

For personal use only



Charter Hall LONG WALE REIT

(CLW or the REIT) owns and manages a high quality and diversified real estate portfolio leased to government, multinational and national blue-chip tenants on long-term leases.

Acknowledgement of Country

Charter Hall acknowledges the Traditional Custodians of the lands on which we work and gather.

We pay our respects to Elders past and present and recognise their continued care and contribution to Country.



Contents

Strategy	4
Performance Highlights	6
Chair and Fund Manager Message	8
Portfolio Performance	12
Sustainability	14
Leadership	20
Directors’ Report and Financial Report	23
Fund Manager Remuneration	78
Securityholder Analysis	80
Investor Information	82
Contact Details	83
Corporate Directory	84

Our annual reporting suite

- [Annual Results Presentation >](#)
- [Corporate Governance Statement >](#)

Far left: Australia Post
Kingsgrove NSW
Bidjigal land

Left: Telstra Exhibition Street Exchange
Melbourne VIC
Wurundjeri and Bunurong land

Cover: Truganina Distribution Facility
Truganina VIC
Bunurong land

STRATEGY

The REIT's objective is to provide investors with stable and secure income, and the potential for both income and capital growth. We seek to achieve this over the long-term through our exposure to a long Weighted Average Lease Expiry portfolio of high-quality, institutional grade properties.

Portfolio highlights

549
Number of properties

\$6.8bn
Portfolio valuation

99.9%
Occupancy

4.77%
Weighted Average
Capitalisation Rate (WACR)

11.2yr
Weighted Average
Lease Expiry (WALE)

51%
of lease rent reviews
are CPI-linked

Left: New Brighton Hotel
Manly NSW
Gayemagal land

Performance HIGHLIGHTS¹

Financial performance

28.0c

Operating earnings per security, in line with FY23 guidance

\$5.63

Net tangible assets (NTA) per security

5.1%

weighted average rent review in FY23, underpinned by 51% of lease rent reviews being CPI-linked at 7.1%³

Portfolio performance

11.2 yr

WALE, providing long-term income security

99.9%

occupancy, 99% backed by blue chip tenant covenants²

\$223m

transaction activity, including \$114m of strategic divestments recycled into \$109m of portfolio enhancing investments

Capital management

80%

of drawn debt hedged, providing protection against rising interest rates

Baa1

Moody's credit rating reaffirmed

4.5 yrs

weighted average debt maturity, with staggered maturities to a diversified lender pool



Left: bp Asquith Sydney NSW
Darramurragal and Darug land



Below: Woolworths Distribution Centre Dandenong VIC
Bunurong land

1. Figures and statistics throughout this report are for the 12 months to 30 June 2023, unless otherwise stated.
2. Government, ASX-listed, multinational or national tenants.
3. Reflects the weighted average CPI increase in FY23, comprising the June 2022 CPI of 6.1%, September 2022 CPI of 7.3%, December 2022 CPI of 7.8% and March 2023 CPI of 7.0%.

Chair and Fund Manager MESSAGE

Charter Hall Long WALE REIT continues to demonstrate the strength of its underlying portfolio, delivering strong rental growth as it navigates a challenging economic environment.



Avi Anger
Fund Manager

Peeyush Gupta AM
Chair

Dear Securityholder

Welcome to the Charter Hall Long WALE REIT (CLW or the REIT) FY23 Annual Report.

CLW is one of the top 10 Australian real estate investment trusts (A-REITs) listed on the ASX and is Australia's largest diversified long WALE REIT. Investing in properties primarily leased to major corporate and government tenants on long-term leases, CLW continues to demonstrate the strength of its underlying portfolio, despite a challenging economic environment.

This year presented significant economic challenges, with rapidly rising inflation resulting in an historic interest rate rising cycle by the Reserve Bank of Australia. Despite strong rental growth across the portfolio, the cumulative effect of these rate rises ultimately had a negative impact on our operating earnings, down 8.2% from FY22 to 28.0 cents per security. In line with guidance, distributions per security of 28.0 cents were paid, representing a 100% payout ratio.

CLW's underlying portfolio continued to generate strong rental growth in FY23, attributable to the quality of its properties and tenant customers, as well as its 11.2-year WALE. Importantly, CLW enjoys a balanced mix of rental growth, with 51% of leases featuring annual rent reviews linked to CPI and the remainder of leases fixed, with average fixed annual increases of 3.1%. This blend of exposure to CPI-linked and fixed annual rental increases provides a growing rental stream for investors and resilience in both low and high inflation scenarios. This combination of rental streams delivered 5.1% weighted average rent review in FY23.



Left: Crow's Nest Hotel
Crow's Nest NSW
Cammeraygal land

Pleasingly, after several years of very low CPI, growth in rental income from the CPI-linked portion of the portfolio has accelerated, demonstrating the strength of the portfolio strategy.

On 15 June 2023, we released updated property valuations, which resulted in a \$417.7 million, or 5.8%, net decrease from prior book values¹. This valuation impact represents a 9.6% decline in NTA per security from \$6.23 as at 31 December 2022 to \$5.63. Whilst any decrease in valuations is disappointing, our portfolio curation strategy is designed to ensure resilience throughout the property cycle, and it is clear that the sector is navigating its way through a challenging period.

We continue to focus on what is within our control, and to that end we are encouraged by the robustness of our portfolio during this latest valuation cycle. In line with most of the REIT sector, CLW currently trades at a discount to its NTA, a situation which is unlikely to change until there is greater clarity on the outlook for interest rates. If and when markets form the view that the interest rate cycle has peaked, historically such discounts have unwound. The Board remains active in exploring all avenues to reduce this discount.

Portfolio curation

An important part of CLW's strategy is to diversify and enhance our portfolio through strategic portfolio curation.

FY23 was no exception, with a total of \$114 million of divestments completed and recycled into \$109 million of income-enhancing property acquisitions. This contributed to improving portfolio quality, sector diversification and lengthening of the portfolio WALE.

During the year, CLW completed the divestment of two short WALE industrial facilities at prevailing book values. Woolworths Distribution Centre in Hoppers Crossing, Victoria, sold for \$74 million, reflecting a 4.5% capitalisation rate with a 3-year lease term remaining. A property in Altona North, Victoria, leased to Toll, sold for \$38.3 million, reflecting a 4.75% capitalisation rate, with a 2.9-year lease term remaining.

The REIT successfully completed the \$90.9 million acquisition of a 25% interest in the Geoscience Australia headquarters. This complex comprises office, specialised laboratory, storage and warehousing for the Commonwealth Government's technical adviser on all geoscience, geographical and geological matters.

Geoscience was acquired in October 2022 on a 7.4% initial yield with a 9.6-year WALE, 3% annual rent increases and a net lease structure where the tenant is responsible for all property outgoings.

CLW continued to grow its exposure to Endeavour Group, Australia's leading hospitality operator. Through the acquisition of the Emu Hotel in South Australia, the Horse & Jockey, Marine Hotel and the Rainbow Beach Hotel in Queensland for approximately \$18 million. The four Endeavour-leased pubs were acquired on a blended 5.0% capitalisation rate, with new, 15-year triple net (NNN), CPI-linked leases.

Together, these transactions represent a well-executed portfolio curation strategy, recycling capital into high-quality, long-term investments, enhancing portfolio quality, sector diversification and strengthening the quality and diversification of tenants of the REIT. ▶

1. Finalised valuation movement as at 30 June 2023.



Bunnings Caboolture
Brisbane QLD
Gubbi Gubbi land

CLW's best-in-class tenant register provides portfolio quality and diversity. 99% of the REIT's portfolio is leased to Government, ASX-listed, multinational and national tenants.

Active portfolio management

During the year, CLW continued delivering on strategy, improving both the quality and metrics of its portfolio. At year end, the REIT held 549 properties valued at \$6.8 billion with a WALE of 11.2 years. The percentage of the REIT's properties with NNN leases was 52% of the portfolio net income. Under a NNN lease, the tenant bears all the outgoings and other costs of maintenance and capital expenditure associated with the properties, thereby enabling the REIT to avoid such expenditure. In addition, 79% of CLW's portfolio is weighted to the key Australian eastern seaboard states.

CLW's best-in-class tenant register provides portfolio quality and diversity. 99% of the REIT's portfolio is leased to Government, ASX-listed, multinational and national tenants. Importantly, these blue-chip tenants are in resilient industries and the REIT continues to generate strong rental growth.

At the end of the period, the portfolio WACR was 4.77% reflecting the high quality of the properties, income security afforded by the tenants and desirable locations of the assets.

CLW also continues to enjoy strong occupancy across the portfolio, with 99.9% occupancy over the period. This means CLW has no major lease expiries until FY26, ensuring strong security of income for investors.

Capital management

CLW continues to actively manage its balance sheet in order to remain defensive in a high interest rate environment. Balance sheet gearing of 32.9% is within the target 25%-35% range and look-through gearing is 40.1%.

A number of debt capital initiatives were completed in order to hedge the impact of rising interest rates, while continuing to position the REIT for long-term growth. This includes taking out an additional \$940 million of hedging together with extending the REIT's hedge maturity profile. In the first half of FY23, CLW refinanced and extended the syndicated debt facility for the bp Australia portfolio by four years. CLW's share of this facility is \$225 million.

CLW has a weighted average debt maturity of 4.5 years, with staggered maturities over a nine-year period from FY24 to FY32.

The REIT's current weighted average cost of debt is 3.9%.

CLW maintained its Moody's Baa1 investment grade issuer rating with a stable outlook.

Sustainability

Sustainability is integrated into how CLW and the Charter Hall Group conduct business, and we continue to partner with our customers and communities to deliver meaningful change.

This year, we accelerated our commitment to Net Zero Carbon in operations for Scope 1 and Scope 2 emissions by five years, from 2030 to 2025¹. This is a result of a concerted effort across Charter Hall Group to deliver on its climate initiatives, through renewable electricity and energy efficiency.

CLW has 2MW of onsite solar installed across its portfolio, an increase of 400KW since FY22. An additional 8.4MW of onsite solar is planned or committed across its industrial assets. Across the office portfolio, 100% of assets are powered by grid-supplied electricity sourced from renewable sources.

CLW grew its portfolio of NABERS rated office assets, with an increase of 19% in rating coverage and a portfolio rating of 5.3 star for NABERS Energy and 5.2 star for NABERS Water ratings. CLW continues to make progress in its sustainability benchmarks, scoring 79 in the GRESB Benchmark, up seven points from the previous year, and maintaining its 'A' rating for Public Disclosure. GRESB is a leading organisation for assessing environment, social and governance performance for real estate and infrastructure companies globally.

CLW supported Charter Hall Group's investment of \$1.4 million for community resilience and learning, skilling and employment initiatives. This includes facilitating employment outcomes for vulnerable youth through partnerships with social enterprises. Charter Hall Group also delivered Australia's largest footprint of WELL Building Portfolio and Health Safety rated workplaces, including 222,647 square metres of CLW office assets.

As part of the implementation of Charter Hall Group's Reconciliation Action Plan (RAP), we continue to actively work on building our relationships and capacity with First Nations businesses, as well as sharing factual and impartial information to be better informed on issues impacting First Nations Peoples.

We have continued our approach to ensuring that robust governance underpins our operations. In December, Charter Hall Group's annual Modern Slavery Statement was completed and accepted by the Board, outlining efforts to prevent occurrences of modern slavery in our supply chain. Charter Hall Group's Human Rights and Modern Slavery Working Group reviews and manages our efforts in relation to this across our portfolios.

Outlook and guidance

We continue to focus on what is within our control in order to navigate the challenging economic environment and rising interest rates. To that end, CLW is well-positioned for the long term, with a diversified and resilient portfolio, high quality tenants and security of long leases. We will continue to execute our strategy of pursuing long WALE opportunities and aim to deliver long-term earnings and distribution growth.

Finally, on behalf of the Board and Management team, we would like to thank our securityholders for their ongoing support. We will endeavour to continue to provide you with stable and secure income, and target income and capital growth over the long term.

Peeyush Gupta AM
Chair

Avi Anger
Fund Manager

1. Our Net Zero target applies to Scope 1 and Scope 2 emissions for existing assets that fall under the operational control of responsible entities for which Charter Hall Limited is the controlling corporation. Where residual Scope 1 emissions are offset, Charter Hall will use high quality nature-based offsets.

Portfolio PERFORMANCE

Portfolio summary

Number of properties	549
Property valuation (A\$m)	\$6,831
Weighted Average Capitalisation Rate (WACR)	4.77%
Occupancy	99.9%
Weighted Average Lease Expiry (WALE)	11.2yrs
Weighted Average Rental Review (WARR) ¹	5.1%
Portfolio exposure to CPI-linked reviews	51%
Triple Net Leases (NNN)	52%

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

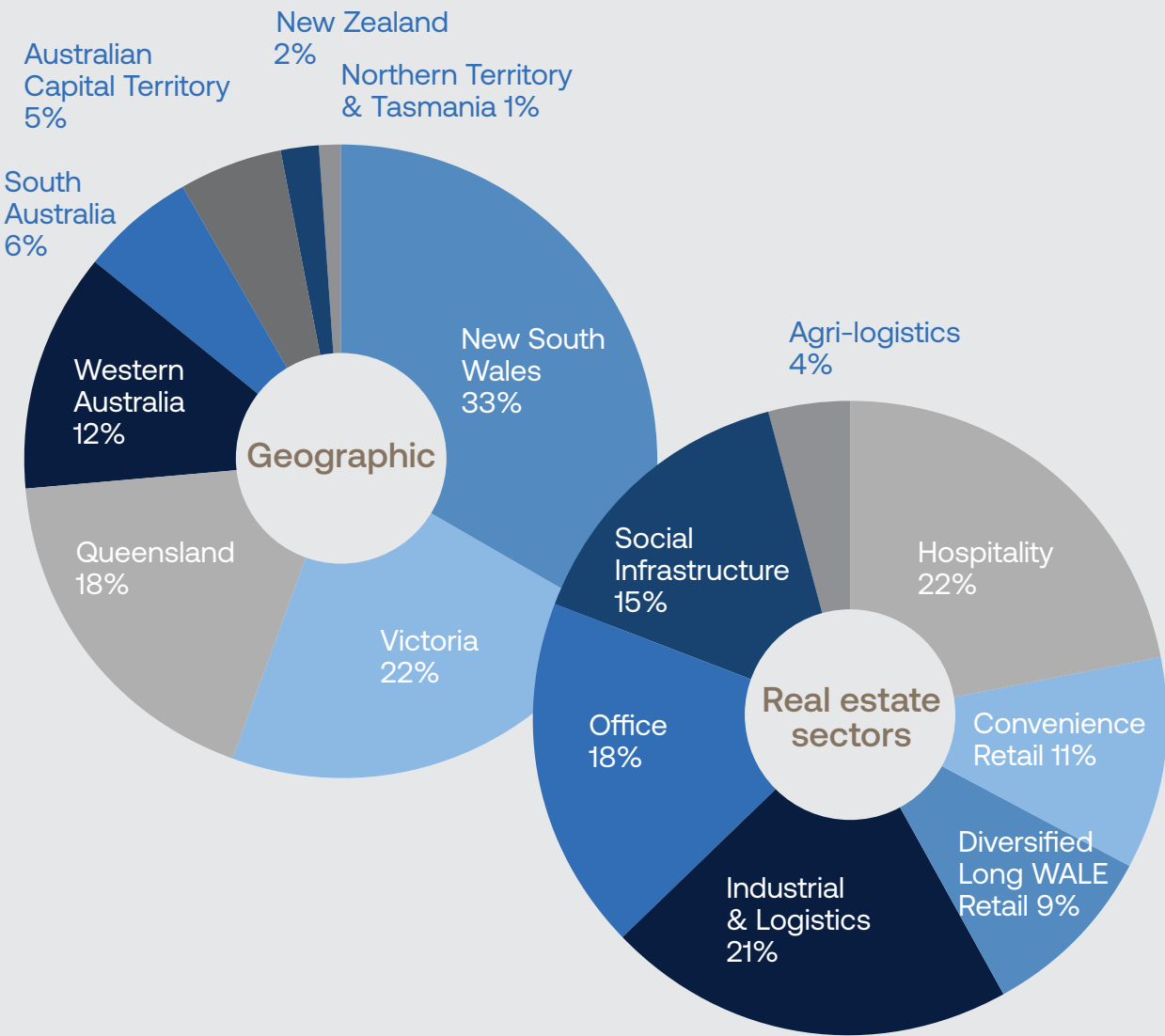
2. Weighted by net passing income as at 30 June 2023.

3. Weighted by external valuation as at 30 June 2023 (REIT ownership interest).
Note: Totals may not add to 100% due to rounding.

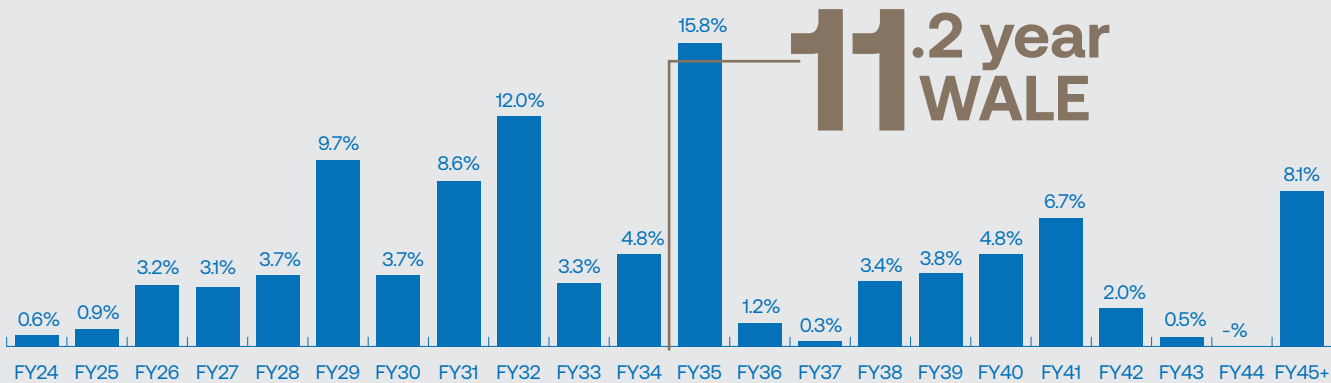
Major tenants²

 Australian Government NSW Government Queensland Government	19%
 endeavour group	19%
 Telstra	13%
 bp	10%
 Ingham's	5%
 Coles Group	4%
 Metcash	4%
 DAVID JONES	4%
 Arnot's Group	3%
 MYER	3%
 Bunnings Warehouse	3%
 Woolworths	2%
 Australian Red Cross	1%
 VEOLIA	1%

Diversification³



Lease expiry profile²



SUSTAINABILITY

Sustainability is integrated into how CLW and the Charter Hall Group (ASX:CHC) conduct business, and we continue to partner with our customers and communities to explore opportunities and deliver meaningful change.

Our approach to sustainability remains practical, authentic and targeted. CLW leverages Charter Hall Group's platform-wide scale and integration of sustainability as a core driver of value for the REIT. Doing so enables us to not only attract and retain capital, but also generates the most value for our customers and employees. Throughout FY23, we continued to partner with our customers to progress our shared sustainability goals and in turn, create long-lasting value for all.

Achievements in FY23



Net Zero Carbon by 2025
Accelerated Scope 1 and Scope 2 target by 5 years¹.



Investing in clean energy
2MW of installed solar, an increase of 400kW since FY22. 100% grid supplied electricity sourced from renewable sources for Office assets².



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



5.3 Star NABERS Energy for Office portfolio rating³.
5.2 Star NABERS Water for Office portfolio rating³.



Healthy places
Charter Hall Group delivered Australia's largest footprint of WELL Building Portfolio and Health Safety rated workplaces, including 222,647sqm of CLW assets.



Support for disaster and hardship
Charter Hall Group invested \$1.4m to support communities with resources to build and rebuild strong foundations.

1. Our Net Zero target applies to Scope 1 and Scope 2 emissions for existing assets that fall under the operational control of responsible entities for which Charter Hall Limited is the controlling corporation. Where residual Scope 1 emissions are offset, Charter Hall will use high quality nature-based offsets.
2. Renewable electricity procurement for assets where the electricity consumption is in operational control.
3. Rating is consistent with FY22 period with NABERS water portfolio rating improved by 0.1 star.

We always have a long-term perspective. It's not about temporary solutions but creating an enduring impact.

Charter Hall Group's focus is to: **Respond** to the challenges and consequences of a warming climate, how to protect and restore nature, and rethink how we use resources;

Drive lasting change by partnering where we can make the most difference to individuals and communities by unlocking opportunities to access learning and employment opportunities, as well as support communities to build and rebuild following disaster; and

Lead in our role as stewards of third party capital and create strategies that deliver long-term value for our investors, customers and other stakeholders.



Above: The Glasshouse Macquarie Park NSW Wallumedegal land

Right: Beverley Distribution Centre SA Karna land

Progress against our sustainability targets

Strategic focus area	FY23 performance	Looking forward
Climate action		
Scope 1 and 2 carbon emissions	– CLW accelerated its commitment to Net Zero emissions for Scope 1 and Scope 2 by five years ¹ , from 2030 to 2025.	– Net Zero emissions by 2025 (Scope 1 and 2) ¹ .
Clean energy	– CLW's Office assets² are powered by 100% electricity supplied from renewable sources. – CLW installed an additional 400KW of onsite solar in partnership with tenant customers, bringing the total solar capacity across the portfolio to 2MW.	– 100% electricity supplied from renewable sources by 2025². – An additional 8.4MW of solar committed for installation during FY24.
Energy performance	– CLW achieved a 5.3 star NABERS Energy for Office portfolio rating, covering 100% of its Office assets ² .	– Target 5.5 star NABERS Energy for Office portfolio by 2025.
Benchmarking performance	– CLW maintained a 4 star Green Star Performance rating for its Office portfolio and 2 star Green Star Performance rating for its Industrial & Logistics portfolio.	– Maintain Green Star Performance, while transitioning to the updated rating tool.
Rethink resources		
Operational waste	– CLW's Office portfolio diverted 18% of its operational waste from landfill, a decrease compared to FY22, due to a 17% increase in coverage.	– 75% diversion from landfill by 2030 target at Office portfolios.
Align to circular economy	– CLW's Office and Industrial & Logistics portfolios aligned with CHC's circular economy approach.	– Implement a responsible, resource strategy that addresses circular economy by 2025.
Restore nature		
Potable water consumption	– CLW's water intensity increased by 4% for its Office assets compared to FY22 due to increased occupancy driving heightened water consumption.	– Target 5.0 star NABERS Water for Office portfolio rating by 2025.
Water performance	– CLW achieved a 5.2 star NABERS Water for its Office portfolio rating, covering 100% of its Office assets.	

1. Our Net Zero target applies to Scope 1 and Scope 2 emissions for existing assets that fall under the operational control of responsible entities for which Charter Hall Limited is the controlling corporation. Where residual Scope 1 emissions are offset, Charter Hall will use high quality nature-based offsets.

2. Assets in operational control.

Strategic focus area	FY23 performance	Looking forward
High performing talent		
Inclusion, diversity and equality	CHC achieved: – Continued improvement in the Australian Workplace Equality Index (AWEI) score. – Employee engagement of 89%, nine points above the high-performing industry norm. – Bronze Employer for LGBTQ+ inclusion. – Employer of Choice for Gender Equality by the Workplace Gender Equality Agency.	– Sustain levels of engagement that align with being a global high performing culture.
Deep customer partnerships		
Customer satisfaction	– CHC's NPS score improved to +52, up from +45 in 2022. – On a like-for-like basis, tenant customer satisfaction results increased in industrial & logistics and remained stable in office.	– Create a benchmark to measure the cross-sector customer experience, considering all aspects of how we partner with our customers.
Strong communities		
Community investment	– CHC contributed \$1.4m in community donations, up 16%, with over a third donated to disaster relief.	– Continue engaging closely with Reconciliation Australia to develop CHC's new Innovate RAP.
Health and well-being		
Healthy buildings	– CLW's office assets (totalling 222,647sqm of space), contributed to CHC delivering Australia's largest WELL Building Portfolio and Health Safety rated workplaces.	– Maintain WELL building portfolio rating for the Office sector.
Pathways to prosperity		
Create employment opportunities	– CHC generated 210 youth employment outcomes.	– Achieve 400 youth employment outcomes by 2025 and 1,200 by 2030.
Employee volunteering	– CHC achieved 3,403 hours of employee volunteering which equates to \$316k, up 9% from last year.	– Volunteer 6,000 hours in the community by FY25.
Governance		
Transparency and disclosure	– CLW achieved 79 in the 2022 GRESB assessment, an improvement of 7 points compared to previous score. – CHC published its third Modern Slavery Statement. – CHC published its third TCFD statement.	– Actively monitor progress of International Sustainability Standards Board and future integration of environmental and financial metrics.

Case study

Charter Hall achieves the largest Health-Safety Rating in Australia, across 65 assets

Developed by the International WELL Building Institute, the global authority for driving market transformation toward healthy buildings, organisations and communities, the WELL Health-Safety Rating demonstrate best practice in building operations and addresses acute health risks in buildings.

Now in the fourth year of the program, CLW office assets continue to participate in Charter Hall's WELL at scale program with 10 office assets, covering

222,647sqm of CLW's office area achieving WELL Health-Safety certification.

This supports our communities by providing better air quality, access to nutritious food options and spaces that are properly cleaned and sanitised.

By applying WELL at scale, Charter Hall takes a strategic, centralised and streamlined approach to evidence-based health interventions across its portfolio. This allows occupants to benefit from these interventions, enabling them to be healthier and more productive.



Left: 242 Exhibition Street
Melbourne VIC
Wurundjeri and Bunurong land

Below: ATO Adelaide SA
Kurna land

Both achieved WELL Health
and Safety ratings



LEADERSHIP

Board of Directors



Peeyush Gupta AM
Chair



Glenn Fraser
Independent
Non-Executive Director



Ceinwen Kirk-Lennox
Independent
Non-Executive Director



David Harrison
Executive Director



Carmel Hourigan
Executive Director

See page 32-34 for
information on the Directors.

Management



Avi Anger
Fund Manager

Avi joined Charter Hall in 2003 and has over 20 years' experience in real estate funds management. Avi has led the sourcing and acquisition of property, the establishment and structuring of new funds and the management of funds including overseeing transactions, development, asset and property management.

Avi led the establishment of the Charter Hall Long WALE REIT (ASX: CLW) in 2016 and is the Fund Manager of the now \$6.8 billion REIT.

Prior to this, Avi was Head of Transactions and Advisory. In this role, Avi was responsible for all property transactions of the Group and its managed funds and played a key role in the growth of the Group's funds under management.

Prior to joining Charter Hall, Avi worked at Terrace Tower Group and Ernst & Young. Avi holds a Bachelor of Commerce and a Master of Commerce from the University of New South Wales.



Scott Martin
Head of Diversified Finance

Scott joined Charter Hall Group following the acquisition of Folkestone Limited in November 2018 where he held the position of Chief Financial Officer and Company Secretary since December 2005.

Scott has over 23 years' financial experience in Australia specialising in the property and construction industries. Scott is a Chartered Accountant who began his career at Deloitte specialising in accounting, taxation and transaction services.

Scott is a member of the Institute of Chartered Accountants and holds a Bachelor of Commerce from the University of Melbourne.



Darryl Chua
Deputy Fund Manager

Darryl joined Charter Hall in 2016 and is responsible for the operation of the Charter Hall Long WALE REIT, particularly with respect to portfolio and capital management. Darryl has over 16 years' experience in real estate funds management and corporate finance.

Prior to joining Charter Hall, Darryl worked at Goodman Group in the Investment Management team and Macquarie Group in both its real estate financing division and its investment banking division, Macquarie Capital, specialising in real estate corporate advisory.

Darryl holds a Bachelor of Laws from the University of Western Australia.

Directors' Report and Financial REPORT

For the year ended 30 June 2023

Contents

Directors' Report	24
Auditor's Independence Declaration	36
Consolidated Statements of Comprehensive Income	37
Consolidated Balance Sheets	38
Consolidated Statements of Changes in Equity	39
Consolidated Cash Flow Statements	40
About this Report	41
A. REIT Performance	42
B. Property Portfolio Assets	46
C. Capital Structure and Financial Risk Management	52
D. Further Information	63
Directors' Declaration to Stapled Securityholders	71
Independent Auditor's Report	72

Red Cross Building
Alexandria NSW
Gadigal land

Directors' Report

The Directors of Charter Hall WALE Limited (CHWALE) present their report together with the consolidated financial report of the Charter Hall Long WALE REIT (CLW or REIT) and the consolidated financial report of LWR Finance Trust (Finance Trust) for the year ended 30 June 2023, and the Independent Auditor's Report thereon. The financial report of CLW comprises Charter Hall Direct Industrial Fund (DIF) and its controlled entities, which include LWR Finance Trust and its controlled entity. The financial report of Finance Trust comprises LWR Finance Trust and its controlled entity. DIF and Finance Trust are collectively referred to as "Stapled Trusts". One of the stapled entities of a stapled structure is to be identified as the parent entity for the purposes of preparing a consolidated annual financial report. In accordance with this requirement, DIF has been identified as the parent entity (see D8(b)). The stapled securities cannot be traded or dealt with separately.

DIF and Finance Trust are registered schemes, and CHWALE is a company limited by shares. DIF, Finance Trust and CHWALE are incorporated and domiciled in Australia with the registered office and principal place of business located at Level 20, No.1 Martin Place, Sydney NSW 2000.

CHWALE is the Responsible Entity of the Stapled Trusts and is a controlled entity of Charter Hall Limited.

Principal activities

The principal activity of the REIT during the year was property investment. The principal activity of the Finance Trust during the year 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 financial year.

Directors

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

– Peeyush Gupta AM	– Chair 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 year are as follows:

	Number of securities on issue entitled to distribution	2023 Cents per security	2023 \$'000	Number of securities on issue entitled to distribution	2022 Cents per security	2022 \$'000
Ordinary securityholders of DIF						
30 September	722,955,466	7.00	50,607	630,580,810	7.62	48,050
31 December	722,955,466	7.00	50,607	718,377,885	7.62	54,740
31 March	722,955,466	7.00	50,607	720,933,092	7.63	55,007
30 June	722,955,466	7.00	50,607	722,955,466	7.63	55,162
Total distributions		28.00	202,428		30.50	212,959

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 issuance 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 year.

Review and results of operations

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

	Charter Hall Long WALE REIT		Finance Trust	
	Year to 30 Jun 2023	Year to 30 Jun 2022	Year to 30 Jun 2023	Year to 30 Jun 2022
Total revenue (\$'000)	222,511	219,697	82,594	43,763
Statutory (loss)/profit (\$'000)	(188,993)	911,899	2,345	73,891
Basic (loss)/earnings per stapled security (cents)	(26.14)	134.22	0.32	10.88
Operating earnings of the REIT (\$'000)	202,446	207,185	-	-
Operating earnings of the REIT per stapled security (cents)	28.00	30.50	-	-
Distributions (\$'000)	202,428	212,959	-	-
Distributions per stapled security (cents)	28.00	30.50	-	-
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
Total assets (\$'000)	6,203,453	6,482,033	2,117,474	2,011,959
Total liabilities (\$'000)	2,133,660	2,023,743	2,050,299	1,947,129
Net assets attributable to securityholders (\$'000)	4,069,793	4,458,290	67,175	64,830
Stapled securities on issue ('000)	722,955	722,955	722,955	722,955
Net assets per stapled security (\$)	5.63	6.17	0.09	0.09
Balance sheet gearing - total debt (net of cash) to total assets (net of cash)	32.9%	29.9%		
Look-through gearing - total debt (net of cash) to total assets (net of cash)	40.1%	37.1%		

The REIT recorded a statutory loss of \$189.0 million for the year ended 30 June 2023 (2022: \$911.9 million profit). Operating earnings amounted to \$202.4 million (28.0 cents per stapled security) for the year ended 30 June 2023 (2022: \$207.2 million; 30.5 cents per stapled security) and a distribution of \$202.4 million (28.0 cents per stapled security) was declared for the same period (2022: \$213.0 million; 30.5 cents per stapled security).

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

	30 Jun 2023 \$'000	30 Jun 2022 \$'000
Net property income	324,574	293,494
Interest income	1,714	121
Fund management fees	(31,110)	(26,790)
Finance costs	(87,179)	(54,966)
Administration and other expenses	(5,553)	(4,674)
Operating earnings	202,446	207,185

Note: 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 the heightened 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.

Reconciliation of operating earnings to statutory profit is set out below:

	30 Jun 2023 \$'000	30 Jun 2022 \$'000
Operating earnings	202,446	207,185
Net fair value movements on investment properties*	(362,662)	625,860
Net fair value movements on debt and derivative financial instruments*	(29,597)	82,000
Net fair value movements on investments at fair value through profit or loss	151	18
Straight lining of rental income, amortisation of lease fees and incentives*	1,492	7,543
Acquisition and disposal related costs*	(1,134)	(9,284)
Loss on debt extinguishment*	(573)	(5,556)
Income support and development rebate	(256)	(462)
Provision for rent relief	84	(147)
Foreign exchange gains	1,056	4,742
Statutory (loss)/profit for the year	(188,993)	911,899
Basic weighted average number of stapled securities ('000)	722,955	679,392
Basic earnings per stapled security (cents)	(26.14)	134.22
Operating earnings per stapled security (cents)	28.00	30.50

* 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 \$362.7 million (2022: gain of \$625.9 million) comprised: valuation losses on a proportionate consolidation basis totalling \$353.6 million (2022: gains of \$690.9 million), revaluation decrements attributable to acquisition costs of \$7.6 million (2022: \$57.5 million) and straight lining of rental income, amortisation of lease fees and incentives of \$1.5 million (2022: \$7.5 million).

During the year the REIT's portfolio valuation decreased by 3.9% (2022: 10.8% increase). External valuations were conducted at 30 June 2023 for 100% (2022: 90%) of the REIT's portfolio, including joint ventures.

Significant changes in the state of affairs

Acquisitions

During the period, the REIT acquired the following assets:

	Acquisition date	Acquisition price \$'000
Emu Hotel, Morphett Vale SA (49.9% interest)*	8/08/2022	10,184
Geoscience Australia, Canberra ACT (25% interest)*	11/10/2022	90,875
Horse & Jockey Hotel, Warwick QLD (49.9% interest)*	12/12/2022	3,931
Marine Hotel, Cardwell QLD (49.9% interest)*	31/01/2023	2,087
Rainbow Beach Hotel, Rainbow Beach QLD (49.9% interest)*	28/02/2023	1,708
Bunnings, Caboolture QLD	8/06/2023	27,423
		136,208

* Acquired by the underlying property trust which owns the assets.

Disposals

During the year, the REIT disposed the following assets:

	Disposal date	Disposal price \$'000
Toll Holdings, Altona North VIC	16/12/2022	38,250
Woolworths, Hoppers Crossing VIC	20/12/2022	74,000
BP Manunda QLD (24.5% interest)*	22/03/2023	447
BP St George QLD (24.5% interest)*	1/05/2023	440
BP Kelso NSW (24.5% interest)*	31/05/2023	367
		113,504

* Disposed by the underlying property trust which owns the assets.

Debt arrangements and hedging

In August 2022, the REIT entered into a \$650.0 million interest rate swap agreement commencing on 20 September 2022 and expiring on 20 June 2024 at an average rate of 1.5% over the term of the swap at a cost of \$21.6 million.

In March 2023, the REIT entered into a \$290.0 million interest rate swap agreement commencing on 20 March 2023 and expiring on 20 June 2024 at an average rate of 3.72% over the term of the swap.

In June 2023, the REIT extended the maturity date of \$750 million of existing interest rate swap agreements from June 2024 until June 2025 and extended the maturity date of \$450 million of existing interest rate swap agreements from March 2025 to June 2025 to increase the REIT's interest rate hedging profile.

Debt facilities in joint ventures and associates

In August 2022, the Charter Hall Australian Convenience Retail Trust entered into a new six year \$450 million syndicated debt facility, the proceeds of which were used to repay the previous facility.

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

Business strategies and prospects

The 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 a diversified property portfolio with a long WALE.

The REIT aims to maintain and enhance the existing portfolio through active asset and property management and to grow the portfolio through the acquisition of assets that are predominantly leased to tenants with strong covenants on long-term leases.

The REIT aims to proactively manage its equity and debt. It has a target balance sheet gearing range of 25% to 35%.

The material business risks faced by the REIT that are likely to have an effect on its financial performance are set out below. A dedicated risk and compliance team are responsible for the ongoing review and monitoring of compliance and risk management systems. The Board regularly reviews material risks to ensure they remain within the REIT's agreed risk appetite.

Risk		Description	Mitigation
External Risks	Property cycle risk and adverse market or economic conditions	Failure to insulate against property cycle downturns and slowing economic conditions may have an impact on asset values and investor returns.	The REIT ensures it consistently delivers on strategy with a focus on investment in long WALE assets with contracted growth attributes. The REIT undertakes a detailed annual strategic review for all assets to inform recycling of capital into new areas and formal exit strategies for investments.
	Structural change in commercial property	Disruptive competitors may have an impact on key tenants and on marginal tenancies. This may impact space requirements from tenants. Changing technology is changing tenant expectations.	By undertaking ongoing due diligence including demographics, environment, competitor threats, and by leveraging consultant expertise the REIT ensures that it remains informed of market changes.
Financial Risks	Debt and equity capital management	Effective capital management is required to meet the REIT's ongoing liquidity and funding requirements. The inability to raise new capital to pursue growth opportunities or to raise replacement capital at challenging points in the debt or equity markets cycle is a key risk.	The REIT mitigates these risks by the implementation of its debt diversity strategy combined with regular monitoring and reporting on debt covenants and stress testing of liquidity positions. The REIT has demonstrated strong performance, an equity raising track record and access to diversified equity partners across sources. The REIT manages its relationships with its partners through investment agreements including investment committee oversight of all key decisions with structured and pre-agreed reporting.
		A relationship breakdown or termination of joint venture partnership may result in reputational or financial damage.	
	Interest rates	Rising interest rates may adversely impact the REIT by increasing finance costs and impacting the amount the REIT has available to distribute to investors.	The REIT has a Treasury Risk Management Policy which includes policies and controls to minimise the impact of fluctuating interest rates on the REIT's financial performance. The REIT enters into interest rate swaps in order to provide more certainty for the REIT's finance costs. As at 30 June 2023, the REIT had 83% of its debt hedged (calculated on a look-through basis) and a weighted average hedge maturity term of 2.3 years.
Operational Risks	Work, Health & Safety (WHS) obligations, critical safety incident or significant crisis	The REIT has a commitment to promote and protect the health, safety and wellbeing of its people, customers, contractors and all users of the REIT's assets.	The Group WHS Manager collaborates closely with property management teams to ensure the roll-out of enhanced contractor registration/on-boarding platforms, incident notification platform, ongoing Risk Audits and training on incident response and management.

	Technology and cyber security	There is increasing sophistication of cyber-attacks, particularly denial of service impact on Building Management Security. A reportable data breach may result in adverse impact on reputation and/or financial penalty.	The cyber security strategy and program continues with external validation and yearly review of IT policies against best practice. The REIT undertakes annual penetration tests against critical systems and properties and have brought all critical systems under IT General Controls (ITGC) including regular user access reviews. Our internal audit includes risk identification and assessment for new platforms. The REIT also has a formal cyber insurance policy which covers incident remediation costs.
	Organisational culture and conduct	Our ongoing success depends on our ability to attract, engage and retain a motivated and high-performing workforce to deliver our strategic objectives and an inclusive culture that supports our values.	The REIT has a Code of Conduct in place with all employees and undertakes consistent messaging and tone at the top regarding behaviour. The REIT has a formal Whistleblower Policy in place and process to obtain regular employee feedback on culture and behaviours which is used to inform management decisions.
Environmental	Climate change	There is an increasing interest and expectation amongst investor groups on reporting against climate change risk. There has been the introduction of Task Force on Climate-related Financial Disclosures (TCFD) as a framework to address climate change through governance, risk management, metrics and targets.	The REIT has aligned with the TCFD framework and developed our Climate Strategy for a Low Carbon Economy and Business as Usual Scenario. The REIT has created a TCFD Working Group to inform climate resilience and reporting approach. The REIT has set a pathway to net zero Scope 1 and Scope 2 emissions by 2025. The REIT has undertaken physical climate change risk exposure assessments across assets and climate change adaptation plans are in development for its assets. Climate change adaptation due diligence is undertaken during acquisition process.
Regulatory	AFSL compliance	CHWALE is required to comply with Australian Financial Services Licence (AFSL) requirements through our established policies and frameworks.	Regular compliance reporting is undertaken to the Audit, Risk and Compliance Committee (ARCC), including mandatory annual compliance training requirements for all employees. In addition, the REIT has formalised compliance committees with annual external audit of compliance plans.
	Management of conflicts of interest	Inadequate management of tenant and acquisition conflicts may arise between Charter Hall managed funds or related party transactions may be inappropriately managed. There is also a risk that the REIT fails to pay market rate for related party services.	Conflict of Interest protocols are embedded in the business, including annual declarations from all employees and directors, board reporting/approval for all related party transactions. The REIT has in place a Compliance Plan/function including oversight of Conflict of Interest/Related Party protocols and formalised asset allocation protocols.

Matters subsequent to the end of the financial year

The Directors of the Responsible Entity are not aware of any matter or circumstance not otherwise dealt with in this report or the annual 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.

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.

Indemnification and insurance of Directors, Officers and Auditor

During the year, the REIT and Finance Trust contributed to the premium for a contract to insure all directors, secretaries, executive officers and officers of the REIT and Finance Trust and of each related body corporate, with the balance of the premium paid by Charter Hall Group and funds managed by members of Charter Hall Group. In accordance with usual commercial practice, the insurance contract prohibits disclosure of details relating to the nature of the liabilities covered by the insurance, the limit of indemnity and the amount of the premium paid under the contract.

Provided the officers of the Responsible Entity act in accordance with the REIT's and Finance Trust's constitutions and the *Corporations Act 2001*, the officers are indemnified out of the assets of the REIT and Finance Trust against losses incurred while acting on behalf of the REIT and Finance Trust. The insurance does not provide cover for the independent auditors of the REIT or Finance Trust or of a related body corporate. The REIT and Finance Trust indemnifies the auditor (PricewaterhouseCoopers Australia) against any liability (including legal costs) for third party claims arising from a breach by the REIT or Finance Trust of the auditor's engagement terms, except where prohibited by the *Corporations Act 2001*.

Fees paid to and interests held in the REIT by the Responsible Entity or its Associates

Base fees of \$31.1 million (2022: \$26.8 million) by the REIT and \$0.4 million (2022: \$0.2 million) by the Finance Trust and other fees of \$9.4 million (2022: \$17.3 million) were paid or are payable to the Responsible Entity and its Associates by the REIT for the services provided during the year, in accordance with the REIT's and Finance Trust's constitutions as disclosed in Note D1 in the consolidated financial statements.

Interests in the REIT and Finance Trust held by the Responsible Entity or its Associates as at 30 June 2023 are also disclosed in Note D1 in the consolidated financial statements.

Interests in the REIT and Finance Trust

	2023	2022
Securities on issue at the beginning of the year	722,955,466	628,215,732
Securities issued during the year		
- via distribution reinvestment plan	-	9,238,454
- via securities issued as consideration for acquisitions, net of issue costs	-	85,501,280
Securities on issue at the end of the year	722,955,466	722,955,466

Environmental regulations

The operations of the REIT and Finance Trust are subject to environmental regulations under Commonwealth, State and Territory legislation in relation to property developments.

In relation to the property developments, the REIT is obliged to ensure all works carried out under any development approval comply with that approval as well as any further relevant statutory requirements. The REIT ensures that contracts it enters into with builders for its developments stipulate that the builder must:

- (a) ensure that in carrying out the contractor's activities:
 - (i) it complies with all statutory requirements and other requirements of the contract for the protection of the environment;
 - (ii) it does not pollute, contaminate or otherwise damage the environment; and
 - (iii) its subcontractors comply with the requirements referred to in the contract;
- (b) make good any pollution, contamination or damage to the environment arising out of, or in any way in connection with, the contractor's activities, whether or not it has complied with all statutory requirements or other requirements of the contract for the protection of the environment; and
- (c) indemnify the REIT to the full extent permitted by law against:
 - (i) any liability to or a claim by a third party; and
 - (ii) all fines, penalties, costs, losses or damages suffered or incurred by the REIT, arising out of or in connection with the contractor's breach of the contract.

Approvals for property developments are required under various local, State and Territory environmental laws.

To the best of the Directors' knowledge, the operations of the REIT have been undertaken in compliance with the applicable environmental regulations in each jurisdiction where the REIT operates.

Information on current Directors

Director	Experience	Special responsibilities	Interest in securities of the REIT
Peeyush Gupta AM	Peeyush joined the Board on 6 May 2016 and was appointed Chair on that date. Peeyush has more than 40 years' experience in funds and investment management, and has experience in starting, growing and managing businesses; acquisitions and divestments; roll-ups and integration; and corporate governance. In his executive career, Peeyush was the co-founder and the inaugural Chief Executive Officer of Ipac Securities Limited, a pre-eminent wealth management firm. He is a Non-Executive Director of National Australia Bank Limited, Special Broadcasting Service (SBS), Link Administration, Northern Territory Aboriginal Investment Corporation and NSW Cancer Council. He is also currently the Chair of Charter Hall Direct Property Management Limited. Peeyush is also a Fellow of the Australian Institute of Company Directors. In 2019, Peeyush was awarded the Order of Australia (AM) "for significant service to business, and to the community, through governance and philanthropic roles". Peeyush holds a Master of Business Administration in Finance from the Australian Graduate School of Management and a Bachelor of Arts in Computing Studies from the University of Canberra. He is also an alumnus of Harvard and London Business Schools. Current listed directorships: National Australia Bank Limited (ASX: NAB) Link Administration Holdings Limited (ASX: LNK) Former listed directorships in the last three years: Nil	Chair	397,676
Glenn Fraser	Glenn joined the Board on 6 May 2016. With 46 years' industry experience, Glenn is a professional Non-Executive Director following a long career in finance, infrastructure and property. Glenn was a member of Transfield Holdings Advisory Board from 1999 to 2015. He was instrumental in Transfield Holding's acquisition of a 50% interest in Charter Hall and its subsequent expansion and ASX listing in 2005. Glenn also served as a Non-Executive Director of the Charter Hall Group from April 2005 to August 2012. Joining Transfield Holdings in 1996, Glenn was General Manager – Finance Project Development, where he was responsible for the financial elements of infrastructure and property projects. Glenn was subsequently appointed Chief Financial Officer of Transfield Holdings when it had turnover in excess of \$1 billion per annum and over 8,000 staff. Glenn was a principal and director of a project finance advisory business, Perry Development Finance Pty Limited from 1985, which was sold to Hambros Corporate Finance Limited in 1995. Glenn holds a Bachelor of Commerce from the University of New South Wales. He is a member of the Institute of Chartered Accountants and a graduate of the Australian Institute of Company Directors. Current listed directorships: Nil Former listed directorships in the last three years: Nil	Audit, Risk & Compliance Committee Chair	76,721

Director	Experience	Special responsibilities	Interest in securities of the REIT
Ceinwen Kirk-Lennox	Ceinwen joined the Board on 28 June 2016. Ceinwen has over 38 years' experience in many aspects of property including agency, development, project and construction management, property management, and community development. Her executive career includes 26 years at Lendlease Corporation, where she held executive roles, running commercial business units, client accounts and functions across the Lendlease Group. Ceinwen now runs her own consultancy, Mosaic Xchange, with clients across both private and public sectors. Ceinwen has served on a number of boards including both for-profit and not-for-profit companies. Ceinwen was appointed to the Greater Sydney Parklands Board in 2020 and is an ongoing member of the Sydney Archdiocesan Property Committee. Ceinwen holds a Bachelor of Business (Land Economy) from the University of Western Sydney and is a graduate of the Australian Institute of Company Directors. Current listed directorships: Nil Former listed directorships in the last three years: Nil	Nil	60,341
David Harrison	David joined the Board on 16 February 2016. David has over 30 years' property market experience across office, retail and industrial sectors in multiple geographies globally. As Charter Hall's Managing Director and Group CEO, David is responsible for strategically growing the business and maintaining its position as a multi-core sector market leader. David has overseen the growth of the Charter Hall Group from \$500 million to \$88 billion of assets under management in 15 years. David is an executive member of Charter Hall Retail REIT and Charter Hall Long WALE REIT and Partnership Investment Committees, and Chair of the Executive Property Valuation Committee and Executive Leadership Committee. David is the Chair of the Property Council of Australia Nominations and Financial Management Committees. David is also a member of the Property Council Australia Champions of Change Coalition. David holds a Bachelor of Business Degree (Land Economy) from the University of Western Sydney, is a Fellow of the Australian Property Institute (FAPI) and holds a Graduate Diploma in Applied Finance from the Securities Institute of Australia. Current listed directorships: Charter Hall Group (ASX: CHC) Charter Hall Retail REIT (ASX: CQR) Former listed directorships in the last three years: Nil	Nil	699,285

Director	Experience	Special responsibilities	Interest in securities of the REIT
Carmel Hourigan	Carmel joined the Board on 30 November 2020. Carmel has over 30 years' industry experience, spanning key senior leadership positions and roles in funds management, research and advisory services. Joining Charter Hall in 2020, Carmel leads the \$26 billion office sector from end to end including funds management, asset management, development and property management teams. She helps develop the overall strategy and objectives for the office funds in conjunction with Charter Hall Fund Managers and investors, and guides the portfolio management, capital transactions, treasury and property trust management teams to execute strategy. Prior to joining Charter Hall, Carmel held the position of Global Head of Real Estate at AMP Capital, in addition to overseeing their strategic global real estate partnerships and real estate investment committees. Prior to AMP Capital, Carmel held senior positions at GPT Group, Lend Lease and Challenger Financial Services Group. Carmel is a Director on the Property Council of Australia Board (PCA) and is currently the Chair of the PCA National Capital Markets Committee. She also is currently a member of the Property Champions of Change group which has a focus on improving gender diversity and inclusion across the Australian property industry. Carmel holds a Bachelor of Business in Land Economy from Western Sydney University. She also holds a Graduate Diploma in Applied Finance and Investment from FINSIA and has participated in leadership programs at world renowned institutions including INSEAD, Harvard Business School and London Business School. Current listed directorships: Nil Former listed directorships in the last three years: Nil	Nil	10,250

Meetings of Directors

Name	Full meetings of Directors		Meetings of Audit, Risk and Compliance Committee	
	Eligible to attend	Attended	Eligible to attend	Attended
Peeyush Gupta AM	7	7	4	4
Glenn Fraser	7	7	4	4
Ceinwen Kirk-Lennox	7	6	4	3
David Harrison	7	7	-	-
Carmel Hourigan	7	7	-	-

Company secretary

Mark Bryant was appointed as Company Secretary for the REIT and Finance Trust on 21 November 2017.

Mark holds a Bachelor of Business (Accounting), a Bachelor of Laws (First Class Honours), a Graduate Certificate in Legal Practice, and is admitted as a lawyer of the Supreme Court of NSW. Mark has over 18 years' experience as a lawyer, including advising on listed company governance, securities law, funds management, real estate, and general corporate law. Mark joined Charter Hall in 2012, prior to which he was a Senior Associate in the Sydney office of King & Wood Mallesons.

Mark is the Group General Counsel and Company Secretary for the Charter Hall Group.

Non-audit services

The Responsible Entity may decide to employ the auditor (PricewaterhouseCoopers) on assignments in addition to the statutory audit duties where the auditor's expertise and experience with the REIT or Finance Trust are important.

Details of the amounts paid to the auditor for audit and non-audit services provided during the year are disclosed in Note D5 to the consolidated financial statements.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit, Risk and Compliance Committee, is satisfied that the provision of the non-audit services is compliant with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out in Note D5 to the consolidated financial statements, did not compromise the auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit, Risk and Compliance Committee to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in Accounting Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants*.

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 36.

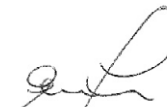
Rounding of amounts to the nearest thousand dollars

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 consolidated financial statements were authorised for issue by the Directors on 8 August 2023. The Directors have the power to amend and re-issue the financial statements.



Glenn Fraser
Non-Executive Director

Sydney
8 August 2023



Auditor's Independence Declaration

As lead auditor for the audit of Charter Hall Long WALE REIT and Finance Trust for the year ended 30 June 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 audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Charter Hall Direct Industrial Fund ("DIF") 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").

R W McMahon
Partner
PricewaterhouseCoopers

Sydney
8 August 2023

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, www.pwc.com.au
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, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Consolidated Statements of Comprehensive Income

For the year ended 30 June 2023

		Long WALE REIT		Finance Trust	
	Notes	2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000
Revenue					
Property income	A1	221,476	219,611	-	-
Interest income	A1	1,035	86	82,594	43,763
Total revenue		222,511	219,697	82,594	43,763
Other income					
Share of net profit from joint ventures	B2	-	471,399	-	-
Net fair value gain on financial assets	B3	151	18	-	-
Net fair value gain on investment properties	B1	-	263,410	-	-
Net fair value gain on derivative financial instruments	C3	-	59,152	-	59,152
Foreign exchange gains		1,056	4,742	1,041	4,810
Total other income		1,207	798,721	1,041	63,962
Total revenue and other income		223,718	1,018,418	83,635	107,725
Expenses					
Property expenses		(34,826)	(34,148)	-	-
Fund management fees	D1	(30,477)	(26,165)	(414)	(234)
Finance costs	C2	(60,376)	(33,137)	(60,474)	(33,586)
Administration and other expenses		(4,566)	(3,785)	(88)	(14)
Share of net loss from joint ventures	B2	(43,094)	-	-	-
Net fair value loss on investment properties	B1	(217,924)	-	-	-
Net fair value loss on derivative financial instruments	C3	(20,314)	-	(20,314)	-
Acquisition and disposal related costs	B2	(1,134)	(9,284)	-	-
Total expenses		(412,711)	(106,519)	(81,290)	(33,834)
Net profit for the year		(188,993)	911,899	2,345	73,891
Other comprehensive income/(loss)		2,924	(5,537)	-	-
Total comprehensive income		(186,069)	906,362	2,345	73,891
Net profit and total comprehensive income attributable to:					
DIF		(188,414)	832,471	-	-
Stapled Trusts other than DIF		2,345	73,891	2,345	73,891
		(186,069)	906,362	2,345	73,891
Basic and diluted (loss)/earnings per ordinary securityholder					
(Loss)/earnings per security of parent entity (cents)	A2	(26.47)	123.35	(0.06)	(0.03)
(Loss)/earnings per stapled security (cents)	A2	(26.14)	134.22	0.32	10.88

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

Consolidated Balance Sheets

For the year ended 30 June 2023

		Charter Hall Long WALE REIT		Finance Trust	
		2023	2022	2023	2022
	Notes	\$'000	\$'000	\$'000	\$'000
Assets					
Current assets					
Cash and cash equivalents		19,682	19,005	1,784	5,574
Receivables	D2	23,808	26,323	10	-
Derivative financial instruments	C3	2,530	3,539	2,530	3,539
Other assets	D2	2,295	1,662	-	-
Total current assets		48,315	50,529	4,324	9,113
Non-current assets					
Investment properties	B1	3,481,539	3,722,057	-	-
Investments in joint ventures	B2	2,593,708	2,634,274	-	-
Intra-group facility receivable	C2	-	-	2,038,192	1,932,455
Investment in financial assets at fair value	B3	4,933	4,782	-	-
Derivative financial instruments	C3	74,958	70,391	74,958	70,391
Total non-current assets		6,155,138	6,431,504	2,113,150	2,002,846
Total assets		6,203,453	6,482,033	2,117,474	2,011,959
Liabilities					
Current liabilities					
Payables	D2	32,950	23,164	9,295	8,618
Distribution payable	A2	50,607	55,162	-	-
Derivative financial instruments	C3	91	972	-	972
Other liabilities	D2	7,025	6,756	-	-
Total current liabilities		90,673	86,054	9,295	9,590
Non-current liabilities					
Borrowings	C2	1,940,891	1,834,203	1,940,891	1,834,203
Derivative financial instruments	C3	101,941	103,336	100,113	103,336
Other liabilities		155	150	-	-
Total non-current liabilities		2,042,987	1,937,689	2,041,004	1,937,539
Total liabilities		2,133,660	2,023,743	2,050,299	1,947,129
Net assets		4,069,793	4,458,290	67,175	64,830
Equity					
<i>Equity holders of DIF</i>					
Contributed equity	C4	3,271,183	3,271,183	-	-
Reserves		(2,979)	(5,903)	-	-
Retained profits		734,414	1,128,180	-	-
Parent entity interest		4,002,618	4,393,460	-	-
<i>Equity holders of Finance Trust</i>					
Contributed equity	C4	6,641	6,641	6,641	6,641
Retained profits		60,534	58,189	60,534	58,189
Equity holders of Finance Trust		67,175	64,830	67,175	64,830
Total equity		4,069,793	4,458,290	67,175	64,830

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

Consolidated Statements of Changes in Equity

For the year ended 30 June 2023

	Notes	Attributable to securityholders of DIF			
		Contributed equity \$'000	Reserves \$'000	Retained profits \$'000	Total \$'000
Balance at 1 July 2021		2,790,095	(366)	503,131	3,292,860
Total comprehensive income/(loss)		-	(5,537)	838,008	832,471
Contributions of equity, net of issue costs	C4	481,088	-	-	481,088
Distributions provided for or paid	A2	-	-	(212,959)	(212,959)
Balance at 30 June 2022		3,271,183	(5,903)	1,128,180	4,393,460
Balance at 1 July 2022		3,271,183	(5,903)	1,128,180	4,393,460
Total comprehensive income/(loss)		-	2,924	(191,338)	(188,414)
Distributions provided for or paid	A2	-	-	(202,428)	(202,428)
Balance at 30 June 2023		3,271,183	(2,979)	734,414	4,002,618
	Notes	Attributable to securityholders of Finance Trust			
		Contributed equity \$'000	Reserves \$'000	Retained profits \$'000	Total \$'000
Balance at 1 July 2021		1,952	-	(15,702)	(13,750)
Total comprehensive income		-	-	73,891	73,891
Contributions of equity, net of issue costs		4,689	-	-	4,689
Balance at 30 June 2022		6,641	-	58,189	64,830
Balance at 1 July 2022		6,641	-	58,189	64,830
Total comprehensive income		-	-	2,345	2,345
Balance at 30 June 2023		6,641	-	60,534	67,175

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

Consolidated Cash Flow Statements

For the year ended 30 June 2023

		Long WALE REIT		Finance Trust	
		2023	2022	2023	2022
	Notes	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Property rental income received		224,547	230,452	-	-
Property expenses paid		(40,213)	(35,423)	-	-
Distributions received from investment in joint venture entities		100,169	67,985	-	-
Interest received		1,035	86	381	59
Other income received		2,129	771	-	-
Finance costs paid		(57,954)	(29,591)	(57,985)	(30,040)
Fund management fees paid		(33,250)	(28,340)	(449)	(278)
Administration and other expenses paid		(4,603)	(4,502)	(152)	(51)
Net GST (paid)/received with respect to operating activities		(12,631)	(13,764)	39	75
Net cash flows from operating activities	A3	179,229	187,674	(58,166)	(30,235)
Cash flows from investing activities					
Payments for investment properties		(65,323)	(398,116)	-	-
Receipts from sale of investment property		112,250	70,764	-	-
Payments for investments in joint ventures		(97,628)	(346,523)	-	-
Capital distributions from joint venture entities		446	-	-	-
Acquisition and disposal related costs		(1,134)	(9,284)	-	-
Advances under Intra-Group Facility Agreement		-	-	(333,875)	(863,103)
Repayments under Intra-Group Facility Agreement		-	-	308,432	232,196
Net cash flows from investing activities		(51,389)	(683,159)	(25,443)	(630,907)
Cash flows from financing activities					
Proceeds from issue of securities, net of equity raising costs*		-	(858)	-	-
Distributions paid to securityholders, net of DRP		(206,982)	(158,416)	-	-
Payment of interest rate swaps		(21,560)	(13,911)	(21,560)	(13,911)
Proceeds from borrowings (net of borrowing costs)		426,840	897,704	426,840	897,704
Repayment of borrowings		(325,461)	(287,000)	(325,461)	(287,000)
Net cash flows from financing activities		(127,163)	437,519	79,819	596,793
Net increase in cash and cash equivalents		677	(57,966)	(3,790)	(64,349)
Cash and cash equivalents at the beginning of the year		19,005	76,971	5,574	69,923
Cash and cash equivalents at the end of the year		19,682	19,005	1,784	5,574

* Proceeds from issues of security were non-cash in the prior financial year (refer to table below).

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

Non-cash financing activities

The following non-cash financing and investing activities are not reflected in the statement of cash flows:

		Charter Hall Long WALE REIT		Finance Trust	
		2023	2022	2023	2022
	Notes	\$'000	\$'000	\$'000	\$'000
Distributions by the REIT during the year satisfied by the issue of stapled securities under the DRP	A2, C4	-	(45,869)	-	-
Stapled securities issued as consideration for investment property and joint venture entities		-	(440,766)	-	-

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 and Finance Trust. They are organised in four key sections:

- A. REIT performance** – provides key metrics used to measure financial performance.
- B. Property portfolio assets** – explains the investment property portfolio structure.
- C. Capital structure and financial risk management** – details how the REIT manages its exposure to capital and financial risks.
- D. Further information** – provides additional disclosures relevant to understanding the REIT's consolidated financial statements.

A. REIT performance	42	B. Property portfolio assets	46
A1. Segment information	42	B1. Investment properties	46
A2. Distributions and earnings per security	44	B2. Investment in joint venture entities	48
A3. Reconciliation of net profit to operating cash flows	45	B3. Investment in financial assets at fair value	51
		B4. Commitments and contingent liabilities	51
C. Capital structure and financial risk management	52	D. Further information	63
C1. Capital risk management	52	D1. Related party information	63
C2. Borrowings and liquidity	52	D2. Working capital	65
C3. Derivative financial instruments	55	D3. Parent entity information	66
C4. Contributed equity	57	D4. Significant contract terms and conditions	67
C5. Financial risk management	58	D5. Remuneration of the auditor	67
C6. Offsetting financial assets and liabilities	62	D6. Interest in other entities	68
		D7. Events occurring after balance date	69
		D8. Other significant accounting policies	69

Critical accounting estimates and judgements

The preparation of the consolidated financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates and management to exercise its judgement in the process of applying the REIT's accounting policies.

The areas involving significant estimates or judgements are:

- Consolidation decisions and classification of joint arrangements - B2 Investment in joint venture entities
- Fair value estimation – B1 Investment properties

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 has 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 year ended 30 June 2023 are as follows:

	30 Jun 2023 \$'000	30 Jun 2022 \$'000
Property lease revenue	210,749	209,665
Services income	10,727	9,946
Property income	221,476	219,611
Income support and development rebate	256	462
Non-cash adjustments	(1,606)	(7,131)
Property expenses	(34,907)	(34,053)
Net property income from wholly owned properties (NPI)	185,219	178,889
Share of operating earnings from investments in joint venture	111,611	91,297
Interest income	1,035	86
Fund management fees	(30,477)	(26,165)
Finance costs	(60,376)	(33,137)
Administration and other expenses	(4,566)	(3,785)
Operating earnings	202,446	207,185
Weighted average number of stapled securities	722,955	679,392
Operating earnings per stapled security (cents)	28.00	30.50

The operating earnings on a proportionate consolidation basis are set out below:

	30 Jun 2023 \$'000	30 Jun 2022 \$'000
Net property income	324,574	293,494
Interest income	1,714	121
Fund management fees	(31,110)	(26,790)
Finance costs	(87,179)	(54,966)
Administration and other expenses	(5,553)	(4,674)
Operating earnings	202,446	207,185

The table below sets out the top five tenant's contribution to net property income presented on a proportionate consolidation basis:

Tenant	2023 %	2022 %
Federal and State government	19	18
Endeavour Group (previously Woolworths Group)	19	18
Telstra	13	13
bp	10	10
Ingham's	5	5

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

	30 Jun 2023 \$'000	30 Jun 2022 \$'000
Operating earnings	202,446	207,185
Net fair value movements on investment properties*	(362,662)	625,860
Net fair value movements on debt and derivative financial instruments*	(29,597)	82,000
Net fair value movements on investments at fair value through profit or loss	151	18
Straight lining of rental income, amortisation of lease fees and incentives*	1,492	7,543
Acquisition and disposal related costs*	(1,134)	(9,284)
Loss on debt extinguishment*	(573)	(5,556)
Income support and development rebate	(256)	(462)
Provision for rent relief	84	(147)
Foreign exchange gains	1,056	4,742
Statutory (loss)/profit for the year	(188,993)	911,899

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

Property lease revenue

Property lease revenue represents income earned from the long-term rental of REIT 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.

Minimum lease payments to be received include future amounts to be received on non-cancellable operating leases. Amounts receivable under non-cancellable operating leases where the REIT's right to consideration for a service directly corresponds with the value of the service provided to the customer have not been included (for example, variable amounts payable by tenants for their share of the operating costs of the asset).

Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the consolidated financial statements are receivable as follows:

	30 Jun 2023 \$'000	30 Jun 2022 \$'000
Less than 1 year	208,936	206,482
1 – 2 years	211,198	210,750
2 – 3 years	209,617	212,596
3 – 4 years	197,295	206,589
4 – 5 years	183,822	189,944
Over 5 years	1,380,929	1,504,894
Total	2,391,797	2,531,255

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)

Property expenses

Property expenses include rates and taxes incurred in relation to investment properties where such expenses are the responsibility of the REIT. These expenses are recognised on an accrual basis.

A2. Distributions and earnings per security

(a) Distributions paid and payable

	Number of securities on issue entitled to distribution	2023 Cents per security	2023 \$'000	Number of securities on issue entitled to distribution	2022 Cents per security	2022 \$'000
Ordinary securityholders of DIF						
30 September	722,955,466	7.00	50,607	630,580,810	7.62	48,050
31 December	722,955,466	7.00	50,607	718,377,885	7.62	54,740
31 March	722,955,466	7.00	50,607	720,933,092	7.63	55,007
30 June	722,955,466	7.00	50,607	722,955,466	7.63	55,162
Total distributions		28.00	202,428		30.50	212,959

No distributions were paid or declared during the year 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 assess an appropriate distribution to declare. Operating earnings amounted to \$202.4 million (28.0 cents per stapled security) for the year ended 30 June 2023 (2022: \$207.2 million; 30.5 cents per stapled security) and distributions of \$202.4 million (28.0 cents per stapled security) were declared for the same period (2022: \$213.0 million; 30.5 cents per stapled security).

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 its income for the year, as determined under the REIT's constitutions, is fully distributed to securityholders, by way of cash or reinvestment.

(b) Earnings per stapled security

	Charter Hall Long WALE REIT		Finance Trust	
	2023	2022	2023	2022
Basic and diluted earnings				
(Loss)/earnings per stapled security (cents)	(26.14)	134.22	0.32	10.88
Operating earnings of the REIT per stapled security (cents)	28.00	30.50	N/A	N/A
(Loss)/earnings of the parent entity (cents)	(26.47)	123.35	(0.06)	(0.03)
Earnings used in the calculation of basic and diluted earnings per stapled security				
Net profit/(loss) for the year (\$'000)	(188,993)	911,899	2,345	73,891
Net profit/ (loss) of the parent entity for the year (\$'000)	(191,338)	838,008	(438)	(235)
Operating earnings of the REIT for the year (\$'000)	202,446	207,185	N/A	N/A
Weighted average number of stapled securities used in the calculation of basic and diluted earnings per stapled security ('000)	722,955	679,392	722,955	679,392

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

A3. Reconciliation of net profit to operating cash flow

	Charter Hall Long WALE REIT		Finance Trust	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Profit for the year	(188,993)	911,899	2,345	73,891
Non-cash items				
Net fair value movements on financial assets	(151)	(18)	-	-
Net fair value movements on investment properties	217,924	(263,410)	-	-
Net fair value movements on derivative financial instruments	20,314	(59,152)	20,314	(59,152)
Share of non-operating loss/(earnings) from investments in joint ventures	154,705	(380,102)	-	-
Distributions reinvested in investments in joint ventures	(14,051)	(22,076)	-	-
Straight lining of rental income and amortisation of incentives	(1,607)	(7,131)	-	-
Amortisation of borrowing costs	1,961	1,677	1,961	1,677
Rent-free incentives	(13,391)	(6,516)	-	-
Provision for rent relief	(80)	95	-	-
Capitalised interest on Intra-Group Facility	-	-	(82,213)	(43,703)
Foreign exchange gains	(1,056)	(4,742)	(1,041)	(4,810)
Classified as investing and financing activities				
Acquisition and disposal related costs	1,134	9,284	-	-
(Increase)/decrease in trade and other receivables	7,655	3,658	(12)	55
Increase/(decrease) in trade and other payables	(5,135)	4,208	480	1,807
Net cash flows from operating activities	179,229	187,674	(58,166)	(30,235)

B. Property Portfolio Assets

The REIT's property portfolio assets comprise directly held investment properties, indirectly held interests in investment property 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	2023 \$'000	2022 \$'000
Non-current assets			
Investment properties	B1	3,481,539	3,722,057
Investments in joint ventures	B2	2,593,708	2,634,274
Investment in financial asset at fair value	B3	4,933	4,782
Total property portfolio assets		6,080,180	6,361,113

The valuation policies stated in B1 also apply to property held in joint operations (B1) and joint ventures (B2).

Summary of acquisition and disposal costs directly expensed to the statement of comprehensive income in relation to transactions which occurred during the year:

<i>Costs in relation to transactions with:</i>		2023 \$'000	2022 \$'000
	Notes		
Investment properties		74	29
Investments in joint ventures	B2	1,060	9,255
Total		1,134	9,284

B1. Investment properties

Investment properties

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Revaluation gains and losses are included in the consolidated statement of comprehensive income in the year in which they arise.

Assets held for sale

Investment properties are classified as assets held for sale when it is highly probable that the carrying amount will be recovered principally through a sale transaction rather than through continuing use. Investment properties classified as held for sale are measured at fair value. Assets which are classified as held for sale are classified as current assets as it is expected they will be divested within the coming reporting period.

Development properties

The total cost of a development property is generally capitalised to its carrying value until development is complete. At the commencement of a development project, an estimated valuation on completion is obtained and the capitalised costs during the project are monitored against this initial valuation. Post completion, the property is externally valued with a full formal report and thereafter the stabilised asset valuation process applies. At each reporting date, the carrying values of development properties are reviewed to determine whether they are in excess of their fair value. Where appropriate, a write-down is made to reflect fair value.

Joint operations

The REIT recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the consolidated financial statements under the appropriate headings.

(a) Valuation process

The Responsible Entity conducts an investment property valuation process on a semi-annual basis. This process is overseen by the Executive Property Valuations Committee (EVPC) which is an internal Charter Hall committee comprised of The Group CEO, Chief Investment Officer and Head of Capital Transactions. The role of the EVPC 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 30 June 2023 for 100% of the REIT's portfolio, including joint ventures.

(b) Valuation techniques and key judgements

In determining fair value of investment properties and assets held for sale, 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.

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 (\$ s.q.m./p.a.)	Adopted capitalisation rate (% p.a.)	Adopted terminal yield (% p.a.)	Adopted discount rate (% p.a.)
2023	3,481,539	17 - 1,303	3.50 - 7.75	3.50 - 8.25	4.50 - 9.25
2022	3,722,057	17 - 1,269	3.00 - 7.25	3.13 - 8.00	3.50 - 8.00

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.

B. Property Portfolio Assets

(continued)

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 \$167.3 million from the fair value as at 30 June 2023 (\$356.9 million reduction including the REIT's share of joint venture properties) and if the capitalisation rate compressed by 25 basis points, the fair value would increase by \$185.1 million from the fair value as of 30 June 2023 (\$398.5 million increase including the REIT's share of joint venture properties).

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.

(c) Reconciliation of the carrying amount of investment properties at the beginning and end of year

	Notes	2023 \$'000	2022 \$'000
Carrying amount at the beginning of the year		3,722,057	3,092,885
Additions		85,805	402,849
Acquisition and disposal costs incurred		2,245	26,691
Disposals		(112,250)	(70,909)
Revaluation (decrement)/increment		(214,073)	297,232
Revaluation decrement attributable to acquisition costs, straight lining of rental income and amortisation of incentives and leasing fees		(3,851)	(33,822)
Straight lining of rental income and amortisation of incentives and leasing fees		1,606	7,131
Carrying amount at the end of the year		3,481,539	3,722,057

B2. Investment in joint venture entities

The REIT accounts for investments in joint venture entities and associates using the equity method, with investments initially recognised at cost and adjusted thereafter to recognise the REIT's share of post-acquisition profits or losses of the investee in profit or loss, and the REIT's share of movements in other comprehensive income of the investee in other comprehensive income of the REIT. Distributions received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

When the REIT's share of losses in a joint venture investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the REIT does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the REIT and its joint venture entities are eliminated to the extent of the REIT's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint venture investees have been changed where necessary to ensure consistency with the policies adopted by the REIT.

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 year 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	2023 Ownership %	2022 Ownership %	2023 \$'000	2022 \$'000
Perth RDC Trust	Coles, Perth WA	49.9%	49.9%	180,432	178,788
LWIP	ALH (National Portfolio)	49.9%	49.9%	436,933	456,868
CH DC Fund	Woolworths, Dandenong VIC	26.0%	26.0%	83,446	97,571
Kogarah Trust	Westpac, Kogarah NSW	50.1%	50.1%	126,580	133,791
CH BBD Trust	Brisbane Bus Depot, Brisbane QLD	50.0%	50.0%	44,396	45,298
Charter Hall Exchange Wholesale Trust (Exchange Trust)	49% in Telstra Portfolio (National Portfolio)	50.0%	50.0%	282,748	272,317
CH 242 Exhibition Street Holding Trust	242 Exhibition St, Melbourne VIC	15.0%	15.0%	69,882	76,653
Charter Hall Australian Convenience Retail Trust (bp Aus)	49% in bp Portfolio (National Portfolio)	50.0%	50.0%	345,713	354,232
CH Dartmouth NZ Wholesale Fund (bp NZ)	49% in bp NZ Portfolio (NZ Portfolio)	50.0%	50.0%	169,388	181,493
CH LEP Holding Trust (CH LEP)	ALE Portfolio (National Portfolio)	50.0%	50.0%	765,207	837,263
Charter Hall GSA Trust (CH GSA)	Geoscience Australia, Canberra ACT	25.0%	-	88,983	-
				2,593,708	2,634,274

Note: Country of establishment of all joint venture entities is Australia.

(a) Gross equity accounted value of investment in joint venture entities

	2023 \$'000	2022 \$'000
Balance at the beginning of the year	2,634,274	1,473,403
Additions (including acquisition costs)	112,812	800,987
Acquisition costs written off	(1,060)	(8,806)
Share of joint venture (loss)/profit	(43,094)	471,399
Capital distribution	(1,254)	-
Distributions received and receivable	(110,894)	(97,172)
Foreign exchange loss	2,924	(5,537)
Balance at the end of the year	2,593,708	2,634,274

B. Property Portfolio Assets

(continued)

(b) Summarised financial information for material joint ventures

The information presented below reflects the amounts in the financial statements of the joint ventures.

	CH LEP	LWIP	bp Aus	Exchange Trust	bp NZ	Perth Trust	Other trusts*	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2023								
Summarised balance sheet:								
Cash and cash equivalents	19,329	1,109	323	1,417	-	3,283	13,412	38,873
Other current assets	383	3,869	14,472	3,077	4,054	785	4,031	30,671
Non-current assets	1,696,585	1,258,750	1,118,816	957,456	338,776	360,000	1,991,083	7,721,466
Current liabilities	(9,463)	(13,544)	(14,337)	(4,466)	(4,054)	(2,480)	(26,229)	(74,573)
Borrowings - non-current liabilities**	(176,421)	(374,566)	(427,848)	(391,988)	-	-	(498,092)	(1,868,915)
Net assets	1,530,413	875,618	691,426	565,496	338,776	361,588	1,484,205	5,847,522
REIT's share in %	50.0	49.9	50.0	50.0	50.0	49.9		
REIT's share in \$'000 and carrying value	765,207	436,933	345,713	282,748	169,388	180,432	413,287	2,593,708
* Includes Kogarah Trust, CH DC Fund, CH BBD Trust, 242 Exhibition Trust and CH GSA Trust.								
CH GSA income statement from 11 October 2022 (acquisition date).								
** With the exception of borrowings in CH LEP classified as current.								
Summarised statement of comprehensive (loss)/income:								
Revenue	63,723	61,606	49,952	33,754	15,841	19,476	113,709	358,061
Interest expense	(5,966)	(18,620)	(13,849)	(9,964)	-	-	(16,948)	(65,347)
(Loss)/profit for the year	(90,754)	(30,622)	22,435	44,332	(14,363)	16,278	(76,506)	(129,200)
Total comprehensive (loss)/income	(90,754)	(30,622)	22,435	44,332	(14,363)	16,278	(76,506)	(129,200)
REIT's share in \$'000	(45,377)	(15,280)	11,218	22,166	(7,182)	8,123	(16,762)	(43,094)
REIT's share of distribution received in \$'000	26,679	18,705	18,483	11,735	7,921	8,474	18,897	110,894

	CH LEP	LWIP	bp Aus	Exchange Trust	bp NZ	Perth Trust	Other trusts*	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2022								
Summarised balance sheet:								
Cash and cash equivalents	27,470	2,879	216	3,836	-	1,581	6,636	42,618
Other current assets	86	3,242	12,031	2,763	3,596	343	4,537	26,598
Non-current assets	1,827,135	1,288,700	1,132,725	936,314	362,985	360,000	1,738,223	7,646,082
Current liabilities	(16,993)	(12,147)	(10,535)	(3,975)	(3,596)	(3,632)	(16,098)	(66,976)
Borrowings - non-current liabilities	(163,172)	(367,107)	(425,973)	(394,304)	-	-	(489,360)	(1,839,916)
Net assets	1,674,526	915,567	708,464	544,634	362,985	358,292	1,243,938	5,808,406
REIT's share in %	50.0	49.9	50.0	50.0	50.0	49.9		
REIT's share in \$'000 and carrying value	837,263	456,868	354,232	272,317	181,493	178,788	353,313	2,634,274

*Includes Kogarah Trust, CH DC Fund, CH BBD Trust and 242 Exhibition Trust.

CH LEP income statement from 17 December 2021 (acquisition date).

Summarised statement of comprehensive income:								
Revenue	32,252	61,503	47,231	31,729	14,612	18,871	91,715	297,913
Interest expense	(4,714)	(15,004)	(11,946)	(9,463)	-	-	(12,470)	(53,597)
Profit for the year	175,052	228,808	183,959	154,807	56,393	49,069	201,883	1,049,971
Total comprehensive income	175,052	228,808	183,959	154,807	56,393	49,069	201,883	1,049,971
REIT's share in \$'000	77,075	114,175	91,980	77,404	28,197	24,485	58,083	471,399
REIT's share of distribution received in \$'000	13,537	18,766	17,478	17,229	7,307	8,450	14,405	97,172

B3. Investments in financial assets at fair value

	2023 \$'000	2022 \$'000
Income support account	4,933	4,782
Total	4,933	4,782

	2023 \$'000	2022 \$'000
Balance at the beginning of the year	4,782	4,764
Net fair value movement on investment at fair value	151	18
Balance at the end of the year	4,933	4,782

B4. Commitments and contingent liabilities

As at the balance date, the REIT's capital commitments amounted to \$21.8 million (2022: \$32.8 million, inclusive of \$27.8m commitment to fund the development at Bunnings Caboolture).

The Finance Trust had no commitments as at 30 June 2023 (2022: nil).

As at 30 June 2023, the REIT and Finance Trust have no contingent liabilities (2022: nil).

The REIT's share in the commitments and contingent liabilities of joint venture entities, other than those described above, total nil (2022: nil).

C. Capital Structure and Financial Risk Management

The REIT's activities expose it to numerous external financial risks such as market risk, credit risk and liquidity risk. This section explains how the REIT utilises its risk management framework to reduce volatility from these external factors.

C1. Capital risk management

The REIT optimises capital through the mix of available capital sources while complying with statutory and constitutional capital and distribution requirements, maintaining gearing, interest cover ratios and other covenants within approved limits and continuing to operate as a going concern. The REIT assesses its capital management approach as a key part of its overall strategy and it is regularly reviewed by management and the Board.

The REIT is able to alter its capital mix by issuing new units, activating the DRP, electing to have the DRP underwritten, adjusting the amount of distributions paid, activating a unit buyback program or selling assets to reduce borrowings. The REIT has a target balance sheet gearing level of 25% to 35% of debt to total assets and its balance sheet gearing at 30 June 2023 was 32.9% (2022: 29.9%).

C2. Borrowings and liquidity

(a) Borrowings

Borrowings are initially recognised at fair value, estimated by comparing the margin on the facility to the pricing of a similar facility in the current market, and subsequently measured at amortised cost using the effective interest rate method. Under the effective interest rate method, any transaction fees, costs, discounts and premiums directly related to the borrowings are recognised in profit or loss over the expected life of the borrowings. All borrowings are classified as non-current liabilities as they have maturities greater than 12 months. The figures below represent both the REIT and Finance Trust.

	2023		2022	
	Total carrying amount	Fair value	Total carrying amount	Fair value
	\$'000	\$'000	\$'000	\$'000
Bank loan	1,354,210	1,352,863	1,251,806	1,236,526
Australian dollar medium-term notes (A\$MTNs)*	594,153	559,575	591,755	561,036
Unamortised borrowing cost	(7,472)	-	(9,358)	-
Total	1,940,891	1,912,438	1,834,203	1,797,562
Balance available for drawing	275,790		378,194	

* Includes fair value hedge adjustment of (\$105.8) million (2022: (\$108.2) million).

Bank loans

		Facility limit at 30 Jun 2023	Utilised amount at 30 Jun 2023
	Maturity Date	\$'000	\$'000
Bilateral facility	July 2026	100,000	80,000
Bilateral facility	August 2026	200,000	200,000
Bilateral facility	November 2026	100,000	100,000
Bilateral facility	November 2026	270,000	270,000
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	-
		1,630,000	1,354,210

Covenants

Syndicated and bilateral facilities are repayable if any of the following occurs:

- the REIT defaults on payments of interest or principal;
- interest cover ratio falls below 2.00:1;
- total liabilities to total tangible assets ratio exceeds 50%;
- the aggregate of the priority indebtedness ratio for the Group and the priority indebtedness ratio for the non-recourse debt exceeds 27.5%;
- the aggregate of priority debt and any secured finance debt exceeds 5%; and
- total unsecured debt over unencumbered assets of the REIT exceeds 60%.

The REIT complied with all debt covenants during the financial year.

Australian dollar medium-term notes (A\$MTNs)

In March and June 2021, the Finance Trust on behalf of the REIT issued \$700 million of fixed rate A\$MTNs comprising \$300 million 7 year notes, \$200 million 8.5 year notes and \$200 million 10 year notes.

The REIT's interest rate exposure under these notes is 100% hedged with interest rate swaps (refer to Note C3(b)).

Intra-Group Facility Agreement

	30 Jun 2023 \$'000	30 Jun 2022 \$'000
Loans receivable under IGFA		
Charter Hall Direct Industrial Fund	2,038,192	1,932,455
	2,038,192	1,932,455

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 30 June 2023, the interest rate under the IGFA was 4.17% (30 June 2022: 2.52%) per annum. Interest income of \$82.2 million was earned during the year (2022: \$43.7 million).

As at 30 June 2023, the fair value of the loan receivable under IGFA amounted to \$2,038 million (2022: \$1,932 million).

Borrowing in Joint Ventures

		Facility limit at 30 Jun 2023 at 100% \$'000	Facility limit at 30 Jun 2023 REIT's share \$'000
	Maturity Date		
LWIP – syndicated debt facility	November 2026	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
CH LEP – CIB notes*	November 2023	176,470	88,235
		1,952,720	812,675

* Includes gross value of debt and accumulated indexation.

In August 2022, the Charter Hall Australian Convenience Retail Trust entered into a new six year \$450 million syndicated debt facility (CLW share: \$225 million), the proceeds of which were used to repay the previous facility.

C. Capital Structure and Financial Risk Management

(continued)

Net debt reconciliation

The table below sets out an analysis of net debt and the movements in net debt during the year.

	2022 \$'000	Fair value adjustment \$'000	Movements in borrowing costs \$'000	Movement in cash \$'000	2023 \$'000
Bank debt	1,251,806	(1,072)	-	103,476	1,354,210
A\$MTNs	591,755	2,398	-	-	594,153
Borrowing costs	(9,358)	-	1,886	-	(7,472)
Total borrowings	1,834,203	1,326	1,886	103,476	1,940,891
Cash	(19,005)	-	-	(677)	(19,682)
Net debt	1,815,198	1,326	1,886	102,799	1,921,209

	2021 \$'000	Fair value adjustment \$'000	Movements in borrowing costs \$'000	Movement in cash \$'000	2022 \$'000
Bank debt	640,507	(4,769)	-	616,068	1,251,806
A\$MTNs	700,325	(108,570)	-	-	591,755
Borrowing costs	(5,670)	-	(3,688)	-	(9,358)
Total borrowings	1,335,162	(113,339)	(3,688)	616,068	1,834,203
Cash	(76,971)	-	-	57,966	(19,005)
Net debt	1,258,191	(113,339)	(3,688)	674,034	1,815,198

(b) Finance costs

	Charter Hall Long WALE REIT 2023 \$'000	2022 \$'000	Finance Trust 2023 \$'000	2022 \$'000
Finance costs incurred on financial instruments:				
- At amortised cost	81,139	40,476	81,237	40,925
- Fair value through profit and loss*	(20,763)	(7,339)	(20,763)	(7,339)
	60,376	33,137	60,474	33,586

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

C3. 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	2023 Asset \$'000	Liability \$'000	2022 Asset \$'000	Liability \$'000
Current				
Forward foreign exchange contracts	-	91	68	972
Interest rate swaps	2,530	-	-	-
Interest rate swaps – fair value hedges	-	-	3,471	-
Total current derivative financial instruments	2,530	91	3,539	972
Non-current				
Forward foreign exchange contracts	-	1,828	313	-
Interest rate swaps	74,958	-	70,078	-
Interest rate swaps – fair value hedges	-	100,113	-	103,336
Total non-current derivative financial instruments	74,958	101,941	70,391	103,336
Total derivative financial assets/liabilities	77,488	102,032	73,930	104,308

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

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The REIT designates certain derivatives as fair value hedges. Hedge ineffectiveness may occur due to credit/debit value adjustments and differences in critical terms between the hedging instrument and the hedged item.

(a) Interest rate swaps

The Finance Trust, on behalf of the REIT, is a party to \$1,735.0 million of interest rate swaps, which entitle the REIT to receive interest, at quarterly intervals, at a floating rate on a notional principal amount and obliges the REIT to pay interest at a fixed rate on the same amount. The interest rate and swap agreements allow the REIT to raise long-term borrowings at a floating rate and effectively swap them into a fixed rate. At 30 June 2023, the fixed rate under interest rate swaps was 2.08% per annum (2022: 0.30% per annum).

At balance date, 83.2% (2022: 53.0%) of the REIT's direct and joint venture interest rate exposure was hedged.

In August 2022, the REIT entered into a \$650.0 million interest rate swap agreement commencing on 20 September 2022 and expiring on 20 June 2024 at an average rate of 1.5% over the term of the swap at a cost of \$21.6 million.

In March 2023, the REIT entered into a \$290.0 million interest rate swap agreement commencing on 20 March 2023 and expiring on 20 June 2024 at an average rate of 3.7% over the term of the swap.

In June 2023, the REIT extended the maturity date of \$750 million of existing interest rate swap agreements from June 2024 until June 2025 and extended the maturity date of \$450 million of existing interest rate swap agreements from March 2025 to June 2025 to increase the REIT's interest rate hedging profile.

As at 30 June 2023, the notional principal amount and period of expiry of the interest rate swap contracts (excluding designated fair value hedges) are as follows:

	1 year or less \$'000	1 – 2 years \$'000	2 – 3 years \$'000	3 – 4 years \$'000	More than 4 years \$'000	Total \$'000
Floating to fixed interest						
2023	235,000	1,300,000	200,000	-	-	1,735,000
2022	-	45,000	550,000	200,000	-	795,000

(b) Interest rate swaps – fair value hedges

Following the issuance of A\$MTNs in March and June 2021, the REIT 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 and Financial Risk Management

(continued)

The gain or loss relating to interest payments on interest rate swaps hedging fixed rate borrowings is recognised in profit or loss within finance costs. Changes in the fair value of derivative hedging instruments and the hedged fixed rate borrowings attributable to interest rate risk are recognised within 'Net gains/(losses) from derivative financial instruments'. The gain or loss relating to the ineffective portion is also recognised in profit or loss within 'Net gains/(losses) from derivative financial instruments'.

The effects of hedge accounting on the REIT's financial position and performance are as follows:

	2023 \$'000	2022 \$'000
Carrying amount of the hedging instrument	(100,113)	(99,865)
Notional amount	700,000	700,000
Maturity date	Match A\$MTNs	Match A\$MTNs
Hedge ratio	1:1	1:1
Change in fair value of outstanding hedging instruments since 1 July	228	(102,122)
Change in value of hedged item used to determine hedge effectiveness	(2,398)	108,570

Summary of interest rate swap movements

	2022 \$'000	Fair value movement \$'000	2023 \$'000
A\$MTNs	(700,000)	-	(700,000)
Fair value hedge adjustment	108,245	(2,398)	105,847
Total current derivative financial instruments	(591,755)	(2,398)	(594,153)
Interest rate swaps	(103,336)	228	(103,108)
Accrued interest on swaps	3,471	(476)	2,995
Total interest rate swaps	(99,865)	(248)	(100,113)
Net A\$MTN exposure	(691,620)	(2,646)	(694,266)

	2021 \$'000	Fair value movement \$'000	2022 \$'000
A\$MTNs	(700,000)	-	(700,000)
Fair value hedge adjustment	(325)	108,570	108,245
Total current derivative financial instruments	(700,325)	108,570	(591,755)
Interest rate swaps	(1,214)	(102,122)	(103,336)
Accrued interest on swaps	3,813	(342)	3,471
Total interest rate swaps	2,599	(102,464)	(99,865)
Net A\$MTN exposure	(697,726)	6,106	(691,620)

(c) Forward foreign exchange contracts

The REIT has forward foreign exchange contracts in place to sell New Zealand dollars and receive Australian dollars with a total notional amount of NZ\$196.8 million. NZ\$190.0 million is used to hedge the carrying value of the REIT's 50% equity interest in the bp NZ joint venture and NZ\$6.8 million is used to hedge foreign exchange exposure on distribution income.

(d) 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.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using forward foreign exchange market rates and the present value of the estimated future cash flows at the balance date.

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.

C4. Contributed equity

	Charter Hall Long WALE REIT 2023 \$'000	2022 \$'000	Finance Trust 2023 \$'000	2022 \$'000
<i>Details</i>	<i>No. of Securities</i>			
Securities on issue – 1 July 2021	628,215,732	2,790,095		1,952
Securities issued via equity raise, net of issue costs	85,501,280	435,219		4,689
Securities issued via DRP	9,238,454	45,869		-
Securities on issue – 30 June 2022	722,955,466	3,271,183	6,641	6,641
Securities on issue – 30 June 2023	722,955,466	3,271,183	6,641	

Balance at the end of the period attributable to the securityholders of:

DIF	722,955,466	3,271,183	3,271,183	-	-
Finance Trust	722,955,466	6,641	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 unit has the same rights attaching to it as all other units 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 issuance 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 year.

C. Capital Structure and Financial Risk Management

(continued)

C5. Financial risk management

The REIT's principal financial instruments comprise cash and cash equivalents, receivables, investments in financial assets at fair value, investments accounted for using the equity method, payables, interest bearing liabilities and derivative financial instruments.

The table below shows the REIT's exposure to a variety of financial risks and the various measures it uses to monitor exposures to these types of risks. The REIT manages its exposure to these financial risks in accordance with the REIT's Financial Risk Management (FRM) policy as approved by the Board. The policy sets out the REIT's approach to managing financial risks, the policies and controls utilised to minimise the potential impact of these risks on its performance and the roles and responsibilities of those involved in the management of these financial risks. Derivative financial instruments are used exclusively for hedging purposes and not for trading or speculative purposes.

Other than financial instruments, the REIT is exposed to property price risk including property rental risks.

Risk	Definition	Exposure	Exposure management
Market risk – interest rate risk	The risk that changes in interest rates will change the fair value or cash flows of the REIT's monetary assets and liabilities.	Cash and borrowings at fixed and floating rates.	Interest rate swaps are used to hedge movements in interest rates.
Market risk – foreign exchange risk	The risk that changes in foreign exchange rates will change the Australian dollar value of the REIT's foreign denominated net assets or earnings.	Investment in foreign operations denominated in NZ Dollars.	The investment and income from foreign operations are hedged via forward exchange contracts.
Liquidity risk	The risk the REIT has insufficient liquid assets to meet its obligations as they become due and payable.	Payables, borrowings and other liabilities.	Maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.
Credit risk	The risk a contracting entity will not complete its obligations under a contract and will cause the REIT to make a financial loss.	All financial assets including tenant receivables.	Performing credit reviews on prospective tenants, obtaining tenant collateral and detailed review of tenant arrears. Reviewing the aggregate exposure of receivables and tenancies across the portfolio. Limiting the credit exposure to any financial institution and limiting to investment grade counterparties. Monitoring the public credit rating of counterparties.

(a) Market risk – Interest rate risk

The table below shows the REIT and Finance Trust's exposure to interest rate risk.

	Charter Hall Long WALE REIT		Finance Trust	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Fixed rate				
Borrowings	700,000	700,000	700,000	700,000
Borrowings - joint venture entities ¹	392,925	386,363	-	-
Net fixed rate exposure	1,092,925	1,086,363	700,000	700,000
Floating rate				
Cash	(19,682)	(19,005)	(1,784)	(5,574)
Cash - joint venture entities ¹	(16,536)	(20,073)	-	-
Loans receivable	-	-	(2,038,192)	(1,932,455)
Borrowings	1,354,210	1,251,806	1,354,210	1,251,806
Borrowings - joint venture entities ¹	387,770	382,253	-	-
	1,705,762	1,594,981	(685,766)	(686,223)
Derivative financial instruments				
Interest rate swaps - fixed to floating ²	700,000	700,000	700,000	700,000
Interest rate swaps - floating to fixed ²	(1,735,000)	(795,000)	(1,735,000)	(795,000)
Interest rate swaps - floating to fixed - joint venture entities ^{1&2}	(286,500)	(318,000)	-	-
Net floating rate exposure	384,262	1,181,981	(1,720,766)	(781,223)

¹ The REIT's share of financial assets and liabilities included within its net investments in joint venture entities.

² The amounts represent the notional principal payable under the derivative contracts.

Sensitivity analysis

The table below reflects the potential net increase/(decrease) in profit and equity, resulting from changes in Australian interest rates applicable at 30 June 2023, with all other variables remaining constant. The change in interest payable on the REIT's and Finance Trust's floating rate interest bearing liabilities, is partially offset by changes in the fair value of derivative financial instruments hedging this exposure.

	Charter Hall Long WALE REIT				2022	
	2023	2023	2023	2023	2022	2022
	Interest expense	Net gain/(loss) from derivative financial instruments	Profit and loss	Other comprehensive income	Profit and loss	Other comprehensive income
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Australian interest rates						
+ 1%	(3,843)	30,874	27,031	-	13,617	-
- 1%	3,843	(31,644)	(27,801)	-	(14,516)	-

Above table is prepared on a proportionate consolidation basis.

	Finance Trust				2022	
	2023	2023	2023	2023	2022	2022
	Interest expense	Net gain/(loss) from derivative financial instruments	Profit and loss	Other comprehensive income	Profit and loss	Other comprehensive income
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Australian interest rates						
+ 1%	17,208	25,633	42,841	-	10,231	-
- 1%	(17,208)	(26,242)	(43,450)	-	(10,844)	-

Sensitivity analysis presented above does not take into account the impact of changes in interest rates on inflation rate, market capitalisation rate and property values which, together with other external factors, may also influence operating earnings and statutory profit of the REIT and Finance Trust in the future periods.

C. Capital Structure and Financial Risk Management

(continued)

(b) Market risk – foreign exchange risk

The table below sets out the REIT and Finance Trust's overseas investments, by currency (AUD equivalent):

	Charter Hall Long WALE REIT NZ Dollar exposure		Finance Trust NZ Dollar exposure	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Assets				
Cash and cash equivalents	2,050	24	-	-
Receivables	2,044	1,809	-	-
Investments in joint ventures	169,388	181,493	-	-
Derivative financial instruments	-	381	-	381
	173,482	183,707	-	381
Liabilities				
Derivative financial instruments	1,919	972	-	972
Borrowings	-	162,307	-	162,307
	1,919	163,279	-	163,279
Net assets/(liabilities)	171,563	20,428	-	(162,898)

During the year, the REIT repaid all NZD denominated debt with AUD debt and the forward foreign exchange contracts were novated from the Finance Trust to DIF.

(c) Liquidity risk

The following table provides the contractual maturity of the REIT's and Finance Trust's fixed and floating rate financial liabilities and derivatives as at balance date. The amounts represent the future contractual undiscounted principal and interest cash inflows/(outflows) based on interest rates and foreign exchange rates prevailing at balance date and therefore do not equate to the value shown in the consolidated balance sheet. Repayments which are subject to notice are treated as if notice were given immediately.

	Charter Hall Long WALE REIT				
	Carrying value \$'000	Less than 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
2023					
Financial liabilities					
Payables	(32,950)	(32,950)	-	-	(32,950)
Distribution payable	(50,607)	(50,607)	-	-	(50,607)
Borrowings	(1,940,891)	(98,853)	(1,917,578)	(424,690)	(2,441,121)
Derivative financial instruments	(102,032)	(22,872)	(72,344)	(22,440)	(117,656)
Other liabilities	(7,180)	(7,025)	(123)	(32)	(7,180)
Total financial liabilities	(2,133,660)	(212,307)	(1,990,045)	(447,162)	(2,649,514)
2022					
Financial liabilities					
Payables	(23,164)	(23,164)	-	-	(23,164)
Distribution payable	(55,162)	(55,162)	-	-	(55,162)
Borrowings	(1,834,203)	(61,480)	(1,332,321)	(977,490)	(2,371,291)
Derivative financial instruments	(104,308)	(12,183)	(71,635)	(37,263)	(121,081)
Other liabilities	(6,906)	(6,756)	(90)	(60)	(6,906)
Total financial liabilities	(2,023,743)	(158,745)	(1,404,046)	(1,014,813)	(2,577,604)

	Carrying value \$'000	Less than 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
2023					
Financial liabilities					
Payables	(9,295)	(9,295)	-	-	(9,295)
Borrowings	(1,940,891)	(98,853)	(1,917,578)	(424,690)	(2,441,121)
Derivative financial instruments	(100,113)	(22,872)	(72,344)	(22,440)	(117,656)
Total financial liabilities	(2,050,299)	(131,020)	(1,989,922)	(447,130)	(2,568,072)

2022

Financial liabilities					
Payables	(8,618)	(8,618)	-	-	(8,618)
Borrowings	(1,834,203)	(61,480)	(1,332,321)	(977,490)	(2,371,291)
Derivative financial instruments	(104,308)	(12,183)	(71,635)	(37,263)	(121,081)
Total financial liabilities	(1,947,129)	(82,281)	(1,403,956)	(1,014,753)	(2,500,990)

(d) Credit risk

The maximum exposure to credit risk at the end of each reporting period is equivalent to the carrying value of the financial assets. The REIT has policies to review the aggregate exposures of receivables and tenancies across its portfolio. As at 30 June 2023, the REIT has no significant concentrations of credit risk on its receivables.

The table below shows the ageing analysis of those rent receivables of the REIT which are past due or impaired:

	Past due but not impaired				Total
	Less than 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	More than 90 days \$'000	Total \$'000
2023					
Rent receivable	2,366	473	80	946	3,865
Provision for expected credit losses	-	-	-	-	(203)
	2,366	473	80	946	3,662
2022					
Rent receivable	2,097	962	74	806	3,939
Provision for expected credit losses	-	-	-	-	(387)
	2,097	962	74	806	3,552

The REIT applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance (ECL) for all trade and other financial assets.

The loss allowances for rent receivables and other financial assets are based on assumptions about risk of default and expected loss rates. The REIT uses judgement in making these assumptions, based on the REIT's history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Agreement to rental deferral options between the REIT and a tenant does not automatically indicate a deterioration of credit risk but is considered within the framework of the above indicators.

The deferral of lease payments offered to tenants has not had a material impact on the REIT's cash inflows from operations.

The forward-looking judgements and assumptions reflect the best estimate of management as at balance date, using information available to them at that date. Accordingly, the REIT's ECL estimates are inherently uncertain and, as a result, actual results may differ from these estimates.

C. Capital Structure and Financial Risk Management

(continued)

C6. Offsetting financial assets and liabilities

The REIT is a party to the master agreement as published by International Swaps and Derivatives Associates, Inc. (ISDA) which allow the REIT's counterparties, under certain conditions (i.e. event of default), to set off the position owing/receivable under a derivative contract to a net position outstanding. As the REIT does not have a legally enforceable right to set-off, none of the financial assets or financial liabilities are offset on the balance sheet of the REIT.

The table below demonstrates the effect of offsetting positions should the REIT's counterparties decide to enforce the legal right to set-off:

	Gross amounts of financial instruments \$'000	Amounts subject to set-off \$'000	Net amount post set-off \$'000
Consolidated entity			
2023			
Derivative assets	77,488	(77,488)	-
Derivative liabilities	(102,032)	77,488	(24,544)
Borrowings	(1,948,363)	-	(1,948,363)
	(1,972,907)	-	(1,972,907)
2022			
Derivative assets	73,930	(73,930)	-
Derivative liabilities	(104,308)	73,930	(30,378)
Borrowings	(1,843,561)	-	(1,843,561)
	(1,873,939)	-	(1,873,939)

D. Further Information

D1. Related Party Information

(a) Responsible Entity

The Responsible Entity of the REIT and Finance Trust is Charter Hall WALE Limited, a wholly owned controlled entity of Charter Hall. The registered office of the Responsible Entity is Level 20, No.1 Martin Place, Sydney NSW 2000.

(b) Directors

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

- Peeyush Gupta AM	- Chair 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

No payments were made by the REIT, Finance Trust or by the Responsible Entity on behalf of the REIT to the Executive Directors during the year.

(c) Transactions with the Responsible Entity and its related parties

The Responsible Entity and its related parties held 77,184,757 stapled securities as at 30 June 2023 (2022: 77,184,757).

The following is a summary of related party transactions including the REIT's share of fees charged to joint ventures for the year ended 30 June 2023:

Charter Hall Long WALE REIT					
Type of fee	Basis of fee calculation	Basis of fee calculation		Fee amount	
		2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000
Base management*	0.45% of average gross assets	6,913,387	5,953,224	31,110	26,790
Acquisition/disposal	1% of acquisition/disposal price	248,458	1,198,633	2,484	11,985
Property management	Up to 3% of gross property income	347,127	311,892	3,711	3,486
Accounting services	Cost recovery	N/A	N/A	1,023	974
Leasing fees	% gross average annual rent based on a sliding fee scale	17,388	4,052	1,458	162
Project management fees	3% of the project value	4,112	8,462	170	199
Facility management fee	Annual charge per property	-	-	314	201
Other cost recoveries	Cost recovery	N/A	N/A	254	282
				40,524	44,079

* Includes the REIT's share of \$633,513 paid by 242 Exhibition Trust (2022: \$624,780).

Finance Trust					
Type of fee	Basis of fee calculation	Basis of fee calculation		Fee amount	
		2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000
Base management	0.45% of average gross assets	91,980	52,066	414	234

(d) Outstanding payable balance with the Responsible Entity and its related parties

	Charter Hall Long WALE REIT		Finance Trust	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Charter Hall Holdings Pty Limited	2,523	2,249	32	-

D. Further Information

(continued)

(e) Key management personnel

Key management personnel (KMP) are defined in AASB 124 *Related Party Disclosures* as those having authority and responsibility for planning, directing and controlling the activities of the entity. The Responsible Entity meets the definition of KMP as it has this authority in relation to the activities of the REIT and Finance Trust. These powers have not been delegated by the Responsible Entity to any other person. Details of management fees charged to the REIT by the Responsible Entity and its related parties are included in Note D1(c).

(f) Directors' fees and Fund Manager remuneration

Independent Directors' fees are as follows:

	2023	2022
	\$	\$
Peeyush Gupta AM	216,300	210,000
Glenn Fraser	159,650	155,000
Ceinwen Kirk-Lennox	144,200	140,000
	520,150	505,000

The level of fees is not related to the performance of the REIT and Finance Trust. The board of the Responsible Entity reviews remuneration payable to its Independent Directors from time to time. Remuneration of independent Directors is approved by the Board and any increases are benchmarked to market rates.

The Executive Directors and Non-Executive Directors of the Responsible Entity and Fund Manager of the REIT and Finance Trust are employees of Charter Hall Holdings Pty Ltd and are remunerated by Charter Hall Holdings Pty Ltd.

(g) Directors' interests in REIT stapled securities

The number of stapled securities held directly, indirectly or beneficially by the Directors of the Responsible Entity or the Directors' related parties at 30 June is as follows:

	Stapled securities held	Stapled securities held
	2023	2022
Peeyush Gupta AM	397,676	397,676
Glenn Fraser	76,721	76,721
Ceinwen Kirk-Lennox	60,341	60,341
David Harrison	699,285	689,285
Carmel Hourigan	10,250	10,250
Total	1,244,273	1,234,273

The aggregate number of stapled securities of the REIT and Finance Trust acquired by the Directors of the Responsible Entity or their related parties during the year is set out below.

	Stapled securities acquired	Stapled securities acquired
	2023	2022
Ceinwen Kirk-Lennox	-	3,538
David Harrison	10,000	217,730
Carmel Hourigan	-	10,250
Total	10,000	231,518

No stapled securities of the REIT were sold by the Directors of the Responsible Entity or their related parties during the year.

D2. Working capital

Financial assets and liabilities not carried at fair value have carrying values that reasonably approximate their fair values (unless otherwise disclosed).

(a) Receivables and other assets

	Charter Hall Long WALE REIT		Finance Trust	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Receivables				
Trade receivable	3,865	3,939	-	-
Provision for expected credit loss	(203)	(387)	-	-
Net rent receivable	3,662	3,552	-	-
Accrued income and other receivables	1,523	1,540	10	-
Distributions receivable from joint ventures*	18,623	21,231	-	-
	23,808	26,323	10	-

*Distributions received in the corresponding July

Other Assets

Deposits and costs related to the purchase of properties	-	500	-	-
Prepayments	2,295	1,162	-	-
	2,295	1,662	-	-

Trade receivables includes property income receivable together with receivables relating to revenue from contracts with customers.

(b) Payables and other liabilities

	Charter Hall Long WALE REIT		Finance Trust	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Payables				
Accrued expenses	4,126	6,526	860	18
Accrued base management fee	2,523	2,249	32	26
Accrued capital expenditure	17,791	5,864	-	-
Interest payable	8,403	7,677	8,403	7,677
GST payable	107	848	-	-
Other	-	-	-	897
	32,950	23,164	9,295	8,618
Other liabilities				
Unearned income	6,825	6,756	-	-
Other liabilities	200	-	-	-
	7,025	6,756	-	-

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the REIT. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

D. Further Information

(continued)

D3. Parent entity information

The financial information for the parent entities of the REIT and Finance Trust, has been prepared on the same basis as the consolidated financial statements except as set out below:

Investments in controlled entities

Investments in controlled entities and joint ventures are accounted for at cost in the financial statements of the parent entity. Such investments include both investments in equity securities issued by the controlled entity and other parent entity interests that in substance form part of the parent entity's investment in the controlled entity. These include investments in the form of interest-free loans which have no fixed contractual term and which have been provided to the controlled entity as an additional source of long-term capital.

Distributions received from controlled entities and joint ventures are recognised in the parent entity's statement of comprehensive income, rather than being deducted from the carrying amount of these investments.

Receivables and payables

Trade amounts receivable from controlled entities in the normal course of business and other amounts advanced on commercial terms and conditions are included in receivables. Similarly, amounts payable to controlled entities are included in payables.

Recoverable amount of assets

The carrying amounts of investments in controlled entities, associates and joint ventures are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying value exceeds their recoverable amount, the assets are written down to the lower value. If required, the write-down is expensed in the year in which it occurs.

(a) Summary financial information

The individual financial statements for the parent entities show the following aggregate amounts:

	Parent entity of Charter Hall Long WALE REIT		Parent entity of Finance Trust	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Balance Sheet				
Current assets	245,395	573,223	4,821	4,848
Non-current assets	5,246,480	4,509,408	2,500	2,500
Total assets	5,491,875	5,082,631	7,321	7,348
Current liabilities	49,767	397,323	1,927	1,516
Non-current liabilities	2,786,025	1,932,769	-	-
Total liabilities	2,835,792	2,330,092	1,927	1,516
Equity				
Contributed equity	3,271,183	3,271,183	6,641	6,641
Accumulated losses	(615,100)	(518,644)	(1,247)	(809)
Total equity	2,656,083	2,752,539	5,394	5,832
Statement of comprehensive income				
Profit/(loss) for the year	105,971	211,781	(438)	(235)
Total comprehensive income/(loss)	105,971	211,781	(438)	(235)

(b) Guarantees and contingent liabilities

The parent entities did not have any contingent liabilities, either individually or as a class, at 30 June 2023 (2022: \$nil).

(c) Commitments

The parent entities did not have any commitments as at 30 June 2023 (2022: \$nil).

D4. Significant contract terms and conditions

Pre-emptive rights

The joint-ownership agreements to which the REIT is a party contain pre-emptive rights which restrict the REIT's dealings in respect of its interest in the respective co-owned trust or the co-owned property. In particular, where the REIT wishes to deal with its interests in a co-owned trust or property, each other co-owner will have a pre-emptive right over the REIT's interests, other than in limited circumstances (for example, by way of a permitted transfer to a member of the REIT's Securityholder or owner group).

A number of joint-ownership agreements also contain:

- tag-along options, pursuant to which the REIT may be required to take reasonable steps, if it wishes to sell its interest in a co-owned trust or co-owned property, to cause one or more of the other co-owners' interests to be acquired on substantively the same terms;
- drag-along rights, pursuant to which a co-owner may require the REIT to sell its interests in a co-owned trust if the co-owner wishes to sell its interest and the REIT has not exercised its pre-emptive;
- provisions under which a default sale process may be triggered on a change of control event, including where the Responsible Entity is replaced with an entity that is not a related body corporate of the Responsible Entity, with the default sale process giving the other co-owners a right to acquire the REIT's interests at the relevant default interest value; and
- dispute resolution procedures which provide for the sale of the relevant property in circumstances where a co-owner does not acquire the other co-owners' interests.

D5. Remuneration of the auditor

	Charter Hall Long WALE REIT		Finance Trust	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Amounts paid or payable to PricewaterhouseCoopers Australian firm for:				
Audit services	472	450	41	38
Taxation compliance services	1	2	-	-
	473	452	41	38

D. Further Information

(continued)

D6. Interest in other entities

Material subsidiaries

The REIT's and Finance Trust's principal subsidiaries at 30 June 2023 are set out below. Unless otherwise stated, they have contributed equity consisting solely of ordinary units that are held directly by the parent entity, and the proportion of ownership interests held equals the voting rights held by the parent entity.

Name of entity	Country of incorporation/ Place of business	Ownership interest held by the REIT		Principal activities
		2023	2022	
<u>Charter Hall Direct Industrial Fund</u>				
CHDIF Beverley Holding Trust	Australia	100%	100%	Holding Trust
CHDIF Beverley Trust	Australia	100%	100%	Property Investment
CHDIF Perth Holding Trust	Australia	100%	100%	Holding Trust
CHDIF Perth Airport Trust	Australia	100%	100%	Property Investment
LWR LWIP Holding Trust	Australia	100%	100%	Holding Trust
LWR LWIP Investment Trust	Australia	100%	100%	Property Investment
Suez Portfolio Trust	Australia	100%	100%	Property Investment
LWR Bunnings Trust	Australia	100%	100%	Property Investment
LWR Truganina Trust	Australia	100%	100%	Property Investment
LWR Canning Vale Trust	Australia	100%	100%	Property Investment
CPOF Kogarah Trust	Australia	100%	100%	Property Investment
LWR Tank Street Trust	Australia	100%	100%	Property Investment
LWR Optima Centre Trust	Australia	100%	100%	Property Investment
Charter Hall Chester Hill Trust	Australia	100%	100%	Property Investment
LWR AL Holding Trust	Australia	100%	100%	Holding Trust
LWR AL Trust	Australia	100%	100%	Property Investment
LWR BBD Trust	Australia	100%	100%	Holding Trust
LWR Mort Street Trust	Australia	100%	100%	Property Investment
LWR Franklin Street Trust	Australia	100%	100%	Property Investment
LWR Murray Rose Trust	Australia	100%	100%	Property Investment
LWR Exchange Trust	Australia	100%	100%	Holding Trust
LWR UMG Trust	Australia	100%	100%	Property Investment
LWR Palmerston Trust	Australia	100%	100%	Property Investment
LWR 242 Exhibition Trust	Australia	100%	100%	Holding Trust
LWR Dartmoor Trust	Australia	100%	100%	Holding Trust
LWR 61 Huntingwood Drive Trust	Australia	100%	100%	Property Investment
LWR Macquarie Park Trust	Australia	100%	100%	Property Investment
LWR Caboolture Trust	Australia	100%	100%	Property Investment
LWR Dartmouth NZ Trust	Australia	100%	100%	Holding Trust
LWR 76 Pitt Street Trust	Australia	100%	100%	Property Investment
LWR DJ Trust	Australia	100%	100%	Property Investment
CLW Albury Trust	Australia	100%	100%	Property Investment
CLW Alexandria Trust	Australia	100%	100%	Property Investment
CLW Boxhill Trust	Australia	100%	100%	Property Investment
CLW Tuggeranong Trust	Australia	100%	100%	Property Investment
LWR Baldivis Trust	Australia	100%	100%	Property Investment
LWR Carole Park Trust	Australia	100%	100%	Property Investment
LWR BSM Trust	Australia	100%	100%	Property Investment
LWR Wetherill Park Trust	Australia	100%	100%	Property Investment
LWR LEP Trust	Australia	100%	100%	Holding Trust
LWR GSA Trust	Australia	100%	-	Holding Trust
<u>LWR Finance Trust</u>				
Charter Hall LWR Limited	Australia	100%	100%	Provision of finance

D7. Events occurring after balance date

The Directors of the Responsible Entity are not aware of any matter or circumstance not otherwise dealt with in this report or the annual 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.

D8. Other significant accounting policies

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the requirements of the REIT's and Finance Trust's constitutions, Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. The REIT and Finance Trust 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 and Finance Trust's functional and presentation currency.

Compliance with IFRS

The consolidated financial statements of the REIT and Finance Trust also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except derivative financial instruments, investments in financial assets held at fair value, assets held for sale and investment properties, which have been measured at fair value.

Net current asset deficiency

At 30 June 2023, the REIT has a net deficiency of current assets over current liabilities of \$42.4 million (30 June 2022: \$35.5 million). At 30 June 2023, the Finance Trust has a net deficiency of current assets over current liabilities of \$5.0 million (30 June 2022: \$0.5 million). The REIT and Finance Trust will be able to meet their day-to-day working capital requirements from readily accessible credit facilities of \$275.8 million and operating cash flows.

Based on the facts set out above, the results and cash flows, there are reasonable grounds for the REIT and Finance Trust to believe they will be able to meet their debts as and when they become due and payable and accordingly the financial statements have been prepared on a going concern basis.

(b) Principles of consolidation

Stapling

The Charter Hall Long WALE REIT is a "stapled" entity comprising Charter Hall Direct Industrial Fund (DIF) and its controlled entities, and LWR Finance Trust (Finance Trust) and its controlled entities. The units in DIF are stapled to the units in Finance Trust. The stapled securities are listed on the Australian Securities Exchange and cannot be traded or dealt with separately. The two entities comprising the stapled group remain separate legal entities in accordance with the *Corporations Act 2001*, and are each required to comply with the reporting and disclosure requirements of Accounting Standards and the *Corporations Act 2001*. As permitted by ASIC Corporations (Stapled Group Reports) Instrument 2015/838, this financial report is a combined financial report that presents the consolidated financial statements and accompanying notes of both DIF and Finance Trust.

Stapling arrangements are treated as a business combination by contract alone since none of the stapled entities (as opposed to their unitholders) obtain an ownership interest in another stapled entity.

Under AASB 3 *Business Combinations* and AASB 10 *Consolidated Financial Statements*, one of the stapled entities of a stapled structure is to be identified as the parent entity for the purpose of preparing a consolidated annual financial report. In accordance with this requirement, DIF has been identified as the parent entity.

The results and equity of Finance Trust have been treated and disclosed as non-controlling interests in the consolidated financial statements of the REIT. While the results and equity of Finance Trust are disclosed as non-controlling interests, the stapled securityholders of DIF are the same as the stapled securityholders of Finance Trust.

D. Further Information

(continued)

Controlled entities

Subsidiaries are all entities over which the REIT has control. The REIT controls an entity when the REIT is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the REIT. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

(c) Foreign currency translation

(i) Functional and presentation currencies

Items included in the financial statements of each of the REIT's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Australian dollars, which is the REIT's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(d) Comparative information

Where necessary, comparative information has been adjusted to conform to changes in presentation in the current year.

(e) 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.

(f) Changes in accounting standards

No new accounting standards or amendments have come into effect for the year ended 30 June 2023 that affect the REIT'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 37 to 70 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 30 June 2023 and of their performance for the 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.

Note D8(a) confirms that the consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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.



Glenn Fraser
Non-Executive Director

Sydney
8 August 2023



Independent auditor's report

To the stapled securityholders of Charter Hall Long WALE REIT and the unitholders of LWR Finance Trust

Report on the audit of the financial reports

Our opinion

In our opinion:

The accompanying financial reports of Charter Hall Direct Industrial Fund ("DIF") and its controlled entities and LWR Finance Trust and its controlled entity (together "Charter Hall Long WALE REIT", "REIT" or "CLW") and LWR Finance Trust and its controlled entity (together "Finance Trust") are in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the REIT's and Finance Trust's financial positions as at 30 June 2023 and of their financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The REIT and Finance Trust financial reports comprises:

- the consolidated balance sheets as at 30 June 2023
- the consolidated statements of comprehensive income for the year then ended
- the consolidated statements of changes in equity for the year then ended
- the consolidated cash flow statements for the year then ended
- the notes to the consolidated financial statements, as contained in the "About this report" section, which include significant accounting policies and other explanatory information
- the directors' declaration to stapled securityholders.

Charter Hall Long WALE REIT comprises Charter Hall Direct Industrial Fund and the entities it controlled at year end or from time to time during the financial year and LWR Finance Trust and the entity it controlled at year end or from time to time during the financial year. Finance Trust comprises LWR Finance Trust and the entity it controlled at year end and from time to time during the financial year. For the purposes of consolidation accounting Charter Hall Direct Industrial Fund is the deemed parent entity and acquirer of Finance Trust.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial reports* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Liability limited by a scheme approved under Professional Standards Legislation.



Independence

We are independent of the REIT and 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 our audit of the financial reports in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial reports are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial reports.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial reports as a whole, taking into account the geographic and management structure of the REIT and Finance Trust, their accounting processes and controls and the industry in which they operate.



Materiality

- We calculated materiality for the REIT and Finance Trust and applied the lower of these two materiality amounts in the audit of both the REIT and Finance Trust. For the purpose of our audit we used overall quantitative materiality of \$10.1 million, which represents approximately 5% of the REIT's operating earnings.
- We chose operating earnings (which is an adjusted profit metric) as the benchmark because, in our view, it is the benchmark against which the performance of the REIT is most commonly measured and is a generally accepted benchmark within the industry. We selected 5% threshold based on our professional judgement and noting it is within the range of acceptable quantitative materiality thresholds.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial reports as a whole.

Audit Scope

- Our audit focused on where the REIT and Finance Trust made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- We identified separate components of the REIT including its equity accounted investments. We established



an audit strategy for each component.

- The audit work performed at the component level, together with additional audit procedures performed at the REIT level provided us with sufficient evidence for our opinion on the financial reports as a whole.
- In all of our audits, we also address the risk of management override of internal controls, including whether there was evidence of bias by the directors that may represent a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial reports for the current period. The key audit matters were addressed in the context of our audit of the financial reports as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit, Risk and Compliance Committee.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties, including indirectly held investment properties - Charter Hall Long WALE REIT (Refer to About this report section and Note B)	We assessed the REIT's process for valuing investment properties. This included discussing, with management, the key drivers affecting the value of the investment property portfolio such as, significant leasing activity, capital expenditure and vacancies impacting the portfolio.
The REIT's investment property portfolio is predominantly comprised of industrial, retail, office and agrilogistic investment properties. At 30 June 2023 the carrying value of the REIT's total investment property portfolio (excluding investment properties held in equity accounted investments) was \$3,482 million (2022: \$3,722 million), refer to Note B1.	We inspected a selection of independent property market reports and held discussions with PwC Real Estate experts to develop an understanding of prevailing market conditions and their expected impact on the REIT's investment properties.
The carrying value of the REIT's joint venture vehicles that also hold investment properties was \$2,594 million (2022: \$2,634 million) refer Note B2.	We assessed the design and tested the operating effectiveness of certain controls supporting the REIT's investment property valuation process.
In measuring the fair value of investment properties, the REIT applied the principles of accounting for investment properties at fair value under Australian Accounting Standards and applied the valuation methodology described in Note B of the financial report.	We assessed the scope, competence, capability and objectivity of external valuation experts engaged by the REIT. Where external valuations were obtained by the REIT, we:
We considered this a key audit matter because of the:	• read a selection of the relevant valuation reports and agreed a sample of the fair values to the REIT's accounting records
• Financial significance of the investment property balances in the REIT's consolidated balance sheet.	• selected a sample of key data inputs to the valuations and agreed to supporting documentation. For example, we agreed a sample of rental income in valuations to



Key audit matter	How our audit addressed the key audit matter
• Financial significance of revaluations that directly impact the REIT's consolidated statement of comprehensive income through the net fair value loss on investment properties.	tenancy schedules. For a sample of properties which were assessed at greater risk of material misstatement, we performed the following procedures to assess the appropriateness of significant assumptions used in the REIT's assessment of fair value, we:
• Inherently subjective nature of investment property valuations such as prevailing uncertain economic environment, the individual nature and location and comparable sales evidence for each property.	• assessed the appropriateness of the methodology adopted against the Australian Accounting Standards and the mathematical accuracy of valuations.
• Estimation uncertainty that exists with respect to the key inputs and assumptions used by the REIT in developing fair value estimates including capitalisation rates and discount rates.	• assessed the appropriateness of certain significant assumptions, including comparing the capitalisation rates and discount rates to market data, including comparable transactions, where possible. • held discussions with certain external valuation firms to develop an understanding of their processes, judgements and observations. We assessed the reasonableness of the REIT's disclosures in the financial reports against the requirements of Australian Accounting Standards.
Hedge Accounting - Finance Trust (Refer to About this report section and Note C)	We evaluated the designation and documentation of the fair value hedge relationship and the expected prospective hedging effectiveness at inception. This included assessing the hedge documentation for compliance with Australian Accounting Standards.
The Finance Trust issued two tranches of unsecured medium term fixed notes (MTN's) with a principal amount of \$700m in 2021. Concurrently the Finance Trust entered into interest rate swaps (IRS's) with matching maturity dates in order to mitigate the fair value risk associated with the market interest rate. The Finance Trust entered into a fair value hedge accounting relationship in accordance with Australian Accounting Standards for the MTN (hedging item) and IRS (hedging instrument).	In addition we:
We considered the hedging relationship to be a key audit matter because of the audit effort involved to assess the continued appropriateness of the application of the hedge accounting relationship in	• Inspected journals on a sample basis and compared the terms of the hedging instrument to the hedged item to assess whether there was an economic relationship consistent with the Finance Trust's risk management strategy. • Assessed if the fair value of the IRS's was appropriate by engaging PwC valuation experts to independently revalue the derivatives at balance date.



Key audit matter

accordance with Australian Accounting Standards, including auditing the revaluation of the IRS hedging instruments.

How our audit addressed the key audit matter

We assessed the reasonableness of the Finance Trust's disclosures in the financial reports in light of the requirements of Australian Accounting Standards. In particular, we considered the disclosures made in Note C to the consolidated financial statements which explains the hedging relationship.

Other information

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 other information. The other information comprises the information included in the annual report for the year ended 30 June 2023, but does not include the financial reports and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the Director's Report. We expect the remaining other information to be made available to us after the date of this auditor's report.

Our opinion on the financial reports does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon through our opinion on the financial report.

In connection with our audit of the financial reports, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial reports or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Responsible Entity and use our professional judgement to determine the appropriate action to take.

Responsibilities of the directors of the Responsible Entity for the financial reports

The directors of the Responsible Entity are responsible for the preparation of the financial reports that give a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors of the Responsible Entity determines is necessary to enable the preparation of the financial reports that give a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial reports, the directors of the Responsible Entity are responsible for assessing the ability of the REIT and Finance Trust to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Responsible Entity either intends to liquidate the Group or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial reports

Our objectives are to obtain reasonable assurance about whether the financial reports as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial reports.

A further description of our responsibilities for the audit of the financial reports is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

R W McMahon
Partner

Sydney
8 August 2023

Fund Manager Remuneration

Avi Anger,
Fund Manager, CLW

Fund Manager’s Total Target Remuneration is structured as a mixture of fixed and variable ‘at-risk’ Short Term Incentive (STI) and Long Term Incentive (LTI) components. While Fixed Annual Remuneration (FAR) is designed to provide a base level of remuneration, the ‘at-risk’ STI and LTI components align the employee’s performance with CLW and Charter Hall Group objectives and long-term securityholder interests.

STI

Individual STI outcomes are determined on the basis of Group and individual performance through a balanced scorecard. The scorecard is split into three elements: Financial, Customer and Culture, Leadership and Collaboration with a 50% financial and 50% non-financial split.

For FY23, 75% of the STI award will be delivered in cash and 25% deferred into CLW units as service rights. These service rights are deferred over two years, with 50% vesting at the end of year one (on 31 August 2024) and 50% at the end of year two (31 August 2025).

For the FY23 STI and all other grants from 1 July 2023, the automatic exercise of rights into CLW securities at vesting will be amended to allow the exercise of rights at the election of the participant for a period of up to 10 years from the grant date. The changes apply to all Performance Rights and Options Plan (PROP) participants and are intended to improve securityholder alignment as employees may choose to have additional capital exposure to CLW or other CHC Listed vehicles as a result of the flexibility of the offering.

LTI

The LTI is governed by the PROP, under which rights to stapled securities are granted to participants. Each performance right entitles the participant to one stapled security in the Charter Hall Group for nil consideration at the time of vesting, subject to meeting the performance hurdles as outlined below, measured over the relevant performance period:

- Charter Hall Group’s aggregate operating earnings per security (OEPS) growth – 50% of LTI allocation;
- Charter Hall Group’s relative total securityholder return (TSR) – 50% of LTI allocation.

More details are provided under section 6.5 of the Remuneration Report within Charter Hall Group’s 2023 Annual Report.

Role	Financial	Customer	Culture, Leadership and Collaboration
Overall Weighting	50%	30%	20%
KPIs	- Deliver CLW OEPS target. - Enhance CLW portfolio WALE to ensure resilience against competition and external factors. - Demonstrate progress to meet/exceed asset level sustainability targets across the portfolio. - Demonstrate focus on climate change risks across the portfolio. - Drive a focus on strategic and operational risk management across the business to comply with the regulatory environment.	- Positive listed investor survey satisfaction result. - Customer retention for CLW through active management of relationships. - Participate in listed investor conferences for CLW to further interest from investors in the REIT. - Management of reputational risks in decision-making associated with customer issues.	- Continued focus on employee engagement and well-being levels of the team. - Implement GRESB improvement pathway for CLW. - Industry leadership via active participation at relevant industry bodies and conferences. - Maintain and continue to build strong CLW team culture with focus on career growth and retention of key talent.

Securityholder Analysis

Distribution of equity stapled Securityholders as at 21 July 2023

Range	Stapled securities held	% of issued stapled securities	No. of holders
100,001 and Over	541,786,086	74.94	188
10,001 to 100,000	110,985,746	15.35	4,977
5,001 to 10,000	39,479,237	5.46	5,411
1,001 to 5,000	28,537,958	3.95	10,005
1 to 1,000	2,166,439	0.30	4,963
Total	722,955,466	100.00	25,544
Unmarketable parcels	47,946	0.01	929

Substantial Securityholder notices as at 21 July 2023

Ordinary securities	Date of change	Stapled securities held	% securities held
State Street Corporation	14 April 2023	39,222,021	5.43%
PEJR Investments Pty Ltd	16 January 2023	15,780,550	2.18%
Vanguard Group	21 September 2022	62,956,033	8.708%
Blackrock Group	11 January 2021	35,281,641	6.17%
Charter Hall Limited	29 September 2020	59,688,298	11.87%

Top 20 registered equity Securityholders as at 21 July 2023

Rank	Name	A/C designation	Stapled securities held	%IC of issued securities
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED		175,149,980	24.23
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED		100,042,212	13.84
3	TRUST COMPANY LIMITED		77,184,757	10.68
4	CITICORP NOMINEES PTY LIMITED		55,531,830	7.68
5	NATIONAL NOMINEES LIMITED		18,434,785	2.55
6	BNP PARIBAS NOMS PTY LTD		17,311,583	2.39
7	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD		8,445,731	1.17
8	NETWEALTH INVESTMENTS LIMITED		6,194,296	0.86
9	CITICORP NOMINEES PTY LIMITED		6,127,534	0.85
10	ENDEAVOUR GROUP LIMITED		5,957,813	0.82
11	BNP PARIBAS NOMINEES PTY LTD		3,454,752	0.48
12	PIVOT GROUP PTY LTD		3,052,585	0.42
13	BNP PARIBAS NOMINEES PTY LTD		2,791,881	0.39
14	ORDA INVESTMENTS PTY LIMITED		2,559,140	0.35
15	ARTMAX INVESTMENTS LIMITED		2,545,171	0.35
16	HALIBERY HOTELS PTY LTD		2,500,000	0.35
17	CHARTER HALL WHOLESALE MANAGEMENT LTD		2,250,000	0.31
18	NETWEALTH INVESTMENTS LIMITED		2,039,974	0.28
19	BNP PARIBAS NOMS(NZ) LTD		1,855,427	0.26
20	IOOF INVESTMENT SERVICES LIMITED		1,780,764	0.25
Total			495,210,215	68.50
Balance of register			227,745,251	31.50
Grand total			722,955,466	100.00

Investor Information

How do I invest in Charter Hall Long WALE REIT?

Charter Hall Long WALE REIT units are listed on the Australian Securities Exchange (ASX: CLW). Securityholders will need to use the services of a stockbroker or an online broking facility to invest in Charter Hall Long WALE REIT.

Where can I find more information about Charter Hall Long WALE REIT?

Charter Hall Long WALE REIT's website, charterhall.com.au/clw contains extensive information on our Board, corporate governance, sustainability, property portfolio, unit price and all investor communications including distribution and tax information, reports and presentations, and profit results. The website also provides information on the broader Charter Hall Group including other managed funds available for investment.

Can I receive my Annual Report electronically?

Charter Hall Long WALE REIT provides its annual report as a PDF, accessible on its website. You can elect to receive notification that this report is available online via your Investor Centre login.

How do I receive my distribution?

Charter Hall Long WALE REIT pays its distribution via direct credit. This enables you to receive automatic payment of your distributions quickly and securely. You can nominate any Australian or New Zealand bank, building society, credit union or cash management account for direct payment by downloading a direct credit form using the Investor Login facility and sending to Link Market Services.

On the day of payment you will be sent a statement via post or email confirming that payment has been made and setting out details of the payment. The REIT no longer pays distributions by cheque.

Can I reinvest my distribution?

When operating, the Distribution Reinvestment Plan (DRP) allows you to have your distributions reinvested in additional securities in Charter Hall Long WALE REIT, rather than having your distributions paid to you. If you would like to participate in the DRP, you can do so online using the Investor Login facility available on our website, or you can complete a DRP Application Form available from our registry.

Do I need to supply my Tax File Number?

You are not required by law to supply your Tax File Number (TFN), Australian Business Number (ABN) or exemption. However, if you do not provide these details, withholding tax may be deducted at the highest marginal rate from your distributions. If you wish to provide your TFN, ABN or exemption, please contact Link Market Services on 1300 303 063 or your sponsoring broker. You can also update your details directly using the Investor Login facility.

How do I complete my annual tax return for the distributions I receive from Charter Hall Long WALE REIT?

At the end of each financial year, we issue securityholders with an Annual Taxation Statement. This statement includes information required to complete your tax return. The quarterly distributions paid are required to be included in your tax return for the financial year the income was earned, that is, the distribution income paid in August 2023 should be included in your 2023 financial year tax return.

How do I make a complaint?

Securityholders wishing to lodge a complaint should do so in writing and forward it to the Compliance Manager, Charter Hall Long WALE REIT at the address shown in the Directory. In the event that a complaint cannot be resolved within a reasonable time frame (usually 45 days) or you are not satisfied with our response, you can seek assistance from the Australian Financial Complaints Authority (AFCA), an external complaints resolution service that has been approved by ASIC. AFCA's contact details are below:

Australian Financial Complaints Authority

GPO Box 3
Melbourne VIC 3001
Phone: 1800 931 678
Email: info@afca.org.au

Contact Details

Registry

To access information on your holding or update your details including name, address, tax file number, payment instructions and document requests, contact:

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

Phone 1300 303 063 (within Australia)
+61 2 8280 7134 (outside Australia)

Email charterhall.reits@linkmarketservices.com.au

Web linkmarketservices.com.au

Investor Relations

All other enquiries related to Charter Hall Long WALE REIT can be directed to Investor Relations:

Charter Hall WALE Limited
GPO Box 2704
Sydney NSW 2001

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

Email reits@charterhall.com.au

Web charterhall.com.au

Corporate Directory

Responsible Entity and Manager

Charter Hall WALE Limited
ABN 20 610 772 202
AFSL 486721

Registered Office
Level 20, No.1 Martin Place
Sydney NSW 2000

Directors of the Responsible Entity

Peeyush Gupta AM (Chair), Ceinwen Kirk-Lennox,
Glenn Fraser, David Harrison and Carmel Hourigan

Fund Manager

Avi Anger

Company Secretary

Mark Bryant and Rebekah Hourigan

Responsible Entity’s office

Level 20, No.1 Martin Place
Sydney NSW 2000

GPO Box 2704
Sydney NSW 2001

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

Email reits@charterhall.com.au

Web charterhall.com.au/clw

ASX code CLW

Auditor

PricewaterhouseCoopers
One International Towers Sydney
Watermans Quay, Barangaroo
Sydney NSW 2000

Important information

This report comprises Charter Hall Direct Industrial Fund and its controlled entities (together referred to as Charter Hall Long WALE REIT, REIT or CLW). The REIT was formed upon the stapling of the units 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); LWR Finance Trust (Finance Trust) and its controlled entities (ARSN 614 713 138); and 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). This report is not intended to be and does not constitute an offer or a recommendation to acquire any securities in the REIT. This report does not take into account the personal objectives, financial situation or needs of any investor. Before investing in REIT securities, you should consider your own objectives, financial situation and needs and seek independent financial, legal and/or taxation advice. Historical performance is not a reliable indicator of future performance. Due care and attention has been exercised in the preparation of forward-looking statements. However, any forward-looking statements contained in this report are not guarantees or predictions of future performance and, by their very nature, are subject to uncertainties and contingencies, many of which are outside the control of CHWALE and its entities. Actual results may vary materially from any forward-looking statements contained in this report. Readers are cautioned not to place undue reliance on any forward-looking statements. Except as required by applicable law, CHWALE and its related entities do not undertake any obligation to publicly update or review any forward-looking statements, whether as a result of new information or future events. The receipt of this report by any person and any information contained herein or subsequently communicated to any person in connection with the REIT is not to be taken as constituting the giving of investment, legal or tax advice by the REIT nor any of its related bodies corporate, directors or employees to any such person. Neither the REIT, its related bodies corporate, directors, employees nor any other person who may be taken to have been involved in the preparation of this report represents or warrants that the information contained in this report, provided either orally or in writing to a recipient in the course of its evaluation of the REIT or the matters contained in this report, is accurate or complete. 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. All information herein is current as at 30 June 2023 unless otherwise stated. All references to dollars (\$) or A\$ are to Australian Dollars unless otherwise stated.

© Charter Hall

For personal use only