Charter Hall

CQE

2023 HALF YEAR RESULTS

Charter Hall Social Infrastructure REIT

Acknowledgement of Country

Charter Hall is proud to work with our customers and communities to invest in, develop and manage properties on land across Australia. We pay our respects to the Traditional Owners, their Elders past, present and emerging and recognise their continuing culture and contribution to this country.

Agenda

Cover: Geoscience Australia, Narrabundah, ACT
Left: TAFE, Robina, QLD

1 Key Highlights and Strategy

Nino Early Learning
Craigieburn, VIC

Australia's largest diversified ASX-listed social infrastructure REIT

1H FY23 DPU of 8.6 cpu, a 2.4% increase on 1H FY22

Financial

Distribution per Unit

8.6c

Increase of 2.4% on 1H FY22

Gross Assets

$2.3bn

Increase of 8.5% from 30 June 2022

New Acquisitions

$186.7m

High quality social infrastructure assets

NTA per Unit

$4.09

Increase of 0.2% from 30 June 2022

Valuation Uplift[1]

$16.3m

Increase of 0.8% from 30 June 2022

Inclusion in

S&P/ASX 200

September 2022

Property Portfolio

WALE

13.6yrs

Occupancy

100%

WARR[2]

4.0%

1. Like-for-like valuation uplift excludes development sites, assets held for sale, acquisitions and developments completed in the period
2. Forecast Weighted Average Rent Review based on average annual fixed (3.0%) and CPI rental reviews (7.5%) to 31 December 2023

Our Strategy

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

$186.7 million of new acquisitions in diversified social infrastructure assets

Life Sciences

- Acquisition of a 25% interest in the Geoscience Australia life sciences complex in Canberra with a 9.6 year remaining lease term to the Commonwealth Government ($90.9 million investment). Property was acquired in October 2022 on a 7.4% yield and 3% annual rent increases

Healthcare and Education

- Acquisition of a 49.9% interest in Innovation Quarter (iQ), a newly constructed healthcare, medical research, education hub in Westmead, NSW. Major tenants are Western Sydney University and CSIRO with a WALE of 10 years ($66.9 million investment (yield of 4.7%) with settlement having occurred in February 2023)

Childcare

- Acquisition[1] of a further 4 childcare properties for $28.9 million (average yield of 4.9%) on new 15-year leases to premium operators
- 3 development assets completed with a total value of $26.4 million and new 15-year leases, delivering yield on cost of 5.8% and valuation gains of $5.0 million

Active Portfolio Curation and Capital Recycling

- Divestment of 5[2] freehold childcare assets for $15.3 million (average yield of 4.4%) , achieving a 3% premium to book value
- Divestment of Arena REIT units in January 2023 realising proceeds of $44.0 million

Innovation Quarter, Westmead, NSW

Genius Childcare, Mont Albert, VIC

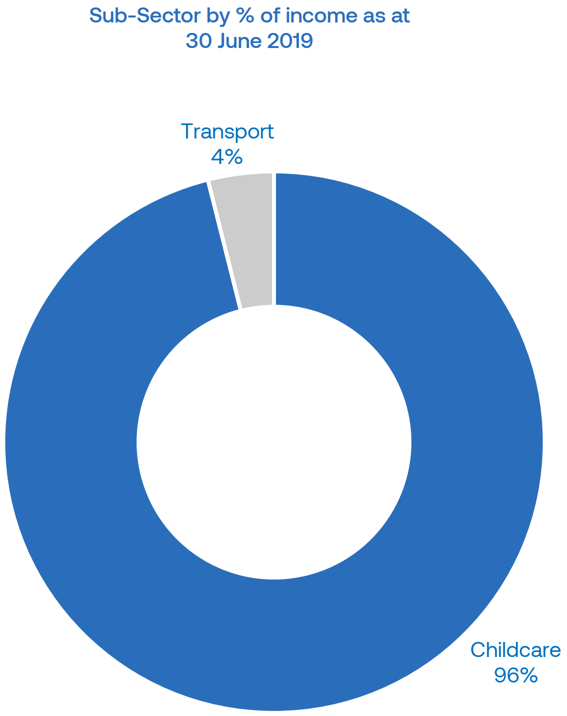
1. One property settled in 1H FY23 with remaining 3 properties to settle in 2H FY23
2. 5 divestments contracted in 1H FY23. One property settled in December 2022 with remaining 4 properties to settle in 2H FY23. In addition, there are a further 2 childcare centres contracted for divestment previously announced in FY22, also due for settlement in 2H FY23

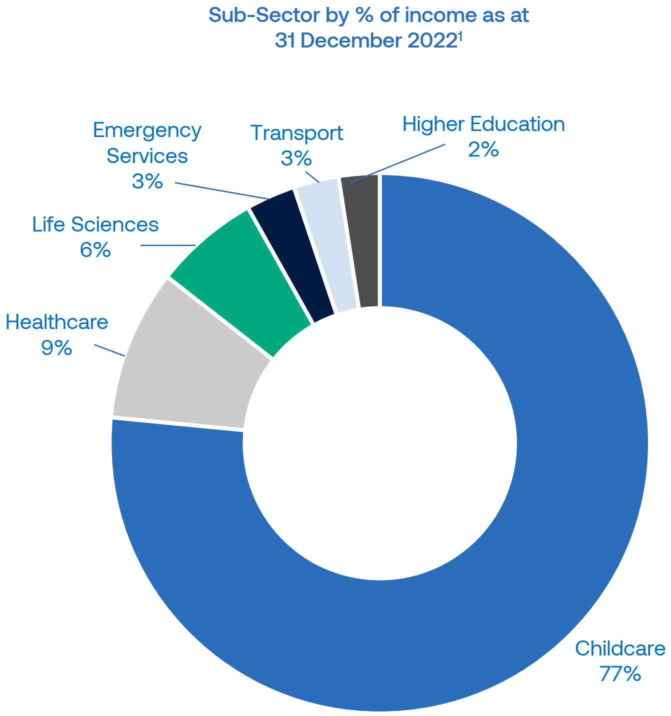
Delivering on Strategy

Broadened mandate has delivered higher quality income for CQE across diversified social infrastructure sectors

- Social Infrastructure continues to be a growing asset class with long term opportunities for portfolio growth
- $746 million of acquisitions completed since June 2019 including $294 million in childcare property and $452 million in other long-WALE social infrastructure property
- Portfolio income diversification by social infrastructure sub-sector:
  - Childcare: 77%
  - Healthcare: 9%
  - Life Sciences: 6%
  - Emergency Services: 3%
  - Transport: 3%
  - Higher Education: 2%
- Benefitting from Charter Hall transaction platform and CQE scale:
  - Ability to source and complete large-scale portfolio transactions and off-market transactions

Changes in SI sub-sector composition since 30 June 2019





1. Pro-forma as at 31 December 2022, adjusted for contracted acquisitions and divestments

ESG Leadership

Achievements in 1H FY23 | **Focus areas in FY23+**

Environment

Solar rollout continuing for tenant customers with 0.5MW of installed solar and 100% grid supplied electricity from renewable sources[1]

CQE partnership with the Green Building Council of Australia to pilot a green star rating tool for social infrastructure. Completed gap analysis against the childcare National Quality Standard to ensure alignment in development of the new Green Star tool

Net Zero Carbon by 2025
Accelerating CHC Group's commitment by 5 years for Scope 1 and Scope 2[2]

Scope 3 emissions
Establishing Scope 3 Target aligned to Science Based Target initiative

Social

Second year of supporting the Early Learning Fund (ELF)
CQE and CHC in partnership with Goodstart providing fee relief for early learning and care for at least 55 families and their children experiencing significant vulnerability

Strong communities
Charter Hall Group has made over $700k community investment. Ongoing disaster recovery and funding for communities impacted by floods. Targeting $1.3m of community investment in FY23

Social procurement
Charter Hall Group was winner of the National Social Procurement Trailblazer Award (in partnership with Two Good) in the 2022 Social Traders National Game Changer Awards

Reconciliation Action Plan
Targeting Innovate RAP status

Governance

ESG performance
CQE achieved a score of 28/30 in our first year of reporting in the Management component of GRESB Real Estate Assessment, as well as retaining B GRESB Public Disclosure Level

Diversity and inclusion
CQE governed by an independent Board which prioritises diversity and inclusion of all types and currently reports 40% female directors

Governance and responsible business
Developed modern slavery framework and launched third modern slavery statement

Benchmarking our performance
by continually aligning with best practice independent frameworks to verify our ESG progress and non-financial disclosure (GRI, TCFD, PRI and UNGC)

1. Renewable electricity procurement for assets where the electricity consumption is in operational control
2. Scope 1 and Scope 2 emissions for existing assets that fall under the operational control of responsible entities for which Charter Hall Limited is the controlling corporation

2 Financial Performance

Eden Academy
Elwood, VIC

Earnings Summary

- Net property income increased by $7.6 million or 19.0% on the previous corresponding period (pcp) predominantly driven by:
  - Like-for-like growth of 3.7%; and
  - $6.8 million from net property acquisitions, development and disposal activity
- Operating expenses increase attributable to portfolio growth and new acquisitions
- Increase in finance costs driven by acquisitions and an increase in interest rates
- Operating earnings of $29.6 million, a decrease of 3.9% on previous corresponding period

$m	1H FY22	1H FY23	% change
Net Property Income[1]	40.1	47.7	19.0
Distribution Income	1.0	1.0	-
Operating Expenses	(5.6)	(6.9)	(23.2)
Finance Costs[2]	(4.7)	(12.2)	(159.6)
Operating Earnings	**30.8**	**29.6**	**(3.9)**
EPU (cpu)	**8.5**	**8.1**	**(4.7)**
DPU (cpu)	**8.4**	**8.6**	**2.4**

1. Inclusive of 50% share of Net Property Income from Brisbane Bus Terminal ($1.4m) and 25% share of Geosciences Joint Venture ($1.5 million)
2. Net of Interest Income and inclusive of 50% share of Finance Costs from Brisbane Bus Terminal Joint Venture debt facility

Balance Sheet

- $180.4 million growth in investment properties[1], up 9.1% primarily driven by:
  - $154.1 million of acquisitions settled during the period
  - Like-for-like property revaluation uplift of $16.3 million or 0.8%[2]
- NTA per unit of $4.09 representing a 0.2% increase from 30 June 2022

$m	30 Jun 2022	31 Dec 2022
Cash	10.5	12.1
Investment Properties	1,945.9	2,036.2
Investment in JVs	45.3	135.4
Securities	51.5	46.2
Other Assets	28.0	28.7
Total Assets	**2,081.2**	**2,258.6**
Distribution Payable	16.1	15.8
Debt	553.0	723.0
Unamortised borrowing costs	(4.9)	(4.6)
Other Liabilities	24.2	22.4
Total Liabilities	**588.4**	**756.6**
Net Assets	**1,492.8**	**1,502.0**
No. of Units	365.5	367.1
NTA Per Unit	**$4.08**	**$4.09**

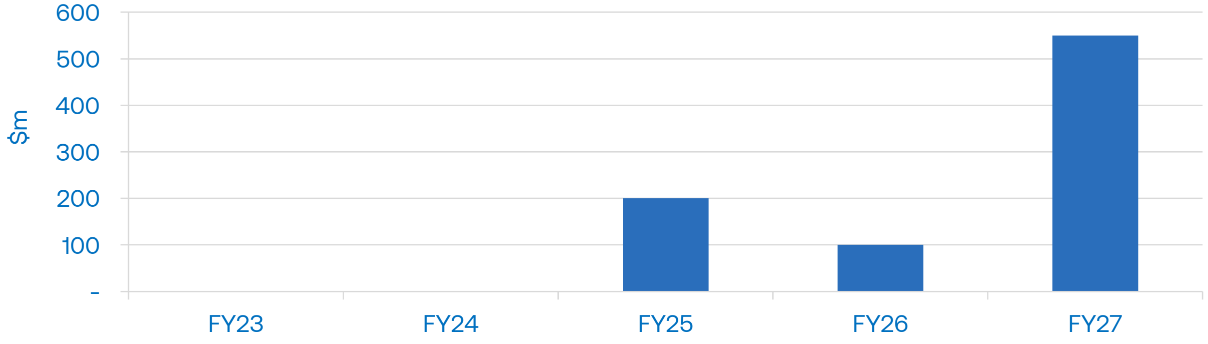
1. Inclusive of 50% share of the Brisbane Bus Terminal and Geoscience Australia investment properties
2. Like-for-like valuation uplift excludes development sites, assets held for sale, acquisitions and developments completed in the period

Capital Management

- Facilities extended and increased to $850 million in September 2022
- Available investment capacity of $75 million
- Diversified funding sources with no debt maturity until January 2025
- Weighted average debt maturity of 3.5 years
- Balance sheet gearing of 33.7%[1] within target gearing range of 30-40%
- Additional $150 million hedging implemented in December 2022
- Average hedging of 59% through to June 2025

Debt & Hedging Summary as at	30 Jun 2022	31 Dec 2022
Facility Limit ($m)	800.0	850.0
Debt Drawn Amount ($m)	553.0	723.0
Weighted Average Debt Maturity (years)	3.9	3.5
Balance Sheet Gearing (%)	29.8	33.7[1]
Look-through Gearing (%)	30.7	34.4[1]
Weighted Average Cost of Debt (% p.a.)	3.2	4.1[2]
All-in Cost of Debt (% p.a.)	3.4	4.3[3]
Balance Sheet Debt Hedged ($m)	325	475[4]
Average Amount Hedged (%)	56	59
Average Hedged Rate (% p.a.)	0.54	1.82[5]
Average Hedge Maturity (years)	3.6	2.9

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 contracted acquisitions and disposals, divestment of ARF units and the completion of the childcare development pipeline. Unadjusted balance sheet gearing and look-through gearing as at 31 December 2022 was 31.6% and 32.3% respectively
2. Calculated as at 31 December 2022 based upon BBSY of 3.3% and drawn debt of $723.0 million
3. Calculated as at 31 December 2022 based upon BBSY of 3.3% and drawn debt of $723 million and includes amortisation of borrowing costs
4. Hedged debt comprises $375 million of interest rate swaps and a $100 million interest rate cap at 3.0%. $150 million of interest rate swaps commence in June 2023
5. Average hedged rate of $375 million of interest rate swaps and the $100 million interest rate cap

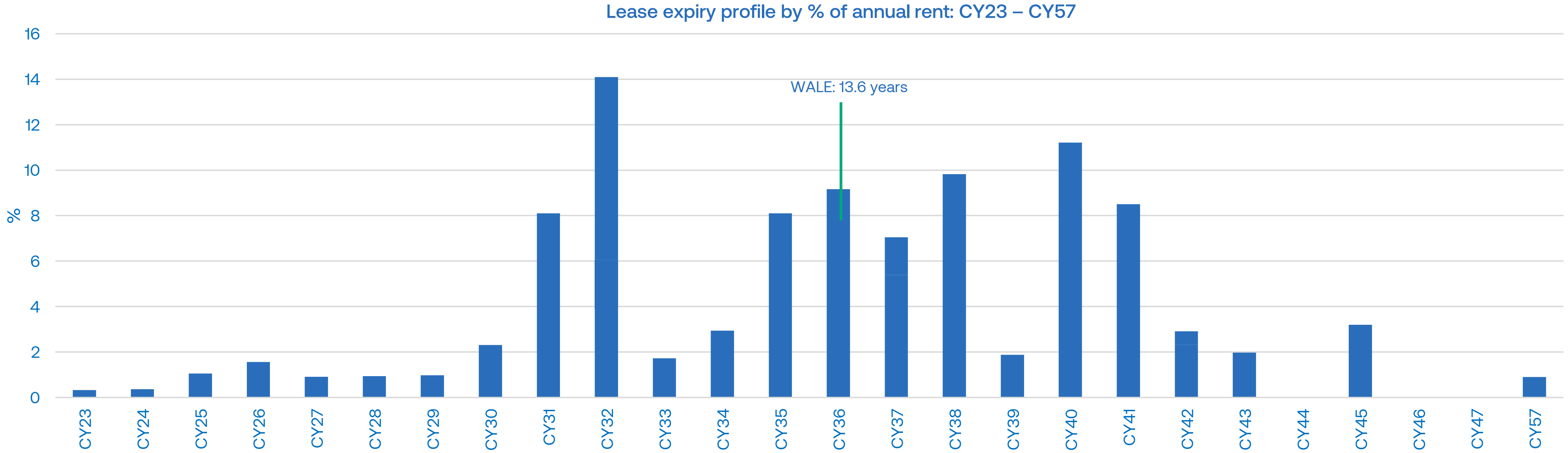
3 Portfolio Update

Emergency Command Centre
Keswick, SA

Portfolio Summary

- Property portfolio value increased 10.1% to $2.2 billion for 1H FY23
- Net annual property income up by 13.2% to $104.9 million per annum
- Weighted average lease expiry (WALE) of 13.6 years
- Less than 5% lease income expiring within the next 5 years

	Jun 2022	Dec 2022
Number of operating properties	368	373
Number of tenants	41	45
Property valuation ($m)[1]	1,968.4	2,167.6
Net property income ($m)	92.7	104.9
Passing yield (%)	4.7	4.8
Occupancy (%)	100	100
Weighted Average Lease Expiry (yrs)	14.3	13.6



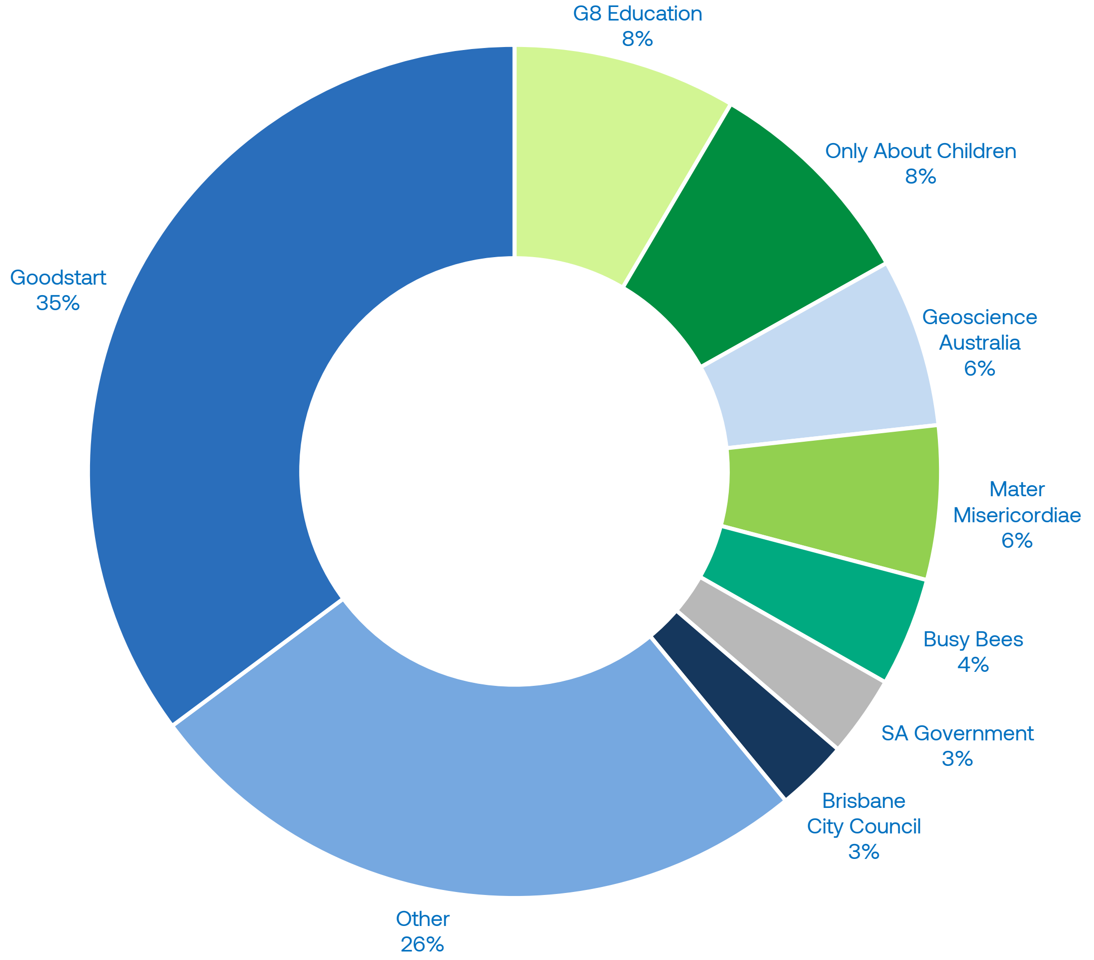
1. Excluding developments

Portfolio Summary

46% of rental income subject to market rent reviews in the next 5 years

- Key portfolio income metrics:
  - Metropolitan location: 82%
  - Eastern seaboard location: 82%
- 78% of lease income with annual fixed rent reviews (average fixed increase of 3.0%) and 22% of lease income linked to CPI
- Forecast weighted average rent reviews of 4.0%[1] to December 2023
- 46% of rental income subject to market rent reviews in the next 5 years (weighted towards FY25 - FY27):
  - Passing rent for childcare portfolio assessed at approximately 5% under market rent
  - Rent to revenue for childcare operators highly sustainable at 12.1%

Tenant profile by % of income as at 31 December 2022



1. Forecast Weighted Average Rent Review based on average annual fixed (3.0%) and CPI rental reviews (7.5%) to 31 December 2023

Portfolio Valuations

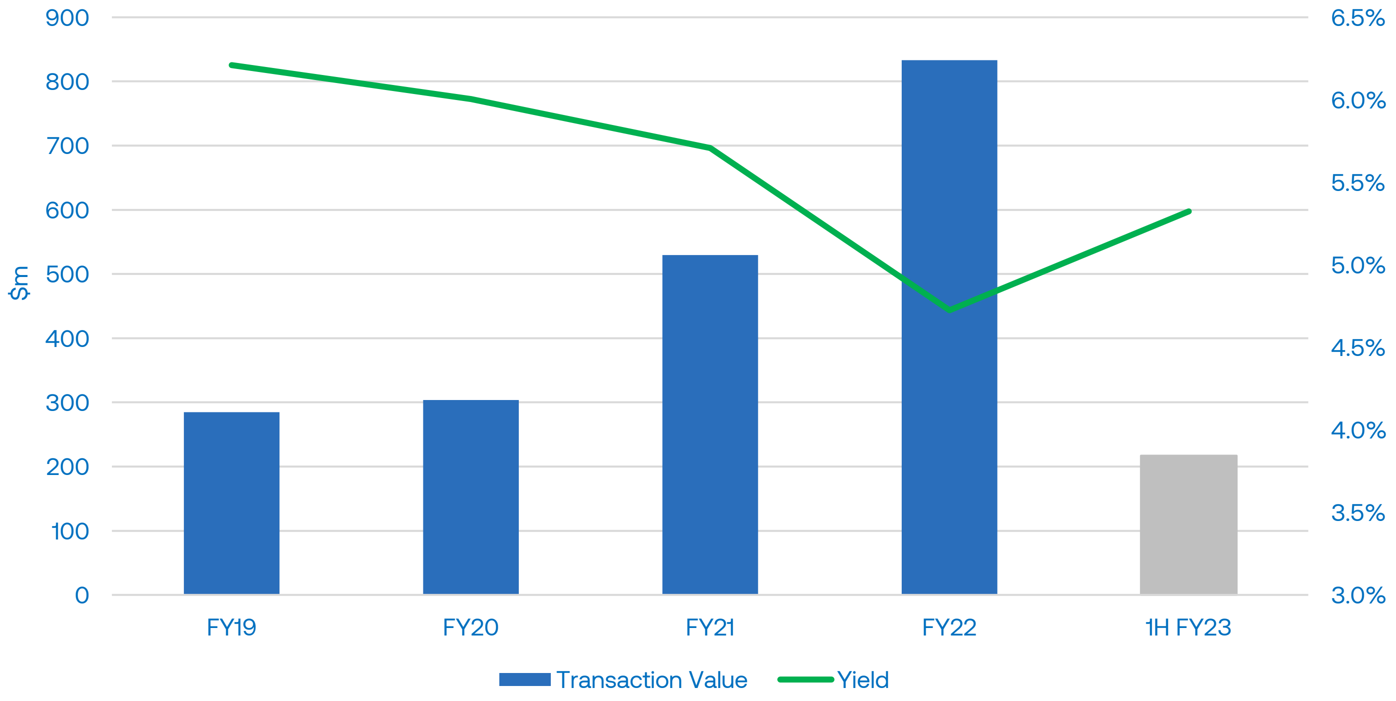
Valuation uplift of $16.3 million[1] driven by income growth demonstrating ongoing resilience of the portfolio

- 100% of the operational property portfolio by gross asset value was independently valued as at 31 December 2022, with a 0.8% increase on like-for-like June 2022 book values[1]
- Passing yield across property portfolio is now 4.8%
- Childcare transaction volume[2] in 1H FY23 reduced to $217 million with an average yield of 5.3% versus 4.7% in FY22 due to a higher proportion of secondary property transactions
- Sales evidence on sub-$5 million childcare assets remains robust and CQE has recently sold 5 centres at an average yield of 4.4%

Like-for-like portfolio valuations

Assets (No.)	Value ($m)	Yield (%)	Valuation Uplift ($m)	Valuation Uplift (%)
358	1,962.1	4.8%	16.3	0.8

Australian childcare property transaction volume and yields[2]



1. Like-for-like valuation uplift excludes development sites, assets held for sale, acquisitions and developments completed in the period
2. CQE data

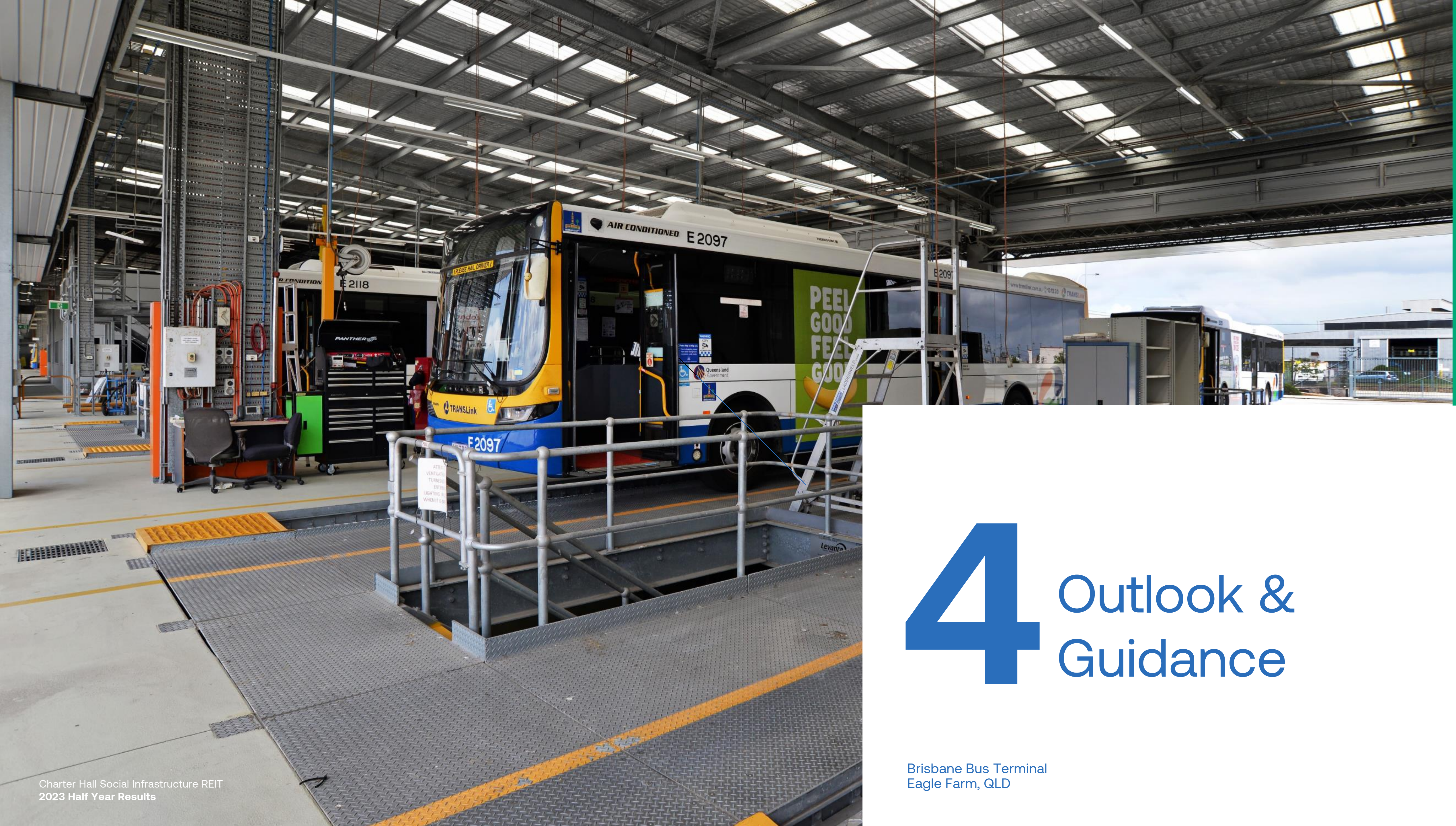
Childcare Industry

Government funding to sector forecast to increase by 44% over next four years to $14.1 billion per annum

- Importance of sector continues as labour supply mechanism to Australian economy and provision of quality educational outcomes to children
- Annual government funding expected to increase by 44% to $14.1[1] billion in FY26 with a 20% increase forecast in FY24 due to implementation of the Government's 'Cheaper Child Care' plan in July 2023
- Female labour force participation remains near record levels at 62.3% in December 2022
- Operator performance is strong with higher fees and improved occupancy however challenging environment remains for operators in attracting and retaining staff
- Average daily fee charged at CQE properties is $124, an increase of $4 or 3% from 30 June 2022
- As at 31 December 2022, there are 8,679[2] LDC centres in Australia with a net increase in supply of 238 (2.8%) for CY22:
  - Annual supply growth rate has moderated from 3.1% in CY21
  - Property level vacancy estimated at ~1%

1. Portfolio Budget Statements – Budget Related Paper 1.5 – Education Portfolio – October 2022
2. ACECQA data

Genius Childcare, Kenmore, QLD



4 Outlook & Guidance

Brisbane Bus Terminal
Eagle Farm, QLD

Outlook & Guidance

- Continue to execute on diversified social infrastructure strategy
- Actively curate the portfolio to larger scale assets with stronger tenant and property fundamentals
- CQE reconfirms that based on information currently available and barring any unforeseen events, the FY23 forecast distribution guidance is 17.2 cpu

FY23 forecast distribution guidance of 17.2 cpu

TAFE and Wise Medical, Robina, QLD

5 Additional Information

Only About Children
Barkers Road, Hawthorn, VIC

Portfolio Overview

- Majority of leases in the portfolio are triple net
- Combination of fixed (78%) and CPI linked (22%) annual rent reviews by lease income
- Total land holdings of 96.9 hectares:
  - 82% metropolitan location
  - 64% residential zoning
- Bank guarantees typically 6 months, totalling $42.8 million in aggregate

Pro-forma[1]	No.	Value ($m)	% Portfolio	Passing Yield (%)
QLD	121	553.5	24.8	4.7
VIC	82	485.8	21.7	4.7
NSW / ACT	84	325.1	14.5	5.1
WA	41	216.9	9.7	4.7
SA	27	97.3	4.4	5.2
TAS / NT	4	14.8	0.7	4.5
Total Childcare[2]	**359**	**1,693.4**	**75.7**	**4.8**
Mater Headquarters & Training Facilities	1	127.0	5.7	4.8
Geoscience Australia	1	91.3	4.1	7.3
SA Emergency Command Centre	1	87.2	3.9	4.5
Brisbane Bus Terminal[3]	1	69.3	3.1	4.1
iQ Westmead	1	66.9	3.0	4.7
TAFE & Wise Medical	2	40.2	1.8	4.3
Healius - Diagnostics	1	36.0	1.6	4.0
Developments – Childcare	5	24.6	1.1	-
Total Portfolio	**372**	**2,235.8**	**100.0**	**4.8**

1. Pro-forma as at 31 December 2022, adjusted for contracted acquisitions and divestments
2. Includes 31 leasehold properties with a value of $24.2 million with passing yield of 19.4%
3. Equity value of CQE 50% interest in Brisbane Bus Terminal is $44.5 million, net of asset level debt of $26.1 million and other net assets of $1.3 million

Childcare Development Pipeline

3 developments completed in 1H FY23, providing purpose-built, high quality assets

Completed Developments	1H FY23
Number	3
Valuation upon completion ($m)	26.4
Valuation uplift ($m)	5.0
Average yield on cost (%)	5.8

Ongoing Developments	
Number	5
Average forecast yield on cost (%)	5.5
Expenditure to date ($m)	24.6
Forecast cost to completion ($m)	15.3

Two of the ongoing developments are forecast to be completed by March 2023 with the remaining three developments to be completed by June 2024

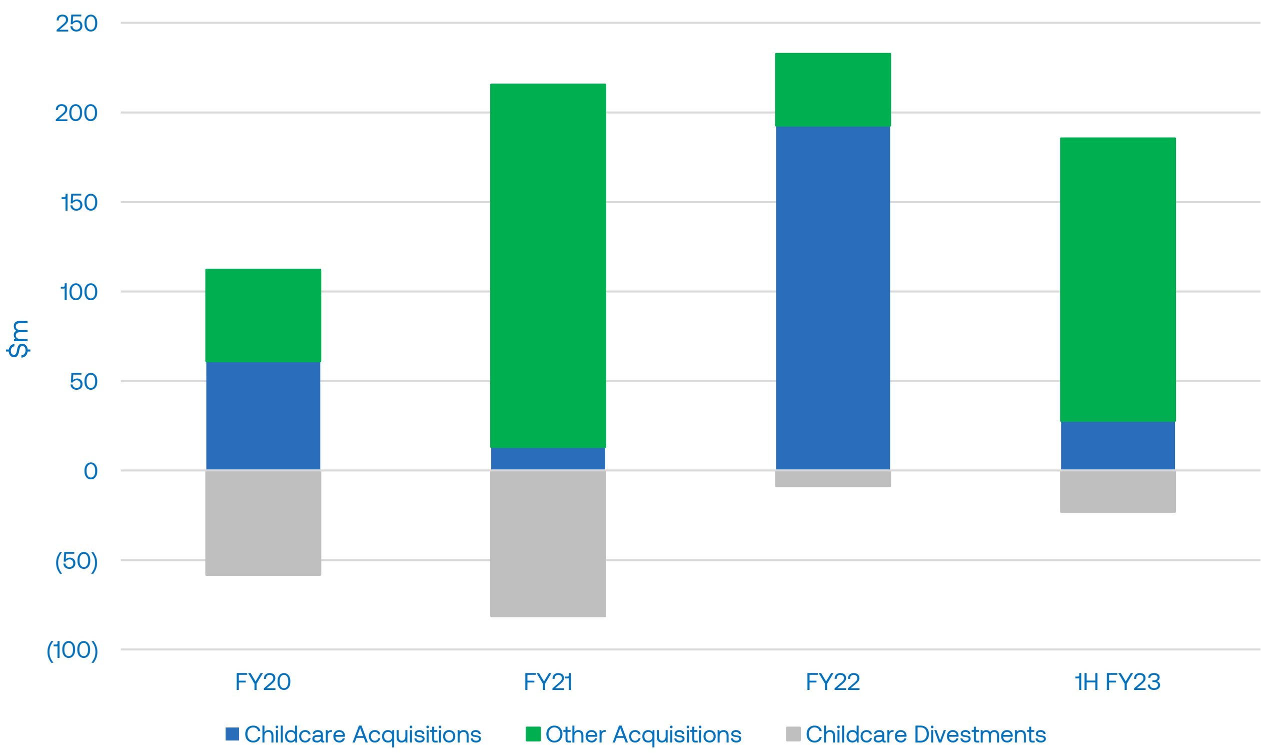
Portfolio Curation

$746 million of acquisitions completed since CQE's broadened investment mandate across social infrastructure

Broadened social infrastructure mandate

- Social Infrastructure continues to be a growing asset class with long term opportunities for portfolio growth
- $746 million of acquisitions completed since June 2019 including $294 million in childcare property and $452 million in other long-WALE social infrastructure property
- Active portfolio curation has resulted in the divestment of $171 million of non-core childcare properties since 2019

CQE property transactions[1,2]



1. Includes Brisbane Bus Terminal which was acquired in June 2019 (FY19)
2. Pro-forma as at 31 December 2022 and adjusted for contracted acquisitions and divestments

Social Infrastructure Overview

Spending on social infrastructure forecast to increase, providing further opportunities for CQE

Childcare

Rising female workforce participation rate and growing number of children aged <5 years[1].

Government subsidy to increase by 44% reaching $14.1 billion in FY26[2].

Education

Tertiary education in Australia generates almost $30 billion of export income and employs over 250,000 people with an enrolment greater than 4 million students[3].

Total annual Government spending on education is set to increase by 12% to $52 billion by FY26[2].

Health

The proportion of Australia's population aged over 65 is projected to grow 21% by 2066[1].

Annual Government spending to increase to $112 billion for FY26[4].

Transport and Communication

Increased road, rail and air infrastructure is required to service the growing population.

Annual Government investment in transport and communication to average $17 billion through FY26[4].

1. Australian Infrastructure Audit 2019
2. Portfolio Budget Statements – Budget Related Paper 1.5 – Education Portfolio – October 2022
3. PwC – Where next for tertiary education, August 2020
4. Commonwealth of Australia – Budget Strategy and Outlook Paper No.1, 2022-23

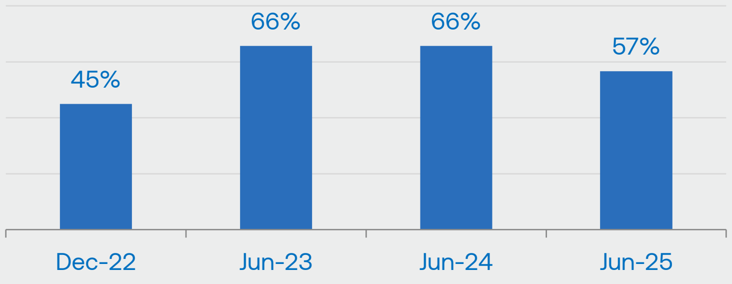
Statutory Profit Reconciliation

Statutory Profit Reconciliation	1H FY22 ($m)	1H FY23 ($m)
Operating Earnings	**30.8**	**29.6**
Net fair value gain on investment properties	170.4	9.5
Net movements on derivative financial instruments	4.4	(0.9)
Straightlining of rental income, amortisation of lease fees and incentives	2.7	2.1
Ground rent on leasehold properties	0.7	0.7
Other	(1.3)	(0.4)
Statutory Profit	**207.7**	**40.6**

Debt Facility Summary

- $0.9 billion of look through debt facilities across CQE's head trust and joint venture partnerships
- Weighted average debt maturity term of 3.5 years as at 31 Dec 2022
- Considerable headroom to balance sheet and joint venture debt facility covenants
- Average hedging 59% through to June 2025

Hedging profile as at 31 Dec 2022[1]

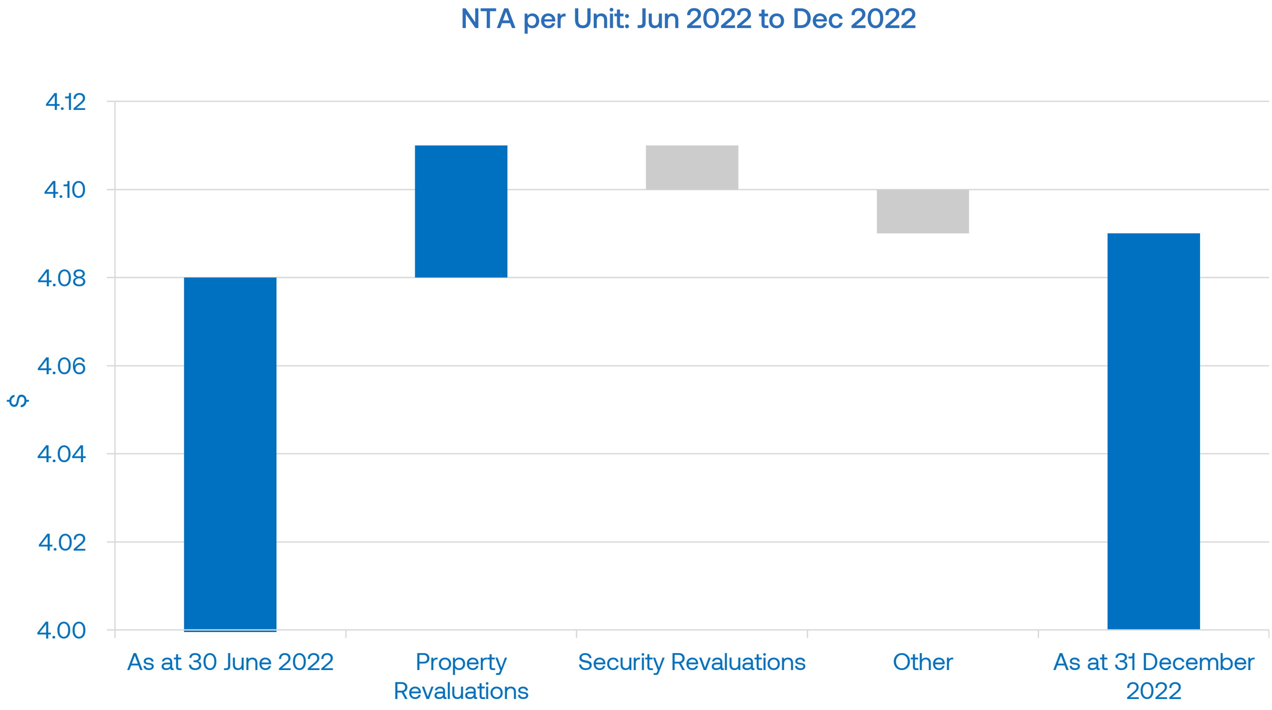


1. Hedge profile based on drawn debt as at 31 December 2022

Debt summary ($m) – 31 Dec 2022	Limit	Drawn	Maturity	Gearing (covenant)	ICR (covenant)
Balance sheet debt					
International bank bilateral debt facility	100.0	100.0	Jan-25	34.6% (50%)	3.5x (2.5x)
Domestic bank bilateral debt facility	100.0	100.0	Feb-25		
International bank bilateral debt facility	150.0	23.0	Jan-27		
Domestic bank bilateral debt facility	200.0	200.0	Feb-27		
Domestic bank bilateral debt facility	200.0	200.0	Dec-26		
Institutional term loan	100.0	100.0	Aug-25		
Total balance sheet debt	**850.0**	**723.0**			
Joint venture debt (CQE interest)				**LVR**	
Bus Network Terminal debt facility	26.1	26.1	Aug-27	37.7% (60%)	3.9x (1.6x)
Total joint venture debt	**26.1**	**26.1**			
Total look through debt	**876.1**	**749.1**			

NTA Reconciliation

- As at 31 December 2022 CQE had a NTA per unit of $4.09 reflecting an increase of 0.2% from $4.08 as at 30 June 2022
- Increase in NTA per unit primarily driven by:
  - Net property revaluation uplift of $9.5 million[1] or $0.03 per unit; and
  - valuation decrement on ARF securities of $5.3 million or $0.01 per unit



1. Comprises $16.3 million valuation uplift on a like for like basis plus valuation uplift on completed developments less revaluation decrement attributable to acquisition costs, straight lining of rental income and amortisation of incentives and leasing fees

Key Statistics

Financial & Capital Management Metrics	FY18	FY19	FY20	FY21	FY22	1H FY23
NTA ($)	2.78	2.96	2.92	3.25	4.08	4.09
NTA Growth (%)	10.8	6.5	(1.4)	11.3	25.5	0.2
DPU (c) – Ordinary	15.1	16.0	16.0	15.7	17.2	8.6
DPU (c) – Special	–	–	–	4.0	–	–
DPU Growth (%) – Ordinary	6.3	6.0	–	(1.9)	9.6	2.4
Gearing (%)	29.1	22.5	16.4	24.5	29.8	33.7[1]
Weighted Average Cost Of Debt (%)	4.1	3.7	2.6	2.8	3.2	4.1[2]
Weighted Average Debt Maturity (Years)	2.4	3.9	4.1	4.1	3.9	3.5
Interest Cover Ratio (x)	4.3	4.9	5.6	8.6	6.8	3.5
Portfolio Metrics						
Weighted Average Lease Expiry (Years)	9.9	9.9	12.7	15.2	14.3	13.6
% Of Lease Income Expiring In Next 5 Years	15.8	18.9	4.4	3.4	4.6	4.2
Major Customer % Of Income (Goodstart) (%)	50	45	47	42	39	35
Like-for-like Rental Growth (%)	2.8	2.3	2.8	2.3	3.4	3.7
Market Rent Reviews						
Completed Number	34	10	4	1	2	4
Weighted Average Rental Growth (%)	4.7	5.2	3.4	2.6	3.5	2.7
Geographic Spread (% Rental Income)						
NSW/ACT	24.7	23.4	22.8	20.9	17.7	22.4
QLD	35.3	36.0	36.9	41.2	36.6	35.2
VIC	22.9	22.2	23.5	24.6	24.6	24.1
WA	3.5	4.1	5.9	6.5	10.8	9.7
SA	5.3	6.5	6.9	6.0	9.6	8.0
TAS/NT	0.9	0.8	0.9	0.8	0.7	0.6
NZ	7.4	6.9	3.1	–	–	–

1. Adjusted to include contracted acquisitions and disposals, divestment of ARF units, completion of childcare development pipeline. Unadjusted balance sheet gearing as at 31 December 2022 was 31.6%
2. Calculated as at 31 December 2022 based upon BBSY of 3.3% and drawn debt of $723.0 million.

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
CPI	Consumer Price Index
CPU	Cents per unit
CQE	Charter Hall Social Infrastructure REIT
DPU	Distributions per unit
EPU	Earnings per unit
LDC	Long day care
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
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

Further information

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