

September 2015 quarterly update

27 October 2015

Cranbourne Park, VIC



Highlights

Merger integration continues on schedule

- On track to deliver operational synergies
- Melbourne and Perth corporate teams co-located
- IT platform decision made
- Appointment of Chief Investment Officer
- On track for Vicinity Centres brand roll-out on 2 November 2015

Debt structure progressing

- A\$433m of US Private Placement (USPP) 10 and 15-year notes priced

Five non-core assets sold

Retail sales environment remains positive

- Comparable specialty store moving annual turnover (MAT) growth remains solid at 3.2% (Jun-15: 3.3%)
- Apparel MAT growth continued to improve to 2.8% (Jun-15: 2.1%)

Cranbourne Park development completed



Debt restructuring continues post merger

- A\$433m of USPP 10 and 15-year notes priced
 - December 2015 settlement
 - Will extend debt duration by ~0.6 years
 - Capital markets sourced debt will total almost \$2.0b
- Drawn debt \$4.5b¹
- Total facilities \$6.6b¹
- Debt liquidity to be reviewed post settlement of USPP notes

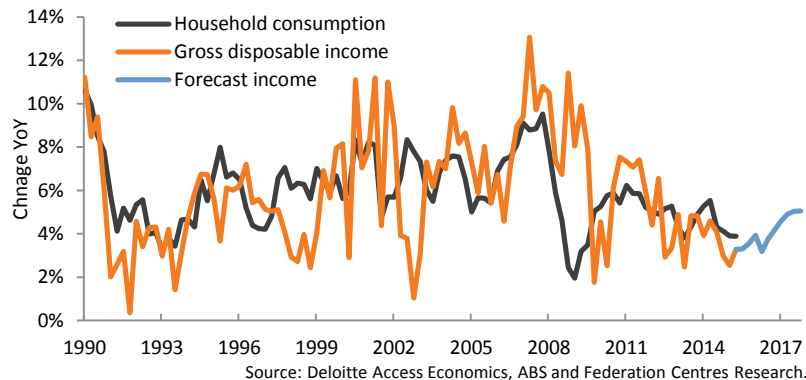


Warnbro Centre, WA

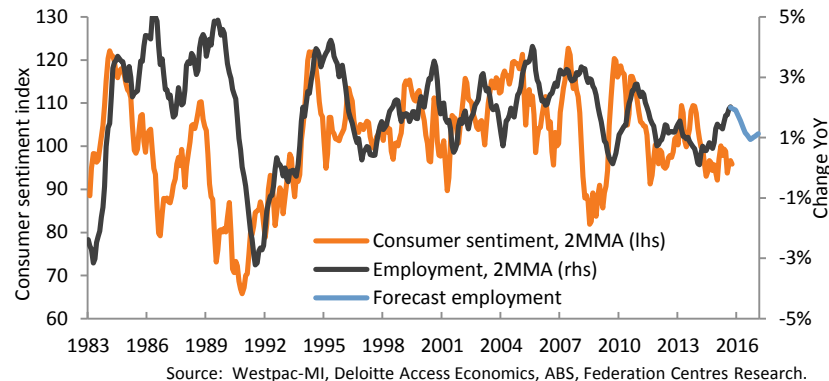
1. As at 30 September 2015.

Retail environment remains positive

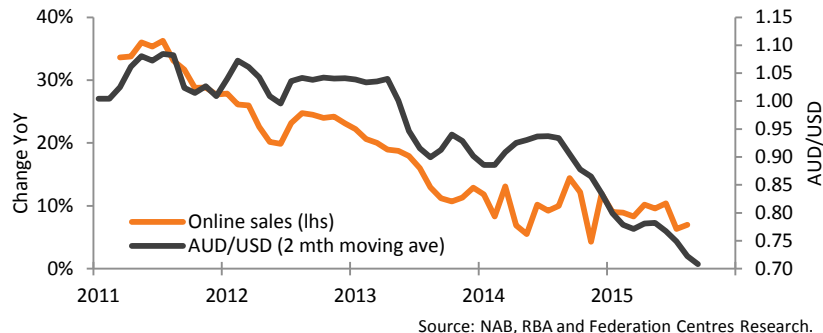
Rising disposable income to drive household consumption



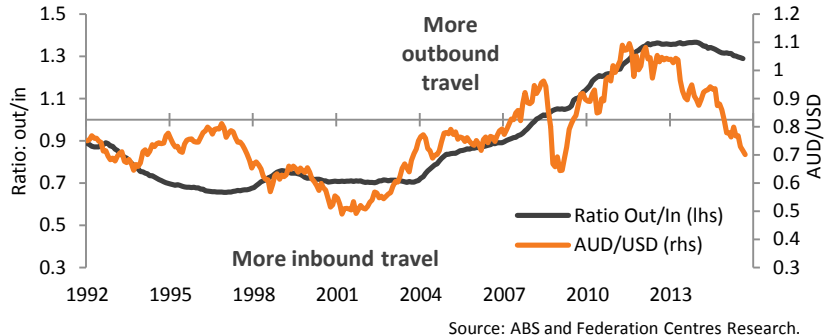
Consumer sentiment and employment muted over the short-term



Falling Australian dollar driving lower online sales growth...



... and also slowing offshore travel



Direct Portfolio – total retail sales

Direct Portfolio total retail sales by store type				
Store type	Actual MAT Sep-15		Comparable ¹ MAT growth	
	MAT (\$m)	Proportion of portfolio (%)	Sep-15 (%)	Jun-15 (%)
Specialty stores	6,302	37.5	3.2	3.3
Supermarkets	5,048	30.0	(0.3)	0.4
Mini-majors	1,830	10.9	2.6	2.7
Discount department stores	1,741	10.3	(1.1)	(1.6)
Other retail ²	1,090	6.5	0.3	0.7
Department stores	814	4.8	(0.8)	(1.6)
Total portfolio	16,825	100	1.1	1.3

Note: totals may not sum due to rounding.

1. Comparable portfolio which excludes development-impacted centres.

2. Other retail includes cinemas and sales-reporting tenancies including travel agents, auto accessories, lotteries and other entertainment and non-retail stores.

Department store categories showing signs of recovery

- Specialty store MAT growth remains solid at 3.2%
- Supermarket sales have been impacted by price deflation but remain highly productive
- Both department store categories are improving, however MAT growth remains negative

Direct Portfolio – specialty store sales

Direct Portfolio specialty store sales by category				
Category	Actual MAT Sep-15		Comparable ¹ MAT growth	
	MAT (\$m)	% of specialty sales (%)	Sep-15 (%)	Jun-15 (%)
Apparel	2,142	34.0	2.8	2.1
Food catering	925	14.7	2.0	2.4
General retail ²	601	9.5	3.5	4.1
Food retail	584	9.3	0.9	1.9
Retail services	532	8.4	7.4	7.2
Homewares	430	6.8	1.6	3.0
Jewellery	423	6.7	3.2	1.3
Leisure	400	6.4	(0.7)	0.5
Mobile phones	266	4.2	14.3	17.0
Total specialty stores	6,302	100.0	3.2	3.3

Note: totals may not sum due to rounding.

1. Comparable portfolio which excludes development-impacted centres.
2. General retail includes giftware, pharmacy and cosmetics, pets, discount variety, tobacconists, florists and toys.

Apparel sales recovery steps up a level

- Apparel MAT growth continues to improve
 - Up from 2.1% reported to Jun-15 and 1.5% to Jun-14
 - The growth is across a number of apparel types
- Growth in sales of retail services and mobile phones continues to be strong

Development update – September quarter highlights

- Pipeline of \$3.0b (FDC share: \$1.5b)
- Cranbourne Park development completed
- Mandurah Forum redevelopment planning well advanced with construction likely to commence in the second half of FY16
- Roselands development application for major redevelopment lodged



Development update – Cranbourne Park completed

- Completed in September 2015
- New Coles and Target stores, refurbished Kmart, new mini majors (Cotton On Mega, JB Hi Fi Home, Harris Scarfe), specialty tenants and amenities including a playground
- Well received by community and trading above expectation
- Project scope expanded to include refurbishment of the existing centre while also delivering increased returns



Key metrics	Original scope	Current forecast
Cost (retail and office)	\$112.3m	\$110.3m
Yield	>7%	8.5%
Expected IRR	>12%	>14%

Development update – Chadstone on track

- New Target store opened in September 2015 and trading well above expectations despite location in development zone
- Specialty project leasing well advanced with strong demand from both local and international retailers
- LEGOLAND® Discovery Centre has committed to 2,800 sqm
- On track for total project completion in 2017



Artist's impression



Construction of retail project

Development update – Other live projects progressing well

- Halls Head Central (WA), Warriewood Square (NSW) and Colonnades (SA) developments
 - Combined project cost of \$190m (FDC share: \$95m)
 - Demand for retail space has been solid, providing the opportunity to lock in a good mix of specialty retailers which will enhance the overall retail product on offer to local communities
 - All on target to be completed and opened in 2H FY16



Summary and FY16 guidance

Summary

- Solid progress made on merger integration
- Well positioned to deliver on key merger milestones
- Positive retail environment with continued recovery in apparel sales
- Development pipeline a driver of portfolio quality and growth

FY16 guidance unchanged

- FY16 underlying earnings guidance of 18.8 to 19.1 cents per security (underlying EPS)¹
 - inclusive of five asset sales (~\$220m)² which reduced underlying EPS guidance by ~0.3 cents per security
- Payout ratio is expected to be 90% to 95% of underlying earnings

1. Subject to no unforeseen deterioration of economic conditions or further asset sales.
2. Goulburn Plaza, Katherine Oasis, Lutwyche City, Mount Gambier Central and Westside Plaza.



Chatswood Chase Sydney, NSW

Appendix



Appendix – Asset summaries as at 30 September 2015

	Centre type	Interest (%)	Annual retail sales (\$m)	Centre sales (\$psm)	Specialty sales (\$psm)
New South Wales					
Chatswood Chase Sydney	Major Regional	100	557	9,696	13,381
Bankstown Central	Major Regional	50	463	6,133	8,254
Roselands	Major Regional	50	312	5,327	8,561
Carlingford Court	Sub Regional	50	188	6,910	9,361
Lake Haven Shopping Centre	Sub Regional	100	271	7,890	9,723
Nepean Village	Sub Regional	100	220	9,884	11,125
Warriewood Square	Sub Regional	50	N/A ¹	N/A ¹	N/A ¹
Tweed Mall	Sub Regional	100	130	6,402	6,130
West End Plaza	Sub Regional	100	89	5,876	6,619
Lavington Square	Sub Regional	100	118	6,975	8,382
Armidale Central	Sub Regional	100	95	6,828	5,902
Toormina Gardens	Sub Regional	50	145	7,466	8,930
Maitland Hunter Mall	Sub Regional	100	42	3,832	6,510
Terrace Central	Neighbourhood	100	63	10,239	10,329
Lennox Village	Neighbourhood	50	114	11,669	6,641
DFO Homebush	Outlet/Bulky Goods	100	297	10,010	13,722
Australian Capital Territory					
Tuggeranong Hyperdome	Regional	50	291	4,484	6,901
Tasmania					
Eastlands Shopping Centre	Regional	100	225	7,306	8,382
Northgate Shopping Centre	Sub Regional	100	135	7,788	9,705

	Centre type	Interest (%)	Annual retail sales (\$m)	Centre sales (\$psm)	Specialty sales (\$psm)
Queensland					
QueensPlaza	City Centre	100	293	8,201	21,394
The Myer Centre Brisbane	City Centre	50	342	5,608	10,941
Toombul	Regional	100	236	6,783	7,999
Grand Plaza Shopping Centre	Regional	50	356	7,052	9,680
Runaway Bay Shopping Village	Regional	50	291	8,229	9,176
Mt Ommaney Centre	Regional	25	320	6,593	7,732
Clifford Gardens Shopping Centre	Sub Regional	100	194	7,560	9,304
Taigum Square	Sub Regional	100	107	6,161	6,496
Gympie Central	Sub Regional	100	117	8,564	9,776
Whitsunday Plaza	Sub Regional	100	105	5,706	9,496
Buranda Village	Sub Regional	100	63	6,984	7,825
Lutwyche City	Neighbourhood	100	90	10,645	7,441
Oxenford Village	Neighbourhood	100	73	16,601	11,248
Goldfields Plaza	Neighbourhood	100	59	8,721	8,791
Milton Village	Neighbourhood	100	24	15,337	10,547
North Shore Village	Neighbourhood	100	46	14,916	5,509
Monier Village	Neighbourhood	100	48	9,275	5,491
Indooroopilly Central	Outlet/Bulky Goods	100	29	3,980	6,591
South Australia					
Elizabeth Shopping Centre	Regional	100	344	5,630	7,328
Colonnades	Regional	50	272	4,854	6,401
Castle Plaza Shopping Centre	Sub Regional	100	146	6,889	8,107
Kurralta Central	Sub Regional	100	73	7,081	6,539
Mount Gambier Central	Sub Regional	100	46	4,360	6,468
Hilton Plaza	Neighbourhood	100	43	11,114	8,030

1. Development impacted.

Appendix – Asset summaries as at 30 September 2015 (continued)

	Centre type	Interest (%)	Annual retail sales (\$m)	Centre sales (\$psm)	Specialty sales (\$psm)
Victoria					
Chadstone Shopping Centre	Super Regional	50	1,436	10,898	17,761
Bayside Shopping Centre	Major Regional	100	407	4,881	7,244
Northland Shopping Centre	Major Regional	50	523	5,830	8,457
The Glen	Major Regional	50	341	6,499	8,219
Emporium Melbourne	City Centre	50	414	9,350	12,124
Myer Bourke Street	City Centre	33	N/A	N/A	N/A
Broadmeadows Shopping Centre	Regional	100	269	4,917	6,079
Forest Hill Chase	Regional	100	301	5,430	6,448
Cranbourne Park	Regional	50	N/A ¹	N/A ¹	N/A ¹
Brimbank Shopping Centre	Sub Regional	100	178	5,233	5,625
Box Hill Central (South Precinct)	Sub Regional	100	142	6,897	8,716
Corio Shopping Centre	Sub Regional	100	160	6,401	5,590
Roxburgh Park Shopping Centre	Sub Regional	100	138	6,486	5,511
Victoria Gardens Shopping Centre	Sub Regional	50	182	6,119	8,826
Altona Gate Shopping Centre	Sub Regional	100	141	5,858	6,851
Box Hill Central (North Precinct)	Sub Regional	100	82	7,129	5,983
Mornington Central	Sub Regional	100	101	8,682	9,696
Brandon Park	Sub Regional	50	129	6,720	5,859
Sunshine Marketplace	Sub Regional	50	132	4,443	6,258
Wodonga Plaza	Sub Regional	100	91	5,348	6,541
Belmont Village	Sub Regional	100	92	6,691	7,330
Oakleigh Central	Neighbourhood	100	118	8,801	5,240
The Gateway	Neighbourhood	100	82	9,164	6,790
Bentons Square	Neighbourhood	50	N/A ²	N/A ²	N/A ²

1. Development impacted.
2. Recently acquired, full MAT history not available.
3. Excludes DFO South Wharf and DFO Essendon Homemaker retailers.

	Centre type	Interest (%)	Annual retail sales (\$m)	Centre sales (\$psm) ³	Specialty sales (\$psm) ³
Victoria (continued)					
DFO South Wharf	Outlet/Bulky Goods	75	331	9,056	8,921
DFO Essendon	Outlet/Bulky Goods	100	216	8,226	8,603
DFO Moorabbin	Outlet/Bulky Goods	100	135	5,555	5,941
Western Australia					
Galleria	Major Regional	50	506	7,123	11,395
Rockingham Shopping Centre	Regional	50	450	8,028	8,878
Mandurah Forum	Regional	50	383	10,107	10,914
Warwick Grove	Sub Regional	100	207	7,017	7,546
Warnbro Centre	Sub Regional	100	N/A ¹	N/A ¹	N/A ¹
Maddington Central	Sub Regional	100	185	7,327	7,331
Karratha City	Sub Regional	50	238	10,381	10,212
Currambine Central	Neighbourhood	100	N/A ²	N/A ²	N/A ²
Dianella Plaza	Neighbourhood	100	92	6,499	5,520
Stirling Central	Neighbourhood	100	107	12,966	11,985
Kalamunda Central	Neighbourhood	100	76	9,596	5,421
Flinders Square	Neighbourhood	100	68	12,896	6,547
Victoria Park Central	Neighbourhood	100	52	9,731	5,469
Albany Brooks Garden	Neighbourhood	100	49	9,494	4,460
Halls Head Central	Neighbourhood	50	N/A ¹	N/A ¹	N/A ¹

Contact details

Contact:

Investors

Penny Berger
+61 2 8229 7760
penny.berger@vicinity.com.au

Media

Brandon Phillips
+61 3 9236 6321
brandon.phillips@vicinity.com.au

About Federation Centres (ASX: FDC)

Federation Centres is one of Australia's leading retail property groups. Following the merger with Novion Property Group implemented in June 2015, Federation Centres has over \$22 billion in retail assets under management.

For more information about Federation Centres, please visit www.federationcentres.com.au

For information about Novion Property Group, please visit www.novion.com.au

Disclaimer

This document is a presentation of general background information about the activities of Federation Centres (ASX:FDC) current at the date of lodgement of the presentation (27 October 2015). It is information in a summary form and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice, when deciding if an investment objective is appropriate.

This presentation contains certain forecast financial information along with forward-looking statements in relation to the financial performance and strategy of Federation Centres. The words 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'outlook', 'upside', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan' and other similar expressions are intended to identify forward looking statements. Indications of, and guidance on, future earnings, financial position, performance and distributions are also forward-looking statements. The forward-looking statements included in this presentation are based on information available to Federation Centres as at the date of this presentation. Such forward-looking statements are not representations, assurances, predictions or guarantees of future results, performance or achievements expressed or implied by the forward-looking statements and involve known and unknown risks, uncertainties, assumptions and other factors, many of which are beyond the control of Federation Centres. The actual results of Federation Centres may differ materially from the anticipated results, performance or achievements expressed, projected or implied by these forward-looking statements and you should not place undue reliance on such forward-looking statements.

Except as required by law or regulation (including the ASX Listing Rules), Federation Centres disclaims any obligation to update these forward looking statements.