ASX/MEDIA RELEASE

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Centro Retail and Centro Agree to Acquire US$5 bn US REIT

Centro Properties Group ("Centro") today announced:

- **US$5bn Acquisition of New Plan REIT** – Centro Retail Trust ("CER") and Centro have entered into a merger agreement with New Plan Excel Realty Trust, Inc. ("New Plan"), a US listed, retail property real estate investment trust ("REIT"), to acquire New Plan for US$33.15 cash per share (total equity investment of US$3.7 billion); and
- **10% Increase to Centro Distribution Forecast** – Subject to the completion of the acquisition, an increase in Centro's FY08 distributions per security ("DPS") of 10% or 4.0 cents per security over the previously forecast 7% growth. Centro also confirms that its continuing sustainable DPS growth of 7%+ pa can be maintained on the higher distribution base.

Mr Brian Healey, Chairman of Centro, said, "The New Plan acquisition is another landmark transaction for Centro. The increasing appetite of Australian investors for quality retail property investments for their growing superannuation savings has led Centro to continue to seek quality and appropriate retail assets. These assets will grow Centro's funds under management and significantly enhance the geographic and asset spread of Centro's managed retail property portfolio."

"Centro's experienced US and Australian management teams have inspected the New Plan properties and completed comprehensive due diligence for this investment. The ability to acquire another large US listed retail property REIT demonstrates the strength of Centro Watt's fully integrated national team in enabling Centro and its managed funds to gain access to quality, retail property assets," Mr Healey added.

Mr Andrew Scott, Centro Chief Executive Officer, said, "We are very pleased that we have entered into the merger agreement with New Plan. This is the third significant merger agreement with listed US REIT's that Centro has announced with the previous two (Kramont and Heritage) being successfully completed. Centro is confident that the joint bid for New Plan will be successful and it is being made as a cash tender bid that is expected to close in four to five weeks. The Directors of New Plan have unanimously recommended the offer to its shareholders."

"Investor support has meant that Centro has been the highest performing Australian listed property trust over the past 10 years, with investors having received an average total return of 27.0% p.a. for each of these 10 years, although the 66% return over the 12 months to 31 December 2006 is also significant. We are excited with the opportunity this acquisition represents to continue to add value to Centro investors," added Mr Scott.

Acquired Property Portfolio Overview

New Plan owns interests in and manages 467 neighbourhood and community shopping centres across 38 US states with 68.3 million square feet of gross leaseable area ("GLA"). The owned portfolio comprises 290 largely grocery anchored, convenience shopping centres at a weighted average capitalisation rate of 6.75%. The portfolio includes a significant number of development properties which, with the skilled and experienced team of development managers, will provide an important value adding growth benefit to Centro's US platform.

"This quality portfolio of US convenience shopping centres fulfils Centro's desire to access appropriate assets for its Australian co-investors. Boasting strong grocery anchor retailers including Kroger, Publix and Wal-Mart, the portfolio provides stable income to meet investor demand for retail property assets. The core (stabilised) portfolio's average occupancy rate of 94.1% demonstrates the strong demand for space in these centres by retailers," Mr Scott added.

The acquisition includes 40 joint venture properties valued at US$1.0 billion. Centro Watt intends to undertake discussions with these joint venture partners in the coming weeks with regard to the impact of this transaction on their relationship with New Plan which Centro is hopeful will be positively received.

Centro Retail and Centro Joint Bid

The New Plan portfolio will be divided between CER and Centro, which intends to retain the bulk of the portfolio in Centro managed wholesale funds and Centro MCS syndicates.

CER will retain US$1.8 billion of properties at a weighted average capitalisation rate of 6.6%. The acquired properties complement CER's existing international property portfolio with the strong grocery retailers providing solid income growth. CER will fund its acquisition through a combination of debt and equity, to be raised through a $826 million accelerated non-renouncable entitlement offer for all CER investors as well as a $174 million institutional placement. CER's capital raising is not contingent on the successful outcome of the New Plan transaction and Centro has agreed to facilitate a substitute investment strategy should this be required.

Mr Scott said, "This investment is a rare opportunity for CER to continue its accretive growth to provide improving strong returns to investors. Quality retail property investments are difficult to access in the current environment of strong increased demand for investments into well managed retail property assets, particularly from the growing superannuation funds market. We believe that the accretive growth will result in the effective doubling of CER's market capitalisation and this will provide a terrific boost for CER, and Centro is pleased to strongly support this investment."

Centro Funding

Centro's funding of the New Plan acquisition will be derived from a combination of sources including an institutional placement and by the merger outcome, further equity funding via a combination including Centro managed funds inflows, joint ventures and hybrid financing. Committed bridge financing has been arranged to ensure transaction completion. Interest rate hedges and interest rate differential hedges will also be implemented as part of Centro's prudent financial risk management.

"As the size of this opportunity is significant and to ensure that Centro's track record of prudent financial risk management continues, Centro has decided to undertake a $250 million placement of ordinary stapled securities to sophisticated investors. Centro's lenders look through gearing is forecast to be 49.4% at June 2007 and this will then fall to within our 35% to 45% target range through the strong inflows of equity into our managed funds," said Mr Scott.

The Centro placement is to be offered to sophisticated investors through a bookbuild commencing on 28 February 2007 underwritten by JPMorgan.

Key Centro Impacts

The key Centro financial impacts from the above transactions are:

- **Centro DPS Upgrades**
  - FY08 DPS growth of 10% or 4.0 cents per security over the previously forecast 7% growth;
  - FY09 and onwards forecast sustainable DPS growth of 7%+;
- **48.1% Increase in Centro's Funds Under Management to A$23.1 billion –** After acquisition, Centro will have 679 centres under management with a total gross lettable area of 9.8 million square metres; and
- **Prudent Centro Gearing**
  - Centro's "book gearing" will increase to 40.6% by June 2007, and will reduce after external sell down of assets and fund inflows;
  - "Lenders' look through gearing" will increase to 49.4% by June 2007, slightly above Centro's target range of 35 % to 45%, and then decrease with the strong external inflows of equity into Centro managed funds; and
  - Centro's strong balance sheet position following the recent restructure enables this transaction to be completed comfortably within lenders' covenants.

Mr Scott said, "Centro Watt's fully integrated national platform is well placed to manage the diverse style and geographic mix of its expanded US retail property portfolio. Tony Torney, a member of Centro's Executive Committee, recently relocated to the East Coast as Chief Operating Officer of Centro Watt, and following integration, staff of New Plan will provide complementary and compatible skill sets. Centro's US management platform is strongly positioned to continue adding value to its significantly expanded property portfolio and hopes to achieve a high retention rate of New Plan staff, as successfully accomplished following the Heritage, Kramont and MCS acquisitions."

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 is Australia's largest manager of retail property investment syndicates with over 80% market share as well as being a leading manager of direct property funds and wholesale funds which invest in Centro's quality retail properties in Australasia and the United States. Centro has a market capitalisation of $8.1 billion and funds under management of $15.6 billion. Centro continues to maximise returns to investors through its customer focused and value adding team based approach. Please visit www.centro.com.au