

## ASX Release

# Charter Hall appoints David Harrison as CEO and Managing Director

To be cross released with ASX: CQR

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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](http://www.charterhall.com.au)

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Charter Hall Group (ASX: CHC) (Charter Hall or the Group) today announced that David Harrison has been appointed Chief Executive Officer and Managing Director (CEO/MD) of the Group, with David Southon electing to step down as Joint Managing Director (JMD) following the Board and JMDs' decision to move to a single CEO/MD structure.

Charter Hall Chair, David Clarke, confirmed the Board and JMDs have been working towards transitioning to a single CEO/MD structure over the past nine months as part of their focus on succession planning and building a strong leadership team for the Group.

"Ensuring the Group has the right senior leadership capability and structure to support its future plans has been a key focus for the Board and JMDs over the past three years. Given the Group's significant growth, the work undertaken by the JMDs on building the leadership team through a number of key appointments and in positioning the business for the future, we believe now is the appropriate time to move to the single CEO/MD structure," Mr Clarke said.

David Harrison will assume the CEO/MD role immediately, with founder David Southon to be available to the business for up to 12 months to facilitate a smooth handover and assist with the transition to the CEO/MD structure.

Commenting on Mr Harrison's appointment as CEO/MD, Mr Clarke said his extensive property experience, relationship with customers and track record in overseeing the Group's significant growth to over \$15.7 billion in FUM today, means he is well placed to lead the business.

"David's expertise across the entire property value chain and his ability in working with the investment management team to match investor appetite with quality investment products is a great asset for the business.

"David has also been instrumental in driving the customer focused approach to all aspects of the business with the support of the executive team, maintaining a strong partnership approach and continuing to improve Charter Hall's financial performance at both a Group and fund level," Mr Clarke said.

David Harrison said: "I feel privileged to be leading Charter Hall, a company that is in strong shape with leading positions across the office, retail, industrial and hospitality sectors, as we look to capitalise on these positions and embark on our next phase of growth.

"I am excited to be working with the Board, senior leadership team and the broader business on securing new growth opportunities, further developing relationships with our investor and tenant customers, enhancing the operational performance of our 270 plus property portfolio and importantly continuing the great work in developing our culture and our people."



Commenting on David Southon's significant contribution to the business, Mr Clarke said: "David Southon has been an outstanding leader for our investors, tenants and people over the past 25 years and as a founder he leaves a strong legacy for David Harrison to take forward. On behalf of the Board, management and the broader business I thank him and acknowledge his leadership and contribution to Charter Hall.

"His passion for culture and property, and the significant role he plays in the industry, has helped position Charter Hall as one of Australia's leading property groups, which is reflected through the Group's exceptional growth and consistent solid performance," Mr Clarke said.

Mr Harrison echoed Mr Clarke's comments, stating: "It's been a privilege to have grown the Charter Hall business with David Southon over the past 12 years. Together we have tackled many opportunities and challenges and it's with great pride that we have established Charter Hall as a leading property company. David's passion for people has also seen Charter Hall become home to a diverse and highly engaged team with his commitment to excellence seeing this team striving to deliver the best possible solutions for our customers each day."

David Southon said: "It's been a great honour to have led and been part of this wonderful company since its inception over the past 25 years. I am proud of the many things we have achieved during this time, including Charter Hall's transformation into a listed, fully integrated property investment management group managing listed, retail and wholesale equity and high quality Australian property. Personally, I am pleased to have been directly involved with the creation of a number of significant investment grade properties, as well as the evolution of the business through its many growth phases over past 25 years and believe Charter Hall remains very well placed to continue its strong growth momentum.

"I leave Charter Hall in David Harrison's very capable hands and I would like to thank him, the Board, all our people and customers for their support and unrelenting drive and enthusiasm for Charter Hall," Mr Southon added.

As part of the transition, the Group is moving towards a sector based model, appointing Adrian Taylor as Head of Office, Greg Chubb as Head of Retail and Paul Ford as Head of Industrial. All three appointments will report to Mr Harrison. Richard Stacker has also been appointed Head of Investor Relations, with Nick Kelly taking on the Head of Direct Property role, reporting to Mr Stacker. These changes support the executive rotation the Group has embarked upon to further develop the multi disciplined experiences of the senior team.

The Group will also look to appoint a Chief Investment Officer (CIO), responsible for strategy, mergers and acquisitions, corporate development and transactions.

"The appointment of a CIO and the move to a sector based model will ensure the Group has the right capability to provide the agility, accountability and innovation required as we continue to deliver on our strategy of accessing, deploying and managing equity invested in portfolios across long leased property assets," Mr Harrison said.

Board changes, as part of the transition, will see Mr Chubb joining the Charter Hall Retail REIT (ASX: CQR) Board and Mr Stacker joining the board of Charter Hall Direct Property Management Limited in due course, replacing Mr Southon.

Mr Harrison's terms of employment will remain unchanged except his total remuneration package of fixed remuneration plus target STI and LTI will be increased to \$3.9 million per annum. This will include a special grant of LTI at the same time as Mr Harrison's next grant of LTI to reflect the pro-rata change in his total remuneration package.

Under the terms of his employment, Mr Southon is entitled to redundancy pay as per his contract which he will receive at the end of his 12 month notice period. He will also remain eligible to a pro-rata amount of his unvested short term incentives and all of his unvested long term incentives. Mr Southon has non-compete and non-solicit restrictive covenants in place for a 12 month period.



Charter Hall confirms that its earnings guidance for FY16 remains unchanged with further detail around organisation structure to be outlined at the Group's half year results in late February.

**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 \$15.7 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**  
Joint Managing Director  
T +61 2 8651 9142  
[david.harrison@charterhall.com.au](mailto:david.harrison@charterhall.com.au)

**Richard Stacker**  
Head of investor Relations

For investor enquiries, please contact

**Nick Kelly**  
Head of Investor Relations  
Charter Hall  
T +61 2 8651 9235  
[nick.kelly@charterhall.com.au](mailto:nick.kelly@charterhall.com.au)

For media enquiries, please contact

**Rachel Mornington-West**  
Head of Marketing and Communications  
Charter Hall  
T +61 2 8651 9248  
[rachel.mornington-west@charterhall.com.au](mailto:rachel.mornington-west@charterhall.com.au)

## Appendix

### David Harrison Remuneration

Position	Chief Executive Officer and Managing Director (CEO/MD)
Commencement Date	1 February 2016
Fixed Remuneration	\$1,300,000 includes superannuation and any salary sacrifice items.
Short Term Incentive (STI)	<p>The CEO/MD is eligible for a STI allocation each year. The target STI opportunity is pro-rated from the commencement date and is \$1,300,000 per annum.</p> <p>The actual STI outcome will depend upon Group and CEO/MD performance during the period.</p> <p>Two thirds of any STI for the 2016 financial year will be delivered in cash and the balance in deferred performance rights which will vest 50% after one year and the balance after two years subject to a service condition.</p> <p>The Board will review the CEO/MD's STI target annually.</p>
Long Term Incentive (LTI)	<p>The CEO/MD is eligible for a LTI award for each year in accordance with the terms of the Charter Hall Performance Rights and Options Plan Rules.</p> <p>The LTI is subject to securityholder approval at each AGM to the value of \$1,300,000.</p> <p>The Board will review and set the CEO/MD's LTI award annually.</p>
Notice Period	12 months
Termination Payments	12 months notice (without cause).
Post Employment Restraint	12 months



## David Southon Separation Agreement

The separation agreement is per the terms of David Southon's employment agreement agreed in late 2013.

Notice Period	Under his existing employment agreement David Southon is entitled to 12 months notice. As a result, David Southon will continue to be paid his fixed remuneration on a monthly basis to 1 February 2017.
Short Term Incentive (STI)	David Southon will continue to be eligible for a STI allocation for the duration of his notice period.
Long Term Incentive (LTI)	David Southon will not be awarded any future LTI in light of his impending departure.
Previous Performance/ Service Rights Awarded	Previous service rights awarded under David Southon's STI and performance rights under his LTI will be treated in accordance with the terms of the Charter Hall Performance Rights and Options Plan Rules, his existing employment agreement and the terms of issue. These remain on foot and will vest at the originally intended vesting dates to the extent that the performance conditions (where applicable) are satisfied.
Separation Payment	A 12 months redundancy payment, based on fixed remuneration has been agreed with David Southon and will be paid at the end of his notice period.
Other	Pro-rated long service leave and other statutory entitlements.