

# Memorandum

**To:** Mr Matt James, QIC  
**From:** Tony Dimasi  
**Date:** Friday, 23 September 2016  
**Subject:** Castle Towers – Economic Impact Assessment of proposed expansion

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This memorandum provides an update to the memorandum previously prepared by MacroPlan Dimasi dated Thursday, 19 March 2015, which provided a response to various matters raised by the GPT Group, owner of Rouse Hill Town Centre, in objection to the planned expansion of Castle Towers SC.

The March 2015 memorandum, a copy of which is appended to this document, highlighted the growth in the regional population, and in the trade areas available to be served by both Castle Hill Town Centre and Rouse Hill Town Centre, and the consequent need and demand for additional retail floorspace to serve this rapidly growing population.

As a result, as detailed both in the Economic Impact Assessment (EIA) prepared for the Castle Towers expansion and the March 2015 memorandum, any impacts on Rouse Hill Town Centre from the planned expansion of Castle Towers will be minor, and will not in any way threaten the future viability or growth of Rouse Hill Town Centre.

## What has happened since March 2015?

QIC has now submitted a revised redevelopment plan for Castle Towers SC. MacroPlan Dimasi prepared a revised EIA, dated August 2015, for the new proposal.

From an EIA perspective, there were no changes of substance in the conclusions drawn for the revised proposal as compared with the previous proposal. The projected impacts on the surrounding network of activity centres, including Rouse Hill Town Centre, were detailed in the August 2015 EIA, and showed that the planned expansion of Castle Towers SC would not in any way threaten the viability or future growth potential of any existing centre, including the Rouse Hill Town Centre. The specific impact on Rouse Hill Town Centre was estimated at 6%, assuming that the Castle Towers expansion were to be completed by June 2019.

However, more than a year has already elapsed since the August 2015 EIA was prepared. That in turn means that yet another year of population growth within the region has been enjoyed, and the benefit of that growth has translated to further increases in sales, both for Castle Towers SC and for the surrounding network of activity centres, including Rouse Hill Town Centre. The main trade area population, served by Castle Towers SC, is currently growing at approximately 10,000 per annum, thus an additional 10,000 residents have moved into the relevant area since the date of preparation of the most recent EIA. It is also now unlikely that the redevelopment of Castle Towers will be completed by June 2019.

GPT, on 22 September 2016, also issued an update of its Retail Development Pipeline, available on the GPT website, for its various projects, including Rouse Hill Town Centre. Appendix 2 provides the GPT presentation, which makes the following points specifically relating to Rouse Hill Town Centre:

- At page 34 of the presentation the trade area for Rouse Hill Town Centre is shown. The map clearly shows that Castle Towers SC sits within the tertiary south-east trade area sector of Rouse Hill Town Centre – i.e. Castle Towers is not located within the main trade area of Rouse Hill Town Centre (the main trade area of major centres comprising the primary and secondary sectors).
- Rouse Hill Town Centre's Moving Annual Turnover (MAT) is listed at \$423 million, also on page 34 of the GPT presentation. The March 2015 memorandum prepared by MacroPlan Dimasi indicated that reported sales for Rouse Hill Town Centre at that point were \$408.9 million – therefore, centre sales in the past year have increased by approximately a further \$14 million.
- GPT highlights the strong population growth (at 2.1% per annum) in the trade area served by Rouse Hill Town Centre, and also the considerably higher than average household income growth.
- At page 36 of the document GPT highlights a committed expansion of Rouse Hill Town Centre, which will add 29,000 sq.m, including a 'new generation department store' as well as international and expanded local mini-majors and a 'best of breed' fashion offer, with some 80 additional specialty shops to be added.
- The planned redevelopment will also include improvements to entertainment areas and public spaces.
- The GPT proposal envisages a \$300 million capital investment at Rouse Hill Town Centre, to commence in 2017, with estimated completion at 2019.

Therefore, the expansion of Rouse Hill Town Centre is almost certain to have been completed well before Castle Towers is expanded as proposed.

The attached GPT presentation corroborates all of information set out in the EIA for the expansion of Castle Towers prepared by MacroPlan Dimasi, and also in the March 2015 response to the GPT objection which I prepared and which is included as Appendix 1 to this memorandum.

I reiterate, therefore, that the planned expansion of Castle Towers SC will serve a clearly evident need in a very rapidly growing market. Castle Towers is already an integral component of the broader Castle Hill Town Centre. Given the public transport infrastructure currently being added to the town centre, and the other planned changes, including residential intensification and employment growth, the creation of a world-class shopping, dining, entertainment and leisure/recreation destination, as will be delivered by the redeveloped Castle Towers, will be an even more important component of the future town centre.

# Appendix 1



# Memorandum

**To:** Mr Matthew James, QIC  
**From:** Tony Dimasi  
**Date:** Thursday, 19 March 2015  
**Subject:** Castle Towers EIA Response

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This memorandum details our responses to the various matters raised in the review, prepared by Location IQ on behalf of the GPT Group, of the Economic Impact Assessment (EIA) of the proposed expansion of Castle Towers Shopping Centre, dated November 2014 and prepared by MacroPlan Dimasi.

The Location IQ review makes a number of generalised points regarding the EIA, which can be broadly described as follows:

- A general proposition that the expanded Castle Towers would be '*...a massive development*' – although there is no analysis as to why, even if that were true, such an outcome would be problematic.
- A claim that the EIA '*...should have assumed that Rouse Hill Town Centre is expanded to further reinforce its role as a major centre in the North West Growth Corridor of Sydney. The sustainability of both centre expansions would need to be discussed and reviewed in light of the enormous size of the proposed expansion of Castle Towers*'.
- A general claim that the imputed (by Location IQ) food sales for the expanded Castle Towers SC '*...seems highly unlikely....*'
- Finally, a claim that the growth in sales that will be achieved by the Rouse Hill Town Centre over the period from 2014 to 2020 will be greater than has been allowed for in the EIA. Location IQ then (incorrectly, as discussed further below) deduces that if that were to occur, then impacts on Rouse Hill Town Centre would be higher than indicated in the EIA.

Our responses to each of the matters raised by Location IQ are set out below.

### **Size and composition of development**

- The original development application for the ≈60,000 sq.m expansion to Castle Towers was lodged in 2006/07 and was approved in February 2011. The original application assumed an opening date of 2011/12 for this approved 60,000 sq.m expansion, however **development is yet to commence**. Therefore, there has already been an additional 3 years of growth within The Hills region, since the date at which Castle Towers was expected to be expanded by 60,000 sq.m. The benefit of that growth has been enjoyed by all centres, including in particular Rouse Hill Town Centre. The sole focus should, therefore, now be the proposed 20,000 sq.m expansion, which, within the context of a very rapidly growing region (Sydney's North West Growth Centre), is a modest expansion, as detailed further below.
- Over the period 2011 to 2014, the total trade area population grew by 36,300 persons, which alone translates to around 80,000 sq.m of additional retail floorspace demand, with the average provision of retail floorspace nationally being 2.2 – 2.3 sq.m per person.
- By 2020, when the expanded Castle Towers is proposed to be opened and trading, the total trade area population will have grown by a further 68,200 persons above the 2014 level, which will support/require a further 150,000 sq.m of additional retail floorspace. Over the period 2020 to 2026, trade area retail floorspace demand is estimated to increase by approximately a further 170,000 sq.m.
- The Hills Shire Council's Centres Strategy (*Centres Direction 2009*) states that there will be demand for an additional 346,000 sq.m of retail floorspace within The Hills Shire LGA by 2031.
- Therefore, within the context of additional demand for more than 300,000 sq.m of retail floorspace over the period 2014 – 2031, and given the location, designation, role and status of the Castle Hill Strategic Centre at the heart of the North West Growth Region, a planned further expansion of 20,000 sq.m, over and above a previously approved expansion but which has not yet been constructed, is indeed a modest increase.

- From the point of view of Rouse Hill Town Centre, there is and will continue to be ample scope for that centre to be further expanded. The date of expansion will no doubt be determined by the centre owner, however, from the point of view of market need, there is no obstacle to substantial future growth in the size of the Rouse Hill Town Centre, as the above numbers clearly demonstrate.
- Related to this point, Location IQ also includes some comments that one of the previously envisaged 'major components' of the Castle Towers expansion, i.e. Costco, is unlikely to be included within the expanded centre, as a Costco store is now under construction at Marsden Park. That comment is essentially irrelevant – the make-up of the expanded Castle Towers centre, when the expansion is indeed construction, will reflect first and foremost the needs and wants of trade area residents, and secondly, the market realities of available tenants and commercial imperatives – as will equally be the case if and when Rouse Hill Town Centre is expanded.
- Upon completion of the proposed 20,000 sq.m expansion, Castle Towers would indeed be the one of the largest shopping centres in Australia, however, a number of large centres, including Chadstone Shopping Centre in Melbourne; Westfield Parramatta in Sydney; Pacific Fair on the Gold Coast; and Westfield Chermside in Brisbane; are currently undergoing, or will soon undergo, significant expansions. Upon completion, therefore, the expanded Castle Towers would not be the largest shopping centre in Australia.
- In any case, the question of whether or not Castle Towers will, for a period of time, be the largest centre in Australia, is also irrelevant. Some centre has to be 'the largest', and if that centre were to be Castle Towers, it would not be inappropriate, for the following reasons:
  - Castle Hill is designated as a Strategic Centre in the recently endorsed *A Plan For Growing Sydney* (the final Metropolitan Strategy).
  - The *Castle Hill Station Structure Plan*, which is supported by *A Plan For Growing Sydney* presents the projected dwelling and employment growth in the Castle Hill Strategic Centre. The document states that an additional 4,400 dwellings could be developed within the Castle Hill Strategic Centre by 2036, while an additional 9,500 jobs could be supported over this period. This increased residential and employment density will further support, and be

supported by, the expansion of Castle Towers, with all elements assisting in creating a true town centre with a broad mix of uses.

- The Castle Hill train station will be a major transport interchange for the broader north-western region of Sydney and will greatly improve access to Castle Hill for commuters and residents.
  - The rapidly growing population of the Castle Towers trade area as already discussed, which is expected to reach over 840,000 residents by 2026.
  - The relatively limited higher order comparison shopping alternatives available throughout the surrounding region. Rouse Hill Town Centre is situated more than 10 km, by road, from Castle Towers SC, while the nearest other regional shopping centre, Westfield Parramatta, is located some 11 km away.
- Location IQ presents comparisons with the current composition of some leading regional centres throughout Australia. We consider this comparison is pointless, as it assumes that the status quo (in regards to centre composition) will remain for years to come. The introduction of international mini-majors (i.e. Zara, Uniqlo, H&M, Topshop, Forever 21, etc) and the emergence of greatly improved and extended food and beverage offers, are two examples of the rapidly changing composition of regional shopping centres which we consider are not reflected in Location IQ's comparative exercise. There is only a few centres with such a contemporary offer at present, and these centres have only recently been expanded and have been the 'first-movers' into this space. Many more centres are currently undergoing, or about to undergo, major expansions of a similar nature, to accommodate these new uses, as outlined above.

### **Competition review**

- Location IQ points to the proposed future expansion of the Rouse Hill Town Centre. MacroPlan Dimasi also acknowledges the expectation that Rouse Hill Town Centre will be expanded in the future.
- The Northern Precinct Plan for the Rouse Hill Regional Centre (354/2013/HB), approves a total allocation of retail floorspace across the Northern Precinct, Interface Area and Town Centre of 130,000 sq.m. We note that according to SCN Big Guns, Rouse Hill Town Centre currently provides in the order of 68,900 sq.m of floorspace. Therefore, there is every expectation that there will be substantial expansion to the retail floorspace provision at Rouse Hill Town Centre in coming years. Again, as detailed previously in this response, there will be ample market demand to support that expansion, and indeed there is already substantial market demand available for Rouse Hill Town Centre to be expanded.
- Location IQ claims that two centres, namely Glasshouse Village and a zoned neighbourhood centre, have not been considered in the MPD analysis. The location of the proposed Glasshouse Village was in fact shown on Map 2.1 in the EIA. A development application for the property at the corner of Samantha Riley Drive and Hezlett Road was only submitted in December 2014, and was not publicly available at the date of preparation of the EIA. In any case, these two developments, which are both located around 8 – 10 km from Castle Towers and will each provide less than 7,000 sq.m of retail space, will service their immediate catchments for food and convenience shopping, and are of virtually no competitive relevance to Castle Towers, given all these factors. The regional population growth outlined above creates a need for such lower order retail facilities, at the same time as it creates a need for significant expansion in the provision of higher order comparison oriented shopping facilities such as Castle Towers SC and Rouse Hill Town Centre.

## Food sales

- Location IQ claims that the net gain in food sales at Castle Towers will be \$160 million from the current situation to the proposed expansion. Location IQ then goes on to infer that the '*...vast majority...*' of the \$160 million additional sales would be in food catering sales, and to claim that such an outcome would make Castle Towers '*...the largest food catering precinct throughout Australia for a major regional shopping centre.*' Location IQ then further claims that such an outcome seems '*highly unlikely*', and that '*...if food sales are overestimated and non-food sales have been underestimated, flow-on impacts to other major non-food centres such as Rouse Hill have also been underestimated.*'
- In response, it should first of all be noted that the estimated incremental sales for Castle Towers account for the already approved 60,000 sq.m expansion as well as the proposed further 20,000 sq.m expansion – i.e. they are mainly attributable to the already approved expansion.
- Even more relevantly, the scale of future floorspace demand, as set out previously in this memorandum, is such that whether or not the final mix delivered at Castle Towers include somewhat more food retailing or somewhat less food retailing than might currently be envisaged is irrelevant. Neither for Castle Towers SC nor for any other shopping centre expansion is there a requirement that the detailed final mix of retailers to be provided needs to be part of the approval process from an economic impact point of view, and that would not be possible in any case. The EIA has taken a view as to the most likely mix, and that view is informed by extensive knowledge and experience of both the existing compositions of major regional centres throughout Sydney and Australia, and the changes in those compositions which are currently occurring, as already detailed.
- Castle Towers will contain a number of precincts which will be dedicated to both catered food and improved fresh food retailing. Again, this mix is in keeping with the very latest consumer trends, as well as the anticipated continuation and extension of these trends, with both catered food and specialty fresh food/artisan food playing increasingly important roles in the future offers of major shopping centres.

- QIC seeks to develop a true 'town centre' at Castle Towers, which will contain an extensive fresh food and specialty grocery offer, three supermarkets, and multiple take-away food and dining options, including a dedicated new dining precinct. Therefore, to be labelled the 'largest food catering precinct in Australia', if it were to be true, is considered desirable, and achievable, at Castle Towers.
- At the regional centres which have recently undergone or are currently undergoing substantial redevelopment and expansion, such as Chadstone and Westfield Miranda, the provision of food catering floorspace is now generally pushing 75+ outlets and in the order of 7,500 – 8,000 sq.m in most cases. These new provisions are roughly double the levels which were previously provided at many of these centres. Castle Towers is proposing to develop a substantial food catering offer which is increasingly becoming commonplace at leading regional centres, and is certainly planning/proposing, unashamedly, to be 'best of class' in that regard. From the point of view of the Castle Hill Town Centre overall, and the population of The Hills region, such an outcome is to be welcomed. There is no reason why Castle Towers could not seek to offer the finest food catering precinct in Australia, and the population of the surrounding region would no doubt be generally delighted if that were to be the case.

### **Economic impacts**

- Location IQ claims the expected growth rate in sales as applied to Rouse Hill Town Centre in the EIA over the period 2014 to 2020 has been underestimated by MPD. If true, that would mean that the outlook for Rouse Hill Town Centre is stronger than was assumed in the EIA, i.e. at 2020 the Rouse Hill Town Centre would be achieving a greater sales volume than the \$440.9 million which was projected for the purposes of impact assessment in the EIA. If that were to be the case, then the impact on Rouse Hill Town Centre, in percentage terms, would clearly be lower than was indicated in the EIA, not higher as claimed by Location IQ.
- Location IQ claims a sales impact on Rouse Hill Town Centre of \$40 million to be 'more appropriate' than the \$28.7 million estimated in the EIA. The leading shopping centre industry publication, *Shopping Centre News*, publishes annually a list of the 'Big Guns' trading results, being the biggest and best performed shopping centres in Australia. The March 2015 edition of *Shopping Centre News*, (Volume 33, No. 1, 2015) lists Rouse Hill Town Centre as No. 47 in the list of

92 Big Guns, with a reported turnover volume of \$408.9 million. While that volume would include some elements of non-retail sales (travel agencies, cinemas, lotto, etc) it is readily evident that by 2020 total retail turnover that will be recorded by Rouse Hill Town Centre will be well in excess of \$400 million. Location IQ, as outlined above, stresses that the growth in sales that will be achieved by Rouse Hill Town Centre over the period 2014 – 2020 will be even greater than the 14.6% estimated in the EIA.

- Rouse Hill Town Centre is located within the area identified in the EIA as Castle Towers' secondary north-west trade area sector, and most of this area would form the primary trade area sector for Rouse Hill Town Centre. By 2019/20, the total retail expenditure capacity of this sector is estimated at over \$1.72 billion, an increase of more than \$430 million from 2014, reflecting the rapid population growth projected for the area. Post-expansion, Castle Towers is estimated to achieve a 7.9% market share of the available expenditure of that sector, translating to total sales from the sector of approximately \$136.0 million. Therefore, there is still a vast available market (92.1% of the total) from which Rouse Hill Town Centre can generate sales just from this sector alone, although clearly the centre also draws, and will continue to draw, substantial business from other areas across the region.
- The implication, therefore, is that even if the total volume of trading impact on Rouse Hill Town Centre at 2020 were to be \$40 million (a claim with which MacroPlan Dimasi does not agree) then the percentage impact on Rouse Hill Town Centre would still be well below 10%. Within the context of a rapidly growing market which both centres are able to serve, and in particular given that the projected growth in total sales for the Rouse Hill Town Centre as anticipated by Location IQ is greater than 14.5% from 2014 to 2020, then there can be no argument that the Rouse Hill Town Centre will be in any way threatened by a possible impact in the order of \$40 million at 2020. Again though, we stress that we do not accept that the impact on Rouse Hill Town Centre will be at that level – our modelling shows that it will be noticeably less than that figure.



- Finally, Location IQ claims that if Castle Towers were to expand it would 'flood the market' with additional specialty shops, which would have 'significant impacts' on the ability of Rouse Hill to expand and lease specialty space. The information in the EIA, and reiterated in this memorandum, shows that will not be the case. Quite simply, there will continue to be enormous scope (and need) for Rouse Hill Town Centre to expand and improve its offer, in addition to need and demand for further expansion of Castle Towers SC.

## **Appendix 2**

# GPT RETAIL DEVELOPMENT

SEPTEMBER 2016

**GPT**  
The GPT Group

## AGENDA

<b>Introduction</b>	Mark Fookes	2
<b>GPT Retail Development</b>	Anthony McNulty	4
<b>Retail Development Leasing</b>	Damien O'Connor	9
<b>Casuarina Square</b>	Anthony McNulty	15
<b>Charlestown Square</b>	Anthony McNulty	19
<b>Melbourne Central</b>	Lachlan Cameron	23
<b>Rouse Hill Town Centre</b>	Ken Knox/Penny Lloyd	31
<b>Highpoint Shopping Centre</b>	Ken Knox/Lachlan Cameron	38
<b>Sunshine Plaza</b>	Scott Meehan	44
<b>Retail Portfolio</b>	Vanessa Orth	51
<b>Q&amp;A and Closing Comments</b>		

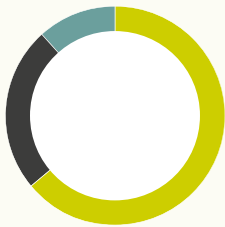


# FORECAST PIPELINE

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

## Value Potential (\$m)

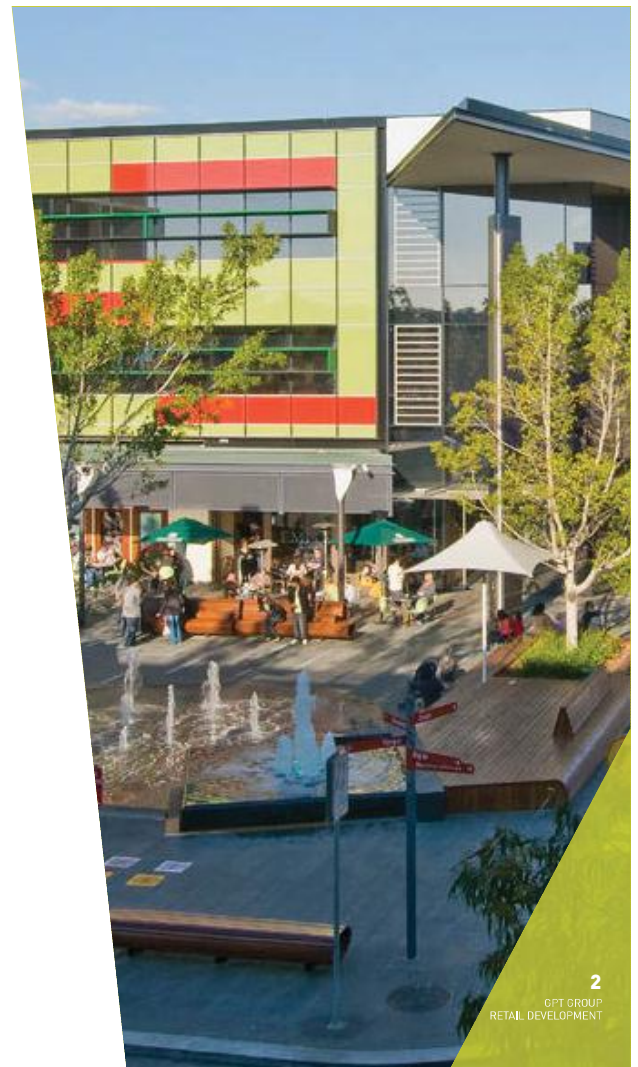
	Pipeline Value	Current AUM Jun 2016	Potential Increase in AUM
GPT Retail	1,493	4,304	35%
Retail Fund	598	3,849	16%
<b>Total</b>	<b>2,091</b>	<b>8,153</b>	<b>26%</b>



Reposition  
\$1,371m

Create  
\$600m

Maintain  
\$120m



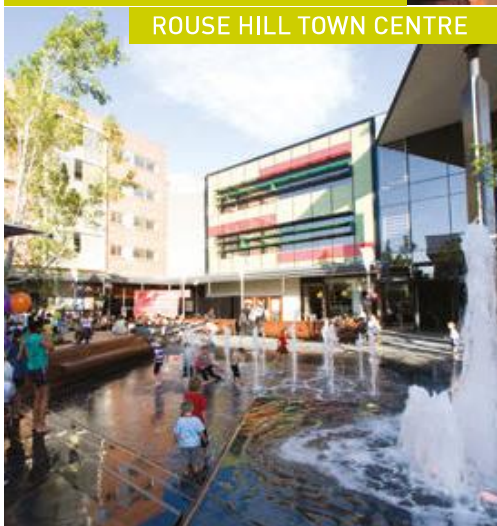
2  
GPT GROUP  
RETAIL DEVELOPMENT



HIGHPOINT SHOPPING CENTRE



CHARLESTOWN SQUARE



ROUSE HILL TOWN CENTRE



MELBOURNE CENTRAL



SYDNEY OLYMPIC PARK

3  
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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

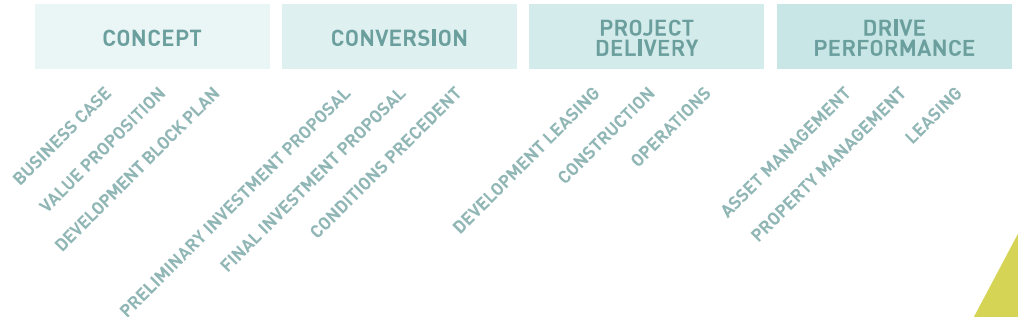
# VALUE & RISK MANAGEMENT

## VALUE

Monitor Asset

Long Term Sustainable Returns

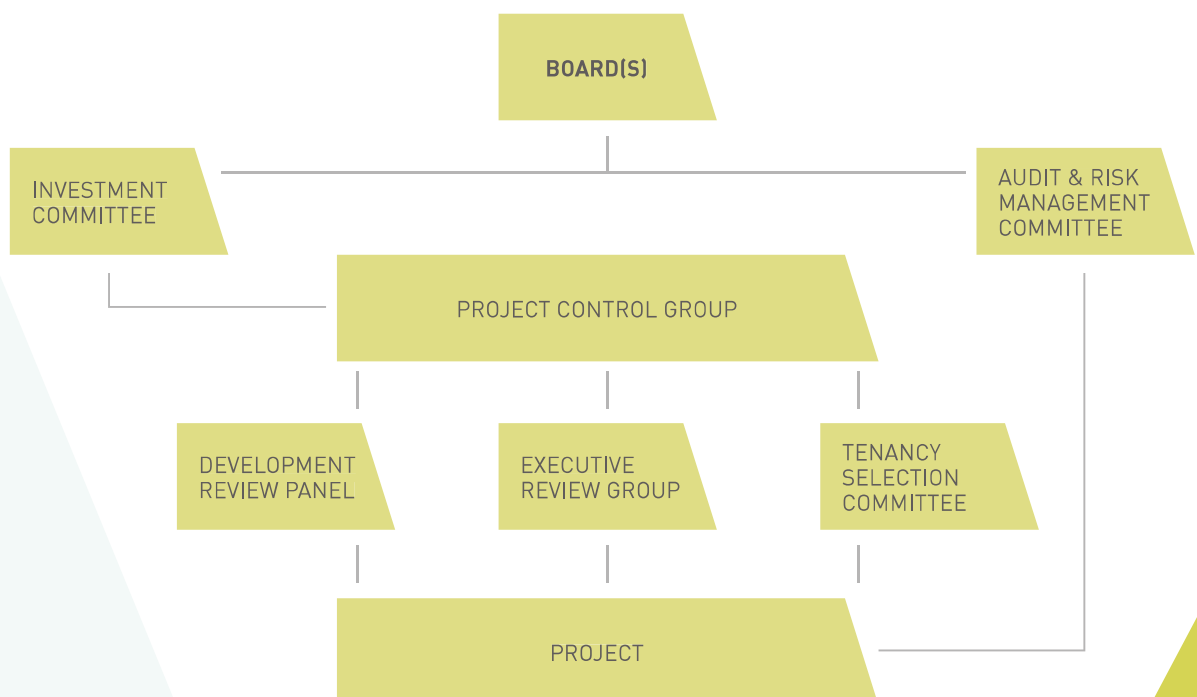
## RISK MANAGEMENT



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# GOVERNANCE

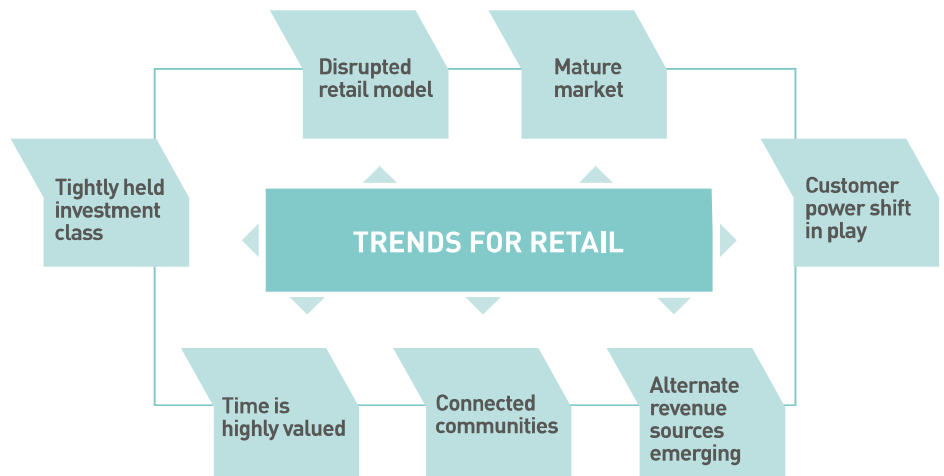


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## URBANISATION AND TECHNOLOGY

- 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



# RETAIL DEVELOPMENT LEASING

# OVERVIEW



# 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



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RETAIL DEVELOPMENT

## RETAIL LEASING

# 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



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RETAIL DEVELOPMENT



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



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RETAIL DEVELOPMENT

GPT RETAIL DEVELOPMENT

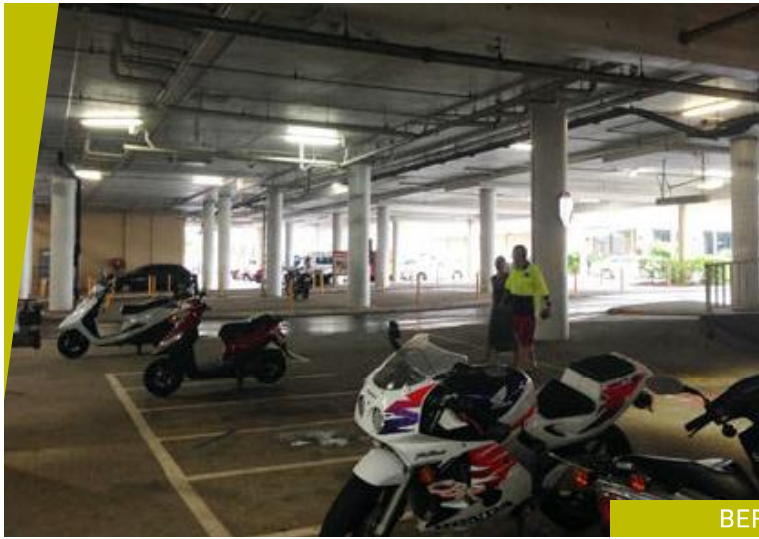
# CASUARINA SQUARE



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RETAIL DEVELOPMENT





BEFORE  
AFTER



CASUARINA SQUARE

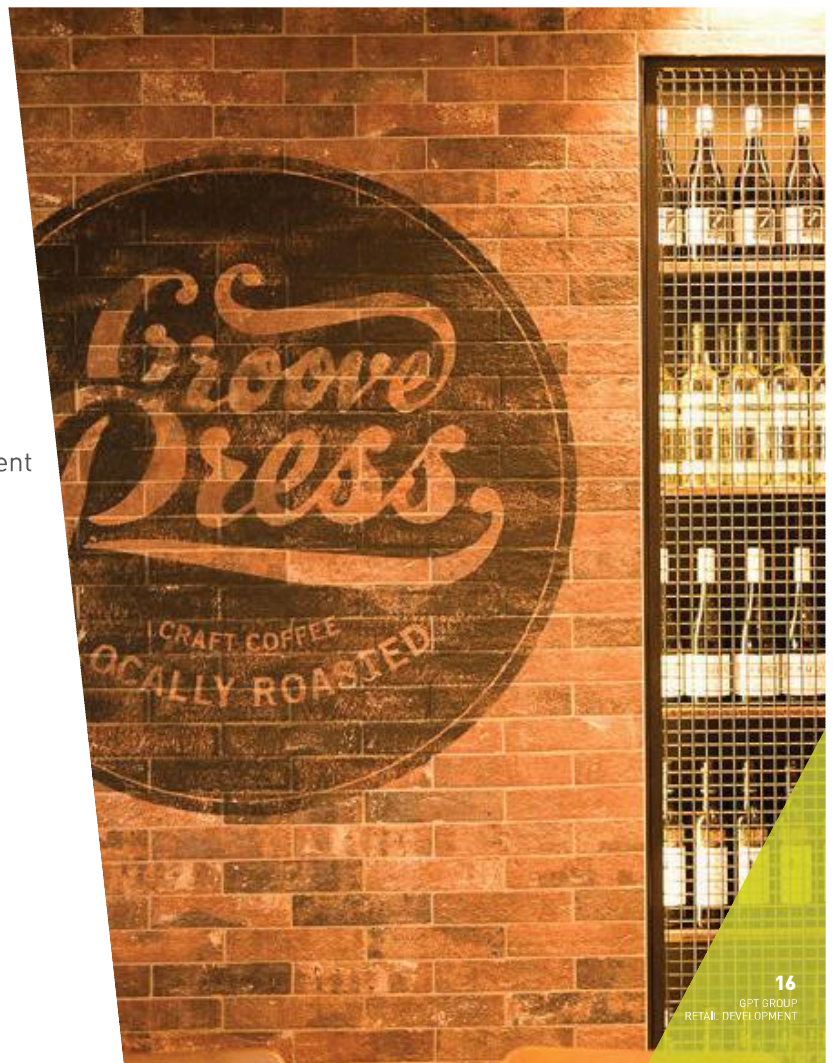


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RETAIL DEVELOPMENT

## 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 ENTERTAINMENT AND LEISURE PRECINCT



CASUARINA SQUARE





# CHARLESTOWN SQUARE



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RETAIL DEVELOPMENT

## 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



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RETAIL DEVELOPMENT



LEVEL 1



LEVEL 2



## CHARLESTOWN SQUARE

21  
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CHARLESTOWN SQUARE



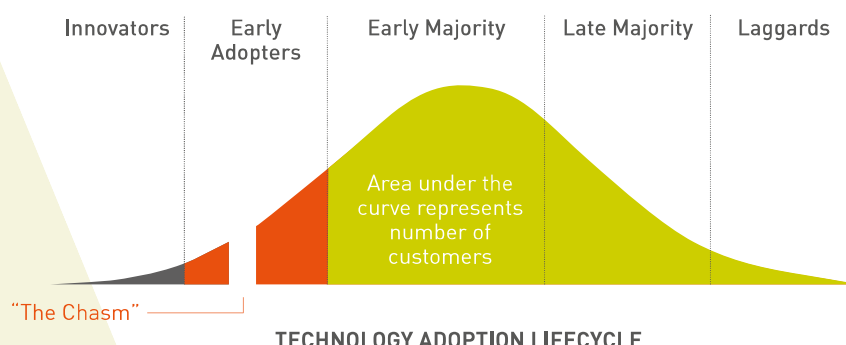
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RETAIL DEVELOPMENT



# 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



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## MELBOURNE CENTRAL



FLOOR PLAN PRE-REDEVELOPMENT



GPT'S RESPONSE - POST DEVELOPMENT

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RETAIL 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**



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RETAIL DEVELOPMENT

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%



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## 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



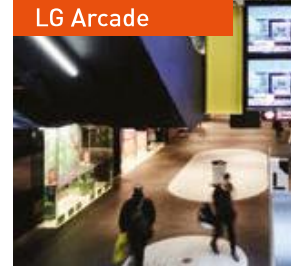
LG Eatery



L2 Dining Hall



Laneway



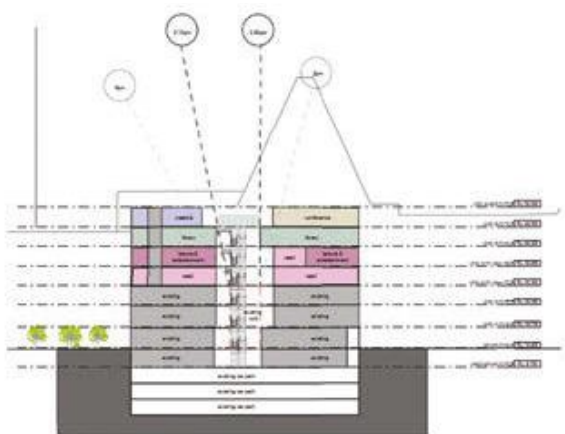
LG Arcade



## MELBOURNE CENTRAL

# ROOFTOP EXPANSION

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



Source: Diagrams, Spring 2012 (preparation 2012)





# ROUSE HILL TOWN CENTRE



## 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



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## 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)



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# 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%



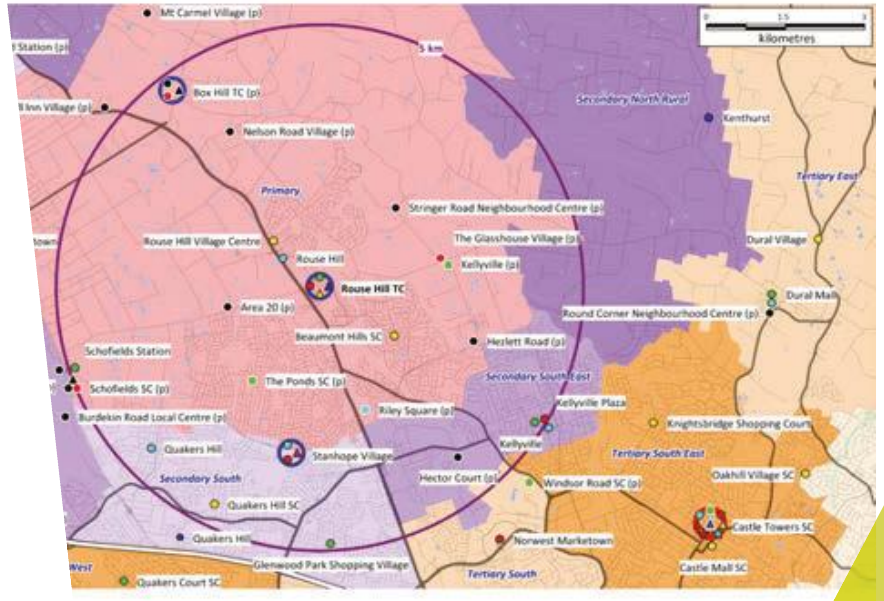
## Market Overview

- 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



# 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



## 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





# HIGHPOINT SHOPPING CENTRE



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## 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



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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**



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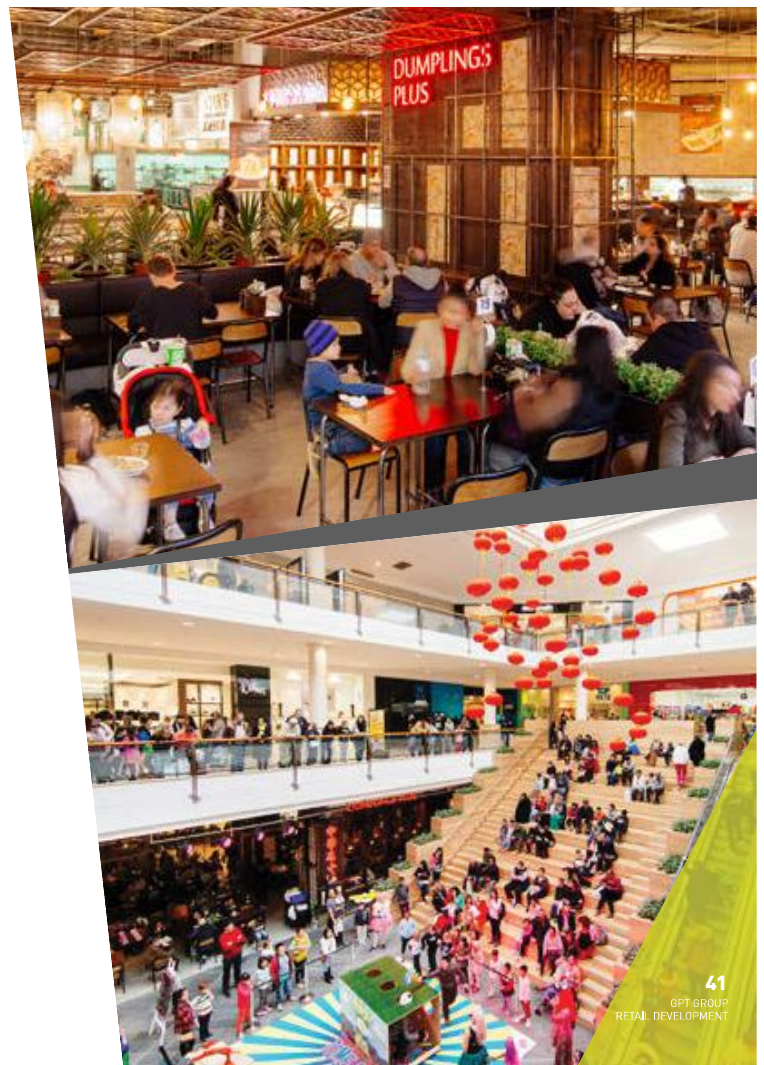
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HIGHPOINT SHOPPING CENTRE

## 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



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## 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



## "TOWN CENTRE" POTENTIAL

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



# 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



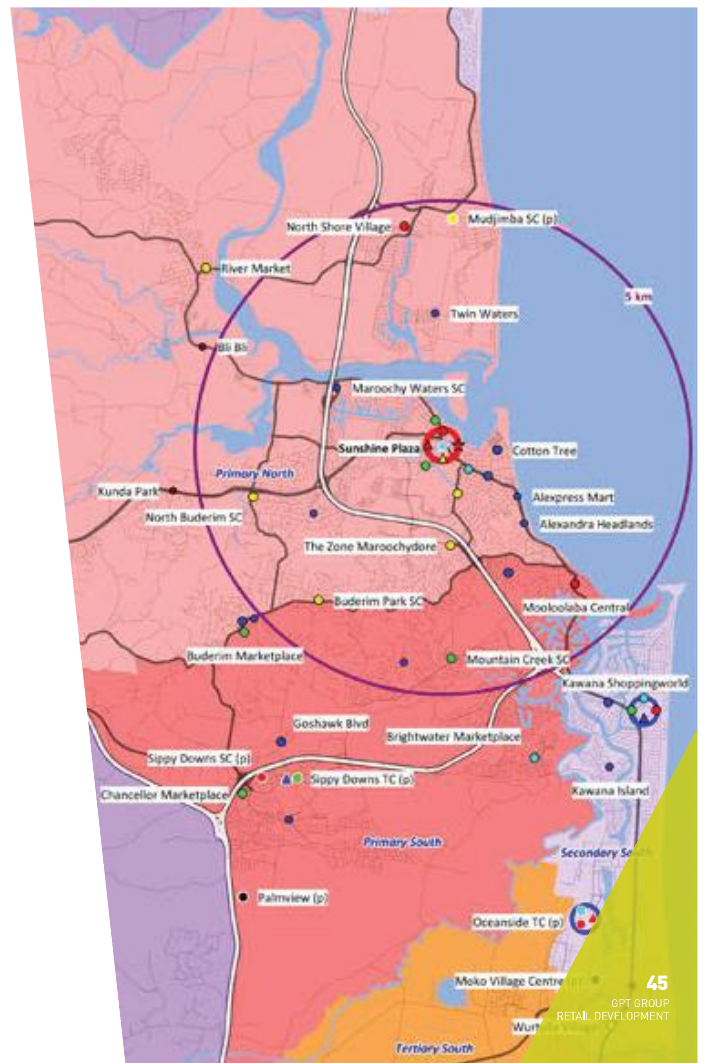
#### Market Overview

- 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





## DEVELOPMENT

### Retail Plan

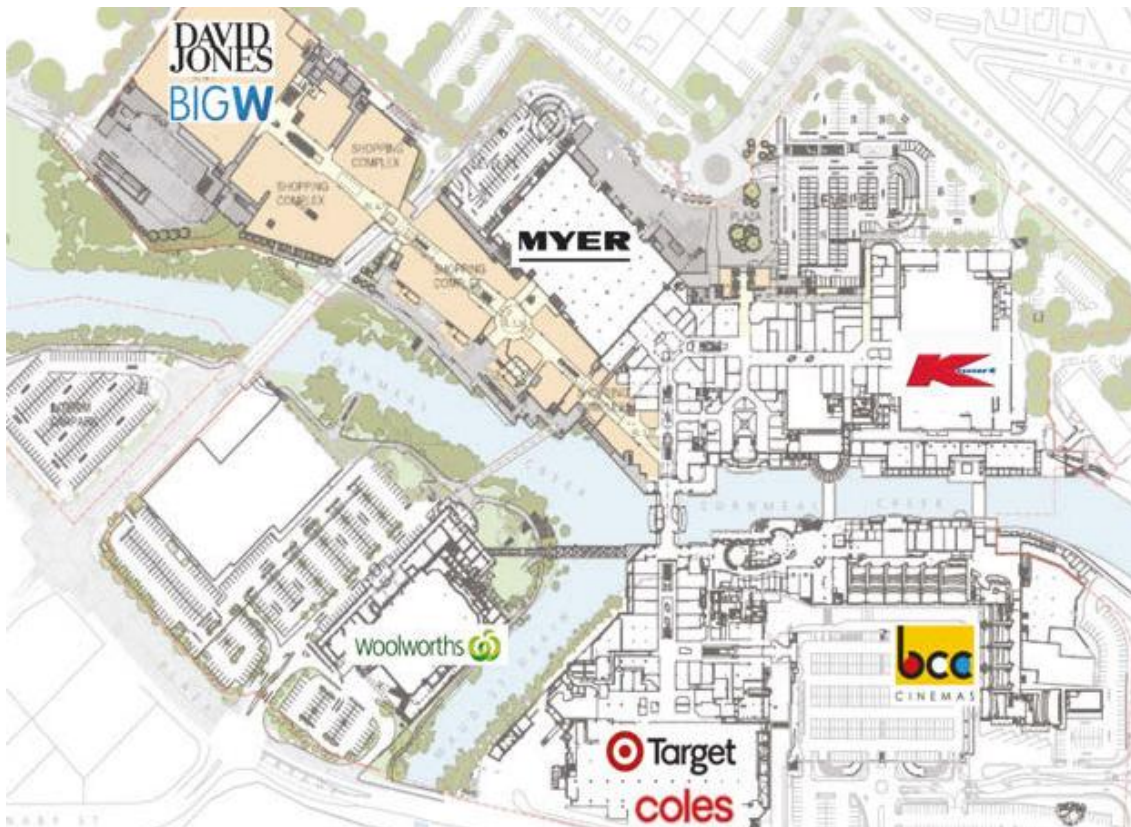
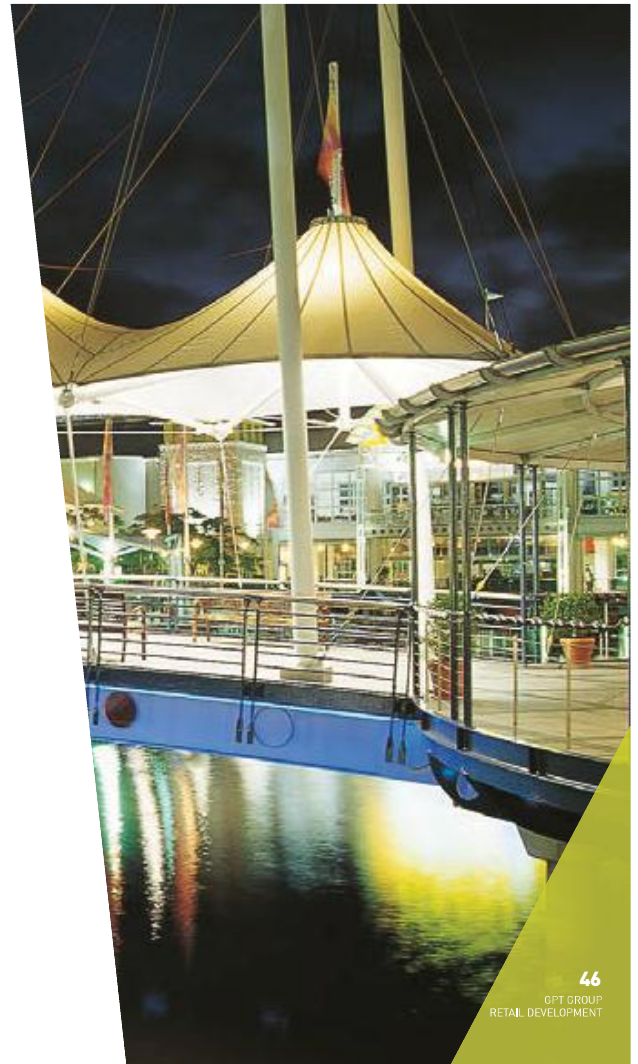
- Additional 34,400 sqm, with 13,300 sqm of specialty GLA
- Pre-committed:
  - David Jones – 8,000 sqm
  - Big W – 6,500 sqm
  - International Mini Major – 3,000 sqm
  - Myer – refurbished store and new lease until 2031
- Two mini majors (3,629 sqm);
- Additional 105 specialty shops

### 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 DEVELOPMENT DESIGN

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SUNSHINE PLAZA DEVELOPMENT DESIGN

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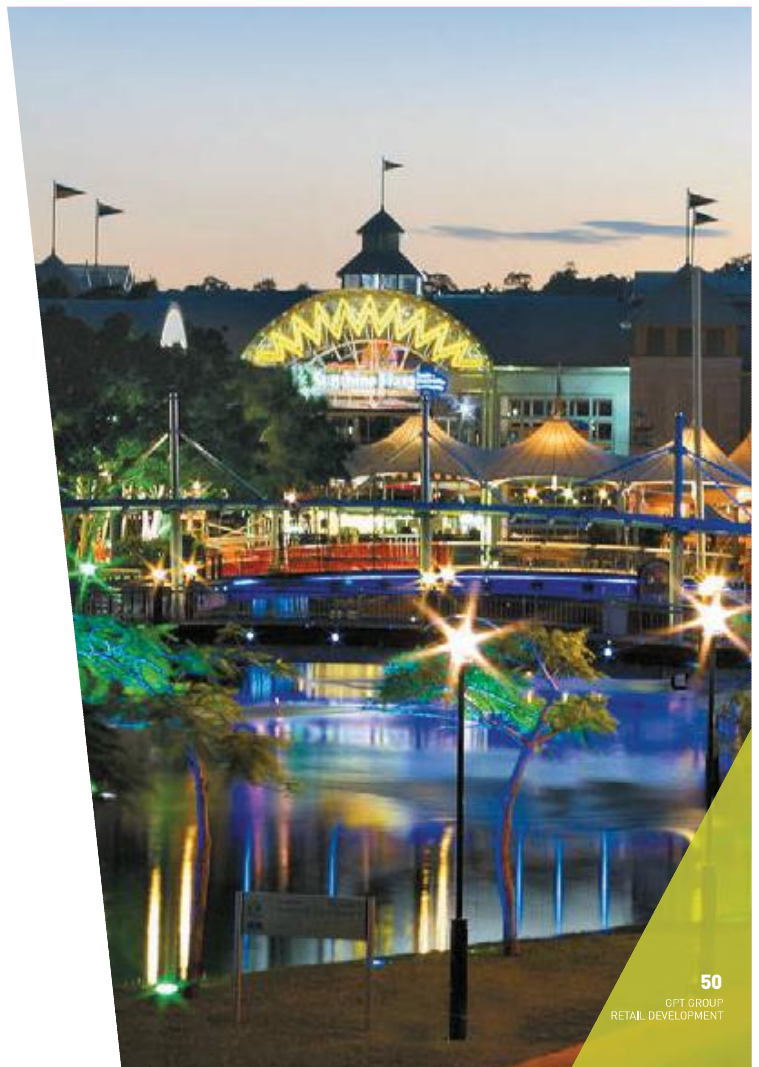
SUNSHINE PLAZA

## 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

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# GPT RETAIL PORTFOLIO STRATEGY



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# Q&A & CLOSING COMMENTS

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