Novion Limited ABN 79 167 087 363
Novion Trust ARSN 090 150 280

Responsible Entity:
Novion RE Limited
ABN 33 084 098 180 AFSL 235384

Novion Property Group | Appendix 4D

Interim results for the six months ended 31 December 2014

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Appendix 4D
Interim Report 31 December 2014
Additional information for investors

novion
Property Group

Novion Property Group[1]

Appendix 4D - Results for announcement to the market

For the six months ended 31 December 2014

		Six months to		Variance	
		31-Dec-14	31-Dec-13		
		$m	$m	$m	%
2.1	Revenue from ordinary activities (excluding investment property and equity accounted investment revaluations)	420.1	374.7	45.4	
	Investment property revaluations	250.3	14.7	235.6	
	Share of equity accounted investment revaluations	3.4	(1.9)	5.3	
	Total revenue from ordinary activities	673.8	387.5	286.3	73.9
	Expenses from ordinary activities (excluding investment property and financial derivatives revaluations)	(229.5)	(199.8)	(29.7)	
	Financial derivatives revaluations	(28.4)	0.5	(28.9)	
	Total expenses from ordinary activities	(257.9)	(199.3)	(58.6)	29.4
	Income tax expense	(3.2)	-	(3.2)	
2.2	Profit from ordinary activities after tax	412.7	188.2	224.5	119.3
2.3	Net profit	412.7	188.2	224.5	119.3

2.4/2.5	**Distribution per stapled security**	**Cents[2]**	**Record date**	**Payment date**
2.4/2.5	Interim	6.90	31-Dec-14	26-Feb-15

2.6 For explanation of figures in 2.1 to 2.4 refer to the following documents released to the ASX today: ASX Announcement and the enclosed Interim Report and additional information for investors.

Other information required under ASX Listing Rule 4.2A.3	**Document**	**Page**
Net tangible assets per security (Rule 4.2A.3 Item No. 3)	ASX Announcement	1
Details of entities over which control has been gained or lost during the year (Rule 4.2A.3 Item No. 4)	n/a	n/a
Distributions (Rule 4.2A.3 Item No. 5)	Interim Report	14
Distribution Reinvestment Plans (Rule 4.2A.3 Item No. 6)	Interim Report	21
Details of associates and joint venture entities (equity accounted investments) (Rule 4.2A.3 Item No. 7)	Interim Report	18-19
Foreign entities (Rule 4.2A.3 Item No. 8)	n/a	n/a

The information presented above is based upon the reviewed Interim Report for 31 December 2014. Refer to page 26 - Independent auditor's review report.

MHBrady

Michelle Brady
Company Secretary

Date: 18 February 2015

Notes

1. Novion Property Group (NVN) comprises Novion Property Trust ARSN 090 150 280 and Novion Limited ABN 79 167 087 363.
2. Details of the full year tax components of distributions will be provided in the Annual Tax Statements which will be sent to securityholders in August 2015.

NOVION PROPERTY GROUP
(Formerly CFS RETAIL PROPERTY TRUST GROUP)

INTERIM REPORT
31 DECEMBER 2014

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by Novion Property Group during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Novion Property Group (Novion) comprises Novion Trust (ARSN 090 150 280) and its controlled entities and Novion Limited (ABN 79 167 087 363) and its controlled entities. Novion RE Limited (ACN 084 098 180), a wholly owned subsidiary of Novion Limited, is the Responsible Entity of Novion Trust. The units of Novion Trust are stapled to the shares in Novion Limited and trade as a stapled security on the Australian Securities Exchange (ASX).

NOVION PROPERTY GROUP
DIRECTORS' REPORT

The Directors of Novion RE Limited, the Responsible Entity for Novion Trust (the 'Trust'), present their Directors' report together with the interim financial report for the Novion Property Group (Novion or 'the Group') for the half-year ended 31 December 2014. The interim financial report of the Group represents Novion Trust and its consolidated entities, including Novion Limited (the 'Company') and its consolidated entities. The Trust together with the Company form the Novion Property Group stapled security.

Directors

The names of the Directors of the Responsible Entity in office at any time during the half-year and up to the date of this report are:

(i) Chairman – Non-executive Director

R M Haddock AM (independent)

(ii) Non-executive Directors

T Gerber (independent)

P F Hay (independent) (appointed 25 July 2014)

P D Kahan

J F Kropp (independent) (resigned 30 September 2014)

N J Milne OAM (independent)

K L C Penrose (independent)

D M Thurin

(iii) Executive Director

A McNaughton

Company Secretary

M T Brady was Company Secretary for the half-year and up to the date of this report.

Change of name

Novion Property Group was formerly known as CFS Retail Property Trust Group. Novion Trust was formerly known as CFS Retail Property Trust 1 and Novion Limited was formerly known as CFX Co Limited. The name changes were effective from 3 November 2014.

Principal activities

Novion Trust is a registered managed investment scheme domiciled in Australia and has its principal place of business at Level 39, MLC Centre, 19 Martin Place, Sydney, New South Wales 2000.

The Responsible Entity of Novion Trust is incorporated and domiciled in Australia and has its registered office at Level 39, MLC Centre, 19 Martin Place, Sydney, New South Wales 2000.

Novion comprises Novion Trust and Novion Limited. The units of the Trust are stapled to the shares in the Company to form Novion stapled securities. Novion stapled securities trade as one security on the Australian Securities Exchange (ASX).

There were no significant changes in the nature of Novion's activities during the half-year ended 31 December 2014. Subsequent to that date, Novion announced a merger with Federation Centres.

Merger of Novion and Federation

On 3 February 2015, Novion announced that a Merger Implementation Agreement had been entered into with Federation Centres ('Federation') to merge subject to certain conditions (the 'Merger'). The Merger will create one of Australia's largest real estate investment trusts (REITs) with over $22 billion in assets under management, invested across the full retail asset spectrum (the 'Merged Group').

Merger of Novion and Federation (continued)

The Merged Group, which combines two highly complementary platforms, will be a significant owner and manager of Australian retail assets, fully diversified by retail asset type, geographic location and tenant mix. Key metrics of the Merged Group include:

- over $22 billion of retail assets under management across 102 retail assets with over $18.2 billion in annual retail sales[1]
- second largest listed manager of Australian retail assets and a top 10 listed manager of retail assets globally
- #1 owner/manager of Australian sub-regional centres, #1 in outlet centres and #2 in super-regional and regional centres combined
- one of the largest retail landlords in Australia, with over 500 million annual customer visits to more than 9,500 retail tenancies over 3 million sqm of lettable area under management, and
- a market capitalisation of over $11 billion[2], the third largest A-REIT and an ASX top 30 entity.

The Merger requires a number of approvals, including the approval of Novion securityholders voting at a meeting expected to be held in May 2015. A scheme booklet will be mailed to securityholders in April 2015. If approved, the Merger is expected to be implemented in June 2015.

Distributions

Total distributions payable for the half-year ended 31 December 2014 amounted to $210.5 million, representing 6.9 cents per stapled security (Dec 2013: $204.7 million, representing 6.8 cents per stapled security).

Operating and financial review

(i) Business overview and operations

Novion's total revenue is produced principally from the rental income generated from its portfolio of assets held on balance sheet (Direct Portfolio). To maximise rental outcomes over the longer term, Novion is focused on keeping its centres fully occupied and increasing retail sales across the portfolio by driving greater patronage from customers. Novion aims to maximise customer visits by enhancing the appeal of its centres, which includes reweighting the mix of tenants towards retailers that have strong underlying consumer demand. Increasing customer traffic and retail sales also assists in maximising occupancy across the portfolio and reducing the probability of tenants leaving on expiry of their leases.

Novion periodically acquires centres to improve the long-term earnings prospects of the portfolio and disposes of centres where it believes capital can be better deployed elsewhere. Novion targets a modest gearing level of 25% to 35%, which can enhance income returns for equity investors. Maintaining modest gearing provides Novion with the flexibility to fund development expansions and acquisitions.

A review to ensure efficient and effective organisational structure and processes were in place for the Group as an internalised vehicle was commenced during the period. While a number of improvements to the business were implemented, other potential organisational changes were placed on hold with the recent announcement of the proposed merger with Federation.

(ii) Financial results

Key financial highlights over the half-year include:

- The consolidated net profit for the half-year ended 31 December 2014 increased by 119.3% to $412.7 million (Dec 2013: $188.2 million). The increase primarily reflects the valuation gains on investment properties in the current period.

[1] Adjusted for acquisitions and divestments, post-31 December 2014.
[2] Based on the combination of Novion's and Federation's stand-alone market capitalisations as at 2 February 2015.

NOVION PROPERTY GROUP
DIRECTORS' REPORT

Operating and financial review (continued)

(ii) Financial results (continued)

- Novion had 17 properties independently valued during the period, resulting in a net valuation gain of $253.7 million (Dec 2013: $12.8 million). The valuation gain was largely driven by capitalisation rates across the portfolio which tightened by 19bps to 6.07%. A $114.1 million gain (Novion's share) was recorded for Chadstone Shopping Centre. The centre's tightening capitalisation rate was the result of the strong investment market for high quality retail assets and the positive impact the ongoing development is expected to have on the centre's future performance. A $51.0 million gain was recorded for DFO Homebush, reflecting value created through the asset's recent redevelopment and a tightening in the capitalisation rate.
- Net property income increased by 12.4% to $306.7 million (Dec 2013: $272.8 million). The increase primarily reflects the benefit of cessation of property management fees expense from the internalisation date of 24 March 2014 and also the completion of major development projects at DFO Homebush and Emporium Melbourne, in 2014. On a like-for-like basis, net property income was up 2.0%. Novion maintained occupancy of 99.7% (Jun 2014: 99.7%).
- Borrowing costs were $66.5 million, up from $52.9 million for the prior corresponding period, predominantly due to reduced capitalised interest costs resulting from completion of the Emporium Melbourne development, and an increase in average drawn debt.
- Included within consolidated net profit is a net loss on the fair value of interest rate swaps of $28.4 million (Dec 2013: $0.5 million gain), reflecting the decrease in interest rates over the period. The swaps have been effective in meeting the objective of providing Novion with greater certainty of financing costs.
- Consolidated net profit has been adjusted for fair value adjustments, certain unrealised and non-cash items, and other items that are non-recurring or capital in nature, to determine distributable income for the half-year ended 31 December 2014 of $210.5 million (Dec 2013: $194.9 million). Distributable income is a key earnings measure used by management to assess Novion's performance. A reconciliation of net profit to distributable income is set out in the following table:

	Consolidated 31 Dec 2014 $m	Consolidated 31 Dec 2013 $m
Statutory net profit for the half-year	**412.7**	**188.2**
Adjustments[1]:		
- straight-lining revenue	0.1	(1.6)
- fair value adjustments from investment properties and equity accounted investments	(253.7)	(12.8)
- other fair value adjustments to derivatives	28.4	(0.5)
- movement in fair value of unrealised performance fees	-	2.0
- non-cash convertible notes interest expense	-	0.6
- internalisation costs	0.5	2.8
- amortisation of intangibles	1.4	-
- amortisation of project items	9.9	10.3
- income tax expense	3.2	-
- other items	8.0	5.9
Distributable income	**210.5**	**194.9**
Other adjustments		
- transfer from undistributed reserve[2]	-	9.8
Distributions paid and payable	**210.5**	**204.7**

(1) Refer to note 2 to the financial statements for an explanation of the adjustments to net profit to determine distributable income for the half-year.

(2) New stapled securities issued on 24 December 2013 ranked equally with existing stapled securities and were therefore entitled to the full distribution for the half-year to 31 December 2013. Therefore Novion has transferred an amount from the undistributed reserve to deliver a distribution of 6.8 cents per stapled security for that half-year period.

Operating and financial review (continued)

(ii) Financial results (continued)

- Distributable income has increased by 8.0%, predominantly due to the impact of internalisation reflecting both Novion's diversified revenue stream and savings resulting from the replacement of external management fees with an internalised cost structure. Distribution per security increased 1.5% to 6.9 cents compared to the prior corresponding period.
- On 27 November 2014, Post Office Square, QLD was sold for $67.0 million. On 23 December 2014, the settlement of the sale of the leasehold interest in The Entertainment Quarter, NSW occurred for $40.0 million (Novion share). The proceeds from these sales were principally used to retire bank debt. Both assets were considered non-core with limited additional value available to be extracted over the longer term.
- The Emporium Melbourne project was fully completed in August 2014. The centre has a premium tenant mix, and an 1,100-seat café court.
- Novion's development pipeline is approximately $1.2 billion. Projects currently under construction have an estimated development cost of $303 million (Novion share), with approximately $260 million yet to be spent.
- The major project under construction is Chadstone Shopping Centre. Construction has commenced on the $290 million (Novion share) redevelopment. The project involves the expansion and redevelopment of the northern end of the centre, producing up to 20,000 sqm of additional retail floor area and introducing new international retailers and a world-class entertainment and leisure precinct. The project also includes the construction of a 10-level, 17,000 sqm office building and a 14-bay bus terminal on the southern end of the Chadstone site.

(iii) Financial position

Key features of Novion's financial position at reporting date include:

- Total assets increased by 2.7% to $9,715.6 million (Jun 2014: $9,461.9 million), primarily due to net valuation gains on investment properties, additional capital expenditure and an additional 25% interest in DFO South Wharf, partly offset by the sales of Post Office Square and The Entertainment Quarter.
- Net assets increased by 4.4% to $6,370.1 million (Jun 2014: $6,101.7 million), largely reflecting valuation gains on investment properties and $64.9 million equity raised through the June 2014 dividend and distribution reinvestment plan. Net asset value per stapled security increased by 3.5% to $2.09 at 31 December 2014 (Jun 2014: $2.02).
- Novion's gearing is 29.4% (Jun 2014: 30.9%), comfortably within the target range of 25% to 35%. The decrease reflects the increase in assets resulting from net valuation gains and the repayment of debt from asset sale proceeds.
- In September 2014, Novion issued $US200 million of US Private Placement (USPP) debt, which was converted into Australian currency for $228.4 million. The notes were initially used to repay $100 million of Medium Term Notes (MTNs) which expired in December 2014 and the remaining cash was used to repay bank debt. Expiry of the notes ranges from December 2025 to December 2029.
- Novion has sufficient current undrawn cash advance facilities and operating cash flows with which to fund its current liabilities and convertible notes in the event that noteholders exercise their option and Novion elects to settle in cash. The convertible notes have a face value of $299.5 million. If the convertible notes are cash settled, the amount to be paid would be subject to the conversion price and Novion's Market Price, as defined in the terms and conditions of the notes' Offering Circular.
- As a result of its continued active capital management, the weighted average duration of Novion's debt lengthened to 3.9 years at 31 December 2014 from 3.5 years at 30 June 2014. At 31 December 2014, borrowings are 82.9% hedged (Jun 2014: 87.1%).

Operating and financial review (continued)

(iii) Financial position (continued)

- Novion's principal debt covenants and corresponding results at 31 December 2014 are as follows:

	Covenant	Actual
Loan to value ratio (LVR)(1)	50% or less	34%
Interest cover ratio (ICR)(2)	1.8 times or greater	3.2 times

(1) LVR is calculated for the Trust as total liabilities divided by total assets. This calculation excludes the liabilities and assets pertaining to Novion Limited.

(2) ICR is calculated as earnings before interest divided by net interest expense for the Trust. For the purposes of this calculation, earnings represents net profit excluding all fair value adjustments, straight-lining revenue, borrowing costs and net interest expense on interest rate swaps. Interest expense is the sum of borrowing costs, net interest expense on interest rate swaps, and capitalised interest.

Significant changes in the state of affairs

In the opinion of the Directors, there were no significant changes in the state of the affairs of Novion that occurred during the half-year other than those matters stated in this report.

Matters subsequent to reporting date

Other than the Merger Implementation Agreement noted above, the Directors are not aware of any matter or circumstance that has arisen since 31 December 2014 that has significantly affected, or may significantly affect, Novion's operations, the results of those operations or the state of the affairs of Novion in future financial years other than those matters stated in this report.

Rounding of amounts

Novion is an entity of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission (ASIC). Accordingly, amounts in the interim report have been rounded to the nearest tenth of a million dollars ($m), unless stated otherwise.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001.

Auditor's independence declaration

A declaration of independence, as required under section 307C of the Corporations Act 2001, has been provided by our auditor, PricewaterhouseCoopers, and is set out on page 7.

This report is signed in accordance with the resolution of the Board of Directors of the Responsible Entity.

R M Haddock AM
Chairman

Sydney
18 February 2015

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Auditor's Independence Declaration

As lead auditor for the review of Novion Trust for the half-year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Novion Trust and the entities it controlled during the period.

V. Papageorgiou

Voula Papageorgiou
Partner
PricewaterhouseCoopers

Sydney
18 February 2015

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NOVION PROPERTY GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 31 December 2014

	Note	Consolidated 31 Dec 2014 $m	Consolidated 31 Dec 2013 $m
Revenue			
Property revenue		390.5	366.0
Management fee revenue from strategic partnerships		25.7	-
Alignment fee revenue		-	5.4
		416.2	**371.4**
Other income			
Share of net profit from equity accounted investment before fair value adjustments		2.7	1.6
Share of equity accounted investment's gain/(loss) from fair value adjustments		3.4	(1.9)
Share of net profit accounted for using the equity method		6.1	(0.3)
Fair value gain on investment properties	4(a)	250.3	14.7
Dividend income		-	1.4
Interest and other income		1.2	0.3
Total revenue and other income		**673.8**	**387.5**
Expenses			
Net interest expense on derivatives		7.9	4.3
Fair value adjustments to derivatives		28.4	(0.5)
Net loss on derivatives		36.3	3.8
Property expenses		104.5	110.8
Borrowing costs		66.5	52.9
Responsible Entity's base fee		-	19.7
Responsible Entity's performance fee	9	-	7.3
Internalisation costs	2(b)	0.5	2.8
Employee benefits expense	3	35.6	-
Other management and administration expenses		13.1	2.0
Amortisation of intangibles	2(b)	1.4	-
Total expenses		**257.9**	**199.3**
Profit before tax for the half-year		**415.9**	**188.2**
Income tax expense		(3.2)	-
Net profit for the half-year		**412.7**	**188.2**
Other comprehensive income		-	-
Total comprehensive income for the half-year		**412.7**	**188.2**

Net profit for the half-year attributable to stapled securityholders as:		
Securityholders of Novion Trust	409.3	188.3
Securityholders of other entities stapled to Novion Trust	3.4	(0.1)
Net profit for the half-year	**412.7**	**188.2**
Total comprehensive income for the half-year attributable to stapled securityholders as:		
Securityholders of Novion Trust	409.3	188.3
Securityholders of other entities stapled to Novion Trust	3.4	(0.1)
Total comprehensive income for the half-year	**412.7**	**188.2**

	31 Dec 2014	31 Dec 2013
Earnings per security attributable to securityholders of Novion Trust:		
Basic earnings per security (cents)	13.46	6.59
Diluted earnings per security (cents)	13.17	6.56
Earnings per security attributable to securityholders of Novion Property Group:		
Basic earnings per security (cents)	13.58	6.59
Diluted earnings per security (cents)	13.28	6.56

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

NOVION PROPERTY GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Note	Consolidated 31 Dec 2014 $m	Consolidated 30 Jun 2014 $m
Current assets			
Cash and cash equivalents		63.1	91.1
Receivables		47.1	60.1
Derivatives	10(a)	55.1	1.4
Equity accounted investments	5	0.6	35.2
Other current assets		16.3	8.5
Total current assets		**182.2**	**196.3**
Non-current assets			
Investment properties	4	9,099.1	8,830.4
Equity accounted investments	5	0.9	1.2
Plant and equipment		9.2	6.0
Intangible assets		362.5	363.9
Deferred tax assets		60.1	63.3
Other non-current assets		1.6	0.8
Total non-current assets		**9,533.4**	**9,265.6**
Total assets		**9,715.6**	**9,461.9**
Current liabilities			
Payables and other creditors		127.1	131.1
Distribution payable		210.5	205.2
Responsible Entity's performance fees payable	9	-	5.3
Provisions		41.0	35.6
Interest bearing liabilities	6	150.4	292.7
Derivatives		2.0	7.3
Total current liabilities		**531.0**	**677.2**
Non-current liabilities			
Payables and other creditors		0.5	1.5
Provisions		9.9	15.9
Interest bearing liabilities	6	2,737.1	2,611.4
Derivatives		67.0	54.2
Total non-current liabilities		**2,814.5**	**2,683.0**
Total liabilities		**3,345.5**	**3,360.2**
Net assets		**6,370.1**	**6,101.7**
Equity			
Capital and reserves attributable to stapled securityholders as:			
Securityholders of Novion Trust			
Contributed equity	7	3,978.0	3,914.9
Reserves and retained profits		2,161.4	1,961.9
Total capital and reserves attributable to securityholders of Novion Trust		**6,139.4**	**5,876.8**
Securityholders of other entities stapled to Novion Trust			
Contributed equity	7	226.5	224.1
Reserves and retained profits		4.2	0.8
Total capital and reserves attributable to securityholders of other entities stapled to Novion Trust		**230.7**	**224.9**
Total equity		**6,370.1**	**6,101.7**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

NOVION PROPERTY GROUP

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2014

	Note	Consolidated 31 Dec 2014 $m	Consolidated 31 Dec 2013 $m
Cash flows from operating activities			
Receipts in the course of operations		487.8	395.4
Payments in the course of operations		(205.9)	(169.7)
Distributions and dividends received from investments		2.2	2.2
Interest income received		0.8	0.2
Interest income/(expense) on interest rate swaps		(8.1)	(3.6)
Borrowing costs paid		(82.9)	(70.8)
Internalisation costs paid		(4.5)	-
Net cash flows from operating activities		**189.4**	**153.7**
Cash flows from investing activities			
Proceeds from disposal of investment properties		67.0	104.9
Proceeds for QV Retail management		7.7	-
Payments for property developments and improvements		(93.1)	(146.6)
Capital distribution from equity-accounted investments	5(a)	38.0	-
Payments for plant and equipment		(3.2)	-
Payments for other investments		(0.7)	-
Net cash flows used in investing activities		**15.7**	**(41.7)**
Cash flows from financing activities			
Stapled securities issued	7	-	280.0
Stapled securities issue costs paid		-	(5.0)
Proceeds from interest bearing liabilities		1,137.2	529.0
Repayment of interest bearing liabilities		(1,220.9)	(780.1)
Distributions paid		(140.5)	(135.3)
Termination payment for interest rate swaps		(8.9)	-
Net cash flows used in financing activities		**(233.1)**	**(111.4)**
Net (decrease) / increase in cash and cash equivalents held		**(28.0)**	**0.6**
Cash and cash equivalents at the beginning of the half-year		**91.1**	**12.4**
Cash and cash equivalents at the end of the half-year		**63.1**	**13.0**

Non-cash financing and investing activities	7(b)	65.5	-

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOVION PROPERTY GROUP

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2014

		Attributable to securityholders of Novion Trust			Attributable to securityholders of other entities stapled to Novion Trust			
	Note	Contributed equity $m	Reserves and retained profits $m	Total $m	Contributed equity $m	Reserves and retained profits $m	Total $m	Total equity $m
Total equity as at 30 June 2013		**3,787.3**	**1,971.7**	**5,759.0**	**5.6**	**(0.2)**	**5.4**	**5,764.4**
Net profit/(loss) for the half-year		-	188.3	188.3	-	(0.1)	(0.1)	188.2
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income for the half-year		-	188.3	188.3	-	(0.1)	(0.1)	188.2
Transactions with securityholders in their capacity as securityholders:								
Issue of stapled securities		336.7	-	336.7	0.2	-	0.2	336.9
Stapled securities issue costs		(5.0)	-	(5.0)	-	-	-	(5.0)
Distributions paid and payable	2(a)	-	(204.7)	(204.7)	-	-	-	(204.7)
Total equity as at 31 December 2013		**4,119.0**	**1,955.3**	**6,074.3**	**5.8**	**(0.3)**	**5.5**	**6,079.8**
Total equity as at 30 June 2014		**3,914.9**	**1,961.9**	**5,876.8**	**224.1**	**0.8**	**224.9**	**6,101.7**
Net profit for the half-year		-	409.3	409.3	-	3.4	3.4	412.7
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income for the half-year		-	409.3	409.3	-	3.4	3.4	412.7
Transactions with securityholders in their capacity as securityholders:								
Issue of stapled securities	7(b)	63.1	-	63.1	2.4	-	2.4	65.5
Securities-based payments reserve	8	-	0.7	0.7	-	-	-	0.7
Distributions paid and payable	2(a)	-	(210.5)	(210.5)	-	-	-	(210.5)
Total equity as at 31 December 2014		**3,978.0**	**2,161.4**	**6,139.4**	**226.5**	**4.2**	**230.7**	**6,370.1**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

1. Summary of significant accounting policies

(a) Basis of preparation

This interim report is for Novion Property Group (Novion), formerly CFS Retail Property Trust Group. Novion comprises Novion Trust (the 'Trust'), formerly CFS Retail Property Trust 1, its controlled entities, and Novion Limited (the 'Company'), formerly CFX Co Limited, and its controlled entities. The units of the Trust are stapled to the shares of the Company and listed on the Australian Securities Exchange (ASX).

The interim report for the half-year ended 31 December 2014 is a general purpose financial report and has been prepared in accordance with the Trust Constitution, Accounting Standard AASB 134 Interim Financial Reporting, other applicable accounting standards, other mandatory professional reporting requirements and the Corporations Act 2001. Novion is a for-profit entity for the purpose of preparing this interim report.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the 30 June 2014 Annual Report and any public announcements issued during the half-year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The interim report has also been prepared in accordance with the historical cost convention, except for financial assets and liabilities (including derivatives) at fair value through profit and loss and investment properties.

The interim report is presented in Australian dollars ($) and was approved by the Board of Directors on 18 February 2015. The Directors have the power to amend and reissue the interim report.

Although Novion has a net current deficiency (current liabilities exceed current assets) at reporting date, Novion has sufficient current undrawn borrowing facilities (refer to note 6) and operating cash flows to meet this deficit. The interim report is therefore prepared on a going concern basis.

Internalisation

On 24 March 2014, Novion Limited paid $475.5 million ($467.8 million excluding a $7.7 million receivable for QV Retail management) to the Commonwealth Bank of Australia (CBA) to acquire Novion RE Limited (formerly Commonwealth Managed Investments Limited) and CBA's retail property asset management business and to terminate funds management contracts for Novion Trust and a number of wholesale property funds and mandates. This acquisition enabled Novion's management to be internalised and also enabled Novion to undertake the management of a number of wholesale property funds and property mandates.

Accounting for Novion

In accordance with Australian Accounting Standards, Novion Trust is deemed to be the acquirer and parent entity of Novion Limited. Novion Trust is deemed to control Novion Limited from the stapling date of 24 March 2014. The results and equity attributable to Novion Limited, which is not held directly or indirectly by Novion Trust, are shown separately in the financial statements as non-controlling interests.

For the comparative period, Novion Trust was stapled to and deemed to control Novion Trading Trust (formerly CFS Retail Property Trust 2). The results and equity attributable to Novion Trading Trust, which has never been held directly or indirectly by Novion Trust, are also shown in the financial statements as non-controlling interests. From 24 March 2014, Novion Trading Trust is controlled by, and included in the consolidated results of, Novion Limited.

1. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

New accounting standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. The adoption of the following new standards which became mandatory in the interim reporting period commencing 1 July 2014 did not materially impact any of the amounts recognised in the financial statements or the accounting policies adopted by the Group:

- AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities
- AASB 2013-3 Amendments to Australian Accounting Standards – Recoverable Amount Disclosures for Non-Financial Assets
- AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting (July 2013)
- AASB 2014-1 Amendments to Accounting Standards – Parts A-C
- AASB 2014-2 Amendments to AASB 1053 – Transition to and between Tiers, and related Tier 2 Disclosure Requirements.

(b) Critical accounting estimates and judgements

The preparation of the financial statements requires Novion to make judgements, estimates and assumptions that affect the amounts reported in the financial statements. Novion bases its judgements and estimates on historical experience and other various factors it considers to be reasonable under the circumstances, but which are inherently uncertain and unpredictable, the result of which form the basis of the carrying values of assets and liabilities. As a result, actual results could differ from those estimates.

There are no key estimates and assumptions significant to Novion's financial statements not already noted in the 30 June 2014 Annual Report.

2. Segment information

Novion's operating segments have been determined based on internal reports provided to the Managing Director and Chief Executive Officer, Mr Angus McNaughton, the Deputy Chief Executive Officer and Chief Investment Officer, Mr Michael Gorman, the Head of Asset Management and Chief Operating Officer, Mr David Marcun and the Chief Financial Officer, Mr Richard Jamieson, being Novion's chief operating decision makers (CODMs).

Novion's operating segments are as follows:

(i) Property Investment: This segment comprises net property income derived from investment in retail property.

(ii) Strategic Partnerships: This segment comprises fee income from management of externally-owned properties and management of wholesale property funds and property mandates.

Other income and expenses are unallocated.

Novion operates in Australia and all revenue is derived in Australia. No single tenant or group under common control contributed more than 10% of Novion's revenues.

The CODMs assess the performance of the segments based on distributable income and distribution per stapled security. Distributable income is an earnings measure, calculated as statutory net profit, adjusted for fair value adjustments, certain unrealised and non-cash items, and other items that are non-recurring or capital in nature.

2. Segment information (continued)

(a) Segment results

	Consolidated 31 Dec 2014 $m	Consolidated 31 Dec 2013 $m
Property investment		
Property revenue	390.5	366.0
Add/(less): straight-lining revenue[(1)]	0.1	(1.6)
Share of net profit from equity accounted investments before fair value adjustments	2.7	1.6
Dividend income	-	1.4
Property expenses	(104.5)	(110.8)
Amortisation of project items[(1)]	9.9	10.3
Other items[(1)]	8.0	5.9
Net property income	**306.7**	**272.8**
Strategic partnerships		
Management fee revenue	25.7	-
Strategic partnership revenue	**25.7**	**-**
Unallocated		
Alignment fee revenue	-	5.4
Other revenue	1.2	0.3
Interest expense[(1),(2)]	(74.4)	(56.6)
Management and performance fees[(1),(3)]	-	(25.0)
Employee benefits expenses	(35.6)	-
Other management and administration expenses	(13.1)	(2.0)
Total unallocated	**(121.9)**	**(77.9)**
Distributable income	**210.5**	**194.9**
Other adjustments		
- transfer from undistributed reserve[(4)]	-	9.8
Distributions paid and payable	**210.5**	**204.7**
Distribution per stapled security (cents)	**6.9**	**6.8**

(1) Refer to the relevant footnotes in note 2(b) for the explanations of adjusting items.
(2) Interest expense is equal to borrowing costs of $66.5 million (Dec 2013: $52.9 million) plus net interest expense on derivatives of $7.9 million (Dec 2013: $4.3 million). For the comparative period, it excludes non-cash convertible notes expense of $0.6 million.
(3) For the comparative period, excludes the movement in fair value of performance fees of $2.0 million increase.
(4) Stapled securities issued in December 2013 ranked equally with existing stapled securities and were therefore entitled to the full distribution for the half-year to 31 December 2013. Therefore an amount was transferred from undistributed reserves to deliver a distribution of 6.8 cents per stapled security for that half-year period.

2. Segment information (continued)

(b) Reconciliation of distributable income to statutory net profit

	Consolidated 31 Dec 2014 $m	Consolidated 31 Dec 2013 $m
Distributable income	**210.5**	**194.9**
Straight-lining revenue[1]	(0.1)	1.6
Fair value gains on investment properties and equity accounted investments[2]	253.7	12.8
Fair value adjustments to derivatives[3]	(28.4)	0.5
Movement in fair value of unrealised performance fees[4]	-	(2.0)
Non-cash convertible notes interest expense[5]	-	(0.6)
Internalisation costs[6]	(0.5)	(2.8)
Amortisation of intangibles[7]	(1.4)	-
Amortisation of project items[8]	(9.9)	(10.3)
Income tax expense[9]	(3.2)	-
Other items[10]	(8.0)	(5.9)
Statutory net profit for the half-year	**412.7**	**188.2**

The material adjustments to the net profit to arrive at distributable income for the half-year shown in the interim report are described below. For reasons outlined below each item has been excluded to better reflect distributable income from ordinary operations.

(1) Straight-lining rental revenue, which is required by Australian Accounting Standards, is an unrealised non-cash amount.

(2) Net profit includes movements in the fair value of investment properties in accordance with Australian Accounting Standards. Similarly, movements in the value of the underlying investment properties of Novion's equity accounted investments are required by Australian Accounting Standards, but do not reflect the cash distributions received from these investments.

(3) Fair value movements in derivatives comprise mark-to-market movements required by Australian Accounting Standards for valuation purposes, including realised and unrealised amounts.

(4) For the comparative period, fair value movements in the carry-over of unrealised performance fees were required by Australian Accounting Standards for valuation purposes, but were unrealised non-cash amounts.

(5) The difference between the actual coupon paid on Novion's convertible notes and the interest expense calculated at the market rate for an equivalent non-convertible bond is required to be recognised by Australian Accounting Standards. This is a non-cash expense.

(6) Novion has incurred costs in relation to the internalisation of management which was effected on 24 March 2014. These are one-off costs and are not expenses incurred in ordinary operations.

(7) Net profit includes amortisation of intangible assets. This is a non-cash expense.

(8) Certain payments such as lease incentives, leasing fees and legal fees relating to development projects are capitalised in investment properties. Amortisation of these items is recognised as an expense in accordance with Australian Accounting Standards but is not an expense incurred in ordinary operations.

(9) Novion is entitled to significant tax deductions resulting from the termination of funds management contracts on 24 March 2014. As a result, income tax expense in the current year is a non-cash amount funded through utilisation of the DTA.

(10) These items are expenses relating primarily to development projects and do not reflect expenses incurred in ordinary operations.

2. Segment information (continued)

(c) Segment assets and liabilities

The investment property segment reported to the CODMs includes investment properties held directly and those that are included in equity accounted investments. The property investment values are measured in a manner consistent with the statement of financial position. Total investment property at 31 December 2014 is $9,099.1 million (Jun 2014: $8,865.6 million). A reconciliation of the investment property segment to total assets in the statement of financial position is provided below:

	Consolidated 31 Dec 2014 $m	Consolidated 30 Jun 2014 $m
Investment properties per statement of financial position	9,099.1	8,830.4
Investment properties included in equity accounted investments	-	35.2
Total investment property segment	**9,099.1**	**8,865.6**
Cash and cash equivalents	63.1	91.1
Receivables	47.1	60.1
Derivatives	55.1	1.4
Other current assets	16.3	8.5
Equity accounted investments	1.5	1.2
Plant and equipment	9.2	6.0
Intangible assets	362.5	363.9
Deferred tax assets	60.1	63.3
Other non-current assets	1.6	0.8
Total assets	**9,715.6**	**9,461.9**

No other assets or liabilities are allocated to specific segments.

3. Employee benefits expense

	Consolidated 31 Dec 2014 $m	Consolidated 31 Dec 2013 $m
Salaries and wages	29.9	-
Other employee benefits expense	5.7	-
Total employee benefits expense	**35.6**	**-**

4. Investment properties

	Ownership %	Original purchase date	Latest independent valuation date	Independent valuation $m	Carrying value[1] 31 Dec 14 $m	Carrying value 30 Jun 14 $m	Independent valuer
Non-current							
Altona Gate Shopping Centre, Altona, VIC	100	Mar-94	Nov-14	85.5	85.6	78.5	Urbis
Bayside Shopping Centre, Frankston, VIC	100	Mar-94 & Feb-97	Jun-14	561.2	566.1	561.2	Jones Lang LaSalle
Brimbank Shopping Centre, Deer Park, VIC	100	Oct-02	Jun-14	156.4	156.7	156.4	Urbis
Broadmeadows Shopping Centre, Broadmeadows, VIC	100	Mar-94 & Dec-04	Jun-14	316.0	317.1	316.0	Jones Lang LaSalle
Castle Plaza Shopping Centre, Edwardstown, SA	100	Oct-02	Nov-14	144.9	149.9	151.8	Jones Lang LaSalle
Chadstone Shopping Centre, Chadstone, VIC	50	Mar-94	Dec-14	1,825.0	1,825.3	1,682.3	Jones Lang LaSalle
Chatswood Chase Sydney, Chatswood, NSW	100	Oct-03 & Aug-07	May-14	889.7	889.8	889.7	CBRE
Clifford Gardens Shopping Centre, Toowoomba, QLD	100	Oct-02	Dec-14	185.8	185.8	168.6	Urbis
Corio Shopping Centre, Corio, VIC	100	Oct-02	Nov-14	123.3	123.3	117.0	Urbis
DFO Essendon, Essendon, VIC[2]	100	Oct-10	Dec-14	152.5	152.6	141.5	Savills
DFO Homebush, Homebush, NSW	100	Oct-10	Dec-14	321.0	321.0	270.9	Savills
DFO Moorabbin, Moorabbin, VIC[3]	100	Oct-10	Dec-14	103.5	103.5	100.0	Savills
DFO South Wharf, Melbourne, VIC[4]	75	Dec-10 & May-14	Dec-14	285.9	286.0	272.4	Savills
Eastlands Shopping Centre, Rosny Park, TAS	100	Mar-94	Nov-14	158.8	161.9	165.2	M3property
Elizabeth Shopping Centre, Elizabeth, SA	100	Jul-98 & Jan-03	Jun-14	357.5	359.6	357.5	CBRE
Forest Hill Chase, Forest Hill, VIC	100	Jan-05	May-14	270.3	270.3	270.3	CBRE
Grand Plaza Shopping Centre, Browns Plains, QLD	50	Oct-02	Dec-14	178.0	179.0	174.0	Savills
Lake Haven Shopping Centre, Wyong, NSW	100	Apr-97 & Jul-98	Nov-14	265.5	266.7	253.2	Jones Lang LaSalle
Myer Centre Brisbane, Brisbane, QLD	50	Nov-98	Nov-14	382.5	383.0	375.0	Knight Frank
Post Office Square, Brisbane, QLD[5]	100	Dec-05		-	-	71.1	Savills
Myer Bourke Street, Melbourne, VIC[6]	33.33	Aug-07	Dec-14	122.7	122.8	114.5	CBRE
Emporium Melbourne, Melbourne, VIC[6,7]	50	Aug-07	Jun-14	442.0	469.1	442.0	Savills
QueensPlaza, Brisbane, QLD	100	Jul-01	May-14	635.0	638.1	635.0	CBRE
Northgate Shopping Centre, Glenorchy, TAS	100	Sep-09	May-14	90.6	90.9	90.6	m3property
Northland Shopping Centre, Preston, VIC	50	Mar-94	Jun-14	477.5	481.0	477.5	Knight Frank
Rockingham Shopping Centre, Rockingham, WA	50	Oct-02, May-05 & Dec-07	Dec-14	278.0	278.1	273.5	CBRE
Roxburgh Park Shopping Centre, Roxburgh Park, VIC	100	Dec-97	Dec-14	100.4	100.4	94.4	Colliers
Runaway Bay Shopping Village, Runaway Bay, QLD	50	Oct-02	Dec-14	126.0	126.0	119.3	Knight Frank
Sundry properties					9.5	11.0	
Total investment properties					**9,099.1**	**8,830.4**	

(1) Carrying value equals independent valuation, adjusted for subsequent capital expenditure and amortisation of lease incentives. Carrying value may also include capital works in progress excluded from valuations.

(2) The title to this property is leasehold with 33 years remaining on the ground lease.

(3) The title to this property is leasehold with 19 years remaining on the ground lease.

(4) The title to this property is leasehold with 94 years remaining on the ground lease.

(5) On 27 November 2014, Post Office Square was sold for $67 million.

(6) The titles to these properties are leasehold with 292 years remaining on the ground leases.

(7) Emporium Melbourne carrying value includes capital expenditure since last valuation of $27.1 million.

4. Investment properties (continued)

(a) Reconciliation of investment properties

Reconciliations of the carrying amount of investment properties at the beginning and end of the current period and previous financial year are as follows:

	Consolidated 31 Dec 2014 $m	Consolidated 30 Jun 2014 $m
Opening balance	8,830.4	8,526.6
Additions – capital expenditure(1)	90.4	242.6
Additions – interest capitalised(2)	7.4	35.9
Additions – asset acquisitions	-	87.6
Disposals	(67.0)	(104.9)
Fair value adjustments to investment properties	250.3	70.2
Amortisation of incentives and leasing fees	(12.3)	(26.0)
Movement in straight-lined rental income asset	(0.1)	(1.6)
Closing balance	**9,099.1**	**8,830.4**

(1) Capital expenditure includes redevelopment costs, additions, lease incentives, and, for the comparative period up to 24 March 2014, leasing fees.

(2) Borrowing costs incurred in the construction of qualifying assets have been capitalised at a weighted average rate of 5.44% (Jun 2014: 5.50%).

5. Equity accounted investments

	Ownership 31 Dec 2014 %	Ownership 30 Jun 2014 %	Consolidated 31 Dec 2014 $m	Consolidated 30 Jun 2014 $m
Current				
Bent Street Trust(a)	50	50	0.6	35.2
			0.6	**35.2**
Non-current				
Novion Asset Operations Pty Ltd (formerly CFSP Asset Management Pty Ltd)(b)	33.3	50	0.9	1.2
			0.9	**1.2**
Total equity accounted investments			**1.5**	**36.4**

(a) Equity accounted joint venture entity – Bent Street Trust

On 23 December 2014, the leasehold interest in The Entertainment Quarter, Sydney, which was 100% owned by the Bent Street Trust, was sold for $40.0 million (Novion share). A capital distribution of $38.0 million (Novion share) was paid to Novion. The units in the Bent Street Trust will be redeemed when all outstanding financial assets and liabilities have been settled.

Novion's share of its equity accounted joint venture's financial information is:

	Consolidated 31 Dec 2014 $m	Consolidated 30 Jun 2014 $m
Reconciliation to carrying amounts:		
Opening net assets 1 July	35.2	33.6
Profit for the half-year	5.1	3.7
Income distributions paid	(1.7)	(3.0)
Capital distributions	(38.0)	(2.6)
Distributions reinvested	-	3.5
Closing net current assets	**0.6**	**35.2**

5. Equity accounted investments (continued)

(b) Equity accounted associate - Novion Asset Operations Pty Ltd

Novion's share of its equity accounted associate's financial information is:

	Note	Consolidated 31 Dec 2014 $m	Consolidated 30 Jun 2014 $m
Opening balance		1.2	-
Additional investments made during the period		-	0.7
Share of net profits of equity accounted investment		1.0	0.5
Dividends paid		(1.3)	-
Closing balance		**0.9**	**1.2**

6. Interest bearing liabilities

	Note	Consolidated 31 Dec 2014 $m	Consolidated 30 Jun 2014 $m
Current – unsecured			
Cash advance facilities		50.6	-
Medium-term notes		-	100.0
Short-term notes		100.0	100.0
Convertible notes – issued 21 August 2007	(a)	-	92.3
Convertible notes – issued 4 July 2011	(b)	-	0.5
Total current unsecured		**150.6**	**292.8**
Deferred borrowing costs		(0.2)	(0.1)
Total current interest bearing liabilities		**150.4**	**292.7**
Non-current – unsecured			
Cash advance facilities		1,137.0	1,307.0
Medium-term notes		690.0	690.0
US medium-term notes		619.3	325.3
Convertible notes – issued 4 July 2011	(b)	299.5	299.5
Total non-current unsecured		**2,745.8**	**2,621.8**
Deferred borrowing costs		(8.7)	(10.4)
Total non-current interest bearing liabilities		**2,737.1**	**2,611.4**
Total interest bearing liabilities		**2,887.5**	**2,904.1**

(a) Convertible notes issued 21 August 2007

On 21 August 2007, Novion executed a $600 million issuance of senior, unsecured convertible notes, which were redeemable at the option of the noteholder on 21 August 2012. Following the exercise of put options by noteholders, redemptions and buy-backs in earlier years, the remaining notes on issue with a face value of $92.3 million were repaid on the final maturity date of 21 August 2014.

(b) Convertible notes issued 4 July 2011

On 4 July 2011, Novion completed a $300 million issuance of senior, unsecured convertible notes, with a fixed coupon rate of 5.75% and a final maturity date of 4 July 2016. The noteholder has the right to convert notes into stapled securities at the conversion price of $2.40 at any time prior to 23 June 2016. Notes with a face value of $0.5 million were redeemed at the option of the noteholder on 4 July 2014, the put option date. The remaining notes with a face value of $299.5 million, unless converted to stapled securities at the noteholder's option, will be redeemed on the final maturity date of 4 July 2016. The notes are listed on the Singapore Exchange.

6. Interest bearing liabilities (continued)

(b) Convertible notes issued 4 July 2011 (continued)

A reconciliation of the carrying amounts of the convertible notes issued on 4 July 2011 at the beginning and end of the current period and previous financial year are set out below:

	Consolidated 31 Dec 2014 $m	Consolidated 30 Jun 2014 $m
Opening balance	297.9	295.6
Notes redeemed at put date 4 July 2014	(0.5)	-
Change in unamortised issue costs	0.5	1.1
	297.9	296.7
Interest expense at market rate[1]	-	18.5
Less: Accumulated coupon paid and payable[1]	-	(17.3)
Closing balance of convertible notes issued 4 July 2011	**297.9**	**297.9**

(1) For the period prior to the noteholder put option date of 4 July 2014, the difference between interest expense calculated at the market rate for an equivalent non-convertible bond and the coupon rate paid is included in the borrowing costs expense in the statement of comprehensive income and added to the carrying amount of the convertible notes liability in the statement of financial position. Following the put option date, the interest expense is equal to the coupon paid.

(c) Financing facilities

Novion has the following facilities available:

	Expiry	Facility limit 31 Dec 2014 $m
Medium-term notes (MTNs)	May 16 – Dec 19	690.0
US medium-term notes (US MTNs)[1]	Feb 17 – Dec 29	564.2
Cash advance facilities	Aug 15 – Nov 19	1,800.0
Convertible notes	Jul 16	299.5
Total facilities available[1],[2]		**3,353.7**
Amount drawn[1]		(2,841.3)
Total undrawn facilities		**512.4**

(1) The carrying amount of US MTNs in the statement of financial position includes an adjustment for the fair value of cross-currency swaps of $55.1 million. This adjustment is excluded from the calculation of total facilities available and amount drawn.

(2) Bank debt facilities expiring in July 2018 and August 2018 include same day funding facilities. The short-term notes are backed by these facilities and as such, do not add to the overall capacity of Novion, and for this reason are not included in the total facilities available.

During the period, Novion issued $US200 million of US MTNs, which were converted into Australian currency for $228.4 million. The notes were initially used to repay $100 million of MTNs which expired in December 2014 and the remaining cash was used to repay bank debt. Expiry of the notes ranges from December 2025 to December 2029.

All facilities are senior unsecured. Novion has a long-term credit rating of ‘A’ from Standard & Poor’s.

7. Contributed equity

	Number of stapled securities '000	Novion Trust $m	Other entities stapled to Novion Trust $m	Total $m
Opening balance 1 July 2014	3,018,051	3,914.9	224.1	4,139.0
Issue of stapled securities – DRP[(b)]	32,305	62.5	2.4	64.9
Issue of stapled securities – ESAP[(b)]	272	0.6	-	0.6
Total contributed equity at 31 Dec 2014	**3,050,628**	**3,978.0**	**226.5**	**4,204.5**

(a) Rights and restrictions over stapled securities

Each stapled security ranks equally with all other securities for the purpose of distributions and on termination of Novion.

(b) Placement of stapled securities

On 29 August 2014, 32,304,917 stapled securities were issued at $2.01 per stapled security pursuant to a distribution reinvestment plan (DRP) for a total value of $64.9 million.

On 19 December 2014, 271,990 stapled securities were issued at $2.17 per stapled security pursuant to an employee share acquisition plan (ESAP) for a total value of $0.6 million.

(c) Distribution reinvestment plan

There is a DRP in place for the period ended 31 December 2014, with the issue price being calculated as a 2% discount to Novion's weighted average market price for the 10 trading days commencing on the second trading day after the record date. On 28 February 2015, 26.6 million new stapled securities will be issued under the DRP at $2.12 per stapled security, and will raise $56.4 million.

8. Reserves

	Note	$m
Opening balance 1 July 2014		-
Share-based payment expense		1.5
Issue of shares to employees	7(b)	(0.6)
Acquisition of shares allocated to executives		(0.2)
Total reserves at 31 December 2014		**0.7**

9. Performance fee

Prior to internalisation, the Responsible Entity was entitled to a performance fee if Novion's total return (distributions and stapled security price performance) exceeded the benchmark provided by Standard & Poor's (S&P). Performance fees no longer accrue from the internalisation date of 24 March 2014. The performance fee expense recognised for the six months to 31 December 2013 was $7.3 million. This included capped performance fees of $5.3 million and an increase in the fair value of carry-over outperformance of $2 million. The $5.3 million liability at 30 June 2014 was paid in August 2014.

10. Fair value of financial assets and liabilities

(a) Fair value hierarchy

Novion has adopted the classification of fair value measurements into the following hierarchy as required by AASB 13 Fair Value Measurement:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents Novion's financial assets and financial liabilities measured and recognised at fair value on a recurring basis:

	Level 1		Level 2		Level 3		Total	
	31 Dec 2014 $m	30 Jun 2014 $m	31 Dec 2014 $m	30 Jun 2014 $m	31 Dec 2014 $m	30 Jun 2014 $m	31 Dec 2014 $m	30 Jun 2014 $m
Assets								
Derivative assets								
- interest rate swaps	-	-	-	1.4	-	-	-	1.4
- cross-currency swaps	-	-	55.1	-	-		55.1	-
Total assets	**-**	**-**	**55.1**	**1.4**	**-**	**-**	**55.1**	**1.4**
Liabilities								
Derivative liabilities								
- interest rate swaps	-	-	(69.0)	(51.1)	-	-	(69.0)	(51.1)
- cross-currency swaps	-	-	-	(10.4)	-	-	-	(10.4)
US MTNs	-	-	(578.8)(1)	(284.7)	-	-	(578.8)	(284.7)
Total liabilities	**-**	**-**	**(647.8)**	**(346.2)**	**-**	**-**	**(647.8)**	**(346.2)**

1) This is the carrying value of the USD denominated MTNs which are held at fair value. At reporting date, Novion has $40 million of $A-denominated, fixed rate US MTNs which are carried at amortised cost.

Novion did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 31 December 2014. There were no transfers between the levels of the fair value hierarchy in the six months to 31 December 2014.

(b) Valuation techniques used to determine fair values

The level 2 derivatives that Novion has at 31 December 2014 include interest rate swaps and cross-currency swaps. The fair values of these derivatives are calculated as the present value of the estimated future cash flows based upon quoted market inputs (specifically the forward price curve of interest rates) adjusted for counterparty risk of default for assets and Novion's risk of default for liabilities. The fair values of all derivative contracts have also been confirmed with counterparties to within acceptable tolerances. The fair value of USD denominated debt is calculated as the present value of the estimated future cash flows based on the observable yield curve. The USD denominated debt is adjusted for Novion's risk of default. Novion has no level 3 liabilities as at 31 December 2014.

10. Fair value of financial assets and liabilities (continued)

(c) Fair values of other financial instruments

The fair value of financial assets and liabilities included in the statement of financial position approximates their carrying value except for interest bearing borrowings. The fair values of interest bearing borrowings have been calculated by discounting the expected future cash flows by market swap rates applicable to the relevant term of the borrowing (for floating rate borrowings), and appropriate margins for borrowings with similar risk profiles. The carrying amounts and fair values of interest bearing borrowings for Novion are:

	Carrying amount 31 Dec 2014 $m	Fair value 31 Dec 2014 $m	Carrying amount 30 Jun 2014 $m	Fair value 30 Jun 2014 $m
Medium-term notes	1,307.8	1,352.8	1,113.7	1,167.8
Convertible notes	297.9	312.8	390.1	410.6
Cash advance facilities	1,181.8	1,190.9	1,300.3	1,315.2
Short-term notes	100.0	100.0	100.0	100.0
Total interest bearing borrowings	**2,887.5**	**2,956.5**	**2,904.1**	**2,993.6**

(d) Offsetting financial assets and liabilities

Derivative assets and liabilities are not offset in the balance sheet as Novion does not have a legally enforceable right to set-off these amounts. Agreements with derivative counterparties are based on an ISDA Master Agreement. Under the terms of these arrangements, only where certain credit events occur (such as default), the net position owing/receivable to a single counterparty will be taken as owing and all the relevant arrangements terminated.

The following table presents the recognised financial instruments that are offset as at 31 December 2014 and 30 June 2014:

	31 Dec 2014 $m		30 Jun 2014 $m	
	Derivative assets	Derivative liabilities	Derivative assets	Derivative liabilities
Carrying amount	55.1	(69.0)	1.4	(61.5)
Amounts offset in the event of default	(31.3)	31.3	(1.4)	1.4
Net amount	**23.8**	**(37.7)**	**-**	**(60.1)**

11. Capital Commitments

Estimated capital expenditure contracted for at reporting date, but not provided for:

	Consolidated 31 Dec 2014 $m
Not later than one year	61.4
Later than one year and not later than five years	128.8
Total capital commitments(1)	**190.2**

(1) Capital commitments relating to jointly controlled assets are $181.6 million.

12. Contingencies

As at reporting date, there were no material contingent assets or liabilities.

13. Events occurring after the reporting date

On 3 February 2015, Novion announced that a Merger Implementation Agreement had been entered into with Federation Centres (‘Federation’) to merge subject to certain conditions (the ‘Merger’). The Merger will create one of Australia’s largest real estate investment trusts (REITs) with over $22 billion in assets under management, invested across the full retail asset spectrum.

13. Events occurring after the reporting date (continued)

Implementation of the Merger by way of Novion schemes of arrangement requires the approval of Novion securityholders. If approved, Federation will act as the legal acquiring entity, issuing 0.8225 Federation securities in exchange for each Novion security. The Novion securityholders' vote is expected to be held at an Extraordinary General Meeting in May 2015. A meeting booklet will be mailed to securityholders in April 2015. If approved, the Merger is expected to be implemented in June 2015.

In addition to the approval of Novion securityholders of Novion schemes of arrangement, the Merger is also subject to other customary conditions including court approval, regulatory approvals and an independent expert concluding the Merger is fair and reasonable to, and in the best interest of, Novion securityholders.

The Directors are not aware of any other matter or circumstance that has arisen since 31 December 2014 that has significantly affected, or may significantly affect, Novion's operations, the results of those operations or the state of the affairs of Novion in future financial years other than those matters stated in this report.

NOVION PROPERTY GROUP
DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Novion RE Limited, the Responsible Entity for Novion Trust, we declare that:

(a) in the opinion of the Directors, the financial statements and notes set out on pages 8 to 24 are in accordance with the Corporations Act 2001, including:

 (i) giving a true and fair view of Novion and its controlled entities' financial position as at 31 December 2014 and of the performance for the half-year ended on that date, and

 (ii) complying with Accounting Standards, the Corporations Regulations 2001 and the Trust Constitution, and

(b) in the opinion of the Directors, there are reasonable grounds to believe that Novion and its controlled entities will be able to pay their debts as and when they become due and payable.

The Directors have been given declarations of the type required to be made to the Directors in accordance with section 295A of the Corporations Act 2001, for the half-year ended 31 December 2014.

Note 1 (a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Signed in accordance with the resolution of the Directors of Novion RE Limited.

R M Haddock AM
Chairman

Sydney
18 February 2015

Independent auditor's review report to the stapled security holders of Novion Trust

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Novion Trust (the registered scheme), which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Novion Property Group (the consolidated entity). The consolidated entity comprises both the registered scheme and the entities it controlled during that half-year, and Novion Limited and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of Novion RE Limited (the responsible entity) are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Novion Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Novion Trust is not in accordance with the *Corporations Act 2001* including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date;

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

V. Papageorgiou

Voula Papageorgiou
Partner

Sydney
18 February 2015

Key occupancy statistics

Direct portfolio as at 31 December 2014

Property	Vacant stores[1] (No.)	Occupancy rate (%)	FY15 expiries by area[2] (%)
Altona Gate Shopping Centre	2	99.3	34.6
Bayside Shopping Centre	4	99.1	12.3
Brimbank Shopping Centre	-	100.0	15.6
Broadmeadows Shopping Centre	-	100.0	16.0
Castle Plaza Shopping Centre	1	99.6	27.1
Chadstone Shopping Centre	-	100.0	17.7
Chatswood Chase Sydney	-	100.0	18.2
Clifford Gardens Shopping Centre	-	100.0	22.1
Corio Shopping Centre	3	94.3	19.4
Eastlands Shopping Centre	4	98.1	36.7
Elizabeth Shopping Centre	1	99.8	18.5
Emporium Melbourne	-	100.0	0.0
Forest Hill Chase	2	99.7	15.3
Grand Plaza Shopping Centre	-	100.0	22.5
Lake Haven Shopping Centre	-	100.0	20.3
Myer Melbourne	-	100.0	0.0
The Myer Centre Brisbane	1	99.9	19.7
Northgate Shopping Centre	2	99.2	24.6
Northland Shopping Centre	1	99.9	20.4
QueensPlaza	2	99.3	4.8
Rockingham Shopping Centre	1	99.8	35.8
Roxburgh Park Shopping Centre	-	100.0	0.0
Runaway Bay Shopping Village	1	99.9	24.3
Shopping centre portfolio	**25**	**99.6**	**18.7**
DFO retail outlet centres			
DFO Essendon	-	100.0	7.2
DFO Homebush	-	100.0	2.6
DFO Moorabbin	-	100.0	8.7
DFO South Wharf	1	99.7	22.2
Total portfolio	**26**	**99.7**	**17.1**

Notes:

1. Vacancies do not include holdovers.
2. Proportion of specialty store leases expiring in the six months to 30 June 2015, including vacancies and holdovers.

Total portfolio sales by store type

Direct Portfolio for the year ended 31 December 2014

Store type	Comparable[1] MAT 31-Dec-14 ($m)	Comparable[1] MAT Growth (%)	Actual MAT 31-Dec-14 ($m)	Actual MAT Growth (%)
Department stores	623	(1.1)	636	(2.1)
Discount department stores	542	(5.0)	692	(4.8)
Supermarkets	1,156	0.3	1,655	(0.2)
Mini-majors	604	1.4	754	1.1
Retail specialty stores	2,463	2.8	2,851	2.9
Other retail[2]	346	(2.6)	466	(0.1)
Shopping centre portfolio	**5,734**	**0.6**	**7,054**	**0.5**
DFO retail outlet centres	483	7.8	756	29.1
Total Direct Portfolio	**6,217**	**1.1**	**7,810**	**2.7**

Notes:

1. Comparable centres refer to those centres that are not undergoing or have not undergone substantial redevelopment in either period of comparison.
2. Other retail includes cinemas and sales reporting tenancies under 400 sqm including travel agents, auto accessories, Lotto and other entertainment and non-retail stores.

Totals may not sum due to rounding.

Total centre sales

Direct Portfolio shopping centres for the year ending 31 December 2014

Property	MAT 31-Dec-14 ($m)	MAT growth (%)	MAT 31-Dec-14 ($/sqm)
Bayside Shopping Centre	394	3.7	4,751
Broadmeadows Shopping Centre	272	(5.2)	4,985
Castle Plaza Shopping Centre	151	(1.5)	7,161
Chadstone Shopping Centre	1,418	0.7	9,702
Chatswood Chase Sydney	538	3.2	9,443
Clifford Gardens Shopping Centre	199	(5.8)	7,754
Corio Shopping Centre	164	0.9	6,665
Eastlands Shopping Centre	221	2.3	6,922
Grand Plaza Shopping Centre	356	0.8	7,018
The Myer Centre Brisbane	347	(3.1)	5,652
Northgate Shopping Centre	130	1.7	7,388
Northland Shopping Centre	511	3.8	5,805
QueensPlaza	268	0.1	7,579
Rockingham Shopping Centre	481	(0.7)	8,433
Runaway Bay Shopping Village	284	2.6	7,970
Comparable[1] shopping centre portfolio	**5,734**	**0.6**	**7,262**
Development impacted centres			
Altona Gate Shopping Centre	121	(4.6)	5,491
Brimbank Shopping Centre	176	5.9	5,218
Elizabeth Shopping Centre	345	(1.7)	5,918
Forest Hill Chase	289	3.4	5,400
Lake Haven Shopping Centre	254	(4.0)	8,006
Roxburgh Park Shopping Centre	136	2.9	6,569
Total shopping centre portfolio	**7,054**	**0.5**	**6,988**

Notes:

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

Totals may not sum due to rounding.

Retail specialty store sales[1]

Direct Portfolio shopping centres for the year ending 31 December 2014

novion Property Group

Property	MAT 31-Dec-14 ($m)	MAT growth (%)	MAT 31-Dec-14 ($/sqm)	MAT Urbis retail Avg 13/14 ($/sqm)	Occ cost[2] 31-Dec-14 (%)	Occ cost[2] Urbis retail Avg 13/14 (%)
Bayside Shopping Centre	158	6.3	6,801	9,294	18.8	18.7
Broadmeadows Shopping Centre	92	(0.5)	6,113	8,013	18.8	15.9
Castle Plaza Shopping Centre	43	0.1	8,797	7,970	14.0	13.8
Chadstone Shopping Centre	799	2.6	15,412	11,956	17.4	18.3
Chatswood Chase Sydney	281	3.9	12,994	9,294	15.7	18.7
Clifford Gardens Shopping Centre	68	(0.1)	9,479	7,970	12.9	13.8
Corio Shopping Centre	44	1.0	5,553	7,970	15.7	13.8
Eastlands Shopping Centre	63	(0.8)	7,122	8,013	15.1	15.9
Grand Plaza Shopping Centre	110	5.1	9,256	9,294	16.6	18.7
The Myer Centre Brisbane	143	(0.6)	10,879	11,966	21.2	20.7
Northgate Shopping Centre	52	(1.8)	8,898	7,970	13.5	13.8
Northland Shopping Centre	234	5.1	8,202	9,294	21.2	18.7
QueensPlaza	139	4.5	19,782	11,966	15.6	20.7
Rockingham Shopping Centre	166	2.2	9,203	9,294	15.1	18.7
Runaway Bay Shopping Village	72	6.1	8,489	8,013	13.9	15.9
Comparable[3] shopping centre portfolio	**2,463**	**2.8**	**10,554**		**17.2**	
Development impacted centres						
Altona Gate Shopping Centre	40	(3.6)	6,574	7,970	15.8	13.8
Brimbank Shopping Centre	44	11.3	5,460	8,013	17.2	15.9
Elizabeth Shopping Centre	122	0.4	7,059	9,294	17.2	18.7
Forest Hill Chase	83	5.3	6,176	8,013	17.6	15.9
Lake Haven Shopping Centre	72	1.0	9,166	7,970	13.6	13.8
Roxburgh Park Shopping Centre	29	15.7	5,044	6,743	15.4	12.7
Total shopping centre portfolio	**2,851**	**2.9**	**9,779**		**17.1**	

Notes:
1. Retail specialty stores are sales reporting tenancies under 400 sqm excluding travel agents, auto accessories, Lotto and other entertainment and non-retail stores.
2. Occupancy cost includes GST and marketing levy.
3. Comparable centres refer to those centres that are not undergoing or have not undergone substantial redevelopment in either period of comparison.
Totals may not sum due to rounding.

DFO retail outlet centre sales

Direct Portfolio for the year ending 31 December 2014

Total centre sales	MAT 31-Dec-14 ($m)	MAT growth (%)	MAT 31-Dec-14 ($/sqm)
DFO Essendon[1]	151	4.1	7,756
DFO Moorabbin	123	6.6	5,217
DFO South Wharf[1]	208	11.4	7,077
Comparable[2] DFO portfolio	**483**	**7.8**	**6,653**
Development impacted centre			
DFO Homebush	273	98.3	9,541
Total DFO portfolio	**756**	**29.1**	**7,471**

Specialty store sales	MAT 31-Dec-14 ($m)	MAT growth (%)	MAT 31-Dec-14 ($/sqm)	Occ cost[3] 31-Dec-14 (%)
DFO Essendon[1]	142	3.6	8,113	11.3
DFO Moorabbin	106	5.3	5,682	12.6
DFO South Wharf[1]	158	5.6	7,625	11.7
Comparable[2] DFO portfolio	**406**	**4.8**	**7,136**	**11.8**
Development impacted centre				
DFO Homebush	216	85.2	13,015	9.4
Total DFO portfolio	**621**	**23.4**	**8,463**	**11.1**

Notes:
1. Excluding Homemaker Hub as not all tenancies report sales.
2. Comparable centres refer to those centres that are not undergoing or have not undergone substantial redevelopment in either period of comparison.
3. Occupancy cost includes GST and marketing levy.

Totals may not sum due to rounding.

Valuations

Direct Portfolio as at 31 December 2014

novion Property Group

Property	Valuation company	Valuation date	Independent valuation ($m)	Passing income ($m)	Discount rate[1] (%)	Terminal yield (%)	Capitalisation rate (%)
Altona Gate Shopping Centre	Urbis	Nov 14	85.5	7.6	9.00	8.25	8.00
	m3 Property	Nov 13	73.9	6.6	9.75	8.50	8.25
Bayside Shopping Centre[3]	JLL	Jun 14	561.2	36.8	8.50	6.50	6.25
	Knight Frank	Jun 13	583.5	36.9	9.00	6.25	6.25
Brimbank Shopping Centre	Urbis	Jun 14	156.4	12.1	9.25	8.00	7.75
	Knight Frank	Jun 13	160.0	12.5	9.35	8.00	7.75
Broadmeadows Shopping Centre[3]	JLL	Jun 14	316.0	24.3	9.00	7.75	7.50
	JLL	Jun 13	325.0	24.5	9.00	7.75	7.50
Castle Plaza Shopping Centre[3]	JLL	Nov 14	144.9	10.2	9.00	7.75	7.50
	Savills	Nov 13	145.0	10.1	9.75	8.25	8.00
Chadstone Shopping Centre[2,3]	JLL	Dec 14	1,825.0	n.a.	8.00	5.25	5.00
(50% interest)	JLL	Dec 13	1,675.0	88.2	8.00	5.50	5.25
Chatswood Chase Sydney	CBRE	May 14	889.2	51.3	8.25	5.75	5.50
	JLL	May 13	845.0	47.7	8.50	6.00	5.75
Clifford Gardens Shopping Centre	Urbis	Dec 14	185.8	13.1	8.75	7.00	6.75
	Urbis	Jun 14	168.6	13.2	9.25	7.75	7.50
Corio Shopping Centre	Urbis	Nov 14	123.3	10.0	9.00	8.00	7.75
	Urbis	Nov 13	117.1	10.4	9.25	8.50	8.25
DFO Essendon[3]	Savills	Dec 14	152.5	15.5	9.25	7.75	7.25
	Savills	Jun 14	141.5	15.1	9.50	7.75	7.50
DFO Homebush	Savills	Dec 14	321.0	20.4	8.75	6.50	6.25
	Savills	Dec 13	250.0	18.6	9.00	7.00	6.75
DFO Moorabbin	Savills	Dec 14	103.5	11.0	9.25	8.25	7.75
	Savills	Jun 14	100.0	10.3	9.50	8.50	8.00
DFO South Wharf [3]	Savills	Dec 14	285.9	23.2	9.25	7.25	6.75
(75% interest)	Savills	Jun 14	272.4	22.8	9.50	7.25	7.00
Eastlands Shopping Centre	m3 Property	Nov 14	158.8	10.8	9.00	7.25	7.00
	Urbis	Nov 13	161.2	11.5	9.50	7.50	7.25
Elizabeth Shopping Centre[3]	CBRE	Jun 14	357.5	27.7	8.75	7.25	7.00
	CBRE	Jun 13	361.0	26.7	9.00	7.25	7.00
Emporium Melbourne[2]	Savills	Jun 14	442.0	n.a.	8.50	5.75	5.50
(50% interest)	JLL	Jun 13	325.0	n.a.	n.a.	n.a.	n.a.
Forest Hill Chase[3]	CBRE	May 14	270.0	19.8	8.75	7.50	7.25
	JLL	May 13	278.5	20.7	9.00	7.50	7.25
Grand Plaza Shopping Centre	Savills	Dec 14	178.0	11.8	8.75	6.75	6.50
(50% interest)	Savills	Jun 14	173.0	12.1	9.00	7.00	6.75
Lake Haven Shopping Centre[3]	JLL	Nov 14	265.5	19.2	9.00	7.25	7.00
	Savills	Nov 13	251.4	19.4	9.00	7.75	7.50
Myer Bourke Street	CBRE	Dec 14	122.7	7.1	8.00	6.25	5.75
(33% interest)	Knight Frank	Dec 13	114.4	6.9	8.50	6.15	6.00
The Myer Centre Brisbane	Knight Frank	Nov 14	382.5	24.0	8.50	6.00	6.00
(50% interest)	Knight Frank	Nov 13	374.0	24.2	8.75	6.38	6.25
Northgate Shopping Centre	m3 Property	May 14	90.6	7.8	10.00	8.50	8.25
	Colliers International	May 13	88.5	7.3	10.00	8.50	8.25
Northland Shopping Centre[2]	Knight Frank	Jun 14	477.5	30.0	8.35	5.85	5.80
(50% interest)	Knight Frank	Dec 13	470.5	30.2	8.65	6.00	6.00
QueensPlaza	CBRE	May 14	635.0	36.4	8.25	5.75	5.50
	Knight Frank	May 13	570.0	33.8	8.50	6.00	5.75
Rockingham Shopping Centre[3]	CBRE	Dec 14	278.0	17.1	8.50	6.25	6.00
(50% interest)	CBRE	Jun 14	273.5	17.3	8.75	6.50	6.25
Roxburgh Park Shopping Centre[3]	Colliers International	Dec 14	100.4	7.5	8.75	7.75	7.50
	Colliers International	Jun 14	94.4	7.2	8.75	8.00	7.75
Runaway Bay Shopping Village[3]	Knight Frank	Dec 14	126.0	8.6	8.75	7.00	6.75
(50% interest)	Knight Frank	Jun 14	119.3	8.8	9.00	7.50	7.25

Notes:

1. Used to calculate discounted cash flow over 10 years.
2. Valuation represents the market value assuming development works were complete at the date of valuation less the cost to complete those works. Forecast income on completion is used to determine value on completion.
3. Property values include ancillary assets.

Reconciliation of book values

Direct Portfolio as at 31 December 2014, $m

Property	Book value 30-Jun-14	Acquisitions/ (Divestments)	Capex and incentives	Straight-lining revenue	Independent valuation changes	AIFRS revaluation changes	Book value 31-Dec-14
Investment properties							
Altona Gate Shopping Centre	78.5	-	4.7	0.1	2.4	(0.1)	85.6
Bayside Shopping Centre	561.2	-	4.9	0.1	-	(0.1)	566.1
Brimbank Shopping Centre	156.4	-	0.3	0.1	-	(0.1)	156.7
Broadmeadows Shopping Centre	316.0	-	1.1	0.2	-	(0.2)	317.1
Castle Plaza Shopping Centre	151.8	-	2.4	-	(4.3)	-	149.9
Chadstone Shopping Centre	1,682.3	-	28.9	(1.3)	114.1	1.3	1,825.3
Chatswood Chase Sydney	889.7	-	0.1	(0.6)	-	0.6	889.8
Clifford Gardens Shopping Centre	168.6	-	0.1	(0.1)	17.1	0.1	185.8
Corio Shopping Centre	117.0	-	0.3	-	6.0	-	123.3
DFO Essendon	141.5	-	0.1	(0.2)	11.0	0.2	152.6
DFO Homebush	270.9	-	(0.9)	0.8	51.0	(0.8)	321.0
DFO Moorabbin	100.0	-	0.2	0.1	3.3	(0.1)	103.5
DFO South Wharf	272.4	-	0.1	(0.6)	13.5	0.6	286.0
Eastlands Shopping Centre	165.2	-	0.5	(0.4)	(3.8)	0.4	161.9
Elizabeth Shopping Centre	357.5	-	2.1	(0.3)	-	0.3	359.6
Emporium Melbourne	442.0	-	27.1	1.8	-	(1.8)	469.1
Forest Hill Chase	270.3	-	-	0.1	-	(0.1)	270.3
Grand Plaza Shopping Centre	174.0	-	0.3	(0.1)	4.7	0.1	179.0
Lake Haven Shopping Centre	253.2	-	5.0	(0.2)	8.5	0.2	266.7
Myer Bourke Street	114.5	-	0.1	-	8.2	-	122.8
The Myer Centre Brisbane	375.0	-	1.1	0.1	6.9	(0.1)	383.0
Northgate Shopping Centre	90.6	-	0.3	-	-	-	90.9
Northland Shopping Centre	477.5	-	3.5	0.3	-	(0.3)	481.0
Post Office Square[1]	71.1	(67.0)	-	(0.5)	(4.1)	0.5	(0.0)
QueensPlaza	635.0	-	3.1	0.6	-	(0.6)	638.1
Rockingham Shopping Centre	273.5	-	-	(0.2)	4.5	0.2	278.0
Roxburgh Park Shopping Centre	94.4	-	-	0.1	6.0	(0.1)	100.4
Runaway Bay Shopping Village	119.3	-	0.5	-	6.3	-	126.1
Sundry[2]	11.0	-	(0.4)	-	(1.1)	-	9.5
Total	**8,830.4**	**(67.0)**	**85.5**	**(0.1)**	**250.2**	**0.1**	**9,099.1**
Property held via investment in associate							
Bent Street Trust (The Entertainment Quarter)[3]	35.2	(40.0)	1.4	-	3.4	-	0.0
Grand total	**8,865.6**	**(107.0)**	**86.9**	**(0.1)**	**253.6**	**0.1**	**9,099.1**

Notes:

1. On 27 November 2014, Post Office Square was sold for $67.0 million.
2. 15 Bowes Street, Woden
3. Novion holds 50% of the units in Bent Street Trust. On 23 December 2014, Novion's share of the leasehold interest in The Entertainment Quarter, Sydney, which was 100% owned by the Bent St Trust, was sold for $40.0 million.

Debt summary

As at 31 December 2014

Key debt statistics[1]

Total borrowings[2]	$2,841m
Borrowings as a proportion of total assets[3]	29.4%
Weighted average interest rate (including margins and line fees)	5.3%
Weighted average debt maturity	3.9 years
Portion of debt hedged[4]	82.9%
Weighted average interest rate on hedged debt (excluding margins and fees)[5]	4.9%
Weighted average maturity of hedged debt[5]	3.5 years

Credit rating

	Short term	Long term
Standard & Poor's	A-1	A

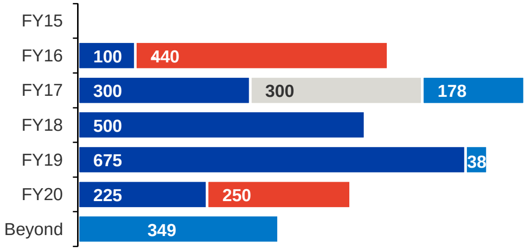
Debt position as at 31 Dec 2014 (AUD)[1]

Type	Maturity	Facility size ($m)	Drawn ($m)	Undrawn ($m)
Bank debt facility	Aug-15	100.0	50.6	49.4
Bank debt facility	Nov-16	100.0	100.0	-
Bank debt facility	May-17	100.0	100.0	-
Bank debt facility	May-17	100.0	100.0	-
Bank debt facility	Mar-18	250.0	240.0	10.0
Bank debt facility	May-18	250.0	247.0	3.0
Bank debt facility[5]	Aug-18	300.0	36.0	214.0
Bank debt facility	Dec-18	125.0	125.0	-
Bank debt facility	Jan-19	100.0	89.0	11.0
Bank debt facility[5]	Jan-19	150.0	100.0	-
Bank debt facility	Nov-19	225.0	-	225.0
Short term notes (STNs)	Jan/Feb-15	-[5]	100.0	-[5]
Medium term notes (MTNs)	May-16	440.0	440.0	-
Medium term notes (MTNs)	Dec-19	250.0	250.0	-
Convertible notes	Jul-16	299.5	299.5	-
US Private Placement[6]	Feb-17	177.6	177.6	-
US Private Placement[6]	Feb-19	38.0	38.0	-
US Private Placement[7]	Jul-22	40.0	40.0	-
US Private Placement[8]	Jul-24	60.9	60.9	-
US Private Placement[9]	Dec-25	45.7	45.7	-
US Private Placement[8]	Jul-27	19.3	19.3	-
US Private Placement[9]	Dec-27	68.5	68.5	-
US Private Placement[9]	Dec-29	114.2	114.2	-
Total		**3,353.7**	**2,841.3**	**512.4**

Notes:
1. Adjusted for $400 million of bank debt facilities repriced post the period.
2. Borrowings is the amount of debt drawn as per Note 6(c) of the Interim Report equal to $2,841.3 million.
3. Total assets excludes the fair value of derivative financial instruments of $55.1 million.
4. Including all fixed-rate debt.
5. The bank debt facilities expiring in August 2018 and January 2019 include same day funding facilities. The STNs are backed by these facilities and as such, do not add to the overall capacity of Novion, and for this reason are not included in the debt charts.
6. Converted to AUD at AUD/USD 0.7885.
7. This tranche of the USPP is denominated in AUD.
8. Converted to AUD at AUD/USD 0.9855.
9. Converted to AUD at AUD/USD 0.8756 (Dec-25), 0.8755 (Dec-27) and 0.8754 (Dec-29) respectively.

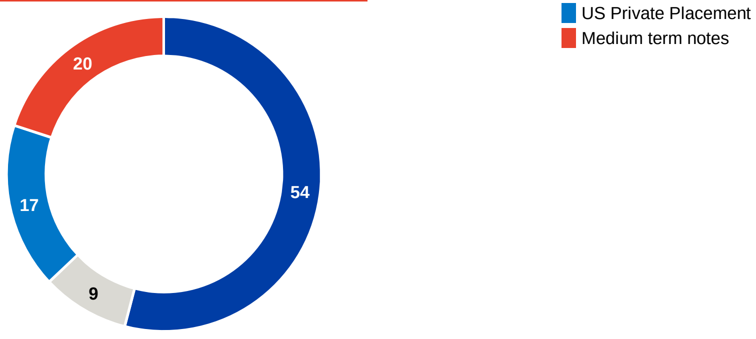
Debt maturity profile

($m)



Sources of debt

(%)



Hedge maturity profile[4]

For the financial years ended