

ASX Release

Acquisition of Childcare Properties & FY22 Guidance Upgrade

22 December 2021

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Charter Hall Social Infrastructure REIT (ASX:CQE) today announces the acquisition of two childcare portfolios comprising 21 properties for a total purchase price of \$134.3 million reflecting a passing yield of 4.6%.

Western Australian Portfolio (18 properties)

The portfolio comprises eighteen quality operating childcare centres located throughout Western Australia. Thirteen of the centres are located within metropolitan Perth with the remaining five located regionally. The transaction was sourced off-market.

The portfolio has a current WALE of 12.5 years and WARR of 3.4% with 100% of the rental income (\$4.6 million) underpinned by Australia's two largest childcare operators, Goodstart Early Learning Limited and G8 Education Limited offering a strong national tenant covenant profile.

The portfolio comprises a total combined site area of 47,157 sqm, providing accommodation for 1,752 long day care places. The total purchase price of \$100 million reflects a purchase yield of 4.63% with simultaneous exchange and settlement of all properties occurring on 21 December 2021.

Melbourne Portfolio (3 properties)

CQE has entered into sale and leaseback agreements to acquire three childcare centres located in metropolitan Melbourne. On completion, the portfolio will comprise three newly constructed modern childcare centres located in metropolitan Melbourne, at Ivanhoe, Mickleham and Craigieburn, providing accommodation for 345 long day care places.

The portfolio will be 100% leased to Nino Early Learning, a premium Melbourne operator, for an initial term of 20 years, on a triple net lease structure, with fixed annual rent reviews of 3.0%.

The total purchase price of \$34.3 million reflects a purchase yield of 4.5%. Settlement for the Mickleham property will occur in January 2022 and settlement of the Ivanhoe and Craigieburn properties expected to occur in February 2022, following completion of these centres.

Travis Butcher, Fund Manager of CQE commented: "We are pleased to add these quality childcare properties with strong property fundamentals to the portfolio and further our tenant customer relationship with these three operators. The addition of these assets will result in CQE's gross assets exceeding \$1.9 billion and continuing to be the largest listed social infrastructure property fund in Australia."

Capital Management update

The portfolio transaction acquisitions will be funded from CQE's existing debt facilities. In December 2021, CQE increased its debt facilities to \$700 million with the additional \$100 million being provided by an existing financier. This will provide CQE with investment capacity of approximately \$120 million after adjusting for these portfolio acquisitions and other contractual commitments.

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CQE's gearing will increase to approximately 30% as a result of these transactions and the recently announced \$175.4 million portfolio valuation uplift.

FY22 Forecast Distribution Guidance increased to 17.2 cpu

CQE is pleased to announce that based on information currently available, continued tenant performance and barring any unforeseen events or deterioration in the COVID-19 environment, the FY22 forecast distribution guidance has been increased from 16.9 cpu to 17.2 cpu, an increase of 9.6% from FY21. CQE will continue to pay quarterly distributions and has previously announced the December quarter distribution of 4.225 cents per unit which will be paid on 21 January 2021.

Announcement Authorised by the Board

Charter Hall Social Infrastructure REIT (ASX: CQE)

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

Charter Hall Social Infrastructure REIT is managed by Charter Hall Group (ASX:CHC). With over 30 years' experience in property investment and funds management, we're one of Australia's leading fully integrated property groups. We use our property expertise to access, deploy, manage and invest equity across our core sectors – Office, Industrial & Logistics, Retail and Social Infrastructure.

Operating with prudence, we've curated a diverse \$61.3 billion portfolio of 1,506 high quality properties. With partnership at the heart of our approach, we're creating places that help grow communities; turning them into the best they can be and unlocking hidden value. Taking a long-term view, our \$9 billion development pipeline delivers sustainable, technologically enabled projects for our customers.

The impacts of what we do are far-reaching. From helping businesses succeed by supporting their evolving workplace needs, to providing investors with superior returns for a better retirement, we're powered by the drive to go further.

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