

ASX Release

Charter Hall Long WALE REIT

CLW expands portfolio with the acquisition of Bunnings Warehouse, Mackay QLD

16 May 2017

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Charter Hall Long WALE REIT (ASX:CLW) (CLW or the REIT) today announced the acquisition of a Bunnings Warehouse retail property located in South Mackay, QLD, for a total consideration of \$28.5 million, which reflects a capitalisation rate of 6.0%.

The 2.96-hectare property comprises a recently completed freestanding Bunnings Warehouse leased to Bunnings Group Limited (Bunnings) on a 12-year net lease plus options. The lease commenced in December 2014, and will have 9.4 years remaining at the time of settlement, which is expected to occur in July 2017.

The lease features attractive 3.0% annual rental increases, and provides a compelling investment opportunity underpinned by resilient rental income, generated from a high quality tenant that holds a dominant position in the hardware sector.

The acquisition increases CLW's exposure to Bunnings' ASX-listed parent, Wesfarmers Limited, resulting in the portfolio's weighting to credit rated tenants increasing to 82%¹. Post the transaction, the REIT's portfolio value will grow by 2.1% to \$1.36 billion, and the proportion of fixed leases increases to 62.2%.

The acquisition will be funded from CLW's existing syndicated debt facility, and it is expected that the acquisition will be accretive to 1HFY18. Guidance for FY18 will be provided at CLW's FY17 results.

Charter Hall has a strong relationship with Bunnings and currently has an ownership interest across its managed funds platform in 34 Bunnings Warehouse stores valued at approximately \$1 bn.

The acquisition is consistent with the REIT's investment strategy to acquire high quality properties with long leases to high quality tenants to create value, and deliver sustainable and growing returns for investors.

Avi Anger, Charter Hall Long WALE REIT Fund Manager, said: "This strategically located Bunnings Warehouse demonstrates the REIT's capacity to access and acquire high quality properties leased to high quality tenants on long term leases, and increases the proportion of the REIT's portfolio invested in the retail sector. This acquisition will complement the REIT's other retail properties, being its JV interest in the LWIP portfolio, a portfolio of 54 hospitality properties on 20-year triple net leases to the Woolworths backed, ALH Group.

"This transaction further adds to the diversification of the REIT's property portfolio across tenant, industry, geography and property types. We believe that this diversification is important, as it provides a more predictable cashflow stream to deliver sustainable returns to unitholders." Mr Anger added.

¹ Including the credit rating of Bunnings' parent entity, Wesfarmers Limited.



Since listing on the ASX in November 2016, CLW has completed a number of transactions that have enhanced performance and future growth including:

- \$94.4 million of earnings accretive property acquisitions, comprising Bunnings Warehouse, Mackay and a portfolio of 10 industrial properties on a sale and leaseback basis from SUEZ Recycling & Recovery Pty Limited.
- Completed a number of prudent capital management initiatives, which have expanded the REIT's existing debt platform and increased its overall hedging position including:
 - the inclusion of a second leading Australian bank to the REIT's syndicated debt facility; and
 - the Long WALE Investment Partnership (LWIP), in which the REIT holds a 45% interest, agreeing a 10 year, fixed rate, A\$200 million US Private Placement senior debt facility.

These completed initiatives are consistent with CLW's strategy to maintain a conservative capital structure with balance sheet gearing remaining within the 25% to 35% target range.

About Charter Hall Long WALE REIT

Charter Hall Long WALE REIT is an Australian Real Estate Investment Trust ("REIT") listed on the ASX (ASX: CLW) and invests 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) one of Australia's leading fully integrated property groups, with over 25 years' experience managing high quality property on behalf of institutional, wholesale and retail clients. Charter Hall has over \$19 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.

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