

ASX Release

Charter Hall Retail REIT 2025 Half Year Results & Board Appointment

14 February 2025

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Charter Hall Retail REIT (ASX: CQR) (CQR or the REIT) today announces its 1H FY25 results for the period ended 31 December 2024

Financial Highlights:

- Operating earnings of \$73.1 million, or 12.6 cents per unit (cpu)
- Distribution of 12.3 cpu
- Statutory profit of \$108.6 million
- Net Tangible Assets (NTA) per unit of \$4.57
- Balance sheet gearing of 31.8% and look-through gearing of 37.9%
- Diversified funding sources with a weighted average debt maturity of 3.0 years

Operating Highlights:

- CQR and wholesale partner Hostplus have continued to increase their investment in Hotel Property Investments Ltd (ASX: HPI) with ownership currently at 85.4%, with the intention of moving towards 100% ownership
- Like-for-like net property income (NPI) growth of 3.0% with shopping centre like-for-like NPI growth of 2.5% and net lease retail like-for-like NPI growth of 4.5%
- Shopping Centre Convenience Retail portfolio occupancy remains stable at 98.7%
- Continuing positive specialty leasing spreads of +3.8% with 99 specialty lease renewals (+3.1% leasing spread) and 44 new leases (+5.9% leasing spreads)
- Total MAT growth of 3.4% with supermarket MAT growth of 3.9%¹
- Specialty sales productivity of \$11,278 per sqm, up 1.8% from December 2023, a record sales productivity level for the REIT

Charter Hall Retail's CEO, Ben Ellis said: "CQR's portfolio continues to deliver strong operational performance. Our unique blend of convenience shopping centre and convenience net lease assets provides an attractive income growth profile with lower capital commitments. We have been active

¹ Comparable sales, noting some major tenants reported a 53-week year for 2024 (estimated to be approximately 2.0% for Total MAT and 2.1% for Supermarket MAT when adjusted to 52 weeks)

during the half on both the acquisition and divestment front in our pursuit of maximising future income growth. Our significant investment in the ASX listed HPI, alongside our wholesale capital partner Hostplus, will enhance the overall portfolio's income growth profile. We are progressing well towards our objective of delivering the highest organic property income and earnings growth from the convenience retail sector".

Enhancing Portfolio Quality

During 1H FY25 CQR has continued its disciplined portfolio curation strategy to sell non-core assets and to reinvest in attractive new growth opportunities.

- **Acquisitions:**

- CQR has now invested \$318m, alongside its wholesale capital partner, to secure a 85.4% stake in Hotel Property Investments Ltd (ASX: HPI). This wholesale partnership intends to move to 100% ownership. HPI is a diversified \$1.3bn portfolio of 58 pub and accommodation assets with 100% occupancy and a 9.2 year WALE. Its attractive CPI rent review structure that benefits from fixed collars will deliver consistent rent growth of 3.6% through the cycle.
- 50% acquisition of a convenience shopping centre Glebe Hill Village, Hobart in RP1 for \$50.3m², reflecting a 5.9% yield.
- 100% acquisition of Ampol Marsden Park NSW for \$21.0m, Cecil Hotel, Southport QLD for \$14.3m (leased to Endeavour Group) and Harlow Pub, Richmond Vic for \$9.0m (leased to AVC) for an average yield of 6.3%.

- **Divestments:**

- CQR has divested Lake Macquarie Square, NSW, for \$122.5m reflecting a 1.2% premium on book value. Settlement will occur by 30 June 2025.

Portfolio Valuations

During the half 99% of CQR's portfolio was independently revalued. Cap rates have remained stable for the calendar year. The convenience shopping centre portfolio saw valuations move positively by 1.7%. The convenience net lease retail portfolio saw valuations move positively by 2.3%, driven by CPI linked rental growth and up-lift in value on the HPI investment.

Active management

The CQR portfolio continues to be strategically weighted towards high quality convenience retail tenants. Major tenants Woolworths, Coles, bp, Wesfarmers³, Aldi, Ampol, Endeavour and Gull represent 57% of rental income. The total portfolio WALE is 7.0 years and majors WALE is 9.7 years.

The convenience net lease retail portfolio represents 35% of total portfolio by value, up from 28% over the half. These net leases are linked to CPI reviews and have a WALE of 14.0 years. CQR's convenience net lease retail portfolio has delivered same property NPI growth of 4.5% in 1H FY25, underpinning the broader CQR portfolio income growth.

Supermarkets continued to perform well with a record with 87% of supermarket tenants paying turnover rent⁴ or within 10%. Supermarkets continue to demonstrate resilience delivering 3.9% MAT growth¹.

Leasing activity achieved attractive results with 143 specialty leases completed at an average spread of +3.8%. This was made up of 44 new specialty leases completed at an average +5.9% leasing spreads and 99 renewals completed at an average +3.1% leasing spread.

² CQR's 50% ownership \$25.2m (\$18.0m equity commitment)

³ Kmart, Target, Bunnings, Officeworks and API

⁴ Includes supermarkets with fixed and CPI rent reviews

Specialty productivity continues to improve and reached a further portfolio record at \$11,278 per sqm. Occupancy costs remain highly sustainable at 11.3%.

Capital Management

Prudent capital management remains central to CQR's strategy. CQR currently has \$271 million⁵ of available investment capacity to fund capital investment and enhance portfolio quality.

During the period, Moody's affirmed CQR's Baa1 issuer rating and senior unsecured rating with a stable outlook. CQR has no debt maturing until March 2026.

CQR's weighted average debt maturity is 3.0 years, with an average hedge maturity of 1.7 years. Balance sheet gearing is 31.8% and look-through gearing is 37.9%. CQR's weighted average cost of debt is 5.0% at 31 December 2024.

Summary and outlook

CQR's strategy is to deliver the highest property income and earnings growth from the convenience retail sector. Portfolio curation and active asset management together with prudent capital management will deliver earnings growth going forward.

Positive leasing spreads, high occupancy levels, inflation linked rental growth and MAT growth will also deliver like-for-like NPI growth. The acquisition of HPI and its attractive rent review structure will deliver enhanced property income growth for investors. Looking forward CQR's portfolio and capital structure is now positioned for growth.

Based upon information currently available and barring unforeseen events, CQR reconfirms FY25 operating earnings to be approximately 25.4 cents per unit and FY25 distribution to be in line with the FY24 distribution of 24.7 cents per unit.

Board Appointment

The Board of Charter Hall Retail Management (CHRML), as responsibility entity of CQR has resolved to appoint Lianne Buck to the Board as a Non-Executive Director, effective 14 February 2025.

Lianne brings over 20 years' experience in Australian and global investment markets and is an experienced Non-Executive Director.

She commenced her executive career in Canada as a Chartered Accountant before working in various roles for Macquarie Group, Westpac Banking Corporation, Hastings Funds Management and NSW Treasury Corporation where she was Head of Direct Investments and Infrastructure.

Lianne is currently a Non-Executive Director and Chair of the Audit & Risk Committee for Argo Investment Limited and St. George Community Housing and is a Non-Executive Director of AusNet Services. Previously, she served on the boards of ISPT, Spark Infrastructure, Australian Pacific Airports Corporation and Utilities Trust of Australia.

Lianne holds a Bachelor of Commerce degree and is a graduate of the Australian Institute of Company Directors.

CQR Chair, Roger Davis, said he was pleased to welcome Lianne to the Board:

"Lianne's executive career and subsequent non-executive director roles across finance, real estate and infrastructure make her a welcome addition to the Board. We look forward to her contribution to assist the board continue to execute its strategy and deliver sustainable returns for our securityholders."

⁵ Excludes joint venture undrawn debt

Announcement Authorised by the Board

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](#)). Charter Hall is one of Australia's leading fully integrated property investment and funds management groups. We use our expertise to access, deploy, manage and invest equity to create value and generate superior returns for our investor customers. We've curated a diverse portfolio of high-quality properties across our core sectors – Office, Industrial & Logistics, Retail and Social Infrastructure. With partnerships and financial discipline at the heart of our approach, we create and invest in places that support our customers, people and communities to grow.

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