



Notice of Meeting and Explanatory Memorandum 2015

The Annual General Meeting (**Meeting**) will be held:

Date: Wednesday 28 October 2015

Time: 3.30pm (Melbourne time)

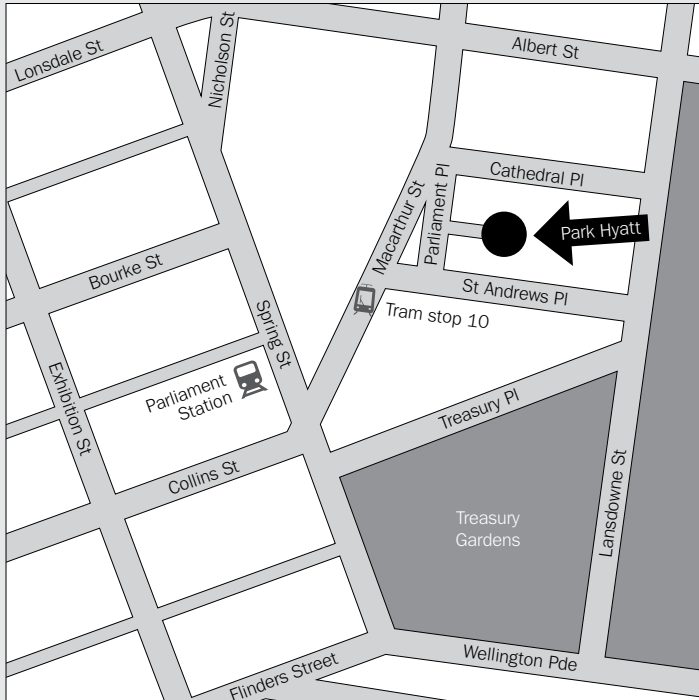
Place: Fairmont Room, Park Hyatt Melbourne
1 Parliament Square, off Parliament Place
Melbourne Victoria 3002

Investor registration begins at 3.00pm (Melbourne time)

If you are unable to attend the Meeting, please complete the proxy form and return it in accordance with the instructions in the Notice of Meeting and on the proxy form.



Location of Annual General Meeting



WEDNESDAY 28 OCTOBER 2015 3.30PM (MELBOURNE TIME)

Fairmont Room, Park Hyatt Melbourne
1 Parliament Square, off Parliament Place
Melbourne Victoria 3002

Investor registration begins at 3.00pm (Melbourne time)

View Meeting via webcast

The Meeting will be webcast live on Federation Centres' website at www.federationcentres.com.au

Access the 2015 Annual Report online

Investors are encouraged to read the 2015 Annual Report prior to the Meeting. The Annual Report can be viewed online or downloaded as a PDF from www.federationcentres.com.au

Ask a question at the Annual General Meeting

All Securityholders are able to ask questions at the Meeting or submit them prior to the Meeting. If you have a question you would like answered at the Meeting, please email it to investor.relations@vicinity.com.au before 5.00pm on Wednesday 21 October 2015. We will endeavour to answer as many of the more frequently raised questions as possible at the Meeting, having regard to available time. Please note that Federation Centres will not respond to questions on an individual basis.

Additional information

You should read this document in full. It contains important information to assist you in your voting decision. If you have any questions about the resolutions, please contact Federation Centres' Securityholder Information Line on 1300 887 890 or +612 8280 7189 (callers outside Australia), between 8.30am and 5.30pm (Sydney time) Monday to Friday.

A message from the Chairman

21 September 2015

Dear Securityholder,

It is my pleasure to invite you to attend the 2015 Annual General Meeting of Federation Centres (the Group), which will comprise the Annual General Meeting of Federation Limited and a meeting of the Unit Holders of Federation Centres Trust No. 1 (together Meeting) to be held concurrently.

The Meeting will be held at Park Hyatt Melbourne, 1 Parliament Square, Melbourne at 3.30pm (Melbourne time) on Wednesday 28 October 2015. If you are attending the Meeting, please bring your personalised proxy form and arrive from 3.00pm onwards to register for the event as the Meeting will commence at 3.30pm.

At the conclusion of the Meeting, I invite you to join the Board and management team for refreshments.

If you do not plan to attend the Meeting, we encourage you to submit your proxy electronically through the Security Registry's website www.linkmarketservices.com.au. Other methods for proxy submission are outlined on your proxy form or in Note 9 of the Notice of Meeting. For your proxy to be valid, you will need to ensure that it is received by no later than 3.30pm (Melbourne time) on Monday 26 October 2015.

The Meeting will also be webcast live on the day on the Group's website www.federationcentres.com.au

The Board recommend that Securityholders vote in favour of each of the resolutions to be considered at the Meeting. Enclosed is the Notice of Meeting which sets out the business to be dealt with at the Meeting, and the Explanatory Memorandum.

A TRANSFORMATIONAL YEAR

It has been a transformational year for the Group with the implementation of the merger of Federation Centres and Novion Property Group in June 2015 to create one of Australia's leading retail property groups (the Merger).

The Group now has more than \$22.6 billion of retail assets under management across 99 centres, including direct interests in 88 assets valued at \$14.3 billion⁽¹⁾ that are either fully or jointly owned on balance sheet, and over 9,700 leases which generate over \$18.6 billion in annual retail sales. We now employ around 1,300 people.⁽²⁾

(1) Includes investment properties relating to equity accounted investments.

(2) As at 30 June 2015.

With the Merger combining two highly-complementary platforms, benefits relative to the entities on a stand-alone basis included:

- Increased portfolio scale and expertise;
- Material value creation through cost savings and future opportunities;
- Significant earnings and distribution accretion;
- Improved growth opportunities;
- Enhanced asset, geographic and tenant diversification; and
- Greater relevance for equity and debt investors through increased scale.

While it is only three months since the implementation of the Merger, we have made significant progress on integration and have already realised many benefits.

Over 60 per cent, or \$31 million, of the estimated operational savings on a run-rate or annualised basis have been secured, and we remain on target to achieve the full operational savings outlined in the Scheme Booklet.⁽³⁾ Additionally, the team has already achieved the \$28 million of annualised interest cost savings at a weighted average cost of debt of 4.2% and reduced the cost to achieve those savings by over \$100 million, compared to that detailed in the Scheme Booklet.⁽⁴⁾

The key centre management, leasing and development teams are set, and in September 2015 the majority of corporate teams will have co-located.

As the Merger was implemented on 11 June 2015, the 2015 annual results largely reflect each entity's stand-alone performance over the prior year. We delivered a statutory net profit of \$675.1 million for the year to 30 June 2015, and paid a full year distribution totalling 16.9 cents per security. Underlying earnings growth for the Group was 6.2%, and net tangible assets increased by 5.2% per security, over the year on an aggregate basis.

(3) Published on 15 April 2015.

(4) Refer to page 115 in the Scheme Booklet.

A message from the Chairman

continued

The Board was pleased to announce the appointment of Angus McNaughton as Chief Executive Officer of the Group in August 2015. We believe that with Angus' history of driving a high performance culture at Novion Property Group, where he was Managing Director and Chief Executive Officer, our assets, people and investors have a strong, stable future.

At the Meeting, Securityholders will have the opportunity to vote upon the election or re-election, as appropriate, of all Non-Executive Directors on the Federation Limited Board. Mr Trevor Gerber and Ms Debra Stirling will also stand for election to the Federation Limited Board subject to, and conditional upon, Resolution 6.1 being approved.

THE YEAR AHEAD

The Group's strategic focus is clear. We own, manage and develop Australian retail assets across the spectrum, with a prudent approach to capital management, and an ongoing portfolio enhancement program. The Group is committed to high standards of governance. The rights and interests of all of our investors underpin our decision making processes and are at the core of our corporate governance practices. The Group's Corporate Governance Statement is available at: www.federationcentres.com.au/about/corporate-governance

As part of working toward building a single culture across the Group, we are looking forward to launching the new Vicinity Centres brand, following Securityholder approval of the change of name of Federation Limited to Vicinity Limited. Vicinity by definition is a 'place' name – the place to shop, meet, socialise and experience a great environment – a key destination to bring people together. Our centres are 'in the vicinity', close and convenient, and aim to enrich the local communities where families live, work and shop. A resolution to effect this name change is included in the Notice of Meeting.

Other significant tasks ahead include delivering the forecast synergies of the Merger and finding new cost saving and revenue generation opportunities from the merged portfolio, along with achieving key integration milestones. We will also progress the construction and leasing on development projects underway, and further progress other planned projects. We will be exploring opportunities to extend our debt duration, and also continue to manage the portfolio intensively to enhance its tenancy mix and improve occupancy.

The Board and senior executive team remain focused on delivering the benefits of the Merger and are excited about the opportunity to continue to develop the business on behalf of investors, retailers and our communities.

On behalf of my fellow Directors, I thank you for your continued support of Federation Centres and look forward to seeing as many of you as possible on 28 October 2015.

Yours sincerely



PETER HAY
Chairman

Notice of Meeting

Federation Limited

ABN 90 114 757 783

Federation Centres Trust No. 1

ARSN 104 931 928

Responsible Entity

Federation Centres Limited

ABN 88 149 781 322

Notice is given that the Annual General Meeting of Federation Limited (**FL** or the **Company**) will be held in conjunction with a meeting of Unit Holders in Federation Centres Trust No. 1 (**FCT1** or the **Trust**) (the Trust and the Company together **FDC** or **Federation Centres**) at the Fairmont Room, Park Hyatt Melbourne, 1 Parliament Square, off Parliament Place, Melbourne, Victoria, Australia, 3002 on 28 October 2015 at 3.30pm.

1 Financial Reports

To receive and consider the financial reports of Federation Centres (comprising the Company and the Trust) and the reports of the Directors and Auditor for the year ended 30 June 2015.

2 Re-election and election of Directors of the Company

To consider, and if thought fit, pass the following resolutions as ordinary resolutions of the Company:

- (a) That Peter Hay, being a Director who retires with effect from the conclusion of the Meeting and, being eligible, offers himself for election, is elected as a Director of the Company;
- (b) That Richard Haddock AM, being a Director who retires with effect from the conclusion of the Meeting and, being eligible, offers himself for election, is elected as a Director of the Company;
- (c) That Tim Hammon, being a Director who retires with effect from the conclusion of the Meeting and, being eligible, offers himself for re-election, is re-elected as a Director of the Company;
- (d) That Peter Kahan, being a Director who retires with effect from the conclusion of the Meeting and, being eligible, offers himself for election, is elected as a Director of the Company;
- (e) That Charles Macek, being a Director who retires with effect from the conclusion of the Meeting and, being eligible, offers himself for re-election, is re-elected as a Director of the Company;

- (f) That Karen Penrose, being a Director who retires with effect from the conclusion of the Meeting and, being eligible, offers herself for election, is elected as a Director of the Company;
- (g) That Wai Tang, being a Director who retires with effect from the conclusion of the Meeting and, being eligible, offers herself for re-election, is re-elected as a Director of the Company;
- (h) That David Thurin, being a Director who retires with effect from the conclusion of the Meeting and, being eligible, offers himself for election, is elected as a Director of the Company;
- (i) That subject to and conditional on the passage of the resolution in item 6.1 below, Trevor Gerber, who is nominated by the Board for election, is elected as a Director of the Company in accordance with rule 9.1(k) of the Company's constitution; and
- (j) That subject to and conditional on the passage of the resolution in item 6.1 below, Debra Stirling, who is nominated by the Board for election, is elected as a Director of the Company in accordance with rule 9.1(k) of the Company's constitution.

3 Non-binding advisory vote on Remuneration Report

To adopt the Remuneration Report for the Company for the financial year ended 30 June 2015 as contained in the Annual Report of FDC for the year ended 30 June 2015.

Please note that the vote on this item is advisory only and does not bind the Directors of the Company or FCL.

This item is subject to voting exclusions – see 'Voting Exclusions' below.

Notice of Meeting

continued

4 Approval of proposed equity grant to CEO

To consider and, if thought fit, pass the following resolution as an ordinary resolution of FL and FCT1:

“That, for the purposes of ASX Listing Rule 10.14 and all other purposes, approval be given for the grant of performance rights to the CEO of Federation Centres, Angus McNaughton, in accordance with the terms of the Federation Centres Long Term Incentive Plan and on the terms summarised in the Explanatory Memorandum to this Notice of Meeting.”

This item is subject to voting exclusions – see ‘Voting Exclusions’ below.

5 Change of Federation Limited name

To consider and, if thought fit, pass the following resolution as a special resolution of FL:

“That:

(a) the name of Federation Limited is changed to Vicinity Limited; and

(b) the constitution of Federation Limited is amended to reflect the change of name,

with effect from when the Australian Securities and Investments Commission alters the details of the registration in accordance with the Corporations Act 2001 (Cth).”

6 Constitution Amendment Resolutions

The following resolutions are required to be passed to effect amendments to the constitution of each of the Company and the Trust.

6.1 FL Constitution Amendment Resolution – Company Only

To consider and, if thought fit, pass the following resolution as a special resolution of the Company, in accordance with section 136(2) of the Corporations Act 2001:

“That the constitution of Federation Limited is amended in the manner as set out in the document which has been produced to the meeting (and is for the purpose of identification marked ‘A’ and initialled by the Chairman).”

6.2 FCT1 Constitution Amendment Resolution – Trust Only

To consider and, if thought fit, pass the following resolution as a special resolution of the Trust, in accordance with section 601GC(1)(a) of the Corporations Act 2001:

“That the constitution of Federation Centres Trust No. 1 is amended as set out in the supplemental deed which has been produced to the meeting (and is for the purpose of identification marked ‘B’ and initialled by the Chairman) and Federation Centres Limited be authorised to execute and lodge with the Australian Securities and Investments Commission a copy of the supplemental deed.”

This item is subject to voting exclusions – see ‘Voting Exclusions’ below.

7 Insertion of Partial Takeovers Provision in Company constitution

To consider and, if thought fit, pass the following resolution as a special resolution of FL, in accordance with sections 136(2) and 648G of the Corporations Act 2001:

“That the constitution of Federation Limited is amended by inserting rule 20 in the form set out in the Explanatory Memorandum to this Notice of Meeting.”

8 Insertion of Partial Takeovers Provision in Trust constitution

To consider and, if thought fit, pass the following resolution as a special resolution of FCT1, in accordance with sections 601GC(1)(a) and 648G of the Corporations Act 2001:

“That the constitution of Federation Centres Trust No. 1 is amended by inserting clause 12.11 in the form set out in the Explanatory Memorandum to this Notice of Meeting.”

This item is subject to voting exclusions – see ‘Voting Exclusions’ below.

VOTING EXCLUSIONS:

Resolutions 3 and 4

The Corporations Act restricts members of key management personnel (KMP) and their closely related parties from voting in relation to item 3 and item 4 in certain circumstances. In addition, a voting restriction applies to the CEO and his associates in respect of item 4 under the Listing Rules.

Closely related party is defined in the Corporations Act and includes a spouse, dependant and certain other close family members, as well as any companies controlled by a member of the KMP.

Resolution 3 (Non-binding advisory vote on Remuneration Report)

FDC will disregard any votes cast (in any capacity) on the proposed resolution in item 3 by or on behalf of:

- members of the KMP (being the Directors and the other KMP as disclosed in the Remuneration Report); and
- closely related parties of those persons,

as well as any votes cast as a proxy on this item by a member of the KMP at the date of the Meeting and their closely related parties, unless the vote is cast:

- as proxy for a person entitled to vote on item 3 in accordance with a direction on the proxy form; or
- by the Chairman of the Meeting as proxy for a person entitled to vote on item 3 in accordance with an express authority to vote undirected proxies as the Chairman sees fit (even though the resolution is connected directly or indirectly with the remuneration of a member of the KMP).

Resolution 4 (Approval of proposed equity grant to CEO)

FDC will disregard any votes cast on the proposed resolution in item 4:

- by or on behalf of the CEO of FDC, Mr Angus McNaughton (in any capacity); and
- any of his associates,

as well as any votes cast as a proxy on this item by a member of the KMP at the date of the Meeting and their closely related parties, unless the vote is cast:

- as proxy for a person entitled to vote on item 4 in accordance with a direction on the proxy form; or
- by the Chairman of the Meeting as proxy for a person entitled to vote on item 4 in accordance with an express authority to vote undirected proxies as the Chairman sees fit (even though the resolution is connected directly or indirectly with the remuneration of a member of the KMP).

What this means for Securityholders:

If you intend to appoint a member of the KMP (such as one of the Directors) as your proxy, please ensure that you direct them how to vote on items 3 and 4. If you intend to appoint an associate of the CEO as your proxy, please ensure that you direct them how to vote on item 4. If you intend to appoint the Chairman of the Meeting as your proxy, you can direct him or her how to vote by marking the boxes for items 3 and 4 (for example, if you wish to vote for, against or abstain from voting), or you can choose not to mark any of the boxes for items 3 and 4, and give the Chairman your express authority to vote your undirected proxy (in which case the Chairman will vote in favour of these items of business).

Resolutions 6.2 and 8 (FCT1 Constitution Amendment Resolution and Insertion of Partial Takeovers Provision in Trust constitution)

In accordance with section 253E of the Corporations Act, FCL and FCL's associates will not be entitled to vote any interest on the proposed resolutions in items 6.2 and 8. Accordingly, FCL will disregard any votes cast on the resolutions by it or its associates. However, FCL will not disregard votes cast as proxies if the appointment specifies the way in which the proxy is to vote and the proxy votes in that way.

By order of the Board of Federation Limited.



Michelle Brady

Secretary

21 September 2015

By order of the Board of Federation Centres Limited as responsible entity of Federation Centres Trust No. 1.



Michelle Brady

Secretary

21 September 2015

Notes

1 Terminology and Glossary

A number of terms used in this Notice of Meeting (including these notes and the Explanatory Memorandum) and accompanying message from the Chairman are defined in the Glossary at the end of the Explanatory Memorandum. Terms which are not defined in the Glossary but which are defined in the constitution of the Company or the Trust (as applicable) have the same meaning in this Notice of Meeting (including these notes and the Explanatory Memorandum) and accompanying message from the Chairman, unless the context requires otherwise.

2 Stapling

The Shares and Units are stapled together under the respective constitutions of the Company and the Trust. This means that all Securityholders are shareholders in the Company and Unit Holders in the Trust and each Securityholder holds the same number of Shares and Units.

3 Quorum

The constitution of the Company provides that three members of the Company present personally or by representative, attorney or proxy and who are entitled to vote shall be a quorum for a general meeting of the Company. The constitution of the Trust provides that a quorum for a meeting of Unit Holders is two Unit Holders.

4 Resolutions – voting requisites

Ordinary resolutions

Each of the resolutions set out in items 2, 3 and 4 of this Notice of Meeting is an ordinary resolution and will not be passed unless more than 50% of the votes cast by or on behalf of Securityholders entitled to vote on the resolution is in favour of the resolution.

Special resolutions

Each of the resolutions set out in items 5, 6, 7 and 8 of this Notice of Meeting is a special resolution and will not be passed unless at least 75% of the votes cast by or on behalf of Securityholders entitled to vote on the resolution is in favour of the resolution.

5 Voting

The Directors of the Company and FCL have determined that, for the purposes of the Meeting, Stapled Securities will be taken to be held by the persons who are registered as Securityholders as at 7.00pm (Melbourne time) on Monday 26 October 2015. Accordingly, transfers registered after this time will be disregarded in determining entitlements to vote at the Meeting.

In the case of Stapled Securities held by joint holders:

- In respect of the Units comprising those Stapled Securities, only the person whose name stands first in the register may vote; and
- In respect of the Shares comprising those Stapled Securities, one of the joint holders may vote and if more than one joint holder is present and voting at the Meeting, only the vote of the joint holder whose name appears first in the register will be counted.

6 Admission to Meeting

Corporate representatives are requested to bring appropriate evidence of appointment as a representative in accordance with the respective constitutions of the Company and the Trust. Attorneys are requested to bring a copy of the power of attorney pursuant to which they were appointed. Proof of identity will also be required for corporate representatives and attorneys.

7 Proxies

A Securityholder who is entitled to attend and vote at the Meeting may attend and vote by proxy. A Securityholder who is entitled to cast two or more votes may appoint up to two proxies and may specify the proportion or number of votes each proxy is entitled to exercise. A proxy need not be a Securityholder and may be either an individual or a body corporate. A Securityholder appointing a proxy may direct a proxy to vote 'for', to vote 'against', or abstain from voting on each resolution, or may leave the decision to the proxy following discussion at the Meeting. Please refer to the enclosed proxy form for instructions on completion and lodgement.

The Company's KMP (which includes each of the Directors and the other KMP as disclosed in the Remuneration Report) and their closely related parties, will not be able to vote your proxy on items 3 and 4 unless you direct them how to vote on those items. If you intend to appoint an associate of the CEO as your proxy, please ensure that you direct them how to vote on item 4. If you intend to appoint a member of the KMP (or one of their closely related parties) as your proxy, you must ensure the proxy is directed how to vote on items 3 and 4. If you intend to appoint the Chairman of the Meeting as your proxy, you can direct him or her how to vote by marking the boxes for items 3 and 4 (for example, if you wish to vote for, against or abstain from voting), or you can choose not to mark any of the boxes for items 3 and 4, and give the Chairman your express authority to vote your undirected proxy (in which case the Chairman will vote in favour of these items of business).

If you appoint two proxies to vote but do not specify a proportion or number of votes for each proxy to exercise, each proxy may exercise half of the votes. If you appoint two proxies to vote, neither proxy may vote on a show of hands if more than one proxy attends. On a poll, each proxy may only exercise votes in respect of those securities or voting rights the proxy represents.

If you appoint a proxy, you may still attend the Meeting. However, your proxy's rights to speak and vote are suspended while you are present. Accordingly, you will be asked to revoke your proxy if you register at the Meeting.

Any directed proxies that are not voted on a poll at the Meeting will automatically default to the Chairman of the Meeting, who is required to vote proxies as directed.

Please note that proxy forms must be received at the address listed in Note 9 below no later than 3.30pm on Monday 26 October 2015.

8 How the Chairman will vote undirected proxies

If the Chairman of the Meeting is your proxy, and you fail to provide a voting direction in respect of items 3 or 4 in the proxy form, you will be giving the Chairman express authority to vote your securities in favour of the resolution. The Chairman intends to vote undirected proxies in favour of each resolution. Federation Centres encourages all Securityholders who submit proxies to direct their proxy how to vote on each resolution.

9 Lodgements of proxies and queries

Proxy forms and authorities should be sent to the Registrar of Federation Centres at the address specified on the enclosed reply paid envelope or to the address specified below:

Mail: Federation Centres
c/- Link Market Services Limited
Locked Bag A14
Sydney South
NSW 1235 Australia

Alternatively, proxy forms and authorities can be lodged as follows:

By facsimile: +612 9287 0309

Online: www.linkmarketservices.com.au
(as detailed on the proxy form)

In person: Between 8.30am and 5.30pm (Sydney time)
Monday to Friday to
Link Market Services Limited at:
1A Homebush Bay Drive,
Rhodes NSW 2138 Australia,
or
Level 12, 680 George Street,
Sydney NSW 2000 Australia.

Securityholders should contact the Registrar of Federation Centres at the above address or on telephone number 1300 887 890 or +612 8280 7189 from outside Australia with any queries.

10 Questions to be put at the Meeting

All Securityholders are able to ask questions at the Meeting or submit them prior to the Meeting. If you have a question you would like answered at the Meeting, please email it to investor.relations@vicinity.com.au prior to 5.00pm on Wednesday 21 October 2015. We will endeavour to answer as many of the more frequently raised questions as possible at the Meeting, having regard to available time. Please note that Federation Centres will not respond to questions on an individual basis.

Explanatory Memorandum

1 Financial Reports

The financial reports of Federation Centres (comprising the Company and the Trust) and the reports of the Directors and Auditor for the year ended 30 June 2015 are set out in the Annual Report, which was sent before the Meeting to those Securityholders who have elected to receive the Annual Report by mail. A copy of the Annual Report is also available on the Federation Centres website www.federationcentres.com.au

Securityholders are not required to vote on the financial reports and the reports of the Directors and Auditors. However, Securityholders will be given a reasonable opportunity as a whole to raise questions or comments on the reports at the Meeting.

In accordance with section 250PA of the Corporations Act, Securityholders entitled to cast their vote at the Meeting may submit written questions to the Auditor relevant to the content of the Auditor's Report or the conduct of the audit of the financial report of Federation Centres. A Securityholder wishing to submit a question to the Auditor should forward this to the Company Secretary at the following address by no later than 5.00pm on Wednesday 21 October 2015:

Address: Federation Centres
Level 28, 35 Collins Street
Melbourne Victoria 3000

Facsimile: (03) 9236 6301

Email: investor.relations@vicinity.com.au

A list of questions submitted to the Auditor will be made available to Securityholders attending the Meeting at or before the start of the Meeting.

2 Re-election and election of Directors of the Company

The Scheme Booklet issued for the Merger provided that, from implementation of the Merger, the Board of FCL (the responsible entity of the Trust) would comprise 11 Directors, but the Board of the Company would comprise only 8 Directors. As noted in the Scheme Booklet, this position results from the constitution of the Company containing a limit on the number of Directors, being 8. In order to allow the Board of the Company to be constituted in the same way as the Board of FCL, the Scheme Booklet stated that, at the 2015 Annual General Meeting, Securityholders would be asked to approve an increase in the maximum number of Directors of the Company from 8 to 11. It has since been determined that there is no compelling reason for including a limit on the number of Directors of the Company in the constitution of the Company. Accordingly, the FL Constitution Amendment Resolution now proposes that the constitution of the Company be amended to remove the maximum number of Directors.

The appointment of any new Directors in the future remains subject to the nomination process, Securityholder approval at the next annual general meeting and the maximum remuneration previously approved by Securityholders which may be paid by the Company to its Non-executive Directors.

The Scheme Booklet also stated that Securityholders would be asked to approve the election of all Non-executive Directors of the Company at the 2015 Annual General Meeting. Item 2 of this Notice of Meeting sets out the resolutions for election of Directors to be put to the Meeting. The resolutions in respect of the election of Mr Gerber and Ms Stirling are subject to the passage of the FL Constitution Amendment Resolution.

Immediately after the Meeting, provided that the FL Constitution Amendment Resolution is passed, the Board of the Company proposes to appoint Mr Angus McNaughton as Managing Director of the Company.

Information on each Director candidate is set out as follows.



PETER HAY

(LLB, FAICD)

**Chairman,
Independent Non-executive Director**

Appointed to the FL Board June 2015

Background and Experience

Peter Hay has a strong background and breadth of experience in business, corporate governance, finance and investment banking advisory work, with a particular expertise in relation to mergers and acquisitions. Mr Hay was a partner of the legal firm Freehills until 2005, where he served as Chief Executive Officer from 2000. Mr Hay has also had significant involvement in advising governments and government-owned enterprises.

Mr Hay is Chairman of the Nominations Committee.

Current Directorships, Executive Positions and Advisory Roles

Chairman: Newcrest Mining Limited and Australian Institute of Company Directors.

Member: Australian Government Takeovers Panel and AICD Corporate Governance Committee.

Past Non-executive Directorships (past three years)

GUD Holdings Limited, Novion Limited, Alumina Limited, Australia and New Zealand Banking Group Limited, NBN Co Limited and Myer Holdings Limited.

The Board (other than Mr Hay) recommends that Securityholders vote in favour of the election of Mr Hay.



RICHARD HADDOCK AM

(BA, LLB, FAICD)

Independent Non-executive Director

Appointed to the FL Board June 2015

Background and Experience

Richard Haddock has had a long career in financial services and was Deputy General Manager, Australia at BNP Paribas, Sydney from 1988 to 2001.

Mr Haddock is a member of the Audit Committee and the Risk and Compliance Committee.

Current Directorships, Executive Positions and Advisory Roles

Chairman: Catholic Care, Australian Catholic Superannuation and Retirement Fund and St Vincent's Curran Foundation.

Director: Retirement Villages Group Ltd and CCI Limited.

Fellow: Australian Institute of Management, Financial Services Institute of Australia and Australian Institute of Company Directors.

Past Non-executive Directorships (past three years)

Novion Limited and Tishman Speyer Australia Limited.

The Board (other than Mr Haddock) recommends that Securityholders vote in favour of the election of Mr Haddock.

Explanatory Memorandum

continued



TIM HAMMON

(BCom, LLB, MAICD)

Independent Non-executive Director

Appointed to the FL Board December 2011

Background and Experience

Tim Hammon has extensive wealth management, property services and legal experience. He is currently Chief Executive Officer of Mutual Trust Pty Limited and previously worked for Coles Myer Ltd in a range of roles including Chief Officer, Corporate and Property Services with responsibility for property development and leasing and corporate strategy. He was also Managing Partner of various offices of Mallesons Stephen Jaques.

Mr Hammon is Chairman of the Risk and Compliance Committee, a member of the Remuneration and Human Resources Committee and the Nominations Committee. He also sits on the Compliance Committee of Retail Responsible Entity Limited, the Responsible Entity for Federation Centres' Retail Direct Property managed funds.

Current Directorships, Executive Positions and Advisory Roles

Chief Executive Officer: Mutual Trust Pty Limited.

Past Non-executive Directorships (past three years)

None.

The Board (other than Mr Hammon) recommends that Securityholders vote in favour of the re-election of Mr Hammon.



PETER KAHAN

(BCOMM, BACC, CA, MAICD)

Non-executive Director

Appointed to the FL Board June 2015

Background and Experience

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

Mr Kahan is a member of the Audit Committee, the Remuneration and Human Resources Committee and the Nominations Committee.

Current Directorships, Executive Positions and Advisory Roles

Director: Charter Hall Group.

Executive Deputy Chairman: The Gandel Group Pty Limited. Member: Institute of Chartered Accountants and Australian Institute of Company Directors.

Past Non-executive Directorships (past three years)

Novion Limited.

The Board (other than Mr Kahan) recommends that Securityholders vote in favour of the election of Mr Kahan.



CHARLES MACEK

(BEc, M.Admin, FAICD, FCA, FCPA, SF Fin)

Independent Non-executive Director

Appointed to the FL Board December 2011

Background and Experience

Charles Macek has extensive executive experience in the finance industry in Australia, New Zealand, the United Kingdom and Japan. He has held numerous senior positions and directorships in a range of public companies including Telstra and is a former Director and Chairman of IOOF, former Chairman of the Financial Reporting Council and former Vice Chairman of the International Financial Reporting Standards Advisory Committee.

Mr Macek is Chairman of the Remuneration and Human Resources Committee and a member of the Nominations Committee.

Current Directorships, Executive Positions and Advisory Roles

Chairman: Earthwatch Institute Australia and Sustainable Investment Research Institute Pty Ltd.

Member: Investment Committee of UniSuper Ltd.

Past Non-executive Directorships (past three years)

Wesfarmers Ltd.

The Board (other than Mr Macek) recommends that Securityholders vote in favour of the re-election of Mr Macek.

**KAREN PENROSE**

(BCOMM (UNSW), CPA, GAICD)

Independent Non-executive Director

Appointed to the FL Board June 2015

Background and Experience

Karen Penrose has a strong background and experience in business, finance and investment banking, in both the banking and corporate sectors. Her prior executive career includes 20 years with Commonwealth Bank and HSBC and, over the eight years to January 2014, Chief Financial Officer and Chief Operating Officer roles with two ASX listed companies.

Ms Penrose is Chairman of the Audit Committee and a member of the Risk and Compliance Committee.

Current Directorships, Executive Positions and Advisory Roles

Director: AWE Limited, Spark Infrastructure Group, Future Generation Global Investment Company Limited, UrbanGrowth NSW and Marshall Investments Pty Ltd.

Past Non-executive Directorships (past three years)

Novion Limited and Silver Chef Limited.

The Board (other than Ms Penrose) recommends that Securityholders vote in favour of the election of Ms Penrose.

**WAI TANG**

(BAppSc, MBA, GAICD)

Independent Non-executive Director

Appointed to the FL Board May 2014

Background and Experience

Wai Tang has extensive retail industry experience and knowledge gained through senior executive and board roles. Her former senior executive roles included Operations Director for Just Group and Chief Executive Officer of the Just Group sleepwear business, Peter Alexander. Prior to joining the Just Group, she was General Manager of Business Development for Pacific Brands. She was also the co-founder of the Happy Lab retail confectionery concept.

Ms Tang is a member of the Audit Committee and the Risk and Compliance Committee.

Current Directorships, Executive Positions and Advisory Roles

Director: Kikki K, JB Hi-Fi Limited and the Melbourne Festival.

Past Non-executive Directorships (past three years)

Specialty Fashion Group and L'Oréal Melbourne Fashion Festival.

The Board (other than Ms Tang) recommends that Securityholders vote in favour of the re-election of Ms Tang.

**DAVID THURIN**

(MBBS, DIP RACOG, FRACGP, MS in Management)

Non-executive Director

Appointed to the FL Board June 2015

Background and Experience

David Thurin has had extensive experience in the property industry that includes senior roles within The Gandel Group and associated companies including being the Joint Managing Director. Dr Thurin was a Director of The Gandel Group at the time of the merger between Gandel Retail Trust and Colonial First State Retail Property Trust in 2002. Dr Thurin is the Managing Director and founder of Tigcorp Pty Ltd, which has property interests in retirement villages and land subdivision. He has a background in medicine, having been in private practice for over a decade, and was a prior President of the International Diabetes Institute.

Dr Thurin is a member of the Risk and Compliance Committee.

Current Directorships, Executive Positions and Advisory Roles

Director: Tigcorp Pty Ltd, Melbourne Football Club and Baker IDI Heart and Diabetes Institute.

Member: World Presidents' Organisation and Australian Institute of Company Directors.

Past Non-executive Directorships (past three years)

Novion Limited.

The Board (other than Dr Thurin) recommends that Securityholders vote in favour of the election of Dr Thurin.

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TREVOR GERBER

(BACC, CA, SA)

Independent Non-executive alternate Director

Appointed to the FL Board (as alternate Director) June 2015

Background and Experience

Trevor Gerber worked for 14 years at Westfield, initially as Group Treasurer and subsequently as Director of Funds Management responsible 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 Gerber is a member of the Audit Committee and the Remuneration and Human Resources Committee.

Current Directorships, Executive Positions and Advisory Roles

Chairman: Sydney Airport Holdings.

Director: CIMIC Group Limited, Tassal Group and Regis Healthcare Limited.

Member: Institute of Chartered Accountants.

Past Non-executive Directorships (past three years)

Novion Limited.

The Board unanimously recommends that Securityholders vote in favour of the election of Mr Gerber.



DEBRA STIRLING

(BA, GAICD)

Independent Non-executive alternate Director

Member of the FL Board from December 2011 to June 2015 (and appointed to the FL Board as an alternate Director in June 2015)

Background and Experience

Debra Stirling has more than 20 years' experience as a senior executive in retailing, building and construction materials, manufacturing, mining and agriculture. Ms Stirling was Executive General Manager of People and Communications for Newcrest Mining Limited from January 2008 to July 2014. She has previously held executive roles with Rinker Group, CSR and Coles Myer.

Ms Stirling is a member of the Remuneration and Human Resources Committee and the Risk and Compliance Committee.

Current Directorships, Executive Positions and Advisory Roles

Member: Monash University Mining Advisory Board and the PNG Government's Lae Technical Training Centre of Excellence Taskforce.

Past Non-executive Directorships (past three years)

None.

The Board unanimously recommends that Securityholders vote in favour of the election of Ms Stirling.

The Chairman of the Meeting intends to vote all undirected proxies in favour of each resolution set out in item 2.

3 Non-binding advisory vote on Remuneration Report

The Remuneration Report for the Company is included in the Federation Centres Annual Report 2015.

The Remuneration Report discusses the following:

- The remuneration policy adopted by the Board;
- The links between the Board's policy and company performance;
- The remuneration details for each Director and key management personnel; and
- The Federation Centres Long Term Incentive Plan, including performance measures.

The Chairman will give Securityholders an opportunity to ask questions about or make comments on the Remuneration Report. Although this vote does not bind the Directors of FL or FCL, the Board intends to take into account the outcome of the vote and any Securityholder feedback when reviewing its remuneration policies and practices.

A voting exclusion applies to this item of business, as set out in this Notice of Meeting.

The Board recommends that Securityholders vote in favour of this non-binding resolution.

The Chairman of the Meeting intends to vote all undirected proxies in favour of this resolution.

4 Approval of proposed equity grant to CEO

Securityholder approval is being sought for the proposed grant of performance rights to the CEO of FDC, Angus McNaughton, under the FDC Long Term Incentive (LTI) Plan (LTI Plan) on the terms set out below.

4.1 LTI Plan terms and conditions

If Securityholder approval is obtained, Performance Rights with a value of \$1.3 million will be granted to the CEO as part of his remuneration package for the 2016 financial year. Each Performance Right entitles the CEO to one Stapled Security at the end of the Performance Period, subject to the satisfaction of the Performance Measures described below. Stapled Securities allocated to the CEO on vesting of the Performance Rights will rank equally with other Stapled Securities, but will be subject to a one year trading lock and the clawback provisions of the LTI Plan.

The number of Stapled Securities issued in accordance with the LTI Plan will be based on the 'face value' methodology. The Stapled Security price used in the calculation is the VWAP of FDC for the 10 trading days commencing on the first trading day immediately following the Meeting (VWAP Calculation Period).

The actual number of Performance Rights will be derived by dividing the CEO's LTI grant value of \$1.3 million by the VWAP. As the CEO's grant of Performance Rights forms part of his LTI remuneration, the Performance Rights will be granted at no cost to the CEO and no amount is payable on vesting of the Performance Rights. The Performance Rights will be granted under, and subject to, the rules of the LTI Plan. Performance Rights do not carry any distribution or voting rights prior to vesting.

If Securityholder approval is obtained, it is anticipated that the Performance Rights will be granted to the CEO on the first business day after the VWAP Calculation Period. No Performance Rights will be granted pursuant to this approval more than 12 months after the date of the Meeting.

If Securityholder approval is not obtained, in order to appropriately remunerate the CEO, the Board may consider providing alternative compensation to the CEO (equivalent to the value the grant of the Performance Rights would have had at vesting had it been approved by Securityholders).

4.2 Performance measures

The Performance Rights to be granted to the CEO (if Securityholder approval is obtained) will be subject to the following two Performance Measures over the Performance Period:

- 50% of the Performance Rights will be subject to a vesting condition based on relative TSR measured against the Comparator Group; and
- the remaining 50% of the Performance Rights will be subject to a Total Return vesting condition, which measures the extent to which FDC efficiently manages and extracts value from the assets of FDC.

If the Board determines that the Performance Measures have been satisfied at the end of the Performance Period, the Performance Rights granted to the CEO will automatically vest. If the Performance Measures are not met at the end of the Performance Period, the Performance Rights will lapse. There is no re-testing of Performance Rights after the vesting date.

Explanatory Memorandum

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4.3 Relative TSR – Performance Measure (external hurdle)

The TSR component of the Performance Rights will vest if FDC's relative TSR performance is above the median of the Comparator Group at the end of the Performance Period, in accordance with the following vesting schedule:

Relative TSR ranking against the Comparator Group	% of Performance Rights subject to the relative TSR measure that vest
At or above the 75th percentile	100%
At or above the 51st percentile but below the 75th percentile	Progressive pro rata vesting from 51% to 100% (ie on a straight line basis)
Below the 51st percentile	Nil

The Board will have the discretion to adjust the Comparator Group to take into account events including, but not limited to, takeovers, mergers or de-mergers, that might occur with respect to the entities listed in the Comparator Group during the Performance Period.

The Board will determine the security price used to calculate the TSR growth of FDC over the Performance Period. The security price will be measured based on the VWAP for the 20 trading days commencing on 1 July 2015.

4.4 Total Return – Performance Measure (internal hurdle)

Fifty percent of the Performance Rights will be allocated in accordance with the LTI Plan based on the Total Return of FDC during the Performance Period.

The Total Return will be calculated as follows:

$$\text{Total Return} = \frac{\begin{array}{c} \text{Change in NTA value} \\ \text{(during the Performance Period)} \\ + \\ \text{Stapled Security distributions per Stapled} \\ \text{Security (during the Performance Period)} \end{array}}{\begin{array}{c} \text{NTA value} \\ \text{(at the beginning of the Performance Period)} \end{array}}$$

Vesting of the Performance Rights based on Total Return will be determined as follows:

Total Return Performance Measure outcome over the Performance Period	% of Performance Rights subject to the Total Return Performance Measure that vest
Above 9.5% per annum	100%
9.0% to 9.5% per annum	Progressive pro rata vesting from 50% to 100% (ie on a straight line basis)
Below 9% per annum	Nil

Transaction costs and fair value adjustments to derivatives are excluded from the Total Return calculation. The Board will have the discretion to assess the NTA and adjust for intangible asset changes as it considers appropriate.

The Board will also have the discretion to adjust the Total Return Performance Measure to minimise the possibility of inappropriate outcomes.

4.5 Treatment of Performance Rights on cessation of employment

If, before the Performance Rights vest, the CEO ceases employment by reason of resignation or termination for cause, all unvested Performance Rights will lapse.

If, before the Performance Rights vest, the CEO ceases employment for any other reason (including death, total and permanent disablement, redundancy, genuine retirement from full time employment or FDC giving the CEO notice), the Performance Rights will continue beyond cessation of employment in accordance with the terms of grant (including in relation to any Performance Measures and lapse or forfeiture conditions) except that any continuous service requirements will be deemed to have been waived.

Change of control

In the event of a takeover or change of control of FDC, any unvested Performance Rights may vest at the discretion of the incumbent Board.

Other information

In relation to the LTI Plan:

- other than the CEO, no Director or associate of any Director, nor any other person referred to in Listing Rule 10.14 is entitled to participate in the LTI Plan;

- Securityholder approval for issue of Performance Rights under the LTI Plan to the former CEO, Mr Steven Sewell, was granted at the 2014 Annual General Meeting. In accordance with that Securityholder approval, Mr Sewell was granted 569,279 Performance Rights under the LTI Plan. There have been no other grants to persons referred to in Listing Rule 10.14 since that Securityholder approval;
- there is no loan scheme in relation to the Performance Rights; and
- the CEO is prohibited from hedging the security price exposure in respect of the Performance Rights during the Performance Period and the following one year trading lock.

A voting exclusion applies to this item of business, as set out in this Notice of Meeting.

The Board recommends that Securityholders vote in favour of this resolution.

The Chairman of the Meeting intends to vote all undirected proxies in favour of this resolution.

5 Change of Federation Limited name Resolution

As part of the implementation planning ahead of the Merger, it was recognised that the merged Group's name should signify its new identity. On 17 June 2015, Federation Centres announced 'Vicinity Centres' as the proposed new name of the merged Group. Vicinity, by definition, is a 'place' – a place to shop, meet, socialise and experience a great environment – a key destination to bring people together. The merged Group's centres are 'in the Vicinity', close and convenient, and aim to enrich the local communities where families live, work and shop.

The Company forms part of the listed stapled group, Federation Centres, and it is proposed that the Company change its name from 'Federation Limited' to 'Vicinity Limited' to reflect the new brand.

While Securityholder approval is not required to change the name and brand of the Group, it is required to change the name of the Company. Accordingly, Securityholder approval is sought to change the name of the Company to 'Vicinity Limited', and that the Company's constitution be amended to reflect the change of name.

As this resolution is a special resolution, at least 75% of the votes cast by or on behalf of Securityholders entitled to vote on the resolution must be cast in favour in order for the Company name change to be approved.

If the Company name change is approved by Securityholders, the proposed name change will be lodged with ASIC and, in accordance with the Corporations Act 2001, would take effect as and from the time that ASIC alters the details of the Company registration to note the change of name.

Following the change of Company name, Federation Centres will be known as Vicinity Centres and it is anticipated that the ASX name and code will change to Vicinity Centres and VCX respectively with effect from Monday 2 November 2015. It is also intended that other entity names within and associated with FDC, including the name of FCT1, will be changed to reflect the new brand.

If the change of Company name is not approved by Securityholders, the name of the Company will remain as Federation Limited.

For the reasons set out above, the Board unanimously recommends that Securityholders vote in favour of this resolution.

The Chairman of the Meeting intends to vote all undirected proxies in favour of this resolution.

6 Constitution Amendment Resolutions

The Constitution Amendment Resolutions propose amendments to the constitutions for the Company and the Trust as described below.

6.1 Amendments to constitution for the Company

The main changes proposed to be made to the Company's constitution are as follows:

- insertion of direct voting provisions, particularly throughout rule 8, which allow the Directors to determine that Securityholders may exercise their voting rights without having to attend meetings or appoint proxies or representatives, subject to compliance with certain requirements;
- consequential changes to accommodate the giving of direct votes (if the Directors determine to permit voting in that manner);
- removing the existing limit on the number of Directors of the Company, as foreshadowed in the Scheme Booklet (see item 2 of the Explanatory Memorandum above);
- insertion of a new rule 9.2(d) clarifying that a Director automatically ceases to hold office if they become a partner, employer or employee of an auditor of the Company, and consequential renumbering of other provisions in rule 9.2;

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- insertion of rule 9.8(c) stipulating the manner in which Directors are to be given notice of meetings of Directors (including by electronic means), and that accidental failure to give notice to, or non-receipt of notice by, a Director does not result in a meeting of the Directors being invalid;
- amendment of rule 9.10 to provide that the chair of the Directors is entitled to chair a meeting of Directors if they are present within 15 minutes of the time appointed for the meeting (the previous time limit was 10 minutes);
- amendment of rule 9.12 in order to permit the Directors to pass a written resolution, subject to certain conditions, if:
 - all Directors have received notice of that resolution; and
 - a majority of Directors have given their consent to that resolution;
- insertion of new rules 9.13(e) and 9.13(f) which clarify when alternate Directors are entitled to receive notice of meetings of Directors, and consequential renumbering of other provisions in rule 9.13;
- amendment of rule 9.15 to permit the Directors to delegate their powers to a managing Director or any other person, subject to the power of the Directors to withdraw, suspend or vary that delegation at any time;
- insertion of new rules 13.1(o) and 13.1(p) to permit the Company to credit any amount payable to a Securityholder to an account of the Company until the Securityholder informs the Company of its address (where the Company does not have a Securityholder's registered address) and where a cheque has not been presented for payment within 11 months or money has been held in the account for more than 11 months, permit the Company to stop payment on the cheque or invest or make use of any such amounts for the benefit of the Company until claimed or otherwise disposed of according to the laws relating to unclaimed monies. There will also be consequential renumbering of other provisions in rule 13.1;
- amendment of rule 16.1(h) to permit the Company (in circumstances where a Securityholder does not have a registered address, or where the Company believes that the Securityholder is not known at their registered address) to serve a notice by displaying it in the Company's registered office for a period of 48 hours;
- amendment of rule 16.4(a) to provide that a notice from the Company, properly addressed and posted, is taken to be served at 10.00am on the business day after the date it is posted (previously service was effective at 10.00am on the next day for notices concerning a general meeting and otherwise in the ordinary course of post); and
- other minor consequential amendments to give effect to the above changes.

6.2 Amendments to constitution for the Trust

The main changes proposed to be made to the Trust's constitution are as follows:

- amendment of various provisions, especially in clause 5.8, to take advantage of flexibility permitted by revised ASIC exemptions (particularly Class Order [CO 13/655]) in relation to unit issue pricing;
- insertion of a new clause 1.4(c) which allows the Trust to have the benefit of ASIC exemptions that would otherwise require specific provisions in the Trust's constitution;
- amendment of clause 4.7, in relation to foreign Securityholders, to take advantage of the equality of treatment exceptions granted by Class Order [13/656], and to clarify that while, the Trust is listed, the responsible entity of the Trust may determine that foreign Securityholders are not to be offered units or options (to the extent permissible under the Listing Rules and any applicable ASIC exemption);
- insertion of a new clause 5.1(c) to clarify that the responsible entity of the Trust can rely on ASIC exemptions other than Class Order [CO 13/655];
- amendment of clause 9.5, in relation to distribution reinvestment arrangements, to permit FCL to provide for a purchase of the appropriate number of additional Units out of the relevant amount of distribution entitlements;
- amendment of the provisions relating to redemption of Units, to clarify that, while the Trust is listed, FCL may only undertake an on market buy back or other redemption of Units to the extent permitted by the Listing Rules, the Corporations Act and the terms and conditions of any relevant ASIC exemption;
- amendment of clause 21.1(a) to provide that a notice sent by prepaid post is taken to be given at 10.00am (previously 9.00am) on the business day after the date it is posted;
- insertion of a new clause 21.1(c) to permit FCL (in circumstances where a Securityholder does not have a registered address, or where FCL believes that the Securityholder is not known at their registered address) to serve a notice by displaying it in FCL's registered office for a period of 48 hours;
- amendment of clause 21.3 to provide FCL with a discretion to pay any amount due to a Securityholder by electronic or other means to an account nominated by the Securityholder and, where a valid account is not nominated by the Securityholder or the Securityholder does not have a current registered address, to permit FCL to credit any amount payable to a Securityholder to an account of FCL until the Securityholder nominates a valid account or informs FCL of its address;

- the amended clause 21.3 also provides that where a cheque for an amount payable to a Securityholder has not been presented for payment within 11 months or money payable to a Securityholder has been held by FCL for more than 11 months, FCL may stop payment on the cheque or invest or make use of any such amounts payable to a Securityholder for the benefit of the Trust until claimed or otherwise disposed of according to the laws relating to unclaimed monies;
- insertion of direct voting provisions, particularly in Schedule 2, which allow FCL to determine that Securityholders may exercise their voting rights without having to attend meetings or appoint proxies or representatives, subject to compliance with certain requirements;
- amendment of Schedule 3 to remove reference to performance fees payable to FCL, and to provide increased flexibility for the timing of payment of management fees and reimbursement of costs to FCL; and
- other minor consequential amendments to give effect to the above changes.

6.3 Further information

Each Constitution Amendment Resolution must be approved by special resolution passed by at least 75% of the votes cast by or on behalf of Securityholders entitled to vote on the resolution.

If a Constitutional Amendment Resolution is not approved by special resolution, the relevant constitution will not be amended. This would lead to some inconsistencies between the governing rules of the Company and the Trust. It is desirable that the governing rules of the constituent entities of a stapled group be as consistent as possible.

Full copies of the proposed amended constitutions of each of the Company and the Trust (including mark-ups that show all proposed changes) are available on our website, www.federationcentres.com.au, or upon request by contacting the Federation Centres Securityholder information line on 1300 887 890 or +612 8280 7189 from outside Australia.

The Board unanimously recommends that Securityholders vote in favour of each Constitution Amendment Resolution.

The Chairman of the Meeting intends to vote all undirected proxies in favour of the Constitution Amendment Resolutions.

7 Insertion of Partial Takeovers Provision in Company constitution

The Corporations Act permits a company to include in its constitution provisions prohibiting the registration of a transfer of securities resulting from a proportional takeover bid, unless the relevant holders in general meeting approve the bid.

It is a requirement of the Corporations Act that such provisions in a company's constitution apply for a maximum period of three years, unless earlier renewed. In the case of the Company, the provision (the former rule 20 of the Company's constitution) was inserted when the constitution was adopted on 15 August 2005. Given that the former rule 20 has expired, it is not able to be renewed by Securityholders at the Annual General Meeting. Accordingly, a special resolution is being put to Securityholders under sections 136(2) and 648G of the Corporations Act to insert proportional takeover bid approval provisions into the Company's constitution, in the form of new rule 20. The new rule 20 is in substantially the same form as the former rule 20, and is in the following terms:

"20 Partial Takeovers

- (a) *Unless the context otherwise indicates or requires, expressions in this rule 20 have the meaning given to them by the Act.*
- (b) *Where offers have been made under a proportional takeover bid for securities of the Company:*
 - (1) *the registration of a transfer giving effect to a takeover contract for the bid is prohibited unless and until a resolution to approve the bid (in this rule 20 referred to as "an approving resolution") is passed in accordance with the provisions of this rule 20;*
 - (2) *a person (other than the bidder or an associate of the bidder) who, as at the end of the day on which the first offer under the bid was made, held bid class securities is entitled to vote on an approving resolution;*
 - (3) *an approving resolution must be voted on at a meeting, convened by the Company, of the persons entitled to vote on the resolution; and*
 - (4) *an approving resolution that has been voted on is taken to have been passed if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than 50% and otherwise is taken to have been rejected.*

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- (c) *The provisions of this constitution that apply in relation to a general meeting of Members apply, with such modifications as the circumstances require, in relation to a meeting that is convened under this rule 20 as if the last-mentioned meeting were a general meeting of Members.*
- (d) *This rule 20 ceases to have effect at the end of 3 years beginning at the time of the insertion of this rule or its last renewal in accordance with the Act."*

The Board considers that it is in the best interests of Securityholders to insert these provisions.

If approved by Securityholders at the Annual General Meeting, the new rule 20 will operate for three years from the date of the Meeting (i.e. 28 October 2018), unless earlier renewed.

Effect, reasons, and advantages and disadvantages

The effect of the new rule 20, if approved, will be that where a proportional takeover bid is made for securities in the Company (i.e. a bid is made for a specified proportion, but not all, of each Securityholder's bid class securities), the Board must convene a meeting of Securityholders of the relevant securities to vote on a resolution to approve that bid. The meeting must be held, and the resolution voted on, at least 15 days before the offer period under the bid ends.

To be passed, the resolution must be approved by a majority of votes at the meeting, excluding votes by the bidder and its associates. However, the Corporations Act also provides that, if the meeting is not held within the time required, then a resolution to approve the proportional takeover bid will be deemed to have been passed.

If the resolution to approve the proportional takeover bid is passed or deemed to have been passed, the transfer of securities resulting from acceptance of an offer under that bid will be permitted, and the transfers registered, subject to the Corporations Act and the constitution of the Company.

If the resolution is rejected, the registration of any transfer of securities resulting from an offer under the proportional takeover bid will be prohibited, and the bid deemed to be withdrawn.

The new rule 20 will not apply to full takeover bids.

In the Board's view, the relevant Securityholders should have the opportunity to vote on a proposed proportional takeover bid. A proportional takeover bid for the Company may enable control of the Company to be acquired by a party holding less than a majority interest. As a result, the relevant Securityholders may not have the opportunity to dispose of all their securities, and

risk being part of a minority interest in the Company or suffering loss if the takeover bid causes a decrease in the market price of the securities or makes the securities less attractive and, accordingly, more difficult to sell. The new rule 20 would only permit this to occur with the approval of a majority of the relevant Securityholders.

For the relevant Securityholders, the potential advantages of the new rule 20 are that it will provide them with the opportunity to consider, discuss in a meeting called specifically for the purpose, and vote on whether a proportional takeover bid should be approved. This affords the relevant Securityholders an opportunity to have a say in the future ownership and control of the Company and helps the Securityholders avoid being locked into a minority. The Board believes this will encourage any proportional takeover bid to be structured so as to be attractive to at least a majority of the relevant Securityholders. It may also discourage the making of a proportional takeover bid that might be considered opportunistic. Finally, knowing the view of a majority of the relevant Securityholders may help each individual Securityholder to assess the likely outcome of the proportional takeover bid and decide whether or not to accept an offer under the bid.

A potential disadvantage for the relevant Securityholders arising from the new rule 20 is that proportional takeover bids may be discouraged by the further procedural steps that the rule will entail and, accordingly, this may reduce any takeover speculation element in the price of the Company's securities. Securityholders may be denied an opportunity to sell a portion of their securities at an attractive price where the majority rejects an offer from persons seeking control of the Company.

The Board does not consider that there are any advantages or disadvantages specific to it in relation to the proposed new rule 20, or that were applicable during the period that the former rule 20 was in effect. The Board will continue to remain free to make a recommendation to Securityholders as to whether a proportional takeover bid should be accepted.

As at the date of this Notice of Meeting, the Board is not aware of any proposal by a person to acquire, or to increase the extent of, a substantial interest in the Company.

This resolution must be approved by special resolution passed by at least 75% of the votes cast by or on behalf of Securityholders entitled to vote on the resolution.

The Board unanimously recommends that Securityholders vote in favour of this resolution.

The Chairman of the Meeting intends to vote all undirected proxies in favour of this resolution.

8 Insertion of Partial Takeovers Provision in Trust constitution

The Corporations Act permits a listed trust to include in its constitution provisions prohibiting the registration of a transfer of securities resulting from a proportional takeover bid, unless the relevant holders in general meeting approve the bid.

It is a requirement of the Corporations Act that such provisions in a listed trust's constitution apply for a maximum period of three years, unless earlier renewed.

A special resolution is being put to Securityholders under sections 601GC(1)(a) and 648G of the Corporations Act to insert proportional takeover bid approval provisions into the Trust's constitution, in the form of new clause 12.11 in the following terms:

"12.11 Partial takeovers

- (a) *Subject to the Corporations Act and the Listing Rules, the Trustee is prohibited from registering any transfer of Units giving effect to a takeover contract under a proportional takeover bid in respect of Units (or, if the proportional takeover bid is in respect of a class of Units, Units in that class) unless and until a resolution to approve the takeover bid is passed in accordance with paragraphs (b) to (e) (inclusive).*
- (b) *Subject to paragraph (c), the only Unit Holders entitled to vote on a resolution to approve a proportional takeover bid are those Unit Holders who, as at the end of the day on which the first offer under the takeover bid is made, held Units in the bid class in respect of which the offer is made. Each Unit Holder entitled to vote has one vote for each Unit in the relevant bid class held by the person at that time.*
- (c) *Neither the bidder under the takeover bid nor any associate of the bidder is entitled to vote on the resolution.*
- (d) *The resolution is to be considered at a meeting convened and conducted by the Trustee of Unit Holders entitled to vote on the resolution. The provisions of this deed relating to meetings of Unit Holders apply to the meeting with any modifications the Trustee decides are required in the circumstances.*
- (e) *The resolution is taken to have been passed only if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than 50%.*

(f) *If required by the Corporations Act, this clause 12.11 (other than this paragraph (f)) will cease to apply at the end of three years beginning from:*

- (1) *where it has not been renewed in accordance with the Corporations Act, the date that this clause 12.11 was inserted into this deed; or*
- (2) *where it has been renewed in accordance with the Corporations Act, the date on which the clause was last renewed."*

As the Units and Shares are stapled and it is proposed that partial takeover provisions be inserted in the constitution of the Company under item 7, the Board considers it appropriate to include equivalent provisions in the Trust's constitution.

If approved by Securityholders at the Annual General Meeting, the new clause 12.11 will operate for three years from the date of the Meeting (i.e. 28 October 2018), unless earlier renewed.

Effect, reasons, and advantages and disadvantages

The section of item 7 of the Explanatory Memorandum headed "Effect, reasons, and advantages and disadvantages" applies equally to this item 8 of the Explanatory Memorandum, except that a reference to:

- the Company is taken to be a reference to FCT1;
- securities is taken to be a reference to Units; and
- rule 20 is taken to be a reference to clause 12.11.

As at the date of this Notice of Meeting, the Board is not aware of any proposal by a person to acquire, or to increase the extent of, a substantial interest in FCT1.

This resolution must be approved by special resolution passed by at least 75% of the votes cast by or on behalf of Securityholders entitled to vote on the resolution.

The Board unanimously recommends that Securityholders vote in favour of this resolution.

The Chairman of the Meeting intends to vote all undirected proxies in favour of this resolution.

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9 Glossary

Term	Definition
Annual General Meeting	The 2015 Annual General Meeting of the Company to be held on 28 October 2015 at 3.30pm at the Fairmont Room, Park Hyatt Melbourne, 1 Parliament Square, off Parliament Place, Melbourne.
Annual Report	The 2015 Annual Report of FDC that includes: (a) the financial reports of FDC; (b) the reports of the Directors and Auditor; and (c) the Remuneration Report, for the year ended 30 June 2015.
ASIC	The Australian Securities and Investments Commission.
ASX	ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates (that is, the Australian Securities Exchange).
Auditor	Ernst & Young ABN 75 288 172 749.
Board	When referred to in the context of: (a) the Company, means the board of the Company; and (b) the Trust, means the board of FCL (c) the Group, means the boards of both the Company and FCL acting as a co-ordinated board.
CEO	Chief Executive Officer.
Company	Federation Limited ABN 90 114 757 783.
Comparator Group	The S&P/ASX 200 A-REIT Index determined as at the date of the offer.
Constitution Amendment Resolutions	The FL Constitution Amendment Resolution and the FCT1 Constitution Amendment Resolution, or any of them.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Director	When referred to in the context of: (a) the Company, means a director of the Company; and (b) the Trust, means a director of FCL.
FCL	Federation Centres Limited ABN 88 149 781 322, which is the responsible entity of the Trust.
FCT1	Federation Centres Trust No. 1 ARSN 104 931 928.
FCT1 Constitution Amendment Resolution	The resolution in item 6.2 in the Notice of Meeting.
FDC or Federation Centres	The Trust and the Company.
FL	Federation Limited ABN 90 114 757 783.
FL Constitution Amendment Resolution	The resolution in item 6.1 in the Notice of Meeting.

Term	Definition
Group	Federation Centres and its controlled entities following the Merger.
KMP	Key management personnel, as defined in section 9 of the Corporations Act.
Listing Rules	The official listing rules of the ASX, as amended or replaced from time to time.
LTI	Long term incentive.
LTI Plan	The FDC Long Term Incentive Plan.
Meeting	When referred to in the context of: <ul style="list-style-type: none"> (a) the Company, means the Annual General Meeting; and (b) the Trust, means the meeting of Unit Holders to be held on 28 October 2015 at 3.30pm at the Fairmont Room, Park Hyatt Melbourne, 1 Parliament Square, off Parliament Place, Melbourne.
Merger	The merger between FDC and Novion Property Group which was implemented on 11 June 2015.
Notice of Meeting	The notice of meeting which contains the Explanatory Memorandum.
NTA	Net tangible asset value per Stapled Security.
Performance Measures	The two performance measures set out in item 4 of the Explanatory Memorandum, each of which is a <i>Performance Measure</i> .
Performance Period	The three year period from 1 July 2015 until 30 June 2018.
Performance Right	A performance right which may be granted under and subject to the LTI Plan.
Remuneration Report	The remuneration report for the Company for the financial year ended 30 June 2015 as contained in the Annual Report.
Scheme Booklet	The Novion Property Group scheme booklet in relation to the Merger dated 15 April 2015.
Securityholder	When referred to in the context of: <ul style="list-style-type: none"> (a) the Company, means a shareholder of the Company; and (b) the Trust, means a Unit Holder.
Share	A share in the capital of the Company.
Stapled Security	A Share and a Unit which are linked together so that one may not be dealt with without the other.
Total Return	The amount calculated using the formula set out in section 4.4 of the Explanatory Memorandum.
TSR	Total Securityholder Return, calculated using the formula set out in item 4.3 of the Explanatory Memorandum.
Trust	Federation Centres Trust No. 1 ARSN 104 931 928.
Unit	A unit in the Trust.
Unit Holder	A holder of a Unit.
VWAP	Volume weighted average Stapled Security price.

