

## ASX Release

# Charter Hall Social Infrastructure REIT 1H FY25 Results

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Charter Hall Social Infrastructure REIT (ASX: CQE) today announces its half year results for the six months ending 31 December 2024 (1H FY25). Key financial and operating highlights for the half are:

### Financial highlights:

- Operating earnings of \$28.5 million, or 7.6 cents per unit (cpu);
- Distributions of 7.5 cpu;
- NTA of \$3.82 per unit;
- Statutory earnings of \$31.0 million; and
- Weighted average debt maturity of 3.4 years.

### Operating highlights:

- Acquisition of a modern pathology laboratory in Perth, Western Australia for \$47.0 million at an initial yield of 6.4%<sup>1</sup> which settled in January 2025;
- \$84.0 million of childcare asset divestments achieving an 8.6% premium to book value and average yield of 4.6%<sup>2</sup>;
- \$2.1 billion property portfolio with a long WALE of 11.9 years and 100% occupancy<sup>3</sup>;
- Weighted average rent reviews of 3.5%<sup>4</sup> for the 12 months to December 2024;
- 16.4% increase achieved on 15<sup>5</sup> childcare market reviews completed during the period; and
- 43% of rental income subject to market rent reviews in the next 4 years.

Charter Hall Social Infrastructure REIT's Fund Manager, Travis Butcher said: "The Fund's portfolio is in a strong position with an 11.9 year WALE, 100% occupancy and significant rental growth potential through market reviews on 43% of the portfolio's income over the next four years. Recent market rent

<sup>1</sup> Based on 1 April 2025 rent review achieving the 3.5% cap

<sup>2</sup> 16 divestments contracted during 1H FY25. Seven divestments are due to settle in CY25 amounting to \$22.1 million

<sup>3</sup> Includes one lease due to commence in April 2025, representing 0.2% of portfolio

<sup>4</sup> Weighted average rent review on like-for-like properties for CY24

<sup>5</sup> Includes three market reviews due in March 2025 which were finalised during the half year

reviews on 15 properties delivered a 16.4% increase, highlighting the under-rented nature of CQE's childcare portfolio.

Active portfolio curation remains a key strategy for CQE to deliver earnings and distribution growth. The acquisition of a pathology laboratory in Western Australia leased to Clinipath Pathology at a 6.4% yield is consistent with our strategy to invest in social infrastructure property delivering essential community services. This was funded through the divestment of 16 childcare assets throughout the half for total consideration of \$84 million at an average yield of 4.6%. This highlights the ongoing demand and liquidity for childcare property.”

### **Portfolio update**

During the half year, CQE contracted 16 childcare assets for divestment totalling \$84.0 million at a yield of 4.6% and a premium to book value of 8.6%. The active divestment program contributes to improving portfolio quality, earnings resilience and tenant covenant strength.

CQE continues to enhance the quality of its portfolio with the strategic acquisition of a specialised pathology laboratory leased to Clinipath Pathology, located in Osborne Park, Western Australia. Settlement occurred in January 2025 for a total consideration of \$47.0 million reflecting an attractive 6.4%<sup>1</sup> initial yield. Clinipath Pathology is a 100% owned subsidiary of ASX-listed Sonic Healthcare Group - Australia's largest pathology provider with a market cap exceeding \$13 billion.

The property is secured by a long-term triple-net lease, with 8.2 years remaining, and includes annual CPI-linked rent reviews (capped at 3.5%) with ratchet provisions, ensuring strong, sustainable returns.

This state-of-the-art facility, refurbished in 2014, is situated in a prominent mixed-use business park just 8.2 km northwest of Perth's CBD. The laboratory services the entirety of Clinipath's Western Australian operations with samples collected from across the state.

The property features approximately 5,000 sqm of NLA, with 82% dedicated to laboratory space, and offers 245 on-grade car spaces. Occupying a 1.5-hectare site, it presents significant future development and expansion potential.

### **Market rent reviews**

Management has finalised 15 market reviews during the half year resulting in an increase of 16.4% or \$0.6 million across these leases. Seven of the market reviews had caps with all reviews achieving the maximum increase possible of 5%. The remaining eight uncapped market reviews achieved an increase of 21%, demonstrating that CQE's current passing income is below market rents.

There are 60 market reviews or 11% of CQE's income remaining in FY25 providing further opportunity for additional rental growth. These occur predominantly in the final quarter of FY25 with the majority capped at a maximum of 7.5%.

### **Portfolio valuations**

During the period, 59% of the operational property portfolio by gross asset value was independently valued as at 31 December 2024 at a passing yield of 5.3% (June 24: 5.2%).

This resulted in a 0.5%, or \$6.4 million increase on like-for-like June 2024 book values<sup>6</sup> reflecting the resilient nature of CQE's portfolio, ongoing demand for social infrastructure assets and positioning of the sector.

### **Capital position**

<sup>6</sup> Like-for-like valuation movement excludes assets not valued during the period, development sites, assets contracted for sale, acquisitions and developments completed in the period

CQE has diversified funding sources with no debt maturities until July 2027 and a weighted average debt maturity of 3.4 years. As at 31 December 2024, balance sheet gearing of 31.0% is at the lower end of the target 30 – 40% range and look-through gearing is 31.7%.

During the period, CQE entered into an additional \$100 million of hedging taken out in FY27, increasing average hedging in that year from 28% to 45% and decreasing the average hedge rate from 3.5% to 3.4%.

CQE has average hedging of 85% through to June 2025 at an average hedged rate of 3.1%.

### **Activation of unit buy-back**

CQE also announces its intention to conduct an on-market buy-back<sup>7</sup> of units in CQE for up to \$25 million.

### **Outlook and upgrade to 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.

Based on information currently available and barring any unforeseen events, CQE is pleased to advise an increased FY25 distribution guidance to 15.2 cents per unit, up from 15.0 cents per unit.

CQE will continue to pay quarterly distributions.

### *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 to grow.

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For further enquiries, please contact

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<sup>7</sup> Please refer to the accompanying Appendix 3C for further information relating to the buy-back program. The timing and volume of units purchased under the buy-back will depend on prevailing market conditions, the market price of units and other factors. Charter Hall Social Infrastructure Limited, as Responsible Entity of CQE, reserves the right to vary, suspend or terminate the on-market buy-back program at any time.