

ASX Release

Charter Hall Group FY22 Results

25 August 2022

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
www.charterhall.com.au

Charter Hall Group (ASX: CHC) today announces its FY22 results for the period ending 30 June 2022. Key financial and operational highlights for the period are:

Financial Highlights:

- Operating earnings of \$542.8 million, reflects operating earnings per security (OEPS) post-tax of 115.6cps
- Statutory profit of \$911.1 million, after tax attributable to stapled securityholders
- Distributions of 40.1cps
- Return on Contributed Equity of 31.4%

Operating highlights:

- Access: \$4.7 billion of gross equity allotted
- Deploy: \$8.5 billion of gross transactions
- Manage: \$79.9 billion of FUM, with \$65.6 billion of Property FUM
 - Post-balance date, \$3.5 billion of net transactions YTD, taking Property FUM to \$69.1 billion and total FUM to \$83.4 billion
- Invest: Property Investments up \$509 million to \$2.9 billion, delivering a 23.2% return

Charter Hall's Managing Director and Group CEO, David Harrison said: "FY22 delivered a record year of earnings for Charter Hall and earnings growth. The business continues to execute on its strategy of partnering with tenants and investors to drive mutually beneficial outcomes. Our strong investor and tenant customer feedback evidences the customer centric approach to partnering we continue to prosecute. Further, our ability to execute complex privatisations provides additional deployment opportunities that are not readily replicated. Our development pipeline has grown to \$16 billion, with strong growth in pre-leased projects continuing to provide develop to core enhanced returns for our investors. Our focus on partnering, execution, deployment and co-investment alongside fund investors drives growth for securityholders.

"FY22 saw us complete \$8.5 billion of gross transaction value in over 90 transactions, across multiple funds and partnerships. We've continued to enjoy the support of fund investors with \$4.7 billion of equity allotted. This year we've seen strong inflows from our Direct investors, with average monthly

inflows of approximately \$110 million per month. As we start FY23, our investment capacity stands at \$7.9 billion leaving us well placed to take advantage of opportunities that may arise.”

Property Investment

During the year, the Property Investment portfolio value increased by 21.1% to \$2.9 billion and generated a 23.2% Total Property Investment Return¹, compared to the MSCI Mercer Australia Core Wholesale Diversified Fund Index which generated 11.8% Total Property Investment Return post fees, pre-tax.

The earnings resilience and diversification of the Property Investment portfolio continues to remain a key strength. No single asset represents more than 5% of portfolio investments, Government covenants are the largest tenant exposure and 20% of net income is derived from leases with CPI-linked rent reviews.

Portfolio occupancy remained strong at 97.3% and the Weighted Average Lease Expiry (WALE) remains healthy at 8.2 years.

Funds Management

Group FUM grew by \$27.6 billion to \$79.9 billion, or 52.8% growth in FY22, consisting of \$65.6 billion of Property FUM and \$14.3 billion of Paradise Investment Management (PIM) FUM.

Property FUM grew by \$13.3 billion, or 25.5%, driven by \$5.4 billion of net acquisitions, positive revaluations of \$5.3 billion and capex spend predominantly on developments of \$2.7 billion.

Post balance-date, the Group has undertaken an additional \$3.5 billion of net property transactions taking property FUM to \$69.1 billion and Group FUM to \$83.4 billion.

The Group's \$4.7 billion of gross equity inflows allotted during FY22 continues the momentum of recent years, comprising inflows of \$1.6 billion in Wholesale Pooled Funds, \$1.1 billion in Wholesale Partnerships, \$646 million in Listed Funds and \$1.3 billion in Direct managed funds.

Development activity and pipeline

Development activity continues to drive modern asset creation, enhancing returns which continues to attract new capital to our funds. Development completions totalled \$1.8 billion in the last 12 months, almost doubling in recent years. Notwithstanding completions, the pipeline continues to be re-stocked and has grown to \$16.0 billion with \$6.1 billion in committed development project value.

The Group continues to use its cross-sector tenant relationships and the scale of its portfolio to create development opportunities for both tenants and investors. The breadth of this market reach generates significant market intelligence thereby enhancing our value-add capacity. Development activity is predominantly undertaken by funds/partnerships with the majority of committed projects being de-risked through pre-leases and fixed price building contracts. On average, 80% of all committed projects are pre-leased, split 88% in Industrial and Logistics, 71% in Office, which continues to gain momentum as projects progress.

Capital Management

During the year, the Group completed \$15.6 billion of finance transactions extending the total Platform facility limits to exceed \$25 billion, with circa \$8 billion of liquidity. The Group balance sheet held \$595 million of cash as at 30 June 2022.

¹ Total Property Investment Return is calculated as distributions received from funds plus growth in investment value divided by opening investment value of the PI portfolio. This excludes investments held for less than one year and investments in Direct funds.

ESG Leadership

Sustainability remains integral to Charter Hall's operations and management. During the period, we completed \$2.5 billion of sustainable finance transactions linked to the environmental performance and Green Building ratings of our assets. We've made strong progress in our commitment to Net Zero by 2030², with a 54% reduction in emissions across the platform since the FY17 baseline, driven by energy efficiency measures and 100% supply of renewable electricity to our workplaces, Office and Industrial & Logistics sectors.

The Group is also pleased to announce it has entered into a 7-year power purchase agreement (PPA) with global renewable energy giant ENGIE, to supply 100 per cent electricity from renewable sources across the Group's property portfolios, over seven years. The PPA provides for the procurement of 151GWh of renewable energy per annum from state-based wind and solar renewable energy projects to 152 Charter Hall sites, equivalent to powering approximately 26,000 homes annually. As part of the agreement, Charter Hall is a Foundational Clean Energy Partner for three solar farms currently in development, in addition to the already established wind farm. Charter Hall is also pleased to be externally recognised for its sustainability achievements, ranking 8th in the FT/Nikkei Asia Pacific Climate 200 Leaders list 2022.

Further, Charter Hall continues to recognise the important role we play in the communities in which we operate. Aligned to our Pledge 1% commitment, we invested \$1.27 million in social enterprise and community initiatives, up 72% from FY21. We also delivered over 191 employment outcomes for vulnerable Australians.

Our staff remain our key asset and we are proud to have staff engagement at a global high performing level (88% overall) with 93% of our people saying that we are a great place to work. We were awarded the WGEA Employer of Choice for Gender Equality citation and recognised as an industry leader for initiatives to achieve gender equality. We were also winner of the HR Awards 2021 Best Health & Wellbeing Program.

Outlook

Based on no material adverse change in current market conditions, FY23 earnings guidance is for post-tax operating earnings per security of no less than 90.0cps.

FY23 distribution per security guidance is for 6% growth over FY22.

² Scope 1 and Scope 2 emissions.

Announcement Authorised by the Board

Charter Hall Group (ASX: [CHC](#))

With over 30 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, Industrial & Logistics, Retail and Social Infrastructure.

Operating with prudence, we've curated a diverse \$69.1 billion property portfolio of 1,548 high quality properties. With partnership at the heart of our approach, we're creating places that help grow communities; turning them into the best they can be and unlocking hidden value. Taking a long-term view, our \$16.0 billion development pipeline delivers sustainable, technologically enabled projects for our customers.

Charter Hall has also extended its Fund Management capability with a 50% investment in the listed equities Fund Manager Paradise Investment Management (PIM), which invests on behalf of wholesale and retail investors across domestic and global listed equities.

The impacts of what we do are far-reaching. From helping businesses succeed by supporting their evolving workplace needs, to providing investors with attractive 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

david.harrison@charterhall.com.au

Russell Proutt
Chief Financial Officer
Charter Hall

russell.proutt@charterhall.com.au

For investor enquiries, please contact

Philip Cheetham
Head of Listed Investor Relations
Charter Hall
T +61 403 839 155
philip.cheetham@charterhall.com.au

For media enquiries, please contact

Sarah Bamford
Communications & Media Manager
Charter Hall
T + 61 499 685 738
sarah.bamford@charterhall.com.au
