

ASX Release

Charter Hall Long WALE REIT Acquisition and Equity Raising

17 October 2018

Not for release to US wire services or distribution in the United States

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Charter Hall WALE Limited (**Responsible Entity**), as responsible entity of Charter Hall Long WALE REIT (ASX:CLW) (**CLW** or the **REIT**) today announced that:

- the REIT has entered into an agreement to acquire a 100% interest in an industrial asset and a 50% interest in an A-grade office asset for a total consideration of \$117.8 million (**Acquisitions**)
- the REIT will undertake a fully underwritten \$60 million institutional placement (**Placement**) at an issue price of \$4.04 per security (**Issue Price**) to partially fund the Acquisitions and associated transaction costs
- the REIT is also undertaking a non-underwritten Security Purchase Plan (**SPP**) to eligible securityholders in Australia and New Zealand to raise up to \$20 million
- Including the impact of the Acquisitions and Placement and barring any unforeseen events and no material change in market conditions, CLW is guiding towards the upper end of its previously announced range for FY19 Operating EPS of between 26.4 – 26.6 cents per security

Acquisitions

The REIT has entered into an agreement for the following acquisitions:

- 100% of National Archives, Sydney, for \$54.1 million, representing a yield of 6.6%. The property is leased to the Commonwealth of Australia with a lease term of 20 years remaining at the time of settlement; and
- 50% of Optima Centre, Perth for \$62.6 million, representing a yield of 7.1%. The property consists of two A-grade office buildings situated in close proximity to the Perth CBD and major transport links. The major tenant of the property is the Government of Western Australia with a lease term remaining of 13.7 years at the time of settlement.

The total consideration for the Acquisitions is \$117.8 million (excluding transactions costs), reflecting a weighted average 6.9% initial passing yield. The Acquisitions feature:

- Fully occupied properties, with a combined WALE of 15.3 years;
- Strong tenant covenants, with 89% of income derived from government tenants; and
- 3.3% average annual fixed rental reviews.



Portfolio impact¹

	Pre Portfolio acquisition	Acquisitions	Post Portfolio acquisition
Number of properties	83	2	85
Property valuation (A\$m)	1,508	117	1,625
Weighted Average Capitalisation Rate	6.1%	6.3%	6.1%
Occupancy	100%	100%	100%
Weighted Average Lease Expiry	11.2 years	15.3 years	11.5 years
Weighted Average Rent Review	2.85%	3.27%	2.88%
Fixed Rent Reviews	58%	100%	62%

Placement

The REIT will undertake a fully underwritten institutional placement to raise approximately \$60 million (**Placement**) to fund the Acquisitions and associated transaction costs. The Placement is underwritten by UBS AG, Australia Branch.

The Placement will be issued at a fixed price of \$4.04 per security, which represents a:

- 2.9% discount to the 5 day VWAP of \$4.16 on 16 October 2018
- 6.6% FY19 Operating EPS yield (at the upper end of CLW's guidance range)

Securities issued under the Placement will rank equally with existing CLW Securities and will be entitled to the full distribution for the three months to 31 December 2018.

The Placement is within CLW's 15% placement capacity, pursuant to Listing Rule 7.1.

Security Purchase Plan

Eligible securityholders in Australia and New Zealand will be invited to subscribe for up to \$15,000 of new securities, free of brokerage and transaction costs, via a SPP. The new securities will be offered at the same price as the Placement of \$4.04 per security. The SPP will be capped at \$20 million and will not be underwritten. New securities issued under the SPP will rank equally with existing CLW securities and will be entitled to the full distribution for the three months to 31 December 2018.

Further information on the SPP will be lodged with the ASX and sent to eligible securityholders on Wednesday, 24 October 2018.

¹ Metrics are as June 2018, pro forma adjusted for transactions completed post balance date.



Financial impact

Including the impact of the Acquisition and Placement and barring any unforeseen events and no material change in market conditions, CLW is guiding towards the upper end of its previously announced range for FY19 Operating EPS of between 26.4 – 26.6 cents per security.

Following the Acquisition and the Placement, the REIT's pro-forma June 2018²:

- balance sheet gearing is forecast to be 31.1%, within CLW's target range of 25 – 35%; and
- look through gearing is forecast to be 38.0%.

Timetable

Event	Date 2018
Record date for SPP	Tuesday, 16 October
Trading halt and announcement of the Transaction	Wednesday, 17 October
Institutional Placement bookbuild	Wednesday, 17 October
Trading of securities recommences on the ASX	Thursday, 18 October
Settlement of securities under the Institutional Placement	Monday, 22 October
Allotment and normal trading of securities issued under the Institutional Placement	Tuesday, 23 October
SPP offer opens and booklet is dispatched	Wednesday, 24 October
SPP offer closing date	Wednesday, 14 November
SPP allotment date	Wednesday, 21 November
Despatch of holding statements and normal trading of new securities issued under the SPP	Thursday, 22 November

All dates and times are indicative only and subject to change. Unless otherwise specified, all times and dates refer to AEDT.

Additional information

Additional information about the Acquisition and Entitlement Offer including certain key risks are contained in the investor presentation released to the ASX today.

² Adjusted for post balance sheet date transactions: disposal of Grace Willawong; disposal of 50% of ATO Adelaide; acquisition of 40 Tank St, Brisbane; LWIP unit acquisition; Club Hotel, Waterford acquisition; and acquisition of 50% of Capital Hill, Brisbane.



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 27 years' experience managing and investing in high quality property on behalf of institutional, wholesale and retail clients. Charter Hall has over \$23.2 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.

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