Charter Hall

5 June 2019

Charter Hall Long WALE REIT
Portfolio acquisition and equity raising presentation

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Portfolio acquisition and equity raising presentation

Agenda

Certain terms used in this Presentation are defined in the Glossary

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Finance

Transaction overview

Acquisitions

- Charter Hall WALE Limited, as responsible entity of Charter Hall Long WALE REIT (the "REIT"), has entered into agreements for the acquisition of two office properties and has recently announced the acquisition of a 50% interest in a long-leased prime industrial property for a total consideration of $206 million ("Acquisitions")
  - high quality properties, predominantly leased to multinational, ASX-listed and government tenants
  - further diversifies the portfolio and increases the exposure to the office sector from 26% to 31%

$206m
Total consideration

6.1%
Weighted average initial yield

10.1 years
Weighted average lease expiry

3.5% p.a.
Weighted average rent reviews

Equity raising

- The REIT will undertake a fully underwritten $180 million institutional placement ("Placement") at an issue price of $4.74 per security ("Issue Price") to partially fund the Acquisitions and associated transaction costs
- The REIT is also undertaking a non-underwritten Security Purchase Plan ("SPP") to eligible securityholders in Australia and New Zealand to raise up to $10 million[1]

$180m
Placement

Up to $10m
SPP[1]

1. The responsible entity may (in its absolute discretion), in a situation where total demand exceeds $10 million, decide to increase the amount to be raised under the SPP to reduce or eliminate the need for scaleback

Transaction overview

Financial impact

- Including the impact of the Acquisitions, Placement and ongoing capital management initiatives and barring any unforeseen events and no material change in market conditions, CLW provides the following guidance:

26.9 cps
FY19 Operating EPS
(upper end of previous guidance range)

No less than 3.75%
FY20 Operating EPS growth

- Following the Acquisitions and Placement, the REIT's key pro-forma[1] metrics are:

29.3%
Balance sheet gearing

35.9%
Look through gearing

Revaluations

- The REIT has independently valued 113 of its 114 properties as at June 2019[2]

$33.4m
Valuation uplift

1.8%
Increase over prior value

1. Metrics on this page and throughout this presentation are as at 31 December 2018 adjusted for portfolio activities as outlined in Appendix A
2. Henley Beach Hotel was not independently valued at June 2019 as it was acquired in 2H19

Strategic rationale

High quality properties with a long WALE, strong tenant covenants and structured growth profile

1 High quality and diversified properties

- ✓ High quality Acquisitions diversified across office and industrial properties located in Sydney, Canberra and Brisbane
- ✓ Increases exposure to the strongly performing office sector from 26% to 31% of CLW's portfolio and improves geographic diversification

2 Long WALE, strong tenant covenants

- ✓ Acquisitions are underpinned by a long WALE of 10.1 years predominantly leased to multinational, ASX-listed and government tenants
- ✓ Improves CLW's tenant quality and diversification with the introduction of three new major tenants to the CLW portfolio

3 Improved growth profile

- ✓ Acquisitions feature fixed rent reviews with a weighted average rent review of 3.5% p.a.
- ✓ Improves CLW's growth profile with the weighted average rent review increasing to 2.9% p.a. across the portfolio, secured by 69% fixed increases

4 Attractive financial impact

- ✓ FY19 Operating EPS of 26.9 cents per security, at the upper end of previous guidance
- ✓ FY20 Operating EPS growth guidance of no less than 3.75%
- ✓ Pro forma balance sheet gearing reduced to 29.3%, within CLW's target range[1]

1. Excluding any impact of the SPP

Acquisitions overview

High quality, long WALE portfolio

Diversified $206 million portfolio of long leased office and industrial/logistics properties

	Office		Industrial	
	Telstra Canberra Head Office, ACT	Thales Australian Head Office, Sydney Olympic Park, NSW	Brisbane City Council Bus Network Terminal, Eagle Farm, QLD	Total / weighted average
				
Valuation ($m)	108.5	46.2	51.3[1]	**206.0**
Ownership interest	100%	100%	50%	
Net passing yield	6.9%	5.4%	5.0%	**6.1%**
Occupancy	100%	96%	100%	**99%**
WALE (years)	6.6	11.9	19.2	**10.1**
WARR	3.8%	3.5%	2.5%	**3.5%**
Primary tenant	Telstra	Thales	Brisbane City Council	

1. Represents valuation of 50% ownership interest

Acquisitions overview

Brisbane City Council Bus Network Terminal, Eagle Farm, QLD

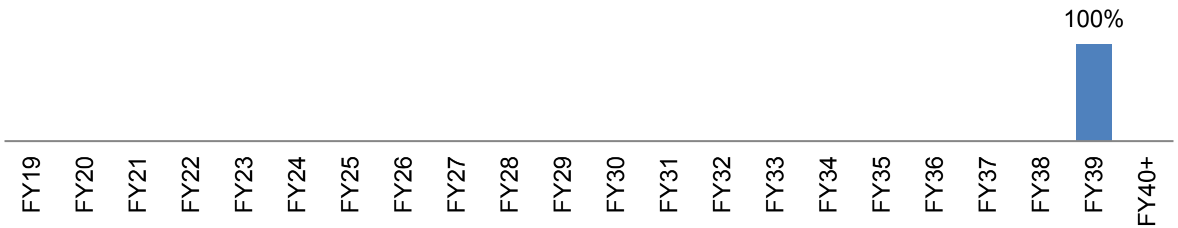
Highly strategic, prime industrial asset underpinned by long term government lease

Property and valuation details	
Address	40 Schneider Road, Eagle Farm, Brisbane, QLD
Property type	Industrial
Ownership interest	50%
Valuation (100% basis)	$102.5m
Net passing yield	5.0%
Title	Freehold
WALE[1]	19.2 years
Occupancy	100%
GLA	6,543 sqm

Property overview

- 6-hectare infill site located within the tightly held and land constrained core industrial Eagle Farm precinct, 6km north-east of the Brisbane CBD
- Underpinned by a triple net lease to Brisbane City Council
- Property consists of three main buildings constructed in 2013, with facilities including parking for 200 buses and 250 cars, refuelling and maintenance facilities and administrative buildings
- Located within the Australia TradeCoast region, the largest employment zone in Queensland outside the Brisbane CBD, with good connectivity to Brisbane Airport and the Port of Brisbane

Lease expiry profile



Key tenants

Tenant	GLA (sqm)	Expiry date	Income %	Annual Review
Brisbane City Council	6,543	Sep-38	100%	2.5%

1. Forecast WALE at acquisition

Acquisitions overview

Telstra Canberra Head Office, ACT

High quality office property occupied by one of Australia's largest companies

Property and valuation details	
Address	16-18 Mort Street, Canberra, ACT
Property type	Office
Ownership interest	100%
Valuation	$108.5m
Net passing yield	6.9%
Title	Leasehold
WALE[1]	6.6 years
Occupancy	100%
NLA	14,155 sqm

Property overview

- A-Grade office building, well located in the Canberra CBD, with immediate access to retail amenity and in close proximity to the light rail
- Property underwent significant refurbishment in 2013 with a 5-star NABERS Energy rating and 4.5 star NABERS Water rating
- Predominantly leased to Telstra, a leading Australian telecommunications company listed on the ASX with a market capitalisation of approximately A$40 billion and A- (S&P) / A2 (Moody's) credit rating
- 3.75% fixed annual rent escalations provides stable income growth

Lease expiry profile

Key tenants

Tenant	NLA (sqm)	Expiry date	Income %	Annual Review
Telstra	13,662	Aug-25	99%	3.8%

1. Forecast WALE at acquisition

Acquisitions overview

Thales Australian Head Office, Sydney Olympic Park, NSW

Long WALE, A-grade office property occupied by a leading multinational corporation

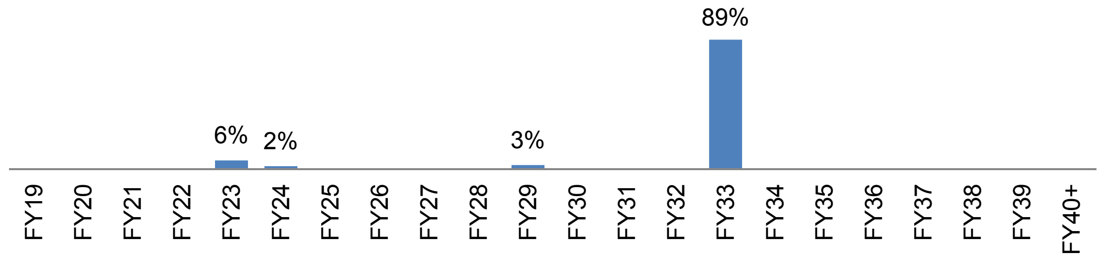
Property and valuation details

Address	7 Murray Rose Avenue, Sydney Olympic Park, NSW
Property type	Office
Ownership interest	100%
Valuation	$46.2m
Net passing yield	5.4%
Title	Leasehold
WALE[1]	11.9 years
Occupancy	96%
NLA	5,931 sqm

Property overview

- A-Grade, five-storey office building well-located in the Sydney Olympic Park precinct opposite the Sydney Olympic Park train station
- The property was built in 2012 and has a 5 star NABERS Energy rating
- Tenant is a subsidiary of Thales Group, a leading international aerospace, transport and defence contractor listed on the Euronext Paris with a market capitalisation of approximately A$35 billion and A- (S&P) / A2 (Moody's) credit rating
- Precinct is expected to benefit from multiple transport infrastructure projects such as the Sydney Metro West, WestConnex, and Parramatta Light Rail, as well as the Sydney Olympic Park Master Plan 2030
- Settlement is conditional on the successful vote of unitholders in the vendor, the Charter Hall Direct Sydney Olympic Park Fund, expected to occur in early July 2019

Lease expiry profile



Key tenants

Tenant	NLA (sqm)	Expiry date	Income %	Annual Review
Thales	5,272	Nov-32	89%	3.5%

1. Forecast WALE at acquisition

Operational update

June valuations & portfolio update

Building on strong tenant relationships

June valuations

- 113 of the REIT's 114 existing properties[1] were independently valued at June 2019 resulting in valuations increasing by $33.4 million (or 1.8% over prior values)
- Portfolio weighted average cap rate firmed 18bps from 6.19% to 6.01%

SUEZ portfolio expansion and leasing update

- Newton Road & Davis Road, Wetherill Park NSW: Revised 20 year leases
- Lower Nudgee QLD: On a sale and leaseback basis, CLW will acquire the 0.7ha site adjoining the existing SUEZ Lower Nudgee property for $4 million with a new ~18 year triple net lease[2]
- Welshpool WA: CLW will fund and rentalise a $2 million warehouse expansion on the existing site with the lease term reset to 15 years

LWIP / ALH Henley Beach Hotel acquisition

- CLW, through its LWIP joint venture[3], has acquired the Henley Beach Hotel in Adelaide SA for a purchase price of $10.3 million (reflecting 100% interest)
  - 5.5% passing yield
  - New 15 year triple lease to ALH Group

Demonstrates Charter Hall's strong tenant relationships and customer focus delivering value for investors

Davis Road Waste Transfer Station, Wetherill Park NSW

Henley Beach Hotel, Adelaide SA

1. Henley Beach Hotel was not independently valued at June 2019 as it was acquired in 2H19
2. New lease will be consistent with the lease over the existing Lower Nudgee facility
3. CLW holds a 49.9% interest in the Long WALE Investment Partnership ("**LWIP**")

Portfolio impact

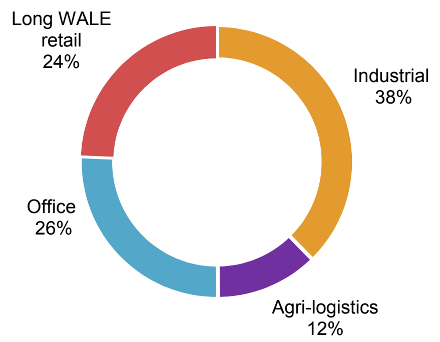
Portfolio snapshot

The Acquisitions enhance CLW's portfolio scale and diversification

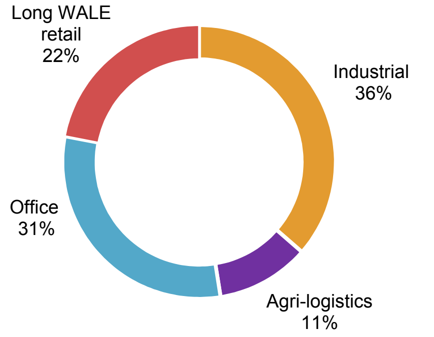
	Pre Portfolio acquisition[1]	Acquisitions	Post Portfolio acquisition
Number of properties	114	3	117
Property valuation	$1,923m	$206m	$2,129m
Weighted Average Capitalisation Rate (“WACR”)	6.01%	5.44%	5.96%
Occupancy	100%	99%	100%
WALE	12.8 years	10.1 years	12.5 years
WARR	2.8%	3.5%	2.9%
Proportion of leases subject to fixed rent review	66%	100%	69%

Portfolio by sector[2,3]

Pre-Acquisitions

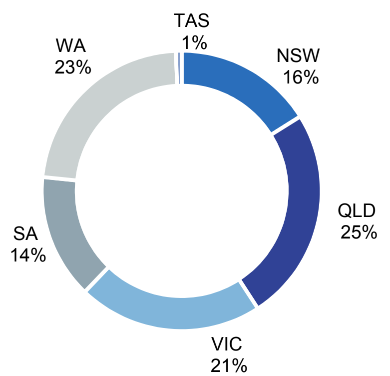


Post-Acquisitions

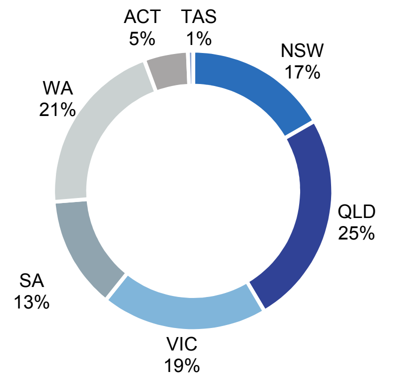


Portfolio by geography[2,3]

Pre-Acquisitions



Post-Acquisitions

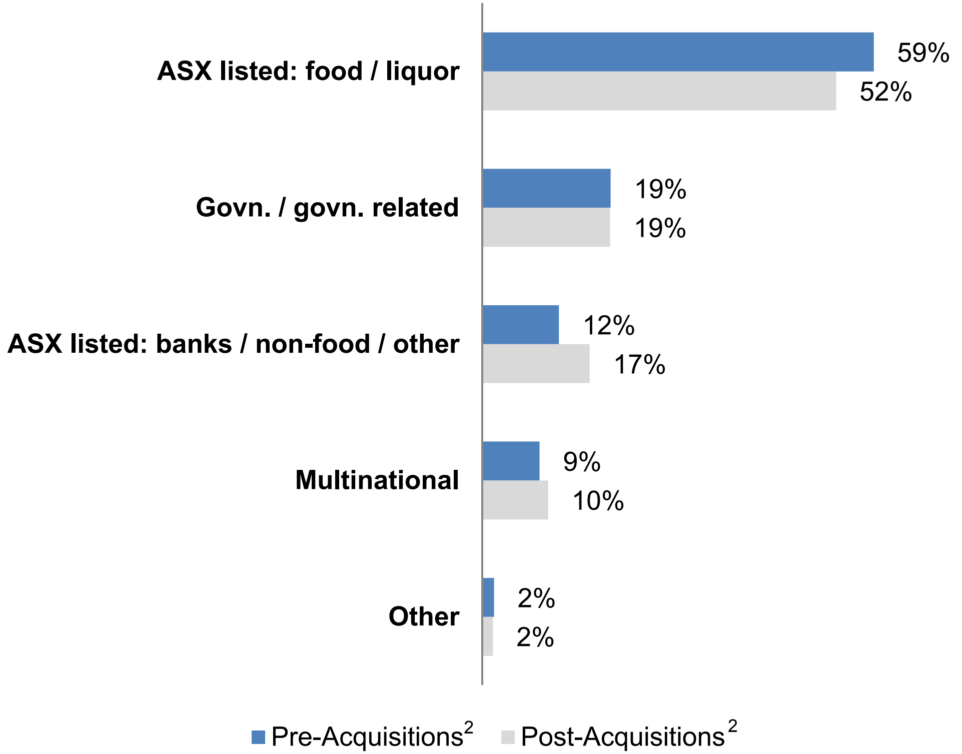


1. Refer to Appendix A for a reconciliation of portfolio metrics from 31 December 2018 to 5 June 2019
2. Weighted by Independent Valuation (REIT ownership interest)
3. Totals may not add due to rounding

Portfolio impact

Industry diversification

The Acquisitions introduce three new high quality tenants to CLW's portfolio



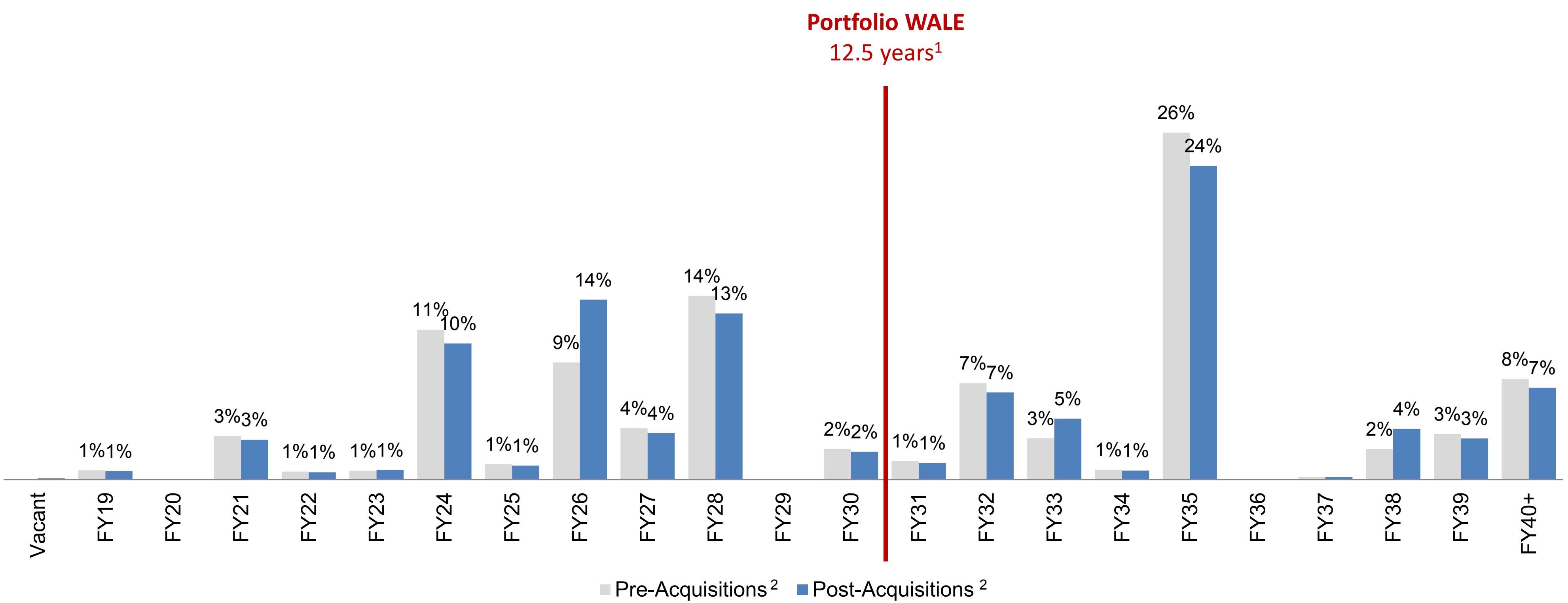
Major tenants[1]

1. Weighted by gross passing income (REIT ownership interest)
2. Totals may not add due to rounding

Portfolio impact

Lease expiry profile

Portfolio WALE of 12.5 years[1] post Acquisitions and SUEZ lease extensions



1. Portfolio WALE as at 31 December 2018, adjusted for the Inghams lease extensions announced 8 February 2019, the SUEZ lease extensions and the Acquisitions. Refer to Appendix A for a reconciliation of portfolio metrics from 31 December 2018 to 5 June 2019
2. Totals may not add due to rounding

Equity raising

Sources and uses of funds

$180m fully underwritten institutional placement and non-underwritten security purchase plan

- The REIT will undertake a fully underwritten institutional placement and a non-underwritten security purchase plan to partially fund the Acquisitions including transaction costs
- The balance of the funding for the Acquisitions will be sourced from debt
  - CLW has established a new $100 million facility with an offshore lender, further diversifying the REIT's funding sources

Sources of Funds	$m
Placement	180
Debt[1]	43
Total sources	**223**

Uses of Funds	$m
Acquisitions purchase price	206
Acquisitions and equity raising costs	17
Total uses	**223**

Key metrics[2]	
Issue Price under the Placement	$4.74
Discount to CLW 5 day VWAP	3.2%
Pro forma market capitalisation post Placement[3]	$1,575m
FY19 OEPS yield (at Issue Price)[4]	5.7%
FY20 OEPS yield (at Issue Price)[5]	5.9%
Pro forma balance sheet gearing (post Acquisitions and Placement)	29.3%
Pro forma look through gearing (post Acquisitions and Placement)	35.9%

1. On a look-through basis, including debt against the Brisbane City Council Bus Network Terminal
2. Excluding any impact of the SPP
3. Based on CLW's market capitalisation as at 4 June 2019 adjusted for the Placement of $180 million
4. Based on CLW's FY19 Operating EPS guidance of 26.9 cents per security (barring any unforeseen events and no material change in current market conditions)
5. Based on CLW's FY20 Operating EPS growth guidance of no less than 3.75% (barring any unforeseen events and no material change in current market conditions)

Equity raising

Equity raising details

$180m fully underwritten institutional placement and non-underwritten security purchase plan

Structure	• Fully underwritten institutional placement to raise approximately $180 million • Non-underwritten security purchase plan to eligible investors in Australia and New Zealand to raise up to $10 million[1]
Pricing	• Issue Price under the Placement of $4.74 per security represents a: – 3.9% discount to the last close of $4.93 on 4 June 2019 – 3.2% discount to the 5 day VWAP of $4.90 on 4 June 2019 – FY20 OEPS yield of no less than 5.9%[2]
Ranking	• Securities issued under the Placement will rank equally with existing CLW Securities and will be entitled to the distribution for the three months to 30 June 2019 of 7.1 cents per security
Underwriting	• The Placement is fully underwritten by J.P. Morgan Securities Australia Limited and UBS AG, Australia Branch
Security Purchase Plan	• Eligible securityholders in Australia and New Zealand will be invited to subscribe for up to $15,000[3] in additional securities at $4.669 per security (being the Issue Price under the Placement adjusted for the 30 June 2019 distribution of 7.1 cents per security), free of any brokerage or transaction costs • The SPP is expected to raise up to $10 million[1] and will not be underwritten • New Securities issued under the SPP will rank equally with existing securities from the date of issue, however as they are issued after the record date, New Securities will not be entitled to the distribution for the three months to 30 June 2019

1. The responsible entity may (in its absolute discretion), in a situation where total demand exceeds $10 million, decide to increase the amount to be raised under the SPP to reduce or eliminate the need for scaleback
2. Based on CLW's FY20 Operating EPS growth guidance of no less than 3.75% (barring any unforeseen events and no material change in current market conditions)
3. Securityholders are restricted from being issued more than $15,000 worth of securities under an SPP in any consecutive 12-month period. As such, the amount Eligible Securityholders are able to subscribe for under the SPP will be reduced by any amount received under CLW's previous SPP announced on 17 October 2018 and issued on 21 November 2018

Equity raising

Timetable

Event	Date 2019
Record date for SPP	4 June
Trading halt and announcement of the Transaction	5 June
Institutional Placement bookbuild	5 June
Trading halt lifted – trading of securities recommences on the ASX	6 June
Settlement of securities under the Placement	11 June
Allotment and normal trading of New Securities issued under the Institutional Placement	12 June
SPP offer opens and booklet is dispatched	13 June
Record date for June quarter distribution	28 June
SPP offer closing date	4 July
SPP allotment date	11 July
Despatch of holding statements and normal trading of new securities issued under the SPP	12 July

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

Conclusion

- ✓ **High quality Acquisitions comprising office and industrial properties predominantly leased to multinational, ASX-listed and government tenants**
- ✓ **Strategic portfolio with a long term WALE of 10.1 years and weighted average rent reviews of 3.5% p.a.**
- ✓ **Enhances the scale and diversification of the REIT across geography and sector, including increasing exposure to the strongly performing office sector from 26% to 31%**
- ✓ **CLW is confirming FY19 Operating EPS guidance of 26.9 cents per security, at the top end of the previous guidance range[1]**
- ✓ **FY20 Operating EPS growth guidance of no less than 3.75%[1]**

1. Barring any unforeseen events and no material change in current market conditions

Appendix A

Telstra Canberra Head Office

Pro forma balance sheet

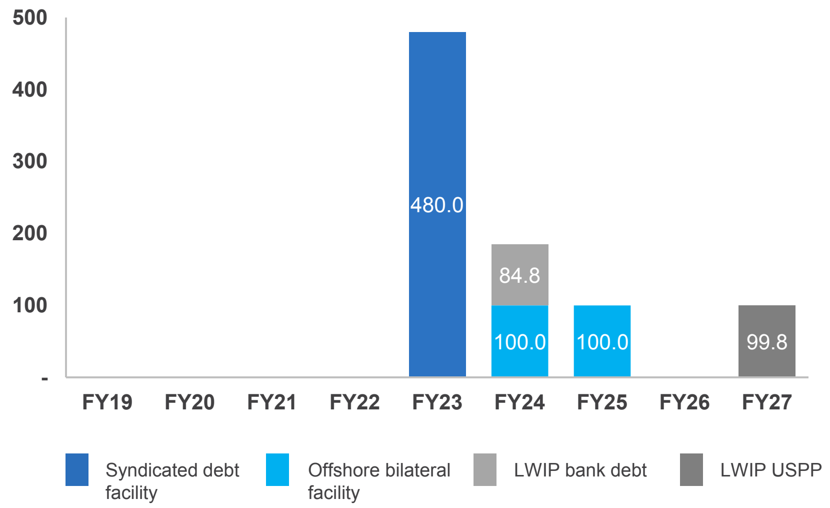
$m	Dec-18	Post balance sheet date adjustments[1]	Acquisitions and Placement[2]	Capital management initiatives	Dec-18 pro forma[3]
Cash	5.5				5.5
Investment properties	1,165.4	31.6	154.7		1,351.8
Equity accounted investments	517.3	7.5	25.6		550.5
Other assets	18.3	0.2			18.5
Total assets	**1,706.5**	**39.3**	**180.3**	**-**	**1,926.2**
Provision for distribution	18.2	(5.6)			12.6
Debt	540.8	2.1	17.7	8.0	568.6
Unamortised borrowing costs	(2.2)				(2.2)
Other liabilities	24.3			(8.0)	16.3
Total liabilities	**581.1**	**(3.6)**	**17.7**	**-**	**595.3**
Net tangible assets	**1,125.4**	**42.9**	**162.6**	**-**	**1,330.9**
Securities on issue (m)	280.7	2.2	38.0		320.9
NTA per security ($)	**4.01**				**4.15**
Balance sheet gearing	**31.5%**				**29.3%**
Look through gearing	**37.3%**				**35.9%**

1. Includes the acquisition of Henley Beach Hotel by LWIP for $10.3m (CLW share $5.1m), proceeds from the Dec-18 and Mar-19 DRPs, capital expenditure as part of the SUEZ portfolio expansion and lease extensions, and the portfolio revaluation as at 30 June 2019
2. Excludes impact of SPP
3. Totals may not add due to rounding

Capital management initiatives

- As part of ongoing capital management initiatives, the REIT has:
  - Extended its existing bank debt facility by one year
  - Introduced a new offshore lender with a new $100 million, five year debt facility
  - Entered $200 million of new interest rate swaps
  - Reset $100 million of interest rate swaps with 6 year remaining term to capitalise on the low interest rate environment
  - Reduced its weighted average hedged rate from 2.5% to 2.1%
- The REIT has no debt maturing until FY23 and balance sheet gearing remains with the target range of 25 – 35%

Look through gearing maturity profile (A$m)



	Dec-18	Pro forma
Debt summary		
Weighted average cost of debt	4.1%	3.7%[2]
Weighted average debt maturity term	4.2 years	4.9 years
Balance sheet gearing	31.5%	29.3%
Look through gearing	37.3%	35.9%
Hedging summary[1]		
Total look through debt hedged	452.2	652.2
Look through debt hedged	64%	85%
Weighted average hedged rate	2.5%	2.1%
Weighted average hedge maturity term	5.0 years	4.7 years

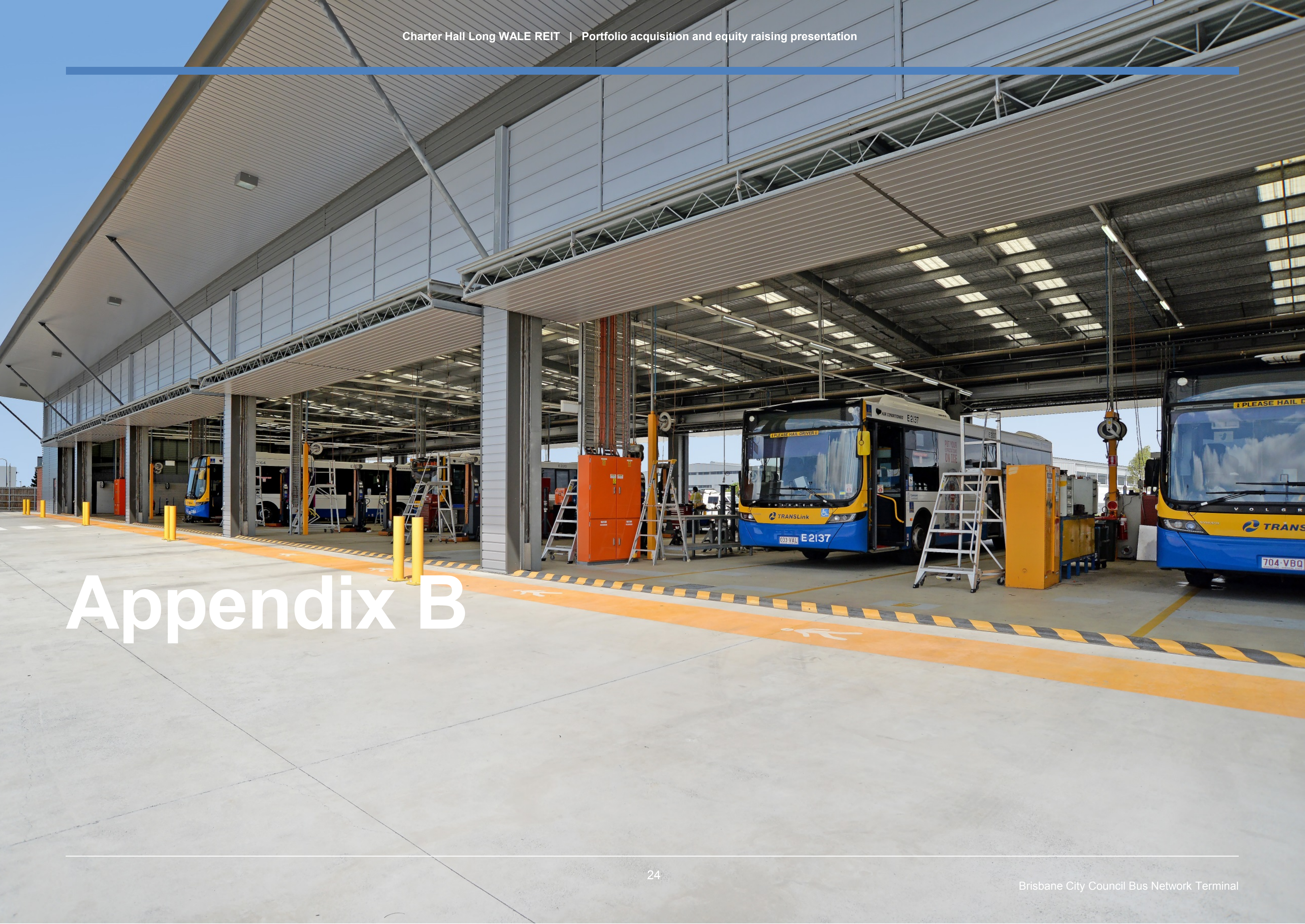
1. Includes LWIP USPP
2. Reflects current BBSY

Reconciliation of portfolio metrics

$m	Dec-18	Post balance sheet date adjustments[1]	Dec-18 pro forma (pre Acquisitions)	Acquisitions	Dec-18 pro forma (post Acquisitions)
Properties	113	1	114	3	117
Portfolio value	$1,875m	$48m	$1,923m	$206m	$2,129m
WACR	6.19%	(0.18%)	6.01%	(0.05%)	5.96%
Occupancy	100%	-%	100%	-%	100%
WALE	12.6 years	0.2 years	12.8 years	(0.3 years)	12.5 years
WARR	2.8%	-%	2.8%	0.1%	2.9%
Proportion of income subject to fixed rental increases	66%	-%	66%	3%	69%

1. Includes the impact of the Henley Beach Hotel acquisition, portfolio revaluations as at 30 June 2019 and SUEZ lease extensions at Newton Road and Davis Road

Appendix B



Brisbane City Council Bus Network Terminal

Summary of key risks

Transaction specific risks

Acquisition risk

The REIT expects the Acquisitions to proceed as advised in this Presentation. If an acquisition in fact fails to complete or completion is delayed, the expected financial performance of the REIT could be adversely affected. If an acquisition does not complete and the REIT has raised funds under this Offer, the REIT will need to consider alternative uses for, or ways to return, those funds. In particular:

- a condition precedent for the acquisition of Thales Australian Head Office in Sydney is for the unitholders of the vendor fund (a related party of CLW) to approve the sale of the property where this meeting will be held after the completion of the Placement; and
- if the REIT fails to complete the Acquisitions of Thales Australian Head Office in Sydney or the Telstra Canberra Head Office in ACT, there is a risk that the REIT will suffer loss. However, this risk has been mitigated as the maximum loss under each acquisition agreement for a failure by the REIT to complete has been limited to the amount paid as the deposit for each acquisition.

It should also be noted that the acquisition of Brisbane City Council Bus Network Termination in Queensland was signed and completed on 3 June 2019.

Underwriting

The REIT has entered into an underwriting agreement under which the underwriter of the Placement has agreed to fully underwrite the Placement, subject to the terms and conditions of the underwriting agreement between the REIT and the underwriters (‘Underwriting Agreement’). The underwriters' obligation to underwrite the Placement is conditional on certain customary matters. Further, if certain events occur, the underwriters may terminate the Underwriting Agreement. Termination of the Underwriting Agreement is likely to have an adverse impact on the amount of proceeds raised under the Placement, and the REIT's ability to complete the Acquisitions as currently planned and fund transaction costs, and could materially adversely affect the REIT's business, cash flow, financial performance, financial conditions and share price.

Reliance on information provided in respect of the Acquisitions

CLW and its advisers have undertaken a due diligence process in respect of the Acquisitions, which relied in part on the review of the financial and other information provided by the vendors. Despite taking reasonable efforts, CLW and its advisers have not been able to verify the accuracy, reliability or completeness of all the information that was provided to it against independent data. If any of the data or information provided to and relied upon by CLW in its due diligence process and its preparation of this Presentation proves to be incomplete, inaccurate or misleading, there is a risk that the financial position and performance of the Acquisitions may be materially different to that expected by CLW as reflected in this Presentation.

Simplification transaction

The REIT has sought a private binding ruling and a class ruling on behalf of investors pursuant to a simplification transaction that occurred on 23 August 2018. The potential impact to investors as at the date of the simplification transaction was outlined in the Notice of Meeting dated 10 July 2018. The ATO has expressed some concerns in respect of the taxation outcomes of the private binding ruling and, consequentially, the class ruling. Securities acquired under this Offer are not expected to be impacted by this simplification transaction.

Other risks

Rental Income

Distributions made by the REIT are largely dependent on the rents received from tenants across the portfolio and expenses incurred during operations, which may be affected by a number of factors, including:

- overall economic conditions;
- the financial circumstances of tenants (on the date the units are allotted under the Placement in accordance with the Timetable, and in the future);
- the ability to negotiate lease extensions or replace outgoing tenants with new tenants;
- the occurrence of rental arrears or any vacancy periods;
- reliance on a tenant which leases a material portion of the REIT's portfolio;
- an increase in unrecoverable outgoings; and
- supply and demand in the property market.

Any negative impact on rental income (including as a result of a failure of existing tenants to perform existing leases in accordance with their terms) has the potential to decrease the value of the REIT and have an adverse impact on distributions or the value of securities or both.

Summary of key risks

Re-leasing and vacancy risk

In the longer term, the REIT's portfolio's leases will come up for renewal on a periodic basis. There is a risk that the REIT may not be able to negotiate suitable lease renewals with existing tenants, maintain existing lease terms, or replace outgoing tenants with new tenants. This may result in a reduction in the REIT's Operating Earnings and distributions and a reduction in the value of the assets of the REIT.

Property valuation risk

The value of each property held by the REIT, and those it may hold in the future, may fluctuate due to a number of factors affecting both the property market generally or the REIT's properties in particular. These factors include, but are not limited to:

- changes in market rental rates;
- changes in property yields;
- fluctuating occupancy levels;
- tenants defaulting;
- supply and demand in the relevant property market;
- increased competition from new or existing properties;
- a downturn in the property market generally;
- pricing or competition policies of any competing properties or tenants; and
- general economic conditions, such as interest rates.

These factors may change for a variety of reasons including those set out above in respect of these particular risks. A reduction in the value of any property may adversely affect the value of securities in the REIT. It may also impact the REIT's financing arrangements (refer to Funding risk).

Property values may fall if the underlying assumptions on which the property valuations outlined in this Presentation are based, change in the future. As changes in valuations of investment properties are recorded in the statutory income statement, any decreases in value will have a negative impact on the statutory income of the REIT.

As property values fluctuate, so too may returns from property assets. Rental and occupancy levels may change as a result of changes in the property market and this may affect the distributions paid by the REIT and the market price of securities.

The REIT will have its properties independently revalued regularly in accordance with its valuation policy. The independent valuations of the properties are the best estimates of the independent valuers at the time of undertaking the valuation and may not reflect the actual price a property would realise if sold. The independent valuations are subject to a number of assumptions which may prove to be inaccurate.

Property liquidity

By their nature, investments in real property assets are illiquid investments, and there is a risk that should the REIT be required to realise property assets, it may not be able to do so in a short period of time, or may not be able to realise a property asset for the amount at which it has been valued. This may adversely affect the REIT's net tangible assets and the value of securities in the REIT.

Tenant concentration

The majority of the properties comprising the REIT's portfolio are single tenanted. This exposes the value and performance of each property to the ability of those tenants to continue to meet their obligations under the respective lease agreements. There is a risk that if one or more of the major tenants cease to be a tenant, the REIT may not be able to find replacement tenants on lease terms that are at least as favourable as the current terms. Should replacement tenants lease the property on less favourable terms this will adversely impact the returns and the overall performance of the REIT and value of the properties. The Responsible Entity of the REIT actively manages the tenant selection process to manage this risk.

Development risk

The REIT will focus on sustainable income returns and minimising development risk. The REIT will not undertake speculative development. Any development risk will be substantially mitigated through fixed price construction contracts, and undertaking pre-leasing activities relating to the development, both prior to and during, construction. The REIT will endeavour to achieve a level of pre-commitment appropriate to the project prior to commencing development activities.

No guarantee of distribution or capital return

No guarantee can be given as to the amount of any income or capital return from the securities or the performance of the REIT, nor can the repayment of capital from the REIT be guaranteed.

Management performance

The REIT will be reliant on the expertise, experience, and strategies of its executive directors and management of Charter Hall Group. As a result, the loss or unavailability of key personnel at Charter Hall Group could have an adverse impact on the management and financial performance of the REIT and therefore returns to securityholders.

Capital expenditure

The REIT will be responsible for capital expenditure that may arise.

There is a risk that the actual required capital expenditure may exceed currently expected expenditure which could lead to increased funding costs and impact distributions. Additionally, any requirement for unforeseen material capital expenditure on the properties could impact the performance of the REIT.

Acquisitions

In addition to acquiring the assets in connection with these Acquisitions, the REIT will continue to identify new investment opportunities for potential acquisition. The REIT will endeavour to conduct all reasonable and appropriate due diligence on potential investment opportunities.

There is a risk that the REIT will be unable to identify suitable investment opportunities that meet the REIT's investment objectives. Even if such opportunities are identified, they may not be able to be secured on appropriate terms. These factors may restrict the REIT's ability to add investments to its portfolio and this may adversely impact growth and returns to securityholders.

Summary of key risks

Reliance on third parties

The Responsible Entity may engage third party service providers in respect of a part or the whole of the REIT's portfolio, being Charter Hall Group entities or third parties outside the Charter Hall Group. These services will be subject to contractual arrangements between the Responsible Entity and the relevant third parties.

A failure of third parties to discharge their agreed responsibilities may adversely affect the management and financial performance of the REIT and therefore also adversely impact returns to investors.

Conflicts

The REIT may engage Charter Hall Holdings Pty Limited, a wholly owned subsidiary of Charter Hall Limited, to provide property management and facilities management services in respect of various properties in the REIT. The Responsible Entity and Charter Hall Holdings Pty Limited also have two common Executive Directors.

This may create a conflict of interest. Related party transactions also carry a risk that they could be assessed and monitored less rigorously than transactions with unrelated third parties. The REIT will mitigate these risks through the conflicts of interest and related party policy that governs the way the REIT manages such conflicts or transactions.

Funding

The Responsible Entity may fund future refinancing, capital expenditure and acquisitions from either debt or equity markets. The REIT's ability to raise funds from either market on favourable terms is dependent on a number of factors including:

- the general economic and political climate;
- the state of debt and equity capital markets;
- the performance, reputation and financial strength of the REIT; and
- the value of the properties.

Changes to any of these or other factors could lead to an increased cost of funding, limited access to capital, increased refinancing risk for the REIT and / or an inability to expand operations or purchase assets in a manner that may benefit the REIT and its securityholders.

Extension and refinancing

The REIT's ability to refinance or repay its debts as they fall due will be impacted by market conditions, the financial status of the REIT, the value of the REIT's properties, and prevailing economic conditions, including interest rates, at the time of maturity or refinancing. There is a risk that the REIT may not be able to extend or refinance its debts before maturity. Possible increases in the interest rate, the cost of interest rate hedges and the level of financial covenants required by lenders may also adversely impact the operating and financial performance of the REIT, the distributions of the REIT and the REIT's ability to raise equity and / or enter into new debt facilities.

In these circumstances, the REIT may need to raise further equity, dispose of assets for a lower market value than could otherwise have been realised, or enter into new debt facilities on less favourable terms.

There is also a risk that the REIT may be unable to hedge future borrowings to mitigate future interest rate risk, or that the terms of such hedging are less favourable than the existing terms.

Debt facility undertakings and covenants

The REIT is subject to a number of undertakings and covenants under existing debt facilities, including in relation to gearing ratio and interest cover ratios. An event of default would occur if the REIT fails to maintain these financial covenants. This may be caused by amongst other factors, unfavourable movements in interest rates (to that extent interest rates are not hedged) or deterioration in the income or the value of the REIT's portfolio. In the event that an event of default occurs, the lender may require immediate repayment of a debt facility. The REIT may need to dispose of some or all of its properties for less than their book value, raise additional equity, or reduce or suspend distributions in order to repay a debt facility.

Gearing

The level of gearing exposes the REIT to any changes in interest rates and increases the REIT's exposure to movements in the value of the REIT's portfolio or performance measures. Higher gearing will increase the effect. If the level of gearing increases over the term of the REIT's debt financing, this may create refinancing risk on the REIT's debts as it approaches expiry.

Interest rates

To the extent that interest rates are not hedged, unfavourable movements in interest rates relating to existing debt facilities could lead to increased interest expense. This could impact the level of distributions available to securityholders.

Derivatives

The REIT will use derivative instruments to hedge the REIT's exposure to interest rates. The mark-to-market valuation of derivative instruments could change quickly and significantly. Such movements may have an adverse effect on the financial performance and financial position of the REIT.

In entering into derivative contracts, the REIT will be exposed to the risk that a party to the contract become insolvent or otherwise default on its contractual obligations. The Responsible Entity will seek to manage this risk by only entering into hedging arrangements with reputable counterparties.

Insurance

Insurance coverage is maintained in respect of each property (including insurance for destruction or damage to the property and public risk liability) where that coverage is available on commercial terms. Insurance coverage will include differing levels of cover for material loss or damage items such as accidental damage, flood and demolition and removal of debris. Some risks are not able to be insured at acceptable premiums. Examples of losses that are generally not insured against include war or acts of terrorism and natural phenomena such as earthquakes or hurricanes.

Any losses incurred due to uninsured risks, or loss in excess of the insured amounts, may adversely affect the performance of the REIT, and could lead to a loss of some of the capital invested by the REIT. Increases in insurance premiums may affect the performance of the REIT to the extent they are not recoverable from the tenant under their leases. Any failure by the company or companies providing insurance (or any reinsurance) may adversely affect the REIT's right of recovery under its insurance.

Summary of key risks

Insolvency

In the event of any liquidation or winding up of the REIT, the claims of the REIT's creditors, including any counterparty under any hedging or other derivative arrangements, will rank ahead of those of its securityholders. Under such circumstances the REIT will first repay or discharge all claims of its creditors. Any surplus assets will then be distributed to the REIT's securityholders. All securityholders will rank equally in their claim and will be entitled to an equal share per security.

Compliance

The REIT is a managed investment scheme which means that the Responsible Entity is subject to strict regulatory and compliance arrangements under the Corporations Act and its Australian Financial Services Licence. If the Responsible Entity fails to comply with the conditions of its Australian Financial Services Licence, then ASIC may take action to suspend or revoke the licence, which in turn could adversely impact the REIT.

Forecast Financial Information

The forward looking statements, opinions and estimates provided in the Presentation, including any forecast financial information provided, rely on various contingencies and assumptions. Various factors and risks, both known and unknown, many of which are outside the control of the REIT, may impact upon the performance of the REIT and cause actual performance to vary significantly from expected results. There can be no guarantee that the REIT will achieve its stated objectives or that forward looking statements or forecasts will eventuate.

Environmental

As with any property, there is a risk that one or more of the properties in the REIT's portfolio may be contaminated now or in the future. Government environmental authorities may require such contamination be remediated. There is always a residual risk that the REIT may be required to undertake any such remediation at its own cost. Such an event would adversely impact the REIT's financial performance. Environmental laws impose penalties for environmental damage and contamination which can be material in size.

In addition, if any remediation required to be undertaken on a property is not completed properly, this may adversely affect the REIT's ability to sell the relevant property or to use it as collateral for future borrowings. Should new or more stringent environmental laws or regulations be introduced in the future, any remediation costs required to be incurred by the REIT may increase materially in order to comply with the new laws or regulations.

Exposure to hazardous substance at a property within the REIT's portfolio could result in personal injury claims. Such a claim could prove greater than the value of the contaminated property. An environmental issue may also result in interruptions to the operations of a property, including the closure or re-lease of the property.

Occupational health and safety

There is a risk that liability arising from occupational health and safety matters at a property may be attributable to the REIT as the landlord instead of, or as well as, the tenant. To the extent that any liabilities may be borne by the REIT, this may impact the financial performance of the REIT (to the extent not covered by insurance). In addition, penalties may be imposed upon the REIT which may have an adverse impact on the REIT.

Disputes and litigation

The REIT may in the ordinary course of business be involved in possible litigation and disputes (for example, tenancy disputes, occupational health and safety claims or third party claims). Whilst the extent of any disputes and litigation cannot be ascertained at this time, any dispute or litigation may be costly and may adversely affect the operational and financial results of the REIT.

Pre-emptive rights and other risks associated with joint-ownership agreements

The joint-ownership agreements to which the REIT (or a sub-trust of the REIT) is a party, contain pre-emptive rights which restrict the REIT’s dealings in respect of its interest in the co-owned trust or the co-owned property. In particular, where the REIT wishes to deal with its interests in a co-owned trust or property, each other co-owner will have a pre-emptive right over the REIT’s interests, other than in limited circumstances (for example, by way of a permitted transfer to a member of the REIT’s unitholder or owner group).

A number of joint-ownership agreements also contain:

- tag-along options, pursuant to which the REIT may be required to take reasonable steps, if it wishes to sell its interest in a co-owned trust or co-owned property, to cause one or more of the other co-owners’ interests to be acquired on substantively the same terms;
- drag along rights, pursuant to which a co-owner may require the REIT to sell its interests in a co-owned trust if the co-owner wishes to sell its interest and the REIT has not exercised its pre-emptive; and
- provisions under which a default sale process may be triggered on a change of control event, including where the Responsible Entity is replaced with an entity that is not a related body corporate of the Responsible Entity, with the default sale process giving the other co-owners a right to acquire the REIT’s interests at the relevant default interest value.
- Additionally, disputes may arise between co-owners and where a dispute cannot be resolved, a number of joint-ownership agreements provide for the sale of the relevant property in circumstances where a co-owner does not acquire the other co-owners’ interests.

Accounting standards

The Australian Accounting Standards to which the REIT adheres are set by the Australian Accounting Standards Board ("AASB") and are consequently out of the control of the REIT and the Directors. Changes to accounting standards issued by AASB or changes to the commonly held views on the application of those standards could materially adversely affect the financial performance and position reported in the REIT's financial statements.

Summary of key risks

Operator risk

While the REIT is not an operator of any of the properties in the LWIP portfolio, the valuation and yield of these assets could be materially adversely affected by a number of operational risks of the tenants of those properties. In particular, the REIT may be affected by:

- Competition – increased competition in the pub, gaming, retail liquor markets and other speciality stores in the regions of Australia in which its tenants operate. The REIT's tenants compete for customers with a wide variety of other retail assets, hotel operator companies, retail liquor outlets, gaming companies and other speciality stores, some of which could be, or could become, better equipped and could have access to greater financial resources than the REIT's tenants. Competitor actions could be difficult to predict and may adversely impact on the profitability of the tenants;
- Regulation of operators – changes in legislation and government policies that regulate liquor and gaming venues or gaming laws may adversely impact the profitability of the tenants. By way of example, reductions in the number of gaming machines, restrictions on trading hours, increases in taxes and levies imposed on gaming machines, smoking restrictions and advertising restrictions may negatively impact the profitability of venues. Conversely, the reduction or removal of regulatory barriers to entry into the industry may also negatively impact the profitability of the pubs through increased competition. As these assets are used as pubs and gaming venues, changes in liquor and gaming laws or their interpretation may affect the trading and performance of the operators and thereby the value of the hotel assets, the ability of such tenants to perform their obligations and therefore the value of, and returns from, an investment in securities.

There are risks associated with any stock market investment. These include, but are not limited to:

- Dilution risk – as the REIT issues securities to new investors, existing securityholders' proportional beneficial ownership in the underlying assets of the REIT may be reduced. For example, if you do not participate in a future entitlement offer or choose not to reinvest your distributions pursuant to any future distribution reinvestment plan, then your beneficial ownership in the REIT may be diluted. The Responsible Entity will only raise equity if it believes that the benefit of acquiring the relevant assets or reducing gearing is in the interests of the securityholders
- Pricing risk – securities may trade on the ASX at, above or below the Issue Price or net tangible asset amount per security. The price of the securities can fall as well as rise. The price at which securities trade on the ASX may be affected by a range of factors including: movements and volatility in international and local share markets; general economic conditions in Australia and offshore including inflation, interest rates and exchange rates; recommendations by brokers; changes in government, fiscal, monetary and regulatory policies; changes to laws (particularly taxation laws); inclusion or removal from market indices; and changes in the supply and demand of listed property securities. Changes in the stock market rating of securities relative to other listed securities, especially other listed property trusts, may also affect prices at which securities trade
- Liquidity risk – there can be no assurance of an active trading market for the securities. Liquidity of the securities will be dependent on the relative volume of the buyers and sellers in the market at any given time. Changes in liquidity may affect the price at which securityholders are able to sell their securities. Significant blocks of securities held by individual investors may reduce liquidity in the trading of securities.

Macro-economic

Changes in the general economic outlook both in Australia and globally may impact the performance of the REIT and its portfolio.

Examples include (whether individually or in combination):

- changes in economic conditions and outlook in Australia and internationally;
- changes in Australian government, industrial, fiscal, monetary. regulatory policies or changes to laws (e.g. taxation laws);
- changes in interest rates, exchange rates or rates of inflation;
- investor sentiment for particular sectors and real estate sectors over the economic cycle;
- the impact of international conflicts or acts of terrorism;
- performance of comparable listed entities and projects;
- changes in the general level of prices in local and international share markets and general investor sentiment in these markets; and
- significant industrial, contractual or political disturbances impacting the REIT or the continuity of its business.

Consequently the trading price of securities may be influenced by factors non-specific to the REIT and out of the REIT's ability to control.

No assurances can be made that the performance of the securities will not be adversely affected by such market fluctuations or factors. Neither the REIT or the Directors or any other person guarantees the performance of the securities.

Changes in laws, regulation and policy

Changes in laws, regulations and government policy may affect the REIT or the tenants and the attractiveness of an investment in the REIT. Further, the impact of actions by governments may affect the REIT's activities including such matters as compliance with environmental regulations and taxation.

Tax

The REIT's Operating Earnings may be affected by changes in taxation law, including changes in income tax, GST or stamp duty legislation, particularly if they relate to property investment. Taxation law may change as a result of legislation, case law in Australia, rulings and determinations issued by the Australian Commissioner of Taxation or other practices of tax authorities. The tax treatment of distributions in the hands of the REIT's securityholders may also be affected by changes to the tax regime applicable to the REIT, or the REIT's ability to make tax deferred distributions. Tax considerations may differ between investors, therefore prospective investors are encouraged to seek professional tax advice in connection with any investment in securities.

Offshore investors in managed investment trusts are governed by particular taxation rules. An offshore investor should obtain their own taxation advice in relation to those rules.

As the REIT is already established, there is a risk that unrealised capital gains exist within the portfolio. As such, the disposal of an existing property may crystalise a capital gain that will be distributed to investors and will need to be included in the calculation of the investor's taxable income. The impact of this will depend on a number of factors including the price and timing of the sale and the profile of the investor.

Appendix C

Brisbane City Council Bus Network Terminal

Foreign selling restrictions

This document does not constitute an offer of Securities in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the Securities may not be offered or sold, in any country outside Australia except to the extent permitted below.

Hong Kong

WARNING: This document has not been, and will not be, authorized by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorize this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Securities have not been and will not be offered or sold in Hong Kong other than to “professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Securities has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the New Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors as defined in the SFO and any rules made under that ordinance.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (New Zealand) (the "FMC Act"). The New Securities are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore ("MAS") and, accordingly, statutory liability under the Securities and Futures Act, Chapter 289 (the "SFA") in relation to the content of prospectuses does not apply, and you should consider carefully whether the investment is suitable for you. CLW is not a collective investment scheme authorised under Section 286 of the SFA or recognised by the MAS under Section 287 of the SFA and the New Securities are not allowed to be offered to the retail public.

This document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the New Securities may not be circulated or distributed, nor may the New Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except to "institutional investors" (as defined in the SFA), or otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

This document has been given to you on the basis that you are an "institutional investor" (as defined under the SFA). In the event that you are not an "institutional investor", please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Securities being subsequently offered for sale to any other party. You are advised to acquaint yourself with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Foreign selling restrictions

United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Securities.

This document is issued on a confidential basis to "professional investors" (within the meaning of the Alternative Investment Fund Managers Directive) who are also "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom. The New Securities may not be offered or sold in the United Kingdom by means of this document or any other document except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

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United States

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Securities have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

Appendix D

Brisbane City Council Bus Network Terminal

Glossary

Defined term	Meaning
Balance Sheet Gearing	Calculated as the ratio of net drawn debt (excluding unamortised debt establishment costs) to total tangible assets less cash.
Capitalisation Rate	The return of a property or portfolio of properties calculated by dividing the market level of Net Operating Income of that property or portfolio by the assessed Independent Valuation of that property or portfolio.
GLA or Gross Lettable Area	Total lettable floor area of Industrial properties including common areas, in square meters.
Look Through Gearing	Calculated as the ratio of net debt to total tangible assets less cash, which adjusts for the REIT's share of the debt, assets and cash held in equity accounted investments.
Occupancy	The proportion of total premises area that is subject to a tenancy agreement for a property or portfolio as at 31 December 2018. In this context, total premises area refers to net lettable area in respect of the office properties in the Portfolio, gross lettable area in respect of the industrial properties in the Portfolio and the site in respect of the retail properties in the Portfolio.
Operating Earnings (OEPS)	Operating Earnings is a financial measure which represents the profit / (loss) under Australian Accounting Standards adjusted for net fair value movements non-cash accounting adjustments such as straight-lining of rental income, amortisation and other unrealised or one-off items.
Operating Earnings (OEPS) Yield	The percentage rate of return calculated by dividing the Operating Earnings per Security by the Issue Price.
NLA or Net Lettable Area	Total lettable floor area of Office properties less common areas, in square metres.
Responsible Entity	Charter Hall WALE Limited (ABN 20 610 772 202, Australian Financial Services Licence Number 486721).
WACR	The average capitalisation rate across the Portfolio or group of Properties, weighted by Independent Valuation.
Weighted Average Lease Expiry or WALE	The average lease term remaining to expiry across the Portfolio or a property or group of properties, weighted by gross passing income or as noted.
Weighted Average Rent Review or WARR	The average rent review across the Portfolio or a property or group of properties, weighted by gross passing income.

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