

ASX Release

Charter Hall Retail REIT December 2016 asset revaluations

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- **CQR portfolio valued at \$2,695.8 million, up 5.2%**
- **100% of stabilised assets externally and independently valued**
- **Portfolio weighted average capitalisation rate (WACR) firming by 29 bps**

Charter Hall Retail REIT (ASX:CQR) (CQR or the REIT) today announced a \$130 million or 5.2% increase in the value of the REIT's portfolio, following the property revaluation process undertaken as at December 2016.

Following a review of CQR's portfolio, it was determined that 65 assets representing 100% of the REIT's stabilised portfolio (excluding properties under development) would be independently revalued at December 2016. The six remaining assets in the portfolio were subject to internal valuations. This includes the REIT's properties under development which were deemed to be at fair value based on a review of costs capitalised to date. All assets, excluding development properties which are carried at cost, have been externally valued in the last 12 months.

The total value of CQR's investment properties increased to \$2,695.8 million and the portfolio weighted average capitalisation rate (WACR) firmed by 29 bps, from 6.71% to 6.42%. The improvement in the REIT's portfolio WACR was a result of the valuations undertaken by independent valuers. The internal valuations undertaken included capitalisation rates consistent with June 2016.

Investment Property Portfolio Valuation	CQR Share A\$m
June 2016 Portfolio Valuation	2549.7
Less: Disposals (Caboolture, Pakington, Moe Kmart)	(56.3)
Add: Increase on Book Value from Disposals	5.3
Add: Valuation increase Jun 16 – Dec 16	130.0
December 2016 Portfolio Valuation	2628.7
Add: Arana Hills Acquisition	67.1
December 2016 Portfolio Valuation	2695.8

Valuation Weighted Average Cap Rates	%
June 2016 Portfolio average cap rate	6.71%
December 2016 Portfolio average cap rate	6.42%

Scott Dundas, Fund Manager of the REIT, said: "Our geographically diverse and resilient portfolio benefits from exposure to high growth corridors and operates as the dominant shopping centre in each region, providing unitholders with growing, long term, sustainable returns. The total valuation increase of \$130 million is the result of income uplift across the portfolio, capital expenditure on our development assets and an improvement in capitalisation rates on the independently revalued assets".



Shown below is a summary of the valuations for the portfolio by asset type and region:

Six months to December 2016	Freestanding	Neighbourhood	Sub-regional	Total
Number of properties	16	36	19	71
December 2016 valuation (\$m)	221.6	1197.9	1209.3	2628.7
Prior book value (\$m)	212.5	1129.9	1156.4	2498.8
Valuation increase Jun 16 – Dec 16	9.1	68.0	52.9	130.0
Variance (%)	4.3%	6.0%	4.6%	5.2%
Weighted avg cap rate – December 2016	6.07%	6.46%	6.45%	6.42%
Weighted avg cap rate – June 2016	6.33%	6.77%	6.74%	6.71%

“With a focused and prudent use of capital, the REIT will continue its disciplined investment strategy to enhance the quality of the portfolio through strategic acquisitions, redevelopments and divestments, recycling out of non-core properties into larger assets with forecast higher growth characteristics,” Mr Dundas added.

CQR will report its results of the half year ending 31 December 2016 on Monday, 20 February 2017.

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 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

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