

ASX Release

Charter Hall Long WALE REIT 1H FY24 Results

8 February 2024

Charter Hall WALE Limited
ACN 610 772 202
AFSL 486721

Responsible Entity of Charter Hall
Long WALE REIT

Level 20, No.1 Martin Place
Sydney NSW 2000
GPO Box 2704

Sydney NSW 2001

T +61 2 8651 9000

www.charterhall.com.au

Charter Hall Long WALE REIT (ASX:CLW) (the REIT) today announces its half year results for the period ending 31 December 2023 (1H FY24). Key financial and operational highlights for the period are:

Financial highlights:

- Operating earnings of \$94.0 million, or 13.0 cents per security (cps)
- Distributions of 13.0cps
- Net tangible assets (NTA) of \$5.14 per security
- Statutory earnings of (\$258.4) million
- 4.3% weighted average rent review
- Portfolio weighted average lease expiry (WALE) of 10.8 years
- Portfolio weighted average cap rate of 5.08%

Operating highlights:

- Successful portfolio recycling with \$85.1 million divestment of three industrial assets (Australia Post, Kingsgrove NSW, Coates Hire, Kingston QLD and Veolia, Campbellfield Vic).
- \$36.5 million¹ office divestment of 40 Tank Street, Brisbane QLD
- \$23.0 million sale of a Convenience retail centre anchored by Ampol at Redbank Plains, QLD
- In addition to the \$145.8² million in completed or unconditional disposals, CLW has in excess of \$500 million of divestments in due diligence
- 53% triple net (NNN) leases across the portfolio, where the tenants are responsible for all outgoing, maintenance and capital expenditure
- 52% of leases with inflation-linked annual reviews with a 5.4% weighted average increase in FY24³

¹ Sale price of \$36.5 million represents CLW's 50% interest. Total asset sale price of \$73 million.

² Includes two convenience retail properties sold by bp Australia at or above book value, for a combined value of \$1.3 million (CLW's interest).

³ Reflects the June 2023 CPI of 6.0%, September 2023 CPI of 5.4% and December 2023 CPI of 4.1%. The majority of the REIT's CPI-linked leases are linked to September annual CPI.

- 48% of leases with annual fixed reviews with an average fixed increase of 3.1%

Avi Anger, Charter Hall Long WALE REIT Fund Manager commented: “CLW’s portfolio continues to demonstrate its resilience with strong income growth driven by 4.3% weighted average rent reviews across the portfolio. The attractiveness of our assets has been demonstrated with the \$145.8 million of completed or unconditional disposals achieved during the period. Further, we have in excess of \$500 million of assets currently in due diligence to divest. We remain confident that CLW continues to be well placed to deliver strong rental growth, while the attractive nature of our assets provides opportunities to selectively curate the portfolio and build further balance sheet capacity.”

Portfolio update

Portfolio curation remains a key strength of the Charter Hall platform. During 1H FY24, CLW executed \$145.8 million of completed or unconditional divestments. Divestment pricing was in-line with December 2023 book values.

- **Divestments:**
 - \$39.3 million divestment of Australia Post, Kingsgrove, NSW with 2.7 years lease term remaining
 - \$38.7 million divestment of Coates Hire, Kingston, QLD with 9 years lease term remaining
 - \$7.1 million divestment of Veolia Campbellfield, Vic with a 1 year lease term remaining
 - \$36.5 million divestment of 40 Tank Street, Brisbane, QLD with 2.7 years WALE remaining
 - \$23 million divestment of Ampol, Redbank Plains, QLD convenience retail centre with 6.2 years WALE remaining

Portfolio valuations

CLW had 94%¹ of the portfolio by gross asset value independently valued as at 31 December 2023 with the balance of the portfolio having been independently valued at 30 June 2023.

The valuations resulted in a \$306 million, or 4.5% net decrease from prior book values. The overall portfolio value decreased from \$6,854² billion to \$6,508 billion and the portfolio average cap rate expanded 31bps from 4.77% to 5.08%.

At the end of the period, the REIT’s diversified portfolio is 99.9% occupied and comprised 546 properties with a long WALE of 10.8 years.

Capital position

During 1H FY24, CLW refinanced and extended \$320 million of balance sheet and look-through debt facilities. Post balance date, CLW has refinanced and extended a further \$500 million of balance sheet facilities.

In September 2023, Moody’s reaffirmed CLW’s Baa1 investment grade rating.

CLW has a weighted average debt maturity of 4.7 years with staggered maturities over a six-year period from FY27 to FY32. Including the proceeds from unconditional or settled disposals post balance date, CLW’s look-through drawn debt is 82% hedged with a weighted average hedge maturity of 2.1 years. Balance sheet gearing is 34.5% and look-through gearing is 41.2%. CLW has \$372 million of cash and undrawn debt.

¹ Excluding assets held for sale as at 31 December 2023.

² Reflects book values as at 30 June 2023, adjusted for all capital expenditure and additions in the six-month period to 31 December 2023.

FY24 Guidance

Based on information currently available and barring any unforeseen events, CLW reconfirms FY24 Operating EPS guidance of 26.0 cents and distribution per security guidance of 26.0 cents. Based upon yesterday’s closing price, this represents a 6.9% distribution yield¹.

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](#)). Charter Hall is one of Australia’s leading fully integrated property investment and funds management groups. We use our expertise to access, deploy, manage and invest equity to create value and generate superior returns for our investor customers. We’ve curated a diverse portfolio of high-quality properties across our core sectors – Office, Industrial & Logistics, Retail and Social Infrastructure. With partnerships and financial discipline at the heart of our approach, we create and invest in places that support our customers, people and communities grow.

For further enquiries, please contact
Avi Anger
Fund Manager
Charter Hall Long WALE REIT
T +61 2 8651 9111
avi.anger@charterhall.com.au

For investor enquiries, please contact
Philip Cheetham
Head of Listed Investor Relations
Charter Hall
T +61 403 839 155
philip.cheetham@charterhall.com.au

For media enquiries, please contact
Megan Moore
Senior Communications & Media Manager
Charter Hall
T + 61 434 225 643
megan.moore@charterhall.com.au

¹ Based on CLW forecast FY24 DPS of 26.0c divided by the CLW security price of \$3.75 as at 7 February 2023

For personal use only