

## ASX Release

### **Charter Hall Retail REIT enhances portfolio quality with acquisition of Salamander Bay Centre for \$174.5 million**

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Charter Hall Retail REIT (ASX:CQR) (CQR or the REIT) today announced that it has executed an unconditional contract to acquire the Salamander Bay Centre in the Port Stephens region, NSW for a total consideration of \$174.5 million. The transaction reflects a capitalisation rate of 6.0%.

The transaction is consistent with the REIT's strategy to transition the portfolio from smaller non-core assets towards larger convenience based supermarket anchored shopping centres with strong demographic profiles where it can add value through active management.

Located in the Port Stephens region of NSW, northeast of Newcastle, the Salamander Bay Centre comprises a single level shopping centre with a total GLA of 24,000sqm. The centre benefits from low levels of direct competition within its captive trade area along with a resident population of 36,000 and strong tourism sector trade.

Coles, Woolworths, Kmart, Aldi, and Target Country anchor the strongly performing Centre, in addition to three mini majors, 64 specialty tenancies, nine kiosks, and six ATMs. The major anchor tenants are either trading with turnover in excess of their percentage rent thresholds or are expected to pay percentage rent within the initial investment horizon.

Scott Dundas, Fund Manager of the REIT said: "We are pleased to announce the strategic acquisition of the Salamander Bay Centre to our portfolio. This acquisition reflects our focus on our stated strategy to reduce exposure to smaller retail assets in order to acquire larger, higher growth assets.

"The investment into the Salamander Bay Centre aligns with the REIT's investment strategy and follows our recent acquisition of Arana Hills Plaza in the fast growing metropolitan Brisbane suburb of Arana Hills. Strategic asset locations, convenience based, dominance within the trade area, and a diverse mix of strongly performing anchor tenants are recurring themes across our resilient non-discretionary retail portfolio."

As part of the REIT's strategy, it has flagged further divestments in order to support the acquisition of larger, forecast higher growth assets and value accretive development. During the December quarter, the fund contracted to divest three non-core properties in Queensland and Victoria for a combined value of \$72.2 million, which reflected a 10.4% premium to the June 2016 book values at a combined yield of 5.6%.

"With the recent divestments above book value we are focused on active asset management and our prudent capital management means we are delivering on our strategy to enhance the quality of the CQR portfolio through strategic acquisitions, divestments and redevelopments," Mr Dundas added.

The acquisition will initially be funded through a combination of existing and new debt facilities. It is anticipated that these debt facilities will be repaid through planned divestments.



### About Charter Hall Retail REIT

Charter Hall Retail REIT is a leading listed real estate investment trust with a portfolio of high quality Australian supermarket anchored neighbourhood and sub-regional shopping centres.

Charter Hall Retail REIT is managed by Charter Hall Group (ASX:CHC), one of Australia's leading fully integrated property groups, with over 26 years' experience managing high quality property on behalf of institutional, wholesale and retail clients. Charter Hall has over \$20.0 billion of funds under management across the office, retail and industrial sectors. The Group has offices in Sydney, Melbourne, Brisbane, Adelaide and Perth.

The Group's success is underpinned by a highly skilled and motivated team with diverse expertise across property sectors and risk-return profiles. Sustainability is a key element of its business approach and by ensuring its actions are commercially sound and make a difference to its people, customers and the environment, Charter Hall can make a positive impact for its investors, the community and the Group. For further information on Charter Hall Group and Charter Hall Retail REIT go to [www.charterhall.com.au](http://www.charterhall.com.au)

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For further information, please contact

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