

29 February 2008



Centro Properties Group First Half FY08 Results

Centro Properties Group (Centro) today announced a loss of \$1,112.4 million for the first half FY08. The loss is mainly attributable to non-cash items including a \$578 million write-down in New Plan goodwill, a \$278 million write-down of direct US property investments and losses related to the mark-to-market of financial instruments including currency and interest rate hedges.

First half distributable income of \$185.9 million was up 14.2% compared to the prior corresponding period. The increase in distributable income is primarily due to an increase in assets under management from the New Plan acquisition and the benefit of a full period of the Heritage acquisition.

Centro's distributable income for the period equates to 22.00 cents per security, up from 19.86 cents per security for the prior corresponding period. However, as previously advised, no distribution will be paid for the half. Until the outcome of the recapitalisation process is known, Centro has suspended guidance on its forecast operating distributable income.

Various components of Centro's business have shown growth with net operating income (NOI) and rental income growth in both Australia and the US, as well as increases in property management and funds management income.

The operating performance of Centro in the past six months includes:

- **US Portfolio performance**

The US property portfolio, which accounts for 62% by value of total properties under management, has grown significantly and produced the following results for the half:

- Stabilised NOI growth as anticipated at 2.0%;
- 82.2% renewal rate on specialty leases;
- Rental income growth on new leases of 11.1% for the period; and
- 92.9% occupancy for the stabilised portfolio.

- **Australian Portfolio performance**

The Australian property portfolio is underpinned by solid trading conditions and produced the following results for the half:

- 5.4% comparable sales growth for the past 12 months;
- 9.9% rental income growth compared with 8.6% for the December 2006 half;
- 4.8% comparable stabilised NOI growth; and
- 99.6% stabilised portfolio occupancy.

- **Development / Redevelopment**

In the US, 52 new (greenfield) and redevelopment projects representing US\$510 million are underway and have projected weighted average yields of 8.7% and 9.0% respectively.

The Australian development pipeline has more than \$500 million of redevelopment opportunities of which \$265 million are currently in progress. Centro completed nine projects with a value of \$223 million from July to December with a weighted average yield of 6.6%.

- **Property valuations**

Property valuations were a combination of independent and Director's valuations. Centro owned assets have shown a slight increase in value of 0.1% in Australia and a decrease in value of 8.8% in the US.

- **Services Business**

For the half, the services business generated gross income of \$214.9 million including:

- \$74.6 million or one third derived from the management, leasing and development of properties in the managed portfolio. This was up significantly from the prior period due to the growth in the size of the portfolio.
- The remaining \$140.3 million derived through funds management. \$70 million of this amount included consistent responsible entity fees, custodian fees and cost recoveries.

Recapitalisation process

As previously announced, the recapitalisation process is based on two components:

- Equity at the corporate level
- Equity at the asset level

The process is on track with strong performances by both the US and Australian portfolios helping to ensure a high degree of interest and the ongoing support of the lenders.

Data rooms for Centro, CAWF and CAF are open with companies representing both local and offshore interests granted full access in order for them to undertake due diligence. Once formal bids are received and evaluated, the Centro Board will have the necessary information to determine the optimal strategy in the best interests of all Centro stakeholders.

Commenting on the results for the half year and the recapitalisation, Centro Chief Executive Officer Glenn Rufrano said, "Centro has terrific real estate in both Australasia and the US as well as sound operating platforms led by capable staff throughout. As a result, Centro's managed portfolio of shopping centres is performing well.

"Centro's property-related results show that Centro does not have an operating issue. The current issue facing the company is one of capitalisation. Our review is focused on recapitalising the Centro balance sheet."

Supplemental Information

Supplemental disclosures for Centro's Australasian and US managed property portfolios, as well as Portfolio Assessments which contain detailed information on the portfolio's physical and market characteristics, have been posted to the Centro website.

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.