



Charter Hall 

Celebrating 30 years

Charter Hall Group

**Partnership with
Paradise Investment
Management**

22 December 2021

Transaction overview

Transaction overview	<ul style="list-style-type: none"> – 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") <ul style="list-style-type: none"> – 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	<ul style="list-style-type: none"> – 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	<ul style="list-style-type: none"> – 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 <ul style="list-style-type: none"> – 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	<ul style="list-style-type: none"> – 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



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

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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

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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

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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

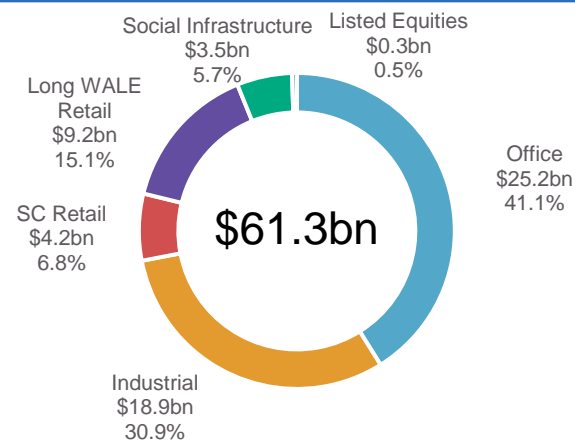
Favourable financial impacts

- ✓ 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

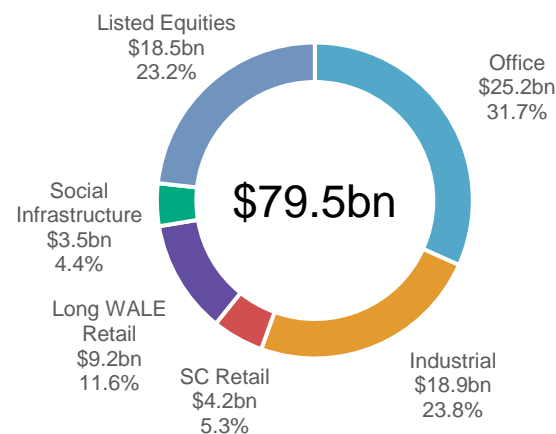
Illustrative pro-forma platform composition

FUM by sector (Dec-21¹)

Pre

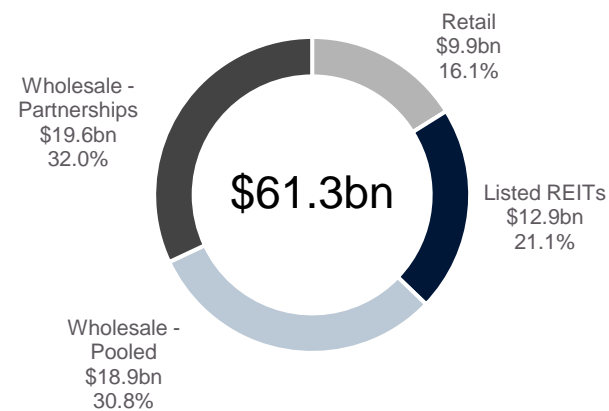


Pro-forma

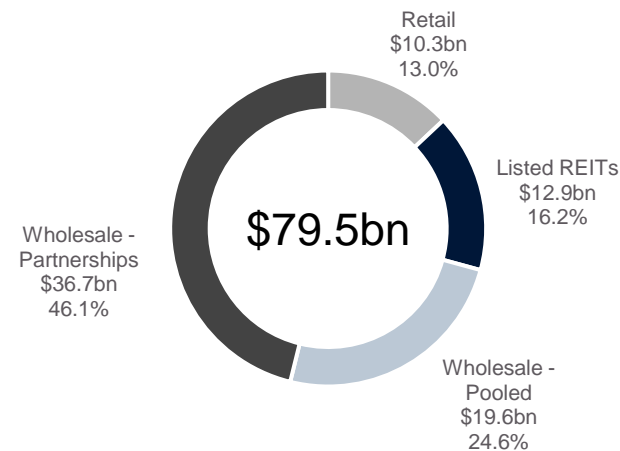


FUM by equity source (Dec-21¹)

Pre



Pro-forma



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

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Presentation authorised by the Chair and Managing Director & Group CEO

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