

# Charter Hall Group

2020 Annual General Meeting

130 Lonsdale Street, Melbourne VIC

12 November 2020



# Agenda

1. Chair's Address: David Clarke
2. Managing Director's Address: David Harrison
3. Formal Business

# Chair's Address

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# Board of Directors



**David Clarke**  
Chair



**David Ross**  
Non-Executive Director



**Anne Brennan**  
Non-Executive Director



**Karen Moses**  
Non-Executive Director



**Philip Garling**  
Non-Executive Director



**David Harrison**  
Managing Director &  
Group CEO



**Greg Paramor AO**  
Non-Executive Director

## Operating in the COVID-19 environment

Charter Hall strategy demonstrating its resilience



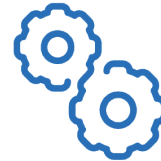
### Access

- Accelerating demand for industrial & logistics
- Direct flows have averaged \$95m per month during FY20
- Continued securing wholesale pooled and partnership inflows
- Listed inflows of \$1.4bn during FY20



### Deploy

- Continued momentum in sale and leaseback transactions
- Pivoted volume toward Industrial & logistics
- Taken advantage of reduced buyer competition



### Manage

- Proportion of rent from SME tenants of 10.2% across the funds platform
- Platform benefited from high occupancy, long WALE portfolios and resilient tenant industries



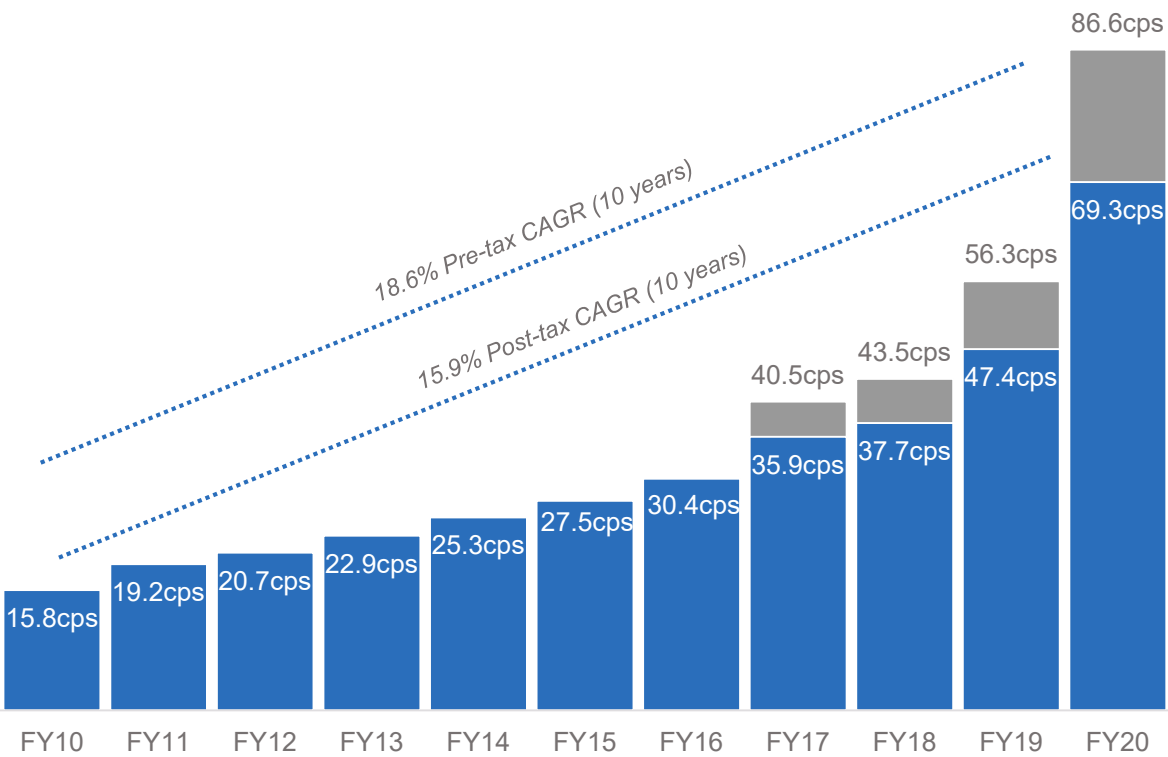
### Invest

- Incremental balance sheet investments weighted towards Industrial & Logistics & Long WALE portfolios
- Balance sheet highly diversified with Top 10 asset exposures representing only 7.4% of Group earnings
- High proportion of government and strong covenant corporate tenants in resilient industries

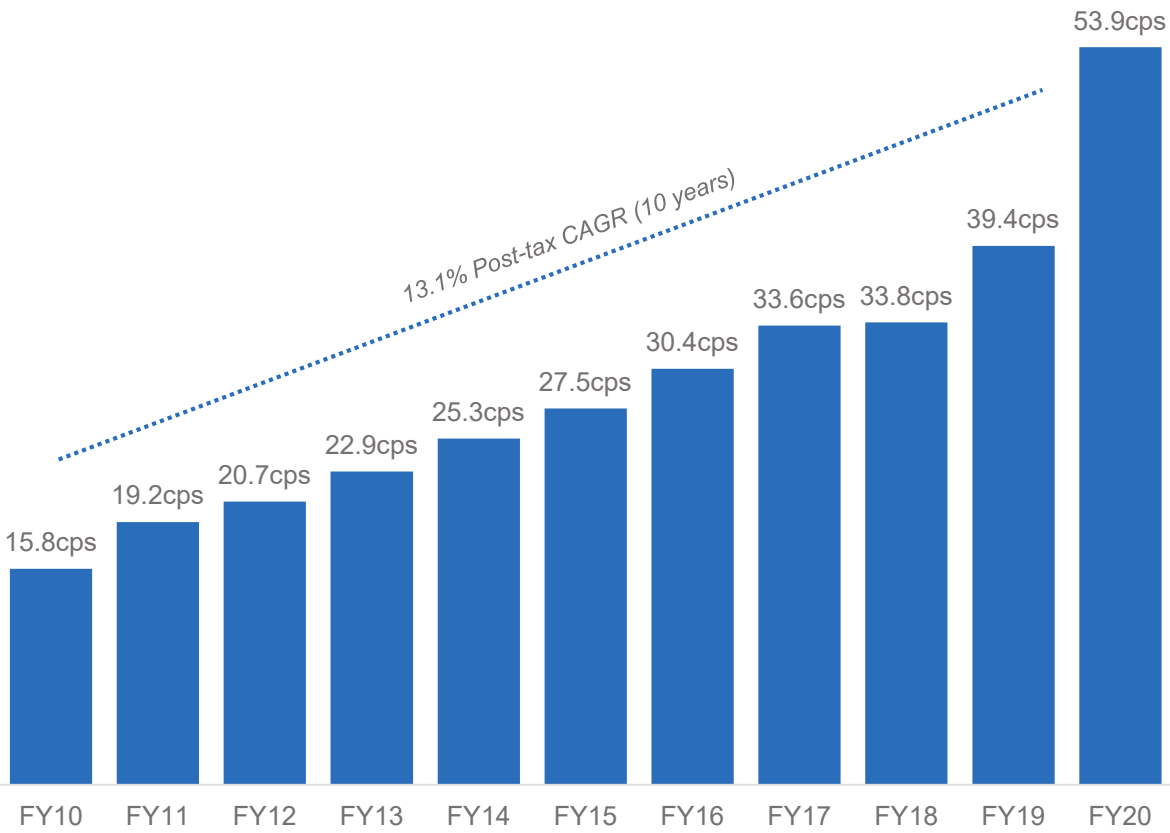
# Operating earnings growth

Operating earnings per security growth

- OEPS (pre-tax) cps
- OEPS (post-tax) cps



Operating earnings per security growth  
(excluding CHOT Performance fee)





## Environment

### Climate resilience

#### Net zero target

Implementation of Scope 1 and Scope 2 Net Zero by 2030 pathway.

#### Renewable Energy

21MW of solar installed across our retail, industrial and office portfolios, in partnership with our tenant customers, when operating at capacity has the potential to generate 32.3MWh of energy, equivalent to powering 2,150 homes, over a twelve month period.

#### Sustainable Portfolios

Australia's largest Green Star footprint with 230 assets achieving a Green Star Performance or Design and As Built ratings and 8 office funds in top 11 portfolios in NABERS Sustainable Portfolios index.



## Social

### Strong communities

#### Pledge 1%

\$933,000 donated to the community through our partnerships, including \$500,000 for bushfire relief and recovery.

60% of employees engaged in volunteering.

45,285 sqm in Pledge 1% space, valued at \$1.9 million provided for community use.

#### Engaged employees

93% employee engagement score and Charter Hall was recognised in the Women's Index – Australia as one of the leading ASX listed companies to demonstrate gender equality.



## Governance

### Responsible Business

#### TCFD alignment underway

Climate Strategy evolving to prepare our business for a low carbon economy and/or business as usual climate scenarios.

#### Working to protect human rights

Mandatory employee Modern Slavery training. High risk suppliers engaged through pre-qualification survey, measuring awareness and understanding of modern slavery issues.



# Managing Director's Address

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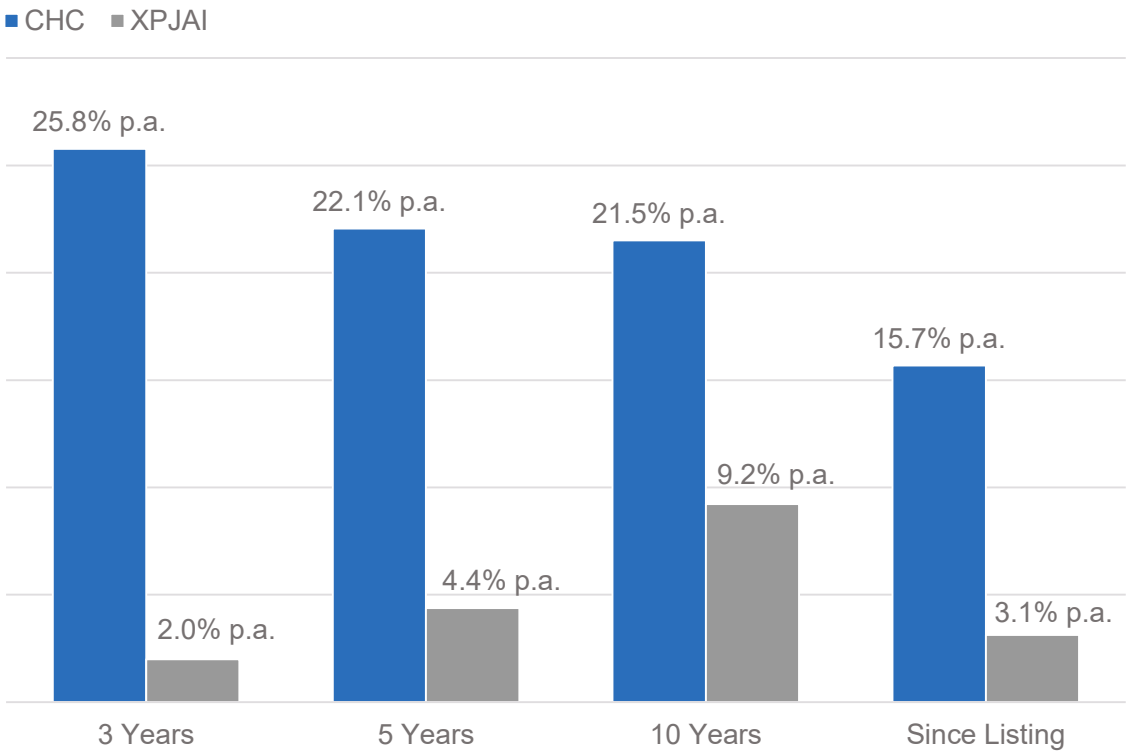




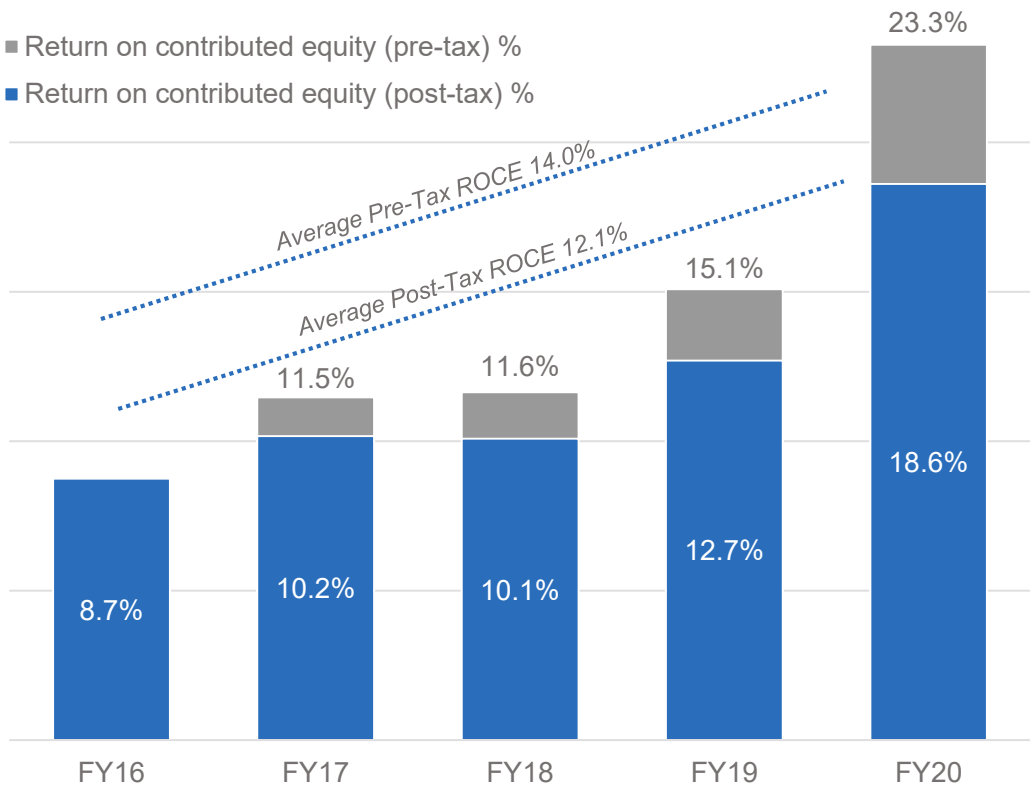
# 15 years as a listed company

## 15 years of outperformance relative to the AREIT index

Total Shareholder Return vs. ASX 200 Property Accumulation Index (XPJAI)  
(Compound Annual Growth Rate)



Return on Contributed Equity

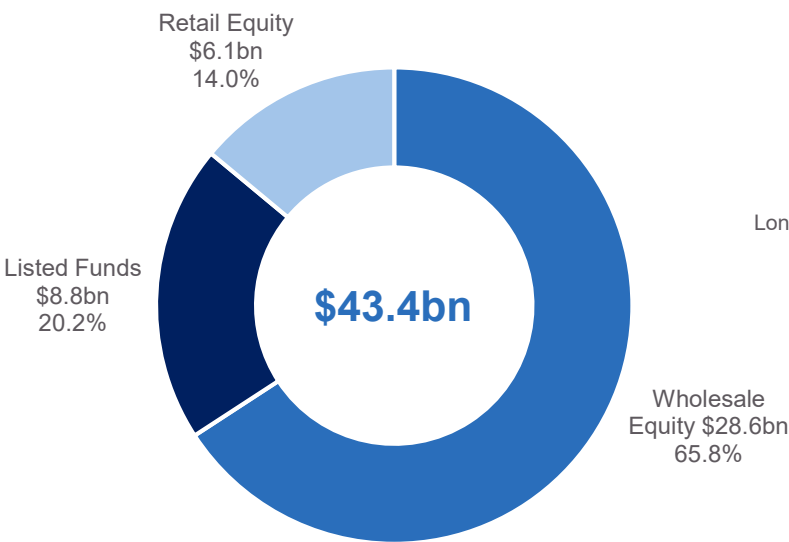


# Group funds management portfolio

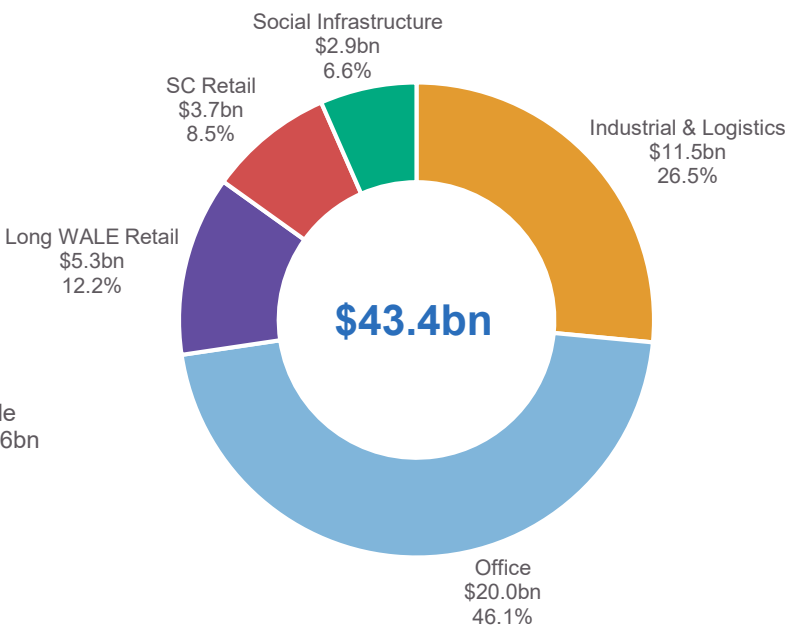
FY21 YTD FUM growth of \$2.9bn (7.2%) to \$43.4bn

	Portfolio value (\$bn)	Lettable area (m sqm)	No. of Properties	Net income (\$m)	WALE (years)	Occupancy (%)	WACR (%)
31 October 2020	43.4	8.2	1,379	2,235	8.9	97.2	5.26
30 June 2020	40.5	7.9	1,104	2,167	8.6	97.5	5.27
30 June 2019	30.4	6.6	844	1,713	8.2	97.9	5.58

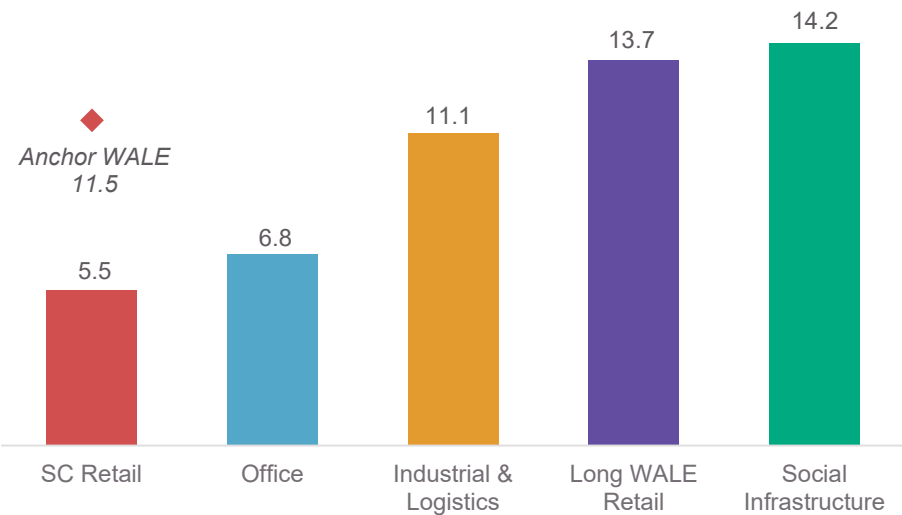
Diversification by equity source



Asset type diversification



WALE by sector



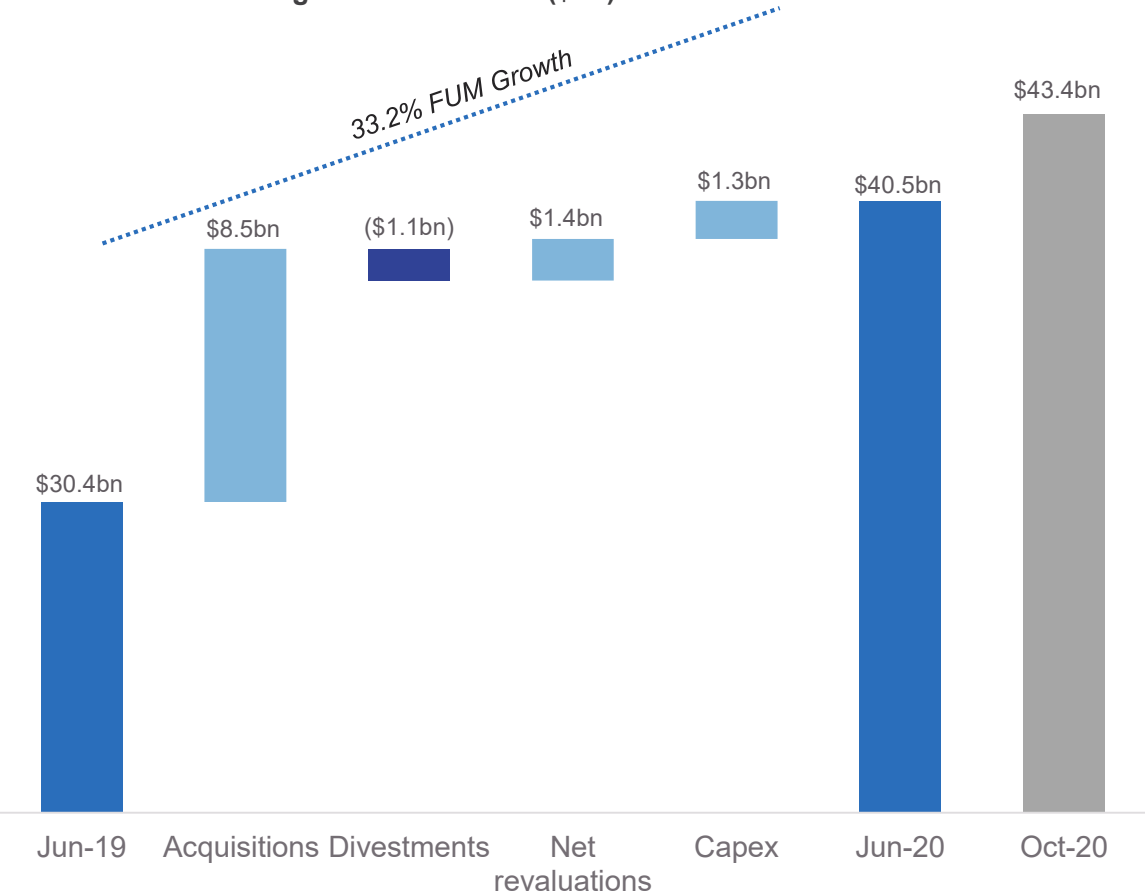


# Funds under management growth

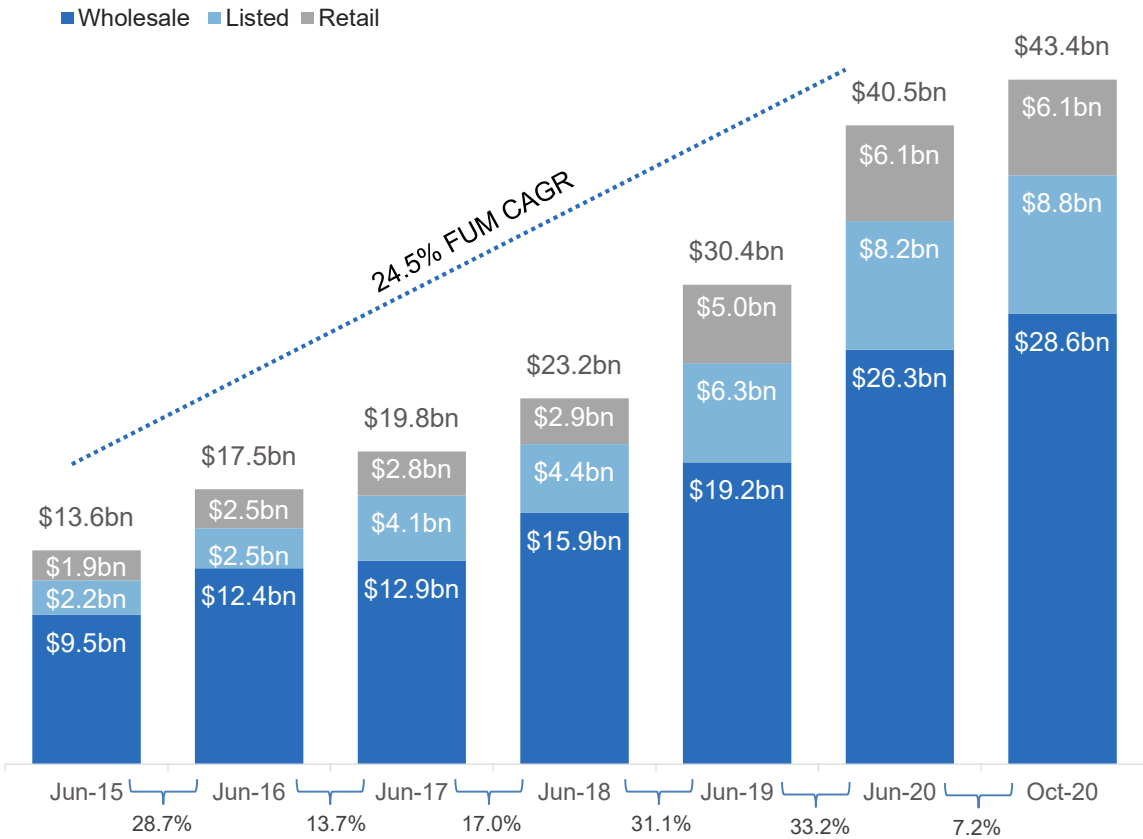
FY21 YTD FUM growth of \$2.9bn (7.2%) to \$43.4bn

- FUM growth of 33.2% in FY20, to \$40.5bn

Funds under management movement (\$bn)



Funds under management by equity source (\$bn)



## Transactional activity

FY21 YTD transactional activity led by Industrial & Logistics and Long WALE Retail

<b>FY20 (\$m)</b>	<b>Industrial &amp; Logistics</b>	<b>Long WALE Retail</b>	<b>Office</b>	<b>Social Infrastructure / Other</b>	<b>Shopping Centre Retail</b>	<b>Total</b>
Acquisitions	1,906	1,212	3,334	760	62	7,275
Divestments	(107)	(194)	(229)	(72)	(420)	(1,023)
Net transactions	1,799	1,018	3,106	688	(358)	6,252
Gross transactions	<b>2,014</b>	<b>1,407</b>	<b>3,563</b>	<b>832</b>	<b>482</b>	<b>8,297</b>

<b>FY21 YTD (\$m)</b>	<b>Industrial &amp; Logistics</b>	<b>Long WALE Retail</b>	<b>Office</b>	<b>Social Infrastructure / Other</b>	<b>Shopping Centre Retail</b>	<b>Total</b>
Acquisitions	1,146	1,408	204	286	-	3,045
Divestments	(156)	(105)	-	(59)	(57)	(377)
Net transactions	990	1,303	204	227	(57)	2,668
Gross transactions	<b>1,302</b>	<b>1,513</b>	<b>204</b>	<b>345</b>	<b>57</b>	<b>3,421</b>



## Equity Flows

### FY21 YTD Equity flows led by CPIF & new partnerships

- Diversified equity sources with \$5.1bn gross equity flows across 24 funds in FY20
- Listed equity flows of \$1.4bn with 6 raisings across CLW, CQR and CQE in FY20
- FY21 YTD total equity invested of \$1.8bn

(\$m)	FY17	FY18	FY19	FY20	FY21 YTD
Wholesale pooled funds	776	649	1,802	1,272	731
Wholesale partnerships	217	322	219	1,298	765
Listed funds	988	77	692	1,369	126
Direct funds	355	653	691	1,136	210
<b>Gross equity invested</b>	<b>2,336</b>	<b>1,701</b>	<b>3,404</b>	<b>5,076</b>	<b>1,832</b>
Net equity invested	1,689	1,487	3,287	4,585	1,753

## FY21 operating earnings guidance

- Based on no material change in current market conditions and assuming the COVID-19 operating environment does not deteriorate markedly from here, the Group upgrades FY21 guidance for post-tax operating earnings per security of approximately 53.0 cps from previous guidance of 51.0 cps
- FY21 distribution per security guidance remains unchanged and is for 6% growth over FY20





# Formal Business

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## Item 1 – Annual Report

To receive and consider the Annual Report, consisting of the Financial Report and Directors' Report, and Auditor's Report for the year ended 30 June 2020.

Note: There is no requirement for Securityholders to approve these reports.



## Item 2 – Election and Re-Election of Director of CHL

To consider and, if thought fit, pass the following ordinary resolutions of CHL:

*“That Mr David Ross, a Director of CHL retiring in accordance with the CHL Constitution, is re-elected as a Director of CHL.”*

## Item 2 – Proxies – Election and Re-Election of Director of CHL

<b>FOR:</b>	<b>96.89%</b>
<b>OPEN:</b>	<b>0.09%</b>
<b>AGAINST:</b>	<b>3.03%</b>

Note: Figures do not add to 100% due to rounding.  
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## Item 3 – Adoption of Remuneration Report

To consider and, if thought fit, pass the following ordinary resolution of CHL:

*"That the Remuneration Report included in the Annual Report for the year ended 30 June 2020 be adopted."*

*Note: The vote on this resolution is advisory only and does not bind Charter Hall Group or the Directors of CHL.*



# Item 3 – Proxies – Adoption of Remuneration Report

FOR:	98.37%
OPEN:	0.08%
AGAINST:	1.55%

## **Item 4 – Issue of service rights to Mr David Harrison - Performance Rights and Options Plan (Deferred portion of Short Term Incentive (STI) for FY20)**

To consider and, if thought fit, pass the following ordinary resolution of CHL and CHPT:

*“That approval is given for all purposes under the Corporations Act and the Listing Rules (in particular, Listing Rule 10.14) for the issue of 80,922 service rights to Mr David Harrison as described in the Explanatory Memorandum.”*

**Item 4 – Proxies – Issue of service rights to Mr David Harrison - Performance Rights and Options Plan (Deferred portion of Short Term Incentive (STI) for FY20)**

<b>FOR:</b>	<b>99.26%</b>
<b>OPEN:</b>	<b>0.08%</b>
<b>AGAINST:</b>	<b>0.66%</b>



## **Item 5 – Issue of performance rights to Mr David Harrison – Performance Rights and Options Plan (Long Term Incentive (LTI))**

To consider and, if thought fit, pass the following ordinary resolution of CHL and CHPT:

*“That approval is given for all purposes under the Corporations Act and the Listing Rules (in particular, Listing Rule 10.14) for the issue of 265,737 performance rights to Mr David Harrison as described in the Explanatory Memorandum;*

**Item 5 – Proxies – Issue of performance rights to Mr David Harrison – Performance Rights and Options Plan (Long Term Incentive (LTI))**

<b>FOR:</b>	<b>99.26%</b>
<b>OPEN:</b>	<b>0.08%</b>
<b>AGAINST:</b>	<b>0.66%</b>

# Questions

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Meeting closed

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## Further information

*Presentation authorised by the Board*



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