

Centro Properties Group

Quarterly Update September 2005



Key Highlights

On Target for 8.6% Distribution Growth

Centro's earnings were up a strong 33.2% compared with the same quarter last year to \$76.3 million (unaudited) for the three months to 30 September 2005. With continuing strong property performance, and following the successful listing of Centro Retail Trust and launch of Centro MCS 36, Centro is on target for its forecast 36.5 cents distribution for the year to 30 June 2006, providing an 8.6% increase on 2005.

Sustained Sales Growth

The retail sales of Centro's Australian managed portfolio continue to perform well. For the quarter ended 30 September 2005, retail sales grew by 5.7% and on a moving annual turnover basis by 5.0%, both figures calculated as per new reporting standards. The non-discretionary nature of sales at Centro's managed centres is a strength of the portfolio, and, in light of rising petrol price concerns and sentiment towards retail sales, Centro is pleased with the sales results.

Centro's Risk Managed Growth Continues

Centro continued its risk managed growth strategy by acquiring five new Australasian properties for A\$131 million during the quarter with a weighted average valuation capitalisation rate of 7.4%. The five properties include West End Plaza (Albury), Centro Armidale (under development), 50% of Elizabeth Plaza (Hobart) acquired by Centro MCS 19 Unit Trust, Meadowlands Shopping Centre (Auckland) and the Warehouse, part of the Barrington Shopping Centre (Christchurch). These acquisitions highlight Centro's ability to continue to source quality domestic assets and further add to the pipeline of properties that can potentially be recycled into new co-invested managed funds.

Key Centro Statistics

Fifth Largest Australian Listed Property Trust
\$4.7 Billion Market Capitalisation
\$9.2 Billion Funds Under Management
227 Shopping Centres Under Management
3.3 Million Square Metres of Gross Lettable Area

Centro Retail Trust ASX Debut

In response to the demand of listed property trust investors for a high quality, 'pure' retail property investment, Centro 'spun-off' the new vehicle Centro Retail Trust (CER). Centro investors were provided with securities in CER by an in specie distribution as a return of capital that offers an attractive yield and high tax advantaged return.

Centro Retail Trust provides investors with exposure to a well diversified portfolio of 47 quality Australian and US retail properties, valued at over A\$2.0 billion. The CER portfolio is 98% occupied with exposure to more than 1,400 retailers with an average lease duration by area of 7.3 years.

Gearing Within Desired Range

Following the listing of CER and the ongoing sell down of the Centro MCS 36 Syndicate, Centro's gearing level will return to the lower end of its desired target range of 30-40%. Centro also took a proactive step towards diversifying funding sources by tapping the international capital markets with its inaugural issue in the US Private Placement market for US\$270 million (A\$350 million, approximately). The offer was oversubscribed and provided cost effective, long term, debt financing from US investors. Given the long dated 11 year average maturity, the issue has also lengthened Centro's debt maturity profile.

Post 30 September Update

Domestic Growth Continues

Since 30 September Centro has completed domestic acquisitions valued at \$35.7 million. Three neighbourhood centres in the strong metropolitan Brisbane market were acquired at an average weighted capitalisation rate of 7.28%, continuing Centro's growth in Queensland.



Domestic Sales

“With further strength in incomes and employment to come, the near term outlook for retail turnover remains favourable.”

– BIS Shrapnel, ‘Retail Property Market Forecasts and Strategies, 2005-2015’.

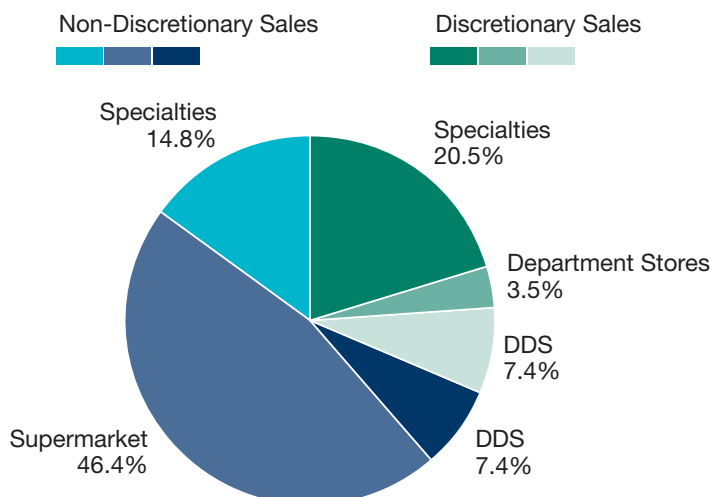
Centro continued its healthy sales growth for its total Australian managed portfolio for the quarter ended 30 September 2005. Discount department stores (DDS), supermarkets and specialty retailers were all significant contributors to the sustained sales growth.

Total annual reported sales by retailers in Centro’s Australian managed portfolio are now over \$8.65 billion. The healthy quarterly sales growth highlights the resilience of Centro’s mainly non discretionary focused retail property portfolio where fresh food and discount department stores continue to be standout performers. As shown in the pie chart, non discretionary sales (blue areas) account for approximately 69% of centre sales.

The continuation of strong retail sales growth for Centro’s managed portfolio is seen as positive for sustained property income growth in the Australian portfolio of 113 retail centres.

Centro is reporting sales in accordance with the newly recommended Shopping Centre Council of Australia standards for sales reporting from 1 July 2005 in order to align sales figures reported across the industry. Sales are reported for stable properties only, and exclude those properties currently under development (i.e. where gross lettable area changed by more than 5%) or that have been developed within the previous 24 months. The SCCA practices require reporting of retail sales data without some adjustments that could otherwise have included major retailer reporting period variances.

Non Discretionary Sales Analysis



Australian Managed Portfolio Sales at 30 September 2005

Australian Retailer Category	MAT ⁽¹⁾ \$ '000	Composition	MAT Growth ⁽²⁾
Department Stores	290,717	3.4%	-0.9%
DDS	1,275,221	14.7%	4.7%
Supermarkets	4,017,227	46.4%	3.2%
Total Majors	5,583,165	64.5%	3.3%
Specialties	3,071,927	35.5%	6.2%
Total	8,655,092	100%	5.0%

(1) MAT = Moving Annual Turnover (2) per SCCA Standards





Leasing

Centro's strong sales growth achieved in the quarter, continues to drive the healthy state of the retail leasing market. This has been evident in the substantial leasing of new retail space that has resulted from the over \$600 million in redevelopments that are currently approved or underway in Centro managed centres. Centro achieved average rental growth of 7.0% on 381 lease renewals for the quarter in all Australian managed properties.

The three months to 30 September 2005 saw a 2.7% increase in the number of leasing deals signed, compared to the same period last year. The lease renewal rate of over 70% for the quarter, reflects the significant remixing of retail stores that is occurring in shopping centres around Australia. This is occurring to adapt to changes in consumer demand, seeing the introduction of

new retail concepts, the continuing national specialties retailer's growth and consumers' focus on health and lifestyle.

Redevelopments at Centro Mildura, opening mid November, and Centro The Glen, currently open, have been fully leased with strong representation from national retailers, especially fashion brands at Centro Mildura and lifestyle stores at Centro The Glen.



Centro The Glen (VIC)



Centro Mildura (VIC)

Dreams Come True at Centro

Centro recently launched its inaugural national Christmas marketing campaign to build on its branding strategy. The six week 'Dreams Come True' campaign is operating in 14 centres across five states.

There are over \$50,000 of prizes to be won per centre each week, plus thousands of instant prizes. Customers receive a 'scan and win' card with every purchase over \$30 to win instant and major prizes.

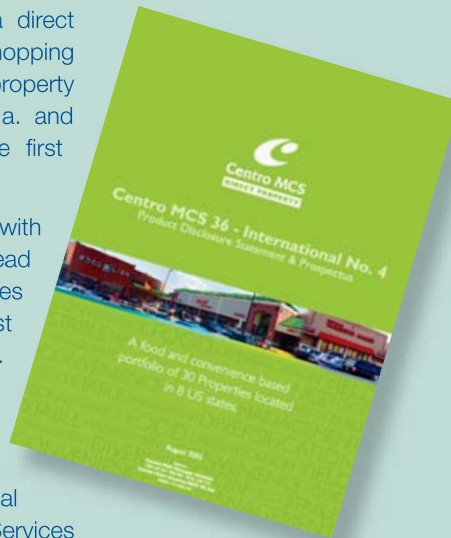


Centro MCS 36 – Now Available for Investment

In September 2005, Centro launched Centro MCS 36, a direct property syndicate comprising 30 food-based convenience shopping centres across eight states in the United States. The direct property syndicate features a forecast distribution yield of 8.3% p.a. and an average tax advantaged component of 94.5% in the first three years.

Feedback to Centro MCS 36 has been extremely positive, with investors favouring the syndicate's excellent geographic spread and its food and convenience based focus. "With 30 properties across eight US states, Centro MCS 36 is the largest, most diverse portfolio that Centro MCS has offered investors. Importantly it is built on what we know and value, food and convenience", said Mr Tony Torney – General Manager, Unlisted Funds.

To invest in Centro MCS 36, please contact your financial adviser or alternatively please call Centro MCS Investor Services on **1800 802 400** (toll free Australia).



Investing in Centro MCS 36 – Full details of the offer are contained in the current Product Disclosure Statement and Prospectus (PDS) for Centro MCS 36 - International No.4 (ARSN 114 635 442 and 114 635 531) ('CMCS36') issued by Centro MCS Manager Limited (ABN 69 051 908 984) and Centro Watt America REIT IV, Inc (ARBN 114 828 241). The PDS should be considered when deciding whether to invest or continue to hold investments in CMCS36. Applications to invest in CMCS36 can only be made by completing an application form attached to the PDS. A copy of the PDS can be obtained by calling 1800 802 400 (Australia) or +613 8847 0000 (International).

2005 Annual General Meeting

Centro's AGM was held on 16 September 2005 at its corporate offices at Centro The Glen, Victoria. The well attended meeting saw securityholders vote overwhelmingly in favour of all resolutions.

Mr Jim Hall was elected as a director at the meeting and is the third new non-executive director to be appointed within the last two years, reflecting a considered and planned approach to board succession requirements associated with both current and future demands and challenges.

ASX Perpetual Changes Name

The Centro registry service provider, ASX Perpetual Registrars Limited, has recently been rebranded to Link Market Services Limited. The change in registrar will have no impact to the service levels provided to investors by the registrar. To contact the registry please use these new contact details.

Link Market Services

Locked Bag A14

Sydney South NSW 1235

Phone: +61 3 9615 9664

Facsimile: +61 2 9287 0303

Website: www.linkmarketservices.com.au

Centro Wins Property Industry Awards

Over the last three months, Centro has received a number of awards from property industry bodies.

Centro won the Australian Property Institute's (API) Victorian 'Joe Curlew Property Trust Industry Award' in August. The award was received for financial performance and innovation in the property industry and presented to Centro for its financial performance, growth and innovation.

In September Centro won the API New South Wales division 'Property Trust Industry Innovation Award' for the Centro Retail Trust spin-off and listing.

Property Investment Research also awarded Centro the Listed Property Trust Fund Manager of the Year for 2005.

At a property level, Centro has won five awards from the Property Council of Australia's South Australian division, including two awards for Centro Colonnades, Centro's largest centre in the state.

Help the Environment

A reminder you can now access information about your investment online and choose to receive investor publications via email. Please visit **www.linkmarketservices.com.au** (registry website) to register, or alternatively call **1300 887 890** (toll free Australia) or **+61 3 9615 9664** (International) for further information.

Investor Services

Our Investor Services team is available to answer any questions you may have about your Centro investments. Please call the toll free number on 1800 802 400 (Australia) to speak to one of our Investor Services Officers.

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