

ASX Release

Partnership with Paradise Investment Management

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Charter Hall Limited
ACN 113 531 150

Charter Hall
Funds Management Limited
ABN 31 082 991 786

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

T +61 2 8651 9000
F +61 2 9221 4655

www.charterhall.com.au

Charter Hall Group (ASX: CHC) is pleased to announce a new strategic partnership comprising a 50% interest investment in Paradise Investment Management (PIM). PIM is a fund manager with \$18.2 billion in funds under management (FUM) invested in Australian and global listed equities, a 20-year track record of performance, with its people operating from offices in Sydney, Denver and San Francisco. The investment provides a strategic expansion of Charter Hall's \$61.3 billion funds management platform.

The acquisition price for a 50% investment is \$207 million and represents a Net Profit after Tax (NPAT) multiple of 10x, equating to 2.3% of PIM's FUM. Consideration will be provided to PIM shareholders as Charter Hall securities (70%) and a cash component (30%) used by PIM shareholders to fund tax obligations created from the sale. There is no cash being realised beyond that required to fund tax liabilities. Charter Hall also has the option to acquire the remaining 50% of PIM at the commencement of FY25 based on certain confidential conditions. The partnership is expected to be accretive in the first full year of earnings, noting only 6 months of contribution to FY22 earnings will be derived and the CHC scrip component issued will be ex the CHC December half distribution of 19.66 cps previously announced.

Securities issued as consideration represent approximately 1.55% of Charter Hall's securities on issue pre-transaction. The CHC securities will be held in escrow and released to PIM shareholders in two equal tranches at 30 June 2023 and 2024 respectively. The transaction is expected to settle by 31 December, 2021.

Charter Hall Managing Director and Group CEO, David Harrison, said: "This partnership represents a rare opportunity to invest in a large scale, high-quality listed equities fund manager with \$18.2 billion of FUM and a 20-year track record, building upon and significantly expanding our existing listed real estate equities business. It diversifies Charter Hall's FUM and earnings streams, introduces new client relationships to both businesses across wholesale and retail equity source segments."

Paradise Investment Management, Managing Director, David Paradise, commented: "Charter Hall and PIM are a natural cultural and strategic fit. We share the same values and investment philosophies. Both businesses are fiduciaries of other people's capital, tasked with delivering out-performance for our investors, and this is central to the way both businesses have grown over time and are run. We share the same views on the importance of partnership with our investors to deliver mutually beneficial outcomes. All of the PIM team are excited to be joining forces with Charter Hall and embarking on the next chapter of growth together."

Key Transaction Highlights

- Strategic extension of Charter Hall's existing listed real estate equities capability into broader listed equities
- Introduces new capital relationships to Charter Hall
- Diversifies and expands Charter Hall's existing investment offerings, introducing investment options not directly correlated with real estate

- PIM is a well-known and respected organisation operating in the Australian market for over 20-years
- Scalable business with growth potential in existing and new strategies
- Complementary management capability and culture
- Key PIM executives will become Charter Hall securityholders, committed to the continued success of PIM and Charter Hall
- Partnership expected to be accretive to earnings

Charter Hall re-affirms earnings guidance for FY22 operating earnings per security of no less than 105 cents per security, subject to no material adverse conditions.

Charter Hall first-half FY22 results will be announced on Thursday, 24 February 2022.

Announcement Authorised by the Chair and Managing Director and Group CEO

Charter Hall Group (ASX: [CHC](#))

With over 30 years' experience in property investment and funds management, we're one of Australia's leading fully integrated property groups. We use our property expertise to access, deploy, manage and invest equity across our core sectors – Office, Industrial & Logistics, Retail and Social Infrastructure.

Operating with prudence, we've curated a diverse \$61.3 billion property portfolio of 1,506 high quality properties. With partnership at the heart of our approach, we're creating places that help grow communities; turning them into the best they can be and unlocking hidden value. Taking a long-term view, our \$9 billion development pipeline delivers sustainable, technologically enabled projects for our customers.

The impacts of what we do are far-reaching. From helping businesses succeed by supporting their evolving workplace needs, to providing investors with superior returns for a better retirement, we're powered by the drive to go further.

For further enquiries, please contact
David Harrison
Managing Director and Group CEO
Charter Hall
T +61 2 8651 9142
david.harrison@charterhall.com.au

For investor enquiries, please contact
Philip Cheetham
Head of Listed Investor Relations
Charter Hall
T +61 403 839 155
philip.cheetham@charterhall.com.au

For media enquiries, please contact
Megan Moore
Communications and Media Manager
Charter Hall
T + 61 434 225 643
megan.moore@charterhall.com.au
