

8 May 2008



Centro Announces Extension of Financing Arrangements

*--Australian Facilities & US Private Placement Notes
Extended to 15 December 2008 --*

Centro Properties Group (Centro) announces that its Australian financiers and US private placement noteholders have agreed to a further extension of facilities until 15 December 2008.

The facilities are comprised of the following:

- \$2.3 billion in aggregate owed to the Australian lending group; and
- US\$450 million owed to US private placement noteholders.

In connection with these arrangements, Centro and certain of its wholly owned subsidiaries have provided security by way of fixed and floating charges¹ and some US real estate mortgages to the Australian financiers, US private placement noteholders and US lenders.

The extension arrangements are subject to certain conditions being met by the following dates:

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- Finalisation of an additional liquidity facility as described below; and
- Finalisation of certain inter creditor arrangements between the financiers, concerning:
 - The consent process for refinancings, portfolio or asset sales and the application of such proceeds; and
 - The legal form of the inter creditor security to be given by certain US entities.

If the above issues are not finalised by 30 May 2008, the further extension arrangements may be terminated. In such circumstances, the financiers would lose the benefit of the security which Centro has granted to them in connection with these extension arrangements.

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- The Australian financiers and US private placement noteholders being satisfied as to Centro's progress in implementing its strategic plan; and
- The US lending group, which is owed in aggregate US\$1.1 billion (A\$1.2 billion) associated with Centro's joint venture with Centro Retail Trust (CER), agreeing to further extend those facilities from 30 September 2008 to a date no earlier than 15 December 2008.

The US lending group have confirmed their consent to the extension of the Australian facilities outlined above and have confirmed the extension of the US joint venture facilities to 30 September 2008.

¹ An Australian fixed and floating charge gives the lenders security by way of a charge over all the assets of the entity giving the charge including both those then existing and those assets acquired at any time in the future.

If the above issues are not finalised by 30 September 2008, the extension arrangements may be terminated.

Interest Margin

No additional interest margins are payable by Centro during the period of the extension above the previously announced margin of 1.75% per annum on each facility subject to the extension arrangements.

An additional interest margin of 5.5% per annum will be payable if the extension arrangements are terminated following an event of default. Were this to occur, the additional interest margin would be calculated from 1 May 2008 and capitalised onto the total debt owing to lenders. This additional interest margin will be treated as a contingent liability by Centro.

Liquidity Facilities

Certain of Centro's financiers have recently put in place a liquidity facility and other support for Centro totalling \$55 million. Security over Centro's interests in certain managed funds was granted to the lenders who provided this liquidity facility.

Centro is in advanced negotiations with the Australian financiers and US private placement noteholders for additional liquidity facilities of \$100 million. The total liquidity facilities of \$155 million will be used to primarily fund capital expenditure, adviser fees and higher lender costs incurred as a consequence of the extension arrangements.

A margin not exceeding 3.75% per annum will be payable on the additional liquidity facilities.

Strategic Plan Update

Centro continues to proceed with the strategic planning process it previously announced. The key objectives of Centro through the strategic planning process and during the period of these extensions are to:

- Preserve the value of Centro's underlying assets and income streams;
- Position Centro to raise equity in order to reduce debt and recapitalise its balance sheet; and
- Identify other means of reducing debt, including potential portfolio or asset sales (providing appropriate values are obtained).

Centro has previously announced initiatives which would assist in meeting these objectives and will continue to pursue these initiatives over the extension period.

These include:

- **CAWF**

Offers received for the Centro Australia Wholesale Fund (CAWF) have been reviewed and management has revised the marketing strategy to include selling CAWF properties in smaller portfolios and/or individually. Discussions are continuing with a number of parties on this revised basis.

- **CAF**

Management has evaluated the offers received for the Centro America Fund (CAF) portfolio and is in the process of negotiation. A course of action will be decided over the next 30 days;

- **Group Level**

At the Group level, indicative proposals have been received from a number of qualified investment groups focussed on a recapitalisation and/or stabilisation of the Group. Management will continue to work on certain proposals with a number of these parties; and

- **Group Complexity**

Management will continue to investigate options to simplify the complexity of the Centro group structure.

In pursuing each of these actions, the Board will make decisions on proposals received and potential portfolio or asset sales based on the values to be received and the conditions of any potential transaction.

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 and is a manager of direct property funds and wholesale funds which invest in Centro's quality retail properties in Australasia and the United States. For more information, please visit www.centro.com.au.

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