

ASX Release

Charter Hall Retail REIT - Best and final takeover offer for HPI

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Summary of the best and final Offer

Charter Hall Retail REIT (ASX:CQR) (**CQR**) refers to its announcement on 9 September 2024 in relation to its off-market takeover via a Charter Hall Group (ASX:CHC) (**CHC**) trustee, the **Bidder**, to acquire all of the stapled securities in Hotel Property Investments (ASX:HPI) (**HPI**) that the Bidder does not currently own, subject to a 50.1% minimum acceptance condition and other limited conditions (the **Offer**).

CQR advises that the Bidder has **increased the Offer Price from \$3.65 to \$3.85 cash per HPI Security¹ (the Improved Offer Price)**.

The Improved Offer Price has been declared **BEST AND FINAL** and **WILL NOT BE INCREASED**, in the absence of a competing proposal – noting no competing proposal has emerged, and the Bidder considers the likelihood of one emerging is low.

The Bidder encourages HPI Securityholders to **ACT NOW AND ACCEPT** the Offer.

Key reasons why HPI Securityholders should accept the Offer

- The Improved Offer Price provides a compelling price and valuation relative to HPI's historical and undisturbed trading levels, representing:
 - a 17.7% premium to HPI's undisturbed price of \$3.27 per security²; and
 - 19.2x HPI's forecast FY25 earnings³;
- Certainty of all-cash consideration, which is fully funded, at a time of elevated economic and geopolitical uncertainty;
- Liquidity without the need to pay brokerage costs⁴; and
- Low execution risk with an offer from an Australia domiciled Bidder that is subject to the same limited conditions as in the initial Offer⁵.

In addition, there is a significant risk that HPI's market price will fall if the Offer lapses given HPI's price has significantly increased by 15% since CHC and CQR acquired a stake in HPI in March 2024.

Benefits for CQR Unitholders

For CQR Unitholders, the strategic rationale of the proposed transaction is unchanged and is in line with CQR's stated strategy of investing in high quality, net lease retail assets, whilst partnering with leading convenience retailers to deliver resilient and growing income streams.

The proposed transaction is accretive to CQR's portfolio metrics and further diversifies its exposure to convenience retail net lease assets. If completed, the proposed transaction is expected to be operating earnings accretive.

¹ Less any Rights (as that term is defined in the second replacement Bidder's Statement dated 25 September 2024 (**Bidder's Statement**)), such as distributions, that HPI Securityholders become entitled to receive on or after 9 September 2024.

² As announced on 28 March 2024, CQR and CHC equally funded a JV Trust which acquired a 14.8% strategic stake in HPI at a 2.4% premium to the closing price of HPI Securities on 27 March 2024 of \$3.27 (**Undisturbed Date**).

³ Implied FY25E price-to-earnings based on Factset broker consensus per security.

⁴ Other than as set out in section 11.13 of the Bidder's Statement.

⁵ Includes a Minimum Acceptance which requires that the Bidder holds or has received acceptances for at least 50.1% of the HPI Securities before the end of the Offer Period (as that term is defined in the Bidder's Statement) and other conditions set out in Annexure A of the Bidder's Statement.

Details of the Offer

The Offer will remain open until 7:00pm (Sydney time) on 4 November 2024 (unless extended).

If you have any questions about the Offer (including how to accept the Offer if you are a HPI securityholder) please visit the Offer Website at <https://events.miracle.com/ch-offer/> or contact the Offer Information Line on 1800 178 658 (within Australia) or +61 1800 178 658 (outside Australia) between 8.30am and 5.30pm (Sydney time) on Monday to Friday (excluding public holidays).

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 portfolio of high-quality properties across our core sector – 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 grow.

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