

# Charter Hall Long WALE REIT

ARSN 144 613 641

Directors' report and financial report  
For the year ended 30 June 2023



### Important Notice

The Charter Hall Long WALE REIT (REIT or CLW) consists of the securities of the two Australian registered schemes listed below (collectively referred to as the “Stapled Trusts”):

- Charter Hall Direct Industrial Fund (DIF) and its controlled entities (ARSN 144 613 641); and
- LWR Finance Trust (Finance Trust) and its controlled entity (ARSN 614 713 138).

Charter Hall WALE Limited ABN 20 610 772 202; AFSL 486721 (CHWALE) is the Responsible Entity of the Stapled Trusts and is a controlled entity of Charter Hall Limited ABN 57 113 531 150 (Charter Hall).

Past performance is not a reliable indicator of future performance. Due care and attention has been exercised in the preparation of forecast information; however, forecasts, by their very nature, are subject to uncertainty and contingencies, many of which are outside the control of CHWALE. Actual results may vary from forecasts and any variation may be materially positive or negative.

This report has been prepared for general information purposes only and is not an offer or invitation for subscription or purchase of, or recommendation of, securities. It does not take into account the investment objectives, financial situation or needs of any investor. Before investing, the investor or prospective investor should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances and consult an investment adviser if necessary.

CHWALE does not receive fees in respect of the general financial product advice it may provide; however, it will receive fees for operating the REIT which, in accordance with the REIT's constitutions, are calculated by reference to the value of the assets. Controlled entities of Charter Hall may also receive fees for managing the assets of, and providing resources to, the REIT. Charter Hall and its related entities, together with their Officers and Directors, may hold securities in the REIT from time to time.

|                                                         |    |
|---------------------------------------------------------|----|
| Directors' report                                       | 4  |
| Auditor's independence declaration                      | 16 |
| Consolidated statements of comprehensive income         | 17 |
| Consolidated balance sheets                             | 18 |
| Consolidated statements of changes in equity            | 19 |
| Consolidated cash flow statements                       | 20 |
| About this report                                       | 21 |
| A. REIT performance                                     | 22 |
| B. Property portfolio assets                            | 26 |
| C. Capital structure and financial risk management      | 32 |
| D. Further Information                                  | 43 |
| Directors' declaration to stapled securityholders       | 51 |
| Independent auditor's report to stapled securityholders | 52 |

# Contents

## Directors' report

The Directors of Charter Hall WALE Limited (CHWALE) present their report together with the consolidated financial report of the Charter Hall Long WALE REIT (CLW or REIT) and the consolidated financial report of LWR Finance Trust (Finance Trust) for the year ended 30 June 2023, and the Independent Auditor's Report thereon. The financial report of CLW comprises Charter Hall Direct Industrial Fund (DIF) and its controlled entities, which include LWR Finance Trust and its controlled entity. The financial report of Finance Trust comprises LWR Finance Trust and its controlled entity. DIF and Finance Trust are collectively referred to as "Stapled Trusts". One of the stapled entities of a stapled structure is to be identified as the parent entity for the purposes of preparing a consolidated annual financial report. In accordance with this requirement, DIF has been identified as the parent entity (see D8(b)). The stapled securities cannot be traded or dealt with separately.

DIF and Finance Trust are registered schemes, and CHWALE is a company limited by shares. DIF, Finance Trust and CHWALE are incorporated and domiciled in Australia with the registered office and principal place of business located at Level 20, No.1 Martin Place, Sydney NSW 2000.

CHWALE is the Responsible Entity of the Stapled Trusts and is a controlled entity of Charter Hall Limited.

### Principal activities

The principal activity of the REIT during the year was property investment. The principal activity of the Finance Trust during the year was financing the REIT through the Intra-Group Facility Agreement (IGFA). There were no significant changes in the nature of either the REIT's or Finance Trust's activities during the financial year.

### Directors

The following persons have held office as Directors of the Responsible Entity during the period and up to the date of this report:

|                       |                                                                                          |
|-----------------------|------------------------------------------------------------------------------------------|
| – Peeyush Gupta AM    | – Chair and Non-Executive Director                                                       |
| – Glenn Fraser        | – Non-Executive Director                                                                 |
| – Ceinwen Kirk-Lennox | – Non-Executive Director                                                                 |
| – David Harrison      | – Executive Director and Chief Executive Officer/Managing Director of Charter Hall Group |
| – Carmel Hourigan     | – Executive Director                                                                     |

### Distributions

Distributions paid or declared during the year are as follows:

|                                        | Number of<br>securities on issue<br>entitled to distribution | 2023<br>Cents per<br>security | 2023<br>\$'000 | Number of<br>securities on issue<br>entitled to distribution | 2022<br>Cents per<br>security | 2022<br>\$'000 |
|----------------------------------------|--------------------------------------------------------------|-------------------------------|----------------|--------------------------------------------------------------|-------------------------------|----------------|
| <b>Ordinary securityholders of DIF</b> |                                                              |                               |                |                                                              |                               |                |
| 30 September                           | 722,955,466                                                  | 7.00                          | 50,607         | 630,580,810                                                  | 7.62                          | 48,050         |
| 31 December                            | 722,955,466                                                  | 7.00                          | 50,607         | 718,377,885                                                  | 7.62                          | 54,740         |
| 31 March                               | 722,955,466                                                  | 7.00                          | 50,607         | 720,933,092                                                  | 7.63                          | 55,007         |
| 30 June                                | 722,955,466                                                  | 7.00                          | 50,607         | 722,955,466                                                  | 7.63                          | 55,162         |
| <b>Total distributions</b>             |                                                              | <b>28.00</b>                  | <b>202,428</b> |                                                              | <b>30.50</b>                  | <b>212,959</b> |

Finance Trust did not declare any distributions in its own right in the current or prior periods.

### Distribution reinvestment plan (DRP)

The REIT has established a Distribution Reinvestment Plan (DRP) under which securityholders may elect to have all or part of their distribution entitlements satisfied by the issuance of new securities rather than being paid in cash.

The DRP issue price is determined at a discount of 1.0% to the daily volume weighted average price of all securities traded on the ASX during the 10 business days commencing on the third business day following the distribution record date. The DRP was not active during the year.



## Directors' report (continued)

### Review and results of operations

The financial results of the REIT and Finance Trust are summarised as follows:

|                                                                                | Charter Hall<br>Long WALE REIT |                        | Finance Trust          |                        |
|--------------------------------------------------------------------------------|--------------------------------|------------------------|------------------------|------------------------|
|                                                                                | Year to<br>30 Jun 2023         | Year to<br>30 Jun 2022 | Year to<br>30 Jun 2023 | Year to<br>30 Jun 2022 |
| Total revenue (\$'000)                                                         | 222,511                        | 219,697                | 82,594                 | 43,763                 |
| Statutory (loss)/profit (\$'000)                                               | (188,993)                      | 911,899                | 2,345                  | 73,891                 |
| Basic (loss)/earnings per stapled security (cents)                             | (26.14)                        | 134.22                 | 0.32                   | 10.88                  |
| Operating earnings of the REIT (\$'000)                                        | 202,446                        | 207,185                | -                      | -                      |
| Operating earnings of the REIT per stapled security (cents)                    | 28.00                          | 30.50                  | -                      | -                      |
| Distributions (\$'000)                                                         | 202,428                        | 212,959                | -                      | -                      |
| Distributions per stapled security (cents)                                     | 28.00                          | 30.50                  | -                      | -                      |
|                                                                                | 30 Jun 2023                    | 30 Jun 2022            | 30 Jun 2023            | 30 Jun 2022            |
| Total assets (\$'000)                                                          | 6,203,453                      | 6,482,033              | 2,117,474              | 2,011,959              |
| Total liabilities (\$'000)                                                     | 2,133,660                      | 2,023,743              | 2,050,299              | 1,947,129              |
| Net assets attributable to securityholders (\$'000)                            | 4,069,793                      | 4,458,290              | 67,175                 | 64,830                 |
| Stapled securities on issue ('000)                                             | 722,955                        | 722,955                | 722,955                | 722,955                |
| Net assets per stapled security (\$)                                           | 5.63                           | 6.17                   | 0.09                   | 0.09                   |
| Balance sheet gearing - total debt (net of cash) to total assets (net of cash) | 32.9%                          | 29.9%                  |                        |                        |
| Look-through gearing - total debt (net of cash) to total assets (net of cash)  | 40.1%                          | 37.1%                  |                        |                        |

The REIT recorded a statutory loss of \$189.0 million for the year ended 30 June 2023 (2022: \$911.9 million profit). Operating earnings amounted to \$202.4 million (28.0 cents per stapled security) for the year ended 30 June 2023 (2022: \$207.2 million; 30.5 cents per stapled security) and a distribution of \$202.4 million (28.0 cents per stapled security) was declared for the same period (2022: \$213.0 million; 30.5 cents per stapled security).

The table below sets out income and expenses that comprise operating earnings on a proportionate consolidation basis:

|                                   | 30 Jun 2023<br>\$'000 | 30 Jun 2022<br>\$'000 |
|-----------------------------------|-----------------------|-----------------------|
| Net property income               | 324,574               | 293,494               |
| Interest income                   | 1,714                 | 121                   |
| Fund management fees              | (31,110)              | (26,790)              |
| Finance costs                     | (87,179)              | (54,966)              |
| Administration and other expenses | (5,553)               | (4,674)               |
| <b>Operating earnings</b>         | <b>202,446</b>        | <b>207,185</b>        |

Note: Further detail on operating earnings is contained in Note A1.

Operating earnings is a financial measure which represents profit under Australian Accounting Standards adjusted for net fair value movements, non-cash accounting adjustments such as straight lining of rental income and amortisations and other unrealised or one-off items that are not in the ordinary course of business or are capital in nature.

The inclusion of operating earnings as a measure of the REIT's profitability provides investors with the same basis that is used internally for evaluating operating segment performance. Operating earnings is used by the Board to make strategic decisions and as a guide to assessing an appropriate distribution to declare.

The uncertainty of the current geopolitical events and the heightened consumer price inflation and interest rates in Australia may have an impact on the future performance of the portfolio. The REIT benefits from its inflation-linked revenue streams and the interest rate hedging in place.

## Directors' report (continued)

Reconciliation of operating earnings to statutory profit is set out below:

|                                                                              | 30 Jun 2023<br>\$'000 | 30 Jun 2022<br>\$'000 |
|------------------------------------------------------------------------------|-----------------------|-----------------------|
| <b>Operating earnings</b>                                                    | <b>202,446</b>        | 207,185               |
| Net fair value movements on investment properties*                           | (362,662)             | 625,860               |
| Net fair value movements on debt and derivative financial instruments*       | (29,597)              | 82,000                |
| Net fair value movements on investments at fair value through profit or loss | 151                   | 18                    |
| Straight lining of rental income, amortisation of lease fees and incentives* | 1,492                 | 7,543                 |
| Acquisition and disposal related costs*                                      | (1,134)               | (9,284)               |
| Loss on debt extinguishment*                                                 | (573)                 | (5,556)               |
| Income support and development rebate                                        | (256)                 | (462)                 |
| Provision for rent relief                                                    | 84                    | (147)                 |
| Foreign exchange gains                                                       | 1,056                 | 4,742                 |
| <b>Statutory (loss)/profit for the year</b>                                  | <b>(188,993)</b>      | 911,899               |
| <b>Basic weighted average number of stapled securities ('000)</b>            | <b>722,955</b>        | 679,392               |
| <b>Basic earnings per stapled security (cents)</b>                           | <b>(26.14)</b>        | 134.22                |
| <b>Operating earnings per stapled security (cents)</b>                       | <b>28.00</b>          | 30.50                 |

\* Includes the REIT's proportionate share of non-operating items of joint ventures on a look-through basis.

### Fair value movements on investment properties

The net fair value movements on investment properties totalling a loss of \$362.7 million (2022: gain of \$625.9 million) comprised: valuation losses on a proportionate consolidation basis totalling \$353.6 million (2022: gains of \$690.9 million), revaluation decrements attributable to acquisition costs of \$7.6 million (2022: \$57.5 million) and straight lining of rental income, amortisation of lease fees and incentives of \$1.5 million (2022: \$7.5 million).

During the year the REIT's portfolio valuation decreased by 3.9% (2022: 10.8% increase). External valuations were conducted at 30 June 2023 for 100% (2022: 90%) of the REIT's portfolio, including joint ventures.

### Significant changes in the state of affairs

#### Acquisitions

During the period, the REIT acquired the following assets:

|                                                          | Acquisition date | Acquisition price<br>\$'000 |
|----------------------------------------------------------|------------------|-----------------------------|
| Emu Hotel, Morphett Vale SA (49.9% interest)*            | 8/08/2022        | 10,184                      |
| Geoscience Australia, Canberra ACT (25% interest)*       | 11/10/2022       | 90,875                      |
| Horse & Jockey Hotel, Warwick QLD (49.9% interest)*      | 12/12/2022       | 3,931                       |
| Marine Hotel, Cardwell QLD (49.9% interest)*             | 31/01/2023       | 2,087                       |
| Rainbow Beach Hotel, Rainbow Beach QLD (49.9% interest)* | 28/02/2023       | 1,708                       |
| Bunnings, Caboolture QLD                                 | 8/06/2023        | 27,423                      |
|                                                          |                  | <b>136,208</b>              |

\* Acquired by the underlying property trust which owns the assets.

#### Disposals

During the year, the REIT disposed the following assets:

|                                    | Disposal date | Disposal price<br>\$'000 |
|------------------------------------|---------------|--------------------------|
| Toll Holdings, Altona North VIC    | 16/12/2022    | 38,250                   |
| Woolworths, Hoppers Crossing VIC   | 20/12/2022    | 74,000                   |
| BP Manunda QLD (24.5% interest)*   | 22/03/2023    | 447                      |
| BP St George QLD (24.5% interest)* | 1/05/2023     | 440                      |
| BP Kelso NSW (24.5% interest)*     | 31/05/2023    | 367                      |
|                                    |               | <b>113,504</b>           |

\* Disposed by the underlying property trust which owns the assets.

## Directors' report (continued)

### Debt arrangements and hedging

In August 2022, the REIT entered into a \$650.0 million interest rate swap agreement commencing on 20 September 2022 and expiring on 20 June 2024 at an average rate of 1.5% over the term of the swap at a cost of \$21.6 million.

In March 2023, the REIT entered into a \$290.0 million interest rate swap agreement commencing on 20 March 2023 and expiring on 20 June 2024 at an average rate of 3.72% over the term of the swap.

In June 2023, the REIT extended the maturity date of \$750 million of existing interest rate swap agreements from June 2024 until June 2025 and extended the maturity date of \$450 million of existing interest rate swap agreements from March 2025 to June 2025 to increase the REIT's interest rate hedging profile.

### *Debt facilities in joint ventures and associates*

In August 2022, the Charter Hall Australian Convenience Retail Trust entered into a new six year \$450 million syndicated debt facility, the proceeds of which were used to repay the previous facility.

There were no other significant changes in the state of affairs of the REIT or Finance Trust that occurred during the year.

### Business strategies and prospects

The REIT's objective is to provide investors with stable and secure income and the potential for both income and capital growth through an exposure to a diversified property portfolio with a long WALE.

The REIT aims to maintain and enhance the existing portfolio through active asset and property management and to grow the portfolio through the acquisition of assets that are predominantly leased to tenants with strong covenants on long-term leases.

The REIT aims to proactively manage its equity and debt. It has a target balance sheet gearing range of 25% to 35%.

The material business risks faced by the REIT that are likely to have an effect on its financial performance are set out below. A dedicated risk and compliance team are responsible for the ongoing review and monitoring of compliance and risk management systems. The Board regularly reviews material risks to ensure they remain within the REIT's agreed risk appetite.

## Directors' report (continued)

| Risk                     |                                                                                         | Description                                                                                                                                                                                                                                                                                                                                                                                                    | Mitigation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------|-----------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>External Risks</b>    | Property cycle risk and adverse market or economic conditions                           | Failure to insulate against property cycle downturns and slowing economic conditions may have an impact on asset values and investor returns.                                                                                                                                                                                                                                                                  | The REIT ensures it consistently delivers on strategy with a focus on investment in long WALE assets with contracted growth attributes. The REIT undertakes a detailed annual strategic review for all assets to inform recycling of capital into new areas and formal exit strategies for investments.                                                                                                                                                                                                                           |
|                          | Structural change in commercial property                                                | Disruptive competitors may have an impact on key tenants and on marginal tenancies. This may impact space requirements from tenants. Changing technology is changing tenant expectations.                                                                                                                                                                                                                      | By undertaking ongoing due diligence including demographics, environment, competitor threats, and by leveraging consultant expertise the REIT ensures that it remains informed of market changes.                                                                                                                                                                                                                                                                                                                                 |
| <b>Financial Risks</b>   | Debt and equity capital management                                                      | Effective capital management is required to meet the REIT's ongoing liquidity and funding requirements. The inability to raise new capital to pursue growth opportunities or to raise replacement capital at challenging points in the debt or equity markets cycle is a key risk.<br><br>A relationship breakdown or termination of joint venture partnership may result in reputational or financial damage. | The REIT mitigates these risks by the implementation of its debt diversity strategy combined with regular monitoring and reporting on debt covenants and stress testing of liquidity positions. The REIT has demonstrated strong performance, an equity raising track record and access to diversified equity partners across sources. The REIT manages its relationships with its partners through investment agreements including investment committee oversight of all key decisions with structured and pre-agreed reporting. |
|                          | Interest rates                                                                          | Rising interest rates may adversely impact the REIT by increasing finance costs and impacting the amount the REIT has available to distribute to investors.                                                                                                                                                                                                                                                    | The REIT has a Treasury Risk Management Policy which includes policies and controls to minimise the impact of fluctuating interest rates on the REIT's financial performance.<br><br>The REIT enters into interest rate swaps in order to provide more certainty for the REIT's finance costs. As at 30 June 2023, the REIT had 83% of its debt hedged (calculated on a look-through basis) and a weighted average hedge maturity term of 2.3 years.                                                                              |
| <b>Operational Risks</b> | Work, Health & Safety (WHS) obligations, critical safety incident or significant crisis | The REIT has a commitment to promote and protect the health, safety and wellbeing of its people, customers, contractors and all users of the REIT's assets.                                                                                                                                                                                                                                                    | The Group WHS Manager collaborates closely with property management teams to ensure the roll-out of enhanced contractor registration/on-boarding platforms, incident notification platform, ongoing Risk Audits and training on incident response and management.                                                                                                                                                                                                                                                                 |



## Directors' report (continued)

|                      |                                     |                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|----------------------|-------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                      | Technology and cyber security       | There is increasing sophistication of cyber-attacks, particularly denial of service impact on Building Management Security. A reportable data breach may result in adverse impact on reputation and/or financial penalty.                                                                                          | The cyber security strategy and program continues with external validation and yearly review of IT policies against best practice. The REIT undertakes annual penetration tests against critical systems and properties and have brought all critical systems under IT General Controls (ITGC) including regular user access reviews. Our internal audit includes risk identification and assessment for new platforms. The REIT also has a formal cyber insurance policy which covers incident remediation costs.                                                     |
|                      | Organisational culture and conduct  | Our ongoing success depends on our ability to attract, engage and retain a motivated and high-performing workforce to deliver our strategic objectives and an inclusive culture that supports our values.                                                                                                          | The REIT has a Code of Conduct in place with all employees and undertakes consistent messaging and tone at the top regarding behaviour. The REIT has a formal Whistleblower Policy in place and process to obtain regular employee feedback on culture and behaviours which is used to inform management decisions.                                                                                                                                                                                                                                                    |
| <b>Environmental</b> | Climate change                      | There is an increasing interest and expectation amongst investor groups on reporting against climate change risk. There has been the introduction of Task Force on Climate-related Financial Disclosures (TCFD) as a framework to address climate change through governance, risk management, metrics and targets. | The REIT has aligned with the TCFD framework and developed our Climate Strategy for a Low Carbon Economy and Business as Usual Scenario. The REIT has created a TCFD Working Group to inform climate resilience and reporting approach. The REIT has set a pathway to net zero Scope 1 and Scope 2 emissions by 2025. The REIT has undertaken physical climate change risk exposure assessments across assets and climate change adaptation plans are in development for its assets. Climate change adaptation due diligence is undertaken during acquisition process. |
| <b>Regulatory</b>    | AFSL compliance                     | CHWALE is required to comply with Australian Financial Services Licence (AFSL) requirements through our established policies and frameworks.                                                                                                                                                                       | Regular compliance reporting is undertaken to the Audit, Risk and Compliance Committee (ARCC), including mandatory annual compliance training requirements for all employees. In addition, the REIT has formalised compliance committees with annual external audit of compliance plans.                                                                                                                                                                                                                                                                               |
|                      | Management of conflicts of interest | Inadequate management of tenant and acquisition conflicts may arise between Charter Hall managed funds or related party transactions may be inappropriately managed. There is also a risk that the REIT fails to pay market rate for related party services.                                                       | Conflict of Interest protocols are embedded in the business, including annual declarations from all employees and directors, board reporting/approval for all related party transactions. The REIT has in place a Compliance Plan/function including oversight of Conflict of Interest/Related Party protocols and formalised asset allocation protocols.                                                                                                                                                                                                              |

## Directors' report (continued)

### Matters subsequent to the end of the financial year

The Directors of the Responsible Entity are not aware of any matter or circumstance not otherwise dealt with in this report or the annual consolidated financial statements that has significantly affected or may significantly affect the operations of the REIT or Finance Trust, the results of their operations or the state of affairs of the REIT or Finance Trust in future financial years.

### Likely developments and expected results of operations

The consolidated financial statements have been prepared on the basis of current known market conditions. The extent to which a potential deterioration in either the capital or property markets that may have an impact on the results of the REIT or Finance Trust is unknown. Such developments could influence property market valuations, the ability to refinance debt and the cost of such debt, or the ability to raise equity.

At the date of this report and to the best of the Directors' knowledge and belief, there are no other anticipated changes in the operations of the REIT or Finance Trust which would have a material impact on their future results. Property valuation changes, movements in the fair value of derivative financial instruments and movements in interest rates may have a material impact on the REIT's and Finance Trust's results in future years, however, these cannot be reliably measured at the date of this report.

### Indemnification and insurance of Directors, Officers and Auditor

During the year, the REIT and Finance Trust contributed to the premium for a contract to insure all directors, secretaries, executive officers and officers of the REIT and Finance Trust and of each related body corporate, with the balance of the premium paid by Charter Hall Group and funds managed by members of Charter Hall Group. In accordance with usual commercial practice, the insurance contract prohibits disclosure of details relating to the nature of the liabilities covered by the insurance, the limit of indemnity and the amount of the premium paid under the contract.

Provided the officers of the Responsible Entity act in accordance with the REIT's and Finance Trust's constitutions and the *Corporations Act 2001*, the officers are indemnified out of the assets of the REIT and Finance Trust against losses incurred while acting on behalf of the REIT and Finance Trust. The insurance does not provide cover for the independent auditors of the REIT or Finance Trust or of a related body corporate. The REIT and Finance Trust indemnifies the auditor (PricewaterhouseCoopers Australia) against any liability (including legal costs) for third party claims arising from a breach by the REIT or Finance Trust of the auditor's engagement terms, except where prohibited by the *Corporations Act 2001*.

### Fees paid to and interests held in the REIT by the Responsible Entity or its Associates

Base fees of \$31.1 million (2022: \$26.8 million) by the REIT and \$0.4 million (2022: \$0.2 million) by the Finance Trust and other fees of \$9.4 million (2022: \$17.3 million) were paid or are payable to the Responsible Entity and its Associates by the REIT for the services provided during the year, in accordance with the REIT's and Finance Trust's constitutions as disclosed in Note D1 in the consolidated financial statements.

Interests in the REIT and Finance Trust held by the Responsible Entity or its Associates as at 30 June 2023 are also disclosed in Note D1 in the consolidated financial statements.

### Interests in the REIT and Finance Trust

|                                                                               | 2023               | 2022               |
|-------------------------------------------------------------------------------|--------------------|--------------------|
| Securities on issue at the beginning of the year                              | 722,955,466        | 628,215,732        |
| Securities issued during the year                                             |                    |                    |
| - via distribution reinvestment plan                                          | -                  | 9,238,454          |
| - via securities issued as consideration for acquisitions, net of issue costs | -                  | 85,501,280         |
| <b>Securities on issue at the end of the year</b>                             | <b>722,955,466</b> | <b>722,955,466</b> |

## Directors' report (continued)

### Environmental regulations

The operations of the REIT and Finance Trust are subject to environmental regulations under Commonwealth, State and Territory legislation in relation to property developments.

In relation to the property developments, the REIT is obliged to ensure all works carried out under any development approval comply with that approval as well as any further relevant statutory requirements. The REIT ensures that contracts it enters into with builders for its developments stipulate that the builder must:

- (a) ensure that in carrying out the contractor's activities:
  - (i) it complies with all statutory requirements and other requirements of the contract for the protection of the environment;
  - (ii) it does not pollute, contaminate or otherwise damage the environment; and
  - (iii) its subcontractors comply with the requirements referred to in the contract;
- (b) make good any pollution, contamination or damage to the environment arising out of, or in any way in connection with, the contractor's activities, whether or not it has complied with all statutory requirements or other requirements of the contract for the protection of the environment; and
- (c) indemnify the REIT to the full extent permitted by law against:
  - (i) any liability to or a claim by a third party; and
  - (ii) all fines, penalties, costs, losses or damages suffered or incurred by the REIT, arising out of or in connection with the contractor's breach of the contract.

Approvals for property developments are required under various local, State and Territory environmental laws.

To the best of the Directors' knowledge, the operations of the REIT have been undertaken in compliance with the applicable environmental regulations in each jurisdiction where the REIT operates.

## Directors' report (continued)

### Information on current Directors

| Director         | Experience                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Special responsibilities                 | Interest in securities of the REIT |
|------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|------------------------------------|
| Peeyush Gupta AM | <p>Peeyush joined the Board on 6 May 2016 and was appointed Chair on that date.</p> <p>Peeyush has more than 40 years' experience in funds and investment management, and has experience in starting, growing and managing businesses; acquisitions and divestments; roll-ups and integration; and corporate governance.</p> <p>In his executive career, Peeyush was the co-founder and the inaugural Chief Executive Officer of Ipac Securities Limited, a pre-eminent wealth management firm.</p> <p>He is a Non-Executive Director of National Australia Bank Limited, Special Broadcasting Service (SBS), Link Administration, Northern Territory Aboriginal Investment Corporation and NSW Cancer Council. He is also currently the Chair of Charter Hall Direct Property Management Limited. Peeyush is also a Fellow of the Australian Institute of Company Directors.</p> <p>In 2019, Peeyush was awarded the Order of Australia (AM) "for significant service to business, and to the community, through governance and philanthropic roles".</p> <p>Peeyush holds a Master of Business Administration in Finance from the Australian Graduate School of Management and a Bachelor of Arts in Computing Studies from the University of Canberra. He is also an alumnus of Harvard and London Business Schools.</p> <p>Current listed directorships:<br/>National Australia Bank Limited (ASX: NAB)<br/>Link Administration Holdings Limited (ASX: LNK)</p> <p>Former listed directorships in the last three years:<br/>Nil</p> | Chair                                    | 397,676                            |
| Glenn Fraser     | <p>Glenn joined the Board on 6 May 2016.</p> <p>With 46 years' industry experience, Glenn is a professional Non-Executive Director following a long career in finance, infrastructure and property.</p> <p>Glenn was a member of Transfield Holdings Advisory Board from 1999 to 2015. He was instrumental in Transfield Holding's acquisition of a 50% interest in Charter Hall and its subsequent expansion and ASX listing in 2005. Glenn also served as a Non-Executive Director of the Charter Hall Group from April 2005 to August 2012.</p> <p>Joining Transfield Holdings in 1996, Glenn was General Manager – Finance Project Development, where he was responsible for the financial elements of infrastructure and property projects. Glenn was subsequently appointed Chief Financial Officer of Transfield Holdings when it had turnover in excess of \$1 billion per annum and over 8,000 staff.</p> <p>Glenn was a principal and director of a project finance advisory business, Perry Development Finance Pty Limited from 1985, which was sold to Hambros Corporate Finance Limited in 1995.</p> <p>Glenn holds a Bachelor of Commerce from the University of New South Wales. He is a member of the Institute of Chartered Accountants and a graduate of the Australian Institute of Company Directors.</p> <p>Current listed directorships:<br/>Nil</p> <p>Former listed directorships in the last three years:<br/>Nil</p>                                                                                         | Audit, Risk & Compliance Committee Chair | 76,721                             |

## Directors' report (continued)

| Director            | Experience                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Special responsibilities | Interest in securities of the REIT |
|---------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|------------------------------------|
| Ceinwen Kirk-Lennox | <p>Ceinwen joined the Board on 28 June 2016.</p> <p>Ceinwen has over 38 years' experience in many aspects of property including agency, development, project and construction management, property management, and community development.</p> <p>Her executive career includes 26 years at Lendlease Corporation, where she held executive roles, running commercial business units, client accounts and functions across the Lendlease Group.</p> <p>Ceinwen now runs her own consultancy, Mosaic Xchange, with clients across both private and public sectors.</p> <p>Ceinwen has served on a number of boards including both for-profit and not-for-profit companies. Ceinwen was appointed to the Greater Sydney Parklands Board in 2020 and is an ongoing member of the Sydney Archdiocesan Property Committee.</p> <p>Ceinwen holds a Bachelor of Business (Land Economy) from the University of Western Sydney and is a graduate of the Australian Institute of Company Directors.</p> <p>Current listed directorships:<br/>Nil</p> <p>Former listed directorships in the last three years:<br/>Nil</p>                                                                                                                                                                                                                                                                                             | Nil                      | 60,341                             |
| David Harrison      | <p>David joined the Board on 16 February 2016. David has over 30 years' property market experience across office, retail and industrial sectors in multiple geographies globally.</p> <p>As Charter Hall's Managing Director and Group CEO, David is responsible for strategically growing the business and maintaining its position as a multi-core sector market leader. David has overseen the growth of the Charter Hall Group from \$500 million to \$88 billion of assets under management in 15 years.</p> <p>David is an executive member of Charter Hall Retail REIT and Charter Hall Long WALE REIT and Partnership Investment Committees, and Chair of the Executive Property Valuation Committee and Executive Leadership Committee.</p> <p>David is the Chair of the Property Council of Australia Nominations and Financial Management Committees. David is also a member of the Property Council Australia Champions of Change Coalition.</p> <p>David holds a Bachelor of Business Degree (Land Economy) from the University of Western Sydney, is a Fellow of the Australian Property Institute (FAPI) and holds a Graduate Diploma in Applied Finance from the Securities Institute of Australia.</p> <p>Current listed directorships:<br/>Charter Hall Group (ASX: CHC)<br/>Charter Hall Retail REIT (ASX: CQR)</p> <p>Former listed directorships in the last three years:<br/>Nil</p> | Nil                      | 699,285                            |



## Directors' report (continued)

| Director        | Experience                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Special responsibilities | Interest in securities of the REIT |
|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|------------------------------------|
| Carmel Hourigan | <p>Carmel joined the Board on 30 November 2020.</p> <p>Carmel has over 30 years' industry experience, spanning key senior leadership positions and roles in funds management, research and advisory services.</p> <p>Joining Charter Hall in 2020, Carmel leads the \$26 billion office sector from end to end including funds management, asset management, development and property management teams. She helps develop the overall strategy and objectives for the office funds in conjunction with Charter Hall Fund Managers and investors, and guides the portfolio management, capital transactions, treasury and property trust management teams to execute strategy.</p> <p>Prior to joining Charter Hall, Carmel held the position of Global Head of Real Estate at AMP Capital, in addition to overseeing their strategic global real estate partnerships and real estate investment committees. Prior to AMP Capital, Carmel held senior positions at GPT Group, Lend Lease and Challenger Financial Services Group.</p> <p>Carmel is a Director on the Property Council of Australia Board (PCA) and is currently the Chair of the PCA National Capital Markets Committee. She also is currently a member of the Property Champions of Change group which has a focus on improving gender diversity and inclusion across the Australian property industry.</p> <p>Carmel holds a Bachelor of Business in Land Economy from Western Sydney University. She also holds a Graduate Diploma in Applied Finance and Investment from FINSIA and has participated in leadership programs at world renowned institutions including INSEAD, Harvard Business School and London Business School.</p> <p>Current listed directorships:<br/>Nil</p> <p>Former listed directorships in the last three years:<br/>Nil</p> | Nil                      | 10,250                             |

### Meetings of Directors

| Name                | Full meetings of Directors |          | Meetings of Audit, Risk and Compliance Committee |          |
|---------------------|----------------------------|----------|--------------------------------------------------|----------|
|                     | Eligible to attend         | Attended | Eligible to attend                               | Attended |
| Peeyush Gupta AM    | 7                          | 7        | 4                                                | 4        |
| Glenn Fraser        | 7                          | 7        | 4                                                | 4        |
| Ceinwen Kirk-Lennox | 7                          | 6        | 4                                                | 3        |
| David Harrison      | 7                          | 7        | -                                                | -        |
| Carmel Hourigan     | 7                          | 7        | -                                                | -        |

### Company secretary

Mark Bryant was appointed as Company Secretary for the REIT and Finance Trust on 21 November 2017.

Mark holds a Bachelor of Business (Accounting), a Bachelor of Laws (First Class Honours), a Graduate Certificate in Legal Practice, and is admitted as a lawyer of the Supreme Court of NSW. Mark has over 18 years' experience as a lawyer, including advising on listed company governance, securities law, funds management, real estate, and general corporate law. Mark joined Charter Hall in 2012, prior to which he was a Senior Associate in the Sydney office of King & Wood Mallesons.

Mark is the Group General Counsel and Company Secretary for the Charter Hall Group.

### Non-audit services

The Responsible Entity may decide to employ the auditor (PricewaterhouseCoopers) on assignments in addition to the statutory audit duties where the auditor's expertise and experience with the REIT or Finance Trust are important.

Details of the amounts paid to the auditor for audit and non-audit services provided during the year are disclosed in Note D5 to the consolidated financial statements.

## Directors' report (continued)

The Board of Directors has considered the position and, in accordance with the advice received from the Audit, Risk and Compliance Committee, is satisfied that the provision of the non-audit services is compliant with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out in Note D5 to the consolidated financial statements, did not compromise the auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit, Risk and Compliance Committee to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in Accounting Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants*.

### Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 16.

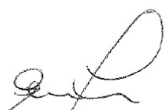
### Rounding of amounts to the nearest thousand dollars

As permitted by ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 (as amended) issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the Directors' report and consolidated financial statements. Amounts in the Directors' report and consolidated financial statements have been rounded to the nearest thousand dollars, unless otherwise indicated.

This report is made in accordance with a resolution of the Board of Directors of Charter Hall WALE Limited.

### Directors' authorisation

The Directors' report is made in accordance with a resolution of the Directors. The consolidated financial statements were authorised for issue by the Directors on 8 August 2023. The Directors have the power to amend and re-issue the financial statements.



Glenn Fraser  
Non-Executive Director

Sydney  
8 August 2023



## Auditor's Independence Declaration

As lead auditor for the audit of Charter Hall Long WALE REIT and Finance Trust for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Charter Hall Direct Industrial Fund ("DIF") and the entities it controlled during the period and LWR Finance Trust and the entity it controlled during the period (together "Charter Hall Long WALE REIT") and LWR Finance Trust and the entity it controlled during the period (together "Finance Trust").

A handwritten signature in black ink, appearing to read 'R. W. McMahon'.

R W McMahon  
Partner  
PricewaterhouseCoopers

Sydney  
8 August 2023

## Consolidated statements of comprehensive income

For the year ended 30 June 2023

|                                                                      | Notes | Charter Hall<br>Long WALE REIT |                  | Finance Trust   |                 |
|----------------------------------------------------------------------|-------|--------------------------------|------------------|-----------------|-----------------|
|                                                                      |       | 2023<br>\$'000                 | 2022<br>\$'000   | 2023<br>\$'000  | 2022<br>\$'000  |
| <b>Revenue</b>                                                       |       |                                |                  |                 |                 |
| Property income                                                      | A1    | 221,476                        | 219,611          | -               | -               |
| Interest income                                                      | A1    | 1,035                          | 86               | 82,594          | 43,763          |
| <b>Total revenue</b>                                                 |       | <b>222,511</b>                 | <b>219,697</b>   | <b>82,594</b>   | <b>43,763</b>   |
| <b>Other income</b>                                                  |       |                                |                  |                 |                 |
| Share of net profit from joint ventures                              | B2    | -                              | 471,399          | -               | -               |
| Net fair value gain on financial assets                              | B3    | 151                            | 18               | -               | -               |
| Net fair value gain on investment properties                         | B1    | -                              | 263,410          | -               | -               |
| Net fair value gain on derivative financial instruments              | C3    | -                              | 59,152           | -               | 59,152          |
| Foreign exchange gains                                               |       | 1,056                          | 4,742            | 1,041           | 4,810           |
| <b>Total other income</b>                                            |       | <b>1,207</b>                   | <b>798,721</b>   | <b>1,041</b>    | <b>63,962</b>   |
| <b>Total revenue and other income</b>                                |       | <b>223,718</b>                 | <b>1,018,418</b> | <b>83,635</b>   | <b>107,725</b>  |
| <b>Expenses</b>                                                      |       |                                |                  |                 |                 |
| Property expenses                                                    |       | (34,826)                       | (34,148)         | -               | -               |
| Fund management fees                                                 | D1    | (30,477)                       | (26,165)         | (414)           | (234)           |
| Finance costs                                                        | C2    | (60,376)                       | (33,137)         | (60,474)        | (33,586)        |
| Administration and other expenses                                    |       | (4,566)                        | (3,785)          | (88)            | (14)            |
| Share of net loss from joint ventures                                | B2    | (43,094)                       | -                | -               | -               |
| Net fair value loss on investment properties                         | B1    | (217,924)                      | -                | -               | -               |
| Net fair value loss on derivative financial instruments              | C3    | (20,314)                       | -                | (20,314)        | -               |
| Acquisition and disposal related costs                               | B2    | (1,134)                        | (9,284)          | -               | -               |
| <b>Total expenses</b>                                                |       | <b>(412,711)</b>               | <b>(106,519)</b> | <b>(81,290)</b> | <b>(33,834)</b> |
| <b>Net profit for the year</b>                                       |       | <b>(188,993)</b>               | <b>911,899</b>   | <b>2,345</b>    | <b>73,891</b>   |
| Other comprehensive income/(loss)                                    |       | 2,924                          | (5,537)          | -               | -               |
| <b>Total comprehensive income</b>                                    |       | <b>(186,069)</b>               | <b>906,362</b>   | <b>2,345</b>    | <b>73,891</b>   |
| <b>Net profit and total comprehensive income attributable to:</b>    |       |                                |                  |                 |                 |
| DIF                                                                  |       | (188,414)                      | 832,471          | -               | -               |
| Stapled Trusts other than DIF                                        |       | 2,345                          | 73,891           | 2,345           | 73,891          |
|                                                                      |       | <b>(186,069)</b>               | <b>906,362</b>   | <b>2,345</b>    | <b>73,891</b>   |
| <b>Basic and diluted (loss)/earnings per ordinary securityholder</b> |       |                                |                  |                 |                 |
| (Loss)/earnings per security of parent entity (cents)                | A2    | (26.47)                        | 123.35           | (0.06)          | (0.03)          |
| (Loss)/earnings per stapled security (cents)                         | A2    | (26.14)                        | 134.22           | 0.32            | 10.88           |

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

## Consolidated balance sheets

As at 30 June 2023

|                                              |       | Charter Hall<br>Long WALE REIT |                  | Finance Trust    |                  |
|----------------------------------------------|-------|--------------------------------|------------------|------------------|------------------|
|                                              |       | 2023                           | 2022             | 2023             | 2022             |
|                                              | Notes | \$'000                         | \$'000           | \$'000           | \$'000           |
| <b>Assets</b>                                |       |                                |                  |                  |                  |
| <b>Current assets</b>                        |       |                                |                  |                  |                  |
| Cash and cash equivalents                    |       | 19,682                         | 19,005           | 1,784            | 5,574            |
| Receivables                                  | D2    | 23,808                         | 26,323           | 10               | -                |
| Derivative financial instruments             | C3    | 2,530                          | 3,539            | 2,530            | 3,539            |
| Other assets                                 | D2    | 2,295                          | 1,662            | -                | -                |
| <b>Total current assets</b>                  |       | <b>48,315</b>                  | <b>50,529</b>    | <b>4,324</b>     | <b>9,113</b>     |
| <b>Non-current assets</b>                    |       |                                |                  |                  |                  |
| Investment properties                        | B1    | 3,481,539                      | 3,722,057        | -                | -                |
| Investments in joint ventures                | B2    | 2,593,708                      | 2,634,274        | -                | -                |
| Intra-group facility receivable              | C2    | -                              | -                | 2,038,192        | 1,932,455        |
| Investment in financial assets at fair value | B3    | 4,933                          | 4,782            | -                | -                |
| Derivative financial instruments             | C3    | 74,958                         | 70,391           | 74,958           | 70,391           |
| <b>Total non-current assets</b>              |       | <b>6,155,138</b>               | <b>6,431,504</b> | <b>2,113,150</b> | <b>2,002,846</b> |
| <b>Total assets</b>                          |       | <b>6,203,453</b>               | <b>6,482,033</b> | <b>2,117,474</b> | <b>2,011,959</b> |
| <b>Liabilities</b>                           |       |                                |                  |                  |                  |
| <b>Current liabilities</b>                   |       |                                |                  |                  |                  |
| Payables                                     | D2    | 32,950                         | 23,164           | 9,295            | 8,618            |
| Distribution payable                         | A2    | 50,607                         | 55,162           | -                | -                |
| Derivative financial instruments             | C3    | 91                             | 972              | -                | 972              |
| Other liabilities                            | D2    | 7,025                          | 6,756            | -                | -                |
| <b>Total current liabilities</b>             |       | <b>90,673</b>                  | <b>86,054</b>    | <b>9,295</b>     | <b>9,590</b>     |
| <b>Non-current liabilities</b>               |       |                                |                  |                  |                  |
| Borrowings                                   | C2    | 1,940,891                      | 1,834,203        | 1,940,891        | 1,834,203        |
| Derivative financial instruments             | C3    | 101,941                        | 103,336          | 100,113          | 103,336          |
| Other liabilities                            |       | 155                            | 150              | -                | -                |
| <b>Total non-current liabilities</b>         |       | <b>2,042,987</b>               | <b>1,937,689</b> | <b>2,041,004</b> | <b>1,937,539</b> |
| <b>Total liabilities</b>                     |       | <b>2,133,660</b>               | <b>2,023,743</b> | <b>2,050,299</b> | <b>1,947,129</b> |
| <b>Net assets</b>                            |       | <b>4,069,793</b>               | <b>4,458,290</b> | <b>67,175</b>    | <b>64,830</b>    |
| <b>Equity</b>                                |       |                                |                  |                  |                  |
| <i>Equity holders of DIF</i>                 |       |                                |                  |                  |                  |
| Contributed equity                           | C4    | 3,271,183                      | 3,271,183        | -                | -                |
| Reserves                                     |       | (2,979)                        | (5,903)          | -                | -                |
| Retained profits                             |       | 734,414                        | 1,128,180        | -                | -                |
| <b>Parent entity interest</b>                |       | <b>4,002,618</b>               | <b>4,393,460</b> | <b>-</b>         | <b>-</b>         |
| <i>Equity holders of Finance Trust</i>       |       |                                |                  |                  |                  |
| Contributed equity                           | C4    | 6,641                          | 6,641            | 6,641            | 6,641            |
| Retained profits                             |       | 60,534                         | 58,189           | 60,534           | 58,189           |
| <b>Equity holders of Finance Trust</b>       |       | <b>67,175</b>                  | <b>64,830</b>    | <b>67,175</b>    | <b>64,830</b>    |
| <b>Total equity</b>                          |       | <b>4,069,793</b>               | <b>4,458,290</b> | <b>67,175</b>    | <b>64,830</b>    |

The above consolidated balance sheets should be read in conjunction with the accompanying notes.

## Consolidated statements of changes in equity

For the year ended 30 June 2023

|                                             | Notes | Attributable to securityholders of DIF |                    |                               | Total<br>\$'000 |
|---------------------------------------------|-------|----------------------------------------|--------------------|-------------------------------|-----------------|
|                                             |       | Contributed<br>equity<br>\$'000        | Reserves<br>\$'000 | Retained<br>profits<br>\$'000 |                 |
| <b>Balance at 1 July 2021</b>               |       | 2,790,095                              | (366)              | 503,131                       | 3,292,860       |
| Total comprehensive income/(loss)           |       | -                                      | (5,537)            | 838,008                       | 832,471         |
| Contributions of equity, net of issue costs | C4    | 481,088                                | -                  | -                             | 481,088         |
| Distributions provided for or paid          | A2    | -                                      | -                  | (212,959)                     | (212,959)       |
| <b>Balance at 30 June 2022</b>              |       | 3,271,183                              | (5,903)            | 1,128,180                     | 4,393,460       |
| <b>Balance at 1 July 2022</b>               |       | 3,271,183                              | (5,903)            | 1,128,180                     | 4,393,460       |
| Total comprehensive income/(loss)           |       | -                                      | 2,924              | (191,338)                     | (188,414)       |
| Distributions provided for or paid          | A2    | -                                      | -                  | (202,428)                     | (202,428)       |
| <b>Balance at 30 June 2023</b>              |       | 3,271,183                              | (2,979)            | 734,414                       | 4,002,618       |

|                                             | Notes | Attributable to securityholders of Finance Trust |                    |                               | Total<br>\$'000 |
|---------------------------------------------|-------|--------------------------------------------------|--------------------|-------------------------------|-----------------|
|                                             |       | Contributed<br>equity<br>\$'000                  | Reserves<br>\$'000 | Retained<br>profits<br>\$'000 |                 |
| <b>Balance at 1 July 2021</b>               |       | 1,952                                            | -                  | (15,702)                      | (13,750)        |
| Total comprehensive income                  |       | -                                                | -                  | 73,891                        | 73,891          |
| Contributions of equity, net of issue costs |       | 4,689                                            | -                  | -                             | 4,689           |
| <b>Balance at 30 June 2022</b>              |       | 6,641                                            | -                  | 58,189                        | 64,830          |
| <b>Balance at 1 July 2022</b>               |       | 6,641                                            | -                  | 58,189                        | 64,830          |
| Total comprehensive income                  |       | -                                                | -                  | 2,345                         | 2,345           |
| <b>Balance at 30 June 2023</b>              |       | 6,641                                            | -                  | 60,534                        | 67,175          |

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.



## Consolidated cash flow statements

For the year ended 30 June 2023

|                                                                  | Notes | Charter Hall<br>Long WALE REIT |                  | Finance Trust   |                  |
|------------------------------------------------------------------|-------|--------------------------------|------------------|-----------------|------------------|
|                                                                  |       | 2023<br>\$'000                 | 2022<br>\$'000   | 2023<br>\$'000  | 2022<br>\$'000   |
| <b>Cash flows from operating activities</b>                      |       |                                |                  |                 |                  |
| Property rental income received                                  |       | 224,547                        | 230,452          | -               | -                |
| Property expenses paid                                           |       | (40,213)                       | (35,423)         | -               | -                |
| Distributions received from investment in joint venture entities |       | 100,169                        | 67,985           | -               | -                |
| Interest received                                                |       | 1,035                          | 86               | 381             | 59               |
| Other income received                                            |       | 2,129                          | 771              | -               | -                |
| Finance costs paid                                               |       | (57,954)                       | (29,591)         | (57,985)        | (30,040)         |
| Fund management fees paid                                        |       | (33,250)                       | (28,340)         | (449)           | (278)            |
| Administration and other expenses paid                           |       | (4,603)                        | (4,502)          | (152)           | (51)             |
| Net GST (paid)/received with respect to operating activities     |       | (12,631)                       | (13,764)         | 39              | 75               |
| <b>Net cash flows from operating activities</b>                  | A3    | <b>179,229</b>                 | <b>187,674</b>   | <b>(58,166)</b> | <b>(30,235)</b>  |
| <b>Cash flows from investing activities</b>                      |       |                                |                  |                 |                  |
| Payments for investment properties                               |       | (65,323)                       | (398,116)        | -               | -                |
| Receipts from sale of investment property                        |       | 112,250                        | 70,764           | -               | -                |
| Payments for investments in joint ventures                       |       | (97,628)                       | (346,523)        | -               | -                |
| Capital distributions from joint venture entities                |       | 446                            | -                | -               | -                |
| Acquisition and disposal related costs                           |       | (1,134)                        | (9,284)          | -               | -                |
| Advances under Intra-Group Facility Agreement                    |       | -                              | -                | (333,875)       | (863,103)        |
| Repayments under Intra-Group Facility Agreement                  |       | -                              | -                | 308,432         | 232,196          |
| <b>Net cash flows from investing activities</b>                  |       | <b>(51,389)</b>                | <b>(683,159)</b> | <b>(25,443)</b> | <b>(630,907)</b> |
| <b>Cash flows from financing activities</b>                      |       |                                |                  |                 |                  |
| Proceeds from issue of securities, net of equity raising costs*  |       | -                              | (858)            | -               | -                |
| Distributions paid to securityholders, net of DRP                |       | (206,982)                      | (158,416)        | -               | -                |
| Payment of interest rate swaps                                   |       | (21,560)                       | (13,911)         | (21,560)        | (13,911)         |
| Proceeds from borrowings (net of borrowing costs)                |       | 426,840                        | 897,704          | 426,840         | 897,704          |
| Repayment of borrowings                                          |       | (325,461)                      | (287,000)        | (325,461)       | (287,000)        |
| <b>Net cash flows from financing activities</b>                  |       | <b>(127,163)</b>               | <b>437,519</b>   | <b>79,819</b>   | <b>596,793</b>   |
| Net increase in cash and cash equivalents                        |       | 677                            | (57,966)         | (3,790)         | (64,349)         |
| Cash and cash equivalents at the beginning of the year           |       | 19,005                         | 76,971           | 5,574           | 69,923           |
| <b>Cash and cash equivalents at the end of the year</b>          |       | <b>19,682</b>                  | <b>19,005</b>    | <b>1,784</b>    | <b>5,574</b>     |

\* Proceeds from issues of security were non-cash in the prior financial year (refer to table below).

The above consolidated cash flow statements should be read in conjunction with the accompanying notes.

### Non-cash financing activities

The following non-cash financing and investing activities are not reflected in the statement of cash flows:

|                                                                                                             | Notes  | Charter Hall<br>Long WALE REIT |                | Finance Trust  |                |
|-------------------------------------------------------------------------------------------------------------|--------|--------------------------------|----------------|----------------|----------------|
|                                                                                                             |        | 2023<br>\$'000                 | 2022<br>\$'000 | 2023<br>\$'000 | 2022<br>\$'000 |
| <b>Distributions by the REIT during the year satisfied by the issue of stapled securities under the DRP</b> | A2, C4 | -                              | (45,869)       | -              | -              |
| <b>Stapled securities issued as consideration for investment property and joint venture entities</b>        |        | -                              | (440,766)      | -              | -              |

## About this report

The notes to these consolidated financial statements include additional information which is required to understand the operations, performance and financial position of the REIT and Finance Trust. They are organised in four key sections:

- A. REIT performance** – provides key metrics used to measure financial performance.
- B. Property portfolio assets** – explains the investment property portfolio structure.
- C. Capital structure and financial risk management** – details how the REIT manages its exposure to capital and financial risks.
- D. Further information** – provides additional disclosures relevant to understanding the REIT's consolidated financial statements.

|                                                           |           |                                                  |           |
|-----------------------------------------------------------|-----------|--------------------------------------------------|-----------|
| <b>A. REIT performance</b>                                | <b>22</b> | <b>B. Property portfolio assets</b>              | <b>26</b> |
| A1. Segment information                                   | 22        | B1. Investment properties                        | 26        |
| A2. Distributions and earnings per security               | 24        | B2. Investment in joint venture entities         | 28        |
| A3. Reconciliation of net profit to operating cash flows  | 25        | B3. Investment in financial assets at fair value | 31        |
|                                                           |           | B4. Commitments and contingent liabilities       | 31        |
| <b>C. Capital structure and financial risk management</b> | <b>32</b> | <b>D. Further information</b>                    | <b>43</b> |
| C1. Capital risk management                               | 32        | D1. Related party information                    | 43        |
| C2. Borrowings and liquidity                              | 32        | D2. Working capital                              | 45        |
| C3. Derivative financial instruments                      | 35        | D3. Parent entity information                    | 46        |
| C4. Contributed equity                                    | 37        | D4. Significant contract terms and conditions    | 47        |
| C5. Financial risk management                             | 38        | D5. Remuneration of the auditor                  | 47        |
| C6. Offsetting financial assets and liabilities           | 42        | D6. Interest in other entities                   | 48        |
|                                                           |           | D7. Events occurring after balance date          | 49        |
|                                                           |           | D8. Other significant accounting policies        | 49        |

### Critical accounting estimates and judgements

The preparation of the consolidated financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates and management to exercise its judgement in the process of applying the REIT's accounting policies.

The areas involving significant estimates or judgements are:

- Consolidation decisions and classification of joint arrangements - B2 Investment in joint venture entities
- Fair value estimation – B1 Investment properties

In preparing its financial statements, the REIT has considered the ongoing impact that the future economic outlook has had on its business operations and upon the business operations of its tenant customers. In assessing such impacts management has relied upon certain key estimates to evaluate current and future business conditions. Inherent in any estimate is a level of uncertainty. Estimation uncertainty is associated with the extent and duration of a high inflation and interest rate environment, including:

- the disruption and volatility to capital markets;
- deteriorating credit and liquidity concerns;
- the effectiveness of government and central bank measures; and
- judgements in property valuations.

## A. REIT performance

This section provides additional information on the key financial metrics used to define the results and performance of the REIT, including: operating earnings by segment, distributions and earnings per stapled security.

Operating earnings is a financial measure which represents profit under Australian Accounting Standards adjusted for net fair value movements, non-cash accounting adjustments such as straight lining of rental income and amortisations and other unrealised or one-off items.

The inclusion of operating earnings as a measure of the REIT's profitability provides investors with the same basis that is used internally for evaluating operating segment performance. Operating earnings is used by the Board to make strategic decisions and as a guide to assessing an appropriate distribution to declare.

### A1. Segment information

#### (a) Description of segments

The Directors of the Responsible Entity have determined the operating segments based on the reports reviewed by the chief operating decision maker, being the Board of the Responsible Entity. The REIT has one operating segment being its Australasian operations. Finance Trust results are not separately identified and reported, and therefore segment information for Finance Trust is not prepared and provided to the Board.

#### (b) Segment information provided to the Board

The operating earnings reported to the Board for the year ended 30 June 2023 are as follows:

|                                                               | 30 Jun 2023<br>\$'000 | 30 Jun 2022<br>\$'000 |
|---------------------------------------------------------------|-----------------------|-----------------------|
| Property lease revenue                                        | 210,749               | 209,665               |
| Services income                                               | 10,727                | 9,946                 |
| <b>Property income</b>                                        | <b>221,476</b>        | <b>219,611</b>        |
| Income support and development rebate                         | 256                   | 462                   |
| Non-cash adjustments                                          | (1,606)               | (7,131)               |
| Property expenses                                             | (34,907)              | (34,053)              |
| <b>Net property income from wholly owned properties (NPI)</b> | <b>185,219</b>        | <b>178,889</b>        |
| Share of operating earnings from investments in joint venture | 111,611               | 91,297                |
| Interest income                                               | 1,035                 | 86                    |
| Fund management fees                                          | (30,477)              | (26,165)              |
| Finance costs                                                 | (60,376)              | (33,137)              |
| Administration and other expenses                             | (4,566)               | (3,785)               |
| <b>Operating earnings</b>                                     | <b>202,446</b>        | <b>207,185</b>        |
| Weighted average number of stapled securities                 | 722,955               | 679,392               |
| Operating earnings per stapled security (cents)               | 28.00                 | 30.50                 |

The operating earnings on a proportionate consolidation basis are set out below:

|                                   | 30 Jun 2023<br>\$'000 | 30 Jun 2022<br>\$'000 |
|-----------------------------------|-----------------------|-----------------------|
| Net property income               | 324,574               | 293,494               |
| Interest income                   | 1,714                 | 121                   |
| Fund management fees              | (31,110)              | (26,790)              |
| Finance costs                     | (87,179)              | (54,966)              |
| Administration and other expenses | (5,553)               | (4,674)               |
| <b>Operating earnings</b>         | <b>202,446</b>        | <b>207,185</b>        |

## A. REIT performance (continued)

The table below sets out the top five tenant's contribution to net property income presented on a proportionate consolidation basis:

| Tenant                                        | 2023<br>% | 2022<br>% |
|-----------------------------------------------|-----------|-----------|
| Federal and State government                  | 19        | 18        |
| Endeavour Group (previously Woolworths Group) | 19        | 18        |
| Telstra                                       | 13        | 13        |
| bp                                            | 10        | 10        |
| Ingham's                                      | 5         | 5         |

The reconciliation between operating earnings to statutory profit is set out below:

|                                                                              | 30 Jun 2023<br>\$'000 | 30 Jun 2022<br>\$'000 |
|------------------------------------------------------------------------------|-----------------------|-----------------------|
| <b>Operating earnings</b>                                                    | <b>202,446</b>        | 207,185               |
| Net fair value movements on investment properties*                           | (362,662)             | 625,860               |
| Net fair value movements on debt and derivative financial instruments*       | (29,597)              | 82,000                |
| Net fair value movements on investments at fair value through profit or loss | 151                   | 18                    |
| Straight lining of rental income, amortisation of lease fees and incentives* | 1,492                 | 7,543                 |
| Acquisition and disposal related costs*                                      | (1,134)               | (9,284)               |
| Loss on debt extinguishment*                                                 | (573)                 | (5,556)               |
| Income support and development rebate                                        | (256)                 | (462)                 |
| Provision for rent relief                                                    | 84                    | (147)                 |
| Foreign exchange gains                                                       | 1,056                 | 4,742                 |
| <b>Statutory (loss)/profit for the year</b>                                  | <b>(188,993)</b>      | 911,899               |

\* Includes the REIT's proportionate share of non-operating items of joint venture investments on a look-through basis.

### Property lease revenue

Property lease revenue represents income earned from the long-term rental of REIT properties and is recognised on a straight line basis over the lease term. The portion of rental income relating to fixed increases in operating lease rentals in future years is recognised as a separate component of investment properties.

Minimum lease payments to be received include future amounts to be received on non-cancellable operating leases. Amounts receivable under non-cancellable operating leases where the REIT's right to consideration for a service directly corresponds with the value of the service provided to the customer have not been included (for example, variable amounts payable by tenants for their share of the operating costs of the asset).

Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the consolidated financial statements are receivable as follows:

|                  | 30 Jun 2023<br>\$'000 | 30 Jun 2022<br>\$'000 |
|------------------|-----------------------|-----------------------|
| Less than 1 year | 208,936               | 206,482               |
| 1 – 2 years      | 211,198               | 210,750               |
| 2 – 3 years      | 209,617               | 212,596               |
| 3 – 4 years      | 197,295               | 206,589               |
| 4 – 5 years      | 183,822               | 189,944               |
| Over 5 years     | 1,380,929             | 1,504,894             |
| <b>Total</b>     | <b>2,391,797</b>      | 2,531,255             |

### Services income

Services income principally includes non-lease income derived under lease agreements with tenants. Non-lease income relates to the proportion of property operating costs which are recoverable from tenants in accordance with lease agreements and relevant legislative acts.

## A. REIT performance (continued)

### Property expenses

Property expenses include rates and taxes incurred in relation to investment properties where such expenses are the responsibility of the REIT. These expenses are recognised on an accrual basis.

### A2. Distributions and earnings per security

#### (a) Distributions paid and payable

|                                        | Number of<br>securities on issue<br>entitled to distribution | 2023<br>Cents per<br>security<br>\$'000 | Number of<br>securities on issue<br>entitled to distribution | 2022<br>Cents per<br>security<br>\$'000 |
|----------------------------------------|--------------------------------------------------------------|-----------------------------------------|--------------------------------------------------------------|-----------------------------------------|
| <b>Ordinary securityholders of DIF</b> |                                                              |                                         |                                                              |                                         |
| 30 September                           | 722,955,466                                                  | 7.00 50,607                             | 630,580,810                                                  | 7.62 48,050                             |
| 31 December                            | 722,955,466                                                  | 7.00 50,607                             | 718,377,885                                                  | 7.62 54,740                             |
| 31 March                               | 722,955,466                                                  | 7.00 50,607                             | 720,933,092                                                  | 7.63 55,007                             |
| 30 June                                | 722,955,466                                                  | 7.00 50,607                             | 722,955,466                                                  | 7.63 55,162                             |
| <b>Total distributions</b>             |                                                              | <b>28.00 202,428</b>                    |                                                              | <b>30.50 212,959</b>                    |

No distributions were paid or declared during the year by Finance Trust.

Pursuant to the REIT's constitutions, the amount distributed to securityholders is at the discretion of the Responsible Entity. The Responsible Entity uses operating earnings as a guide to assess an appropriate distribution to declare. Operating earnings amounted to \$202.4 million (28.0 cents per stapled security) for the year ended 30 June 2023 (2022: \$207.2 million; 30.5 cents per stapled security) and distributions of \$202.4 million (28.0 cents per stapled security) were declared for the same period (2022: \$213.0 million; 30.5 cents per stapled security).

A liability is recognised for the amount of any distribution declared by the REIT on or before the end of the reporting period but not distributed at balance date.

Under current Australian income tax legislation, the REIT is not liable to pay income tax provided its income for the year, as determined under the REIT's constitutions, is fully distributed to securityholders, by way of cash or reinvestment.

#### (b) Earnings per stapled security

|                                                                                                                                 | Charter Hall<br>Long WALE REIT |         | Finance Trust |         |
|---------------------------------------------------------------------------------------------------------------------------------|--------------------------------|---------|---------------|---------|
|                                                                                                                                 | 2023                           | 2022    | 2023          | 2022    |
| <b>Basic and diluted earnings</b>                                                                                               |                                |         |               |         |
| (Loss)/earnings per stapled security (cents)                                                                                    | (26.14)                        | 134.22  | 0.32          | 10.88   |
| Operating earnings of the REIT per stapled security (cents)                                                                     | 28.00                          | 30.50   | N/A           | N/A     |
| (Loss)/earnings of the parent entity (cents)                                                                                    | (26.47)                        | 123.35  | (0.06)        | (0.03)  |
| <b>Earnings used in the calculation of basic and diluted earnings per stapled security</b>                                      |                                |         |               |         |
| Net profit/(loss) for the year (\$'000)                                                                                         | (188,993)                      | 911,899 | 2,345         | 73,891  |
| Net profit/ (loss) of the parent entity for the year (\$'000)                                                                   | (191,338)                      | 838,008 | (438)         | (235)   |
| Operating earnings of the REIT for the year (\$'000)                                                                            | 202,446                        | 207,185 | N/A           | N/A     |
| Weighted average number of stapled securities used in the calculation of basic and diluted earnings per stapled security ('000) | 722,955                        | 679,392 | 722,955       | 679,392 |

Basic and diluted earnings per unit is determined by dividing statutory profit attributable to the stapled securityholders by the weighted average number of stapled securities on issue during the year. The REIT has no dilutive or convertible stapled securities on issue.

Operating earnings per stapled security is determined by dividing operating earnings attributable to the stapled securityholders by the weighted average number of stapled securities on issue during the year.

## A. REIT performance (continued)

### A3. Reconciliation of net profit to operating cash flow

|                                                                           | Charter Hall<br>Long WALE REIT |           | Finance Trust   |          |
|---------------------------------------------------------------------------|--------------------------------|-----------|-----------------|----------|
|                                                                           | 2023                           | 2022      | 2023            | 2022     |
|                                                                           | \$'000                         | \$'000    | \$'000          | \$'000   |
| <b>Profit for the year</b>                                                | <b>(188,993)</b>               | 911,899   | <b>2,345</b>    | 73,891   |
| <b>Non-cash items</b>                                                     |                                |           |                 |          |
| Net fair value movements on financial assets                              | (151)                          | (18)      | -               | -        |
| Net fair value movements on investment properties                         | 217,924                        | (263,410) | -               | -        |
| Net fair value movements on derivative financial instruments              | 20,314                         | (59,152)  | 20,314          | (59,152) |
| Share of non-operating loss/(earnings) from investments in joint ventures | 154,705                        | (380,102) | -               | -        |
| Distributions reinvested in investments in joint ventures                 | (14,051)                       | (22,076)  | -               | -        |
| Straight lining of rental income and amortisation of incentives           | (1,607)                        | (7,131)   | -               | -        |
| Amortisation of borrowing costs                                           | 1,961                          | 1,677     | 1,961           | 1,677    |
| Rent-free incentives                                                      | (13,391)                       | (6,516)   | -               | -        |
| Provision for rent relief                                                 | (80)                           | 95        | -               | -        |
| Capitalised interest on Intra-Group Facility                              | -                              | -         | (82,213)        | (43,703) |
| Foreign exchange gains                                                    | (1,056)                        | (4,742)   | (1,041)         | (4,810)  |
| <b>Classified as investing and financing activities</b>                   |                                |           |                 |          |
| Acquisition and disposal related costs                                    | 1,134                          | 9,284     | -               | -        |
| (Increase)/decrease in trade and other receivables                        | 7,655                          | 3,658     | (12)            | 55       |
| Increase/(decrease) in trade and other payables                           | (5,135)                        | 4,208     | 480             | 1,807    |
| <b>Net cash flows from operating activities</b>                           | <b>179,229</b>                 | 187,674   | <b>(58,166)</b> | (30,235) |

## B. Property portfolio assets

The REIT's property portfolio assets comprise directly held investment properties, indirectly held interests in investment property held through joint ventures and investments in financial assets at fair value. Investment properties comprise investment interests in land and buildings held for long-term rental yields.

The following table summarises the property portfolio assets detailed in this section.

|                                             | Notes | 2023<br>\$'000   | 2022<br>\$'000   |
|---------------------------------------------|-------|------------------|------------------|
| <b>Non-current assets</b>                   |       |                  |                  |
| Investment properties                       | B1    | 3,481,539        | 3,722,057        |
| Investments in joint ventures               | B2    | 2,593,708        | 2,634,274        |
| Investment in financial asset at fair value | B3    | 4,933            | 4,782            |
| <b>Total property portfolio assets</b>      |       | <b>6,080,180</b> | <b>6,361,113</b> |

The valuation policies stated in B1 also apply to property held in joint operations (B1) and joint ventures (B2).

Summary of acquisition and disposal costs directly expensed to the statement of comprehensive income in relation to transactions which occurred during the year:

| <i>Costs in relation to transactions with:</i> |       | 2023<br>\$'000 | 2022<br>\$'000 |
|------------------------------------------------|-------|----------------|----------------|
|                                                | Notes |                |                |
| Investment properties                          |       | 74             | 29             |
| Investments in joint ventures                  | B2    | 1,060          | 9,255          |
| <b>Total</b>                                   |       | <b>1,134</b>   | <b>9,284</b>   |

### B1. Investment properties

#### *Investment properties*

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Revaluation gains and losses are included in the consolidated statement of comprehensive income in the year in which they arise.

#### *Assets held for sale*

Investment properties are classified as assets held for sale when it is highly probable that the carrying amount will be recovered principally through a sale transaction rather than through continuing use. Investment properties classified as held for sale are measured at fair value. Assets which are classified as held for sale are classified as current assets as it is expected they will be divested within the coming reporting period.

#### *Development properties*

The total cost of a development property is generally capitalised to its carrying value until development is complete. At the commencement of a development project, an estimated valuation on completion is obtained and the capitalised costs during the project are monitored against this initial valuation. Post completion, the property is externally valued with a full formal report and thereafter the stabilised asset valuation process applies. At each reporting date, the carrying values of development properties are reviewed to determine whether they are in excess of their fair value. Where appropriate, a write-down is made to reflect fair value.

#### *Joint operations*

The REIT recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the consolidated financial statements under the appropriate headings.



## B. Property portfolio assets (continued)

### (a) Valuation process

The Responsible Entity conducts an investment property valuation process on a semi-annual basis. This process is overseen by the Executive Property Valuations Committee (EVPC) which is an internal Charter Hall committee comprised of The Group CEO, Chief Investment Officer and Head of Capital Transactions. The role of the EVPC is to oversee the valuation process including:

- approving a panel of independent valuers;
- reviewing key valuation inputs and assumptions;
- reviewing the independent valuations prior to these being presented to the Board; and
- acting as an escalation point between the group and any external valuer.

Valuations are performed either by independent professionally qualified external valuers or by Charter Hall's internal valuers who hold recognised relevant professional qualifications. Fair value is determined using discounted cash flow (DCF) and income capitalisation methods.

Each investment property is valued by an independent external valuer at least once every 12 months, or earlier, where the Responsible Entity deems it appropriate or believes there may be a material change in the carrying value of the property. Independent valuers are engaged on a rotational basis. External valuations were conducted at 30 June 2023 for 100% of the REIT's portfolio, including joint ventures.

### (b) Valuation techniques and key judgements

In determining fair value of investment properties and assets held for sale, management has considered the nature, characteristics and risks of its investment properties. Such risks include but are not limited to the property cycle, transaction evidence and structural changes in the current and future macro-economic environment.

The table below identifies the inputs, which are not based on observable market data, used to measure the fair value (level 3) of the investment properties:

|             | Fair value<br>\$'000 | Net market rent<br>(\$ s.q.m./p.a.) | Adopted<br>capitalisation rate<br>(% p.a.) | Adopted terminal<br>yield<br>(% p.a.) | Adopted<br>discount rate<br>(% p.a.) |
|-------------|----------------------|-------------------------------------|--------------------------------------------|---------------------------------------|--------------------------------------|
| <b>2023</b> | <b>3,481,539</b>     | <b>17 - 1,303</b>                   | <b>3.50 - 7.75</b>                         | <b>3.50 - 8.25</b>                    | <b>4.50 - 9.25</b>                   |
| 2022        | 3,722,057            | 17 - 1,269                          | 3.00 - 7.25                                | 3.13 - 8.00                           | 3.50 - 8.00                          |

| Term                              | Definition                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Discounted cash flow (DCF) method | A method in which a discount rate is applied to future expected income streams to estimate the present value.                                                                                                                                                                                                                                                                                                                       |
| Income capitalisation method      | A valuation approach that provides an indication of value by converting future cash flows to a single current capital value.                                                                                                                                                                                                                                                                                                        |
| Net market rent                   | A net market rent is the estimated amount for which a property or space within a property should lease between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and wherein the parties have each acted knowledgeably, prudently and without compulsion. In a net rent, the owner recovers outgoings from the tenant on a pro-rata basis (where applicable). |
| Capitalisation rate               | The return represented by the income produced by an investment, expressed as a percentage.                                                                                                                                                                                                                                                                                                                                          |
| Terminal yield                    | A percentage return applied to the expected net income following a hypothetical sale at the end of the cash flow period.                                                                                                                                                                                                                                                                                                            |
| Discount rate                     | A rate of return used to convert a future monetary sum or cash flow into present value.                                                                                                                                                                                                                                                                                                                                             |

## B. Property portfolio assets (continued)

### Sensitivity analysis

The REIT considers capitalisation rates the most significant assumption that is subject to estimation uncertainty given the nature of its portfolio. Accordingly, sensitivities to the fair value of investment properties (including those owned by the REIT's joint ventures) have been provided around reasonable possible movements in the capitalisation rate.

If the capitalisation rate expanded by 25 basis points, the fair value of all wholly owned investment properties would reduce by \$167.3 million from the fair value as at 30 June 2023 (\$356.9 million reduction including the REIT's share of joint venture properties) and if the capitalisation rate compressed by 25 basis points, the fair value would increase by \$185.1 million from the fair value as at 30 June 2023 (\$398.5 million increase including the REIT's share of joint venture properties).

Movement in the inputs are likely to have an impact on the fair value of investment properties. An increase/(decrease) in net market rent will likely lead to an increase/(decrease) in fair value. A decrease/(increase) in adopted capitalisation rate, adopted terminal yield or adopted discount rate will likely lead to an increase/(decrease) in fair value.

### (c) Reconciliation of the carrying amount of investment properties at the beginning and end of year

|                                                                                                                                           | Notes | 2023<br>\$'000   | 2022<br>\$'000   |
|-------------------------------------------------------------------------------------------------------------------------------------------|-------|------------------|------------------|
| Carrying amount at the beginning of the year                                                                                              |       | 3,722,057        | 3,092,885        |
| Additions                                                                                                                                 |       | 85,805           | 402,849          |
| Acquisition and disposal costs incurred                                                                                                   |       | 2,245            | 26,691           |
| Disposals                                                                                                                                 |       | (112,250)        | (70,909)         |
| Revaluation (decrement)/increment                                                                                                         |       | (214,073)        | 297,232          |
| Revaluation decrement attributable to acquisition costs, straight lining of rental income and amortisation of incentives and leasing fees |       | (3,851)          | (33,822)         |
| Straight lining of rental income and amortisation of incentives and leasing fees                                                          |       | 1,606            | 7,131            |
| <b>Carrying amount at the end of the year</b>                                                                                             |       | <b>3,481,539</b> | <b>3,722,057</b> |

### B2. Investment in joint venture entities

The REIT accounts for investments in joint venture entities and associates using the equity method, with investments initially recognised at cost and adjusted thereafter to recognise the REIT's share of post-acquisition profits or losses of the investee in profit or loss, and the REIT's share of movements in other comprehensive income of the investee in other comprehensive income of the REIT. Distributions received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

When the REIT's share of losses in a joint venture investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the REIT does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the REIT and its joint venture entities are eliminated to the extent of the REIT's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint venture investees have been changed where necessary to ensure consistency with the policies adopted by the REIT.

The REIT exercises joint control over the joint venture entities, but neither the REIT nor its joint venture partners have control in their own right, irrespective of their ownership interest. An associate is an entity over which the REIT has significant influence. The principal activity of all joint venture entities and associates during the year was property investment.

Management regularly reviews joint venture investments for impairment by reference to changes in circumstances or contractual arrangements, external independent property valuations and market conditions, using generally accepted market practices. When a recoverable amount is estimated through a value in use calculation, critical judgements and estimates are made regarding future cash flows and an appropriate discount rate.

## B. Property portfolio assets (continued)

Information relating to the joint venture entities is detailed below:

| Name of entity                                                  | Properties                                       | 2023<br>Ownership % | 2022<br>Ownership % | 2023<br>\$'000   | 2022<br>\$'000   |
|-----------------------------------------------------------------|--------------------------------------------------|---------------------|---------------------|------------------|------------------|
| Perth RDC Trust                                                 | Coles, Perth WA                                  | 49.9%               | 49.9%               | 180,432          | 178,788          |
| LWIP                                                            | ALH (National Portfolio)                         | 49.9%               | 49.9%               | 436,933          | 456,868          |
| CH DC Fund                                                      | Woolworths,<br>Dandenong VIC                     | 26.0%               | 26.0%               | 83,446           | 97,571           |
| Kogarah Trust                                                   | Westpac, Kogarah NSW                             | 50.1%               | 50.1%               | 126,580          | 133,791          |
| CH BBD Trust                                                    | Brisbane Bus Depot,<br>Brisbane QLD              | 50.0%               | 50.0%               | 44,396           | 45,298           |
| Charter Hall Exchange<br>Wholesale Trust<br>(Exchange Trust)    | 49% in Telstra Portfolio<br>(National Portfolio) | 50.0%               | 50.0%               | 282,748          | 272,317          |
| CH 242 Exhibition Street<br>Holding Trust                       | 242 Exhibition St,<br>Melbourne VIC              | 15.0%               | 15.0%               | 69,882           | 76,653           |
| Charter Hall Australian<br>Convenience Retail Trust<br>(bp Aus) | 49% in bp Portfolio<br>(National Portfolio)      | 50.0%               | 50.0%               | 345,713          | 354,232          |
| CH Dartmouth NZ<br>Wholesale Fund (bp NZ)                       | 49% in bp NZ Portfolio<br>(NZ Portfolio)         | 50.0%               | 50.0%               | 169,388          | 181,493          |
| CH LEP Holding Trust<br>(CH LEP)                                | ALE Portfolio (National<br>Portfolio)            | 50.0%               | 50.0%               | 765,207          | 837,263          |
| Charter Hall GSA Trust<br>(CH GSA)                              | Geoscience Australia,<br>Canberra ACT            | 25.0%               | -                   | 88,983           | -                |
|                                                                 |                                                  |                     |                     | <b>2,593,708</b> | <b>2,634,274</b> |

Note: Country of establishment of all joint venture entities is Australia.

### (a) Gross equity accounted value of investment in joint venture entities

|                                         | 2023<br>\$'000   | 2022<br>\$'000   |
|-----------------------------------------|------------------|------------------|
| Balance at the beginning of the year    | 2,634,274        | 1,473,403        |
| Additions (including acquisition costs) | 112,812          | 800,987          |
| Acquisition costs written off           | (1,060)          | (8,806)          |
| Share of joint venture (loss)/profit    | (43,094)         | 471,399          |
| Capital distribution                    | (1,254)          | -                |
| Distributions received and receivable   | (110,894)        | (97,172)         |
| Foreign exchange loss                   | 2,924            | (5,537)          |
| <b>Balance at the end of the year</b>   | <b>2,593,708</b> | <b>2,634,274</b> |

## B. Property portfolio assets (continued)

### (b) Summarised financial information for material joint ventures

The information presented below reflects the amounts in the financial statements of the joint ventures.

|                                                                                            | CH LEP           | LWIP           | bp Aus         | Exchange<br>Trust | bp NZ          | Perth<br>Trust | Other<br>trusts* | Total            |
|--------------------------------------------------------------------------------------------|------------------|----------------|----------------|-------------------|----------------|----------------|------------------|------------------|
|                                                                                            | \$'000           | \$'000         | \$'000         | \$'000            | \$'000         | \$'000         | \$'000           | \$'000           |
| <b>2023</b>                                                                                |                  |                |                |                   |                |                |                  |                  |
| <b>Summarised balance sheet:</b>                                                           |                  |                |                |                   |                |                |                  |                  |
| Cash and cash equivalents                                                                  | 19,329           | 1,109          | 323            | 1,417             | -              | 3,283          | 13,412           | 38,873           |
| Other current assets                                                                       | 383              | 3,869          | 14,472         | 3,077             | 4,054          | 785            | 4,031            | 30,671           |
| Non-current assets                                                                         | 1,696,585        | 1,258,750      | 1,118,816      | 957,456           | 338,776        | 360,000        | 1,991,083        | 7,721,466        |
| Current liabilities                                                                        | (9,463)          | (13,544)       | (14,337)       | (4,466)           | (4,054)        | (2,480)        | (26,229)         | (74,573)         |
| Borrowings - non-current liabilities**                                                     | (176,421)        | (374,566)      | (427,848)      | (391,988)         | -              | -              | (498,092)        | (1,868,915)      |
| <b>Net assets</b>                                                                          | <b>1,530,413</b> | <b>875,618</b> | <b>691,426</b> | <b>565,496</b>    | <b>338,776</b> | <b>361,588</b> | <b>1,484,205</b> | <b>5,847,522</b> |
| REIT's share in %                                                                          | 50.0             | 49.9           | 50.0           | 50.0              | 50.0           | 49.9           |                  |                  |
| REIT's share in \$'000 and carrying value                                                  | 765,207          | 436,933        | 345,713        | 282,748           | 169,388        | 180,432        | 413,287          | 2,593,708        |
| * Includes Kogarah Trust, CH DC Fund, CH BBD Trust, 242 Exhibition Trust and CH GSA Trust. |                  |                |                |                   |                |                |                  |                  |
| CH GSA income statement from 11 October 2022 (acquisition date).                           |                  |                |                |                   |                |                |                  |                  |
| ** With the exception of borrowings in CH LEP classified as current.                       |                  |                |                |                   |                |                |                  |                  |
| <b>Summarised statement of comprehensive (loss)/income:</b>                                |                  |                |                |                   |                |                |                  |                  |
| Revenue                                                                                    | 63,723           | 61,606         | 49,952         | 33,754            | 15,841         | 19,476         | 113,709          | 358,061          |
| Interest expense                                                                           | (5,966)          | (18,620)       | (13,849)       | (9,964)           | -              | -              | (16,948)         | (65,347)         |
| (Loss)/profit for the year                                                                 | (90,754)         | (30,622)       | 22,435         | 44,332            | (14,363)       | 16,278         | (76,506)         | (129,200)        |
| Total comprehensive (loss)/income                                                          | (90,754)         | (30,622)       | 22,435         | 44,332            | (14,363)       | 16,278         | (76,506)         | (129,200)        |
| REIT's share in \$'000                                                                     | (45,377)         | (15,280)       | 11,218         | 22,166            | (7,182)        | 8,123          | (16,762)         | (43,094)         |
| REIT's share of distribution received in \$'000                                            | 26,679           | 18,705         | 18,483         | 11,735            | 7,921          | 8,474          | 18,897           | 110,894          |
| <b>2022</b>                                                                                |                  |                |                |                   |                |                |                  |                  |
| <b>Summarised balance sheet:</b>                                                           |                  |                |                |                   |                |                |                  |                  |
| Cash and cash equivalents                                                                  | 27,470           | 2,879          | 216            | 3,836             | -              | 1,581          | 6,636            | 42,618           |
| Other current assets                                                                       | 86               | 3,242          | 12,031         | 2,763             | 3,596          | 343            | 4,537            | 26,598           |
| Non-current assets                                                                         | 1,827,135        | 1,288,700      | 1,132,725      | 936,314           | 362,985        | 360,000        | 1,738,223        | 7,646,082        |
| Current liabilities                                                                        | (16,993)         | (12,147)       | (10,535)       | (3,975)           | (3,596)        | (3,632)        | (16,098)         | (66,976)         |
| Borrowings - non-current liabilities                                                       | (163,172)        | (367,107)      | (425,973)      | (394,304)         | -              | -              | (489,360)        | (1,839,916)      |
| <b>Net assets</b>                                                                          | <b>1,674,526</b> | <b>915,567</b> | <b>708,464</b> | <b>544,634</b>    | <b>362,985</b> | <b>358,292</b> | <b>1,243,938</b> | <b>5,808,406</b> |
| REIT's share in %                                                                          | 50.0             | 49.9           | 50.0           | 50.0              | 50.0           | 49.9           |                  |                  |
| REIT's share in \$'000 and carrying value                                                  | 837,263          | 456,868        | 354,232        | 272,317           | 181,493        | 178,788        | 353,313          | 2,634,274        |
| *Includes Kogarah Trust, CH DC Fund, CH BBD Trust and 242 Exhibition Trust.                |                  |                |                |                   |                |                |                  |                  |
| CH LEP income statement from 17 December 2021 (acquisition date).                          |                  |                |                |                   |                |                |                  |                  |
| <b>Summarised statement of comprehensive income:</b>                                       |                  |                |                |                   |                |                |                  |                  |
| Revenue                                                                                    | 32,252           | 61,503         | 47,231         | 31,729            | 14,612         | 18,871         | 91,715           | 297,913          |
| Interest expense                                                                           | (4,714)          | (15,004)       | (11,946)       | (9,463)           | -              | -              | (12,470)         | (53,597)         |
| Profit for the year                                                                        | 175,052          | 228,808        | 183,959        | 154,807           | 56,393         | 49,069         | 201,883          | 1,049,971        |
| Total comprehensive income                                                                 | 175,052          | 228,808        | 183,959        | 154,807           | 56,393         | 49,069         | 201,883          | 1,049,971        |
| REIT's share in \$'000                                                                     | 77,075           | 114,175        | 91,980         | 77,404            | 28,197         | 24,485         | 58,083           | 471,399          |
| REIT's share of distribution received in \$'000                                            | 13,537           | 18,766         | 17,478         | 17,229            | 7,307          | 8,450          | 14,405           | 97,172           |

## B. Property portfolio assets (continued)

### B3. Investments in financial assets at fair value

|                        | 2023<br>\$'000 | 2022<br>\$'000 |
|------------------------|----------------|----------------|
| Income support account | 4,933          | 4,782          |
| <b>Total</b>           | <b>4,933</b>   | <b>4,782</b>   |

|                                                     | 2023<br>\$'000 | 2022<br>\$'000 |
|-----------------------------------------------------|----------------|----------------|
| Balance at the beginning of the year                | 4,782          | 4,764          |
| Net fair value movement on investment at fair value | 151            | 18             |
| <b>Balance at the end of the year</b>               | <b>4,933</b>   | <b>4,782</b>   |

### B4. Commitments and contingent liabilities

As at the balance date, the REIT's capital commitments amounted to \$21.8 million (2022: \$32.8 million, inclusive of \$27.8m commitment to fund the development at Bunnings Caboolture).

The Finance Trust had no commitments as at 30 June 2023 (2022: nil).

As at 30 June 2023, the REIT and Finance Trust have no contingent liabilities (2022: nil).

The REIT's share in the commitments and contingent liabilities of joint venture entities, other than those described above, total nil (2022: nil).

## C. Capital structure and financial risk management

The REIT's activities expose it to numerous external financial risks such as market risk, credit risk and liquidity risk. This section explains how the REIT utilises its risk management framework to reduce volatility from these external factors.

### C1. Capital risk management

The REIT optimises capital through the mix of available capital sources while complying with statutory and constitutional capital and distribution requirements, maintaining gearing, interest cover ratios and other covenants within approved limits and continuing to operate as a going concern. The REIT assesses its capital management approach as a key part of its overall strategy and it is regularly reviewed by management and the Board.

The REIT is able to alter its capital mix by issuing new units, activating the DRP, electing to have the DRP underwritten, adjusting the amount of distributions paid, activating a unit buyback program or selling assets to reduce borrowings. The REIT has a target balance sheet gearing level of 25% to 35% of debt to total assets and its balance sheet gearing at 30 June 2023 was 32.9% (2022: 29.9%).

### C2. Borrowings and liquidity

#### (a) Borrowings

Borrowings are initially recognised at fair value, estimated by comparing the margin on the facility to the pricing of a similar facility in the current market, and subsequently measured at amortised cost using the effective interest rate method. Under the effective interest rate method, any transaction fees, costs, discounts and premiums directly related to the borrowings are recognised in profit or loss over the expected life of the borrowings. All borrowings are classified as non-current liabilities as they have maturities greater than 12 months. The figures below represent both the REIT and Finance Trust.

|                                                | 2023                  |            | 2022                  |            |
|------------------------------------------------|-----------------------|------------|-----------------------|------------|
|                                                | Total carrying amount | Fair value | Total carrying amount | Fair value |
|                                                | \$'000                | \$'000     | \$'000                | \$'000     |
| Bank loan                                      | 1,354,210             | 1,352,863  | 1,251,806             | 1,236,526  |
| Australian dollar medium-term notes (A\$MTNs)* | 594,153               | 559,575    | 591,755               | 561,036    |
| Unamortised borrowing cost                     | (7,472)               | -          | (9,358)               | -          |
| Total                                          | 1,940,891             | 1,912,438  | 1,834,203             | 1,797,562  |
| Balance available for drawing                  | 275,790               |            | 378,194               |            |

\* Includes fair value hedge adjustment of (\$105.8) million (2022: (\$108.2) million).

#### Bank loans

|                    |               | Facility limit<br>at 30 Jun 2023 | Utilised amount<br>at 30 Jun 2023 |
|--------------------|---------------|----------------------------------|-----------------------------------|
|                    | Maturity Date | \$'000                           | \$'000                            |
| Bilateral facility | July 2026     | 100,000                          | 80,000                            |
| Bilateral facility | August 2026   | 200,000                          | 200,000                           |
| Bilateral facility | November 2026 | 100,000                          | 100,000                           |
| Bilateral facility | November 2026 | 270,000                          | 270,000                           |
| Bilateral facility | November 2026 | 300,000                          | 300,000                           |
| Bilateral facility | November 2026 | 310,000                          | 304,210                           |
| Bilateral facility | November 2027 | 100,000                          | 100,000                           |
| Bilateral facility | December 2027 | 250,000                          | -                                 |
|                    |               | 1,630,000                        | 1,354,210                         |

#### Covenants

Syndicated and bilateral facilities are repayable if any of the following occurs:

- the REIT defaults on payments of interest or principal;
- interest cover ratio falls below 2.00:1;
- total liabilities to total tangible assets ratio exceeds 50%;
- the aggregate of the priority indebtedness ratio for the Group and the priority indebtedness ratio for the non-recourse debt exceeds 27.5%;
- the aggregate of priority debt and any secured finance debt exceeds 5%; and
- total unsecured debt over unencumbered assets of the REIT exceeds 60%.

The REIT complied with all debt covenants during the financial year.

## C. Capital structure and financial risk management (continued)

### Australian dollar medium-term notes (A\$MTNs)

In March and June 2021, the Finance Trust on behalf of the REIT issued \$700 million of fixed rate A\$MTNs comprising \$300 million 7 year notes, \$200 million 8.5 year notes and \$200 million 10 year notes.

The REIT's interest rate exposure under these notes is 100% hedged with interest rate swaps (refer to Note C3(b)).

### Intra-Group Facility Agreement

|                                     | 30 Jun 2023<br>\$'000 | 30 Jun 2022<br>\$'000 |
|-------------------------------------|-----------------------|-----------------------|
| <b>Loans receivable under IGFA</b>  |                       |                       |
| Charter Hall Direct Industrial Fund | 2,038,192             | 1,932,455             |
|                                     | <b>2,038,192</b>      | <b>1,932,455</b>      |

On 10 November 2016, the Finance Trust entered an Intra-Group Facility Agreement (IGFA) with DIF. This agreement expires in December 2027.

Interest rates under the IGFA are variable and reset periodically. As at 30 June 2023, the interest rate under the IGFA was 4.17% (30 June 2022: 2.52%) per annum. Interest income of \$82.2 million was earned during the year (2022: \$43.7 million).

As at 30 June 2023, the fair value of the loan receivable under IGFA amounted to \$2,038 million (2022: \$1,932 million).

### Borrowing in Joint Ventures

|                                          |                      | Facility limit<br>at 30 Jun 2023<br>at 100%<br>\$'000 | Facility limit<br>at 30 Jun 2023<br>REIT's share<br>\$'000 |
|------------------------------------------|----------------------|-------------------------------------------------------|------------------------------------------------------------|
|                                          | <b>Maturity Date</b> |                                                       |                                                            |
| LWIP – syndicated debt facility          | November 2026        | 100,000                                               | 49,900                                                     |
| LWIP – US Private Placement notes (USPP) | May 2027             | 200,000                                               | 99,800                                                     |
| LWIP – US Private Placement notes (USPP) | November 2031        | 110,000                                               | 54,890                                                     |
| CH BBD Trust – debt facility             | August 2027          | 52,250                                                | 26,125                                                     |
| Exchange Trust                           | March 2028           | 97,500                                                | 48,750                                                     |
| Exchange Trust – A\$MTN                  | September 2030       | 300,000                                               | 150,000                                                    |
| 242 Exhibition Street                    | November 2028        | 466,500                                               | 69,975                                                     |
| Charter Hall Australian Retail Trust     | August 2028          | 450,000                                               | 225,000                                                    |
| CH LEP – CIB notes*                      | November 2023        | 176,470                                               | 88,235                                                     |
|                                          |                      | <b>1,952,720</b>                                      | <b>812,675</b>                                             |

\* Includes gross value of debt and accumulated indexation.

In August 2022, the Charter Hall Australian Convenience Retail Trust entered into a new six year \$450 million syndicated debt facility (CLW share: \$225 million), the proceeds of which were used to repay the previous facility.



## C. Capital structure and financial risk management (continued)

### Net debt reconciliation

The table below sets out an analysis of net debt and the movements in net debt during the year.

|                  | 2022<br>\$'000   | Fair value<br>adjustment<br>\$'000 | Movements in<br>borrowing costs<br>\$'000 | Movement in<br>cash<br>\$'000 | 2023<br>\$'000   |
|------------------|------------------|------------------------------------|-------------------------------------------|-------------------------------|------------------|
| Bank debt        | 1,251,806        | (1,072)                            | -                                         | 103,476                       | 1,354,210        |
| A\$MTNs          | 591,755          | 2,398                              | -                                         | -                             | 594,153          |
| Borrowing costs  | (9,358)          | -                                  | 1,886                                     | -                             | (7,472)          |
| Total borrowings | 1,834,203        | 1,326                              | 1,886                                     | 103,476                       | 1,940,891        |
| Cash             | (19,005)         | -                                  | -                                         | (677)                         | (19,682)         |
| <b>Net debt</b>  | <b>1,815,198</b> | <b>1,326</b>                       | <b>1,886</b>                              | <b>102,799</b>                | <b>1,921,209</b> |

|                  | 2021<br>\$'000   | Fair value<br>adjustment<br>\$'000 | Movements in<br>borrowing costs<br>\$'000 | Movement in<br>cash<br>\$'000 | 2022<br>\$'000   |
|------------------|------------------|------------------------------------|-------------------------------------------|-------------------------------|------------------|
| Bank debt        | 640,507          | (4,769)                            | -                                         | 616,068                       | 1,251,806        |
| A\$MTNs          | 700,325          | (108,570)                          | -                                         | -                             | 591,755          |
| Borrowing costs  | (5,670)          | -                                  | (3,688)                                   | -                             | (9,358)          |
| Total borrowings | 1,335,162        | (113,339)                          | (3,688)                                   | 616,068                       | 1,834,203        |
| Cash             | (76,971)         | -                                  | -                                         | 57,966                        | (19,005)         |
| <b>Net debt</b>  | <b>1,258,191</b> | <b>(113,339)</b>                   | <b>(3,688)</b>                            | <b>674,034</b>                | <b>1,815,198</b> |

### (b) Finance costs

|                                                         | Charter Hall<br>Long WALE REIT<br>2023<br>\$'000 | 2022<br>\$'000 | Finance Trust<br>2023<br>\$'000 | 2022<br>\$'000 |
|---------------------------------------------------------|--------------------------------------------------|----------------|---------------------------------|----------------|
| <b>Finance costs incurred on financial instruments:</b> |                                                  |                |                                 |                |
| - At amortised cost                                     | 81,139                                           | 40,476         | 81,237                          | 40,925         |
| - Fair value through profit and loss*                   | (20,763)                                         | (7,339)        | (20,763)                        | (7,339)        |
|                                                         | <b>60,376</b>                                    | <b>33,137</b>  | <b>60,474</b>                   | <b>33,586</b>  |

\* Net interest (received) under interest rate swap agreements.

## C. Capital structure and financial risk management (continued)

### C3. Derivative financial instruments

The REIT uses derivatives to hedge its exposure to interest rates. Derivative financial instruments are measured and recognised at fair value on a recurring basis.

Amounts reflected in the financial statements are as follows:

| Balance Sheet                                             | 2023            |                     | 2022            |                     |
|-----------------------------------------------------------|-----------------|---------------------|-----------------|---------------------|
|                                                           | Asset<br>\$'000 | Liability<br>\$'000 | Asset<br>\$'000 | Liability<br>\$'000 |
| <b>Current</b>                                            |                 |                     |                 |                     |
| Forward foreign exchange contracts                        | -               | 91                  | 68              | 972                 |
| Interest rate swaps                                       | 2,530           | -                   | -               | -                   |
| Interest rate swaps – fair value hedges                   | -               | -                   | 3,471           | -                   |
| <b>Total current derivative financial instruments</b>     | <b>2,530</b>    | <b>91</b>           | <b>3,539</b>    | <b>972</b>          |
| <b>Non-current</b>                                        |                 |                     |                 |                     |
| Forward foreign exchange contracts                        | -               | 1,828               | 313             | -                   |
| Interest rate swaps                                       | 74,958          | -                   | 70,078          | -                   |
| Interest rate swaps – fair value hedges                   | -               | 100,113             | -               | 103,336             |
| <b>Total non-current derivative financial instruments</b> | <b>74,958</b>   | <b>101,941</b>      | <b>70,391</b>   | <b>103,336</b>      |
| <b>Total derivative financial assets/liabilities</b>      | <b>77,488</b>   | <b>102,032</b>      | <b>73,930</b>   | <b>104,308</b>      |

The REIT uses derivatives to economically hedge its exposure to floating interest rates and foreign exchange exposure from the bp New Zealand portfolio. All derivative financial instruments are measured and recognised at fair value on a recurring basis.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The REIT designates certain derivatives as fair value hedges. Hedge ineffectiveness may occur due to credit/debit value adjustments and differences in critical terms between the hedging instrument and the hedged item.

#### (a) Interest rate swaps

The Finance Trust, on behalf of the REIT, is a party to \$1,735.0 million of interest rate swaps, which entitle the REIT to receive interest, at quarterly intervals, at a floating rate on a notional principal amount and obliges the REIT to pay interest at a fixed rate on the same amount. The interest rate and swap agreements allow the REIT to raise long-term borrowings at a floating rate and effectively swap them into a fixed rate. At 30 June 2023, the fixed rate under interest rate swaps was 2.08% per annum (2022: 0.30% per annum).

At balance date, 83.2% (2022: 53.0%) of the REIT's direct and joint venture interest rate exposure was hedged.

In August 2022, the REIT entered into a \$650.0 million interest rate swap agreement commencing on 20 September 2022 and expiring on 20 June 2024 at an average rate of 1.5% over the term of the swap at a cost of \$21.6 million.

In March 2023, the REIT entered into a \$290.0 million interest rate swap agreement commencing on 20 March 2023 and expiring on 20 June 2024 at an average rate of 3.7% over the term of the swap.

In June 2023, the REIT extended the maturity date of \$750 million of existing interest rate swap agreements from June 2024 until June 2025 and extended the maturity date of \$450 million of existing interest rate swap agreements from March 2025 to June 2025 to increase the REIT's interest rate hedging profile.

As at 30 June 2023, the notional principal amount and period of expiry of the interest rate swap contracts (excluding designated fair value hedges) are as follows:

|                            | 1 year or less<br>\$'000 | 1 – 2 years<br>\$'000 | 2 – 3 years<br>\$'000 | 3 – 4 years<br>\$'000 | More than 4 years<br>\$'000 | Total<br>\$'000  |
|----------------------------|--------------------------|-----------------------|-----------------------|-----------------------|-----------------------------|------------------|
| Floating to fixed interest |                          |                       |                       |                       |                             |                  |
| <b>2023</b>                | <b>235,000</b>           | <b>1,300,000</b>      | <b>200,000</b>        | -                     | -                           | <b>1,735,000</b> |
| 2022                       | -                        | 45,000                | 550,000               | 200,000               | -                           | 795,000          |

#### (b) Interest rate swaps – fair value hedges

Following the issuance of A\$MTNs in March and June 2021, the REIT entered into contracts with two major Australian banks to swap the fixed rate exposure of the A\$MTNs to a floating rate exposure with the terms that match the issued notes. These interest rate swaps were designated as fair value hedges against a risk of changes in fair value of A\$MTNs due to the changes in interest rates.

## C. Capital structure and financial risk management (continued)

The gain or loss relating to interest payments on interest rate swaps hedging fixed rate borrowings is recognised in profit or loss within finance costs. Changes in the fair value of derivative hedging instruments and the hedged fixed rate borrowings attributable to interest rate risk are recognised within 'Net gains/(losses) from derivative financial instruments'. The gain or loss relating to the ineffective portion is also recognised in profit or loss within 'Net gains/(losses) from derivative financial instruments'.

The effects of hedge accounting on the REIT's financial position and performance are as follows:

|                                                                      | 2023<br>\$'000 | 2022<br>\$'000 |
|----------------------------------------------------------------------|----------------|----------------|
| Carrying amount of the hedging instrument                            | (100,113)      | (99,865)       |
| Notional amount                                                      | 700,000        | 700,000        |
| Maturity date                                                        | Match A\$MTNs  | Match A\$MTNs  |
| Hedge ratio                                                          | 1:1            | 1:1            |
| Change in fair value of outstanding hedging instruments since 1 July | 228            | (102,122)      |
| Change in value of hedged item used to determine hedge effectiveness | (2,398)        | 108,570        |

### Summary of interest rate swap movements

|                                                | 2022<br>\$'000   | Fair value<br>movement<br>\$'000 | 2023<br>\$'000   |
|------------------------------------------------|------------------|----------------------------------|------------------|
| A\$MTNs                                        | (700,000)        | -                                | (700,000)        |
| Fair value hedge adjustment                    | 108,245          | (2,398)                          | 105,847          |
| Total current derivative financial instruments | (591,755)        | (2,398)                          | (594,153)        |
| Interest rate swaps                            | (103,336)        | 228                              | (103,108)        |
| Accrued interest on swaps                      | 3,471            | (476)                            | 2,995            |
| Total interest rate swaps                      | (99,865)         | (248)                            | (100,113)        |
| <b>Net A\$MTN exposure</b>                     | <b>(691,620)</b> | <b>(2,646)</b>                   | <b>(694,266)</b> |

|                                                | 2021<br>\$'000   | Fair value<br>movement<br>\$'000 | 2022<br>\$'000   |
|------------------------------------------------|------------------|----------------------------------|------------------|
| A\$MTNs                                        | (700,000)        | -                                | (700,000)        |
| Fair value hedge adjustment                    | (325)            | 108,570                          | 108,245          |
| Total current derivative financial instruments | (700,325)        | 108,570                          | (591,755)        |
| Interest rate swaps                            | (1,214)          | (102,122)                        | (103,336)        |
| Accrued interest on swaps                      | 3,813            | (342)                            | 3,471            |
| Total interest rate swaps                      | 2,599            | (102,464)                        | (99,865)         |
| <b>Net A\$MTN exposure</b>                     | <b>(697,726)</b> | <b>6,106</b>                     | <b>(691,620)</b> |

### (c) Forward foreign exchange contracts

The REIT has forward foreign exchange contracts in place to sell New Zealand dollars and receive Australian dollars with a total notional amount of NZ\$196.8 million. NZ\$190.0 million is used to hedge the carrying value of the REIT's 50% equity interest in the bp NZ joint venture and NZ\$6.8 million is used to hedge foreign exchange exposure on distribution income.

### (d) Valuation techniques used to derive level 2 fair values

Derivatives are classified as level 2 on the fair value hierarchy as the inputs used to determine fair value are observable market data but not quoted prices.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using forward foreign exchange market rates and the present value of the estimated future cash flows at the balance date.

## C. Capital structure and financial risk management (continued)

Credit value adjustments are calculated based on the counterparty's credit risk using the counterparty's credit default swap curve as a benchmark. Debit value adjustments are calculated based on the REIT's credit risk using debt financing available to the REIT as a benchmark.

### C4. Contributed equity

|                                                                                 |                              | Charter Hall<br>Long WALE REIT |                | Finance Trust  |                |
|---------------------------------------------------------------------------------|------------------------------|--------------------------------|----------------|----------------|----------------|
|                                                                                 |                              | 2023<br>\$'000                 | 2022<br>\$'000 | 2023<br>\$'000 | 2022<br>\$'000 |
| <i>Details</i>                                                                  | <i>No. of<br/>Securities</i> |                                |                |                |                |
| Securities on issue – 1 July 2021                                               | 628,215,732                  |                                | 2,790,095      |                | 1,952          |
| Securities issued via equity raise, net of issue costs                          | 85,501,280                   |                                | 435,219        |                | 4,689          |
| Securities issued via DRP                                                       | 9,238,454                    |                                | 45,869         |                | -              |
| Securities on issue – 30 June 2022                                              | 722,955,466                  | <b>3,271,183</b>               | 3,271,183      | <b>6,641</b>   | 6,641          |
| Securities on issue – 30 June 2023                                              | 722,955,466                  | <b>3,271,183</b>               |                | <b>6,641</b>   |                |
| <b>Balance at the end of the period attributable to the securityholders of:</b> |                              |                                |                |                |                |
| DIF                                                                             | 722,955,466                  | <b>3,271,183</b>               | 3,271,183      | -              | -              |
| Finance Trust                                                                   | 722,955,466                  | <b>6,641</b>                   | 6,641          | <b>6,641</b>   | 6,641          |

As stipulated in the REIT's constitutions, each security represents a right to an individual share in the REIT and does not extend to a right to the underlying assets of the REIT. There are no separate classes of securities and each unit has the same rights attaching to it as all other units in the REIT.

Each stapled security confers the right to vote at meetings of securityholders, subject to any voting restrictions imposed on a securityholder under the *Corporations Act 2001* and the Australian Securities Exchange Listing Rules.

#### Distribution reinvestment plan (DRP)

The REIT has established a Distribution Reinvestment Plan (DRP) under which securityholders may elect to have all or part of their distribution entitlements satisfied by the issuance of new securities rather than being paid in cash.

The DRP issue price is determined at a discount of 1.0% to the daily volume weighted average price of all securities traded on the ASX during the 10 business days commencing on the third business day following the distribution record date. The DRP was not active during the year.

## C. Capital structure and financial risk management (continued)

### C5. Financial risk management

The REIT's principal financial instruments comprise cash and cash equivalents, receivables, investments in financial assets at fair value, investments accounted for using the equity method, payables, interest bearing liabilities and derivative financial instruments.

The table below shows the REIT's exposure to a variety of financial risks and the various measures it uses to monitor exposures to these types of risks. The REIT manages its exposure to these financial risks in accordance with the REIT's Financial Risk Management (FRM) policy as approved by the Board. The policy sets out the REIT's approach to managing financial risks, the policies and controls utilised to minimise the potential impact of these risks on its performance and the roles and responsibilities of those involved in the management of these financial risks. Derivative financial instruments are used exclusively for hedging purposes and not for trading or speculative purposes.

Other than financial instruments, the REIT is exposed to property price risk including property rental risks.

| Risk                                | Definition                                                                                                                                        | Exposure                                                    | Exposure management                                                                                                                                                                                                                                                                                                                                                                                    |
|-------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Market risk – interest rate risk    | The risk that changes in interest rates will change the fair value or cash flows of the REIT's monetary assets and liabilities.                   | Cash and borrowings at fixed and floating rates.            | Interest rate swaps are used to hedge movements in interest rates.                                                                                                                                                                                                                                                                                                                                     |
| Market risk – foreign exchange risk | The risk that changes in foreign exchange rates will change the Australian dollar value of the REIT's foreign denominated net assets or earnings. | Investment in foreign operations denominated in NZ Dollars. | The investment and income from foreign operations are hedged via forward exchange contracts.                                                                                                                                                                                                                                                                                                           |
| Liquidity risk                      | The risk the REIT has insufficient liquid assets to meet its obligations as they become due and payable.                                          | Payables, borrowings and other liabilities.                 | Maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.                                                                                                                                                                                                            |
| Credit risk                         | The risk a contracting entity will not complete its obligations under a contract and will cause the REIT to make a financial loss.                | All financial assets including tenant receivables.          | <p>Performing credit reviews on prospective tenants, obtaining tenant collateral and detailed review of tenant arrears.</p> <p>Reviewing the aggregate exposure of receivables and tenancies across the portfolio.</p> <p>Limiting the credit exposure to any financial institution and limiting to investment grade counterparties.</p> <p>Monitoring the public credit rating of counterparties.</p> |

## C. Capital structure and financial risk management (continued)

### (a) Market risk – Interest rate risk

The table below shows the REIT and Finance Trust's exposure to interest rate risk.

|                                                                                     | Charter Hall<br>Long WALE REIT |                  | Finance Trust      |                  |
|-------------------------------------------------------------------------------------|--------------------------------|------------------|--------------------|------------------|
|                                                                                     | 2023<br>\$'000                 | 2022<br>\$'000   | 2023<br>\$'000     | 2022<br>\$'000   |
| <b>Fixed rate</b>                                                                   |                                |                  |                    |                  |
| Borrowings                                                                          | 700,000                        | 700,000          | 700,000            | 700,000          |
| Borrowings - joint venture entities <sup>1</sup>                                    | 392,925                        | 386,363          | -                  | -                |
| <b>Net fixed rate exposure</b>                                                      | <b>1,092,925</b>               | <b>1,086,363</b> | <b>700,000</b>     | <b>700,000</b>   |
| <b>Floating rate</b>                                                                |                                |                  |                    |                  |
| Cash                                                                                | (19,682)                       | (19,005)         | (1,784)            | (5,574)          |
| Cash - joint venture entities <sup>1</sup>                                          | (16,536)                       | (20,073)         | -                  | -                |
| Loans receivable                                                                    | -                              | -                | (2,038,192)        | (1,932,455)      |
| Borrowings                                                                          | 1,354,210                      | 1,251,806        | 1,354,210          | 1,251,806        |
| Borrowings - joint venture entities <sup>1</sup>                                    | 387,770                        | 382,253          | -                  | -                |
|                                                                                     | <b>1,705,762</b>               | <b>1,594,981</b> | <b>(685,766)</b>   | <b>(686,223)</b> |
| <b>Derivative financial instruments</b>                                             |                                |                  |                    |                  |
| Interest rate swaps - fixed to floating <sup>2</sup>                                | 700,000                        | 700,000          | 700,000            | 700,000          |
| Interest rate swaps - floating to fixed <sup>2</sup>                                | (1,735,000)                    | (795,000)        | (1,735,000)        | (795,000)        |
| Interest rate swaps - floating to fixed - joint venture entities <sup>1&amp;2</sup> | (286,500)                      | (318,000)        | -                  | -                |
| <b>Net floating rate exposure</b>                                                   | <b>384,262</b>                 | <b>1,181,981</b> | <b>(1,720,766)</b> | <b>(781,223)</b> |

<sup>1</sup> The REIT's share of financial assets and liabilities included within its net investments in joint venture entities.

<sup>2</sup> The amounts represent the notional principal payable under the derivative contracts.

#### Sensitivity analysis

The table below reflects the potential net increase/(decrease) in profit and equity, resulting from changes in Australian interest rates applicable at 30 June 2023, with all other variables remaining constant. The change in interest payable on the REIT's and Finance Trust's floating rate interest bearing liabilities, is partially offset by changes in the fair value of derivative financial instruments hedging this exposure.

|                                  | Charter Hall Long WALE REIT   |                                                             |                    |                                  | 2022               |                                  |
|----------------------------------|-------------------------------|-------------------------------------------------------------|--------------------|----------------------------------|--------------------|----------------------------------|
|                                  | 2023                          | Net gain/(loss)<br>from derivative<br>financial instruments | Profit and<br>loss | Other<br>comprehensive<br>income | Profit and<br>loss | Other<br>comprehensive<br>income |
|                                  | Interest<br>expense<br>\$'000 | \$'000                                                      | \$'000             | \$'000                           | \$'000             | \$'000                           |
| <b>Australian interest rates</b> |                               |                                                             |                    |                                  |                    |                                  |
| + 1%                             | (3,843)                       | 30,874                                                      | 27,031             | -                                | 13,617             | -                                |
| - 1%                             | 3,843                         | (31,644)                                                    | (27,801)           | -                                | (14,516)           | -                                |

Above table is prepared on a proportionate consolidation basis.

|                                  | Finance Trust                 |                                                             |                    |                                  | 2022               |                                  |
|----------------------------------|-------------------------------|-------------------------------------------------------------|--------------------|----------------------------------|--------------------|----------------------------------|
|                                  | 2023                          | Net gain/(loss)<br>from derivative<br>financial instruments | Profit and<br>loss | Other<br>comprehensive<br>income | Profit and<br>loss | Other<br>comprehensive<br>income |
|                                  | Interest<br>expense<br>\$'000 | \$'000                                                      | \$'000             | \$'000                           | \$'000             | \$'000                           |
| <b>Australian interest rates</b> |                               |                                                             |                    |                                  |                    |                                  |
| + 1%                             | 17,208                        | 25,633                                                      | 42,841             | -                                | 10,231             | -                                |
| - 1%                             | (17,208)                      | (26,242)                                                    | (43,450)           | -                                | (10,844)           | -                                |

Sensitivity analysis presented above does not take into account the impact of changes in interest rates on inflation rate, market capitalisation rate and property values which, together with other external factors, may also influence operating earnings and statutory profit of the REIT and Finance Trust in the future periods.

## C. Capital structure and financial risk management (continued)

### (b) Market risk – foreign exchange risk

The table below sets out the REIT and Finance Trust's overseas investments, by currency (AUD equivalent):

|                                  | Charter Hall<br>Long WALE REIT<br>NZ Dollar exposure |                | Finance Trust<br>NZ Dollar exposure |                |
|----------------------------------|------------------------------------------------------|----------------|-------------------------------------|----------------|
|                                  | 2023<br>\$'000                                       | 2022<br>\$'000 | 2023<br>\$'000                      | 2022<br>\$'000 |
| <b>Assets</b>                    |                                                      |                |                                     |                |
| Cash and cash equivalents        | 2,050                                                | 24             | -                                   | -              |
| Receivables                      | 2,044                                                | 1,809          | -                                   | -              |
| Investments in joint ventures    | 169,388                                              | 181,493        | -                                   | -              |
| Derivative financial instruments | -                                                    | 381            | -                                   | 381            |
|                                  | 173,482                                              | 183,707        | -                                   | 381            |
| <b>Liabilities</b>               |                                                      |                |                                     |                |
| Derivative financial instruments | 1,919                                                | 972            | -                                   | 972            |
| Borrowings                       | -                                                    | 162,307        | -                                   | 162,307        |
|                                  | 1,919                                                | 163,279        | -                                   | 163,279        |
| <b>Net assets/(liabilities)</b>  | 171,563                                              | 20,428         | -                                   | (162,898)      |

During the year, the REIT repaid all NZD denominated debt with AUD debt and the forward foreign exchange contracts were novated from the Finance Trust to DIF.

### (c) Liquidity risk

The following table provides the contractual maturity of the REIT's and Finance Trust's fixed and floating rate financial liabilities and derivatives as at balance date. The amounts represent the future contractual undiscounted principal and interest cash inflows/(outflows) based on interest rates and foreign exchange rates prevailing at balance date and therefore do not equate to the value shown in the consolidated balance sheet. Repayments which are subject to notice are treated as if notice were given immediately.

|                                    | Charter Hall Long WALE REIT |                               |                           |                           |                    |
|------------------------------------|-----------------------------|-------------------------------|---------------------------|---------------------------|--------------------|
|                                    | Carrying<br>value<br>\$'000 | Less than<br>1 year<br>\$'000 | 1 to 5<br>years<br>\$'000 | Over 5<br>years<br>\$'000 | Total<br>\$'000    |
| <b>2023</b>                        |                             |                               |                           |                           |                    |
| <b>Financial liabilities</b>       |                             |                               |                           |                           |                    |
| Payables                           | (32,950)                    | (32,950)                      | -                         | -                         | (32,950)           |
| Distribution payable               | (50,607)                    | (50,607)                      | -                         | -                         | (50,607)           |
| Borrowings                         | (1,940,891)                 | (98,853)                      | (1,917,578)               | (424,690)                 | (2,441,121)        |
| Derivative financial instruments   | (102,032)                   | (22,872)                      | (72,344)                  | (22,440)                  | (117,656)          |
| Other liabilities                  | (7,180)                     | (7,025)                       | (123)                     | (32)                      | (7,180)            |
| <b>Total financial liabilities</b> | <b>(2,133,660)</b>          | <b>(212,307)</b>              | <b>(1,990,045)</b>        | <b>(447,162)</b>          | <b>(2,649,514)</b> |
| <b>2022</b>                        |                             |                               |                           |                           |                    |
| <b>Financial liabilities</b>       |                             |                               |                           |                           |                    |
| Payables                           | (23,164)                    | (23,164)                      | -                         | -                         | (23,164)           |
| Distribution payable               | (55,162)                    | (55,162)                      | -                         | -                         | (55,162)           |
| Borrowings                         | (1,834,203)                 | (61,480)                      | (1,332,321)               | (977,490)                 | (2,371,291)        |
| Derivative financial instruments   | (104,308)                   | (12,183)                      | (71,635)                  | (37,263)                  | (121,081)          |
| Other liabilities                  | (6,906)                     | (6,756)                       | (90)                      | (60)                      | (6,906)            |
| <b>Total financial liabilities</b> | <b>(2,023,743)</b>          | <b>(158,745)</b>              | <b>(1,404,046)</b>        | <b>(1,014,813)</b>        | <b>(2,577,604)</b> |



## C. Capital structure and financial risk management (continued)

|                                    | Finance Trust               |                               |                           |                           | Total<br>\$'000    |
|------------------------------------|-----------------------------|-------------------------------|---------------------------|---------------------------|--------------------|
|                                    | Carrying<br>value<br>\$'000 | Less than<br>1 year<br>\$'000 | 1 to 5<br>years<br>\$'000 | Over 5<br>years<br>\$'000 |                    |
| <b>2023</b>                        |                             |                               |                           |                           |                    |
| <b>Financial liabilities</b>       |                             |                               |                           |                           |                    |
| Payables                           | (9,295)                     | (9,295)                       | -                         | -                         | (9,295)            |
| Borrowings                         | (1,940,891)                 | (98,853)                      | (1,917,578)               | (424,690)                 | (2,441,121)        |
| Derivative financial instruments   | (100,113)                   | (22,872)                      | (72,344)                  | (22,440)                  | (117,656)          |
| <b>Total financial liabilities</b> | <b>(2,050,299)</b>          | <b>(131,020)</b>              | <b>(1,989,922)</b>        | <b>(447,130)</b>          | <b>(2,568,072)</b> |

|                                    |                    |                 |                    |                    |                    |
|------------------------------------|--------------------|-----------------|--------------------|--------------------|--------------------|
| <b>2022</b>                        |                    |                 |                    |                    |                    |
| <b>Financial liabilities</b>       |                    |                 |                    |                    |                    |
| Payables                           | (8,618)            | (8,618)         | -                  | -                  | (8,618)            |
| Borrowings                         | (1,834,203)        | (61,480)        | (1,332,321)        | (977,490)          | (2,371,291)        |
| Derivative financial instruments   | (104,308)          | (12,183)        | (71,635)           | (37,263)           | (121,081)          |
| <b>Total financial liabilities</b> | <b>(1,947,129)</b> | <b>(82,281)</b> | <b>(1,403,956)</b> | <b>(1,014,753)</b> | <b>(2,500,990)</b> |

### (d) Credit risk

The maximum exposure to credit risk at the end of each reporting period is equivalent to the carrying value of the financial assets. The REIT has policies to review the aggregate exposures of receivables and tenancies across its portfolio. As at 30 June 2023, the REIT has no significant concentrations of credit risk on its receivables.

The table below shows the ageing analysis of those rent receivables of the REIT which are past due or impaired:

|                                      | Past due but not impaired      |                            |                            |                                | Total<br>\$'000 |
|--------------------------------------|--------------------------------|----------------------------|----------------------------|--------------------------------|-----------------|
|                                      | Less than 30<br>days<br>\$'000 | 31 to 60<br>days<br>\$'000 | 61 to 90<br>days<br>\$'000 | More than 90<br>days<br>\$'000 |                 |
| <b>2023</b>                          |                                |                            |                            |                                |                 |
| Rent receivable                      | 2,366                          | 473                        | 80                         | 946                            | 3,865           |
| Provision for expected credit losses | -                              | -                          | -                          | -                              | (203)           |
|                                      | <b>2,366</b>                   | <b>473</b>                 | <b>80</b>                  | <b>946</b>                     | <b>3,662</b>    |
| <b>2022</b>                          |                                |                            |                            |                                |                 |
| Rent receivable                      | 2,097                          | 962                        | 74                         | 806                            | 3,939           |
| Provision for expected credit losses | -                              | -                          | -                          | -                              | (387)           |
|                                      | <b>2,097</b>                   | <b>962</b>                 | <b>74</b>                  | <b>806</b>                     | <b>3,552</b>    |

The REIT applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance (ECL) for all trade and other financial assets.

The loss allowances for rent receivables and other financial assets are based on assumptions about risk of default and expected loss rates. The REIT uses judgement in making these assumptions, based on the REIT's history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Agreement to rental deferral options between the REIT and a tenant does not automatically indicate a deterioration of credit risk but is considered within the framework of the above indicators.

The deferral of lease payments offered to tenants has not had a material impact on the REIT's cash inflows from operations.

The forward-looking judgements and assumptions reflect the best estimate of management as at balance date, using information available to them at that date. Accordingly, the REIT's ECL estimates are inherently uncertain and, as a result, actual results may differ from these estimates.

## C. Capital structure and financial risk management (continued)

### C6. Offsetting financial assets and liabilities

The REIT is a party to the master agreement as published by International Swaps and Derivatives Associates, Inc. (ISDA) which allow the REIT's counterparties, under certain conditions (i.e. event of default), to set off the position owing/receivable under a derivative contract to a net position outstanding. As the REIT does not have a legally enforceable right to set-off, none of the financial assets or financial liabilities are offset on the balance sheet of the REIT.

The table below demonstrates the effect of offsetting positions should the REIT's counterparties decide to enforce the legal right to set-off:

|                            | Gross<br>amounts of<br>financial<br>instruments<br>\$'000 | Amounts<br>subject to<br>set-off<br>\$'000 | Net<br>amount post<br>set-off<br>\$'000 |
|----------------------------|-----------------------------------------------------------|--------------------------------------------|-----------------------------------------|
| <b>Consolidated entity</b> |                                                           |                                            |                                         |
| <b>2023</b>                |                                                           |                                            |                                         |
| Derivative assets          | 77,488                                                    | (77,488)                                   | -                                       |
| Derivative liabilities     | (102,032)                                                 | 77,488                                     | (24,544)                                |
| Borrowings                 | (1,948,363)                                               | -                                          | (1,948,363)                             |
|                            | <b>(1,972,907)</b>                                        | <b>-</b>                                   | <b>(1,972,907)</b>                      |
| <b>2022</b>                |                                                           |                                            |                                         |
| Derivative assets          | 73,930                                                    | (73,930)                                   | -                                       |
| Derivative liabilities     | (104,308)                                                 | 73,930                                     | (30,378)                                |
| Borrowings                 | (1,843,561)                                               | -                                          | (1,843,561)                             |
|                            | <b>(1,873,939)</b>                                        | <b>-</b>                                   | <b>(1,873,939)</b>                      |

## D. Further Information

### D1. Related Party Information

#### (a) Responsible Entity

The Responsible Entity of the REIT and Finance Trust is Charter Hall WALE Limited, a wholly owned controlled entity of Charter Hall. The registered office of the Responsible Entity is Level 20, No.1 Martin Place, Sydney NSW 2000.

#### (b) Directors

The following persons have held office as directors of the Responsible Entity during the year and up to the date of this report:

|                       |                                                                                          |
|-----------------------|------------------------------------------------------------------------------------------|
| – Peeyush Gupta AM    | – Chair and Non-Executive Director                                                       |
| – Glenn Fraser        | – Non-Executive Director                                                                 |
| – Ceinwen Kirk-Lennox | – Non-Executive Director                                                                 |
| – David Harrison      | – Executive Director and Chief Executive Officer/Managing Director of Charter Hall Group |
| – Carmel Hourigan     | – Executive Director                                                                     |

No payments were made by the REIT, Finance Trust or by the Responsible Entity on behalf of the REIT to the Executive Directors during the year.

#### (c) Transactions with the Responsible Entity and its related parties

The Responsible Entity and its related parties held 77,184,757 stapled securities as at 30 June 2023 (2022: 77,184,757).

The following is a summary of related party transactions including the REIT's share of fees charged to joint ventures for the year ended 30 June 2023:

|                         |                                                          | Charter Hall Long WALE REIT |                |                |                |
|-------------------------|----------------------------------------------------------|-----------------------------|----------------|----------------|----------------|
|                         |                                                          | Basis of fee calculation    |                | Fee amount     |                |
| Type of fee             | Basis of fee calculation                                 | 2023<br>\$'000              | 2022<br>\$'000 | 2023<br>\$'000 | 2022<br>\$'000 |
| Base management*        | 0.45% of average gross assets                            | 6,913,387                   | 5,953,224      | 31,110         | 26,790         |
| Acquisition/disposal    | 1% of acquisition/disposal price                         | 248,458                     | 1,198,633      | 2,484          | 11,985         |
| Property management     | Up to 3% of gross property income                        | 347,127                     | 311,892        | 3,711          | 3,486          |
| Accounting services     | Cost recovery                                            | N/A                         | N/A            | 1,023          | 974            |
| Leasing fees            | % gross average annual rent based on a sliding fee scale | 17,388                      | 4,052          | 1,458          | 162            |
| Project management fees | 3% of the project value                                  | 4,112                       | 8,462          | 170            | 199            |
| Facility management fee | Annual charge per property                               | -                           | -              | 314            | 201            |
| Other cost recoveries   | Cost recovery                                            | N/A                         | N/A            | 254            | 282            |
|                         |                                                          |                             |                | 40,524         | 44,079         |

\* Includes the REIT's share of \$633,513 paid by 242 Exhibition Trust (2022: \$624,780).

|                 |                               | Finance Trust            |                |                |                |
|-----------------|-------------------------------|--------------------------|----------------|----------------|----------------|
|                 |                               | Basis of fee calculation |                | Fee amount     |                |
| Type of fee     | Basis of fee calculation      | 2023<br>\$'000           | 2022<br>\$'000 | 2023<br>\$'000 | 2022<br>\$'000 |
| Base management | 0.45% of average gross assets | 91,980                   | 52,066         | 414            | 234            |

#### (d) Outstanding payable balance with the Responsible Entity and its related parties

|                                   |  | Charter Hall<br>Long WALE REIT |                | Finance Trust  |                |
|-----------------------------------|--|--------------------------------|----------------|----------------|----------------|
|                                   |  | 2023<br>\$'000                 | 2022<br>\$'000 | 2023<br>\$'000 | 2022<br>\$'000 |
| Charter Hall Holdings Pty Limited |  | 2,523                          | 2,249          | 32             | -              |

## D. Further information (continued)

### (e) Key management personnel

Key management personnel (KMP) are defined in AASB 124 *Related Party Disclosures* as those having authority and responsibility for planning, directing and controlling the activities of the entity. The Responsible Entity meets the definition of KMP as it has this authority in relation to the activities of the REIT and Finance Trust. These powers have not been delegated by the Responsible Entity to any other person. Details of management fees charged to the REIT by the Responsible Entity and its related parties are included in Note D1(c).

### (f) Directors' fees and Fund Manager remuneration

Independent Directors' fees are as follows:

|                     | 2023<br>\$     | 2022<br>\$     |
|---------------------|----------------|----------------|
| Peeyush Gupta AM    | 216,300        | 210,000        |
| Glenn Fraser        | 159,650        | 155,000        |
| Ceinwen Kirk-Lennox | 144,200        | 140,000        |
|                     | <b>520,150</b> | <b>505,000</b> |

The level of fees is not related to the performance of the REIT and Finance Trust. The board of the Responsible Entity reviews remuneration payable to its Independent Directors from time to time. Remuneration of independent Directors is approved by the Board and any increases are benchmarked to market rates.

The Executive Directors and Non-Executive Directors of the Responsible Entity and Fund Manager of the REIT and Finance Trust are employees of Charter Hall Holdings Pty Ltd and are remunerated by Charter Hall Holdings Pty Ltd.

### (g) Directors' interests in REIT stapled securities

The number of stapled securities held directly, indirectly or beneficially by the Directors of the Responsible Entity or the Directors' related parties at 30 June is as follows:

|                     | Stapled securities held<br>2023 | Stapled securities held<br>2022 |
|---------------------|---------------------------------|---------------------------------|
| Peeyush Gupta AM    | 397,676                         | 397,676                         |
| Glenn Fraser        | 76,721                          | 76,721                          |
| Ceinwen Kirk-Lennox | 60,341                          | 60,341                          |
| David Harrison      | 699,285                         | 689,285                         |
| Carmel Hourigan     | 10,250                          | 10,250                          |
| Total               | <b>1,244,273</b>                | <b>1,234,273</b>                |

The aggregate number of stapled securities of the REIT and Finance Trust acquired by the Directors of the Responsible Entity or their related parties during the year is set out below.

|                     | Stapled securities acquired<br>2023 | Stapled securities acquired<br>2022 |
|---------------------|-------------------------------------|-------------------------------------|
| Ceinwen Kirk-Lennox | -                                   | 3,538                               |
| David Harrison      | 10,000                              | 217,730                             |
| Carmel Hourigan     | -                                   | 10,250                              |
| Total               | <b>10,000</b>                       | <b>231,518</b>                      |

No stapled securities of the REIT were sold by the Directors of the Responsible Entity or their related parties during the year.

## D. Further information (continued)

### D2. Working capital

Financial assets and liabilities not carried at fair value have carrying values that reasonably approximate their fair values (unless otherwise disclosed).

#### (a) Receivables and other assets

|                                                          | Charter Hall<br>Long WALE REIT |        | Finance Trust |        |
|----------------------------------------------------------|--------------------------------|--------|---------------|--------|
|                                                          | 2023                           | 2022   | 2023          | 2022   |
|                                                          | \$'000                         | \$'000 | \$'000        | \$'000 |
| <b>Receivables</b>                                       |                                |        |               |        |
| Trade receivable                                         | 3,865                          | 3,939  | -             | -      |
| Provision for expected credit loss                       | (203)                          | (387)  | -             | -      |
| <b>Net rent receivable</b>                               | 3,662                          | 3,552  | -             | -      |
| Accrued income and other receivables                     | 1,523                          | 1,540  | 10            | -      |
| Distributions receivable from joint ventures*            | 18,623                         | 21,231 | -             | -      |
|                                                          | 23,808                         | 26,323 | 10            | -      |
| *Distributions received in the corresponding July        |                                |        |               |        |
| <b>Other Assets</b>                                      |                                |        |               |        |
| Deposits and costs related to the purchase of properties | -                              | 500    | -             | -      |
| Prepayments                                              | 2,295                          | 1,162  | -             | -      |
|                                                          | 2,295                          | 1,662  | -             | -      |

Trade receivables includes property income receivable together with receivables relating to revenue from contracts with customers.

#### (b) Payables and other liabilities

|                             | Charter Hall<br>Long WALE REIT |        | Finance Trust |        |
|-----------------------------|--------------------------------|--------|---------------|--------|
|                             | 2023                           | 2022   | 2023          | 2022   |
|                             | \$'000                         | \$'000 | \$'000        | \$'000 |
| <b>Payables</b>             |                                |        |               |        |
| Accrued expenses            | 4,126                          | 6,526  | 860           | 18     |
| Accrued base management fee | 2,523                          | 2,249  | 32            | 26     |
| Accrued capital expenditure | 17,791                         | 5,864  | -             | -      |
| Interest payable            | 8,403                          | 7,677  | 8,403         | 7,677  |
| GST payable                 | 107                            | 848    | -             | -      |
| Other                       | -                              | -      | -             | 897    |
|                             | 32,950                         | 23,164 | 9,295         | 8,618  |
| <b>Other liabilities</b>    |                                |        |               |        |
| Unearned income             | 6,825                          | 6,756  | -             | -      |
| Other liabilities           | 200                            | -      | -             | -      |
|                             | 7,025                          | 6,756  | -             | -      |

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the REIT. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

## D. Further information (continued)

### D3. Parent entity information

The financial information for the parent entities of the REIT and Finance Trust, has been prepared on the same basis as the consolidated financial statements except as set out below:

#### Investments in controlled entities

Investments in controlled entities and joint ventures are accounted for at cost in the financial statements of the parent entity. Such investments include both investments in equity securities issued by the controlled entity and other parent entity interests that in substance form part of the parent entity's investment in the controlled entity. These include investments in the form of interest-free loans which have no fixed contractual term and which have been provided to the controlled entity as an additional source of long-term capital.

Distributions received from controlled entities and joint ventures are recognised in the parent entity's statement of comprehensive income, rather than being deducted from the carrying amount of these investments.

#### Receivables and payables

Trade amounts receivable from controlled entities in the normal course of business and other amounts advanced on commercial terms and conditions are included in receivables. Similarly, amounts payable to controlled entities are included in payables.

#### Recoverable amount of assets

The carrying amounts of investments in controlled entities, associates and joint ventures are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying value exceeds their recoverable amount, the assets are written down to the lower value. If required, the write-down is expensed in the year in which it occurs.

#### (a) Summary financial information

The individual financial statements for the parent entities show the following aggregate amounts:

|                                          | Parent entity of<br>Charter Hall<br>Long WALE REIT |                  | Parent entity of<br>Finance Trust |              |
|------------------------------------------|----------------------------------------------------|------------------|-----------------------------------|--------------|
|                                          | 2023                                               | 2022             | 2023                              | 2022         |
|                                          | \$'000                                             | \$'000           | \$'000                            | \$'000       |
| <b>Balance Sheet</b>                     |                                                    |                  |                                   |              |
| Current assets                           | 245,395                                            | 573,223          | 4,821                             | 4,848        |
| Non-current assets                       | 5,246,480                                          | 4,509,408        | 2,500                             | 2,500        |
| <b>Total assets</b>                      | <b>5,491,875</b>                                   | <b>5,082,631</b> | <b>7,321</b>                      | <b>7,348</b> |
| Current liabilities                      | 49,767                                             | 397,323          | 1,927                             | 1,516        |
| Non-current liabilities                  | 2,786,025                                          | 1,932,769        | -                                 | -            |
| <b>Total liabilities</b>                 | <b>2,835,792</b>                                   | <b>2,330,092</b> | <b>1,927</b>                      | <b>1,516</b> |
| <b>Equity</b>                            |                                                    |                  |                                   |              |
| Contributed equity                       | 3,271,183                                          | 3,271,183        | 6,641                             | 6,641        |
| Accumulated losses                       | (615,100)                                          | (518,644)        | (1,247)                           | (809)        |
| <b>Total equity</b>                      | <b>2,656,083</b>                                   | <b>2,752,539</b> | <b>5,394</b>                      | <b>5,832</b> |
| <b>Statement of comprehensive income</b> |                                                    |                  |                                   |              |
| Profit/(loss) for the year               | 105,971                                            | 211,781          | (438)                             | (235)        |
| <b>Total comprehensive income/(loss)</b> | <b>105,971</b>                                     | <b>211,781</b>   | <b>(438)</b>                      | <b>(235)</b> |

#### (b) Guarantees and contingent liabilities

The parent entities did not have any contingent liabilities, either individually or as a class, at 30 June 2023 (2022: \$nil).

#### (c) Commitments

The parent entities did not have any commitments as at 30 June 2023 (2022: \$nil).

## D. Further information (continued)

### D4. Significant contract terms and conditions

#### Pre-emptive rights

The joint-ownership agreements to which the REIT is a party contain pre-emptive rights which restrict the REIT's dealings in respect of its interest in the respective 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 Securityholder 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;
- 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; and
- dispute resolution procedures which provide for the sale of the relevant property in circumstances where a co-owner does not acquire the other co-owners' interests.

### D5. Remuneration of the auditor

|                                                          | Charter Hall<br>Long WALE REIT |            | Finance Trust |           |
|----------------------------------------------------------|--------------------------------|------------|---------------|-----------|
|                                                          | 2023                           | 2022       | 2023          | 2022      |
|                                                          | \$'000                         | \$'000     | \$'000        | \$'000    |
| <b>Amounts paid or payable to PricewaterhouseCoopers</b> |                                |            |               |           |
| <b>Australian firm for:</b>                              |                                |            |               |           |
| Audit services                                           | 472                            | 450        | 41            | 38        |
| Taxation compliance services                             | 1                              | 2          | -             | -         |
|                                                          | <b>473</b>                     | <b>452</b> | <b>41</b>     | <b>38</b> |



## D. Further information (continued)

### D6. Interest in other entities

#### Material subsidiaries

The REIT's and Finance Trust's principal subsidiaries at 30 June 2023 are set out below. Unless otherwise stated, they have contributed equity consisting solely of ordinary units that are held directly by the parent entity, and the proportion of ownership interests held equals the voting rights held by the parent entity.

| Name of entity                                    | Country of<br>incorporation/<br>Place of business | Ownership interest held by<br>the REIT |      | Principal activities |
|---------------------------------------------------|---------------------------------------------------|----------------------------------------|------|----------------------|
|                                                   |                                                   | 2023                                   | 2022 |                      |
| <b><u>Charter Hall Direct Industrial Fund</u></b> |                                                   |                                        |      |                      |
| CHDIF Beverley Holding Trust                      | Australia                                         | 100%                                   | 100% | Holding Trust        |
| CHDIF Beverley Trust                              | Australia                                         | 100%                                   | 100% | Property Investment  |
| CHDIF Perth Holding Trust                         | Australia                                         | 100%                                   | 100% | Holding Trust        |
| CHDIF Perth Airport Trust                         | Australia                                         | 100%                                   | 100% | Property Investment  |
| LWR LWIP Holding Trust                            | Australia                                         | 100%                                   | 100% | Holding Trust        |
| LWR LWIP Investment Trust                         | Australia                                         | 100%                                   | 100% | Property Investment  |
| Suez Portfolio Trust                              | Australia                                         | 100%                                   | 100% | Property Investment  |
| LWR Bunnings Trust                                | Australia                                         | 100%                                   | 100% | Property Investment  |
| LWR Truganina Trust                               | Australia                                         | 100%                                   | 100% | Property Investment  |
| LWR Canning Vale Trust                            | Australia                                         | 100%                                   | 100% | Property Investment  |
| CPOF Kogarah Trust                                | Australia                                         | 100%                                   | 100% | Property Investment  |
| LWR Tank Street Trust                             | Australia                                         | 100%                                   | 100% | Property Investment  |
| LWR Optima Centre Trust                           | Australia                                         | 100%                                   | 100% | Property Investment  |
| Charter Hall Chester Hill Trust                   | Australia                                         | 100%                                   | 100% | Property Investment  |
| LWR AL Holding Trust                              | Australia                                         | 100%                                   | 100% | Holding Trust        |
| LWR AL Trust                                      | Australia                                         | 100%                                   | 100% | Property Investment  |
| LWR BBD Trust                                     | Australia                                         | 100%                                   | 100% | Holding Trust        |
| LWR Mort Street Trust                             | Australia                                         | 100%                                   | 100% | Property Investment  |
| LWR Franklin Street Trust                         | Australia                                         | 100%                                   | 100% | Property Investment  |
| LWR Murray Rose Trust                             | Australia                                         | 100%                                   | 100% | Property Investment  |
| LWR Exchange Trust                                | Australia                                         | 100%                                   | 100% | Holding Trust        |
| LWR UMG Trust                                     | Australia                                         | 100%                                   | 100% | Property Investment  |
| LWR Palmerston Trust                              | Australia                                         | 100%                                   | 100% | Property Investment  |
| LWR 242 Exhibition Trust                          | Australia                                         | 100%                                   | 100% | Holding Trust        |
| LWR Dartmoor Trust                                | Australia                                         | 100%                                   | 100% | Holding Trust        |
| LWR 61 Huntingwood Drive Trust                    | Australia                                         | 100%                                   | 100% | Property Investment  |
| LWR Macquarie Park Trust                          | Australia                                         | 100%                                   | 100% | Property Investment  |
| LWR Caboolture Trust                              | Australia                                         | 100%                                   | 100% | Property Investment  |
| LWR Dartmouth NZ Trust                            | Australia                                         | 100%                                   | 100% | Holding Trust        |
| LWR 76 Pitt Street Trust                          | Australia                                         | 100%                                   | 100% | Property Investment  |
| LWR DJ Trust                                      | Australia                                         | 100%                                   | 100% | Property Investment  |
| CLW Albury Trust                                  | Australia                                         | 100%                                   | 100% | Property Investment  |
| CLW Alexandria Trust                              | Australia                                         | 100%                                   | 100% | Property Investment  |
| CLW Boxhill Trust                                 | Australia                                         | 100%                                   | 100% | Property Investment  |
| CLW Tuggeranong Trust                             | Australia                                         | 100%                                   | 100% | Property Investment  |
| LWR Baldivis Trust                                | Australia                                         | 100%                                   | 100% | Property Investment  |
| LWR Carole Park Trust                             | Australia                                         | 100%                                   | 100% | Property Investment  |
| LWR BSM Trust                                     | Australia                                         | 100%                                   | 100% | Property Investment  |
| LWR Wetherill Park Trust                          | Australia                                         | 100%                                   | 100% | Property Investment  |
| LWR LEP Trust                                     | Australia                                         | 100%                                   | 100% | Holding Trust        |
| LWR GSA Trust                                     | Australia                                         | 100%                                   | -    | Holding Trust        |
| <b><u>LWR Finance Trust</u></b>                   |                                                   |                                        |      |                      |
| Charter Hall LWR Limited                          | Australia                                         | 100%                                   | 100% | Provision of finance |

## D. Further information (continued)

### D7. Events occurring after balance date

The Directors of the Responsible Entity are not aware of any matter or circumstance not otherwise dealt with in this report or the annual consolidated financial statements that has significantly affected or may significantly affect the operations of the REIT or Finance Trust, the results of their operations or the state of affairs of the REIT or Finance Trust in future financial years.

### D8. Other significant accounting policies

#### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the requirements of the REIT's and Finance Trust's constitutions, Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. The REIT and Finance Trust is a for-profit entity for the purpose of preparing the consolidated financial statements. The consolidated financial statements are presented in Australian dollars, which is the REIT's and Finance Trust's functional and presentation currency.

#### Compliance with IFRS

The consolidated financial statements of the REIT and Finance Trust also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

#### Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except derivative financial instruments, investments in financial assets held at fair value, assets held for sale and investment properties, which have been measured at fair value.

#### Net current asset deficiency

At 30 June 2023, the REIT has a net deficiency of current assets over current liabilities of \$42.4 million (30 June 2022: \$35.5 million). At 30 June 2023, the Finance Trust has a net deficiency of current assets over current liabilities of \$5.0 million (30 June 2022: \$0.5 million). The REIT and Finance Trust will be able to meet their day-to-day working capital requirements from readily accessible credit facilities of \$275.8 million and operating cash flows.

Based on the facts set out above, the results and cash flows, there are reasonable grounds for the REIT and Finance Trust to believe they will be able to meet their debts as and when they become due and payable and accordingly the financial statements have been prepared on a going concern basis.

#### (b) Principles of consolidation

##### Stapling

The Charter Hall Long WALE REIT is a "stapled" entity comprising Charter Hall Direct Industrial Fund (DIF) and its controlled entities, and LWR Finance Trust (Finance Trust) and its controlled entities. The units in DIF are stapled to the units in Finance Trust. The stapled securities are listed on the Australian Securities Exchange and cannot be traded or dealt with separately. The two entities comprising the stapled group remain separate legal entities in accordance with the *Corporations Act 2001*, and are each required to comply with the reporting and disclosure requirements of Accounting Standards and the *Corporations Act 2001*. As permitted by ASIC Corporations (Stapled Group Reports) Instrument 2015/838, this financial report is a combined financial report that presents the consolidated financial statements and accompanying notes of both DIF and Finance Trust.

Stapling arrangements are treated as a business combination by contract alone since none of the stapled entities (as opposed to their unitholders) obtain an ownership interest in another stapled entity.

Under AASB 3 *Business Combinations* and AASB 10 *Consolidated Financial Statements*, one of the stapled entities of a stapled structure is to be identified as the parent entity for the purpose of preparing a consolidated annual financial report. In accordance with this requirement, DIF has been identified as the parent entity.

The results and equity of Finance Trust have been treated and disclosed as non-controlling interests in the consolidated financial statements of the REIT. While the results and equity of Finance Trust are disclosed as non-controlling interests, the stapled securityholders of DIF are the same as the stapled securityholders of Finance Trust.

## D. Further information (continued)

### Controlled entities

Subsidiaries are all entities over which the REIT has control. The REIT controls an entity when the REIT is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the REIT. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated.

Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

### (c) Foreign currency translation

#### (i) Functional and presentation currencies

Items included in the financial statements of each of the REIT's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Australian dollars, which is the REIT's functional and presentation currency.

#### (ii) Transactions and balances

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

### (d) Comparative information

Where necessary, comparative information has been adjusted to conform to changes in presentation in the current year.

### (e) Rounding of amounts

Under the option provided by ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 (as amended) issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the financial statements, amounts in the REIT's and Finance Trust's consolidated financial statements have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

### (f) Changes in accounting standards

No new accounting standards or amendments have come into effect for the year ended 30 June 2023 that affect the REIT's operations or reporting requirements.

## Directors' declaration to stapled securityholders

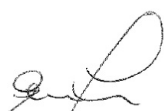
In the opinion of the Directors of Charter Hall WALE Limited, the Responsible Entity of Charter Hall Long WALE REIT and LWR Finance Trust:

- a the consolidated financial statements and notes set out on pages 17 to 50 are in accordance with the *Corporations Act 2001*, including:
  - i complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - ii giving a true and fair view of the REIT's and LWR Finance Trust's financial position as at 30 June 2023 and of their performance for the year ended on that date; and
- b there are reasonable grounds to believe that the REIT and LWR Finance Trust will be able to pay their debts as and when they become due and payable.

Note D8(a) confirms that the consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given declarations by the Fund Manager, who performs the Chief Executive Officer function, and the Head of Finance, who performs the Chief Financial Officer function, required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.



Glenn Fraser  
Non-Executive Director

Sydney  
8 August 2023



## Independent auditor's report

To the stapled securityholders of Charter Hall Long WALE REIT and the unitholders of LWR Finance Trust

### Report on the audit of the financial reports

---

#### Our opinion

In our opinion:

The accompanying financial reports of Charter Hall Direct Industrial Fund ("DIF") and its controlled entities and LWR Finance Trust and its controlled entity (together "Charter Hall Long WALE REIT", "REIT" or "CLW") and LWR Finance Trust and its controlled entity (together "Finance Trust") are in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the REIT's and Finance Trust's financial positions as at 30 June 2023 and of their financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### What we have audited

The REIT and Finance Trust financial reports comprises:

- the consolidated balance sheets as at 30 June 2023
- the consolidated statements of comprehensive income for the year then ended
- the consolidated statements of changes in equity for the year then ended
- the consolidated cash flow statements for the year then ended
- the notes to the consolidated financial statements, as contained in the "About this report" section, which include significant accounting policies and other explanatory information
- the directors' declaration to stapled securityholders.

Charter Hall Long WALE REIT comprises Charter Hall Direct Industrial Fund and the entities it controlled at year end or from time to time during the financial year and LWR Finance Trust and the entity it controlled at year end or from time to time during the financial year. Finance Trust comprises LWR Finance Trust and the entity it controlled at year end and from time to time during the financial year. For the purposes of consolidation accounting Charter Hall Direct Industrial Fund is the deemed parent entity and acquirer of Finance Trust.

---

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial reports* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PricewaterhouseCoopers, ABN 52 780 433 757  
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001  
T: +61 2 8266 0000, F: +61 2 8266 9999  
Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124  
T: +61 2 9659 2476, F: +61 2 8266 9999

Liability limited by a scheme approved under Professional Standards Legislation.



### *Independence*

We are independent of the REIT and Finance Trust in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial reports in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### **Our audit approach**

An audit is designed to provide reasonable assurance about whether the financial reports are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial reports.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial reports as a whole, taking into account the geographic and management structure of the REIT and Finance Trust, their accounting processes and controls and the industry in which they operate.



#### **Materiality**

- We calculated materiality for the REIT and Finance Trust and applied the lower of these two materiality amounts in the audit of both the REIT and Finance Trust. For the purpose of our audit we used overall quantitative materiality of \$10.1 million, which represents approximately 5% of the REIT's operating earnings.
- We chose operating earnings (which is an adjusted profit metric) as the benchmark because, in our view, it is the benchmark against which the performance of the REIT is most commonly measured and is a generally accepted benchmark within the industry. We selected 5% threshold based on our professional judgement and noting it is within the range of acceptable quantitative materiality thresholds.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial reports as a whole.

#### **Audit Scope**

- Our audit focused on where the REIT and Finance Trust made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- We identified separate components of the REIT including its equity accounted investments . We established



an audit strategy for each component.

- The audit work performed at the component level, together with additional audit procedures performed at the REIT level provided us with sufficient evidence for our opinion on the financial reports as a whole.
- In all of our audits, we also address the risk of management override of internal controls, including whether there was evidence of bias by the directors that may represent a risk of material misstatement due to fraud.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial reports for the current period. The key audit matters were addressed in the context of our audit of the financial reports as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit, Risk and Compliance Committee.

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Valuation of investment properties, including indirectly held investment properties - Charter Hall Long WALE REIT</b><br/>(Refer to About this report section and Note B)</p> <p>The REIT's investment property portfolio is predominantly comprised of industrial, retail, office and agrilogistic investment properties. At 30 June 2023 the carrying value of the REIT's total investment property portfolio (excluding investment properties held in equity accounted investments) was \$3,482 million (2022: \$3,722 million), refer to Note B1.</p> <p>The carrying value of the REIT's joint venture vehicles that also hold investment properties was \$2,594 million (2022: \$2,634 million) refer Note B2.</p> <p>In measuring the fair value of investment properties, the REIT applied the principles of accounting for investment properties at fair value under Australian Accounting Standards and applied the valuation methodology described in Note B of the financial report.</p> <p>We considered this a key audit matter because of the:</p> <ul style="list-style-type: none"><li>• Financial significance of the investment property balances in the REIT's consolidated balance sheet.</li></ul> | <p>We assessed the REIT's process for valuing investment properties. This included discussing, with management, the key drivers affecting the value of the investment property portfolio such as, significant leasing activity, capital expenditure and vacancies impacting the portfolio.</p> <p>We inspected a selection of independent property market reports and held discussions with PwC Real Estate experts to develop an understanding of prevailing market conditions and their expected impact on the REIT's investment properties.</p> <p>We assessed the design and tested the operating effectiveness of certain controls supporting the REIT's investment property valuation process.</p> <p>We assessed the scope, competence, capability and objectivity of external valuation experts engaged by the REIT. Where external valuations were obtained by the REIT, we:</p> <ul style="list-style-type: none"><li>• read a selection of the relevant valuation reports and agreed a sample of the fair values to the REIT's accounting records</li><li>• selected a sample of key data inputs to the valuations and agreed to supporting documentation. For example, we agreed a sample of rental income in valuations to</li></ul> |





For personal use only

#### Key audit matter

- Financial significance of revaluations that directly impact the REIT's consolidated statement of comprehensive income through the net fair value loss on investment properties.
- Inherently subjective nature of investment property valuations such as prevailing uncertain economic environment, the individual nature and location and comparable sales evidence for each property.
- Estimation uncertainty that exists with respect to the key inputs and assumptions used by the REIT in developing fair value estimates including capitalisation rates and discount rates.

#### How our audit addressed the key audit matter

tenancy schedules.

For a sample of properties which were assessed at greater risk of material misstatement, we performed the following procedures to assess the appropriateness of significant assumptions used in the REIT's assessment of fair value, we:

- assessed the appropriateness of the methodology adopted against the Australian Accounting Standards and the mathematical accuracy of valuations.
- assessed the appropriateness of certain significant assumptions, including comparing the capitalisation rates and discount rates to market data, including comparable transactions, where possible.
- held discussions with certain external valuation firms to develop an understanding of their processes, judgements and observations.

We assessed the reasonableness of the REIT's disclosures in the financial reports against the requirements of Australian Accounting Standards.

#### Hedge Accounting - Finance Trust (Refer to About this report section and Note C)

The Finance Trust issued two tranches of unsecured medium term fixed notes (MTN's) with a principal amount of \$700m in 2021. Concurrently the Finance Trust entered into interest rate swaps (IRS's) with matching maturity dates in order to mitigate the fair value risk associated with the market interest rate. The Finance Trust entered into a fair value hedge accounting relationship in accordance with Australian Accounting Standards for the MTN (hedging item) and IRS (hedging instrument).

We considered the hedging relationship to be a key audit matter because of the audit effort involved to assess the continued appropriateness of the application of the hedge accounting relationship in

We evaluated the designation and documentation of the fair value hedge relationship and the expected prospective hedging effectiveness at inception. This included assessing the hedge documentation for compliance with Australian Accounting Standards.

In addition we:

- Inspected journals on a sample basis and compared the terms of the hedging instrument to the hedged item to assess whether there was an economic relationship consistent with the Finance Trust's risk management strategy.
- Assessed if the fair value of the IRS's was appropriate by engaging PwC valuation experts to independently revalue the derivatives at balance date.



#### Key audit matter

accordance with Australian Accounting Standards, including auditing the revaluation of the IRS hedging instruments.

#### How our audit addressed the key audit matter

We assessed the reasonableness of the Finance Trust's disclosures in the financial reports in light of the requirements of Australian Accounting Standards. In particular, we considered the disclosures made in Note C to the consolidated financial statements which explains the hedging relationship.

#### Other information

The directors of Charter Hall WALE Limited (the Responsible Entity), the Responsible Entity of Charter Hall Direct Industrial Fund and LWR Finance Trust, are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2023, but does not include the financial reports and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the Director's Report. We expect the remaining other information to be made available to us after the date of this auditor's report.

Our opinion on the financial reports does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon through our opinion on the financial report.

In connection with our audit of the financial reports, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial reports or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Responsible Entity and use our professional judgement to determine the appropriate action to take.

#### Responsibilities of the directors of the Responsible Entity for the financial reports

The directors of the Responsible Entity are responsible for the preparation of the financial reports that give a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors of the Responsible Entity determines is necessary to enable the preparation of the financial reports that give a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial reports, the directors of the Responsible Entity are responsible for assessing the ability of the REIT and Finance Trust to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Responsible Entity either intends to liquidate the Group or to cease operations, or have no realistic alternative but to do so.



---

### Auditor's responsibilities for the audit of the financial reports

Our objectives are to obtain reasonable assurance about whether the financial reports as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial reports.

A further description of our responsibilities for the audit of the financial reports is located at the Auditing and Assurance Standards Board website at:  
[https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf). This description forms part of our auditor's report.

A stylized, handwritten signature of the PricewaterhouseCoopers firm, rendered in a light grey color.

PricewaterhouseCoopers

A handwritten signature of R W McMahon, rendered in a light grey color.

R W McMahon  
Partner

Sydney  
8 August 2023

## APPENDIX 4E

### Annual Financial Report for the year ended 30 June 2023

**Name of Entity:** Charter Hall Long WALE REIT comprising of the two Australian registered schemes listed below (collectively referred to as the “Stapled Trusts”, or “the REIT”):

- Charter Hall Direct Industrial Fund (“DIF”) and its controlled entities (ARSN 144 613 641); and
- LWR Finance Trust (“Finance Trust”) and its controlled entity (ARSN 614 713 138).

#### Results for announcement to the market

|                                                                          | 12 months to<br>30 June 2023<br>\$'000 | 12 months to<br>30 June 2022<br>\$'000 | Variance<br>(%) |
|--------------------------------------------------------------------------|----------------------------------------|----------------------------------------|-----------------|
| Revenue from ordinary activities <sup>1</sup>                            | 222,511                                | 219,697                                | 1.3%            |
| (Loss)/profit from ordinary activities after tax attributable to members | (188,993)                              | 911,899                                | (120.7%)        |
| Operating earnings <sup>2</sup>                                          | 202,446                                | 207,185                                | (2.3%)          |

<sup>1</sup> Revenue does not include share of net losses of joint ventures of \$43.1 million (2022: profit of \$471.4 million).

<sup>2</sup> Operating earnings is a financial measure which represents profit under Australian Accounting Standards adjusted for net fair value movements, non-cash accounting adjustments such as straight lining of rental income and amortisations and other unrealised or one-off items. The inclusion of operating earnings as a measure of Charter Hall Long WALE REIT's (the REIT) profitability provides investors with the same basis that is used internally for evaluating operating segment performance. Operating earnings is used by the Board to make strategic decisions and as a guide to assessing an appropriate distribution to declare. A reconciliation of the REIT's statutory profit to operating earnings is provided in Note A1 of the financial statements.

|                                            | 12 months to<br>30 June 2023<br>cents per stapled<br>security | 12 months to<br>30 June 2022<br>cents per stapled<br>security | Variance<br>(%) |
|--------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------|-----------------|
| Basic (loss)/earnings per stapled security | (26.14)                                                       | 134.22                                                        | (119.5%)        |
| Operating earnings per stapled security    | 28.00                                                         | 30.50                                                         | (8.2%)          |

The REIT recorded a statutory loss of \$189.0 million for the year ended 30 June 2023 (30 June 2022: profit of \$911.9 million). Operating earnings amounted to \$202.4 million for the year ended 30 June 2023 (30 June 2022: \$207.2 million) and a distribution of \$202.4 million (28.0 cents per stapled security) was declared for the same period (2022: \$213.0 million; 30.5 cents per stapled security).

The REIT's statutory accounting loss of \$189.0 million includes the following unrealised, non-cash and other items:

- (\$362.7) million of net fair value movements on investment properties;
- (\$ 29.6) million of net fair value movements on derivative financial instruments;
- \$ 0.2 million of net fair value movements on investments at fair value through profit or loss;
- \$ 1.5 million of straight lining of rental income and amortisation of lease fees and incentives;
- (\$ 1.1) million of acquisition and disposal related costs;
- (\$ 0.6) million of loss on debt extinguishment;
- (\$ 0.3) million of income support and development rebates; and
- \$ 0.1 million of provision for rent relief; and
- \$ 1.1 million of foreign exchange gains.

Refer to attached consolidated balance sheet, consolidated statement of comprehensive income and consolidated cash flow statement for further detail.

## Details of distributions

Distributions paid or declared by DIF during the year ending 30 June 2023 are as follows:

| Quarter                          | Payment date     | Cents per security | \$'000         |
|----------------------------------|------------------|--------------------|----------------|
| Quarter ending 30 September 2022 | 11 November 2022 | 7.00               | 50,607         |
| Quarter ending 31 December 2022  | 14 February 2023 | 7.00               | 50,607         |
| Quarter ending 31 March 2023     | 15 May 2023      | 7.00               | 50,607         |
| Quarter ending 30 June 2023      | 14 August 2023   | 7.00               | 50,607         |
| <b>Total</b>                     |                  | <b>28.00</b>       | <b>202,428</b> |

Finance Trust did not declare any distributions in its own right.

The record date for the 30 June 2023 distribution is 30 June 2023.

Refer attached financial statements (Directors Report and Note A2: *Distributions and earnings per security*).

## Details of distribution reinvestment plan

The REIT has established a Distribution Reinvestment Plan (DRP) under which securityholders may elect to have all or part of their distribution entitlements satisfied by the issues of new securities rather than being paid in cash.

The DRP issue price is determined at a discount of 1.0% to the daily volume weighted average price of all securities traded on the ASX during the 10 business days commencing on the third business day following the distribution record date. The DRP was not active during the year.

## Net tangible assets

|                                                              | 30 June 2023 | 30 June 2022 |
|--------------------------------------------------------------|--------------|--------------|
| Net tangible asset backing per stapled security <sup>1</sup> | \$5.63       | \$6.17       |

<sup>1</sup> Under the listing rules NTA Backing must be determined by deducting from total tangible assets all claims on those assets ranking ahead of the ordinary securities (i.e. all liabilities, preference shares, outside equity interest, etc.)

## Control gained or lost over entities during the year

Refer to attached financial statements (Note D6: *Interest in other entities*).

## Details of associates and joint venture entities

Refer to attached financial statements (Note B2: *Investment in joint venture entities*).

## Other significant information

For additional information regarding the results of the REIT for the year ended 30 June 2023, refer to the FY23 Full Year Results Presentation lodged with the ASX. Also refer to attached financial statements.

## Segment results

Refer to attached financial statements (Note A1: *Segment information*).

## Other factors

Refer to attached financial statements (Directors Report).

## Audit

The accounts have been audited (refer to attached financial statements).