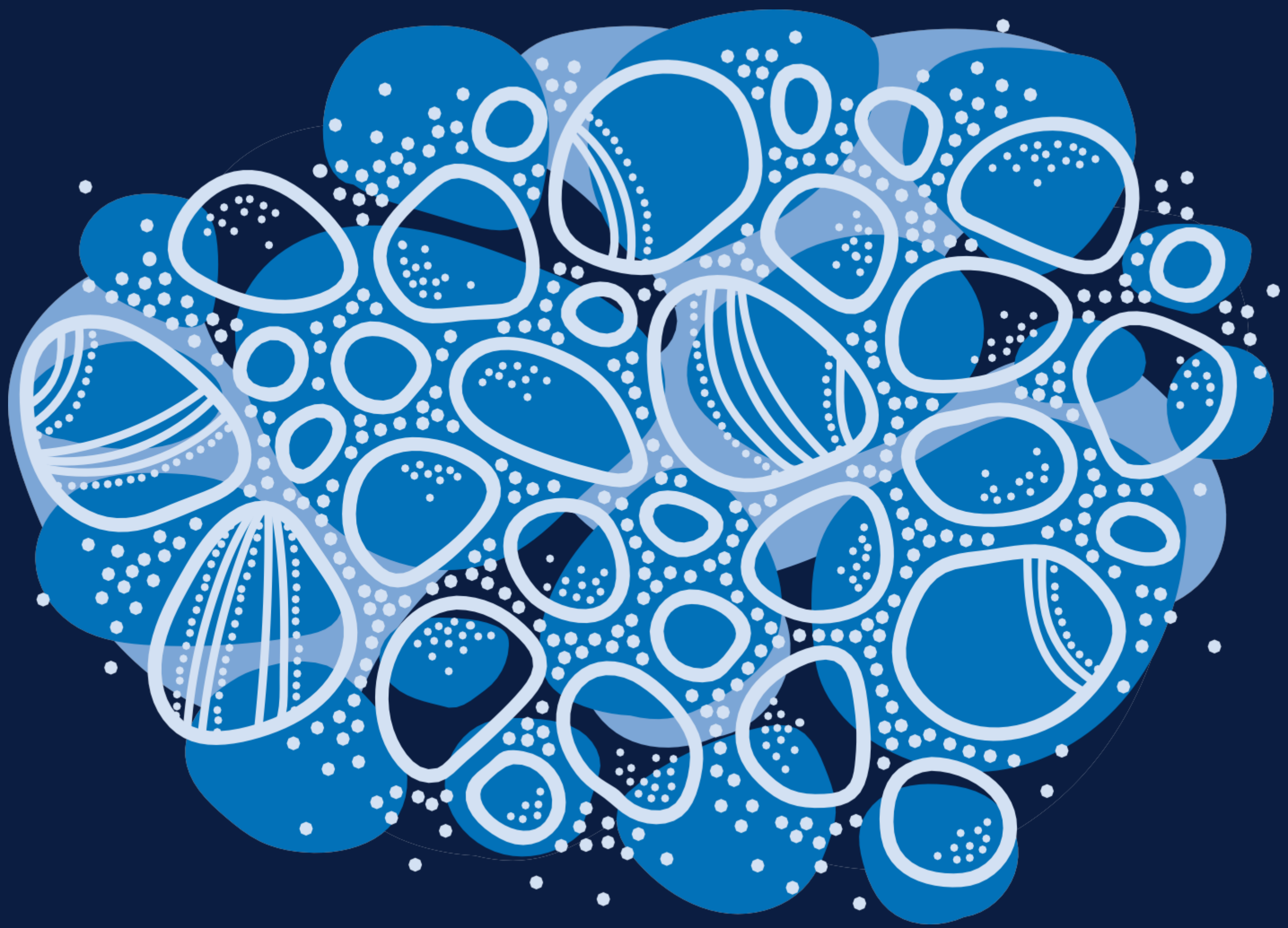
Charter Hall

Celebrating 30 years

2021 Full Year Results

Charter Hall Social Infrastructure REIT

12 August 2021



Acknowledgment of Country

Charter Hall is proud to work with our customers and communities to invest in, develop, and create property assets on land across Australia and New Zealand.

We pay our respects to the traditional owners, their elders past and present and value their care and custodianship of these lands.

Unearthed Purposes
This piece depicts our Earth and what it provides to us.

Casey Coolwell
@chaboodesigns

Charter Hall Social Infrastructure REIT
2021 Full Year Results

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Fund Manager

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- Diversified

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Deputy Fund Manager

Agenda

Cover: 14 Stratton Street, Newstead, QLD
Left:: CQE Centre, Brighton East, VIC

1 Key Highlights and Strategy

CQE Centre,
Hawthorn, VIC

Key Highlights

FY22 distribution guidance of 16.7 cpu, a 6.4% increase from FY21

EPU / DPU[1] **16.0 / 15.7c**	**Gearing[2]** **24.5%**	**Investment Capacity[2]** **$207m**
WALE **15.2yrs** Increased from 12.7 years at 30 June 2020 (19.7% increase)	**Gross Assets** **$1.6bn** Increased by 13.3% from 30 June 2020	**NTA per Unit** **$3.25** Increased by 11.3% from 30 June 2020
Occupancy **100.0%**	**Forecast WARR** **2.9%**	**Lease Income Expiring in next 5 years** **3.4%**

1. FY21 DPU comprised 15.7 cent ordinary distribution per unit and a 4.0 cent special distribution per unit
2. Adjusted to include the completion of SA Emergency Command Centre, childcare development pipeline and payment of the June quarter distribution. As at 30 June 2021, CQE's gearing was 19.2% and look-through gearing was 20.4%

Our Strategy

To provide investors with secure income and capital growth through exposure to social infrastructure property

Enhancing income sustainability and resilience

- Improving the quality of tenants and leases within a diversified social infrastructure portfolio
- Targeting properties providing essential services underpinned by Government support

Targeting ongoing capital growth

- Focus on assets with the following attributes:
  - Modern assets with limited competition and low substitution risk, driving high tenant retention rates
  - Strategic locations with high underlying land values
  - Predominantly triple net lease structures with minimal capex leakage

Portfolio curation

- Active portfolio curation through acquisitions, developments and divestments
- Increased weighting to larger scale assets with high quality tenant covenants and divesting smaller non-core assets

Delivering on Strategy

An active year enhancing income resilience and delivering capital growth

Strategic initiatives delivered	1 Enhancing income sustainability and resilience	2 Targeting ongoing capital growth	3 Portfolio curation
Two social infrastructure acquisitions with high quality tenant covenants and an on-completion value of $202.5 million	✓	✓	✓
Extension of 106 Goodstart lease expiries by average of 13 years to 20 years	✓	✓	
Completion of 10 development sites ($69.7[1] million) since June 2020 with a further 9 developments to be completed by June 2022	✓	✓	✓
Divestment of 44 non-core childcare assets for $85.3 million including remaining 20 New Zealand assets	✓	✓	✓
Divestment of interest in the unlisted Charter Hall CIB Fund for $18.4 million			✓
WALE increased from 12.7 years to 15.2 years	✓	✓	✓
Properties with fixed increases increased from 53.6% to 73.2% of portfolio	✓	✓	✓
Lease expiries within next 5 years reduced to 3.4% of portfolio income	✓	✓	
Property portfolio valuation gain of $119.4[2] million, or 11.1% over the year		✓	

1. Valuation upon completion
2. Excluding properties acquired and development projects completed during FY21

2 Financial Performance

CQE Centre,
Northcote, VIC

Financial Performance

- Net property income **increased by $5.1 million or 7.6%** on the previous corresponding period (pcp) driven by:
  - **$3.4 million** organic rental growth and **$1.7 million** from net property acquisition, development and disposal activity
- Finance costs **decreased by $2.4 million** due to lower level of borrowings during period and lower cost of debt
- Operating earnings of **$58.0 million**, an **increase of 13.5%** on the pcp

$m	FY20	FY21	% change
Net Property Income[1]	66.9	72.0	7.6
Distribution Income	2.6	2.2	(15.4)
Other Income	0.1	0.2	100.0
Net Operating Income	**69.6**	**74.4**	**6.9**
Finance Costs[2]	(9.6)	(7.2)	24.9
Operating Expenses	(8.9)	(9.2)	(3.4)
Operating Earnings	**51.1**	**58.0**	**13.5**
EPU (cpu)	**16.5**	**16.0**	**(3.0)**
DPU – Ordinary (cpu)	**16.0**	**15.7**	**(1.9)**
DPU – Special (cpu)	**-**	**4.0**	**-**

1. Inclusive of 50% share of Net Property Income from Brisbane Bus Terminal Joint Venture ($2.7 million)
2. Inclusive of 50% share of Finance Costs from Brisbane Bus Terminal Joint Venture debt facility ($0.6 million)

Balance Sheet

- **$255 million growth in investment properties[1], up 20.9%** driven by:
  - Net property revaluation uplift of **$119.4 million[1]**;
  - **$192.6 million** of acquisitions transacted during the year;
  - **$24.9 million** of childcare development pipeline expenditure; and
  - **($82.0) million** of childcare property disposals
- Other Liabilities include **$24.8 million** of accrued acquisition and development costs
- **NTA of $3.25** representing a **11.3% increase** from 30 June 2020

$m	30 June 2020	30 June 2021
Cash	75.6	5.3
Investment Properties	1,201.3	1,448.0
Investment in JV (Brisbane Bus Terminal)	26.4	35.3
Securities	44.9	43.4
Other Assets	9.2	10.0
Total Assets	**1,357.4**	**1,542.0**
Distribution Payable	12.8	29.4
Debt	286.0	300.0
Unamortised borrowing costs	(3.4)	(2.9)
Other Liabilities	12.3	37.2
Total Liabilities	**307.7**	**363.7**
Net Assets	**1,049.7**	**1,178.3**
No. of Units	359.4	362.6
NTA Per Unit ($)	**2.92**	**3.25**

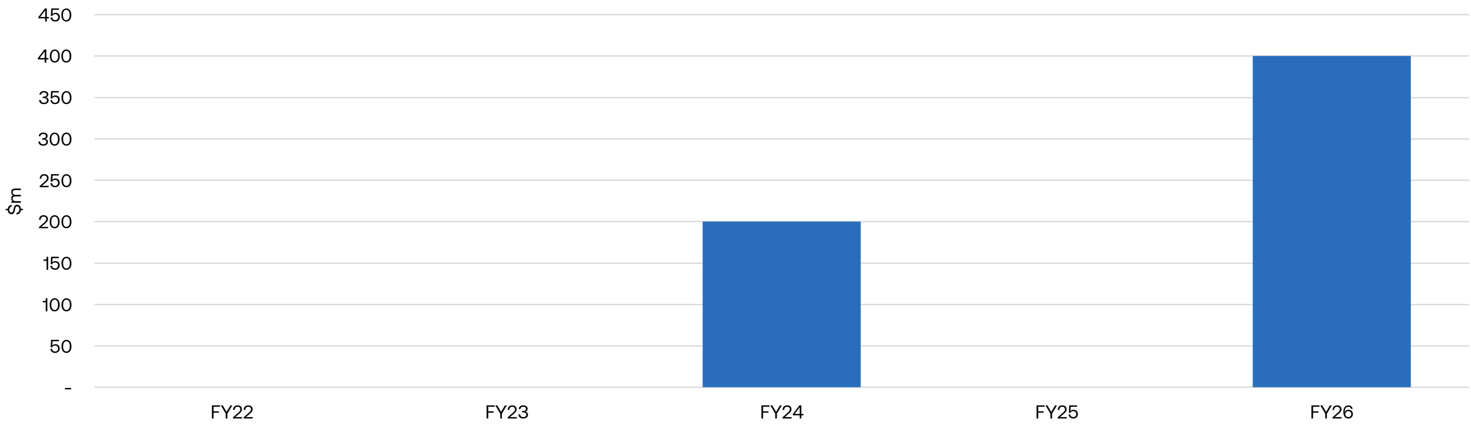
1. Inclusive of 50% share of Brisbane Bus Terminal investment property

Capital Management

- Facilities increased to **$600 million** in May 2021
- Diversified funding sources with **no debt maturity until May 2024**
- Weighted average debt maturity of **4.1 years**
- Average hedging **68% through to December 2025**
- Strong balance sheet **with $207[1] million** of available investment capacity

Debt & Hedging Summary as at	30 June 2020	30 June 2021
Debt Facilities Limit ($m)	500.0	600.0
Debt Drawn Amount ($m)	286.0	300.0
Weighted Average Debt Maturity (years)	4.1	4.1
Balance Sheet Gearing (%)	16.4	24.5[1]
Look-through Gearing (%)	18.0	25.6[1]
Cost of Debt[2] (% p.a.)	2.6	2.8
All-in Cost of Debt[3] (% p.a.)	3.1	3.3
Average Amount Hedged (%)	50	68
Average Hedged Rate (% p.a.)	0.55	0.54
Average Hedge Maturity (years)	5.4	4.2

Debt maturity profile (by facility limit)



1. Balance Sheet and Look Through Gearing are calculated as total borrowings net of unrestricted cash/total assets less unrestricted cash and has been adjusted to include the completion of SA Emergency Command, childcare development pipeline and payment of June quarter distribution. Unadjusted balance sheet gearing and look through as at 30 June 2021 was 19.2% and 20.4% respectively
2. Calculated based upon drawn debt of $300.0 million at 30 June 2021. Cost of debt on a fully drawn basis is 2.0%
3. Calculated based upon drawn debt and includes amortisation of deferred borrowing costs. All in Cost of debt on a fully drawn basis is 2.5%

3 Operational Performance

CQE Centre,
Kensington, WA

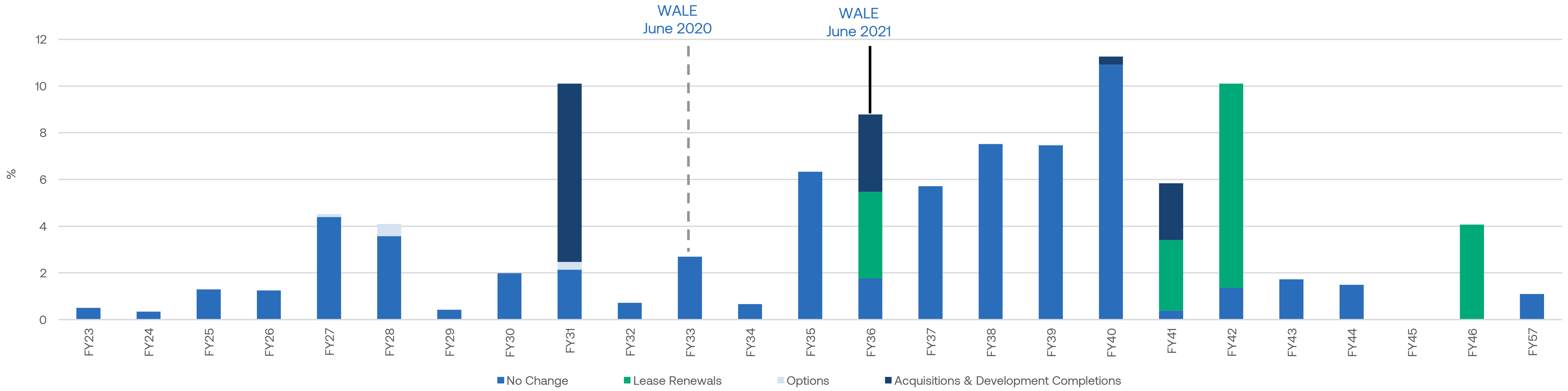
Portfolio Summary

WALE increased from 12.7 years to 15.2 years

- 107 new leases with average expiry of 20 years (average increase of 13 years)
- 4 acquisitions and 10 completed developments with average lease terms of 17 years
- 6 of 8 five year options renewed
- Lease expiries within next 5 years reduced to 3.4%

	June 2020	June 2021
Number of operating properties	371	341
Number of tenants	35	38
Property valuation ($m)	1,156.2	1,400.9
Passing yield (%)	6.2	5.5
Occupancy (%)	99.5	100.0
Weighted Average Lease Expiry (yrs)	12.7	15.2

Lease expiry profile **by % of annual rent: FY23 – FY57**

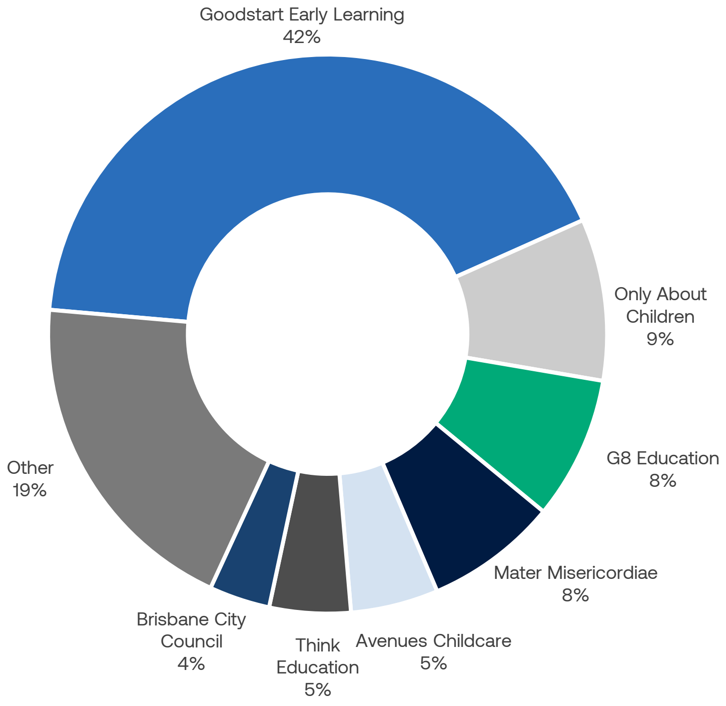


Portfolio Summary

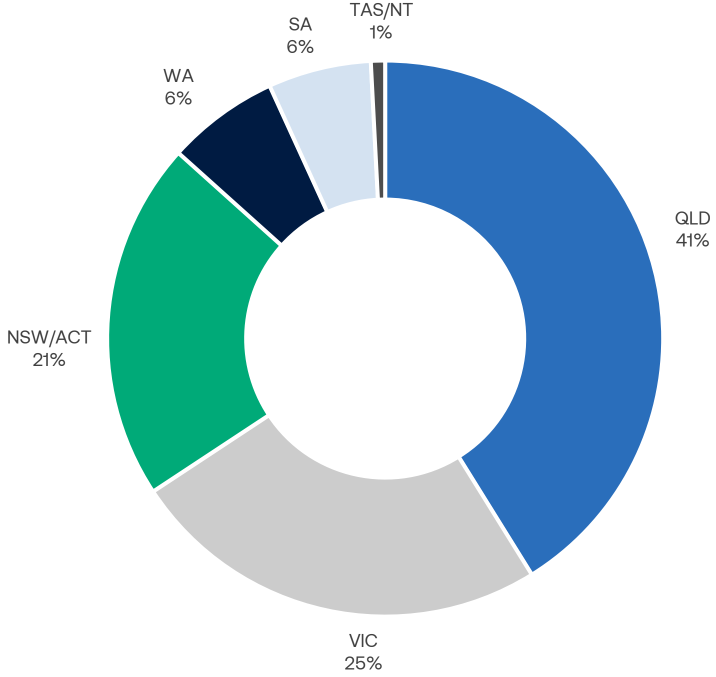
Average fixed rent reviews of 3.0% now apply to 73.2% of portfolio

- Key portfolio income metrics:
  - Top 5 tenants: 72%
  - Childcare assets: 86%[1]
  - Eastern seaboard states: 87%
  - Metropolitan locations: 78%
- Fixed rent reviews increased from 53.6% to 73.2% with an average fixed increase of 3.0%
- Forecast weighted average rent reviews of 2.9% to 30 June 2022

Tenant profile by % of annual rent: June 2021

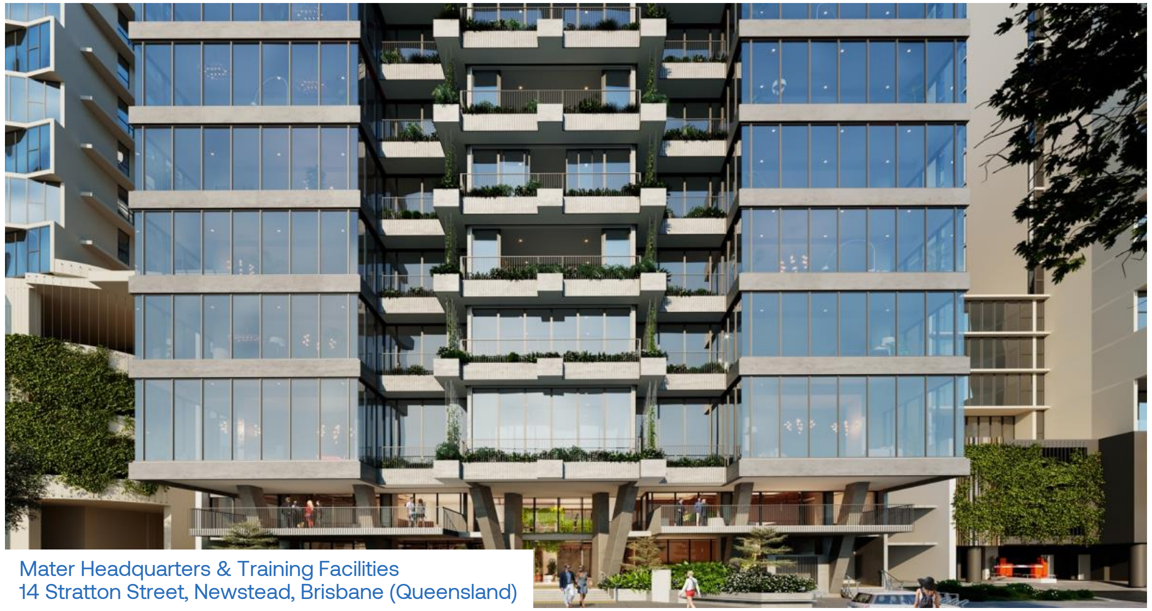


Geographical profile by % of annual rent: June 2021



1. Includes the impact of completion of SA Emergency Command Centre and 14 childcare developments

FY21 Acquisitions



Mater Headquarters & Training Facilities
14 Stratton Street, Newstead, Brisbane (Queensland)

The property is an A-grade, 11-storey building with 5-star NABERs rating. The building will be the new corporate headquarters and training facilities for the Mater Group[1]

Occupancy	100%
Total NLA	9,088 sqm
WALE	10 years
Yield	4.84%
Acquisition Price	$122.5 million
Completion	June 2021

Emergency Command Centre
33 Richmond Road, Keswick, Adelaide (South Australia)

The property will be leased to the South Australian Government and occupied by four Government emergency services agencies

Occupancy	85%[2] (SA Gov); 15%[2](Car Park)
Total GLA	6,532 sqm
WALE	15 years
Yield	4.8%
Acquisition Price	$80.0 million
Forecast Completion	November 2021

1. 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
2. Upon completion

Childcare — Continued curation

Portfolio curation improving the quality of properties and tenants

- 3 childcare acquisitions totalling $12.6 million leased to ASX listed tenants with strong lease covenants on average lease terms of 20 years
- Divestment of 44 non-core childcare assets for $85.3 million which included the remaining 20 New Zealand assets

Acquisitions	Total
Number	3
Value ($m) [1]	12.6
Average Value ($m)	4.2
Average Places per Centre	80
Average WALE	20.0
Average SEIFA[2] Rating	8
Average Yield (%)	6.4

Divestments	Total
Number	44
Value ($m) [1]	85.3
Average Value ($m)	1.9
Average Places per Centre	67
Average WALE	6.6
Average SEIFA[2] Rating	4
Average Yield (%)	5.9
Premium to book value (%)	5.7

1. Acquisition and Disposal values exclude transaction costs
2. Socio-Economic Indexes for Areas (SEIFA) is a product developed by the ABS that ranks areas in Australia according to relative socio-economic advantage and disadvantage (Scale – 1 being least advantaged and 10 being most advantaged). SEIFA rating for divestments excludes the 20 New Zealand assets

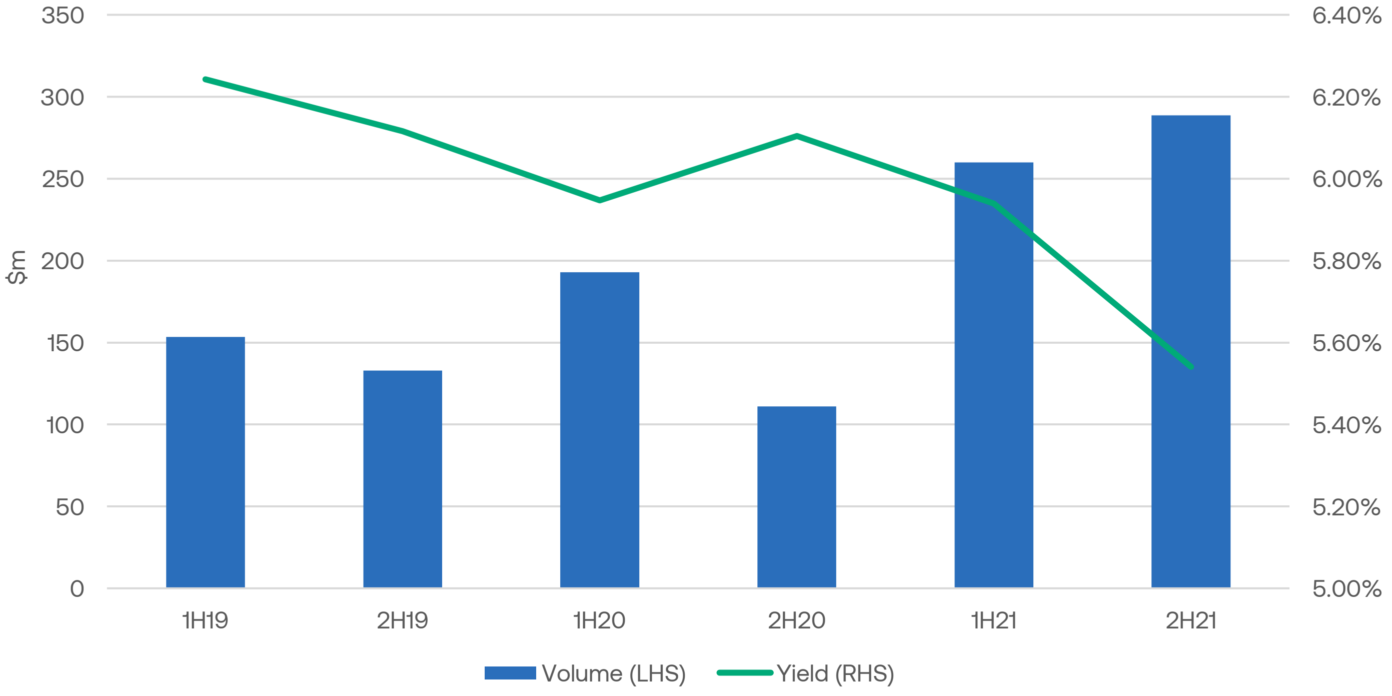
Portfolio Valuations

Valuation uplift highlights portfolio resilience and essential nature of assets

- 326 childcare properties[1] were revalued in the year to 30 June 2021, resulting in a 10.8% increase on their June 2020 carrying values
- Passing yield across the childcare property portfolio is now 5.7%
- Childcare transaction volumes remain strong with approximately $550 million in sales during FY21. Childcare property yields continue to compress, reflecting limited supply and ongoing strong demand for long WALE assets in ‘essential’ sectors with stable income
- Average yield covering 61 transactions ($289 million) during the last six months was 5.5%, with average yield on transactions within metropolitan Melbourne at 5.2%

FY21 Valuations	No. Valued	Value ($m)	Yield (%)	Mvmt (%)
Childcare Portfolio[1]	326	1,133.9	5.7	10.8
Brisbane Bus Terminal	1	61.0	4.5	16.7
TOTAL	**327**	**1,194.9**		

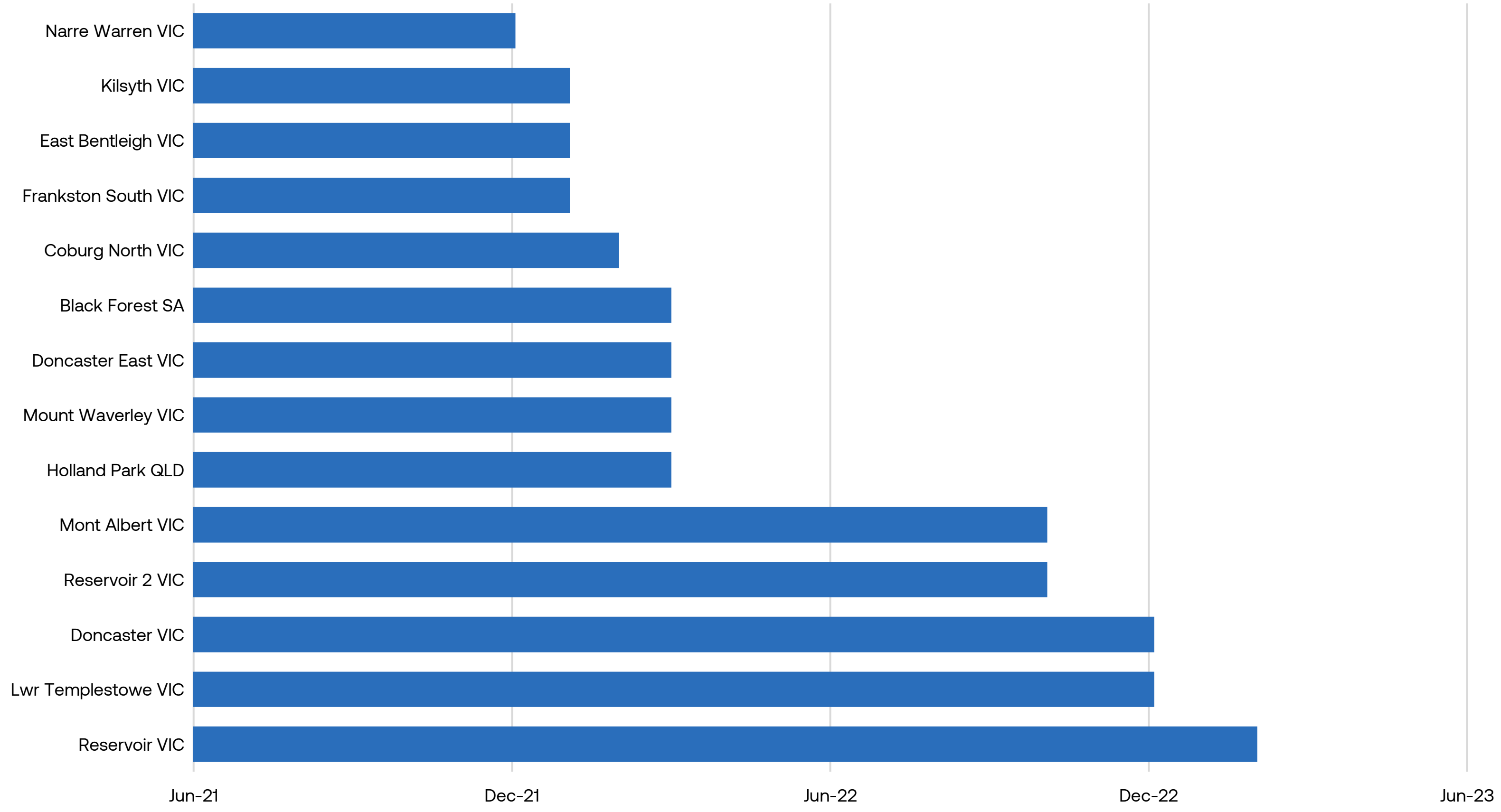
Australian LDC transaction volume and yields[2]



1. Includes properties held >12 months. A further 7 properties (2 acquisitions and 5 developments completed prior to 31 December 2020) were also valued during FY21
2. Based on CQE data of 250 transactions

Childcare Development Pipeline

10 developments completed in FY21 with a further 9 due for completion in FY22



Key development & pipeline metrics

	FY21
Completed Developments	10
Valuation upon Completion ($m)	69.7
Valuation Uplift (%)	8.8
Average SEIFA Rating	8
Average yield on cost (%)	6.1

As at	30 June 2021
Total Developments	14
Average SEIFA Rating	7
Average yield on cost (%)	5.9
Expenditure to date ($m)	51.7
Forecast cost to completion ($m)	37.9[1]

1. Estimated costs to completion comprises $31.7 million in FY22 and $6.2 million in FY23

Sustainability

On-going focus on environmental, social and corporate governance performance

Charter Hall Group and its funds including CQE, recognised on 2020 PRI Leaders Group for Climate Reporting

Awarded a B rating for Public Disclosure

CQE Centre, Elwood, Vic

Environment
Climate resilience

Partnering with major customers to deliver solar initiatives across the portfolio

Integrating sustainability into developments

New developments across portfolio continue to apply sustainability approaches, including design assessments and built environment scorecards. Initiatives undertaken this year:

- Inclusion of solar panels and water detention tanks
- Energy and water efficient fixtures and fittings
- Specifying the use of sustainable building materials

Social
Strong Communities

PLEDGE 1%

1st Australian property company to Pledge 1%

of our time, space or profits to community partners

Employer of Choice For Gender Equality

by Workplace Gender Equality Agency (WGEA)

93% **Employee engagement score**

Governance
Responsible Business

TCFD Alignment

Cross sector ESG Committee established to drive platform wide alignment and integration

Modern Slavery Statement published

Outlining our efforts to prevent occurrences of modern slavery in our supply chain

COVID SAFE return to work initiatives

Safeguarding the health, safety and wellbeing of our customers, people and the community

CQE Centre, Elwood, Vic

Key sustainability elements:

- Designed to increase natural light
- Rooftop garden and play area
- Sensors for energy efficient lighting
- Water efficient appliances
- Bike racks
- Rain and vegetable gardens
- Sustainable building materials
- Stormwater management system
- Car stacker system
- Drip irrigation
- Watering systems linked to a mobile app based controlled timer

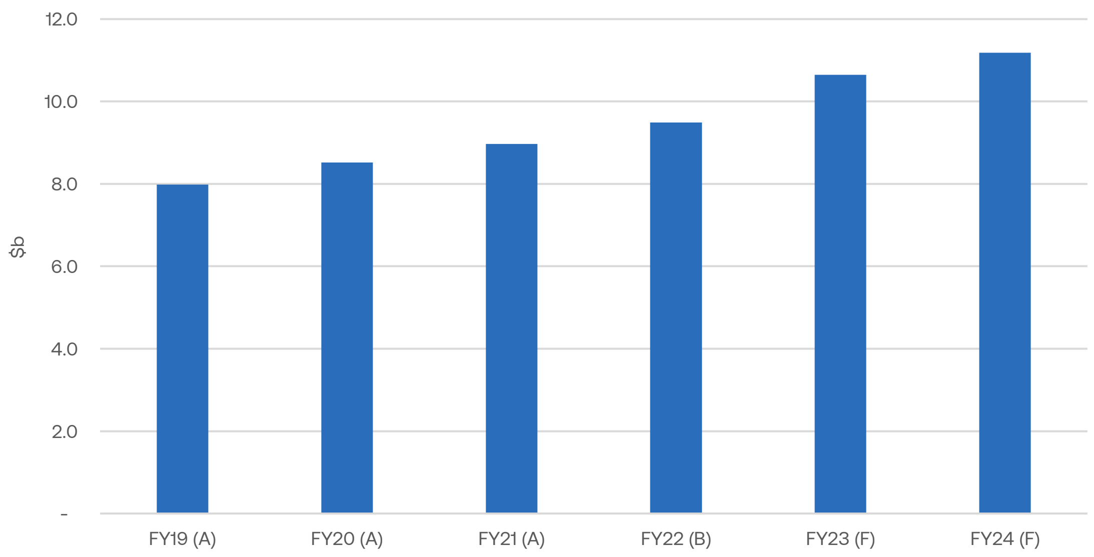
4 Childcare Industry Overview

Childcare Industry

Key drivers of increasing childcare demand continue

- Essential nature of childcare demonstrated during the COVID-19 pandemic and associated restrictions
- Additional government funding of $1.7 billion per annum announced in May 2021[1] to improve childcare affordability
  - Targeted at lower-middle income families and expected to benefit ~250,000 families commencing in FY23
- Female labour force participation rate of 61.6%[2] in June 2021, slightly below record level of 61.8% in March 2021
- As at 30 June 2021, there are 8,332[3] LDC centres in Australia with a net increase in supply by 297 (3.7%) for FY21:
  - Annual growth rate has moderated from 3.8% in FY20
  - New centre openings in last 6 months[4] – 159 (2020 – 181; 2019 – 204)
  - Property level vacancy in the market estimated at ~1%

Government funding to childcare sector[5]



1. Media Release - Making child care more affordable and boosting workforce participation – 2 May 2021
2. ABS – Labour Force, Australia – June 2021
3. ACECQA data
4. January – June 2021
5. Report on Government Services 2021 & Portfolio Budget Statements 2021-22– Budget Related Paper No. 1.4

5 Outlook

Brisbane Bus Terminal,
Eagle Farm, QLD

Outlook

- CQE is well positioned, with resilient and growing income, low gearing and $207 million of investment capacity
- Continue to execute on strategy to pursue new social infrastructure opportunities
- Recent acquisitions and completion of developments to drive earnings and distribution growth in future years
- CQE announces that based on information currently available, continued tenant performance and barring any unforeseen events, or a further deterioration in the COVID-19 environment, the FY22 forecast distribution guidance is 16.7 cpu, an increase of 6.4% from FY21

CQE Centre, Bexley, NSW

FY22 forecast distribution guidance of **16.7 cents per unit** or **6.4% growth** on FY21

6 Additional Information

CQE Centre,
Bexley, NSW

Portfolio Overview

- Majority of leases in the portfolio are triple net with fixed rental increases
- Total land holdings of 86.9 hectares:
  - 78% metropolitan location[1]
  - 69% residential zoning[1]
- Bank guarantees typically 6 months, totalling $43.5 million in aggregate

CQE Centre, Deepdene, VIC

As at 30 June 2021	No.	Value ($m)	% of Total Assets	Passing Yield (%)
NSW/ACT	87	280.2	18.1	5.8
QLD	120	414.1	26.8	5.7
VIC	78	359.5	23.2	5.3
SA	28	72.9	4.7	6.4
WA	22	78.2	5.1	6.0
TAS/NT	4	11.9	0.8	5.4
Total – Childcare[2]	**339**	**1,216.8**	**78.7**	**5.7**
Mater Headquarters & Training Facilities	1	123.1	8.0	4.8
Brisbane Bus Terminal[3]	1	61.0	3.9	4.5
Development – SA Emergency Centre	1	50.4	3.3	5.0[4]
Developments – Childcare	14	51.7	3.3	-
Arena REIT (ASX: ARF) Units[5]	-	43.4	2.8	4.4
Total Portfolio	**356**	**1,546.5**	**100.0**	**-**

1. Proportion of portfolio by income
2. Includes 33 leasehold properties with a value of $31.4 million with passing yield of 13.9%
3. Equity value of CQE 50% interest in Brisbane Bus Terminal is $35.4 million, net of asset level debt of $25.6 million and other liabilities of $0.1 million
4. CQE receives a coupon of 5% on accumulated development costs until completion
5. CQE holds 3.5% interest in Arena REIT. Passing Yield based on FY22 distribution guidance of 15.8 cpu

NTA Reconciliation

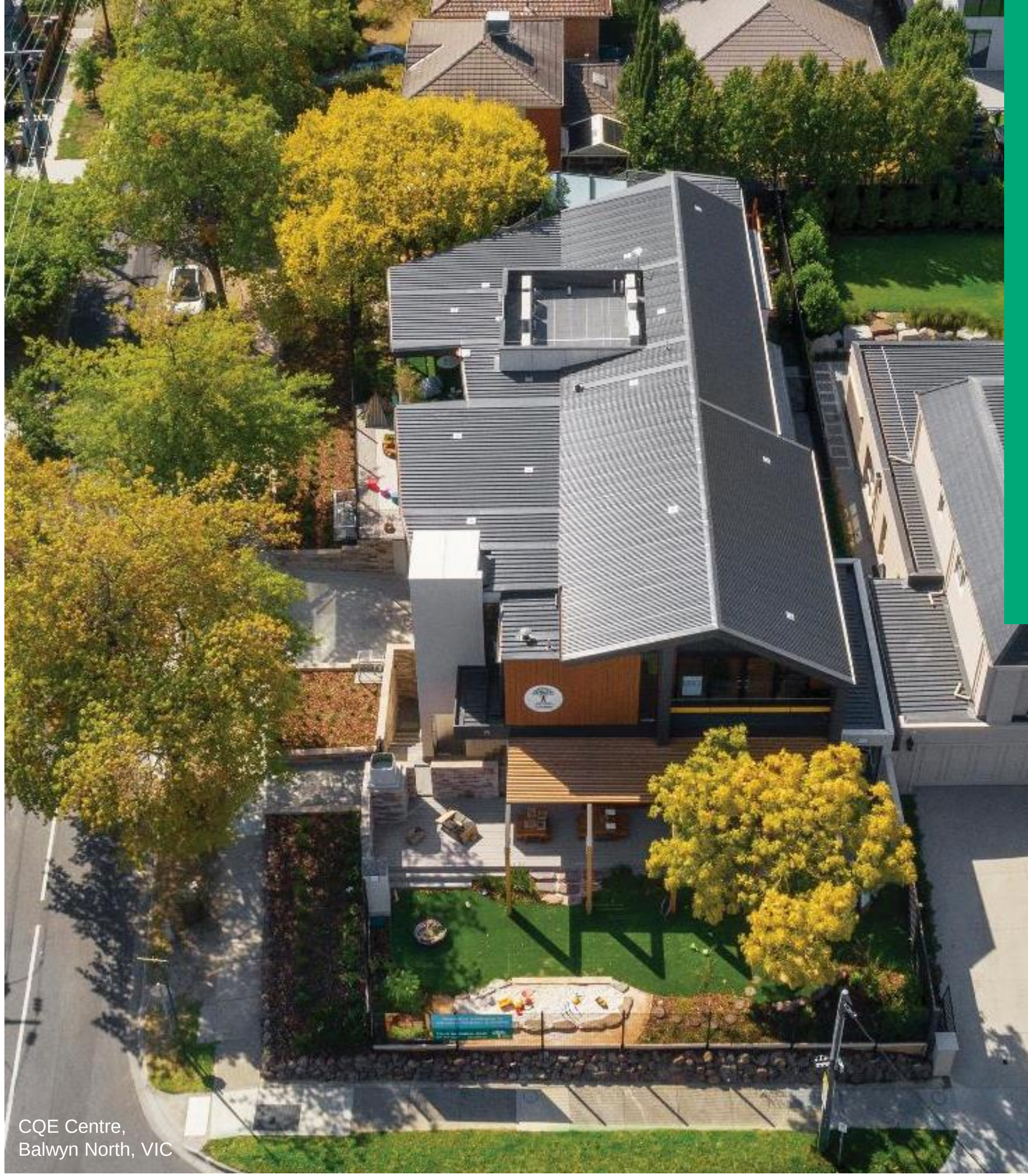
- As at 30 June 2021, CQE had a NTA per unit of $3.25 reflecting an increase of 11.3% from $2.92 as at 30 June 2020
- Increase in NTA per unit primarily driven by:
  - property revaluation uplift of $109.3 million[1] or $0.30 per unit; and
  - valuation uplift on ARF securities of $17.4 million or $0.05 per unit

NTA per unit: June 2020 to June 2021

1. $119.4 million property valuation uplift (inclusive of $8.7 million uplift on 50% interest in Brisbane Bus Terminal) less revaluation decrement attributable to acquisition costs, straight lining of rental income and amortisation of incentives and leasing fees

Statutory Profit Reconciliation

Statutory Profit Reconciliation	30 June 2020 ($m)	30 June 2021 ($m)
Operating Earnings	**51.1**	**58.0**
Net fair value gain on investment properties	42.7	100.6
(Loss)/gain on sale of investment properties	(4.1)	1.3
Net (loss)/gain on derivative financial instruments	(6.1)	2.4
Share of equity accounted profit (non-operating)	0.6	8.9
Straight line lease / amortisation of lease fees and incentives	2.8	2.9
Ground Rent on leasehold properties	1.4	1.4
Interest on lease liabilities	(0.2)	(0.2)
Provision for rental relief	(1.0)	–
Foreign exchange losses	(1.4)	(0.3)
Other	(0.2)	(0.9)
Statutory Profit	**85.6**	**174.1**



CQE Centre,
Balwyn North, VIC

Key Statistics

Financial & Capital Management Metrics	FY15	FY16	FY17	FY18	FY19	FY20	FY21
NTA ($)	1.82	2.14	2.51	2.78	2.96	2.92	3.25
NTA Growth (%)	21.3	17.6	17.3	10.8	6.5	(1.4)	11.3
DPU (c) – Ordinary	12.8	13.4	14.2	15.1	16.0	16.0	15.7
DPU (c) – Special	–	–	–	–	–	–	4.0
DPU Growth (%) – Ordinary	6.7	4.7	6.0	6.3	6.0	–	(1.9)
Gearing (%)	29.5	26.6	27.7	29.1	22.5	16.4	24.5[1]
Weighted Average Cost Of Debt (%)	4.6	4.5	4.2	4.1	3.7	2.6	2.8[2]
Weighted Average Debt Maturity (Years)	1.9	4.0	3.5	2.4	3.9	4.1	4.1
Interest Cover Ratio (x)	4.6	5.1	4.9	4.3	4.9	5.6	8.6
Portfolio Metrics							
Weighted Average Lease Expiry (Years)	7.9	8.2	9.1	9.9	9.9	12.7	15.2
% Of Lease Income Expiring In Next 5 Years	5.6	11.3	12.0	15.8	18.9	4.4	3.4
Major Customer % Of Income (Goodstart) (%)	63	59	56	50	45	47	42
Like-for-like Rental Growth (%)	2.4	2.8	3.1	2.8	2.3	2.8	2.3
Market Rent Reviews							
Completed Number	54	65	127	34	10	4	1
Weighted Average Rental Growth (%)	4.3	5.5	4.7	4.7	5.2	3.4	2.6
Geographic Spread (% Rental Income)							
NSW/ACT	26.2	25.8	26.4	24.7	23.4	22.8	20.9
QLD	37.5	35.5	33.8	35.3	36.0	36.9	41.2
VIC	16.9	19.8	21.2	22.9	22.2	23.5	24.6
WA	3.7	3.9	3.7	3.5	4.1	5.9	6.5
SA	6.0	5.3	5.7	5.3	6.5	6.9	6.0
TAS/NT	1.1	1.0	1.0	0.9	0.8	0.9	0.8
NZ	8.6	8.7	8.2	7.4	6.9	3.1	–

1. adjusted to include the completion of SA Emergency Command Centre, childcare development pipeline and payment of June quarter distribution. Unadjusted balance sheet gearing as at 30 June 2021 was 19.2%
2. Calculated based upon drawn debt balance of $300.0 million as at 30 June 2021. Weighted Average Cost of Debt on fully drawn basis is 2.0%

Glossary

ACECQA	Australian Children's Education and Care Quality Authority
ASX	Australian Securities Exchange
Balance sheet gearing	Calculated as the ratio of net drawn debt less cash to total tangible assets, less cash
CQE	Charter Hall Social Infrastructure REIT
CPI	Consumer Price Index
CPU	Cents per unit
DPU	Distributions per unit
DRP	Dividend reinvestment plan
EPU	Earnings per unit
Look-through gearing	Calculated as the ratio of net drawn debt less cash to total tangible assets, less cash, based on the non-IFRS pro forma proportionately consolidated statement of financial position, which adjusts for the REIT's share of the debt, assets and cash held in equity accounted investments
NTA	Net tangible assets
PCP	Previous corresponding period
REIT	Real estate investment trust
SEIFA	Socio-Economic Indexes for Areas (SEIFA) is a product developed by the ABS that ranks areas in Australia according to relative socio-economic
WALE	The average lease term remaining to expiry across the portfolio or a property or group of properties, weighted by net passing income or as noted
WARR	The average rent review across the portfolio, weighted by net passing income

Further information

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Presentation authorised by the Board

Charter Hall

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