



**Charter Hall** 

*Celebrating 30 years*

Charter Hall Group  
**Partnership with  
Paradice Investment  
Management**

22 December 2021

# Transaction overview

## Transaction overview

- Charter Hall Group ("**CHC**") has entered into a binding sale agreement with Paradise Investment Management Pty Ltd ("**PIM**") to acquire 50% of the shares in PIM from PIM's existing shareholders (all of whom are active existing PIM management) (the "**Transaction**")
  - CHC have an option to acquire the remaining 50% interest in PIM in FY25, subject to certain confidential conditions
- All PIM employees will remain with the business, whilst the board of PIM will have 3 directors from CHC and 3 from PIM management
- The transaction is expected to complete by 31 December, 2021

## Strategic Rationale

- CHC sees this partnership as an expansion of its Funds Management capability to service investor customers across multiple equity segments
- PIM is a large scale, high-quality listed equities manager with \$18.2bn of FUM and a 20 year track record, with both domestic and global equities capability and historical performance
- Strengthens CHC's deep investor relationships with domestic and global capital and introduces new capital relationship opportunities for both CHC and PIM
- Core business of PIM, like CHC, is to act as a fiduciary of others' capital to deliver outperformance to investors - its in the "DNA" of both PIM and CHC to deliver performance for its investors
- Scalable business model with growth potential in existing & new strategies

## Transaction Consideration

- Investment price of \$207 million represents a 10.0x multiple of net profit after tax, which equates to 2.3% of PIM's funds under management ("**FUM**")
- Consideration to be provided to PIM shareholders in the form of CHC securities (70%) and cash (30%)
- Securities issued as consideration represent approximately 1.55% of CHC's total securities outstanding pre-transaction
  - CHC securities provided to PIM shareholders will be held in escrow and released in two equal annual tranches at 30 June 2023 and 2024 respectively

## Impact of the Transaction

- The investment is expected to be earnings accretive to CHC in FY22, more so on an annualised basis
- Charter Hall re-affirms FY22 operating earnings per security guidance of no less than 105 cents per security, subject to no material adverse conditions



# Overview of Paradise Investment Management (PIM) - a listed equities Fund Manager

**PARADICE**  
INVESTMENT MANAGEMENT

**\$18.2bn FUM**

**Australian FUM**  
**\$12.1bn**

**Global FUM**  
**\$6.1bn**

**51 employees across 3 offices-Sydney, Denver and San Francisco**

**Australian Large Cap**  
**\$5.6bn**

**Australian Mid Cap**  
**\$3.7bn**

**Global Small Cap**  
**\$5.5bn**

**26 investment focused employees**

**Australian Small Cap**  
**\$2.7bn**

**Australian Long/Short**  
**\$51m**

**Emerging Market Equities**  
**\$0.6bn**

**Offices in Sydney, Denver & San Francisco**

# Strategic rationale: ~\$80 billion FUM multi-asset class Fund Manager

1

## Diversifies and expands capabilities

- ✓ CHC partnership with a listed equities Fund Manager with scalable \$18.2bn FUM portfolio
- ✓ Strategic extension of Charter Hall Maxim listed real estate equities platform into broader listed equities
- ✓ Diversifies CHC's FUM and earnings streams with low correlation to real estate returns
- ✓ Expands CHC's investible universe to the \$2.4 trillion Australian listed equities market and \$70 trillion global listed equities market

2

## Broadens investor relationships

- ✓ Expands and deepens CHC's deep relationships with domestic and global investors
- ✓ Introduces new investor relationships to CHC, providing multi-sector opportunities for investors
- ✓ Majority of PIM investors have invested over the long term, across multiple strategies
- ✓ Expands choice of investments that can be offered to clients

3

## Aligned business models & culture

- ✓ Core business of PIM, like CHC, is to act as a fiduciary of investors capital to deliver outperformance
- ✓ Complementary management capability & culture
- ✓ Key PIM executives will become CHC securityholders and will be committed to the continued success of combined CHC / PIM

4

## High quality, scalable business

- ✓ PIM is a well known and respected organisation operating in the Australian market for over 20 years
- ✓ Long track record of attracting capital and delivering outperformance
- ✓ Profitable and efficiently managed
- ✓ Scalable business model with growth potential in existing & new strategies

5

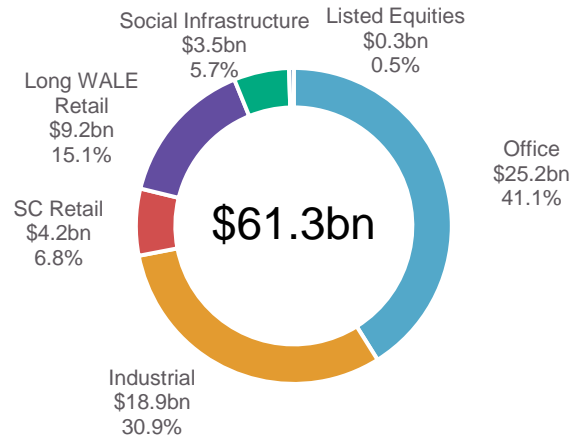
## Favourable financial impacts

- ✓ Acquisition expected to be accretive in first full year of earnings
- ✓ Securities issued as consideration represent ~1.55% of CHC's total securities outstanding pre-transaction
- ✓ Investment secured at an attractive 10.0x NPAT multiple (2.3% of FUM)
- ✓ Investment 70% scrip funded, with cash component covered by available liquidity

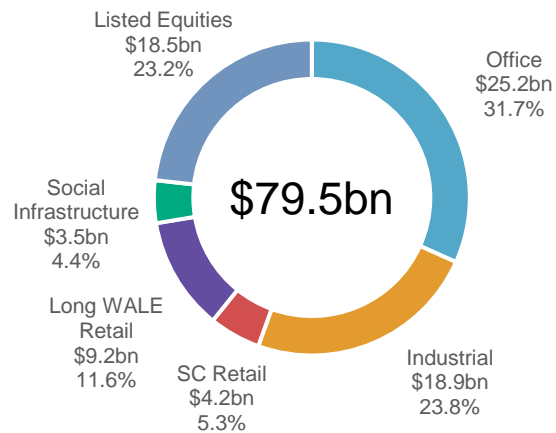
# Illustrative pro-forma platform composition

FUM by sector (Dec-21<sup>1</sup>)

Pre

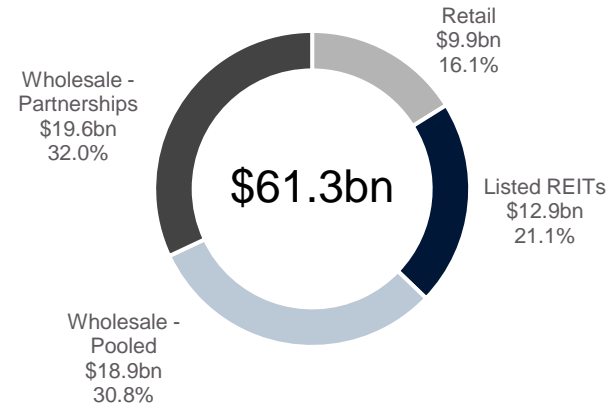


Pro-forma

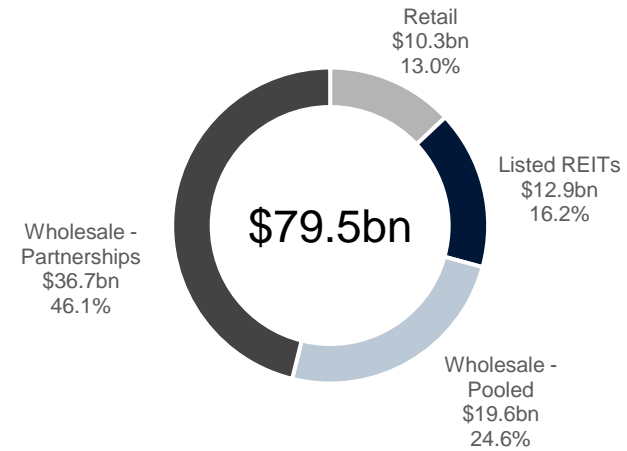


FUM by equity source (Dec-21<sup>1</sup>)

Pre



Pro-forma



1. Charter Hall FUM at Dec 21, post revaluations.

Personal use only

## Contact information



**David Harrison**  
Managing Director & Group CEO  
Charter Hall Group

T: 0412 259 751  
E: [david.harrison@charterhall.com.au](mailto:david.harrison@charterhall.com.au)



**Russell Proutt**  
Chief Financial Officer  
Charter Hall Group

T: 0400 378 622  
E: [russell.proutt@charterhall.com.au](mailto:russell.proutt@charterhall.com.au)



**Philip Cheetham**  
Head of Listed Investor Relations  
Charter Hall Group

T: 0403 839 155  
E: [philip.cheetham@charterhall.com.au](mailto:philip.cheetham@charterhall.com.au)



**Sean McMahon**  
Chief Investment Officer  
Charter Hall Group

T: 0410 685 349  
E: [sean.mcmahon@charterhall.com.au](mailto:sean.mcmahon@charterhall.com.au)



**Natalie Devlin**  
Chief Experience Officer  
Charter Hall Group

T: 0400 901 610  
E: [natalie.devlin@charterhall.com.au](mailto:natalie.devlin@charterhall.com.au)

*Presentation authorised by the Chair and Managing Director & Group CEO*

ersonal use only

**Charter Hall** 

