

ASX Release

Acquisition of David Jones flagship Sydney CBD store

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Charter Hall WALE Limited as responsible entity of the Charter Hall Long WALE REIT (ASX: CLW) (**CLW** or the **REIT**) announces that it has exchanged contracts to purchase a 50% interest in the David Jones flagship “Elizabeth Street store”, located at 86-108 Castlereagh Street, Sydney, with frontages to Elizabeth, Castlereagh and Market Streets, for a purchase price of \$255 million¹.

This iconic Sydney CBD property comprises 12 levels on a strategic 3,530sqm prime CBD retail site. The building comprises large floorplates of up to 2,925sqm, with excellent natural light to 3 elevations.

David Jones, as vendor, has in recent years completed a significant capital works program which has created a world class showcase of department store retailing.

A Charter Hall Group (ASX: CHC or the Group) managed consortia acquired the property on a sale and leaseback transaction with David Jones, which will provide a 20-year, triple-net (NNN) lease, with minimum 2.5% per annum annual rent increases supplemented by an agreed turnover rent linked to sales performance.

The CHC managed consortia comprises a 50% interest held by CLW, a 25% interest held by the Charter Hall DVP partnership and 25% held by the Group.

Settlement is conditional upon approval from the Foreign Investment Review Board for David Jones entry into the lease. The purchase price reflects a 5.0% initial yield based on the initial annual net rent of \$25.5 million, reflecting approximately \$800/m² of lettable area.

CLW Fund Manager, Avi Anger stated: “This property offers a unique opportunity to secure an iconic property on a large freehold site in the centre of the Sydney CBD with a NNN, 20-year lease, which increases CLW’s proportion of NNN properties by net income to 55%”.

“Properties like this rarely come to market. The location of this property in the Sydney CBD is unique; with three prominent CBD street frontages, close to major Sydney transport links and benefitting from views over Hyde Park and Sydney Harbour. This acquisition extends our focus on “land rich” investments where the market rent and value of the real estate provide long term growth prospects for our investors”.

CLW re-affirms its FY21 OEPS guidance of no less than 29.1 cents per security, barring any unforeseen events. It is expected that today’s acquisition will be accretive to FY22 earnings per security when combined with the other recently announced acquisitions of the Telstra exchange at 76-78 Pitt Street, Sydney which has now settled, Bunnings Caboolture and the Parap Tavern in Darwin.

Announcement authorised by the Chair

¹ The purchase price of the property is \$510 million. CLW’s 50% interest is \$255 million

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 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 CLW has carefully curated a \$43.4 billion diverse portfolio of over 1,300 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 \$6.8 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.

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