

ASX Release

Charter Hall 1H FY21 Results and Upgraded Earnings Guidance 17 February 2021

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Charter Hall Group (ASX:CHC) today announces its 1H FY21 results for the period ending 31 December 2020. Key financial and operational highlights for the period are:

Financial highlights:

- Operating earnings of \$129.3 million, or OEPS post-tax of 27.8cps
- Statutory profit of \$173.2 million, after tax attributable to stapled securityholders
- Distributions of 18.6cps
- Return on Contributed Equity of 13.1%

Operating highlights:

- Access: \$2.8 billion of gross equity allotted and \$2.4 billion of net inflows generated
- Deploy: \$6.2 billion of gross transactions
- Manage: \$46.4 billion of FUM at 31 December 2020, with \$5.8 billion of FUM growth in the 6-month period
- Invest: Property Investments stable at \$2.0 billion, delivering a 10.9% return for the 6-month period

Charter Hall's Managing Director and Group CEO, David Harrison said: "It's been another successful six-month period for Charter Hall. Notwithstanding the challenges presented by COVID-19, we have been well insulated by our on-going focus on long WALE properties leased to high quality tenants. As a result, we continue to enjoy the support of our investors who remain keen to invest alongside us in Australian commercial real estate. Our Wholesale Partnerships have had a particularly strong six months with new partnerships created with sovereign wealth fund GIC to house the Ampol portfolio, an expansion of our Aldi supermarket logistics partnership with Allianz, PGGM undertaking a new logistics partnership and QuadReal investing in a new development project at North Quay in Brisbane.

"These partnerships reflect Charter Hall's well-established relationships with global capital providers. We now have close to 100 investors across our Wholesale platform. These investors, as well as our Charter Hall Direct investors, continue to be attracted by the performance of Charter Hall's funds and the on-going attractive relative return available in Australian real estate."

Property Investment

During the period, the Property Investment portfolio of \$2.0 billion generated a 10.9% Total Property Investment Return¹.

The earnings resilience and diversification of the Property Investment portfolio continues to remain a key strength, with the top 10 asset exposures representing only 10.4% of earnings and the portfolio 80% weighted towards East Coast markets.

Portfolio occupancy remained strong at 97.1% and the Weighted Average Lease Expiry (WALE) improved from 8.7 to 9.1 years.

Property Funds Management

Charter Hall's Fund Management portfolio is well-diversified across five sectors and is 8.5 million sqm in size. The portfolio WALE increased from 8.6 to 9.1 years as a result of transactional activity and delivered more than \$2.3 billion dollars of net rental income.

The Group's managed funds grew by \$5.8 billion in 6 months to \$46.4 billion driven by \$3.5 billion of net acquisitions (\$6.2 billion gross transactions), positive revaluation of \$1.1 billion and capex spend on developments of \$1.2 billion.

The Group experienced \$2.8 billion of gross equity allotment comprising \$766 million in Wholesale Pooled Funds, \$1.1, billion in Wholesale Partnerships, \$392 million allotted in Listed Funds and \$520 million in Direct Funds.

"Despite the transactional activity in the first half, the Group platform still enjoys \$6.4 billion of investment growth capacity plus committed and uncalled equity. This leaves us well positioned to continue growing via our development pipeline as well of taking advantage of strategic opportunities as they arise." Mr Harrison added.

Development activity and pipeline

Development activity continues to drive asset creation and attract capital. Development completions have totalled \$1.8 billion of FUM in the last 12 months. Notwithstanding these completions, the \$6.6 billion pipeline continues to be re-stocked.

The Group continues to use its cross-sector tenant relationships and the scale of its portfolio to create investment grade opportunities. This generates significant value through enhancing both income yield and total returns for its funds. 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.

Maintaining a strong balance sheet

Capital management remains a key focus with \$3.7 billion of new and refinanced debt facilities during the period and no material maturities in FY21 or FY22. The Group maintains financial flexibility and substantial funding capacity across the fund's platform with \$6.4 billion of available investment capacity². The weighted average gearing across the fund platform remains conservative at 28%.

¹ Total Property Investment (PI) return is calculated as distributions received from funds plus growth in investment value divided by opening investment value of the PI portfolio for the six months to 31 December 2020 (annualised). This excludes investments held for less than one year and investments in Direct funds.

² Investment capacity calculated as cash plus undrawn debt facilities for CHC and the funds management platform. At 31 December 2020, cash was \$1.1bn. Excludes committed and unallotted equity

Strategy and Outlook

The Group's previous FY21 guidance was for post-tax operating earnings per security (OEPS) growth of approximately 53.0cps.

Based on no material change in current market conditions and assuming the COVID-19 operating environment does not deteriorate markedly, FY21 guidance is for post-tax operating earnings per security of no less than 55cps, excluding any accrued performance fees.

FY21 distribution per security guidance is unchanged at 6% growth over FY20.

Announcement Authorised by the Board

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

With over 29 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 carefully curated a \$46.4 billion diverse portfolio of 1,395 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 \$6.6 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.

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