

## ASX Release

# Charter Hall Group 1H FY24 Results

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Charter Hall Group (ASX: CHC) today announces its 1H FY24 results for the period ending 31 December 2023. Key financial and operational highlights for the period are:

### Financial Highlights:

- Operating earnings post-tax of \$195.1 million, reflects operating earnings per security (OEPS) post-tax of 41.2 cents per security (cps)
- Statutory earnings of (\$190.0) million
- Distributions of 22.1cps
- Return on Contributed Equity of 21.4%

### Operating Highlights:

- Access: \$0.9 billion of gross equity allotted
- Deploy: \$1.5 billion of gross transactions
- Manage: \$82.6 billion of FUM, with \$67.7 billion of Property FUM
- Invest: Property Investments of \$2.8 billion

Charter Hall's Managing Director and Group CEO, David Harrison said: "We've continued the on-going curation of the portfolio's we manage, developing new assets and modernising prime located assets that meet the needs of today's tenants while selectively divesting older, non-core assets which enhances returns. The commencement of construction for the \$1.8 billion Chifley South Tower to create Australia's premier \$3.8 billion precinct, follows \$3bn of development completions across office and industrial over the past 12 months, all demonstrating the active asset management of our Platform."

### Property Investment

At the end of the period, the Property Investment portfolio value was \$2.8 billion, some 4% of the Group's property platform of approximately \$68 billion.

The earnings resilience and diversification of the Property Investment portfolio continues to remain a key strength, combined with a high-quality tenant covenant profile. No single asset represents more than 4% of portfolio investments, Government covenants are the largest tenant exposure and make up 24% of portfolio income, whilst 20% of net income is derived from leases with CPI-linked rent reviews,

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complementing market rent reviews, fixed annual rent escalations and turnover growth driven rental increases.

Portfolio occupancy remains healthy with a 97.0% occupancy rate, Weighted Average Lease Expiry (WALE) of 7.3 years and the Weighted Average Rent Review (WARR) is an attractive 3.5%, whilst the cap rate has risen 65 bps to 5.24% over the past 12 months.

### Funds Management

Group FUM reduced by (\$4.8) billion to \$82.6 billion, consisting of \$67.7 billion of Property FUM and \$14.9 billion of Paradise Investment Management (PIM) FUM.

Property FUM contracted by (\$4.2) billion, driven by net divestments of (\$0.4) billion, devaluations of (\$3.5) billion, capex spend of \$0.6 billion and development commitment re-classifications of (\$0.8) billion.

The Group's \$0.9 billion of gross equity inflows during the period, comprised inflows of \$249 million in Wholesale Pooled Funds, \$552 million in Wholesale Partnerships, \$6 million in Listed Funds and \$65 million in Direct managed funds. Outflows impacting net inflows were predominantly driven by secondary unit sales in pooled funds, where selling demand was met by inflows from existing and new investors.

### Development activity and pipeline

Development activity continues to drive modern asset creation, enhancing returns which continues to attract new capital to our funds and deliver on strategies. Development completions totalled \$3.0 billion in the last 12 months. Notwithstanding completions, the pipeline continues to be re-stocked and is currently \$12.8 billion with \$5.0 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. During the period we successfully completed our 480 Swan St, Melbourne office development, predominantly leased on completion to Australia Post. 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 \$9.2 billion in new and refinanced debt facilities across the Platform. Platform facility limits exceed \$29.6 billion, with circa \$6.0 billion of available liquidity with additional committed and uncalled equity. The Group balance sheet held \$401 million of cash as at 31 December 2023 and low balance sheet gearing of 2.4%.

### ESG Leadership

Sustainability remains integral to Charter Hall's operations and management. We remain on track to meet our commitment to Net Zero carbon emissions<sup>1</sup> by 2025, with 80% of power now coming from renewable energy and our power purchase agreement for 100% renewable energy commencing in calendar year 2024. Across the platform we now have 72.8MW of solar installed. We also increased our sustainable financing by \$2.6 billion during the period and now have \$6 billion of sustainable finance facilities or approximately 20% of total platform finance facilities.

Importantly, 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 in relief and recovery services by partnering with the Red Cross to recruit and train an additional 130 volunteers each year, contributing to a 5% growth in Red Cross's emergency service volunteers.

<sup>1</sup> Scope 1 and Scope 2 emissions.

**Outlook**

Based on no material adverse change in current market conditions, Charter Hall reconfirms that FY24 earnings guidance is for post-tax operating earnings per security of approximately 75cps.

FY24 distribution per security guidance is for 6% growth over FY23.

*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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