

ASX Release

Acquisition of Z Energy Portfolio, sale of Coles Distribution Centre and earnings upgrade

29 August 2022

Charter Hall
Retail Management Limited
ACN 069 709 468
AFSL 246996

Responsible entity of
Charter Hall Retail REIT
ABN 34 357 213 849

Level 20, No.1 Martin Place
Sydney NSW 2000
GPO Box 2704
Sydney NSW 2001

T +61 2 8651 9000
www.charterhall.com.au

Charter Hall Retail REIT (ASX:CQR) is pleased to announce it has further expanded its relationship with Ampol Limited, growing its exposure to income from triple net (NNN) leases directly linked to CPI. CQR has entered into an agreement to acquire a 49% interest in a portfolio of 51 Long WALE convenience retail properties leased to Z Energy Limited. The remaining 51% interest will be retained by Z Energy. This new partnership represents an extension of CQR's existing relationship with Ampol and follows Ampol's acquisition of the Z Energy business in New Zealand.

CQR's 49% interest has been acquired for AUD \$120 million (NZ\$132 million)¹ on a 5.50% cap rate with annual NZ CPI rent escalations (2% floor, 5% cap), triple net leases (NNN) and a 15.3-year WALE. 78% of the portfolio's 51 assets are located in metropolitan areas. The transaction is expected to settle at the end of October 2022.

Further, CQR is pleased to announce it has divested its 52% interest in the Coles Distribution Centre, Adelaide (CDC) at book value to a Charter Hall managed fund. The \$95.3 million proceeds are net of asset level debt and will be used to fund the acquisition of the Z Energy portfolio. The transaction is expected to settle at the end of October 2022.

Charter Hall Retail CEO, Ben Ellis stated: "We continue to actively curate the CQR portfolio to drive earnings growth for investors. CQR's investment in the CDC has been highly successful. We're now looking to take advantage of strength in the demand for industrial and logistics assets and to recycle these proceeds into an attractive NNN portfolio of Long WALE convenience assets with CPI exposure. Following the settlement of these transactions, 37% of major tenant rent reviews are CPI based and 33% NNN leases. These two transactions have both been secured off-market and are a result of Charter Hall's strong tenant and investor partnerships."

Earnings guidance

CQR's prior earnings guide was for FY23 earnings per unit of no less than 28.6 cents per unit and distributions per unit of no less than 25.7 cents per unit.

In light of today's transactions, barring unforeseen events, FY23 earnings per unit is expected to be no less than 28.7 cents per unit representing growth of no less than 1% over FY22 earnings per unit.

FY23 distributions per unit are expected to be no less than 25.8 cents per unit representing growth of 5.3% over FY22 distributions per unit.

Announcement Authorised by the Board

¹ NZ\$269.3 million on 100% basis

Charter Hall Retail REIT (ASX: CQR)

Charter Hall Retail REIT is the leading owner of property for convenience retailers.

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

Operating with prudence, we've curated a diverse \$69.1 billion property portfolio of 1,548 high quality properties. With partnership at the heart of our approach, we're creating places that help grow communities, turning them into the best they can be and unlocking hidden value. Taking a long-term view, our \$16.0 billion development pipeline delivers sustainable, technologically enabled projects for our customers.

Charter Hall has also extended its Fund Management capability with a 50% investment in the listed equities Fund Manager Paradise Investment Management (PIM), which invests on behalf of wholesale and retail investors across domestic and global listed equities.

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

For further enquiries, please contact

Ben Ellis

Retail CEO
Charter Hall Retail REIT
T +61 2 8651 9350
ben.ellis@charterhall.com.au

Christine Kelly

Deputy Fund Manager CQR and Head of Retail Finance
Charter Hall Retail REIT
T +61 2 8651 9401
christine.kelly@charterhall.com.au

For media enquiries, please contact

Sarah Bamford

Communications & Media Manager
Charter Hall
T + 61 499 685 738
sarah.bamford@charterhall.com.au

For investor enquiries, please contact

Philip Cheetham

Head of Listed Investor Relations
Charter Hall
T +61 403 839 155
philip.cheetham@charterhall.com.au
