

## ASX Release

# Charter Hall FY19 Results - Delivers 25.5% OEPS Growth

20 August 2019

Charter Hall Limited  
ACN 113 531 150

Charter Hall  
Funds Management Limited  
ABN 31 082 991 786

Level 20, No.1 Martin Place  
Sydney NSW 2000  
GPO Box 2704 Sydney NSW  
2001

T +61 2 8651 9000  
F +61 2 9221 4655

[www.charterhall.com.au](http://www.charterhall.com.au)

Charter Hall Group (ASX:CHC) today announces its FY19 results for the period ending 30 June 2019. Key financial and operational highlights for the period are:

### Financial highlights:

- Operating earnings of \$220.7 million, or OEPS post-tax of 47.4cps, up 25.5% on the prior corresponding period (pcp)
- Statutory profit of \$235.3 million
- Distributions of 33.7cps, up 6% on pcp
- Total Platform Return of 11.1%<sup>1</sup>

### Operating highlights:

- Access: \$3.4 billion of gross equity raised for the year
- Deploy: \$5.0 billion of gross transactions for the year
- Manage: \$30.4 billion of FUM at year-end, with \$4.2 billion of FUM growth post-balance date to take FUM to \$34.6 billion
- Invest: Property Investments up \$138 million to \$1.8 billion, delivering a 9.1% return for the year

Charter Hall's Managing Director and Group CEO, David Harrison said: "FY19 was an exceptional year for the group. It was a record year for equity raising, with all sources of equity active and \$3.4 billion of new equity inflow across the platform. This then translated into our largest ever year for transactions, with \$5.0 billion of gross transactions and \$3.3 billion of net acquisitions. The Group also successfully acquired and integrated the Folkestone platform into the Charter Hall business. In addition, our Development pipeline delivered \$1.1 billion of completions and continues to grow, forming an important avenue of additional growth for the Group."

"The net impact of this activity was that Funds Under Management (FUM) grew \$7.2 billion to \$30.4 billion at year-end 30 June 2019. For shareholders, this translated into 25.5% growth in OEPS and 6% growth in DPS. Over five years, the Group has delivered shareholders an annualised return of 17.3% in pre-tax earnings and 13.4% in post-tax earnings. Importantly, the Group's momentum has continued into FY20, with a further \$4.2 billion of FUM growth year-to-date, with FUM now totalling \$34.6 billion."

---

<sup>1</sup> Total Platform Return is calculated as growth in net tangible assets (NTA) per security plus distributions per security divided by the opening NTA per security

## Property Investment

During the year, the Property Investment portfolio increased by 8.1% to \$1.8 billion and generated a 9.1% Total Property Investment Return<sup>2</sup>.

The earnings resilience and sector diversification of the Property Investment portfolio was further enhanced with an investment into the Social Infrastructure sector via the listed Charter Hall Education Trust (ASX:CQE), following the acquisition of Folkestone.

The total portfolio occupancy remained strong at 97.7% and the Weighted Average Lease Expiry (WALE) improved to 7.6 years. The portfolio remains well diversified with an 81% weighting to the East Coast, and the top 10 asset exposures representing only 11.4% of earnings.

The Property Investment Portfolio's total property return over the five years to 30 June 2019 is 13.3% per annum, outperforming the MSCI/IPD Unlisted Wholesale Property Fund Index which returned 10.8% over the same period.

## Property Funds Management

Charter Hall's fund management portfolio is well-diversified, having grown to 844 properties, 3,419 tenancies, an increased WALE of 8.2 years and delivering more than \$1.7 billion dollars of net rental income.

The Group's managed funds grew by \$7.2 billion to \$30.4 billion driven by \$3.3 billion of net acquisitions (\$5.0 billion gross), the \$1.6 billion acquisition of Folkestone, positive revaluation of \$1.2 billion and capex spend on developments of \$1.0 billion.

The Group experienced \$3.4 billion of gross equity inflows comprising \$1,802 million raised in Wholesale Funds, \$219 million in Wholesale Partnerships, \$691 million raised in Direct Funds and \$692 million in Listed Funds. This equity was deployed into \$4.2 billion of strategic asset acquisitions with a further \$4.1 billion additional funding capacity available across the platform as at 30 June 2019.

FY19 also saw the Group complete 666 separate leasing deals across over 915,000 sqm of space. Post-balance date, the Group also completed a lease with AustralianSuper at its flagship Melbourne office development at Wesley Place, 130 Lonsdale St. This takes the under-construction office tower's committed Net Lettable Area (NLA) to 100%, ten months ahead of practical completion.

"Post balance date and taking account of FUM growth year-to-date, the Group still enjoys \$3.0 billion of investment growth capacity. This leaves us well positioned to continue growing via our development pipeline as well of taking advantage of strategic opportunities as they arise." Mr Harrison added.

## Value enhancing development pipeline

Development activity continues to drive asset creation and attract capital. Development completions have added over \$1.1 billion of FUM in the last 12 months. The development pipeline has grown from \$3.5 billion in June 2016 to over \$6.5 billion today.

The Group continues to use its cross-sector tenant relationships and the scale of its portfolio to create investment grade opportunities. This generates significant value through enhancing both income yield and total returns for its funds. Development activity is predominantly undertaken by funds/partnerships with the majority of committed projects being de-risked through pre-leases and fixed price building contracts.

---

<sup>2</sup> 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.

## Maintaining a strong balance sheet

Capital management remains a key focus with \$6.3 billion of new and refinanced debt facilities during the period and no material maturities in FY20. With modest 5.4% balance sheet gearing (net of cash) and look-through gearing of 30.8%, weighted average debt maturity of 7.1 years and \$114 million of cash on hand as at 30 June 2019, the Group maintains financial flexibility and substantial funding capacity across the funds platform with \$4.1 billion of available liquidity.

## Strategy and Outlook

Based on no material change in current market conditions and reflecting FUM growth already achieved in FY20, guidance is for 18-20% growth in post-tax operating earnings per security over FY19.

FY20 guidance also includes \$132 million for the CHOT performance fee, payable in April 2020, with \$50 million of this amount already accrued in FY19 earnings.

When the impact of the CHOT performance fee is removed from both FY19 and FY20 earnings, guidance implies post-tax operating earnings per security growth of 11-13% over FY19.

FY20 distribution per security guidance is for 6% growth over FY19. The future distribution payout ratio will be 60-95% of OEPS.

### Charter Hall Group (ASX: CHC)

With over 28 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, retail, industrial and social infrastructure.

Operating with prudence, we've carefully curated a \$34.6 billion diverse portfolio of over 840 high quality, long leased properties. Partnership and financial discipline are at the heart of our approach. Acting in the best interest of customers and communities, we combine insight and inventiveness to unlock hidden value. Taking a long term view, our \$6.5 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.

---

For further enquiries, please contact  
**David Harrison**  
Managing Director and Group CEO  
Charter Hall  
T +61 2 8651 9142  
david.harrison@charterhall.com.au

For investor enquiries, please contact  
**Philip Cheetham**  
Head of Listed Investor Relations  
Charter Hall  
T +61 403 839 155  
philip.cheetham@charterhall.com.au

For media enquiries, please contact  
**Angus Booth**  
Head of External Affairs and Communications  
Charter Hall  
T + 61 457 560 179  
angus.booth@charterhall.com.au

---