



CHARTER HALL GROUP DEVELOPMENT SHOWCASE

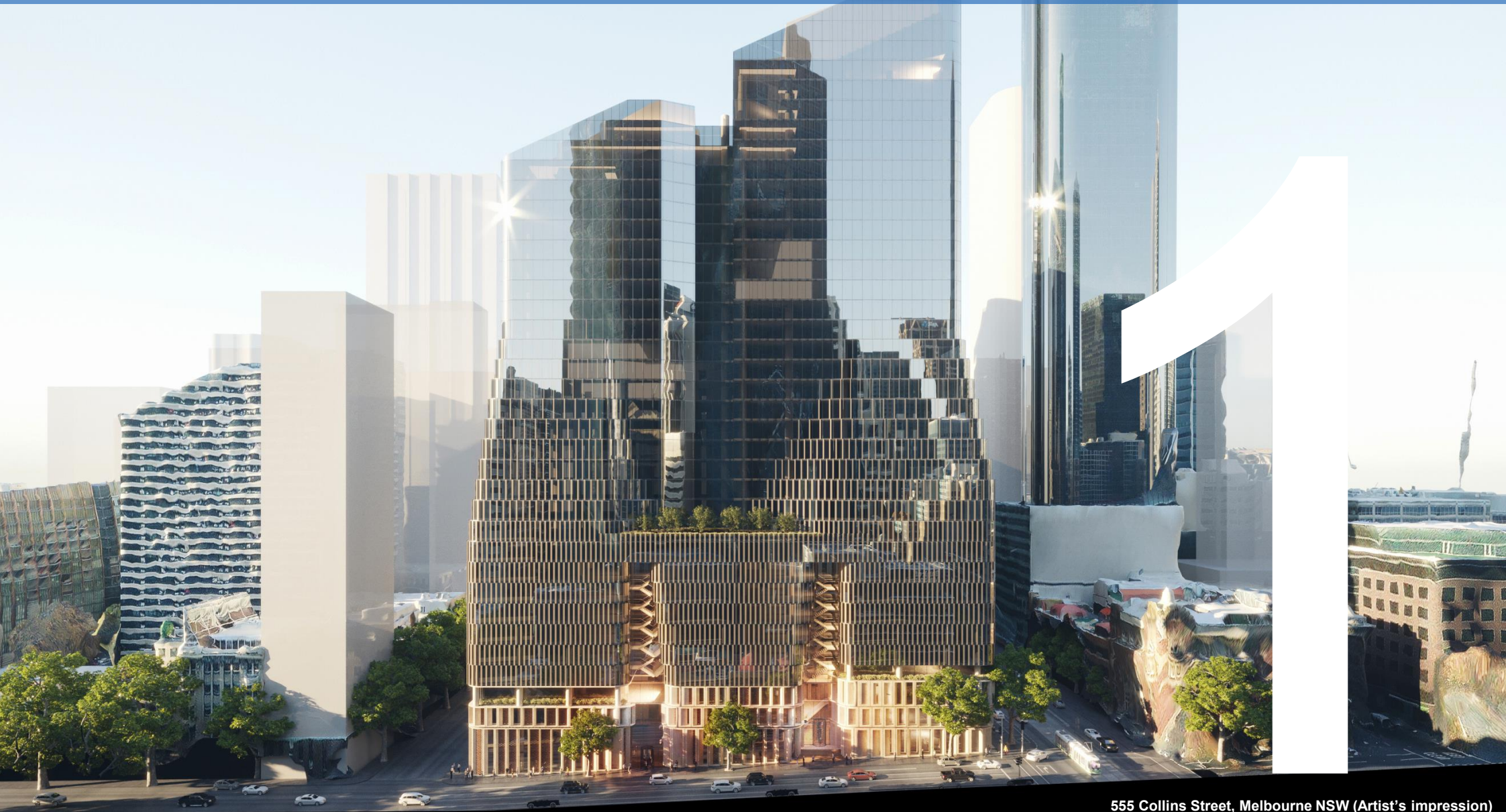
SYDNEY
11 JUNE 2019

Agenda

1. Welcome and Housekeeping	Philip Cheetham, Head of Investor Relations
2. Charter Hall Research View	Sasanka Liyanage, National Research Manager
3. Pre-Leased Transactions	Mark Harrison, Head of Capital Transactions
4. Office Development Update	Andrew Borger, Head of Office Development Simon Stockfeld, Regional Development Director VIC / SA Bradley Norris, Regional Development Director QLD / WA Michael West, Development Executive
5. Industrial Development Update	Andrew Simons, Head of Industrial Development Julian Etter, Development Manager – Industrial Matthew Cox, National Industrial Delivery Manager
6. Diversified Development Update	Ben Dodwell, Head of Diversified Development
7. Charter Hall Advantage	David Harrison, Managing Director & Group CEO

Welcome and Housekeeping

Philip Cheetham, Head of Listed Investor Relations



Charter Hall

Charter Hall Research View

Sasanka Liyanage, National Research Manager

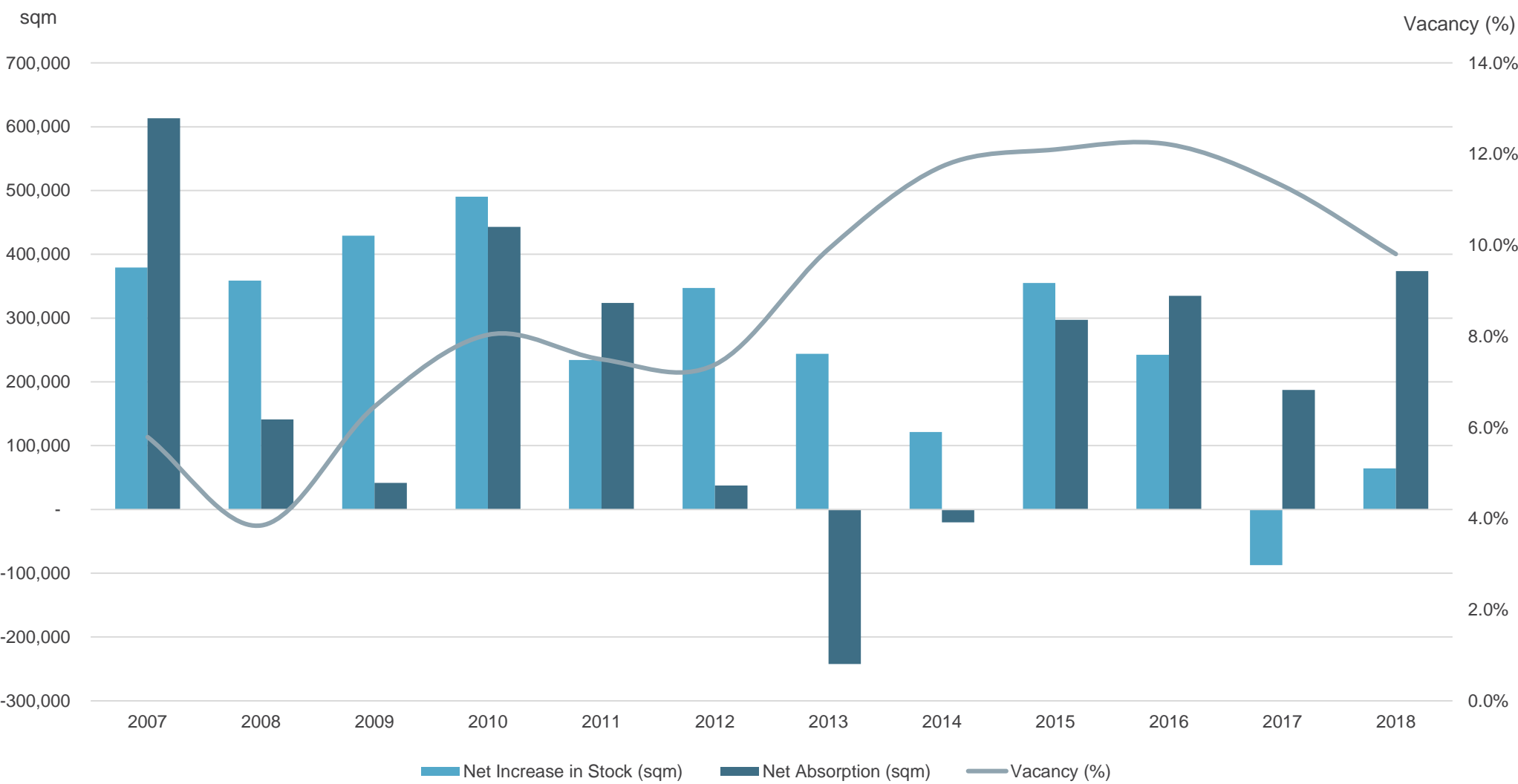


Chullora Logistics Park, 2 Hume Highway, Chullora NSW

Office national market balance

National CBD

Vacancy, net supply and net absorption

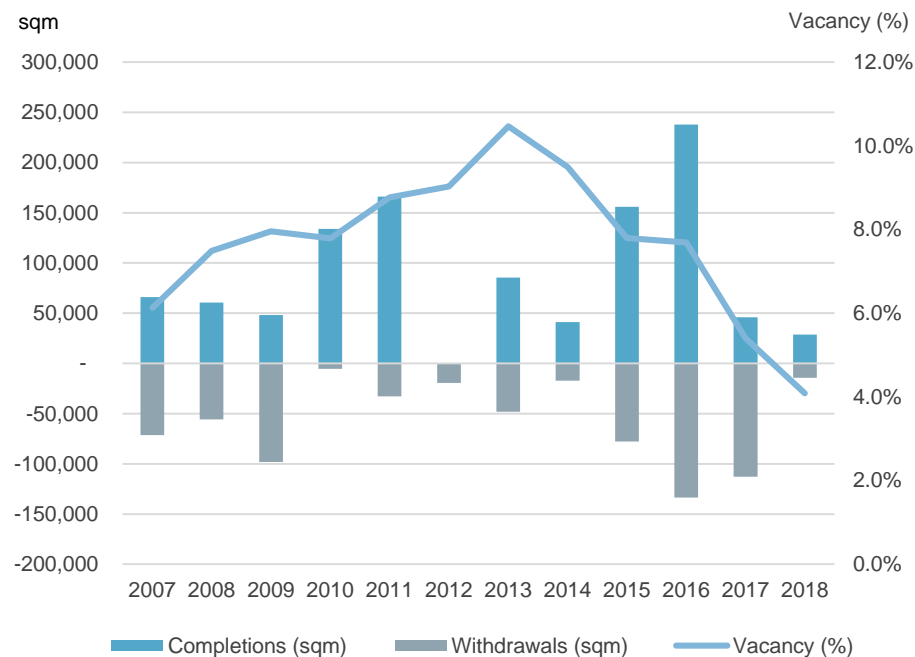


Sources: Deloitte Access Economics, Charter Hall Research. At 1Q19.

Office Sydney & Melbourne market balance

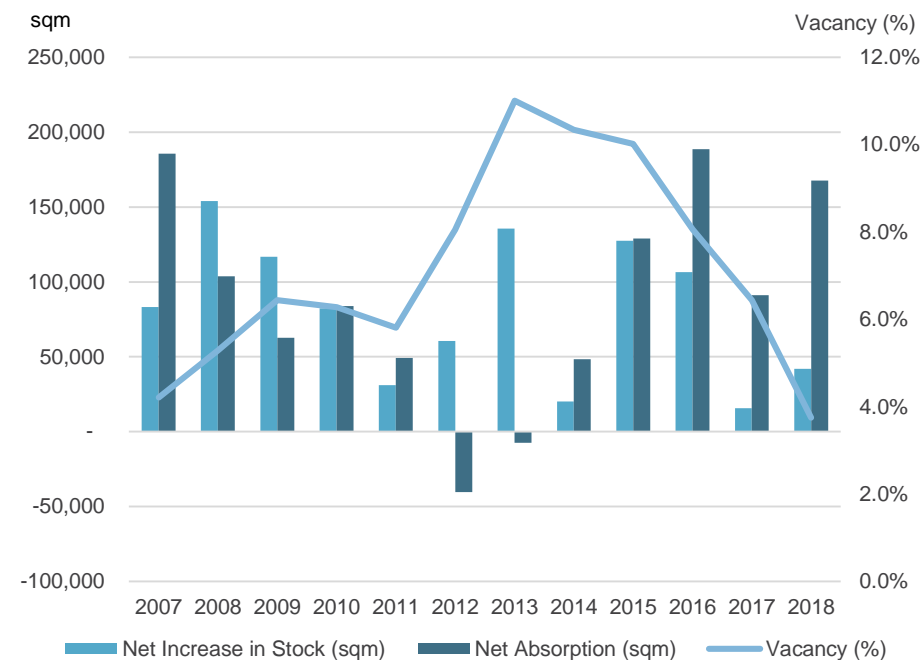
Sydney

Vacancy, supply and withdrawals



Melbourne

Vacancy, net supply and net absorption

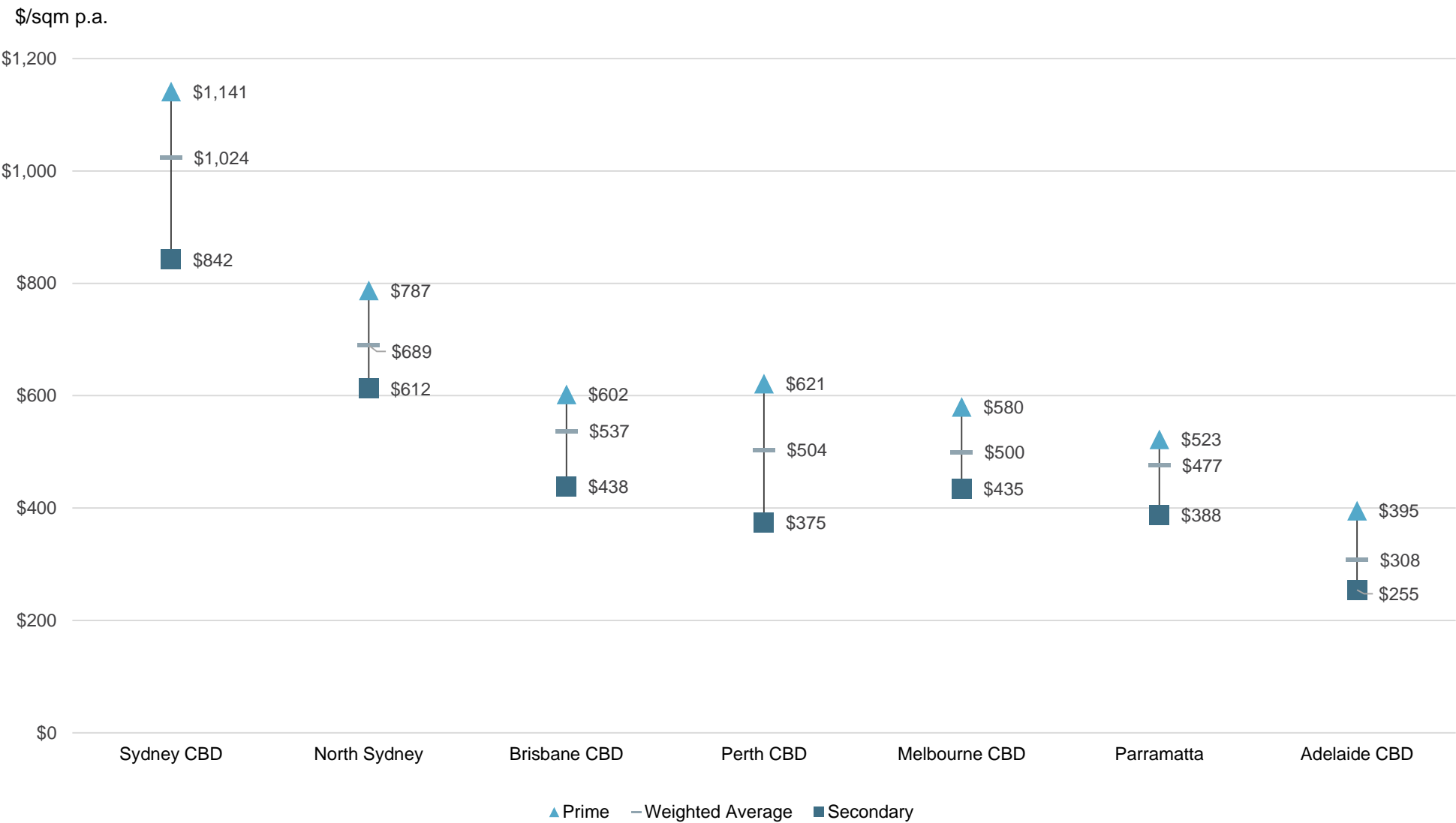


Vacancy across Sydney and Melbourne has reached the lowest levels since 1989. The markets have been affected by:

- significant stock reductions
- a period of limited supply
- notable growth in occupier demand
- planning amendments
- markedly higher development site costs

Office major market rental differentials

Indicative net face rent



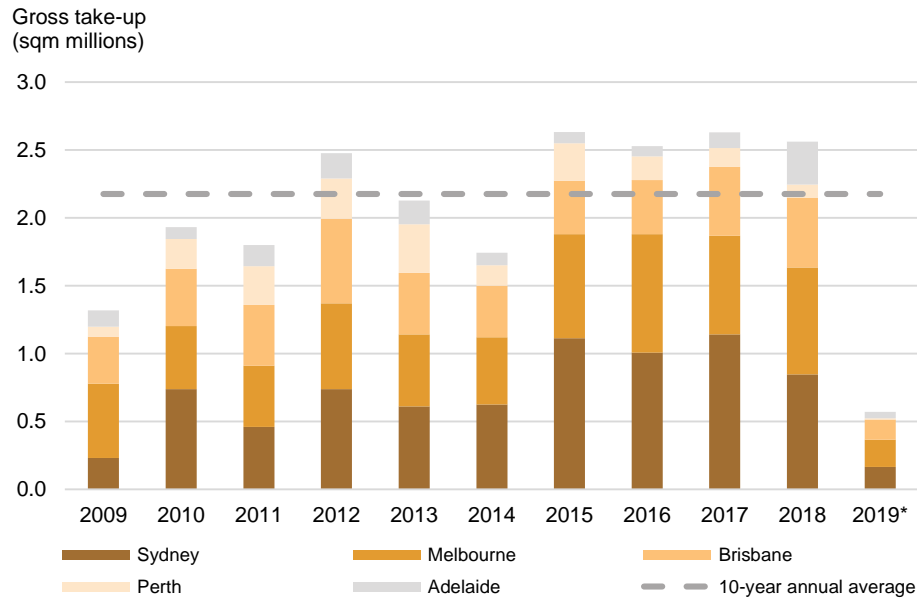
Sources: JLL REIS, Charter Hall Research. At 1Q19.

Above trend industrial demand

Strong occupier demand activity coupled with steady supply

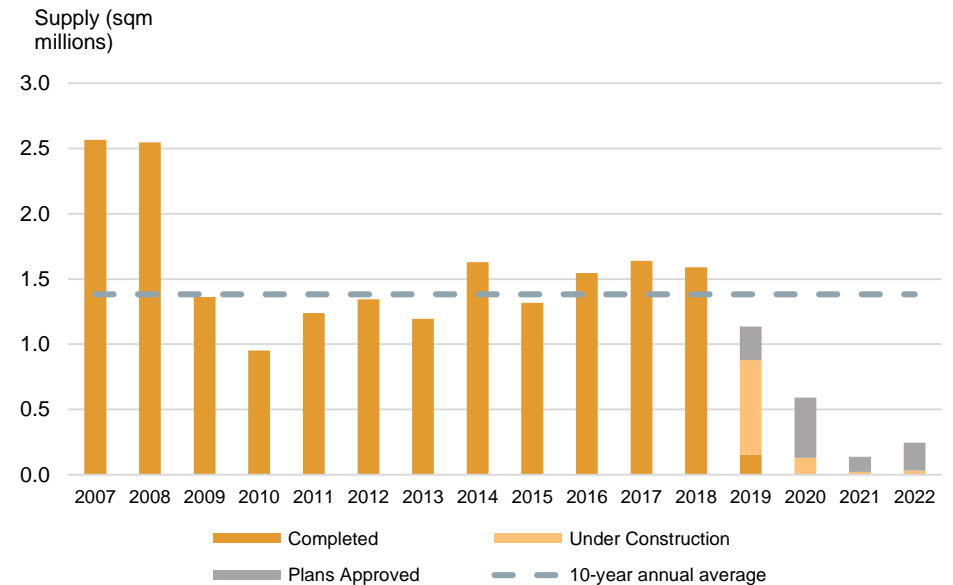
Occupier demand above historical averages

Industrial gross take-up



Supply in line with long-term averages

National industrial construction



- **Industrial gross leasing volumes have been above the historical averages since 2015.** Annual national leasing volumes have averaged 2.6 million sqm over CY15-18; exceeding the 10-year annual average of 2.2 million sqm. Over this period, the majority of activity was concentrated across the Sydney and Melbourne markets. Sydney's annual leasing volumes have averaged 1.1 million sqm over this period; above its longer-term average of 720,000 sqm. Similarly, total annual take-up volumes in Melbourne have been above trend levels since 2Q15.
- **Supply levels have been in line with longer term trend supply.** Approximately 1.6 million sqm in new developments were completed over 2018. This was marginally above the 10-year annual average of 1.47 million sqm.

Above trend industrial demand

Strong rental growth emerges from increased demand

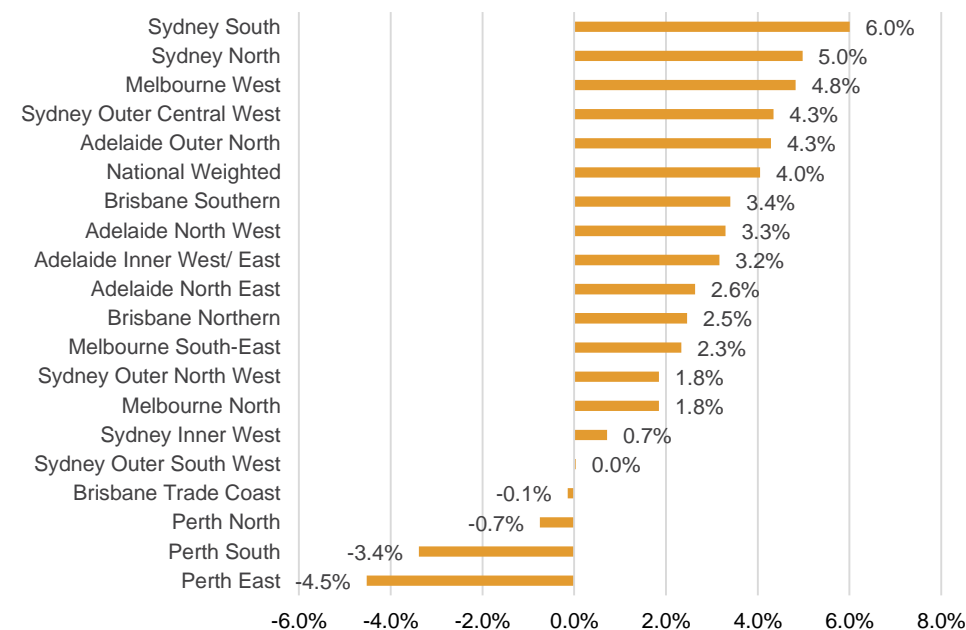
Lower availabilities of vacant space drive rental growth

National weighted prime rental growth



Broad-based rental growth nationally

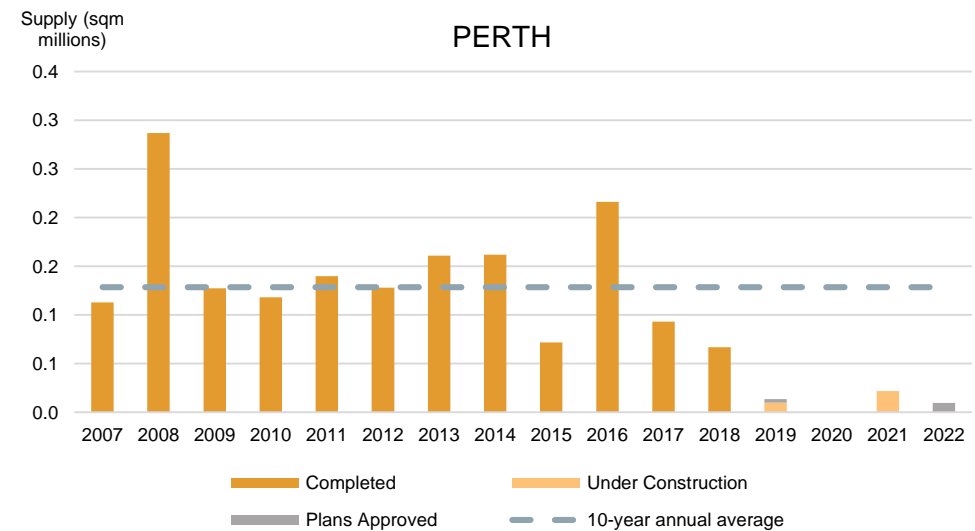
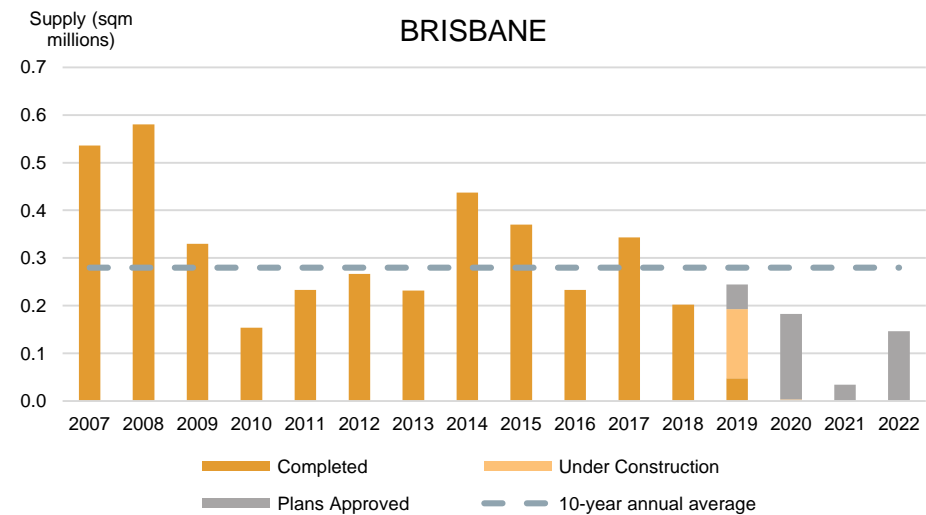
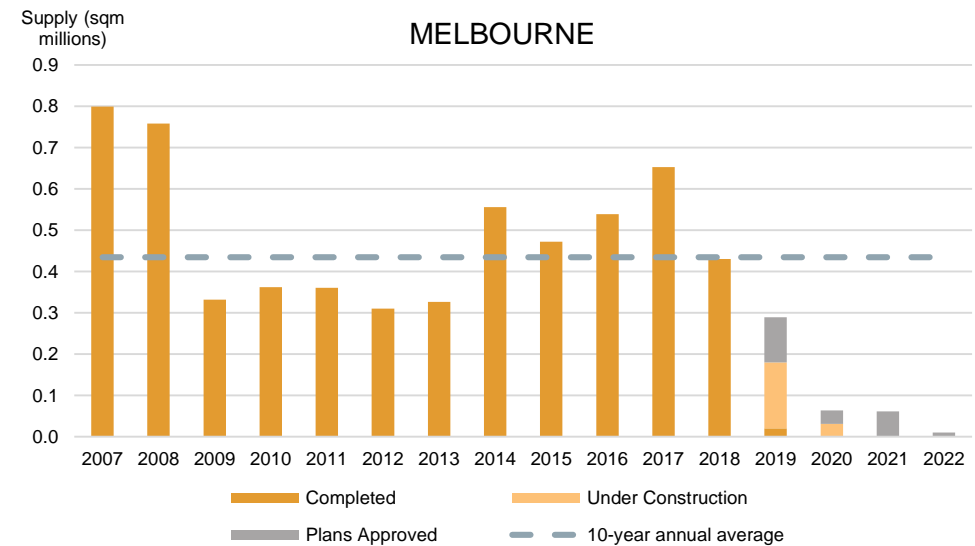
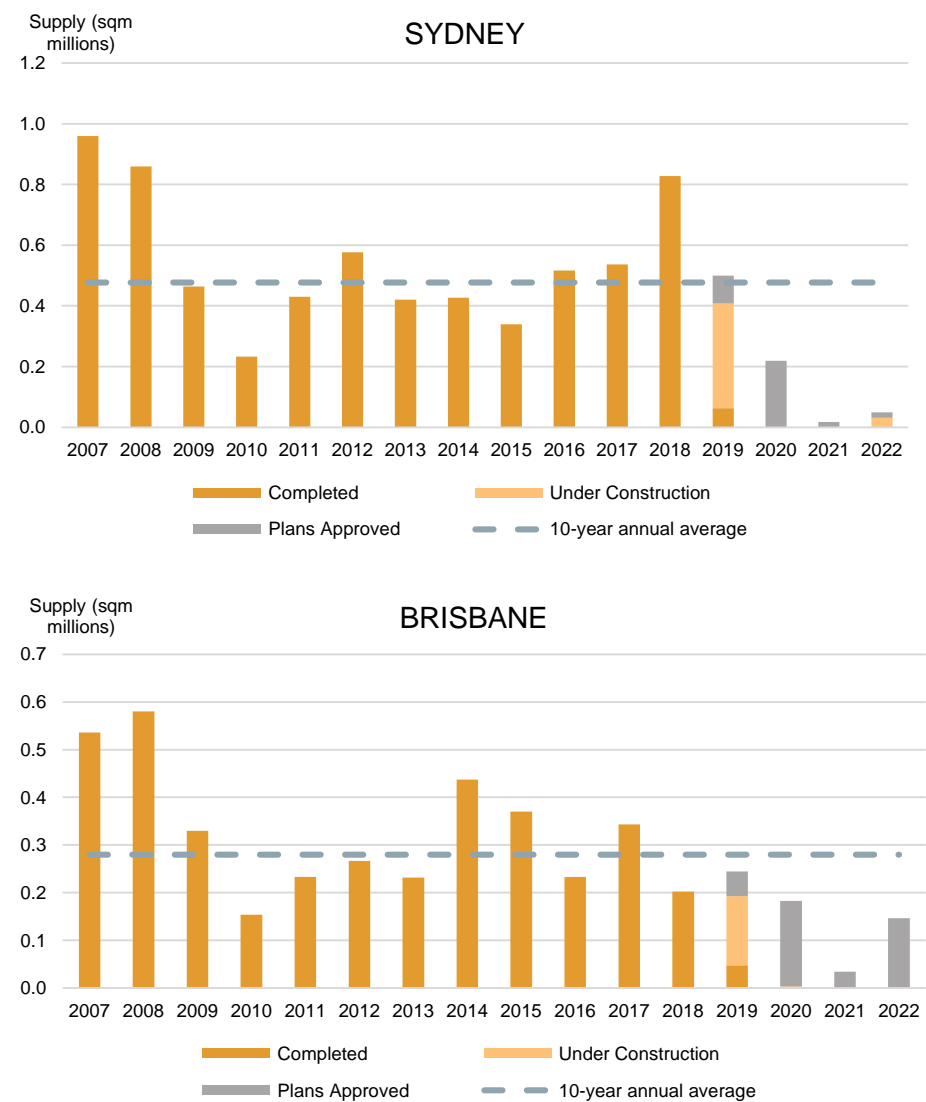
Annual prime rental growth by precinct (%)



- **National industrial rents continue to trend upward.** The National GSP-weighted prime industrial rent grew at the strongest annual rate since mid-2011. The improved conditions across Brisbane, Perth and Adelaide coupled with the continued growth in Sydney and Melbourne have underpinned headline national growth figures.

Industrial construction snapshot

Robust construction activity in the Sydney and Melbourne markets



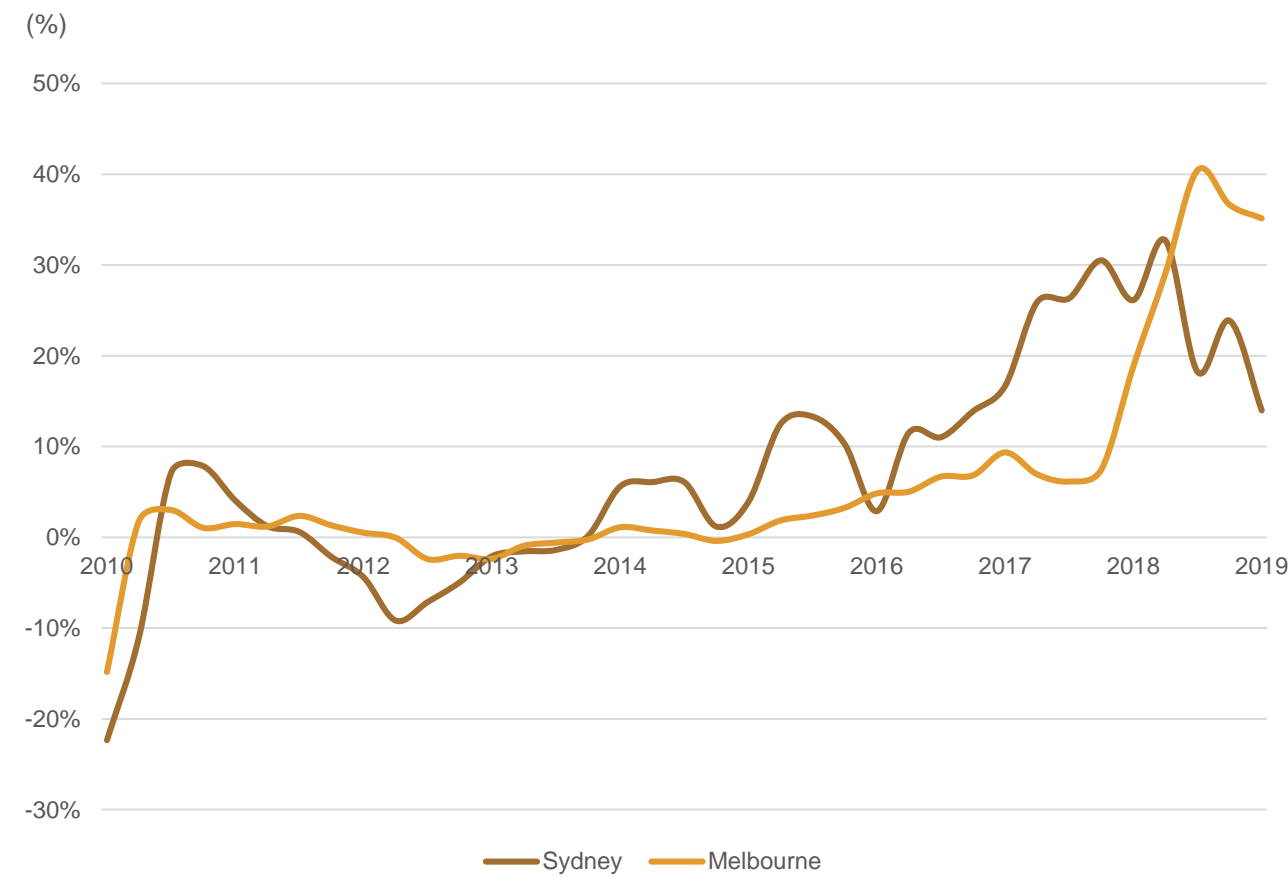
Sources: JLL, Charter Hall Research. At 4Q18.

Industrial land value growth accelerates

Increased industrial demand and development generates land value growth

Sydney and Melbourne land value growth

Annualised Growth (serviced land)



- A shortage of serviced land and increased development activity has resulted in the accelerated growth in the land values in both markets
- Sydney 2-5 ha land value growth has been normalising since 4Q17, where annual land value growth reached 36%
- Melbourne 2-5 ha land values have continued to climb. At 1Q19, annual land value growth reached 37%

2-5 ha land value growth (\$/sqm)

	Sydney	Melbourne
Mar-14	\$232	107
Mar-19	\$560	233
Growth (%)	141%	118%

Pre-Leased Transactions

Mark Harrison, Head of Capital Transactions

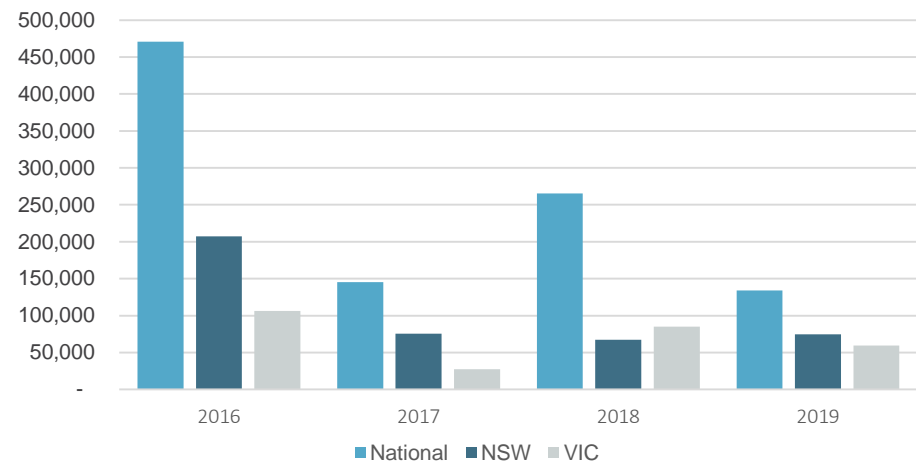


Office transactions - commercial pre-commitment sales

Overview

- Pre-committed market transactions are generally offered through either a Fund Through or Takeout structure. The asset is either partial or fully pre-committed to a high quality covenant with income support over any vacant space (3 – 5 years)
- Since 2016, there has been circa 3,700,000 sqm of take up and circa \$55.27 billion of institutional grade commercial sales Nationally
- Pre-committed sales of 50% interests dominate as institutional developers sell down 50% to improve ROIC over remaining interest
- The average Premium Grade asset is trading at between 4.50% - 4.75% and the average A-Grade asset is trading at between 4.625% - 5.25%
- When analysing the recent pre-commitment sales, the market has applied a premium of 0.125% - 0.375% yield compression on high quality de-risked pre-committed investments

Pre-Commitment Take-Up






Market Observations: 1 Esplanade, Perth – Chevron Pre - Lease

- Opportunity to acquire a 50% freehold interest was presented on market via agents appointed by developer Brookfield Properties
- Premium Grade office fund-through development extending 56,420 sqm of NLA, with target completion mid 2023 and providing extensive building amenities (childcare, gym, retail, F&B)
- Chevron (S&P AA- credit rating) pre-committed to 60% - 80% (expansion & contraction rights) of total NLA for a 15 year lease term
- The development and delivery risk to be taken by Brookfield, with the market viewing this transaction as an attractive de-risked acquisition structure with 5 year vendor income support from PC
- Pricing expectations were c.\$400 million (5.50%) to acquire a 50% freehold interest
- It is understood the asset is in due diligence at c.\$440 million (c. 5.00%). A clear display that the market is willing to pay a significant premium for high quality de-risked pre-committed investment opportunities and highlights lack of long WALE acquisition opportunities



Office transactions - commercial pre-commitment sales

	1 Esplanade, Perth WA	118 Mount Street, North Sydney NSW	183 – 185 Clarence Street, Sydney NSW	275 George Street, Sydney NSW	80 Ann Street, Brisbane QLD	Quay Quarter Tower, Sydney NSW	Wynyard Place, Sydney NSW	105 Phillip Street, Parramatta NSW
								
Vendor	Brookfield	Zurich	Built	John Holland Group	Mirvac	AMP	Brookfield	Dexus
Purchaser	Ongoing	Ongoing	TH Real Estate	TH Real Estate	M&G Real Estate	REST Super	AMP & UniSuper	Charter Hall
Sale Price \$M	\$440 (50%)	\$350 - \$375	\$180	\$236	\$418 (50%)	\$912 (33%)	\$1,900 (49.9%)	\$229
Rate \$/sqm	\$7,800	\$17,000 - \$18,000	\$22,000	\$31,000	\$13,800	\$29,000	\$25,500	\$9,000
Tenant	Chevron	Zurich	Built	5-year RG	Suncorp	AMP	NAB	WSU
WALE	15.0 years	10.0 years	5.7 years	5.0 years	10.0 years	10.0 years	10.0 years	12.0 years
Sale Date	Jun-19	Jun-19	Nov-18	Aug-18	Jul-18	Mar-18	Sep-17	Apr-17
Cap Rate	c. 5.00%	4.75% - 5.00%	5.00% - 5.25%	4.50% - 4.63%	c.5.00%	4.69% - 4.75%	4.63% - 4.75%	5.7%
IRR	6.50%	6.50%	6.60%	6.20%	6.50%	6.50%	6.40%	7.15%

Pre-commit Averages

Cap Rate	5.00%
IRR	6.50%
WALE	9.7 years
Rate \$/sqm	\$16,500

Industrial national pre-commitment market

Leasing Overview

- Since 2016 there has been circa 8,000,000 sqm of take up nationally
- This has been recorded across 694 major leasing transactions
- Nationally 49% of the industrial leasing market since 2016 is pre-commitment (new build) activity
- Of the pre-commitment (new build) market 69% of activity has occurred in Sydney and Melbourne since 2016
- Major institutional developers dominate the development and pre-lease markets (Charter Hall, Goodman, Dexs, Frasers), leading to a lack of institutional quality pre leased assets available for purchase

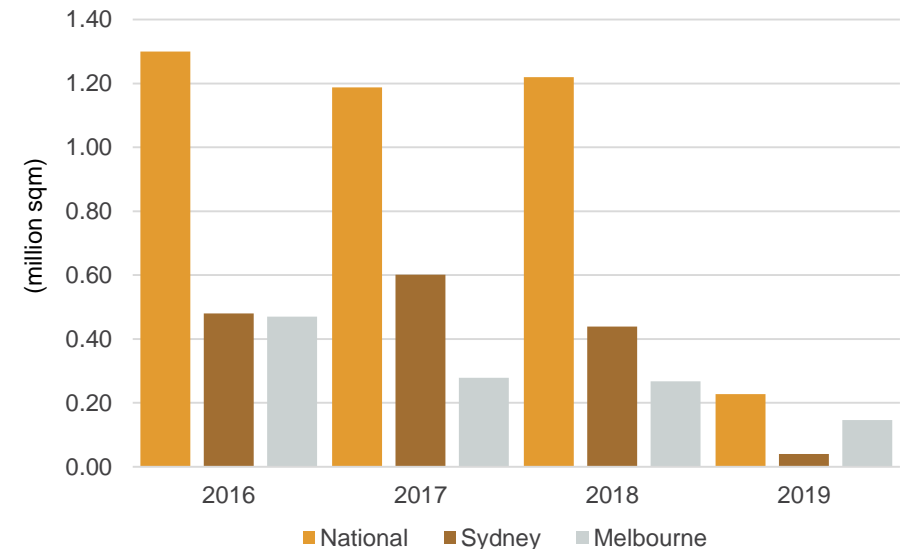
Transaction Overview

- Since 2016 there has been circa \$18 billion of institutional grade industrial sales nationally
- Of those sales there has only been five pre-commitment sales (before or at practical completion) in Melbourne and four in Sydney
- Developers are intent on retaining their developed core product to grow portfolios
- Institutions acquiring sites to develop to core, creating severe excess demand for available acquisitions driving down cap rates

Property	Location	Tenant	Date	GLA
ConnectWest, Truganina	Melbourne West	Super Amart	Jan-19	48,800
585-649 Mamre Road, Erskine Park	Sydney West	Snack Brands	Nov-18	30,255
Redbank Industrial Estate, Redbank	Brisbane South	Australia Post	Jul-18	50,277
Dohertys Road, Truganina	Melbourne West	Woolworths	May-18	32,600
Oakdale South Industrial Estate, Kemps Creek	Sydney West	DHL	Apr-18	33,976
27 Dorienus Drive, Truganina	Melbourne West	Visy Packaging	Feb-18	37,940
240-268 Gilmore Road, Berrinba	Brisbane South	Mitre 10	Feb-18	31,006
36 Huntingwood Drive, Huntingwood	Sydney West	Chemist Warehouse	Jan-18	32,715

Property	Tenant	Date	Price	Initial Yield	IRR (10-yr)	WALE	\$ / sqm
Connect West Industrial Estate, Truganina, Vic	Super Amart	Jun-19	\$69.7m	5.25%	6.50%	10.0	\$1,429
First Estate, Erskine Park, NSW	Multi-tenanted	Withdrawn	\$375.0m	4.81%	6.62%	11.8	\$3,209
55 Yarrunga Street, Prestons, NSW	Mainfreight	Jul-18	\$76.50m	5.25%	7.00%	10.5	\$2,475
16 Infinity Drive, Truganina, NSW	Effective Logistics	Oct-17	\$21.50m	6.32%	7.41%	7.0	\$1,187
28B McPherson Street, Banksmeadow	AFP	Oct-18	\$60.20m	4.44%	7.20%	14.2	\$2,777

Pre-Commitment Take-Up



Industrial market transaction – case study

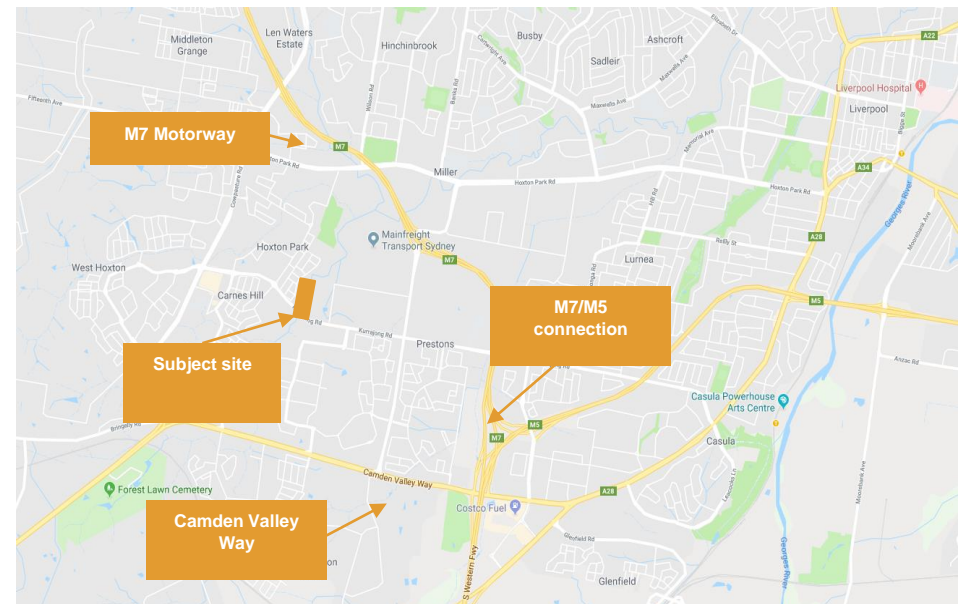
Mainfreight Distribution Centre, Prestons NSW

- Off-market secured pre-leased prime logistics facility fully leased to Mainfreight Distribution Pty Limited for a period of 10.5 years
- Purchased under construction and comprises a purpose built, high clearance, warehouse of 30,900sqm separated across two freestanding buildings
- The transaction represented a strategic opportunity to acquire a modern, high quality distribution facility, strategically located in Prestons – adjacent the junction of the M5 & M7 Motorway and in close proximity to the Moorebank Intermodal Terminal



Financial Metrics

Purchase Price	\$76,500,000
Capitalisation rate	5.25%
10 year property IRR	7.00%
Rate/sqm of GLA	\$2,475/sqm
Passing / Market Relativity	100%



Office Development Update



Portfolio overview

A leader in prime office development

The Charter Hall Office Development portfolio comprises approximately \$4.68b of development pipeline, including \$1.7b of committed projects and a further \$2.97b of un committed developments in their planning approval or pre leasing stage.



14 Projects
across Australia



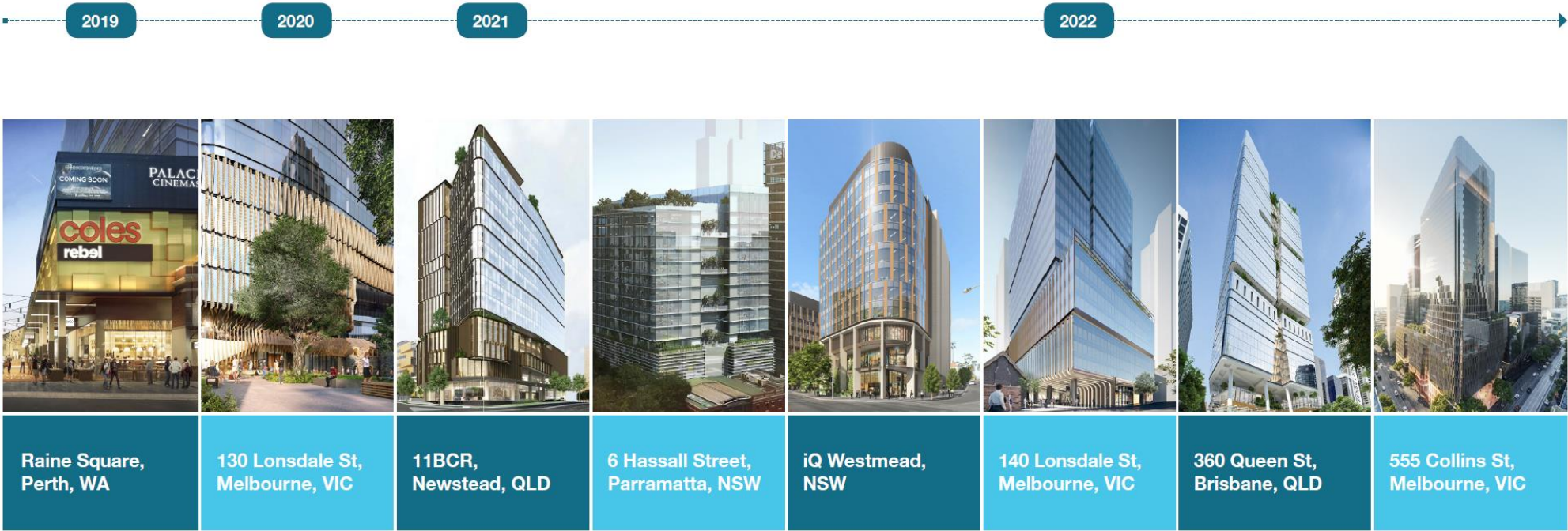
\$4.68B
total value



378,000sqm
total NLA

Portfolio overview

Strong portfolio of high-quality office developments-committed and un committed



Pillars of strategic growth

1. Add Value Existing Portfolio

- Master-plan
- Identify strategic adjoining land
- Identify value add opportunities such as floorspace expansion

2. Masterplan Strategic Acquisitions

- Assist Transaction teams to identify value creation inherent in acquisitions
- Add value identification
- Redevelopment potential
- Site amalgamation opportunity

3. Originate

- Focus on:
 - Off market acquisitions
 - EOJ/ RFP Processes
 - Government owned sites
 - Sites owned by not-for-profit sector + non core property
 - Pre-commit tenants

4. Growth Sectors

- Occupant partnering model
- Higher Education
- Government as occupier
- Non-for-profit owners
- Partnering with land owners to unlock value for them and CHC

5. Partnering

- JV partnering providing;
 - Access to capital
 - Planning approvals
 - Tenant commitments
- Universities

High performance workplace

Delivering best in class workplace environments

LEADING DESIGN



SUSTAINABILITY



COMMUNITY FOCUS



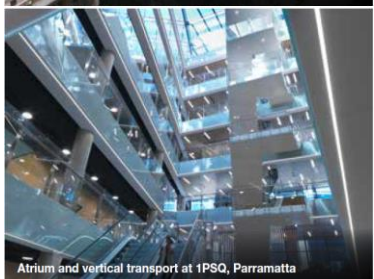
CONNECTED SPACES



RETAIL AMENITY

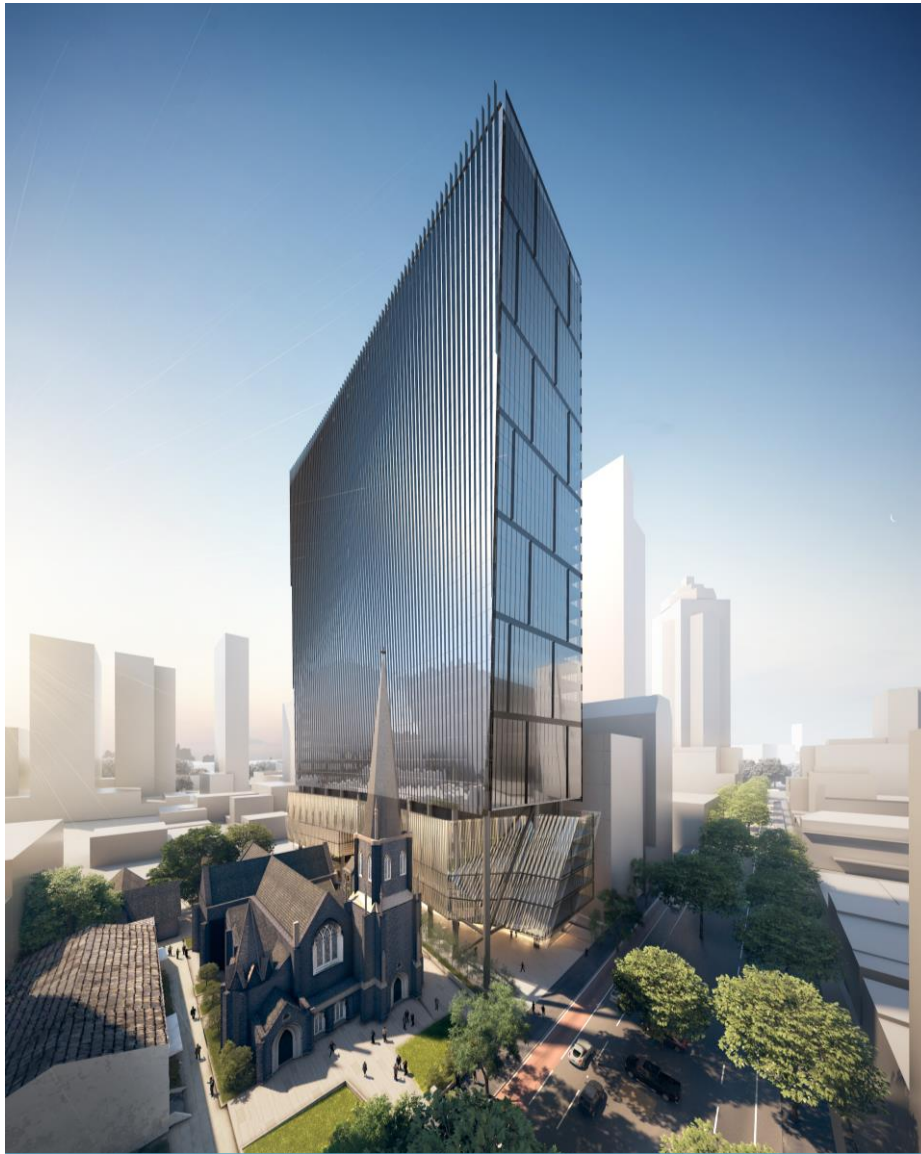


TECHNOLOGY ENABLES



130 Lonsdale Street, Melbourne VIC

Urban regeneration in the heart of Melbourne's CBD



Original DA approval April 2016

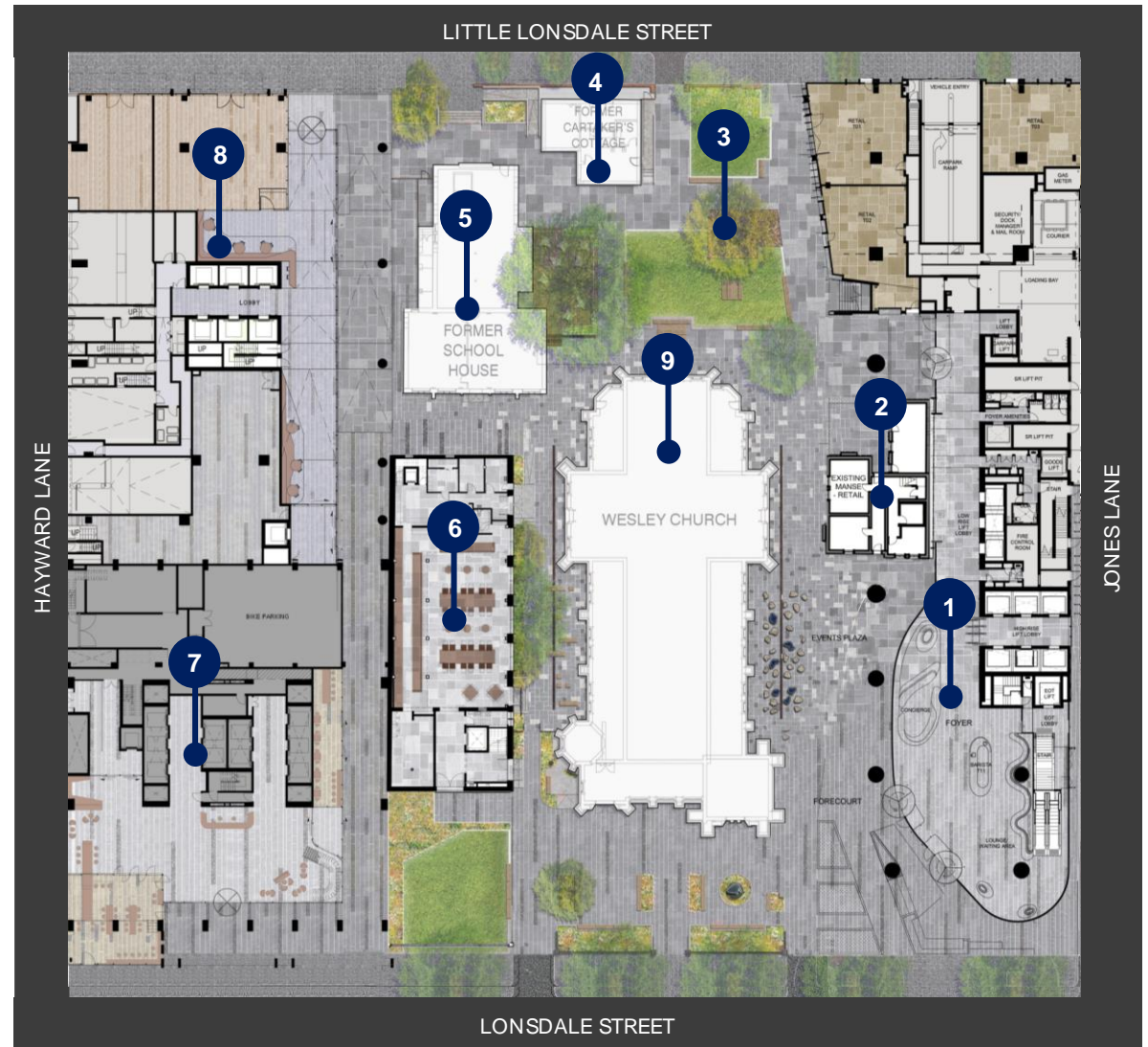


Charter Hall DA approval February 2017

130 Lonsdale Street, Melbourne VIC

Urban regeneration in the heart of Melbourne's CBD

- 1 130 Lonsdale Street
- 2 Manse
- 3 Town Square
- 4 Caretaker's Cottage
- 5 School House
- 6 Nicholas Hall
- 7 150 Lonsdale Street
- 8 140 Lonsdale Street
- 9 Wesley Church



Site Area: 1.1 hectares

130 Lonsdale Street, Melbourne VIC

Urban regeneration in the heart of Melbourne’s CBD



WESLEY PLACE PRECINCT

130 Lonsdale Street	58,000 sqm	Precinct Retail 3,500sqm GLAR
140 Lonsdale Street	22,500 sqm	
150 Lonsdale Street	30,000 sqm	Precinct forecast on completion value \$1.2 billion +
Total Precinct Office NLA	110,500 sqm	

130 Lonsdale Street, Melbourne VIC

Urban regeneration in the heart of Melbourne's CBD

Overview

Start date	October 2017
Target completion	April 2020
On completion forecast (\$AUD)	\$700 million +
Grade	PCA premium
Ownership	100% CPOF
Total NLA (sqm)	60,000
Typical floor plate (sqm)	2,000sqm
Total car spaces	80
Major tenants	Vanguard, Cbus Super, Telstra Super and AFCA
Architect	COX Architecture
Builder	Lendlease
End of trip facilities	Premium end of trip facilities
Retail	An integrated heritage retail precinct



GPO Exchange, Adelaide SA

Setting a new standard for workplace



GPO Exchange, Adelaide SA

Setting a new standard for workplace



GPO Exchange, Adelaide SA

Setting a new standard for workplace

Overview

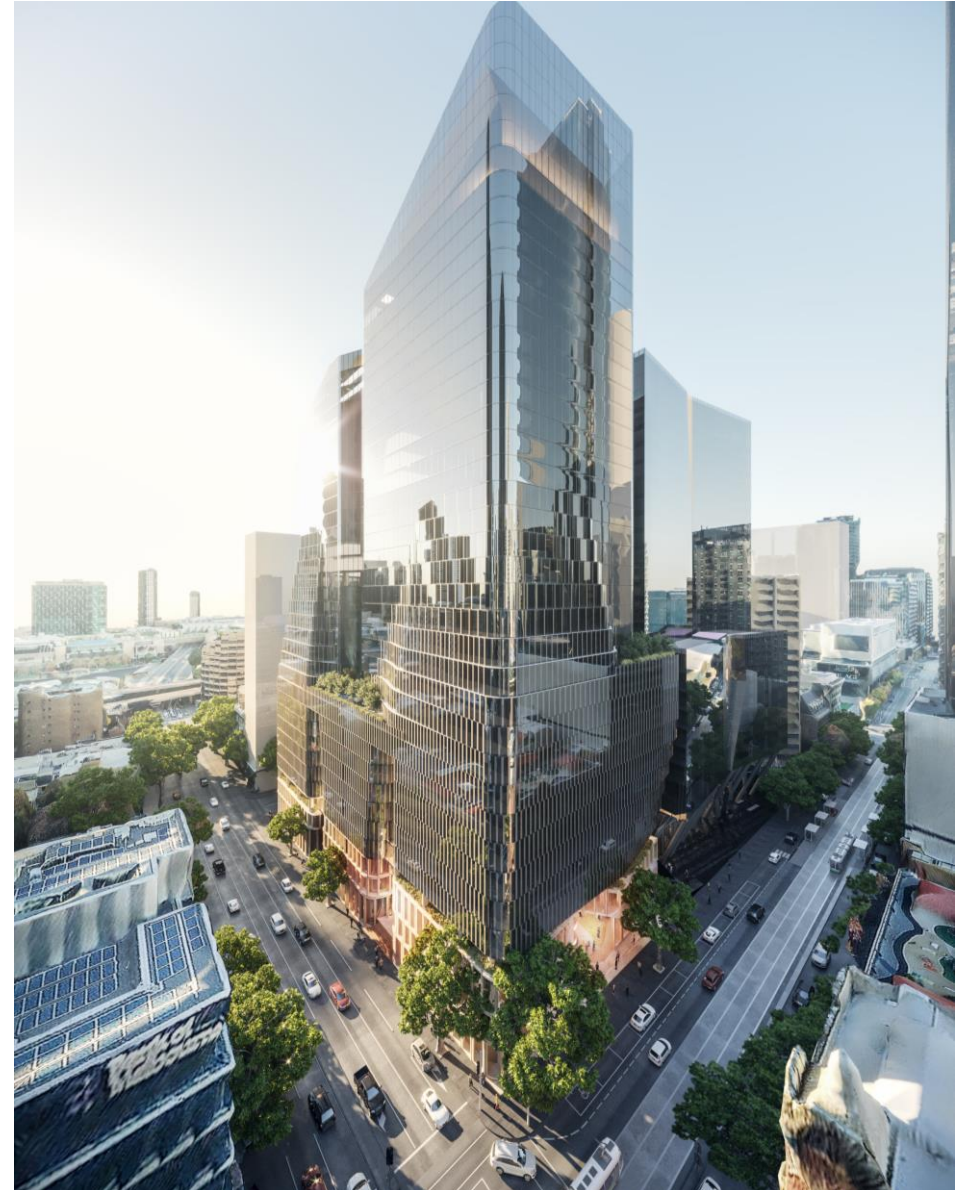
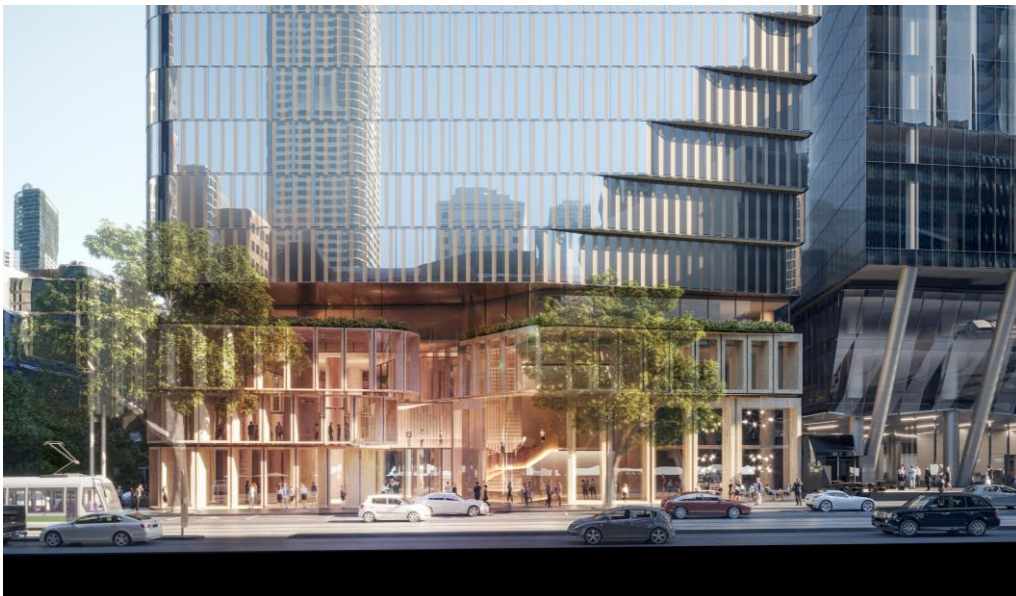
Start date	August 2017
Target completion	September 2019
On completion forecast (\$AUD)	\$250 million +
Grade	PCA A-Grade
Ownership	100% CPOF
Total NLA (sqm)	25,500
Typical floor plate (sqm)	1,460sqm
Total car spaces	62
Major tenants	BHP and SA Attorney General's Department
Architect	Hassell
Builder	Built
End of trip facilities	Secure bike parks, showers and lockers
Retail	Tower lobby café & heritage adaption of the Telephone Exchange Building



555 Collins Street, Melbourne VIC

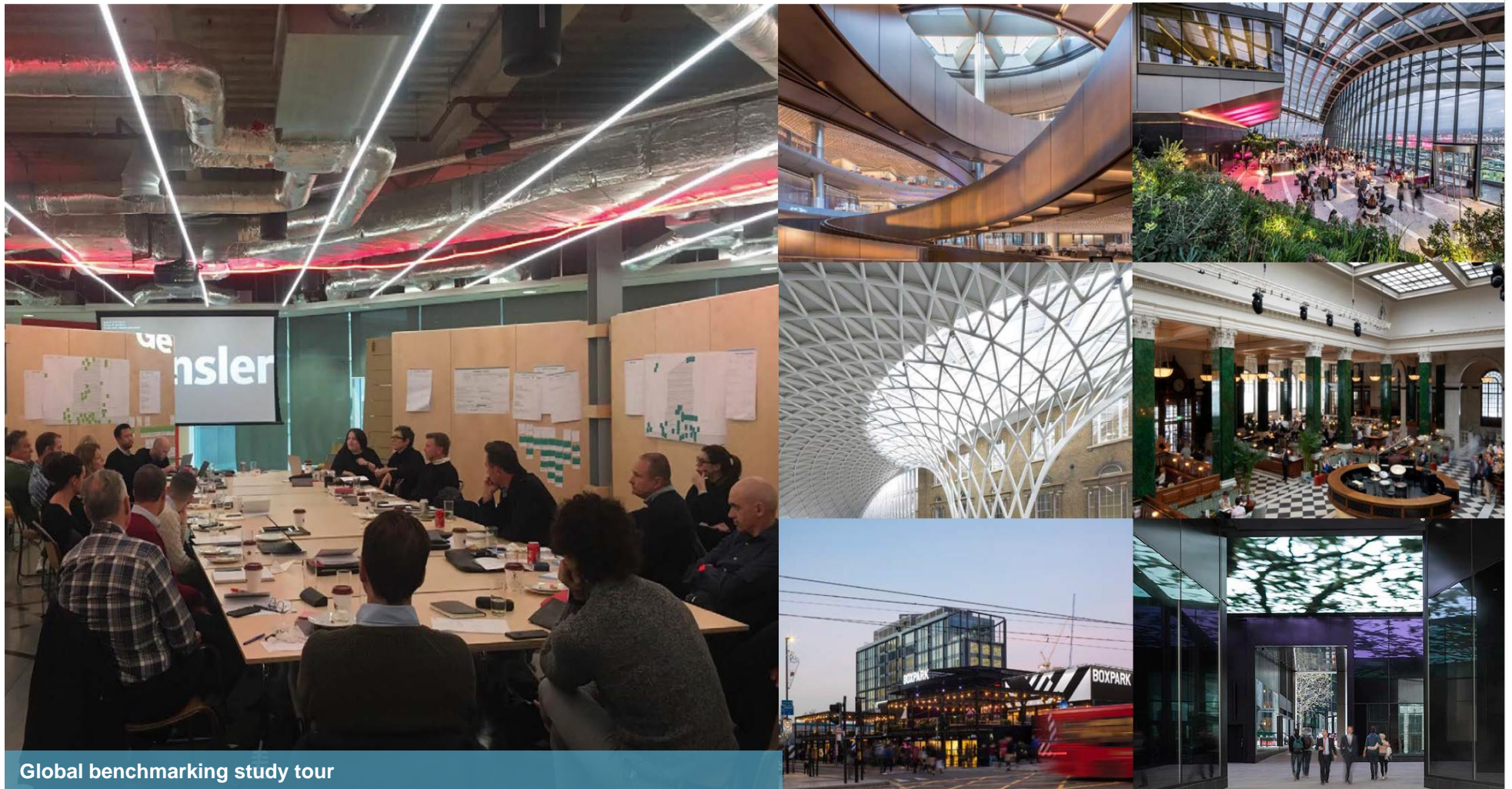
Gensler COX

A natural way of working



555 Collins Street, Melbourne VIC

A natural way of working



Global benchmarking study tour

555 Collins Street, Melbourne VIC

A natural way of working

Market: Historically low vacancy rate of 3.7%

Development Program:

- 555 Site Acquired in October 2018 by CPOF
- Development Approval:
 - DA lodged April 2018
 - Forecast DA Approval date: November 2019
- Demolition works – underway
- Construction Commencement - target Q1 2020
- Completion Mid 2022



555 Collins Street, Melbourne VIC

A natural way of working

Overview

Start date Demolition commenced May 2019

Target completion Mid 2022

On completion forecast (\$AUD) \$1.5 billion +

Grade Premium

Ownership 100% CPOF

Total NLA (sqm) 80,000sqm +

Typical floor plate (sqm) 1,500sqm

Total car spaces 65

Architect Gensler & Cox

Builder TBA

End of trip facilities Premium end of trip facilities

Retail Strong retail offering on the ground plane in laneway-style connections between Collins, King, Flinders Lane



360 Queen Street, Brisbane QLD

Brisbane's new centrepiece

Overview	
Start date	2019
Target completion	2022 – 2023 (forecast)
On completion forecast (\$AUD)	\$550 million +
Grade	Premium
Ownership	50% CPOF 50% ICPF
Total NLA (sqm)	39,000
Typical floor plate (sqm)	1,600
Major tenant	TBA – Targeting legal, professional services, financial
Architect	Blight Rayner
Builder	Construction tender
Total car spaces	Secure basement car parking for 91 cars
End of trip facilities	Secure bike parks and lockers Shower and change rooms
Retail	Ground floor F&B retail laneway



Completed projects

275 George Street, Brisbane CBD

Overview	
Completed	2007
Current Value (\$AUD)	\$461,100,000 (as at Dec 2018)
Grade	A
Ownership	50% CPOF 50% CHOF 4 then sold to Keppel REIT
Total NLA (sqm)	41,749
Typical floor plate (sqm)	1,300
Major tenant	Telstra (19,557sqm), Shell (9,107sqm), The State of Queensland (5,205sqm)
Architect	Crone Partners
Builder	Watpac
Total car spaces	Secure basement car parking 241 cars
End of trip facilities	Secure bike parks and lockers Shower and change rooms
Retail	An integrated precinct of F&B and Service retail



Completed projects

100 Skyring Terrace, Brisbane CBD Fringe

Overview	
Completed	2014
Current Value (\$AUD)	\$250,000,000 (sale price Nov 2018)
Grade	A
Ownership	CPOF & DOF- sold 2018
Total NLA (sqm)	24,665
Typical floor plate (sqm)	2,200
Major tenant	Bank of Queensland (12,768sqm), Collection House (8,007sqm)
Developer	Charter Hall
Architect	ML Design & Bates Smart
Builder	Hutchinson Builders
Total car spaces	Secure basement car parking 195 cars
End of trip facilities	Secure bike parks and lockers Shower and change rooms
Retail	Part of the Gasworks precinct, offering supermarket and extensive F&B, wellness and service retail.



Completed projects

Raine Square Retail Redevelopment, 300 Murray Street, Perth WA

Overview

Construction Commencement Date	2017
Completion Date	Final Stage Completed December 2018
Value as at Dec 2018 (\$AUD)	\$158.5 million (Retail)
Grade	Created a new 7 day a week entertainment, dining, luxury fashion and service retail precinct
Ownership	BSWF
Total GLAR (sqm)	18,670
Tenancies (No.)	40
Architects	COX Architecture & Taylor Robinson
Builder	Built
Total public car spaces	Secure basement car parking of 204 public bays
End of trip facilities	Secure bike parks and lockers Shower and change rooms
Major tenants	Bankwest-Office Major retail tenants- Louis Vuitton, Tiffany's, Kailis, Coles, Palace Cinemas



Murray Street frontage

Higher education strategy

Creating universities of the future

Key Market Stats

- Education is Australia's largest service export and our third largest overall export
- \$20.3 billion annual spend on education fees and related goods and services
- 1.3 Million 'current' domestic and international student enrolments in Australian Universities
- The sector is undergoing significant period of structural change
- Universities are sticky tenants with strong covenants that want long term leases
- Universities requirements around new buildings have changed- they are now seeking new CBD vertical campuses close to industry, transport and amenity
- Charter Hall is well positioned having finished 1PSQ Australia's first mixed use vertical campus in- first mover advantage
- We now have a dedicated Higher Education team with a national remit
- We have an agreed Strategic Plan and Implementation Strategy for the sector
- Currently have 3 active projects



1 Parramatta Square (1PSQ), Parramatta NSW

One Parramatta Square: A new city centre

Overview

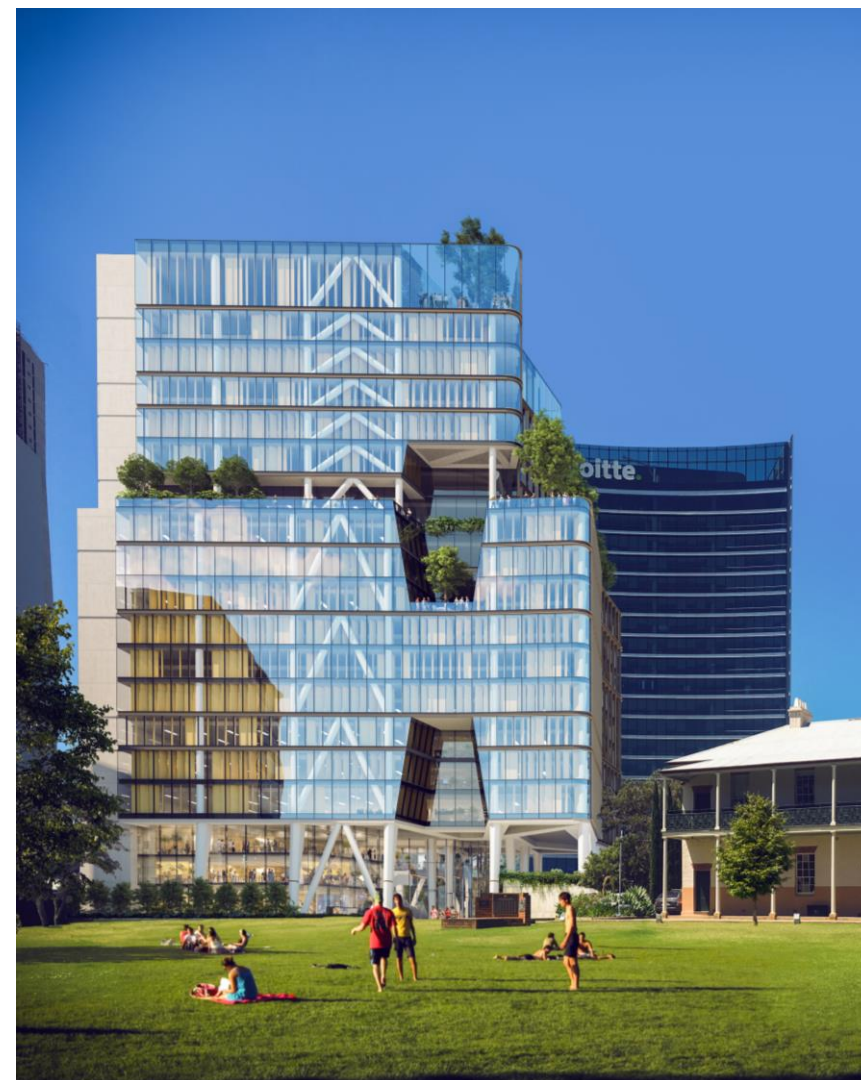
Date started	2014
Date completed	2016
On completion value (\$AUD)	\$252.5 million
Grade	A
Ownership	50% - Charter Hall DOF 50% - Charter Hall CPOF
Total NLA (sqm)	26,500
Typical floor plate (sqm)	1,400 – 2,200
Total car spaces	80
Major tenant	Western Sydney University
WALE	15 years
Occupancy	100%
Architect	Architectus
Builder	John Holland
End of trip facilities	Secure basement parking, bicycle racks, showers and lockers
Retail	Ground floor retail amenities



6 Hassall Street, Parramatta NSW










Engineering business success










Overview	
Start date	2019
Target completion	2021 (forecast)
On completion forecast (\$AUD)	\$280 million +
Grade	A
Ownership	50% DOF 50%-WSU
Total NLA (sqm)	28,800
Typical floor plate (sqm)	1,500- 1,900
Major tenant	Western Sydney University
Architect	Tzannes + Blight Rayner
Builder	Construction tender
Total car spaces	Secure basement car parking
End of trip facilities	Secure basement parking, bicycle racks, lockers and showers
Retail	An activated ground floor public plaza with retail amenities



Office development track record

A leader in prime office development

									
Asset	Space 207	Bushells	151 Pirie Street	Zone	Atrium	275 George Street	Northbank Plaza	Alluvion	130 Stirling Street
Year	2004	2004	2005	2006	2007	2007	2007	2010	2010
Market	Sydney North Shore	Sydney CBD	Adelaide CBD	Olympic Park Sydney	Sydney CBD Fringe	Brisbane CBD	Brisbane CBD	Perth CBD	Perth CBD Fringe
Size	20,000	12,000	12,650	42,500	16,800	40,000	26,700	22,400	12,500
Tenant	Hutchinson Telecom	Heritage Conversion – Dimension Data	KPMG and Macquarie	Commonwealth Bank of Australia	American Express	Telstra, QLD Gas (British Gas)	Telstra and Queensland Government	Clough Engineering and Multiple Tenants	Commonwealth Government, Mann Judd

									
Asset	171 Collins Street	100 Skyring Terrace	570 Bourke Street	333 George Street	1PSQ, Western Sydney University	900 Ann Street*	Raine Square*	105 Phillip Street Parramatta*	GPO Exchange*
Year	2013	2014	2015	2016	2016	2018	2018	2018	2019
Market	Melbourne CBD	Brisbane CBD Fringe	Melbourne CBD	Sydney CBD	Parramatta CBD	Brisbane CBD Fringe	Perth CBD	Parramatta CBD	Adelaide CBD
Size	33,000	24,800	50,700	14,000	26,500	19,000	Office 43,500 Retail 9,600	25,000	24,500
Tenant	BHP, Evans and Partners, McGrath Nicoll	Bank of Queensland, Collection House, Konica Minolta	Government, Wood & Grieve Engineers	Grimshaw, Clyde & Co, HSBC, WeWork	Western Sydney University	Aurizon	Rebel Sports, Coles, Palace Cinemas	NSW Government	BHP

Industrial Development Update



Development pipeline

Charter Hall continues to drive asset creation through development

- Our build to hold strategy is to identify and purchase well located Industrial land for the Funds (in key markets) and then secure pre-leases with high quality covenants, that increases FUM and enhances Fund returns
- Charter Hall Industrial Development (CHID) will deliver 18 buildings nationally in FY20 with a GAV of \$608m
 - 10 buildings in Sydney
 - 4 buildings in Melbourne
 - 3 buildings in Brisbane
 - 1 building in Tasmania
- In FY19 we have delivered 8 buildings nationally, so FY20 will see a 125% increase in the number of projects
- Construction has commenced on 2 large facilities (SA and VIC) with PC late 2020 and a GAV of \$268m – Total committed GAV \$877m
- Committed GLA is ~380,000sqm with a total pipeline (committed and uncommitted) of ~1,000,000sqm nationally
- Total GAV Pipeline (committed and uncommitted) is ~\$2b

Development Pipeline	Committed (\$m)	Weighting	Committed GLA (sqm)	Uncommitted (\$m)	Uncommitted GLA (sqm)	Total Pipeline Committed & Uncommitted (\$m)	Total GLA Committed & Uncommitted (sqm)
NSW	320,900	37%	138,550	479,900	219,265	800,800	357,815
VIC	279,800	32%	105,500	406,500	297,300	686,300	402,800
QLD	114,500	13%	56,075	183,900	110,000	298,400	166,075
SA	122,000	14%	67,975	-	-	122,000	67,975
TAS	40,000	5%	13,300	-	-	40,000	13,300
National Portfolio	877,200	100%	381,400	1,070,300	626,565	1,947,500	1,007,965

Cross-sector collaboration to leverage opportunities

Customer case studies

Industrial ↔ Office



- 2017 - Relationship established through counter terrorism training facility at Pinkenba
- 2018 - Expansion to Frenchs Forest NSW and VIC Head Office
- 2018 - Partnership strengthened through purchase of K9 training facilities at Banksmeadow and Bulla \$120m

Retail ↔ Industrial



- Mutual desire and aim to grow the relationship
- Opportunity to partner with customer for new developments and expansion of current facilities
- 280,000sqm GLA industrial space occupied by Coles
- Market capitalisation of \$17b

Industrial ↔ Industrial



- Leveraging customer relationships throughout the national portfolio

Industrial development case study

Chullora Logistics Park – 2 Hume Highway, Chullora NSW



3 mins

Pacific National Rail
Terminal



5 mins

Enfield Intermodal
Terminal



8 mins

M4 Motorway



10 mins

M5 Motorway



25 mins

Port Botany



27 mins

Sydney CBD

Industrial development case study

Chullora Logistics Park – 2 Hume Highway, Chullora NSW

Overview	
Site Area	10.3ha
On-completion GLA	46,850sqm
On-completion GAV (\$AUD)	\$167 million
Ownership	100% CPIF
WALE	>12 years on completion
Tenant Mix	<ul style="list-style-type: none">• Lion Dairy & Drinks• Australia Post• USG Boral• Boral DMG• Rittal
Opportunity	<ul style="list-style-type: none">• Former Fairfax printing and distribution facility 17km from the CBD in the long established Inner West industrial locality of Chullora;• Charter Hall originally partnered with Australia Post, purchasing the site to build them a new facility;• Australia Post could not get approval to proceed, so Charter Hall commenced a pre-lease campaign;• Strong demand for last-mile logistics users allowed Charter Hall to secure two significant pre-leases totalling 65% of the estate GLA within 12 months;• Subsequently Australia Post re-engaged, requiring Charter Hall through extensive relationships in the market to facilitate a multi-party lease swap deal resulting in an extension of CPIF's WALE across multiple assets.• The site is now fully leased and represents an irreplaceable super prime logistics asset



Industrial development case study


M5/M7 Logistics Park – 290 Kurrajong Road, Prestons NSW





2 mins
M7/ Bernera Rd Interchange


4 mins
M5 Motorway


8 mins
Future Moorebank Intermodal Terminal


25 mins
Port Botany


25 mins
Sydney Airport

Industrial development case study

M5/M7 Logistics Park – 290 Kurrajong Road, Prestons NSW







Overview	
Site Area	14.1ha
On-completion GLA	84,000sqm
On-completion forecast (\$AUD)	\$185 million
Ownership	100% CPIF
Tenant Mix	<ul style="list-style-type: none">• Bracknells Warehousing & Distribution• BAM Wine Logistics• GWA (Caroma)
Opportunity	<ul style="list-style-type: none">• Key larger format logistics location at the intersection of the M5 and M7 motorways in close proximity to Moorebank Intermodal and Badgerys Creek Airport. One of only a few locations in Sydney capable of single shift line haul to Melbourne or Brisbane.• Opportunity created through the purchase and amalgamation of five separately owned landholdings and serviced via relationships with surrounding landowners.• GWA pre-lease opportunity arose from a leaseback of their existing manufacturing facility in Wetherill Park and has culminated in an expansion of the recently complete NSW head office plus new leasing opportunities in QLD and VIC.• Following the success of the early stages of the estate and supported by the strength of the Sydney industrial market, Charter Hall has chosen to speculatively develop the final stage of the estate.• On completion the estate will be one the south-west's premier logistics assets



Industrial development case study

Motorway Industrial Park – Gilmore Road, Berrinba QLD



	
2 mins	3 mins
Logan Motorway	Gateway Motorway Interchange
	
25 mins	26 mins
Brisbane CBD	Brisbane Airport
	
28 mins	50 mins
Port of Brisbane	Gold Coast

Industrial development case study

Motorway Industrial Park – Gilmore Road, Berrinba QLD

Overview	
Site Area	18.1ha
On-completion GLA	~97,000sqm
On-completion GAV (\$AUD)	~\$170 million
Ownership	CPIF
Tenant Mix	<ul style="list-style-type: none"> Mitre 10 (Metcash) QLS
Opportunity	<ul style="list-style-type: none"> Key logistics location servicing the greater Brisbane metropolitan area from Sunshine Coast to northern NSW. Estate benefits from recent major infrastructure upgrade works including Gateway Motorway widening and interchange works adjacent the site. Charter Hall leveraged their existing relationship with Metcash to negotiate and secure a 31,000sqm 10-year pre-lease to Mitre 10 in a fiercely competitive leasing market. On the back of this opportunity Charter Hall negotiated and secured the largest industrial leasing deal in the country, a 67,975sqm 15-year pre-lease to Metcash in Gepps Cross, Adelaide. On completion the estate will provide a super-core logistics estate situated at the nexus of Brisbane's key arterial motorways



Industrial development case study

Drystone Industrial Estate – 441 Doherty’s Road, Truganina Melbourne VIC



5 mins

Princes Freeway



7 mins

Westgate Freeway



20 mins

Port Melbourne



21 mins

Melbourne Airport



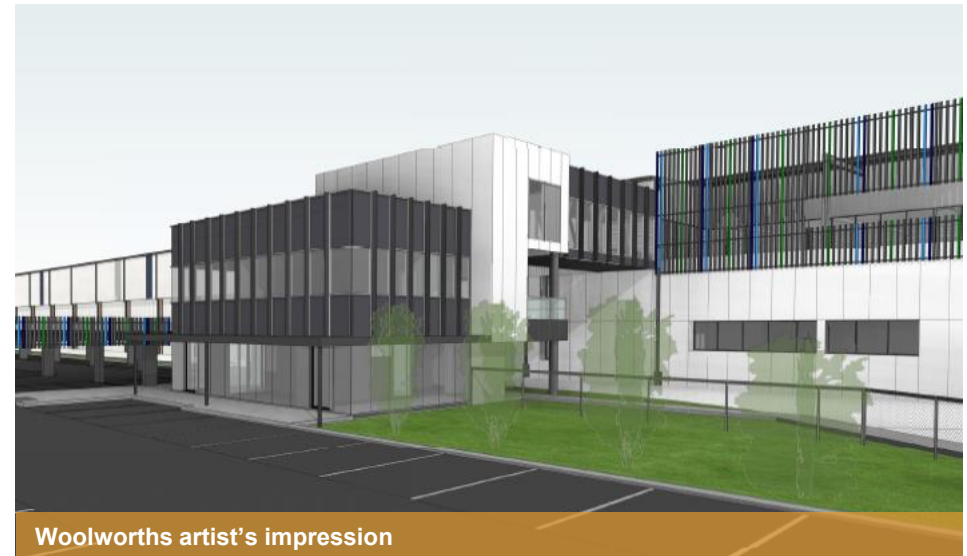
25 mins

Melbourne CBD

Industrial development case study

Drystone Industrial Estate – 441 Doherty's Road, Truganina Melbourne VIC


Overview	
Site Area	70ha (NDA)
On-completion GLA	350,000sqm
On-completion forecast (\$AUD)	\$659 million
Ownership	100% CLP
Tenant Mix	Woolworths, Target, The Reject Shop, Rand, Laverton Cold Storage, Couriers Please, PrixCar, Calendar Cheese, VFS, General Pants, Komatsu
Opportunity	<ul style="list-style-type: none"> • Site initially purchased following the negotiation and commitment of a 25,000sqm facility to Woolworths. • Strategic acquisition of adjoining parcel unlocked the full potential of the site allowing access from Leakes and Doherty's Road. • Recent pre-leases to Prixcar (car storage), Calendar Cheese (cold storage) and Woolworths Fresh. • Recent completion of a pre-lease and speculative facility, fully leased prior to completion to Victorian Freight Specialists, General Pants & Komatsu. • Potential for an additional 50,000sqm of GLA remaining. • 85% of the estate preleased within 4 years of acquisition





Investment development case study

Midwest Industrial Estate – 500 Doherty’s Road, Truganina, Melbourne VIC




5 mins
Princes Freeway


7 mins
Westgate Freeway


20 mins
Port Melbourne


21 mins
Melbourne Airport


25 mins
Melbourne CBD

Investment development case study

Midwest Industrial Estate – 500 Doherty’s Road, Truganina, Melbourne VIC

Overview	
Site Area	47ha
On-completion GLA	265,000sqm
On-completion forecast GAV	\$345m
Ownership	100% CPIF
Tenant Mix	<ul style="list-style-type: none">• 45,000sqm pre-commitment to a global 3PL, completing in July 2020.• Proposed target tenant mix of e-commerce, logistics, transport & distribution and light manufacturing users.
Overview	<ul style="list-style-type: none">• Strategic acquisition of infill parcel within Melbourne’s prime western industrial precinct.• Up to 220,000sqm of future GLA potential with 400,000 of active strong demand currently in the market.• Opportunities for hotel, retail, business centre and conference facilities at mixed use site within the estate.



Automation – Driving change

Woolworths Distribution centre, Dandenong VIC



- Alongside our partners Woolworths Group, we're proud winners of the Property Council of Australia's 2019 Development Innovation Award for our Woolworths state of the art distribution centre in South Melbourne
- The facility uses world class automated technology to deliver enhanced customer, safety, supply chain, economic and sustainability benefits. This facility sets the benchmark for what can be achieved in distribution centre development in both Australia and worldwide

Automation & E-commerce

Changing customer requirements

Woolworths Melbourne South Regional Distribution Centre (Dandenong, VIC)

- 69,217 sqm facility servicing Victorian stores
- Incorporating multiple automation technologies
 - 40m high bay storage area (60,000 pallets)
 - +20m case buffer storage area
 - Automated de-palletising and palletising
 - Automated guide vehicles
- Provides efficient fulfilment of store orders, control of inventory and palletising to meet store shelf layouts.



Australia Post Parcel Distribution Centre (Chullora, NSW)

- 21,930 sqm facility servicing Sydney metropolitan area
- Incorporating a large sorter distributing parcels into route areas.
- Delivery scheduled to meet Australia Post Christmas requirements
- Design integrated to ensure operational requirements were incorporated.
- Facility allows parcels to be distributed to multiple delivery vans as well as consolidation on their return.
- Critical piece of infrastructure meeting e-commerce demands



Diversified Development Update

Ben Dodwell, Head of Diversified Development



Millers Junction Retail

290 Millers Road, Altona North VIC



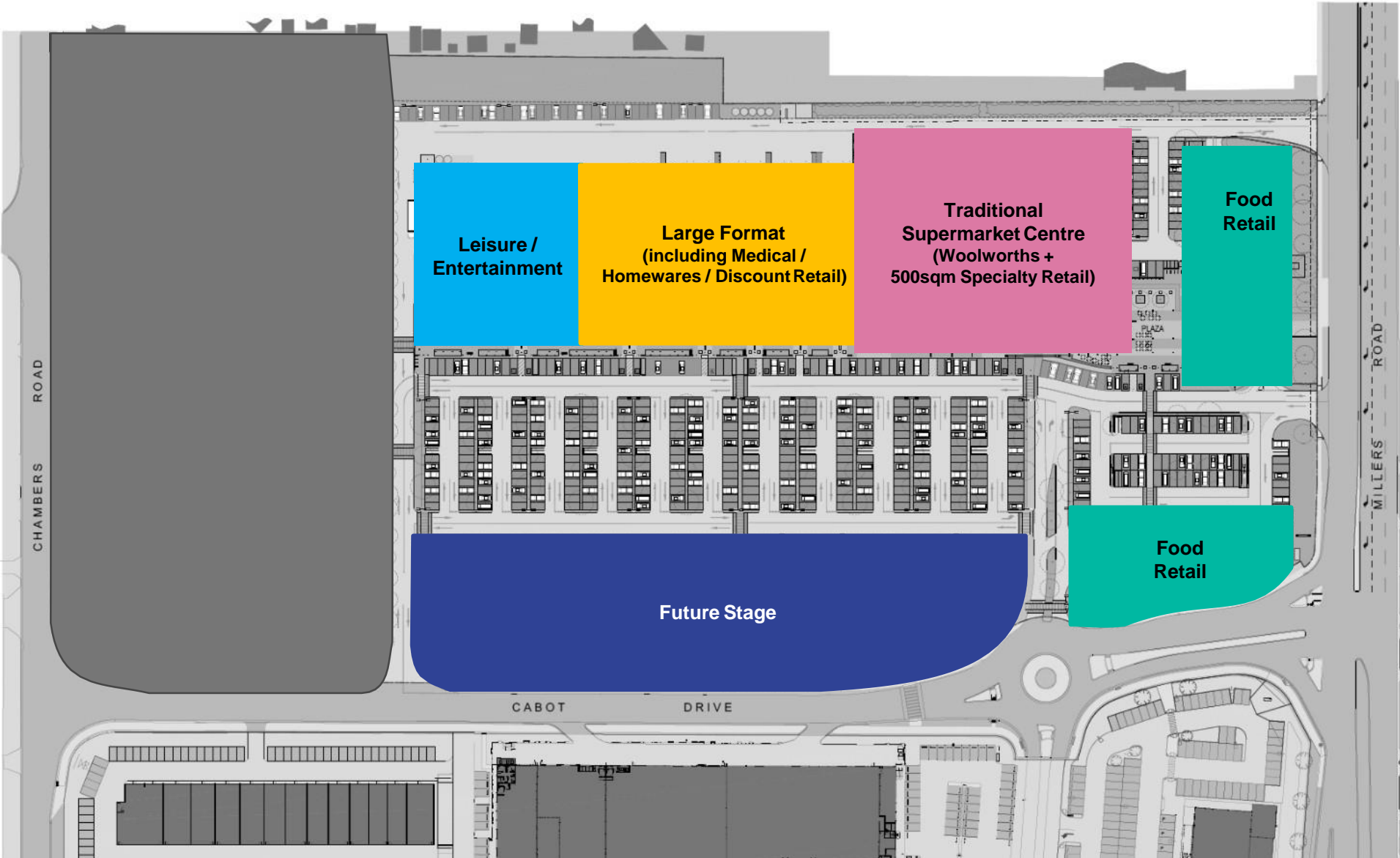
Master plan

MILLERS JUNCTION



Millers Junction Retail

Site plan



Millers Junction Retail

Key metrics

	Tenants (#)	GLA (sqm)	% of GLA
Woolworths (incl. BWS)	1	3,921	29.3
Leisure / Entertainment	1	3,000	22.4
Large format retail	5	5,330	39.8
Fast food	5	634	4.7
Specialty retail	6	497	3.7
Total	20	13,382	

Retail Strategy

- ✓ Leisure / entertainment
- ✓ Food / food catering
- ✓ Non-discretionary convenience
- ✓ Service provision
- ✓ Click and collect enabled
- ✓ Low cost space
- ✓ Flexible trading hours catering to shift workers



Charter Hall

Novotel Sydney International Airport

22 Levey Street, Wolli Creek NSW



Novotel Sydney Airport Hotel

Key Metrics

- Owned by Charter Hall Direct Sydney Airport Fund
- **271 room hotel** in close proximity to the Sydney International Airport
- **Re-branded to Novotel** (previously Mercure) in April 2019, new restaurant and conference facility re-brand
- **~\$12.9 million refurbishment** of the Hotel was completed in May 2019
- **New Hotel Management Agreement (HMA) signed with Accor** for 10 years
- **New General Manager appointed**, experienced in launching newly branded hotels
- Hotel was **valued at \$78m** (\$288k/room) **'As Is' prior refurbishment** works in May-18, with an **'As If Complete' valuation of \$93.5m** (\$345k/room)

FORECAST FUND METRICS

Capital	\$50m
Return X	2.0
EIRR	14.1%
Distribution FY19*	7.0%
Term	Jun-23



Hotel refurbishment

BEFORE

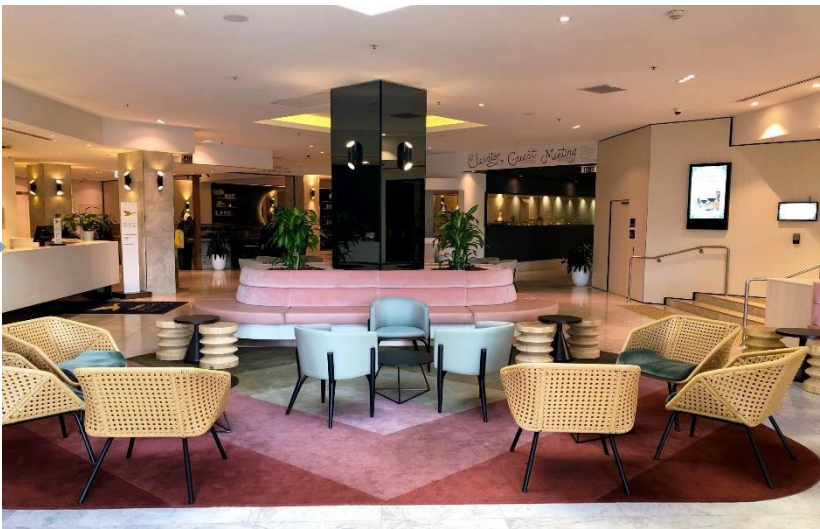
AFTER



Hotel refurbishment

BEFORE

AFTER



Charter Hall

Hornsby Town Centre

Hornsby NSW



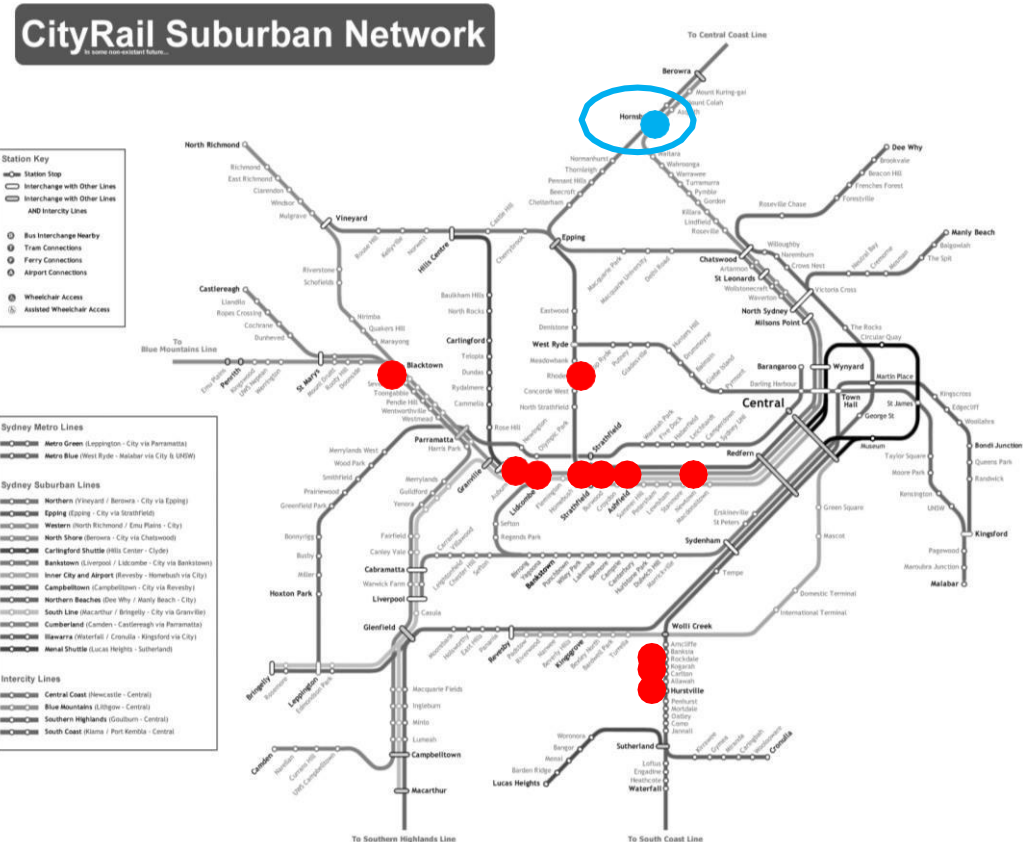
Hornsby Town Centre

Where are we up to?

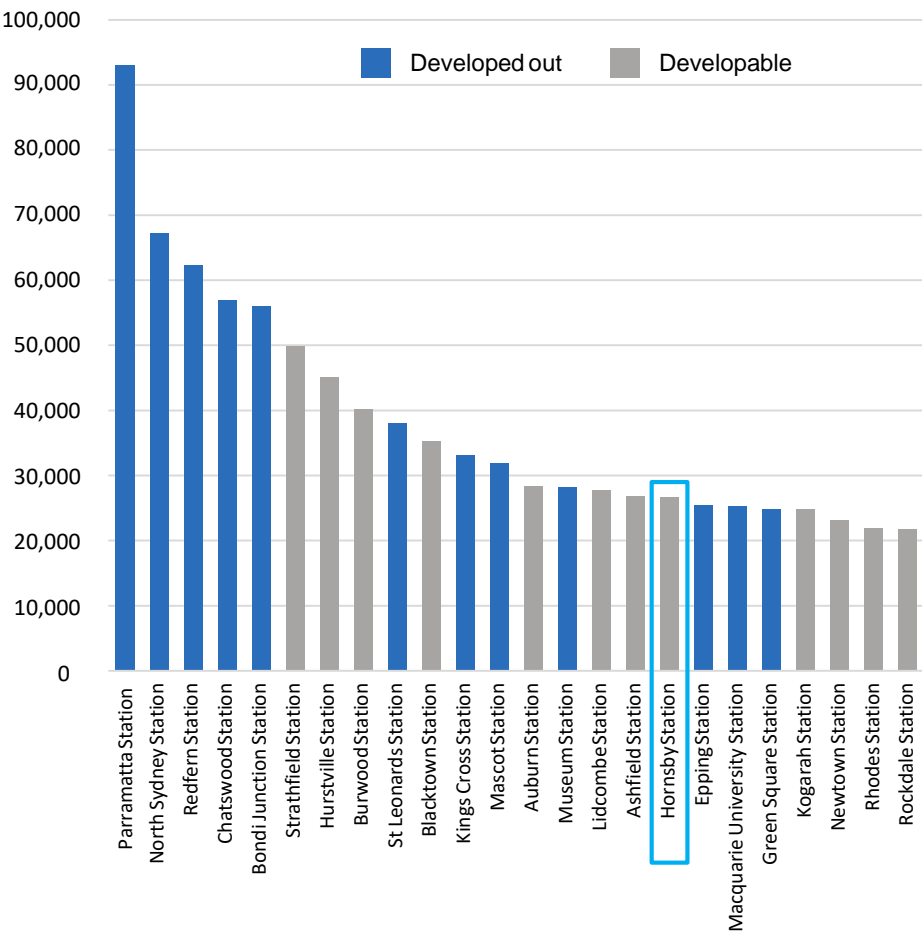
- December 2014 Charter Hall (Folkestone) approves site consolidation strategy
- Options used to secure 2 properties (~2,400sqm) on deferred terms, freehold acquisitions of 2 properties (~790sqm) settling in 2015 and 2016
- October 2017 Council initiate Gateway Determination to rezone study area from B3 Commercial Core to B4 Mixed Use
- Council approve budget in 2018/2019 (\$200,000) to undertake Strategic Plan
- Early 2019 Council appoint preferred consultant to prepare the Planning Proposal following tender
- Council will aim to complete the Town Centre Review by the end of 2019
- New Planning Proposal 12-18 months (Target 2022)



Major Retail Interchange



Total Daily Railway Station Pedestrian Movements:
2018 Average



- Majority of the developable rail stations are in the south and western suburbs, Hornsby is the only one in the north

Source: Transport for NSW

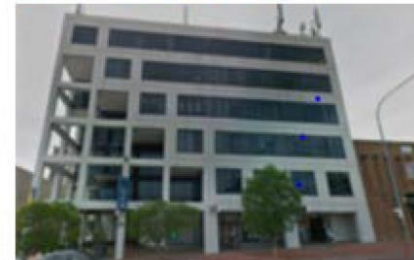
Hornsby East-side

Properties Owned / Optioned

Properties	18-26 George St	16 George St	12-14 George St	11-15 Florence St	Total
Site area (sqm)	1,885	506	348	443	3,182
NLA (sqm)	5,798	421	507	742	7,468
Car parking	62	7	-	11	80
Current value (\$m)	29.1	2.9	4.1	4.6	40.7
Current value (\$/sqm)	5,014	6,956	8,130	6,211	5,450
Current zoning	B3 Commercial Core				
Current max FSR	5:1				



18-26 George Street



16 George Street



12-14 George Street



11-15 Florence Street



Hornsby Town Centre

East and West-side

- West-side up stamped to 25 storeys at “Gateway”
- West-side new buildings will vary between 8, 12, 15 and 20 storeys in height, while there will be one iconic site permitted at a maximum of 25 storeys
- East-side study area (as defined)
- Density hierarchy should support height at or above permissible height at West-side (i.e. 77.5m or 25 floors)



Charter Hall Advantage

David Harrison, Managing Director & Group CEO



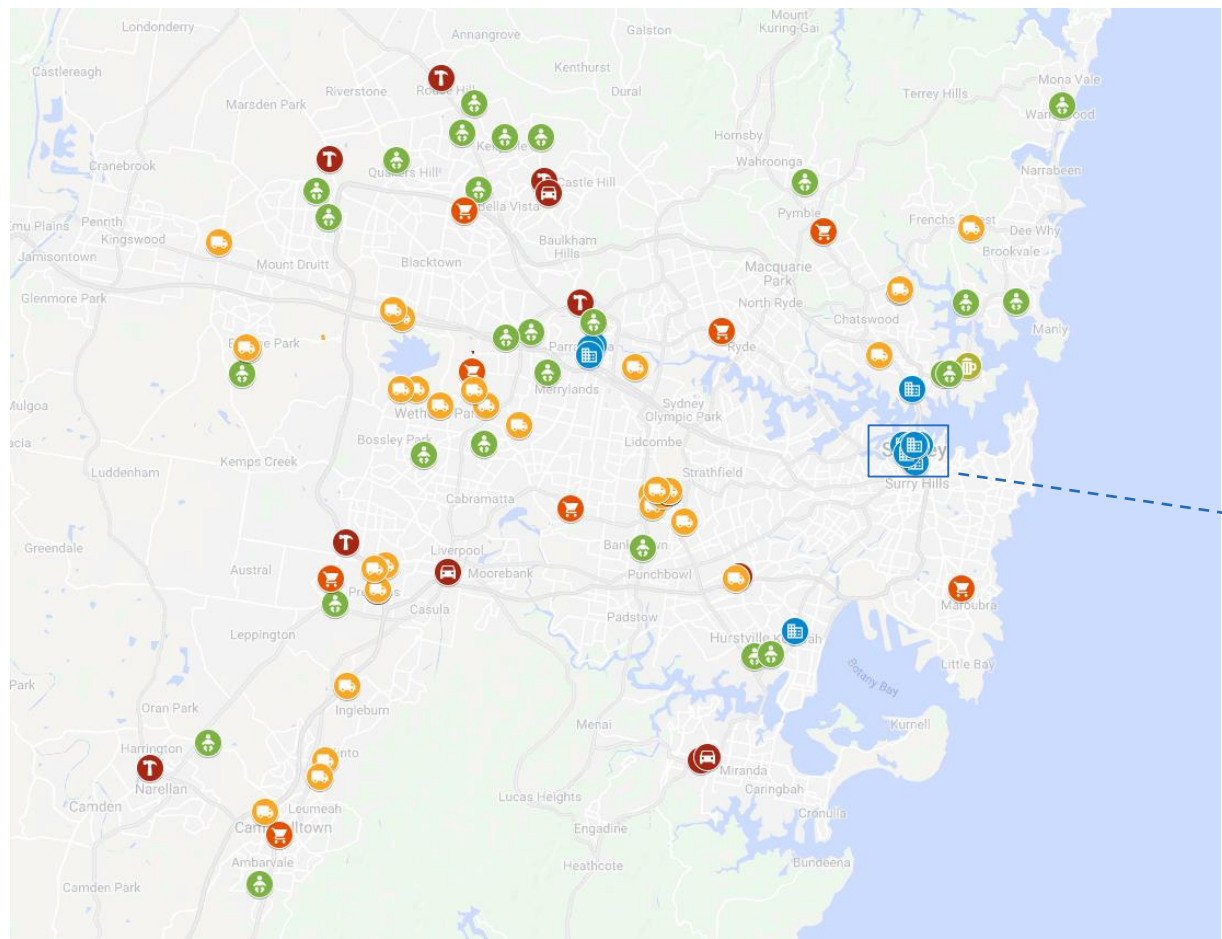
Retail and Industrial are converging

The line between retail and industrial continues to blur

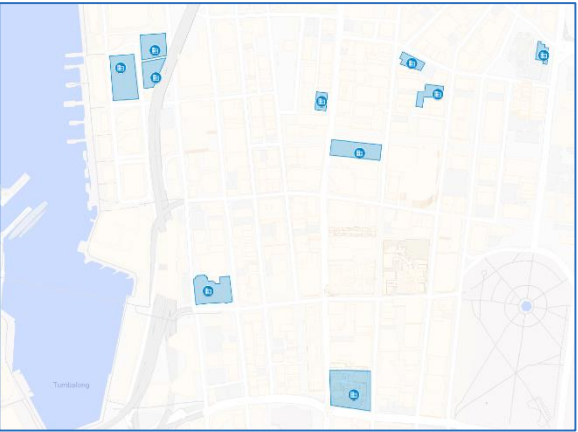


This blur has had the benefit of enabling CHC greater retail / industrial cross-sector opportunities with major customers

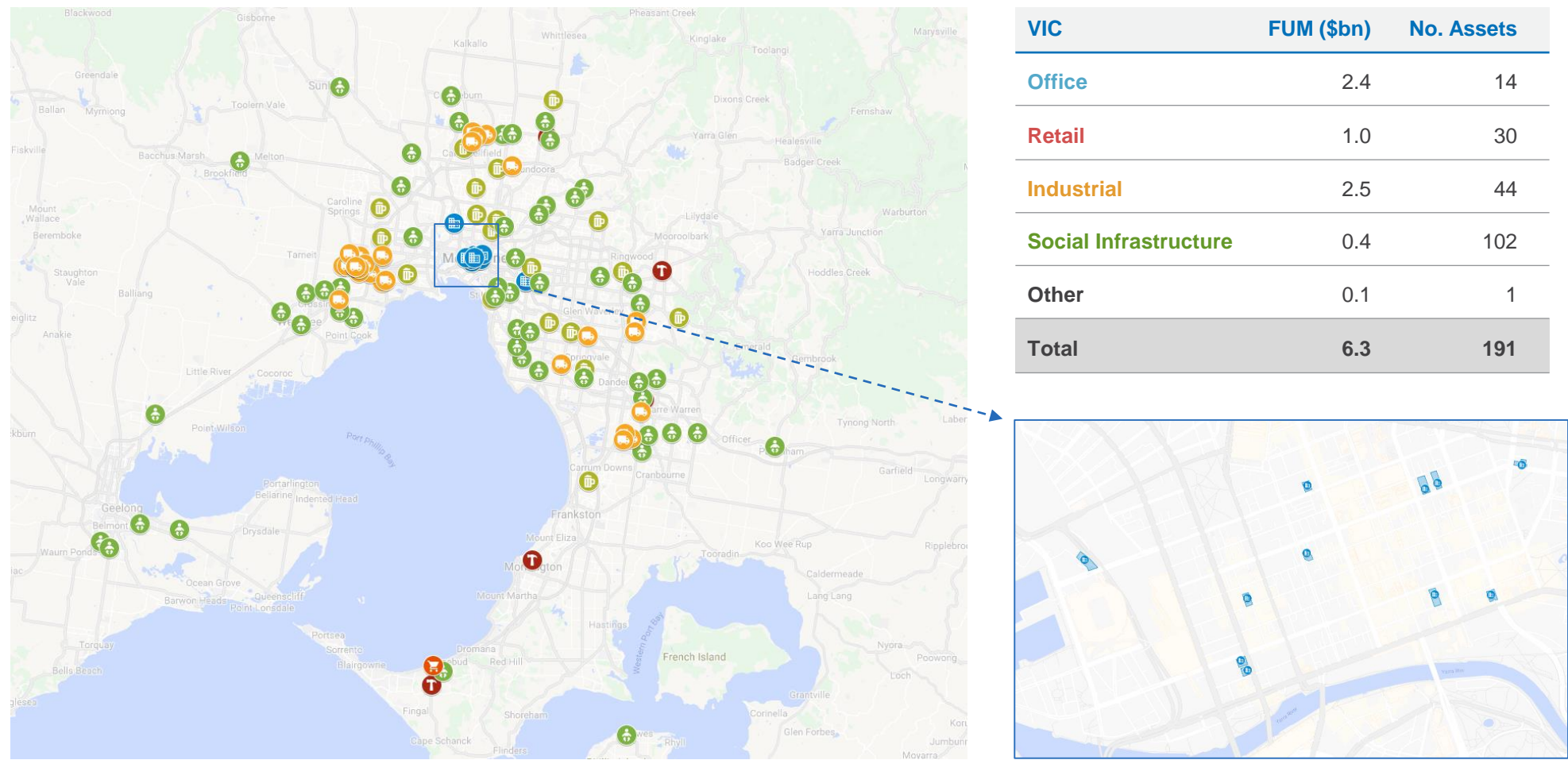
Market penetration – Sydney, NSW



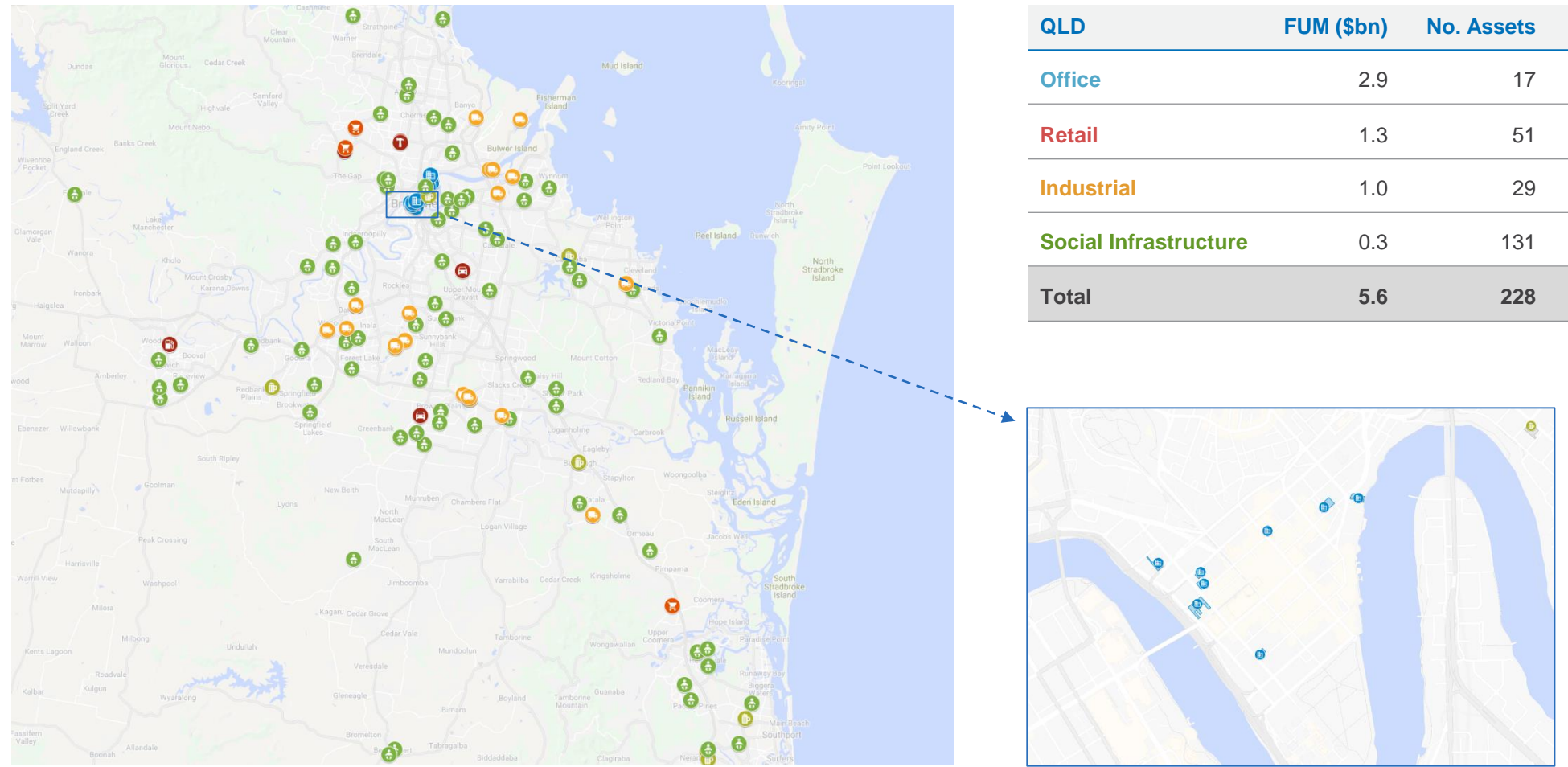
NSW	FUM (\$bn)	No. Assets
Office	6.3	19
Retail	3.0	50
Industrial	1.9	49
Social Infrastructure	0.2	91
Other	0.1	2
Total	11.6	211



Market Penetration – Melbourne, VIC



Market Penetration – Brisbane, QLD

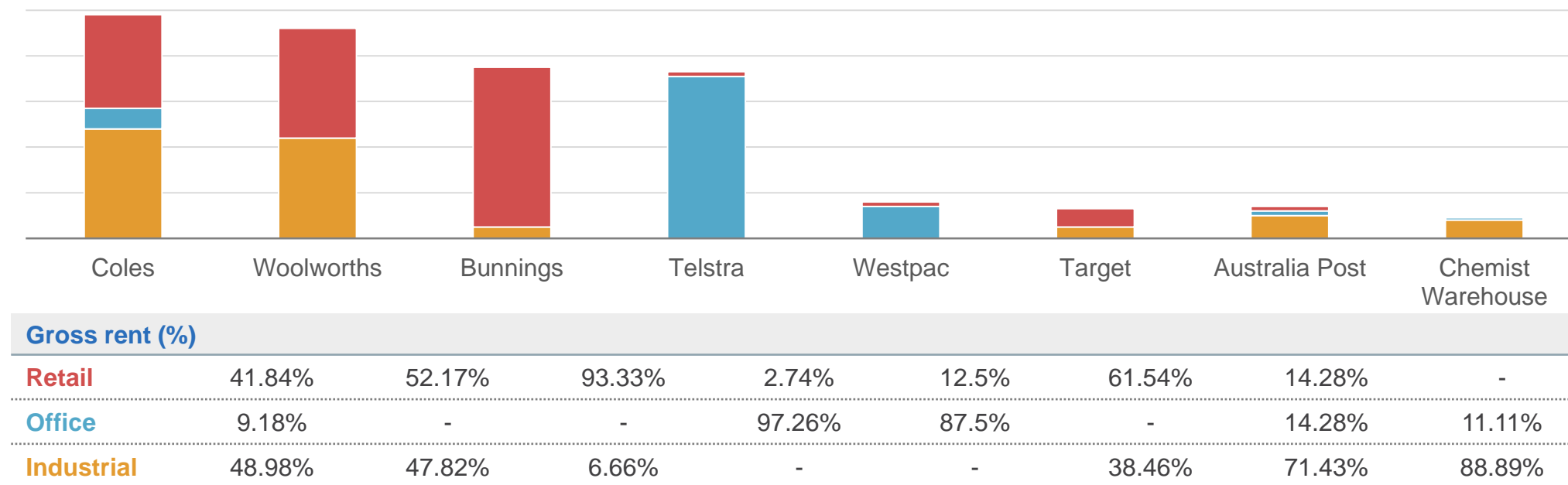


Industrial/Retail cross-sector tenant relationships

Charter Hall's industrial/retail cross-sector customer relationships continue to prove a strategic advantage to growth

- Retail tenant relationships have proven highly valuable in the incubation of relationships with key customer tenants
 - Many of CHC's strong retail tenants are now equal in size in Charter Hall's industrial portfolio
 - Retailers high touchpoints with tenants enabling greater insights into tenants business strategies and objectives

Top Tenant Customers across 2 or more sectors (by gross rent) (\$m)¹



The Retail sector provides a significant proportion of CHC's cross-sector tenant relationships and provides avenue to gain deeper understanding of major tenant objectives and strategies

Notes

1. Metcash have ~\$22m of logistics and a minor exposure in retail

Multi sector relationships

Benefiting from Charter Hall's customer engagement across sectors

• Customer cross-sector occupancy

Charter Hall has deep relationships across office, retail and industrial sectors creating multi tenancy opportunities for customers including Woolworths, Coles & Wesfarmers

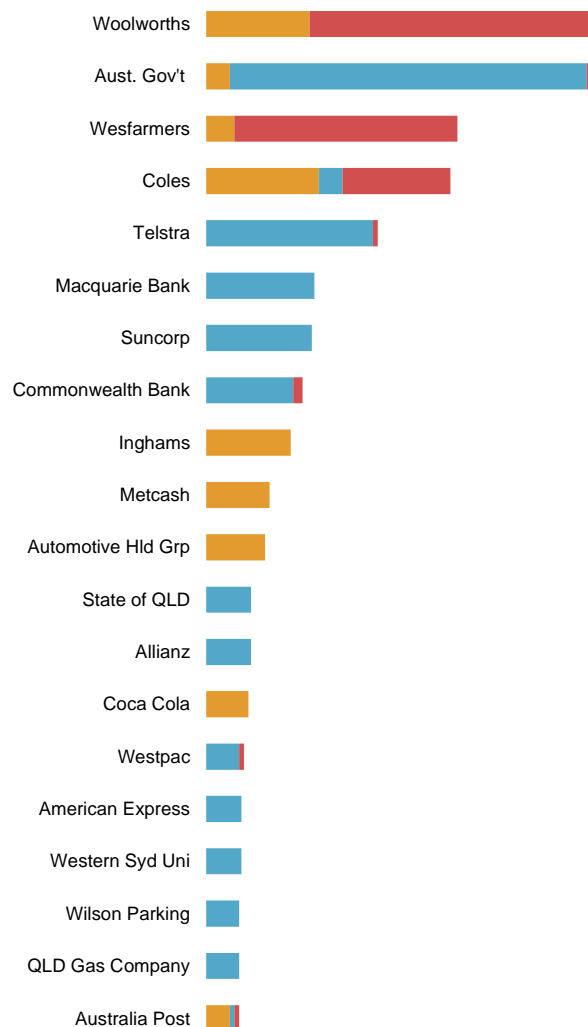
• Retail customer opportunities

Existing retail customers presenting opportunity for industrial portfolio include Priceline, Aldi, Kmart, Big W, Harvey Norman, Liquorland, Terry White Pharmacy, Keppel Logistics

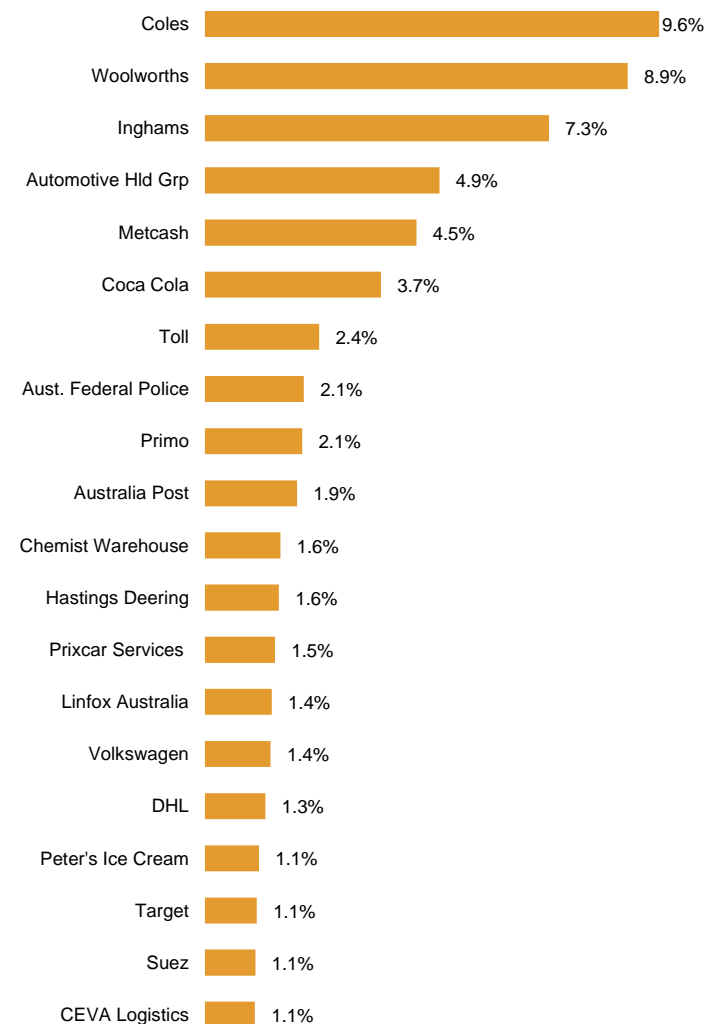
• Office customer opportunities

Existing office customers presenting opportunity for industrial portfolio include Amazon, BHP, Santos, Orica, Aurizon, Unilever, Telstra, Caltex, Officeworks, Rebel Sports

Top 20 Charter Hall Group Customers



Top 20 Charter Hall Industrial Customers

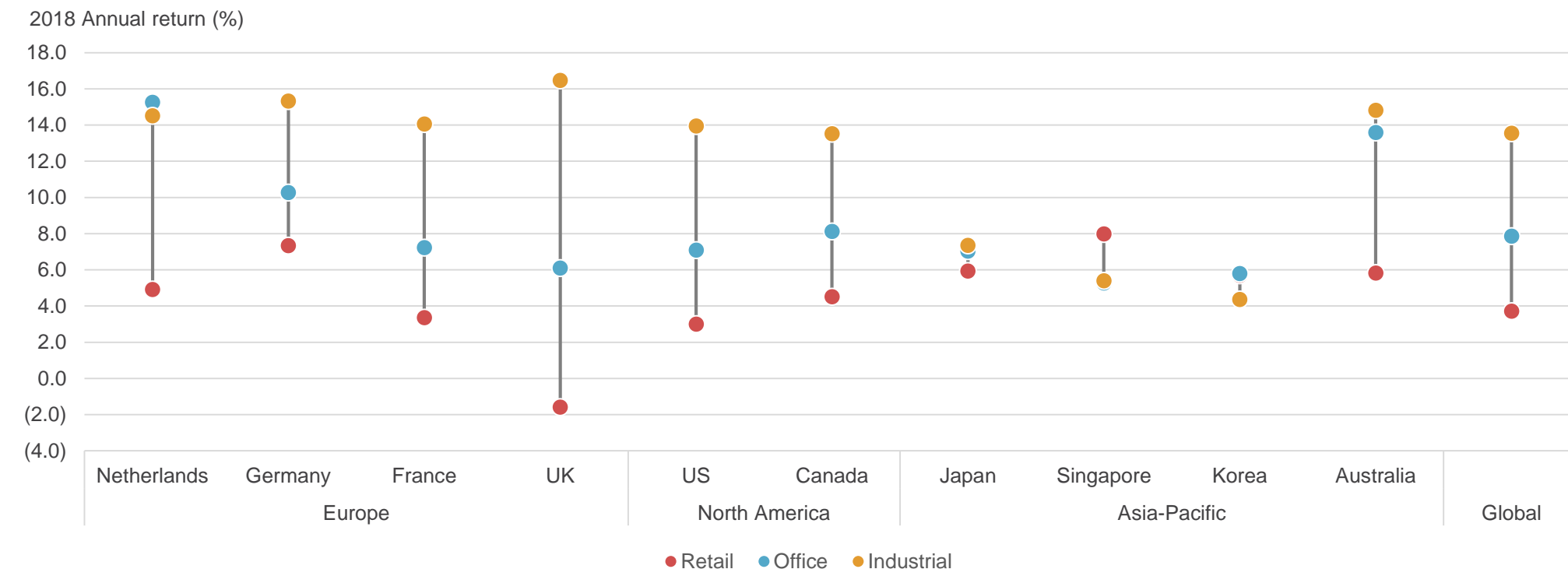


Global real estate performance 2018

Globally, retail has been experiencing significantly weaker growth and returns

- Globally, total returns for retail were just ~4% in stark contrast to office (~8%) and industrial (~14%) returns
 - Story of retail headwinds consistent across the globe with few markets unaffected
 - Relatively, Australian retail at ~6% has fared better than many of its developed country counterparts

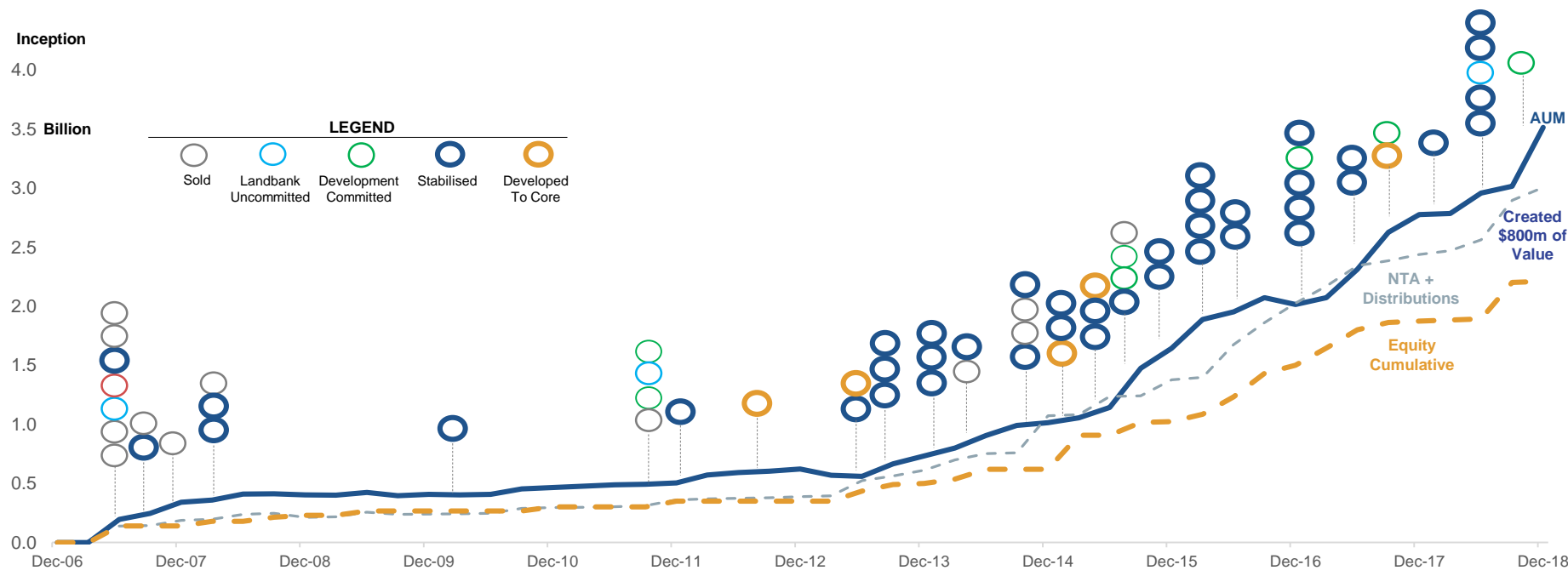
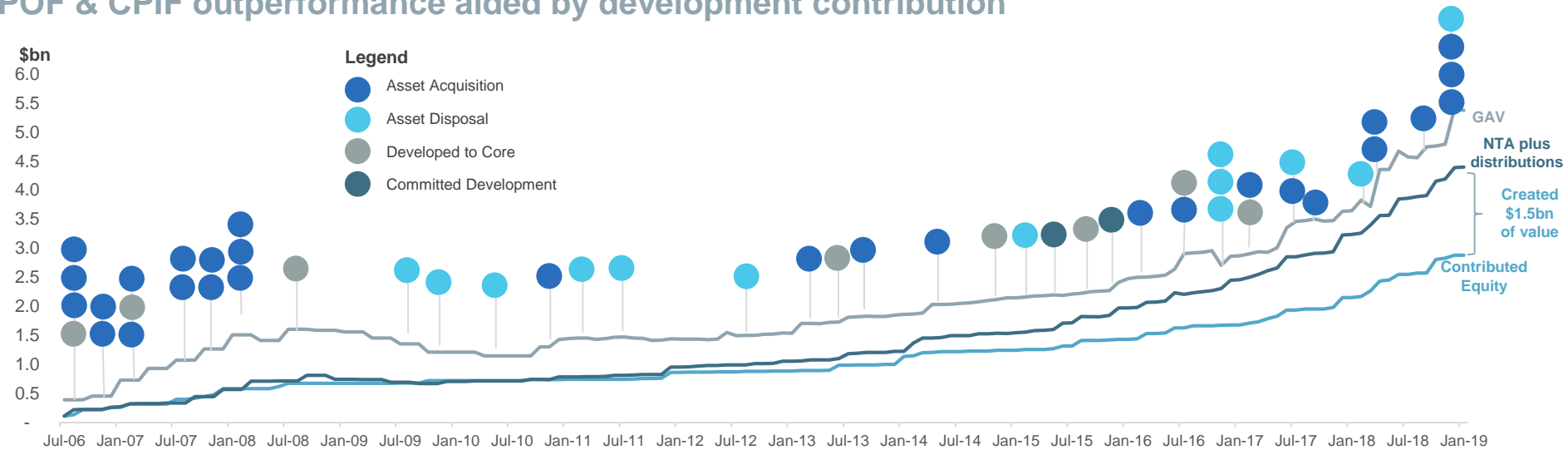
Global benchmark of annual total returns by sector (2018)



Retail performance lagging due to structural and cyclical sector headwinds, Australia relatively more resilient

Development contributing to performance

CPOF & CPIF outperformance aided by development contribution



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