



29 July 2010

Centro financing and restructure update

Centro Properties Group (CNP) today announced a number of financing achievements across its US business and continues to progress its assessment of restructure options.

US financing update (in US\$)

CNP has completed financing arrangements for approximately \$2.7 billion of the \$3.2 billion of debt within Super LLC (a joint venture of CNP, Centro Retail Trust (CER) and Centro MCS 40), which was due to expire on or before 31 December 2010. The \$2.7 billion financing arrangements include an extension of approximately \$2.3 billion and a refinancing of over \$0.4 billion. A number of options to address the remaining balance of approximately \$440 million are being considered and we remain confident these will be resolved in due course.

CNP has secured a one-year extension from 31 December 2010 to 31 December 2011 for \$2.3 billion of debt within Super LLC. The extension includes Super LLC's \$1.7 billion bridge term loan (\$1.2 billion CNP, \$0.5 billion CER) and \$580.0 million of additional debt comprising:

- \$457.5 million outstanding secured credit facilities (\$262.4 million CNP, \$195.1 million CER)
- \$122.5 million secured term loan (\$3.7 million CNP, \$118.8 million Centro MCS 40)

Additional aspects of the extension of the bridge term loan include:

- \$25 million upfront repayment of Super LLC bridge term loan
- Surplus cash to be applied against the Super LLC bridge term loan
- No change in credit margins

Centro NP (a subsidiary of Super LLC) has also entered into new term loans of \$659.0 million which mature in ten years and carry a fixed interest rate of 6.75 percent. These loans are secured by 76 properties that are owned by Centro NP. Proceeds from these loans will be used to repay approximately \$469.3 million of Centro NP debt scheduled to mature on 31 December 2010 including:

- \$305.6 million outstanding secured revolving credit facility (\$11.3 million CNP, \$294.3 million CER)
- \$163.7 million secured term loans (\$153.4 million CNP, \$10.3 million CER)



A portion of the remaining \$189.7 million of proceeds from the new term loans will be used to repay a \$103.4 million loan (\$38.4 million CNP, \$65.0 million CER), which currently has an effective interest rate of 11.7%, with the remainder to be used to address future debt maturities.

In addition to the extension of the facilities within Super LLC, CNP, CER, Centro MCS 32 and Centro MCS 39 have also extended two additional US debt facilities outside of Super LLC, including a \$104.2 million secured term loan (\$3.1 million CNP, \$101.1 million Centro MCS 39) and a \$20.5 million outstanding secured revolving credit facility (\$0.62 million CNP, \$9.94 million CER, \$9.94 million Centro MCS 32). There is no change in credit margins as a result of these extensions.

“These extensions and new financing transactions are important initial steps in the ongoing assessment of the Group’s restructuring considerations,” said Group Chief Executive Officer and Managing Director Robert Tsenin.

Restructure update

As previously announced, an assessment of restructure alternatives for the Group commenced in early 2010 with the objective of identifying the means by which the enterprise value of the Group could be maximised, including recapitalisation options, and to consider and analyse execution risks.

Group Chief Executive Officer and Managing Director Robert Tsenin said that a restructure of the Centro Group could be accomplished in a number of ways and agreement on any definitive approach would likely take some time to reach an appropriate conclusion.

“This assessment by Centro management and its advisers has involved identifying multiple financial and operational restructuring alternatives for the Group, including Centro Retail Trust, its various managed funds and syndicates business,” Mr Tsenin said.

“We have made good progress and have commenced discussions with our lenders on potential restructuring options we have under consideration.

“Our assessment has confirmed that any restructure will be complex, with numerous structural, financing and stakeholder considerations to manage and no decisions have been made at this stage. To complete a restructure and recapitalise the Group, approvals and consents will be required at many levels,” Mr Tsenin said.

Subject to market conditions, it is expected that any restructure could take through to the end of 2011 to implement. Centro will report to the market its overall restructuring and recapitalisation plan upon reaching consensus with stakeholders.



“Maximising value for our stakeholders by developing and executing an appropriate restructuring plan and a subsequent recapitalisation of our business, given the constraints facing the Group, remains our goal,” Mr Tsenin said.

Whilst the restructuring work has been ongoing, the Group has continued to remain totally focused on the operating side of the businesses.

“Critical to any restructuring and recapitalisation of the Group is that we continue to manage our properties, funds and syndicates to achieve the best possible outcome for our stakeholders.

“This, coupled with management of our people, are key considerations as these are the solid and vital platforms of the Group’s businesses,” Mr Tsenin said.

Syndicate funds management business update

Independently of its restructuring considerations, CNP will be seeking to strengthen and grow its syndicate business and has commenced a process that will evaluate interest from strategic parties to participate alongside it in the growth of its syndicate funds management business.

CNP’s syndicate property funds management platform is the largest in Australia, and is an attractive platform for a party seeking to gain immediate scale, presence and diversity via a significant portfolio of quality retail assets under management, 16,000 retail investors and a network of over 1,000 financial planners.

Group Chief Executive Officer Robert Tsenin said that this was the appropriate time to undertake a process to obtain expressions of interest from potential strategic parties.

“Centro is looking for a strategic partner with complementary skills to our own to work with to grow the unlisted funds management business. We believe this is an exciting opportunity to grow the syndicates business, provide a superior service to investors, and create value for Centro,” Mr Tsenin said.

“In the context of the natural evolution of the Group, this is a logical and sensible next step to undertake. This process will be driven by a goal of maximising value for all Centro stakeholders. The exact nature, terms and outcome of this process will be determined in due course.”

Executive committee appointment

CNP also announces the appointment of Sue Smith as Group General Manager, Human Resources. Ms Smith recently joined Centro and will be a member of Centro’s executive committee.



“As we continue to manage our businesses and consider restructuring initiatives, we will require a group wide and strategic human resources focus to coordinate the management of our people across Australasia and the US,” Mr Tsenin said.

“Sue brings to Centro extensive human resources experience in multinational and financially focused organisations. She also has significant experience in workforce planning and the management of people across different countries and cultures and has spent many years working abroad and in well known and high profile companies such as Foster’s Group, GE and Colonial Limited.”

About Centro Properties Group (ASX: CNP)

Centro Properties Group specialises in the ownership, management and development of shopping centres. Centro is Australia’s largest manager of retail property investment syndicates and is a manager of direct property funds and wholesale funds which invest in Centro’s quality retail properties in Australasia and the United States. For more information, please visit centro.com.au.

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