

ASX Release

CHARTER HALL EDUCATION TRUST Acquisition Announcement and Portfolio Update

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Charter Hall Education Trust (ASX:CQE) (the **Trust**) announces the acquisition of the Brisbane City Council Bus Network Terminal and provides an update on recent transactional activity.

Brisbane City Council Bus Network Terminal

CQE is pleased to announce that it has purchased a 50% interest in the Brisbane City Council Bus Network Terminal, a prime industrial social infrastructure asset, in the preeminent Brisbane industrial precinct of Eagle Farm.

The purchase price of \$51.25 million (50% interest) reflects a passing yield of 5.0%, with fixed annual rental increases of 2.5%. The property is underpinned by a triple-net lease to the Brisbane City Council, with 19.2 years remaining. The acquisition introduces a new government tenant to the REIT's portfolio.

The Brisbane City Council Bus Network Terminal is a 6 hectare site that was developed as a Bus Network Terminal facility in 2013 and forms an integral component of the Brisbane public system Bus network. The property is located in the tightly held and land constrained prime industrial TradeCoast precinct, which is 8kms from the Brisbane CBD, 1km from the Brisbane Airport and 3kms from the Port of Brisbane.

The property has been jointly acquired with the Charter Hall Long WALE REIT (ASX:CLW).

Head of Social Infrastructure and CQE Executive Director, Nick Anagnostou said "The Bus Network Terminal is consistent with CQE's Social Infrastructure investments where, via Government financial sponsorship, an essential service that supports, amongst other things, employment generation and its sustainability, is provided to communities.

The property supports approximately 24% (or approximately 8.1 million customers per annum) of the total Brisbane Bus Network. The significant social and economic benefits that flow from an efficient public transport system underpin the investment. These, together with a predictable long-term triple-net lease to Government, and the potential for high underlying land value growth, are consistent with CQE's value drivers and trademark attributes.

The transaction is complimentary to and enhances CQE's investment profile and activities including the Charter Hall CIB Fund which provides State Government Police and Court accommodation secured by long-term leases."

March Portfolio Acquisition

As announced on 26th March 2019, CQE exchanged contracts on a transaction involving 13 childcare properties expected to be delivered at various stages before June 2020, for a total value 'on completion' of \$75.5 million.

CQE is pleased to report that the centres at Yarrabilba and South Coogee have settled and three of the five properties to be purchased 'upon completion' at Camp Hill, Tarragindi and Yeronga in Brisbane have



reached practical completion and have been handed to the operator, G8 Education. They now await the issue of their Long Day Care Licence as the key final condition of settlement.

The remaining two 'upon completion' centres at Keysborough and West Footscray in Melbourne, are expected to settle before the end of July 2019.

To date, four of the six 'fund-through' development sites at Elwood, Victoria; Corinda, Bardon and Middle Park in Brisbane have settled. All sites have settled either on, or before anticipated settlement dates. The remaining two sites at Riverhills and Holland Park are midway through their planning approval process and will settle subject to satisfactory issuance of Development Approvals. Both are expected before October 2019.

Further Childcare Transactions

As also noted in the 26 March Announcement, CQE had advanced negotiations for two further centres, also to be settled 'upon completion'. These centres at Royal Park and Oaklands Park in Adelaide have now been contracted for a total sum of \$13.95 million. Settlement is expected on similar conditions to those noted above in July and August 2019, respectively. The centres are leased on the basis of 15-year, triple-net leases to existing CQE operator Paisley Park and will provide an average yield of 6.44%.

CQE has also entered into exclusive due diligence on one further childcare centre to be acquired 'upon completion'. Subject to due diligence, settlement would be in the short term. A further 4 childcare assets are in advanced stages of negotiation, with a number of other off-market opportunities currently being assessed.

Today's acquisition announcement as well as the additional childcare transactions are each forecast to be accretive to FY20 earnings. Gearing is forecast to remain below 30%.

CQE continues to assess a number of childcare transactions that align with our strategic portfolio objectives. CQE continues to enjoy deep market penetration in the tightly held early learning sector and this provides unique access to both on and off-market transactions which can enhance future returns for unitholders.

About Charter Hall Education Trust

Charter Hall Education Trust is the largest Australian ASX-listed real estate investment trust (A-REIT) that invests in social infrastructure properties, primarily in early learning.

Charter Hall Education Trust is managed by Charter Hall Group (ASX:CHC), one of Australia's leading fully integrated property groups, with over \$28.4 billion of high quality, long leased property across the office, retail, industrial and social infrastructure sectors. The Group has offices in Sydney, Melbourne, Brisbane, Adelaide and Perth and oversees a portfolio of 820 properties that is more than 6.3 million square metres in size. The ASX100 Group has over 27 years' experience managing and investing in high quality property on behalf of institutional, wholesale and retail clients.

Charter Hall's success is driven by our focus on our tenant and investor customers. We look to partner with our tenants, growing with them and helping meet their property needs. We invest alongside our capital partners, creating value and generating superior investment returns together. Our \$5.3 billion development pipeline creates new assets for our investors, improving future returns, while creating opportunities for our tenant partners to expand and adapt their businesses. Sustainability and innovation are key elements of our approach. By ensuring our actions are innovative, commercially sound and make a difference to our people, customers and the environment, Charter Hall makes a positive impact for its investors, the community and the Group. For further information on Charter Hall Group and Charter Hall Education Trust go to www.charterhall.com.au.

For further information, please contact

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