

Charter Hall Group Annual General Meeting 2017

Chair's Address

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Good afternoon. On behalf of the Board of Directors it is my pleasure to welcome you all to the 2017 Annual General Meeting of your company, Charter Hall Group.

My name is David Clarke and I am the Chair of the Charter Hall Group Board of Directors.

Could I request that you now take a moment to ensure that your mobile phones are switched to silent for the duration of this meeting.

It is now 2:30pm, and as the necessary quorum is present, I declare this meeting properly constituted and open.

Agenda

This afternoon, I will provide a brief overview of our business and achievements during FY17.

Our Managing Director and Group CEO, David Harrison will then provide an update on our business and key results as well as provide an outlook for financial year 2018.

We will then move to the formal business of the meeting and the resolutions for your consideration.

Security holders holding a yellow or red attendance card will have the opportunity to ask questions as we address each item of business listed in the Notice of Meeting. Unfortunately, visitors with blue attendance cards are not permitted to ask questions during this meeting.

At the conclusion of the meeting we look forward to joining you for refreshments immediately outside the meeting room.

Today's meeting is being recorded and will be shown as a delayed webcast on our website.

Board of Directors

I would now like to introduce my fellow Board members:

- Anne Brennan, Non-Executive Director who is Chair of the Remuneration and Human Resources Committee (RHRC) and is a member of the Audit, Risk and Compliance Committee (ARCC)
- Karen Moses, Non-Executive Director, who is Chair of the Audit, Risk and Compliance Committee
- Philip Garling, Non-Executive Director, Chair of the Investment Committee and a member of the Nominations Committee and the RHRC.



- David Ross, who is our newest board Director, is a Member of the RHRC, Nomination Committee and Investment Committee, having joined the board in December last year, and who stands for election today.

Finally, I introduce our Managing Director and Group CEO, David Harrison.

Also present today and I welcome:

- Mark Bryant, our Company Secretary
- Wayne Andrews and James Dunning, from our Auditor PricewaterhouseCoopers, who will be available to answer any questions about their audit of the financial statements from security holders.

Chair's Address

I will now provide a short overview of our business, our board, and focus during FY17.

Group Highlights

Our vision, purpose and goal

Our proven strategy remains focused on utilising our property expertise to access, deploy, manage and invest equity in our core real estate sectors to create value and generate superior returns for our customers.

At 30 September 2017 we managed a \$20.4 billion high quality portfolio of office, retail and industrial assets servicing close to 3,000 tenants on behalf of wholesale, listed and retail investors with the goal of becoming Australia's most highly regarded property investment and funds management business.

Sustained Growth

Solid total securityholder returns

I am pleased to report the Group delivered significant growth across our platform during the 2017 financial year. As a result, we were able to deliver a total securityholder return over the 12 months to 30 September 2017 of 11.3% and over the past 5 years of 19.7% per annum.

This continues our growth trajectory which, in the past five years, has resulted in the Group delivering compound average growth of 11.6% in operating earnings per security and compound average growth of 10.5% in distributions per security.

A Strong Board of Directors with a diverse skill set

The Charter Hall Board continues to comprise a majority of independent directors, in line with best practice.

During the period, Mr Peter Kahan resigned from the Charter Hall Group board effective 20 December 2016. We thank him for the significant contribution he made during his seven-year tenure as a non-executive director.

Mr David Ross was appointed as an Independent Director of the Charter Hall Group with effect from 20th December 2016. David has 30 years' experience in the property industry in Australia and overseas, including a total of 8 years as CEO of GPT and Global CEO, Real Estate



Investments for Lend Lease. David will address the meeting in a few minutes running through his considerable experience and qualifications to be one of your directors.

The process of board renewal is ongoing. It is our intention to appoint another independent director in the future to bring the number of independent directors back up to six. Shareholders should note that the pool for Directors' fees is proposed to be increased this year to accommodate this.

While discussing Board matters, it is also appropriate to acknowledge and thank the multiple independent Board and Investment Committee directors that operate within the Charter Hall Group, where we continue best practice with these boards comprising a majority of property specialist Independent Directors representing the fund unitholders, none of which are on the Charter Hall Group Board.

I would like to specifically mention the retirement of long term CQR Independent Director, Alan Rattray-Wood, who retired at last week's CQR AGM. Alan has made an exceptional contribution to the growth of CQR over 21 years, having been a foundation Independent Director when it was listed on the ASX in 1996. Alan's retirement a year after Maurie Koop, continues the Board renewal we have pledged for CQR. We welcome new CQR Independent Director Michael Gorman who has followed Sue Palmer's appointment in 2016. Further, we welcome three independent Directors of CLW which was listed during FY17, comprising Independent Chair Peeyush Gupta and independent directors Ceinwen Kirk-Lennox and Glenn Fraser.

I would like to acknowledge these directors and committee members for the very important work they do.

Committed to creating a diverse and inclusive culture

I would like to make some comments on the work being done in Charter Hall to ensure that the culture of the company supports our people and clients. Culture is much talked about, difficult to define, and easy to get wrong. It is a concept that requires constant, daily practice and a self-awareness to recognize where you fall short coupled with a resolve to keep improving.

We know that culture starts with the Board and senior leadership of an organization. Well intentioned corporate phrases don't create or improve a culture, actions and examples create culture. While we are seen as a successful real estate business, the underlying success is created by our people and their expert knowledge and relationships with investors and tenants. People do their best work in a culture they positively associate with and take pride in. At Charter Hall we have undertaken significant work to get our culture to where we want it to be. This journey takes time.

While diversity and inclusion have been a clear focus over the last couple of years to tap into the full innovation and performance potential of our people, there is still room for improvement.

This year we spent time developing leadership behaviours across the business to better leverage diversity and build an inclusive culture. This drives internal innovation and enhances our organisational agility.

Externally, building diverse and inclusive teams enables us to consistently deliver not just superior property solutions or investor returns for customers, but shared value for our people



and the communities we operate in. This means tapping into the full talent pool and ensuring a flexible and inclusive culture so that Charter Hall can thrive.

We are pleased with the feedback we get from clients about the way we do business. We have a keen understanding of the importance of our role to invest funds as a fiduciary for others, to manage risk, and participate responsibly in the community. We are not perfect, nor are we complacent, where we err, we own the issue and fix it. We continue to work to improve our culture, which in its simplest form sees the great values of our individual employees manifest in the Charter Hall approach to business.

Our commitment also extends to attracting young talent to grow our talent pipeline and facilitate greater innovation. Our partnership with Western Sydney University and the University of Technology Sydney as part of the Charter Hall Scholarship Program is testament to this.

Sustainability and community

I'd also like to spend some time talking about Sustainability and Community. We are committed to creating shared value outcomes in our business through the key pillars of environment, workplace and community, and are proud to be collaborating with our national and international industry partners, Green Buildings Council of Australia (GBCA), The National Australian Built Environment Rating System (NABERS), Global Real Estate Sustainability Benchmark (GRESB) and the International WELL Building Institute to expand our Green Star footprint.

During the period, Charter Hall became manager of the largest Green Star rated portfolio in Australia with 178 performance ratings across assets we manage. We've also improved our NABERS energy rating in our office portfolio to 4.5 and had our retail portfolio rated 3.77. We will continue to look to further improve upon these positions and lift our portfolio ratings.

Across the portfolio we have nine assets that have 1,475kW of solar photovoltaic panels installed, capable of generating 1,874MWh per annum. Renewable energy is approved for construction to commence on new large retail and industrial developments. The learnings we make here will be applied more broadly across our portfolio.

Our focus on sustainability also extends to ensuring our business processes are resilient. An area of focus here has been on Cyber Security. As part of this focus, the board endorsed a Cyber Security Strategy & Improvement Program in 2014. This program has improved how we assess our cyber risks and vulnerabilities; ensured we have mechanisms in place to protect, detect, respond and recover from cyber incidents and ensured all our efforts are in line with our risk tolerances.

Another of our initiatives this year has been our partnership with the international movement, Pledge 1%, which integrates our business commitment with investment in our communities, through our people, our places and our partnerships.

By pledging 1% of our people's time, use of our places and support for our community partners, we are creating a difference that delivers a positive impact for our investors, our people and the communities in which we operate.

As part of this initiative, we have:

- supported 24 charities through workplace giving;



- we've supported our three national community partners which comprise the Property Industry Foundation (PIF), Foundation for Young Australians and the Australian Red Cross;
- we have provided more than \$1m 'in kind' contribution of retail and office space across more than 100 communities;
- and we've contributed \$500,000 to community partners either directly or through matching employee's donations.

Outlook

In closing, the strong financial position of Charter Hall Group, and the quality and diversity of its underlying investments, which it holds through partnerships and funds makes us well positioned for resilient performance.

The focus of your Board is in providing clear governance and oversight to assist management in continuing to create sustainable, long-term investment returns through diligent value creation and prudent capital management.

As we continue to build on the Group's solid foundations, I take this opportunity to thank our customers, investors and securityholders and our highly skilled people for their continued support. Finally, I would like to acknowledge the Traditional Owners of the Lands on which we meet today and where we conduct the Charter Hall Group's business around the nation, paying my respects to those communities and their Elders past and present.