

ASX Release

Charter Hall Group 1H FY23 Results

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Charter Hall Group (ASX:CHC) today announces its 1H FY23 results for the period ending 31 December 2022. Key financial and operational highlights for the period are:

Financial Highlights

- Operating earnings of \$239.9 million, reflects operating earnings per security (OEPS) post-tax of 50.7 cents per security (cps)
- Statutory profit of \$226.5 million, after tax attributable to stapled securityholders
- Distributions of 20.8cps
- Return on Contributed Equity of 28.0%

Operating Highlights

- Access: \$2.1 billion of gross equity allotted
- Deploy: \$7.9 billion of gross transactions
- Manage: \$88.0 billion of FUM, with \$73.0 billion of Property FUM
- Invest: Property Investments up \$126 million to \$3.0 billion, delivering a 10.4% return

Charter Hall's Managing Director and Group CEO, David Harrison said: "Charter Hall Group continues to deliver sector leading returns for investors in our funds. Our focus remains on curating sustainable and resilient portfolios that deliver earnings growth for investors through all market conditions. This focus on performance for our investors and our co-investment alongside them continues to attract capital to the platform. 1H FY23 was no exception, with \$2.1 billion of gross equity allotted which helped facilitate \$7.9 billion of gross transactions.

"We've also delivered over \$2 billion of development completions in the last 12 months, providing our investors access to unique investment opportunities in new, purpose-built assets. We remain well placed to continue growing the platform with \$6.5 billion in available liquidity, significant opportunities in our sale and leaseback pipeline, our \$15.4 billion development pipeline as well as a number of new product initiatives."

Property Investment

During the period, the Property Investment portfolio value increased by \$126 million to \$3.0 billion and generated a 10.4% Total Property Investment Return¹.

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 make up 19.9% of portfolio income while 16% of net income is derived from leases with CPI-linked rent reviews.

Portfolio occupancy remained strong at 97.4%, the Weighted Average Lease Expiry (WALE) remains healthy at 7.7 years and the Weighted Average Rent Review (WARR) is a high 3.7%.

Funds Management

Group FUM grew by \$8.1 billion to \$88.0 billion, consisting of \$73.0 billion of Property FUM and \$15.0 billion of Paradise Investment Management (PIM) FUM.

Property FUM grew by \$7.3 billion, or 11.2%, driven by \$4.3 billion of net acquisitions, positive revaluations of \$0.3 billion and capex spend predominantly on developments of \$2.7 billion.

The Group's \$2.1 billion of gross equity inflows allotted during the period, comprised of inflows of \$547 million in Wholesale Pooled Funds, \$1.2 billion in Wholesale Partnerships, \$5 million in Listed Funds and \$296 million 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 \$2.0 billion in the last 12 months. Notwithstanding completions, the pipeline continues to be re-stocked and is currently \$15.4 billion with \$8.0 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.

Capital Management

During the period, the Group completed \$5.2 billion in new and refinanced debt facilities across the Platform. Platform facility limits exceed \$28 billion, with circa \$6.5 billion of available liquidity with additional committed and uncalled equity. The Group balance sheet held \$367 million of cash as at 31 December 2022, reflecting balance sheet gearing of 3%.

ESG Leadership

Sustainability remains integral to Charter Hall's operations and management. During the period, we accelerated our commitment to Net Zero carbon emissions² by bringing forward our target from 2030 to 2025. As part of our commitment, we installed a further 600 Kilowatts of solar during the period, taking our total solar platform to 47.8 Megawatts. We also completed an additional \$900 million of sustainable finance transactions linked to the environmental performance and Green Building ratings of our assets.

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 \$700,000 in social enterprise and community initiatives, with much of this directed towards funding for communities impacted by floods. We also facilitated 117 employment outcomes for vulnerable Australians in partnership with social

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.

² Scope 1 and Scope 2 emissions.

enterprises. During the period we were also proud winners of the National Social Procurement Trailblazer Award (in partnership with Two Good) in the 2022 Social Traders National Game Changer Awards.

Outlook

Based on no material adverse change in current market conditions, the Group reaffirms 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.

Announcement Authorised by the Board

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

Charter Hall is one of Australia's leading fully integrated property investment and funds management groups. We use our expertise to access, deploy, manage and invest equity to create value and generate superior returns for our investor customers. We've curated a diverse portfolio of high-quality properties across our core sectors – Office, Industrial & Logistics, Retail and Social Infrastructure. With partnerships and financial discipline at the heart of our approach, we create and invest in places that support our customers, people and communities grow.

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