

ASX Release

Acquisition of \$112 million interest in Coles leased Distribution Centre

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Charter Hall Retail Management, as responsible entity of Charter Hall Retail REIT (ASX: CQR) today announces that CQR has purchased a \$111.8 million or 52% interest in a \$215 million high quality purpose-built distribution facility fully leased to Coles Group Limited (Coles) for 14.5 years.

Coles has a remaining lease term of 14.5 years plus multiple options and fixed annual reviews of 2.75% providing accretion to the portfolio WALE and security of rental growth. The CQR retail portfolio now boasts exposure to 276 convenience, convenience-plus and long WALE retail properties.

The distribution facility is located in the Adelaide's prime industrial precinct of Edinburgh Park, South Australia, approximately 25km from Adelaide CBD and is utilised by Coles as its sole distribution centre to service all of its retail stores in South Australia and the Northern Territory.

The property has been owned by a Charter Hall partnership between three funds. The major 52% ownership fund reached the end of its defined investment term, providing a mutually beneficial opportunity for the CDC syndicate investors to exit, whilst providing CQR a resilient exposure to logistics, leased to one of its major convenience retail customers in Coles. The remaining 48% interest continues to be held by two Charter Hall Direct managed funds.

CQR's equity investment post settlement today for the 52% interest is approximately \$60 million, given there is existing asset level debt. This \$60 million utilises a small part of the \$465 million of liquidity CQR has available as at 30 June 2020, which has further increased following the divestment of Pemulwuy Market Place, NSW and West Ryde Market Place, NSW announced on 3 July 2020, which were 50% owned by CQR.

Portfolio Impact

The acquisition increases portfolio and Major/Anchor tenant WALE by 0.2 years and takes Long WALE retail property weighting to 13% of the total CQR portfolio, consisting of the 19.4 year WALE BP portfolio and this Coles 14.5 year WALE investment.

Charter Hall Retail REIT's CEO, Greg Chubb said "Today's acquisition continues CQR's longstanding partnership with Coles, one of our leading Major tenants. This acquisition increases the certainty of income through a long 14.5 year lease, provides growth for CQR investors through fixed rental escalations, and improves the resilience and security of income by further increasing CQR's exposure to Coles. Today's acquisition fits in our Long WALE Retail property category and is consistent with CQR's strategy is to be the leading owner and manager of property for convenience retailers."

CQR FY20 full year results will take place on 13 August 2020.

Announcement authorised by the Board

Charter Hall Retail REIT (ASX: CQR)

Charter Hall Retail REIT's strategy is to be the leading owner and manager of property for convenience retailers. Charter Hall Retail REIT is managed by Charter Hall Group (ASX:CHC). With over 29 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, retail, industrial and social infrastructure. Operating with prudence, Charter Hall Group as Manager of CQR has carefully curated a \$40 billion diverse portfolio of over 1100 high quality, long leased properties. Partnership and financial discipline are at the heart of our approach. Acting in the best interest of customers and communities, we combine insight and inventiveness to unlock hidden value. Taking a long term view, our \$7.3 billion development pipeline delivers sustainable, technologically enabled projects for our customers.

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

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