

## ASX Release

Charter Hall WALE Limited  
ACN 610 772 202  
AFSL 486721

# Charter Hall Long WALE REIT - bp Portfolio Acquisition and Equity Raising

Responsible Entity of  
Charter Hall Long WALE REIT

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

T +61 2 8651 9000  
F +61 2 9221 4655

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

10 September 2020

*Not for release to US wire services or distribution in the United States*

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 an agreement to acquire an interest in a portfolio of 70 long WALE, triple net lease (NNN) convenience retail properties leased to BP Oil New Zealand Limited (**bp**) for NZ\$130.8 million<sup>1</sup> (the **Acquisition**).

The REIT will undertake a fully underwritten \$60 million institutional placement (**Placement**) to partially fund the Acquisition and associated transaction costs, and it will also undertake a non-underwritten Security Purchase Plan (**SPP**) to eligible securityholders in Australia and New Zealand to raise up to \$10 million (together with the Placement, the **Equity Raising**)<sup>2</sup>. The balance of funding for the Acquisition and associated transaction costs will be funded from available borrowing capacity.

### Acquisition

The REIT has entered into an agreement to acquire a 50% interest in a new Charter Hall managed partnership<sup>3</sup> that will acquire a 49% interest in a portfolio of 70 long WALE, NNN convenience retail properties via a sale and leaseback to bp (the **bp Portfolio**)<sup>4</sup>. The bp Portfolio features:

- initial yield of 6.25%;
- 100% leased with a weighted average lease expiry (WALE) of 20 years and staggered lease expiries from 18 to 22 years;
- NNN lease structure with annual CPI rent increases (plus up to 0.5% in the first five years<sup>5</sup>);
- Geographically diversified, with a 78% weighting to metro and commuter metro locations including a 51% weighting to Auckland<sup>6</sup>, New Zealand's largest city; and
- Comprises the majority of bp's owned convenience retail properties in New Zealand.

Settlement of the Acquisition is subject to New Zealand Overseas Investment Office approval.

Avi Anger, Fund manager of CLW commented: "This portfolio represents an extension of our strong relationship with bp and is an excellent addition to CLW, further enhancing the portfolio WALE and increasing the proportion of NNN leased properties in our portfolio. This is an exciting opportunity for CLW to invest in the New Zealand market in a diversified portfolio of high quality properties leased to a high quality tenant with long WALE leases."

<sup>1</sup> Reflects purchase price of CLW's 50% interest in the Charter Hall managed partnership that will acquire a 49% interest in the bp Portfolio

<sup>2</sup> The Equity Raising structure balances the need for certainty of proceeds received through the Placement with CLW's desire to provide its retail securityholders with the opportunity to participate through the SPP. Depending on the level of demand, CLW may decide to scale back applications at its absolute discretion.

<sup>3</sup> Charter Hall Retail REIT (ASX: CQR) will acquire the remaining 50% of the Charter Hall managed partnership

<sup>4</sup> bp will retain a 51% interest in the bp Portfolio

<sup>5</sup> In the first five years if NZ CPI ≤ 2.0%, rent review is NZ CPI (0% floor) + 0.5%; if NZ CPI > 2.0% and < 2.5%, rent review is 2.5%; and if NZ CPI ≥ 2.5%, rent review is NZ CPI (4% cap). After the first five years, rent review is NZ CPI (0% floor, 4% cap)

<sup>6</sup> Weighted by property value

## Portfolio impact

	Pre-Acquisition	Acquisition	Post-Acquisition
Number of properties	386	70	456
Property valuation	\$3,630m	\$121m <sup>7</sup>	\$3,751m
Weighted average capitalisation rate	5.4%	6.3%	5.5%
Occupancy	99.8%	100.0%	99.8%
Weighted average lease expiry	14.0 years	20.0 years	14.2 years
Weighted average rent reviews <sup>8</sup>	2.2%	NZ CPI (plus 0.5%) <sup>9</sup>	2.2%

## Placement

The REIT will undertake a fully underwritten institutional placement to raise approximately \$60 million to fund the Acquisition and associated transaction costs. The Placement is fully underwritten by J.P. Morgan Securities Australia Limited.

The Placement will be issued at a fixed price of \$4.87 per security (Placement Issue Price), which represents a:

- 3.2% discount to the last close of \$5.03 on 9 September 2020
- 2.9% discount to the 5 day VWAP of \$5.02 on 9 September 2020
- FY21 Operating EPS yield of no less than 6.0%<sup>10</sup>

It is intended that eligible institutional securityholders who bid for up to their 'pro rata' share of new securities under the Placement will be allocated their full bid, on a best endeavours basis<sup>11,12</sup>.

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 September 2020.

## Security Purchase Plan

Eligible securityholders in Australia and New Zealand will be invited to subscribe for up to \$30,000 of new securities, free of brokerage and transaction costs, via a SPP. Securities issued under the SPP will rank equally with existing CLW securities from the date of issue, however as they are issued after the distribution record date, new securities will not be entitled to the distribution for the three months to 30 September 2020. The SPP issue price will be set at the Placement Issue Price less the September quarter distribution of 7.2 cents per security.

The SPP is expected to raise up to \$10 million and will not be underwritten.

Further information on the SPP will be lodged with the ASX and sent to eligible securityholders on Thursday, 17 September 2020.

<sup>7</sup> Purchase price of NZ\$130.8 million converted to \$ at \$:NZ\$ exchange rate of 1.08

<sup>8</sup> Assumes average CPI of 1% for the REIT's CPI-linked leases

<sup>9</sup> Refer to footnote 4 on page 1 for details of the bp Portfolio annual rent review structure

<sup>10</sup> Based on CLW's FY21 Operating EPS guidance of no less than 29.1 cents per security based on information currently available (including in relation to the COVID-19 pandemic) and no unforeseen events

<sup>11</sup> An eligible institutional securityholder's existing holding will be estimated by reference to CLW's latest available beneficial register which shows historical holdings as at the date of that register and may not be up to date. There is no verification or reconciliation of the holdings as shown in the historical beneficial register and accordingly this may not truly reflect the participating eligible institutional securityholder's actual holding. CLW and the lead manager do not have any obligation to reconcile assumed holdings (e.g. for recent trading or swap positions) when determining allocations. Institutional securityholders who do not reside in Australia or other eligible jurisdictions will not be able to participate in the placement. CLW and the lead manager disclaim any duty or liability (including for negligence) in respect of the determination of an eligible institutional securityholder's allocation using their assumed holdings.

<sup>12</sup> Eligible institutional securityholders who bid in excess of their 'pro-rata' share as determined by CLW and the lead manager are expected to be allocated a minimum of their 'pro-rata' share on a best endeavours basis, and any excess may be subject to scale back.

### Distribution for the quarter ending 30 September 2020

CLW has today declared a distribution of 7.2 cents per security for the period ending 30 September 2020. The Distribution Reinvestment Plan will also be active for this period.

### Financial impact

Including the impact of the Acquisition and Equity Raising and based on information currently available (including with respect to the COVID-19 pandemic) and barring any unforeseen events, CLW reaffirms guidance for FY21 Operating EPS of no less than 29.1 cents per security, which represents growth over FY20 Operating EPS of no less than 2.8%.

Following the Acquisition and the Placement, the REIT's pro-forma<sup>13</sup>:

- balance sheet gearing is 25.9%, at the bottom end of CLW's target range of 25 – 35%. There will be no debt at the Charter Hall managed partnership level and CLW will utilise available balance sheet debt to partially fund the Acquisition;
- look through gearing is 38.8%; and
- NTA per security is \$4.47.

### Timetable

Event	Date
Record date for SPP	Wednesday, 9 September
Trading halt and announcement of the Acquisition and Equity Raising	Thursday, 10 September
Placement bookbuild	Thursday, 10 September
Trading of securities recommences on the ASX	Friday, 11 September
Settlement of new securities issued under the Placement	Tuesday, 15 September
Allotment and normal trading of new securities issued under the Placement	Wednesday, 16 September
SPP offer opens and booklet is dispatched	Thursday, 17 September
Record date for September quarter distribution	Wednesday, 30 September
SPP offer closing date	Thursday, 8 October
SPP allotment date	Thursday, 15 October
Despatch of holding statements and normal trading of new securities issued under the SPP	Friday, 16 October

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

<sup>13</sup> As at 30 June 2020, with pro forma adjustments outlined in Appendix A of the investor presentation released to the ASX on 10 September 2020

## Additional information

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

## Telco Exchange Portfolio update

In September 2019, Charter Hall Exchange Investment Trust (CHEIT), in which CLW owns a 50% interest, completed the acquisition of a 49% interest in The Exchange Trust, which owns a portfolio of 36 telecommunication exchange properties (Telco Exchange Portfolio). The Telco Exchange Portfolio is 100% leased to Telstra Corporation Limited (rated A2/A-) on NNN lease terms with a WALE of 20.1 years as at 30 June 2020.

The REIT is pleased to announce that CHEIT has been rated A3 (Stable) by Moody's. Charter Hall Exchange Finance Pty Ltd, the financing entity of Bieson Pty Ltd as trustee for CHEIT, has mandated CBA to arrange a conference call with fixed income investors with a potential 10 &/or 12-year AUD-denominated fixed rate, senior secured transaction to follow, subject to market conditions.

The REIT will provide a further update on the potential debt issuance in due course.

## Announcement Authorised by the Board

### Charter Hall Long WALE REIT (ASX: CLW)

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

Charter Hall Long WALE REIT is managed by Charter Hall Group (ASX:CHC). With over 29 years' experience in property investment and funds management, we're one of Australia's leading fully integrated property groups. We use our property expertise to access, deploy, manage and invest equity across our core sectors – office, retail, industrial and social infrastructure.

Operating with prudence, Charter Hall Group as manager of CLW has carefully curated a \$40 billion diverse portfolio of over 1100 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 \$7.3 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.

### Not for Release or Distribution In the United States

This announcement has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement 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, registration under the US Securities Act and applicable US state securities laws.

---

For further information, please contact

**Avi Anger**  
Fund Manager  
Charter Hall Long WALE REIT  
T +61 2 8651 9111  
[avi.anger@charterhall.com.au](mailto:avi.anger@charterhall.com.au)

For investor enquiries, please contact

**Philip Cheetham**  
Head of Listed Investor Relations  
Charter Hall  
T +61 403 839 155  
[philip.cheetham@charterhall.com.au](mailto:philip.cheetham@charterhall.com.au)

For media enquiries, please contact

**Adrian Harrington**  
Head of Capital and Product Development  
Charter Hall  
T +61 410 489 072  
[adrian.harrington@charterhall.com.au](mailto:adrian.harrington@charterhall.com.au)

---