

Charter Hall Long WALE REIT

Supplementary Product Disclosure Statement

In relation to an offer of 206.7 million Securities in Charter Hall
Long WALE REIT

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crestone.



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Joint Lead Managers and Underwriters

Important Information

Supplementary Product Disclosure Statement

This supplementary product disclosure statement ("**Supplementary PDS**") supplements the product disclosure statement dated 27 September 2016 ("**PDS**") in relation to the offer by Charter Hall WALE Limited (ABN 20 610 772 202, Australian Financial Services Licence Number 486721) ("**Responsible Entity**") as responsible entity of each of LWR Finance Trust (ARSN 614 713 138) ("**Finance Trust**") of fully paid units in Finance Trust, Charter Hall Direct Industrial Fund (ARSN 144 613 641) ("**DIF**") of fully paid units in DIF, Canning Vale Logistics Trust No.1 (ARSN 614 713 012) ("**CVLT1**") of fully paid units in CVLT1, 218 Bannister Road Trust (ARSN 614 712 588) ("**218 BRT**") of fully paid units in 218 BRT, CPOF Kogarah Holding Trust (ARSN 614 714 073) ("**CPOF KHT**") of fully paid units in CPOF KHT, Franklin Street Property Trust (ARSN 614 714 206) ("**FSPT**") of fully paid units in FSPT and CHPT Dandenong Trust (ARSN 614 712 506) ("**CHPTDT**") of fully paid units in CHPTDT, which will be stapled together and traded as Stapled Securities of Charter Hall Long WALE REIT ("**Securities**").

This Supplementary PDS was prepared in accordance with the Corporations Act 2001 (Cth) and should be read together with the PDS. This Supplementary PDS is dated 27 October 2016, being the date that a copy of this Supplementary PDS was lodged with the Australian Securities and Investments Commission ("**ASIC**") and has been prepared and issued by Charter Hall WALE Limited as responsible entity of Finance Trust, DIF, CVLT1, 218 BRT, CPOF KHT, FSPT and CHPTDT (each a "**Stapled Trust**" and together being the Charter Hall Long WALE REIT (the "**REIT**"). The REIT has applied for admission to the Official List of ASX and the quotation of Securities. None of ASIC, the ASX or their officers take any responsibility for the content of this Supplementary PDS or for the merits of the investment to which this Supplementary PDS relates. The fact that the ASX may admit the Stapled Trusts to the Official List and quote Securities is not to be taken in any way as an indication of the merits of the REIT.

The Responsible Entity disclaims all liability, whether in negligence or otherwise, to persons who trade Securities before receiving their holding statement.

The ASX reserves the right (but without limiting its absolute discretion) to remove one or more entities with Units from the Official List if any of their securities cease to be "stapled" together, or any equity securities are issued by one entity which are not stapled to equivalent securities in the other entity or entities.

Not investment advice

The information in this Supplementary PDS is not financial product advice and does not take into account your investment objectives, financial situation or particular needs.

It is important that you read this Supplementary PDS and the PDS carefully and in their entirety before deciding whether to invest in the REIT.

Financial information presentation

The Pro Forma Consolidated Statement of Financial Position included in this Supplementary PDS has been prepared and presented in accordance with the recognition and measurement principles prescribed in the Australian Accounting Standards, except where otherwise stated.

The Forecast Financial Information included in this Supplementary PDS is unaudited and is based on the best estimate assumptions of the Directors. The basis of preparation and presentation of the Forecast Financial Information is, to the extent applicable, consistent with the basis of preparation and presentation of the Pro Forma Consolidated Statement of Financial Position.

No offering where offering would not be lawful

This Supplementary PDS and the PDS do not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

The distribution of this Supplementary PDS outside Australia and New Zealand may be restricted by law and persons who come into possession of this Supplementary PDS outside Australia and New Zealand should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. For details of selling restrictions that apply to the Securities in certain jurisdictions outside of Australia and New Zealand, please refer to Section 8 of the PDS.

This Supplementary PDS may not be distributed to, or relied upon by, persons in the United States. The Securities have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States, and may not be offered or sold in the United States, or to or for the account or benefit of any person in the United States, except in a transaction exempt from the registration requirements of the US Securities Act and applicable United States state securities laws.

Obtaining a copy of this Supplementary PDS

A paper copy of the PDS and this Supplementary PDS is available free of charge to any person in Australia or New Zealand by calling the Long WALE REIT Offer Information Line on 1300 306 413 (within Australia) or +61 1300 306 413 (outside Australia) from 8:30am until 5:30pm (Sydney time) Monday to Friday.

The PDS and this Supplementary PDS are also available to Australian and New Zealand resident investors in electronic form at the Offer Website, <https://www.charterhall.com.au/lwr>. The revised Offer constituted by the PDS and this Supplementary PDS in electronic form is available only to Australian and New Zealand residents accessing the Website from Australia and New Zealand. It is not available to persons in any other jurisdiction (including the United States). Persons who access the electronic version of the PDS and this Supplementary PDS should ensure that they download and read the entire PDS together with this Supplementary PDS.

The Responsible Entity, with the consent of the Joint Lead Managers, reserves the right to extend the revised Offer, close the Offer Period early or withdraw the revised Offer, in each case without notice.

Applications

Applications may only be made during the Offer Period on the appropriate Application Form attached to, or accompanying, this Supplementary PDS and the PDS in their paper copy form, or in their electronic form which must be downloaded in their entirety from <https://www.charterhall.com.au/lwr>. Application forms distributed with the PDS prior to the date of this Supplementary PDS will not be accepted. By making an Application, you represent and warrant that you were given access to the Supplementary PDS and the PDS, together with an Application Form. The Corporations Act 2001 (Cth) prohibits any person from passing the Application Form onto another person unless it is attached to, or accompanied by, this Supplementary PDS and the PDS in its paper copy form or the complete and unaltered electronic version of this Supplementary PDS and the PDS.

Defined terms

Capitalised terms used in this Supplementary PDS which have not been defined have the meaning given in the Glossary in Section 16 of the PDS.

Disclaimer

The Joint Lead Managers have not authorised, permitted or caused the issue, lodgement, submission, dispatch or provision of this Supplementary PDS and do not make or purport to make any statement in this Supplementary PDS and there is no statement in this Supplementary PDS which is based on any statement by the Joint Lead Managers. The Joint Lead Managers and their affiliates, officers and employees, to the maximum extent permitted by law, expressly disclaim all liabilities in respect of, make no representations regarding, and take no responsibility for, any part of this Supplementary PDS and make no representation or warranty as to the currency, accuracy, reliability or completeness of this Supplementary PDS.

Key Offer Information

Key Offer statistics at Allotment

Offer Price per Security	\$4.00
Number of Securities to be issued under the revised Offer	206.7 million
Total number of Securities on issue following Allotment	206.7 million
Market capitalisation at the Offer Price	\$826.7 million
Forecast FY17 annualised Operating Earnings Yield per Security ¹	6.3%
Forecast 1H FY18 annualised Operating Earnings Yield per Security ²	6.4%
Forecast FY17 annualised Distribution Yield per Security ³	6.3%
Forecast 1H FY18 annualised Distribution Yield per Security ⁴	6.4%
NTA per Security	\$3.84
Offer Price premium to NTA value per Security	4.1%
Balance Sheet Gearing	22.9%
Look Through Gearing	35.0%

This table replaces the “Key Offer statistics at Allotment” table on page 4 of the PDS.

Important dates

2016

Supplementary PDS lodgement Date	27 October 2016
Reinvestment Offer, Broker Firm Offer and Charter Hall Group Offer opens	28 October 2016
Reinvestment Offer, Broker Firm Offer and Charter Hall Group Offer closes	4 November 2016
Commencement of trading on the ASX (conditional and deferred settlement basis)	8 November 2016
Settlement	9 November 2016
Issue and Allotment of Securities	10 November 2016
Unconditional and deferred settlement basis trading	11 November 2016
Dispatch of holding statements	14 November 2016
Payment of Capital Distribution and Redemption proceeds to Reinvestment Offer Investors who have elected to take cash	14 November 2016
Commencement of trading on a normal settlement basis	15 November 2016

This table replaces the “Important Dates” table on page 5 of the PDS.

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- Forecast Operating Earnings per Security of 25.1 cents (annualised) for the period from Allotment until 30 June 2017.
- Forecast Operating Earnings per Security of 25.6 cents (annualised) for 1H FY18. Noting that certain leases are rent reviewed in the second half of the financial year and these reviews are not captured in this 1H FY18 annualised number.
- Forecast Distributions per Security of 25.1 cents (annualised) for the period from Allotment until 30 June 2017.
- Forecast Distributions per Security of 25.6 cents (annualised) for 1H FY18. Noting that certain leases are rent reviewed in the second half of the financial year and these reviews are not captured in this 1H FY18 annualised number.

1. The Revised Offer

1.1. The revised Offer

The revised Offer is an initial public offering of approximately 206.7 million Securities in the REIT at an Offer Price of \$4.00 per security which is expected to raise \$826.7 million.

The adjustments to the original Offer under the PDS dated 27 September 2016 are:

- a \$240.4 million increase in the amount of drawn debt and hence a reduction of approximately 73.5 million Securities on issue at Allotment;
- a change to the Offer timetable and Offer structure; and
- subscriptions for Securities have been received under the Charter Hall Group Offer from current unitholders in FSPT, CHPTDT and LWIP with the balance of the revised Offer underwritten.

These adjustments are detailed in this Supplementary PDS.

1.2. Financial metrics and capital structure

The REIT is forecast to have an Operating Earnings Yield (based on the Offer Price) of:

- 6.3% (annualised) for the period from Allotment to 30 June 2017¹; and
- 6.4% (annualised) for 1H FY18².

The REIT is forecast to have a Distribution Yield (based on the Offer Price) of:

- 6.3% (annualised) for the period from Allotment to 30 June 2017¹; and
- 6.4% (annualised) for 1H FY18².

The Offer Price of \$4.00 per Security represents a premium to NTA of 4.1% at Allotment.

At Allotment, the REIT will have 22.9% Balance Sheet Gearing and Look Through Gearing of 35.0%³.

The REIT will target a Balance Sheet Gearing range of 25% to 35%. At Allotment, Balance Sheet Gearing remains below the REIT's target range in order to provide the capacity to fund the REIT's proportion of costs to complete the Woolworths Distribution Centre, Dandenong and to provide the opportunity to enhance returns to Securityholders through further acquisitions.

Revised financial information as a result of the change in capital structure are set out in Section 2 of this Supplementary PDS. The metrics above and contained throughout Section 2 of this Supplementary PDS replace the corresponding figures in Sections 2.3.1, 7 and throughout the PDS.

1.3. Details of the revised Offer

1.3.1. Structure of the revised Offer

The revised Offer retains the same offer structure involving the Institutional Offer, the Broker Firm Offer, the Reinvestment Offer and the Charter Hall Group Offer. The timing and allocation of Securities under each Offer has changed.

The following aspects of the Offer have been completed:

- The Institutional Offer bookbuild process has been conducted, under which certain Institutional Investors in Australia, New Zealand and certain other foreign jurisdictions have been allocated Securities. The allocations were determined by Charter Hall, in consultation with the Joint Lead Managers, having regard to the factors set out in section 8.5 of the PDS. The Joint Lead Managers separately advised the institutional investors of the Application procedures for the Institutional Offer.
- The Brokers to the Offer have also been advised of their firm allocation under the Broker Firm Offer. Any investor that is interested in applying for Securities, but is not an Eligible DIF Unitholder or eligible under the Charter Hall Group Offer and has not received an allocation under the Institutional Offer, must apply for Securities via a Broker with a firm allocation under the Broker Firm Offer.
- The offers as part of the Charter Hall Group Offer to Existing Unitholders (other than DIF unitholders) who will have their units in the Stapled Trusts redeemed under the Restructure and the vendors under the Acquisitions have been completed. Certain of these investors, including Charter Hall, have made a binding application directing the Issuer to reinvest part of the proceeds they will receive under the Restructure into Securities.

1 Forecast Operating Earnings and Distributions per Security of 25.1 cents (annualised) for the period from Allotment until 30 June 2017.

2 Forecast Operating Earnings and Distributions per Security of 25.6 cents (annualised) for 1H FY18. Noting that certain leases are rent reviewed in the second half of the financial year and these reviews are not captured in this 1H FY18 annualised number.

3 Calculated as the ratio of net drawn debt (excluding unamortised debt establishment costs) to total tangible assets less cash, based on the non-IFRS proportionate pro forma consolidated statement of financial position, which adjusts for the REIT's share of the debt, assets and cash held in equity accounted investments.

1. The Revised Offer (continued)

The revised Offer has the following additional changes:

- The Institutional Offer and the Broker Firm Offer have been underwritten by the Joint Lead Managers.
- The number of Securities allocated at the date of this Supplementary PDS to Institutional Investors under the Institutional Offer, to Brokers under the Broker Firm Offer and to Existing Unitholders and vendors under the Acquisitions under their reinvestment applications equals the total number of Securities to be issued under the Offer.
- Any Securities to be issued under the Reinvestment Offer and applications accepted by Charter Hall under the balance of the Charter Hall Group Offer may reduce the number of Securities allocated to Charter Hall under its reinvestment application (see Section 1.3.2 below).

The Broker Firm Offer, the Reinvestment Offer and the balance of the Charter Hall Group Offer will otherwise continue to be conducted in accordance with Section 8 of the PDS however under the revised timetable set out on page 1 of this Supplementary PDS.

This information updates Section 8 of the PDS.

1.3.2. Charter Hall's investment in the REIT

Charter Hall's holding at Allotment will depend on the level of demand from investors under the Reinvestment Offer and the number of Securities Charter Hall determines to allocate under the Charter Hall Group Offer.

Charter Hall has applied for 52.5 million Securities in the REIT, representing a maximum potential interest of approximately 25.4%, through agreeing to reinvest \$210 million of the proceeds it will receive under the Restructure as a unitholder of CHPTDT and of LWIP. However, the number of Securities which will be issued to Charter Hall under its application may be reduced by the amount of subscriptions received under the Reinvestment Offer and the number of Securities allocated under the Charter Hall Group Offer (other than those Securities already allocated to Existing Unitholders and vendors under the Acquisitions referred to in Section 1.3.1 above). The maximum amount of subscriptions under the Reinvestment Offer and the priority offer for DIF unitholders to take up additional Securities not taken up under the Reinvestment Offer is approximately \$155 million.

This information replaces the references in the PDS to Charter Hall Group subscribing for up to approximately 22% of the Offer.

1.3.3. Sources and uses of funds

A summary of the sources and uses of funds under the revised Offer is shown in the following table:

Sources of Funds	\$m	Uses of Funds	\$m
Proceeds from the revised Offer	826.7	Redemption of Units held by unitholders of the Stapled Trusts ¹	589.5
Draw down of Debt Facility	240.4	Payment for Acquired Assets	187.6
		Repayment of Stapled Trusts' existing debt	212.1
		Payment of Stapled Trusts' accrued liabilities, and the close-out of derivatives	23.7
		Transaction costs related to revised Offer	34.9
		Payment for other assets	18.1
		Working capital	1.0
Total sources	1,067.1	Total uses	1,067.1

This table replaces the equivalent tables in Sections 1.6 and 8.2 of the PDS.

¹ Total amount used to purchase all units held by Stapled Trust unitholders, including units held by DIF investors participating in the Reinvestment Offer.

2. Financial Information

The information contained in this Section replaces the corresponding information contained in Section 7 of the PDS.

2.1. Introduction

The summary financial information for the REIT contained in this Section has been prepared by the Responsible Entity and comprises:

- the revised pro forma forecast consolidated income statements for the Forecast Period as set out in Section 2.2.1 (the “Pro Forma Forecast Consolidated Income Statements”);
- the revised statutory forecast consolidated income statements for FY17 and for 1H FY18 as set out in Section 2.2.3 (the “Statutory Forecast Consolidated Income Statements”);
- (together the “Forecast Financial Information”); and
- the revised pro forma consolidated statement of financial position at Allotment as set out in Section 2.3 (the “Pro Forma Consolidated Statement of Financial Position”).

The Forecast Financial Information and Pro Forma Consolidated Statement of Financial Position are collectively referred to as the “Financial Information”.

Also summarised in this Section are:

- the revised pro forma forecast consolidated distribution statements for the Forecast Period as set out in Section 2.2.2 (“Pro Forma Forecast Consolidated Distribution Statements”);
- the revised Directors’ best estimate general and specific assumptions underlying the Forecast Financial Information, as set out in Section 2.4;
- the key sensitivities in respect of the Forecast Financial Information, as set out in Section 2.5;
- a reconciliation between the audited consolidated statement of financial position of DIF as at 30 June 2016 and the Pro Forma Consolidated Statement of Financial Position as set out in Section 2.6;
- unaudited non-IFRS financial disclosure containing the REIT’s revised pro forma forecast proportionately consolidated income statements and the REIT’s revised pro forma proportionately consolidated statement of financial position, as set out in Section 2.7; and
- information on the REIT’s revised working capital in Section 2.8.

The basis of preparation and presentation of the Financial Information and a description of the non-IFRS financial measures and disclosure is as set out in Section 7.2 of the PDS. A description of the REIT’s significant accounting policies is as set out in Section 7.9 of the PDS.

The Pro Forma Forecast Consolidated Income Statements (as set out in Section 2.2.1), the Statutory Forecast Consolidated Income Statements (as set out in Section 2.2.3) and the Pro Forma Consolidated Statement of Financial Position (as set out in Section 2.3) have been reviewed by KPMG Financial Advisory Services (Australia) Pty Ltd (“KPMG Transaction Services”) in accordance with the Australian Standard on Assurance Engagements (“ASAE”) 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information, as stated in its Investigating Accountant’s Report in Annexure A of this Supplementary PDS. Investors should note the scope and limitations of the Investigating Accountant’s Report in Annexure A of this Supplementary PDS. The Investigating Accountant’s Report in Annexure A of this Supplementary PDS replaces the Investigating Accountant’s Report in Section 9 of the PDS.

The Financial Information provided in this Section should be read in conjunction with the sensitivity analysis set out in Section 2.5 of this Supplementary PDS, the Significant Accounting Policies set out in Section 7.9 of the PDS, and the risk factors set out in Section 12 of the PDS and the other information provided in the PDS.

Unless otherwise stated, the revised Financial Information contained in this Section replaces the Financial Information contained in Section 7 of the PDS to reflect a \$240.4 million increase in the amount of drawn debt and hence a reduction of approximately 73.5 million Securities on issue at Allotment and a change to the Allotment date.

2. Financial Information (continued)

2.2. Forecast Financial Information

2.2.1. Pro Forma Forecast Consolidated Income Statements

The table below sets out the Pro Forma Forecast Consolidated Income Statements of the REIT and should be considered in conjunction with the basis of preparation and presentation of the financial information set out in Section 7.2 of the PDS.

(\$m)	Pro Forma - Allotment to 30 June 2017 ¹	Pro Forma - Six months ending 31 December 2017
Gross rental income	35.3	27.5
Straightlining of rental income	1.2	1.2
Share of net profit from equity accounted investments ²	15.0	11.8
Interest income	0.1	0.1
Total revenue	51.6	40.6
Property operating expenses	(5.5)	(4.4)
Management fees	(3.5)	(2.8)
Other operating expenses	(1.4)	(1.0)
Interest expense ³	(6.6)	(5.2)
Total expenses	(17.0)	(13.4)
Net profit⁴	34.5	27.2

Notes:

1. The Pro Forma Forecast Consolidated Income Statements have been prepared on the basis that the Proposed Transaction has been implemented and Allotment occurs on 10 November 2016.
2. Share of net profit from equity accounted investments relate to the REIT's 45.0% interest in LWIP, 49.9% interest in Perth RDC, 50.1% interest in CPOF KHT and 26.0% of CH DC Fund. The share of net profit from equity accounted investments is represented on a pro forma basis and excludes fair value adjustments.
3. Includes margin on drawn amounts, line fees and amortisation of capitalised borrowing costs. Refer to Section 2.5 of the PDS for further details regarding the REIT's financing arrangements.
4. The Pro Forma Forecast Consolidated Income Statements do not account for any potential fair value adjustments of investment properties, derivative financial instruments or other financial assets as the Directors of the Responsible Entity do not believe such movements can be reliably estimated. No material tax expense is expected to arise for the REIT in the Forecast Period.

For further detail on the REITs share of net profit from equity accounted investments, refer to section 2.7.1 of this Supplementary PDS for the REIT's pro forma forecast proportionately consolidated income statements.

2. Financial Information (continued)

2.2.2. Pro Forma Forecast Consolidated Distribution Statements

Refer to Section 7.3.2 of the PDS for the basis of preparation and presentation of the Pro Forma Forecast Consolidated Distribution Statements.

As outlined in the table below, the REIT forecasts a Distribution of 16.0 cents per Security for the period from Allotment to 30 June 2017, and 12.8 cents per Security for 1H FY18.

(\$m)	Pro Forma - Allotment to 30 June 2017 ¹	Pro Forma - 1H FY18 (six months)
Net profit (before transaction costs)²	34.5	27.2
Straightlining of rental income	(1.2)	(1.2)
Straightlining of rental income within equity accounted investments	(0.3)	(0.1)
Other income ³	-	0.5
Operating Earnings	33.1	26.4
Distribution⁴	33.1	26.4
Operating Earnings per Security (cents)	16.0	12.8
Distribution per Security (cents) ⁴	16.0	12.8
Annualised Operating Earnings Yield on Offer Price (%)⁵	6.3%	6.4%
Annualised Distribution Yield on Offer Price (%)⁵	6.3%	6.4%
Payout ratio (Distribution / Operating Earnings)	100%	100%
Tax deferred component of Distribution (%) ⁶	72%	43%

Notes:

1. The Pro Forma Forecast Consolidated Distribution Statements have been prepared on the basis that the Proposed Transaction has been implemented and Allotment occurs on 10 November 2016.
2. Transaction costs will be funded by the proceeds of the revised Offer and do not affect the operating cash flow of the REIT.
3. Other Income comprises cash receipts received under the ATO Income Support arrangements. Refer to Section 7.5.2 of the PDS for further details on these arrangements.
4. Distribution per Security is based on the Directors' forecast that the Distribution will be 100% of Operating Earnings for each respective period during the Forecast Period.
5. Annualised Operating Earnings and Distribution Yields are calculated by grossing up Operating Earnings Yield and Distribution Yield for the period from Allotment to 30 June 2017 for 12 months and grossing up 1H FY18 for 12 months.
6. The estimated tax deferred component of forecast Distributions is determined in accordance with the prevailing tax legislation at the time of preparing the Supplementary PDS. The actual tax deferred component may differ from the estimate above due to timing of revenue, expenses and post IPO acquisition activity.

2. Financial Information (continued)

2.2.3. Statutory Forecast Consolidated Income Statements

The table below sets out the Statutory Forecast Consolidated Income Statements of the REIT and should be considered in conjunction with the basis of preparation and presentation of the financial information set out in Sections 7.2 and 7.3.3 of the PDS.

(\$m)	1 July 2016 to Allotment ¹ (A)	Allotment to 30 June 2017 ¹ (B)	FY17 (12 months) (A+B)	1H FY18 (six months)
Gross rental income	6.1	35.3	41.4	27.5
Straightlining of rental income	0.4	1.2	1.6	1.2
Share of net profit from equity accounted investments ²	1.1	15.0	16.1	11.8
Interest income	0.0	0.1	0.1	0.1
Total revenue	7.5	51.6	59.1	40.6
Property operating expenses	(0.8)	(5.5)	(6.4)	(4.4)
Management fees	(0.6)	(3.5)	(4.1)	(2.8)
Other operating expenses	(0.2)	(1.4)	(1.6)	(1.0)
Interest expense ³	(1.1)	(6.6)	(7.7)	(5.2)
Total expenses	(2.7)	(17.0)	(19.8)	(13.4)
Net profit (before transaction costs)⁴	4.8	34.5	39.3	27.2
Transaction costs ⁵	(5.2)	(17.5)	(22.7)	-
Net profit (after transaction costs)	(0.4)	17.1	16.6	27.2

Notes:

1. The Pro Forma Forecast Consolidated Income Statements have been prepared on the basis that the Proposed Transaction has been implemented and Allotment occurs on 10 November 2016.
2. Share of net profit from equity accounted investments in Column (A) relates to DIF's 25.0% interest in Perth RDC. Share of net profit from equity accounted investments in Column (B) relate to the REIT's 45.0% interest in LWIP, 49.9% interest in Perth RDC, 50.1% interest in CPOF KHT, and 26.0% interest in CH DC Fund. The share of net profit from equity accounted investments is represented on a pro forma basis and excludes fair value adjustments.
3. Interest expense in Column (A) relates to interest expense and line fees arising from DIF's existing financing arrangements, including interest rate swaps. As part of the Proposed Transaction, these existing financing arrangements will be fully repaid from the proceeds of the revised Offer and closed. Interest expenses in Column (B) comprise interest expense and line fees arising from the REIT's financing arrangements (and amortisation of capitalised borrowing costs). Refer to Section 2.5 of the PDS for further details regarding the REIT's financing arrangements.
4. The Statutory Forecast Consolidated Income Statements do not account for any potential fair value adjustments of investment properties and derivative financial instruments or other financial assets. No material tax expense is expected to arise for the REIT for FY17 and 1H FY18.
5. Transaction costs of \$5.2 million in Column (A) relate to provisions made by DIF for disposal fees if the Proposed Transaction proceeds. Transaction costs of \$17.5 million in Column (B) relate to stamp duty on consolidated properties, acquisition fees paid to Charter Hall Group, the impairment of existing capitalised debt establishment costs (non-cash transaction cost), financing costs, legal costs, property valuations and due diligence, IPO insurance, accounting and taxation consultation costs, prospectus and roadshow costs, registry costs, ASX listing fees, and underwriting fees to be expensed through the statutory income statement. See Section 2.4.2 of this Supplementary PDS for more information on the treatment of transaction costs.

2. Financial Information (continued)

2.3. Pro Forma Consolidated Statement of Financial Position

The table below sets out the Pro Forma Consolidated Statement of Financial Position of the REIT at Allotment and should be considered in conjunction with the basis of preparation and presentation of the Financial Information set out in Section 7.2 of the PDS.

Refer to Section 2.6 of this Supplementary PDS for a reconciliation of the consolidated statement of financial position of DIF as at 30 June 2016 to the Pro Forma Consolidated Statement of Financial Position of the REIT.

(\$m)	At Allotment
ASSETS	
Cash and cash equivalents ¹	5.0
Investment properties ²	678.5
Equity accounted investments ^{3, 6}	331.3
Other assets ⁴	20.1
Total assets	1,034.9
LIABILITIES	
Interest bearing liabilities ^{5, 6}	238.4
Trade and other creditors	2.4
Total liabilities	240.8
NET ASSETS	794.0
TOTAL EQUITY	794.0
Securities on issue (m)	206.7
NTA per Security (\$)	3.84
Balance Sheet Gearing (%) ⁷	22.9%
Look Through Gearing (%) ⁸	35.0%

Notes:

1. Cash and cash equivalents includes cash retained in the Stapled Trusts as well as \$1.0 million of cash raised from the revised Offer for working capital purposes and to pursue the objectives and strategy of the REIT (refer to Section 2.2 of the PDS).
2. Investment properties are based on the Independent Property Valuations described in Section 10 of the PDS.
3. Equity accounted investments are based on the purchase price of the REIT's 45% interest in LWIP, 49.9% interest in Perth RDC, 50.1% interest in CPOF KHT, and 26.0% interest in CH DC Fund. Stamp duty and other acquisition costs relating to the Acquisitions have been capitalised to the value of equity accounted investments.
4. Other Assets includes \$17.0 million for the net present value of the expected cash flows to be received under the ATO Income Support.
5. Interest bearing liabilities comprise \$240.4 million draw down of the Debt Facility and \$2.0 million of capitalised debt establishment costs relating to the REIT's financing arrangements. Refer to Section 2.5 of the PDS for further details regarding the REIT's financing arrangements.
6. Up until lease commencement of the Woolworths Distribution Centre, Dandenong development in March 2018, in which the REIT holds a 26.0% interest, the value of the REIT's equity accounted investments is expected to increase by \$51.5 million (the REIT's share of the investment property valuation at lease commencement of \$56.1 million, less the book valuation at Allotment of \$4.6 million), with an aggregate increase in borrowings of \$51.6 million. Other costs associated with acquisition and project management of the development of \$0.1 million are written off assuming no change in valuation. This will result in pro forma Balance Sheet Gearing of 26.5% and Look Through Gearing of 37.6%.
7. Balance Sheet Gearing calculated as the ratio of net drawn debt (excluding unamortised debt establishment costs) to total tangible assets, less cash.
8. Look Through Gearing calculated as the ratio of net drawn debt (excluding unamortised debt establishment costs) to total tangible assets, less cash, based on the non-IFRS pro forma proportionately consolidated statement of financial position, which adjusts for the REIT's share of the debt, assets and cash held in equity accounted investments.

For further detail on the REITs equity accounted investments, refer to Section 2.7.2 of this Supplementary PDS for the REIT's pro forma proportionately consolidated statement of financial position as at Allotment.

2. Financial Information (continued)

2.4. Forecast assumptions

Other than the key best estimate assumptions relating to the preparation of the Forecast Financial Information set out below, the Directors' key best estimate assumptions set out in Section 7.5 of the PDS continue to apply in this Supplementary PDS.

2.4.1. General assumptions

The revised key best estimate general assumptions applied in preparing the Forecast Financial Information include:

- the Proposed Transaction is implemented on Allotment, expected to be on 10 November 2016;
- the Proposed Transaction and revised Offer proceed in accordance with the timetable set out in this Supplementary PDS; and
- no significant change in the REIT's capital structure, other than as disclosed in this Supplementary PDS.

2.4.2. Specific assumptions

The Directors' key best estimate assumptions that have been updated relating to the preparation of the Forecast Financial Information are set out below.

Interest expense

The terms of the Debt Facility are unchanged (refer to Section 14.6 of the PDS). The REIT's borrowings under the Debt Facility are expected to incur a weighted average interest rate of 3.7% for the period from Allotment to the end of the 1H FY18 period on drawn amounts inclusive of line fees and forecast hedging arrangements.

Additional line fees on undrawn amounts of \$0.6 million for the period from Allotment to 30 June 2017 and \$0.4 million for 1H FY18 have been assumed.

The costs of establishment of the Debt Facility of \$2.0 million have been capitalised against the debt balance at Allotment Date and will be amortised over the term of the Debt Facility.

Transaction costs

Portfolio acquisition and transaction costs include stamp duty, offer management fees, advisers' fees, legal fees, listing fees, printing and other expenses associated with the Proposed Transaction and revised Offer. At the date of this Supplementary PDS, cash transaction costs have been estimated at \$34.9 million based on existing agreements and quotes, and applicable stamp duty rates. Of the total estimated cash transaction costs, \$6.7 million will be directly offset against contributed equity, \$2.0 million of borrowing costs will be offset against borrowings, \$6.6 million of stamp duty and \$3.1 million of acquisition fees will be capitalised to the value of equity accounted investments, with the remaining \$16.6 million (which includes \$0.3 million of stamp duty) expensed to the FY17 Statutory Forecast Consolidated Income Statement. In addition to cash transaction costs, \$0.9 million of non-cash transaction costs relating to the impairment of existing unamortised debt establishment costs in the Stapled Trusts is expensed to the FY17 Statutory Forecast Consolidated Income Statement.

The below table summarises the treatment of transaction costs:

Treatment of transaction costs	Cost
Offset against contributed equity	\$6.7m
Expensed in Statutory Forecast Consolidated Income Statement	\$16.6m
Capitalised to asset or liability	\$11.6m
Total cash transaction costs	\$34.9m
Impairment of existing unamortised debt establishment costs	\$0.9m
Total transaction costs	\$35.8m

2. Financial Information (continued)

2.5. Sensitivity analysis

The Forecast Financial Information set out in Section 2.2 of this Supplementary PDS is based on a number of key best estimate assumptions which have been outlined in Section 2.4 of the Supplementary PDS and Section 7.5 of the PDS and should be read in conjunction with Section 7.6 of the PDS.

The sensitivity analysis is intended to provide a guide only and variations in actual performance could exceed the ranges shown.

	Allotment to 30 June 2017		1H FY18 (6 months)	
	\$m	Cents per Security	\$m	Cents per Security
Operating Earnings	33.1	16.0	26.4	12.8
Incremental impact of change from assumption				
25 basis point change in average annual interest rate (+ / -)	0.26	0.13	0.22	0.10
25 basis point change in CPI (+ / -)	0.02	0.01	0.03	0.01
50 basis point change in CPI (+ / -)	0.05	0.02	0.05	0.03
5% change in the REIT's other operating expenses (+ / -)	0.06	0.03	0.05	0.02

Care should be taken in interpreting these sensitivities. The estimated impact of changes in each of the variables has been calculated in isolation in order to illustrate the impact on the Operating Earnings forecasts. In practice, changes in variables may offset each other or may be cumulative.

2.6 Reconciliation between the consolidated statement of financial position of DIF at 30 June 2016 to the Pro Forma Consolidated Statement of Financial Position of the REIT

The table below sets out the reconciliation between the audited consolidated statement of financial position of DIF as at 30 June 2016 and the Pro Forma Consolidated Statement of Financial Position of the REIT as at Allotment.

The Pro Forma Consolidated Statement of Financial Position is prepared in accordance with the basis of preparation set out in Sections 7.2 and 7.7 of the PDS.

(\$m)	DIF	Other Stapled Trusts	Total of Stapled Trusts	Offer and other adjustments (A)	Acquisitions (B)	Allotment
ASSETS						
Cash and cash equivalents	0.5	3.5	4.0	46.5	(45.5)	5.0
Investment properties	199.2	479.3	678.5			678.5
Equity accounted investments	35.4	98.6	134.0		197.3	331.3
Other assets	0.7	1.3	2.0	18.1		20.1
Total assets	235.9	582.6	818.4	64.7	151.8	1,034.9
LIABILITIES						
Interest bearing liabilities	67.7	143.5	211.2	27.2		238.4
Trade and other creditors	15.3	10.8	26.2	(23.7)		2.4
Total liabilities	83.1	154.3	237.4	3.4		240.8
NET ASSETS	152.8	428.2	581.0	61.3	151.8	794.0
TOTAL EQUITY	152.8	428.2	581.0	61.3	151.8	794.0

The financial information presented in the column titled "Total of Stapled Trusts" comprises the pro forma consolidation of the consolidated statements of financial position of DIF and the other Stapled Trusts as at 30 June 2016, all of which are currently managed by Charter Hall Group.

2. Financial Information (continued)

A. Offer and other adjustments

Reconciliation of the impact of the revised Offer and other adjustments on the Pro Forma Consolidated Statement of Financial Position are as follows:

- Cash and cash equivalents – \$46.5 million:
 - receipt of \$675.0¹ million relating to the issue of new Securities as part of the revised Offer;
 - drawdown of \$240.4 million under the Debt Facility;
 - payment of \$589.5 million relating to the redemption of Existing Unitholders (including funds which will be used to purchase all Units held by Existing Unitholders including units held by DIF investors participating in the Reinvestment Offer);
 - payment of \$25.3 million in transaction costs, being \$6.7 million directly offset against contributed equity, \$16.6 million expensed to the Statutory Forecast Consolidated Income Statement (excludes \$0.9 million non-cash impairment of existing unamortised debt establishment costs in the Statutory Forecast Consolidated Income Statement) and \$2.0 million of debt establishment costs in relation to the REIT's new debt facility;
 - \$1.1 million in GST paid on transaction costs refundable from the ATO subsequent to Allotment;
 - repayment of \$212.1 million of existing debt facilities within the Stapled Trusts;
 - close-out of existing derivative financial liabilities within the Stapled Trusts for \$8.3 million;
 - payment of Distributions payable from the Stapled Trusts of \$4.8 million;
 - payment of performance and disposal fees relating to DIF of \$10.6 million; and
 - payment of \$17.0 million for ATO Income Support receivable in relation to the FSPT acquisition (ATO Adelaide building).
- Other assets – \$18.1 million:
 - recognition of a \$17.0 million ATO Income Support receivable in relation to the FSPT acquisition (ATO Adelaide building); and
 - recognition of a \$1.1 million GST receivable related to GST paid on transaction costs refundable from the ATO subsequent to Allotment.
- Interest bearing liabilities – \$27.2 million:
 - drawdown of \$240.4 million under the Debt Facility;
 - repayment of \$212.1 million of existing debt facilities within the Stapled Trusts prior to Allotment;
 - impairment of \$0.9 million of existing unamortised debt establishment costs from the Stapled Trusts; and
 - capitalisation of \$2.0 million in debt establishment costs in relation to the REIT's new debt facility. Refer to Section 2.5 of the PDS for further details regarding the REIT's financing arrangements.
- Trade and other creditors – (\$23.7) million
 - close-out of \$8.3 million of existing derivative financial liabilities within the Stapled Trusts prior to Allotment;
 - payment of Distributions payable from the Stapled Trusts of \$4.8 million; and
 - payment of performance and disposal fees relating to DIF of \$10.6 million.

B. Acquisitions

Refer to Section 7.7 of the PDS.

2.7. Additional non-IFRS financial disclosure

The following tables have not been prepared in accordance with AAS and have not been audited or reviewed. They have been provided for illustrative purposes only and should be read in conjunction with Section 7.8 of the PDS.

2.7.1. Pro forma forecast proportionately consolidated income statements

The REIT's non-IFRS unaudited pro forma forecast proportionately consolidated income statements are shown in the table below. These statements break out the revenue and expenses component line items which relate to the REIT's share of net profit from equity accounted investments from the REIT's Pro Forma Forecast Consolidated Income Statements in Section 2.2.1 of this Supplementary PDS.

¹ Total proceeds of the revised Offer consists of \$675.0 million relating to the issue of new Securities as part of the revised Offer, and \$151.8 million relating to the issue of new Securities as consideration for part of the Acquired Assets, totalling \$826.7 million. This includes funds which will be used to purchase all Units held by Existing Unitholders including Units held by DIF investors participating in the Reinvestment Offer.

2. Financial Information (continued)

(\$m)	Pro Forma - Allotment to 30 June 2017 ¹	Pro Forma - 1H FY18 (six months)
Gross rental income	59.5	46.7
Straightlining of rental income	1.5	1.3
Other income	0.4	0.3
Interest income	0.1	0.1
Total revenue	61.5	48.4
Property operating expenses	(9.6)	(7.7)
Management fees	(3.5)	(2.8)
Other expenses	(1.5)	(1.0)
Interest expense ²	(12.3)	(9.7)
Total expenses	(26.9)	(21.2)
Net profit³	34.5	27.2

Notes

1. The pro forma forecast consolidated income statements have been prepared on the basis that the Proposed Transaction has been implemented and Allotment occurs on 10 November 2016.
2. Includes margin on drawn amounts, line fees and amortisation of capitalised borrowing costs. The REIT's borrowings under the Debt Facility are expected to incur an average interest rate of 3.7% for the period from Allotment until the end of the 1H FY18 period on drawn amounts (additional line fees of \$0.6 million on undrawn debt amounts for the period from Allotment to 30 June 2017 and \$0.4 million for 1H FY18 have been assumed). Refer to Section 2.5 of the PDS for further details regarding the REIT's financing arrangements. The average interest rate of borrowings under the LWIP and Perth RDC debt facilities are 4.9% and 4.1% respectively for the period from Allotment to 30 June 2017, and 4.8% and 4.0% respectively for 1H FY18 (annualised).
3. The pro forma forecast proportionately consolidated income statements do not account for any potential fair value adjustments of investment properties, derivative financial instruments or other financial assets, as the Directors do not believe such movements can be reliably estimated. No material tax expense is expected to arise for the REIT in the Forecast Period.

2.7.2. Pro forma proportionately consolidated statement of financial position

The REIT's non-IFRS pro forma proportionately consolidated statement of financial position is shown in the table below. This statement breaks out the various component line items which relate to the REIT's share of equity accounted investments from the REIT's Pro Forma Consolidated Statement of Financial Position in Section 2.3 of this Supplementary PDS.

(\$m)	Pro Forma Consolidated Statement of Financial Position	Proportionately consolidated share of equity accounted investments ¹	Eliminations	Pro forma proportionately consolidated statement of financial position
ASSETS				
Cash ²	5.0	1.4	-	6.4
Investment properties	678.5 ³	537.0 ⁴	-	1,215.5
Equity accounted investments	331.3	-	(331.3)	-
Other assets ⁵	20.1	1.3	-	21.4
Total assets	1,034.9	539.7	(331.3)	1,243.2
LIABILITIES				
Interest bearing liabilities ⁶	238.4	198.2	-	436.6
Trade and other creditors	2.4	10.1	-	12.6
Total liabilities	240.8	208.4	-	449.2
NET ASSETS	794.0	331.3	(331.3)	794.0
TOTAL EQUITY	794.0	331.3	(331.3)	794.0
Securities on issue (m)	206.7			206.7
NTA per Security (\$)	3.84			3.84
Look Through Gearing (%) ⁷	35.0%			35.0%

2. Financial Information (continued)

Notes:

- Equity accounted investments are based on the purchase price of the REIT's 45% interest in LWIP, 49.9% interest in Perth RDC, 50.1% interest in CPOF KHT, and 26.0% interest in CH DC Fund.
- Cash and cash equivalents includes cash retained in the Stapled Trusts, the REIT's share of cash and cash equivalents from equity accounted investments as well as \$1.0 million of cash raised from the revised Offer for working capital purposes and to pursue the objectives and strategy of the REIT (refer to Section 2.2 of the PDS).
- Investment Properties on the Pro Forma Consolidated Statement of Financial Position are based on the Independent Property Valuations described in Section 10 of the PDS and include \$4.6 million relating to the current value of the Woolworths Distribution Centre, Dandenong development asset. The value of this Investment Property at lease commencement is equal to \$56.1 million.
- Investment Properties within equity accounted investments are based on the Independent Property Valuations described in Section 10 of the PDS and include an additional \$13.6 million relating to costs incurred in acquiring the underlying equity accounted investments.
- Other Assets includes \$17.0 million for the net present value of the expected cash flows to be received under the ATO Income Support arrangements. Refer to Section 7.5.2 of the PDS for further details on these arrangements.
- Interest bearing liabilities balance represents \$240.4 million of drawn debt relating to the Debt Facility, and \$198.2 million of drawn debt (drawn debt in LWIP of \$150.4 million relative to a facility limit of \$152.9 million and drawn debt in Perth RDC of \$48.5 million relative to a facility limit of \$49.2 million) less unamortised establishment costs of \$2.0 million relating to the Debt Facility, and \$0.7 million relating to unamortised establishment fees within the Equity Accounted Investments.
- Look Through Gearing calculated as the ratio of net drawn debt (excluding unamortised debt establishment costs) to total tangible assets, less cash, based on the non-IFRS pro forma proportionately consolidated statement of financial position, which adjusts for the REIT's share of the debt, assets and cash held in equity accounted investments.

2.8. Working capital

The Directors of the Responsible Entity are of the opinion that the REIT will have sufficient working capital to carry out its stated objectives. The REIT is expected to have \$5.0 million in cash at bank at Allotment. In addition to this amount, the REIT is expected to have \$109.6 million in undrawn debt available under the new financing arrangements at Allotment.

Under the terms of the Woolworths Distribution Centre, Dandenong Development Management Agreement, the REIT is required to set aside \$14.5 million of undrawn debt facilities as a bank guarantee until the lease commencement of the Woolworths Distribution Centre, Dandenong. It is forecast that the REIT will need to make capital contributions of \$51.6 million towards this property's development (\$37.1 million net of the \$14.5 million set aside as a bank guarantee). The actual amount of the capital contribution will reflect the cost of development and may vary. See Section 14.4 of the PDS for more information on the Woolworths Distribution Centre, Dandenong Development Management Agreement.

In addition, approximately \$25 million of the REIT's expected \$350 million debt facility will be held in reserve, to be available as liquidity where required for unforeseen circumstances.

The REIT is expected to have combined cash and debt reserves of \$114.6 million at Allotment. After allowing for \$51.6 million of committed capital expenditure and \$25 million for the REIT's liquidity reserve, the REIT will have \$38.0 million of cash and debt reserves.

This Section 2.8 replaces Section 7.10 of the PDS.

3. Additional Information

3.1. Fees and Other Costs

3.1.1. Example of annual fees and costs

The fee arrangements of the REIT have not changed.

The revised capital structure of the REIT has reduced the number of Securities on issue. The table below gives an example of how the fees and costs in relation to the REIT can affect your investment over a one year period. You should use this table to compare this product with other managed investment products. All amounts are exclusive of GST.

This table replaces the corresponding table in Section 13.4 of the PDS.

Example	Amount	Balance of \$50,000 with total contributions of \$5,000
Contribution Fees	Nil	Not applicable
PLUS Management costs		For every \$50,000 you have in the REIT, you will be charged the following amounts each year:
Management fees	0.45% p.a. of GAV	For every \$50,000 you have in the REIT, you will be charged \$346 each year
Operating expenses	0.15% p.a. of GAV	For every \$50,000 you have in the REIT, you will be charged \$118 each year
EQUALS Cost of REIT		If you had an investment of \$50,000, and put in an additional \$5,000 at the beginning of the year, then for that year you will be charged fees of \$511

3.1.2. Fees and costs associated with the revised Offer

The description and table below set out the fees and costs expected to be incurred in connection with the revised Offer. These costs are one-off in nature.

Transaction costs

The revised transaction costs are estimated to be approximately \$34.9 million and include underwriting and revised Offer management fees and costs, advisers' and consultants' fees, printing, marketing and debt establishment costs, stamp duty and the fees payable to the Manager referred to below. See a breakdown of transaction costs provided in the table below.

Type of fee or cost	Expected total
Underwriting and revised Offer management fees and costs	\$15.4 million
Advisers' and consultants' fees	\$5.8 million
Fees payable to the Manager	\$4.6 million
Other Transaction costs ¹	\$9.1 million
Total fees and costs	\$34.9 million

This table replaces the corresponding table in Section 13.5 of the PDS.

3.2. Summary of important documents

3.2.1. Merger Implementation Agreement

The summary of the Merger Implementation Agreement contained in Section 14.1 of the PDS provides that the Merger Implementation Agreement may be terminated by the parties to the agreement (other than the Responsible Entity or Charter Hall) if the REIT has not listed by 31 October 2016.

The Merger Implementation Agreement was amended on 26 October 2016 to provide that this termination circumstance may only occur if the REIT has not listed by 30 November 2016.

The Merger Implementation Agreement was also amended to extend the Exclusivity Period from 31 October 2016 to 30 November 2016.

¹ Other transaction costs include stamp duty of \$6.9 million, and debt establishment costs payable in connection with the revised Offer.

3. Additional Information (continued)

3.2.2. Underwriting Agreement

The Responsible Entity, Charter Hall Limited and the Joint Lead Managers entered into an Offer Management Agreement dated 28 September 2016 which was amended on 27 October 2016 (the "**Amended OMA**").

Under the Amended OMA the Responsible Entity on behalf of each of the Stapled Trusts appoints J.P. Morgan and UBS AG, Australia Branch (being the Joint Lead Managers) as lead managers for the Offer, and the Joint Lead Managers agree to arrange and manage the Offer, and to underwrite the Institutional Offer and the Broker Firm Offer.

The following is a summary of the principal provisions of the Amended OMA.

Fees and expenses

On the Settlement Date, the Responsible Entity must pay the Joint Lead Managers, in equal proportions:

- (a) a management fee equal to 0.50% of the amount of the Offer Price multiplied by the number of Securities allocated under the Institutional Offer and the Broker Firm Offer;
- (b) an underwriting fee of 2.0% of the amount of the Offer Price multiplied by the number of Securities allocated under the Institutional Offer and the Broker Firm Offer.

The Responsible Entity must also pay or reimburse the Joint Lead Managers for the reasonable costs of and incidental to the Offer incurred by them.

The Joint Lead Managers are liable for the payment of any commissions and fees due to any Brokers and sub-underwriters appointed under the Amended OMA.

Termination events not limited by materiality

Each Joint Lead Manager may terminate its obligations under the Amended OMA on or before 2:00pm (Sydney Time) on the date of Settlement, or at any other time specified below, on the occurrence of any of the following termination events:

- (a) **(disclosures)** a statement in any document issued or published by, or on behalf of, and with the prior approval of, the Responsible Entity in respect of the Offer, and in a form approved by the Joint Lead Managers (for example, this PDS, any Application Form and any marketing or investor presentation) ('Offer Document') or any public and other media statements made by, or on behalf and with the knowledge and consent of the Responsible Entity in relation to the business or affairs of the REIT or the Offer ('Public Information') is or becomes misleading or deceptive in a material respect or is likely to mislead or deceive (including by omission) in a material respect, or a material matter required to be included is omitted from an Offer Document;
- (b) **(Supplementary PDS)** the Responsible Entity lodges a Supplementary PDS without consent of the Joint Lead Managers or fails to lodge a Supplementary PDS to comply with section 1016E of the Corporations Act in a form acceptable to the Joint Lead Managers;
- (c) **(fraud)** the Responsible Entity or any of its respective directors or officers (as those terms are defined in the Corporations Act) are engaging in, or have engaged, in any fraudulent conduct or activity whether or not in connection with the Offer;
- (d) **(listing and quotation)** approval is refused or not granted, or approval is granted subject to conditions other than customary conditions, to:
 - (i) the Stapled Trusts' admission to the official list of ASX on or before the required date under the Amended OMA; or
 - (ii) the quotation of the Securities on ASX or for the Securities to be settled through CHESS on or before the required date under the Amended OMAQ, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld or ASX indicates to the Responsible Entity that approval is likely to be withdrawn, qualified (other than by customary conditions) or withheld;
- (e) **(mutual recognition)** the Responsible Entity fails to comply with the requirements of the NZ Mutual Recognition Regime to enable the Offer to proceed on the basis of the PDS, under those regulations;
- (f) **(notifications)** any of the following notifications are made in respect of the Offer:
 - (i) ASIC issues an order (including an interim order) under section 1020E of the Corporations Act;
 - (ii) ASIC holds a hearing under section 1020E(4) of the Corporations Act;
 - (iii) an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Offer or Offer Documents, or ASIC commences any investigation or hearing under Part 3 of the Australian Securities and Investments Commission Act 2001 (Cth) in relation to the Offer or an Offer Document and such application, investigation or hearing becomes public or is not withdrawn within 3 Business Days of when it is made, or if it is made within 3 Business Days of the Settlement Date, it has not been withdrawn by the Settlement Date; or
 - (iv) any person (other than the Joint Lead Managers) who has previously consented to the inclusion of its name in any Offer Document withdraws that consent;

3. Additional Information (continued)

- (g) **(certificate not provided)** the Responsible Entity does not provide a closing certificate as and when required by the Amended OMA;
- (h) **(material contracts)** if any of the obligations of the relevant parties under any of the specified material contracts are not capable of being performed in accordance with their terms (in the reasonable opinion of the terminating Joint Lead Manager) or if all or any part of any such contract is terminated or ceases to have effect, otherwise than in accordance with its terms;
- (i) **(withdrawal)** the Responsible Entity withdraws the PDS or the Supplementary PDS (including any supplementary or replacement to them), the Offer or indicates that it does not intend to proceed with the Offer or any part of it;
- (j) **(insolvency events)** any of the Responsible Entity, the Stapled Trusts or their subsidiaries becomes insolvent, or there is an act or omission which is likely to result in any of them becoming insolvent;
- (k) **(Lodgement)**: the Responsible Entity fails to lodge:
 - (i) the PDS by the required date under the Amended OMA; or
 - (ii) the Supplementary PDS by the required date under the Amended OMA;
- (l) **(Timetable)** an event specified in the timetable (set out the Amended OMA) up to and including the Settlement Date is delayed by more than 1 Business Day (other than any delay agreed between the Responsible Entity and the Joint Lead Managers);
- (m) **(vendor offer)** the Joint Lead Managers have formed the view, acting reasonably, that all Securities to be issued to Eligible DIF Unitholders under the Reinvestment Offer and all Securities to be issued to Existing Unitholders on reinvestment of their capital return and redemption proceeds and to be issued to the vendors under the Acquisitions on reinvestment of their sale proceeds will not be issued in accordance with the timetable;
- (n) **(debt facilities)**:
 - (i) the Responsible Entity breaches, or defaults under, any provision, undertaking, covenant or ratio of a material debt or financing arrangement or any related documentation to which that entity is a party which has, or may have, a material adverse effect (as defined in the Amended OMA) on the Responsible Entity, the Stapled Trusts or any of the subsidiary of the Responsible Entity or the Stapled Trusts; or
 - (ii) there occurs an event of default, a review event which gives a lender or financier the right to accelerate or requirement repayment of the debt or financing or other similar event, under or with respect to any such debt or financing arrangement or related documentation;
- (o) **(Debt Facility Commitment)** the Debt Facility Commitment is amended without the consent of the Joint Lead Managers or any part of the Debt Facility Commitment is terminated and that part of the commitment is not provided by another bank by no later than 5.00pm on the Business Day prior to the Settlement Date;
- (p) **(unable to issue Securities)** the Responsible Entity is (in circumstances which are not resolved within 1 Business Day) prevented from allotting and issuing the Securities within the time required by the PDS when read with the Supplementary PDS, the Listing Rules, by applicable laws, an order of a court of competent jurisdiction or a governmental authority;
- (q) **(unauthorised alterations to capital)** except as disclosed in the PDS or as required to effect the Restructure, the Responsible Entity:
 - (i) alters the issued capital of the Stapled Trusts or the Responsible Entity or any of their subsidiaries; or
 - (ii) disposes or attempts to dispose of a substantial part (directly or indirectly) of the business or property of the Stapled Trusts or the Responsible Entity or any of their subsidiaries, without the prior written consent of the Joint Lead Managers;
- (r) **(regulatory approvals)** if a regulatory body withdraws, revokes or materially amends any regulatory approvals required for the Responsible Entity to perform its obligations under the Amended OMA or to carry out the transactions contemplated by the Offer Documents;
- (s) **(force majeure)** there is an event or occurrence, including any statute, order, rule, regulation, directive or request (including one compliance with which is in accordance with the general practice of persons to whom the directive or request is addressed) of any governmental agency which makes it illegal for the Joint Lead Managers to satisfy an obligation under the Amended OMA, or to market, promote or settle the Offer;
- (t) **(change in responsible entity)** the Responsible Entity is replaced as the responsible entity of any Stapled Trust;
- (u) **(prosecution)** any of the following occur:
 - (i) director or proposed director named in the PDS, or the Chief Executive Officer or Chief Financial Officer and Property Manager, is charged with an indictable offence; or
 - (ii) any director of the Responsible Entity is disqualified from managing a corporation under Part 2D.6 of the Corporations Act 2001 (Cth); and
- (v) **(Constitution)** a Constitution is varied without the prior written consent of the Joint Lead Managers.

3. Additional Information (continued)

Termination events limited by materiality

If any of the following events occurs on or before 2.00pm (Sydney Time) on the date of Settlement, each Joint Lead Manager may terminate their obligations under the Amended OMA if that Joint Lead Manager has reasonable and bona fide grounds to believe, and does believe, that the event: (a) has or is likely to have a materially adverse effect on the success, settlement or marketing of the Offer or on the ability of the Joint Lead Managers to market, promote or settle the Offer, or on the likely price at which the Securities will trade on ASX, or the willingness of investors to subscribe for the Securities under the Offer; or (b) will, or is likely to, give rise to a liability of the Joint Lead Manager under, or result in, a contravention by the Joint Lead Manager or its affiliates of, or the Joint Lead Manager or its affiliates being involved in a contravention of, any applicable law:

- (a) **(new circumstances)** there occurs a new circumstance that arises after the PDS is lodged that would have been required to be included in the PDS if it had arisen before lodgement.
- (b) **(material contracts)** if any of the obligations of the relevant parties under any of the specified material contracts are not capable of being performed in accordance with their terms (in the reasonable opinion of the terminating Joint Lead Manager) or if all or any part of any of such contracts:
 - (i) is amended or varied without the consent of the Joint Lead Managers;
 - (ii) is breached; or
 - (iii) is or becomes void, voidable, illegal, invalid or unenforceable or of limited force or effect (other than by reason only of a party waiving any of its rights) or capable of being terminated, rescinded or avoided, or its performance is or becomes illegal;
- (c) **(change in management)** a change in the board of directors of the Responsible Entity or a change in the senior management of the Property Manager occurs or a specified person (as set out in the Amended OMA) vacates his office without the written consent of the Joint Lead Managers;
- (d) **(disclosures in the Due Diligence Report, Supplementary Due Diligence Report and any other information)** the Due Diligence Report, Supplementary Due Diligence Report or verification material or any other information supplied by or on behalf of the Responsible Entity to the Joint Lead Managers in relation to the REIT, the Offer is (or is likely to), or becomes (or becomes likely to be), misleading or deceptive, including by way of omission;
- (e) **(forecasts)** there are not, or there cease to be, reasonable grounds in the reasonable opinion of the terminating Joint Lead Manager for any statement or estimate in the Offer Documents which relate to a future matter or any statement or estimate in the Offer Documents which relate to a future matter is, in the reasonable opinion of the terminating Joint Lead Manager, unlikely to be met in the projected timeframe (including in each case financial forecasts);
- (f) **(adverse change)** any adverse change occurs in the assets, liabilities, financial position or performance, profits losses or prospects of the Stapled Trusts, the Responsible Entity or any of their subsidiaries (insofar as that entity affects the overall position of the Stapled Trusts), including any adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Stapled Trusts, the Responsible Entity or any of their subsidiaries from those respectively disclosed in any Offer Document or the Public Information;
- (g) **(change of law)** there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia, New Zealand, the United Kingdom, Hong Kong or any member state of the European Union or any State or Territory of Australia a new law, or the Reserve Bank of Australia or New Zealand, or any Commonwealth or State authority, including ASIC, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date the PDS was lodged with ASIC) any of which does or is likely to prohibit, affect or regulate the Offer, capital issues or stock markets;
- (h) **(licence)** any Australian financial services licence, or other licence, approval or permit required by the Responsible Entity to perform its business as responsible entity of each Stapled Trust is terminated, rescinded or withdrawn or otherwise amended or varied in manner that impedes the Responsible Entity's ability to discharge its obligations under the Amended OMA and/or to any Stapled Trust;
- (i) **(representations and warranties)** a representation, warranty or undertaking or obligation contained in the Amended OMA on the part of the Responsible Entity or the Responsible Entity is breached, becomes not true or correct or is not performed;
- (j) **(breach)** the Responsible Entity defaults on any of its obligations under the Amended OMA;
- (k) **(hostilities)** hostilities not presently existing commence (whether war has been declared or not) or an escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, Hong Kong, New Zealand, Singapore, the United Kingdom, any member state of the European Union or the United States, or a major terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries;
- (l) **(certificate incorrect)** a statement in any closing certificate is false, misleading, inaccurate or untrue or incorrect;

3. Additional Information (continued)

- (m) **(prosecution)** any governmental agency charges or commences any court proceedings or public action against the Responsible Entity or any of its directors or announces that it intends to take action; and
- (n) **(disruption in financial markets)** any of the following occurs:
 - (i) a general moratorium on commercial banking activities in Australia, Hong Kong, Singapore, the United Kingdom, a member state of the European Union or the United States is declared by the relevant central banking authority in those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries; or
 - (ii) trading in all securities quoted or listed on ASX, New York Stock Exchange the London Stock Exchange or Hong Kong Stock Exchange is suspended or limited in a material respect for at least 1 day on which that exchange is open for trading.

Effect of termination

If a Joint Lead Manager validly terminates its obligations under the Amended OMA, that Joint Lead Manager will be relieved of its obligations under the Amended OMA and the other Joint Lead Manager may, within two business days, elect to also terminate its obligations under the Amended OMA or assume the obligations of the terminating Joint Lead Manager under the Amended OMA.

Representations, warranties and undertakings

The Responsible Entity gives various representations, warranties and undertakings to the Joint Lead Managers under the Amended OMA which are standard for an agreement of this nature.

These representations, warranties and undertakings relate to matters such as power and authorisations, compliance with applicable laws and the Listing Rules, financial information, information contained in the PDS and this Supplementary PDS, the conduct of the Offer and the due diligence process, litigation, material contracts, liabilities, encumbrances, licences, insurance, distributions, title to property, environmental matters, internal controls and tax.

The Responsible Entity has agreed that, other than pursuant to the Offer and subject to certain other limited exceptions, between the date of the Amended OMA and the date that is 90 days after completion of the Offer, it will not, without the prior written consent of the Joint Lead Managers (such consent not to be unreasonably withheld or delayed), issue, transfer or allot, or agree to issue, transfer or allot any shares, units or other securities that are convertible or exchangeable into equity, or that represent the right to receive equity of the Stapled Trusts or the Responsible Entity or any of their subsidiaries or enter into any swap or other arrangement that transfers to another, in whole or in part any of the economic consequences of ownership of securities of that type however settled, (or indicate in any way that it will or may do any of the foregoing).

This Section 3.2.2 replaces section 14.2 of the PDS.

3. Additional Information (continued)

3.2.3. Existing and proposed capital structure of the Stapled Trusts

Trust	Category of Security	Number of Securities (rounded)	Class of Security
DIF	Units currently on issue	120,445,746	Fully paid ordinary units
CHPTDT	Units currently on issue (all are to be redeemed via the Restructure)	58,824,078	Fully paid ordinary units
CPOF KHT	Units currently on issue (all are to be redeemed via the Restructure)	93,957,812	Fully paid ordinary units
FSPT	Units currently on issue (all are to be redeemed via the Restructure)	35,125,092	Fully paid ordinary units
CVLT1	Units currently on issue (all are to be redeemed via the Restructure)	66,266,651	Fully paid ordinary units
218 BRT	Units currently on issue (all are to be redeemed via the Restructure)	67,725,823	Fully paid ordinary units
LWR FT	Units currently on issue (all are to be redeemed via the Restructure)	2,500,000	Fully paid ordinary units
All Stapled Trusts	Options currently on issue	Nil	N/A
	Units proposed to be issued between date of application and Listing	Nil	N/A
	Options proposed to be issued between date of application and Listing	Nil	N/A
	Units proposed to be on issue on Listing	Approximately 206.7 million ¹	Fully paid ordinary units in each Stapled Trust (each as a component of a Stapled Security)
	Options proposed to be on issue on Listing	Nil	N/A

This table replaces the table in Section 15.6 of the PDS.

3.3. Consents

KPMG Transaction Services has given, and has not withdrawn prior to the date of this Supplementary PDS, its written consent to be named in this Supplementary PDS as Investigating Accountant to the REIT in relation to the Financial Information in the form and context in which it is named and to the inclusion in this Supplementary PDS of the Investigating Accountant's Report set out in Annexure A in the form and context in which it is included.

3.4. Statement of Directors

This Supplementary PDS is authorised by each Director, who consents to its lodgement with ASIC and its issue.

¹ Of the approximately 206.7 million Securities that will be on issue on Listing, 37.9 million are expected to be issued to the vendors under the Acquisitions.

Glossary

Dates

Terms defined in Section 16 of the PDS referring to dates are amended in accordance with the “Important Dates” table in the Key Offer Information section of this Supplementary PDS.

Section references

Terms defined in Section 16 of the PDS referring to the PDS or sections thereof should be read as references to the PDS when read together with this Supplementary PDS.

Additional and revised terms

Defined term	Meaning
Investigating Accountant’s Report	The Investigating Accountant’s Report prepared by KPMG Transaction Services as set out in Annexure A of this Supplementary PDS.
Supplementary Due Diligence Report	The supplementary report of the Due Diligence Committee in respect of this Supplementary PDS to the directors of the Responsible Entity and each of the Due Diligence Committee members (including the Joint Lead Managers) and their representatives.
Underwriting Agreement	The Offer Management Agreement between the Responsible Entity, Charter Hall Group and the Joint Lead Managers dated on or around 27 September 2016, as amended on 27 October 2016.

Annexure A – Investigating Accountant’s Report



KPMG Transaction Services

A division of KPMG Financial Advisory Services (Australia) Pty Ltd
Australian Financial Services Licence No. 246901
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Sydney NSW 2000

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Australia Square 1213
Australia

ABN: 43 007 363 215
Telephone: +61 2 9335 7000
Facsimile: +61 2 9335 7001
DX: 1056 Sydney
www.kpmg.com.au

The Directors
Charter Hall WALE Limited as the
Responsible Entity of each of the trusts
comprising the Long WALE REIT
Level 20, No.1 Martin Place,
Sydney, NSW, 2000

27 October 2016

Dear Directors

Limited Assurance Investigating Accountant’s Report and Financial Services Guide

Investigating Accountant’s Report

Introduction

Our client is Charter Hall WALE Limited (“LWR RE” or “Client” or “Issuer”) as the proposed responsible entity of the various trusts (“Stapled Trusts”) to be listed on the Australian Securities Exchange (“ASX”) as the Long WALE REIT (the “REIT”) under the initial public offer (“IPO”).

KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Transaction Services is a division) (“KPMG Transaction Services”) has been engaged by the Client, to prepare this report for inclusion in the Supplementary Product Disclosure Statement (“Supplementary PDS”) to be dated on or around 27 October 2016, and to be issued by LWR RE, in respect of the proposed IPO of stapled securities and listing on the ASX of the REIT (the “Transaction”).

Expressions defined in the the Product Disclosure Statement dated 27 September 2016 (“PDS”) and the Supplementary PDS have the same meaning in this report.

Scope

You have requested KPMG Transaction Services to perform a limited assurance engagement in relation to the pro forma consolidated statement of financial position and forecast financial information described below and disclosed in the Supplementary PDS.

The pro forma consolidated statement of financial position and forecast financial information is presented in the Supplementary PDS in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other

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Annexure A – Investigating Accountant's Report (continued)

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mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Pro Forma Consolidated Statement of Financial Position

You have requested KPMG Transaction Services to perform limited assurance procedures in relation to the pro forma consolidated statement of financial position of the REIT included in the Supplementary PDS.

The pro forma consolidated statement of financial position has been derived from the historical financial information of DIF, the other Stapled Trusts (being, CVLT1, 218 BRT, CPOF KHT, FSPT, CHPT DT and Finance Trust) and the pro forma adjustments described in Section 2.6 of the Supplementary PDS, including the Acquisitions of the Acquired Assets. The pro forma consolidated statement of financial position consists of the REIT's unaudited pro forma consolidated statement of financial position as at Allotment as set out in Section 2.3 of the Supplementary PDS (the "Pro Forma Consolidated Statement of Financial Position").

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in Section 7.2 of the PDS. Due to its nature, the Pro Forma Consolidated Statement of Financial Position does not represent the company's actual or prospective financial position.

The Pro Forma Consolidated Statement of Financial Position has been compiled by the Issuer to illustrate the impact of the event(s) or transaction(s) on the REIT's financial position as at Allotment. As part of this process, information about the REIT's financial position has been extracted by the Issuer from DIF and the other Stapled Trusts' financial statements and financial records for the year ended 30 June 2016.

The financial statements of DIF, FSPT and LWIP for the year ended 30 June 2016 were audited by the REIT's external auditor in accordance with Australian Auditing Standards. The audit opinions issued to the members of the REIT relating to those financial statements were unqualified.

For the purposes of preparing this report we have performed limited assurance procedures in relation to the Pro Forma Consolidated Statement of Financial Position in order to state whether, on the basis of the procedures described, anything comes to our attention that would cause us to believe that the Pro Forma Consolidated Statement of Financial Position is not prepared, in all material respects, by the directors in accordance with the stated basis of preparation. As stated in Section 7.2 of the PDS, the stated basis of preparation is:

- the extraction of the statement of financial position from the audited financial statements of DIF for the year ended 30 June 2016,
- the extraction of the statements of financial position of the other Stapled Trusts from the audited financial statements of FSPT for the year ended 30 June 2016, and the unaudited financial statements of CVLT1, 218 BRT, CPOF KHT and CHPT DT for the year ended 30 June 2016,

(together, the "Historical Statements of Financial Position");

Annexure A – Investigating Accountant's Report (continued)

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- the application of pro forma adjustments, including the Acquisition of the Acquired Assets, determined in accordance with Australian Accounting Standards and the REIT's accounting policies, to the Historical Statements of Financial Position to illustrate the effects of the Transaction on the REIT, described in Section 2.6 of the Supplementary PDS and in Section 7.7 of the PDS.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

The procedures we performed were based on our professional judgement and included:

- consideration of work papers, accounting records and other documents;
- consideration of the pro forma adjustments described in the PDS and Supplementary PDS;
- enquiry of directors, management, personnel and advisors;
- the performance of analytical procedures applied to the Pro Forma Consolidated Statement of Financial Position; and
- a review of accounting policies for consistency of application.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, an audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed an audit. Accordingly, we do not express an audit opinion about whether the Pro Forma Consolidated Statement of Financial Position is prepared, in all material respects, by the directors in accordance with the stated basis of preparation.

Forecast Financial Information and directors' best-estimate assumptions

You have requested KPMG Transaction Services to perform limited assurance procedures in relation to the forecast financial information of the REIT, comprising the pro forma forecast consolidated income statements for the period from Allotment to 30 June 2017 and for the six months ending 31 December 2017 (the "Pro Forma Forecast Consolidated Income Statements") and the statutory forecast consolidated income statements for the year ending 30 June 2017 and for the six months ending 31 December 2017 (the "Statutory Forecast Consolidated Income Statements") (together, the "Forecast Financial Information"), as described in Section 2.2 of the Supplementary PDS.

The directors' best-estimate assumptions underlying the Forecast Financial Information are described in Section 2.4 of the Supplementary PDS and in Section 7.5 of the PDS. As stated in Section 7.2 of the PDS, the basis of preparation of the Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards and the REIT's accounting policies.

We have performed limited assurance procedures in relation to the Forecast Financial Information, set out in Section 2.2.1 and Section 2.2.3 of the Supplementary PDS, and the directors' best-estimate assumptions underlying it in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that:

Annexure A – Investigating Accountant's Report (continued)

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- the directors' best-estimate assumptions do not provide reasonable grounds for the Forecast Financial Information;
- in all material respects the Forecast Financial Information is not:
 - prepared on the basis of the directors' best-estimate assumptions as described in the PDS and Supplementary PDS; and
 - presented fairly in accordance with the recognition and measurement principles contained in Australian Accounting Standards and the REIT's accounting policies;
- the Forecast Financial Information itself is unreasonable.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our limited assurance procedures consisted primarily of:

- comparison and analytical review procedures;
- discussions with management and directors of the Issuer of the factors considered in determining their assumptions; and
- examination, on a test basis, of evidence supporting:
 - the assumptions and amounts in the Forecast Financial Information; and
 - the evaluation of accounting policies used in the Forecast Financial Information.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, an audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed an audit. Accordingly, we do not express an audit opinion.

Directors' responsibilities

The directors of the Issuer are responsible for the preparation of:

- the Pro Forma Consolidated Statement of Financial Position, including the selection and determination of the pro forma transactions and/or adjustments made to the historical financial information and included in the Pro Forma Consolidated Statement of Financial Position;
- the Forecast Financial Information, including the directors' best-estimate assumptions on which the Forecast Financial Information is based and the sensitivity of the Forecast Financial Information to changes in key assumptions.

The directors' responsibility includes establishing and maintaining such internal controls as the directors determine are necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

Annexure A – Investigating Accountant's Report (continued)

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Conclusions

Review statement on the Pro Forma Consolidated Statement of Financial Position

Based on our procedures, which are not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Consolidated Statement of Financial Position, as set out in Section 2.3 of the Supplementary PDS, is not prepared or presented fairly, in all material respects, on the basis of the pro forma adjustments described in Section 2.6 of the Supplementary PDS and in Section 7.7 of the PDS, and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards, and the REIT's accounting policies.

Forecast Financial Information and the directors' best-estimate assumptions

Based on our procedures, which are not an audit, nothing has come to our attention which causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the Forecast Financial Information do not provide reasonable grounds for the Forecast Financial Information; and
- in all material respects, the Forecast Financial Information:
 - is not prepared on the basis of the directors' best-estimate assumptions as described in Section 2.4 of the Supplementary PDS and in Section 7.5 of the PDS; and
 - is not presented fairly in accordance with the recognition and measurement principles contained in Australian Accounting Standards, and the REIT's accounting policies; and
- the Forecast Financial Information itself is unreasonable.

The Forecast Financial Information has been prepared by the management of the Issuer and adopted and disclosed by the directors in order to provide prospective investors with a guide to the potential financial performance of the REIT for the period from Allotment to 30 June 2017 and for the six months ending 31 December 2017.

There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to event(s) and transaction(s) that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated event(s) or transaction(s) frequently do not occur as expected and the variation may be material. The directors' best-estimate assumptions on which the Forecast Financial Information is based relate to future event(s) and/or transaction(s) that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of the REIT. Evidence may be available to support the directors' best-estimate assumptions on which the Forecast Financial Information is based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the directors' best-estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in the REIT, which are detailed in the PDS, and the inherent uncertainty relating to the Forecast Financial Information. Accordingly, prospective investors should have regard to

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the investment risks and sensitivities as described in Section 12 of the PDS. The sensitivity analysis described in Section 2.5 of the Supplementary PDS demonstrates the impact on the Forecast Financial Information of changes in key best-estimate assumptions. We express no opinion as to whether the Forecast Financial Information will be achieved.

We have assumed, and relied on representations from certain members of management of the Issuer, that all material information concerning the prospects and proposed operations of the REIT has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Independence

KPMG Transaction Services does not have any interest in the outcome of the Transaction, other than in connection with the preparation of this report and participation in due diligence procedures for which normal professional fees will be received.

General advice warning

This report has been prepared, and included in the Supplementary PDS, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

Restriction on use

Without modifying our conclusions, we draw attention to Section 7 of the PDS and Section 2 of the Supplementary PDS, which describes the purpose of the financial information, being for inclusion in the PDS and Supplementary PDS. As a result, the financial information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report, or on the financial information to which it relates, for any purpose other than that for which it was prepared.

KPMG Transaction Services has consented to the inclusion of this Investigating Accountant's Report in the Supplementary PDS in the form and context in which it is so included, but has not authorised the issue of the the PDS or the Supplementary PDS. Accordingly, KPMG Transaction Services makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the PDS or the Supplementary PDS.

Yours faithfully



Craig Mennie
Authorised Representative

Annexure A – Investigating Accountant's Report (continued)

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Financial Services Guide Dated 27 October 2016

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by KPMG Financial Advisory Services (Australia) Pty Ltd ABN 43 007 363 215, Australian Financial Services Licence Number 246901 (of which KPMG Transaction Services is a division) ('KPMG Transaction Services'), and Craig Mennie as an authorised representative of KPMG Transaction Services, authorised representative number 404257 (Authorised Representative).

This FSG includes information about:

- KPMG Transaction Services and its Authorised Representative and how they can be contacted;
- the services KPMG Transaction Services and its Authorised Representative are authorised to provide;
- how KPMG Transaction Services and its Authorised Representative are paid;
- any relevant associations or relationships of KPMG Transaction Services and its Authorised Representative;
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- the compensation arrangements that KPMG Transaction Services has in place.

The distribution of this FSG by the Authorised Representative has been authorised by KPMG Transaction Services. This FSG forms part of an Investigating Accountant's Report (Report) which has been prepared for inclusion in a Supplementary Product Disclosure Statement (Supplementary PDS). The purpose of the the Product Disclosure Statement (PDS) and the Supplementary PDS is to help you make an informed decision in relation to a financial product. The contents of the PDS and Supplementary PDS will include details such as the risks, benefits and costs of acquiring the particular financial product.

Financial services that KPMG Transaction Services and the Authorised Representative are authorised to provide

KPMG Transaction Services holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for the following classes of financial products:

- deposit and non-cash payment products;
- derivatives;
- foreign exchange contracts;
- government debentures, stocks or bonds;
- interests in managed investments schemes including investor directed portfolio services;
- securities;

- superannuation;
- carbon units;
- Australian carbon credit units; and
- eligible international emissions units,

to retail and wholesale clients. We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products. The Authorised Representative is authorised by KPMG Transaction Services to provide financial product advice on KPMG Transaction Services' behalf.

Annexure A – Investigating Accountant's Report (continued)

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KPMG Transaction Services and the Authorised Representative's responsibility to you

KPMG Transaction Services has been engaged by Charter Hall WALE Limited ("LWR RE") (the "Issuer" or "Client") to provide general financial product advice in the form of a Report to be included in the Supplementary PDS prepared by the Issuer in relation to the IPO of Long WALE REIT (the "REIT") (the "Transaction").

You have not engaged KPMG Transaction Services or the Authorised Representative directly but have received a copy of the Report because you have been provided with a copy of the Document. Neither KPMG Transaction Services nor the Authorised Representative are acting for any person other than LWR RE.

KPMG Transaction Services and the Authorised Representative are responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General Advice

As KPMG Transaction Services has been engaged by the Issuer, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the PDS and Supplementary PDS before making any decision in relation to the Transaction.

Fees KPMG Transaction Services may receive and remuneration or other benefits received by our representatives

KPMG Transaction Services charges fees for preparing reports. These fees will usually be agreed with, and paid by, the client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Issuer have agreed to pay KPMG Transaction Services \$425,000 for preparing the Investigating Accountant's Report included in the PDS and \$40,000 for preparing the Report for inclusion in the Supplementary PDS. KPMG Transaction Services and its officers, representatives, related entities and associates

will not receive any other fee or benefit in connection with the provision of the Report.

KPMG Transaction Services officers and representatives (including the Authorised Representative) receive a salary or a partnership distribution from KPMG's Australian professional advisory and accounting practice (the KPMG Partnership). KPMG Transaction Services' representatives (including the Authorised Representative) are eligible for bonuses based on overall productivity. Bonuses and other remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report.

Further details may be provided on request.

Referrals

Neither KPMG Transaction Services nor the Authorised Representative pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships

Through a variety of corporate and trust structures KPMG Transaction Services is controlled by and operates as part of the KPMG Partnership. KPMG Transaction Services' directors and Authorised Representatives may be partners in the KPMG Partnership. The Authorised Representative is a partner in the KPMG Partnership. The financial product advice in the Report is provided by KPMG Transaction Services and the Authorised Representative and not by the KPMG Partnership.

From time to time KPMG Transaction Services, the KPMG Partnership and related entities (KPMG entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuer of financial products in the ordinary course of their businesses.

KPMG entities have provided, and continue to provide, a range of tax and advisory services to the Charter Hall Group for which professional fees are received. Over the past two years professional fees of approximately \$60,000 have been received from the Charter Hall Group. None of those services have related to the transaction or alternatives to the transaction.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor

Annexure A – Investigating Accountant's Report (continued)

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of, the Issuer or the REIT or has other material financial interests in the transaction.

Complaints resolution

Internal complaints resolution process

If you have a complaint, please let either KPMG Transaction Services or the Authorised Representative know. Formal complaints should be sent in writing to The Complaints Officer, KPMG, PO Box H67, Australia Square, Sydney NSW 1213. If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on 02 9335 7000 and they will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.

External complaints resolution process

If KPMG Transaction Services or the Authorised Representative cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service (FOS). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly at:

Address: Financial Ombudsman Service Limited, GPO Box 3, Melbourne Victoria 3001

Telephone: 1800 367 287

Facsimile: (03) 9613 6399

Email: info@fos.org.au.

The Australian Securities and Investments Commission also has a freecall infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

KPMG Transaction Services has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Contact Details

You may contact KPMG Transaction Services or the Authorised Representative using the contact details:

KPMG Transaction Services
A division of KPMG Financial Advisory
Services (Australia) Pty Ltd
300 Barangaroo Avenue
Sydney NSW 2000
PO Box H67
Australia Square
NSW 1213
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Facsimile: (02) 9335 7200

Craig Mennie
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