

13 April 2012

## STRATEGIC REVIEW UPDATE

Centro Retail Australia (ASX: **CRF**) announces that it has completed the initial phase of its strategic review following the establishment of the newly aggregated Australian shopping centre group in December 2011.

With this first phase completed, the Board has confirmed that the over-arching objective of the group is to be a leading ASX listed, vertically integrated, owner and manager of Australian shopping centres with a substantial diversified portfolio.

Currently the group's portfolio operating metrics compare favourably with industry benchmarks - recording high occupancy, positive rental rate growth and net operating income growth in recent years.

The existing portfolio's shopping centres are mostly anchored by at least one national supermarket and have a tenant mix with a skew towards food, services and non-discretionary retail offers – positioning the portfolio to capitalise on the pre-eminent suburban and core community locations.

Potentially, opportunities for further income and capital value growth exist at many shopping centres from enhancement capital expenditure projects driven by retailer and consumer demand.

### **Capital partners sought for selected assets**

As part of this new strategic initiative, the group will initiate discussions with a number of domestic, offshore and wholesale real estate institutional investors, seeking capital partners to jointly own a small number of its quality Australian shopping centres. Co-owners will be sought to potentially acquire up to a 50% ownership stake in three assets, Galleria in Perth, The Glen in Melbourne and Colonnades in Adelaide, with all property level services to be provided by the group's existing fully integrated management platform.

The strategic objective of realising these funds is to unlock capital and the income growth potential that exists across the portfolio, maximising group return on equity.

Capital realised from these co-ownership alliances will be used to reduce gearing, further strengthening the group's balance sheet, providing flexibility to reinvest into development and growth opportunities across the broader portfolio and potentially for various other capital management initiatives.

### **Final stage of Strategic Review underway**

Resources are now being applied to conclude the final stages of the strategic review, the scope of which includes:

- Identifying, confirming and prioritising the income and capital growth potential of the entire portfolio;
- Organisational review – structure, roles and responsibilities;
- Optimising the operating cost structures, relative to industry and global benchmarks; and
- IT system and business process enhancements.

The new executive management team is now largely in place with the appointment of Marlon Teperson, who will commence as Chief Financial Officer on Monday 16<sup>th</sup> April 2012.

**Summary**

Commenting on the initial outcomes of the strategic review, the Chief Executive Officer of CRF, Steven Sewell said, “The announcement today heralds an important step in the evolution of the group, as it takes its place as a major AREIT sector participant.

“The decision approved by the Board to pursue a strategic alliance on a selected number of our existing higher value shopping centres, using the capital realised to unlock the substantial latent redevelopment upside that exists in the portfolio, is an exciting strategic initiative.

“Importantly, we confirm that the group’s forecast for FY12 remains unchanged and it is expected that CRF will deliver on its FY12 earning and distribution guidance as set out in the Disclosure Documents. A summary of the final outcomes of the strategic review will be included as part of the year end results presentation, following the release of the group’s full year accounts.

“The refreshing of the property group’s core strategy and its strengthened management team particularly in the key functional areas of finance and shopping centre asset and development management will position us to maximise investment returns in the best interest of all stakeholders.”

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

CRF is a fully vertically integrated Australian Real Estate Trust specialising in the ownership and management of Australian shopping centres. CRF has \$6.9 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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