

ASX Release

Charter Hall Social Infrastructure REIT Mater Acquisition

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Charter Hall Social Infrastructure Limited as the responsible entity of the Charter Hall Social Infrastructure REIT (ASX:CQE) today announces that it has entered into an agreement to acquire a 100% freehold interest in 14 Stratton Street, Newstead, Queensland (the **Property**) in a sale and leaseback transaction with Mater Misericordiae Limited (**Mater**). Mater is Queensland's largest Catholic, not-for-profit health provider, owning and operating an extensive network of hospitals, health centres and a world-class research institute and gross assets of over \$1 billion¹.

The purchase price of \$122.5 million upon completion reflects a passing yield of 4.84%, with fixed annual rental increases of 3.0%. The Property is underpinned by a new 10-year lease to Mater with two 5-year options. The acquisition introduces a new and well capitalised healthcare tenant to CQE's portfolio. The building is currently under construction with settlement to occur following practical completion, expected to be in the June 2021 quarter.

The Property will comprise an A-grade, 11-storey building with 5-star NABERS rating. The building will be the new corporate headquarters for Mater, as well as offering healthcare training facilities. The building will be fitted out by Mater and is located in close proximity to their existing hospital and training campus in South Brisbane.

The site is centrally located in Newstead, approximately 2.6 km northeast of the Brisbane CBD. The Newstead precinct has undergone significant urban renewal over the past decade with the immediate surroundings characterised by modern mixed-use developments.

Mr David Harrison, Charter Hall Group Managing Director and CEO commented "We are excited about establishing a relationship with Mater as a major tenant customer within our growing Social Infrastructure portfolio, further reinforcing our commitment to grow our reach with major providers of Social Infrastructure services. We have invested in this near Brisbane CBD location for a decade having developed the \$230 million headquarters for Aurizon at 900 Ann Street, Fortitude Valley and the \$240 million Bank of Queensland anchored office project at Newstead nearby."

Dr Peter Steer, Mater CEO commented "We are delighted to be partnering with Charter Hall given they are a leading owner and manager of real estate and have a growing portfolio of social infrastructure assets. It is critical for our business that we can offer a more contemporary environment for our staff, as well as creating opportunities to enhance our hospital campus infrastructure."

CQE will utilise available investment capacity which will increase CQE's net gearing to approximately 25%, and given the likely settlement date will have minimal positive impact on FY21 operating earnings, however, will be accretive in future years.

Travis Butcher, Fund Manager of CQE commented: "This investment is consistent with our strategy of enhancing income sustainability and resilience by improving the quality of tenants and leases within a diversified social infrastructure portfolio. This is an exciting opportunity for CQE to gain exposure to the highly resilient health sector and also opening up future partnership opportunities with Mater."

Following the acquisition, CQE's income from social infrastructure properties outside of childcare will increase from 4% to 11% of portfolio income on a pro-forma basis². Pro-forma gearing² is expected to increase to 24.3% or 25.6% on a look-through basis with remaining liquidity of \$158.4 million².

¹ Annual report for the year ended 30 June 2019.

² As at 30 June 2020 adjusted for this acquisition.

The transaction was negotiated in a closed, off market campaign, facilitated and managed by Peter Court and Mike Walsh of Cushman & Wakefield.

Announcement authorised by the Board of Charter Hall Social Infrastructure Limited.

Charter Hall Social Infrastructure REIT (ASX: CQE)

Charter Hall Social Infrastructure REIT is the largest Australian ASX-listed real estate investment trust (A-REIT) that invests in social infrastructure properties.

Charter Hall Social Infrastructure REIT is managed by 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, retail, industrial & logistics and social infrastructure.

Operating with prudence, we've carefully curated a \$41.8 billion plus diverse portfolio of over 1,300 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 \$6.8 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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