



2 May 2011

Accounting implications of US assets sale

Following Centro Properties Group's ("Centro") announcement on 1 March 2011 regarding its proposed restructuring initiatives and the sale of its US assets and services business ("US platform"), Centro has, as part of its year end accounts preparation, undertaken a detailed assessment of whether the agreement to sell the US platform ("Agreement") is expected to give rise to a change of control for accounting purposes on the date the Agreement was executed (being 28 February 2011) rather than the date the transaction closes (expected to be around the middle of the year).

Following that assessment and review by its external auditors, Centro confirms that it currently expects its US platform will be considered to have been disposed of on 28 February 2011, in accordance with Australian Accounting Standards. Proceeds from the sale, anticipated to be approximately US\$600 million, will be received when the transaction under the Agreement closes and will be used to repay headstock debt prior to the proposed restructuring initiatives.

Centro confirms that the above described accounting treatment has no economic impact on Centro or the proceeds expected on closing.

Accordingly, assuming the sale of the US platform closes, Centro is expecting its Underlying Profit for the year ending 30 June 2011 to be in the range of \$15-30 million after a first half Underlying Profit of \$48.2 million. The Underlying Loss for the second half of the year ending 30 June 2011 is largely due to the non-recognition of earnings from the US platform for the four month period from 28 February 2011.

Centro emphasises that this Underlying Profit forecast must be read in the context of its comments in response to the ASX price query on 25 March 2011 as to why it believes its profit is not material to the market price or value of Centro securities. In particular, investors must also note Centro's negative net equity of \$1.6 billion at 31 December 2010 and the effect of the proposed restructuring initiatives which, subject to the risks and conditions detailed in the 1 March 2011 announcement, make available \$100 million for ordinary securityholders and other stakeholders who are junior to the senior lenders.

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. For more information, please visit centro.com.au.



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