

CFS RETAIL PROPERTY TRUST GROUP (CFX)

Comprising:

CFX Co Limited ABN 79 167 087 363

CFS Retail Property Trust 1 ARSN 090 150 280

Responsible Entity: Commonwealth Managed Investments Limited

ABN 33 084 098 180 AFSL 235384

21 August 2014

ASX ANNOUNCEMENT

Annual results for the 12 months ended 30 June 2014

CFS Retail Property Trust Group (CFX or the Group) delivered a solid net profit of \$400.1 million for the 12 months ended 30 June 2014, driven by steady property income growth and positive property valuations. A full-year distribution of 13.6 cents per security will be paid to securityholders, in line with guidance.

Mr Angus McNaughton, Managing Director and CEO, said: "This has been a landmark year for CFX with the successful internalisation of management and the addition to our existing property platform of a retail property asset management business and a funds management business (together Internalisation). It also marked the 20th anniversary of CFX's initial listing on the Australian Securities Exchange as Gandel Retail Trust.

"As a result of the Internalisation, CFX now has \$14.2 billion of assets under management, including \$8.9 billion held on balance sheet (the Direct Portfolio), relationships with over 5,100 retailers, and we directly employ over 800 people.

"Post Internalisation, we continue to operate within a robust governance framework, maintain a strong balance sheet and intensively manage our assets. Combined with our expanded strategy which includes operational excellence and Strategic Partnerships, we have a strong business model to continue to deliver superior and stable risk-adjusted returns for our securityholders."

Key Group operating highlights for the year included:

- net profit of \$400.1 million, up from \$295.0 million in the prior year
- a 4.1% increase in distributable income¹ to \$400.4 million
- total net property income (NPI)² increasing 2.2% to \$549.0 million, while like-for-like NPI was up 0.7%
- net tangible asset backing per security (NTA) decreasing 6.9% to \$1.90 from \$2.04 at 30 June 2013, predominantly due to the acquisition of management entities which include intangible assets, as part of the Internalisation³
- net asset value per security (NAV) decreasing 1.0% to \$2.02 from \$2.04 at 30 June 2013
- negotiating \$1.6 billion of financing facilities, materially improving the Group's debt position by extending duration and reducing our weighted average cost of debt
- gearing⁴ remaining conservative at 30.9%
- recycling capital through the sale of Rosebud Plaza and the conditional sale of The Entertainment Quarter, both at a premium to book value, and acquiring an additional 25% interest in DFO South Wharf
- advancing the development pipeline with the opening of Emporium Melbourne, completion of the DFO Homebush redevelopment and commencement of the \$580 million (CFX direct share: \$290 million) next stage of redevelopment at Chadstone Shopping Centre
- our occupancy rate improving from 99.4% to 99.7%

¹ Distributable income is a key non-IFRS earnings measure used by management to assess the performance of CFX. It represents CFX's underlying and recurring earnings from ordinary operations. Refer to page 4 for the reconciliation of net profit to distribution.

² NPI and like-for-like NPI are unaudited, non-IFRS financial information and are not key profit measures of CFX. They are used by management to monitor the performance of the Direct Portfolio. Please refer to Appendix 1 for the calculation of NPI and like-for-like NPI.

³ As outlined in the Explanatory Memorandum dated 7 February 2014 (Meeting Booklet).

⁴ Gearing equals borrowings as a percentage of total assets. For this calculation, borrowings is the amount of debt drawn and total assets exclude the fair value of derivatives.

- achieving comparable⁵ shopping centre⁶ specialty store sales growth of 2.2% from the Direct Portfolio
- scoring 100% for climate disclosure and being rated in the 'A-' band for climate performance by CDP, and
- executing \$125 million of acquisitions⁷ and completing \$150 million of development works for our Strategic Partnerships.

For more information on CFX's performance during the period, refer to the Appendix 4E which was released today and can be found on CFX's website, cfsgam.com.au/cfx

CFX becomes an internalised vehicle with an expanded Board

Mr Richard Haddock AM, Chairman of the boards of CFX Co Limited and Commonwealth Managed Investments Limited (CMIL) (collectively referred to as the Board), said: "The structural change delivered through the Internalisation will provide long-term benefits to our securityholders."

The Internalisation transaction included:

- internalising the Group's management
- commencing the investment management of a number of wholesale property funds and mandates (Wholesale Funds), and
- acquiring from Commonwealth Bank of Australia (CBA) its retail property asset management business, which managed assets within CFX's Direct Portfolio, Wholesale Funds and those owned by third parties.

Benefits of the transaction included:

- being accretive to distributions
- replacing funds and asset management fees previously paid to CBA with lower direct costs over which CFX has greater control
- an enhanced governance framework, with securityholders now able to vote on the election of Non-executive Directors and remuneration matters, providing greater alignment with securityholder interests, and
- scale and diversification benefits.

"Under the internalised structure, approximately 92% of our revenue is generated from CFX's Direct Portfolio. Our funds and asset management partners (Strategic Partnerships) now deliver around 8% of the Group's revenue. While this is not a material shift to our earnings profile, it is nevertheless an important addition to our business and it provides diversification of earnings and capital sources, and scope for incremental growth over time," Mr Haddock said.

The transaction involved CFX paying \$452 million⁸ to CBA as consideration for the Internalisation. Funding was secured via a combination of equity and debt, comprising:

- a \$280 million fully underwritten institutional placement (the Placement)
- \$15 million raised through a Security Purchase Plan (SPP), and
- debt funding.

Mr Haddock added: "As outlined in the Meeting Booklet, our FY14 distribution of 13.6 cents per security is unchanged on guidance provided under the previous externally-managed structure. This is primarily due to the accretion benefits of Internalisation (effective for the final three months of the reporting period) being largely offset by the cost of securing the Placement three months prior to the implementation of the Internalisation. Securities issued under the Placement ranked equally with existing securities on issue and therefore were fully entitled to the December 2013 half-year distribution. An SPP was also offered to all securityholders under effectively the same terms as the Placement. However, raising equity well ahead of implementation effectively de-risked the funding of the Internalisation."

The remaining 12-month transitional arrangements with CBA are well progressed. A new corporate brand is currently being developed and will be launched later in 2014.

⁵ Comparable centres refer to those centres that are not undergoing or have not undergone substantial redevelopment in either period of comparison.

⁶ Shopping centre portfolio excludes Myer Bourke Street, VIC, Emporium Melbourne, VIC, the DFO retail outlet centres and 15 Bowes Street, Woden.

⁷ Including contracts exchanged post the period.

⁸ Adjusted for QV Retail and excluding net assets and transaction costs as outlined in the Meeting Booklet.

More detailed information on the Internalisation can be found on CFX's website cfsgam.com.au/cfx

Board and management changes

Following the strong endorsement of the Internalisation by securityholders, five new Directors were appointed to the Board:

- Mr Trevor Gerber – Independent Non-executive Director
- Mr Peter Hay – Independent Non-executive Director
- Ms Karen Penrose – Independent Non-executive Director
- Mr Peter Kahan – Non-executive Director (nominated by Gandel Group⁹), and
- Dr David Thurin – Non-executive Director (nominated by Gandel Group).

Mr Haddock said: "Our new Directors have a broad range of expertise and experience, at both an operational and executive level, in retail property funds and asset management, along with non-executive director experience, which is highly valuable and complementary to the Board's existing experience and capabilities."

Also announced during the period was Mr James Kropp's decision to retire as a Director in September 2014 after more than 10 years on the CMIL Board.

Immediately following implementation of the Internalisation, Mr Angus McNaughton and Mr Michael Gorman were appointed as Managing Director and CEO, and Deputy CEO and Chief Investment Officer, respectively. On 12 May 2014, CFX announced the appointment of Mr Richard Jamieson to the newly created position of Chief Financial Officer. Mr Jamieson will commence with the Group later in 2014.

CFX's Head of Development, Mr Tony Gilchrist, has announced that he will step down from his role at the end of 2014. Mr Daryl Stubbings has been appointed to this role effective from 1 January 2015. Mr Stubbings has been with the business for nearly 10 years, and has been a Regional Development Manager since 2006, most recently managing the Emporium Melbourne project and prior to that the redevelopment of Chatswood Chase Sydney.

Strategic Partnerships

Our Strategic Partnerships business consists of like-minded third parties to whom we provide funds and asset management services.

Mr McNaughton said: "The Group's asset management platform has one of Australia's largest retail portfolios, with \$14.2 billion of assets under management. Acquiring this business from CBA provided two key financial benefits for CFX securityholders: CFX no longer pays management fees for the \$8.9 billion of assets within CFX's Direct Portfolio, and the Group now earns management fees from the \$5.3 billion of assets owned by joint owners of assets in CFX's Direct Portfolio, Wholesale Funds and other third parties.

"CFX now provides a full suite of services for the professional management of retail assets including centre management, development management, leasing, market research, marketing, tenancy design, procurement, sustainability, risk management and portfolio management."

The Group's Wholesale Funds business is primarily comprised of two wholesale closed-end funds and one direct property mandate. The business currently has around \$1.7 billion in retail assets under management.¹⁰

Mr McNaughton said: "During the period, we continued to invest committed equity into one of our newest wholesale funds, CFSGAM Property Enhanced Retail Fund (CERF), with the acquisition of Riverside Plaza, NSW and post the period, the acquisition of Bathurst City Centre, NSW.

"These acquisitions are in line with CERF's strategy to invest in quality sub-regional and neighbourhood shopping centres in strong trade areas where we can add value through the Group's intensive asset management approach. CERF's investment portfolio now comprises three assets totalling over \$200 million."

⁹ Gandel Group is CFX's largest investor and also owns 50% of Chadstone Shopping Centre.

¹⁰ Excluding funds in wind down and includes assets settled post the period.

Investment performance

CFX delivered a Total Securityholder Return (TSR)¹¹ of 9.1% for the year, outperforming the UBS Retail 200 Property Accumulation Index (the Index) return of 8.5%. CFX also delivered on its objective to provide superior and stable risk-adjusted returns, with notable outperformance against both the Index and the broader S&P/ASX 200 Property Accumulation Index over a 10-year horizon.

For the six months to 31 December 2013, CFX outperformed the customised retail property accumulation index¹² (the benchmark) by 3.4 percentage points, entitling CBA to a performance fee of \$5.3 million for the period.

As part of the Internalisation and under the new Group structure, from 1 January 2014, CFX will no longer incur performance fees. Full details of the performance fee are detailed in Note 15 of the Financial Report.

Financial results

CFX's net profit for the 12 months to 30 June 2014 was \$400.1 million, compared to \$295.0 million for the prior year. The net profit includes a net gain on investment properties and associate valuations of \$70.8 million (compared to a \$63.1 million net loss for the prior year) and an unrealised net loss on derivatives valuations of \$23.0 million (compared to a \$3.5 million net loss for the prior year).

Distributable income was up 4.1% to \$400.4 million, compared to \$384.6 million for the prior year.

NPI was \$549.0 million, up 2.2% driven by a number of development completions over the past two years offsetting the sale of Rosebud Plaza in November 2013, while like-for-like NPI was up 0.7%, with fixed 5% specialty rent increases largely offset by negative spreads on expiring leases.

Reconciliation of net profit to distribution		
\$m, for the year ended		
	30-Jun-14	30-Jun-13
Net profit	400.1	295.0
Adjustments:		
net (gain)/loss from property valuations	(70.8)	63.1
net unrealised loss from derivative valuations	23.0	3.5
straight-lining revenue	1.6	(2.4)
movement in fair value of unrealised performance fees	2.0	(5.5)
non-cash convertible notes interest expense	1.2	2.0
Internalisation costs	13.5	-
project and other items	29.8	28.9
Distributable income	400.4	384.6
net transfer from undistributed reserves ^a	9.5	-
Distribution	409.9	384.6
Securities on issue (end of period) (million)	3,018 ^b	2,828
Distribution per stapled security (cents)	13.6	13.6

a. New securities issued in December 2013 ranked equally with securities on issue at the time and were entitled to the full December 2013 distribution. Consequently, an amount of \$9.8 million has been transferred from undistributed reserves to deliver the December 2013 distribution payment. \$0.3 million was transferred to undistributed reserves.

b. Securities were issued during FY14 for the June 2013 DRP, the Placement and the SPP.

Capital management

Mr Michael Gorman, Deputy CEO and Chief Investment Officer, said: "It was an active year for the Group in capital management. We negotiated \$1.6 billion of new or renewed financing facilities which materially improved our debt position, by extending duration and reducing our weighted average cost of debt."

"Another key achievement was fully funding the Internalisation through a combination of equity (the Placement and SPP) and debt well in advance of completing of the transaction.

"Our approach to capital management has enabled us to maintain our strong balance sheet and long-term stable S&P credit rating of 'A', one of the highest in the sector," Mr Gorman said.

¹¹ TSR comprises stapled security price performance and distribution income yield.

¹² For the purposes of calculating the performance fee, the benchmark, which is the UBS Retail 200 Property Accumulation Index, is customised to remove the effect of CFX on the Index. A 20-day volume weighted average price (VWAP) is applied to both the CFX accumulation index and the customised index.

CFX's Dividend and Distribution Reinvestment Plan (DRP) will operate in respect of the June 2014 distribution. Securities issued under the DRP will be issued at a 2.0% discount to the market price, raising \$64.9 million, which will be applied to funding the development pipeline of the Direct Portfolio.

Changes to key debt metrics since the beginning of the financial year are detailed below:

	As at 30-Jun-14 ^a	As at 30-Jun-13
Weighted average interest rate ^b (%)	5.4	5.6
Weighted average debt duration (years)	3.5	3.1
Proportion of debt hedged ^c (%)	83.9	81.3
Weighted average interest rate on hedged debt ^c (%)	4.8	5.1
Weighted average hedged debt duration ^c (years)	3.7	3.1
Gearing (%)	30.9	28.8
Undrawn debt facilities (\$ million)	301	530
Interest cover ratio ^d (times)	3.4	3.3
Loan to value ratio ^d (%)	36	33

- a. As at 30 June 2014, adjusted for capital management activities post the period.
- b. Including margins and line fees.
- c. Including all fixed-rate debt and excluding margins and fees.
- d. As defined in the Financial Report released to the ASX today.

Portfolio update

CFX's Direct Portfolio consists of interests in 29 retail assets, with a gross asset value of \$8.9 billion compared to \$8.6 billion at 30 June 2013. The Direct Portfolio is located predominantly in the capital cities of all six Australian states, with 78% of the retail portfolio¹³ comprising super-regional and regional shopping centres¹⁴, while DFO retail outlet centres comprise 9% of the portfolio.

Asset recycling

Mr Gorman said: "We continue to improve the quality of our Direct Portfolio by selectively divesting assets for reinvestment into stronger assets. During the period, we executed the sale of Rosebud Plaza for \$100 million at a 1.7% premium to book value and we reinvested the proceeds into DFO South Wharf, increasing our interest from 50% to 75%, for \$87.6 million¹⁵.

"The DFO assets have been strong performers in our portfolio and DFO South Wharf continues to report double-digit sales and traffic growth, making it a quality contributor to our portfolio.

"We also announced the conditional sale of our leasehold interest in The Entertainment Quarter, which is jointly owned with one of our Wholesale Funds, for \$80 million (CFX direct share: \$40 million), a 22.7% premium to book value. The sale is conditional on final approval by the ground lessor and the relevant NSW State Government authority."

Asset valuations

The entire Direct Portfolio was independently valued during the year, which resulted in a \$70.8 million net valuation gain compared to book value.

The Direct Portfolio weighted average capitalisation rate of shopping centres¹⁶ tightened to 6.25% from 6.43% at 30 June 2013.

Mr Gorman said: "The tighter capitalisation rates generally reflect increased transaction volumes for quality assets and investor confidence in longer-term retail market fundamentals. We were pleased to see valuations generally moving in a positive direction, albeit tempered by challenges within the retail leasing market."

¹³ Excluding 15 Bowes Street, Woden.

¹⁴ As defined by the Property Council of Australia.

¹⁵ Excluding acquisition costs.

¹⁶ Excluding DFO retail outlet centres and 15 Bowes Street, Woden. Myer Bourke Street, VIC and Emporium Melbourne, VIC valuations are included in the calculation of weighted average capitalisation rate from 30 June 2014.

Retail sales environment

Mr Gorman said: "The Australian economy continues to grow, albeit at a pace that is below trend. Retail sales growth also remains soft, as positive economic, income and house price growth is offset by weaker employment conditions and consumer caution following the announcement of the 2015 Federal Budget. Additionally, unseasonably warm weather in autumn created challenges for some retailers in moving their winter stock.

"Notwithstanding, we are pleased with the continued strong performance of our DFO portfolio. Since acquiring the portfolio in 2010, we have been able to add significant value by applying our intensive asset management model and utilising our extensive tenant relationships to significantly improve the retail mix."

CFX's Direct Portfolio of shopping centres reported total moving annual turnover (MAT) of \$7.1 billion, up 0.9% compared to the prior year. Comparable specialty stores achieved 2.2% MAT growth this year, which was below our forecast of 3.0%, but an uplift on the 1.7% reported to December 2013.

Mr Gorman added: "While we were generally able to achieve fixed 5% annual increases and not give incentives to renewing tenants, average re-leasing spreads for the year were -4.3% for the direct shopping centre portfolio, and -6.1% excluding the DFO portfolio, which remains relatively unchanged since December 2013.

"Comparable specialty store sales grew to \$10,457 per sqm at 30 June 2014, up 3.9% from the prior year, as underperforming tenants were progressively replaced. The increase in productivity has been reflected in our comparable shopping centre specialty store occupancy costs reducing to 17.1%, from 17.3% at 30 June 2013.

"While leasing remains challenging, the quality of our Direct Portfolio, coupled with improving sales growth, has enabled us to maintain effectively full occupancy of 99.7%, which is an improvement on the 99.4% reported at 30 June 2013 and 99.2% reported at 31 December 2013."

See **Appendix 2** for further details on CFX's retail sales.

Development

We achieved a number of development milestones during the year, including:

- DFO Homebush opening ahead of schedule in March 2014, fully leased
- the landmark Emporium Melbourne CBD centre development being fully leased, with the first stage opening prior to Easter 2014 and completion in August 2014, and
- final approval and commencement of the next major redevelopment of Chadstone Shopping Centre.

CFX's development pipeline currently totals \$1.2 billion, including \$538 million related to CFX's Direct Portfolio. Direct projects currently under construction have a development cost of approximately \$303 million (CFX share), with approximately \$290 million remaining to be spent.

Completed developments

DFO Homebush, NSW – Completed in March 2014

The completed project involved significant expansion and substantial remodelling of the existing centre, the introduction of luxury and premium apparel retailers and additional homemaker retailers. Providing an additional 12,000 sqm of lettable area bringing the centre to 30,000 sqm, the project also delivered a new food court, upgraded parents' rooms and toilets, and an expanded and reworked car parking facility with over 2,000 spaces.

Mr Gorman said: "Following completion of the development, DFO Homebush has one of the best collections of fashion retailers in Australia. Feedback on the development has been extremely positive from our customers and retailers, which is reflected in the increased foot traffic and exceptional sales performance.

"DFO Homebush has some of the strongest fundamentals of any retail asset in Australia. It is located on two major arterial roads in the geographic heart of Sydney with a high calibre tenant mix, key to a centre where premium brands are the main drawcards."

The project is expected to deliver a year-one yield on costs of greater than 8% and an internal rate of return of greater than 12%.

Emporium Melbourne, VIC – Completed in August 2014

Commenting on the completion of Emporium Melbourne, Mr Gorman said: “Customer traffic and sales performance has been very pleasing, with more than five million customer visits in the first three months after the stage one opening of this landmark CBD retail development.

“The development was a complex project involving the demolition and reconstruction of a number of buildings on the site bounded by Lonsdale, Swanston and Little Bourke Streets, while maintaining the heritage façade. The building incorporates quality finishes and materials sourced from around the globe to deliver a world-class shopping experience.

“While the development has been challenging and we experienced issues with program and costs, the finished product is of very high quality. The centre has a premium tenant mix, housing some of the world’s best international brands, with the largest collection of Australian designers under one roof and a 1,100 seat café court providing a strong and wide-ranging food offer.”

The \$590 million development (CFX share), which provides 45,000 sqm of premium retail space in the heart of Melbourne’s CBD, is expected to deliver a stabilised yield on cost of approximately 5%.

Projects commenced

Chadstone Shopping Centre, VIC – Demolition and early works

The \$580 million (CFX share: \$290 million) next stage of redevelopment of Chadstone Shopping Centre commenced following final approval and satisfaction of all conditions precedent in May 2014.

The project will involve the expansion and redevelopment of the northern end of the centre, including a revitalised West Mall and a world-class entertainment and leisure precinct featuring international flagship and luxury tenants around a central atrium. Concurrently, a 10-level, 17,000 sqm office building with four levels of basement parking will be built on the southern end of the site. Associated works will include the construction of a retail car park deck and a 14-bay centralised bus interchange. In total, approximately 20,000 sqm will be added to retail GLA and 14,000 sqm (net) will be added to office NLA.

Mr Gorman said: “The new North Retail precinct will accommodate a state-of-the-art Hoyts digital cinema complex, up to five international flagship stores in 11,000 sqm of space, 40 additional retailers, and a new 1,300-seat, 20-plus tenancy food gallery. Target will also be relocated to the lower ground floor in a new 7,000 sqm store.

“In keeping with our commitment to responsible property investment, both the retail and office components are targeting 5-star Green Star ratings.”

The project is targeting an initial yield on completion of greater than 6%, with a target internal rate of return greater than 10%. Early works and demolition commenced in June 2014, with construction starting in September 2014 and staged openings through to completion by mid 2017.

Responsible property investment

Mr McNaughton said: “We continue to receive global recognition for our approach to responsible investment. In 2013, CFX top-scored with 100% for climate disclosure and ranked in the ‘A-’ band for climate performance by CDP. We were also ranked second highest in Oceania and third globally for listed property entities by Global Real Estate Sustainability Benchmark (GRESB), and Asia Pacific Real Estate Association (APREA) again recognised CFX for our diligent approach to valuations.”

CFX also continues to be included in the FTSE4Good and DJSI (World, Asia Pacific and Australia) indices.

During the year, Chatswood Chase Sydney, became the first shopping centre in Australia to register for a Green Star – Performance rating. The rating tool will allow the centre to be assessed against best practice benchmarks for sustainable building practices and identify pathways to improve the centre’s operational performance over time.

CFX's responsible property investment program continues to drive efficiencies across the portfolio. Compared with a base year of FY08, the shopping centres in CFX's Direct Portfolio:

- are 12.7% more energy efficient¹⁷
- are 17.7% more water efficient¹⁷, and
- have 18.9% lower emissions intensity.¹⁷

In FY14, across CFX's Direct Portfolio we diverted 33% of waste away from landfill, an improvement on the 29% diversion in FY13.

Mr McNaughton added: "In the year ahead, we are looking to further improve our transparency and disclosure by reporting in accordance with the Global Reporting Initiative (GRI) G4 framework and we will also look to expand on our stakeholder materiality work of recent years. By engaging with our stakeholders we are able to better prioritise environmental, social and governance matters into our business model."

Comprehensive detail in relation to the Group's approach to responsible property investment can be found on CFX's website, cfsgam.com.au/cfx

Summary and outlook

Mr McNaughton said: "A key priority over the next year will be transitioning CFX to a fully independent and integrated retail property business. This will include the relocation of the Sydney office to the MLC Centre in Martin Place and the launch of a new corporate brand in late 2014. We are also undertaking an operational review to ensure that we have highly efficient and effective organisational structures and processes in place under an internalised model.

"On the development front, our focus will be on the construction and leasing of Chadstone's retail and office development, while continuing to masterplan other projects.

"We will continue to be disciplined with our capital, selectively recycling assets into value-enhancing opportunities, such as acquisitions or developments to maintain a strong balance sheet and improve the quality of our earnings.

"We will continue to engage with our retailers, customers and communities, and draw on the strengths of our asset management business to increase customer visitation by refining the tenant mix and improving the amenity of our assets.

"For our Strategic Partnerships, we are focused on the successful investment of CERF capital and delivering on other fund and mandate strategies, while also exploring new funds, mandates or partnering opportunities.

"On the operating environment, we are cautious on retail sales in the short-term given the impact of the 2015 Federal Budget but expect specialty store sales to steadily improve to 3% for the Direct Portfolio over FY15."

"We provide distribution guidance of 13.8 cents per security¹⁸ for FY15. This includes incremental EBIT from Internalisation of at least equal to the amount outlined in the Meeting Booklet and modest like-for-like NPI growth, offset by a short-term impact as Emporium Melbourne comes on line. Our guidance excludes the impact of asset sales, such as The Entertainment Quarter or any potential benefits arising out of the operational review currently underway. We will provide an update of this guidance at the half-year results," Mr McNaughton concluded.

CFX also announces its 2014 Annual General Meeting will be held at Hilton Sydney on 31 October 2014.

ENDS

¹⁷ Like-for-like shopping centres in the Direct Portfolio which excludes those centres where GLA has varied by more than 10% since the FY08 base year.

¹⁸ Assuming there is no unforeseen material deterioration to existing economic conditions.

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About CFS Retail Property Trust Group (CFX)

CFX is one of Australia's leading retail property groups, with a fully integrated funds and asset management platform, and \$14.2 billion in retail assets under management. Listed on the Australian Securities Exchange, CFX holds interests in 29 directly-owned retail assets across Australia, manages 17 assets on behalf of strategic partners (10 of which are co-owned with CFX) and has over 17,000 investors across 17 countries. For more information, visit cfsgam.com.au/cfx



Use your smartphone to scan this QR code to visit our investor centre.

Appendix 1**Calculation of net property income (NPI) and like-for-like NPI**

For the year ended	30-Jun-14 (\$m)	30-Jun-13 (\$m)	Change (%)
Property revenue	733.8	725.1	
Share of net profit from equity accounted investments before fair value adjustments	3.6	3.4	
Dividend income	1.4	1.5	
Property expenses	(220.7)	(219.3)	
Straight-lining revenue ^a	1.6	(2.4)	
Amortisation of project items ^a	19.6	20.0	
Other items ^a	9.7	8.9	
NPI	549.0	537.2	2.2
Like-for-like adjustments			
- development-affected properties excluded ^b	(37.5)	(32.9)	
- adjustment for changes in ownership of properties ^c	(1.1)	(4.2)	
- property expenses eliminated post internalisation	(11.4)	-	
- other one-off adjustments ^d	(4.3)	(8.9)	
Like-for-like NPI	494.7	491.3	0.7

- Refer to Note 3(b) of the Financial Report for further explanation of these items.
- Properties have been excluded from the like-for-like calculation where income has been significantly affected by development in either year. Properties excluded are Brimbank Shopping Centre, Forest Hill Chase, Emporium Melbourne and Roxburgh Park Shopping Centre.
- In May 2014, CFX acquired a further 25% interest in DFO South Wharf and in November 2013, CFX sold Rosebud Plaza Shopping Centre. An adjustment is made to the like-for-like calculation to reflect the changes in ownership interests.
- Queensland flood insurance claims and lease premiums have been excluded from the like-for-like calculation in FY14. A timing-related adjustment was made for the development of the industrial site at DFO Homebush, and lease premiums have been excluded, from the like-for-like calculation in FY13.

Appendix 2 – Direct Portfolio retail sales

Total portfolio sales – by store type (MAT)

Retail sales by store type for the 12 months to 30 June 2014 are detailed below:

Category	Comparable¹⁹		Actual	
	30-Jun-14 (\$m)	Annual growth (%)	30-Jun-14 (\$m)	Annual growth (%)
Department stores	631.3	0.1	649.0	(0.3)
Discount department stores	584.5	(5.5)	702.3	(5.5)
Supermarkets	1245.5	0.1	1,644.8	2.0
Mini-majors	639.7	1.0	759.4	1.1
Retail specialty	2,531.5	2.2	2,844.1	2.7
Other retail ²⁰	401.8	(3.7)	496.7	(1.6)
Shopping centre portfolio²¹	6,034.4	0.2	7,096.4	0.9
DFO retail outlet centres	466.4	10.6	659.7	15.2
Total Direct Portfolio	6,500.7	0.9	7,756.0	2.0

Shopping centre specialty store sales – by store type (MAT)

Retail specialty store sales by store type for the 12 months to 30 June 2014 are detailed below:

Shopping centre portfolio Retail specialty category	Comparable		Actual	
	30-Jun-14 (\$m)	Annual growth (%)	30-Jun-14 (\$m)	Annual growth (%)
Food retail	168.3	0.3	210.4	4.6
Food catering	376.8	1.6	423.7	1.9
Apparel	860.3	0.2	933.1	0.3
Jewellery	208.8	4.9	227.9	4.0
Leisure	164.3	2.6	184.8	3.0
General retail ²²	199.7	1.8	246.4	3.7
Homewares	272.1	6.2	283.2	5.7
Mobile phones	97.5	2.7	111.6	1.4
Retail services	183.6	6.4	223.0	7.0
Total retail specialty	2,531.5	2.2	2,844.1	2.7

¹⁹ Comparable centres refer to those centres that are not undergoing or have not undergone substantial redevelopment in either period of comparison.

²⁰ Other retail includes cinemas and sales reporting tenancies under 400 sqm including travel agents, auto accessories, Lotto and other entertainment and non-retail stores.

²¹ Excluding Myer Melbourne, 15 Bowes Street, Woden and DFO retail outlet centres.

²² General retail includes giftware, pharmacy and cosmetics, pets, discount variety, florists and toys.





Agenda

- Angus McNaughton**
 Managing Director and CEO
 FY14 highlights, Internalisation and market update
- Michael Gorman**
 Deputy CEO and Chief Investment Officer
 Financial and portfolio detail
- Tony Gilchrist**
 Head of Development
 Development update
- Angus McNaughton**
 Managing Director and CEO
 Enhanced strategy and outlook

QueensPlaza, QLD

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FY14 highlights

Solid outcomes delivered



Internalisation

Internalisation completed

- Completed the largest structural change to the business in its 20-year history

Distribution per security

13.6 cents

- In line with guidance

Total Securityholder Return (TSR)¹

9.1%

- Outperformed the index² return of 8.5%

Development

Emporium Melbourne open

- First stage of landmark development project opened
- Project fully leased

Development

DFO Homebush completed

- Completed fully leased in March 2014
- Project yield improved

Occupancy

Portfolio effectively full

- Portfolio occupancy increased to 99.7% (Jun-13: 99.4%)

CFX delivered solid outcomes in a challenging environment, while completing the biggest structural change in its history

1. TSR comprises security price performance and distribution income yield over the 12 months to 30 June 2014.
2. UBS Retail 200 Property Accumulation Index.

Internalisation

A landmark year for CFX



Financial benefits

- Incremental EBIT**
- Accretive** to securityholder distribution¹
- Replacement of management fees (previously paid to CBA) with **lower direct costs** over which CFX has greater control

Enhanced governance

- Securityholder voting on election of Non-executive Directors and remuneration matters provides **greater alignment** with securityholder interests

Scale and diversification benefits

- Assets under management of **\$14.2b**
- 5,100+** retailers
- 1.7m** sqm of lettable area
- 230m** customer visits annually
- 800+** employees
- 13** strategic partners

Strategic Partnerships

- Consists of fund and asset management **partners**
- Provides additional revenue streams, scope for capital partnerships and has potential to enhance income growth over time

Internalisation delivered immediate benefits for CFX securityholders

1. On a per security pro forma basis for FY14.

Internalisation

Well progressed on transition work streams

Transition arrangements are
on track and well progressed

Timeline on transition

- **Continuity** of management
- **Smooth transition** on day one
- Expanded and **enhanced Board**
- CFO appointed
- Executive Committee¹ created
- Transfer of a number of systems is complete
- Sydney office will relocate by late 2014
- **On track** to complete separation by March 2015

Branding

- New corporate brand to be launched late in 2014



Emporium Melbourne, vic

1. See [Appendix 1](#).

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FY14 scorecard

Delivering on strategy

Intensive asset management

- ✓ DFO Homebush, NSW **completed fully leased**
- ✓ Emporium Melbourne, VIC **opened stage 1**, and **project fully leased**
- ✓ **Approval and commencement** of the next redevelopment of Chadstone Shopping Centre
- ✓ Direct Portfolio¹ remains **effectively full** at 99.7% occupancy
- ✗ 2.2% growth in comparable^{2,3} specialty store MAT⁴

Prudent capital management

- ✓ Negotiated \$1.6b of financing facilities, **materially improving the Group's debt position**
- ✓ Secured funding for Internalisation three months prior to completion
- ✓ Maintained S&P 'A' long-term credit rating

Disciplined investment decisions

- ✓ Sold Rosebud Plaza, VIC at a **1.7% premium** to book value
- ✓ **Reinvested** divestment proceeds into an additional 25% of DFO South Wharf, VIC
- ✓ Exchanged conditional contracts to sell The Entertainment Quarter, NSW at a **13.6% premium** to book value

Investing responsibly

- ✓ **Highest climate disclosure score** by CDP in Australia and New Zealand
- ✓ Ranked #2 in Oceania and **#3 globally** for listed entities by Global Real Estate Sustainability Benchmark
- Direct Portfolio average NABERS rating of 3.0 stars for Energy and 3.2 stars for Water

1. Assets directly-owned on CFX balance sheet.

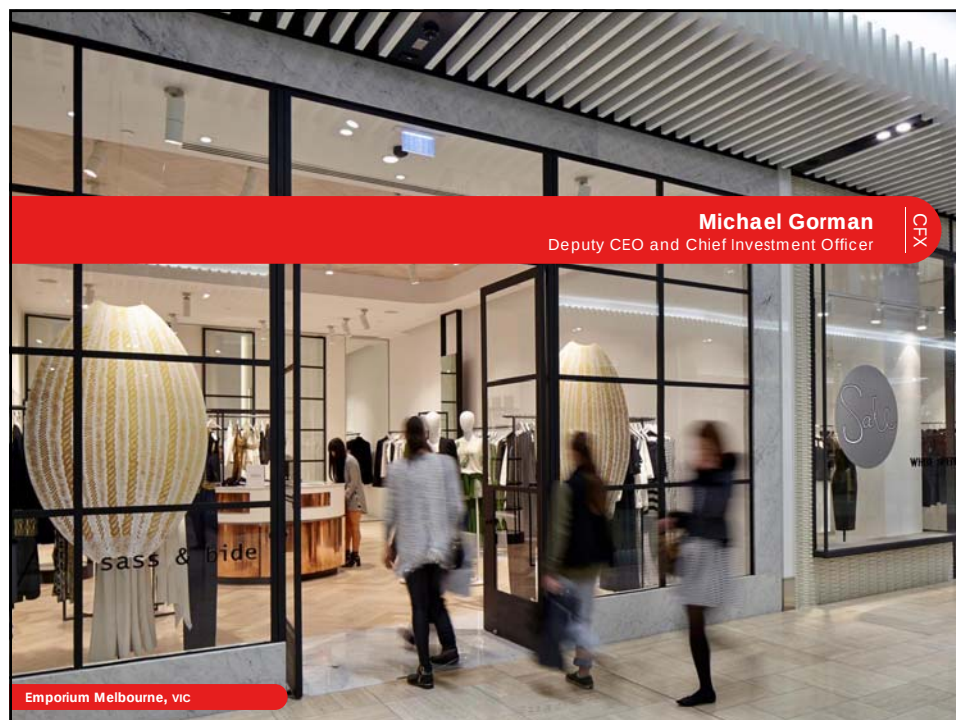
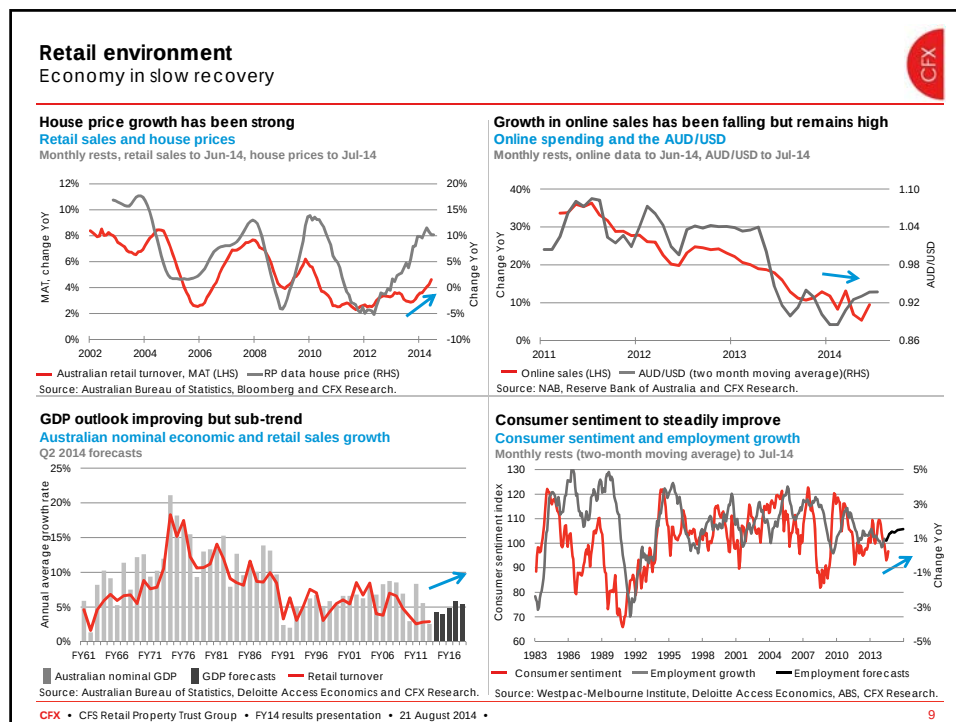
2. Comparable refers to those centres that are not undergoing, or have not undergone, substantial redevelopment in either period of comparison.

3. Shopping centres in the Direct Portfolio.

4. Target specialty store MAT growth for FY14 was 3.0%.

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FY14 results

Key financial highlights

Key metrics

For the 12 months ended/as at

	30-Jun-14	30-Jun-13	Change (%)
Net profit (\$m)	400.1	295.0	35.6
Distributable income (\$m) ¹	400.4	384.6	4.1
Distribution (cents per security)	13.6	13.6	-
Net property income (NPI) ² (\$m)	549.0	537.2	2.2
Total assets (\$b)	9.5	8.6	9.7
NTA(\$/security)	1.90 ³	2.04	(6.9)
NAV(\$/security)	2.02	2.04	(1.0)
Gearing (%) ⁴	30.9	28.8	

Net profit driven by property income growth and property valuations

- Like-for-like NPI² increased 0.7%
- Property valuations increased \$70.8m

1. Distributable income is a key non-IFRS earnings measure used by management to assess the performance of CFX. It represents CFX's underlying and recurring earnings from ordinary operations. Refer to [Appendix 2](#) for the reconciliation of net profit to distribution.
2. NPI and like-for-like NPI are unaudited, non-IFRS financial information and are not key profit measures of CFX. They are used by management to monitor the performance of the Direct Portfolio. Please refer to [Appendix 2](#) for the calculation of NPI and like-for-like NPI.
3. Net tangible asset backing per security (NTA) decreased predominantly due to the acquisition of management entities which include intangible assets, as part of the internalisation, as outlined in the Explanatory Memorandum dated 7 February 2014 (Meeting Booklet).
4. Gearing equals borrowings as a percentage of total assets. Total assets excludes the fair value of derivatives. Borrowings is the amount of debt drawn.

Capital management

Strong balance sheet and improving metrics

Key debt statistics

As at

	30-Jun-14 ¹	30-Jun-13
Weighted average interest rate (%) ²	5.4	5.6
Weighted average debt duration (years)	3.5	3.1
Proportion of debt hedged (%) ³	83.9	81.3
Undrawn debt facilities (\$m)	301	530
Credit rating (S&P – long term)	A	A
Gearing (%)	30.9	28.8
Interest cover ratio (times) ⁴	3.4	3.3
Loan to value ratio (%) ⁴	36	33

Proactive capital management of debt this year materially improved our cost of debt and duration

- Negotiated \$1.6b of financing facilities
- Maintained 'A' credit rating⁵
- Gearing comfortably within our 25-35% preferred range

1. As at 30 June 2014, adjusted for capital management activities post the period.
 2. Including margins and line fees.
 3. Including all fixed-rate debt.
 4. As defined in the 2014 Financial Report.
 5. S&P long-term rating.
- Refer to [Appendix 3](#) for more information.

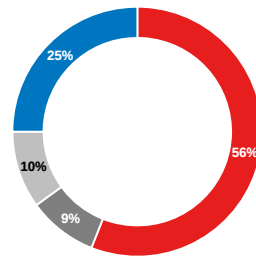
Capital management

Minimal debt expiry remaining in FY15

Debt maturity profile ^{1,2}	Facilities expiring	
	(\$m)	(%)
FY15	100	3
FY16	100 440	540 17
FY17	300 300 178	778 24
FY18	625	625 19
FY19	550 38	588 18
FY20	225 250	475 15
BEYOND	120	120 4
Total facilities	3,226	100
Drawn debt	2,925	
Undrawn debt	301	

Key: Bank debt Convertible notes US Private Placement Medium term notes

Sources of debt^{1,2}



Well-diversified debt profile, with limited expiries over the remainder of FY15

1. As at 30 June 2014, adjusted for the repayment of August 2014 convertible notes (\$92m).
 2. Short term notes (\$100m) which expire in FY15 are not included in the debt charts as they are backed by bank debt facilities and do not add to overall funding capacity.

Direct Portfolio – overview

Key metrics improved over the year

Direct Portfolio – key metrics

As at	30-Jun-14	30-Jun-13
Number of retail properties	29	29
Investment properties (\$m) ¹	8,866	8,560
Weighted average capitalisation rate (%) ²	6.25	6.43
Total area ('000s, sqm)	1,442	1,422
Number of tenants	4,367	4,234
Number of vacancies	36	54
Occupancy by area (%)	99.7	99.4
Retail sales (\$m)	7,756	7,727
Specialty sales (\$/sqm) ^{3,4}	10,457	10,066
Specialty occupancy costs ^{3,4}	17.1	17.3

Key metrics improved over the year

- Capitalisation rate tightened by 18bps
- Portfolio effectively fully occupied
- Specialty sales per sqm increased 3.9%

1. Including equity accounted investment as per Note 9 of the Financial Report.
 2. Excluding DFO retail outlet centres and 15 Bowes Street, Woden. Myer Bourke Street, VIC and Emporium Melbourne, VIC valuations are included in this calculation from 30 June 2014.
 3. For the shopping centre portfolio, which is excluding Myer Bourke Street, VIC, Emporium Melbourne, VIC, the DFO retail outlet centres and 15 Bowes Street, Woden.
 4. For comparable centres.

Direct Portfolio – retail sales

Majors impacted by reporting anomaly while DFO sales are still strong

CFX

Retail sales by category For the year ended 30-Jun-14	Comparable		Actual	
	MAT (\$m)	Annual growth (%)	MAT (\$m)	Annual growth (%)
Department stores	631	0.1	649	(0.3)
Discount department stores ¹	585	(5.5)	702	(5.5)
Supermarkets ¹	1,246	0.1	1,645	2.0
Mini-majors	640	1.0	760	1.1
Specialty	2,532	2.2	2,844	2.7
Other retail ²	402	(3.7)	497	(1.6)
Shopping centre portfolio	6,034	0.2	7,096	0.9
DFO retail outlet centres	466	10.6	660	15.2
Total portfolio	6,501	0.9	7,756	2.0

NOTE: Numbers may not total due to rounding.

1. Most majors reported 52 weeks of sales over FY14, compared to 53 weeks of sales over FY13.

2. Other retail includes cinemas and sales-reporting tenancies under 400 sqm including travel agents, auto accessories, Lotto and other entertainment and non-retail stores.

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Sales growth improved over the second half of FY14

- 53 weeks of sales reported by most majors in FY13 distorts total annual growth rate
- Comparable specialty store sales growth of 2.2% is up compared to 1.7% reported to Dec-13
- DFO portfolio continues to grow strongly

Direct Portfolio – retail sales

Specialty sales growth has improved over the past six months

CFX

Sales by category ¹ For the year ended 30-Jun-14	MAT (\$m)	Annual growth (%)
Food retail	168	0.3
Food catering	377	1.6
Apparel	860	0.2
Jewellery	209	4.9
Leisure	164	2.6
General retail ²	200	1.8
Homewares	272	6.2
Mobile phones	98	2.7
Retail services	184	6.4
Total retail specialty	2,532	2.2

NOTE: Numbers may not total due to rounding.

Performance measures¹ as at

	Jun-14	Dec-13	Jun-13	Dec-12
Occupancy cost %	17.1	17.4	17.3	17.3
Sales \$/sqm	10,457	10,090	10,066	9,728

1. Specialty stores in comparable shopping centres.

2. General retail includes giftware, pharmacy and cosmetics, pets, discount variety, florists and toys.

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Specialty sales productivity driven by active remixing, improving tenant quality

- Occupancy costs have fallen 20 bps over the year to 17.1%
- Comparable foot traffic is up 1.5%

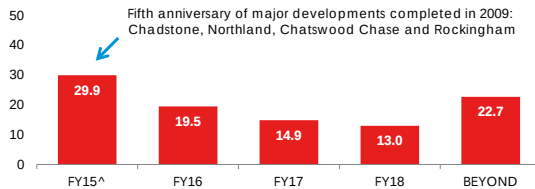
Direct Portfolio – retail environment

Stable leasing outcomes in a challenging environment

CFX

Retail specialty store lease expiry

By gross lettable area (%)



- 1,170 leasing deals completed (FY13: 1,184)
- Occupancy: 99.7% (Jun-13: 99.4%)
- Vacancies: 36 stores (Jun-13: 54)

CFX re-leasing spreads

For the 12 months ended 30-Jun-14 and six months ended 31-Dec-13

	Total portfolio			Total portfolio (ex-DFO)		
	% of expiring leases	Jun-14 leasing spread (%)	Dec-13 leasing spread (%)	% of expiring leases	Jun-14 leasing spread (%)	Dec-13 leasing spread (%)
Renewals	70	(3.5)	(3.5)	70	(5.2)	(4.9)
Replacement	30	(6.1)	(6.6)	30	(7.9)	(8.3)
Total	100	(4.3)	(4.3)	100	(6.1)	(5.9)

^ 12 months to June 2015 and includes vacancies and holdovers.

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Direct Portfolio – retail environment

Intensive asset management drives our success

CFX



The Myer Centre Brisbane, QLD

We focus on **customer experience**, new retail concepts and **actively remixing** our assets to **enhance** our portfolio

- Introducing new retailers

Regionals	Sub-regionals	Retail outlets
Uniqlo Topshop Zoo York Paspaley UCLA store Camilla Williams-Sonoma lululemon Nespresso Brooks Brothers Muji	Services Fresh food Banks Convenience Improved amenity	Zegna Michael Kors Max Mara Burberry Salvatore Ferragamo Armani Coach Brooks Brothers Bose lululemon Lacoste

- Entertainment and leisure
- Expanding in-centre dining
- Additional parents' rooms and play areas
- Downweighting underperforming retailers
- Sub-regional centre remixing continues

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Asset disposals

Rosebud Plaza Shopping Centre and The Entertainment Quarter

CFX

Rosebud Plaza Shopping Centre, VIC

Sale price
\$100m

Premium to book value
1.7%

Settlement
Nov 2013



The Entertainment Quarter, NSW (conditional contract)

Sale price¹
\$80m

Premium to book value
22.7%

Settlement
Late 2014



Recycling capital from the sale of non-core assets²

- Potential for \$100-\$200m of non-core asset sales³ over the next two years

1. CFX direct share: \$40m.
2. Direct Portfolio.
3. Including the conditional sale of The Entertainment Quarter.

Asset acquisition

DFO South Wharf – acquired an additional 25% interest

CFX



Recycling capital¹ into a strong asset

Acquisition price (25% interest)²
\$87.6m

Specialty MAT growth
19.3%

CFX Direct Portfolio share (post acquisition)
75%

- Increased the Direct Portfolio weighting to retail outlet centres, in line with strategy
- Accretive to earnings and distribution from FY15

1. Direct Portfolio.
2. Excluding acquisition costs.

Investing responsibly

CFX continues to be a leader amongst its retail peers

CFX

	Energy efficiency ¹ 12.7% Improvement	Avoided costs ² \$11.2m
	Water efficiency ¹ 17.7% improvement	Avoided costs ² \$2.7m
	Waste recycled (FY14) 33%	Avoided costs ² \$3.8m
	Emissions intensity ¹ 18.9% reduction	

'Quiet Room'

CFX partnered with Amaze³ and the community to create a sensory-soothing 'Quiet Room' at Northland Shopping Centre to assist individuals with Autism Spectrum Disorder



1. Since the FY08 base year. Like-for-like shopping centres in the Direct Portfolio which excludes those centres where GLA has varied by more than 10% since the base year.
2. Total portfolio since the base year of FY08 for energy and water, and FY12 for waste.
3. Formerly Autism Victoria.
4. All centres that are able to be rated which excludes the DFO retail outlet centres, Post Office Square, The Entertainment Quarter, Myer Bourke Street and any asset which was impacted by development or refurbishment, or where there was insufficient metering.

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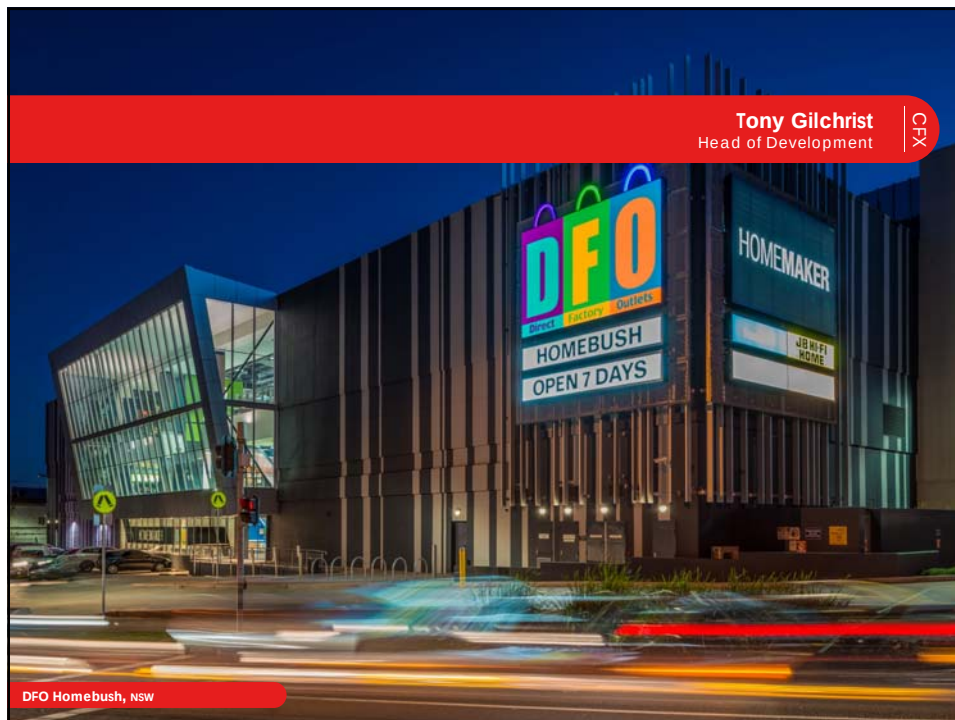
FY14 achievements

- **NABERS ratings** across the entire portfolio⁴ achieved an average Energy rating of 3.0 stars and an average Water rating of 3.2 stars
- ✓ **Highest climate disclosure score (100%)** across Australia and New Zealand and 'A-' rating for climate performance by CDP
- ✓ **Ranked #2 in Oceania and #3 globally** for listed entities by Global Real Estate Sustainability Benchmark
- ✓ **Awarded** for our diligent approach to property valuations by Asia Pacific Real Estate Association
- ✓ Registered **Australia's first shopping centre** for a Green Star – Performance rating

FY15 priorities

- Set individual **NABERS targets** for assets in the Direct Portfolio
- Prepare for **GRI (G4)** reporting

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Tony Gilchrist
Head of Development

CFX

DFO Homebush, NSW

Development

A year of major achievement

CFX

Project completed

DFO Homebush completed

- Completed in March 2014
- Project yield upgraded

Project completed

Emporium Melbourne open

- First stage opened April 2014
- Project fully leased
- Completion in August 2014

Project commenced

Chadstone commenced

- Gained final approval in May 2014
- \$580m project commenced June 2014

Total work completed

\$350m development spend

- ~\$200m for the Direct Portfolio
- ~\$150m for Strategic Partnerships

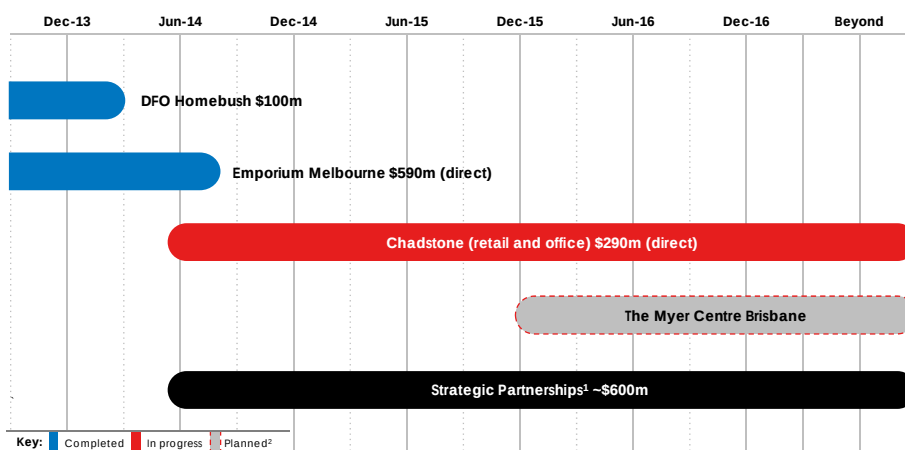


Chadstone Shopping Centre, VIC – Artist's impression

Development

Key development projects of the \$1.2b development pipeline

CFX



1. Capex for development projects managed by CFX on behalf of wholesale funds and other third party owners. Projects that are in progress, likely or planned.
 2. Commencement subject to approvals and timing.
 Refer to [Appendix 6](#) for further information.

Development

Emporium Melbourne – stage 1 opened April 2014 with completion in August 2014

CFX



Over **5 million customer visits** in the first three months after opening

Total GLA

45,000 sqm

Development cost

\$590m CFX share (50% interest)

Forecast stabilised yield

~5%

Forecast IRR

~8%

The new **heart of Melbourne retail**

Development

Emporium Melbourne – strong shopper response

CFX



Development

Emporium Melbourne – flagships

CFX



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Development

Emporium Melbourne – first to Australia brands

CFX



45,000 sqm
of premium
CBD retail

220+
exciting
retailers



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Development

Emporium Melbourne – setting the new standard for in-centre dining

CFX

1,100 seat café court



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Development

DFO Homebush – has one of the strongest fashion offers in Australia

CFX



DFO Homebush
has some of the
strongest fundamentals of
any retail asset in Australia

Total GLA

30,000 sqm

Development cost

\$100m

Forecast initial yield

>8%

Forecast IRR

>12%



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Development

DFO Homebush – luxury tenants

CFX



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Development

DFO Homebush – premium apparel offer

CFX



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Development

Chadstone Shopping Centre (North retail and office)

CFX



Artist's impression

The next stage of Chadstone's evolution has commenced

Development cost¹

\$580m

Target initial yield²

>6%

Target IRR

>10%

Project commenced

June 2014

Target completion

Mid 2017

1. CFX direct share: \$290m. Cost is indicative only.
2. Yields are approximate and based on forecast first-year income after development completion.

Development

Chadstone Shopping Centre – repositioned and expanded food offer

CFX



Artist's Impressions

Development

Chadstone Shopping Centre – car parking, centralised bus interchange and office tower

CFX



Artist's impression

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Angus McNaughton
Managing Director and CEO

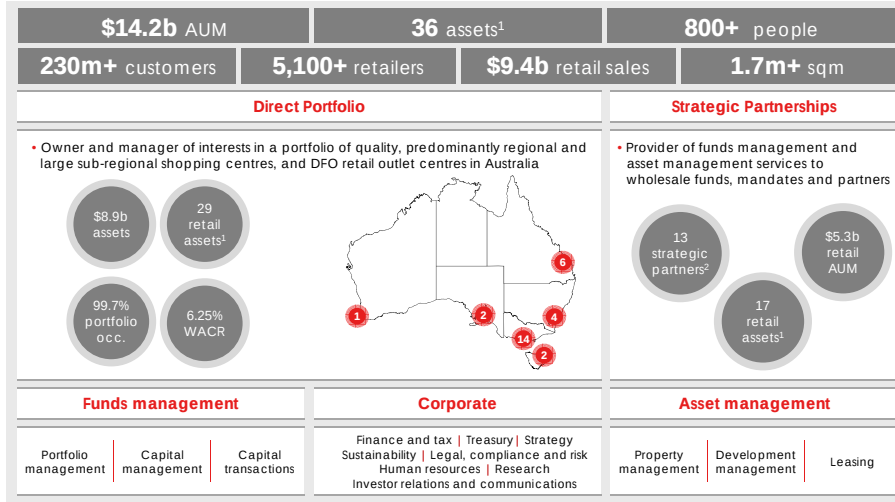
CFX

Emporium Melbourne, VIC

CFX strategy

Our business

CFX



1. Interests in 29 retail assets are in CFX's Direct Portfolio. Wholesale Funds and third party mandates have 17 assets, of which 10 are co-owned with CFX.
2. Three Wholesale Funds and 10 asset management partners.

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CFX strategy

Our focus is on maximising the potential of properties across the retail spectrum

CFX

We are focused on delivering
superior and stable risk-adjusted returns
for our securityholders

Group financial objectives

Total return¹ of ~9% per annum through the cycle
Superior total securityholder return² relative to peer group

Strategic drivers

Intensive asset management	- Deliver compelling retail experiences through intensive asset management and development - Strong tenant relationships - Drive property income
Disciplined investment and capital management	- Highly disciplined approach to investment decisions - Maintain strong balance sheet and access to capital in all market conditions - Invest responsibly
Operational excellence	- Further embed culture of continuous improvement - Attract and retain the best talent - Reduce risks and improve cost efficiencies
Strategic Partnerships	- Develop and enhance relationships with existing and new partners - Deliver fund strategies - New fund and mandate opportunities

1. Total return is calculated as dividends and distributions per security plus the change in net tangible asset backing per security (NTA) divided by NTA at the start of the period.
2. Total securityholder return is calculated as dividends and distributions per security plus the change in security price divided by the security price at the start of the period.

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CFX strategy

Operational excellence

CFX



Chatswood Chase Sydney, NSW

Over 800 in the team passionate about retail

Our people

- We have a **highly motivated and experienced team** of over 800
- Attracting, developing and retaining talent
- Building on our strong employee engagement
- Embedding high quality leadership capability at all levels

Our operating model

- Continued focus on embedding a **continuous improvement culture**
- **Operational efficiency review** is underway to capture synergies and **optimise performance**
- FY15 forecast MER¹ of <55 basis points before efficiencies

1. Estimated Management Expense Ratio (MER) equals forecast FY15 property management and corporate overheads related to CFX's Direct Portfolio (excluding development management), divided by the forecast average value of the Direct Portfolio over FY15 (assuming no acquisitions or divestments during the period).

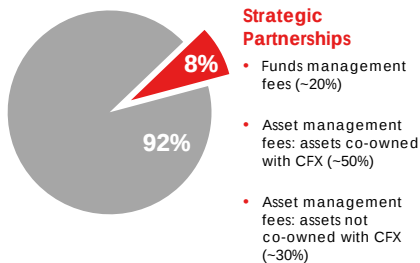
CFX strategy

Strategic Partnerships are a key component of CFX's business model

CFX

Our Wholesale Funds and asset management partners (JV and third party owners) represent **\$5.3 billion** in assets under management

CFX revenue contribution



Strategic partners strategy and rationale for CFX

- ✓ Focus on **retail sector** funds and mandates
- ✓ **Complements** CFX's Direct Portfolio objectives
- ✓ Provides **diversification** of earnings and capital sources
- ✓ Provides scope for **incremental earnings growth** over time

FY15 priorities

Our strategic objectives

CFX

Intensive asset management

Enhance centre performance

- Refine tenant mix and enhance the appeal of our assets to improve productivity, maintain effectively full occupancy and drive NPI growth

Progress the development pipeline

- Continue the construction and leasing of Chadstone's retail and office redevelopment
- Continue to masterplan projects in the development pipeline

Disciplined investment and capital management

Transact to enhance Direct Portfolio quality

- Continue to selectively recycle assets to invest in value enhancing opportunities, such as acquisitions or developments

Maintain a strong balance sheet

- Investigate opportunities to enhance debt metrics
- Utilise the DRP to part fund the development pipeline, having regard to pricing

Operational excellence

Complete the separation from CBA

- Establish new corporate identity
- Implement standalone IT systems, processes and people management programs

Complete operational review

- Ensure we have highly efficient and effective organisational structures, systems and processes in place under an internalised structure

Managing responsibly

- Set water and energy NABERS targets for all assets in the Direct Portfolio
- Prepare for GRI (G4) reporting

Strategic Partnerships

Deliver existing fund and mandate strategies

- Achieve favourable results for funds in wind down
- Invest committed capital for CERF

Explore new fund and mandate opportunities

FY14 summary and FY15 outlook

CFX

Focused on superior and stable risk-adjusted returns

FY14 summary

- Specialty sales up 2.2%
- Specialty productivity up 3.9%
- Re-leasing spreads stable
- Specialty occupancy costs down to 17.1%
- Portfolio effectively full at 99.7%
- Both major developments completed
- Commenced \$580m redevelopment of Chadstone
- Internalisation completed

FY15 outlook

- Retail environment to steadily improve but remain sub-trend
- Forecast specialty sales growth of 3%
- On target to meet or exceed incremental EBIT forecasts¹
- Distribution guidance of 13.8 cps²

1. FY14 pro forma forecasts as outlined in the Meeting Booklet.
2. This includes incremental EBIT from internalisation of at least equal to the amount outlined in the Meeting Booklet and modest like-for-like Net Property Income growth, offset by a short-term impact as Emporium Melbourne comes on line. It excludes the impact of asset sales, such as The Entertainment Quarter or any potential benefits arising out of the operational review currently underway. Guidance assumes there is no unforeseen material deterioration to existing economic conditions.



Emporium Melbourne, vic

Appendices

CFX



Appendix 1 – Executive Committee

Continuity and depth of experience

CFX

Our Executive Committee average over 20 years of industry experience



Angus McNaughton
Managing Director and CEO



George Karabatsos
Head of Retail Operations



Michael Gorman
Deputy CEO and Chief Investment Officer



Eileen Kershaw
Head of Human Resources



David Marcun
Chief Operating Officer and Head of Asset Management



Stuart Macrae
General Manager of Leasing



Adrian Chye
Head of Strategy



Daryl Stubbings
Head of Development
(from 1 January 2015)

Note: Richard Jamieson has been appointed to the role of CFO and will join the Executive Committee on commencement with the Group later in 2014. Visit cfsam.com.au/cfx for biographical details.

Appendix 2 – Financials

Reconciling segment reporting to distribution

CFX

Reconciliation \$m, for the 12 months ended	Jun-14	Jun-13	Change (%)	Internalisation impact ¹	
net property income ²	549.0	537.2	2.2%	11.4	Over \$10m of fee eliminations
strategic partner income	14.8	n.a.		14.8	CFX has gained an important new revenue stream
Total operating income	563.8	537.2	5.0%	26.2	
alignment income	9.2	11.1		(3.2)	Alignment fee no longer income for CFX
other income	1.1	0.8		0.4	
Total other income	10.3	11.9		(2.8)	
Total income	574.1	549.1		23.4	Interest expense impacted by timing of the Placement
net interest expense	(112.0)	(112.0)		(0.9)	
management fees ³	(33.8)	(48.8)		16.4	Fund management fees no longer payable to CBA
employee benefits	(19.1)	n.a.		(19.1)	
other expenses	(8.4)	(3.8)		(4.4)	Includes rent, IT, depreciation and other corporate costs in addition to CFX trust expenses
Total operating expenses	(173.3)	(164.6)	5.3%	(8.0)	
income tax (expense)/benefit	(0.4)	0.1		(0.5)	
Distributable income	400.4	384.6	4.1%	14.9	
transfer from undistributed reserves ⁴	9.5	-		9.8	December 2013 distribution top-up for Placement securities
Distribution	409.9	384.6	6.6%	24.7	
Securities on issue (end of period)(m)	3,018	2,828		160	
Distribution (cps)	13.60	13.60	-	0.12	Internalisation contribution

1. From 24 March 2014.

2. Includes dividend income and adjustments for straight-lining revenue and project and other items.

3. Base fees ceased being paid on 24 March 2014, while performance fees ceased on 1 January 2014.

4. New securities issued in December 2013 ranked equally with securities on issue at the time and were fully entitled to the December 2013 distribution. Consequently, an amount of \$9.8m was transferred from undistributed reserves to deliver the December 2013 distribution payment. \$0.3m was transferred to undistributed reserves.

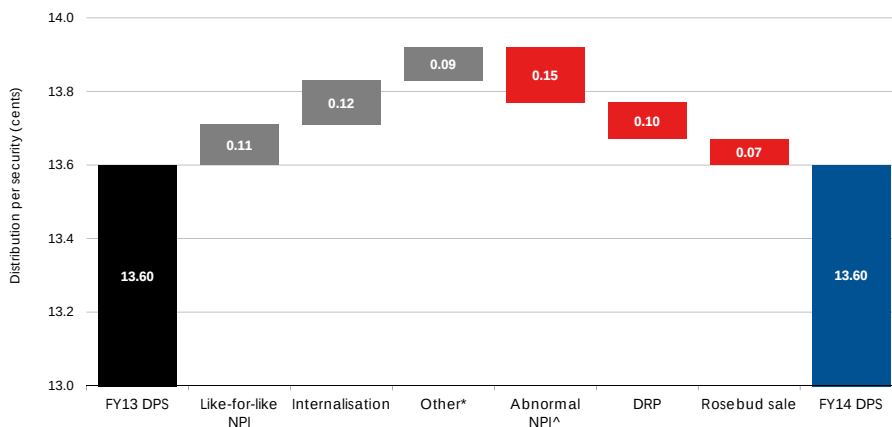
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Appendix 2 – Financials

Incremental changes to distribution per security (DPS) over FY14

CFX



* Predominantly relates to the impact of lower debt costs.

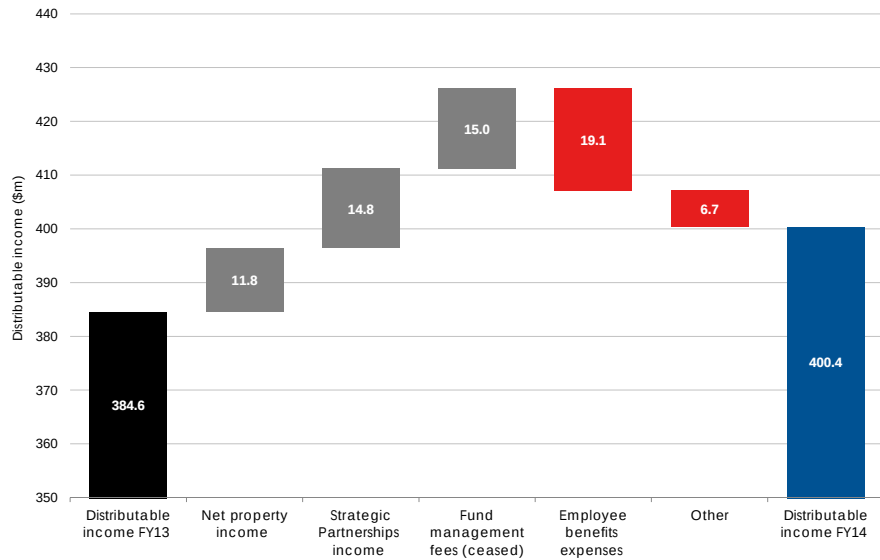
^ Abnormal NPI comprises development-affected properties and other one-off adjustments as detailed in slide 48, with income adjustments for development-affected properties net of capitalised interest.

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Appendix 2 – Financials

Incremental changes to distributable income over FY14



Appendix 2 – Financials

Calculation of net property income and like-for-like net property income

\$m, for the 12 months ended	30-Jun-14	30-Jun-13	Change (%)
Property revenue	733.8	725.1	
Share of net profit from equity accounted investments before fair value adjustments	3.6	3.4	
Dividend income	1.4	1.5	
Property expenses	(220.7)	(219.3)	
Straight-lining revenue ¹	1.6	(2.4)	
Amortisation of project items ¹	19.6	20.0	
Other items ¹	9.7	8.9	
Net property income	549.0	537.2	2.2
Like-for-like adjustments			
Development-affected properties ²	(37.5)	(32.9)	
Adjustment for changes in ownership of properties ³	(1.1)	(4.2)	
Property expenses eliminated post Internalisation	(11.4)	-	
Other one-off adjustments ⁴	(4.3)	(8.9)	
Like-for-like net property income	494.7	491.3	0.7

1. Refer to Note 3(b) of the Financial Report for further explanation of these items.

2. Properties have been excluded from the like-for-like calculation where income has been significantly affected by development in either year. Properties excluded are Brimbank Shopping Centre, Forest Hill Chase, Emporium Melbourne and Roxburgh Park Shopping Centre.

3. In May 2014, CFX acquired a further 25% interest in DFO South Wharf and in November 2013, CFX sold Rosebud Plaza Shopping Centre. An adjustment is made to the like-for-like calculation to reflect the changes in ownership interests.

4. Queensland flood insurance claims and lease premiums have been excluded from the like-for-like calculation in FY14. A timing-related adjustment was made for the development of the industrial site at DFO Homebush, and lease premiums have been excluded, from the like-for-like calculation in FY13.

Appendix 2 – Financials

Reconciling net profit to distribution



Reconciliation \$m, for the 12 months ended	30-Jun-14	30-Jun-13	Change (%)
Net profit	400.1	295.0	
Adjustments:			
net (gain)/loss from property valuations	(70.8)	63.1	
net unrealised loss from derivative valuations	23.0	3.5	
straight-lining revenue	1.6	(2.4)	
movement in fair value of unrealised performance fees	2.0	(5.5)	
non-cash convertible notes interest expense	1.2	2.0	
Internalisation costs	13.5	-	
project and other items	29.8	28.9	
Distributable income	400.4	384.6	4.1
net transfer from undistributed reserves ¹	9.5	-	
Distribution	409.9	384.6	6.6
Securities on issue (end of period)(m)	3,018 ²	2,828	
Distribution (cents per security)	13.6	13.6	-

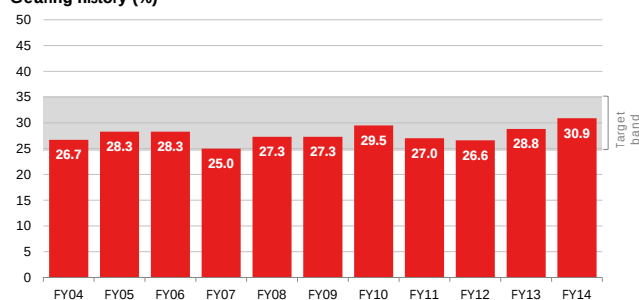
1. New securities issued in December 2013 ranked equally with securities on issue at the time and were fully entitled to the December 2013 distribution. Consequently an amount of \$9.8m was transferred from undistributed reserves to deliver the December 2013 distribution payment. \$0.3m was transferred to undistributed reserves.
2. Securities were issued during FY14 for the June 2013 DRP, the December 2013 institutional placement and the security purchase plan completed on 31 January 2014.

Appendix 3 – Capital management

Gearing and debt covenants



Gearing history (%)



CFX has never
wavered from its
strategy of being
a **conservatively**
geared A-REIT

Key debt covenants	Threshold	30-Jun-14	30-Jun-13
Loan to value ratio ¹ (LVR)	50% or less	36%	33%
Interest cover ratio ² (ICR)	1.8 times or greater	3.4 times	3.3 times

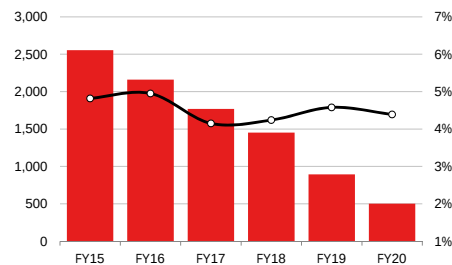
1. Calculated as total liabilities divided by total assets.
2. Calculated as earnings before interest divided by net interest expense for CFX1. For the purposes of this calculation, earnings represents net profit excluding all fair value adjustments, straight-lining revenue, borrowing costs and net interest expense on interest rate swaps. Interest expense is the sum of borrowing costs, net interest expense on interest rate swaps, and capitalised interest; less non-cash convertible notes interest expense.

Appendix 3 – Capital management

Hedging profile^{1,2}



Hedge maturity profile



Key: ■ Face value of hedges (\$m) (LHS) —○— Weighted average interest rate on hedged debt (RHS)

Hedged debt

	30-Jun-14	30-Jun-13
Proportion of overall debt	83.9%	81.3%
Weighted average rate ³	4.8%	5.1%
Weighted average duration	3.7 years	3.1 years

Hedging profile

	FY15	FY16	FY17	FY18	FY19	FY20
Face value of hedges (\$m)	2,554	2,160	1,768	1,453	894	503
Weighted average interest rate on hedged debt ³ (%)	4.82%	4.95%	4.15%	4.24%	4.58%	4.39%
Average percentage hedged over the financial year (%)	85	69	56	45	27	15

1. As at 30 June 2014, adjusted for capital management activities post the period.
 2. Including all fixed rate debt.
 3. Excluding fees and margins.

Appendix 4 – Group portfolio overview

Group statistics



Indicator		FY13	FY14			CFX Group
		Direct portfolio	Direct portfolio	Asset mgt mandates	Funds mgt mandates	
CFX Group	Retail assets under mgt (\$b)	8.6	8.9	3.6	1.7	14.2
	Funds under mgt (\$b)	-	8.9	-	1.9	10.8
	Number of retail assets	29	29 ¹	7 ²	10 ³	36
	Portfolio size (GLA, '000 sqm)	1,422	1,442	n.a.	n.a.	1,717
	Number of tenants	4,234	4,367	n.a.	n.a.	5,127
	Visitation (m)	198	201	n.a.	n.a.	231
	Type - Regional or larger (%)	77	78	88	75	84
	- Sub-regional or smaller (%)	15	12	9	23	13
	- DFO outlet centre (%)	7	9	3	-	2
	- Other (%)	1	1	-	2	1
	Number of strategic partners	n.a.	n.a.	10	3	13
Direct Portfolio	Average capitalisation rate (%)	6.43	6.25	CFX's portfolio benefits from the scale and synergies of a \$14.2b retail platform		
	Occupancy (%)	99.4	99.7			
	Number of vacancies	54	36			
	Total retail sales (\$)	7,727	7,756			
	Comp specialty sales (\$/sqm)	10,066	10,457			
	Comp specialty occupancy costs (%)	17.3	17.1			
	Portfolio NABERS Energy rating (stars)	3.0	3.0			
	Portfolio NABERS Water rating (stars)	3.4	3.2			

NOTE: Numbers may not total due to rounding.

1. Post 16 April 2014, Emporium Melbourne, VIC and Myer Bourke Street, VIC are treated as two separate assets.
 2. Six assets are co-owned with CFX.
 3. Four assets are co-owned with CFX.

Appendix 5 – Direct Portfolio overview

Key statistics by asset



Property	CFX (%)	Centre type ¹	Book value (\$m)	MAT growth (%)	Spec. MAT growth (%)	Spec. MAT/sqm (\$)	Occ. cost (%)	Occ. (%)	Cap rate (%)	% of retail portfolio ²
Chadstone Shopping Centre, VIC	50	Super-regional	1,682.3	3.1	4.3	15,376	17.3	99.9	5.25	19.0
Chatswood Chase Sydney NSW, NSW	100	Regional	889.7	3.2	6.3	12,727	15.8	100.0	5.50	10.0
QueensPlaza, QLD	100	CBD-regional	635.0	2.2	10.3	19,091	15.5	100.0	5.50	7.2
Bayside Shopping Centre, VIC ³	100	Regional	561.2	-0.1	1.2	6,850	19.4	99.1	6.25	6.3
Northland Shopping Centre, VIC	50	Regional	477.5	-0.4	-0.5	8,205	22.1	99.7	5.80	5.4
Emporium Melbourne, VIC	50	CBD-regional	442.0	n.a.	n.a.	n.a.	n.a.	n.a.	5.50	5.0
The Myer Centre Brisbane, QLD	50	CBD-regional	375.0	-1.2	-1.6	11,327	20.6	99.8	6.25	4.2
Elizabeth Shopping Centre, SA	100	Regional	357.5	-0.5	0.5	7,069	16.8	99.7	7.00	4.0
Broadmeadows Shopping Centre, VIC	100	Regional	316.0	-6.2	-3.5	6,326	18.5	99.6	7.50	3.6
Rockingham Shopping Centre, WA	50	Regional	273.5	0.0	3.8	9,243	14.7	99.9	6.25	3.1
Forest Hill Chase, VIC ³	100	Regional	270.3	5.2	5.1	6,145	17.6	98.8	7.25	3.1
Lake Haven Shopping Centre, NSW	100	Sub-regional	253.2	-5.8	-3.4	8,814	14.0	100.0	7.50	2.9
Grand Plaza Shopping Centre, QLD	50	Regional	174.0	-0.7	2.5	9,000	16.8	100.0	6.75	2.0
Clifford Gardens Shopping Centre, QLD	100	Sub-regional	168.6	-2.8	1.2	9,520	12.8	100.0	7.50	1.9
Eastlands Shopping Centre, TAS	100	Regional	165.2	1.6	-5.4	7,171	15.4	98.9	7.25	1.9

1. Regional and sub-regional shopping centres classified as per Property Council of Australia definitions.
2. Based on independent valuations.
3. Development impacted centre.

Appendix 5 – Direct Portfolio overview

Key statistics by asset (continued)



Property	CFX (%)	Centre type ¹	Book value (\$m)	MAT growth (%)	Spec. MAT growth (%)	Spec. MAT/sqm (\$)	Occ. cost (%)	Occ. (%)	Cap rate (%)	% of retail portfolio ²
Brimbank Shopping Centre, VIC ³	100	Sub-regional	156.4	12.8	16.0	5,578	17.1	100.0	7.75	1.8
Castle Plaza Shopping Centre, SA	100	Sub-regional	151.8	-0.4	-1.3	8,603	14.5	99.1	8.00	1.7
Runaway Bay Shopping Village, QLD	50	Regional	119.3	1.4	3.6	8,329	14.5	99.1	7.25	1.3
Corio Shopping Centre, VIC	100	Sub-regional	117.0	-0.8	-0.7	5,542	16.0	99.7	8.25	1.3
Myer Bourke Street, VIC	33	CBD-regional	114.5	n.a.	n.a.	n.a.	n.a.	n.a.	6.00	1.3
Roxburgh Park Shopping Centre, VIC ³	100	Sub-regional	94.4	27.5	58.1	5,187	14.5	100.0	7.75	1.1
Northgate Shopping Centre, TAS	100	Sub-regional	90.6	-0.2	-4.1	9,088	13.1	99.5	8.25	1.0
Altona Gate Shopping Centre, VIC	100	Sub-regional	78.5	-8.1	-4.2	6,030	15.6	99.6	8.25	0.9
Post Office Square, QLD	100	Other	71.1	-8.5	-10.1	12,341	19.4	77.1	8.00	0.8
The Entertainment Quarter, NSW	50	Other	35.2 ⁴	-12.9	-14.2	4,888	16.1	100.0	7.88	0.4
Shopping centre portfolio			8,069.8	0.9	2.7	9,740	17.1	99.6	6.25	91.1
DFO South Wharf, VIC	75	Retail outlet	272.4	21.7	19.3	7,590	11.7	100.0	7.00	3.1
DFO Homebush, NSW ²	100	Retail outlet	270.9	28.2	27.2	12,174	9.4	100.0	6.75	3.1
DFO Essendon, VIC	100	Retail outlet	141.5	2.5	1.8	7,972	11.3	100.0	7.50	1.6
DFO Moorabbin, VIC	100	Retail outlet	100.0	4.4	4.7	5,609	12.6	100.0	8.00	1.1
DFO retail outlet centre portfolio			784.8	15.2	13.5	8,011	11.1	100.0	7.42	8.9

1. Regional and sub-regional shopping centres classified as per Property Council of Australia definitions.
2. Based on independent valuations.
3. Development impacted centre.
4. Represents the value of CFX's units in Bent Street Trust.

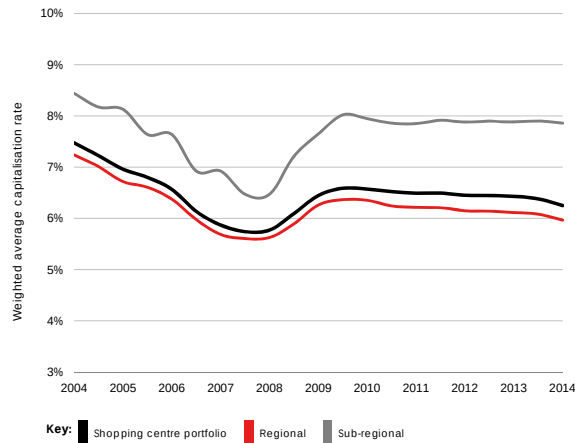
Appendix 5 – Direct Portfolio overview

Valuations remain stable

CFX

CFX historical valuation trends

By centre type, six monthly to 30-Jun-14



Strong
transactional
evidence supports
current valuations

- \$70.8m in valuation gains over the year
- Capitalisation rate¹ has tightened to 6.25% from 6.43%

1. Weighted average capitalisation rate excluding DFO retail outlet centres and 15 Bowes Street, Woden. Myer Bourke Street, VIC and Emporium Melbourne, VIC valuations are included in this calculation from 30 June 2014.

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Appendix 5 – Direct Portfolio overview

Diversification by income

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Top 15 tenant groups	Income (%)
Wesfarmers ¹	7.6
Woolworths ²	3.5
David Jones	3.2
Myer	2.9
Premier Investments	1.8
Specialty Fashion Group	1.2
Pepkor Retail ³	1.1
Westpac	1.0
Cotton On	0.9
Hoyts	0.9
Commonwealth Bank	0.8
Angus & Coote	0.8
Australian Pharmaceutical Industries	0.8
BB Retail Capital	0.8
Country Road	0.7
Top 15	28.0

1. Including Coles, Target, Kmart and subsidiary brands.
2. Including Big W and subsidiary brands.
3. Including Best & Less and Harris Scarfe stores.



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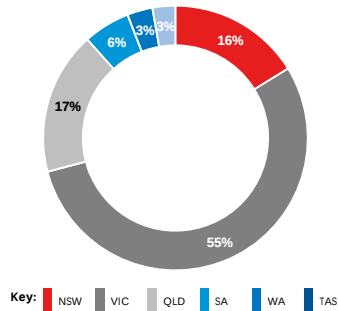
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Appendix 5 – Direct Portfolio overview

High quality portfolio, well diversified by location

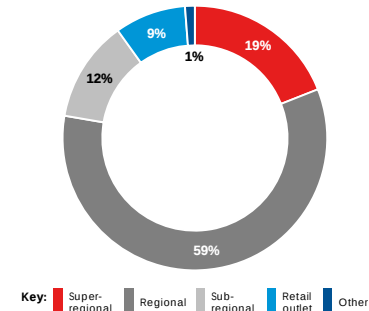
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Geographic diversification¹ By value



- The portfolio is weighted to geographically significant markets

Property centre type diversification¹ By value



- The portfolio has a high exposure to super-regional and regional shopping centres

1. Based on latest valuations and excludes 15 Bowes Street, Woden. From 16 April 2014, these calculations include Myer Bourke Street, VIC and Emporium Melbourne, VIC.

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Appendix 6 – Development overview

Key development projects

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Project As at 30 June 2014	Total cost (\$m)	Cost to complete ¹ (\$m)	Target yield ² (%)	Expected completion date
Chadstone (North retail and office)	290	280	>6	Mid 2017
Other projects ³	13	10	~7	Mid 2015
Strategic Partnerships	329	n.a.	n.a.	n.a.
Total in progress	632	n.a.		
Strategic Partnerships	85	n.a.	n.a.	n.a.
Total planned^{4,5}	85	n.a.		
Direct Portfolio	235	235		
Strategic Partnerships	200	n.a.		
Total deferred or concept^{4,5}	435	n.a.		
Total development pipeline	1,152	n.a.		
Direct Portfolio development pipeline	538	525		

1. Direct Portfolio.

2. Yield based on first-year income after development completion.

3. Other projects in progress include Northland \$6m to be completed by late 2014 and Lake Haven \$7m to be completed by mid 2015.

4. Cost shown is indicative only.

5. Expected completion dates subject to approvals and timing.

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Appendix 7 – Key dates

Investor calendar

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Date ¹	Event
29-Aug-14	Payment of June 2014 distribution and issue DRP securities
Sep-14	Mailing of Notice of Meeting and 2014 Annual report
31-Oct-14	Annual General Meeting
29-Dec-14	Ex-distribution date for December 2014 distribution
31-Dec-14	Record date for December 2014 distribution
Feb-15	1H15 interim result announcement
26-Feb-15	Payment of December 2014 distribution



1. These dates are indicative only and may be subject to change.

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Appendix 8 – Contact details and disclaimer

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