Charter Hall Group Investor Development Showcase

2 February 2017

Agenda

1 Welcome and Introduction

2 Development Activity

3 Office Development

4 Industrial Development

5 Q&A

Andrew Borger
Head of Office Development Services

Andrew Simons
National Manager - Industrial Projects/Development

David Harrison
Managing Director & Group CEO

Development Activity

Overview

- Development opportunities undertaken to enhance both income yield and total returns for managed funds
- In-house development skills are a core competency
- Committed projects / development pipeline includes 45 office, industrial and retail projects

Development activity (completion value $m)	Committed projects	Development pipeline[2]	Total[1]
Office	747	1,273	2,020
Industrial	418	886	1,304
Retail[3]	178	277	455
Total	**1,343**	**2,436**	**3,779**

1. $1.9b included in FUM at 31 December 2016
2. Includes potential end value of DA approved schemes, future retail redevelopments and potential end value of industrial land banks
3. Reflects development spend only

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Development Projects

Overview

2017 — 2018 — 2019 — 2020


333 George Street, Sydney, NSW


1PSQ, WSU, Parramatta, NSW


900 Ann Street, Brisbane, QLD


Raine Square, Perth, WA


GPO, Adelaide, SA


11BCR, Newstead, QLD


130 Lonsdale Street, Melbourne, VIC


Secret Harbour, WA


Mt Hutton Plaza, NSW


Wanneroo Central, WA


Allenstown Square, QLD


Bass Hill Plaza, NSW


Carnes Hill Marketplace, NSW


Erindale Shopping Centre, ACT


AHG Prestons, NSW


Chullora Logistics Park, NSW


M5/M7 Logistics Park, Prestons, NSW


Dandenong Dist'n Centre, VIC


Drystone Estate, Laverton, VIC


ConnectWest, Darra, QLD


Wetherill Park Dist'n Centre, NSW

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Office Development

Andrew Borger
Head of Office Development Services

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Historical Track Record

Delivering Prime Office Developments

Strong track record in creating and delivering high performing projects for tenant customers

Asset	Year	Market	Size	Tenant
Space 207	2004	Sydney North Shore	20,000	Hutchinson Telecom
Bushells	2004	Sydney CBD	12,000	Heritage Conversion – Dimension Data
151 Pirie Street	2005	Adelaide CBD	12,650	KPMG and Macquarie
Zone	2006	Olympic Park Sydney	42,500	Commonwealth Bank of Australia
Atrium	2007	Sydney CBD Fringe	16,800	American Express
275 George Street	2007	Brisbane	40,000	Telstra, QLD Gas (British Gas)
Northbank Plaza	2007	Brisbane CBD	26,700	Telstra and Queensland Government
Allianz Centre	2007	Sydney CBD	40,000	Allianz
40 Creek Street	2009	Brisbane	12,353	Fitness First Platinum, Santos, Apple, Macrossans, Xenith, QCoal, Exoma Energy, Cardno HRP
Alluvion	2010	Perth CBD	22,400	Clough Engineering and Multiple Tenants
130 Stirling	2010	Perth CBD Fringe	12,500	Commonwealth Government, Mann Judd
171 Collins	2013	Melbourne CBD	33,000	BHP, Evans and Partners, McGrath Nicoll
Workzone Perth	2013	Perth CBD	27,911	Leighton's and Broad
100 Skyring	2014	Brisbane CBD Fringe	24,800	Bank of Queensland, Collection House, Konica Minolta
570 Bourke Street	2015	Melbourne CBD	50,700	Government, Wood & Grieve Engineers

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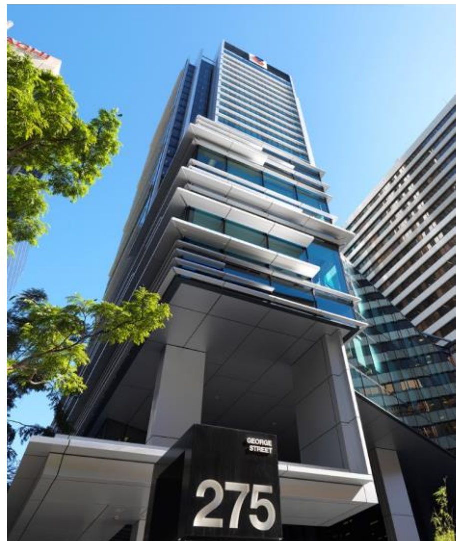
Historical Track Record

Delivering Prime Office Developments

Zone, Olympic Park, Sydney

SQM	42,500
Tenant	Commonwealth Bank of Australia
Year	2006



275 George Street, Brisbane

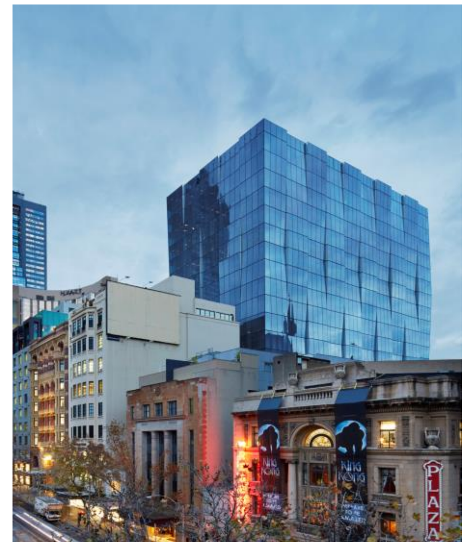
SQM	40,000
Tenant	Telstra, Queensland Gas (British Gas)
Year	2007

Awards Received a total of 3 awards:

- 2011 PCA Innovation and Excellence Award - Project Control Group, Best Office Fitout (Finalist)
- 2010 Urban Taskforce Development Excellence Award, Commercial Development (Finalist)
- 2010 Australian Institute of Building (Qld Chapter), Professional Excellence Award Commercial Construction $100M plus

Northbank Plaza, Brisbane

SQM	26,700
Tenant	Telstra, Queensland Government
Year	2007



171 Collins Street, Melbourne

SQM	33,000
Tenant	BHP, Evans and Partners. McGrath Nicole
Year	2013

Awards Received a total of 9 awards including:

- 2014 Asia Pacific Property Awards, Best Commercial High Rise Development - Australia (Winner)
- 2014 Asia Pacific Property Awards , Best Office Development – Australia (Winner)
- 2014 Urban Taskforce Development Excellence Awards, Commercial Development (Finalist)

570 Bourke, Melbourne

SQM	50,700
Tenant	State Government, Wood & Grieve Engineers
Year	2015

Awards

- 2015 API Excellence in Property Awards – Commendation for Property Development (Vic) (Finalist)

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Office Development Objectives

1PSQ, Parramatta, Sydney

Grow Sustainable Pipeline

Grow development investment through building a national portfolio of projects, located in core markets to create high quality investments for our Platform.

Providing Platform with Build to Core Opportunities featuring;

- New product
- Long WALE
- Enhanced Yield on Cost and Equity IRR
- Providing high quality accommodation solutions for tenant customers

Implementation

A. Origination
- Site selection
- Floor space optimisation
- Master planning/add value to existing portfolio

B. Conversion
- Approvals/ Project Brief
- Pre-leasing
- Construction Procurement

C. Delivery
- Build
- Full occupancy
- Transition to Asset Management

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Pillars of Strategic Growth

1. Add Value Existing Portfolio

- Master-plan
- Identify strategic adjoining land
- Identify value add opportunities

2. Masterplan Strategic Acquisitions

- Identify medium to long term existing assets
- Add value identification
- Redevelopment potential
- Site amalgamation opportunity

3. Originate

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

4. Growth Sectors

- Occupant partnering model
- Long WALE creation
- Accessing growing occupiers

5. Partnering

- JV partnering providing;
  - Access to capital
  - Planning approvals
  - Tenant commitments
- Infrastructure eg John Holland + non core property owners
- Universities
- State based organisations

6. Infrastructure/Transit Orientated Development

- Target TOD Projects;
  - Sydney
  - Melbourne
  - Cross River Rail + Brisbane Metro
  - Perth City Link

Project Examples

1. Add Value to Existing Portfolio

Raine Square, Perth

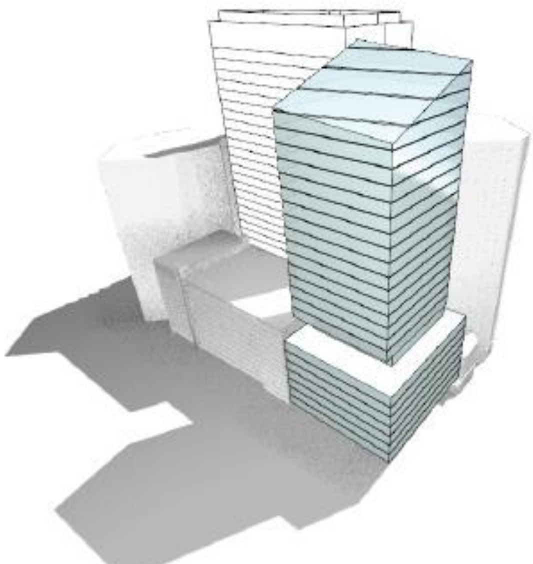
Realise the potential of 1.2 HA existing asset:

- Convenience Retail
- Entertainment
- Dining
- Major Specialty Anchors
- Health Club
- Conference
- Upgraded Office Lobbies

Project Examples

2. Masterplan New Strategic Acquisitions

55 King Street, Melbourne



Overview	
No. levels total	27
Typ Tower NLA (sqm)	930
Typ Podium NLA (sqm)	1,460
Total Office NLA (sqm)	27,700
Retail Glar (sqm)	800
Carparks	42
Total GFA (sqm)	44,150

Project Examples

3. Originate

Wesley Place, 130 Lonsdale, Melbourne

11BCR at Gasworks - 11 Breakfast Creek Road, Newstead, Brisbane

Project Examples

4. Education Sector

1PSQ, Western Sydney University, Parramatta – Completed

Melbourne University - Open Market Tender

Project Examples

5. Partnering

900 Ann Street, Brisbane

Construction progress as at December 2016

Artist’s Impression

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Project Examples

6. Infrastructure/Transit Orientated Developments (TOD)

Sydney Metro

Melbourne Metro

Cross River Rail Brisbane

Perth City Link

Source: Respective state government websites
Note: Charter Hall is not developing infrastructure projects

Completed Projects

333 George Street, Sydney

Overview	
Date started	2014
Date completed	2016
On completion value ($AUD)	$325 million
Grade	A
Ownership	100% CPOF
Total NLA (sqm)	14,600
Office NLA (sqm)	12,500
Retail NLA (sqm)	2,100
Typical floor plate (sqm)	970
Major tenants	WeWork, Clyde & Co, AIMIA, NAB, HSBC, Woolworths
Architect	Grimshaw and Crone Partners
Builder	Watpac
Total car spaces	17
End of trip facilities	Fresh towel service, showers, change rooms, lockers and bike racks
Retail	NAB, HSBC and Woolworths and Regiment cafe

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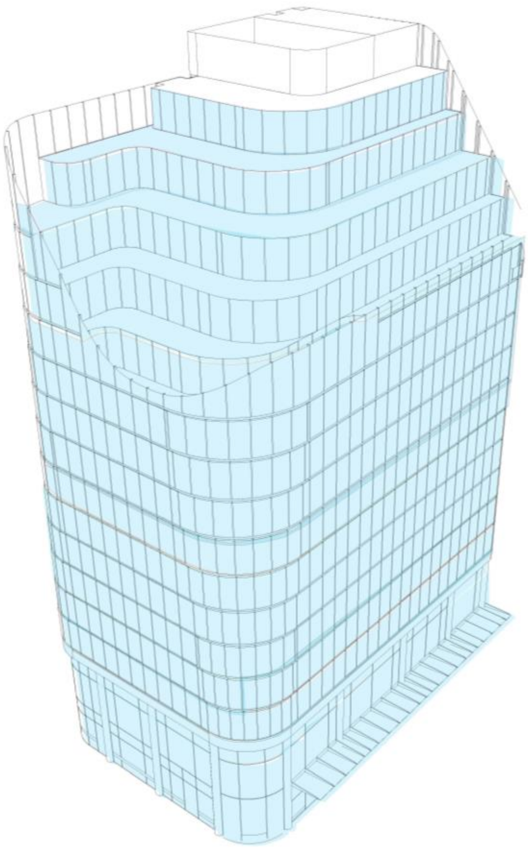
Completed Projects

333 George Street, Stack Plan

Level 16	217sqm	AXF Group
Level 15	389 sqm	Clyde & Co
Level 14	612 sqm	Wework
Level 13	767 sqm	Wework
Level 12	894 sqm	Clyde & Co
Level 11	966 sqm	Clyde & Co
Level 10	967 sqm	Clyde & Co
Level 9	967 sqm	Clyde & Co
Level 8	970 sqm	Venture Consulting / Diligent/ Airlie Funds Management
Level 7	971 sqm	Wework
Level 6	972 sqm	Wework
Level 5	973 sqm	Wework
Level 4	974 sqm	Lockton / AIMIA
Level 3	976 sqm	AIMIA
Level 2	897 sqm	Grimshaw
Level 1	859 sqm	Retail - NAB and HSBC
Ground	624 sqm	Retail - NAB and HSBC
L Ground	600 sqm	Retail - Woolworths
	45 sqm	Retail - Regiment Cafe



Level 16:	131 sqm Terrace
Level 15:	189 sqm Terrace
Level 14:	120 sqm Terrace
Level 13:	109 sqm Terrace
Level 12:	68 sqm Terrace
Total:	617 sqm

Completed Projects

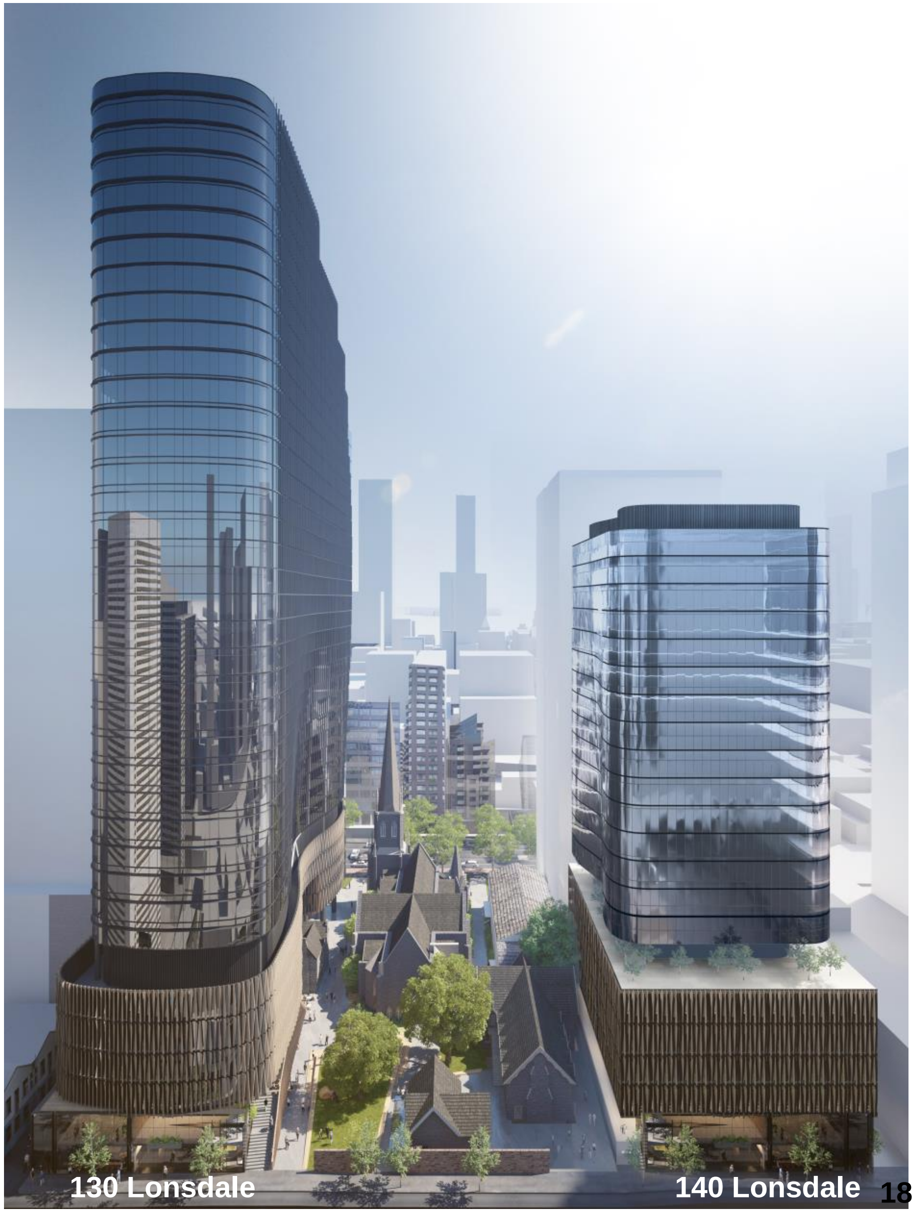
1PSQ - 1 Parramatta Square, Western University Campus

Overview	
Date started	2014
Date completed	2016
On completion value ($AUD)	$252.5 million
Grade	A
Ownership	50% - Charter Hall Direct Office Fund 50% - Charter Hall Prime Office Fund
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

Planned Projects

Wesley Place, 130 Lonsdale Street, Melbourne

Overview	
Start date	2017
Target completion	2019 - 2020 (forecast)
On completion forecast ($AUD)	$600 million
Grade	A
Ownership	100% CPOF
Total NLA (sqm)	60,000
Typical floor plate (sqm)	55,000
Total car spaces	1,523-1,976
Major tenant	TBA
Architect	COX Architecture
Builder	Construction tender
Total car spaces	Secure basement car parking
End of trip facilities	Secure bike parks and lockers Shower and change rooms
Retail	An integrated precinct of retail and commercial



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Planned Projects

Wesley Place, 130 Lonsdale Street, Melbourne

Planned Projects

Raine Square Retail

Office Development Pipeline

Overview

Number

of projects

7+

Total Value

$2.02 Billion

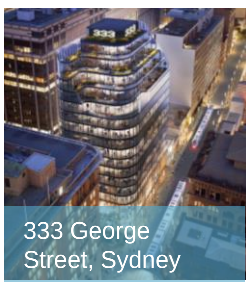
Total Lettable Area

240,000+ sqm

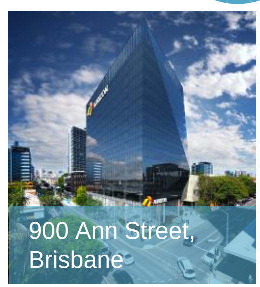
Development Pipeline

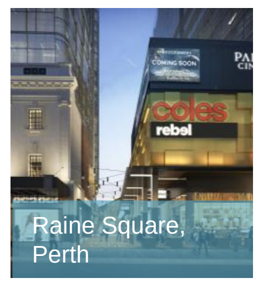
Overview

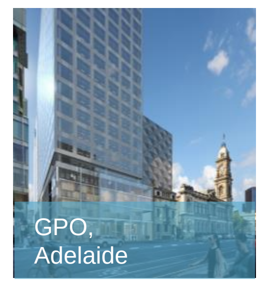
2017 2018 2019 2020


333 George Street, Sydney

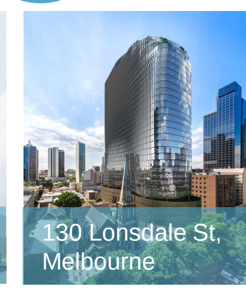

1PSQ, WSU Parramatta


900 Ann Street, Brisbane


Raine Square, Perth


GPO, Adelaide


11BCR, Newstead


130 Lonsdale St, Melbourne

Committed

Secured

Industrial Development

Andrew Simons
National Manager – Industrial Projects/Development

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Historical Track Record

Delivering Industrial Developments

Project	State	PC Financial Year	GLA	Completion Value ($m)	Current Value ($m)
15 Long St, Smithfield (Northline)	NSW	2014	16,516	$23.8	$30.2
2-30 Saintly Drive, Truganina	VIC	2014	46,910	$44.8	$55.5
61 Diesel Dr, Mackay (Blackwoods)	QLD	2014	13,843	$25.0	$29.5
92 Kurrajong Ave, Mt Druitt (Ancon/Spec)	NSW	2014	9,649	$12.1	$14.8
		TOTAL FY14	**86,918**	**$105.7**	**$130.0**
14 Worth St, Chullora (Aust Post)	NSW	2015	18,510	$19.7	$23.4
237 Sherbrooke Road, Willawong (Prixcar)	QLD	2015	4,587	$43.4	$58.1
Lot 57 Main Beach Rd, Pinkenba (Ceva)	QLD	2015	8,000	$18.4	$20.8
379 Sherbrooke Road, Willawong (Akzo)	QLD	2015	3,400	$8.9	$10.7
Rockhampton	QLD	2015	6,994	$12.9	$14.2
		TOTAL FY15	**41,491**	**$103.3**	**$127.2**
71 Foundation Rd, Laverton (Woolworths)	VIC	2016	24,895	$80.5	$92.3
Laverton Cold Store - Drystone	VIC	2016	6,771	$14.1	$19.0
2637 Ipswich Rd, Darra (Wildbreads)	QLD	2016	12,102	$33.2	$37.2
2637 Ipswich Rd, Darra (Cascade)	QLD	2016	5,801	$9.8	$11.8
2&3 Peachy Road, Yatala (Cope)	QLD	2016	9,550	$22.9	$24.0
7105 Hundred of Bagot, Darwin (Northline)	NT	2016	14,795	$27.0	$28.5
		TOTAL FY16	**73,914**	**$187.5**	**$212.8**
AHG Prestons	NSW	2017	17,234	$43.6	$50.0
Smithfield - Apollo/Axima	NSW	2017	17,071	$31.0	$31.0
Target - Drystone	VIC	2017	62,873	$79.4	$79.4
Rand - Drystone	VIC	2017	17,904	$21.0	$21.0
Parkwest - Abaris	VIC	2017	18,900	$14.3	$15.0
The Reject Shop - Drystone	VIC	2017	37,765	$44.7	$44.8
Dandenong South (Rondo)	VIC	2017	6,500	$9.5	$9.9
Completed to date in FY17		**TOTAL FY17**	**178,247**	**$243.50**	**$251.10**

Industrial Development

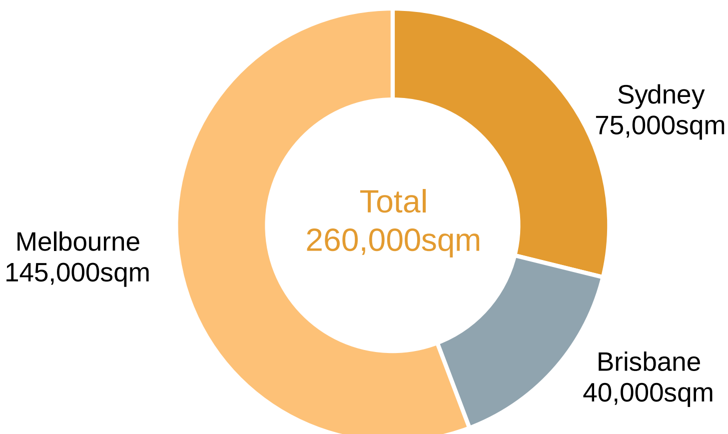
WIP & Pipeline

175 hectares
Total Development Land

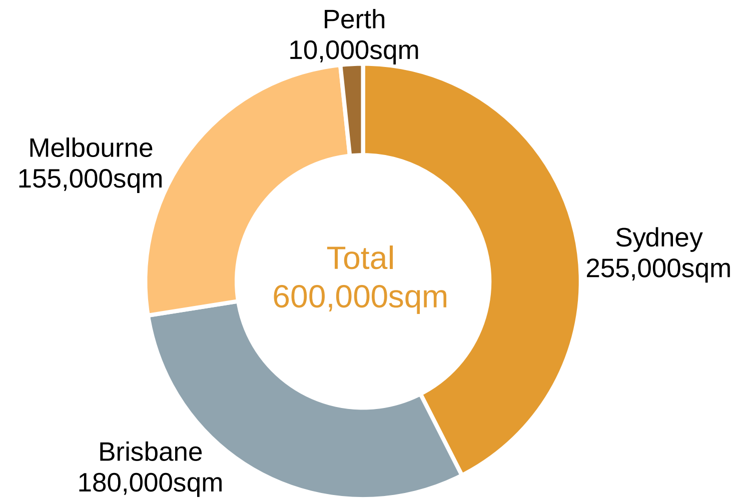
55 hectares
Committed Developments

$420[1] million
Completed Development End Value

Committed[1]
(GLA)



Land Bank



- Currently under construction is 115,000sqm GLA
- Looking forward there is the potential for 600,000sqm of GLA with an end value of > $800m

1. Committed/developed over the last 18 months

Industrial Development Case Study

Chullora Logistics Park – 2 Hume Highway, Sydney

3 mins	5 mins	8 mins	10 mins	25 mins	27 mins
Pacific National Rail Terminal	Enfield Intermodal Terminal	M4 Motorway	M5 Motorway	Port Botany	Sydney CBD

Industrial Development Case Study

Chullora Logistics Park – 2 Hume Highway, Sydney

- Former Fairfax printing and distribution facility 17km from the CBD, constructed mid 1990's
- Charter Hall identified Chullora as a highly land constrained location ideal for metropolitan distribution
- Within the first 12 months secured two significant pre-leases totalling 65% of GLA
- Leveraging off retail relationships and benefitting from the contraction in inner-Sydney options for tenants

Industrial Development Case Study

Chullora Logistics Park – 2 Hume Highway, Sydney

- Size: 10 hectare site
- Potential for 52,000sqm of GLA
- End value of $125m
- Lion Nathan is a 10,000sqm cold store on a 10 year lease
- Fastway Couriers is a 21,500sqm distribution facility on a 10 year lease
- Two further buildings with maximum of 12,000sqm and 8,500sqm

Industrial Development Case Study

Drystone Industrial Estate – 441 Dohertys Road, Truganina, Melbourne

5 mins	7 mins	20 mins	21 mins	25 mins
Princes Freeway	Westgate Freeway	Port Melbourne	Melbourne Airport	Melbourne CBD

Industrial Development Case Study

Drystone Industrial Estate – 441 Dohertys Road, Truganina, Melbourne

- 85ha estate
- Initial site purchased from receivers following commitment to The 25,000sqm Woolworths Meat Processing Facility
- Strategic acquisition of adjoining parcel from Goodman/ Linfox that unlocked sites full potential
- Within the first 12 months pre-leases totalling 145,000sqm were secured to Target, The Reject Shop, Rand, Laverton Cold Storage and Couriers Please
- The dominant estate within this market

Reject Shop, Truganina, Melbourne

Target, Truganina, Melbourne

Industrial Development Case Study

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

2 mins	4 mins	8 mins	25 mins	25 mins
M7/ Bernera Rd Interchange	M5 Motorway	Future Moorebank Intermodal Terminal	Port Botany	Sydney Airport

Industrial Development Case Study

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

- Former market gardens with 5 different owners
- Becoming a strategic logistics location due to proximity to Moorebank Intermodal and Badgerys Creek Airport
- Secured a pre-lease for 15,000sqm prior to settlement
- The first stage 25,000sqm is due for completion in April 2017 and is now 100% committed

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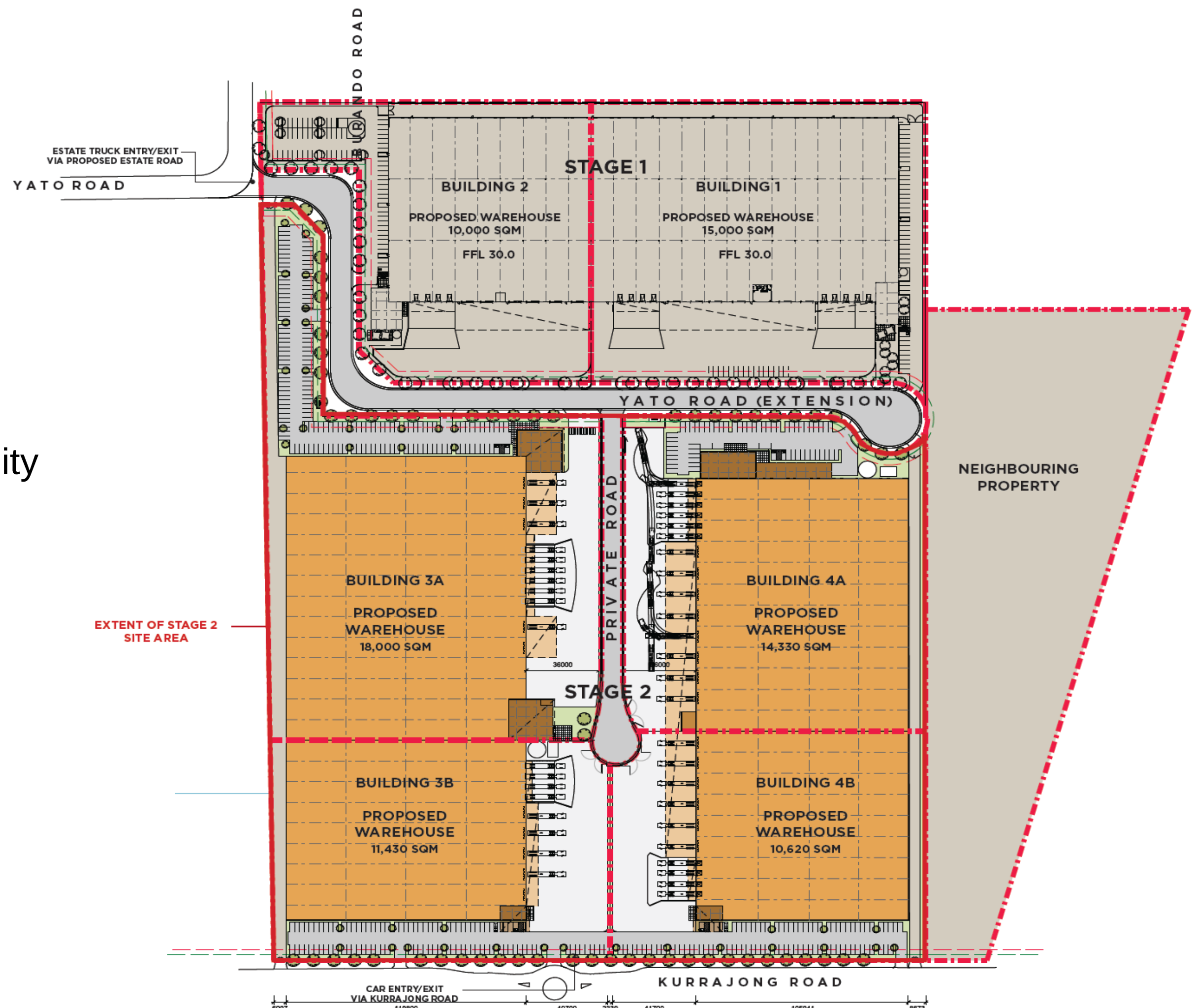
Industrial Development Case Study

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

- Size: 15 hectare site
- Potential for 80,000sqm of GLA
- End value of $135m
- Bracknells Warehousing is a 15,000sqm facility secured on a 7 year lease
- BAM Wine Logistics is a 10,000sqm facility secured on a 7 year lease
- Currently shortlisted on three major requirements of between 20,000sqm to 30,000sqm



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Industrial Development Case Study

Smithfield Industrial Estate – 17 Long Street, Smithfield, Sydney

1 mins	6 mins	9 mins	14 mins	35 mins	37 mins	40 mins
Cumberland Highway	M4 Motorway	Wetherill Park Shopping Centre	Light Horse Interchange	Sydney CBD	Sydney Airport	Port Botany

Industrial Development Case Study

Smithfield Industrial Estate – 17 Long Street, Smithfield Sydney

- Land constrained in-fill site located in the heart of Smithfield's Industrial area
- Purchased from power authority with Building 1, 17,000sqm pre-leased to Northline completed 2013
- Building 2, 17,000sqm undertaken as a speculative development in 2016, (100% pre-leased) prior to completion in December 2016, to Apollo Kitchens (11.5 year lease) and Axima Logistics (7 year lease)

Axima Logistics – Smithfield Distribution Facility

Questions

Charter Hall

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