

ASX Release

Charter Hall Retail REIT announces December 2016 first half distribution and successful asset recycling program

9 December 2016

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Charter Hall Retail REIT (ASX:CQR) (CQR or the REIT) today announced a distribution of 14.1 cents per unit for the half year ending 31 December 2016 and further progress in the execution of its assets recycling program.

Following the divestment of three non-core properties for \$72.2 million, the REIT is pleased to announce that it has executed unconditional contracts to acquire the Arana Hills Plaza in Brisbane and an adjoining freestanding Shell Petrol Station for purchase prices totalling \$67.1 million.

This acquisition, which reflects a capitalisation rate of 6.00% will, on a fully leased basis be earnings accretive in FY17. The portfolio value will increase to \$2.57 billion and comprises 72 retail assets.

Located in the Brisbane suburb of Arana Hills, the centre is a strongly performing convenience based shopping centre with a total GLA of 14,355sqm anchored by Coles, Kmart, a freestanding Aldi and a freestanding Shell Petrol Station. In addition, the centre has 23 specialty tenancies, 4 kiosks and 2 ATMs. The centre provides for very accessible on-grade car parking for 822 vehicles. With an existing floor space ratio of .25:1 the property also has potential for future development.

During the December quarter, the REIT contracted to divest three non-core properties in Queensland and Victoria taking advantage of strong investor demand for retail assets. The sale of Caboolture Square, Moe Kmart and Pakington Strand for a combined value of \$72.2 million reflects a 10.4% premium to the June 2016 book values at a combined yield of 5.8%.

Scott Dundas, Fund Manager of the REIT said: "We are pleased to have delivered continuing growth in distribution for our unitholders. Our focus is to deliver on strategy by reducing exposure to freestanding and smaller neighbourhood assets in order to acquire larger, higher growth assets and increase the average asset size within the portfolio."

"The re-investment of proceeds from non-core asset sales into Arana Hills Plaza aligns with the REIT's investment strategy. Arana Hills Plaza is strategically located in the fast growing metropolitan Brisbane suburb of Arana Hills and provides the dominant supermarket anchored offering within its trade area. Strategic location of asset, dominance within the trade area and a diverse mix of anchor tenants are recurring themes across our entire portfolio."

"With the recent divestments well above book value we are focused on putting net proceeds back to work to continue to grow sustainable income for our unitholders. Our focus 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 in the year ahead," Mr Dundas added.

In light of the successful progress of the asset recycling program, the REIT will turn off its Distribution Reinvestment Plan (DRP) for the period ending 31 December 2016.



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), is one of Australia's leading fully integrated property groups, with over 25 years' experience managing high quality property on behalf of institutional, wholesale and retail clients. Charter Hall has over \$18.0 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

For further information, please contact

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