

9 May 2006



A\$700m US Acquisition, A\$1 Billion Syndicate Formation and Earnings Upgrade

Centro Properties Group ("Centro") today announced:

- **Significant Acquisition** - The acquisition of majority interests in a portfolio of seven US shopping centres from Westfield for US\$524 million (A\$700 million) has been contracted;
- **New A\$1 Billion Syndicate** - The largest retail property syndicate offered in the Australian market. The A\$1 billion Centro MCS 38 – International No.5 ("Centro MCS 38") will be launched and will comprise the newly acquired assets, combined with other recently acquired US assets. A total of approximately A\$390 million in equity will be raised from the Direct Property Fund International ("DPFI") (A\$197m), Centro Retail Trust (A\$78m) and the balance largely from retail investors;
- **Distribution Upgrade** - As a consequence of the above, an additional and sustainable 0.35c forecast contribution from the FY2007 DPS. Centro has also upgraded its FY2006 forecast DPS to 36.8c; and
- **FUM Now Exceeds A\$10 Billion** - Funds under management growth with this transaction from A\$9.9 billion to A\$10.6 billion.

Mr Brian Healey, Chairman of Centro said, "It is particularly pleasing that investor demand and the continued evolution of the Centro business model has allowed us to acquire a significant new portfolio of retail assets and immediately distribute them into a new \$1 billion retail property fund. The continuing strong demand from Australian investors for quality direct retail property investments in the US is reflected in the significant size of this fund."

Mr Healey added, "These transactions are a significant growth driver for two of Centro's managed funds which will take significant interests in the Centro MCS 38 syndicate. These two funds are the fast growing, platform focused, international direct retail property fund, the Centro Direct Property Fund International or DPFI and the listed Centro Retail Trust. Importantly, the transactions evidence Centro's commitment to sourcing appropriate opportunities for its managed, co-investment funds."

Centro will retain a significant co-investment in Centro MCS 38 through its long term holdings in the two managed vehicles, DPFI and CER, which have entered into agreements to acquire equity interests of 50% and 20% respectively in Centro MCS 38. The balance of the equity in Centro MCS 38 will be distributed largely to retail investors through Centro's established and diverse Australian syndicate distribution channels.

Mr Andrew Scott, Centro Chief Executive Officer said, "We believe that today's announcement demonstrates the strength and sustainability of Centro's cemented co-investment business model with the simultaneous acquisition and distribution of retail assets into Centro's co-owned and managed funds. The \$700 million growth in Centro's funds under management (now \$10.6 billion)

will result in further solid growth in Centro's Ownership Services Business income. We are therefore pleased to announce a sustainable increase to forecast Centro distributions per security or DPS of 0.35 cents from the next full financial year 2007. Centro has also upgraded its FY2006 forecast DPS to 36.8c"

"The successful acquisition of new US assets and their prompt transfer to Centro managed funds evidences the rigour and flexibility of Centro's Australian and US operations. Importantly, Centro's gearing will remain at the lower end of the 30-40% target range, leaving Centro well positioned for future growth." Mr Scott added.

The sourcing of \$700 million of new mall assets further demonstrates the strength of the US management platform of Centro's joint venture, Centro Watt. Centro Watt's fully integrated national platform is well placed to manage the diverse style and geographic mix of Centro's expanded US retail portfolio. With Mark Wilson, a member of Centro's Executive Committee, being recently promoted to Chief Operating Officer of Centro Watt, the US management platform is positioned to continue adding value through new national leasing and development management appointments."

The seven newly acquired US assets comprise quality discount department store oriented centres situated across six states in the US. The centres are anchored by retailers including Target, Sears, J.C. Penny, Dillard's and Macy's and supported by an excellent mix of quality specialty retailers. The portfolio purchase price of US\$524 million reflects an average weighted capitalisation rate of 7.0%. The shopping centres acquired are:

Asset	Location	Price (US\$)
• Independence Mall (77.5%)	Wilmington, North Carolina	\$131.2m
• Enfield Mall	Enfield, Connecticut	\$88.9m
• Richland Mall	Richland, Ohio	\$51.2m
• Midway Mall	Elyria, Ohio	\$98.5m
• West Park Mall	Cape Girardeau, Missouri	\$64.3m
• Westland Power Centre	Denver, Colorado	\$32.9m
• Eagle Rock Mall	Los Angeles, California	\$57.0m
		\$524.0m

Mr Scott said, "Centro is pleased that it has once again successfully agreed a transaction with Westfield which is beneficial for both organisations."

The new Centro MCS 38 fund will include a diverse portfolio of 20 properties across 13 US states. Comprising the newly acquired assets detailed above, the remaining stabilised Centro US assets will be sourced from the Kramont portfolio acquired in April 2005 and the recently acquired Vestal and Dover assets. It also represents the substantial completion of Centro's previously stated goal of selling down its US assets into new Centro managed funds.

Centro's international balance sheet exposure is forecast to be 15.8%, prior to the retail sell down of Centro MCS 38. The Centro MCS 38 offer document is expected to be available by July 2006.

For Further Information:

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About Centro Properties Group (ASX: CNP)

Centro Properties Group specialises in the ownership, management and development of shopping centres. Centro has a market capitalisation of \$5.4 billion and funds under management of \$10.6 billion, comprised of retail property holdings in Australasia and the United States.

Centro continues to maximise returns to investors through its customer focused and value adding team based approach. Please visit www.centro.com.au