

# APPENDIX 4D

## Half Year Report for the period ended 31 December 2020

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

ARSN: 093 143 965

### Results for announcement to the market

	6 months to 31 December 2020 \$m	6 months to 31 December 2019 \$m	Variance (%)
Revenue from ordinary activities	96.3	106.8	(9.8%)
Profit from ordinary activities after tax attributable to members <sup>1</sup>	82.8	66.7	24.1%
Profit for the period attributable to members	82.8	66.7	24.1%
Operating earnings <sup>2</sup>	75.2	70.2	7.1%

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

<sup>2</sup> Operating earnings is a financial measure which represents profit under Australian Accounting Standards adjusted for net fair value movements, non-cash accounting adjustments such as straight lining of rental income and amortisations and other unrealised one-off items that are not in the ordinary course of business or are capital in nature. Operating earnings includes the rental revenue recognised in respect of tenants who have been (or will be) provided with rent free incentives as a result of COVID-19. This approach is consistent with the REIT's treatment of rent free incentives provided in the ordinary course of its operations which are amortised over the term of the lease. The inclusion of operating earnings as a measure of the REIT's 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. The distribution considers operating earnings, cash operating earnings and the operational cashflow generated during the period.

	6 months to 31 December 2020 cents per unit	6 months to 31 December 2019 cents per unit	Variance (%)
Basic earnings per unit	14.50	15.09	(3.9%)
Operating earnings per unit	13.17	15.88	(17.1%)

Distributions	Amount per unit cents per unit
<i>Current period:</i>	
Interim distribution	10.70
<i>Previous corresponding period:</i>	
Interim distribution	14.52
Record date for determining entitlements to the distribution	31 December 2020

The REIT recorded a statutory profit for the period of \$82.8 million (31 December 2019: \$66.7 million). Operating earnings amounted to \$75.2 million (31 December 2019: \$70.2 million). The REIT's operating earnings increased predominantly as a result of the asset recycling strategy, reflecting the ongoing positive impact of the transition of the portfolio. Net income from wholly owned properties decreased resulting from the divestment of wholly owned assets in prior periods. Net income from joint venture entities increased as a result of investment in Long WALE retail properties offset by divestment of convenience retail properties in prior periods. Finance cost savings are a result of the continuation of the lower interest rate environment and reduced leverage during the period due to equity raised in April 2020.

The REIT's statutory accounting profit of \$82.8 million includes a number of unrealised, non-cash and other non-core capital items which are reversed when calculating operating earnings. These included:

- \$15.4 million – Revaluation increment on investment properties;
- \$2.4 million – Provision for rent relief relating to COVID-19;
- \$(7.2) million – Straightlining of rental income and amortisation of rent free and fitout incentives;
- \$(2.6) million – Acquisition related and other costs; and
- \$(0.4) million – Other

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 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 issue price is determined at a discount of 1.0% to the daily average of the volume weighted average market price of units traded on the ASX during the 15 business days commencing on the third business day following the distribution record date. The REIT expects to raise \$11.8 million from the DRP for the 31 December 2020 distribution.

### Statement of Undistributed Income

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

### Net Tangible Assets

	31 December 2020	30 June 2020
Net tangible asset backing per unit <sup>1</sup>	3.77	3.75

<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.)

### Details of Associates and Joint Venture entities

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

### 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.