

CFS Retail Property Trust Group

CFX

September 2014
Quarterly update

CELEBRATING 20 YEARS



Emporium Melbourne, vic

CFX, Colonial First State and Commonwealth are used by CFX Co Limited and its subsidiaries under licence from each of Commonwealth Bank of Australia and The Colonial Mutual Life Assurance Society Limited (as applicable).



CFX is one of Australia's leading property groups with a fully integrated retail asset and funds management platform

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Chatswood Chase Sydney, NSW

September 2014 quarterly update

Highlights

CFX

- Announced CFX to become **Novion Property Group** from 3 November 2014
- **CERF acquired** two shopping centres
- Comparable specialty store¹ sales growth **improved to 2.7%**
- Uniqlo, Victoria's Secret and William-Sonoma suite of brands **opened new stores**
- US\$200m of USPP notes raised², **extending debt duration**
- **Construction commenced** at Chadstone Shopping Centre
- **Highly rated** in sustainability surveys
- **Sold non-core asset** Post Office Square, QLD post the period



Construction commences at Chadstone Shopping Centre

Photo (left to right): Paul Donoghue (Regional Development Manager), Angus McNaughton (Managing Director and CEO), Michael Garman (Deputy CEO and Chief Investment Officer) and Stuart Macrae (General Manager of Leasing).

1. For the direct shopping centre portfolio (Direct Portfolio).
2. Forward start.

Transition update

CFX to become Novion Property Group

CFX

- New Board complete¹
 - Peter Hay commenced 25 July 2014
 - James Kropp retired 30 September 2014
- Transition arrangements remain on track
- CFX to become Novion Property Group (ASX: NVN) from 3 November 2014
- Sydney office to relocate to MLC Centre
- Richard Jamieson to commence as Chief Financial Officer

novion
Property Group



DFO Homebush, NSW

1. Refer to [Appendix 1](#) for biographical details.

Strategic Partnerships

CFSGAM Property Enhanced Retail Fund (CERF) acquires two assets



Bathurst City Centre, Bathurst NSW

- Acquired for \$62.6m¹ in August 2014
- 12,200 sqm neighbourhood centre
- Located in one of the fastest growing inland regions of NSW
- Very strong performing supermarket
- Asset management improvement opportunities



Gateway Plaza, Leopold VIC

- Acquired for \$26.0m¹ in September 2014
- 5,500 sqm neighbourhood centre
- Located in major growth region on a highway servicing the Bellarine Peninsula
- Adjoining land which is zoned retail is expected to settle by April 2015, providing development opportunity to create a sub-regional centre

1. Excluding acquisition costs.

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Capital management

A strong balance sheet with extended duration



- \$64.9m raised under the DRP¹ for June 2014
- Raised US\$200m of forward-start USPP
 - Rated 'A' by Standard and Poor's
 - Extends debt duration from 3.3 years to 4.0 years with no change to average cost of debt
 - Will be used to replace \$100m of MTNs due to expire in December 2014 and repay bank debt
 - No further debt expiries in FY15
- Strong balance sheet maintained

Key debt statistics

As at	30-Sep-14	30-Jun-14
Weighted average interest rate (%) ²	5.4	5.4
Weighted average debt duration (years)	4.0 ³	3.5



Chatswood Chase Sydney, NSW

1. Dividend and distribution reinvestment plan.
 2. Including margins and line fees.
 3. Including the execution of US\$200m of USPP. Debt duration was 3.3 years at 30 September 2014.

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Retail sales

Steady improvement in specialty store sales growth



Retail sales by category For the year ended 30-Sep-14	Comparable		Actual	
	MAT (\$m)	Annual growth (%)	MAT (\$m)	Annual growth (%)
Department stores	633	0.8	649	0.1
Discount department stores	546	(4.7)	697	(4.5)
Supermarkets	1,153	0.8	1,652	1.0
Mini-majors	613	2.4	761	1.9
Specialty	2,476	2.7	2,861	2.9
Other retail ¹	375	(4.0)	494	(1.9)
Shopping centre portfolio	5,797	0.9	7,114	1.0
DFO retail outlet centres	471	8.7	705	23.2
Total portfolio	6,267	1.4	7,819	2.6

Sales growth steadily **improved** over the period

- Comparable specialty store MAT growth of 2.7% is up compared to 2.2% reported to Jun-14
- DFO portfolio growth remains strong, but starting to normalise

NOTE: Numbers may not total due to rounding.

¹. Other retail includes cinemas and sales-reporting tenancies under 400 sqm including travel agents, auto accessories, Lotto and other entertainment and non-retail stores.

Retail sales

Another strong quarter for food catering, leisure, general retail and mobile phones



Sales by category ¹ For the year ended 30-Sep-14	MAT (\$m)	Annual growth (%)
Food retail	160	0.6
Food catering	366	2.6
Apparel	844	0.2
Jewellery	202	2.9
Leisure	161	5.5
General retail ²	197	3.4
Homewares	270	4.3
Mobile phones	98	10.7
Retail services	179	6.7
Total retail specialty	2,476	2.7

NOTE: Numbers may not total due to rounding.



Emporium Melbourne, vic

1. Specialty stores in comparable shopping centres.
2. General retail includes giftware, pharmacy and cosmetics, pets, discount variety, florists and toys.

International retailers

New retailers open this period

- Strong demand continues from international retailers
- Chatswood Chase Sydney
 - Williams-Sonoma
 - Pottery Barn
 - Pottery Barn Kids
 - west elm
- Chadstone
 - Victoria's Secret
 - Uniqlo
 - Williams-Sonoma¹
 - Pottery Barn¹
 - Pottery Barn Kids¹
 - west elm¹
- QueensPlaza
 - Bulgari¹



Chatswood Chase Sydney, NSW



Chadstone Shopping Centre, VIC

1. Opening post the period.

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Development

Chadstone (North Retail and Office) – construction has commenced



Artist's impression

Development cost¹

\$580m

Target initial yield²

>6%

Target IRR

>10%

Project commenced

June 2014

Target completion

Mid 2017

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

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Development

Chadstone (North Retail and Office) – construction has commenced

CFX

- Construction commenced in September 2014
- Extension of luxury mall and introduction of world-class entertainment and leisure precinct
- Up to five flagship stores over 11,000 sqm
- 40 new specialty stores
- 1,300-seat 20-plus tenancy food gallery
- Target to be relocated to ground floor in a new 7,000 sqm store
- 20,000 sqm of new retail GLA
- New 17,000 sqm 10-storey office building
- New 14-bay bus interchange



Progress shots on North Retail site

The next stage of Chadstone's evolution is well underway

Development

Emporium Melbourne update – strong shopper response

CFX

- Over 9 million customer visits since opening
- Official opening launch curated and hosted by Artistic Director Baz Luhrmann, driving significant marketing publicity
- New tenants opened during the quarter include: Jones the Grocer, Coach, Ted Baker, Kate Spade, Tumi, Armani Exchange, Victoria's Secret, FREYWILLE, Furla, T.M. Lewin, Supercharger Wholefood, marimekko and Yellow Earth



Development

Emporium Melbourne update – new tenant openings



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Responsible investment

CFX continues to be recognised as a leader



“CFX is a leader amongst its retail peers for excellence in sustainability and responsible investment.”

- Ranked **No. 1 retail REIT in Australia and No. 2 retail REIT globally** in the Global Real Estate Sustainability Survey (GRESB)
- Ranked as a **Climate Disclosure Leader** amongst listed entities across Australia and New Zealand by CDP for the **fifth consecutive year**
- CFX continues to be **included in the long-standing sustainability indices**, being the DJSI suite of region-specific indices (since 2001) and FTSE4Good (since 2004)



QueensPlaza, QLD

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Summary and outlook

FY15 focus



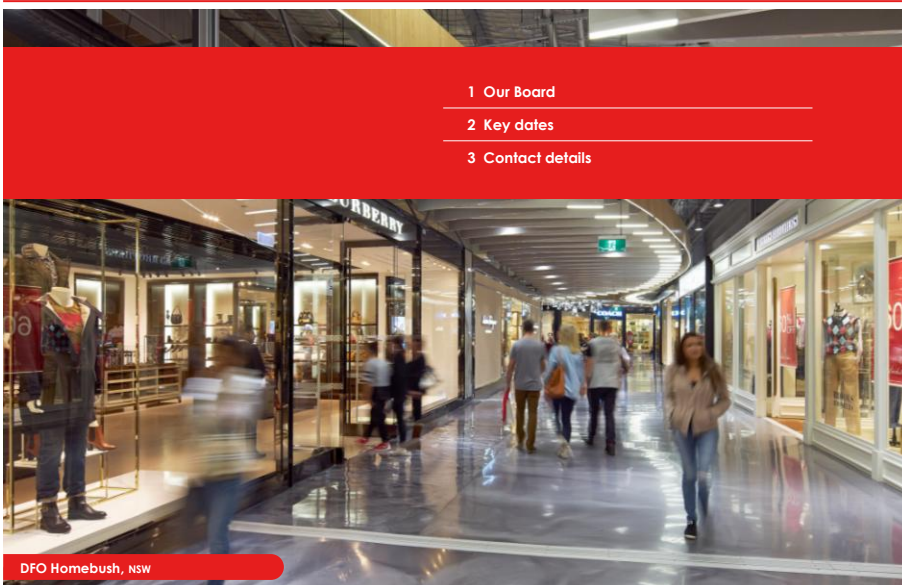
Focused on delivering **superior** and **stable** risk-adjusted returns

- Our focus for FY15 will be:
 - Finalising our transition to a standalone entity
 - Improving the tenant mix and enhancing the customer experience to maintain full occupancy across our portfolio
 - Achieving early milestones in the Chadstone Shopping Centre redevelopment project
 - Masterplanning the development of assets
 - Investing CERF committed capital
 - Recycling capital from non-core asset sales
- We remain cautious on the retail environment but expect to achieve 3% specialty sales growth over FY15



Myer Bourke Street, vic

Appendices



DFO Homebush, NSW

Appendix 1 Our Board



Richard Haddock AM

Chairman, Independent Non-executive Director (since 1 January 2009¹)

Mr Haddock has had a long career in financial services and was Deputy General Manager, Australia at BNP Paribas, Sydney from 1988 to 2001. Mr Haddock is a Fellow of Australian Institute of Management, Financial Services Institute of Australia and Australian Institute of Company Directors.

Mr Haddock is also a director of Retirement Villages Group Fund, honorary treasurer and a national director of Caritas Australia, chairman of Catholic Care, chairman of Australian Catholic Superannuation and Retirement Fund, and chairman of St Vincent's Curran Foundation.



Trevor Gerber

Independent Non-executive Director (since 23 April 2014)

Mr Gerber has had a long career in property funds management. Mr Gerber was Director of Funds Management at Westfield Group with responsibility for Westfield Trust and Westfield America Trust, and prior to this was Treasurer of Westfield Group. Mr Gerber is a member of the Institute of Chartered Accountants.

Mr Gerber is also lead independent director of Sydney Airport Holdings, and a director of Tassal Group, Leighton Holdings Limited and Regis Healthcare Limited.



Peter Hay

Independent Non-executive Director (since 25 July 2014)

Mr Hay has a strong background and breadth of experience in business, corporate governance, finance and investment banking advisory work, with a particular expertise in relation to mergers and acquisitions. Mr Hay was a partner of the legal firm Freehills until 2005, where he served as CEO from 2000. Mr Hay is chairman of Australian Institute of Company Directors and is a member of its Corporate Governance Committee. Mr Hay is a member of Australian Government Takeovers Panel.

Mr Hay is also the chairman of Newcrest Mining Limited and director of GUD Holdings Limited.



Peter Kahan

Non-executive Director (since 23 April 2014)

Mr Kahan has a long career in property funds management, with prior roles including Chief Executive Officer and Finance Director of Gandel Group. Mr Kahan was Finance Director of Gandel Group at the time of the merger between Gandel Retail Trust and Colonial First State Retail Property Trust in 2002. Prior to joining Gandel Group in 1994, Mr Kahan worked as a Chartered Accountant and held several senior financial roles across a variety of industry sectors. Mr Kahan is a member of Institute of Chartered Accountants and Australian Institute of Company Directors.

Mr Kahan is also Executive Deputy Chairman of Gandel Group and a director of Charter Hall Group where he is a member of the Remuneration and Human Resources Committee and Nomination Committee.

1. Mr Haddock was a Director of Commonwealth Managed Investments Limited pre-internalisation.

Appendix 1 Our Board (continued)



Angus McNaughton

Managing Director and CEO (since 24 March 2014)

Mr McNaughton joined the Board in March 2014 when he was appointed Managing Director and CEO of CFX, after being Managing Director, Property for Colonial First State Global Asset Management (CFGAM) since November 2011.

Mr McNaughton has more than 25 years' experience in the property sector. Prior to his current appointment, Mr McNaughton was employed in the broader CFGAM group for close to 20 years in various roles, including Head of Wholesale Property and Chief Executive of the Manager of Kiwi Income Property Trust. Mr McNaughton is also a director of Property Council of Australia and a Fellow of Australian Property Institute.



Nancy Milne OAM

Independent Non-executive Director (since 1 January 2009¹)

Ms Milne is a lawyer with over 25 years' experience, with primary areas of legal expertise in insurance and reinsurance, risk management, corporate governance and professional negligence. Ms Milne was at Clayton Utz as a partner until 2003 and as a consultant until 2012 and is a member of Australian Institute of Company Directors.

Ms Milne is also a director of Australand Holdings Limited (and chairman of the Risk and Compliance Committee, and a member of the Remuneration and Nominations Committee), chairman of Securities Exchanges Guarantee Corporation Limited, director of Good Beginnings Australia, director of Crowe Horwath Australasia Ltd and a member of NSW Council of Australian Institute of Company Directors.



Karen Penrose

Independent Non-executive Director (since 23 April 2014)

Ms Penrose has over 30 years' business experience including 20 years in banking with Commonwealth Bank of Australia and HSBC Bank Australia. In the past eight years, Ms Penrose has held Chief Financial Officer and Chief Operating Officer roles with Wilson HTM Investment Group and Keybridge Capital. Ms Penrose holds a CPA and is a graduate of Australian Institute of Company Directors.

Ms Penrose is also a director of AWE Limited, Spark Infrastructure Group, Marshall Investments Pty Ltd and Landcom (operating as UrbanGrowth NSW) and deputy chairman of Silver Chef Limited, where she is also chairman of the Audit and Risk Committee.



Dr David Thurin

Non-executive Director (since 23 April 2014)

Dr Thurin has a long professional career which includes senior roles within Gandel Group and associated companies including being Joint Managing Director. Dr Thurin was a director of Gandel Group at the time of the merger between Gandel Retail Trust and Colonial First State Retail Property Trust in 2002. Dr Thurin is currently the Managing Director and founder of Ifigcorp that has property interests in retirement villages and land subdivision. He has a background in medicine, having been in private practice for over a decade, and was a prior President of the International Diabetes Institute. Dr Thurin is also a director of the Melbourne Football Club and a director of Baker IDI Heart and Diabetes Institute.

Dr Thurin has a Masters degree in Management from Stanford University and is a member of the World Presidents' Organisation.

1. Ms Milne was a Director of Commonwealth Managed Investments Limited pre-internalisation.

Appendix 2

Key dates



Date ¹	Event
29-Oct-14 11.00am	Deadline to submit votes by proxy for 2014 Annual General Meeting
31-Oct-14 11.00am	2014 Annual General Meeting
3-Nov-14	<ul style="list-style-type: none"> - Commence trading as Novion Property Group (ASX:NVN) - Sydney office address and contact details change
29-Dec-14	Ex-distribution date for December 2014 distribution
31-Dec-14	Record date for December 2014 distribution
18-Feb-15	1H15 interim result announcement
26-Feb-15	Payment of December 2014 distribution



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

Appendix 3

Contact details and disclaimer



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About CFS Retail Property Trust Group (CFX)

CFX is one of Australia's leading retail property groups, with a fully integrated funds and asset management platform, and \$14.4 billion in retail assets under management. Listed on the Australian Securities Exchange, CFX holds interests in 29 directly-owned retail assets across Australia, manages 19 assets on behalf of strategic partners (10 of which are co-owned with CFX) and has over 17,000 investors across 17 countries. On 29 September 2014, CFX announced it will change its name to Novion Property Group (ASX:NVN) with effect from 3 November 2014. For more information, visit cfsgam.com.au/cfx

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