

## APPENDIX 4E

### Annual Financial Report for the year ended 30 June 2018

**Name of Entity:** Charter Hall Retail REIT

ARSN: 093 143 965

#### Results for announcement to the market

	<b>12 months to 30 June 2018 \$m</b>	<b>12 months to 30 June 2017 \$m</b>	<b>Variance (%)</b>
Revenue from ordinary activities <sup>1</sup>	226.9	215.5	5.3%
Profit from ordinary activities after tax attributable to members	146.4	251.3	(41.7%)
Profit for the year attributable to members	146.4	251.3	(41.7%)
Operating earnings <sup>2</sup>	123.2	123.3	(0.1%)

<sup>1</sup> The composition of revenue from ordinary activities is detailed in the Consolidated statement of comprehensive income of the annual financial report.

<sup>2</sup> 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 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

	<b>12 months to 30 June 2018 cents per unit</b>	<b>12 months to 30 June 2017 cents per unit</b>	<b>Variance (%)</b>
Basic earnings per unit	36.22	61.92	(41.5%)
Operating earnings per unit	30.51	30.40	0.3%
<b>Distributions</b>	<b>Amount per unit cents per unit</b>	<b>Tax deferred amount per unit cents per unit</b>	
<i>Current year:</i>			
Final distribution	14.20		
Interim distribution	14.00		
Total	28.20		12.97
<i>Previous corresponding year:</i>			
Final distribution	14.00		
Interim distribution	14.10		
Total	28.10		10.59
Record date for determining entitlements to the distribution	29 June 2018		

## Results for announcement to the market (continued)

The REIT recorded a statutory profit for the year of \$146.4 million (2017: \$251.3 million). Operating earnings amounted to \$123.2 million (2017: \$123.3 million). Higher net property income, offset by higher financing costs resulting from the REIT's asset recycling strategy, delivered stable operating earnings for the year. Operating earnings per unit increased to 30.51 cents (2017: 30.40 cents) due to units repurchased during the period.

The REIT's statutory accounting profit of \$146.4 million includes a number of unrealised, non-cash and other non-core capital items including:

- \$55.7 million – Net revaluation increment on investment properties;
- \$(14.6) million – Revaluation decrement on investment properties attributable to acquisition costs; and
- \$(3.7) million – Net gains 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 Paid and Payable*).

## Details of Distribution Reinvestment Plan

The REIT has established a Distribution Reinvestment Plan (DRP) under which unitholders may elect to have all or part of their distribution entitlements satisfied by the issue of new units rather than being paid in cash.

The DRP was suspended for the year ended 30 June 2018.

## Statement of Undistributed Income

Refer attached consolidated financial statements (Note C4: Accumulated losses).

## Net Tangible Assets

	30 June 2018	30 June 2017
Net tangible asset backing per unit <sup>1</sup>	4.22	4.13

<sup>1</sup> 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.)

## Control gained or lost over entities during the year

N/A

## Details of Associates and Joint Venture entities

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

## Other significant information

Refer attached financial statements (Directors Report).

## Accounting standards used by foreign entities

International Financial Reporting Standards.

## Significant features of operating performance

Refer attached financial statements (Directors Report).

## Reconciliation of operating profits to statutory profit

Refer attached financial statements (Note A1: Segment reporting).

## Segment results

Refer attached financial statements (Note A1: Segment reporting).

## Performance trends

Refer attached financial statements (Directors Report).

## Other factors

Refer attached financial statements (Directors Report).

## Audit

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

<input checked="" type="checkbox"/>	The accounts have been audited (refer attached financial statements).	<input 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.