

Charter Hall Long WALE REIT 2023 Annual General Meeting

# Acknowledgement of Country

Charter Hall acknowledges the Traditional Custodians of the lands on which we work and gather. We pay our respects to Elders past and present and recognise their continued care and contribution to Country.



# Agenda

- 1. Independent Chair's Address: Peeyush Gupta AM
- 2. Fund Manager's Address: Avi Anger
- 3. Questions
- 4. Items of Business

Cover: Coles Distribution Centre Truganina, Melbourne VIC Left: Telstra Exhibition Street Exchange, Melbourne VIC



# **Board of Directors**



Peeyush Gupta AM Chair



**Glenn Fraser** Non-Executive Director

# **Fund Managers**



Ceinwen Kirk-Lennox Non-Executive Director



David Harrison Managing Director & Group CEO



Carmel Hourigan Office CEO

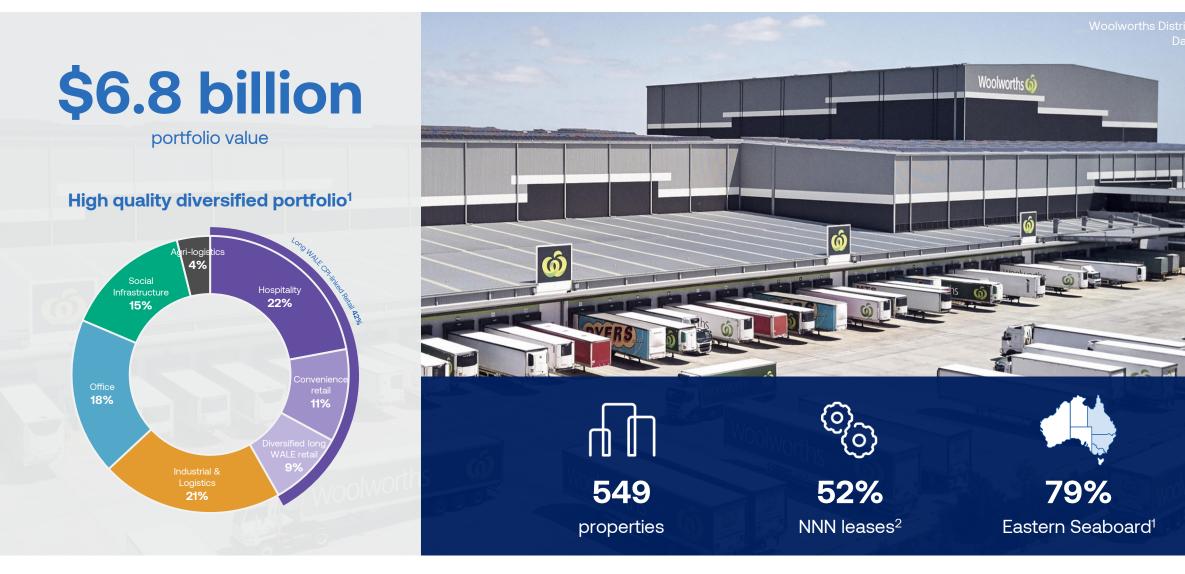


**Avi Anger** Fund Manager



Darryl Chua Deputy Fund Manager

## Best in class diversified real estate portfolio



## 8.2% distribution yield<sup>1</sup> generated from blue-chip tenants in resilient industries



Charter Hall Long WALE REIT

## **CLW ESG leadership**

#### **Achievements in FY23**

### Focus areas in FY24+





# resources to build and rebuild strong foundations

# since FY22, in partnership with social enterprises. Targeting 1,200 employment

and Health Safety rated workplaces, including 222,648 sqm of CLW assets



RAP

#### **Benchmarking our performance**

Continued alignment with best practice independent frameworks to verify our ESG progress and non-financial disclosure (GRI, TCFD, PRI and UNGC)

#### Governance





#### **ESG performance** CLW achieved 79 in the 2022 GRESB assessment, an improvement of 7 points compared to previous score



outcomes in 2030

#### **Diversity and inclusion**

CLW governed by an independent Board which prioritises diversity and inclusion of all types and currently reports 40% female directors

### **Independent Green Rating**

CLW contributed to Australia's largest Green Star certified portfolio with 96% of eligible area rated



2. Renewable electricity procurement for assets where the electricity consumption is in operational control





Australian Red Cross Alexandria Sydney, NSW

# FY23 full year highlights<sup>1</sup>

| Financial performance   | Portfolio<br>performance   | Capital<br>management   |
|---|--|---|
| <b>Operating EPS of</b><br><b>28.0 cents per security</b><br>in line with FY23 OEPS guidance                                  | <b>11.2 year WALE</b><br>long term income security   | <b>80% of drawn debt hedged</b><br>providing protection against rising interest rates                               |
| \$5.63 NTA per security   | <b>99.9% occupancy</b><br>99% backed by blue chip tenant covenants <sup>2</sup>  | Moody's Baa1 credit rating reaffirmed   |
| <b>5.1% weighted average rent review</b><br>underpinned by 51% of lease rent reviews being CPI<br>linked at 7.1% <sup>3</sup> | <b>\$223 million of transaction activity</b><br>\$114 million of strategic divestments recycled into<br>\$109 million of portfolio enhancing investments | <b>4.5 years weighted average debt</b><br><b>maturity</b><br>with staggered maturities to a diversified lender pool |

1. Unless otherwise stated, metrics on this page and throughout this presentation are as at 30 June 2023

2. Government, ASX-listed, multinational or national tenants

3. Reflects the weighted average CPI increase in FY23, comprising the June 2022 CPI of 6.1%, September 2022 CPI of 7.3%, December 2022 CPI of 7.8% and March 2023 CPI of 7.0%

# \$6.8 billion diversified portfolio of high quality real estate

Diversified across geography, real estate sector and tenant industries

| Key metrics                                 | Jun 22     | Jun 23            |
|---|------------|-------------------|
| Number of properties                        | 549        | 549               |
| Property valuation (A\$m)                   | 7,127      | 6,831             |
| Weighted Average Capitalisation Rate (WACR) | 4.35%      | 4.77%             |
| Occupancy                                   | 99.9%      | 99.9%             |
| Weighted Average Lease Expiry (WALE)        | 12.0 years | 11.2 years        |
| Portfolio exposure to CPI-linked reviews    | 49%        | 51%               |
| Weighted Average Rental Review (WARR)       | 4.6%       | 5.1% <sup>1</sup> |

| Sector                   | Assets | Valuation (A\$m) | Cap rate | WARR <sup>1</sup> | WALE (years) | Occupancy |
|--------------------------|--------|------------------|----------|-------------------|--------------|-----------|
| Long WALE retail         | 444    | 2,854            | 4.74%    | 6.2%              | 11.4         | 100.0%    |
| Industrial & logistics   | 24     | 1,453            | 4.25%    | 5.2%              | 13.7         | 100.0%    |
| Office                   | 13     | 1,253            | 5.42%    | 3.8%              | 6.5          | 99.6%     |
| Social infrastructure    | 41     | 1,006            | 4.43%    | 4.6%              | 11.9         | 100.0%    |
| Agri-logistics           | 27     | 264              | 6.20%    | 2.5%              | 20.3         | 100.0%    |
| Total / weighted average | 549    | 6,831            | 4.77%    | 5.1%              | 11.2         | 99.9%     |

1. Weighted average across fixed and CPI-linked reviews. Reflects average FY23 CPI of 7.1%, comprising the June 2022 CPI of 6.1%, September 2022 CPI of 7.3%, December 2022 CPI of 7.8% and March 2023 CPI of 7.0%. The majority of the REIT's CPI-linked leases are linked to the September annual CPI print

## Transaction activity highlights

Strategic portfolio curation and asset recycling into new WALE enhancing high quality investments

### Divestments – 3.1 years average WALE<sup>1</sup>

# Industrial & logistics \$112 million



Woolworths Distribution Centre Hoppers Crossing, VIC



Toll Altona North, VIC

- Strategic divestment of two short WALE industrial facilities at prevailing book values

### Woolworths Distribution Centre, Hoppers Crossing VIC

- Sale price of \$74 million, reflecting a 4.50% cap rate
- 3.0 years lease term remaining at time of settlement in December 2022

### Toll, Altona North VIC

- Sale price of \$38.3 million, reflecting a 4.75% cap rate
- 2.9 years lease term remaining at time of settlement in December 2022
- Sale proceeds recycled into new portfolio enhancing and WALE accretive investments

### 1. Includes three convenience retail properties sold by bp at or above book value, with a combined value of \$1.3 million (CLW's interest) Charter Hall Long WALE REIT

### Investments – 10.2 years average WALE

Social infrastructure \$91 million

### Hospitality \$18 million



Geoscience Australia Canberra, ACT

- Life sciences complex comprising office, specialised laboratory, storage and warehousing
- Home to the Commonwealth Government's technical adviser on all geoscience, geographic and geological matters
- The property incorporates leading ESG principles and is Climate Active Carbon Neutral certified
- 9.6 year WALE at settlement with 3% fixed annual rent reviews
- Acquisition price of \$90.9 million (CLW's 25% interest) reflecting 7.4% initial yield



Emu Hotel Adelaide, SA

- Acquired four Endeavour Group leased pubs; Emu Hotel, SA, Horse & Jockey, QLD, Marine Hotel, QLD and the Rainbow Beach Hotel, QLD
- All pubs are leased to Endeavour Group, with new 15 year, NNN, CPI linked leases commencing upon settlement
- Combined acquisition price of \$17.9 million (CLW's 49.9% interest) reflecting a blended 5.0% cap rate

# Best in class tenant register

Strong and stable tenant base of government, ASX-listed, multinational and national tenants

Major tenants<sup>1</sup>

| Australian Government Verenneut Vere | DAVID JONES 4%           |
|--|--------------------------|
| in the second se | Arnott's 3%              |
| 13%  | MYER 3%                  |
| bp<br>10%  | SUNNINGS<br>warehouse 3% |
| INGHAMS<br>Always Good   | 2%                       |
| colesgroup 4%  | Australian<br>Red Cross  |
| Metcash 4%   | VEOLIA 1%                |
|  |                          |

1. Weighted by net passing income as at 30 June 2023

### Focus on key defensive tenant industries<sup>1</sup> Defensive and resilient to economic shocks

#### Government (19%)



The Glasshouse (NSW Government), Sydney

Fuel & convenience (10%)

### bp Forestville, Sydney

Weighted by net passing income as at 30 June 2023 1.

2. Includes life sciences, retail, banking, financial and defence services Note: totals may not add due to rounding

Pubs and bottle shops (19%)



New Brighton Hotel, Sydney

### Food manufacturing (8%)



**Telecommunications (13%)** 



242 Exhibition Street, Melbourne

Waste & recycling management (2%)





Coles Distribution Centre Truganina, Melbourne

### **Other<sup>2</sup> (18%)**



Electrolux, Adelaide

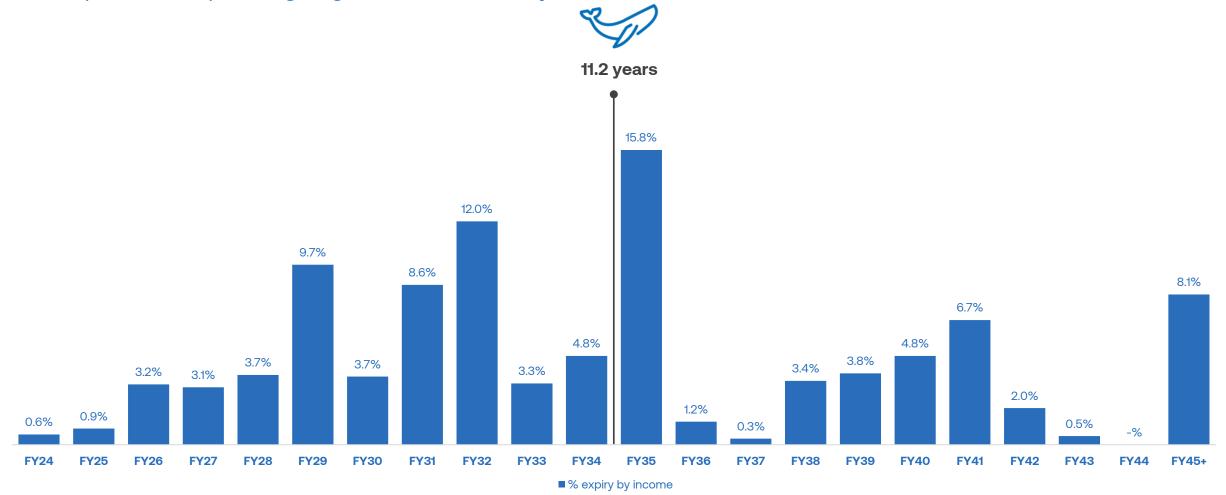
Arnott's Huntingwood, Sydney



Cleanaway Artarmon, Sydney

# Long portfolio WALE<sup>1</sup>

Blue chip covenants providing long term income security



1. Weighted by net passing income as at 30 June 2023 Note: totals may not add due to rounding

# FY24 guidance

Based on information currently available, including current interest rate and inflation expectations and barring any unforeseen events, CLW provides FY24 Operating EPS guidance of 26.0 cents and DPS guidance of 26.0 cents

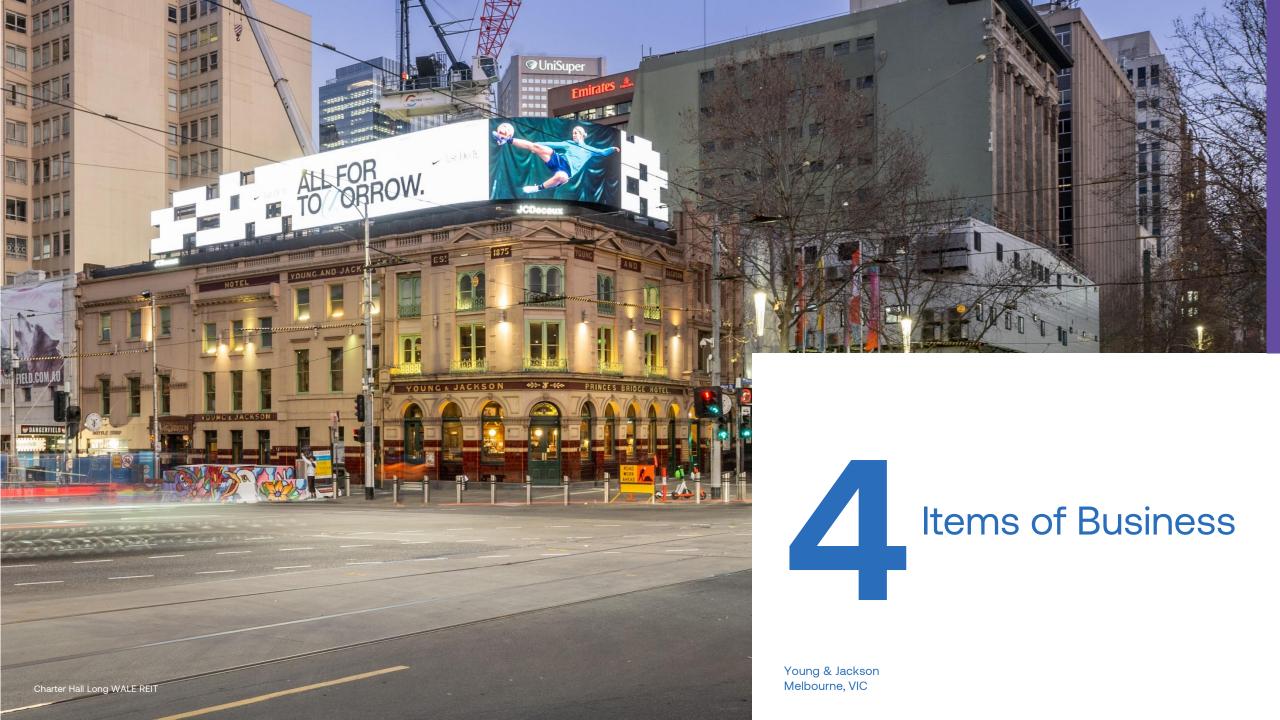




Guidance of FY24 Operating EPS and DPS of 26.0 cents Represents a distribution yield<sup>1</sup> of

8.2%





# **Resolution 1** Re-election of Independent Director

To consider, and if thought fit, pass the following resolution, as an advisory, non-binding resolution of the Securityholders:

"That Mr Glenn Fraser be re-elected as a director of Charter Hall WALE Limited."

# **Resolution 1** Re-election of Independent Director

| FOR:     | 97.79% |
|----------|--------|
| OPEN:    | .41%   |
| AGAINST: | 1.80%  |



### **Further information**



### **Investor Relations**

Tel 1300 365 585 (within Australia) +61 2 8651 9000 (outside Australia)

Email reits@charterhall.com.au

Presentation authorised by the Board

### charterhall.com.au/clw

#### **IMPORTANT NOTICE & DISCLAIMER**

This presentation ("Presentation") has been prepared by and is the sole responsibility of Charter Hall Direct Industrial Fund (ARSN 144 613 641) and LWR Finance Trust (which will collectively comprise the "Long WALE REIT"). It is a presentation of general background information and the Long WALE REIT's activities as at 30 June 2023 unless otherwise stated. It is a summary and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment of potential investor. A reader should, before making any decisions in relation to their investment or potential investors or other financial stutements of, and guidance on, future earnings and financial position and performance are "forward-looking statements". Due care and attention has been used in the preparation of forward looking statements. Such forward-looking statements. There can be no assurance that actual outcomes will not differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. All information herein is current as at 30 June 2023 unless otherwise stated.