



18 August 2017

Charter Hall Long WALE REIT

FY17 Results

Agenda

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Charter Hall Long WALE REIT



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CLW overview

Strategy

- Provide investors with stable and secure income and targeting income and capital growth through an exposure to long WALE properties
- Own high quality real estate on long term leases with strong tenant covenants

Diversified portfolio

- 80 Australian properties diversified by tenant, industry, geography and property type
- 100% occupancy
- Portfolio WALE of 11.8 years

ASX listed REIT

- Broad appeal via inclusion in the following indices:
 - S&P/ASX 300
 - MSCI Australia Small Cap Index
 - FTSE All World Small Cap Index
- Quarterly distributions

Leading Australian manager

- Experienced and aligned manager in Charter Hall, one of Australia's leading real estate investment managers with over \$19 billion of funds under management

Delivering on strategy

Strategy

Provide investors with **stable and secure income** and targeting **income and capital growth** through an exposure to **long WALE** properties

Grow the portfolio across multiple real estate sectors for diversification benefits

Focus on assets leased to tenants with **strong covenants on long term leases**

Achievements

Secure income & capital growth

- Upgraded FY17 operating earnings per unit ("EPU") vs PDS forecast
- Delivered 2.3% NTA per unit growth from IPO

Diversified portfolio

- Expanded and enhanced portfolio with strategic property acquisitions, increasing tenant industry diversification
- Increased Eastern Seaboard weighting

Strong covenants on long leases

- Added two high quality tenants – SUEZ and Bunnings
- The longest diversified A-REIT WALE of 11.8 years

FY17 REIT & portfolio highlights

Key highlights

FY17¹ highlights

Financial performance

**Operating EPU of
16.2 cents**

1.5% above PDS FY17 forecast

\$3.93 NTA per unit

2.3% increase from IPO

10.0%

total annualised property return²

Portfolio performance

**11.8 years WALE
100% occupancy**

\$104.8 million

of new property acquisitions since
IPO

\$37.8 million

gross property valuation uplift

Capital management

29.9% gearing

within target range of 25% – 35%

5.1 years

weighted average debt maturity

66% of debt hedged

with weighted average hedge
duration of 5.7 years

1. In respect of the period from Allotment to 30 June 2017

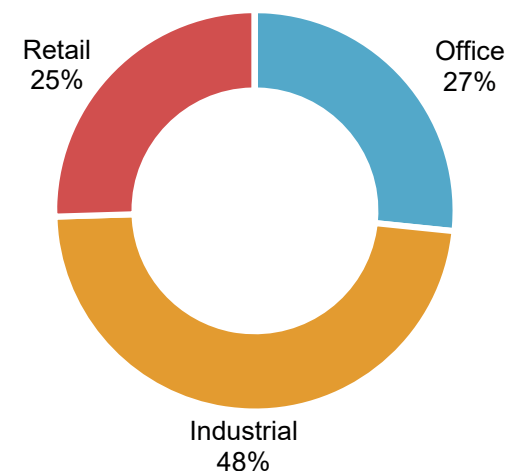
2. Calculated as the growth in NTA per unit plus distributions per unit divided by the opening NTA per unit adjusted for contributed equity for the period from Allotment to 30 June 2017

Portfolio snapshot

Portfolio snapshot

	Jun 2017 ¹	At listing
Number of properties	80	66
Property valuation (A\$m)	1,397.2	1,253.4
Weighted Average Capitalisation Rate ("WACR")	6.2%	6.4%
Occupancy	100%	100%
Weighted Average Lease Expiry ("WALE")	11.8 years	12.1 years
Proportion of income subject to fixed rental increases	62%	58%
Weighted Average Rental Review ² ("WARR")	2.9%	2.8%

Portfolio by sector



Portfolio summary¹

Sector	Assets	Valuation (\$m)	Cap rate (%)	WARR (%)	WALE (yrs)	Occupancy (%)
Office	2	\$371.9	5.8%	3.4%	11.3	100%
Industrial	20	\$669.6	6.5%	2.9%	9.9	100%
Retail	58	\$355.7	6.0%	2.3%	16.6	100%
Total / weighted average	80	\$1,397.2	6.2%	2.9%	11.8	100%














1. Includes Bunnings South Mackay which was acquired 3 July 2017.

2. Includes CPI assumed at 2.2% over the forecast period

Tenant diversification

- Diversified tenant base with 15 high quality tenants across various industries and business sectors

Major tenants¹

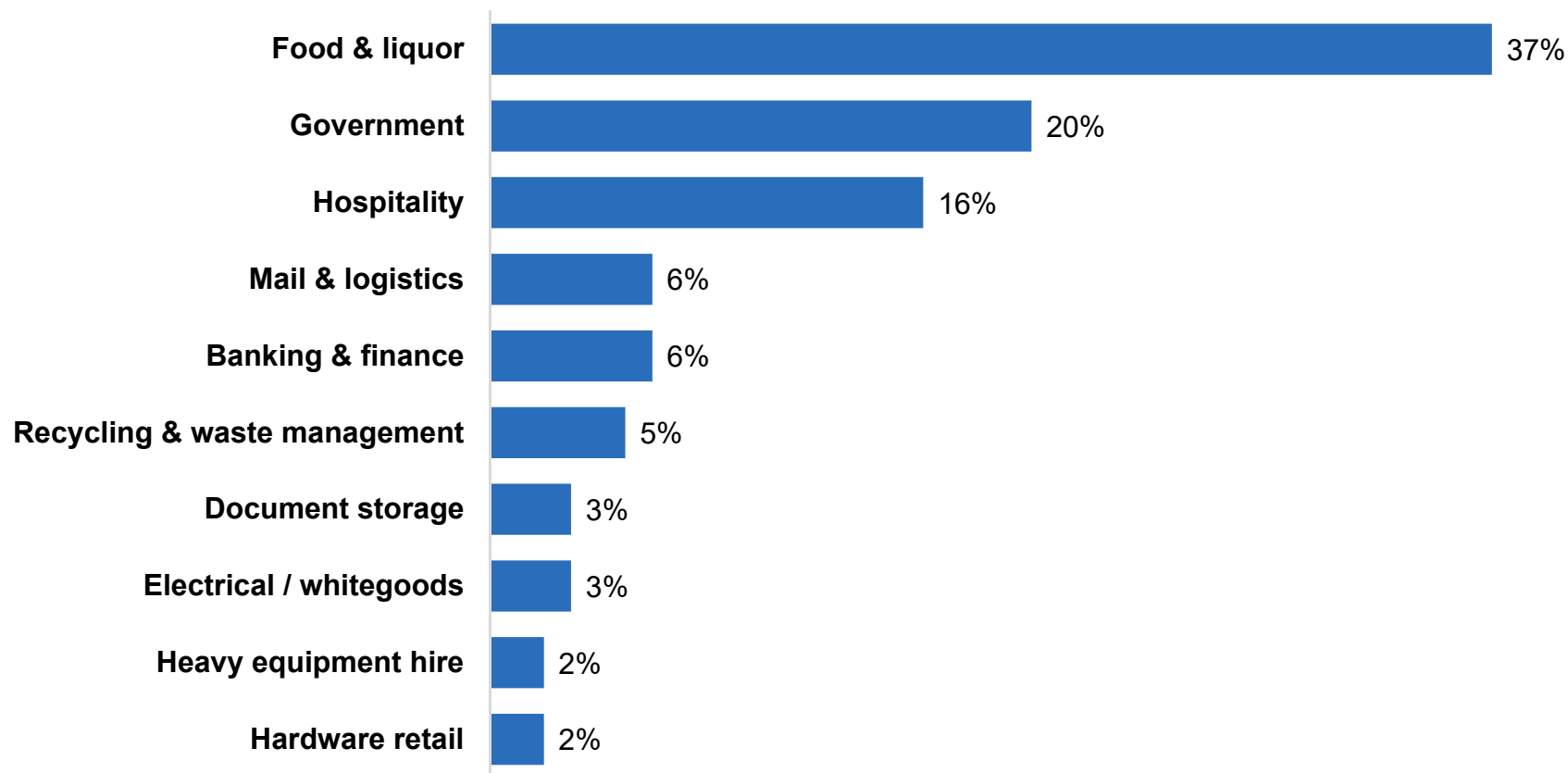
Woolworths / ALH	 	27.5%	Australia Post		3.5%
Australian Tax Office	 Australian Government Australian Taxation Office	19.6%	Grace Worldwide		3.3%
Coles		12.5%	Electrolux		3.2%
Metcash		12.2%	Toll		2.8%
Westpac		5.8%	Coates Hire		2.3%
SUEZ		5.2%	Bunnings Group		1.8%

1. Includes Bunnings South Mackay which was acquired 3 July 2017. Weighted by gross passing income as at 30 June 2017 (REIT ownership interest).

Industry diversification

- Portfolio underpinned by long leases to tenants across 10 diverse business industries
- The vast majority of tenant industries are non-discretionary

Tenant industries¹

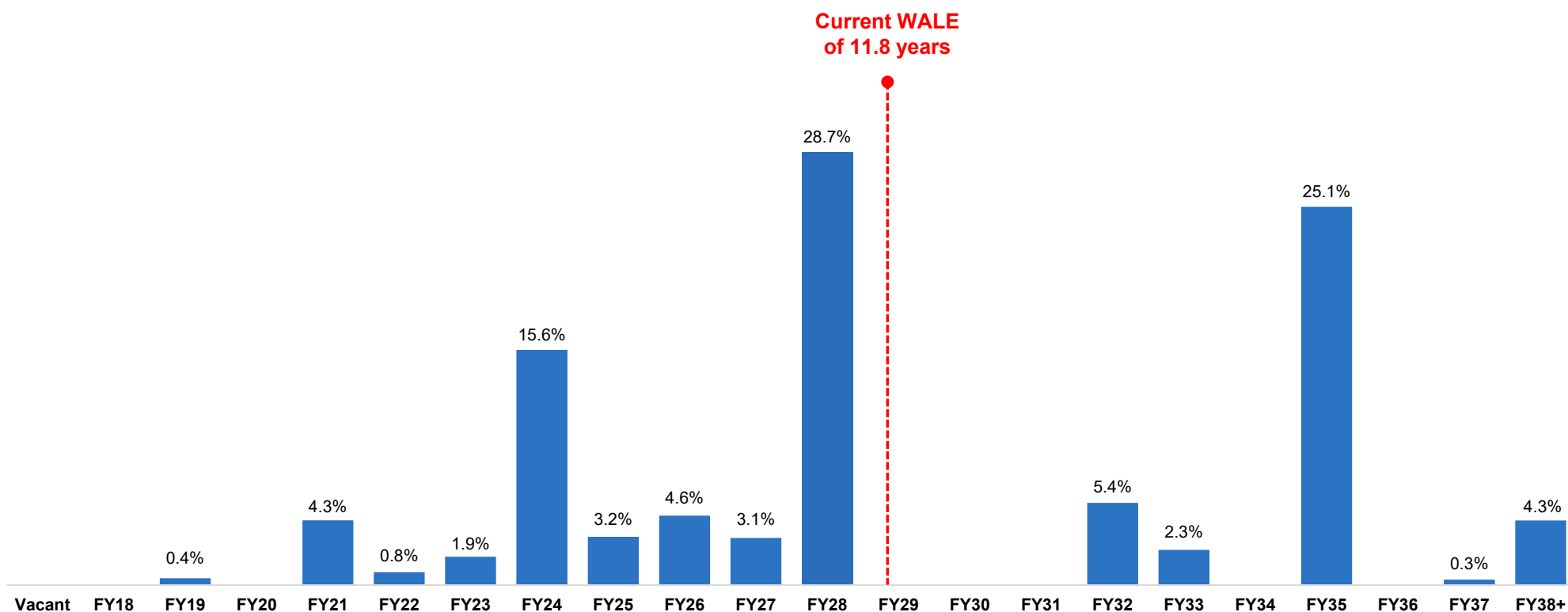


1. Includes Bunnings South Mackay which was acquired 3 July 2017. Weighted by gross passing income as at 30 June 2017 (REIT ownership interest).

Lease expiry profile

Long dated portfolio WALE of 11.8 years¹

- First major expiry is approximately 4 years away in FY21
- 66% of portfolio does not expire until more than 10 years from reporting date
- WALE bolstered by long leased property acquisitions



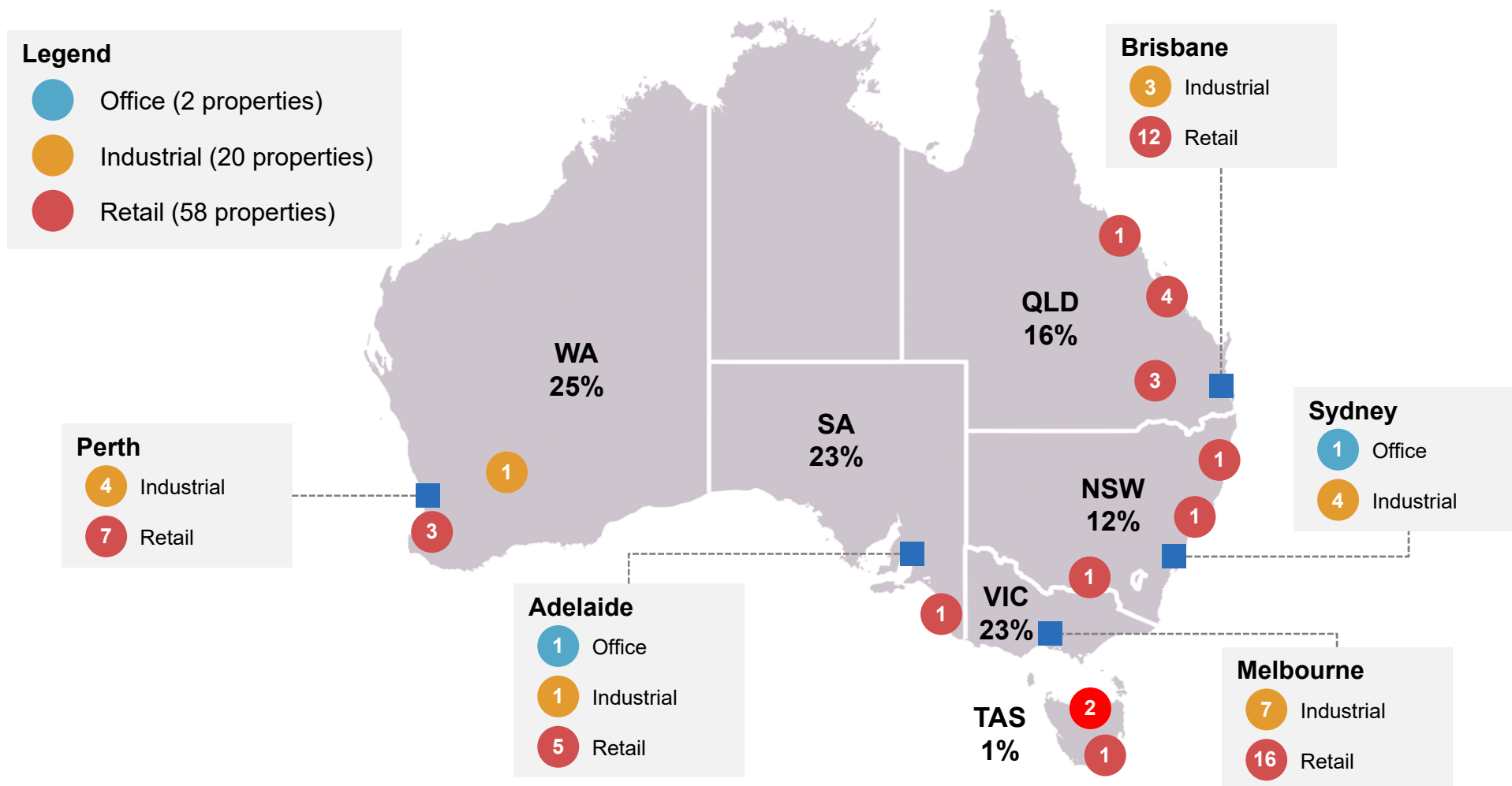
1. Includes Bunnings South Mackay which was acquired 3 July 2017. Weighted by gross passing income as at 30 June 2017 (REIT ownership interest).

Geographic diversification

Highly diversified by geography and real estate sector¹

- Increased weighting to Eastern Seaboard since IPO

80 assets comprising office, industrial and retail properties located in six Australian states



1. Percentages per state refers to weighting by property valuations as at 30 June 2017, including valuations for Woolworths Distribution Centre on a lease commencement basis (REIT ownership interest) and Bunnings South Mackay which was acquired 3 July 2017.

Financial performance



FY17 results snapshot

Key metrics	FY17 ¹
Statutory profit	\$35.2m
Operating earnings	\$33.6m
Operating earnings per unit	16.2 cents
Distributions per unit	16.2 cents
Payout ratio	100%

	30 Jun 2017	31 Dec 2016	At listing ²	Change from listing
NTA per unit	\$3.93	\$3.88	\$3.84	2.3%
Number of properties ³	80	76	66	+14 properties
WALE ³	11.8 years	12.2 years	12.1 years	-0.3 years
Property portfolio valuation ³	\$1.40bn	\$1.33bn	\$1.25bn	11.5%
Balance sheet gearing	29.9%	27.0%	22.9%	7.0%
Look through gearing	37.7%	37.5%	35.0%	2.7%
Look through hedging	66%	65%	35%	31%

1. Reflects the period from Allotment to 30 June 2017

2. As per Supplementary PDS dated 27 October 2016

3. Includes Bunnings South Mackay which was acquired 3 July 2017 and Woolworths Distribution Centre, Dandenong on a lease commencement basis

Financial performance

A\$m	FY17 ¹	PDS	% change
Net property income	52.5	50.3	4.4%
Interest income	0.2	0.1	19.2%
Total income	52.7	50.4	4.5%
Operating expenses	(5.6)	(5.0)	11.2%
Simplification costs	(0.2)	-	-
Finance costs	(13.3)	(12.3)	8.0%
Operating earnings	33.6	33.1	1.5%

EPU / DPU (cents)			
Operating earnings per unit	16.2	16.0	1.5%
Distribution per unit	16.2	16.0	1.5%
Payout ratio	100%	100%	-%

Increased revenue driven by NPI from property acquisitions

Offset by increased expenses and borrowing costs

- Management fees due to acquisitions
- REIT simplification costs
- JV debt refinance
- Debt funded property acquisitions

Operating EPU for the FY17 period of **16.2 cents**

Outperformed PDS target EPU of 16.0 cents by 1.5%

1. In respect of the period from Allotment to 30 June 2017

Balance sheet

A\$m	Jun 2017	Dec 2016	% change
Cash	2.9	14.1	(79.5%)
Investment properties	760.4	744.9	2.1%
Equity accounted investments	402.3	341.4	17.8%
Other assets	27.1	30.2	(10.2%)
Total assets	1,192.7	1,130.5	5.5%
Provision for distribution	13.3	7.0	89.2%
Debt	359.0	316.0	13.6%
Unamortised borrowing costs	(2.3)	(2.1)	10.1%
Other liabilities	5.3	7.4	(28.7%)
Total liabilities	375.3	328.3	14.3%
Net tangible assets	817.4	802.2	1.9%
Units on issue (m)	207.8	206.7	0.5%
NTA per unit (\$)	\$3.93	\$3.88	1.4%
Balance sheet gearing	29.9%	27.0%	2.9%
Look through gearing	37.7%	37.5%	0.2%

5.5% asset growth over half year period

- \$28.8m gross property valuation uplift
- \$10.4m new property acquired¹

Debt **funding for accretive acquisitions** & capital management initiatives

- New hotels acquired
- Coles Perth JV debt refinance

1.4% growth in NTA per unit over half year period and 2.3% growth since IPO

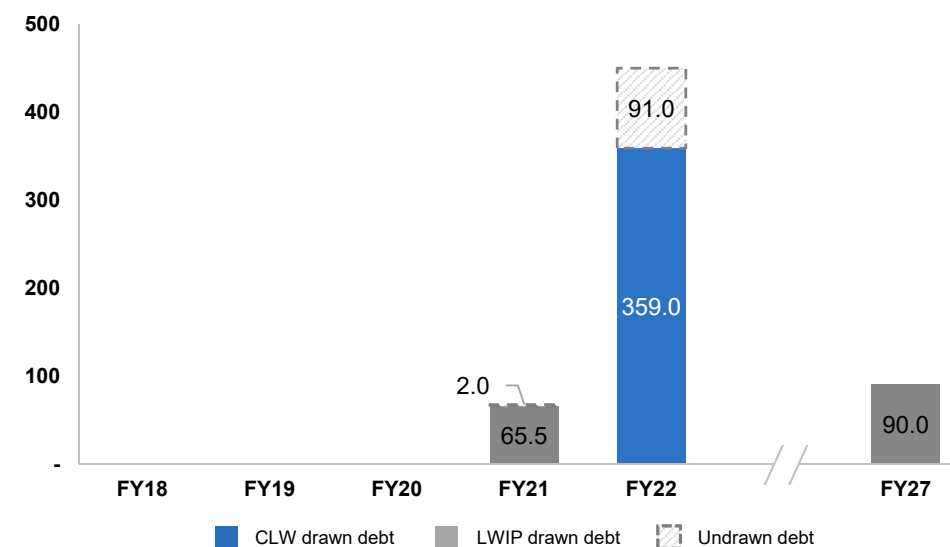
1. Reflects CLW's share of three new LWIP hotels acquired June 2017. Bunnings South Mackay settled post 30 June 2017.

Debt & hedging summary

A\$m			
Debt summary	Limit	Drawn	Maturity
<u>Balance sheet debt</u>			
Syndicated debt facility	450.0	359.0	Nov 2021
<u>Joint venture debt (CLW interest)</u>			
LWIP debt facility	67.5	65.5	Sep 2020
LWIP USPP	90.0	90.0	May 2027
Weighted average cost of debt ¹			4.0%
Weighted average debt maturity term			5.1 years
Balance sheet gearing			29.9%
Look through gearing			37.7%

Hedging summary ²	
Total look through swaps	339.8
Look through debt hedged	66%
Weighted average hedge maturity term	5.7 years

Look through debt maturity profile (A\$m)



- Within target 25 – 35% balance sheet gearing range
- Undrawn debt and cash of \$98.8³ million at 30 June 2017

1. For the FY17 period, excludes amortisation of debt costs
2. Includes LWIP USPP
3. Includes available cash in LWIP and other joint ventures

Property acquisitions



LWIP hotel acquisition & disposal

Acquisition of Bridge Inn Hotel and divestment of Prestons Hotel by LWIP

- Post 30 June 2017, LWIP (in which CLW owns a 45% interest) has contracted to:
 - acquire the Bridge Inn Hotel, VIC, for \$21.2 million / 6.00% capitalisation rate (100% interest); and
 - divest Prestons Hotel, VIC, for \$9.2 million / 5.50% (100% interest).
- Settlement is expected to occur by October 2017



Acquisition accretive to REIT's operating earnings



New 15 year triple net ALH lease at settlement of Bridge Inn Hotel



Divest a value maximised property which has limited potential for further expansion



Acquire a strong performing hotel in a high growth area with multiple expansion opportunities (BWS, Dan Murphys and accommodation)



Bridge Inn Hotel, Mernda, VIC

Bunnings South Mackay

Acquisition of a stabilised Bunnings Warehouse property

- Exchanged during FY17 and settled 3 July 2017
- \$28.5 million purchase price, reflecting a capitalisation rate of 6.0%



Acquisition accretive to REIT's operating earnings



Property WALE of 9.4 years at settlement with five 6-year options



High quality tenant that holds dominant position in hardware sector



Net lease with 3.0% annual rent reviews



New industry sector investment, increasing Eastern Seaboard exposure



Bunnings, South Mackay, QLD

LWIP hotel portfolio

Acquisition of a three hotel portfolio from ALH Group on a sale and leaseback

- Acquired by LWIP on 22 June 2017
- \$23.2 million (100% interest) reflecting a portfolio yield of 6.26%



Acquisition accretive to REIT's operating earnings



Portfolio WALE of 15 years at acquisition



Leased to market leading ALH Group



Triple net leases with annual CPI rent reviews



Strong performing hotel assets with BWS or Dan Murphys outlets



Brunswick Hotel, New Farm, QLD



Old Sydney Hotel, Maryborough, QLD



Ship Inn, Busselton, WA

SUEZ portfolio

Acquisition of a stabilised industrial portfolio delivering long term, growing and secure income

- Acquired 23 December 2016
- \$65.9 million purchase price, reflecting a portfolio capitalisation rate of 6.0%
- 10 industrial assets across NSW, QLD, VIC and WA



Acquisition accretive to REIT's operating earnings



Portfolio WALE of 15 years at acquisition



Leased to market leading operator in its sector



Triple net leases with 3.0% annual rent reviews



High land value attribution

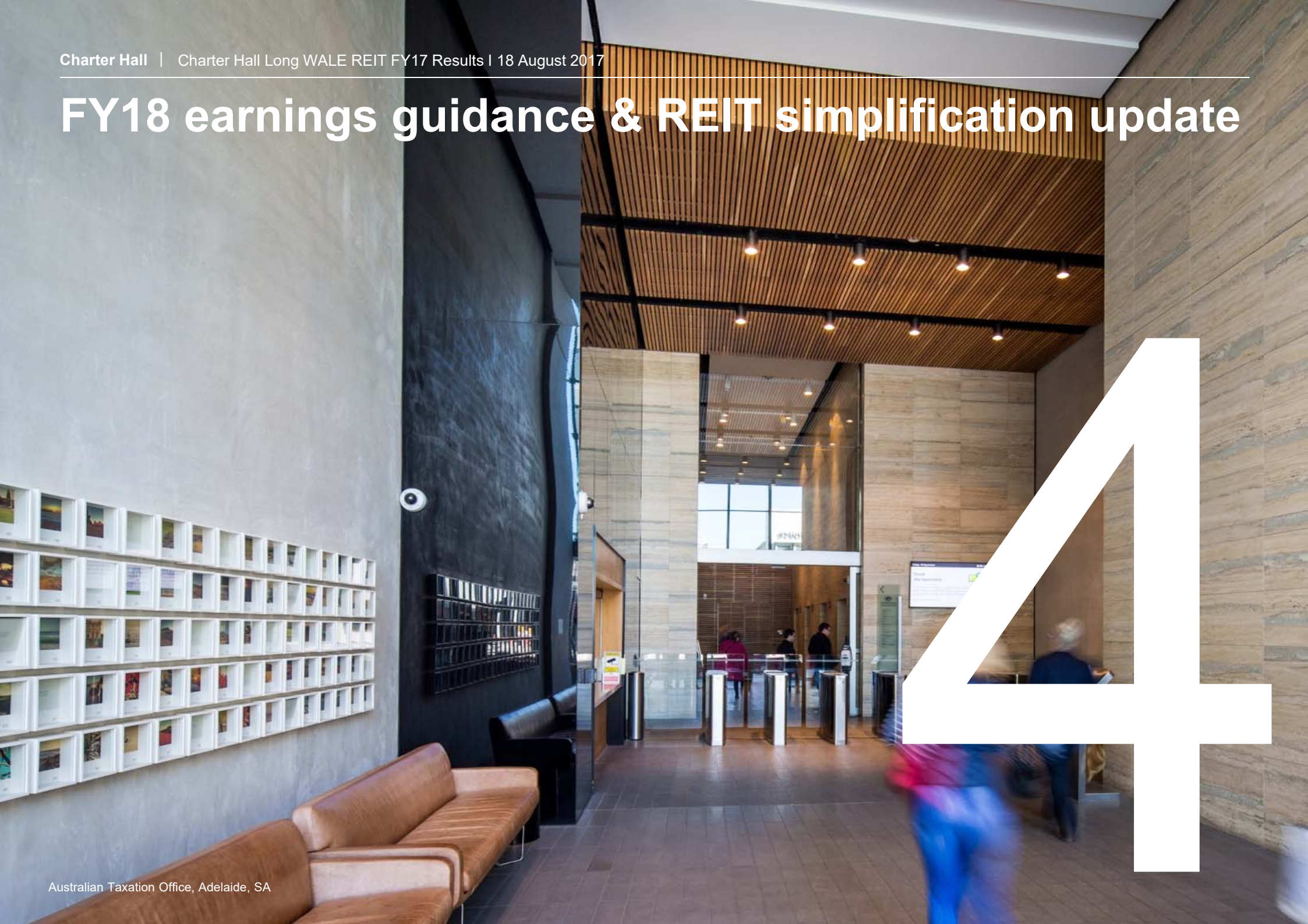


12 Lanceley Place, Artarmon, NSW



20 Davis Road, Wetherill Park, NSW

FY18 earnings guidance & REIT simplification update



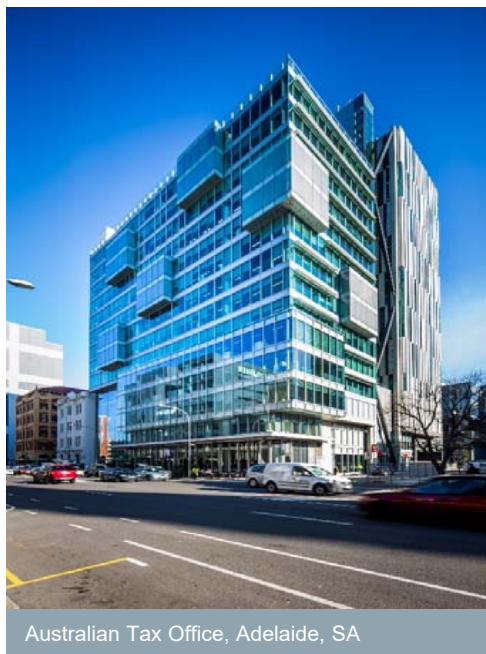
REIT simplification update

- The proposal to simplify the REIT's existing seven trust stapled structure to a three trust stapled structure was announced today
- The simplification proposal, if approved, will result in:
 - Simplified Unitholder reporting (financial statements, annual tax statements and quarterly distribution statements)
 - Operating cost savings as a result of less reporting obligations
- Subject to Unitholder approval on 15 September 2017

Further information is outlined in the Notice of Meeting which has been released today

FY18 earnings guidance

- Barring any unforeseen events and no material change in current market conditions, CLW's guidance for FY18 Operating EPU is **26.4 cents**, which is:
 - **3.9% growth** over FY17 annualised Operating EPU
 - **3.1% ahead** of PDS target FY18 annualised Operating EPU of 25.6 cents¹
- The target distribution payout ratio remains at 100% of Operating Earnings



1. Calculated by grossing up 1H FY18 PDS EPU target of 12.8 for 12 months

Additional information

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Allenstown Hotel, Rockhampton, QLD

FY17 NTA reconciliation

NTA per unit reconciliation (\$A)



Portfolio revaluations

- Property revaluations during FY17 resulted in a total gross uplift of \$37.8 million, reflecting a 2.8% increase on prior book values for the original portfolio at IPO (excludes properties acquired)
- Overall, the portfolio WACR firmed 17bps to 6.20% at 30 June 2017

FY17 valuation summary

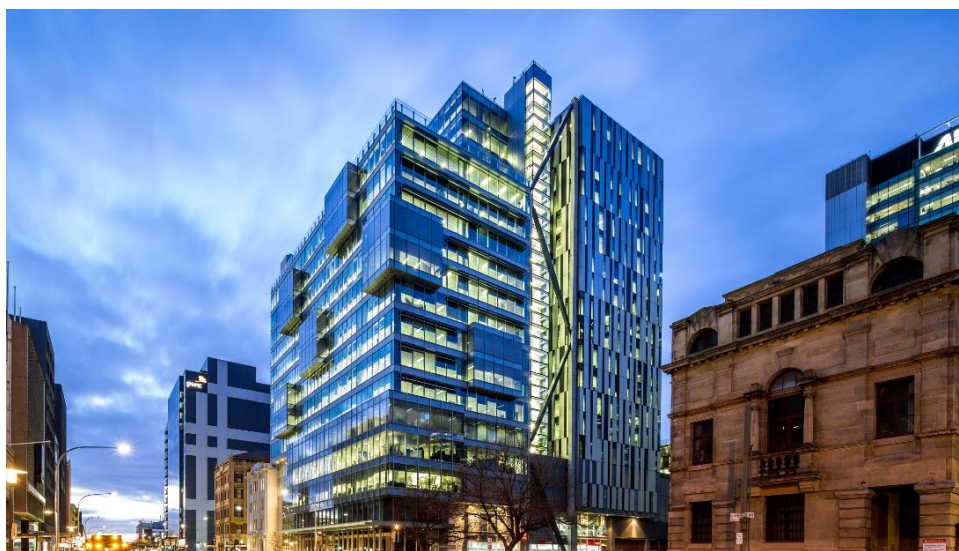
Sector	Office	Industrial	Retail ¹	Total
Number of properties	2	20	58	80
Prior book value ² (A\$m)	357.4	657.6	344.5	1,359.5
June 2017 valuation (A\$m)	372.0	669.6	355.7	1,397.2
Movement in valuation (A\$m)	14.6	12.0	11.1	37.8
Movement (%)	4.1	1.8	3.2	2.8
Portfolio WACR as at listing (%)	6.00	6.68	6.20	6.37
Portfolio WACR as at 30 June 2017 (%)	5.78	6.53	6.02	6.20
Movement (bps)	(22)	(15)	(18)	(17)

1. Includes Bunnings South Mackay, which was acquired 3 July 2017
2. Includes costs capitalised during the period including capital expenditure

Property investment portfolio

Office portfolio

Asset	State	REIT interest	Valuation ¹ (A\$m)	Cap rate ² (%)	WALE ³ (years)	Occupancy ³ (%)	NLA ⁴ (sqm)	WARR ⁵ (%)
Westpac Building, Kogarah	NSW	50.1%	101.9	5.5%	17.0	100%	31,724	CPI
Australian Taxation Office, Adelaide	SA	100%	270.0	5.9%	9.8	100%	36,802	3.8%
Total / weighted average			371.9	5.8%	11.3	100%	68,526	3.4%



Australian Taxation Office, Adelaide, SA



Westpac Building, Kogarah, NSW

1. Most recent external valuation or Directors' valuation (REIT ownership interest)
2. Weighted by Valuation (REIT ownership interest)
3. As at 30 June 2017 by gross passing income (REIT ownership interest)
4. NLA shown on a 100% basis
5. WARR, weighted by gross passing income as at 30 June 2017 (REIT ownership interest). CPI is assumed at 2.2% over the forecast period.

Property investment portfolio

Industrial portfolio

Asset	State	REIT interest	Valuation ¹ (A\$m)	Cap rate ² (%)	WALE ³ (years)	Occupancy ³ (%)	GLA ⁴ (sqm)	WARR ⁵ (%)
Australia Post, Kingsgrove	NSW	100%	22.0	5.8%	9.0	100%	6,729	3.5%
SUEZ, Artarmon	NSW	100%	17.3	5.0%	29.5	100%	4,309	3.0%
SUEZ, Davis Road, Wetherill Park	NSW	100%	10.1	6.3%	9.5	100%	3,975	3.0%
SUEZ, Newton Road, Wetherill Park	NSW	100%	8.7	6.5%	4.5	100%	2,987	3.0%
Coles Distribution Centre Truganina	VIC	50.0%	52.0	5.4%	15.0	100%	69,074	3.5%
Woolworths Distribution Centre, Hoppers Crossing	VIC	100%	46.7	7.8%	3.5	100%	52,364	3.0%
Toll, Altona North	VIC	100%	33.1	6.0%	8.4	100%	6,310	3.5%
SUEZ, Dandenong South	VIC	100%	7.0	6.3%	9.5	100%	2,767	3.0%
SUEZ, Campbellfield	VIC	100%	2.1	7.5%	1.5	100%	1,537	3.0%
SUEZ, Bairnsdale	VIC	100%	0.4	8.3%	1.5	100%	387	3.0%
Grace Worldwide, Willawong	QLD	100%	38.7	7.0%	6.1	100%	22,108	3.5%
Coates Hire, Kingston	QLD	100%	31.1	6.0%	15.7	100%	1,835	4.0%
SUEZ, Lower Nudgee	QLD	100%	3.9	5.5%	19.5	100%	1,760	3.0%
Electrolux, Beverley	SA	100%	34.0	7.5%	7.4	100%	25,562	3.5%
Metcash Distribution Centre, Canning Vale	WA	100%	166.5	7.3%	6.6	100%	98,295	CPI
Coles Distribution Centre, Perth	WA	49.9%	121.0	6.5%	10.9	100%	81,647	2.8%
SUEZ, Welshpool	WA	100%	12.5	6.0%	14.5	100%	3,460	3.0%
SUEZ, Landsdale	WA	100%	3.8	6.3%	14.5	100%	2,598	3.0%
SUEZ, South Boulder	WA	100%	0.6	8.3%	14.5	100%	630	3.0%
Total / weighted average (completed assets)			611.4	6.7%	9.2	100%	388,334	3.0%
Woolworths Distribution Centre, Dandenong	VIC	26.0%	58.2	5.3%	20.0	100%	70,431	2.8%
Total / weighted average			669.6	6.5%	9.9	100%	458,765	2.9%

1. Most recent external valuation or Directors' valuation (REIT ownership interest). Woolworths Distribution Centre, Dandenong valuation on a lease commencement basis.

2. Weighted by Valuation (REIT ownership interest).

3. As at 30 June 2017 by gross passing income (REIT ownership interest)

4. GLA shown on a 100% basis

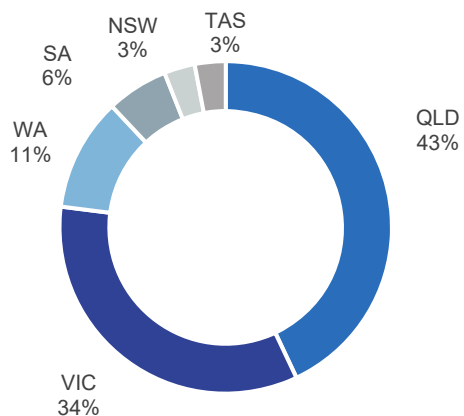
5. WARR, weighted by gross passing income as at 30 June 2017 (REIT ownership interest). CPI is assumed at 2.2% over the forecast period.

Property investment portfolio

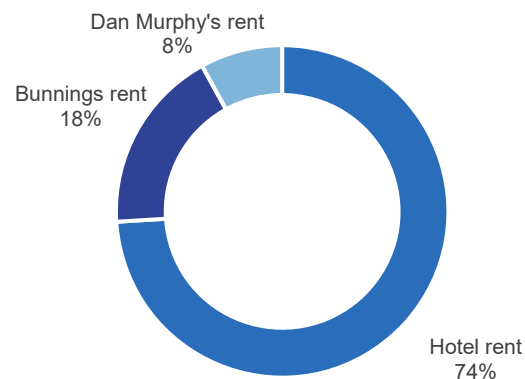
Retail portfolio

	LWIP portfolio ¹	Other retail ²	Total
Number of assets	57	1	58
Property valuation ³ (A\$m)	327.2	28.5	355.7
WACR ⁴ (%)	6.02	6.00	6.02
WALE ⁵	17.2 years	9.4 years	16.6 years
Occupancy ⁵	100%	100%	100%
Retail portfolio WARR ⁵	CPI ⁶	3.0%	2.3%

Geographic diversity^{2,3}



Income diversity^{2,5}



Hyde Park Hotel, West Perth, WA



Bunnings, South Mackay, QLD

1. Reflects CLW's 45% interest
2. Includes Bunnings South Mackay which settled on 3 July 2017
3. Most recent external valuation or Directors' valuation (REIT ownership interest)
4. Weighted by Valuation (REIT ownership interest)
5. As at 30 June 2017, weighted by gross passing income (REIT ownership interest)
6. In addition to Dan Murphy's turnover rent

Glossary

ASX	Australian Stock Exchange
Balance sheet gearing	Calculated as the ratio of net drawn debt (excluding unamortised debt establishment costs) to total tangible assets, less cash
Cap rate	Capitalisation rate
CLW or the REIT	Charter Hall Long WALE REIT
DPU	Distributions per unit
EPU	Operating earnings per unit
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
LWIP	Long WALE Investment Partnership
MTM	Mark-to-market
NTA	Net tangible assets
REIT	Real estate investment trust
PDS	Charter Hall Long WALE REIT Product Disclosure Statement dated 27 September 2016; and Charter Hall Long WALE REIT Supplementary Product Disclosure Statement dated 27 October 2016
WACR	Weighted average capitalisation rate
WALE	Weighted average lease expiry
WARR	Weighted average rent review

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