

19 December 2007



Centro Market Update

Centro Properties Group ("Centro" or the "Group") makes the following comments about trading in its securities and some theories expressed by research analysts:

- There is no clause in any of Centro's or Centro Retail Trust's ("CER") financing documentation or loan covenants that would trigger a default if either entity's market capitalisation falls below a certain level. Neither Centro nor any of its managed funds are in breach of any lending covenants;
- Centro management and external financial advisers, as well as the advisers of our financiers, closely examined the cash flows of the business. On the basis of that review, Centro is comfortable about the ongoing viability of the business and would not allow its securities to trade if this were not the case;
- In refinancing the short term maturing facilities and ultimately reducing the gearing of the Group, Centro has a number of options available to it including sale of interests in managed funds, joint venture of assets, asset sales and/or equity issuance; and
- Centro is not obliged to take any specific course of action over the next eight weeks. What is required is the development of a strategic plan or road map to successfully operate the Group on an ongoing basis.

As the second largest shopping centre owner in Australia and the fifth largest in the US, Centro and its funds own over 800 individual properties that can be sold. The Group reiterates that it is not under any obligation to sell assets and would only do so selectively if necessary.

If asset sales are decided upon, whether in Australia or the US, Centro will look at selectively divesting assets that will allow it to repay short term debt while at the same time preserving securityholder value.

In evidence of this, one of Centro's managed funds, Centro MCS 38, last week completed the sale of The Mall at Cross County in Yonkers, New York for US\$78.3 million, 30% above book value and 34% above the original acquisition price of US\$58.5 million.

The underlying business of Centro, retail property ownership and management, continues to perform strongly. As a result, Centro has forecast distributable earnings of 40.6 cents per security, although the Board has deemed it prudent not to distribute the earnings for the first half of FY08. A decision on future distributions will be made as part of the strategic review.

Subject to refinancing occurring and the outcome of the strategic review, the Board will determine if the lack of a first half FY08 CER distribution is a cancellation, a deferral or if a special distribution may be paid prior to the end of the financial year.

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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 with over 80% market share as well as being a leading manager of direct property funds and wholesale funds which invest in Centro's quality retail properties in Australasia and the United States. Centro has a market capitalisation of \$6 billion and funds under management of \$26.6 billion. Centro continues to maximise returns to investors through its customer focused and value adding team based approach.

Please visit www.centro.com.au