

# Growth Momentum Maintained

Period ending  
31 December  
2015



570 Bourke Street,  
Melbourne

**\$15.9**<sup>b</sup>  
17%<sup>↑</sup>  
Funds Under  
Management

**24.5%**  
Total return for  
12 months

**9.5%**  
OEPS growth  
on pcp

## Key Achievements

Leased over

**400,000** sqm

283 leasing transactions across portfolio

Total return<sup>1</sup> for 12 months

**24.5%**

Gross equity inflows

**\$730**m

\$532m net equity inflows

DPS growth on pcp

**9.9%**

Gross transactions

**\$1.7**b

\$1.4b acquisitions | \$0.3b divestments

17.0% increase in FUM to

**\$15.9**b

1. Total return is calculated as the growth in property NTA per security plus the distribution paid/payable per security divided by the opening NTA per security for the 12 months to 31 December 2015.





**Performance is essential for an investment manager, and we are pleased to report a 12 month total return of 24.5% and a record 17% growth in funds under management.”**

**David Harrison**  
Managing Director  
and Group CEO



The past six months has been an active period for the Group and we are pleased to deliver another strong result for our securityholders.

The growth and management of our high quality and diversified property portfolio has delivered a 9.5% increase in operating earnings per security (OEPS) and a 17.0% increase in our Australian portfolio value, which now totals \$15.9 billion.

For more information visit our microsite.

[www.CharterHall1H2016.reportonline.com.au](http://www.CharterHall1H2016.reportonline.com.au)

### **A New Structure to Support Future Growth**

In February we announced we were moving to a more traditional, single CEO/MD structure and I was appointed Managing Director and Group CEO. I am excited to have taken on this role as we embark on our next phase of growth and look to capitalise on our strong market positions.

As part of this move, David Southon elected to step down as Joint Managing Director. David has been an outstanding leader for over the past 25 years and as a co-founder he has left a strong legacy for us to take forward.

We also announced a change to our Board in January, with non-executive independent director David Deverall resigning from the Board to take on the role of CEO of the NSW Government's Treasury Corporation. David has provided a strong contribution to the Group serving nearly four years on the Board and on our Audit Committee as Audit Chair.

On behalf of the Board and our people I'd like to thank both David and David for their contribution and wish them all the best for the future.

### **Growth in Property Investment Earnings**

Our Property Investment portfolio generated a 26.3% increase in operating earnings to \$35.9 million and with strong portfolio diversification, no one Funds investment represents more than 20% of total Property Investments.

We invested a further \$97 million (net) alongside our capital partners in the half, which together with \$89 million of net revaluations increased Property Investments to \$1.13 billion.

The Group's Property Investment portfolio generated a 7.2% yield with a weighted average cap rate of 6.58%. The active management and diversification of the Group's portfolio to high quality assets ensured the total portfolio occupancy remained strong at 98.2% and a stable portfolio weighted average lease expiry (WALE) of 8.8 years.

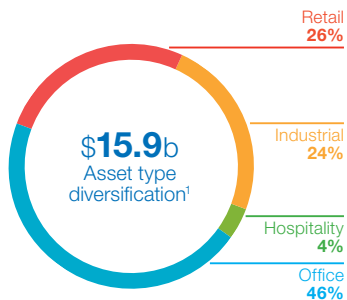
Our funds and the Group's co-invested capital, consistently outperform their respective benchmarks. The total return for our Property Investments over five years of 16.6% p.a. has materially outperformed the MSCI/IPD Wholesale Pooled Property Funds Index of 9.6% p.a. over the same period.

For more information visit our [microsite](#).

### Well Diversified Funds Management Portfolio

Our high quality and diversified Property Funds Management portfolio comprise 294 properties, leased to 2,440 tenants delivering \$1.3 billion of gross rental income.

As the chart below shows, the Group's managed portfolio provides diversity across our core property sectors. During the period the Group's managed funds secured \$730 million of gross equity and completed \$1.4 billion of acquisitions and \$0.3 billion of divestments. This growth was driven by \$710 million of 1H FY16 acquisitions in the industrial sector and positive valuation uplifts across all sectors.



1. LLWP is allocated between the Hospitality sector (82% Hotels) and Retail sector (18% Dan Murphy's and BWS outlets).

### Strong Funds Management Portfolio Performance

The Property Funds Management business experienced significant growth, up \$2.3 billion or 17.0% to \$15.9 billion during 1H FY16.

Operating earnings increased by 24% to \$26.4 million and property funds management EBITDA margin increased from 39.7% to 41.8%.

Our \$15.9 billion property portfolio delivered a total occupancy of 98.1% and a stable WALE of 7.9 years. This followed 283 leasing deals across the portfolio including new lease deals which are highlighted in the sector updates on our [microsite](#).

For more information visit our [microsite](#).

The Group continues to create investment grade properties adding significant value through enhancing both income yield and total returns for its funds. Our well qualified and highly experienced in-house development team are currently responsible for \$1.12 billion of projects underway, including \$666 million in office, \$283 million in industrial and \$123 million in retail projects pre-leased to anchor tenants, reducing the need to compete on market for quality asset opportunities.

### Strategy and Outlook

We remain in a strong position to continue to access, deploy, manage and invest equity from listed, retail and wholesale sources. The Group continues to deliver sustainable and growing returns for its investors through a firm focus on strong fund performance, creating high quality investment products and providing an environment for our people that creates an inclusive culture, fostering diversity and innovative thinking.

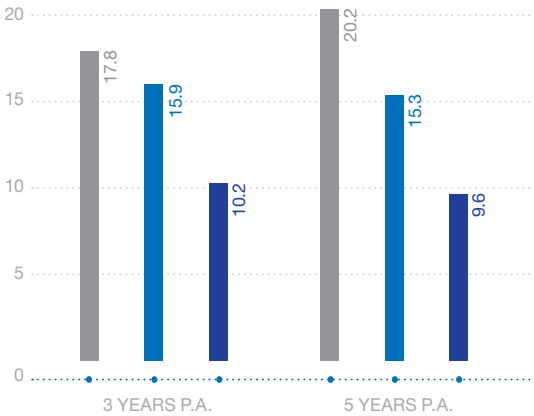
Absent any unexpected events, Charter Hall's guidance for FY16 operating earnings per security is upgraded to 8-10% growth over FY15.



For more information go to [www.CharterHall1H2016.reportonline.com.au](http://www.CharterHall1H2016.reportonline.com.au)

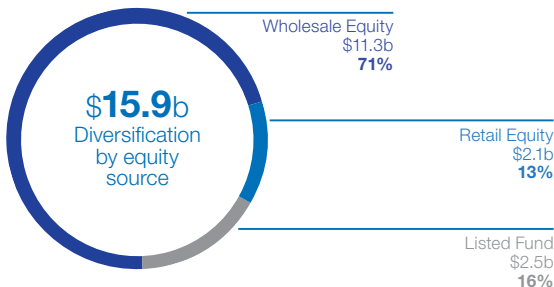


**Outperformance over 3 and 5 years  
(% pa) to 31 December 2015<sup>1</sup>**



1. Source: MSCI/IPD, UBS and S&P/ASX

- Charter Hall Group securityholders
- S&P/ASX 200 Property Accumulation Index
- MSCI/IPD Wholesale Pooled Property Funds Index



**Charter Hall has delivered a 17.8% total Securityholder return over three years, and 20.2% over five years, outperforming the A-REIT 200 Index.”**

**Paul Altschwager**  
Chief Financial Officer

	1HY16	1HY15	CHANGE
Statutory profit after tax	\$143.5m	\$39.9m	259.6% ↑
Operating earnings	\$61.2m	\$48.4m	26.3% ↑
Operating earnings per security (OEPS)	15.0cps	13.7cps	9.5% ↑
Distribution per security (DPS)	13.3cps	12.1cps	9.9% ↑
Return on equity <sup>1</sup> (earnings)	10.8%	11.5%	(0.6%)
Return on equity <sup>2</sup> (total return)	24.5%	13.7%	10.8% ↑

BALANCE SHEET	AT 31 DEC 2015	AT 30 JUN 2015	CHANGE
Funds under management	\$15.9b	\$13.6b	17% ↑
Total Group assets	\$1,374m	\$1,278m	7.5% ↑
NAV per security	\$3.17	\$2.95	7.5% ↑
NTA per security	\$2.98	\$2.76	8.0% ↑
Balance sheet gearing <sup>3</sup>	0.0%	0.0%	-
Look through gearing (inc CHC) <sup>4</sup>	29.2%	23.9%	5.3% ↑
PI look through gearing (ex CHC) <sup>5</sup>	35.7%	36.5%	(0.8%)

1. Return on equity (earnings) is calculated as operating earnings divided by opening NTA plus contributed equity during the year.
2. Return on equity (total return) is calculated as the growth in property NTA per security plus the distribution paid/payable per security divided by the opening NTA per security.
3. Debt (net of cash) / Gross assets (less cash).
4. Calculated as Charter Hall's debt (net of cash) / total assets (net of cash) of the Property Investments and Charter Hall's balance sheet.
5. As above excluding Charter Hall balance sheet.

## Disclaimer

This is the half year update for Charter Hall Group ARSN 113 339 147 (CHC).

### Disclaimer of Liability

While every effort has been made to provide accurate and complete information, CHC does not warrant or represent that the information in this update is free from errors or omissions or is suitable for your intended use. This half year update is not an offer or invitation for subscription or purchase of, or recommendation of, securities. It does not take into account any potential investors' personal objectives, financial situation or needs. Before investing, you should consider your own objectives, financial situation and needs or you should obtain financial, legal and/or taxation advice. Past performance is not a reliable indicator of future performance. Forecasts, by their very nature, are subject to uncertainty and contingencies, many of which are outside the control of CHC. Actual results may vary from any forecasts and any variation may be materially positive or negative.

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Charter Hall Funds Management Limited (CHFML), the responsible entity for the Charter Hall Property Trust, does not receive fees in respect of the general financial product advice it may provide, however it will receive fees for operating CHC which, in accordance with CHC's constitution, are calculated by reference to the value of the assets and the performance of CHC. Other entities within the Charter Hall Group may also receive fees for managing the assets of, and providing resources to CHC. For more detail on fees, see CHC's latest annual report.

To contact us, call 1300 365 585 (local call cost).

### Complaints Handling

A formal complaints handling procedure is in place for CHC. CHFML is a member of the Financial Ombudsman Service ('FOS'). Complaints received in the first instance be directed to CHFML. If you have any enquiries or complaints, please contact the Complaints Officer on 1300 365 585 (local call cost), or email [rets@charterhall.com.au](mailto:rets@charterhall.com.au)

### Charter Hall Group's ongoing commitment to your privacy

We understand the importance you place on your privacy and are committed to protecting and maintaining the confidentiality of the personal information you provide to us. CHFML has adopted a privacy policy.

For further information, visit the CHC website at [www.charterhall.com.au](http://www.charterhall.com.au)



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