



4 October 2006

ASX/MEDIA RELEASE

## **Vote Successfully Delivers A\$4.3bn Heritage REIT to Centro**

Centro Properties Group ("Centro") is pleased to advise that the previously announced A\$4.3 billion (US\$3.2 billion) acquisition of the Heritage Property Investment Trust ("Heritage") has been successful with Heritage shareholders voting overwhelmingly in favour of the transaction. The meeting of Heritage shareholders held on Tuesday 3 October 2006 (US Eastern Standard Time) supported the acquisition, with approximately 99.6% of votes received in favour of the transaction representing approximately 71.7% of eligible shares. Settlement of the acquisition is to occur on 5 October 2006 (US Eastern Standard Time).

### **Heritage REIT Acquisition and FUM Growth**

Centro Chairman, Mr Brian Healey said, "The Heritage portfolio provides a unique growth opportunity for Centro to utilise and expand its funds management platforms for its investors and co-investors. The resulting opportunity for new Centro unlisted funds (syndicates and wholesale funds) should allow Centro to be able to deliver new managed funds of quality, fully hedged, international retail property – a commodity in high demand from Australian investors."

Mr Healey said, "We are pleased that this transaction increases Centro's total funds under management by 37.4% to A\$15.8 billion and establishes Centro Watt as the ninth largest owner/manager of retail property in the United States. Centro's US managed property portfolio is significantly enhanced by the geographic spread and asset diversity, and 49% by value of Centro managed shopping centres will now be in the US."

Heritage is currently a US listed retail property real estate investment trust holding a portfolio of 157 largely supermarket anchored, neighbourhood and community shopping centres across 27 states with a value of US\$3.2 billion or A\$4.3 billion at an average acquisition yield of 7.41%.

The properties acquired in the Heritage portfolio will be acquired by new Centro managed funds including two or more Centro MCS syndicates and a Centro international wholesale fund. The properties are stable, convenience-based shopping centres with many anchored by well known supermarket chains. Two of Centro's managed funds, the Direct Property Fund International ("DPFI") and Centro Retail Trust will acquire interests in the syndicates of 35% and 15% respectively, with the DPFI to also take an approximate 50% interest in the Centro international wholesale fund. Centro's initial direct interest in each of the new international funds of approximately 50% will be progressively sold down to external investors.

### **Substantial Centro US Platform Expands**

Centro's US joint venture, Centro Watt, will undertake management of the new Heritage properties as well as the integration of staff into a new Centro Watt office in Boston. Mr Tom Lorenzen, one of Centro's seconded senior Australian executives in the US, will relocate to Boston to manage the office and oversee the integration process. Centro expects to retain Heritage staff and looks forward to achieving a high staff retention rate as was successfully accomplished following the recent MCS and Kramont acquisitions.

Mr Andrew Scott, Centro Chief Executive Officer said, "We are very pleased that over 80% of Heritage staff are expected to accept positions with Centro Watt. 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. The US team now comprising over 350 staff is well positioned to continue adding value and management capabilities to its significantly expanded property portfolio."

### **Investor Demand for International Property**

Mr Scott added, "Centro has received strong investor interest and support for the establishment of these new international property funds. Following the success of Centro MCS 36 and launch of Centro MCS 38, the Heritage assets replenish Centro's pipeline of international direct property products offered through its well established and diversified distribution channels throughout 2006 and 2007."

Centro's long-term track record of distributions growth and returns continues to be an industry leader, with a compound growth in DPS of 7.6% p.a. over the past 10 years. Centro is the highest performing listed property trust over the past 10 years, with investors having received an average total return of 23.9% p.a. for each of these years.

Mr Scott said, "The successful growth of Centro's cemented co-investment business model and continuing strength of retail property have provided sustainable income growth in both Centro's Property Ownership and Services Businesses. The Heritage acquisition leaves Centro well positioned to achieve its ongoing distribution per security growth forecast of 7%+."

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 \$6.6 billion and funds under management of \$15.8 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](http://www.centro.com.au)