

ASX Release

AGM - Chair and Fund Manager Address

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Responsible Entity of Charter Hall
Long WALE REIT

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Chair's Address

Welcome to CLW's 2022 Annual General Meeting. It's my pleasure to address this meeting today.

I'd like to spend some time today discussing CLW's achievements and then I'll hand over to Avi Anger to provide an update on the operational and financial performance for FY22.

Since CLW's listing on the ASX in November 2016, the Management and Board have been focused on executing the REIT's strategy of providing investors with stable, secure and growing income and capital growth. Today CLW is Australia's largest diversified long WALE REIT, included in the ASX200 and is a top 10 listed AREIT by market capitalisation.

CLW has a best in class \$7.1 billion diversified real estate portfolio consisting of 549 properties with a long dated average lease term of 12 years. 52% of the income of the REIT comes from triple net lease properties. This is an important feature of CLW's portfolio given that under a triple net lease structure, the tenant is responsible for all outgoings, maintenance and capital expenditure. In addition, 80% of CLW's portfolio is now located in markets on the Eastern Seaboard of Australia. These factors enhance the security and continuity of CLW's income.

When we compare CLW to the large and mid-cap passive A-REIT peers, CLW's Operating EPS and DPS CAGR of 3.8% across the 5-year period since listing is the strongest among its peer-set, reflecting the quality of the portfolio and attractive lease structures in place.

CLW's portfolio continues to be diversified by tenant, industry, geography and property type which contributes to the stability of its cash flow. CLW has a high-quality income stream generated from blue chip tenants, with 99% of the tenants of the REIT consisting of Government, ASX listed, multinational or national businesses. CLW's largest tenants are the Endeavour Group, Government, Telstra and BP, who collectively account for 59% of the REIT's income.

CLW's properties are leased to 81 tenants across Australia and New Zealand and diversified across long WALE retail, office, industrial, social infrastructure and agri-logistics sectors. All the leases in our portfolio have annual rent increases providing strong year-on-year income growth consisting of a mix of fixed and CPI linked annual increases.

That income growth benefits from increases in inflation. 49% of rent increases across CLW's portfolio are linked to CPI. This is a material increase from 40% last year, which is particularly attractive in the current inflation environment with a forecast weighted average increase in income across CLW's CPI linked leases of 6.3% in FY23. The average fixed increase across the portfolio was a high 3.1%.

52% of the income of the REIT now comes from triple net lease properties. This provides CLW investors with a portfolio that requires a relatively low level of capital investment to maintain, thereby improving returns.

The Board is also committed to ensuring CLW retains a prudent capital management position. Balance sheet gearing as at 30 June was 29.9%, within CLW's target gearing range of 25-35% and a weighted average debt maturity of 5.2 years.

The Board also remains focused on implementing sustainability initiatives across CLW's portfolio and consider ESG as a driver of long-term value for investor and tenant customers.

CLW has achieved an approximate 50% reduction in emissions under operational control because of our office and industrial sector being powered by 100% grid supplied renewables in FY22. Additionally, CLW is proud to partner with tenant customers, agreeing to install an additional 5.6MW's of onsite solar in the next year.

CLW has leveraged its Green Credentials to execute sustainable finance transactions including at its property at 242 Exhibition Street, Melbourne. CLW also achieved 72 in the 2021 GRESB assessment, an increase of 10 points compared to the prior period, evidence of its commitment to continuous improvement.

Good governance is an important element of Sustainability and is something your Board of Directors is keenly focused on. One of our roles as Directors is to ensure management adhere to the Strategy of the REIT. The independent Directors maintain oversight of the services provided by the Charter Hall Group to CLW, ensuring a level of service that is consistent and appropriate for the fees charged. Within this capacity, we regularly engage external consultants to benchmark these fees to ensure they are appropriate and consistent with market standards and that CLW Securityholders are receiving value for money. We also appoint the external auditors to audit the accounts and then it is the responsibility of the Directors to approve the REIT's financial statements.

In fulfilling these duties, I would like to assure Securityholders that your Directors are ever-mindful of their responsibilities to act in the interests of all Securityholders and we endeavour to ensure CLW continues to provide investors with stable and secure income and the potential for both income and capital growth through an exposure to a portfolio of high-quality properties and tenants with a long WALE. The Board remains committed to aligning with best practice frameworks to support transparency and disclosure.

Finally, I would like to also acknowledge that the achievements I have outlined today, have all been achieved as a result of the management of the REIT by Charter Hall Group. Investors in CLW receive the benefit of the quality and experience of Charter Hall's capabilities including acquisitions, asset management, property management, development, finance, legal and treasury services.

Thank you for your ongoing support and interest in CLW.

I will now hand over to Avi Anger, Fund Manager Charter Hall Long WALE REIT to review the year's financial and operating performance and discuss the outlook for FY23.

Fund Manager's Address

Thank you Peeyush.

I would like to start by briefly discussing the financial performance of the REIT in FY22 and some of the highlights from the year.

I am pleased to report that we achieved strong operating performance over the year, delivering operating EPS of 30.5 cents per security. This represents growth of 4.5% over FY21.

Consistent with the FY21 results, there was negligible impact on the REIT's FY22 financial earnings as a result of the COVID-19 pandemic, given the very small exposure to tenants entitled to rent relief. Our

exposure to major national tenants in non-discretionary and defensive industries means CLW was well insulated against mandated Covid-19 shutdowns.

Our NTA at 30 June 2022 was \$6.17 per security, up 18.2% from \$5.22 at 30 June 2021.

Over the year, we delivered \$670m of net valuation uplift for our investors demonstrating the quality and resilience of the portfolio. We achieved valuation uplifts across our entire portfolio vindicating our focus on long WALE real estate.

CLW has a long WALE of 12 years providing security and continuity of income to our investors. 49% of lease rent reviews are CPI linked with a 6.3% weighted average forecast increase in FY23. 52% of the income of CLW is from triple-net leases.

Balance sheet gearing was 29.9%, within our target gearing range 25-35% and CLW has a weighted average debt maturity of 5.2 years. During FY22 we completed some significant capital management achievements.

We completed \$1.7 billion of debt initiatives in the period which included successfully re-financing \$1 billion dollars of existing facilities with an average extension term of 1.5 years as well as securing an increase of \$357 million dollars to existing facilities. The REIT also secured \$355 million dollars of new facilities with an average term of 6.1 years to partially fund acquisition activity. In total, these debt initiatives represent close to 50% of the REIT's debt platform and provide the REIT with secure, long term financing. The REIT has \$2.1 billion of its debt hedged which reflects a hedged position of 77% for FY23 with a weighted average hedge maturity of 2.9 years.

The portfolio value is now approximately \$7.1 billion, occupancy is 99.9% and the portfolio average cap rate is 4.35%. During the year we further enhanced the portfolio with \$923m of acquisitions. These acquisitions have increased the number of properties of the REIT to 549.

During the year, CLW completed the acquisition of a 50% interest in ALE Property Group together with investment partner Hostplus, one of Australia's largest industry superannuation funds.

The national portfolio of 78 high quality pubs and bottle shops is located in predominantly metro locations along the east coast of Australia. The properties feature triple-net leases to best in class ASX listed tenant, Endeavour Group, with the portfolio featuring uncapped annual CPI reviews and an open market review in 6 years. The large land holdings and significant under-rented portfolio provide the opportunity for income and capital growth well into the future. This portfolio of pubs has been externally revalued resulting in an \$99 million valuation uplift from acquisition

An important part of our strategy is to grow and enhance our portfolio through accretive acquisitions. In addition to the previously mentioned acquisition of 50% of the ALE Property Group, during the year, we also acquired 3 modern industrial and logistics facilities for a total consideration of \$88 million.

The acquisitions include:

- One of Australia's largest waste-to-energy facilities located in Sydney and leased to a joint venture between Cleanaway and ResourceCo. The property was acquired off market and features a long, 15.9 year WALE; and
- The Modern Star Distribution Centre in Brisbane and the Toyota Material Handling distribution centre in Brisbane were the other acquisitions completed in the year.

The ALE Group and industrial acquisitions demonstrate our focus on transactions offering attractive, long-term, risk adjusted returns, but also mindful of downside protection. Investing in properties strategically important to our tenants, with strong tenant credit, favouring large companies and properties with high underlying land value.

All properties acquired in the year were independently valued since acquisition materially higher than the purchase price. Whilst the benefit of a long WALE portfolio is the long-dated nature of the REIT's expiry profile, we are focused on pro-actively extending leases ahead of their expiry dates.

We recently announced that CLW has executed a long-term lease extension with Metcash at our Canning Vale Distribution Centre in Perth. As a result, this expiry which was to occur in FY24 has been pushed out by 10 years and to FY34. The agreement with Metcash includes expansion of facilities on the site and installation of a significant rooftop solar system. This lease extension demonstrates the active and collaborative approach of CLW to achieve mutually beneficial outcomes for investors and tenant customers and was made possible as a result of the deep relationships across Charter Hall's business with Metcash and highlights the significant benefits which CLW receives by being part of the Charter Hall platform.

CLW also recently entered into a 10-year lease with the listed Emeco at our property in Osborne Park, Perth. This takes this building to 100% leased with a WALE of approximately 10 years.

Our portfolio of long WALE properties is leased to high quality tenants including Endeavour Group, Government, Telstra, bp, Inghams and Coles and provides CLW with tenant diversification to a best in class tenant register.

The acquisitions completed during the period further increase our exposure to the Endeavour Group, whilst the introduction of new tenants in the period further diversifies our tenant base. CLW's portfolio has a long-dated lease expiry profile and reflects a low risk position relative to our peers in the sector. Our portfolio WALE, quality of tenants and proportion of triple net leases provides better downside protection and more resilient income streams for our investors.

Looking forward, I'd like to reaffirm CLW's FY23 earnings guidance that based on information currently available and barring any unforeseen events, CLW provides FY23 Operating EPS guidance of 28.0 cents and distribution per security guidance of 28.0 cents.

Based on yesterday's closing price, this represents a 6.8% distribution yield.

In closing, I would like to thank the Directors of CLW for their on-going guidance and support in the running of CLW and you our Securityholders, for your trust and support.

We remain focused on delivering a long WALE resilient portfolio leased to high quality tenants and providing investors with both income and capital growth over the long term.

I would now like to hand back to our Chair, Peeyush to conduct the formal business.

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 30 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 curated a diverse \$69.1 billion property portfolio of 1,548 high quality properties. With partnership at the heart of our approach, we're creating places that help grow communities, turning them into the best they can be and unlocking hidden value. Taking a long-term view, our \$16.0 billion development pipeline delivers sustainable, technologically enabled projects for our customers.

Charter Hall has also extended its Fund Management capability with a 50% investment in the listed equities Fund Manager Paradise Investment Management (PIM), which invests on behalf of wholesale and retail investors across domestic and global listed equities.

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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