



26 September 2014

The Manager
Company Announcements Office
ASX Limited
Level 4, Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

FDC 2014 AGM – notice of meeting

FDC's 2014 notice of Annual General Meeting is attached, along with the proxy form.

Yours faithfully

Elizabeth Hourigan
Company Secretary

Notice of Meeting 2014



The Annual General Meeting (AGM) will be held:

Date Thursday 30 October 2014

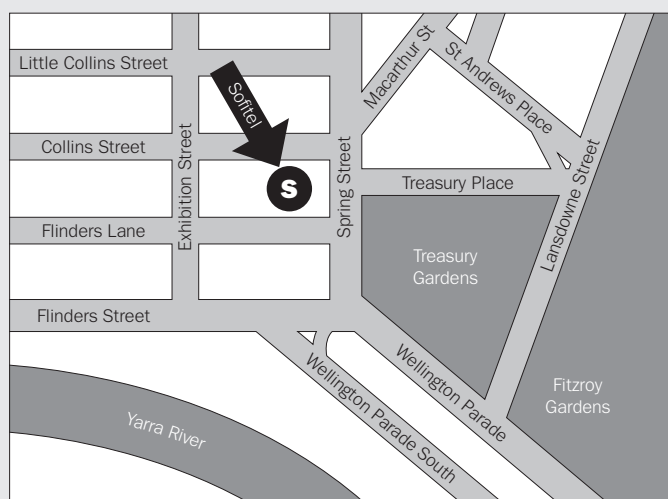
Time 2.00pm

Venue Fitzroy Ballroom, Sofitel Melbourne on Collins
25 Collins Street, Melbourne

Investor registration begins at 1.30pm



Location of AGM



THURSDAY 30 OCTOBER 2014 – 2.00PM

Fitzroy Ballroom
Sofitel Melbourne on Collins
25 Collins Street
Melbourne

Investor registration begins at 1.30pm

HOW TO GET THERE

The venue is easily accessed by road and public transport and on foot.

Car

There are off-street paid car parks within a block of the venue. The Sofitel Melbourne on Collins driveway is accessible from Collins Street and valet parking is available for a fee. A car park is also located underneath the hotel and has direct lift access to Level One of the hotel. This carpark is accessed from Flinders Lane via Spring Street.

Mobility impaired access: There is lift access to the promenade (Level 1) from the Sofitel Melbourne On Collins driveway.

Taxi

There is a taxi rank in Collins Street outside the hotel. Taxis can also be hailed in the street.

Trams

Tram routes in Collins Street which pass the hotel:

- Route 11 – West Preston and Victoria Harbour Docklands
- Route 12 – Victoria Gardens and St Kilda/Fitzroy Street
- Route 48 – North Balwyn and Victoria Harbour Docklands
- Route 109 – Box Hill and Port Melbourne

The nearest tram stop is located outside the hotel's driveway on the corner of Collins Street and Spring Street.

Trains

The nearest train stations are:

- Parliament Station – part of the City Loop or Melbourne Underground Rail Loop, with the closest entrance/exit to the hotel on the corner of Spring Street and Macarthur Street.
- Flinders Street Station – a destination for suburban trains, situated on the corner of Flinders Street and Swanston Street. It is also one of the stops on the City Loop.

For tram and train timetables see <http://ptv.vic.gov.au>.

Access the Annual Report online

Investors are encouraged to read the 2014 Annual Report prior to the AGM. The Annual Report can be viewed online or downloaded as a PDF from www.federationcentres.com.au.

Ask a question at the AGM

If you have a question you want answered at the AGM, you can lodge your question online at <http://www.federationcentres.com.au/Questions/FDCsecurityholderQuestions/> or, alternatively, fill in the Securityholder question form on the back of this Notice of Meeting and send it in the reply paid envelope provided or by fax to +61 3 9236 6301. We will endeavour to answer as many questions as possible at the AGM. Please note that Federation Centres will not be able to respond personally to all questions. Questions can also be asked at the meeting.

A message from the Chairman

26 September 2014

Dear Investor,

It is with pleasure that I invite you to the 2014 Annual General Meeting (AGM) of Federation Centres.

The AGM will be held in the Fitzroy Ballroom at Sofitel Melbourne on Collins, 25 Collins Street, Melbourne on Thursday 30 October 2014, starting at 2.00 pm. Investor registration begins at 1.30 pm.

You are also invited to meet with the Board and senior executives following the meeting.

THE 2014 FINANCIAL YEAR

During the 2014 financial year excellent progress was made against the Federation Centres strategic agenda to be a leading Australian REIT and create sustainable returns for our investors.

Improved earnings reflected the sound underlying business performance, a substantial reduction in financing costs and lower corporate overheads. This resulted in an 11.3% increase in distribution to 15.7 cents per security attributable to the year.

During the year redevelopment activity at Warnbro Centre in Western Australia and Cranbourne Park in Victoria were the first major projects undertaken to deliver a \$1.3 billion pipeline of redevelopments over coming years.

We also enhanced and optimised our business. This included the replacement of multiple legacy technology systems with a modern IT platform, continued recruitment of talent and the active management our portfolio of quality Australian shopping centres.

The AGM is an important event for Securityholders to hear from your Chairman and Chief Executive Officer, Steven Sewell, about this progress as well as to have the opportunity to ask questions and vote on the items of business.

PROPOSED SIMPLIFICATION OF FDC STRUCTURE

This year, we are proposing resolutions that, if passed, will simplify the corporate structure of FDC, by changing it from the very complex current quadruple stapled vehicle consisting of the Company and three trusts, to a far more conventional double-stapled vehicle consisting of the Company and one trust only. While this is a straightforward concept, the resolutions are necessarily detailed and technical to ensure that the process is achieved with the least disruption to FDC Securityholders. The outcome is one we see as being very much in the best interests of Securityholders.

ITEMS OF BUSINESS

1. Consideration of financial reports;
2. Election and re-election of Directors;
3. Adoption of the Remuneration report;
4. Approval of proposed equity grant to CEO and Managing Director pursuant to Federation Centres' Long Term Incentive Plan; and
5. Simplification resolutions.

The resolutions are set out in full in the attached Notice of Meeting. In considering the business to be put forward to the AGM, I encourage you to read the Notice in full, including the Explanatory Memorandum, as well as the Annual Report. This was mailed to you if you requested it, or you can view it on our website at www.federationcentres.com.au.

SECURITYHOLDER QUESTIONS

A question form is attached to this Notice of Meeting for use by Securityholders, including those unable to attend the AGM. We will respond to as many of the frequently asked questions as we can at the meeting. Questions may also be put at the meeting.

VOTING

If you are unable to attend the meeting to vote in person, you may register your proxy appointment and voting instructions at www.linkmarketservices.com.au. Alternatively, please complete the attached proxy form and return to us by mail or fax. Full instructions are set out on the proxy form.

EFFICIENCY OF SECURITYHOLDER COMMUNICATIONS

I also again urge Securityholders to complete and send in the electronic communications and direct credit forms provided if this has not been done already. This not only allows us to deliver more efficient and timely communications and in a manner that benefits the environment, but provides greater protection against fraud.

The Board recommends that you vote in favour of all the items of business.

Yours faithfully



Bob Edgar
Chairman

Notice of Meeting Federation Centres

Federation Limited

ABN 90 114 757 783

Federation Centres Trust No. 1

ARSN 104 931 928

Federation Centres Trust No. 2

ARSN 122 223 974

Federation Centres Trust No. 3

ARSN 153 269 759

RESPONSIBLE ENTITY

Federation Centres Limited

ABN 88 149 781 322

Notice is given that the Annual General Meeting of Federation Limited (**FL** or **Company**) will be held in conjunction with a meeting of Unitholders in Federation Centres Trust No. 1 (**FCT1**), Federation Centres Trust No. 2 (**FCT2**) and Federation Centres Trust No. 3 (**FCT3**) (each a Trust and together with the Company, **FDC** or **Federation Centres**) at Fitzroy Ballroom, Sofitel Hotel, 25 Collins Street, Melbourne, on Thursday 30 October 2014 at 2.30 pm.

1 Financial Reports

To receive and consider the financial reports of Federation Centres (comprising the Company and FCT1, FCT2 and FCT3) and the reports of the Directors and Auditor for the year ended 30 June 2014.

2 To elect Directors of the Company

To elect Directors of the Company (with each election to be voted on as a separate ordinary resolution):

- (a) Fraser MacKenzie retires by rotation in accordance with rule 9.1(d) of the Company's constitution and offers himself for re-election as a director;
- (b) Debra Stirling retires by rotation in accordance with rule 9.1(d) of the Company's constitution and offers herself for re-election as a director; and
- (c) Wai Tang retires in accordance with rule 9.1(c) of the Company's constitution and offers herself for election as a director.

3 Non-binding advisory vote on the Remuneration Report

To adopt the Remuneration Report for the Company for the financial year ended 30 June 2014 as contained in the Annual Report of FDC for the year ended 30 June 2014.

Please note that the vote on this item is advisory only and does not bind the Directors of Federation Centres.

This item is subject to voting exclusions – see 'Voting Exclusion Statement' below.

4 Approval of proposed equity grant to CEO and Managing Director pursuant to Federation Centres Long Term Incentive Plan

To consider and, if thought fit, approve the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 10.14 and all other purposes, approval be given for the grant of performance rights to the CEO and Managing Director, Steven Sewell, in accordance with the terms of the FDC Long Term Incentive Plan and on the terms summarised in the Explanatory Memorandum."

This item is subject to voting exclusions – see 'Voting Exclusion Statement' below.

5 Simplification Resolutions

All of the following resolutions are required to effect the simplification of the corporate structure of FDC.

5.1 Unstapling resolution – FL only

To consider and, if thought fit, approve the following resolution as a special resolution of FL, in accordance with rule 17.5 of the constitution of FL:

"That, subject to and conditional on FDC Securityholders passing each other Simplification Resolution, the shares in Federation Limited be unstapled from units in Federation Centres Trust No. 1, units in Federation Centres Trust No. 2 and units in Federation Centres Trust No. 3 with effect on and from the Implementation Date (or such other date as is determined by the Board of Federation Limited) and before the Trust Schemes are implemented, for all purposes including in order to implement the Trust Schemes and Simplification in accordance with the Explanatory Memorandum to the Notice of Meeting convening this meeting."

5.2 Unstapling resolution – FCT1 only

To consider and, if thought fit, approve the following resolution as a special resolution of FCT1, in accordance with rule 20.6 of the constitution of FCT1:

“That, subject to and conditional on FDC Securityholders passing each other Simplification Resolution, the units in Federation Centres Trust No. 1 be unstapled from shares in Federation Limited, units in Federation Centres Trust No. 2 and units in Federation Centres Trust No. 3 with effect on and from the Implementation Date (or such other date as is determined by the Board of Federation Centres Limited) and before the Trust Schemes are implemented, for all purposes including in order to implement the Trust Schemes and Simplification and in accordance with the Explanatory Memorandum to the Notice of Meeting convening this meeting.”

This item is subject to voting exclusions – see ‘Voting Exclusion Statement’ below.

5.3 Unstapling Resolution – FCT2 only

To consider and, if thought fit, approve the following resolution as a special resolution of FCT2, in accordance with rule 8.5, Schedule 5 of the constitution of FCT2:

“That, subject to and conditional on FDC Securityholders passing each other Simplification Resolution, the units in Federation Centres Trust No. 2 be unstapled from shares in Federation Limited, units in Federation Centres Trust No. 1 and units in Federation Centres Trust No. 3 with effect on and from the Implementation Date (or such other date as is determined by the Board of Federation Centres Limited) and before the Trust Schemes are implemented, for all purposes including in order to implement the Trust Schemes and Simplification and in accordance with the Explanatory Memorandum to the Notice of Meeting convening this meeting.”

This item is subject to voting exclusions – see ‘Voting Exclusion Statement’ below.

5.4 Unstapling Resolution – FCT3 only

To consider and, if thought fit, approve the following resolution as a special resolution of FCT3, in accordance with rule 10.4, Schedule 4 of the constitution of FCT3:

“That, subject to and conditional on FDC Securityholders passing each other Simplification Resolution, the units in Federation Centres Trust No. 3 be unstapled from shares in Federation Limited, units in Federation Centres Trust No. 1 and units in Federation Centres Trust No. 2 with effect on and from the Implementation Date (or such other date as is determined by the Board of Federation Centres Limited) and before the Trust Schemes are implemented, for all purposes including in order to implement the Trust Schemes and Simplification and in accordance with the Explanatory Memorandum to the Notice of Meeting convening this meeting.”

This item is subject to voting exclusions – see ‘Voting Exclusion Statement’ below.

5.5 FL Constitution Amendment Resolution – FL only

To consider and, if thought fit, approve the following resolution as a special resolution of FL, in accordance with section 136(2) of the Corporations Act:

“That, subject to and conditional on FDC Securityholders passing each other Simplification Resolution, the constitution of Federation Limited be amended with effect on and from the Implementation Date (or such other date as is determined by the board of Federation Limited) in the manner as set out in the document which has been produced to the meeting (and is for the purpose of identification marked “A” and initialled by the Chairman).”

5.6 FCT1 Constitution Amendment Resolution – FCT1 Only

To consider and, if thought fit, approve the following resolution as a special resolution of FCT1, in accordance with section 601GC(1)(a) of the Corporations Act:

“That, subject to and conditional on FDC Securityholders passing each other Simplification Resolution, the constitution of Federation Centres Trust No.1 be amended with effect on and from the Implementation Date (or such other date as is determined by the Board of Federation Centres Limited) as set out in the supplemental deed which has been produced to the meeting (and is for the purpose of identification marked “B” and initialled by the Chairman) and Federation Centres Limited be authorised to execute and lodge with ASIC a copy of the supplemental deed.”

This item is subject to voting exclusions – see ‘Voting Exclusion Statement’ below.

Notice of Meeting Federation Centres continued

5.7 FCT2 Constitution Amendment Resolution – FCT2 only

To consider and, if thought fit, approve the following resolution as a special resolution of FCT2, in accordance with section 601GC(1)(a) of the Corporations Act:

“That, subject to and conditional on FDC Securityholders passing each other Simplification Resolution, the constitution of Federation Centres Trust No.2 be amended with effect on and from the Implementation Date (or such other date as is determined by the Board of Federation Centres Limited) as set out in the supplemental deed which has been produced to the meeting (and is for the purpose of identification marked “C” and initialled by the Chairman) and Federation Centres Limited be authorised to execute and lodge with ASIC a copy of the supplemental deed.”

This item is subject to voting exclusions – see ‘Voting Exclusion Statement’ below.

5.8 FCT3 Constitution Amendment Resolution – FCT3 only

To consider and, if thought fit, approve the following resolution as a special resolution of FCT3, in accordance with section 601GC(1)(a) of the Corporations Act:

“That, subject to and conditional on FDC Securityholders passing each other Simplification Resolution, the constitution of Federation Centres Trust No.3 be amended with effect on and from the Implementation Date (or such other date as is determined by the Board of Federation Centres Limited) as set out in the supplemental deed which has been produced to the meeting (and is for the purpose of identification marked “D” and initialled by the Chairman) and Federation Centres Limited be authorised to execute and lodge with ASIC a copy of the supplemental deed.”

This item is subject to voting exclusions – see ‘Voting Exclusion Statement’ below.

5.9 Acquisition Resolution – FCT2 Only

To consider and, if thought fit, approve the following resolution as an ordinary resolution of FCT2:

“That, subject to and conditional on FDC Securityholders passing each other Simplification Resolution, the Trust Scheme (as set out in the Explanatory Memorandum to the Notice of Meeting convening this meeting) be approved and, in particular, the acquisition by Federation Centres Limited as responsible entity of Federation Centres Trust No.1 of a relevant interest in all the Federation Centres Trust No.2 units on issue as at the Record Date pursuant to the Trust Scheme be approved for the purposes of item 7 of section 611 of the Corporations Act.”

This item is subject to voting exclusions – see ‘Voting Exclusion Statement’ below.

5.10 Acquisition Resolution – FCT3 Only

To consider and, if thought fit, approve the following resolution as an ordinary resolution of FCT3:

“That, subject to and conditional on FDC Securityholders passing each other Simplification Resolution, the Trust Scheme (as set out in the Explanatory Memorandum to the Notice of Meeting convening this meeting) be approved and, in particular, the acquisition by Federation Centres Limited as responsible entity of Federation Centres Trust No.1 of a relevant interest in all the Federation Centres Trust No.3 units on issue as at the Record Date pursuant to the Trust Scheme be approved for the purposes of item 7 of section 611 of the Corporations Act.”

This item is subject to voting exclusions – see ‘Voting Exclusion Statement’ below.

VOTING EXCLUSION STATEMENT: RESOLUTIONS 3, 4 AND 5

The *Corporations Act 2001* (Corporations Act) restricts members of key management personnel (KMP) and their closely related parties from voting in relation to item 3 and item 4 in certain circumstances. In addition, a voting restriction applies to the CEO and Managing Director and his associates in respect of item 4 under the ASX Listing Rules.

Closely related party is defined in the Corporations Act and includes a spouse, dependant and certain other close family members, as well as any companies controlled by a member of the KMP.

Resolution 3 (Adoption of the Remuneration Report)

FDC will disregard any votes cast (in any capacity) on the proposed resolution in item 3 by or on behalf of:

- members of the KMP (being the directors and the other KMP as disclosed in the Remuneration Report); and
- closely related parties of those persons,

as well as any votes cast as a proxy on this item by a member of the KMP at the date of the meeting and their closely related parties, unless the vote is cast:

- as proxy for a person entitled to vote on item 3 in accordance with a direction on the proxy form; or
- by the Chairman of the meeting as proxy for a person entitled to vote on item 3 in accordance with an express authority to vote undirected proxies as the Chairman sees fit (even though the resolution is connected directly or indirectly with the remuneration of a member of the KMP).

Resolution 4 (Approval of proposed equity grant to CEO and Managing Director)

FDC will disregard any votes cast on the proposed resolution in item 4:

- by or on behalf of the CEO and Managing Director, Mr Steven Sewell (in any capacity); and
- any of his associates;

as well as any votes cast as a proxy on this item by a member of the KMP at the date of the meeting and their closely related parties, unless the vote is cast:

- as proxy for a person entitled to vote on item 4 in accordance with a direction on the proxy form; or
- by the Chairman of the meeting as proxy for a person entitled to vote on item 4 in accordance with an express authority to vote undirected proxies as the Chairman sees fit (even though the resolution is connected directly or indirectly with the remuneration of a member of the KMP).

What this means for Securityholders:

If you intend to appoint a member of the KMP (such as one of the directors) as your proxy, please ensure that you direct them how to vote on items 3 and 4. If you intend to appoint an associate of the CEO as your proxy, please ensure that you direct them how to vote on item 4. If you intend to appoint the Chairman of the meeting as your proxy, you can direct him or her how to vote by marking the boxes for items 3 and 4 (for example, if you wish to vote for, against or abstain from voting), or you can not mark any of the boxes for items 3 and 4, and give the Chairman your express authority to vote your undirected proxy (in which case the Chairman will vote in favour of these items of business).

Resolutions 5.2, 5.3, 5.4, 5.6, 5.7, 5.8, 5.9 and 5.10 (Simplification)

In accordance with item 7 of section 611 and section 253E of the Corporations Act, FCL (the responsible entity of FCT 1, FCT 2 and FCT 3) and FCL's associates will not be entitled to vote their interest on the proposed resolutions in items 5.2, 5.3, 5.4, 5.6, 5.7, 5.8, 5.9 and 5.10. Accordingly, FCL will disregard any votes cast on those resolutions by it or its associates. However, FCL will not disregard votes cast as proxies if the appointment specifies the way in which the proxy is to vote and the proxy votes in that way.

By order of the Board of Federation Limited



Elizabeth Hourigan

Secretary

26 September 2014

By order of the Board of Federation Centres Limited as responsible entity of Federation Centres Trust No. 1, Federation Centres Trust No. 2 and Federation Centres Trust No. 3



Elizabeth Hourigan

Secretary

26 September 2014

Notes

1 Terminology

Terms which are defined in the respective Constitutions of the Company or the Trusts have the same meaning when used in this notice (including these notes and the Explanatory Memorandum) unless the context requires otherwise.

2 Stapling

The Shares in the Company and the Units in the Trusts are stapled together under the respective Constitutions of the Company and the Trusts. This means that all Members of the Company are Unitholders in the Trusts and each Member has the same number of Units in the Trusts as it holds Shares in the Company (Securityholder).

3 Quorum

The Constitution of the Company provides that three Members present personally or by representative, attorney or proxy and who are entitled to vote shall be a quorum for a general meeting of the Company. The Constitutions of the Trusts provide that a quorum for a meeting of Unitholders is two Unitholders.

4 Resolutions

Ordinary resolutions

Each of the resolutions set out in items 2, 4, 5.9 and 5.10 of this notice are ordinary resolutions and will not be passed unless more than 50% of the votes cast by Members entitled to vote on the resolutions are in favour of the resolutions.

Special resolutions

Each of the resolutions set out in items 5.1, 5.2, 5.3, 5.4, 5.5, 5.6, 5.7 and 5.8 are special resolutions and will not be passed unless at least 75% of the votes cast by FDC Securityholders present in person or by proxy and entitled to vote on the resolution are in favour of the resolutions.

5 Voting

The Directors of the Company and the Responsible Entity of the Trusts have determined that, for the purposes of the meeting, Shares and Units will be taken to be held by the persons who are registered as Members as at 7.00 pm (Melbourne time) on Tuesday 28 October 2014. Accordingly, transfers registered after this time will be disregarded in determining entitlements to vote at the meeting.

In the case of Stapled Securities held by joint holders:

- In respect of the Units comprising those Stapled Securities, only the person whose name stands first in the register may vote; and
- In respect of the Shares comprising those Stapled Securities, one of the joint holders may vote and if more than one joint holder is present and voting at the meeting, only the vote of the joint holder whose name appears first in the register will be counted.

6 Admission to the meeting

Corporate representatives are requested to bring appropriate evidence of appointment as a representative in accordance with the respective Constitutions of the Company and the Trust. Attorneys are requested to bring a copy of the power of attorney pursuant to which they were appointed. Proof of identity will also be required for corporate representatives and attorneys.

7 Proxies

A Member who is entitled to attend and vote at the meeting may attend and vote by proxy. A Member who is entitled to cast two or more votes may appoint up to two proxies and may specify the proportion or number of votes each proxy is entitled to exercise. A proxy need not be a Member and may be either an individual or a body corporate. A Member appointing a proxy may direct a proxy to vote "for", to vote "against", or abstain from voting on each resolution, or may leave the decision to the proxy following discussion at the meeting. Please refer to the enclosed proxy form for instructions on completion and lodgement.

The Company's KMP (which includes each of the directors) and their closely related parties, will not be able to vote your proxy on Items 3 and 4 unless you direct them how to vote on those items. If you intend to appoint an associate of the CEO as your proxy, please ensure that you direct them how to vote on item 4. If you intend to appoint a member of the KMP (or one of their closely related parties) as your proxy, you must ensure the proxy is directed how to vote on items 3 and 4. If you intend to appoint the Chairman of the meeting as your proxy, you can direct him or her how to vote by marking the boxes for items 3 and 4 (for example, if you wish to vote for, or against or abstain from voting), or you can not mark any of the boxes for items 3 and 4, and give the Chairman your express authority to vote your undirected proxy (in which case the Chairman will vote in favour of these items of business).

If you appoint two proxies to vote but do not specify a proportion or number of votes for each proxy to exercise, each proxy may exercise half of the votes. If you appoint two proxies to vote, neither proxy may vote on a show of hands if more than one proxy attends. On a poll, each proxy may only exercise votes in respect of those securities or voting rights the proxy represents.

If you appoint a proxy, you may still attend the meeting. However, your proxy's rights to speak and vote are suspended while you are present. Accordingly, you will be asked to revoke your proxy if you register at the meeting.

Any directed proxies that are not voted on a poll at the meeting will automatically default to the Chairman of the meeting, who is required to vote proxies as directed.

Please note that proxy forms must be received at the address listed below no later than 2.00 pm on Tuesday 28 October 2014.

8 How the Chairman will vote undirected proxies

If the Chairman of the meeting is your proxy, and you fail to provide a voting direction in respect of items 3 or 4 in the proxy form, you will be giving him express authority to vote your securities in favour of the resolution. The Chairman intends to vote undirected proxies in favour of each resolution. Federation Centres encourages all Securityholders who submit proxies to direct their proxy how to vote on each resolution.

9 Lodgements of proxies and queries

Proxy forms and authorities should be sent to the Registrar of Federation Centres at the address specified on the enclosed reply paid envelope or to the address specified below:

Address: c/- Link Market Services Limited
Locked Bag A14
Sydney South
NSW 1235

Facsimile: +612 9287 0309

Online: www.linkmarketservices.com.au

Securityholders should contact the Registrar of Federation Centres at the above address or on telephone number 1300 887 890 (toll free) or +612 8280 7189 from outside Australia with any queries.

9 Questions to be put at the meeting

Securityholders are invited to submit questions that they would like raised at the Annual General Meeting using the attached question sheet, or by visiting the FDC website facility established for this purpose

<http://www.federationcentres.com.au/Questions/FDCShareholderQuestions.htm>

Federation Centres will respond to as many of the more frequently asked questions as possible at the Annual General Meeting.

Please note that Federation Centres will not be able to respond personally to all questions.

Questions may also be put at the meeting.

Explanatory Memorandum

1 FINANCIAL REPORTS

The financial reports of Federation Centres (comprising the Company and the Trusts) and the reports of the Directors and Auditor for the year ended 30 June 2014 are set out in the Federation Centres Annual Report, which was sent before the meeting to those Securityholders who have elected to receive one. A copy of the Federation Centres Annual Report is also available on the Federation Centres website (federationcentres.com.au).

Securityholders are not required to vote on the financial reports and the reports of the Directors and Auditors. However, Securityholders will be given a reasonable opportunity as a whole to raise questions or comments on the reports at the meeting.

In accordance with section 250PA of the *Corporations Act 2001*, Securityholders entitled to cast their vote at the Annual General Meeting may submit written questions to the Auditor relevant to the content of the Auditor's Report or the conduct of the audit of the financial report of Federation Centres. A Securityholder wishing to submit a question to the Auditor should forward this to the Company Secretary at the following address by no later than 5.00pm on Thursday, 23 October 2014:

Address: Federation Centres
Level 28
35 Collins Street
Melbourne, Victoria 3000

Facsimile: (03) 9236 6301

A list of questions submitted to the Auditor will be made available to Securityholders attending the meeting at or before the start of the meeting.

2 ELECTION OF DIRECTORS OF THE COMPANY

Mr MacKenzie and Ms Stirling will retire by rotation in accordance with rule 9.1(d) of the Company's Constitution at the meeting of the Company, and, each being eligible, offer themselves for re-election.

Ms Tang will retire in accordance with rule 9.1(c) of the Company's Constitution at the meeting of the Company, and, being eligible, offers herself for election.

Information on each candidate follows.



FRASER MACKENZIE

Appointed October 2009.

Background & Experience

Mr MacKenzie has more than 40 years of finance and general management experience in the UK, US and Asia, including as Chief Financial Officer of both Coles Group/Coles Myer and OPSM Group. Mr MacKenzie has held senior finance and general management roles at Pfizer, Gestetner Holdings and Smith Kline & French Laboratories in addition to various accounting positions in his early career at Royal Bank of Scotland, Hambros Bank and Ernst & Young.

Mr MacKenzie holds a National Diploma in Business Studies from Aberdeen College of Commerce (Scotland), is a Fellow of the Chartered Association of Certified Accountants in the UK, a Fellow of the Certified Practising Accountants in Australia and a Member of the Australian Institute of Company Directors.

Mr MacKenzie is Chair of the Audit and Risk Committee and a member of the Nominations Committee.

Current Directorships, Executive Positions and Advisory Roles

N/A

Past Non-Executive Directorships (last 3 years)

N/A

The Board (other than Mr MacKenzie) recommends that Securityholders vote in favour of the re-election of Mr MacKenzie.

The Chairman of the meeting intends to vote all available proxies in favour of this resolution.



DEBRA STIRLING

Appointed December 2011.

Background & Experience

Ms Stirling has over 20 years experience in corporate affairs, investor relations and human resources. Ms Stirling was most recently Executive General Manager of People and Communications for Newcrest Mining Limited and she has previously held senior roles with Newcrest, Rinker Group, CSR and Coles Myer.

Ms Stirling is a member of the Audit and Risk Committee, Remuneration and HR Committee and Nominations Committee.

Current Directorships, Executive Positions and Advisory Roles

- Monash University Mining Advisory Board – member
- PNG Government's Lae Technical Training Centre of Excellence Taskforce - member

Past Non-Executive Directorships (last 3 years)

N/A

The Board (other than Ms Stirling) recommends that Securityholders vote in favour of the re-election of Ms Stirling.

The Chairman of the meeting intends to vote all available proxies in favour of this resolution.



WAI TANG

Appointed May 2014.

Background & Experience

Wai Tang has extensive industry experience and knowledge gained through senior executive and board roles. Her former senior executive roles include Operations Director for Just Group and Chief Executive Officer of the Just Group sleepwear business Peter Alexander. Prior to joining Just Group she was General Manager of Business Development for Pacific Brands. She is also the co-founder of the Happy Lab retail confectionery concept.

Ms Tang is a member of the Audit and Risk Committee and the Nominations Committee.

Current Directorships, Executive Positions and Advisory Roles

- Kikki K – Non-executive Director
- Melbourne Festival – Non-executive Director

Past Non-Executive Directorships (past 3 years)

- Specialty Fashion Group – Non-executive Director
- L'Oreal Melbourne Fashion Festival – Non-executive Director

The Board (other than Ms Tang) recommends that Securityholders vote in favour of the election of Ms Tang.

The Chairman of the meeting intends to vote all available proxies in favour of this resolution.

Explanatory Memorandum

continued

3 NON-BINDING ADVISORY VOTE ON THE REMUNERATION REPORT

The Remuneration Report for the Company is included in the Federation Centres Annual Report 2014.

The Remuneration Report discusses the following:

- The remuneration policy adopted by the Board;
- The links between the Board's policy and company performance;
- The remuneration details for each Director and key management personnel; and
- The Federation Centres Long Term Incentive Plan, including performance measures.

The Chairman will give Securityholders an opportunity to ask questions about or make comments on the Remuneration Report. Although this vote does not bind the Directors of Federation Limited, the Board intends to take into account the outcome of the vote and any Securityholder feedback when reviewing its remuneration policies and practices.

A voting exclusion statement applies to this item of business, as set out in the Notice of Meeting.

The Board recommends that Securityholders vote in favour of this non-binding resolution.

The Chairman of the meeting intends to vote all available proxies in favour of this resolution.

4 APPROVAL OF PROPOSED EQUITY GRANT TO CEO AND MANAGING DIRECTOR PURSUANT TO FEDERATION CENTRES LONG TERM INCENTIVE PLAN

Securityholder approval is being sought for the proposed grant of performance rights to the Managing Director and CEO, Steven Sewell, under the FDC Long Term Incentive (LTI) Plan on the terms set out below.

LTI Plan terms and conditions

If Securityholder approval is obtained, performance rights with a value of \$1,562,500 will be granted to the CEO as part of his remuneration package for the 2015 financial year. Each performance right entitles the CEO to one fully paid ordinary FDC stapled security at the end of a three year performance period (1 July 2014 until 30 June 2017), subject to the satisfaction of the performance measures described below. Securities allocated to the CEO on vesting of the performance rights will rank equally with other FDC securities, but will be subject to a one year trading lock.

The number of securities issued will be based on the 'face value' methodology. The security price used in the calculation is the volume weighted average security price (VWAP) of FDC for the 10 trading days commencing on the first trading day immediately following the 2014 FDC AGM.

The actual number of performance rights will be derived by dividing the CEO's LTI grant value (\$1,562,500) by the VWAP. As the CEO's grant forms part of his LTI remuneration, the performance rights will be granted at no cost to the CEO and no amount is payable on vesting of the performance rights. The performance rights will be granted under, and subject to, the rules of the LTI Plan. Performance rights do not carry any distribution or voting rights prior to vesting.

If Securityholder approval is obtained, it is anticipated that the performance rights will be granted to the CEO shortly after the meeting. No performance rights will be granted pursuant to this approval more than 12 months after the date of the meeting.

If Securityholder approval is not obtained, in order to appropriately remunerate the CEO, the Board may consider providing alternative compensation to the CEO (equivalent to the value the grant would have had at vesting had it been approved by Securityholders) but the Board would only do so to the extent that the applicable performance measures are satisfied.

Performance measures

The performance rights to be granted to the CEO (if Securityholder approval is obtained) will be subject to two performance measures over the performance period:

- 40% of the performance rights will be subject to a vesting condition based on relative Total Securityholder Return (TSR) measured against the S&P/ASX 200 A-REIT Index excluding Westfield Group; and
- The remaining 60% of the performance rights will be subject to a vesting condition linked to growth in Return on Equity (ROE) and Earnings Per Security (EPS).

If the Board determines that the performance measures have been satisfied at the end of the performance period, the performance rights will automatically vest. If the performance measures are not met at the end of the performance period, the performance rights will lapse. There is no re-testing of performance rights after the vesting date.

Relative TSR measure (external hurdle)

The relative TSR component of the performance rights will vest if FDC's relative TSR performance is above the median of the comparator group of companies at the end of the three year performance period, in accordance with the following vesting schedule:

Relative TSR ranking against the comparator group	% of performance rights subject to the relative TSR measure that vest
At or below the 50th percentile	0%
At the 51st percentile	50%
Above the 51st percentile but below the 75th percentile	Straight line vesting between 50% and 100%
At or above the 75th percentile	100%

ROE and EPS Measure (internal hurdle)

Sixty percent of the performance rights will be allocated based on growth in both EPS and Group ROE determined by the Board in its absolute discretion. The Board may adjust its assessment to take into account extraordinary or significant items and the quality of the result. For these performance rights to commence vesting, cumulative EPS and ROE growth must be at least 95% of the target in FDC's business plans over the three year performance period.

If both the EPS and ROE thresholds are met, then the level of achievement compared to business plan will determine vesting, as follows:

- 25% of performance rights will vest if growth in both EPS and ROE are 95% of business plan;
- between 25% and 99% of performance rights will vest if growth in both EPS and ROE are greater than 95% but less than 105% of business plan. The actual number will depend on a matrix of EPS and ROE achievement against business plan. For example, an ROE growth outcome of 105% of business plan and an EPS growth outcome of 95% of business plan will result in 62.5% of the internal hurdle performance rights vesting; and
- 100% of performance rights will vest if growth in both EPS and ROE are equal to or greater than 105% of business plan.

Treatment of performance rights on cessation of employment

If, before the performance rights vest, the CEO ceases employment by reason of resignation, termination for poor performance or termination for cause, all unvested performance rights will lapse.

If, before the performance rights vest, the CEO ceases employment for any other reason (including death, total and permanent disablement, redundancy or FDC giving the CEO notice), the Board may determine that the unvested performance rights continue on foot (except that any continuous service condition is waived) or vest (having regard to all the circumstances, including the extent to which the performance measures have been met).

Change of control

In the event of a takeover or change of control of FDC, any unvested performance rights will vest at the discretion of the incumbent Board.

Other information

In relation to the LTI Plan:

- other than the CEO, no FDC Director or associate of any FDC Director, nor any other person referred to in ASX Listing Rule 10.14 is entitled to participate in the FDC LTI Plan;
- Securityholder approval for issue of performance rights under the LTI Plan to the CEO was granted at the 2013 AGM. In accordance with that Securityholder approval, Mr Sewell was granted 584,801 performance rights under the LTI Plan. There have been no other grants to persons referred to in ASX Listing Rule 10.14 since that Securityholder approval;
- there is no loan scheme in relation to the performance rights; and
- the CEO is prohibited from hedging the security price exposure in respect of the performance rights during the performance period and the following one year trading lock.

A voting exclusion statement applies to this item of business, as set out in the Notice of Meeting.

The Board (other than Mr Sewell) recommends that Securityholders vote in favour of this resolution.

The Chairman of the meeting intends to vote all available proxies in favour of this resolution.

Explanatory Memorandum

continued

5 SIMPLIFICATION

5.1 Simplification proposal

This section 5 of the Explanatory Memorandum explains a “Simplification” proposal, to be voted on at the AGM. The Boards are putting the Simplification proposal to FDC Securityholders for their consideration and approval in order to simplify the corporate structure of Federation Centres in a way which:

- **does not change the number of FDC Stapled Securities you hold;**
- **does not affect your underlying economic interest in Federation Centres;**
- **will not result in you paying or receiving any cash consideration; and**
- **simplifies the form of your FDC Stapled Securities so that the number of stapled parts in each FDC Stapled Security that you hold is reduced from four to two.**

The Simplification proposal is being proposed to reduce the complexity of the Federation Centres’ corporate structure, reduce head office costs and simplify Federation Centres’ financial reporting requirements. The transaction costs to be incurred as part of Simplification are estimated to be \$5.9 million but it is expected that the estimated ongoing annual cost savings of approximately \$3 million which would be achieved from Simplification should recoup the transaction costs over an approximate two year period.

5.2 Overview of Simplification

5.2.1 What is Simplification?

Federation Centres is currently a quadruple stapled vehicle comprising Federation Limited (FL) and Federation Centres Trust No. 1 (FCT 1), Federation Centres Trust No. 2 (FCT 2) and Federation Centres Trust No. 3 (FCT 3) (each a Trust). Federation Centres Limited (FCL) is the responsible entity of each Trust (RE), all of which are registered managed investment schemes. The shares of FL and units of each Trust are stapled together and are quoted as a quadruple stapled security on the ASX.

Federation Centres proposes to simplify its corporate structure by reducing the number of stapled entities from four to two, being FL and FCT 1. These stapled securities will trade on the ASX under Federation Centres’ existing ASX code ‘FDC’. This structure is more common for listed REITs and will not change the underlying economic interests that FDC Securityholders have in the assets of Federation

Centres. This Simplification proposal will occur by (among other steps) FCT 1 acquiring all of the units in FCT 2 and FCT 3 quoted on ASX from FDC Securityholders in exchange for the issue of units by FCT 1 to those securityholders. The steps required to implement Simplification are described in section 5.4.1.

Simplification is subject to FDC Securityholders approving the Simplification Resolutions which are set out in the Notice of Meeting and further described in section 5.4.6.

5.2.2 Rationale for Simplification

In December 2011, Federation Centres (formerly known as Centro Retail Australia) was created and listed in the form of a quadruple stapled vehicle following a transaction disclosed to the market as ‘Aggregation’. Aggregation was essentially an aggregation of the assets of the listed entity formerly known as Centro Retail Trust, comprised of FCT 1 and FL, with the assets of FCT 2 and FCT 3. At the time at which Federation Centres was created, the quadruple stapled structure was the most straightforward way to facilitate Aggregation. A dual-stapled structure was not considered at the time of Aggregation because it would have added undue complexity and cost to what was already a complex and costly transaction.

However, particularly in light of the costs and complexity associated with maintaining the quadruple stapled structure, Federation Centres considers that it is now appropriate to implement Simplification, and that the benefits and advantages of reducing the number of stapled entities from four to two outweigh the disadvantages and warrant the Simplification. It is not practical to simplify further at the listed level (e.g. to one listed entity) since Federation Centres has both companies and trusts in its structure and the costs and efficiencies involved in placing both its companies and trusts below one entity in a corporate structure would outweigh any benefits of that structure.

The key benefits, advantages, risks and disadvantages of Simplification are described in sections 5.4.3 and 5.4.4.

5.2.3 Effect of Simplification on FDC Securityholders

Simplification will not change the underlying economic interests of FDC Securityholders. Immediately after Simplification has been implemented, FDC Securityholders will hold the same number of FDC Stapled Securities, the same percentage interest and voting power in Federation Centres and its assets and the same proportionate rights and liabilities in relation to Federation Centres’ business as before Simplification. If Simplification is implemented, the number of parts which make up each FDC Stapled Security

will change from four to two as FDC Securityholders will hold their investment in Federation Centres through ownership of FL shares and FCT 1 units instead of through ownership of FL shares and units in each of FCT 1, FCT 2 and FCT 3. FDC Securityholders will continue to own 100% of FCT 2 and FCT 3 (albeit indirectly as FCT 2 and FCT 3 will be wholly owned within the Federation Centres group).

FDC Securityholders will not pay or receive any cash consideration as part of Simplification.

FDC Securityholders should note that if the Simplification Resolutions are approved, Simplification (when implemented) will be binding on all FDC Securityholders, irrespective of whether they voted in favour of the Simplification Resolutions.

5.2.4 Impact of Simplification on Federation Centres' business

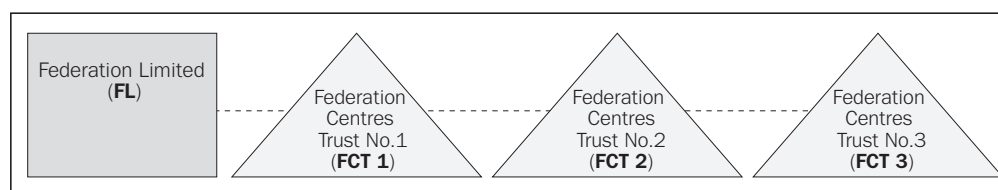
Simplification will not change the underlying business of Federation Centres. After implementation of Simplification, the business of Federation Centres will continue as it did prior to Simplification and there will be no major changes to the business or operation of Federation Centres as a consequence of Simplification. Federation Centres will continue to be an owner and manager of Australian retail shopping centres.

5.2.5 Structure of Federation Centres before and after Simplification

The diagrams below show the structure of Federation Centres as at the date of the Notice of Meeting and after Simplification is implemented.

Current Structure

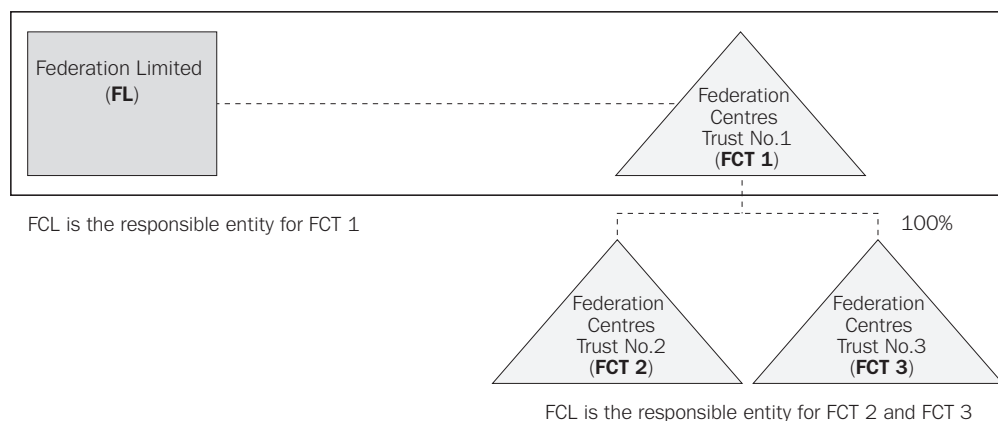
Stapled and trades on ASX as a single security



FCL is the responsible entity for FCT 1, FCT 2, and FCT 3

Post Simplification Structure

Stapled and trades on ASX as a single security



FCL is the responsible entity for FCT 1

FCL is the responsible entity for FCT 2 and FCT 3

5.2.6 Directors' recommendation

The Boards of FL and the RE have considered the proposed Simplification and believe it to be in the best interests of Federation Centres and FDC Securityholders.

Accordingly, the Boards unanimously recommend that FDC Securityholders vote in favour of the Simplification Resolutions.

Explanatory Memorandum

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5.3 Key dates

Indicative dates and times	Summary of key dates
Tuesday, 28 October 2014 at 2.00 pm (AEST)	Last date and time to lodge proxy forms – See note 7 of the Notice of Meeting
Tuesday, 28 October 2014 at 7 pm (AEST)	Date and time to determine FDC Securityholders' eligibility to vote on the Simplification Resolutions at the AGM – See note 5 of the Notice of Meeting
Thursday, 30 October 2014 at 2.00 pm (AEST)	AGM at which FDC Securityholders can vote on the Simplification Resolutions
Friday, 31 October 2014	Last day for trading in FDC Stapled Securities
Monday, 3 November 2014	FDC Stapled Securities recommence trading on the ASX on a deferred settlement basis
Thursday, 6 November 2014	Record Date for Simplification
Monday, 10 November 2014	Implementation Date for Simplification following completion of all the steps referred to in section 5.4.1 FDC Stapled Securities end trading on the ASX on a deferred settlement basis New holding statements dispatched to FDC Securityholders
Tuesday, 11 November 2014	FDC Stapled Securities recommence trading on ASX on a normal basis (T + 3 settlement)

Dates and times are indicative only and may change. Federation Centres reserves the right to change any of the above dates and times without notice, subject to the ASX Listing Rules and the Corporations Act. Where required, changes to this timetable will be announced to the ASX and posted on Federation Centres' website at www.federationcentres.com.au.

5.4 Simplification

5.4.1 Simplification key steps

There are four key steps required to implement Simplification, being:

(a) Step 1 - unstapling of FDC Stapled Securities:

FDC Stapled Securities are stapled together and accordingly, a component of the stapled securities cannot be dealt with separately unless and until the four components of the FDC Stapled Securities are unstapled from each other. Each component of the FDC Stapled Securities will then be able to be dealt with separately to facilitate the transfers of the FCT 2 and FCT 3 units and the issue of FCT 1 units as described in section 5.4.1(b). Once the FDC Stapled Securities are unstapled, the Existing Stapling Deed will terminate.

(b) Step 2 - FCT 2 and FCT 3 units acquired for FCT 1 units: After the unstapling of securities noted in section 5.4.1(a), FCT 1 will acquire all of the units in FCT 2 and FCT 3 which are quoted on ASX from FDC Securityholders as at the Record Date (currently expected to be 6 November 2014) in exchange for the issue of FCT 1 units to those FDC Securityholders as follows:

- 1) 0.4778 of an FCT 1 unit will be issued for every one FCT 2 unit transferred; and
- 2) 0.2795 of an FCT 1 unit will be issued for every one FCT 3 unit transferred.

The number of FCT 1 units to be issued for the acquisition of units in FCT 2 and FCT 3 is calculated based on the net asset value of each of FCT 1, FCT 2 and FCT 3 as at 30 June 2014. The ratios reflect that FCT 1 units have a different net asset value to the net asset value of FCT 2 units and the net asset value of FCT 3 units. However, the number of FCT 1 units to be issued pursuant to this step will not cause FDC Securityholders to have a different economic interest in FDC Stapled Securities once Simplification is implemented. As explained below, after this step the FCT 1 units on issue will be consolidated and then restapled with FL shares on a 1:1 basis.

The acquisition of the FCT 2 and FCT 3 units will occur pursuant to the Trust Schemes. The Trust Schemes are an arrangement under which all of the FCT 2 and FCT 3 units are transferred to FCT 1, and will be facilitated by additional provisions being introduced into the FCT 2 and FCT 3 constitutions which will have the effect of each FCT 2 and FCT 3 unitholder appointing the RE as its attorney and agent solely for the purpose of effecting the transfer of its FCT 2 and FCT 3 units to FCT 1. As part of this step, the RE in its capacity as attorney and agent of FCT 1 unitholders will execute a master unit transfer form to transfer all of the units in FCT 2 and FCT 3 to FCT 1, and enter FCT 1 in the register as the registered holder of all of the FCT 2 and FCT 3 units. For technical reasons, in order to prevent a “trust merger” of FCT 2 and FCT 3, a nominal non-voting unit in each of FCT 2 and FCT 3 will be issued to another entity in the Federation Centres group before these transfers occur and which will not form part of the transfers to FCT 1.

FDC Securityholders will not pay or receive any cash consideration in connection with this step. The implementation of this step will result in FCT 2 and FCT 3 becoming wholly owned within the Federation Centres group. FDC Securityholders will still have an indirect interest in FCT 2 and FCT 3 and their assets through ownership of FCT 1 units.

(c) Step 3 - Unit Consolidation: After the acquisition of all of the FCT 2 and FCT 3 units has occurred in accordance with the step described in section 5.4.1(b), the number of FCT 1 units on issue will be consolidated back into the original number of units on issue prior to Step 1 so that the same number of FCT 1 units will be on issue as the existing number of FL shares. This consolidation will ensure that the FL shares and the FCT 1 units can be restapled on a 1:1 basis and will have the effect that the number of FDC Stapled Securities held by each FDC Securityholder will not change as a result of Simplification.

(d) Step 4 - Restapling of securities: Following the implementation of the above steps, the FL shares will be restapled to the FCT 1 units to form the FDC Stapled Securities, and the FDC Stapled Securities will continue trading on the ASX under the code ‘FDC’. FDC Securityholders will hold the same number of FDC Stapled Securities as they held on the Record Date, prior to Simplification. FL and FCT 1 RE will enter into the New Stapling Deed to govern the stapling arrangements following the restapling, which is effective when the FL shares and FCT 1 units are restapled. The New Stapling Deed will be on similar terms to the Existing Stapling Deed.

The above steps will only take place if the Simplification Resolutions are approved by FDC Securityholders.

5.4.2 Condition of Simplification

Simplification will require the satisfaction of the following condition in order to be implemented. No assurance is given that this condition will be satisfied.

Condition	Status
The Simplification Resolutions being approved by the requisite majorities of FDC Securityholders. The Simplification Resolutions are set out in the Notice of Meeting and further described in section 5.4.6.	Simplification Resolutions will be voted on at the AGM to be held on 30 October 2014.

Federation Centres will announce to the ASX the outcome of the vote on the Simplification Resolutions in accordance with its continuous disclosure obligations.

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5.4.3 Advantages and benefits of Simplification

The Boards consider that the main advantages and benefits of Simplification are:

(a) Simplified corporate structure will be easier to explain to investors

A simplified corporate structure will be easier for Federation Centres' Management and the Boards to explain to existing and potential investors, as dual stapled structures are more common for listed REITs. This may broaden the appeal of Federation Centres to investors.

(b) Simplified financial reporting requirements

Federation Centres' current quadruple stapled structure requires the biannual production of four sets of audited financial statements and a complex annual tax statement for investors to review their securityholding. The new structure would require the preparation of only two sets of audited financial statements for FDC Securityholders, being FCT 1 and FL which would reduce the tax and audit advisory fees being currently incurred by Federation Centres.

(c) Reduction in head office costs due to reduced administrative complexity

Simplification is expected to produce head office cost savings estimated at \$3 million per year compared to the expected costs of continuing to manage a quadruple stapled structure. These savings are largely achieved through elimination of duplicative financial, audit, tax, compliance and other related costs associated with maintaining a quadruple stapled structure.

In addition to the annual cost savings, a simplified corporate structure would save internal administration time spent by company secretarial, legal, tax, treasury, finance and investor relations teams.

5.4.4 Disadvantages and risks of Simplification

The Boards consider that the main disadvantages associated with Simplification are:

(a) Transaction costs

One off transaction costs will be incurred as part of Simplification, including costs associated with legal, stamp duty and tax advisory fees, stamp duty payable in connection with Simplification, printing and other related costs. These costs are estimated to be \$5.9 million. The effect that these one off costs has on NTA per FDC Stapled Security is \$0.0041.

However, it should be noted that it is expected that the estimated ongoing annual cost savings which would be achieved from Simplification described in section 5.4.3(c) should recoup the one off transaction costs over an approximate two year period.

(b) Tax

Simplification will prima facie trigger a disposal of FDC Stapled Securities and therefore a taxable transaction for FDC Securityholders which could give rise to a tax liability depending on the individual circumstances of each FDC Securityholder. FDC Securityholders should refer to section 5.6 of this Explanatory Memorandum which provides more details regarding the potential tax impacts of Simplification.

While all FDC Securityholders are advised to obtain their own tax advice in respect of Simplification and how it impacts them, Simplification is being structured in such a way as to seek to mitigate any adverse tax impacts for FDC Securityholders who hold their FDC Stapled Securities on capital account. FDC Securityholders who hold their FDC Stapled Securities on capital account should be able to claim capital gains tax rollover relief for any capital gain arising as a result of Simplification. A class ruling is being sought from the ATO to confirm this outcome for Australian resident FDC Securityholders for tax purposes who hold on this basis.

(c) Period of Deferred settlement trading

If Simplification proceeds, trading in the existing FDC Stapled Securities (in the form of quadruple stapled securities) will end on Friday, 31 October 2014.

As is standard for restructures under ASX timetables, there will be a short period after that date during which FDC Stapled Securities will trade on a "deferred settlement" basis. For the period from Monday, 3 November 2014 to the Implementation Date on Monday, 10 November 2014, trading in the FDC Stapled Securities (in the form of dual stapled securities) will continue, but will be on a deferred settlement basis. Trading on a normal basis on ASX (T + 3 settlement) will commence on Tuesday, 11 November 2014.

The settlement of on-market trades conducted on a deferred settlement basis will occur on Friday, 14 November 2014. If FDC Securityholders wish to trade FDC Stapled Securities during the deferred settlement period, they will therefore have a longer settlement time than the normal T + 3.

(d) Risks

It is not expected that there will be any further risks arising from Simplification other than general risks associated with an investment in Federation Centres and the risk that the condition to Simplification set out in section 5.4.2 may not be satisfied.

5.4.5 Implications if Simplification is not implemented

If Simplification is not implemented, including because the Simplification Resolutions are not approved by FDC Securityholders:

- Federation Centres will remain as a quadruple stapled vehicle listed on the ASX;
- FDC Securityholders will continue to hold FDC Stapled Securities in their current form, comprising an ordinary share in FL and an ordinary unit in each Trust, stapled together; and
- Although estimated stamp duty of approximately \$4.8 million will not be payable if Simplification does not proceed, the anticipated advantages and benefits of Simplification described in section 5.4.3 above, including estimated annual costs savings of \$3 million, will not be obtained.

5.4.6 Explanation of the Simplification Resolutions

Set out below is a summary of the Simplification Resolutions that will be considered by FDC Securityholders at the AGM. The full form of the Simplification Resolutions is set out in the Notice of Meeting.

For Simplification to be implemented, each of the Simplification Resolutions described below must be passed by the requisite majorities of FDC Securityholders. Each Simplification Resolution is inter-conditional with each other Simplification Resolution, and if any one of the Simplification Resolutions is not passed by the requisite majorities of FDC Securityholders, Simplification will not be implemented.

FDC Securityholders should note that if the Simplification Resolutions are approved, Simplification (when implemented) will be binding on all FDC Securityholders, irrespective of whether they voted in favour of the Simplification Resolutions.

(a) Unstapling Resolution for each of FL, FCT 1, FCT 2 and FCT 3

As noted in section 5.4.1(a), to facilitate the implementation of Simplification, it will be necessary

for the FDC Stapled Securities to be unstapled. The Unstapling Resolution for each of FL, FCT 1, FCT 2 and FCT 3 asks FDC Securityholders to approve the unstapling of each component of the FDC Stapled Securities, effective on the Implementation Date.

Each Unstapling Resolution must be approved by special resolution passed by at least 75% of the votes cast by FDC Securityholders present in person or by proxy and entitled to vote on these resolutions.

Once the FDC Stapled Securities are unstapled, the Existing Stapling Deed will terminate. FL and FCT 1 RE will enter into the New Stapling Deed to govern the stapling arrangements following the restapling, which is effective when the FL shares and FCT 1 units are restapled. The New Stapling Deed will be on similar terms to the Existing Stapling Deed.

(b) Constitutional Amendment Resolution for each of FL, FCT 1, FCT 2 and FCT 3

The Constitutional Amendment Resolutions propose the following amendments to the constitutions of FL, FCT 1, FCT 2 and FCT 3.

- Amendments to FL constitution

It is proposed that the FL constitution be amended to make minor tidy up changes, including to conform certain provisions of the constitution of FL with the constitution of FCT 1.

- Amendments to FCT 1 constitution

It is proposed that the FCT 1 constitution be amended to:

1. permit the RE of FCT 1 to issue FCT 1 units in exchange for FCT 2 and FCT 3 units;
2. remove provisions that have become redundant following Aggregation; and
3. make minor tidy up changes.

- Amendments to FCT 2 and FCT 3 constitutions

It is proposed that the FCT 2 and FCT 3 constitutions each be amended to:

1. remove provisions that have become redundant following Aggregation;
2. make minor tidy up changes; and
3. give effect to the Trust Schemes.

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Each Constitutional Amendment Resolution must be approved by special resolution passed by at least 75% of the votes cast by FDC Securityholders present in person or by proxy and entitled to vote on the resolution.

The proposed amendments to the FCT 1, FCT 2 and FCT 3 constitutions are set out in the Supplemental Deed Polls and Annexure 1 contains a summary of the changes made to the FCT 2 and FCT 3 constitutions to give effect to the Trust Schemes. Following approval of the Simplification Resolutions, the RE will be authorised to execute the Supplemental Deed Polls and lodge a copy with ASIC.

Full copies of the proposed amended constitutions of each of FL, FCT 1, FCT 2 and FCT 3 and the proposed New Stapling Deed are available free upon request by contacting the Federation Centres securityholder information line on 1300 887 890 (Toll free (AU)) or by emailing registrars@linkmarketservices.com.au.

(c) Acquisition Resolution for each of FCT 2 and FCT 3

Under the Acquisition Resolutions, FCT 2 and FCT 3 unitholders will also be asked to approve the acquisition by FCT 1 of all the FCT 2 and FCT 3 ordinary units pursuant to the Trust Schemes under item 7 of section 611 of the Corporations Act.

Each Acquisition Resolution must be approved as an ordinary resolution passed by more than 50% of the total votes cast by FDC Securityholders present in person or by proxy and entitled to vote on the resolution.

5.4.7 Implementing Simplification

Implementation Steps

If the Simplification Resolutions are approved (which will be announced to the ASX), the steps set out in section 5.4.1 to effect Simplification will be completed on the Implementation Date.

Following implementation of Simplification:

- FCL will continue to be the responsible entity for FCT 1. FCL will also continue to be the responsible entity for FCT 2 and FCT 3 at least until FCT 2 and FCT 3 are deregistered as registered managed investment schemes, after which FCL may be replaced with another trustee which is wholly owned by FL; and
- FCT 2 and FCT 3 units will cease to be quoted on the ASX.

5.4.8 Substantial holders and issued capital

Simplification will not change the number of FDC Stapled Securities nor the proportionate holding of any FDC Securityholder, including substantial holders and foreign securityholders, in Federation Centres. FDC Securityholders will have the same voting power in Federation Centres immediately following the Simplification as they had in Federation Centres prior to Simplification.

Information regarding the substantial holders of Federation Centres is available from the substantial holder notices provided to Federation Centres and available on the ASX website. In addition, information regarding the top 20 holders of Federation Centres as at 22 August 2014 is set out in FDC's 2014 Annual Report.

5.4.9 Options and other securities issued by Federation Centres

As has been disclosed to the market, Federation Centres has issued performance rights to senior executives pursuant to the Federation Centres Long Term Incentive Plan. These performance rights have not yet vested. If they should vest either partially or fully before the Record Date then to the extent of that vesting and conversion to FDC Stapled Securities, they will participate in the vote on Simplification. See section 5.7.3 for the proposed adjustment to the terms of existing performance rights to reflect Simplification.

There are no other warrants, derivatives or other securities issued by Federation Centres as at the date of the Notice of Meeting.

5.4.10 Foreign FDC Securityholders

All FDC Securityholders, including foreign FDC Securityholders, will participate in the Simplification on the same basis if the Simplification Resolutions are approved.

Foreign FDC Securityholders should be aware that the distribution of this section 5 of the Explanatory Memorandum (including an electronic copy) in jurisdictions outside Australia may be restricted by law. If you come into possession of this section 5 of the Explanatory Memorandum in jurisdictions outside Australia, then you should seek advice on, and observe any such restrictions. If you fail to comply with such restrictions, that failure may constitute a violation of applicable securities laws. Federation Centres disclaims all liabilities to such persons. This section 5 of the Explanatory Memorandum and the FDC Stapled Securities have not been registered in any jurisdiction other than Australia. This section 5 of the Explanatory Memorandum does not constitute an offer or recommendation of FDC Stapled

Securities in any jurisdiction or to any person to whom it would be unlawful to make such an offer. You should seek advice before receiving or selling FDC Stapled Securities in any country outside Australia.

5.4.11 Governance

There will be no change to the membership of the Boards of FL and the RE as a result of Simplification i.e. the current Directors will continue to constitute the Boards of each of FL and the RE. Details of the members of the Board and their interests as at the date of the Notice of Meeting are listed at section 5.7.5.

5.5 Financial information

5.5.1 Costs of Simplification

The costs of implementing Simplification are expected to amount to approximately \$5.9 million comprising:

- estimated stamp duty of approximately \$4.8 million; and
- estimated transaction costs of \$1.1 million consisting of fees for legal, tax and stamp duty advice, printing and other related costs.

5.5.2 Financing

As FCT 2 and FCT 3 units are being transferred by FDC Securityholders to FCT 1 in exchange for the issue by FCT 1 of additional FCT 1 units, no financial consideration will be payable to FDC Securityholders and no debt funding is required to finance the acquisition of the FCT 2 and FCT 3 units by FCT 1. Federation Centres has obtained all necessary consents from its lenders in order for Simplification to occur on terms which Federation Centres considers can be fulfilled and there are not expected to be any material changes to Federation Centres' financing arrangements as a result of Simplification. Simplification is also not expected to change Federation Centres' S&P corporate investment grade credit rating or its senior secured debt rating.

5.5.3 Financial information following Simplification

A copy of Federation Centres' audited Financial Report for the financial year ended 30 June 2014 was lodged with the ASX on 22 August 2014 and is available on FDC's website at www.federationcentres.com.au.

So far as is known by the Boards, there are no material changes to the financial position of Federation Centres since 30 June 2014.

Federation Centres does not expect that Simplification will have a material or substantive impact on:

- its consolidated financial position or NTA;
- its profit attributable to FDC Securityholders;
- distribution guidance or policy as currently advised to the market; and
- the presentation of its consolidated financial report or the entities/operations that are in the consolidated financial report. Currently Federation Centres prepares its audited financial report on the basis that Federation Centres consists of FL (as the parent entity) and its controlled entities, which for statutory reporting purposes include FCT 1, FCT 2 and FCT 3. Following Simplification, this style of financial reporting will continue with FL as the parent entity and FCT 1 (following Simplification being the actual parent of FCT 2 and FCT 3) as a controlled entity for statutory reporting purposes.

5.6 Tax

(a) General

This section 5.6 of the Explanatory Memorandum provides a guide to the general Australian tax implications that should arise for FDC Securityholders as a result of the implementation of Simplification, based on income tax legislation enacted at the date of the Notice of Meeting. It does not purport to be a complete analysis to identify all potential tax consequences nor is it intended to replace the need for specialist tax advice in respect of the particular circumstances of individual FDC Securityholders.

Federation Centres recommends that all FDC Securityholders consult their tax advisers as to the tax consequences of Simplification. Non-resident FDC Securityholders will also need to consider any implications to them under the tax regimes of countries other than Australia.

(b) Australian income tax consequences

This section 5.6 is applicable to FDC Securityholders who are Australian residents for tax purposes and who hold their FDC Stapled Securities on capital account. While this part also provides a general guide for FDC Securityholders who are not Australian residents for tax purposes, it does not consider their position in detail.

This section 5.6 is not applicable to FDC Securityholders who do not hold their FDC Stapled Securities as capital assets (for example, FDC Securityholders who hold their FDC Stapled Securities as trading stock or revenue assets for the purpose of resale at a profit).

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FDC Securityholders who hold their FDC Stapled Securities on capital account should be eligible for CGT rollover under Subdivision 124-M of the Income Tax Assessment Act 1997 in relation to the exchange of their units in FCT 2 and FCT 3 for units in FCT 1. Further, no adverse income tax consequences should arise for FDC Securityholders as a result of the Unit Consolidation which will occur (and is described further in section 5.4.1(c)) after the unit for unit exchange.

Federation Centres has applied to the ATO for a class ruling on behalf of Australian resident FDC Securityholders to confirm the outcomes referred to above. While no assurance can be given that the class ruling will be received, Federation Centres expects a positive class ruling to be obtained shortly after the Implementation Date if the Simplification Resolutions are approved. Obtaining the class ruling is not a requirement for security holders to obtain CGT rollover relief, and completion of Simplification is not conditional on the final class ruling being issued.

Broadly, if CGT rollover relief is not available or chosen, a capital gain or loss would arise to FDC Securityholders. A capital gain should arise to the extent that the proceeds (i.e., the market value of the FCT 1 units issued under Simplification) received on disposal of their FCT 2 units and FCT 3 units exceed the cost base of those units. FDC Securityholders holding on capital account would then need to consider whether any CGT discount concessions are available to them to further reduce any resulting capital gain. A capital loss should arise to the extent that the reduced cost base of their FCT 2 and FCT 3 units exceeds the proceeds.

On the basis the ATO confirmations sought in the class ruling application are obtained, the income tax implications for FDC Securityholders to whom the class ruling applies are set out below:

Unstapling of securities

The legal mechanism giving effect to the stapled arrangement of the FDC Stapled Securities is contained within each entity's respective constitution. The effect of unstapling the FDC Stapled Securities as described in section 5.4.1(a) will merely vary existing contractual arrangements in place under the FL, FCT 1, FCT 2 and FCT 3 constitutions. No change in ownership will occur in respect of the FCT 1, FCT 2 or FCT 3 units or FL shares and no other CGT event should occur as a result of the unstapling. Accordingly, the unstapling of FDC Stapled Securities should not result in a CGT liability for FDC Securityholders.

FCT 2 and FCT 3 units acquired by FCT 1 in exchange for FCT 1 units

Any capital gain otherwise made by FCT 2 and FCT 3 unit holders who elect CGT rollover on disposal of their FCT 2 and FCT 3 units to FCT 1 should not be subject to Australian CGT at the time of this disposal. The cost base and reduced cost base in the new FCT 1 units received by unit holders should be equal to the cost base of their original units in FCT 2 and FCT 3.

Unit Consolidation

No unit in FCT 1 will be cancelled as a result of the Unit Consolidation described in section 5.4.1(c) – rather the Unit Consolidation should result in a merger of the new FCT 1 units into the original FCT 1 units held by FDC Securityholders. FCT 1 unit holders will not receive any capital proceeds in respect of the reduction in the number of FCT 1 units on issue, nor will there be a change to the proportionate interests held by each FCT 1 unit holder in FCT 1.

Accordingly no CGT event should occur as a result of the Unit Consolidation and therefore there should be no taxable events arising for FCT 1 unit holders.

The CGT cost bases of the FCT 1 units post the Unit Consolidation should be equal to the sum of the CGT cost bases of the new FCT 1 units issued under Simplification (see section 5.4.1(b)) and the original FCT 1 units held. This should be the same as the sum of the cost bases of the original FCT 1, FCT 2 and FCT 3 units held immediately prior to Simplification.

Disposal of FDC Stapled Securities after the Simplification

As was the case prior to Simplification, a disposal of FDC Stapled Securities after Simplification should be a CGT event and Australian resident FDC Securityholders should be required to calculate a capital gain or loss. Certain FDC Securityholders who hold their securities on capital account (such as individuals and superannuation funds who have held their securities for at least 12 months) may be entitled to discounted CGT treatment (that is, 50% discount for individuals and one-third discount for superannuation funds).

For the purposes of the 12 month ownership condition, FDC Securityholders will be taken to have acquired the additional FCT 1 units issued in consideration of the transfer of their FCT 2 and FCT 3 units on the date that they acquired their original FCT 2 and FCT 3 units as part of the acquisition of quadruple stapled securities.

Non-resident Investors

To the extent that FDC Securityholders are not Australian residents for tax purposes, any capital gain or loss they make in relation to their FDC Stapled Securities as part of the Simplification steps described above should not be subject to CGT unless the non-resident FDC Securityholder (together with its associates) has beneficially owned 10% or more of the issued units in FCT 2 and FCT 3 for a 12 month period during the two years prior to Simplification.

Where a capital gain derived by a non-Australian resident FDC Securityholder would be subject to CGT, that non-Australian resident FDC Securityholder's CGT position in relation to the Simplification steps described above should align with Australian resident FDC Securityholders, with the exception that the 50% CGT discount would only apply to capital gains accruing pre 8 May 2012.

(c) Stamp Duty

FDC Securityholders will not be subject to Australian stamp duty on either the issue of FCT 1 units or the Unit Consolidation under Simplification.

(d) GST

FDC Securityholders should not be liable for (or be required to pay) GST on disposal of their FCT 2 units and FCT 3 units or on the receipt of their FCT 1 units.

5.7 Additional matters

5.7.1 ASX waivers and confirmation

Federation Centres has obtained the following waivers and confirmations from ASX in relation to Simplification:

- (a) **Listing Rule 7.1:** a waiver to allow FCT 1 to issue FCT 1 units as consideration for the Trust Schemes without FDC Securityholder approval;
- (b) **Listing Rule 10.11:** a waiver from the requirement to obtain FDC Securityholder approval for the issue of FCT 1 units as consideration under the Trust Schemes to existing FDC Securityholders who may be related parties of FCT 1 (such as the directors of RE) and from the requirement to obtain FDC Securityholder approval for the issue of the nominal non-voting FCT 2 unit and nominal non-voting FCT 3 unit as part of the mechanics of implementing the Trust Schemes to a wholly-owned entity in the Federation Centres group; and
- (c) **Listing Rule 7.40:** a confirmation that the proposed Simplification timetable as set out in section 5.3 is in accordance with Listing Rule 7.40.

5.7.2 ASIC modifications and exemptions

Federation Centres has obtained the following relief from ASIC in relation to Simplification:

- (a) product disclosure statement and on-sale relief in relation to the issue of this section 5 of the Explanatory Memorandum and the issue of FCT 1 units under Simplification in respect of Parts 7.9 of the Corporations Act. This relieves Federation Centres from the requirement to ensure this section 5 of the Explanatory Memorandum meets the content requirements of a product disclosure statement because only existing FDC Securityholders will participate in Simplification;
- (b) a modification of item 7 of section 611 of the Corporations Act to allow FDC Securityholders to vote on the Acquisition Resolutions in connection with the Trust Schemes set out in resolutions 5.9 and 5.10 of the Notice of Meeting and further described in section 5.4.6(c). This is standard technical relief required for all trust schemes; and
- (c) relief from the unsolicited offer provisions in Division 5A of Part 7.9 in connection with the issue of this section 5 of the Explanatory Memorandum. This is in accordance with ASIC policy.

5.7.3 Impact on Long Term Incentive Plan

The Boards intend to exercise their discretion to vary the terms of the performance rights which are on issue so that they can be satisfied in the new form of FDC Stapled Security (or its cash equivalent) rather than the pre-Simplification form of FDC Stapled Security (or its cash equivalent). This will ensure that participants in the plan are not materially advantaged or disadvantaged by Simplification.

5.7.4 Information about FDC Stapled Securities

Federation Centres has 1,427,641,565 FDC Stapled Securities on issue as at 5 September 2014. As explained above, to implement Simplification, FCT 1 units will be issued as consideration under the Trust Schemes. FCT 1 is only quoted as a component part of the FDC Stapled Securities and is not separately traded. As a result, there are no trading prices for FCT 1 units.

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5.7.5 Interests of Directors

The Boards of FL and the RE are composed of the same members. The Directors of FL and the RE intend to vote any FDC Stapled Securities that they hold in favour of all of the Simplification Resolutions on which they are entitled to vote.

The table below shows the FDC Stapled Securities and performance rights held by the Directors as at the date of the Notice of Meeting.

As with other FDC Securityholders, the Directors' interests will not change as a result of Simplification.

Director	Number of FDC Stapled Securities held	Number of performance rights held
Dr Bob Edgar (Chairman)	50,000	Nil
Mr Steven Sewell (Managing Director and CEO)	Nil	2,234,257
Mr Clive Appleton (Non-executive Director)	11,850	Nil
Mr Timothy Hammon (Non-executive Director)	10,000	Nil
Mr Charles Macek (Non-executive Director)	50,000	Nil
Mr Fraser McKenzie (Non-executive Director)	92,887	Nil
Ms Debra Stirling (Non-executive Director)	10,000	Nil
Ms Wai Tang (Non-executive Director)	3,809	Nil

5.7.6 Continuous disclosure

Federation Centres is a disclosing entity for the purposes of the Corporations Act and is subject to periodic reporting and continuous disclosure obligations under the Corporations Act and the ASX Listing Rules. In particular, Federation Centres has an obligation (subject to limited exceptions) to notify the ASX immediately on becoming aware of any information which a reasonable person would expect to have a material effect on the price or value of FDC Stapled Securities. Publicly disclosed information about Federation Centres is available on the ASX website at www.asx.com.au.

5.7.7 Updates to the Simplification proposal

The terms of the Simplification proposal may change from time to time. If Federation Centres becomes aware of any significant change to the proposed Simplification or significant new circumstance affecting Simplification between the date of issue of this Explanatory Memorandum and the date of the AGM, FDC Securityholders will be notified in such a way as Federation Centres determines is appropriate, subject to any relevant requirements of ASIC/ASX which may include making this information available on Federation Centres' website, www.federationcentres.com.au, an announcement on the ASX, an announcement at the AGM or the issue of a supplementary document to this section 5 of the Explanatory Memorandum.

5.7.8 Governing law

This section 5 of the Explanatory Memorandum is governed by the law applicable in Victoria, Australia.

5.8 Questions and Answers

5.8.1 Overview of Simplification

Question	Answer	Further information
What is Simplification?	Simplification is a proposal to simplify Federation Centres corporate structure from a quadruple stapled vehicle to a dual stapled vehicle.	Sections 5.1, 5.2 and 5.4.1 of this Explanatory Memorandum
Why is Federation Centres proposing Simplification?	Federation Centres' structure is complex and costly to maintain. Given this, the Boards consider it in the interests of FDC Securityholders to simplify that structure. As a dual stapled vehicle, Federation Centres is expected to benefit from reduced complexity and financial reporting requirements and estimated annual costs savings of \$3 million.	Sections 5.2.2 and 5.4.3 of this Explanatory Memorandum
Will FDC Securityholders' interest change if Simplification is implemented?	<p>Simplification will not change the underlying economic interests of FDC Securityholders. Following successful implementation of Simplification, FDC Securityholders will hold the same number of FDC Stapled Securities as prior to Simplification, except that each FDC Stapled Security will consist of a share in FL and a unit in FCT 1 (rather than a share in FL and a unit in each of FCT 1, FCT 2 and FCT 3).</p> <p>FDC Securityholders will continue to have the same proportionate rights and liabilities in relation to Federation Centres' business and assets as before Simplification.</p>	Sections 5.1 and 5.2.3 of this Explanatory Memorandum
What are the overall costs of Simplification?	<p>The costs of implementing Simplification are expected to amount to approximately \$5.9 million comprising:</p> <ul style="list-style-type: none"> estimated stamp duty of approximately \$4.8 million; and estimated transaction costs of \$1.1 million consisting of fees for legal, tax and stamp duty advice, printing and other related costs. <p>It is expected that the estimated ongoing annual cost savings of \$3 million which would be achieved from Simplification should recoup the one off transaction costs over an approximate two year period.</p>	Sections 5.4.4(a) and 5.5.1 of this Explanatory Memorandum
What are the conditions to Simplification?	<p>Simplification is subject only to:</p> <p>FDC Securityholder approval in relation to the Simplification Resolutions which are required to implement Simplification;</p> <p>Federation Centres will announce to ASX the outcome of the vote on the Simplification Resolutions in accordance with its continuous disclosure obligations.</p>	Section 5.4.2 of this Explanatory Memorandum
What FDC Securityholder approvals are required for Simplification?	<p>A number of approvals are required from FDC Securityholders for Simplification. Some of these approvals are ordinary resolutions (requiring more than 50% approval of the votes cast), and some are special resolutions (requiring at least 75% of the votes cast).</p> <p>In order for Simplification to proceed, all of the Simplification Resolutions must be approved by the requisite majorities of eligible FDC Securityholders. If any of the Simplification Resolutions are not passed by the requisite majority, Simplification will not proceed.</p>	Section 5.4.6 of this Explanatory Memorandum and note 4 of the Notice of Meeting

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Question	Answer	Further information
What happens if an FDC Securityholder does not vote on the Simplification Resolutions or votes against them?	Different voting thresholds apply to the relevant Simplification Resolutions. If all of the Simplification Resolutions are approved by the requisite majorities of eligible FDC Securityholders, the Simplification Resolutions will be approved even if an FDC Securityholder did not vote or voted against any of them.	Sections 5.4.5 and 5.4.6 of this Explanatory Memorandum
Will FDC Securityholders pay tax as a result of the steps involved in Simplification?	Depending on the tax profile of FDC Securityholders, tax may be payable. FDC Securityholders who are Australian residents who hold their securities on capital account and who would otherwise make a capital gain as a result of Simplification should not pay any tax in relation to the Simplification steps as a roll-over should be available to defer any tax that would otherwise be payable.	Sections 5.4.4(b) and 5.6 of this Explanatory Memorandum
Will FCL continue to be the responsible entity for the Trusts after Simplification is implemented?	If Simplification proceeds, FCL will continue to be the responsible entity for FCT 1. FCL will also continue to be the responsible entity for FCT 2 and FCT 3 at least until FCT 2 and FCT 3 are deregistered as registered managed investment schemes, after which FCL may be replaced with another trustee which is wholly owned by FL.	Section 5.4.7 of this Explanatory Memorandum
What happens if Simplification does not proceed?	Federation Centres will remain a quadruple stapled vehicle listed on the ASX and FDC Securityholders will continue to hold FDC Stapled Securities in their current form, comprising an FL ordinary share and an ordinary unit in each of FCT 1, FCT 2 and FCT 3, all stapled together.	Section 5.4.5 of this Explanatory Memorandum
Will Federation Centres' financing arrangements be affected by Simplification?	Under Federation Centres' financing arrangements, Federation Centres must obtain the consent of its financiers in order to implement Simplification. Federation Centres has obtained all relevant consents on terms which Federation Centres considers can be fulfilled. There are not expected to be any material changes to the financing arrangements as a result of Simplification.	Section 5.5.2 of this Explanatory Memorandum
Any other questions?	If, after reading this section 5 of the Explanatory Memorandum, you have any further questions about Simplification, please contact the Federation Centres securityholder information line on: Toll free (AU): 1300 887 890 Or email: registrars@linkmarketservices.com.au	

5.9 Glossary

Term	Definition
\$	Australian dollars
Acquisition Resolution	The resolutions to be considered and (if thought fit) approved by FDC Securityholders at the AGM to approve the acquisition of FCT 2 and FCT 3 units, being resolutions 5.9 and 5.10 as set out in the Notice of Meeting and described in section 5.4.6(c).
AGM	The 2014 Annual General Meeting of Federation Centres, to be held on 30 October 2014 at 2pm at Fitzroy Ballroom, Sofitel Hotel, 25 Collins Street, Melbourne.
ASIC	The Australian Securities and Investments Commission
ASX	Australian Securities Exchange - ASX Limited (ABN 98 008 624 691).
ASX Listing Rules	The official listing rules of the ASX.
ATO	Australian Taxation Office.
Board	The Board of directors of the RE and FL or, where the context requires, Board means any one of those entities.
CGT	Capital Gains Tax.
Constitutional Amendment Resolutions	The resolutions to be considered and (if thought fit) approved by FDC Securityholders at the AGM to approve the amendment of the constitutions of each of FL, FCT 1, FCT 2 and FCT 3, being resolutions 5.5 to 5.8 inclusive as set out in the Notice of Meeting and described in section 5.4.6(b).
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Director	A director of FL or the RE (as the context requires).
Existing Stapling Deed	The stapling deed dated 23 November 2011 which governs the stapling arrangements of the FL shares, and units in each of the Trusts.
FCL	Federation Centres Limited ABN 88 149 781 322.
FCT 1	Federation Centres Trust No. 1 ARSN 104 931 928.
FCT 1 RE	FCL as responsible entity of FCT 1
FCT 2	Federation Centres Trust No. 2 ARSN 122 223 974.
FCT 2 RE	FCL as responsible entity of FCT 2
FCT 3	Federation Centres Trust No.3 ARSN 153 269 759.
FCT 3 RE	FCL as responsible entity of FCT 3
FDC Securityholder	A registered holder of FDC Stapled Securities.
FDC Stapled Security	A stapled security in Federation Centres comprising an ordinary share in FL and an ordinary unit in each of the Trusts or, if Simplification is implemented, comprising an ordinary share in FL and an ordinary unit in FCT 1.
Federation Centres	The stapled vehicle listed on the ASX comprising FL and each of the Trusts or, if Simplification is implemented, the stapled vehicle comprising FL and FCT 1.
FL	Federation Limited ABN 90 114 757 783.
GST	Goods and Services Tax.
Implementation Date	The date that Simplification takes effect following satisfaction of the condition in section 5.4.2 and completion of the steps in section 5.4.1, expected to occur on 10 November 2014.
New Stapling Deed	The stapling deed to be entered into between FL and FCT 1 RE on or about the Implementation Date to govern the stapling arrangements following the restapling of the FL shares and FCT 1 units.
Notice of Meeting	The notice of meeting which contains the Explanatory Memorandum.
NTA	Net tangible assets – calculated as the total assets of an entity, minus any intangible assets such as goodwill, patents and trademarks, less all liabilities.
RE	FCL, acting as responsible entity of each Trust.

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Term	Definition
Record Date	The date of the securityholder register of Federation Centres for the purpose of determining FDC Securityholder entitlements to FDC Stapled Securities upon implementation of Simplification. This is currently expected to be 6 November 2014.
Simplification	The proposal to simplify Federation Centres' corporate structure by reducing the number of stapled entities comprising Federation Centres from four to two, to consist of FL and FCT 1, following satisfaction of the condition in section 5.4.2 and completion of the steps described in section 5.4.1.
Simplification Resolutions	<p>The following inter-conditional resolutions required to effect Simplification, which will be considered and (if thought fit) approved by FDC Securityholders at the AGM:</p> <ul style="list-style-type: none"> • for FL, resolutions 5.1 and 5.5 as set out in the Notice of Meeting; • for FCT 1, resolutions 5.2 and 5.6 as set out in the Notice of Meeting; • for FCT 2, resolutions 5.3, 5.7 and 5.9 as set out in the Notice of Meeting; and • for FCT 3, resolutions 5.4, 5.8 and 5.10 as set out in the Notice of Meeting.
Supplemental Deed Polls	The deed polls that introduce amendments to each of the FCT 1, FCT 2 and FCT 3 constitutions.
Trust	FCT 1, FCT 2 and FCT 3 or any of them.
Trust Schemes	The arrangements under which FCT 1 acquires all of the ordinary units in FCT 2 and FCT 3 from FDC Securityholders in exchange for the issue of FCT 1 units, facilitated by amendments to the FCT 2 and FCT 3 constitutions as set out in the Supplemental Deed Polls and described in Annexure 1, subject to the condition set out in section 5.4.2 being satisfied.
Unit Consolidation	The consolidation of all FCT 1 units whereby every 1.7573 FCT 1 units on issue immediately following implementation of the Trust Schemes will be consolidated back into the original number of FCT 1 units to facilitate FCT 1 units being re-stapled to FL shares on a 1:1 basis.
Unstapling Resolution	The resolutions to be considered and (if thought fit) approved by FDC Securityholders at the AGM to approve the unstapling of the FDC Stapled Securities to facilitate the Simplification, being resolutions 5.1 to 5.4 inclusive as set out in the Notice of Meeting and described in section 5.4.6(a).

Annexure 1

Summary of changes to the constitutions of FCT 2 and FCT 3 to effect the Trust Schemes

To effect the Trust Schemes, it is proposed that the constitutions of FCT 2 and FCT 3 be amended, with effect from the Implementation Date, by inserting a new schedule into the constitutions which include terms to the following effect:

- (a) **Authority given to FCT 2 RE and FCT 3 RE:** FCT 2 RE and FCT 3 RE and each of their directors, officers and secretaries is appointed by each FDC Securityholder as its attorney and agent for the purpose of executing any document or taking any other act, necessary, desirable or expedient to give effect to the Trust Schemes and the transactions contemplated by them. Each of FCT 2 RE and FCT 3 RE may sub-delegate these functions, authorities or powers to all or any of its directors, officers or employees.
- (b) **Transfer of ordinary FCT 2 and FCT 3 units:** On the Implementation Date, subject to the provision of the FCT 1 units as consideration (as described in (d) below), all ordinary FCT 2 units and ordinary FCT 3 units, together with all rights and entitlements attaching to them as at the Implementation Date will be transferred to FCT 1 RE, without the need for any further act by any FDC Securityholder by:
- (1) FCT 2 RE and FCT 3 RE as attorney and agent for the FDC Securityholders each delivering to FCT 1 RE a master transfer form for all of the ordinary FCT 2 units and ordinary FCT 3 units respectively as at the Record Date, executed as transferor on behalf of the FDC Securityholders as at the Record Date; and
 - (2) FCT 1 RE executing the master transfer forms as transferee, attending to the stamping of the transfer forms (if required) and delivering the transfer forms back to FCT 2 RE and FCT 3 RE for registration.
- (c) **Entry of FCT 1 RE into register of FCT 2 and FCT 3:** On the Implementation Date, following receipt of the transfer forms from FCT 1 RE, FCT 2 RE and FCT 3 RE must enter FCT 1 RE in the FCT 2 unit register and FCT 3 unit register respectively in respect of all the ordinary FCT 2 units and ordinary FCT 3 units respectively on issue as at the Record Date.
- (d) **Provision of FCT 1 units as consideration for transfer of ordinary FCT 2 and FCT 3 units:** On the Implementation Date, FCT 2 RE and FCT 3 RE must procure FCT 1 RE to:
- (1) issue to each FDC Securityholder 0.4778 FCT 1 units for each ordinary FCT 2 unit held by that FDC Securityholder on the Record Date;
 - (2) issue to each FDC Securityholder 0.2795 FCT 1 units for each ordinary FCT 3 unit held by that FDC Securityholder on the Record Date; and
 - (3) enter the FDC Securityholder and the number of FCT 1 units issued to that FDC Securityholder in the FCT 1 unit register.
- (e) **Dealings in ordinary FCT 2 and FCT 3 units:** Dealings in ordinary FCT 2 units and ordinary FCT 3 units will only be recognised if the transferee is registered in the FCT 2 unit register or FCT 3 unit register, as applicable, as the holder of the relevant units on or before the Record Date.
- (f) **Disposal of ordinary FCT 2 and FCT 3 units:** FDC Securityholders must not dispose of or purport or agree to dispose of, any ordinary FCT 2 units or ordinary FCT 3 units or any interest in them after the Record Date.
- (g) **Holding statements and register entries:** All holding statements for ordinary FCT 2 units or ordinary FCT 3 units for FDC Securityholders and entries of FDC Securityholders on the FCT 2 unit register and FCT 3 unit register will cease to have effect after the Record Date as documents of title in respect of those units except as evidence of entitlement to consideration for the transfer of the FDC Securityholder's ordinary FCT 2 units or ordinary FCT 3 units.
- (h) **FDC Securityholders' agreements:** Each FDC Securityholder agrees to the transfer of the ordinary FCT 2 units and ordinary FCT 3 units which they hold as at the Record Date together with all rights and entitlements attaching to those units in accordance with the Trust Schemes and agrees to the variation, cancellation or modification of the rights attached to their units constituted by or resulting from the Trust Schemes. Each FDC Securityholder acknowledges that the Trust Schemes bind FCT 2 RE and FCT 3 RE and all of the FDC Securityholders, including those who did not attend the AGM, did not vote at that meeting, or voted against the Simplification Resolutions.

Annexure 1

Summary of changes to the constitutions of FCT 2 and FCT 3 to effect the Trust Schemes (continued)

- (i) **FDC Securityholders' warranties:** Each FDC Securityholder warrants to FCT 1 RE, FCT 2 RE and FCT 3 RE and appoints and authorises FCT 2 RE and FCT 3 RE as its attorney and agent to warrant to FCT 1 RE, that all the ordinary FCT 2 units and ordinary FCT 3 units which they hold as at the Record Date (including any rights and entitlements attaching to those units) will, at the date of transfer to FCT 1 RE, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that they have full power and capacity to sell and to transfer those units to FCT 1 RE together with any rights attaching to those units.
- (j) **Appointment of sole proxy:** On and from the Implementation Date, and until FCT 1 RE is registered by FCT 2 RE and FCT 3 RE as the holder of all the ordinary FCT 2 units and ordinary FCT 3 units respectively as at the Record Date, each FDC Securityholder:
- (1) is deemed to have irrevocably appointed FCT 1 RE as attorney and agent to appoint any director, officer, secretary or agent nominated by FCT 1 RE as its sole proxy and/or corporate representative to attend unitholders' meetings, exercise the votes attaching to the relevant units and sign any unitholders' resolution;
 - (2) undertakes not to otherwise attend or vote at any of those meetings or sign any unitholders' resolutions;
 - (3) must take all other actions in the capacity of a registered holder of ordinary FCT 2 units or ordinary FCT 3 units as FCT 1 RE reasonably directs; and
 - (4) acknowledges and agrees that FCT 1 RE and any director, officer, secretary or agent nominated by FCT 1 RE may act in the best interests of FCT 1 RE.

Questions from Securityholders

YOUR QUESTIONS ARE IMPORTANT TO US.

Please lodge your questions for the Annual General Meeting online at:

<http://www.federationcentres.com.au/Questions/FDCsecurityholderQuestions/>, or use this form to submit your questions and send them to us in the reply paid envelope provided or via fax to +61 3 9236 6301.

We will respond to as many of the more frequently asked questions as possible at the AGM. Please note that we will not be able to respond to all questions.

Questions may also be put at the meeting.

Securityholder's name: _____

Address: _____

Securityholder Reference Number (SRN) / Holder Identification Number (HIN): _____

Question(s): _____







HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on Federation Centres' (FDC's) security register. If this information is incorrect, please make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your securities using this form.**

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you appoint someone other than the Chairman of the Meeting as your proxy, you will also be appointing the Chairman of the Meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the Meeting.

Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning FDC's security registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities

applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and

- return both forms together.

Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either securityholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Corporate Representatives

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from FDC's security registry or online at www.linkmarketservices.com.au.

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **2:00 p.m. on Tuesday, 28 October 2014**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE > investorcentre.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).

**If you would like to attend and vote at the Annual General Meeting, please bring this form with you.
This will assist in registering your attendance.**



SECURITYHOLDER PROXY FORM

I/We being a member(s) of Federation Centres (FDC) and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

☐

the Chairman
of the Meeting
(mark box)

OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy.

Failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to vote on my/our behalf (including in accordance with the directions set out below or, if no directions have been given, to vote as the proxy sees fit, to the extent permitted by the law) at the Annual General Meeting of Federation Limited ("the Company") and the Meetings of Unitholders in Federation Centres Trust No. 1, Federation Centres Trust No. 2 and Federation Centres Trust No. 3 to be held at 2:00 p.m. on Thursday, 30 October 2014 in the Fitzroy Ballroom, Sofitel Hotel, 25 Collins Street, Melbourne (the Meeting) and at any postponement or adjournment of the Meeting. I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

Proxies will only be valid and accepted by Federation Centres if they are signed and received no later than 48 hours before the Meeting.


Please read the voting instructions overleaf before marking any boxes with an ☒.

STEP 2

VOTING DIRECTIONS

Resolutions

	For	Against	Abstain*
2(a) Re elect Fraser MacKenzie as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2(b) Re elect Debra Stirling as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2(c) Elect Wai Tang as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Non binding advisory vote on the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of proposed LTI equity grant to CEO & Managing Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Simplification Resolutions All of the following resolutions are required to effect the simplification of the corporate structure of FDC			
5.1 Unstapling resolution - that Federation Limited be unstapled from units in Federation Centres Trusts No.s 1, 2 & 3	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.2 Unstapling resolution - that Federation Centres Trust No. 1 be unstapled from shares in Federation Limited and units in Federation Centres Trusts No.s 2 & 3	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.3 Unstapling resolution - that Federation Centres Trust No. 2 be unstapled from shares in Federation Limited and units in Federation Centres Trusts No.s 1 & 3	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.4 Unstapling resolution - that Federation Centres Trust No. 3 be unstapled from shares in Federation Limited and units in Federation Centres Trusts No.s 1 & 2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.5 Federation Limited - that the constitution of Federation Limited be amended	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.6 Federation Centres Trust No. 1 - that the Constitution of Federation Centres Trust No. 1 be amended	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.7 Federation Centres Trust No. 2 - that the Constitution of Federation Centres Trust No. 2 be amended	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.8 Federation Centres Trust No. 3 - that the Constitution of Federation Centres Trust No. 3 be amended	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.9 Acquisition Resolution - that the Trust Scheme be approved and the acquisition by Federation Centres Limited as RE for Federation Centres Trust No. 1 of a relevant interest in all Federation Centres Trust No. 2 units on issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.10 Acquisition Resolution - that the Trust Scheme be approved and the acquisition by Federation Centres Limited as RE for Federation Centres Trust No. 1 of a relevant interest in all Federation Centres Trust No. 3 units on issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

 * If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

SIGNATURE OF SECURITYHOLDERS - THIS MUST BE COMPLETED

Securityholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Securityholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Securityholder 3 (Individual)

Director

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

FDC PRX401R

