

**APPENDIX 4D**  
**Financial Report**  
**for the half year ended 31 December 2020**

**Name of Entity:**

The Charter Hall Group (CHC) - comprising the stapling of ordinary shares in Charter Hall Limited (CHL) (ACN 113 531 150) and units in Charter Hall Property Trust (CHPT) (ARSN: 113 339 147)

The Appendix 4D should be read in conjunction with the financial report of the Charter Hall Group for the half year ended 31 December 2020.

**Results for announcement to the market**

	<b>Half Year Ended 31 December 2020 \$m</b>	<b>Half Year Ended 31 December 2019 \$m</b>	<b>Variance  (%)</b>
Revenue <sup>1</sup>	248.3	356.9	(30.4)
Profit after tax attributable to stapled securityholders of Charter Hall Group	173.2	313.2	(44.7)
Operating earnings attributable to stapled securityholders <sup>2</sup>	129.3	225.8	(42.7)

<sup>1</sup> Gross revenue does not include share of net profits of associates and joint ventures of \$104.9 million (2019: \$140.6 million).

<sup>2</sup> Operating earnings is a financial measure which represents statutory profit after tax adjusted for proportionately consolidated fair value adjustments, gains or losses on sale of investments, amortisation and/or impairment of intangible assets, performance fee expenses, non-operating tax expense and other unrealised or one-off items. Operating earnings is the primary measure of the Group's underlying and recurring earnings. Operating earnings is used by the Board to make strategic decisions and as a guide to assessing an appropriate distribution to declare.

A reconciliation of the Group's operating earnings to statutory profit is provided in note 1 of the financial report.

	<b>Half Year Ended 31 December 2020 cps</b>	<b>Half Year Ended 31 December 2019 cps</b>	<b>Variance  (%)</b>
Basic statutory earnings per stapled security attributable to stapled securityholders	37.2	67.2	(44.6)
Diluted statutory earnings per stapled security attributable to stapled securityholders	36.9	66.7	(44.7)
Operating earnings per stapled security attributable to stapled securityholders	27.8	48.5	(42.7)

<b>Dividends and distributions</b>	<b>Half Year Ended 31 December 2020</b>	<b>Half Year Ended 31 December 2019</b>
Interim franked dividend and distribution in respect of a:		
CHPT unit	11.10¢	10.50¢
CHL share	7.45¢	7.00¢
Total	18.55¢	17.50¢
Record date for determining entitlements to the dividend/distribution	31 December 2020	
Payment date	26 February 2021	

## Results for announcement to the market (continued)

### Net Tangible Assets

	As at 31 December 2020	As at 30 June 2020
Net tangible assets (NTA) per stapled security <sup>1</sup>	\$4.44	\$4.28

<sup>1</sup> Under the listing rules NTA must be determined by deducting from total tangible assets all claims on those assets ranking ahead of the ordinary securities (ie: all liabilities, preference shares, outside equity interest etc).

The number of securities on issue at 31 December 2020 is 465.8 million (30 June 2020: 465.8 million).

### Control gained or lost over entities during the half year

The following changes in control occurred within the Group during the half year:

- DLWF Exchange Holding Trust (part owned entity established on 27 August 2020)
- DLWF Exchange Trust (part owned entity established on 27 August 2020)

### Details of Associates and Joint Venture entities

The Group's Associates and Joint Venture entities and its percentage holding are set out below:

#### Associates

- CH AP Fund (5.0%)
- Charter Hall Australian Investment Trust (10.0%)
- Charter Hall Crestmead Wholesale Trust (0.1%)
- Charter Hall Counter Cyclical Trust (5.0%)
- Charter Hall Direct Plumpton Fund (20.0%)
- Charter Hall Direct Truganina Fund (18.8%)
- Charter Hall Direct Wollert Fund (25.0%)
- Charter Hall Exchange Wholesale Trust (14.5%)
- Charter Hall Long WALE REIT (11.1%)
- Charter Hall Maxim Property Securities Fund (13.9%)
- Charter Hall Office Trust (15.7%)
- Charter Hall Prime Industrial Fund (3.0%)
- Charter Hall Prime Office Fund (6.0%)
- Charter Hall Retail REIT (10.0%)
- Charter Hall Social Infrastructure REIT (8.8%)
- CH Dartmoor Wholesale Fund (2.5%)
- CH Deep Value AREIT Partnership Trust (9.0%)
- CH 201 Elizabeth Holding Trust (5.9%)
- CH 242 Exhibition Street Holding Trust (1.8%)
- Core Logistics Partnership (5.8%)
- Deep Value Partnership (11.1%)
- DOF Mary Street Wholesale Trust (0.1%)
- Long WALE Investment Partnership (0.1%)
- Retail Partnership No. 2 Trust (0.2%)

#### Joint Ventures

- CHAB 247 Adelaide Street Trust (50.0%)
- CH DJ Trust (50.0%)
- Brisbane Square Wholesale Fund (16.8%)
- BP Fund<sup>1</sup> (14.7%)
- BP Fund 2<sup>1</sup> (16.0%)
- Charter Hall PGGM Industrial Partnership (12.0%)
- Charter Hall Prime Retail Fund (29.4%)
- Folkestone ID Land Gisborne JV (50.0%)
- Folkestone ID Land Northside Joint Venture (50.0%)
- Folkestone Lyon Hornsby Joint Venture (50.0%)
- Folkestone Lyon South Dural Joint Venture (50.0%)
- Folkestone Wilmac Millers Junction Business 2 Joint Venture (51.0%)

### Results for announcement to the market (continued)

- Green Square Hotel Development Joint Venture (50.0%)
- ID Hadfield Pty Ltd (49.9%)
- Long WALE Investment Partnership 2 (10.0%)
- TTP Wholesale<sup>1</sup> (10.0%)

<sup>1</sup>Forms the Long WALE Hardware Partnership.

Further information about the Group's Associates and Joint Venture entities is set out in Note 2 and Note 3 of the attached financial report.

### Other significant information

For additional information regarding the results of Charter Hall Group for the half year ended 31 December 2020 please refer to the Full Year Results – ASX Media Announcement and the 2020 Full Year Results Presentation lodged with the ASX. Attached with this Appendix 4D is a copy of the financial report for the half year ended 31 December 2020.

### Accounting standards used by foreign entities

International Financial Reporting Standards.

### Segment results

Refer attached financial report (Note 1: Segment information).

### Other Factors

Refer to other significant information (above).

### Audit

This report is based on accounts to which one of the following applies: (tick one)

<input type="checkbox"/>	The accounts have been audited. (refer attached financial statements)	<input checked="" type="checkbox"/>	The accounts have been subject to review. (refer attached financial statements)
<input type="checkbox"/>	The accounts are in the process of being audited or subject to review.	<input type="checkbox"/>	The accounts have not yet been audited or reviewed.

# Charter Hall Group

Interim Financial Report  
For the half year ended 31 December 2020

Comprising the stapling of ordinary shares in  
Charter Hall Limited (ACN 113 531 150) and  
units in the Charter Hall Property Trust  
(ARSN 113 339 147)

## Important notice

This interim financial report has been prepared and issued by Charter Hall Limited (ACN 113 531 150) and Charter Hall Funds Management Limited (ACN 082 991 786, AFSL 262861) (CHFML) as Responsible Entity of the Charter Hall Property Trust (ARSN 113 339 147) (together, the Charter Hall Group or Group). The information contained in this report has been compiled to comply with legal and regulatory requirements and to assist the recipient in assessing the performance of the Group independently and does not relate to, and is not relevant for, any other purpose.

This report is not intended to be and does not constitute an offer or a recommendation to acquire any securities in the Charter Hall Group. The receipt of this report by any person and any information contained herein or subsequently communicated to any person in connection with the Charter Hall Group is not to be taken as constituting the giving of investment, legal, or tax advice by the Charter Hall Group, its related bodies corporate, its Directors or employees to any such person. Each recipient should consult their own counsel, accountant, and other advisers, as to legal, tax, business, financial and other considerations in relation to the Charter Hall Group.

Neither the Charter Hall Group, their related bodies corporate, Directors, employees nor any other person who may be taken to have been involved in the preparation of this report represents or warrants that the information contained in this report, provided either orally or in writing to a recipient in the course of its evaluation of the Charter Hall Group or the matters contained in this report, is accurate or complete.

Historical performance is not a reliable indicator of future performance. Due care and attention has been exercised in the preparation of forecast information; however, forecasts, by their very nature, are subject to uncertainty and contingencies, many of which are outside the control of the Group. Actual results may vary from any forecasts, and any variation may be materially positive or negative.

CHFML does not receive fees in respect of the general financial product advice it may provide; however, entities within the Charter Hall Group receive fees for operating the Charter Hall Property Trust in accordance with its constitution. Entities within the Group may also receive fees for managing the assets of, and providing resources to, the Charter Hall Property Trust. All information herein is current as at 31 December 2020 unless otherwise stated. All references to dollars (\$) or A\$ are Australian dollars unless otherwise stated.

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## Directors' report

For the half year ended 31 December 2020

The Directors of Charter Hall Limited and the Directors of Charter Hall Funds Management Limited, the Responsible Entity (RE) of Charter Hall Property Trust, present their report together with the consolidated interim financial report of the Charter Hall Group (Group or CHC) and the consolidated interim financial report of the Charter Hall Property Trust Group (CHPT) for the half year ended 31 December 2020, and the Independent Auditor's Report thereon. The interim financial report of the Group comprises Charter Hall Limited (Company or CHL) and its controlled entities, which include Charter Hall Funds Management Limited as the RE of Charter Hall Property Trust (Trust) and CHPT and its controlled entities. The interim financial report of the Charter Hall Property Trust Group comprises the Trust and its controlled entities.

Charter Hall Limited and Charter Hall Funds Management Limited have identical Boards of Directors. The term Board hereafter should be read as a reference to both these Boards.

The units in the Trust are 'stapled' to the shares in the Company. A stapled security comprises one Company share and one Trust unit. The stapled securities cannot be traded or dealt with separately.

### Directors

The following persons were Directors of the Group during the half year and up to the date of this report.

- David Clarke – Chair and Independent Non-Executive Director
- Anne Brennan – Independent Non-Executive Director
- Philip Garling – Independent Non-Executive Director
- David Harrison – Managing Director and Group CEO
- Karen Moses – Independent Non-Executive Director
- Greg Paramor AO – Independent Non-Executive Director
- David Ross – Independent Non-Executive Director

### Distributions/Dividends – Charter Hall Group

Distributions/dividends paid/payable to stapled securityholders during the half year were as follows:

	31 Dec 2020 \$'m
Interim ordinary distribution of 11.10 cents and interim ordinary dividend of 7.45 cents per stapled security for the six months ended 31 December 2020 payable on 26 February 2021	86.4
<b>Total Distributions/Dividends paid and payable to stapled securityholders</b>	<b>86.4</b>

### Operating and financial review

The Group recorded a statutory profit after tax attributable to stapled securityholders for the half year to 31 December 2020 of \$173.2 million compared to a profit of \$313.2 million for the half year ended 31 December 2019.

Operating earnings amounted to \$129.3 million for the half year to 31 December 2020, compared to \$225.8 million for the half year ended 31 December 2019, a decrease of 42.7%. Operating earnings is a financial measure which represents statutory profit after tax adjusted for the items in the table below. Operating earnings is used by the Board to make strategic decisions and as a guide to assessing an appropriate distribution to declare.

	31 Dec 2020 \$'m	31 Dec 2019 \$'m
<b>Operating earnings attributable to stapled securityholders</b>	<b>129.3</b>	225.8
Add: Net fair value movements on equity accounted investments <sup>1</sup>	66.6	97.4
Add: Gain on disposal of property investments <sup>1</sup>	3.0	12.7
Less: Realised and unrealised net gains/(losses) on derivatives <sup>1</sup>	1.4	2.6
Less: Impairment of equity accounted investments	(6.9)	–
Less: Performance fees expense <sup>1</sup>	(7.8)	(5.1)
Less: Non-operating pursuit costs	(3.7)	(3.0)
Less: Amortisation of intangibles	(1.1)	(2.4)
Less: Other <sup>1</sup>	(7.6)	(14.8)
<b>Statutory profit after tax attributable to stapled securityholders</b>	<b>173.2</b>	313.2

<sup>1</sup> Includes the Group's proportionate share of non-operating items of equity accounted investments on a look through basis.



## Directors' report

For the half year ended 31 December 2020

### Operating and financial review continued

The 31 December 2020 financial results with comparatives are summarised as follows:

	Charter Hall Group		Charter Hall Property Trust Group	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Revenue (\$ million) <sup>1</sup>	<b>248.3</b>	356.9	<b>13.3</b>	14.4
Basic weighted average number of stapled securities per Note 6 (million)	<b>465.8</b>	465.8	<b>465.8</b>	465.8
Statutory profit after tax for stapled securityholders (\$ million)	<b>173.2</b>	313.2	<b>104.7</b>	145.8
Statutory earnings per stapled security (EPS) (cents)	<b>37.2</b>	67.2	<b>22.5</b>	31.3
Operating earnings for stapled securityholders (\$ million)	<b>129.3</b>	225.8	<b>n/a</b>	n/a
Operating earnings per stapled security (cents)	<b>27.8</b>	48.5	<b>n/a</b>	n/a
Distribution/dividend per stapled security (cents)	<b>18.6</b>	17.5	<b>11.1</b>	10.5
Property investment segment earnings (\$ million) <sup>2</sup>	<b>60.4</b>	56.8	<b>n/a</b>	n/a
Development investment segment earnings (\$ million) <sup>2</sup>	<b>7.2</b>	14.8	<b>n/a</b>	n/a
Property funds management segment revenue (\$ million) <sup>2</sup>	<b>149.9</b>	287.3	<b>n/a</b>	n/a
Total segment earnings <sup>2</sup>	<b>217.5</b>	358.9	<b>n/a</b>	n/a
	<b>31 Dec 2020</b>	<b>30 Jun 2020</b>	<b>31 Dec 2020</b>	<b>30 Jun 2020</b>
Total assets (\$ million)	<b>2,752.1</b>	2,759.7	<b>2,223.9</b>	2,217.3
Total liabilities (\$ million)	<b>517.5</b>	614.0	<b>391.9</b>	435.6
Total net assets (\$ million)	<b>2,234.6</b>	2,145.7	<b>1,832.0</b>	1,781.7
Net assets attributable to non-controlling interest (\$ million) <sup>3</sup>	<b>80.9</b>	65.5	<b>80.9</b>	65.5
Net assets attributable to stapled securityholders (\$ million)	<b>2,153.7</b>	2,080.2	<b>1,751.1</b>	1,716.2
Stapled securities on issue (million)	<b>465.8</b>	465.8	<b>465.8</b>	465.8
Net assets per stapled security (\$)	<b>4.62</b>	4.47	<b>3.76</b>	3.68
Net tangible assets (NTA) attributable to stapled securityholders (\$ million) <sup>4</sup>	<b>2,068.6</b>	1,992.4	<b>1,751.1</b>	1,716.2
NTA per stapled security (\$) <sup>4</sup>	<b>4.44</b>	4.28	<b>3.76</b>	3.68
Balance sheet gearing <sup>5</sup>	<b>0.0%</b>	0.0%	<b>n/a</b>	n/a
Funds under management (FUM) (\$ million)	<b>46,394.2</b>	40,549.3	<b>n/a</b>	n/a

1 Gross revenue does not include the Group's share of net profits of associates and joint ventures of \$104.9 million (31 December 2019: \$140.6 million).

2 Segment earnings and revenue is used by the Board in assessing the performance and allocating of resources to its operating segments.

3 Represents the 57.3% (30 June 2020: 60.4%) non-controlling interest share of the Charter Hall Direct Long WALE Fund (DLWF) formerly Charter Hall Direct Diversified Consumer Staples Fund (DCSF).

4 NTA attributable to stapled securityholders and NTA per stapled security (\$) are calculated using assets less liabilities, net of intangible assets and related deferred tax and non-controlling interests in DLWF. NTA includes right of use assets.

5 Gearing is calculated as interest-bearing debt drawn (excluding hedged foreign exchange movements subsequent to the related debt drawing date and DLWF) net of cash, divided by total assets net of cash, derivative assets and DLWF.

### Property investment

Property investment provides the Group with yields from its co-investments in Group funds. During the half year property investment contributed \$60.4 million in segment earnings to the Group.

The Group's property investments are classified into the following real estate sectors:

- Office;
- Industrial & Logistics;
- Shopping Centre Retail;
- Long WALE Retail;
- Social infrastructure; and
- Diversified.



## Directors' report

For the half year ended 31 December 2020

### Operating and financial review continued

The following table summarises the key metrics for the property investments of the Group:

			31 Dec 2020	Weighted average lease expiry (years)	Weighted average market cap rate (%)	Weighted average discount rate (%)	Weighted average rental reviews (%)	31 Dec 2020 Charter Hall investment yield <sup>2</sup> (%)
	Ownership stake (%)	Charter Hall investment (\$m)	Charter Hall investment income <sup>1</sup> (\$m)					
<b>Industrial &amp; Logistics</b>								
Charter Hall Prime Industrial Fund (CPIF)	3.0	142.4	3.3	10.6	4.8	6.3	2.9	5.0
Core Logistics Partnership Trust (CLP)	5.8	78.9	2.3	9.2	4.9	6.3	3.0	5.7
Charter Hall PGGM Industrial Partnership (CHPIP)	12.0	18.8	0.4	10.7	5.0	6.4	2.7	6.7
<b>Long WALE Retail</b>								
Long WALE Hardware Partnership (LWHP)	14.9	155.8	3.4	8.1	4.8	6.2	2.7	5.2
CH AP Fund (CHAPF)	5.0	34.7	0.1	18.9	5.5	5.2	1.0	1.3
Other Long WALE Retail investments		33.3	0.7	n/a	n/a	n/a	n/a	n/a
<b>Office</b>								
Charter Hall Prime Office Fund (CPOF)	6.0	310.9	7.7	7.0	4.9	6.2	3.6	4.7
Charter Hall Office Trust (CHOT)	15.7	261.4	9.6	6.4	4.7	6.2	3.6	6.0
Brisbane Square Wholesale Fund (BSWF)	16.8	103.3	4.4	6.2	5.5	6.6	3.5	7.8
Other Office investments		57.7	2.1	n/a	n/a	n/a	n/a	n/a
<b>Social infrastructure</b>								
Charter Hall Social Infrastructure REIT (ASX: CQE)	8.8	93.3	2.6	14.0	6.1	n/a	2.3	5.2
Charter Hall Exchanges Trust (CHET)	14.5	50.7	1.9	19.6	4.3	5.6	0.2	6.6
<b>Shopping Centre Retail</b>								
Charter Hall Retail REIT (ASX: CQR)	10.0	210.3	7.5	7.5	6.0	6.7	3.3	6.9
Charter Hall Prime Retail Fund (CPRF)	29.4	47.2	2.2	4.3	6.2	7.1	4.1	7.5
Other Shopping Centre Retail investments		0.3	–	n/a	n/a	n/a	n/a	n/a
<b>Diversified</b>								
Charter Hall Long WALE REIT (ASX: CLW)	11.1	299.6	9.0	14.1	5.2	6.0	2.2	6.6
Charter Hall Direct Long WALE Fund (DLWF) <sup>3</sup>	42.7	49.0	1.8	6.8	5.7	6.8	2.5	8.5
Charter Hall DVP Fund (DVP)	11.1	32.5	0.6	6.9	4.8	6.2	3.5	3.5
Other investments		47.7	0.8	n/a	n/a	n/a	n/a	n/a
<b>Property Investment Total</b>		<b>2,027.8</b>	<b>60.4</b>	<b>9.1</b>	<b>5.1</b>	<b>6.3</b>	<b>3.0</b>	<b>6.0</b>

<sup>1</sup> Charter Hall Group property investment segment earnings per segment information in Note 1(b) of the financial report.

<sup>2</sup> Yield = Operating earnings divided by investment value at start of the period adjusted for investments/divestments during the period.

Excludes MTM movements in NTA during the period.

<sup>3</sup> DLWF adjusted for non-controlling interest share of 57.3%.

### Development investment

Development investment provides the Group with development profits and interest income from its development assets held directly on balance sheet and through co-investments in development ventures. During the half year development investment contributed \$7.2 million in segment earnings to the Group.

### Property funds management

The property funds management business provides investment management, asset management, property management, development management and leasing and transaction services to the Group's \$46.4 billion funds management portfolio. The use of an integrated property services model, which earns fees from providing these services to the managed portfolio, enhances the Group's returns from capital invested. The Group also provides services to segregated mandates looking to capitalise on its property and funds management expertise. During the half year the property funds management business contributed \$149.9 million in segment revenue to the Group.

## Directors' report

For the half year ended 31 December 2020

### Operating and financial review continued

#### Significant changes in the state of affairs

In preparing its financial statements the Group has considered the current and ongoing impact that the COVID-19 pandemic has had on its business operations.

A \$6.8m impairment was recorded for the Groups investment in Charter Hall Long WALE REIT. Other than this impairment, the Group's strategic focus on resilient property investments and funds management revenue streams has contributed to the COVID-19 pandemic having no identifiable material adverse impact on the Groups financial result.

With the potential and uncertain economic impacts of COVID-19, future property valuations, investment and development activity and property funds management revenue could be adversely impacted.

Further disclosure is included in the following notes:

- Investment in associates Note 2(b);
- Revenue Note 4(a);
- Fair value measurement Note 13(d).

## Directors' report

For the half year ended 31 December 2020

### Principal activities

During the period, the principal activities of the Group consisted of:

- (a) Investment in property funds;
- (b) Development investment; and
- (c) Property funds management.

No significant changes in the nature of the activities of the Group occurred during the half year.

### Matters subsequent to the end of the period

No matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect:

- (a) The Group's operations in future financial periods; or
- (b) The results of those operations in future financial periods; or
- (c) The Group's state of affairs in future financial periods.

### Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 9.

### Rounding of amounts

The Company and the Trust is of a kind referred to in ASIC Corporations Instrument (Rounding in Financial/Directors' Reports) 2016/191, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that instrument to the nearest hundred thousand dollars, or in certain cases, to the nearest dollar.

### Directors' authorisation

The Directors' Report is made in accordance with a resolution of the Directors. The financial statements were authorised for issue by the Directors on 17 February 2021. The Directors have the power to amend and re-issue the Financial Statements.



**David Clarke**

Chair

Sydney

17 February 2021



## *Auditor's Independence Declaration*

As lead auditor for the review of Charter Hall Limited and its controlled entities and Charter Hall Property Trust and its controlled entities (together "Charter Hall Group") and Charter Hall Property Trust and its controlled entities (together "Charter Hall Property Trust Group") for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Charter Hall Limited and the entities it controlled during the period and Charter Hall Property Trust and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'E A Barron'.

E A Barron  
Partner  
PricewaterhouseCoopers

Sydney  
17 February 2021

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## Consolidated statements of comprehensive income

For the half year ended 31 December 2020

		Charter Hall Group		Charter Hall Property Trust Group	
	Note	31 Dec 2020 \$'m	31 Dec 2019 \$'m	31 Dec 2020 \$'m	31 Dec 2019 \$'m
<b>Income</b>					
Revenue	4	248.3	356.9	13.3	14.4
Share of net profit from equity accounted investments method		104.9	140.6	95.8	128.3
Net gain on sale of investments		3.1	13.1	3.1	13.1
Other net fair value adjustments		13.9	5.4	13.9	3.7
<b>Total income</b>		<b>370.2</b>	<b>516.0</b>	<b>126.1</b>	<b>159.5</b>
<b>Expenses</b>					
Employee costs		(72.3)	(74.9)	–	–
Cost of sales		(57.8)	(32.1)	–	–
Administration and other expenses		(14.0)	(14.3)	(3.3)	(3.1)
Finance costs		(4.5)	(7.0)	(4.5)	(7.0)
Depreciation, amortisation and impairment		(12.3)	(6.2)	(6.9)	–
Other net losses		(3.3)	–	(0.7)	–
<b>Total expenses</b>		<b>(164.2)</b>	<b>(134.5)</b>	<b>(15.4)</b>	<b>(10.1)</b>
<b>Profit before tax</b>		<b>206.0</b>	<b>381.5</b>	<b>110.7</b>	<b>149.4</b>
Income tax expense		(26.8)	(64.7)	–	–
<b>Profit for the half year</b>		<b>179.2</b>	<b>316.8</b>	<b>110.7</b>	<b>149.4</b>
<b>Profit for the half year attributable to:</b>					
Equity holders of Charter Hall Limited		68.5	167.4	–	–
Equity holders of Charter Hall Property Trust (non-controlling interest)		104.7	145.8	104.7	145.8
<b>Profit attributable to stapled securityholders of Charter Hall Group</b>		<b>173.2</b>	<b>313.2</b>	<b>104.7</b>	<b>145.8</b>
Net profit attributable to Charter Hall Direct Long WALE Fund (non-controlling interest)		6.0	3.6	6.0	3.6
<b>Profit for the half year</b>		<b>179.2</b>	<b>316.8</b>	<b>110.7</b>	<b>149.4</b>

## Consolidated statements of comprehensive income continued

For the half year ended 31 December 2020

		Charter Hall Group		Charter Hall Property Trust Group	
		31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	Note	\$'m	\$'m	\$'m	\$'m
<b>Profit for the half year</b>		<b>179.2</b>	<b>316.8</b>	<b>110.7</b>	<b>149.4</b>
<b>Other comprehensive income</b>					
<i>Items that may be reclassified to profit or loss</i>					
Exchange differences on translation of foreign operations		—	—	—	0.1
Changes in the fair value of cash flow hedges		(6.8)	(0.1)	(6.7)	(0.1)
Equity accounted fair value movements		(0.2)	0.2	(0.1)	0.2
<b>Other comprehensive income/(loss) for the half year</b>		<b>(7.0)</b>	<b>0.1</b>	<b>(6.8)</b>	<b>0.2</b>
<b>Total comprehensive income for the half year</b>		<b>172.2</b>	<b>316.9</b>	<b>103.9</b>	<b>149.6</b>
<b>Total comprehensive income for the half year is attributable to:</b>					
Equity holders of Charter Hall Limited		<b>68.3</b>	167.3	—	—
Equity holders of Charter Hall Property Trust (non-controlling interest)		<b>97.9</b>	145.9	<b>97.9</b>	145.9
<b>Total comprehensive income attributable to stapled securityholders of Charter Hall Group</b>		<b>166.2</b>	313.2	<b>97.9</b>	145.9
Total comprehensive income attributable to Charter Hall Direct Long WALE Fund (non-controlling interest)		<b>6.0</b>	3.7	<b>6.0</b>	3.7
<b>Total comprehensive income for the half year</b>		<b>172.2</b>	<b>316.9</b>	<b>103.9</b>	<b>149.6</b>
<b>Basic earnings per security (cents) attributable to:</b>					
Equity holders of Charter Hall Limited		<b>14.7</b>	35.9	n/a	n/a
Equity holders of Charter Hall Property Trust (non-controlling interest)		<b>22.5</b>	31.3	<b>22.5</b>	31.3
<b>Basic earnings per stapled security (cents) attributable to stapled securityholders of Charter Hall Group</b>	6(a)	<b>37.2</b>	67.2	<b>n/a</b>	n/a
<b>Diluted earnings per security (cents) attributable to:</b>					
Equity holders of Charter Hall Limited		<b>14.6</b>	35.6	n/a	n/a
Equity holders of Charter Hall Property Trust (non-controlling interest)		<b>22.3</b>	31.1	<b>22.3</b>	31.1
<b>Diluted earnings per stapled security (cents) attributable to stapled securityholders of Charter Hall Group</b>	6(b)	<b>36.9</b>	66.7	<b>n/a</b>	n/a

The above consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.

## Consolidated balance sheets

As at 31 December 2020

		Charter Hall Group		Charter Hall Property Trust Group	
	Note	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020
		\$'m	\$'m	\$'m	\$'m
<b>Assets</b>					
<i>Current assets</i>					
Cash and cash equivalents		267.0	238.9	50.5	12.7
Receivables and other assets	7	103.5	79.3	46.3	36.6
Development assets		15.9	—	—	—
Derivative financial instruments		3.2	3.6	3.2	3.6
<b>Total current assets</b>		<b>389.6</b>	<b>321.8</b>	<b>100.0</b>	<b>52.9</b>
<i>Non-current assets</i>					
Receivables and other assets	7	9.1	12.3	—	—
Derivative financial instruments		30.1	70.0	32.9	70.0
Financial assets at fair value through profit or loss		—	101.2	—	101.2
Investments in associates at fair value through profit or loss	2,3	36.4	25.9	36.4	25.9
Development assets		4.3	29.6	—	—
Investments accounted for using the equity method	2,3	1,957.3	1,875.4	1,874.1	1,793.5
Investment properties	8	180.7	173.8	180.5	173.8
Intangible assets	9	115.1	118.9	—	—
Property, plant and equipment		20.5	20.8	—	—
Right-of-use assets		7.4	8.5	—	—
Deferred tax assets		1.6	1.5	—	—
<b>Total non-current assets</b>		<b>2,362.5</b>	<b>2,437.9</b>	<b>2,123.9</b>	<b>2,164.4</b>
<b>Total assets</b>		<b>2,752.1</b>	<b>2,759.7</b>	<b>2,223.9</b>	<b>2,217.3</b>
<b>Liabilities</b>					
<i>Current liabilities</i>					
Trade and other liabilities		133.3	150.1	59.9	43.0
Development liabilities		18.8	—	—	—
Current tax liabilities		7.0	38.9	—	—
Borrowings	10	2.0	15.9	—	—
Lease liabilities		4.0	4.0	—	—
Derivative financial instruments		—	0.1	—	0.1
<b>Total current liabilities</b>		<b>165.1</b>	<b>209.0</b>	<b>59.9</b>	<b>43.1</b>
<i>Non-current liabilities</i>					
Trade and other liabilities		3.5	3.8	8.8	20.6
Derivative financial instruments		—	7.7	2.8	7.7
Borrowings	10	320.4	364.2	320.4	364.2
Lease liabilities		9.3	11.1	—	—
Deferred tax liabilities		19.2	18.2	—	—
<b>Total non-current liabilities</b>		<b>352.4</b>	<b>405.0</b>	<b>332.0</b>	<b>392.5</b>
<b>Total liabilities</b>		<b>517.5</b>	<b>614.0</b>	<b>391.9</b>	<b>435.6</b>
<b>Net assets</b>		<b>2,234.6</b>	<b>2,145.7</b>	<b>1,832.0</b>	<b>1,781.7</b>
<b>Equity</b>					
<i>Equity holders of Charter Hall Limited</i>					
Contributed equity	11(a)	290.8	289.1	—	—
Reserves		(30.2)	(33.3)	—	—
Accumulated profit		142.0	108.2	—	—
<b>Parent entity interest</b>		<b>402.6</b>	<b>364.0</b>	<b>—</b>	<b>—</b>
<i>Equity holders of Charter Hall Property Trust</i>					
Contributed equity	11(a)	1,426.0	1,436.8	1,426.0	1,436.8
Reserves		(4.5)	2.8	(4.5)	2.8
Accumulated profit		329.6	276.6	329.6	276.6
<b>Equity holders of Charter Hall Property Trust (non-controlling interest)</b>		<b>1,751.1</b>	<b>1,716.2</b>	<b>1,751.1</b>	<b>1,716.2</b>
Non-controlling interest in Charter Hall Direct Long WALE Fund	12	80.9	65.5	80.9	65.5
<b>Total equity</b>		<b>2,234.6</b>	<b>2,145.7</b>	<b>1,832.0</b>	<b>1,781.7</b>

The above consolidated balance sheets should be read in conjunction with the accompanying notes.



## Consolidated statement of changes in equity – Charter Hall Group

For the half year ended 31 December 2020

	Note	Attributable to the owners of Charter Hall Limited			Non- controlling interest \$'m	Charter Hall Group Total equity \$'m
		Contributed equity \$'m	Reserves	Accumulated profit/(losses) \$'m		
		\$'m	\$'m	\$'m	\$'m	\$'m
Balance at 1 July 2019		286.7	(34.8)	(11.0)	1,719.0	1,959.9
Change in accounting policy		–	–	(0.7)	–	(0.7)
<b>Adjusted balance at 1 July 2019</b>		<b>286.7</b>	<b>(34.8)</b>	<b>(11.7)</b>	<b>1,719.0</b>	<b>1,959.2</b>
Profit for the half year		–	–	167.4	149.4	316.8
Other comprehensive income/(loss)		–	(0.1)	–	0.2	0.1
<b>Total comprehensive income/(loss)</b>		<b>–</b>	<b>(0.1)</b>	<b>167.4</b>	<b>149.6</b>	<b>316.9</b>
<i>Transactions with equity holders in their capacity as equity holders:</i>						
Contributions of equity, net of issue costs		–	–	–	7.9	7.9
Buyback and issuance of securities for exercised performance rights		(1.7)	(6.7)	–	(11.7)	(20.1)
Tax recognised direct to equity		4.0	(2.9)	–	–	1.1
Transfer due to deferred compensation payable in service rights		–	2.1	–	–	2.1
Security-based benefit expense		–	4.6	–	–	4.6
Dividend/distribution provided for or paid	5	–	–	(32.6)	(50.9)	(83.5)
Transactions with non-controlling interests		–	–	–	1.9	1.9
		2.3	(2.9)	(32.6)	(52.8)	(86.0)
<b>Balance at 31 December 2019</b>		<b>289.0</b>	<b>(37.8)</b>	<b>123.1</b>	<b>1,815.8</b>	<b>2,190.1</b>
Balance at 1 July 2020		289.1	(33.3)	108.2	1,781.7	2,145.7
Profit for the half year		–	–	68.5	110.7	179.2
Other comprehensive loss		–	(0.2)	–	(6.8)	(7.0)
<b>Total comprehensive income/(loss)</b>		<b>–</b>	<b>(0.2)</b>	<b>68.5</b>	<b>103.9</b>	<b>172.2</b>
<i>Transactions with equity holders in their capacity as equity holders:</i>						
Contributions of equity, net of issue costs	11	–	–	–	11.4	11.4
Buyback and issuance of securities for exercised performance rights		(2.3)	(7.3)	–	(10.8)	(20.4)
Tax recognised direct to equity		4.0	(1.4)	–	–	2.6
Transfer due to deferred compensation payable in service rights		–	8.0	–	–	8.0
Security-based benefit expense		–	4.0	–	–	4.0
Dividend/distribution provided for or paid	5	–	–	(34.7)	(53.8)	(88.5)
Transactions with non-controlling interests		–	–	–	(0.4)	(0.4)
		1.7	3.3	(34.7)	(53.6)	(83.3)
<b>Balance at 31 December 2020</b>		<b>290.8</b>	<b>(30.2)</b>	<b>142.0</b>	<b>1,832.0</b>	<b>2,234.6</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

## Consolidated statement of changes in equity – Charter Hall Property Trust Group

For the half year ended 31 December 2020

	Note	Attributable to the owners of the Charter Hall Property Trust Group			Non- controlling interest \$'m	Total equity \$'m
		Contributed equity \$'m	Reserves	Accumulated profit/(losses) \$'m		
		\$'m	\$'m	\$'m	\$'m	\$'m
Balance at 1 July 2019		1,448.5	3.2	217.0	1,668.7	1,719.0
Profit for the half year		–	–	145.8	145.8	149.4
Other comprehensive income		–	0.1	–	0.1	0.2
<b>Total comprehensive income</b>		–	0.1	145.8	145.9	149.6
<i>Transactions with equity holders in their capacity as equity holders:</i>						
Contributions of equity, net of issue costs		–	–	–	7.9	7.9
Buyback and issuance of securities for exercised performance rights		(11.7)	–	–	–	(11.7)
Dividend/distribution provided for or paid	5	–	–	(48.9)	(2.0)	(50.9)
Transactions with non-controlling interests		–	0.2	–	1.7	1.9
		(11.7)	0.2	(48.9)	7.6	(52.8)
<b>Balance at 31 December 2019</b>		<b>1,436.8</b>	<b>3.5</b>	<b>313.9</b>	<b>61.6</b>	<b>1,815.8</b>
Balance at 1 July 2020		1,436.8	2.8	276.6	65.5	1,781.7
Profit for the half year		–	–	104.7	6.0	110.7
Other comprehensive loss		–	(6.8)	–	–	(6.8)
<b>Total comprehensive income/(loss)</b>		–	(6.8)	104.7	6.0	103.9
<i>Transactions with equity holders in their capacity as equity holders:</i>						
Contributions of equity, net of issue costs	11	–	–	–	11.4	11.4
Buyback and issuance of securities for exercised performance rights		(10.8)	–	–	–	(10.8)
Dividend/distribution provided for or paid	5	–	–	(51.7)	(2.1)	(53.8)
Transactions with non-controlling interests		–	(0.5)	–	0.1	(0.4)
		(10.8)	(0.5)	(51.7)	9.4	(53.6)
<b>Balance at 31 December 2020</b>		<b>1,426.0</b>	<b>(4.5)</b>	<b>329.6</b>	<b>80.9</b>	<b>1,832.0</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

## Consolidated cash flow statements

For the half year ended 31 December 2020

	Charter Hall Group		Charter Hall Property Trust Group	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Note	\$'m	\$'m	\$'m	\$'m
<b>Cash flows from operating activities</b>				
Receipts from customers (inclusive of GST)	260.0	210.5	6.2	4.7
Payments to suppliers and employees (inclusive of GST)	(163.3)	(156.5)	(2.4)	(2.1)
Tax paid	(55.2)	(14.2)	–	–
Interest received	0.7	1.4	0.1	1.1
Interest paid	(4.3)	(1.7)	(3.8)	(1.7)
Distributions and dividends from investments	52.1	58.5	51.1	49.9
<b>Net cash inflow from operating activities</b>	<b>90.0</b>	<b>98.0</b>	<b>51.2</b>	<b>51.9</b>
<b>Cash flows from investing activities</b>				
Payments for property, plant and equipment (net of lease incentive received)	(2.8)	(4.1)	–	–
Payments for investment properties	(2.1)	(36.8)	(2.0)	(36.8)
Investments in associates, joint ventures and financial assets	(156.5)	(400.8)	(156.0)	(390.5)
Proceeds on disposal and return of capital from investments in associates and joint ventures	218.7	251.8	210.8	246.5
Loans to associates, joint ventures and related parties	(7.6)	(0.6)	(201.3)	(266.1)
Repayments of loans from associates, joint ventures and related parties	4.0	44.7	196.0	343.6
<b>Net cash inflow/(outflow) from investing activities</b>	<b>53.7</b>	<b>(145.8)</b>	<b>47.5</b>	<b>(103.3)</b>
Buy back of stapled securities	(20.5)	(20.1)	(16.7)	(17.4)
Borrowing costs paid	(0.4)	(5.3)	(0.4)	(5.3)
Proceeds from borrowings (net of borrowing costs)	–	245.8	–	244.4
Repayment of borrowings	(7.2)	(154.2)	(7.2)	(150.6)
Payment for Settlement of Derivatives	(8.3)	(1.5)	(8.3)	(1.5)
Principal elements of lease payments	(2.0)	(1.0)	–	–
Proceeds on disposal of partial interest in a subsidiary that does not involve loss of control	9.8	9.5	9.8	9.5
Distributions to non-controlling interests	(2.1)	(1.9)	(2.1)	(1.9)
Dividends/distributions paid to stapled securityholders	(84.9)	(80.1)	(36.0)	(49.8)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>(115.6)</b>	<b>(8.8)</b>	<b>(60.9)</b>	<b>27.4</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>28.1</b>	<b>(56.6)</b>	<b>37.8</b>	<b>(24.0)</b>
Cash and cash equivalents at the beginning of the year	238.9	113.9	12.7	50.0
<b>Cash and cash equivalents at the end of the period</b>	<b>267.0</b>	<b>57.3</b>	<b>50.5</b>	<b>26.0</b>

The above consolidated cash flow statements should be read in conjunction with the accompanying notes.

## Notes to the consolidated financial statements

For the half year ended 31 December 2020

The interim financial report does not include all notes normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the Charter Hall Group during the half year ended 31 December 2020, in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted in the preparation of the interim financial report are consistent with those of the previous financial year unless stated otherwise.

The notes to these interim financial statements include additional information to assist the reader in understanding the operations, performance and financial position of the Charter Hall Group and the Charter Hall Property Trust Group.

### Critical accounting estimates and judgements

The preparation of the interim financial statements in conformity with applicable Australian Accounting Standards requires the use of certain critical accounting estimates and judgements in the process of applying accounting policies.

Estimates and judgements are continually evaluated and are based on experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are described in their respective notes:

- Note 2 Investments in associates
- Note 3 Investments in joint ventures
- Note 4 Revenue
- Note 9 Intangible assets

In preparing its financial statements the Group has considered the current and ongoing impact that the COVID-19 pandemic has had on its business operations. A \$6.8m impairment was recorded for the Groups investment in Charter Hall Long WALE REIT. Other than this impairment, the Group's strategic focus on resilient property investments and funds management revenue streams has contributed to the COVID-19 pandemic having no identifiable material adverse impact on the Groups financial result.

With the potential and uncertain economic impacts of COVID-19, future property valuations, investment and development activity and property funds management revenue could be adversely impacted.

Further disclosure is included in the following notes:

- Investments in associates Note 2(b);
- Revenue Note 4(a);
- Fair value measurement Note 13(d).

## 1 Segment information

### (a) Description of segments

#### Charter Hall Group

The operating segments disclosed are based on the reports reviewed by the Board to make strategic decisions. The Board is responsible for allocating resources and assessing performance of the operating segments.

Operating earnings is a financial measure which represents statutory profit after tax adjusted for the items in Note 1(c). Operating earnings is the primary measure of the Group's underlying and recurring earnings. Operating earnings is used by the Board to make strategic decisions and as a guide to assessing an appropriate distribution to declare.

Net operating expenses are primarily related to the Property Funds Management segment.

The Board has identified the following three reportable segments, the performance of which it monitors separately.

#### Property investments

This segment comprises investments in property funds.

#### Development investments

This segment comprises investments in developments.

#### Property funds management

This segment comprises investment management services and property management services.

## Notes to the consolidated financial statements

For the half year ended 31 December 2020

### 1 Segment information continued

#### Charter Hall Property Trust Group

The Board allocates resources and assesses the performance of operating segments for the entire Charter Hall Group. Results are not separately identified and reported according to the legal structure of the Charter Hall Group and therefore segment information for CHPT is not prepared and provided to the Board.

#### (b) Operating segments

The operating segments reported to the Board for the half year ended 31 December 2020 are as follows:

	31 Dec 2020 \$'m	31 Dec 2019 \$'m
<b>Property investment segment earnings</b>	<b>60.4</b>	<b>56.8</b>
<b>Development investment segment earnings</b>	<b>7.2</b>	<b>14.8</b>
<i>Property funds management</i>		
Investment management revenue	116.4	258.6
Property services revenue	33.5	28.7
<b>Total Property funds management segment revenue</b>	<b>149.9</b>	<b>287.3</b>
<b>Total segment income</b>	<b>217.5</b>	<b>358.9</b>
Net operating expenses	(36.4)	(43.3)
Corporate expenses	(16.4)	(15.8)
<b>EBITDA</b>	<b>164.7</b>	<b>299.8</b>
Depreciation	(4.3)	(3.8)
Net interest expense	(3.7)	(5.5)
<b>Operating earnings before tax</b>	<b>156.7</b>	<b>290.5</b>
Income tax expense	(27.4)	(64.7)
<b>Operating earnings attributable to stapled securityholders</b>	<b>129.3</b>	<b>225.8</b>
Basic weighted average number of securities ('m)	465.8	465.8
<b>Operating earnings per stapled security (cents)</b>	<b>27.8</b>	<b>48.5</b>

Refer to Note 6 for statutory earnings per stapled security figures.

#### (c) The reconciliation of operating earnings to statutory profit after tax attributable to stapled securityholders is shown below:

	31 Dec 2020 \$'m	31 Dec 2019 \$'m
<b>Operating earnings attributable to stapled securityholders</b>	<b>129.3</b>	225.8
Add: Net fair value movements on equity accounted investments <sup>1</sup>	<b>66.6</b>	97.4
Add: Gain on disposal of property investments <sup>1</sup>	<b>3.0</b>	12.7
Less: Realised and unrealised net gains/(losses) on derivatives <sup>1</sup>	<b>1.4</b>	2.6
Less: Impairment of equity accounted investments	<b>(6.9)</b>	–
Less: Performance fees expense <sup>1</sup>	<b>(7.8)</b>	(5.1)
Less: Non-operating pursuit costs	<b>(3.7)</b>	(3.0)
Less: Amortisation of intangibles	<b>(1.1)</b>	(2.4)
Less: Other <sup>1</sup>	<b>(7.6)</b>	(14.8)
<b>Statutory profit after tax attributable to stapled securityholders</b>	<b>173.2</b>	313.2

<sup>1</sup> Includes the Group's proportionate share of non-operating items of equity accounted investments on a look through basis.

## Notes to the consolidated financial statements

For the half year ended 31 December 2020

### 1 Segment information continued

- (d) Reconciliation of earnings from the property and development investment segments to the share of net profit of equity accounted investments

	31 Dec 2020 \$'m	31 Dec 2019 \$'m
Segment earnings – property investments	60.4	56.8
Segment earnings – development investments	7.2	14.8
<b>Segment earnings – investments</b>	<b>67.6</b>	<b>71.6</b>
Add: Non-operating equity accounted profit	43.8	77.1
Less: Development profit	(3.7)	(5.8)
Less: Net rental income	(1.8)	(1.2)
Less: Interest income on development investments	(0.5)	(0.7)
Less: Distributions in operating income	(0.5)	(0.4)
<b>Share of net profit of investments accounted for using the equity method</b>	<b>104.9</b>	<b>140.6</b>

- (e) Reconciliation of property funds management earnings stated above to revenue per the statement of comprehensive income

	31 Dec 2020 \$'m	31 Dec 2019 \$'m
Investment management revenue	116.4	258.6
Property services revenue	33.5	28.7
<b>Segment revenue – property funds management</b>	<b>149.9</b>	<b>287.3</b>
Add: recovery of property and fund-related expenses	28.8	26.3
Add: proceeds from sale of development assets	61.4	35.2
Add: rental income	6.2	4.7
Add: interest income	1.2	2.1
Add: development fees treated as development investment segment earnings	–	1.2
Add: distributions received for investments accounted for at fair value	0.8	0.1
<b>Revenue per statement of comprehensive income</b>	<b>248.3</b>	<b>356.9</b>

Geographical segments are immaterial as the vast majority of the Group's income is from Australian sources. Assets and liabilities have not been reported on a segmented basis as the Board is focused on the consolidated balance sheet.

## Notes to the consolidated financial statements

For the half year ended 31 December 2020

### 2 Investment in associates

#### (a) Carrying amounts

Information relating to associates is set out below. All associates are incorporated and operate in Australia.

		Ownership interest		Carrying amount	
		31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020
Charter Hall Group					
Name of entity	Principal activity	%	%	\$'m	\$'m
<b>Accounted for at fair value through profit or loss:<sup>1</sup></b>					
<i>Unlisted</i>					
Charter Hall Maxim Property Securities Fund	Property investment	13.9	15.1	24.5	20.4
Other associates				11.9	5.5
				<b>36.4</b>	<b>25.9</b>
<b>Equity accounted</b>					
<i>Unlisted</i>					
Charter Hall Prime Office Fund	Property investment	6.0	6.2	310.9	312.9
Charter Hall Office Trust <sup>2</sup>	Property investment	15.7	15.7	261.4	293.5
Charter Hall Prime Industrial Fund	Property investment	3.0	3.6	142.4	131.4
Core Logistics Partnership	Property investment	5.8	6.9	78.9	85.0
Charter Hall Exchange Wholesale Trust	Property investment	14.5	21.8	50.7	70.1
Charter Hall AP Fund	Property investment	5.0	—	34.7	—
DVP	Property investment	11.1	13.0	32.5	35.5
Other associates				60.7	50.1
<i>Listed</i>					
Charter Hall Retail REIT <sup>3</sup>	Property investment	10.0	9.9	210.3	207.9
Charter Hall Long WALE REIT <sup>4</sup>	Property investment	11.1	12.2	299.6	271.4
Charter Hall Social Infrastructure REIT <sup>5</sup>	Property investment	8.8	8.9	93.3	90.8
				<b>1,575.4</b>	<b>1,548.6</b>
<b>Total investments in associates</b>				<b>1,611.8</b>	<b>1,574.5</b>

1 These investments comprise units in certain unlisted Charter Hall managed funds which have been designated at fair value through profit or loss. Changes in their fair values are recorded in fair value adjustments in the consolidated statement of comprehensive income.

2 The entity has a 31 December balance date.

3 Fair value at the ASX closing price as at 31 December 2020 was \$209.6 million (30 June 2020: \$189.3 million).

4 Fair value at the ASX closing price as at 31 December 2020 was \$296.2 million (30 June 2020: \$255.5 million).

5 Fair value at the ASX closing price as at 31 December 2020 was \$104.2 million (30 June 2020: \$75.1 million).



## Notes to the consolidated financial statements

For the half year ended 31 December 2020

### 2 Investment in associates continued

		Ownership interest		Carrying amount	
		31 Dec	30 Jun	31 Dec	30 Jun
		2020	2020	2020	2020
Name of entity	Principal activity	%	%	\$'m	\$'m
<b>Charter Hall Property Trust Group</b>					
<b>Accounted for at fair value through profit or loss:<sup>1</sup></b>					
<i>Unlisted</i>					
Charter Hall Maxim Property Securities Fund	Property investment	13.9	15.1	24.5	20.4
Other associates				11.9	5.5
				<b>36.4</b>	<b>25.9</b>
<b>Equity accounted</b>					
<i>Unlisted</i>					
Charter Hall Prime Office Fund	Property investment	5.7	5.9	295.0	297.1
Charter Hall Office Trust <sup>2</sup>	Property investment	15.7	15.7	261.4	293.5
Core Logistics Partnership	Property investment	5.8	6.9	78.9	85.0
Charter Hall Exchange Wholesale Trust	Property investment	14.5	21.8	50.7	70.1
Charter Hall AP Fund	Property investment	5.0	—	34.7	—
Charter Hall Prime Industrial Fund	Property investment	1.4	1.7	68.4	62.2
DVP	Property investment	11.1	13.0	32.5	35.5
Other associates				60.5	48.5
<i>Listed</i>					
Charter Hall Retail REIT <sup>3</sup>	Property investment	10.0	9.9	210.3	207.9
Charter Hall Long WALE REIT <sup>4</sup>	Property investment	11.1	12.2	299.6	271.4
Charter Hall Social Infrastructure REIT <sup>5</sup>	Property investment	8.8	8.9	118.3	115.7
				<b>1,510.3</b>	<b>1,486.9</b>
<b>Total investments in associates</b>				<b>1,546.7</b>	<b>1,512.8</b>

1 These investments comprise units in certain unlisted Charter Hall managed funds which have been designated at fair value through profit or loss. Changes in their fair values are recorded in fair value adjustments in the consolidated statement of comprehensive income.

2 The entity has a 31 December balance date.

3 Fair value at the ASX closing price as at 31 December 2020 was \$209.6 million (30 June 2020: \$189.3 million).

4 Fair value at the ASX closing price as at 31 December 2020 was \$296.2 million (30 June 2020: \$255.5 million).

5 Fair value at the ASX closing price as at 31 December 2020 was \$104.2 million (30 June 2020: \$75.1 million).

#### (b) Critical judgements

Investments in associates are accounted for at either fair value through profit or loss or by using the equity method. The Group designates investments in associates as fair value through profit or loss or equity accounted on a case by case basis taking the investment strategy into consideration.

Management regularly reviews equity accounted investments for impairment and remeasures investments carried at fair value through profit or loss by reference to changes in circumstances or contractual arrangements, external independent property valuations and market conditions, using generally accepted market practices. When a recoverable amount is estimated through a value in use calculation, critical judgements and estimates are made regarding future cash flows and an appropriate discount rate. When a fair value is estimated through an earnings valuation, critical judgements and estimates are made in relation to the earnings measure and appropriate multiple.

Due to the difference in the fair value and carrying amounts, the recoverable amounts for the Charter Hall Long WALE REIT investment was estimated through a value in use calculation with the following critical judgements and estimates:

- base case cash flow projections covering a 3-5 year period based on financial budgets approved by management. Cash flows beyond the 3-5 year period are extrapolated using estimated growth rates appropriate for the business;
- discount rate 8% (pre-tax 11%);
- growth after 5 years of 1% per annum; and
- terminal value multiple of 14 times earnings.

As a result of these estimates, impairment of \$6.9m was recorded for Charter Hall Long WALE REIT. If the multiplier assumptions were to increase/decrease by 1x, value in use would increase/decrease by 5.1%.

With the potential and uncertain economic impacts of COVID-19, future equity accounted investment values are sensitive to future property valuations of the underlying investment properties, and could be adversely impacted.

## Notes to the consolidated financial statements

For the half year ended 31 December 2020

### 2 Investment in associates continued

#### (c) Commitments and contingent liabilities of associates

Below are commitments and contingent liabilities of associates material to the Group's balance sheet.

Charter Hall Prime Office Fund's (CPOF) capital expenditure contracted for at the reporting date but not recognised as liabilities was \$753.0 million (30 June 2020: \$129.5 million) relating to investment properties. The Group's ownership in this associate is 6.0% (30 June 2020: 6.2%).

Charter Hall Office Trust's (CHOT) capital expenditure contracted for at the reporting date but not recognised as liabilities was \$238.6 million (30 June 2020: \$199.1 million) relating to investment properties. The Group's ownership in this associate is 15.7% (30 June 2020: 15.7%).

Charter Hall Long WALE REIT's (CLW) capital expenditure contracted for at the reporting date but not recognised as liabilities was \$274.2 million (30 June 2020: \$31.8 million) relating to investment properties. The Group's ownership in this associate is 11.1% (30 June 2020: 12.2%).

## Notes to the consolidated financial statements

For the half year ended 31 December 2020

### 3 Investments in joint ventures

#### (a) Carrying amounts

All joint ventures are incorporated and operate in Australia.

Unless otherwise noted all joint ventures have a 30 June year end.

		Ownership interest		Carrying amount	
		31 Dec	30 Jun	31 Dec	30 Jun
		2020	2020	2020	2020
Charter Hall Group		%	%	\$'m	\$'m
Name of entity	Principal activity				
<b>Equity accounted</b>					
<i>Unlisted</i>					
Brisbane Square Wholesale Fund	Property investment	16.8	16.8	103.3	101.8
Long WALE Hardware Partnership <sup>1</sup>	Property investment	14.9	13.4	155.8	123.6
Charter Hall Prime Retail Fund	Property investment	29.4	29.4	47.2	47.3
Other joint ventures				75.6	54.1
				<b>381.9</b>	<b>326.8</b>
<b>Total investments in joint ventures</b>				<b>381.9</b>	<b>326.8</b>

<sup>1</sup> Ownership interest is calculated as the weighted average holding of BP Fund 1, BP Fund 2 and TTP Wholesale Fund.

		Ownership interest		Carrying amount	
		31 Dec	30 Jun	31 Dec	30 Jun
		2020	2020	2020	2020
Charter Hall Property Trust Group		%	%	\$'m	\$'m
Name of entity	Principal activity				
<b>Equity accounted</b>					
<i>Unlisted</i>					
Brisbane Square Wholesale Fund	Property investment	16.8	16.8	103.3	101.8
Long WALE Hardware Partnership <sup>1</sup>	Property investment	14.9	13.4	155.8	123.6
Charter Hall Prime Retail Fund	Property investment	29.4	29.4	47.2	47.3
Other joint ventures				57.5	33.9
				<b>363.8</b>	<b>306.6</b>
<b>Total investments in joint ventures</b>				<b>363.8</b>	<b>306.6</b>

<sup>1</sup> Ownership interest is calculated as the weighted average holding of BP Fund 1, BP Fund 2 and TTP Wholesale Fund.

#### (b) Critical judgements

Investments in joint ventures are accounted for at either fair value through profit or loss or by using the equity method. The Group designates investments in joint ventures as fair value through profit or loss or equity accounted on a case by case basis taking the investment strategy into consideration.

Management regularly reviews equity accounted investments for impairment and remeasures investments carried at fair value through profit or loss by reference to changes in circumstances or contractual arrangements, external independent property valuations and market conditions, using generally accepted market practices. When a recoverable amount is estimated through a value in use calculation, critical judgements and estimates are made regarding future cash flows and an appropriate discount rate. When a fair value is estimated through an earnings valuation, critical judgements and estimates are made in relation to the earnings measure and appropriate multiple.

#### (c) Commitments and contingent liabilities of joint ventures

There were no commitments or contingent liabilities of joint ventures material to the Group's balance sheet as at 31 December 2020 (30 June 2020: no material commitments or contingent liabilities).

## Notes to the consolidated financial statements

For the half year ended 31 December 2020

### 4 Revenue

	Charter Hall Group		Charter Hall Property Trust Group	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	\$'m	\$'m	\$'m	\$'m
Investment management revenue <sup>1,2</sup>	116.4	258.6	–	–
Property services revenue <sup>1</sup>	33.5	28.7	–	–
Development revenue <sup>3</sup>	61.4	36.4	–	–
Gross rental income	6.2	4.7	6.2	4.7
	217.5	328.4	6.2	4.7
<i>Other revenue</i>				
Recovery of property and fund-related expenses	28.8	26.3	–	–
Interest	1.2	2.1	0.7	3.4
Distributions/Dividends <sup>4</sup>	0.8	0.1	0.9	0.6
Other investment-related revenue	–	–	5.5	5.7
Total other revenue	30.8	28.5	7.1	9.7
<b>Total revenue<sup>5</sup></b>	<b>248.3</b>	<b>356.9</b>	<b>13.3</b>	<b>14.4</b>

1 Revenue from the Group's property and funds management business is categorised into the two main lines of operations being investment management and property services.

2 Investment management revenue in the year ended 31 December 2019 includes \$98.0 million for CHOT performance fee.

3 Revenue from the Group's development investments forms part of the development segment earnings.

4 Represents the distribution of income from investments accounted for at fair value by the Group and Charter Hall Property Trust Group.

5 Revenue excludes share of net profits of equity accounted associates and joint ventures.

#### (a) Critical judgements

Critical judgements and estimates are made by the Group in respect of recognising performance fee revenue. Detailed calculations and an assessment of the risks associated with the recognition of the fee are completed to inform the assessment of the appropriate revenue to recognise. Key risks include the period remaining from balance sheet date to performance fee crystallisation date and the degree of probability that any potential fee may unwind during that period. Key drivers of performance fees are assessed based on historic data and prevailing economic conditions to inform judgements on the extent to which the fee can be reliably estimated.

The Group accounts for COVID-19 related rent relief agreed as a lease modification. The rent relief provided is immaterial to the Group's result.

With the potential and uncertain economic impacts of COVID-19, future investment management revenue is sensitive to future property valuations and could be adversely impacted.

### 5 Distributions/Dividends paid and payable

	Charter Hall Group		Charter Hall Property Trust Group	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	\$'m	\$'m	\$'m	\$'m
<i>Ordinary stapled securities</i>				
Interim ordinary distribution of 11.10 cents and interim ordinary dividend of 7.45 cents per stapled security for the six months ended 31 December 2020 payable on 26 February 2021	86.4	–	51.7	–
Interim ordinary distribution of 10.5 cents and interim ordinary dividend of 7 cents per stapled security for the six months ended 31 December 2019 paid on 28 February 2020	–	81.5	–	48.9
<b>Total Distributions/Dividends paid and payable to stapled securityholders</b>	<b>86.4</b>	<b>81.5</b>	<b>51.7</b>	<b>48.9</b>
Distributions paid and payable to Charter Hall Direct Long WALE Fund non-controlling interests	2.1	2.0	2.1	2.0
<b>Total Distributions/Dividends paid and payable</b>	<b>88.5</b>	<b>83.5</b>	<b>53.8</b>	<b>50.9</b>

A liability is recognised for the amount of any Distribution/Dividend declared by the Group on or before the end of the reporting period but not paid at balance date.

Franking credits available in the parent entity (Charter Hall Limited) for dividends payable in subsequent financial years based on a tax rate of 30% (30 June 2020: 30%) are \$121.6 million (30 June 2020: \$112.6 million). These amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax and dividends after the end of the year.

## Notes to the consolidated financial statements

For the half year ended 31 December 2020

### 6 Earnings per stapled security

	Charter Hall Group		Charter Hall Property Trust Group	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	Cents	Cents	Cents	Cents
(a) Basic earnings per security attributable to:				
Equity holders of Charter Hall Limited	14.7	35.9	n/a	n/a
Equity holders of Charter Hall Property Trust (non-controlling interest)	22.5	31.3	22.5	31.3
<b>Stapled securityholders of Charter Hall Group</b>	<b>37.2</b>	<b>67.2</b>	<b>n/a</b>	<b>n/a</b>
(b) Diluted earnings per security attributable to:				
Equity holders of Charter Hall Limited	14.6	35.6	n/a	n/a
Equity holders of Charter Hall Property Trust (non-controlling interest)	22.3	31.1	22.3	31.1
<b>Stapled securityholders of Charter Hall Group</b>	<b>36.9</b>	<b>66.7</b>	<b>n/a</b>	<b>n/a</b>

Basic earnings per stapled security is determined by dividing profit attributable to the stapled security holders by the weighted average number of ordinary stapled securities on issue during the year.

Diluted earnings per stapled security is determined by dividing profit attributable to the stapled securityholders by the weighted average number of ordinary stapled securities and dilutive potential ordinary stapled securities on issue during the year.

	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	\$'m	\$'m	\$'m	\$'m
(c) Reconciliations of earnings used in calculating earnings per stapled security				
Equity holders of Charter Hall Limited	68.3	167.4	n/a	n/a
Profit attributable to the ordinary stapled securityholders of the Group used in calculating basic and diluted earnings per stapled security	173.2	313.2	104.7	145.8
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	Number	Number	Number	Number
(d) Weighted average number of stapled securities used as the denominator				
Weighted average number of ordinary stapled securities used as the denominator in calculating basic earnings per stapled security	465,777,131	465,777,131	465,777,131	465,777,131
Adjustments for calculation of diluted earnings per stapled security:				
Performance rights	2,114,149	2,234,802	2,114,149	2,234,802
Service rights	1,638,434	1,477,254	1,638,434	1,477,254
Weighted average number of ordinary stapled securities and potential ordinary stapled securities used as the denominator in calculating diluted earnings per stapled security	469,529,714	469,489,187	469,529,714	469,489,187

#### (e) Information concerning the classification of securities

##### Performance rights, service rights issued under the Charter Hall Performance Rights and Options Plan

The performance and service rights are unquoted securities. Conversion to stapled securities and vesting to executives is subject to performance and/or service conditions.

##### Stapled securities issued under the General Employee Securities Plan (GESP)

Stapled securities issued under the GESP are purchased on market on behalf of eligible employees but held in trust until the earlier of the completion of three years' service or termination. No adjustment to diluted earnings per stapled security is required under the GESP.

## Notes to the consolidated financial statements

For the half year ended 31 December 2020

### 7 Receivables and other assets

		Charter Hall Group		Charter Hall Property Trust Group	
	Note	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020
		\$'m	\$'m	\$'m	\$'m
<b>Current</b>					
Trade receivables		54.1	35.4	14.4	7.8
Loans to associates and joint ventures		8.4	7.3	–	–
Distributions receivable		31.0	30.2	29.7	28.8
Other receivables and assets		10.0	6.4	2.2	–
		103.5	79.3	46.3	36.6
<b>Non-current</b>					
Loans to associates and joint ventures		9.0	10.2	–	–
Other receivables and assets		0.1	2.1	–	–
		9.1	12.3	–	–

### 8 Investment properties

The Group's controlled entity investment fund, Charter Hall Direct Long WALE Fund (DLWF), has a portfolio of investment properties which are consolidated into the Group's balance sheet.

A reconciliation of the carrying amount of investment properties at the beginning and end of the year is set out below:

	Charter Hall Group		Charter Hall Property Trust Group	
	Six months to 31 Dec 2020	12 months to 30 Jun 2020	Six months to 31 Dec 2020	12 months to 30 Jun 2020
	\$'m	\$'m	\$'m	\$'m
Opening balance	173.8	118.5	173.8	118.5
Additions including acquisition costs	0.4	55.8	0.2	55.8
Fair value and other adjustments	6.5	(0.5)	6.5	(0.5)
<b>Closing balance</b>	<b>180.7</b>	<b>173.8</b>	<b>180.5</b>	<b>173.8</b>

Key valuation assumptions used in the determination of the investment properties' fair value and the Group's valuation policy are disclosed in Note 13(d).

## Notes to the consolidated financial statements

For the half year ended 31 December 2020

### 9 Intangible assets

	Charter Hall Group		Charter Hall Property Trust Group	
	Six months to 31 Dec 2020 \$'m	12 months to 30 Jun 2020 \$'m	Six months to 31 Dec 2020 \$'m	12 months to 30 Jun 2020 \$'m
<b>Indefinite life intangibles – management rights</b>				
Charter Hall Retail REIT	42.3	42.3	–	–
Charter Hall Education Trust	46.4	46.4	–	–
Other indefinite life intangibles	15.3	15.3	–	–
Disposals	(2.7)	–	–	–
<b>Total closing indefinite life intangibles</b>	<b>101.3</b>	<b>104.0</b>	<b>–</b>	<b>–</b>
<b>Finite life intangibles – management rights</b>				
Opening balance	5.0	11.9	–	–
Amortisation charge	(1.1)	(6.9)	–	–
Closing balance	3.9	5.0	–	–
<b>At balance date – finite life intangibles</b>				
Cost	58.5	58.5	–	–
Accumulated amortisation	(54.6)	(53.5)	–	–
<b>Total finite life intangibles</b>	<b>3.9</b>	<b>5.0</b>	<b>–</b>	<b>–</b>
<b>Goodwill</b>				
Opening and closing balance	9.9	9.9	–	–
<b>Total intangible assets</b>	<b>115.1</b>	<b>118.9</b>	<b>–</b>	<b>–</b>

#### (a) Critical judgements

Critical judgements and estimates are made by the Group in assessing the recoverable amount of intangibles acquired, where the funds to which those intangibles relate have an indefinite life. Intangibles are considered to have an indefinite useful life if there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

### 10 Borrowings

	Charter Hall Group		Charter Hall Property Trust Group	
	31 Dec 2020 \$'m	30 Jun 2020 \$'m	31 Dec 2020 \$'m	30 Jun 2020 \$'m
<b>Current liabilities</b>				
Loans – related parties	2.0	15.9	–	–
<b>Non-current liabilities</b>				
Bonds	263.6	300.2	263.6	300.2
Cash advance facilities (DLWF)	59.3	66.5	59.3	66.5
Less: unamortised transaction costs	(2.5)	(2.5)	(2.5)	(2.5)
	<b>320.4</b>	<b>364.2</b>	<b>320.4</b>	<b>364.2</b>



## Notes to the consolidated financial statements

For the half year ended 31 December 2020

### 10 Borrowings continued

#### (a) Borrowings

##### Charter Hall Group

The Group's debt platform includes the following:

- An unsecured \$200.0 million credit facility plus an additional \$30.0 million (30 June 2020: \$20.0 million) unsecured facility to support the bank guarantees with maturity in May 2024. At 31 December 2020, drawn borrowings of \$nil (30 June 2020: \$nil) and bank guarantees of \$19.4 million (30 June 2020: \$19.3 million) had been utilised under these facilities, which under the terms of the agreements reduce the available facilities. No liability is recognised for bank guarantees.
- US\$175 million (A\$231.5 million at issue date) bonds issued through a US Private Placement which was fully funded in August 2018 and matures in August 2028.
  - The Group has entered into A\$/US\$ cross currency interest rate swap agreements that hedge the Group's exposure to foreign currency. The swap agreements entitle the Group to repay the bonds at A\$231.5 million in August 2028. At 31 December 2020, the carrying amount of the bonds at the prevailing spot rate was A\$263.6 million (30 June 2020: A\$300.2 million) including a fair value adjustment of A\$36.2 million (30 June 2020: A\$46.8 million). The carrying amount is offset by the fair value of the swap.
  - The swap agreements also entitle the Group to receive interest, at semi-annual intervals, at a fixed rate on a notional principal amount of US\$175.0 million and oblige it to pay, at quarterly intervals, at a floating rate on a notional principal amount of A\$231.5 million. The swap agreements mature in August 2028.

##### DLWF Facility

The fund has two revolving debt facilities of A\$80.0 million (30 June 2020: A\$80.0 million) and NZ\$7.0 million (30 June 2020: NZ\$7.0 million), secured against the fund's investment properties (see Note 8). The facilities have a maturity date of July 2024. At 31 December 2020, drawn borrowings of A\$53.8 million (30 June 2020: A\$61.0 million) and NZ\$6.0 million (30 June 2020: NZ\$6.0 million) had been utilised under these facilities respectively.

### 11 Contributed equity

#### (a) Movements in ordinary stapled security capital

Details	Number of securities	Weighted average issue price	Charter Hall Limited \$'m	Charter Hall Property Trust \$'m	Total \$'m
Opening balance at 1 July 2019	465,777,131		286.7	1,448.5	1,735.2
Buyback and issuance of securities for exercised performance and service rights <sup>1</sup>	–	\$3.98	(1.6)	(11.7)	(13.3)
Tax recognised directly in equity	–		4.0	–	4.0
Closing balance at 30 June 2020	465,777,131		289.1	1,436.8	1,725.9
<b>Closing balance per accounts at 30 June 2020</b>	<b>465,777,131</b>		<b>289.1</b>	<b>1,436.8</b>	<b>1,725.9</b>
Buyback and issuance of securities for exercised performance and service rights <sup>2</sup>	–	\$4.63	(2.3)	(10.8)	(13.1)
Tax recognised directly in equity	–		4.0	–	4.0
Closing balance at 31 December 2020	465,777,131		290.8	1,426.0	1,716.8
<b>Closing balance per accounts at 31 December 2020</b>	<b>465,777,131</b>		<b>290.8</b>	<b>1,426.0</b>	<b>1,716.8</b>

1 1,641,582 stapled securities bought on-market at an average value of \$12.11, offset by the exercise of 797,578 performance rights with a fair value of \$1.41 and 844,004 service rights with an average value of \$6.40.

2 1,549,587 stapled securities bought on-market at an average value of \$13.11, offset by the exercise of 821,840 performance rights with a fair value of \$2.65 and 727,747 service rights with an average value of \$6.85.

### 12 Non-controlling interests

During the period, the Group increased its holding in the Charter Hall Direct Long WALE Fund, formerly Charter Hall Direct Diversified Consumer Staples Fund (DCSF), from 39.6% to 42.7% (30 June 2020: from 41.9% to 39.6%), decreasing the non-controlling interest from 60.4% to 57.3%. The net subscriptions for units were \$14.5 million (30 June 2020: \$2.0 million proceeds on redemption), paid in cash.

## Notes to the consolidated financial statements

For the half year ended 31 December 2020

### 13 Fair value measurement

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

A fair value measurement of a non-financial asset takes into account the Group's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of financial instruments traded in active markets is determined using quoted market prices at the balance date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

#### (a) Recognised fair value measurement

The Charter Hall Group and the Charter Hall Property Trust Group measure and recognise the following assets and liabilities at fair value on a recurring basis:

- Investments in associates at fair value through profit and loss (Note 2)
- Investments in joint ventures at fair value through profit and loss (Note 3)
- Investment properties (Note 8)
- Derivatives

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- (iii) Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## Notes to the consolidated financial statements

For the half year ended 31 December 2020

### 13 Fair value measurement continued

The following table presents the Charter Hall Group's and Charter Hall Property Trust Group's assets and liabilities measured and recognised at fair value:

	Level 1 \$'m	Level 2 \$'m	Level 3 \$'m	Total \$'m
<b>Charter Hall Group</b>				
<b>31 December 2020</b>				
Investments in associates at fair value through profit and loss	–	–	36.4	36.4
Investment properties	–	–	180.7	180.7
Derivative financial instruments	–	33.3	–	33.3
<b>Total assets</b>	–	33.3	217.1	250.4
<b>30 June 2020</b>				
Investments in financial assets at fair value through profit and loss	101.2	–	–	101.2
Investments in associates at fair value through profit and loss	–	–	25.9	25.9
Investment properties	–	–	173.8	173.8
Derivative financial instruments	–	73.6	–	73.6
<b>Total assets</b>	101.2	73.6	199.7	374.5
Derivative financial instruments	–	(7.8)	–	(7.8)
<b>Total liabilities</b>	–	(7.8)	–	(7.8)
<b>Charter Hall Property Trust Group</b>				
<b>31 December 2020</b>				
Investments in associates at fair value through profit and loss	–	–	36.4	36.4
Investment properties	–	–	180.5	180.5
Derivative financial instruments	–	36.1	–	36.1
<b>Total assets</b>	–	36.1	216.9	253.0
Derivative financial instruments	–	(2.8)	–	(2.8)
<b>Total liabilities</b>	–	(2.8)	–	(2.8)
<b>30 June 2020</b>				
Investments in financial assets at fair value through profit and loss	101.2	–	–	101.2
Investments in associates at fair value through profit and loss	–	–	25.9	25.9
Investment properties	–	–	173.8	173.8
Derivative financial instruments	–	73.6	–	73.6
<b>Total assets</b>	101.2	73.6	199.7	374.5
Derivative financial instruments	–	(7.8)	–	(7.8)
<b>Total liabilities</b>	–	(7.8)	–	(7.8)

There have been no transfers between Level 1, Level 2 and Level 3 during the period.

#### (b) Disclosed fair values

The carrying amounts of current trade receivables and payables approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Charter Hall Group and Charter Hall Property Trust Group for similar financial instruments. The fair value of current borrowings approximates the carrying amount, as the impact of discounting is not significant.

#### (c) Valuation techniques used to derive Level 2 fair values

##### Derivatives

Derivatives are classified as Level 2 on the fair value hierarchy as the inputs used to determine fair value are observable market data but not quoted prices.

The fair value of cross currency interest rate swaps is determined using forward foreign exchange market rates and the present value of the estimated future cash flows at the balance date.

The fair value of interest rate swaps is determined using forward interest rates and the present value of the estimated future cash flows at the balance date.

## Notes to the consolidated financial statements

For the half year ended 31 December 2020

### 13 Fair value measurement continued

Credit value adjustments are calculated based on the counterparty's credit risk using the counterparty's credit default swap curve as a benchmark. Debit value adjustments are calculated based on the Group's credit risk using debt financing available to the Group as a benchmark.

#### (d) Valuation techniques used to derive Level 3 fair values

##### Investments in associates

Certain unlisted property securities have been designated on initial recognition to be treated at fair value through profit or loss. Movements in fair value during the period have been recognised in the consolidated statement of comprehensive income. These assets have been acquired with the intention of being long-term investments. Where the assets in this category are expected to be sold within 12 months, they are classified as current assets; otherwise they are classified as non-current.

The fair value of investments in associates held at fair value through profit and loss, which are investments in unlisted securities, are determined giving consideration to the unit prices and net assets of the underlying funds. The unit prices and net asset values are largely driven by the fair values of investment properties and derivatives held by the funds. Recent arm's length transactions, if any, are also taken into consideration.

The fair value of investments in associates at fair value through profit or loss is impacted by the price per security of the investment. An increase to the price per security results in an increase to the fair value of the investment.

##### Investment property

The fair value measurement of investment property takes into account the Group's ability to generate economic benefits by using the asset in its highest and best use.

The use of independent external valuers is on a rotational basis at least once every 12 months, or earlier, where the Responsible Entity deems it appropriate or believes there may be a material change in the carrying value of the property. The Responsible Entity has considered the impact of the COVID-19 pandemic with regards to the timing of obtaining independent external valuations and as a result 100% of Investment Property was externally revalued as at 31 December 2020 (89% by value on a look-through basis).

Movements in the inputs are likely to have an impact on the fair value of investment properties. An increase in gross market rent will likely lead to an increase in fair value. A decrease in adopted capitalisation rate, adopted terminal yield or adopted discount rate will likely lead to an increase in fair value.

With the potential and uncertain economic impacts of COVID-19, future property valuations could be adversely impacted.

Where an independent valuation is not obtained, the fair value is determined using discounted cash flow and income capitalisation methods.

### 14 Commitments

#### (a) Capital commitments

##### Charter Hall Group

The Group has capital expenditure and a funding guarantee contracted for at the reporting date but not recognised as liabilities of \$36.7 million at 31 December 2020 (30 June 2020: \$42.4 million) relating to a development joint venture.

The Group has committed but not recognised as liabilities \$121.2 million at 31 December 2020 to fund the acquisition of 25% of the David Jones Building in Sydney, NSW.

##### Charter Hall Property Trust Group

The Trust Group had no contracted capital commitments as at 31 December 2020 (30 June 2020: \$nil).

### 15 Contingent liabilities

The Group has nil contingent liabilities as at 31 December 2020 (30 June 2020: \$nil).

### 16 Events occurring after the reporting date

No matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect:

- (a) The Group's operations in future financial periods; or
- (b) The results of those operations in future financial periods; or
- (c) The Group's state of affairs in future financial periods.

## Notes to the consolidated financial statements

For the half year ended 31 December 2020

### 17 Summary of significant accounting policies

#### (a) Basis of preparation

The Charter Hall Group (Group, CHC or Charter Hall) is a 'stapled' entity comprising Charter Hall Limited (Company or CHL) and its controlled entities, and Charter Hall Property Trust (Trust or CHPT) and its controlled entities (Charter Hall Property Trust Group). The shares in the Company are stapled to the units in the Trust. The stapled securities cannot be traded or dealt with separately. The stapled securities of the Group are listed on the Australian Securities Exchange (ASX). CHL has been identified as the parent entity in relation to the stapling.

The two Charter Hall entities comprising the stapled group remain separate legal entities in accordance with the Corporations Act 2001, and are each required to comply with the reporting and disclosure requirements of Accounting Standards and the Corporations Act 2001.

As permitted by ASIC Corporations (Stapled Group Reports) Instrument 2015/838, this financial report is a combined financial report that presents the consolidated financial statements and accompanying notes of both the Charter Hall Group and the Charter Hall Property Trust Group.

The financial report of the Charter Hall Group comprises CHL and its controlled entities, including Charter Hall Funds Management Limited (Responsible Entity) as responsible entity for CHPT and CHPT and its controlled entities. The results and equity, not directly owned by CHL, of CHPT have been treated and disclosed as a non-controlling interest. Whilst the results and equity of CHPT are disclosed as a non-controlling interest, the stapled securityholders of CHL are the same as the stapled securityholders of CHPT. The financial report of the Charter Hall Property Trust Group comprises the Trust and its controlled entities.

This general purpose interim financial report for the half year ended 31 December 2020 has been prepared in accordance with the constitution of CHPT, Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

Where necessary, comparative information has been adjusted to conform with changes in presentation in the current year.

#### (b) New and amended standards adopted

No new accounting standards or amendments have come into effect for the half year ended 31 December 2020 that affect the Group's operations or reporting requirements.

#### (c) Other critical accounting estimates and judgements

In addition to the critical accounting estimates and judgements disclosed in the notes, the following estimates or assumptions also have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

#### Deferred tax

Critical judgements and accounting estimates are made in assessing the extent to which the utilisation of tax losses carried forward is considered probable and the corresponding deferred tax asset recognised.

#### Controlled entities

The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Critical judgements are made in assessing whether an investee entity is controlled or subject to significant influence or joint control. These judgements include an assessment of the nature, extent and financial effects of the Group's interest in investee entities, including the nature and effects of its contractual relationship with the entity or with other investors.

## Directors' declaration to securityholders

For the half year ended 31 December 2020

In the opinion of the Directors of Charter Hall Limited (Company), and the Directors of the Responsible Entity of Charter Hall Property Trust (Trust), Charter Hall Funds Management Limited (collectively referred to as the Directors):

- (a) the interim financial statements and notes of Charter Hall Limited and its controlled entities including Charter Hall Property Trust and its controlled entities (Charter Hall Group) and Charter Hall Property Trust and its controlled entities (Charter Hall Property Trust Group) set out on pages 10 to 31 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of Charter Hall Group's and Charter Hall Property Trust Group's financial position as at 31 December 2020 and of their performance for the half year ended on that date; and
- (b) there are reasonable grounds to believe that both Charter Hall Limited and the Charter Hall Property Trust will be able to pay their debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



**David Clarke**

Chair

Sydney

17 February 2021



## **Independent auditor's review report to the stapled securityholders of Charter Hall Group and the unitholders of Charter Hall Property Trust**

### ***Report on the interim financial reports***

#### ***Conclusion***

We have reviewed the interim financial reports of Charter Hall Limited and its controlled entities and Charter Hall Property Trust and its controlled entities (together "Charter Hall Group") and Charter Hall Property Trust and its controlled entities (together "Charter Hall Property Trust Group") during the half-year, which comprises:

- the consolidated balance sheets as at 31 December 2020
- the consolidated statements of comprehensive income for the period then ended
- the consolidated statement of changes in equity – Charter Hall Group for the period then ended
- the consolidated statement of changes in equity – Charter Hall Property Trust Group for the period then ended
- the consolidated cash flow statements for the period then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration to securityholders.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying interim financial reports of Charter Hall Group and Charter Hall Property Trust Group do not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Charter Hall Group's and Charter Hall Property Trust Group's financial positions as at 31 December 2020 and of their performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### ***Basis for conclusion***

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the interim financial reports* section of our report.

We are independent of the Charter Hall Group and Charter Hall Property Trust Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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#### ***PricewaterhouseCoopers, ABN 52 780 433 757***

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### *Responsibility of the directors for the interim financial reports*

The directors of Charter Hall Limited and Charter Hall Funds Management Limited, the responsible entity of Charter Hall Property Trust (collectively referred to as “the directors”) are responsible for the preparation of the interim financial reports that give a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial reports that give a true and fair view and are free from material misstatement whether due to fraud or error.

### *Auditor's responsibility for the review of the interim financial reports*

Our responsibility is to express a conclusion on the interim financial reports based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial reports are not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Charter Hall Group's and Charter Hall Property Trust Group's financial positions as at 31 December 2020 and of their performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*PricewaterhouseCoopers*

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'E A Barron'.

E A Barron  
Partner

Sydney  
17 February 2021

