Appendix 4D

Half Year Report
for the period ended 31 December 2023

Name of Entity: Charter Hall Social Infrastructure REIT ("REIT") and its controlled entities (ARSN 102 955 939).

Results for announcement to the market

	6 months to 31 December 2023 $'m	**6 months to 31 December 2022 $'m**	**Variance (%)**
Revenue from ordinary activities	**58.9**	58.0	1.6
(Loss) / profit from ordinary activities after tax attributable to unitholders	**(10.9)**	40.6	(126.8)
Operating earnings[1]	**29.6**	29.6	–

[1] Operating earnings is a financial measure which represents profit under Australian Accounting Standards adjusted for net fair value movements, non cash accounting adjustments such as straight lining of rental income and amortisations and other unrealised one-off items that are not in the ordinary course of business or are capital in nature. The inclusion of operating earnings as a measure of the REIT's profitability provides investors with the same basis that is used internally for evaluating operating segment performance. Operating earnings is used by the Board to make strategic decisions and as a guide to assessing an appropriate distribution to declare.

	6 months to 31 December 2023 cents	**6 months to 31 December 2022 cents**	**Variance (%)**
Basic (loss) / earnings per unit	**(2.9)**	11.1	(126.1)
Operating earnings per unit	**8.0**	8.1	(1.2)

The REIT recorded a statutory loss of $10.9 million for the half year ended 31 December 2023 (31 December 2022: $40.6 million profit). Operating earnings amounted to $29.6 million (8.0 cents per unit) for the half year ended 31 December 2023 (31 December 2022: $29.6 million, 8.1 cents per unit) and distributions of $29.6 million (8.0 cents per unit) were declared for the same period (31 December 2022: $31.5 million, 8.6 cents per unit).

The REIT's statutory accounting loss of $10.9 million includes the following unrealised, non-cash and other items:
- ($29.3) million net fair value movements on investment properties;
- ($12.9) million of net fair value movements in derivatives
- $1.2 million of straightlining of rental income and amortisation of lease fees/incentives; and
- $0.5 million of other non operating items.

Refer to attached consolidated balance sheet, consolidated statement of comprehensive income and consolidated cash flow statement for further detail.

Details of Distributions

Distributions paid or declared by the REIT during the half year ending 31 December 2023 are as follows:

Quarter	**Paid**	**Cents per unit**	**$'m**
Quarter ending 30 September 2023	20 October 2023	4.00	14.8
Quarter ending 31 December 2023	19 January 2024	4.00	14.8
Total		**8.00**	**29.6**

Record date for 31 December 2023 distribution was 29 December 2023.

Refer attached financial statements (Directors Report and Note A2: *Distributions and earnings per security*).

Details of Distribution Reinvestment Plan

The REIT has established a Distribution Reinvestment Plan (DRP) under which securityholders may elect to have all or part of their distribution entitlements satisfied by the issues of new securities rather than being paid in cash.

The DRP issue price is determined at a discount of 1.50% to the daily volume weighted average market price of Charter Hall Social Infrastructure REIT's units sold in the ordinary course of trading on the ASX during the 10 trading day period starting no later than the second business day after the record date.

The Distribution Reinvestment Plan ("DRP") remains active and will apply to future distributions unless notice is given of its suspension or termination.

Applications to participate in or to cease or vary participation in the DRP were required to be correctly completed and lodged by 3 January 2024 if they were to apply to the December quarter distribution.

Net tangible assets

	31 December 2023	**30 June 2023**
Net tangible asset backing per ordinary unit[1]	$3.93	$4.04

[1] Under the listing rules NTA Backing must be determined by deducting from total tangible assets all claims on those assets ranking ahead of the ordinary securities (i.e. all liabilities, preference shares, outside equity interest, etc.)

Control gained or lost over entities during the half year

During the period the REIT established control over CQE Finance Pty Ltd.

Details of associates and joint venture entities

Refer to attached Interim Financial Report (Note B2: *Investment in joint venture entities*)

Other significant information

For additional information regarding the results of the REIT for the half year ended 31 December 2023 please refer to the Half Year Results – ASX Announcement and the Half Year Results Presentation for the six months to 31 December 2023 lodged with ASX. Attached with this Appendix 4D is a copy of the interim financial report for the half year ended 31 December 2023.

Audit of financial statements

The accounts have been subject to review (refer attached Interim financial report).

Charter Hall

Charter Hall Social Infrastructure REIT

ARSN 102 955 939

Interim Financial Report
For the half year ended 31 December 2023

Important Notice

Contents

Directors' report

The Directors of Charter Hall Social Infrastructure Limited (Responsible Entity or CHSIL), the Responsible Entity of Charter Hall Social Infrastructure REIT, present their report together with the financial statements of Charter Hall Social Infrastructure REIT and its controlled entities (the REIT) for the half year period ended 31 December 2023.

Principal activities

The principal activity of the REIT during the period was property investment. There were no significant changes in the nature of the REIT's activities during the period.

Directors

The following persons have held office as Directors of the Responsible Entity during the half year period and up to the date of this report, unless otherwise stated:

- Greg Paramor AO – Interim Chair and Non-Executive Director
- Michael Johnstone – Non-Executive Director
- Kate Melrose – Non-Executive Director
- Bevan Towning – Non-Executive Director (appointed 25 July 2023)
- Sean McMahon – Executive Director and Chief Investment Officer (Charter Hall Group)
- Miriam Patterson – Executive Director

Distributions

Distributions paid or declared by the REIT during the half year ended 31 December 2023 are as follows:

	31 Dec 2023			31 Dec 2022		
	Number of units on issue	**Cents Per Unit**	**$'m**	Number of units on issue	Cents Per Unit	$'m
30 September	**369,520,138**	**4.00**	**14.8**	366,283,114	4.30	15.7
31 December *	**370,575,441**	**4.00**	**14.8**	367,112,102	4.30	15.8
Total distributions		**8.00**	**29.6**		8.60	31.5

* A liability has been recognised in the consolidated financial statements as the interim distribution had been declared as at the balance date.

Distribution Reinvestment Plan

The REIT has established a Distribution Reinvestment Plan (DRP) under which unitholders may elect to have all or part of their distribution entitlements satisfied by the issue of new units rather than being paid in cash.

The DRP issue price is determined at a discount of 1.5% to the daily volume weighted average price of all units traded on the ASX during the 10 business days commencing no later than the second business day following the distribution record date. During the period, 2,187,328 units were issued at an average issue price of $2.70 per unit. An additional $2.9 million was raised from the DRP for the 31 December 2023 distribution allotted on 19 January 2024.

Directors' report (continued)

Review and results of operations

The REIT recorded a statutory loss for the period of $10.9 million (31 December 2022: $40.6 million profit). Operating earnings amounted to $29.6 million (8.0 cents per unit) for the period ended 31 December 2023 (31 December 2022: $29.6 million, 8.1 cents per unit) and distributions of $29.6 million (8.0 cents per unit) were declared for the same period (31 December 2022: $31.5 million, 8.6 cents per unit).

The 31 December 2023 financial results are summarised as follows:

	6 months to 31 Dec 2023	6 months to 31 Dec 2022
Total revenue ($ millions)	**58.9**	58.0
Statutory (loss) / profit ($ millions)	**(10.9)**	40.6
Basic (loss) / earnings per unit (cents)	**(2.9)**	11.1
Operating earnings ($ millions)	**29.6**	29.6
Operating earnings per unit (cents)	**8.0**	8.1
Distributions ($ millions)	**29.6**	31.5
Distributions per unit (cents)	**8.0**	8.6

	31 Dec 2023	30 Jun 2023
Total assets ($ millions)	**2,222.8**	2,265.7
Total liabilities ($ millions)	**767.4**	775.6
Net assets ($ millions)	**1,455.4**	1,490.1
Units on issue (millions)	**370.6**	368.4
Net assets per unit ($)	**3.93**	4.04
Balance sheet gearing - total debt (net of cash) to total assets (net of cash)	**32.5%**	32.2%
Look through gearing - total debt (net of cash) to total assets (net of cash)	**33.2%**	32.8%

The table below sets out income and expenses that comprise operating earnings on a proportionate consolidation basis:

		6 months to 31 Dec 2023 $'m	6 months to 31 Dec 2022 $'m
Net property income		52.9	47.7
Distribution income		–	1.0
Interest income		0.5	0.3
Fund management fees		(5.7)	(5.6)
Finance costs		(17.1)	(12.5)
Administration and other expenses		(1.0)	(1.3)
Operating earnings	A1	29.6	29.6

Operating earnings is a financial measure which represents profit under Australian Accounting Standards adjusted for net fair value movements, non-cash accounting adjustments such as straight lining of rental income and amortisations and other unrealised or one-off items that are not in the ordinary course of business or are capital in nature.

The inclusion of operating earnings as a measure of the REIT's profitability provides investors with the same basis that is used internally for evaluating operating segment performance. Operating earnings is used by the Board to make strategic decisions and as a guide to assessing an appropriate distribution to declare.

The uncertainty of the current geopolitical events and current high levels of consumer price inflation and interest rates in Australia may have an impact on the future performance of the portfolio. The REIT benefits from its inflation linked revenue streams and the interest rate hedging in place.

Directors' report (continued)

A reconciliation of operating earnings to statutory (loss) / profit is set out below:

	6 months to 31 Dec 2023 $'m	6 months to 31 Dec 2022 $'m
Operating earnings	**29.6**	29.6
Net fair value movements on investment properties*	**(29.3)**	9.5
Net fair value movements on derivative financial instruments*	**(12.9)**	(0.9)
Straightlining of rental income, amortisation of lease fees and incentives*	**1.2**	2.1
Ground rent on leasehold properties	**0.6**	0.7
Interest on lease liabilities	**(0.1)**	(0.2)
Other	**–**	(0.2)
Statutory (loss) / profit for the period	**(10.9)**	40.6
Basic weighted average number of units (millions)	**369.8**	366.5
Basic (loss) / earnings per unit (cents)	**(2.9)**	11.1
Operating earnings per unit (cents)	**8.0**	8.1
Distribution per unit (cents)	**8.0**	8.6

* Includes the REIT's proportionate share of non-operating items of joint ventures on a look through basis.

Property valuation gains

Net valuation losses on a proportionate consolidation basis totalling $27.2 million were recorded during the period (31 December 2022: gain $20.8 million). This excludes revaluation decrements attributable to acquisition and disposal costs of $0.9 million (31 December 2022: $9.2 million) and straightlining of rental income, amortisation of lease fees and incentives of $1.2 million (31 December 2022: $2.1 million).

As at 31 December 2023, 100% (31 December 2022: 100%) of properties not held for sale or under development, including the properties held by the joint ventures, were externally valued, with the exception of childcare developments completed since 30 June 2023 which have been independently valued at the date at which they were completed.

Significant changes in the state of affairs

Acquisitions

During the half year, the REIT acquired the following asset:

	Acquisition date	Acquisition price $'m
277-283 Hardey Road, Cloverdale, WA	November 2023	5.9
		5.9

As at 31 December 2023, the REIT has exchanged contracts for the acquisition of a childcare asset located in Western Australia with a total purchase price of $5.0 million with settlement expected in March 2024.

Disposals

During the half year, the REIT disposed of the following assets:

	Disposal date	Disposal price $'m
93 Cabramatta Road, Mosman NSW	August 2023	4.4
51-57 Hutchinson Circuit, Queanbeyan NSW	September 2023	3.6
86-88 Coachwood Drive, Flagstone QLD	September 2023	3.4
34-36 Colorado Drive, Blue Haven NSW	October 2023	3.2
554–556 Springvale Road, Springvale South VIC	October 2023	3.6
5 George Street, Junee NSW	November 2023	1.0
19-31 Brookwater Parade, Lyndhurst VIC	December 2023	5.7
		24.9

As at 31 December 2023, two childcare assets have been contracted for sale for total consideration of $9.0 million with settlement expected to occur in March 2024 quarter.

Directors' report (continued)

Debt arrangements and hedging

In December 2023, the REIT restructured $160 million of existing interest rate swap agreements which has increased the REIT's interest rate hedging profile.

There were no other significant changes in the state of affairs of the REIT that occurred during the half year.

Likely Developments and Expected Results of Operations

The consolidated financial statements have been prepared on the basis of current known market conditions. The extent to which a potential deterioration in either the capital or property markets that may have an impact on the results of the REIT are unknown. Such developments could influence property market valuations, the ability to raise or refinance debt and the cost of such debt, or the ability to raise equity.

At the date of this report and to the best of the Directors' knowledge and belief, there are no other anticipated changes in the operations of the REIT which would have a material impact on the future results of the REIT. Property valuation changes, movements in the fair value of derivative financial instruments and movements in interest rates may have a material impact on the REIT's results in future years; however, these cannot be reliably measured at the date of this report.

Matters subsequent to the end of the financial period

In January 2024, the REIT refinanced its debt facilities to a new unsecured debt platform. The refinance resulted in the weighted average debt maturity increasing from 2.4 years as at 31 December 2023 to 4.3 years (calculated as at 13 February 2024).

The Directors of the Responsible Entity are not aware of any other matter or circumstance not otherwise dealt with in this report or the consolidated financial statements that has significantly affected or may significantly affect the operations of the REIT, the results of their operations or the state of affairs of the REIT in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 8.

Rounding of Amounts

As permitted by ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 (as amended) issued by the Australian Securities and Investments Commission relating to the 'rounding off' of amounts in the Directors' report and consolidated financial statements. Amounts in the Directors' report and consolidated financial statements have been rounded to the nearest hundred thousand dollars, unless otherwise indicated.

This report is made in accordance with a resolution of the Board of Directors.

Directors' Authorisation

The Directors' report is made in accordance with a resolution of the Directors. The consolidated financial statements were authorised for issue by the Directors on 13 February 2024. The Directors have the power to amend and re-issue the consolidated financial statements.

Greg Paramor AO
Chair
Sydney
13 February 2024

Auditor's Independence Declaration

As lead auditor for the review of Charter Hall Social Infrastructure REIT for the half-year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Charter Hall Social Infrastructure REIT and the entities it controlled during the period.

A S Wood
Partner
PricewaterhouseCoopers

Sydney
13 February 2024

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Consolidated statement of comprehensive income

	Notes	6 months to 31 Dec 2023 $'m	6 months to 31 Dec 2022 $'m
Revenue			
Property income	A1	**58.4**	56.7
Distribution income		**–**	1.0
Interest income	A1	**0.5**	0.3
Total revenue		**58.9**	58.0
Other income			
Net fair value gain on investment properties	B1	**–**	15.1
Total revenue and other income		**58.9**	73.1
Expenses			
Property expenses		**(10.4)**	(9.3)
Fund management fees		**(5.7)**	(5.6)
Finance costs	C1	**(16.7)**	(12.3)
Administration and other expenses		**(1.0)**	(1.5)
Net fair value loss from derivative financial instruments		**(12.7)**	(0.8)
Share of net loss from joint ventures	B2	**(9.1)**	(3.0)
Net fair value loss on investment properties	B1	**(14.2)**	–
Total expenses		**(69.8)**	(32.5)
(Loss) / profit for the period		**(10.9)**	40.6
Other comprehensive income			
Loss on revaluation of financial asset		**–**	(5.3)
Other comprehensive income		**–**	(5.3)
Total comprehensive income for the period		**(10.9)**	35.3
Basic and diluted earnings per ordinary unitholder of the REIT			
(Loss) / earnings per unit (cents)	A2	**(2.9)**	11.1

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated balance sheet

	Notes	31 Dec 2023 $'m	30 Jun 2023 $'m
Assets			
Current assets			
Cash and cash equivalents		**13.4**	14.5
Receivables		**3.6**	4.5
Other assets		**2.5**	4.0
Derivative financial instruments	C2	**8.2**	1.0
Investment properties held for sale	B1	**9.0**	11.6
Total current assets		**36.7**	35.6
Non-current assets			
Investment properties	B1	**1,994.5**	2,004.3
Investments in joint ventures	B2	**185.6**	200.5
Derivative financial instruments	C2	**6.0**	25.3
Total non-current assets		**2,186.1**	2,230.1
Total assets		**2,222.8**	2,265.7
Liabilities			
Current liabilities			
Payables		**15.0**	15.4
Distribution payable	A2	**14.8**	15.8
Lease liabilities		**1.2**	1.2
Other liabilities		**5.8**	5.6
Total current liabilities		**36.8**	38.0
Non-current liabilities			
Borrowings	C1	**727.9**	734.9
Lease liabilities		**2.1**	2.7
Derivative financial instruments	C2	**0.6**	-
Total non-current liabilities		**730.6**	737.6
Total liabilities		**767.4**	775.6
Net assets		**1,455.4**	1,490.1
Equity			
Contributed equity	C3	**655.8**	650.0
Undistributed profits		**799.6**	840.1
Total equity		**1,455.4**	1,490.1

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

	Notes	Contributed equity $'m	Reserves $'m	Undistributed profits $'m	Total $'m
Total equity at 1 July 2022		640.6	30.0	822.2	1,492.8
Profit for the period		–	–	40.6	40.6
Other comprehensive income		–	(5.3)	–	(5.3)
Total comprehensive income for the period		–	(5.3)	40.6	35.3
Transactions with unitholders in their capacity as unitholders					
- Contributions of equity, net of issue costs		5.4	–	–	5.4
- Distributions paid and payable	A2	–	–	(31.5)	(31.5)
Total equity at 31 December 2022		646.0	24.7	831.3	1,502.0
Total equity at 1 July 2023		**650.0**	**–**	**840.1**	**1,490.1**
Loss for the period		**–**	**–**	**(10.9)**	**(10.9)**
Total comprehensive income for the period		**–**	**–**	**(10.9)**	**(10.9)**
Transactions with unitholders in their capacity as unitholders					
- Contributions of equity, net of issue costs	C3	**5.8**	**–**	**–**	**5.8**
- Distributions paid and payable	A2	**–**	**–**	**(29.6)**	**(29.6)**
Total equity at 31 December 2023		**655.8**	**–**	**799.6**	**1,455.4**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated cash flow statement

	31 Dec 2023 $'m	31 Dec 2022 $'m
Cash flows from operating activities		
Property income received	**64.5**	59.5
Property expenses paid	**(13.4)**	(11.4)
Fund management fees paid	**(6.3)**	(5.9)
Administration and other expenses paid	**(1.2)**	(0.8)
Net GST paid with respect to operating activities	**(5.1)**	(4.2)
Distributions received from interest in financial asset and joint ventures	**6.2**	2.6
Interest received	**0.5**	0.3
Finance costs paid	**(16.2)**	(11.4)
Net cash flows from operating activities	**29.0**	28.7
Cash flows from investing activities		
Proceeds from sale of investment properties	**24.9**	2.7
Payments for investment properties	**(22.7)**	(77.8)
Payments for investments in joint ventures	**–**	(95.6)
Net cash flows from investing activities	**2.2**	(170.7)
Cash flows from financing activities		
Proceeds from borrowings	**7.5**	190.0
Repayment of borrowings	**(15.0)**	(20.0)
Distributions paid (net of DRP)	**(24.8)**	(26.4)
Net cash flows from financing activities	**(32.3)**	143.6
Net (decrease)/increase in cash held	**(1.1)**	1.6
Cash and cash equivalents at the beginning of the half year	**14.5**	10.5
Cash and cash equivalents at the end of the half year	**13.4**	12.1

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

About this report

The notes to these consolidated financial statements include additional information which is required to understand the operations, performance and financial position of the REIT. They are organised in four key sections:

A. **REIT performance** – provides key metrics used to measure financial performance.

B. **Property portfolio assets** – explains the structure of the investment property portfolio and investments in joint ventures.

C. **Capital structure** – details of how the REIT manages its exposure to various financial risks.

D. **Further information –** provides additional disclosures not included in previous sections but relevant in understanding the consolidated financial statements.

In preparing its financial statements, the REIT has considered the ongoing impact that the future economic outlook has had on its business operations and upon the business operations of its tenant customers. In assessing such impacts management has relied upon certain key estimates to evaluate current and future business conditions. Inherent in any estimate is a level of uncertainty. Estimation uncertainty is associated with the extent and duration of a high inflation and interest rate environment, including:

- the disruption to capital markets;
- deteriorating credit and liquidity concerns;
- the effectiveness of government and central bank measures; and
- judgements in property valuations.

A. REIT performance

This section provides additional information on the key financial metrics used to define the results and performance of the REIT, including: operating earnings by segment, net property income, distributions and earnings per unit.

Operating earnings is a financial measure which represents profit under Australian Accounting Standards adjusted for net fair value movements, non-cash accounting adjustments such as straight lining of rental income and amortisations and other unrealised or one-off items that are not in the ordinary course of business or are capital in nature.

The inclusion of operating earnings as a measure of the REIT's profitability provides investors with the same basis that is used internally for evaluating operating segment performance. Operating earnings is used by the Board to make strategic decisions and as a guide to assessing an appropriate distribution to declare.

A1. Segment information

(a) Description of segments

The Directors of the Responsible Entity have determined the operating segments based on the reports reviewed by the chief operating decision maker, being the Board of the Responsible Entity. The REIT has one operating segment being the investment in social infrastructure properties in Australia.

(b) Segment information provided to the Board

The operating earnings reported to the Board for the operating segment for the period ended 31 December 2023 are as follows:

	31 Dec 2023 $'m	31 Dec 2022 $'m
Property lease revenue	**54.2**	52.7
Services income	**4.2**	4.0
Property income	**58.4**	56.7
Non-cash adjustments	**(0.9)**	(1.9)
Ground rent on leasehold properties	**(0.6)**	(0.7)
Share of net property income from joint ventures	**6.4**	2.9
Property expenses	**(10.4)**	(9.3)
Net property income	**52.9**	47.7
Distribution income	**–**	1.0
Interest income	**0.5**	0.3
Fund management fees	**(5.7)**	(5.6)
Finance costs	**(17.1)**	(12.5)
Administration and other expenses	**(1.0)**	(1.3)
Operating earnings	**29.6**	29.6

Property lease revenue

Property lease revenue represents income earned from the long-term rental of the REIT's properties and is recognised on a straight-line basis over the lease term. The portion of rental income relating to fixed increases in operating lease rentals in future years is recognised as a separate component of investment properties.

Services income

Services income principally includes non-lease income derived under lease agreements with tenants. Non-lease income relates to the proportion of property operating costs which are recoverable from tenants in accordance with lease agreements and relevant legislative acts.

Property expenses

Property expenses, other expenses and outgoings, including rates, taxes and other property outgoings incurred in relation to investment properties where such expenses are the responsibility of the REIT, are recognised on an accruals basis.

A. REIT performance (continued)

A reconciliation between operating earnings to the statutory (loss) / profit is set out below:

	6 months to 31 Dec 2023 $'m	6 months to 31 Dec 2022 $'m
Operating earnings	**29.6**	29.6
Net fair value movements on investment properties*	**(29.3)**	9.5
Net fair value movements on derivative financial instruments*	**(12.9)**	(0.9)
Straightlining of rental income, amortisation of lease fees and incentives*	**1.2**	2.1
Ground rent on leasehold properties	**0.6**	0.7
Interest on lease liabilities	**(0.1)**	(0.2)
Other	**–**	(0.2)
Statutory (loss) / profit for the period	**(10.9)**	40.6
Basic weighted average number of units (millions)	**369.8**	366.5
Basic (loss) / earnings per unit (cents)	**(2.9)**	11.1
Operating earnings per unit (cents)	**8.0**	8.1
Distribution per unit (cents)	**8.0**	8.6

* Includes the REIT's proportionate share of non-operating items of joint ventures on a look-through basis.

A2. Distributions and earnings per unit

(a) Distributions paid and payable

	31 Dec 2023			31 Dec 2022		
	Number of units on issue	**Cents Per Unit**	**$'m**	Number of units on issue	Cents Per Unit	$'m
30 September	**369,520,138**	**4.00**	**14.8**	366,283,114	4.30	15.7
31 December *	**370,575,441**	**4.00**	**14.8**	367,112,102	4.30	15.8
Total distributions		**8.00**	**29.6**		8.60	31.5

* A liability has been recognised in the consolidated financial statements as the interim distribution had been declared as at the balance date.

Pursuant to the REIT's constitution, the amount distributed to unitholders is at the discretion of the Responsible Entity. The Responsible Entity uses operating earnings (refer to Note A1) as a guide to assessing an appropriate distribution to declare.

A liability is recognised for the amount of any distribution declared by the REIT on or before the end of the reporting period but not distributed at balance date.

Under current Australian income tax legislation, the REIT is not liable to pay income tax provided the trustee has attributed all the taxable income of the REIT to unitholders.

(b) Earnings per unit

	6 months to 31 Dec 2023	6 months to 31 Dec 2022
Basic and diluted earnings		
(Loss) / earnings per unit (cents)	**(2.9)**	11.1
Operating earnings per unit (cents)	**8.0**	8.1
Earnings used in the calculation of basic and diluted earnings per unit		
Net (loss) / profit for the period ($'m)	**(10.9)**	40.6
Operating earnings for the period ($'m)	**29.6**	29.6
Weighted average number of units used in the calculation of basic and diluted earnings per unit (millions)*	**369.8**	366.5

* Weighted average number of units is calculated from the date of issue.

Basic (loss) / earnings per unit is determined by dividing the net (loss) / profit by the weighted average number of ordinary units on issue during the period.

Operating earnings per unit is determined by dividing the operating earnings by the weighted average number of ordinary units on issue during the period.

Diluted earnings per unit is determined by dividing the profit by the weighted average number of ordinary units and dilutive potential ordinary units on issue during the period. The REIT has no dilutive or convertible units on issue.

B. Property portfolio assets

The REIT's property portfolio assets comprise directly held investment properties and indirectly held interests in investment properties held through joint ventures. Investment properties comprise investment interests in land and buildings held for long term rental yields, including properties that are under development for future use as investment properties.

The following table summarises the property portfolio assets detailed in this section, including those directly owned and the REIT's ownership share of the property indirectly held:

	Notes	31 Dec 2023 $'m	30 Jun 2023 $'m
Current assets			
Assets held for sale	B1	**9.0**	11.6
Total current assets		**9.0**	11.6
Non-current assets			
Investment properties	B1	**1,994.5**	2,004.3
Investment in joint ventures	B2	**185.6**	200.5
Total non-current assets		**2,180.1**	2,204.8
Property portfolio assets		**2,189.1**	2,216.4

B1. Investment properties

(a) Reconciliation of the carrying amount of investment properties at the beginning and end of period

	6 months to 31 Dec 2023 $'m	Year to 30 Jun 2023 $'m
Movements during the financial period		
Balance at the beginning of the period	**2,004.3**	1,938.2
Additions*	**25.1**	95.6
Acquisition and disposal costs incurred	**0.9**	6.3
Disposal of properties	**(13.3)**	(29.0)
Reclassification to asset held for sale	**(9.0)**	(11.6)
Revaluation of right-of-use assets	**(0.5)**	(1.0)
Revaluation (decrement)/increment	**(12.1)**	12.2
Revaluation decrement attributable to acquisition and disposal costs, straightlining of rental income, amortisation of incentives and leasing fees	**(1.6)**	(9.3)
Straightlining of rental income, amortisation of incentives and leasing fees	**0.7**	2.9
Carrying amount at the end of the period	**1,994.5**	2,004.3

* Includes $0.5 million (30 June 2023: $1.1 million) of interest capitalised on investment properties. Capitalised interest was calculated using 4.6% (30 June 2023: 4.2%), being the weighted average interest rate applicable to the REIT's borrowings during the period.

(b) Valuation process

The Responsible Entity conducts an investment property valuation process on a semi-annual basis. This process is overseen by the Executive Property Valuations Committee (EPVC) which is an internal Charter Hall committee comprised of the Charter Hall Group CEO, Chief Investment Officer and Head of Capital Transactions. The role of the EPVC is to oversee the valuation process including:

- approving a panel of independent valuers;
- reviewing key valuation inputs and assumptions;
- reviewing the independent valuations prior to these being presented to the Board; and
- acting as an escalation point between the group and any external valuer.

Valuations are performed either by independent professionally qualified external valuers or by Charter Hall's internal valuers who hold recognised relevant professional qualifications. Fair value is determined using a combination of one or more of the following methods: discounted cash flow (DCF), income capitalisation and comparable sales.

B. Property portfolio assets (continued)

Each investment property is valued by an independent external valuer at least once every 12 months, or earlier, where the Responsible Entity deems it appropriate or believes there may be a material change in the carrying value of the property. Independent valuers are engaged on a rotational basis. If a property is not externally valued at balance date, an internal valuation is performed.

As at 31 December 2023, 100% (30 June 2023: 100%) of properties not held for sale or under development, including the properties held by the joint ventures, were externally valued, with the exception of childcare developments completed since 30 June 2023 which have been independently valued at the date at which they were completed.

(c) Valuation techniques and key judgements

In determining the fair value of investment properties, management has considered the nature, characteristics and risks of its investment properties. Such risks include but are not limited to the property cycle and the current and future macro-economic environment. In particular, the impact on the underlying tenant businesses was considered.

The table below identifies the inputs, which are not based on observable market data, used to measure the fair value (level 3) of the investment properties:

	Fair value $'m	Net Market Rent ($ sq.m./p.a)*	Adopted capitalisation rate (% p.a)*	Adopted terminal yield (% p.a)**	Adopted discount rate (% p.a)**
December 2023	**1,970.9**	**166 – 1,790**	**4.00 - 6.75**	**5.00 - 6.00**	**6.00 - 7.00**
June 2023	1,979.9	166 -1,738	4.00 - 7.50	4.63 - 5.75	5.25 -6.50

*Applicable to all non-childcare and freehold childcare social infrastructure assets. Leasehold childcare assets are excluded from this metric. Fair value of leasehold childcare assets is $22.9 million (30 June 2023: $23.3 million) which have an average passing yield of 18.9% (30 June 2023: 19.3%) and an average passing rent ($ per licence place/p.a) of $243 (30 June 2023: $240).
**Applicable to all non-childcare social infrastructure assets. All childcare assets are excluded from this metric.

Term	Definition
Discounted Cash Flow (DCF) method	A method in which a discount rate is applied to future expected income streams to estimate the present value.
Income capitalisation method	A valuation approach that provides an indication of value by converting future cash flows to a single current capital value.
Net market rent	A net market rent is the estimated amount for which a property or space within a property should lease between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and wherein the parties have each acted knowledgeably, prudently and without compulsion. In a net rent, the owner recovers outgoings from the tenant on a pro-rata basis (where applicable).
Capitalisation rate	The return represented by the income produced by an investment, expressed as a percentage.
Terminal yield	A percentage return applied to the expected net income following a hypothetical sale at the end of the cash flow period.
Discount rate	A rate of return used to convert a future monetary sum or cash flow into present value.

Sensitivity analysis

The REIT considers capitalisation rates the most significant assumption that is subject to estimation uncertainty given the nature of its portfolio. Accordingly, sensitivities to the fair value of investment properties (including those owned by the REIT's joint ventures) have been provided around reasonable possible movements in the capitalisation rate.

If the capitalisation rate expanded by 25 basis points, the fair value of all wholly owned investment properties (excluding leasehold childcare assets and childcare development assets) would reduce by $89.4 million from the fair value as at 31 December 2023 (including the REIT's share of joint venture property $99.7 million). If the capitalisation rate compressed by 25 basis points, the fair value would increase by $98.9 million from the fair value as of 31 December 2023 (including the REIT's share of joint venture property $110.1 million).

Movement in the inputs is likely to have an impact on the fair value of investment properties. An increase/(decrease) in net market rent will likely lead to an increase/ (decrease) in fair value. A decrease/(increase) in adopted capitalisation rate, adopted terminal yield or adopted discount rate will likely lead to an increase/(decrease) in fair value.

B. Property portfolio assets (continued)

B2. Investments in joint ventures

The REIT accounts for its investments in joint venture entities using the equity method. The REIT exercises joint control over the joint venture entities, but neither the REIT nor its joint venture partners have control in their own right, irrespective of their ownership interest. The principal activity of the joint venture entities during the year was property investment.

The REIT regularly reviews its equity accounted investment for impairment by reference to changes in circumstances or contractual arrangements, external independent property valuations and market conditions, using generally accepted market practices. When a recoverable amount is estimated through a value in use calculation, critical judgements and estimates are made regarding future cash flows and an appropriate discount rate.

Information relating to the joint venture entities is detailed below:

Name of entity	Properties	31 Dec 2023 Ownership %	30 Jun 2023 Ownership %	31 Dec 2023 $'m	30 Jun 2023 $'m
CH BBD Holding Trust (CH BBD)	Brisbane Bus Depot, Brisbane QLD	**50.0%**	50.0%	**33.9**	44.4
Charter Hall GSA Trust (GSA)	Geoscience Australia, Canberra ACT	**25.0%**	25.0%	**87.1**	89.0
PFA Westmead Trust (Westmead)	Innovation Quarter, Westmead, NSW	**49.9%**	49.9%	**64.6**	67.1
				185.6	200.5

Gross equity accounted value of investment in joint ventures entities

	6 months to 31 Dec 2023 $'m	Year to 30 Jun 2023 $'m
Balance at the beginning of the period	**200.5**	45.3
Additions (including acquisition costs)	**–**	162.8
Acquisition costs written off	**–**	(0.1)
Share of equity accounted (loss) / profit	**(9.1)**	0.4
Distributions received and receivable	**(5.8)**	(7.9)
Balance at the end of the period	**185.6**	200.5

B3. Commitments and contingent liabilities

The REIT and joint venture entities may enter into contracts for the acquisition, construction and development of properties in Australia. The commitments of the REIT in relation to development contracts are $1.2 million (30 June 2023: $12.5 million). In addition, capital incentive commitments under lease agreements are $5.6 million (30 June 2023: $12.3 million).

As at 31 December 2023, the REIT had entered into a contract to purchase one childcare property for a total value of $4.7 million (excluding deposits paid) (30 June 2023: $11.3 million (excluding deposits paid) for two properties).

As at 31 December 2023, the REIT has no contingent liabilities (30 June 2023: nil). The REIT's share in the commitments and contingent liabilities of joint venture entities, other than those described above, total nil (30 June 2023: nil).

C. Capital structure

C1. Borrowings and liquidity

(a) Borrowings

All borrowings are classified as non-current liabilities as they have maturities greater than 12 months.

	31 Dec 2023		30 Jun 2023	
	Total carrying amount $'m	**Fair value $'m**	Total carrying amount $'m	Fair value $'m
Bilateral term facilities	**731.5**	**732.7**	739.0	739.1
Unamortised borrowing cost	**(3.6)**		(4.1)	
Total	**727.9**		734.9	
Balance available for drawing	**118.5**		111.0	

The REIT has debt facilities totalling $850 million. Key covenants are Loan to Value Ratio of no greater than 50% and Interest Cover Ratio being no less than 2.0 times. As at 31 December 2023, the REIT complied with all of its debt covenant ratios and obligations.

Bilateral term facilities

	Maturity date	**Facility limit $'m**	Utilised amount $'m
December 2023			
Bank Facilities	January 2025	**100.0**	**100.0**
	February 2025	**100.0**	**100.0**
	December 2026	**200.0**	**200.0**
	January 2027	**150.0**	**31.5**
	February 2027	**200.0**	**200.0**
Institutional term loan	August 2025	**100.0**	**100.0**
		850.0	**731.5**

In January 2024, the REIT refinanced its debt facilities to a new unsecured debt platform. The refinance resulted in the weighted average debt maturity increasing from 2.4 years as at 31 December 2023 to 4.3 years (calculated as at 13 February 2024). Key covenants are total look through liabilities to total look through tangible assets of no greater than 50% and Interest Cover Ratio being no less than 2.0 times.

Borrowings in Joint Ventures

As at 31 December 2023, CH BBD Holding Trust has a $52.3 million debt facility (the REIT's share $26.1 million) expiring in August 2027.

(b) Finance costs

	6 months to 31 Dec 2023 $'m	6 months to 31 Dec 2022 $'m
Finance costs paid or payable	**17.1**	12.7
Interest on lease liabilities	**0.1**	0.2
Less: Capitalised finance costs	**(0.5)**	(0.6)
	16.7	12.3

Borrowing costs associated with development properties are capitalised based on the weighted average interest rate as part of the cost of that asset during the period that is required to complete and prepare the asset for its intended use. The weighted average interest rate takes into consideration the REIT's interest rate hedging profile, term debt and liquidity costs.

C2. Derivative financial instruments

(a) Derivative financial instruments

The REIT uses derivatives to hedge its exposure to interest rates. Derivative financial instruments are measured and recognised at fair value on a recurring basis.

C. Capital structure (continued)

Amounts reflected in the financial statements are as follows:

Consolidated balance sheet

	31 Dec 2023		30 June 2023	
	Asset $'m	**Liability $'m**	Asset $'m	Liability $'m
Current				
Interest rate swaps	**8.2**	**–**	1.0	–
Total current derivative financial instruments	**8.2**	–	1.0	–
Non-current				
Interest rate swaps	**3.2**	**0.6**	20.7	–
Interest rate cap	**2.8**	**–**	4.6	
Total non-current derivative financial instruments	**6.0**	**0.6**	25.3	–
Total derivative financial assets	**14.2**	**0.6**	26.3	–

(b) Valuation techniques used to derive level 2 fair values

Derivatives are classified as level 2 on the fair value hierarchy as the inputs used to determine fair value are observable market data but not quoted prices. There are no level 3 investments and there were no transfers between levels of the fair value hierarchy during the period.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

Credit value adjustments are calculated based on the counterparty's credit risk using the counterparty's credit default swap curve as a benchmark. Debit value adjustments are calculated based on the REIT's credit risk using debt financing available to the REIT as a benchmark.

C3. Contributed equity and reserves

(a) Contributed equity

Details	**No. of Units '000**	$'m
Units on issue - 1 July 2022	365,476	640.6
Units issued via DRP	2,912	9.4
Units on issue - 30 June 2023	368,388	**650.0**
Units issued via DRP	2,187	**5.8**
Units on issue - 31 December 2023	370,575	**655.8**

As stipulated in the REIT's constitution, each unit represents a right to an individual share in the REIT and does not extend to a right to the underlying assets of the REIT. There are no separate classes of units and each unit has the same rights attaching to it as all other units in the REIT.

Each unit confers the right to vote at meetings of unitholders, subject to any voting restrictions imposed on a unitholder under the *Corporations Act 2001* and the ASX Listing Rules. Units on issue are classified as equity and are recognised at the fair value of the consideration received by the REIT. Transaction costs arising on the issue of equity are recognised directly in equity as a reduction in the proceeds of units to which the costs relate.

Distribution reinvestment plan (DRP)

The REIT has established a DRP under which unitholders may elect to have all or part of their distribution entitlements satisfied by the issue of new units rather than being paid in cash.

The DRP issue price is determined at a discount of 1.5% to the daily volume weighted average price of all units traded on the ASX during the 10 business days commencing no later than the second business day following the distribution record date. During the period, 2,187,328 units were issued at an average issue price of $2.70 per unit. An additional $2.9 million was raised from the DRP for the 31 December 2023 distribution allotted on 19 January 2024.

D. Further information

D1. Events occurring after balance date

In January 2024, the REIT refinanced its debt facilities to a new unsecured debt platform. The refinance resulted in the weighted average debt maturity increasing from 2.4 years as at 31 December 2023 to 4.3 years (calculated as at 13 February 2024).

The Directors of the Responsible Entity are not aware of any other matter or circumstance not otherwise dealt with in this report or the annual consolidated financial statements that has significantly affected or may significantly affect the operations of the REIT, the results of their operations or the state of affairs of the REIT in future financial years.

D2. Other significant accounting policies

(a) Basis of preparation

The interim financial report of the Charter Hall Social Infrastructure REIT comprises the Charter Hall Social Infrastructure REIT and its controlled entities.

These general purpose financial statements for the half year ended 31 December 2023 have been prepared in accordance with the requirements of the REIT's constitution, Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The REIT is a for-profit entity for the purpose of preparing the consolidated financial statements. The consolidated financial statements are presented in Australian dollars, which is the REIT's functional and presentation currency.

This interim financial report does not include all notes normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Charter Hall Social Infrastructure REIT during the half year ended 31 December 2023 in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Unless otherwise stated, the accounting policies adopted in the preparation of the interim financial report are consistent with those of the previous financial year.

Net current asset deficiency

As at 31 December 2023, the REIT has a net deficiency of current assets over current liabilities of $0.1 million (30 June 2023: $2.4 million). The REIT will be able to meet its day-to-day working capital requirements from readily accessible credit facilities of $118.5 million and operating cash flow. The REIT does not foresee any issues in meeting the current liabilities over the course of the next 12 months, and therefore these consolidated financial statements have been prepared on a going concern basis.

(b) Comparative information

Where necessary, comparative information has been adjusted to conform to changes in presentation in the period. No material adjustments have been made to comparative information in this report.

(c) Rounding of amounts

As permitted by ASIC Corporations (Rounding in Financial/Directors' reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission relating to the 'rounding off' of amounts in the Directors' report and financial statements, amounts in the REIT's consolidated financial statements have been rounded to the nearest hundred thousand dollars in accordance with that instrument, unless otherwise indicated.

(d) Changes in accounting standards

No new accounting standards or amendments have come into effect for the half year ended 31 December 2023 that affect the REIT's operations or reporting requirements.

Directors' declaration to unitholders

In the opinion of the Directors of Charter Hall Social Infrastructure Limited, the Responsible Entity of Charter Hall Social Infrastructure REIT:

a the consolidated financial statements and notes set out on pages 9 to 21 are in accordance with the *Corporations Act 2001*, including:

   i complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   ii giving a true and fair view of the REIT's financial position as at 31 December 2023 and of its performance for the period ended on that date; and

b there are reasonable grounds to believe that the REIT will be able to pay its debts as and when they become due and payable.

The Directors have been given declarations by the Fund Manager, who performs the Chief Executive Officer function, and the Head of Diversified Finance, who performs the Chief Financial Officer function, required by section 295A of the *Corporations Act 2001.*

This declaration is made in accordance with a resolution of the Board of Directors.

Greg Paramor AO
Chair
Sydney

13 February 2024

Independent auditor's review report to the unitholders of Charter Hall Social Infrastructure REIT

Report on the interim financial report

Conclusion

We have reviewed the interim financial report of Charter Hall Social Infrastructure REIT and the entities it controlled during the half-year (together the REIT), which comprises the consolidated balance sheet as at 31 December 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, material accounting policy information and explanatory notes and the directors' declaration to unitholders.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying interim financial report of Charter Hall Social Infrastructure REIT does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the REIT's financial position as at 31 December 2023 and of its performance for the half-year ended on that date

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the interim financial report* section of our report.

We are independent of the REIT in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors of the Responsible Entity for the interim financial report

The directors of Charter Hall Social Infrastructure Limited (the Responsible Entity), the Responsible Entity of Charter Hall Social Infrastructure REIT, are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

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Auditor's responsibilities for the review of the interim financial report

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the REIT's financial position as at 31 December 2023 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

PricewaterhouseCoopers

Ashley Wood

A S Wood
Partner

Sydney
13 February 2024