

ASX Release

Charter Hall to progress IPO of Long WALE REIT

16 September 2016

Charter Hall Limited
ACN 113 531 150

Charter Hall
Funds Management Limited
ABN 31 082 991 786

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

Not for release or distribution within the United States

Charter Hall Group (ASX: CHC) (Charter Hall or the Group) is finalising preparations to list on the ASX a new real estate investment trust, Charter Hall Long WALE REIT (Long WALE REIT or the REIT).

Long WALE REIT will invest in high quality Australasian properties that are leased to corporate and government tenants on long term leases. The initial portfolio will be diversified by geography and real estate sector containing office, industrial and retail properties located in six Australian states.

The REIT will comprise an initial portfolio of 66 properties independently valued at \$1,253 million with a weighted average capitalisation rate of 6.4%, a weighted average lease expiry of 12.5 years and occupancy of 100%.

Long WALE REIT will target the distribution of 100% of operating earnings and expects to provide investors with stable, recurring income through quarterly distributions. Growth in distributions is expected to be underpinned by a combination of fixed rental increases and CPI linked rental reviews. Approximately 58% of the income from the initial portfolio is subject to fixed rental increase at a weighted average annual review of 3.4%. The balance of income, approximately 42%, is subject to rental reviews linked to CPI. The weighted average rental review across the initial portfolio is estimated at 2.8%.¹

Charter Hall has established Charter Hall WALE Limited as the responsible entity of the REIT. The Board of the responsible entity will comprise five directors, with a majority of directors being independent. The Independent Chairman is Peeyush Gupta with Glenn Fraser and Ceinwen Kirk-Lennox as independent non-executive directors. Charter Hall Group Managing Director and Group CEO, David Harrison, and Charter Hall Head of Office, Adrian Taylor, are also on the Board as executive directors

Long WALE REIT's Fund Manager will be Avi Anger, the Deputy Fund Manager will be Ben Ellis and Kerri Leech will be the REIT's Head of Finance. The REIT will also benefit from access to Charter Hall's broader platform and proven track record in sourcing investment opportunities, as evidenced by \$12.6 billion of transactions executed over the last five years, including \$9.3 billion in acquisitions and \$3.3 billion in divestments.

Charter Hall's Managing Director and Group CEO, David Harrison said: "Long WALE REIT's objective is to provide investors with stable and secure income and the potential for both income and capital growth through an exposure to long WALE properties. We see a gap in the AREIT market for this diversified long WALE portfolio and expect it to be attractive to both institutional and retail investors."

¹ Portfolio weighted average rental review based on gross passing income with CPI assumed at 2%



"The REIT will have a market capitalisation in excess of \$1 billion and Charter Hall will have a co-investment of up to \$250 million. At IPO the REIT will target no debt on balance sheet and look through gearing of less than 20%".

Charter Hall will receive a base management of 0.45% of gross asset value of the REIT. In addition, the Group will be entitled to receive other fees from the REIT including fees in connection with the acquisition or disposal of assets, property management and leasing services.

Charter Hall WALE Limited, as responsible entity of the REIT, is expected to lodge a Product Disclosure Statement (PDS) with ASIC for an offer of Securities in the REIT on 27 September 2016. It is expected the PDS will be available for download from the Offer's website at <https://www.charterhall.com.au/> from 9.00am (Sydney time) Wednesday, 5 October 2016. Investors should consider the PDS in making any decision in connection with whether to acquire Securities in the REIT.

Charter Hall has appointed J.P. Morgan Australia Limited and UBS AG, Australia Branch as Joint Lead Managers on the transaction and King and Wood Mallesons as Legal advisor.

This announcement has been prepared for publication in Australia and may not be released or distributed in the United States. This announcement does not constitute an offer of securities for sale in the United States or any other jurisdiction. Any securities described in this announcement may not be offered or sold in the United States absent registration under the US Securities Act of 1933 or an exemption from registration.

About Charter Hall

Charter Hall Group (ASX:CHC) is 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 \$17.5 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

David Harrison
Managing Director and Group CEO
Charter Hall
T +61 2 8651 9142
david.harrison@charterhall.com.au

For media enquiries, please contact

Angus Booth
Communications Manager
Charter Hall
T +61 2 8651 9223
angus.booth@charterhall.com.au

For investor enquiries, please contact

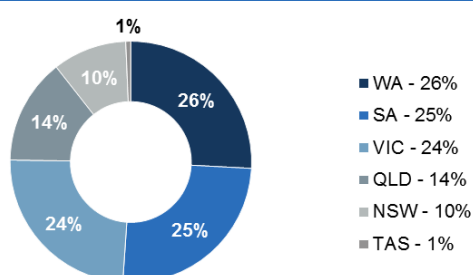
Richard Stacker
Global Head of Investor Relations
Charter Hall
T +61 2 8651 9260
richard.stacker@charterhall.com.au



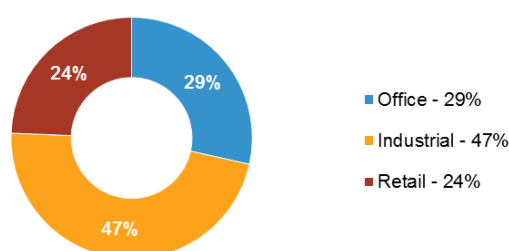
Annexure A – overview of the initial portfolio

Sector	Properties	Independent Valuation ²	WACR ³	WARR ⁴	WALE ⁵	Occupancy
		[\$m]	[%]	[%]	[years]	[%]
Office	2	\$357.2	6.0%	3.4%	12.4	100%
Industrial	10	\$590.8	6.7%	2.8%	10.3	100%
Retail	54	\$305.4	6.2%	CPI (2.0%)	18.3	100%
Total / average	66	\$1,253.4	6.4%	2.8%	12.5	100%

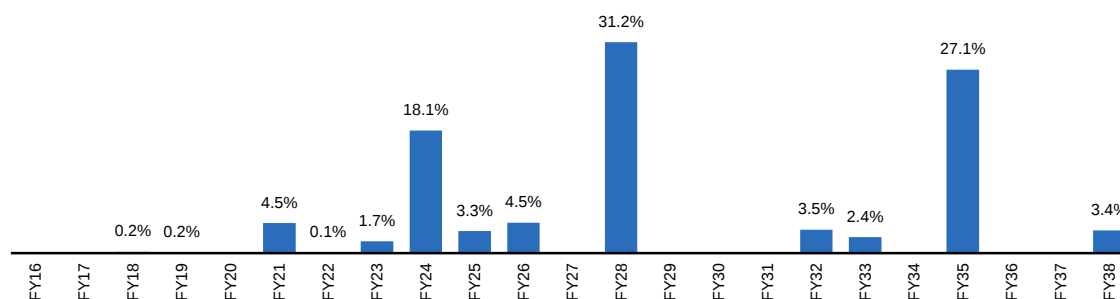
Geographic diversity⁶



Sector diversity⁷



Portfolio tenant lease expiry profile⁸



² Independent Valuation as at 30 June 2016 except for Woolworths Distribution Centre, Dandenong which is as at 17 December 2015 on a practical completion basis and Coles Distribution Centre, Truganina which is as at 5 July 2016 (REIT ownership interest).

³ Weighted by Independent Valuation (REIT ownership interest).

⁴ WARR weighted by gross passing income as at 30 June 2016 (REIT ownership interest). CPI is assumed at 2% over the forecast period

⁵ As at 30 June 2016, weighted by gross passing income (REIT ownership interest).

⁶ Independent Valuation as at 30 June 2016 except for Woolworths Distribution Centre, Dandenong which is as at 17 December 2015 on a practical completion basis and Coles Distribution Centre, Truganina which is as at 5 July 2016 (REIT ownership interest).

⁷ Independent Valuation as at 30 June 2016 except for Woolworths Distribution Centre, Dandenong which is as at 17 December 2015 on a practical completion basis and Coles Distribution Centre, Truganina which is as at 5 July 2016 (REIT ownership interest).

⁸ By gross passing income (REIT ownership interest). Totals may not equal 100% due to rounding.



Annexure B – Board and management biographies

Director	Experience
 Peeyush Gupta, Independent Non-Executive Chairman	• Peeyush has over 30 years' experience in finance and investment management. • Peeyush currently holds several Non-Executive Directorships including National Australia Bank Limited, Special Broadcasting Service (SBS), BNZ Life, and Insurance & Care (NSW). He is also Chairman of MLC RE and IDPS and Charter Hall Direct Property Management Limited.
 Glenn Fraser, Independent Non-Executive Director	• Glenn has over 30 years' experience in infrastructure and property. • Glenn was a member of the Transfield Holdings Advisory Board from 1998 – 2015 and a non-executive director of Charter Hall from 2005 – 2012. • On joining Transfield Holdings in 1996, Glenn was General Manager – Finance Project Development. He was appointed Chief Financial Officer in 1998.
 Ceinwen Kirk-Lennox, Independent Non-Executive Director	• Ceinwen has over 31 years' experience in many aspects of property including agency, property development, project and construction management, and community development. • Ceinwen's executive career includes 26 years at Lendlease Corporation, where she held executive roles, running business units, client accounts and functions across the Lendlease Group. • Ceinwen is a National Director of the Property Industry Foundation, and an Advisory member of the Western Sydney Institute of TAFE.
 David Harrison Executive Director	• David has 29 years' of global property market experience across office, retail and industrial sectors in multiple geographies. • As Charter Hall Managing Director and Group CEO, David is responsible for all aspects of the Charter Hall business, with specific focus on strategy and continuing the momentum from building a \$17.5 billion investment manager recognised as a multi-core sector market leader.



Adrian Taylor
Executive Director

- Adrian Taylor has 24 years' experience in real estate management and is Charter Hall's Head of Office. He is a member of Charter Hall's Executive Leadership Group and Chairs the Corporate Responsibility and Sustainability Committee.
- Adrian currently leads the office platform including setting the strategy and objectives of the Wholesale office funds in conjunction with the Charter Hall fund managers and wholesale investors and guides the asset management, property management, technical service and development teams.

Management

Experience



Avi Anger
LWR Fund Manager

- Avi joined Charter Hall in 2003 and has worked across a number of areas of the business including transactions, investment management and development.
- Prior to his current role as LWR Fund Manager, Avi was Head of Transactions & Advisory and was responsible for all property transactions of the Group and its managed funds. Avi has headed up the Transactions & Advisory division since March 2009 and has played a key role in the growth of the Group's funds under management from \$3 billion in 2009 to over \$17.5 billion today.
- Prior to joining Charter Hall, Avi worked at Terrace Tower Group and at Ernst & Young in the Corporate Advisory division.
- Avi holds a Bachelor of Commerce and a Masters of Commerce degree from the University of New South Wales.



Ben Ellis,
Deputy LWR Fund Manager

- Ben is a member of Charter Hall's Retail Leadership Team and has extensive experience as Charter Hall's wholesale funds across the retail sector spanning shopping centres, Long WALE hardware and retail assets.
- Prior to this, Ben was the Head of Portfolio Operations for Charter Hall Retail REIT (CQR) in Europe before returning to Australia in 2014 to take up his existing role.
- Ben holds a Bachelor of Property Economics from Queensland University of Technology.



Kerri Leech,
Head of LWR and Industrial Finance

- Kerri is a member of both of Charter Hall's Finance and Industrial Leadership Groups and oversees the financial management of 87 industrial assets owned by a number of Charter Hall wholesale and retail funds with combined funds under management of \$4.5 billion.
- Kerri was previously the Corporate Controller for the Charter Hall Group and prior to joining Charter Hall, she was a Director in the Assurance division of PricewaterhouseCoopers.
- Kerri has both listed and unlisted experience working across a broad range of industries in Australia, the United States and Canada.
- Kerri is a Chartered Accountant and holds a Bachelor of Business from the University of Alberta, Canada.