

7 October 2014

Federation Centres expands property portfolio

Federation Centres (FDC) announces today that it has expanded its portfolio and strategic partnerships with three separate transactions in Queensland and Victoria. FDC has secured a 25% stake in the Mt Ommaney Centre in Brisbane, Queensland; a 50% stake in Bentons Square in Mornington, Victoria; and in line with previously announced plans to purchase assets from the Retail Direct Property business, FDC has acquired the remaining external units in Retail Direct Property 6, which owns the Brandon Park Centre in Wheelers Hill, Victoria, and has entered into a 50/50 co-ownership arrangement for the Brandon Park Centre with an existing major Australian superannuation fund co-ownership partner.

Mt Ommaney

The first acquisition is to participate in the purchase of the Mt Ommaney Centre, a regional shopping centre in Brisbane, Queensland for a total purchase price of \$416.25 million, with conditional agreements¹ executed.

Mt Ommaney will be acquired as part of a co-ownership arrangement with TIAA Henderson Real Estate, (TH Real Estate). Under the co-ownership arrangement TH Real Estate will own 75% and FDC will own 25% of the centre, and FDC will provide ongoing property management services at the centre. The FDC share of the purchase is approximately \$104.06 million.

Mt Ommaney Centre is located approximately 14 kilometres south-west from the Brisbane CBD and is anchored by three discount department stores, three supermarkets and four mini major tenants. It has approximately 165 specialty tenants and kiosks and is in an established trade area where the average retail spend per household is above the average for the overall Brisbane metropolitan area.

Federation Centres CEO and Managing Director, Steven Sewell said: "The purchase of Mt Ommaney Centre provides us with the opportunity to invest in a quality regional shopping centre in a strong demographic market in the western suburbs of Brisbane, as well as enter into a new co-ownership relationship with TH Real Estate.

"The transaction will substantially increase our management of centres in Queensland and, combined with our \$1.3 billion redevelopment pipeline, represents continued enhancement and improvement of the FDC portfolio of Australian shopping centres," he said.

Nick Evans, Executive Director and head of the TH Real Estate business in Australia, said:

"We are excited to have established a new partnership with Federation Centres and to have made our first foray into the Australian retail market. Mt Ommaney represents a dominant regional centre with a strong tenant base, and provides an opportunity to further unlock potential value.

"The investment is testament to our long term strategy within Australia, where we are committed to building a sustainable business. We are delighted to co-invest with a specialist local mall operator such as Federation Centres and look forward to a collaborative working relationship.

¹ The transaction is subject to Foreign Investment Review Board approval being received by FDC.

“Our experience investing into prime malls across the globe gives TH Real Estate the ability to identify and source the best investments on behalf of its clients. TH Real Estate owns over AUD\$18 billion of retail assets throughout Europe and Asia alone, representing over 170 standing investments.”

The transaction is expected to settle on 17 October 2014.

Bentons Square

In a separate off-market transaction FDC has entered into unconditional agreements to purchase 50% of the convenience centre Bentons Square in Victoria from a private investor.

Bentons Square is a convenience centre in Mornington, Victoria, anchored by a Woolworths supermarket, Dan Murphy’s liquor store and approximately 40 specialty shops. The Woolworths is one of the best performing Woolworths in Victoria.

FDC will initially acquire a 50% interest in the property for a price of \$38.25m and will manage leasing and operations at the centre. Settlement of the acquisition of the initial 50% interest is expected to occur by 20 October 2014. In addition, the parties have entered into put and call option arrangements in relation to the remaining 50% interest in the centre. The options are exercisable before or in July 2016.

“Bentons Square builds on our strong representation in the Victorian market with a quality convenience centre in the well-established Mornington Peninsula region,” Mr Sewell said.

Brandon Park

Finally, in line with the previously announced strategy to wind up the unlisted syndicate business, a capital partner associated with one of Australia's leading superannuation fund managers has acquired a 50% interest in Brandon Park in Wheelers Hill, Victoria from Retail Direct Property 6 (RDP 6), as an expansion of its pre-existing partnership arrangement with FDC.

FDC has also now acquired all external units in RDP 6 and has a direct 50% interest in Brandon Park. FDC will continue to provide property management services at the centre.

Mr Sewell added: “These three transactions reflect our ongoing commitment to realigning our portfolio towards quality and diversification, together with our strategy of capital recycling and partnerships to optimise returns for our investors.”

About Federation Centres (ASX: FDC)

Federation Centres (FDC) is a fully vertically integrated Australian real estate investment trust (A-REIT) specialising in the ownership and management of Australian shopping centres. With \$6.9 billion of shopping centres under management, FDC employs over 600 people with offices in Melbourne, Sydney, Brisbane and Perth. For more information, please visit the FDC website at www.federationcentres.com.au.

About TIAA Henderson Real Estate

TIAA Henderson Real Estate (TH Real Estate) is an established investment management company with specialisation in real estate equity and debt investing worldwide. As one of the largest real estate managers in the world, TH Real Estate has the scale, capital resources and knowledge to provide creative and effective real estate investment solutions for clients. With a focus on the retail, office, logistics, debt and multi-family sectors, TH Real Estate emphasises sustainable practices to protect assets and maximise their value.

Launched in April 2014, the company has a dedicated global presence with offices across Asia and Europe, managing around US\$25.5bn of real estate assets across approximately 50 funds and mandates.

Together, the TIAA-CREF real estate and TH Real Estate platforms represent one of the largest real estate investment management enterprises in the world, with a combined total of around US\$77bn* in real estate assets under management.

The company is jointly owned by TIAA-CREF (60%) and Henderson Global Investors (40%) bringing it a combined track record of over 90 years in global real estate. Its products are managed by specialist teams, which apply their own experience to the management and style of their portfolios. Each team is supported by an experienced senior management team and integrated investment platform, including finance, debt and currency management, performance analytics, client service, fund and transaction structuring, development, sustainability and research.

www.threalestate.com

*All figures as at 30 June 2014

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