



# Centro Retail Trust

2009 Half Year Results Presentation

25 February 2009

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# Agenda

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- Business Review Update
  - Glenn Rufrano, Chief Executive Officer
  
- Results for first half FY09
  - Property Portfolio
    - US - Glenn Rufrano, Chief Executive Officer
    - Australasia - Graham Terry, Chief Operating Officer
  - Financial Results
    - Tony Clarke, Chief Financial Officer
  
- Conclusion
  - Glenn Rufrano, Chief Executive Officer

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# Business Review Update

# Debt Stabilisation of Super LLC & CSF

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## Super LLC

- Facilities of US\$1.0bn will continue as term loans
- New facility of US\$370m provided to Super by existing US lenders
- Income distributions from Super restricted for the term of these facilities

## CSF

- Facilities of US\$128.5m extended as term loans
- Distributions restricted until loan balance reduced to US\$50m
- Asset sale proceeds used for debt reduction

## Stabilisation of Super

- Assisted through release of guarantees by Centro to US lenders
- Debt restructuring provided CER greater certainty of attaining equity value in Super LLC and CSF without shareholder dilution

# CER Value Considerations

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- Centro debt extensions in US and Australia achieved on previously expired facilities
- Greater Board independence underway
- Reducing exposure and interdependencies with Centro
- Need for sustainable distribution policy

# Management Update

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- Glenn Rufrano: 12 month contract extension
- Tony Clarke: CEO - Centro Australia
- Michael Carroll: CEO – Centro US

# Litigation

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- CER continues to vigorously defend two class action claims
- Parties to seek resolution through mediation

# General Economic Conditions

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- This is no ordinary recession
- Government stimulus intended to aid financial sector and consumer confidence
- Similarities and differences between Australia and US



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# Portfolio Overview & Property Performance

- US Portfolio – Glenn Rufrano
- Australasian Portfolio – Graham Terry

# CER Portfolio Overview

	Dec 08	Dec 07
Total Portfolio Value <sup>1</sup>	\$9.9bn	\$9.6bn
US Portfolio Value	US\$5.7bn	US\$6.6bn
Australasian Portfolio Value	\$1.7bn	\$2.1bn
Number of Properties <sup>2</sup>	441	452
Number of US Properties <sup>2</sup>	411	419
Number of Australasian Properties	30	33

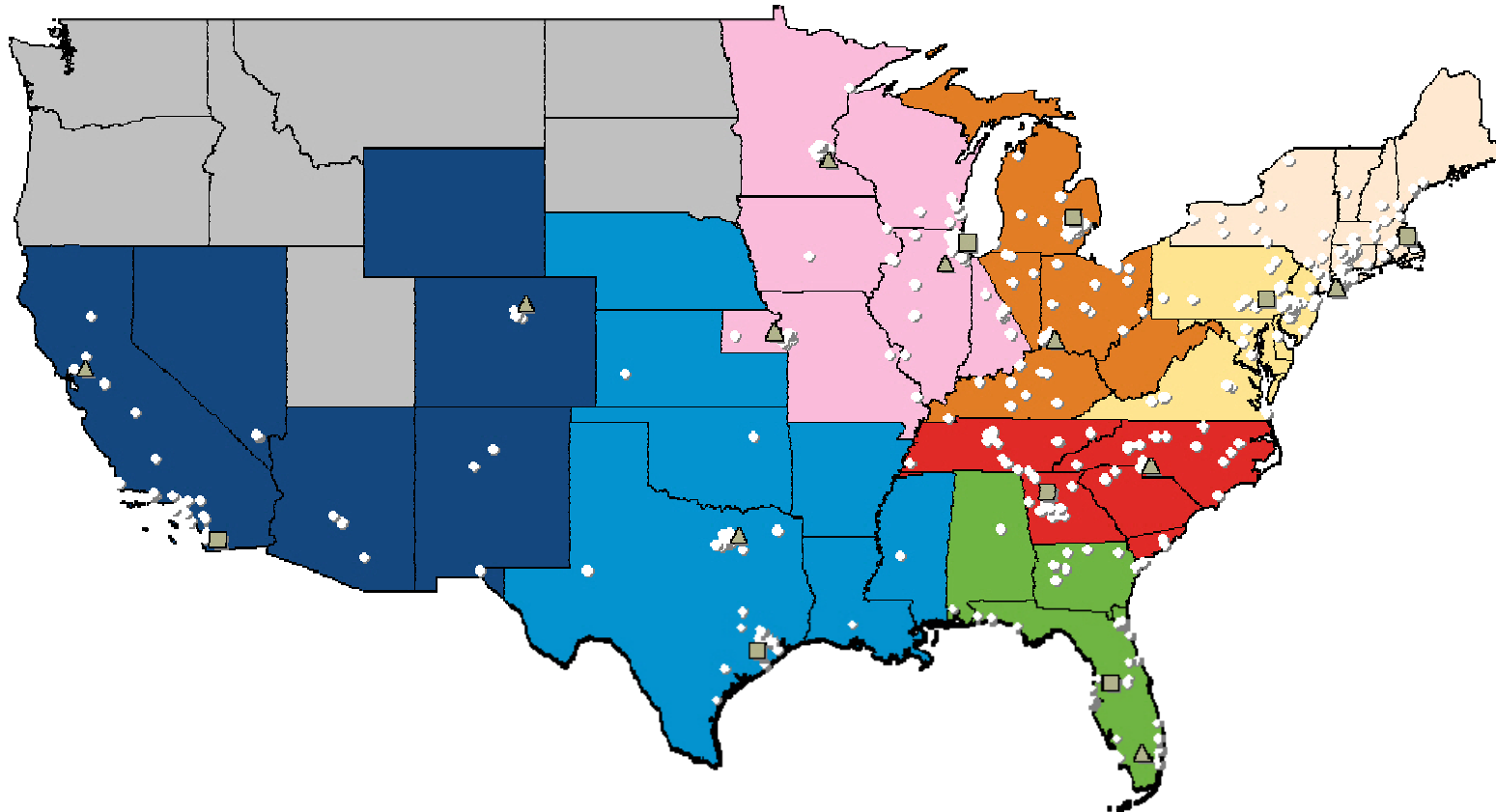
<sup>1</sup> December 2008 portfolio value based on a AUD/USD spot rate of 0.6928, while December 2007 portfolio value based on AUD/USD spot rate of 0.8816




<sup>2</sup> Includes CER's exposure to properties in Syndicates





# US Property Portfolio Statistics

Key Statistics (look through)	Dec 08	Dec 07
Number of Properties	411	419
Total Portfolio Value (US\$)	\$5.7bn	\$6.6bn
Gross Lettable Area ('000 sq ft)	50,721	51,235
Comparable NOI Growth – Stabilised	-3.1%	3.1%
Comparable NOI Growth – Incl. Developments	-2.3%	4.8%
Portfolio Occupancy Rate – Stabilised	92.6%	95.3%
Portfolio Occupancy Rate – Developments	71.7%	79.4%
Income Lease Expiry	5.5yrs	6.2yrs
Leasing Deals YTD	658	368
Rental Income Growth	4.7%	13.2%
Specialty Lease Renewal Rate	74.2%	83.1%

# Regional Distribution



Region	GLA (SF)
 Northeast	8,909,051
 Mid-Atlantic	9,063,987
 Southeast	9,316,753
 South	7,690,768

Region	GLA (SF)
 Midwest	9,711,117
 Central	9,000,234
 Southwest	7,812,907
 West	7,227,224

# Portfolio Assessment

## TYPES OF SHOPPING CENTERS<sup>1</sup>

Classification	Number of Shopping Centers	Percent of Shopping Centers	Percent of Shopping Center GLA	Average Shopping Center Size (SF)
<b>Community Shopping Centers</b>	<b>267</b>	<b>65.0%</b>	<b>77.8%</b>	<b>211,833</b>
Grocery-anchored <sup>2</sup>	168	40.9%	49.8%	215,760
Non-grocery anchored <sup>3</sup>	99	24.1%	27.9%	205,169
Non-anchored	0	0.0%	0.0%	0
<b>Neighborhood Shopping Centers</b>	<b>134</b>	<b>32.6%</b>	<b>16.7%</b>	<b>90,841</b>
Grocery-anchored <sup>2</sup>	97	23.6%	12.8%	96,278
Non-grocery anchored <sup>3</sup>	33	8.0%	3.6%	78,588
Non-anchored	4	1.0%	0.3%	60,068
<b>Sub Total</b>	<b>401</b>	<b>97.6%</b>	<b>94.5%</b>	<b>171,402</b>
Malls and Lifestyle Centers	7	1.7%	4.9%	510,649
Other	3	0.7%	0.6%	137,544
<b>Sub Total</b>	<b>10</b>	<b>2.4%</b>	<b>5.5%</b>	<b>398,718</b>
<b>Total</b>	<b>411</b>	<b>100.0%</b>	<b>100.0%</b>	<b>176,932</b>

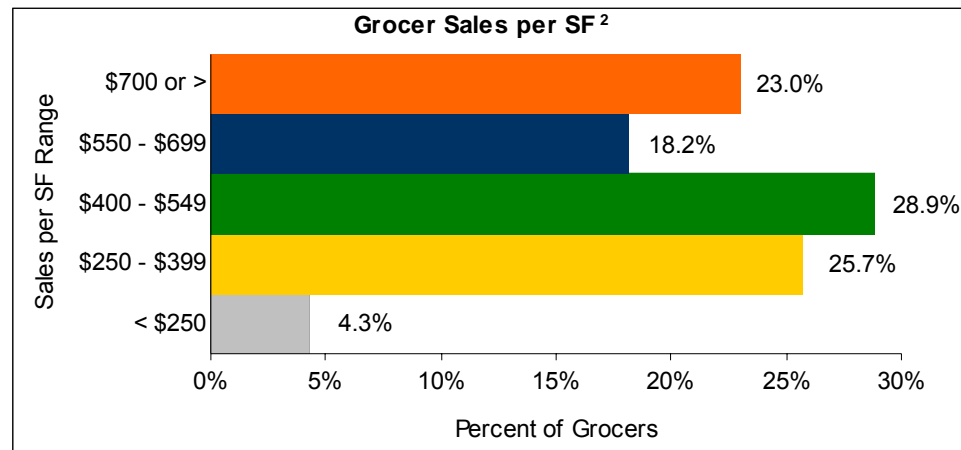
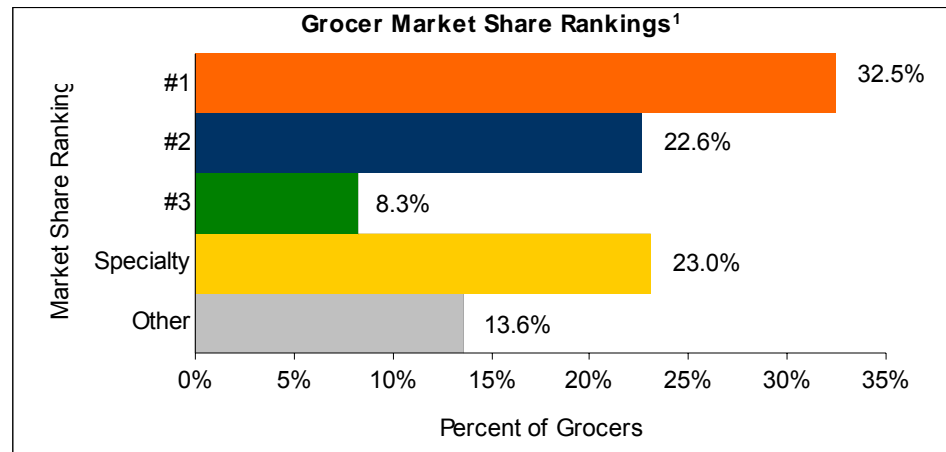
- Approximately 98% of CER's portfolio is community and neighborhood shopping centers
- 265 properties, accounting for approximately 63% of CER's portfolio GLA, are grocery-anchored; 207 of the 265 grocery-anchored shopping centers have an additional anchor

(1) According to the ICSC: "Neighborhood shopping centers provide convenience shopping for the day-to-day needs of consumers in the immediate neighborhood. These centers are typically anchored by a grocery and average 30,000 to 150,000 square feet. Community shopping centers typically offer a wider range of apparel and other soft goods than the neighborhood shopping center does. Among the more common anchors are grocers, super drugstores and discount department stores. These centers average 100,000 to 350,000 square feet."

(2) The property may also have another anchor in addition to the grocer.

(3) The non-grocery anchor is either a major discount store, a tenant with square footage greater than 10,000 square feet if the shopping center GLA is less than 125,000 square feet or a tenant with square footage greater than 25,000 square feet if the shopping center GLA is greater than 125,000 square feet, or a tenant with square footage greater than 10 percent of the shopping center GLA, but not less than 5,000 square feet.

# Grocery-Anchored Shopping Centers



(1) Specialty grocers do not compete directly with mainstream grocers in each market due to their niche focus. Grocers classified as Other may be #1, #2 or #3 in their immediate neighborhood area, but have a lesser rank when calculated utilizing published market share reports.

(2) Grocer sales per square foot includes only properties reporting sales data for 2007 and excludes non-comparable stores. Selling area for the Centro grocers is 77 percent of gross floor area as defined by the Food Marketing Institute.

# Asset Dispositions

US Asset Sales for FY09 <sup>1</sup>					
	CER % Ownership Value (US\$m)		Gain / Loss		Avge Weighted
	Sale Price	Jun-08	A\$m	%	Cap Rate
Asset Sales for 1H09	70.0	74.3	-4.2	-5.7%	8.2%

# US Property Valuation Change

## Comparable Portfolio Analysis

CER US Portfolio	Property Value <sup>1</sup> US\$bn	Cap Rate <sup>2</sup>
Jun-08 <sup>3</sup>	6.07	7.25%
Dec-08	5.68	7.55%

- Property value decrement between June 2008 and December 08 was US\$390m or 6.4%
- Over 18 months property values are down 16.2%

<sup>1</sup> Based on a comparable analysis of CER's current US portfolio of 411 assets. All values are shown on a CER ownership basis.

<sup>2</sup> Based on a comparable analysis of 373 assets

<sup>3</sup> Prior values have been adjusted for capital expenditure incurred during the period



# US Development Pipeline

Property	CER's Share of Expected Total Project Cost (US\$m)	Quarter Commenced	Expected Completion Quarter	Expected Development Yield
the Shoppes at Cinnaminson	63.1	Sep-06	Dec-09	8.3%
Pointe Orlando	25.9	Sep-05	Dec-09	7.6%
Mall at 163rd Street	21.0	Dec-07	Sep-09	8.2%
Liberty Plaza	18.4	Sep-05	Dec-09	8.7%
Hillcrest	13.9	Sep-06	Dec-09	9.3%
Southland Shopping Center	11.2	Mar-07	Mar-09	9.8%
Hilltop Plaza	7.5	Dec-07	Mar-09	9.0%
Green Acres	6.6	Sep-06	Mar-09	8.8%
Wabash Crossing	6.3	Mar-06	Sep-09	10.2%
Dillsburg Shopping Center	2.4	Mar-06	Dec-09	10.4%
<b>Total Top 10 Developments</b>	<b>176.3</b>			<b>8.5%</b>
Other 2 Properties	1.1			8.8%
<b>Total</b>	<b>177.4</b>			<b>8.5%</b>

# Australasian Property Portfolio Statistics

Portfolio Statistics	Dec 08	Dec 07
Number of Properties	30	33
Total Portfolio Value <sup>1</sup>	\$1.7bn	\$2.1bn
Gross Lettable Area ('000 sqm) <sup>1</sup>	385	405
Comparable NOI Growth – Stabilised	1.7%	4.6%
Comparable NOI Growth – Incl. Developments	3.5%	5.7%
Portfolio Occupancy Rate – Stabilised	99.7%	99.6%
Portfolio Occupancy Rate – Developments	n.a.	99.8%
Avg. Specialty Occupancy Cost	14.3%	14.3%
Income Lease Expiry	5.0yrs	5.5yrs
Leasing Deals YTD	281	249
Rental Income Growth	8.3%	10.4%
Specialty Lease Renewal Rate	80.1%	83.0%

# Australian Property Valuation Change

## Comparable Portfolio Analysis<sup>1</sup>

CER Aust Portfolio	Property Values		Cap Rate
	A\$b		
Jun-08 <sup>2</sup>	1.95		6.12%
Dec-08	1.75		6.85%

- Asset value decrement between June 08 and December 08 was \$200m or 10.3%
- Over 18 months property values are down 12.7%

Australasian Asset Sales for FY09					
	CER % Ownership Value (A\$m)		Gain / Loss		Avge Weighted
	Sale Price	Jun-08	A\$m	%	Cap Rate
Asset Sales for 1H09	75.6	79.9	-4.3	-5.3%	7.8%

<sup>1</sup> Based on a comparable analysis of CER's current Australian portfolio of 30 assets. All values are shown on a CER ownership basis.

<sup>2</sup> Prior values have been adjusted for capital expenditure incurred during the period.

# Australian Sales Results

CER Australian Centre Sales Dec 07 – Dec 08				
Category	MAT <sup>1</sup> \$m	Composition	MAT Change per SCCA Standards <sup>2</sup>	Dec-08 Monthly Change per SCCA Standards
Supermarkets	1,453.9	35.1%	3.4%	3.7%
Discount Department Stores	673.4	16.3%	5.2%	4.2%
Department Stores	172.7	4.2%	1.0%	-11.6%
<b>Total Majors</b>	<b>2,300.0</b>	<b>55.5%</b>	<b>3.8%</b>	<b>2.7%</b>
Specialties	1,364.3	32.9%	9.1%	11.6%
Mini Majors	219.1	5.3%	8.3%	6.9%
Others	258.7	6.2%	9.4%	-7.4%
<b>Total</b>	<b>4,142.1</b>	<b>100.0%</b>	<b>6.0%</b>	<b>5.5%</b>

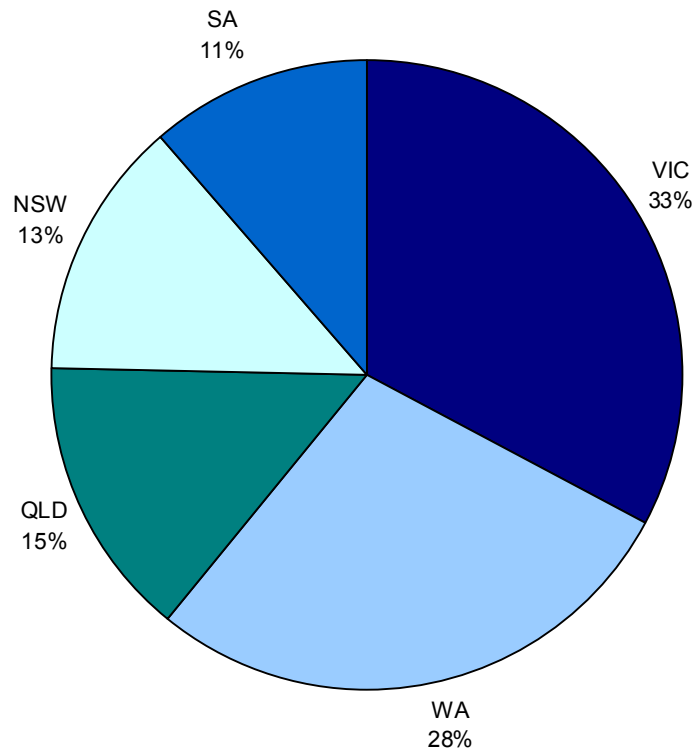
<sup>1</sup> Reflects 100% of centres' sales to 31 December 2008

<sup>2</sup> SCCA Standards include only stable properties

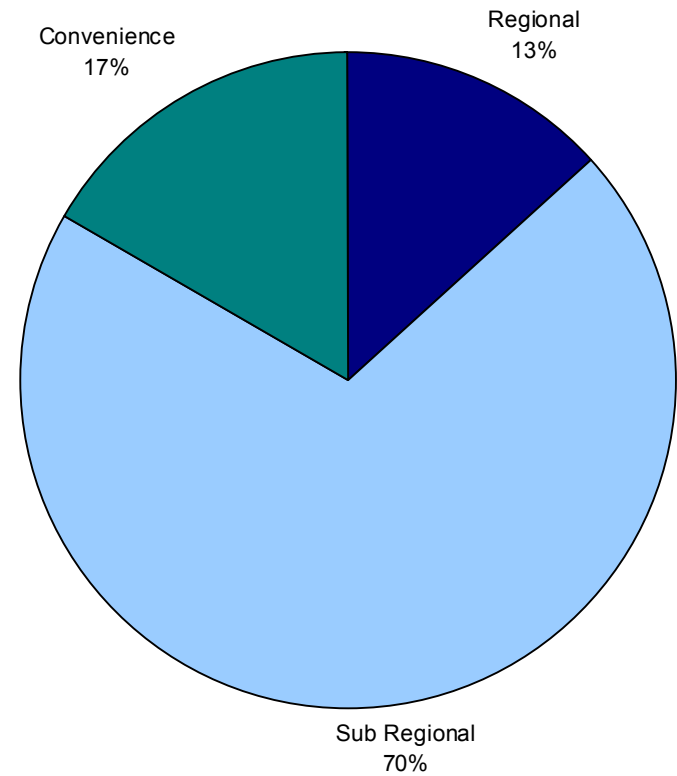
# Portfolio Diversification

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**Australian State Diversification by ABR**



**Australian Centre Type Diversification by Number**



# Portfolio Diversification

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Top 10 Aus Companies by ABR <sup>1</sup>	
Woolworths Ltd	11.9%
Wesfarmers	10.6%
Specialty Fashion Group	1.6%
Just Group	1.3%
Myer	1.3%
Brazin	1.3%
Luxottica	1.2%
Priceline	1.1%
The Reject Shop	1.0%
Sussan Group	1.0%
<b>Top 10 Total</b>	<b>32.2%</b>

# CER's Top 10 Australian Assets

Top 10 Australian assets by CER ownership value		
Centre	Ownership Val AU\$m <sup>1</sup>	Total Centre GLA sq.m <sup>2</sup>
1 Centro Galleria	278.0	72,832
2 Centro The Glen	193.3	58,731
3 Centro Colonnades	162.5	66,166
4 Centro Mandurah	114.6	39,559
5 Centro Karingal	92.8	41,567
6 Centro Toombul	76.8	48,252
7 Centro Warriewood	68.5	22,125
8 Centro Warwick	65.8	32,489
9 Centro Cranbourne	64.5	33,807
10 Centro Warnbro	51.6	11,326
<b>Top 10 Total</b>	<b>1,168.2</b>	<b>426,853</b>
<b>CER Australian Total</b>	<b>1,748.6</b>	<b>725,176</b>

<sup>1</sup> Ownership valuation shows CER's proportion of the total property value

<sup>2</sup> Total centre GLA shows the total GLA for the property, regardless of proportional ownership

# Retailer Environment

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- Specialty occupancy costs remain steady at 14.3%
- Retailer challenges
  - Australian Discount Retail
  - Shoo Biz
  - Ezy DVD
  - Starbucks
- Increasing interest in franchise opportunities
- Polarised retail environment



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# Key Financial Information

- Tony Clarke

# Profit & Loss Statement

Financial Performance for the six months ending	31-Dec-08	31-Dec-07		30-Jun-08	Variance % to
	\$m	\$m	Variance %	\$m	31 Dec 08
Australian Investment Income	59.9	46.5	0.3	64.4	-7%
US Investment Income	134.7	113.5	0.2	132.5	2%
Other Income	7.9	2.5	2.2	4.5	75%
<b>Total Income</b>	<b>202.5</b>	<b>162.5</b>	<b>0.2</b>	<b>201.4</b>	<b>1%</b>
Management Fees	(17.2)	(11.0)	0.6	(17.0)	1%
Other Expenses	(21.3)	(12.5)	0.7	(30.2)	-29%
Interest Expense	(75.1)	(47.1)	0.6	(58.7)	28%
<b>Income from underlying operations</b>	<b>88.9</b>	<b>91.9</b>	<b>(0.0)</b>	<b>95.5</b>	<b>-7%</b>
Revaluation Decrements	(759.8)	(193.5)	2.9	(689.3)	10%
Financial Instruments / FX	(1,153.9)	(206.2)	4.6	258.8	-546%
Hedge Income	25.2	14.2	0.8	50.1	-50%
Impairment in JV	(230.3)	0.0	n/a	(317.0)	-27%
Other Non recurring items	(30.4)	32.9	(1.9)	(5.7)	429%
<b>Net Profit / Loss</b>	<b>(2,060.3)</b>	<b>(260.8)</b>	<b>6.9</b>	<b>(607.7)</b>	<b>239%</b>
Currency - Average Rate for period (USD/AUD)	0.7823	0.8691	-10%	0.9250	-15%

# Significant Non Cash P&L Items

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- Financial Instruments mark to market of (\$1.2bn)
  - (\$1.1bn) FX
    - Offset by \$0.8bn gain in balance sheet FCTR
  - (\$0.1bn) Interest rate swaps
- Property Valuations
  - Look through book value adjustment of (\$0.76bn) post cap ex
  - Capitalisation rates increasing in both Australia and US
    - Australia by 73bps to 6.85%
    - US by 30bps to 7.55%
  - Illiquid financial markets and limited transactional evidence
- Further \$230m impairment of CER's interest in Super LLC for the half

# Cash Flow Analysis

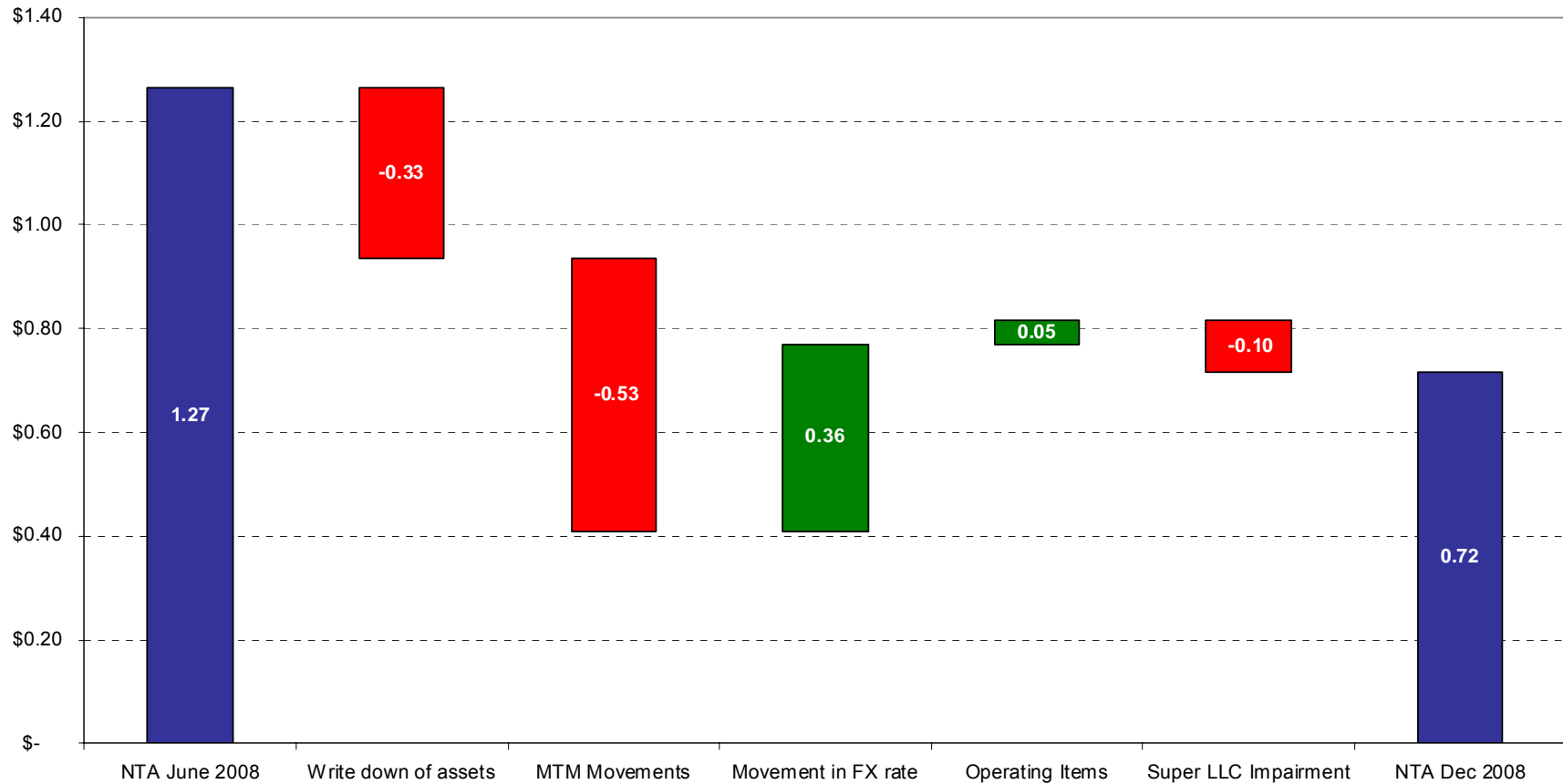
	A\$m
Income From underlying operations	<b>88.9</b>
<b>CER Cash Flow</b>	
Cash flow from:	
Net Operating Activities After Interest	15.9
Net Investing Activities	69.1
Net Financing Activities	
Debt Reduction	(98.4)
Distribution Paid	(32.0)
Derivative Settlements	37.9
Net Decrease	<u>(7.5)</u>
Cash at beginning	31.4
Effects of exchange rate changes on cash and cash equivalents	3.1
Cash and cash equivalents at end	<u><b>27.1</b></u>

- Super LLC cash flow to remain restricted, CSF distributions expected to be released following further US asset sales
- Nil distribution declared for 1H FY09 - cash flow utilised to pay down debt

# Balance Sheet

Financial Position for Period Ended	31-Dec-08 \$m	30-Jun-08 \$m	Variance	Reclassified at 16-Jan-09 \$m
<b>Assets</b>				
Current Assets	64.4	481.4		64.4
Property Investments	4,308.8	4,299.9		4,308.8
Other Non Current Assets	98.0	106.3		98.0
<b>Total Assets</b>	<b>4,471.1</b>	<b>4,887.6</b>	-8.5%	<b>4,471.1</b>
Current Liabilities	1,925.1	823.6		810.8
Non Current Liabilities	908.8	1,171.5		2,023.1
<b>Total Liabilities</b>	<b>2,833.9</b>	<b>1,995.1</b>	42.0%	<b>2,833.9</b>
<b>Net Assets</b>	<b>1,637.2</b>	<b>2,892.5</b>	-43.4%	<b>1,637.2</b>
<b>Equity</b>				
Equity attributable to members of CER	1,626.7	2,883.9		1,626.7
Outside Equity Interest	10.5	8.7		10.5
<b>Total Equity</b>	<b>1,637.2</b>	<b>2,892.5</b>	-43.4%	<b>1,637.2</b>
<b>Net Tangible Asset backing per security (\$)</b>	<b>0.72</b>	<b>1.27</b>	-43.4%	<b>0.72</b>
Look Through LVR	68.7%	64.4%		
Currency - Spot Rate (USD/AUD)	0.6928	0.9626	-28.0%	0.6928

# CER NTA Analysis



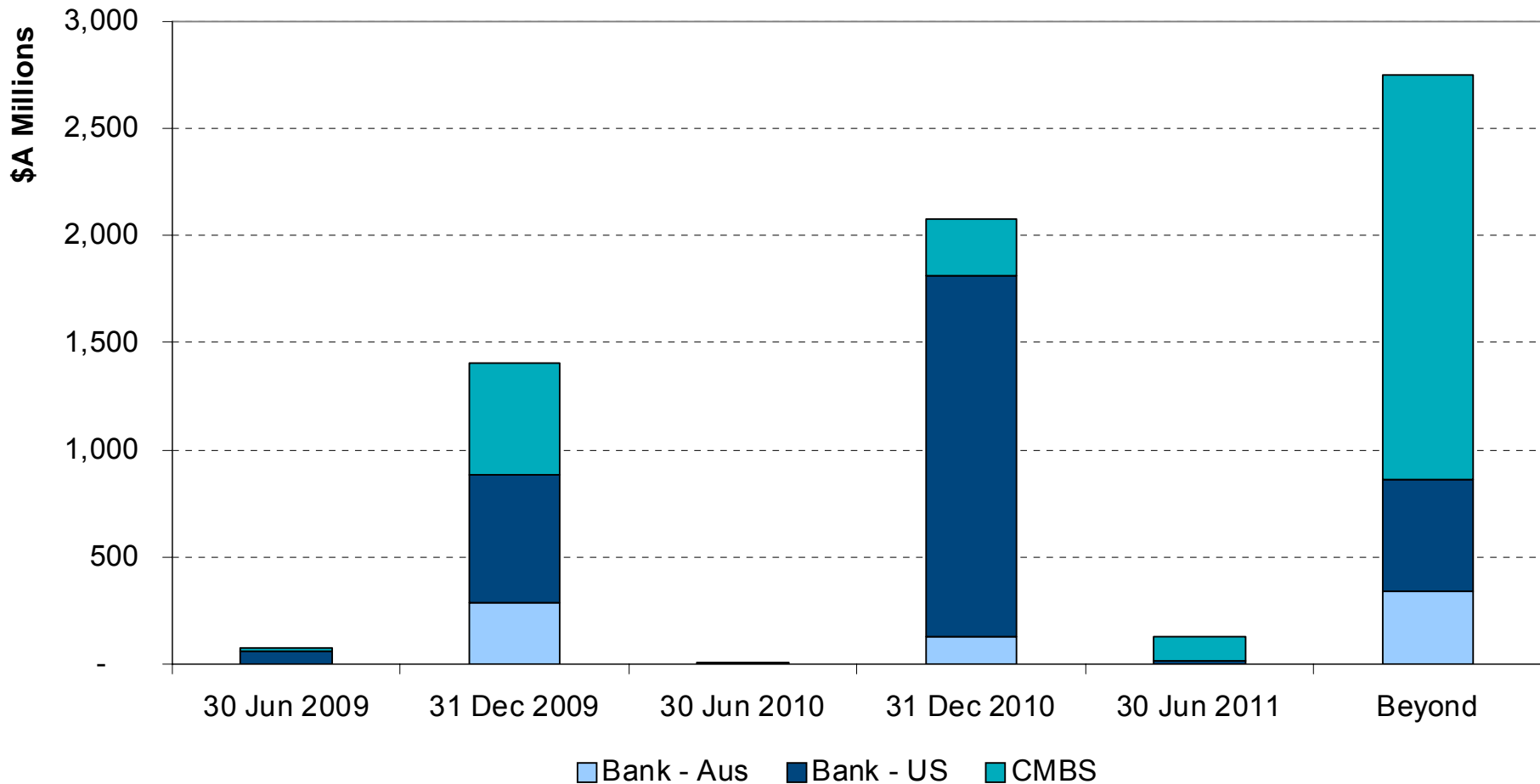
- Mark to market movements and asset write downs account for -85¢ movement in NTA offset by 35¢ gain from strengthened USD

# Debt Reduction & Covenants

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- CER's covenants generally relate to:
  - LVR & ICR in Australia
  - ICR in the US
- No breaches as at 31 December 2008
- Future property valuations may place pressure on LVR covenants
- Forecast FY09 debt reduction: \$550m

# Look Through Debt Maturity Profile (as at 16 Jan 09)





# Restructure of Related Party Hedging

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- Centro & CER hedging contracts have been terminated at no cost to CER for:
  - FX Income contracts
  - Interest Rate Swaps
  - Fixed interest rate obligations under cross currency swaps
- Agreed to close out existing principal components of equity hedges when the MTM values of the hedges are zero.
  - Equity hedges are long dated (4.5 year average maturity)
  - Due and payable at expiry of contracts if MTM is out of the money

# CER Hedging

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- Interest Rates
  - Hedged to 66% on Australian facilities with bank counterparties
  - 62.5% of US debt fixed
- FX Income
  - Hedging profile improved from last half due to CNP closeout
  - Overhedged due to reduced distributions from the US
- FX Equity
  - Overhedged between FY09-12 due to:
    - US asset devaluations
    - Super impairment

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# Conclusion

- Glenn Rufrano

# Contact Details

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Phone: +61 3 8847 0000

Website: [centro.com.au](http://centro.com.au)

## Important Note

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# Question & Answer

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# Appendices

# CER's Top 10 US Assets

Top 10 US assets by CER ownership value		
Centre	Ownership Val US\$m <sup>1</sup>	Total Centre GLA sq.ft <sup>2</sup>
1 The Centre at Preston Ridge	87.1	730,025
2 Cortlandt Towne Center	74.1	641,797
3 Southland Shopping Center	66.9	718,840
4 Hampton Village Centre	62.2	459,300
5 Village at Newtown	54.8	177,181
6 Marlton Crossing I & II	53.3	311,294
7 Mira Mesa Mall	51.6	411,550
8 Westminster City Center	48.4	347,330
9 Pointe Orlando	47.9	410,243
10 Springhurst Towne Center	47.5	422,035
Top 10 Total	593.9	4,629,595
<b>CER US Total</b>	<b>5,680.2</b>	<b>72,389,217</b>

# US Retailer Bankruptcies – Rejected

## Rejected Leases at at 31 December 2008

Retailer	# of Leases	% of GLA	% of ABR
Goody's Family Clothing	3	0.17%	0.15%
Linens 'n Things, Inc.	12	0.44%	0.65%
National Dry Cleaners	1	0.00%	0.01%
Shoe Pavilion Corp.	4	0.05%	0.09%
Steve and Barry's University	3	0.16%	0.11%
Vicorp Restaurants, Inc.	1	0.00%	0.00%
Whitehall Jewelers	2	0.00%	0.01%
Mattress Discounters Corporation	1	0.00%	0.00%
Brooke Investments	3	0.01%	0.01%
Circuit City	1	0.05%	0.04%
Tweeter	2	0.01%	0.01%
Bally Total Fitness	1	0.01%	0.01%
<b>Grand Total</b>	<b>34</b>	<b>0.90%</b>	<b>1.09%</b>



# US Retailer Bankruptcies – Pending

## Pending Leases at at 31 December 2008

Retailer	# of Leases	% of GLA	% of ABR
Bennigan's	3	0.02%	0.03%
Dawahares of Lexington, LLC	1	0.03%	0.02%
Linens 'n Things, Inc. <sup>1</sup>	4	0.15%	0.18%
Mervyn's LLC	1	0.07%	0.09%
National Dry Cleaners	1	0.00%	0.01%
Barbeques Galore, Inc.	1	0.00%	0.02%
Pretzel Time, Inc.	1	0.00%	0.00%
Oskar Huber Furniture	1	0.10%	0.13%
3 Day Blinds, Inc.	1	0.00%	0.00%
Omni Fitness Equipment, Inc.	1	0.00%	0.00%
BHS & B Retail (Steve & Barry's)	2	0.10%	0.10%
Circuit City	15	0.87%	1.19%
Bally Total Fitness	3	0.07%	0.09%
KB Toys	1	0.00%	0.01%
<b>Grand Total</b>	<b>36</b>	<b>1.41%</b>	<b>1.88%</b>

# Super LLC Impairment

31 December 08 A\$bn	CNP	CER	CMCS40	Total
Assets	2.88	3.99	1.20	8.07
Liabilities	3.84	2.82	0.68	7.34
<b>Equity</b>	<b>(0.96)</b>	<b>1.17</b>	<b>0.52</b>	<b>0.73</b>
Services Business	0.38			0.38
<b>Equity (after services business)</b>	<b>(0.58)</b>	<b>1.17</b>	<b>0.52</b>	<b>1.11</b>
Impairment Value*		(0.55)		
<b>Equity (after impairment)</b>		<b>0.62</b>		
LVR	118%	82%	57%	87%

A\$1 = US\$0.6928

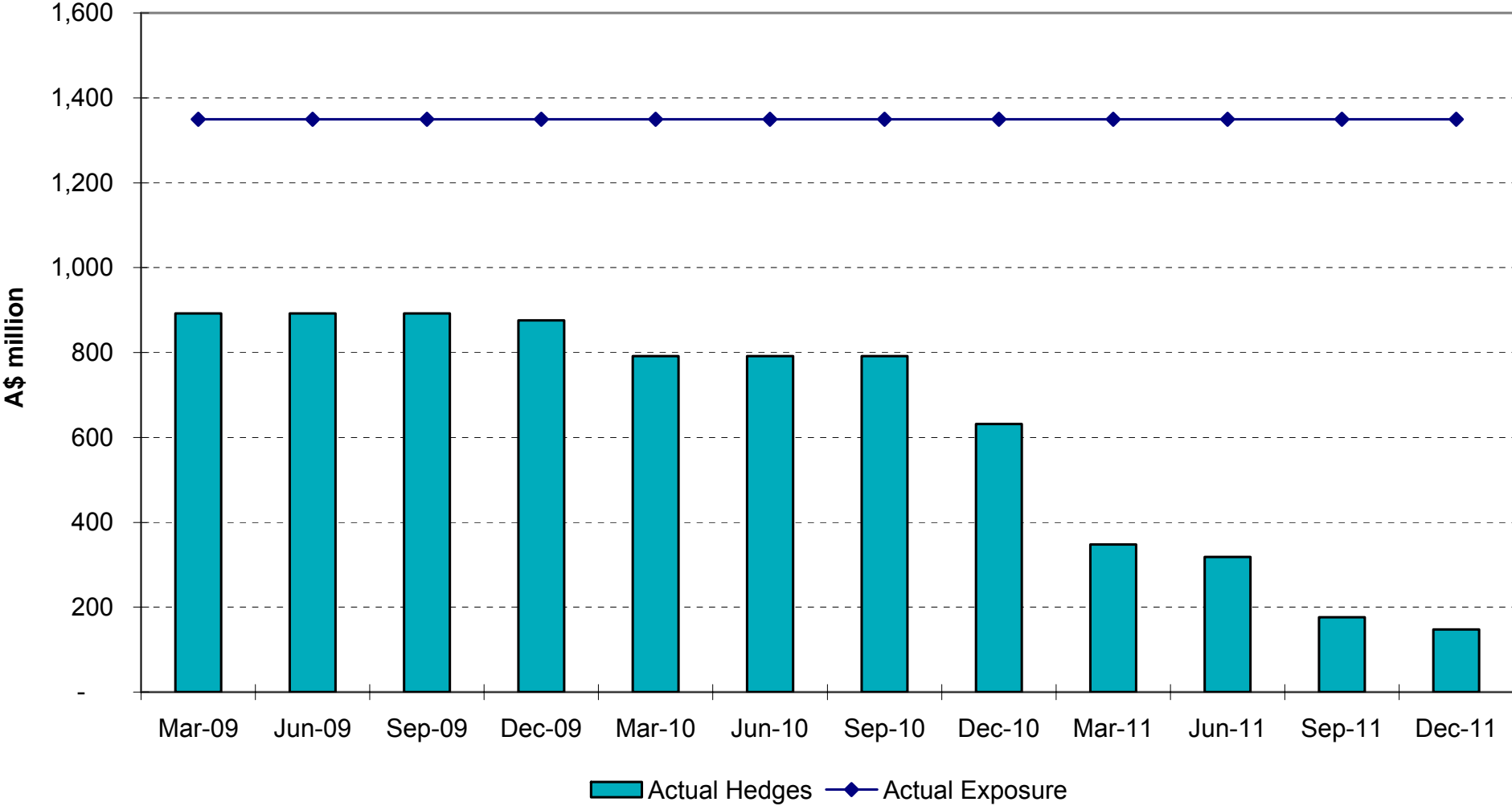
\*Impairment at long term average A\$1 = US\$0.7212

- CER's investment in Super represents NTA of \$0.27 per security
- Current Impairment value of \$547 million

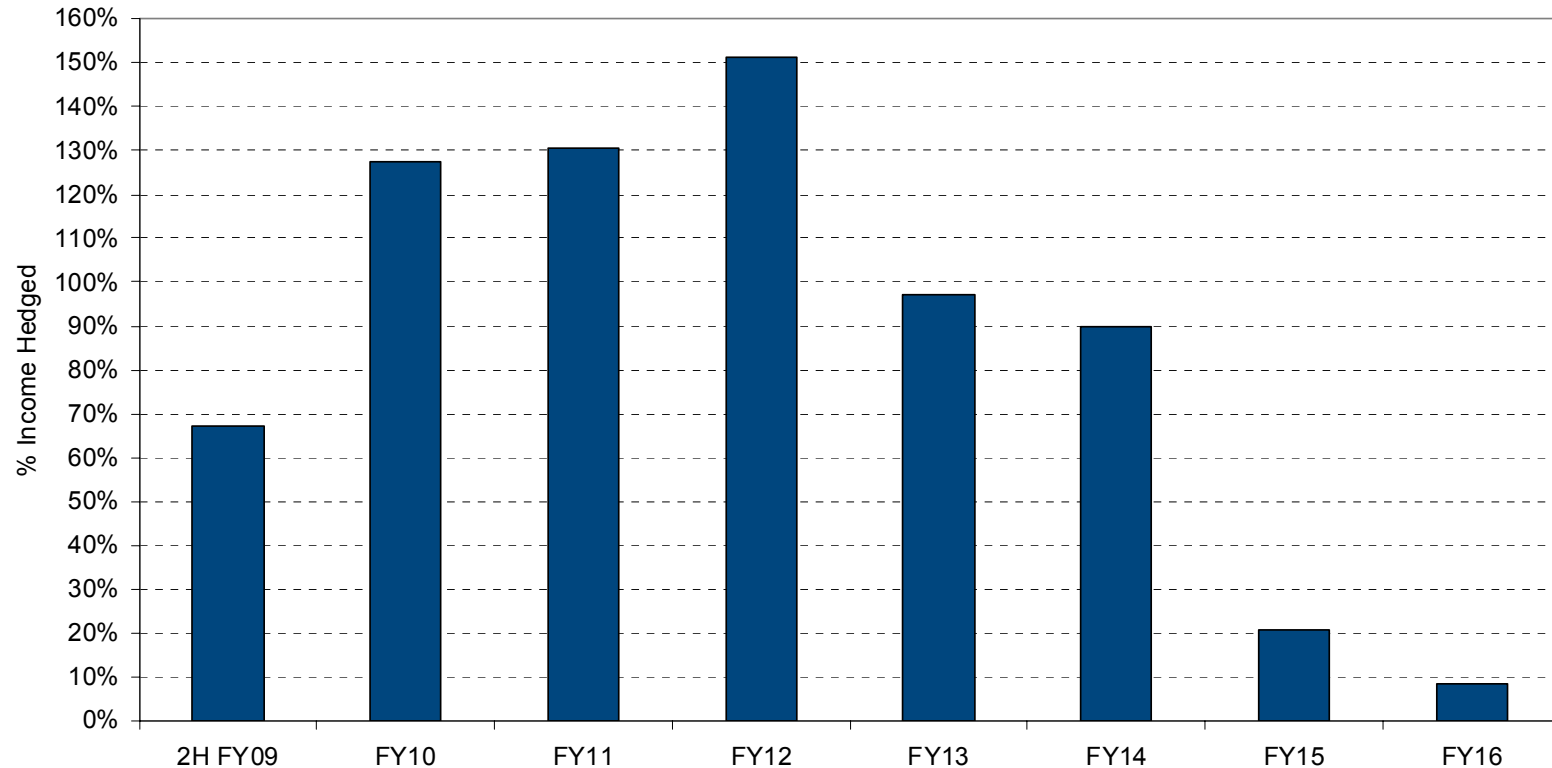
# Look Through Debt Maturity Profile (as at 16 Jan 09)

A\$m	30 Jun 2009	31 Dec 2009	30 Jun 2010	31 Dec 2010	30 Jun 2011	Beyond	Total
CER	0.0	599.8	0.0	301.6	0.0	336.6	1,238.0
CWAR 1	0.0	0.0	0.0	14.4	99.8	94.9	209.0
CWAR 5	0.0	18.3	0.0	18.2	0.0	409.4	445.9
GSA REIT	57.3	235.4	0.0	250.4	30.1	1,165.4	1,738.5
Super LLC	21.3	550.1	4.4	1,488.7	0.0	745.7	2,810.3
<b>Total</b>	<b>78.6</b>	<b>1,403.7</b>	<b>4.4</b>	<b>2,073.2</b>	<b>129.8</b>	<b>2,751.9</b>	<b>6,441.7</b>

# Australian Interest Rate Hedging Profile

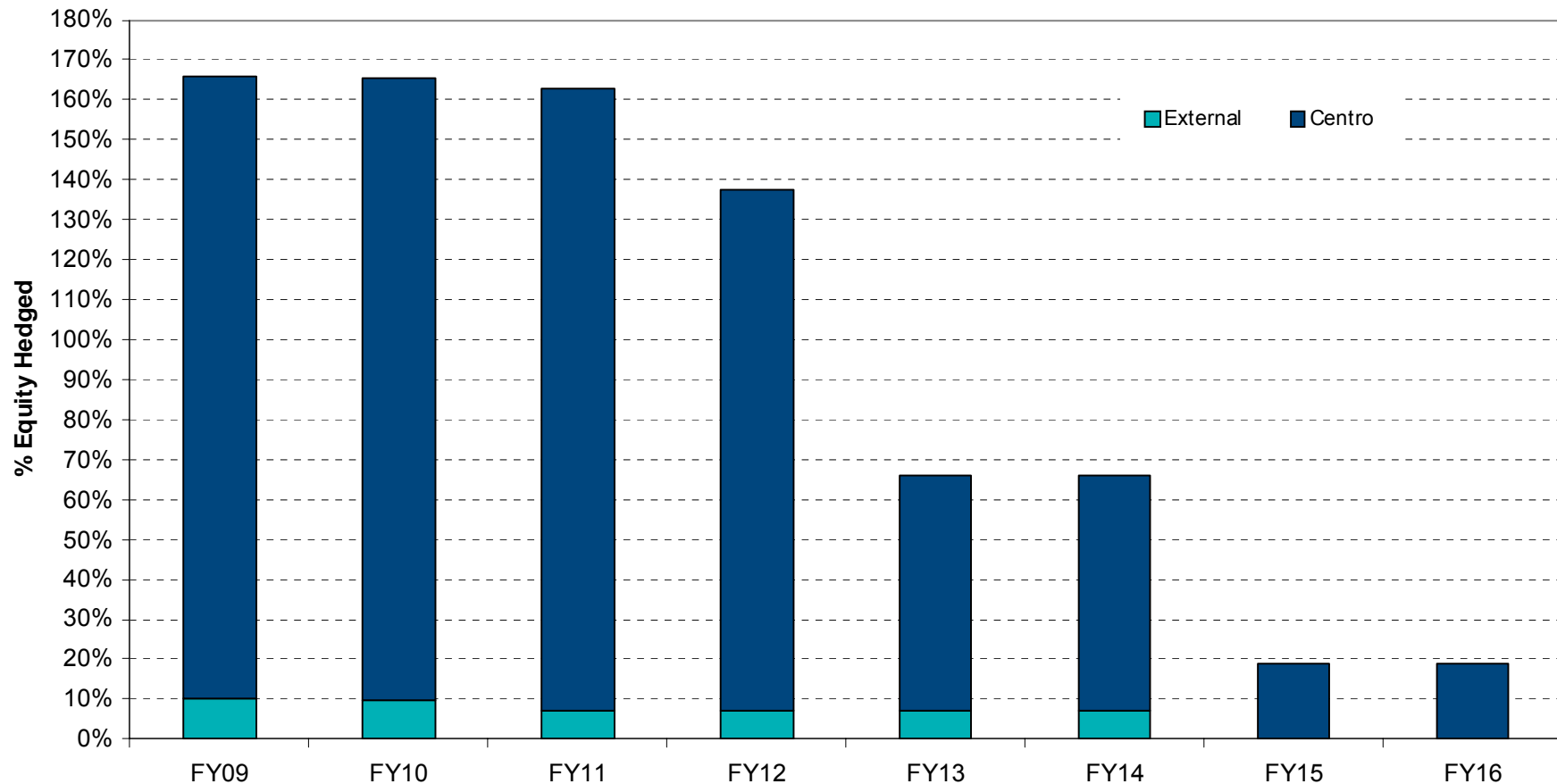


# FX Income Hedging



- CER overhedged due to cash lock up of Super, forecast asset sales and lower forecast distributions
- Weighted average hedge rate of AUD/USD 0.6963 over period

# FX Equity Hedging



- CER overhedged position due to:
  - Asset devaluations and Super impairment