ASX/MEDIA RELEASE

Centro Properties Group

26 February 2009

Centro Properties Group First Half FY09 Results

Centro Properties Group (Centro) today announced an AIFRS loss attributable to Centro securityholders of $2,399 million for the half year ended 31 December 2008. As with Centro's full year FY08 accounts, these results and the corresponding financial statements have been prepared on a fully consolidated basis and therefore incorporate the results announced by Centro Retail Trust (CER) yesterday.

The loss is attributable to a number of significant non-cash items. These include negative movements in asset revaluations of $1,007 million, net foreign exchange and derivative mark-to-markets of $1,387 million and other net non-cash AIFRS items of $77 million. As a result, the net asset value attributable to securityholders decreased to -$346 million.

The loss does not reflect the operating performance of the Group for the period. After adding back the above items, the underlying earnings were $72 million.

As at 31 December 2008, Centro's funds under management were $25.6 billion.

Management Update

As advised yesterday, Glenn Rufrano's appointment as Chief Executive Officer has been extended for 12 months effective 1 March 2009 and is subject to further automatic 12 month extensions. Mr Rufrano will be based in Centro's US headquarters in New York from April this year and will be in the Corporate Office in Melbourne as required.

Mr Rufrano was originally appointed CEO on 15 January 2008.

Tony Clarke and Michael Carroll have been appointed as Chief Executive Officers of Centro Australia and Centro US respectively. Each will be responsible for the Group operations based in their particular country.

Mr Clarke was previously Chief Financial Officer of Centro, and he will retain oversight of those responsibilities when a new CFO is appointed.

Mr Carroll was previously serving as Chief Operating Officer – Centro US.

Centro Chairman Paul Cooper said, "The depth of understanding and market experience of Glenn, Tony and Mike will bring continued strength, stability and geographic expertise to our business. The Board is confident that this leadership team will enable continued progress and achievement of our strategic objectives."

Key Accomplishments

"On 17 December 2007, Centro was one of the first real estate companies to suffer financial difficulties. On 16 January 2009, it was one of the first to be restructured," said Centro Chief Executive Officer Glenn Rufrano. "The restructure not only restored positive cash flow, but has also given us the opportunity over time to restore our balance sheet to positive status.

"This debt stabilisation was a result of a year-long review of alternatives, including more extensive and dilutive asset sales and new equity. It provides sufficient time and liquidity to navigate difficult market conditions and maintain focus on our shopping centres and the operation of the funds management business. The Board and management believe this to be the best outcome for our stakeholders."

- The substantial accomplishment for the six months was the completion of the debt stabilisation agreement to secure the long term viability of the Group by maximising cash flow and minimising asset sale requirements. In summary, the debt stabilisation accomplished the following:
  - Three year term loan extension on senior debt at reasonable margins
  - Seven year hybrid improving cash flow and providing balance sheet strength
  - Extensions and improvements in loan-to-value ratios for many managed fund facilities including Super LLC
  - New liquidity facilities of A$35 million and US$370 million for Centro and Super LLC, respectively
  - Removal of lending guarantees to Super LLC
  - Restructure of internal and external hedging arrangements to the benefit of Centro and reduction of counterparty risk for Centro's managed funds
- Additionally, Centro and its managed funds disposed of 36 US and six Australian assets for a total of A$482 million and a -7.1% loss to 30 June 2008 book values.

Debt

On a consolidated basis as at 31 December 2008, Centro's debt on balance sheet debt totalled $19.7 billion of which $9.5 billion was refinanced into term loans on 16 January 2009. Upon completion of the debt stabilisation agreement, Centro's look through debt was $15.4 billion.

2009 Maturities

Of the $2.6 billion of debt maturities across the Group to 31 December 2009, $1.5 billion relates to CER which was addressed in CER's half year results announcement of 25 February 2009. The remainder is comprised of:

- $333 million of Centro debt associated with Super LLC
- $150 million related to the Centro Australia Wholesale Fund
- $622 million of Australian syndicates

2010 Maturities

Of the $4.9 billion of debt maturities across the Group for the 12 months ending 31 December 2010, $3.8 billion relates to Super LLC. The remainder is comprised primarily of:

- $585 million related to CER
- $150 million related to the Centro Australia Wholesale Fund
- $248 million related to Australian and US syndicates

Managed Property Portfolio Performance

While Centro's managed property portfolio generally performed in line with expectations, comparable NOI in the US declined more than anticipated:

- **United States Property Portfolio**

  The US portfolio, which accounts for 68% by value of total properties under management, produced the following results for the half year to December 2008:

  - Comparable NOI – stabilised: -2.8%
  - Comparable NOI – including developments: -2.3%
  - Specialty lease renewal rate: 72.1%
  - New lease rental income growth: +5.6%

- Stabilised portfolio occupancy: 90.7%
- Weighted average capitalisation rate: 7.49%

The current US$376 million development program represents approximately 3% of assets under management and is designed to support productive formats of the retailers.

- **Australasian Property Portfolio**

The Australasian portfolio experienced moderating NOI growth for the period. Leasing demand has remained strong although occupancy has declined in the six months. Key metrics for the Australasian portfolio are as follows:

- Comparable MAT sales growth: +6.2%
- Comparable NOI – stabilised: +2.5%
- Comparable NOI – including developments: +4.2%
- Specialty lease renewal rate: 78.1%
- New lease rental income growth: 6.5%
- Stabilised portfolio occupancy: 99.2%
- Weighted average capitalisation rate: 7.16%

- **Services Business**

For the period, the services business generated gross income of $146.5 million based on:

- $76 million of gross income derived from the management, leasing and development of properties in the managed portfolio. This is slightly higher than the same period in FY08.
- The remaining $71 million was contributed by funds management, primarily arising from recurring responsible entity fees, custodian fees and cost recoveries.

Looking Ahead

Mr Rufrano said, "As we move forward into the year, our operating platform, diversification strategy and necessity and value oriented merchandising will all be tested.

"With our debt restructuring behind us, we will face this difficult economic climate by focusing on the simplification of the Group, our services business, property operations and proper maintenance of our balance sheet."

Supplemental Information & Portfolio Assessments

Supplemental information for Centro's Australasian and US managed property portfolios as well as Portfolio Assessments (which contain detailed information on the portfolios' physical and market characteristics) have been posted to the Centro website.

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 in Australasia and the United States. For more information, please visit centro.com.au.

For further information

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