Charter Hall

22 August 2018

Charter Hall Group 2018 Full Year Results

12 months to 30 June 2018

2 Market Street, Sydney NSW

2018 Full Year Results

Agenda

1. Group Highlights
2. Property Funds Management
3. Property Investment
4. Financial Result
5. Folkestone Acquisition
6. Outlook and Guidance
7. Additional Information

David Harrison
Managing Director
& Group CEO

Sean McMahon
Chief Investment Officer

Russell Proutt
Chief Financial Officer

1. Group Highlights

Coles, 2 Sturton Road SA

Group Highlights

Group highlights[1]

Group maintained $3.4bn of investment growth capacity

Group returns	Property Investments	Funds Management	Balance sheet
$176m operating earnings $250m statutory profit[2]	12.3% Total Property Investment Return[4]	17.0% FUM growth to $23.2bn	0.0% balance sheet gearing[6]
5.0% OEPS growth	$1.7bn Property Investment portfolio	$3.5bn in gross transactions	27.3% look through gearing[7]
15.0% Total Platform Return[3]	6.3% Property Investment yield	4.3% Property Funds Management yield[5]	6.1% NTA per security growth[8]

1. Figures and statistics on this slide and throughout this presentation are for the 12 months to 30 June 2018 unless otherwise stated
2. Attributable to stapled securityholders
3. Total Platform Return is calculated as growth in net tangible assets (NTA) per security plus distributions per security divided by the opening NTA per security
4. Total Property Investment Return is calculated as distributions received from funds plus growth in investment value divided by the opening investment value of the PI portfolio. This excludes investments held for less than year and investments in Direct funds.
5. Property Funds Management (PFM) yield is calculated as PFM operating earnings per security divided by the opening NTA per security
6. Balance sheet gearing calculated as debt (net of cash) / gross assets (net of cash)
7. Look through gearing calculated as Charter Hall's look through debt (net of cash) / total assets (net of cash) of the PI Portfolio plus Charter Hall's balance sheet
8. Net tangible assets per stapled security is calculated as assets less liabilities, net of intangible assets and related deferred tax.

Group Highlights

Our strategy

We use our property expertise to access, deploy, manage and invest equity in our core real estate sectors – office, retail and industrial – to create value and generate superior returns for our customers.

Access
Accessing equity from listed, wholesale and retail investors

Deploy
Creating value through attractive investment opportunities

Manage
Funds management, asset management, leasing and development services

Invest
Investing alongside our capital partners

1 YEAR

Access	Deploy	Manage	Invest
GROSS EQUITY RAISED $1.7bn	GROSS TRANSACTIONS $3.5bn ACQUISITIONS $2.5bn DIVESTMENTS $1.0bn	FUM GROWTH $3.4bn PROPERTIES 330	INCREASE IN PI TO $1.7bn $179m ↑ 11.7% TOTAL PROPERTY INVESTMENT RETURN[2] 12.3%

3 YEAR

Access	Deploy	Manage	Invest
GROSS EQUITY RAISED $5.5bn	GROSS TRANSACTIONS $12.5bn ACQUISITIONS $8.5bn DIVESTMENTS $4.0bn	FUM GROWTH $9.6bn ADDITIONAL PROPERTIES 55	INCREASE IN PI $762m ↑ 80.7% TOTAL PROPERTY INVESTMENT RETURN[2] 22.5%

5 YEAR

Access	Deploy	Manage	Invest
GROSS EQUITY RAISED $8.7bn	GROSS TRANSACTIONS $17.9bn ACQUISITIONS $12.1bn DIVESTMENTS $5.8bn	FUM GROWTH $13.3bn ADDITIONAL PROPERTIES 131	INCREASE IN PI $1.2bn ↑ 211.4% TOTAL PROPERTY INVESTMENT RETURN[2] 14.0%

Group Highlights

Operational highlights

Office	Industrial	Retail
126 LEASING DEALS EXECUTED ACROSS **156,000sqm** MAJOR PRE-LEASES TO VANGUARD, SA GOVERNMENT, CBUS AND BHP 130 LONSDALE **56%** PRE-LEASED	**42** LEASING DEALS EXECUTED ACROSS **550,000sqm**	**485** LEASING DEALS EXECUTED ACROSS **81,000sqm** **12** LEASES EXECUTED ACROSS **23,000sqm** TO MAJORS
$2,151m GROSS TRANSACTIONS	**$393m** GROSS TRANSACTIONS	**$1,001m** GROSS TRANSACTIONS WITH INCREASED NON-CORE DIVESTMENTS AS WE CURATE PORTFOLIOS
6 DEVELOPMENT PROJECTS COMPLETION VALUE **$1.6bn**	**21** DEVELOPMENT PROJECTS COMPLETION VALUE **$1.7bn**	**8** DEVELOPMENT PROJECTS DEVELOPMENT SPEND **$329m**
$4.3bn NEW AND REFINANCED DEBT FACILITIES[1]	**$682m** NEW AND REFINANCED DEBT FACILITIES[1]	**$844m** NEW AND REFINANCED DEBT FACILITIES[1]

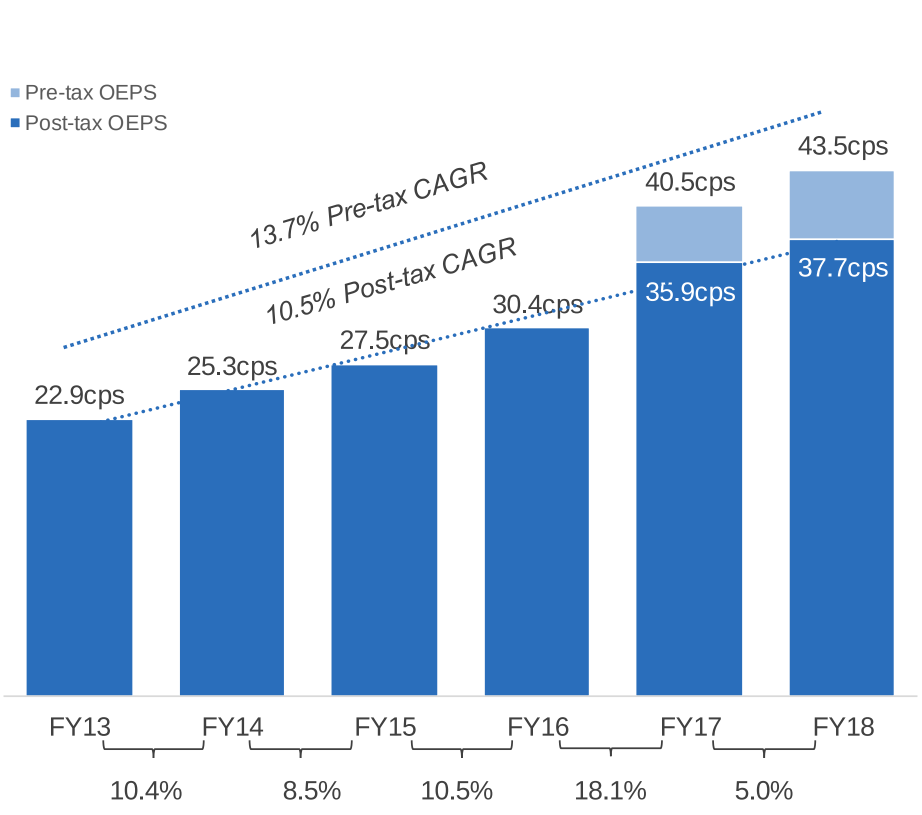
1 Reflects new and refinanced debt facilities within CHC managed funds. In addition, during FY18, new and refinanced debt facilities at the Corporate level totalled $452m.

Group Highlights

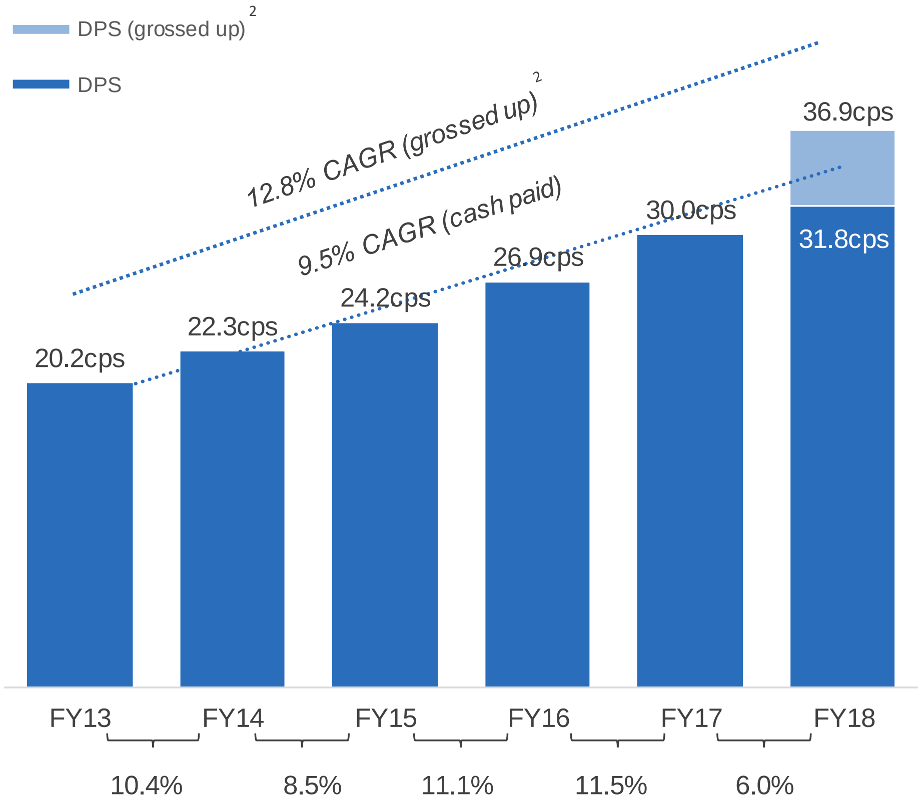
Sustained growth

5 year post-tax OEPS growth of 10.5% per annum

Operating earnings per security growth[1]



Distributions per security growth



1. Operating earnings per security prior to FY14 restated to include security-based benefits expense
2. Grossed up distribution includes franking credits of 5.1cps paid to securityholders in FY18

2. Property Funds Management

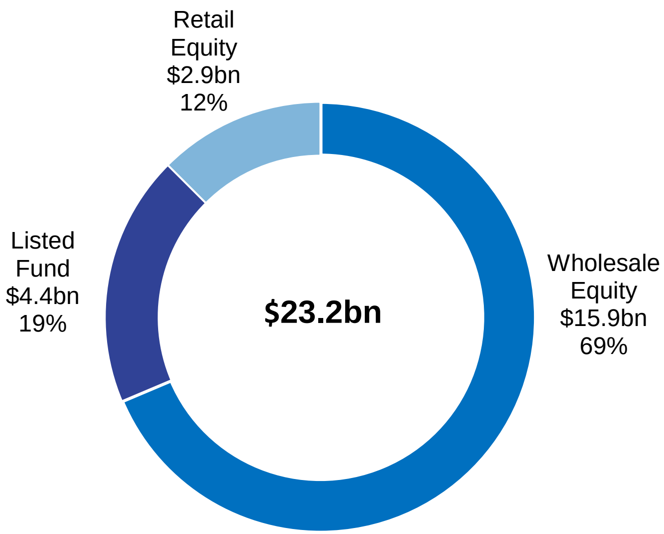
2 Hume Highway, Chullora NSW

Property Funds Management

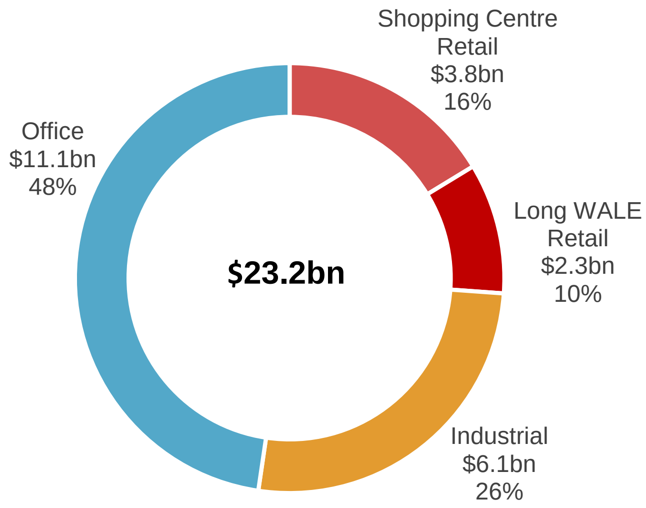
Group Funds Management portfolio

	Portfolio Value ($bn)	Lettable Area (m sqm)	No. of Properties	No. of Tenants	Gross Income ($m)	WALE[1] (years)	Occupancy (%)	WACR[2] (%)
30 Jun 18	**23.2**	**5.4**	**330**	**2,447**	**1,634**	**7.7**	**98.1**	**5.74**
30 Jun 17	19.8	5.1	329	2,658	1,454	7.7	98.0	6.07

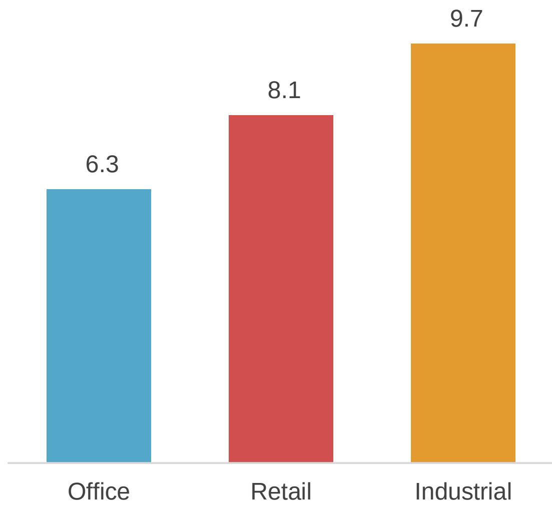
Diversification by equity source



Asset type diversification



WALE by sector



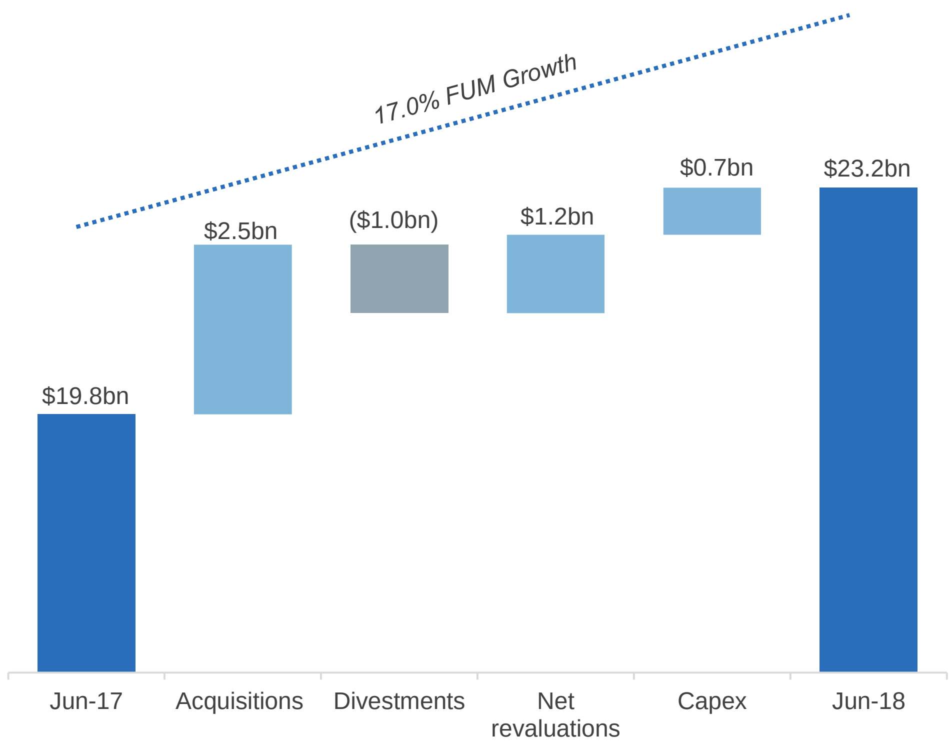
1. WALE is the weighted average lease expiry for the Property Funds Management portfolio and is weighted by gross income
2. WACR is the weighted average cap rate for the Property Funds Management portfolio and is weighted by gross asset value

Property Funds Management

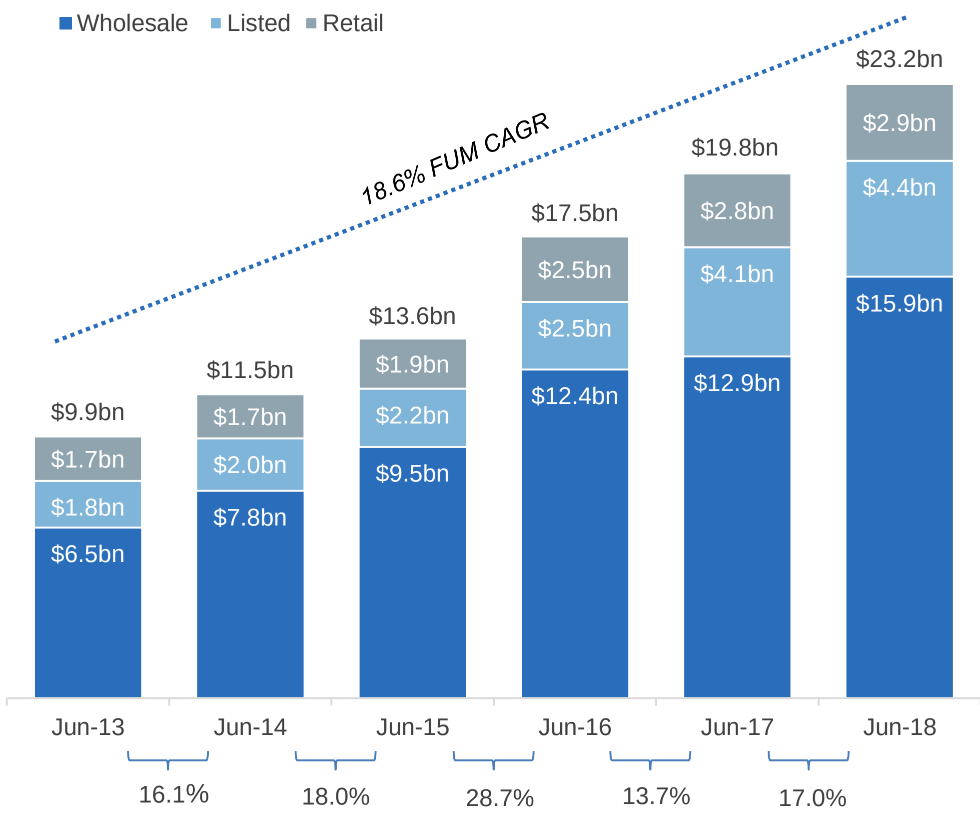
Funds under management growth

5 year FUM growth of 18.6% per annum

Funds under management movement ($bn)



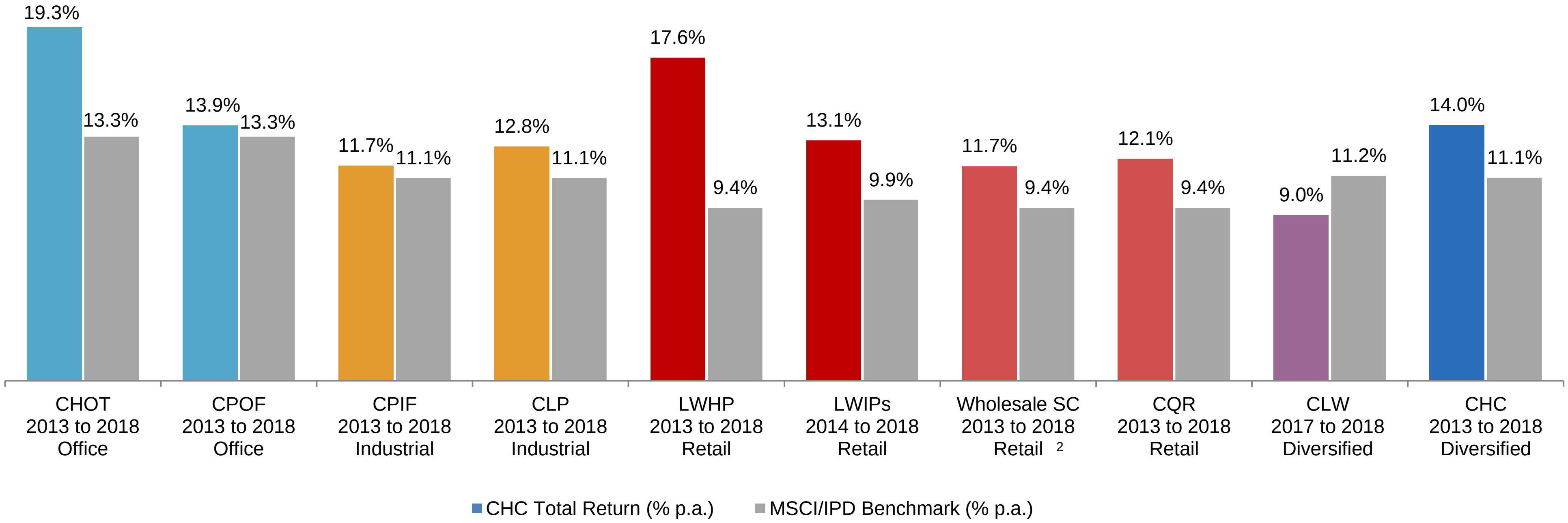
Funds under management by equity source ($bn)



Property Funds Management

Property Investment portfolio returns

- The Property Investment Portfolios total property return[1] over the five years to 30 June 2018 is 14.0% per annum, outperforming the MSCI/IPD Unlisted Wholesale Property Fund Index (NAV post fees) which returned 11.1% over the same period
- The below chart shows the total property return of each core Property Investment relative to its sector specific MSCI/IPD index



1. Total Property Investment Return is calculated as distributions received from funds plus growth in investment value divided by the opening investment value of the Property Investment Portfolio. This excludes investments held for less than a year and investments in Direct funds.
2. Includes CHC's investments in Wholesale Shopping Centre (SC) Funds RP2, RP6 and CPRF

Property Funds Management

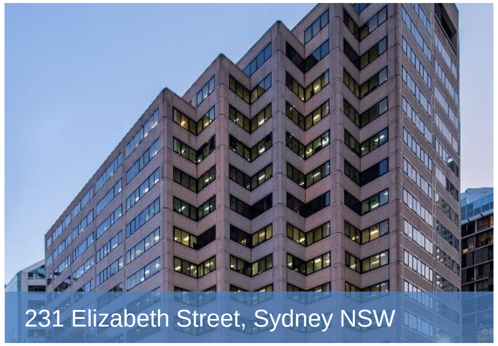
FY18 transactional activity

- Consistent transaction volume across core sectors
- Average acquisition value of $74m versus average divestment value of $26m

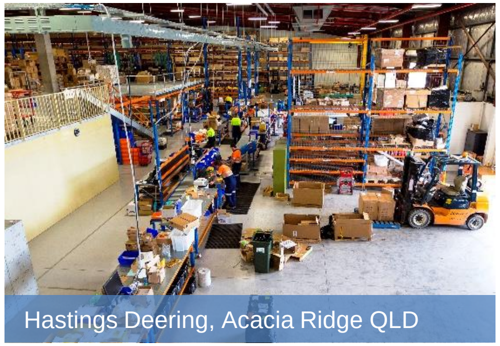
($m)	Office	Industrial	Long WALE Retail	Shopping Centre Retail	Total
Acquisitions	1,528	371	293	333	2,525
Divestments	(623)	(22)	(38)	(337)	(1,020)
Net transactions	905	349	255	(4)	1,505
Gross transactions	**2,151**	**393**	**331**	**670**	**3,545**

2 Market Street, Sydney

Coca Cola Amatil, Richlands QLD



231 Elizabeth Street, Sydney NSW



Hastings Deering, Acacia Ridge QLD

Property Funds Management

Development activity

Continues to drive asset creation and attract capital

- Development activity is undertaken by funds and partnerships to enhance income yield and total returns
- In-house development skills are a core competency of Charter Hall
- Total pipeline includes 35 office, industrial and retail projects
- Majority of committed projects are de-risked through pre-leases and fixed price building contracts
- Average committed project size of $270m for office, $81m for industrial and $41m[1] for retail

Development activity (completion value $m)	Committed projects	Uncommitted projects[2]	Total pipeline[3]
Office	1,048	571	1,619
Industrial	568	1,132	1,700
Retail[1]	98	231	329
Total / weighted average	**1,714**	**1,934**	**3,648**

1. Reflects development spend only and excludes existing centre value
2. Includes potential end value of uncommitted development projects
3. $1.2bn included in FUM at 30 June 2018

Property Funds Management

Equity flows

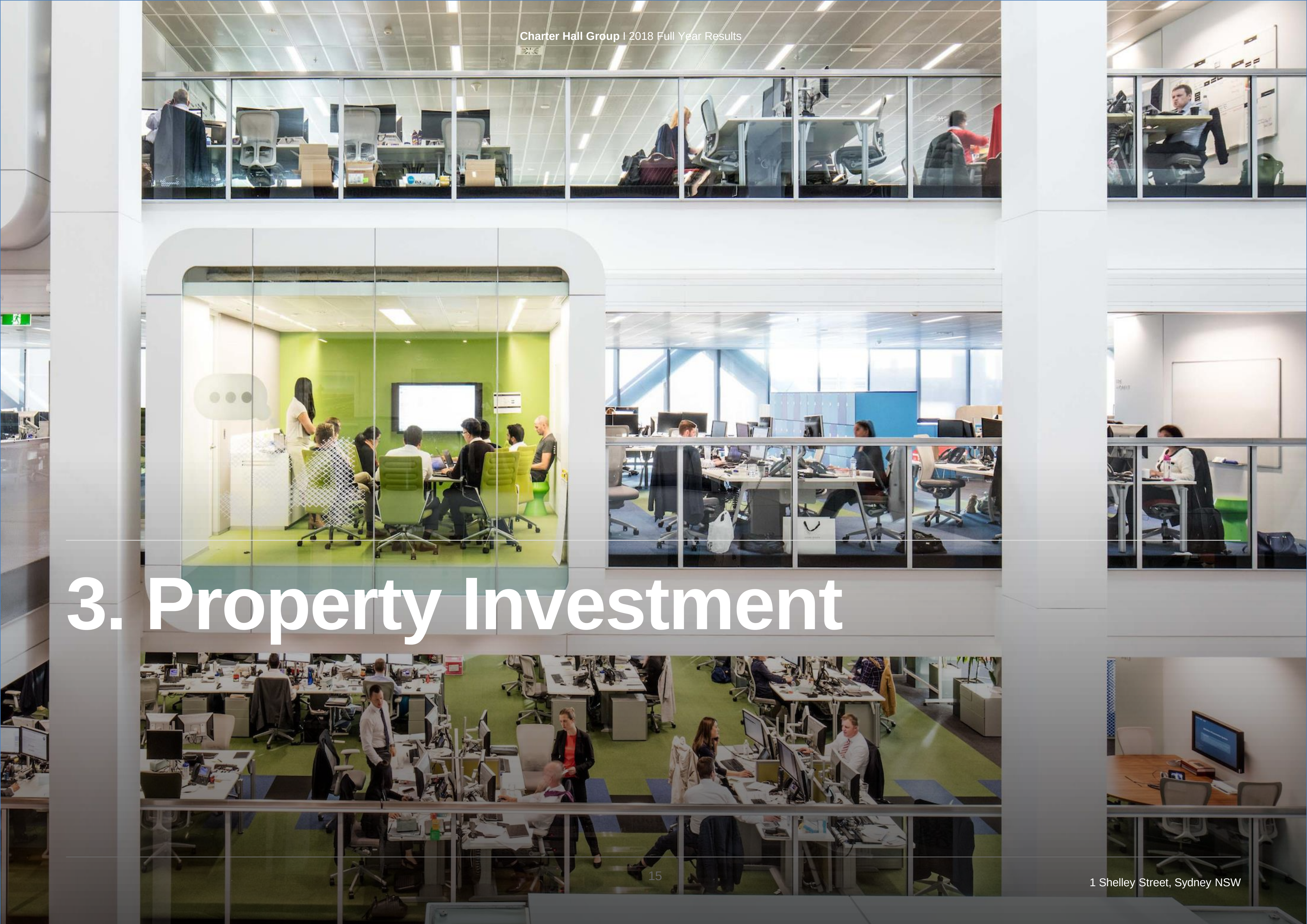
Diversified equity sources with $1,701m gross equity raised in the 12 months to 30 June 2018:

- Across the Group, six pooled unlisted funds continue to raise new equity
- $971m raised in Wholesale Funds and Partnerships with further equity raising underway in CPOF and CPIF
- $653m raised in unlisted Direct Funds

($m)	FY15	FY16	FY17	FY18
Wholesale Pooled Funds	653	606	776	649
Wholesale Partnerships	598	467	217	322
Listed Funds[1]	274	76	988	77
Direct Funds[2]	180	318	355	653
Gross equity raised	**1,714**	**1,467**	**2,336**	**1,701**
Net equity raised	1,297	1,099	1,689	1,487

Equity flows includes equity received or returned only and excludes undrawn equity commitments

1. Listed Funds include equity raised in CHC, CQR and CLW
2. Funds and syndicates for retail, SMSF and high net worth investors



3. Property Investment

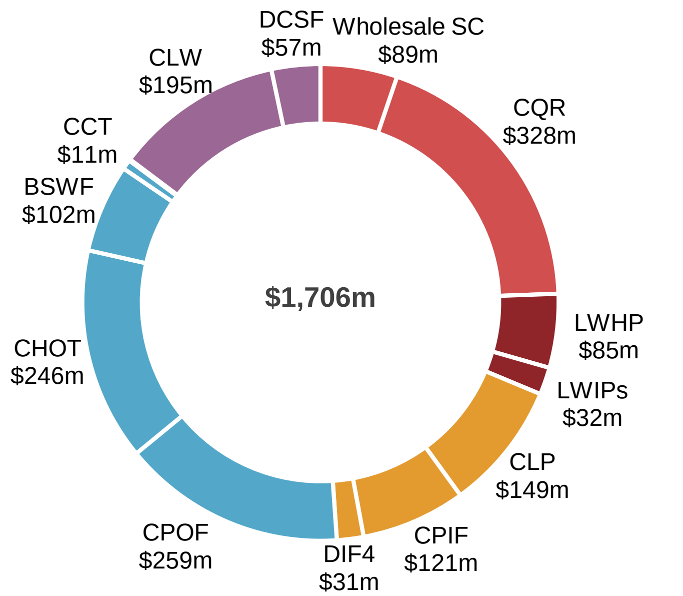
1 Shelley Street, Sydney NSW

Property Investment

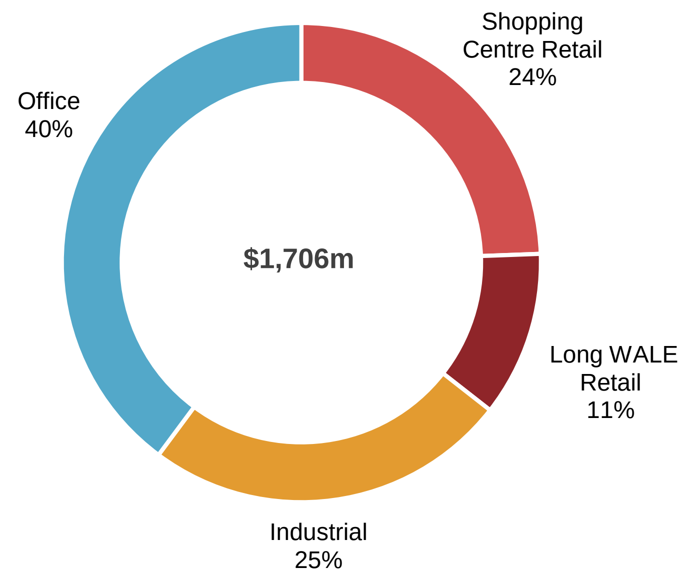
Property Investment portfolio

	Portfolio Value ($m)	No of Properties	WALE (years)	Occupancy (%)	WARR[1] (%)	WACR (%)	WADR[2] (%)
30 Jun 18	**1,706**	**298**	**7.2**	**97.9**	**3.6**	**5.80**	**7.1**
30 Jun 17	1,527	292	7.4	97.7	3.6	6.09	7.3

Diversification by Property Investment



Diversification by sector



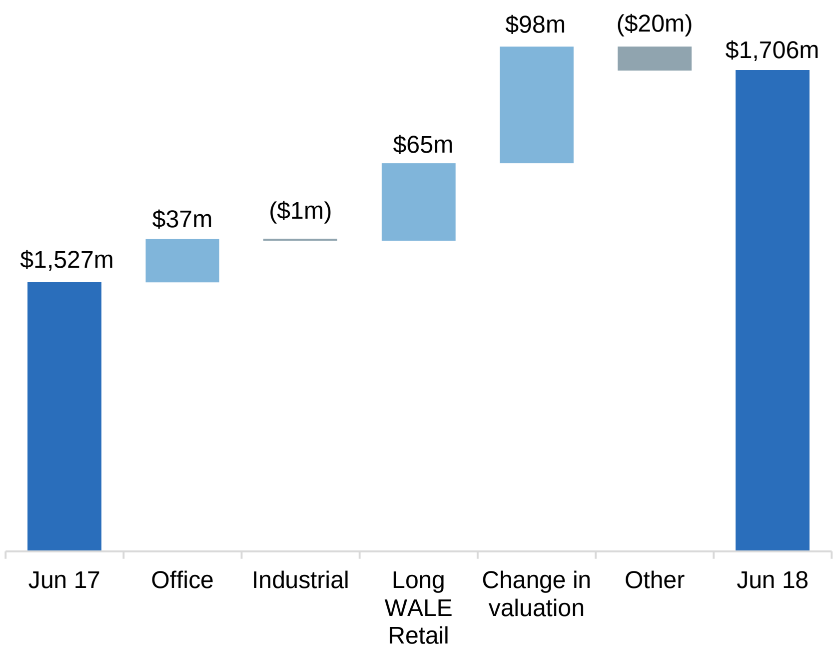
1. WARR is the weighted average rent review and is weighted by gross income
2. WADR is the weighted average discount rate and is weighted by the Investment value of each Property Investment

Property Investment

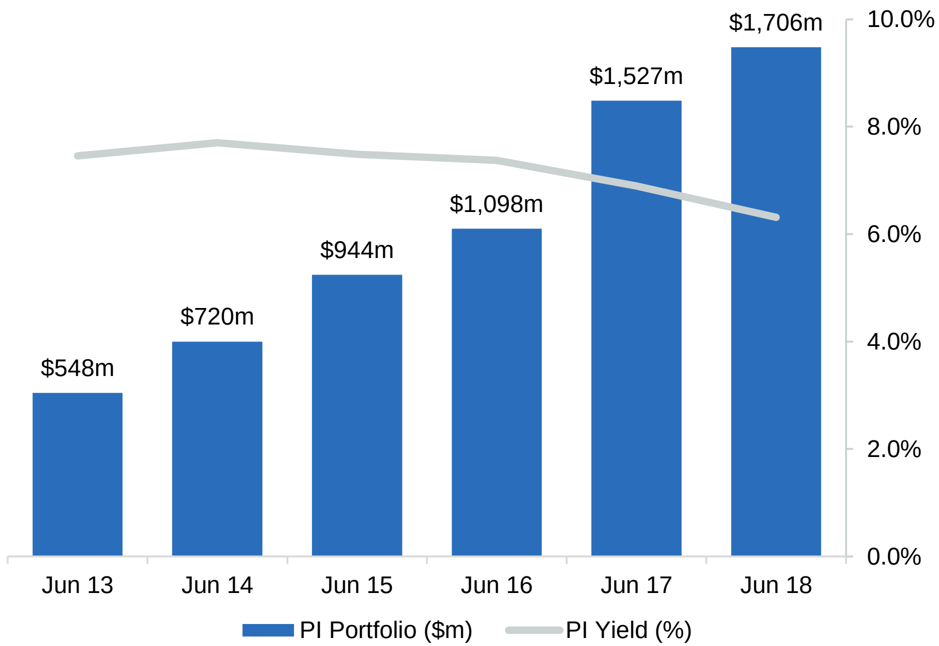
Property Investment portfolio movement

- During the 12 months to 30 June 2018 the Property Investment Portfolio increased by 11.7% (+$179m) to $1,706m
- The Property Investment yield remains attractive at 6.3%
- The decrease in yield has been driven by the improved quality and WALE of the Portfolio, together with compressing cap rates

Property Investment movement



Property Investment portfolio yield



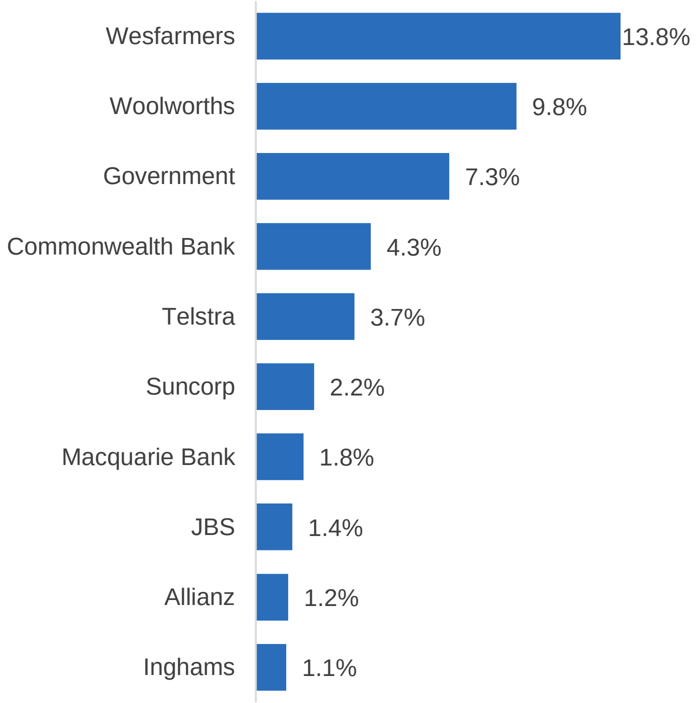
Property Investment

Diversified earnings resilience

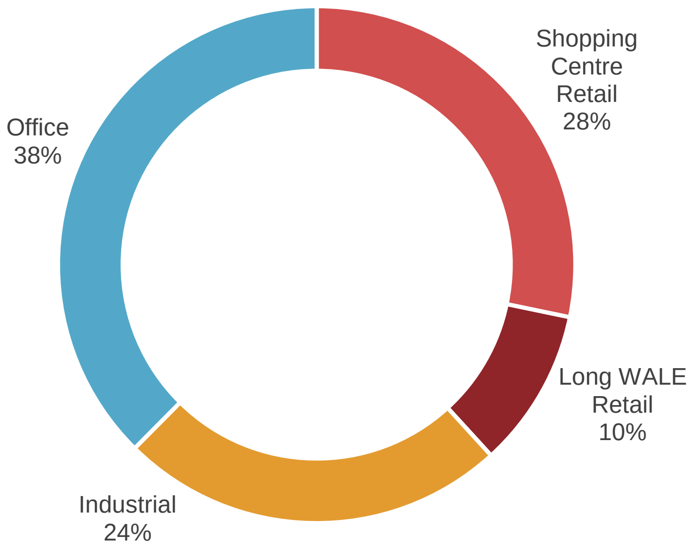
Top 10 asset exposures represent only 15.3% of earnings

- 65% repeat customers across 1,380 leases
- Tenant retention rate of 77.4% in FY18

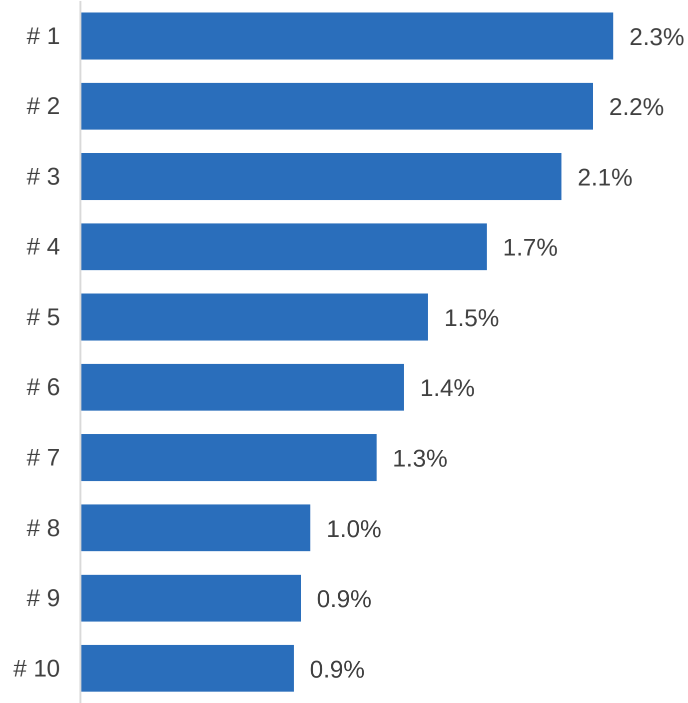
Top 10 tenants by gross income



Property Investment earnings (by Sector)



Top 10 asset exposures[1]



1. Asset exposure measured as Gross income of property, weighted for CHPT ownership stake, divided by post-tax OEPS

Property Investment

Sustainability

ECO-INNOVATION

Delivering smart solutions that make a difference for our customers and the planet by:

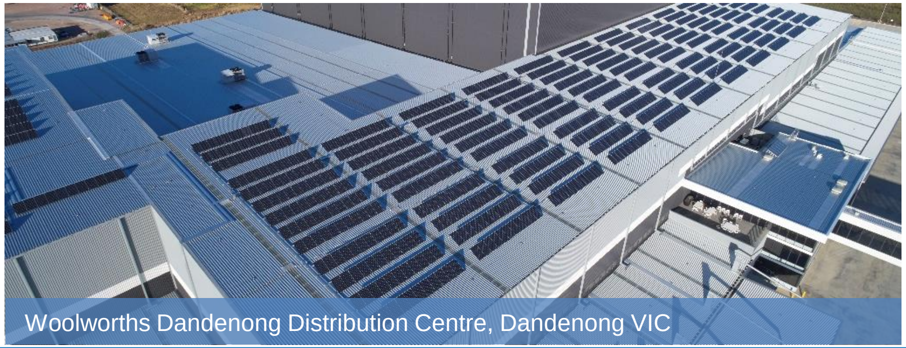
NABERS

Increasing our Office portfolio NABERS Energy ratings to a 4.71 Star weighted average and maintaining our 3.5 Star NABERS Energy average weighted rating rating in Retail assets

greenstar

Maintaining Australia's largest Green Star footprint with 178 Green Star Performance ratings across operating assets, and 18 Green Star Design and As Built ratings in our developments

Increasing our renewable footprint with increased renewable installations across our office, industrial and retail sectors to 2,456kW of solar PV generating over 3,670MWh of electricity per annum.



Woolworths Dandenong Distribution Centre, Dandenong VIC

PLACE CREATION

PLEDGE 1%

Charter Hall is part of the international Philanthropy movement Pledge 1%. Our Pledge is through:

Our People: Our Places: Our Partnerships

Gave 330 days of our People's time with 81% of employees volunteering in the community

Contributed **$1.3 Million or 46,054qm** in space

$600,000 for community programs and services

INNOVATION

Included in Top 20 most innovative companies in the ASX200 as rated by innovation consultants, Collective Campus

One of the first in the sector to embrace start-ups, launching Australia's first PropTech accelerator program late last year

4. Financial Result

231 Elizabeth Street, Sydney NSW

Financial Result

Earnings Summary

- Operating profit after tax of $175.8m, up 16.2%
  - PI operating earnings of $103.9m, up 22.2%
  - PFM operating earnings pre-tax of $98.9m, up 15.4%
- OEPS post-tax growth of 5.0% to 37.7cps
  - OEPS pre-tax growth of 7.4% to 43.5cps
- DPS growth of 6.0% to 31.8cps comprising:
  - 20.1cps distribution from Charter Hall Property Trust (CHPT)
  - 11.7cps fully franked dividend from Charter Hall Limited (CHL)
    - 5.1cps of franking credits distributed

($m)	FY18	FY17	Change %
PI operating earnings	103.9	85.0	22.2%
PFM operating earnings pre-tax	98.9	85.7	15.4%
Operating earnings pre-tax	**202.8**	**170.7**	**18.8%**
Tax	(27.0)	(19.5)	38.5%
Operating earnings post-tax	**175.8**	**151.2**	**16.2%**
Change in Property Investment valuation[1]	98.4	118.3	(16.8%)
Amortisation and impairment of intangibles	(2.7)	(4.3)	(37.2%)
Reversal/(impairment) of investment in joint venture	7.3	(10.5)	169.5%
Other non-operating items	(28.6)	2.9	(1086%)
Total non-operating items	**74.4**	**106.4**	**(30.1%)**
Statutory profit after tax	**250.2**	**257.6**	**(2.9%)**
OEPS pre-tax (cps)	43.5	40.5	7.4%
OEPS post-tax (cps)	37.7	35.9	5.0%
DPS (cps)	31.8	30.0	6.0%
Distribution payout ratio	84%	83%	0.9%

1. Includes the Group's proportionate share of non-operating items of equity accounted investments on a look through basis and investments held at fair value through profit and loss

Financial Result

Segment result

- Both PI and PFM segments contributed to growth in earnings in FY18
- PI EBITDA growth driven by:
  - Growth in Property Investments Portfolio
  - 3.6% WARR across Property Investments Portfolio
  - Strong market rental reversions in Office
- PFM EBITDA growth driven by:
  - PFM revenue growth of 12.6% outpacing total PFM expense growth of 10.4%

($m)	FY18	FY17	Change %
Property Investment EBITDA	102.8	83.8	22.8%
PFM EBITDA	102.4	89.2	14.7%
EBITDA	**205.2**	**173.0**	**18.6%**
Depreciation	(3.5)	(3.5)	(0.4%)
Interest income	1.1	1.2	(12.4%)
Operating earnings pre-tax	**202.8**	**170.7**	**18.8%**
Tax	(27.0)	(19.5)	(38.5%)
Operating earnings post-tax	**175.8**	**151.2**	**16.2%**
PI Yield	6.3%	6.9%	(0.6%)
PFM Yield	4.3%	5.1%	(0.8%)
PFM EBITDA Margin[1]	50.9%	49.9%	1.0%

1. PFM EBITDA Margin calculated as PFM EBITDA divided by PFM revenue

Financial Result

Property funds management composition

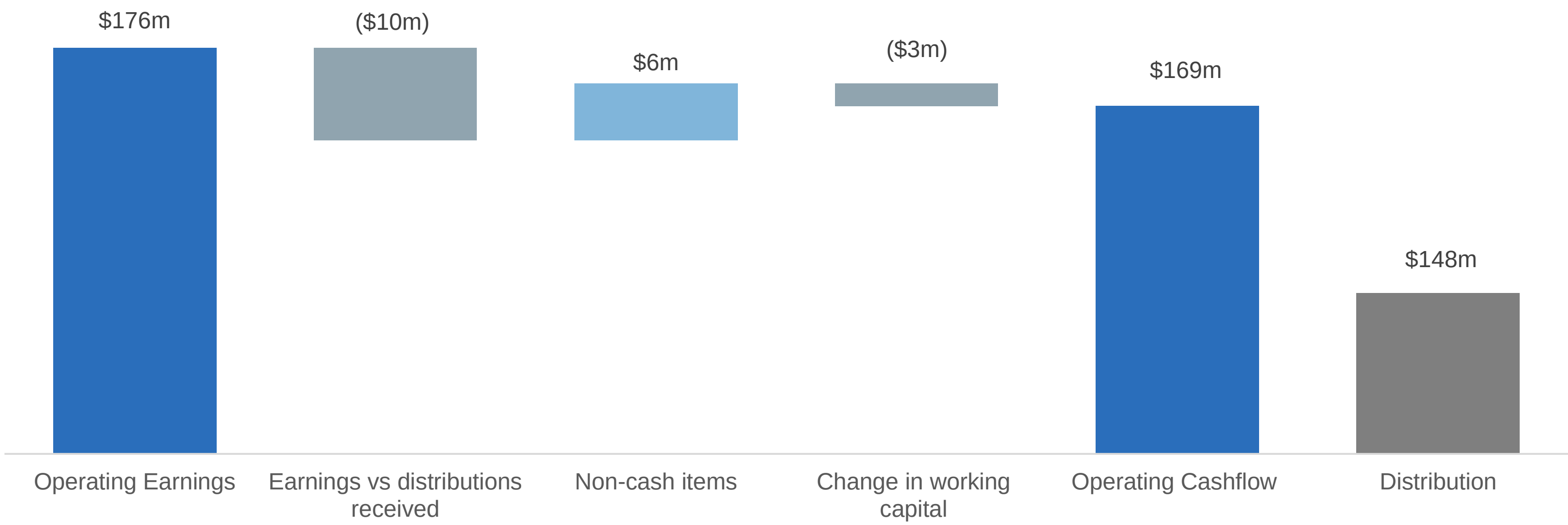
- PFM revenue up 12.6% to $201.0m
- Investment management revenue up 9.5% to $144.3m:
  - Diversified contribution to investment management fees from all funds and partnerships
  - Continued momentum in FUM driving funds management
  - Transaction fees earned from active acquisition and divestment program
  - Outperformance driving performance fees
- Property services revenue up 21.1% to $56.7m:
  - Increased development activity across office and industrial underpinning growth in development related fees
  - Successful leasing activity supporting high occupancy

($m)	FY18	FY17	Change%
Fund management fees	88.0	75.0	17.4%
Transaction and performance fees	56.3	56.7	(0.7%)
Investment management revenue	**144.3**	**131.7**	**9.5%**
Property management fees	14.8	16.4	(9.7%)
Development management fees	19.1	11.3	69.0%
Leasing fees	18.3	14.8	23.6%
Facilities and project management fees	4.5	4.2	7.1%
Property services revenue	**56.7**	**46.8**	**21.1%**
PFM revenue	**201.0**	**178.5**	**12.6%**
PFM expenses	(71.6)	(65.1)	(9.9%)
Corporate expenses	(27.0)	(24.2)	(11.5%)
Total PFM expenses	**(98.6)**	**(89.3)**	**(10.4%)**
PFM EBITDA	**102.4**	**89.2**	**14.7%**

Financial Result

Operating cashflow

- FY18 distribution covered 114% by operating cashflow
- The cashflow variance between FY18 operating earnings and operating cashflow is primarily driven by timing and includes:
- Timing of cash payment of Property Investment distributions
- Non cash items primarily depreciation



Financial Result

Balance sheet and return metrics

- Strong balance sheet maintained:
  - Considerable financial flexibility with undrawn lines and cash in hand
- NTA per security growth of 6.1% to $3.82
- Strong return metrics on capital employed in the business

($m)	30 June 2018	30 June 2017
Cash	95	174
Property investment	1,706	1,527
Other assets	150	106
Intangibles	63	65
Total assets	**2,014**	**1,873**
Total liabilities	**156**	**151**
Total equity	**1,858**	**1,722**
NTA per stapled security[1]	$3.82	$3.60

Return metrics	**30 June 2018**	**30 June 2017**
Return on equity (pre-tax)[2]	12.1%	13.3%
Return on equity (post-tax)[2]	10.5%	11.6%
Total property investment return[3]	12.3%	19.8%
Total platform return[4]	15.0%	27.6%

Note: Balance sheet presented is the consolidated balance sheet of CHC which includes Charter Hall Direct Diversified Consumer Staples Fund (DCSF) at 100%

1. Net tangible assets (NTA) per stapled security ($) is calculated using assets less liabilities, net of intangible assets, related deferred tax and non-controlling interests in DCSF
2. Return on equity is calculated as total operating earnings pre-tax/post tax per security divided by the opening NTA per security
3. Total Property Investment (PI) Return is calculated as growth in the PI portfolio value plus distributions received divided by the weighted average PI portfolio value
4. Total Platform Return is calculated as growth in net tangible assets (NTA) per security equity plus distribution per security divided by the opening NTA per security

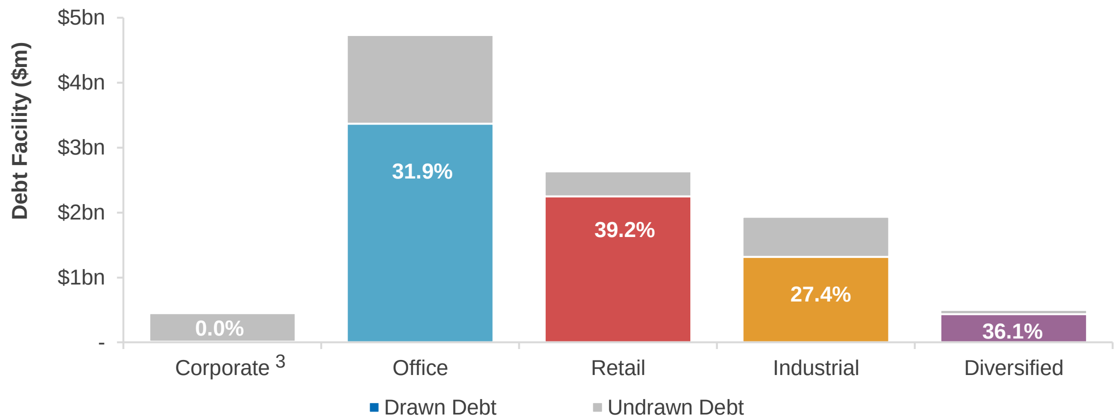
Financial Result

Debt and capital management

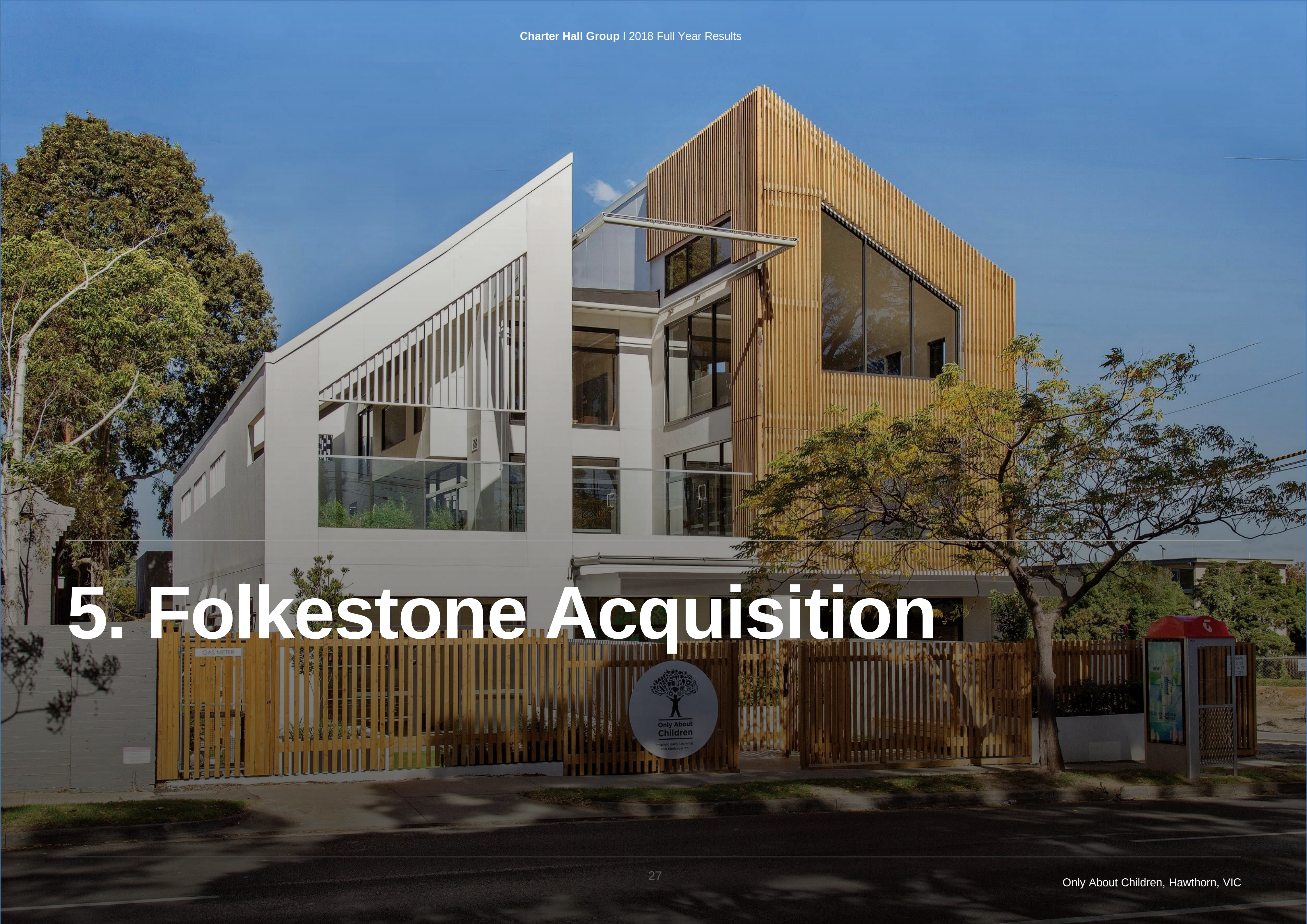
- Headstock capital structure repositioned in FY18
  - All borrowings moved to unsecured format
  - Corporate investment grade credit rating of Baa1 from Moody's
  - Corporate facility expanded to $200m plus a separate $20m bank guarantee line extended to May 2023
  - 10 year, US$175m (A$231.5m) US Private Placement which is due to settle on 24 August 2018
- Group wide capital portfolio continues to deliver in line with strategy
  - Substantial funding capacity available across the Group with $3.4bn of available liquidity
  - $6.4bn of new and refinanced debt facilities agreed in FY18 with no material maturities in FY19

Key debt metrics funds platform	30 June 2018	30 June 2017
Combined fund facility limits ($m)	10,256	8,611
Combined fund undrawn debt ($m)	2,870	2,313
Total group cash ($m)	526	679
Look through gearing (%)	27.3%	20.1%
Look through weighted average debt maturity (yrs) [1]	4.3	4.3
Look through weighted average cost of debt[2]	4.17%	4.09%
Look through interest rate hedging (%)	56%	65%

Drawn Debt ($m) and Gearing (%) by Sector



1. Duration is based on facility limits
2. Passing cost of debt is on a look through basis and includes floating rate, hedge rate, margins, line fee but excludes undrawn line fees and amortised borrowing costs
3. Includes undrawn USPP $231.5m



5. Folkestone Acquisition

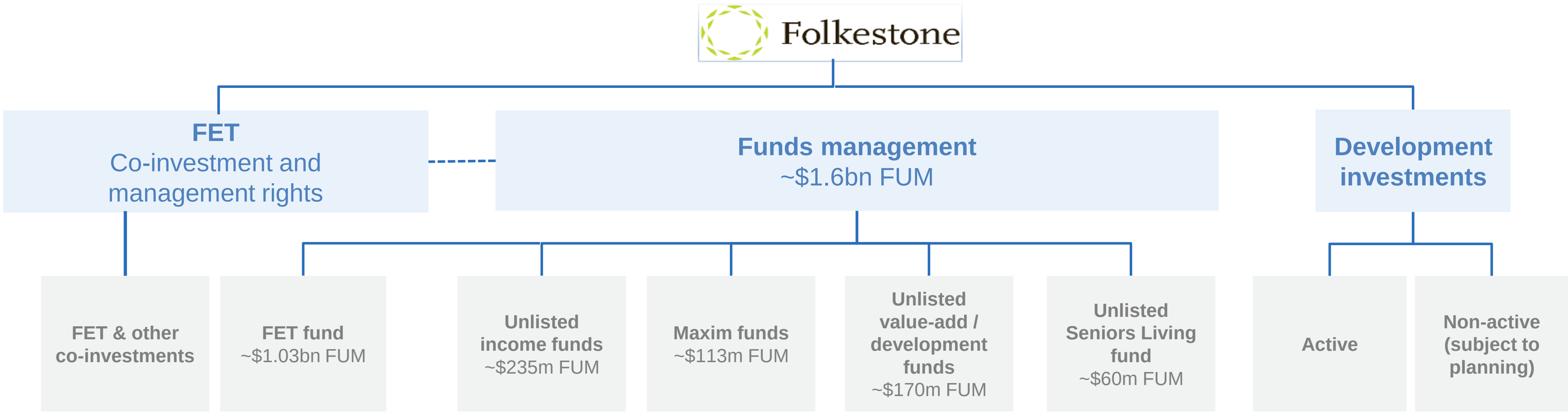
Only About Children, Hawthorn, VIC

Folkestone Acquisition

Folkestone acquisition overview

An ASX listed diversified real estate group

- Folkestone Limited (ASX: FLK) is a diversified real estate fund manager and developer, listed on the ASX on 14 June 2000
- Charter Hall has agreed to acquire all the shares in FLK for $205m[1], to be funded with current available investment capacity (>$500m)
- Similar to CHC's business model, the funds management platform comprises of listed, unlisted and direct retail funds, with both private clients and institutional capital
- FLK's balance sheet capital is focused on strategic co-investments with:
  - The majority invested in Folkestone Education Trust (ASX: FET), the largest landlord within the early learning sector; and
  - Investment in social infrastructure, office, retail, industrial and residential sectors with selective development activity
- FLK expands Charter Hall's investible universe into social infrastructure in the early learning sector which is highly fragmented with low institutional participation, underpinned by high quality covenants and long WALE triple net leases
- Early learning is a growth sector - a government subsided education and labour supply mechanism for the economy, underpinned by population growth and workforce participation



[1] Excludes c.1.4m CHC service rights (subject to CHC share price) to be issued to FLK management (excluding Greg Paramor) vesting over 3 years

Folkestone Acquisition

FET Overview

FET is an ASX listed A-REIT and the largest owner of early learning properties with 410 properties

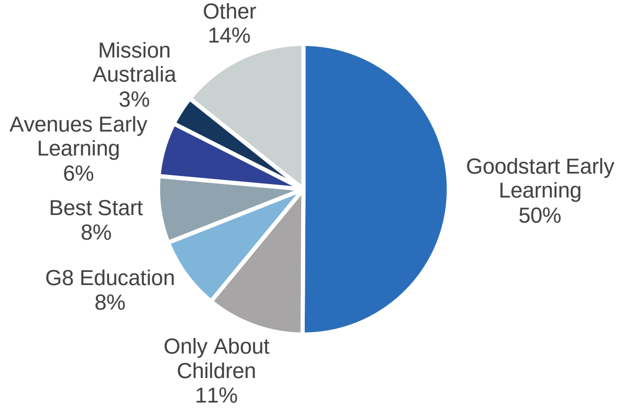
Business description

- FET is a specialist early learning property owner which owns 410 properties primarily located in metropolitan areas
  - Also owns a 3.9% stake in Arena and a 15% stake in Folkestone's CIB Fund[1]
- Strong operator profile, with 29 tenants across the portfolio
  - Goodstart accounts for 50% of rent, with top 5 tenants accounting for ~80%
- Majority of leases are triple net – net effective rents
- Track record of developing centres and has a pipeline of $170.3m

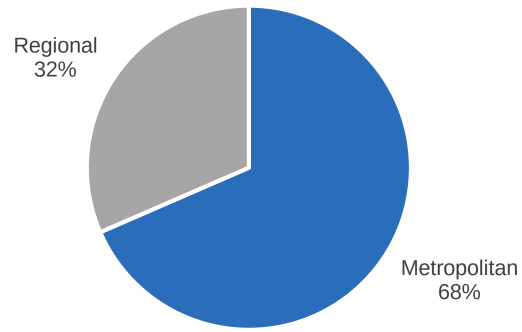
Portfolio overview[2]

Total assets	$1.03bn
NTA	$2.78 ps / $711m
Number of assets	410
Number of tenants	29
Passing yield	6.3%
Occupancy	100%
WALE	9.9
Rental growth (like for like)	2.8%
Development pipeline	$170.3m
Co-investments	CIB[1]: 15% / $17.3m ARF: 3.9% / $22.3m

Key tenants (% annual rent)



Locational diversification



1. Closed end wholesale fund with a portfolio of 24-hour police stations and law courts managed by FLK
2. 30 June 2018 numbers as reported by FET

Folkestone Acquisition

Investment rationale

Folkestone acquisition will provide $1.6bn of incremental FUM and accretive earnings with a new growth pathway for CHC in the early learning and social infrastructure sectors

1. **Adds $1.6bn of FUM to CHC's funds management platform**
   Diversified FUM business model with strong management team complimenting CHC's existing platform

2. **Sector diversification – enters social infrastructure and early learning**
   Diversifies into the growing early learning sector, which is highly fragmented with low institutional participation. FET, the leading industry landlord, is underpinned by high quality covenants and long WALE triple net leases

3. **Earnings accretion and attractive return on investment**
   Delivers FY19 OEPS accretion underpinned by high quality fund composition and substantially de-risked development investments, which generates an attractive return on investment

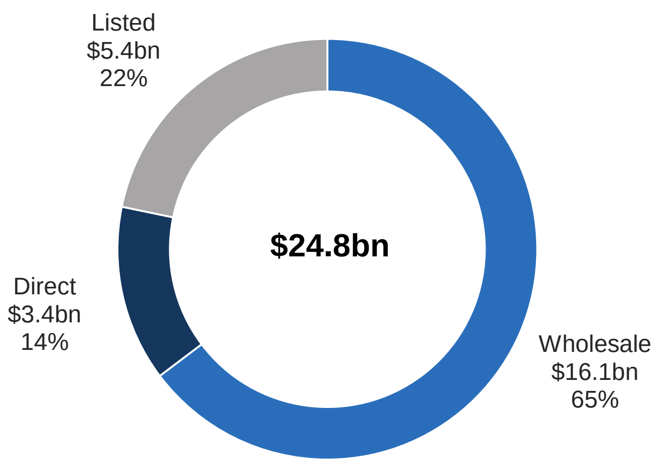
4. **Platform integration benefits**
   Strategic alignment and expanded customer base via access to FLK's network of high net worth investors for CHC's Direct business

Folkestone Acquisition

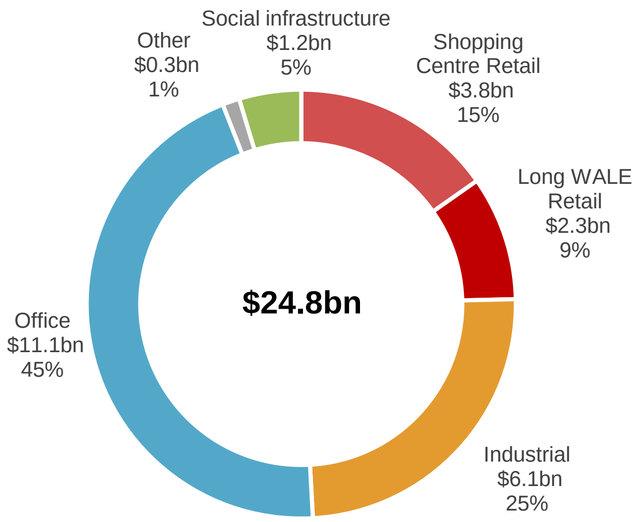
Group Funds Management portfolio post-transaction

	Portfolio Value ($bn)	No. of Properties[1]	WALE[1] (years)	Occupancy[1] (%)	WACR[1] (%)
Pre	23.2	330	7.7	98.1	5.74
Post	24.8	757	7.8	98.2	5.78
Impact	+1.6	+427	+0.1	+0.1	+0.04

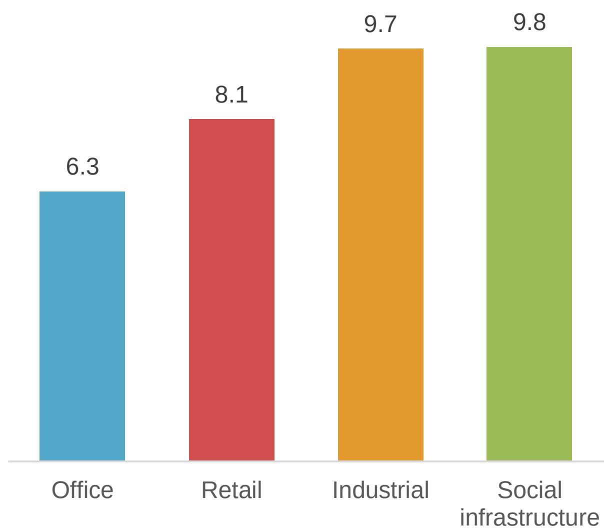
Diversification by equity source



Asset type diversification[2]



WALE by sector



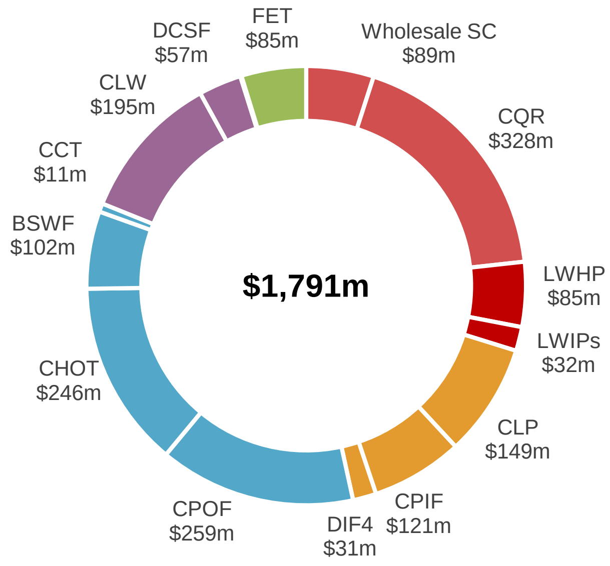
1 Excludes Folkestone development investments and securities funds
2 Other reflects securities funds, hotels and seniors living

Folkestone Acquisition

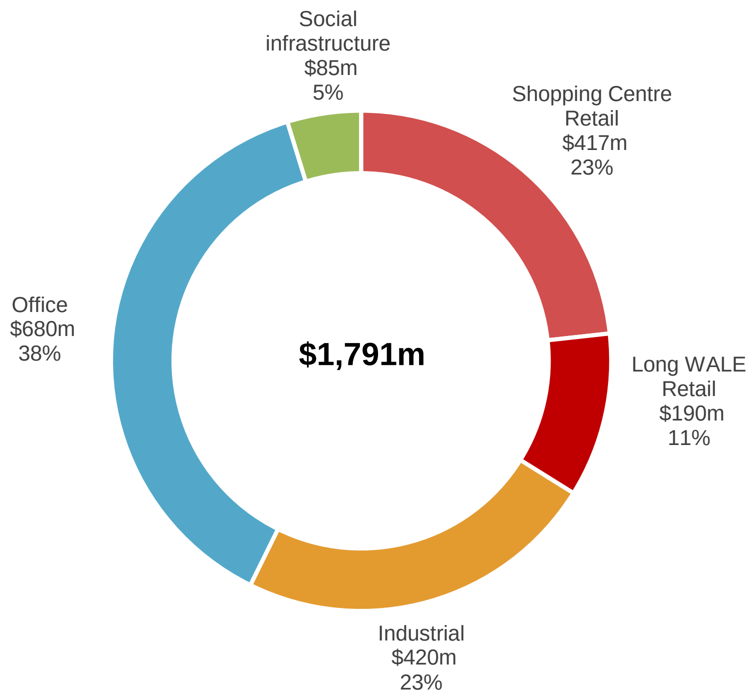
Property Investment portfolio post-transaction

	PI Portfolio Value ($m)	No. of Properties	WALE (years)	Occupancy (%)	WARR (%)	WACR (%)
Pre	1,706	298	7.2	97.9	3.6	5.80
Post	1,791	708	7.3	98.0	3.6	5.82
Impact	+85	+410	+0.1	+0.1	-	+0.02

Diversification by Property Investment



Diversification by sector



Folkestone Acquisition

Timetable

Process	Date
First court hearing to approve scheme booklet dispatch to Folkestone shareholders	Mid September 2018
Dispatch scheme booklet to Folkestone shareholders	Mid September 2018
Scheme meeting for Folkestone shareholders	Mid October 2018
Second court hearing to approve scheme meeting for Folkestone shareholders	Mid/late October 2018
Transaction completion (if approved)	Early November 2018


Bluebird, South Morang, VIC


Holborn Circuit Early Learning, Gledswood Hills, NSW


G8 Education, Gungahlin, ACT

6. Outlook & Guidance

Secret Harbour Square, Secret Harbour WA

Outlook & Guidance

FY19 earnings guidance

We believe the property market landscape will continue to accommodate growth

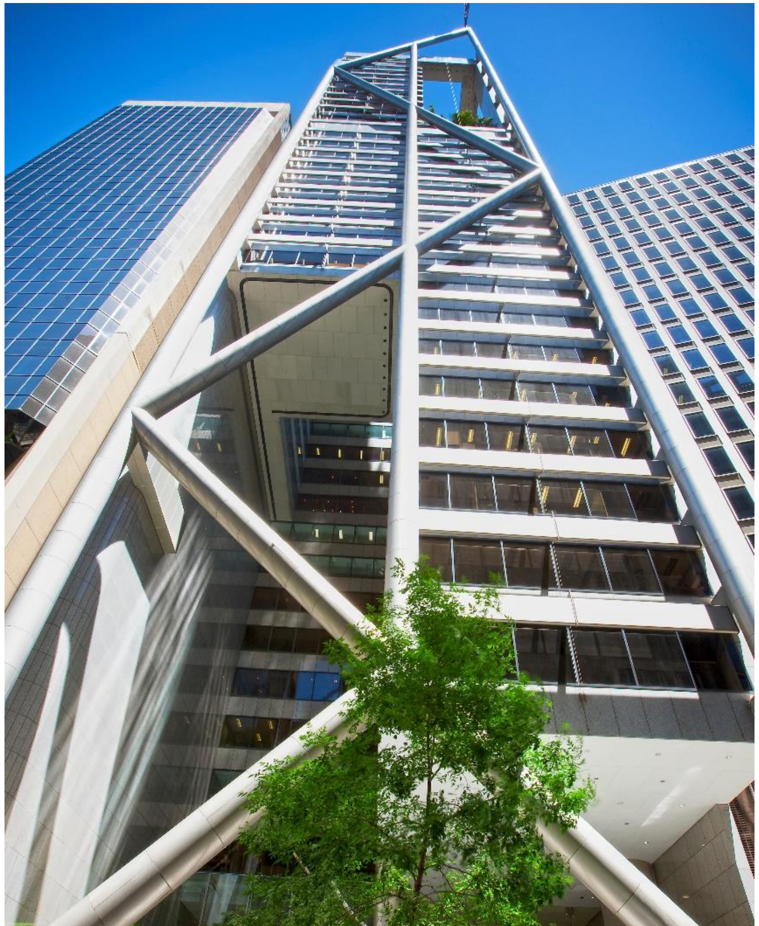
- **Asset growth** is expected in submarkets that are underpinned by **favourable property fundamentals** where there is effective rental growth
- **Continued equity flows** expected for fund managers with strong track records

Our guidance is as follows:

Based on no material change in current market conditions, our FY19 guidance is for 5-7% growth in post-tax operating earnings per security over FY18

On the basis the FLK transaction is completed, our FY19 guidance is for 8-10% growth in post-tax operating earnings per security over FY18

The distribution payout ratio is expected to be between 85% and 95% of operating earnings per security post-tax



9 Castlereagh Street, Sydney NSW

7. Additional information
- Property Funds Management
- Property Investment

Appendix
7.1 Property Funds Management

Artist impression - GPO Exchange, 2-10 Franklin Street, Adelaide SA

Appendix – Property Funds Management

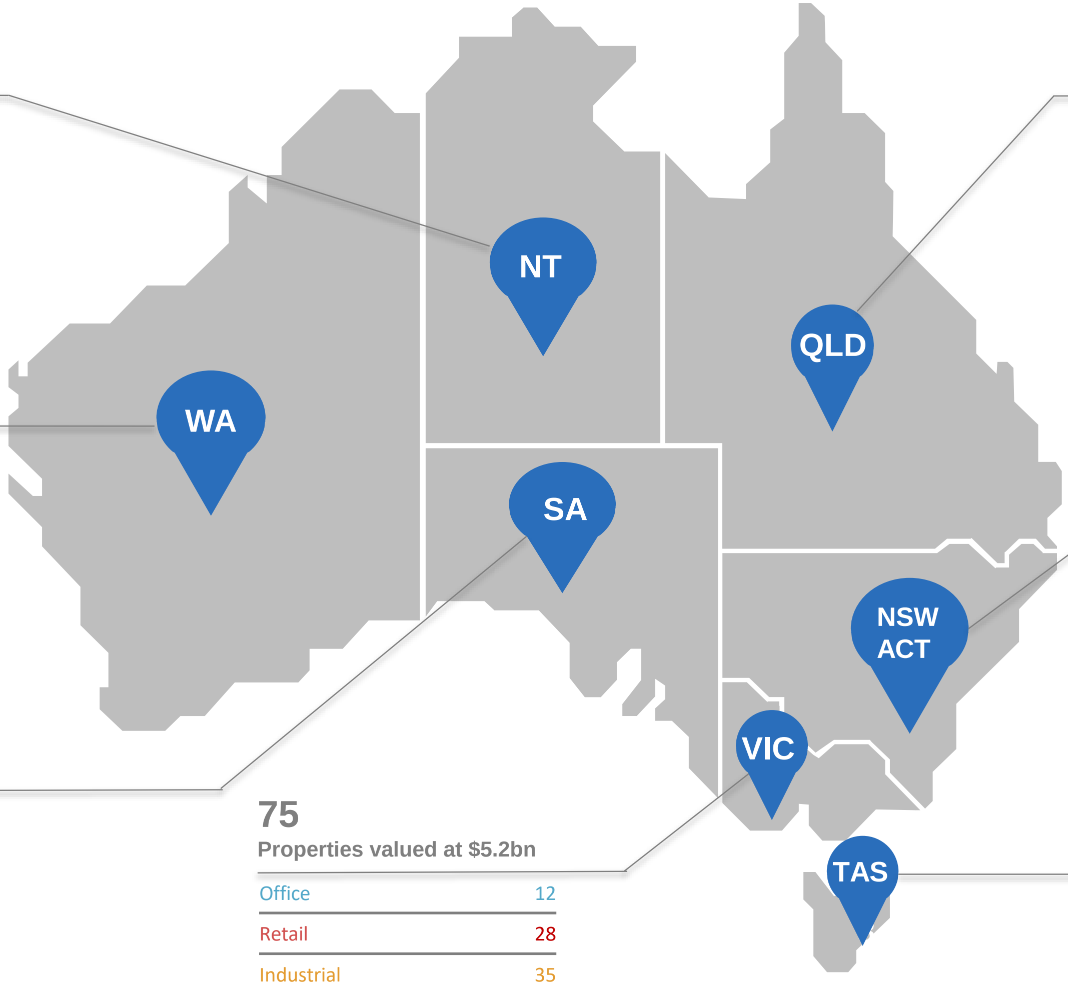
Charter Hall group property overview[1]

2
Properties valued at $0.1bn

Office	0
Retail	1
Industrial	1

83
Properties valued at $4.7bn

Office	13
Retail	46
Industrial	24



45
Properties valued at $2.6bn

Office	5
Retail	25
Industrial	15

101
Properties valued at $9.5bn

Office	15
Retail	52
Industrial	34

16
Properties valued at $0.9bn

Office	3
Retail	8
Industrial	5

75
Properties valued at $5.2bn

Office	12
Retail	28
Industrial	35

7
Properties valued at $0.3bn

Office	1
Retail	5
Industrial	1

1. Excludes one New Zealand asset

Appendix – Property Funds Management

Charter Hall managed funds

	Office $11.0bn			Industrial $6.1bn		Retail $6.1bn		
Wholesale Equity	**CHOT** $2.9bn	**CPOF**[1] $4.5bn	**BSWF**[1] $0.6bn	**CLP** $1.6bn	**CPIF** $3.0bn	**LWHP** $1.0bn	**RP2** $0.1bn	**LWIPs**[3] $0.6bn
	CCT $0.5bn	**Mandates** $0.5bn				**RP6** $0.3bn	**Mandates** $0.3bn	**CPRF** $0.3bn
Retail Equity	**DOF** $1.3bn	**PFA** $0.4bn		**DIFs/CDC** $0.8bn	**DCSF**[2] $35m	**DAT** $0.1bn	**DAT2** $0.1bn	**DCSF**[2] $28m
						BW Trust $0.1bn		
Listed Equity	**CLW**[2] $0.5bn			**CLW**[2] $0.7bn		**CQR** $2.9bn	**CLW**[2] $0.4bn	

Note Statistics on this page may not add due to rounding
1 CPOF holds 49.9% of the units in the Brisbane Square Wholesale Funds (BSWF)
2 Diversified across the Office, Industrial and Retail sectors
3 LWIPs include LWIP and LWIP2. CLW hold 45% of the units in LWIP

Appendix – Property Funds Management

Office

"We create high-quality workplace environments for tenant customers and enhanced returns for our investors through actively managing, developing and acquiring assets to create one of the highest performing office property portfolios in Australia."

ADRIAN TAYLOR
OFFICE CEO

FUM	PROPERTIES	OCCUPANCY	WALE	CAP RATE	CHC INVESTMENT
$11.1bn	49	98.2%	6.3yrs	5.46%	$680m

Appendix – Property Funds Management

Industrial

"As a leading industrial and logistics property group in Australia we create, own and manage a geographically diverse property portfolio that meets the strategic needs of our tenant customers while also meeting the long term return objectives of our investors."

RICHARD STACKER
INDUSTRIAL CEO

FUM	PROPERTIES	OCCUPANCY	WALE	CAP RATE	CHC INVESTMENT
$6.1bn	116	98.0%	9.7yrs	6.07%	$420m

Appendix – Property Funds Management

Retail

"As the leading owner and manager of convenience based Retail and with a portfolio of supermarket anchored shopping centres, hardware, automotive showrooms and hospitality assets, we are focused on optimizing performance and providing a secure and growing income stream for our investors."

GREG CHUBB
RETAIL CEO

FUM
$6.1bn

PROPERTIES
165

OCCUPANCY
97.9%

WALE
8.1yrs

CAP RATE
5.93%

CHC INVESTMENT
$607m

Appendix – Property Funds Management

Charter Hall Direct

"Charter Hall Direct Property is Australia's leading direct property fund manager, with $3 billion of real estate assets under management. We have a strong track record managing unlisted property funds and syndicates since 1995 and our products are consistently highly rated by external research groups."

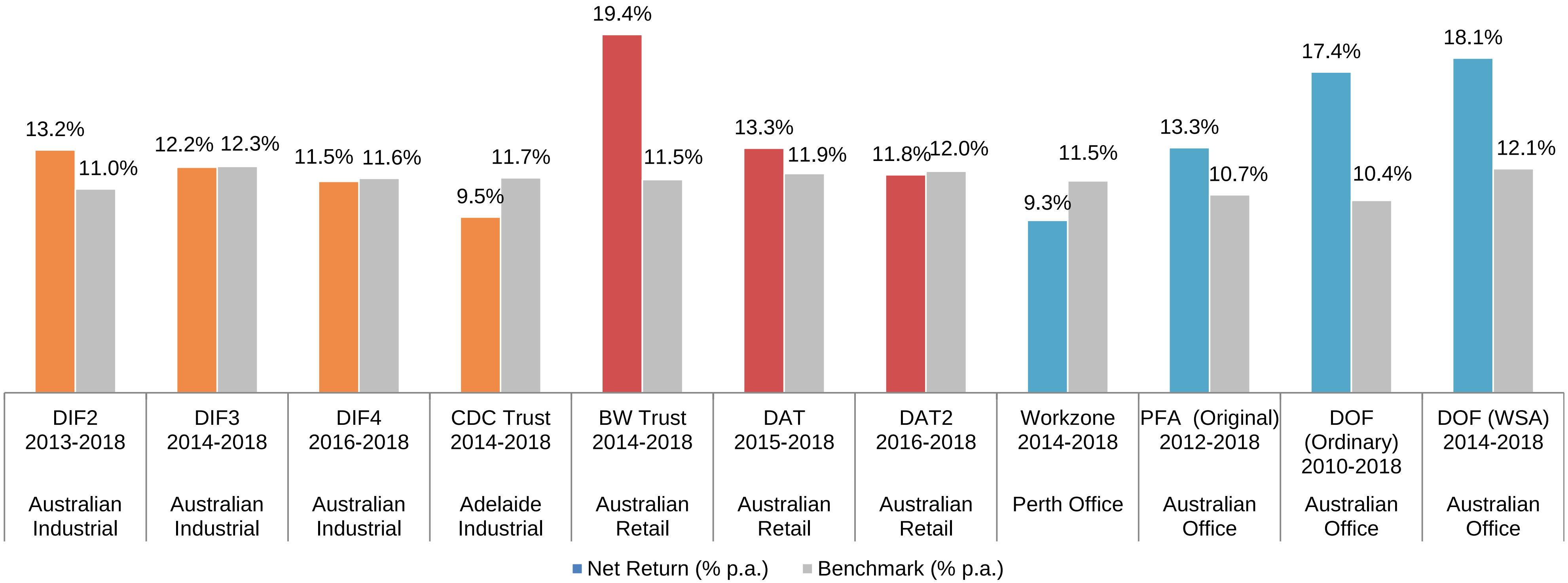
STEVEN BENNETT
HEAD OF DIRECT PROPERTY

FUM	PROPERTIES	OCCUPANCY	WALE	CAP RATE	CHC INVESTMENT
$3.0bn	**54**	**99.6%**	**9.3yrs**	**6.09%**	**$89m**

Appendix – Property Funds Management

Direct funds net returns since inception

The active Direct Funds have returned 12.9% p.a. outperforming the benchmark[1] by 1.7%



1. Benchmark refers to the MSCI/IPD Unlisted Core Wholesale Property Fund Index

Appendix
7.2 Property Investment

1 Shelley Street, Sydney NSW

Appendix – Property Investment

Property Investment portfolio

	Ownership Stake (%)	Charter Hall Investment ($m)	Charter Hall PI Income ($m)	WALE (years)	WACR (years)	WADR (%)	WARR (%)	PI Yield[2] (%)
Office		**620.1**	**34.1**	**5.5**	**5.39%**	**6.8%**	**3.8%**	**6.1%**
Charter Hall Prime Office Fund (CPOF)	8.4%	258.8	13.2	6.2	5.32%	6.8%	3.9%	5.6%
Charter Hall Office Trust (CHOT)	15.7%	246.4	13.4	4.3	5.23%	6.7%	3.9%	6.3%
Brisbane Square Wholesale Fund (BSWF)	16.8%	102.1	6.9	8.3	5.94%	7.1%	3.5%	6.7%
Counter Cyclical Trust (CCT)	5.0%	11.2	0.5	5.3	5.63%	7.0%	3.7%	8.9%
Workzone Trust (Workzone)	2.0%	1.4	0.1	7.2	7.13%	7.5%	4.0%	9.0%
Charter Hall PFA Fund (PFA)	0.1%	0.2	0.0	8.2	6.99%	7.7%	3.4%	7.4%
Industrial		**300.7**	**17.3**	**9.9**	**6.01%**	**7.3%**	**3.0%**	**6.0%**
Core Logistics Partnership (CLP)	13.8%	148.8	8.6	10.4	5.99%	7.3%	3.0%	6.2%
Charter Hall Prime Industrial Fund (CPIF)	5.9%	121.0	6.5	8.9	5.95%	7.2%	3.1%	5.5%
Direct Investment Trust No. 4 (DIF4)	16.4%	30.8	2.2	11.1	6.31%	7.6%	3.0%	7.0%
Retail		**533.7**	**34.1**	**6.5**	**5.95%**	**7.3%**	**3.9%**	**6.7%**
Charter Hall Retail REIT (CQR)[1]	18.7%	327.6	23.0	6.6	6.15%	7.3%	4.2%	7.2%
Long WALE Hardware Partnership (LWHP)	12.9%	85.5	3.6	8.9	5.49%	7.1%	2.9%	5.0%
Charter Hall Prime Retail Fund (CPRF)[1]	38.0%	45.7	2.9	4.0	5.75%	7.5%	4.3%	6.4%
Retail Partnership No. 6 (RP6)[1]	20.0%	36.7	2.1	4.5	5.59%	7.8%	3.6%	6.1%
Long WALE Investment Partnership (LWIP)	5.0%	21.1	1.4	16.3	5.89%	7.2%	2.0%	7.1%
Long WALE Investment Partnership 2 (LWIP2)	10.0%	10.5	0.7	17.0	5.91%	7.3%	2.0%	7.0%
Retail Partnership No. 2 (RP2)[1]	5.0%	6.5	0.4	4.9	5.75%	7.3%	4.4%	6.5%
Diversified		**251.7**	**14.9**	**10.5**	**6.26%**	**7.4%**	**2.9%**	**6.3%**
Charter Hall Long WALE REIT (CLW)	20.4%	195.2	11.8	10.8	6.13%	7.3%	2.9%	6.5%
Discretionary Consumer Staples Fund (DCSF)	61.3%	56.5	3.1	8.6	6.69%	7.8%	2.9%	5.6%
Property Investment Total		**1,706.1**	**100.4[3]**	**7.2**	**5.80%**	**7.1%**	**3.6%**	**6.3%**

1 Refers to contracted weighted average rent reviews of the specialty tenants only
2 PI Yield is calculated as operating earnings divided by weighted average investment during the period. Excludes MTM movements in NTA during the year
3 Excludes CIP PI earnings of $3.5m

Appendix – Property Investment

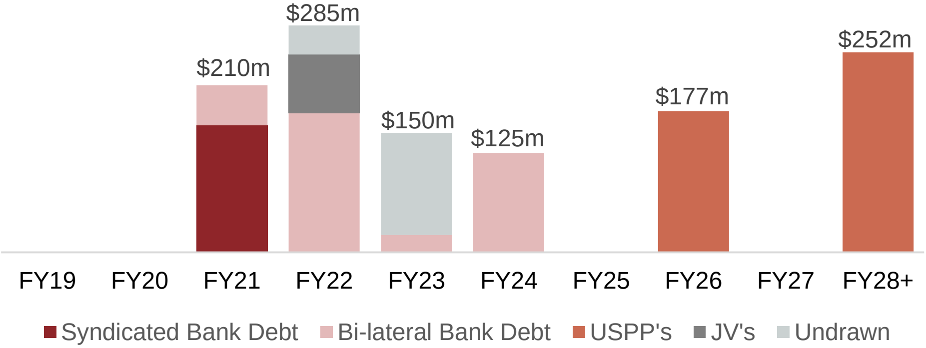
Charter Hall Retail REIT (ASX:CQR)

Key events during FY18

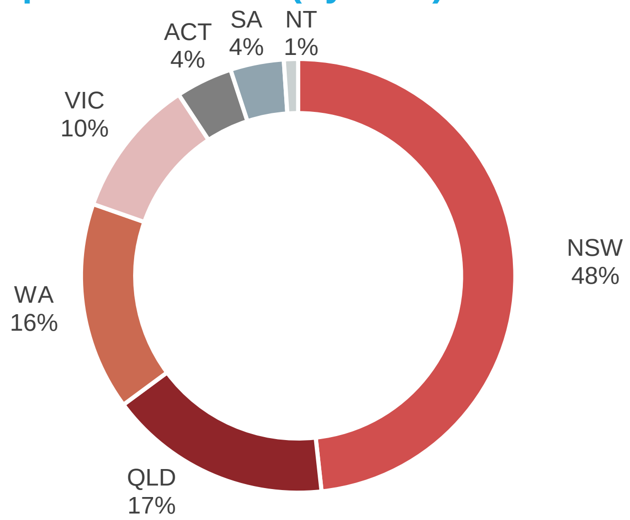
- Acquired Salamander Bay, NSW and Highfields Village, QLD for the combined consideration of $215.5m and Gateway Plaza, Vic post balance date for $58.5m[1]
- Divested 15 non-core assets for $309.0m[1]
- Lake Macquarie/Mount Hutton redevelopment construction well advanced and Wanneroo Aldi opened June 2018
- Repaid and cancelled $50m debt facility maturing in July 2018 while introducing two new banks to the fund with FY24 expiries
- Weighted average debt maturity of 5.42 years with no debt maturing until FY21

Key metrics	
Gross property assets[3]	$2.9bn
Total debt	$1.1bn
Gearing (balance sheet)[4]	32.7%
Number of assets[3]	59
Occupancy (weighted by GLA)	98.1%
WALE	6.6
WACR	6.2%
WARR[5]	4.2%
Charter Hall interest	18.7%
Charter Hall co-investment	$327.6m

Debt expiry profile[2] (by facility limit)



Geographic allocation (by GAV)



1 Acquisitions and divestments calculated at CQR's share
2 June 2018 pro-forma post funding of two new debt facilities and cancellation of $125m of Tranche C syndicated debt facility
3 Includes CQR's ownership of the acquisition of Gateway Plaza post balance date
4 June 2018 pro-forma balance sheet gearing post asset acquisitions and disposals post balance date
5 Refers to contracted weighted average rent reviews of the specialty tenants only

Appendix – Property Investment

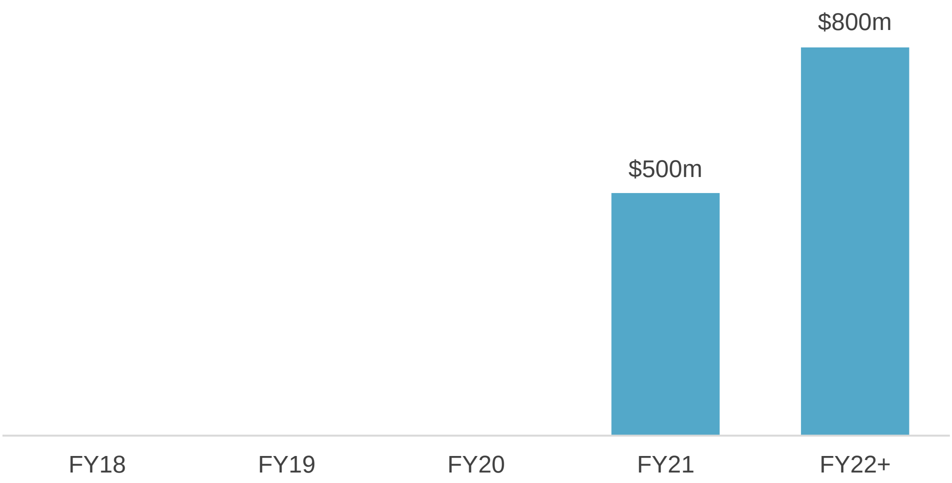
Charter Hall Office Trust (CHOT)

Key events during FY18

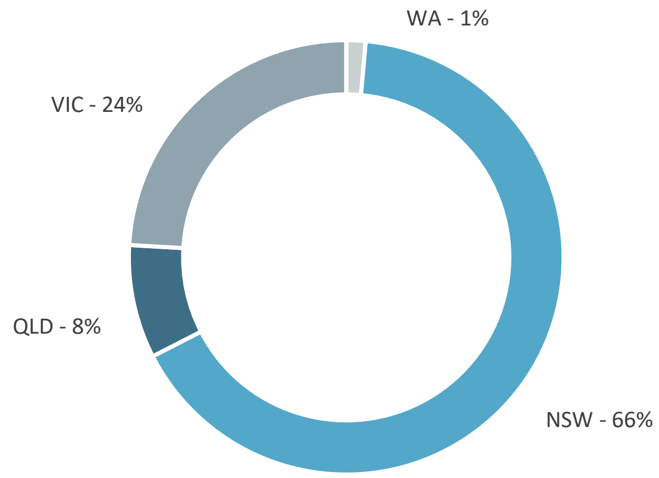
- Equity return – 22.2% for 12 months to June 2018 (unit price, post final performance fee forecast)
- Valuations – valued at $2.9bn at 30 Jun-18 representing an increase of $114.0m or 4.2% against the Dec-17 external valuations
- Leasing – major lease secured over 5,287sqm (51% of NLA) for 12 years at Capital Hill with balance of building in advance discussions

Key metrics	
Gross property assets	$2.9bn
Total drawn debt	$1.2bn
Gearing (balance sheet)	40.7%
Number of assets	10
Occupancy	98.3%
WALE	4.3
WACR	5.2%
WARR	3.9%
Charter Hall interest	15.7%
Charter Hall co-investment	$246.4m

Debt expiry profile (by facility limit)



Geographic allocation (by GAV)



Appendix – Property Investment

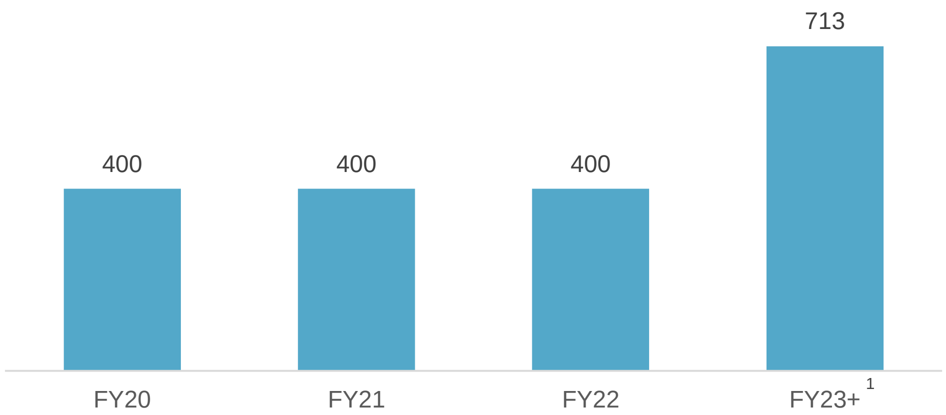
Charter Hall Prime Office Fund (CPOF)

Key events during FY18

- The Fund returned 15.8% in the 12 months to 30 June 2018, outperforming the MSCI / IPD Unlisted Wholesale Core Office Index benchmark (15.1%) over the same period and has consistently outperformed this benchmark over 3, 5 and 10 years
- The Fund's Gross Asset Value (GAV) was $4.5bn at 30 June 2018, reflecting a net revaluation increase of $171m or +3.9% against the prior book value
- Settlement of 231 Elizabeth Street, Sydney and 2 Market Street, Sydney
- Practical completion of developments at 900 Ann Street, Brisbane and 105 Phillip St, Parramatta
- The Fund successfully priced a $413.3m US private placement, with a 9 year tenor, further diversifying CPOF's sources of debt whilst lengthening its weighted average debt maturity

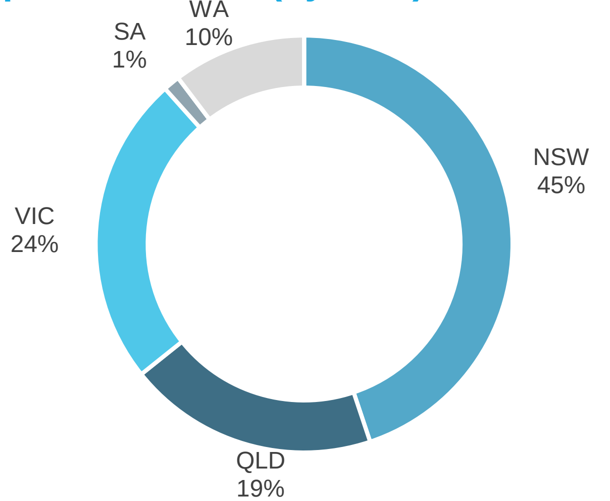
Key metrics	
Gross property assets	$4.5bn
Total debt	$1.2bn
Gearing (balance sheet)	24.4%
Number of assets	24
Occupancy	98.5%
WALE	6.2
WACR	5.3%
WARR	3.9%
Charter Hall interest	8.4%
Charter Hall co-investment	$258.8m

Debt expiry profile (by facility limit)



1 FY23+ includes $413m in US Private placements, to be funded in September 2018

Geographic allocation (by GAV)



Appendix – Property Investment

Charter Hall Long WALE REIT (ASX:CLW)

Key events during FY18

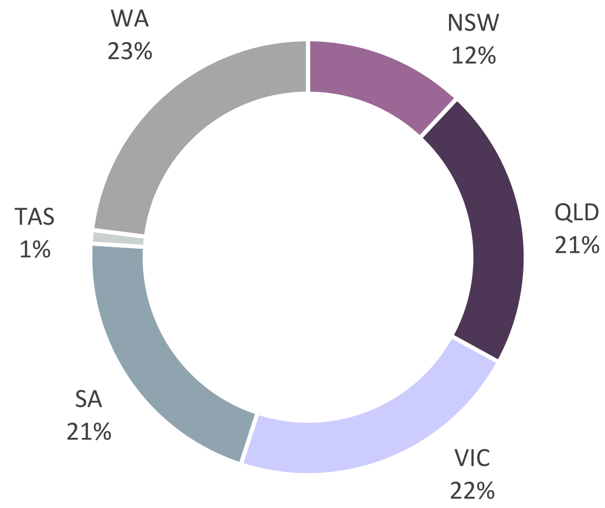
- Operating EPS and DPS of 26.4 cents for the period, reflecting 3.9% annual growth[1]
- Continue to improve portfolio tenant and geographic diversification, further increasing Eastern Seaboard weighting
  - Strengthened high quality diversified portfolio with strategic Virgin Australia Head Office acquisition in Brisbane
  - Divested Grace Worldwide facility and recycled proceeds into longer WALE 40 Tank Street, Brisbane[2]
- Portfolio revaluations resulted in a total gross uplift of $32.2m
  - 2.2% increase on prior book values
- 2.9% annual NTA per security growth
- Agreed terms to refinance $100m debt with new lender, extending debt tenor and diversifying lending sources
- Entered new $100m seven year swap increasing hedge duration and securing long term funding costs

Debt expiry profile[2] (by facility limit)

1 Annual EPS and DPS growth on annualised
2 Forecast to settle in August 2018
3 Pro-forma post $100m debt refinance

Key metrics	
Gross property assets	$1.5bn
Total debt	$0.4bn
Gearing (balance sheet)	30.6%
Number of assets	81
Occupancy	100.0%
WALE	10.8
WACR	6.1%
WARR	2.9%
Charter Hall interest	20.4%
Charter Hall co-investment	$195.2m

Geographic allocation (by GAV)



Appendix – Property Investment

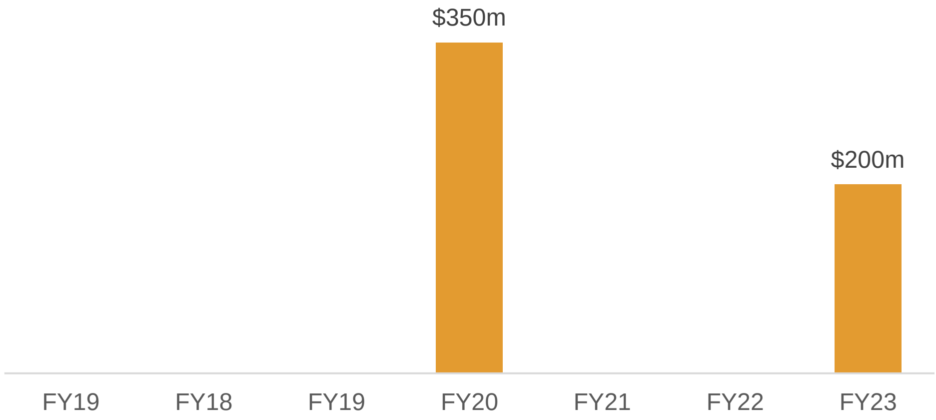
Core Logistics Partnership (CLP)

Key events during FY18

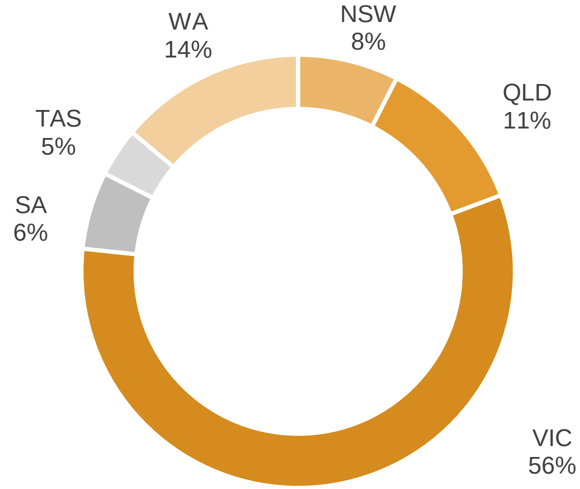
- New leases over 275,700sqm of GLA were executed. These include 158,600sqm of leases on the Fund's stabilised portfolio and 117,100sqm of new preleases improving the Fund WALE to 10.4 years from 9.6 years
- Two new pre-leased facilities at Drystone Estate, Victoria reached practical completion. These included Couriers Please (14,800sqm GLA) and Laverton Cold Storage expansion (12,800sqm GLA)
- Diversified debt source with new $200m USPP with a 5 year expiry. This kept the weighted debt expiry constant at 2.9 years

Key metrics	
Gross property assets	$1.6bn
Total debt	$0.4bn
Gearing (balance sheet)	21.4%
Number of assets	27
Occupancy	100.0%
WALE	10.4
WACR	6.0%
WARR	3.0%
Charter Hall interest	13.8%
Charter Hall co-investment	$148.8m

Debt expiry profile (by facility limit)



Geographic allocation (by GAV)



Appendix – Property Investment

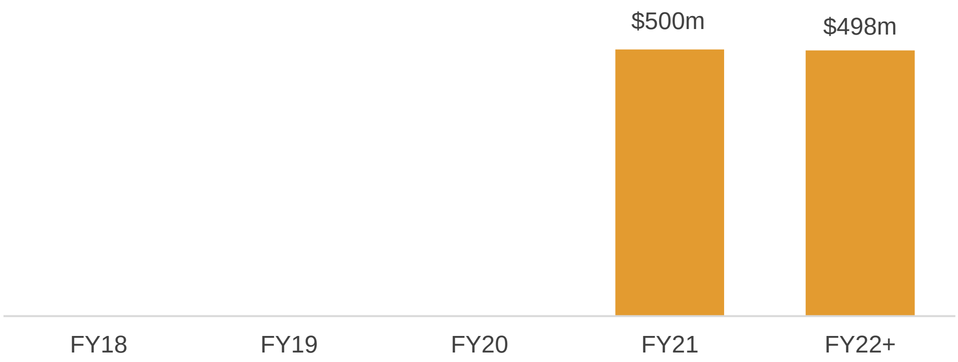
Charter Hall Prime Industrial Fund (CPIF)

Key events during FY18

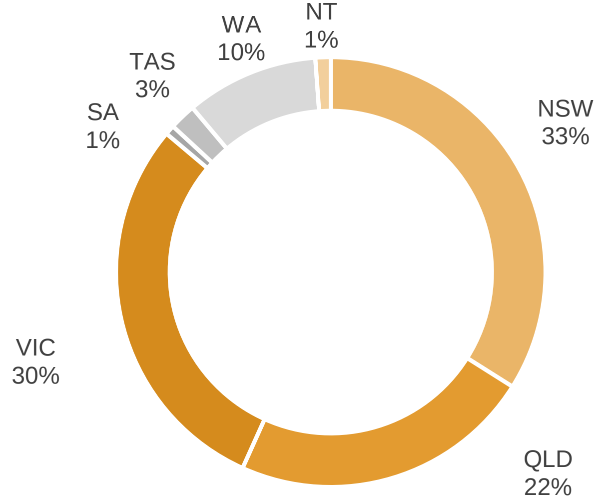
- Acquisition of five assets for $370m settled during the year, this includes Hastings Deering portfolio at Acacia Ridge QLD and a newly built Coca Cola facility at Richlands QLD both with triple net lease terms of 20 years improving the Fund WALE to 8.9 years from 7.7 years
- Completion of $240m of developments
- Acquisitions also include a strategic 58.8 hectare land parcel in Truganina VIC which is expected to deliver 250,000sqm of GLA on completion
- New leases over 382,200sqm of GLA were executed. These included 240,400sqm of executed leases on the Fund's stabilised portfolio and 141,800sqm of new pre-leases on the Fund's existing land holdings

Key metrics	
Gross property assets	$3.0bn
Total debt	$0.7bn
Gearing (balance sheet)	24.2%
Number of assets	53
Occupancy	95.6%
WALE	8.9
WACR	6.0%
WARR	3.1%
Charter Hall interest	5.9%
Charter Hall co-investment	$121.0m

Debt expiry profile (by facility limit)



Geographic allocation (by GAV)



Additional information

Fund key and glossary

Listed entities	
CHC	Charter Hall Group
CQR	Charter Hall Retail REIT
CLW	Charter Hall Long WALE REIT
Wholesale funds	
BSWF	Brisbane Square Wholesale Fund
CHOT	Charter Hall Office Trust
CCT	Charter Hall Counter Cyclical Trust
CLP	Core Logistics Partnership
CPIF	Charter Hall Prime Industrial Fund
CPOF	Charter Hall Prime Office Fund
CPRF	Charter Hall Prime Retail Fund
LWHP	Long WALE Hardware Partnership
LWIP	Long WALE Investment Partnership
LWIP2	Long WALE Investment Partnership No. 2
RP1	Retail Partnership No.1
RP2	Retail Partnership No.2
RP6	Retail Partnership No.6

Direct funds	
BW Trust	BW Trust (Direct syndicate)
CDC	Charter Hall Direct CDC Trust
DIF2, DIF3, DIF4	Direct Industrial Fund series
DOF	Direct Office Fund
PFA	Direct PFA Fund
DAT, DAT2	Charter Hall Direct Automotive Trust Series
DCSF	Charter Hall Direct Consumer Staples Fund
Other	
CAGR	Compound Annual Growth Rate
FUM	Funds Under Management
NTA	Net Tangible Assets
OEPS	Operating Earnings per Security
PFM	Property Funds Management
PI	Property Investments
WACR	Weighted Average Cap Rate
WADR	Weighted Average Discount Rate
WALE	Weighted Average Lease Expiry
WARR	Weighted Average Rent Review

Additional information

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All information contained herein is current as at 30 June 2018 unless otherwise stated. All references to dollars ($) are to Australian dollars, unless otherwise stated.

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