

ASX Release

Charter Hall Long WALE REIT FY24 Results

8 August 2024

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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 2024 (FY24). Key financial and operational highlights for the period are:

Financial highlights:

- Operating earnings of \$188.0 million, or 26 cents per security (cps)
- Distributions of 26 cps
- Net tangible assets (NTA) of \$4.66 per security
- Statutory earnings of (\$510.9) million
- 4.7% like-for-like Net Property Income (NPI) growth
- Portfolio weighted average lease expiry (WALE) of 10.5 years

Operating highlights:

- Successful execution of capital management strategy to reduce debt levels through the sale of \$762.2 million of assets with:
 - \$462.9 million of assets settled;
 - \$225.3 million unconditionally exchanged; and
 - \$74.0 million exchanged with settlement awaiting FIRB approval
- Pro-forma balance sheet gearing reduced to 30.1%¹ in the middle of target 25 – 35% range
- Pro-forma look-through gearing reduced to 37.6%¹ with significant headroom to debt covenants
- \$280 million of balance sheet facilities cancelled providing immediate cost benefit, with an additional \$220 million to be cancelled upon completion of the Inghams Portfolio sale
- Executed zero-cost hedge restructure increasing FY26 hedging

¹ As at 30 June 2024 pro forma adjusted for the settlement of the Inghams Portfolio (unconditionally exchanged) and Red Cross, Sydney (exchanged with settlement subject to FIRB approval)

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Avi Anger, Charter Hall Long WALE REIT Fund Manager commented: “CLW has successfully completed a strategic program of divesting assets, reducing near term lease expiry risk, strengthening the balance sheet and curating the portfolio for the future. The portfolio at 30 June 2024 now features an increased weighting towards triple-net leases of 55%, occupancy of 99.9% and like for like income growth of 4.7% as a result of an attractive mix of fixed and CPI linked annual increases”

Portfolio update

Portfolio curation remains a key strength of the Charter Hall platform. During FY24, CLW executed \$762.2 million of completed or exchanged divestments.

- **Divestments:**

- \$96.2 million of Long WALE Retail assets including the part sale (16.7%) of Myer Melbourne, VIC and Ampol, Redbank Plains Travel Centre, QLD
- \$114.1 million of Industrial and Logistics assets with the sale of Australia Post, Kingsgrove, NSW; Coates Hire, Kingston, QLD; Modern Star, Brendale, QLD; Veolia Campbellfield, VIC
- \$100.5 million of Office assets with the sale of 40 Tank Street, Brisbane, QLD; ATO Upper Mount Gravatt, Brisbane, QLD
- \$226.1 million of Social Infrastructure assets with the sale of 19.4% of the units in the Charter Hall Exchanges Wholesale Trust and Australian Red Cross, Sydney, NSW²
- \$225.3 million of Agri-Logistics assets with the sale of the Inghams portfolio

At the end of the period, the REIT's \$5.8 billion diversified portfolio is 99.9% occupied and comprised 540 properties with a long WALE of 10.5 years.

Portfolio valuations

CLW had 100% of the portfolio by gross asset value independently valued during FY24 resulting in a net valuation decrease of \$626 million over the twelve-month period. The portfolio weighted average capitalisation rate expanded 63bps from 4.8% to 5.4%.

Capital position

With the completion of the asset divestment program, CLW has de-levered and strengthened its balance sheet position with all pro forma gearing metrics reduced as follows:

- Balance sheet gearing of **30.1%** reduced from 34.5%
- Look through gearing of **37.6%** reduced from 41.2%

Based on the REIT's current position, there remains material headroom to debt gearing covenant (<50%) with portfolio cap rates needing to expand 136bps or 20% valuation decline.

In July 2024, Moody's reaffirmed CLW's Baa1 investment grade rating.

Post balance-date, CLW has also entered into a zero-cost hedge restructure that increases FY26 hedging.

CLW has a weighted average debt maturity of 4.1 years with staggered maturities over a six-year period from FY27 to FY32. Including the proceeds from contracted but unsettled disposals, CLW's look-through drawn debt is 72% hedged with a weighted average hedge maturity of 2.0 years. CLW has \$344 million of cash and undrawn debt.

² Subject to FIRB approval

Activation of security buy-back

The REIT also announces its intention to conduct an on-market buy-back³ of securities in CLW for up to \$50 million.

FY25 Guidance

Based on information currently available and barring any unforeseen events, CLW provides FY25 operating earnings per security guidance of 25.0 cents and distributions per security guidance of 25.0 cents. Based upon yesterday’s closing price, this represents a 7.2% 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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³ Please refer to the accompanying Appendix 3C for further information relating to the buy-back program. The timing and volume of securities purchased under the buy-back will depend on prevailing market conditions, the market price of securities and other factors. Charter Hall WALE Limited, as Responsible Entity of CLW, reserves the right to vary, suspend or terminate the on-market buy-back program at any time.
⁴ Based on CLW forecast FY25 DPS of 25.0c divided by the CLW security price of \$3.46 as at 7 August 2024

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