

Key Achievements 1HY15 Results Summary¹

OEPS growth 10.6%
on pcp

DPS growth 10.0% on pcp

Total Securityholder Return
of 30%²

\$2.0bn in transactions
\$1.4bn of acquisitions
\$0.6bn of divestments

Australian FUM up 10.4%
to \$12.7bn

\$944m gross equity inflows
\$741m net equity inflows

¹ Figures and statistics on this page are for 1HY15 being the 6 months to 31 December 2014 with the prior corresponding period ('pcp') being the 6 months to 31 December 2013
² Total securityholder return is based on the 12 months to 31 December 2014. Source: UBS and S&P/ASX

Case Study Industrial Platform continues to grow

We have continued to actively grow our Industrial platform, achieving 18% growth over the half year to total FUM of \$2.5 billion.

The portfolio is very well positioned, with occupancy at close to 100% and a weighted average lease expiry profile of over 10 years. We remain focused on acquiring well located, high quality industrial assets, with long leases to strong covenant tenants.

We completed a further 13 acquisitions during the half year, bringing our total number of industrial assets under management to 71, with the weighted average cap rate of the portfolio at 7.6%, compressing by 26 basis points during the half year.



136 Horrie Miller Drive, Perth WA

Key Financial Metrics Financial Performance

Group	1HY15	1HY14	Change
Statutory profit after tax	\$39.9m	\$28.6m	39.6%
Operating earnings ¹	\$48.4m	\$38.1m	27.1%
Operating earnings per security (OEPS) ¹	13.74cps	12.42cps	10.6%
Distributions per security (DPS)	12.1cps	11.0cps	10.0%
Return on Equity ² (NTA basis)	11.5%	11.6%	(0.1%)
Balance Sheet	At 31 Dec 2014	At 30 Jun 2014	Change
Funds under management – Australia	\$12.7bn	\$11.5bn	10.4%
Total Group assets	\$993m	\$986m	0.7%
Net tangible assets	\$845m	\$829m	1.9%
NTA per security	\$2.38	\$2.38	0.0%
Balance sheet gearing ³	0.0%	0.0%	0.0%
Look through gearing	37.2%	31.0%	6.2%

¹ Operating earnings includes security based benefits expense
² Return on equity calculated as operating earnings divided by opening NTA plus contributed equity during the year
³ Debt net of cash / Gross assets less cash

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

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

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For further information, visit the CHC website at
www.charterhall.com.au

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Half Year Update

Period ending 31 December 2014



ASX CODE: CHC
ARSN 113 339 147
100 Skyring, Brisbane Qld

Dear Investor

We are pleased to have delivered a positive result for our securityholders over the past six months. With a focus on enhancing the quality of the portfolio, we have achieved solid organic growth across our Australian platform, delivering a 10.6% increase in operating earnings per security and 10.4% growth in our Australian portfolio, which now totals \$12.7 billion.

Half Year Financial Results Summary

Charter Hall delivered statutory profit after tax of \$39.9 million; operating earnings of \$48.4 million¹ or 13.74 cents per security, up 10.6% over the prior corresponding period (pcp); and a distribution of 12.1 cents per security up 10.0% over the pcp.

Both the Property Investment and the Property Funds Management segments of our business positively contributed to this result, with Property Investment operating earnings increasing 22.8% to \$28.4 million and Property Funds Management operating earnings increasing 27.4% to \$21.3 million.

Enhanced Portfolio Quality

With a focus on enhancing the quality of the portfolio, we have actively diversified our Property Investments towards long weighted average lease expiry (WALE²) industrial and retail assets while also investing in hospitality, a new sector for the Group, through the Long WALE Investment Partnership.

Our exposure to long WALE industrial, retail and hospitality now represents 63% of total Property Investments with the balance being invested across a diverse office portfolio. Our top 10 tenants by income include Federal and State governments and leading Australian companies, such as Woolworths, Wesfarmers, Telstra and Macquarie Group.

The Group's balance sheet investments total \$795 million, up \$75 million, with occupancy of 97.6% and a WALE of 9.5 years.

Well Diversified Funds Management Portfolio

Our focus on diversification and portfolio enhancement has driven a 10.4% increase in the Group's FUM taking the total portfolio \$12.7 billion. Across Australia we now manage 270 properties and service 2,264 tenants.

We continued to work with new and existing investors to secure \$944 million of gross equity across our managed funds and invested \$1.4 billion in new retail, industrial, office and hospitality properties.

In December we launched our third Direct Industrial Fund (DIF3), in response to the continued investor interest in this strong performing sector. DIF3, which is currently open for investment with a target total size of \$250 million, was seeded with interests in two Coles Distribution assets in Perth and Adelaide.

These acquisitions, and the \$75 million across our other managed funds, saw the Group's total Industrial FUM increase by 18% to \$2.5 billion during the half. We will continue to look at opportunities to secure external capital partner support for strategic, long lease industrial, office, retail and hospitality properties in the year ahead.

The active management of all portfolios is a key component of Charter Hall's strategy and our property team completed 283 leasing transactions across the entire portfolio. This included a number of major leasing renewals within the office portfolio including a 20 year lease agreement with Westpac at Core Plus Office Fund's Kogarah property, a 10 year lease extension with the WA government at Cannington (owned by PFA) and a 13,000sqm renewal to Macquarie Group at No.1 Martin Place Sydney (owned by Charter Hall Office Trust).

We also aim to further enhance both income yield and total returns of the portfolios through strategic and value add redevelopments, with \$1.6 billion of development projects underway across our managed funds.

Strategy and Outlook

We believe Charter Hall's model of accessing, deploying, managing and investing capital across our core property sectors will continue to create value and provide sustainable income and capital returns for securityholders.

Looking ahead we will remain focused on:

- Continuing to deliver strong fund performance for investors through the active management of our property portfolio
- Securing quality assets within the core property sectors and investing alongside capital partners
- Enhancing return on equity and continuing to improve the quality of earnings for securityholders through:
 - Focusing on growing high quality earnings streams
 - Maintaining growth in FUM across all equity sources
 - Improving the efficiency and scalability of the platform.

As we continue to operate in a low interest rate and low inflationary environment, we expect quality Australian property with secure cash flow will remain highly attractive to both institutional and retail investors and believe Charter Hall is well placed to capture these inflows and acquire off market property.

Barring unexpected events, our FY15 guidance is unchanged at 7-9% growth on FY14 operating earnings per security. The distribution payout ratio is expected to be between 85% and 95% of operating earnings per security.



David Harrison

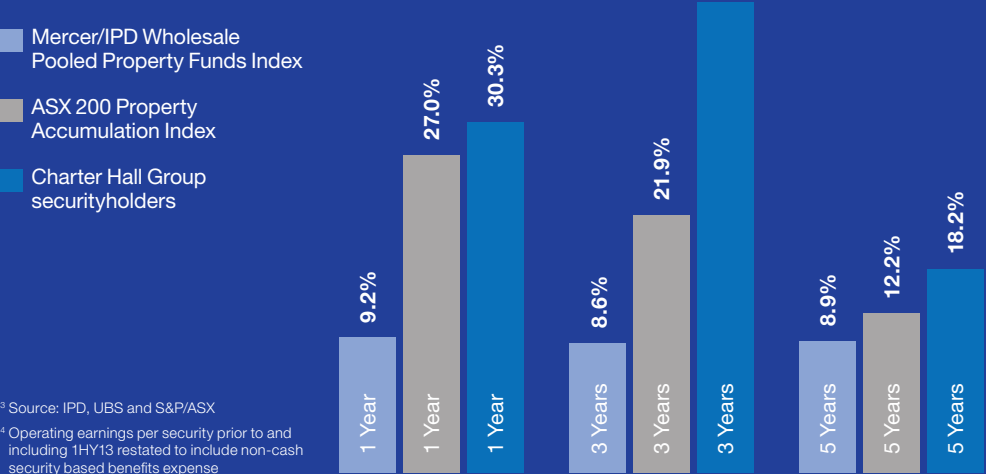
David Harrison
Joint Managing Director

David Southon

David Southon
Joint Managing Director

Charter Hall delivered total securityholder return for the one year to 31 December 2014 of 30.3%. Over three years, we were the best performing A-REIT in the A-REIT 200 index delivering a return of 39.5%³.

Total performance over 1, 3 and 5 years (% pa) to 31 Dec 2014⁴

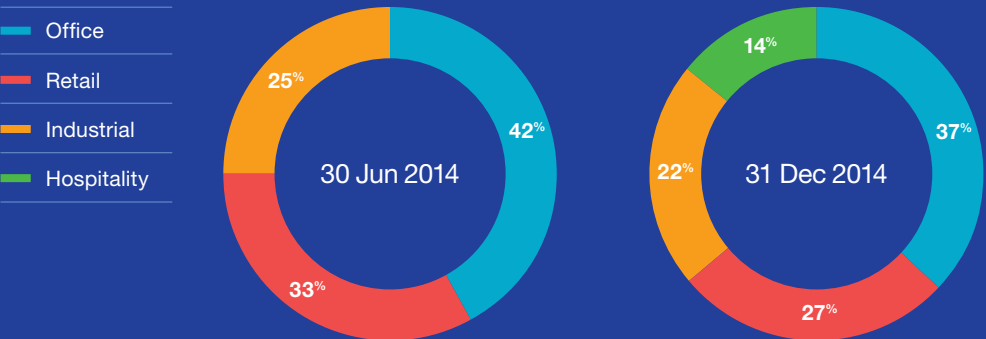


³ Source: IPD, UBS and S&P/ASX

⁴ Operating earnings per security prior to and including 1HY13 restated to include non-cash security based benefits expense

Enhanced Portfolio Quality

We have continued to focus on reweighting our Property Investments towards a more diversified portfolio.



¹ Operating earnings of \$48.4 million include, non-cash security based benefit expense of \$1.3m (1HY14: \$1.8m) which is not allocated to the PFM or PI segments

² WALE is the Weighted Average Lease Expiry for the property investments portfolio which is measured by all tenants remaining leases in years, weighted by each tenant's gross income as a proportion of the total potential gross income for the portfolio