



Charter Hall Group

# 2019 Full Year Results

20 August 2019



# Agenda

- 1 Highlights and Strategy
- 2 Property Funds Management
- 3 Property Investment
- 4 Financial Result
- 5 Outlook and Guidance
- 6 Additional Information



**David Harrison**  
Managing Director  
& Group CEO



**Sean McMahon**  
Chief Investment Officer



**Russell Proutt**  
Chief Financial Officer

# Highlights and Strategy



# Group highlights<sup>1</sup>

Group investment capacity of \$4.1bn

## Group Returns

Operating earnings  
**\$221m**

Statutory profit<sup>2</sup>  
**\$235m**

OEPS growth  
**25.5%**

Total platform return<sup>3</sup>  
**11.1%**

## Property Investments

Total property investment return<sup>4</sup>  
**9.1%**

Property investment portfolio  
**\$1.8bn** (8.1% growth)

Property investment yield  
**6.3%**

## Funds Management

FUM growth  
**31.1%**  
to  
**\$30.4bn**

Gross transactions  
**\$5.0bn**

Property funds management yield<sup>5</sup>  
**6.0%**

## Balance Sheet

Balance sheet gearing  
**5.4%**  
Investment Capacity  
**\$314m**

Look through gearing  
**30.8%**

Weighted average debt maturity  
**7.1yrs**

1. Figures and statistics on this slide and throughout this presentation are for the 12 months to 30 June 2019 unless otherwise stated  
2. Attributable to stapled securityholders  
3. Total Platform Return is calculated as growth in net tangible assets (NTA) per security plus distributions per security divided by the opening NTA per security

4. Total Property Investment Return is calculated as distributions received from funds plus growth in investment value divided by the opening investment value of the PI portfolio. This excludes investments in new vehicles held for less than a year and investments in Direct funds  
5. Property Funds Management (PFM) yield is calculated as PFM operating earnings post tax per security (includes 50% allocation of net interest) divided by the opening NTA per security

# Our strategy

We use our property expertise to access, deploy, manage and invest equity in our core real estate sectors to create value and generate superior returns for our customers.



## Access

Accessing equity from listed, wholesale and retail investors



## Deploy

Creating value through attractive investment opportunities



## Manage

Funds management, asset management, leasing and development services



## Invest

Investing alongside our capital partners

1 year

Gross equity raised  
**\$3.4bn**

Gross transactions  
**\$5.0bn**

Acquisitions  
**\$4.2bn**

Divestments  
**\$0.8bn**

FUM  
**\$30.4bn** ↑ \$7.2bn

Properties  
**844**

Increase in PI to \$1.8bn  
**\$138m** ↑ 8.1%

Total property investment return  
**9.1%**

3 years

Gross equity raised  
**\$7.5bn**

Gross transactions  
**\$13.7bn**

Acquisitions  
**\$9.6bn**

Divestments  
**\$4.1bn**

FUM growth  
**\$13.0bn**

Increase in PI  
**\$745m** ↑ 67.9%

Total property investment return  
**12.9%**

5 years

Gross equity raised  
**\$10.6bn**

Gross transactions  
**\$20.0bn**

Acquisitions  
**\$14.5bn**

Divestments  
**\$5.5bn**

FUM growth  
**\$19.0bn**

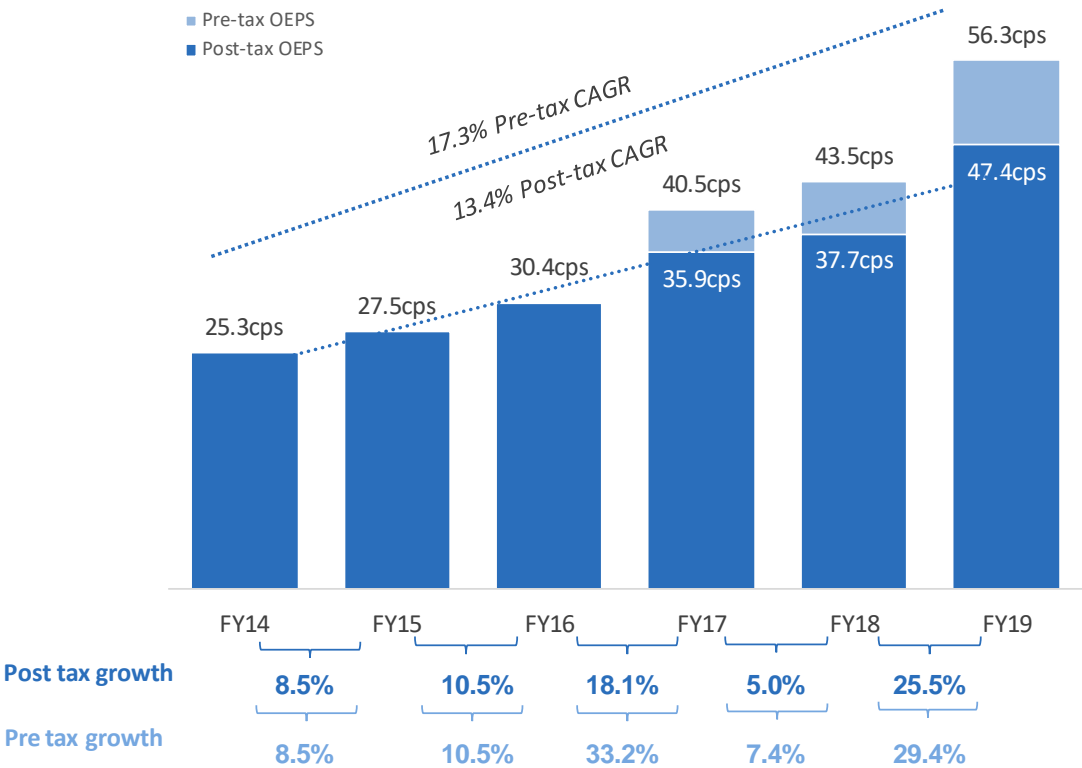
Increase in PI  
**\$1.1bn** ↑ 156.0%

Total property investment return  
**13.3%**

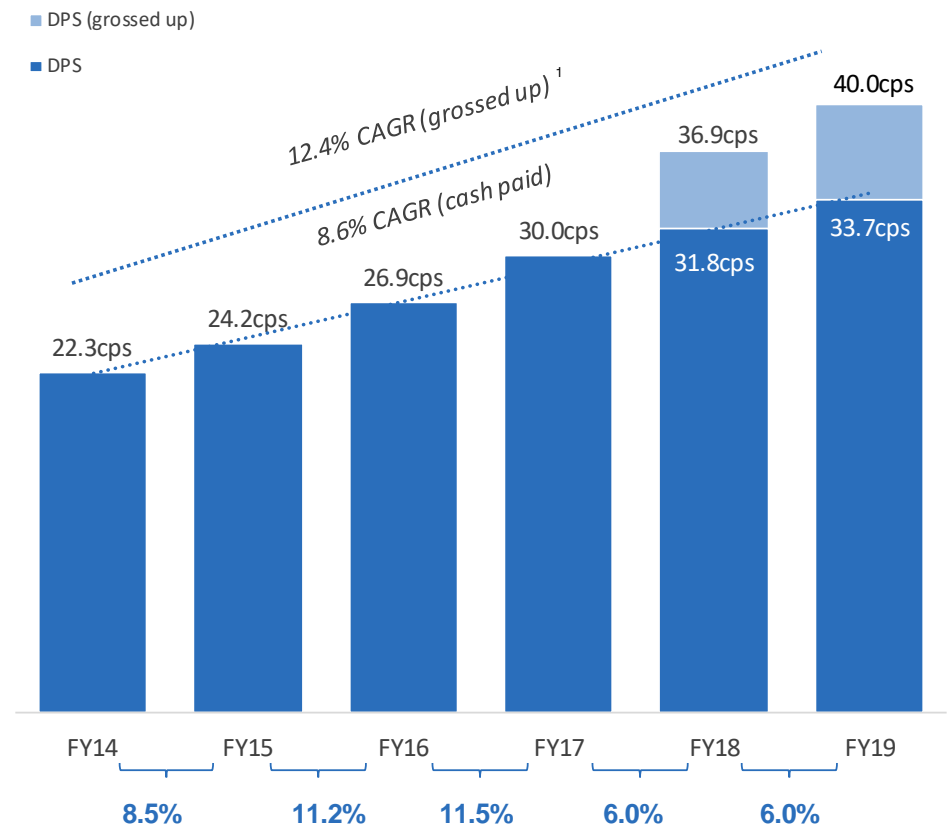
# Sustained growth

Strong growth in earnings underpinning distribution growth

Operating earnings per security growth



Distributions per security growth

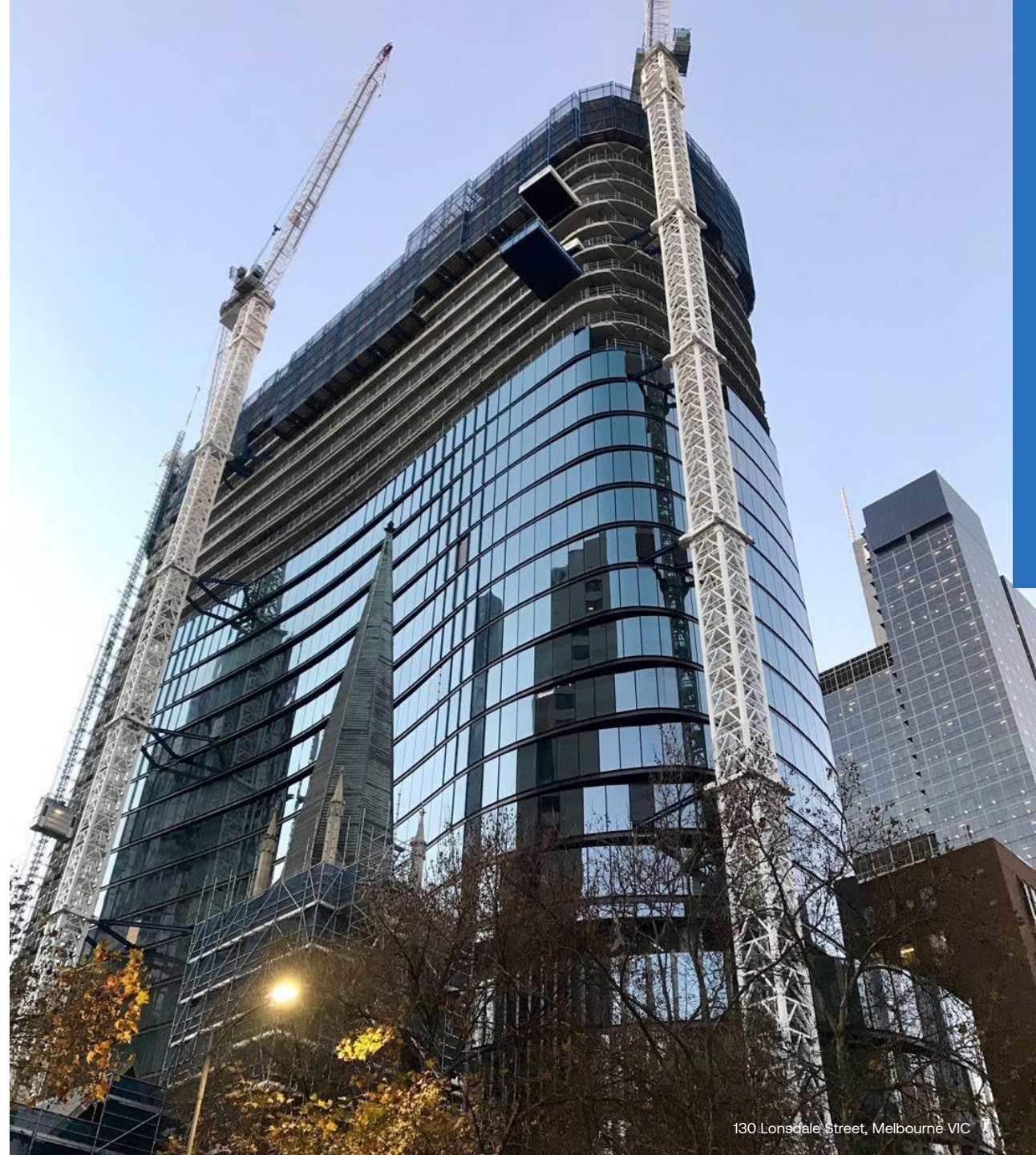


1. Grossed up distribution includes franking credits of 6.3cps paid to securityholders in FY19 (5.1cps in FY18)



# Property Funds Management

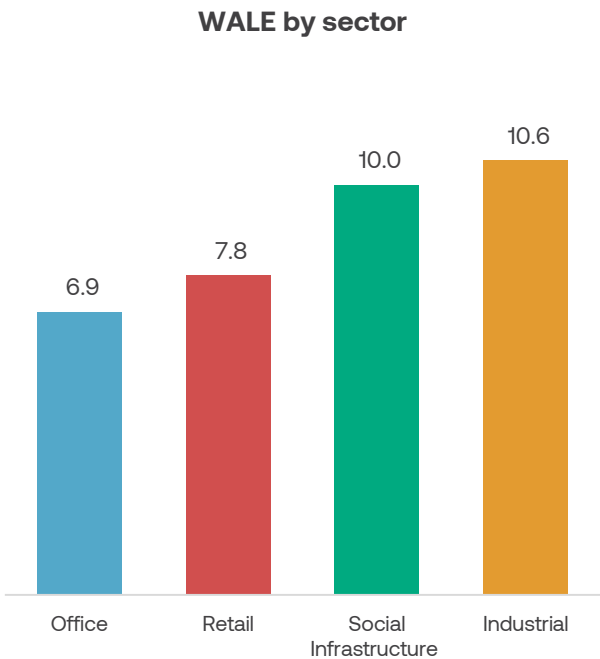
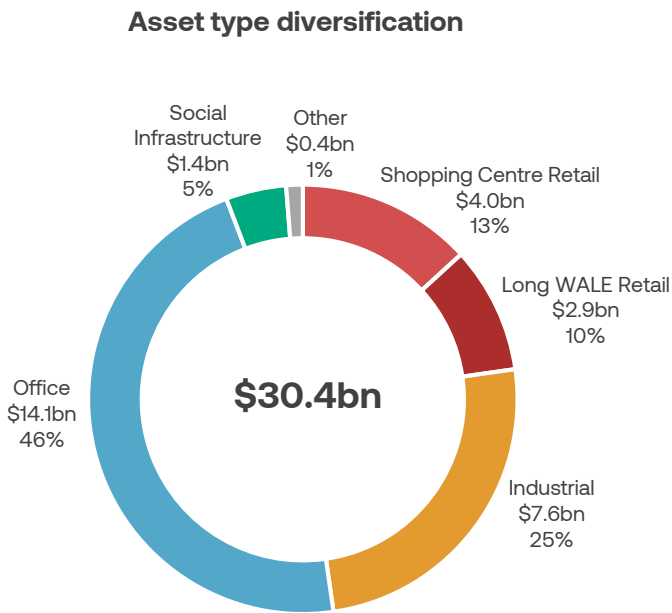
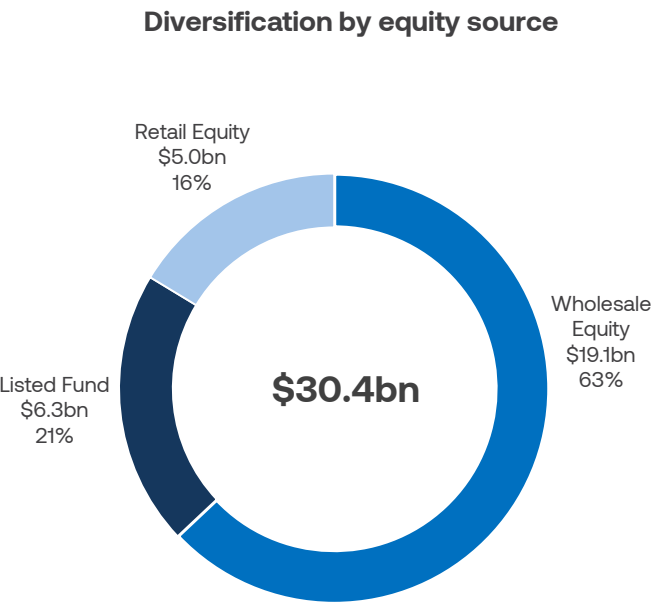
# 2



# Group funds management portfolio

82% east coast weighting

	Portfolio value (\$bn)	Lettable area (m sqm)	No. of Properties	No. of Tenancies	Net income <sup>1</sup> (\$m)	WALE <sup>1</sup> (years)	Occupancy <sup>1</sup> (%)	WACR (%)
30 June 2019	30.4	6.6	844	3,419	1,713	8.2	97.9	5.58
30 June 2018	23.2	5.4	330	2,447	1,634	7.7	98.1	5.74



1. June 2018 reported on a Gross Income basis

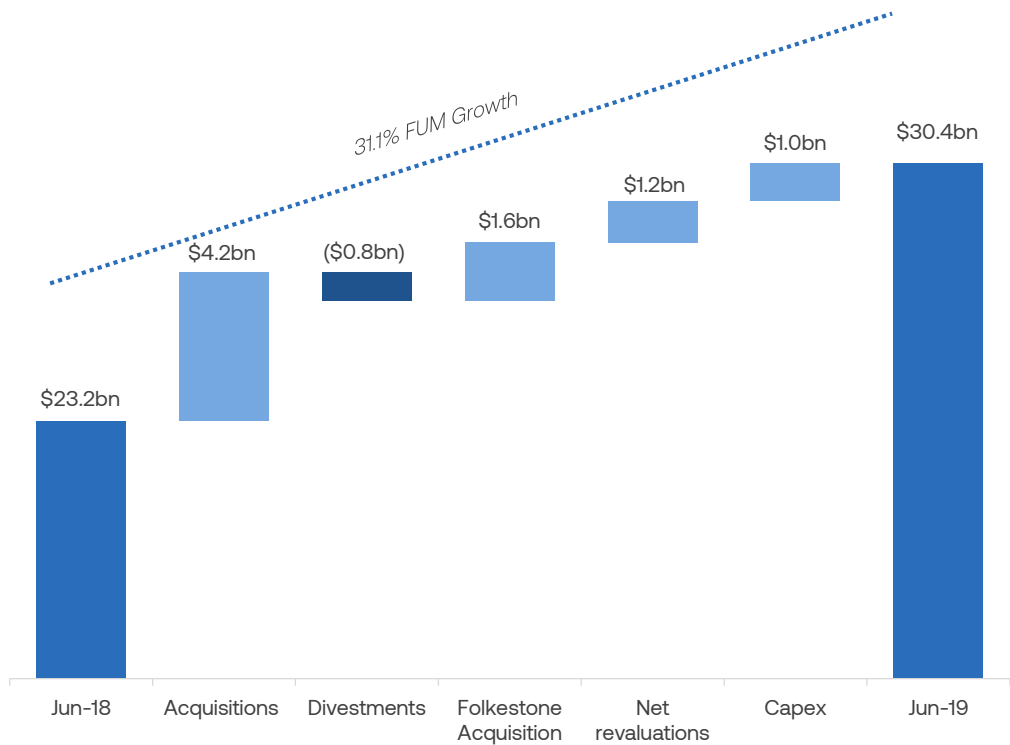


# Funds under management growth

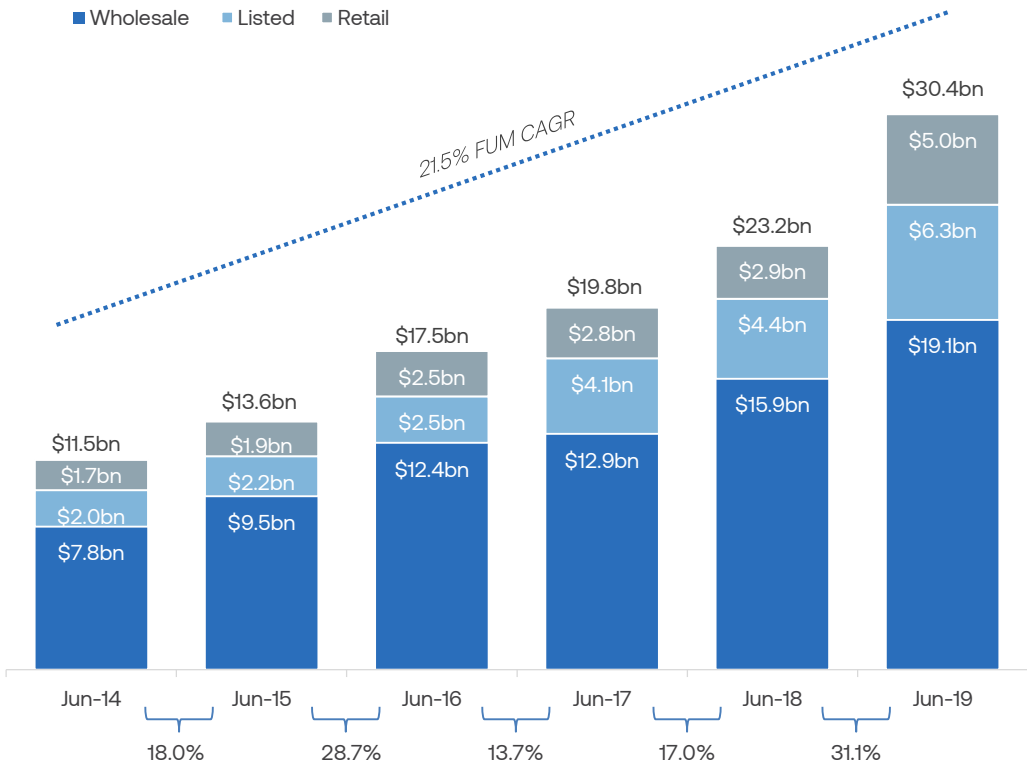
5 year FUM growth of 21.5% per annum

- FUM growth of 31.1% in FY19, to \$30.4bn

Funds under management movement (\$bn)



Funds under management by equity source (\$bn)



## FY19 transactional activity

- Acquisition activity led by the Office and Industrial sectors

(\$m)	Office	Industrial	Long WALE Retail	Shopping Centre Retail	Social Infrastructure / Other	Total
Acquisitions	2,266	899	505	304	177	4,151
Divestments	(491)	(107)	(38)	(164)	(5)	(805)
Net transactions	1,775	792	467	140	172	3,346
Gross transactions	<b>2,757</b>	<b>1,006</b>	<b>543</b>	<b>468</b>	<b>182</b>	<b>4,956</b>





## Development activity

Continues to drive asset creation and attract capital

- Development completions have added \$1.1bn of FUM over the last 12 months
- Development pipeline has increased from \$3.5bn at June 2016 to over \$6.5bn today
- Increased development pipeline results in less reliance on capital transaction activity

- Majority of committed projects are de-risked through pre-leases and fixed price building contracts
- Capital continues to be attracted by Charter Hall's ability to deliver new investment stock

Development activity (completion value \$m)	Completions (12 months)	Committed projects	Uncommitted projects <sup>2</sup>	Total pipeline <sup>3</sup>
Office	674	2,183	2,041	4,224
Industrial	310	808	1,183	1,991
Retail <sup>1</sup>	117	84	55	139
Social Infrastructure	26	122	42	164
<b>Total / weighted average</b>	<b>1,127</b>	<b>3,197</b>	<b>3,321</b>	<b>6,518</b>














1. Reflects development spend only and excludes existing centre value

2. Includes potential end value of uncommitted development projects

3. \$2.4bn included in FUM at 30 June 2019

## Leasing activity

Deals completed over the last 12 months

	Office	Industrial	Retail	Social Infrastructure
Existing assets leased (lettable area sqm)	174,511	392,389	125,899	8,668
Major leases	 	 	 	  
Developments leased (lettable area sqm)	32,157 <sup>1</sup>	183,195	-	2,517
Major leases	 	 		
Lettable area (sqm)	206,668	575,584	125,899	11,185
Value <sup>2</sup>	\$2.2bn	\$0.9bn	\$0.9bn	\$0.07bn
WALE (years)	8.5	8.1	6.4	12.0

1. Includes AustralianSuper lease at 130 Lonsdale, executed post-balance date

2. Lease NLA/property NLA x property value. Retail value is Lease income/property income x property value



## Equity flows

37,000 investor customers across Wholesale, Listed & Direct

Diversified equity sources with \$3.4bn gross equity raised across 16 funds in the 12 months to 30 June 2019:

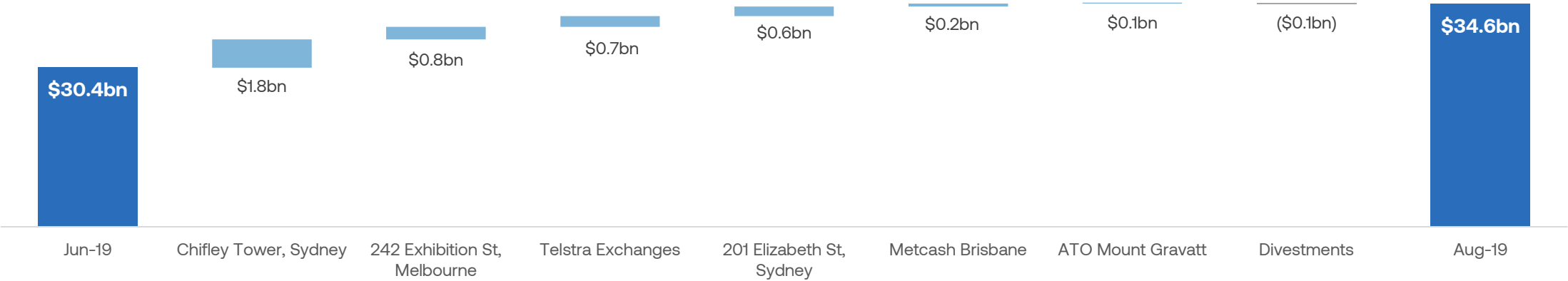
- Strong wholesale equity flows with \$1.8bn raised in pooled funds CPOF and CPIF
- 5 successful equity raisings across CLW, CQR and CQE for a total of \$692m raised in the Listed market
- Continued strength in Direct funds with \$691m raised in the year

(\$m)	FY16	FY17	FY18	FY19
Wholesale pooled funds	606	776	649	1,802
Wholesale partnerships	467	217	322	219
Listed funds	76	988	77	692
Direct funds	318	355	653	691
Gross equity raised	1,467	2,336	1,701	3,404
Net equity raised	1,099	1,689	1,487	3,287

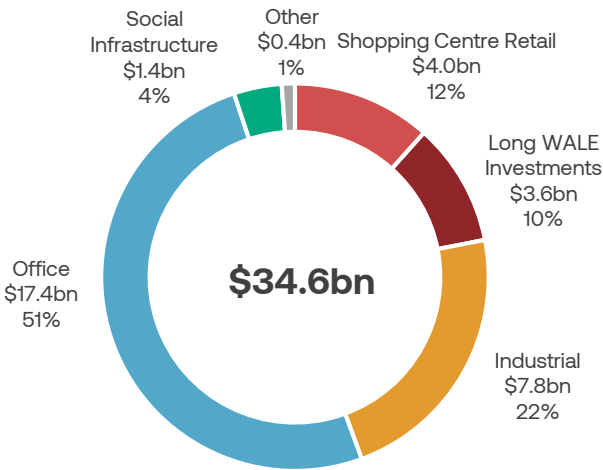
Note: Equity flows includes equity received or returned only and excludes undrawn equity commitments

## FY20 – Year to date FUM

\$4.4bn of transactions since 30 June 2019



### Asset type diversification



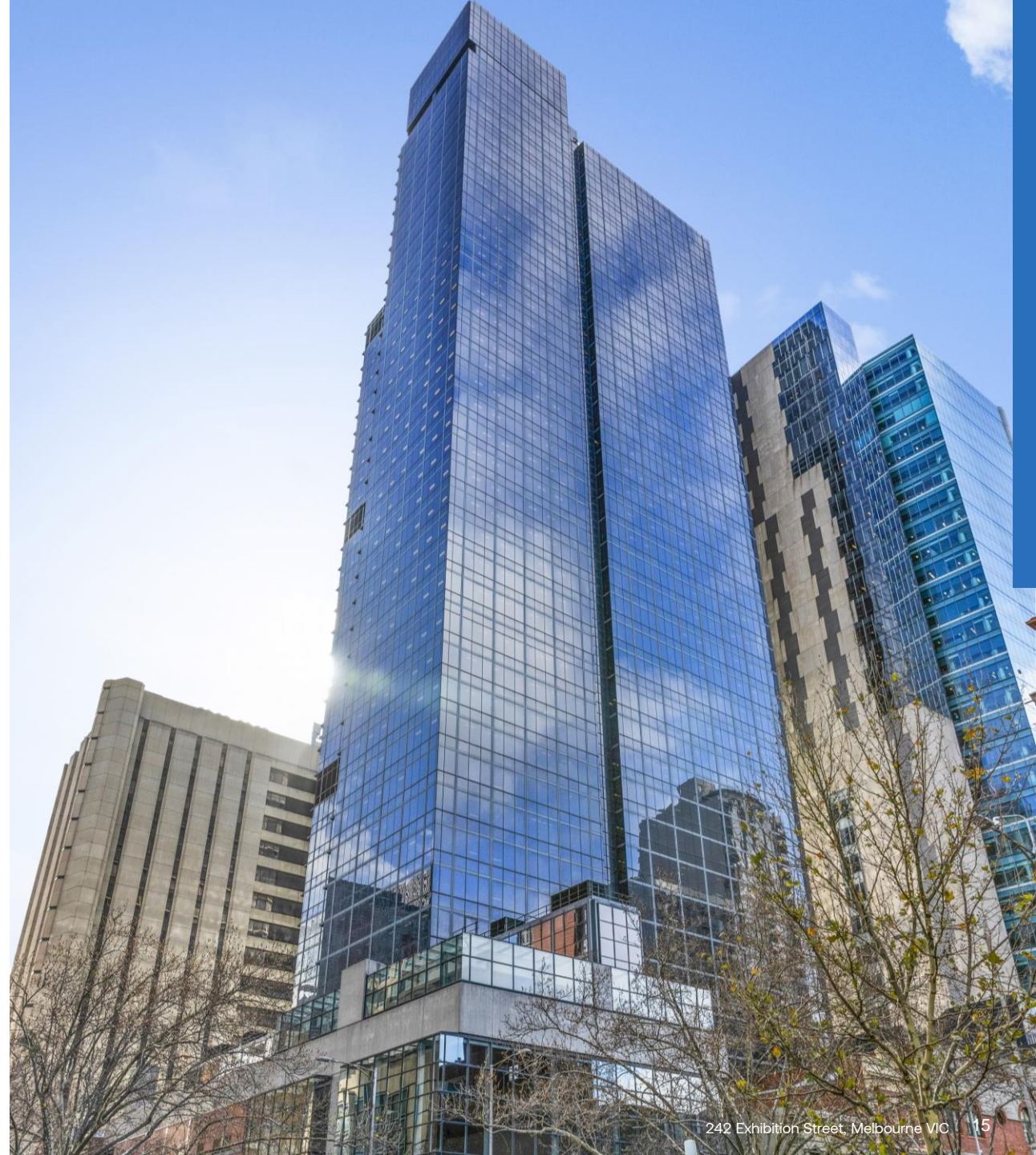
### FY20 year to date transactions

(\$m)	Office	Industrial	Long WALE Investments	Total
Acquisitions	3,375	184	700	4,259
Divestments	(47)	-	(44)	(91)
Net transactions	3,327	184	656	4,168
Gross transactions	3,422	184	744	4,350



# Property Investment

# 3

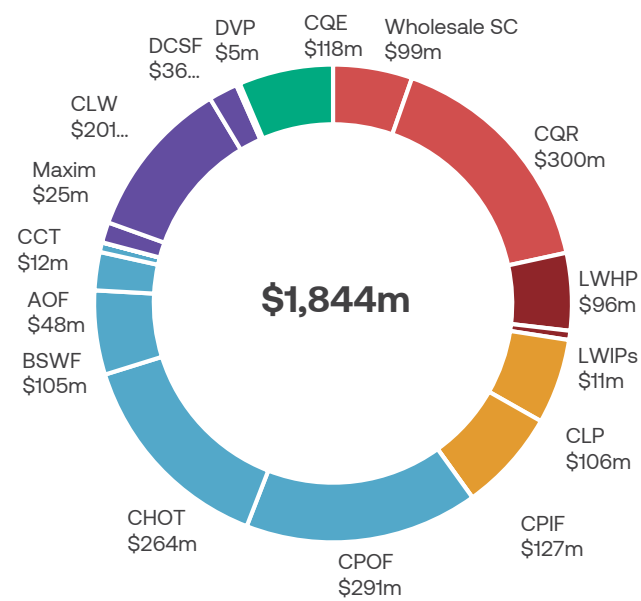


# Property investment portfolio

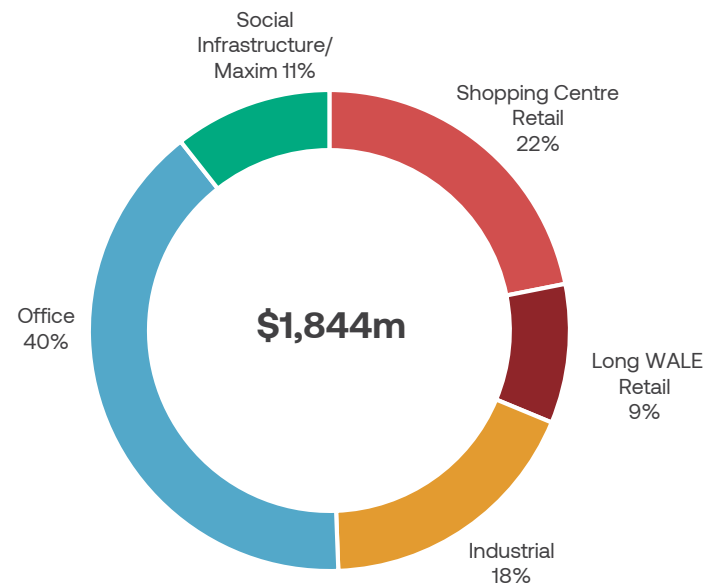
81% east coast weighting

	Portfolio value (\$m)	No of properties	WALE <sup>1</sup> (years)	Occupancy <sup>1</sup> (%)	WARR (%)	WACR (%)	WADR (%)
30 June 2019	1,844	793	7.6	97.7	3.5	5.64	6.9
30 June 2018	1,706	298	7.2	97.9	3.6	5.80	7.1

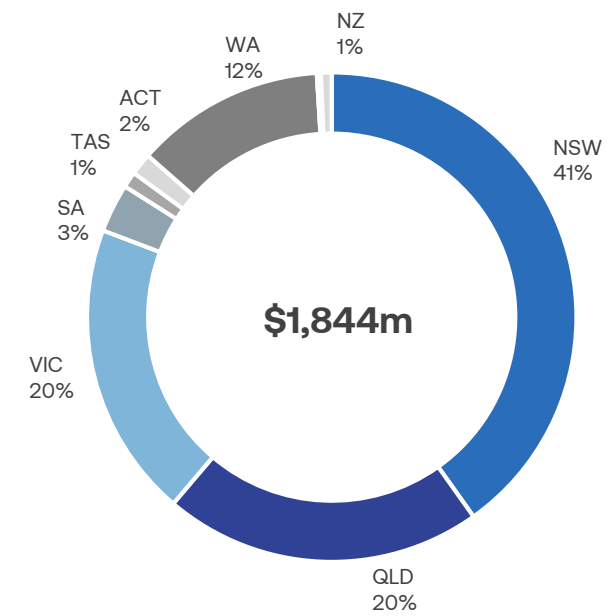
Diversification by property investment



Diversification by sector



Geographic allocation

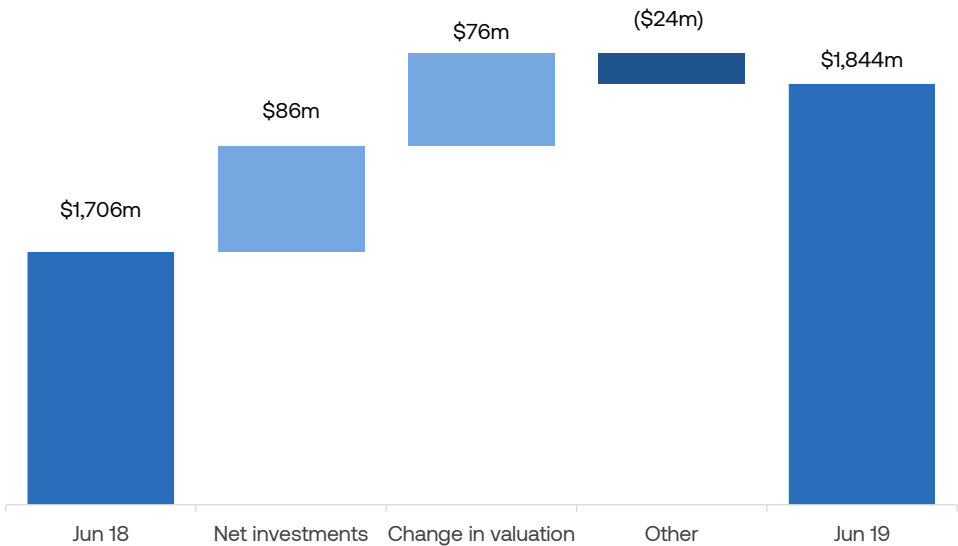


1. June 2018 reported on a Gross Income basis  
Charter Hall Group 2019 Full Year Results

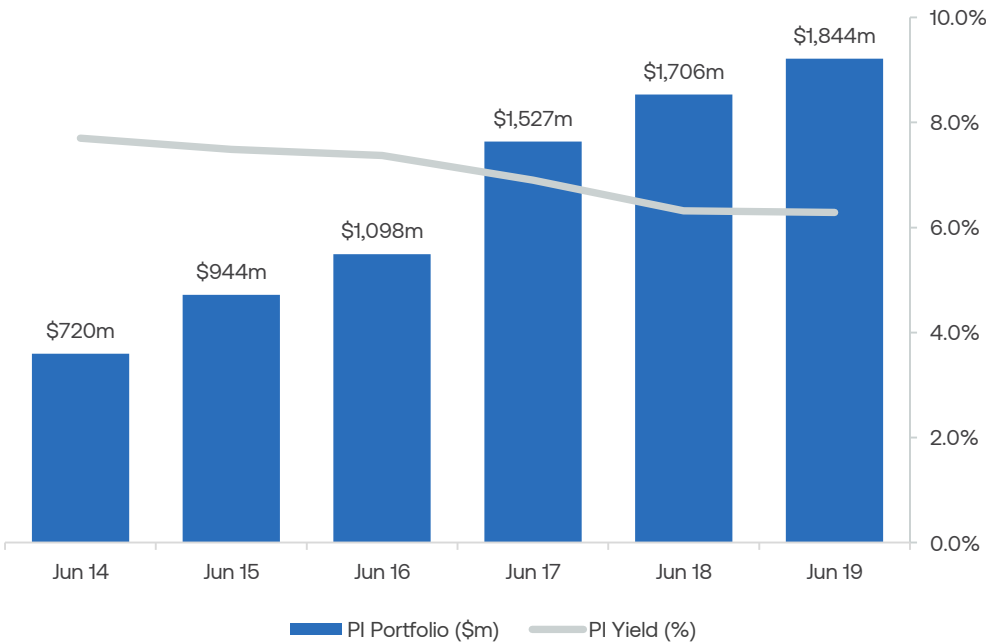
# Property investment portfolio movement

- During the 12 months to 30 June 2019 the property investment portfolio increased by 8.1% (+\$138m) to \$1,844m predominantly driven by the investment in CQE
- PI yield of 6.3% remains attractive

Property investment movement



Property investment portfolio yield

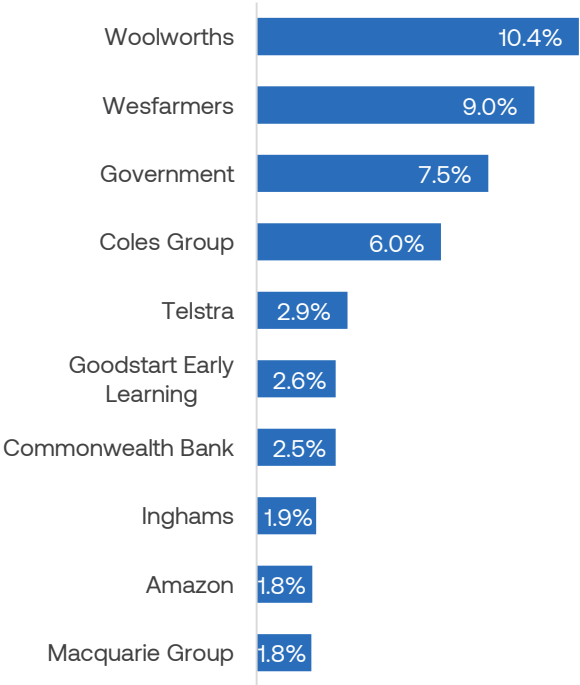


# Diversified earnings resilience

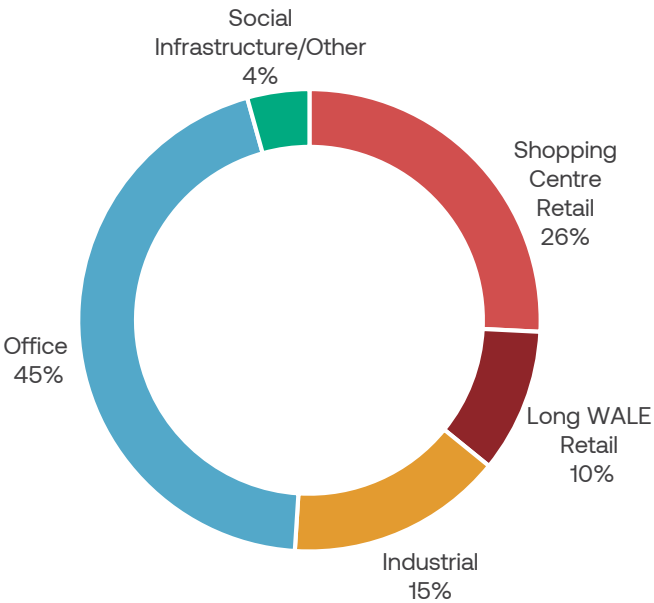
Top 10 asset exposures represent only 11.4% of earnings

- 72% repeat customers across 1,933 leases
- Tenant retention rate of 69% for the 12 months to 30 June 2019

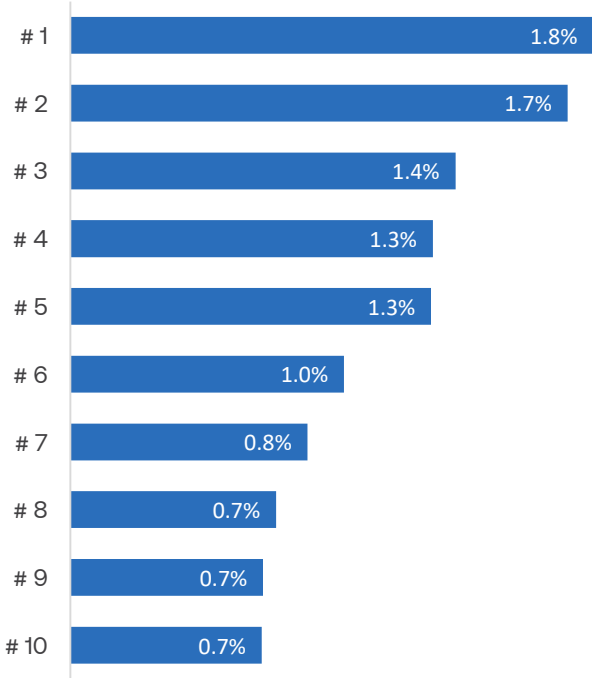
Top 10 tenants by net income



Property investment earnings (by sector)



Top 10 asset exposures<sup>1</sup>



1. Asset exposure measured as net income of property, weighted for CHPT ownership stake, divided by post-tax OEPS



## Environment, Social & Governance



### Environment

#### Leading green initiatives

- Australia's largest Green Star footprint
- Energy improvements across the Office portfolio with weighted average ratings increasing from 4.71 Star NABERS Energy to 4.77 NABERS Energy
- Onsite renewable energy, in partnership with our tenant customers resulting in 5.2MW of solar PV across the portfolio, generating 7,598MWh of electricity p.a. (507 homes)
- Stage 1 Retail PPA across 14 shopping centres creating 11,316 kW of solar PV, generating 16,950 MWh of electricity p.a. (1,130 homes)
- Climate Change risk assessments and adaptation plans in development across all portfolios.

### Social

#### Create strong and engaged communities

- Our People – 378 employee volunteer days
- Our Places – provided over \$1.7m or 46,054sqm in space for use by community organisations, health and wellbeing activities
- Through our Partnerships we invested \$775,000 in community programs and services and a further \$196,000 for Rural Aid to support drought affected communities
- 87% employee engagement and high levels of engagement with our tenant and investor customers
- Building on our WELL footprint in our offices, existing buildings and new developments

### Governance

#### Embed a high standard of ethics into our actions

- Developed and launched our new purpose and values
- Became a Signatory to the UN Global Compact
- Developed an understanding of our supply chain and human rights and modern slavery risks
- Ongoing management of our information security practices in alignment with the ISO 27001 framework and regulatory requirements.



# Financial Result

4



## Earnings summary

- EBITDA of \$275.2m, a 34.1% increase over FY18
  - Expansion of property funds management platform continuing to underpin organisational growth
- Interest expense in FY19 attributable to USPP issuance that funded in August 18
- Operating earnings and OEPS growth of 25.5% to \$220.7m and 47.4cps
- DPS growth of 6.0% to 33.7cps at a distribution payout ratio of 71%
  - 6.3cps of franking credits distributed

(\$m)	FY18	FY19	Change %
PI EBITDA	103.8	110.8	6.7%
DI EBITDA	-	7.8	
PFM EBITDA <sup>1</sup>	101.4	156.6	54.4%
<b>EBITDA</b>	<b>205.2</b>	<b>275.2</b>	<b>34.1%</b>
Depreciation	(3.5)	(4.7)	
Interest income/expense	1.1	(8.3)	
<b>Operating earnings pre-tax</b>	<b>202.8</b>	<b>262.2</b>	<b>29.3%</b>
Tax	(27.0)	(41.5)	
<b>Operating earnings post-tax</b>	<b>175.8</b>	<b>220.7</b>	<b>25.5%</b>
Non operating items			
Change in Property Investment valuation <sup>2</sup>	98.4	75.8	
Other non-operating items <sup>2</sup>	(24.0)	(61.2)	
<b>Statutory profit after tax</b>	<b>250.2</b>	<b>235.3</b>	<b>(5.9%)</b>
OEPS pre-tax (cps)	43.5	56.3	29.3%
OEPS post tax (cps)	37.7	47.4	25.5%
OEPS post tax excluding CHOT performance fee (cps)	33.8	39.4	16.6%
DPS (cps)	31.8	33.7	6.0%
Distribution payout ratio	84%	71%	(13%)

1. In assessing the financial performance of the business, net operating expenses are considered to be primarily related to the Property Fund Management business

2. Includes the Group's proportionate share of non-operating items of equity accounted investments on a look through basis and investments held at fair value through profit and loss

## Property funds management

- PFM revenue up 39.0% to \$262.9m
- Investment management revenue up 45.8% to \$210.3m:
  - Continued momentum in FUM driving funds management fee growth of 29.5%
  - Transaction fees earned from active acquisition and divestment program
  - \$50m of the CHOT performance fee has been accrued in FY19<sup>2</sup>
- Property services revenue up 17.1% to \$52.6m:
  - Successful leasing activity supporting high occupancy
- PFM expense includes FLK business from 7 November 2018

(\$m)	FY18	FY19	Change %
Fund management fees	88.0	114.0	29.5%
Transaction and performance fees	56.3	96.3	71.3%
<b>Investment management revenue</b>	<b>144.3</b>	<b>210.3</b>	<b>45.8%</b>
Property management fees <sup>1</sup>	12.0	14.6	20.7%
Development fees	19.1	15.8	(17.3%)
Leasing fees <sup>1</sup>	9.2	15.9	73.3%
Facilities and project management fees	4.5	6.3	38.9%
<b>Property services revenue</b>	<b>44.8</b>	<b>52.6</b>	<b>17.1%</b>
<b>PFM revenue</b>	<b>189.1</b>	<b>262.9</b>	<b>39.0%</b>
PFM expenses <sup>1</sup>	(60.7)	(78.0)	28.7%
Corporate expenses	(27.0)	(28.3)	4.4%
<b>Total PFM expenses</b>	<b>(87.7)</b>	<b>(106.3)</b>	<b>21.2%</b>
<b>PFM EBITDA</b>	<b>101.4</b>	<b>156.6</b>	<b>54.4%</b>
PFM EBITDA Margin	53.6%	59.6%	6.0%

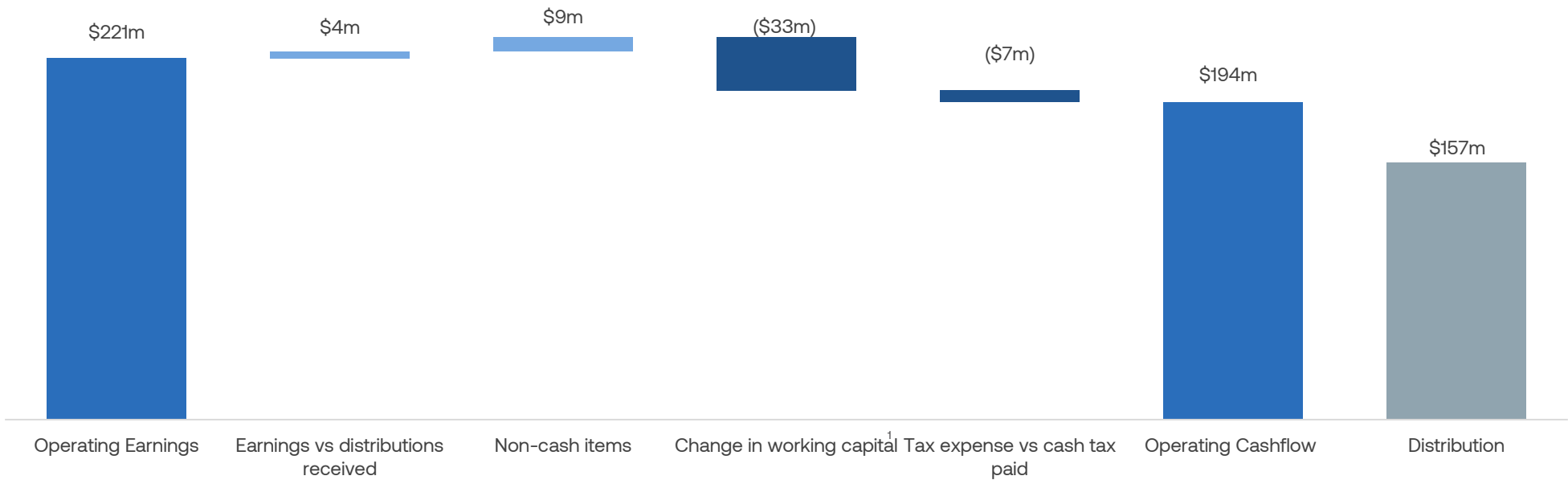
1. FY18 includes a restatement between property management fees and leasing fees \$11.9m and PFM expenses \$11.9m relating to a move to Retail leasing cost recovery. No impact to PFM EBITDA

2. As at 30 June 2019, CHOT accrued a total performance fee liability of \$118m (unaudited)



# Operating cashflow

- FY19 distribution covered 123% by operating cashflow
- The cashflow difference between FY19 operating earnings and operating cashflow is primarily driven by timing



1. Includes CHOT performance fee accrual of \$50m (to be cash paid in FY20)

# Balance sheet and return metrics

- Strong balance sheet maintained:
  - Considerable financial flexibility with undrawn lines and cash in hand
- NTA per security remains at \$3.90
  - Retained earnings and revaluations are partly offset by higher intangibles following the acquisition of FLK
- Strong return metrics on capital employed in the business

(\$m)	30-Jun-18	30-Jun-19
Cash	95	114
Property investment	1,706	1,844
Development investment	58	59
Other assets <sup>1,2</sup>	92	272
Intangibles	63	126
<b>Total assets</b>	<b>2,014</b>	<b>2,415</b>
Borrowings <sup>2</sup>	0	268
Other liabilities	156	187
<b>Total liabilities</b>	<b>156</b>	<b>455</b>
<b>Total equity</b>	<b>1,858</b>	<b>1,960</b>
NTA per stapled security <sup>3</sup>	\$3.82	\$3.90
<b>Return metrics</b>	<b>30-Jun-18</b>	<b>30-Jun-19</b>
Return on equity (pre-tax) <sup>4</sup>	12.1%	14.8%
Return on equity (post-tax) <sup>4</sup>	10.5%	12.4%
Total property investment return <sup>5</sup>	12.3%	9.1%
Total platform return <sup>6</sup>	15.0%	11.1%

Note: Balance sheet presented is the consolidated balance sheet of CHC which includes Charter Hall Direct Diversified Consumer Staples Fund (DCSF) at 100%

1. Includes DCSF assets, distributions and fees receivable

2. Net of swap mark-to-market of \$39m relating to the USPP notes (representing USPP repayment value of \$231.5m)

3. Net tangible assets (NTA) per stapled security (\$) is calculated using assets less liabilities, net of intangible assets, related deferred tax and non-controlling interests in DCSF

4. Return on equity is calculated as total operating earnings pre-tax/post tax per security divided by the opening NTA per security

5. Total Property Investment Return is calculated as distributions received from funds plus growth in investment value divided by the opening investment value of the PI portfolio. This excludes investments held for less than a year and investments in Direct funds

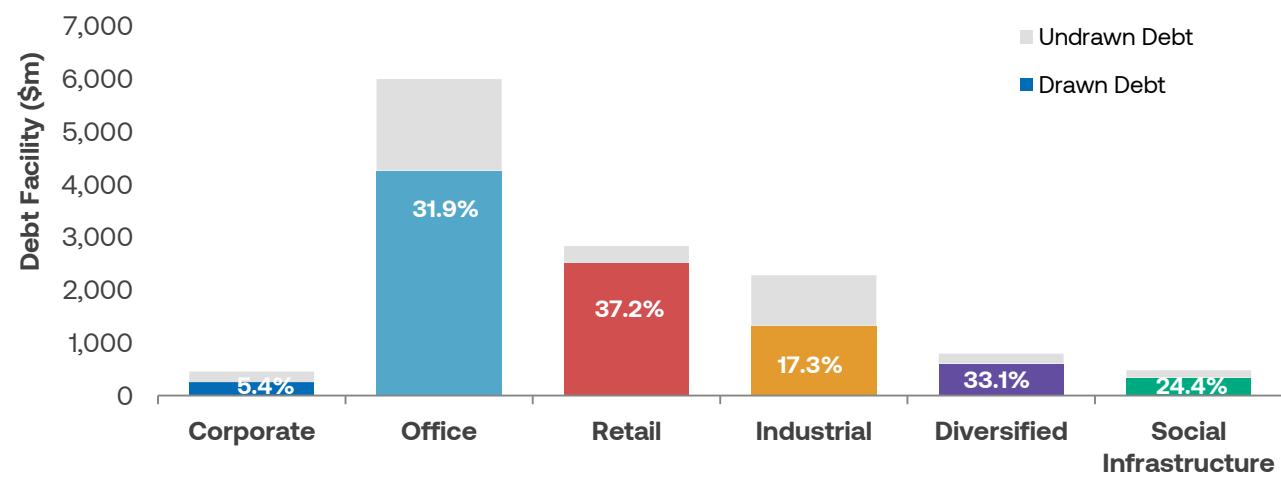
6. Total Platform Return is calculated as growth in net tangible assets (NTA) per security plus distributions per security divided by the opening NTA per security

# Debt and capital management

- Group continued to be managed in line with strategy
  - Substantial funding capacity available across the Group with \$4.1 billion of available liquidity
  - \$6.3 billion of new and refinanced debt facilities agreed in FY19 with no material maturities in FY20

Key debt metrics funds platform	30-Jun-18	30-Jun-19
Combined fund facility limits (\$m)	10,256	12,872
Combined fund undrawn debt (\$m)	2,870	3,547
Total group cash (\$m)	526	596
Look through gearing (%)	27.3%	30.8%
Look through weighted average debt maturity (yrs.) <sup>1</sup>	4.3	4.3
Look through weighted average cost of debt <sup>2</sup>	4.17%	3.58%
Look through interest rate hedging (%)	56%	62%

Drawn debt (\$m) and gearing (%) by sector



1. Duration is based on facility limits  
2. Passing cost of debt is on a look through basis and includes floating rate, hedge rate, margins, line fee but excludes undrawn line fees and amortised borrowing costs

# Outlook and Guidance

5





## FY20 earnings guidance

### Our guidance is as follows:

- Based on no material change in current market conditions and reflects changes in FUM thus far in FY20, our FY20 guidance is for 18%-20% growth in post-tax operating earnings per security over FY19
- FY20 guidance also includes \$132 million for the CHOT performance fee, payable in April 2020, with \$50 million of this amount already accrued in FY19 earnings
- When the impact of the CHOT performance fee is removed from both FY19 and FY20 earnings, guidance implies post tax operating earnings growth of 11-13% over FY19
- FY20 distribution per security guidance is for 6% growth over FY19
- Future distribution payout ratio of 60% – 95% of OEPS



## Additional Information

- Management Team
- Property Funds Management
- Property Investment

# 6

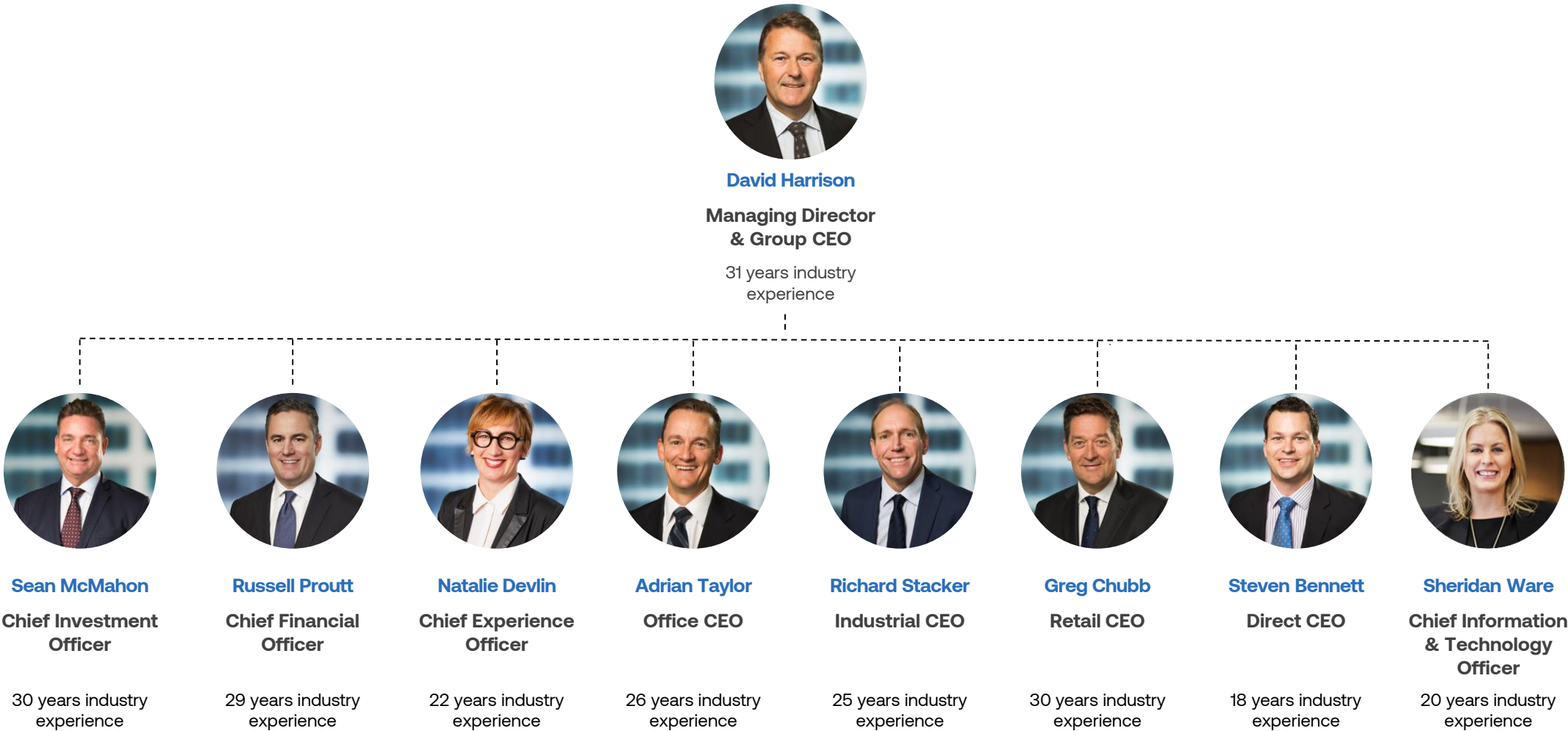




# Appendix 6.1 Management Team

# Deep Management Bench

## Charter Hall Executive Leadership Group





# Appendix 6.2 Property Funds Management

# Operational highlights



## Office

144

Leasing deals executed across  
207,000sqm

130 Lonsdale  
100%  
Pre-leased

2,757m  
Gross transactions

12  
Development projects completion value  
\$4.2bn

\$2.9bn  
New and refinanced debt facilities<sup>1</sup>



## Industrial

45

Leasing deals executed across  
576,000sqm

1,006m  
Gross transactions

28  
Development projects completion value  
\$2.0bn

\$1.8bn  
New and refinanced debt facilities<sup>1</sup>



## Retail

447

Leasing deals executed across  
57,000sqm

12  
Leases executed across  
69,000sqm  
To majors

1,010m  
Gross transactions

5  
Development projects development spend  
\$0.2bn

\$1.0bn  
New and refinanced debt facilities<sup>1</sup>



## Social Infrastructure

18

Leasing deals executed across  
11,000sqm

171m  
Gross transactions

29  
Development projects development spend  
\$0.2bn

\$0.4bn  
New and refinanced debt facilities<sup>1</sup>

1. Reflects new and refinance debt facilities within CHC managed funds

# Charter Hall group property overview<sup>1</sup>

## NT

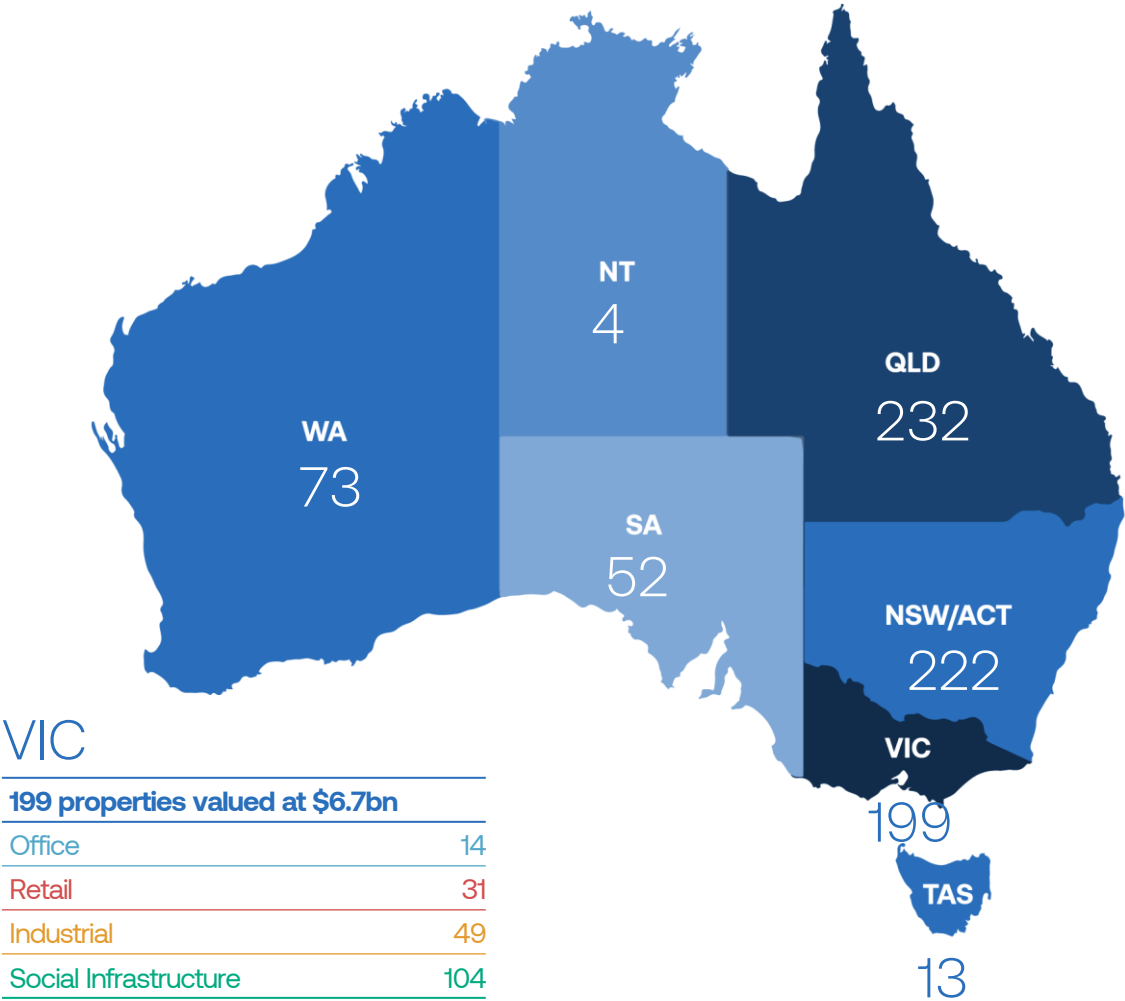
4 properties valued at \$0.1bn	
Office	-
Retail	1
Industrial	1
Social Infrastructure	2

## WA

73 properties valued at \$3.1bn	
Office	7
Retail	25
Industrial	22
Social Infrastructure	19

## SA

52 properties valued at \$1.3bn	
Office	4
Retail	9
Industrial	9
Social Infrastructure	30



## VIC

199 properties valued at \$6.7bn	
Office	14
Retail	31
Industrial	49
Social Infrastructure	104
Other	1

## QLD

232 properties valued at \$5.9bn	
Office	17
Retail	51
Industrial	30
Social Infrastructure	134

## NSW/ACT

222 properties valued at \$12.6bn	
Office	22
Retail	54
Industrial	50
Social Infrastructure	94
Other	2

## TAS

13 properties valued at \$0.4bn	
Office	2
Retail	7
Industrial	2
Social Infrastructure	2

1. Excludes 49 New Zealand assets; predominantly childcare valued at \$0.1bn

# Charter Hall managed funds

	Office \$14.1bn	Industrial \$7.6bn	Retail \$6.9bn	Social Infrastructure / Other \$1.8bn
Wholesale Equity	<div>CPOF \$5.6b</div> <div>CCT \$0.5b</div> <div>CHOT \$3.1bn</div> <div>Mandates \$0.6b</div> <div>BSWF<sup>1</sup> \$0.6b</div> <div>DVP<sup>2</sup> \$50m</div>	<div>CPIF \$3.7bn</div> <div>CLP \$1.8bn</div> <div>DVP<sup>2</sup> \$13m</div>	<div>LWHP \$1.4bn</div> <div>RP6 \$0.3b</div> <div>LWIPs<sup>3</sup> \$0.6b</div> <div>Mandates \$0.3b</div> <div>CPRF \$0.4b</div> <div>RP2 \$0.1bn</div>	<div>CIB \$0.1bn</div>
Retail Equity	<div>DOF \$2.0bn</div> <div>PFA \$1.0bn</div> <div>SOP Opp \$38m</div>	<div>DIFs/CDC \$1.0bn</div> <div>DCSF<sup>2</sup> \$34m</div>	<div>DATs \$0.2bn</div> <div>Altona \$49m</div> <div>BW Trust \$0.1bn</div> <div>DCSF<sup>2</sup> \$85m</div>	<div>Other \$0.2bn</div> <div>MAXIM \$0.2bn</div>
Listed Equity	<div>CLW<sup>2</sup> \$0.7bn</div>	<div>CLW<sup>2</sup> \$1.0bn</div>	<div>CQR \$3.0b</div> <div>CLW<sup>2</sup> \$0.5b</div>	<div>CQE \$1.2bn</div> <div>CLW<sup>2</sup> \$0.1bn</div>

Note Statistics on this page may not add due to rounding  
1. CPOF holds 49.9% of the units in the Brisbane Square Wholesale Funds (BSWF)  
2. Diversified across sectors  
3. LWIPs include LWIP and LWIP2. CLW hold 49.9% of the units in LWIP



Office



FUM

\$14.1bn



Properties

66



Occupancy

96.7%



WALE

6.9yrs



Cap rate

5.29%



CHC investment

\$737m

“

Our business is focussed on creating a true partnership approach to deliver high-quality workplace environments that are productive and provide a better work day experience.”

**Adrian Taylor** Office CEO



Western Sydney University, 1 Parramatta Square, Parramatta NSW

Industrial



FUM

\$7.6bn



Properties

164



Occupancy

99.3%



WALE

10.6yrs



Cap rate

5.72%



CHC investment

\$335m

“

As one of the largest owners of Industrial and Logistics property in Australia, we go further in collaborating and partnering with our tenant customers to build long-term relationships, and deliver superior returns for our investor customers.”

**Richard Stacker** Industrial CEO



Richlands Distribution Facility, 220-260 Orchard Road, Richlands QLD

Retail



FUM

\$6.9bn



Properties

178



Occupancy

98.2%



WALE

7.8yrs



Cap rate

5.90%



CHC investment

\$576m

“

As the leading owner and manager of community convenience Retail and long WALE retail, we are focused on optimising performance for sustainable growth and providing a secure income stream for our investors.”

*Greg Chubb* Retail CEO





# Charter Hall Direct<sup>1</sup>



FUM

\$5.0bn



Properties

78



Occupancy

99.2%



WALE

8.8yrs



Cap rate

5.71%



CHC investment

\$36m

“

Charter Hall Direct is Australia’s leading direct property fund manager, with \$5.0 billion of real estate assets under management. We have a strong track record managing unlisted property funds and syndicates since 1995 and our products are consistently highly rated by external research groups.”

**Steven Bennett** Direct CEO



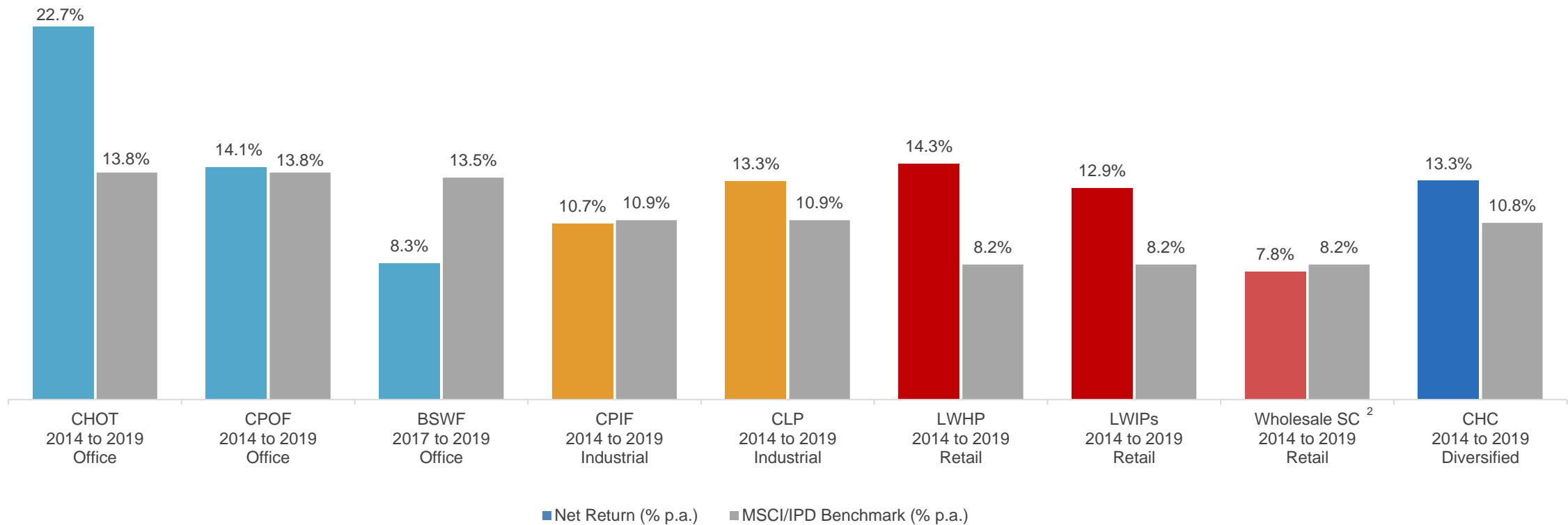
24 Marshall Court, Altona North VIC

1. Direct assets reflected in the Retail, Office & Industrial sector statistics



## Major wholesale property investment portfolio returns

- The property investment portfolios total property return<sup>1</sup> over the five years to 30 June 2019 was 13.3% per annum, outperforming to MSCI/IPD unlisted wholesale property fund index (NAV post fees), which returned 10.8% over the same period
- The below chart shows the total property return of each major wholesale property investment relative to its sector specific benchmark index

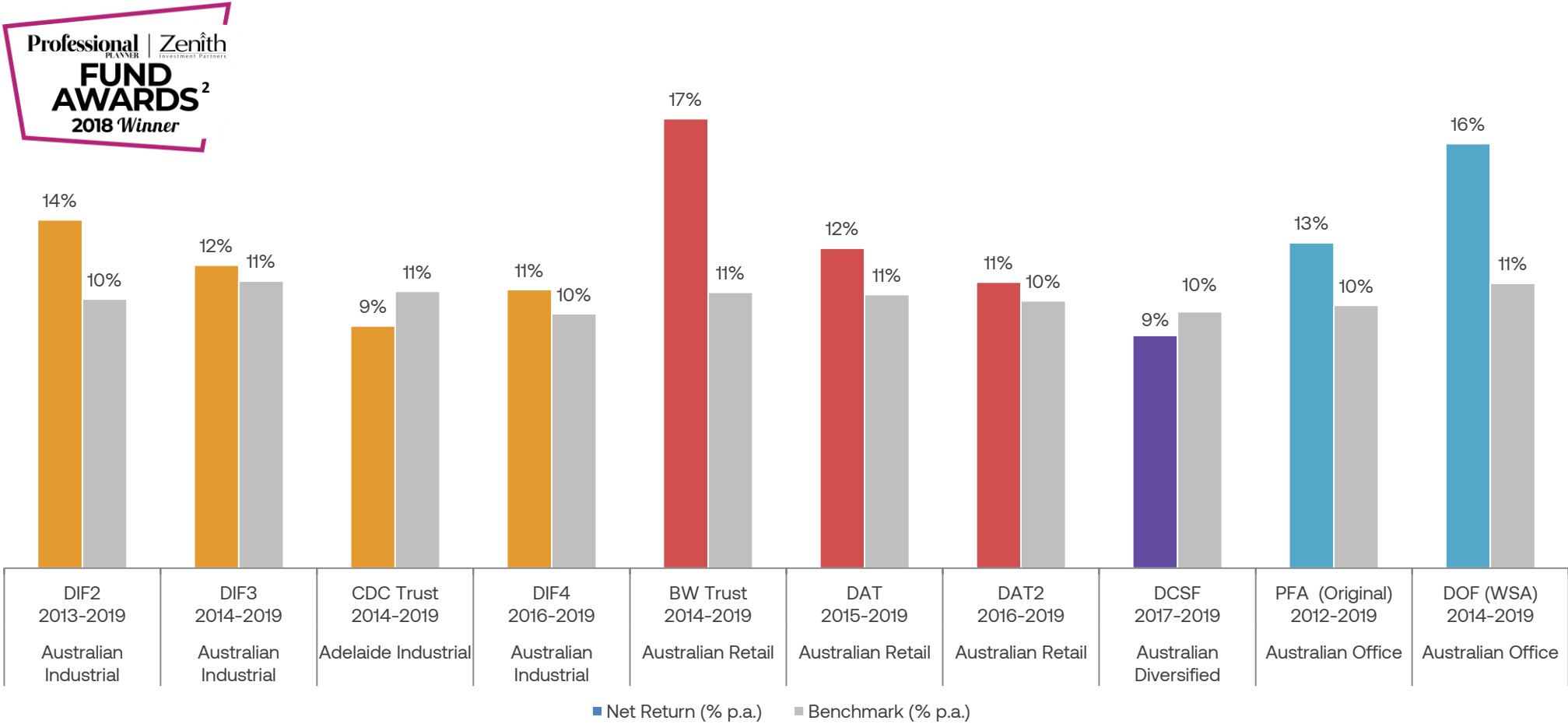


1. Total Property Investment Return is calculated as distributions received from funds plus growth in investment value divided by the opening investment value of the Property Investment Portfolio. This excludes investments in new vehicles held for less than a year and investments in Direct funds

2. Includes CHC's investments in Wholesale Shopping Centre (SC) Funds RP2, RP6 and CPRF

## Direct funds net return since inception

The active Direct Funds have returned 12.2.% p.a out performing the benchmark<sup>1</sup> by 2.0%



1. Benchmark refers to the MSCI/IPD Unlisted Core Wholesale Property Fund Index  
2. The Professional Planner | Zenith Fund Awards are determined using proprietary methodologies. Fund Awards were issued October 5, 2018 and are solely statements of opinion and do not represent recommendations to purchase, hold or sell any securities or make any other investment decisions. Fund Awards are current for 12 months from the date awarded and are subject to change at any time.

# Appendix 6.3 Property Investment

## Property Investment portfolio

	Ownership stake (%)	Charter Hall Investment (\$m)	Charter Hall PI Income (\$m)	WALE (years)	WACR (%)	WADR (%)	WARR (%)	PI Yield <sup>3</sup> (%)
<b>Office</b>		<b>671.9</b>	<b>36.8</b>	<b>5.8</b>	<b>5.2%</b>	<b>6.6%</b>	<b>3.8%</b>	<b>6.0%</b>
Charter Hall Prime Office Fund (CPOF)	7.1%	291.1	13.4	7.1	5.1%	6.6%	3.8%	5.2%
Charter Hall Office Trust (CHOT)	15.7%	263.7	15.2	4.3	5.0%	6.4%	3.8%	6.4%
Brisbane Square Wholesale Fund (BSWF)	16.8%	104.8	7.2	7.8	5.6%	7.0%	3.9%	7.0%
Counter Cyclical Trust (CCT)	5.0%	12.0	0.9	7.0	5.8%	6.7%	3.6%	8.1%
Charter Hall PFA Fund (PFA)	0.0%	0.2	0.0	7.5	6.0%	7.0%	3.5%	7.1%
<b>Industrial</b>		<b>232.8</b>	<b>16.2</b>	<b>10.1</b>	<b>5.6%</b>	<b>6.9%</b>	<b>3.0%</b>	<b>5.9%</b>
Core Logistics Partnership (CLP)	9.2%	105.9	7.6	10.2	5.6%	6.8%	3.0%	6.3%
Charter Hall Prime Industrial Fund (CPIF)	4.0%	126.9	6.7	10.0	5.6%	6.9%	3.1%	5.5%
Direct Investment Trust No. 4 (DIF4) <sup>1</sup>	-	-	1.8	10.2	5.7%	7.1%	2.7%	6.1%
<b>Retail</b>		<b>506.4</b>	<b>34.3</b>	<b>6.4</b>	<b>6.0%</b>	<b>7.0%</b>	<b>3.9%</b>	<b>6.6%</b>
Charter Hall Retail REIT (ASX:CQR) <sup>2</sup>	16.2%	299.6	22.4	6.5	6.2%	7.2%	4.2%	7.1%
Long WALE Hardware Partnership (LWHP)	13.4%	96.5	4.8	8.3	5.4%	6.9%	2.8%	5.2%
Charter Hall Prime Retail Fund (CPRF) <sup>2</sup>	29.4%	56.6	3.7	4.9	6.0%	7.2%	4.2%	6.4%
Retail Partnership No. 6 (RP6) <sup>2</sup>	20.0%	35.9	2.0	5.0	5.7%	7.3%	3.6%	5.4%
Long WALE Investment Partnership (LWIP)	0.1%	0.5	0.3	15.1	5.8%	n/a	2.2%	6.8%
Long WALE Investment Partnership 2 (LWIP2)	10.0%	11.0	0.7	16.0	5.8%	n/a	2.2%	6.8%
Retail Partnership No. 2 (RP2) <sup>2</sup>	5.0%	6.3	0.4	4.6	6.0%	7.5%	4.2%	6.5%
<b>Diversified</b>		<b>241.6</b>	<b>18.3</b>	<b>11.7</b>	<b>6.0%</b>	<b>7.1%</b>	<b>2.9%</b>	<b>6.6%</b>
Charter Hall Long WALE REIT (ASX:CLW)	15.2%	200.8	13.4	12.5	6.0%	7.0%	2.8%	6.5%
Discretionary Consumer Staples Fund (DCSF)	41.9%	36.2	3.4	7.2	6.2%	7.4%	3.3%	6.3%
Deep Value Partnership (DVP)	11.1%	4.6	1.4	3.4	5.9%	7.3%	3.9%	8.9%
<b>Social Infrastructure</b>		<b>117.7</b>	<b>4.4</b>	<b>9.9</b>	<b>6.2%</b>	<b>n/a</b>	<b>2.3%</b>	<b>6.2%</b>
Charter Hall Education Trust (ASX:CQE)	13.1%	117.7	4.4	9.9	6.2%	n/a	2.3%	6.2%
<b>Property Investment Sub-Total</b>		<b>1,770.3</b>	<b>110.0</b>	<b>7.6</b>	<b>5.6%</b>	<b>6.9%</b>	<b>3.5%</b>	<b>6.3%</b>
Other investments <sup>4</sup>		73.3	0.8					
<b>Property Investment Total</b>		<b>1,843.6</b>	<b>110.8</b>					

1. Charter Hall sold its interests in DIF4 in June 2019

2. Refers to contracted weighted average rent reviews of the specialty tenants only

3. PI Yield is calculated as operating earnings divided by weighted average investment during the period. Excludes MTM movements in NTA during the year.

4. Other investments include AOF 9.9% stake and investment in MAXIM funds

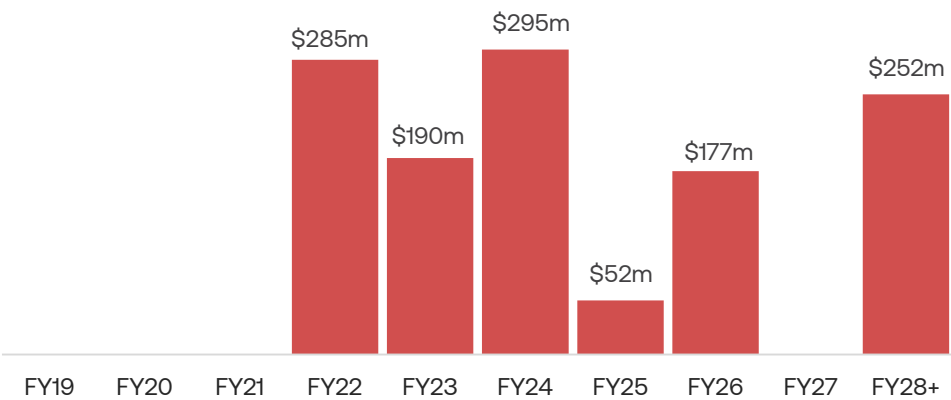


# Charter Hall Retail REIT (ASX:CQR)

## Key events during FY19

- Acquired Campbellfield Plaza, Vic for \$74 million (settled January 2019), Rockdale Plaza, NSW for \$142m (settled April 2019)
- Contracted divestments totalling \$61 million to be settled over FY20 (Balo, NSW, Katherine, NT and Carnarvon, WA)
- Completed an institutional placement and UPP to raise \$165 million for the acquisition of Rockdale Plaza, NSW
- Lake Macquarie Square, NSW redevelopment completed
- Refinanced and increased CHRP2 existing debt facilities from \$105 million to \$110 million and extended the maturity to July 2024. Weighted average debt maturity of 4.9 years with no debt maturing until FY22
- 14 centres undergoing solar installation

## Debt expiry profile (by facility limit)

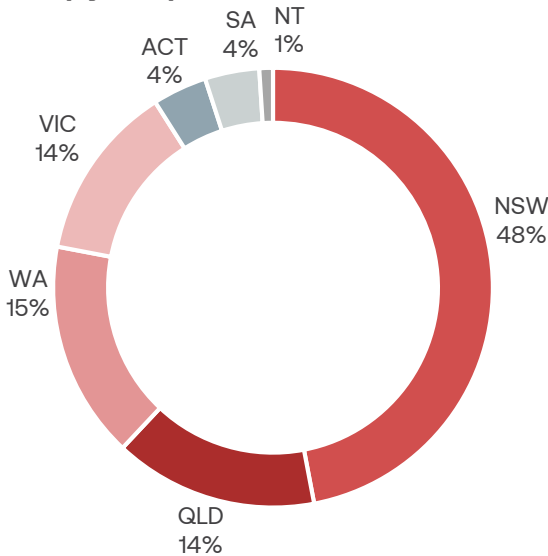


1. All metrics are on a look-through basis unless otherwise stated  
2. Refers to contracted weighted average rent reviews of the specialty tenants only  
3. Includes assets held for sale

## Key metrics<sup>1</sup>

Gross property assets	\$3.0bn
Total debt	\$1.0bn
Gearing (balance sheet)	32.9%
Number of assets	58
Occupancy (weighted by GLA)	98.1%
WALE	6.5 years
WACR	6.18%
WARR <sup>2</sup>	4.2%
Charter Hall Interest	16.2%
Charter Hall co-investment	\$299.6m

## Geographic allocation (by GAV)<sup>3</sup>

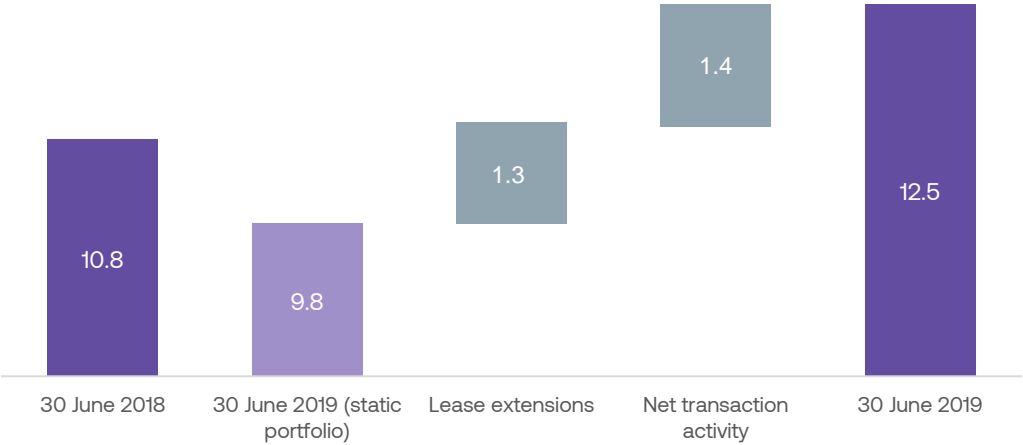


# Charter Hall Long WALE REIT (ASX:CLW)

## Key events during FY19

- Operating EPS and DPS of 26.9 cents, reflecting 2% annual growth on FY18
- NTA per security of \$4.09
- Total gross property transactions of \$880.7 million, enhancing portfolio diversification, improving tenant quality and increasing WALE
- Executed lease extensions with major tenants, Inghams Group and SUEZ
- WALE of 12.5 years, up from 10.8 years as at 30 June 2018
- Balance sheet gearing of 27.5% within target range of 25.0% to 35.0%
- Weighted average debt maturity of 4.5 years

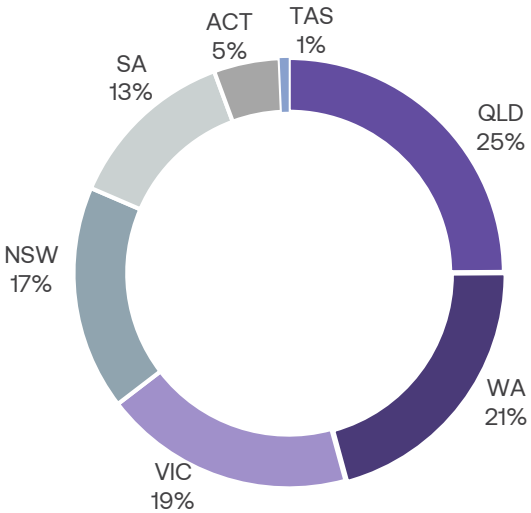
## WALE



## Key metrics

Gross property assets	\$2.1bn
Total debt (balance sheet)	\$0.5bn
Gearing (balance sheet)	27.5%
Number of assets	118
Occupancy	99.6%
WALE	12.5 years
WACR	6.0%
WARR	2.8%
Charter Hall Interest	15.2%
Charter Hall co-investment	\$200.8m

## Geographic allocation (by GAV)

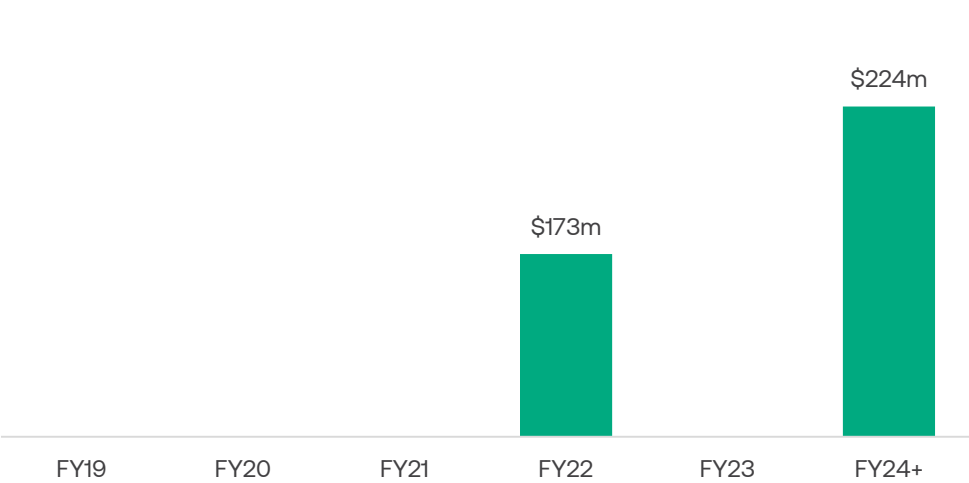


# Charter Hall Education Trust (ASX:CQE)

## Key events during FY19

- Distribution of 16.0 cents per unit (“cpu”), an increase of 6.0% on pcg
- NTA per unit of \$2.96, an increase of 6.5% from \$2.78 per unit at 30 June 2018
- Institutional placement of \$120.0 million to fund the acquisition of 13 early learning centres (expected to be delivered at varying stages before June 2020)
- Development pipeline of 31 sites with a forecast completion value of \$190 million

## Debt expiry profile (by facility limit)

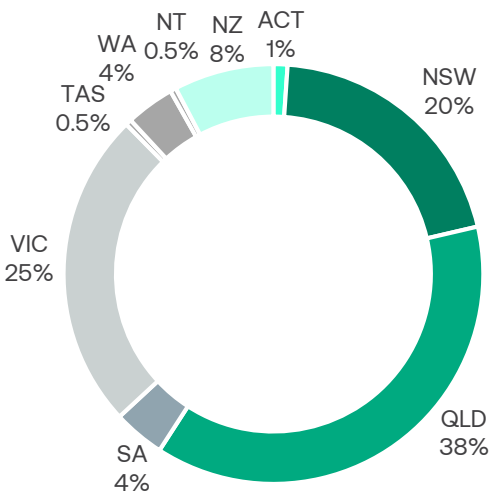


1. Look-through gearing of 24.7%  
2. Includes 50% interest in Brisbane City Council Bus Network Terminal  
3. Excludes CQE investment in CHCIB and ARF

## Key metrics

Gross assets	\$1.2bn
Total debt	\$0.3bn
Gearing (balance sheet)	\$23.1% <sup>1</sup>
Number of assets	422 <sup>2</sup>
Occupancy	100.0%
WALE	9.9 <sup>3</sup> years
WACR	6.2%
WARR	2.3%
Charter Hall Interest	13.1%
Charter Hall co-investment	\$117.7m

## Geographic allocation (by GAV)

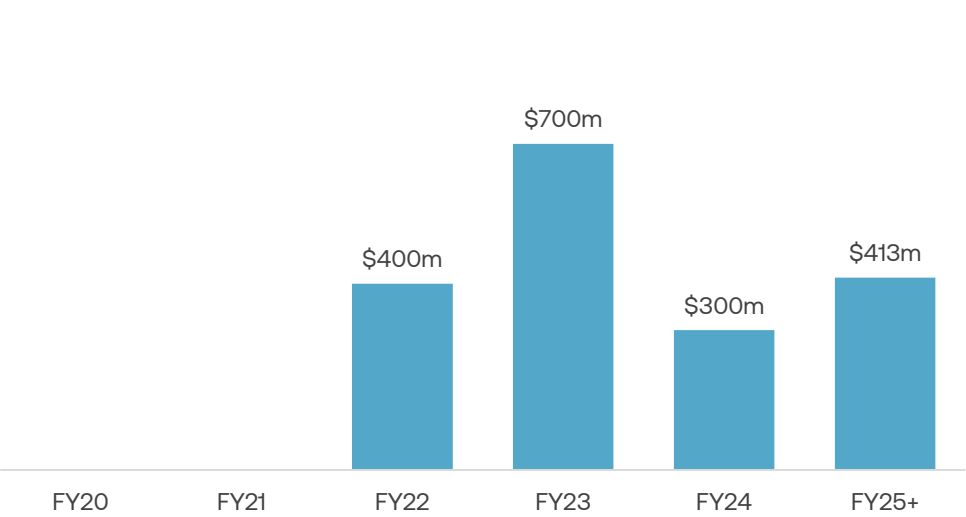


# Charter Hall Prime Office Fund (CPOF)

## Key events during FY19

- The Fund returned 11.3% for the 12 months to 30 June 2019
- The Fund’s Gross Asset Value (GAV) grew to \$5.6bn during the year driven by revaluation uplift of \$314.1m (+7.0%) and the strategic acquisition of 555 Collins Street, Melbourne, 2 Chifley Square, Sydney (Freehold) and 50% of 10 and 12 Shelly Street, Sydney
- The Fund successfully executed over 150,000 sqm of leases during the period further enhancing the portfolios resilience, new leases of note include
  - AustralianSuper at 130 Lonsdale Street, Melbourne over 16,200 sqm for 12 years
  - NSW Government at 231 Elizabeth Street, Sydney over 21,700 sqm for 12 years

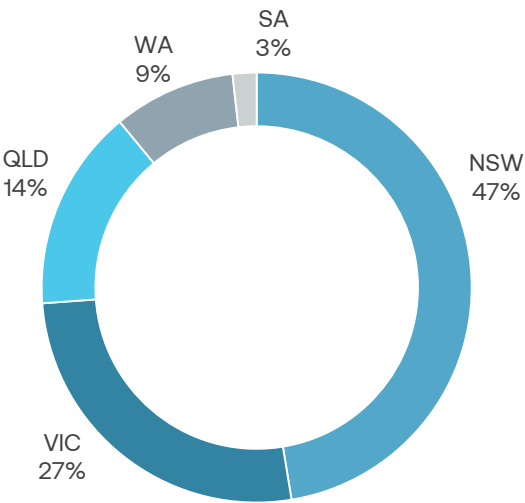
## Debt expiry profile (by facility limit)



## Key metrics

Gross property assets	\$5.6bn
Total debt	\$1.5bn
Gearing (balance sheet)	20.8%
Number of assets	26
Occupancy	98.9%
WALE	7.1 years
WACR	5.1%
WARR	3.8%
Charter Hall Interest	7.1%
Charter Hall co-investment	\$291.1m

## Geographic allocation (by GAV)



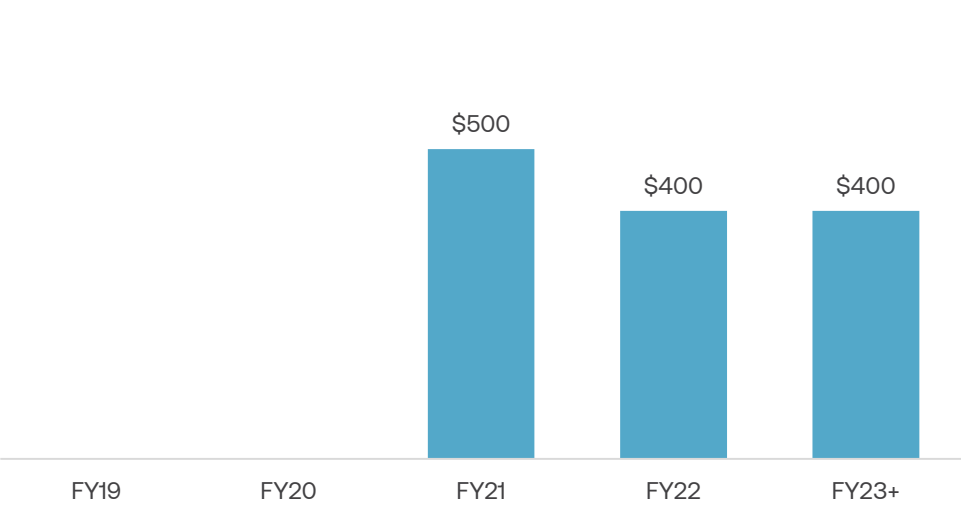


# Charter Hall Office Trust (CHOT)

## Key events during FY19

- CHOT achieved 18.0% equity return for 12 months to 30 Jun 2019 (unit price, pre final performance fee forecast)
- Valuations – externally valued at \$3.1bn at Jun-19 representing a net increase of \$103.7m or 3.4% against the Jun-19 book valuations
- Leasing – HOA for a new pre-committed development in Melbourne spanning 21,500sqm
- Capital transactions – after securing the QLD Government for 10 years over the entire asset, divested Capital Hill \$60m

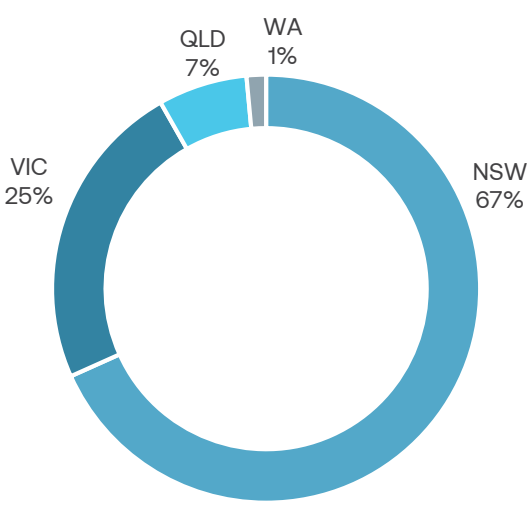
## Debt expiry profile (by facility limit)



## Key metrics

Gross property assets	\$3.1bn
Total drawn debt	\$1.2bn
Gearing (balance sheet)	39.6%
Number of assets	9
Occupancy	95.1%
WALE	4.3 years
WACR	5.01%
WARR	3.8%
Charter Hall Interest	15.7%
Charter Hall co-investment	\$263.7m

## Geographic allocation (by GAV)

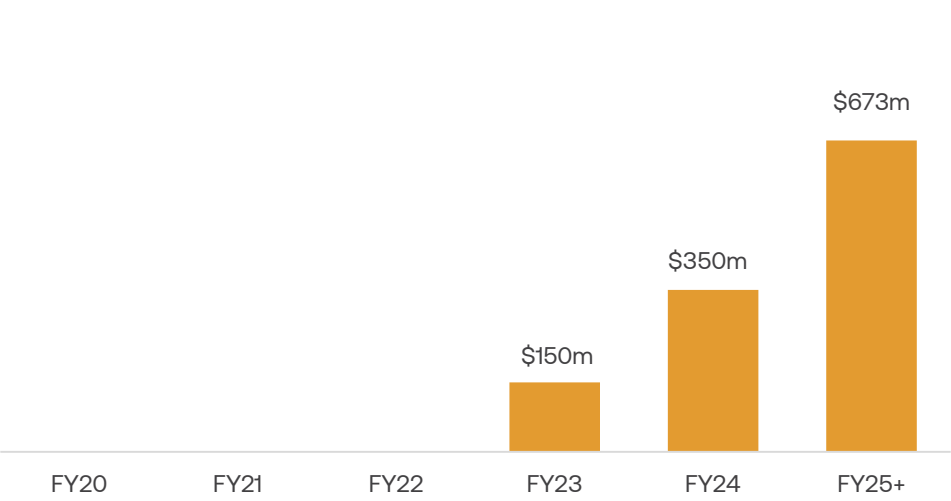


# Charter Hall Prime Industrial Fund (CPIF)

## Key events during FY19

- Acquisition of 12 assets for \$372m settled with a combined WALE of 16.0 years improving the Fund’s closing WALE to 10.0 years. The acquisitions strengthen CPIF’s relationship with key existing and new tenant customers such as the Australian Federal Police, Metcash, Coles, Coca-Cola Amatil and Bombardier Transport
- 5 developments reached completion with a GAV of \$245m at Chullora & Huntingwood in NSW and Berrinba in QLD
- A 2.9% improvement of occupancy to 98.5% with leases executed over 401,749sqm of GLA. These include 254,760sqm of leases in the Fund’s stabilised portfolio and 146,989sqm of new pre-leases on existing land holdings
- \$825m debt refinanced with Australian syndicated banks and entered into a new USPP & offshore bank facility improving debt maturity by 2.1 years to 6.3 years

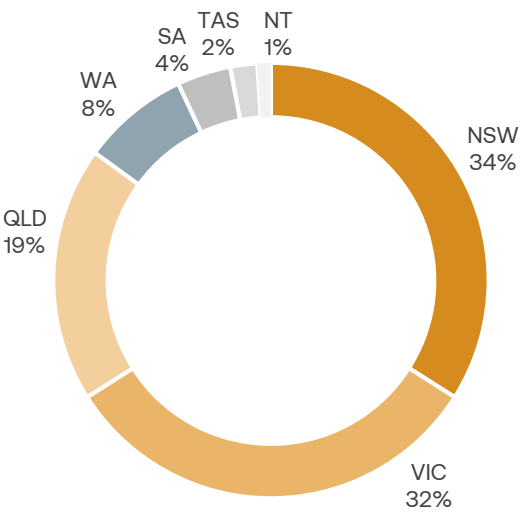
## Debt expiry profile (by facility limit)



## Key metrics

Gross property assets	\$3.7bn
Total debt	\$0.5bn
Gearing	5.2%
Number of assets	64
Occupancy	98.5%
WALE	10.0 years
WACR	5.6%
WARR	3.1%
Charter Hall Interest	4.0%
Charter Hall co-investment	\$126.9m

## Geographic allocation (by GAV)

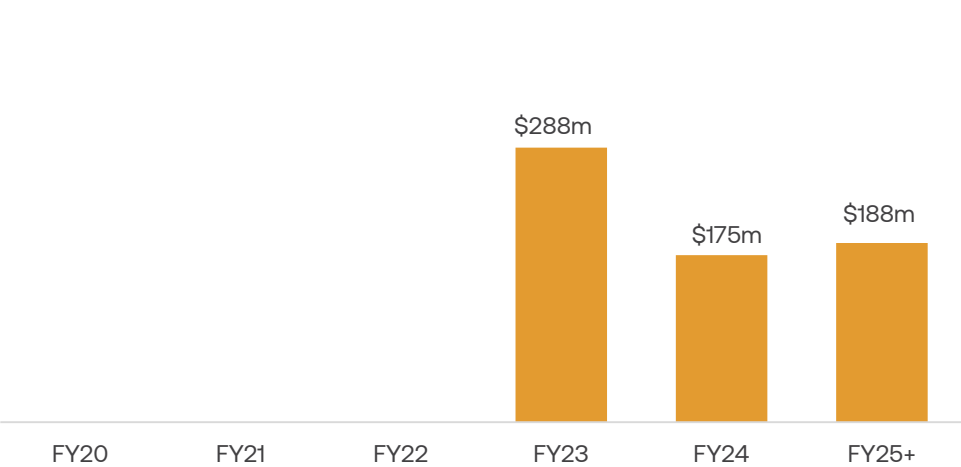


# Core Logistics Partnerships (CLP)

## Key events during FY19

- Acquisition of four assets for \$97m settled during the year including the Coles DC at Smeaton Grange NSW, the Coca Cola facility at Kewdale WA (both extensions of existing customer relationships in the Fund) and development land at Eastern Creek and Huntingwood East in NSW in line with CLP's patient Sydney upweighting strategy
- New leases over 167,322sqm of GLA were executed. These included 88,460sqm of leases in the Fund's stabilised portfolio and 78,862sqm of new preleases supporting the portfolio WALE of 10.2 years
- Refinanced \$350m CBA facility and diversified the lenders with NAB and ING Bank joining foundation lender CBA. Secured a \$100m 10-year USPP. Debt maturity increased to 4.9 years, an improvement from 3.3 years as at June 2018

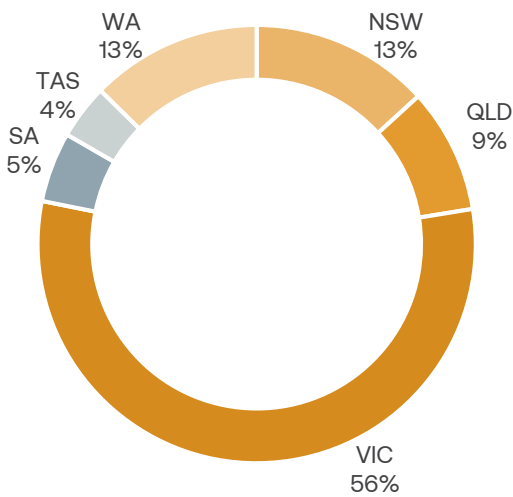
## Debt expiry profile (by facility limit)



## Key metrics

Gross property assets	\$1.8bn
Total debt	\$0.4bn
Gearing	26.3%
Number of assets	34
Occupancy	100.0%
WALE	10.2 years
WACR	5.6%
WARR	3.0%
Charter Hall Interest	9.2%
Charter Hall co-investment	\$105.9m

## Geographic allocation (by GAV)



## Portfolio performance review dates

Fund	Portfolio Performance Review Dates
Charter Hall Office Trust (CHOT)	FY20
Core Logistics Partnership (CLP)	7 yearly – FY20 plus individual asset divestment performance fees
Charter Hall Direct CDC Trust (CDC)	FY20
Charter Hall Direct Industrial Fund No. 2 (DIF2)	FY20
Direct Office Fund (DOF)	5 yearly – FY20
Charter Hall Prime Office Fund (CPOF)	3 yearly – FY21
Brisbane Square Wholesale Fund (BSWF)	3 yearly – FY22
Charter Hall Direct Industrial Fund No. 4 (DIF4)	5 yearly – FY22
Charter Hall Prime Industrial Fund (CPIF)	3 yearly – FY22
Long WALE Hardware Partnership (LWHP)	7 yearly – FY22 plus individual asset divestment performance fees
Retail Partnership No. 2 (RP2)	7 yearly – FY22
Retail Partnership No. 6 (RP6)	7 yearly – FY22
Charter Hall Direct Industrial Fund No. 3 (DIF3)	FY22
Charter Hall Direct Automotive Trust (DAT)	FY22
Charter Hall Direct Automotive Trust No. 2 (DAT2)	FY22
Charter Hall Direct Consumer Staples Fund (DCSF)	5 yearly – FY23
Charter Hall PFA Fund (PFA)	5 yearly – FY23 or individual asset divestment performance fees
Charter Hall Direct BW Trust (BW Trust)	FY24
Counter Cynical Trust (CCT)	FY25
Deep Value Partnership (DVP)	FY26 plus individual asset divestment performance fees



## Fund key and glossary

### Listed entities

ASX:CHC	Charter Hall Group
ASX:CQR	Charter Hall Retail REIT
ASX:CLW	Charter Hall Long WALE REIT
ASX:CQE	Charter Hall Education Trust

### Wholesale funds

BSWF	Brisbane Square Wholesale Fund
CHOT	Charter Hall Office Trust
CCT	Charter Hall Counter Cyclical Trust
CLP	Core Logistics Partnership
CPIF	Charter Hall Prime Industrial Fund
CPOF	Charter Hall Prime Office Fund
CPRF	Charter Hall Prime Retail Fund
LWHP	Long WALE Hardware Partnership
LWIP, LWIP 2	Long WALE Investment Partnership series
RP1, RP2, RP6	Retail Partnership series
DVP	Deep Value Partnership

### Direct funds

BW Trust	BW Trust (Direct syndicate)
CDC	Charter Hall Direct CDC Trust
DIF2, DIF3, DIF4	Direct Industrial Fund series
DOF	Direct Office Fund
PFA	Direct PFA Fund
DAT, DAT2	Charter Hall Direct Automotive Trust Series
DCSF	Charter Hall Direct Consumer Staples Fund

### Other

CAGR	Compound Annual Growth Rate
FUM	Funds Under Management
NTA	Net Tangible Assets
OEPS	Operating Earnings per Security
PFM	Property Funds Management
PI	Property Investments
WACR	Weighted Average Cap Rate
WADR	Weighted Average Discount Rate
WALE	Weighted Average Lease Expiry
WARR	Weighted Average Rent Review

## Contact information



**David Harrison**  
Managing Director & Group CEO  
Charter Hall Group

T: +61 2 8651 9142  
E: [david.harrison@charterhall.com.au](mailto:david.harrison@charterhall.com.au)



**Sean McMahon**  
Chief Investment Officer  
Charter Hall Group

T: +61 2 8651 9147  
E: [sean.mcmahon@charterhall.com.au](mailto:sean.mcmahon@charterhall.com.au)



**Russell Proutt**  
Chief Financial Officer  
Charter Hall Group

T: +61 2 8651 9493  
E: [russell.proutt@charterhall.com.au](mailto:russell.proutt@charterhall.com.au)



**Philip Cheetham**  
Head of Listed Investor Relations  
Charter Hall Group

T: +61 2 8651 9214  
E: [philip.cheetham@charterhall.com.au](mailto:philip.cheetham@charterhall.com.au)

### IMPORTANT NOTICE & DISCLAIMER

This presentation has been prepared by Charter Hall Funds Management Limited ACN 082 991 786)) (together, with its related bodies corporate, the Charter Hall Group).

This presentation has been prepared without reference to your particular investment objectives, financial situation or needs and does not purport to contain all the information that a prospective investor may require in evaluating a possible investment, nor does it contain all the information which would be required in a product disclosure statement prepared in accordance with the requirements of the Corporations Act 2001 (Commonwealth) (Corporations Act). Prospective investors should conduct their own independent review, investigations and analysis of the information contained in or referred to in this presentation and the further due diligence information provided.

Statements in this presentation are made only as of the date of this presentation, unless otherwise stated. Charter Hall Group is not responsible for providing updated information to any prospective investors. Any forecast or other forward looking statement contained in this presentation may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecast and these differences may be material.

In making an investment decision, prospective investors must rely on their own examination of the Charter Hall Group, and any other information they consider relevant. All information is provided as indicative only.

This presentation is provided to each prospective investor on the condition that it is strictly confidential and is for the sole use of prospective investors and their advisers. It must not be provided to any other party without the written consent of Charter Hall Group which it may withhold in its absolute discretion.

None of Charter Hall Group, its officers, employees, advisers or securityholders (together, the Beneficiaries) guarantee or make any representation or warranty as to, or take responsibility for, the accuracy, reliability or completeness of the information contained in this presentation. Nothing contained in this presentation nor any other related information made available to prospective investors is, or shall be relied on, as a promise, representation, warranty or guarantee, whether as to the past, present or the future. To the extent permitted by law, the Beneficiaries disclaim all liability that may otherwise arise due to any information contained in this presentation being inaccurate, or due to information being omitted from this document, whether by way of negligence or otherwise. Neither the Beneficiaries nor any other person guarantees the performance of an investment with or managed by Charter Hall Group.

All information contained herein is current as at 30 June 2019 unless otherwise stated. All references to dollars (\$) are to Australian dollars, unless otherwise stated.

**Sydney Head Office**

Level 20, No.1 Martin Place  
Sydney NSW 2000

T: +61 2 8651 9000

**Melbourne**

Level 14, 570 Bourke Street  
Melbourne VIC 3000

T: +61 3 9903 6100

**Brisbane**

Level 3, The Annex  
275 George Street  
Brisbane QLD 4000

T: +61 7 3228 2000

**Perth**

Level 5, St Georges Square  
225 St Georges Terrace  
Perth WA 6000

T: +61 8 9269 5900

**Adelaide**

Level 2, 80 Pirie Street  
Adelaide SA 5000

T: +61 8 8417 5900

