

ASX Release

June 2021 Valuation Update, Butler Central, WA Acquisition and 2HFY21 Distribution 16 June 2021

Charter Hall
Retail Management Limited
ACN 069 709 468
AFSL 246996

Responsible entity of
Charter Hall Retail REIT
ABN 34 357 213 849

Level 20, No.1 Martin Place
Sydney NSW 2000
GPO Box 2704 Sydney NSW
2001

T +61 2 8651 9000
F +61 2 9221 4655

www.charterhall.com.au

Charter Hall Retail REIT (CQR) today announces the results of June portfolio valuations, the acquisition of the convenience retail Butler Central Shopping Centre, WA and the 2HFY21 distribution.

CQR had 64% of the portfolio by gross asset value independently valued as at 30 June 2021.

The valuations resulted in a \$143 million, or 4.1% uplift on prior book values, inclusive of forecast capital expenditure¹. The overall portfolio value has increased from \$3,504 million to \$3,647 million and the portfolio average cap rate has compressed 22bps from 6.03% to 5.81%.

CQR's shopping centre convenience retail portfolio valuation increase over the period from 31 December 2020 to 30 June 2021 was \$58 million or 2.1%, with the cap rate moving from 6.21% to 6.12% over the period.

The REIT's Long WALE convenience retail portfolio comprising bp and Coles Adelaide distribution centre saw valuation increase over the period from 31 December 2020 to 30 June 2021 was \$85 million or 12.4%, with the like-for-like cap rate compressing from 5.28% to 4.70%.

The below table summarises the 6-month and 12-month change in valuations:

	Shopping Centre Convenience Retail	Long WALE Convenience Retail	Total Portfolio
30 June 2020 Portfolio Value	2,813	439	3,252
Net acquisitions / (disposals)	(28)	235	207
Valuation movement (6-months)	34	11	45
31 December 2020 Portfolio Value	2,819	685	3,504
Valuation movement (6-months)	58	85	143
30 June 2021 Portfolio Value	2,877	770	3,647
Valuation movement (12-months)	92	96	188
30 June 2020 weighted average cap rate	6.19%	5.00%	6.03%
31 December 2020 weighted average cap rate	6.21%	5.28%	6.03%
30 June 2021 weighted average cap rate	6.12%	4.70%	5.81%

¹ Estimated to be \$28m for the 6mths ending 30 June 2021.

Charter Hall Retail CEO, Greg Chubb, commented: "Today's portfolio valuations demonstrate the resilience and attractiveness of our Convenience Retail portfolio. Our shopping centre portfolio has proven its resilience through the challenges of the last 12 months with strong occupancy, rent collection and retail sales growth. This is now being reflected in asset valuation gains.

"Our Long WALE convenience retail assets remain highly attractive given the quality of the tenants, attractive lease structures, duration of leases and high underlying land values. These assets have delivered CQR unitholders highly defensive and reliable earnings over the last twelve months and are now also delivering significant growth in capital values. It's pleasing to see the results of our on-going portfolio curation delivering these gains."

The unaudited impact of the valuations announced today will contribute to the increase in the estimated NTA per security from \$3.77 to \$4.02, a \$0.25 or 6.6% increase on the December 2020 NTA².

Butler Central, WA Acquisition

CQR is also pleased to announce today the acquisition of Butler Central Shopping Centre, Butler, WA for \$51.2 million on a 6.0% cap rate.

Butler Central Shopping Centre is a Convenience Centre located 40kms north of Perth CBD and was developed and built by Woolworths in 2018. The 9,000sqm GLA centre is anchored by a Woolworths supermarket with BWS, Best & Less and The Reject Shop mini-majors, 30 specialty shops and 452 on-grade parking spaces. The centre benefits from being located adjacent to Butler train station, at the intersection of Butler Boulevard and Exmouth Drive and is in an established growth corridor.

The acquisition was negotiated off-market with Woolworths and will be debt funded utilising CQR's existing debt facilities. The transaction is expected to settle in July 2021.

Greg Chubb commented: "As the dominant convenience retail centre in a growing catchment, Butler Central is an excellent addition to CQR, complementing our existing portfolio of Convenience and Convenience plus centres. Our ability to secure this asset off-market is a result of Charter Hall's longstanding partnership with Woolworths. The addition of Butler Central is consistent with CQR's goal of being the leading owner of convenience retail property and will provide CQR investors with a resilient and growing income stream."

2HFY21 Distribution

CQR also declares the distribution for the period ending 30 June 2021 of 12.7 cents per unit.

The distribution reinvestment plan will be active for this period.

CQR will report the REIT's Financial Year 2021 Results on 17 August 2021.

Announcement authorised by the Board

² Subject to audit and finalisation of statutory accounts. BP NZ valuation still pending closing FX rates. Includes estimated capital expenditure of \$28m for the 6mths ending 30 June 2021.

Charter Hall Retail REIT (ASX: CQR)

Charter Hall Retail REIT is the leading owner and manager of property for convenience retailers.

Charter Hall Retail REIT is managed by Charter Hall Group (ASX:CHC). With over 29 years' experience in property investment and funds management, we're one of Australia's leading fully integrated property groups. We use our property expertise to access, deploy, manage and invest equity across our core sectors - office, industrial & logistics, retail and social infrastructure. Operating with prudence, Charter Hall Group as manager of CQR has carefully curated a \$46.4 billion diverse portfolio of over 1,395 high quality, long leased properties. Partnership and financial discipline are at the heart of our approach. Acting in the best interest of customers and communities, we combine insight and inventiveness to unlock hidden value. Taking a long term view, our \$7 billion development pipeline delivers sustainable, technologically enabled projects for our customers.

The impacts of what we do are far-reaching. From helping businesses succeed by supporting their evolving workplace needs, to providing investors with superior returns for a better retirement, we're powered by the drive to go further.

For further enquiries, please contact

Greg Chubb

Retail CEO

Charter Hall Retail REIT

T +61 2 8651 9355

greg.chubb@charterhall.com.au

Christine Kelly

Deputy Fund Manager CQR and Head of Retail Finance

Charter Hall Retail REIT

T +61 2 8651 9401

christine.kelly@charterhall.com.au

For media enquiries, please contact

Adrian Harrington

Head of Capital and Product Development

Charter Hall

T +61 410 489 072

adrian.harrington@charterhall.com.au

For investor enquiries, please contact

Philip Cheetham

Head of Listed Investor Relations

Charter Hall

T +61 403 839 155

philip.cheetham@charterhall.com.au