

Responsible Entity  
**CPT Manager Limited**  
ABN 37 054 494 307



**Centro Properties Limited**  
ABN 45 078 590 682  
**Centro Property Trust**  
ARSN 091 043 793

17 November 2010

Companies Announcements Office  
Australian Stock Exchange Limited  
10<sup>th</sup> Floor, 20 Bond Street  
Sydney NSW 2000

Dear Sir

Chairman and Chief Executive Officer Presentations

In accordance with Listing Rule 3.13.3, I enclose the presentations of the Chairman and CEO, which will be delivered today at the Centro Properties Limited 2010 Annual General Meeting and Meeting of Unit Holders in Centro Property Trust (AGM) commencing at 9:30am.

Yours faithfully

A handwritten signature in black ink, appearing to read 'E. Hourigan', with a small dot above the final 'n'.

Elizabeth Hourigan  
Company Secretary

Centro Properties Group  
Annual General Meeting  
Wednesday 17 November 2010

Chairman & CEO Script

**Chairman: PAUL COOPER**

## **SLIDE 2: WELCOME & INTRODUCTION**

Good morning ladies and gentlemen. Welcome to the Annual General Meetings of Centro Properties Limited and Centro Property Trust, which I will refer to as "Centro".

Thank you for your attendance today. My name is Paul Cooper and I am Chairman of Centro. I have been advised that there is a quorum present, and I will now start our meetings.

I would like to remind everyone that, as a matter of courtesy to all members present, we ask that no audio or video recordings be taken during this meeting. If you have your mobile telephone with you could you kindly switch it off or into silent mode.

At this time, I would like to introduce the other members of the Board and Management on the dais with me today. From the other end of the platform from your left to right:

- § Susan Oliver – non-executive Director and Chair of the Risk Committee. Susan is also a member of the Compliance, Finance and Nominations Committees.
- § Anna Buduls – non-executive Director. Anna is also Chair of the Compliance Committee and a member of the Remuneration, Audit and Risk Committees.
- § Jim Hall – non-executive Director. Jim is Chair of the Audit Committee and a member of the Risk and Finance Committees.
- § Rob Wylie – non-executive Director and Chair of the Remuneration and Finance Committees. Rob is also a member of the Audit and Nominations committees.
- § Robert Tsenin – Group Chief Executive Officer and Managing Director of Centro.
- § Elizabeth Hourigan – Senior Legal Counsel and Company Secretary.

Before the formal business of the meetings, Robert and I will discuss the past year and the future outlook for Centro.

After the meeting closes, you will have a further opportunity to speak with your Directors and CEO in the foyer over refreshments. Our Executive Committee and other members of Management are also here today, and will likewise be available after the meeting.

## SLIDE 3: CENTRO TODAY

The Centro landscape has changed considerably over the past three years. We have utilised this time to sensibly and methodically position the Group to be able to examine every possible option for restoring value.

As I undertook to you last year, the management team and Board, along with our advisors, have been working tirelessly on identifying an appropriate plan for our future, taking into account the significant challenges we face. These options include a sale of the whole or parts of our business or a potential restructure or recapitalisation. Whichever road we travel, our decisions will be based on expert financial and commercial advice, engagement with the markets in Australia and the USA and up to date real world information.

It is early days in the process. Any chosen course of action will be defined by the objective we had when we started the process: achieving an outcome that your Directors can recommend to you as being in the best interests of all stakeholders, and specifically, in the best interests of our securityholders.

At this stage no assumptions should be made about the likelihood of a particular outcome. In this respect, I would like to acknowledge that some of the reports you may have read in the media may have been unsettling.

There has been considerable media coverage following our November 4 update, as we had expected there to be. Some of this reporting has been unbalanced. It is particularly disappointing that some have continued to speculate solely on the 'sale' option as if that were the only possible outcome.

Unfortunately we cannot stop speculation. What we can do, however, is undertake to continue, if not improve further, the high standard of communication we have been providing to you.

Today I want to provide you with the vital context this reporting has omitted: the underlying strength of our assets, the excellence of our staff and the unwavering commitment of the Board and Management to delivering the best possible outcome for our securityholders.

The Centro Group is well-governed with a strong board and management team in place. Management, under Robert Tsenin's leadership, is doing a particularly good job of running the Company under tremendously challenging circumstances within a complex Group structure.

This complexity includes the continual challenge of recognising the different classes of stakeholders whose interests must be served.

The need to be rational and organised in our thinking and actions has never been more pressing. Securityholders, and all other stakeholders, should have every confidence that if value can be restored in the Group, the right team has been assembled to maximise that value.

I will return to the subject of Centro's Strategic Review later in this address.

## SLIDE 4: 2010 HIGHLIGHTS

I would now like to briefly review the past year.

Centro's 2010 Financial Year was highlighted by:

- Continuing our active management of our assets, funds and people
- Completion of the Centro and Centro Retail Trust (CER) Boards separation and regeneration
- Finalisation of the restructuring of the Executive Committee and the appointment of Robert Tsenin as Group Chief Executive Officer (CEO) and Managing Director
- Successfully managing debt maturities and extensions
- Some improvement in the economic fundamentals that underpin our performance
- Progressive review of options to restructure and recapitalise the Group and reduce its debt burden.

## SLIDE 5: FINANCIAL RESULT

Centro announced a statutory loss of \$653 million for the financial year ended 30 June 2010.

This result compared to a loss of \$3.54 billion for the previous year.

The improvement in our result was largely due to significantly lower property devaluations and the favourable impact on translation of Centro's net US dollar liability position resulting from the appreciation of the Australian dollar against the US dollar.

In addition, our Australian assets have performed very well with near full occupancy, favourable lease renewals and costs being contained. Our US assets continue to be adversely impacted by the challenging economic conditions within the US, however, there has been some evidence of improving trends in our property performance.

Centro's Annual Report sets out the financial results in detail and I recommend you read it in full if you have not already done so.

## SLIDE 6: YOUR NEW BOARD & EXECUTIVE TEAM

The 2010 Financial Year was an important one for the governance of your Company.

The Centro and CER Boards were separated and the two new Boards settled-in quickly and effective working relationships have been established.

The separation of the Boards should give investors great comfort that the issues particular to each fund are being considered separately and with their own specific stakeholder interests in mind. This is vitally important as we consider options that will decide our futures.

Following the separation of the Boards, Jim Hall and I were the only Directors on both Boards. Following Jim's retirement and the election of Anna Buduls to the CER Board at CER's 2010 AGM earlier this week, Anna and I will be the two common Directors for the remainder of Financial Year 2011.

During the year the Board undertook a review of its original charter and committee structures. We have reviewed the composition of committees and their chairpersons. I am very confident that the Committee structures capture in an optimal manner the skills and expertise that each of our Board members brings to Centro.

The year also saw management leadership transition from Glenn Rufrano to Robert Tsenin, who commenced as Group Chief Executive Officer and Managing Director in March 2010.

Robert brings to Centro more than 30 years experience in real estate, corporate finance, and mergers and acquisitions, both in Australia and abroad, including six years at Lend Lease as Finance Director. His depth of experience and knowledge of the Group has been invaluable as the Board has navigated its path through the structural options that would best serve our stakeholders while also focussing on maximising the performance of our assets and businesses.

## SLIDE 7: THE YEAR IN REVIEW

Maintaining and improving the operation and performance of our assets and funds has remained a critical focus throughout the year.

I cannot overstate the importance of continuing to manage our properties, funds and syndicates to achieve the best possible outcome for our securityholders and other stakeholders.

By any measure relative to its peers, Centro is big. It manages an \$18.6 billion portfolio of 712 shopping centres in Australia, New Zealand and the US. We are the second largest manager of retail property in Australia and the third largest manager of shopping centres in the US based upon gross lettable area.

Our Australian portfolio continues to perform well despite the challenging operating environment. In FY10, our Net Operating Income growth of 3.2% was well above the expectations of 12 months earlier. Rental income growth on renewals increased to 5.4% and occupancy levels increased to 99.5% from 99.0% at June 2009. During the year, some staff who had previously departed returned to Centro and our property operations performance sits well beside our Australian peers.

The economic environment in the US remained subdued throughout FY 2010 and Centro's US stabilised portfolio was 88.3% leased at 30 June 2010 compared to 88.7% at 30 June 2009. Net Operating Income growth for our US portfolio was negative 4.2% for the year compared to negative 3.6% for the full year ended 30 June 2009.

While these results were in line with our expectations and we are seeing signs of improving trends, the US consumer remains cautious and the long-term recovery of operating fundamentals is expected to be impacted by sluggishness in the US retail environment.

Notwithstanding this challenging environment, the underlying performance of our business has been strong.

We have exceptional assets and people.

It is our excessive debt load, and simplification of our complex Group structure, that we must address.

Financial risk management has also remained a key focus during the year.

We successfully refinanced or extended all maturing facilities, including \$1.4 billion of debt across our managed funds and in July 2010 we announced a major milestone in securing a one-year extension to 31 December 2011 for US\$2.3 billion of debt within Super LLC, which is a joint venture between Centro Properties Group, CER and Centro MCS 40.

This has been an outstanding achievement.

## SLIDES 8-9: CENTRO STRATEGIC REVIEW

At last year's Annual General Meeting I said that a restructuring of the Group will be required in order to get our debt down to sustainable levels.

I also said that any return to value would take time.

In December 2009 Centro announced the appointment of J.P. Morgan Australia Limited and Moelis & Company as co-advisers to work with Management to undertake an assessment of a restructure of Centro. CER appointed its own adviser, UBS. The objective of the assessment phase was to identify the means by which the enterprise value of the Group could be maximised and to separately identify and analyse execution risks.

The assessment phase concluded in mid 2010. It has become clear that a restructure and recapitalisation of the Group could be accomplished in a number of ways but that the complexities of cross ownerships and different classes of stakeholders across the Group will make the execution of any plan very challenging.

We have looked at many alternatives and over this period we have had a variety of expressions of interest from credible parties in respect of our businesses and assets.

On 4 November 2010, Centro announced that it had entered into a competitive market process to evaluate these and any other expressions of interest in its assets and business.

The significant interest in Centro's businesses over recent months has been encouraging and commencing this process is the logical next step in fully exploring all options available to the Group.

Prior to entering into this process, extensive discussions have taken place between Centro and its managed funds to secure their support for participation in the process and to address the different constituencies each entity has to serve.

Governance protocols and memoranda of understanding have been established between Centro and each of its managed funds which set out extensive and rigorous measures to ensure the best interests of the funds are served and to manage conflicts, should they arise.

Centro will continue to focus on the protection of securityholder interests and remains in close consultation with its lenders and professional advisers as we enter this competitive market process.

Robert will talk in more detail about these aspects shortly.

Meanwhile Centro's previously announced initiatives regarding its syndicate platform continue in parallel.

We have cautioned the market that there can be no assurance that any definitive agreement for any such options will be reached. In view of Centro's current negative equity position, we do not underestimate the challenge of delivering value to securityholders through this process.

The road to recovery is rarely easy.

## SLIDE 10: SIMPLIFICATION OF CAPITAL STRUCTURE

Any restructure or recapitalisation of the Group is likely to require, and benefit from, the simplification of our Group's complex capital structure. This is an ongoing issue that we are seeking to address.

One of the elements of Centro's capital structure is the Convertible Bonds (Preference Units) which are currently on issue, totalling US\$444 million. These Bonds were issued in 2007 and Centro elected not to redeem them upon their maturity on 30 June 2010. The effect of this is that the Convertible Bonds which were indirectly held by investors through a special purpose vehicle are now held directly by the investors. There is no impact on the Group from this change and the Bonds retain their previous ranking and entitlements. Any future settlement of the Bonds remains at Centro's discretion.

Centro intends establishing an informal advisory group of representative holders of the Convertible Bonds to consult with Centro in the lead up to the Board considering any specific restructuring or recapitalisation plan. I am pleased to advise securityholders that this initiative has the support of a large holder of the Convertible Bonds who has been active in their engagement with us and has offered to participate in such a representative group. I hope others will also agree to participate.

## SLIDE 11: SHAREHOLDER CLASS ACTION

The Company continues to defend two class action claims that have been brought against Centro, the first by Maurice Blackburn and the second by Slater & Gordon. Cross claims were served by Centro against its former auditor, PricewaterhouseCoopers in respect of both class action proceedings.

Centro's position regarding the class actions has not changed since I addressed last year's AGM, namely we still consider it to be in the best interests of all involved, especially our securityholders, to achieve a resolution and we remain open to mediation to resolve the litigation.

## SLIDE 12: TEAM WORK

Securityholders should understand that there are many people at Centro who are working tirelessly to deliver the outcomes I have discussed today.

I would like to acknowledge the hard work and dedication of my fellow Board Members, and of course Robert Tsenin, whose depth of experience and leadership is driving Centro forward and controlling our agenda.

I would also like to thank our Australian Executive Committee who are all here today and our US Management Committee.

Centro's staff continues to display the very highest levels of ongoing support, energy and dedication to their roles, in our head office in Melbourne, in New York, in our various State and Regional Offices and in every one of our 712 shopping centres in Australia, New Zealand and the US. Many of them are working behind the scenes however their efforts are responsible for our improving operational performance.

I would also like to acknowledge our auditors, Ernst & Young, who were appointed toward the end of FY09. Ernst & Young were engaged by Centro at a critical time for the Group and have continued to work hard with us and this year we delivered fully audited financial accounts to securityholders by the end of August 2010.

I would also like to thank our lenders, bondholders, investors in the DPF and DPFI and the Centro MCS Syndicates, and of course you, our securityholders for your continued support.

It has been a long and difficult journey to arrive at this point and we have further to go. We will continue to update you as appropriate as we progress the restructure and recapitalisation of the Group.

## SLIDE 13: LOOKING AHEAD (CLOSING REMARKS)



I am optimistic that the foundations for change put in place since the stabilisation of the Group will serve Centro well as we make the decisions and changes required for our future progress.

The Group made progress in FY10 as our focus transitioned from stabilisation to an examination of alternatives and consideration of restructuring and recapitalisation options for the Group. We have landed upon the competitive market process as the best means to consider the various expressions of interest we have received in the interests of all our stakeholders.

In order that your Directors can make decisions that are in the best interests of our stakeholders and based upon real market data, we have opened a competitive market process.

This will not only allow us to assess the merits of the existing expressions of interest we have received against a competitive market, but will also very likely trigger discussions on a range of alternate outcomes including a partial or total recapitalisation of the group, disposal of some assets or pools of assets to reduce our debt, or possibly a change of control transaction.

All options are on the table and I cannot predict which path we will follow, but I can assure you that the Board will have your interests clearly in mind in whatever proposal we ultimately bring to you for your approval.

## SLIDE 14: BUSINESS OF MEETING

The formal items of business for today's meeting are for investors receive and consider the financial reports, to vote on the election of Directors and on the adoption of the remuneration report.

Thank you for your time and attention – I would now like to invite your CEO, Robert Tsenin, to address the meeting.

We will then conduct the formal business of the meeting – and questions can also be asked at that point on those matters.

Robert...

## SLIDE 15: CEO ROBERT TSENIN - WELCOME

Good morning ladies and gentlemen.

Thank you for taking the time to attend today and for your continued support of Centro.

As Centro shareholders, there is one aspect we can be pleased with: Centro continues to have a team of high quality, dedicated staff that are skilfully managing our portfolio of good quality assets in Australia and the US.

However, Centro has too much debt and we must find a way to deal with that, whilst managing the many complexities of the Group which include joint ownerships of assets and fiduciary obligations to a variety of stakeholders.

As explained by Paul, we have implemented governance arrangements to ensure that we manage, first and foremost, in the best interests of our stakeholders, in particular our investors.

My focus since being appointed CEO in March 2010 has been on:

- Firstly, continuing the sound management of our properties and funds to deliver the best returns possible given our circumstances; and
- Secondly, identifying and assessing restructuring and recapitalisation alternatives for the Centro Group.

These will remain Management's focus. As we announced earlier this month, we have commenced a competitive market process involving the bulk of our non-Syndicate business and we have entered into an exclusivity arrangement on our Syndicate business. We continue to critically assess all other opportunities, including those that may arise as a result of announcing this competitive market process.

I will begin today by briefly highlighting some of the key achievements of Centro over the past year and summarising our performance overall. I will then make some remarks about how Centro is positioned as a business today, and the nature of the challenges it faces, before discussing the work of

management, your Board, and Centro's advisers in assessing restructure and recapitalisation alternatives.

I also want to use the opportunity presented by this AGM to put into context, and in certain cases correct, some of the recent speculation and commentary on Centro.

Finally, I want to focus on the future, and hopefully leave you all with the message that the Centro Board and management team remain focused on acting in the best interests of you, the securityholders.

## SLIDE 16: MANAGED PROPERTY PORTFOLIO PERFORMANCE

First, some highlights of Centro's 2010 performance:

This slide shows that the Centro Group's portfolio of high-quality shopping centres have continued to perform well in Australia but our US portfolio continues to be impacted adversely by the recession and sluggish subsequent economic recovery in the US.

The Centro managed portfolio is well positioned helped by its orientation towards non-discretionary retailers. In Australia, the portfolio recorded comparable NOI growth of 3.2% which was above our expectations from 12 months ago and is up strongly over the prior reporting period.

Occupancy for the portfolio has improved to 99.5%, including a reduction of 95 vacancies overall during the year and specialty occupancy costs are stable and sustainable at 13.5%. The success in quickly rebuilding our leasing team early in FY10 was one of the key drivers of our solid performance for the year.

Retail sales in Centro's Australian centres achieved a strong 4% comparable period growth in FY10. Initiatives to sustain this growth include Centro's introduction in May this year of an Australian first in shopping centre rewards programmes, the national launch of Freebies Rewards. Freebies members receive personalised incentives and prizes based on their shopping frequency. Well known retailers including Myer, Kmart, Coles and Baker's Delight are just a few involved and supporting the program.

Due to a more depressed economic environment, Centro's US portfolio has not performed as well as in Australia with 88.3 per cent stabilised occupancy and a comparable period NOI decline of 4.2 per cent for the year ended 30 June 2010.

However, as the US economy strengthens, retailers are expected to expand. Centro is uniquely placed to assist retailers in their expansion plans as we have arguably the strongest regionally based platform in the US.

The start to the new financial year is encouraging. Our Australian NOI is continuing to grow with over 4% annualised NOI growth recorded in the quarter to September 30 and US NOI trend is showing signs of improvement.

## **SLIDE 17: PROPERTY VALUATION TRENDS**

Another positive indicator has been the trend in property valuations. In Australia, Centro's property values decreased by 0.2% in the second half of FY10, compared to a decrease of 1.1% in the first half of the year. In the US, Centro's property values fell by 0.7% in the second half of FY10 compared to a decrease of 4.5% in the first half of the year.

In summary, the Australian portfolio is performing strongly and we are seeing signs of improvement in the US.

Another highlight during the year was the extension or refinancing by Centro of \$1.4 billion of debt across its managed funds, a major achievement given our circumstances.

Subsequent to 30 June, we also announced the successful extension of \$2.3 billion of debt associated with Super LLC.

This extension to December 2011 was a critical step in providing us the time to work through restructure and recapitalisation options which I will discuss shortly.

## **SLIDE 18: INCOME STATEMENT**

In terms of our financial result for the year, Centro recognised an operating profit of \$174 million, down on the prior year's profit of \$229 million, with a decrease in both our property investment and services income.

The decrease in property investment income was largely due to lower rental income in the US, increased interest rates impacting the cost of debt within our Australian fund investments and the appreciation of the Australian dollar by an average 18%, reducing the Australian Dollar equivalent of Centro's income from US investments.

The reduction in services income represents the reduction in fees due to a combination of property devaluations, asset sales, and foreign exchange rate movements.

Our overall FY10 net result, which represents the operating profit just referred to adjusted for non-cash items including investment property revaluations, impairments and the impact of foreign exchange movements, was a loss of \$653 million.

While the overall result for FY10 is again a net loss, it is a significant improvement over the prior year's loss of \$3.5 billion, with a number of the non-cash adjustments, in particular property revaluations, reflecting an improving trend over the prior year.

## SLIDE 19: CENTRO FINANCIAL CHALLENGES

The Stabilisation Agreement entered into by Centro and its lenders in January 2009 avoided the need for a "fire sale" and afforded Centro time to address the structural issues it faced.

However, the Stabilisation Agreement in itself did not address the fundamental structural problems being the excessive debt, a range of other financial risks we face including exposure to interest rate movements and foreign currency volatility and an overly complex and inefficient corporate structure. Simply put, the Stabilisation Agreement bought time, but did not solve any of the fundamental problems facing Centro.

Let me expand upon some of these issues.

Centro is carrying an enormous debt burden and does not have a sustainable capital structure, with negative \$2.1 billion of net equity as at 30 June 2010.

Across the entire Centro Group, and all of its funds under management, there is \$18.6 billion of investment properties and \$18.4 billion of debt.

This is not sustainable given the need to meet ongoing financial covenants and refinancing requirements of \$11.5 billion by the end of December 2011 (comprising \$3.5 billion of headstock

debt and another \$8 billion in Super LLC and Centro managed funds).

With limited capital available throughout the Group, Centro's ability to undertake value adding developments or take advantage of new investment opportunities has been limited. This impacts our competitiveness and ultimately will impact the value of our assets.

Because of Centro's weak capital structure, Centro has not been able to procure needed derivative limits. As a consequence, 63% of Centro's debt is exposed to the risk of rising interest rates.

Centro must be restructured and recapitalised and time is not on our side.

Centro commenced an assessment of restructure and recapitalisation alternatives in early 2010.

We initiated this assessment with a view to identifying how to maximise the enterprise value of Centro Group.

What this has confirmed, perhaps unsurprisingly, is that any restructure of Centro is going to be highly complex and will likely require multiple approvals and consents from Centro's many and varied stakeholders.

This is a very important point, and I would therefore like to take a few moments to explain this to you in more detail.

**SLIDE 20: RESTRUCTURING  
CHALLENGES – GOVERNANCE  
CONSIDERATIONS**

Centro itself owns very few properties. Rather, Centro manages and has significant investments in a number of funds which ultimately own the properties.

Each of these funds, whilst managed by Centro, has its own external stakeholders. Indeed, on a look through basis, external investors account for just over 50% of total equity of the assets that Centro manages. Centro, as the responsible entity of these vehicles has a fiduciary obligation to act in the best interests of all investors.

It is important to note in passing that it is a clear unambiguous obligation of an RE to act in the best interests of the investors in these vehicles. That responsibility remains whether the RE is Centro or any other RE. The interests of these stakeholders may not always align with those of Centro and for this very fundamental reason we have established formal governance processes to manage any conflicts.

There will be numerous consents and approvals required to be obtained from Centro's many and varied stakeholders to enable any restructure or recapitalisation to occur. These could include not only the securityholders, other equity investors and financiers of Centro itself, but those of a number of managed funds, including Centro Retail Trust.

This is where the governance procedures that are in place are crucial in addressing the issues surrounding the restructure and recapitalisation of Centro.

This background is critical for you to understand both the complexity of the challenges facing any solution to Centro's problems and how we have gone about making the most recent decisions. It is also important to highlight that dealing with these complexities appropriately means that any restructuring or recapitalisation will take time.



A restructure process is, however, not an insurmountable ambition. We believe a consensual process between all the stakeholders in the Group will most likely produce the best outcome, but this will only be confirmed following the conclusion of the competitive process that we have recently announced.

## **SLIDE 21: COMPETITIVE PROCESS ANNOUNCED 4 NOVEMBER**

It is pleasing to note the capital markets have improved since the Stabilisation Agreement was reached in January 2009. The range of financing alternatives has widened and more capital is available. We are far from the 2006-2007 boom time period of reasonably freely available capital, but the recent strengthening of property and capital markets has resulted in increasing third party interest in our assets and business.

On 4 November, Centro, along with the co-owners of our assets, announced the commencement of a competitive market process to evaluate interest in its Australian and US investments.

The Centro Group has received a number of confidential expressions of interest and “proposals” in respect of some or all of its businesses and assets. All of these “proposals” are non-binding, indicative and incomplete. In light of this interest, the view of the Board, management and Centro’s advisers is that the optimal way to determine the real value of these businesses and assets is to undertake a formal, transparent, competitive process.

Only after running a competitive process can we be confident that value has been maximised for Centro stakeholders. We announced its commencement on 4 November.

Formal internal governance protocols to manage the competitive market process have been established for all stakeholders, including co-investors in our managed funds. Prior to entering the competitive process, fund managers, directors and advisers examined the design of the competitive process and thoroughly reviewed all the options and terms.

Due Diligence Committees were established under our governance protocols for each relevant fund. Based upon the recommendation of the Due Diligence Committees, the respective Boards, including the Board of Centro, determined that it was in the best interests of all stakeholders to enter this competitive process, with appropriate conditions in place.

The reasons the funds agreed to enter into the competitive process varied, from those seeking liquidity to those looking to optimise value through the ability to market 100% interest in assets, rather than part interests. So it was never a question of forcing these funds to fall in line with Centro.

I should stress that these funds have not committed to selling their assets; they have acknowledged that it is in the interests of their investors to participate in the competitive market process but they reserve all their options.

I am pleased to say whilst the competitive process has only just commenced, the early indication is there will be significant interest in our businesses and assets both in Australia and the US from strong, well-capitalised third parties.

These processes – the broader consideration of restructure and recapitalisation alternatives, and the competitive market process – are ongoing. Additionally, we would expect the commencement of this process may stimulate other types of proposals.

**SLIDE 22: SYNDICATE PROCESS**

You may have also read about the syndicate business process Centro announced on 29 July. This process was commenced independently of Centro's other restructuring considerations, the purpose being to strengthen and grow our syndicate business through seeking a strategic party with complementary skills.

There has been interest in our syndicate business and, after undertaking an extensive process that canvassed interest from a broad spectrum of parties, we announced last week that a period of exclusivity has been granted to Cromwell Group enabling them to conduct their due diligence.

For those of you not familiar with Cromwell, it is an ASX listed REIT that promotes and manages unlisted property investments and has approximately \$1.8 billion of assets under management.

We must highlight, however, that any transaction remains subject to negotiation of outstanding terms and conditions and obtaining the required consents and approvals.

There are therefore a range of possible outcomes that could eventuate as a result of the competitive market process that is underway and it would be incorrect to conclude that this announcement signals Centro is limiting itself to just one option, the sale of the business.

The announcement of the competitive market process itself could serve as a catalyst for stimulating alternative proposals.

As a Board and management, however, we must be realistic about the prevailing financial and operational constraints that Centro faces.

You may hear over the coming months, as you have already, much speculation and commentary about Centro. Not all will be accurate.

Be assured that if there is information to be reported, it will be reported by us as soon as it is appropriate to do so.

You have my assurance that the Board and management are working tirelessly toward achieving an outcome that addresses Centro's debt and capital constraints.

I want to close by thanking our staff for their continued diligence and focus during a very challenging time and you, our investors, for your continued patience and support as we continue to work through these challenges.

Thank you.

I will now hand the microphone back to Paul.

## CHAIRMAN: PAUL COOPER

Thank you Robert.

## SECURITYHOLDER QUESTIONS

Thank you to those Securityholders who responded to our invitation to submit questions to be raised at this meeting. In my presentation this morning, I sought to address many of the questions that were raised by investors. I would now like to address a number of the questions more frequently asked by Securityholders.

1. Why are we not provided with a choice of directors?

Centro has recently completed an exhaustive Board renewal process, with new Board appointments in October 2009. During the renewal process and in the year since, the new Board members have dedicated considerable time toward understanding how Centro operates. Centro is a very complex organisation, and we believe your existing Board is best placed to oversee the critical work ahead. We do not believe it is in the best interests of our stakeholders to bring new directors to Centro at this time.

2. When will the company pay a reasonable dividend?

Under the terms of the debt stabilisation agreement, no distributions to ordinary securityholders are permitted to be paid for the duration of the senior secured debt facility, and it is unlikely that distributions will be paid prior to any conversion of the Hybrid Securities. Also no distributions could be paid until unpaid coupons on the Convertible Bonds are paid.

Any future distributions will also be dependent upon the outcome of the ongoing restructuring and recapitalisation works underway, including the recently announced competitive market process, the timeframe and outcome of which remains uncertain.

3. Considering the performance of the company, Directors fees and management remuneration is too high. Can you comment?

We understand that shareholders want to see that we are accountable for Centro's performance. The Board is working diligently to restore what value we can.

I do not consider it appropriate for Directors to work for compensation which is less than the market rate, and the remuneration paid to Centro's directors is within market rates.

With regard to management remuneration, if we are to maintain the value of the assets and of the funds management business, it is important that the

operations of the shopping centres and the funds are maintained at a high standard. Our remuneration framework is formulated to attract and retain appropriately qualified and experienced personnel to run the assets and the company.

Management and the Board, along with our advisors, have been working tirelessly on identifying an appropriate plan for our future, taking into account the significant challenges we face.

4. Why are my shares in Centro Properties Group worth so little?  
Robert and I have outlined today the significant challenges facing Centro and in answering this question the key is to again highlight that as at 30 June 2010, Centro had negative equity of \$2.1 billion and net tangible assets of negative \$3.12 per security.

We have also discussed in some detail what we believe is the best way forward to restore value to the Group. These options include a sale of the whole or parts of our business or a potential restructure or recapitalisation. However, given the significant challenges and current equity position, we do not underestimate the challenge of returning value to securityholders.

5. We invested in Centro Feb 2007, believing the company to be a good brick and mortar investment. The shares have gone from \$9.67 to 15c. Please explain.

Much has changed since 2007, both globally and with Centro specifically. Centro's structural complexity and significant levels of debt have led to a reduction in the value of the Group and many of the metrics upon which the historical share price may have traded have diminished over time. A significant component of this is Centro's Services Business which is no longer able to generate the income or growth levels it did in 2007. The underlying assets themselves, however, have continued to perform strongly in Australia, with improving trends in the US. Focussing on addressing the debt and structural issues is therefore critical in trying to restore value to securityholders.

Ultimately, however, the share price reflects what willing buyers and sellers are prepared to trade Centro securities at. We are unable to control the share price movements, nor predict its future levels.

6. The stronger A\$ should have reduced the USD debt too. How much has this helped?

It has helped to the degree that the appreciation in the A\$ has reduced the equivalent value of US dollar denominated debt. However, the dollar has fluctuated dramatically over the past 12 months and Centro's debt is simply too high, and is not sustainable in the long-term. It is clear that we need to reduce our debt and we have outlined today the steps we have taken towards this and given as much insight as we possibly can on the complex path ahead of us. Relying on the currency to move in our favour will not of itself resolve Centro's debt burden.

7. What impact does the high USD have on future refinancing of Centro USA assets?

The answer is none. Centro's secured mortgage financing of any of its US assets is always completed in the US market with the assets and debt valued in US dollars. Accordingly, the foreign exchange movements will not impact on those refinancings.

8. I want to know how many years Centro Property Group still has to pay all their debts to the bankers?

This is a question that we cannot answer today.

What we can do, however, is provide some context as to what we are doing to resolve our debt burden and Robert and I have done that to the degree that is possible today.

In sum, Centro is carrying an enormous debt burden and we must address that. Across the entire Centro Group, and all of its funds under management, there is \$18.6 billion of investment properties and \$18.4 billion of debt.

As part of the stabilisation arrangements reached with its Australian and US lender groups, CNP Headstock debt was extended to 15 December 2011 and US debt within Super LLC was extended to 15 December 2010. In July this year we announced that the US debt was extended to December 2011 to align this maturity with that of the Australian debt. This extension to December 2011 was a critical step in providing us the time to work through restructure and recapitalisation options.

December 2011 is therefore a critical debt maturity date for the Group.

9. Given that many shareholders are now facing significant paper losses on their holdings, what is the Boards view of the future value of the company given the restructuring process in place?

We cannot predict the future value of the company as it depends on a number of unknown factors that include future global market conditions and any outcomes from the process we announced on 4 November, or an alternate restructuring or recapitalisation that might emerge from the process.

To date, the level of interest in Centro's businesses over recent months has been encouraging. On 4 November 2010, Centro announced that it had entered into a competitive market process to evaluate these and any other expressions of interest in its assets and business.

However, in view of Centro's current negative equity position, we do not underestimate the challenge of delivering value to securityholders through this process.

As I concluded in my presentation earlier, the road to recovery is rarely easy, and ultimately the market will determine the value of the company.

10. Should market conditions improve, what is the likely time frame for improved value of the business e.g. 2-3 years? 4-8 years or 9-15 years? The process that has just been commenced will likely take well into 2011 to reach a conclusion of any nature. Centro is carrying an enormous debt burden and we must address that as a matter of absolute priority.

With limited capital across the Group, Centro's ability to undertake value adding developments or take advantage of new investment opportunities has been limited. This impacts our competitiveness and the future value of our assets and that is why Centro must be restructured and recapitalised.

Ultimately, while improving market conditions will assist the Group's performance, the future value of the Group will be dependent upon our ability to address the fundamental issues Robert and I have discussed.

11. Can we ever look forward to a good return on our investment again? Robert and I have both outlined to securityholders today the steps that have been taken in the past year toward restoring value to Centro and we have provided all the information we possibly can on the next steps we will be taking... we are embarking on a competitive market process to test market interest in our funds and assets.

In parallel, we have committed to exploring and considering other restructuring and recapitalisation alternatives. All proposals will be formally assessed and reviewed by the Centro Board and its advisers in the best interests of its securityholders and I would like to reiterate our overriding objective of maximising value for Centro securityholders

12. Why are we asked to vote on the Remuneration Report if it is non-binding?

This is a requirement of the Corporations Act

13. Are you going to read what we are writing to you? Or will it end up in the bin?

I can assure you that we take investor feedback very seriously and all correspondence is reviewed by either management or the Board or management. We have attempted to address all of the questions submitted to us prior to this AGM, either in mine or Robert's presentations or in these Questions and Answers.

14. Can the company get out of its mess?

The road ahead is going to be challenging but I am optimistic that the foundations for change put in place since the stabilisation of the Group will serve Centro well as we make the decisions and changes required for our future progress.

The Group made progress in FY10 as our focus transitioned from stabilisation to an examination of alternatives and consideration of restructuring and recapitalisation options for the Group. We have landed upon the competitive market process as the best means to consider the various expressions of interest we have received in the interests of all our stakeholders.



This will not only allow us to assess the merits of the existing expressions of interest we have received against a competitive market, but will also very likely trigger discussions on a range of alternate outcomes including a partial or total recapitalisation of the group, disposal of some assets or pools of assets to reduce our debt, or possibly a change of control transaction.

All options are on the table and I cannot predict which path we will follow, but I can assure you that the Board will have your interests clearly in mind in whatever proposal we ultimately may bring to you for your approval.

15. At what stage is the unravelling of the complicated financial arrangements between the relevant entities? Advise of a timeframe within which the process of unravelling may be complete.

Any restructure or recapitalisation of the Group is likely to require, and benefit from, the simplification of our Group's complex capital structure. This is an ongoing issue that we are seeking to address.

As I outlined in my presentation today work is underway on simplifying Centro's complex structure and an example of this work is the establishment of an informal advisory group of representative holders of the Convertible Bonds to consult with Centro in the lead up to the Board considering any specific restructuring or recapitalisation plan. It is worth reiterating my hope that others will also agree to participate.

Value restoration and simplifying Centro's structure are inextricably linked and we have outlined to securityholders today the careful and rational steps that have been taken in the past year toward restoring value to Centro and we have provided all the information we possibly can on the next steps we will be taking.

16. An AGM should be held in Sydney via video-link so that more people could attend these meetings. Why is this not done?

It is not feasible to provide video links to all capital cities. As Centro is a Melbourne based company we hold our AGM in Melbourne – it is common for ASX listed companies to follow this practice.

Investors will have the opportunity to ask questions during the discussion period following the reading of each item of business to be considered here today.

## FORMAL MATTERS OF THE MEETING

Ladies and gentlemen, I will now move to the formal matters of the meetings. We will follow the agenda as set out in the Notice of Meetings. I will endeavour to make the process as user-friendly as possible, while at the same time ensuring we fulfil all legal requirements and provide investors with the opportunity to ask questions. For discussion on any of the resolutions, could I ask investors to please come to the microphones located in each aisle? In order to be fair, members are asked to limit themselves to two questions or comments before returning to your seat or to the rear of the queue.

As is customary, comments and questions will only be taken from members, and you will need to show your voting card to the hostess at the microphone. The hostess will introduce each questioner, and we will alternate between the left and right aisles.

## VOTING REQUIREMENTS

Each of Resolutions 2(a), and (b), being the re-election of Directors are proposed as ordinary resolutions of the holders of ordinary Stapled Securities.

Resolution 3, being the adoption of the Remuneration Report, is a non-binding advisory vote.

In order to ascertain whether the requisite percentages have been satisfied, we propose that voting on each resolution be conducted by a poll. Ballot papers have been distributed to those persons entitled to vote.

The poll for each item of business will be taken at the conclusion of the discussion regarding all of the resolutions.

The results will be advised via the ASX announcement platform and on the company's website as soon as possible.

I will now turn to the business of the meetings.

## ORDINARY BUSINESS

### ***Financial Reports***

The first item of business is to receive and consider the financial reports of Centro Properties Group, comprising the Company and the Trust, and the reports of the Directors and Auditor for the year ended 30 June 2010.

Securityholders were able to 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 Centro Properties Group.

Bruce Meehan, a representative of the auditor, Ernst & Young, is available here today to answer any questions relating to the audit process.

### *Discussion*

Is there any discussion?

### *[After Questions]*

I will now move to discussion regarding the second item of business.

### ***Election of Directors of the Company***

The second item of business is to consider two resolutions as ordinary resolutions of the members of the Company regarding the re-election of Directors being Messrs James Hall and Robert Wylie.

Further details of the background and experience of each of the candidates is set out in the Notice of Meeting and each candidate will be given an opportunity to address the meeting.

### ***Re-election of James Hall***

Part (a) of Resolution 2 deals with the re-election of Mr James Hall as a Director of the Company.

- a) That James Hall, who will retire by rotation in accordance with rule 9.1(d) of the Company's Constitution at the meeting of the Company, and, being eligible, offers himself for re-election.

### ***James Hall Opportunity to Speak***

Mr Hall, I invite you to address the meeting.

### ***James Hall Speaks***

Good morning ladies and gentlemen and thank you Chairman for the opportunity to address security holders.

Centro is an extremely complex organisation which is continually challenged on multi fronts ranging from the extremes of solvency to restructuring.

2011 will be a critical year for Centro as it pursues a competitive market process to evaluate and explore value options in the face of its total debt maturing in December 2011.

Ladies and gentlemen, I believe that I have valuable knowledge, significant experience and very relevant skills which I will continue to use to assist the Board deal with these challenges and manage the risks related to them.

I want to also assure you I have the determination and commitment to meet the needs and requirements of Centro. In 2010, I attended over 50 formal Board and Committee meetings as well as numerous other informal meetings and activities.

I am ready and prepared for these type of commitments in 2011.

It is on this basis that I seek your support for re election to the Board of Centro Properties Limited.

Thank you Mr Cooper.

*James Hall hands back to Paul Cooper*

Is there any discussion?

*Discussion*

*Proxies*

Behind me you will see the proxies received on this resolution. I intend to vote any open proxies that I hold for the resolution.

*Proxy Status*

Proxies have been lodged in respect of 188,468,022 securities.

45.50% votes FOR

30.61%votes AGAINST

23.89%votes OPEN of which I hold 23.40%

*Election of Robert Wylie*

Part (b) of Resolution 2 deals with the re-election of Mr Robert Wylie as a Director of the Company.

- b) That Robert Wylie, who will retire by rotation in accordance with rule 9.1(d) of the Company's Constitution at the meeting of the Company, and, being eligible, offers himself for re-election.

*Robert Wylie Opportunity to Speak*

Mr Wylie, I invite you to address the meeting.

*Robert Wylie Speaks*

Thank you Mr Wylie.

Is there any discussion?

*Discussion*

*Proxies*

Behind me you will see the proxies received on this resolution. I intend to vote any open proxies that I hold for the resolution.

*Proxy Status*

Proxies have been lodged in respect of 188,440,248 securities.

74.12% votes FOR

1.97%votes AGAINST

23.91%votes OPEN of which I hold 23.42%

**Non-binding Advisory Vote on the Remuneration Report**

Stapled Securityholders will have noticed the disclosure regarding the Remuneration Report of directors, officers, employees and executives of the Company. The principles regarding the remuneration philosophy adopted by the board are also detailed in the report. This item of business relates to this matter.

Securityholders are requested to adopt the Remuneration Report which Securityholders will find commencing on Page 31 of the Annual Report. The vote is not binding upon the board but the board will take it into account in their decisions regarding remuneration.

Is there any discussion?

*Discussion*

*Proxies*

Behind me you will see the proxies received on this resolution. I intend to vote any open proxies that I hold in favour of the resolution.

*Proxy Status*

Proxies have been lodged in respect of 187,796,423 securities.

43.11% votes FOR

32.98%votes AGAINST

23.91%votes OPEN of which I hold 23.44%

At this time, I would like to invite members to ask any further questions related to the management of Centro's business.

*Take Questions*

Thank you for questions and comments.

**POLL**

I direct that a poll now be taken in respect of the resolutions of the business of the meeting.

Ms Susan Hart from the office of our Share Registrar, Link Market Services Limited, is appointed to act as the returning officer for the purpose of the poll. Upon entering the meeting you should have been handed a yellow voting paper.

For those voting in person as Stapled Securityholders, you should record your vote on the voting paper by ticking or otherwise marking the boxes either for or against each resolution.

For those voting as proxy holder, corporate representative or attorney, you should record a vote for or against in respect of those votes given to you, by ticking or otherwise marking the boxes either for or against each resolution.

If you have been instructed as to the manner in which the votes held by you as proxy holder are to be cast, then you must vote in accordance with these instructions.

If you are voting in more than one capacity, for example as a Stapled Securityholder and proxy holder, you will need a separate card to vote in each capacity.

## **VOTING**

I now ask you to complete your voting paper and place it in the ballot boxes that will be available from representatives from the share registry as you exit the meeting. The results of the poll will be announced on the ASX announcement platform and the Centro website this afternoon.

If you are uncertain about any of the voting procedures, the registry attendants will be pleased to help you. The poll will remain open for ten minutes after the close of the meeting.

## **CONCLUSION OF BUSINESS**

Ladies and gentlemen, the business of the meeting is now concluded. I thank you for your attendance and declare the meeting closed.

The Directors, senior management and I would be pleased if you would join us for light refreshments in the foyer.

**END**