Charter Hall

15 August 2017

Charter Hall Retail REIT

FY17 Full Year Results

Agenda

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FY17 Full Year Results

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Key Achievements

Full Year Ended 30 June 2017

Majors MAT Growth of 4.0%[1]	NTA per unit up 9.0% to $4.13	Total NPI Growth of 2.5%
Total divestments of lower growth centres of $157.2 million	Total unitholder return of 17.1%[2]	Total acquisitions of $282.6 million

1. For stores in turnover
2. Calculated as distributions plus NTA growth for the 12 month period divided by NTA at 30 June 2016

Divestments calculated at 100% values and includes acquisitions and divestments settling post balance date

Full Year Results

30 June 2017

Key metrics	FY17	FY16	Movement
Statutory profit	$251.3m	$180.7m	+39.1%
Operating earnings[1]	$123.3m	$120.3m	+2.5%
Operating earnings[1] per unit	30.40 cents	30.40 cents	-
Distributions per unit	28.10 cents	28.10 cents	-
Payout ratio[2]	92.4%	92.4%	-
Total unitholder return	17.1%	13.4%	+3.7%

	Jun 17	Jun 16	Movement
Net tangible assets per unit	$4.13	$3.79	+9.0%
Property portfolio	$2,764.2	$2,549.7m	+8.4%
Balance sheet gearing	33.1%	32.0%	+1.1%
Look through gearing	36.2%	35.9%	+0.3%
Weighted average debt maturity	6.1 years	6.2 years	-1.6%
Cash and undrawn debt capacity	$260m	$151m	+72.2%

1. Operating earnings is a financial measure which represents the net profit under Australian Accounting Standards adjusted for certain unrealised and non-cash items, reserve transfers, capital transactions and other non-core items. Operating earnings is equivalent to the Property Council definition of Funds from Operations
2. Calculated on a cents per unit basis

REIT Strategy

The leading owner and manager of Australian supermarket anchored shopping centres, providing a secure and growing income stream for our investors

Tenant Relationships
- Maintain strong tenant relationships

Tenancy Mix
- Optimise through proactive leasing
- National tenant focus

Shopping Experience
- Enhancing the overall experience

Redevelopment
- Value enhancing

Acquisitions
- Selective acquisitions

Divestments
- Low growth divestments

Balance Sheet
- Strong and flexible balance sheet

Gearing
- Prudent gearing

Payout Ratio
- Sustainable payout ratio

Consistent Delivery on Strategy

Highlights

Strategy	Achievements
Active management	• Stable occupancy at 98.0% • Total NPI growth of 2.5% • Specialty rent growth of 0.2% achieved from 156 renewals and 79 new leases reflecting continued focus on specialty leasing • Majors MAT growth of 4.0% and specialty MAT growth of 0.2% • Portfolio WALE of 6.8 years and Anchor WALE of 10.4 years
Enhancing portfolio quality	• Portfolio valued at $2.76 billion, an 8.4% increase over the year • Focus on recycling capital from lower growth properties to larger, expected higher growth properties – Acquired Arana Hills, Salamander Bay and Highfields for $282.6 million at a yield of 6.0% – Disposed of eight lower growth properties for $157.2 million[1], at an average yield of 6.5%[1] • Redevelopment at Secret Harbour completed in June 2017 • Lake Macquarie and Mount Hutton redevelopment approved with works to commence in 1H 18
Prudent capital management	• Increasing debt diversity for the REIT – Bank lenders have increased from three to five over the year • Weighted average debt maturity of 6.1 years • Balance sheet gearing of 33.1%, at the lower end of the target range of 30% - 40% • Look through gearing of 36.2%, in the middle of the target range

1. Values at 100% share

Financial Performance

Prudent Capital Management

2

Operating Earnings and Distributions

- FY17 operating earnings in line with market guidance
- **Sub-regional -** NPI growth of 1.6% driven by 0.4% same property NPI growth and ownership of Goulburn and Katherine for the full year, the acquisition of Arana Hills during the year, offset by the sale of Caboolture
- **Neighbourhood –** NPI growth of 1.9% driven by same property NPI growth of 1.3% plus the contribution of Sydney Street Markets post development
- **Freestanding –** NPI growth of (3.5%) driven by same property NPI growth of 1.1% offset by the sale of Moe Kmart in the current year
- **JV Income** has increased due to the ownership of Bateau Bay for the full year partially offset by the sale of Pakington
- **Net finance costs** are higher due to an increase in the weighted average drawn debt balance to fund the development pipeline

$m	FY17	FY16	Movement
Net property income			
• Sub-regional	65.0	64.0	1.6%
• Neighbourhood	70.0	68.7	1.9%
• Freestanding	13.8	14.3	(3.5%)
Net income from joint ventures	15.4	14.0	1.0%
Total net income	**164.2**	**161.0**	**2.0%**
Net finance costs[1]	(27.7)	(27.1)	(2.2%)
Other expenses	(13.2)	(13.6)	3.0%
Operating earnings	**123.3**	120.3	2.5%
Operating earnings per unit (cents)	**30.40**	30.40	-
Distribution per unit (cents)	**28.10**	28.10	-
Payout ratio	**92.4%**	92.4%	-

1. Excludes debt drawn in joint venture entities, finance costs relating to these debt facilities are included in net income from joint ventures

Balance Sheet

- Properties under management increased $214 million due to:
  - Acquisitions net of divestments of $18 million
  - Development and capital expenditure totalling $83 million
  - Revaluation uplift of $113 million
- Total debt has increased due to acquisitions and capital expenditure offset by divestments
- Other liabilities have decreased primarily due to FX revaluations on USPP and offset by derivative movements
- NTA growth from positive revaluations across the portfolio
- Look through gearing is in the middle of the target range of 30%-40%

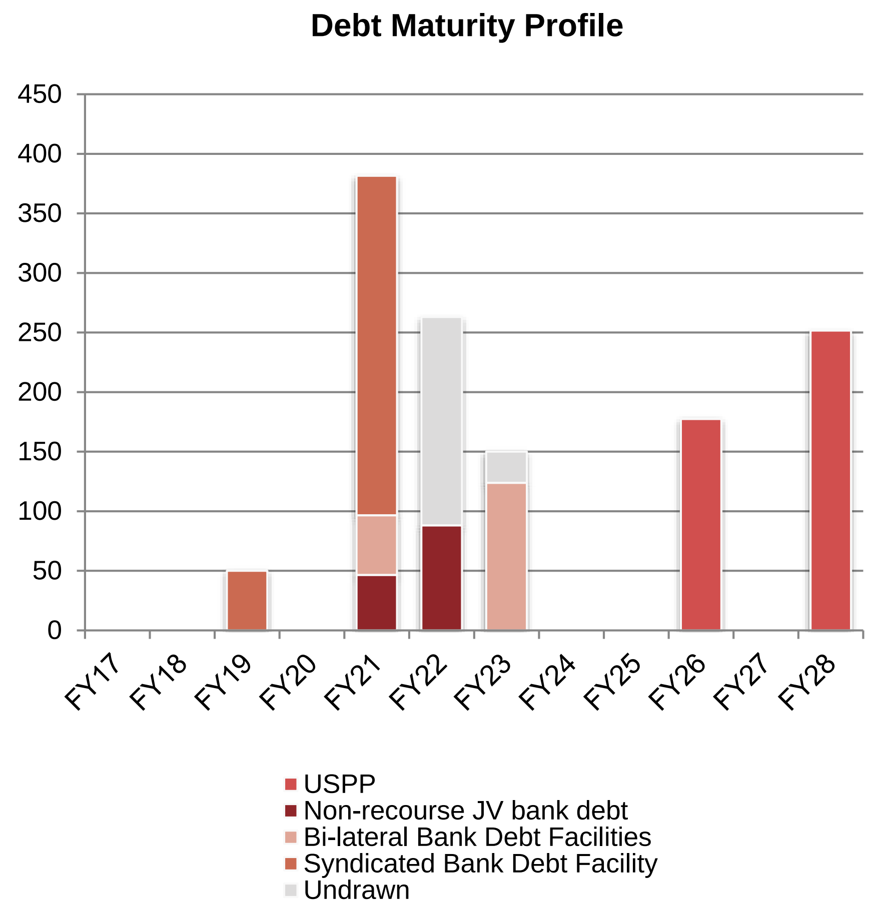
	Jun 17	Jun 16
Wholly owned properties	2,367	2,170
JV properties	397	380
Debt	(875)	(769)
JV Debt	(136)	(152)
Other assets	25	13
Other liabilities	(103)	(110)
Net assets	**1,675**	**1,532**
Units on issue (millions)	**406**	**404**
NTA per unit ($)	**4.13**	**3.79**
Balance sheet gearing	**33.1%**	**32.0%**
Look through gearing	**36.2%**	**35.9%**

All values presented on a look through basis and net of cash. Debt excludes any foreign currency revaluation.

Debt Maturity Profile

- Strong diversity of debt sources including two new banks
- Refinanced $100 million of FY19 maturities
- $220 million RP1 JV bank debt extended to FY22
- Increased liquidity by a further $225 million
- Weighted average debt maturity of 6.1 years
- Extended weighted average hedge maturity to 4.4 years

Key metrics	Jun 17	Jun 16
Average interest cost[1]	4.0%	4.3%
Weighted average debt maturity	6.1 years	6.2 years
Weighted average hedge maturity	4.4 years	4.0 years
Interest rate hedging[2]	59%	72%
ICR	4.6x	4.5x



1. Includes line fee (including cost of undrawn debt) and usage fee and excludes amortisation of upfront debt costs
2. For the next 12 month period

Operational Performance

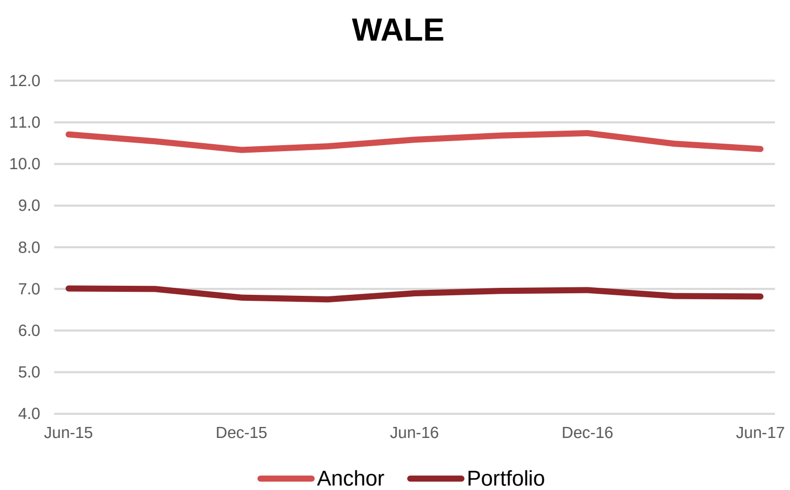
Active Management & Enhancing the Portfolio Quality

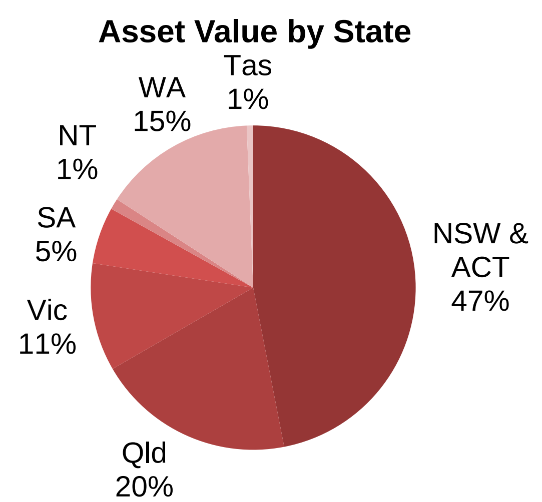
3

Portfolio Summary

Summary by Asset Type	#	Value ($m)	GLA ('000sqm)	Occupancy[1]	Same Property NPI Growth	Total NPI Growth
Sub-regional shopping centres	20	1,401.2	285.8	98.1%	0.6%	4.8%
Neighbourhood shopping centres	36	1,145.4	226.0	97.0%	1.4%	1.2%
Freestanding supermarkets	15	217.6	48.3	100.0%	1.1%	(3.5%)
Total	**71**	**2,764.2**	**560.1**	**98.0%**	**1.0%**	**2.5%**

Portfolio WALE of 6.8 years and anchor WALE of 10.4 years



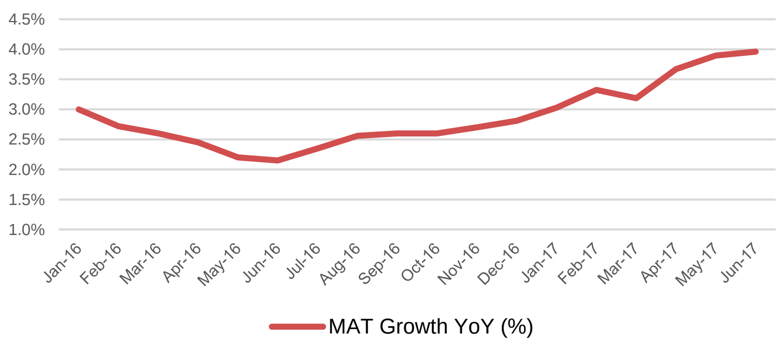


1. Excludes properties under redevelopment
WALE calculated by weighting the REIT's share of base rent

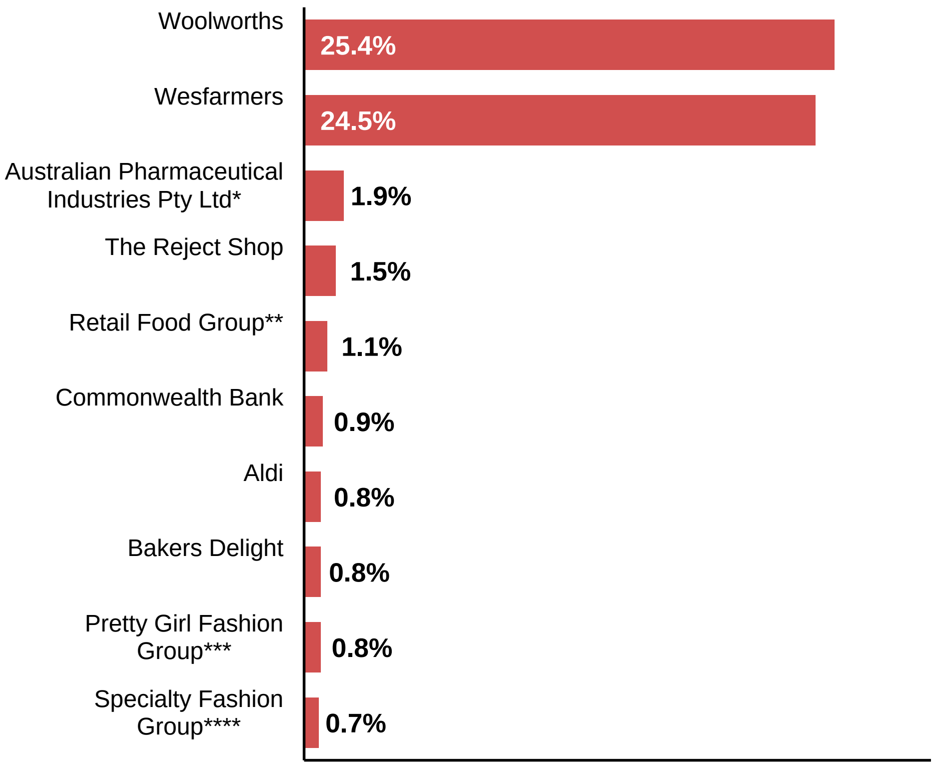
Anchor Tenants

- Wesfarmers and Woolworths businesses represent 50% of base rent
  - 39% from Supermarkets and Liquor
  - 11% from Discount Department Stores
- 38% of anchor tenants are paying turnover rent (31% at June 2016)
- 14% are within 10% of their turnover threshold
- Supermarket MAT growth of 3.8%[1]
- Total turnover rent represents 2.0% of total net rent ($3.4 million or 2.8% of operating earnings)

Anchor Tenant MAT Growth[1]



Top ten tenants by base rent



*including Soul Pattinson, Priceline
**including Brumby's, Donut King, Michel's Patisserie
***Including Rockmans, Be Me and W Lane
****Including Crossroads, Millers, Katies, Autograph, City Chic

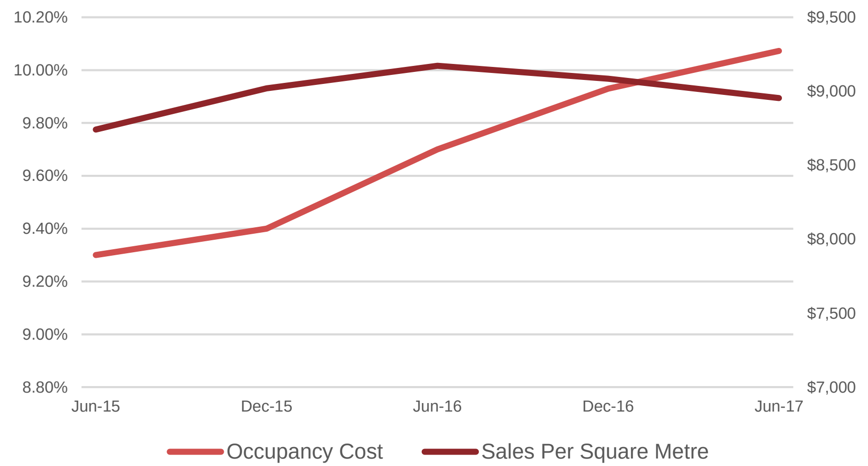
1. Calculated on a 12 month rolling basis for stores in turnover, excluding redevelopments

Specialty Tenants

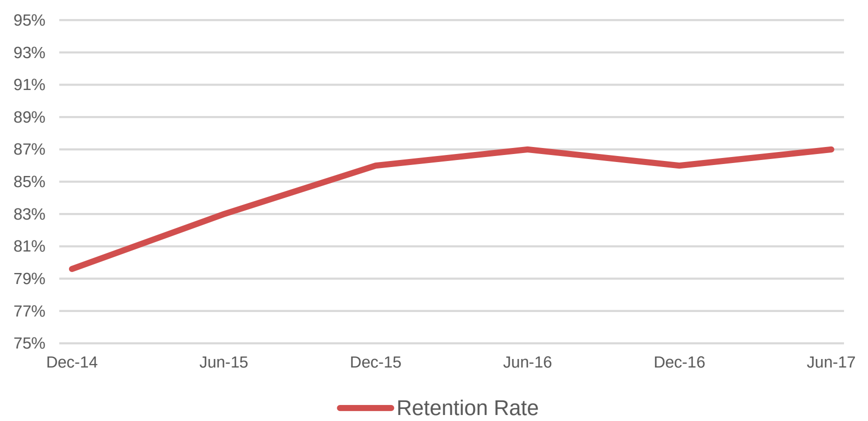
Summary by State and Location	MAT Growth[1]	Occupancy Cost[1]	MAT/sqm
New South Wales & ACT	1.1%	10.8%	$9,265
Queensland	0.4%	8.0%	$9,926
Victoria	(1.7%)	12.3%	$7,218
South Australia	5.1%	11.1%	$6,928
Western Australia	(3.9%)	8.9%	$8,846
Total	**0.2%**	**10.1%**	**$8,954**
Metropolitan	1.1%	11.8%	$9,201
Non-Metropolitan	(0.4%)	8.8%	$8,780

- Average specialty gross rent $902/sqm
- Average fixed rental increases of 4.1% p.a.
- Total specialty leasing spreads growth of +0.2%:
  - +0.0% on 156 renewals
  - +0.7% on 79 new leases
- Specialty retention rate of 87%
- National specialty retailers represent 60% of the REIT's specialty tenants
- 7% of ABR comes from essential services (banks, medical etc.)
- Less than 5% of ABR comes from apparel

Occupancy Cost and Specialty Sales



Retention Rate



1. 56% of the REIT's specialty tenants by ABR have reported sales for 24 months

Revaluations

- 46% of the portfolio by value was externally revalued at 30 June 2017
- Property valuations increased by $118.0 million representing 4.5% growth over the whole portfolio
- Weighted average cap rates continued to firm at June 2017, with full year compression of 40 basis points driving NTA growth for the REIT

Twelve months to June 2017	Freestanding	Neighbourhood	Sub-regional	Total
Number of properties	15	36	20	**71**
June 2017 valuation ($m)	217.6	1,145.4	1,401.2	**2,764.2**
Prior book value[1] ($m)	204.4	1,102.8	1,339.0	**2,646.2**
Movement in book value[2] ($m)	13.2	42.6	62.2	**118.0**
Variance (%)	**6.5%**	**3.9%**	**4.6%**	**4.5%**
Weighted avg cap rates – June 2017	5.89%	6.38%	6.31%	**6.31%**
Weighted avg cap rates – June 2016	6.37%	6.76%	6.73%	**6.71%**

1. Represents June 2016 book value adjusted for capital expenditure, acquisitions and divestments over the year
2. Excludes $4.5 million relating to acquisition costs and revaluation adjustments relating to straightlining of rental income, amortisation of lease incentives and capitalisation of leasing fees

Capital Transactions

Capital Recycling Improving Quality

- Strategy of enhancing the REIT's portfolio quality by recycling out of lower growth properties into higher growth properties
- Requirement that all assets are the dominant convenience based shopping centre within their catchment
- Average asset value has increased from $39.7 million at June 2016 to $44.7 million at June 2017

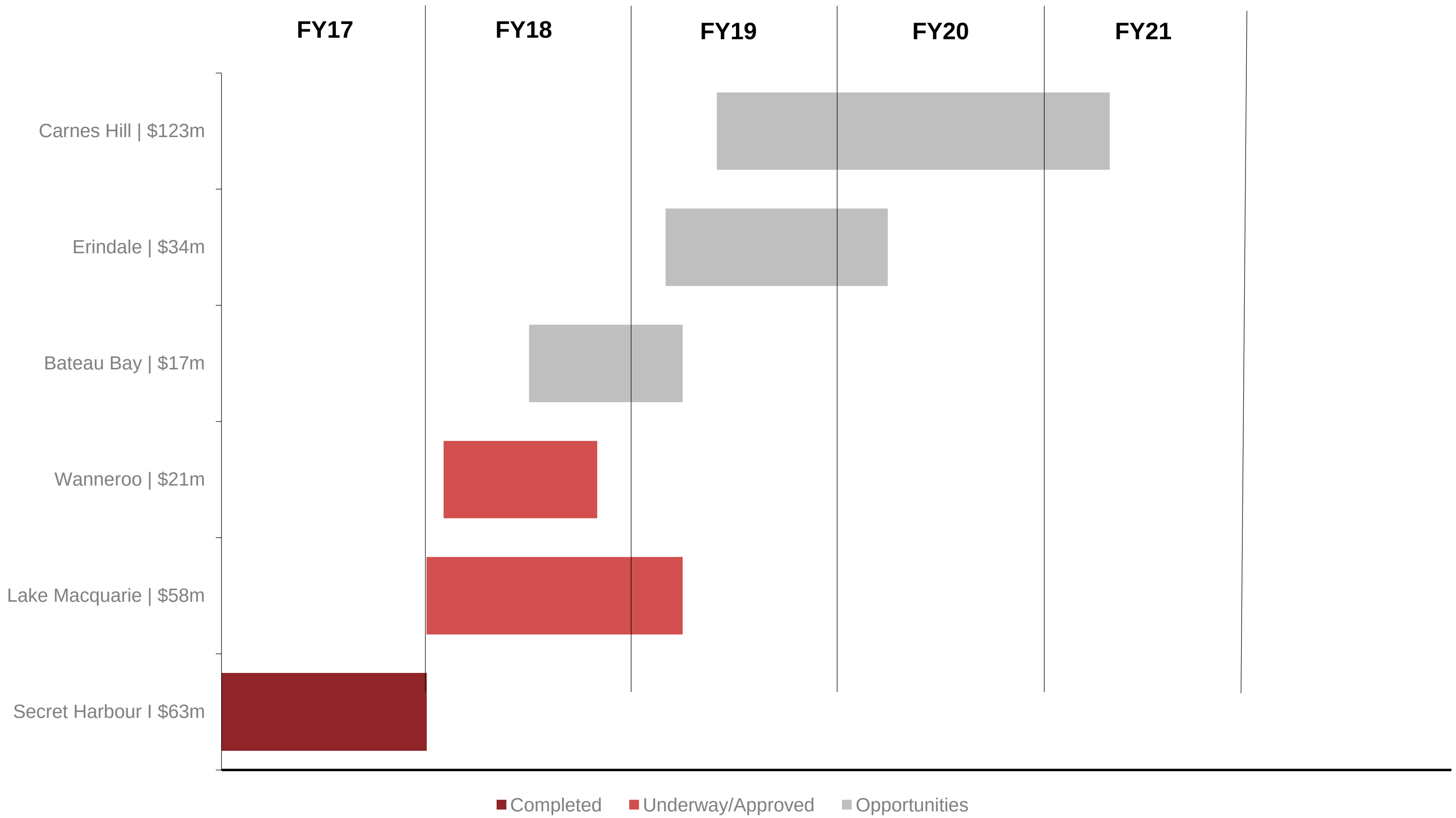
	GLA (sqm)	Value $m	Yield	Settlement
Acquisitions				
Arana Hills Plaza, Qld	16,406	67.1	6.0%	December 2016
Highfields Village, Qld	6,366	41.0	6.0%	July 2017
Salamander Bay Centre, NSW	23,869	174.5	6.0%	July 2017
Total	**46,641**	**282.6**	**6.0%**	

	GLA (sqm)	Value $m	Yield	Settlement
Divestments				
Pakington Strand, Vic.[1]	5,358	31.8	4.9%	October 2016
Caboolture Square, Qld	15,999	27.5	6.4%	November 2016
Moe-Kmart, Vic.	6,298	12.9	5.8%	December 2016
Newstead Coles, Tas.	1,622	9.0	7.3%	June 2017
Wharflands Plaza, SA	10,215	21.0	8.7%	July 2017
Gladstone Square, Qld[1]	6,924	31.5	7.2%	July 2017
Narrabri Coles & Target, NSW	3,185	10.5	6.7%	September 2017
Rosehill Woolworths, NSW	2,440	13.0	5.1%	September 2017
Total	**52,041**	**157.2**	**6.5%**	

1. Represents 100% ownership. CQR's share of ownership is 50%

Redevelopment Pipeline - $316 million

Redevelopments Driving Earnings Accretion and Enhance Shopper Experience



Based on construction start and completion dates
Values are 100% share of development costs

Sustainability

Our Sustainability Achievements

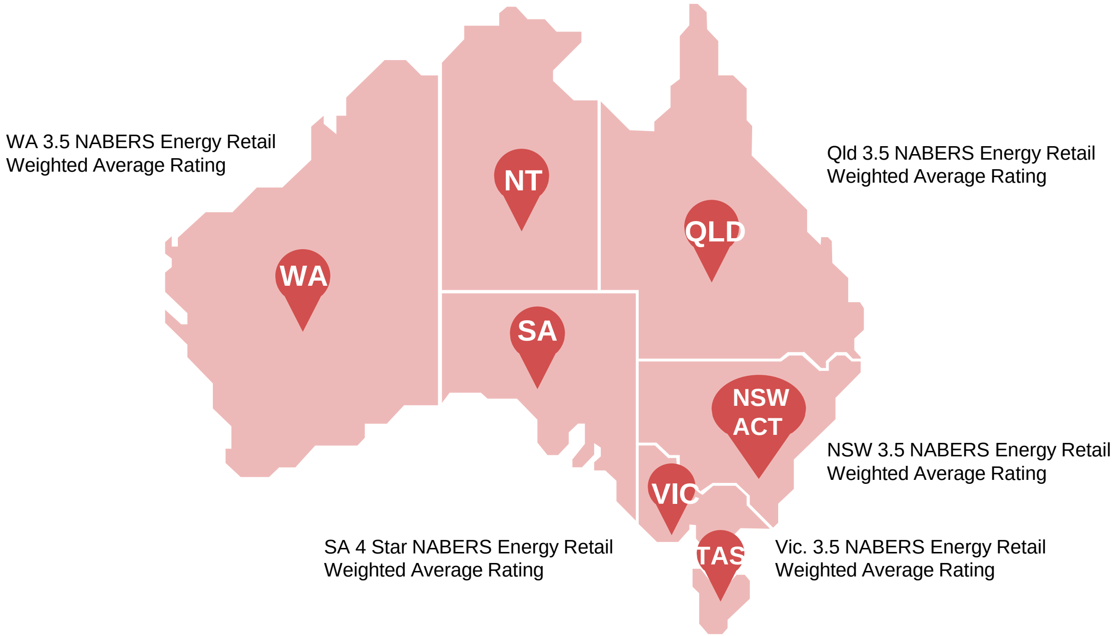
3.5 Star average NABERS Energy Rating

62 Green Star Performance ratings

72 Climate Risk ratings

Inaugural GRESB Rating

CQR National 3.5 NABERS Energy Retail weighted average rating



- Energy pricing strategy delivering
- LED upgrades resulting in 1.469 GWh savings in energy
- 250Kwh solar system commenced at Singleton Square
- Investigating solar energy projects with the aim of concurrent rollout across 17 retail centres
- Energy contracts locked in until FY20

Retail Environment and Outlook

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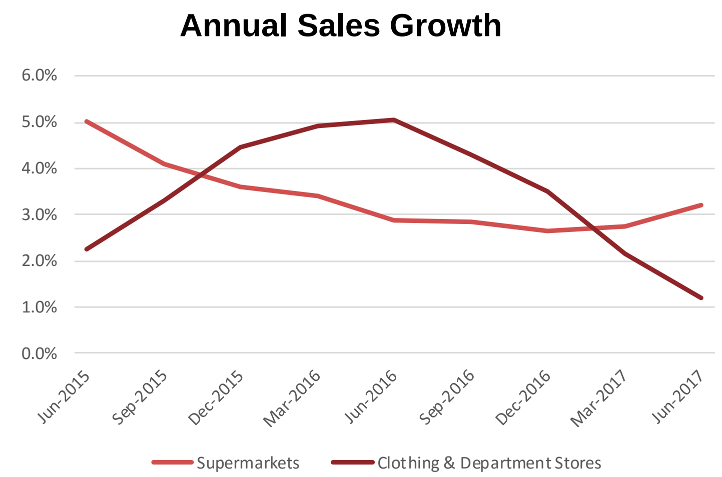
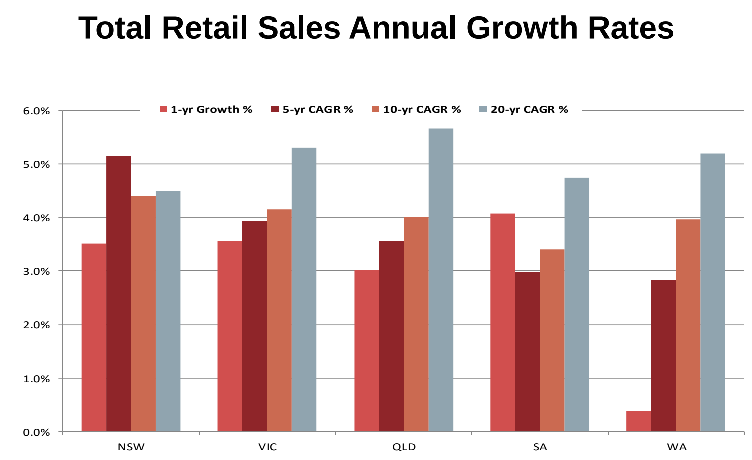
Retail Environment

10 Years of Positive Supermarket Sales Growth

- ABS retail trade grew by 3.3% over the rolling year to February 2017 which is below long term averages
- Lower than average inflation in conjunction with a historically high rate of underemployment has meant that wage growth has been largely stagnant
- Retail growth in all states was below their respective long term averages except for SA and ACT
- Whilst there has been much disclosure about the recent “supermarket price wars” having a detrimental impact on profitability on supermarket retailers, their margins remain strong with room to move in the event of increased competition, relative to their global peers
- Our expectation is for continued improvement in supermarket sales and challenging trading conditions for specialty retailers





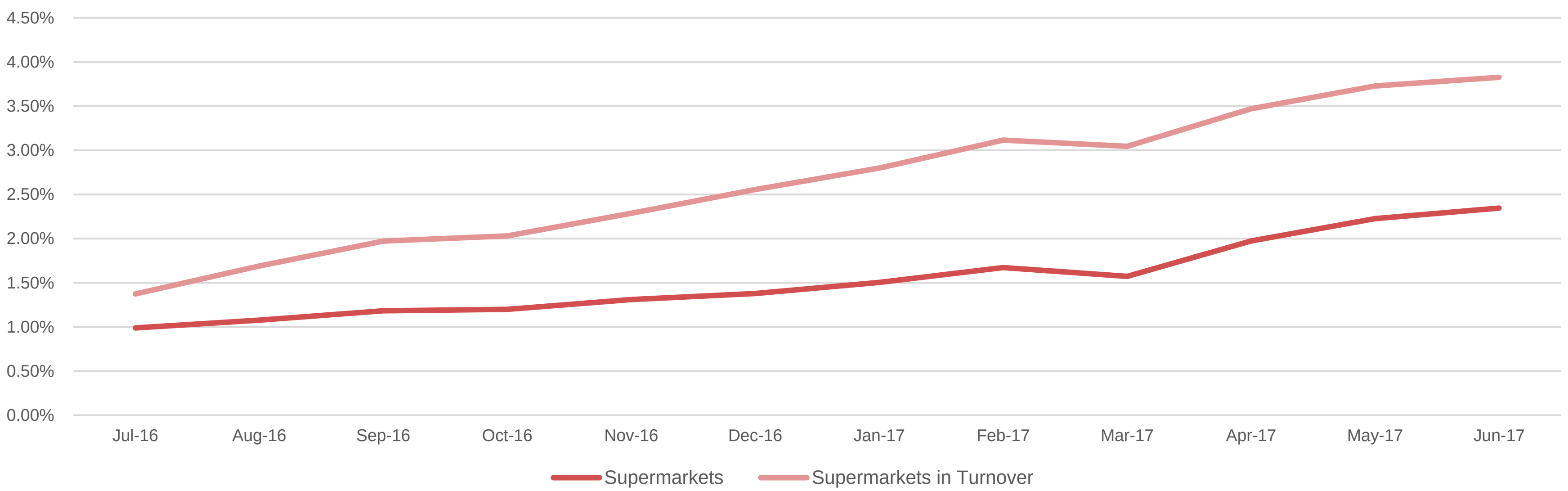
Source: ABS

Retail Environment

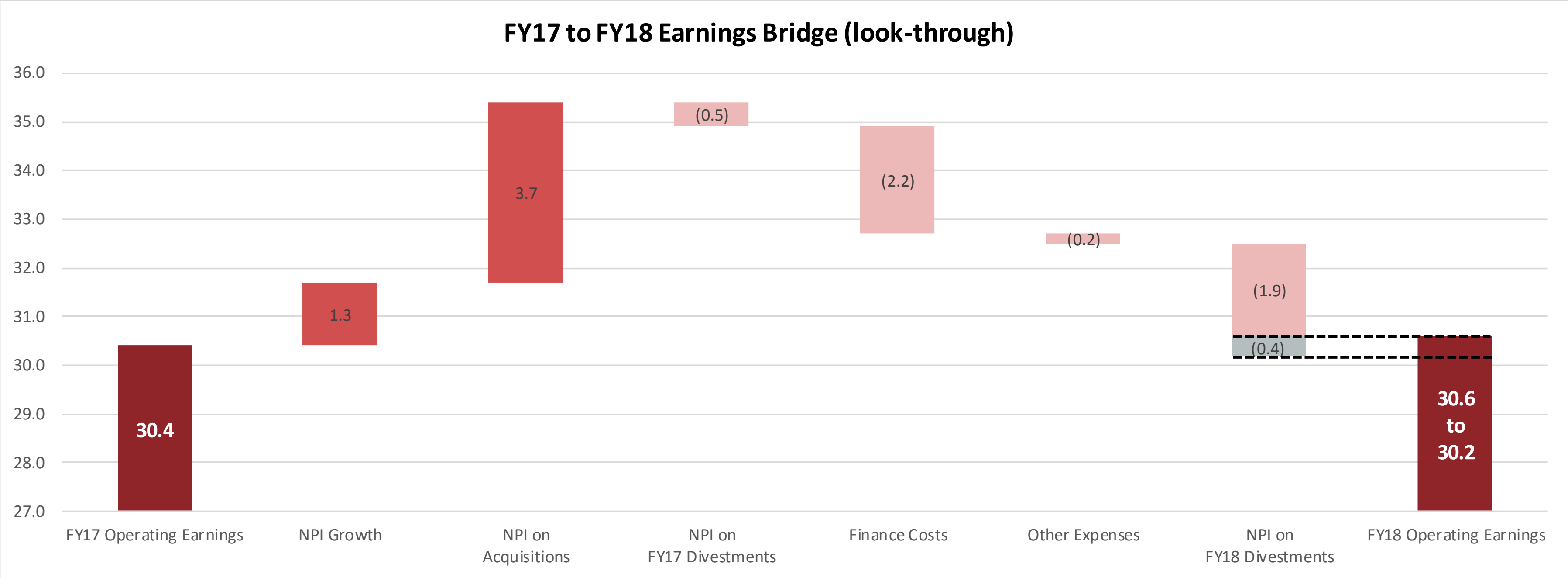
Supermarkets Continue to Improve

- CQR's supermarket portfolio continues to improve with all stores MAT growth of +2.4% and stores in turnover MAT growth of +3.8%
- Growth in turnover from both Coles and Woolworths off already established high sales densities
- Supermarket MAT increased strongly despite ongoing price deflation offset by higher customer visitations
- Increased Aldi representation (now 7th largest tenant by ABR) with further stores to be added to the portfolio
- 12 supermarkets refurbished over the last three years

12 Month Supermarket MAT Growth All Stores



Forecast Earnings Bridge



- **NPI Growth (3%)** includes all properties held at 30 June 2017 and assumes no further sales in FY18
- **NPI on Acquisitions** includes the NPI impact from the acquisitions of Arana Hills, Salamander Bay and Highfields
- **NPI on FY17 Divestments** includes the impact from lost income in FY18 from properties sold in FY17
- **Finance Costs** is mainly due to the timing and volume of net capital transactions (-1.3cpu) and funding of the development pipeline (-0.9cpu), of which -0.6cpu relates to capitalised interest on Secret Harbour and other developments completed in the year
- **Other Expenses** includes management fees and other fund costs
- **NPI on FY18 Divestments** includes the impact from lost income from the divestment of assets held for sale at 30 June 2017. The range in outcome is dependent on the timing of the sales

Assumes no material deterioration to existing economic conditions and any further asset acquisitions or divestments

FY18 Outlook

- Consistent with strategy, sale proceeds from divestments will be allocated to optimise returns via acquisitions, development, buy back or return of capital. Repositioning of the portfolio will be completed in FY18
- Barring unforeseen events and the timing of the portfolio reconstruction, the REIT's FY18 guidance for operating earnings is expected to be 30.2 to 30.6 cents per unit
- Distribution payout ratio range is expected to be between 90% and 95% of operating earnings

Highfields Village, Qld

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Questions

Annexures

Annexure 1

Detailed Earnings

(All Values in $m)	Jun 2017 Statutory Profit	Jun 2017 Unrealised & Capital Items	Jun 2017 Operating Earnings	Jun 2016 Operating Earnings
Share of profits from investment in JV's				
Net property income				
• Sub-regional	17.0	0.2	17.2	14.4
• Neighbourhood	5.8	0.3	6.1	6.4
Property valuation gains	22.2	(22.2)	-	-
Gain on disposal of investment properties	3.0	(3.0)	-	-
Finance costs	(6.8)	0.1	(6.7)	(6.6)
Net unrealised gain on derivative financial instruments	1.7	(1.7)	-	-
Other expenses	(1.2)	-	(1.2)	(0.2)
Total	**41.7**	**(26.3)**	**15.4**	**14.0**
Net property income				
• Sub-regional	62.7	2.3	65.0	64.0
• Neighbourhood	68.0	2.0	70.0	68.7
• Freestanding	13.8	-	13.8	14.3
Property valuation gains	91.3	(91.3)	-	-
Loss on disposal of investment properties	(0.2)	0.2	-	-
Other income	0.2	-	0.2	0.3
Net unrealised gain on derivative financial instruments	15.2	(15.2)	-	-
Management fees	(10.2)	-	(10.2)	(10.2)
Finance costs	(28.0)	0.1	(27.9)	(27.4)
Trust expenses	(3.2)	0.2	(3.0)	(3.4)
Earnings	**251.3**	**(128.0)**	**123.3**	**120.3**
Operating earnings per unit (cents)			**30.40**	**30.40**
Distribution per unit (cents)			**28.10**	**28.10**

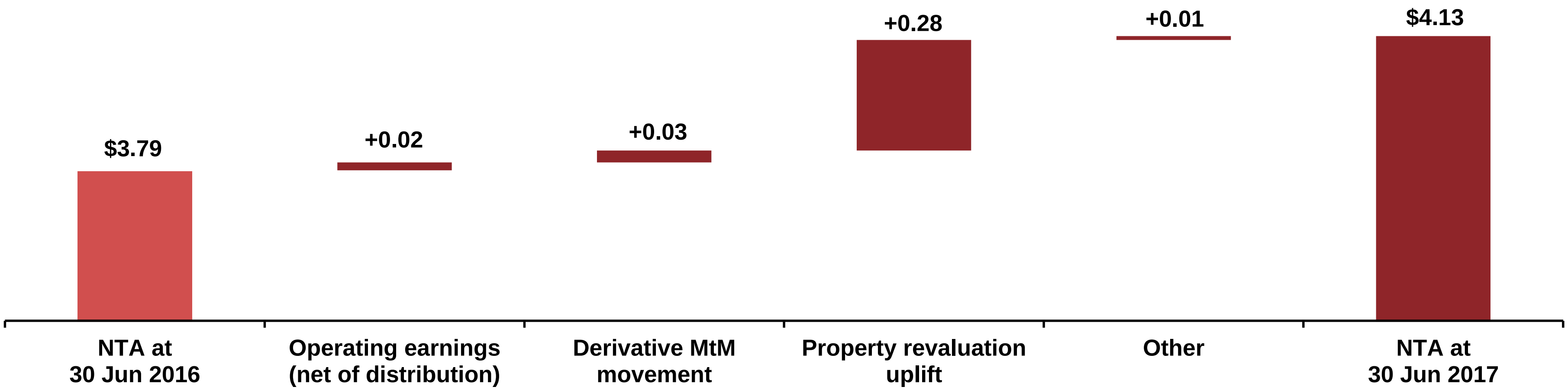
Annexure 2

Funds from Operations (FFO)

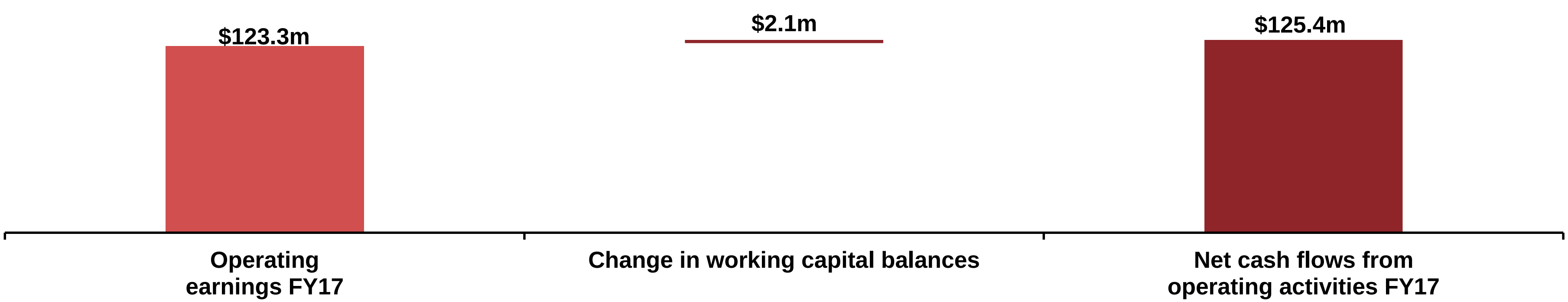
	FY17 ($m)	FY17 (cpu)
Statutory Profit	**251.3**	**61.92**
Revaluation increment on investment properties	(118.3)	(29.14)
Unrealised valuation gains on assets held for sale at year end	(0.6)	(0.14)
Revaluation decrement on investment properties attributable to acquisition costs	5.4	1.33
Net gains on derivative financial instruments	(16.9)	(4.16)
Gain on sale of investment properties	(2.8)	(0.69)
Write off capitalised borrowing costs related to refinancing	0.2	0.05
Other	5.0	1.23
Funds from Operations (FFO) / Operating Earnings	**123.3**	**30.40**
Less: Operational capex	(4.0)	(0.99)
Less: Lease incentives	(5.4)	(1.33)
Adjusted Funds from Operations (AFFO)	**113.9**	**28.08**
Distribution	**114.1**	**28.10**

Annexure 3

NTA per unit reconciliation



Operating earnings to operating cash flows reconciliation



Annexure 4

Debt and Interest Rate Management

Debt maturities & covenants

Post refinance initiatives (All Values CQR Share)	Limit (A$m)	Drawn (A$m)	Rate	Maturity	Financial Covenants	Covenant	Actual
JV debt – CHRP1	110.0	93.1	Floating	May-22	LVR ICR	55.0% 2.0x	32.4% 3.4x
JV debt – CHRP2	47.5	46.6	Floating	Oct-20	LVR ICR	60.0% 1.5x	43.6% 3.8x
Syndicated bank debt facility	335.0	335.0	Floating	$50m Jul-18 $285m Jul-20			
Bi-lateral bank debt facilities	375.0	173.8	Floating	$50m Feb-21 $175m Jun-22 $150m Jul-22	LVR ICR	50.0% 2.0x	40.1% 4.6x
USPP – May 2016	177.4	177.4	Floating	May-26			
USPP – July 2015	251.6	251.6	Floating	Jul-27			
Grand total	**1,296.5**	**1,077.5**					

Interest rate risk management	FY18	FY19	FY20
Weighted average hedge book ($m)	639	639	639
Weighted average debt margin[2]	1.7%	1.7%	1.7%
Weighted average hedge rate	2.2%	2.2%	2.2%

1. Excludes line fee on undrawn debt and assumes all debt refinanced at constant margin at maturity

Annexure 5

Current and Completed Projects Enhancing Portfolio Quality

Project	Project cost ($m)	Stabilised Yield[1]	Completion	Description	Status
Secret Harbour Square, WA	63.3	7.2%	May 17	New 4,050sqm Coles supermarket, new 1,550sqm Aldi, new 1,225sqm Dan Murphy's, expansion of the existing Woolworths by 400sqm, new 650sqm mini major, addition of approximately 3,700sqm of specialty space, one new pad site location and creation of new on grade car parking	Aldi, along with Red Dot and over 30 new specialty tenants opened for trade on 17 May 2017. The centre officially launched and Coles opened for trade on 23 June 2017. The external dining precinct anchored by Dome Café will commence trading in August 2017. The Dan Murphy's pad site and intersection upgrade is forecast to complete in early December 2017
Lake Macquarie Fair, NSW	58.3	6.9%	March 19	Demolition of Mount Hutton Plaza and construction of a new 4,200sqm Coles and associated specialty stores to integrate with Lake Macquarie Fair	On 11 April 2017 the JRPP approved the Development Application for the redevelopment (excluding Petrol Pad Site). In July 2017, CQR approved the appoint of the builder. Anticipated construction will commence in September 2017
Wanneroo Shopping Centre, WA	10.7	6.7%	July 18	Replacement of the existing Super IGA with an Aldi supermarket, additional specialty retail and on grade car parking increase and improvements	The IGA vacated the premises on 12 July 2017. The Development Application for the works was approved in May 2017. Expressions of Interest for a Principal Contractor was undertaken in June 2017, it is anticipated the tender will be issued in August 2017
Various	12.5	9.8%		Minor projects works at Dubbo, Goulburn, Southgate and Bateau Bay	
Total	**144.8**	**7.2%**			

1. Redevelopments typically achieve stabilised yield 12 months following completion (depending on prevailing market conditions)
Completion dates are forecast only
All values represent CQR's ownership share

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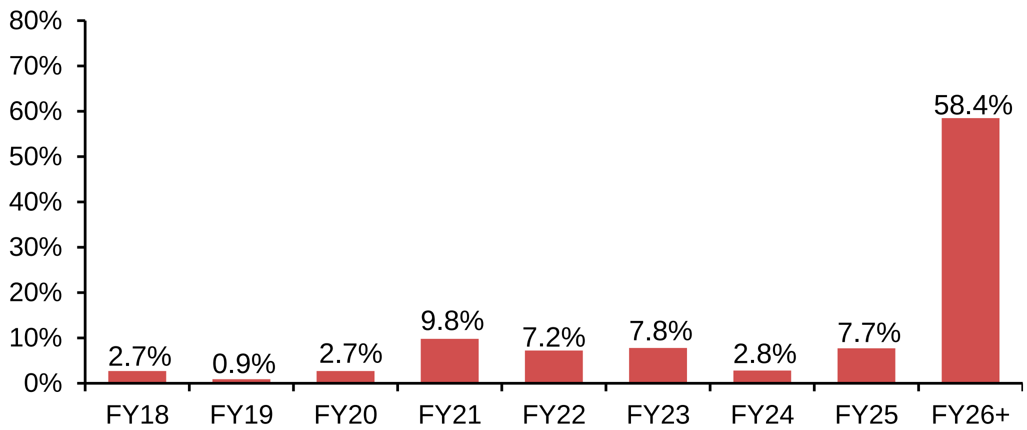
Annexure 6

Lease Expiry Profile

Anchor tenant expiry

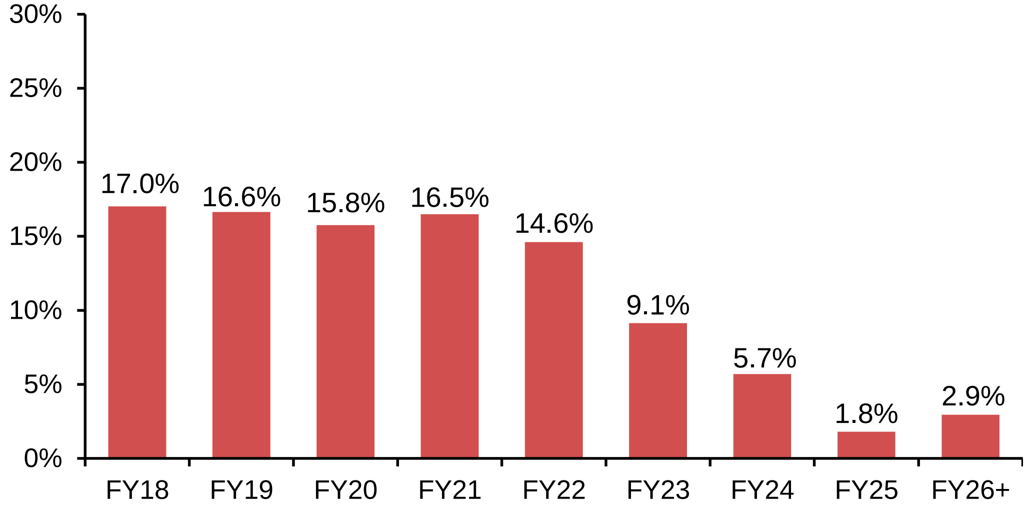
WALE 10.4 years



Portfolio WALE of 6.8 years

Specialty tenant expiry

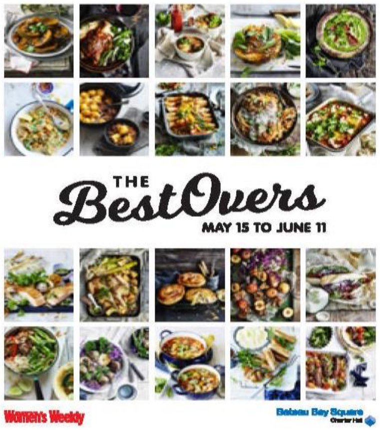
WALE 3.4 years



Lease expiry profiles exclude properties under redevelopment
WALE and lease expiry profile calculated by weighting the REIT's share of base rent

Annexure 7

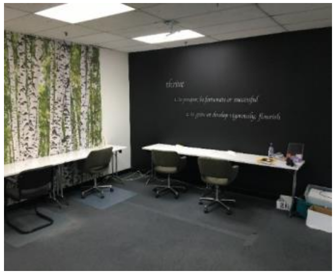
Community - our Customer and Community Achievements



75% Tenant Customer survey participation rate with positive satisfaction on communication and engagement

The BestOvers
39 Charter Hall Shopping Centres partnered with Australian Womens Weekly to encourage families to waste less by turning leftovers into The BestOvers, resulting in 14,777 users downloading 1,192 recipes

615sqm Community Space across the portfolio, equating to $0.7 million per annum



Upswing, a co-working space at our Gordon Centre provides on-site childcare alongside work environments to allow freedom and flexibility for parents and businesses in the northern Sydney region. Upswing is a new innovative concept and customer offer, while also activating a vacant tenancy and is part of Charter Hall's Pledge 1%

Annexure 8

Property Valuations as at 30 June 2017

State	Property	Location	Asset Type	Interest %	Book Value ($m)	Cap Rate
ACT	Dickson Woolworths	Dickson	Freestander	100%	18.9	5.75%
	Erindale Shopping Centre	Wanniassa	Neighbourhood	100%	37.2	6.75%
	Manuka Terrace	Manuka	Neighbourhood	100%	57.5	6.00%
ACT Total					**113.6**	
NSW	Balo Square	Moree	Neighbourhood	100%	17.0	7.00%
	Bateau Bay Square	Bateau Bay	Sub-regional	47.5%	107.4	5.75%
	Carnes Hill Marketplace	Horningsea Park	Sub-regional	50%	66.3	5.50%
	Dubbo Square	Dubbo	Sub-regional	100%	46.7	7.00%
	Earlwood Coles	Earlwood	Freestander	100%	23.0	5.00%
	Gordon Village Centre	Gordon	Neighbourhood	100%	119.2	6.00%
	Goulburn Square	Goulburn	Sub-regional	100%	82.7	6.00%
	Highlands Marketplace	Mittagong	Sub-regional	50%	39.8	5.75%
	Jerrabomberra Village	Jerrabomberra	Neighbourhood	100%	25.8	6.00%
	Kings Langley Shopping Centre	Kings Langley	Neighbourhood	100%	40.4	6.00%
	Lake Macquarie Fair[1]	Mount Hutton	Sub-regional	100%	69.2	n/a
	Morisset Square Shopping Centre	Morisset	Neighbourhood	100%	40.0	6.80%
	Mount Hutton Plaza[1]	Mount Hutton	Neighbourhood	100%	11.0	n/a
	Mudgee Metroplaza	Mudgee	Neighbourhood	100%	25.8	6.50%
	Orange Central Square	Orange	Neighbourhood	100%	54.0	6.25%
	Parkes Metroplaza	Parkes	Neighbourhood	100%	22.8	6.50%
	Pemulwuy Marketplace	Greystanes	Neighbourhood	50%	16.5	5.50%
	Rutherford Marketplace	Rutherford	Neighbourhood	50%	19.3	6.00%
	Singleton Square and Plaza	Singleton	Sub-regional	100%	120.0	6.37%
	Sunnyside Mall	Murwillumbah	Neighbourhood	100%	49.0	6.50%

1. Asset currently classified as redevelopment
All values represent CQR ownership share

Annexure 8

Property Valuations as at 30 June 2017

State	Property	Location	Asset Type	Interest %	Book Value ($m)	Cap Rate
NSW	Tamworth Square	Tamworth	Sub-regional	100%	47.8	7.00%
	Thornleigh Marketplace	Thornleigh	Neighbourhood	50%	20.1	5.75%
	Tumut Coles	Tumut	Freestander	100%	10.3	5.75%
	West Ryde Marketplace	West Ryde	Neighbourhood	50%	27.0	5.50%
NSW Total					**1,101.1**	
NT	Katherine Central	Katherine	Sub-regional	100%	30.1	7.75%
NT Total					**30.1**	
Qld	Albany Creek Square	Brisbane	Neighbourhood	100%	57.5	6.25%
	Allenstown Square	Rockhampton	Neighbourhood	100%	50.3	7.00%
	Arana Hills Plaza	Brisbane	Sub-regional	100%	67.5	5.75%
	Atherton Square	Atherton	Neighbourhood	100%	35.5	6.25%
	Bribie Island Shopping Centre	Bribie Island	Sub-regional	100%	57.0	6.25%
	Coomera Square	Coomera	Neighbourhood	100%	59.7	6.50%
	Currimundi Markets	Currimundi	Neighbourhood	100%	39.0	6.00%
	Gatton Square	Gatton	Neighbourhood	100%	23.5	6.00%
	Bay Plaza	Hervey Bay	Neighbourhood	100%	20.7	6.75%
	Kallangur Fair	Kallangur	Neighbourhood	100%	17.9	6.50%
	Mareeba Square	Mareeba	Neighbourhood	100%	18.8	6.50%
	Moranbah Fair	Moranbah	Neighbourhood	100%	25.0	7.75%
	Sydney Street Markets	Mackay	Neighbourhood	100%	37.3	6.75%
Qld Total					**509.7**	

All values represent CQR ownership share

Charter Hall

Annexure 8

Property Valuations as at 30 June 2017

State	Property	Location	Asset Type	Interest %	Book Value ($m)	Cap Rate
SA	Brickworks Marketplace	Torrensville	Sub-regional	50%	33.0	6.50%
	Renmark Square	Renmark	Sub-regional	100%	24.7	7.50%
	Southgate Square	Morphett Vale	Sub-regional	100%	78.0	6.25%
SA Total					**135.7**	
Vic	Bairnsdale Coles	Bairnsdale	Freestander	100%	16.8	5.50%
	Kerang Safeway	Kerang	Freestander	100%	14.5	6.50%
	Lansell Square	Kangaroo Flat	Sub-regional	100%	102.0	6.25%
	Moe Coles	Moe	Freestander	100%	19.7	5.50%
	Rosebud Plaza	Rosebud	Sub-regional	100%	126.8	6.00%
Vic Total					**279.8**	
WA	Albany Plaza	Albany	Sub-regional	100%	61.5	6.75%
	Carnarvon Central	Carnarvon	Neighbourhood	100%	18.4	7.50%
	Esperance Boulevard	Esperance	Neighbourhood	100%	31.0	6.50%
	Kalgoorlie Central	Kalgoorlie	Neighbourhood	100%	41.0	6.50%
	Maylands Coles	Maylands	Freestander	100%	17.1	5.25%
	Narrogin Coles	Narrogin	Freestander	100%	12.1	6.00%
	Secret Harbour Square[1]	Secret Harbour	Neighbourhood	100%	90.9	n/a
	South Hedland Square	South Hedland	Sub-regional	100%	77.3	7.00%
	Swan View Shopping Centre	Swan View	Neighbourhood	100%	19.1	6.25%
	Wanneroo Central	Wanneroo	Sub-regional	50%	51.6	6.25%
WA Total					**420.0**	
Held for Sale					**174.2**	
Total CQR Portfolio					**2,764.2**	

1. Asset currently classified as redevelopment
All values represent CQR ownership share

Annexure 9

Typical Lease Structures

Attributes vary across different leases however key characteristics of supermarket and specialty leases are outlined below:

	Supermarket tenant leases	Specialty tenant leases
Lease term	15 - 20 years with options	Typically average 5 years
Rent	Base rent + % of turnover over threshold (2.0 - 2.5%)	Base rent with fixed/CPI increases at an average of 4.1% p.a.
Recovery of outgoings	Typically gross leases, recover increase in statutory charges	Net leases
Average GLA	3,504 sqm	120 sqm (incl. Mini majors)
Average gross rent	$329/sqm	$902/sqm

Annexure 10

CQR Australian Portfolio – Historical Performance

Proven and consistent performance over time

	Jun-12	Dec-12	Jun-13	Dec-13	Jun-14	Dec-14	Jun-15	Dec-15	Jun-16	Dec-16	Jun-17
Number of properties	74	75	74	77	77	78	73	76	74	72	**71**
Occupancy	98.6%	98.5%	98.2%	98.2%	98.5%	98.5%	98.4%	98.4%	98.0%	98.0%	**98.0%**
Same property NPI growth	3.5%	3.0%	2.8%	2.5%	2.0%	3.4%	2.4%	2.4%	2.2%	2.4%	**1.0%**
Anchor tenant MAT growth	4.4%	4.5%	3.7%	3.6%	3.7%	2.2%	1.0%	1.2%	1.7%	2.8%	**4.0%**
Specialty rent growth	4.9%	3.7%	3.1%	3.3%	2.6%	2.0%	1.5%	1.4%	1.4%	1.2%	**0.2%**
Renewals	5.9%	3.7%	3.5%	1.5%	2.8%	1.8%	1.9%	0.4%	1.0%	0.5%	**0.0%**
New leases	3.7%	3.7%	2.4%	7.5%	2.0%	2.6%	0.1%	4.3%	3.0%	2.9%	**0.7%**
Number of leasing transactions[1]	82	165	202	103	232	138	169	151	162	181	**212**
Average specialty gross rent psqm	$689	$728	$737	$770	$776	$813	$812	$849	$891	$901	**$902**
Average specialty sales psqm	$8,107	$8,091	$8,246	$8,354	$8,642	$8,658	$8,741	$9,020	$9,173	$9,085	**$8,954**
Average specialty occupancy costs	8.5%	8.9%	8.9%	9.2%	9.0%	9.4%	9.3%	9.4%	9.7%	9.9%	**10.1%**

1. Includes non-comparable new lease deals that do not impact specialty rent growth

Annexure 11

Specialty Sales Reconciliation

CQR has historically reported its specialty sales category to include any specialty tenant up to 700sqm. To move in line with SCA Guidelines, CQR will be moving to reporting specialty sales on all specialty tenants below 400sqm. Below is a reconciliation of the two methods over the past three financial years.

	Jun-14	Dec-14	Jun-15	Dec-15	Jun-16	Dec-16	Jun-17
Current Method							
Average specialty gross rent psqm	$776	$813	$812	$849	$891	$901	**$902**
Average specialty sales psqm	$8,642	$8,658	$8,741	$9,020	$9,173	$9,085	**$8,954**
Average specialty occupancy costs	9.0%	9.4%	9.3%	9.4%	9.7%	9.9%	**10.1%**
Average specialty MAT Growth	1.5%	2.1%	2.8%	3.5%	4.9%	1.6%	**0.2%**
New Method							
Average specialty gross rent psqm	$840	$873	$876	$913	$953	$973	**$985**
Average specialty sales psqm	$9,341	$9,354	$9,523	$9,620	$9,828	$9,729	**$9,680**
Average specialty occupancy costs	9.0%	9.3%	9.2%	9.5%	9.7%	10.0%	**10.2%**
Average specialty MAT Growth	1.5%	2.1%	3.1%	3.9%	4.8%	1.4%	**0.3%**

Annexure 12

Glossary

- **ABR**: Annual base rent – base rent only, excludes outgoings and turnover rent
- **GLA**: Gross lettable area
- **Gross rent**: Base rent and outgoings
- **MAT**: Moving annual turnover – calculated as a sum of rolling 12 month sales
- **Occupancy cost**: Calculated as the sum of actual gross rent and percentage rent divided by actual sales for the 12 months ended 30 June 2017
- **Rental rate growth**: Percentage movement in base rent on new lease and renewal transactions
- **Specialty retail categories:**
  - Leisure: includes music and games, newsagents, books and sport tenancies
  - Services: includes hairdressers, drycleaners, optometrists, gyms and other retail services
  - General retail: includes discount variety stores, gift shops and florists
- **Stabilisation period**: Redevelopments typically achieve stabilised yield 12 months following completion (depending on prevailing market conditions)

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