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Centro Retail Continues Significant Accretive Growth

Centro Retail Trust (“Centro Retail” or “CER”) today announced an agreement to purchase a US\$1.8 billion portfolio of quality US shopping centres as part of a joint agreement with Centro Properties Group (“Centro”) to acquire New Plan Excel Realty Trust Inc. (“New Plan”), a US listed, retail property real estate investment trust (“REIT”) that specialises in convenience retail property. The Centro Retail and Centro merger agreement with New Plan is at US\$33.15 cash per share, representing a total equity investment of US\$3.7 billion (A\$4.7 billion).

Mr Brian Healey, Chairman of Centro Retail, said, “CER has continued to grow its portfolio since its August 2005 listing through accretive investments. This new acquisition supports CER’s strategy to acquire quality properties which add value for investors and effectively doubles the value of CER’s property portfolio by 87% to A\$4.4 billion. The acquisition also further diversifies CER’s investment exposure from 142 to 225 shopping centres within the strong performing Australian and US retail property markets.”

“Centro Retail will fund its US\$1.8 billion share of the acquisition through a combination of debt and equity, with equity to be raised through a \$174 million institutional placement and an \$826 million non-renounceable entitlement offer. The significant non-renounceable entitlement offer provides existing investors with a valuable opportunity to increase their investment in Centro Retail which continues to perform strongly. We are pleased that Centro Retail investors recently achieved an impressive 44.1% total return for the 12 month period to 31 December 2006 supported by strong underlying property results,” said Mr Healey.

Acquired CER Property Portfolio and Distribution Forecast Upgrade

The agreed US\$1.8 billion CER portfolio from New Plan is expected to comprise 83 quality convenience shopping centres at a weighted average capitalisation rate of 6.6%. The properties are diversified across 24 US states and are predominantly anchored by strong grocery based anchor retailers, including Kroger, Publix and Wal-Mart. The high 95% portfolio occupancy rate further supports the quality of the acquired portfolio.

As a consequence of the accretive acquisition and reflective of CER’s competitive cost of capital, distributions per security for FY08 are forecast to grow by 9.0% or 1.13 cents to 13.73 cents per security.

Mr Andrew Scott, Centro Chief Executive Officer, said, “The acquisition provides CER with increased exposure to quality US retail property at appropriate valuations and an expanded Centro management platform. This together with CER’s prudent foreign currency and interest rate risk management should ensure that investors continue to receive stable and reliable income.”

Mr Scott added, “It is also favourable that the portfolio comprises a significant number of properties with strong development potential. The New Plan management team has extensive redevelopment skills and a successful track record to replenish and grow its development pipeline, leading to opportunities to further enhance investor value.”

Key CER Impacts

The key CER financial and portfolio impacts from the US portfolio acquisition include:

- **CER DPS Upgrade for FY08** – FY08 DPS is forecast to grow by 9.0% to 13.73 cents per security up from the current 12.6 cent FY07 distribution forecast;
- **87% Increase in Funds Under Management to A\$4.4 billion** – Following the acquisition, CER will have a more diversified investment portfolio with an exposure to 225 shopping centres, up from 142 shopping centres;
- **US Retail Property Exposure Increases to 72% of Portfolio** – CER will be further diversified and will now have an exposure across 34 US states; and
- **Favourable Gearing Ratios Maintained** – Post acquisition, CER's book and look through gearing ratios are forecast to improve slightly to approximately 55.7% and 63.0% respectively, comfortably within policy guidelines.

Non-contingent CER Equity Raising

The \$174 million institutional placement and the \$826 million non-renounceable entitlement offer is not contingent on completion of the New Plan transaction. The placement and entitlement offer are underwritten by JPMorgan. In the unlikely event that the New Plan does not complete, a substitute investment strategy will be implemented in CER. This will involve the equity raising proceeds being utilised for the acquisition of between A\$400 and A\$500 million of quality Australian shopping centres currently owned by Centro, A\$370 to A\$390 million of US based retail property investments and the balance used to retire existing CER debt.

Mr Scott said, "The transaction is expected to have a strong, positive impact on CER both in terms of increased diversification and income upside. Investors should also take additional comfort that in the unlikely event the transaction is not endorsed by over 50% of New Plan investors, a quality substitute investment has been identified."

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