

ASX Release

Charter Hall Long WALE REIT FY21 Results

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Charter Hall Long WALE REIT (ASX:CLW) (the REIT) today announces its full year results for the period ending 30 June 2021 (FY21). Key financial and operational highlights for the period are:

Financial highlights:

- Operating earnings of \$159.0 million, or 29.2cpu, up 3.2% on the prior corresponding period (pcp)
- Statutory profit of \$618.3 million
- Distributions of 29.2cpu, up 3.2% on pcp
- NTA of \$5.22, up 16.8% from \$4.47 at 30 June 2020
- \$523 million net valuation uplift¹, representing 12.1% uplift for FY21
- \$652 million of equity raised in FY21
- Balance sheet gearing² of 31.4%, in the middle of the target range of 25% - 35%
- Assigned Moody's Baa1 investment grade issuer rating

Operating highlights:

- Portfolio weighted average lease expiry (WALE) of 13.2 years, providing long term income security
- \$5.6 billion property portfolio, up from \$3.6 billion as at 30 June 2020
- \$1.4 billion of property acquisitions
- 48% triple net leases (NNN) across the portfolio where the tenants are responsible for all outgoings, maintenance and capital expenditure
- Portfolio cap rate firmed 65 bps from 5.42% at 30 June 2020 to 4.77%.

Avi Anger, Charter Hall Long WALE REIT Fund Manager commented: "FY21 has seen the CLW portfolio continue to grow in a measured way, enhancing portfolio quality, improving asset and tenant diversification and providing investors with a growing income stream and capital growth. The portfolio is highly diversified across 468 properties valued at \$5.6 billion. CLW provides security and continuity of income with a WALE of 13.2 years and 48% of leases that are NNN. These characteristics provide the REIT's income and distributions significant insulation from market shocks. The 16.8% growth in

¹ Gross valuation uplift less capital expenditure and amortised incentives during the period. Relates to properties which were subject to an independent valuation during the period.

² Reflects balance sheet gearing, adjusted to include the property acquisitions announced to the ASX on 1 July 2021, the acquisition of the Terrey Hills Tavern that exchanged post-balance date and including distribution reinvestment proceeds from the June 2021 quarter. Unadjusted balance sheet gearing as at 30 June 2021 was 27.4%

NTA and 3.2% increase in distributions over the year demonstrates the resilience and attractive nature of our portfolio and the security of income it provides.”

Portfolio update

During FY21, CLW announced \$1.4 billion of new property acquisitions which contributed to enhancing portfolio quality, sector diversification and strengthening the quality and diversification of tenants. These transactions comprised:

- **Acquisitions:**

- \$638 million of Long WALE Retail acquisitions comprised of a 50% interest in the David Jones, Sydney CBD flagship store with a 20-year NNN lease to David Jones; bp New Zealand Portfolio of 70 convenience retail properties on NNN leases with a 20-year WALE to bp Oil New Zealand; a 33.3% interest in the Myer Bourke Street Mall, Melbourne flagship store with a 10-year net lease to Myer³; a Bunnings property to be developed in Caboolture, Brisbane and an established Bunnings property in Baldivis, Perth³; 50% interest in The Parap Tavern, Darwin and Terrey Hills Tavern, Sydney⁴, both leased to Endeavour Group on initial 15-year NNN leases and a 100% interest in the Ampol travel centre located in Redbank Plains, Brisbane
- \$361 million of Social Infrastructure acquisitions comprised of a Telco Exchange property at 76-78 Pitt Street, Sydney with a 10-year NNN lease to Telstra and a 50% interest in a life sciences property leased to the Australian Red Cross in Sydney, with 9.6-year lease term remaining
- \$311 million of office acquisitions consisting of 50% interests in three modern, long WALE Commonwealth Government properties with first generation leases, comprising an A-grade office building in Tuggeranong, Canberra, leased to Services Australia and two A-grade office towers in Box Hill and Albury, Victoria majority leased to the Australian Tax Office
- \$83 million of Industrial & Logistics acquisitions comprised of a 100% interest in a prime industrial property in the core logistics market of Carole Park, Brisbane leased to Simon National Carriers on a 15-year net lease³

- **Valuations:**

Overall, the total property portfolio has increased by approximately \$1.93 billion to \$5.56 billion for the period, driven by \$1.4 billion of net acquisitions and \$523 million in property revaluation uplift.

At the end of the period, the REIT's diversified portfolio is 98.3% occupied and comprised 468 properties with a long WALE of 13.2 years. The portfolio weighted average capitalisation rate firmed 65 bps during the period to 4.77% as at 30 June 2021.

Strengthening the REIT's capital position

During FY21, CLW completed several capital management initiatives, including:

- \$652 million of equity raised during the period
- Issued \$700 million of Australian dollar medium term notes (A\$MTN) across 7, 8.5 and 10 year maturities at a weighted average all-in floating cost of 1.2% at issue
- Extended the maturity of the REIT's syndicated bank facility by three years from March 2023 to March 2026 with reduced margin
- Assigned Moody's Baa1 investment grade issuer rating

³ Property acquisition announced to the ASX on 1 July 2021

⁴ The acquisition of the Endeavour Group leased Terrey Hills Tavern occurred post reporting date

Following these capital management initiatives, CLW has a weighted average debt maturity of 5.6 years and a weighted average hedge maturity of 3.8 years as at 30 June 2021. Pro-forma balance sheet gearing of 31.4% remains in the middle of the target 25–35% range and look-through gearing is 39.7%⁵.

FY22 Guidance

The REIT reconfirms that based on information currently available and barring any unforeseen events or further COVID-19 impacts, CLW provides FY22 Operating EPS guidance of growth of no less than 4.5% over FY21 Operating EPS of 29.2 cents. This equates to a forecast FY22 EPS of 6.4% based on CLW's closing price as at 1 July 2021 of \$4.78.

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 30 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, Industrial & Logistics, Retail and Social Infrastructure.

Operating with prudence, Charter Hall Group has curated a diverse \$52 billion portfolio of 1,400 high quality, long leased properties. With partnership at the heart of our approach, we're creating places that help grow communities; turning them into the best they can be and unlocking hidden value. Taking a long-term view, our \$7 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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⁵ Reflects balance sheet and look through gearing, adjusted to include the property acquisitions announced to the ASX on 1 July 2021, the acquisition of the Terrey Hills Tavern that exchanged post-balance date and including distribution reinvestment proceeds from the June 2021 quarter. Unadjusted balance sheet gearing as at 30 June 2021 was 27.4% and look-through gearing was 36.6%