

ASX Release

Charter Hall Social Infrastructure REIT 1H FY24 Results

13 February 2024

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Charter Hall Social Infrastructure REIT (ASX: CQE) today announces its half year results for the period ended 31 December 2023 (1H FY24). Key financial and operating highlights for the period are:

Financial highlights:

- Operating earnings of \$29.6 million, or 8.0 cents per unit (cpu);
- Distributions of 8.0 cpu;
- NTA of \$3.93 per unit;
- Statutory earnings of (\$10.9) million;
- Successful refinance of CQE's debt facilities in January 2024 to a new unsecured platform;
- Weighted average debt maturity increased from 2.3 to 4.3¹ years; and
- Average hedging of 81% through to June 2025.

Operating highlights:

- \$22.3² million of childcare asset divestments achieving an 8.8% premium to book value and average yield of 4.6%³;
- \$2.2 billion property portfolio with a yield of 5.1%;
- Long WALE of 12.8 years;
- 100% occupancy;
- Weighted average rent reviews of 3.5%⁴ for the 12 months to December 2023;
- 77% of lease income on fixed rent reviews (average 3.0%) and the balance CPI-linked (22%) and market (1%) in FY24;

¹ As at 13 February 2024

² Total of six divestments contracted during H1 FY24. Two divestments are due to settle in H2 FY24 amounting to \$9.0 million

³ The yield on these 6 properties to CQE after deducting non-recoverable, multiple holding land tax is 4.1%

⁴ Weighted average rent review on like-for-like properties for CY23

- 46% of rental income subject to market rent reviews in the next 5 years; and
- Robust lease expiry profile with 3.1% of lease income expiring within the next five years.

Charter Hall Social Infrastructure REIT's Fund Manager, Travis Butcher said: "The Fund's property portfolio remains strong with a long WALE of 12.8 years, 100% occupancy and well placed to deliver future rental growth through market reviews across 46% of the portfolio in the next five years. The quality of the portfolio was demonstrated through the divestment of six childcare assets at a premium of 8.8% to previous book value. The Fund will continue to invest in properties that deliver essential community services and provide secure income and capital growth to Unitholders."

Portfolio update

Active portfolio curation remains a key strategy for CQE. During the half, CQE continued the divestment of older and/or competition affected childcare centres with 6 centres divested totalling \$22.3 million² at a yield of 4.6%³ and a premium to book value of 8.8%. The active divestment program contributes to improving portfolio quality, earnings resilience and tenant covenant strength.

One childcare development located in Coburg, Victoria, and pre-leased to Nido Education with a valuation of \$8.0 million was completed in the half. There are three remaining childcare developments with two of these expected to be completed and leases commencing in 2H FY24.

Portfolio valuations

During the half, 100% of the operational property portfolio by gross asset value was independently valued as at 31 December 2023 at a passing yield of 5.1% (June 23: 5.0%).

This resulted in a 1.2%, or \$26.8 million decline on like-for-like June 2023 book values⁵ reflecting the resilient nature of CQE's portfolio, ongoing demand for social infrastructure assets and positioning of the sector.

Capital position

In January 2024, CQE completed the successful refinance of its debt facilities to a new unsecured platform. This has resulted in the weighted average debt maturity increasing from 2.3 to 4.3¹ years with diversified funding sources and no debt maturing until July 2027.

CQE has average hedging of 81% through to June 2025 at an average hedged rate of 2.4%. Balance sheet gearing of 32.5% is within the target 30 – 40% range and look-through gearing is 33.2%.

FY24 distribution guidance

Based on information currently available and barring any unforeseen events, CQE re-confirms FY24 distribution guidance of 16.0 cents per unit.

CQE will continue to pay quarterly distributions.

Announcement Authorised by the Board

⁵ Like-for-like valuation movement excludes development sites, assets contracted for sale, acquisitions and developments completed in the period

Charter Hall Social Infrastructure REIT (ASX: CQE)

Charter Hall Social Infrastructure REIT is the largest Australian ASX-listed real estate investment trust (A-REIT) that invests in social infrastructure properties.

Charter Hall Social Infrastructure REIT is managed by Charter Hall Group (ASX: CHC). Charter Hall is one of Australia's leading fully integrated property investment and funds management groups. We use our expertise to access, deploy, manage and invest equity to create value and generate superior returns for our investor customers. We've curated a diverse portfolio of high-quality properties across our core sectors – Office, Industrial & Logistics, Retail and Social Infrastructure. With partnerships and financial discipline at the heart of our approach, we create and invest in places that support our customers, people and communities grow.

For further enquiries, please contact

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