

ASX Release

Charter Hall Long WALE REIT FY23 Results

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Charter Hall Long WALE REIT (ASX:CLW) (the REIT) today announces its full year results for the period ending 30 June 2023 (FY23). Key financial and operational highlights for the period are:

Financial highlights:

- Operating earnings of \$202.4 million, or 28.0 cents per security (cps)
- Distributions of 28.0 cps
- NTA of \$5.63 per security
- Statutory loss of \$189.0 million
- \$6.8 billion diversified property portfolio
- 5.1% weighted average rent review
- Balance sheet gearing of 32.9%, within the target range of 25% - 35%

Operating highlights:

- Successful portfolio recycling with \$114 million of divestments, including two short WALE industrial assets (Woolworths, Hoppers Crossing, VIC and Toll, Altona North, VIC) at prevailing book values
- \$91 million social infrastructure investment in Geosciences Australia headquarters, Canberra, ACT on a 7.4% initial yield and 9.6 year WALE at acquisition
- \$18 million hospitality investment into four Endeavour Group leased pubs on a blended 5.0% cap rate with 15 year, CPI-linked, triple net leases (NNN)
- Portfolio weighted average lease expiry (WALE) of 11.2 years, providing long term income security
- 52% NNN leases across the portfolio, where the tenants are responsible for all outgoings, maintenance and capital expenditure
- 51% of leases with inflation-linked annual reviews with a 7.1% weighted average increase in FY23 and 49% of leases with annual fixed reviews with an average fixed increase of 3.1%
- Portfolio cap rate moved 36 bps from 4.41% as at 31 December 2022 to 4.77% as at 30 June 2023

Avi Anger, Charter Hall Long WALE REIT Fund Manager commented:

"In FY23 the CLW portfolio delivered a strong net property income increase of 10.6% driven by like-for-like growth of 4.4%, with the balance driven by acquisition activity. The portfolio enjoys strong rental growth as a result of the high proportion of CPI-linked leases, high levels of occupancy and quality of tenants. CLW's portfolio remains well positioned to continue to deliver strong rental growth, whilst higher interest costs remain a headwind for all AREITs."

Portfolio update

Portfolio curation remains a key strength of the Charter Hall platform. During FY23, CLW completed \$223 million of transactions consisting of \$114 million¹ of divestments and \$109 million of income enhancing property acquisitions which contributed to improving portfolio quality, sector diversification and lengthening the portfolio WALE.

- **Acquisitions:**

- \$90.9 million² acquisition of Geosciences Australia headquarters, a life sciences complex comprising office, specialised laboratory, storage and warehousing for the Commonwealth Government's technical adviser on all geoscience, geographical and geological matters. Geosciences was acquired in October 2022 on a 7.4% initial yield with a 9.6-year WALE at acquisition and 3% annual fixed rent increases and a net lease structure where the tenant is responsible for all property outgoings.
- \$17.9 million³ acquisition of four Endeavour Group leased pubs; the Emu Hotel, SA, the Horse & Jockey, QLD, the Marine Hotel, QLD and the Rainbow Beach Hotel, QLD. Acquired on a blended 5.0% cap rate, the pubs have new 15-year, NNN, CPI-linked leases and further extend CLW's relationship with Endeavour Group.

- **Divestments:**

- \$74 million divestment of Woolworths Distribution Centre, Hoppers Crossing, VIC at the prevailing book value with a 4.50% cap rate and a 3 year lease term remaining.
- \$38.3 million divestment of Toll Distribution Facility, Altona North, VIC at the prevailing book value with a 4.75% cap rate and a 2.9 year lease term remaining.

At the end of the period, the REIT's diversified portfolio is 99.9% occupied and comprised 549 properties with a long WALE of 11.2 years.

100% of properties were independently valued with FY23 property valuations resulting in a net valuation decrease of \$363 million over prior book values. The portfolio weighted average capitalisation rate is 4.77% as at 30 June 2023.

Capital position

During FY23, CLW refinanced and extended the syndicated debt facility for the bp Australia portfolio by four years. CLW's share of this facility is \$225 million.

CLW has a weighted average debt maturity of 4.5 years with staggered maturities over a nine year period from FY24 to FY32. With the exception of an \$88 million capital indexed bond maturing in FY24, CLW has no other debt expiries until FY27.

CLW's drawn debt is 80% hedged on average across FY24 with a weighted average hedge maturity of 2.3 years. Balance sheet gearing of 32.9% is within the target 25 – 35% range and look-through gearing is 40.1%. CLW has \$296 million of cash and undrawn debt as at 30 June 2023.

¹ Includes three Australian convenience retail properties sold by bp at or above book value, with a combined value of \$1.3 million (CLW's interest)

² Reflects CLW's 25% interest

³ Reflects CLW's 49.9% interest

FY24 Guidance

Based on information currently available, including current interest rate and inflation expectations and barring any unforeseen events, CLW provides FY24 operating earnings per security guidance of 26.0 cents and distributions per security guidance of 26.0 cents. Based upon yesterday's closing price, this represents a 6.5% distribution yield⁴.

Announcement Authorised by the Board

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

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

Charter Hall Long WALE REIT is managed by Charter Hall Group (ASX: [CHC](#)). Charter Hall is one of Australia's leading fully integrated property investment and funds management groups. We use our expertise to access, deploy, manage and invest equity to create value and generate superior returns for our investor customers. We've curated a diverse portfolio of high-quality properties across our core sectors – Office, Industrial & Logistics, Retail and Social Infrastructure. With partnerships and financial discipline at the heart of our approach, we create and invest in places that support our customers, people and communities grow.

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⁴ Based on forecast CLW FY24 DPS of 26.0c divided by the CLW security price of \$4.03 as at 7 August 2023