CFS RETAIL PROPERTY TRUST GROUP (CFX)

Comprising:
CFX Co Limited ABN 79 167 087 363
CFS Retail Property Trust 1 ARSN 090 150 280

Responsible Entity: Commonwealth Managed Investments Limited
ABN 33 084 098 180 AFSL 235384

21 August 2014

ASX ANNOUNCEMENT

Annual results for the 12 months ended 30 June 2014

CFS Retail Property Trust Group (CFX or the Group) delivered a solid net profit of $400.1 million for the 12 months ended 30 June 2014, driven by steady property income growth and positive property valuations. A full-year distribution of 13.6 cents per security will be paid to securityholders, in line with guidance.

Mr Angus McNaughton, Managing Director and CEO, said: "This has been a landmark year for CFX with the successful internalisation of management and the addition to our existing property platform of a retail property asset management business and a funds management business (together Internalisation). It also marked the 20th anniversary of CFX's initial listing on the Australian Securities Exchange as Gandel Retail Trust.

"As a result of the Internalisation, CFX now has $14.2 billion of assets under management, including $8.9 billion held on balance sheet (the Direct Portfolio), relationships with over 5,100 retailers, and we directly employ over 800 people.

"Post Internalisation, we continue to operate within a robust governance framework, maintain a strong balance sheet and intensively manage our assets. Combined with our expanded strategy which includes operational excellence and Strategic Partnerships, we have a strong business model to continue to deliver superior and stable risk-adjusted returns for our securityholders."

Key Group operating highlights for the year included:

- net profit of $400.1 million, up from $295.0 million in the prior year
- a 4.1% increase in distributable income[1] to $400.4 million
- total net property income (NPI)[2] increasing 2.2% to $549.0 million, while like-for-like NPI was up 0.7%
- net tangible asset backing per security (NTA) decreasing 6.9% to $1.90 from $2.04 at 30 June 2013, predominantly due to the acquisition of management entities which include intangible assets, as part of the Internalisation[3]
- net asset value per security (NAV) decreasing 1.0% to $2.02 from $2.04 at 30 June 2013
- negotiating $1.6 billion of financing facilities, materially improving the Group's debt position by extending duration and reducing our weighted average cost of debt
- gearing[4] remaining conservative at 30.9%
- recycling capital through the sale of Rosebud Plaza and the conditional sale of The Entertainment Quarter, both at a premium to book value, and acquiring an additional 25% interest in DFO South Wharf
- advancing the development pipeline with the opening of Emporium Melbourne, completion of the DFO Homebush redevelopment and commencement of the $580 million (CFX direct share: $290 million) next stage of redevelopment at Chadstone Shopping Centre
- our occupancy rate improving from 99.4% to 99.7%

[1] Distributable income is a key non-IFRS earnings measure used by management to assess the performance of CFX. It represents CFX's underlying and recurring earnings from ordinary operations. Refer to page 4 for the reconciliation of net profit to distribution.

[2] NPI and like-for-like NPI are unaudited, non-IFRS financial information and are not key profit measures of CFX. They are used by management to monitor the performance of the Direct Portfolio. Please refer to Appendix 1 for the calculation of NPI and like-for-like NPI.

[3] As outlined in the Explanatory Memorandum dated 7 February 2014 (Meeting Booklet).

[4] Gearing equals borrowings as a percentage of total assets. For this calculation, borrowings is the amount of debt drawn and total assets exclude the fair value of derivatives.

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

- achieving comparable[5] shopping centre[6] specialty store sales growth of 2.2% from the Direct Portfolio
- scoring 100% for climate disclosure and being rated in the 'A-' band for climate performance by CDP, and
- executing $125 million of acquisitions[7] and completing $150 million of development works for our Strategic Partnerships.

For more information on CFX's performance during the period, refer to the Appendix 4E which was released today and can be found on CFX's website, **cfsgam.com.au/cfx**

CFX becomes an internalised vehicle with an expanded Board
Mr Richard Haddock AM, Chairman of the boards of CFX Co Limited and Commonwealth Managed Investments Limited (CMIL) (collectively referred to as the Board), said: "The structural change delivered through the Internalisation will provide long-term benefits to our securityholders."

The Internalisation transaction included:

- internalising the Group's management
- commencing the investment management of a number of wholesale property funds and mandates (Wholesale Funds), and
- acquiring from Commonwealth Bank of Australia (CBA) its retail property asset management business, which managed assets within CFX's Direct Portfolio, Wholesale Funds and those owned by third parties.

Benefits of the transaction included:

- being accretive to distributions
- replacing funds and asset management fees previously paid to CBA with lower direct costs over which CFX has greater control
- an enhanced governance framework, with securityholders now able to vote on the election of Non-executive Directors and remuneration matters, providing greater alignment with securityholder interests, and
- scale and diversification benefits.

"Under the internalised structure, approximately 92% of our revenue is generated from CFX's Direct Portfolio. Our funds and asset management partners (Strategic Partnerships) now deliver around 8% of the Group's revenue. While this is not a material shift to our earnings profile, it is nevertheless an important addition to our business and it provides diversification of earnings and capital sources, and scope for incremental growth over time," Mr Haddock said.

The transaction involved CFX paying $452 million[8] to CBA as consideration for the Internalisation. Funding was secured via a combination of equity and debt, comprising:

- a $280 million fully underwritten institutional placement (the Placement)
- $15 million raised through a Security Purchase Plan (SPP), and
- debt funding.

Mr Haddock added: "As outlined in the Meeting Booklet, our FY14 distribution of 13.6 cents per security is unchanged on guidance provided under the previous externally-managed structure. This is primarily due to the accretion benefits of Internalisation (effective for the final three months of the reporting period) being largely offset by the cost of securing the Placement three months prior to the implementation of the Internalisation. Securities issued under the Placement ranked equally with existing securities on issue and therefore were fully entitled to the December 2013 half-year distribution. An SPP was also offered to all securityholders under effectively the same terms as the Placement. However, raising equity well ahead of implementation effectively de-risked the funding of the Internalisation."

The remaining 12-month transitional arrangements with CBA are well progressed. A new corporate brand is currently being developed and will be launched later in 2014.

5 Comparable centres refer to those centres that are not undergoing or have not undergone substantial redevelopment in either period of comparison.
6 Shopping centre portfolio excludes Myer Bourke Street, VIC, Emporium Melbourne, VIC, the DFO retail outlet centres and 15 Bowes Street, Woden.
7 Including contracts exchanged post the period.
8 Adjusted for QV Retail and excluding net assets and transaction costs as outlined in the Meeting Booklet.

More detailed information on the Internalisation can be found on CFX's website **cfsgam.com.au/cfx**

Board and management changes
Following the strong endorsement of the Internalisation by securityholders, five new Directors were appointed to the Board:

- Mr Trevor Gerber – Independent Non-executive Director
- Mr Peter Hay – Independent Non-executive Director
- Ms Karen Penrose – Independent Non-executive Director
- Mr Peter Kahan – Non-executive Director (nominated by Gandel Group[9]), and
- Dr David Thurin – Non-executive Director (nominated by Gandel Group).

Mr Haddock said: "Our new Directors have a broad range of expertise and experience, at both an operational and executive level, in retail property funds and asset management, along with non-executive director experience, which is highly valuable and complementary to the Board's existing experience and capabilities."

Also announced during the period was Mr James Kropp's decision to retire as a Director in September 2014 after more than 10 years on the CMIL Board.

Immediately following implementation of the Internalisation, Mr Angus McNaughton and Mr Michael Gorman were appointed as Managing Director and CEO, and Deputy CEO and Chief Investment Officer, respectively. On 12 May 2014, CFX announced the appointment of Mr Richard Jamieson to the newly created position of Chief Financial Officer. Mr Jamieson will commence with the Group later in 2014.

CFX's Head of Development, Mr Tony Gilchrist, has announced that he will step down from his role at the end of 2014. Mr Daryl Stubbings has been appointed to this role effective from 1 January 2015. Mr Stubbings has been with the business for nearly 10 years, and has been a Regional Development Manager since 2006, most recently managing the Emporium Melbourne project and prior to that the redevelopment of Chatswood Chase Sydney.

Strategic Partnerships
Our Strategic Partnerships business consists of like-minded third parties to whom we provide funds and asset management services.

Mr McNaughton said: "The Group's asset management platform has one of Australia's largest retail portfolios, with $14.2 billion of assets under management. Acquiring this business from CBA provided two key financial benefits for CFX securityholders: CFX no longer pays management fees for the $8.9 billion of assets within CFX's Direct Portfolio, and the Group now earns management fees from the $5.3 billion of assets owned by joint owners of assets in CFX's Direct Portfolio, Wholesale Funds and other third parties.

"CFX now provides a full suite of services for the professional management of retail assets including centre management, development management, leasing, market research, marketing, tenancy design, procurement, sustainability, risk management and portfolio management."

The Group's Wholesale Funds business is primarily comprised of two wholesale closed-end funds and one direct property mandate. The business currently has around $1.7 billion in retail assets under management.[10]

Mr McNaughton said: "During the period, we continued to invest committed equity into one of our newest wholesale funds, CFSGAM Property Enhanced Retail Fund (CERF), with the acquisition of Riverside Plaza, NSW and post the period, the acquisition of Bathurst City Centre, NSW.

"These acquisitions are in line with CERF's strategy to invest in quality sub-regional and neighbourhood shopping centres in strong trade areas where we can add value through the Group's intensive asset management approach. CERF's investment portfolio now comprises three assets totalling over $200 million."

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[9] Gandel Group is CFX's largest investor and also owns 50% of Chadstone Shopping Centre.
[10] Excluding funds in wind down and includes assets settled post the period.

Investment performance

CFX delivered a Total Securityholder Return (TSR)[11] of 9.1% for the year, outperforming the UBS Retail 200 Property Accumulation Index (the Index) return of 8.5%. CFX also delivered on its objective to provide superior and stable risk-adjusted returns, with notable outperformance against both the Index and the broader S&P/ASX 200 Property Accumulation Index over a 10-year horizon.

For the six months to 31 December 2013, CFX outperformed the customised retail property accumulation index[12] (the benchmark) by 3.4 percentage points, entitling CBA to a performance fee of $5.3 million for the period.

As part of the Internalisation and under the new Group structure, from 1 January 2014, CFX will no longer incur performance fees. Full details of the performance fee are detailed in Note 15 of the Financial Report.

Financial results

CFX's net profit for the 12 months to 30 June 2014 was $400.1 million, compared to $295.0 million for the prior year. The net profit includes a net gain on investment properties and associate valuations of $70.8 million (compared to a $63.1 million net loss for the prior year) and an unrealised net loss on derivatives valuations of $23.0 million (compared to a $3.5 million net loss for the prior year).

Distributable income was up 4.1% to $400.4 million, compared to $384.6 million for the prior year.

NPI was $549.0 million, up 2.2% driven by a number of development completions over the past two years offsetting the sale of Rosebud Plaza in November 2013, while like-for-like NPI was up 0.7%, with fixed 5% specialty rent increases largely offset by negative spreads on expiring leases.

Reconciliation of net profit to distribution $m, for the year ended	**30-Jun-14**	**30-Jun-13**
Net profit	**400.1**	**295.0**
Adjustments:		
net (gain)/loss from property valuations	(70.8)	63.1
net unrealised loss from derivative valuations	23.0	3.5
straight-lining revenue	1.6	(2.4)
movement in fair value of unrealised performance fees	2.0	(5.5)
non-cash convertible notes interest expense	1.2	2.0
Internalisation costs	13.5	-
project and other items	29.8	28.9
Distributable income	**400.4**	**384.6**
net transfer from undistributed reserves[a]	9.5	-
Distribution	**409.9**	**384.6**
Securities on issue (end of period) (million)	3,018[b]	2,828
Distribution per stapled security (cents)	**13.6**	**13.6**

a. New 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 $9.8 million has been transferred from undistributed reserves to deliver the December 2013 distribution payment. $0.3 million was transferred to undistributed reserves.
b. Securities were issued during FY14 for the June 2013 DRP, the Placement and the SPP.

Capital management

Mr Michael Gorman, Deputy CEO and Chief Investment Officer, said: "It was an active year for the Group in capital management. We negotiated $1.6 billion of new or renewed financing facilities which materially improved our debt position, by extending duration and reducing our weighted average cost of debt."

"Another key achievement was fully funding the Internalisation through a combination of equity (the Placement and SPP) and debt well in advance of completing of the transaction.

"Our approach to capital management has enabled us to maintain our strong balance sheet and long-term stable S&P credit rating of 'A', one of the highest in the sector," Mr Gorman said.

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[11] TSR comprises stapled security price performance and distribution income yield.
[12] For the purposes of calculating the performance fee, the benchmark, which is the UBS Retail 200 Property Accumulation Index, is customised to remove the effect of CFX on the Index. A 20-day volume weighted average price (VWAP) is applied to both the CFX accumulation index and the customised index.

CFX's Dividend and Distribution Reinvestment Plan (DRP) will operate in respect of the June 2014 distribution. Securities issued under the DRP will be issued at a 2.0% discount to the market price, raising $64.9 million, which will be applied to funding the development pipeline of the Direct Portfolio.

Changes to key debt metrics since the beginning of the financial year are detailed below:

	As at 30-Jun-14[a]	As at 30-Jun-13
Weighted average interest rate[b] (%)	5.4	5.6
Weighted average debt duration (years)	3.5	3.1
Proportion of debt hedged[c] (%)	83.9	81.3
Weighted average interest rate on hedged debt[c] (%)	4.8	5.1
Weighted average hedged debt duration[c] (years)	3.7	3.1
Gearing (%)	30.9	28.8
Undrawn debt facilities ($ million)	301	530
Interest cover ratio[d] (times)	3.4	3.3
Loan to value ratio[d] (%)	36	33

a. As at 30 June 2014, adjusted for capital management activities post the period.
b. Including margins and line fees.
c. Including all fixed-rate debt and excluding margins and fees.
d. As defined in the Financial Report released to the ASX today.

Portfolio update

CFX's Direct Portfolio consists of interests in 29 retail assets, with a gross asset value of $8.9 billion compared to $8.6 billion at 30 June 2013. The Direct Portfolio is located predominantly in the capital cities of all six Australian states, with 78% of the retail portfolio[13] comprising super-regional and regional shopping centres[14], while DFO retail outlet centres comprise 9% of the portfolio.

Asset recycling

Mr Gorman said: "We continue to improve the quality of our Direct Portfolio by selectively divesting assets for reinvestment into stronger assets. During the period, we executed the sale of Rosebud Plaza for $100 million at a 1.7% premium to book value and we reinvested the proceeds into DFO South Wharf, increasing our interest from 50% to 75%, for $87.6 million[15].

"The DFO assets have been strong performers in our portfolio and DFO South Wharf continues to report double-digit sales and traffic growth, making it a quality contributor to our portfolio.

"We also announced the conditional sale of our leasehold interest in The Entertainment Quarter, which is jointly owned with one of our Wholesale Funds, for $80 million (CFX direct share: $40 million), a 22.7% premium to book value. The sale is conditional on final approval by the ground lessor and the relevant NSW State Government authority."

Asset valuations

The entire Direct Portfolio was independently valued during the year, which resulted in a $70.8 million net valuation gain compared to book value.

The Direct Portfolio weighted average capitalisation rate of shopping centres[16] tightened to 6.25% from 6.43% at 30 June 2013.

Mr Gorman said: "The tighter capitalisation rates generally reflect increased transaction volumes for quality assets and investor confidence in longer-term retail market fundamentals. We were pleased to see valuations generally moving in a positive direction, albeit tempered by challenges within the retail leasing market."

13 Excluding 15 Bowes Street, Woden.
14 As defined by the Property Council of Australia.
15 Excluding acquisition costs.
16 Excluding DFO retail outlet centres and 15 Bowes Street, Woden. Myer Bourke Street, VIC and Emporium Melbourne, VIC valuations are included in the calculation of weighted average capitalisation rate from 30 June 2014.

Retail sales environment
Mr Gorman said: "The Australian economy continues to grow, albeit at a pace that is below trend. Retail sales growth also remains soft, as positive economic, income and house price growth is offset by weaker employment conditions and consumer caution following the announcement of the 2015 Federal Budget. Additionally, unseasonably warm weather in autumn created challenges for some retailers in moving their winter stock.

"Notwithstanding, we are pleased with the continued strong performance of our DFO portfolio. Since acquiring the portfolio in 2010, we have been able to add significant value by applying our intensive asset management model and utilising our extensive tenant relationships to significantly improve the retail mix."

CFX's Direct Portfolio of shopping centres reported total moving annual turnover (MAT) of $7.1 billion, up 0.9% compared to the prior year. Comparable specialty stores achieved 2.2% MAT growth this year, which was below our forecast of 3.0%, but an uplift on the 1.7% reported to December 2013.

Mr Gorman added: "While we were generally able to achieve fixed 5% annual increases and not give incentives to renewing tenants, average re-leasing spreads for the year were -4.3% for the direct shopping centre portfolio, and -6.1% excluding the DFO portfolio, which remains relatively unchanged since December 2013.

"Comparable specialty store sales grew to $10,457 per sqm at 30 June 2014, up 3.9% from the prior year, as underperforming tenants were progressively replaced. The increase in productivity has been reflected in our comparable shopping centre specialty store occupancy costs reducing to 17.1%, from 17.3% at 30 June 2013.

"While leasing remains challenging, the quality of our Direct Portfolio, coupled with improving sales growth, has enabled us to maintain effectively full occupancy of 99.7%, which is an improvement on the 99.4% reported at 30 June 2013 and 99.2% reported at 31 December 2013."

See **Appendix 2** for further details on CFX's retail sales.

Development
We achieved a number of development milestones during the year, including:

- DFO Homebush opening ahead of schedule in March 2014, fully leased
- the landmark Emporium Melbourne CBD centre development being fully leased, with the first stage opening prior to Easter 2014 and completion in August 2014, and
- final approval and commencement of the next major redevelopment of Chadstone Shopping Centre.

CFX's development pipeline currently totals $1.2 billion, including $538 million related to CFX's Direct Portfolio. Direct projects currently under construction have a development cost of approximately $303 million (CFX share), with approximately $290 million remaining to be spent.

Completed developments
DFO Homebush, NSW – Completed in March 2014
The completed project involved significant expansion and substantial remodelling of the existing centre, the introduction of luxury and premium apparel retailers and additional homemaker retailers. Providing an additional 12,000 sqm of lettable area bringing the centre to 30,000 sqm, the project also delivered a new food court, upgraded parents' rooms and toilets, and an expanded and reworked car parking facility with over 2,000 spaces.

Mr Gorman said: "Following completion of the development, DFO Homebush has one of the best collections of fashion retailers in Australia. Feedback on the development has been extremely positive from our customers and retailers, which is reflected in the increased foot traffic and exceptional sales performance.

"DFO Homebush has some of the strongest fundamentals of any retail asset in Australia. It is located on two major arterial roads in the geographic heart of Sydney with a high calibre tenant mix, key to a centre where premium brands are the main drawcards."

The project is expected to deliver a year-one yield on costs of greater than 8% and an internal rate of return of greater than 12%.

Emporium Melbourne, VIC – Completed in August 2014
Commenting on the completion of Emporium Melbourne, Mr Gorman said: “Customer traffic and sales performance has been very pleasing, with more than five million customer visits in the first three months after the stage one opening of this landmark CBD retail development.

“The development was a complex project involving the demolition and reconstruction of a number of buildings on the site bounded by Lonsdale, Swanston and Little Bourke Streets, while maintaining the heritage façade. The building incorporates quality finishes and materials sourced from around the globe to deliver a world-class shopping experience.

“While the development has been challenging and we experienced issues with program and costs, the finished product is of very high quality. The centre has a premium tenant mix, housing some of the world’s best international brands, with the largest collection of Australian designers under one roof and a 1,100 seat café court providing a strong and wide-ranging food offer.”

The $590 million development (CFX share), which provides 45,000 sqm of premium retail space in the heart of Melbourne’s CBD, is expected to deliver a stabilised yield on cost of approximately 5%.

Projects commenced
Chadstone Shopping Centre, VIC – Demolition and early works
The $580 million (CFX share: $290 million) next stage of redevelopment of Chadstone Shopping Centre commenced following final approval and satisfaction of all conditions precedent in May 2014.

The project will involve the expansion and redevelopment of the northern end of the centre, including a revitalised West Mall and a world-class entertainment and leisure precinct featuring international flagship and luxury tenants around a central atrium. Concurrently, a 10-level, 17,000 sqm office building with four levels of basement parking will be built on the southern end of the site. Associated works will include the construction of a retail car park deck and a 14-bay centralised bus interchange. In total, approximately 20,000 sqm will be added to retail GLA and 14,000 sqm (net) will be added to office NLA.

Mr Gorman said: “The new North Retail precinct will accommodate a state-of-the-art Hoyts digital cinema complex, up to five international flagship stores in 11,000 sqm of space, 40 additional retailers, and a new 1,300-seat, 20-plus tenancy food gallery. Target will also be relocated to the lower ground floor in a new 7,000 sqm store.

“In keeping with our commitment to responsible property investment, both the retail and office components are targeting 5-star Green Star ratings.”

The project is targeting an initial yield on completion of greater than 6%, with a target internal rate of return greater than 10%. Early works and demolition commenced in June 2014, with construction starting in September 2014 and staged openings through to completion by mid 2017.

Responsible property investment
Mr McNaughton said: “We continue to receive global recognition for our approach to responsible investment. In 2013, CFX top-scored with 100% for climate disclosure and ranked in the ‘A-’ band for climate performance by CDP. We were also ranked second highest in Oceania and third globally for listed property entities by Global Real Estate Sustainability Benchmark (GRESB), and Asia Pacific Real Estate Association (APREA) again recognised CFX for our diligent approach to valuations.”

CFX also continues to be included in the FTSE4Good and DJSI (World, Asia Pacific and Australia) indices.

During the year, Chatswood Chase Sydney, became the first shopping centre in Australia to register for a Green Star – Performance rating. The rating tool will allow the centre to be assessed against best practice benchmarks for sustainable building practices and identify pathways to improve the centre’s operational performance over time.

CFX's responsible property investment program continues to drive efficiencies across the portfolio. Compared with a base year of FY08, the shopping centres in CFX's Direct Portfolio:

- are 12.7% more energy efficient[17]
- are 17.7% more water efficient[17], and
- have 18.9% lower emissions intensity.[17]

In FY14, across CFX's Direct Portfolio we diverted 33% of waste away from landfill, an improvement on the 29% diversion in FY13.

Mr McNaughton added: "In the year ahead, we are looking to further improve our transparency and disclosure by reporting in accordance with the Global Reporting Initiative (GRI) G4 framework and we will also look to expand on our stakeholder materiality work of recent years. By engaging with our stakeholders we are able to better prioritise environmental, social and governance matters into our business model."

Comprehensive detail in relation to the Group's approach to responsible property investment can be found on CFX's website, **cfsgam.com.au/cfx**

Summary and outlook

Mr McNaughton said: "A key priority over the next year will be transitioning CFX to a fully independent and integrated retail property business. This will include the relocation of the Sydney office to the MLC Centre in Martin Place and the launch of a new corporate brand in late 2014. We are also undertaking an operational review to ensure that we have highly efficient and effective organisational structures and processes in place under an internalised model.

"On the development front, our focus will be on the construction and leasing of Chadstone's retail and office development, while continuing to masterplan other projects.

"We will continue to be disciplined with our capital, selectively recycling assets into value-enhancing opportunities, such as acquisitions or developments to maintain a strong balance sheet and improve the quality of our earnings.

"We will continue to engage with our retailers, customers and communities, and draw on the strengths of our asset management business to increase customer visitation by refining the tenant mix and improving the amenity of our assets.

"For our Strategic Partnerships, we are focused on the successful investment of CERF capital and delivering on other fund and mandate strategies, while also exploring new funds, mandates or partnering opportunities.

"On the operating environment, we are cautious on retail sales in the short-term given the impact of the 2015 Federal Budget but expect specialty store sales to steadily improve to 3% for the Direct Portfolio over FY15."

"We provide distribution guidance of 13.8 cents per security[18] for FY15. This includes incremental EBIT from Internalisation of at least equal to the amount outlined in the Meeting Booklet and modest like-for-like NPI growth, offset by a short-term impact as Emporium Melbourne comes on line. Our guidance excludes the impact of asset sales, such as The Entertainment Quarter or any potential benefits arising out of the operational review currently underway. We will provide an update of this guidance at the half-year results," Mr McNaughton concluded.

CFX also announces its 2014 Annual General Meeting will be held at Hilton Sydney on 31 October 2014.

ENDS

[17] Like-for-like shopping centres in the Direct Portfolio which excludes those centres where GLA has varied by more than 10% since the FY08 base year.

[18] Assuming there is no unforeseen material deterioration to existing economic conditions.

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About CFS Retail Property Trust Group (CFX)

CFX is one of Australia's leading retail property groups, with a fully integrated funds and asset management platform, and $14.2 billion in retail assets under management. Listed on the Australian Securities Exchange, CFX holds interests in 29 directly-owned retail assets across Australia, manages 17 assets on behalf of strategic partners (10 of which are co-owned with CFX) and has over 17,000 investors across 17 countries. For more information, visit **cfsgam.com.au/cfx**

Use your smartphone to scan this QR code to visit our investor centre.

Appendix 1

Calculation of net property income (NPI) and like-for-like NPI

For the year ended	30-Jun-14 ($m)	30-Jun-13 ($m)	Change (%)
Property revenue	733.8	725.1	
Share of net profit from equity accounted investments before fair value adjustments	3.6	3.4	
Dividend income	1.4	1.5	
Property expenses	(220.7)	(219.3)	
Straight-lining revenue[a]	1.6	(2.4)	
Amortisation of project items[a]	19.6	20.0	
Other items[a]	9.7	8.9	
NPI	**549.0**	**537.2**	**2.2**
Like-for-like adjustments			
- development-affected properties excluded[b]	(37.5)	(32.9)	
- adjustment for changes in ownership of properties[c]	(1.1)	(4.2)	
- property expenses eliminated post internalisation	(11.4)	-	
- other one-off adjustments[d]	(4.3)	(8.9)	
Like-for-like NPI	**494.7**	**491.3**	**0.7**

a. Refer to Note 3(b) of the Financial Report for further explanation of these items.
b. Properties have been excluded from the like-for-like calculation where income has been significantly affected by development in either year. Properties excluded are Brimbank Shopping Centre, Forest Hill Chase, Emporium Melbourne and Roxburgh Park Shopping Centre.
c. In May 2014, CFX acquired a further 25% interest in DFO South Wharf and in November 2013, CFX sold Rosebud Plaza Shopping Centre. An adjustment is made to the like-for-like calculation to reflect the changes in ownership interests.
d. Queensland flood insurance claims and lease premiums have been excluded from the like-for-like calculation in FY14. A timing-related adjustment was made for the development of the industrial site at DFO Homebush, and lease premiums have been excluded, from the like-for-like calculation in FY13.

Appendix 2 – Direct Portfolio retail sales

Total portfolio sales – by store type (MAT)

Retail sales by store type for the 12 months to 30 June 2014 are detailed below:

Category	Comparable[19]		Actual	
	30-Jun-14 ($m)	Annual growth (%)	30-Jun-14 ($m)	Annual growth (%)
Department stores	631.3	0.1	649.0	(0.3)
Discount department stores	584.5	(5.5)	702.3	(5.5)
Supermarkets	1245.5	0.1	1,644.8	2.0
Mini-majors	639.7	1.0	759.4	1.1
Retail specialty	2,531.5	2.2	2,844.1	2.7
Other retail[20]	401.8	(3.7)	496.7	(1.6)
Shopping centre portfolio[21]	**6,034.4**	**0.2**	**7,096.4**	**0.9**
DFO retail outlet centres	466.4	10.6	659.7	15.2
Total Direct Portfolio	**6,500.7**	**0.9**	**7,756.0**	**2.0**

Shopping centre specialty store sales – by store type (MAT)

Retail specialty store sales by store type for the 12 months to 30 June 2014 are detailed below:

Shopping centre portfolio	Comparable		Actual	
Retail specialty category	30-Jun-14 ($m)	Annual growth (%)	30-Jun-14 ($m)	Annual growth (%)
Food retail	168.3	0.3	210.4	4.6
Food catering	376.8	1.6	423.7	1.9
Apparel	860.3	0.2	933.1	0.3
Jewellery	208.8	4.9	227.9	4.0
Leisure	164.3	2.6	184.8	3.0
General retail[22]	199.7	1.8	246.4	3.7
Homewares	272.1	6.2	283.2	5.7
Mobile phones	97.5	2.7	111.6	1.4
Retail services	183.6	6.4	223.0	7.0
Total retail specialty	**2,531.5**	**2.2**	**2,844.1**	**2.7**

[19] Comparable centres refer to those centres that are not undergoing or have not undergone substantial redevelopment in either period of comparison.
[20] Other retail includes cinemas and sales reporting tenancies under 400 sqm including travel agents, auto accessories, Lotto and other entertainment and non-retail stores.
[21] Excluding Myer Melbourne, 15 Bowes Street, Woden and DFO retail outlet centres.
[22] General retail includes giftware, pharmacy and cosmetics, pets, discount variety, florists and toys.