

# Centro Properties Group

Recapitalisation Update and Half Year Results

29 February 2008

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# Agenda

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- Recapitalisation Update
  - Glenn Rufrano, Chief Executive Officer
- Managed Property Portfolio Overview
  - US - Glenn Rufrano, Chief Executive Officer
  - Australia - Graham Terry, Chief Operating Officer
- Centro Results
  - Services Business & Managed Funds Results - Philippa Kelly, General Manager Institutional Funds Management
  - Key Financial Information - Paul Belcher, Group Financial Accounting Manager
- Conclusion
  - Glenn Rufrano, Chief Executive Officer

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# Recapitalisation Update

- Glenn Rufrano

# Recapitalisation Plan

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1. Maintaining and maximising the value of the business
2. Debt extension
3. Equity injection

# 1. Maintaining and Maximising the Value of the Business

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- Continued effective and efficient management of the properties
- Properties continue to perform solidly both in Australia and the US
- Retailer relationships remain strong
- Services business contribution sustained

## 2. Debt Extension

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- Extension from US banks until 30 September 2008
- Extension from Australian banks and US Private Placement Noteholders until 30 April 2008
- No interest rate increases or fees associated with these further extensions
- Centro is pleased with support banks have shown for the business
- Allows for recapitalisation process to progress substantially

### 3. Equity Injection

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#### Group Level

- Data room is open
- Expressions of interest have been received
- Management presentations are ongoing

#### Asset Level

- Data rooms for CAWF and CAF are open
- Expressions of interest have been received for both
- Presentations are ongoing

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# Managed Property Portfolio Overview

- US Portfolio – Glenn Rufrano
- Australasian Portfolio – Graham Terry



# Managed Property Portfolio Overview

	Dec-07	Dec-06
Property Portfolio Value <sup>1</sup>	A\$24.9bn	A\$15.6bn
US Property Portfolio Value	US\$13.6bn	US\$5.4bn
Aust Property Portfolio Value	A\$9.5bn	A\$8.4bn
Number of Properties	803	349
Number of US Properties	674	221
Number of Aust Properties	129	128

<sup>1</sup> The calculation of property funds under management is now based on the 31-Dec-07 spot rate of A\$1 = US\$0.8816, while previously this figure was based on the hedged rates in place.

# US Portfolio Results

Managed Portfolio Statistics	Dec-07	Dec-06
Number of Properties	674	221
Total Portfolio Value (US\$)	\$13.6bn	\$5.4bn
Gross Lettable Area (million sqf)	106.5	36.6
Comparable NOI Growth – Stabilised	2.0%	2.1%
Comparable NOI Growth – Incl. Developments	4.4%	n/a
Portfolio Occupancy Rate – Stabilised	92.9%	94.5%
Portfolio Occupancy Rate – Developments	80.6%	n/a
Weighted Average Lease Expiry by Income	6.2yrs	5.4yrs
Maintenance Leasing Deals YTD	836	137
Rental Income Growth	11.1%	12.1%
Specialty Lease Renewal Rate	82.2%	80.2%

# US Valuations

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## Centro Owned Assets

Dec-07 Valuation	Book Loss
US\$2.6bn	(US\$0.25bn)

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## Total US portfolio

Dec-07 Cap Rate	June 07 Cap Rate
6.95%	6.74%

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# US\$510 Million Development Pipeline

Top 10 Current US Managed Portfolio Developments by Value

Property	Expected Total Project Cost (US\$m)	Start Date	Expected Completion Date	Expected Development Yield
Westgate	75.7	Jun-05	Dec-08	8.4%
the Shoppes at Cinnaminson	63.2	Sep-06	Dec-09	8.3%
Pointe Orlando	51.9	Sep-05	Dec-08	7.6%
Coastal Landing	26.3	Sep-06	Jun-08	7.5%
Mall at 163rd Street	21.0	Dec-07	Sep-10	8.2%
Liberty Plaza	18.4	Sep-05	Dec-09	8.7%
Hillcrest	13.9	Sep-06	Dec-08	9.3%
Surrey Square Mall	13.4	Dec-05	Dec-09	9.0%
South Towne Centre	12.5	Sep-05	Mar-08	11.4%
Rising Sun Towne Centre	12.3	Dec-05	Jun-09	10.0%
<i>Other 42 Properties</i>	<i>201.7</i>			<i>9.8%</i>
<b>Total</b>	<b>510.2</b>			<b>8.9%</b>

# Summary US Demographics<sup>1</sup>

Total Portfolio	1-Mile	3-Mile	5-Mile
Average Population Density (2006)	10,332	76,050	176,950
% Population Growth (2006 - 2011)	5.0%	4.8%	5.0%
Average Household Income (2006)	\$70,685	\$71,294	\$72,310
Median Household Income (2006)	\$58,702	\$57,886	\$57,885
Per Capita Income (2006)	\$28,596	\$27,850	\$27,966

Southeast	1-Mile	3-Mile	5-Mile
Average Population Density (2006)	6,371	48,132	110,664
% Population Growth (2006 - 2011)	7.1%	7.4%	7.5%
Average Household Income (2006)	\$65,299	\$69,823	\$70,718
Median Household Income (2006)	\$53,488	\$55,898	\$55,916
Per Capita Income (2006)	\$27,438	\$28,116	\$28,123

West	1-Mile	3-Mile	5-Mile
Average Population Density (2006)	16,377	117,018	270,692
% Population Growth (2006 - 2011)	8.8%	8.0%	7.8%
Average Household Income (2006)	\$76,044	\$73,201	\$74,482
Median Household Income (2006)	\$63,773	\$60,299	\$60,952
Per Capita Income (2006)	\$27,841	\$25,732	\$26,318

<sup>1</sup> Demographic data weighted by ABR.

All data as at November 2007.

Source: Applied Graphics Solutions and MapInfo Corporation.

Source: US Bureau of Economic Analysis.

# Australasia Portfolio Results

Portfolio Statistics	Dec-07	Dec-06
Number of Properties	129	128
Total Portfolio Value	A\$9.5bn	A\$8.4bn
Gross Lettable Area (million sqm)	2.1	2.0
Comparable NOI Growth – Stabilised	4.8%	5.5%
Comparable NOI Growth – Incl. Developments	5.7%	n/a
Portfolio Occupancy Rate - Stabilised	99.6%	99.4%
Portfolio Occupancy Rate - Developments	99.8%	n/a
Average Specialty Occupancy Cost	13.8%	14.8%
Weighted Average Lease Expiry by Income	4.8yrs	5.0yrs
Maintenance Leasing Deals YTD	626	641
Rental Income Growth	9.9%	8.6%
Specialty Lease Renewal Rate	84.4%	74.9%

# Australian Sales

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Category	MAT (\$m) <sup>1</sup>	Composition	MAT Growth per SCCA Standards <sup>2</sup>
Supermarkets	4,596	43.7%	2.9%
Discount Department Stores	1,465	13.9%	1.5%
Department Stores	360	3.4%	7.6%
<b>Total Majors</b>	<b>6,420</b>	<b>61.1%</b>	<b>2.8%</b>
Specialties	3,021	28.8%	9.8%
Mini Majors	475	4.5%	4.8%
Cinema/Other	589	5.6%	14.6%
<b>Total</b>	<b>10,505</b>	<b>100.0%</b>	<b>5.4%</b>

<sup>1</sup> Reflects 100% of centres' sales to 31 December 2007

<sup>2</sup> SCCA Standards include only stable properties

# Australian Valuations

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## Centro Owned Assets

Dec-07 Valuation	Book Gain
A\$406m	A\$0.4m

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## Total Australian portfolio

Dec-07	June 07
Cap Rate	Cap Rate
6.23%	6.25%

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# A\$504 Million Development Pipeline

Top 10 Current Australian Developments by Value

Property	Expected Total Project Cost (A\$m)	Start Date	Expected Completion Date	Expected Development Yield
Centro Arndale	97.3	Mar-09	Jun-10	7.8%
Centro Somerville	69.9	Dec-07	Dec-08	5.9%
Centro Halls Head	58.1	Mar-09	Sep-10	7.1%
Centro Bankstown	52.9	Sep-07	Jun-08	8.7%
Centro Hervey Bay	50.7	Mar-07	Jun-09	6.9%
Centro Toormina	43.6	Sep-07	Dec-08	7.1%
Centro Mandurah	20.4	Mar-09	Mar-10	7.0%
Lake Macquarie	18.8	Jun-05	Mar-08	6.8%
Melville Plaza Shopping Centre	13.9	Mar-09	Sep-09	7.6%
Centro Pirie	11.8	Dec-06	Jun-08	7.4%
<i>Other 10 Properties</i>	<i>67.0</i>			<i>7.8%</i>
<b>Total</b>	<b>504.3</b>			<b>7.3%</b>

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## Centro Results

- Services Business & Managed Funds Results – Philippa Kelly
- Key Financial Information – Paul Belcher

# Services Business Results

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	Dec 07 \$m	Dec 06 \$m	Change
Property Management Income	49.0	18.0	172.2%
Development Management & Leasing Income	25.6	7.6	236.8%
Funds Management Income	140.3	61.9	126.7%
Services Business Overheads	(76.5)	(23.7)	222.8%
<b>Net Services Business Income</b>	<b>138.4</b>	<b>63.8</b>	<b>116.9%</b>

# Managed Fund Performance

Managed Funds	Gross Property Assets 31 Dec 07 \$bn <sup>1</sup>	1 Year Total Return	3 Year Annual Total Return
Centro Retail Trust (CER)	9.6	-50.2%	-20.0% <sup>2</sup>
Centro Direct Property Fund (DPF)	2.3	4.3%	12.4%
Centro Direct Property Fund International (DPFI)	1.7	-4.2%	5.1% <sup>2</sup>
Centro Australia Wholesale Fund (CAWF)	2.7	15.3%	n/a
Centro America Fund (CAF)	1.0	6.6%	n/a
Centro MCS Syndicates (CMCS)	7.7	18.6%	20.8%

1. Total assets provided in Australian dollars converted at 31-Dec-07 spot rate of A\$1 = US\$0.8816

2. As fund has not been in operation for three years, total return since inception has been provided

# Managed Fund Inflows

Six Months to December 2007

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Managed Funds Flows to 31 Dec 07	Inflows \$m	Outflows \$m	Net Flows \$m
DPF	139.6	(72.4)	67.2
DPFI	28.4	(4.8)	23.6
CMCS 38	24.5	(0.3)	24.2
<b>Total</b>			<b>\$115.0</b>

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# Managed Funds Status

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- All Managed Funds conducting independent strategic reviews
- DPF/DPFI remain suspended
- Centro MCS
  - \$73m of external equity raised in CMCS38
  - Rollovers
  - Maintaining management rights a core focus
- CAWF/CAF undergoing sale process as part of Centro recapitalisation
- Outcomes dependent on Centro equity recapitalisation

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## Key Financial Information

- Paul Belcher

# Income Statement

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	Dec 07 \$m	Dec 06 \$m	Change
Net Property Investment Income	190.9	175.7	8.7%
Net Services Business Income	138.4	63.8	116.9%
<b>EBIT</b>	<b>329.3</b>	<b>239.5</b>	<b>37.5%</b>
Interest	(125.9)	(76.7)	64.1%
Distribution on Preference Units and OEI	(17.5)	0.0	n/a
<b>Distributable Income</b>	<b>185.9</b>	<b>162.8</b>	<b>14.2%</b>
Attributable to Ordinary Securityholders			
Net AIFRS/non-distributable adjustments	(1,298.3)	(5.5)	n/a
<b>Net AIFRS Profit</b>	<b>(1,112.4)</b>	<b>157.3</b>	<b>n/a</b>
Distributable income per security	22.0	19.9	10.6%
Interest Cover (times)	2.6	2.8	-7.1%



# Property Investment Income

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	Dec 07 \$m	Dec 06 \$m	Change
Australian Property Investment Income	4.1	82.3	-95.0%
Offshore Property Investment Income	25.3	24.6	2.8%
Property Securities Investment Income	170.0	79.3	114.4%
Property Investment Overheads	(8.5)	(10.5)	-19.0%
<b>Net Property Investment Income</b>	<b>190.9</b>	<b>175.7</b>	<b>8.7%</b>

# Balance Sheet

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	Dec 2007	June 2007	
	\$m	\$m	Change
<b>Total Assets</b>	<b>8,000</b>	<b>8,649</b>	<b>-7.5%</b>
Financed by:			
Borrowings	3,892	3,604	8.0%
Other Liabilities	1,699	1,480	14.8%
Equity	2,409	3,565	-32.4%
	<b>8,000</b>	<b>8,649</b>	<b>-7.5%</b>
<b>Key Ratios</b>			
Gearing (Book)	47.6%	42.8%	11.2%
Net Tangible Assets per Security (\$)	1.31	2.29	-42.8%

# Centro Look Through Gearing

	Managed Fund Borrowings (\$bn)	Centro Interest <sup>1</sup>	Look Through (\$bn)
<b>Assets</b>			
Total Assets on Balance Sheet <sup>2</sup>			8.00
Look Through Managed Fund Borrowings			8.57
<b>Adjusted Assets</b>			<b>16.57</b>
<b>Borrowings</b>			
Borrowings on Balance Sheet			3.89
CAWF	0.90	85%	0.76
CAF	0.48	83%	0.39
Aust CMCS Syndicates	1.72	26%	0.44
US CMCS Syndicates	2.02	70%	1.42
CER	5.43	45%	2.46
US JV	3.10	100%	3.10
Look Through Managed Fund Borrowings			8.57
<b>Adjusted Borrowings</b>			<b>12.46</b>
<b>Look Through Gearing</b>			<b>75.2%</b>

<sup>1</sup> Reflects Centro's full economic look-through interest in ownership funds including all direct and indirect interests in all Centro managed funds

<sup>2</sup> Includes balance sheet intangibles of \$1.2 billion

# Debt Maturity Profile – Group

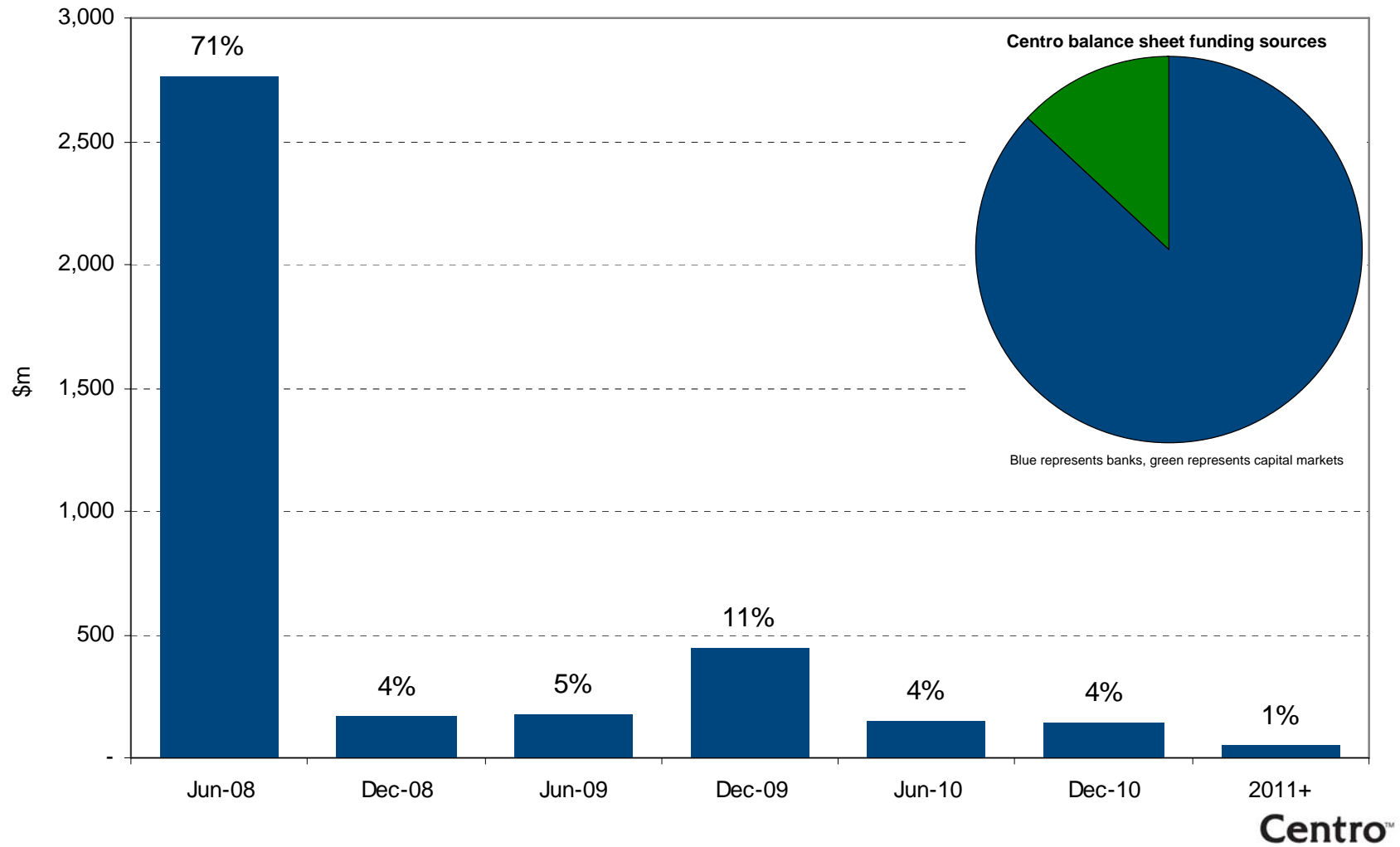
Fund	30 April 2008 (A\$m)	1 May 2008 to 31 Dec 2008 (A\$m)	1 Jan 2009 and Beyond (A\$m)	Total Debt (A\$m)	Centro look- through interest	
Centro <sup>1</sup>	4,197.2	341.2	2,449.2	6,987.6	100% <sup>2</sup>	6,987.6
CER <sup>1</sup>	1,217.1	1,028.5 <sup>3</sup>	3,206.4	5,452.0	45%	2,463.3
DPF	nil	nil	nil	-	0%	-
DPFI	nil	nil	nil	-	0%	-
CAWF	717.4	33.0	150.0	900.4	84%	760.8
CAF	nil	nil	475.2	475.2	83%	394.2
CMCS Aus	503.1	58.1	1,161.3	1,722.5	26%	440.2
CMCS US	nil	8.1	2,015.0	2,023.1	70%	1,418.7
<b>Total</b>	<b>6,634.7</b>	<b>1,468.9</b>	<b>9,457.1</b>	<b>17,560.8</b>		<b>12,464.8</b>

<sup>1</sup> Includes share of US JV debt of \$3.1bn

<sup>2</sup> Includes OEI in fully consolidated CSIF investment

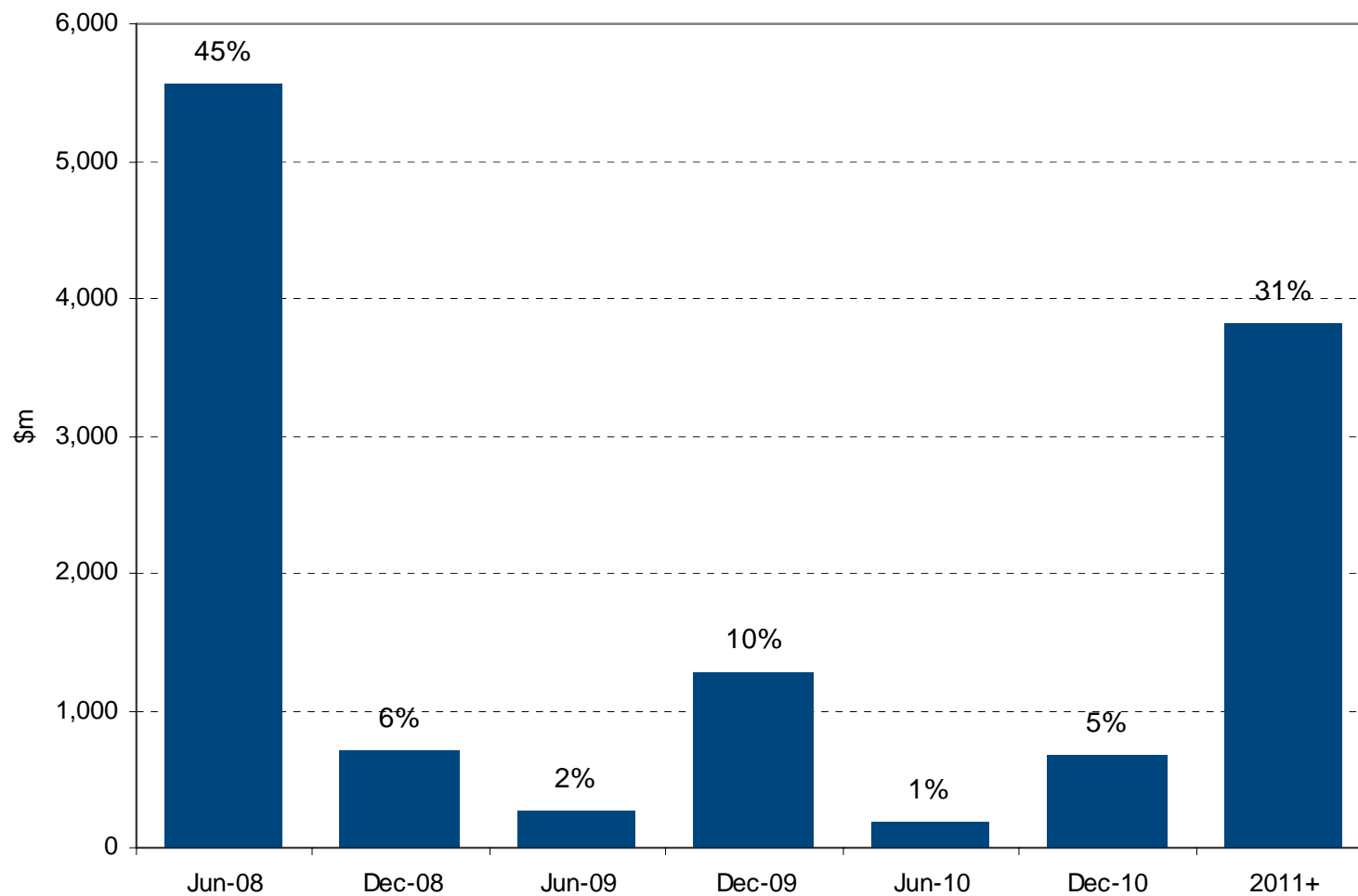
<sup>3</sup> Loan between Centro and CER of \$167m is not included

# Debt Maturity Profile – Centro Balance Sheet

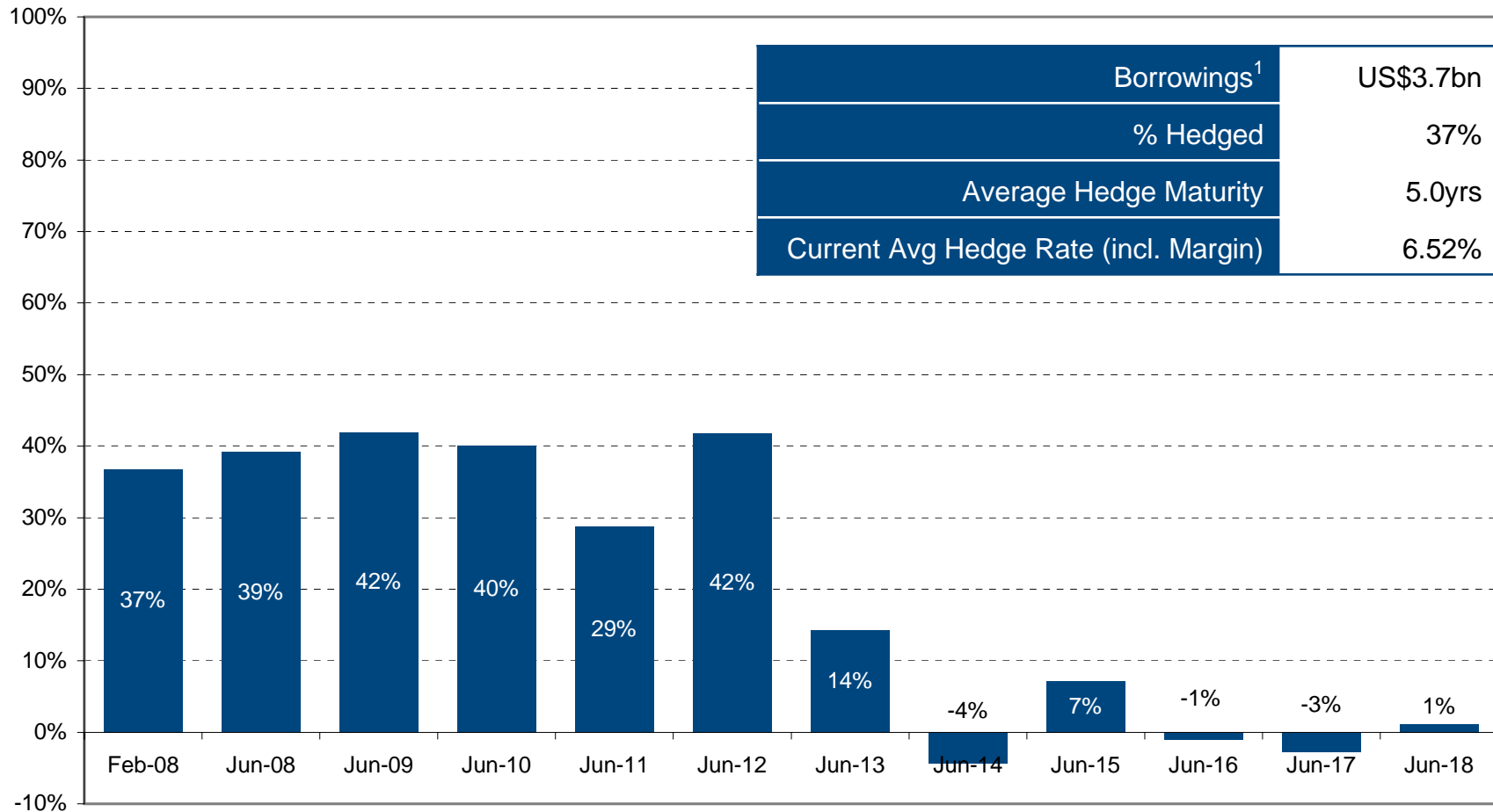


# Debt Maturity Profile – Centro Look Through

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# US Interest Rate Hedging



<sup>1</sup> Excludes Super LLC

# FX Equity Hedging

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Net FX Equity Exposure		US\$4,473m
Hedged	US\$3,540m	79%
Unhedged	US\$933m	21%

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- Centro has traditionally maintained a high level of FX hedging
- Due to refinancing difficulties, Centro has been unable to extend maturing FX hedges
- Restoring hedge cover is desirable as recapitalisation plan progresses



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## Conclusion

- Glenn Rufrano

# Summary

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- Managed property portfolio performance remains strong
- Underlying operating business performance sustained
- Debt restructuring remains priority
- Recapitalisation plan progressing

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## Question & Answer

# Contact Details

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# Appendix

# Super LLC

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	Centro US\$bn	CER US\$bn	CMCS40 US\$bn	Super US\$bn
Property Assets	2.2	3.1	0.9	6.2
Liabilities				
Secured Debt	0.5	1.0	0.5	2.0
Unsecured Debt	2.1	0.9	0.0	3.0
Total Liabilities	2.6	1.9	0.5	5.0
<b>Equity</b>	<b>-0.4</b>	<b>1.2</b>	<b>0.4</b>	<b>1.2</b>
Services Business	0.5	0.0	0.0	0.5
<b>Equity</b>	<b>0.1</b>	<b>1.2</b>	<b>0.4</b>	<b>1.7</b>
LVR	98%	61%	52%	75%