

Charter Hall Group 2024 AGM Report

ASX code	CHC
Meeting date	Wednesday 20 November 2024
Type of meeting	Physical with audio/slide webcast (no video)
Monitor	Partha Sarathy (in attendance at the meeting) and Lewis Gomes
Pre AGM-meeting	With Chair, Incoming Chair, Rem Director and Head IR

Meeting Statistics

Number of holdings represented by ASA	20
Number of shares represented by ASA	113,159
Value of shares represented by ASA	\$1.8 million
Total number attending meeting	66 attendees, including 45 on-line
Market capitalisation	\$7.3 billion
ASA open proxies voted	ASA voted in favour of all the resolutions

The meeting was held at CHC's Head office in Sydney and attended in person by all directors. David Clarke retired as Chairman, after 10 years, at the conclusion of the meeting and Stephen Conry, AO was appointed in his place. The meeting lasted about two hours.

Results of AGM

All six items of business subject to vote at the meeting carried with over 95% in favour. Annual report (Item 1) does not need Securityholder approval. The final votes are available on the Group's website.

Presentations

The Chairman introduced the directors and then spoke to the results. He said 2024 was a challenging year due to elevated interest rates, which meant the Group' returns, valuations and transactional activity all faced headwinds. Despite that, the Group met its guidance in relation to operating earnings of 75 cps, which, albeit, was lower than last year by 18.7%. The distribution per security was 45.1cps, higher than previous year by 6%.

In his address, David Harrison, CEO, also commented on the challenges but pointed out that the Group weathered this better than many similar businesses by curating its diversified portfolio, controlling cost base, and staying close to customers. He provided FY '25 guidance of operating earnings of 79cps and growth in distribution of 6%.

Subsequently, the Chairman invited directors Karen Penrose and Jacqueline Chow (re-election) to address the meeting in support of their candidature.

Questions

A number of questions were asked in particular by the ASA Monitor at the meeting. The Chairman and/or CEO responded to them:

- CHC has done well since its listing with FUM increasing by \$30bn in the last 5 years alone. Looking ahead, in an 'higher for longer' interest rate environment, where does the Group see growth coming from? The CEO responded that with interest rates stabilising, the yield from property will outperform fixed interest securities providing opportunities for growth.
- What is the outlook for Office sector? Response, the strength of Office market is location and building specific with strong demand for A grade buildings and in markets like Brisbane and Perth. Sydney is improving. CHC's occupancy was over 96% and lease incentives were moderating. More businesses were reducing WFH.
- Group's payout ratio has increased by 15% in two years to reach 61%. Did the Group have target payout ratio and is the dividend growth sustainable? The Chairman responded that the Group has no specific payout target but aims to increase dividends gradually over time
- Senior management has the option of voluntarily deferring receipt of cash portion of STI into shares for up to 10 years. Does this expose the Group to price risk? The Chairman stated that it was done to align interest of management with the Group and that there was no risk as securities were immediately acquired in the market and held as Treasury shares.
- In relation to dividend component of the Capital Reallocation (item 7), there may be a need for cash top up tax for anyone in marginal tax rate higher than 30% (i.e., greater than imputation credit). Will this matter be elaborated in subsequent notices? The Chairman said that the Reallocation awaits ATO approval and once received, the Group will provide sufficient clarification in compliance with legal advice.

The meeting concluded by thanking David Clarke for his exceptional service, with Stephen Conry assuming position as Chairman.

ASA would also like to thank David Clarke for the generous time he has offered over many years.

ASA Disclaimer

This document has been prepared by the Australian Shareholders Association Limited ABN 40 000 625 669 ("ASA"). It is not a disclosure document, it does not constitute investment or legal advice and it does not take into account any person's particular investment objectives. The statements and information contained in this document are not intended to represent recommendations of a particular course of action to any particular person. Readers should obtain their own independent investment and legal advice in relation to the matters contemplated by this document. To the fullest extent permitted by law, neither ASA nor any of its officers, directors, employees, contractors, agents or related bodies corporate:

- makes any representations, warranties or guarantees (express or implied) as to the accuracy, reliability, completeness or fitness for purpose of any statements or information contained in this document; or*
- shall have any liability (whether in contract, by reason of negligence or negligent misstatement or otherwise) for any statements or information contained in, or omissions from this document; nor for any person's acts or omissions undertaken or made in reliance of any such statements, information or omissions.*

This document may contain forward looking statements. Such statements are predictions only and are subject to uncertainties. Given these uncertainties, readers are cautioned not to place reliance on any such statements. Any such statements speak only to the date of issue of this document and ASA disclaims any obligation to disseminate any updates or revisions to any such statements to reflect changed expectations or circumstances.