

ASX Release

Charter Hall Grows OEPS by 8.7% and FUM by 18% to \$13.6 Billion

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Charter Hall Group (ASX:CHC) (Charter Hall or the Group) today announced its full year results for the 12 months to 30 June 2015.

Full Year Financial Results Summary:

- Statutory profit after tax of \$117.9 million, up 43.6%
- Operating earnings of \$98.8 million, up 21.7%
- Operating earnings per security of 27.5 cents, up 8.7%
- Distribution per security of 24.2 cents, up 8.5%
- Net Tangible Assets per security of \$2.76, up 16.0%

Operational Performance:

- 18% growth in Australian funds under management (FUM) to \$13.6 billion
- Secured \$1.7 billion of gross equity inflows
- Completed \$2.6 billion of property transactions
- Co-invested a further net \$187 million into property funds
- Property Funds Management EBITDA margin increased from 36.2% to 40.1%

Charter Hall's Joint Managing Director, David Southon said: "The Group has achieved solid growth across its Australian property platform to deliver a 21.7% increase in operating earnings and a total securityholder return of 11.8%. Pleasingly, we have seen continued growth in both the Group's key earnings streams, with Property Investment earnings increasing by 17.3% and Property Funds Management earnings by 25.2%".

Property Investments Earnings of \$58.3 million, up 17.3%

Charter Hall co-invested a further \$187 million (net) during the period with the Group's balance sheet investments increasing by \$224 million to \$944 million, generating an investment yield of 7.5% pa.

Following the active reweighting of the portfolio over the past three years to long lease industrial and retail property, and a move into the hospitality sector during the period, the portfolio now has an industry leading weighted average lease expiry (WALE) of 9.1 years, up from 7.6 years a year ago, and maintains a stable occupancy level at 97.7%.

Joint Managing Director, David Harrison, said: "The enhancement of our portfolio through the reweighting to long WALE assets with strong tenant covenants has been a key focus for the Group, with our newly launched Direct Automotive Trust another example of our capacity to create industry leading investment vehicles that provide our investors with stable income streams. We will continue to explore opportunities in these sectors for our investors, co-investing alongside our capital partners as opportunities arise".



Property Funds Management Earnings of \$43.3 million, up 25.2%

Charter Hall's FUM increased by 18% or \$2.1 billion, to \$13.6 billion, during the period driven by \$1.7 billion of gross equity inflows secured across Charter Hall's wholesale pooled and partnership, listed and retail investor funds.

This equity was deployed to fund \$1.9 billion of acquisitions across the four sectors. Additionally, the Group divested \$696 million of non-core assets as part of its focus on enhancing the quality of its portfolio, including \$545 million of office, \$87 million of retail and \$64 million of industrial.

Charter Hall now manages 276 properties across the core real estate sectors, comprising 4.0 million square metres of net lettable area and generates a gross rental income of \$1.1 billion from 2,289 tenants. The Group's asset and property management team were active during the year completing 572 leasing transactions with new and existing tenants over more than 480,000 square metres.

Charter Hall continues to focus on redevelopment opportunities for its managed funds to enhance portfolio returns, with current projects underway including Western Sydney University, Parramatta; 333 George Street, Sydney; and a variety of shopping centre expansions and industrial sites with an on completion value of \$891 million.

"Through active management we delivered strong performance for our investors and solid growth across our managed portfolio, with an increase in Property Funds Management Earnings to \$43.3 million, up 25.2%. Investment into enhancing the value of our existing portfolios and building enduring tenant relationships continues to be a focus for the Group," Mr Southon added.

Strategy and Outlook

During financial year 2016, the Group remains focused on:

- Continuing to deliver strong fund performance for our investors through active management of our portfolio
- Working closely with our tenant customers to satisfy their diverse accommodation needs
- Providing our highly capable people with the support, development and flexibility they need to achieve optimal property and investment outcomes for our customers
- Driving diversity, particularly gender, to achieve diversity of thought and enhance business performance
- Securing quality assets within our core property sectors and develop new industry leading institutional investment grade opportunities
- Investing alongside capital partners with a focus on growing high quality earnings streams
- Maintaining growth in FUM across all equity sources while improving the efficiency and scalability of the platform

Mr Harrison said: "We expect quality Australian property to remain attractive to both domestic and off shore investors given the high Australian property yield spread to bond yields and that the cost of debt remains near record lows and we will continue to deliver on our strategy to provide attractive property opportunities for our investors and tenants".

Absent unexpected events, our FY16 guidance is 5-7% growth on FY15 operating earnings per security of 27.5 cents. The distribution payout ratio is expected to be between 85% and 95% of operating earnings per security.

**About Charter Hall**

Charter Hall Group (ASX:CHC) is one of Australia's leading fully integrated property groups, with over 24 years' experience managing high quality property on behalf of institutional, wholesale and retail clients. Charter Hall has over \$13.6 billion of funds under management across the office, retail and industrial sectors. The Group has offices in Sydney, Melbourne, Brisbane, Adelaide and Perth.

The Group's success is underpinned by a highly skilled and motivated team with diverse expertise across property sectors and risk-return profiles. Sustainability is a key element of its business approach and by ensuring its actions are commercially sound and make a difference to its people, customers and the environment, Charter Hall can make a positive impact for its investors, the community and the Group.

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