

30 July 2012

Issue of CRF securities in settlement of CATS

Centro Retail Australia ("CRF") announces that on 31 July 2012 it will issue a total of 86.7 million new CRF securities following the Court approval of settlement of the CER Class Action Litigation. The new securities will be issued in settlement of the Class Action True-up Securities ("CATS") that were issued to various pre-aggregation investors in accordance with the disclosure document issued in connection with aggregation and final terms of aggregation approved by stakeholders, with the formation of CRF in December 2011.

In summary, the CATS structure (and this consequent issue of CRF securities) was put in place at aggregation so as to be able to compensate a portion of CRF securityholders following the approval of any settlement of the CER Class Action Litigation. The settlement was approved in June 2012 for approximately \$94.2 million (CRF's contribution, including costs).

The new securities will be quoted on ASX and rank equally with existing CRF securities from 31 July 2012. They will represent an additional 6.5% of issued capital, with the total number of issued securities after this new issue being approximately 1.43 billion.

The new securities will be held by a number of new and existing securityholders as CRF's securities register continues to "normalise" as traditional equity and REIT investors replace the large proportion of "non-traditional holders" that held CRF securities on aggregation.

CRF Managing Director and CEO, Steven Sewell said, "It is pleasing to have this final phase of the settlement of the class action completed. This has been a complex legacy matter that has now concluded. Following the issue of new securities, CRF's NTA is expected to be approximately \$2.20 per security (subject to final audit and board approval of CRF's financial report for the period ended 30 June 2012) reflecting a total tangible asset backing of approximately \$3.1 billion, a significant premium to CRF's current market capitalisation of approximately \$2.7 billion as at 30 July 2012."

A brief summary of the calculations associated with the CATS structure as well as explanation of the financial statement implications are set out below. Further detail will also be contained in CRF's annual results presentation on 28 August 2012.

CATS summary

- At the time the aggregation process leading to the formation of CRF concluded in December 2011, the potential liability arising from the CER Class Action Litigation was not known and was therefore not taken into account in CER's pre-aggregation balance sheet.
- No adjustment was made to the aggregation ratios to take into account this potential liability - CER contributed 32% of the net assets on aggregation and CER securityholders received 32% of the CRF securities, notwithstanding the CER Class Action Litigation.
- The remaining 68% of CRF securities were issued to the other parties to the aggregation.

- As part of aggregation, CATS were issued to those CRF securityholders who were not exposed to the CER Class Action Litigation pre-aggregation. These parties were issued with 1 CATS for every 1 CRF stapled security held by them on aggregation.
- CATS were not issued to CER securityholders.
- Court approved settlement of the CER Class Action Litigation has occurred at a total cost of \$94.2 million (including costs).
- In accordance with the formula in the CATS terms (as set out in the disclosure document issued in connection with aggregation) 86.7 million new CRF securities will be issued on 31 July 2012.

FY12 statutory profit implication of CATS settlement

Under Australian Accounting Standards, on aggregation the CATS were considered a "financial liability" due to CRF's obligation to settle the CATS either by an issue of new CRF securities (for nil consideration) or a cash payment. As a result, the recognition of this liability had to be reflected in CRF's subsequent Income Statement and Balance Sheet. At 31 December 2011, the Income Statement included an expense of \$66 million in relation to the CATS, with a liability of the same amount reflected in the 31 December 2011 Balance Sheet. This amount reflected the then "market implied" fair value of the CATS securities.

For the period ended 30 June 2012, CRF's Income Statement will include a total expense of approximately \$200 million¹, reflecting the fair value of the required equity adjustment between the different securityholders resulting from the Court's approval of settlement of the CER Class Action Litigation on 19 June 2012. The Court approval of settlement in conjunction with CRF's announced intention (on 10 May 2012) to settle the obligation under the CATS terms by issuing new CRF securities, will result in the CATS amount being reflected within equity in CRF's 30 June 2012 Balance Sheet.

The issue of these new securities to CATS holders effectively re-balances the ratio of aggregation between non-CER securityholders and former CER securityholders so as to take into account the outcome of the CER Class Action Litigation as contemplated by the aggregation terms. The amounts involved have been independently verified.

About Centro Retail Australia (ASX: CRF)

CRF was established in December 2011 and is a fully vertically integrated Australian Real Estate Trust specialising in the ownership and management of Australian shopping centres. CRF has \$6.6 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 www.crfinvestor.com.au.

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¹ \$94.2 million x 68% / 32% where \$94.2 million is the settlement amount, including costs, and 32% is the original shareholding of CER and 68% is the original shareholding of non CER securityholders.