Appendix 4E

Annual Final Report
for the year ending 30 June 2024

Name of Entity: Charter Hall Social Infrastructure REIT ("REIT") and its controlled entities (ARSN 102 955 939).

Results for announcement to the market

	12 months to to 30 June 2024 $'m	12 months to to 30 June 2023 $'m	Variance (%)
Revenue from ordinary activities [1]	**118.4**	117.3	0.9
(Loss) / profit from ordinary activities after tax attributable to unitholders	**(19.6)**	58.7	(133.4)
Operating earnings [2]	**59.5**	59.2	0.5

[1] Revenue does not include share of (loss) / profit from joint ventures $(14.9) million (30 June 2023: $0.4 million).

[2] Operating earnings is a financial measure which represents profit under Australian Accounting Standards adjusted for net fair value movements, non cash accounting adjustments such as straight lining of rental income and amortisations and other unrealised one-off items that are not in the ordinary course of business or are capital in nature. The inclusion of operating earnings as a measure of the REIT's profitability provides investors with the same basis that is used internally for evaluating operating segment performance. Operating earnings is used by the Board to make strategic decisions and as a guide to assessing an appropriate distribution to declare. A reconciliation of the REIT's statutory (loss) / profit to operating earnings is provided in Note A1 of the financial statements.

	12 months to to 30 June 2024 cents per unit	**12 months to to 30 June 2023 cents per unit**	**Variance (%)**
Basic (loss) / earnings per unit	**(5.3)**	16.0	(133.1)
Operating earnings per unit	**16.0**	16.1	(0.6)

The REIT recorded a statutory loss of $19.6 million for the year ended 30 June 2024 (2023: $58.7 million profit). Operating earnings amounted to $59.5 million (16.0 cents per unit) for the year ended 30 June 2024 (2023: $59.2 million, 16.1 cents per unit) and distributions of $59.4 million (16.0 cents per unit) were declared for the same period (2023: $63.1 million, 17.2 cents per unit).

The REIT's statutory accounting loss of $19.6 million includes the following unrealised, non-cash and other items:

- ($65.8) million net fair value movements on investment properties;
- ($12.4) million of net fair value movements in derivatives;
- ($3.5) million of loss on debt extinguishment;
- $1.3 million of ground rent on leasehold properties;
- $1.5 million of straightlining of rental income and amortisation of lease fees/incentives; and
- ($0.2) million of other non operating items.

Refer to attached consolidated balance sheet, consolidated statement of comprehensive income and consolidated cash flow statement for further detail.

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Details of Distributions

Distributions paid or declared by the REIT during the year ending 30 June 2024 are as follows:

Quarter	Paid	Cents per unit	$'m
Quarter ending 30 September 2023	20 October 2023	4.00	14.8
Quarter ending 31 December 2023	19 January 2024	4.00	14.8
Quarter ending 31 March 2024	19 April 2024	4.00	14.9
Quarter ending 30 June 2024	19 July 2024	4.00	14.9
Total		**16.00**	**59.4**

Record date for 30 June 2024 distribution was 28 June 2024.

Refer attached financial statements (Directors Report and Note A2: *Distributions and earnings per security*).

Details of Distribution Reinvestment Plan

The REIT has established a Distribution Reinvestment Plan (DRP) under which securityholders may elect to have all or part of their distribution entitlements satisfied by the issues of new securities rather than being paid in cash.

The DRP issue price is determined at a discount of 1.50% to the daily volume weighted average market price of Charter Hall Social Infrastructure REIT's units sold in the ordinary course of trading on the ASX during the 10 trading day period starting no later than the second business day after the record date.

Applications to participate in or to cease or vary participation in the DRP were required to be correctly completed and lodged by 1 July 2024 if they were to apply to the June quarter distribution.

The REIT has announced that the DRP has been suspended with effect from 14 August 2024.

Net tangible assets

	30 June 2024	30 June 2023
Net tangible asset backing per ordinary unit[1]	$3.82	$4.04

[1] Under the listing rules NTA Backing must be determined by deducting from total tangible assets all claims on those assets ranking ahead of the ordinary securities (i.e. all liabilities, preference shares, outside equity interest, etc.)

Control gained or lost over entities during the year

Refer to attached 30 June 2024 Financial Statements (Note D7: *Interest in other entities*).

Details of associates and joint venture entities

Refer to attached 30 June 2024 Financial Statements (Note B2: *Investment in joint venture entities*)

Other significant information

For additional information regarding the results of the REIT for the year ended 30 June 2024 please refer to the FY24 Full Year Results Presentation lodged with the ASX. Also refer to attached financial statements.

Results of segments

Refer to attached financial statements (Note A1: Segment information).

Other factors

Refer to attached financial statements (Directors Report).

Audit of financial statements

The accounts have been audited (refer to attached financial statements).

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Charter Hall Social Infrastructure REIT

ARSN 102 955 939

Directors' report and financial report
For the year ended 30 June 2024

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Important Notice

Charter Hall Social Infrastructure Limited ACN 111 338 937; AFSL 281544 (CHSIL) is the Responsible Entity of Charter Hall Social Infrastructure REIT ARSN 102 955 939 (REIT). CHSIL is a controlled entity of Charter Hall Limited ABN 57 113 531 150 (Charter Hall). The REIT is incorporated and domiciled in Australia. The registered office of the REIT is Level 20, No.1 Martin Place, Sydney NSW 2000.

Past performance is not a reliable indicator of future performance. Due care and attention have been exercised in the preparation of forecast information; however, forecasts, by their very nature, are subject to uncertainty and contingencies, many of which are outside the control of CHSIL. Actual results may vary from forecasts and any variation may be materially positive or negative.

This report has been prepared for general information purposes only and is not an offer or invitation for subscription or purchase of, or recommendation of, securities. It does not take into account the investment objectives, financial situation or needs of any investor. Before investing, the investor or prospective investor should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances and consult an investment adviser if necessary.

CHSIL does not receive fees in respect of the general financial product advice it may provide; however, it will receive fees for operating the REIT which, in accordance with the REIT's constitution, are calculated by reference to the value of the assets and the performance of the REIT. Controlled entities of Charter Hall may also receive fees for managing the assets of, and providing resources to, the REIT. Charter Hall and its related entities, together with their officers and directors, may hold units in the REIT from time to time.

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Directors' report

The Directors of Charter Hall Social Infrastructure Limited (Responsible Entity or CHSIL), the Responsible Entity of Charter Hall Social Infrastructure REIT, present their report together with the consolidated financial statements of Charter Hall Social Infrastructure REIT and its controlled entities (the REIT) for the year ended 30 June 2024.

The REIT is a registered scheme, and CHSIL is a company limited by shares. The REIT and CHSIL are incorporated and domiciled in Australia with the registered office and principal place of business located at Level 20, 1 Martin Place, Sydney NSW 2000. CHSIL is a controlled entity of Charter Hall Limited.

Principal activities

The principal activity of the REIT during the year was property investment. There were no significant changes in the nature of the REIT's activities during the year.

Directors

The following persons have held office as Directors of the Responsible Entity during the year and up to the date of this report, unless otherwise stated:

- Greg Paramor AO – Chair and Non-Executive Director
- Michael Johnstone – Non-Executive Director
- Kate Melrose – Non-Executive Director
- Bevan Towning – Non-Executive Director (appointed 25 July 2023)
- Sean McMahon – Executive Director and Chief Investment Officer (Charter Hall Group)
- Miriam Patterson – Executive Director

Distributions

Distributions paid or declared by the REIT to unitholders:

	2024			2023		
	Number of units on issue	**Cents per unit**	**$'m**	Number of units on issue	Cents per unit	$'m
30 September	**369,520,139**	**4.00**	**14.8**	366,283,114	4.30	15.7
31 December	**370,575,441**	**4.00**	**14.8**	367,112,102	4.30	15.8
31 March	**371,576,736**	**4.00**	**14.9**	367,792,223	4.30	15.8
30 June	**372,482,429**	**4.00**	**14.9**	368,388,113	4.30	15.8
Total distributions		**16.00**	**59.4**		17.20	63.1

Distribution Reinvestment Plan

The REIT has established a Distribution Reinvestment Plan (DRP) under which unitholders may elect to have all or part of their distribution entitlements satisfied by the issue of new units rather than being paid in cash.

The DRP issue price is determined at a discount of 1.5% to the daily volume weighted average price of all units traded on the ASX during the 10 business days commencing no later than the second business day following the distribution record date. During the year 4,094,316 units were issued at an average issue price of $2.72 per unit. An additional $2.6 million was raised from the DRP for the 30 June 2024 distribution allotted on 19 July 2024.

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Directors' report (continued)

Review and results of operations

The REIT recorded a statutory loss for the year of $19.6 million (2023: $58.7 million profit). Operating earnings amounted to $59.5 million (16.0 cents per unit) for the year ended 30 June 2024 (2023: $59.2 million, 16.1 cents per unit) and distributions of $59.4 million (16.0 cents per unit) were declared for the same period (2023: $63.1 million, 17.2 cents per unit).

The 30 June 2024 financial results are summarised as follows:

	2024	2023
Total revenue ($ millions)	**118.4**	117.3
Statutory (loss)/profit ($ millions)	**(19.6)**	58.7
Basic (loss)/earnings per unit (cents)	**(5.3)**	16.0
Operating earnings ($ millions)	**59.5**	59.2
Operating earnings per unit (cents)	**16.0**	16.1
Distributions ($ millions)	**59.4**	63.1
Distributions per unit (cents)	**16.0**	17.2
Total assets ($ millions)	**2,177.1**	2,265.7
Total liabilities ($ millions)	**755.0**	775.6
Net assets ($ millions)	**1,422.1**	1,490.1
Units on issue (millions)	**372.5**	368.4
Net assets per unit ($)	**3.82**	4.04
Balance sheet gearing - total debt (net of cash) to total assets (net of cash)	**33.0%**	32.2%
Look through gearing - total debt (net of cash) to total assets (net of cash)	**33.7%**	32.8%

The table below sets out income and expenses that comprise operating earnings on a proportionate consolidation basis:

		2024 $'m	2023 $'m
Net property income		106.3	100.5
Distribution income		–	1.0
Interest income		1.0	0.8
Fund management fees		(11.2)	(11.3)
Finance costs		(34.3)	(29.3)
Administration and other expenses		(2.3)	(2.5)
Operating earnings	A1	59.5	59.2

Operating earnings is a financial measure which represents profit under Australian Accounting Standards adjusted for net fair value movements, non-cash accounting adjustments such as straight lining of rental income and amortisations and other unrealised or one-off items that are not in the ordinary course of business or are capital in nature.

The inclusion of operating earnings as a measure of the REIT's profitability provides investors with the same basis that is used internally for evaluating operating segment performance. Operating earnings is used by the Board to make strategic decisions and as a guide to assessing an appropriate distribution to declare.

The uncertainty of the current geopolitical events and current high levels of consumer price inflation and interest rates in Australia may have an impact on the future performance of the portfolio. The REIT benefits from annual increases in its leases comprising both fixed and inflation-linked increases and has staggered interest rate hedging positions in place.

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Directors' report (continued)

Reconciliation of operating earnings to statutory (loss)/profit is set out below:

	2024 $'m	2023 $'m
Operating earnings	**59.5**	59.2
Net fair value movements on investment properties*	**(65.8)**	(6.4)
Net fair value movements on derivative financial instruments*	**(12.4)**	1.4
Straight lining of rental income, amortisation of lease fees and incentives*	**1.5**	3.8
Loss on debt extinguishment	**(3.5)**	–
Ground rent on leasehold properties	**1.3**	1.4
Interest on lease liabilities	**(0.2)**	(0.4)
Other	**(0.0)**	(0.3)
Statutory (loss)/profit for the year	**(19.6)**	58.7
Basic weighted average number of units (millions)	**370.8**	367.2
Basic (loss)/earnings per unit (cents)	**(5.3)**	16.0
Operating earnings per unit (cents)	**16.0**	16.1
Distribution per unit (cents)	**16.0**	17.2

* Includes the REIT's proportionate share of non-operating items of equity accounted investments on a look-through basis.

Fair value movements on investment properties

The net fair value movements on investment properties totalling a loss of $65.8 million year (2023: $6.4 million) comprised valuation losses on a proportionate consolidation basis totalling $61.5 million (2023: gain of $4.8 million), revaluation decrements attributable to transaction costs of $1.7 million (2023: $6.3 million) and straight lining of rental income, amortisation of lease fees and incentives of $2.6 million (2023: $4.9 million).

As at 30 June 2024, 100% (2023:100%) of properties not held for sale, including the properties held by the joint ventures, were externally valued.

Significant changes in the state of affairs

Acquisitions

During the year, the REIT acquired the following assets:

	Acquisition date	Acquisition price $'m
277-283 Hardey Road, Cloverdale WA	November 2023	5.9
33 Streatham Street, Beckenham WA	March 2024	5.0
		10.9

As at 30 June 2024, the REIT has exchanged contracts for the acquisition of two childcare assets located in South Australia. One operating centre for $4.6 million and one fund through development for a total consideration of $6.2 million, totalling $10.8 million, with both settlements expected by October 2024.

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Directors' report (continued)

Disposals

During the year, the REIT disposed the following assets:

	Disposal date	Disposal price $'m
93 Cabramatta Road, Mosman NSW	August 2023	4.4
51-57 Hutchison Circuit, Queanbeyan NSW	September 2023	3.6
86-88 Coachwood Drive, Jimboomba QLD	September 2023	3.4
554-556 Springvale Road, Springvale South VIC	October 2023	3.6
34-36 Colorado Drive, Blue Haven NSW	October 2023	3.2
5 George Street, Junee NSW	November 2023	1.0
19-31 Brookwater Parade, Lyndhurst VIC	December 2023	5.7
89 Westbury Street, St Kilda VIC	February 2024	4.7
274 Warwick Road, Churchill QLD	March 2024	4.3
13 Crago Street, Yass NSW	May 2024	2.3
67 Midgley Street, Corrimal NSW	June 2024	3.0
17-19 Clay Street, West Ipswich QLD	June 2024	3.0
5 Tennent Road, Mount Hutton NSW	June 2024	1.9
		44.1

As at 30 June 2024, two childcare assets located in in Victoria have been contracted for sale for total consideration of $7.5 million with both settlements expected to occur by March 2025.

Debt Arrangements and hedging

In December 2023, the REIT restructured $160 million of existing interest rate swap agreements, which increased the REIT's interest rate hedging profile.

In January 2024, the REIT refinanced its debt facilities to a new unsecured debt platform. As at 30 June 2024 the weighted average debt expiry is 3.9 years.

There were no other significant changes in the state of affairs of the REIT that occurred during the year.

Business strategies and prospects

The REIT will continue with its strategy to provide predictable and secure long-term cash flows with the opportunity for capital growth from social infrastructure investments. The REIT's stable financial position with minimal vacancy, long-term leases and secured debt financing, positions the REIT to maintain sustainable income for investors. The REIT is focused on proactively managing its portfolio to ensure it is strategically positioned for sustainable growth as part of its broadened social infrastructure investment mandate.

The material business risks faced by the REIT that are likely to have an effect on its financial performance are set out on the following pages. A dedicated risk is compliance team is responsible for the ongoing review and monitoring of compliance and risk management systems. The Board regularly reviews material risks to ensure they remain within the REIT's agreed risk appetite.

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Directors' report (continued)

Risk		Description	Mitigation
External Risks	Property cycle risk and adverse market or economic conditions	Failure to insulate against property cycle downturns and slowing economic conditions may have an impact on asset values and investor returns.	The REIT undertakes a detailed annual strategic review for all assets to inform recycling of capital into higher quality assets. By undertaking ongoing due diligence including demographics, catchments, competitor threats, and by leveraging consultant expertise, we ensure that we remain informed of market changes.
	Tenant Risk	The REIT relies on tenants to generate the majority of its revenue under the lease agreements entered into in respect of its properties. If a tenant is unable to meet its rental or contractual obligations, this may lead to a loss of rental income or losses to the value of the REIT's properties.	With respect to tenant risk, the REIT's leases typically contain security clauses in the form of bank guarantees provided by tenants - typically six months' rent. As at 30 June 2024, the REIT holds approximately $47.6 million in bank guarantees.
	Concentration Risk	The REIT's properties are predominantly childcare properties and therefore any adverse events in the childcare sector may impact on the tenants' ability to meet their lease obligations and also the future growth prospects of the portfolio. As at 30 June 2024, Goodstart Early Learning Limited (Goodstart) contributes 32.4% of the REIT's total rental income.	With respect to concentration risk, the REIT's leases with Goodstart contain financial reporting obligations that allow regular monitoring of the financial performance of Goodstart. In addition to this, the REIT has broadened its investment mandate to include other social infrastructure assets. Over time, it is the REIT's intention to diversify its asset base to mitigate the concentration risk it currently has in childcare properties.

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Directors' report (continued)

Risk		Description	Mitigation
Financial Risks	Debt and equity capital management	Effective capital management is required to meet the REIT's ongoing liquidity and funding requirements. The inability to raise new capital to pursue growth opportunities or to raise replacement capital at challenging points in the debt or equity markets cycle is a key risk. A relationship breakdown or termination of a joint venture partnership may result in reputational or financial damage.	We mitigate these risks by implementing our debt diversity strategy combined with regular monitoring and reporting on debt covenants and stress testing of liquidity positions. We have demonstrated strong performance and an equity raising track record. We manage our relationships with our partners through Investment Agreements including investment committee oversight of all key decisions with structured and pre-agreed reporting.
	Interest rates	Rising interest rates may adversely impact the REIT by increasing finance costs and impacting the amount the REIT has available to distribute to investors.	The REIT has a Treasury Risk Management Policy which includes policies and controls to minimise the impact of fluctuating interest rates on the REIT's financial performance. The REIT enters into interest rate swaps in order to provide more certainty for the REIT's finance costs. As at 30 June 2024, the REIT currently has 86.0% of its debt hedged at an weighted average hedged rate of 2.3% and a weighted average hedge maturity term of 2.0 years.
Operational Risks	Work, Health & Safety (WHS) obligations, critical safety incident or significant crisis	The REIT has a commitment to promote and protect the health, safety and wellbeing of its people, customers, contractors and all users of the REIT's assets.	Our Group WHS Manager collaborates closely with our property management teams to ensure the implementation of the Group WHS management system (WHSMS) and the WHS Strategy which sets the direction, objectives, targets, and associated activities to support and drive continuous improvement in WHS across the Group.
	Technology and cyber security	There is increasing sophistication of cyber-attacks, particularly denial of service impact on Building Management Security. A reportable data breach may result in adverse impact on reputation and/or financial penalty.	The cyber security strategy and program continues with external validation and yearly review of IT policies against best practice. We undertake annual penetration tests against critical systems and properties and have brought all critical systems under IT General Controls (ITGC) including regular user access reviews. Our internal audit includes risk identification and assessment for new platforms. We also have a formal cyber insurance policy which covers incident remediation costs.

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Directors' report (continued)

Risk		Description	Mitigation
	Organisational culture and conduct	Our ongoing success depends on our ability to attract, engage and retain a motivated and high-performing workforce to deliver our strategic objectives and an inclusive culture that supports our values.	We have a Code of Conduct in place with all employees and undertake consistent messaging and tone at the top regarding behaviour. We have a formal Whistleblower Policy in place and process to obtain regular employee feedback on culture and behaviours which is used to inform management decisions.
Environmental	Climate change	There is an increasing interest and expectation amongst investor groups on reporting against climate change risk. There has been the introduction of Task Force on Climate-related Financial Disclosures (TCFD) as a framework to address climate change through governance, risk management, metrics and targets.	The REIT has aligned with the TCFD framework and developed our Climate Strategy for a Low Carbon Economy and Business as Usual Scenario. We have created a TCFD Working Group to inform climate resilience and reporting approach. We have undertaken physical climate change risk exposure assessments across assets and planning for climate change adaptation. Climate change adaptation due diligence is undertaken during the acquisition process.
Regulatory	AFSL compliance	CHSIL is required to comply with Australian Financial Services Licence requirements through our established policies and frameworks.	Regular compliance reporting is undertaken to the Audit, Risk and Compliance Committee (ARCC), including mandatory annual compliance training requirements for all employees. In addition, we have formalised compliance committees with annual external audit of compliance plans.
	Management of conflicts of interest	Inadequate management of tenant and acquisition conflicts may arise between Charter Hall managed funds or related party transactions may be inappropriately managed. There is also a risk that the REIT fails to pay market rate for related party services.	Conflict of Interest protocols are embedded in the business, including annual declarations from all employees and directors, board reporting/approval for all related party transactions. We have in place a Compliance Plan/function including oversight of Conflict of Interest/Related Party protocols and formalised asset allocation protocols.

Matters subsequent to the end of the financial year

In August 2024, the REIT exchanged contracts for the disposal of three childcare assets for $27.9 million expected to settle by the end of October 2024.

The Directors of the Responsible Entity are not aware of any other matter or circumstance not otherwise dealt with in this report or the annual consolidated financial statements that has significantly affected or may significantly affect the operations of the REIT, the results of their operations or the state of affairs of the REIT in future financial years.

Likely developments and expected results of operations

The consolidated financial statements have been prepared on the basis of current known market conditions. The extent to which a potential deterioration in either the capital or property markets that may have an impact on the results of the REIT are unknown. Such developments could influence property market valuations, the ability to raise or refinance debt and the cost of such debt, or the ability to raise equity.

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Directors' report (continued)

At the date of this report and to the best of the Directors' knowledge and belief, there are no other anticipated changes in the operations of the REIT which would have a material impact on the future results of the REIT. Property valuation changes, movements in the fair value of derivative financial instruments and movements in interest rates may have a material impact on the REIT's results in future years; however, these cannot be reliably measured at the date of this report.

Indemnification and insurance of Directors, Officers and Auditor

During the year, the REIT contributed to the premium for a contract to insure all directors, secretaries, executive officers and officers of the REIT and of each related body corporate of the REIT, with the balance of the premium paid by Charter Hall Group and funds managed by members of Charter Hall Group. In accordance with usual commercial practice, the insurance contract prohibits disclosure of details relating to the nature of the liabilities covered by the insurance, the limit of indemnity and the amount of the premium paid under the contract.

Provided the officers of the Responsible Entity act in accordance with the REIT's constitution and the *Corporations Act 2001*, the officers are indemnified out of the assets of the REIT against losses incurred while acting on behalf of the REIT. The insurance does not provide cover for the independent auditors of the REIT or of a related body corporate of the REIT. The REIT indemnifies the auditor (PricewaterhouseCoopers Australia) against any liability (including legal costs) for third party claims arising from a breach by the REIT of the auditor's engagement terms, except where prohibited by the *Corporations Act 2001*.

Fees paid to and interests held in the REIT by the Responsible Entity or its associates

Base management fees of $11,235,939 (2023: $11,343,289) and other fees of $7,083,309 (2023: $4,328,533) were paid or are payable to the Responsible Entity, its associates or third party service providers for the services provided during the year, in accordance with the REIT's constitution as disclosed in Note D1 to the consolidated financial statements.

The interests in the REIT held by the Responsible Entity or its associates as at 30 June 2024 and fees paid to its associates during the year are disclosed in Note D1 to the consolidated financial statements.

Interests in the REIT

The movement in units of the REIT during the year is set out below:

	2024	2023
Units on issue at the beginning of the year	**368,388,113**	365,476,005
Units issued during the year via distribution reinvestment plan	**4,094,316**	2,912,108
Units on issue at the end of the year	**372,482,429**	368,388,113

Environmental regulations

The REIT is not subject to any significant environmental regulations under Commonwealth, state or territory legislation other than those relevant to the specific assets held by the REIT. However, the Directors believe that the REIT has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the REIT.

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Directors' report (continued)

Information on current Directors

Director	Experience	Special responsibilities	Interest in units of the REIT
Greg Paramor AO	Greg joined the Board of CQE on 19 April 2023 and was appointed Chair on that day. Greg has more than 45 years' experience in the real estate and funds management industry. During his executive career, Greg held a number of senior leadership positions, including Managing Director of Folkestone Limited and CEO of Mirvac Group following its acquisition of James Fielding Group, a company that Greg co-founded. He also co-founded Equity Real Estate Partners, Growth Equities Mutual, and Paladin Australia. Greg is a past president of the Property Council of Australia and past president of Investment Funds Association, a Fellow of the Australian Property Institute and The Royal Institute of Chartered Surveyors. Greg is a board member of the Sydney Swans, the Sydney Swans Foundation and Eureka Group Holdings Limited. Greg was awarded an Officer in the General Division (AO) of the Order of Australia in January 2015 for his distinguished service to the community through executive roles in a range of fields, including breast cancer research, the not-for-profit sector and real estate and property investment industries.	Chair, Member of Audit, Risk and Compliance Committee	526,257
Michael Johnstone	Michael joined the Board of CQE on 22 December 2004. Michael has 45 years of global experience in chief executive and general management roles and more recently in company directorships, across the property and funds management industries. He has extensive experience in mergers and acquisitions, capital raising, property investment and funds management. In his executive career, Michael held a variety of leadership positions at Jennings Industries, including General Manager of AVJennings Homes, General Manager Commercial Property, CEO of Jennings Properties Limited (Centro) and President Jennings USA. He also held the role of Global General Manager Real Estate at NAB, responsible for commercial property lending and corporate property investment. He was formerly a Non-Executive Director of Dexus Convenience Retail REIT (DXC) and Dexus Industrial REIT (DXI), and in the private sector a Non-Executive Director of Dennis Family Holdings and Chair of Dennis Family Homes. In the not-for-profit sector he has chaired the Cairnmillar Institute and been a board member of the Salvation Army and Yarra Community Housing.	Chair of Audit, Risk & Compliance Committee	84,728

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Directors' report (continued)

Director	Experience	Special responsibilities	Interest in units of the REIT
Bevan Towning	Bevan was appointed to the Board of CQE on 25 July 2023. He has 40 years of global experience in real estate funds management across Asia Pacific and Europe. Bevan was most recently Global Head of Real Estate at Australian Super and was responsible for its global real estate portfolio. Before joining Australian Super, he was responsible for Global Property Funds at Cromwell Property Group based in their London office. Bevan has had an extensive executive career in all aspects of property investment management, development and construction, and capital placement in leading Australian real estate businesses including Lendlease, Mirvac and Colonial First State Property. Bevan is a member of the Australian Property Institute.	Member of Audit, Risk and Compliance Committee	10,000
Kate Melrose	Kate was appointed to the Board of CQE on 11 March 2020. Kate has 30 years' experience in ASX listed and private property sectors with a background in valuation, property economics, research, transactions and creating a range of mixed use and living sector assets, large scale urban communities, social infrastructure, vertical villages, retirement and aged care and land lease lifestyle assets. She is an experienced executive and spent 14 years with Lendlease in positions as development director, global strategic marketing manager, business strategy, housing design innovation, revenue growth and customer and market research. Kate spent 10 years as Executive, General Manager Project Sales and Stakeholder Engagement and Innovation with Ingenia Communities, a Director on the Sungenia Board, and contributed to the rapid growth of the land lease portfolio of resilient rental assets and strong development pipeline. She is also a strategic advisor to two growth businesses, a proptech start up and not-for-profit retirement and aged care operator. Kate is a graduate of Australian Institute of Company Directors (GAICD), holds a Bachelor of Business (Land Economics), a Real Estate Licence (NSW), is a member of UDIA and committee member of API and has completed the Melbourne Business School – Leading for Organisational Change; Corporate Real Estate Certificate and Artificial Intelligence and Machine Learning Masterclass from UTS.	Member of Audit, Risk and Compliance Committee	35,881
Sean McMahon	Sean joined the Board of CQE on 17 November 2018. Sean has 30 years of property and investment banking experience in the real estate sector and is active in the listed, wholesale and direct capital markets. As Chief Investment Officer, Sean is responsible for Charter Hall Group's strategy and balance sheet investments, mergers and acquisitions, with oversight for multi sector disciplines including property transactions, together with corporate development. He brings a wealth of experience across investment markets, diversified across office, industrial and retail sectors, and has been responsible for driving the development of corporate strategies, capital allocation and reinvestment programs. Prior to joining Charter Hall, Sean worked at national diversified property group Australand (now Frasers) as Chief Investment Officer and was previously responsible for investment and development for all commercial, industrial and retail property. Prior to Frasers, Sean spent seven years at Macquarie Bank as a senior executive in the Property Investment Banking division undertaking property finance, structured finance, funds management and joint venture transactions.	Nil	58,800

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Directors' report (continued)

Director	Experience	Special responsibilities	Interest in units of the REIT
Miriam Patterson	Miriam joined the Board of CQE on 9 September 2020. Miriam has over 20 years' experience in property and infrastructure investing. Miriam is the Fund Manager of Charter Hall Prime Office Fund, a $9 billion institutional grade office fund for wholesale investors. Miriam's prior roles at Charter Hall have included Head of Office Partnerships, responsible for the management of over $10 billion of wholesale office portfolios on behalf of wholesale investors and Fund Manager for Charter Hall's Direct business, with over $8 billion of funds under management where she was responsible for growing the institutional quality of investments available to retail investors. Prior to Charter Hall, Miriam was the Head of Real Assets at Telstra Super overseeing a $4 billion real estate and infrastructure investment portfolio and worked previously in asset management and transactions at Hastings Funds Management Ltd. Miriam is a member of the Australian Institute of Company Directors and member of Chartered Accountants Australia and New Zealand (CAANZ). Miriam holds a Bachelor of Commerce in Accounting and Finance and a Bachelor of Science in Applied Mathematics from the University of Melbourne.	Nil	Nil

Meetings of Directors

	Full meetings of Directors		Meetings of Audit, Risk and Compliance Committee	
Name	Eligible to attend	Attended	Eligible to attend	Attended
Greg Paramor	6	6	4	4
Michael Johnstone	6	6	4	4
Bevan Towning	6	6	4	4
Kate Melrose	6	6	4	4
Sean McMahon	6	6	-	-
Miriam Patterson	6	6	-	-

Joint Company Secretaries

Travis Butcher was appointed as Company Secretary for the REIT on 6 September 2016.

Travis has over 20 years' financial experience. Travis is a Chartered Accountant who began his career at PricewaterhouseCoopers specialising in transaction services and audit. Travis was previously the Chief Financial Officer of the REIT since 2008, and was appointed Fund Manager on 26 November 2019.

Travis is a member of Chartered Accountants Australia and New Zealand and holds a Bachelor of Accounting from Monash University.

Mark Bryant was appointed as Company Secretary for the REIT on 7 November 2018.

Mark holds a Bachelor of Business (Accounting), a Bachelor of Laws (First Class Honours), a Graduate Certificate in Legal Practice, and is admitted as a lawyer of the Supreme Court of NSW. Mark has over 18 years' experience as a lawyer, including advising on listed company governance, securities law, funds management, real estate, and general corporate law. Mark joined Charter Hall in 2012, prior to which he was a Senior Associate in the Sydney office of King & Wood Mallesons.

Mark is the Group General Counsel and Company Secretary for the Charter Hall Group.

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Directors' report (continued)

Non-audit services

The Responsible Entity may decide to engage the auditor (PricewaterhouseCoopers) on assignments in addition to the statutory audit duties where the auditor's expertise and experience with the REIT are important.

Details of the amounts paid to the auditor for audit and non-audit services provided during the year are disclosed in Note D6 to the consolidated financial statements.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit, Risk and Compliance Committee, is satisfied that the provision of the non-audit services is compliant with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out in Note D6 to the consolidated financial statements, did not compromise the auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit, Risk and Compliance Committee to ensure that they do not impact the integrity and objectivity of the auditor and
- none of the services undermine the general principles relating to auditor independence as set out in Accounting Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants*.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 16.

Rounding of amounts

As permitted by ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 (as amended) issued by the Australian Securities and Investments Commission relating to the rounding off of amounts in the Directors' report and consolidated financial statements. Amounts in the Directors' report and consolidated financial statements have been rounded to the nearest hundred thousand dollars, unless otherwise indicated.

This report is made in accordance with a resolution of the Board of Directors.

Directors' authorisation

The Directors' report is made in accordance with a resolution of the Directors. The consolidated financial statements were authorised for issue by the Directors on 14 August 2024. The Directors have the power to amend and re-issue the consolidated financial statements.

Greg Paramor AO
Chair
Sydney
14 August 2024

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Auditor's Independence Declaration

As lead auditor for the audit of Charter Hall Social Infrastructure REIT for the year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Charter Hall Social Infrastructure REIT and the entities it controlled during the period.

A S Wood
Partner
PricewaterhouseCoopers

Sydney
14 August 2024

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Consolidated statement of comprehensive income

	Notes	2024 $'m	2023 $'m
Revenue			
Property income	A1	**117.4**	115.5
Distribution income		**–**	1.0
Interest income		**1.0**	0.8
Total revenue		**118.4**	117.3
Other income			
Net fair value gain on investment properties	B1	**–**	1.9
Net fair value gain from derivative financial instruments	C3	**–**	1.5
Share of net profit from joint ventures	B2	**–**	0.4
Total revenue and other income		**118.4**	121.1
Expenses			
Property expenses		**(21.9)**	(19.6)
Fund management fees	D1	**(11.2)**	(11.3)
Finance costs	C2	**(36.8)**	(28.7)
Administration and other expenses		**(2.4)**	(2.8)
Share of net loss from joint ventures	B2	**(14.9)**	–
Net fair value loss from derivative financial instruments	C3	**(11.9)**	–
Net fair value loss on investment properties	B1	**(38.9)**	–
Total expenses		**(138.0)**	(62.4)
Profit/(loss) for the year		**(19.6)**	58.7
Other comprehensive income			
Loss on revaluation of financial asset		**–**	(7.7)
Other comprehensive income		**–**	(7.7)
Total comprehensive (loss)/income for the year		**(19.6)**	51.0
Basic and diluted (loss)/earnings per ordinary unitholder of the REIT			
(Loss)/earnings per unit (cents)	A2	**(5.3)**	16.0

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

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Consolidated balance sheet

	Notes	2024 $'m	2023 $'m
Assets			
Current assets			
Cash and cash equivalents		**11.6**	14.5
Receivables	D2	**4.1**	4.5
Other assets	D2	**2.6**	4.0
Derivative financial instruments	C3	**7.8**	1.0
Investment properties held for sale	B1	**7.5**	11.6
Total current assets		**33.6**	35.6
Non-current assets			
Investment properties	B1	**1,963.0**	2,004.3
Investments in joint ventures	B2	**173.9**	200.5
Derivative financial instruments	C3	**6.6**	25.3
Total non-current assets		**2,143.5**	2,230.1
Total assets		**2,177.1**	2,265.7
Liabilities			
Current liabilities			
Payables	D2	**14.7**	15.4
Distribution payable	A2	**14.9**	15.8
Lease liabilities	D3	**1.0**	1.2
Other liabilities	D2	**0.4**	5.6
Total current liabilities		**31.0**	38.0
Non-current liabilities			
Borrowings	C2	**722.2**	734.9
Lease liabilities	D3	**1.8**	2.7
Total non-current liabilities		**724.0**	737.6
Total liabilities		**755.0**	775.6
Net assets		**1,422.1**	1,490.1
Equity			
Contributed equity	C4	**661.0**	650.0
Undistributed profits		**761.1**	840.1
Total equity		**1,422.1**	1,490.1

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

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Consolidated statement of changes in equity

	Notes	Contributed equity $'m	Reserves $'m	Undistributed profits $'m	Total $'m
Total equity at 1 July 2022		640.6	30.0	822.2	1,492.8
Profit for the year		–	–	58.7	58.7
Other comprehensive income		–	(7.7)	–	(7.7)
Total comprehensive income for the year		–	(7.7)	58.7	51.0
Transfer of reserves		–	(22.3)	22.3	–
Transactions with unitholders in their capacity as unitholders					
- Contributions of equity, net of issue costs	C4	9.4	–	–	9.4
- Distributions paid and payable	A2	–	–	(63.1)	(63.1)
Total equity at 30 June 2023		650.0	–	840.1	1,490.1
Total equity at 1 July 2023		**650.0**	**–**	**840.1**	**1,490.1**
Loss for the year		**–**	**–**	**(19.6)**	**(19.6)**
Total comprehensive loss for the year		**–**	**–**	**(19.6)**	**(19.6)**
Transactions with unitholders in their capacity as unitholders					
- Contributions of equity, net of issue costs	C4	**11.0**	**–**	**–**	**11.0**
- Distributions paid and payable	A2	**–**	**–**	**(59.4)**	**(59.4)**
Total equity at 30 June 2024		**661.0**	**–**	**761.1**	**1,422.1**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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Consolidated cash flow statement

	Notes	2024 $'m	2023 $'m
Cash flows from operating activities			
Property income received		**122.8**	126.4
Property expenses paid		**(23.9)**	(23.2)
Fund management fees paid		**(12.5)**	(12.2)
Administration and other expenses paid		**(2.6)**	(2.8)
Net GST paid with respect to operating activities		**(8.4)**	(9.8)
Distributions received from interest in financial asset and joint ventures		**12.3**	7.9
Interest received		**1.0**	0.8
Finance costs paid		**(32.5)**	(28.3)
Net cash flows from operating activities	A3	**56.2**	58.8
Cash flows from investing activities			
Net proceeds from sale of investment properties		**42.8**	37.1
Payments for investment properties		**(35.3)**	(102.2)
Proceeds from sale of financial asset		**–**	43.8
Payments for investments in joint ventures		**–**	(162.8)
Net cash flows from investing activities		**7.5**	(184.1)
Cash flows from financing activities			
Proceeds from borrowings (net borrowing costs)		**34.7**	232.0
Repayment of borrowings		**(52.0)**	(46.0)
Payments for derivative financial instruments		**–**	(2.6)
Distributions paid (net of DRP)		**(49.3)**	(54.1)
Net cash flows from financing activities		**(66.6)**	129.3
Net (decrease)/increase in cash and cash equivalents		**(2.9)**	4.0
Cash and cash equivalents at the beginning of the year		**14.5**	10.5
Cash and cash equivalents at the end of the year		**11.6**	14.5

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

Non-cash financing and investing activities

The following non-cash financing activities are not reflected in the statement of cash flows:

	Notes	2024 $'m	2023 $'m
Distributions by the REIT during the year satisfied by the issue of units under the DRP	C4	**11.0**	9.4

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About this report

The notes to these consolidated financial statements include additional information which is required to understand the operations, performance and financial position of the REIT. They are organised in four key sections:

- **A. REIT performance** – provides key metrics used to measure financial performance
- **B. Property portfolio assets** – explains the structure of the investment property portfolio and investments in joint ventures
- **C. Capital structure and financial risk management** – details of how the REIT manages its exposure to various financial risks
- **D. Further information –** provides additional disclosures not included in previous sections but relevant in understanding the consolidated financial statements

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Critical accounting estimates and judgements

The preparation of the consolidated financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates and management to exercise its judgement in the process of applying the REIT's accounting policies.

The areas involving significant estimates or judgements are:

- Fair value estimation – B1 Investment properties
- Consolidation decisions and classification of joint arrangements - B2 Investments in joint venture entities.

In preparing its financial statements, the REIT has considered the ongoing impact that the future economic outlook has had on its business operations and upon the business operations of its tenant customers. In assessing such impacts management has relied upon certain key estimates to evaluate current and future business conditions. Inherent in any estimate is a level of uncertainty. Estimation uncertainty is associated with the extent and duration of a high inflation and interest rate environment, including:

- the disruption and volatility to capital markets
- deteriorating credit and liquidity concerns
- the effectiveness of government and central bank measures
- judgements in property valuations.

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A. REIT performance

This section provides additional information on the key financial metrics used to define the results and performance of the REIT, including operating earnings by segment, net property income, distributions and earnings per unit.

Operating earnings is a financial measure which represents profit under Australian Accounting Standards adjusted for net fair value movements, non-cash accounting adjustments such as straight lining of rental income and amortisations and other unrealised or one-off items that are not in the ordinary course of business or are capital in nature.

The inclusion of operating earnings as a measure of the REIT's profitability provides investors with the same basis that is used internally for evaluating operating segment performance. Operating earnings is used by the Board to make strategic decisions and as a guide to assessing an appropriate distribution to declare.

A1. Segment information

(a) Description of segments

The Directors of the Responsible Entity have determined the operating segments based on the reports reviewed by the chief operating decision maker, being the Board of the Responsible Entity. The REIT has one operating segment being the investment in social infrastructure properties in Australia.

(b) Segment information provided to the Board

The operating earnings reported to the Board for the operating segment for the year ended 30 June 2024 are as follows:

	2024 $'m	2023 $'m
Property lease revenue	**109.6**	107.1
Services income	**7.8**	8.4
Property income	**117.4**	115.5
Non-cash adjustments	**(0.7)**	(2.9)
Ground rent on leasehold properties	**(1.3)**	(1.4)
Share of net property income from joint ventures	**12.8**	8.9
Property expenses	**(21.9)**	(19.6)
Net property income	**106.3**	100.5
Distribution income	**–**	1.0
Interest income	**1.0**	0.8
Fund management fees	**(11.2)**	(11.3)
Finance costs	**(34.3)**	(29.3)
Administration and other expenses	**(2.3)**	(2.5)
Operating earnings	**59.5**	59.2

The table below sets out the top three tenants' contribution to property income:

Tenant	**2024**	2023
Goodstart Early Learning Limited	**32%**	34%
Only About Children	**8%**	8%
G8 Education Limited	**8%**	8%

All of the tenants above are experienced childcare centre operators. The leases contain security clauses in the form of a bank guarantee to be provided by its tenants, typically six months rent.

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A. REIT performance (continued)

A reconciliation between operating earnings to the statutory (loss)/profit is set out below:

	2024 $'m	2023 $'m
Operating earnings	**59.5**	59.2
Net fair value movements on investment properties*	**(65.8)**	(6.4)
Net fair value movements on derivative financial instruments*	**(12.4)**	1.4
Straight lining of rental income, amortisation of lease fees and incentives*	**1.5**	3.8
Loss on debt extinguishment	**(3.5)**	–
Ground rent on leasehold properties	**1.3**	1.4
Interest on lease liabilities	**(0.2)**	(0.4)
Other	**(0.0)**	(0.3)
Statutory (loss)/profit for the year	**(19.6)**	58.7
Basic weighted average number of units (millions)	**370.8**	367.2
Basic (loss)/earnings per unit (cents)	**(5.3)**	16.0
Operating earnings per unit (cents)	**16.0**	16.1
Distribution per unit (cents)	**16.0**	17.2

* Includes the REIT's proportionate share of non-operating items of equity accounted investments on a look through basis.

Property lease revenue

Property lease revenue represents income earned from the long-term rental of REIT properties and is recognised on a straight line basis over the lease term. The portion of rental income relating to fixed increases in operating lease rentals in future years is recognised as a separate component of investment properties.

Minimum lease payments to be received include future amounts to be received on non-cancellable operating leases. Amounts receivable under non-cancellable operating leases where the REIT's right to consideration for a service directly corresponds with the value of the service provided to the customer have not been included (for example, variable amounts payable by tenants for their share of the operating costs of the asset).

Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the consolidated financial statements are receivable as follows:

	2024 $'m	2023 $'m
Less than 1 year	**115.9**	114.7
1 - 2 years	**115.4**	112.6
2 - 3 years	**116.2**	112.7
3 - 4 years	**117.8**	112.8
4 - 5 years	**119.0**	114.1
Over 5 years	**1,110.4**	1,173.2
Total	**1,694.7**	1,740.1

Services income

Services income principally includes non-lease income derived under lease agreements with tenants. Non-lease income relates to the proportion of property operating costs which are recoverable from tenants in accordance with lease agreements and relevant legislative acts.

Property expenses

Property expenses include rates and taxes incurred in relation to investment properties where such expenses are the responsibility of the REIT. These expenses are recognised on an accrual basis.

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A. REIT performance (continued)

A2. Distributions and earnings per unit

(a) Distributions paid and payable

	2024			2023		
	Number of units on issue	**Cents per unit**	**$'m**	Number of units on issue	Cents per unit	$'m
30 September	**369,520,139**	**4.00**	**14.8**	366,283,114	4.30	15.7
31 December	**370,575,441**	**4.00**	**14.8**	367,112,102	4.30	15.8
31 March	**371,576,736**	**4.00**	**14.9**	367,792,223	4.30	15.8
30 June	**372,482,429**	**4.00**	**14.9**	368,388,113	4.30	15.8
Total distributions		**16.00**	**59.4**		17.20	63.1

Pursuant to the REIT's constitution, the amount distributed to unitholders is at the discretion of the Responsible Entity. The Responsible Entity uses operating earnings (refer to Note A1) as a guide to assessing an appropriate distribution to declare.

A liability is recognised for the amount of any distribution declared by the REIT on or before the end of the reporting period but not distributed at balance date.

Under current Australian income tax legislation, the REIT is not liable to pay income tax provided the trustee has attributed all the taxable income of the REIT to unitholders.

(b) Earnings per unit

	2024	2023
Basic and diluted earnings		
(Loss)/earnings per unit (cents)	**(5.3)**	16.0
Operating earnings per unit (cents)	**16.0**	16.1
Earnings used in the calculation of basic and diluted earnings per unit		
Net (loss)/profit for the year ($'m)	**(19.6)**	58.7
Operating earnings for the year ($'m)	**59.5**	59.2
Weighted average number of units used in the calculation of basic and diluted earnings per unit (millions)*	**370.8**	367.2

*Weighted average number of units is calculated from the date of issue.

Basic (loss)/earnings per unit is determined by dividing the net (loss)/profit by the weighted average number of ordinary units on issue during the year.

Operating earnings per unit is determined by dividing the operating earnings by the weighted average number of ordinary units on issue during the year.

Diluted earnings per unit is determined by dividing the profit by the weighted average number of ordinary units and dilutive potential ordinary units on issue during the year. The REIT has no dilutive or convertible units on issue.

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A. REIT performance (continued)

A3. Reconciliation of net (loss)/profit to operating cash flows

(a) Reconciliation of net (loss)/profit to net cash flows from operating activities

	Notes	2024 $'m	2023 $'m
Net (loss)/profit		**(19.6)**	58.7
Non-cash items			
Straight lining and amortisation of leasing fees and lease incentives		**(0.7)**	(2.9)
Share of non-operating loss/(earnings) from investments in joint ventures		**26.6**	7.6
Net fair value movement on investment properties		**38.9**	(1.9)
Net fair value movement on derivative financial instruments		**11.9**	(1.5)
Amortisation of borrowing costs		**4.8**	1.4
Ground rent on leasehold properties		**(1.1)**	(1.0)
Rent free incentives		**–**	(0.5)
Interest capitalised on investment properties		**(0.9)**	(1.1)
Change in assets and liabilities			
(Increase)/decrease in trade and other receivables		**(0.3)**	(3.4)
Increase/(decrease) in trade and other payables		**(3.4)**	3.4
Net cash flows from operating activities		**56.2**	58.8

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B. Property portfolio assets

The REIT's property portfolio assets comprise directly held investment properties and indirectly held interests in investment properties held through joint ventures. Investment properties comprise investment interests in land and buildings held for long-term rental yields, including properties that are under development for future use as investment properties. Investments in joint ventures is comprised of indirect interest in investment property held by a separate legal entity to the REIT.

The following table summarises the property portfolio assets detailed in this section, including those directly owned and the REIT's ownership share of the property indirectly held:

	Notes	2024 $'m	2023 $'m
Current assets			
Investment properties held for sale	B1	**7.5**	11.6
Total current assets		**7.5**	11.6
Non-current assets			
Investment properties	B1	**1,963.0**	2,004.3
Investments in joint ventures	B2	**173.9**	200.5
Total non-current assets		**2,136.9**	2,204.8
Property portfolio assets		**2,144.4**	2,216.4

B1. Investment properties

Investment properties

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition, the investment properties are then stated at fair value. Revaluation gains and losses are included in the consolidated statement of comprehensive income in the year in which they arise.

Assets held for sale

Assets which are classified as held for sale are classified as current assets as it is expected they will be divested within the coming reporting period. Each asset is for sale in its current condition and is subject to an active marketing campaign or has an executed sales contract.

Development properties

The total cost of a development property is generally capitalised to its carrying value until development is complete. At the commencement of a development project, an estimated valuation on completion is obtained and the capitalised costs during the project are monitored against this initial valuation.

At each reporting date, the carrying values of development properties are reviewed to determine whether they are in excess of their fair value. Where appropriate, a write-down is made to reflect fair value.

Post completion, the property is externally valued with a full formal report and thereafter the stabilised asset valuation process applies.

Joint operations

The REIT recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the consolidated financial statements under the appropriate headings.

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B. Property portfolio assets (continued)

(a) Reconciliation of the carrying amount of investment properties at the beginning and end of year

	2024 $'m	2023 $'m
Movements during the financial year		
Balance at the beginning of the year	**2,004.3**	1,938.2
Additions*	**35.2**	95.6
Acquisition and disposal costs incurred	**1.7**	6.3
Disposal of properties	**(32.5)**	(29.0)
Reclassification to asset held for sale	**(7.5)**	(11.6)
Revaluation of right-of-use assets	**(1.1)**	(1.0)
Revaluation (decrement)/increment	**(35.4)**	12.2
Revaluation decrement attributable to acquisition and disposal costs, straight lining of rental income, amortisation of incentives and leasing fees	**(2.4)**	(9.3)
Straight lining of rental income, amortisation of incentives and leasing fees	**0.7**	2.9
Carrying amount at the end of the year	**1,963.0**	2,004.3

* Includes $0.9 million (2023: $1.1 million) of interest capitalised on investment properties. Capitalised interest was calculated using 4.6% (2023: 4.2%), being the weighted average interest rate applicable to the REIT's borrowings during the year.

(b) Valuation process

The Responsible Entity conducts an investment property valuation process on a semi-annual basis. This process is overseen by the Executive Property Valuations Committee (EPVC), which is an internal Charter Hall committee comprised of the Charter Hall Group CEO, Chief Investment Officer and Head of Capital Transactions. The role of the EPVC is to oversee the valuation process including:

- approving a panel of independent valuers
- reviewing key valuation inputs and assumptions
- reviewing the independent valuations prior to these being presented to the Board
- acting as an escalation point between the group and any external valuer.

Valuations are performed either by independent professionally qualified external valuers or by Charter Hall's internal valuers who hold recognised relevant professional qualifications. Fair value is determined using a combination of one or more of the following methods discounted cash flow (DCF), income capitalisation and comparable sales.

Each investment property is valued by an independent external valuer at least once every 12 months, or earlier, where the Responsible Entity deems it appropriate or believes there may be a material change in the carrying value of the property. Independent valuers are engaged on a rotational basis. If a property is not externally valued at balance date, an internal valuation is performed.

As at 30 June 2024, 100% (2023: 100%) of properties not held for sale, including the properties held by the joint ventures, were externally valued.

(c) Valuation techniques and key judgements

In determining fair value of investment properties, management has considered the nature, characteristics and risks of its investment properties. Such risks include but are not limited to the property cycle, transaction evidence and structural changes in the current and future macro-economic environment. In particular, the impact on the underlying tenant businesses was considered.

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B. Property portfolio assets (continued)

The table below identifies the inputs, which are not based on observable market data, used to measure the fair value (level 3) of the investment properties, excluding development properties (where applicable):

	Fair value $'m	Net Market Rent ($ sqm/p.a.)*	Adopted capitalisation rate (% p.a.)*	Adopted terminal yield (% p.a.)**	Adopted discount rate (% p.a.)**
2024	**1,960.3**	**168 – 1,790**	**4.50 – 7.00**	**5.75 - 6.25**	**6.75 - 7.25**
2023	1,979.9	166 -1,738	4.00 - 7.50	4.63 - 5.75	5.25 - 6.50

*Applicable to all non-childcare and freehold childcare social infrastructure assets. Leasehold childcare assets are excluded from this metric. Fair value of leasehold childcare assets is $21.8 million (30 June 2023: $23.3 million) which have an average passing yield of 19.0% (2023: 19.3%) and an average passing rent ($ per square metre per annum) of $229 (2023: $240).

**Applicable to all non-childcare social infrastructure assets. All childcare assets are excluded from this metric.

Term	Definition
Discounted cash flow (DCF) method	A method in which a discount rate is applied to future expected income streams to estimate the present value.
Income capitalisation method	A valuation approach that provides an indication of value by converting future cash flows to a single current capital value.
Net market rent	A net market rent is the estimated amount for which a property or space within a property should lease between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and wherein the parties have each acted knowledgeably, prudently and without compulsion. In a net rent, the owner recovers outgoings from the tenant on a pro-rata basis (where applicable).
Capitalisation rate	The return represented by the income produced by an investment, expressed as a percentage.
Terminal yield	A percentage return applied to the expected net income following a hypothetical sale at the end of the cash flow period.
Discount rate	A rate of return used to convert a future monetary sum or cash flow into present value.

Sensitivity analysis

The REIT considers capitalisation rates the most significant assumption that is subject to estimation uncertainty given the nature of its portfolio. Accordingly, sensitivities to the fair value of investment properties (including those owned by the REIT's joint ventures) have been provided around reasonable possible movements in the capitalisation rate.

If the capitalisation rate expanded by 25 basis points, the fair value of all wholly owned investment properties (excluding leasehold childcare assets) would decrease by $85.3 million from the fair value as at 30 June 2024 (including the REIT's share of joint venture properties $94.7 million). If the capitalisation rate compressed by 25 basis points, the fair value would increase by $94.0 million from the fair value as of 30 June 2024 (including the REIT's share of joint ventures properties $104.2 million).

Movement in the inputs is likely to have an impact on the fair value of investment properties. An increase/(decrease) in net market rent will likely lead to an increase/(decrease) in fair value. A decrease/(increase) in adopted capitalisation rate, adopted terminal yield or adopted discount rate will likely lead to an increase/(decrease) in fair value.

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B. Property portfolio assets (continued)

B2. Investments in joint ventures

The REIT accounts for investments in joint venture entities and associates using the equity method, with investments initially recognised at cost and adjusted thereafter to recognise the REIT's share of post-acquisition profits or losses of the investee in profit or loss, and the REIT's share of movements in other comprehensive income of the investee in other comprehensive income of the REIT. Distributions received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

When the REIT's share of losses in an equity accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the REIT does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the REIT and its joint venture entities are eliminated to the extent of the REIT's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the REIT.

The REIT exercises joint control over the joint venture entities, but neither the REIT nor its joint venture partners have control in their own right, irrespective of their ownership interest. An associate is an entity over which the REIT has significant influence. The principal activity of joint venture entities and associates during the year was property investment.

The REIT regularly reviews equity accounted investments for impairment by reference to changes in circumstances or contractual arrangements, external independent property valuations and market conditions, using generally accepted market practices. When a recoverable amount is estimated through a value in use calculation, critical judgements and estimates are made regarding future cash flows and an appropriate discount rate.

Information relating to the joint venture entities is detailed below:

Name of entity	Properties	2024 Ownership	2023 Ownership	2024 $'m	2023 $'m
CH BBD Holding Trust (CH BBD)	Brisbane Bus Depot, Brisbane QLD	**50.0%**	50.0%	**31.2**	44.4
Charter Hall GSA Trust (GSA)	Geoscience Australia, Canberra ACT	**25.0%**	25.0%	**84.6**	89.0
PFA Westmead Trust (Westmead)	Innovation Quarter, Westmead, NSW	**49.9%**	49.9%	**58.1**	67.1
				173.9	200.5

(a) Gross equity accounted value of investments in joint ventures entities

	2024 $'m	2023 $'m
Balance at the beginning of the year	**200.5**	45.3
Additions (including acquisition costs)	**–**	162.8
Acquisition costs written off	**–**	(0.1)
Share of equity accounted (loss)/profit	**(14.9)**	0.4
Distributions received and receivable	**(11.7)**	(7.9)
Balance at the end of the year	**173.9**	200.5

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B. Property portfolio assets (continued)

(b) Summarised financial information for material joint ventures

The information presented below reflects the amounts in the financial statements of the joint ventures.

2024	CH BBD $'m	GSA $'m	Westmead $'m	Total $'m
Summarised balance sheet:				
Cash and cash equivalents	**2.1**	**1.8**	**0.9**	**4.8**
Other current assets	**0.7**	**0.3**	**1.3**	**2.3**
Non-current assets	**113.2**	**343.0**	**116.0**	**572.2**
Current liabilities	**(1.5)**	**(6.7)**	**(1.7)**	**(9.9)**
Borrowings - non-current liabilities	**(52.2)**	**–**	**–**	**(52.2)**
Net assets	**62.3**	**338.4**	**116.5**	**517.2**
REIT's share	**50.0%**	**25.0%**	**49.9%**	
REIT's share in $'m and carrying value	**31.2**	**84.6**	**58.1**	**173.9**
Summarised statement of comprehensive income:				
Revenue	**6.9**	**28.7**	**9.4**	**45.0**
Interest expense	**(2.1)**	**–**	**–**	**(2.1)**
(Loss)/profit for the year	**(22.9)**	**10.2**	**(12.0)**	**(24.7)**
Total comprehensive (loss)/income	**(22.9)**	**10.2**	**(12.0)**	**(24.7)**
REIT's share in $'m	**(11.5)**	**2.6**	**(6.0)**	**(14.9)**
REIT's share of distribution received in $'m	**1.8**	**6.9**	**3.0**	**11.7**

2023	CH BBD $'m	GSA^ $'m	Westmead^ $'m	Total $'m
Summarised balance sheet:				
Cash and cash equivalents	2.1	5.5	1.8	9.4
Other current assets	0.5	0.3	1.0	1.8
Non-current assets	139.7	357.0	134.0	630.7
Current liabilities	(1.4)	(6.9)	(2.3)	(10.6)
Borrowings - non-current liabilities	(52.1)	–	–	(52.1)
Net assets	88.8	355.9	134.5	579.2
REIT's share	50.0%	25.0%	49.9%	
REIT's share in $'m and carrying value	44.4	89.0	67.1	200.5
Summarised statement of comprehensive income:				
Revenue	6.9	20.7	4.9	32.5
Interest expense	(1.8)	–	–	(1.8)
(Loss)/profit for the year	2.0	(7.2)	2.5	(2.7)
Total comprehensive (loss)/income	2.0	(7.2)	2.5	(2.7)
REIT's share in $'m	1.0	(1.8)	1.2	0.4
REIT's share of distribution received in $'m	1.8	4.8	1.3	7.9

^ Statement of comprehensive income is from acquisition date to 30 June 2023.

B3. Commitments and contingent liabilities

The REIT and joint venture entities may enter into contracts for the acquisition, construction and development of properties in Australia. As at 30 June 2024, the REIT had entered into contracts to purchase two childcare properties for a total value of $6.4 million (excluding deposits paid) expected to settle by October 2024 (2023: $11.3 million). The commitments of the REIT in relation to development contracts are $4.1 million (2023: $12.5 million). In addition, capital incentive commitments under lease agreements are $3.4 million (2023: $12.3 million).

As at 30 June 2024, the REIT has no contingent liabilities (2023: nil). The REIT's share in the commitments and contingent liabilities of joint venture entities, other than those described above, total nil (2023: nil).

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C. Capital structure and financial risk management

The REIT's activities expose it to numerous external financial risks such as market risk, credit risk and liquidity risk. This section explains how the REIT utilises its risk management framework to reduce volatility from these external factors. The Responsible Entity also protects assets of the REIT by taking out insurance with creditworthy insurers.

C1. Capital risk management

The Responsible Entity's objectives when managing capital are to ensure the REIT continues as a going concern as well as to maintain optimal returns to unitholders and benefits for other stakeholders. The Responsible Entity also aims to maintain a capital structure that ensures the lowest cost of capital available to the REIT.

The REIT sources its capital through:

- debt sourced from a diverse mix of local and international banks and
- the listed Australian equity market.

The REIT is able to alter its capital mix by issuing new units, utilising the DRP, electing to have the DRP underwritten, adjusting the amount of distributions paid, activating a unit buyback program or selling assets to reduce borrowings.

The REIT's capital management approach is regularly reviewed by management and the Board to ensure compliance with gearing, interest cover ratios and other covenants within approved limits and continuing to operate as a going concern.

The REIT has a target long-term gearing range of 30-40% of debt to total assets.

C2. Borrowings and liquidity

(a) Borrowings

Borrowings are initially recognised at fair value, estimated by comparing the margin on the facility to the pricing of a similar facility in the current market, and subsequently measured at amortised cost using the effective interest rate method. Under the effective interest rate method, any transaction fees, costs, discounts and premiums directly related to the borrowings are recognised in profit or loss over the expected life of the borrowings.

All borrowings are classified as non-current liabilities as they have maturities greater than 12 months.

	2024		2023	
	Total carrying amount $'m	**Fair value $'m**	Total carrying amount $'m	Fair value $'m
Bilateral term facilities	**727.0**	**729.1**	739.0	739.1
Unamortised borrowing cost	**(4.8)**		(4.1)	
Total	**722.2**		734.9	
Balance available for drawing	**123.0**		111.0	

In January 2024, the REIT refinanced its debt facilities to a new unsecured debt platform. Key covenants are Gearing Ratio of no greater than 50% and Interest Cover Ratio being no less than 2.0 times. As at 30 June 2024, the REIT complied with all of its debt covenant ratios and obligations.

Bilateral term facilities

	Maturity date	**Facility limit $'m**	**Utilised amount $'m**
June 2024			
Bank Facilities	July 2027	**100.0**	**100.0**
	July 2027	**100.0**	**100.0**
	July 2027	**160.0**	**160.0**
	January 2029	**100.0**	**–**
	January 2029	**140.0**	**140.0**
	January 2029	**150.0**	**150.0**
	January 2029	**100.0**	**77.0**
		850.0	**727.0**

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C. Capital structure and financial risk management (continued)

Net debt reconciliation

The table below sets out an analysis of net debt and the movements in net debt during the year.

	2022 $'m	Movement in borrowing costs $'m	Movement in cash $'m	2023 $'m	Movement in borrowing costs $'m	Movement in cash $'m	2024 $'m
Bank debt	553.0	–	186.0	739.0	**–**	**(12.0)**	**727.0**
Borrowing costs	(4.9)	0.8	–	(4.1)	**(0.7)**	**–**	**(4.8)**
Total borrowings	548.1	0.8	186.0	734.9	**(0.7)**	**(12.0)**	**722.2**
Cash	(10.5)	–	(4.0)	(14.5)	**–**	**2.9**	**(11.6)**
Net debt	537.6	0.8	182.0	720.4	**(0.7)**	**(9.1)**	**710.6**

Borrowings in joint ventures

As at balance date, CH BBD Holding Trust had a $52.3 million debt facility (CQE share: $26.1 million) expiring in August 2027.

(b) Finance costs

	2024 $'m	2023 $'m
Finance costs paid or payable	**37.5**	29.4
Interest on lease liabilities	**0.2**	0.4
Less: Capitalised finance costs	**(0.9)**	(1.1)
	36.8	28.7

Borrowing costs associated with development properties are capitalised based on the weighted average interest rate as part of the cost of that asset during the period that is required to complete and prepare the asset for its intended use. The weighted average interest rate takes into consideration the REIT's interest rate hedging profile, term debt and liquidity costs.

C3. Derivative financial instruments

(a) Derivative financial instruments

The REIT uses derivatives to hedge its exposure to interest rates. Derivative financial instruments are measured and recognised at fair value on a recurring basis. All derivates are classified based on their maturity date and are not split based on notional cashflows.

For derivatives where an upfront payment is made, subsequent changes in fair value arising from cash receipts are classified as interest and recognised within finance costs, with a corresponding adjustment to net fair value loss on derivative financial instruments.

Amounts reflected in the consolidated financial statements are as follows:

Consolidated balance sheet

	2024		2023	
	Asset $'m	**Liability $'m**	Asset $'m	Liability $'m
Current				
Interest rate swaps	**7.8**	**–**	1.0	–
Total current derivative financial instruments	**7.8**	–	1.0	–
Non-current				
Interest rate swaps	**3.4**	**–**	20.7	–
Interest rate cap	**3.2**	**–**	4.6	–
Total non-current derivative financial instruments	**6.6**	**–**	25.3	–
Total derivative financial assets	**14.4**	**–**	26.3	–

(b) Interest rate swaps

At 30 June 2024, the fixed rate under interest rate swaps was 2.26% per annum and the comparable market rate for a similar weighted average hedge duration of 2.0 years was 4.36% (2023: fixed rate under interest rate swaps was 2.23% and the comparable market rate for a similar weighted average hedge duration of 2.8 years was 4.34%).

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C. Capital structure and financial risk management (continued)

Changes in fair value for interest rate swap derivatives are classified as interest expense to the extent that net cash flows are exchanged.

As at 30 June 2024 date the notional principal amounts and periods of expiry of the interest rate swap contracts which are linked to floating rates are as follows:

	1 year or less $'m	1 - 2 years $'m	2 - 3 years $'m	3 - 4 years $'m	4 - 5 years $'m	Total $'m
2024	**535.0[1]**	**160.0[2]**	**-**	**150.0**	**–**	**845.0**
2023	125.0	215.0	160.0	–	150.0[3]	650.0

[1] $160 million has a forward start date of December 2024 and an expiry date of June 2025.

[2] This interest rate swap has a forward start date of June 2025 and an expiry date of June 2026.

[3] This interest rate swap has a forward start date of June 2024 and an expiry date of December 2027.

In December 2023, the REIT restructured $160 million of existing interest rate swap agreements which has increased the REIT's interest rate hedging profile.

(c) Valuation techniques used to derive level 2 fair values

Derivatives are classified as level 2 on the fair value hierarchy as the inputs used to determine fair value are observable market data but not quoted prices.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

Credit value adjustments are calculated based on the counterparty's credit risk using the counterparty's credit default swap curve as a benchmark. Debit value adjustments are calculated based on the REIT's credit risk using debt financing available to the REIT as a benchmark.

C4. Contributed equity and reserves

(a) Contributed equity

Details	No. of Units '000	$'m
Units on issue - 1 July 2022	365,476	640.6
Units issued via DRP	2,912	9.4
Units on issue - 30 June 2023	368,388	**650.0**
Units issued via DRP	4,094	**11.0**
Units on issue - 30 June 2024	372,482	**661.0**

As stipulated in the REIT's constitution, each unit represents a right to an individual share in the REIT and does not extend to a right to the underlying assets of the REIT. There are no separate classes of units and each unit has the same rights attaching to it as all other units in the REIT.

Each unit confers the right to vote at meetings of unitholders, subject to any voting restrictions imposed on a unitholder under the *Corporations Act 2001* and the ASX Listing Rules. Units on issue are classified as equity and are recognised at the fair value of the consideration received by the REIT. Transaction costs arising on the issue of equity are recognised directly in equity as a reduction in the proceeds of units to which the costs relate.

Distribution reinvestment plan (DRP)

The REIT has established a DRP under which unitholders may elect to have all or part of their distribution entitlements satisfied by the issue of new units rather than being paid in cash.

The DRP issue price is determined at a discount of 1.5% to the daily volume weighted average price of all units traded on the ASX during the 10 business days commencing no later than the second business day following the distribution record date. During the year, 4,094,316 units were issued at an average issue price of $2.72 per unit. An additional $2.6 million was raised from the DRP for the 30 June 2024 distribution allotted on 19 July 2024.

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C. Capital structure and financial risk management (continued)

C5. Financial risk management

The REIT's principal financial instruments comprise cash and cash equivalents, receivables, investments in joint ventures, payables, interest bearing liabilities and derivative financial instruments.

The table below shows the REIT's exposure to a variety of financial risks and the various measures it uses to monitor exposures to these types of risks. The REIT manages its exposure to these financial risks in accordance with the REIT's Financial Risk Management (FRM) policy as approved by the Board. The policy sets out the REIT's approach to managing financial risks, the policies and controls utilised to minimise the potential impact of these risks on its performance and the roles and responsibilities of those involved in the management of these financial risks. Derivative financial instruments are used exclusively for hedging purposes and not for trading or speculative purposes.

Other than financial instruments, the REIT is exposed to property price risk including property rental risks.

Risk	Definition	Exposure	Exposure management
Market risk – interest rate risk	The risk that changes in interest rates will change the fair value or cash flows of the REIT's monetary assets and liabilities.	Cash and borrowings at fixed and floating rates.	Interest rate swaps are used to hedge movements in interest rates.
Liquidity risk	The risk the REIT has insufficient liquid assets to meet its obligations as they become due and payable.	Payables, borrowings, and other liabilities.	Maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.
Credit risk	The risk a contracting entity will not complete its obligations under a contract and will cause the REIT to make a financial loss.	All financial assets including tenant receivables.	Performing credit reviews on prospective tenants, obtaining tenant collateral and detailed review of tenant arrears. Reviewing the aggregate exposure of receivables and tenancies across the portfolio. Limiting the credit exposure to any financial institution and limiting to investment grade counterparties. Monitoring the public credit rating of counterparties.

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C. Capital structure and financial risk management (continued)

(i) Market risk – interest rate risk

The REIT's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the REIT to cash flow interest rate risk. During 2024 the REIT's borrowings at variable rate were denominated in Australian dollars.

The REIT has the following classes of financial assets and financial liabilities that are exposed to interest rate risk:

	2024 $'m	2023 $'m
Floating rate		
Cash	**(11.6)**	(14.5)
Cash - joint ventures entities[1]	**(2.0)**	(3.3)
Borrowings	**727.0**	739.0
Borrowings - joint ventures entities[1]	**26.1**	26.1
	739.5	747.3
Derivative financial instruments		
Interest rate swaps - floating to fixed[2]	**(525.0)**	(500.0)
Interest rate swaps - floating to fixed - joint ventures	**(15.0)**	(15.0)
Interest rate cap	**(100.0)**	(100.0)
Net floating rate exposure	**99.5**	132.3

[1] The REIT's share of financial assets and liabilities included within its net investment in joint venture entities.
[2] The amounts represent the notional principal payable under the derivative contracts. Excludes forward starting interest rate swaps.

Sensitivity analysis

The table below reflects the potential net increase/(decrease) in the REIT's profit and equity, resulting from changes in Australian interest rates applicable at 30 June 2024, with all other variables remaining constant.

	2024				2023	
	Interest expense $'m	**Net gain/(loss) from derivative financial instruments $'m**	**Profit and loss $'m**	**Other comprehensive income $'m**	Profit and loss $'m	Other comprehensive income $'m
Australian interest rates						
+ 1.00%	**(1.0)**	**10.0**	**9.0**	**–**	11.8	–
- 1.00%	**1.0**	**(9.9)**	**(8.9)**	**–**	(11.9)	–

The effect of changes in interest rates on the REIT's profit and equity shown in the table above is mainly impacted by a change in interest payable on the REIT's floating rate interest bearing liabilities, offset by changes in the fair value of derivative financial instruments hedging this exposure.

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C. Capital structure and financial risk management (continued)

(ii) Liquidity risk

The following table provides the contractual maturity of the REIT's fixed and floating rate financial liabilities as at 30 June 2024. The amounts represent the future contractual undiscounted principal and interest cash inflows/(outflows) based on interest rates and foreign exchange rates prevailing at balance date and therefore do not equate to the value shown in the consolidated balance sheet. Repayments which are subject to notice are treated as if notice were given immediately.

	Carrying value $'m	Less than 1 year $'m	1 to 5 years $'m	Over 5 years $'m	Total $'m
2024					
Financial liabilities					
Payables	**(14.7)**	**(14.7)**	**–**	**–**	**(14.7)**
Distribution payable	**(14.9)**	**(14.9)**	**–**	**–**	**(14.9)**
Borrowings	**(722.2)**	**(46.1)**	**(853.8)**	**–**	**(899.9)**
Other liabilities	**(0.4)**	**(0.4)**	**–**	**–**	**(0.4)**
Lease liabilities	**(2.8)**	**(1.0)**	**(1.4)**	**(0.3)**	**(2.7)**
Total financial liabilities	**(755.0)**	**(77.1)**	**(855.2)**	**(0.3)**	**(932.6)**
2023					
Financial liabilities					
Payables	(15.4)	(15.4)	–	–	(15.4)
Distribution payable	(15.8)	(15.8)	–	–	(15.8)
Borrowings	(734.9)	(45.3)	(821.1)	–	(866.4)
Other liabilities	(5.6)	(5.6)	–	–	(5.6)
Lease liabilities	(3.9)	(1.3)	(2.4)	(0.4)	(4.1)
Total financial liabilities	(775.6)	(83.4)	(823.5)	(0.4)	(907.3)

The amount of credit facilities unused by the REIT at 30 June 2024 is $123.0 million (2023: $111.0 million).

(iii) Credit risk

Credit risk arises from the financial assets of the REIT, which comprise cash and cash equivalents, trade and other receivables and derivative instruments. The REIT's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

Receivables are received within the terms of the individual property lease. The REIT does not hold any credit derivatives to offset its credit exposure.

The REIT trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the REIT's policy to secure its trade and other receivables.

The REIT's credit exposure is concentrated with one debtor, Goodstart Early Learning Limited, which contributed 32.4% of rental income. The total credit risk for financial instruments is limited to the carrying amount disclosed in the consolidated balance sheet, net of any provisions for expected credit losses.

In addition, receivable balances are monitored on an ongoing basis (refer to Note D2).

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C. Capital structure and financial risk management (continued)

The table below shows the ageing analysis of receivables of the REIT.

	Less than 30 days $'m	31 to 60 days $'m	61 to 90 days $'m	More than 90 days $'m	Total $'m
2024					
Rent receivables	**1.1**	**0.1**	–	**0.2**	**1.4**
2023					
Rent receivables	0.2	0.2	0.1	–	0.5

The REIT applies the *AASB 9* simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables and other financial assets.

The loss allowances for trade and other financial assets are based on assumptions about risk of default and expected loss rates. The REIT uses judgement in making these assumptions, based on the REIT's past history and existing market conditions as well as forward-looking estimates at the end of each reporting period.

Agreement to rental deferral options between the REIT and a tenant does not automatically indicate a deterioration of credit risk but is considered within the framework of the above indicators.

The forward-looking judgments and assumptions reflect the best estimate of management as at balance date, using information available to them at that date. Accordingly, the REIT's expected credit losses estimates are inherently uncertain and, as a result, actual results may differ from these estimates.

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D. Further information

D1. Related Party Information

(a) Responsible Entity

The Responsible Entity of the REIT is Charter Hall Social Infrastructure Limited, a wholly owned controlled entity of Charter Hall Limited. The registered office of the Responsible Entity is Level 20, No.1 Martin Place, Sydney NSW 2000.

(b) Directors

The following persons have held office as Directors of the Responsible Entity during the year and up to the date of this report, unless otherwise stated:

- Greg Paramor – Chair and Non-Executive Director
- Michael Johnstone – Non-Executive Director
- Kate Melrose – Non-Executive Director
- Bevan Towning – Non-Executive Director (appointed 25 July 2023)
- Sean McMahon – Executive Director and Chief Investment Officer (Charter Hall Group)
- Miriam Patterson – Executive Director

No payments were made by the REIT or by the Responsible Entity on behalf of the REIT to the Executive Directors during the year.

(c) Transactions with the Responsible Entity and its related parties

The Responsible Entity and its related parties held 31,957,136 units as at 30 June 2024 (2023: 31,957,136).

Following is a summary of related party transactions for the year ended 30 June 2024:

		Fee amount	
		2024	2023
Type of fees	Basis of fee calculation	**$'000**	$'000
Base management	0.50% of quarterly gross assets	**11,236**	11,343
Acquisition	$9,616 per property	**19**	63
Disposal	Board approved where third party sales agent is not engaged	**–**	158
Property management	Up to 1.9% net rent	**2,100**	1,804
Accounting services	Cost recovery	**779**	753
Leasing	% year one gross rent based on a sliding fee scale	**179**	358
Development management	1.5% - 4.5% of costs	**68**	136
Debt arranger	0.50% of all debt funding	**3,058**	250
Other cost recoveries	Cost recovery	**532**	483
		17,971	15,348

The above fees and transactions were based on market rates and normal commercial terms and conditions and were approved by the Independent Directors.

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D. Further information (continued)

(d) Outstanding payable balance with the Responsible Entity and its related parties

	2024 $'000	2023 $'000
Charter Hall Social Infrastructure Limited	**2,754**	2,863
	2,754	2,863

(e) Key management personnel

Key management personnel (KMP) are defined in *AASB 124 Related Party Disclosures* as those having authority and responsibility for planning, directing and controlling the activities of the entity. The Responsible Entity meets the definition of KMP as it has this authority in relation to the activities of the REIT. These powers have not been delegated by the Responsible Entity to any other person. Details of management fees charged to the REIT by the Responsible Entity and its related parties are included in Note D1(c).

(f) Directors' fees and Fund Manager remuneration

Independent Directors' fees are as follows:

	2024 $	2023 $
Grant Hodgetts	–	120,381
Greg Paramor	**135,921**	10,944
Michael Johnstone	**97,850**	97,850
Bevan Towning	**84,861**	–
Kate Melrose	**90,614**	87,550
	409,246	316,725

The level of fees is not related to the performance of the REIT. The Board of the Responsible Entity considers remuneration payable to its Independent Directors from time to time. Remuneration of Independent Directors is approved by the Board and any increases are benchmarked to market rates.

The Executive Directors of the Responsible Entity and Fund Manager of the REIT are employees of Charter Hall Holdings Pty Ltd and are remunerated by Charter Hall Holdings Pty Ltd.

(g) Directors' interests in REIT units

The number of units held directly, indirectly or beneficially by the Directors of the Responsible Entity or the Directors' related parties at 30 June 2024 is as follows:

	Units held 2024	Units held 2023
Greg Paramor	**526,257**	526,257
Michael Johnstone	**84,728**	84,728
Bevan Towning[1]	**10,000**	–
Kate Melrose	**35,881**	33,797
Sean McMahon	**58,800**	58,800
Miriam Patterson	–	–
Total	**715,666**	703,582

[1] Bevan Towning was appointed as a Director on 25 July 2023.

The aggregate number of units of the REIT acquired by the Directors of the Responsible Entity or their related parties during the year is set out below.

	Units 2024	Units 2023
Bevan Towning	**10,000**	–
Kate Melrose	**2,084**	1,766
Total	**12,084**	1,766

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D. Further information (continued)

D2. Working capital

The REIT maintains a proactive cash management practice of using excess available cash to reduce drawn revolving debt facilities. The REIT is in a net current asset position of $2.6 million at 30 June 2024 as a result of assets classified as held for sale (30 June 2023 net current liability position of $2.4 million).

The entity has readily accessible credit facilities with $123.0 million (30 June 2023: $111.0 million) of undrawn non-current debt facilities at 30 June 2024 and operating cash flows to meet current liabilities. The REIT does not foresee any issues in meeting the current liabilities over the course of the next 12 months, and therefore, these financial statements have been prepared on a going concern basis.

Financial assets and liabilities not carried at fair value have carrying values that reasonably approximate their fair values.

(a) Receivables and other assets

	2024 $'m	2023 $'m
Receivables		
Trade receivables	**1.4**	0.5
Accrued income	**1.2**	1.3
Distributions receivable	**1.2**	1.8
GST receivable	**0.2**	0.7
Other	**0.1**	0.2
	4.1	4.5
Other assets		
Deposits and costs related to the purchase of properties	**0.7**	2.1
Prepayments	**1.9**	1.9
	2.6	4.0

Trade receivables include property rental income receivable together with trade receivables relating to revenue from contracts with customers.

The REIT's receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for expected credit losses. The REIT applies the *AASB 9 Financial Instruments* simplified approach to measuring expected credit losses which involves a lifetime expected loss allowance for all trade and other financial assets. The REIT uses judgement in making these assumptions, refer to Note C5 (iii).

(b) Payables

	2024 $'m	2023 $'m
Payables		
Trade creditors	**2.0**	0.6
Accrued capital expenditure	**4.0**	5.9
Accrued expenses	**3.4**	3.9
Accrued base management fees	**2.8**	2.9
Interest payable on interest bearing liabilities	**2.5**	2.1
	14.7	15.4
Other liabilities		
Prepaid rent	**0.3**	5.5
Other	**0.1**	0.1
	0.4	5.6

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the REIT. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

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D. Further information (continued)

D3. Leasehold properties

The REIT owns 26 leasehold properties which are subject to a head lease with a freehold owner of the property. The REIT has then leased these properties to childcare operators for terms consistent with the head lease. Rental contracts over the leasehold properties with the freehold property owner are typically made for periods of 15 to 20 years, with five year rolling options. Lease terms are negotiated on an individual basis and contain different terms and conditions.

Leases over leasehold properties owned by the REIT are recognised as a right-of-use asset and a corresponding liability lease at this date. Each lease payment is allocated between liability and finance cost. The finance costs are charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the lease term on a straight line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on a fixed rate.

The lease payments paid on leasehold properties are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar economic environment with similar terms and conditions.

The REIT's lease liabilities are measured at the present value of the remaining lease payments calculated using an incremental borrowing rate as of 1 July 2019, date of initial recognition of the lease liabilities following the REIT's adoption of AASB 16 *Leases*. The weighted average incremental borrowing rate applied to lease liabilities on 1 July 2019 was 3.70%.

Lease Liabilities	2024 $'m	2023 $'m
Current lease liabilities	**1.0**	1.2
Non-current lease liabilities	**1.8**	2.7
	2.8	3.9

D4. Parent entity information

The financial information for the parent entity, Charter Hall Social Infrastructure REIT, has been prepared on the same basis as the REIT's consolidated financial statements except as set out below:

(i) Investments in controlled entities

Investments in controlled entities and joint ventures are accounted for at cost in the financial statements of the parent entity. Such investments include both investments in equity securities issued by the controlled entity and other parent entity interests that in substance form part of the parent entity's investment in the controlled entity. These include investments in the form of interest-free loans which have no fixed contractual term and which have been provided to the controlled entity as an additional source of long-term capital.

Dividends and distributions received from controlled entities and joint ventures are recognised in the parent entity's statement of comprehensive income, rather than deducted from the carrying amount of these investments.

(ii) Receivables and payables

Trade amounts receivable from controlled entities in the normal course of business and other amounts advanced on commercial terms and conditions are included in receivables. Similarly, amounts payable to controlled entities are included in payables.

(iii) Recoverable amount of assets

The carrying amounts of investments in controlled entities and joint ventures valued on the cost basis are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying value exceeds their recoverable amount, the assets are written down to the lower value. The write-down is expensed in the year in which it occurs.

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D. Further information (continued)

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	Parent 2024 $'m	Parent 2023 $'m
Assets		
Current assets	**30.5**	31.4
Non-current assets	**2,052.1**	2,093.5
Total assets	**2,082.6**	2,124.9
Current liabilities	**109.7**	90.1
Non-current liabilities	**752.5**	801.3
Total liabilities	**862.2**	891.4
Equity		
Contributed equity	**586.2**	575.2
Retained Profits	**634.2**	658.3
Total equity	**1,220.4**	1,233.5
Statement of comprehensive income		
(Loss)/profit for the year	**(6.7)**	13.3
Other comprehensive income	**–**	(7.7)
Total comprehensive income	**(6.7)**	5.6

(b) Guarantees and contingent liabilities

The parent entity did not have any other contingent liabilities, either individually or as a class, at 30 June 2024 (2023: nil).

(c) Commitments

The parent entity may enter into contracts for the acquisition, construction and development of properties in Australia. The commitments of the parent entity in relation to such contracts are $10.5 million (2023: $12.5 million). Additionally, capital incentive commitments under lease agreements are $3.4 million (2023: $12.3 million). These commitments have not been reflected in the financial information of the parent entity.

(d) Net current asset deficiency

At 30 June 2024, the parent entity has a net deficiency of current assets over current liabilities of $79.2 million (2023: $58.7 million). The parent entity will be able to meet its day-to-day working capital requirements from readily accessible credit facilities of $123.0 million and operating cash flow. Unitholders will only receive their distributions to the extent that the parent entity has a sufficient working capital.

D5. Significant contract terms and conditions

Pre-emptive rights

The joint-ownership agreement to which the REIT is a party contains a pre-emptive right which restricts the REIT's dealings in respect of its interest in the respective co-owned Trust (BBD Holding Trust). In particular, where the REIT wishes to deal with its interests in the co-owned Trust, the other co-owner will have a pre-emptive right over the REIT's interests, other than in limited circumstances (for example, by way of a permitted transfer to a member of the REIT's unitholder or owner group).

D6. Remuneration of the auditor

	2024 $	2023 $
Amounts paid or payable to PricewaterhouseCoopers Australian firm for:		
Audit services	**163,689**	157,813
Taxation compliance services	**626**	442
Total amount paid or payable to PricewaterhouseCoopers Australian firm	**164,315**	158,255

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D. Further information (continued)

D7. Interest in other entities

Subsidiaries

The REIT's subsidiaries at 30 June 2024 are set out below. Unless otherwise stated, it has contributed equity consisting solely of ordinary units that are held directly by the REIT, and the proportion of ownership interests held equals the voting rights held by the REIT.

Name of entity	Country of incorporation	Place of business	Ownership interest held by the REIT		Principal activities
			2024	2023	
FET Sub-Trust No.1	Australia	Australia	**100%**	100%	Property investment
FET Sub-Trust No.2	Australia	Australia	**100%**	100%	Property investment
CQE BBDT	Australia	Australia	**100%**	100%	Property investment
CQE Newstead Trust	Australia	Australia	**100%**	100%	Property investment
CQE Keswick Trust	Australia	Australia	**100%**	100%	Property investment
CQE Heidelberg Trust	Australia	Australia	**100%**	100%	Property investment
CQE Childcare Trust No.1	Australia	Australia	**100%**	100%	Property investment
CQE Childcare Trust No.2	Australia	Australia	**100%**	100%	Property investment
CQE Childcare Trust No.3	Australia	Australia	**100%**	100%	Property investment
CQE Childcare Trust No.4	Australia	Australia	**100%**	100%	Property investment
CQE Childcare Trust No.5	Australia	Australia	**100%**	100%	Property investment
CQE Childcare Trust No.6	Australia	Australia	**100%**	100%	Property investment
CQE B2 ABP Robina Trust	Australia	Australia	**100%**	100%	Property investment
CQE B3 ABP Robina Trust	Australia	Australia	**100%**	100%	Property investment
CQE Beckenham Trust	Australia	Australia	**100%**	100%	Property investment
CQE Cloverdale Trust	Australia	Australia	**100%**	100%	Property investment
CQE GSA Trust	Australia	Australia	**100%**	100%	Property investment
CQE Finance Pty Ltd	Australia	Australia	**100%**	-	Provision of Finance

D8. Events occurring after balance date

In August 2024, the REIT exchanged contracts for the disposal of three childcare assets for $27.9 million expected to settle by the end of October 2024.

The Directors of the Responsible Entity are not aware of any other matter or circumstance not otherwise dealt with in this report or the annual consolidated financial statements that has significantly affected or may significantly affect the operations of the REIT, the results of their operations or the state of affairs of the REIT in future financial years.

D9. Other material accounting policies

(a) Basis of preparation

The annual financial report of the Charter Hall Social Infrastructure REIT comprises the Charter Hall Social Infrastructure REIT and its controlled entities.

These general purpose financial statements have been prepared in accordance with the requirements of the REIT's constitution, Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. The REIT is a for-profit entity for the purpose of preparing the consolidated financial statements. The consolidated financial statements are presented in Australian dollars, which is the REIT's functional and presentation currency.

Compliance with IFRS Accounting Standards

The consolidated financial statements of the REIT also comply with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except derivative financial instruments, and investment properties, which have been measured at fair value.

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D. Further information (continued)

(b) Principles of consolidation

Controlled entities

Subsidiaries are all entities over which the REIT has control. The REIT controls an entity when the REIT is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the REIT. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of controlled entities have been changed where necessary to ensure consistency with the policies adopted by the REIT.

(c) Comparative information

Where necessary, comparative information has been adjusted to conform to changes in presentation in the current year. No material adjustments have been made to comparative information in this report.

(d) Rounding of amounts

As permitted by ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 (as amended) issued by the Australian Securities and Investments Commission relating to the rounding off of amounts in the Directors' report and consolidated financial statements, amounts in the REIT's consolidated financial statements have been rounded to the nearest hundred thousand dollars in accordance with that instrument, unless otherwise indicated.

(e) Changes in accounting standards

No new accounting standards or amendments have come into effect for the year ended 30 June 2024 that affect the REIT's operations or reporting requirements.

Certain amendments to accounting standards have been published that are not mandatory for 30 June 2024 reporting periods and have not been early adopted by the REIT. These amendments are not expected to have a material impact on the REIT in the current or future reporting periods and on foreseeable future transactions.

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Directors' declaration to unitholders

In the opinion of the Directors of Charter Hall Social Infrastructure Limited, the Responsible Entity of Charter Hall Social Infrastructure REIT:

a the consolidated financial statements and notes set out on pages 17 to 44 are in accordance with the *Corporations Act 2001*, including:

  i complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements and

  ii giving a true and fair view of the REIT's consolidated financial position as at 30 June 2024 and of its performance for the year ended on that date

b there are reasonable grounds to believe that the REIT will be able to pay their debts as and when they become due and payable.

Note D9 (a) confirms that the consolidated financial statements also comply with IFRS Accounting Standards as issued by the International Accounting Standards Board.

The Directors have been given declarations by the Fund Manager, who performs the Chief Executive Officer function, and the Head of Diversified Finance, who performs the Chief Financial Officer function, required by section 295A of the *Corporations Act 2001.*

This declaration is made in accordance with a resolution of the Board of Directors.

Greg Paramor AO
Chair
Sydney

14 August 2024

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Independent auditor's report

To the unitholders of Charter Hall Social Infrastructure REIT

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Charter Hall Social Infrastructure REIT and its controlled entities (together, the REIT) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the REIT's financial position as at 30 June 2024 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The REIT's financial report comprises:

- the Consolidated balance sheet as at 30 June 2024
- the Consolidated statement of comprehensive income for the year then ended
- the Consolidated statement of changes in equity for the year then ended
- the Consolidated cash flow statement for the year then ended
- the notes to the consolidated financial statements, as contained in the "About this Report" section, including material accounting policy information and other explanatory information
- the Directors' declaration to unitholders.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the REIT in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if

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individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the REIT, its accounting processes and controls and the industry in which it operates.

Audit scope	*Key audit matters*
• Our audit focused on where the REIT made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. • We identified separate components of the REIT including its equity accounted investments. We established an audit strategy for each component. • The audit work performed at the component level, together with additional audit procedures performed at the REIT level provided us with sufficient evidence for our opinion on the financial report as a whole.	• Amongst other relevant topics, we communicated the following key audit matter to the Audit, Risk and Compliance Committee: – Valuation of investment properties held both directly and indirectly. • This is further described in the *Key audit matters* section of our report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matter was addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	*How our audit addressed the key audit matter*
Valuation of investment properties held both directly and indirectly *(Refer to "About this Report" section: B. Property Portfolio Assets)* In measuring the fair value of investment properties, the REIT applied the principles of accounting for investment properties at fair value under Australian Accounting Standards and applied the valuation methodology described in section B of the financial report. We considered this a key audit matter because of the:	To assess the valuation of investment properties, we performed the procedures set out below, amongst others. We inspected a selection of relevant property market reports and held discussions with PwC valuation experts to develop an understanding of prevailing market conditions and their expected impact on the REIT's investment properties. We assessed the design and tested the operating effectiveness of selected controls supporting the REIT's investment property valuation process.

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Key audit matter	*How our audit addressed the key audit matter*
• Financial significance of the investment property balances in the consolidated balance sheet. • Financial significance of revaluation movements that directly impact the consolidated statement of comprehensive income. • Inherently subjective nature of investment property valuations arising from prevailing market conditions, the individual nature and location and comparable sales evidence for each property. • Estimation uncertainty exists with respect to the key inputs and assumptions used by the REIT in developing fair value estimates including capitalisation rates and discount rates.	We assessed the scope, competence, capability and objectivity of external valuation experts engaged by the REIT. Where external valuations were obtained, we: • agreed the valuation of each investment property set out in the external valuation report to the accounting records. • we agreed the net passing income used in a sample of investment property valuations to supporting documentation. For a sample of properties, we performed the following procedures over the external valuations obtained by the REIT: • assessed the appropriateness of the valuation methodology adopted against Australian Accounting Standards. • assessed the appropriateness of certain assumptions, such as capitalisation rates and discount rates (where applicable) including comparing to market data, including comparable transactions, where possible. We assessed the reasonableness of the REIT's disclosures in the financial report against the requirements of Australian Accounting Standards.

Other information

The directors of Charter Hall Social Infrastructure Limited, the Responsible Entity of Charter Hall Social Infrastructure REIT (the directors) are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the Directors' Report. We expect the remaining other information to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon through our opinion on the financial report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the directors for the financial report

The directors are responsible for the preparation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001,* including giving a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the REIT to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the REIT or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

PricewaterhouseCoopers

Ashley Wood

A S Wood
Partner

Sydney
14 August 2024