

## ASX Release

### Charter Hall Long WALE REIT FY18 results as at 30 June 2018

10 August 2018

Charter Hall WALE Limited  
ACN 610 772 202  
AFSL 486721

Responsible Entity of Charter Hall  
Long WALE REIT

Level 20, No.1 Martin Place  
Sydney NSW 2000  
GPO Box 2704 Sydney NSW 2001

T +61 2 8651 9000  
F +61 2 9221 4655

[www.charterhall.com.au](http://www.charterhall.com.au)

Charter Hall Long WALE REIT (ASX:CLW) (the **REIT**) today announced its FY18 results for the period 1 July 2017 to 30 June 2018. Key financial and operational highlights for the period are:

#### Financial highlights:

- Operating Earnings of \$58.4 million;
- Statutory Profit of \$83.3 million;
- FY18 EPS and DPS of 26.4 cents, reflecting 3.9% annual growth<sup>1</sup>;
- NTA per unit increased to \$4.05, reflecting 2.9% growth in the 12 month period;
- Balance sheet gearing of 30.6%, within the target 25% to 35% range.

#### Operational performance:

- Long portfolio WALE of 10.8 years and 100% occupancy;
- \$128 million total property portfolio growth to \$1.53 billion;
- Continue to improve portfolio tenant and geographic diversification with recently announced property transactions, further increasing Eastern Seaboard weighting;
- 6.13% portfolio cap rate, 7bps compression since June 2017.

Avi Anger, Charter Hall Long WALE REIT Fund Manager, commented: "This solid result reflects our ability to actively manage and grow the REIT through strategic, long WALE acquisition opportunities. In its first full year of operations, we are pleased to announce that the REIT has delivered an Operating EPS of 26.4 cents, in line with guidance and reflecting 3.9% annual growth on annualised FY17 EPS of 25.4 cents.

"This proactive management approach is consistent with the REIT's strategy of providing investors with stable and secure income and targeting both income and capital growth, via an exposure to a high-quality portfolio of long WALE properties."

#### Portfolio activity

During the period, CLW successfully completed \$101 million of new property acquisitions and \$4.1 million of divestments. This comprised of:

##### Acquisitions:

- 100% interest in Virgin Australia's head office at 56 Edmondstone Road, Brisbane. The A-Grade freehold asset is 100% leased to Virgin Australia with an 8.4 year WALE at the time of settlement; and
- Through its 45% stake in the Long WALE Investment Partnership (**LWIP**), CLW acquired an interest in the Bridge Inn Hotel, Mernda, Victoria for \$10.1 million (CLW interest). The hotel had a new 15 year ALH lease at the time of settlement.

<sup>1</sup> Growth on FY17 EPS of 25.4 cents, reflecting the annualised EPS for the period from IPO to 30 June 2017



#### Divestments:

- Concurrent to the acquisition of the Bridge Inn Hotel, the REIT sold the Preston Hotel in Victoria for a price of \$4.1 million (CLW interest).

Post balance date, the REIT will divest the Grace Worldwide facility in Brisbane for \$38.7 million and will re-invest sale proceeds into a 50% interest in a Brisbane CBD office asset at 40 Tank Street for \$46.5 million (CLW interest). The transactions will improve portfolio quality with the introduction of the Queensland State Government and Care Park as tenants.

Mr Anger commented: "This acquisition demonstrates our capacity to recycle the Grace asset sale proceeds into a higher quality, longer WALE investment which provides CLW with a stronger tenant quality and a more secure and diverse income stream."

Also post balance date, CLW has contracted to sell a 50% interest in 12-26 Franklin Street, Adelaide. The sale will reduce CLW's exposure to the Adelaide office market and release \$135 million of proceeds, which the REIT will look to invest over the course of FY19 into high quality, long WALE real estate.

Overall, the portfolio valuation has increased by \$128 million to \$1.53 billion for the period driven by net acquisitions and \$32.2 million in gross property revaluations. This has seen NTA per security at 30 June 2018 increase to \$4.05, reflecting 2.9% increase from the NTA at 30 June 2017 of \$3.93 per security.

At the end of the period, the REIT's diversified portfolio remains 100% occupied and comprises 81 properties with a WALE of 10.8 years. Over the period, the portfolio's weighted average capitalisation rate firmed by 7bps to 6.13%.

#### **Strengthened the REIT's capital position**

During FY18, CLW completed a number of capital management initiatives, including:

- expanding the balance sheet debt facility limit by \$20 million to \$470 million and extending the maturity date to February 2022;
- completion of a \$94.1 million non-renounceable entitlement offer to fund the Virgin Australia Head Office acquisition; and
- extended the hedge maturity to 5.2 years.

Post balance date, the REIT has refinanced \$100 million of its balance sheet debt facility with a new lender, extending the weighted average debt maturity to 4.5 years. The refinance further strengthens CLW's debt platform and introduces a new lender for the REIT, diversifying its lending sources.

#### **Strategy and outlook**

CLW continues to focus on actively managing the portfolio and acquiring assets with long leases to high quality tenants to create value and deliver sustainable and growing returns for investors.

Barring any unforeseen events and no material change in current market conditions, CLW's guidance for FY19 Operating EPS is between 26.4 – 26.6 cents per security, subject to the re-investment of proceeds from the sale of 50% of the ATO Adelaide office building.

The target distribution payout ratio remains at 100% of Operating Earnings.



#### About Charter Hall Long WALE REIT

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

Charter Hall Long WALE REIT is managed by Charter Hall Group (ASX:CHC) one of Australia's leading fully integrated property groups, with over 25 years' experience managing high quality property on behalf of institutional, wholesale and retail clients. Charter Hall has over \$22.5 billion of funds under management across the office, retail and industrial sectors. The Group has offices in Sydney, Melbourne, Brisbane, Adelaide and Perth.

The Group's success is underpinned by a highly skilled and motivated team with diverse expertise across property sectors and risk-return profiles. Sustainability is a key element of its business approach and by ensuring its actions are commercially sound and make a difference to its people, customers and the environment, Charter Hall can make a positive impact for its investors, the community and the Group.

---

For further information, please contact	For investor enquiries, please contact	For media enquiries, please contact
<b>Avi Anger</b> Fund Manager Charter Hall Long WALE REIT T +61 2 8651 9111 <a href="mailto:avi.anger@charterhall.com.au">avi.anger@charterhall.com.au</a>	<b>Philip Cheetham</b> Head of Listed Investor Relations Charter Hall T +61 2 8651 9214 <a href="mailto:philip.cheetham@charterhall.com.au">philip.cheetham@charterhall.com.au</a>	<b>Angus Booth</b> Head of External Affairs and Communications Charter Hall T +61 2 8651 9223 <a href="mailto:angus.booth@charterhall.com.au">angus.booth@charterhall.com.au</a>

---