

Responsible property investment

Highlights

– Our shopping centres²⁷

are

8% more
energy efficient

are

20% more
water efficient

have

13% lower
emissions intensity

- Four assets achieved accredited NABERS Energy ratings and five assets achieved accredited NABERS Water ratings.
- Corio Shopping Centre participated in Australia's first building envelope air tightness test of an existing shopping centre

27. Improvement based on 2010 calendar year compared to the baseline (2007 calendar year).



Chadstone Shopping Centre, Chadstone, VIC

Our focus on responsible property investment (RPI) is consistent with our vision of being the leading manager of Australian retail property, delivering above benchmark returns through active management.

By ensuring the assets in the Trust's portfolio are managed to perform optimally, we can reduce overheads and support the delivery of superior returns, whilst maintaining value. Our proactive approach to environmental and social considerations in building design and operation demonstrates our leadership capabilities in the Australian marketplace. Further, through successfully engaging all of our stakeholders, we mitigate the risks to our strategy and, by implementing market-leading governance practices, we can provide our unitholders with assurance that we take our role in responsible property investment seriously.

We incorporate responsible property investment into all stages of ownership and management:

INVEST

Each asset we acquire is reviewed through a responsible investment check-list as part of the standard due diligence process

MANAGE

We set performance targets to improve our assets over time

ENHANCE

We refurbish or redevelop to a higher environmental standard when undertaking development works

During the year, our RPI program resulted in real efficiencies being achieved across the portfolio. Our efforts in market-leading governance were recognised when the Trust won the Asia Pacific Real Estate Association (APREA) inaugural best practices award in the Mature Markets (developed countries) category.

CFSGAM has a Responsible Property Investment strategy which is endorsed by the Manager and the Board. For more information on our policies and procedures as they relate to responsible property investment, please refer to our website cmsgam.com.au.

Our commitments and memberships

Sustainability indices memberships

- Dow Jones Sustainability Index (DJSI)
 - included since 2004
- Global Real Estate Sustainability Benchmark (GRESB), formerly Environmental Real Estate Index
 - included since inception (2010)
- FTSE4Good Index
 - included since inception (2001)
- Australian SAM Sustainability Index (AuSSI)
 - included since inception (2005)

Carbon disclosure

- Carbon Disclosure Project (CDP) since 2006 – our 2011 submission can be found on the Trust's website cfsгам.com.au/cfx/CFXSustainability.aspx
- Included in Carbon Disclosure Leaders Index (CDLI) in 2010

Mandatory reporting requirements

- National Greenhouse Energy Reporting System (NGERS) – CFX's emissions are consolidated with those of the Bank for reporting
- Energy Efficiency Opportunities Act (EEOA) 2006 – reporting for all of CFX's assets is consolidated with the Bank's submission

Voluntary schemes/partnerships

Commonwealth Bank of Australia

- Signatory to the UN Global Compact
- Signatory to the UN Environment Programme Finance Initiative (UNEP-FI)

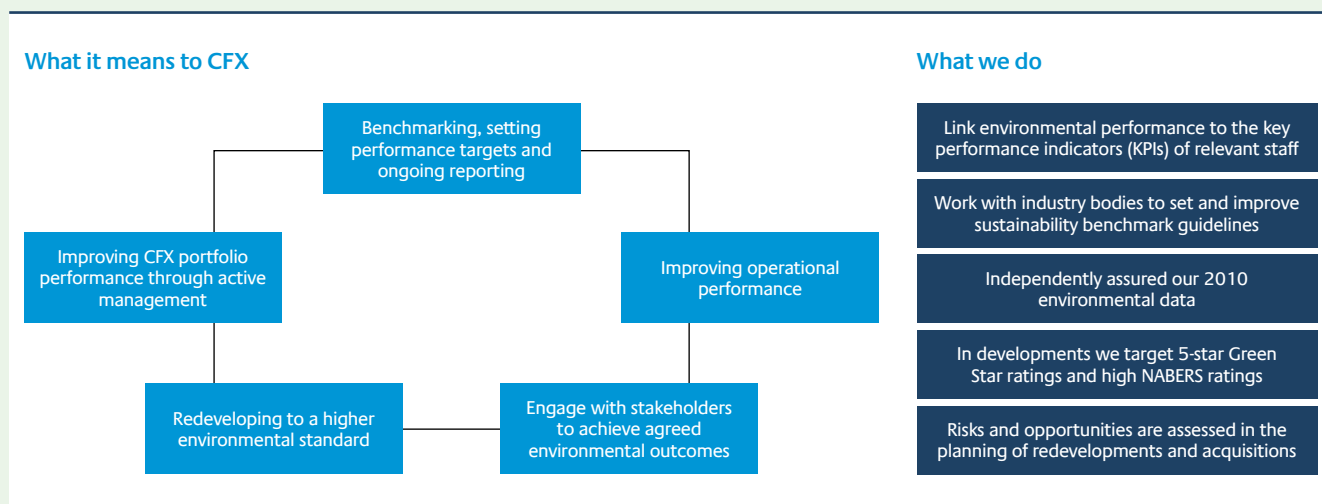
Colonial First State Global Asset Management

- Signatory to the United Nations Principles of Responsible Investment (PRI)²⁸
- Member of the Investor Group on Climate Change
- Board member of the Green Building Council of Australia
- Co-chairman of the UNEP-FI Property Working Group
- National president of the Property Council of Australia (PCA)
- Deputy chairman of the Shopping Centre Council of Australia (SCCA)
- National sustainability and divisional sustainability representation on the PCA
- Board representation on and corporate donor to the Property Industry Foundation



28. CFSGAM's latest responsible investment report, released in June 2011, can be found in the About us section of cfsгам.com.au.

Environment



We continue to reduce CFX's environmental footprint.

We recognise that the risk of climate change may be one of the biggest environmental risks facing investments over the long term. Climate change is high on the global political agenda, and legislative measures have been announced and introduced to mitigate the impacts of climate change associated with buildings. We believe it is important to understand and adapt to the risks that climate change presents and our approach to this can be found in CFSGAM's Climate Change Position Statement (CCPS).

As a responsible property investor, we understand the need to manage these risks and also to identify opportunities. To that end, CFX reports on emissions to the Carbon Disclosure Project (CDP) and, in 2010, our achievements were recognised through our inclusion in the Carbon Disclosure Leaders Index. Our 2011 CDP submission and CCPS can be found on our website cfsгам.com.au/cfx/CFXSustainability.aspx.

Our continued focus on environmental performance has resulted in more of CFX's assets being benchmarked using the NABERS protocol, whilst focusing on resource efficiency. The implementation of our Operational Performance Strategy (OPS) has provided management with the ability to integrate sustainable efficiency improvements throughout the assets' operations. A pilot of the Asset Efficiency Program (a sub-metering, monitoring, analysis and reporting tool for utility performance) is being implemented this year. We believe that this approach will maintain and enhance asset value, mitigate operational and legislative risk, maximise operational potential and provide quality accommodation for tenants.

We have a number of initiatives to implement sustainability in development. For all developments we target a 5-star Green Star rating and we also aim to achieve the highest possible NABERS Energy and Water ratings, ensuring operational efficiency is maximised post development. During the year Environmentally Sustainable Design principles were incorporated into our standard design specifications. We have a tenant design fit-out guideline, detailing minimum sustainability requirements targeting fit-out materials and illustrating how to minimise energy, water and waste consumption during and post tenancy fit-out. The guideline also provides a resource for tenants aspiring to exceed the minimum requirements. We continue to work with material specifiers to ensure compatibility of materials specified within the guideline, along with training for our employees on their specification and use.

NABERS performance and benchmarking

CFX has participated in the development of NABERS Energy and Water rating tools through the NABERS technical advisory group to assist in creating a performance industry benchmark for Australian shopping centres. During the year, five of the Trust's assets undertook NABERS Energy and Water assessments, the results of which are outlined in the table below.

Weighted average portfolio^a ratings

Calendar year	NABERS Energy	NABERS Water
Grand Plaza Shopping Centre	3.0	3.0
Myer Centre Brisbane	not rated	2.0
Clifford Gardens Shopping Centre	3.0	4.0
QueensPlaza	2.0	1.0
Runaway Bay Shopping Centre	2.5	3.5
Average NABERS rating^a	2.2	2.5

a. Average NABERS rating based on the five shopping centres listed. These results have all been accredited by the NABERS administrators.



Energy and emissions

Our approach to energy and emissions management is focused on improving the operational efficiency of our buildings. This means using less energy to get a better outcome.

During the year, we have focused on improving operational efficiency across the portfolio, with the ongoing implementation of Sustainability Implementation Plans which incorporate energy efficiency projects. Four of our assets have achieved accredited NABERS Energy ratings, which is a positive step forward for the retail property industry and reflects the increase in demand by global investors for transparency on sustainability reporting.

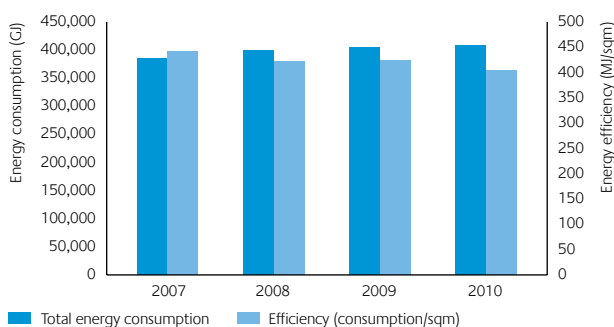
Our Operational Performance Strategy and associated programs are focused on improving the overall performance of the Trust's assets.

Corio Shopping Centre participated in Australia's first building envelope air tightness test of an existing shopping centre. CFX collaborated with Deakin University and Air Barrier Technologies to explore the centre's 'Building Envelope Efficiency' (BEE) and establish the leakage of air from the centre. The outcome of the test provides a benchmark efficiency for the centre with air leakage conservatively estimated to result in losses of 30% or more of the energy used to heat and cool the centre. The information gained from the test can be used for planning energy efficiency initiatives in our existing centres and for development design in the future.

Performance

Since 2007, the size of the portfolio increased by 151,834 sqm as a result of acquisitions and completion of redevelopments. This led to an increase in the energy we consumed across the portfolio. However, CFX's shopping centres have improved their overall energy efficiency by 8% (from 441 MJ/sqm to 404 MJ/sqm).

Energy use



- ✗ Energy consumption has increased
- ✔ Energy efficiency has improved

Progress in 2011

Commitments	Progress
Complete energy management plans for all centres	Energy management plans have been completed at all sites, except DFO centres, which will be completed in 2012
Investigate opportunities for renewable energy generation	Renewable energy or co-generation investigated at two sites
Undertake trial NABERS Energy rating assessments	Four accredited NABERS Energy ratings have been achieved

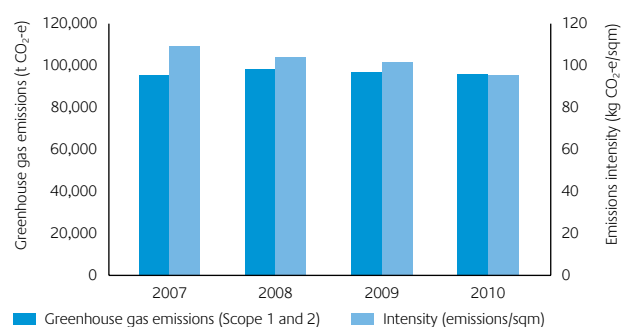
Focus

Our focus for the next 12 months is on:

- continuing the implementation of the Operational Performance Strategy through the expansion of the NABERS program. This will include the gradual integration of the Asset Efficiency Program
- investigating innovation initiatives such as renewable energy options that may provide longer term benefits to the underlying portfolio including Solar PV opportunities
- setting and reporting on annual and long-term performance targets for electricity, gas and Scope 1 and Scope 2 emissions for the portfolio, and
- having NABERS rated centres re-accredited (annually) and have a further eight centres undergo NABERS energy assessment this year.

While CFX's emissions have increased 1% due to the portfolio expansion since 2007, the Trust's emissions intensity has improved by 13%, with intensity reducing from 109 kg CO₂-e/sqm to 95 kg CO₂-e/sqm demonstrating the increased focus on emissions reduction programs.

Greenhouse gas emissions (Scope 1 and 2)^a



- ✗ Emissions have increased
- ✔ Emissions intensity has improved

a. Greenhouse gas emissions: Scope 1 and 2 emissions are comprised of emissions associated with Electricity, Natural Gas, and LPG usage only.



Water

Improving water management through operational efficiency has been a long-term focus for CFX.

The identification and implementation of water efficiency measures are considered to be standard practice and good housekeeping. It will be the delivery of management tools such as the Asset Efficiency Program that will allow our property managers to continually improve the water efficiency within our shopping centres.

In recognition of our efforts to date, five of our assets have achieved accredited NABERS Water ratings during the year.

Progress in 2011

Commitments	Progress
Seek innovative water-saving solutions	Installed no-flush urinals and waterless woks at a number of assets
Incorporate recommendations from Water Management Plans (WMPs)	Complete

Focus

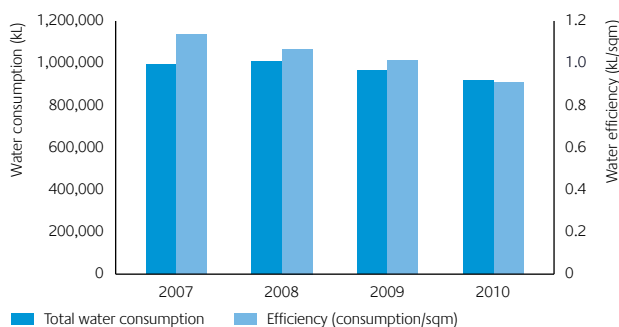
Our focus for the next 12 months is on:

- continuing the implementation of the Operational Performance Strategy through the expansion of the program. This will include the gradual integration of the Asset Efficiency Program and the NABERS Water Rating Program
- conducting reviews of the previous Water Management Plans, with the intention of realigning them to match the NABERS Water Improvement Plan format, and
- setting and reporting on annual and long-term performance targets for potable water consumption and water efficiency for the portfolio.

Performance

Since 2007, we have used 8% less water across the portfolio, which has cumulatively saved over 75,300 kL of water, equivalent to 30 olympic-sized swimming pools. The Trust has also improved its water efficiency by 20% (from 1.1 kL/sqm to 0.9 kL/sqm).

Water use



- ✓ Water consumption has reduced
- ✓ Water efficiency has improved





Waste

For CFX, reducing the total amount of waste generated within a shopping centre and improving the diversion of that waste from landfill provides a number of benefits. The Trust is able to minimise the increasing costs associated with landfill, manage and reduce its Scope 3 emissions²⁹, and engage with stakeholders through consumer engagement, retailer awareness programs and contractor education.

Our approach to waste and recycling has been strategic and closely aligned to the delivery of the new waste and recycling contract implementation. A large number of stakeholders have been engaged throughout the process and we now have confidence that our new reporting regime and management systems (which formally commenced in July 2011) can provide us with the accurate, transparent and performance-based outcomes we require as part of our Resource Recovery Strategy.

Progress in 2011

Commitments	Progress
Implement sustainability principles into KPIs and reporting for waste and cleaning contracts	New waste and cleaning contracts from January 2011 have waste efficiency related KPIs
Implement additional waste management initiatives	Initiatives include: – Chatswood Chase Sydney organics diversion program – Rockingham oil recycling program

Focus

Our focus for the next 12 months is on:

- ensuring that our new waste and recycling contract is supported with the appropriate systems, tools and programs
- setting and reporting on annual and long-term performance targets for total waste generated and diversion from landfill for the portfolio, and
- introducing a public place recycling initiative.

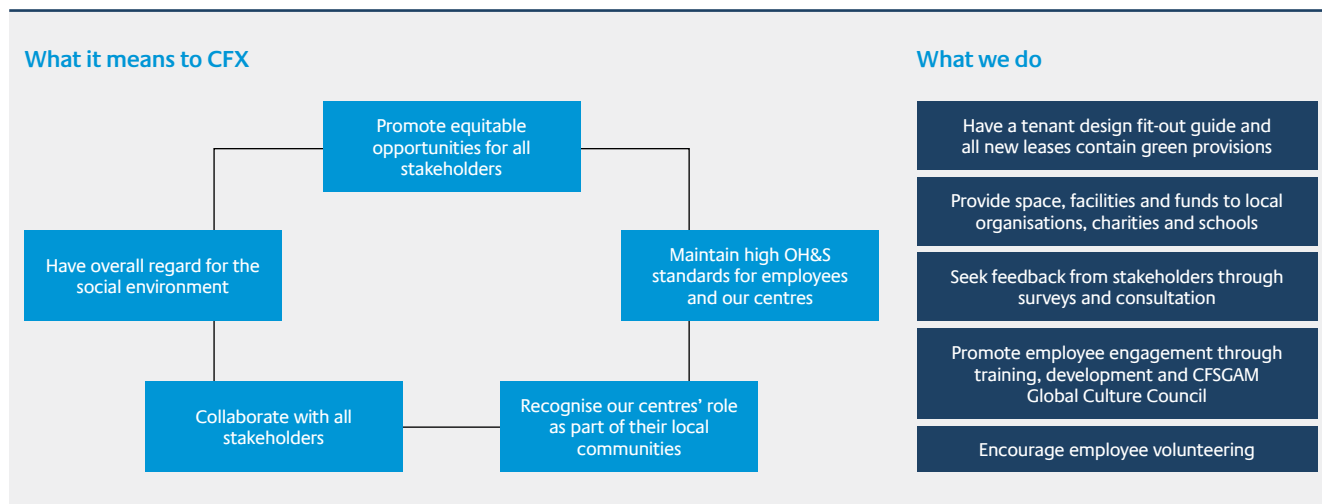
Strategy for waste in 2012

- Waste Management Plan development and formal review.
- Formal monthly meetings with waste contractor, cleaners and building management.
- Development of performance targets.
- Rigorous monthly reporting program.
- Tenant awareness programs.



29. Other indirect greenhouse gas emissions not attributable to the consumption of purchased electricity, heat or steam.

Social



As a responsible property investor, we understand that there are a number of stakeholders involved in what we do and it is our responsibility to treat each of those stakeholders equitably and without discrimination. Our stakeholders include our employees, customers, tenants, contractors, the communities in which our centres are located and our investors.

Our people

CFSGAM encourages the enhancement of our workplace culture and active employee engagement through the CFSGAM Global Culture Council – which includes a range of employees of varying seniority including the CEO of CFSGAM. Our employees enjoy the benefits of working in CFSGAM, the consolidated asset management division of the Bank, which means they are also covered by the Bank’s human resources policies on:

- personal development
- diversity and equal opportunity
- training and development, including graduate programs
- flexible work arrangements
- employee services and benefits
- monitoring employee engagement and feedback
- occupational health and safety, and
- encouraging volunteering and charitable giving.

More detailed information on our employees, and links to publicly available documents and policies, can be found in the People section of this Report or on our website cfsgam.com.au/cfx/CFXSustainability.aspx or at <http://www.commbank.com.au/about-us/our-company/our-people/default.aspx>.



Responsible property investment continued

Customers, tenants and contractors

We take a proactive approach to stakeholder engagement at our centres. We provide a high standard of safety in our buildings through our rigorous Risk Management practices and OH&S practices. These apply not only to customers, staff and tenants who regularly use the site but also contractors employed at our centres. We also require high standards of our contractors, which require them to undertake our internal OH&S training before working on our sites and to maintain similarly high standards with regard to the treatment of their own workforce. In regard to our supply chain, we have implemented a procurement policy which takes into account our broad sustainability objectives and outcomes. This procurement policy will be further enhanced in regard to social sustainability aspects in the 2012 financial year. On tenant engagement, we have tenant engagement policies and processes in place.

Our centres create communities

The centres we manage form an integral part of communities in which they are located and we have the ability to interact with those communities. They are more than just an attractive place for customers to shop or retailers to operate; they help create better communities.

Our shopping centres aim to be a vibrant focal point of their communities that are attractive not only for customers but also for tenants and our staff. RPI means collaborating to ensure we get the best outcomes for all stakeholders of our centres. We have an integrated green transport plan at Chadstone Shopping Centre.

We provide space, facilities and funds to local community organisations, charities and schools to raise money. This year, CFX centres donated the equivalent of over \$800,000. In addition, all redevelopments we undertake incorporate extensive local community and council consultation prior to commencement.

Canteen Rescue

As part of our 'Building Better Communities' campaign, we have continued to focus on the Canteen Rescue – Let's live better campaign. CFSGAM has continued with this highly successful campaign, targeted at eating healthy, shopping locally and giving back to the community through a school canteen 'make-over' worth \$40,000. CFSGAM partnered with Children's Food Education Foundation – a dynamic charity focused on educating families and communities on better food choices – and Shannon Ponton and Michelle Bridges from The Biggest Loser television program.

This program has been running since 2009 and, due to its popularity with local families, continues to run across a number of CFX centres.



The investment community

The Manager has regular contact with investors. We aim to maintain the highest standard of disclosure through the Australian Securities Exchange and treat all investors equally. We encourage and respond to feedback from investors through our annual unitholder meetings, analyst briefings, one-on-one meetings with key stakeholders and written correspondence. Further information on investor relations can be found on pages 34 to 35 of this Report.

Progress

Commitments	Progress
Commence a programmed green lease roll-out as appropriate with tenants	Ongoing
Continue and improve community and tenant communications	Ongoing
Continue with innovative marketing programs to promote facilities and services offered by the centres	Ongoing
Incorporate sustainability into procurement processes	Ongoing

Focus

Our focus for the next 12 months is on:

- introducing the CFSGAM Green Lease Strategy (currently for office properties) and making modifications to it to adapt it to our shopping centres
- continuing to focus on 'Building Better Communities'. The beneficiary of the bio-degradable gift card program has been the Australian Conservation Foundation, and
- further enhancing the socially responsible aspects of our procurement documentation, and concentrating on our supply chain.

Queensland flood response

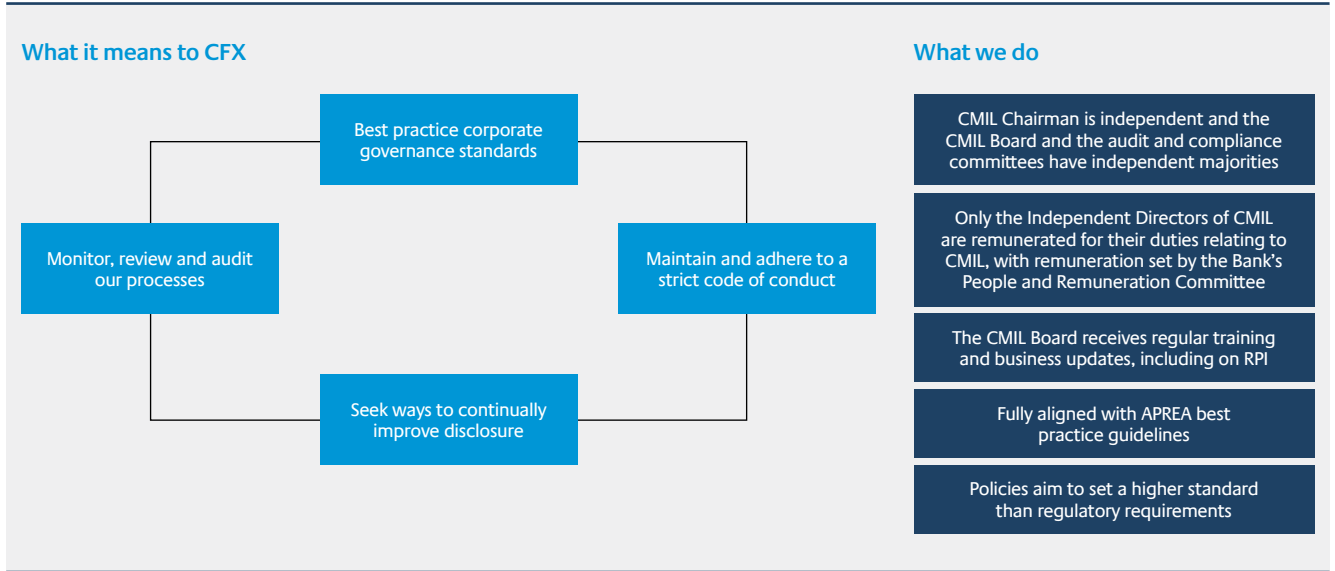
The Brisbane CBD was flooded in January 2011. All three CFX Brisbane CBD assets were impacted to some extent by rising water cutting off major services, restricting access, forcing asset closures and creating some minor damage.

Staff assisted with the protection of the centres by organising sandbags, contractors and pumping equipment in advance of the flooding. Many staff stayed during the floods to assist in the protection of the 300 retailer businesses within our centres, working tirelessly overnight in shifts for three consecutive days, despite some of their own residences being affected.

Their valued efforts resulted in our assets sustaining minimal damage and, again, we thank our staff for their commitment and dedication during this difficult period.

The Bank provided crisis support and management throughout the disaster and recovery phase to employees and their families.

Governance



RPI is supported by a foundation of robust governance, which is fundamental to protecting the long-term interests of unitholders. The Trust's long-term vision incorporates ESG factors. Our Board receives half-yearly reports on RPI at a minimum.

Good governance is more than just the responsibility of the Board. We have implemented risk management protocols across all facets of our business that are subject to both internal and external auditing. All employees receive regular training on corruption, bribery, anti-money laundering and counter-terrorism financing. We also have policies capturing (but not limited to) related party transacting, insider trading and continuous disclosure.

During the year, our efforts in market-leading governance were recognised when the Trust won the Asia Pacific Real Estate Association (APREA) inaugural best practices award in the Mature Markets (developed countries) category.

CFSGAM has a PRI Steering Committee, which sets responsible investment policy and strategy. It comprises 17 senior representatives from across the business and is chaired by the Chief Executive Officer of CFSGAM. Reporting to the PRI Steering Committee are subcommittees and working groups that deal with asset class specific ESG issues, including the RPI team. These subcommittees ensure that ESG considerations are integrated into the investment strategies of the Trust.

Further information on our extensive processes and reporting on corporate governance can be found on pages 52 to 67 in this Report or in the About us section of our website, cfsgam.com.au/cfx, and that of the Bank at www.commbank.com.au.

