

ASX Release

Charter Hall Long WALE REIT 1H FY21 Results 8 February 2021

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Charter Hall Long WALE REIT (ASX:CLW) (the REIT) today announces its half year results for the period ending 31 December 2020 (1H FY21). Key financial and operational highlights for the period are:

Financial highlights:

- Operating earnings of \$73.6 million, or 14.5cps, up 3.6% on the prior corresponding period (pcp)
- Statutory profit of \$198.6 million
- Distributions of 14.5cps, up 3.6% on pcp
- NTA of \$4.70, up 5.1% from \$4.47 at 30 June 2020
- Balance sheet gearing of 29.0% and look through gearing of 39.3%¹
- \$388 million of new equity raised

Operating highlights¹:

- Portfolio weighted average lease expiry (WALE) of 14.1 years, up from 14.0 years at 30 June 2020
- \$4.5 billion property portfolio, up from \$3.6 billion as at 30 June 2020
- \$697 million of property acquisitions
- \$150 million net property valuation uplift
- Portfolio cap rate firmed 24 bps from 5.42% at 30 June 2020 to 5.18%.

Avi Anger, Charter Hall Long WALE REIT Fund Manager commented: "During 1H FY21 we further diversified and improved the resilience of CLW's portfolio and increased the portfolio WALE. We extended our partnership with bp, acquiring an interest in 70 Long WALE triple-net (NNN) convenience retail properties in New Zealand. In December, we further expanded our telco exchange portfolio with the acquisition of Telstra's Pitt Street, Sydney CBD telco exchange. At the end of the period, we also agreed to acquire a 50% interest in the David Jones flagship Elizabeth Street store in the Sydney CBD.

"Collectively these acquisitions further diversify the CLW portfolio and continue our focus on NNN lease properties with high underlying land value which should provide long term growth prospects for our investors. The sourcing of high quality transactions and the active asset management of properties

¹ As at 31 December 2020, adjusted to include the acquisition of David Jones, Sydney which was announced on 22 December 2020 and the acquisition of Bunnings Caboolture (at the on-completion valuation) which was announced on 9 December 2020. Both acquisitions had not yet settled as at 31 December 2020. Unadjusted balance sheet and look through gearing as at 31 December 2020 was 23.2% and 35.2% respectively.

in CLW's portfolio is the result of the strength, ability and depth of expertise of the Charter Hall management platform which the REIT benefits from".

Portfolio update

During 1H FY21, CLW announced \$697 million of new property acquisitions which contributed to extending the portfolio WALE, enhancing sector diversification and strengthening the quality and diversification of tenants. These transactions comprised:

- **Acquisitions:**
 - NZD \$130.8 million (AUD \$122.2 million) acquisition of a 50% interest in a Charter Hall managed partnership that acquired a 49% interest in a portfolio of 70 long WALE NNN convenience retail properties in New Zealand, 100% leased to BP Oil New Zealand Limited (bp) on a 6.25% initial yield, with 20 year WALE and annual NZ CPI rental increases, plus up to 0.5% in the first 5 years;
 - \$281.5 million acquisition of the Telstra telephone exchange and data centre located at 76-78 Pitt Street, Sydney on a 10 year NNN lease, with fixed 2.5% annual rent reviews;
 - \$28.1 million acquisition of a new Bunnings property to be developed in Caboolture, QLD, with Bunnings to occupy the property on an initial 12 year lease term with annual CPI rent reviews on completion (estimated December 2021);
 - \$9.8 million acquisition of a 49.9% interest in The Parap Tavern, Darwin leased to Endeavour Group on an initial 15 year NNN lease with long-term options; and
 - \$255.0 million² acquisition of a 50% interest in David Jones flagship "Elizabeth Street" store located at 86-108 Castlereagh Street, Sydney on a 20 year NNN lease, with minimum 2.5% per annum annual rent increases supplemented by an agreed turnover rent linked to sales performance.

- **Valuations:**

Overall, the total property portfolio has increased by approximately \$852 million for the period to \$4.5 billion as at 31 December 2020, driven by \$696 million of net acquisitions, \$150 million in net property revaluations and capex.

At the end of the period, the REIT's diversified portfolio is 97.5% occupied and comprised 459 properties with a long WALE of 14.1 years. The portfolio weighted average capitalisation rate firmed 24 bps during the period to 5.18% as at 31 December 2020.

Strengthening the REIT's capital position

During 1H FY21, CLW completed several capital management initiatives, including:

- \$388 million of equity raised during the period
- Increased existing bank facilities by \$150 million and extended the maturity of the increased facilities by 1.1 years
- Charter Hall Exchange Investment Trust, in which CLW has a 50% interest, completed a A\$300 million 10 year Medium Term Notes Issuance
- Sale of a 5% interest in the securities of Waypoint REIT.

Following these capital management initiatives, the REIT has a long-dated weighted average debt maturity of 4.1 years and a weighted average hedge maturity of 4.2 years as at 31 December 2020.

² Total gross asset value of \$510 million on 100% basis.

Pro-forma balance sheet gearing of 29.0% as at 31 December 2020 remains within the target 25–35% range.

FY21 Operating Earnings Guidance

The REIT reaffirms its FY21 Operating EPS guidance of no less than 29.1 cents per security, reflecting Operating EPS growth over FY20 of no less than 2.8%, based on information currently available and barring any unforeseen events.

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

Announcement authorised by the Board

Charter Hall Long WALE REIT (ASX: CLW)

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

Charter Hall Long WALE REIT is managed by Charter Hall Group (ASX:CHC). With over 29 years' experience in property investment and funds management, we're one of Australia's leading fully integrated property groups. We use our property expertise to access, deploy, manage and invest equity across our core sectors - office, industrial & logistics, retail and social infrastructure.

Operating with prudence, we've carefully curated a \$45 billion diverse portfolio of over 1,300 high quality, long leased properties. Partnership and financial discipline are at the heart of our approach. Acting in the best interest of customers and communities, we combine insight and inventiveness to unlock hidden value. Taking a long-term view, our \$6.8 billion development pipeline delivers sustainable, technologically enabled projects for our customers.

The impacts of what we do are far-reaching. From helping businesses succeed by supporting their evolving workplace needs, to providing investors with superior returns for a better retirement, we're powered by the drive to go further.

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