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Charter Hall Group Equity raising presentation

28 April 2017

Artist impression of 333 George Street, Sydney, NSW

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Highlights

FY17 earnings upgrade and an equity raising to drive the continued growth of Charter Hall

FY17 earnings upgrade

- Charter Hall provides upgraded operating earnings guidance, inclusive of the impact of a \$275 million fully underwritten Institutional Placement being conducted today and a performance fee that will deliver an additional \$10 million of pre-tax revenue, expected to be paid prior to 30 June 2017. Absent unexpected events, Charter Hall's revised FY17 guidance is:
 - 40.1 cents of operating earnings per security on a pre-tax basis (representing 32% growth on FY16 – previously forecast to be 24%)
 - 35.9 cents of operating earnings per security 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 is forecast to be marginally below the bottom end of the distribution policy range, being 85% – 95% of operating earnings per security

Equity raising

- Charter Hall is undertaking a \$275 million fully underwritten Institutional Placement and a non-underwritten Security Purchase Plan to be capped at \$15 million
 - \$5.48 per security fixed issue price, representing a 3.4% discount to close 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 to 30 June 2017
- All of the raising proceeds will be used to fund the majority of the \$333 million of identified Property Investment opportunities to be made alongside of capital partners, which will drive the continued growth of Charter Hall

Highlights continued

Portfolio of Property Investments to generate FUM growth and enhanced operating earnings quality

Property Investment acquisition portfolio overview

- Charter Hall has assembled \$333 million of contracted, identified or committed investments alongside capital partners across 11 funds
 - \$268 million or 80% of the identified investments are within 7 existing and 1 new wholesale pooled funds and partnerships
 - The remaining \$65 million or 20% of the investments represent seed capital required to launch or accelerate the growth of 3 Direct retail investor products
- 48% of the total investments and 56% of the long term¹ investments are into the office sector, up-weighting Charter Hall's Property Investment portfolio to a 37% Office exposure

Investment rationale

- The investments alongside our capital partners are expected to initially generate \$1.8 billion of FUM growth and a Property Investment yield of 6.2%²
 - Maintains alignment with capital partners as part of current and future equity raisings across the platform
- Property Investment portfolio enhanced ensuring continued predictable and high quality Property Investment income for securityholders
 - WALE extended to 7.5 years, WARR maintained at 3.5%
 - Portfolio diversification benefits delivered through the continued growth of Charter Hall's Property Investment portfolio

Notes

1. Comprised of the \$268 million of investments within wholesale pooled funds and partnerships
2. Based on the forecast annualised FY18 Property Investment yield

Property Investment acquisition portfolio overview

Equity raising to fund identified investments alongside capital partners to drive growth

- Equity raising proceeds to fund the majority of \$333 million of contracted, committed or identified investments alongside capital partners
 - Resulting in a weighted average pro-forma ownership interest of 18% across the investments at a Property Investment yield of 6.2%¹

Sector	Investment	Rationale	Size (\$m)	Initial holding	Indicative timing
Industrial	Charter Hall Prime Industrial Fund (CPIF)	Participate in capital raising	20	6%	Q3 FY17
Industrial	Direct Industrial Fund No. 4 (DIF4)	Investment support to enable acquisitions	30	23%	Q4 FY17
Office	Brisbane Square Wholesale Fund (BSWF) ²	Investment alongside CPOF and an institutional investor	95	17%	Q4 FY17
Office	Charter Hall Prime Office Fund (CPOF)	Participate in capital raising	30	11%	Q4 FY17
Office	PFA Diversified Property Trust (PFA) ³	Investment support to enable acquisitions	10	6%	Q4 FY17
Diversified	Direct Consumer Staples Fund (DCSF) ⁴	Investment support to underwrite new fund establishment	25	100%	Q4 FY17
Total identified investment opportunities with an indicative investment timing of Q4 FY17			210		
Retail (Hardware)	Long WALE Hardware Partnership (LWHP)	Participate in capital raising to fund a conditionally contracted acquisition	30	14%	Q1 FY18
Retail (Shopping)	Charter Hall Prime Retail Fund (CPRF)	Pro-rata participation to fund an acquisition in exclusive due diligence	41 ⁵	38%	Q1 FY18
Retail (Liquor)	Long WALE Investment Partnership (LWIP2)	Pro-rata participation to fund further acquisitions in due diligence	10	10%	Q1 FY18
Total identified investment opportunities with an indicative investment timing of Q1 FY18			81		
Office	Counter Cyclical Trust (CCT)	Commitment to a new partnership alongside a global institutional investor	25	5%	During FY18
Retail (Shopping)	Retail Partnership No. 6 Trust (RP6)	Pro-rata top-up of original commitment to enable acquisitions	17	20%	During FY18
Total identified investment opportunities with an indicative investment timing during FY18			42		
Total identified investment opportunities			333	18%	

1. Based on the forecast annualised FY18 Property Investment yield 2. Subject to vendor Board approval 3. Subject to PDS issuance

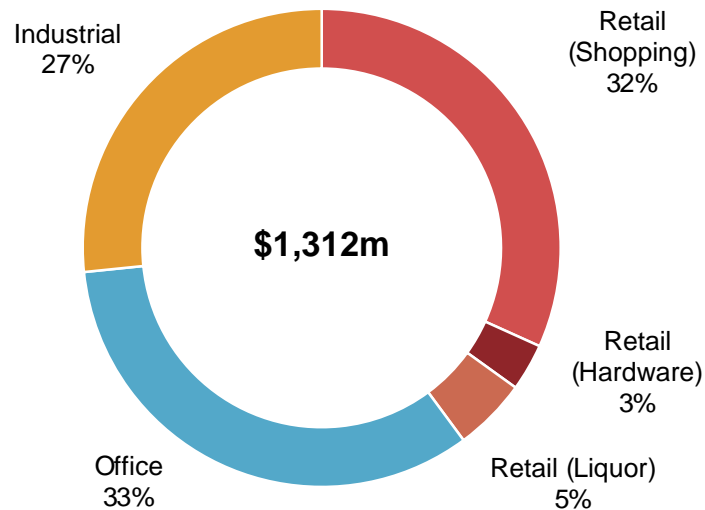
4. Subject to CHIML Board approval 5. \$18m deployed in Q1 FY18 with remainder progressively drawn until development completion estimated in FY19

Property Investment portfolio impact

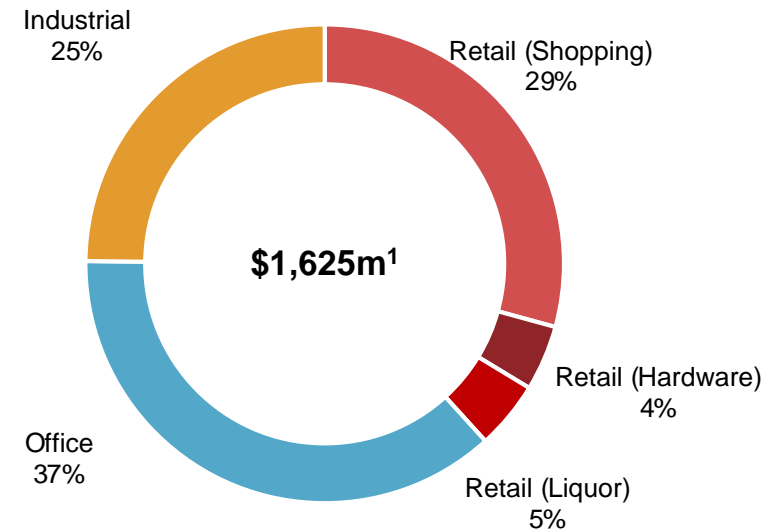
Property Investment portfolio metrics remain robust with an up-weight to the office sector

	Portfolio value (\$m)	Average holding (%)	WALE (years)	Occupancy (%)	WARR (%)	WACR (%)	WADR (%)
31 March 17	1,312	15.3%	7.3	97.8%	3.5%	6.11%	7.5%
Pro-forma	1,625	17.2%	7.5	98.0%	3.5%	6.14%	7.5%

Diversification by Sector
31 March 2017



Diversification by Sector
Pro-forma



■ Retail (Shopping) ■ Retail (Hardware) ■ Retail (Liquor) ■ Office ■ Industrial

■ Retail (Shopping) ■ Retail (Hardware) ■ Retail (Liquor) ■ Office ■ Industrial

Notes

1. Based on the \$313m of identified investments. The \$20m CPIF investment is included as at 31 March 17

Sources and uses

Equity raising proceeds to be used alongside existing balance sheet capacity to fund the identified Property Investments

- Proceeds from the \$275 million of equity raised will fund the majority of \$291 million of Property Investments that are expected to complete prior to Q1 FY18
 - \$65 million of the proposed investments are into Direct retail investor products that are typically recycled over time, replenishing investment capacity

Sources of funds ¹	\$m	Uses of funds	Status	\$m	% of equity raising deployed ¹
Institutional Placement	275	Investments with an indicative timing of Q4 FY17	Invested / contracted	210	76%
Existing balance sheet capacity	63	Investments with an indicative timing of Q1 FY18	Contracted	81	24%
Sub-total				291	100%
Identified commitments expected to be invested during FY18 and transaction costs			Committed	46	-
Total sources	337	Total uses		337	100%

1. Relates to the fully underwritten component of the equity raising only.

- Any proceeds raised under the non-underwritten Security Purchase Plan, which is capped at \$15 million will reduce the requirement to use Charter Hall's existing balance sheet capacity in funding the identified investments

Upgrade to FY17 earnings guidance

Operating earnings per security on a post-tax basis upgraded by 6%

Our guidance is as follows:

- Based on no material change in current market conditions, our FY17 guidance for operating earnings per security growth on FY16¹ is:
 - 40.1 cents of operating earnings per security on a pre-tax basis (representing 32% growth on FY16 – previously forecast to be 24%)
 - 35.9 cents of operating earnings per security 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 is forecast to be marginally below the bottom end of the distribution policy range, being 85% – 95% of operating earnings per security



Artist Impression of 130 Lonsdale (Wesley Place), Melbourne, Victoria

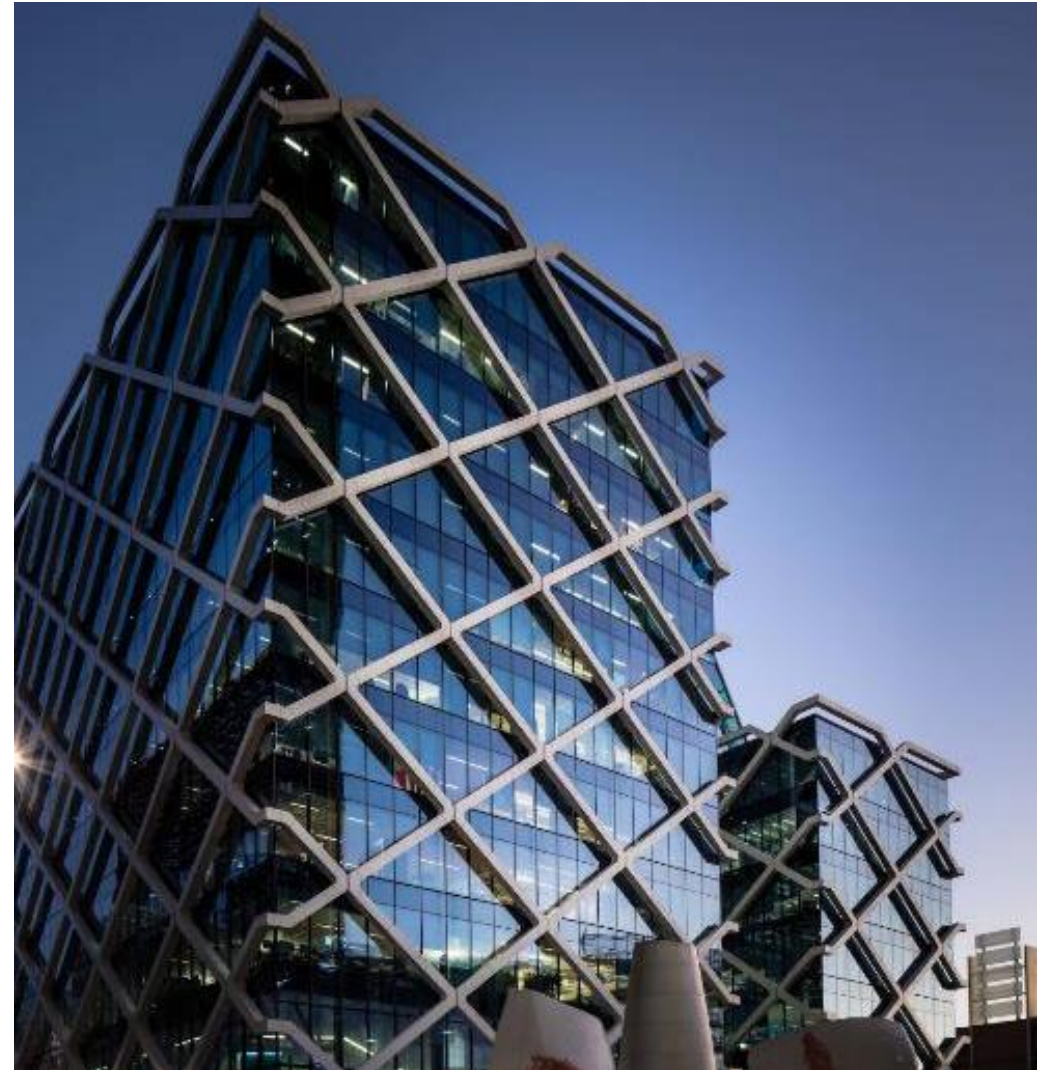
Notes

1. FY16 OEPS on a pre and post-tax basis was 30.4 cents per security

Equity raising

\$275 million fully underwritten Institutional Placement and capped non-underwritten Security Purchase Plan

- Charter Hall is conducting a \$275 million fully underwritten Institutional Placement
 - \$5.48 per security fixed issue price, representing a 3.4% discount to the close 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 to 30 June 2017
- Charter Hall will also offer all securityholders the opportunity to participate in a non-underwritten Security Purchase Plan
 - Size of the Security Purchase Plan capped at \$15 million
 - To be undertaken at the same \$5.48 per security fixed price
 - Details will be separately provided to securityholders



1 Shelley Street, Sydney, New South Wales

Offer details

\$275 million fully underwritten Institutional Placement and capped non-underwritten Security Purchase Plan

\$275 million fully underwritten Institutional Placement and a \$15 million capped non-underwritten Security Purchase Plan

- Securities will rank equally with existing Charter Hall securities and will be entitled to the full distribution for the six months ending 30 June 2017

Offer pricing summary	Metric
Offer price per security	\$5.48
Discount to close on 27 April 2017	3.4%
Discount to 5-day VWAP	3.9%

Indicative timetable

Event	Date
Record Date for the Security Purchase Plan	7:00pm (Sydney time) Thursday, 27 April 2017
Trading halt and announcement of Institutional Placement	Before market on Friday, 28 April 2017
Trading halt lifted	Before market on Monday, 1 May 2017
Security Purchase Plan opens	Tuesday, 2 May 2017
Settlement of securities under the Institutional Placement	Wednesday, 3 May 2017
Allotment and trading of Institutional Placement securities	Thursday, 4 May 2017
Security Purchase Plan closes	5:00pm (Sydney time) Wednesday, 17 May 2017
Announcement of result of Security Purchase Plan	Wednesday, 24 May 2017
Allotment of Security Purchase Plan securities	Thursday, 25 May 2017
Trading commences in Security Purchase Plan securities	Friday, 26 May 2017

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