

ASX Release

Charter Hall delivers 18.1% OEPS growth with statutory profit after tax up 19.7% to \$257.6 million

23 August 2017

Charter Hall Limited
ACN 113 531 150

Charter Hall
Funds Management Limited
ABN 31 082 991 786

Level 20, No.1 Martin Place
Sydney NSW 2000
GPO Box 2704 Sydney NSW 2001

T +61 2 8651 9000
F +61 2 9221 4655

www.charterhall.com.au

Charter Hall Group (ASX: CHC) today announced its full year results for the 12 months to 30 June 2017. Key financial and operational highlights for the period comprise:

Financial highlights:

- Statutory profit after tax of \$257.6 million, up 19.7%
- Operating earnings per security pre-tax of 40.5 cents, up 33.3%
- Operating earnings per security post-tax of 35.9 cents, up 18.1%
- NTA growth of 56 cents per security to \$3.60, up 18.1%
- Distribution of 30.0 cents per security, up 11.5%

Operational performance:

- Access: Secured \$2.3 billion of gross equity flows in FY17. With \$5.5 billion and \$8.1 billion gross equity raised over the past three and five years respectively
- Deploy: Completed \$5.2 billion of gross property transactions
- Manage: 13.7% growth in funds under management to \$19.8 billion. Completed 646 leasing transactions during the period
- Invest: Property Investment Portfolio increased by 39% to \$1,527m comprising \$304 million of net investments and \$118 million of net revaluations. Attractive Property Investment earnings yield of 6.9%

Charter Hall's Managing Director and Group CEO, David Harrison said: "We are pleased to continue reporting the positive results of our strategy execution, which is focused on accessing, deploying, managing and investing capital to deliver secure and growing income for our capital partners and investors.

"Following another active 12 months of securing equity flows, deployment via development and acquisitions, together with the successful IPO of the Long WALE REIT(ASX:CLW), we have achieved FUM growth of 13.7% to \$19.8 billion.

"The Group has continued to create shared value for our investors, tenants and employees across the property platform to deliver a 21.2% increase in operating earnings to \$151.2 million and a final distribution per security of 30.0 cents, an increase of 11.5% from the prior corresponding period" Mr Harrison said.

Property Investment Performance

The Group's Property Investment portfolio generated a 19.8%¹ Total Property Investment Return with strong portfolio diversification.

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



During the period, Charter Hall Group invested a further \$304 million (net) alongside our capital partners with the Group's Property Investments increasing by \$430 million to \$1.5 billion, generating an earnings yield for the year of 6.9%. The active management and diversification of the Group's Property Investments portfolio ensured the total portfolio occupancy remained strong at 97.7% and the Weighted Average Lease Expiry (WALE) stable at 7.4 years.

"The Group successfully raised and deployed additional equity over the year into a range of new fund initiatives as well as investing alongside our capital partners into our existing vehicles. The Group's Property Investments have continued to outperform their respective benchmarks, with our Property Investments delivering a 5 year 14.7% p.a. performance, outperforming the MSCI/IPD Unlisted Wholesale Pooled Property Funds Index of 10.0% over the same period." Mr Harrison said.

Property Funds Management

Group FUM increased by \$2.4 billion or 13.7% for the twelve months to 30 June 2017, reflecting an 18.7% annual growth rate since June 2012. During the period, \$1.1 billion of revaluations, \$0.7 billion of net acquisitions and \$0.5 billion of capex saw the Group's managed funds grow to \$19.8 billion.

Growth in the Group's managed funds was driven by \$2.3 billion of gross equity inflows across Charter Hall's wholesale pooled funds and partnerships, listed and retail investor funds. This equity was deployed into \$3.0 billion of strategic asset acquisitions across the Group's core property sectors and value accretive redevelopment opportunities.

The Group also divested \$2.3 billion of non-core assets as part of its focus on managing its portfolio and recycling capital into higher growth opportunities. This included \$894 million of office, \$417 million of retail and \$941 million of industrial assets.

Value enhancing development activity pipeline

Charter Hall continues to leverage its highly qualified and experienced in-house development team, providing its full suite of integrated property services to originate \$4.6 billion of committed and planned development activity. This comprises \$1.9 billion of committed development activity and \$2.8 billion of uncommitted projects across all three sectors. The Group continues to use its tenant relationships and the scale of its portfolio to create investment grade opportunities generating significant value through enhancing both income yield and total returns for its funds.

"The ability of our integrated development teams to create \$4.6 billion of committed and future development activity, illustrates the Group's origination capability. The scale of our portfolio allows us to originate institutional investment grade opportunities which will provide superior returns to alternative stabilised asset acquisitions in the market," Mr Harrison said.

Strategy and Outlook

The Group continues to focus on its strategy to access, deploy, manage and invest alongside our listed, retail and wholesale investors. We believe the investment landscape will continue to accommodate growth based on the relative attractiveness of real assets, continued equity flows expected to real asset fund managers with strong track records and asset values remaining well supported.

Based on no material change in current market conditions and having regard to the 18% earnings growth achieved in FY17 over FY16, our FY18 guidance is for operating earnings per security post-tax to be no less than FY17 of 35.9cps.

The distribution payout ratio is expected to normalise and fall within our longer-term range, being 85% to 95% of OEPS post-tax on a full year basis.

END



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 \$19.8 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.

For further information, please contact

David Harrison
Managing Director and Group CEO
Charter Hall
T +61 2 8651 9142
david.harrison@charterhall.com.au

For media enquiries, please contact

Angus Booth
Group Manager - External Affairs
Charter Hall
T +61 2 8651 9223
angus.booth@charterhall.com.au

For investor enquiries, please contact

Philip Cheetham
Head of Listed Investor Relations
Charter Hall
T +61 2 8651 9214
philip.cheetham@charterhall.com.au
