

29 August 2024

Attention: Justin Nelson
Principal Adviser, Listings Compliance (Sydney)
ASX Compliance
By email: justin.nelson@asx.com.au

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Dear Sir

Response to ASX Aware Letter Reference: 98583

Charter Hall Group (ASX:CHC) notes the questions contained in the letter from ASX of 27 August 2024 (**ASX Letter**) and responds as follows.

1. ***Does CHC consider that any measure of its statutory or underlying earnings for the 2024 financial year as disclosed in the Results Announcements ('Earnings Information') differed materially from the market's expectations, having regard to the following three base indicators (in decreasing order of relevance and reliability):***
 - 1.1 ***If CHC had published earnings guidance, that guidance.***
 - 1.2 ***If CHC is covered by sell-side analysts, the earnings forecasts of those analysts.***
 - 1.3 ***If paragraph 1.1 and 1.2 are not applicable, CHC's earnings for the prior corresponding period, being the 2023 financial year.***

Charter Hall does not consider that any measure of its statutory or underlying earnings for the 2024 financial year (**FY24**), as disclosed, differed materially from the market's expectations. Charter Hall notes the indicators set out below (utilising the numbering from the ASX Letter):

- 1.1 Charter Hall issued earnings guidance for FY24 on 21 August 2023 with the release of its FY23 results. FY24 guidance was for "post-tax operating earnings per security (OEPS) of approximately 75 cents". This guidance was reaffirmed by Charter Hall at its AGM on 16 November 2023 and with the release of its 1H FY24 results on 21 February 2024.
 - 1.2 Charter Hall is covered by 9 sell-side analysts. For the purposes of internal analysis, Charter Hall reviews analyst earnings estimates to form a view of market consensus. This exercise was most recently undertaken on 2 August 2024 and Charter Hall determined the consensus estimate for FY24 OEPS to be 75.3 cents.
 - 1.3 Not applicable, noting the FY24 guidance referred to above.
2. ***Please explain the basis for the view provided in response to question 1. In doing***

so, please specify how CHC determined market expectations in relation to each relevant measure of its earnings, including:

2.1 If CHC had published earnings guidance, details of:

2.1.1 that guidance and when it was released to the market; and

2.1.2 the date when the entity first became aware with a reasonable degree of certainty that its expected earnings for the relevant reporting period would vary from, or be in line with, that guidance.

Charter Hall responds as follows (utilising the numbering from the ASX Letter):

2.1.1 Refer to the answer at 1.1 above.

2.1.2 From the date that FY24 OPES guidance was first published on 21 August 2023 and until the announcement of its FY24 results on 21 August 2024, Charter Hall was of the view that OEPS for FY24 was likely to be “approximately 75 cents”

2.2 If CHC used sell-side analyst forecasts to estimate the market’s expectations of its earnings, details of:

2.2.1 the method that CHC used to translate sell-side analyst forecasts into its estimate of market expectations for each measure of earnings referred to in the Earnings Information and, in particular, whether or not CHC used a “consensus estimate” or an “adjusted consensus estimate” or a different specified approach for determining this estimate;

2.2.2 the entity’s estimate of market expectations using that method; and

2.2.3 the date when the entity first became aware with a reasonable degree of certainty that its expected earnings for the relevant reporting period would vary from, or be in line with, its estimate of these expectations.

2.2.1 Refer to the answer at 1.2 above.

2.2.2 Refer to the answer at 1.2 above.

2.2.3 The actual Charter Hall FY24 OEPS result was 75.8 cents. Given Charter Hall’s FY24 earnings guidance was for OEPS of “approximately 75 cents” and consensus was for OEPS of 75.3 cents, at no point did Charter Hall become aware, or consider, that earnings for the relevant period would materially vary from consensus estimates.

3. Does CHC consider that, at any point prior to the release of the Results Announcements, there was a variance between its expected earnings and its estimate of market expectations for the relevant reporting period of such a magnitude that a reasonable person would expect information about the variance to have a material effect on the price or value of CHC’s securities?

No.

4. If the answer to question 3 is “no”, please provide the basis for that view.

Refer to the answer at 2.2.3.

5. If the entity first became aware of the variance before the release of Results Announcements, did CHC make any announcement prior to the release of the Results Announcements which disclosed the relevant variance? If so, please provide details. If not, please explain why this information was not released to the

market at an earlier time, commenting specifically on when you believe CHC was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps CHC took to ensure that the information was released promptly and without delay.

Not applicable.

6. *Please provide details of any other explanation CHC may have for the trading in its securities following the release of the Results Announcements.*

At the same time as the release of its FY24 results, Charter Hall issued FY25 OEPS guidance of “approximately 79 cents”. This reflects a 4.2% increase on FY24 OEPS. FY25 guidance and the factors underpinning this were considered by the Charter Hall Board and a sub-committee of the Charter Hall Board on 20 August 2024 and 21 August 2024, respectively. The FY25 guidance was published immediately after it was considered and approved.

Further, the form of disclosure of Charter Hall’s FY24 results could result in Charter Hall being included in the FTSE-EPRA-NAREIT global real estate index at some point in the future.

The above factors may have contributed to the trading of Charter Hall securities after the release of its FY24 results announcements.

7. *Please confirm that CHC is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.*

Confirmed.

8. *Please confirm that CHC’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of CHC with delegated authority from the board to respond to ASX on disclosure matters.*

This response has been approved by the Charter Hall Managing Director and Group CEO and Chair.

Yours faithfully



Mark Bryant
Company Secretary



27 August 2024

Reference: 98583

Mr Mark Bryant
Group General Counsel & Company Secretary
Charter Hall Group
Level 20, No. 1 Martin Place
Sydney NSW 2000

By email: Mark.Bryant@charterhall.com.au

Dear Mr Bryant

Charter Hall Group ('CHC'): ASX Aware Letter

ASX refers to the following:

- A. CHC's announcements released on the ASX Market Announcements Platform ('MAP') on 21 August 2024 in connection with its full year results ('Results Announcements'), being:
- 1.1 "Appendix 4E", released on MAP at 9:05 AM AEST;
 - 1.2 "Annual Report" released on MAP at 9:06 AM AEST;
 - 1.3 "FY24 Results – Release", released on MAP at 9:08 AM AEST; and
 - 1.4 "FY24 Results – Presentation", released on MAP at 9:09 AM AEST.
- B. The change in the price of CHC's securities from \$12.10 immediately prior to the release of the Results Announcements to a high of \$14.28 following the release of the Results Announcements.
- C. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- D. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:
- "an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity."*
- E. Section 4.4 in *Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B* titled "When does an entity become aware of information?"
- F. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure as follows.
- "3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:
- 3.1A.1 One or more of the following 5 situations applies:
- It would be a breach of a law to disclose the information;
 - The information concerns an incomplete proposal or negotiation;
 - The information comprises matters of supposition or is insufficiently definite to warrant disclosure;

- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed."*

- G. ASX's policy position on "market sensitive earnings surprises", which is detailed in section 7.3 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular:

"...If an entity becomes aware that its earnings for the current reporting period will differ materially (downwards or upwards) from market expectations, it needs to consider carefully whether it has a legal obligation to notify the market of that fact."...

"...An earnings surprise will need to be disclosed to the market under Listing Rule 3.1 if it is market sensitive – that is, it is of such a magnitude that a reasonable person would expect information about the earnings surprise to have a material effect on the price or value of the entity's securities."...

Request for information

Having regard to the above, ASX asks CHC to respond separately to each of the following questions and requests for information:

1. Does CHC consider that any measure of its statutory or underlying earnings for the 2024 financial year as disclosed in the Results Announcements ('Earnings Information') differed materially from the market's expectations, having regard to the following three base indicators (in decreasing order of relevance and reliability):
 - 1.1 If CHC had published earnings guidance, that guidance.
 - 1.2 If CHC is covered by sell-side analysts, the earnings forecasts of those analysts.
 - 1.3 If paragraph 1.1 and 1.2 are not applicable, CHC's earnings for the prior corresponding period, being the 2023 financial year.

Please answer separately for each measure of earnings referred to in the Earnings Information. In your response, please have regard to ASX's commentary in paragraphs 4(a) and 4(b) of section 7.3 of Guidance Note 8 about when a variation from market expectations may be material.

2. Please explain the basis for the view provided in response to question 1. In doing so, please specify how CHC determined market expectations in relation to each relevant measure of its earnings, including:
 - 2.1 If CHC had published earnings guidance, details of:
 - 2.1.1 that guidance and when it was released to the market; and
 - 2.1.2 the date when the entity first became aware with a reasonable degree of certainty that its expected earnings for the relevant reporting period would vary from, or be in line with, that guidance.
 - 2.2 If CHC used sell-side analyst forecasts to estimate the market's expectations of its earnings, details of:
 - 2.2.1 the method that CHC used to translate sell-side analyst forecasts into its estimate of market expectations for each measure of earnings referred to in the Earnings Information and, in

particular, whether or not CHC used a “consensus estimate” or an “adjusted consensus estimate” or a different specified approach for determining this estimate;

- 2.2.2 the entity’s estimate of market expectations using that method; and
- 2.2.3 the date when the entity first became aware with a reasonable degree of certainty that its expected earnings for the relevant reporting period would vary from, or be in line with, its estimate of these expectations.

- 3. Does CHC consider that, at any point prior to the release of the Results Announcements, there was a variance between its expected earnings and its estimate of market expectations for the relevant reporting period of such a magnitude that a reasonable person would expect information about the variance to have a material effect on the price or value of CHC’s securities?

Please answer separately for each measure of earnings referred to in the Earnings Information.

- 4. If the answer to question 3 is “no”, please provide the basis for that view.
- 5. If the entity first became aware of the variance before the release of Results Announcements, did CHC make any announcement prior to the release of the Results Announcements which disclosed the relevant variance? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe CHC was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps CHC took to ensure that the information was released promptly and without delay.
- 6. Please provide details of any other explanation CHC may have for the trading in its securities following the release of the Results Announcements.
- 7. Please confirm that CHC is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
- 8. Please confirm that CHC’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of CHC with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **11:00 AM AEST Friday, 30 August 2024**.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, CHC’s obligation is to disclose the information ‘immediately’. This may require the information to be disclosed before the deadline set out above and may require CHC to request a trading halt immediately if trading in CHC’s securities is not already halted or suspended.

Your response should be sent by e-mail to ListingsComplianceSydney@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow us to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in CHC’s securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to CHC's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that CHC's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A. The usual course is for the correspondence to be released to the market.

Regards

ASX Compliance