



16 December 2008

## Centro Agrees Stabilisation Plan with Financiers

Centro Properties Group (Centro) announces that agreement has been reached in principle with all financiers to achieve a long term refinancing and stabilisation plan for the Group.

A one month interim extension to all of Centro's facilities expiring on 15 December 2008 has been agreed in order to allow time for the completion of documentation for this refinancing and stabilisation.

The key terms are as follows:

- Of the A\$5.05 billion\* senior secured debt owed to the Australian lending group and US private placement noteholders, A\$1.05 billion will be replaced by a hybrid security and A\$4.0 billion will be converted into term debt loans;
- The A\$1.05 billion hybrid security will be senior secured convertible bonds (Hybrid Securities) subscribed for by the Australian lending group. The hybrid security will have a seven year maturity date and the potential for conversion into ordinary stapled securities. All interest payable on the Hybrid Securities is expected to be capitalised. Any conversion to ordinary stapled securities would be subject to a number of conditions, including approval of Centro ordinary securityholders;
- The A\$4.0 billion of remaining existing senior secured debt owed to the Australian lending group and US private placement noteholders will be converted into term loans maturing on 15 December 2011;
- Centro stapled securities equivalent to 14.9% of existing issued securities will be issued on or before 15 January 2009 to the Australian lenders and US private placement noteholders on a pro rata basis at market value, the proceeds of which will be used for payment of outstanding lender fees and expenses;
- If converted in full, the Hybrid Securities would constitute, in aggregate with the 14.9% of stapled securities referred to above, 90.1% of the post-conversion (fully diluted) ordinary stapled securities of Centro;
- Up to A\$35 million revolving working capital facility;
- No distributions to ordinary securityholders are permitted to be paid for the duration of the senior secured debt facility, and it is unlikely that distributions would be paid prior to conversion of Hybrid Securities;

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\* Comprises US\$2.5 4 billion (converted at 0.6624) and A\$1.21 billion.



- Facilities of US\$1.3 billion associated with Super LLC, Centro's joint venture with Centro Retail Trust (CER) will be converted into term loans maturing on 31 December 2010;
- A facility of US\$370 million will be provided to Super LLC by the existing US lenders. This facility will be used primarily for the repayment of indebtedness and will provide additional liquidity; and
- Centro will provide certain collateral to the Super LLC lenders to secure the release of Centro guarantees within the Super LLC structure.

While the material terms for a refinancing on the above basis have, in Centro's view, been substantively agreed in principle between all financiers, no assurance can be given that the documentation will be completed or that the final terms of any agreement for refinancing will not be different from those currently contemplated and described above.

Centro Chairman Paul Cooper said, "The Board has carefully considered all alternatives available to Centro over the last 12 months and has concluded that the transaction agreed in principle with our financiers provides the best outcome for our shareholders. The outcome provides a future for Centro and retention of some value for our existing shareholders and is superior to the prospect that Centro otherwise faced of entering administration or liquidation."

Centro CEO Glenn Rufrano said, "This outcome will stabilise Centro and provide sufficient liquidity with time for the company to maximise the value of its property operating platform and funds management business. This transaction also provides the opportunity to pursue an alternative recapitalisation strategy in a more favourable economic environment. We are very appreciative of the hard work that many of our stakeholders, notably Centro's staff and our lending group, have undertaken to accomplish this, and we are grateful for the ongoing support from our securityholders."

#### 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 [www.centro.com.au](http://www.centro.com.au).

#### For further information

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