

Why Social Infrastructure is an attractive asset class

Australian Shareholders' Association

May 2024





Acknowledgement of Country

Charter Hall acknowledges the Traditional Custodians of the lands on which we work and gather. We pay our respects to Elders past and present and recognise their continued care and contribution to Country.

Cover: All About Children, Balwyn North, Vic

What is Social Infrastructure?

- Properties delivering essential community services
- Plays an important role in supporting Australia's economy, liveability and sustainability



Geoscience Australia, Narrabundah, ACT



TAFE Queensland Campus, Robina, QLD



Childcare (Eden Academy), Bardon, QLD



Innovation Quarter, Westmead, NSW

Social Infrastructure assets

The following are examples of Social Infrastructure assets:



Education

Early learning, primary and secondary schools, university campus and ancillary facilities



Healthcare

Hospitals, medical centres and ancillary infrastructure (training facilities etc)



Justice & Emergency Services

Police stations, courts buildings, ambulance and fire stations and emergency response facilities



Transport

Public transport terminals and interchange, vehicle maintenance and storage



Accommodation

Student accommodation, seniors living, social housing and disabled accommodation



Recreation / Arts

Community facilities, sports grounds, libraries, art galleries, museums and theatres

What is Social Infrastructure Property?

Key attributes typically associated with social infrastructure property



Strategic and accessible locations

The services delivered through social infrastructure properties should be accessible and convenient for the local communities to whom those services are being provided.



Specialised nature

The provision of essential services often requires the use of specialised equipment or a specific physical environment necessitating the need for purpose-built accommodation.



Modern construction

Given the locational and specialised characteristics of many social infrastructure properties, modern, flexible buildings are preferred in order to accommodate technology advancements, avoid obsolescence and ensure the ability to service the local community over the long term.



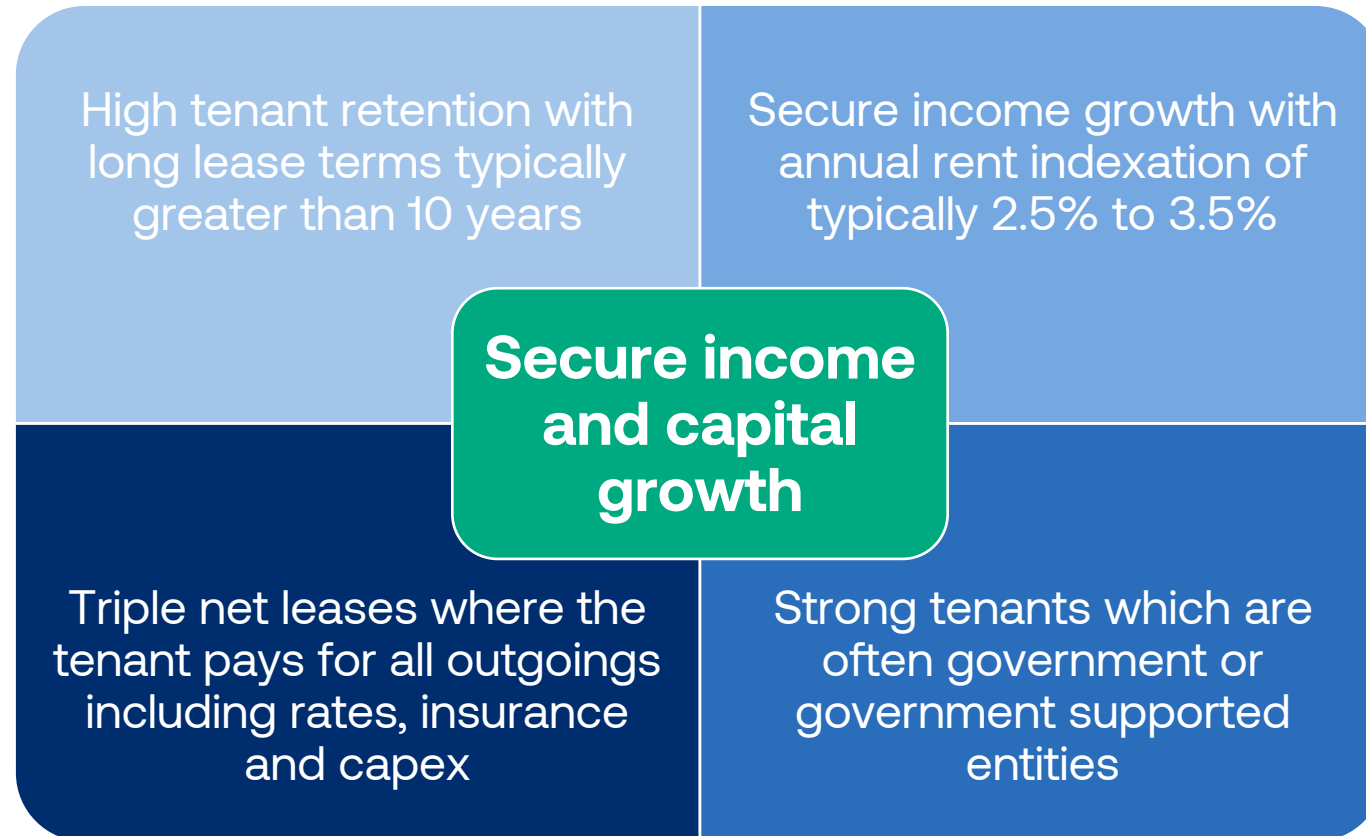
Community utilisation

Social infrastructure properties preferably exhibit characteristics that allow the provision of services that can only be undertaken at the property.

For example, early childhood education, medical treatment, research utilising specialised laboratory equipment, deployment and maintenance of emergency services or public transport vehicles.

Social Infrastructure properties provide resilient and sustainable income

Properties benefit from attractive leasing terms

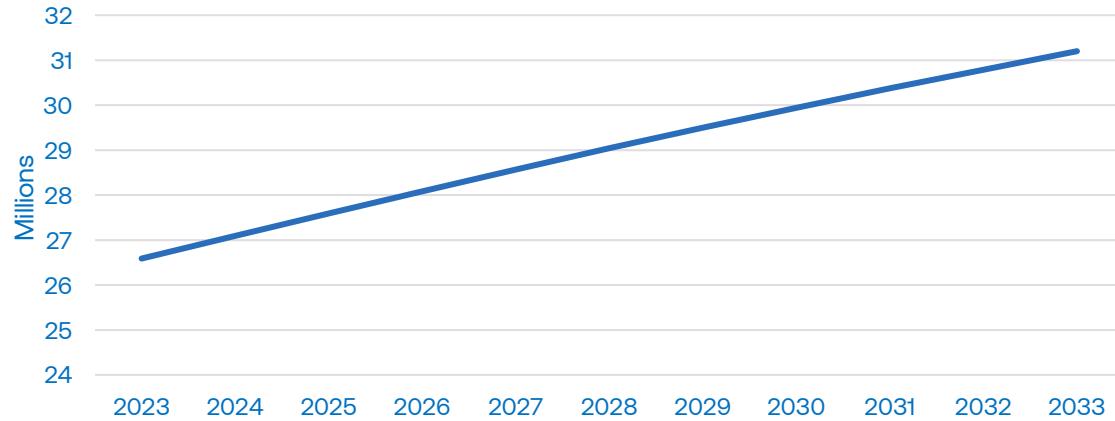


Lower correlation to economic cycles than other property classes

Demographic tailwinds

Australia has a rapidly growing and aging population

Projected population for Australia



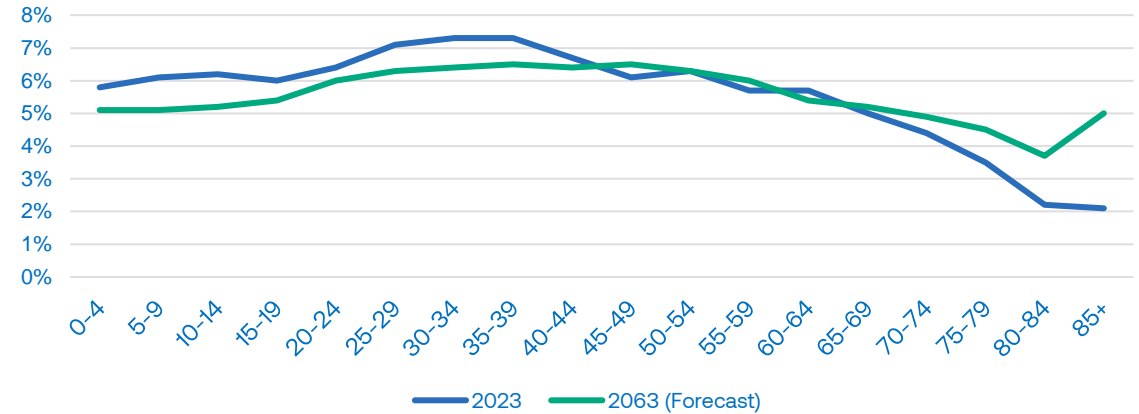
Population Growth

Over the next ten years, Australia’s population is anticipated to grow by as much as 15% or 4 million people¹.

These high levels of population growth are expected to drive increased demand for services across the childcare, education, healthcare, Government services and transport sectors.

1. ABS, (2022-base-2071), Population Projections, Australia, ABS Website
2. Australian Government, Intergenerational Report 2023
3. Australian Institute of Health and Welfare, Admitted Patients (2021-2022), AIHW Website

Population by Age Group



Aging population

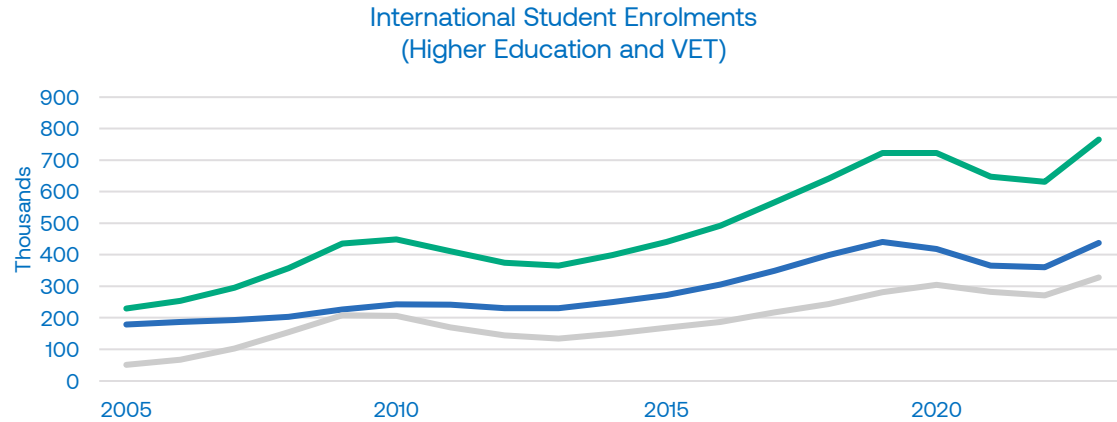
The number of Australians aged 65 years or over is expected to double over the next 40 years and those aged over 85 years expected to triple over the same period².

People aged over 65 are estimated to account for over 40% of hospitalisations and nearly 50% of patient days³.

Rapid population growth, but particularly an aging population, will drive the need for increased provision of healthcare services and associated infrastructure.

Demographic tailwinds

Australia remains a popular destination for international students and participation of females in the workforce is near historic highs



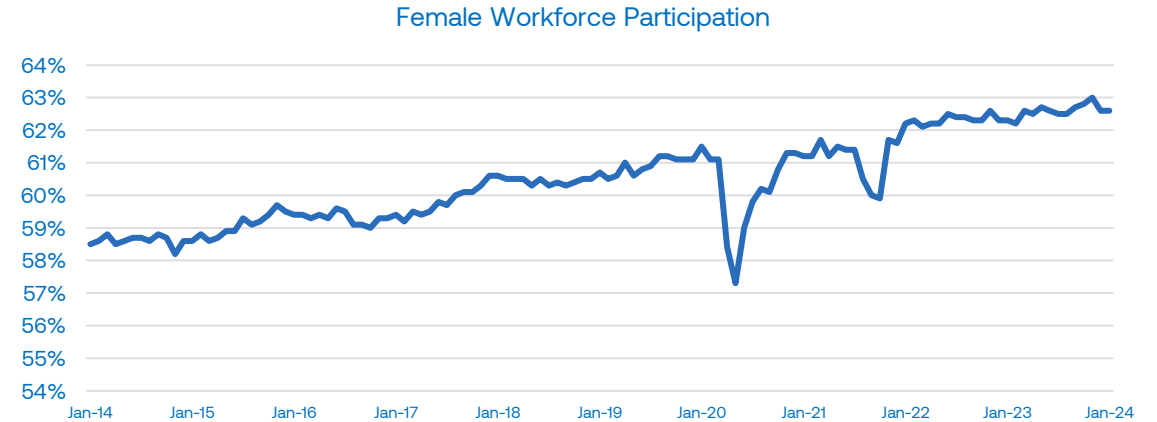
International students

There were 765,000 international student enrolments for tertiary and vocational education in Australia for the year to date as at December 2023⁴, reinforcing Australia as a popular destination for students and driving continued demand for tertiary and vocational education campuses that incorporate modern learning facilities and student amenities.

4. Department of Education, International Student Data (December 2022), DoE Website

5. ABS, (January 2024), Labour Force, Australia, ABS Website

6. ABS, Statistics (4 November 2022), Childcare still largest barrier to female participation, ABS Website

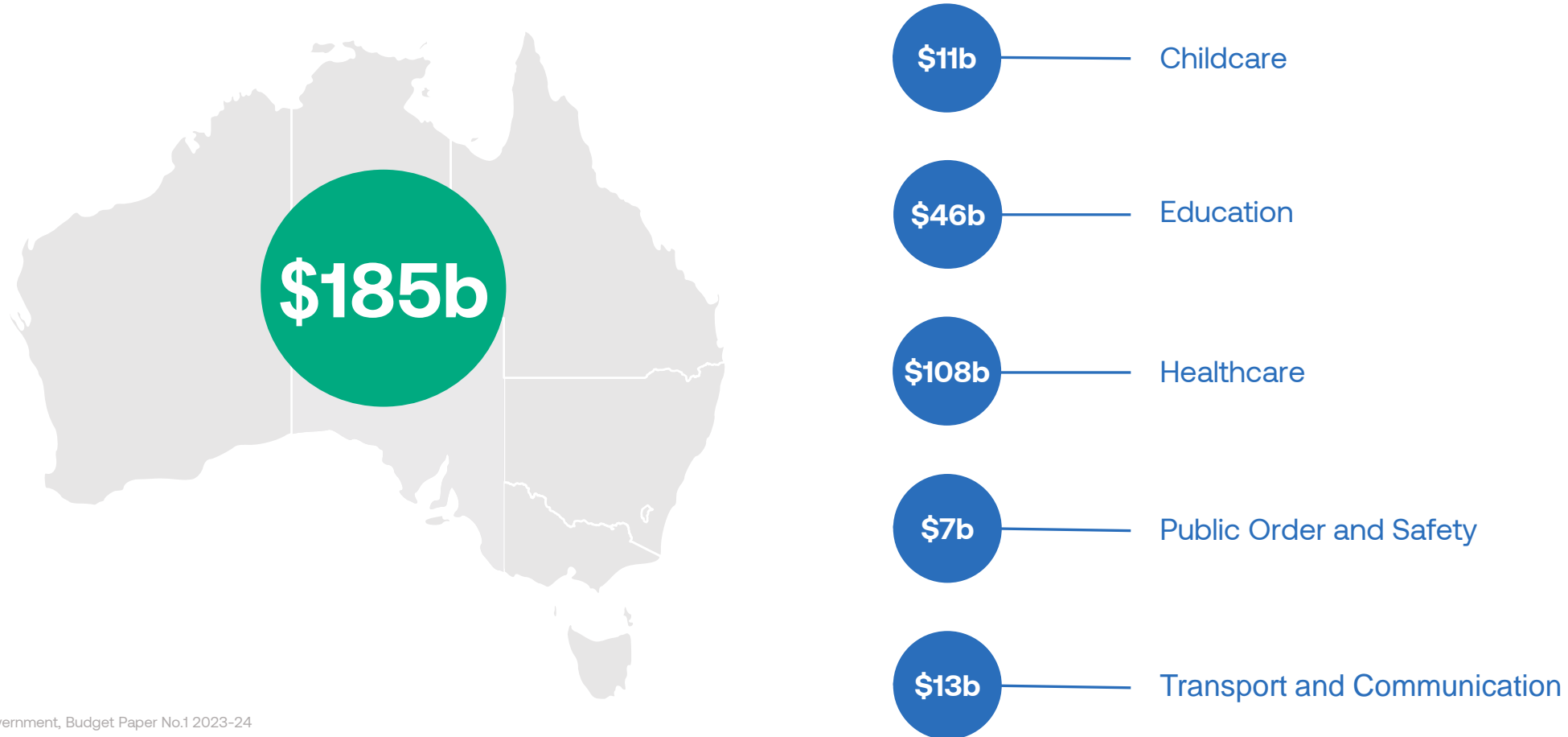


Female workforce participation

Female work force participation has continued to increase over the last 10 years, reaching a new high of 63% in December 2023⁵. Although at record highs, ABS data shows that childcare is the largest barrier to female participation in Australia's labour force and remains the key for further increasing the opportunities for women to participate in the labour market⁶.

Significant Government support for social infrastructure sectors

Australian Government funding across essential social infrastructure sectors currently amounts to \$185 billion annually and is forecast to grow to \$207 billion by 2027⁷



7. Australian Government, Budget Paper No.1 2023-24

Charter Hall Social Infrastructure REIT

Australia's largest diversified ASX-listed social infrastructure REIT

- Charter Hall Social Infrastructure REIT (ASX:CQE) is Australia's largest diversified ASX listed social infrastructure REIT with assets over \$2.2 billion
- Listed entity since 2004 and included in ASX-200 index in September 2022
- CQE invests in long leased social infrastructure properties for example childcare, health and Government services
- Over 8,700 investors with top 20 holders accounting for 70% of the register
- Geographically diverse with 100% occupancy and a WALE of 12.8 years
- CQE's portfolio consists of:
 - 352 operating childcare centres
 - 3 childcare centres in development
 - 8 long WALE social infrastructure assets

Gross Assets \$2.2bn	Number of operating properties 360	Metropolitan locations 83%
Occupancy 100%	WARR⁸ 3.5%	FY24 forecast distribution 16.0cpu
WALE 12.8yrs	NTA per unit \$3.93	Distribution yield⁹ 6.4%

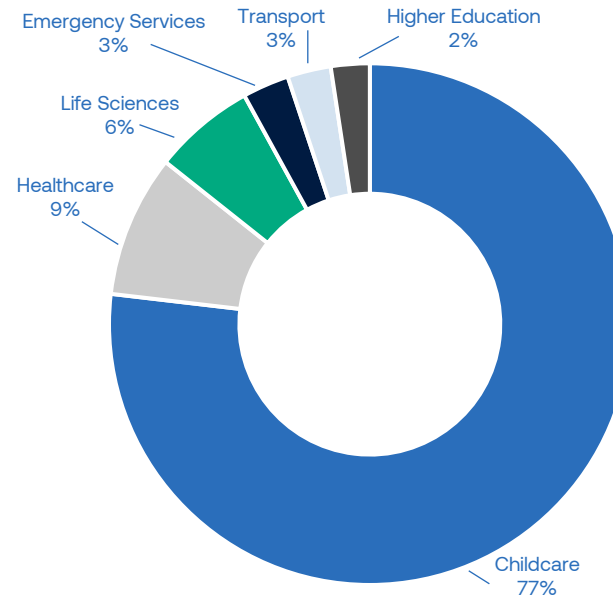
8. Weighted average rent review on like-for-like properties for CY23

9. Based on FY24 forecast distribution of 16c and CQE closing price of \$2.51 as at 6 May 2024

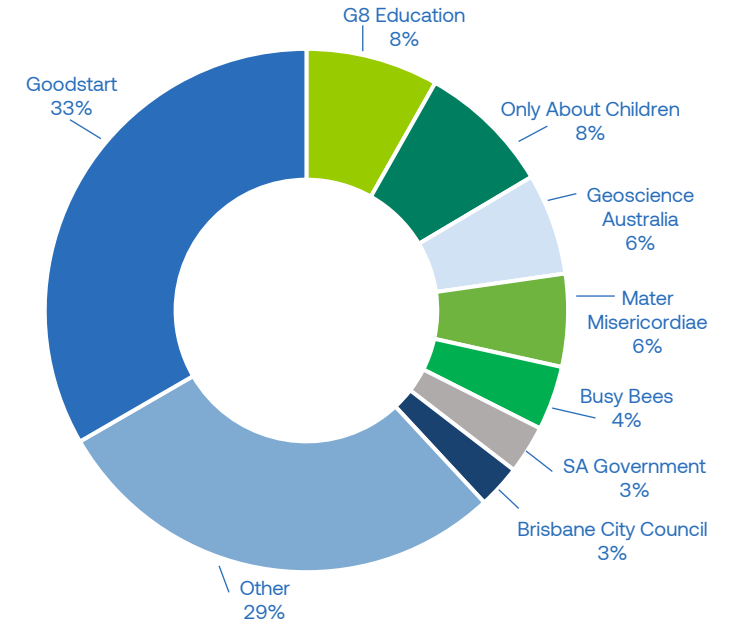
Charter Hall Social Infrastructure REIT

- Key portfolio income metrics:
 - Metropolitan location: 83%
 - Eastern seaboard location: 82%
- Total land holdings of 109.9 hectares with 62% residential zoning
- 77% of lease income with annual fixed rent reviews (average 3.0%), 22% of lease income linked to CPI and 1% subject to market reviews in FY24
- Weighted average rent reviews of 3.5% for the 12 months to December 2023

Sub-Sector by % of income as at 31 December 2023



Tenant profile by % of income as at 31 December 2023



CQE Portfolio Overview – Example of other Social Infrastructure assets



TAFE Queensland Campus & Specialist Emergency Clinic 209 Robina Town Centre Drive, Robina (QLD)

The properties are underpinned by long term leases to TAFE Queensland (State-Government owned) and Wise Medical

Fund Ownership	50% CQE
Title	Freehold
Occupancy	100%
Total GLA	8,635 sqm
WALE	8.6 years
Year Built	2022



SA Emergency Command Centre 33 Richmond Road, Keswick (SA)

The property is leased to the South Australian Government and occupied by four Government emergency services agencies

Fund Ownership	100% CQE
Title	Freehold
Occupancy	85% (SA Gov) 15% (Car Park)
Total GLA	6,532 sqm
WALE	12.1 years
Year Built	2021



Brisbane Bus Depot 40 Schneider Rd, Eagle Farm, Brisbane (QLD)

The property is leased to the Brisbane City Council and consists of three main buildings with facilities for 200 buses and 250 cars

Fund Ownership	50% CLW, 50% CQE
Title	Freehold
Occupancy	100%
Total GLA	6,328 sqm
WALE	14.7 years
Year Built	2013

A blurred background of a business meeting. In the foreground, a man with dark hair, wearing a white shirt, is seen from behind, holding a blue folder. To his left, a woman with long blonde hair is also seen from behind, with her right hand raised. In the background, several other people are seated at desks, some with their hands raised, suggesting an interactive session or a Q&A period. The setting appears to be a modern office or conference room with large windows in the background.

QUESTIONS

Further information

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