

## ASX Release

# Charter Hall Social Infrastructure REIT FY24 Results

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Charter Hall Social  
Infrastructure Limited  
ABN 46 111 338 937  
AFSL 281544

Responsible Entity of  
Charter Hall Social  
Infrastructure REIT  
ABN 58 102 955 939

Level 20, No.1 Martin Place  
Sydney NSW 2000  
GPO Box 2704  
Sydney NSW 2001  
T +61 2 8651 9000  
[www.charterhall.com.au](http://www.charterhall.com.au)

Charter Hall Social Infrastructure REIT (ASX: CQE) today announces its full year results for the year ended 30 June 2024 (FY24). Key financial and operating highlights for the year are:

### Financial highlights:

- Operating earnings of \$59.5 million, or 16.0 cents per unit (cpu);
- Distributions of 16.0 cpu;
- NTA of \$3.82 per unit;
- Statutory earnings of (\$19.6) million;
- Successful refinance of CQE's debt facilities in January 2024 to a new unsecured platform;
- Weighted average debt maturity of 3.9 years; and
- Average hedging of 81% through to June 2025.

### Operating highlights:

- \$40.0 million of childcare asset divestments achieving an 4.1% premium to book value and average yield of 4.7%<sup>1</sup>;
- \$2.2 billion property portfolio with a yield of 5.2%;
- Long WALE of 12.4 years;
- 99.8% occupancy;
- Weighted average rent reviews of 3.4%<sup>2</sup> for the 12 months to June 2024;
- 67% of lease income on fixed rent reviews (average 3.0%) and the balance CPI-linked (19%) and market (14%) in FY25;

1. Two divestments due to settle in FY25  
2. Weighted average rent review on like-for-like properties for FY24

- 48% of rental income subject to market rent reviews in the next 5 years<sup>3</sup>; and
- Robust lease expiry profile with 2.4% 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 12.4 years, 99.8% occupancy and well placed to deliver future rental growth through market reviews across 48% of the portfolio in the next five years. The quality of the portfolio was demonstrated through the divestment of 12 childcare assets at a premium of 4.1% to previous book value. The Fund will continue to invest in properties that deliver essential community services."

### Portfolio update

Active portfolio curation remains a key strategy for CQE. During the year, CQE contracted 12 childcare assets for divestment totalling \$40.0 million at a yield of 4.7% and a premium to book value of 4.1%. The active divestment program contributes to improving portfolio quality, earnings resilience and tenant covenant strength.

Since 30 June 2024, CQE has contracted a further three childcare centres for divestment, totalling \$27.9 million at a yield of 4.5% and a premium to June 2024 book value of 4.8%.

CQE also continues to add to the quality of its portfolio, with two childcare centres acquisitions on 15 year triple net leases totalling \$10.8 million at an average yield of 6.1% contracted in FY24. These are due to settle in 1H FY25 and comprise one operating centre for \$4.6 million and one fund through development for a total consideration of \$6.2 million. Two newly developed operating centres which were contracted in FY23 also settled during the year totalling \$10.9 million at an average yield of 5.7%, with new 15 year leases to G8 Education.

### Portfolio valuations

During the year, 100% of the operational property portfolio by gross asset value was independently valued as at 30 June 2024 at a passing yield of 5.2% (June 23: 5.0%).

This resulted in a 2.2%, or \$48.5 million decline on like-for-like June 2023 book values<sup>4</sup> 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 2.9 to 3.9 years as at 30 June 2024. CQE has diversified funding sources and no debt maturing until July 2027.

Post 30 June 2024, CQE has entered into a zero cost hedge restructure in order to better position CQE for future growth. CQE has average hedging of 81% through to June 2025 at an average hedged rate of 3.1%. Balance sheet gearing of 33.0% is within the target 30 – 40% range and look-through gearing is 33.7%.

### Outlook and FY25 distribution guidance

CQE will continue to execute on its strategy and actively manage the portfolio of high quality social infrastructure assets to maintain income security and capital growth. We expect that there will continue to be significant growth opportunities in Social Infrastructure assets, driven by favourable demographic trends and the essential nature of the industry, including government backing.

<sup>3</sup> 63% of these are capped at 7.5%

<sup>4</sup> Like-for-like valuation movement excludes development sites, assets contracted for sale, acquisitions and developments completed in the period

Based on information currently available and barring any unforeseen events, CQE advises FY25 distribution guidance of 15.0 cents per unit.

The FY25 forecast distribution guidance incorporates the impact of the FY25 and FY26 hedge restructure.

CQE will continue to pay quarterly distributions.

The Distribution Reinvestment Plan has been suspended until further notice.

*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). 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.

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For further enquiries, please contact  
**Travis Butcher**  
Fund Manager - CQE  
Charter Hall  
T +61 400 771 964  
[travis.butcher@charterhall.com.au](mailto:travis.butcher@charterhall.com.au)

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For media enquiries, please contact  
**Megan Moore**  
Senior Communications & Media Manager  
Charter Hall  
T + 61 434 225 643  
[megan.moore@charterhall.com.au](mailto:megan.moore@charterhall.com.au)

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For investor enquiries, please contact  
**Philip Cheetham**  
Head of Listed Investor Relations  
Charter Hall  
T +61 403 839 155  
[philip.cheetham@charterhall.com.au](mailto:philip.cheetham@charterhall.com.au)

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