

14 May 2013

## MARCH OPERATIONAL UPDATE

Federation Centres (**FDC**) announces an update for the quarter ended 31 March 2013.

The underlying operating performance of the FDC-owned portfolio (including co-owned assets), remained solid over the quarter with occupancy at a rate of 99.4%. Overall annual sales growth increased to 2.4% at 31 March 2013 from 2.0% at 31 December 2012, with specialty retailers continuing a positive trend to show annual sales growth of 2.5%.

### Portfolio Snapshot

| As at 31 March 2013        | FDC-Owned Portfolio |
|----------------------------|---------------------|
| Number of Properties       | 46                  |
| Portfolio Value            | \$4.4bn             |
| Occupancy Rate             | 99.4%               |
| Annual Retail Sales Growth | 2.4%                |
| Specialty Occupancy Cost   | 14.7%               |

For the nine months to the end of March 2013, a total of 602 lease transactions were completed across the entire owned and managed FDC portfolio. Renewals represented approximately 79.2% (by income) and new leases represented the balance, with the specialty retention rate remaining strong at circa 80%. Rental rate growth across all transactions averaged 2.7% for the period, with renewals delivering 4.4%.

FDC's Chief Operating Officer Mark Wilson commented: "The FDC portfolio continues to record an increase in annual sales growth underpinned by the supermarket and specialty categories, which represent approximately 75% of FDC's total sales volume. Within the specialty retailers categories, telecommunications and retail services continued to achieve solid growth and there were meaningful signs of improvement within the apparel and footwear categories.

"Following the introduction of Sunday trading in August 2012, the performance of our Western Australian portfolio was particularly strong, recording MAT growth of 4.9% at the end of the period. Our NSW portfolio also showed encouraging signs, with MAT growth of 2.5%. The portfolio located in NSW and Western Australia represents approximately 50% of the total by value. Trading conditions in Victoria and Queensland however remained more subdued, with MAT growth of only 0.3% and 1.2% respectively over the period."

## Syndicate Capital Transactions

A number of assets were contracted or settled in the period to end April 2013, including:

| Asset                | Syndicate | Price     | Var.to BV | Settlement Details                                    |
|----------------------|-----------|-----------|-----------|-------------------------------------------------------|
| Porirua, NZ          | 20        | NZ\$30.5m | 0.0%      | Sold to external party, settled May 1                 |
| Melville, WA         | 19        | \$29.0m   | +13.7%    | Sold to external party, settled April 30              |
| Paradise Centre, QLD | 11        | \$162.5m  | +1.6%     | Sold to external party, settled January 18            |
| Pinelands, QLD       | 34        | \$27.9m   | -5.2%     | Sold to external party, settled January 31            |
| Gympie, QLD          | 9         | \$63.8m   | +3.7%     | FDC contracted to acquire, settlement to occur May 31 |

## Developments

During the period, the Group obtained Board approval, subject to authority approvals and construction tendering for a \$40 million upgrade of the Warnbro Fair shopping Centre, 50kms south of Perth. A development application was also lodged for the Cranbourne asset in Victoria, with development cost forecast to be in the vicinity of \$105 million. Further updates on the pipeline of projects will be included with the full year results presentation in August 2013.

## Summary

Commenting on the quarterly update, FDC's Managing Director and CEO, Steven Sewell said: "FDC's core portfolio continues to deliver resilient growth, underpinned by strong performing supermarket-anchored shopping centres. It is pleasing that in advance of the redevelopment and asset enhancement projects being undertaken the portfolio's NOI growth and occupancy is solid.

"In respect of the capital transactions out of the managed syndicates business, it is apparent there is good demand from predominantly unlisted and private equity for assets with good operating fundamentals and growth outlook."

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## About Federation Centres (ASX: FDC)

Federation Centres (FDC) is a fully vertically integrated Australian real estate investment trust (A-REIT) specialising in the ownership and management of Australian shopping centres. With \$6.6 billion of shopping centres under management, FDC employs over 500 people with offices in Melbourne, Sydney, Brisbane and Perth. For more information, please visit the FDC website at [www.federationcentres.com.au](http://www.federationcentres.com.au).

## Appendix – Annual Sales Growth Analysis:

| Sales Category Analysis as at 31 March 2013 |                  |                         |                      |
|---------------------------------------------|------------------|-------------------------|----------------------|
| Category                                    | MAT (\$ million) | MAT Change <sup>1</sup> | Composition of Sales |
| Supermarkets                                | 2,560.6          | 2.1%                    | 38%                  |
| Discount Department Stores                  | 956.8            | 1.2%                    | 14%                  |
| Department Stores                           | 179.3            | 3.9%                    | 3%                   |
| Mini Majors                                 | 547.2            | 5.1%                    | 8%                   |
| Specialties                                 | 2,479.6          | 2.5%                    | 37%                  |
| <b>Portfolio Total</b>                      | <b>\$6,723.5</b> | <b>2.4%</b>             | <b>100%</b>          |

1. MAT Growth calculated in accordance with SCCA standards