ASX Announcement

FEDERATION CENTRES

6 May 2015

MARCH OPERATIONAL UPDATE

Federation Centres (**FDC**) announces an update for the quarter ended 31 March 2015.

The Federation Centres owned and co-owned portfolio continued to deliver a sound operating performance with Net Operating Income up 3.6% for the nine months to March 2015 compared to the prior corresponding period. The leasing spread was maintained at 3.2%, in line with the half year result, with 585 transactions completed for the nine month period. Annual sales growth for the year to 31 March 2015 was 1.0%, with specialty retailers recording annual sales growth of 2.3%. The occupancy rate was 99.4%.

Commentary

Federation Centres Managing Director and CEO, Steven Sewell said: “I am pleased the Federation Centres portfolio has continued to perform well during the quarter while the work to prepare for the merger with Novion Property Group has also proceeded smoothly.

“The delivery of Net Operating Income growth combined with a stable leasing spread shows there is an excellent basis for the merger which will provide Federation Centres investors with increased returns and enhanced growth opportunities from a larger and more diverse portfolio,” he said.

Portfolio Snapshot

The portfolio continued its positive growth trend, supported by the ongoing strength in the Specialties category. The improvement in Net Operating Income resulted from both growth in income as well as savings in centre operating expenses from an ongoing focus on procurement savings and cost reductions. There was also an improvement in the Discount Department Stores and Department Stores categories, compared with their December 2014 annual sales performance. Mini Majors performed well, although sales moderated as new entrants in this category saw sales stabilise after buoyant initial trading.

FDC Portfolio	As at 31 March 2015
Number of Shopping Centres	65
Occupancy	99.4%
Annual Retail Sales Growth (SCCA)	1.0%
Comparable NOI Growth - Stabilised	3.6%
Specialty Occupancy Cost	14.6%
Total Leasing Spread	3.2%
No. of Leasing Transactions (excludes project leasing)	585

Redevelopments

Redevelopments at Warriewood Square in New South Wales and Halls Head in Western Australia are progressing well and initial works have commenced for the second stage of the redevelopment at Colonnades in South Australia. Approval for redevelopment plans for Mandurah Forum was also recently received. The first stage of the Cranbourne Park redevelopment opened on time and fully leased during the quarter.

Capital Transactions

The previously announced sales of Woodlands in Queensland and Mildura and Warrnambool in Victoria all settled during the quarter.

Appendix – Annual Sales Growth Analysis as at 31 March 2015:

FDC Sales Category Analysis			
Category	**Annual Sales ($m)**	**MAT Change[1] (%)**	**Portfolio (%)**
Supermarkets	3,590.7	1.1%	41%
Specialties	2,511.9	2.3%	29%
Discount Department Stores	1,117.9	(1.7%)	13%
Mini Majors	659.6	2.6%	8%
Department Stores	168.2	(0.8%)	2%
Other Retail	660.5	(0.8%)	7%
Portfolio Total	**8,708.8**	**1.0%**	**100%**

[1] Calculated in accordance with SCCA standards. Prior year included a 53 week reporting period for Wesfarmers and Woolworths Group. For comparison purposes, prior year has been adjusted to reflect a 52 week reporting period.

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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 $7.3 billion of shopping centres under management, FDC employs approximately 600 people with offices in Melbourne, Sydney, Brisbane and Perth. For more information, please visit the FDC website at www.federationcentres.com.au.