

# Charter Hall Long WALE REIT

## Notice of Meeting and Explanatory Memorandum

Securityholders to consider and vote on proposed Simplification of Charter Hall Long WALE REIT's stapled structure.

Securityholders can vote by using the Proxy Form and reply paid envelope or by attending a Meeting on Friday, 15 September 2017 at 10:00 am in Sydney.

**For a meeting to be held on Friday, 15 September 2017 at 10.00am Australian Eastern Standard Time (AEST) at Level 20, No.1 Martin Place, Sydney, NSW 2000**

**This is an important document.** Please read the information in this document carefully. All securityholders should consider voting on the Resolution. If you are in any doubt about the Resolution or the action to be taken, you should consider seeking your own professional advice without delay.

## Why did I receive this document?

- You are a securityholder in Charter Hall Long WALE REIT.
- The proposed Simplification Transactions are subject to securityholder approval.
- This document provides information to consider, including the recommendation of the Board and reasons to vote for or against the Resolution.
- A Proxy Form accompanies this document. You may use the Proxy Form to vote on the Resolution. Your vote is important and we encourage you to vote.

## What do I need to do?

# 1

Read this Notice of Meeting and Explanation Memorandum.

# 2

Consider consulting your financial adviser, stockbroker or other professional advisers before deciding how to vote. If you have any questions about your holding or the Resolution, contact us on 1300 303 063 (local call cost).

# 3

Vote by proxy or at the Meeting. Refer to page 8 for details of the Meeting and page 9 for details on how to vote.

## What is being proposed?

- The Simplification of the REIT from a seven-component stapled security to a three-component stapled security.
- The revised structure will have reduced financial reporting obligations as only three sets of statutory annual financial statements will need to be prepared and audited rather than seven and annual taxation statements will be simpler to understand as they will disclose three components rather than seven.
- Ongoing annual cost savings of \$120,000 per year are expected to be realised as a result of the simplified financial reporting requirements.
- One-off implementation costs are estimated at \$265,000.
- There should be no adverse tax consequences to securityholders who hold their stapled securities on capital account as a result of the Simplification Transactions. The required waivers and relief have been obtained from the relevant Taxation Authorities. A copy of the class ruling with respect to CGT roll over relief will be available on the REIT's website once issued by the Australian Taxation Office.
- If the Resolution is not passed, the REIT will continue to operate as a seven-component stapled security and the annual cost savings of \$120,000 will not be realised.

## How do I vote?

- **Lodge your Proxy Form online**
  - Go to [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au), enter your holding details, which can be found on the Proxy Form.
- **Fax your Proxy Form**
  - Complete the Proxy Form, then fax to the Fund Registry at +61 2 9287 0309.
- **Mail your Proxy Form**
  - Complete and return the Proxy Form in the reply paid envelope provided.
  - The Proxy Form must be received by the Fund Registry no later than 10:00 am on Wednesday, 13 September 2017.
- **Attend the Meeting and vote in person**
  - You can vote in person at the Meeting at Level 20, 1 Martin Place, Sydney at 10:00 am on Friday, 15 September 2017.
- For more details on how to vote refer to page 9 of the Notice of Meeting.

## Directors' recommendation

- The Board of CHWALE **recommends you vote in favour of the Resolution.**
- CHWALE is 100% owned by Charter Hall Group but has its own Board, comprised of a majority of independent executive directors and an Independent Chairman. CHWALE's role is to look after the best interests of securityholders.
- You can read about reasons to vote for or against the Resolution in section 5.2.

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## SEPARATE ATTACHMENT

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**Proxy Form**

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This is an important document. Please read it carefully.

If you are unable to attend the Meeting, please complete the proxy form and return it in accordance with the instructions in this Notice and in the proxy form.



23 August 2017

Level 20, No.1 Martin Place  
Sydney NSW 2000  
GPO Box 2704  
Sydney NSW 2001

Tel +61 2 8651 9000  
Fax +61 2 9221 4655  
[www.charterhall.com.au](http://www.charterhall.com.au)

Charter Hall WALE Limited  
(ACN 610772202)

Dear Securityholder

**Charter Hall Long WALE REIT — Meeting of Securityholders**

The directors of Charter Hall WALE Limited, the responsible entity of Charter Hall Long WALE REIT, invite all Securityholders to a general meeting of Securityholders of the REIT, to consider a simplification of the structure of the REIT as set out in the enclosed Notice of Meeting and Explanatory Memorandum.

**The meeting will be held on Friday, 15 September 2017 at 10.00am (Australian Eastern Standard Time), Level 20, No.1 Martin Place, Sydney NSW 2000**

Please find enclosed the Notice of Meeting, Explanatory Memorandum, proxy form and business reply envelope.

If you are attending the Meeting, please bring the proxy form with you, as the barcode will assist in the registration process. If you are unable to attend, please complete and return your proxy form by no later than 10.00am (Australian Eastern Standard Time) on Wednesday, 13 September 2017 in accordance with the instructions on the attached proxy form.

Securityholders have the opportunity to submit questions and/or to address questions to me (as Chairman) prior to the Meeting. Please log on to [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au), select Voting then click "Ask a Question".

If you require further information or have questions, please contact the Charter Hall Long WALE REIT Registry, Link Market Services on +61 1300 303 063 (within and outside Australia).

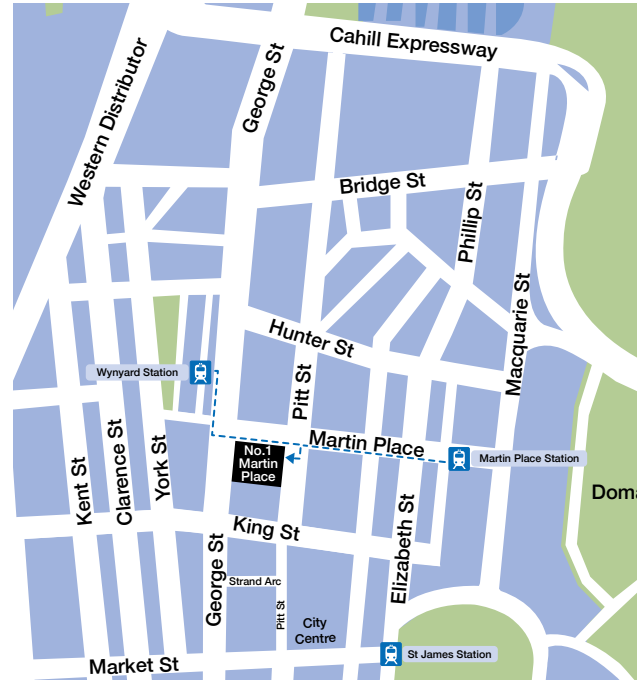
I look forward to your attendance at the Meeting.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'P. Gupta'.

Peeyush Gupta, Independent Chairman  
**Charter Hall WALE Limited**

# Location of the meeting



## Venue

The Meeting of Securityholders of Charter Hall Long WALE REIT will be held at:

Charter Hall Group  
Level 20, No.1 Martin Place,  
Sydney NSW 2000

## Commencing

10.00am Australian Eastern Standard Time,  
Friday 15 September 2017.

## Charter Hall Head Office

The office is conveniently situated in the middle of the Sydney CBD and within close proximity to the city's ferry, train, bus and taxi facilities.

## By Taxi

A taxi rank is located directly outside the office entrance on Pitt Street. The nearest cross street is King Street.

## By Car

Self-parking is available through Secure Parking, with the carpark entrance located at 159 Pitt Street, Sydney NSW 2000.

Alternative self-parking is offered through Wilson Parking at Angel Place. Self-parking rates are available upon request.

## By Train

Martin Place and Wynyard Railway Stations are within walking distance from the office. The stations offer services on all intercity and suburban trains and are a five-minute train ride to Central Station — the main station for all train services in Sydney.

## By Bus

Due to the construction of the CBD & South East Light Rail, most CBD bus routes have been affected, which means your usual route, timetable, route number and CBD bus stop may change.

Buses in the city centre operate predominantly along priority routes on Elizabeth Street, Castlereagh Street, Park Street, Druiitt Street, Clarence Street and York Street. No buses will operate on George Street during or after construction.

For more information on changes to bus routes and timetables please visit [www.sydneybuses.info/](http://www.sydneybuses.info/) or phone 131 500.

Tickets are required and must be pre-purchased prior to boarding. Charter Hall Concierge can advise on the appropriate ticket and the closest location for ticket purchase.

# Meeting agenda

# Meeting protocol

## Friday, 15 September 2017.

9:30am	Registration begins
10:00am	Meeting commences
	Welcome to Securityholders — Chairman
	Business of Meeting

Important information about the conduct of the Meeting is set out below.

Voting on each resolution will be conducted by way of a poll.

### Discussion and asking questions

Discussion will take place on the business of the Meeting as set out on page 8 of this Notice of Meeting.

The Explanatory Memorandum provides further information relating to the business of the Meeting.

Securityholders will have the opportunity to ask questions at the Meeting. Securityholders are requested to observe the following guidelines:

- Please keep questions as brief as possible and relevant to the matters being discussed.
- If a Securityholder has more than one question, please ask all questions at the same time.

Securityholders who are unable to attend the Meeting or who prefer to register questions in advance are invited to do so. Please go to [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au), select Voting then log-in to "Ask a Question".

### Photography

Cameras and recording devices are not permitted at the Meeting.

# Notice of meeting

Charter Hall WALE Limited (ABN 20 610 772 202)

Notice is hereby given that an extraordinary general meeting of Securityholders of Charter Hall Long WALE REIT will be held at:

Charter Hall Group  
Level 20, No.1 Martin Place,  
Sydney NSW 2000

On Friday, 15 September 2017 at 10.00am (AEST).

## Important information:

- 1) The resolution should be read in conjunction with the Explanatory Memorandum which follows.**
- 2) Certain terms and abbreviations used below are defined in the Glossary in section 9 of the Explanatory Memorandum accompanying this Notice of Meeting.**
- 3) The Meeting will be held in accordance with the Corporations Act, the Listing Rules, and the REIT's Constitutions. A copy of the REIT's current Constitutions can be found on the REIT's website [www.longwalereit.com.au](http://www.longwalereit.com.au)**

## The business of the Meeting is as follows:

### 1. Simplification Resolution

To consider and, if thought fit, approve the following resolution as an ordinary resolution of Securityholders:

*"The Simplification Transactions (as defined and set out in the Explanatory Memorandum to the Notice of Meeting convening this meeting) are approved for all purposes and, in particular, the acquisition by Charter Hall WALE Limited as responsible entity of Charter Hall Direct Industrial Fund of a relevant interest in all the units in:*

- CHPT Dandenong Trust on issue as at the Record Date for the CHPTDT Simplification (as those terms are defined in the Explanatory Memorandum), be approved including for the purposes of item 7 of section 611 of the Corporations Act; and*
- CPOF Kogarah Holding Trust on issue as at the Record Date for the CPOF KHT Simplification (as those terms are defined in the Explanatory Memorandum), be approved including for the purposes of item 7 of section 611 of the Corporations Act.*
- 218 Bannister Road Trust and Canning Vale Logistics Trust No.1 on issue as at the Record Date for the Canning Vale Simplification (as those terms are defined in the Explanatory Memorandum) be approved including for the purposes of item 7 of section 611 of the Corporations Act."*

This item is subject to voting exclusions — see 'Voting Exclusion Statement' below.

## Voting Exclusion Statement:

### Resolution 1

In accordance with item 7 of section 611 of the Corporations Act (as modified by relief obtained from ASIC), Charter Hall WALE Limited (the responsible entity of each Stapled Trust) and its associates will not be entitled to vote their interest on the proposed resolution. Accordingly, Charter Hall WALE Limited will disregard any votes cast on the resolution by it or its associates. However, Charter Hall WALE Limited will not disregard votes cast by Charter Hall WALE Limited or its associates as proxy for a person entitled to vote in accordance with a direction on the proxy form.

### Entitlement to attend and vote

The Directors have determined that the holding of each Securityholder for the purposes of ascertaining the voting entitlements for the Meeting will be as it appears in the Register at 7.00pm (AEST) on Wednesday 13 September 2017.



## Quorum

Under the Constitutions, the required quorum for the Meeting is at least 2 Securityholders present in person or by proxy.

## Voting by proxy

A Securityholder is entitled to appoint a proxy to attend and vote on behalf of the Securityholder at the Meeting. A proxy need not be a Securityholder of the REIT.

A Securityholder entitled to cast two or more votes at the Meeting may appoint two proxies and specify the proportion or number of votes each proxy is appointed to exercise. If the Securityholder appoints two proxies and does not specify the proportion or number of votes each proxy may exercise, then each proxy may exercise half of the votes.

A proxy form is attached to this Notice of Meeting. To be valid, proxy forms, and the authority under which any form appointing a proxy is signed or a certified copy of that authority (if any), must be received by no later than 10.00am (AEST) on 13 September 2017 in accordance with the instructions listed on the attached proxy form.

Alternatively, Securityholders may vote online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au), by entering their holding details as shown on the proxy form, then selecting 'Voting', and then following the prompts to lodge their vote. To use the online lodgement facility, Securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).

If a Securityholder returns their proxy form but does not nominate a representative, the Chair of the Meeting will be that Securityholder's proxy and will vote on that Securityholder's behalf as directed on the proxy form. If the Securityholder's nominated representative does not attend the Meeting, then that Securityholder's proxy will revert to the Chair of the Meeting who may vote as he thinks fit in relation to any motion or resolution other than those (if any) in respect of which an indication of the manner of voting is given on that Securityholder's proxy form.

## Undirected proxies

Where permitted, the Chair of the Meeting in respect of each item of business intends to vote undirected proxies in favour of each of the items of business in the Notice of Meeting.

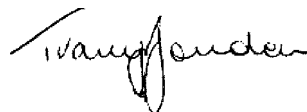
## Voting by attorney

A Securityholder may appoint an attorney to vote on his/her behalf. For an appointment to be effective for the Meeting, the instrument effecting the appointment (or a certified copy of it) must be received by Link Market Services Limited using the contact details listed on the proxy form by no later than 10.00am (AEST) on Wednesday, 13 September 2017.

## Corporate representatives

A body corporate which is a Securityholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the Meeting. The appointment must comply with the requirements of section 253B of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed, unless it has previously been given to Link Market Services.

By order of the Board



**Tracey Jordan**  
Company Secretary

# Explanatory Memorandum

## 1. Simplification — Key Information

### 1.1 Overview of key information

This Explanatory Memorandum explains the Canning Vale Simplification, the CHPTDT Simplification and the CPOF KHT Simplification, each of which is referred to in this Explanatory Memorandum as a “Simplification Transaction”. It is intended that each of the three Simplification Transactions will be implemented at the same time.

The Simplification Transactions are voluntary restructures of the REIT to be voted on at the Meeting. The Simplification Transactions will not affect your underlying economic interest in the REIT or its assets or the fees you pay in connection with the management of the REIT.

In short, the Simplification Transactions involve the acquisition by DIF of all of the units in the Simplification Trusts. The purchase price for each of those units will be applied towards an application for new units in DIF to be issued to Securityholders, following which DIF units will be consolidated to preserve the one to one stapling ratio. The result is a simplification of the form of your Stapled Securities so that the number of stapled parts in each Stapled Security that you hold is reduced from seven to three. The steps required to implement the Simplification Transactions are set out in Section 5.1.

The Board is putting the Simplification Transactions to Securityholders for their consideration and approval in order to simplify the structure of the REIT and reduce the administration costs of the REIT in a way which:

- does not change the number of Stapled Securities you hold;
- does not affect your underlying economic interest in the REIT;
- will not result in you paying or receiving any cash consideration;
- will not result in any change to the net asset value of the REIT;
- may result in a small increase in the REIT’s earnings (due to the reduction in administration expenses) but this is not expected to result in a material change to the distributions you receive; and
- does not require the REIT to pay material stamp duty in connection with the Simplification Transactions on the basis that relevant stamp duty rulings have been obtained.

The Simplification Transactions are being proposed to reduce the complexity of the REIT’s structure, reduce administrative costs and simplify the REIT’s financial reporting requirements. The Simplification Transactions should also reduce taxation compliance for Securityholders who need to separately account for each component security comprised in the Stapled Securities. The transaction costs to be incurred as part of Simplification Transactions relate to legal advice and the costs of holding the Meeting and are estimated to be \$265,000. It is expected however that these costs will be offset over time by estimated ongoing annual cost savings of approximately \$120,000 per annum.

### 1.2 Summary of key tax implications

In summary, the key expected tax outcomes for Securityholders who hold their Stapled Trusts on capital account are as follows:

- no taxing event for Securityholders who hold their securities on capital account should be triggered upon the exchange of their units in the Simplification Trusts for units in DIF as Securityholders should be eligible for CGT rollover under Subdivision 124-M of the Income Tax Assessment Act 1997;
- no adverse income tax consequences should arise for Securityholders as a result of the DIF Unit Consolidation which will occur (and is described further at step 3 of section 5.1 of the Explanatory Memorandum) after the unit for unit exchange described above;
- there should be no material change in the tax components of distributions that Securityholders receive as a result of the Simplification Transactions; and
- no stamp duty should be payable by Securityholders on their disposal of units in the Simplification Trusts or the acquisition of DIF units (including their subsequent consolidation) on the basis that relevant stamp duty rulings have been obtained.

The above comments should be read to conjunction with Section 7 which discusses the taxation implications of the Simplification Transactions (including the draft class ruling obtained by Charter Hall WALE Limited from the Australian Taxation Office) and it is important that you read this carefully.

## 2. Questions and Answers

Question	Answer	Further information
What are the Simplification Transactions?	<p>The Simplification Transactions are proposals to simplify the REIT's structure by reducing the number of listed stapled trusts that comprise the REIT in order to reduce the REIT's administration costs and simplify financial and tax reporting for investors.</p> <p>If the Simplification Transactions are implemented, the number of listed stapled trusts comprising the REIT will be reduced from seven to three.</p>	Section 5.1 of this Explanatory Memorandum
Why is the REIT proposing the Simplification Transactions?	<p>The REIT's seven vehicle stapled structure is complex and costly to maintain. The Board considers it in the interests of Securityholders to simplify that structure. The Simplification Transactions will convert the REIT into a stapled group comprising three stapled vehicles, which will reduce complexity and the REIT's financial reporting requirements, as well as simplifying tax reporting requirements for investors. The Simplification Transactions are expected to result in estimated annual costs savings of \$120,000 if the Simplification Transactions are implemented.</p>	Sections 3.2 and 5.2 of this Explanatory Memorandum
Will Securityholders' interests change if the Simplification Transactions are implemented?	<p>No. The Simplification Transactions will not change the underlying economic interests of Securityholders. Following implementation of the Simplification Transactions, Securityholders will hold the same number of Stapled Securities as prior to the Simplification Transactions and will continue to have exactly the same proportionate rights and liabilities in relation to the REIT's business and assets as before the Simplification Transactions.</p>	Sections 3.3 and 5.5 of this Explanatory Memorandum
What are the overall costs of the Simplification Transactions?	<p>The costs of implementing the Simplification Transactions are expected to be approximately \$265,000 comprising primarily fees for legal advice and costs associated with holding the Meeting. Implementation costs will be met by drawing on available REIT funds.</p>	Section 6.1 of this Explanatory Memorandum
When will the Simplification Transactions be implemented?	<p>The Responsible Entity's intention is to implement the Simplification Transactions on 22 September 2017.</p>	Section 4 of this Explanatory Memorandum
What happens if a Securityholder does not vote on the Simplification Resolution or votes against the resolution?	<p>If the Simplification Resolution is approved by the requisite majority of eligible Securityholders present in person or by proxy at the meeting the Simplification Transactions will proceed in relation to all Securityholders even if a Securityholder did not vote or voted against the Simplification Resolution.</p>	Sections 5.4 of this Explanatory Memorandum

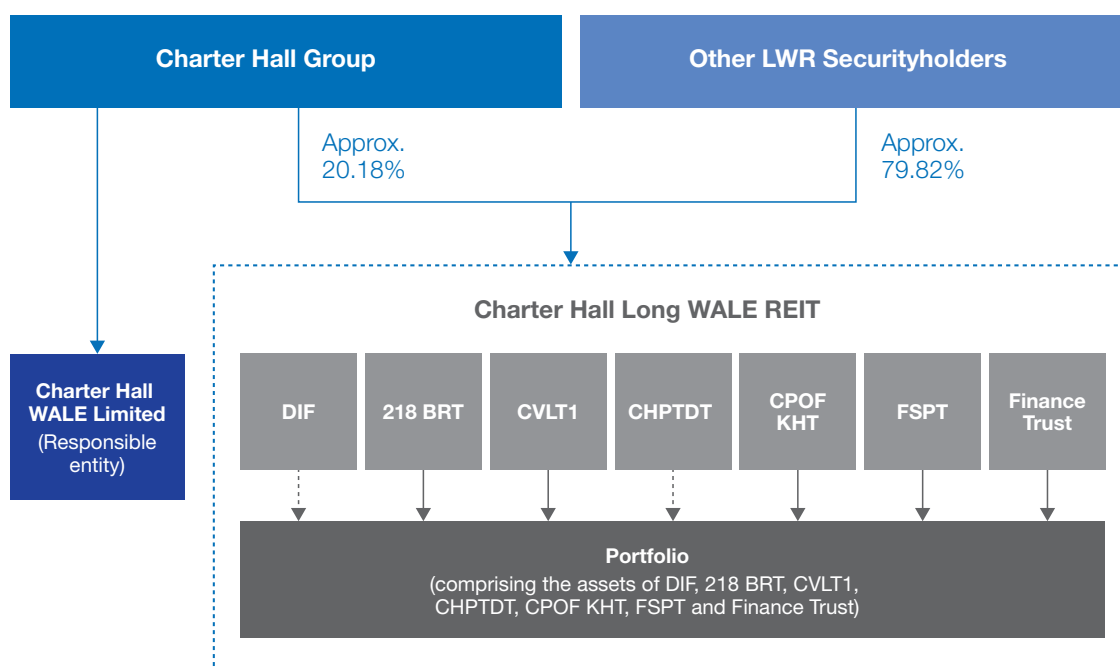
Question	Answer	Further information
Will Securityholders pay tax as a result of the steps involved in Simplification Transactions?	<p>Securityholders who are Australian residents and hold their securities on capital account should not pay any tax in relation to the Simplification Transactions. Such Securityholders would otherwise make a capital gain as a result of the Simplification Transactions should not pay any tax as CGT roll-over relief (i.e. defers any tax that would otherwise be payable) should apply to Securityholders who do not report the capital gain that would otherwise be required to be reported in their 2018 income tax return. Tax may be payable for those Securityholders who report a capital gain in their 2018 income tax return and do not make an election to apply CGT roll-over relief.</p> <p>Tax may be payable for those Securityholders who hold their securities other than on capital account for Australian income tax purposes.</p> <p>Non-resident Securityholders who hold their securities on capital account should not be subject to CGT where they hold less than 10% of the securities on issue on the record date for the Simplification Transactions.</p> <p>Depending on the tax profile of individual Securityholders, tax may be payable. Securityholders should seek specialist tax advice in respect of their particular circumstances.</p>	Sections 7 of this Explanatory Memorandum
Will Charter Hall WALE Limited continue to be the responsible entity of the REIT after the Simplification Transactions?	Yes. If the Simplification Transactions proceed, Charter Hall WALE Limited will continue to be the responsible entity for the REIT.	Section 5.7 of this Explanatory Memorandum
What happens if the Simplification Transactions do not proceed?	The REIT will remain a seven vehicle stapled group listed on the ASX and Securityholders will continue to hold Stapled Securities in their current form. The anticipated simplified financial and tax reporting and cost savings will not be realised.	Section 5.3 of this Explanatory Memorandum
Will the REIT's financing arrangements be affected by the Simplification Transactions?	Charter Hall WALE Limited has obtained all relevant consents from its financiers required to implement the Simplification Transactions on terms which it considers can be fulfilled. There are not expected to be any material changes to the financing arrangements as a result of the Simplification Transactions.	Section 6.2 of this Explanatory Memorandum
Any other questions?	If, after reading this Explanatory Memorandum, you have any further questions about the Simplification Transactions, please contact the REIT Securityholder information line on: 1300 306 413 (toll free within Australia).	

### 3. Overview of the Simplification Transactions

#### 3.1 What are the Simplification Transactions?

The REIT is currently a stapled vehicle comprising seven Stapled Trusts, being DIF, CHPTDT, CVLT1, 218 BRT, CPOF KHT, FSPT and Finance Trust. Securityholders collectively own 100% of the Stapled Trusts. This is shown in the diagram below.

#### Current structure of the REIT



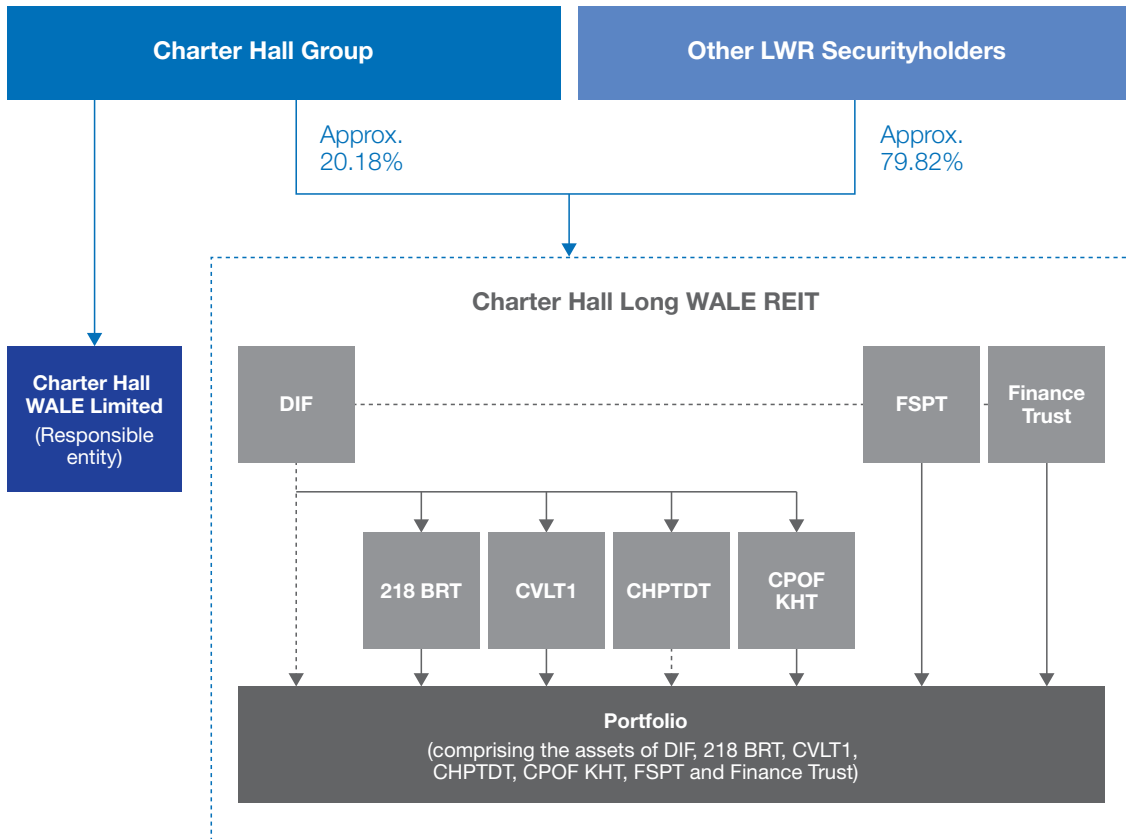
The Simplification Transactions will involve (among other steps) DIF acquiring:

- in the case of the Canning Vale Simplification, all of the units in CVLT1 and 218 BRT;
- in the case of the CHPTDT Simplification, all of the units in CHPTDT; and
- in the case of the CPOF KHT Simplification, all of the units in CPOF KHT.

The units in CVLT1, 218 BRT, CHPTDT and CPOF KHT (the "**Simplification Trusts**") will be acquired from Securityholders in exchange for the issue of additional units in DIF. As DIF is 100% owned by Securityholders the acquisition of the units in the Simplification Trusts by DIF will result in no change in the business or assets of the REIT and Securityholders will continue to own 100% of the units in the Simplification Trusts indirectly through DIF.

The diagram below shows the structure of the REIT after the implementation of the three Simplification Transactions.

**Structure of the REIT following the implementation of all three Simplification Transactions**



Each Simplification Transaction is subject to Securityholders approving the Simplification Resolution which is set out in the Notice of Meeting and further described in section 5.1.

### 3.2 Rationale for the Simplification Transactions

In 2016, the REIT was created and listed on the ASX as a seven trust stapled structure. A seven trust stapled structure means that the REIT comprises seven listed registered managed investment schemes all of which are combined together through stapling such that each Securityholder owns an identical number of units in each scheme. At the time at which the REIT was created, the seven trust structure was the most straightforward method of implementing the initial public offer and listing on ASX.

In particular, in the early stages of planning the initial public offer of the REIT a number of existing Charter Hall managed funds were identified as potentially forming part of CLW. These funds included current retail managed investment schemes, wholesale funds, and sub trusts of certain wholesale funds. It was determined that in order for certain funds to participate, initial unitholder approvals would be required to approve changes to the constitutions of the relevant trust and undertake other preliminary steps before an offer of CLW securities may be made under the IPO process. By proposing a stapled structure, each fund could more readily be dealt with on a standalone basis in the approvals phase of establishing the REIT where the proposal to each was to staple that fund to other Charter Hall managed funds. It was considered at the time of the initial public offering and listing on ASX that the process to implement a triple stapled structure would have added undue complexity and cost to what was already a complex transaction.

Given the costs and complexity associated with maintaining and administering seven listed registered managed investment schemes, the Board considers that it is now appropriate to implement the Simplification Transactions, which will simplify the structure of the REIT but not change its underlying business or strategy. Overall, the Board considers that the benefits and advantages of reducing the number of listed stapled registered managed investment schemes outweigh the disadvantages of the Simplification Transactions, which the Board considers are very limited.

The Board currently considers that it is not desirable to simplify the REIT's structure further than what is proposed under the Simplification Transactions, for example to reduce the REIT to a single listed registered managed investment scheme, as the costs (including stamp duty) and efficiencies involved implementing such a structure at this time would outweigh any benefits of that structure.

The key benefits, advantages and disadvantages of the Simplification Transactions are described in section 5.2.

### 3.3 Effect of the Simplification Transactions on Securityholders

The Simplification Transactions will not change the underlying economic interests of Securityholders.

Immediately after each Simplification Transaction has been implemented, Securityholders will hold the same number of Stapled Securities, the same percentage interest and voting power in the REIT and its assets and the same proportionate rights and liabilities in relation to the REIT's business as before the Simplification Transaction.

If the Simplification Transactions are implemented, the number of component securities parts which make up each Stapled Security will be reduced as Securityholders will cease to directly hold units in the relevant Simplification Trust. Instead they will indirectly own the units in each relevant Simplification Trust through their ownership of DIF. After implementation of each Simplification Transaction, Securityholders will continue to own 100% of the assets of each of the Stapled Trusts which currently comprise the REIT.

Securityholders will not pay or receive any cash consideration as part of the Simplification Transactions.

### 3.4 No impact on the REIT's business, strategy, operations or assets

The Simplification Transactions will not change the underlying business, strategy, operations or assets of the REIT.

### 3.5 Directors' recommendation

The Board of Charter Hall WALE Limited has considered the proposed Simplification Transactions and believe they are in the best interests of the REIT and Securityholders.

Accordingly, the Board unanimously recommends that Securityholders vote in favour the Simplification Resolution.

#### 4. Key Dates

The Board intends to implement all three Simplification Transactions at the same time in accordance with the timetable below.

<b>Proposed dates and times</b>	<b>Summary of key Meeting dates</b>
<b>13 September 2017 10.00am (AEST)</b>	Last date and time to lodge proxy forms for the Meeting
<b>13 September 2017 7.00pm (AEST)</b>	Date and time to determine Securityholders' eligibility to vote on the Simplification Resolution at the Meeting
<b>15 September 2017 10.00am (AEST)</b>	Meeting at which Securityholders can vote on the Simplification Resolution
<b>Proposed dates</b>	<b>Summary of key dates for Simplification Transactions</b>
<b>19 September 2017</b>	Last date for trading on the ASX of Stapled Securities as a seven-component stapled security
<b>20 September 2017</b>	Recomposed Stapled Securities commence trading on the ASX on a deferred settlement basis
<b>21 September 2017</b>	Record Date for the Simplification Transactions
<b>22 September 2017</b>	Implementation of the Simplification Transactions
<b>25 September 2017</b>	Trading on the ASX on a deferred settlement basis ends Confirmation statements dispatched to Securityholders
<b>26 September 2017</b>	Stapled Securities recommence trading on ASX on a normal basis (T + 2 settlement)

Dates and times are indicative only and may change. Charter Hall WALE Limited reserves the right to change any of the above dates and times without notice, subject to the ASX Listing Rules and the Corporations Act. Where required, changes to this timetable will be announced to the ASX and posted on the REIT's website at [www.longwalereit.com.au](http://www.longwalereit.com.au)



## 5. Simplification Transactions

### 5.1 Simplification Transactions key steps

Prior to the implementation of each Simplification Transaction, DIF, or a wholly owned sub-trust of DIF, will acquire all of the assets of the relevant Simplification Trust. The payment for those assets will be in the form of promissory notes issued by DIF in an amount equal to the agreed sales price of the assets acquired. As each of the Stapled Trusts are stapled together and 100% owned by Securityholders, in accordance with relief granted by

ASIC, the REIT can transfer assets between the Stapled Trusts in this way under the terms of the REIT's Stapling Deed. Securityholders will continue to own the assets transferred to DIF, or a wholly owned sub-trust of DIF, because the nature of stapling is such that they own 100% of DIF in the same proportions as they own 100% of the other Stapled Trusts.

There are 4 key steps relating to the Stapled Securities required to implement each Simplification Transaction following the preliminary step referred to above, which are set out below.

<p><b>Step 1</b> <b>Destapling of Stapled Securities</b></p>	<p>Stapled Securities are stapled together and accordingly, the units in the relevant Simplification Trust cannot be dealt with separately from the units in DIF and the other Stapled Trusts unless the Stapled Securities are unstapled from each other. Step 1 of each Simplification Transaction will involve the temporary destapling of the Stapled Securities.</p> <p>No transfers of units in the Stapled Trusts may be made during this period of destapling other than as contemplated in the steps described below.</p> <p><i>Following this Step, Securityholders will continue to own the exact same percentage of the REIT's Securities as they owned prior to the Simplification Transactions.</i></p>
<p><b>Step 2</b> <b>Units in Simplification Trusts acquired in exchange for additional DIF units</b></p>	<p>After the destapling of the Stapled Securities described in Step 1, the custodian for DIF will acquire all of the units in the relevant Simplification Trust from Securityholders as at the Record Date.</p> <p>Charter Hall WALE Limited, as the responsible entity of the Simplification Trusts, will compulsorily apply the purchase price for those units in the Simplification Trusts on behalf of Securityholders towards an application for new units in DIF. Charter Hall WALE Limited, as responsible entity of DIF, will accept the application for new units and issue new units in DIF to Securityholders at an issue price equal to the NTA of a DIF unit.</p>
<p><b>Step 3</b> <b>DIF unit consolidation</b></p>	<p>Following Step 2, there will be more DIF units on issue than units in the other Remaining Trusts. In order to re-balance the number of units in those trusts so that each has an equal number of units on issue, DIF will undertake a unit consolidation in a ratio that results in the number of DIF units on issue being equal to the number of DIF units that were on issue immediately prior to the Simplification Transactions. This will be equal to the number of units in each of the other Remaining Trusts. All DIF units will be consolidated at the same ratio (and rounded so that each Securityholder holds the same number of DIF units that were held by that Securityholder immediately prior to the Simplification Transactions).</p> <p><i>Following this Step, Securityholders will continue to own the exact same percentage of the units in DIF and each of the other Remaining Trusts as they owned prior to the Simplification Transactions and through their ownership of DIF, will indirectly continue to own the exact same percentage of the units in the Simplification Trust as they owned prior to the Simplification Transactions.</i></p>
<p><b>Step 4</b> <b>Stapling of units in DIF and the other Remaining Trusts</b></p>	<p>DIF and the other Remaining Trusts will enter into a new Stapling Deed, on similar terms to the REIT's existing Stapling Deed, and their units will be stapled together on a 1-for-1 basis such that each Securityholder will hold an identical number of Securities that they held prior to the Simplification Transactions but where each Stapled Security comprises 1 unit in DIF and 1 unit in each of the other Remaining Trusts.</p> <p><i>Following this Step, Securityholders will own the exact same percentage of the REIT's Securities as they owned prior to the Simplification Transactions.</i></p>

Following implementation of the Simplification Transactions:

- Charter Hall WALE Limited will continue to be the responsible entity for DIF and the other Remaining Trusts. Charter Hall WALE Limited will also continue to be the responsible entity for each Simplification Trust until it is deregistered as a registered managed investment scheme; and
- units of each relevant Simplification Trust will cease to be quoted on the ASX, while units in the Remaining Trusts will continue to be quoted on the ASX.

## 5.2 Advantages and disadvantages of the Simplification Transactions

The Board considers that the main advantages and benefits of the Simplification Transactions and the main disadvantages of the Simplification Transactions are as set out in the table below.

Advantages and benefits	Disadvantages
<p><b>Simplified financial reporting requirements</b></p> <p>The REIT's current seven trust stapled structure requires the annual production of seven sets of audited financial statements, together with half-year financial statements and a complex annual tax statement for investors to review their securityholding. The new structure would require the preparation of a reduced number of audited financial statements for Securityholders, being one set for each of the Remaining Trusts which would reduce the audit and tax advisory fees being currently incurred by the REIT.</p> <p>A simplified structure would also save administration time spent by the finance, company secretarial, legal, tax, treasury, and investor relations teams in relation to the above reporting and compliance activities.</p> <p>Together, the cost savings arising from simplified financial reporting requirements is expected to be approximately \$120,000 per year.</p> <p><b>Historical reasons for seven-vehicle stapled structure no longer relevant</b></p> <p>At the time the REIT was created, the seven trust structure was the most straightforward method of implementing the initial public offer and listing on ASX. However, now that the REIT has been trading and operating for some time, the Board considers it is appropriate to implement the Simplification Transactions to reduce the costs and complexity associated with maintaining and administering the REIT.</p> <p><b>Reduced tax administrative burden for Securityholders</b></p> <p>The REIT's current seven trust stapled structure requires investors to track the tax position for the seven separate securities. A simplified structure will reduce this administrative burden for investors.</p>	<p><b>Transaction costs</b></p> <p>One-off transaction costs will be incurred as part of the Simplification Transactions, including costs associated with legal advisory fees and the costs of holding the Meeting. These costs will be met by drawing on available trust funds and are estimated to be approximately \$265,000, consisting of fees for legal advice and the costs of holding the Meeting, which equates to approximately \$0.001 per Stapled Security or 0.03% of the REIT's net tangible assets per Stapled Security of \$3.93 and 0.8% of the REIT's FY17 distributable earnings per Security of \$0.162.</p> <p>The Board has weighed up the one-off transaction costs against the estimated ongoing annual cost savings which would be achieved from the Simplification Transactions which are expected to be approximately \$120,000 per annum, which should see the REIT recoup the one-off transaction costs after approximately 2 years.</p> <p><b>Period of deferred settlement trading</b></p> <p>While Stapled Securities will continue trading on ASX throughout the implementation of the Simplification Transactions, as is standard for restructures under ASX timetables, there will be a short period during which trading will be on a "deferred settlement" basis. This means that if you sell your Stapled Securities during this "deferred settlement" period you will not receive your sale consideration until two trading days after the end of the "deferred settlement" trading period (you would ordinarily receive your sale consideration two trading days after your trade).</p> <p>As set out in the timetables in section 4, the "deferred settlement" trading period is expected to run for a total of 4 ASX trading days.</p>

### 5.3 Implications if the Simplification Transactions are not implemented

If the Simplification Transactions are not implemented, including because the Simplification Resolution is not approved by Securityholders:

- the REIT will remain as a seven vehicle stapled vehicle listed on the ASX;
- Securityholders will continue to hold Stapled Securities in their current form, comprising an ordinary Unit in each Stapled Trust, stapled together;
- the REIT will continue to produce seven sets of annual audited financial statements and half-year financial statements as well as complex annual tax statements for investors reflecting the REIT's seven vehicle stapled structure; and
- the REIT will incur the one-off transaction costs of approximately \$265,000 but will not receive the other anticipated advantages and benefits of the Simplification Transactions described in section 5.2 above, including the estimated annual costs savings of \$120,000.

### 5.4 Simplification Transactions will be binding on all Securityholders

Securityholders should note that if the Simplification Resolution is approved, the Simplification Transactions (when implemented) will be binding on all Securityholders, irrespective of whether they voted in favour of the Simplification Resolution or did not vote at all.

### 5.5 No impact on substantial Securityholders or the control of the REIT

As all Securityholders will participate in the Simplification Transactions on an identical basis, the Simplification Transactions will not result in any change in any Securityholder's proportionate ownership of the REIT.

The REIT currently has only one substantial Securityholder being Charter Hall Group through the custodian of a sub-trust of Charter Hall Group. Charter Hall Group currently has a relevant interest in 20.18% of the REIT's Stapled Securities. The Simplification Transactions will not result in any change in Charter Hall Group's relevant interest in the REIT's Stapled Securities.

### 5.6 Foreign Securityholders

All Securityholders, including Securityholders with a registered address in a foreign jurisdiction, will participate in the Simplification Transactions on the same basis if the Simplification Resolution is approved.

Foreign Securityholders should be aware that the distribution of this Explanatory Memorandum (including an electronic copy) in jurisdictions outside Australia, New Zealand, Singapore and China may be restricted by law. If you come into possession of this Explanatory Memorandum in jurisdictions outside Australia, New Zealand, Singapore and China then you should seek advice on, and observe any such restrictions. If you fail to comply with such restrictions, that failure may constitute a violation of applicable securities laws. Charter Hall WALE Limited disclaims all liabilities to such persons. This Explanatory Memorandum and the Stapled Securities have not been registered in any jurisdiction other than Australia.

This Explanatory Memorandum does not constitute an offer or recommendation of Stapled Securities in any jurisdiction or to any person to whom it would be unlawful to make such an offer. You should seek advice before receiving Stapled Securities in any country outside Australia, New Zealand, Singapore and China.

### 5.7 Governance

There will be no change to the governance of the REIT or the membership of the Board as a result of the Simplification Transactions i.e. the current Directors will continue to constitute the Board of Charter Hall WALE Limited and Charter Hall WALE Limited will continue to be the responsible entity of the REIT. Details of the members of the Board and their interests as at the date of the Notice of Meeting are listed at section 8.7.

### 5.8 Trading on ASX after the Simplification Transactions

Following the implementation of the Simplification Transactions, Stapled Securities will continue to trade on the ASX (ASX: CLW).

## 6. Financial Information

### 6.1 Costs of the Simplification Transactions

The costs of implementing the Simplification Transactions are expected to be approximately \$265,000 consisting of fees for legal advice and the costs of holding the Meeting. These costs will be met by drawing on available trust funds and will not materially reduce if the Simplification Transactions are not implemented.

The Responsible Entity has obtained stamp duty rulings in respect of each of the relevant asset transfers that will occur as part of the Simplification Transactions which confirm that no stamp duty will be payable on the asset transfers. The Western Australian ruling in respect of the Canning Vale Simplification Transaction provides that the exemption provided by the ruling applies, provided the property is not divested by way of a public offer which results in a non-widely held trust.

### 6.2 Financing

As units in the Simplification Trusts are being transferred by Securityholders to DIF in exchange for the issue by DIF of additional DIF units, no cash consideration will be payable to Securityholders and no debt funding is required to finance the acquisition of units in the Simplification Trusts by DIF. All necessary consents from lenders in order for the Simplification Transactions to occur have been obtained on terms which Charter Hall WALE Limited considers can be fulfilled and there will not be any material changes to the REIT's financing arrangements as a result of the Simplification Transactions.

### 6.3 Financial information following the Simplification Transactions

A copy of the REIT's audited Financial Report for the period from listing to 30 June 2017 was lodged with the ASX on 18 August 2017 and is available on Charter Hall's website at [www.longwalereit.com.au](http://www.longwalereit.com.au)

The Board is not aware of any material changes to the financial position of the REIT since 30 June 2017.

The Simplification Transactions will not have any impact on the REIT's consolidated financial position or NTA and the Board does not expect that the Simplification Transactions will have a material impact on:

- the REIT's profit attributable to Securityholders;
- distribution guidance or policy as currently advised to the market; and
- the presentation of its consolidated financial report or the entities/operations that are in the consolidated financial report.

Currently the REIT presents its financial statements in the form of an audited financial report for the REIT on a consolidated basis together with six separate sets of audited financial reports for each of the six Stapled Trusts other than DIF. Following the Simplification Transactions, this style of financial reporting will continue but the REIT will likely only need to prepare two separate audited financial reports for the Stapled Trusts other than DIF together with the consolidated audited financial report for the REIT.

## 7. Tax

### 7.1 General

This section 7 of the Explanatory Memorandum provides a guide to the general Australian tax implications that should arise for Securityholders as a result of the implementation of the Simplification Transactions, based on income tax legislation enacted at the date of the Notice of Meeting. It does not purport to be a complete analysis to identify all potential tax consequences nor is it intended to replace the need for specialist tax advice in respect of the particular circumstances of individual Securityholders.

The Board recommends that all Securityholders consult their tax advisors as to the tax consequences of the Simplification Transactions. Non-resident Securityholders will also need to consider any implications to them under the tax regimes of countries other than Australia.

### 7.2 Australian income tax consequences

This section 7 is applicable to Securityholders who are Australian residents for tax purposes and who hold their Stapled Securities on capital account. While this part also provides a general guide for Securityholders who are not Australian residents for tax purposes, it does not consider their position in detail.

This section 7 is not applicable for Securityholders who do not hold their Stapled Securities as capital assets (for example Securityholders who hold their Stapled Securities as trading stock, revenue assets for the purposes of resale or profit or are subject to the operation of Division 230 of the Income Tax Assessment Act 1997).

Securityholders who hold their Stapled Securities on capital account should be eligible for CGT rollover under Subdivision 124-M of the Income Tax Assessment Act 1997 in relation to the exchange of their units in the Simplification Trusts for units in DIF. Further, no adverse income tax consequences should arise for Securityholders as a result of the DIF Unit Consolidation which will occur (and is described further at step 2 of section 5.2 of the Explanatory Memorandum) after the unit for unit exchange.

Charter Hall WALE Limited has obtained a draft class ruling on behalf of Australian resident Securityholders confirming that Securityholders will be eligible for CGT rollover relief under Subdivision 124-M of the Income Tax Assessment Act 1997 in relation to the exchange of their units in the Simplification Trusts for units in DIF. Charter Hall WALE Limited expects this draft class ruling to be finalised as drafted shortly after this Notice of Meeting and prior to the meeting on Friday, 15 September 2017. A link to the finalised class ruling will be made available on the REIT's website following publication by the ATO.

On the basis of the ATO confirmations, the income tax implications for Securityholders are set out below:

#### **Destapling of Stapled Securities**

The legal mechanism giving effect to the stapled arrangement of the Stapled Trusts is contained within the REIT's Constitutions. The effect of destapling will merely vary existing contractual arrangements in place under the REIT's Constitutions. No change in ownership of the units in DIF, FSPT, Finance Trust, CVLT1, 218 BRT, CPOF KHT or CHPTDT occurs as a result of destapling and no other CGT event should occur as a result of the destapling. Accordingly, destapling of the Stapled Securities should not result in a CGT liability for Securityholders.

#### **DIF units acquired by Securityholders for units in Simplification Trusts**

For CGT rollover to apply, any capital gain otherwise made by Securityholders on disposal of their Stapled Securities should be disregarded and not reported in Securityholders' 2018 income tax returns. The cost base and reduced cost base in the new DIF units received by Securityholders should be equal to the aggregate cost base of their original units in DIF and the Simplification Trusts.

If a Securityholder incurs a capital loss on disposal of their Stapled Securities, they are not eligible to elect CGT rollover. For these Securityholders and other Securityholders who do not elect CGT rollover, the cost base of the new DIF units will be equal to the market value of the new DIF units at the time of issue.

#### **DIF Unit Consolidation**

No unit in DIF will be cancelled as a result of the DIF Unit Consolidation described at Step 3 of section 5.1 – rather the DIF Unit Consolidation should result in a merger of the new DIF units into the original DIF units held by Securityholders. Securityholders will not receive any capital proceeds consequent to the reduction in the number of units on issue, nor will there be a change to the proportionate interests held by each Securityholder in DIF.

Accordingly no CGT event will occur as a result of the DIF Unit Consolidation and therefore there will be no taxable events arising for Securityholders.

The CGT cost base of each unit held in DIF post the DIF Unit Consolidation should be equal to the sum of the CGT cost bases of the new DIF units issued under the Simplification Transactions (see Step 3 of section 5.1) and the original DIF units held. For Securityholders who elect CGT rollover, this will be the same as the sum of the cost bases of the original DIF and Simplification Trusts' units held immediately prior to the Simplification Transactions. For Securityholders who do not elect CGT rollover, this will be equal to the sum of the cost bases of the original DIF units held immediately prior to the Simplification Transactions and the cost base of the new DIF units issued as part of the Simplification Transactions.

**Disposal of Stapled Securities shares after the Simplification Transactions**

As was the case prior to the Simplification Transactions, a disposal of Stapled Securities after the Simplification Transactions will be a CGT event and Australian resident shareholders will be required to calculate a capital gain or loss. Certain Securityholders who hold their shares on capital account (such as individuals and superannuation funds who have held their shares for more than 12 months) may be entitled to discounted CGT treatment (that is, 50% discount for individuals and one-third discount for superannuation funds).

CGT roll-over should apply to Securityholders who do not report the amount of the capital gain that would have otherwise been required on their 2018 income tax return. For the purposes of the 12 month ownership condition, they will be taken to have acquired the additional DIF units issued in consideration of the transfer of their Simplification Trust units on the date that they acquired their original Simplification Trust units as part of the seven stapled securities. For Securityholders who do not elect CGT roll-over, they will be taken to have acquired the additional DIF units issued in consideration of the transfer of their Simplification Trust units on the date of issue. The acquisition date of the existing DIF units will be unchanged.

**Non-resident investors**

To the extent that Securityholders are not Australian residents for tax purposes, any capital gain or loss they make in relation to their Stapled Securities as part of the Simplification Transactions steps described above should not be subject to CGT unless the non-resident Securityholder (together with its associated) has beneficially owned 10% or more of the issued units in the Simplification Trusts at the time of the Simplification Transactions or for a 12 month period during the two years prior to Simplification Transactions.

Where a capital gain derived by a non-Australian resident Securityholder would be subject to CGT that non-Australian resident Securityholder's CGT position in relation to the Simplification Transactions steps described above should align with Australian resident Securityholders, with the exception that the 50% CGT discount would only apply to capital gains accruing pre 8 May 2012.

**7.3 Stamp Duty**

No stamp duty should be payable by Securityholders on their disposal of units in the Simplification Trusts or the acquisition of DIF units (including their subsequent consolidation) pursuant to the Simplification Transactions.

**7.4 GST**

Securityholders should not be liable for (or be required to pay) GST on disposal of their Simplification Trust units or in receipt of their additional DIF units.



## 8. Additional Information

### 8.1 Implementation deed

Charter Hall WALE Limited as responsible entity of each Stapled Trust has entered into a Simplification Implementation Deed to document the arrangements to give effect to the Simplification Transactions. The Simplification Implementation Deed sets out the Conditions for the implementation of the Simplification Transactions.

### 8.2 Replacement stapling deed

On implementation of the Simplification Transactions a Replacement Stapling Deed will be entered into to reflect the change to the Stapled Trusts comprising the REIT. The Replacement Stapling Deed will otherwise be on the same terms as the Existing Stapling Deed. A summary of the Existing Stapling Deed is set out in section 14.7 of the Charter Hall Long WALE REIT Product Disclosure Statement dated 27 September 2016 (“PDS”).

### 8.3 Co-ownership agreement updates

As described in section 5.1, the Simplification Transactions will involve the acquisition by the custodian of DIF of the assets of the Simplification Trusts, in particular:

- the acquisition of CPOF KHT’s assets by the custodian of DIF will involve a change of ownership of the CPOF KHT sub-trust holding 50.1% of the units in the Kogarah Trust;
- the acquisition of CHPTDT’s assets by the custodian of DIF will involve a change in the ownership of the 26% of units in CH DC Fund currently held by CHPTDT and a change in the ownership of the CHPTDT sub-trust holding 50% of the Coles Distribution Centre, Truganina.

Each of the relevant co-owners have entered into accession arrangements in respect of the change of ownership arising from the relevant Simplification Transactions. The effect of the accession arrangements is that references in the previous co-ownership agreement to the current relevant Simplification Trust become references to DIF.

The detailed summaries of relevant co-ownership arrangements are set out in the PDS. Reference in those summaries to CPOF KHT (in the case of the Kogarah Trust summary at section 14.8.2 of the PDS), to CHPTDT (in the case of the CH DC Fund summary at section 14.8.3 of the PDS) and to CHPTDT (in the case of the Coles Distribution Centre, Truganina summary at section 14.8.5 of the PDS) should now be read as references to DIF.

### 8.4 ASX waivers and confirmation

Charter Hall WALE Limited has obtained the following waivers and confirmations from ASX in connection with the Simplification Transactions:

- **Listing Rule 7.1:** a waiver to allow DIF to issue DIF units as consideration for the transfer of the Simplification Trust units in connection with the Simplification Transactions without DIF Securityholder approval;
- **Listing Rule 10.11:** a waiver to allow DIF to issue DIF units to existing Securityholders who may be related parties of DIF (such as the directors of Charter Hall WALE Limited and Charter Hall Group entities) without Securityholder approval where the DIF units are issued in connection with the Simplification Transactions and all Securityholders participate in the Simplification Transactions on identical terms; and
- **Listing Rule 7.17:** a confirmation that the requirements of Listing Rule 7.17 are not applicable to the Simplification Transactions.
- **Listing Rule 7.18:** a confirmation that, on the basis the Simplification Transactions follow a timetable approved by ASX, ASX has no concerns as to the maintenance of an orderly market in the Stapled Securities during the course of implementing the Simplification Transactions.
- **Listing Rule 7.40:** a confirmation that the proposed timetable for the Simplification Transactions as set out in section 4 is in accordance with Listing Rule 7.40.

In addition to the waivers and confirmations referred to above, Charter Hall WALE Limited has obtained an update of the waivers from Listing Rules 8.10 and 10.1 granted by ASX at the time of the REIT’s initial listing on ASX to facilitate the stapling of the seven Stapled Trusts together to form the REIT. These updated waivers are conditional on the Simplification Transactions being implemented and will facilitate the stapling of the Remaining Trusts together to form the restructured REIT following the Simplification Transactions.

### 8.5 ASIC modifications and exemptions

Charter Hall WALE Limited has obtained the following relief from ASIC in connection with the Simplification Transactions:

- **Part 7.9 of the Corporations Act:** relief from the requirement to provide a product disclosure statement in connection with the issue of DIF units under the Simplification Transactions (or the on-sale of those DIF units);
- **Voting relief:** a modification of item 7 of section 611 of the Corporations Act to allow Securityholders to vote on the Simplification Resolution even though the units in the Simplification Trusts held by all Securityholders will be sold to DIF in connection with the Simplification Transactions. Without this relief, item 7 of section 611 would prohibit any Securityholder whose units in the Simplification Trusts were being acquired under the Simplification Transactions from voting on the Simplification Resolution. This would mean no Securityholder could vote as all Securityholders' units in the Simplification Trusts will be acquired under the Simplification Transactions;
- **Unsolicited offer relief:** relief from the unsolicited offer provisions in Division 5A of Part 7.9 of the Corporations Act;
- **Self-custody relief:** relief from the requirement to comply with section 601FCAA of the Act inserted by Class Order 13/1409, where the Responsible Entity momentarily holds scheme assets as part of the acquisition of CHPTDT's assets set out in section 5.1. The acquisition of CHPTDT's assets is required to occur in three steps, such that the Responsible Entity will act as a 'self-custodian'. The Responsible Entity has received relief from the custodial requirements prescribed by that section of the Act. Under the relief, the Responsible Entity is required to ensure it identifies the relevant scheme property as held on trust for relevant unitholders, hold the relevant scheme property separately from other property and to ensure that its staff are segregated in a way to minimise potential conflicts of interest;
- **Standard stapled entity / trust relief:** as the REIT will be a three trust stapled structure (instead of a seven trust stapled structure) following the Simplification Transactions, the following standard stapled entity / trust relief has been obtained in respect of the Remaining Trusts:
  - sections 601FC, 601FD and 601FE — relief required to enable Charter Hall WALE Limited's officers to act in the best interests of the securityholders collectively rather than the interests of unit holders in a particular Remaining Trust and use information for the benefit of securityholders collectively rather than separate interests of unitholders in a particular Remaining Trust;
  - Part 5C.7 — modification to allow Charter Hall WALE Limited to provide financial benefits out of scheme property of a Remaining Trust to other Remaining Trusts (and their controlled entities); and
  - section 1012D(3) — relief to permit the offer of stapled securities under a future distribution reinvestment plan without having to issue an additional product disclosure statement.
- **Financial Services Guide relief (section 941A):** relief from the requirement to prepare a Financial Services Guide and give it to security holders who are retail clients.

### 8.6 Information about Stapled Securities

As at the date of this Notice, the number of Stapled Securities on issue is 208,673,257. The Simplification Transactions will involve additional DIF units being issued and DIF units being consolidated such that following completion of the Simplification Transactions the number of Stapled Securities on issue will remain unchanged and there will continue to be 208,673,257 Stapled Securities on issue (each of which will comprise one unit in each of the Remaining Trusts) and all 208,673,257 units in each Simplification Trust will be owned by DIF or wholly-owned sub-trust of DIF.

Following implementation of the Simplification Transactions, there will be no fractional entitlements because the Simplification Transactions will be implemented on a one for one basis.



### 8.7 Interests of Directors

The Directors of Charter Hall WALE Limited intend to vote any Stapled Securities that they hold in favour of the Simplification Resolution.

The table below shows the Stapled Securities held by the Directors and their related parties as at the date of the Notice of Meeting.

As with all other Securityholders, the number of Stapled Securities the Directors' and their related parties hold will not change as a result of Simplification Transactions.

Director	Number of Stapled Securities
Peeyush Gupta (Chairman)	388,108
Glenn Fraser (Non-executive Director)	40,000
Ceinwen Kirk-Lennox (Non-executive Director)	23,250
David Harrison (Executive Director)	258,041
Adrian Taylor (Executive Director)	64,510

### 8.8 Continuous disclosure

The REIT is a disclosing entity for the purposes of the Corporations Act and is subject to periodic reporting and continuous disclosure obligations under the Corporations Act and the ASX Listing Rules. In particular, the REIT has an obligation (subject to limited exceptions) to notify the ASX immediately on becoming aware of any information which a reasonable person would expect to have a material effect on the price or value of Stapled Securities. Publicly disclosed information about the REIT is available on the ASX website at [www.asx.com.au](http://www.asx.com.au)

### 8.9 Updates to the Simplification Transactions

The terms of the Simplification Transactions may change from time to time. If Charter Hall WALE Limited becomes aware of any significant change to the proposed Simplification Transactions or significant new circumstance affecting the Simplification Transactions between the date of issue of this Explanatory Memorandum and the date of the Meeting, Securityholders will be notified in such a way as Charter Hall WALE Limited determines is appropriate, subject to any relevant requirements of ASIC/ASX which may include making this information available on the REIT's website, [www.longwalereit.com.au](http://www.longwalereit.com.au), an announcement on the ASX, an announcement at the Meeting or the issue of a supplementary document to this Explanatory Memorandum.

### 8.10 Governing law

This Explanatory Memorandum is governed by the law applicable in New South Wales, Australia.

## 9. Glossary

\$ or \$A	Australian dollars.
218 BRT	218 Bannister Road Trust (ARSN 614 712 588).
ABN	Australian Business Number.
ARSN	Australian Registered Scheme Number.
ASIC	The Australian Securities and Investments Commission.
ASX	Australian Securities Exchange.
ASX Listing Rules	The official listing rules of the ASX.
ATO	Australian Taxation Office.
Board	The Board of directors of Charter Hall WALE Limited, as responsible entity of each of the Stapled Trusts.
Canning Vale Simplification	The proposal to simplify the REIT Structure by having the custodian of DIF acquire 100% of the units in CVLT1 and 218 BRT in consideration for promissory notes issued by a DIF in accordance with the steps described in section 5.1.
CGT	Capital Gains Tax.
Charter Hall Group or Charter Hall	Charter Hall Limited (ACN 113 531 150) and Charter Hall Property Trust (ARSN 113 339 147) and their controlled entities.
Charter Hall Long WALE REIT or the REIT or CLW	Charter Hall Long WALE REIT, the stapled vehicle listed on the ASX comprising each of the Stapled Trusts or, if a Simplification Transaction is implemented, the stapled vehicle comprising the Remaining Trusts
CHPTDT	CHPT Dandenong Trust (ARSN 614 712 506).
CHPTDT Simplification	The proposal to simplify the REIT structure by having the custodian of DIF acquire 100% of the units in CHPTDT in accordance with the steps described in section 5.1.
Constitution or Constitutions	The constitutions of each of the schemes comprising the REIT, as amended from time to time.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
CPOF KHT	CPOF Kogarah Holding Trust (ARSN 614 714 073).
CPOF KHT Simplification	The proposal to simplify the REIT Structure by having the custodian of DIF acquire 100% of the units in CPOF KHT in accordance with the steps described in section 5.1.
CVLT1	Canning Vale Logistics Trust No.1 (ARSN 614 713 012).
DIF	Charter Hall Direct Industrial Fund (ARSN 144 613 641).
DIF Unit Consolidation	The consolidation of all DIF units in a ratio that results in the number of DIF units on issue being equal to the number of DIF units that were on issue immediately prior to the Simplification Transactions to facilitate the Remaining Trusts being restapled.
Director	A director of Charter Hall WALE Limited.
Finance Trust	LWR Finance Trust (ARSN 614 713 138).
FSPT	Franklin Street Property Trust (ARSN 614 714 206).
GST	Goods and Services Tax.

<b>Meeting</b>	The Meeting of the REIT, to be held on 15 September 2017 at 10.00am at Level 20, No.1 Martin Place, Sydney NSW 2000.
<b>Notice of Meeting</b>	The notice of meeting which contains the Explanatory Memorandum.
<b>NTA</b>	Net tangible assets — calculated as the total assets of an entity, minus any intangible assets such as goodwill, patents and trademarks, less all liabilities.
<b>Record Date</b>	The date of the Securityholder register of the REIT for the purpose of determining Securityholder entitlements to Stapled Securities upon implementation of Simplification Transactions.
<b>Register</b>	The register of the Stapled Trusts.
<b>Remaining Trusts</b>	DIF, FSPT and Finance Trust.
<b>Responsible Entity</b>	Charter Hall WALE Limited (ABN 20 610 772 202, Australian Financial Services Licence Number 486721) acting as responsible entity of each Stapled Trust.
<b>Securityholder</b>	A registered holder of Stapled Securities.
<b>Simplification Transactions</b>	The Canning Vale Simplification, the CHPTDT Simplification and the CPOF KHT Simplification.
<b>Simplification Trust</b>	In respect of: <ul style="list-style-type: none"> <li>• the Canning Vale Simplification, CVLT1 and 218 BRT;</li> <li>• the CHPTDT Simplification, CHPTDT; and</li> <li>• the CPOF KHT Simplification, CPOF KHT.</li> </ul>
<b>Simplification Resolution</b>	The resolution required to be passed to implement the Simplification Transactions, which will be considered and (if thought fit) approved by Securityholders at the Meeting.
<b>Stapled Security</b>	A stapled security in the REIT comprising an ordinary unit in each of the Stapled Trusts.
<b>Stapled Trusts</b>	<ul style="list-style-type: none"> <li>• Prior to the implementation of the Simplification Transactions, DIF, FSPT, Finance Trust, CVLT1, 218 BRT, CPOF KHT and CHPTDT; and</li> <li>• following the implementation of the Simplification Transactions, the Remaining Trusts, each of which is a Stapled Trust.</li> </ul>

### Interpretation

The following rules apply unless the context requires otherwise:

- (a) The singular includes the plural, and the converse also applies.
- (b) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (c) A reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.

# Corporate Directory

## **Charter Hall WALE Limited**

Level 20, No. 1 Martin Place  
Sydney NSW 2000  
GPO Box 2704  
Sydney NSW 2001

## **Directors**

Peeyush Gupta  
Glenn Fraser  
Ceinwen Kirk-Lennox  
David Harrison  
Adrian Taylor

## **Company Secretary**

Tracey Jordan

## **Legal Adviser**

### **King & Wood Mallesons**

Level 61, Governor Phillip Tower  
1 Farrer Place  
Sydney NSW 2000

## **Auditor**

### **PricewaterhouseCoopers**

One International Towers Sydney  
Watermans Quay  
Barangaroo NSW 2000

## **Securities Exchange**

### **Australian Securities Exchange Limited**

## **Principal Register**

### **Link Market Services**

Level 12  
680 George Street  
Sydney NSW 2000


Telephone: 1300 303 063  
Facsimile: + 61 2 9287 0303  
Proxy Facsimile: + 61 2 9287 0309





**LODGE YOUR VOTE**

 **ONLINE**  
[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

 **BY MAIL**  
Charter Hall Long WALE REIT  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia

 **BY FAX**  
+61 2 9287 0309

 **BY HAND**  
Link Market Services Limited  
1A Homebush Bay Drive, Rhodes NSW 2138; or  
Level 12, 680 George Street, Sydney NSW 2000

 **ALL ENQUIRIES TO**  
Telephone: +61 1300 303 063



**X999999999999**

**PROXY FORM**

I/We being a member(s) of Charter Hall Long WALE REIT ("REIT") and entitled to attend and vote hereby appoint:

**APPOINT A PROXY**

**the Chairman of the Meeting (mark box)**

**OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

**STEP 1**

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the General Meeting of the REIT to be held at **10:00am on Friday, 15 September 2017 at Charter Hall Group, Level 20, No. 1 Martin Place, Sydney NSW 2000** (the **Meeting**) and at any postponement or adjournment of the Meeting.

**The Chairman of the Meeting intends to vote undirected proxies in favour of the resolution.**

**VOTING DIRECTIONS**

**Proxies will only be valid and accepted if they are signed and received no later than 48 hours before the Meeting.**


**Please read the voting instructions overleaf before marking any boxes with an .**

**Resolution**

**For Against Abstain\***

1 Simplification Resolution

**STEP 2**

 \* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

**SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED**

Securityholder 1 (Individual)

Joint Securityholder 2 (Individual)

Joint Securityholder 3 (Individual)




Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

**STEP 3**



## HOW TO COMPLETE THIS SECURITYHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

This is your name and address as it appears on the REIT's security register. If this information is incorrect, please make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your securities using this form.**

### APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a securityholder of the REIT.

### DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form.

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the REIT's security registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either securityholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the REIT's security registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

### LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am on Wednesday, 13 September 2017**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



#### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



#### BY MAIL

Charter Hall Long WALE REIT  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



#### BY FAX

+61 2 9287 0309



#### BY HAND

delivering it to Link Market Services Limited\*  
1A Homebush Bay Drive  
Rhodes NSW 2138  
or  
Level 12  
680 George Street  
Sydney NSW 2000

\* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**