



Positioning Centro for Long Term Growth



Centro Properties Group
December 2006 Results Presentation

Positioning Centro for Long Term Growth

- 1. Centro Highlights and Ongoing Business Model Implementation**
 - Andrew Scott – Chief Executive Officer
- 2. Centro Property Performance and Managed Funds Growth**
 - Philippa Kelly – GM Institutional Funds Mgmt
- 3. Simplifying Centro's Structure and Improving Financial Results**
 - Romano Nenna – Chief Financial Officer
- 4. Substantial Platforms for Long Term Growth**
 - Andrew Scott – Chief Executive Officer





Centro Highlights and Ongoing Business Model Implementation

- Andrew Scott



Centro Delivers for Half Year



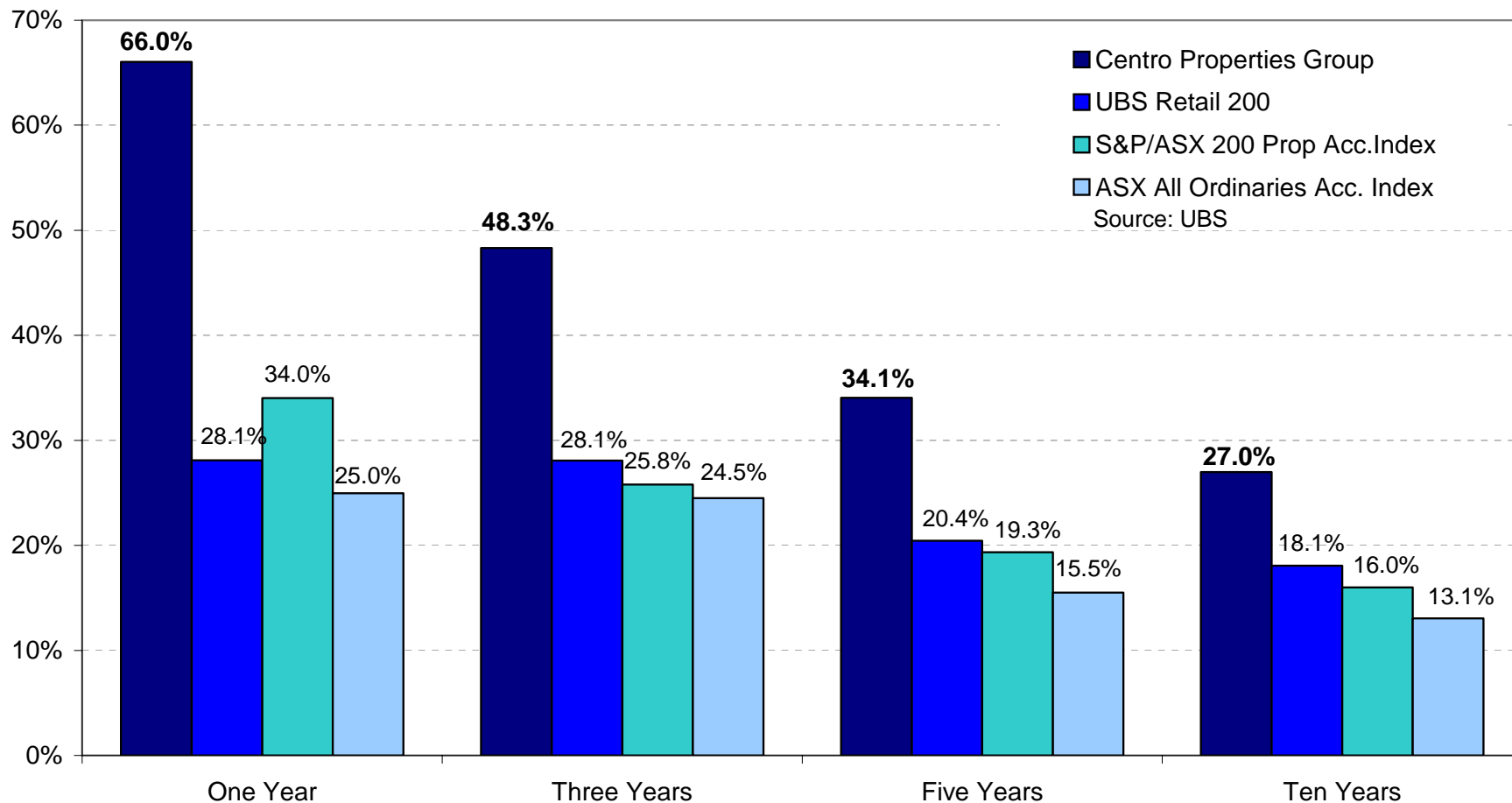
Comparable Property Income ↑	5.5%	\$154.8m
Retail Sales MAT ↑	3.3%*	\$9.6bn
Services Business Income ↑	34.3%	\$63.8m
Property Funds Under Management ↑ <small>(Compared to June 06)</small>	35.7%	\$15.6bn
Distributable Profit ↑	15.2%	\$162.8m
Distributions per Security ↑	8.4%	19.3c

*Based on comparable centres per SCCA standards

Long Term Out Performance



ASX Total Returns - 31 December 2006



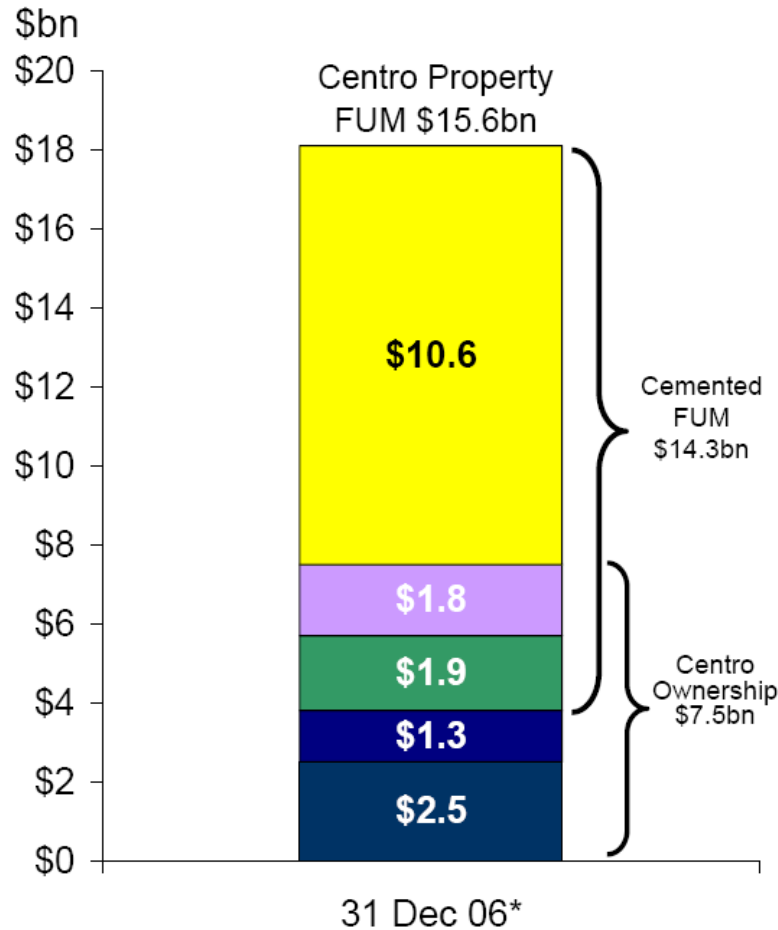
■ Highest performing LPT over three, five and ten years

Confirmation of Sustainable 7%+ DPS Growth



- **Property Income Growth** – From continuing level of property investments to deliver sustainable 3.5%+ DPS growth p.a.
- **Services Business Income Growth** – Forecast intrinsic FUM growth of \$1.1bn p.a. and services business margins to deliver sustainable 3.5%+ DPS growth p.a.
- **Sustainable Centro DPS Growth** – 7%+ p.a. confirmed, noting 8.4% growth in first half of FY07

Centro's Ownership Cements FUM

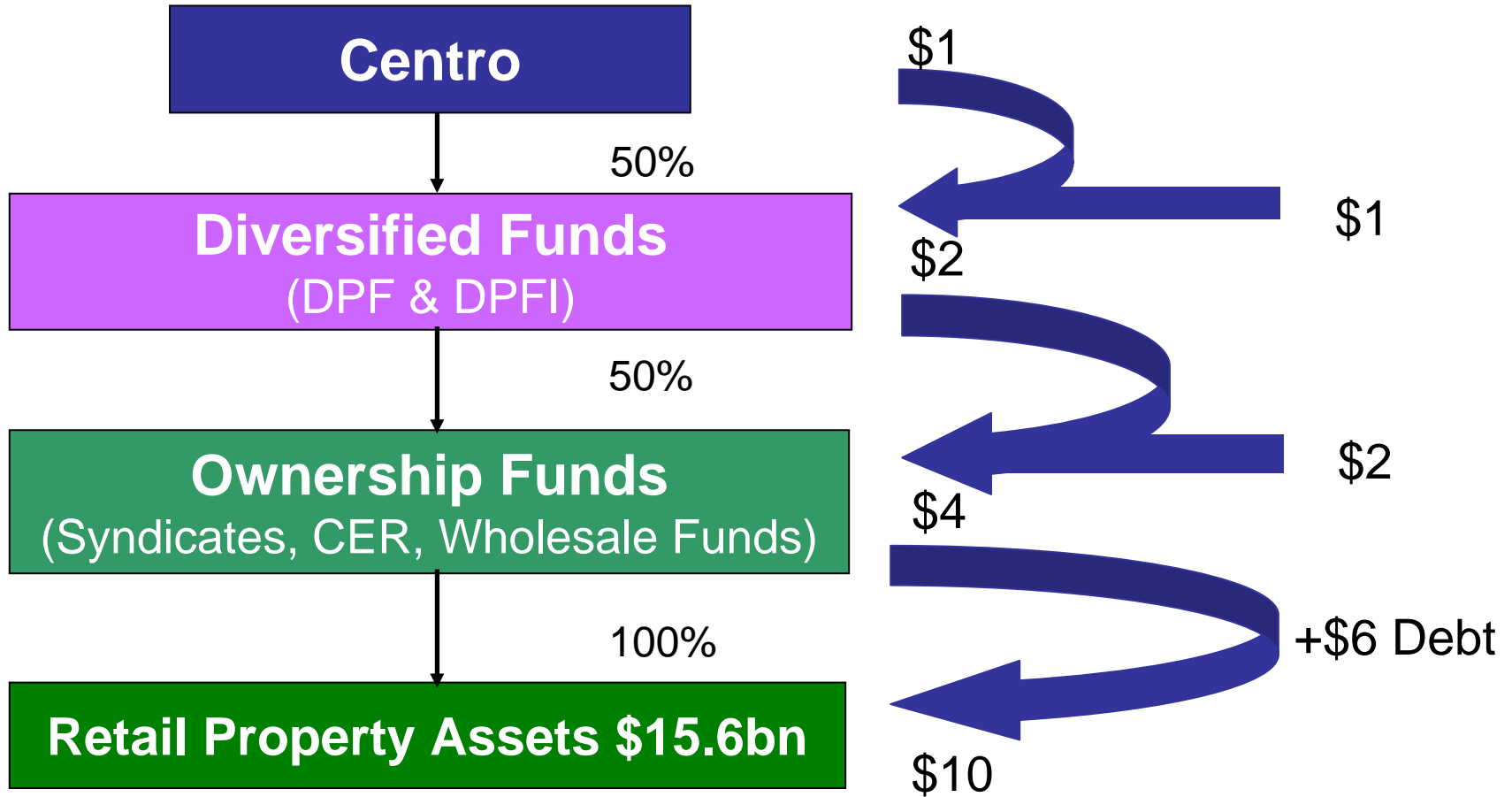


Centro Ownership Summary*	
Core Investments	
DPF	\$1.0bn
DPFI	\$0.8bn
Total Core	\$1.8bn
Flexible Investments	
US Syndicates	\$0.8bn
Wholesale Funds	\$1.1bn
Direct Property	\$1.3bn
Total Flexible	\$3.2bn
Total Property Investments	\$5.0bn
Services Business	\$2.5bn
Total Ownership	\$7.5bn

* Dec 06 balance sheet including US asset sales and CER Restructure

- Centro \$3.7bn interest in managed funds includes \$1.9bn of divestible or flexible capital for cementing future investments

Centro's Cemented Co-Investment Business Model



- Optimum two level ownership structure enables 'cementing' of assets with 25% effective asset ownership

Strong Demand from Centro Co-Investors



- **Equity Inflows \$277m in FY07 to Date** – Multiple distribution channels deriving strong inflows and justifying higher forecast inflows
- **Co-Investment Supports \$4.1bn FUM Growth** – Co-investor equity inflows and Centro business model traction enable significant further FUM growth to maximise efficient use of Centro's equity base
- **Strong Performance of Centro Managed Funds** – Co-investors' track record of strong total returns, asset growth, asset management and outperformance of benchmarks from Centro's managed funds

Key Centro Challenges Managed



- **Appropriate Asset Access** – Acquisitions and developments providing \$1.1bn underlying FUM growth, with track record of 49.3% compound annual FUM growth over last five years
- **Accessing Co-Investment Equity** – Broad and diversified distribution channels with high equity demand for retail property investments contributing average monthly inflows of \$42.3m in HY07
- **Sustainable Management Platforms** – Established management platforms drive retail property income growth in Australia and US with customer focused value adding team philosophy



Centro Property Performance and Managed Funds Growth

- Philippa Kelly



Impressive Property Results Deliver Foundation



Funds Under Management	AUS	US
Comparable Property Income Growth	5.5%	2.1%
Retail Sales Growth	3.3%	n/a
Occupancy Level	99.4%	94.5%
Lease Renewal Rate	74.9%	80.2%

- **Strong 5.5% Comparable Aust. Property Income Growth**
 - Property performance driven by strong exposure to high growth states Qld & WA and income growth from sub regional centres
 - Continuing strong retail trading environment ensures centres fully occupied with leading major, national and local retailers
 - Quality completed developments growing property income
- **Healthy US Portfolio Continues to Attract Quality Retailers**

Improved Australian Retail Sales and Leasing



- **Solid Sales Growth Driven by Specialties** – 5.5% December quarter growth driven by strong specialty stores (MAT growth 3.3%)

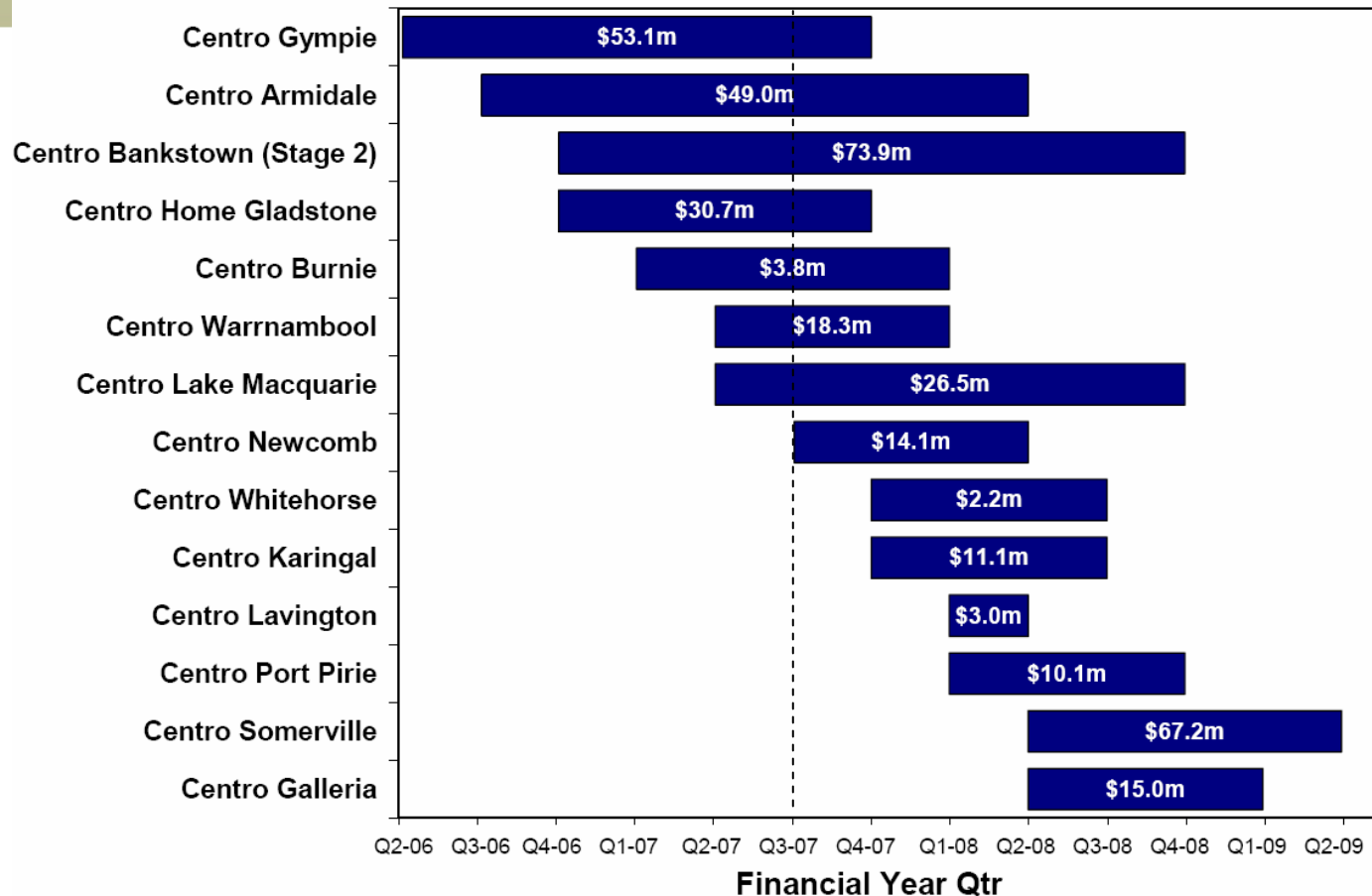
Centro Managed Australian Centre Sales				
Category	MAT \$m ⁽¹⁾	Composition	MAT Change per SCCA Standards	Dec Qtr 2006 Change per SCCA Standards
Supermarkets	4,294	44.9%	1.1%	3.9%
DDS	1,374	14.3%	-0.4%	-1.0%
Department Stores	333	3.5%	4.9%	8.2%
Total Majors	6,001	62.7%	1.0%	3.0%
Specialties	2,852	29.8%	7.7%	10.2%
Mini Majors	329	3.5%	6.9%	4.6%
Cinema/Other	384	4.0%	5.7%	10.3%
Total	9,566	100.0%	3.3%	5.5%

(1) Reflects 100% of centres' sales to 31 December 2006

- **Sales Growth Encouraging Active Leasing Market** – Strong demand from retailers for space in quality shopping centres

Funds Under Management	AUS	US
Maintenance Lease Deals	641	137
Specialty Lease Renewal Rate	74.9%	80.2%
Renewal Rental Growth	8.6%	12.1%

\$378m Board Approved Development Pipeline



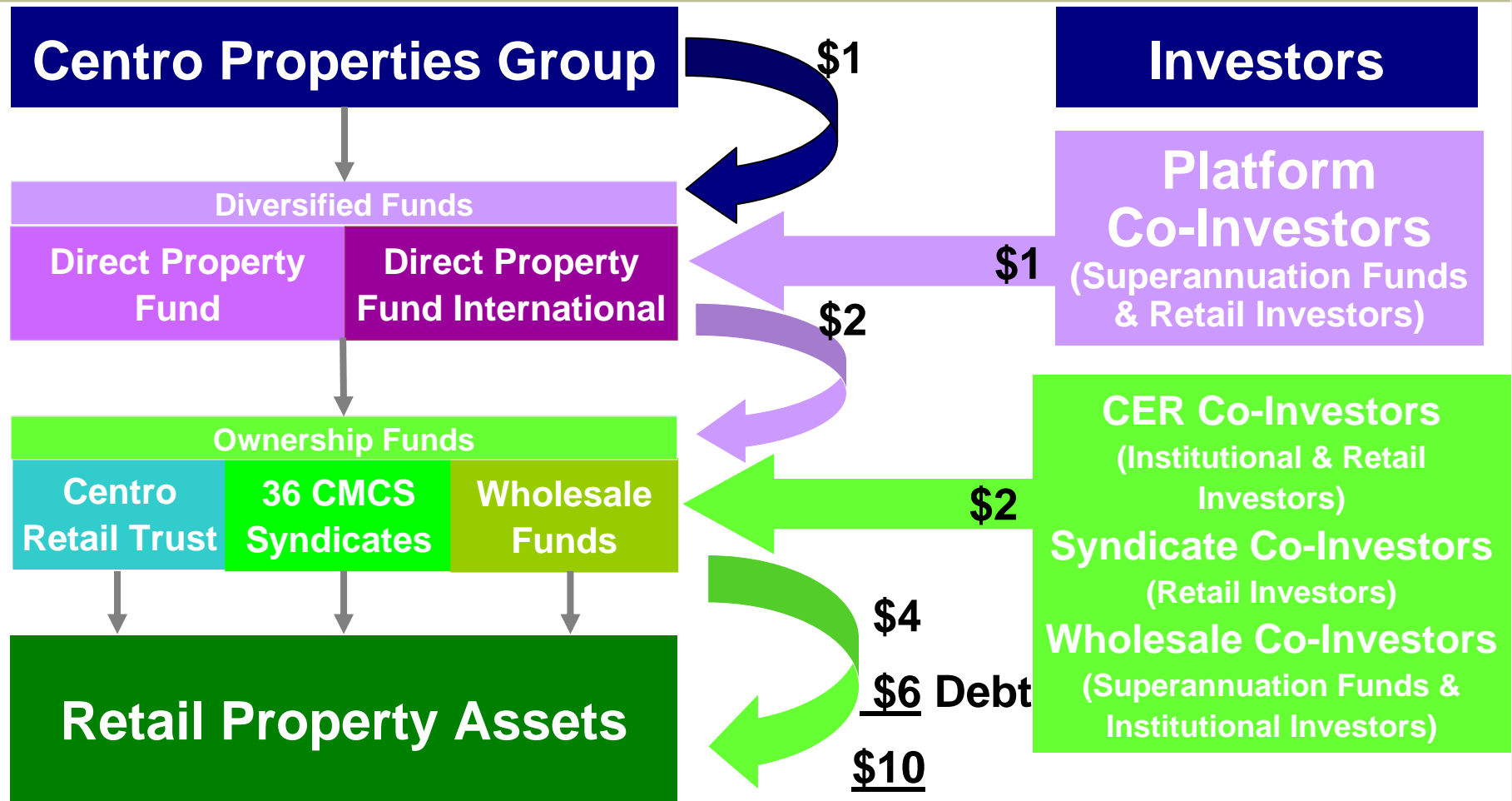
- Centro's strong development pipeline continues to grow Australian portfolio
- Master planning & feasibility analysis for further \$400m by FY09
- US development team expanded through Heritage acquisition with new project planning in progress to organically grow US property FUM

Asset Management Value Adding Focus



- **Heritage Disposal Assets Successfully Sold** – US\$444m (A\$596m) of non-core retail property assets acquired from Heritage sold only 2 months after corporate acquisition completed
- **\$230m Acquisitions in Tightly Held Australian Market** – Acquisitions of City Central, Centro Somerville (greenfield development), Katherine Oasis, Goldfields Plaza
- **Limited Revaluations Provide Uplift for Half Year**
 - \$0.1bn book value gain generated from small pool of properties revalued at December 2006
 - All properties under management to be revalued at June 2007

Centro's Broad Distribution Channels



- Centro's distribution team successfully reach investors at diversified and ownership levels

Improved Direct Property Funds



- **DPF and DPFI More Accessible** – Improved access for self managed super funds with \$25,000 investment minimum and reduced entry costs
- **Consistent Above-Benchmark Performance**
 - DPF 18.4%
 - DPFI 11.9%
 - Annual returns to December 2006
- **Improved Research Ratings**
 - **Lonsec** • DPF maintains “Highly Recommended” rating
 - DPFI maintains “Upper Recommended” rating
 - **MIA** • DPF and DPFI both now highest “Superior” rating

Increased Inflows to Direct Property Funds



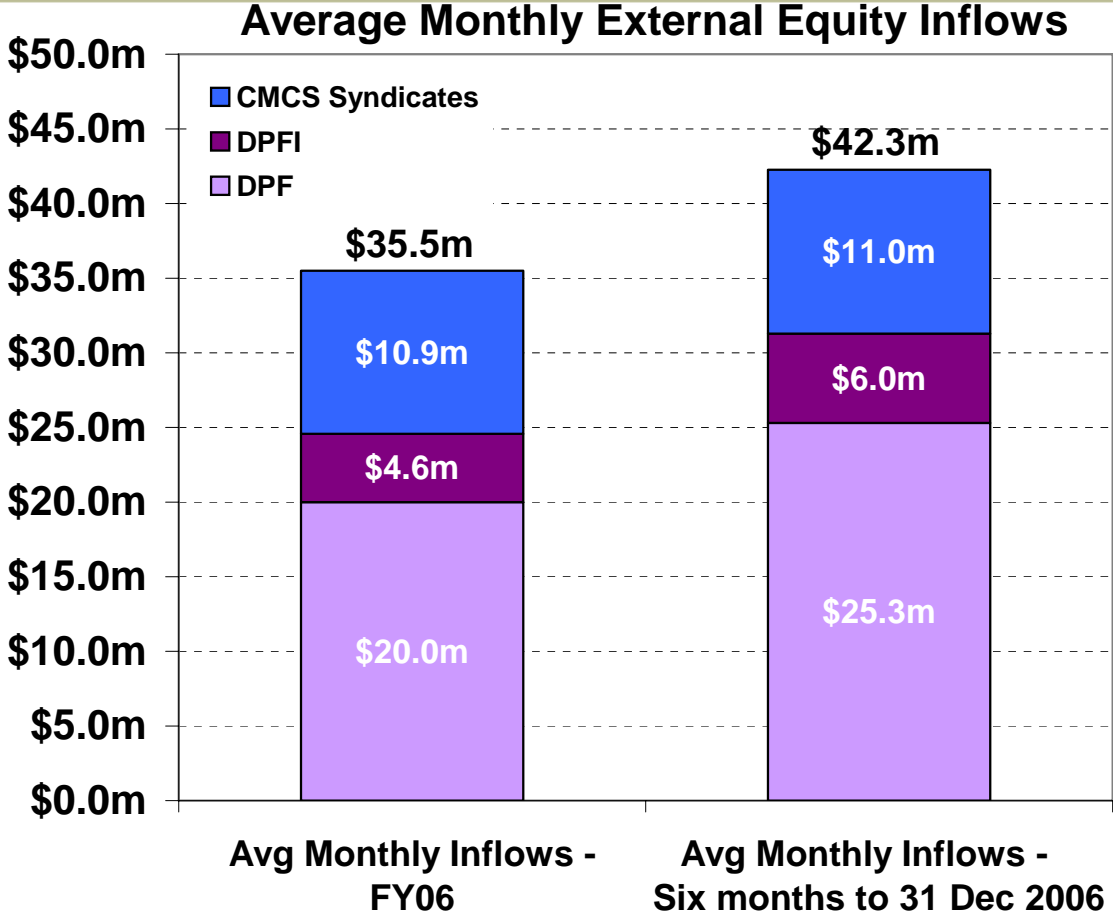
- **DPF \$152m Equity Inflows to Dec 2006** – Average monthly inflows of \$25.3m
- **DPFI Establishes Credentials**
 - DPFI \$35.8m Equity Inflows to Dec 06
 - 1,700 new investors
 - Increasing platform access and monthly inflows

Centro Ownership Funds Grow Strongly



- **Accretive CER Investments in New CMCS Syndicates** – CER investments totalling \$162m in CMCS 39 and CMCS 40 further diversify its property portfolio in quality US convenience centres
- **Centro MCS Syndicates** – Successfully completed CMCS 37 and a pleasing \$38.8m received to date for CMCS 38
- **Centro Retains Interests in \$2.5bn Centro Australia Wholesale Fund and \$1.1bn Centro America Fund** – Significant external sell down of wholesale funds not anticipated unless new appropriate investments are identified for use of Centro capital

Sustained Strong Equity Inflows



- **Increased Depth and Diversification of Distribution Channels** – National distribution team expanded to 11, with new offices established in Sydney & Brisbane



Simplifying Centro's Structure and Improving Financial Results

- Romano Nenna



Simplifying Centro's Structure



- **Centro Will Transfer its CER 46% to DPF/DPFI** – To fully align CER as an ownership fund within Centro's business model creating more efficient use of Centro balance sheet, financing and allocation of Centro capital
- **Centro Funds Access Quality Investments** – Acquisition of large portfolios of quality assets (domestic for DPF, international for DPFI) otherwise not easily obtainable in current market which fits within DPF & DPFI investment strategies/objectives
- **Strong Corporate Governance Observed**
 - Full Due Diligence conducted by both DPF and DPFI
 - Independent advice received by DPF and DPFI confirming the reasonableness of pricing basis and apportionment methodologies for arm's length transaction

Strong First Half Performance



Financial Performance	Dec 06 \$m	Dec 05 \$m	Change %
Australian Property Investment Income	82.3	87.0	-5.4%
Offshore Property Investment Income	24.6	23.1	6.5%
Property Securities Investment Income	79.3	33.1	139.6%
Property Investment Overheads	(10.5)	(11.4)	-7.9%
Net Property Investment Income	175.7	131.8	33.3%
Property Management Income	18.0	15.6	15.4%
Development Management & Leasing Income	7.6	12.5	-39.2%
Funds Management Income - Monthly	34.6	20.7	67.1%
Funds Management Income - Other Recurring	27.3	16.9	61.5%
Property Services Overheads	(23.7)	(18.2)	30.2%
Net Property Services Income	63.8	47.5	34.3%
EBIT	239.5	179.3	33.6%
Interest	76.7	38.0	101.9%
Operating Distributable Profit	162.8	141.3	15.2%
Net AIFRS Adjustments	(5.5)	(10.4)	n/a
Net AIFRS Profit	157.3	130.9	20.1%

- Continuing movement from direct property income to leveraged investment income
- Property securities and funds management income deliver strong growth

Secure Financial Position



Financial Position	Dec 06 \$m	Jun 06 \$m	Change %
Total Assets	5,885	5,162	14.0%
Financed by:			
Borrowings	2,426	1,537	57.8%
Other Liabilities	871	336	159.0%
Equity	2,588	3,289	-21.3%
	5,885	5,162	14.0%
Gearing (Lenders Look Through)	46.4%	26.1%	77.8%
Gearing (Adj Lenders Look Through)*	41.3%	26.1%	58.2%
Gearing (Book)	40.2%	26.3%	52.9%
AIFRS Net Tangible Asset Value per Security (\$)	2.65	3.63	-27.0%

*Adjusted to reflect CER Restructure

- Gearing returns to within 35-45% target range
- Movement in NTA reflects \$0.75 special distribution, Heritage goodwill on acquisition and AIFRS accounting adjustments including de-recognition of Centro's ESP securities acquired on market during the half
- Solid 3.1 times interest cover for the half including short term finance of Heritage transaction

Securing Financial Positions of Centro's Managed Funds



- **Active Centro Financial Risk Management** – Ensures co-investor equity and returns
 - **Diligent and Effective Debt and Interest Rate Management** – Diversifies, lengthens, reduces credit spreads on debt funding and staggers maturity profiles
 - **Effective Foreign Exchange Risk Management** – High proportion of foreign equity and income hedged (including natural hedges) with staggered maturity profiles
 - **Income and Equity Hedges Provide Guarantee Against Currency Movements** – Strengthening A\$ makes international assets more affordable whilst hedging ensures income & equity are not diluted
- **Australia's Largest CMBS Conduit** – \$0.9bn Centro Conduit provides Centro managed funds with access to debt capital markets enhancing funding diversification and delivering cost effective financing for co-investors

FX Hedging Maintains Investor Returns



- Australian investor equity of A\$100m is raised in order to acquire US\$75m of investment property**

	Investor Equity A\$	US\$ FX Rate	Property US\$	Investor Distribution US\$	Investor Distribution A\$	Investor return on A\$ Equity
Long Term FX Hedge ("LTFX") taken at market rates (i.e. A\$100m for US\$75m in five years)	100m	0.7500	75m	5.25m	7.0m	7%
At hedge maturity in five years:						
Scenario 1 (FX Rate now 1.0000) - LTFX Value of A\$25m returned to investors	75m	1.0000	75m	5.25m	5.25m	7%
Scenario 2 (FX Rate now 0.5000) - LTFX Value of A\$50m to be raised from investors	150m	0.5000	75m	5.25m	10.5m	7%

- Appropriate FX hedging ensures FX movements can be managed to maintain A\$ investor returns**



Substantial Platforms for Long Term Growth

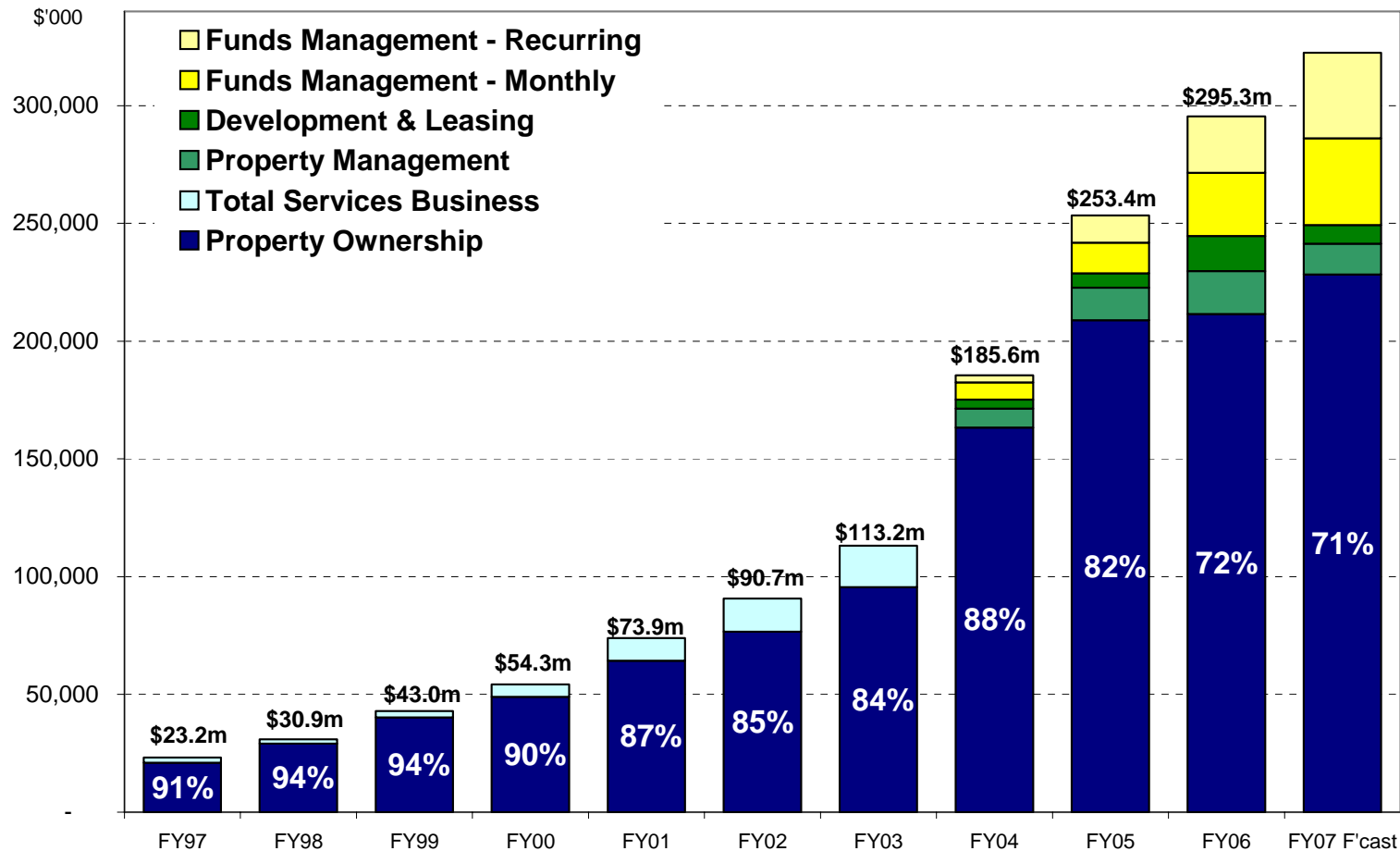
- Andrew Scott



Property Ownership Income – The Heart of Centro

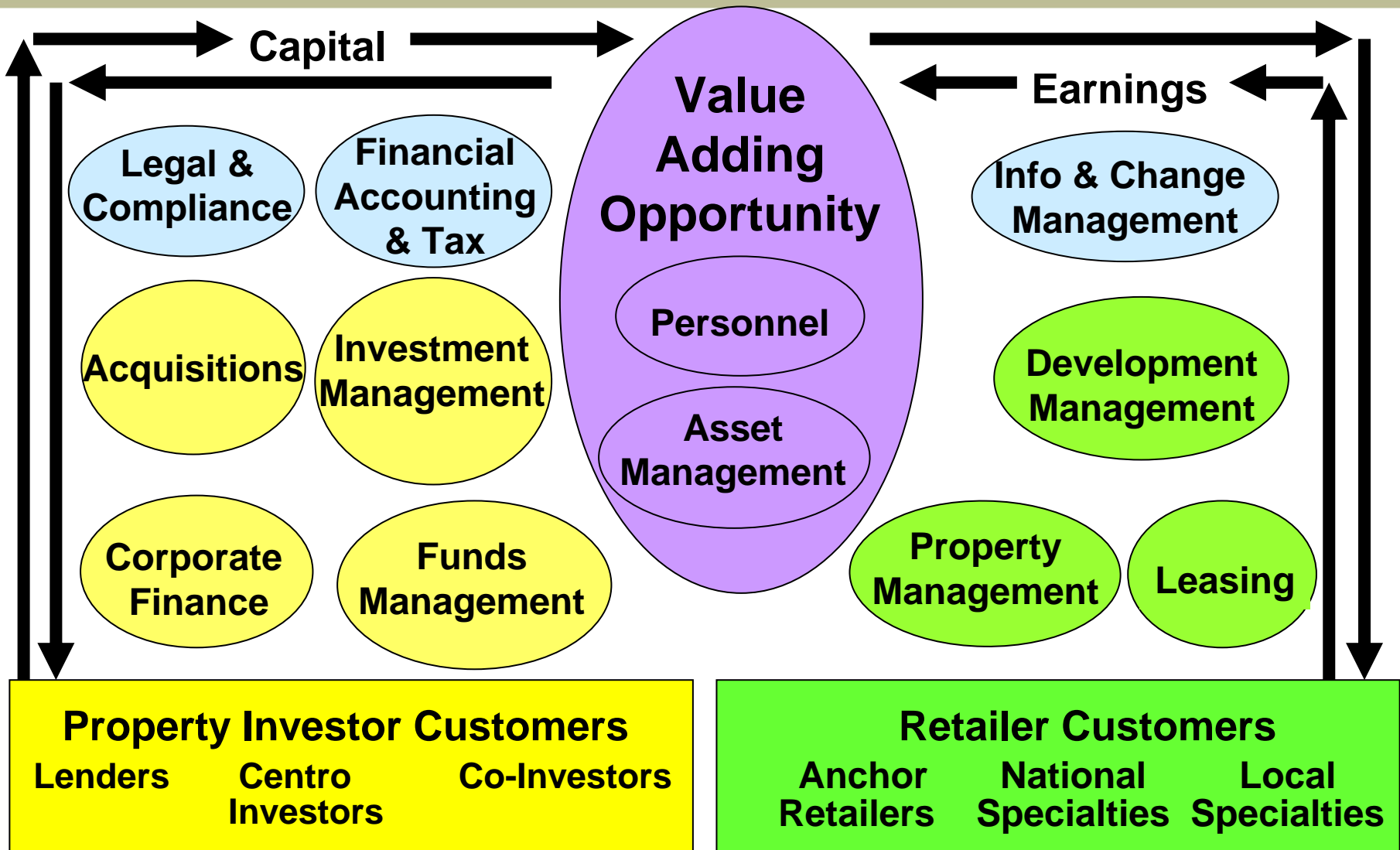


Centro Net Profit Growth



- Over 70% of Centro net profit derived from property ownership and investments

Centro Customer Focused Value Adding Team



Strong Management Platforms



- **Motivated and Balanced Australian Team**
 - Knowledgeable and experienced team of 726 staff
 - Strong management and development capabilities
 - Asset acquisitions/sourcing continues
 - Leaders in funds management
- **Effective National US Platform in Centro Watt**
 - 350 staff in Centro Watt team
 - Successful Heritage integration with 88% staff retention
 - New Australian senior management secondments to further strengthen US platform
 - Increased development team capabilities to add value
- **Integration Track Record** – MCS, Kramont and Heritage acquisitions provide a track record of high staff retention, efficient systems and platform integration

Centro Positioned for Long Term Growth



- **Sustainable 7%+ DPS Growth** – Centro's established Ownership and Services Businesses to achieve 7%+ DPS growth through underlying property income growth and Services Business income on existing and new FUM
- **Risk Managed Growth** – Remains the core focus of Centro's business strategy to enable continued delivery of higher risk-managed returns
- **Positioning for Growth** – Strong Australian and international teams being positioned to deliver future growth

Contact Details



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Appendices

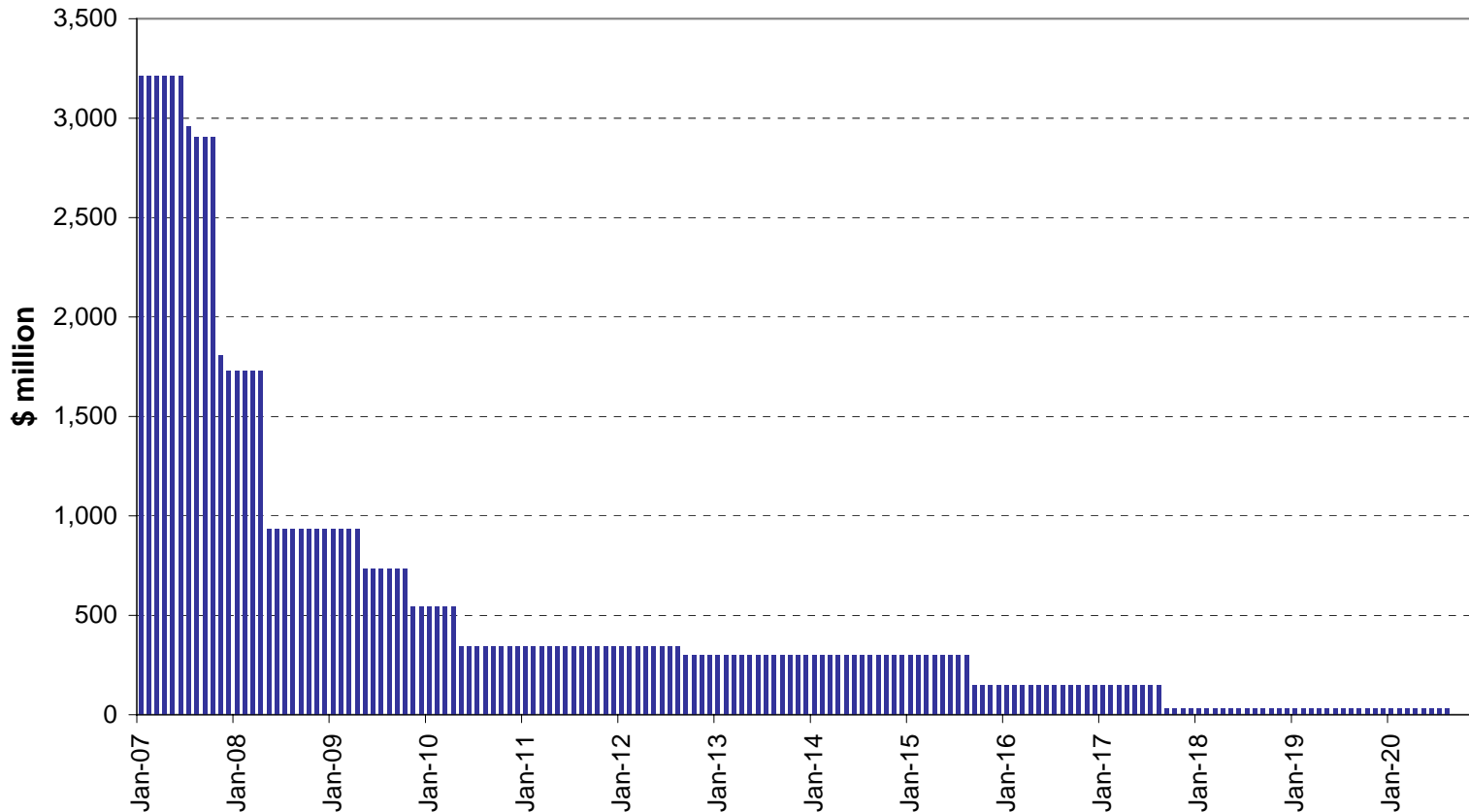
- Centro Financial Risk Management
- Centro Funds Under Management



Centro Total Debt Maturity Profile

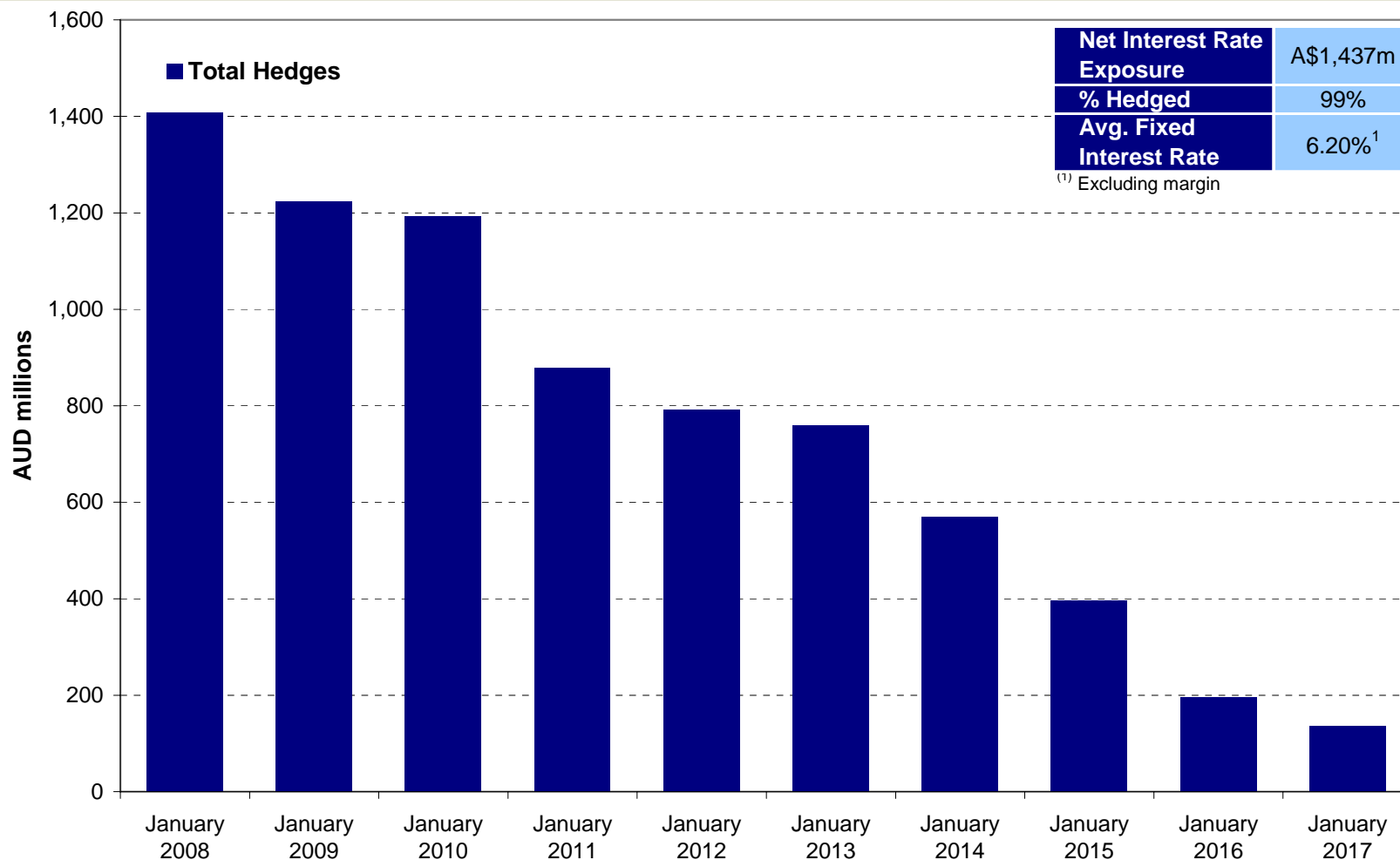


Centro - Finance Facilities Maturity Profile
(A\$ Equivalent)



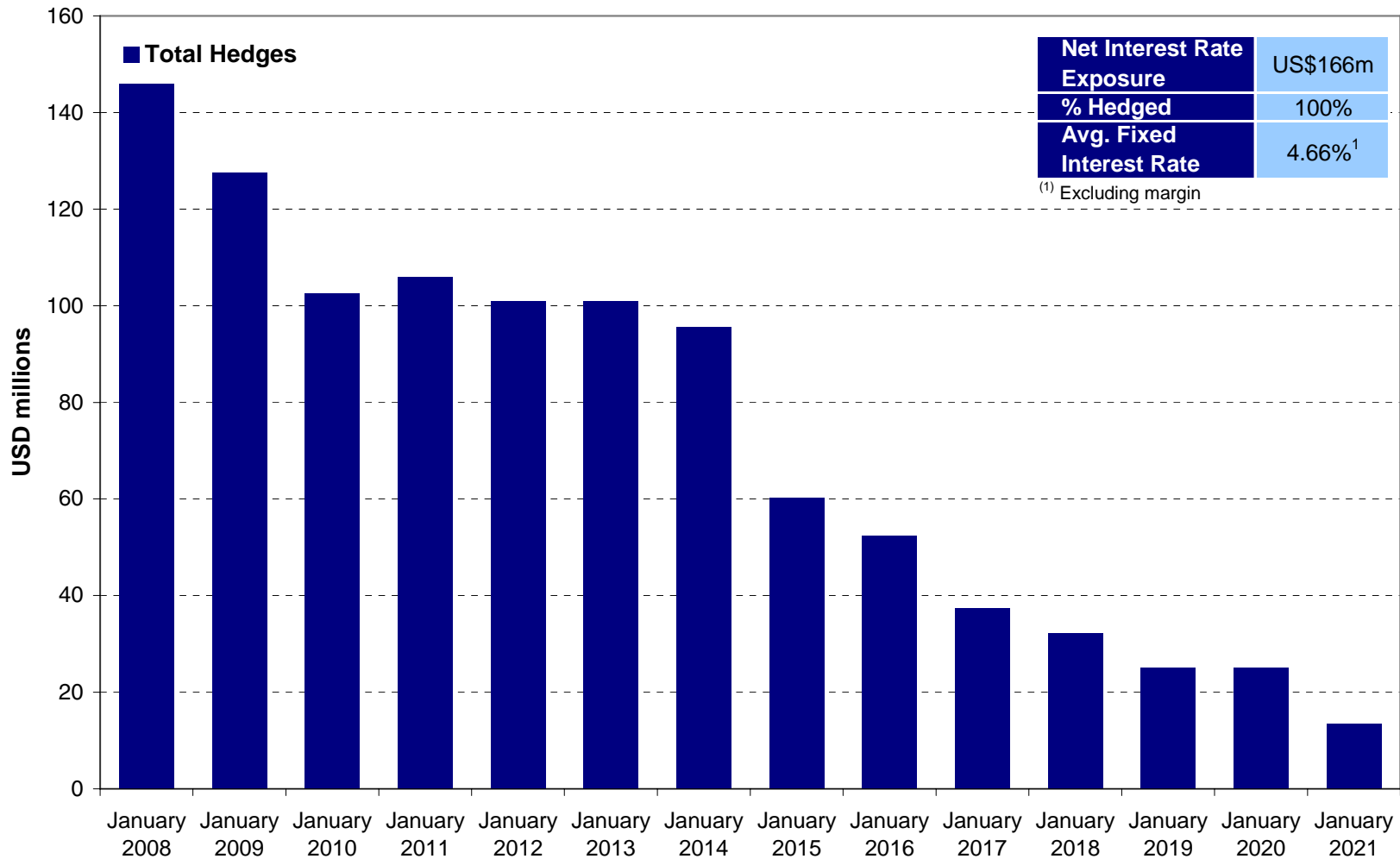
- Long term, staggered maturity profile minimises short term volatility and averages pricing
- Average debt maturity 3.5 years vs policy of 3.0 years

Interest Rate Maturity Profiles



- Average maturity 5.5 years vs policy of 4.0 years

Interest Rate Maturity Profiles



- Average maturity of 6.7 years vs policy of 4.0 years

Diversified Centro \$15.6b Funds Under Management

