

17 May 2012

## **\$690.4 MILLION CO-OWNERSHIP AGREEMENT ENTERED INTO FOR GALLERIA, THE GLEN AND COLONNADES**

Centro Retail Australia ('CRF') announces that it has entered into unconditional contracts with Perron Group, for the sale of a 50% ownership stake in three regional shopping centres, being Galleria in Perth, The Glen in Melbourne and Colonnades in Adelaide.

The ownership stakes in the three assets have been the subject of a global marketing campaign undertaken by JLL over the last month, with strong demand shown by domestic and offshore parties.

From the initiation of this process, Perron Group proactively engaged with CRF, completing their due diligence investigations and agreeing documentation in a very timely manner. This has resulted in the sale of a 50% interest in the three assets to Perron Group for total consideration of \$690.4 million, representing a 3.7% premium to book value (pre transaction costs) and average yield of 6.1%.

As part of the co-ownership arrangement, CRF will provide property management, development and leasing services from its existing fully integrated management platform.

Completion of the transaction will deliver on a key strategic initiative of CRF, announced on 13 April 2012, to realise equity from a small number of higher value assets in order to strengthen its balance sheet and provide liquidity to be able to invest back into these and a number of other shopping centre development projects.

The strong investor demand for the quality assets supports both the underlying portfolio value and net tangible assets of CRF, and maintains the services business fee streams with assets under management remaining unchanged. Proceeds from the sale, net of transaction costs, will initially be applied to reducing the drawn amount of the core debt facility, with the intent to restructure this and other facilities in the future. The transaction is expected to be completed and settled by 30 June 2012.

CRF's Chief Executive Officer, Steven Sewell said: "Entering into this strategic alliance with Perron Group is a redefining event for CRF. The Perron Group is privately owned and had the flexibility to make this compelling offer early in the transaction process. Their ability and willingness to commit to this transaction in such a condensed time frame is a testament to the quality of the CRF assets and management team. Perron Group's commitment also reflects their insightful view on the synergies that will arise from the alliance between the two groups.

“The net proceeds of approximately \$685 million will enable CRF to reduce gearing to approximately 26%, setting CRF in a position to progress with its pipeline of redevelopment projects across its portfolio of quality Australian shopping centres.

Along with the recently announced settlement of the class action litigation (subject to court approval), CRF is now well positioned to seek an investment grade credit rating, and to restructure its core lending facility – all of which are forecast to maximise CRF’s return on equity.”

In commenting on the transaction, the Chairman of Perron Group, Mr Stan Perron said: “I am delighted to have formed this alliance with CRF and look forward to working together to explore future development opportunities at each of these high quality shopping centre assets. This is an excellent opportunity, one that my team and I are very excited to have secured.”

### **About The Perron Group**

Perron Group is a privately owned Perth-based Group of Companies whose main business activity is property investments. Other activities include automotive distribution, listed and unlisted equities and land development. The Group is owned and controlled by Founder and Chairman Mr Stan Perron. The property portfolio consists of commercial office buildings, retail shopping centres and industrial property in Western Australia, New South Wales and Victoria.

### **About Centro Retail Australia (ASX: CRF)**

CRF was established in December 2011 and is a fully vertically integrated Australian Real Estate Trust specialising in the ownership and management of Australian shopping centres. CRF has \$6.7 billion of shopping centres under management and employs over 600 people, with offices in Melbourne, Sydney, Brisbane, Perth and Adelaide. CRF provides a full suite of property services including retail development, property management, leasing, financial, sustainability and fund administration. For more information, please visit the CRF website at [crfinvestor.com.au](http://crfinvestor.com.au).

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