

4 November 2011

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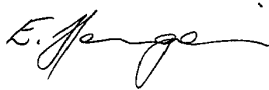
Dear Sir,

**Centro Properties Group (ASX:CNP) - Supplementary Disclosure Document – Centro Retail Trust, Centro Australia Wholesale Fund and Centro DPF Holding Trust**

The Supreme Court of New South Wales has this morning granted orders for the attached Supplementary Disclosure Document to be dispatched to investors in Centro Retail Trust (CER), Centro Australia Wholesale Fund and Centro DPF Holding Trust.

The Supplementary Disclosure Document supplements the Disclosure Document dated 5 October 2011 relating to CER, Centro Australia Wholesale Fund and Centro DPF Holding Trust and provides information regarding refinancing of Centro Retail Australia.

Yours faithfully



**Elizabeth Hourigan**  
Company Secretary



*This document is a supplementary prospectus and a supplementary product disclosure statement. This document must be read together with the Disclosure Document dated 5 October 2011*

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## Supplementary Prospectus and Supplementary Product Disclosure Statement

This document is a supplementary prospectus for the purposes of Chapter 6D of the Corporations Act 2001 (Cth) (Corporations Act) and is also a supplementary product disclosure statement for the purposes of Chapter 7 of the Corporations Act (together, the Supplementary Disclosure Document).

This Supplementary Disclosure Document supplements the disclosure document dated 5 October 2011 and lodged with ASIC on that date (Disclosure Document) which was issued by Centro Retail Limited ABN 90 114 757 783 (CRL), Centro MCS Manager Limited ABN 69 051 908 984 as RE of each of Centro Retail Trust ARSN 104 931 928, Centro DPF Holding Trust ARSN 153 269 759 and Centro Direct Property Fund ARSN 099 728 971, and CPT Manager Limited ABN 37 054 494 307 as RE of Centro Australia Wholesale Fund ARSN 122 223 974 (CAWF) (the Issuers).

You should already have received the Disclosure Document. The Disclosure Document, as well as this Supplementary Disclosure Document, may also be viewed at [www.cerinvestor.com.au](http://www.cerinvestor.com.au).

This Supplementary Disclosure Document must be read together with the Disclosure Document.

Pursuant to section 719(4) of the Corporations Act, the Disclosure Document is taken to include this Supplementary Disclosure Document, and for the purposes of section 1014D of the Corporations Act, the Disclosure Document is taken to include the information and statements contained in this Supplementary Disclosure Document.

This Supplementary Disclosure Document is dated 4 November 2011 and was lodged with ASIC on that date. Neither ASIC nor any of its officers takes any responsibility for the content of this Supplementary Disclosure Document. A copy of this Supplementary Disclosure Document was also given to ASX.

Unless otherwise defined in this Supplementary Disclosure Document, capitalised terms used have the meaning given to those terms in section 16 of the Disclosure Document.

### Refinancing and Credit approvals

Significant progress has been made in relation to refinancing as outlined below:

- Centro Retail Australia borrowing facilities – There has been a small reduction to \$1.275 billion for the Core Facility limit required by Centro Retail Australia from the \$1.28 billion previously outlined in the Disclosure Document (see Table 7.5). Credit approved commitment letters or term sheets have been received for \$1.86 billion of the \$2.0 billion of proposed total borrowing facilities (excluding \$303.7 million of consolidated non-recourse Centro MCS Syndicate facilities) set out in Table 7.5 of the Disclosure Document. Credit approvals for the remaining \$136 million of

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borrowing facilities are expected to be received and all facilities fully documented prior to Aggregation.

- Centro MCS Syndicate borrowing facilities – Of the \$1.2 billion of Centro MCS Syndicate borrowing facilities requiring refinancing as set out in Section 4.6.2 of the Disclosure Document, \$230 million has been repaid from asset sale proceeds, or extended or refinanced prior to expiry. Of the remaining \$1.0 billion, credit approved commitment letters or term sheets have been received for \$556 million. Credit approvals for the remaining \$463 million of Syndicate borrowing facilities requiring refinancing are expected to be received and all facilities fully documented prior to Aggregation.

The facilities which are the subject of the commitment letters and credit approvals outlined above are generally subject to: Aggregation proceeding; finalisation of documentation; the satisfaction of conditions precedent; and material adverse change clauses usual for facilities of this nature. In certain instances, individual lenders may have additional requirements that are to be satisfied prior to Aggregation, such as finalisation of due diligence on properties or, in one case, satisfactory resolution of that lender's exposure in relation to units in DPF. In all instances, the Directors of the Issuers reasonably expect these conditions will be satisfied.

Successful refinancing of the existing borrowing facilities of CER, CAWF, CSIF and 90% of the Centro MCS Syndicates (measured by funds under management) is an important condition precedent to Aggregation. Whilst this condition precedent is capable of being waived to allow Aggregation to proceed, the respective Boards of the Aggregation Funds have determined that it is not intended that the Aggregation Funds proceed with the Aggregation or that the condition precedent be waived, except in circumstances where existing CER, CAWF and CSIF facilities are fully refinanced and the Boards have reasonable grounds to believe other facilities could be refinanced on reasonable terms (including conditions that are believed to be capable of being satisfied) shortly after Aggregation.

### Pro Forma Borrowings

The Disclosure Document outlined the expected pro forma debt position of Centro Retail Australia in Table 7.5 and Table 7.6. On the basis of credit approved commitment letters and term sheets received from financiers the terms and conditions for the Centro Retail Australia facilities (including those for the consolidated syndicates) can be regarded as generally typical for secured property lending facilities. Where terms and conditions are not typical and they are material to an investors understanding, they have been noted below (see Summary of additional Core Facility terms and conditions).

The information set out in Tables 7.5 and 7.6 of the Disclosure Document remains accurate with the exception of the following minor changes:

- The \$5 million reduction in the Core Facility mentioned above which reduces the 3-year working capital facility to \$45 million and therefore the 3-year tranche to \$660 million;

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- The maturity date of the \$14.5 million facility for Lutwyche is now 15 December 2012 not to 1 July 2013, and
- The limit and maturity date of the facility for the 50% interest in Karratha are \$22.2 million and 21 March 2013 respectively not \$24.8 million and 31 December 2013.

#### Summary of Financial Covenants

Set out below are details of the specific financial covenants included in the credit approvals agreed with the financiers:

- Secured Money<sup>1</sup> to property valuation ratio (LVR) – Core Facility LVR not to exceed 50% in FY12 reducing to 45% thereafter, noting that the facility is secured by 34 properties with an aggregate value of \$3 billion. The agreed Core Facility margin will reduce if the LVR is less than 35% and will increase if the LVR exceeds 45%. Other facilities have various LVR requirements but are all in the range of 40% to 75%;
- Property income to interest expense (Interest Cover Ratio “ICR”) – Core Facility ICR to exceed 2.0 times up to and including FY13 then increasing to 2.25 times for FY14 and beyond; Other facilities have various ICR requirements but all in the range 1.2 times to 2.0 times;
- Group Total Liabilities to Group Total Tangible Assets ratio (Gearing Ratio) (Core Facility only) - not to exceed 50% reducing to 45% in FY13 and beyond;
- Look Through Liabilities to Look Through Assets (Core Facility only) – defined as Centro Retail Australia’s proportionate share of borrowings of all investments, including investments in Centro MCS Syndicates, divided by its proportionate share of all property investments, not to exceed 55%;
- Group EBITDA to Group Interest Expense ratio (Core Facility only) - to exceed 2.0 times up to and including FY13 and then increasing to 2.25 times for FY14 and beyond;
- Senior Debt<sup>2</sup> to Group EBITDA ratio (Core Facility only) – not to exceed 6.25 times in FY12; not to exceed 6.0 times thereafter; and
- Weighted Average Lease Life across Centro Retail Australia’s whole portfolio not to fall below 3 years (Core Facility only).

The Directors of each Issuer believe the covenant package described above:

- provides sufficient headroom to ensure that there is unlikely to be a breach during the forecast period to 30 June 2012 contemplated under the Disclosure Document (see Section 7);
- provides sufficient headroom to ensure that under normal operating conditions there is unlikely to be a breach for the balance of the terms of the respective facilities; and

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<sup>1</sup> Secured Money represents respective drawn debt balances

<sup>2</sup> Senior Debt represents financial indebtedness under the Core Facility plus other transactional banking facilities ranking equally therewith.

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- are broadly consistent with the operational and business plan requirements for Centro Retail Australia previously outlined in the Disclosure Document.

Like all other important terms and conditions, failure to satisfy these financial covenants would constitute a material breach of the facility agreement.

#### Summary of additional Core Facility terms and conditions

Further to the terms and conditions outlined in Table 7.6 of the Disclosure Document, Centro Retail Australia's proposed \$1.275 billion Core Facility will be subject to the following material terms and conditions some of which may be considered non-standard for a facility of this nature:

- Review Events (leading to possible events of default)

- Commencement of a new Chief Executive Officer

If a permanent Chief Executive Officer (satisfactory to at least two-thirds of Core Facility lenders) has not assumed office by 30 June 2012 or, if commencement is imminent at that date, by 31 July 2012. In these circumstances, the lenders, subject to at least two-thirds majority agreeing, would be able to cancel all commitments at which time Centro Retail Australia has 120 days to refinance with an alternative lender to avoid being in default.

- Change of Control

Any change of control (being the capacity to determine the outcome of decisions about the financial and operational policies) of Centro Retail Australia. This would enable any of the lenders to cancel commitments and require prepayment of that lender's participation in any loans within 120 days of notification of the prepayment requirement.

- Events of Default

- Non-repayment according to agreed amortisation schedule

Failure to repay the Core Facility and reduce the facility limit in accordance with an agreed Amortisation schedule as set out below:

- \$50 million repayable by December 2012;
- A further \$100 million repayable by June 2013; and
- A further \$100 million repayable by June 2014.

A failure to pay an instalment will not be considered an immediate event of default if Centro Retail Australia is able to demonstrate that appropriate steps have been taken to meet the payment within three months of the relevant payment date and the prepayment actually occurs within that three month period.

Proceeds from the disposal of a property used to secure the Core Facility, including non-core assets, have to be utilised for reduction of the Core Facility. Although this may limit Centro Retail Australia's capacity to fund other initiatives such as developments and acquisitions, any prepayments prior to or in excess of amounts

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required to meet the above Amortisation schedule may be redrawn within a 12 month period if applied towards any development or redevelopment approved by at least two-thirds of the Core Facility lenders. Furthermore, as noted above, there may be pricing benefits where LVR reductions occur.

- Settlement of CATS in cash

If Centro Retail Australia uses or proposes to use any cash (or cash equivalent) in lieu of issuing New Stapled Securities to settle the CATS without first obtaining the consent of at least two-thirds of the lenders.

- Change of Responsible Entity

Any change of the Responsible Entity of Centro Retail Australia will require the consent of the Facility Agent (which will not be unreasonably withheld).

The Directors of each Issuer believe the other terms and conditions described above, whilst potentially restrictive, are manageable and broadly consistent with Centro Retail Australia's operational and business plan objectives.

Like all other important terms and conditions, failure to satisfy these additional terms and conditions would constitute a material breach of the facility agreement.

Centro Retail Australia remains committed to its stated objective of achieving an investment grade credit rating as soon as practicable to assist in the diversification of its borrowing sources and, where possible, reduction in its cost of debt.

#### Stamp duty exposures

As noted in Section 7.3.10 and 5.4.8 of the Disclosure Document:

- \$88.5 million had been recorded as a non-current provision on the pro forma balance sheet of Centro Retail Australia and taken into account for the purpose of calculating the Aggregation Ratios in relation to various stamp duty exposures of the Aggregation Funds and CNP.
- Centro Retail Australia has agreed to indemnify DPF and CNP against stamp duty assessments in respect of certain historical transactions one of which is the stamp duty matter outlined below.

The New South Wales Court of Appeal recently decided against CNP in respect of a stamp duty matter for which an assessment of approximately \$13.1 million had been raised. Although CNP, in consultation with Centro Retail Australia, is currently considering its options (including whether to appeal), the New South Wales Office of State Revenue has agreed in principle, subject to Aggregation occurring, to accept payment of amounts owing (estimated at \$9.4 million after allowing for previous payments and costs) over a 12 month period from January 2012.

The Directors of each Issuer believe that Centro Retail Australia has adequately provided for potential stamp duty exposures and that the recent Court of Appeal decision does not materially affect the financial position of Centro Retail Australia.

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## Revised pro forma financial forecasts for Centro Retail Australia

As a result of continued volatility and uncertainty in global credit markets, Centro Retail Australia's forecast financing costs for the year ending 30 June 2012 are now expected to be approximately 1.7% higher than the amounts outlined in the Disclosure Document due to an overall increase in market interest rates and margins negotiated with prospective financiers being at the upper end of the range that was previously anticipated.

Using a revised forecast effective weighted average finance cost of 8.29% (calculated using an updated base interest rate of 4.53% as at 28 October 2011 and inclusive of relevant margins and line fees on drawn and undrawn facilities and guarantees, amortisation of establishment fees and relevant hedge costs), forecast financing costs are expected to reduce Centro Retail Australia's pro forma forecast earnings and distributions for the year ending 30 June 2012 as set out in Table 7.9 of Disclosure Document) as follows:

- Underlying earnings per unit reduced by 1.1% from 15.3 cents to 15.1 cents (rounded to one decimal place); and
- Cash distribution per unit reduced by 1.4% from 12.4 cents to 12.3 cents (rounded to one decimal place).

Although, through the credit approval process, a high percentage of the margins and line fees on the debt facilities are now agreed with the financiers, investors should be aware that the underlying interest rates for the 71% of debt not already fixed or subject to existing hedge arrangements will remain unhedged until drawdown of the facilities on Aggregation (and will remain subject to change). Centro Retail Australia is proposing to enter into a series of interest rate swaps to fix its interest rate exposure with effect from Aggregation. Investors should note the sensitivity analysis set out at table 7.11 of the Disclosure Document.

## No change to Investigating Accountant's opinion

The Investigating Accountant, Ernst & Young Transaction Advisory Services Limited, has considered the supplementary information contained in this Supplementary Disclosure Document and has confirmed that its opinion is unchanged from the Investigating Accountant's letter dated 5 October as contained in Section 12 of the Disclosure Document.

## Consents

Ernst & Young Transaction Advisory Services Limited has given and has not, before lodgement of this Supplementary Disclosure Document with ASIC, withdrawn its written consent to be named in this Supplementary Disclosure Document in the form and context in which it is named Ernst & Young Transaction Advisory Services Limited does not make, or purport to make, any statement in this Supplementary Disclosure Document other than set out above and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this Supplementary Disclosure Document.

Each Director of each Issuer of this Supplementary Document has given, and not withdrawn, their consent to the lodgement of this Supplementary Document with ASIC.

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For Further Information

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