

Charter Hall Group^{*}

Notice of 2020 Annual General Meeting and Explanatory Memorandum

For a meeting to be held on Thursday, 12 November 2020
at 3.00pm (AEDT)

*Charter Hall Limited
(ACN 113 531 150)

*Charter Hall Property Trust
(ARSN 113 339 147)

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Separate attachment

Proxy Form

This is an important document. Please read it carefully.

If you are unable to attend the Meeting, please complete the proxy form and return it in accordance with the instructions in this Notice and in the proxy form.

13 October 2020

Level 20, No.1 Martin Place
Sydney NSW 2000
GPO Box 2704
Sydney NSW 2001

Tel +61 2 8651 9000
Fax +61 2 9221 4655
www.charterhall.com.au

Charter Hall Limited
(ACN 113 531 150) (CHL)

Charter Hall Property Trust
(ARSN 113 339 147) (CHPT)

Dear Securityholder,

Charter Hall Limited and Charter Hall Property Trust (Charter Hall Group) - Annual General Meeting

It is with pleasure that I invite you to the 2020 Annual General Meeting of Charter Hall Group (the Meeting), at 3.00pm (AEDT) on Thursday, 12 November 2020, for a briefing on the Group's operations for the 2020 financial year and to consider the matters set out in the enclosed Notice of Meeting and Explanatory Memorandum.

Charter Hall has been monitoring the advice of government health authorities regarding the continuing developments in relation to the COVID-19 pandemic. In light of the social distancing measures currently in place and the temporary changes in legislation allowing the convening of online, rather than face-to-face, meetings, the Board has decided in the interests of the health and safety of Securityholders, staff and other stakeholders to hold this Meeting virtually. Unfortunately, Securityholders will not be able to physically attend the Meeting.

Securityholders are able to attend and participate in the Meeting virtually via the online platform at <https://agmlive.link/CHC20>. Detailed instructions on how to participate in the meeting are contained in the Virtual Meeting Online Guide <https://link.charterhall.com.au/virtualguide>.

If you are unable to attend the meeting, please complete and return your proxy form by no later than 3.00pm (AEDT) on Tuesday, 10 November 2020 in accordance with the instructions on the attached proxy form.

Securityholders have the opportunity to submit questions and/or to address questions to me, as Chair, and/or our external auditor, PricewaterhouseCoopers (PwC), prior to the Meeting. Please log on to www.linkmarketservices.com.au, select "Voting", then click "Ask a Question". Representatives from PwC will be present at the Meeting to respond to the questions received and to any additional questions. Please note that written questions for PwC must be sent to, and received by, Link Market Services Limited by no later than 5.00pm on Thursday, 5 November 2020 in accordance with the instructions on the website.

If you require further information or have questions, please contact the Charter Hall Group Registry on +61 1300 664 498.

I look forward to your participation at the Meeting.

Yours sincerely



David Clarke
Chair

How to participate in the meeting

Securityholders may attend and participate in the Meeting through an online meeting platform, where Securityholders will be able to watch, listen, submit written questions and vote online.

Live online participation (including voting)

Securityholders and proxyholders will be able to attend the Meeting, vote and ask questions online, by using the instructions below:

Enter <https://agmlive.link/CHC20> into a web browser on your computer or online device;

1. Login to the online platform using your full name, email address and company name (if applicable). Securityholders will need their Securityholder Reference Number (SRN) or Holder Identification Number (HIN) and postcode; and
2. Proxyholders will be emailed their proxy code/number by the Registry, Link Market Services Limited 24 hours before the Meeting.
3. Online registration will open at 2.30pm (AEDT) on Thursday, 12 November 2020 (i.e. half an hour before the Meeting). For further information on how to log on, ask questions and vote online, please refer to the Virtual Meeting Online Guide <https://link.charterhall.com.au/virtualguide>.

Proxy voting and proxyholder participation

Please complete and return your Proxy Form by no later than 3.00 pm (AEDT) on Tuesday, 10 November 2020 in accordance with the instructions on the attached Proxy Form.

Proxyholders will be emailed their proxy code/number by the Registry, Link Market Services Limited 24 hours before the Meeting.

Questions

Securityholders will have the opportunity to ask questions at the Meeting. An opportunity for discussion will be provided on each item of business prior to Securityholders being asked to vote. Please note, only Securityholders may ask questions online once they have been verified. It may not be possible to respond to all questions. Securityholders may also lodge questions online prior to the Meeting by logging into the Registry Investor website at <https://investorcentre.linkmarketservices.com.au/Login/Login> by 3.00pm (AEDT) on Tuesday, 10 November 2020.

How to participate live online

Login

Securityholders and proxyholders can watch and participate in the Meeting virtually via the online platform by entering <https://agmlive.link/CHC20> into a web browser on a computer or online device.

You will then need to login to the online platform using your full name, email address and company name (if applicable). Securityholders will need their Securityholder Reference Number (SRN) or Holder Identification Number (HIN) and postcode. Proxyholders will need their proxy number which the Registry will provide via email prior to the Meeting.

Proxyholders will need to contact the Registry, Link Market Services Limited on +61 1300 303 063 (within and outside Australia) to obtain their login details to participate live online.

Voting online

Once registered, Securityholders and proxyholders can register to vote.

To register to vote – click on the ‘Get a voting card’ box at the top of the webpage or below the videos.

Ask a question online

You will only be able to ask a question after you have registered to vote.

If you would like to ask a question, click on the ‘Ask a Question’ box at the top or bottom of the webpage.

Notice of Meeting

Notice is hereby given that the annual general meeting of Charter Hall Limited (**CHL**) Shareholders and general meeting of Charter Hall Property Trust (**CHPT**) Unitholders (together **Securityholders**) will be held as a virtual meeting online at <https://agmlive.link/CHC20>. Online registration will commence at 2.30pm (AEDT) on Thursday, 12 November 2020.

Important Information:

1. The resolutions should be read in conjunction with the Explanatory Memorandum which follows.
2. Certain terms and abbreviations used below are defined in the Glossary at page 15 of this Notice of Meeting.
3. As explained in the 'voting exclusions' paragraphs below, certain Securityholders are excluded from voting in relation to particular resolutions and Charter Hall Group must disregard votes cast by those Securityholders. Please do not vote if your vote must be disregarded or if you are not entitled to vote as outlined in the paragraphs below.
4. The Meeting will be held in accordance with the Corporations Act, the Listing Rules, CHL's Constitution and CHPT's Constitution. Copies of both CHL's Constitution and CHPT's Constitution can be found on the Charter Hall Group's website (at www.charterhall.com.au/Corporate-Governance)

The business of the Meeting is as follows:

BUSINESS:

Item 1 – Annual Report

To receive and consider the Annual Report, consisting of the Financial Report and Directors' Report, and Auditor's Report for the year ended 30 June 2020.

Note: There is no requirement for Securityholders to approve these reports.

Item 2 – Election and Re-Election of Directors of CHL

To consider and, if thought fit, pass the following ordinary resolutions of CHL:

"That Mr David Ross, a Director of CHL retiring in accordance with the CHL Constitution, is re-elected as a Director of CHL."

Item 3 – Adoption of Remuneration Report

To consider and, if thought fit, pass the following ordinary resolution of CHL:

"That the Remuneration Report included in the Annual Report for the year ended 30 June 2020 be adopted."

Note: The vote on this resolution is advisory only and does not bind Charter Hall Group or the Directors of CHL.

Voting exclusions

Charter Hall Group will disregard any votes cast on this resolution by a member of the Key Management Personnel or their Closely Related Parties, unless the vote is cast as a proxy for a person who is entitled to vote on this resolution:

- in accordance with their directions as set out in the proxy form; or
- by the Chair of the Meeting pursuant to an express authorisation on the proxy form.

Item 4 – Issue of service rights to Mr David Harrison – Performance Rights and Options Plan (Deferred portion of Short Term Incentive (STI) for FY20)

To consider and, if thought fit, pass the following ordinary resolution of CHL and CHPT:

“That approval is given for all purposes under the Corporations Act and the Listing Rules (in particular, Listing Rule 10.14) for the issue of 80,922 service rights to Mr David Harrison as described in the Explanatory Memorandum.”

Voting exclusions

Charter Hall Group will disregard any votes cast in favour of this resolution:

- by or on behalf of Mr Harrison or an Associate of Mr Harrison;
- as a proxy by a member of the Key Management Personnel or their Closely Related Parties,

unless the vote is cast as a proxy for a person who is entitled to vote on this resolution:

- in accordance with their directions as set out in the proxy form; or
- by the Chair of the Meeting pursuant to an express authorisation on the proxy form.

In accordance with section 253E of the Corporations Act, Charter Hall Funds Management Limited (**CHFML**) and its Associates are not entitled to vote their interests (if any) on these resolutions at a meeting of CHPT Unitholders if they have an interest in these resolutions or matters other than as a CHPT Unitholder.

Item 5 –Issue of performance rights to Mr David Harrison – Performance Rights and Options Plan (Long Term Incentive (LTI))

To consider and, if thought fit, pass the following ordinary resolution of CHL and CHPT:

“That approval is given for all purposes under the Corporations Act and the Listing Rules (in particular, Listing Rule 10.14) for the issue of 265,737 performance rights to Mr David Harrison as described in the Explanatory Memorandum;

Voting exclusions

Charter Hall Group will disregard any votes cast in favour of this resolution:

- by or on behalf of Mr Harrison or an Associate of Mr Harrison;
- as a proxy by a member of the Key Management Personnel or their Closely Related Parties,

unless the vote is cast as a proxy for a person who is entitled to vote on this resolution:

- in accordance with their directions as set out in the proxy form; or
- by the Chair of the Meeting pursuant to an express authorisation on the proxy form.

In accordance with section 253E of the Corporations Act, CHFML and its Associates are not entitled to vote their interests (if any) on these resolutions at a meeting of CHPT Unitholders if they have an interest in these resolutions or matters other than as a CHPT Unitholder.

Entitlement to attend and vote

The Directors have determined that the holding of each Securityholder for the purposes of ascertaining the voting entitlements for the Meeting will be as it appears in the Register at 7.00pm on Tuesday, 10 November 2020.

At the Meeting, each Securityholder (in their capacity as a CHL Shareholder):

- on a show of hands, has 1 vote; and
- on a poll, has 1 vote for each CHL Share they hold.

At the Meeting, each Securityholder (in their capacity as a CHPT Unitholder):

- on a show of hands, has 1 vote; and
- on a poll, has 1 vote for each dollar of the value of the total interest they have in CHPT.

Voting By Proxy

A Securityholder is entitled to appoint a proxy to attend and vote on behalf of the Securityholder at the Meeting. A proxy need not be a Securityholder of Charter Hall Group.

Securityholders wishing to appoint a Director (including the Chair of the Meeting) or other member of the Key Management Personnel of Charter Hall Group or their Closely Related Parties as their proxy should read carefully the instructions on the proxy form and follow these instructions to ensure their votes are not disregarded.

A Securityholder entitled to cast two or more votes at the Meeting may appoint two proxies and specify the proportion or number of votes each proxy is appointed to exercise. If the Securityholder appoints two proxies and does not specify the proportion or number of votes each proxy may exercise, then each proxy may exercise half of the votes.

A proxy form is attached to this Notice of Meeting. To be valid, proxy forms, and the authority under which any form appointing a proxy is signed or a certified copy of that authority (if any), must be received by no later than 3.00pm (AEDT) on Tuesday, 10 November 2020 in accordance with the instructions listed on the attached proxy form.

Alternatively, Securityholders may vote online at www.linkmarketservices.com.au, by entering the Securityholder's holding details as shown on the proxy form, then selecting "Voting", and then following the prompts to lodge the Securityholder's vote. To use the online lodgement facility, Securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN).

If a Securityholder returns its proxy form but does not nominate a representative, the Chair of the Meeting will be that Securityholder's proxy and will vote on that Securityholder's behalf as directed on the proxy form. If the Securityholder's nominated representative does not attend the Meeting, then that Securityholder's proxy will revert to the Chair of the Meeting who may vote as he thinks fit (subject to the note below regarding Items 3, 4, and 5) in relation to any motion or resolution, other than those (if any) in respect of which the Securityholder has provided an indication of the manner of voting on that Securityholder's proxy form.

Undirected Proxies

If a Securityholder does not wish to direct their proxy as to how to vote in respect of a resolution, that proxy may vote as he/she sees fit on each resolution, subject to the requirements of the Corporations Act and Listing Rules (discussed below).

Where permitted, the Chair of the Meeting in respect of each item of business intends to vote undirected proxies in favour of each of the items of business in the Notice of Meeting.

Remuneration related resolutions (Items 3 – 5)

If the Chair of the Meeting is appointed, or taken to be appointed, as a proxy, and the relevant Securityholder does not mark any of the voting boxes opposite Items 3, 4 and 5, the relevant Securityholder will be directing the Chair of the Meeting to vote in favour of the resolution on that Item.

Other Directors (including the Managing Director and Group CEO), members of the Key Management Personnel and their Closely Related Parties will not be able to vote undirected proxies on Items 3, 4 and 5.

Voting by Attorney

A Securityholder may appoint an attorney to vote on their behalf. For an appointment to be effective for the Meeting, the instrument effecting the appointment (or a certified copy of it) must be received by Link Market Services Limited using the contact details listed above in the section headed "Voting by Proxy" by no later than 3.00pm (AEDT) on Tuesday, 10 November 2020. Please note that certified copies of authorities or powers of attorney cannot be received by facsimile and may only be received by mail or by hand delivery.

Corporate representatives

A body corporate which is a Securityholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the Meeting. The appointment must comply with the requirements of section 253B of the Corporations Act. The representative should email evidence of his or her appointment, including any authority under which it is signed, unless it has previously been given to Link Market Services.

Voting at the meeting

Voting on the Resolutions at this Meeting will be conducted by poll.

Conduct of the meeting

As this Meeting is a virtual meeting technical issues may arise. In that event, regard will be had to the impact of the technical issue on Securityholders and the Chair of the Meeting may, in exercising his powers as the Chair, issue any instructions for resolving the issue and may continue the Meeting if it is appropriate to do so.

Questions and comments by securityholders

At the Meeting, Securityholders will be provided with a reasonable opportunity to ask questions or make comments. For further information on how to ask questions, please refer to the Online Platform Guide on our website at: <https://agmlive.link/CHC20>.

Securityholders may also lodge questions online prior to the Meeting at the Registry Investor website <https://investorcentre.linkmarketservices.com.au/Login/Login> by 3.00 pm (AEDT) on Tuesday 10 November 2020.

By order of the Board.



Mark Bryant

Company Secretary

13 October 2020

Explanatory Memorandum

Item 1 – Annual Report

No Resolution is required for this item of business.

Copies of Charter Hall Group's 2020 Annual Report are available at www.charterhall.com.au, and copies will be made available at the Meeting. A copy of the Annual Report has been sent to those Securityholders who requested one. Securityholders who wish to receive a hard copy should contact Link Market Services Limited (see the Corporate Directory for contact details).

During this item of business an opportunity will be given to Securityholders to ask questions about, or make comments on, the management of Charter Hall Group at the Meeting.

Similarly, a reasonable opportunity will be given to Securityholders, as a whole, to ask the Charter Hall Group auditor, PwC, questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by Charter Hall Group in relation to the preparation of its financial statements and the independence of the auditor in relation to the audit for the year ended 30 June 2020.

Securityholders may also submit questions in advance by logging on to www.linkmarketservices.com.au, selecting "Voting" then clicking "Ask a Question". Relevant written questions for PwC must be received by no later than 5.00pm (AEDT) on Thursday, 5 November 2020 in accordance with the instructions on the website.

Item 2 – Election and Re-Election of Directors of CHL

Listing Rule 14.4 provides that a director must not hold office (without re-election) past the third annual general meeting following the director's appointment or three years, whichever is longer. It also provides that an entity must hold an election of directors each year. These provisions are substantively replicated in Rule 42 of CHL's Constitution.

Listing Rule 14.4 also provides that managing directors are not subject to this requirement (i.e. to stand for re-election every three years).

Mr David Ross is eligible to be re-elected as a Director of CHL and offers himself for re-election.

Information about the background and experience of Mr Ross is set out below:

Mr David Ross –Independent Non-Executive Director

Mr Ross joined the Board on 20 December 2016, and is currently a member of the Nominations Committee, Remuneration and Human Resources Committee as well as the Investment Committee.

Mr Ross has over 30 years' corporate experience in the property industry and has gained his experience both within Australia and overseas, including a total of 8 years as Chief Executive Officer of GPT and Global Chief Executive Officer, Real Estate Investments for Lend Lease.

Mr Ross is the Chair of Arena REIT, which owns, manages and develops property in the childcare and healthcare sectors. Previously, Mr Ross held executive positions at GPT, Lend Lease and Babcock & Brown. Prior board appointments include a non-executive directorship with Sydney Swans Foundation Limited.

Mr Ross brings considerable property funds management and listed corporate governance experience to the Board as well as insights into company performance and culture, gained through his prior senior executive positions.

Mr Ross holds a Bachelor of Commerce from the University of Western Australia and an Associate Diploma in Valuation from Curtin University in Western Australia. Mr Ross is a Fellow of the Australian Institute of Company Directors.

Recommendation

The Directors of CHL (other than Mr Ross in respect of his re-election as a Director of CHL) unanimously endorse the re-election of Mr Ross as a Director of CHL.

In recommending Mr Ross' re-election, the Board took into account his property funds management and listed corporate governance experience and the contribution he makes to the Board and the Committees of which he is a member.

Item 3: Adoption of Remuneration Report

As required by the Corporations Act, the Board is presenting the Remuneration Report to Securityholders for consideration and adoption.

The resolution is advisory only and does not bind the Directors.

The Remuneration Report provides Securityholders with an understanding of:

- Charter Hall Group's remuneration policies as they relate to Key Management Personnel;
- The link between remuneration and Charter Hall Group's performance; and
- Individual outcomes for Charter Hall Group's Key Management Personnel and Directors.

A copy of the Remuneration Report, which is part of the 2020 Annual Report, is available by contacting Link Market Services Limited (see the Corporate Directory for contact details) or by visiting Charter Hall Group's website.

- A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting.
- A voting exclusion statement applies to this resolution as set out in the Notice of Meeting.

Recommendation

The Directors unanimously recommend the Securityholders vote in favour of Item 3.

Item 4: Issue of service rights to Mr David Harrison – Performance Rights & Options Plan (PROP) (Deferred portion of Short Term Incentive (STI) awarded for FY20)

In accordance with Listing Rule 10.14, Charter Hall Group is seeking the approval of Securityholders for a proposed allocation of service rights to the Managing Director and Group CEO, at no cost to him, under the PROP. The allocation of service rights is the deferred portion of Mr Harrison's STI (equivalent to one third of his awarded STI for FY20).

Details of proposed allocation of service rights under the PROP

Securityholder approval is sought for an allocation of 80,922 service rights to Mr Harrison.

The basis of the quantum of the proposed issue of service rights is explained in paragraph (e).

(a) Nature of the service rights

If the resolution in item 4 is approved, Mr Harrison will receive the service rights in lieu of receiving in cash, for one third of his awarded STI for FY20.

The only vesting condition is that Mr Harrison is employed by the Charter Hall Group on 31 August 2021 for 50% of the service rights to vest, and on 31 August 2022 for the remaining 50% of the service rights to vest, at which time each service right will convert into a Stapled Security.

(b) Date the service rights will be issued

If the resolution in Item 4 is approved by Securityholders, the service rights are proposed to be issued in two tranches to Mr Harrison as soon as practicable after the Meeting, but in any case, no later than 31 August 2021 for 50% of the service rights (the **First Issue Date**), and no later than 31 August 2022 for the remaining 50% of the service rights (the **Second Issue Date**).

Each service right will convert into a fully paid Stapled Security on 31 August 2021 and 31 August 2022 respectively, if the relevant vesting condition is met.

Details of the service rights to be issued will be published in each annual report for Charter Hall Group relating to the period in which the service rights have been issued, noting that approval for the issue of the service rights was obtained pursuant to Listing Rule 10.14.

Any additional persons who become entitled to participate in the employee incentive scheme after the resolution is approved and who are not named in this Notice of Meeting will not participate until approval is obtained under Listing Rule 10.14.

If the resolution in Item 4 is not approved by Securityholders, 50% of the deferred STI entitlement will vest on 31 August 2021, with a gross cash remuneration entitlement of \$375,000 to be paid no later than 31 August 2021. The remaining 50% of the deferred STI entitlement will vest on 31 August 2022, with a gross cash remuneration entitlement of \$375,000 to be paid no later than 31 August 2022.

(c) Maximum number of service rights to be granted

The maximum number of service rights that may be awarded to Mr Harrison pursuant to the resolution proposed in Item 4 is 80,922 service rights.

(d) Vesting conditions of service rights

If Mr Harrison ceases to be employed (i.e. he resigns or is terminated for cause) by the Charter Hall Group:

- on or before 31 August 2021, the service rights or cash payment rights (depending on whether the resolution in Item 4 was approved by Securityholders) would be forfeited; or
- on or before 31 August 2022, the second tranche (being the remaining 50%) of the service rights or cash payment rights (depending on whether the resolution in Item 4 was approved by Securityholders) would be forfeited.

If Mr Harrison's employment is terminated for any other reason:

- on or before 31 August 2021, the service rights or cash payment rights (depending on whether the resolution in Item 4 was approved by Securityholders) will vest; or
- after 31 August 2021 but on or before 31 August 2022, the second tranche (being the remaining 50%) of the service rights or cash payment rights (depending on whether the resolution in Item 4 was approved by Security holders) will vest,

unless the Board determines otherwise.

(e) Basis for the quantum of the proposed issue of service rights to Mr Harrison

STI Overview

In respect of FY20, any STI amount was subject to the Charter Hall Group achieving a threshold of 95% or more of the target annual OEPS, excluding any recognised performance fees relating to the Charter Hall Office Trust. STI payments for FY20 reflected the Charter Hall Group achieving an OEPS which exceeded the Group target in addition to achieving other financial targets.

Once the OEPS threshold was reached, individual performance against other objectives became the basis for determining what STI payments were to be made to individuals, if any. The Board, in consultation with the Remuneration and Human Resources Committee, assessed the performance of Mr Harrison against his individual performance measures established for FY20. The Board also retains the discretion to increase/decrease the STI amount available based on its assessment of overall performance.

The Managing Director's scorecard was divided into three performance measures, Financial, Customer and Leadership and Collaboration. Below is a summary of the Managing Director's performance measures and KPIs for FY20 as assessed by the Board:

- Financial Measures (weighted at 50%) including Charter Hall Group OEPS growth; equity flow growth, growth in funds under management; and maintaining Group investment capacity;
- Customer (30%) including delivering exceptional customer experience with continuous improvement and innovation, and customer satisfaction surveys and inflows from new investors; and
- Leadership, Culture & Collaboration (20%) including driving an engaged, inclusive, diverse culture with strengthening leadership and succession.

These performance measures were selected as they establish a clear link between Charter Hall Group performance and purpose, our core strategic objectives of growth and resilience and long-term interests of our customers and securityholders.

FY20 STI achievement

The number of service rights that Mr Harrison will be allocated has been determined by dividing the value of the deferred portion of his STI award for FY20 of \$750,000 by the fair value of the service rights (i.e. \$9.27) calculated as an average price for each tranche using the Black-Scholes-Merton model determined by the Board on 15 September 2020, equating to 80,922 service rights to Mr Harrison.

(f) Other Matters

There are no loans to be granted by CHL or CHFML to Mr Harrison in relation to the acquisition of the service rights under the proposed grant in Item 4.

The PROP was first introduced in 2008.

ASX Listing Rule 10.14 requires Securityholder approval for Directors to participate in an employee incentive scheme under which he or she acquires, or may in the future be entitled to acquire, securities. CHC Securityholders last approved an issue of performance rights and service rights under the PROP at the Annual General Meeting of Charter Hall Group held in November 2019. At the 2019 Annual General Meeting, Securityholders approved the issue of 67,960 service rights (which represents the FY19 deferred STI) and 227,411 performance rights (which represents the FY20 LTI) to Mr Harrison, with a nil exercise price.

No amount was paid or payable on the issue of service rights and performance rights to Mr Harrison which were approved at the 2019 Annual General Meeting. Apart from Mr Harrison, no Directors or associates of Directors are participants in the PROP or have been invited or are entitled to participate in the PROP.

A voting exclusion statement applies to this resolution as set out in the Notice of Meeting.

Recommendation

The Directors (other than Mr Harrison) unanimously recommend that Securityholders vote in favour of the Item 4 resolution.

Item 5 - Issue of performance rights to Mr David Harrison – Performance Rights and Options Plan (PROP) (Long Term Incentive (LTI))

ASX Listing Rule 10.14 requires Securityholder approval for Directors to participate in an employee incentive scheme under which he or she acquires, or may in the future be entitled to acquire, securities. Consequently, Charter Hall Group is seeking approval of Securityholders for the proposed allocation of performance rights in respect of the financial year ending 30 June 2021, to Mr Harrison under the PROP.

Details of the proposed allocation of performance rights under the PROP

In respect of the financial year ending on 30 June 2021, Securityholder approval is sought for an allocation of performance rights to Mr Harrison vesting over a four-year performance period. The remuneration mix for Mr Harrison includes an amount for an LTI of 265,737 performance rights (equivalent to \$2,250,000), calculated as an average price for each tranche using the Black-Scholes-Merton model of \$8.47 for each performance right, valued independently at 1 July 2020.

(a) Price of the performance rights

No amount is payable on the grant of an award of performance rights under the PROP. In addition, no amount is payable to exercise a performance right once it vests. Please refer to the information in paragraphs (d) and (e) below in relation to the relevant vesting service and performance conditions of performance rights.

If the applicable vesting service and performance conditions are met, Mr Harrison will be entitled to receive one fully paid Stapled Security in the Charter Hall Group in respect of each vested performance right (subject to adjustment in accordance with the Listing Rules in the event of a reorganisation of the issued ordinary share capital of CHL or issued unit capital of CHPT, or as otherwise contemplated by the PROP rules).

(b) Date the performance rights will be issued

If the resolution in Item 5 is approved by Securityholders, the performance rights are proposed to be issued to Mr Harrison as soon as practicable after the Meeting, but in any case, no later than twelve months after the date of the 2020 Annual General Meeting (the *Issue Date*).

(c) Maximum number of performance rights to be provided

Up until 1 July 2024, the maximum number of performance rights that may be acquired by Mr Harrison pursuant to the resolution proposed in Item 5, is 265,737 performance rights based upon a valuation of \$8.47 per performance right.

(d) Vesting conditions of performance rights

The vesting of performance rights under the PROP is subject to both service and performance conditions.

The FY21 grant performance rights may vest on 31 August 2024. These rights cannot be exercised until after the release of the full FY24 results.

The performance conditions for each tranche are based on operating earnings per security growth and relative ASX total shareholder return (**TSR**) hurdles in equal proportions as follows:

Operating Earnings Per Security measure

The Board has set the commencement OEPS for the FY21 grant as the FY20 adjusted OEPS of 53.9 cps (after tax) which is the FY20 actual OEPS result of 69.3 cps (after tax) less the Charter Hall Office Trust (**CHOT**) performance fee of 15.4 cps (after tax) recognised during the period. The actual aggregate OEPS (after tax) achieved during the performance period will also exclude any recognised CHOT performance fees (after tax) to assess performance against the hurdles. The CHOT performance fee has been recognised in full.

A 5-7% OEPS growth hurdle range has been set to apply to OEPS adjusted for the CHOT performance fees.

For the FY21 grant, 50% of performance rights will vest on 31 August 2024 if the aggregate OEPS excluding any CHOT performance fee (after tax) over the four-year performance period from 1 July 2020 to 30 June 2024 represents 5% per annum compound growth on the FY20 adjusted OEPS of 53.9 cps (after tax) (which equates to aggregate OEPS (after tax) of 243.9 cps over the four-year performance period) and 100% of performance rights will vest if the aggregate OEPS excluding any CHOT performance fee (after tax) over the four-year performance period represents 7% per annum compound growth (which equates to aggregate OEPS (after tax) of 256.1 cps over the four-year performance period), with progressive pro-rata vesting between 243.9 cps and 256.1 cps (i.e. on a straight line basis).

Relative TSR performance condition

Relative TSR performance is determined based on Charter Hall Group's total ASX return (assuming distributions are reinvested) ranking against the constituents of the comparator group (see below) over the relevant performance measurement period. The performance measurement period for the FY21 grant is four years from 1 July 2020 to 30 June 2024. Performance rights vest on 31 August 2024 if the ASX

TSR of Charter Hall Group for the performance period ranks between the 50th to 75th percentile of the Comparator Group, with 50% of performance rights vesting at the 50th percentile and 100% vesting at the 75th percentile, with progressive pro-rata vesting between the 50th and 75th percentile (i.e. on a straight line basis).

The base price of Charter Hall Group's Stapled Securities for calculation of the total return is the VWAP for the month of June 2020, which was \$9.84, with the final price being the VWAP for the final month of the performance period i.e. June 2024.

The Board has determined the Comparator Group for the FY21 LTI to be:

- Abacus Property Group (ABP)
- BWP Trust (BWP)
- Cromwell Property Group (CMW)
- Charter Hall Retail REIT (CQR)
- Charter Hall Long Wale REIT (CLW)
- Dexu Property Group (DXS)
- Goodman Group (GMG)
- Growthpoint Properties Australia (GOZ)
- GPT Group (GPT)
- Mirvac Group (MGR)
- National Storage REIT (NSR)
- Scentre Group (SCG)
- Shopping Centres Australasia Property Group (SCP)
- Stockland (SGP)
- Vicinity Centres (VCX)
- Waypoint REIT (WPR)

The Board is able to determine the treatment of the companies in the comparator group at the Board's discretion.

If Mr Harrison ceases to be employed (i.e. he resigns or is terminated for cause) by the Charter Hall Group on or before 31 August 2024, the performance rights (depending on whether the resolution in Item 5 was approved by Securityholders) would be forfeited.

If Mr Harrison's employment is terminated for any other reason on or before 31 August 2024, the performance rights (depending on whether the resolution in Item 5 was approved by Securityholders) will continue to be held by Mr Harrison and, subject to the PROP rules and meeting the service and the performance conditions, will vest unless the Board determines otherwise.

General Conditions

50% of performance rights are subject to the relative TSR measure and 50% are subject to the OEPS measure.

Any performance rights that fail to vest on the vesting dates are forfeited.

The Board considered that relative ASX TSR is an appropriate performance hurdle because it ensures that a portion of each participant's remuneration is linked to the relative market performance of Charter Hall Group Stapled Securities, ensuring that participants only receive a benefit where there is a corresponding relative benefit to Securityholders.

The Board considered that the aggregate OEPS performance hurdle is appropriate because it is a key driver of security price performance.

Absent any unusual circumstances where Board discretion ought to be exercised, in order to meet the service condition PROP participants must be employed by the Charter Hall Group on the relevant vesting date of any performance right.

(e) Vesting period

For this proposed LTI award the OEPS and relative ASX TSR performance measures will be assessed over the four-year period from 1 July 2020 to 30 June 2024. The service vesting condition is that the relevant employee is employed by the Charter Hall Group on the respective vesting dates of 31 August 2024. If the performance conditions are met, the rights will vest on the vesting dates.

(f) Basis for the quantum of the proposed issue of performance rights to Mr Harrison

The Remuneration Framework for Mr Harrison is described in the Remuneration Report section of the Annual Report. In summary, it comprises base pay and superannuation (fixed remuneration), an STI and an LTI. For FY21, no remuneration increase was approved by the Board for Mr Harrison.

A Black-Scholes-Merton valuation model has been utilised to arrive at the fair value of an LTI right at the time of its award to the employee. A Monte Carlo simulation will be utilised to calculate the accounting expense where required by accounting standards. These figures have been determined based on a valuation report prepared by Deloitte.

As outlined in the Remuneration Report, the Board utilised the Black-Scholes-Merton valuation model for the allocation of LTI performance rights.

(g) Securities held

The number of Stapled Securities, options and performance rights currently held by Mr Harrison are set out on page 70 of the Annual Report.

(h) Other matters

There are no loans to be granted by CHL or CHFML to Mr Harrison in relation to the acquisition of the performance rights under the proposed grant in Item 5.

The PROP was first introduced in 2008.

ASX Listing Rule 10.14 requires Securityholder approval for Directors to participate in an employee incentive scheme under which he or she acquires, or may in the future be entitled to acquire, securities. CHC Securityholders last approved an issue of performance rights and service rights under the PROP at the Annual General Meeting of Charter Hall Group held in November 2019.

At the 2019 Annual General Meeting, Securityholders approved the issue of 67,960 service rights (which represents the FY19 deferred STI) and 227,411 performance rights (which represents the FY20 LTI) to Mr Harrison, with a nil exercise price.

No amount was paid or payable on the issue of service rights and performance rights to Mr Harrison which were approved at the 2019 Annual General Meeting. Apart from Mr Harrison, no Directors or associates of Directors are participants in the PROP or have been invited or are entitled to participate in the PROP.

Mr Harrison's FY21 fixed annual remuneration is \$1,500,000, his on-target STI is \$1,500,00 and his maximum LTI opportunity is \$2,250,000. Mr Harrison's fixed annual remuneration comprises cash base salary and statutory superannuation contributions.

A voting exclusion statement applies to this resolution as set out in the Notice of Meeting.

Recommendation

The Directors (other than Mr Harrison) unanimously recommend that Securityholders vote in favour of the Item 5 resolution.

Glossary

Annual Report	the annual report of Charter Hall Group that includes the financial report, the Directors' report and the independent audit report for the period ended 30 June 2020
ASX	ASX Limited
Associate	the definition provided in the note to Rule 14.11 of the Listing Rules
Auditor or PwC	PricewaterhouseCoopers
Board	board of Directors of CHL and/or CHFML, as appropriate
Charter Hall Group	CHL and CHPT and, where appropriate, their controlled entities
CHFML or the Responsible Entity	Charter Hall Funds Management Limited (ACN 082 991 786; AFSL 262861) in its capacity as responsible entity of CHPT
CHL or the Company	Charter Hall Limited (ACN 113 531 150)
CHL Share	a share in CHL
CHL Shareholder	a registered holder of a CHL Share
CHPT	Charter Hall Property Trust (ARSN 113 339 147)
CHPT Unit	a unit in CHPT
CHPT Unitholder	a registered holder of a CHPT Unit
Closely Related Party	has the meaning given in the Corporations Act
Corporations Act	the Corporations Act 2001 (Cth)
Cps	Cents per security
Directors	the directors of CHL and/or CHFML, as appropriate
Explanatory Memorandum	the explanatory memorandum that accompanies this Notice of Meeting
Key Management Personnel	has the meaning given in the Corporations Act
Listing Rules	Listing Rules of ASX
LTI	long term incentive
Managing Director and Group CEO	David Harrison
Meeting	the 2020 annual general meeting of CHL Shareholders and general meeting of CHPT Unitholders to be held together on 12 November 2020
Notice of Meeting	this notice of Meeting and any notice of any adjournment of the Meeting
OEPS	Operating Earnings per Security
PROP	Performance Rights and Options Plan of Charter Hall Group
Register	the register of Securityholders as maintained by Link Market Services Limited
Remuneration Report	the Remuneration Report included in the Annual Report
Securityholders	registered holders of Stapled Securities
Stapled Security	means a CHL Share stapled to a CHPT Unit
STI	short term incentive
TSR	total shareholder return
VWAP	volume weighted average price

Interpretation

The following rules apply unless the context requires otherwise:

- The singular includes the plural, and the converse also applies.
- If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- A reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.

Corporate directory

Registered office

Level 20, No.1 Martin Place
Sydney NSW 2000

Tel +61 2 8651 9000

ASX Code CHC

Directors

David Clarke (Chair), Anne Brennan,
Philip Garling, David Harrison,
Karen Moses, Greg Paramor AO
and David Ross

Company Secretary

Mark Bryant

Auditor

PricewaterhouseCoopers
One International Towers Sydney
Watermans Quay, Barangaroo
Sydney NSW 2000

Investor relations

All other enquiries related to Charter
Hall Group can be directed to Investor
Relations:

Charter Hall Group

GPO Box 2704 Sydney NSW 2001

Tel 1300 365 585 (within Aus)
+61 2 8651 9000 (outside Aus)

E-mail reits@charterhall.com.au

Web charterhall.com.au

LODGE YOUR VOTE

 **ONLINE**
www.linkmarketservices.com.au

 **BY MAIL**
Charter Hall Group
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

 **BY FAX**
+61 2 9287 0309

 **BY HAND**
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138

 **ALL ENQUIRIES TO**
Telephone: 1300 664 498 Overseas: +61 1300 664 498



X99999999999

PROXY FORM

I/We being a member(s) of Charter Hall Group and entitled to attend and vote hereby appoint:

APPOINT A PROXY

☐ **the Chair of the Meeting (mark box)**

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name and email of the person or body corporate you are appointing as your proxy. An email will be sent to your appointed proxy with details on how to access the virtual meeting.

Name

Email

or failing the person or body corporate named, or if no person or body corporate is named, the Chair of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **3:00pm (AEDT) on Thursday, 12 November 2020 (the Meeting)** and at any postponement or adjournment of the Meeting.

The Meeting will be conducted as a virtual meeting and you can participate by logging in online at <https://agmlive.link/CHC20> (refer to details in the Notice of Meeting and the Virtual Online Meeting Guide).

Important for Resolutions 3, 4 and 5: If the Chair of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chair of the Meeting to exercise the proxy in respect of Resolutions 3, 4 and 5, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

The Chair of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒.

Resolutions

For Against Abstain*

- 2 Re-Election of Director – Mr David Ross
- 3 Adoption of Remuneration Report
- 4 Issue of service rights to Mr David Harrison – Performance Rights and Options Plan (Deferred portion of Short Term Incentive (STI) for FY20)
- 5 Issue of performance rights to Mr David Harrison – Performance Rights and Options Plan (Long Term Incentive (LTI))

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Securityholder 1 (Individual)

Joint Securityholder 2 (Individual)

Joint Securityholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

CHC PRX2001N

HOW TO COMPLETE THIS SECURITYHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's security register. If this information is incorrect, please make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your securities using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chair of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name and email address of that individual or body corporate in Step 1. A proxy need not be a securityholder of the Company.

DEFAULT TO CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's security registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either securityholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting virtually the appropriate "Certificate of Appointment of Corporate Representative" must be received at registrars@linkmarketservices.com.au prior to admission in accordance with the Notice of Annual General Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **3:00pm (AEDT) on Tuesday, 10 November 2020**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, securityholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your securityholding.

QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



BY MAIL

Charter Hall Group
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

* During business hours (Monday to Friday, 9:00am–5:00pm)