

# Charter Hall Long WALE REIT

ARSN 144 613 641

Interim financial report  
For the half year ended 31 December 2023



## Important Notice

The Charter Hall Long WALE REIT (REIT or CLW) consists of the securities of the two Australian registered schemes listed below (collectively referred to as the Stapled Trusts):

- Charter Hall Direct Industrial Fund (DIF) and its controlled entities (ARSN 144 613 641); and
- LWR Finance Trust (Finance Trust) and its controlled entity (ARSN 614 713 138).

Charter Hall WALE Limited ABN 20 610 772 202; AFSL 486721 (CHWALE) is the Responsible Entity of the Stapled Trusts and is a controlled entity of Charter Hall Limited ABN 57 113 531 150 (Charter Hall).

Past performance is not a reliable indicator of future performance. Due care and attention has been exercised in the preparation of forecast information; however, forecasts, by their very nature, are subject to uncertainty and contingencies, many of which are outside the control of CHWALE. Actual results may vary from forecasts and any variation may be materially positive or negative.

This report has been prepared for general information purposes only and is not an offer or invitation for subscription or purchase of, or recommendation of, securities. It does not take into account the investment objectives, financial situation or needs of any investor. Before investing, the investor or prospective investor should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances and consult an investment adviser if necessary.

CHWALE does not receive fees in respect of the general financial product advice it may provide; however, it will receive fees for operating the REIT which, in accordance with the REIT's constitutions, are calculated by reference to the value of the assets. Controlled entities of Charter Hall may also receive fees for managing the assets of, and providing resources to, the REIT. Charter Hall and its related entities, together with their Officers and Directors, may hold securities in the REIT from time to time.

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## Directors' report

The Directors of Charter Hall WALE Limited (CHWALE) present their report together with the consolidated financial report of Charter Hall Direct Industrial Fund (DIF) and its controlled entities (together Charter Hall Long WALE REIT, REIT or CLW) and the consolidated financial report and other information of LWR Finance Trust and its controlled entity (together Finance Trust) for the half year ended 31 December 2023.

### Principal activities

The principal activity of the REIT during the period was property investment. The principal activity of the Finance Trust during the period was financing the REIT through the Intra-Group Facility Agreement (IGFA). There were no significant changes in the nature of either the REIT's or Finance Trust's activities during the period.

### Directors

The following persons have held office as Directors of the Responsible Entity during the half year period and up to the date of this report:

- Peeyush Gupta AM                      – Chairman and Non-Executive Director
- Glenn Fraser                              – Non-Executive Director
- Ceinwen Kirk-Lennox                  – Non-Executive Director
- David Harrison                          – Executive Director and Chief Executive Officer/Managing Director of Charter Hall Group
- Carmel Hourigan                        – Executive Director

### Distributions

Distributions paid or declared during the half year ended 31 December 2023 are as follows:

	Number of securities on issue entitled to distribution	31 Dec 2023 Cents per security	\$'000	Number of securities on issue entitled to distribution	31 Dec 2022 Cents per security	\$'000
<b>Ordinary securityholders of DIF</b>						
30 September	722,955,466	6.50	46,992	722,955,466	7.00	50,607
31 December*	722,955,466	6.50	46,992	722,955,466	7.00	50,607
<b>Total distributions</b>		<b>13.00</b>	<b>93,984</b>		<b>14.00</b>	<b>101,214</b>

\* A liability has been recognised in the consolidated financial statements as the interim distribution had been declared as at the balance date.

Finance Trust did not declare any distributions in its own right in the current or prior periods.

### Distribution reinvestment plan (DRP)

The REIT has established a Distribution Reinvestment Plan (DRP) under which securityholders may elect to have all or part of their distribution entitlements satisfied by the issues of new securities rather than being paid in cash.

The DRP issue price is determined at a discount of 1.0% to the daily volume weighted average price of all securities traded on the ASX during the 10 business days commencing on the third business day following the distribution record date. The DRP was not active during the period.

## Directors' report (continued)

### Review and results of operations

The financial results of the REIT and LWR Finance Trust are summarised as follows:

	Charter Hall Long WALE REIT		Finance Trust	
	6 months to 31 Dec 2023	6 months to 31 Dec 2022	6 months to 31 Dec 2023	6 months to 31 Dec 2022
Total revenue (\$'000)	<b>110,972</b>	112,712	<b>50,615</b>	37,392
Statutory (loss)/profit (\$'000)	<b>(258,372)</b>	141,048	<b>(24,831)</b>	(2,793)
Basic (loss)/earnings per stapled security (cents)	<b>(35.74)</b>	19.51	<b>(3.43)</b>	(0.39)
Operating earnings of the REIT (\$'000)	<b>93,952</b>	101,225	-	-
Operating earnings of the REIT per stapled security (cents)	<b>13.00</b>	14.00	-	-
Distributions (\$'000)	<b>93,984</b>	101,214	-	-
Distributions per stapled security (cents)	<b>13.00</b>	14.00	-	-

  

	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
Total assets (\$'000)	<b>5,931,777</b>	6,203,453	<b>2,173,248</b>	2,117,474
Total liabilities (\$'000)	<b>2,212,533</b>	2,133,660	<b>2,130,904</b>	2,050,299
Net assets attributable to securityholders (\$'000)	<b>3,719,244</b>	4,069,793	<b>42,344</b>	67,175
Stapled securities on issue ('000)	<b>722,955</b>	722,955	<b>722,955</b>	722,955
Net assets per stapled security (\$)	<b>5.14</b>	5.63	<b>0.06</b>	0.09
Balance sheet gearing - total debt (net of cash) to total assets (net of cash)	<b>35.7%</b>	32.9%	-	-
Look-through gearing - total debt (net of cash) to total assets (net of cash)	<b>42.1%</b>	40.1%	-	-

The REIT recorded a statutory loss of \$258.4 million for the half year ended 31 December 2023 (31 December 2022: \$141.0 million profit). Operating earnings amounted to \$94.0 million (13.00 cents per stapled security) for the half year ended 31 December 2023 (31 December 2022: \$101.2 million; 14.00 cents per stapled security) and a distribution of \$94.0 million (13.00 cents per stapled security) was declared for the same period (31 December 2022: \$101.2 million; or 14.00 cents per stapled security).

The table below sets out income and expenses that comprise operating earnings on a proportionate consolidation basis:

	6 months to 31 Dec 2023	6 months to 31 Dec 2022
	\$'000	\$'000
Net property income	<b>167,334</b>	160,944
Interest income	<b>1,277</b>	701
Fund management fees	<b>(15,925)</b>	(15,640)
Finance costs	<b>(56,284)</b>	(41,899)
Administration and other expenses	<b>(2,450)</b>	(2,881)
<b>Operating earnings</b>	<b>93,952</b>	101,225

Further detail on operating earnings is contained in Note A1.

Operating earnings is a financial measure which represents profit under Australian Accounting Standards adjusted for net fair value movements, non-cash accounting adjustments such as straight lining of rental income and amortisations and other unrealised or one-off items that are not in the ordinary course of business or are capital in nature.

The inclusion of operating earnings as a measure of the REIT's profitability provides investors with the same basis that is used internally for evaluating operating segment performance. Operating earnings is used by the Board to make strategic decisions and as a guide to assessing an appropriate distribution to declare.

The uncertainty of the current geopolitical events and subsequent increase in consumer price inflation and interest rates in Australia may have an impact on the future performance of the portfolio. The REIT benefits from its inflation-linked revenue streams and the interest rate hedging in place.



## Directors' report (continued)

The reconciliation of operating earnings to statutory profit is set out below:

	6 months to 31 Dec 2023 \$'000	6 months to 31 Dec 2022 \$'000
<b>Operating earnings</b>	<b>93,952</b>	101,225
Net fair value movements on investment properties*	<b>(306,321)</b>	55,108
Net fair value movements on debt and derivative financial instruments*	<b>(41,844)</b>	(16,026)
Net fair value movements on investments at fair value through profit or loss	<b>110</b>	60
Straight lining of rental income, amortisation of lease fees and incentives*	<b>(1,313)</b>	1,127
Acquisition related and other costs*	<b>-</b>	(1,060)
Loss on debt extinguishment*	<b>(1,772)</b>	(573)
Foreign exchange(losses)/gains	<b>(63)</b>	1,125
Income support	<b>(1,115)</b>	-
Other	<b>(6)</b>	62
<b>Statutory (loss)/profit for the half year</b>	<b>(258,372)</b>	141,048
<b>Basic weighted average number of stapled securities ('000)</b>	<b>722,955</b>	722,955
<b>Basic (loss)/earnings per stapled security (cents)</b>	<b>(35.74)</b>	19.51
<b>Operating earnings per stapled security (cents)</b>	<b>13.00</b>	14.00

\* Includes the REIT's proportionate share of non-operating items of joint ventures on a look-through basis.

### Fair value movements on investment properties

The net fair value movements on investment properties totalling a loss of \$306.3 million (31 December 2022: gain of \$55.1 million) comprised: valuation losses on a proportionate consolidation basis totalling \$305.3 million (31 December 2022: gain of \$62.6 million), revaluation decrements attributable to disposal costs of \$2.3 million (31 December 2022: \$6.4 million) and revaluation increment attributable to straight lining of rental income, amortisation of lease fees and incentives of \$1.3 million (31 December 2022: decrement of \$1.1 million).

Over the six months from 30 June 2023 to 31 December 2023 the REIT's portfolio valuation decreased by 4.5%, including joint ventures. External valuations were conducted at 31 December 2023 for 94% of the REIT's portfolio, including joint ventures.

### Significant changes in the state of affairs

#### Disposals

During the period, the REIT disposed of the following assets:

	Disposal date	Disposal price \$'000
Australia Post, Kingsgrove NSW	18/12/2023	39,250
<b>Total disposals</b>		<b>39,250</b>

As at 31 December 2023, the REIT had exchanged contracts for the disposal of 3 assets located in Queensland and 1 in Victoria for total consideration of \$105.3 million.

### Debt arrangements and hedging

In December 2023, the REIT extended the term for \$270 million of debt facilities due to expire in November 2026 for a new five year term expiring in December 2028.

In September 2023, the REIT entered into \$200 million of interest rate swaps with a forward start date of 20 June 2025. The interest rate swaps are for a period of one year at a rate of 3.78%.

In December 2023, the REIT entered into a \$100 million interest rate swap with a forward start date of 20 June 2025. The interest rate swap is for a period of 2 years at a rate of 3.74%.

#### Debt facilities in joint ventures and associates

In September 2023, LWIP refinanced its existing syndicated facility and which was due to expire in November 2026 for a new 5 year debt facility expiring in September 2028.

In November 2023, CH LEP Holding Trust repaid \$180.0 million of CIB notes (CLW share: \$90.0 million). The REIT funded its share of the repayment of CIB Notes with available capacity from its bilateral debt facilities.

## Directors' report (continued)

There were no other significant changes in the state of affairs of the REIT or Finance Trust that occurred during the period under review.

### Likely developments and expected results of operations

The consolidated financial statements have been prepared on the basis of current known market conditions. The extent to which a potential deterioration in either the capital or property markets that may have an impact on the results of the REIT or Finance Trust is unknown. Such developments could influence property market valuations, the ability to refinance debt and the cost of such debt, or the ability to raise equity.

At the date of this report and to the best of the Directors' knowledge and belief, there are no other anticipated changes in the operations of the REIT or Finance Trust which would have a material impact on their future results. Property valuation changes, movements in the fair value of derivative financial instruments and movements in interest rates may have a material impact on the REIT's and Finance Trust's results in future years, however, these cannot be reliably measured at the date of this report.

### Matters subsequent to the end of the financial period

On 12 January 2024, the REIT settled the disposal of Campbellfield Industrial Centre, VIC for total consideration of \$7.1 million.

On 31 January 2024, the REIT settled the disposal of 40 Tank St, QLD for total consideration of \$36.5 million.

In January 2024, the REIT extended the terms of \$500 million of debt facilities due to expire in 2026 for new five year terms expiring in January 2029.

The Directors of the Responsible Entity are not aware of any other matter or circumstance not otherwise dealt with in this report or the consolidated financial statements that has significantly affected or may significantly affect the operations of the REIT or Finance Trust, the results of their operations or the state of affairs of the REIT or Finance Trust in future financial years.

### Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 8.

### Rounding of amounts to the nearest hundred thousand dollars

As permitted by ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 (as amended) issued by the Australian Securities and Investments Commission relating to the 'rounding off' of amounts in the Directors' report and consolidated financial statements. Amounts in the Directors' report and consolidated financial statements have been rounded to the nearest thousand dollars, unless otherwise indicated.

This report is made in accordance with a resolution of the Board of Directors of Charter Hall WALE Limited.

### Directors' authorisation

The Directors' report is made in accordance with a resolution of the Directors. The financial statements were authorised for issue by the Directors on 8 February 2024. The Directors have the power to amend and re-issue the financial statements.



Peeyush Gupta AM  
Chairman

Sydney  
8 February 2024



## Auditor's Independence Declaration

As lead auditor for the review of Charter Hall Long WALE REIT and Finance Trust for the half-year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Charter Hall Direct Industrial Fund and the entities it controlled during the period and LWR Finance Trust and the entity it controlled during the period (together "Charter Hall Long WALE REIT") and LWR Finance Trust and the entity it controlled during the period (together "Finance Trust").

A handwritten signature in black ink that reads "Klynton Hankin".

Klynton Hankin  
Partner  
PricewaterhouseCoopers

Sydney  
8 February 2024



## Consolidated statements of comprehensive income

For the half year ended 31 December 2023

	Notes	Charter Hall Long WALE REIT		Finance Trust	
		6 months to 31 Dec 2023 \$'000	6 months to 31 Dec 2022 \$'000	6 months to 31 Dec 2023 \$'000	6 months to 31 Dec 2022 \$'000
<b>Revenue</b>					
Property income	A1	110,185	112,304	-	-
Interest income	A1	787	408	50,615	37,392
<b>Total revenue</b>		<b>110,972</b>	112,712	<b>50,615</b>	37,392
<b>Other income</b>					
Share of net profit from joint ventures	B2	-	125,148	-	-
Net fair value gain on financial assets	B3	110	60	-	-
Foreign exchange gains		-	1,125	-	1,082
<b>Total other income</b>		<b>110</b>	126,333	-	1,082
<b>Total revenue and other income</b>		<b>111,082</b>	239,045	<b>50,615</b>	38,474
<b>Expenses</b>					
Property expenses		(18,255)	(17,340)	-	-
Fund management fees		(15,625)	(15,322)	(170)	(215)
Finance costs	C1	(41,955)	(29,022)	(42,368)	(29,022)
Administration and other expenses		(1,862)	(2,468)	(40)	(21)
Net fair value loss on investment properties	B1	(229,206)	(20,776)	-	-
Share of net loss from joint ventures	B2	(27,288)	-	-	-
Net fair value loss on derivative financial instruments		(35,200)	(12,009)	(32,868)	(12,009)
Acquisition related costs		-	(1,060)	-	-
Foreign exchange losses		(63)	-	-	-
<b>Total expenses</b>		<b>(369,454)</b>	(97,997)	<b>(75,446)</b>	(41,267)
<b>Net (loss)/profit for the half year</b>		<b>(258,372)</b>	141,048	<b>(24,831)</b>	(2,793)
Other comprehensive income		1,807	5,497	-	-
<b>Total comprehensive income</b>		<b>(256,565)</b>	146,545	<b>(24,831)</b>	(2,793)
<b>Net (loss)/profit and total comprehensive income attributable to:</b>					
DIF		(231,734)	149,338	-	-
Stapled Trusts other than DIF		(24,831)	(2,793)	(24,831)	(2,793)
		<b>(256,565)</b>	146,545	<b>(24,831)</b>	(2,793)
<b>Basic and diluted (loss)/earnings per ordinary securityholder</b>					
(Loss)/earnings per security of parent entity (cents)	A2	(32.30)	19.90	(0.03)	-
(Loss)/earnings per stapled security (cents)	A2	(35.74)	19.51	(3.43)	(0.39)

The above consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.

## Consolidated balance sheets

As at 31 December 2023

	Notes	Charter Hall Long WALE REIT		Finance Trust	
		31 Dec 2023 \$'000	30 Jun 2023 \$'000	31 Dec 2023 \$'000	30 Jun 2023 \$'000
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		24,855	19,682	12,087	1,784
Receivables		23,464	23,808	11	10
Investment property held for sale	B1	105,300	-	-	-
Derivative financial instruments	C2	540	2,530	540	2,530
Other assets		3,544	2,295	-	-
<b>Total current assets</b>		<b>157,703</b>	<b>48,315</b>	<b>12,638</b>	<b>4,324</b>
<b>Non-current assets</b>					
Investment properties	B1	3,128,566	3,481,539	-	-
Investments in joint ventures	B2	2,594,741	2,593,708	-	-
Investment in financial assets at fair value	B3	3,928	4,933	-	-
Intra-group facility receivable	C1	-	-	2,113,771	2,038,192
Derivative financial instruments	C2	46,839	74,958	46,839	74,958
<b>Total non-current assets</b>		<b>5,774,074</b>	<b>6,155,138</b>	<b>2,160,610</b>	<b>2,113,150</b>
<b>Total assets</b>		<b>5,931,777</b>	<b>6,203,453</b>	<b>2,173,248</b>	<b>2,117,474</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Payables		31,993	32,950	9,682	9,295
Distribution payable	A2	46,992	50,607	-	-
Derivative financial instruments	C2	4,249	91	-	-
Other liabilities		7,948	7,025	-	-
<b>Total current liabilities</b>		<b>91,182</b>	<b>90,673</b>	<b>9,682</b>	<b>9,295</b>
<b>Non-current liabilities</b>					
Borrowings	C1	2,039,468	1,940,891	2,039,468	1,940,891
Derivative financial instruments	C2	81,755	101,941	81,754	100,113
Other liabilities		128	155	-	-
<b>Total non-current liabilities</b>		<b>2,121,351</b>	<b>2,042,987</b>	<b>2,121,222</b>	<b>2,041,004</b>
<b>Total liabilities</b>		<b>2,212,533</b>	<b>2,133,660</b>	<b>2,130,904</b>	<b>2,050,299</b>
<b>Net assets</b>		<b>3,719,244</b>	<b>4,069,793</b>	<b>42,344</b>	<b>67,175</b>
<b>Equity</b>					
<i>Equity holders of DIF</i>					
Contributed equity	C3	3,271,183	3,271,183	-	-
Reserves		(1,172)	(2,979)	-	-
Retained profits		406,889	734,414	-	-
<b>Parent entity interest</b>		<b>3,676,900</b>	<b>4,002,618</b>	<b>-</b>	<b>-</b>
<i>Equity holders of Finance Trust</i>					
Contributed equity	C3	6,641	6,641	6,641	6,641
Retained profits		35,703	60,534	35,703	60,534
<b>Equity holders of Finance Trust</b>		<b>42,344</b>	<b>67,175</b>	<b>42,344</b>	<b>67,175</b>
<b>Total equity</b>		<b>3,719,244</b>	<b>4,069,793</b>	<b>42,344</b>	<b>67,175</b>

The above consolidated balance sheets should be read in conjunction with the accompanying notes.

## Consolidated statements of changes in equity

For the half year ended 31 December 2023

	Notes	Attributable to securityholders of DIF			Total \$'000
		Contributed equity \$'000	Reserves \$'000	Retained profits \$'000	
<b>Balance at 1 July 2022</b>		3,271,183	(5,903)	1,128,180	4,393,460
Total comprehensive income		-	5,497	143,841	149,338
Distributions provided for or paid	A2	-	-	(101,214)	(101,214)
<b>Balance at 31 December 2022</b>		3,271,183	(406)	1,170,807	4,441,584
<b>Balance at 1 July 2023</b>		<b>3,271,183</b>	<b>(2,979)</b>	<b>734,414</b>	<b>4,002,618</b>
Total comprehensive income		-	1,807	(233,541)	(231,734)
Distributions provided for or paid	A2	-	-	(93,984)	(93,984)
<b>Balance at 31 December 2023</b>		<b>3,271,183</b>	<b>(1,172)</b>	<b>406,889</b>	<b>3,676,900</b>

	Notes	Attributable to securityholders of Finance Trust			Total \$'000
		Contributed equity \$'000	Reserves \$'000	Retained profits \$'000	
<b>Balance at 1 July 2022</b>		6,641	-	58,189	64,830
Total comprehensive loss		-	-	(2,793)	(2,793)
<b>Balance at 31 December 2022</b>		6,641	-	55,396	62,037
<b>Balance at 1 July 2023</b>		<b>6,641</b>	<b>-</b>	<b>60,534</b>	<b>67,175</b>
Total comprehensive income		-	-	(24,831)	(24,831)
<b>Balance at 31 December 2023</b>		<b>6,641</b>	<b>-</b>	<b>35,703</b>	<b>42,344</b>

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

## Consolidated cash flow statements

For the half year ended 31 December 2023

	Charter Hall Long WALE REIT		Finance Trust	
	6 months to 31 Dec 2023	6 months to 31 Dec 2022	6 months to 31 Dec 2023	6 months to 31 Dec 2022
Notes	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>				
Property rental income received	120,101	112,599	-	-
Property expenses paid	(20,642)	(19,787)	-	-
Distributions received from investment in joint venture entities	58,201	47,318	-	-
Interest received	787	408	177	111
Other income received	380	2,129	-	-
Finance costs paid	(40,908)	(27,893)	(40,929)	(27,893)
Fund management fees paid	(17,079)	(16,507)	(192)	(225)
Administration and other expenses paid	(2,464)	(2,555)	(51)	(71)
GST received/(paid) with respect to operating activities	(6,286)	(6,594)	20	(6)
<b>Net cash flows from operating activities</b>	<b>92,090</b>	<b>89,118</b>	<b>(40,975)</b>	<b>(28,084)</b>
<b>Cash flows from investing activities</b>				
Payments for investment properties	(19,628)	(24,467)	-	-
Receipts from sale of investment property	39,250	112,250	-	-
Payments for investments in joint ventures	(85,275)	(95,614)	-	-
Advances under Intra-Group Facility Agreement	-	-	(182,501)	(201,752)
Repayments under Intra-Group Facility Agreement	-	-	157,444	189,778
Acquisition and disposal related costs	-	(1,060)	-	-
<b>Net cash flows from investing activities</b>	<b>(65,653)</b>	<b>(8,891)</b>	<b>(25,057)</b>	<b>(11,974)</b>
<b>Cash flows from financing activities</b>				
Distributions paid to securityholders, net of DRP	(97,599)	(105,768)	-	-
Payments for interest rate swaps	-	(21,560)	-	(21,560)
Proceeds from borrowings, net of borrowing costs	305,335	346,840	305,335	346,840
Repayment of borrowings	(229,000)	(275,461)	(229,000)	(275,461)
<b>Net cash flows from financing activities</b>	<b>(21,264)</b>	<b>(55,949)</b>	<b>76,335</b>	<b>49,819</b>
Net increase in cash and cash equivalents	5,173	24,278	10,303	9,761
Cash and cash equivalents at the beginning of the half year	19,682	19,005	1,784	5,574
<b>Cash and cash equivalents at the end of the half year</b>	<b>24,855</b>	<b>43,283</b>	<b>12,087</b>	<b>15,335</b>

The above consolidated cash flow statements should be read in conjunction with the accompanying notes.

## About this report

The notes to these consolidated financial statements include additional information which is required to understand the operations, performance and financial position of the REIT. They are organised in four key sections:

- A. REIT performance** – provides key metrics used to measure financial performance.
- B. Property portfolio assets** – explains the structure of the investment property portfolio and investments in joint ventures and financial assets.
- C. Capital structure** – details of the REIT's structure.
- D. Further information** – provides additional disclosures relevant to understanding the REIT's financial statements.

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In preparing its financial statements the REIT has considered the ongoing impact that the future economic outlook has had on its business operations and upon the business operations of its tenant customers. In assessing such impacts management have relied upon certain key estimates to evaluate current and future business conditions. Inherent in any estimate is a level of uncertainty. Estimation uncertainty is associated with the extent and duration of a high inflation and interest rate environment, including:

- the disruption and volatility to capital markets;
- deteriorating credit and liquidity concerns;
- the effectiveness of government and central bank measures; and
- judgements in property valuations.

## A. REIT performance

This section provides additional information on the key financial metrics used to define the results and performance of the REIT, including: operating earnings by segment, distributions and earnings per stapled security.

Operating earnings is a financial measure which represents profit under Australian Accounting Standards adjusted for net fair value movements, non-cash accounting adjustments such as straight lining of rental income and amortisations and other unrealised or one-off items.

The inclusion of operating earnings as a measure of the REIT's profitability provides investors with the same basis that is used internally for evaluating operating segment performance. Operating earnings is used by the Board to make strategic decisions and as a guide to assessing an appropriate distribution to declare.

### A1. Segment information

#### (a) Description of segments

The Directors of the Responsible Entity have determined the operating segments based on the reports reviewed by the chief operating decision maker, being the Board of the Responsible Entity. The REIT has one operating segment being its Australasian operations. Finance Trust results are not separately identified and reported, and therefore, segment information for Finance Trust is not prepared and provided to the Board.

#### (b) Segment information provided to the Board

The operating earnings reported to the Board for the half year ended 31 December 2023 are as follows:

	6 months to 31 Dec 2023	6 months to 31 Dec 2022
	\$'000	\$'000
Property lease revenue	104,131	106,700
Services income	6,054	5,604
<b>Property income</b>	<b>110,185</b>	<b>112,304</b>
Income support	1,115	-
Non-cash adjustments	890	(1,189)
Property expenses	(18,255)	(17,395)
<b>Net property income from wholly owned properties (NPI)</b>	<b>93,935</b>	<b>93,720</b>
Share of operating earnings from investments in joint ventures	58,665	53,909
Interest income	787	408
Fund management fees	(15,625)	(15,322)
Finance costs	(41,955)	(29,022)
Administration and other expenses	(1,855)	(2,468)
<b>Operating earnings</b>	<b>93,952</b>	<b>101,225</b>
Weighted average number of stapled securities	722,955	722,955
Operating earnings per stapled security (cents)	13.00	14.00

#### Property lease revenue

Property lease revenue represents income earned from the long-term rental of the REIT's properties and is recognised on a straight line basis over the lease term. The portion of rental income relating to fixed increases in operating lease rentals in future years is recognised as a separate component of investment properties.

#### Services income

Services income principally includes non-lease income derived under lease agreements with tenants. Non-lease income relates to the proportion of property operating costs which are recoverable from tenants in accordance with lease agreements and relevant legislative acts.



## A. REIT performance (continued)

The operating earnings on a proportionate consolidation basis (which includes the REIT's share in equity accounted investments) are set out below:

	6 months to 31 Dec 2023	6 months to 31 Dec 2022
	\$'000	\$'000
Net property income	167,334	160,944
Interest income	1,277	701
Fund management fees	(15,925)	(15,640)
Finance costs	(56,284)	(41,899)
Administration and other expenses	(2,450)	(2,881)
<b>Operating earnings</b>	<b>93,952</b>	<b>101,225</b>

The reconciliation between operating earnings to statutory profit is set out below:

	6 months to 31 Dec 2023	6 months to 31 Dec 2022
	\$'000	\$'000
<b>Operating earnings</b>	<b>93,952</b>	<b>101,225</b>
Net fair value movements on investment properties*	(306,321)	55,108
Net fair value movements on debt and derivative financial instruments*	(41,844)	(16,026)
Net fair value movements on investments at fair value through profit or loss	110	60
Straight lining of rental income, amortisation of lease fees and incentives*	(1,313)	1,127
Acquisition related and other costs*	-	(1,060)
Loss on debt extinguishment*	(1,772)	(573)
Foreign exchange (losses)/gains	(63)	1,125
Income support	(1,115)	-
Other	(6)	62
<b>Statutory (loss)/profit for the half year</b>	<b>(258,372)</b>	<b>141,048</b>

\* Includes the REIT's proportionate share of non-operating items of joint ventures on a look through basis.

## A2. Distributions and earnings per security

### (a) Distributions paid and payable

	Number of securities on issue entitled to distribution	31 Dec 2023 Cents per security	\$'000	Number of securities on issue entitled to distribution	31 Dec 2022 Cents per security	\$'000
<b>Ordinary securityholders of DIF</b>						
30 September	722,955,466	6.50	46,992	722,955,466	7.00	50,607
31 December*	722,955,466	6.50	46,992	722,955,466	7.00	50,607
<b>Total distributions</b>		<b>13.00</b>	<b>93,984</b>		<b>14.00</b>	<b>101,214</b>

\* A liability has been recognised in the consolidated financial statements as the interim distribution had been declared as at the balance date.

No distributions were paid or declared during the period by Finance Trust.

Pursuant to the REIT's constitutions, the amount distributed to securityholders is at the discretion of the Responsible Entity. The Responsible Entity uses operating earnings as a guide to assessing an appropriate distribution to declare.

A liability is recognised for the amount of any distribution declared by the REIT on or before the end of the reporting period but not distributed at balance date.

Under current Australian income tax legislation, the REIT is not liable to pay income tax provided the trustee has attributed all the taxable income of the REIT to securityholders.

## A. REIT performance (continued)

### Earnings per stapled security

	Charter Hall Long WALE REIT		Finance Trust	
	6 months to 31 Dec 2023	6 months to 31 Dec 2022	6 months to 31 Dec 2023	6 months to 31 Dec 2022
<b>Basic and diluted earnings</b>				
(Loss)/earnings per stapled security (cents)	<b>(35.74)</b>	19.51	<b>(3.43)</b>	(0.39)
Operating earnings of the REIT per stapled security (cents)	<b>13.00</b>	14.00	<b>N/A</b>	N/A
(Loss)/earnings of the parent entity (cents)	<b>(32.30)</b>	19.90	<b>(0.03)</b>	-
<b>Earnings used in the calculation of basic and diluted earnings per stapled security</b>				
Net (loss)/profit for the period (\$'000)	<b>(258,372)</b>	141,048	<b>(24,831)</b>	(2,793)
Net (loss)/profit of the parent entity for the period (\$'000)	<b>(233,541)</b>	143,841	<b>(195)</b>	(215)
Operating earnings of the REIT for the period (\$'000)	<b>93,952</b>	101,225	<b>N/A</b>	N/A
Weighted average number of stapled securities used in the calculation of basic and diluted earnings per stapled security ('000)	<b>722,955</b>	722,955	<b>722,955</b>	722,955

Basic and diluted earnings per security is determined by dividing statutory profit attributable to the stapled securityholders by the weighted average number of stapled securities on issue during the period. The REIT has no dilutive or convertible securities on issue.

Operating earnings per stapled security is determined by dividing operating earnings attributable to the stapled securityholders by the weighted average number of stapled securities on issue during the period.

## B. Property portfolio assets

The REIT's property portfolio assets comprise directly held investment properties, indirectly held interests in investment properties held through joint ventures and investments in financial assets at fair value. Investment properties comprise investment interests in land and buildings held for long term rental yields.

The following table summarises the property portfolio assets detailed in this section.

	Notes	31 Dec 2023 \$'000	30 Jun 2023 \$'000
<b>Current assets</b>			
Assets held for sale	B1	105,300	-
<b>Total current assets</b>		<b>105,300</b>	<b>-</b>
<b>Non-current assets</b>			
Investment properties	B1	3,128,566	3,481,539
Investment in joint ventures	B2	2,594,741	2,593,708
Investment in financial assets at fair value	B3	3,928	4,933
<b>Total non-current assets</b>		<b>5,727,235</b>	<b>6,080,180</b>
<b>Total property portfolio assets</b>		<b>5,832,535</b>	<b>6,080,180</b>

### B1. Investment properties

#### Reconciliation of the carrying amount of investment properties at the beginning and end of the period

	Notes	6 months to 31 Dec 2023 \$'000	Year to 30 Jun 2023 \$'000
Carrying amount at the beginning of the period		3,481,539	3,722,057
Additions		19,390	85,805
Acquisition and disposal costs incurred		2,283	2,245
Disposals		(39,250)	(112,250)
Revaluation decrement		(227,813)	(214,073)
Revaluation decrement attributable to acquisition costs, straight lining of rental income and amortisation of incentives and leasing fees		(1,393)	(3,851)
Straight lining of rental income and amortisation of incentives and leasing fees		(890)	1,606
Reclassification to asset held for sale		(105,300)	-
<b>Carrying amount at the end of the period</b>		<b>3,128,566</b>	<b>3,481,539</b>

#### (a) Valuation process, techniques and key judgements

The Responsible Entity conducts an investment property valuation process on a semi-annual basis. This process is overseen by the Executive Property Valuations Committee (EPVC) which is an internal Charter Hall committee comprised of the Charter Hall Group CEO, Chief Investment Officer and Head of Capital Transactions. The role of the EPVC is to oversee the valuation process including:

- approving a panel of independent valuers;
- reviewing key valuation inputs and assumptions;
- reviewing the independent valuations prior to these being presented to the Board; and
- acting as an escalation point between the group and any external valuer.

Valuations are performed either by independent professionally qualified external valuers or by Charter Hall's internal valuers who hold recognised relevant professional qualifications. Fair value is determined using discounted cash flow (DCF) and income capitalisation methods.

Each investment property is valued by an independent external valuer at least once every 12 months, or earlier, where the Responsible Entity deems it appropriate or believes there may be a material change in the carrying value of the property. Independent valuers are engaged on a rotational basis. External valuations were conducted at 31 December 2023 for 94% of the REIT's portfolio, including joint ventures.

In determining the fair value of investment properties, management has considered the nature, characteristics and risks of its investment properties. Such risks include but are not limited to the property cycle, transaction evidence and structural changes in the current and future macro-economic environment.

## B. Property portfolio assets (continued)

The table below identifies the inputs, which are not based on observable market data, used to measure the fair value (level 3) of the investment properties:

	Fair value \$'000	Net market rent (\$ sqm/p.a.)	Adopted capitalisation rate (% p.a.)	Adopted terminal yield (% p.a.)	Adopted discount rate (% p.a.)
<b>December 2023</b>	<b>3,128,566</b>	<b>17 - 945</b>	<b>4.00 - 7.75</b>	<b>4.00 - 8.00</b>	<b>5.50 - 8.25</b>
June 2023	3,481,539	17 - 1,303	3.50 - 7.75	3.50 - 8.25	4.50 - 9.25

Term	Definition
Discounted cash flow (DCF) method	A method in which a discount rate is applied to future expected income streams to estimate the present value.
Income capitalisation method	A valuation approach that provides an indication of value by converting future cash flows to a single current capital value.
Net market rent	A net market rent is the estimated amount for which a property or space within a property should lease between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and wherein the parties have each acted knowledgeably, prudently and without compulsion. In a net rent, the owner recovers outgoings from the tenant on a pro-rata basis (where applicable).
Capitalisation rate	The return represented by the income produced by an investment, expressed as a percentage.
Terminal yield	A percentage return applied to the expected net income following a hypothetical sale at the end of the cash flow period.
Discount rate	A rate of return used to convert a future monetary sum or cash flow into present value.

### Sensitivity analysis

The REIT considers capitalisation rates the most significant assumption that is subject to estimation uncertainty given the nature of its portfolio. Accordingly, sensitivities to the fair value of investment properties (including those owned by the REIT's joint ventures) have been provided around reasonable possible movements in the capitalisation rate.

If the capitalisation rate expanded by 25 basis points, the fair value of all wholly owned investment properties would reduce by \$140.0 million from the fair value as at 31 December 2023 (including the REIT's share of joint venture properties \$321.4 million). And if the capitalisation rate compressed by 25 basis points, the fair value would increase by \$153.7 million from the fair value as at 31 December 2023 (including the REIT's share of joint venture properties \$354.8 million).

Movement in the inputs are likely to have an impact on the fair value of investment properties. An increase/(decrease) in net market rent will likely lead to an increase/(decrease) in fair value. A decrease/(increase) in adopted capitalisation rate, adopted terminal yield or adopted discount rate will likely lead to an increase/(decrease) in fair value.

## B. Property portfolio assets (continued)

### B2. Investments in joint venture entities

The REIT accounts for investments in joint venture entities and associates using the equity method. The REIT exercises joint control over the joint venture entities, but neither the REIT nor its joint venture partners have control in their own right, irrespective of their ownership interest. An associate is an entity over which the REIT has significant influence. The principal activity of all joint venture entities and associates during the period was property investment.

Management regularly reviews joint venture investments for impairment by reference to changes in circumstances or contractual arrangements, external independent property valuations and market conditions, using generally accepted market practices. When a recoverable amount is estimated through a value in use calculation, critical judgements and estimates are made regarding future cash flows and an appropriate discount rate.

Information relating to the joint venture entities is detailed below:

Name of entity	Properties	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
		Ownership %	Ownership %	\$'000	\$'000
Perth RDC Trust	Coles, Perth WA	49.9%	49.9%	166,459	180,432
LWIP	ALH (National Portfolio)	49.9%	49.9%	450,769	436,933
CH DC Fund	Woolworths, Dandenong VIC	26.0%	26.0%	76,419	83,446
Kogarah Trust	Westpac, Kogarah NSW	50.1%	50.1%	116,503	126,580
CH BBD Trust	Brisbane Bus Depot, Brisbane QLD	50.0%	50.0%	33,876	44,396
Charter Hall Exchange Wholesale Trust (Exchange Trust)	49% in Telstra Portfolio (National Portfolio)	50.0%	50.0%	240,891	282,748
CH 242 Exhibition Street Holding Trust	242 Exhibition St, Melbourne VIC	15.0%	15.0%	59,775	69,882
Charter Hall Australian Convenience Retail Trust (bp Aus)	49% in bp Portfolio (National Portfolio)	50.0%	50.0%	363,025	345,713
CH Dartmouth NZ Wholesale Fund (bp NZ)	49% in bp NZ Portfolio (NZ Portfolio)	50.0%	50.0%	171,148	169,388
CH LEP Holding Trust (CH LEP)	ALE Portfolio (National Portfolio)	50.0%	50.0%	828,795	765,207
Charter Hall GSA Trust (CH GSA)	Geoscience Australia, Canberra ACT	25.0%	25.0%	87,081	88,983
				<b>2,594,741</b>	<b>2,593,708</b>

### Gross equity accounted value of investment in joint venture entities

	6 months to 31 Dec 2023 \$'000	Year to 30 Jun 2023 \$'000
Balance at the beginning of the year	2,593,708	2,634,274
Additions (including acquisition costs)*	85,306	112,812
Acquisition costs written off	-	(1,060)
Share of joint venture profit/(loss)	(27,288)	(43,094)
Capital distribution	(322)	(1,254)
Distributions received and receivable	(58,470)	(110,894)
Foreign exchange movement	1,807	2,924
<b>Balance at the end of the period</b>	<b>2,594,741</b>	<b>2,593,708</b>

\* Includes \$85.0 million equity call from CH LEP to fund the repayment of the CIB notes

## B. Property portfolio assets (continued)

### B3. Investments in financial assets at fair value

	6 months to 31 Dec 2023	Year to 30 Jun 2023
	\$'000	\$'000
Balance at the beginning of the period	4,933	4,782
Withdrawals	(1,115)	-
Net fair value movement on investment at fair value	110	151
<b>Balance at the end of the period</b>	<b>3,928</b>	<b>4,933</b>

### B4. Commitments and contingent liabilities

As at the balance date, the REIT's capital commitments amounted to \$8.4 million (30 June 2023: \$21.8 million).

The REIT's share in the commitments and contingent liabilities of joint venture entities, other than those described above is nil (30 June 2023: nil).

The Finance Trust had no commitments or contingent liabilities as at 31 December 2023 (30 June 2023: nil).



## C. Capital structure

### C1. Borrowings and liquidity

#### (a) Borrowings

All borrowings are classified as non-current liabilities as they have maturities greater than 12 months. Figures below represent both the REIT and Finance Trust.

	31 Dec 2023		30 Jun 2023	
	Total carrying amount	Fair value	Total carrying amount	Fair value
	\$'000	\$'000	\$'000	\$'000
Bank loan - term debt	1,431,210	1,426,778	1,354,210	1,352,863
Australian dollar medium term notes (A\$MTNs)*	615,298	587,503	594,153	559,575
Unamortised borrowing cost	(7,040)	-	(7,472)	-
<b>Total</b>	<b>2,039,468</b>	<b>2,014,281</b>	<b>1,940,891</b>	<b>1,912,438</b>
Balance available for drawing	198,790		275,790	

\* Includes fair value hedge adjustment of (\$84.7) million (30 June 2023: (\$105.8) million).

#### Bank loans

	Maturity Date	Facility limit at 31 Dec 2023	Utilised amount at 31 Dec 2023
		\$'000	\$'000
Bilateral facility	July 2026	100,000	100,000
Bilateral facility	August 2026*	200,000	200,000
Bilateral facility	November 2026	100,000	100,000
Bilateral facility	November 2026*	300,000	300,000
Bilateral facility	November 2026	310,000	304,210
Bilateral facility	November 2027	100,000	100,000
Bilateral facility	December 2027	250,000	250,000
Bilateral facility	December 2028	270,000	77,000
		<b>1,630,000</b>	<b>1,431,210</b>

\*In January 2024, the REIT extended the terms of \$500 million of debt facilities due to expire in 2026 for new five year terms expiring in January 2029.

#### Finance Trust Intra-Group Facility Agreement

	31 Dec 2023	30 Jun 2023
	\$'000	\$'000
<b>Loans receivable under IGFA</b>		
Charter Hall Direct Industrial Fund	2,113,771	2,038,192
	<b>2,113,771</b>	<b>2,038,192</b>

On 10 November 2016, the Finance Trust entered an Intra-Group Facility Agreement (IGFA) with DIF. This agreement expires in December 2027.

Interest rates under the IGFA are variable and reset periodically. As at 31 December 2023, the interest rate under the IGFA was 4.87% (30 June 2023: 4.17%) per annum.

The fair value of the loans receivable under IGFA amounts to \$2,113.8 million as at 31 December 2023 (30 June 2023: \$2,038.2 million).

## C. Capital structure (continued)

### Borrowings in Joint Ventures

	Maturity date	Facility limit at 31 Dec 2023 at 100% \$'000	Facility limit at 31 Dec 2023 REIT's share \$'000
LWIP – syndicated debt facility	September 2028	100,000	49,900
LWIP – US Private Placement notes (USPP)	May 2027	200,000	99,800
LWIP – US Private Placement notes (USPP)	November 2031	110,000	54,890
CH BBD Trust – debt facility	August 2027	52,250	26,125
Exchange Trust	March 2028	97,500	48,750
Exchange Trust – A\$MTN	September 2030	300,000	150,000
242 Exhibition Street	November 2028	466,500	69,975
Charter Hall Australian Retail Trust	August 2028	450,000	225,000
		<b>1,776,250</b>	<b>724,440</b>

In November 2023, CH LEP Holding Trust repaid \$180.0 million of CIB notes (CLW share: \$90.0 million). The REIT funded its share of the repayment of CIB Notes with available capacity from its bilateral debt facilities which was funded by an equity call to investors.

### (b) Finance costs

	Charter Hall Long WALE REIT		Finance Trust	
	6 months to 31 Dec 2023 \$'000	6 months to 31 Dec 2022 \$'000	6 months to 31 Dec 2023 \$'000	6 months to 31 Dec 2022 \$'000
<b>Finance costs incurred on financial instruments:</b>				
At amortised cost	50,239	37,389	50,652	37,389
Fair value through profit and loss*	(8,284)	(8,367)	(8,284)	(8,367)
	<b>41,955</b>	<b>29,022</b>	<b>42,368</b>	<b>29,022</b>

\* Net interest (received) under interest rate swap agreements.

## C2. Derivative financial instruments

The REIT uses derivatives to hedge its exposure to interest rates. Derivative financial instruments are measured and recognised at fair value on a recurring basis.

Amounts reflected in the financial statements are as follows:

Balance Sheet	31 Dec 2023		30 Jun 2023	
	Asset \$'000	Liability \$'000	Asset \$'000	Liability \$'000
<b>Current</b>				
Forward foreign exchange contracts	-	4,249	-	91
Interest rate swaps	540	-	2,530	-
<b>Total current derivative financial instruments</b>	<b>540</b>	<b>4,249</b>	<b>2,530</b>	<b>91</b>
<b>Non-current</b>				
Forward foreign exchange contracts	-	1	-	1,828
Interest rate swaps	46,839	-	74,958	-
Interest rate swaps – fair value hedges	-	81,754	-	100,113
<b>Total non-current derivative financial instruments</b>	<b>46,839</b>	<b>81,755</b>	<b>74,958</b>	<b>101,941</b>
<b>Total derivative financial assets/liabilities</b>	<b>47,379</b>	<b>86,004</b>	<b>77,488</b>	<b>102,032</b>

The REIT, through Finance Trust, uses derivatives to economically hedge its exposure to floating interest rates. The REIT also uses forward foreign exchange contracts to hedge its foreign exchange exposure from the bp New Zealand portfolio. All derivative financial instruments are measured and recognised at fair value on a recurring basis.

Following the issuance of A\$MTNs in March and June 2021, the REIT, through Finance Trust, entered into contracts with two major Australian banks to swap the fixed rate exposure of the A\$MTNs to a floating rate exposure with the terms that match the issued notes. These interest rate swaps were designated as fair value hedges against a risk of changes in fair value of A\$MTNs due to the changes in interest rates.

## C. Capital structure (continued)

### (a) Valuation techniques used to derive level 2 fair values

Derivatives are classified as level 2 on the fair value hierarchy as the inputs used to determine fair value are observable market data but not quoted prices. There are no level 3 investments and there were no transfers between levels of the fair value hierarchy during the period.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

Credit value adjustments are calculated based on the counterparty's credit risk using the counterparty's credit default swap curve as a benchmark. Debit value adjustments are calculated based on the REIT's credit risk using debt financing available to the REIT as a benchmark.

### C3. Contributed equity

	Charter Hall Long WALE REIT		Finance Trust	
	6 months to 31 Dec 2023 \$'000	Year to 30 Jun 2023 \$'000	6 months to 31 Dec 2023 \$'000	Year to 30 Jun 2023 \$'000
<i>Details</i>	<i>No. of Securities</i>			
Securities on issue - 30 June 2022	722,955,466	3,271,183		6,641
Securities on issue - 30 June 2023	722,955,466	3,271,183	6,641	6,641
<b>Securities on issue - 31 December 2023</b>	<b>722,955,466</b>	<b>3,271,183</b>	<b>6,641</b>	
<b>Balance at the end of the period attributable to the securityholders of:</b>				
DIF	722,955,466	3,271,183	3,271,183	-
Finance Trust	722,955,466	6,641	6,641	6,641

As stipulated in the REIT's constitutions, each security represents a right to an individual share in the REIT and does not extend to a right to the underlying assets of the REIT. There are no separate classes of securities and each security has the same rights attaching to it as all other securities in the REIT.

Each stapled security confers the right to vote at meetings of securityholders, subject to any voting restrictions imposed on a securityholder under the *Corporations Act 2001* and the Australian Securities Exchange Listing Rules.

### Distribution reinvestment plan (DRP)

The REIT has established a Distribution Reinvestment Plan (DRP) under which securityholders may elect to have all or part of their distribution entitlements satisfied by the issues of new securities rather than being paid in cash.

The DRP issue price is determined at a discount of 1.0% to the average of the daily volume weighted price of all securities traded on the ASX during the 10 business days commencing on the third business day following the distribution record date. The DRP was not active during the period.

## D. Further Information

### D1. Events occurring after balance date

On 12 January 2024, the REIT settled the disposal of Campbellfield Industrial Centre, VIC for a total consideration of \$7.1 million.

On 31 January 2024, the REIT settled the disposal of 40 Tank St, QLD for total consideration of \$36.5 million.

In January 2024, the REIT extended the terms of \$500 million of debt facilities due to expire in 2026 for new five year terms expiring in January 2029.

The Directors of the Responsible Entity are not aware of any other matter or circumstance not otherwise dealt with in this report or the interim financial statements that has significantly affected or may significantly affect the operations of the REIT or Finance Trust, the results of their operations or the state of affairs of the REIT or Finance Trust in future financial years.

### D2. Other significant accounting policies

#### (a) Basis of preparation

The interim financial report of the Charter Hall Long WALE REIT comprises Charter Hall Direct Industrial Fund, LWR Finance Trust and their respective controlled entities.

These general purpose consolidated financial statements for the half year ended 31 December 2023 have been prepared in accordance with the REIT's and Finance Trust's constitutions, Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The REIT is a for-profit entity for the purpose of preparing the consolidated financial statements. The consolidated financial statements are presented in Australian dollars, which is the REIT's functional and presentation currency.

These interim financial reports do not include all notes normally included in an annual financial report. Accordingly, these reports should be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Charter Hall Long WALE REIT during the half year ended 31 December 2023 in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Unless otherwise stated, the accounting policies adopted in the preparation of the interim financial reports are consistent with those of the previous financial year.

#### (b) Comparative information

Where necessary, comparative information has been adjusted to conform to changes in presentation in the current period. No material adjustments have been made to comparative information in this report.

#### (c) Rounding of amounts

Under the option provided by ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 (as amended) issued by the Australian Securities and Investments Commission relating to the 'rounding off' of amounts in the financial statements, amounts in the REIT's and Finance Trust's consolidated financial statements have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

#### (d) Changes in accounting standards

No new accounting standards or amendments have come into effect for the half year ended 31 December 2023 that affect the REIT's or Finance Trust's operations or reporting requirements.

## Directors' declaration to stapled securityholders

In the opinion of the Directors of Charter Hall WALE Limited, the Responsible Entity of Charter Hall Long WALE REIT and LWR Finance Trust:

- a the consolidated financial statements and notes set out on pages 9 to 24 are in accordance with the *Corporations Act 2001*, including:
  - i complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - ii giving a true and fair view of the REIT's and LWR Finance Trust's financial position as at 31 December 2023 and of its performance for the half year ended on that date; and
- b there are reasonable grounds to believe that the REIT and LWR Finance Trust will be able to pay their debts as and when they become due and payable.

The Directors have been given declarations by the Fund Manager, who performs the Chief Executive Officer function, and the Head of Finance, who performs the Chief Financial Officer function, required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.



Peeyush Gupta AM

Director

Sydney

8 February 2024



## ***Independent auditor's review report to the stapled securityholders of Charter Hall Long WALE REIT and the unitholders of LWR Finance Trust***

### **Report on the interim financial reports**

#### ***Conclusion***

We have reviewed the interim financial reports of Charter Hall Direct Industrial Fund and the entities it controlled during the half-year and LWR Finance Trust the entity it controlled during the half-year (together "Charter Hall Long WALE REIT" or "REIT") and LWR Finance Trust and the entity it controlled during the half-year (together "Finance Trust"), which comprises the consolidated balance sheets as at 31 December 2023, the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the half-year ended on that date, material accounting policy information and explanatory notes and the directors' declaration to the stapled securityholders.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying interim financial reports of Charter Hall Long WALE REIT and the Finance Trust does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Charter Hall Long WALE REIT's and the Finance Trust's financial positions as at 31 December 2023 and of their performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### ***Basis for conclusion***

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the interim financial reports* section of our report.

We are independent of the Charter Hall Long WALE REIT and the Finance Trust in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### ***Responsibilities of the directors of the Responsible Entity for the interim financial reports***

The directors of Charter Hall WALE Limited (the "Responsible Entity"), the responsible entity of Charter Hall Direct Industrial Fund and LWR Finance Trust, are responsible for the preparation of the interim financial reports that give a true and fair view in accordance with Australian Accounting Standards and

PricewaterhouseCoopers, ABN 52 780 433 757  
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001  
T: +61 2 8266 0000, F: +61 2 8266 9999  
Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124  
T: +61 2 9659 2476, F: +61 2 8266 9999

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the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial reports that give a true and fair view and are free from material misstatement whether due to fraud or error.

***Auditor's responsibilities for the review of the interim financial reports***

Our responsibility is to express a conclusion on the interim financial reports based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial reports are not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Charter Hall Long WALE REIT's and the Finance Trust's financial positions as at 31 December 2023 and of their performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

  
PricewaterhouseCoopers

  
Klynton Hankin  
Partner

Sydney  
8 February 2024