

Media Release

Charter Hall Prime Industrial Fund equity raising closes oversubscribed

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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 (Charter Hall or the Group) announced that the Charter Hall Prime Industrial Fund (CPIF) has closed its \$725 million equity raising significantly oversubscribed, demonstrating strong continued interest from both local and offshore investors seeking exposure to the Australian industrial property market.

Group CEO and Managing Director of Charter Hall, David Harrison, explained that with global bond yields remaining at multi-year lows, investment conditions were favourable for real assets and capital was continuing to be deployed into the Australian industrial property market.

“Global investment conditions remain very favourable for the Australian commercial property market, which is competitive for high quality long leased investment assets. We are seeing continued demand from investors who are seeking investment managers who have a proven strong track record and origination capability to provide access to high quality core real estate, particularly in the industrial and logistics space.”

The capital raising was supported by both a range of existing and new investors, comprising a mix of Australian and offshore investors.

Investors were particularly attracted to the high quality portfolio and the attractive 5 year forecast income total returns, underpinned by a substantial weighted average lease expiry of 10 years, strong weighted average annual rental reviews of 3.0 per cent and resilient tenant covenants with 93.0 per cent leased to government, publicly listed or nationally/globally recognised tenants.

“The Group is delighted with the level of participation and support of the equity raising by the Fund’s existing investors, and a number of new investors that invested with Charter Hall for the first time. The raising demonstrates Charter Hall’s ability to source capital from the unlisted market and marry that equity with high quality investment opportunities in the industrial logistics sector” said Mr Harrison.

The raising strengthens CPIF’s balance sheet and provides further capacity to fund acquisitions and for new build to core facilities for our strong tenant customer base, whilst also providing headroom to the target gearing of 30 per cent. The capital raising gives the Fund the capacity to grow to in excess of \$5 billion, cementing its position as one of Australia’s largest unlisted property funds focussed on the industrial and logistics sector.

CPIF’s current \$3.9 billion industrial and logistics portfolio comprises 63 assets, with 85 per cent of the portfolio by value in the key land constrained and high performing Eastern Seaboard markets of Sydney, Melbourne and Brisbane.

CPIF Fund Manager, Richard Mason, said “Whether it is through our development pipeline that is expected to deliver over 650,000sqm of new core logistics facilities with an anticipated value on completion of \$1.2 billion or through new acquisitions such as the Metcash regional distribution centre at Crestmead (Brisbane), the Coca-Cola production facility in Kewdale (Perth) and Bombardier’s Australian headquarters in Dandenong South (Melbourne), we are providing investors access to the strong performing and tightly held industrial and logistics property markets.

“Record infrastructure spending on road and rail, combined with rising e-commerce and companies seeking supply chain efficiencies through new highly automated facilities is driving the demand for logistics premises particularly in Sydney, Melbourne and Brisbane. At the same time, supply of modern logistics facilities is low, pushing vacancy rates lower and rents higher.”

Mr Mason said “The growing tenant enquiry and requirements for our industrial and logistics portfolio provides significant opportunity for CPIF to leverage the Charter Hall cross sector tenant base and provide national occupancy solutions, which coupled with our active approach to portfolio curation and asset management continues to deliver strong returns to our investors.”

CPIF has delivered annualised total returns of 10.1 per cent over the 3 years to 30 September 2019, 11.2 per cent over 5 years and 10.7 per cent over 10 years, outperforming the MSCI Mercer Australian Core Property Fund Index which has delivered returns of 9.9 per cent, 10.6 per cent and 9.5 per cent respectively.

Charter Hall Prime Industrial Fund

Charter Hall Prime Industrial Fund (CPIF) is an \$3.9 billion unlisted property fund comprising a geographically diverse, high quality portfolio of industrial and logistics assets, strategically located and underpinned by long-term leases and strong tenant covenants.

CPIF is managed by Charter Hall Group (ASX:CHC). With over 28 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, retail, industrial and social infrastructure.

Operating with prudence, we’ve carefully curated a \$34.6 billion diverse portfolio of over 840 high quality, long leased properties. Partnership and financial discipline are at the heart of our approach. Acting in the best interest of customers and communities, we combine insight and inventiveness to unlock hidden value. Taking a long term view, our \$7 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

Richard Mason

Fund Manager - CPIF
Charter Hall
T +61 411 221 199
richard.mason@charterhall.com.au

For media enquiries, please contact

Adrian Harrington

Head of Capital & Product Development
Charter Hall
T + 61 410 489 072
adrian.harrington@charterhall.com.au
