

Centro Properties Group

Quarterly Update March 2005



Valley Forge, Phoenixville, Pennsylvania

Kramont Purchase Completed

The acquisition of the US\$1.2 billion Kramont Realty Trust ('Kramont') was successfully completed on 18 April 2005 with the required approval of Kramont shareholders. This transaction is more than twice the size of Centro's previous largest transaction, with funds under management now exceeding A\$8.6 billion.

The acquisition adds to Centro's existing US West Coast retail property asset base with over 90 neighbourhood and convenience shopping centres, spanning 16 East Coast states and expand Centro's managed international retail property portfolio.

Importantly, the acquisition adds significant management depth and presence to supplement the existing Centro Watt Joint Venture operations on the US West Coast. The Centro Watt Joint Venture now employs in excess of 160 staff and manages 110 properties valued at more the US\$1.8 billion.

Key Highlights

Retail Sales Growth Continues

Retail sales at Centro owned centres grew by 4.9% on a moving annual turnover (MAT) basis (like for like stores). Discount department stores and specialty retailers were the key drivers of the MAT growth, with comparable sales increases of 6.8% and 6.5% respectively.

Settlement of Purchase of Whitsunday's - Paradise Centre

Centro's domestic property portfolio continues to grow with the purchase of Centro Whitsunday in Queensland. The sub-regional centre in Cannonvale will be developed over the next 12 months and will include anchor tenants, Big W, Woolworths and Mitre 10. This will be completed as part of a joint venture with Lascorp and has a total development cost of \$54 million.

Centro MCS 34 - Closes Early Oversubscribed

The quarter ended on a high with Centro MCS 34, Centro's recent direct property fund closing \$8 million oversubscribed. The syndicate's investments includes Pinelands Plaza, 50% of Emerald Village and Emerald Market Plaza in Queensland,

Woodcroft Plaza and Lismore Central in New South Wales, Pirie Plaza in South Australia and Coles Morwell in Victoria.

The Centro MCS 34 portfolio has over 170 tenants many which are national operators. The sell down was particularly pleasing given that this was the first syndicate launched by Centro MCS with a starting yield below 8%.

Centro Snapshot

- Fifth largest listed property trust in Australia
- Market capitalisation - \$4 billion
- Assets under management - A\$8.6 billion
- Property Management of 223 shopping centres
- Gross lettable area - 3.16 million square metres
- Centres in Australia, New Zealand and the United States

Continuing High Distribution Growth

Forecast distributions of 17.4 cents per Centro security are on track for the second half of the financial year and would result in 9.3% distribution growth for the full year to 30 June 2005.



Barn Plaza, Doylestown, Pennsylvania



Chesterbrook Village, Wayne, Pennsylvania



Village

Kramont - Delivers On Growth

The successful acquisition of the US\$1.2 billion of Kramont Realty Trust provides an identifiable quality retail property portfolio for future syndicate offerings. The Centro Watt Joint Venture now has a complementary management team on the US East Coast with two senior Centro staff members relocating to Philadelphia from Australia. Mark Wilson, a member of Centro's Executive Committee, is now the Managing Director of the Centro Watt East Coast platform.

Kramont Properties at a Glance	
Number of properties:	92
Location:	16 East Coast states
Managed retail property value:	US\$1.3 billion
Gross Lettable Area ('000):	11,244 sq ft
Property Type	Supermarket, Drug store/ community centres
Weighted average lease expiry:	6.7 years

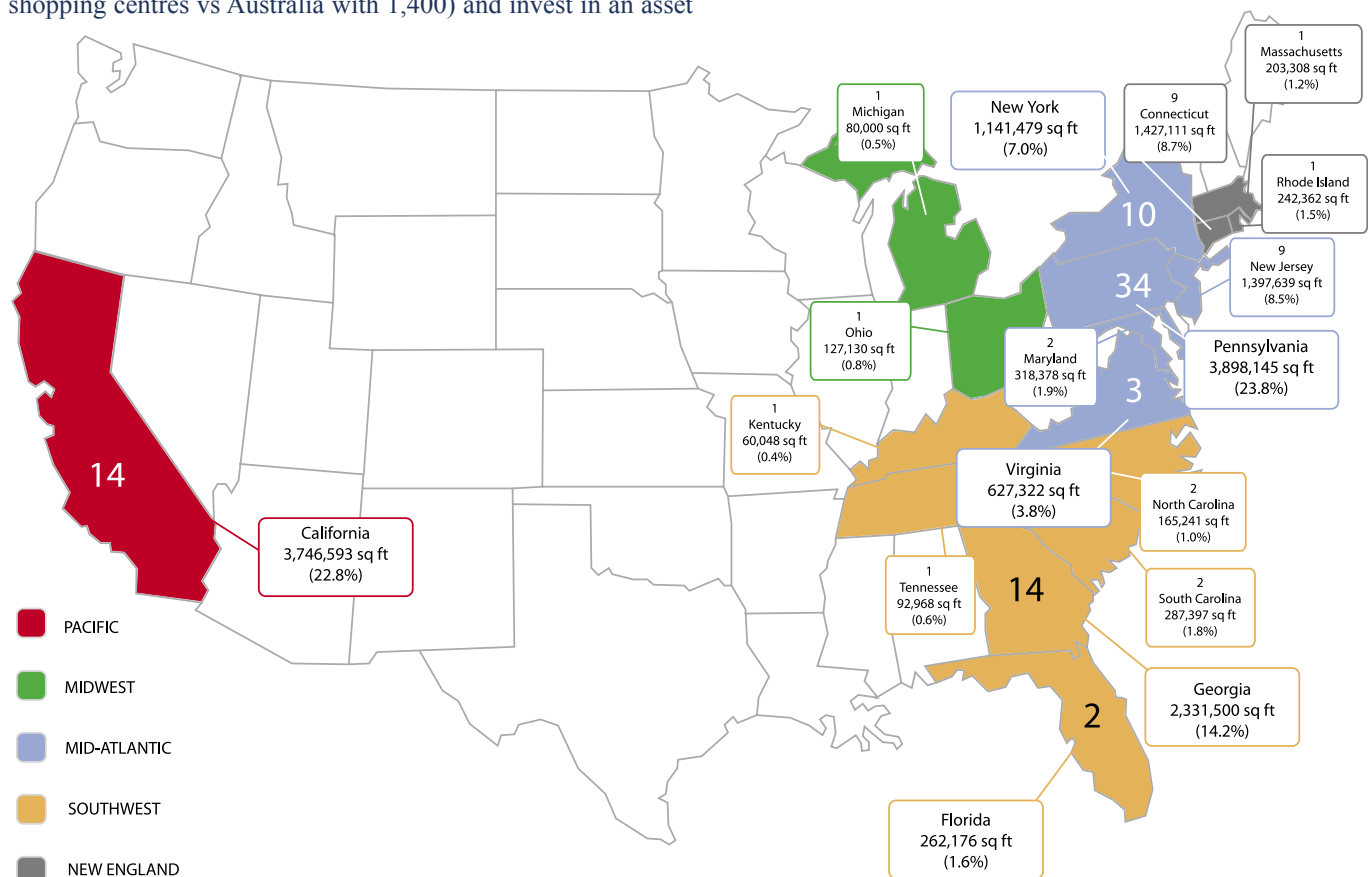
The size of the US property market offers a broad range of retail property investment opportunities and combined with low interest rates, good returns and low transactional costs, the US is an attractive investment environment. Investors continue to demonstrate an appetite for opportunities in which they can diversify into larger retail property markets such as the US (47,000 shopping centres vs Australia with 1,400) and invest in an asset

class that has produced strong returns with low volatility.

The Kramont assets will be integrated under the existing Centro Watt management platform in the US, with significant synergies being realised in the US.

The assets are performing in line with expectations. Steady income growth and independent appraisals reaffirm that Centro has bought wisely in a market where yields are continuing to firm.

This is another value focused transaction for Centro's investors from which an additional 3% or 1.1 cent distribution growth per maturity is forecast to be paid in the 2006 financial year.





e Oaks, Pensacola, Florida



Bristol Commerce Park, Bucks County, Pennsylvania



Bethlehem Square, Bethlehem, Pennsylvania

Development Program

Karingal Stage One - Ready for Opening

The development of an exciting new entertainment precinct Star Zone Karingal (adjacent to Centro Karingal) in Frankston, Victoria, is nearing completion. With a total development cost of over \$25 million the complex comprises a ten screen Village Cinema complex including V-Max and three Gold Class cinemas, as well as a gymnasium and over 1,800m² of additional retail space that will consist of leisure and entertainment outlets.

Fit outs of the majority of retailers will be completed in April and early May 2005, with the Grand Opening on 19 May 2005 planned to coincide with the launch of the latest Star Wars film, Episode III Revenge Of The Sith.



Karingal Stage Two – Underway

Centro Karingal is a single level centre, that features a wide range of retail outlets, fashion, food, homewares and services with superior access and excellent parking facilities. Its 96 retailers include OPSM, Sportsco, Sussan, Sanity, McDonalds, Red Rooster and Hungry Jacks. As part of Stage Two of the area development, Centro Karingal is also undergoing a \$28.7 million redevelopment which will include approximately 20 additional specialty retailers as well as three mini majors (Best & Less, Reject Shop and Dick Smith).

Centro Bankstown – \$90m Development Underway

The major redevelopment of Centro Bankstown commenced in March 2005 and is expected to take 18 months to complete. The redevelopment, being constructed on land adjacent to the existing centre, comprises a new Big W (incorporating a garden centre), a new relocated Woolworths supermarket and two new specialty malls.





Graham Terry COO (right) & John Pearce SA State Manager at Colonnades launch.

Centro Colonnades Redevelopment Launch

Centro Colonnades successfully launched its \$93 million redevelopment with a retailer presentation evening and “break ground” event, officiated by the Premier of South Australia, Mike Rann in April 2005.

The redevelopment will include a Big W, Woolworths and 70 specialty stores with new Diners Life and Fresh Life precincts.

Centro MCS 35 – Atlanta, Georgia, US

In response to continued investor demand, Centro MCS’s latest syndicate, Centro MCS 35, comprising three power centres in Atlanta, Georgia was launched in April 2005. The centres are all located in Atlanta’s affluent northern suburbs and will be managed by the Centro Watt Joint Venture. With a total value of A\$140 million and an average yield of 8.55% pa in the first three years, Centro expects this syndicate to be quickly fully subscribed.

Retail Sales Growth

Centros portfolio sales growth of 6.6% was underpinned by strong comparable sales growth for discount department stores and specialties. The overall result reflects a period of strong sales growth for discount department stores, fresh food retailers and outlets orientated to daily staples.

Category – Moving Average Turnover (MAT)	\$'000	% Change	Comparable Growth
Department Stores	225,621	1.9%	1.8%
Discount Department Stores (DDS)	746,213	6.8%	6.8%
Supermarkets	1,681,881	4.2%	2.6%
Total Majors	2,653,716	4.7%	3.7%
Specialties	1,961,183	9.2%	6.5%
Total	4,614,898	6.6%	4.9%

Stable & Sustainable Business Model

The successful Centro/Prime merger has established a solid and flexible platform for Centro’s continued risk managed growth. This important event has allowed Centro to undertake transactions such as the Kramont Realty Trust acquisition, which facilitates the investment opportunities that meet investor demand for stable direct retail property ownership including the soon to be launched Centro MCS 36.

Centro’s continuing domestic property portfolio continues to be actively managed and is producing strong income and sales growth. Management has continued to focus on existing operations, while pursuing risk managed growth opportunities.

The stable income profile of Centro’s services business is closely aligned with the ownership and management of quality retail property and has been a key driver for growing distributions and improving shareholders return on equity.

Investor Services

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

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