



MACQUARIE
ACN 002 574 923

Macquarie Private Wealth

Snapshot

Charter Hall Group

Business Description

Charter Hall Group (CHC) is a property fund manager and developer, manages a suite of wholesale and retail unlisted property funds in which it holds investments. The managed funds are of a core-plus or opportunistic style comprising assets of varying quality in pre, during and post development stages, being diversified across the commercial, retail and industrial sectors and geographically across the larger Australian and New Zealand cities. As part of its capital raising in 2009 the Gandel Group made an investment in Charter Hall, as well as an investment commitment to two unlisted managed funds (Core Plus Office Fund, and the Special Situations Office Fund).

Strategy Analysis

CHC's strategy is to invest in a diversified portfolio of properties through Charter Hall's various managed funds, to acquire properties appropriate to seed future unlisted funds to be managed by the Group and to seek acquisition opportunities that will increase earnings to the business. CHC has had limited experience outside the major markets of Australia and New Zealand prior to the acquisition of the CQO & CQR management platform. The strategic acquisition of the Macquarie Real Estate Management platform has enabled them to acquire experienced teams managing trusts with assets in Europe & Nth America and de-risk future growth into international markets. Charter Hall Group reported net loss of \$16.63m for the half-year ended 31 December 2008. Revenue from ordinary activities were \$35.97m, down 16% from the same period last year. Diluted EPS was (3.09) cents compared to 10.90 cents last year. Net operating cash flow was \$21.31m compared to \$21.08m last year. The interim dividend declared was 3.96 cents compared with 6.30 cents last year..

28 July 2010

Recommendation

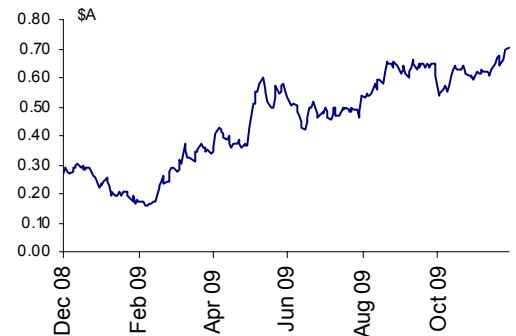
Recommendation: Outperform
Relative to: Small Ind (ex Fins)

Investment Fundamentals

ASX code: CHC
Stock price: \$0.65
Market cap: \$788m

Y/E	30/06/2010	2010e	2011e	2012e	2013e
Reported e	\$m	-42.6	64.8	70.3	73.5
Adjusted e	\$m	35.6	61.2	66.6	69.7
EPS adjusted	¢	4.2	5.3	5.7	6.0
EPS growth	%	-45.3	26.6	8.8	4.7
PE	x	15.6	12.3	11.3	10.8
PE relative	x	1.2	0.9	0.9	0.9
DPS	¢	3.1	4.0	4.3	4.5
Yield	%	4.8	6.1	6.6	6.9
Franking	%	0.0	0.0	0.0	

Share Price



Source: ASX and Company accounts

Segment Performance

	Annual Shareholders' Return (%)	Annual Shareholders' Return	
		1 year	49.0%
Property Portfolio			
56 Anzac St, Chullora	95.1	3 year	-31.0%
61 Nepean Hwy, Mentone	4.9	5 year	0.0%
Total	100.0	10 year	0.0%
Property Types		Dividend Reinvestment	
Industrial	95.1	Plan	Yes
Other	4.9	Shareholder	
Total	100.0	Discounts	No

Company contact details:

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If you have any queries regarding this Research information or with any aspect of your legalsuper account please call legalsuper on 1800 060 312 (freecall) or email mail@legalsuper.com.au

Disclosure: In accordance with Section 849 of the Corporations Law, Macquarie Equities Limited states that The Macquarie Group acted as Joint Lead Manager and Underwriter to Charter Hall Group in respect of its Entitlement Offer and Placement as announced 12 February 2010.

The Macquarie Group acted as Joint Lead Manager and Underwriter to Charter Hall Group in respect of its Entitlement Offer as announced 27 May 2009. Within the last 12 months, Macquarie Group has received compensation for investment advisory services from Charter Hall Group. The Macquarie Group is a Substantial securities holder in Charter Hall Group (CHC).

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