

ASX Release

Charter Hall upgrades FY17 OEPS growth from 12% to 18% and launches a \$275 million acquisition and growth driven equity raising

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Earnings upgrade

Charter Hall Group (ASX:CHC) (Charter Hall or the Group) today announces an earnings guidance upgrade to 35.9cps, equating to 18% growth in post-tax operating earnings per security (OEPS) and 32% OEPS growth on a pre-tax basis on FY16. This guidance includes the impact of both today's equity raising and an incremental performance fee to be realised.

The primary driver of the operating earnings guidance upgrade is the triggering of a 5-year interim performance fee in the Charter Hall Office Trust (CHOT) partnership. This performance fee will deliver an additional \$10 million of pre-tax revenue, expected to be paid prior to 30 June 2017.

Managing Director and Group CEO, David Harrison said: "Charter Hall and its capital partners continue to benefit from the performance within a number of partnerships established from 2010 onwards. The additional performance fee announced today further demonstrates our commitment to driving investment returns for our investor customers and highlights the beneficial impact of this performance for the Group."

Equity raising

Charter Hall announces today that it is undertaking a \$275 million fully underwritten Institutional Placement to fund \$333m of identified co-investments, with the balance to be funded from existing liquidity.

The details of the Institutional Placement are as follows:

- Fully underwritten \$275 million Institutional Placement
- \$5.48 per security fixed issue price, representing a 3.4% discount to Charter Hall's closing price on 27 April 2017
- New securities will rank equally with existing securities and will be entitled to the full distribution for the six months ending 30 June 2017

Investment Rationale

The equity raising will enable the Group to fund the continued growth of its platform by providing capacity for Charter Hall to invest alongside its capital partners in both existing funds/partnerships that are growing and new fund/partnership initiatives.



Charter Hall is co-investing in nine existing funds/partnerships to support their continued growth and two new fund initiatives. The investments enhance the group's Property Investments through further diversifying investments, improving tenant quality and lengthening the group's Property Investments WALE. These new investments are also expected to generate an initial extra \$1.8bn of FUM, and support further equity raising activity across the group's fund platform.

Further details on the equity raising and the allocation of proceeds is contained in the accompanying presentation.

Details of the Security Purchase Plan

Following completion of the Institutional Placement, eligible securityholders will be offered via a Security Purchase Plan, the opportunity to apply for up to \$15,000 of new securities, free of brokerage and transaction costs.

The new securities will be offered at the same price as the Institutional Placement of \$5.48 per security. The Security Purchase Plan will be capped at \$15 million. New securities will rank equally with existing securities and will be entitled to the full distribution for the six months ending 30 June 2017. The record date for the Security Purchase Plan is 7.00pm on Thursday, 27 April 2017. Further information on the Security Purchase Plan will be lodged with the ASX and sent to eligible securityholders in due course.

Earnings guidance

Including the impact of the earnings upgrade and equity raising, and with no material change in the current market conditions and barring unforeseen events, Charter Hall provides the following upgraded guidance for FY17:

- 40.1 cents of OEPS on a pre-tax basis (representing 32% growth on FY16 – previously forecast to be 24%)
- 35.9 cents of OEPS on a post-tax basis (representing 18% growth on FY16 – previously forecast to be 12%)
- 30.0 cents distribution per security (representing 12% growth on FY16)
- The distribution payout ratio will be marginally below the bottom end of the distribution policy range of 85% to 95% of OEPS (on a post-tax basis)

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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