

ASX Release

CQE Acquires SA Government Emergency Services Command Centre

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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 off-market transaction to purchase the new purpose-built South Australian Emergency Services Command Centre and adjacent multi-deck carpark currently under construction.

On completion, it will be leased (85%) to the South Australian Government and occupied by four Government emergency services agencies on a 15-year lease, with fixed 2.5% annual rent escalations and two 5-year options. The property is located at 33 Richmond Road, Keswick, South Australia and is a 1.6 ha site, approximately 2 kilometres from the Adelaide CBD and is a core inner urban Adelaide location, adjoining a major rail and transport hub with strong retail amenity and associated infrastructure.

The new earthquake-resilient centre will feature backup power, water and wastewater storage and technology redundancies. The facility is essential to post-disaster recovery and has been designated as importance level 4 under the National Construction Code.

CQE will purchase the land and works completed to date for \$23.0 million and fund the remainder of the development on a progressive basis for a total consideration of \$80 million with a coupon received of 5% during development. The settlement of land and works completed to date is expected to occur in the second half of November 2020 following completion of customary conditions under the agreements. Completion is expected in October 2021. The purchase price reflects a passing yield of 4.8%. The transaction was negotiated off-market with the developer, Axiom Properties (ASX:AXI).

The development will comprise a free-standing office building with a net lettable area of 5,532 sqm, a freestanding warehouse of 1,000 sqm and adjacent hardstand of 1,468 sqm. The development will be further complemented by a six-level multi-deck car parking station servicing the asset and surrounding business park.

CQE Fund Manager, Travis Butcher commented "This asset is a great addition to CQE, purpose-built for the South Australian Government Emergency Services agencies, adding an additional Government tenant to CQE's tenant composition, enhancing income sustainability and resilience with a continued focus on essential services underpinned by Government support. The adjacent hardstand also has future development potential and the opportunity for other Government related services to co-locate. The absence of stamp duty in South Australia also improves the net return to CQE unitholders."

Mr David Harrison, Charter Hall Group Managing Director and CEO commented "This transaction was negotiated off-market as a result of Charter Hall's relationship with the vendor. Adelaide is a market Charter Hall knows well with a long history of developing in the city, most recently having completed the \$251 million development of the GPO Exchange. We continue to see good opportunities to partner with Government and enterprise in South Australia, continuing our long involvement in the state."

Following the completion of this development and the Mater acquisition, CQE’s income from social infrastructure properties outside of childcare will increase to 15% of portfolio income on a pro-forma basis and CQE will have remaining liquidity of \$80 million.

Announcement authorised by the Board.

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 1300 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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