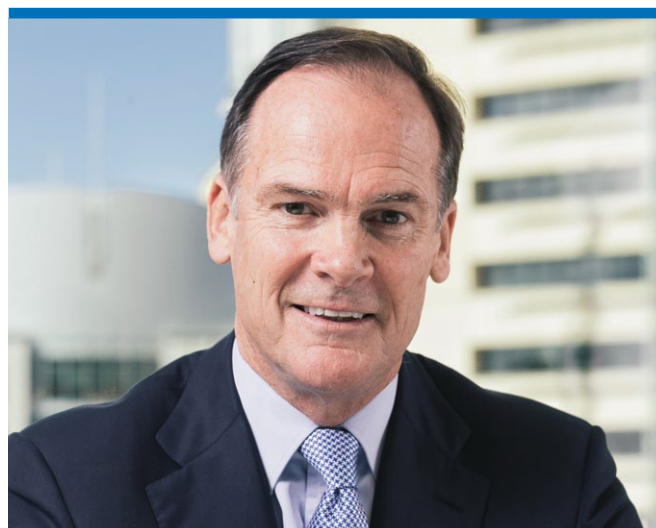
Looking ahead, Charter Hall continues to see strong investor demand across all equity sources for quality Australian investment property, with the Group being well positioned to access, deploy and manage this capital.

I am confident that our hardworking team, led by an experienced and committed management team of property professionals, guided by a strong Board of Directors, will continue to deliver on the Group's clear strategy to ensure that Charter Hall delivers sustainable and growing returns for its investors.

I thank you all again for your ongoing support.



**Kerry Roxburgh**  
Chairman



#### A message from the Chair elect, David Clarke

It is a privilege to be nominated to succeed Kerry Roxburgh as Chairman of Charter Hall Group on his retirement from the Board in November. On behalf of the Board and management of Charter Hall Group, we thank Kerry for his exceptional leadership and judgement, from the listing of the Group through to today. His period as Chairman included the formative years of Charter Hall as a public entity, the wise and considered navigating of the financial crisis, and the above market performance which sees Charter Hall Group's current market capitalisation in excess of \$1.5 billion.

Having joined the Board in April, I've already had the opportunity to visit a number of our office, retail and industrial assets and I am impressed with the quality of our portfolio and the passion of our people.

I believe Charter Hall has an exciting future and I am very much looking forward to working with our Joint Managing Directors and Board members to continue Kerry's outstanding legacy and to achieve our goal of being Australia's best and most highly regarded property investment and funds management business.

I look forward to meeting our securityholders at our Annual General Meeting in November.



**David Clarke**  
Chairman elect

# Joint Managing Directors' Review

**We are pleased to have delivered a solid result for our securityholders following another active year across all areas of our business. In line with our strategy, we have grown our funds under management to \$11.5 billion and co-invested a further \$107 million in our managed funds to increase our Property Investment portfolio to \$720 million.**

This activity has delivered operating earnings of \$81.2 million, up 18.0% on the prior year, which represents a 10.4% increase in operating earnings per security to 25.3 cents per security (cps) and a full year distribution of 22.3cps.

Both the Property Investment and the Property Funds Management segments of the business contributed significantly to this result, with Property Investment operating earnings increasing 11.7% to \$49.7 million, representing 61% of the Group's total operating earnings in FY14, and Property Funds Management operating earnings increasing 26.6% to \$34.6 million.

## This activity has delivered operating earnings of \$81.2 million, up 18.0% on the prior year.

David Southon,  
Joint Managing  
Director

### Consistent delivery on our stated strategy

Our strategy remains focused on accessing, deploying, managing and investing equity in core Australian real estate markets and we have been active across each of these key strategic elements this year.

A unique element of our business model is our access to all equity sources, including listed, retail and wholesale equity. During the year, we secured \$1.45 billion of gross equity across these sources, with this being deployed in the acquisition of 32 quality Australian properties with a total acquisition value of \$1.8 billion.

We are pleased to report that this high level of activity has been consistent over the past three years, with the Group securing a total of \$3.7 billion of gross equity and acquiring a total of \$4.4 billion of assets over the three years from June 2011 to June 2014.

The growth of our industrial portfolio has been a key part of this activity, as we have actively reweighted our Property Investment portfolio towards high quality, long lease industrial and retail property. Industrial now represents 25% of total Property Investments, with office and retail representing 42% and 33% respectively. Also as a result of this focus, the Property Investment portfolio weighted average lease expiry has increased from 6.5 years to 7.6 years over the past three years.

This strategy has provided superior total returns for the Group and our capital partners, with industrial property emerging as a strongly performing asset class delivering a total return of 12.1% over the 2014 financial year according to Investment Property Databank.

As an integrated business, we realise that the management of our portfolios is a key element of our strategy and an earnings driver for the business, with all of the Group's Property Funds Management divisions delivering earnings growth over the prior year.

Our leasing team continues to adopt a proactive approach, achieving 436 leasing transactions across all sectors in the Group's \$11.5 billion portfolio to increase our funds management portfolio's total weighted average lease expiry from 6.1 years to 7.3 years and maintain strong occupancy of 96.8%. We have included some key transactions in the 'Year in Review' section of this Review for your reference.

We have also remained focused on value add redevelopment opportunities to enhance both income yield and total returns, with \$1.2 billion of projects underway across the office, retail and industrial portfolios, managed by our in-house development services team.

Testament to this team's capabilities and our commitment to sustainability, our recently completed 171 Collins Street, Melbourne project was recently recognised with a number of sustainability accolades. The project was awarded the 'Best Commercial High Rise Development Australia' at the Asia Pacific Property Awards, the 'Green Building' award at the UN Association of Australia World Environment Day Awards and the 'Sustainability Development Award' at the Urban Taskforce Development Excellence Awards 2014. Our 100 Skyring Terrace office building in Brisbane and WorkZone campus style offices in Perth also achieved 5 Star Green Star v3 As Built ratings during the year thanks to the commitment of this team and our partners.

We have continued to invest in our managed funds, investing a further \$107 million during the year, to further align our interests with our capital partners.

### Investing in our business to deliver excellence

This year, we have also invested 'in' our business to ensure we continue to be well positioned for sustainable, long-term success and to support our vision of being 'the smart property choice' for our people, customers and stakeholders. We have introduced a refreshed culture, new benefits for our people and a new way of working (NWOW) focused on three of our five core values, being accountability, collaboration and passion.



## A unique element of our business model is our access to all equity sources, including listed, retail and wholesale equity.

David Harrison,  
Joint Managing  
Director

Supporting and empowering our people so they can achieve the best possible solutions for themselves, the business and all our customers is at the heart of our NWOW.

The move of our Sydney head office to No.1 Martin Place in March this year is an important component and physical manifestation of our NWOW. The work environment plays a big role in business efficiency, idea generation, employee satisfaction and results; and our new Sydney environment, which embraces activity based working, brings our people together in a space that supports the way they want to work. By bringing our smart property people together in a way that is driving accountability, enabling collaboration and encouraging passion, we expect to continue to deliver smarter solutions for our customers.

Our NWOW is currently being rolled out to our regional offices and we will continue to build on this program during the year.

### Building the strength of our management team

During the year, we also reviewed our business structure, introducing a refined executive leadership team to support the delivery of our strategy and set the business up for long term growth. As part of this, we are pleased to be welcoming Greg Chubb as our new Head of Retail Property Services in October. Greg joins us from Coles and will be responsible for developing and driving our retail property services strategy and leading our retail business operations in the management of our \$2.9 billion retail property portfolio.

Greg will be a great addition to our already strong team and we look forward to working with all our leaders and employees this coming year in what we believe will be another active year.



Following the announcement by Kerry Roxburgh in August of his intention to retire as a Director of Charter Hall Group and as its Chairman at the end of this year's Annual General Meeting, we would like to take this opportunity to thank Kerry for this tireless commitment and support to Charter Hall and to us personally over the past nine years. Kerry has chaired Charter Hall through a period of significant growth and we appreciate his direction and leadership over this time. We look forward to welcoming David Clarke as Chairman, subject to the ratification by securityholders of his appointment as a Director of the Board at the Annual General Meeting to be held in November.

### Outlook

Looking ahead, we will continue to focus on our strategy of accessing, deploying, managing and investing equity into property assets with long leases to strong covenant tenants, delivering sustainable income and growth for our capital partners and investors.

We believe financial year 2015 will be another active year for the Group as we deliver on this strategy and look forward to providing continued solid performance for our capital partners across our managed funds and for Charter Hall Group securityholders.

**David Harrison**  
Joint Managing Director

**David Southon**  
Joint Managing Director

# Our Performance

**Our business is focused on two key earnings streams, being the earnings generated from the services provided by our integrated Property Funds Management platform, and Property Investment income generated from co-investing alongside our capital partners in our property funds and partnerships.**

## Property Investments

By co-investing alongside our capital partners in our managed funds, we are actively aligning our interests with those of our investors. This provides our investors additional confidence in our investment decisions and provides solid returns for Charter Hall securityholders.

As a key component of our business model, this year we invested a further \$193 million into Property Investments, \$86 million of this from realised capital, to increase our total Property Investments to \$720 million.

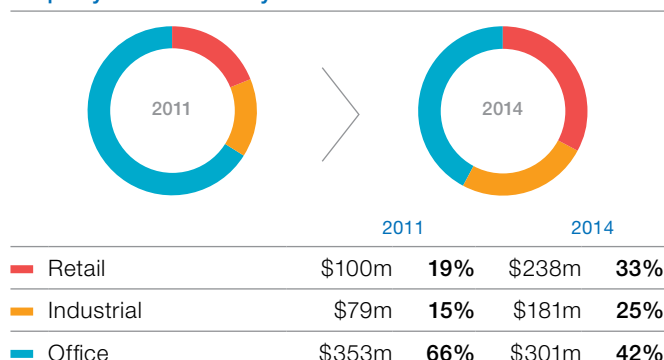
Over the past three years, we have actively reweighted our Property Investment portfolio towards a more stable diversified property portfolio, with industrial now representing 25% of our property investments and office and retail representing 42% and 33% respectively.

Our Property Investment portfolio is also well diversified across our four equity sources of listed, retail and wholesale pooled and wholesale partnerships.

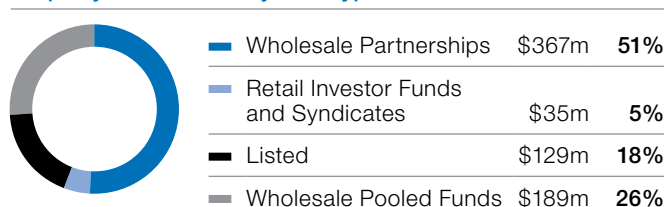
Following this active reweighting and focus by management, Property Investments delivered operating earnings of \$49.7 million for the year, representing 61% of the Group's total operating earnings. The annualised Property Investment earnings yield increased from 6.4% as at 30 June 2011 to 7.7%.

Importantly, in line with this strategy and our focus on assets with long weighted average lease expiries and diversified drivers of rental growth, the Property Investment weighted average lease expiry increased by two years to 7.6 years.

### Property Investments by sector



### Property Investments by fund type



### Property Investment operating earnings

**\$49.7m up 11.7%**



## Property Funds Management

Our Australian funds under management increased by 15% to \$11.5 billion during the year, with Property Funds Management delivering operating earnings of \$34.6 million; 59% of the Group's operating earnings.

### \$1.45 billion of gross equity secured to acquire 32 properties

During the year, we secured \$1.45 billion in gross equity across all our equity sources.

We continued to see strong investor appetite from retail investors for our unlisted property funds, with the Direct business launching two new office asset syndicates, one industrial syndicate and one retail trust with a total value of \$338 million. As highlighted in the 'Year in Review' section of this Review, our Charter Hall Direct WorkZone Trust was launched last year, raising \$72 million from retail investors and self managed super funds to acquire the WorkZone office building on the fringe of the Perth CBD. Earlier this year, the new Charter Hall Direct VA Trust raised \$43.3 million to acquire Virgin Australia's Brisbane-based headquarters.

Within the office portfolio, we established a new wholesale partnership to acquire a 50% interest in the Adelaide ATO office building (with Core Plus Office Fund (CPOF) acquiring the remaining 50%). In retail property, we established a new wholesale fund, BP2, to acquire a \$127 million portfolio from Bunnings, while our Charter Hall Retail REIT (CQR) raised \$80 million through an institutional placement to partially fund the \$100 million acquisition of Rosebud Plaza, Melbourne.

Our Core Plus Industrial Fund raised \$150 million in late 2013 to acquire \$285 million of new industrial properties.

Our funds have also acquired a number of properties within their existing capacity, with our Direct Industrial Fund No.2 acquiring its sixth and seventh assets and Core Logistic Partnership increasing its fund size to \$600 million with the acquisition of seven properties during the year.

### Enhancing our portfolios through value add redevelopments

Charter Hall has also continued to focus on redevelopment opportunities to enhance portfolio returns, with \$1.2 million of redevelopments underway across all portfolios.

Charter Hall's CPOF commenced the redevelopment of its 333 George Street, Sydney and 570 Bourke Street, Melbourne during the year, and CQR completed three redevelopments and commenced a further three at Lansell in Victoria and Mackay and Caboolture in Queensland with a total development cost of \$61 million.

Within industrial, our funds have 10 strategic land holdings totalling approximately 75 hectares of land with capacity to create up to \$530 million of core investment product. These developments will be undertaken over the next number of years.

### Portfolio performance

Charter Hall provides end-to-end property services for all our funds and properties, from property and leasing to financial management services. Each division performed strongly, with the transactions and development management services in particular delivering a positive result given the strong activity across these areas (as shown in the graph below).

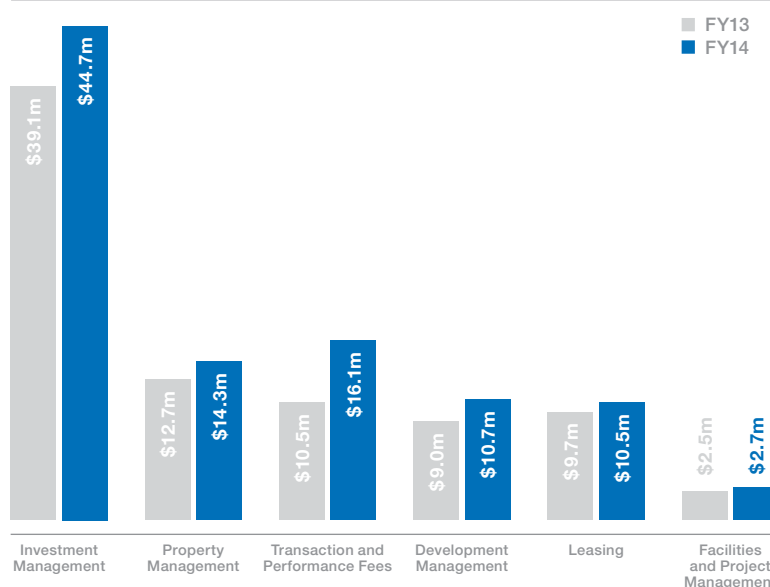
We were also pleased to have achieved 436 leasing transactions during the year over more than 335,000sqm. Key leasing deals are highlighted in the 'Year in Review' section of this report.

Our portfolio remains leased to a wide range of high calibre tenants including Wesfarmers, Woolworths, Citigroup, BHP Billiton, Telstra and governments.

### Property Investments top ten tenants

Tenant	% Portfolio leased (by gross income)
1 Wesfarmers subsidiaries	13.5
2 Governments	10.2
3 Woolworths	7.4
4 Macquarie Group	5.1
5 Telstra	5.1
6 Westpac	2.1
7 Metcash	1.6
8 Wilson Parking	1.3
9 Commonwealth Bank	1.1
10 Allianz	1.1
<b>Total</b>	<b>48.5</b>

### Property Funds Management division revenue growth



# Sustainability

**As a smart property company, Charter Hall is always looking for new ways to deliver value to our many stakeholders.**

We also want our investors to have a clear sense that they are investing in a responsible corporate citizen. So we are pleased to report that over the last six months we have been reviewing our approach to corporate responsibility and sustainability (CR&S) in order to further integrate sustainability opportunities into the overall strategy and operations of our business. This process has included dialogue with a number of internal and external stakeholders and the identification of key material issues and boundaries.

This broad review of our organisational approach to CR&S continues as we publish this report and we look forward to sharing with you later this year how we will be further embedding CR&S into our everyday decision making to help us drive consistency across the business in how we think about, communicate and act on CR&S.

We believe that by leveraging our unique operating model and the expertise of our people, we will manage sustainability challenges and capture sustainability opportunities to deliver financial, environmental and social value to our business and our stakeholders.







## Business

### FY14 priority

### Response

<b>Target growth in the Australian FUM platform of 6–10%</b>	We have acquired \$1.8 billion of assets during the period.
<b>Continue to develop an efficient and scalable operating model</b>	We have further increased our Property Funds Management EBITDA margin on revenue from 34.1% in FY13 to 36.2% in FY14.
<b>Deliver ongoing strong performance of our funds to achieve our clients' investment objectives</b>	We have continued to manage our funds to deliver the best outcomes for our investors, with a number of funds outperforming their sector specific benchmarks.
<b>Re-weight our investment portfolio, increasing the proportion of retail and industrial assets</b>	We have reweighted our Property Investment portfolio, increasing our exposure to long lease industrial and retail property. These sectors now represent 58% of the portfolio, with the remaining 42% invested in high quality office properties.
<b>Diversify sources of debt funding for the managed funds platform</b>	We have continued to diversify our equity sources, raising capital across all sources – listed, retail and wholesale investors.
<b>Progress our stakeholder engagement approach to provide greater consistency and better information about our business</b>	During FY14, we have collated sustainability performance data from across the business and have provided a common web-based help desk to communicate this information to tenants and contractors.
<b>Facilitate the move of our business to our new head office</b>	We completed our move to our new head office in Sydney in March 2014, providing an Activity Based Working environment further promoting a flexible and collaborative approach to working.
<b>Continue to review our corporate governance policies and framework against industry standards</b>	<p>We continued to review our policies against industry standards and some have been updated where necessary.</p> <p>Charter Hall has committed to responding to the ASX's third edition of the corporate governance principles and recommendations during FY15 to achieve a robust governance framework.</p>
<b>Refresh tenant engagement and communication program, Charter Hall Advantage</b>	Charter Hall is reviewing its approach to tenant engagement as part of a broader stakeholder engagement review.

# Sustainability



## Workplace

### FY14 priority

### Response

<b>Continue to evolve our organisational structure to support our vision and strategy</b>	We introduced a new organisational structure and executive leadership group to ensure our business is well positioned for sustainable, long-term growth and that we have leadership depth and succession.
<b>Implement our 'new way of working' across our business</b>	We rolled out our 'new way of working' which is designed to enhance our organisational agility. This was supported by a significant change program focused on three of our organisational values (accountability, collaboration and passion) and an investment in our technology platform Australia-wide.
<b>Provide our people with a new head office that supports our transition to a truly collaborative culture</b>	We completed our move to our new head office in Sydney in March 2014, providing an Activity Based Working environment further promoting a flexible and collaborative approach to working.
<b>Increase the percentage of women in leadership and revenue generating roles by 2015</b>	We have seen an increase in female representation across all levels of Charter Hall with females making up 49% of our workforce. The Senior Management team comprises 18% females and the Charter Hall Board 14%.
<b>Provide access to development opportunities that support the growth of our managers</b>	Our new organisational structure and executive leadership group has provided for growth through expanded roles and targeted development activities. The 'new way of working' change program included leadership development activities designed around leading flexible teams. A formal leadership development program will be launched in FY15.
<b>Evolve our performance management to strengthen alignment with our strategic objectives, culture and values</b>	This year we introduced performance calibration across the Group to achieve consistency in all performance ratings. We also shifted the focus of the performance review process to include our organisational values with the emphasis being on both the 'what' and the 'how' of achievements.
<b>Reduce voluntary turnover to 14% in FY14</b>	Voluntary turnover decreased compared to FY13 from 16% to 14.2%.
<b>Build our Occupational Health and Safety (OHS) capability by establishing a Group-wide OHS strategy</b>	We built OHS capability by developing a Group-wide strategy and established safety management plans that form the basis of strategic direction for the development and training of our people, underpinning a cohesive approach in meeting respective aspirations and obligations across the Group.
<b>Continue to develop and implement knowledge management systems for the business</b>	A Group-wide intranet has been launched, including a social communications tool (Yammer), with significant uptake and use across the Group. Work continues on the development and deployment of a document and records management solution, with a pilot being completed across three divisions which has validated the overall structure and solution.
<b>Evolve our retail leasing platform capabilities and evaluate potential use by other sectors</b>	We further developed our retail leasing approach and introduced a number of key enhancements, including aligning leasing team resourcing to regional requirements and introducing new reporting tools to support the business and provide greater transparency on our leasing activity.





## Environment

### FY14 priority

### Response

**Target a 5% reduction in energy and water usage in our retail assets**

Energy usage across our CQR portfolio reduced by 3% during the year, with water reducing by over 10% as a result of targeted reduction, efficient fittings installations and education.

**Target a 30% waste recycling rate in our retail assets**

Despite improvements across our retail assets in the coverage and accuracy of our waste recycling data, we are not yet able to calculate exact reduction rates for the entire asset class. Continued progress against this will be made in the coming year.

**Conduct water efficiency road maps and establish water performance targets for the majority of office assets**

Water audits were completed across a number of office assets and strategic asset plans (SAPs), including water targets, developed as a result.

**Implement an updated energy management program to deliver greater performance improvements across our office assets**

We have rolled out an updated Energy Management Strategy over the past year.

**Formalise property specific NABERS Energy targets for our office assets**

NABERS targets were set as part of the SAPs for all office assets. Progress towards these targets is being regularly monitored.

**Continue to roll out NABERS Energy and Water ratings for all eligible retail centres**

Five retail properties were certified against the NABERS rating during the reporting period. The average rating across these five assets for energy was a NABERS rating of 2.8, while for water it was 3.4.



## Community

### FY14 priority

### Response

**Increase employee uptake of volunteer leave**

We increased our employee uptake of volunteer leave, with 21% of employees taking part.

**Evolve our approach to community and charity partnerships to better align with our corporate vision and values**

Four key charity partners were identified and as a Group we provided in-kind and monetary donations to the value of over \$300,000. We commenced a review of our community and charity partnerships program as part of a broader review of our approach to CR&S. A community investment framework will be developed in FY15.

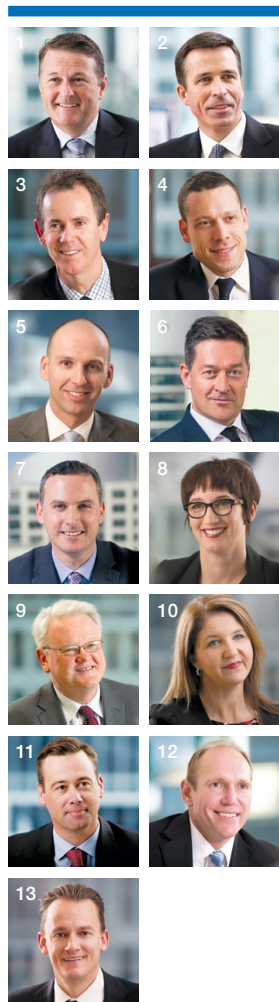
**Develop and implement a community engagement strategy for our retail centres to build on our shopping centre vision to be 'the community square for today'**

A brand rollout and community engagement program is currently being developed and will be launched later this year. The retail community engagement program is being aligned with our CR&S strategy review.

**Explore opportunities in our retail development projects for further 'meet and greet' events that connect local community members and national retailers**

The retail community engagement program is being aligned with our CR&S strategy review.

# Executive Team



**1 David Harrison**  
Joint Managing Director  
B.Bus (Land Economy),  
GDipAppFin

**2 David Southon**  
Joint Managing Director  
B.Bus (Land Economy)

**David Harrison and David Southon's profiles are included on page 23**

**3 Paul Altschwager**  
Chief Financial Officer  
ACA, B.Econ, M.AF,  
GDipAppFin

Paul has over 25 years' experience in corporate finance, mergers and acquisitions, finance, capital management and operational finance in the property, airline, wine and banking sectors. As our Chief Financial Officer (CFO), he is responsible for the management and direction of Charter Hall's finance and corporate operations across the Group including finance, analysis, treasury, tax, group planning, insurance, risk and compliance.

Prior to joining Charter Hall, Paul held senior finance roles with the Westfield Group for nine years, including six years as CFO for Australia and New Zealand.

**4 Avi Anger**  
Head of Transactions  
B.Com, M.Com

Avi joined Charter Hall in 2002 and has worked across a number of areas of the business including development and investment management. As Head of Transactions, he is responsible for all corporate and property transactions for the Group and its managed funds.

Avi has headed up the transactions division since March 2009 and has played a key role in the growth of the Group's funds under management from \$3 billion to \$11 billion value today. He has been involved in many important recent transactions for the Group including the acquisition of

the \$458 million Bankwest Place Office Complex, the \$164 million Bateau Bay Square Shopping Centre in New South Wales and a \$127 million portfolio of Bunnings retail stores.

Prior to joining Charter Hall, Avi worked at Terrace Tower Group, where he was involved in the operation and management of the company's property investment portfolio, and at Ernst & Young in the Corporate Advisory division.

**5 Chris Chapple**  
Head of Office and Industrial Property Services  
B.Bus (Land Economy)

Chris has been with Charter Hall for over 10 years and has over 17 years' experience in the property industry. He is responsible for the Group-wide strategy to manage property assets, developments, building upgrades and leasing within the Office & Industrial sector with the objective of maintaining and improving the quality of the managed portfolios, including retention and attraction of new tenants, growing rental levels and optimising profitability and investment returns. Key achievements during his time at Charter Hall include being responsible for the creation of high quality work and lifestyle environments across Australia for a number of blue chip companies including 275 George Street and 100 Skyring Terrace in Brisbane, 171 Collins Street in Melbourne and WorkZone in Perth.

Prior to his current role, Chris was the Head of Development Services for the Group, where he was responsible for the resourcing and co-ordination of the Development Division as well as the direction and successful delivery of development projects for Charter Hall. He has also worked with Multiplex Developments and Jones Lang LaSalle.

Chris is a member of the PCA Commercial Office Committee (New South Wales).

**6 Greg Chubb**  
Head of Retail Property Services  
B.Bus (Land Economics)

Greg joins Charter Hall in October 2014. He has 25 years of property market experience and his responsibilities will include the Group-wide team leadership and strategy to actively manage property assets, developments and leasing within our Retail sector.

Prior to joining Charter Hall, Greg was Property Director at Coles Supermarkets Australia. Before that he was Managing Director and Head of Retail for Sandalwood/Jones Lang LaSalle in Greater China. Greg has also held senior retail leadership roles at Mirvac and Lend Lease. He is a Registered Valuer, Licensed Real Estate Agent and a Fellow of the Australian Property Institute (FAPI).

**7 Aidan Coleman**  
Chief Technology Officer  
BTech, MBT

Aidan joined Charter Hall in 2014, and has over 15 years technology experience across a range of industries and geographies including property, funds management, retail, media, consumer goods, consulting, financial services and telecommunications.

In his current role, Aidan is responsible for providing leadership and direction for all strategic IT activities associated with supporting IT's contribution to the organisation's key business initiatives. Since joining in May, Aidan has focused on improving the IT user experience at our head office and regional sites, whilst building the IT strategy and underlying capability that can leverage technology to power growth and productivity across the Charter Hall business.



Prior to joining Charter Hall, Aidan worked at Stockland as IT Strategy and Planning Manager where he delivered significant improvements to customer, asset, development and financial systems. Aidan also transformed Stockland's digital platform and online capability. Aidan's additional experience includes eight years at News Corporation Australia.

**8 Natalie Devlin**  
Head of People, Brand and Community  
BA, Postgrad Dip in MR Management (Dean's List Award)

Natalie joined Charter Hall in 2010 and has over 18 years' human resources experience. She is responsible for culture, internal and external brand, organisational capability and community investment.

Recently, she has led the transformation project that introduced the Group to a new way of working across the country. This included creating the Group's internal brand and enhancing its culture around our new values of accountability, collaboration, expertise, integrity and passion. She is focused on creating an authentic and differentiated employee and customer experience for the Group.

Prior to joining Charter Hall, Natalie was the Head of People and Development at Valad, where she established the human resources function. Prior to this she worked with the multinational Wolters Kluwer where she transformed its operating model.

**9 Scott Dundas**  
Fund Manager CQR  
Charter Hall Retail REIT  
LLB, Dip.Val

Scott joined Charter Hall in 2010 and has 35 years experience in the property sector. After initially managing Charter Hall Retail REIT's (CQR's) property assets between 1998 and 2000, Scott has been responsible for sourcing and implementing the majority of CQR's capital transactions in the United States, Europe, New Zealand and Australia, as well as the recycling of capital

back into the Australian market. This year, he was named Best CEO 2014 in the Next 100 Property Sector at the East Coles Corporate Performance awards.

Before joining Charter Hall, Scott worked in a range of senior roles at Macquarie. Prior to that, he was the State Real Estate Manager for Coles Supermarkets and Coles Myer Limited in New South Wales and has also held senior positions in organisations ranging from commercial real estate agencies to various New South Wales statutory authorities.

He is a Barrister of the Supreme Court of New South Wales, a Registered Valuer, a Licensed Real Estate Agent, an Associate of the Australian Property Institute (AAPI) and a Fellow of the Royal Institute of Chartered Surveyors (RICS).

**10 Tracey Jordan**  
Group General Counsel and Company Secretary  
BA, LLB

Tracey joined Charter Hall in 2012 and has more than 25 years' experience in real estate and funds management, with extensive knowledge of real estate transactions, structuring, funds management, compliance and corporate governance. In her current role, she is responsible for managing the provision of legal advice and services from the internal legal team and external providers, company secretary for CHC and the unlisted funds and managing the company secretariat division for the Group. Key achievements during her time at Charter Hall Group include the introduction of electronic board papers for all entities in the Group, and the establishment of an external legal panel.

Prior to joining Charter Hall, Tracey was initially Senior Legal Counsel, and then National Manager of Unlisted Property Funds at Stockland. Tracey was also a Senior Associate for King

& Wood Mallesons in their Canberra office.

Tracey is a Solicitor of the Supreme Court of New South Wales, and has been admitted to the Supreme Court of the Australian Capital Territory and the High Court of Australia.

**11 Nick Kelly**  
Head of Investor Relations  
B.Bus (Land Economy),  
GDipAppFin, M.Fin

Nick has been with Charter Hall for eight years and has over 18 years' experience in the property and property funds management industry. Since 2006 he has been part of the team that has seen funds under management grow to over \$11 billion today. He has also been involved in the ongoing growth of CPIF and CPOF since their inception, a range of Charter Hall syndications and ongoing listed investor relations.

Prior to joining Charter Hall in 2006, Nick was Principal and Head of Property Research at Mercer Investment Consulting, where he was responsible for reviewing and rating the entire property fund industry. Prior to that, Nick worked at a Melbourne-based commercial/industrial real estate firm.

**12 Richard Stacker**  
Head of Charter Hall  
Direct Property  
B.Bus

Richard joined Charter Hall in 2010 and has over 22 years of experience in real estate funds management, real estate finance, accounting and risk management. As head of our unlisted funds business, Richard is responsible for an entity with \$1.8 billion under management across our various funds and syndicates. He has overseen the rise of this part of the business from outside the top 10 managers to the market leading fund manager in the unlisted retail sector in just three years. Since 2010, the Direct Property division has launched 11 new funds and acquired over \$1 billion in assets.

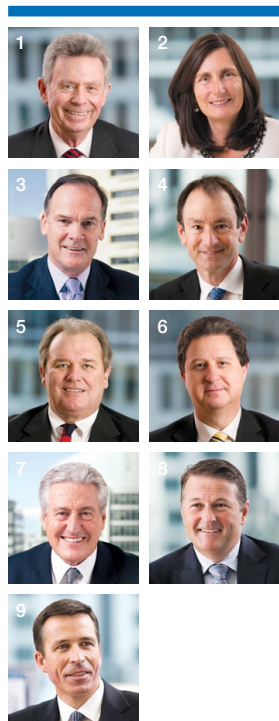
Prior to joining Charter Hall, Richard was a Division Director of Macquarie Group and Chief Executive Officer of Macquarie Direct Property Management Limited. Previously to that, Richard was a General Manager with Lend Lease Corporation Limited and a senior manager with PricewaterhouseCoopers. He is a member of the Institute of Chartered Accountants in Australia.

**13 Adrian Taylor**  
Head of Wholesale  
B.Bus, CPA, GDipAppFin,  
FRICS

Adrian joined Charter Hall in 2010 and has 22 years' institutional property investment management expertise. He leads the team of Fund Managers that oversee over A\$7 billion of unlisted wholesale institutional investors across office, retail and industrial funds. Adrian helps set strategy and objectives for the Group's partnerships in conjunction with the partners and guides the portfolio management, capital transactions, treasury and trust management teams to execute strategy. He helps them develop portfolio strategies, and to prudently manage risks whilst driving investor returns. The wholesale team work with existing and new investors, from Australia and offshore, to create new and often innovative investment offerings tailored to their needs. Adrian has extensive capital management experience, including debt and equity raising.

Prior to the Charter Hall Office REIT's privatisation, he was its Chief Executive Officer and has extensive capital transaction and joint venture experience in both Australia and the US. Adrian is a member of the Leadership Group and chairs the Corporate Responsibility and Sustainability Committee. He is involved in numerous property industry groups including the Property Council of Australia.

# Board of Directors



## 1 Kerry Roxburgh Chairman B.Com, MBA, MESAA

Kerry joined the Charter Hall Board in August 2005, becoming Chairman in October 2005.

He was, until 25 August 2014, Chair of the Nominations Committee, a member of the Audit, Risk and Compliance Committee and a member of the Investment Committee.

In his 50 years in business, Kerry was co-founder in 1997, CEO (1998–2000) and then Chairman of E\*TRADE Australia until June 2007, when it was acquired by the ANZ Bank. Prior to this appointment, he was, for 10 years from 1986, an Executive Director of the HongKong Bank of Australia Group (now HSBC), where he held a number of positions including Head of Corporate Finance and Executive Chairman of the group's stockbroker, James Capel Australia. Until 1986, he qualified and practiced as a Chartered Accountant at HLB Mann Judd.

Kerry is Chairman of Tyro Payments and of Tasman Cargo Airlines. He is the Deputy Chairman of Marshall Investments and he is the lead independent non-executive director of Ramsay Health Care Ltd. He is also a non-executive director of the Medical Indemnity Protection Society (MIPS) Group and of MIPS Insurance. He is also a Member of the Advisory Board of AON Insurance.

Kerry is a Practitioner Member of the Stockbrokers Association of Australia.

## 2 Anne Brennan Non-Executive Director B.Com (Hons)

Anne joined the Charter Hall Board in October 2010. She is currently the Chair of the Remuneration and Human Resources Committee and a member of the Audit, Risk and Compliance Committee.

Anne has held a variety of senior management and executive roles in large corporates and professional services firms over 25 years in business, including time as CFO of CSR and finance director of the Coates Group. Prior to that, she was a partner at KPMG, Arthur Andersen and Ernst & Young.

Anne is a director of Argo Investments Ltd, Echo Entertainment Ltd, Myer Holdings Ltd and Nufarm Ltd. She is also a Fellow of the Institute of Chartered Accountants Australia and a Fellow of the AICD.

## 3 David Clarke Non-Executive Director LLB

David Clarke joined the Board in April 2014. He is currently a member of the Audit, Risk and Compliance Committee.

David was previously Chief Executive Officer of Investec Bank (Australia) Limited, where he held responsibility for all of Investec's activities in Australia.

Prior to joining Investec Bank, David was the CEO of Allco Finance Group and a director of AMP Limited, following five years at Westpac Banking Corporation, where he held a number of senior roles, including Chief Executive of the Wealth Management Business, BT Financial Group.

David has 35 years' experience in investment banking, funds management, property and retail banking. He was previously employed at Lend Lease Corporation Limited, where he was an executive director and Chief Executive of MLC Limited, and prior to this was Chief Executive of Lloyds Merchant Bank in London.

David is chairman of both the University of New South Wales Medicine Advisory Council and Dean's Circle. He is a member of the New Zealand Trade and Enterprise Beachheads Forum and a non-executive director of Austbrokers Holdings Limited.

## 4 David Deverall Non-Executive Director BE, MBA

David joined the Charter Hall Board in May 2012. He is Chair of the Audit, Risk and Compliance Committee and a member of the Nominations Committee.

David's extensive experience in financial services, funds management and strategy includes time as CEO of Perpetual Ltd, chairman and director of The Financial Services Council and Group Head of Funds Management and Head of Strategy at Macquarie Group. He is currently CEO of Hunter Hall International Ltd, Australia's leading ethical funds management company.



## 5 Philip Garling

Non-Executive Director  
B.Build (NSW), AMP (AIM)  
and Advanced Diploma

Philip joined the Board of the Charter Hall Group in 2013. He is currently a member of the Remuneration and Human Resources Committee. He has over 35 years' experience in property and infrastructure, development, operations and asset and investment management, including nine years as Global Head of Infrastructure at AMP Capital Investors and 22 years at Lend Lease Corporation, five of them as CEO at Lend Lease Capital Services.

Philip is a director of Downer EDI Limited and Networks NSW. He is a Fellow of the Australian Institute of Company Directors, the Australian Institute of Building and the Institute of Engineers, Australia.

## 6 Peter Kahan

Non-Executive Director  
B.Com, B.Ac

Peter joined the Charter Hall Board in October 2009, following an investment in Charter Hall by Gandel Group. He is a member of the Remuneration and Human Resources Committee and the Nominations Committee.

Peter is currently the Executive Deputy Chairman of Gandel Group and has approximately 20 years of property and funds management experience. He joined Gandel Group in 1994, became the Group's Finance Director in 2001 and was CEO from 2007 to 2012. Prior to his time at Gandel Group, Peter worked as a chartered accountant and held a range of senior financial roles in industry.

Peter was appointed a non-executive director of CFS Retail Property Trust (CFX) in April 2014. He is a member of CFX's Audit Committee and the Remuneration and Organisation Committee.

He is a member of the Institute of Chartered Accountants Australia and the Australian Institute of Company Directors.

## 7 Colin McGowan

Non-Executive Director  
Dip.Val, GDipAppFin

Colin joined the Board in 2005 at its initial public offering. Colin has over 35 years' property industry experience across the office, industrial and retail sectors including over 15 years as a Diversified Property Fund Manager.

Colin was formally CEO of the listed AMP Diversified Property Trust, Executive Vice President of Bankers Trust (AUS), founding Fund Manager of the BT Property Trust and founding Fund Manager of Advance Property Fund. He is a Fellow of the Australian Property Institute, and a Senior Fellow of Finsia.

## 8 David Harrison

Joint Managing Director  
B.Bus (Land Economy),  
GDipAppFin

David joined Charter Hall in 2004 and has 27 years of property market experience across office, retail and industrial sectors. As Charter Hall Group's Joint Managing Director, he is responsible for all aspects of the Charter Hall business, with specific focus on investment management, strategy, corporate transactions and property investment activities. David is directly responsible for overseeing the operation of the investment management divisions, including the listed REITs, wholesale unlisted and retail unlisted divisions, together with investor relations and transactions. He shares responsibility with David Southon for the Chief Financial Officer in relation to group finance, treasury and capital management.

In the last eight years, David has overseen the growth of the Charter Hall Group from \$500 million to \$11 billion of funds under management. He has been principally responsible for transactions exceeding \$15 billion of commercial, retail and industrial property assets across all the Group's property sectors over the past 23 years.

David also sits as an Executive Member on all Fund Boards and Investment Committees and is a Fellow Member of the Australian Property Institute (FAPI).

## 9 David Southon

Joint Managing Director  
B.Bus (Land Economy)

David is a co-founder of the Charter Hall Group and has over 27 years of property industry experience across the office, industrial and retail sectors. As Charter Hall Group's Joint Managing Director, he is responsible for all aspects of the Charter Hall business, with direct responsibility for overseeing the operation of the property and support services divisions including office, industrial and retail property services; people, brand and community; legal/company secretariat; and technology, as well as strategic involvement in project origination and direction. He shares responsibility with David Harrison for the Chief Financial Officer in relation to group finance, treasury and capital management.

David is an Executive Director on the Charter Hall Group Board, the Board of the Responsible Entity for Charter Hall Retail REIT, as well as the Responsible Entity Board of the Charter Hall Direct Funds. He is also a Non-Executive Director on the Board of Commercial Industrial Property (CIP), a member of the Charter Hall Diversity Committee, and a member of the investment committee of Charter Hall Opportunity Fund No.5, as well as the Valuation Sub Committee.

David is a member of the Board of Advisers NSW for the Property Industry Foundation (PIF) and is a Fellow of the Australian Property Institute (FAPI).

# Investor Information

## How do I invest in Charter Hall?

Charter Hall Group securities are listed on the Australian Securities Exchange (ASX:CHC). Securityholders will need to use the services of a stockbroker or an online broking facility to invest in Charter Hall.

## Where can I find more information about Charter Hall?

Charter Hall's website, [www.charterhall.com.au](http://www.charterhall.com.au) contains extensive information on our Board and management team, corporate governance, sustainability, our property portfolio and all investor communications including distribution and tax information, reports and presentations. The website also provides information on the broader Charter Hall Group including other managed funds available for investment. You can also register your details on our website to receive ASX announcements by an email alert as they are being released. To register your details, please visit our website at [www.charterhall.com.au](http://www.charterhall.com.au) and subscribe to updates.

## Can I receive my Annual Report electronically?

Charter Hall provides its annual report in both PDF and online formats (HTML). You can elect via the Investor Login facility on our website to receive notification that this report is available online. Alternatively, you can elect to receive the report in hard copy.

## How do I receive payment of my distribution?

Charter Hall Group pays its distribution via direct credit. This enables you to receive automatic payment of your distributions quickly and securely. You can nominate any Australian or New Zealand bank, building society, credit union or cash management account for direct payment by downloading a direct credit form using the Investor Login facility and sending it to Link Market Services. On the day of payment, you will be sent a statement via post or email confirming that the payment has been made and setting out details of the payment. The Group no longer pays distributions by cheque.

## Can I reinvest my distribution?

The Distribution Reinvestment Plan (DRP) allows you to have your distributions reinvested in additional securities in Charter Hall, rather than having your distributions paid to you. If you would like to participate in the DRP, you can do so online using the Investor Login facility available on our website, or you can complete a DRP Application Form available from our registry.

## Do I need to supply my Tax File Number?

You are not required by law to supply your Tax File Number (TFN), Australian Business Number (ABN) or exemption. However, if you do not provide these details, withholding tax may be deducted at the highest marginal rate from your distributions. If you wish to provide your TFN, ABN or exemption, please contact Link Market Services on 1300 303 063 or your sponsoring broker. You can also update your details directly using the Investor Login facility on our website.

## How do I complete my annual tax return for the distributions I receive from Charter Hall?

At the end of each financial year, we issue securityholders with an Annual Taxation Statement. This statement includes information required to complete your tax return. The distributions paid in February and August are required to be included in your tax return for the financial year the income was earned, that is, the distribution income paid in August 2014 should be included in your 2014 financial year tax return.

## How do I make a complaint?

Securityholders wishing to lodge a complaint should do so in writing and forward it to the Compliance Manager, Charter Hall Group at the address shown in the Directory. In the event that a complaint cannot be resolved within a reasonable timeframe (usually 45 days) or you are not satisfied with our response, you can seek assistance from the Financial Ombudsman Service (FOS), an independent dispute resolution scheme available to those investors who have first raised their complaint with us and who remain dissatisfied. FOS's contact details are below:

Financial Ombudsman Service  
GPO Box 3  
Melbourne Vic. 3001

Tel: 1300 780 808  
Fax: +61 3 9613 6399  
Email: [info@fos.org.au](mailto:info@fos.org.au)  
Website: [www.fos.org.au](http://www.fos.org.au)



## Contact Details

### Registry

To access information on your holding or update/change your details including name, address, Tax File Number, payment instructions and document requests, contact:

Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235

**Tel:** 1300 303 063 (within Australia)  
+61 2 8280 7134 (outside Australia)

**Fax:** +61 2 9287 0303  
charterhall.reits@linkmarketservices.com.au  
www.linkmarketservices.com.au

### Investor relations

All other enquiries related to Charter Hall Group can be directed to Investor Relations:

Charter Hall Group  
GPO Box 2704  
Sydney NSW 2001

**Tel:** 1300 365 585 (local call cost)  
+61 2 8651 9000 (outside Australia)

**Fax:** +61 2 9221 4655

reits@charterhall.com.au  
www.charterhall.com.au

## Corporate Directory

### Directors

Kerry Roxburgh, David Clarke, Anne Brennan, David Deverall, Philip Garling, David Harrison, Peter Kahan, Colin McGowan and David Southon

### Company Secretary

Tracey Jordan

### ASX Code

Charter Hall Group stapled securities are listed on the Australian Securities Exchange (code CHC).

### Principal registered office in Australia

Level 20, No.1 Martin Place  
Sydney NSW 2000

**Tel:** +61 2 8651 9000

### Auditor

PricewaterhouseCoopers  
Darling Park Tower 2  
201 Sussex Street  
Sydney NSW 1171



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