Charter Hall

CPIF Quarterly Report

September 2020

Private and Confidential

Trade Coast Industrial Park, Pinkenba QLD

Contents

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Executive Summary

Coles, Wetherill Park Fulfillment Centre, Horsley Park, NSW

1.1 Fund Highlights

Financial Performance

Unit Price / NTA[1]
$1.27 / $1.24

QTR △
- / -
PCP △
▲$0.07/ ▲$0.06

Unit Price Returns[2]

1 yr	10.5%
3 yr	10.2%
5 yr	10.5%

DPU
1.42c

QTR △: 0.15c ▼
PCP △: 0.03c ▼

LVR[3]
11.1%

QTR △: 7.0% ▼
PCP △: 1.6% ▲

Property Portfolio Performance

GAV[4] / Adj.NTA
$5.76bn / $4.57bn

QTR △
▲$590m / ▲$610m

WALE[5]
10.6 Years

QTR △: 0.4 years ▲
PCP △: 0.8 years ▲

Occupancy[5]
97.9%

QTR △: 0.7% ▲
PCP △: 0.2% ▼

WACR
5.11%

QTR △: 0.03% ▼
PCP △: 0.49% ▼

76 Assets
(2.6m sqm)

Avg. Prop. Value $96m[6]

Average Building Age[7]
8.6

QTR △: 0.7 ▼
PCP △: 0.8 ▼

WARR[8]
2.9%

QTR △: -
PCP △: 0.1% ▼

WACD
2.5%

QTR △: 0.2% ▼
PCP △: 1.4% ▼

1. Statutory (Balance sheet) NTA excl. derivatives & MTM.
2. Returns post management fees based on Unit Price Methodology.
3. Look through LVR calculated as look through borrowings divided by look through investment property value, both net of look through cash. Balance sheet LVR is 8.3%
4. GAV refers to the total value of CPIFs underlying property investments including completion value of pre-leased acquisitions and developments
5. Occupancy and Weighted Average Lease Expiry (WALE) data is calculated on net income.
6. Average property value based on 100% ownership, including the on-completion value of committed projects, not including land banks.
7. Building age adjusted for major refurbishments.
8. CPI assumption of 1.5% assumed

Note: ‘Qtr Δ’ denotes metric change from previous quarter; and ‘PCP Δ’ denotes metric change from previous comparative period i.e previous 12 months.

1.2 Fund Manager Update

Assets

$229m	**Settled Acquisitions.** 50% of Minto Logistics Hub NSW for $103m and the Visy O-I Glass Portfolio (Spotswood VIC & West Croydon SA) for $126m
$15m	**Exchanged Acquisitions.** Land acquisition of $15m for the proposed Visy distribution facility to be developed in Epping VIC.
$6m	**Exchanged Divestments.** Surplus land parcel sale at Rosehill Distribution Centre NSW for $6m
$977m	**Committed Developments.** Committed development projects underway include; Wetherill Park Distribution Centre NSW (Marley Spoon), Wetherill Park Fulfillment Centre NSW (Coles), Frenchs Forest Logistics Park NSW (Bunnings), Midwest Logistics Hub VIC (Toll, Bridgestone, Uniqlo, Coles, Encore Tissue and a new confidential user), Parkwest Industrial Estate VIC (Quik Corp), Epping Distribution Centre VIC (Visy) and Port Wakefield Road Distribution Facility SA (Metcash).
$25m	**Completed Developments.** Building 5 at Trade Coast Industrial Park QLD (DHL) completed August 2020 with a GAV of $25 million. The 50,500sqm estate is now fully leased to DHL, Australia Post, Amazon, Caroma, AP Eagers and Sandvik and has a value of circa $115 million.

Valuations

No CPIF assets were revalued as at 30 September 2020. The Fund will externally value 100% of its properties in the quarter ending 31 December 2020.

Leasing

During the quarter, the Fund executed 7 new leases (5 new and 2 converted from HOA) across a combined GLA of ~54,500sqm. A highlight of leasing activity over the quarter was Amazon signing a 5-year lease over 3,489sqm and Australia Post signing a 3-year lease over 7,416sqm, both in facilities at the newly completed Trade Coast Industrial Park QLD. Amazon and Australia Post have also signed short term leases at Frenchs Forest NSW & Discovery Industrial Estate VIC respectively, with advanced discussions in place to convert to longer term leases. These leases are reflective of the significantly increasing demand for e-commerce retailing over the past 6 months.

Equity Management

In August 2020 CPIF closed it’s 2020 equity raising with the Fund receiving Board approval to accept applications to $1.25 billion. Despite the uncertainty and economic impact created by the global COVID-19 pandemic, the offering was well received by both existing and new investors from both Australia and globally. The first 50% tranche of the equity raise was called and received in the September 2020 quarter by participating investors with the balance projected to be called before the end of the June 2021 quarter.

CPIF has continued to deploy capital in line with its strategy including deploying close to $1 billion over the past six months into accretive acquisitions, together with increasing the committed development pipeline to now be circa $1 billion of GAV being created into core holdings.

Given the line of sight on a number of significant off-market opportunities that are either under exclusive due diligence or are expected to materialise in the short to medium-term, the CHIML RE Board approved the launch of a new equity raising for a target $700 million, which will only be called after drawing all the 2020 capital raise.

The additional equity being raised will ensure CPIF can continue to deliver on its strategy of curating a pure play industrial and logistics portfolio that features a high concentration to the eastern seaboard and in particular the Sydney and Melbourne markets, whilst also maintaining a long WALE and focusing on resilient tenant customers with a large exposure to consumer staples and essential services.

Debt Management

In August 2020, CPIF executed two new 5-year debt facility agreements with $100m with SMBC at 200bps above the floating rate and $75m with CIC at 175bps above floating. The new SMBC & CIC facilities continue to improve the diversity by debt source and type as well as improving the staggered profile of the debt maturities. CPIF's combined debt book stands at $1.5bn, or $1.66bn on a look through basis.

CPIF are taking the opportunity of the low interest rate environment by restructuring two forward start interest rate swaps by resetting the $150m swap with ANZ, which commenced in August 2020 and the $120m swap with HSBC to start in August 2021.

In October 2020, the CHIML RE Board also approved the launch of a Medium-Term-Note (MTN) issuance in the Australian debt capital market, which will enable the Fund to continue to expand and diversify its debt book in line with strategy and bridge the headroom shortfall to its 30% target gearing following the equity issues. The target term will be for 10 years with the volume of issuance dependent on pricing levels.

Transactions & Gearing

The Fund's look through gearing as at 30 September 2020 is 11.1%. This follows the receipt of $626m in new equity as the first 50% tranche of the 2020 capital raise, offset by the deployment of capital on the acquisitions of 100% of the O-I Portfolio (Spotswood VIC and West Croydon SA) for $126m and 50% of the Minto Logistics Hub in south west Sydney for $103m during the quarter.

The gearing level will increase to 14.6% upon deploying $214m of capital for the purchase of a ~6.5ha vacant site at Epping, VIC for the construction and 10-year pre-lease of a 34,887sqm facility for Visy and 2 identified acquisitions in advanced due diligence.

A further $641m of capital is required to complete the construction of the committed development pipeline including the forward funded acquisition at Wetherill Park NSW for a highly automated fulfilment centre (Coles), the Port Wakefield Road Distribution Facility SA (Metcash) and the build out of committed developments underway, including at Wetherill Park Distribution Centre NSW (Marley Spoon), at Frenchs Forest Logistics Park NSW (Bunnings) and at Midwest Logistics Hub VIC (Toll, Bridgestone, Uniqlo, Coles, Encore Tissues & a new confidential user). The $641m development expenditure will take the gearing to 23.7%.

Factoring in the undrawn 2nd tranche of the 2020 equity raise of $623m before the end of the June 2021 quarter would reduce the gearing to 13.4% however this gearing level will increase to 18.6% in allowing for the future $387m of development expenditure required in building out the residual uncommitted land holdings.

The Gearing Analysis table below demonstrates the current LVR and the impact from the above commitments to the Fund gearing:

CAPACITY ANALYSIS ($'m)	**Sep-20**	**Committed Acquisitions**	**Committed Developments**	**Committed Capital**	**Uncommitted Developments**	**Headroom to maximum Target LVR**
Debt Open		570	784	1,425	802	1,189
Capital deployment/ (equity inflows)		214	641	(623)	387	1,040
Debt Close	570	784	1,425	802	1,189	2,229
GAV Total	5,149	5,363	6,004	6,004	6,391	7,431
LVR Total	**11.1%**	**14.6%**	**23.7%**	**13.4%**	**18.6%**	**30.0%**

[1] CPIF is a participant of the MSCI core wholesale index which has a maximum LVR of 30%. CPIF's bank covenant has a gearing limit of 50%.

COVID 19 Update

Management continued to work closely with CPIF's tenant customers over the past quarter to minimise the impact of COVID-19 on the portfolio, which has resulted in:

- No rent waivers in accordance with the State Codes being required
- 1 lease restructure undertaken – bringing forward tenants existing incentives (rent abatements) to cover rental payments
- 4 rent deferrals agreed – 50% rent deferred over 3-months (Jul 20 - Sep 20) to be repaid over ~12-months. These are 4 different tenants to the previous quarter and the amount deferred is also 33% less.
- 99% of rent billed in the quarter collected, in line with previous quarters with minimal ongoing arrears

CPIF's LVR & ICR as at 30 June 2020 continue to remain well below their covenants with the LVR at 11.1% (covenant is 50%), whilst the ICR was 7.3x (covenant is 2.0x).

Additionally, a majority of 31 December 2020 external valuations are expected to completely remove the material uncertainty clause. This is reflective of the continued strong market activity and pricing in the industrial and logistics sector from both domestic and offshore institutions.

Foreshadowing

Given the current strong demand and competition for Australian industrial and logistics assets, management is reluctant to release pertinent details however CPIF is either in an exclusive position or has high visibility on >$1 billion of acquisitions that are at an advanced stage.

Strong activity and enquiry continue to take place at the Fund's MidWest Logistics Hub at Truganina in Melbourne where a Heads of Agreement has been recently signed with an existing Charter Hall tenant customer to take a 20-year lease over a proposed 25,500sqm facility.

Information Requests

To ensure a timely response by the most appropriate team member, all industrial sector requests for information should be sent to our centralised RFI collection email address industrial.rfi@charterhall.com.au.

1.3 Fund Performance

Unit Price Return

The September 2020 quarter return is 0.5%, which comprises an income return of 1.2% (a distribution of 1.42 cents per unit) and a capital return of (0.8%) driven by the amortisation of acquisition costs over the quarter and reset of interest rate swaps.

Net Return (Post Management Fees)	Quarter	1 year	3 Years	5 Years	Inception*
Income Return	1.2%	5.3%	5.5%	5.9%	5.8%
Capital Return	(0.8%)	5.1%	4.7%	4.6%	3.8%
Total Return	**0.5%**	**10.5%**	**10.2%**	**10.5%**	**9.7%**

***Performance fee return hurdle is calculated on net tangible assets (i.e. upfront write off on acquisition costs and excludes MTM) with since inception return of 9.3%. Next review date is December 2021.

Gross Return (Pre-Management Fees)	Quarter	1 year	3 Years	5 Years	Inception
Income Return	1.4%	5.9%	6.1%	6.5%	6.5%
Capital Return	(0.8%)	5.1%	4.7%	4.6%	3.8%
Total Return	**0.6%**	**11.1%**	**10.8%**	**11.1%**	**10.3%**

MSCI/IPD Return

Net Return (MSCI Methodology)	Quarter	1 year	3 Years	5 Years	7 Years
Income Return	1.1%	5.1%	5.4%	6.0%	6.5%
Capital Return	0.1%	5.7%	5.0%	4.9%	5.0%
Total Return	**1.2%**	**11.1%**	**10.6%**	**11.1%**	**11.8%**
MSCI API Income Return	0.7%	3.2%	3.9%	4.4%	4.8%
MSCI API Capital Return	(0.2%)	(6.4%)	0.6%	3.0%	3.3%
MSCI API Total Return	**0.5%**	**(3.4%)**	**4.5%**	**7.4%**	**8.2%**
CPIF vs MSCI API Total Return Delta	**0.7%**	**14.5%**	**6.1%**	**3.7%**	**3.6%**

Industrial sector represents 7% of the MSCI Unlisted Wholesale Property Fund Index. The MSCI 1-year return for the Industrial sector is 10.8%

The divergence between the MSCI and Unit Price net returns are due to the following factors, which can be temporarily skewed in either direction by the timing and amount of transactions undertaken:

Acquisition Costs: MSCI methodology is in accordance with IFRS NTA with acquisition costs written off upfront. The Unit Price methodology amortises them over 5 years.

MTM of Derivatives: Unit price excludes the marking to market of derivatives from the calculation to eliminate the volatility inherent in interest rate and exchange rate movements. CPIF has a 40-80% hedge target range that minimises the exposure of interest rate movements in its operating earnings.

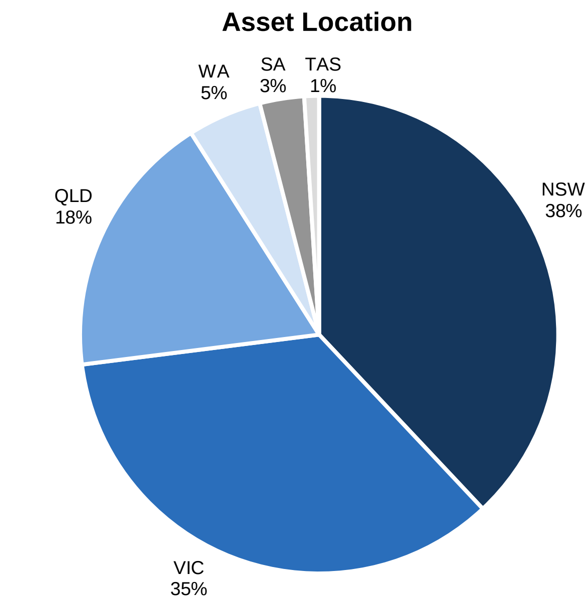
Denominator: The abovementioned differences in treatment creates a divergence in the denominator/base in calculating the returns for the respective period. MSCI's base is currently lower due to the acquisition costs written off from inception. This will vary over time and is largely driven by the level of transactional activity.

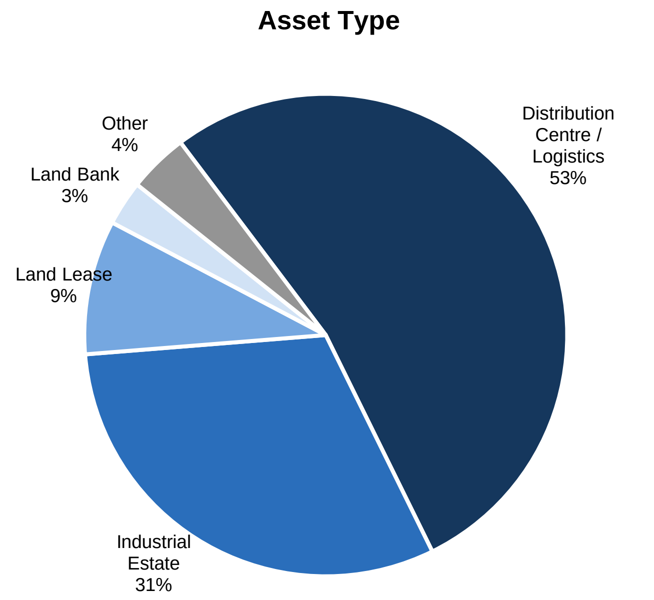
2

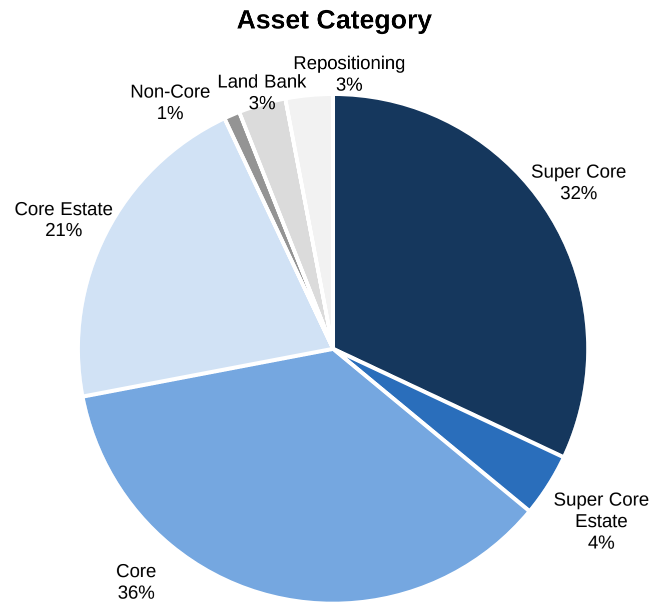
Property Portfolio

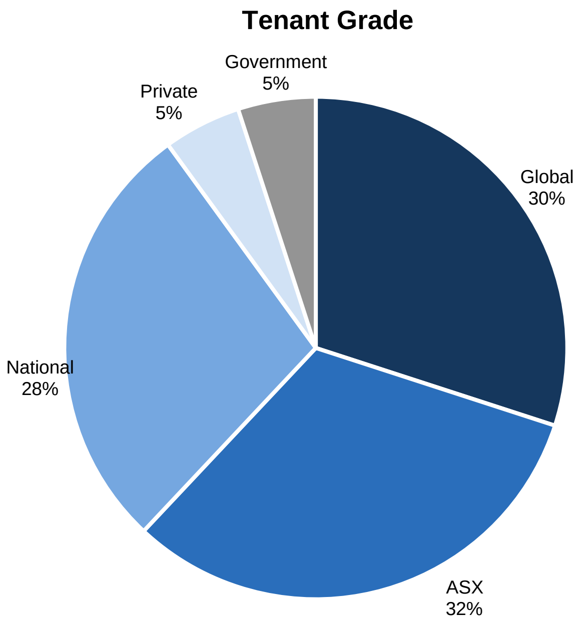
Smithfield Distribution Facility, Smithfield, NSW

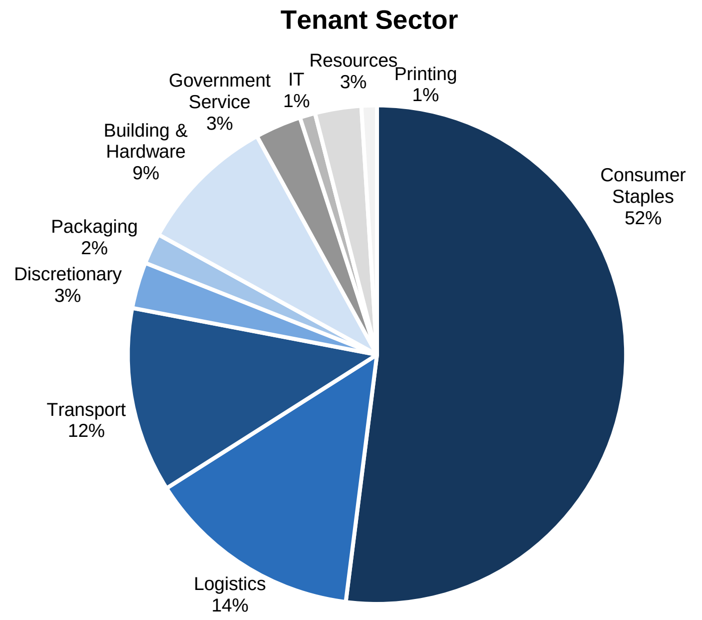
2.1 Property Portfolio Overview



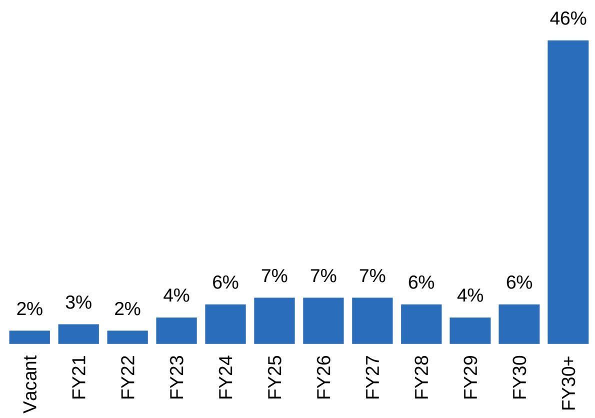




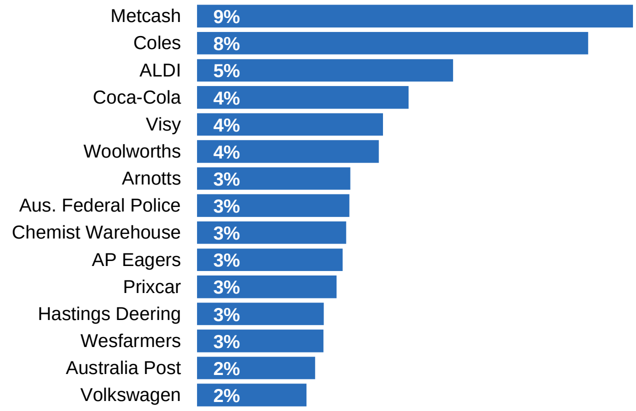




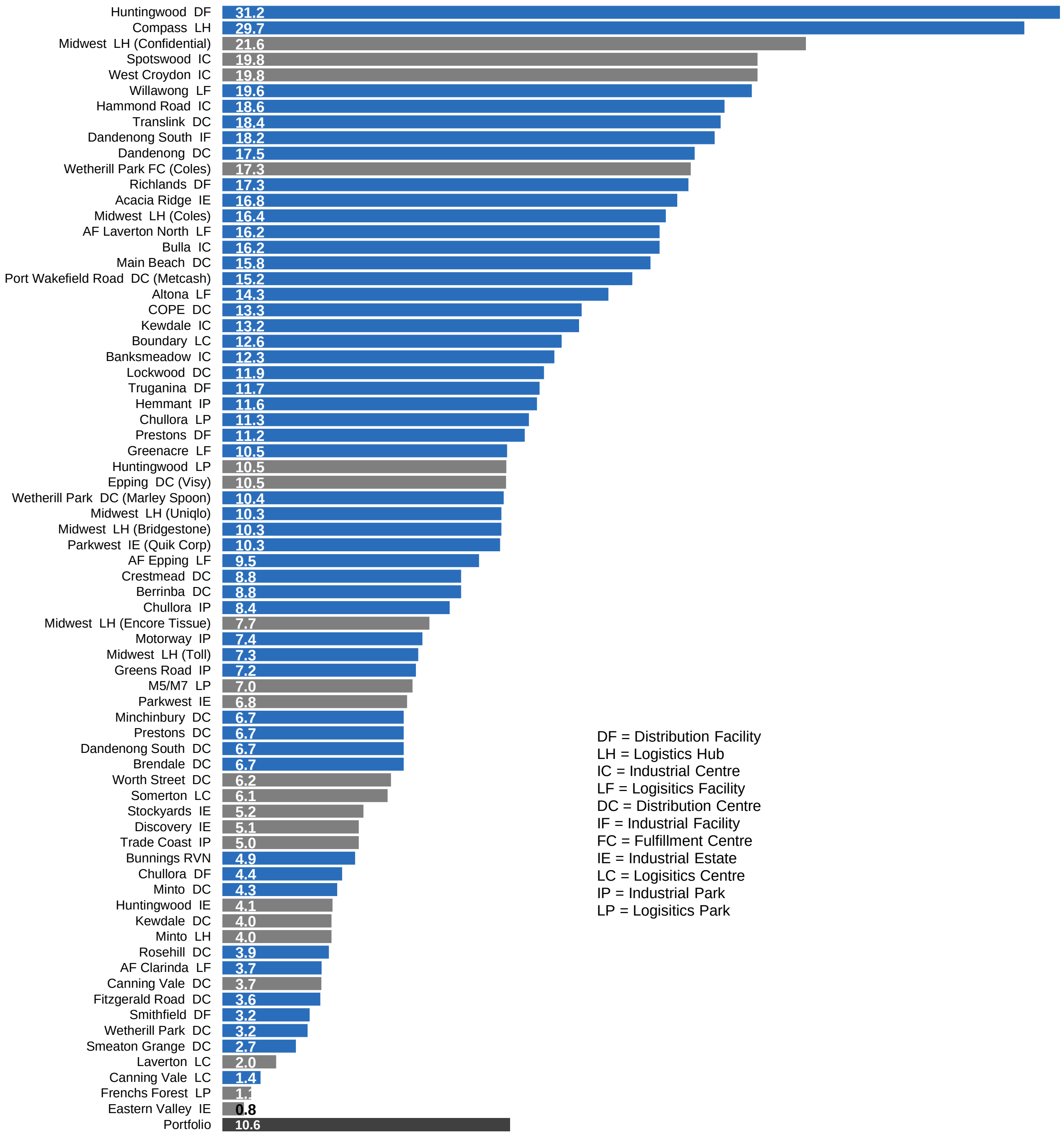
Lease Expiry Profile



Top 15 Tenants



WALE



DF = Distribution Facility
LH = Logistics Hub
IC = Industrial Centre
LF = Logisitics Facility
DC = Distribution Centre
IF = Industrial Facility
FC = Fulfillment Centre
IE = Industrial Estate
LC = Logisitics Centre
IP = Industrial Park
LP = Logisitics Park

Graphs above are weighted on net income.

■ Grey shading indicates major increases or new acquisitions in WALE over the quarter

2.2 General Property Update

New South Wales

Frenchs Forest Logistics Park. On expiry of the Australia Post lease in February 2022, Bunnings will develop a new multi-level store and on completion enter into a new 12-year term. Amazon has taken a short-term licence over the warehouse at 8 Rodborough Road and are currently in advanced discussions about extending for a longer term. The offices are undergoing a complete refurbishment and will be completed in October 2020.

Huntingwood Industrial Estate. CBRE and JLL have been appointed to re-lease the site targeting long-term leasing opportunities. The property has been shortlisted for a brief requiring a 10-year term utilising the existing improvements and it will be known whether it is the successful option prior to the end of the calendar year, whilst other strong enquiry is being fielded with several submissions recently issued.

M5/M7 Logistics Park. Management have secured terms with a global logistics user for a new 5-year lease over a 13,574sqm tenancy. Upon commencement of this new lease in early November the estate will be fully leased.

Victoria

Discovery Industrial Estate. Premises have been leased to Australia Post on a short-term licence, with an expectation to remain till Q2 2021. A marketing campaign is underway targeting a new lease commencement date in Q3 2021.

Parkwest Industrial Estate. Negotiations are underway with a number of different tenants to occupy 10B Parkwest Drive upon ACFS Port Services vacating. Conjunctional leasing agents Colliers and CBRE have also been appointed to the Estate to assist with leasing the pending vacancy. Upgrade works to landscaping, signage and fencing have been scoped and a project manager appointed to manage a tender programme. Works are expected to commence in early FY21 and completed in two stages over the next two financial years.

Somerton Logistics Estate. A HoA has been signed with Chemist Warehouse to extend their existing lease over 51 Filo Drive and expand into the adjoining premises at 75 Filo Drive, both on new 10-year terms, when the existing tenant Visy moves in early 2021 into the new Epping facility that CPIF is developing for them. Chemist Warehouse have also extended their premises at 70 Sydney Road for a further 12-months. A HoA has also been executed over 866 Coopers Street to a new tenant for a 6-year lease term commencing November 2020. Conjunctional leasing agents have also been appointed over 880 Cooper Street as Mazda will be vacating their premises upon lease expiry in March 2021.

Queensland

Berrinba Distribution Centre. Management are running a targeted marketing campaign for Warehouse 2 vacancy (10,280sqm). A proposal has been issued to a global logistics tenant for a 7-year term.

Trade Coast Industrial Park. Australia Post has executed a 3-year lease over Building 4 (7,416 sqm), which commences October 2020 and Amazon has executed a 5-year lease across the balance of Building 3 (3,489 sqm). The DHL facility on Building 5 reached practical completion on 25 August 2020.

DHL are utilising the facility for its LG & Panasonic contracts and will be able to service its Brisbane customer base more efficiently through improved transport linkages, high internal clearances, and state-of-the-art building features.

Western Australia

Canning Vale Distribution Centre. A HoA has been signed with an ASX listed pharmaceutical company on a 10-year deal over 6,700sqm commencing April 2021.

Kewdale Distribution Centre. A licence has been executed with Australia Post over 7,500sqm of the vacancy until Q2 2021. This requirement is an overflow space for the tenant related to the increased parcel volumes due to COVID-19.

Stockyards Industrial Estate. Terms agreed with Linfox on a 3-year extension to 2025.

2.3 Development Update

New South Wales

Huntingwood East Logistics Park. DA's have been lodged for the proposed demolition, earthworks and built form which will allow redevelopment of the site to accommodate a 24,000sqm logistics facility. Management commenced demolition of the existing improvements in late July 2020, with Council approval for the earthworks and building expected imminently. Management is undertaking marketing of the site for pre-lease with several proposals submitted and subsequent shortlisting for one requirement.

Wetherill Park Distribution Centre. Management have executed an unconditional AFL with Marley Spoon at Building 2A for 14,030sqm on a 10-year lease. Construction commenced in July 2020 with a completion date of February 2021. Management are currently marketing the remaining Warehouse 2B (12,200sqm) for pre-lease with several proposals submitted and shortlisted.

Victoria

MidWest Logistics Hub. Stage 1 and 2 Infrastructure, servicing Toll, Coles, Uniqlo and Bridgestone is largely complete with power energisation expected to be completed in Q4 2020.

Construction works for the 44,075sqm temperature-controlled pre-lease facility for Toll (3PL to Mars) is now complete. However, COVID-19 Stage 4 restrictions have meant that Practical Completion is likely to be in December 2020.

Qanstruct has been appointed to construct Bridgestone's 23,856sqm commercial centre and warehouse facility. Construction work has progressed well with erection of pre-cast concrete complete and roofing underway. COVID-19 Stage 4 restrictions have resulted in an impact to the programme by 6-weeks, with practical completion now expected in April 2021.

Principal contractor Texco has erected steel, pre-cast concrete panels, most of the roof and roughly 50% of the warehouse concrete for Uniqlo's 46,016sqm automated distribution centre. Despite Stage 4 restrictions, early access will be handed over to Uniqlo per the original AFL program, however final practical completion will be delayed by 6-weeks, pushed out to June 2021.

FDC are progressing well with completion of structural piling and commenced steel erection in September 2020 for Coles/Ocado. Minor delays of approximately 10 days due to COVID-19 restrictions have been incurred with practical completion due in November 2021.

Encore Tissue signed an AFL for a 7-year pre-lease over 15,200sqm with planning permits received in September 2020. A tender was undertaken for the construction of the asset with Vaughans Construction being the successful contractor.

Management has successfully executed a Heads of Agreement with an existing significant Charter Hall tenant customer to pre-lease a 25,500sqm facility on an initial 20-year lease term.

Parkwest Industrial Estate. An AFL has been executed by Quik Corp who have committed to a 10-year lease over 5,420sqm at Warehouse 1. A construction contract was executed by Corplex with town planning approval granted in July 2020. Agents CBRE and Colliers are appointed to the balance spec tenancy with project marketing now underway. Practical completion of both Warehouse 1 and 2 is now anticipated to be May 2021 due to a combination of COVID-19 impacts, town planning and ground stabilisation works required.

CoreWest Logistics Hub. Acquisition of the site settled in March 2020 replenishing CPIF's landbank in Melbourne's west following the successful take up at MidWest Logistics Hub. The site subdivision infrastructure is underway with construction of National Drive and the signalised intersection at Palmers Road due for completion late 2020. On completion of the subdivision works, the parcel will yield a net developable area of 22.3ha and provide the opportunity to create a further ~$195m of core industrial product. The Vendor is responsible for subdivision of the land, which commenced in April 2020 with completion due in April 2021. Several large-scale pre-lease requirements are expected to be released to the market in late-2020 and early-2021, providing opportunities for CoreWest Logistics Hub.

41-59 Colemans Road, Dandenong South. Settlement of the ALDI portfolio took place in June 2020. The Dandenong South asset includes 6.0ha of surplus land of which 5.5ha of the land is developable. Concept plans have been finalised with commencement of subdivision process underway. The subdivision application is targeted to be lodged in 2-3 months following detailed investigations and reports on the site. Marketing collateral is being prepared for marketing to pre-lease enquiries.

Queensland

Motorway Industrial Park. Final works to create level and retained building pads on Stage One of the estate is now substantially progressed with works expected to be completed during the fourth quarter of 2020. Management have secured generic DA's for 2 potential facilities, with a third DA currently being prepared within the estate and are actively marketing these sites for pre-lease.

2.4 Transactions

Settled Acquisitions

Minto Logistics Hub, NSW – CPIF and another Charter Hall managed fund settled contracts on 15 September 2020 for a 100% interest in a fully leased freehold industrial land holding of 30.6ha from Qube Holdings for a total consideration of $206.4m. The property was acquired jointly on a 50/50 basis as tenants in common. The property comprises a significant total site area of 30.6ha and total developable area of 28.9ha of predominantly cleared, level land improved by an asphalt road base with hail-nettings that is utilised as car import, storage and distribution facility. The property is fully leased to 4 key automotive tenants being Mazda, CEVA, PrixCar and Dial A Tow on a total net passing rent of $9.86m or $36/sqm on GLA with a WARR of 2.92% per annum. The large contiguous holding features an existing DA approval and staggered lease expiry profile, providing the fund excellent optionality to relet or redevelop over the short to medium term.

Visy O-I Glass Portfolio – CPIF settled contracts on 28 July 2020 to purchase a portfolio of two glass production and distribution facilities in Spotswood VIC and West Croydon SA from Visy / Owens-Illinois (O-I) subject to a 20-year triple net sale and leaseback to Visy Glass for a total consideration of $126.2m. Visy participated in a competitive process to acquire the Australian and New Zealand business from Owens-Illinois and completed their acquisition on 30 July 2020. The Portfolio has an aggregated site area of approximately 126,740 sqm and 87,000sqm of GLA. The assets comprise two glass production and warehousing facilities that essentially represent long leased, income producing land holdings in strategic infill locations within Melbourne and Adelaide. The parent entity, Visy is a market leader with an international operational footprint extending across more than 120 facilities across Australia, New Zealand and Thailand and trading offices across Asia, Europe and the USA. Visy is one of the world's largest privately-owned paper, packaging and recycling company. The acquisition of the O-I business by Visy is complementary to their operation and customer base and is seen a very long-term strategic addition.

Exchanged Acquisitions

Epping Distribution Centre (Visy), VIC – CPIF exchanged conditional contracts on 14 July 2020 to purchase a 100% interest in a 6.45ha industrial development site for $15.4 million ($250/sqm on site area) from Vaughans Constructions, which is subject to an unconditional AFL with Visy for a new 10-year lease commencing at practical completion. CPIF has simultaneously entered into a fixed price design and construct contract with Vaughans for the construction of the facility. Upon practical completion the brand-new purpose-built warehouse facility will comprise improvements of 34,887sqm (54% site cover) that will have an on-completion value of $53.9m.

Wetherill Park Fulfillment Centre (Coles), NSW – CPIF exchanged contracts on 5 May 2020 to acquire an automated Coles Fulfillment Centre, in partnership with UK based contractor Ocado Group on a forward funded structure. On completion the property will comprise a state of the art purpose-built 28,287sqm automated Coles Fulfillment Centre fully leased to Coles Group Limited for 15-years from completion. The acquisition presents CPIF the opportunity to partner with key tenant customer Coles to create a next generational automated logistics facility that will be key to the growth of their online groceries business. Coles automation contractor Ocado is the world’s largest dedicated online grocery retailer and has partnered with leading international grocery retailers globally to provide automated Customer Fulfillment Centres.

Settled Divestments

CPIF did not settle any divestments in the September 2020 quarter.

Exchanged Divestments

Part 372 Eastern Valley Way, Chatswood, NSW – CPIF exchanged conditional contracts in December 2018 for the sale of a 697sqm parcel of land at Eastern Valley Industrial Estate to Fabcot Pty Ltd (Woolworths) for $1.3m. This slither of land fronts Eastern Valley Way and is subject to a road widening reserve by NSW Roads and Maritime Services (RMS). Woolworths are acquiring the land so they can progress the intersection upgrade as part of their approval for a new supermarket. This disposal has no negative impact to the value or operation of the Industrial Estate and is conditional on subdivision approval and creation of title. Settlement is expected in December 2020.

8 Colquhoun Road, Rosehill, NSW – CPIF exchanged unconditional contracts on 16 September 2020 for the sale of a 6,072sqm parcel of land at 8 Colquhoun Street, Rosehill, NSW to TC Development Co Pty Ltd (AWJ) for $5.5m reflecting a rate of $905.8/sqm. This land was considered surplus to CPIF’s Rosehill Distribution Facility and was subsequently sub-divided with the intention of being sold. This disposal has no negative impact to the value or operation of CUB. Settlement is expected to occur in March 2021.

2.5 Environmental, Social & Corporate Governance

Green Star Performance FY19 Results released

CPIF recently received results for its first three-yearly Green Star Performance resubmission.

A total of 58 assets were able to seek a rating for the FY19 reporting period. At 17 points, CPIF achieved the highest result amongst the pure Charter Hall Industrial & Logistics funds. The top performers that gained 3 stars are listed below.

Property	State	GSP FY19 results
Holt Street Distribution Centre	QLD	39.5
Smithfield Distribution Facility	NSW	37.2
Somerton Logistics Centre	VIC	36.7
Berrinba Distribution Centre	QLD	35.6
Huntingwood Industrial Estate	NSW	35.3
Smithfield Distribution Facility	NSW	35.1
Canning Vale Distribution Centre	WA	34.2
Kewdale Distribution Centre	WA	33.7
Canning Vale Distribution Facility	WA	32.6
Main Beach Distribution Centre	QLD	31.1
Chullora Industrial Park	NSW	30.0

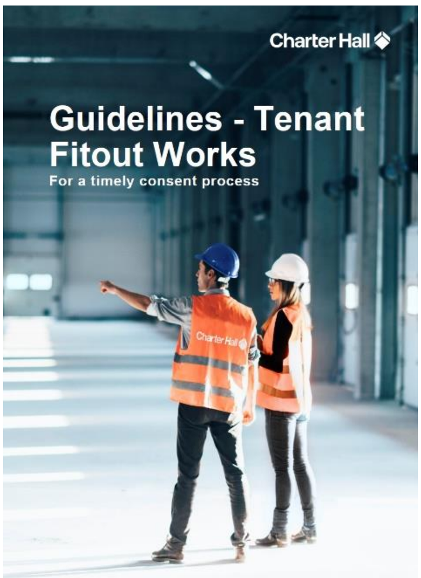
These sites all benefitted from having complete electricity and water consumption information, as well as numerous portfolio-wide policies and initiatives in place:

- Environmental management plans
- Third party certification of the management systems
- Site maintenance procedures including green cleaning policies

Sustainability incorporated into Tenant Customer Fitout Guidelines

In FY20 CPIF updated its Tenant Fitout Guidelines to incorporate Sustainability guidance that aligns to the Fund Green Star improvement pathways. This provides guidance on improving indoor environmental quality and utility performance through:

- Use of low VOC products
- Elimination of pollutants from printers and photocopiers
- Acoustic and lighting comfort
- Tenant access to CPIF-installed energy and water metering systems



Integration of Ecologically Sustainable Development (ESD) Principles into your fit out design:

Charter Hall recognises the multi-dimensional benefits of integrating ESD principles in the development process. Below are a number of low to medium impact design considerations that you may consider in submission of your fitout design:

Speak to your property manager for more information on the application of these suggestions. Tenants may also consider, where feasible, the inclusion of a healthy food offering through either a permanent or mobile food truck or dietary options.

Exhaust or Elimination of Pollutants	Acoustic Comfort	Lighting Comfort
Why is this valuable to you, the Tenant?	*Why is this valuable to you, the Tenant?*	*Why is this valuable to you, the Tenant?*
Charter Hall's suggested methods of maintaining pollutants in your work place enables you to create a low toxicity environment, allows for the removal of harmful materials from existing buildings and contributes to an improvement in air quality through appropriate ventilation.	Built environments can harbor sounds that are distracting and disruptive to work or relaxation. Employee surveys show that acoustic problems are a leading source of dissatisfaction within the environmental conditions of an office.	Charter Hall encourages Tenants to implement considered lighting solutions that allow for the rewards of energy efficiency and the prioritisation of occupant well-being, our suggestions promote and reward a holistic approach to sustainability.

2.6 Leasing

Executed Leases

Property	State	Tenant	GLA	Type	Term
Frenchs Forest Logistics Centre	NSW	Amazon	3,895	New, Net	0.5
Worth St Distribution Centre	NSW	Spicers	13,127	Renewal, Net	5.0
Discovery Industrial Estate	VIC	Australia Post	11,338	New, Net	0.5
Midwest Logistics Hub	VIC	Encore Tissue	15,200	New, Net	7.0
Main Beach Distribution Centre	QLD	CEVA	17,120*	Renewal, Net	1.8
TradeCoast Industrial Park	QLD	Amazon	3,489	New, Net	5.0
TradeCoast Industrial Park	QLD	Australia Post	7,416	New, Net	3.0
Total / Average			**54,465**		**3.7**

* denotes Site Area

2.7 Occupancy

Portfolio occupancy (by net income) for the September quarter has increased from 97.2% to 97.9% (+0.7%). The table below provides detail only on properties where either occupancy is less than 100% or where there has been change in occupancy from the previous quarter. The 6 assets with vacancy have a 2.1% weighted impact to the portfolio occupancy.

Property	Sep-20	Jun-20	Variance	Notes
Frenchs Forest Logistics Park	64.8%	42.5%	22.3%	1
Huntingwood Industrial Estate	32.2%	69.9%	(37.7%)	2
M5/M7 Logistics Park	100.0%	84.2%	15.8%	3
Parkwest Industrial Estate	86.0%	100.0%	(14.0%)	4
Berrinba Distribution Centre	49.0%	49.0%	-	5
Trade Coast Industrial Park	100.0%	92.6%	7.4%	6
Canning Vale Distribution Centre	81.8%	81.8%	-	7
Kewdale Distribution Centre	78.1%	58.7%	19.4%	8
Minto Logistics Hub	100.0%	-	100.0%	9
Spotswood Industrial Centre	100.0%	-	100.0%	10
West Croydon Industrial Centre	100.0%	-	100.0%	10
Midwest Logistics Hub (Encore Tissue)	100.0%	-	100.0%	11
Midwest Logistics Hub (Confidential)	100.0%	-	100.0%	12
Epping Distribution Centre (Visy)	100.0%	-	100.0%	13
Wetherill Park Fulfillment Centre (Coles)	100.0%	-	100.0%	14
Portfolio Total	**97.9%**	**97.2%**	**0.7%**	

1. Amazon has signed 6-month licence agreement.
2. Kerden Haulage has vacated. Enquiries are ongoing for the remaining vacant tenancies.
3. HoA signed with a global logistics user for a 5-year lease over Building 4A.
4. ACFS Port has vacated the premises. Agents have been appointed to re-lease tenancy.
5. Enquiries are ongoing for the remaining vacant tenancies.
6. Australia Post has executed a 3-year lease over Building 4 and Amazon has executed a 5-year lease across the balance of Building 3.
7. Enquiries are ongoing for the remaining vacant tenancies.
8. Licence executed with Australia Post over 7,500sqm of vacancy on a month to month basis
9. Acquisition of Minto Logistics Hub in NSW with Mazda, CEVA and Prixcar tenancies.
10. Acquisition of Visy O-I Glass portfolio with 2 properties across VIC and SA.
11. Pre-leased development to Encore Tissue at Midwest Logistics Hub for a 7-year lease.
12. HoA signed with a confidential significant existing Charter Hall tenant customer for a 20-year pre-lease development at MidWest Logistics Hub.
13. New acquisition of a pre-leased development site with a 10-year pre-lease to Visy.
14. Contract exchanged for a new forward funded development with a 15-year pre-lease to Coles Group.

2.8 WALE by Asset (by net income, years)

The table below provides details on properties where the WALE has changed due to changed tenancy status, a new acquisition or a new pre-lease.

Property	Sep-20	Jun-20	Change	Notes
Eastern Valley Industrial Estate	0.8	4.4	(3.6)	1
Frenchs Forest Logistics Park	1.1	1.7	(0.6)	2
Huntingwood Industrial Estate	4.1	2.1	2.0	3
Huntingwood Logistics Park	10.5	8.8	1.7	4
M5/M7 Logistics Park	7.0	7.6	(0.6)	5
Worth Street Distribution Centre	6.2	4.1	2.1	6
Discovery Industrial Estate	5.1	5.2	(0.1)	7
Laverton Logistics Centre	2.0	2.1	(0.1)	8
Parkwest Industrial Estate	6.8	6.3	0.5	9
Somerton Logistics Centre	6.1	2.1	4.0	10
Trade Coast Industrial Park	5.0	4.9	0.1	11
Canning Vale Distribution Centre	3.7	3.0	0.7	12
Kewdale Distribution Centre	4.0	5.1	(1.1)	13
Stockyards Industrial Estate	5.2	4.5	0.7	14
Minto Logistics Hub	4.0	-	4.0	15
Spotswood Industrial Centre	19.8	-	19.8	16
West Croydon Industrial Centre	19.8	-	19.8	16
Midwest Logistics Hub (Encore Tissue)	7.7	-	7.7	17
Midwest Logistics Hub (Confidential)	21.6	-	21.6	18
Epping Distribution Centre (Visy)	10.5	-	10.5	19
Wetherill Park Fulfillment Centre (Coles)	17.3	-	17.3	20
Stabilised Portfolio	**10.6**	**10.2**	**0.4**	

1. Early termination notices have been issued to Petbarn, Baby Bunting, At the Coal Face and Super Cheap Auto.
2. Amazon has signed a 6-month licence with a view to extend for a longer term if the facility and location suit.
3. Kerden Haulage lease has expired. A targeted campaign has been started.
4. Chemist Warehouse have agreed to a 2-year lease extension, resetting their lease to a 10-year term.
5. HoA signed with a global logistics user for a 5-year lease over Building 4A.
6. Spicers has signed a 5-year lease extension
7. Australia Post has signed a 6-month licence. A marketing campaign is underway with a new lease commencement date in Q2 2021.
8. Auspacs lease option left unexercised will extend their extending lease commitment on a rolling 3-months.
9. ACFS Port has vacated the premises and a targeted campaign has been started.
10. Confidential user has signed a 6-year HoA and Chemist Warehouse a 10-year HoA.
11. Australia Post has executed a 3-year lease over Building 4 and Amazon has executed a 5-year lease across the balance of Building 3.
12. An ASX Listed pharmaceutical user has signed a HoA on a 5-year term.
13. Licence executed with Australia Post over 7,500sqm of vacancy on a month to month basis
14. Linfox has signed a 3-year HoA extension.
15. Acquisition of Minto Logistics Hub in NSW with Mazda, CEVA and Prixcar tenancies.
16. Acquisition of Visy O-I Glass portfolio with 2 properties across VIC and SA.
17. Pre-leased development to Encore Tissue at Midwest Logistics Hub for a 7-year lease.
18. HoA signed with a new confidential existing significant Charter Hall tenant customer for a 20-year pre-lease development at Midwest Logistics Hub.
19. New acquisition of a pre-leased development site with a 10-year pre-lease to Visy.
20. Contract exchanged for a new forward funded development site with a 15-year pre-lease to Coles Group.

3

Financials

Dandenong Distribution Centre, South Dandenong, VIC

3.1 Operating Earnings (unaudited)

Property $'000	3 months to 30 Sep 20	3 months to 30 Jun 20	Variance	YTD to 30 Sep 20	Notes
Net Property Income & JV property Distributions	**58,151**	**56,269**	**1,882**	**58,151**	1
Management Fees	(6,096)	(5,339)	(757)	(6,096)	2
Trust Expenses	(821)	(821)	(0)	(821)	
Finance costs	(3,327)	(1,757)	(1,570)	(3,327)	3
Operating Earnings	**47,906**	**48,352**	**(446)**	**47,906**	
Average units on issue ('000)	3,379,718	3,083,344	296,373	3,379,718	4
Operating Earnings (cpu)	1.42	1.57	(0.15)	1.42	
DPU (cpu)	1.42	1.57	(0.15)	1.42	

3.2 Balance Sheet (unaudited)

	30 Sep 20 $'000	30 Jun 20 $'000	Movement $'000	Movement %	Notes
Cash and cash equivalents	631,330	318,457	312,873	98.2%	5
Receivables	8,946	10,335	(1,389)	(13.4%)	
Other	38,860	53,357	(14,496)	(27.2%)	6
Total current assets	**679,136**	**382,149**	**296,987**	**77.7%**	
Investment properties	4,447,670	4,136,310	311,360	7.5%	7
Investments in associates	393,981	394,452	(471)	(0.1%)	8
Financial assets held at fair value	95,657	93,758	1,899	2.0%	9
Total non-current assets	**4,937,308**	**4,624,520**	**312,788**	**6.8%**	
Total assets	**5,616,443**	**5,006,669**	**609,775**	**12.2%**	
Payables	29,137	28,450	687	2.4%	
Distribution provision	47,906	48,352	(446)	(0.9%)	
Other	24,422	21,959	2,464	11.2%	10
Total current liabilities	**101,466**	**98,761**	**2,705**	**2.7%**	
Derivative MTM & FX translation	17,672	35,784	(18,112)	(50.6%)	11
Interest bearing liabilities	1,040,909	1,040,869	40	0.0%	
Total non-current liabilities	**1,058,581**	**1,076,653**	**(18,072)**	**(1.7%)**	
Total liabilities	**1,160,047**	**1,175,413**	**(15,366)**	**(1.3%)**	
Net Tangible Assets	**4,456,396**	**3,831,255**	**625,141**	**16.3%**	
Units on issue ('000)	3,615,177	3,111,901	503,276	16.2%	4
NTA per unit excl deriv. MTM & FX	1.2377	1.2427	(0.0049)	(0.4%)	
Unit Price per unit ($)	**1.2734**	**1.2734**	**-**	**-**	
INREV NAV	4,551,998	3,922,673	629,325	16.0%	
INREV NAV per unit ($)	**1.2591**	**1.2605**	**(0.0014)**	**(0.1%)**	

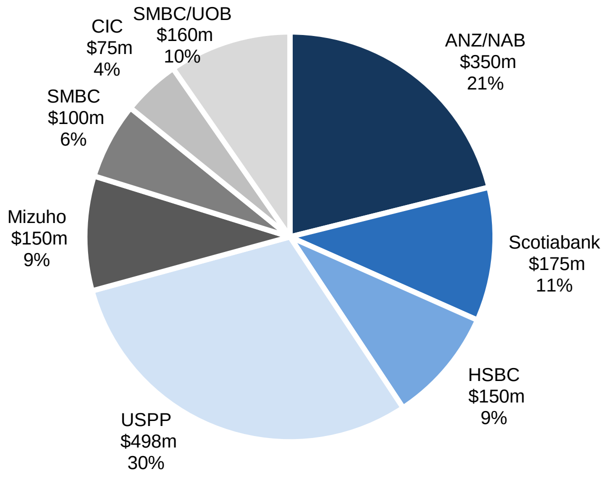
3.3 Capital Management

	Sep-20	Jun-20	Movement	Notes
GAV Net of Cash ($m)	4,985.1	4,688.2	296.9	12
Debt Net of Cash ($m)	414.6	727.0	(312.4)	13
LVR (Balance Sheet)	8.3%	15.5%	(7.2%)	13
LVR (Look Through)	11.1%	18.1%	(7.0%)	14
Gearing (TL/TA net cash, MTM & FX)	10.3%	17.5%	(7.3%)	
ICR (12 months)	7.3x	7.1x	0.2x	
Fixed Debt Cost	1.80%	2.91%	(1.1%)	11
Floating Debt Cost	0.14%	0.15%	(0.0%)	
Blended Margin & Amort Cost	1.79%	1.80%	(0.0%)	
WACD	2.48%	2.71%	(0.2%)	15
Weighted Average Debt Maturity (Years)	5.0	5.2	(0.3)	
Debt Hedged ($m)	350.0	200.0	150.0	16
Debt Hedged (%)	33.5%	27.5%	6.0%	16
Weighted Average Hedge Expiry (Years)	6.3	6.6	(0.3)	
Undrawn Debt Capacity incl cash ($m)	1,083.8	596.5	487.4	17

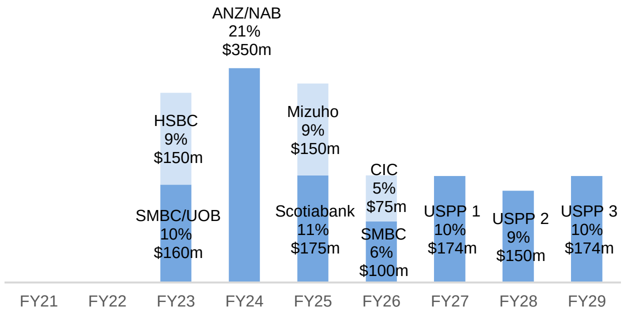
All figures expressed on a look through and pro forma basis.

1. Additional net property income from recent acquisitions and developments reaching practical completion.
2. Higher management fees due to additional acquisitions and revaluation increases.
3. Full impact of additional debt drawn to fund acquisitions and development capital expenditures.
4. $626.2m new units issued during quarter for capital call in addition to $14.0m allotted under the Dividend Re-investment Plan (DRP).
5. Cash from equity calls in July, August & September
6. GST refund received on ALDI portfolio acquisition
7. Acquisition of Spotswood $67m, West Croydon $59m & Minto QUBE (50%) $103m with the balance relating to development expenditure.
8. The Fund's 50% share of Mark-To-Market (MTM) on Interest Rate Swaps (IRS) held at CHAWLF.
9. Represents Bunnings Residual Value Note (RVN), movement relates to the coupon accrual
10. Increase relates to additional prepaid rent.
11. Reset of $270m of IRS, reducing the average swap rate from 2.037% to 0.42%.
12. Increase due to new acquisitions.
13. Whilst debt levels have increased, the additional cash held from the recent equity injections has reduced this metric.
14. Includes CPIF's 50% interest in $320m JV level debt for ALDI portfolio acquisition
15. Lower fixed costs due to interest rate swap reset.
16. ANZ $150m hedge commenced 10-Aug at 0.33% rate
17. Additional $100m SMBC & $75m CIC facilities expiring in Aug-25 plus the additional cash held by the Fund.

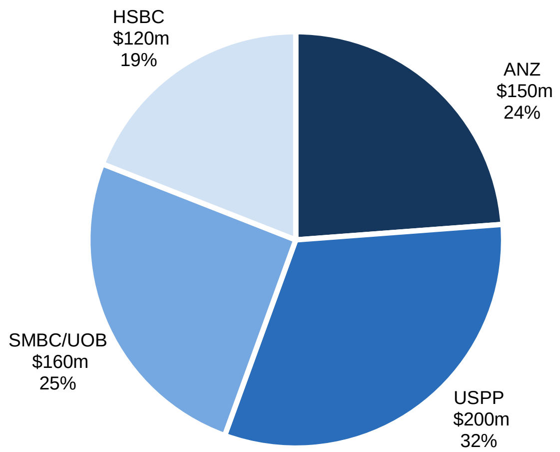
Debt Portfolio ($1.66BN)*



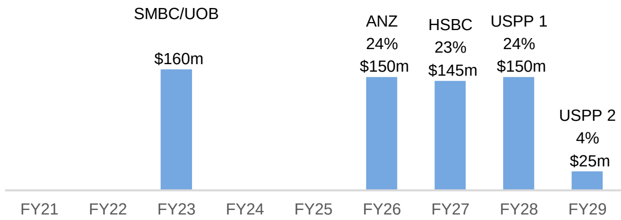
Debt Maturity Profile
Weighted Average: 4.8yrs*



Hedge Portfolio ($625M)*



Hedge Maturity Profile
Weighted Average: 5.4yrs*



* Debt and Hedge Portfolio charts include look-through debt amounts from SMBC/UOB for ALDI portfolio

Annexures

Minto Logistics Hub, Minto NSW

Annexure A:

Market Fundamentals (Charter Hall House view)

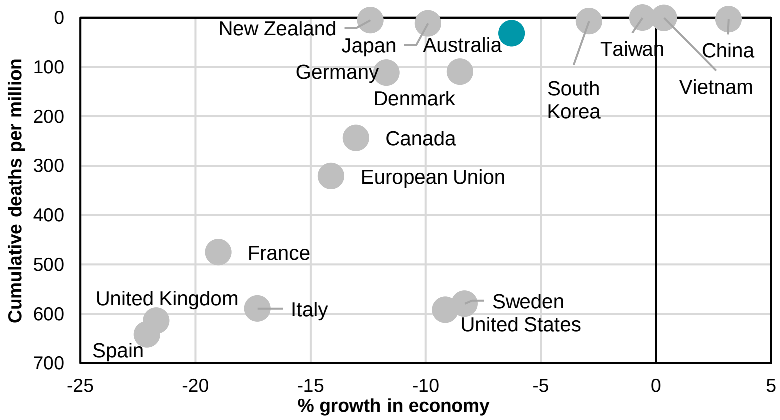
MARKET UPDATE – Q3 2020

After a drop in March and April, global economic activity began to recover in May, with the initial snapback the fastest ever recorded. The significant macro stimulus and easing of social-distancing restrictions had underpinned a pace of recovery ahead of most expectations. In quarter-average terms, global GDP looks to have grown by almost 7% in Q3 (the best post-GFC quarter was 1.3%), following the historically large ~10% fall in H1 (the worst six months in the GFC was -3.8%).

Given the nature of the economic shock (not eventuating from a financial imbalance and without the same financial hangover), the global recovery is expected to outpace that that in the wake of GFC. However, these projections rely on the timing of a widely available vaccine and the recovery of the services sector.

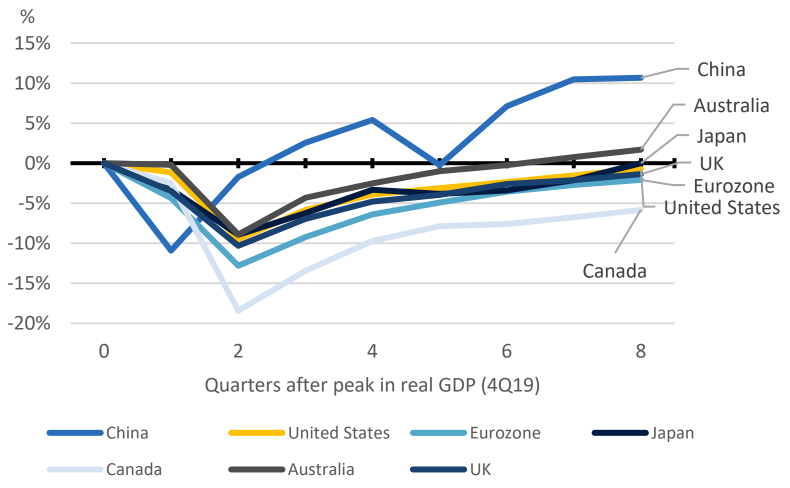
In Australia, the reduction in economic activity, while significant, appears to be less than initially forecast. The IMF and consensus forecasts have revised up the outlook for Australia while making notable downward reversions elsewhere. The 7.2% fall in Australia's GDP over H1 2020 was noticeably smaller than the median decline of 11.7% across 43 other economies. Australia has had comparative success in containing the spread of the outbreak so far, with the exception of the second wave in Victoria. This outperformance has enabled an outperformance in the economy too. High-frequency spending data suggests household consumption, and GDP, are likely to rebound in Q3 by more than originally forecast. The combination of progress containing the outbreak and significant stimulus has protected jobs and businesses that would have otherwise been lost.

<u>The effect on economies is mostly a function of the impact of the virus</u>



The key determinant to the pace of recovery is the consumer. The significant monetary and fiscal support has limited the economic impacts of COVID-19. Government support measures and early superannuation withdrawals have boosted household cash flow and spending. Demand for home-related retailing, including supermarket and hardware items, has surged, reflecting more time spent at home and the diversion away from spending in restricted sectors.

<u>Real GDP, forecast cumulative change from peak</u>

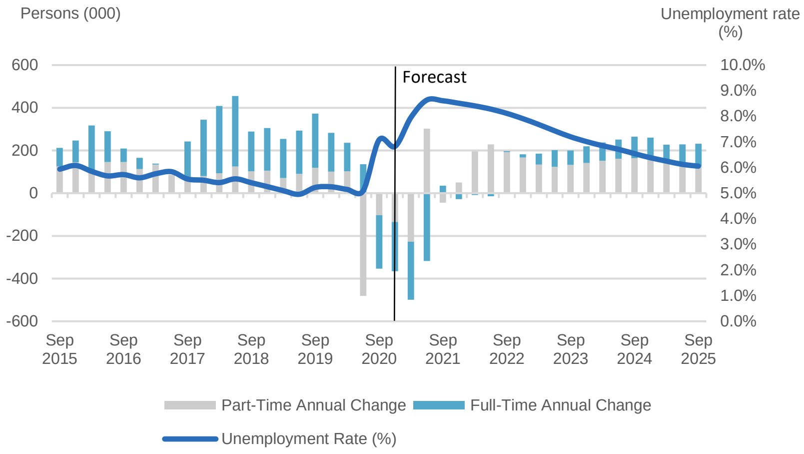


This month, the Federal Government released the 2020-21 Budget. The flagship policy was the acceleration of "Phase 2" of planned income tax cuts by two years – backdated to 1 July 2020. Together with changes to the low and middle-income tax offset and additional cash handouts to pensioners, these policies are expected to boost household disposable income by ~A$26.4bn (~1.25% p.a.) over FY21 and FY22. The biggest surprise in the was the generosity of the JobMaker Plan to: i) allow full tax-deductibility of investments made by June 2022 ii) the temporary carry-back of tax losses and iii) a wage subsidy for new hires (A$4bn over the three years to June 2023). The Budget also featured a range of policies to support new infrastructure spending (A$10bn over 4 years) and activity in the manufacturing sector (A$1.3bn).

Echoing the RBA's declaration that reducing unemployment is a "national priority", the Federal Government's FY21 Budget outlined an explicit commitment to provide ongoing extraordinary fiscal support until Australia's unemployment rate is below 6%. This confirms an expansionary shift in the Government's fiscal policy reaction function and pivots away from efforts over the past half-decade to return the budget to surplus at A$213bn (11.0% of GDP)

Source: Macquarie Macro Strategy, DAE, Charter Hall Research (September 2020).

LABOUR MARKET



On face value, the ABS' August Labour Force report was much stronger than anticipated. The unemployment rate fell 70 pps to 6.8%. Overall employment rose by 458,000 persons (3.8%) over the three months to August.

As anticipated, many of the occupations that had the largest initial declines in employment had the biggest improvements over the three months to August. Job losses (and recent gains) were concentrated across the consumer retailing and travel sectors.

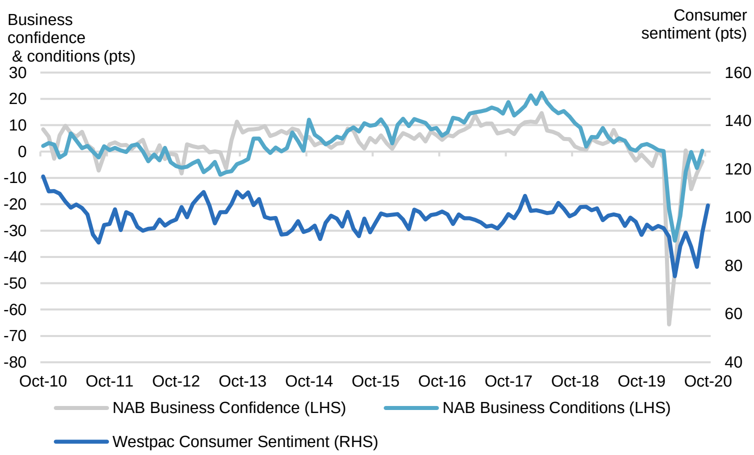
Just 25 of the more than 400 detailed occupations – representing less than one-fifth of employment prior to COVID – accounted for nearly 80% of the decline in employment over the three months to May and then 80% of the increase in employment over the three months to August. Hospitality employment in August was still 17.6% below the level in February, and arts & recreation services employment was 14.6% lower. Employment in other services and information media & telecommunications was ~10% lower than six months prior.

In contrast, there was strong growth in finance & insurance (+4.8%), public administration & safety and agriculture (+12%) employment over the six months to August.

Deloitte Access Economics anticipates the unemployment rate will peak between June and September in 2021 at 8.6% before gently tapering down; though the estimates also don't forecast an unemployment rate in the 6% range until early 2024.

Source: ABS, Macquarie Macro Strategy, Deloitte Access Economics, Charter Hall Research

CONSUMER SENTIMENT AND BUSINESS CONFIDENCE



Business conditions rebounded somewhat in September (+6 pts) to near February levels. Business confidence rose too, although remains in negative territory. The survey was conducted from 15-25 September, a period in which virus case loads in Victoria were easing and the government had flagged potential easing of restrictions in coming periods.

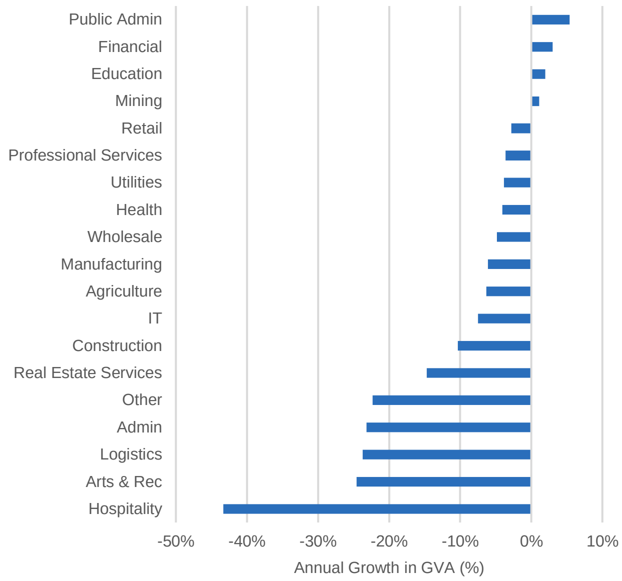
Most key components of the survey improved; trading conditions rose to the highest levels since Nov-2019, profitability and employment also rose though employment remains markedly negative. By region, conditions improved in all regions excepting Victoria and Tasmania.

Measures of the Westpac consumer sentiment rose sharply in September (+11 pts) to their highest point since July 2017 and roughly in line with the long-term average. The survey was conducted from 5-10 October, with the strong result reflecting the release of the budget and a warm reception of the tax cuts and stimulus announced within.

Source: NAB, Westpac, Charter Hall Research

INDUSTRY GROSS VALUE ADDED

The industry landscape has shifted dramatically over the past six months as a result of the COVID-19 pandemic and will continue to change in coming periods. Industry gross value added, a measure of value added by industry by subtracting the purchase value of goods and services from the raw input costs, has on aggregate reduced significantly since the beginning of the pandemic.



The most recent GVA data as at June 2020 exhibits what is likely the most drastic change to the metric that will be seen through the pandemic as the initial lockdowns and responses took effect. Nearly all industries exhibited negative annual growth in GVA, and particularly those most impacted by the pandemic – hospitality, arts and recreation and logistics (which includes travel and tourism)

Certain industries are likely to face further challenges in the wake of the crisis. However, industries such as those involved in healthcare and social assistance, food production and distribution and public administration, of which the food and health industries are likely to see an uptick in growth in the short- and medium-term, respectively.

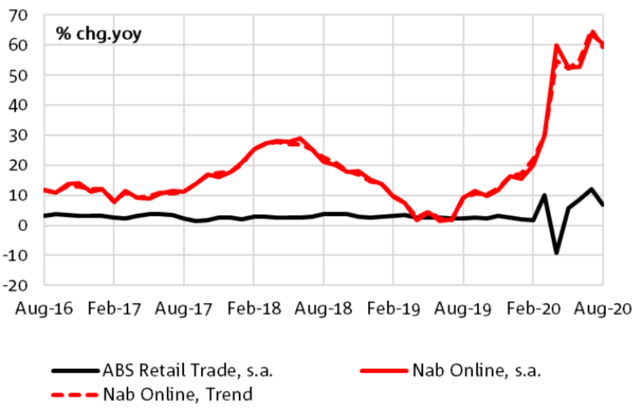
Source: ABS, Charter Hall Research

ONLINE RETAILING

The COVID-19 pandemic has accelerated the growth online retailing across Australia, with growth rates reaching record-highs over the year. In y/y terms, the growth in the NAB Online Retail Sales Index (+60.6% y/y). More recently, the extended lockdown in Victoria again contributed heavily to the headline growth this month.
Results by category were mixed in month-on-month growth terms. Growth was led by larger sales categories, department stores, personal and recreational goods, and smaller sales category, games and toys. Second largest category, grocery and liquor, has now recorded continuous growth for the past 14 months, while largest sales category, homewares and appliances was flat in the month.

In the 12-months to October, online retailing reached AU$32.2 billion, equating to ~11.5% on total retail spending.

Online retail sales and ABS retail sales



Source: National Australia Bank (October 2020), Charter Hall Research

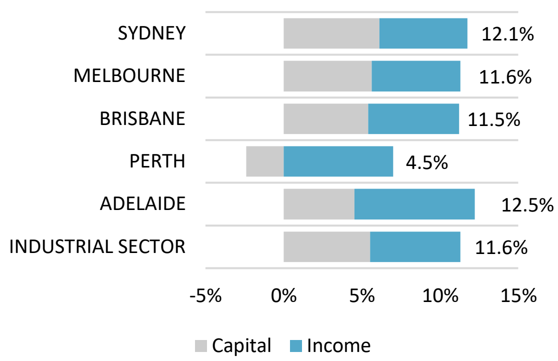
INDUSTRIAL MARKET INDICATORS – Q3 2020

	Supply U/C		Demand		Prime Net Face Rent		Prime yield	
	Sqm	Q/Q Change (sqm)	12-mth gross take-up	Differential to 10-year average	$/sqm	Q/Q Change ($/sqm)	%	12-mth change
Sydney	528,158	+ 189,250	879,477	+ 95,790	130	0.0%	4.87%	- 29 bps
Melbourne	717,400	- 176,678	1,028,464	+ 401,467	84	0.0%	4.79%	- 25 bps
Brisbane	231,701	- 125,888	419,503	-30,054	113	0.0%	5.53%	- 36 bps
Perth	39,694	+55,87	127,908	-13,607	97	0.0%	6.13%	0 bps
Adelaide	148,762	+ 58,586	129,064	-78,536	89	0.0%	6.84%	- 78 bps

Source: JLL Research, Charter Hall Research. Colours represent differential to measurement period – Red (below), Green (above), Yellow (no change).

INDUSTRIAL RETURNS

Index sector total returns reached 11.6% over the year to June 2020. The industrial sector benchmark returns outperformance against the other major sectors has increased since December 2018. Sydney and Adelaide markets recorded the highest 12-month rolling returns, 12.1% and 12.5% respectively. Melbourne and Brisbane industrial returns were also strong - both exceeding 11.5% over the year.



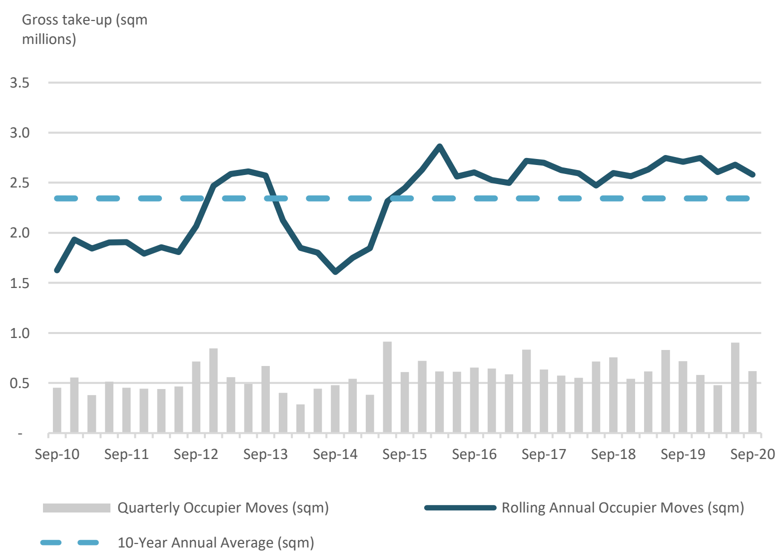
Industrial distribution assets total return continued to increase over the quarter, reporting annual returns of 12.7%. Robust returns were also recorded across industrial warehousing (11.1%) and industrial estate assets (11.2%). Returns across the Hi-Tech Business Parks moderated over the quarter to 8.7% (y/y).

*All returns unlevered

Source: IPD, Charter Hall Research

OCCUPIER ACTIVITY

National leasing demand has remained strong over the year, despite the COVID-19 related inturruptions. Approximately 618,000 sqm of gross take-up was recorded over the quarter, with annual leasing volumes reaching 2.58 million sqm over the year; maintaining an above-term position since mid-2015.



This result was underpinned by significant leasing activity across the Sydney and Melbourne markets, with quarterly leasing volumes in each market exceeding 220,000 sqm. Annual leasing volumes across the Melbourne market has been siginificant, exceeding 1 million sqm (well above the 10-year annual rolling average of ~711,000 sqm). Sydney annual leasing volumes were also above longer-term benchmarks with total gross volumes reaching ~880,000 sqm. Leasing activity in Brisbane and Adelaide were solid while activity in Perth remained soft.

Overall leasing volumes were driven by pre-lease activity which represented over 70% of the 3Q leasing activity. This was predominantly driven by third party logistics and retail groups looking for modern facilities to service the growth of online retailing – a trend that has accelerated due to the impacts of COVID-19.

Notable leasing activity was recorded in the Sydney's Outer North West, with headline pre-leases to Australian Pharmaceutical Industries (32,500 sqm) and H&M (27,000 sqm). The Melbourne West precinct also recorded significant leasing volumes, with larger leases signed to online furniture retailer Koala Furniture (21,000 sqm) and retail logistics group Elite Logistics (20,000 sqm).

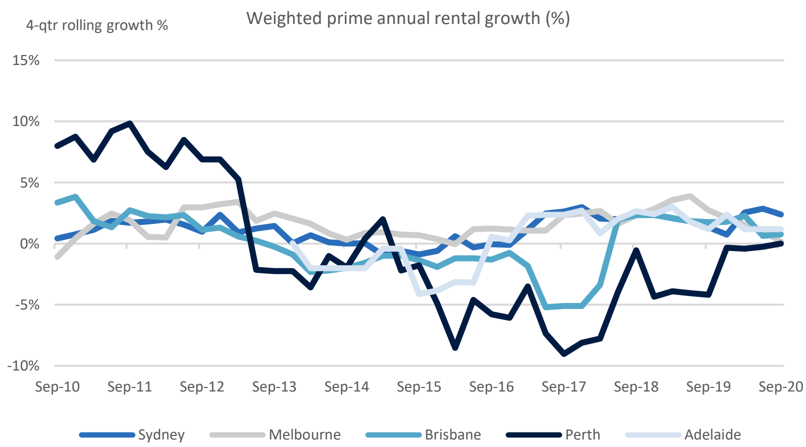
Source: JLL Research, Charter Hall Research

PRIME RENTAL GROWTH

Prime rents remained largely unchanged over the quarter. National GSP weighted rents increased by 2.0% y/y.

This resulted from firm growth across the Sydney industrial market, with annual Prime rents increasing by 2.4%. Prime rents across the other major markets remained relatively unchanged.

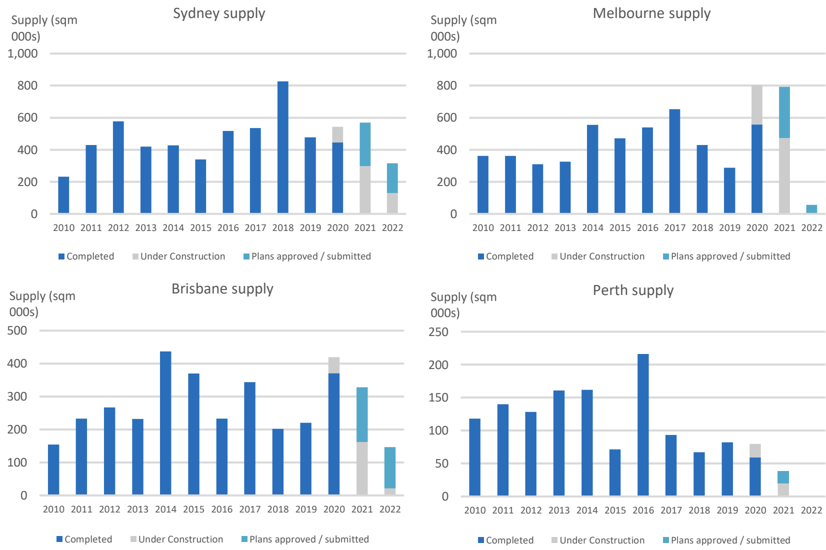
At a precinct level, robust rental growth was recorded across the Sydney precincts: Outer Central West (3.3%), South Sydney (2.3%), and Inner West (2.1%). Strong growth was also recorded across the Adelaide Inner West/East (2.5%) and Brisbane Northern (2.2%) precincts.



Source: JLL Research, Charter Hall Research

SUPPLY PIPELINE

Given the strong occupier conditions and easing of operative restrictions, construction activity increased over the quarter. Approximately 590,000 sqm of new additions recorded over the quarter; contributing to the annual total of 1.74 million sqm.



Construction activity has been concentrated across the east coast markets given the significant growth in occupier demand recorded over recent years. Approximately 300,000 sqm of new additions were recorded across the Melbourne market over the quarter. The speculative development activity was minimal – over 94% of the completion were secured by pre-lease. Over the quarter, Charter Hall's Lot 1 at Midwest Logistic Hub was completed. The 44,000 sqm temperature-controlled warehouse was fully leased to Mars-Wrigley. At Charter Hall's Drystone Estate, a 32,600 sqm refrigerated asset leased to Woolworths also completed. Brisbane recorded the second highest level of completions with 173,000 sqm of new developments recorded over the quarter. This was largely a lagged response to the growth in occupier occurring across the market. The developments were largely pre-committed (70%), with vacancies existing at DEXUS' 479 Freeman Road (22,400 sqm) and Fife Capital's 39 Silica Street (13,900 sqm) developments. Amazon's new fulfilment centre at the Port Industry Park in Lytton also completed. The asset sits on 40,000 sqm site which hosts a refurbished existing 16,300 sqm building and adjacent property.

Forward supply is predominantly across the east coast markets. An additional 1.52 million sqm is currently under construction and forecast to complete in 2020; largely across the Melbourne (617,000 sqm), Sydney (330,000 sqm) and Brisbane (318,000 sqm) markets

Supply outlook (sqm)

	2020				2021			
Market	Completed	Under construction	Approved	**Total**	Under construction	Approved	Plans Submitted	**Total**
Sydney	445,473	98,550	-	**544,023**	298,552	254,392	16,092	**569,036**
Melbourne	557,747	244,665	-	**802,412**	472,735	319,516		**792,251**
Brisbane	371,339	48,100	-	**419,439**	162,389	165,869		**328,258**
Adelaide	103,816	95,176	-	**198,992**	43,384	9,000	5,000	**57,384**
Perth	59,295	20,339	-	**79,634**	19,355			**19,355**
Total	**1,537,670**	**506,830**	**-**	**2,044,500**	**996,415**	**748,777**	**21,092**	**1,766,284**

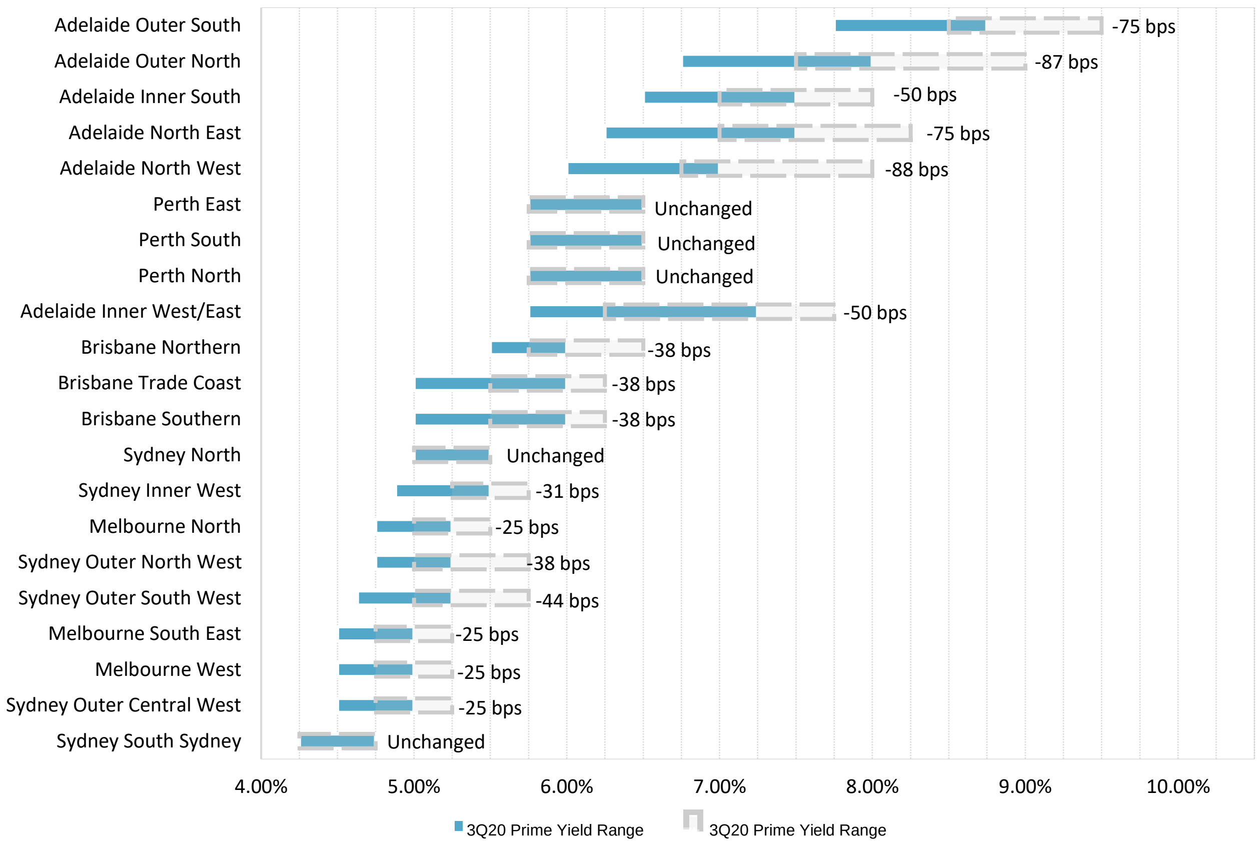
Source: JLL Research, Charter Hall Research.

INVESTMENT DEMAND

Further yield compression was recorded across the Australian prime industrial market, with the National GSP Weighted yield compressing over the quarter to 5.16% (- 24 bps y/y). The National Prime Industrial Yield is now tighter that the Office Prime comparable indicator. Yields firmed in all the monitored markets, bar Perth. Compression was led by prime stock in Adelaide (- 46 bps q/q), Melbourne (- 25 bps q/q) and Sydney markets (- 14 bps q/q). This trend was also consistent with secondary indicative yields.

This contributed to notable annual yield compression. Broad-based y/y yield compression has been recorded across the prime Adelaide (-78 bps), Brisbane (- 36 bps) and Sydney (- 29 bps) markets.

Transaction activity increased over the quarter, with AU$1.85 billion in transactions recorded. There continued to be strong competition for long WALE prime assets with quality covenants. Transactions were led by the Charter Hall acquisition of the Minto Portfolio. The transaction completed for a total consideration of AU$206.0 million, reflecting an initial yield of 4.78%. Other major transactions included the remaining 50% on Sandstone Place in Parkinson Queensland. DWS Group acquired the half-stake after purchasing remaining 50% in June 2019 for AU$134.2 million. The latest deal represented a 12.2% premium over book value of AU$135.9 million as at 30 June 2020, and a 31.0% premium over the same portion of the original purchase price. SIGMA pharmaceuticals also completed the 15-year sale-and-leaseback of two distribution centres in Kemps Creek, Western Sydney and Berrinba Brisbane. The portfolio transacted for a total of AU$172.2 million at an equivalent yield of 5.1%.



Source: JLL Research, Charter Hall Research

Annexure B:
Portfolio Summary

Stable Assets	State	GAV ($m)	% GAV	GLA (000)	WACR	WADR	WALE	WARR	OCCP
Banksmeadow Industrial Centre	NSW	67.2	1.2%	22.8~	4.50%	6.50%	12.3	4.00%	100.0%
Chullora Distribution Facility	NSW	115.5	2.0%	36.7	5.00%	6.50%	4.4	3.25%	100.0%
Chullora Industrial Park	NSW	54.0	0.9%	21.2	4.75%	6.50%	8.4	3.50%	100.0%
Chullora Logistics Park	NSW	184.3	3.2%	46.9	4.50%	6.25%	11.3	3.25%	100.0%
Compass Logistics Hub	NSW	30.4	0.5%	56.8~	4.25%	6.25%	29.7	3.00%	100.0%
Eastern Valley Industrial Estate	NSW	55.9	1.0%	12.7	5.75%	7.00%	0.8	3.30%	100.0%
Frenchs Forest Logistics Park	NSW	36.6	0.6%	13.2	6.75%	7.50%	1.1	3.00%	64.8%
Greenacre Logistics Facility	NSW	44.7	0.8%	12.8	4.75%	6.50%	10.5	1.50%	100.0%
Huntingwood Distribution Facility	NSW	198.9	3.5%	52.9	4.50%	6.50%	31.2	2.00%	100.0%
Huntingwood Industrial Estate	NSW	40.3	0.7%	18.3	5.50%	6.75%	4.1	4.00%	32.2%
Huntingwood Logistics Park	NSW	76.8	1.3%	33.6	4.75%	6.50%	10.5	3.00%	100.0%
Lockwood Distribution Centre	NSW	60.5	1.1%	43.1	4.50%	6.25%	11.9	3.25%	100.0%
M5/M7 Logistics Park	NSW	204.5	3.5%	84.0	4.75%	6.25%	7.0	3.08%	100.0%
Minchinbury Distribution Centre	NSW	90.8	1.6%	56.3	4.75%	6.25%	6.7	3.00%	100.0%
Minto Distribution Centre	NSW	21.6	0.4%	10.8	5.25%	6.75%	4.3	3.25%	100.0%
Minto Logistics Hub	NSW	103.3	1.8%	279.5~	4.74%	6.50%	4.0	2.76%	100.0%
Prestons Distribution Centre	NSW	89.3	1.5%	56.1	4.50%	6.25%	6.7	3.00%	100.0%
Prestons Distribution Facility	NSW	60.0	1.0%	17.2	4.75%	6.25%	11.2	2.00%	100.0%
Rosehill Distribution Centre	NSW	83.6	1.5%	30.8	5.25%	6.50%	3.9	2.04%	100.0%
Smeaton Grange Distribution Centre	NSW	49.1	0.9%	61.3	5.75%	6.50%	2.7	3.00%	100.0%
Smithfield Distribution Facility	NSW	75.7	1.3%	33.6	5.25%	6.75%	3.2	3.32%	100.0%
Wetherill Park Distribution Centre	NSW	25.0	0.4%	11.5	5.50%	6.50%	3.2	3.25%	100.0%
Worth Street Distribution Centre	NSW	61.9	1.1%	24.9	5.00%	6.50%	3.8	1.72%	100.0%
AF Clarinda Logistics Facility	VIC	5.1	0.1%	90.5~	13.00%	6.25%	3.7	3.25%	100.0%
AF Epping Logistics Facility	VIC	22.0	0.4%	242.2~	5.00%	6.50%	9.5	3.25%	100.0%
AF Laverton North Logistics Facility	VIC	35.0	0.6%	305.0~	4.75%	6.25%	16.2	3.25%	100.0%
Altona Logistics Facility	VIC	73.5	1.3%	411.8~	4.50%	6.50%	14.3	2.00%	100.0%
Boundary Logistics Centre	VIC	40.5	0.7%	11.6	5.00%	6.50%	12.6	2.00%	100.0%
Bulla Industrial Centre	VIC	62.1	1.1%	99.2~	6.75%	6.50%	16.2	4.00%	100.0%
Dandenong Distribution Centre	VIC	125.8	2.2%	69.2	4.50%	6.25%	17.5	2.80%	100.0%
Dandenong South Distribution Centre	VIC	73.3	1.3%	56.9	4.65%	6.25%	6.7	3.00%	100.0%
Dandenong South Industrial Facility	VIC	72.0	1.2%	34.8	5.00%	6.25%	18.2	3.00%	100.0%
Discovery Industrial Estate	VIC	113.1	2.0%	71.8	5.25%	6.50%	5.1	3.21%	100.0%
Fitzgerald Road Distribution Centre	VIC	120.0	2.1%	90.4	5.75%	6.50%	3.6	1.50%	100.0%
Greens Road Industrial Park	VIC	101.5	1.8%	77.1	5.75%	6.75%	7.2	3.00%	100.0%
Hammond Road Industrial Centre	VIC	33.5	0.6%	20.3	4.75%	6.50%	18.6	3.00%	100.0%
Laverton Logistics Centre	VIC	55.2	1.0%	46.2	6.00%	6.50%	2.0	3.13%	100.0%
Parkwest Industrial Estate	VIC	117.0	2.0%	78.8	5.25%	6.25%	6.8	3.29%	86.0%
Somerton Logistics Centre	VIC	161.9	2.8%	128.0	5.50%	6.25%	6.1	3.12%	100.0%
Spotswood Industrial Centre	VIC	67.3	1.2%	44.8	5.00%	7.00%	19.8	3.00%	100.0%
Truganina Distribution Facility	VIC	63.5	1.1%	69.1	4.50%	6.25%	11.7	3.50%	100.0%
Acacia Ridge Industrial Estate	QLD	143.0	2.5%	33.8	5.00%	6.75%	16.8	2.75%	100.0%
Berrinba Distribution Centre	QLD	33.2	0.6%	19.8	6.00%	7.00%	8.8	3.00%	49.0%
Brendale Distribution Centre	QLD	67.1	1.2%	49.2	4.88%	6.50%	6.7	3.00%	100.0%
Crestmead Distribution Centre	QLD	183.0	3.2%	89.3	5.25%	6.50%	8.8	3.00%	100.0%
Hemmant Industrial Park	QLD	52.4	0.9%	109.7~	5.00%	7.00%	11.6	3.13%	100.0%
Trade Coast Industrial Park[1]	QLD	113.1	2.0%	50.7	5.50%	6.72%	5.0	3.36%	100.0%
Main Beach Distribution Centre	QLD	75.4	1.3%	19.8	4.75%	6.50%	15.8	3.32%	100.0%
Motorway Industrial Park	QLD	76.0	1.3%	43.3	5.39%	6.75%	7.4	3.08%	100.0%
COPE Distribution Centre	QLD	28.6	0.5%	10.9	5.50%	6.75%	13.3	3.00%	100.0%
Richlands Distribution Facility	QLD	179.0	3.1%	81.0	4.75%	6.50%	17.3	3.00%	100.0%
Willawong Logistics Facility	QLD	70.6	1.2%	142.2~	5.25%	6.75%	19.6	2.25%	100.0%
Canning Vale Distribution Centre	WA	93.6	1.6%	76.4	7.00%	7.50%	3.7	2.94%	81.8%
Canning Vale Logistics Centre	WA	13.8	0.2%	12.3	6.75%	7.25%	1.4	3.00%	100.0%
Kewdale Distribution Centre	WA	31.9	0.6%	29.0	7.50%	7.75%	4.0	3.29%	78.1%

Stable Assets	State	GAV ($m)	% GAV	GLA (000)	WACR	WADR	WALE	WARR	OCCP
Kewdale Industrial Centre	WA	23.6	0.4%	27.7	5.75%	7.00%	13.2	1.50%	100.0%
Stockyards Industrial Estate	WA	113.0	2.0%	87.6	6.00%	7.00%	5.2	3.19%	100.0%
West Croydon Industrial Centre	SA	60.0	1.0%	50.4	6.00%	7.75%	19.8	3.00%	100.0%
Translink Distribution Centre	TAS	82.7	1.4%	59.3	5.25%	6.50%	18.4	2.80%	100.0%
Bunnings RVN	Various	95.7	1.7%	n/a	n/a	n/a	4.9	0.00%	100.0%
TOTAL	**60**	**4,707.4**	**81.7%**	**2,296.0**	**5.15%**	**6.55%**	**10.0**	**2.92%**	**97.5%**

Pre-Leased, Fwd Funded & Spec Developments	State	GAV ($m)	% GAV	GLA (000)	WACR	WADR	WALE°	WARR	OCCP
Wetherill Park DC (Marley Spoon/Spec)[2]	NSW	67.4*	1.2%	14.0	5.00%	6.25%	10.4	3.00%	100.0%
Wetherill Park Fulfillment Centre (Coles)	NSW	194.1*	3.4%	28.3	4.50%	6.50%	17.3	2.75%	100.0%
Midwest Logistics Hub (Toll)	VIC	71.0*	1.2%	44.1	5.25%	6.25%	7.3	3.00%	100.0%
Midwest Logistics Hub (Uniqlo)	VIC	61.0*	1.1%	46.0	4.75%	6.25%	10.3	3.00%	100.0%
Midwest Logistics Hub (Bridgestone)	VIC	44.1*	0.8%	23.5	4.75%	6.25%	10.3	3.00%	100.0%
Midwest Logistics Hub (Coles)	VIC	160.2*	2.8%	28.3	4.75%	6.25%	16.4	2.75%	100.0%
Midwest Logistics Hub (Encore Tissue)	VIC	21.1*	0.4%	15.2	5.25%	6.50%	7.7	3.00%	100.0%
Midwest Logistics Hub (Confidential)	VIC	71.4*	1.2%	25.5	4.50%	6.25%	21.6	2.85%	100.0%
Parkwest Industrial Estate (Quik Corp)	VIC	16.3*	0.3%	10.0	5.25%	6.50%	10.3	3.00%	100.0%
Epping Distribution Centre (Visy)	VIC	54.0*	0.9%	34.9	4.75%	7.00%	10.5	3.25%	100.0%
Port Wakefield Road Distribution Facility (Metcash)	SA	136.0*	2.4%	68.0	5.50%	7.25%	15.2	3.00%	100.0%
TOTAL	**11**	**896.7**	**15.6%**	**337.8**	**4.87%**	**6.51%**	**14.3**	**2.91%**	**100.0%**

1.Consolidated with adjacent Holt St Distribution Centre
2. Adjoining spec not included in property metrics.

Residual Land	State	GAV ($m)	% GAV	SA (000)	GLAP(000)	GAVP($m)
Huntingwood East Logistics Park	NSW	15.6	0.3%	42.8	24.8	32.2
ALDI Dandenong South	VIC	15.0	0.3%	53.3	25.8	47.1
Midwest Logistics Hub	VIC	38.6	0.7%	155.5	50.1	67.2
CoreWest Logistics Hub	VIC	58.3	1.0%	215.8	106.7	213.7
Motorway Industrial Park	QLD	24.0	0.4%	129.2	71.8	119.3
TOTAL	**5**	**151.5**	**2.6%**	**596.6**	**279.2**	**479.5**

		GAV ($m)	% GAV	GLA (000)	WACR	WADR	WALE	WARR	OCCP
TOTAL PORTFOLIO	**76**	**5,755.5**	**100.0%**	**2,633.8**	**5.11%**	**6.55%**	**10.6**	**2.93%**	**97.9%**

~ Denotes usable site area. * Pre-leased development asset values are expressed on a 'As if Complete' basis. ° Pre-leased development WALE is expressed as the term from reporting date to date of lease expiry. GLAP and GAVP are potential figures for developments.

Stable Assets

Banksmeadow Industrial Estate
28B McPherson St, Banksmeadow NSW

Chullora Distribution Facility
24 Muir Rd, Chullora NSW

Chullora Industrial Park
56 Anzac St, Chullora NSW

Chullora Logistics Park
2 Hume Highway, Chullora NSW

Compass Logistics Hub
Eastern Creek Drive, Eastern Creek NSW

Eastern Valley Industrial Estate
372 Eastern Valley Way, Chatswood NSW

Frenchs Forest Logistics Centre
2 Rodborough Rd, Frenchs Forest NSW

Greenacre Logistics Facility
1 Moondo St, Greenacre NSW

Huntingwood Distribution Facility
61 Huntingwood Dr, H'wood NSW

Huntingwood Industrial Estate
11-15 Huntingwood Dr, H'wood NSW

Huntingwood Logistics Park
36 Huntingwood Dr, Huntingwood NSW

Lockwood Distribution Centre
40-66 Lockwood Road, Erskine Park, NSW

M5/M7 Logistics Park
290 Kurrajong Rd, Prestons NSW

Minchinbury Dist. Centre
1 Sargents Rd, Minchinbury NSW

Minto Distribution Centre
42 Airds Rd, Minto NSW

Minto Logistics Hub
2 & 5 Culverston Rd, Minto NSW

Prestons Dist. Centre
10 Burando Road, Prestons, NSW

Prestons Distribution Facility
402 Hoxton Pk, Prestons NSW

Rosehill Distribution Centre
5 Devon St, Rosehill NSW

Smeaton Grange Dist. Centre
80 Hartley Rd, Smeaton Grange NSW

Smithfield Distribution Facility
15-17 Long St, Smithfield NSW

Wetherill Park Distribution Centre
300 Victoria St, Wetherill Park NSW

Worth St Distribution Centre
21 Worth St, Chullora NSW

AF Clarinda Logistics Facility
275-315 Kingston Rd, Clarinda VIC

AF Epping Logistics Facility
455 Cooper St, Epping VIC

AF Laverton North Logistics Facility
9-19 Alex Fraser Dve, Laverton Nth VIC

Altona Logistics Facility
810-848 Kororoit Ck Rd, Altona North VIC

Boundary Logistics Centre
415-423 Boundary Rd, Truganina VIC

Bulla Industrial Estate
180 Loemans Road, Bulla VIC

Dandenong Distribution Centre
225 Glasscocks Rd, Dandenong Sth VIC

Dandenong Sth Dist. Centre
41-59 Colemans Road, Dandenong Sth, VIC

Dandenong Sth Industrial Facility
34-35 Frankston Rd, Dandenong Sth VIC

Discovery Industrial Estate
Discovery Rd, Dandenong Sth VIC

Fitzgerald Rd Distribution Centre
63-83 Fitzgerald Rr, Laverton VIC

Greens Road Industrial Park
51-95 Greens Rd, Dandenong South VIC

Hammond Rd Industrial Centre
Hammond Rd, Dandenong South VIC

Laverton Logistics Centre
32-58 William Angliss Dr, Laverton VIC

ParkWest Industrial Estate
Parkwest Dr, Laverton VIC

Somerton Logistics Centre
15 Fillo Dr, Somerton VIC

Spotswood Industrial Centre
2-38 Hudsons Rd, Spotswood VIC

Truganina Disribution Facility
485 Dohertys Rd, Truganina VIC

Acacia Ridge Industrial Estate
Kerry & Beaudesert Rd, Acacia Ridge QLD

Berrinba Distribution Centre
29 Forest Way, Berrinba QLD

Brendale Dist. Centre
68 Kremzow Road, Brendale, QLD

Crestmead Distribution Centre
105-137 Magnesium Dr, Crestmead QLD

Hemmant Industrial Park
Canberra St, Lytton Rd Hemmant QLD

Tradecoast Industrial Park
180 Holt St, Pinkenba QLD

Main Beach Distribution Centre
30 & 56 Main Beach Rd, Pinkenba QLD

Motorway Industrial Park
230-238 Gilmore Rd, Berrinba QLD

COPE Distribution Centre
Lots 2 & 3 Peachey Rd, Yatala QLD

Richlands Distribution Facility
220-260 Orchard Rd, Richlands QLD

Willawong Logistics Facility
237 Gooderham Rd, Willawong QLD

Canning Vale Distribution Centre
2 Bannister Rd, Canning Vale WA

Canning Vale Logistics Centre
38 Bannister Rd, Canning Vale WA

Kewdale Distribution Centre
123-135 Kewdale Rd, Kewdale WA

Kewdale Industrial Centre (CCA)
19-21 Miles Road, Kewdale WA

Stockyards Industrial Estate
385 Bushmead Rd, Hazelmere WA

West Croydon Industrial Centre
617-625 Port Rd, West Croydon SA

Translink Distribution Centre
4-20 Translink Ave, Launceston TAS

Bunnings RVN

Pre-Leased Developments

Wetherill Park Distribution Centre (Marley Spoon)
300 Victoria Street, Wetherill Park NSW

Wetherill Park Fulfillment Centre (Coles)
Horsley Park NSW

Midwest Logistics Hub (Toll)
500 Dohertys Rd, Truganina VIC

Midwest Log. Hub (Uniqlo)
500 Dohertys Rd, Truganina VIC

Midwest Log. Hub (Bridgestone)
500 Dohertys Rd, Truganina VIC

Midwest Log. Hub (Coles)
500 Dohertys Rd, Truganina VIC

Midwest Log. Hub (Encore Tissue)
500 Dohertys Rd, Truganina VIC

Midwest Log. Hub (Confidential)
500 Dohertys Rd, Truganina VIC

Parkwest Industrial Estate (Quik Corp)
24 Park West Dr, Derrimut VIC

Epping Distribution Centre (Visy)
Biodiversity Drive, Epping, VIC

Port Wakefield Rd DF (Metcash)
600 Main North Rd, Gepps Cross SA

Residual Land

Huntingwood East Logistics Park
Flushcombe Rd, Huntingwood NSW

ALDI Dandenong South
41-59 Colemans Road, Dandenong South, VIC

Mid-West Logistics Hub
500 Dohertys Rd, Truganina VIC

CoreWest Logistics Hub
200 Palmers Rd, Truganina VIC

Motorway Industrial Park
230-238 Gilmore Rd, Berrinba QLD

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