



18 February 2016

Charter Hall Retail REIT

FY16 Half Year Results

Agenda

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3 Portfolio Investments

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5 Strategy and Outlook



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FY16 Half Year Results



Key Achievements

Half Year Ended 31 December 2015

**Operating earnings
of 15.18 cpu, growth of
2.1% on pcp**

**NTA per unit up 4.2%
to \$3.74**

**15% increase
in portfolio value
to \$2.5 billion**

**Weighted average debt
maturity of 6.7 years**

**Look through
gearing 35.4%**

**Same property NOI
growth of 2.4%**

Consistent Delivery on Strategy

Highlights

Strategy	Achievements
Active management	<ul style="list-style-type: none"> • Occupancy maintained at 98.4% • Same property NOI growth of 2.4% • Specialty rent growth of 1.4% achieved from 61 renewals and 90¹ new leases • Specialty MAT growth of 3.5% reflecting continued focus on specialty leasing
Enhancing the portfolio quality	<ul style="list-style-type: none"> • Portfolio valued at \$2.5 billion, a 15% increase since June 2015 • Focus on recycling from non-core properties to larger, higher growth properties <ul style="list-style-type: none"> – Acquired four properties in 1H 16 for \$227.8 million at a yield of 7.0% – Contracted to dispose of two non-core properties for \$20.3 million • Redevelopment work at Secret Harbour commenced
Prudent capital management	<ul style="list-style-type: none"> • Look through gearing of 35.4%, in the middle of the target range of 30% - 40% • Increasing debt diversity for the REIT <ul style="list-style-type: none"> – Second US Private Placement market issuance – Introduced new international bank lender to the REIT • Weighted average debt maturity of 6.7² years • Moody's Baa1 credit rating assigned to CQR

1. Includes 64 non-comparable new lease deals that do not impact specialty rent growth

2. Includes post balance date debt extensions completed. See debt maturity slide for more details

All values represent CQR's ownership share

Half Year Results

31 December 2015

Key metrics	1H 16	1H 15	Movement
Statutory profit	\$104.4m	\$84.3m	+23.8%
Operating earnings ¹	\$58.9m	\$55.3m	+6.5%
Operating earnings ¹ per unit	15.18 cents	14.87 cents	+2.1%
Distributions per unit	14.00 cents	13.70 cents	+2.2%
Payout ratio ²	92.2%	92.1%	+0.1%

	Dec 15	Jun 15	Movement
Net tangible assets per unit	\$3.74	\$3.59	+4.2%
Property portfolio	\$2,484m	\$2,163m	+14.8%
Look through gearing	35.4%	33.6%	+1.8%
Balance sheet gearing	31.3%	31.3%	-
Weighted average debt maturity	6.7 years	5.8 years	+15.5%
Cash and undrawn debt capacity ³	\$177m	\$142m	+24.6%

Delivered total return of 18.2%⁴ for the 12 months to December 2015

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

3. Includes \$9.0 million raised from the February 2016 DRP, \$20.3 million in proceeds from the sale of Ballajura in February 2016 and Collie in March 2016 and \$50 million of additional bank debt funding, terms agreed post balance date

4. Calculated as distributions plus NTA growth for the 12 month period divided by NTA at 31 December 2014

Operational Performance

Active Management

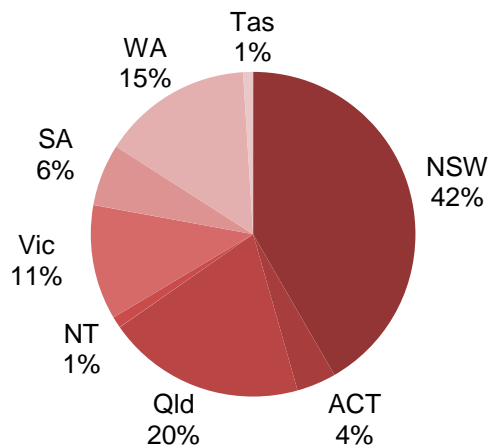
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Portfolio Summary

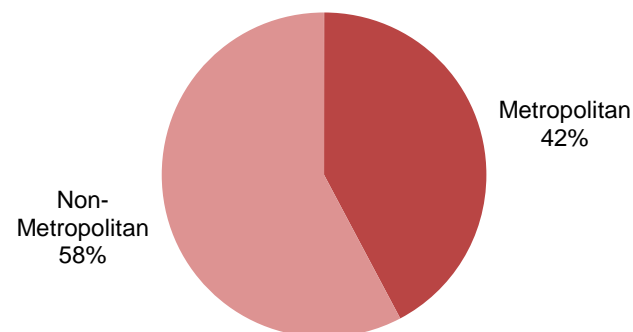
Summary by Asset Type	#	GLA ('000sqm)	Occupancy ¹	Same Property NOI Growth
Sub-regional shopping centres	20	287.4	98.8%	2.6%
Neighbourhood shopping centres	39	224.6	97.5%	2.1%
Freestanding supermarkets	17	56.1	100.0%	3.1%
Total	76	568.1	98.4%	2.4%

Portfolio and anchor WALE of 6.8 and 10.3 years

Asset Value by State



Asset Value by Location

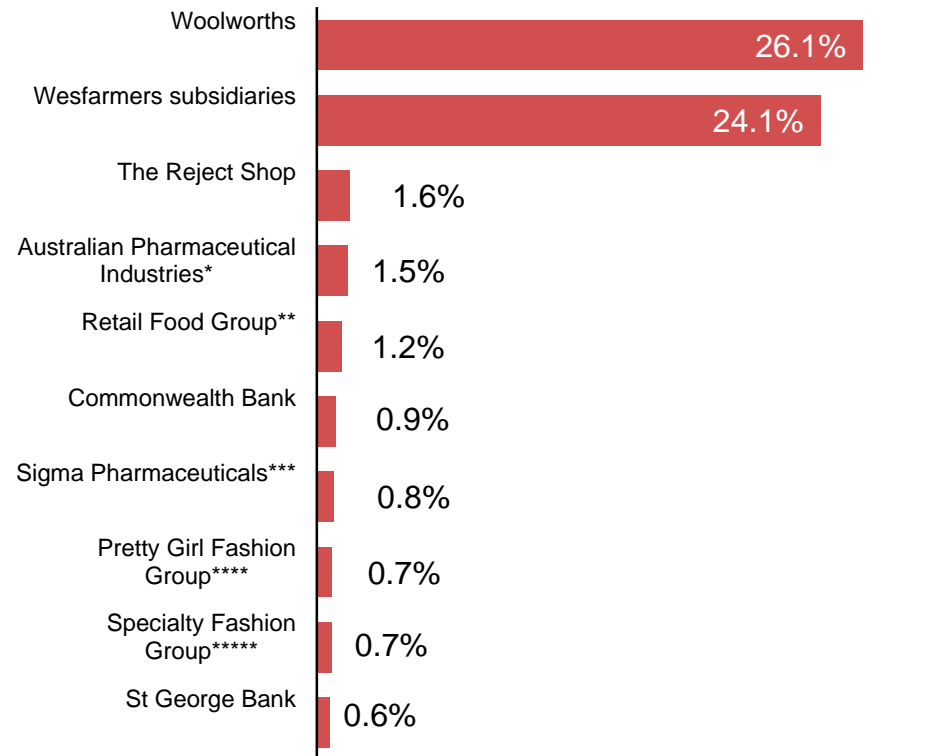


1. Excludes properties under redevelopment
WALE calculated by weighting the REIT's share of base rent

Anchor Tenants

- Wesfarmers and Woolworths businesses represent 50% of base rent
 - 39% from Supermarkets and Liquor
 - 11% from Discount Department Stores
- 41% of anchor tenants are paying turnover rent
- 22% are within 10% of their turnover threshold
- Anchor tenant MAT growth of 1.2%¹
- Total turnover rent represents 2.9% of total net rent
- After the top two tenants, the next eight tenants combined represent only 8% of base rent

Top ten tenants by base rent



*including Soul Pattinson, Priceline

**including Brumby's, Donut King, Michel's Patisserie

***Including Amcal Pharmacy

****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	3.1%	10.8%	\$8,752
Queensland	7.4%	8.0%	\$9,333
Victoria	5.3%	12.3%	\$8,094
South Australia	0.6%	8.6%	\$7,598
Western Australia	0.1%	6.6%	\$10,687
Metropolitan	2.8%	11.0%	\$9,177
Non-Metropolitan	4.0%	8.4%	\$8,926
Total	3.5%	9.4%	\$9,020

- Average specialty gross rent \$849/sqm
- Weighted average rent reviews of 4.1%
- Specialty rent growth of +1.4%:
 - +0.4% on 61 renewals
 - +4.3% on 26 new leases
- Specialty retention rate of 86%
- National specialty retailers represent 59% of the REIT's specialty tenants

1. 54% of the REIT's specialty tenants by ABR have reported sales for 24 months

Portfolio Investments

Enhancing the Portfolio Quality



Revaluations

- Property valuations increased by \$59.5 million or 2.5% over the half year
- Weighted average cap rates continued to firm at December, with half year compression of 26 basis points driving NTA growth for the REIT
- Value uplift driven by cap rates with adopted valuation rents remaining flat

Six months to December 2015	Freestanding	Neighbourhood	Sub-regional	Total
Number of properties	17	39	20	76
December 2015 valuation (A\$m)	213.6	1,103.3	1,167.1	2,484.0
Prior book value ¹ (A\$m)	203.9	1,071.9	1,148.7	2,424.5
Movement in book value ² (A\$m)	9.7	31.4	18.4	59.5
Variance (%)	4.8%	2.9%	1.6%	2.5%
Weighted avg cap rates – December 2015	6.62%	6.95%	6.88%	6.89%
Weighted avg cap rates – June 2015	6.89%	7.20%	7.16%	7.15%

1. Represents June 2015 book value adjusted for capital expenditure, acquisitions and disposals over the six month period

2. Excludes acquisition costs of \$7.2m and revaluation adjustments relating to straightlining of rental income, amortisation of lease incentives and capitalisation of leasing fees

Capital Transactions

Capital Recycling

- Continues strategy of enhancing the REIT's portfolio quality by recycling out of non-core properties into larger, higher growth potential properties
- Average asset value has increased from \$32.7 million at June 2015 to \$37.6 million at December 2015

	GLA (sqm)	Value \$m	Yield	Settlement
Acquisitions				
Brickworks Marketplace, SA ¹ (50% interest)	16,896	37.9	6.9%	July 2015
Goulburn Plaza, NSW & Katherine Central, NT	21,082	94.9	7.2%	August 2015
Bateau Bay Square, NSW ¹ (47.5% interest)	29,062	95.0	6.8%	November 2015
Total	67,040	227.8	7.0%	
Disposals				
Ballajura Central, WA	4,680	13.5	6.5%	February 2016
Collie Central, WA	4,508	6.8	6.4%	March 2016 (est.)
Total	9,118	20.3	6.5%	

1. Values reflect CQR's ownership share, GLA reflects 100% interest

Redevelopments

Current and Completed Projects Enhancing Portfolio Quality

Project	Project cost (\$m)	Stabilised Yield ¹	Completion	Description	Status
Mackay, Qld.	5.5	8.6%	Dec 15	Expansion of Coles supermarket and addition of on-grade parking	The expanded Coles store opened December 2015. Carpark expansion completed January 2016.
Secret Harbour, WA	58.9	7.5%	Apr 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	Development Approval achieved for McDonalds and final DA submitted for the Dan Murphy's pad site. Construction begun in February 2016
Lake Macquarie, NSW	47.9	7.0%	Nov 17	Demolition of Mount Hutton Plaza and construction of new 4,200sqm Coles and associated specialty stores to integrate with Lake Macquarie Fair	Board approved. DA to be lodged in March 2016
Various	16.5	7.8%		Minor projects works at Gladstone, Southgate, Dubbo, Tamworth and Kalgoorlie	
Total	128.8	7.4%			

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

Financial Performance

Prudent Capital Management

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Operating Earnings and Distributions

- 1H 16 operating earnings in line with market guidance and reflects growth of 2.1% on pcp
- **Sub-regional** NOI increased following the completion of redevelopments at Lansell and Caboolture and the acquisitions of Goulburn and Katherine, combined with 2.6% same property NOI growth
- **Neighbourhood** NOI decreased following the sale of Lilydale, Bathurst and Narromine. Partially offset by 2.1% same property NOI growth
- **JV Income** has increased due to the acquisition of Brickworks and Bateau Bay partially offset by the sale of Windsor
- **Other income and expenses** have increased primarily due to higher assets under management in 1H 16

A\$m	1H 16	1H 15
Net property income		
• Sub-regional	31.9	27.7
• Neighbourhood	33.8	34.6
• Freestanding	7.8	7.4
Net income from joint ventures	6.2	5.4
Finance costs	(14.1)	(14.0)
Other income and expenses	(6.7)	(5.8)
Operating earnings	▲ 58.9	55.3
Operating earnings per unit (cents)	▲ 15.18	14.87
Distribution per unit (cents)	▲ 14.00	13.70
Payout ratio	92%	92%

1. Excludes debt drawn in the Joint Venture, finance costs relating to this debt facility are included in Net Income from Joint Ventures

Balance Sheet

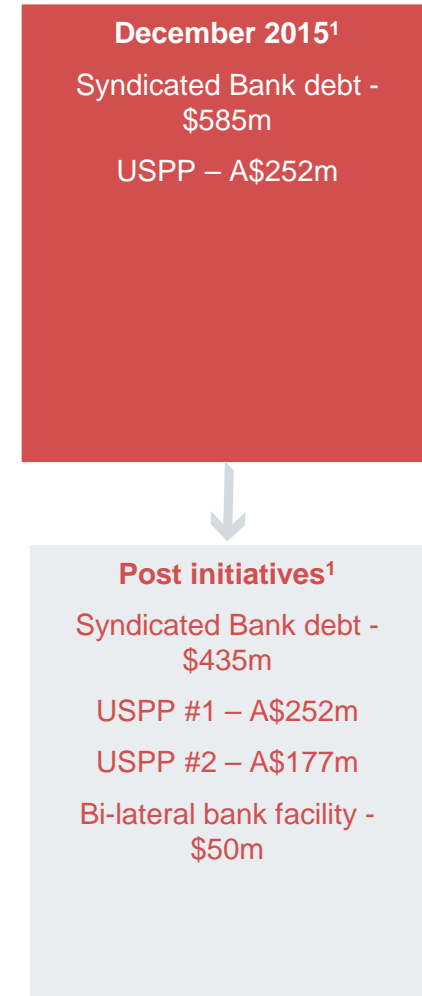
- Properties under management increased due to:
 - Development, maintenance capex and lease incentives totaling \$34 million
 - Acquisitions of \$228 million
 - Revaluation uplift of \$59 million
- Total debt has increased due to acquisitions and capital expenditure offset by equity raised during the period (\$108 million) and FX revaluations on USPP (offset by derivative movements below)
- Other assets have increased primarily due to cross currency swap derivative revaluations
- NTA growth from positive revaluations across the portfolio (+13cpu), retained operating earnings (+1cpu) and acquisitions (+4cpu) was offset by negative derivative valuation movements (-3cpu)
- Look through gearing is in the middle of the target range of 30%-40%

	Dec 15	Jun 15
Wholly owned properties	2,121	1,938
Debt	(750)	(658)
JV properties	363	225
JV Debt	(150)	(73)
Other assets	31	12
Other liabilities	(113)	(94)
Net assets	1,502	1,350
Units on issue (millions)	402	376
NTA per unit (\$)	3.74	3.59
Look through gearing	35.4%	33.6%

All values presented on a look through basis and net of cash

Case Study – Debt Restructure

- Following the completion of the restructure of the REIT's debt platform in July 2015 the focus has continued on diversifying and extending the REIT's debt profile
- Bank debt expiry in January 2017 represented next opportunity to further implement this strategy
- As recently announced the REIT will issue a second USPP with a 10 year tranche of US\$125m (A\$177m) to refinance this facility well ahead of expiry
- To further improve the REIT's liquidity terms have been agreed for a A\$50m five year bi-lateral bank debt facility with an international lender
- The REIT has also restructured its hedge book as part of these transactions resulting in a:
 - Reduction to the overall cost of debt
 - Extension of the weighted average debt and hedge maturity to 6.7 years and 4.5 years respectively



1. Balance sheet debt only

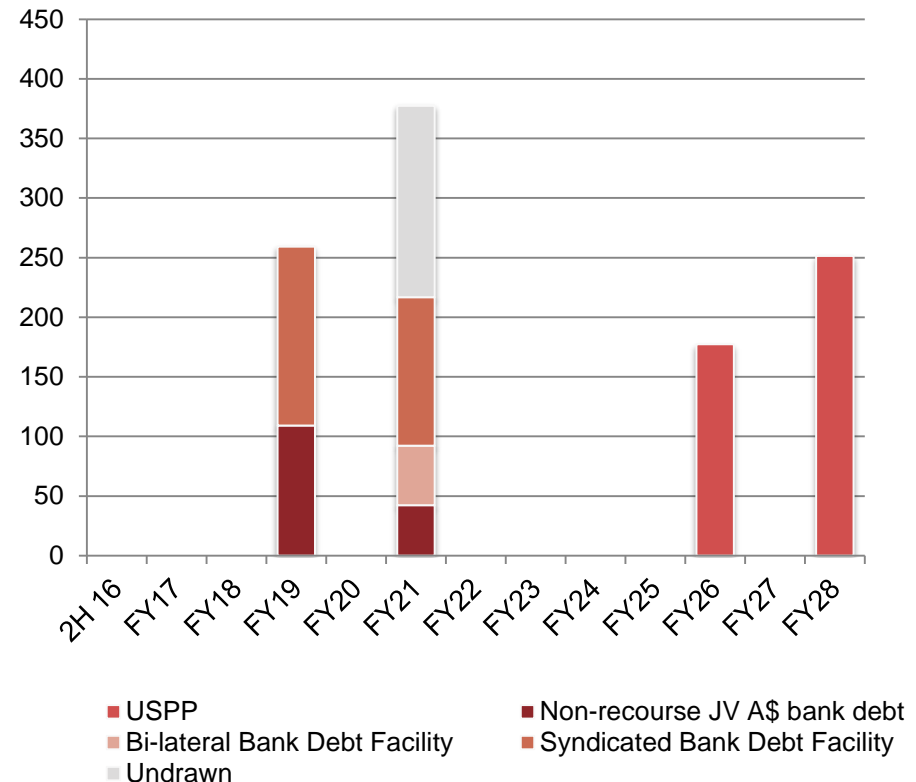
Debt Maturity Profile

- Debt maturity profile reflects defensive nature of the REIT's portfolio which now has a weighted average debt maturity of 6.7 years
- No debt maturities until FY19 removes all short term refinance risk for the REIT
- Weighted average hedge expiry of 4.5 years also aligned with objective to remove finance cost volatility from the REIT's earnings growth profile

Key metrics	Dec 15	Jun 15
Average interest cost ¹	4.5%	4.6%
Weighted average debt maturity ²	6.7 years	5.8 years
Weighted average hedge maturity ²	4.5 years	3.5 years
Interest rate hedging ³	75%	81%
ICR	4.6x	4.6x

1. Includes line fee (including cost of undrawn debt) and usage fee and excludes amortisation of upfront debt costs
2. Incorporates February 2016 USPP, new \$50m bilateral debt facility and swap restructure, post balance date events
3. For the next 12 month period

Debt Maturity Profile²



Strategy and Outlook



REIT Strategy

Goal

The pre-eminent owner and manager of Australian neighbourhood and sub-regional supermarket anchored shopping centres that optimises returns for our investors

Key drivers

Active management

- Maintaining strong tenant relationships
- Optimising tenancy mix through proactive leasing
- Enhancing the overall shopper experience

Enhance portfolio quality

- Value enhancing redevelopment
- Selective acquisitions
- Non-core disposals

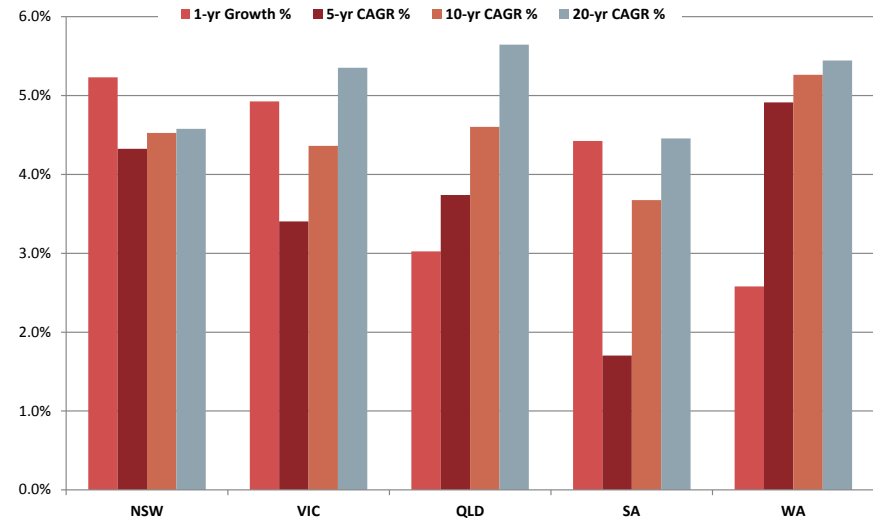
Prudent capital management

- Strong and flexible balance sheet
- Prudent gearing
- Sustainable payout ratio

Retail Environment

- Australian retail sales have been improving over the past 12 months with NSW and Vic recording the highest level of sales growth
- Continued falls in both the AUD and the household savings ratio continue to provide tailwinds for the sector
- The REIT's specialty tenants have benefited from this trend, with MAT growth up from 1.5% at June 2014 to 3.5% at December 2015
- Supermarket operators have reacted to increased competition by increasing refurbishments and expansions which have typically delivered a higher return for capital employed than achieved for new supermarket openings
- Woolworths have announced a new strategy which includes focusing on store refurbishments rather than opening new stores and disbanding the Masters brand to focus on their core supermarkets business

Retail Sales Growth¹



1. Source: ABS

FY16 Outlook

- We confirm that, barring unforeseen events, the REIT's FY16 guidance for operating earnings remains unchanged between 30.25 cents and 30.75 cents per unit
- Distribution payout ratio range is expected to be between 90% and 95% of operating earnings



Questions



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Annexure 1

Detailed Earnings

(All Values in A\$m)

Share of profits from investment in JV's

	Dec 2015 Statutory Profit	Dec 2015 Unrealised & Capital Items	Dec 2015 Operating Earnings	Dec 2014 Operating Earnings
Net property income				
• Sub-regional	5.9	-	5.9	4.2
• Neighbourhood	3.1	-	3.1	3.5
Property valuation gains	8.3	(8.3)	-	-
Finance costs	(2.7)	-	(2.7)	(2.2)
Net unrealised gain on derivative financial instruments	0.6	(0.6)	-	-
Other expenses	(0.1)	-	(0.1)	(0.1)
Total	15.1	(8.9)	6.2	5.4
Net property income				
• Sub-regional	31.4	0.5	31.9	27.7
• Neighbourhood	32.6	1.2	33.8	34.6
• Freestanding	7.7	0.1	7.8	7.4
Property valuation gains	44.5	(44.5)	-	-
Loss on disposal of investment properties	(0.3)	0.3	-	-
Other income	0.1	-	0.1	0.2
Unrealised loss from derivative financial instruments	(5.3)	5.3	-	-
Management fees	(5.1)	-	(5.1)	(4.5)
Finance costs	(14.6)	0.5	(14.1)	(14.0)
Trust expenses	(1.7)	-	(1.7)	(1.5)
Earnings	104.4	(45.5)	58.9	55.3
Operating earnings per unit (cents)			15.18	14.87
Distribution per unit (cents)			14.00	13.70

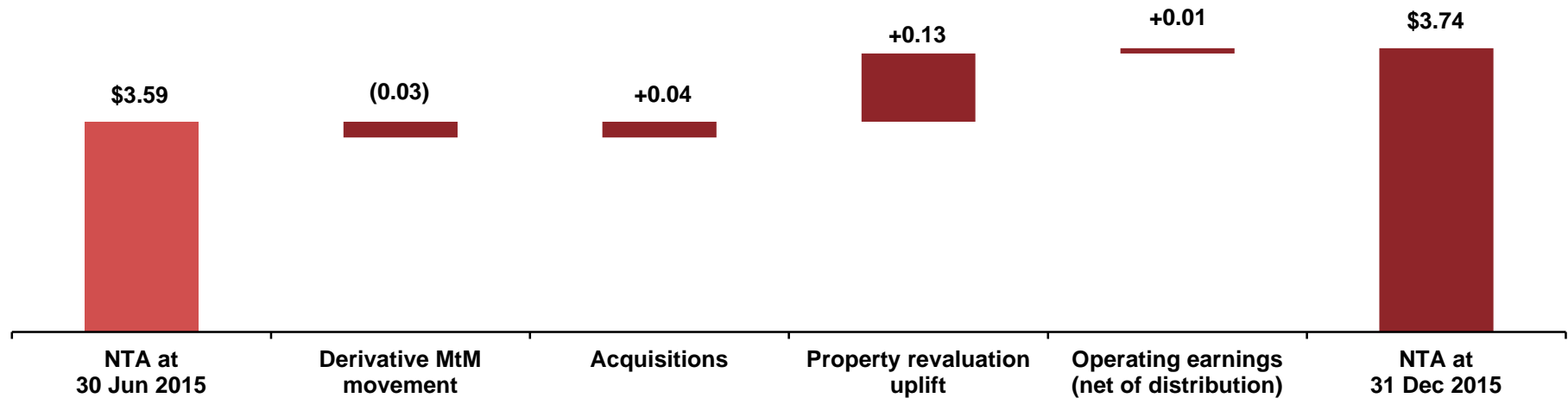
Annexure 2

Funds from Operations (FFO)

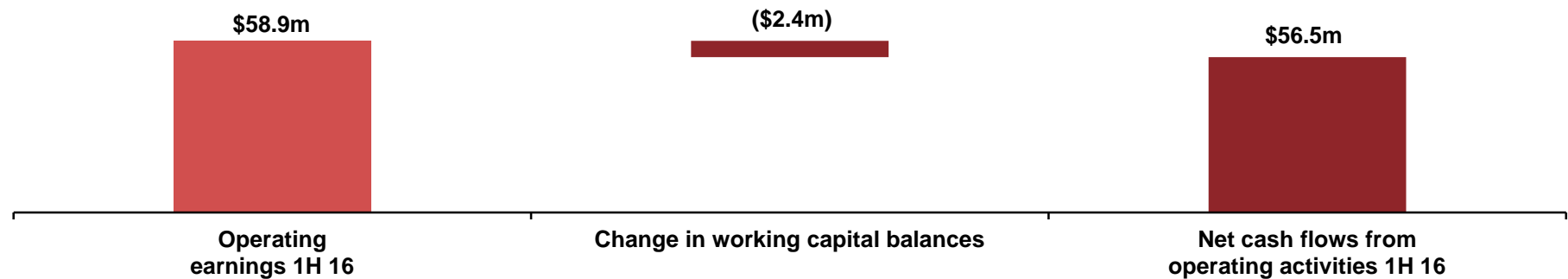
	1H 16 (\$m)	1H 16 (cpu)
Statutory Profit	104.4	26.90
Net valuation gains on investment properties	(60.0)	(15.45)
Write off of acquisition costs incurred on investment properties	7.2	1.85
Unrealised losses on derivatives	4.7	1.21
Net loss on disposal of investment properties	0.3	0.08
Write off of capitalised borrowing costs related to extinguished debt costs	0.5	0.13
Other	1.8	0.46
Funds from Operations (FFO) / Operating Earnings	58.9	15.18
Less: Maintenance capex	(2.3)	(0.59)
Less: Lease incentives paid/accrued	(2.7)	(0.70)
Adjusted Funds from Operations (AFFO)	53.9	13.89
Distribution	56.3	14.00

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	117.5	109.3	Floating	Jul-18	LVR ICR	55.0% 2.0x	40.5% 3.5x
JV debt – CHRP2	47.5	42.4	Floating	Oct-20	LVR ICR	60.0% 1.5x	44.7% 2.9x
Syndicated bank debt facility	435.0	274.4 ¹	Floating	\$150m Jul-18 \$285m Jul-20			
Bi-lateral bank debt facility	50.0	50.0	Floating	Feb-21	LVR ICR	50.0% 2.0x	39.1% 4.6x
USPP – May 2016	177.4	177.4	Floating	May-26			
USPP – July 2015	251.6	251.6	Floating	Jul-27			
Grand total	1,079.0	905.1					

Interest rate risk management	2H 16	FY17	FY18	FY19
Weighted average hedge book (A\$m)	679	679	599	449
Weighted average debt margin ²	1.7%	1.7%	1.7%	1.7%
Weighted average hedge rate	2.5%	2.5%	2.3%	2.3%

1. Indicative drawn balance based on proforma 31 December position adjusted for receipt of USPP proceeds and drawdown of bilateral bank debt facility

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

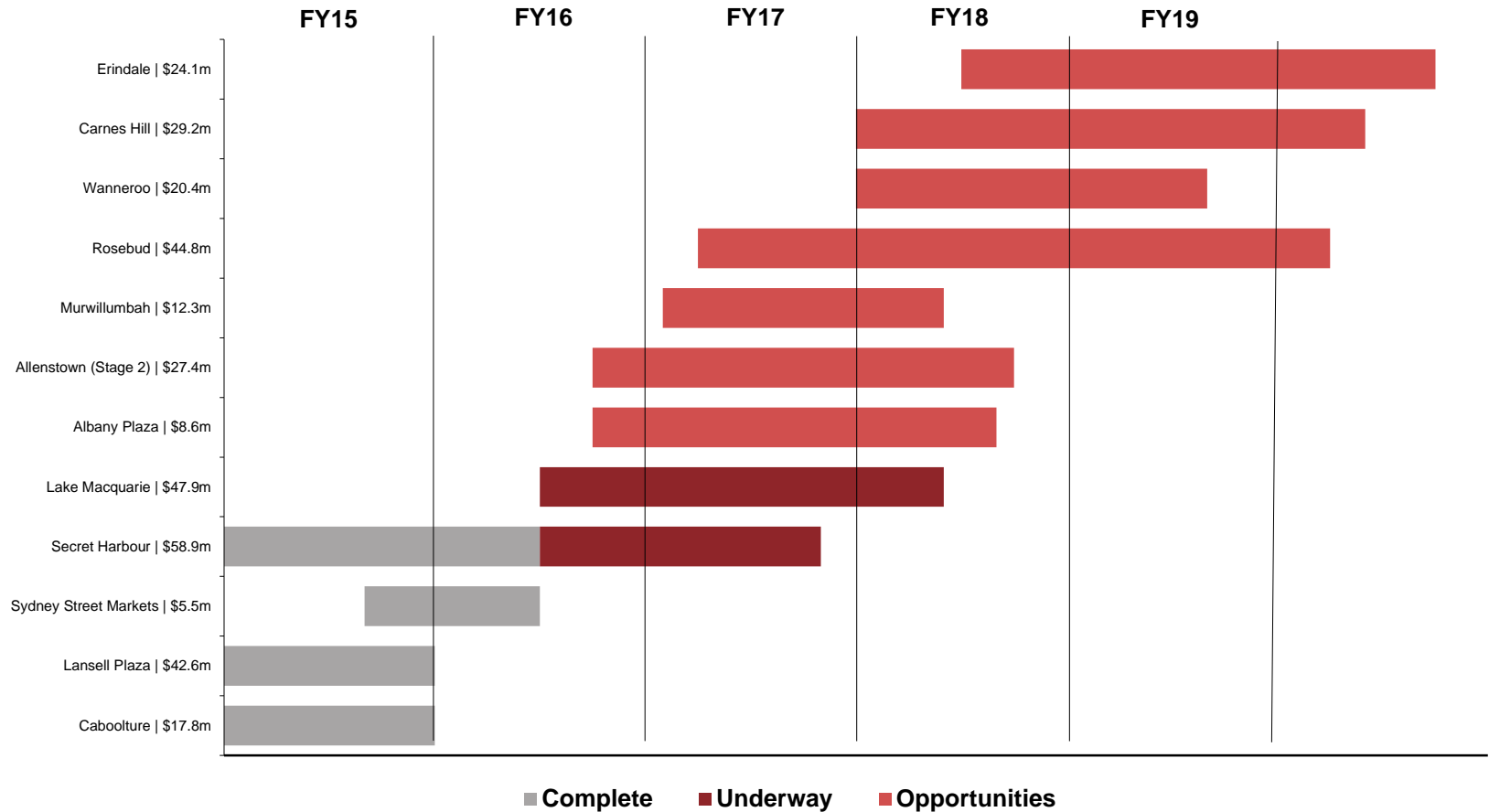
Annexure 5

Capital Expenditure

(A\$m, CQR Share)	Maintenance	Lease Incentives	Total Maintenance and Incentives	Redevelopment
1H 16	2.3	2.7	5.0	28.5
FY15	6.1	3.8	9.9	51.3
FY14	7.8	2.3	10.1	59.4

Annexure 5

Major Projects Redevelopment Pipeline



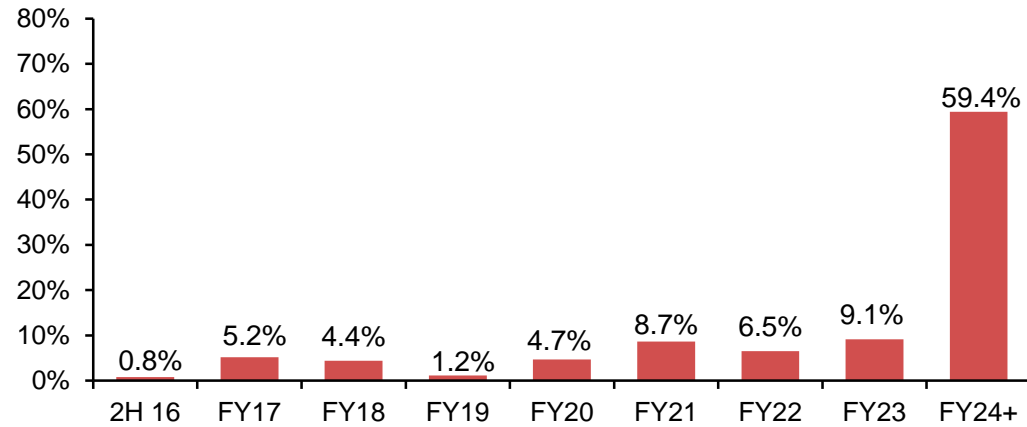
All values represent CQR share

Annexure 6

Lease Expiry Profile

Anchor tenant expiry

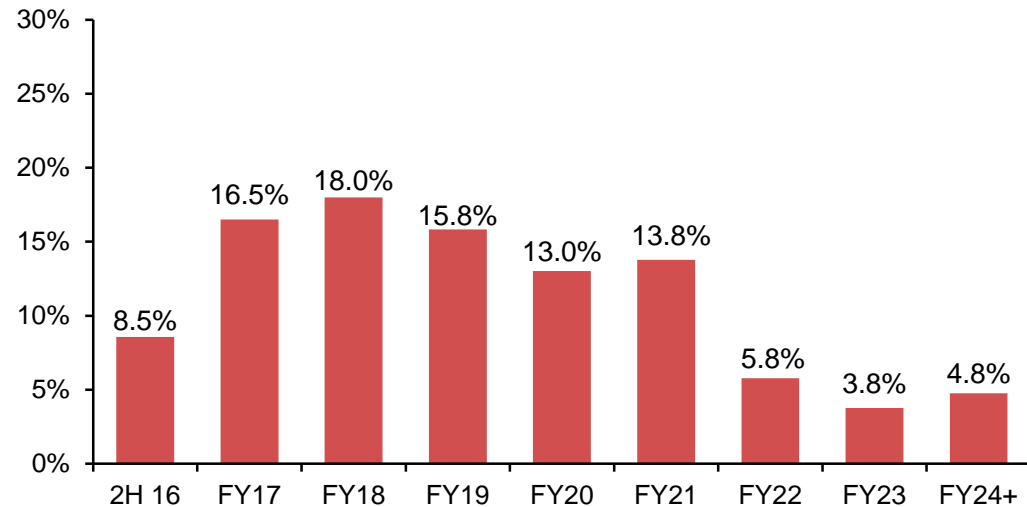
WALE 10.3 years



Portfolio WALE of 6.8 years

Specialty tenant expiry

WALE 3.4 years



Excludes properties under redevelopment

Annexure 7

Property Valuations as at 31 December 2015

State	Property	Location	Asset Type	Interest %	Book Value (\$m)	Cap Rate
ACT	Dickson Woolworths	Dickson	Freestander	100%	16.5	6.50%
	Erindale Shopping Centre	Wanniassa	Neighbourhood	100%	35.5	7.00%
	Manuka Terrace	Manuka	Neighbourhood	100%	45.0	6.75%
ACT Total					97.0	
NSW	Balo Square	Moree	Neighbourhood	100%	14.8	7.75%
	Bateau Bay Square	Bateau Bay	Sub-regional	47.5%	93.3	6.50%
	Carnes Hill Marketplace	Horningsea Park	Sub-regional	50%	55.7	6.00%
	Cooma Woolworths	Cooma	Freestander	100%	13.3	6.75%
	Cootamundra Woolworths	Cootamundra	Freestander	100%	12.3	7.50%
	Dubbo Square	Dubbo	Sub-regional	100%	42.1	7.50%
	Earlwood Coles	Earlwood	Freestander	100%	19.8	5.75%
	Goonellabah Village	Goonellabah	Neighbourhood	100%	14.0	7.75%
	Gordon Village Centre	Gordon	Neighbourhood	100%	98.5	6.53%
	Goulburn Shopping Centre	Goulburn	Sub-regional	100%	69.0	6.75%
	Highlands Marketplace	Mittagong	Sub-regional	50%	32.5	6.50%
	Jerrabomberra Village	Jerrabomberra	Neighbourhood	100%	21.8	6.75%
	Kings Langley Shopping Centre	Kings Langley	Neighbourhood	100%	34.8	6.50%
	Lake Macquarie Fair	Mount Hutton	Sub-regional	100%	65.1	6.75%
	Morisset Shopping Centre	Morisset	Neighbourhood	100%	36.4	7.00%
	Mount Hutton Plaza	Mount Hutton	Neighbourhood	100%	10.3	8.50%
	Mudgee Metroplaza	Mudgee	Neighbourhood	100%	22.8	7.00%
	Narrabri Coles	Narrabri	Freestander	100%	10.4	7.25%
	Orange Central Square	Orange	Neighbourhood	100%	48.5	6.75%
	Parkes Metroplaza	Parkes	Neighbourhood	100%	20.0	7.00%

All values represent CQR ownership share

Annexure 7

Property Valuations as at 31 December 2015

State	Property	Location	Asset Type	Interest %	Book Value (\$m)	Cap Rate
NSW	Pemulwuy Marketplace	Greystanes	Neighbourhood	50%	13.1	6.75%
	Rosehill Woolworths	Rosehill	Freestander	100%	11.5	6.00%
	Rutherford Marketplace	Rutherford	Neighbourhood	50%	16.5	6.75%
	Singleton Plaza ¹ and Square	Singleton	Sub-regional	100%	118.2	6.75%
	Sunnyside Mall	Murwillumbah	Neighbourhood	100%	36.1	7.75%
	Tamworth City Plaza	Tamworth	Sub-regional	100%	40.9	7.25%
	Thornleigh Marketplace	Thornleigh	Neighbourhood	50%	18.1	6.50%
	Tumut Coles	Tumut	Freestander	100%	8.3	6.25%
	West Ryde Marketplace	West Ryde	Neighbourhood	50%	21.5	6.50%
	Young Woolworths	Young	Freestander	100%	15.5	6.75%
NSW Total					1,035.1	
NT	Katherine Central	Katherine	Sub-regional	100%	28.6	8.25%
NT Total					28.6	
Qld	Albany Creek Square	Brisbane	Neighbourhood	100%	56.4	6.75%
	Allentown Square	Rockhampton	Neighbourhood	100%	47.8	7.25%
	Bribie Island Shopping Centre	Bribie Island	Sub-regional	100%	50.9	6.75%
	Coomera Square	Coomera	Neighbourhood	100%	61.2	6.50%
	Currimundi Markets	Currimundi	Neighbourhood	100%	33.5	6.50%
	Gatton Plaza	Gatton	Neighbourhood	100%	18.8	7.00%
	Gladstone Square ¹	Gladstone	Neighbourhood	50%	14.6	n/a
	Bay Plaza	Hervey Bay	Neighbourhood	100%	18.8	7.25%
	Kallangur Fair	Kallangur	Neighbourhood	100%	16.9	7.50%
	Mareeba Square	Mareeba	Neighbourhood	100%	16.4	7.25%
	Moranbah Fair	Moranbah	Neighbourhood	100%	23.5	8.25%
	Springfield Fair	Springfield	Neighbourhood	100%	20.5	7.00%

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

Annexure 7

Property Valuations as at 31 December 2015

State	Property	Location	Asset Type	Interest %	Book Value (\$m)	Cap Rate
	Sydney Street Markets ¹	Mackay	Neighbourhood	100%	45.3	n/a
	Tablelands Square	Atherton	Neighbourhood	100%	32.0	7.00%
Qld Total					456.6	
SA	Brickworks Marketplace	Torrensville	Sub-regional	50%	37.9	6.50%
	Renmark Plaza	Renmark	Sub-regional	100%	27.6	7.75%
	Southgate Plaza ¹	Morphett Vale	Sub-regional	100%	65.5	n/a
	Wharflands Plaza	Port Augusta	Sub-regional	100%	21.8	8.00%
SA Total					152.8	
TAS	Newstead Coles	Newstead	Freestander	100%	7.8	7.50%
	Smithton Woolworths	Smithton	Freestander	100%	7.1	7.00%
	Wynyard Woolworths	Wynyard	Freestander	100%	10.0	7.00%
TAS Total					24.9	
Vic	Bairnsdale Coles	Bairnsdale	Freestander	100%	12.9	6.25%
	Kerang Safeway	Kerang	Freestander	100%	14.1	7.25%
	Kyneton Shopping Centre	Kyneton	Neighbourhood	100%	16.4	6.75%
	Lansell Square ¹	Kangaroo Flat	Sub-regional	100%	91.3	6.50%
	Moe Coles	Moe	Freestander	100%	17.2	6.25%
	Moe Kmart	Moe	Freestander	100%	10.9	7.00%
	Pakington Strand	Geelong West	Neighbourhood	50%	12.5	6.50%
	Rosebud Plaza	Rosebud	Sub-regional	100%	108.8	6.75%
Vic Total					284.1	

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

Annexure 7

Property Valuations as at 31 December 2015

State	Property	Location	Asset Type	Interest %	Book Value (\$m)	Cap Rate
WA	Albany Plaza	Albany	Sub-regional	100%	60.0	7.00%
	Carnarvon Central	Carnarvon	Neighbourhood	100%	18.1	7.75%
	Esperance Boulevard	Esperance	Neighbourhood	100%	27.8	7.25%
	Kalgoorlie Central	Kalgoorlie	Neighbourhood	100%	36.1	7.25%
	Maylands Coles	Maylands	Freestander	100%	14.7	6.25%
	Narrogin Coles	Narrogin	Freestander	100%	11.1	6.50%
	Secret Harbour Shopping Centre ¹	Secret Harbour	Neighbourhood	100%	41.7	n/a
	South Hedland Square	South Hedland	Sub-regional	100%	77.2	7.50%
	Swan View Shopping Centre	Swan View	Neighbourhood	100%	17.2	6.50%
	Wanneroo Central	Wanneroo	Sub-regional	50%	47.4	6.50%
WA Total					351.3	
Assets held for sale					53.6	
Total CQR Portfolio					2,484.0	

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

Annexure 8

Industry and market overview - Australian retail market

Type (excl freestanding supermarkets)	Total centres	Total GLA (sqm)	Average GLA (sqm)
City Centre	110	946,827	8,608
Super Regional	24	2,418,546	100,773
Major Regional	47	2,892,986	61,553
Regional	55	2,071,411	37,662
Sub-regional GLA >25,000sqm	19	541,519	28,501
Sub-regional GLA <25,000sqm	230	3,556,748	15,464
Neighbourhood Centre	848	3,591,992	4,236
Bulky Goods and Outlet Centres	139	2,517,469	18,111
Themed	14	111,592	7,971
Market	6	45,772	7,629
Total	1,492	18,694,862	12,530

Source: PCA

Annexure 8

Industry and market overview - Australian retail market – current owners

Neighborhood centres	Total centres	Total GLA ('000 sqm)	Proportion of total (by GLA)
Private Investors	615	2,652.4	73.8%
Public Companies	43	239.1	6.7%
Listed Property Trusts	77	210.4	5.9%
Strata Plan	52	186.3	5.2%
Unlisted Funds	33	162.0	4.5%
Syndicates	18	107.8	3.0%
Other	10	34.0	0.9%
Total	848	3,592.0	100.0%

Sub-regional GLA <25,000sqm	Total centres	Total GLA ('000 sqm)	Proportion of total (by GLA)
Private Investors	94	1,458.4	41.0%
Listed Property Trusts	70	973.8	27.4%
Unlisted Funds	25	428.4	12.0%
Super/Insurance Funds	16	267.4	7.5%
Syndicates	15	252.1	7.1%
Public Companies	5	88.4	2.5%
Other	5	88.2	2.5%
Total	230	3,556.7	100.0%

Source: PCA

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 4.2% p.a.
Recovery of outgoings	Typically gross leases, recover increase in statutory charges	Net leases
Average GLA	3,519 sqm	121 sqm (incl. Mini majors)
Average gross rent	\$308/sqm	\$849/sqm

Annexure 10

CQR Australian portfolio – historical performance

Proven and consistent performance over time

	Jun-10	Dec-10	Jun-11	Dec-11	Jun-12	Dec-12	Jun-13	Dec-13	Jun-14	Dec-14	Jun-15	Dec-15
Number of properties	63	64	71	72	74	75	74	77	77	78	73	76
Occupancy	99.1%	98.9%	98.8%	98.7%	98.6%	98.5%	98.2%	98.2%	98.5%	98.5%	98.4%	98.4%
Same property NOI growth	4.7%	3.2%	3.8%	3.5%	3.5%	3.0%	2.8%	2.5%	2.0%	3.4%	2.4%	2.4%
Anchor tenant MAT growth	4.1%	5.1%	4.7%	4.6%	4.4%	4.5%	3.7%	3.6%	3.7%	2.2%	1.0%	1.2%
Specialty rent growth	5.3%	7.2%	7.3%	4.1%	4.9%	3.7%	3.1%	3.3%	2.6%	2.0%	1.5%	1.4%
Renewals	6.4%	7.8%	7.5%	5.1%	5.9%	3.7%	3.5%	1.5%	2.8%	1.8%	1.9%	0.4%
New leases	2.8%	5.4%	6.9%	3.1%	3.7%	3.7%	2.4%	7.5%	2.0%	2.6%	0.1%	4.3%
Number of leasing transactions	65	82	98	159	82	165	202	103	232	138	169	151
Average specialty gross rent psqm	\$517	\$520	\$586	\$719	\$689	\$728	\$737	\$770	\$776	\$813	\$812	\$849
Average specialty sales psqm	\$7,768	\$7,659	\$8,071	\$8,100	\$8,107	\$8,091	\$8,246	\$8,354	\$8,642	\$8,658	\$8,741	\$9,020
Average specialty occupancy costs	7.8%	7.8%	8.4%	8.2%	8.5%	8.9%	8.9%	9.2%	9.0%	9.4%	9.3%	9.4%

Annexure 11

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 31 December 2015
- **Other A\$ bank debt:** CHRP1 and CHRP2 non-recourse secured bank debt
- **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)
- **Total Australian rent:** Represents base rent and turnover rent from anchors and specialties

Further Information



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