

ASX Release

Charter Hall achieves 29% FUM growth to \$17.5 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 2016. Key financial and operational highlights for the period are:

Financial highlights:

- Statutory profit after tax of \$215.2 million, up \$97.3 million
- Operating earnings of \$124.7 million, up 26.2%
- Operating earnings per security of 30.4 cents, up 10.5%
- Distribution per security of 26.9 cents, up 11.2%
- Net Tangible Assets per security of \$3.04, up 10.1%

Operational performance:

- Access: Gross equity inflows of \$1.5 billion from diversified equity sources.
- Deploy: Completed \$3.7 billion of property transactions. \$3.0 billion in acquisitions, \$0.7 billion in non-core divestments.
- Manage: 29% growth in funds under management (FUM) to \$17.5 billion. Completed 545 leasing transactions.
- Invest: Net \$56 million invested alongside our capital partners. 6.46% WACR and 7.9% discount rate. Property Investment earnings growth of 26.4%.

Charter Hall's Group CEO and Managing Director, David Harrison said: "Growth of 29% in FUM to \$17.5 billion and 10.5% OEPS growth reflects the Group's strategy focussing on accessing, deploying, managing and investing capital."

Property Investment Performance

During the period, Charter Hall Group invested a further \$56 million (net) alongside our capital partners with the Group's Property Investments increasing by \$154 million to \$1.1 billion, generating an earnings yield of 7.4% p.a. The active management and diversification of the Group's Property Investments portfolio ensured the total portfolio occupancy remained strong at 98.6% and the Weighted Average Lease Expiry (WALE) stable at 8.8 years.

"We are proud to highlight that the Group's Property Investments have consistently outperformed their respective benchmarks. The total property return from our Property Investments over five years of 16.0% p.a. has outperformed the MSCI/IPD Unlisted Wholesale Pooled Property Funds Index of 9.7% p.a. over the same period." Mr Harrison said.

Property Funds Management

FUM increased \$3.9 billion or 29% in FY16 to \$17.5 billion, reflecting a 15.9% annual growth rate since June 2010. The continued growth was driven by \$2.3 billion of net acquisitions, \$1.1 billion of revaluations and \$0.5 billion of development capex.



The high quality and diversified \$17.5 billion portfolio comprises 296 properties, leased to 2,550 tenants delivering \$1.3 billion of gross rental income.

Growth in the Group's managed funds was driven by \$1.5 billion of gross equity inflows across Charter Hall's diversified equity sources. This equity was deployed into \$3.0 billion of acquisitions and value accretive development opportunities. The Group's platform also divested \$0.7 billion of non-core assets to reinvest capital into higher growth opportunities.

Strategy and Outlook

The Group continues to focus on our strategy to access, deploy, manage and invest alongside our listed, retail and wholesale investors. The Group aims to create value and deliver sustainable and growing returns for investors. Our focus continues to be:

- Securing quality assets within our core property sectors and developing new industry leading institutional investment grade opportunities
- Continuing to deliver strong fund performance for our investors through active management of our portfolio and partnering closely with tenant customers
- Improving the efficiency and scalability of the managed funds platform
- 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

Absent unexpected events, our FY17 guidance is 8-9% growth pre-tax and approximately 2% growth post-tax on FY16 operating earnings per security. The distribution payout ratio is expected to remain between 85% and 95% of operating earnings per security post tax.

About Charter Hall

Charter Hall Group (ASX:CHC) is one of Australia's leading fully integrated property groups, with over 25 years' experience managing high quality property on behalf of institutional, wholesale and retail clients. Charter Hall has over \$17.5 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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