novion
Property Group

Emporium Melbourne, VIC

FY15 interim results December 2014

18 February 2015

Chadstone Shopping Centre, VIC

novion
Property Group

Angus McNaughton

Managing Director and CEO

DFO Homebush, NSW

Agenda

- **Angus McNaughton**
  Managing Director and CEO
  Merger, 1H15 scorecard, operational review and retail environment
- **Richard Jamieson**
  Chief Financial Officer
  Financial results and capital management
- **Michael Gorman**
  Deputy CEO and Chief Investment Officer
  Direct Portfolio information, Strategic Partnerships and investing responsibly
- **Daryl Stubbings**
  Head of Developments
  Development
- **Angus McNaughton**
  Managing Director and CEO
  Summary and FY15 outlook

Chatswood Chase Sydney, NSW

Merger of Novion and Federation

Creating significant value and growth

- On 3 February 2015, Novion Property Group (Novion) and Federation Centres (Federation) entered into a Merger Implementation Agreement[1] to merge subject to certain conditions (the Merger)
- Creates **one of Australia's leading REITs**, with over $22b in AUM invested across the full retail asset spectrum (the Merged Group)
- Combines **two highly complementary platforms** to provide Novion and Federation securityholders with an enhanced investment proposition relative to each group on a stand-alone basis
- The Novion and Federation Boards unanimously support the Merger and believe it represents a **unique and compelling opportunity that creates significant value for both Novion and Federation securityholders**

Emporium Melbourne, VIC

1. The Merger Implementation Agreement was annexed to the ASX Announcement released to the Australian Securities Exchange (ASX) on 3 February 2015.

Merger of Novion and Federation

Strategic rationale – summary

Increased portfolio scale and expertise

- Creates one of Australia's leading REITs, with over $22b in AUM invested across the full retail asset spectrum
- #1 owner/manager of Australian sub-regional and outlet centres
- #2 owner/manager of Australian super-regional and regional centres combined
- Brings together each group's expertise to create an industry leading executive team

Material value creation via cost savings and future opportunities

- Expected to result in at least $42m p.a. of net operational cost savings (upon full integration) and $35m p.a. of net mark-to-market financing savings (crystallised on implementation), with a further $7m p.a. of expected cashflow savings via capitalised costs (within 12 months) totalling net cost savings of at least $84m p.a.[1]
- Operational cost savings alone have the potential to create over $700m of value for Novion and Federation securityholders[1]
- Opportunities for additional revenue and strategic synergies to be extracted over time

Significant earnings and distribution accretion for each group

- Novion FY15 pro forma EPS and DPS accretion of +14.6% and +8.9% respectively[1]
- Federation FY15 pro forma EPS and DPS accretion of +5.8% and +8.1% respectively[1]

DFO Homebush, NSW

1. Refer to slide 7 of the presentation released to the ASX on 3 February 2015.

Merger of Novion and Federation
Strategic rationale – summary (continued)

Improved growth opportunities
- Ability to apply each group's operational expertise and active management capability across the enlarged portfolio
- Provides the capability to unlock and optimise the combined development pipeline of $2.5b
- Opportunity to integrate and expand Strategic Partnerships

Enhanced asset, geographic and tenant diversification
- Scale and relevance across all major retail asset classes
- Exposure to all key Australian retail markets
- Balanced exposure to discretionary and non-discretionary retail spending
- One of the largest retail landlords in Australia with more than 9,500 tenancies

Greater relevance for equity and debt investors
- Market capitalisation of over $11b[1] – the third largest A-REIT and an ASX top 30 entity
- Enlarged balance sheet to provide greater funding flexibility and increased diversification of funding (by source and tenor)

Chatswood Chase Sydney, NSW

1. Based on the combination of Novion's and Federation's stand-alone market capitalisations as at 2 February 2015.

Merger of Novion and Federation
Key details – Implementation

Implementation

- Merger to be implemented via Novion schemes of arrangement, which will require Novion securityholder approval
- Federation acting as the legal acquiring entity was determined to be the most efficient transaction structure having regard to the existing corporate structures of Novion and Federation
- Each Novion security will be exchanged for 0.8225 Federation securities, implying a value of $2.55 per Novion security – a 9.9% premium to Novion's closing price on 2 February 2015[1]
- Novion securityholders will own ~64% of the Merged Group; Federation securityholders will own ~36%
- The Merged Group is expected to transition to a new corporate name as part of the integration process
- All existing Novion and Federation debt is expected to be refinanced
- Potential pre-emptive rights over 50% interests in six assets valued at $0.8 billion are assumed not to be triggered[2]
- A scheme booklet (which will include an independent expert's report) is expected to be sent to Novion securityholders in April 2015, ahead of a securityholder meeting in May 2015 and if approved, implementation in June 2015

1. Relative to Novion's closing price of $2.32 on 2 February 2015, the day prior to the announcement of the Merger.
2. Represents the current book value of interests potentially subject to pre-emptive rights. If exercised, these are not considered to be material to the medium/long-term performance of the Merged Group.

Merger of Novion and Federation

Key details – Governance, Board support and Novion's largest securityholder intention

Governance	• Peter Hay (a current Novion Independent Non-executive Director) will be Chairman of the Merged Group • Steven Sewell (current Federation CEO) will be CEO of the Merged Group • Highly experienced Board and senior executive team that draws on the breadth of both groups' skills and expertise • Corporate office expected to be consolidated in a single location, with regional offices in other cities
Board support and Gandel Group intention	• Novion's Board unanimously recommends the Merger, in the absence of a superior proposal and subject to an independent expert concluding the Merger is fair and reasonable to, and in the best interests of, Novion securityholders • Federation's Board believes the Merger is in the best interest of Federation securityholders and is unanimous in its support of the Merger • Novion's largest securityholder, the Gandel Group (which has a 21.6% direct interest in Novion[1] and is the co-owner of Novion's largest asset, Chadstone Shopping Centre), has advised that it intends to vote in favour of the Merger based on the disclosed Merger terms and in the absence of a superior proposal

1. The Gandel Group has a 26.2% relevant interest in Novion securities, comprising a 21.6% direct interest and a 4.6% interest held pursuant to a right of first refusal arrangement with Commonwealth Bank of Australia.

1H15 scorecard

Delivering on strategy

Intensive asset management

- ✓ Maintained **effectively full occupancy** of 99.7% (Jun-14: 99.7%)
- ✓ 2.0% like-for-like[1,2] net property income growth (Dec-13: 1.7%)
- ✓ 538 **leases executed** (49% of the total number of FY15 expiries)
- ✓ $10,554/sqm for comparable[3] specialty stores (Jun-14: $10,457)
- ↔ Comparable specialty sales **growth of 2.8%** (Jun-14: 2.2%; target 3.0%)

Disciplined investment and capital management

- ✓ **Sold $107m of non-core assets**
- ✓ **Commenced construction of a $580m**[4] **redevelopment** of Chadstone Shopping Centre
- ✓ Issued US$200m of **long-dated** US Private Placement (USPP) notes
- ✓ Raised $64.9m through the Dividend and Distribution Reinvestment Plan (DRP)
- ✓ Maintained S&P long-term **credit rating of 'A'**[5]

Operational excellence

- ✓ Operational review outcomes to offset dilution from non-core asset sales enabling **FY15 distribution guidance to be maintained**

Strategic Partnerships

- ✓ **Acquired three assets** for Novion Enhanced Retail Fund (NERF) for $198m[6]
  - Bathurst City Centre, NSW
  - Gateway Plaza, Leopold VIC, and
  - Mildura Central, VIC[7]

1. Net property income (NPI) and like-for-like NPI are unaudited, non-IFRS financial information and are not key profit measures of Novion. They are used by management to monitor the performance of the Direct Portfolio. Refer to **Appendix 2** for the calculation of NPI and like-for-like NPI.
2. Adjusted for changes in ownership of properties, and significant one-off items, impacting either period and excluding development impacted centres.
3. Comparable centres refer to those centres that are not undergoing or have not undergone substantial redevelopment in either period of comparison.
4. Novion Direct Portfolio share is $290m.
5. S&P credit watch negative following the Merger announcement.
6. Excluding acquisition costs.
7. Settled post the period.

Operational review

Initiatives implemented offset dilution from non-core asset sales

- Post Internalisation[1] we commenced an operational review to ensure we have the most efficient and effective operating model and organisational structure

Initiatives implemented

- Reduction in corporate overheads
- Reduction in cash holdings applied to reduce debt and interest expense
- Comprehensive review of outgoings completed

Other initiatives

- Reducing downtime on vacant stores
- Intensifying our focus on income, cost efficiencies and customer experience at a centre level
- Potential organisational changes were placed on hold pending the outcome of the Merger

Roxburgh Park, VIC

1. Internalisation of the Group was completed on 24 March 2014.

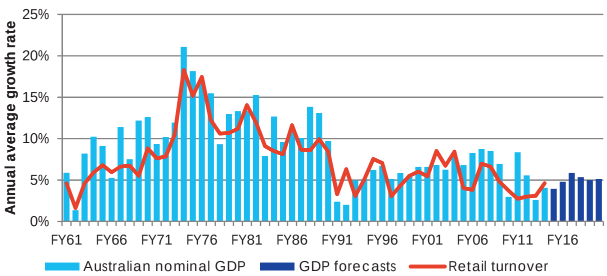
Retail environment

A number of indicators remain supportive towards Australian retail sales

Economic growth remains solid but sub trend

Australian national economic and retail sales growth

Q4 2014 forecasts

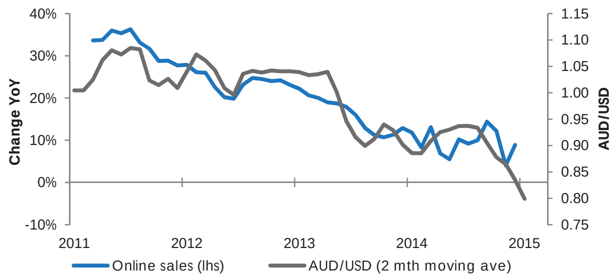


Source: Australian Bureau of Statistics, Deloitte Access Economics and Novion Research.

Online sales growth continues to decline

Online spending and the AUD/USD

Monthly rests, online data to Dec-14, AUD/USD to Jan-15

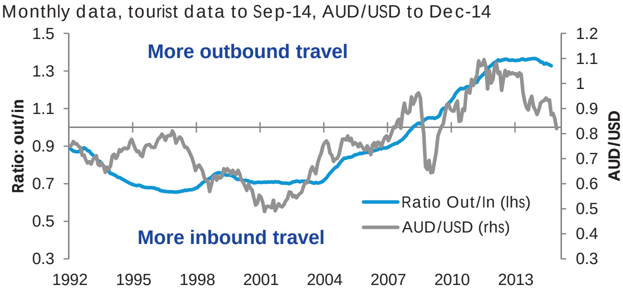


Source: NAB, Reserve Bank of Australia and Novion Research.

More tourist dollars to remain onshore

Ratio of outbound to inbound tourists and AUD/USD

Monthly data, tourist data to Sep-14, AUD/USD to Dec-14

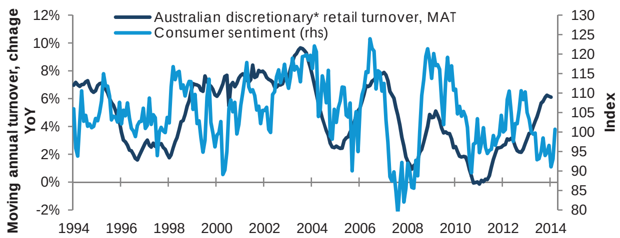


Source: Australian Bureau of Statistics and Novion Research.

Choppy sentiment tempers rebound in retail sales

Discretionary retail trade and consumer sentiment

Monthly rests, sentiment to Jan-15, retail to Nov-14



* Includes household goods, clothing and footware, dept store, recreational, restaurant and takeaway sale.

Source: Australian Bureau of Statistics and Novion Research.

Myer Bourke Street, VIC

Richard Jamieson

Chief Financial Officer

FY15 interim results

Financial snapshot

	31-Dec-14	31-Dec-13	Change (%)
Net profit ($m)	412.7	188.2	119.3
Net property income (NPI)($m) [1]	306.7	272.8	12.4
Distributable income ($m)[2]	210.5	194.9	8.0
Distribution per security (cents)	6.9	6.8	1.5
	31-Dec-14	**30-Jun-14**	
Total assets ($b)	9.7	9.5	2.7
NTA ($ per security)	1.97	1.90	3.7
NAV ($ per security)	2.09	2.02	3.5
Gearing (%)[3]	29.4	30.9	

Net profit driven by strong property valuation growth and income growth

- Property valuation gains of $254m, up 5.6%
- Like-for-like NPI[1] increased 2.0%
- Distributable income is up 8.0%
- NTA is up 3.7%

1. Refer to footnotes 1 and 2 on slide 10.
2. Distributable income is a key non-IFRS earnings measure used by management to assess the performance of Novion. It represents Novion's underlying and recurring earnings from ordinary operations. Refer to **Appendix 2** for the reconciliation of net profit to distribution.
3. Gearing equals borrowings as a percentage of total assets. Total assets excludes the fair value of derivatives. Borrowings is the amount of debt drawn.

Capital management
Key debt metrics improved

	31-Dec-14[1]	30-Jun-14
Weighted average interest rate (%)[2]	5.3	5.3
Weighted average debt duration (years)	3.9	3.5
Proportion of debt hedged (%)[3]	82.9	87.1
Undrawn debt facilities ($m)	512	393
Long-term credit rating (S&P)	A[4]	A
Gearing (%)	29.4	30.9
Interest cover ratio (times)[5]	3.2	3.2
Loan to value ratio (%)[5]	34	36

The debt profile has improved, with an extended duration and greater diversity

- Repaid $92.3m of August 2014 convertible notes and $100m of medium term notes
- Issued US$200m of USPP notes
  - three tranches from 11 to 15 years
- Post the period, repriced $400m of bank debt facilities
- Balance sheet remains in a strong position

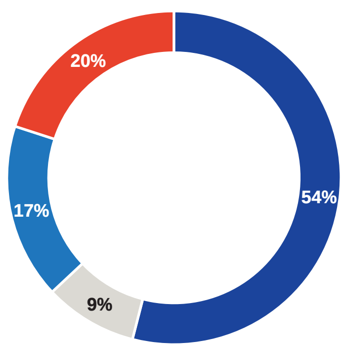
1. Adjusted for $400m of bank debt facilities repriced post the period.
2. Including line fees and margins.
3. Including all fixed-rate debt and excluding fees and margins.
4. S&P credit watch negative following the Merger announcement.
5. As defined in the Interim Report released to the ASX today.

Capital management
No debt expiry remaining in FY15

Debt maturity profile		Facilities expiring ($m)	Facilities expiring (%)
FY15		-	-
FY16	100, 440	540	16
FY17	300, 300, 178	778	23
FY18	500	500	15
FY19	675, 38	713	21
FY20	225, 250	475	14
BEYOND	349	349	10
Total facilities		**3,354**	**100**
Drawn debt		2,841	
Undrawn debt		512	

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

Sources of debt



- Debt remains well diversified by source and duration
- Only $100m of debt expiring over the next 12 months
- Sufficient undrawn facilities to repay July 2016 convertible notes[1]

1. Novion's security price has traded above the conversion price of the July 2016 convertible notes since the announcement of the Merger.

QueensPlaza, QLD

Michael Gorman

Deputy CEO and Chief Investment Officer

Direct Portfolio – total retail sales

Portfolio sales growth driven by specialty stores and the DFO portfolio

Retail sales by category For the year ended 31-Dec-14	Comparable MAT ($m)	Comparable Annual growth (%)	Actual MAT ($m)	Actual Annual 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
Specialty stores	2,463	2.8	2,851	2.9
Other retail[1]	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 portfolio	**6,217**	**1.1**	**7,810**	**2.7**

Comparable specialty store sales MAT growth of 2.8%, up from 2.2% at Jun-14

- Majors sales remain weak
- Discount department stores are repositioning
- DFO portfolio continues to report strong sales growth

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.

Direct Portfolio – specialty retail sales

Most specialty store categories reporting steady growth

Sales by specialty category[1] For the year ended 31-Dec-14	MAT ($)	Annual growth (%)
Food retail	160	1.0
Food catering	350	2.9
Apparel	840	(0.3)
Jewellery	205	3.4
Leisure	153	3.8
General retail[2]	196	3.3
Homewares	272	3.9
Mobile phones	105	19.2
Retail services	181	7.7
Total retail specialty	**2,463**	**2.8**

NOTE: Numbers may not total due to rounding.

Performance measures[1] As at:	Dec-14	Jun-14	Dec-13	Jun-13
Occupancy cost (%)	17.2	17.1	17.4	17.3
Sales ($/sqm)	10,554	10,457	10,090	10,066

Mobile phones, retail services and food continue to drive specialty sales growth

- While apparel sales remained flat, other discretionary categories were strong
- Occupancy costs relatively stable at 17.2%

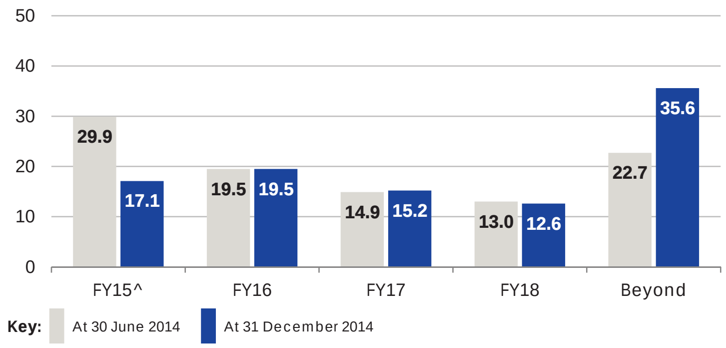
1. Specialty stores in comparable shopping centres.
2. General retail includes giftware, pharmacy and cosmetics, pets, discount variety, florists and toys.

Direct Portfolio – retail environment

Leasing spreads show a slight improvement

Retail specialty store lease expiry profile

By gross lettable area (%)



Re-leasing spreads

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

	Total portfolio			Total portfolio (ex-DFO)		
	Jun-14 leasing spread (%)	Dec-14 leasing spread (%)	% of expiring leases	Jun-14 leasing spread (%)	Dec-14 leasing spread (%)	% of expiring leases
Renewals	(3.5)	(3.5)	75	(5.2)	(5.1)	80
Replacement	(6.1)	(3.9)	25	(7.9)	(7.7)	20
Total	(4.3)	(3.6)	100	(6.1)	(5.7)	100

On track with FY15 lease expiries

- Occupancy: 99.7% (Jun-14: 99.7%)
- Vacancies: 26 stores (Jun-14: 36)
- 538 leasing deals completed (49% of the total number of FY15 expiries)
- Maintained fixed 5% annual increases on new specialty store leases
- Holdovers remain steady at 7%
- Leasing spreads have improved but remain negative

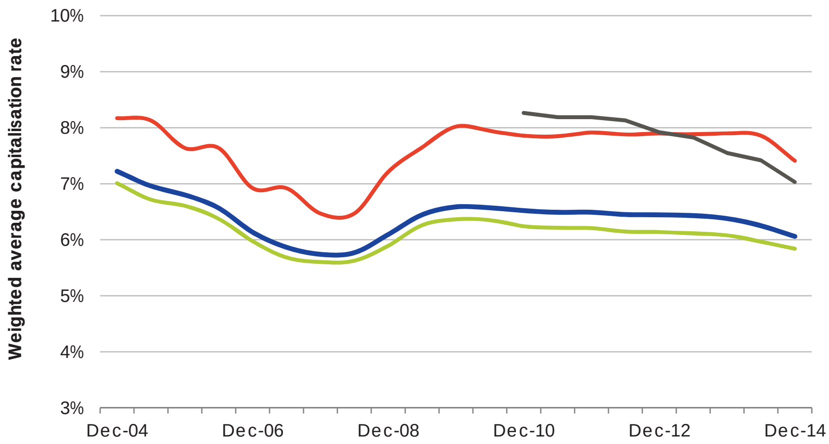
^ For the twelve and six months to June 2015 and includes vacancies and holdovers.

Direct Portfolio – valuations

Valuation metrics have tightened in line with the market

Capitalisation rates by centre type

Direct Portfolio



Key: Total shopping centre portfolio[1] | Regional | Sub-regional | DFO portfolio

Strong valuation gains driven by capitalisation rate compression and modest income growth

- 17 of 27 assets valued (~52% of portfolio by value)
- $254m in valuation gains, a 5.6% uplift on prior book value
- Weighted average capitalisation rate has tightened 19bps to 6.06%[2]

1. Myer Bourke Street, VIC, and Emporium Melbourne, VIC valuations are included in the calculation of weighted average capitalisation rate from 30 June 2014.
2. Excluding the DFO portfolio.

Direct Portfolio – non-core asset sales

Sale of two non-core assets improves overall portfolio quality

Post Office Square, QLD

The Entertainment Quarter, NSW

Combined sale price of $107m

- Net proceeds from the sales used initially to repay debt
- Achieved the lower end of our target of $100m to $200m of non-core asset sales for FY15 and FY16

Strategic Partnerships
Three acquisitions for NERF, total assets now $340m

Bathurst City Centre, NSW
- 12,200 sqm neighbourhood centre acquired for $62.6m in August 2014
- Located in a fast growing region, with a strong performing supermarket
- Asset management improvement opportunities

Gateway Plaza, Leopold VIC
- 5,500 sqm neighbourhood centre acquired for $26.0m in September 2014
- Located in a major growth corridor, with adjoining land[1] that is zoned for retail use providing a development opportunity to create a sub-regional centre

Mildura Central, VIC
- 20,200 sqm dominant sub-regional centre acquired for $109.8m in December 2014[2]
- A dominant centre in a major regional town with the only major food, services and fashion offer within its trade area

1. The adjacent land is expected to be acquired and settle by April 2015.
2. Settled post the period.

Investing responsibly
Novion continues to be recognised as a global leader amongst retail REITs


The Myer Centre Brisbane, QLD

We continue to be a leader amongst our retail peers globally

Global Real Estate Sustainability Benchmark
- Ranked as #1 retail REIT in Australia and #2 retail REIT globally
- Over 630 property companies and funds globally responded in 2014

CDP[1]
- Climate Disclosure Leader for the fifth consecutive year[2]
- Ranked in top 10 for performance for the third consecutive year[2]
- Over 4,500 companies across 80 countries reported to CDP in 2014

Other global index inclusions
- DJSI since 2001
- FTSE4Good since 2004

1. Formerly Carbon Disclosure Project
2. Against ASX 200 listed entities.

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Daryl Stubbings

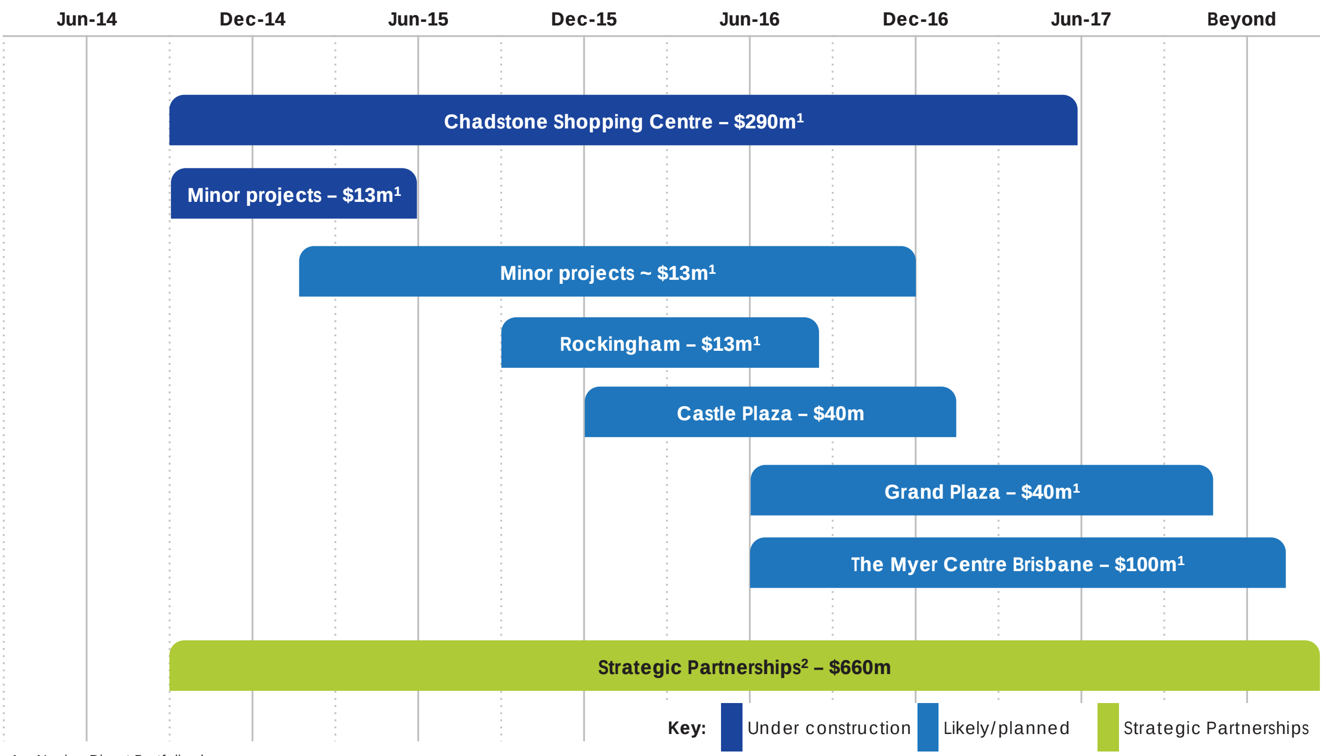
Head of Developments

Chadstone Shopping Centre, VIC

Development

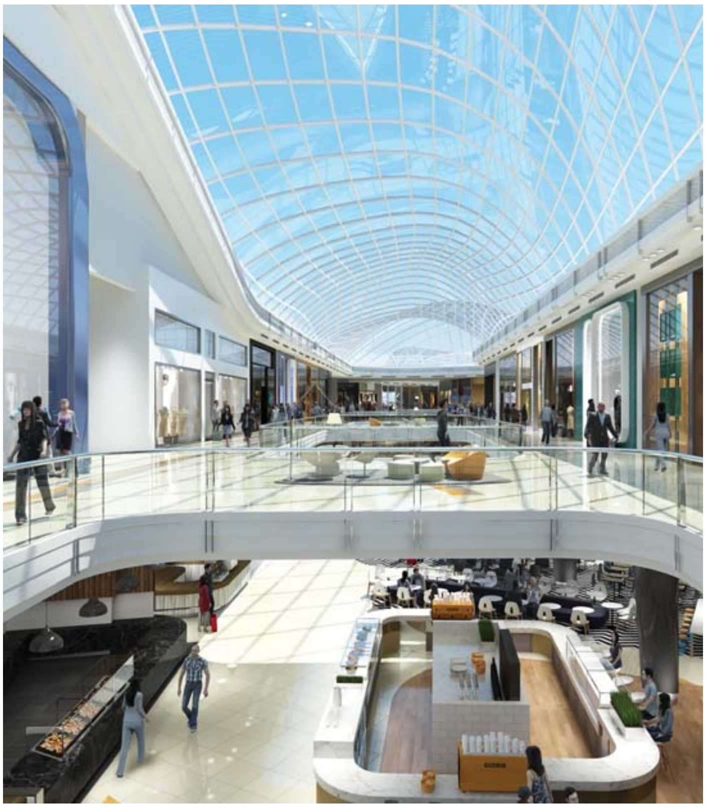
Key development projects

novion
Property Group



1. Novion Direct Portfolio share.
2. Includes $290m (Chadstone), $13m (Rockingham), $40m (Grand Plaza), $100m (The Myer Centre Brisbane) and other wholesale fund, third party and minor jointly-owned projects.

Development
Chadstone Shopping Centre – north retail and office



Development cost[1]
$580m

Target initial yield
>6%

Target IRR
>10%

Construction commenced
June 2014

Target completion
Mid 2017

- Entertainment and leisure precinct around a central atrium
- New 7,000 sqm Target store
- New digital cinema complex
- Up to five international flagship stores
- Expanded luxury mall
- New 1,300-seat 20-plus tenancy food gallery
- New 17,000 sqm 10-level office building
- New 14-bay bus interchange
- Target 5 Star Green Star office and retail

1. Novion direct share: $290m. Cost is indicative only.

Development
Artist's impression of Chadstone Shopping Centre

Development
Chadstone Shopping Centre – north retail progress

- Project commenced in April 2014
- Construction commenced in June 2014

Progress
- Stage 1 demolition complete
- Stage 1 excavation and in-ground services complete
- Structural slab pours progressing (ground and suspended)
- Precast erection commenced
- New level of Target car park complete; previous roof level reopened
- Two tower cranes erected

Development
Chadstone Shopping Centre – office and bus interchange (south) progress

- Project commenced in April 2014
- Construction commenced in September 2014

Progress
- Excavation 95% complete for office tower and four level basement car park
- Foundation piles and pile cap construction underway
- New 14-bay bus interchange works underway; due for completion August 2015
- Tower cranes being erected
- Approximately one month ahead of program

Emporium Melbourne
Update

The centre is performing well

- Fully leased
- 15m customer visits in the first nine months
- Strong endorsement from customers and tenants

Development
Key planned projects

The Myer Centre Brisbane
- $200m[1] project working with Myer tenancy and revitalisation of entire centre

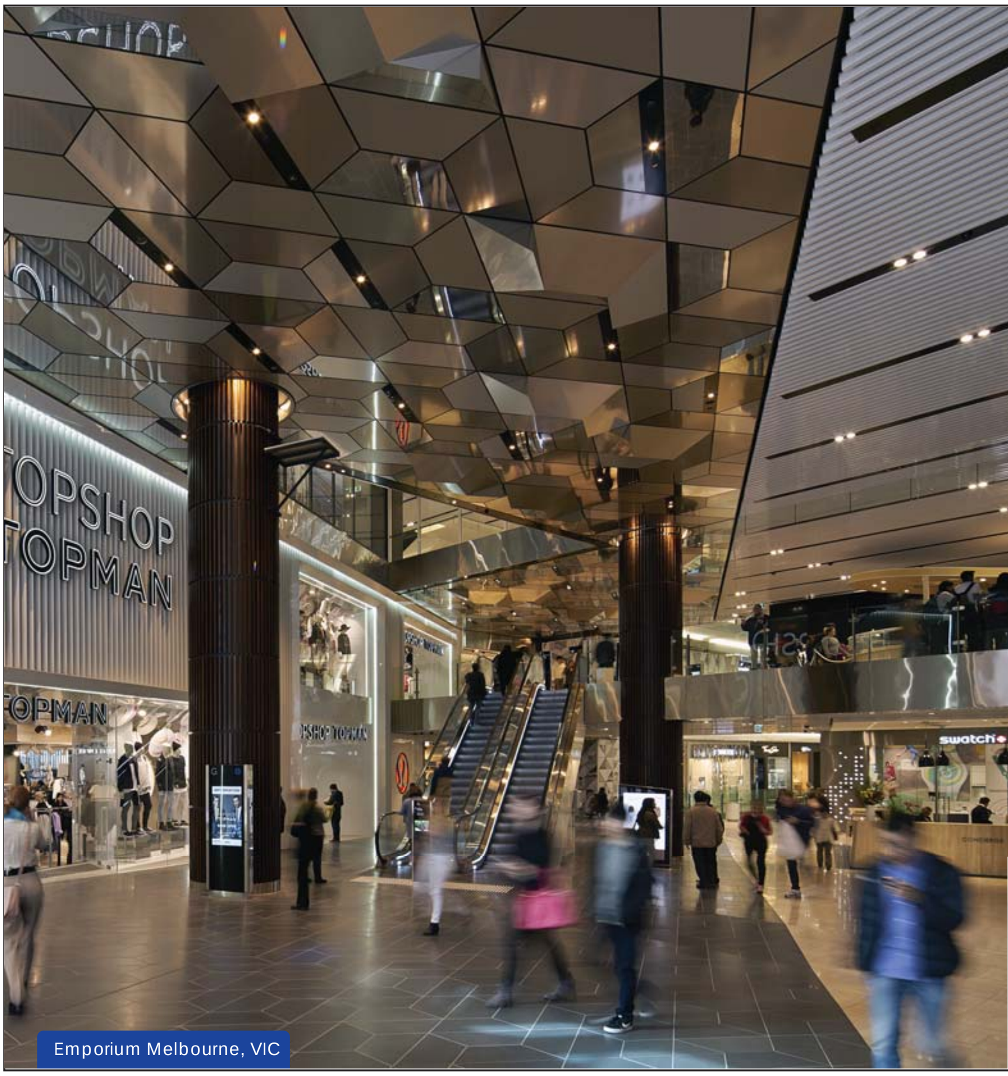
Rockingham Shopping Centre
- $25m[1] project featuring enhanced outdoor food dining options adjacent to the entertainment precinct

Castle Plaza Shopping Centre
- $40m project reconfiguring majors and introduction of Aldi

Grand Plaza Shopping Centre
- $80m[1] project featuring a major revitalisation, improved fresh food and convenience offer, and entertainment and leisure precinct

Artist's impression of The Myer Centre Brisbane, QLD

1. 100% – Novion Direct Portfolio share is 50%.



Emporium Melbourne, VIC

novion Property Group

Angus McNaughton

Managing Director and CEO

Summary and FY15 outlook

In a strong position to meet FY15 targets

novion Property Group

DFO Homebush, NSW

Summary

- Maintained effectively full portfolio
- Issued long-dated USPP debt
- Sold two non-core assets
- Commenced major redevelopment at Chadstone Shopping Centre
- Achieved strong valuation gains improving NTA, total returns and gearing
- Ranked as a global retail REIT leader for sustainability
- Acquired three assets for NERF

Focus and outlook

- Retail market is improving, however choppy consumer confidence will temper the rebound
- Optimise tenant mix and enhance customer experience
- Fulfil wholesale mandates
- Complete the proposed Merger
- DPS guidance for FY15 of 13.8 cps[1] is maintained despite non-core asset sales

1. Assuming there is no unforeseen material deterioration to existing economic conditions. If the Merger proceeds, distribution guidance for FY15 is at least 13.8 cents per security.

Appendices

QueensPlaza, QLD

Appendix 1 – Merger of Novion and Federation

Indicative timetable

Key dates	Date
Announcement of the Merger	3 February 2015
Novion FY15 half year results	18 February 2015
Federation FY15 half year results	19 February 2015
Novion 1H15 distribution payment and allotment of DRP securities	26 February 2015
First court hearing	April 2015
Scheme booklet despatched to Novion securityholders	April 2015
Novion securityholder meeting to approve the schemes	May 2015
Final court hearing	May 2015
Implementation date	June 2015

Note: these dates are indicative only and may be subject to change.

Appendix 1 – Merger of Novion and Federation
Increased scale and diversification

Creates one of Australia's leading REITs, with over $22 billion in AUM invested across the full retail asset spectrum

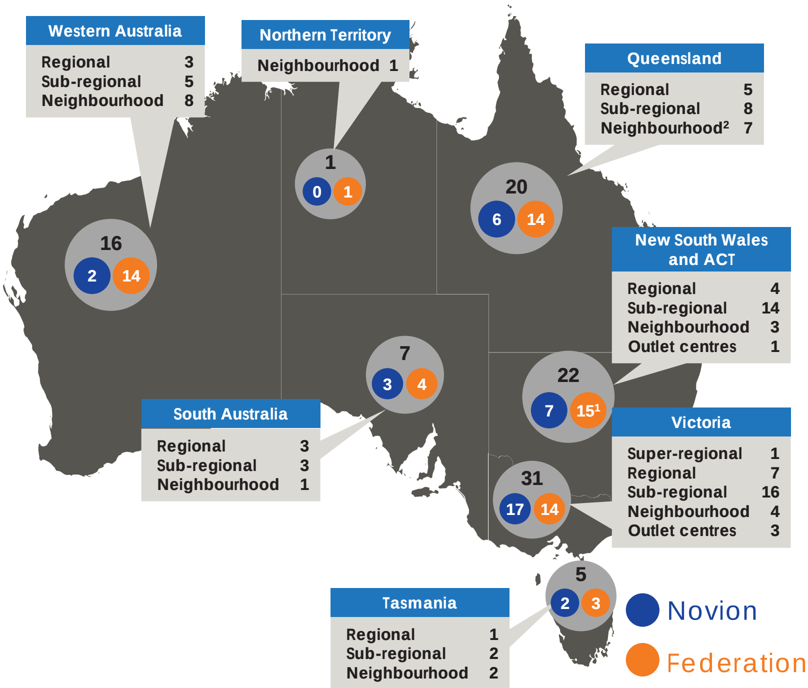
Scale and relevance across the full spectrum of Australian retail sub-sectors and geographies

#1: Sub-regional AUM

#1: Outlet centres AUM

#2: Super-regional and regional AUM combined

Retail AUM	# of assets	Value ($b)
Super-regional	1	3.7
Regional	23	11.3
Sub-regional	48	5.2
Neighbourhood[2]	26	1.0
Outlet centres	4	1.0
Total	**102**	**22.2**



Note: metrics based on the Merged Group's total AUM.
1. Tuggeranong Hyperdome (50% owned by Federation) is currently managed by Novion.
2. Includes one bulky goods centre.

Appendix 1 – Merger of Novion and Federation
Proposed composition of the Board

Highly experienced Board with representatives from both Novion and Federation Boards

Non-executive Directors will seek election at the Merged Group's first Annual General Meeting (expected to be in late 2015)

Chairman
- **Peter Hay**

Existing Novion Director | Existing Federation Director

Directors
- **Trevor Gerber[1]**
- **Richard Haddock AM**
- **Tim Hammon**
- **Peter Kahan**
- **Charles Macek** Chair of Remuneration & HR Committee
- **Fraser MacKenzie[1]**
- **Karen Penrose** Chair of Audit & Risk Committee
- **Steven Sewell[2]** Chief Executive Officer
- **Wai Tang**
- **David Thurin**

1. These Directors will be Directors on the Board of Federation Centres Limited (as responsible entity of Federation Centres Trust No. 1), however, as Federation Limited's constitution currently states its Board can have a maximum of eight Directors, these Directors will be Alternate Directors and participate on the Federation Limited Board until their formal election is sought (together with all non-executive Directors) at the Merged Group's first Annual General Meeting. An appropriate Board protocol will be established for the period up to the first Annual General Meeting which will include Alternate Directors on the Federation Limited Board being treated as Directors to the fullest extent consistent with Federation Limited's constitution.
2. Steven Sewell will step down as a Director of the Federation Limited Board from implementation of the Merger until the Merged Group's first Annual General Meeting.

Appendix 1 – Merger of Novion and Federation
Proposed composition of the executive management team

novion Property Group

The Merged Group's executive management team will draw on the depth of expertise from Novion and Federation

Chief Executive Officer
- **Steven Sewell**

Existing Novion executive · Existing Federation executive

Executive Committee
- **EGM People & Culture** Colleen Harris
- **Chief Financial Officer** Tom Honan
- **EGM Investments** Richard Jamieson
- **EGM Leasing** Stuart Macrae
- **EM National Leasing**[1] Peter Coroneo
- **EGM Business Development** David Marcun
- **EGM Centre Management** Justin Mills
- **General Counsel** Carolyn Reynolds
- **EGM Development**[2] Daryl Stubbings
- **EGM Development**[2] Jonathan Timms

1. Executive Manager National Leasing is not a direct report to the CEO but will sit on the Executive Committee.
2. Co-heads of Development.

Appendix 2 – Financial results
Calculation of net property income and like-for-like net property income

novion Property Group

$m, for the six months ended	31-Dec-14	31-Dec-13	Change (%)
Property revenue	390.5	366.0	
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)	
Straight-lining revenue[1]	0.1	(1.6)	
Amortisation of project items[1]	9.9	10.3	
Other items[1,2]	8.0	5.9	
Net property income	**306.7**	**272.8**	**12.4**
Like-for-like adjustments			
Development-affected properties[3]	(17.9)	(6.7)	
Adjustment for changes in ownership of properties[4]	-	0.3	
Property expenses eliminated post Internalisation	(18.7)	-	
Other one-off adjustments[5]	(1.0)	(2.5)	
Like-for-like net property income	**269.1**	**263.9**	**2.0**

1. Refer to Note 2(b) of the Interim Report released to the ASX today, for the explanations of adjusting items.
2. Includes capitalised lost rent.
3. Properties have been excluded from the like-for-like calculation where income has been significantly affected by development in either year. Properties excluded are DFO Homebush and Emporium Melbourne.
4. Novion sold Post Office Square in November 2014, Rosebud Plaza in November 2013 and acquired a further 25% interest in DFO South Wharf in May 2014. An adjustment is made to the like-for-like calculation to reflect the changes in ownership interests.
5. One-off redundancy costs for The Entertainment Quarter and lease premiums have been excluded from the like-for-like calculation for 1H15. Queensland flood insurance claims and lease premiums have been excluded from the like-for-like calculation for 1H14.

Appendix 2 – Financial results

Reconciling net profit to distribution

Reconciliation $m, for the six months ended	31-Dec-14	31-Dec-13	Change (%)
Net profit	**412.7**	**188.2**	
Adjustments:			
net gain from property valuations	(253.7)	(12.8)	
net loss/(gain) from derivative valuations	28.4	(0.5)	
straight-lining revenue	0.1	(1.6)	
movement in fair value of unrealised performance fees	-	2.0	
non-cash convertible notes interest expense	-	0.6	
Internalisation costs	0.5	2.8	
income tax expense	3.2	-	
amortisation of intangibles	1.4	-	
amortisation of project items	9.9	10.3	
other items[1]	8.0	5.9	
Distributable income	**210.5**	**194.9**	**8.0**
net transfer from undistributed reserves	-	9.8[2]	
Distribution	**210.5**	**204.7**	**2.8**
Securities on issue (end of period)(m)	3,051	3,010	1.4
Distribution per stapled security (cents)	**6.9**	**6.8**	**1.5**

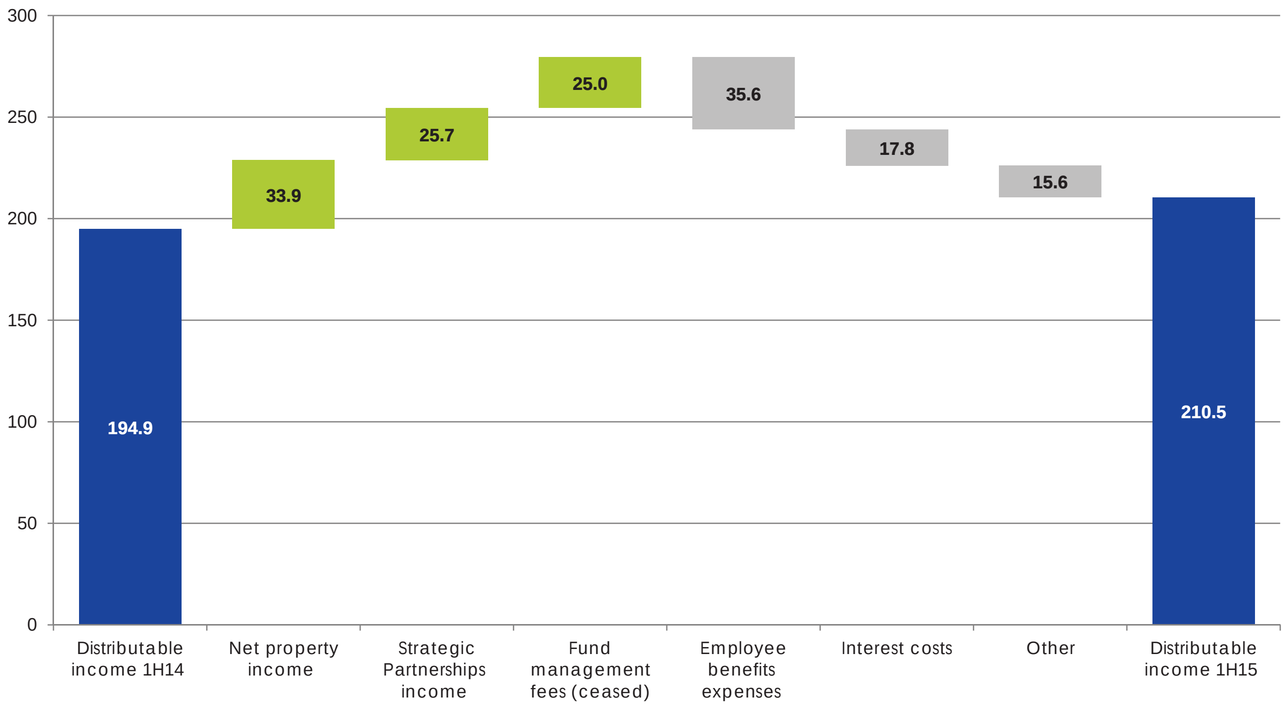
1. Includes capitalised lost rent.
2. Securities issued in December 2013 ranked equally with securities on issue at the time and were entitled to the full December 2013 distribution. Consequently an amount of $9.8m was transferred from undistributed reserves for the December 2013 distribution payment.

Appendix 2 – Financial results

Change in key drivers of distributable income compared to prior period

Distributable income reconciliation

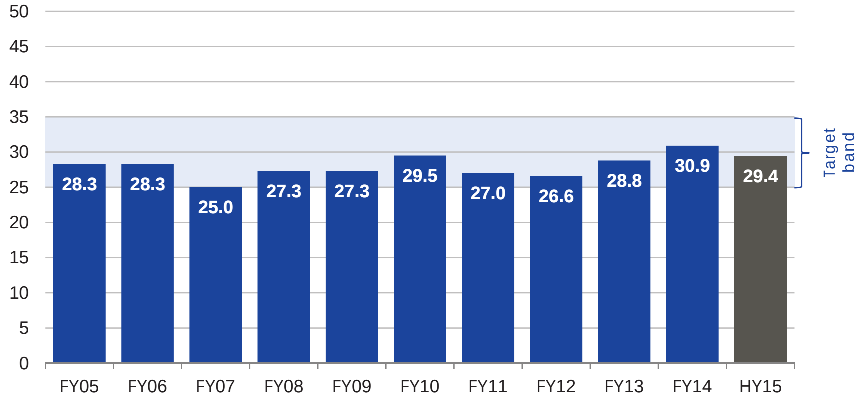
Changes in key drivers, $m



Appendix 3 – Capital management

Gearing and debt covenants

Gearing history (%)



Gearing is comfortably within the target band

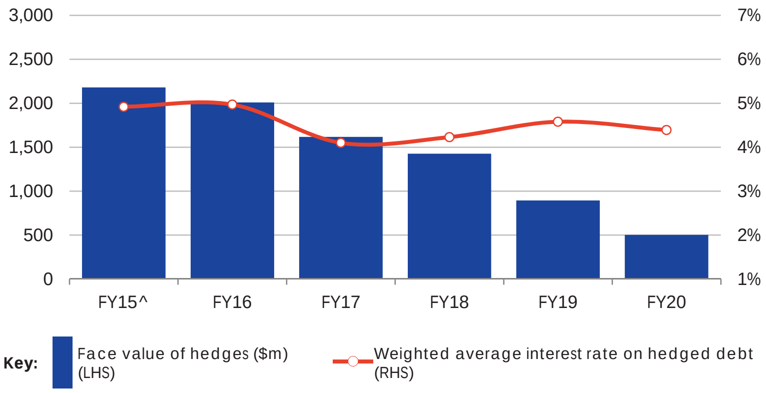
Key debt covenants	Threshold	31-Dec-14	30-Jun-14
Loan to value ratio[1] (LVR)	50% or less	34%	36%
Interest cover ratio[2] (ICR)	1.8 times or greater	3.2 times	3.2 times

1. Calculated as total liabilities divided by total assets for Novion Trust.
2. Calculated as earnings before interest divided by net interest expense for Novion 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; less non-cash convertible notes interest expense.

Appendix 3 – Capital management

Hedging profile[1]

Hedge maturity profile



Hedged debt	31-Dec-14	30-Jun-14
Proportion of overall debt	82.9%	87.1%
Weighted average rate[2]	4.9%	4.8%
Weighted average duration	3.5 years	3.2 years

Hedging profile	FY15	FY16	FY17	FY18	FY19	FY20
Face value of hedges ($m)	2,181	2,010	1,618	1,426	894	503
Weighted average interest rate on hedged debt[2] (%)	4.92%	4.97%	4.10%	4.23%	4.58%	4.39%
Average percentage hedged over the financial year (%)	75	68	54	47	29	16

1. Including all fixed-rate debt.
2. Excluding fees and margins.

Appendix 4 – Direct Portfolio
Key portfolio metrics

	31-Dec-14	30-Jun-14
Number of retail properties	27	29
Investment properties ($m)	9,099	8,866
Weighted average capitalisation rate (%)[1]	6.06	6.25
Total area ('000, sqm)	1,395	1,442
Number of tenants	4,236	4,303
Number of vacancies	26	36
Occupancy by area (%)	99.7	99.7
Retail sales ($m)	7,810	7,756
Specialty sales ($/sqm)[2,3]	10,554	10,457
Specialty occupancy costs[2,3]	17.2	17.1

1. Excluding the DFO portfolio.
2. For the shopping centre portfolio, which is excluding Myer Bourke Street, VIC, Emporium Melbourne, VIC and the DFO portfolio.
3. For comparable centres.

The Myer Centre Brisbane, QLD

Appendix 4 – Direct Portfolio
Key statistics by asset

Property	Novion interest (%)	Centre type[1]	Book value ($m)	MAT growth (%)	Spec. MAT growth (%)	Spec. MAT/sqm ($)	Occ. cost (%)	Occ. (%)	Cap rate (%)	% of portfolio (%)
Chadstone Shopping Centre, **VIC**	50	Super-regional	1,825.3	0.7	2.6	15,412	17.4	100	5.00	20.1
Chatswood Chase Sydney, **NSW**	100	Regional	889.8	3.2	3.9	12,994	15.7	100	5.50	9.8
QueensPlaza, **QLD**	100	CBD-regional	638.1	0.1	4.5	19,782	15.6	99.3	5.50	7.0
Bayside Shopping Centre, **VIC**	100	Regional	566.1	3.7	6.3	6,801	18.8	99.1	6.25	6.2
Northland Shopping Centre, **VIC**	50	Regional	481.0	3.8	5.1	8,202	21.2	99.9	5.80	5.3
Emporium Melbourne, **VIC**	50	CBD-regional	469.1	n.a.	n.a.	n.a.	n.a.	100	5.50	5.2
The Myer Centre Brisbane, **QLD**	50	CBD-regional	383.0	(3.1)	(0.6)	10,879	21.2	99.9	6.00	4.2
Elizabeth Shopping Centre, **SA**	100	Regional	359.6	(1.7)	0.4	7,059	17.2	99.8	7.00	4.0
Broadmeadows Shopping Centre, **VIC**	100	Regional	317.1	(5.2)	(0.5)	6,113	18.8	100	7.50	3.5
Rockingham Shopping Centre, **WA**	50	Regional	278.0	(0.7)	2.2	9,203	15.1	99.8	6.00	3.1
Forest Hill Chase, **VIC**	100	Regional	270.3	3.4	5.4	6,176	17.6	99.7	7.25	3.0
Lake Haven Shopping Centre, **NSW**	100	Sub-regional	266.7	(4.0)	1.0	9,166	13.6	100	7.00	2.9
Clifford Gardens Shopping Centre, **QLD**	100	Sub-regional	185.8	(5.8)	(0.1)	9,479	12.9	100	6.75	2.0
Grand Plaza Shopping Centre, **QLD**	50	Regional	179.0	0.8	5.1	9,256	16.6	100	6.50	2.0
Eastlands Shopping Centre, **TAS**	100	Regional	161.9	2.3	(0.8)	7,122	15.1	98.1	7.00	1.8

1. Regional and sub-regional shopping centres classified as per Property Council of Australia definitions.

Appendix 4 – Direct Portfolio
Key statistics by asset (continued)

Property	Novion interest (%)	Centre type[1]	Book value ($m)	MAT growth (%)	Spec. MAT growth (%)	Spec. MAT/sqm ($)	Occ. cost (%)	Occ. (%)	Cap rate (%)	% of portfolio (%)
Brimbank Shopping Centre, **VIC**	100	Sub-regional	156.7	5.9	11.3	5,460	17.2	100.0	7.75	1.7
Castle Plaza Shopping Centre, **SA**	100	Sub-regional	149.9	(1.5)	0.2	8,797	14.0	99.6	7.50	1.6
Runaway Bay Shopping Village, **QLD**	50	Regional	126.1	2.6	6.0	8,489	13.9	99.9	6.75	1.4
Corio Shopping Centre, **VIC**	100	Sub-regional	123.3	0.9	1.2	5,553	15.7	94.3	7.75	1.4
Myer Bourke Street, **VIC**	33	CBD-regional	122.8	n.a.	n.a.	n.a.	n.a.	100.0	5.75	1.3
Roxburgh Park Shopping Centre, **VIC**	100	Sub-regional	100.4	3.0	15.8	5,044	15.4	100.0	7.50	1.1
Northgate Shopping Centre, **TAS**	100	Sub-regional	90.9	1.7	(1.9)	8,898	13.5	99.2	8.25	1.0
Altona Gate Shopping Centre, **VIC**	100	Sub-regional	85.6	(4.6)	(3.6)	6,574	16.3	99.3	8.00	0.9
Shopping centre portfolio			**8,226.5**	**0.5**	**2.9**	**9,779**	**17.1**	**99.6**	**6.06**	**90.4**
DFO Homebush, **NSW**	100	Retail outlet	321.0	98.3	85.2	13,015	9.4	100.0	6.25	3.5
DFO South Wharf, **VIC**	75	Retail outlet	286.0	11.4	5.6	7,625	11.7	99.7	6.75	3.1
DFO Essendon, **VIC**	100	Retail outlet	152.6	4.1	3.6	8,113	11.3	100.0	7.25	1.7
DFO Moorabbin, **VIC**	100	Retail outlet	103.5	6.6	5.3	5,682	12.6	100.0	7.75	1.1
DFO retail outlet centre portfolio			**863.1**	**29.1**	**23.4**	**8,463**	**11.1**	**99.9**	**7.03**	**9.5**
Total portfolio			**9,089.6**	**2.7**				**99.7**	**6.15**	**100.0**

1. Regional and sub-regional shopping centres classified as per Property Council of Australia definitions.

Appendix 4 – Direct Portfolio
Diversification by income

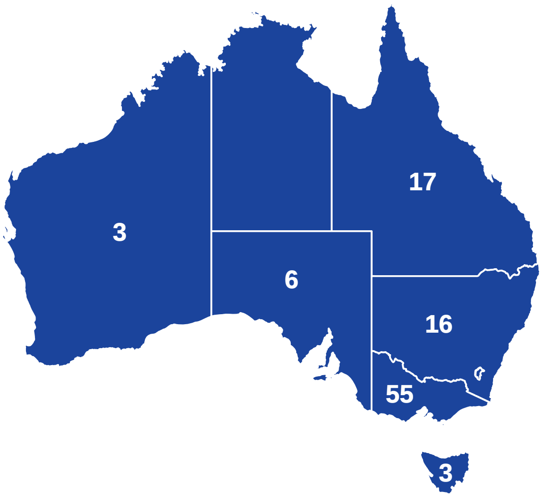
DFO South Wharf, VIC

Top 15 tenant groups	Income (%)
Wesfarmers[1]	7.5
Woolworths Holdings (South Africa)[2]	4.5
Woolworths[3]	3.4
Myer	2.9
Premier Investments	1.8
Specialty Fashion Group	1.2
Westpac	1.0
Pepkor Retail[4]	1.0
Cotton On	0.9
Commonwealth Bank	0.8
Angus & Coote	0.8
BB Retail Capital	0.8
Australian Pharmaceutical Industries	0.8
Luxottica Retail	0.7
Terry White	0.7
Top 15	**28.8**

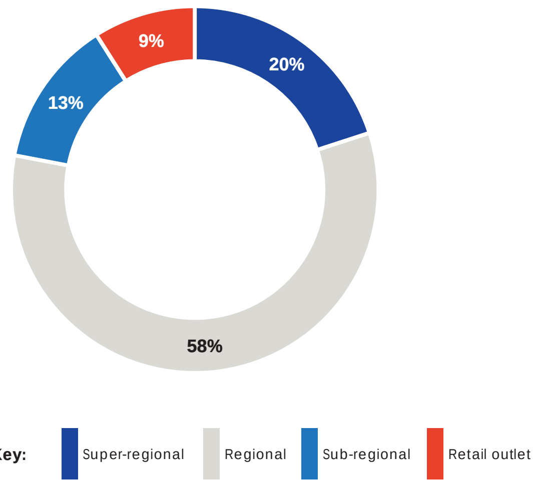
1. Including Coles, Target, Kmart and subsidiary brands.
2. Including David Jones, Country Road and subsidiary brands.
3. Including Big W and subsidiary brands.
4. Including Best & Less and Harris Scarfe stores.

Appendix 4 – Direct Portfolio
Diversification by location and centre type

Geographic diversification
By value (%)



Centre type diversification
By value



- Weighting to regional or larger centres is 78% and to DFO retail outlet centres is 9%

Appendix 5 – Development
Key development projects

Project	Total cost ($m)	Cost to complete[1] ($m)	Target yield[2] (%)	Expected completion date
Chadstone (North retail and office)	290	251	>6	Mid 2017
Other projects[3]	13	3	~7	Mid 2015
Strategic Partnerships	315	n.a.	n.a.	n.a.
Total in progress	**618**	**254**		
Direct Portfolio	244	244		
Strategic Partnerships	245	n.a.		
Total planned or concept[4,5]	**589**	**244**		
Total development pipeline	**1,207**	**n.a.**		
Direct Portfolio development pipeline	**547**	**498**		

1. Direct Portfolio.
2. Yield based on first-year income after development completion.
3. Other projects in progress include Northland $6m and Lake Haven $7m, both to be completed by mid 2015.
4. Cost shown is indicative only.
5. Expected completion dates subject to approvals and timing.

Appendix 6 – Contact details and disclaimer

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About Novion Property Group
Novion Property Group (Novion, ASX: NVN) is one of Australia's leading retail property groups, with a fully integrated funds and asset management platform, and $14.9 billion in retail assets under management. Listed on the Australian Securities Exchange, Novion holds interests in 27 directly-owned retail assets across Australia, manages 19 assets on behalf of strategic partners (9 of which are co-owned with Novion) and has over 17,000 investors across 19 countries. For more information, visit **novion.com.au**

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