

ASX Release

Charter Hall Long WALE REIT Acquisitions and Equity Raising

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Not for release to US wire services or distribution in the United States

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Charter Hall WALE Limited as responsible entity of the Charter Hall Long WALE REIT (ASX:CLW) (the **REIT**) today announces that:

- it has entered into agreements for the acquisition of a 24.5% interest in a portfolio of 37 telecommunication exchange properties and a 100% interest in an A-grade office building in Upper Mount Gravatt, Brisbane (the **Acquisitions**) for a total consideration of \$413.6 million (excluding transaction costs); and
- it will fund the Acquisitions and associated transaction costs through a combination of debt and a fully underwritten equity raising of approximately \$261 million (**Equity Raising**).

Acquisitions

The REIT has entered into agreements for the following acquisitions:

- 24.5% interest in a portfolio of 37 Telco Exchange Properties (**Telstra Portfolio**) for \$350 million, representing a net passing yield of 4.4%. The portfolio is underpinned by triple net leases to Telstra Corporation Limited (**Telstra**) with a weighted average lease expiry (**WALE**) of 21.0 years and CPI+0.5% annual rent reviews. A Charter Hall managed partnership will acquire a 49% interest and Telstra will retain a 51% interest in a property trust that holds the Telco Exchange Properties. The Charter Hall managed partnership will be owned 50% CLW, 28.2% wholesale capital partner and 21.8% Charter Hall Group; and
- 100% interest in the ATO Office Building, Upper Mount Gravatt, Brisbane for \$63.6 million, representing a net passing yield of 7.7%¹. The property is predominantly leased to the Australian Taxation Office (**ATO**) with a WALE of 7.1 years and fixed 2.5% annual rental reviews².

The total consideration for the Acquisitions is \$413.6 million (excluding transactions costs), reflecting a weighted average capitalisation rate of 4.9%. The Acquisitions feature:

- strong tenant covenants with the properties predominantly leased to Telstra, an S&P/ASX 20 company and Australia's largest telecommunications company, and the Commonwealth Government;
- a long WALE of 17.4 years; and
- geographic diversification with an 86% weighting to the eastern seaboard and major exposure to core New South Wales and Victorian CBD markets.

In addition, the Telstra Portfolio introduces a new subsector for the REIT, Telco Exchange Property, with the portfolio value supported by high underlying land value.

¹ Calculated on the aggregate of the purchase price and committed future tenant incentives, the present value of which is \$6.9 million
² No annual review on 31 December 2020



Portfolio impact

	Pre- Acquisitions	Acquisitions	Post- Acquisitions
Number of properties	118	38	156
Property valuation	\$2,133m	\$414m	\$2,547m
Weighted average capitalisation rate	5.95%	4.91%	5.79%
Occupancy	99.6%	100%	99.7%
Weighted average lease expiry	12.5 years	17.4 years	13.2 years
Weighted average rent review	2.8%	2.7%	2.8%
Proportion of leases subject to fixed rent review	68%	26%	63%

Equity Raising

To partially fund the Acquisitions and associated transaction costs, the REIT will undertake a fully underwritten Equity Raising of approximately \$261 million comprising an institutional placement to raise approximately \$130 million (**Placement**) and a 1-for-13 accelerated non-renounceable entitlement offer to raise approximately \$131 million (**Entitlement Offer**).

The Equity Raising will be issued at a fixed price of \$5.20 per security, which represents a:

- 4.1% discount to the last close of \$5.42 on 15 August 2019
- 3.8% discount to the theoretical ex-rights price of \$5.40 on 15 August 2019³
- 5.4% FY20 forecast Operating EPS yield⁴

Securities issued under the Equity Raising will rank equally with existing CLW Securities and will be entitled to the distribution for the three months to 30 September 2019.

Charter Hall Group is the REIT's largest securityholder with approximately 15% of securities on issue and has committed to take up its full entitlement under the Entitlement Offer, representing a commitment of approximately \$20 million.

Financial impact

Including the impact of the Acquisitions and Equity Raising and barring any unforeseen events and no material change in current market conditions, CLW reaffirms guidance for FY20 Operating EPS of 28.0 cents per security, which represents 4.0% annual growth over FY19 Operating EPS.

Following the Acquisitions and the Equity Raising, the REIT's pro-forma⁵:

- balance sheet gearing is 25.7%, within CLW's target range of 25 – 35%;
- look through gearing is 37.1%; and
- NTA per security is \$4.14.

³ The theoretical ex-rights price ("TERP") is the theoretical price at which securities should trade after the ex-date for the Entitlement Offer. TERP excludes new securities issued under the Placement. TERP is a theoretical calculation only and the actual price at which securities trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not equal TERP

⁴ Based on CLW's guidance range for FY20 Operating EPS of 28.0 cents per security (barring any unforeseen events with no material change in current market conditions)

⁵ As at 30 June 2019, with pro forma adjustments outlined in Appendix A of the investor presentation released to the ASX on 16 August 2019



Timetable

Event	Date 2019
Trading halt and announcement of the Acquisitions and Offer	Friday, 16 August
Placement and Institutional Entitlement Offer conducted	Friday, 16 August
Trading of securities recommences on the ASX on an 'ex-entitlement' basis	Monday, 19 August
Entitlement Offer Record Date	7:00pm, Tuesday, 20 August
Retail Entitlement Offer Booklet despatched and Retail Entitlement Offer opens	Thursday, 22 August
Early Retail Acceptance Due Date	5:00pm, Wednesday, 28 August
Settlement of new securities issued under the Placement, Institutional Entitlement Offer (and Retail Entitlement Offer for applications received by the Early Retail Acceptance Due Date)	Thursday, 29 August
Allotment and normal trading of new securities issued under the Placement, Institutional Entitlement Offer (and Retail Entitlement Offer for applications received by the Early Retail Acceptance Due Date)	Friday, 30 August
Retail Entitlement Offer closes	5:00pm, Monday, 2 September
Announcement of results of Retail Entitlement Offer	Thursday, 5 September
Settlement of remaining new securities issued under the Retail Entitlement Offer	Friday, 6 September
Allotment of remaining new securities issued under the Retail Entitlement Offer	Monday, 9 September
Normal trading of remaining new securities issued under the Retail Entitlement Offer	Tuesday, 10 September

All dates and times are indicative only and subject to change. Unless otherwise specified, all times and dates refer to AEST.

Additional information

Additional information about the Acquisitions and Equity Raising including certain key risks are contained in the investor presentation released to the ASX today.

A Retail Entitlement Offer Booklet containing information in connection with the retail component of the Entitlement Offer will be released separately and mailed to eligible securityholders.



Charter Hall Long WALE REIT (ASX: CLW)

Charter Hall Long WALE REIT is an Australian Real Estate Investment Trust (REIT) listed on the ASX and investing in high quality Australasian real estate assets that are predominantly leased to corporate and government tenants on long term leases.

Charter Hall Long WALE REIT is managed by Charter Hall Group (ASX:CHC). With over 28 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, retail, industrial and social infrastructure.

Operating with prudence, we've carefully curated a more than \$33 billion diverse portfolio of over 820 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.

Important notices

This announcement is not financial product or investment advice, a recommendation to acquire new securities or accounting, legal or tax advice. It does not constitute an invitation or offer to apply for securities. It has been prepared without taking into account the objectives, financial or tax situation or needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial and tax situation and needs and seek legal and taxation advice appropriate for their jurisdiction. The REIT is not licensed to provide financial product advice in respect of an investment in securities.

Determination of eligibility of investors to participate in the Equity Raising is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of the REIT and/or the joint lead managers. The REIT, the joint lead managers and each of their respective related bodies corporate or affiliates or any of their respective securityholders, directors, officers, employees, partners, agents and advisers disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law.

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