

ASX Release

Charter Hall upgrades FY17 OEPS growth guidance from 7% to 12%

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Charter Hall Group (ASX: CHC) today announced its half year results for the six months to 31 December 2016.

Financial highlights:

- Statutory profit after tax of \$173.3 million, up 20.8% from pcp
- Operating earnings (post tax) of \$80.8 million, up 32.0% from pcp
- Operating earnings per security (post tax) of 19.6 cents, up 30.7% from pcp
- NTA growth of 28 cents per security to \$3.32, up 9.2% from 30 June 2016
- Distribution of 14.4 cents per security, up 8.3% over pcp

Operational performance:

- Access: Secured \$1.3 billion of gross equity flows with \$1.0 billion of net flows post investor equity returns
- Deploy: Completed \$3.8 billion of property transactions
- Manage: 8.6% growth in funds under management to \$19.0 billion. Completed 302 leasing transactions during the period
- Invest: Net \$115 million invested alongside our capital partners. 6.17% WACR, 7.5% discount rate. Attractive Property Investment earnings yield of 7.0% and earnings growth of 9.8%

Charter Hall's Managing Director and Group CEO, David Harrison said: "Following another active period for the Group which has included strong equity inflows, positive asset revaluations and the listing of the Long WALE REIT, we have delivered OEPS growth of 30.7% to 19.6 cents and 8.6% FUM growth to \$19.0 billion. This result reflects the Group's strategy of focussing on accessing, deploying, managing and investing capital."

Property Investment Performance

During the period, Charter Hall Group invested a further \$115 million (net) alongside our capital partners with the Group's Property Investments increasing by \$205 million to \$1.3 billion, generating an earnings yield of 7.0% p.a. The active management and diversification of the Group's Property Investments portfolio ensured the total portfolio occupancy remained strong at 97.9% and the Weighted Average Lease Expiry (WALE) stable at 7.5 years.

"We are proud to highlight through the effective use of our balance sheet, the Group's Property Investments have continued to outperform their respective benchmarks. The total property return from our Property Investments over five years to 31 Dec 16 of 17.5% p.a has outperformed the MSCI/IPD Unlisted Wholesale Pooled Property Funds Index of 9.9% over the same period." Mr Harrison said.



Property Funds Management

FUM increased by \$1.5 billion or 8.6% for the six months to 31 December 2016, reflecting a 16.1% annual growth rate since June 2010. The continued growth was driven by \$0.8 billion of revaluations, \$0.4 billion of net acquisitions and \$0.3 billion of development capex.

The high quality and diversified \$19.0 billion portfolio comprises 314 properties leased to 2,644 tenants. Our highly skilled internal property sector teams have completed 302 leases in the period totalling 350,000 sqm across office, retail and industrial.

Growth in the Group's managed funds was driven by \$1.3 billion of gross equity inflows across Charter Hall's diversified equity sources. This equity was deployed across the platform into acquisitions and value accretive development opportunities. During the period, the Group achieved practical completion and fully leased 333 George St, Sydney and 1PSQ, Parramatta.

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.

Based on no material change in current market conditions, our FY17 guidance is approximately 24% growth pre-tax and approximately 12% growth post-tax on FY16 operating earnings per security. The distribution payout ratio is expected to be at the bottom end of the distribution policy range of 85% to 95% of OEPS on a full year basis.

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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 \$19.0 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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