

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

31 October 2014

ASX ANNOUNCEMENT

Annual General Meeting of CFX Co Limited and a meeting of the members of CFS Retail Property Trust 1, together CFS Retail Property Trust Group (CFX) Chairman's address and speakers' notes

Chairman's address

Mr Richard Haddock AM

Chairman

Overview and introduction of Directors

This meeting takes place as we embark on an exciting new era as an independently-managed standalone entity and an owner and manager of some of Australia's finest retail assets.

Whilst we gather for a meeting today under the name of CFX, we are looking forward to meeting under our new name next year. I will tell you a little more about our new name and identity in a moment, but firstly I would like to introduce you to my fellow Directors.

As outlined during the Internalisation process, post implementation of the Internalisation, CFX intended to appoint two new additional Independent Directors to the Board and two Directors would be nominated by Gandel Group, CFX's largest securityholder. I'd like to take this opportunity to introduce you to my fellow Directors, a number of whom are here for the first time today.

Our Board is now comprised of eight directors, a majority of whom are independent. You will be invited today to vote upon the election or re-election of all Directors, with the exception of CFX Managing Director and CEO, Mr Angus McNaughton.

The first Director I would like to introduce you to, is Ms Nancy Milne OAM. Nancy is an Independent Non-executive Director who, with me, was one of the Independent Directors responsible for considering and negotiating the recent Internalisation. Nancy is a lawyer with over 25 years' experience, with primary areas of legal expertise in insurance and reinsurance, risk management, corporate governance and professional negligence. Nancy was at Clayton Utz as a partner until 2003 and as a consultant until 2012.

Ms Karen Penrose. Karen is an Independent Non-executive Director with a breadth of experience in business, finance and investment banking, in both the banking and corporate sectors. Karen's prior executive career includes 20 years in banking with Commonwealth Bank of Australia and HSBC and, over the eight years to early this year, held Chief Financial Officer and Chief Operating Officer roles with two ASX listed companies.

Mr Trevor Gerber. Trevor is an Independent Non-executive Director and former roles included Group Treasurer and Director of Funds Management at Westfield, with responsibility for Westfield Trust and Westfield America Trust. He has been a professional director since 2000, and has experience in property, funds management, hotels and tourism, infrastructure and aquaculture.

Mr Peter Kahan. Peter is a Non-executive Director and was nominated for the role by Gandel Group. He has had a long career in property funds management, with prior roles including CEO of Gandel

Group. Peter was Finance Director of Gandel Group at the time of the merger between Gandel Retail Trust and Colonial First State Retail Property Trust in 2002.

Dr David Thurin. David is a Non-executive Director and was nominated for the role by Gandel Group. David has had a long professional career and was a director of Gandel Group at the time of the merger between Gandel Retail Trust and Colonial First State Retail Property Trust in 2002. Dr Thurin is currently the Managing Director and founder of Tigcorp which has property interests in retirement villages and land subdivision.

Mr Peter Hay. Peter was appointed as an Independent Non-executive Director in July of this year and, unfortunately, had already made prior commitments for this day and is unable to be with us. He sends his apologies. Peter has a strong background in business, corporate governance, financial and investment banking and is a former partner of the legal firm Freehills.

Mr Angus McNaughton. As you heard previously, Angus is the Managing Director and CEO of CFX. He was previously Managing Director of Property for Colonial First State Global Asset Management and has been associated with the property business for almost 20 years. Angus' previous roles include Head of Wholesale Property for Colonial First State Global Asset Management and Chief Executive of the Manager of Kiwi Income Property Trust.

And finally, there is myself. I have been a director of Commonwealth Managed Investments Limited since January 2009. My background is in financial services, and I was formerly Deputy General Manager, Australia of BNP Paribas. I have also had extensive experience with regards to property investments.

Our new corporate identity

In March of this year, our securityholders voted overwhelmingly in favour of a proposal to internalise CFX's management.

Establishing CFX as a new standalone entity involved selecting a name that reflected the values we stand for and our objectives as a company.

From next Monday 3 November, we will be known by our new corporate identity, Novion Property Group with a new ASX code of NVN. Novion is derived from the Latin word for new and the word 'on', reflecting the passion of our people and our ongoing desire to look for new ideas and improved solutions as we strive to create better retail property in Australia.

Although the Group will have a new name, our centres will retain their strong individual identities which reflect our bespoke approach to retail.

In line with the change in the Group's name, in the formal business of this meeting, we will invite you to vote upon a resolution to effect the name change of one of our entities, CFX Co Limited, to Novion Limited.

We are pleased with our new identity and we are confident that it will become a well-known brand associated with excellence in retail property.

Update on Internalisation

Implementation of the Internalisation occurred on 24 March 2014 and, as we had anticipated, it delivered immediate benefits, both financial and otherwise.

It has been accretive from day one as we have replaced management fees with lower direct costs.

It has provided scale and diversification for our Group, which is critical in the retail management business, and has also delivered new income streams in the form of our Strategic Partnerships.

Internalisation has given you, our investors, the ability to vote on the election and re-election of Directors and remuneration matters, part of the reason that you are here today.

As I said earlier, following the retirement of long-standing Director Jim Kropp and our new appointments, our Board now comprises of eight directors, a majority of whom are independent. Each of my fellow Directors brings with them valuable skills and depth to the Board.

I am pleased to advise that our separation from CBA has progressed smoothly and is now largely complete.

We are also looking forward to our newly appointed Chief Financial Officer (CFO), Mr Richard Jamieson, joining the senior management team in November. Richard is currently the Acting General Manager of Superannuation, Marketing and Direct for BT Financial Group, and has previously held CFO roles at BT Financial Group, Westpac New Zealand Limited and Colonial First State Global Asset Management.

2014 has been a transformative year in our history. Challenging at times, but ultimately also very satisfying because of the outcomes that have been achieved for our securityholders, through our work in developing new and exciting retail environments, and the dedication of our team who have worked diligently over the past 12 months to achieve these outcomes.

Group performance

In closing, CFX remains well positioned. We have a strong balance sheet with moderate gearing, and no further debt expiries for the remainder of the financial year.

With the sale of Post Office Square in Brisbane and the conditional sale of The Entertainment Quarter in Sydney, we have now transacted \$100 million of non-core asset divestments, achieving the lower end of our target range. We are well progressed on the early stages of the redevelopment of Chadstone and, with speciality sales growth of 2.7% for the 12 months to 30 September 2014, we have edged closer to our 3% target for comparable specialty sales growth for FY15.

Strategy and Group performance

Mr Angus McNaughton
Managing Director and CEO

Strategy and business platform

As you have just heard, CFX is now one of the largest fully integrated retail property groups in Australia.

We have \$14.4 billion in assets under management, which includes \$8.9 billion of assets that we directly own. We directly employ more than 800 in the team, we have relationships with more than 5,100 retailers, and the assets we manage generate more than \$9.6 billion in annual retail sales.

92% of our revenue is derived from the direct portfolio of shopping centres we own and manage on your behalf, while the remaining 8% of our revenue is derived from our Strategic Partnerships business, in which we manage investments and assets on behalf of third parties.

Over 20 years, we have been driven by a clear strategic objective, which is to provide our investors with superior and stable risk-adjusted returns from the ownership and management of quality Australian retail property.

Our focus is on maximising the potential of these properties across the retail spectrum.

We have a target total return of ~9% per annum though the cycle, and we aim to deliver a total securityholder return that is superior to our peer group.

Our financial objectives are underpinned by the strategic drivers of our business which are represented by:

- our intensive asset management model
- our disciplined investment and capital management approach
- our focus on operational excellence, and
- developing, nurturing and organically growing our Strategic Partnerships platform.

FY14 highlights

In a retail environment characterised by mixed economic signals and sluggish sales growth, CFX's portfolio has demonstrated its resilience. While the early signals are not yet strong enough to definitively declare a retail recovery, the positioning and quality of our assets is such that we are well positioned to capture momentum as retail market conditions strengthen.

In August, we presented our first results as an independent, internally managed retail property group.

After a transformational 12 months, we are strategically and operationally stronger, and we've locked in the early financial benefits that underpinned the Internalisation.

We have a clearly defined strategy, a robust development pipeline, an identified pathway to secure further operational efficiencies and are well positioned to capture the benefits of any improvement in the retail environment.

Our full-year distribution of 13.6 cents per security was in line with our guidance. Our total securityholder return of 9.1% was 0.6 percentage points ahead of our retail peers.

In 2014 we opened two landmark development projects, DFO Homebush and Emporium Melbourne, both fully leased. We have also broken ground on the next redevelopment of Chadstone Shopping Centre.

The occupancy of our direct portfolio increased to 99.7%, which means that the portfolio is effectively full.

These many achievements are only possible because of the strength of the platform and the strategy which guides us.

FY15 priorities

In the year ahead, we remain focused on optimising our centres' investment performance through our intensive asset management approach. At each of our centres we will be looking to improve the sales productivity of our retailers, maintain an effectively full portfolio and translate that into income growth. We will be looking to successfully deliver the early stages of the Chadstone development while continuing to masterplan other projects across the portfolio.

We will continue to look for opportunities to selectively divest non-core assets and reinvest capital into assets that are better aligned with our portfolio, while also maintaining a strong and flexible balance sheet.

On operational excellence, post Internalisation we have commenced a review of our operating model, systems and processes to identify synergies and efficiencies. This review is across the business and will be undertaken in stages throughout the year. We will update you further on the progress of this review at our half-year results in February 2015.

From our newest business stream, our Strategic Partnerships, we will be:

- delivering on the respective wholesale fund strategies, and
- exploring new fund and mandate opportunities to incrementally grow our revenue streams over time.

September 2014 quarterly update

Now to some highlights from our September 2014 quarterly update which we released last week:

- our comparable specialty sales growth to 30 September 2014 improved to 2.7% from 2.2% to 30 June 2014
- we raised US\$200 million in the American private placement market, extending our debt duration and leaving us with no further debt expiries in FY15
- we acquired a further two assets for one of our wholesale funds
- we commenced construction on the Chadstone redevelopment, and
- we entered into an unconditional agreement in October to sell the non-core asset Post Office Square in Brisbane.

FY15 outlook

While the economic indicators are mixed and sentiment is vulnerable to economic shocks, we are cautiously optimistic about a gradual improvement in the retail environment and expect comparable retail sales growth to steadily improve over the remainder of this financial year.

For FY15 we have provided distribution guidance of 13.8 cents per security.¹

Development update and Responsible investment

Mr Michael Gorman

Deputy CEO and Chief Investment Officer

Development

Our development pipeline assists us to maintain the high quality of our portfolio by keeping our assets relevant and in demand for both retailers and customers.

It also allows us to satisfy the wave of demand that we have seen recently from international and luxury tenants who are looking to get into our portfolio.

Emporium Melbourne

Firstly, let's look at Emporium Melbourne. This is a 45,000 sqm 6-level shopping centre in the heart of the Melbourne CBD.

Since the doors first opened in April, we have had 9 million customer visits, and some very pleasing sales results.

It has been a challenging project, but the finished product is of very high quality, and we expect it to perform strongly in to the future.

The centre has a premium tenant mix, housing some of the world's best brands, and the café court has been an outstanding success.

It is in our view the new heart of Melbourne retail.

DFO Homebush

We'll now move to DFO Homebush which we completed ahead of schedule and opened fully leased, earlier this year.

DFO Homebush now has one of the best fashion offers of any retail asset in Australia, including some of the world's top luxury apparel brands.

Chadstone Shopping Centre

Last but not least, we are now underway on the next phase of development at Chadstone Shopping Centre. Over the years we have been able to develop Chadstone to be the best shopping centre in Australia and also one of the best in the world.

This will be our 40th redevelopment at Chadstone. It is an exciting project which will involve the expansion and redevelopment of the northern end of the centre, extending the West Mall to a new four-level atrium, featuring international flagship stores and luxury brands, and adding a world-class entertainment and leisure precinct.

The retail floor area is being expanded by approximately 20,000 sqm.

At the same time, we'll also be developing a 10-level, 17,000 sqm office building with basement parking on Princes Hwy.

¹ This includes incremental EBIT from Internalisation of at least equal to the amount outlined in the Explanatory Memorandum dated 7 February 2014 and modest like-for-like Net Property Income growth, offset by a short-term impact as Emporium Melbourne comes on line. It excludes the impact of asset sales, such as The Entertainment Quarter or any potential benefits arising out of the operational review currently underway. Guidance also assumes there is no unforeseen material deterioration to existing economic conditions.

Responsible investment

CFX is a retail-sector leader in responsible property investment.

This year we were ranked number 1 retail REIT in Australia and number 2 retail REIT globally in the Global Real Estate Sustainability Survey, out of 630 property companies.

We were also recognised as a Climate Disclosure Leader for the fifth consecutive year.

What this means is we are constantly looking at ways to optimise the performance of our assets, and we are committed to quality, environmental, social and governance outcomes.

Since 2008, we've avoided over \$17 million in costs thanks to reductions in the amount of energy and water we use, and the amount of waste we recycle. Since 2008 we have achieved a 12.7% improvement in energy efficiency, a 17.7% improvement in water efficiency and an 18.9% reduction in emissions intensity. Last year we recycled 33% of our waste.

ENDS

For further information please contact

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From Monday 3 November 2014, CFS Retail Property Trust Group will be known as Novion Property Group and our Sydney Corporate Office is relocating. The new contact details for Penny Berger and Troy Dahms will be:

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About CFS Retail Property Trust Group (CFX)

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



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