

ASX Release

Charter Hall Social Infrastructure REIT – Fund Update

21 June 2021

Charter Hall Social Infrastructure Limited
 ABN 46 111 338 937
 AFSL 281544

Responsible Entity of
 Charter Hall Social Infrastructure REIT
 ABN 58 102 955 939

Level 20, No.1 Martin Place
 Sydney NSW 2000
 GPO Box 2704
 Sydney NSW 2001

T +61 2 8651 9000
 F +61 2 9221 4655

www.charterhall.com.au

Charter Hall Social Infrastructure Limited as Responsible Entity of the Charter Hall Social Infrastructure REIT (ASX: CQE) (**CQE** or the **REIT**) is pleased to provide Unitholders with an update regarding CQE's recent leasing activities, portfolio valuations and distribution declarations.

48 new leases agreed with Goodstart

In June 2021, CQE has agreed to new 20-year leases on a further 48 properties with its major tenant customer, Goodstart Early Learning (Goodstart) on mutually beneficial terms including fixed annual increases. Prior to the new leases, these properties had a WALE of 5.5 years.

As a result of this transaction and other portfolio activities during the half, CQE's WALE as at 30 June 2021 is expected to be approximately 15 years.

Portfolio valuations

CQE had 211¹ childcare properties, or 61% of the childcare portfolio by gross asset value independently valued as at 30 June 2021. This includes 48 properties subject to new leases with Goodstart.

The valuations resulted in a \$81.0 million or 12.3% uplift on the prior book values. The passing yield on these properties has firmed by 56 bps to 5.7%. Excluding the 29 leasehold properties valued, the passing yield on freehold properties firmed by 59 bps to 5.4%.

A further 122 childcare properties which were last independently valued at 31 December 2020 were adjusted for rental increases occurring during the half, resulting in a further uplift of \$1.4 million or 0.3%. These properties have a passing yield at 30 June 2021 of 5.7%.

CQE's 50% interest in the Brisbane Bus Depot was independently revalued to \$61.1² million, reflecting a passing yield of 4.5% and an uplift of \$6.1 million, or 11.1% on the prior book value.

The below table summarises the 6-month change in valuation¹:

Portfolio	No.	Prior Book Value (\$m)	Valuation (\$m)	Valuation Uplift (\$m)	Change	Dec'20 Passing Yield	Jun'21 Passing Yield	Change
Childcare	333	1,091.5	1,173.9	82.4	7.5%	6.0%	5.7%	-33bps
Brisbane Bus Terminal ²	1	55.0	61.1	6.1	11.1%	4.9%	4.5%	-38bps
Total	334	1,146.5	1,235.0	88.5	7.7%	6.0%	5.6%	-33bps

1. Excludes acquisitions and valuation movements on developments completed during the half.

2. Value of 50% interest.

The table below summarises the 12-month change in valuation, noting that this reflects CQE's like-for-like stabilised portfolio (excluding properties acquired and developments completed during the period):

Portfolio	No.	Prior Book Value (\$m)	Valuation (\$m)	Valuation Uplift (\$m)	Change	Jun'20 Passing Yield	Jun'21 Passing Yield	Change
Childcare	326	1,023.4	1,133.9	110.5	10.8%	6.2%	5.7%	-49bps
Brisbane Bus Terminal ²	1	52.3	61.1	8.8	16.9%	5.1%	4.5%	-63bps
Total	327	1,075.7	1,195.0	119.3	11.1%	6.1%	5.6%	-50bps

The unaudited impact of the above valuations as at 30 June 2021 is an increase to the pro-forma NTA per unit to \$3.27, a \$0.24 or 8.1% increase on the 31 December 2020 NTA of \$3.03 per unit.

June quarter distribution and special distribution

CQE has declared the distribution for the quarter ending 30 June 2021 of 4.1 cents per unit, payable on 21 July 2021. This will result in the annual distribution paid to unitholders being 15.7 cents per unit, in accordance with distribution guidance provided on 11 February 2021.

In addition, due to the portfolio curation activity undertaken during the year and resultant capital gains, CQE's taxable income for the year ended 30 June 2021 will exceed the total cash distribution paid to unitholders.

As a result of increased taxable income including the capital gains being attributed to unitholders, CQE has declared a special distribution of 4.0 cents per unit, also payable on 21 July 2021.

This means the total distribution for the quarter ending 30 June 2021 will be 8.1 cents per unit, payable on 21 July 2021.

The distribution reinvestment plan will be active for this period for both of these distributions.

CQE will report the REIT's Financial Year 2021 Results on 12 August 2021.

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 29 years' experience in property investment and funds management, Charter Hall Group is one of Australia's leading fully integrated property groups. Charter Hall Group use property expertise to access, deploy, manage and invest equity across our core sectors - office, industrial & logistics, retail and social infrastructure.

Operating with prudence, Charter Hall Group as manager of CQE has carefully curated a \$46.4 billion diverse portfolio of 1,395 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, Charter Hall Group combine insight and inventiveness to unlock hidden value. Taking a long-term view, Charter Hall Group's \$7 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.

For further enquiries, please contact

Travis Butcher

Fund Manager - CQE

Charter Hall

T +61 3 9903 6171

travis.butcher@charterhall.com.au

For media enquiries, please contact

Megan Moore

Communications & Media Manager

Charter Hall

T +61 2 8651 9953

megan.moore@charterhall.com.au

For investor enquiries, please contact

Lula Liossi

Investor Relations Manager

Charter Hall

T +61 3 9903 6157

lula.liossi@charterhall.com.au

Philip Cheetham

Head of Listed Investor Relations

Charter Hall

T +61 403 839 155

philip.cheetham@charterhall.com.au
