



# Centro Retail Trust

Annual Results

29 August 2008

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# Agenda

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- Business Review Update
  - Glenn Rufrano, Chief Executive Officer
  
- Results for FY08
  - Property Portfolio
    - US - Glenn Rufrano, Chief Executive Officer
    - Australasia - Graham Terry, Chief Operating Officer
  - Financial Results
    - Tony Clarke, Chief Financial Officer
  
- Conclusion
  - Glenn Rufrano, Chief Executive Officer

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# Business Review Update

# CER Value Considerations

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- Extension from US financiers until 30 September 2008
- Listed retail property trust
- Gearing reduced over time
- Need for sustainable distribution policy
- Independent Board as we approach capital stability
- Reducing exposure and interdependencies with Centro

# CER Characteristics and Relationships with Centro

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- 51% of CER is owned by Centro and related managed funds
- Responsible Entity of CER is Centro
- CER's predominant hedging counter party is Centro
- CER and Centro have co-ownership of 65 properties
- CER and Centro Super LLC joint venture

# Super LLC

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- Joint venture between CER, Centro and CMCS 40
- CER has a direct interest in 161 assets of the 491 properties in Super LLC
- CER is joint and severally liable to the extent, but not beyond, its equity on Super LLC
- Centro has guaranteed a portion of this debt and intends to reduce Super LLC's leverage as part of the recapitalisation process

# Litigation

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- Two class action claims
- CER petitioned for stay of Slater & Gordon claim
- CER will vigorously defend these actions

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# Portfolio Overview & Property Performance

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

# CER Portfolio Overview

	FY08	FY07
Total Portfolio Value	\$8.3bn <sup>1</sup>	\$5.3bn
US Portfolio Value	US\$6.1bn	US\$3.2bn
Australasian Portfolio Value	\$2.0bn	\$1.3bn
Number of Properties <sup>2</sup>	452	228
Number of US Properties <sup>2</sup>	419	211
Number of Australasian Properties	33	17

<sup>1</sup> June 2008 portfolio value based on a AUD/USD spot rate of 0.9626

<sup>2</sup> Includes CER's exposure to properties in Syndicates

# US Property Portfolio Statistics

Key Statistics (look through)	June 08	June 07
Number of Properties	419	211
Total Portfolio Value (US\$)	\$6.1bn	\$3.2bn
Gross Lettable Area ('000 sq ft)	51,499	22,004
Comparable NOI Growth – Stabilised	1.1%	2.4%
Comparable NOI Growth – Incl. Developments	2.8%	4.8%
Portfolio Occupancy Rate – Stabilised	94.1%	95.7% <sup>1</sup>
Portfolio Occupancy Rate – Developments	75.4%	n/a
Income Lease Expiry	5.7yrs	6.0yrs
Maintenance Leasing Deals YTD	1,147	469
Rental Income Growth	9.6%	8.7%
Specialty Lease Renewal Rate	75.0%	73.3%

<sup>1</sup> Disposition assets not included in Jun-07 analysis

# US Property Valuation Change

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## Comparable Portfolio Analysis<sup>1</sup>

CER US Portfolio	Property Value	Cap Rate
Jun-08	US\$6,091.1m	7.26%
Dec-07	US\$6,563.4m	6.90%
Jun-07	US\$6,647.4m	6.81%

- Property value decrement between June 07 and June 08 was US\$556.3m or 8.4%

# Portfolio Diversification

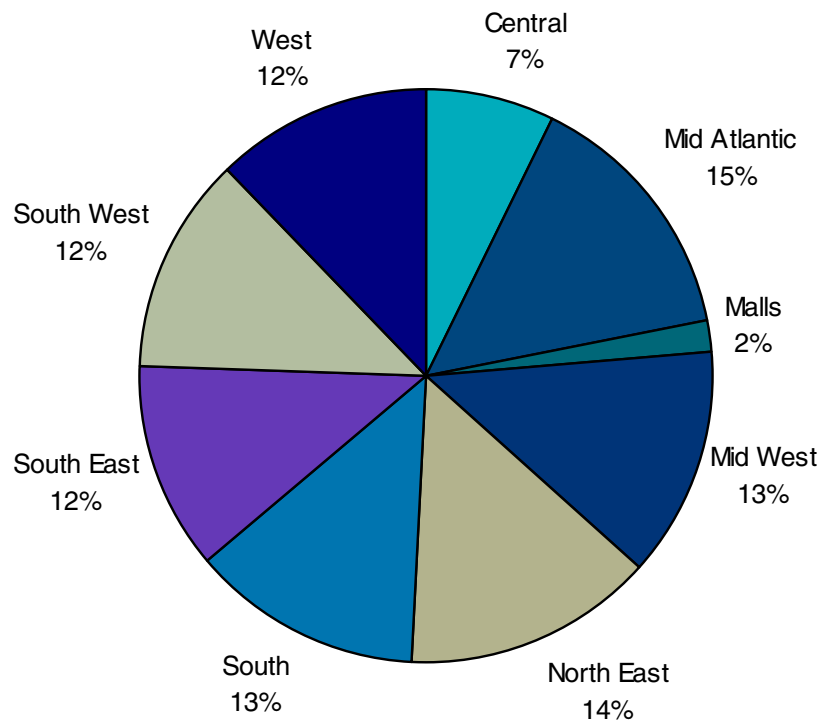
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## Top 10 US Retailers by ABR<sup>1</sup>

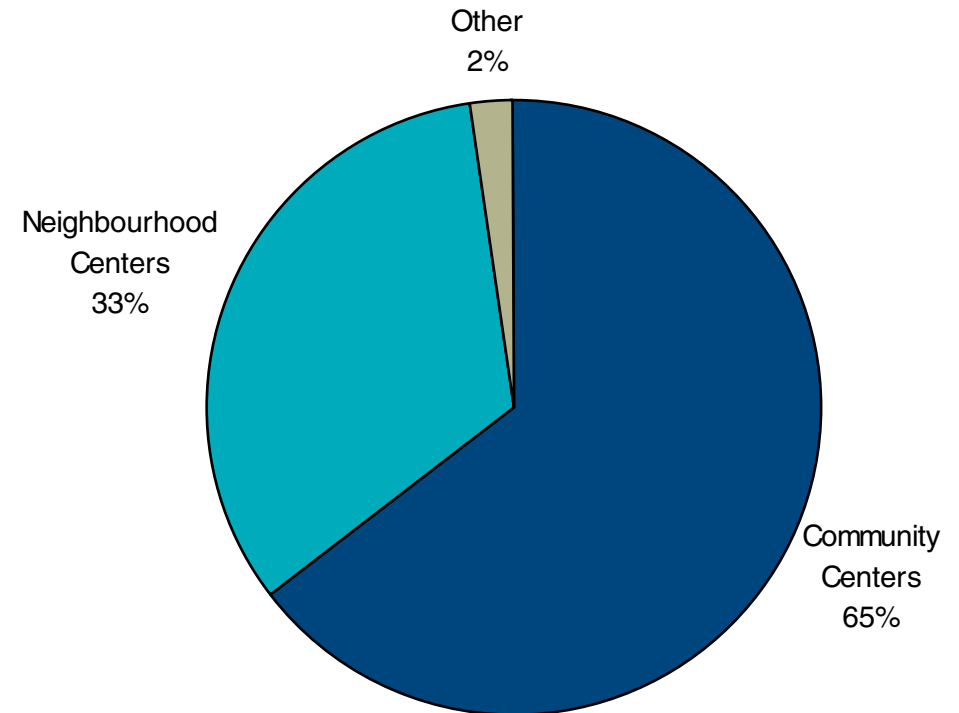
The Kroger Co.	3.1%
The TJX Companies	2.9%
Wal-Mart Stores, Inc.	2.5%
Sears Holding Corporation	2.0%
Ahold USA, Inc.	1.6%
The Great A&P Tea Co, Inc	1.4%
Best Buy Co, Inc.	1.2%
Dollar Tree Stores, Inc.	1.2%
Safeway, Inc.	1.2%
Circuit City Stores Inc.	1.1%
<b>Top 10 Total</b>	<b>18.1%</b>

# Portfolio Diversification

US Regional Diversification by ABR



US Centre Type Diversification by Number



# US Development Pipeline

## Top 10 Developments by Value

Property	CER's Share of Expected Total Project Cost (US\$m)	Start Date	Expected Completion Date	Expected Development Yield
The Shoppes at Cinnaminson	63.1	Sep-06	Dec-09	8.3%
Pointe Orlando	25.9	Sep-05	Dec-08	7.6%
The Mall at 163rd Street	21.0	Dec-07	Sep-09	8.2%
Liberty Plaza	18.4	Sep-05	Dec-09	8.7%
Hillcrest	13.9	Sep-06	Dec-08	9.3%
Southland Shopping Center	11.2	Mar-07	Mar-09	9.8%
Hilltop Plaza	7.5	Dec-07	Mar-09	9.0%
Green Acres	6.6	Sep-06	Mar-09	8.8%
Wabash Crossing	6.3	Mar-06	Sep-08	10.2%
Southgate	2.8	Mar-06	Dec-08	10.9%
<b>Total Top 10 Developments</b>	<b>176.7</b>			<b>8.6%</b>
Other 8 Properties	12.7			10.4%
<b>Total</b>	<b>189.4</b>			<b>8.7%</b>

# Australasian Property Portfolio Statistics

Portfolio Statistics	June 08	June 07
Number of Properties	33	17
Total Portfolio Value <sup>1</sup>	\$2.0bn	\$1.3bn
Gross Lettable Area ('000 sqm) <sup>1</sup>	410	239
Comparable NOI Growth – Stabilised	4.3%	5.0%
Comparable NOI Growth – Incl. Developments	6.8%	11.7%
Portfolio Occupancy Rate – Stabilised	99.4%	99.7%
Portfolio Occupancy Rate – Developments	100.0%	n/a
Avg. Specialty Occupancy Cost	14.0%	13.4%
Income Lease Expiry	5.0yrs	5.0yrs
Maintenance Leasing Deals	846	332
Rental Income Growth	10.5%	5.2%
Specialty Lease Renewal Rate	77.2%	79.4%

<sup>1</sup>Pro-rata ownership

# Australian Sales Results

CER Australian Centre Sales Jun 07 – Jun 08				
Category	MAT <sup>1</sup> \$m	Composition	MAT Change per SCCA Standards	Sales Growth May - Jul 2008
Supermarkets	1461.7	35.2%	3.1%	9.5%
Discount Department Stores	667.1	16.1%	4.3%	8.4%
Department Stores	174.3	4.2%	5.8%	-0.1%
<b>Total Majors</b>	<b>2,303.1</b>	<b>55.5%</b>	<b>3.6%</b>	<b>8.6%</b>
Specialties	1,355.1	32.7%	10.4%	8.4%
Mini Majors	217.6	5.2%	6.4%	8.9%
Others	270.9	6.5%	21.1%	13.5%
<b>Total</b>	<b>4,146.7</b>	<b>100.0%</b>	<b>6.8%</b>	<b>8.9%</b>

<sup>1</sup> Reflects 100% of centres' sales to 30 June 2008

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

\* Note that Woolworths and Wesfarmers reported a five week sales figure in June 08 and July 08 respectively, compared with four weeks in 2007.

# Australasian Property Valuation Change

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## Comparable Portfolio Analysis<sup>1</sup>

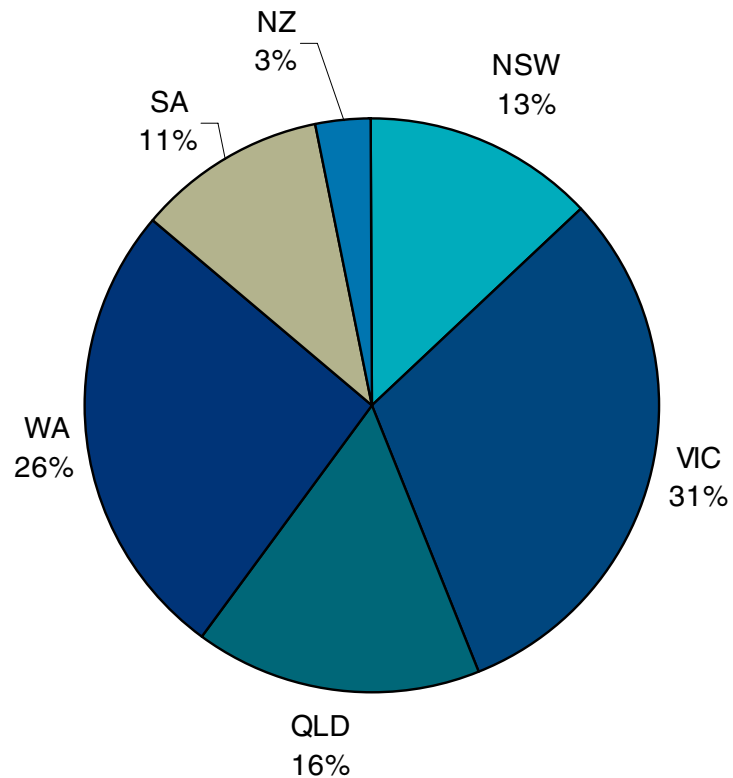
CER Aus Portfolio	Property Value	Cap Rate
Jun-08	AU\$2,018.8m	6.16%
Dec-07	AU\$2,086.8m	5.99%
Jun-07	AU\$2,055.1m	6.05%

- Asset value decrement between June 07 and June 08 was \$36.3m or 1.8%

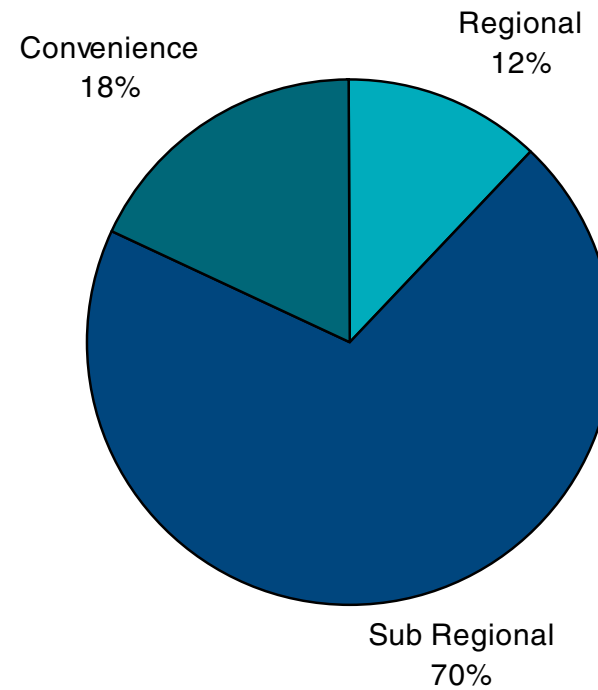
# Portfolio Diversification

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Australasian State Diversification by ABR



Australasian Centre Type Diversification by Number



# Portfolio Diversification

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## Top 10 Aus Retailers by ABR<sup>1</sup>

Woolworths Ltd	12.0%
Wesfarmers	10.6%
Specialty Fashion Group	1.6%
Just Group	1.2%
Myer	1.2%
Luxottica	1.1%
Brazin	1.1%
Priceline	1.0%
Sussan Group	1.0%
The Reject Shop	0.9%
<b>Top 10 Total</b>	<b>31.8%</b>

# CER's Top 10 Australasian Assets

Top 10 Australasian assets by CER ownership value		
Centre	Ownership Val AU\$m <sup>1</sup>	Total Centre GLA sqm <sup>2</sup>
1 Centro Galleria	300.0	72,400
2 Centro The Glen	201.0	58,748
3 Centro Colonnades	184.1	66,115
4 Centro Mandurah	118.8	39,562
5 Centro Toombul	113.5	48,398
6 Centro Karingal	106.1	41,482
7 Centro Warriewood	78.1	22,155
8 Centro Warwick	69.3	32,470
9 Centro Cranbourne	68.6	33,865
10 Centro Warnbro	57.6	11,369
<b>Top 10 Total</b>	<b>1,297.1</b>	<b>426,564</b>
<b>CER Australasian Total</b>	<b>2,018.8</b>	<b>768,007</b>

<sup>1</sup> Ownership valuation shows CER's proportion of the total property value

<sup>2</sup> Total centre GLA shows the total GLA for the property, regardless of proportional ownership

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# Key Financial Information

- Tony Clarke

# Profit & Loss Statement

	2008	2007	Variance
Financial Performance for Year Ended 30 June	A\$m	A\$m	%
Australian Property Income	108.7	74.3	46.3
US Property Income	219.1	94.1	132.8
Hedge Income	64.3	7.2	793.1
<b>Total Income</b>	<b>392.1</b>	<b>175.6</b>	<b>123.3</b>
Management Fees Other Expenses	30.4	15.5	96.1
<b>EBIT</b>	<b>361.7</b>	<b>160.1</b>	<b>125.9</b>
Interest Expense	105.7	74.6	41.7
<b>Distributable Income</b>	<b>256.0</b>	<b>85.5</b>	<b>199.4</b>
Revaluation Decrements	(836.0)	171.0	(588.9)
Financial Instruments	52.6	33.1	58.9
Discount on acquisition	34.2	-	-
Impairment in JV	(317.0)	-	-
Loss on fair value of financial assets	(46.7)	-	-
Other non-recurring items	(10.8)	(23.0)	(53.0)
<b>Net Profit/(Loss)</b>	<b>(867.7)</b>	<b>266.6</b>	<b>(425.5)</b>
<b>Distributable Income Per Security</b>	<b>13.25</b>	<b>12.70</b>	<b>4.3</b>
Distribution Per Security	1.40	12.70	(89.0)
Earnings Per Security	(44.91)	39.59	(213.4)

# Super LLC Impairment

30 June 08 A\$bn	CNP	CER	CMCS40	Total
Assets	2.2	3.0	0.9	6.1
Liabilities	2.7	2.0	0.5	5.2
<b>Equity</b>	<b>-0.5</b>	<b>1.0</b>	<b>0.4</b>	<b>0.9</b>
Services Business	0.2			0.2
<b>Equity (after services business)</b>	<b>-0.3</b>	<b>1.0</b>	<b>0.4</b>	<b>1.1</b>
Impairment Value		-0.3		
<b>Equity (after impairment)</b>		<b>0.7</b>		
LVR	113%	74%	55%	83%

A\$1 = US\$0.9626

- CER's investment in Super represents NTA of \$0.28 per security

# Balance Sheet

Financial Position for Year Ended 30 June	2008 A\$m	2007 A\$m	Variance %
<b>Assets</b>			
Current Assets	481.4	228.5	110.7
Property Investments	4,299.90	3,490.50	23.2
Other Non Current Assets	106.3	2.5	4,152.0
<b>Total assets</b>	<b>4,887.6</b>	<b>3,721.5</b>	<b>31.3</b>
<b>Liabilities</b>			
Interest Bearing Liabilities – current	654.5	598.3	9.4
Other Current Liabilities	169.1	96.8	74.6
Interest Bearing Liabilities – non- current	1,132.6	845.5	34.0
Other Non Current Liabilities	38.9	17.8	118.5
<b>Total liabilities</b>	<b>1,995.1</b>	<b>1,558.4</b>	<b>28.0</b>
<b>Net assets</b>	<b>2,892.5</b>	<b>2,163.1</b>	<b>33.7</b>
<b>Equity</b>			
<b>Equity attributable to members of CER</b>	<b>2,883.8</b>	<b>2,153.4</b>	<b>33.9</b>
Outside equity interest	8.7	9.7	(10.3)
<b>Total equity</b>	<b>2,892.5</b>	<b>2,163.1</b>	<b>33.7</b>
Number of securities on issue	2,286.4	1,133.8	101.7
<b>Net tangible asset backing per security (\$)</b>	<b>1.27</b>	<b>1.90</b>	<b>(33.2)</b>
Look Through Gearing	64.3%	58.5%	5.8

# Cash Flow Analysis

	A\$m
<b>Distributable Income</b>	<b>256.0</b>
<b>CER Cash Flow</b>	
Net cash inflow from operating activities	92.6
Net cash outflow from investing activities	(8.3)
Net cash (outflow)/inflow from financing activities <sup>1</sup>	(73.1)
<b>Net increase in cash and cash equivalents</b>	<b>11.2</b>
Cash at beginning	21.3
Effects of exchange rate changes on cash and cash equivalents	(1.1)
<b>Cash and cash equivalents at end</b>	<b>31.4</b>
<b>Distribution to be paid</b>	<b>32.0</b>

- Operating cash flows 'ring-fenced' in Super LLC and CSF
- Pending asset sales to provide cashflow of approx. \$50m

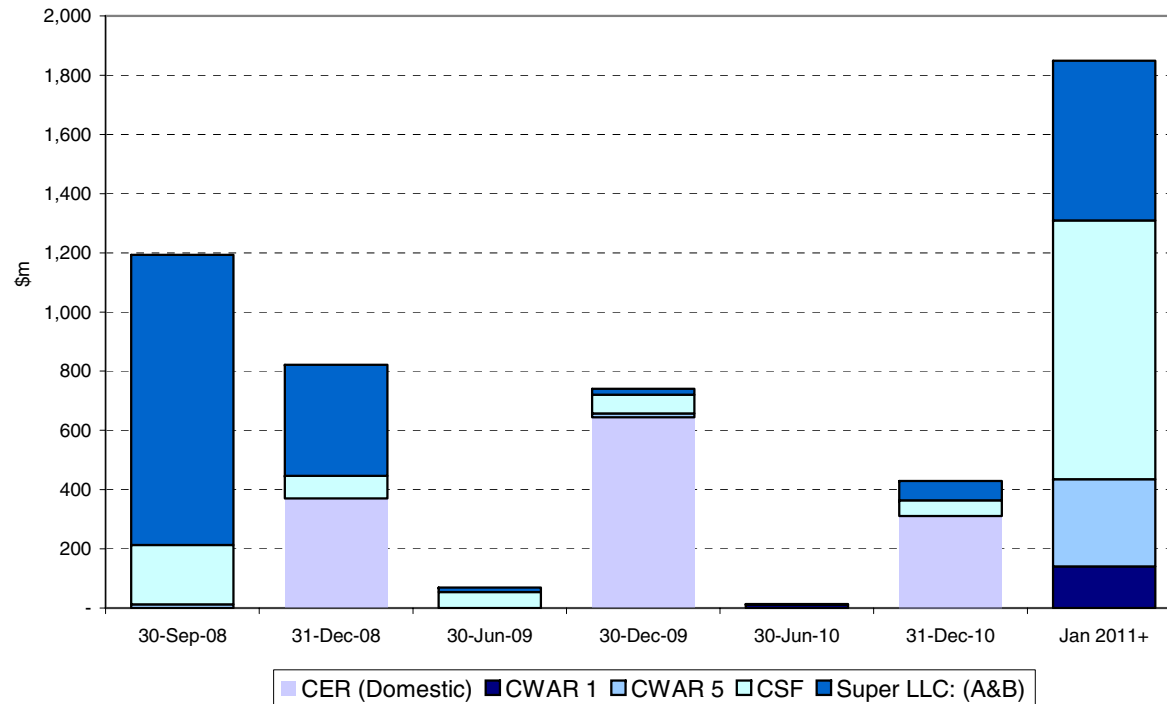
<sup>1</sup> Payment of distribution and loan repayments

# Balance Sheet-Interest Bearing Liabilities

CER Debt Profile	A\$m
<b>Current</b>	
Bank loans - secured	522.7
Loans from related parties	131.8
	<u>654.5</u>
<b>Non-current</b>	
Bank loans - secured	651.1
Commercial mortgage backed securities	481.5
	<u>1,132.6</u>
<b>Total Debt</b>	<u><u>1,787.1</u></u>

- \$140m current liability remedied and matures in 2010
- \$13m secured loan extended to 2010

# Look Through Debt Maturity Profile



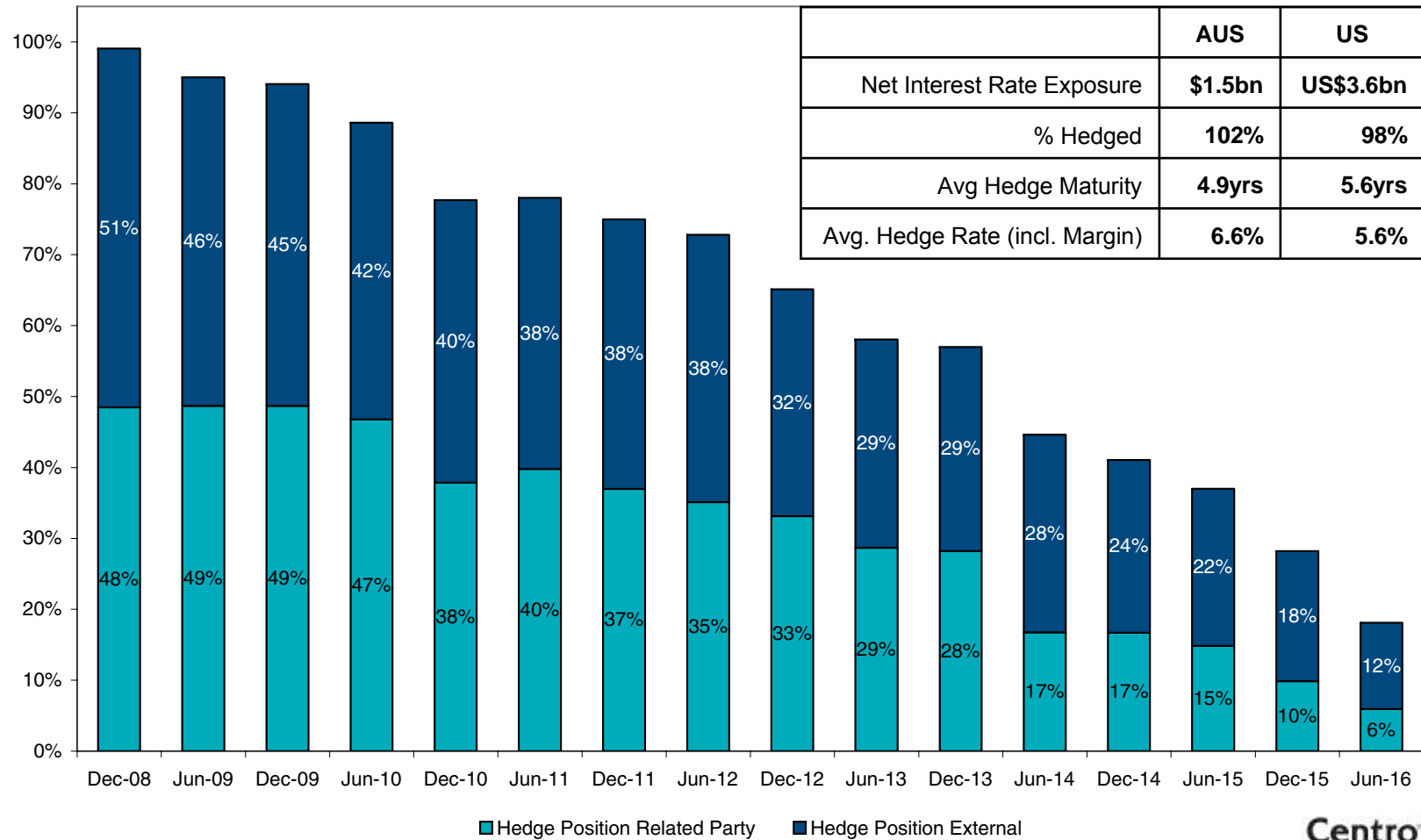
Period	30-Sep-08	31-Dec-08	30-Jun-09	30-Dec-09	30-Jun-10	31-Dec-10	Jan 2011+	Total
CER (Domestic)	0	370	0	644	0	311	0	1,325
CWAR 1	0	0	0	0	10	0	140	150
CWAR 5	13	0	0	13	0	0	295	321
CSF	200	76	54	63	0	53	875	1,322
Super LLC: (A&B)	980	376	15	20	3	65	540	1,999
<b>TOTAL</b>	<b>1,192</b>	<b>822</b>	<b>70</b>	<b>741</b>	<b>14</b>	<b>429</b>	<b>1,849</b>	<b>5,117</b>

# Proposed Debt Reduction

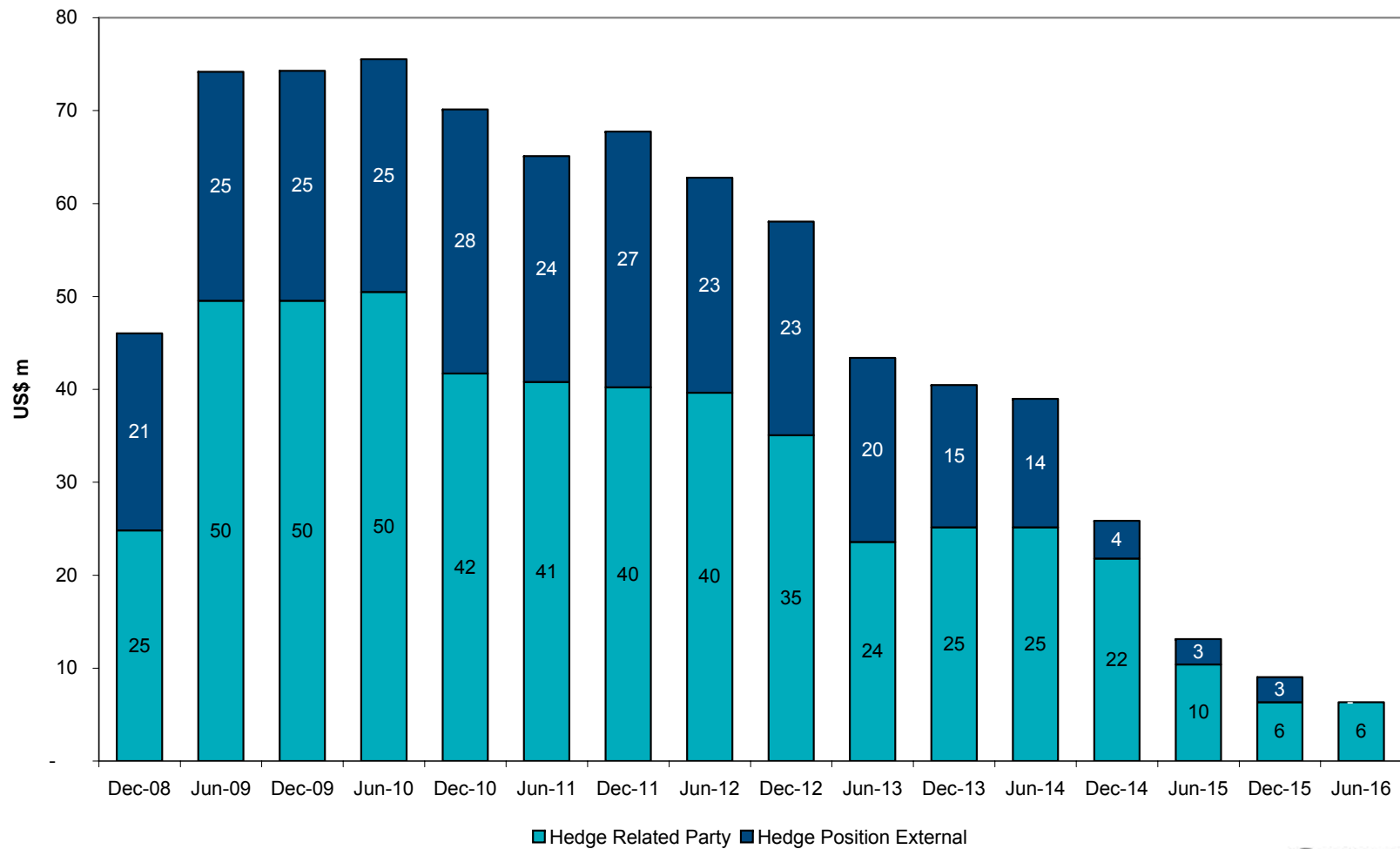
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- Proposed debt reduction of approx. \$600 million for FY09
- Funds sourced from:
  - Asset sales of US\$400m and A\$100m
  - Re-transfer of Karingal to Centro
- Gearing post asset sales expected to be 61%, assuming no further asset devaluations

# CER Interest Rate Hedging (AUS & US)

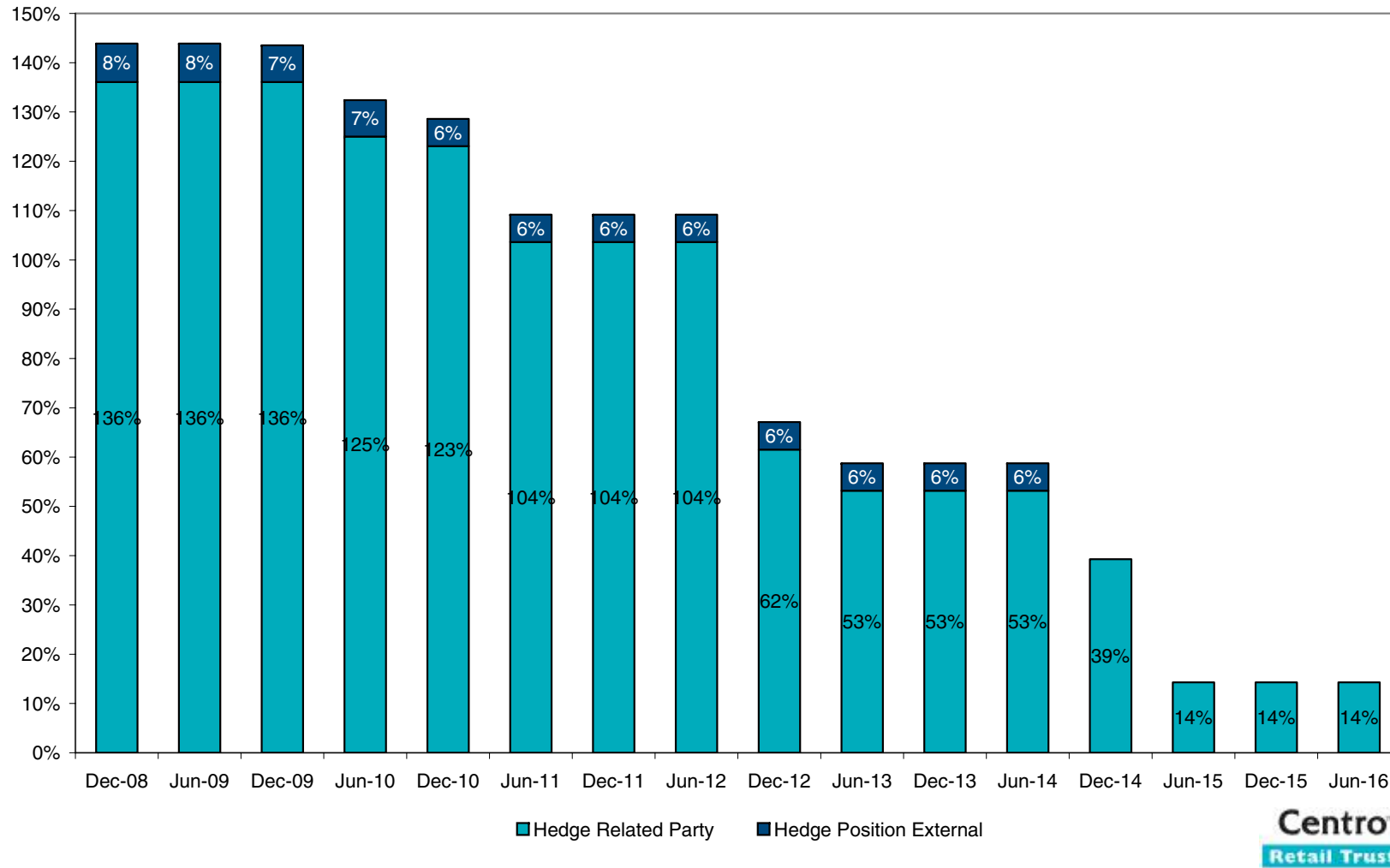


# FX Income Hedging



Weighted Average AUD/USD rate is 0.7577 over period

# FX Equity Hedging



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# Conclusion

- Glenn Rufrano

# Contact Details

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## Important Note

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# Question & Answer

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# Appendices

# CER's Top 10 US Assets

Top 10 US assets by CER ownership value		
Centre	Ownership Val US\$m <sup>1</sup>	Total Centre GLA sqft <sup>2</sup>
1 Cortlandt Towne Center	115.4	641,797
2 The Centre at Preston Ridge	92.5	730,025
3 Southland Shopping Center	66.6	719,487
4 Hampton Village Centre	66.0	459,300
5 Marlton Crossing I & II	56.6	311,294
6 Springhurst Towne Center	55.6	422,035
7 Village at Newtown	55.5	174,582
8 Mira Mesa Mall	54.8	411,550
9 Westminster City Center	51.3	337,540
10 The Mall at 163rd Street	51.3	373,273
<b>Top 10 Total</b>	<b>665.7</b>	<b>4,580,883</b>
<b>CER US Total</b>	<b>6,091.1</b>	<b>73,211,207</b>

<sup>1</sup> Ownership valuation shows CER's proportion of the total property value

<sup>2</sup> Total centre GLA shows the total GLA for the property, regardless of proportional ownership

# CER's Top 10 US Assets

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- Cortlandt Towne Center
  - Dominant shopping centre in very dense, high income market in the New York City suburbs
  - Impacted by the bankruptcies of both Levitz and Linen 'N Things
  - However, strength of asset ensures continued retailer interest in both spaces.
- Centre at Preston Ridge
  - Large community centre in Dallas, Texas
  - Several leases recently executed increasing occupancy to 99 percent
- Southland
  - Redevelopment asset in Cleveland Ohio
  - New Giant Eagle grocer opened in May and exceeding sales expectations
  - Jo-Ann Fabrics relocated to new 30,000 square foot superstore
- Mira Mesa Mall
  - Strong Californian location
  - Home to the single Mervyn's lease in our portfolio
  - Indications from the company is that location will not close as a result of Mervyn's bankruptcy

# US Retailer Bankruptcies

Rejected Leases as at 30 June 08			
Retailer	Number of Leases	% of CER GLA	% of CER ABR
Movie Gallery US, LLC	12	0.11%	0.20%
Levitz Furniture Corp.	1	0.08%	0.09%
Friedman's	10	0.04%	0.07%
Sofa Express	1	0.05%	0.06%
Goody's Family Clothing	1	0.06%	0.05%
Buffets, Inc.	3	0.03%	0.04%
The Bombay Company	3	0.02%	0.04%
LA Weight Loss	9	0.01%	0.02%
Rockaway Bedding	2	0.01%	0.02%
Rag Shops	1	0.01%	0.01%
<b>Total</b>	<b>43</b>	<b>0.42%</b>	<b>0.59%</b>

Pending Leases as at 30 June 08			
Retailer	Number of Leases	% of CER GLA	% of CER ABR
Linens 'N Things, Inc.	16	0.63%	0.81%
Goody's Family Clothing	12	0.55%	0.42%
Buffets, Inc.	9	0.10%	0.13%
Vicorp Restaurants, Inc.	2	0.00%	0.01%
Dawahares of Lexington, LLC	2	0.03%	0.03%
Whitehall Jewelers	2	0.00%	0.01%
National Dry Cleaners	2	0.01%	0.02%
<b>Total</b>	<b>45</b>	<b>1.33%</b>	<b>1.41%</b>