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## Centro confirms US sale requirements

Centro Properties Group (“Centro” or “CNP”) notes recent media commentary regarding the conditions of its US assets and services business sale to an affiliate of Blackstone Real Estate Partners VI, L.P. (“Blackstone”) which was announced on 1 March 2011, and suggestions by a Centro investor, Smartec Capital Pty Limited (“Smartec”), that securityholder approval of the sale is required.

Centro reviewed the Australian Securities Exchange (ASX) requirements before it entered into the stock purchase agreement with Blackstone, and concluded that securityholder approval is not required for the sale of its US assets and services business.

As noted in its 1 March 2011 announcement, the US sale contract contains conditions customary for a transaction of this nature. The sale is expected to close around the middle of 2011.

Also on 1 March 2011, Centro announced that it had secured senior lender approval (as required pursuant to the stabilisation agreement entered into by Centro with the senior lenders in January 2009) for the sale of the US assets and services business and for various restructuring measures, including a Headstock Debt Restructure and the commencement of discussions regarding a Funds Amalgamation. Centro announced that the Headstock Debt Restructure will require a vote of securityholders and an Independent Expert will be appointed to opine on that transaction for the benefit of securityholders.

Centro confirms that it has been served notice of legal proceedings by Smartec seeking access to certain confidential and commercially sensitive documents of Centro and its managed funds, including those relating to the sale by Centro of its US assets and services business and certain other restructuring and debt agreements entered into by Centro.

Following the US sale closing and if all the restructuring measures announced on 1 March 2011 are approved by securityholders and other stakeholders, subject to the other conditions and risks described in that announcement, \$100 million will be made available for securityholders and other stakeholders who are junior to the senior lenders. This was the result of intensive negotiations between Centro and its senior lenders.

Centro reported negative \$1.6 billion net equity as at 31 December 2010 and it has \$3.1 billion of Headstock debt maturing on 15 December 2011. In note 1(a) of its financial statements for the half-year ended 31 December 2010, Centro said “a significant uncertainty exists in relation to the Group’s ability to continue as a going concern,” and it “is in a net liability position and remains reliant on the agreement of its lenders to extend, refinance or restructure certain loan facilities beyond existing expiry dates”. In that context, investors and stakeholders should understand the constraints on delivering any



value to securityholders and other stakeholders who are junior to the senior lenders absent implementation of the transactions and proposals announced on 1 March 2011.

In view of this, Centro sees Smartec's actions as damaging and inconsistent with the best interests of all securityholders as they could adversely impact the essential restructuring and recapitalisation of Centro and jeopardise any recovery of value to securityholders and other stakeholders who are junior to the senior lenders. Centro will vigorously defend Smartec's actions.

Centro has engaged with Smartec in an attempt to avoid litigation to no avail.

### **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](http://centro.com.au).

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