

ASX Release

Charter Hall Group FY21 Results

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Charter Hall Group (ASX:CHC) today announces its FY21 results for the period ending 30 June 2021. Key financial and operational highlights for the period are:

Financial highlights:

- Operating earnings of \$284.3 million, reflects Operating Earnings per security (OEPS) post-tax of 61.0cps and pre-tax OEPS of 74.2cps
- Statutory profit of \$476.8 million, after tax attributable to stapled securityholders
- FY21 Distributions of 37.9cps
- FY21 Return on Contributed Equity of 16.5%

Operating highlights:

- Access: \$5.3 billion of gross equity deployed and \$4.8 billion of net inflows deployed
- Deploy: \$10.1 billion of gross transactions, \$2.1 billion of divestments
- Manage: \$52.3 billion of FUM, up 29% over FY20
- Invest: Property Investments up \$381 million to \$2.4 billion, delivering a 15% total return for the year invested alongside our investor customers

Charter Hall's Managing Director and Group CEO, David Harrison said: "FY21 is Charter Hall's 30th anniversary year and its 16th as an ASX listed Group. As we celebrate our 30th anniversary, we are proud to have created an Australian Funds management business of scale by global standards, but most importantly we have generated record fund inflows, gross transactions and FUM growth of \$11.7 billion in FY21, whilst generating sector leading returns for our investor customers and shareholders. Since our formation, we have always been a custodian of other people's capital. Fund management is in our DNA. Our success as a business is built upon partnering with our tenant and investor customers to drive mutually beneficial outcomes with a razor-sharp focus on being customer centric."

"This partnership approach generated \$5.3 billion of gross equity inflows, with all equity sources recording strong inflows. FUM grew 29% as our strategy of securing long-leases with best-in-class tenants continued to drive returns for investors. We transacted on a record \$10.1 billion of assets, successfully deploying our investment strategies both on and off-market. Sale and leaseback transactions represented over 40% of our transaction activity as we continue to partner with tenants and investors to unlock investment opportunities. Our develop-to-core strategy also saw us deliver over \$1 billion in development completions. As we begin FY22, we are well positioned with \$6.7 billion of investment capacity to deploy into our \$8.8 billion development pipeline, which will be further advanced with continuing equity inflows. We remain excited about partnering with our tenants and investors to ensure on-going mutual success."

Property Investment

During the year, the Property Investment portfolio increased by 18.8% to \$2.4 billion and generated a 15.0% Total Property Investment Return¹.

The earnings resilience and diversification of the Property Investment portfolio continues to remain a key strength. No single asset represents more than 5% of portfolio investments, Government covenants are the largest tenant exposure, whilst we have grown the portfolio weighting to East Coast markets to 83% of our investment portfolio.

Portfolio occupancy remained strong at 97.4% and the Weighted Average Lease Expiry (WALE) increased from 8.7 years to 9.1 years.

Property Funds Management

The Group's managed funds grew by \$11.7 billion to \$52.3 billion, or 29% growth in FY21, driven by \$5.9 billion of net acquisitions, positive revaluations of \$4.1 billion and capex spend predominantly on developments of \$1.8 billion.

The Group's \$5.3 billion of gross equity inflows deployed continues the momentum of recent years, comprising inflows of \$2.1 billion in Wholesale Pooled Funds, \$1.4 billion in Wholesale Partnerships, \$659 million in Listed Funds and \$1.1 billion in Direct managed funds.

Development activity and pipeline

Development activity continues to drive asset creation and attract capital. Development completions totalled \$1.1 billion in the last 12 months. Notwithstanding completions, the pipeline continues to be restocked and has grown to \$8.8 billion.

The Group continues to use its cross-sector tenant relationships and the scale of its portfolio to create development opportunities. This reach and development capability generates significant value through enhancing both income yield and total returns for our funds. Development activity is predominantly undertaken by funds/partnerships with the majority of committed projects being de-risked through preleases and fixed price building contracts. 94% of Industrial and Logistics and 66% of Office development WIP is pre-leased as at 30 June 2021.

Capital Management

Capital management remains a key focus. During the year, the Group completed \$9 billion of financings in managing the more than \$20 billion of debt across the fund portfolio and was an active issuer in the domestic and foreign capital markets. In April 2021, the Group issued \$250 million Australian dollar medium term notes with a ten-year maturity, securing additional funding capacity, extending the Group's weighted average debt maturity and diversifying debt sources. The Group maintains financial flexibility and substantial funding capacity across the fund's platform with \$6.7 billion of available investment capacity² and in excess of \$500 million at the Group's balance sheet.

Strategy and Outlook

Based on no material adverse change in current market conditions, FY22 earnings guidance is for post-tax operating earnings per security of no less than 75.0cps.

FY22 distribution per security guidance is for 6% growth over FY21.

Announcement Authorised by the Board

¹ Total Property Investment Return is calculated as distributions received from funds plus growth in investment value divided by opening investment value of the PI portfolio. This excludes investments held for less than one year and investments in Direct funds.

² Investment capacity calculated as cash plus undrawn debt facilities for CHC and the funds management platform. At 30 June 2021, cash was \$1.6bn. Excludes committed and unallotted equity

Charter Hall Group (ASX: CHC)

With over 30 years' experience in property investment and funds management, we're one of Australia's leading fully integrated property groups. We use our property expertise to access, deploy, manage and invest equity across our core sectors – Office, Industrial & Logistics, Retail and Social Infrastructure.

Operating with prudence, we've curated a diverse \$52.3 billion portfolio of 1,388 high quality, long leased properties. With partnership at the heart of our approach, we're creating places that help grow communities; turning them into the best they can be and unlocking hidden value. Taking a long-term view, our \$8.8 billion development pipeline delivers sustainable, technologically enabled projects for our customers.

The impacts of what we do are far-reaching. From helping businesses succeed by supporting their evolving workplace needs, to providing investors with superior returns for a better retirement, we're powered by the drive to go further.

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