

Charter Hall weathers economic headwinds

Company/ASX Code	Charter Hall Limited/CHC
AGM time and date	Wednesday, 20 November 2025 at 2.30pm
Location	Level 20, No 1 Martin Place, Sydney (CHC Office)
Registry	MUFG Pension & Market Services
Type of meeting	In-person with webcast (audio and presentations only)
Monitors	Lewis Gomes and Partha Sarathy
Pre-AGM Meeting	Stephen Conry (Chairman), Jacqueline Chow (Chair of Remuneration and Human Resources Committee) and Nick Kelly (Head of Listed Investments)

Monitor Shareholding: The individuals (or their associates) involved in the preparation of this voting intention have a shareholding or investment in this company.

1. How we intend to vote

No.	Resolution description	Voting Intention
1	Annual Report	Not for voting
2	Re-election of Director Mr Greg Paramour	For
3	Adoption of Remuneration Report	For
4	Issue of Service Rights to Mr David Harrison	For
5	Issue of Performance Rights to Mr David Harrison	For
6	Appointment of External Auditor	For
7	Capital Reallocation*	For

* Members attention is drawn to commentary in relation to this resolution below on potential tax consequences.

2. Summary of Issues and Voting Intentions for AGM

- Interest rate falls over FY25 have led to a stabilisation of cap rates and property valuations with substantial increases in share prices of listed funds and for the listed parent company CHC being experienced. Discounts from NTA of listed securities have reduced and the outlook for FY26 is much improved on recent years.
- Operating income of CHC was up 7.3% on FY24 while total shareholder return (TSR) for the year was an outstanding 76%. As of 31 October 2025, the share price of CHC was \$22.44, about double that on 30 June 2024.
- One director, Greg Paramour, is standing for re-election which the ASA will support.
- There are two remuneration resolutions in respect of the CEO Mr David Harrison which the ASA will support, one for STI and one for LTI awards.
- Following a tender for auditing services, PwC has been appointed subject to securityholder approval, replacing EY.
- A capital reallocation proposal has been put forward proposing a transfer of capital of \$200 million from Charter Hall Limited (CHL) to Charter Hall Property Trust (CHPT). There is no cash benefit to securityholders but there may be tax consequences for some securityholders. Note that securityholders must make their own assessments of the tax consequences of this proposal as the matter is complicated and the ASA is unable to advise individual securityholders. There was a similar resolution last year.

3. Matters Considered

Financial Statements

Charter Hall Group (CHC) is the parent company and manager of over 20 listed and unlisted Australian property trusts and unlisted joint ventures. CHC also invests, often with seed capital, in these trusts and ventures. This year CHC celebrates 20 years listed on the ASX. Over that period, it has generated 15.2% annual total return to shareholders or 3 times the return of the AREIT 200 Index (XJP). It has long-standing wholesale investor relationships including with some of the major superannuation funds as well as retail investor exposure through its listed funds and its direct term funds. CHC recently announced the establishment of a newly created \$2.5 billion wholesale pooled fund (CCRF) with \$1.8 billion of secured equity commitments to invest in metropolitan convenience shopping centres and select net-lease retail assets throughout Australia. CHC also recently secured the mandate to manage Challenger Life's \$2.1 billion Australian direct property portfolio.

CHC recorded operating earnings post-tax of \$385 million for FY25, up 7.3% on FY24. Statutory profit after non-operating items of \$63 million was \$328 million compared with (\$217) million for FY24. FY24 was marked by property devaluations of \$475 million versus a positive revaluation of \$6 million in FY25. Distributions per stapled security were up 6.0% to 47.8 cents. Total funds under management (FUM) increased by \$3.4 billion to \$84.3 billion including \$17.5 billion of FUM with listed equities manager Paradise Investment Management (PIM). Property FUM at the end of FY25 was \$66.8 billion, up \$1.3 billion on FY24 with acquisitions of \$2.9 billion capex and development of \$1.7 billion

and divestments of \$3.2 billion. Property FUM comprises \$46.1 billion in wholesale funds, \$12.4 billion in listed funds and \$8.3 billion in direct (term) funds.

Like many other property investment organisations, CHC has benefitted from reductions in interest rates after several years of “higher for longer” interest rates leading to significant negative property revaluations as cap rates increased. Rising construction costs and approval delays have continued to impact development opportunities to the point where new builds are often considerably more expensive than refurbishments. CHC reports that independent valuations conducted across the group’s assets were well below replacement costs, a situation likely to lead to increased market rental growth in many sectors.

Total EBITDA increased by 4.3% to \$604 million while net finance costs increased by 8.2% to \$115 million.

CHC’s investments in its own funds for FY25 at fair value totalled \$2.695 billion, down \$63 million from FY24, and approximates only 4.0% of total property funds under management which demonstrates the leverage it receives from managing externally sourced capital. The property investment yield across the group was about 4.7% for FY24 but is not reported in the FY25 Annual Report. Its NTA on 30 June 2025 was \$5.26 per security (\$5.06 on 30 June 2024) and its balance sheet gearing was 6.0% (3.2% on 30 June 2024), although the “look through” gearing including that within its funds was 37.8% in FY24 but is unreported for FY25.

CHC has provided guidance for FY26 of post-tax OEPS of approximately 90 cents assuming no performance fees and a distribution per security of 50.7 cents, about 6% above that for FY25.

5 Year Financial Performance

(As at FYE)	2025	2024	2023	2022	2021
Statutory Profit (\$m)	328	(222)	196	911	477
Operating Earnings (\$m)	385	359	441	543	284
Share price (\$)	19.19	11.18	10.73	10.83	15.52
Distribution (cents)	47.8	45.1	42.5	40.1	37.9
Simple TSR (%)	75.9	8.4	2.8	(27.6)	64.1
Operating EPS (cents)	81.4	75.8	93.3	115.6	61.0
CEO total remuneration, actual (\$m)	8.16	5.960	3.834	9.815	5.250

Simple TSR is calculated by dividing change in share price plus dividend paid during the year, excluding franking, by the share price at the start of the year. CEO total remuneration above is based on actual remuneration received during the year with any rights that were vested calculated based on closing share price on the date of vesting. Executives can voluntarily defer cash component of STI and such deferrals are not included in the actual remuneration until they are exercised.

Governance and culture

CHC has a board of 7 directors, including David Harrison as CEO and MD, of whom 3 are female. The management team comprises 9 personnel, including the CEO, of whom 3 are female. There are 3 “reported executives” being the CEO plus 2 others being the CFO and CIO, being two males and one female. Clearly CHC has some way to go to achieve something resembling gender parity.

It is noted that there is no skills matrix provided in the Annual Report as required now by the ASX and preferred by the ASA. However, matrices provided by other ASX companies are usually based on self-assessments by each director and often do not identify which director is being addressed. Greater information can usually be gleaned from the word descriptions given in the Annual Report and in Notices of Meeting which for CHC are quite comprehensive.

Non-executive directors are expected to hold shares in the company equivalent to the value of one year’s directors base fee within 3 years of appointment. The standard member fee (excluding committee fees) for a CHC director is now \$193,088 which, based on the share price on 30 June 2025 of \$19.19, would equate to 10,062 shares. Ms Chow joined the board in February 2021 and is currently reported to hold 10,000 shares while Ms Penrose joined the board in November 2024 and holds 9,780 shares. The Chairman, Mr Conry holds 33,988 shares valued at \$652,230.

PricewaterhouseCoopers (PwC) has been the auditor for CHC for many years. The Annual Report (Page 69) advises fees paid to PwC for FY25 were \$231,001 for audit services and \$322,768 for non-audit services. CHC conducted a tender for external audit services and appointed EY as statutory auditor from FY26 subject the shareholder approval at the coming AGM.

Key events

There were no significant key events during FY25.

Key board or senior management changes

CHC Chairman Mr David Clarke retired from the board in November 2024 to take up the role of chairman of ASX Limited. He was replaced as chairman by Mr Stephen Conry AM, a current Non-Executive Director of Charter Hall who joined the board in January 2023.

Ms Karen Penrose was appointed a director of CHC from 1 November 2024 and was formally elected at the 2024 AGM.

There were no changes to senior management roles during FY25. Nick Kelly was appointed Head of Listed Investments, replacing Philip Cheetham.

Sustainability

CHC provides a comprehensive Sustainability Report on Pages 26 to 31 of the Annual Report plus a separate 2025 Sustainability Report. Highlights include a 77% reduction in Scope 1 and 2 emissions against a FY17 baseline despite a 72% increase in floor area in

the same period. CHC continues to supply 100% renewable electricity to more than 80% of its building assets which it controls, underpinned by a long-term PPA. CHC has now installed 86MW of onsite solar across the group (an uplift of 8% on FY24) of which 77% supplies tenants with clean energy.

CHC has made significant progress over the past 12 months on its Stage Two: Innovate Reconciliation Plan commitments for indigenous partners and employees.

3. Rationale for Voting Intentions

Resolution 2: Re-election of Mr Greg Paramour as an Independent Non-Executive Director

Greg joined the board of CHC in November 2018 and is Chair on the Investment Committee and a member of the Nominations Committee and the Remuneration and Human Resources Committee. He has been involved in the real estate and funds management industry for more the 45 years. He was the CEO of Mirvac Group between 2004 and 2008 and a past president of the Property Council of Australia.

Greg is well suited to the role of a director of CHC and the ASA will be voting all undirected proxies in his favour.

Resolution 3: Remuneration Report

The Remuneration Report is well set out in the Annual Report and the framework for the CEO for FY25 is set out in the table of Appendix 1. The framework is typical of most ASX companies in that it has a Fixed Annual Remuneration (FAR), a Short-Term Incentive (STI) and a Long-Term Incentive (LTI). A financial gateway of 95% of target Operating Earnings Per Security (OEPS) set by the board must be met before any STI entitlement is available. The STI is delivered 67% in cash and 33% in deferred service rights The LTI is based 50% on OEPS performance and 50% on a relative TSR performance against a comparator group of listed Australian property companies. Details are provided in the Annual Report. The ASA does have a preference for the STI to be split evenly (50%/50%) between cash and rights rather than the CHC mix of 65%/35% but does note that the FAR is modest compared with other similar companies.

For FY25 there were no substantial changes to the overall remuneration framework other than the maximum STI opportunity was increased from 150% to 200% of target STI to strengthen the alignment between reward and outperformance to incentivise growth. For the CEO the FAR remains at \$1,500,000 while the maximum STI is now 200% of the STI target of \$2,486,250. The maximum LTI for the CEO is 200% of FAR or \$3,000,000 which brings his Total Target Remuneration (TTR) to \$6,986,250 for FY25. If maximum STI is reached, the Total Maximum Remuneration (TMR) would be \$9,472,500. Looking at the Maximum Opportunity remuneration in Appendix 1, it is evident that 52% is based on STI and only 32% on LTI while at Target, 36% is based on STI and 43% on LTI. The ASA believes this framework unjustifiably favours short term performance over long-term performance where the maximum STI is 3.3 times the FAR and while the LTI is only 2.0 times FAR. The ASA raised these concerns in our Pre-AGM meeting and we were advised that CHC has received similar adverse comments and has undertaken to review the remuneration framework for FY27.

The CEO's actual received remuneration for FY25 was \$8,162,374 or 85% of his TTR. His STI award was 115% of target while the FY21 LTI result was 93.75% of performance rights which vested on 31 August 2024. His FY25 LTI has been assessed at 100% of performance rights which will vest on 31 August 2025.

There was an approximate 3.5% increase in fees paid to NED's effective 1 July 2024 (refer Page 46 of the AR).

In summary, other than the skew towards STI over LTI, the ASA believes the remuneration framework is reasonable and recognises the achievements of the past year and the need to reward and incentivise key executives and staff. The ASA will therefore vote all undirected proxies in favour of this resolution on the basis of assurances from CHC that it will review and reduce the STI maximum opportunity multiplier of FAR applicable to FY27.

Resolution 4: Issue of Service Rights to Mr David Harrison

These rights arise from the deferred allocation of the STI award for the CEO for FY25. The number of service rights has been determined on a face value basis by dividing the value of the deferred portion of the STI award of \$953,063 by the VWAP for the month of June 2025 of \$19.25 resulting in 49,509 service rights being awarded.

Given the ASA's support for the Remuneration Report, we will vote all undirected proxies in favour of this resolution.

Resolution 5: Issue of Performance Rights to Mr David Harrison

These performance rights are issued in respect of the LTI award for the year ending June 2026. The number of rights is calculated by dividing the LTI Opportunity of \$3,000,000 by the VWAP for June 2025 of \$19.25 yielding 155844 rights. The rights have a four-year testing period and further details are provided in the Annual Report and Notice of Meeting.

Given the ASA's support for the Remuneration Report, we will vote all undirected proxies in favour of this resolution.

Resolution 6: Appointment of External Auditor

CHC recently undertook a competitive tender process for its audit services, currently supplied by EY. A comprehensive review of the offers resulted in PwC being selected to act as auditor from 1 July 2026 subject to securityholder and ASIC approval. The ASA encourages rotation of audit firms (not just the auditor) from time to time and considers the appointment of PwC to be reasonable. The ASA will therefore vote all undirected proxies in favour of this resolution. Appointment of auditor is subject to approval of shareholders and ASIC. If either of those approvals are not obtained, PWC will continue as auditors.

Resolution 7: Capital Reallocation

This resolution is similar to that of last year other than the quantum this time is \$200 million compared with \$400 million last year. The transfer of capital will comprise 27.46% as a capital reduction for CHL and approximately 72.54% will comprise a CHL special dividend to CHPT as a fully franked dividend. The Notice of Meeting provides considerable detail on the proposal including a section on taxation consequences.

In summary the capital reallocation represents a return of capital of 11.61 cents per share and the dividend will be 30.67 cents per share, expected to be fully franked.

Securityholders will be required to include the dividend component and the franking credit in their tax return. Securityholders on tax rates above 30% (including Medicare levy) may attract an additional tax obligation. Importantly, there will be no cash proceeds to securityholders as the reallocation is between CHL as a company and CHPT as a trust, both entities being part of the listed CHC stock.

The ASA advises that this proposal is complex and securityholders should obtain independent taxation advice as to its impacts.

As with the similar scheme last year, the benefits of the scheme will be to reduce the overall tax rate of CHC which is expected to be of benefit to most (but not all) security holders. The ASA will therefore vote all undirected proxies in favour of this proposal.

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Appendix 1

CEO remuneration framework detail for FY25

Rem Component	Target* \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	1,500,000	21	1,500,000	16
STI - Cash	1,658,329	24	3,316,658	35
STI - Equity	827,921	12	1,655,842	17
LTI	3,000,000	43	3,000,000	32
Total	6,986,250	100	9,472,500	100

*Target remuneration is sometimes called budgeted remuneration and is what the company expects to award the CEO in an ordinary year, with deferred amounts subject to hurdles in subsequent years before vesting.