

# GPT RETAIL DEVELOPMENT

SEPTEMBER 2016

**GPT**  
The GPT Group

# AGENDA

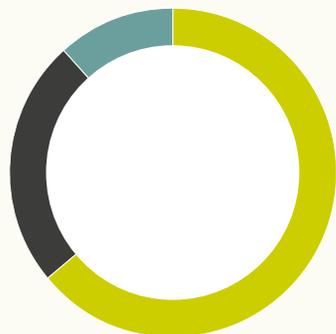
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# FORECAST PIPELINE

- Total potential value for GPT Balance Sheet and Funds of \$2.1b
- Potential to increase AUM through organic growth by 26%

## Value Potential (\$m)

	Pipeline Value	Current AUM Jun 2016	Potential Increase in AUM
GPT Retail	1,493	4,304	35%
Retail Fund	598	3,849	16%
<b>Total</b>	<b>2,091</b>	<b>8,153</b>	<b>26%</b>



- Reposition  
\$1,371m
- Create  
\$600m
- Maintain  
\$120m

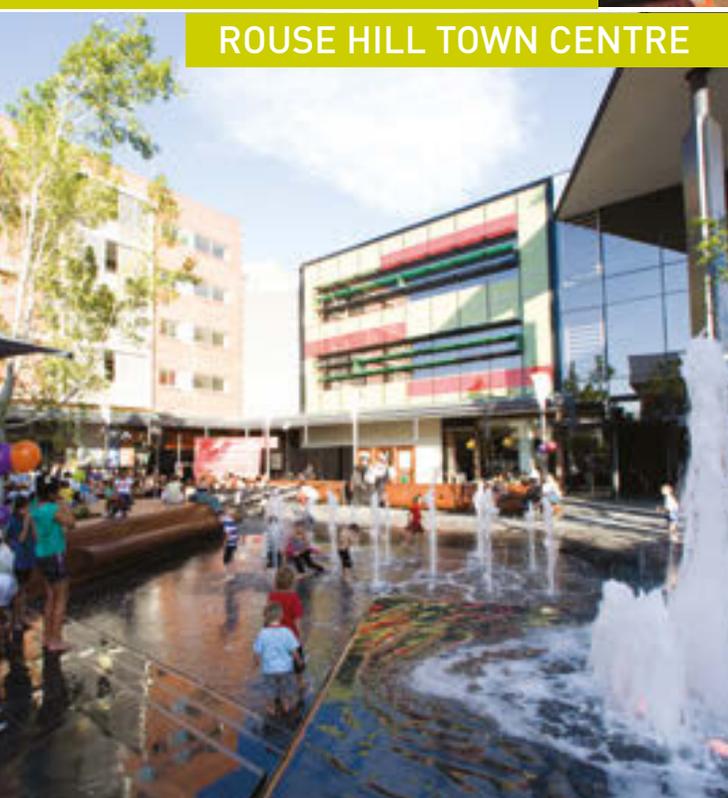




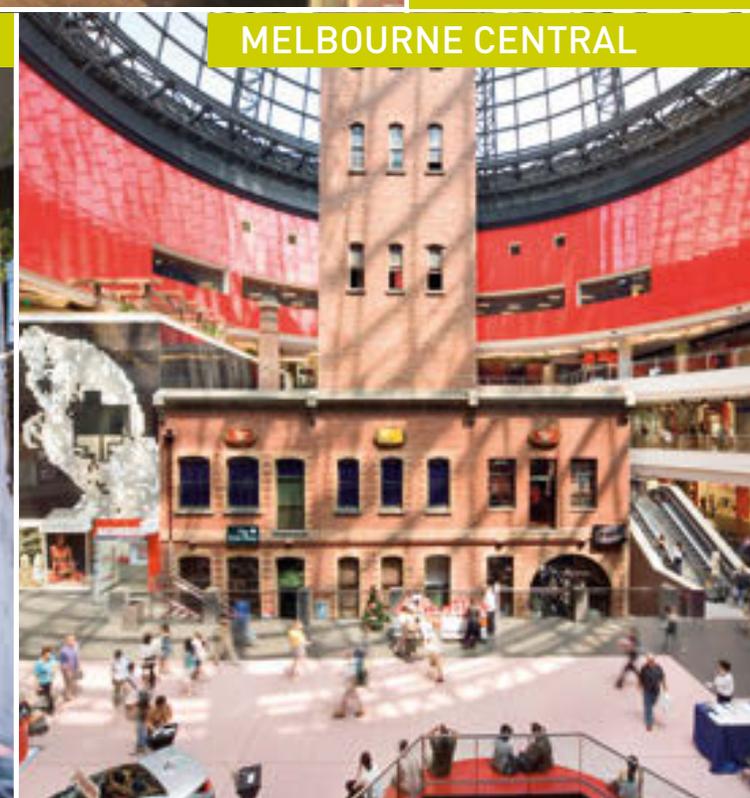
HIGHPOINT SHOPPING CENTRE



CHARLESTOWN SQUARE



ROUSE HILL TOWN CENTRE



MELBOURNE CENTRAL



SYDNEY OLYMPIC PARK

GPT RETAIL DEVELOPMENT

# RETAIL DEVELOPMENT TEAM AND APPROACH

# TEAM STRUCTURE



**ANTHONY MCNULTY**  
HEAD OF RETAIL  
& MIXED USE DEVELOPMENT



**KEN KNOX**  
DEVELOPMENT DIRECTOR

- 30 years plus experience
- Australia/Europe/Asia
- Key Projects
  - Rouse Hill
  - Highpoint
  - Melbourne Central
  - Erina Fair
  - Sunshine Plaza
  - Charlestown Square



**LACHLAN CAMERON**  
DEVELOPMENT DIRECTOR

- 25 years plus experience
- Australia, USA, Asia and Europe
- Key Projects
  - Melbourne Central
  - Casuarina Square
  - Parkmore
  - Chirnside
  - Woden Plaza
  - Erina Fair



**PENNY LLOYD**  
DEVELOPMENT DIRECTOR –  
RESIDENTIAL

- 13 years experience
- Private and Listed Development
- Key Projects
  - Parkgrove, Botany
  - Uniting Care, North Sydney
  - Discovery Point
  - Putney Hill
  - Pentridge, Coburg



**PHILLIP BARROW**  
HEAD OF DEVELOPMENT  
FINANCE

- 25 years plus experience
- USA, Australia and New Zealand
- Key Projects
  - Sydney Olympic Village
  - San Francisco Piers 30-32



**DAMIEN O'CONNOR**  
HEAD OF RETAIL LEASING

- 25 years plus experience
- Australian Market
- Diverse Background
- Financial, Asset Management, Development experience
- Key Projects
  - Parkmore
  - Melbourne Central
  - Warwick Grove
  - Penrith Plaza
- Development
  - Highpoint
  - Charlestown Square
  - Casuarina ELP

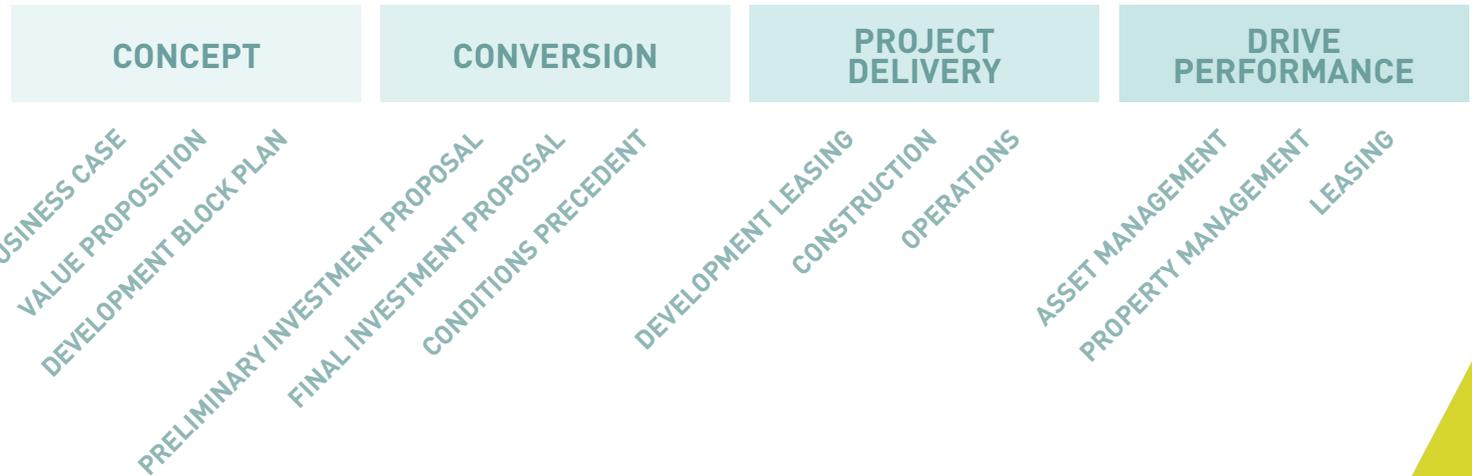
# VALUE & RISK MANAGEMENT

VALUE

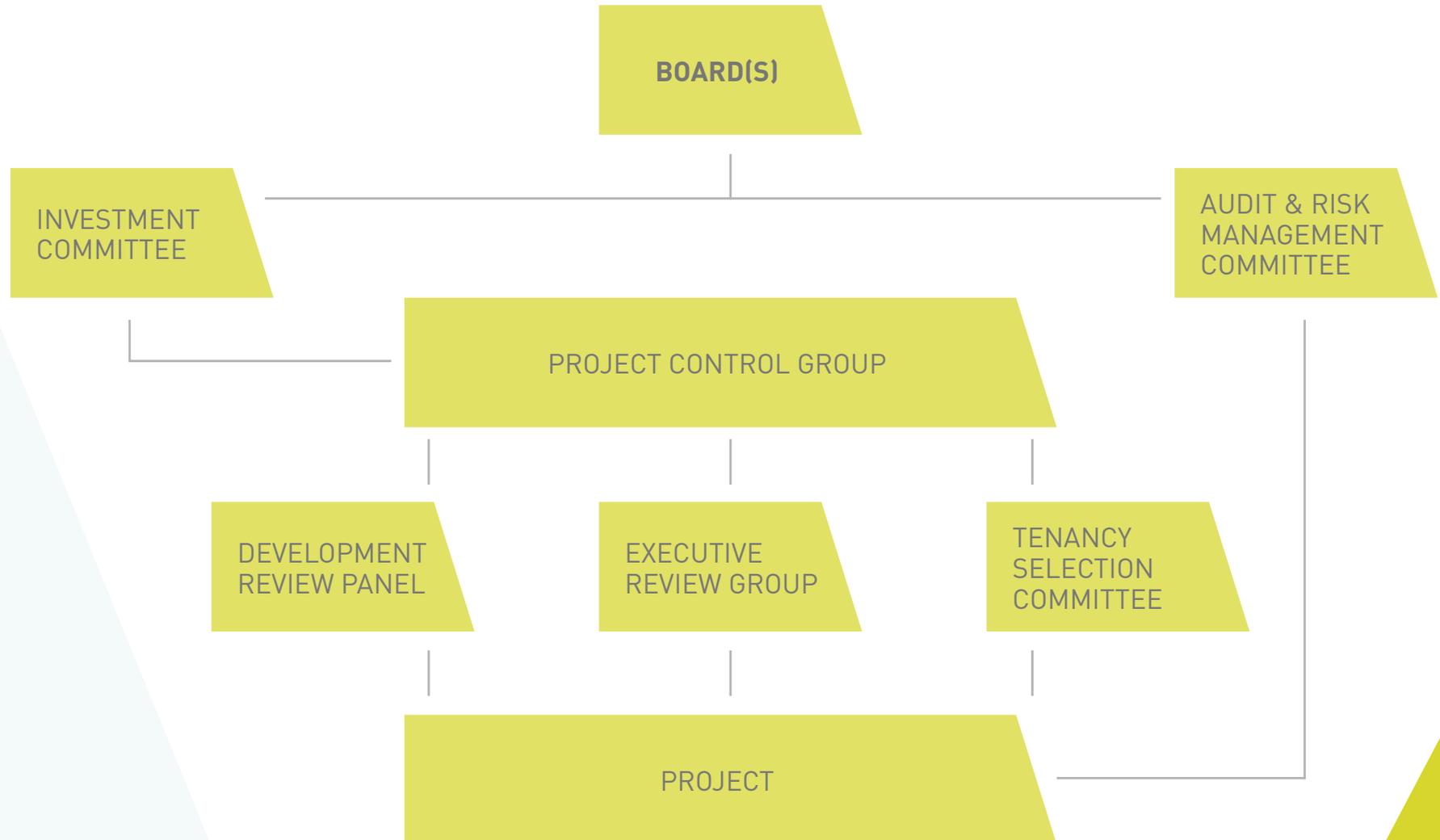
Monitor Asset

Long Term Sustainable Returns

RISK MANAGEMENT

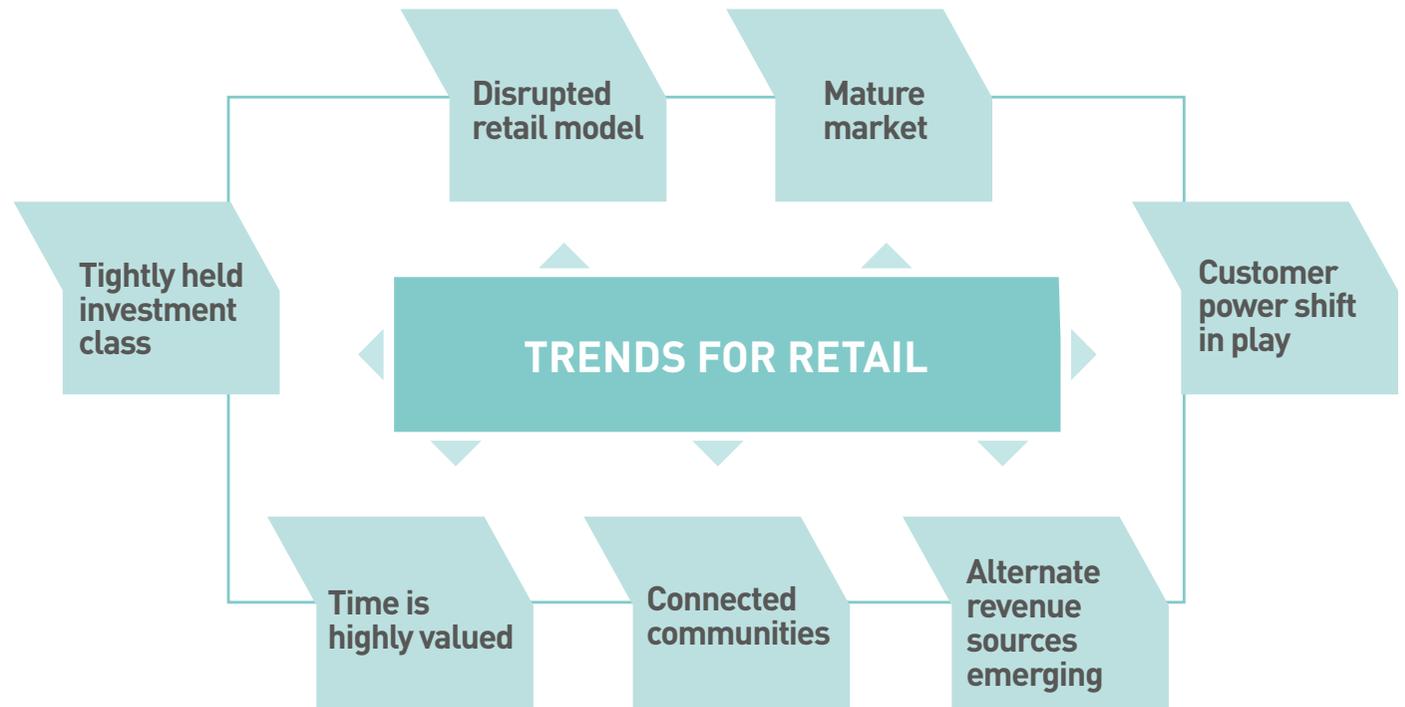


# GOVERNANCE



# URBANISATION AND TECHNOLOGY

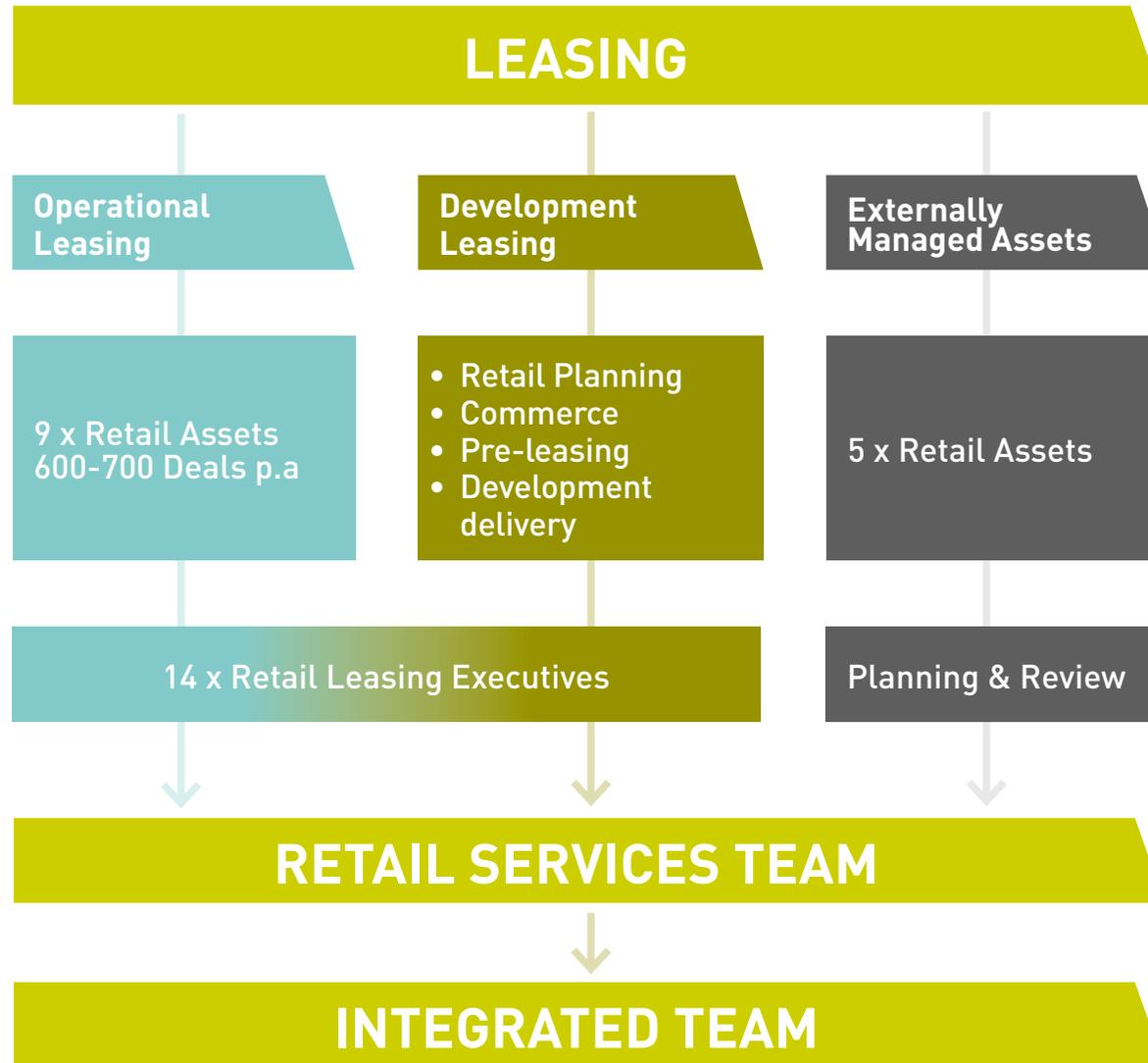
- People are valuing their time and seeking to live in connected walkable communities
- Technology is continuing to change the landscape
- Tenants are increasingly selective about store locations
- Evolution in Australia's mature retail market



GPT RETAIL DEVELOPMENT

# RETAIL DEVELOPMENT LEASING

# OVERVIEW



RETAIL LEASING

# ADAPTING OUR PRODUCT IN A DYNAMIC RETAIL ENVIRONMENT

## Areas of focus and growth

- Demand from international retailers continues
- Capturing the growth in leisure based apparel
- Evolving our food to add breadth – increased demand for premium and slow dining
- Entertainment focus
- Evolving the mix beyond traditional retail with service based offers
- Personal ‘pampering’ services
- Health & Wellbeing moving in to the mainstream



## RETAIL LEASING

# ADAPTING OUR PRODUCT IN A DYNAMIC RETAIL ENVIRONMENT

### Some categories have experienced contraction

- Pharmacy consolidation
- Apparel consolidation
- Banking services

### Transition in

- Fresh Food undergoing transformation

### GPT's key focus

- Optimisation of product mix through proactive recognition and replacement of poor performers to drive specialty productivity
- Increased diversity of experience
- De-weighting of marginal commodity groups
- Domination of trade area market share



# DEVELOPMENT AND OPERATIONAL

Retail plan looks at both the place and product on offer

## Strategic Plans

- Leasing plan defines the remixes to drive optimal productivity with a 5 year focus
- Precinct Planning defining
  - The end user
  - The characteristics and aesthetics of the mall
  - The retail mix
- Retail Hierarchy planning positioning tool to ensure asset dominance and market share growth

## Evidence Based Planning

- Quantum Spending Behaviour
- SkyFii
- Asset active databases
- New technology testing
- Precinct performance strategy – right tenant, right location



RETAIL LEASING

# DEVELOPMENT AND OPERATIONAL

Working with retailers  
to drive productivity

## Segmented Customer Base

- Defined and segmented tenant base to drive focussed outcomes
- Relationship based, long term leasing focused on key customer drivers

## Informed by the following GPT specific tools

- Salesforce – real time leasing dashboards
- Profitability Estimator tool
- Critical Retailer Barometer
- Customer Engagement Matrix
- Top 20 customer mapping



GPT RETAIL DEVELOPMENT

# CASUARINA SQUARE





BEFORE  
AFTER



CASUARINA SQUARE

GPT GROUP  
RETAIL DEVELOPMENT

CASUARINA SQUARE

# CREATION OF A NEW ENTERTAINMENT & LEISURE PRECINCT

- Opened July 2016
- New kids play area and family dining
- Improve dominance in lifestyle and entertainment
- Record opening results for majority of tenants
- Seven new food retailers to the Darwin market
  - The Groove Train
  - Grill'd
  - PappaRich
  - Max Brenner
  - Mad Mex
  - Nutrition Station Café
  - Sushi Bay
- Capital investment \$34 million







CASUARINA SQUARE

GPT RETAIL DEVELOPMENT

# CHARLESTOWN SQUARE



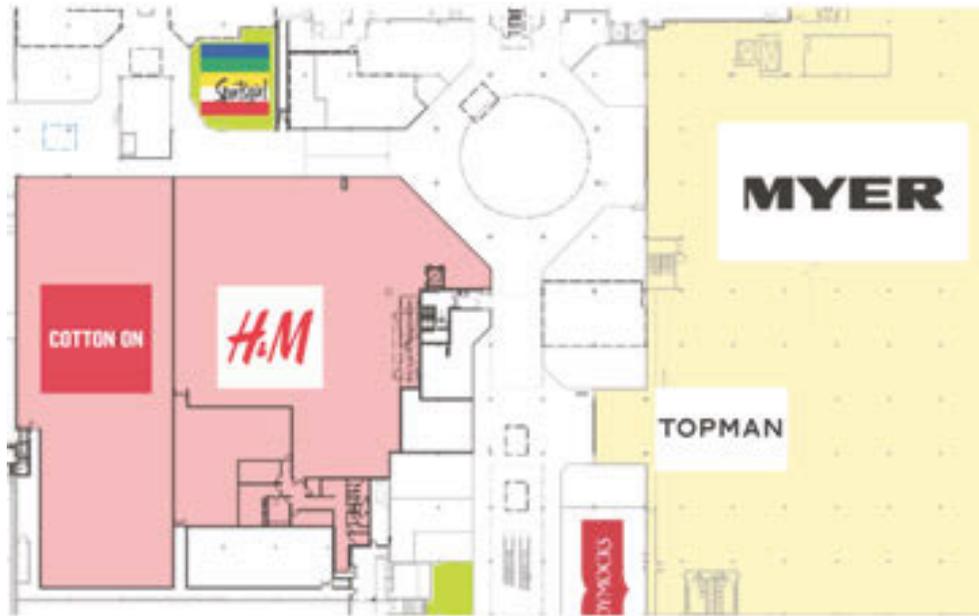
CHARLESTOWN SQUARE

# INTERNATIONAL MINI MAJOR REMIX

- Opened July 2016
- Create International Mini Major point of difference
- Improved mix and quality of retailers to anchor asset
- Strong leasing results delivering positive leasing spreads
- H&M, Cotton-On and Mecca trading strongly
- 60,000 visitations on opening day
- Capital investment \$44 million



LEVEL 1



LEVEL 2



# CHARLESTOWN SQUARE

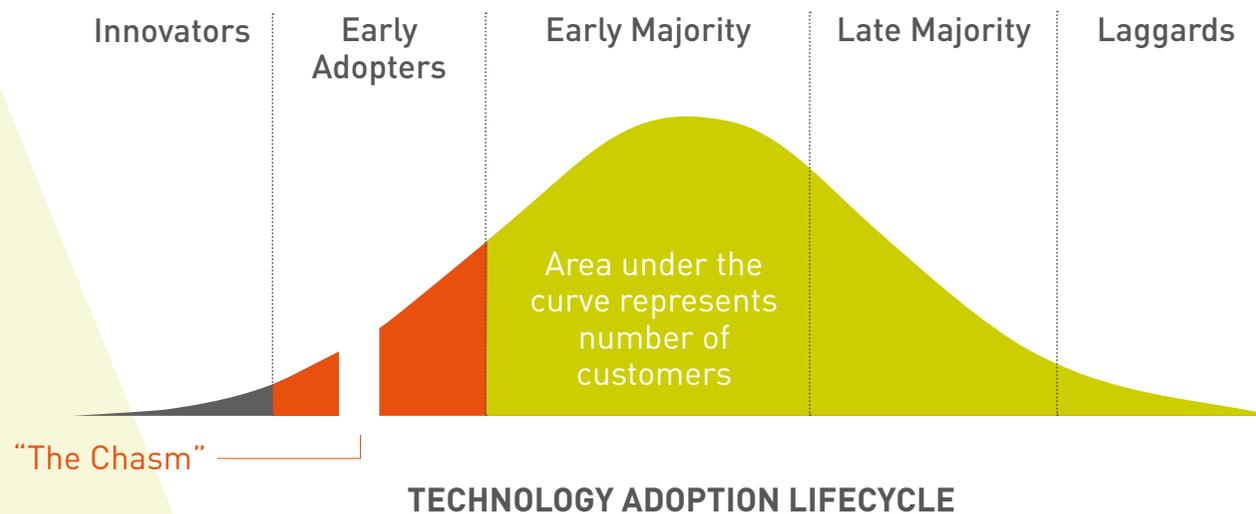


GPT RETAIL DEVELOPMENT

# MELBOURNE CENTRAL

# MELBOURNE CENTRAL

- Drivers for change
  - Asset upgrade to drive performance – included works to improve poor configuration
  - Daimaru leaving Australia – catalyst for major change
- Response
  - Major repositioning
  - Customer psychographic
  - “Urban” vs “suburban”
  - Collaboration with others to create the Melbourne Retail Core





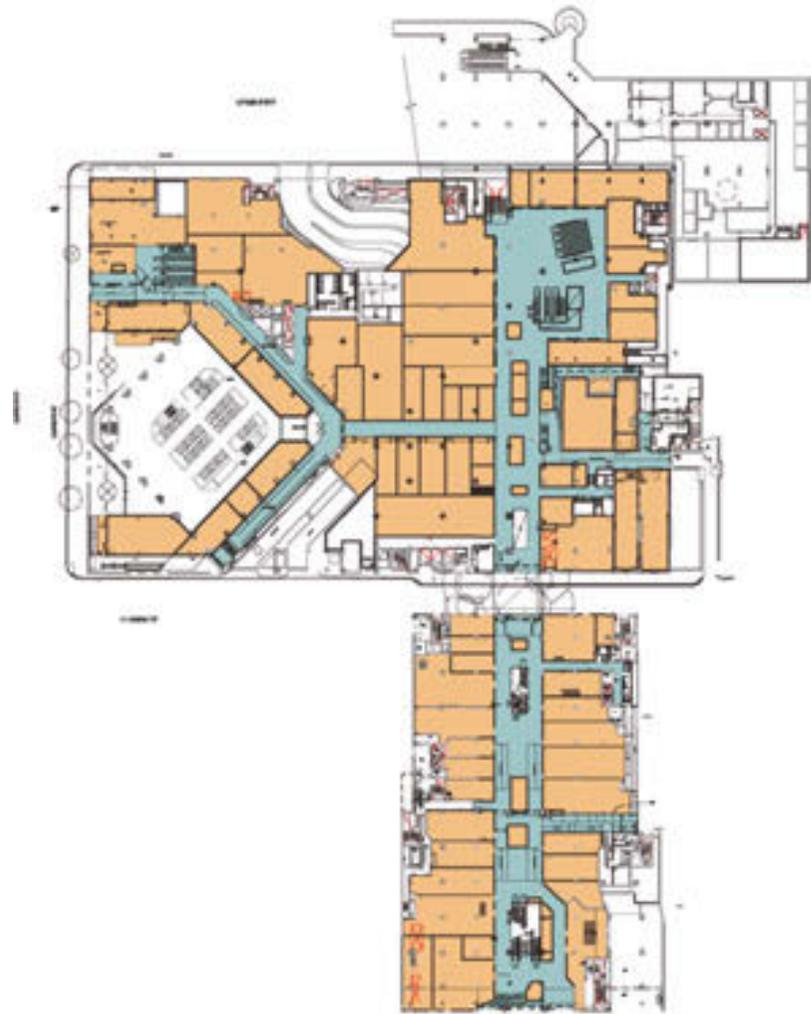
BEFORE  
AFTER



# MELBOURNE CENTRAL



FLOOR PLAN PRE-REDEVELOPMENT



GPT'S RESPONSE - POST DEVELOPMENT

MELBOURNE CENTRAL

# KEY DEVELOPMENT/ PROJECT METRICS 2002–2005

- Valuation Prior  
**\$210 million**
- Development Expenditure  
**\$263 million**
- Achieved Valuation  
**\$577 million**
- Valuation Uplift  
**\$104 million**
- Margin on Cost  
**40%**
- 2007 Property Council of  
Australia's **Innovation and  
Excellence Awards** – MapInfo  
Dimasi Property Investment Award

Valuation  
Today

**\$1.136 billion**



MELBOURNE CENTRAL

# DINING HALL AND CORNER REMIX 2010-2011

- Leverage trading performance and brand strength
- Higher and better use – Freedom store to Dining Hall
- Convert old food court – additional retail
- Enhance circulation and connections
- Refresh prior to Emporium
- Capital investment: \$27.5 million
- Valuation Uplift: \$14.5 million
- Margin on Cost: 53%



MELBOURNE CENTRAL

# ASSET ENHANCEMENT ACTIVITY

- \$50 million capital investment
- Key precincts
  - Arcade
  - The Great Room
  - Level 3 Leisure & Entertainment
  - Menzies Alley
  - Menzies Place
  - Lower Ground Eatery
  - L2 Dining Hall
  - Laneway
  - Lower Ground Arcade (Complete)



Arcade



The Great Room



Level 3 L&E



Menzies Alley



Menzies Place



LG Eatery



L2 Dining Hall



Laneway

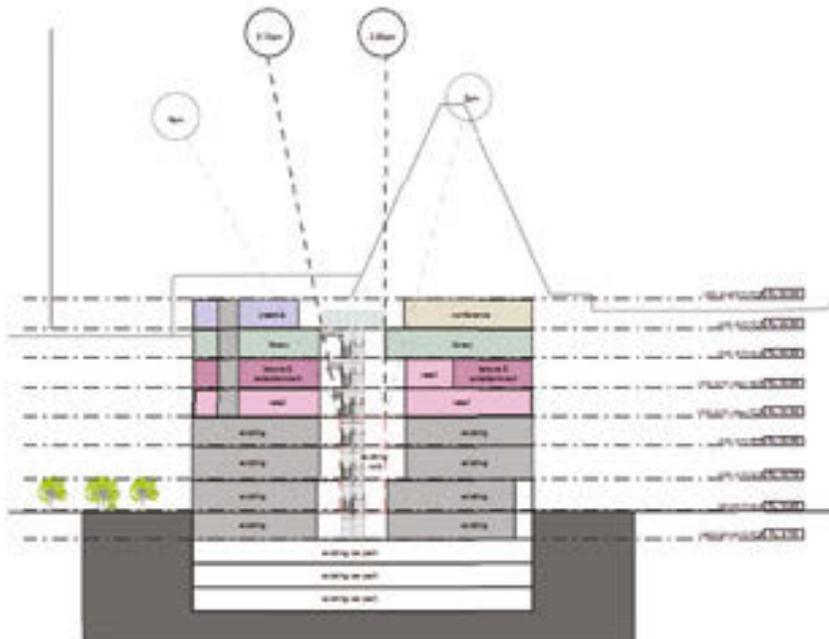


LG Arcade

## MELBOURNE CENTRAL

# ROOFTOP EXPANSION

- \$70 million rooftop expansion
- Additional three levels
  - Retail
  - Leisure and Entertainment
  - Library or other amenity



Scale Diagram - Spring 2012 September 2016



GPT RETAIL DEVELOPMENT

# ROUSE HILL TOWN CENTRE



# BACKGROUND

## Town Centre opportunity

- Designated Growth Corridor
- Competitive NSW Government Tender
- GPT secured opportunity to develop Town Centre 2003
- Initial retail centre opened in 2008

## Masterplan

- Regional Town Centre
- Future rail and transport interchange
- Schools (High and Primary)
- Residential neighbourhoods
- Significant open space
- Future expansion land



— Rouse Hill Joint Venture  
•••• GPT Rouse Hill Town Centre



**SYDNEY METRO NORTHWEST – CONSTRUCTION PROGRESS**

ROUSE HILL TOWN CENTRE

# CREATING A TOWN CENTRE

## Retail Principles

- Retail anchors - Coles, Woolworths, Big W, Target and Reading
- Over 220 specialties
- Quality car parking
- Point of difference public spaces

## Town Centre Principles

- Council library and community centre
- Bus interchange
- Residential
- Active streets

## Outcome

- PCA Rider Levett Bucknall Innovation and Excellence Awards Overall Winner (2009)
- Global Urban Land Institute Award for Excellence (2010)



# ASSET OVERVIEW AND CATCHMENT PROFILE



## Positioning

- GLA 69,700 sqm
- Coles, WoW, Big W, Target, Reading
- Over 220 specialties
- Carparking Spaces – 2,767



## Sales Performance & Leasing

- Centre MAT \$423 million
- Spec Sales \$8,264psm
- Occupancy Cost 14.6%



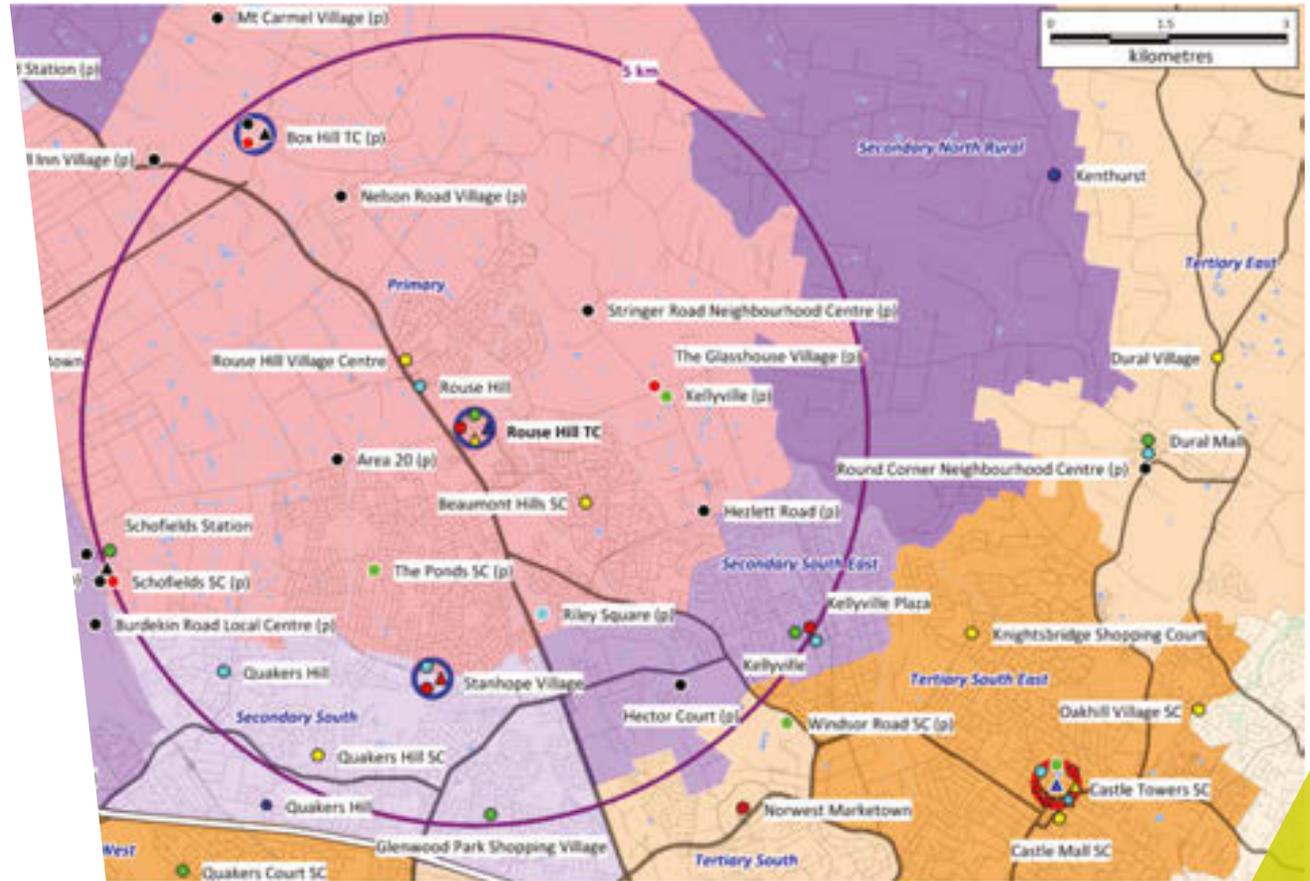
## Market Overview

- Strong Population Growth +2.1% p.a  
– *greater than 524,000 people by 2026*
- Household Income  
– greater than \$110,000  
– 10% above state average
- Market share of approximately 7%



## Investment in infrastructure

- \$8.3 billion Sydney Metro Northwest



ROUSE HILL TOWN CENTRE

# SECURING EXPANSION LAND

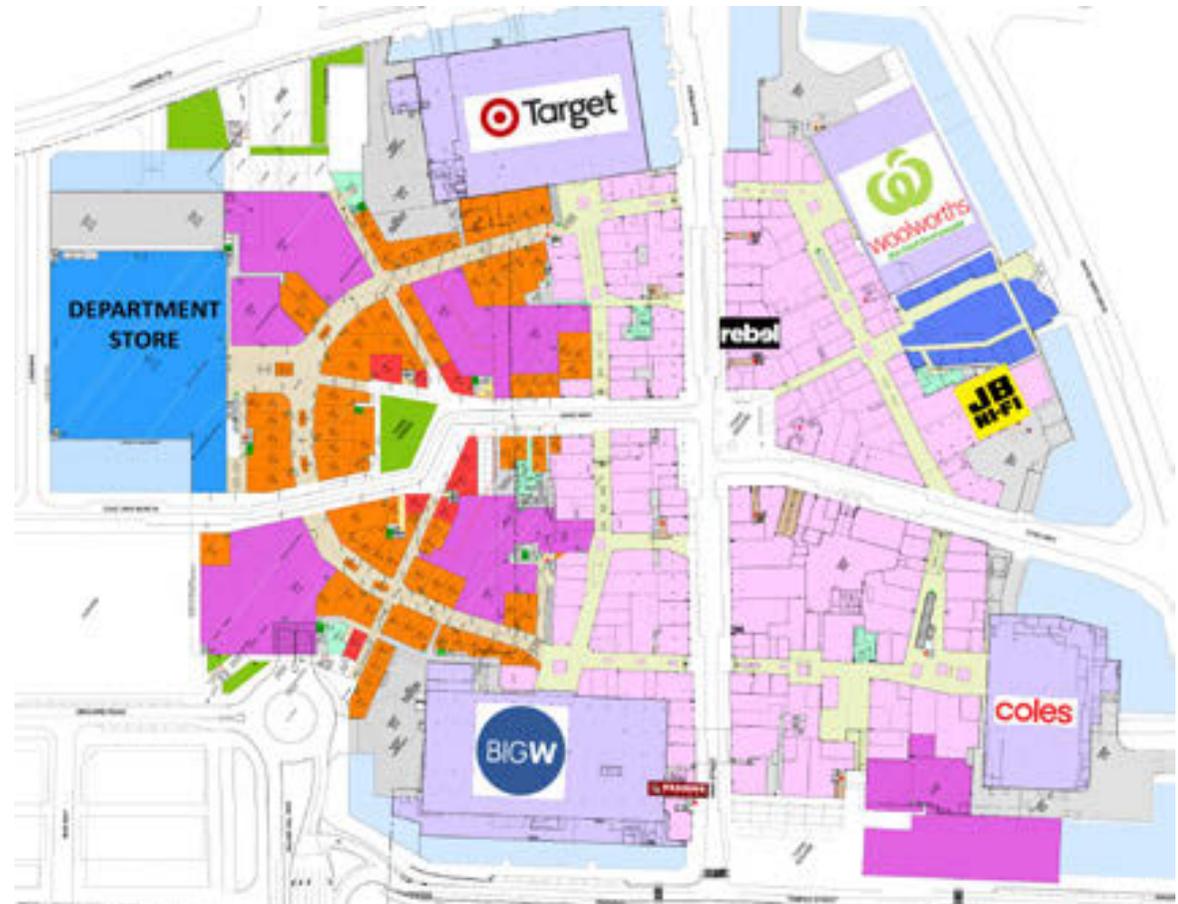
- Entitlement total:
  - Retail – 130,000sqm
  - Commercial – 50,000sqm
  - Residential – 375 dwellings
- Acquired 2015 including planning approval
- Enables Stage 2 retail expansion
- Future Mixed-Use



•••• Whole asset  
•••• New land

# DEVELOPMENT SCOPE

- Expanded Retail Offer
  - Additional 29,000sqm
  - New generation Department Store
  - International and expanded local Mini Majors
  - Best of “breed” fashion
  - Additional 80 speciality shops
- Enhanced Day Out
  - Entertainment and public space
- Program and Spend
  - Estimated commencement 2017
  - Estimated completion 2019
  - \$300 million capital investment



ROUSE HILL TOWN CENTRE

# RESIDENTIAL AND MIXED-USE

- Shift in residential market towards greater density in outer suburban areas
- Purchasers happy to trade-off larger private space for access to transport, amenity and lifestyle
- GPT identified this trend early in setting vision for the RHTC
- Opening of Sydney Metro Northwest will allow RHTC to support greater capacity for residential, commercial and community uses over time



GPT RETAIL DEVELOPMENT

# HIGHPOINT SHOPPING CENTRE



HIGHPOINT SHOPPING CENTRE

# DAVID JONES EXPANSION 2011-2013

## Fashion and Fresh Food

- Dominant Fashion Offer
  - David Jones “first to West”
  - Zara, Top Shop, Australian Designer Fashion
  - Apple and Samsung
- Convenience Fresh Food
  - Full line Woolworths and Fresh Food precinct
- Enhance Centre Infrastructure
  - Carparks
  - Ring Road
  - External arrival: public space and landscaping



HIGHPOINT SHOPPING CENTRE

# DAVID JONES EXPANSION 2011-2013

## The Result

- Valuation Prior  
**\$1.260 billion**
- Development Expenditure  
**\$300 million**
- Achieved Valuation  
**\$1.825 billion**
- Valuation Uplift  
**\$265 million**
- Margin on Cost  
**88%**
- Property Council of Australia  
Innovation & Excellence Awards 2014  
**Best Shopping Centre Development** category

Valuation  
Today

**\$2.179 billion**



HIGHPOINT SHOPPING CENTRE

# ENTERTAINMENT & LEISURE

## Entertainment and Dining Remix

- Consolidate entertainment and dining offer in West
  - Strike Bowling
  - Best in class casual dining
  - New centre court – meeting place
  - Approved capital investment \$18.9 million
- The Result
  - Delivered on time, additional income and under budget
- Attracted new customer profile to Highpoint



## HIGHPOINT SHOPPING CENTRE

# FUTURE RETAIL EXPANSION

- East Side Retail – 30,000sqm retail
  - Enhance Highpoint's position as the dominant retail asset in the West to include:
    - second supermarket – Coles
    - fresh food
    - international mini-majors
    - fashion
    - leisure and entertainment
  - Expected commencement 2018
  - indicative completion 2020



## HIGHPOINT SHOPPING CENTRE

# “TOWN CENTRE” POTENTIAL

- Major Town Square
- Mixed Use potential
  - Hotel
  - Residential
  - Health
  - University



GPT RETAIL DEVELOPMENT

# SUNSHINE PLAZA

## SUNSHINE PLAZA

# ASSET OVERVIEW AND CATCHMENT PROFILE



### Positioning

- Regional: GLA 73,400 sqm
- Myer, Target, Kmart, Coles, Woolworths, Birch Carroll & Coyle
- 249 specialties
- Carparking spaces – 3,546



### Sales Performance & Leasing

- Centre MAT \$532 million
- Spec Sales \$11,768psm
- Occupancy Cost 18.5%



### Asset Valuation

- \$792 million (100% interest) 5.75% cap rate



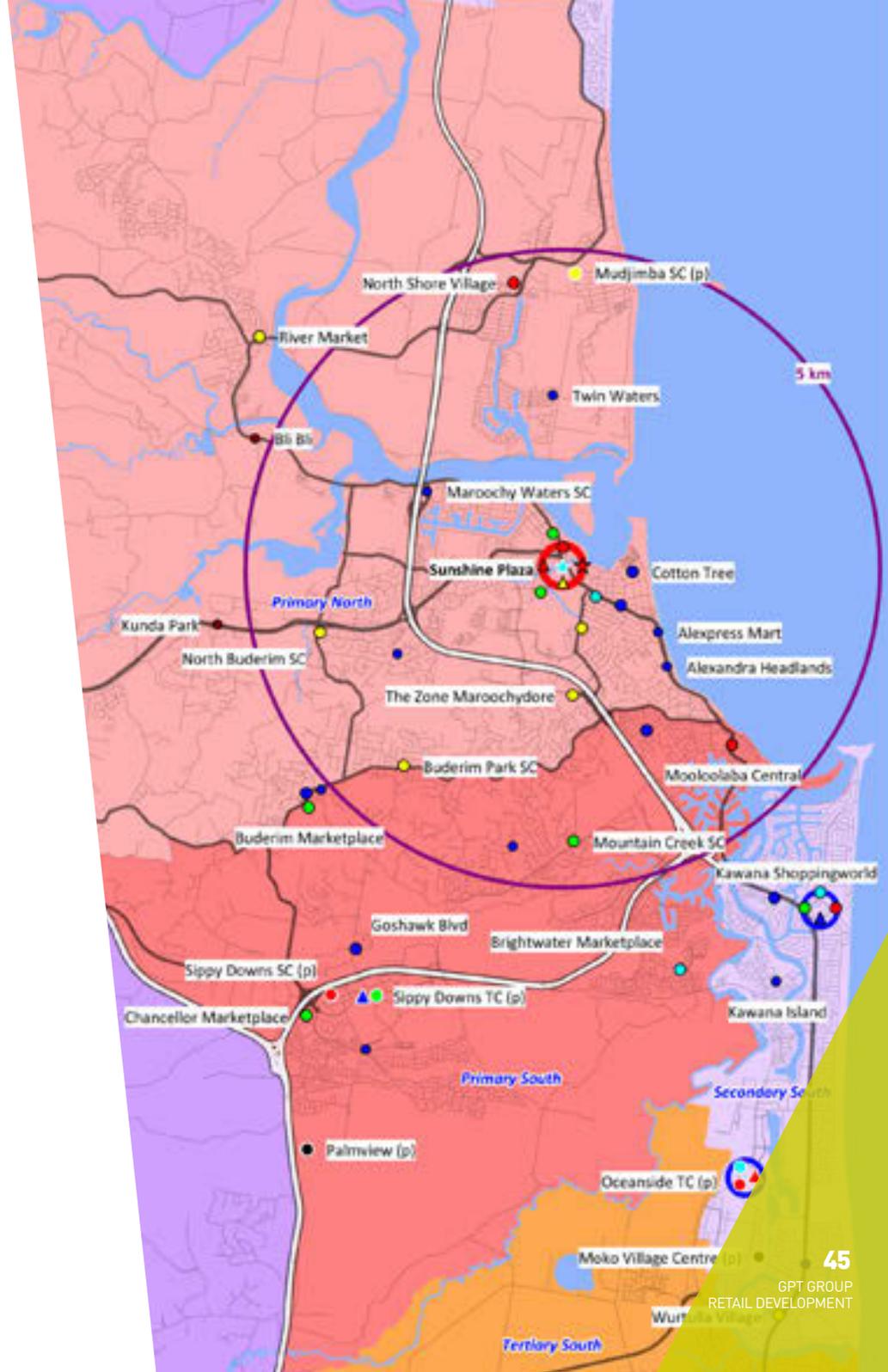
### Market Overview

- Strong population growth +1.8% p.a (452,000 people by 2026)
- Employment growth + 2.3% p.a for Sunshine Coast region
- Retail expenditure growth + 5.1% p.a
- Tourist market – \$1.05 billion in 2021 (growth +3.7% p.a)



### Investment in infrastructure

- \$1.8 billion in healthcare – new university and private hospitals
- \$980 million Moreton Bay rail link
- \$350 million expansion of Sunshine Coast Airport



SUNSHINE PLAZA

# DEVELOPMENT

## Retail Plan

- Additional 34,400 sqm, with 13,300 sqm of specialty GLA
- Pre-committed:
  - David Jones – 8,000 sqm
  - Big W – 6,500 sqm
  - International Mini Major – 3,000 sqm
  - Myer – refurbished store and new lease until 2031
- Two mini majors (3,629 sqm);
- Additional 105 specialty shops

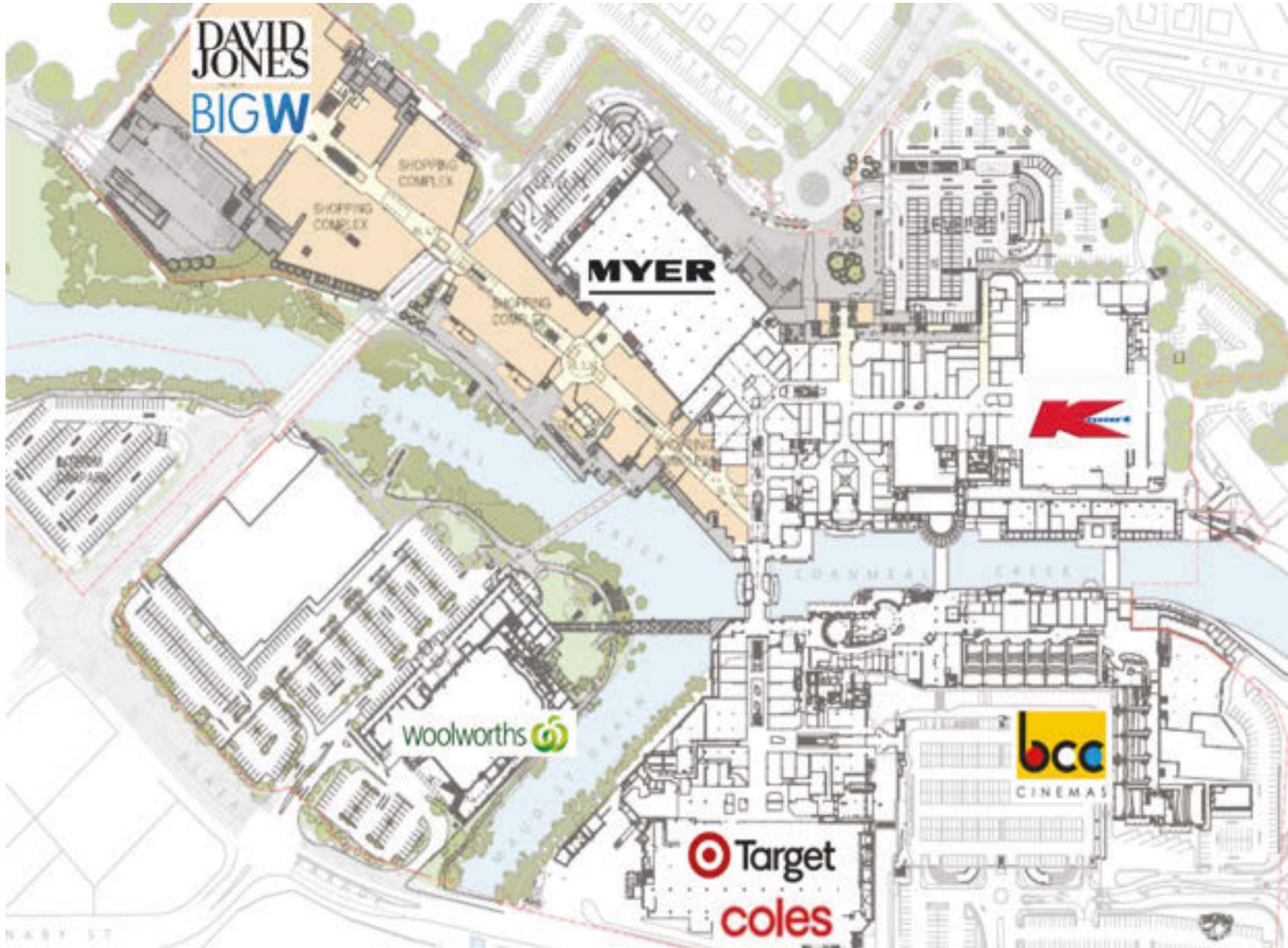
## Addressing Convenience

- Additional 1,428 parking spaces with a new car park management system

## Investment in Existing Asset

- Key precincts – Riverwalk (restaurant and cinemas), Level 1 Myer interface





SUNSHINE PLAZA SITE PLAN INCLUDING EXISTING ASSET



DAVID JONES



SUNSHINE PLAZA

# ENHANCING FUTURE ASSET VALUE

Securing positioning and dominance

## Investment Returns

- Capital investment – \$400m (at 100% interest)
- Stabilised yield greater than 6%
- Forecast project 10 year IRR greater than 9%
- Capturing sales leakage – positioning the asset as a “super regional” centre
- Expected completion date 2H 2018



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# RETAIL PORTFOLIO



# GPT RETAIL PORTFOLIO STRATEGY

## ASPIRATION

To be a **market leader in Australia**, maximising **market share & driving returns**. This will be achieved by providing **enhanced shopper experiences**.

## EXPOSURE TO

A diverse portfolio of **high quality retail assets** in **growth markets** across Australia.

## MEASURED CONSISTENTLY BY DELIVERING:

Market Leading **TOTAL RETURNS**

Consistent **PORTFOLIO INCOME GROWTH**

Enhanced **PORTFOLIO SALES PRODUCTIVITY GROWTH**

## STRATEGIC PILLARS

Portfolio Returns  
**HIGH QUALITY ASSETS IN GROWTH MARKETS**

Operational Excellence  
**CREATING ENHANCED EXPERIENCES & DESTINATIONS**

Development Delivery  
**VALUE CREATION THROUGH DEVELOPMENTS**

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# Q&A & CLOSING COMMENTS

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