

ASX Release

Charter Hall Long WALE REIT

Notification to Ineligible Securityholders

17 December 2019

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Dear Securityholder

Charter Hall Long Wale REIT Entitlement Offer – Notification to Ineligible Securityholders

On Thursday, 12 December 2019, Charter Hall WALE Limited as responsible entity ("**Responsible Entity**") of the managed investment schemes comprising Charter Hall Long WALE REIT ("**CLW**") announced a capital raising by way of a fully underwritten 1 for 15 accelerated non-renounceable pro rata entitlement offer ("**Entitlement Offer**") of new stapled securities ("**New Securities**") (to raise approximately A\$150 million) and a fully underwritten institutional placement (to raise approximately A\$200 million) ("**Placement**", and together with the Entitlement Offer, the "**Offer**") at an offer price of A\$5.35 per New Security.

The Offer will raise approximately A\$350 million and the proceeds will be used to partially fund the following acquisitions:

- (a) a 50% interest in a new Charter Hall managed Partnership that will acquire a 49% interest in a national portfolio of 225 long WALE convenience retail properties via a sale and leaseback with BP Australia Pty Ltd for \$420.1 million ("**BP Portfolio**"); and
- (b) a 50% interest in a strategic industrial property located in Huntingwood, Sydney via a sale and leaseback with Arnott's Biscuits Pty Limited's ("**Arnott's**") for \$198.9 million ("**Arnott's Huntingwood**"),

(together, the "**Acquisitions**").

The total consideration for the Acquisitions is \$619 million (excluding transaction costs), reflecting a weighted average capitalisation rate of 5.2%. Key highlights of the Acquisitions include:

- (a) The BP Portfolio:
 - (i) 225 Long WALE Convenience Retail properties leased to BP Australia;
 - (ii) 100% leased with a WALE of 20 years, with staggered lease expiries from 18 to 22 years;

- (iii) Triple-net lease structure with annual uncapped CPI rental increases;
 - (iv) Geographically diversified with 87% by value located in metro and commuter-metro locations and 80% by value located on the eastern seaboard; and
 - (v) a new Charter Hall managed Partnership will acquire a 49% interest and BP Australia will retain a 51% interest in a property trust that holds the BP Portfolio. The Charter Hall managed Partnership will be owned 50% CLW, 30% Charter Hall Retail REIT and 20% Charter Hall Group.
- (b) Arnott's Huntingwood:
- (i) 59,003 sqm industrial facility, located in the core Sydney logistics precinct of Huntingwood and housing Arnott's major manufacturing operations;
 - (ii) 100% leased to Arnott's, with a lease term of 32.0 years; and
 - (iii) triple-net lease structure with annual uncapped CPI + 0.5% rental increases.
- (c) Combined Acquisitions WALE of 23.4 years increases the REIT's portfolio WALE from 13.3 years to 14.9 years;
- (d) Acquisitions introduce two new, high quality multinational tenants to the REIT; and
- (e) Acquisitions increase the proportion of triple net leased properties in CLW's portfolio to 46%¹.

The Entitlement Offer comprises an institutional entitlement offer ("**Institutional Entitlement Offer**") and an offer to Eligible Retail Securityholders (as defined below) to participate on the same terms ("**Retail Entitlement Offer**"). The Entitlement Offer is being made by the Responsible Entity in accordance with section 1012DAA of the *Corporations Act 2001* (Cth) ("**Corporations Act**") (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84), meaning that no product disclosure statement or other disclosure document needs to be prepared. The Institutional Entitlement Offer and the Placement have already closed and the results have been announced to the Australian Securities Exchange ("**ASX**").

The Offer is fully underwritten by J.P. Morgan Securities Australia Limited and UBS AG, Australia Branch ("**Underwriters**").

This notice is to inform you about the Retail Entitlement Offer and to explain why you will not be able to subscribe for New Securities under the Retail Entitlement Offer. This letter is not an offer to issue New Securities to you, nor an invitation for you to apply for New Securities. You are not required to do anything in response to this letter.

Details of the Retail Entitlement Offer

The Retail Entitlement Offer is being made to Eligible Retail Securityholders (as defined below) on the basis of 1 New Security for every 15 existing securities held at 7.00pm (AEDT) on Monday, 16 December 2019 ("**Record Date**"). Documents relating to the Retail Entitlement Offer were lodged with the ASX on Tuesday, 17 December 2019 and are being mailed to Eligible Retail Securityholders.

Eligibility criteria

¹ Weighted by net income.

CLW has determined, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules and section 9A(3)(a) of the Corporations Act, that it would be unreasonable to make offers to securityholders in countries other than Australia and New Zealand in connection with the Retail Entitlement Offer having regard to:

- (a) the relatively small number of securityholders in the other jurisdictions where the Retail Entitlement Offer would be made;
- (b) the number and value of securities for which such securityholders would otherwise have been entitled; and
- (c) the costs of complying with the legal and regulatory requirements in each other jurisdiction where the Retail Entitlement Offer would be made.

Securityholders who are eligible to participate in the Retail Entitlement Offer ("**Eligible Retail Securityholders**") are securityholders who:

- are registered as a holder of securities as at 7.00pm (AEDT) on the Record Date;
- have a registered address in Australia or New Zealand as listed on CLW's security register on the Record Date;
- are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent such person holds securities in CLW for the account or benefit of such person in the United States);
- were not institutional securityholders eligible to participate under the Institutional Entitlement Offer (and were not treated as an ineligible institutional securityholders under the Institutional Entitlement Offer); and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without a product disclosure statement, disclosure document or any lodgement, filing, registration or qualification.

CLW may (at its absolute discretion) extend the Retail Entitlement Offer to certain institutional securityholders in foreign jurisdictions who did not participate in the institutional component of the Entitlement Offer (subject to compliance with applicable laws).

Unfortunately, CLW has determined that you do not satisfy the eligibility criteria for an Eligible Retail Securityholder stated above. Accordingly, CLW wishes to advise you that it will not be extending the Retail Entitlement Offer to you and you will not be able to subscribe for New Securities under the Retail Entitlement Offer. You will also not be sent the retail offer document relating to the Retail Entitlement Offer.

As the Retail Entitlement Offer is non-renounceable, you will not receive any payment or value for entitlements in respect of any New Securities that would have been offered to you if you were eligible. New Securities equivalent to the number of New Securities you would have been entitled to if you were an Eligible Retail Securityholder will be allocated to the Underwriters or to persons from whom the Underwriter has procured subscriptions for New Securities, pursuant to the underwriting arrangements between CLW and the Underwriters.

Further information

If you have any questions in relation to any of the above matters, please contact the Charter Hall Long WALE REIT Offer Information Line on +61 1300 303 063 from 8.30am to 5.30pm (AEDT), Monday to Friday. For other questions, you should contact your stockbroker, accountant, taxation advisor, financial adviser or other professional adviser.

On behalf of the Board and management of Charter Hall WALE Limited, thank you for your continued support of CLW.

Yours faithfully,



Mark Bryant

General Counsel and Company Secretary, Charter Hall WALE Limited as responsible entity of the Charter Hall Long WALE REIT

IMPORTANT NOTICE

This letter is not a prospectus or offering document under Australian law or under any other law. It is for information purposes only and does not constitute an offer, invitation or recommendation to subscribe for, retain or purchase any securities in CLW in any jurisdiction. In particular, this letter 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 document 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 of 1933 and applicable US state securities laws.

No representation or warranty is given as to the accuracy or likelihood of achievement of any forward-looking statement in this document, or any events or results expressed or implied in any forward-looking statement. These statements can generally be identified by the use of words such as "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "predict", "guidance", "plan" and other similar expressions. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and are by their nature subject to significant uncertainties, risks and contingencies. Actual results or events may differ materially from any expressed or implied in any forward-looking statement and deviations are both normal and to be expected. Past performance is not a reliable indicator of future performance. Please refer to the Investor Presentation released to the ASX on Thursday, 12 December 2019 for information on key risks.

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About Charter Hall Long WALE REIT (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.