

ASX Release

Charter Hall Retail REIT further enhances debt platform

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Charter Hall Retail REIT (ASX:CQR) (the REIT) today announced further enhancements to its debt funding platform that will see no debt maturing until FY19. These enhancements comprise:

US Private Placement (USPP) and new bank debt facility

The REIT will issue a new 10 year US\$125 million (A\$177.4 million) USPP which will mature in May 2026. The notes will be issued with a fixed US\$ coupon of 3.76%, which is 100% hedged in Australian dollars and represents a margin of 2.55% over the bank bill swap rate (BBSW).

The USPP transaction is due to settle in May 2016 and is subject to standard investor due diligence and documentation. Proceeds will be used towards the repayment and cancellation of the \$150 million syndicated bank debt tranche that is due to mature in January 2017.

The REIT has also agreed terms for a new \$50 million five year bank debt facility from an international bank¹. These funds will be used for additional liquidity, including supporting ongoing redevelopment expenditure.

Commenting on the USPP, Charter Hall Group Treasurer, Phil Schretzmeyer said: "Charter Hall is pleased to extend CQR's inaugural issue in the USPP market in 2015 by increasing non bank debt in the REIT to 47%² of total drawn debt. This continues the Group's momentum in diversifying into non bank debt sources, something likely to continue with several other funds having unsecured debt platforms."

Hedging and swap restructure

The REIT has also announced the extension and restructure of its interest rate hedge book. This will result in the weighted average maturity of the REIT's interest rate swap portfolio increasing to 4.5 years and a reduction in the FY17 average hedge rate to 2.5%. Following the swap restructure, 58% of forecast finance costs are hedged over the next five years. The REIT will use \$22 million of the USPP proceeds to fund the hedge restructure.

These initiatives will increase the REIT's weighted average debt maturity from 5.8 years at 30 June 2015 to 6.7 years³ with the increased margin of the USPP offset by the lower hedge rate following the interest rate swap restructure. The average hedge rate will stabilise at approximately 2.4% over the swap duration, reducing volatility from finance costs in the REIT's forecast earnings growth. FY16 operating earnings guidance is not expected to be impacted by these transactions.

¹ Subject to finalisation of documentation

² Proforma using 31 December 2015 total drawn debt balance adjusted for USPP issuance

³ As at 31 December 2015



Commenting on the enhanced debt platform, Scott Dundas, Fund Manager of the REIT, said:
“Following the support from the inaugural issue, which was approximately six times oversubscribed, we are pleased to have further enhanced the flexibility and scalability of our debt funding platform with a second oversubscribed USPP issuance. The strong response reflects the confidence in the quality of the REIT’s non-discretionary focused portfolio.

“The REIT’s debt maturity profile and debt diversity are now the longest and most diverse that these metrics have been since the REIT was listed in 1995 and reflect our focus on prudent capital management to align with our resilient long WALE property portfolio,” Mr Dundas added.

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 24 years’ experience managing high quality property on behalf of institutional, wholesale and retail clients. Charter Hall has over \$15.7 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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