

22 October 2014

SEPTEMBER OPERATIONAL UPDATE

Federation Centres (FDC) announces an update for the quarter ended 30 September 2014.

The FDC owned portfolio¹ recorded an occupancy rate of 99.4%. Annual sales growth for the year to 30 September 2014 was 1.0%, with specialty retailers recording annual sales growth of 1.6%.

Portfolio Snapshot

Federation Centres CEO and Managing Director, Steven Sewell said: "Moving annual turnover growth improved to 1.0%, compared to 0.7% at 30 June 2014. All categories recorded an improvement, with the increase in growth in the mini majors and specialties categories reflecting our active remixing initiatives. Retailers also took confident steps to reposition and invest in their businesses to drive sales productivity."

FDC Portfolio	As at 30 September 2014
Number of Shopping Centres	61
Portfolio Value (bn)	\$4.6
Occupancy (%)	99.4
Annual Retail Sales Growth (SCCA) (%)	1.0
Specialty Occupancy Cost (%)	14.6
No. of Leasing Transactions (excludes project leasing)	242

Capital Transactions

"Improvement through disposal of non-core assets and acquisitions was a highlight of the financial year to date with the continued strategic realignment and uplift in the quality of our portfolio through acquisitions both from the syndicate business and from external parties," Mr Sewell said.

"Through the purchase of a 25% stake in Mt Ommaney Centre in Brisbane, a new co-ownership arrangement was established with TIAA Henderson Real Estate, an established investment management company with specialisation in real estate equity and debt investing worldwide," he added.

During the quarter FDC also moved to acquire the units not already held in the RDP 6 syndicate which owned Brandon Park in Wheelers Hill Victoria. Also during September, a 50% interest in Brandon Park was sold to a leading Australian superannuation fund, which is an existing co-owner of FDC managed properties. As a result of the support received from Retail Direct Property syndicate investors to date, FDC will seek to continue acquiring assets and transitioning out of the syndicate business by the end of calendar 2014.

¹ Including co-owned assets.

In a separate transaction, FDC has purchased 50% of Bentons Square in Mornington Victoria with an option to acquire the remaining 50% by July 2016.

In line with asset strategy planning, FDC disposed of Somerville and Springwood centres during the period with the sale of Arndale Central due to complete later this month. Proceeds from the sale of these assets will be recycled into the \$1.3 billion FDC redevelopment pipeline.

Capital transactions for the three months to 30 September 2014 are shown in the table below.

Asset	Syndicate	Price (Millions)	Details
Acquisitions			
Brandon Park (100%)	RDP 6	\$115.8	Settled in October
Mount Ommaney (25%)	Direct	\$104.1	Acquired, settled in October
Bentons Square (50%)	Direct	\$38.3	Acquired, settled in October
Disposals			
Arndale Central	Direct	\$152.0	Sold to external party, settlement in October
Brandon Park (50%)	RDP 6	\$57.9	Settled in October
Springwood	Direct	\$53.3	Sold to external party, settled in August
Somerville	Direct	\$42.1	Sold to external party, settled in September

Developments

“The Warnbro Centre redevelopment opened ahead of schedule and below original budget forecasts. Initial trading at Warnbro by the newly-added Big W and specialty retailers has exceeded expectations with the local community welcoming and supporting the improvement in retail options and enhanced facilities.

“The Cranbourne Park development is proceeding well with construction ahead of schedule and leasing of the redevelopment more than 70% committed. Stage one of the redevelopment, which includes new Target and Coles stores and 48 specialty retailers, is on schedule to open in March 2015.

“Board approval has been received for our next two projects, Warriewood in New South Wales and Colonnades in South Australia, that have a combined value of \$136 million. Plans for the remaining assets earmarked in the \$1.3 billion redevelopment pipeline are progressing well,” Mr Sewell said.

Appendix – Annual Sales Growth Analysis as at 30 September 2014:

FDC Sales Category Analysis			
Category	Annual Sales (\$m)	MAT Change ¹	Portfolio Composition
Supermarkets	3,369.5	1.3%	42%
Specialties	2,380.6	1.6%	29%
Discount Department Stores	1,021.7	-2.0%	13%
Mini Majors	600.0	2.4%	7%
Other Retail	586.0	0.8%	7%
Department Stores	169.5	-0.8%	2%
Portfolio Total	8,127.3	1.0%	100%

¹ Calculated in accordance with SCCA standards

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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 \$6.8 billion of shopping centres under management, FDC employs over 600 people with offices in Melbourne, Sydney, Brisbane and Perth. For more information, please visit the FDC website at www.federationcentres.com.au.

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- Federation Centres Trust No. 2 ARSN 122 223 974
- Federation Centres Trust No. 3 ARSN 153 269 759