

# Acknowledgement of Country

Charter Hall is proud to work with our customers and communities to invest in, develop and manage properties on land across Australia. We pay our respects to the Traditional Owners, their Elders past, present and emerging and recognise their continuing culture and contribution to this country.



**Christine Kelly** Head of Retail Finance and Deputy Fund Manager - CQR

#### **Ben Ellis** Retail CEO and Executive Director

# Agenda

- 1. Highlights and Strategy
- 2. Financial Performance
- 3. Operational Performance
- 4. Outlook and Guidance
- 5. Annexures



## **Portfolio Highlights**

Operating earnings per unit 14.35 cents ↑ 0.9% from 1H FY22 <sup>1</sup>	Distributions per unit 13.00 cents ↑ 11.1% from 1H FY22	
Specialty leasing spreads 3.0% ↑ from 2.3% at June 2022	Portfolio occupancy² 98.6% ↑ 0.1% from 98.5% at June 2022	
Property valuation increase <sup>3</sup> 2.8% ↑ \$119m increase from June 2022	Net Tangible Assets per unit \$5.01 1 2.0% from \$4.91 at June 2022	

1. 1H FY22 operating earnings includes \$7.6m of COVID-19 tenant support

- 2. Convenience shopping centre retail portfolio only (convenience long WALE retail portfolio is 100% occupied)
- 3. Including capital investment of \$46m and the impact of a \$12m foreign exchange gain for the period relating to bp NZ, Gull and Z Energy portfolios

Key metrics	1H FY22	1H FY23	Movement
Operating earnings	\$82.1m <sup>1</sup>	\$83.4m	+1.6%
Operating earnings per unit	14.22 cents	14.35 cents	+0.9%
Distributions per unit	11.70 cents	13.00 cents	+11.1%
Property portfolio	\$4,010m	\$4,443m	+10.8%



Alexandria, NSW

## CQR Convenience Strategy

Providing a resilient and growing income stream for our investors from convenience shopping centre and long WALE retail

# Enhance portfolio quality

- Increasing exposure to Long WALE and NNN retail
- Active portfolio curation has enhanced income growth from anchor tenants
- Extending WALE with quality major tenants
- Focus on resilience and growth of income

## The **leading** owner of convenience retail property

**KEY DRIVERS** 



- Maintain strong tenant relationships
- Optimise the tenancy mix to service our communities
- Unlock additional land opportunities



- Strong and flexible balance sheet
- Sustainable gearing
- Extending capital partnerships
- Increasing exposure to capex efficient assets

### **Delivering on Strategy**

### Active portfolio curation towards higher quality and higher growth assets

Convenience shopping centre retail

- \$511m of acquisitions since 2017 have targeted metropolitan and growth corridor locations and delivered a 10.3% unlevered IRR
- Divested \$619m non-core assets since 2017 with limited growth and high specialty vacancy
- **High income growth** potential for both major and speciality tenants
- Targeted investment across existing portfolio to maintain **dominance within existing catchments**

### Convenience long WALE retail

- \$786m invested into NNN convenience long WALE retail since 2019 leading to a 21.6% unlevered IRR across all portfolios<sup>1</sup>
- Valuation growth driven by asset quality and CPI linked rental increases resulting in a portfolio valuation of \$1,058m at December 2022
- **Off-market acquisitions**, leveraging the relationships of the Charter Hall platform
- Established and extended relationships with **new major tenants, bp** and **Ampol**

### Asset management

- Delivered **seven new pad sites** since 2019 with a further eight currently underway
- Eight Target stores backfilled with 10 high quality tenants delivering 17% income uplift
- Stage 1 Rosebud Plaza redevelopment completed December 2022 including a full line Woolworths and ten new specialty stores
- Maintained highest CentreSAT NPS relationship satisfaction score<sup>2</sup>

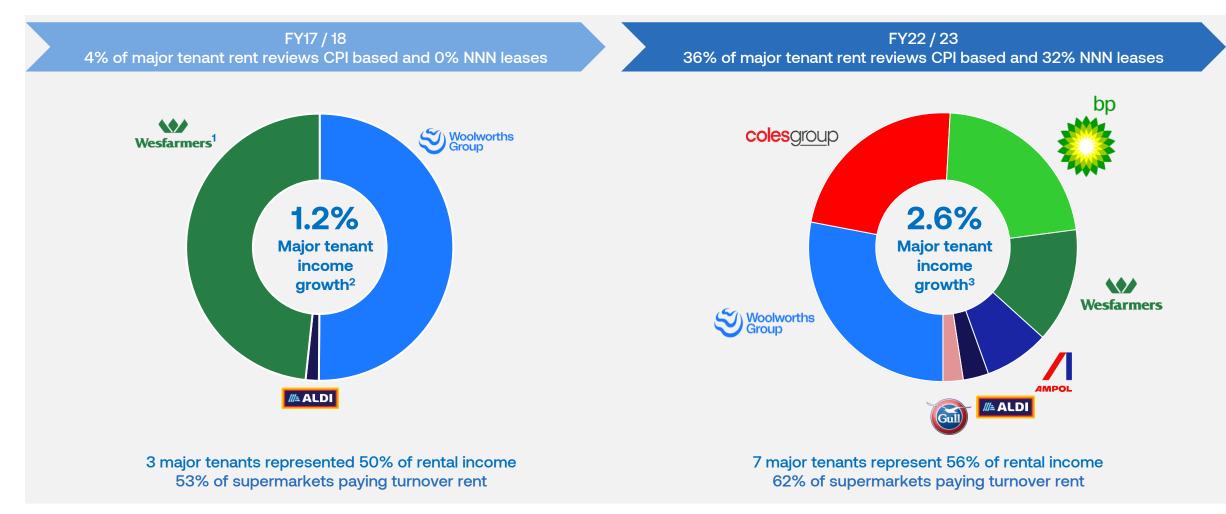


1. Excludes the \$111m CDC acquisition that delivered a 19.6% unlevered IRR for the period of ownership

2. Monash University CentreSAT 2022, Retailer Satisfaction Report

### **Delivering on Convenience Strategy**

### Active portfolio curation driving major tenant income growth



1. Includes Coles, Kmart and Target

2. Average annual rental growth for the 5 years to FY22

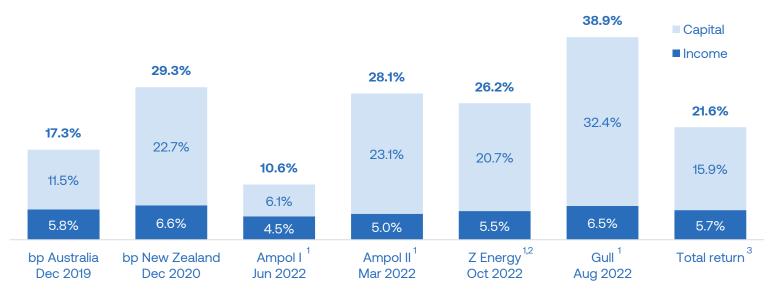
3. FY23 forecast rental growth adopting forecast capped CPI growth of 6.2% and 2.0% sales growth

## **Delivering on Strategy**

Off-market acquisitions of quality convenience long WALE retail portfolios

- Expansion of convenience focus through establishing partnerships with new major tenant customers bp and Ampol
- Extending relationships into New Zealand with bp and Ampol (Z Energy) portfolio acquisitions
- Long-term stable and growing income stream
  - demand for asset class has delivered resilient returns
  - capex efficient NNN leases
  - accretion to the portfolio WALE
  - security of rental growth with CPI linked annual rent reviews
- Geographic diversification with 83% metropolitan sites
- CQR's total portfolio has generated a levered 12-month return of 15.8% on a NTA basis

### Unlevered IRRs from convenience long WALE retail portfolios since acquisition











Bayside Gateway, Vic

Alexandria, NSW

Wellington, NZ

Auckland, NZ

1. Annualised return as portfolios held for less than one year

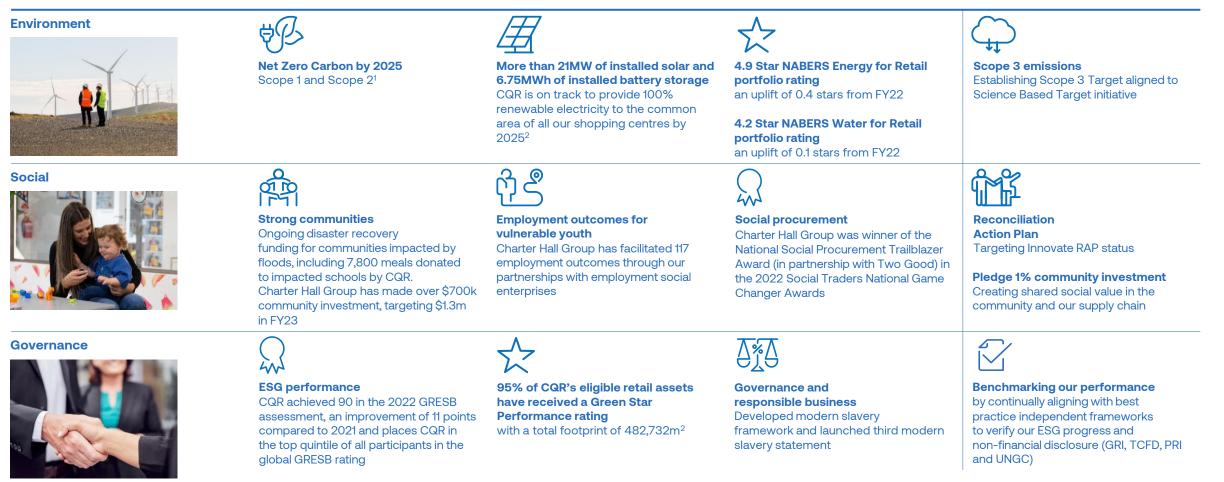
2. Z Energy owned by Ampol

3. Including CDC, total Long WALE IRR has been 21.3%. CDC unlevered IRR for period of ownership was 19.6%

## ESG Leadership CQR top quintile performer in the global GRESB rating

Achievements in 1H FY23

Focus areas in FY23+



1. Scope 1 and Scope 2 emissions for existing assets that fall under the operational control of responsible entities for which Charter Hall Limited is the controlling corporation

2. Renewable electricity procurement for assets where the electricity consumption is in operational control



### Earnings and Distributions

- Total net property income growth of 6.9%
- Same property convenience shopping centre retail NPI growth of **2.8%**
- Same property convenience long WALE retail NPI growth of 3.7%
- Finance costs and other expenses driven by increased interest rates, acquisitions, capital spend and valuation growth
- Over 80% of all COVID-19 rental deferrals have now been repaid<sup>1</sup>
- Distribution growth of 11.1% to 13.00cpu reflects proportion of income from capex efficient NNN assets and the end of COVID-19 tenant support
- Statutory profit of \$124.8m due to positive valuation movements

#### Look-through basis

\$m	1H FY22	1H FY23	% change
Net property income from convenience shopping centre retail	91.5	95.0	3.8%
Net property income from convenience long WALE retail	18.2	22.3	22.5%
Total net property income	109.7	117.3	6.9%
Finance costs	(17.3)	(22.7)	(31.2%)
Other expenses	(10.3)	(11.2)	(8.7%)
Operating earnings	82.1	83.4	1.6%
Operating earnings per unit (cents)	14.22	14.35	0.9%
Distribution per unit (cents)	11.70	13.00	11.1%
Payout ratio <sup>2</sup>	82.3%	90.6%	10.1%

Statutory profit <sup>3</sup>	368.6	124.8

1. Includes post balance date collections

- 2. Distribution (cpu) divided by operating earnings (cpu)
- 3. See Annexure 2 for reconciliation of statutory profit to operating earnings

### **Balance Sheet**

- Total property portfolio value increased by \$144m over 1H FY23 due to:
  - valuation movement of \$119m<sup>1</sup>, including capital investment of \$46m
  - off-market New Zealand acquisitions of Z Energy portfolio for \$118m and Gull portfolio for \$58m and adjoining properties for \$11m
  - offset by divestment of Coles Distribution Centre, SA for \$153m (net proceeds of \$95m) and Singleton Plaza for \$9m
- Net borrowings have increased with the acquisitions and capital investment
- NTA per unit increased by \$0.10 or 2.0% to \$5.01 as a result of property portfolio valuation increases and derivative movements

#### Look-through basis

\$m	Jun 22	Dec 22
Convenience shopping centre retail investment properties <sup>2</sup>	3,339	3,385
Convenience long WALE retail investment properties	960	1,058
Cash	29	29
Other assets <sup>3</sup>	132	119
Total assets	4,460	4,591
Borrowings	(1,426)	(1,495)
Distribution payable	(74)	(76)
Other liabilities <sup>4</sup>	(105)	(106)
Total liabilities	(1,605)	(1,677)

NTA per unit (\$)	4.91	5.01
Units on issue (million)	581.2	581.2
Net Tangible Assets (NTA)	2,855	2,914

1. Includes the impact of a \$12.0m foreign exchange gain for the period relating to bp NZ, Gull and Z Energy portfolios

2. Includes \$99m assets held for sale

- 3. Other assets includes derivative movements
- 4. Other liabilities includes derivative movements

### **Property Valuations**

- 100% of the portfolio was externally revalued at 31 December 2022<sup>1</sup>
- Portfolio valuation growth of 2.8% or \$119m including capital investment of \$46m for 1H FY23 highlights portfolio resilience
- Convenience shopping centre retail portfolio valuation growth of 1.4%<sup>2</sup> or \$47m including capital investment of \$46m for 1H FY23
- Convenience long WALE retail valuation growth of 7.3%<sup>3</sup> or \$72m for 1H FY23
- Valuation growth of 7.4% for the year was split between 6.3% income growth, 1.1% capital movement

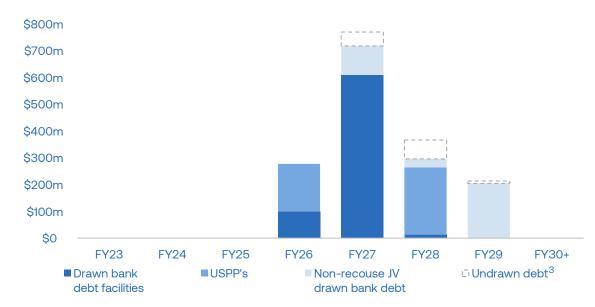
Convenience Convenience \$m shopping centre long WALE **Total portfolio** retail retail June 2022 portfolio value 3.339 960 4,299 26 Net acquisitions (1) 25 Valuation growth 47 72 119 December 2022 portfolio value 4,443 3,385 1,058 June 2022 weighted average cap rate 5.45% 4.33% 5.20% December 2022 weighted average cap rate 5.52% 4.54% 5.28% 1H FY23 weighted average cap rate movement 0.07% 0.21% 0.08%



- 1. Excluding \$99m assets held for sale
- 2. Like for like
- 3. Like for like was 3.6%. Includes the impact of a \$12.0m foreign exchange gain for the period relating to bp NZ, Gull and Z Energy portfolios

### **Capital Management**

- Available liquidity of \$126m
- Forecast FY23 weighted average cost of debt of 3.2%<sup>1</sup> assuming average BBSY for 2H FY23 of 3.5%<sup>2</sup> and existing hedging of 79%
- No debt maturing until FY26 with recent refinancing extending \$254m of joint venture debt to FY28 and FY29
- Moody's affirmed the Baa1 issuer rating and senior unsecured rating with a stable outlook



### Debt maturity profile

Key metrics	Jun 22	Dec 22
Weighted average cost of debt <sup>1</sup>	2.7%	3.1%
Weighted average debt maturity	3.9 years	4.1 years
Weighted average hedge maturity	2.2 years	1.7 years
Interest rate hedging	83%	79%
Interest cover ratio	5.0x	4.5x
Balance sheet gearing	25.5%	27.1%
Total portfolio gearing	32.1%	32.6%
Available liquidity	\$245m	\$126m

- 1. Includes line fee and usage fee and excludes amortisation of upfront debt costs
- 2. BBSY assumptions for FY23 are Actual Q1: 1.9%, Actual Q2: 3.0%, Actual Q3: 3.3%, Forecast Q4: 3.7%
- 3. Includes joint venture undrawn debt which is not reflected in available investment capacity



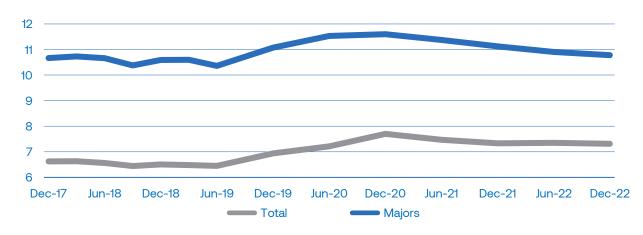
Pacific Square, NSW

Charter Hall Retail REIT 2023 Half Year Results

\$15

### **Portfolio Summary**

- Convenience shopping centre retail occupancy improved from 98.5% to 98.6%
- 4.7% total MAT growth<sup>1,2</sup>
- Portfolio WALE is stable at 7.3 years following the acquisition of the Z Energy and Gull portfolios and renewal activity
- Portfolio value increased by 3.3% to \$4,443m driven by valuation uplift and the offmarket acquisition of the Z Energy and Gull portfolios, offset by the disposal of the Coles Distribution Centre
- 59% of total portfolio income directly (23%) linked to CPI or indirectly linked (36%) to inflation through turnover rent mechanisms

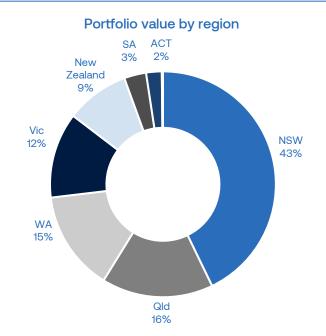


Convenience shopping centre retail portfolio

2. Like for like sales

Charter Hall Retail REIT 2023 Half Year Results

Portfolio snapshot	Jun 22	Dec 22
Number of convenience shopping centre retail assets	51	51
Number of convenience long WALE retail assets	521	589
Value (\$m)	4,299	4,443
Weighted average cap rate	5.20%	5.28%
GLA ('000sqm) <sup>1</sup>	638	627
Occupancy <sup>1</sup>	98.5%	98.6%
Total MAT growth <sup>1,2</sup>	0.4%	4.7%
WALE – total	7.4 years	7.3 years
WALE – majors	10.9 years	10.8 years

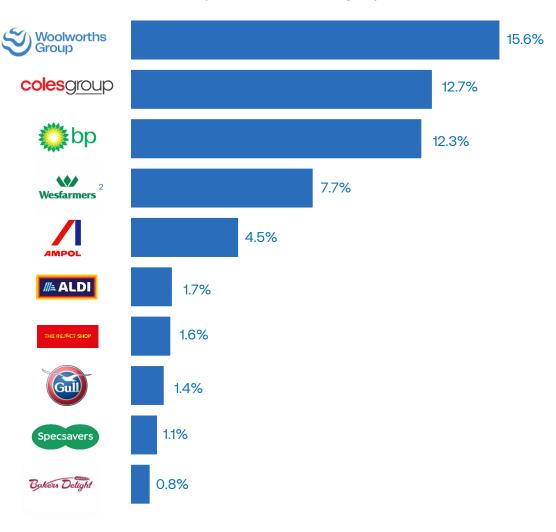


### Portfolio and majors WALE

# Portfolio Tenant Customer Composition

- Major tenants Woolworths, Coles, bp, Wesfarmers<sup>2</sup>, Aldi, Ampol and Gull represent 56% of portfolio income
- Following the off-market acquisitions, Ampol and Gull are now the 5<sup>th</sup> and 8<sup>th</sup> largest tenant customers respectively

#### Top 10 tenant customer groups<sup>1</sup>



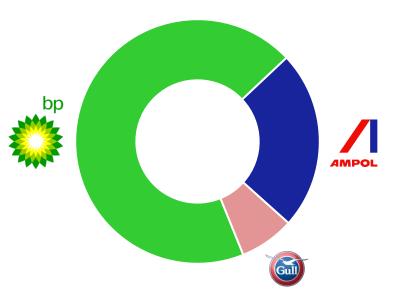
Charter Hall Retail REIT 2023 Half Year Results 1. Calculated by rental income as at 31 December 2022

# Convenience Long WALE Retail Portfolio

- Convenience long WALE retail represents 24% of total portfolio by value and 18% of total portfolio income
- 16.6 year WALE
- NNN leases with CPI reviews
- 6.2% forecast FY23 rental growth<sup>1</sup>

Portfolios	Value \$'m	Cap rate	WALE yrs	Rent review
bp Australia	547	4.5%	16.9	CPI
bp New Zealand	185	4.5%	18.0	CPI (0.5%-4%)
Ampol <sup>2</sup>	250	4.6%	15.5	CPI (2%-5%)
Gull	77	5.0%	14.6	CPI (2%-5%)
Total	1,058	4.5%	16.6	6.2% <sup>1</sup>

### \$1.1bn of convenience long WALE retail assets across three tenant customers



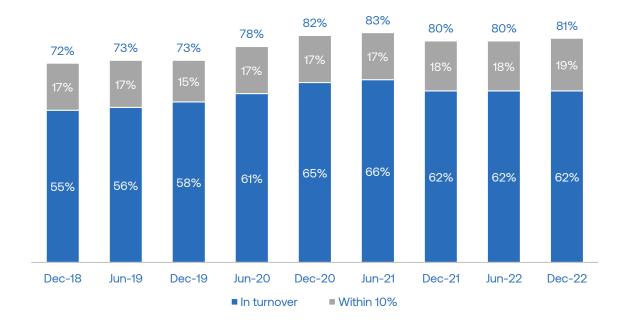
1. FY23 forecast rental growth adopting known and forecast capped CPI

2. Includes Ampol Australia and Z Energy New Zealand

### **Supermarket Anchors**

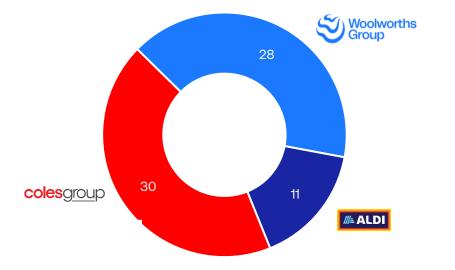
- Supermarkets continued to demonstrate resilience with 3.3% MAT growth<sup>1</sup>
- Supermarkets in turnover have experienced stronger 4.0% MAT growth<sup>1</sup>
- Direct to boot facilities operating at 95% of the Coles and Woolworths supermarkets

Supermarket performance	Jun 22	Dec 22
MAT growth <sup>1</sup>	3.2%	3.3%
Supermarkets in turnover <sup>2</sup>	62%	62%
Supermarkets within 10% of turnover	18%	19%



#### Supermarkets in turnover

69 supermarket stores in portfolio



1. Like for like sales

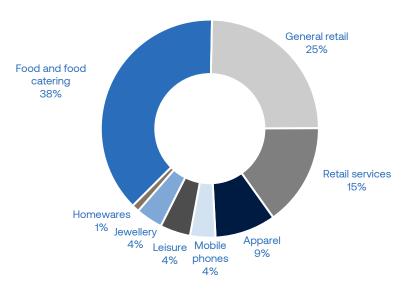
2. Includes supermarkets with fixed rent reviews

## **Specialty Tenants**

- 194 specialty leases completed in the period
- Leasing spreads over the period were +3.0%
  - 82 new leases (+0.0% leasing spread)
  - 112 renewals (+3.7% leasing spread)
- Retention rate remains high at 85%
- Specialty productivity across the portfolio is at an historical high level of \$10,259 per sqm
- Occupancy cost is stable at 11.5%

Specialty performance	Jun 22	Dec 22
MAT growth <sup>1</sup>	(3.7%)	8.1%
Sales productivity (per sqm)	\$9,894	\$10,259
Average gross rent (per sqm)	\$1,140	\$1,184
Specialty occupancy cost	11.5%	11.5%
Average rental increase p.a.	4.1%	4.1%
Retention rate	89%	85%







### **Outlook and Guidance Reaffirmed**

- Strategy remains consistent and focused on non-discretionary convenience retailers, providing income growth and resilience
- Portfolio curation and active asset management with an increased focus on convenience long WALE retail will continue to improve portfolio quality
- Positive leasing spreads, high occupancy levels and MAT growth are expected to continue
- Portfolio income expected to benefit from direct and indirect inflation linked rental growth underpinning asset values

Barring unforeseen events **FY23 earnings per unit is reaffirmed** to be no less than 28.7 cents per unit representing growth of no less than 1.0% over FY22 earnings per unit.

**FY23 distributions per unit is reaffirmed to be no less than 25.8 cents per unit** representing **growth of no less than 5.3%** over FY22 distributions per unit.







# 01

FY23 guidance (cpu)

# 02

Reconciliation of statutory profit to operating earnings and AFFO

03

NTA per unit reconciliation

04

Investment in property joint ventures

05

Debt maturities and covenants

# 06

Convenience focused portfolio

# 07

Lease expiry profile

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Property valuations

# 09

Portfolio MAT by state and category

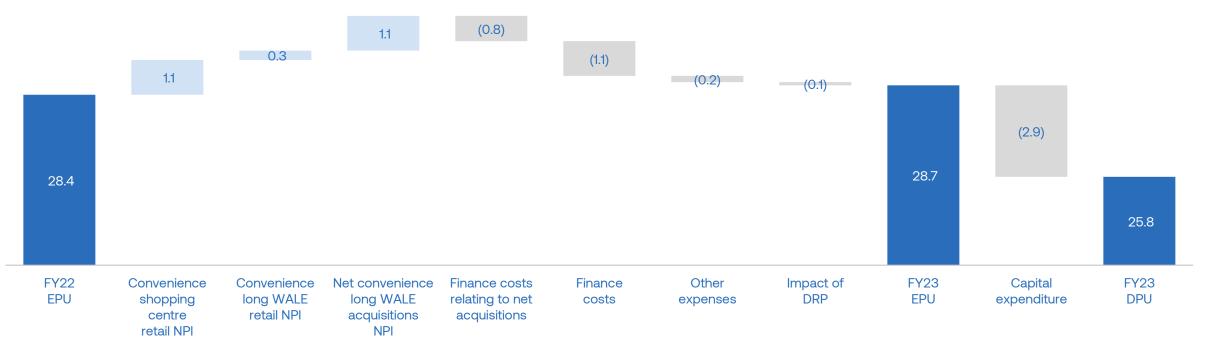
# 10

Convenience shopping centre retail portfolio historical performance

11

Glossary

### **Annexure 1** FY23 guidance (cpu)



- Continued strong underlying convenience shopping centre retail portfolio performance, including positive leasing spreads, high occupancy levels and MAT growth
- Convenience long WALE retail income growth from CPI linked rental increases
- Finance costs assume average BBSY for 2H FY23 of 3.5%<sup>1</sup>, offset by hedging of 79%
- Other expenses includes acquisition and divestment impacts on asset management fees

BBSY assumptions for FY23 are Actual Q1: 1.9%, Actual Q2: 3.0%, Actual Q3: 3.3%, Forecast Q4: 3.7%

Reconciliation of statutory profit to operating earnings and AFFO

\$m	1H FY23
Statutory profit	124.8
Revaluation increment on investment properties <sup>1</sup>	(67.1)
Net gain on foreign exchange	(1.1)
Net loss on derivative financial instruments	15.9
Other (including straight-lining of rental income and amortisation of incentives)	10.9
Operating earnings	83.4
Less: capital expenditure	(7.8)
Adjusted Funds From Operations (AFFO)	75.6
Distribution	75.6
Distribution / AFFO	100.0%

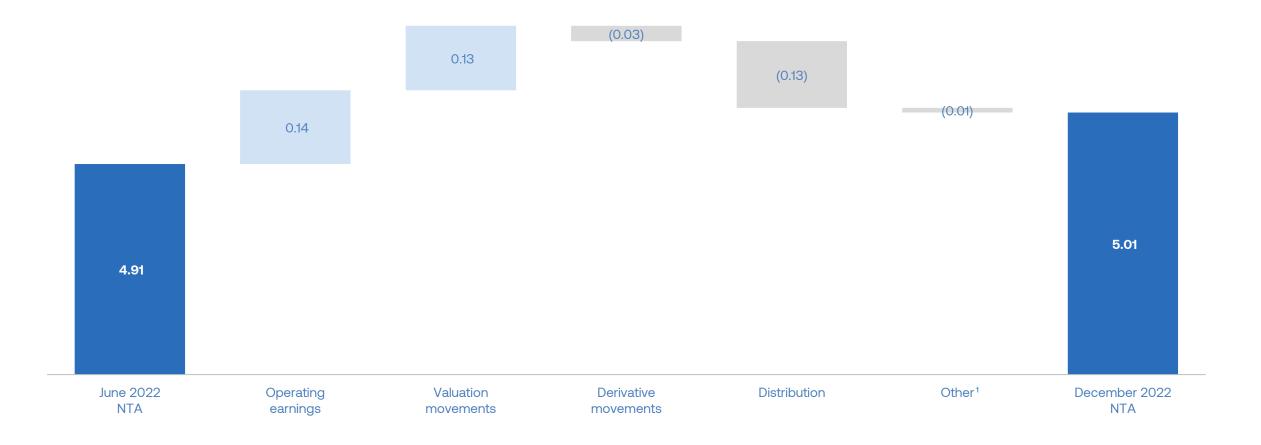
1.	Includes revaluation of straight-lining	incentives amortisation	and final COVID-19 tenant	support agreed as at 30 June 2022
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2. \$7.6m of COVID-19 tenant support provided during the 1H FY22 less \$0.7m provision for expected credit loss on deferred rent

сри	1H FY22	1H FY23
Operating earnings	14.22	14.35
Less: COVID-19 tenant support <sup>2</sup>	(1.20)	-
Less: capital expenditure	(1.32)	(1.35)
Adjusted Funds From Operations (AFFO)	11.70	13.00
Distribution	11.70	13.00
Distribution / Operating earnings	82.3%	90.6%
Distribution / AFFO	100.0%	100.0%

\$m	1H FY22	1H FY23
Operating earnings	82.1	83.4
Less: COVID-19 tenant support <sup>2</sup>	(6.9)	-
Less: capital expenditure	(7.5)	(7.8)
Adjusted Funds From Operations (AFFO)	67.7	75.6
Distribution	67.7	75.6
Distribution / Operating earnings	82.5%	90.6%
Distribution / AFFO	100.0%	100.0%

### Annexure 3 NTA per unit reconciliation (\$)



Investment in property joint ventures – operating earnings and balance sheet breakdown 1H FY23

\$m	CQR	RP1	RP2	RP6	Other	Convenience shopping centre retail	bn	Ampol portfolios	Z Energy portfolio <sup>1</sup>	Gull portfolio <sup>2</sup>	CDC <sup>3</sup>	Convenience long WALE retail	Total
Ownership interest	100%	50%	49.9%	20%	50.3%		23.6%	5.5%	49%	100%	52%		
Properties	41 wholly owned properties	Brickworks Carnes Hill Highlands Rutherford Wanneroo	Bateau Bay	Bass Hill Pacific Square	Gateway Plaza / Salamander Bay		295 properties in Australia and New Zealand	225 properties in Australia	51 properties in New Zealand	18 wholly owned properties in New Zealand	Coles Adelaide Distribution Centre, SA		
1H FY23 operating earnings	76.9	7.2	3.6	2.2	5.2	05.0	15.2	2.3	10	- 1 /		00.0	117.3
Net property income	76.8				5.2	95.0			1.2	1.4	2.2	22.3	
Finance costs	(16.3)	. ,	(0.6)	(0.4)	-	(19.1)	(3.0)		-		(0.6)	(3.6)	(22.7)
Other expenses	(10.0)	(0.6)	(0.3)	(0.2)	(0.0)	(11.1)	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	(11.2)
Share of operating earnings	50.5	4.8	2.7	1.6	5.2	64.8	12.1	2.3	1.2	1.4	1.6	18.6	83.4
% of operating earnings	61%	6%	3%	2%	6%	78%	15%	3%	1%	1%	2%	22%	100%
December 2022 balance she	et												
Investment properties	2,730 <sup>4</sup>	2634	<sup>1</sup> 132	78	182	3,385	731	108	142	77	-	1,058	4,443
Borrowings	(1,152)	(88)	(31)	(20)	-	(1,291)	(204)	-	-	-	-	(204)	(1,495)
Net other	(47)	(1)	(2)	(1)	(0)	(51)	17	0	(0)	(0)	-	17	(34)
CQR net investment	1,531	174	99	57	182	2,043	544	108	142	77	n/a	871	2,914

1. Z Energy portfolio acquired in October 2022

2. Gull portfolio acquired in August 2022

3. CDC divested in October 2022

4. Includes held for sale assets

### Annexure 4 continued

Investment in property joint ventures – operating earnings and balance sheet breakdown 1H FY22 and June 2022

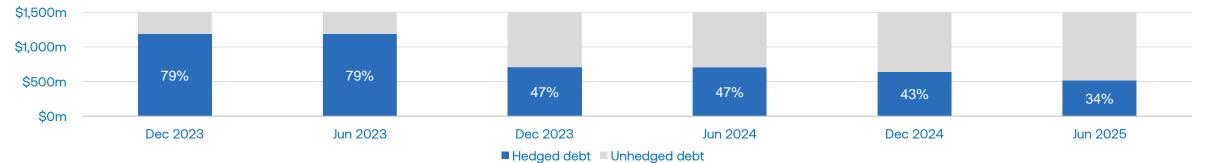
\$m	CQR	RP1	RP2	RP6	Other	Convenience shopping centre retail	bp portfolios	Ampol portfolios <sup>1</sup>	Z Energy portfolio	Gull portfolio	CDC	Convenience long WALE retail	Total
Ownership interest	100%	50%	49.9%	20%	50.3%		23.6%	5.5%	49%	100%	52%		
Properties	41 wholly owned properties	Brickworks Carnes Hill Highlands Rutherford Wanneroo	Bateau Bay	Bass Hill Pacific Square	Gateway Plaza / Salamander Bay		295 properties in Australia and New Zealand	225 properties in Australia	51 properties in New Zealand	18 wholly owned properties in New Zealand	Coles Adelaide Distribution Centre, SA		
1H FY22 operating earnings													
Net property income	74.0	7.3	3.3	2.0	4.9	91.5	14.6	-	-	-	3.6	18.2	109.7
Finance costs	(11.6)	(1.4)	(0.5)	(0.3)	-	(13.8)	(2.8)	-	-	-	(0.6)	(3.4)	(17.2)
Other expenses	(9.2)	(0.6)	(0.3)	(0.2)	(0.0)	(10.3)	(0.1)	-	-	-	(0.0)	(0.1)	(10.4)
Share of operating earnings	53.2	5.3	2.5	1.5	4.9	67.4	11.7	n/a	n/a	n/a	3.0	14.7	82.1
% of operating earnings	65%	6%	3%	2%	56%	82%	14%				4%	18%	100%
June 2022 balance sheet													
Investment properties	2,692	260	130	77	180	3,339	704	106	-	-	150	960	4,299
Borrowings	(1,031)	(86)	(31)	(20)	-	(1,168)	(203)	-	-	-	(55)	(258)	(1,426)
Net other	(34)	(0)	(1)	(1)	(0)	(36)	18	0	-	-	(0)	18	(18)
CQR net investment	1,627	174	98	56	180	2,135	519	106	n/a	n/a	95	720	2,855

1. Ampol portfolios acquired in March 2022 and June 2022

### Debt maturities and covenants as at 31 December 2022

Debt facility (ownership interest)	Limit (\$m)	Drawn (\$m)	Maturity	ICR Covenant	ICR Actual	LVR Covenant	LVR Actual
CQR bank debt facilities	100		Mar-26				
	200		Jul-26				
	130		Jul-26				
	50		Jul-26				
	95		Nov-26				
	75		Nov-26				
	100		Dec-26				
	75		Jul-27				
Total CQR bank debt facilities	825	723					
USPP – May 2016	177	177	May-26				
USPP – July 2015	252	252	Jul-27				
Total CQR debt	1,254	1,152		2.0x	4.5x	50.0%	35.9%
JV debt – CHRP1	95	88	Jul-26	1.75x	4.2x	60.0%	33.5%
JV debt – CHRP2	40	31	Jan-28	1.75x	6.6x	60.0%	23.9%
JV debt – CHRP6	25	20	Apr-27	1.75x	6.3x	60.0%	26.0%
JV debt – bp Australia portfolio	214	204	Aug-28	1.75x	4.1x	60.0%	37.4%
Total look-through debt	1,628	1,495					

### Interest rate hedging profile<sup>1, 2</sup>



1. Drawn debt assumes no change from 31 December 2022 position of \$1,495m

2. Including impact of held for sale assets on drawn debt, hedging profile will increase to 85% in June 2023, 51% in June 2024 and 37% in June 2025

### Convenience focused shopping centre portfolio

### **27 Convenience assets**

- Single supermarket and complementary convenience specialty
- Specialty productivity across the convenience portfolio outperforms the Urbis neighbourhood benchmark<sup>1</sup>
- Supermarkets across the convenience portfolio outperform the Urbis neighbourhood benchmark in terms of both sales volumes and productivity<sup>1</sup>

### 24 Convenience Plus assets

- Multiple supermarkets and/or supermarket and a discount department store with complementary convenience specialty and retail services
- Significantly smaller than the 29,500sqm Urbis sub-regional benchmark<sup>1</sup>
- Greater supermarket space allocation than the Urbis sub-regional benchmark<sup>1</sup>
- Half the discretionary specialty retail compared to the Urbis sub-regional benchmark<sup>1</sup>

	Convenience compared to neighbourhood <sup>1</sup>	Convenience Plus compared to sub-regional <sup>1</sup>
Supermarket productivity	+14%	+8%
Specialty productivity	+33%	+2%
Size variance	(16%)	(39%)
Supermarket floorspace representation	+10%	+22%
Discretionary specialty floorspace	(47%)	(53%)

### Lease expiry profile as at 31 December 2022

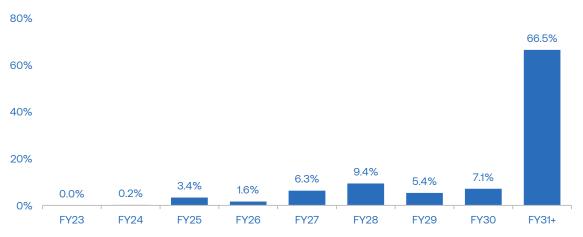
# **10.8 years**

Major tenant WALE

### 7.3 years Portfolio WALE

### **3.4 years** Specialty and mini-major tenant WALE

### Major tenant expiry profile (by income)



### Specialty and mini-major tenant expiry profile (by income)



### Annexure 8 Property valuations as at 31 December 2022

State	Property	Location	Ownership interest (%)	Book Value (\$m)	Cap Rate
ACT	Dickson Woolworths	Dickson	100.0%	26.8	4.50%
	Manuka Terrace	Manuka	100.0%	62.0	5.75%
ACT Total				88.8	
NSW	Bass Hill Plaza	Bass Hill	20.0%	28.6	5.00%
	Bateau Bay Square	Bateau Bay	49.9%	131.7	5.25%
	Carnes Hill Marketplace	Horningsea Park	50.0%	83.3	5.00%
	Cootamundra Woolworths	Cootamundra	100.0%	22.5	4.50%
	Dubbo Square	Dubbo	100.0%	73.1	5.50%
	Gordon Village Centre	Gordon	100.0%	143.5	5.00%
	Goulburn Square	Goulburn	100.0%	97.5	5.63%
	Highlands Marketplace	Mittagong	50.0%	50.8	5.25%
	Jerrabomberra Village	Jerrabomberra	100.0%	38.5	5.00%
	Kings Langley Shopping Centre	Kings Langley	100.0%	59.5	5.00%
	Lake Macquarie Square	Mount Hutton	100.0%	135.0	6.00%
	Morisset Square Shopping Centre	Morisset	100.0%	53.5	5.75%
	Mudgee Metroplaza	Mudgee	100.0%	37.6	5.25%
	Orange Central Square	Orange	100.0%	65.1	5.50%
	Pacific Square	Maroubra	20.0%	49.0	4.88%
	Parkes Metroplaza	Parkes	100.0%	29.2	5.25%
	Rockdale Plaza	Rockdale	100.0%	169.0	5.25%

### Annexure 8 continued

### Property valuations as at 31 December 2022

State	Property	Location	Ownership interest (%)	Book Value (\$m)	Cap Rate
NSW continued	Rutherford Marketplace	Rutherford	50.0%	26.5	5.00%
	Salamander Bay Square	Salamander Bay	50.5%	96.4	5.75%
	Singleton Square <sup>1</sup>	Singleton	100.0%	122.0	6.00%
	Sunnyside Mall	Murwillumbah	100.0%	60.0	5.75%
	Tamworth Square	Tamworth	100.0%	70.8	5.50%
	Tumut Coles	Tumut	100.0%	16.0	4.50%
NSW Total				1,659.1	
Qld	Allenstown Square <sup>2</sup>	Rockhampton	100.0%	58.8	6.25%
	Arana Hills Plaza	Arana Hills	100.0%	84.0	5.25%
	Atherton Square	Atherton	100.0%	47.2	5.50%
	Bay Plaza	Hervey Bay	100.0%	37.4	5.25%
	Bribie Island Shopping Centre	Bribie Island	100.0%	91.3	5.27%
	Currimundi Markets	Currimundi	100.0%	61.9	5.00%
	Gatton Square	Gatton	100.0%	30.4	5.25%
	Highfields Village	Highfields	100.0%	52.6	5.25%
	Mareeba Square	Mareeba	100.0%	24.8	5.50%
	Sydney Street Markets	Mackay	100.0%	44.4	6.00%
Qld Total				532.8	
SA	Brickworks Marketplace <sup>2</sup>	Torrensville	50.0%	40.1	5.75%
	Southgate Square	Morphett Vale	100.0%	90.0	5.75%
SA Total				130.1	

1. Singleton Plaza disposed in 1H FY23, included in Singleton book value in previous periods

2. Held for sale

Charter Hall Retail REIT

2023 Half Year Results

## Annexure 8 continued

## Property valuations as at 31 December 2022

State	Property	Location	Ownership interest (%)	Book Value (\$m)	Cap Rate
Vic	Campbellfield Plaza	Campbellfield	100.0%	103.0	5.00%
	Gateway Plaza	Leopold	50.0%	85.8	5.50%
	Lansell Square	Kangaroo Flat	100.0%	113.0	5.88%
	Rosebud Plaza	Rosebud	100.0%	135.5	5.58%
Vic Total				437.3	
WA	Albany Plaza	Albany	100.0%	74.1	6.00%
	Butler Central	Butler	100.0%	54.8	5.50%
	Esperance Boulevard	Esperance	100.0%	40.2	6.00%
	Kalgoorlie Central	Kalgoorlie	100.0%	47.0	6.25%
	Maylands Coles	Maylands	100.0%	21.2	4.50%
	Narrogin Coles	Narrogin	100.0%	19.7	4.75%
	Secret Harbour Square	Secret Harbour	100.0%	109.0	6.00%
	South Hedland Square	South Hedland	100.0%	82.0	6.75%
	Swan View Shopping Centre	Swan View	100.0%	26.3	5.25%
	Wanneroo Central	Wanneroo	50.0%	62.6	6.00%
WA Total				536.9	
Convenience	shopping centre retail portfolio			3,385.0	5.52%

### Annexure 8 continued

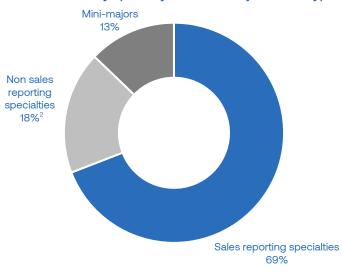
## Property valuations as at 31 December 2022

State	Property	Location	Ownership interest (%)	Book Value (\$m)	Cap Rate
	<b>bp</b> Australia portfolio	Australia	23.3%	546.6	4.47%
	<b>bp</b> New Zealand portfolio	New Zealand	24.5%	184.6	4.47%
	Ampol I portfolio	Australia	2.5%	46.2	4.44%
	Ampol II portfolio	Australia	49.0%	61.9	4.41%
	Z Energy portfolio	New Zealand	49.0%	142.1	4.76%
	Gull portfolio	New Zealand	100.0%	76.8	5.01%
Convenience	long WALE retail portfolio			1,058.2	4.54%
Total portfolic	o			4,443.2	5.28%

### Annexure 9 Portfolio MAT by state and category as at 31 December 2022

Specialty sales by state	Proportion of specialty sales	MAT growth <sup>1</sup>
New South Wales & ACT	56%	9.5%
Western Australia	13%	0.6%
Victoria	10%	13.6%
South Australia	4%	7.7%
Queensland	17%	6.7%
Total	100%	8.1%

Rental income by specialty and mini-major tenant type<sup>2</sup>



1. Like for like sales

2. Specialty tenants under SCCA guidelines (tenants who do not report sales include banks, medical etc.)

Sales by category	MAT growth <sup>1</sup>				
Supermarket	3.3%				
DDS	12.1%				
Majors	4.6%				
Food and food catering	8.5%				
General retail	11.1%				
Retail services	6.4%				
Clothing and apparel	9.3%				
Mobile phones	10.3%				
Leisure	(0.2%)				
Jewellery	7.2%				
Homewares	(0.5%)				
Specialty	8.1%				
Mini-majors	(3.0%)				
Total portfolio	4.7%				

### Annexure 10 Convenience shopping centre retail portfolio historical performance

	Dec 17	Jun 18	Dec 18	Jun 19	Dec 19	Jun 20	Dec 20	Jun 21	Dec 21	Jun 22	Dec 22
Number of properties	66	58	58	58	55	51	50	50	51	51	51
Occupancy	97.8%	98.1%	98.1%	98.1%	98.1%	97.3%	97.8%	98.3%	98.4%	98.5%	98.6%
Same property NPI growth <sup>1, 2</sup>	1.3%	1.8%	2.1%	2.1%	2.2%	2.0% <sup>5</sup>	1.8% <sup>5</sup>	1.9% <sup>5</sup>	3.2% <sup>5</sup>	3.5% <sup>5</sup>	2.8%
Major tenant MAT growth <sup>1</sup>	2.8%	2.7%	1.8%	3.4% <sup>3</sup>	4.0% <sup>4</sup>	5.4%	8.5%	4.3%	0.5%	3.2%	4.6%
Specialty leasing spread <sup>2</sup>	0.8%	1.3%	1.9%	0.8%	4.1%	0.9%	2.5%	1.6%	1.8%	2.3%	3.0%
Renewals <sup>2</sup>	0.2%	1.5%	2.4%	0.0%	3.8%	1.1%	0.6%	0.2%	1.9%	1.8%	3.7%
New leases <sup>2</sup>	2.1%	0.9%	0.9%	2.4%	4.6%	0.5%	5.9%	3.8%	1.4%	3.7%	0.0%
Number of leasing transactions	192	208	172	194	222	123	224	233	219	261	194
Average specialty gross rent psm	\$994	\$1,006	\$1,030	\$1,054	\$1,104	\$1,131	\$1,138	\$1,145	\$1,133	\$1,140	\$1,184
Average specialty sales psm	\$9,439	\$9,536	\$9,583	\$9,672	\$9,817	\$9,557	\$9,936	\$10,213	\$9,822	\$9,894	\$10,259
Average specialty occupancy cost	10.5%	10.5%	10.7%	10.9%	11.2%	11.8%	11.5%	11.2%	11.5%	11.5%	11.5%

1. Like for like

2. Financial year to date

3. Comparable sales, noting some major tenants reported a 53-week year for FY19 (estimated to be approximately 1.8% when adjusted to 52 weeks)

4. Comparable sales, noting some major tenants reported a 53-week year for FY19 (estimated to be approximately 2.3% when adjusted to 52 weeks)

5. NPI growth prior to provision of \$8.1 million in COVID-19 tenant support for the year to Jun 2022 (\$7.6m for the period to Dec 2021, \$6.7m for the year to Jun 2021, \$5.8m for the period to Dec 2020, \$10.7m for the year to Jun 2020)

Glossary

## 1H FY22

6 months from 1 July 2021 to 31 December 2021

## 1H FY23

6 months from 1 July 2022 to 31 December 2022

# WALE

Weighted Average Lease Expiry calculated based on income

GLA

Gross lettable area (in square metres)

## **Gross rent**

Base rent and outgoings

### In turnover

Tenant is paying a percentage of sales in rent (turnover rent)

# JV

Joint venture

# MAT

Moving annual turnover calculated as a sum of rolling 12 month sales

# NPI

Net property income

### **Occupancy cost**

Calculated as the annualised gross rent divided by annual sales

# Triple net lease (NNN)

Tenant responsible for all property outgoings, maintenance and capital expenditure

### IRR

Internal rate of return

### **Further information**

# Charter Hall 🗳

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