

1 May 2018

Charter Hall Group Macquarie Australia Conference

Western Sydney University, 1 Parramatta Square, Parramatta NSW

Group Highlights

Group maintained \$2.9bn of investment growth capacity

Group Returns	Property Investments	Funds Management	Balance Sheet
\$121m statutory profit	11.9% Total Property Investment Return ²	13.2% FUM growth to \$22.5bn (9 months)	0% balance sheet gearing ⁴
4.3% OEPS growth pcip	\$1.6bn Property Investment portfolio	\$3.0bn in gross transactions (9 months)	26.8% look through gearing ⁵
19.5% Total Platform Return ¹	6.4% Property Investment yield	4.5% Property Funds Management yield ³	2.6% NTA per security growth ⁶ (6 months)

1. Total Platform Return is calculated as growth in net tangible assets (NTA) per security plus distribution per security divided by the weighted average NTA per security for the 12 months to 31 December 2017
2. Total Property Investment (PI) Return is calculated as growth in the PI portfolio value plus distributions received divided by the weighted average PI portfolio value for the 12 months to 31 December 2017
3. Property Funds Management (PFM) yield is calculated as PFM operating earnings per security divided by the weighted average NTA per security for the 12 months to 31 December 2017
4. Balance sheet gearing calculated as debt (net of cash) / gross assets (less cash)
5. Look through gearing calculated as Charter Hall's look through debt (net of cash) / total assets (net of cash) of the PI Portfolio plus Charter Hall's balance sheet
6. Net tangible assets per stapled security is calculated as assets less liabilities, net of intangible assets and related deferred tax.

Operational Highlights



OFFICE

74 Leasing deals executed across **120,000sqm**

Major pre-leases to Vanguard SA Government, CBUS, Telstra Super and BHP

130 Lonsdale now **55%** pre-leased

\$1,900m gross transactions

9 development projects completion value **\$2.3bn¹**

\$2.9bn new and refinanced debt facilities



INDUSTRIAL

36 Leasing deals executed across **485,000sqm**

200,000sqm new pre-leases on existing land holdings

\$319m gross transactions

24 development projects completion value **\$1.7bn¹**

\$816m new and refinanced debt facilities



RETAIL

275 Leasing deals executed across **48,000sqm**

7 leases executed across **18,000sqm** to Majors

\$767m gross transactions with increased non-core divestments as we curate portfolios

14 development projects development spend **\$392m¹**

\$518m new and refinanced debt facilities

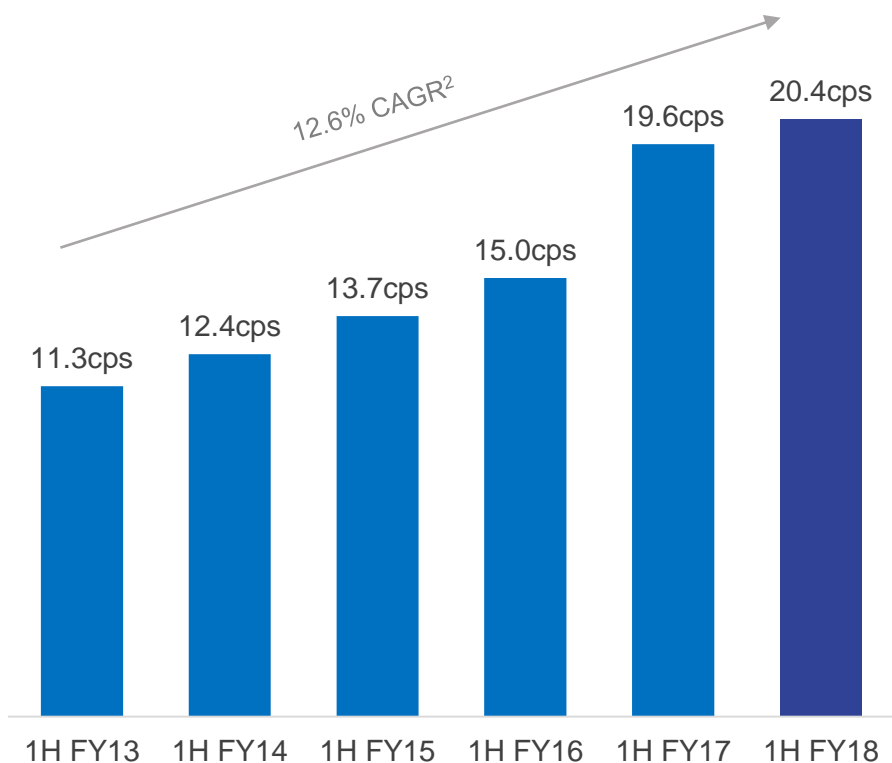
Figures on this page refer to the 9 months to 31 March, 2018 unless otherwise stated

1. As at 31 December, 2017

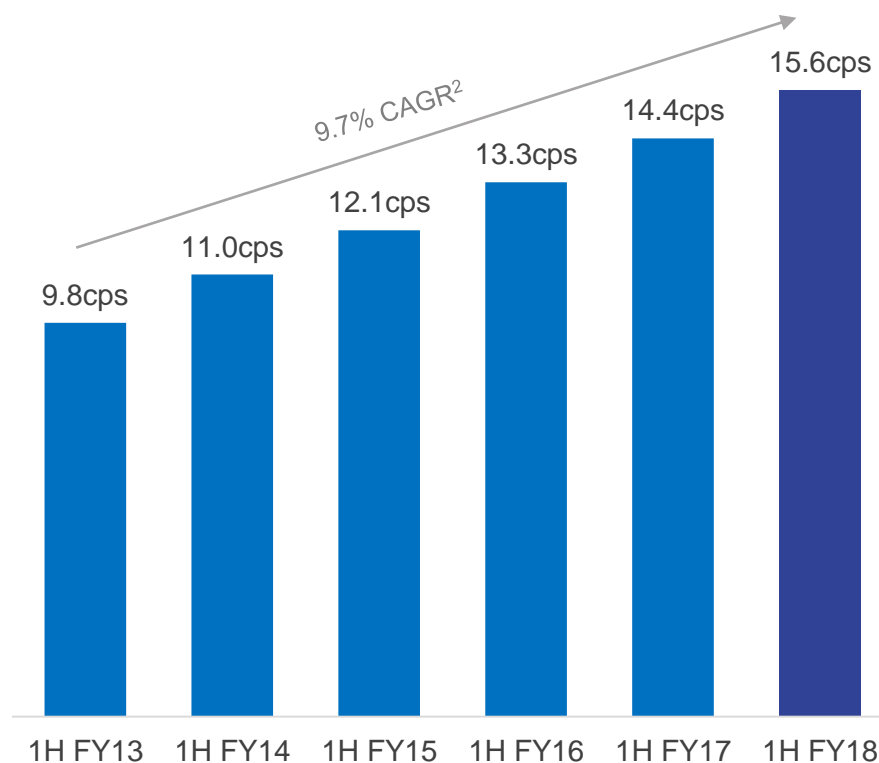
Sustained Growth

FY16 OEPS to FY18 OEPS (guidance) reflects growth of 10.3% per annum

Operating earnings per security growth¹



Distributions per security growth

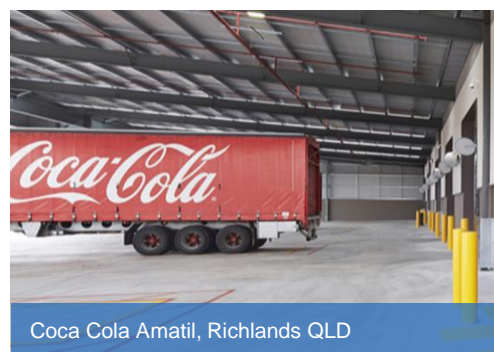


1. Operating earnings per security prior to FY14 restated to include security-based benefits expense
2. Compound annual growth rate (CAGR) from 1H FY13 to 1H FY18

FY18 Transactional Activity (YTD)

- Consistent transaction volume across core sectors
- Average acquisition value of \$90m versus average divestment value of \$30m

(\$m)	Office	Industrial	Long WALE Retail	Shopping Centre Retail	Total
Acquisitions	1,426	311	293	216	2,245
Divestments	474	9	38	221	742
Net transactions	951	302	255	(5)	1,503
Gross transactions	1,900	319	331	437	2,987



Equity Flows

Diversified equity sources with \$1.1bn gross equity raised in the 9 months to 31 March, 2018:

- Across the Group six open ended pooled unlisted funds continue to raise new equity
- \$602m raised in Wholesale Funds and Partnerships with further equity raising underway in CPOF
- \$421m raised in Direct Funds with further equity raising underway in open Direct Funds

(\$m)	FY15	FY16	FY17	YTD FY18
Wholesale Pooled Funds	653	606	776	354
Wholesale Partnerships	598	467	217	248
Listed Funds ¹	274	76	988	78
Direct Funds ²	180	318	355	421
Gross equity raised	1,705	1,467	2,336	1,101
Net equity raised	1,297	1,099	1,689	989

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

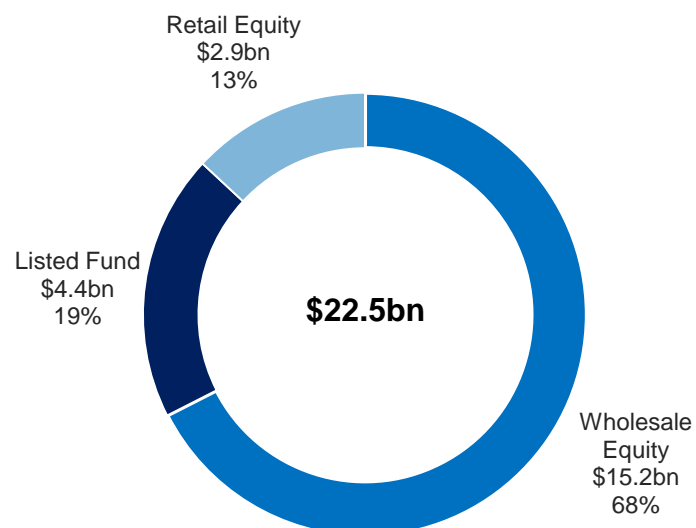
1. Listed Funds include equity raised in CHC, CQR and CLW

2. Funds and syndicates for retail, SMSF and high net worth investors

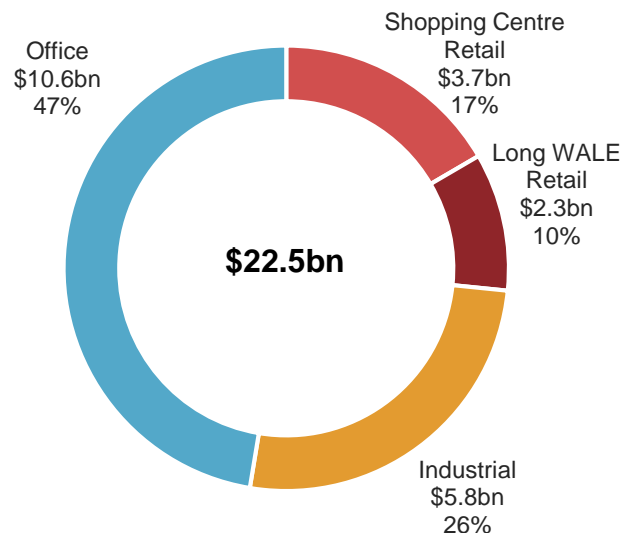
Group Funds Management Portfolio

	Portfolio Value (\$bn)	Lettable Area (m sqm)	No. of Properties	WALE ¹ (years)	Occupancy (%)	WACR ² (%)
31 Mar 18	22.5	5.5	332	7.8	97.5	5.89
30 Jun 17	19.8	5.1	329	7.7	98.0	6.07

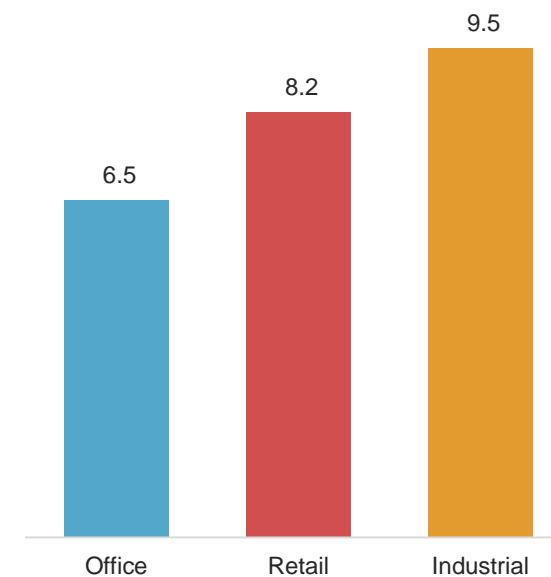
Diversification by equity source



Asset type diversification



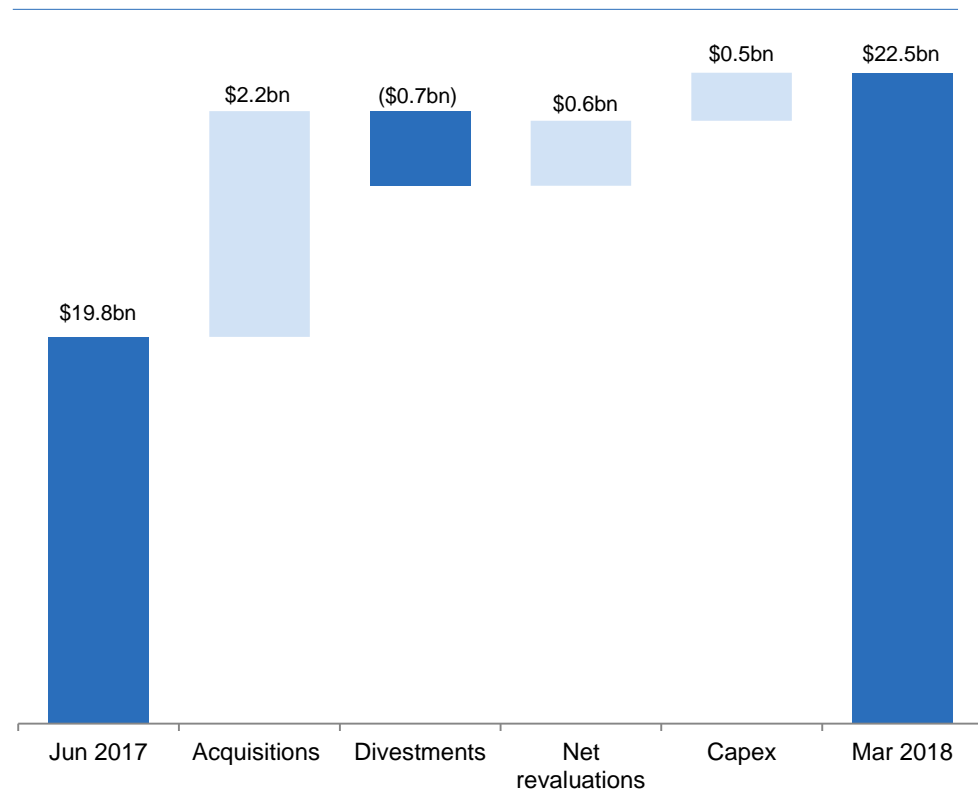
WALE by sector



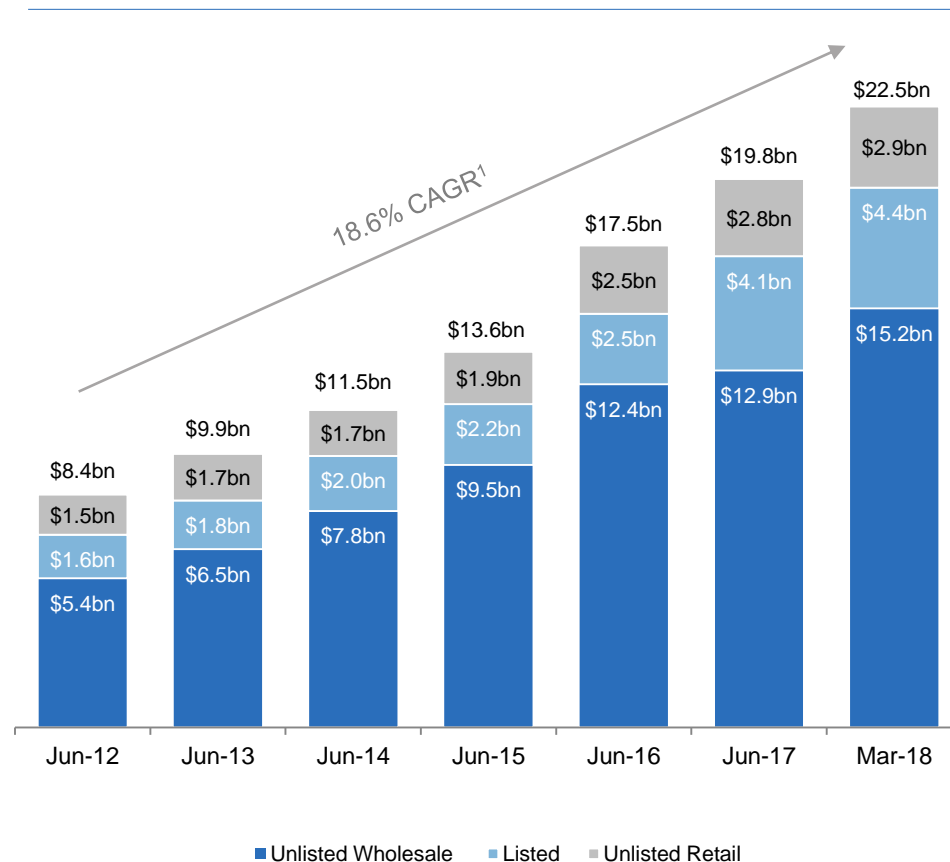
1. WALE is the weighted average lease expiry for the Property Funds Management portfolio and is weighted by gross income
2. WACR is the weighted average cap rate for the Property Funds Management portfolio and is weighted by gross asset value

Funds Under Management Growth

Funds under management movement (\$bn)



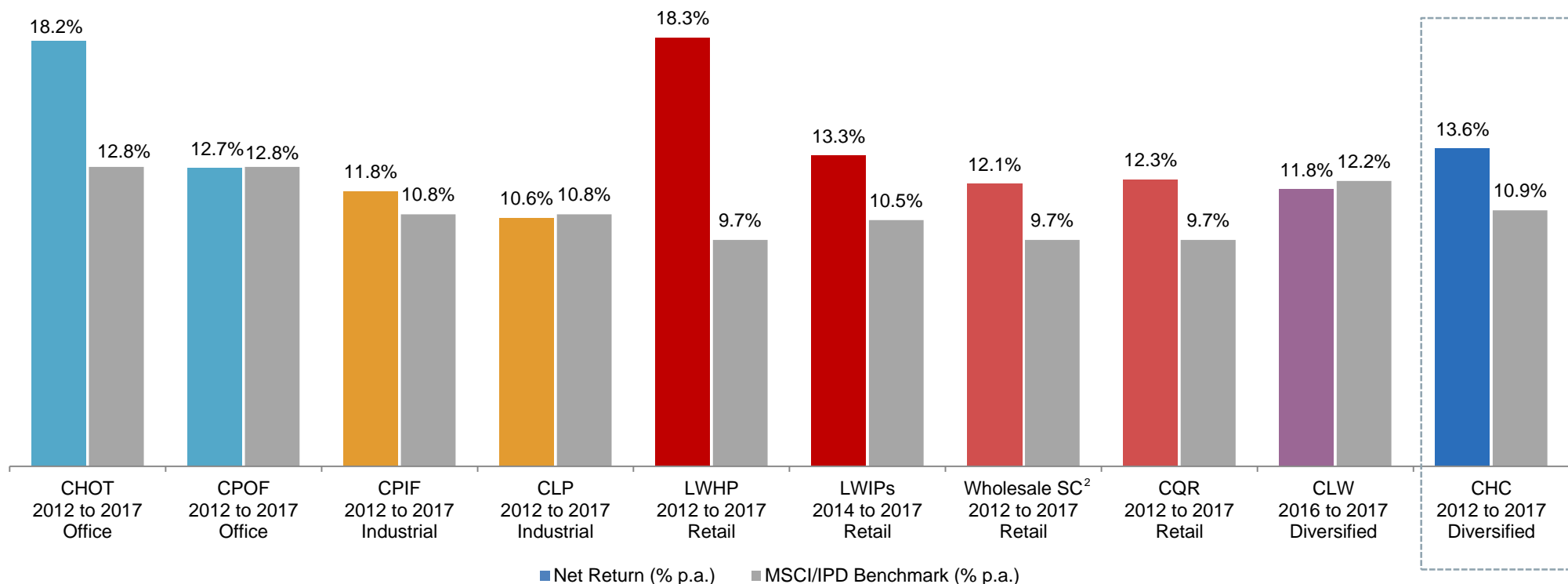
Funds under management by equity source (\$bn)



1. Compound annual growth rate (CAGR) from 30 June 2012 to 31 March 2018

Property Investment Portfolio Returns

- The Property Investment Portfolios total property return¹ over the five years to 31 December 2017 is 13.6% per annum, outperforming the MSCI/IPD Unlisted Wholesale Property Fund Index (NAV post fees) which returned 10.9% over the same period
- The below chart shows the total property return of each core Property Investment relative to its sector specific MSCI/IPD index



1. Total Property Investment (PI) Return is calculated as growth in the PI portfolio value plus distributions received divided by the weighted average PI portfolio value for the 12 months to 31 December 2017
 2. Includes CHC's investments in Wholesale Shopping Centre (SC) Funds RP2, RP6 and CPRF

Development Activity

Continues to drive asset creation and attract capital

- Development activity is undertaken by funds/partnerships to enhance income yield and total returns
- In-house development skills are a core competency of Charter Hall
- Total pipeline includes 47 office, industrial and retail projects
- Majority of committed projects are de-risked through pre-leases and fixed price building contracts
- Average committed project size of \$234m for office, \$58m for industrial and \$16m¹ for retail

Development activity (completion value \$m)	Committed projects	Uncommitted projects ²	Total Pipeline ³
Office	1,405	941	2,346
Industrial	816	856	1,672
Retail ¹	131	261	392
Total	2,352	2,058	4,410

1. Reflects development spend only and excludes existing centre value

2. Includes potential end value of uncommitted development projects

3. \$1.7bn included in FUM at 31 December 2017

Major Tenant Customer Relationships

65% repeat tenant customers across 1,450 leases

- Tenant retention rate of 77.5%
- CHC continues to be a major player within the sale and leaseback market with over \$3.0bn sale and leaseback transactions over the last 5 years
 - CHC continues to see success sourcing off-market opportunities through loyal existing tenant customers
 - Management believe there is still opportunity to do more sale and leaseback transactions within new and existing sectors
- Global market volatility likely to continue to assist the sale and leaseback story as corporates continue strategic efforts to ensure balance sheet stability and focus on their core business operations/efficiencies

Examples of CHC's Sale and Leaseback Relationships



FY18 Earnings Guidance

We believe the property market landscape will continue to accommodate growth

- **Asset growth** is expected in submarkets that are underpinned by **favourable property fundamentals** where there is effective rental growth
- **Continued equity flows** expected for fund managers with strong track records

Our guidance is as follows:

Based on no material change in current market conditions our FY18 guidance for operating earnings per security post-tax is no less than 3% growth on FY17 OEPS of 35.9 cents per security, equivalent to 37.0 cents per security

The distribution payout ratio is expected to normalise within our longer term range, being 85% to 95% of operating earnings per security post-tax



Artist impression of Wesley Place, 130 Lonsdale Street, Melbourne VIC

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