

## CFS Retail Property Trust (CFX) Responsible Property Investment

Morgan Stanley Bi-Annual Environment Day – 21 October 2010

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### Agenda

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- Responsible Property Investment (RPI)
- Strategy and policy
- Stakeholder impacts
- Focus
  - Environmental
  - Social and community
  - Governance
- Achievements



Chadstone Shopping Centre, VIC

## Responsible Property Investment

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- Responsible Property Investment (RPI) is an approach to property investing that recognises Environmental, Social and Governance (ESG) considerations along with more conventional financial objectives
  - Goes beyond minimum legal requirements
  - Improves the environmental and social performance of property
- The key to RPI is to have systems to measure, benchmark and report performance
- RPI can be implemented throughout the property lifecycle
  - Develop or acquire properties with sustainability credentials (Green Star)
  - Refurbish properties to improve efficiency (eg NABERS)
  - Manage properties responsibly (fair labour practices, environmentally friendly cleaning, etc)
  - Demolish properties in a responsible manner (reusing materials)

## Responsible Property Investment Defined for CFX

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- CFX is committed to integrating ESG factors in all investment decision making and processes
  - Consistent with CFX's strategy of being a responsible property investor
  - Secure investment returns through targeted project paybacks
- Ultimately practising RPI is in the best long term interest of all stakeholders
- CFX is a signatory to the United Nations Principles of Responsible Investment (PRI)



QueensPlaza, QLD

## Strategy and policy

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- CFX is an A-REIT within CFSGAM
- CFSGAM's objective is to be recognised as a leading Australian based global fund manager and part of the global leadership group on sustainability and RPI
- Commitments
  - Integrate ESG factors into all investment decisions
  - Set targets
  - Data management
  - Tenant liaison
  - Management improvement programs
  - Community and social
  - Industry and Government engagement
  - Publicly report
  - Continuous improvement



Chadstone Shopping Centre, VIC

## Strategy and policy Operational performance strategy

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- Ratings and improvement plans
  - Design – Green Star, design brief and specification
  - Performance - NABERS rating tools
- Green leases, tenant fit-out guides, building rules and operations guide
- Sustainability implementation plans
  - Environmental management plans
  - Performance targets
  - Improvement plans and reporting
- Asset efficiency program
  - Metering, monitoring, analysis and reporting
- Green skills development
  - Ensure personnel have opportunities to attend training for green skills



Chatswood Chase Sydney, NSW

## Stakeholder impacts

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- Owning, developing and managing shopping centres can significantly impact upon the environment, community and society



## Focus Environmental

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- Acquisitions and due diligence process
- Development design brief
- Tenancy design brief
- Waste and resources recovery policy
- Data management system (CarbonScope)
- Operational performance
  - Environmental management plans
  - Sustainability implementation plans
  - Sustainability reporting
  - Targeting sustainability project payback – return on investment (ROI)



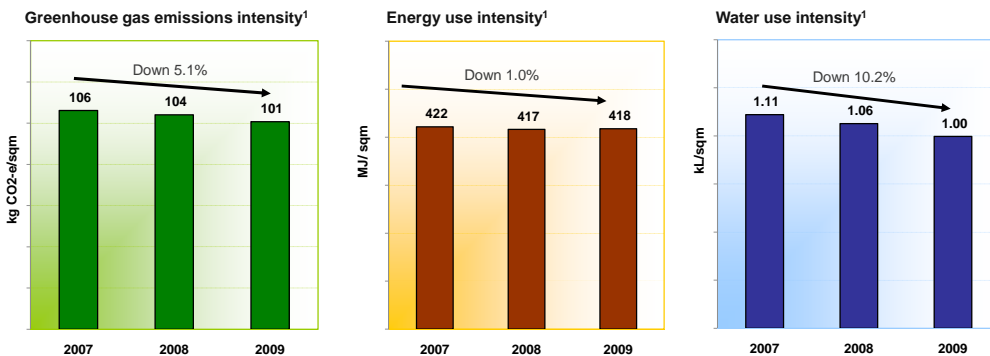
Bayside Shopping Centre, Vic

**Green Building Council of Australia (GBCA) Green Star Rating**

- Chadstone Stage 30: 5-star Shopping Centre Design Pilot rating
- Chadstone Stage 33: 5-star Retail Centre Design v1 rating
  - Estimated to achieve a 61% reduction in greenhouse gas emissions compared to a typical retail development
  - Estimated to achieve a 63% reduction in potable water use, equating to 13 million litres per year

**National Australian Built Environment Rating System (NABERS)**

- Performance ratings – Energy and Water
- All 24 retail assets completed self-assessments in FY10
- In July 2010 Grand Plaza Shopping Centre, QLD was the first shopping centre to achieve certifications
  - Achieved a NABERS Energy rating of 3-stars demonstrating a 7.8% better performance than expected for this size centre, and likewise
  - Achieved a NABERS Water rating of 3-stars demonstrating a 13.2% better performance
- A further 4 assets will undertake accredited NABERS assessment this year



Note: Percentage change relates to total percentage change from 2007 to 2009.  
Source: CFX Annual Report 2010.

1. Each asset contributes to the overall portfolio intensity indicator based on its usage and area. Where assets are jointly owned, their contribution to the overall portfolio intensity indicator is pro-rated based on the ownership percentage of the asset by CFX. Where assets have been purchased or sold, their contribution to the overall portfolio intensity indicator is pro-rated based on the ownership period by CFX. Adjustments have been made to development-affected assets to account for changes in Gross Lettable Area (GLA). Energy and water consumption associated with development activity has not been separately accounted for. Calculating the sustainability metrics on a rate per square metre basis enables CFX to compare the efficiency of its assets over time, and incorporate changes to the overall number of assets and total area under management.

## Focus

### Social and community

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- We acknowledge that CFX has a role to play in society
- Acknowledge and support communities in which we live and operate
  - Community activities
  - Source of employment
- Employees are encouraged to contribute to the community
  - Shopping centres provide space, facilities and funds to local charity and community groups
- Active in advocacy
- Inherent social value indicated through
  - Employee engagement
  - Flexible employment conditions
  - Employee benefits
  - Professional development



Rockingham Shopping Centre, WA

## Focus

### Social and community – “Let’s live better” program

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- “Let’s live better” program – school canteen rescue
  - Brings to life an experience that celebrates/rewards for being involved in the community
  - Highlights the centre’s retail offer
  - Creates long term relationships with local schools that strengthen the centre’s position in the community
  - Winning school gets a canteen make-over including solar-panels, energy efficient appliances, professional food consultation and contribution to staff wages



## Focus Governance

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- CFX recognises that robust corporate governance is fundamental to protecting the long-term interests of investors
- Adopt the prudent processes of the CBA Group
- Adopt risk management protocols across all facets of the business
- Risk-mapping performed to quantify likelihood and impact of risks
- CFX won the Asia Pacific Real Estate Association (APREA) 2010 Best Practices Award (for mature markets) in September 2010 acknowledging the adoption of best practices in the areas of
  - market disclosure
  - accounting and financial reporting
  - property valuation
  - portfolio performance reporting
  - corporate governance, and
  - overall contribution to transparency across the region

## Achievements

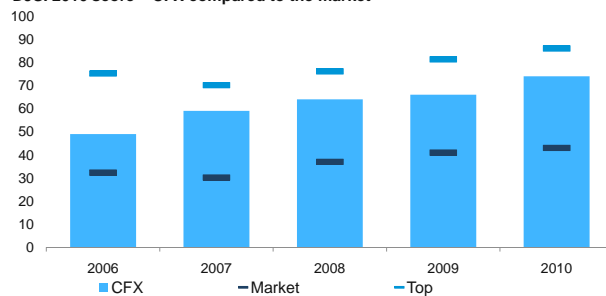
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### Carbon Disclosure Project 2010

- CFX gained membership of the Carbon Disclosure Leadership Index (CDLI) 2010
- Achieved a carbon disclosure score of 92 on a 100 point scale
- One of 2 real estate entities in the top 10 CDLI scores

### Dow Jones Sustainability Index (DJSI) 2010

DJSI 2010 score – CFX compared to the market



Source: Colonial First State Global Asset Management Sustainability Team Research

## Achievements

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### Environmental Real Estate Index (EREI)

- Commissioned by large European institutional investors
- Undertaken by the European Centre for Corporate Engagement
- Comprises 72 listed property groups
- CFSGAM managed A-REITs rank in the top 4 Australian property groups

Rank	Company	Management & Policy	Implementation & Measurement	Total
3	Commonwealth Property Office Fund (CPA)	91	66	76
4	CFS Retail Property Trust (CFX)	87	63	72

Source: Colonial First State Global Asset Management Sustainability Team Research and European Centre For Corporate Engagement.

## Achievements Summary

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- First 5-star Green Star Retail Design v1
  - Achieved at Chadstone Stage 33
- First NABERS shopping centre rating
  - Achieved at Grand Plaza Shopping Centre
- Winner of Asia Pacific Real Estate (APREA) 2010 Best Practices Award (for mature markets)
- Inclusion in major global sustainability investment indices
  - Carbon Disclosure Leadership Index (CDLI)
  - Dow Jones Sustainability Index (DJSI)
  - FTSE4GOOD Index
  - Australian SAM Sustainability Index (AuSSI)
  - Environmental Real Estate Index (EREI)



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## Further information



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**About CFS Retail Property Trust**  
*CFS Retail Property Trust (CFX or the 'Trust') is a retail sector-specific Australian Real Estate Investment Trust (A-REIT) which invests in high quality regional and sub-regional shopping centres across Australia. The Trust listed on the Australian Securities Exchange in April 1994, under the name Gandel Retail Trust. Its stock market trading code is CFX.*

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