

ASX Release

Charter Hall WALE Limited
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Charter Hall Long WALE REIT Portfolio growth from acquisitions and equity raising

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

- has entered into agreements to acquire interests in two A-grade office buildings located in Melbourne and Macquarie Park, Sydney and a Bunnings warehouse site in Darwin (the **Acquisitions**) reflecting a total property valuation of the Acquisitions of \$331.5 million; and
- will undertake a fully underwritten \$242 million equity raising (**Equity Raising**) to partially fund the Acquisitions and associated transaction costs.

Acquisitions

The REIT has entered into agreements to acquire the following:

- A 15% interest¹ in 242 Exhibition Street, Melbourne for \$63.6 million² representing a passing yield of 4.5%. The property is predominantly leased to Telstra Corporation Limited (**Telstra**) as its Global Headquarters, with a weighted average lease expiry (**WALE**) of 11.5 years;
- A 50% interest in The Glasshouse, 45-61 Waterloo Road, Macquarie Park, Sydney for \$165.7 million³, representing a passing yield of 5.0%. The property is a new office building under construction that is substantially pre-committed to the NSW Government on a 12 year lease, with a three year rental guarantee provided by the vendor over the remaining space; and
- A 100% interest in Bunnings Palmerston, Darwin for \$41.3 million⁴, representing a passing yield of 5.7%. On completion, the property will be a new, large format store built to Bunnings' latest standards and will have a new 12 year lease to Bunnings.

The total property valuation of the Acquisitions is \$331.5 million, reflecting a weighted average capitalisation rate of 4.9%.

Avi Anger, Fund manager of CLW commented: "These acquisitions are modern and well located properties that significantly enhance the CLW portfolio. These properties feature long leases to high quality tenants with 83% of income derived from NSW Government, Telstra and Bunnings Group Limited. The acquisition portfolio WALE is 10.9 years with an attractive weighted average rent review (WARR) of 3.4% p.a. The properties are also predominantly located in the strongly performing Sydney and Melbourne office markets."

¹ CLW will be acquiring 100% of the units in Charter Hall Co-Investment Trust 5 (CHC 5). CHC 5 holds a 15% interest in CHC 242 Exhibition Street Holding Trust.

² Total gross asset value \$830m (100% interest).

³ Final price will be subject to a final NLA surveying of the property at practical completion. \$8.3 million payable by CLW upfront with the remaining \$157.4 million payable at practical completion

⁴ Structured via an upfront land payment of \$15.0m and a construction management fee of \$26.3m payable at practical completion



Portfolio impact

	Pre-Acquisitions	Acquisitions	Post-Acquisitions
Number of properties	155	3	158
Property valuation	\$2,546m	\$331m	\$2,877m
Weighted average capitalisation rate	5.8%	4.9%	5.7%
Occupancy	99.7%	99.8%	99.7%
WALE	13.2 years	10.9 years	13.0 years
WARR	2.8%	3.4%	2.8%
Proportion of leases subject to fixed rent reviews	63%	100%	66%

Equity Raising

To partially fund the Acquisitions and associated transaction costs, the REIT will undertake a fully underwritten Equity Raising of approximately \$242 million, comprising an institutional placement to raise approximately \$120 million (**Placement**) and a 1-for-17 accelerated non-renounceable entitlement offer to raise approximately \$122 million (**Entitlement Offer**).

The Equity Raising will be issued at a fixed price of \$5.50 per security, which represents a:

- 4.0% discount to the last close of \$5.73 per security on 1 November 2019
- 3.8% discount to the theoretical ex-rights price of \$5.72 per security
- 5.1% FY20 forecast Operating EPS yield⁵

Securities issued under the Equity Raising will rank equally with existing CLW securities and will be entitled to the distribution for the three months to 31 December 2019.

Charter Hall Group is the REIT's largest securityholder with approximately 14% of securities on issue and has committed to take up its full entitlements under the Entitlement Offer, representing a commitment of approximately \$17 million.

The balance of the funding for the Acquisitions will be sourced from a combination of existing CLW debt facilities, a new \$100 million debt facility with an international lender and debt facility secured at the 242 Exhibition Street wholesale partnership level.

Financial impact

The REIT is restructuring swaps at a cost of \$3.1 million that will result in an interest saving in FY20, offsetting the earnings impact of raising equity now for future deployment on practical completion of The Glasshouse and Bunnings Palmerston.

Including the impact of the Acquisitions, Equity Raising and capital management initiatives, and barring any unforeseen events and no material change in current market conditions, CLW is pleased to increase its FY20 Operating EPS guidance to 28.1 cents per security, which represents 4.5% growth over FY19 Operating EPS.

Following the Acquisition and the Equity Raising, the REIT's pro-forma⁶:

- balance sheet gearing is 24.7%, at the lower end of CLW's target range of 25 – 35%;
- look through gearing is 36.7%; and
- NTA per security is \$4.22.

⁵ Based on CLW's guidance for FY20 Operating EPS of 28.1 cents per security (barring any unforeseen events with no material change in current market conditions)

⁶ As at 30 June 2019, with pro forma adjustments outlined in Appendix A of the investor presentation released to the ASX on 4 November 2019



Timetable

Event	Date 2019
Trading halt and announcement of the Acquisitions and Equity Raising	Monday, 4 November
Placement and Institutional Entitlement Offer conducted	Monday, 4 November
Trading of securities recommences on the ASX on an 'ex-entitlement' basis	Tuesday, 5 November
Entitlement Offer Record Date	7:00pm, Wednesday, 6 November
Retail Entitlement Offer Booklet despatched and Retail Entitlement Offer opens	Friday, 8 November
Early Retail Acceptance Due Date	5:00pm, Thursday, 14 November
Settlement of new securities issued under the Placement, Institutional Entitlement Offer (and Retail Entitlement Offer for applications received by the Early Retail Acceptance Due Date)	Friday, 15 November
Allotment and normal trading of new securities issued under the Placement, Institutional Entitlement Offer (and Retail Entitlement Offer for applications received by the Early Retail Acceptance Due Date)	Monday, 18 November
Retail Entitlement Offer closes	5:00pm, Tuesday, 19 November
Announcement of results of Retail Entitlement Offer	Friday, 22 November
Settlement of remaining new securities issued under the Retail Entitlement Offer	Monday, 25 November
Allotment of remaining new securities issued under the Retail Entitlement Offer	Tuesday, 26 November
Normal trading of remaining new securities issued under the Retail Entitlement Offer	Wednesday, 27 November

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

Additional information

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

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



Charter Hall Long WALE REIT (ASX: CLW)

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

Charter Hall Long WALE REIT is managed by Charter Hall Group (ASX:CHC). With over 28 years' experience in property investment and funds management, we're one of Australia's leading fully integrated property groups. We use our property expertise to access, deploy, manage and invest equity across our core sectors – office, retail, industrial and social infrastructure.

Operating with prudence, we've carefully curated a more than \$34.6 billion diverse portfolio of over 840 high quality, long leased properties. Partnership and financial discipline are at the heart of our approach. Acting in the best interest of customers and communities, we combine insight and inventiveness to unlock hidden value. Taking a long term view, our \$6.5 billion development pipeline delivers sustainable, technologically enabled projects for our customers.

The impacts of what we do are far-reaching. From helping businesses succeed by supporting their evolving workplace needs, to providing investors with superior returns for a better retirement, we're powered by the drive to go further.

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