

APPENDIX 4D

Half Year Report for the period ended 31 December 2017

Name of Entity: Charter Hall Retail REIT
ARSN: 093 143 965

Results for announcement to the market

| | 6 months to 31 December 2017 \$m | 6 months to 31 December 2016 \$m | Variance (%) |
|--|--|--|-----------------|
| Revenue from ordinary activities | 117.9 | 108.1 | 9.1% |
| Profit from ordinary activities after tax attributable to members ¹ | 80.8 | 178.9 | (54.8%) |
| Profit for the period attributable to members | 80.8 | 178.9 | (54.8%) |
| Operating earnings ² | 61.9 | 61.7 | 0.3% |

¹ The composition of revenue from ordinary activities is detailed in the Consolidated statement of comprehensive income of the interim financial report.

² Operating earnings is a financial measure which represents the profit/(loss) under Australian Accounting Standards adjusted for net fair value movements, non-cash accounting adjustments such as straightlining of rental income and amortisations and other unrealised or one-off items. The inclusion of operating earnings as a measure of Charter Hall Retail REIT's (the REIT) profitability provides investors with the same basis that is used internally for evaluating operating segment performance. Operating earnings is used by the Board to make strategic decisions and as a guide to assessing an appropriate distribution to declare. A reconciliation of the REIT's statutory profit/(loss) to operating earnings is provided in Note A1 of the financial statements.

| | 6 months to 31 December 2017 cents per unit | 6 months to 31 December 2016 cents per unit | Variance (%) |
|-----------------------------|---|---|-----------------|
| Basic earnings per unit | 19.95 | 44.11 | (54.8%) |
| Operating earnings per unit | 15.30 | 15.21 | 0.6% |

| Distributions | Amount per unit cents per unit |
|---|-----------------------------------|
| <i>Current period:</i> Interim distribution | 14.00 |
| <i>Previous corresponding period:</i> Interim distribution | 14.10 |
| Record date for determining entitlements to the distribution | 31 December 2017 |

Results for announcement to the market (continued)

The REIT recorded a statutory profit for the period of \$80.8 million (31 December 2016: \$178.9 million). Operating earnings amounted to \$61.9 million (31 December 2016: \$61.7 million). Increased earnings are predominantly due to net property income growth during the period impacted by the timing of developments and the REIT's asset recycling strategy.

The REIT's statutory accounting profit of \$80.8 million includes a number of unrealised, non-cash and other non-core capital items including:

- \$41.9 million – Revaluation increment on investment properties;
- \$(14.6) million – Revaluation decrement on investment properties attributable to acquisition costs; and
- \$(2.7) million – Net loss on derivative financial instruments

Refer to the attached consolidated balance sheet, consolidated statement of comprehensive income and consolidated cash flow statement for further detail.

Details of Distributions

Refer attached financial statements (Directors' report and Note A2: Distributions and earnings per unit).

Details of Distribution Reinvestment Plan

The DRP was suspended for the distribution payable on 28 February 2018.

Statement of Undistributed Income

Refer attached interim financial statements (Consolidated statement of changes in equity).

Net Tangible Assets

| | 31 December 2017 | 30 June 2017 |
|--|------------------|--------------|
| Net tangible asset backing per unit ¹ | 4.19 | 4.13 |

¹ Under the listing rules NTA Backing must be determined by deducting from total tangible assets all claims on those assets ranking ahead of the ordinary securities (i.e. all liabilities, preference shares, outside equity interest, etc.)

Details of Associates and Joint Venture entities

Refer attached financial report (Note B2: *Investment in joint venture entities*).

Other significant information

Refer to attached financial statements (Directors' report).

Accounting standards used by foreign entities

International Financial Reporting Standards.

Audit

This report is based on accounts to which one of the following applies.

| | | | |
|--------------------------|--|-------------------------------------|---|
| <input type="checkbox"/> | The accounts have been audited (refer attached financial statements). | <input checked="" type="checkbox"/> | The accounts have been subject to review (refer attached financial statements). |
| <input type="checkbox"/> | The accounts are in the process of being audited or subject to review. | <input type="checkbox"/> | The accounts have not yet been audited or reviewed. |